



Strategic Partnership with Tranquilidade/ Generali Seguros

ctt

Committed to deliver

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Strategic partnership between CTT, Banco CTT and Tranquilidade/Generali Seguros

Transaction description and rationale



1

Long-term distribution agreements for the distribution by CTT and Banco CTT of **Tranquilidade/Generali Seguros** insurance products through their respective distribution channels, with **exclusivity renewable every 5 years**



2

The partnership reinforces CTT Group's **value proposition** for its customers with a broad offering of **life and non-life insurance products**



3

Tranquilidade/Generali Seguros to subscribe a €25m reserved capital increase in exchange for a stake of approximately 8.71% in Banco CTT (implied valuation of 1.1x P/BV 1H22)



4

Proceeds from the capital increase will support the **development of Banco CTT and reinforce its capital position (+240 bps impact on CET1 FL ratio¹)**

Closing of the transaction expected to occur before the end of 2023

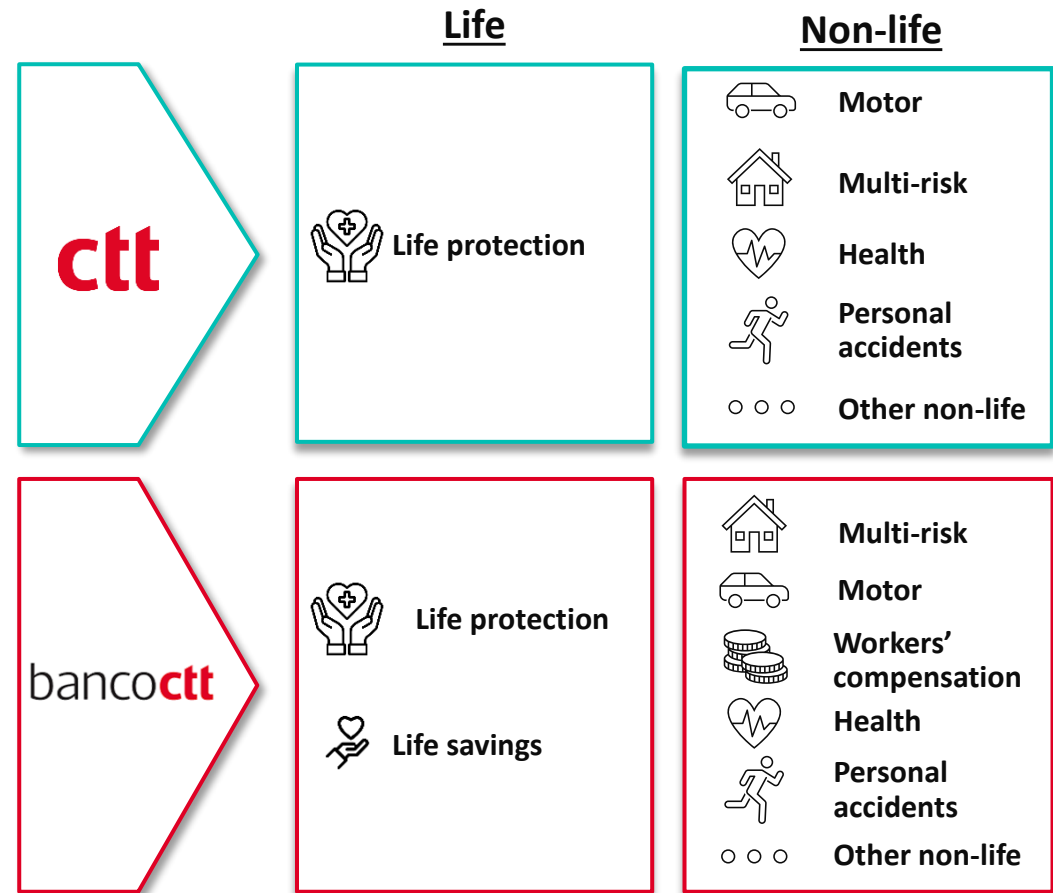
Insurance distribution agreements overview

Key highlights



- Long-term agreements**, with exclusivity renewable every 5 years
- Recurrent **commissions** in line with **market standards**
- Additional fixed price**, irrespective of performance, of **€1m to CTT** and **€9m to Banco CTT**, to be settled in the initial 6 years
- Additional **performance-based mechanisms** agreed between parties

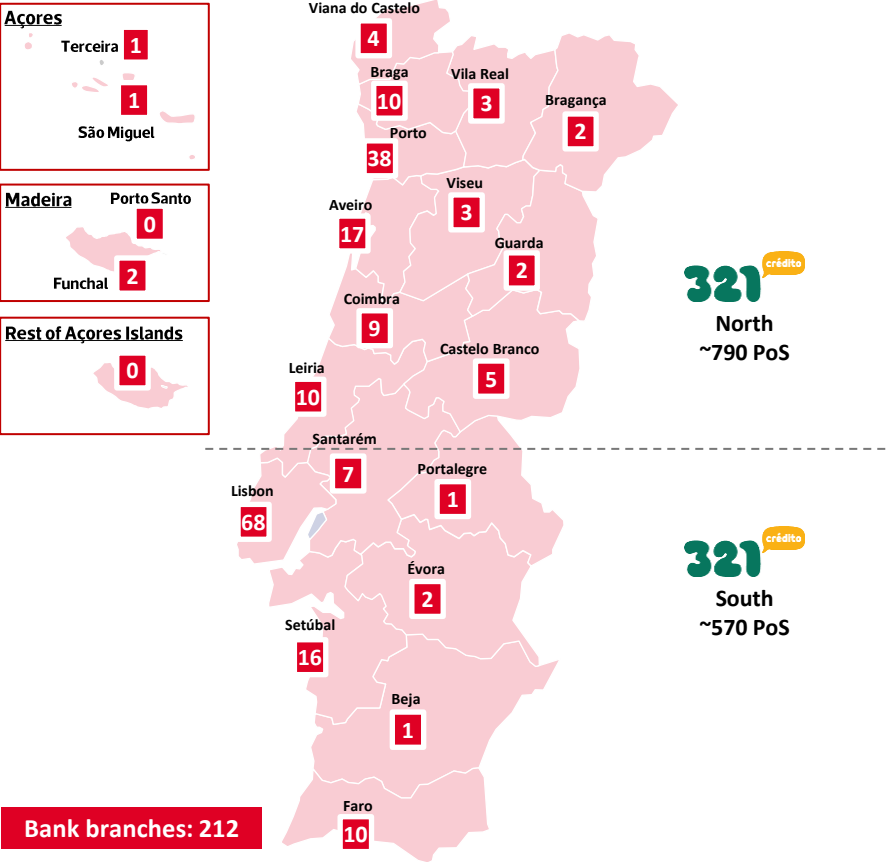
Lines of business



Insurance distribution agreement with Banco CTT

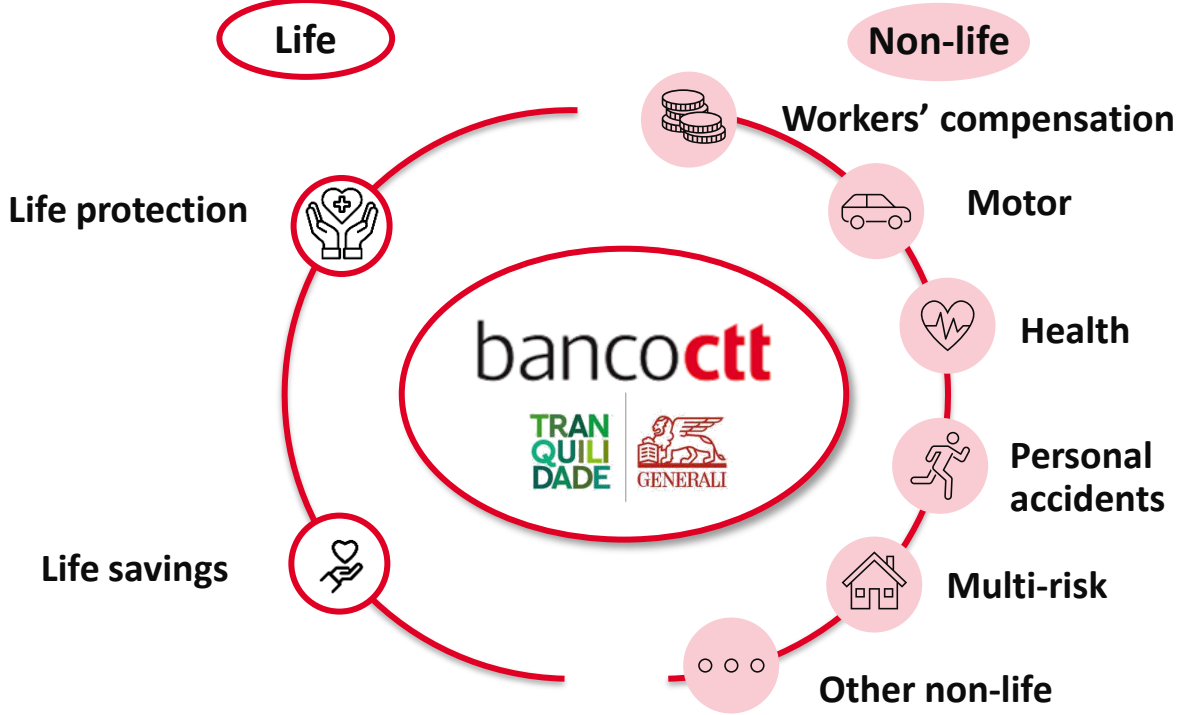
Banco CTT to expand its value proposition for its customers with a broad range of life and non-life insurance products

Distribution channels



Additionally, **Banco CTT to distribute** insurance products through its **digital channels** (mobile and web)

Insurance distribution agreement lines of business



Banco CTT to receive a **fixed price of €9m** to be settled in the initial 6 years and **potential additional contingent payments** depending on performance achieved

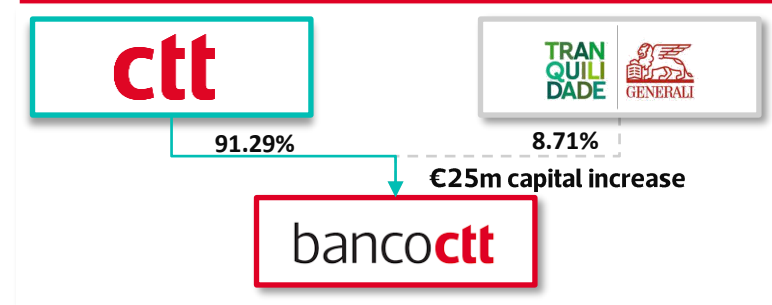
Capital increase in Banco CTT

Subscription of a €25m capital increase by Tranquilidade/Generali Seguros in Banco CTT ensures full alignment of interests between the parties

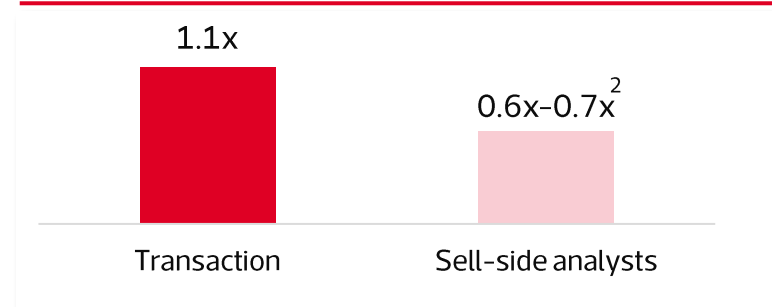
Capital increase

- 1 **Tranquilidade/Generali Seguros to subscribe a €25m reserved capital increase in exchange for a stake of approximately 8.71% in Banco CTT (€262m pre-money valuation)**
- 2 The transaction values Banco CTT at a **1.1x P/BV multiple**, representing a significant premium vis-à-vis current sell-side analysts' valuation assigned to Banco CTT
- 3 Proceeds from the capital increase will support the **development of Banco CTT and reinforce its capital position (+240 bps impact on CET1 FL ratio¹)**
- 4 **Adequate corporate governance structure** granting minority protection rights to Tranquilidade/Generali Seguros consistent with the size of the stake
- 5 **Important step in Banco CTT's profitable growth strategy**, showcasing the bank's unique strengths:
 - ✓ Fastest-growing bank in Portugal
 - ✓ Nationwide network and agile digital platform
 - ✓ Attractive retail franchise: young, urban and digital customer base
 - ✓ Scalable platform with track-record on partner-based solutions
 - ✓ Relevant presence in consumer finance segment

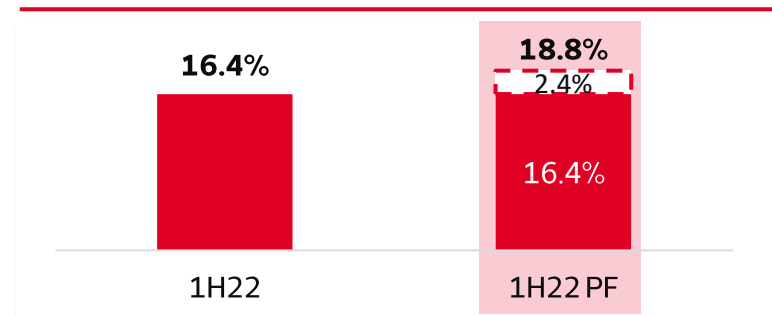
Shareholding structure



P/BV multiple



CET1 FL ratio¹ impact



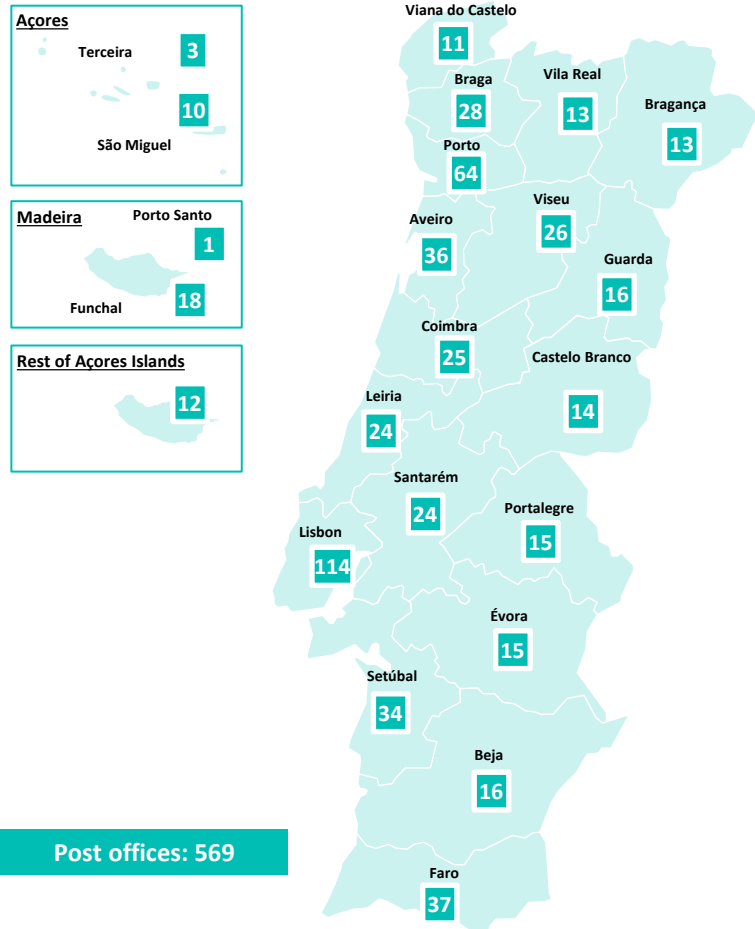
¹ CET1 FL ratio includes 1H22 results

² CTT-compiled sell-side analysts' consensus valuation of Banco CTT

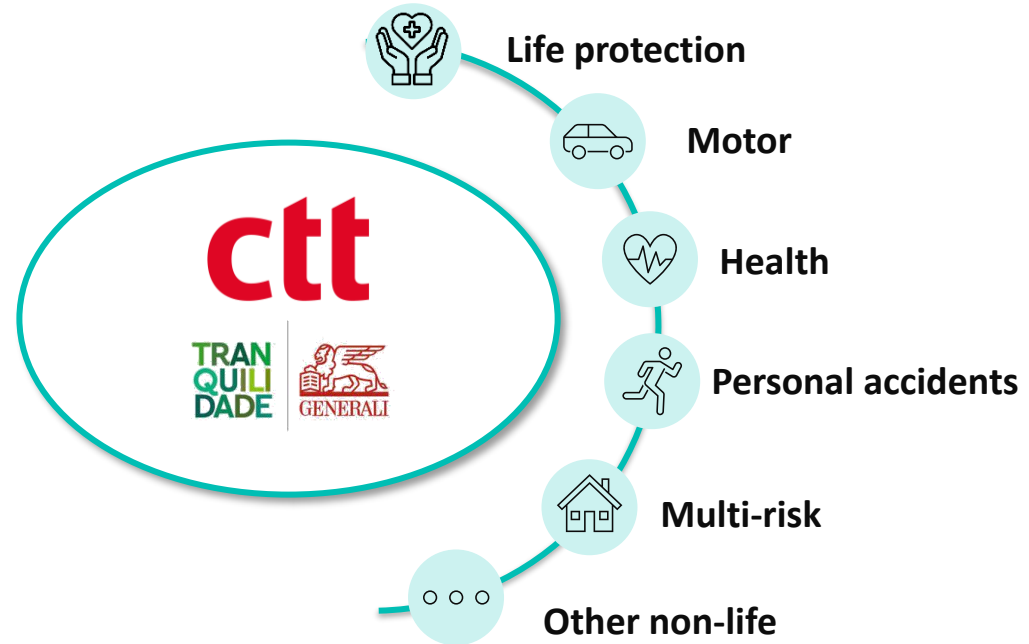
Insurance distribution agreement with CTT

Distribution agreement with Tranquilidade/Generali Seguros will allow CTT to offer a wide range of insurance products through its capillary network and digital channels

CTT physical distribution network¹



Insurance distribution agreement lines of business



CTT to receive a **fixed price of €1m** to be settled in the initial 6 years and **potential additional contingent payments** depending on performance achieved

¹Data as of 2021



Overview of Tranquilidade/ Generali Seguros

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Committed to deliver



- **Leading European insurer and integrated asset manager with >190 years of history**
- **~67m clients in 50 countries across 5 continents**

**Strong
commitment
with
Portugal**

- **Well-established presence in Portugal, reinforced through the acquisition of Seguradoras Unidas in 2020**
- **Second largest player in the Portuguese P&C insurance market with a market share of ~19%**

***Strong track
record in
bancassurance
partnerships***

- One-stop-shop insurance partner with an integrated offering across the full range of insurance products
- Strong capabilities in data analytics to support marketing initiatives and commercial performance
- Significant bancassurance expertise across different markets allows for sharing of best practices
- Relevant experience as insurance partner of Italy's largest postal group (Poste Italiane)

Brand


Leading national brand since 1871



Global insurance brand since 1831

Tranquilidade | Generali Seguros Key indicators, 2021

GWP (P&C)
€m

1,059

Combined ratio
P&C (%)¹



Net Income
€m

54

Non-life rank
#

#2

Client base
Million Clients

~2

Employees
FTEs²

1,085

Group Generali Key indicators, 2021

Europe insurer
ranking
By GWP (#)

#3

Client base
Million Clients

~67

Countries
#

50

Top
Sustainable
Companies

100

GWP (P&C)
€bn

76

Combined ratio
P&C (%)



Employees
FTEs

75k

Net income
€bn

2.8

AuMs
€bn

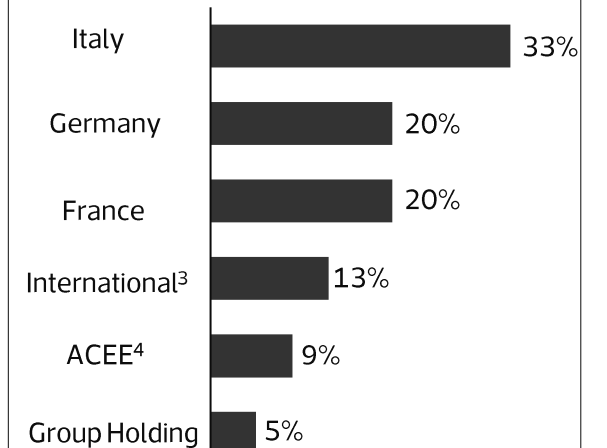
710

Solvency Ratio
%

227%

International presence

GWP split per country (% of total)



¹ Gross of reinsurance

² Average figure

³ Portugal, Spain, Switzerland, Americas, Asia and other Southern Europe Countries

⁴ Austria & Central and Eastern Europe

Note: Figures based on 2021 annual report

CTT

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