

Banco CTT gross **commissions** grew by €4.7m (+52.9%), mainly due to customer transactionality (+14.6%), mortgage loans (+64.4%), as well as accounts and debit cards (+607.0%), boosted by the introduction of debit card commissions from the beginning of April 2020.

Commissions received in 2020 regarding **consumer credit**, in partnership with BNP Paribas, decreased by 24.4% (–€0.6m) vis-à-vis 2019, due to the reduction in production volumes (–26.5%), in line with what was observed in the market in view of the economic impacts of the health crisis.

Placements of the **PPR** product, which no longer has a guaranteed capital, fell by 78.2% to €72.2m versus 2019, although there was a slight recovery in 4Q20. It should be noted that the PPR production compared to the previous year is influenced by the change in the risk profile of the product, which in itself has retracted demand, added to the effects of the lockdown period. In terms of commissions received, the product continues to grow, in this case by €1.2m (+102.0%) versus 2019. The PPR product volume reached €428.8m (off-balance sheet), up 20.3% versus 2019.

The **payments** business line recorded a year-on-year decrease of €3.0m (–14.7%) in commissions received, and total revenues of €17.2m. It has progressively recovered in 2020 and reached €4.5m in 4Q20 (–8.3% vs. 4Q19 which compares to –14.3% and –30.1% in 3Q20 and 2Q20, respectively). The peak of the decline occurred in April, especially in the payment of tolls and invoices, with a gradual recovery in the two last quarters of the year. Mention should also be made of the launch in September of a new payment solution: the Prepaid School Card for Municipalities.

The volume of **auto loan** production stood at €193.8m (+35.4%) in 2020, with a credit portfolio net of impairments of €560.4m (+19.3% compared to December 2019). The year was strongly affected by the temporary closure of auto dealerships in 2Q20, because of the lockdown measures, affecting the capture of new proposals.

The net **mortgage loan** portfolio stood at €524.6m (29.5% above that of December 2019). The mortgage loan production decreased by 15.5% (–€29.4m) versus the previous year.

Banco CTT business performance continued to allow for growth in customer **deposits** to €1,689.1m (+31.6% vs. December 2019) and in the number of accounts to 517k (56k more than at the end of 2019). The loans-to-deposits ratio stood at 64.8% at the end of the year.

In 2020, total **impairments and provisions** of €9.3m were registered, of which €5.8m in 2Q20, reflecting the credit portfolio's evolution. As a result of the deterioration of the economic situation, 321 Crédito's impairments and provisions reached €8.3m in 2020, of which €5.5m in

2Q20. In the following quarters there was a significant reduction in impairments, with €0.4m recorded in 4Q20.

At the end of 2020, **moratorium requests** reached a total exposure of €40.4m (€31.1m regarding mortgage loans, €6.4m auto loans, and €2.9m other loans), representing 3.6% of the total gross credit portfolio.

The private auto loans moratoria ended on 30 September. As of that date, they amounted to €27.6m and represented 40.1% of the total moratorium requests. At the end of 2020, circa 86.3% of these loans were in compliance status.

3.4 Financial Services

Financial Services & Retail revenues amounted to €44.0m in 2020 (€30.8m relative to Financial Services and €13.0m to Retail), with a decrease of €3.3m (–7.1%) vis-à-vis 2019.

The performance in 2Q20 was strongly influenced by the restrictive measures of the state of emergency, namely the effect it generated on the preference for liquidity and consequent lower appetite for medium/long-term financial investments, as well as by the limited customer access to the CTT Retail Network and the reduced post office opening hours.

Financial products obtained revenues of €30.8m in 2020, a decrease of €2.8m (–8.3%) broken down as follows:

- **Public debt certificates** (Savings Certificates and Treasury Certificates Savings Growth) with revenues of €22.1m, decreased by €3.2m (–12.8%) vis-à-vis 2019, with €3,834.7m in subscriptions (–2.0%). Notwithstanding the slight decrease in subscriptions, the revenue decline was mainly influenced by the change in the terms of the contract between CTT and IGCP, the Treasury and Public Credit Management Institution, which had a negative impact on revenues.
- **Capitalization insurance** products negatively impacted the change in revenues by €0.5m (–32.2%) compared to 2019.
- **Money orders** revenues grew to €6.0m, up €0.4m versus 2019 (+7.5%), due to the partnership with the Government for the delivery of unemployment and other welfare subsidies, as from year-end 2019.
- **CTT payment services** posted revenues of €1.5m in 2020, up €0.4m (+31.0%), as the payment of taxes was made at the Retail Network, thus reducing the structural effect of e-substitution in this type of service.

Retail products and services obtained revenues of €13.0m in 2020, a decrease of €0.3m (–2.5%) versus 2019, penalized by third-party retail products and services, main-

ly in the sale of lottery, books, and in the payment of the air transport subsidy (Azores and Madeira), which posted the sharpest decline. Conversely, merchandising posted a year-on-year growth of €1.7m (+307.2%), and the introduction in September of the sale of instant lottery (scratch cards) in 315 post offices generated revenues of €0.6m.

Retail products and services recorded a significant recovery in the last two quarters of the year, particularly in 4Q20, with a growth of 10.7% versus 4Q19. CTT has been strengthening its position with the sale of new book issues and launch of exclusive CTT collections, the increase in monthly sales of lotteries, the establishment of new partnerships in telecommunications and merchandising, with emphasis on the offer of individual protection products and the consolidation of the gaming and wearables product portfolio.

3.5 Future perspectives

Due to a new general lockdown as of the second half of January 2021, a negative economic and social impact is anticipated, which will affect society in general and the Group's business, which may impact the current forward-looking perspectives. The Management will continue to monitor the implications to the business and provide the stakeholders with all the necessary information.

In 2021, CTT, supported by the dynamism of Express & Parcels due to the constant growth of e-commerce, as well as the continued good performance of Banco CTT, expects to deliver high single-digit growth in revenues, double-digit growth in EBITDA, EBIT to exceed €50m and Capex of c. €35m (of which €15m of expansion capex).

On the other hand, the Company intends to resume dividend payment in 2021, and therefore the Board of Directors will propose to this year's General Meeting of Shareholders a shareholder remuneration of €0.085 per share relating to the 2020 financial year, payable in May 2021. The Company will continue to invest to be the shaper of e-commerce in Portugal.