bancoctt

2024 Annual Report

Being Banco CTT means finding greatness in simplicity. It's about balancing ambition with rigor to go further. It's about being close to our customers and close to the planet. Being part of at Banco CTT is being part of a growing family.

bancoctt

2024 Annual Report

Banco CTT, S.A.
Headquarters: Duque de Saldanha Square, No. 1, Atrium Saldanha Building, 3rd floor, 1050-094 Lisbon
Legal entity and registration with the Commercial Board: 513 412 417
Share capital: € 321.400.000,00
Phone: +351 210 471786
Fax: +351 210 471777
bancoctt.pt
(ahead "Banco", "Banco CTT" or "Sociedade")

Table of Contents

bsimple

I Management Report

Chairman's Statement

2024 was my first year in office as Chairman of the Board of Directors of Banco CTT.

For the first eight years of the Bank's existence, I observed from the outside and was able to follow the strong progress reflected in the publicly shared results.

Now, knowing the institution "from the inside" makes me believe even more in the potential of the business model created.

Banco CTT is the only national banking franchise created in the post-crisis period. It has its starting point in two distinctive assets, bequeathed by CTT: a unique brand, which generates trust in the population, promoting the values of transparency, simplicity, and proximity, and a network of capillary branches throughout the national territory, which will always be present in a human way, where digital brands do not reach.

Added to this was 321 Crédito, a leading player in point-of-sale auto loans, a high-return segment.

It is these attributes that make this project unique, already with material value, observable in this year's results, and above all with a lot of potential yet to be explored.

2024 was an excellent year for Banco CTT.

We increased turnover to a total of 7 billion euros, setting a much higher pace than the sector. We exceeded 120 million euros in operating income and achieved 20 million euros in net profits.

But there is potential for much more.

Banco CTT currently has a banking franchise close to 800,000 customers.

The current strategic plan, revisited during the year, focuses on this potential.

We aim to be our customers' primary bank, the place where they manage their income, handle daily finances, and seek savings and credit solutions.

Seeing the potential of the franchise, combined with the profitability already achieved, gave us the opportunity to continue investing in this business model.

The next few years will be marked by a "technological refoundation", already underway.

We will have a next-generation core system that is "almost new", and fully cloud-based.

We will own our digital channels with a fully customized solution that will allow us to develop our innovation agenda at a different pace.

Banco CTT will increasingly be the intersection between the human, face-to-face, physical aspect of our Retail Network, with a comprehensive digital vision, in line with the best market practices.

This hybrid model, combining "the best of both worlds" while maintaining a lean and agile cost base, provides a unique competitive advantage in the market.

The Board of Directors will continue to follow this phase with total commitment, monitoring scrupulous compliance with all the sector's regulations, and aiming for a scalable business model, with greater profitability.

I would like to end by thanking all the employees of the Banco CTT Group once again. What they have achieved in nine years is a remarkable feat. The potential we have in our hands is obvious.

Let's do it!

João Castello Branco
Chairman of the Board of Directors

17 March 2025

Ceo’s Statement

A year of records.

Banco CTT’s early years were marked by an atypical monetary environment, with low or even negative interest rates for a prolonged period.

After a sharp rise in a short period of time, the normalisation of the interest rate context posed a new “fundamental doubt” in the Bank’s path: how would it perform, especially in the area of deposits, in this new context?

In 2024, we gave a clear answer: a year of records.

Banco CTT’s turnover (loans and customer deposits) grew by 21%, adding 1.1 billion euros and surpassing a total of 7 billion euros.

Highlight for deposits performance: we achieved a stock of more than €5Bn, corresponding to a 31% growth in balance sheet resources, when the market evolved by only 7%.

The existing base of nearly 800,000 customers already served as strong proof of our innovative business model, built on the CTT brand and on the Retail Network, and a simple, accessible offering. However, the growing business we continue to attract is definitive evidence of the franchise value we have created and the vast potential still to be unlocked.

In 2024, we accelerated investment in the specialisation of our sales force, progressively evolving from a model based on employees with two employers (Banco CTT and CTT) to exclusive Banco CTT employees, bringing in around 200 new sales staff with increased experience.

During the year, we continued to invest in technological platforms, aiming at a very significant upgrade of the core system and customer digital applications.

It was also in 2024 that we completed Generali's entry into the capital structure. This is yet another outstanding shareholder, with the added advantage of being a unique partner in the bancassurance business.

A remarkable decade.

In 2025, we will celebrate nine full years of serving the public and a decade since obtaining our banking licence.

In April 2016, shortly after opening to the public, Banco CTT launched a major institutional campaign, bringing to life the CTT horse, the brand's historic symbol.

The voiceover said:

"We are driven by our strength, resilience, and determination. We are fuelled by a deep desire to bridge distances, uphold commitments, and honour our word. We are inspired by ideas, both simple and bold. Our ambition is to make history. Because nothing drives us more than the will of the Portuguese people, the time has come to create a bank built from the ground up."

Looking back at 2016, the idea of building this Bank from the ground up was anything but obvious.

The financial crisis was still fresh. The financial system was saturated and in the process of consolidation. The market was known for its inertia and customers' reluctance to leave established institutions.

Above all, there was no precedent for a successful banking model built on an existing non-banking business.

In this sense, Banco CTT was one of a kind.

We knew how to capitalise on our two exceptional initial assets. The CTT brand, known by the Portuguese, reliable, close, transparent; and the CTT Retail Network, comprising hundreds of employees who embraced this project with enthusiasm, eager to learn and eager to do things differently, many of whom nearing the end of their careers.

We added another equally exceptional asset, **321 Crédito.**

Taking part in the history of the transformation of CTT, one of the few historic companies in the country, fills us with pride.

As mentioned in the institutional film, we were driven by our ambition to make history, but we needed the support of the Portuguese people. Nearly 800,000 have already said yes.

Banking with us will always be a valuable choice. Having an account with Banco CTT offers two clear advantages: it is significantly more accessible than traditional banks and provides a personal, face-to-face experience that sets us apart from digital-only banks.

Banco CTT is now entering another challenging cycle.

On one hand, the scale we have achieved brings with it additional responsibilities. Banco CTT is now an institution assessed by the Resolution Authority at a level of "positive public interest", resulting in MREL requirements (Minimum Requirement for Own Funds and Eligible Liabilities) with gradual implementation over the next few years.

On the other hand, the need to grow remains imperative. Banco CTT will continue to invest in both commercial and technological capabilities. The potential is clear, the Portuguese have already placed their trust in Banco CTT, but there is room to significantly deepen the relationships created.

Banco CTT aims to be the bank of choice for the majority of its customers, offering comprehensive solutions for everyday life, savings, investment, and credit.

I would like to conclude by expressing my sincere gratitude to our employees for their dedication. We have an exceptional group of people; they are the ones who will continue to make history.

I also extend my gratitude to our shareholders, now in the plural: CTT and Generali. A word also to the Bank's Corporate Bodies, to all our business partners, as well as to the Supervision Authorities, in particular to Banco de Portugal.

It was a full decade. Banco CTT will remain a non-conformist and innovative bank, bringing distinction and significant value to the national financial system. It is a story that has only just begun.

Luís Pereira Coutinho
Chairman of the Executive Committee

17 March 2025

Information on the BancoCTT Group

Banco CTT Group

2013

August
On 5 August 2013, CTT submitted request to Banco de Portugal to grant a concession for creation of the postal bank.

November
On 27 November 2013, Banco de Portugal issued authorisation for the creation of the Postal Bank.

2015

February
CTT's constitution of CTT Serviços, S.A. for purposes of development of the preparatory work as necessary and/or convenient for the constitution of the Bank.

August
On 24 August 2015, after authorisation of Banco de Portugal, CTT Serviços was transformed into Banco CTT, with share capital of 34 million euros.

November
On 18 November 2015, Banco CTT presented its corporate identity, with Proximity, Simplicity and Transparency being its main attributes.

Banco CTT started to operate on 27 November 2015, under the soft opening model available only for employees of CTT and Banco CTT.

2016

March
Banco CTT opened to the public on 18 March, with 52 branches simultaneously, spread over the 18 districts of Portugal and present in digital channels.

May
Share capital increase of 26 million euros, to 60 million euros.

July
Banco CTT opened its one hundredth branch on 22 July.

October
Share capital increase of 25 million euros, to 85 million euros.

December
Banco CTT achieves a presence of 202 branches.

2017

January
With 9 months of activity, Banco CTT reached 100 thousand customers.

Banco CTT launched Mortgage Lending, presenting a simple and low-cost solution for those wishing to purchase a house or move, maintaining the values associated to its launch: that of an accessible, comprehensive and useful offer.

April
Banco CTT received authorisation from ASF (Portuguese Insurance and Pension Funds Supervisory Authority) to present insurance products to its customers, enabling the offer of Life Insurance, Housing and Health Multi-Risk Insurance.

Share capital increase of 25 million euros, to 125 million euros.

2018

January
Incorporation of Payshop (Portugal), S.A. in the consolidation perimeter of Banco CTT, through a share capital increase in kind of 6.4 million euros, fully underwritten and paid-up by the shareholder, CTT – Correios de Portugal, S.A., elevating the share capital to 131.4 million euros.

March
Share capital increase of 25 million euros, to 156.4 million euros.

July
Banco CTT agreed to purchase 321 Crédito, a specialised consumer credit institution (used motor vehicles), which expanded the business portfolio of the Banco CTT Group.

October
Introduction of off-balance sheet saving products with the launch of the offer of PPR (Retirement Savings Plans).

2019

April
Share capital increase of 110 million euros, to 266.4 million euros.

May
On 2 May, Banco CTT completed the acquisition of the entirety of the share capital of 321 Crédito, a company granting loans for used motor vehicles to individuals.

Banco CTT reached 1,000 million euros of customer deposits.

December
Share capital increase of 20 million euros, to 286.4 million euros.

2020

December
Banco CTT achieves breakeven in its 5th full year of existence, with a consolidated net income of 233 thousand euros.

2021

January
Share capital increase of 10 million euros, to 296.4 million euros.

April
Banco CTT and Sonae Financial Services start a new partnership in consumer credit with Banco CTT as the entity responsible for the Universo card credit financing and respective credit risk management.

September
The Banco CTT Group, through its subsidiary 321 Crédito, securitised and placed on the market an auto loans portfolio in the amount of 250 million euros (Ulisses Finance No. 2).

2022

June
The Banco CTT Group, through its subsidiary 321 Crédito, securitised and placed on the market an auto loans portfolio in the amount of 200 million euros (Ulisses Finance No. 3).

November
A strategic partnership between the Banco CTT Group and Generali Seguros, S.A. was announced, which includes:

- A long-term agreement for the distribution of Tranquilidade/Generali Seguros life and non-life insurance products, with exclusivity period renewable every 5 years.
- Subscription by Tranquilidade/Generali Seguros of a reserved share capital increase of 25 million euros in Banco CTT in exchange for a shareholding of approximately 8.71%.

The transaction is subject to suspensive conditions, including approvals from banking and insurance regulators.

December
Banco CTT and Universo, IME, SA ("Universo") reviewed the terms of the Partnership Agreement in the area of financial services with a view to ending the partnership by December 2023.

2023

July
Banco CTT was informed by Banco de Portugal that it no longer fulfils the criteria to be classified as a "small and non-complex institution" (SNCI). This development stems from the Group's growth in different areas and subjects the Group to additional regulatory requirements (e.g. reporting and disclosures to the market).

August
The sale of Payshop (Portugal), S.A. to CTT–Correios de Portugal, S.A., which had been approved on 8 July 2022 by the Board of Directors and had been pending non-opposition from the regulator since then, was completed.

September
Banco de Portugal, as the National Resolution Authority (NRA), now considers the application of a resolution measure as the preferred resolution strategy, with a single point of entry ("SPE"), for the Banco CTT Group.

December
The termination of the partnership with Universo, IME, S.A., which had been announced to the market in December 2022, was completed.

The operation freed up around 300 million euros of liquidity and risk-weighted assets (RWA), strengthening the Group's capital position.

2024

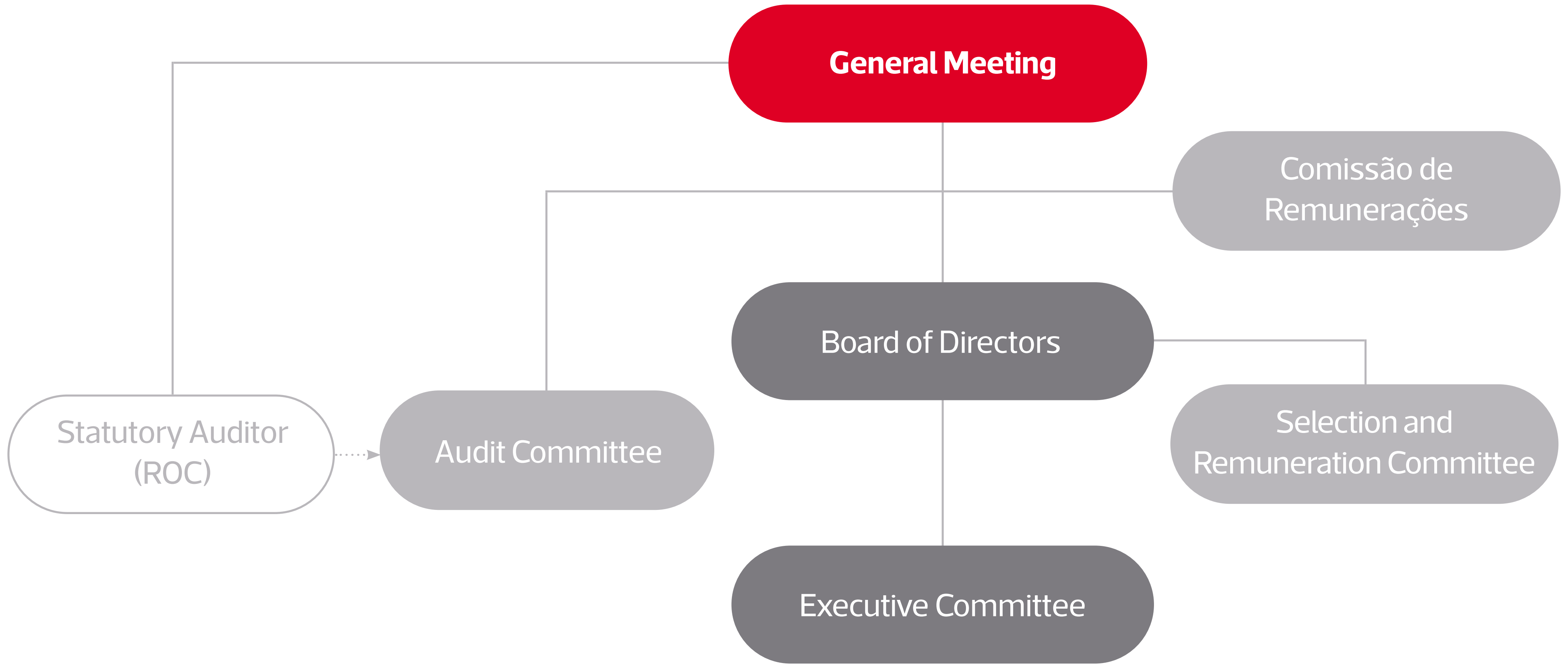
June
On 28 June 2024, it was agreed to sell a portfolio of Auto (Non-Performing Loans) with a balance sheet value (gross) of 20,405 thousand euros, whose settlement took place during September, when the derecognition criteria provided for in IFRS 9 were met. This operation had the dual purpose of maximizing the amount recovered from non-performing exposures and reducing the ratio of non-performing exposures, while also having a positive impact on the Group's operating account as a result of the sale at a capital gain.

November
The Banco CTT Group's strategic partnership agreement with Generali Tranquilidade, announced in November 2022, was concluded on November 29.

Following this partnership, Generali Tranquilidade entered Banco CTT's capital through a capital increase of 25 million euros, representing a stake of 8.71%, appointing a non-executive director to the Board of Directors.

Corporate Governance

Banco CTT endorses the Anglo-Saxon governance model, based on a Board of Directors, an Audit Committee (composed of Non-Executive Directors, but especially appointed by the shareholders) and a Statutory Auditor (permanent and alternate).



There is also a Selection and Remuneration Committee, elected by the shareholders, with delegated powers related to the selection and assessment of the adequacy of the members of the corporate bodies pursuant to the Policy on Selection, Assessment and Succession of the Adequacy of the Members of the Management and Supervisory Bodies of Banco CTT (available on the Bank's website at www.bancoctt.pt) and with powers to establish the remuneration of the members of the Board of the General Meeting, the Board of Directors, the Audit Committee and the Statutory Auditor.

In turn, the Board of Directors delegated day-to-day management powers to the Bank's Executive Committee, pursuant to Article 407 of the Portuguese Companies Code.

This governance structure also includes a Remuneration Committee created within the Board of Directors.

Thus, the Bank's Board of Directors in office today – for the 2022/2024 term of office – is made up of 13 Directors, comprising 8 Non-Executive Directors and 5 Executive Directors (including the Chairman of the Executive Committee).

Members	Board of Directors	Executive Committee	Audit Committee
João Nuno de Sottomayor Pinto de Castello Branco	Chairman		
Luís Maria França de Castro Pereira Coutinho	Member	Chairman (CEO)	
João Maria de Magalhães Barros de Mello Franco	Member	Member (CCO)	
Pedro Rui Fontela Coimbra	Member	Member (CFO)	
Nuno Carlos Dias dos Santos Fórneas	Member	Member (CIO)	
Luís Jorge de Sousa Uva Patrício Paúl	Member	Member (CRO)	
João Manuel de Matos Loureiro	Member		Chairman
Ana Maria Machado Fernandes	Member		Member
Maria Rita Mégre de Sousa Coutinho	Member		Member
António Pedro Ferreira Vaz da Silva	Member		
Guy Patrick Guimarães de Goyri Pacheco	Member		
António Domingues	Member		
Pedro Luís Francisco Carvalho [1]	Member		

[1] Elected to the position of Member of the Board of Directors, to hold office from 29 November 2024 until the end of the 2022/2024 term of office.

For further details on the composition of the corporate bodies and on the governance model and practices of Banco CTT see the Corporate Governance Report.

Since it is part of the CTT Group and because CTT – Correios de Portugal, S.A. ("CTT"), as an issuer of shared admitted to trading on regulated markets, has adopted a significant series of recommendations in the Corporate Governance Code issued by the Portuguese Corporate Governance Institute (IPCG), Banco CTT also benefits from the best governance practices of the CTT Group established over various years. This has also contributed to the improvement of these practices within the CTT Group, in particular the Code of Ethics, which conveys an integrated vision of the CTT Group's position on matters that have a transversal impact on its governance and management practices, in line with the financial sector's benchmarking.

Pursuant to Article 17 of the General Regime of Credit Institutions and Financial Companies ("RGICSF") and the provisions of Banco de Portugal Notice 3/2020, Banco CTT has robust corporate governance mechanisms, complete and proportional to the nature, level and complexity of the institution, which include:

- A clear organisational structure, with well defined, transparent and coherent lines of responsibility;
- Effective processes for identification, management, control and communication of the risks to which it is or may be exposed in the future; and
- Adequate internal control mechanisms, including solid administrative and accounting procedures, as well as remuneration policies and practices that promote and are coherent with healthy and prudent risk management.

The governance practices and principles indicated above were thus associated to a solid organisational structure where the Bank's control functions should be highlighted, and, in the case of Banco CTT, enable achieving the following goals:

- Promote an integrated risk culture that covers all areas of activity of the institution and ensures the identification, assessment, monitoring and control of the risks to which the Bank is or may be exposed;
- Assure the Bank's operational capacity based on adequately dimensioned human, material and technical resources;
- Assure the provision of bank services to customers based on multi-employer staff in CTT's Retail Network and, at the same time, through the Bank's hiring of employees to perform duties in Specialised Branches, after completing a rigorous training programme and with the follow-up and support of the Bank's employees with previous banking experience;
- Articulate non-core functions (especially in terms of shared services) with CTT's structure; and
- Create a "control environment" appropriate to the specificities of Banco CTT and an organisational culture based on high ethical standards, supported by the CTT Group Code of Ethics and the Banco CTT Group Code of Conduct, internal control and risk management policies and procedures, as well as an internal organisation based on the three lines of defence model.

Corporate Bodies and Internal Committees[1]

Board of the General Meeting

Chairman:

Rui Afonso Galvão Mexia de Almeida Fernandes

Board of Directors

Chairman:

João Nuno de Sottomayor Pinto de Castello Branco

Members:

Luís Maria França de Castro Pereira Coutinho
João Maria de Magalhães Barros de Mello Franco
Pedro Rui Fontela Coimbra
Nuno Carlos Dias dos Santos Fórneas
Luís Jorge de Sousa Uva Patrício Paúl
João Manuel de Matos Loureiro
Ana Maria Machado Fernandes
Maria Rita Mégre de Sousa Coutinho
António Pedro Ferreira Vaz da Silva
Guy Patrick Guimarães de Goyri Pacheco
António Domingues
Pedro Luís Francisco Carvalho[2]

Executive Commitee

Chairman:

Luís Maria França de Castro Pereira Coutinho (CEO)

Members:

João Maria de Magalhães Barros de Mello Franco (CCO)
Pedro Rui Fontela Coimbra (CFO)
Nuno Carlos Dias dos Santos Fórneas (CIO)
Luís Jorge de Sousa Uva Patrício Paúl (CRO)

Audit Commitee

Chairman:

João Manuel de Matos Loureiro

Members:

Ana Maria Machado Fernandes
Maria Rita Mégre de Sousa Coutinho

Selection and Remuneration Commitee

Chairman:

Raúl Catarino Galamba de Oliveira

Members:

João Afonso Ramalho Sopas Pereira Bento
Ana da Paz Ferreira da Câmara Perestrelo de Oliveira

Remuneration Commitee

Chairman:

João Nuno de Sottomayor Pinto de Castello Branco

Members:

António Pedro Ferreira Vaz da Silva
António Domingues

Revisor Oficial de Contas

Statutory Auditor (ROC):

Ernst & Young Audit & Associados – SROC, S.A., representada por Silvia Maria Teixeira da Silva

Alternate Statutory Auditor:

Ana Rosa Ribeiro Salcedas Montes Pinto

Statutory Auditor

Permanent:

Catarina Morais Bastos Gonçalves de Oliveira

Alternate:

Maria Filipa Rebelo Pereira de Matos Alves Torgo

[1] The members of the corporate bodies and internal committees in office on the present date are indicated herein.
[2] Assumed office on 29 November 2024.

Luís Paúl
CRO

Nuno Fórneas
CIO

Luís Pereira Coutinho
CEO

Pedro Coimbra
CFO

João Mello Franco
CCO

Main Highlights of the Year

1.

The year 2024 is characterised by accelerated growth, with turnover surpassing 7 billion euros (+21%), a year ahead of the targets previously communicated, once again demonstrating the Group's potential. Particularly noteworthy was the significant growth in retail deposits (+31%), which far exceeded the sector's growth rate (+7% for individuals). This was accompanied by consistent growth in loans to customers, approaching 10% in the two main portfolios: auto loans and mortgage loans.

2.

The 2024 results also represent a record in the Group's brief history, reaching €20 million for the first time, an increase of 27% on a comparable basis, with a return of 13.0% (normalized Return on Tangible Equity). Earnings before tax ended, also a year early, within the target range for 2025 (25 to 30 million euros).

3.

These results were bolstered by robust growth in customer business (primarily in deposits, but also in loans), a backdrop of favourable interest rates, and a 10% increase in commissions. The cost of credit risk decreased significantly, falling from 1.3% in 2023 to 0.7% in 2024. This improvement was aided by the exit from the credit card business in 2023, as well as the positive impact of selling the non-performing auto portfolio in 2024.

4.

The year was also marked by a significant increase in the number of employees (+23% to 613), essentially reflecting the reinforcement of the commercial force with a deepening of the Commercial Network specialisation model, as well as continued investment in technological platforms, aimed at a very significant upgrade of the core system and digital customer applications.

5.

In November 2024, a strategic partnership between Grupo Banco CTT and Generali Seguros, S. A also took place, which includes: i) a long-term agreement for the distribution of Tranquilidade/Generali Seguros life and non-life insurance products; and ii) the subscription by Tranquilidade/Generali Seguros of a reserved share capital increase of 25 million euros in Banco CTT in exchange for a shareholding of approximately 8.71%.

6.

Banco CTT maintained its high levels of solidity, with a Total Capital Ratio of 21.4% (2023: 21.0%), fully filled with core own funds, reflecting the growth of the business, the capacity to generate organic capital and the aforementioned entry into Generali's capital. Also noteworthy is Banco CTT's first senior preferred issue (10 million euros), the start of a process aimed at meeting MREL requirements in 2026.

7.

The retail business model, as well as strong deposit-taking, put the transformation ratio at 43% (51% in 2023), underpinning the Group's high liquidity, visible in the high values of the LCR and NSFR indicators, well above regulatory requirements.

Key Figures

(amounts in thousand euros)

		2024	2023	Δ Abs.	Δ %
Results	Net Interest Income	97,693	98,257	(564)	-1%
	Operating Income	120,871	120,324	547	0%
	Operating Expenses	(81,559)	(73,936)	(7,623)	10%
	Impairment and Provisions	(13,043)	(25,548)	12,505	-49%
	Income Taxes	(6,221)	(5,055)	(1,166)	23%
	Net Income	20,048	17,023	3,025	18%
	Result without specific items and discontinued operations	20,136	15,876	4,260	27%
Balance Sheet	Total Assets	4,727,525	3,827,132	900,393	24%
	Loans and Advances to Customers	1,742,032	1,593,214	148,818	9%
	Deposits from customers	4,060,462	3,106,179	954,283	31%
	Total Equity	315,075	270,018	45,057	17%
	Loan-to-Deposit Ratio	43%	51%	-8%	-16%
Loan Quality	Cost of Risk	0.7%	1.3%	-0.6%	-45%
	NPE (Non-performing exposures) ratio / Loans to customers (Gross)	4.8%	4.7%	0.1%	2%
	NPE coverage	39.2%	48.8%	-9.6%	-20%
Business Indicators	Number of Accounts	681,319	646,852	34,467	5%
	Mortgage Loan Production	187,522	212,231	(24,709)	-12%
	Stock of savings products (mediation)	1,045,467	938,219	107,248	11%
	Deposits from Customers (pro forma)[1]	5,105,929	4,044,398	1,061,531	26%
	Auto loans production	272,513	270,327	2,186	1%
	Turnover[4] (without Universo)	7,009,411	5,795,386	1,214,025	21%
Profitability and Efficiency	Return on Assets (ROA)	0.5%	0.5%	-0.1%	-11%
	Return on Tangible Equity (standardized ROTE)[5]	13.0%	9.0%	4.0%	44%
	Return on Equity (ROE)	7.1%	6.5%	0.6%	9%
	Cost-to-Income[2]	67.4%	61.4%	6.0%	10%
	Net operating revenues / Net average assets	2.7%	3.6%	-0.8%	-23%
Funding and Liquidity	Own Funds[3]	241,671	198,896	42,775	22%
	Risk-Weighted Assets (RWA)	1,131,228	947,577	183,651	19%
	Common Equity Tier 1 (Transitional) Ratio[3]	21.4%	21.0%	0.4%	2%
	Leverage ratio (Transitional)	5.5%	5.8%	-0.3%	-6%
	Liquidity Coverage Ratio (LCR)	1,361%	943%	418%	44%
	Net Stable Funding Ratio (NSFR)[3]	261%	229%	32%	14%
Colabora Employees and Distribution network	Number of employees	613	497	116	23%
	No. of Branches opened (branches/service points)	212	212	-	0%

[1] deposits from customer and deposits from customer captured via mediation of savings products.
[2] Excluding specific items.
[3] It includes the net income for 2024 and 2023.
[4] Pro forma customer funds + Loans and advances to customers (gross).
[5] ROTE considering results without specific items and discontinued operations, assuming normalised capital at 15% of average RWA.

bdinamic

Vision, Mission, Principles and Values of the Bank

Vision

Banco CTT aims to be acknowledged as a reference credit institution in terms of quality, efficiency and creation of value for its customers, employees and society.

Mission

Banco CTT's mission is to offer the customer competitive and accessible financial products that are based on quality of service and innovation and maintaining sustainable relations with all stakeholders.

Principles

Banco CTT's performance strategy is governed by the following Principles:

- **Customer Orientation**
  Your success is our success. To that end, we will work proactively on meeting your interests as well as your needs.
- **Enthusiasm**
  We will work with passion and commitment, relying on a team of dedicated and qualified professionals.
- **Trust**
  Always comply. We will be an upstanding, responsible and reliable partner that guarantees the commitments undertaken on a day-to-day basis.
- **Excellence**
  Always do better. Guarantee a service of excellence, with quality and efficiency.
- **Innovation**
  Create future. We will continuously explore new ideas, processes and solutions.

Values to uphold

- Simplicity
- Efficiency
- Proximity
- Trust
- Solidity

Business Model

Retail Banking for Individuals

bancoctt

Offer
Banco CTT is positioned with an offer of simple financial products and services, directed at the main needs of Individual Customers.

In addition to its everyday banking solutions, which include Demand Deposits, Debit and Credit Cards, Banco CTT has gained increasing recognition in the market for its range of Savings and Investment solutions, as well as for the various types of mortgage loans it offers to families.

321crédito

The year 2024 was once again marked by a strong boost in the growth of Customer Deposits, which grew by more than 1 billion euros, with the contribution of a diversified offer of Term Deposits and Unit Linked products. In terms of Mortgage Loans, the timely preparation of the new Crédito Jovem programme enabled Banco CTT to be one of the first banks to accept proposals from this segment of customers, which led to a significant increase in requests for financing the purchase of a new home.

Also noteworthy are the initiatives undertaken throughout the year aimed at enhancing customer loyalty to the bank, particularly the review of pricing conditions for the Banco CTT account and the remuneration terms for the Free Savings Account.

Face-to-face Channel
Banco CTT has a network of 212 branches, strategically located in all districts of Portugal. Their branches generally operate with extended opening hours, from 9am to 6pm, and share physical space with the postal services. However, they maintain a separate service, ensuring specialisation in the provision of financial services.

Proximity to the customer, based on human relations and a comprehensive network of branches, is one of Banco CTT's essential principles.

Banco CTT continually invests in improving its processes in order to offer a fast, efficient and high-quality service. The evolution of branch systems focuses essentially on two key points:

- The first point involves the continuous optimization and reduction of the use of paper in processes, to guarantee agility in the completion of service requests. In 2024, a new process was implemented that makes it possible to open accounts on the spot, using only the Citizen's ID Card. This process already covers almost half of all account openings and the Bank continues to invest in expanding its application to a greater number of customers. The dematerialisation of processes has significantly simplified service, and in 2024 the Bank completed the integration of all its processes into the new workflows, allowing all requests to be supported by digital and dematerialised processes.

- The second point concerns the new Branche Platform, launched in 2022, which continues to be at the heart of the Bank's branch processes, with a gradual increase in functionalities. This platform enhances the integration of internal and partner systems, streamlining employees' work and enabling integrated access to relevant customer information. This provides a 360-degree view, contributing to higher quality service.

In addition to improving processes, Banco CTT continues to invest in strengthening the capacity of the face-to-face channel.

To this end, the "Specialized Branch" concept was launched, located in areas with a consolidated customer base and potential for growth. The aim of these branches is to provide a differentiated service and greater commercial capacity, with an improved physical layout in selected cases. In 2023, the Bank had 32 Specialised Branches, a number that increased to 62 in 2024, ensuring substantial coverage of the national territory.

Digital Channels

Digital channels are an essential pillar of the service proposition of Banco CTT. They include the mobile app (available for iOS, Android and Huawei) and Home Banking, optimised for PCs and tablets. In addition, customers have access to the MB WAY service.

The use of digital channels at Banco CTT has evolved progressively and already represents a significant part of the interaction with customers: 75% of customers have subscribed to digital channels and more than 55% use them regularly. Also noteworthy are indicators of high intensity of use, such as (i) around 1 login per day per active user, (ii) more than 90% of new customers subscribing to digital documentation and (iii) almost half of Term Deposits subscribed to digitally.

In 2020, Banco CTT implemented a new architecture for the creation of customer journeys, based on proprietary technology, with the aim of (i) offering new functionalities and (ii) providing a superior experience.

The platform has been progressively incorporating functionalities, such as "salary ready", "personal credit" and consultation of the integrated position of assets and credit.

The Bank is currently in the process of migrating the functionalities of the old platform to the new architecture, with significant improvements in the customer experience. In 2024, the migration of the entire transfer and favourites experience was particularly noteworthy, featuring the new SPIN (mobile phone transfer) and COP (confirmation of the transfer beneficiary) functionalities, along with the digital document consultation module.

More than half of the migration process has already been carried out, with completion scheduled for 2025.

Specialised Credit

Auto loans

321 Crédito has progressively consolidated a significant position in the auto loans market and is currently a reference institution at a national level, and one of the major players in specialised financing for the purchase of used or semi-new vehicles.

The business model is based on market positioning with a highly specialized offer and an approach that values proximity, simplicity and agility.

The distribution strategy follows a single-channel model, with auto loan solutions at the point of sale, supported by partnerships with more than 1,100 credit intermediaries, on an accessory or tied basis, which guarantee a network with wide coverage of the national territory. This strategy is also based on the efficiency of the credit process, based on an automatic and predominantly digital decision model, with the introduction of the digital signature process in 2024.

In 2024, we experienced a year characterised by an economic context favourable to the acquisition of a car, contributing to a positive evolution in the sector.

With this scenario, in 2024 sales of new vehicles continued to grow, reinforcing the recovery that commenced at the end of 2021, with passenger cars showing growth of over 5% compared to 2023.

On the other hand, in the used passenger car market, considering the data on transfers of ownership, sales continued to grow and will have reached volumes of 2019, pre-pandemic.

It was in this market scenario that 321 Crédito registered, in 2024, another year of growth with a production volume of new credit of 272 million euros, corresponding to a new all-time high for the company. With this growth, the company also reached a total of 118,000 customers with active credit agreements.

This performance enabled it to end 2024 with a market share of 10.3% in the classic consumer loans segment for used vehicles (Source: Banco de Portugal – Evolution of New Consumer Loans – Credit with reservation of ownership and others).

The year was also marked by the rebranding of the 321 Crédito brand, with the transition to a new, more modern visual identity in line with the Banco CTT Group.

Holders of the 5 Stars Award 2024 in the car financing category, 321 Crédito also won, over 12 consecutive months, the "Marca do Mês" seal on the Complaint Portal, with the highest satisfaction index in the car financing ranking.

These distinctions reflect customer recognition, confirming the results of the investment in transformation and modernisation that has been undertaken.

Awards 2024

In 2024, Banco CTT Group was once again distinguished with awards and distinctions attributed by independent entities, which recognise the excellence of our products and services.

Product of the Year

Banco CTT was the winner of the Product of the Year 2024, with "Crédito Habitação Construção", in the Credit category. This award distinguishes the best innovations on the market, helping consumers to identify products of excellence. The selection was based on criteria such as attractiveness, innovation, purchase intent, and experimentation, and we take pride in seeing our product recognised as the most innovative in its category. This award is a recognition of the commitment and dedication with which we serve our clients on a daily basis, to whom we extend our most sincere thanks.

Prize awarded in 2024 in the Credit category by Netsonda. This award is the sole responsibility of the entity that awarded it.

Cinco Estrelas 2024 Award 2024

321 Crédito won the Cinco Estrelas 2024 in the Auto Loans category.

The Cinco Estrelas award, given to brands with a national presence, identifies the best products, services and brands on the market, using a methodology that assesses the main characteristics that influence consumers in their consumption decisions.

The brand was recognised as one of the 157 winners of the Cinco Estrelas Award 2024, as a result of an evaluation in which more than 339,000 consumers assessed 1,135 brands, through a very demanding process.

This Cinco Estrelas Award is entirely the responsibility of Five Stars Consulting, a recognition index study in Portugal, with a widely acknowledged methodology and credibility in evaluations.

Recommended Brand

The Complaint Portal has distinguished 321 Crédito as a Recommended Brand, through consumer satisfaction ratings, based on the interaction they had when making complaints. With a satisfaction rate equal to or greater than 70% for three consecutive months, the brand stood out for the performance and attention given to customers, for the close manner in which they sought to respond to consumers on the Complaint Portal.

This result reflects the brand's commitment to ensuring customer satisfaction and support, evaluated based on resolved complaints, thus serving as an indicator of trust and positive reputation.

Brand of the Month

For 12 consecutive months, 321 Crédito has received the Marca do Mês seal in the Car Financing category, recognizing its excellent service and relationship with consumers. This prize is awarded to the brand with the best monthly Satisfaction Index on the Complaint Portal.

The Marca Recomendada and Marca do Mês seals are the sole responsibility of the Complaint Portal by Consumer Trust, a reputable marketplace that allows you to search, complain and compare any brand.

The Banco CTT Group is grateful for the recognition given to 321 Crédito by complaining customers for the way in which the brand responds to the situations that gave rise to complaints, seeking to resolve them and improve the customer experience.

People

Developing the Skills of Banco CTT Group Employees

In the context of a business growth agenda, the Banco CTT Group seeks to attract and retain the right talent and also to create conditions of productivity and well-being in line with the organization's strategy and the expectations of Employees.

From the perspective of People management, 2024 was marked by a significant strengthening of the staff in order to meet Banco CTT's objectives of increasing turnover, with a 35% increase in the number of Employees, among which the recruitment of thirty Cluster Managers is noteworthy – a role established in 2024 to ensure the management of the teams and the operations of the sixty Specialist Branches, two for each Manager.

To address this expansion of the workforce, the Human Resources Management team itself was strengthened, both in terms of personnel and technical resources, ensuring greater autonomy and agility in the selection and recruitment processes for technical areas and commercial teams.

The growth of the staff poses the challenge of sustaining the ambition of well-being and conciliation that characterizes the Banco CTT Group's value proposition in the market.
In 2024, the Mixed Work Regime maintained the dynamics it brought from the past, reinforced by the consolidation of the experience in the new workspace in the Atrium Saldanha building in Lisbon, which allows teams to be together on the same floor, reinforcing the desired organisational horizontality and informality that characterises the Group's social environment.

Still regarding reconciliation, the Banco CTT Group continued the journey initiated in 2023, aiming to remain attentive to the needs of its employees. This mission was facilitated by the contributions of the EFR (Family-Responsible Company) Ambassador team, which helped strengthen communication between employees and the Company.

The desire to continually improve the benefits offered by Banco CTT has resulted in a 20% increase in the flexible benefits package, allowing all employees to better adapt their income to their context and time of life.

Regarding Social Responsibility, the Banco CTT Group embarked on a new approach in 2024 by establishing partnerships with various social solidarity institutions, namely Banco do Bebé, Animalife, and Amor Perfeito, which have expanded the scope of action within the community.
This new approach resulted from a process of listening to employees in order to understand their motivations and interests with regard to Social Responsibility. Additionally, thirteen volunteers from the Banco CTT Group participated in the Junior Achievement Portugal initiatives with the fundamental objective of promoting financial literacy in schools.

In terms of IT platforms, new functionalities were developed in the MyCTT platform, streamlining access to documents, including the self-service creation of employment verification letters and work certificates. In addition, the first management information reports were generated, speeding up access to data and the monitoring of human resources-related indicators.

In the 2024 activities, the emphasis on the continuous training of employees stands out, which has enhanced efficiency and quality of work, in addition to contributing to the sense of personal fulfilment and professional development of the entire team.

Conduct and Ethics
The Conduct and Ethics of Banco CTT Group Employees is one of the pillars of the organization's success. In 2023, the Codes of Ethics and Conduct were revised and in 2024 these standards were disseminated to all employees through training. New employees are also introduced to these principles and guidelines upon joining, enabling them to contribute from day one to a culture of ethical and responsible behaviour.

Evaluation, Recognition and Respect for Gender Equality
The Banco CTT Group's growth ambition is based on a Performance Management methodology that seeks to promote the best and most effective performance from its Employees.

Thus, the Banco CTT Group maintains and annually improves a policy of recognition of the merit and individual commitment of each Employee, in particular through variable remuneration based on the performance assessment model.

Banco CTT is a company in which the presence of men and women is balanced, with 44% men and 56% women.

In 2024, Banco CTT conducted a report on the gender pay gap with two objectives: firstly, to examine and analyse in detail the composition of the Bank's remuneration package and to determine the impact of gender, in terms of salary, in roles of equal value; secondly, to enable the Bank to review and adapt its objectives and actions in light of the results that serve to correct and prevent occurrences of gender pay gap that may arise in the Bank in the short, medium and long term.

For the preparation of the aforementioned report, the Bank conducted a thorough analysis of the roles and their corresponding salary band levels, ensuring objectivity and impartiality in defining the impact of each position on the business and the level it should occupy within the organisational structure.

Based on this work, the pay gap between men and women was calculated and comparisons were made between jobs of equal value. From the data obtained, it cannot be concluded that, for equal work, there are discrepancies in remuneration between employees due to gender.

Benefits
Recognising that employees value other aspects of the remuneration package, the Bank continued with the Flexible Benefits Plan (Banco CTT Flex Plan) implemented in 2023. This Plan consists of providing a set of social benefits with advantageous conditions for Employees and their families, through the award of an individual monthly grant (Bolsa Flex) which can be easily used through the BCTT Flexible Benefits Portal. This Portal allows Employees to select the benefits that best suit their personal and family situation. These benefits aim to help improve the psychological, social, financial and physical well-being, adapting to the lifestyle of employees and their families.

In 2024, based on the needs of employees and the economic outlook, new social benefits were added to the platform, such as TVDE/Taxi reimbursements and the purchase or rental of bicycles and electric scooters. In addition, the parking reimbursement benefit was improved, in line with employee suggestions.

Banco CTT offers a solution called Crédito Habitação Bonificado, designed to provide Banco CTT Group employees with more favourable terms than the general public on variable-rate housing credit contracts. This includes 0% spread financing for the purchase, construction, or renovation of permanent housing, as well as transfers. During the year 2024, two new application phases for the Crédito Habitação Bonificado for or employees were launched, implementing a new procedure in pilot format, which consists of the weekly submission of employees' applications for approval by the Administration, making the application process faster. By the end of the year, 67 applications from Banco CTT Group employees had been approved.

In 2024, the restructuring of Sou CTT for the Employee Benefits Portal and App was also launched, called Sou CTT Descontos. Sou CTT Descontos enables employees and their families to access a wide range of discount opportunities across various partner brands of the CTT Group.

In addition, at the end of 2024 Banco CTT announced the new Employee Health Insurance policy, which includes new coverage, namely psychology consultations and infertility treatments, meeting the needs of its employees.

321 Crédito maintained in 2024 its Employee Support Program (321 EAP), launched in 2022. This programme aims to help the employees to deal with personal and/or professional difficulties that may be negatively affecting their performance at work, as well as their good health and well-being. 321 Crédito thus continues to provide its employees with free advice and various reference services for them and their families.

Family Responsible Company

The reconciliation of professional, personal and family life, already ingrained in the Banco CTT Group's culture and attested to by the Empresa Familiarmente Responsável certification, was reinforced by the inclusion of the EFR insignia in the e-mail signature of Banco CTT Group employees. This communication enables the various interlocutors with whom the employees of the Banco CTT Group interact on a daily basis to be informed of the culture of conciliation that the organisation advocates.

Based on a commitment to continuous improvement and attentiveness to employees' needs, Banco CTT enhanced two of the most valued work-life balance measures in 2024. Employees are now entitled to a full birthday off, and new flexible health insurance conditions have been implemented, allowing them to choose between two policies with different insured capitals.

In 2024, the Banco CTT Group once again hosted Kids Day, an initiative that strengthens the bond between the company and employees' families. Held during the Christmas season, the event welcomed more than 70 children to the offices in Lisbon and Porto.

Training

At Grupo Banco CTT it is understood that, for the growth of the organisation, it is essential to invest in the training and development of employees not only at a technical level, but also at a behavioural level.

This investment translates into an increase in efficiency and quality of work, as well as contributing to the sense of achievement and development of employees. The training also has the potential to foster innovation, allowing employees to bring new ideas and creative solutions.

In a sector where technological evolution is accelerating and the importance of data has become a decisive factor, the Banco CTT Group has invested in training its employees in key areas such as SQL, Power BI, Artificial Intelligence, and Best Practices in Information Security. In 2024, more licenses were also granted for the Udemy platform so that employees with technology-related roles could complete the full range of relevant technical training. For the remainder of the universe of Employees, the Learninghubz platform was launched in April, following the initiative already in force at 321 Crédito. Learninghubz is a learning platform that provides a catalogue of short videos and courses on over 150 topics, enabling users to customise their training content.

In order to continue fostering the growth of middle managers, the Banco CTT Group offered twelve employees the chance to take part in the 3rd edition of the Leadership Trust course, a year-long program that allows employees to work on their personal development and leadership skills.

Mandatory and regulatory training continues to play a leading role in the training plan of employees. Thus, in 2024, the Code of Conduct, Code of Ethics, Prevention of Money Laundering and Terrorist Financing, Business Continuity Plan, and General Data Protection Regulation was maintained. Training courses related to the banking business also accounted for a significant volume of training hours, in particular Mortgage Credit Marketing, People Directly Involved in Insurance Distribution Activities and their continuous training, and Banknotes and Coin. As a result of the project to market structured products, employees began to be trained in MiFID II.

A total of 37,614 training hours were recorded for Banco CTT Group employees (28,678 at Banco CTT and 8,936 at 321 Crédito), representing an increase of 86.2% compared to the previous year.

Internal Recruitment and Mobility
Recruiting new talent and retaining employees has been a constant challenge for Banco CTT in recent years, in a context of a strong need to reinforce its staff and a labour market close to "full employment".

In this sense, Banco CTT implemented the LinkedIn Recruiter platform, a solution that has contributed to expanding the reach of the advertised vacancies, allowing opportunities to reach a wider and more qualified audience. Furthermore, LinkedIn Recruiter allows for targeted selection searches to identify profiles that align more closely with the organisation's needs.

Internal mobility continued to be one of the sources of recruitment, simultaneously being an effective strategy to retain and develop talent within the Group. In 2024, 14 employees changed their duties in the context of internal mobility, within the actual company or moving to another Group company.

Community Support
The Banco CTT Group has been carrying out Social Responsibility activities since 2017. Initially, it focused mainly on a partnership with Crevide, an IPSS based in Moscavide, which allowed employees to take part in volunteer activities with a social and financial literacy focus. In 2023, due to the change in the Bank's premises and the desire to promote greater participation in volunteer

actions, there was a need to listen to employees in order to redefine and strengthen the Group's approach to Social Responsibility.

Following the analysis of the questionnaire distributed to employees and the consolidation of the Social Responsibility team with new members, this theme was advanced through the signing of partnership protocols with associations across various fields of activity and the launch of social responsibility initiatives involving employees. In 2024, Banco CTT Group's partnerships were:

The Group's Social Responsibility actions are divided into two distinct models: one-off actions, which may or may not have monetary compensation, and regular volunteer actions. In 2024, Volunteer Employee Scholarships were established to carry out regular volunteering actions during working hours with some of the partner institutions.

During the year 2024, office supplies that were stored in the Banco's storage facilities due to the relocation of premises were also donated. This included tablets, coffee machines, and mini fridges.

Contribution	Area of activity	South	North
Financial literacy	Children / Youth	Junior Achievement	Junior Achievement
Volunteering	Social Support / Children	Banco do Bebé (Lisbon)	Amor Perfeito (Porto)
Volunteering	People with disabilities	Associação Salvador	Associação Salvador
Volunteering	Animal	Animalife	Animalife

In 2024, a number of initiatives were carried out with the following partners:

– Associação Portuguesa de Bancos (APB) – Banco CTT took part once again, now in the 2nd edition of "No Banco da Minha Escola", an initiative of the Associação Portuguesa de Bancos (APB) and its members, which involves volunteer Banco CTT employees working on financial literacy issues with 3rd cycle and secondary school students in 90 schools across the country.
– Junior Achievement (JA) – non-governmental organisation whose mission is to inspire and prepare young people to be successful in the future. Throughout 2024, several volunteers from the Banco CTT Group taught the Basic Education programme classes in schools throughout the country. At the end of 2024, the Group continued its partnership with JA and opened registrations for employee participation in the 2024/2025 academic year, introducing the new opportunity for them to engage in both the Basic Education programme and the Secondary Education programme.
– Banco do Bebé – association for Newborn Babies Support, based at the Alfredo da Costa Maternity Hospital. Its mission is to promote dignity at the beginning of life, guaranteeing essential goods for babies and children from 0 to 6 years old and empowering parents and parental figures to care for their babies. During the year, these employees gave weekly support to the association by sorting clothes and preparing baskets of goods for the families monitored by Banco do Bebé.
– Amor Perfeito – an association formed by a group of volunteers whose mission is to support homeless people in the city of Porto. They also provide transitional support to people who are reintegrated into shelters. In 2024, several employees participated in the weekly activities of distributing meals to homeless individuals in

downtown Porto and in a volunteer initiative to sort clothes.
Associação Salvador – association with the mission of promoting the inclusion of persons with motor disabilities in society and improve their quality of life, by enhancing their talents and raising awareness on equal opportunities. This year, the partnership between 321 Crédito and this association was extended to the Group, with the participation of employees of Banco CTT and 321 Crédito in the 3rd Edition of the Walkathon solidarity walk in Lisbon and Porto.
– Animalife – a socially responsible association dedicated to changing mindsets and defining and promoting positive actions in the fight against the scourge of abandoned companion animals in Portugal. One of its main objectives is to assist underprivileged families with pets by providing access to food and veterinary care, including vaccinations and sterilisation.

Culture

The Banco CTT Group's internal culture is characterised by valuing a horizontal and close organizational structure, promoting a working environment of collaboration and open and direct communication between hierarchies, thus encouraging innovation, the exchange of ideas and the rapid resolution of problems. This culture has also been cemented through various initiatives promoted among employees, some of which in response to feedback received.

Thus, in 2024 the publication of Beatnews, the weekly newsletter that shares testimonies, projects and suggestions from Banco CTT Group employees, was maintained and, following a consultation carried out in 2023 with employees to ensure greater alignment with expectations regarding this publication, in the year 2024, the suggestions that emerged from it were implemented, fostering Continuous improvement of the publication.
Of particular note is the focus on communications about Group benefits for Employees, Social Responsibility actions, business news, corporate events and the Group's EFR measures.

The General Meeting of the Banco CTT Group – the annual meeting where an assessment of the past year is made and the objectives for the following year are presented – took place on 16 March. The event was attended by Rui Unas, who led the nominations for the Best Of Banco CTT 2023 Awards and presented the Commercial Network Performance Awards. The event was marked by the launch of the BCTTx2 motto, Banco CTT's growth strategy for 2024 and the next five years.

The Cross Conversations initiative, in which the CEO monthly invites a group of employees to lunch, maintained the 2023 format, which includes the presence of two administrators. During these moments, employees have the opportunity to share professional experiences and pose questions to the management of the Banco CTT Group, fostering the exchange of ideas in an informal setting that encourages close interaction between employees and management. The strategy of reaching even more employees of the Banco CTT Group through meetings sometimes in Lisbon (Banco CTT facilities) and sometimes in Porto (321 Crédito facilities) was maintained in 2024.

As part of Banco CTT's growth strategy, extra monthly lunches were also held at the end of the 2024 quarter for the sales teams, in order to provide moments of alignment and exchange of feedback between the Retail Network and Management.

In September, the Rentrée Event, which brings together employees for a rentrée event to commence the final sprint of the year, was held for the first time in Lisbon and Porto, in a joint event of the Banco CTT Group and 321 Crédito. The motto of the event was "Arraial para uma equipa especial", providing an opportunity for employees to reunite and socialise after the holidays, and for those who had joined in recent months, a chance to meet colleagues outside of the professional context.

Also promoting moments of fraternization among Employees, some initiatives were organized in the Lounge of Banco CTT's Head Office, such as the "Tardes Imperiais", which consisted of happy hours during the month of July, and other themed events, namely the Halloween Snack in October and the Christmas Snacks in December. Taking into account the mixed work regime, Banco CTT is concerned with organising these events on at least two days, allowing Employees to manage their trip to the office in the most convenient way.

The company also gathered employees at the 321 Crédito Christmas Dinner which, once again, had a very impressive turnout and a particularly special moment – the presentation of the Career Awards – aimed at recognising and honouring all employees with 25 years in the company. In 2024, 26 employees were honoured.

Throughout the year, several face-to-face team-building activities were also carried out by various departments, which strengthened team spirit and promoted interaction between colleagues in an informal environment without the daily pressure of work. Additionally, in 2024 the novelty of "Bom Momento" was implemented, in which each Administration had the opportunity to carry out a team interaction activity outside the professional context.

By promoting these initiatives, the Banco CTT Group continues to strengthen its culture, contributing to the involvement and experience of its employees as a team and reinforcing their spirit of belonging. As a Family Responsible Company, it believes that this involvement and sense of belonging has a positive impact on productivity, talent retention and the company's success.

Staff[1]

As at 31 December 2024, the staff comprised 613 Employees (453 at Banco CTT, 160 at 321 Crédito), 23% more than in the previous year. This increase is due not only to the hiring of new employees for different areas, maintaining high standards of qualification, different levels of seniority and expertise, but mainly to the integration of employees as part of the project to strengthen the capacity of the Commercial Network through the development of the Specialised Branches concept.

Number of employees	2024	2023
Employees*	613	497

*not considering employees with a multiple employer arrangement.

In 2024 the Banco CTT Group structure will continue to have a higher number of female employees.

Gender	2024	2023
Female	56%	55%
Male	44%	45%

In terms of age, 59% of employees in the Banco CTT Group are under 45 years of age.

Age group	2024	2023
< 30 years	14%	12%
30 – 34 years	12%	14%
35 – 44 years	33%	34%
>= 45 years	41%	41%

61% of Employees have an academic degree or higher.

Level of Qualification	2024	2023
Elementary Education	1%	2%
Secondary Education	34%	30%
Bachelors	4%	5%
Licentiate Degree	48%	47%
Postgraduation/Masters	13%	16%

[1] Not considering employees with a multiple-employer arrangement.

Outlook for 2025

The year 2025 maintains the essence of the strategy of recent years, organized into 2 main axes.

On the one hand, we will continue the work of deepening relationships, giving substance to the franchise value acquired.

We will seek to (i) increase the number of "1st bank relationships', with domiciled salary and high intensity of use, (ii) reach a level of excellence in bancassurance, now with the partner Generali, enhancing the brand's vocation in the area of long-term savings and (iii) maintain growth in credit, both in housing and automobile, seeking profitability.

On the other hand, we will make an important evolution in in Banco CTT's capabilities, as enablers of our vision for the growth of the franchise.

Here, we highlight the significant investment in the Bank's technological systems, with a complete upgrade of the core system and the launch of new digital capabilities.

The strategic plan continues to align with the objectives announced in 2023, both in terms of business volume (with a target exceeding 7 billion euros by 2025) and profitability (with a pre-tax result aimed at between 25-30 million euros in 2025).

Financial Information

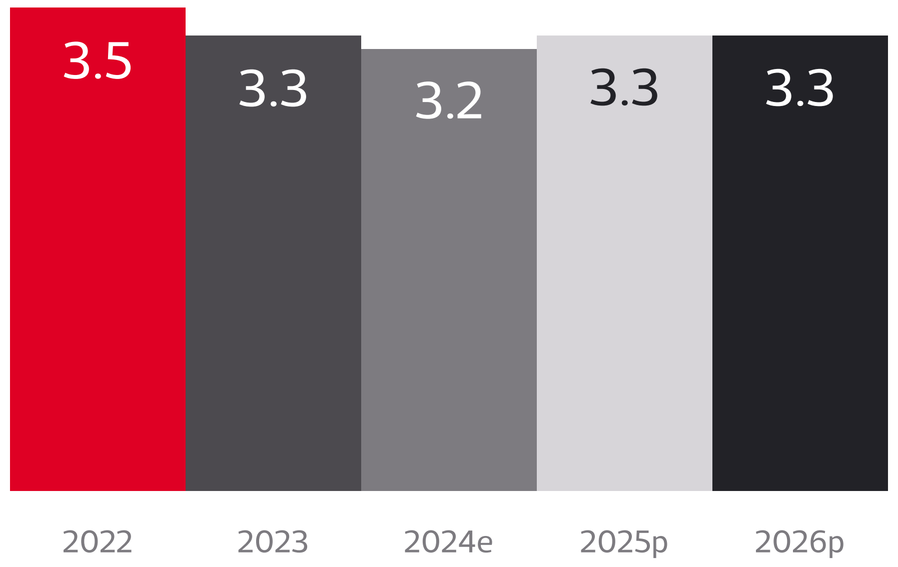
Macroeconomic Environment

International Economy

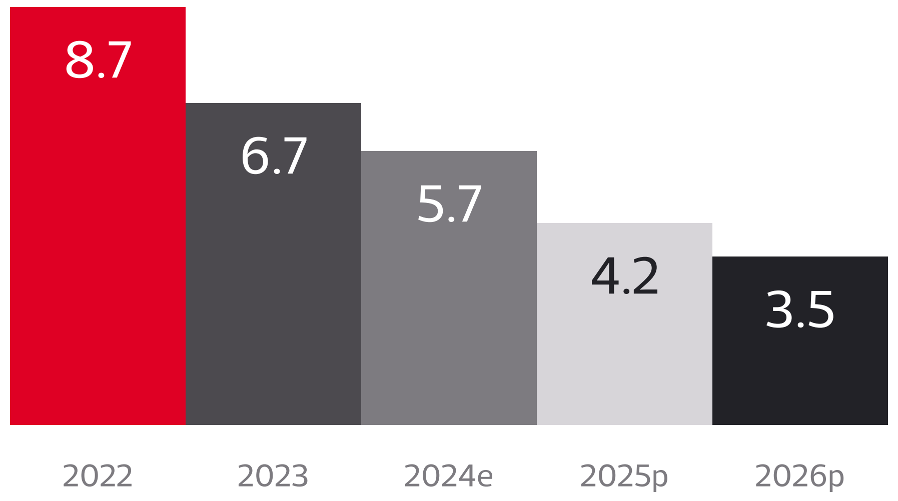
The world economy continued to show resilience over the last year. Despite the challenges of recent years, particularly the sharp rise in inflation and restrictive monetary policies, global economic growth expectations have been exceeded. By the end of 2023 there was widespread expectation that the world economy would slow down. Even so, the IMF[1] points to a growth of 3.2% in 2024. Forecasts for 2025 and 2026 point to world growth stabilizing at 3.3%.

World inflation has also continued to show signs of slowing down, after 8.7% in 2022, 6.7% in 2023, by 2024 inflation should have fallen to 5.7%. The IMF estimates a return to normality, forecasting 4.2% in 2025 and 3.5% in 2026.

World GPD



Global Inflation



[1] World Economic Outlook – Update, International Monetary Fund | January 2025
[2] Quarterly National Accounts (Base 2021) – 30 days Flash Estimate 4th Quarter 2024 and Year of 2024 – INE
[3] Employment Statistics 4th Quarter 2024 – INE

The Eurozone economy continued to grow modestly, with an estimated growth of just 0.8%, with another year of contraction in economic activity in Germany standing out. A positive note for Spain, which grew by 3.1%.

The United States maintained its dynamic economic activity and a robust labour market. The estimate for 2024 points to a growth of 2.8%, despite the fact that until September the key interest rates were in the restrictive range between 5.25% and 5.50%.

National Economy

The Portuguese economy continues to show dynamism, growing by 1.9%[2] in 2024, with the last quarter standing out with growth of 2.7% compared to the same period last year, due to the acceleration in private consumption.

The inflation rate continued its downward trend. After 5.3% in 2023, inflation fell to 2.7% in 2024.

The labour market remained particularly robust. In 2024, the annual average of the employed population was 5.1 million people, 61,000 more than in 2023. The unemployment rate was 6.4%, 0.1 percentage points less than in 2023, with the unemployed population stable at 351,000 people[3].

Public accounts continue to have budget surpluses. The Directorate-General for the Budget anticipates an overall positive balance of 354 million euros in public accounts.

The deleveraging of the Portuguese economy continued, albeit more gradually. Public debt fell by 2.6 percentage points of GDP in 2024 to 95.3%. This upward trend reinforces the favourable rating that Portugal has regained in recent years.

Financial Markets[1]

In 2024, investors maintained their appetite for risk. The stock market, when evaluated by the FTSE Global All Cap Total Return Index, which encompasses developed and emerging markets, appreciated by 17% in 2024, continuing the appreciation from 2023. European banking appreciated by 30% based on the Euro Stoxx Banks index, a return higher than the European EuroStoxx 50 index, which appreciated by 11%.

The European Central Bank commenced the process of normalising interest rates in June 2024. The deposit rate fell from 4.00% at the start of the year to 3.00% at the end of the year. To a lesser extent, the Federal Reserve in the United States also reduced the main reference rate for the USD in September, initiating this reduction with a jumbo cut of 0.50 percentage points, ending the year within the range of 4.25% to 4.50%.

The interest rate on 10-year public debt in Germany ended the year at 2.37%, up from 2.02% at the end of 2023. In the United States, 10-year Treasuries rose further to 4.57% at the end of the year from 3.88% at the start of 2024.

The spread between Portugal's 10-year sovereign debt and Germany's continued its downward trend. Portugal is already in the group of eurozone countries with the lowest spreads. At the end of 2024, the spread was 48 basis points on 10-year bonds, lower than the spreads recorded by Spain and France, for example.

[1]Source: Bloomberg
[2]Portuguese Banking System: recent developments 3rd Quarter 2023 – Banco de Portugal

Corporate credit spreads also remained benign. The Markit iTraxx Europe Senior 5-year CDS index ended 2024 practically unchanged at 58 basis points of spread, in a relatively quiet year in which the maximum was 69 basis points and the minimum of 50 basis points, historically low values.

Portuguese Banking System [2]

National banks' total assets increased to 464.3 billion euros in Q3 2024, mainly due to an increase in loans to customers.

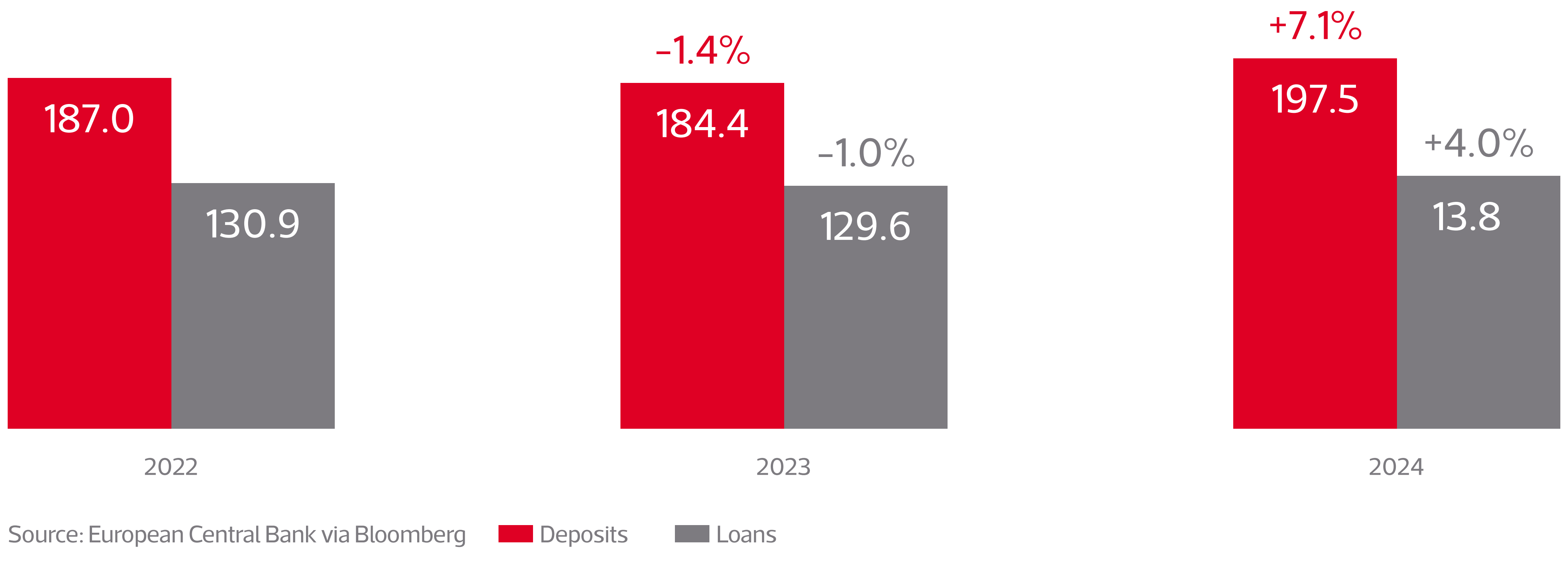
Within retail, deposits increased by 7.1% to 197.5 billion euros in 2024. Loans also rose by 4% to 134.8 billion euros, reversing the downward trend seen in 2023.

The sector's transformation ratio remained stable at 75% in September 2024, reflecting a highly liquid financing structure. The LCR ratio stands at 270%, well above the regulatory requirement.

The profitability of the system in the first 9 months of 2024 continued to improve, with return on assets reaching 1.46% and return on equity standing at 16.1%. The increase in profitability was due to the reduction in impairments and the increase in net interest income.

The system remains well capitalised, with the total equity ratio standing at 20.4% and the core own funds ratio at 17.7%.

Deposits and Loans to Individuals



Source: European Central Bank via Bloomberg

Results and Balance

Consolidated Income

Net Income

In 2024, Banco CTT achieved a consolidated net income of 20,048 thousand euros, which compares with a net income of 17,023 thousand euros in the same period of the previous year, representing a positive variation of 3,025 thousand euros (+18%). This net profit is the highest in Banco CTT's history, with a return on tangible equity (ROTE) of 10.0%.

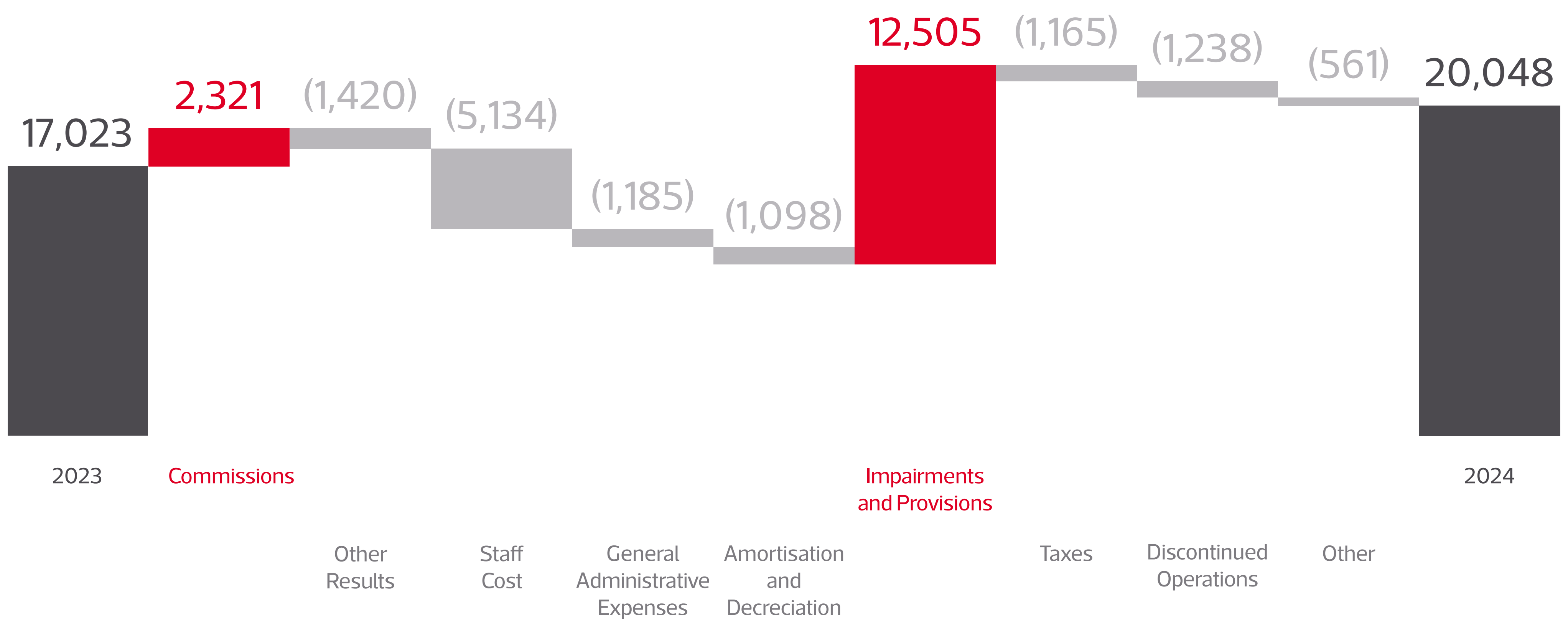
Excluding the effect of the specific Discontinued operations items and discontinued operations, Banco CTT's consolidated net income for 2024 stood at 20,136 thousand euros (2023: 15,876 thousand euros), which represents an increase of 4,260 thousand euros in relation to 2023 (+ 27%). The return on normalized tangible equity – ROTE[1]) – reached 13.0% in 2024 (10.0% without capital normalisation).

			Δ	
	2024	**2023**	**Abs.**	**%**
Net Interest Income	97,693	98,257	(564)	-1%
Net Commissions	24,756	22,435	2,321	10%
Other Results	(1,665)	(245)	(1,420)	581%
Operating Income	**120,784**	**120,447**	**337**	**0%**
Staff costs	(33,001)	(27,867)	(5,134)	18%
General Administrative Expenses	(39,979)	(38,794)	(1,185)	3%
Amortisation and Depreciation	(8,373)	(7,275)	(1,098)	15%
Operating Expenses	**(81,353)**	**(73,936)**	**(7,417)**	**10%**
Impairment and Provisions	(13,043)	(25,548)	12,505	-49%
Profit / (loss) before taxation	**26,388**	**20,963**	**5,425**	**26%**
Income Taxes	(6,253)	(5,088)	(1,165)	23%
Net Income from continuing operations (without specific items)	**20,136**	**15,876**	**4,260**	**27%**
Discontinued operations	-	1,238	(1,238)	-100%
Net Specific Items	(88)	(91)	3	-3%
Net Income	**20,048**	**17,023**	**3,025**	**18%**

[1] ROTE considering results without specific items and discontinued operations, assuming normalised capital at 15% of average RWA.

Explanations for the most relevant variations are presented as follows:

Net Income
(Thousands of euros)



Net Interest Income

Net Interest Income reached 97,693 thousand euros (2023: 98,257 thousand euros), with net interest income of 2.2% (2023: 2.9%), which represents a slight decrease of 564 thousand euros (+ -1%) in relation to the previous year.

The variation is affected by the sale of the credit card portfolio. Credit card interest represents a decrease of 20,851 thousand euros, as the credit card portfolio, acquired under the partnership with Universo IME, S.A., was sold in December 2023, so that, in the 2024 financial year, the Bank did not have any exposure or income from credit cards from the partnership. On a pro forma basis (considering the application at market rates of the amount released by the sale of the credit card portfolio), net interest income increased by 11,724 thousand euros (+14%) in 2024.

The effect of the sale of the credit card portfolio was offset by the very favourable evolution of the volume of investments (+35% average balance of financial assets in 2024 compared to 2023). This growth was driven by an increase in deposits, which saw average balances in 2024 exceed those of 2023 by +47%. A significant portion of these deposits was invested in financial securities. Interest on the securities portfolio amounted to 51,377 thousand euros (2023: 7,925 thousand euros), representing an increase of 43,452 thousand euros (+548%).

	2024			2023		
(Amounts in million euros)	Average balance	Average rate	Interest	Average balance	Average rate	Interest
Credit to Customers	1,696	5.4%	92.5	1,846	5.3%	98.4
Securaties and Other Applications[1]	2,598	3.2%	83.6	1,327	2.5%	33.2
Financial assets	**4,294**	**4.0%**	**176.1**	**3,173**	**4.1%**	**131.6**
Deposits from customers - Retail	3,679	1.7%	63.6	2,505	0.6%	16.4
Other Financial Liabilities[2]	311	4.9%	15.4	429	4.1%	18.0
Financial liabilities	**3,990**	**1.9%**	**79.1**	**2,934**	**1.2%**	**34.4**
Net interest margin[3]		3.7%			4.6%	
Net interest income		**2.2%**	**97.7**		**2.9%**	**98.3**

[1] Includes cash and cash equivalents, investments and debt securities
[2] Other financial liabilities at amortised cost
[3] Average interest rate on customer loans - average interest rate on customer deposits – (Retail)

Commissions

The net fees and commissions income amounted to 24,756 thousand euros (2023: 22,435 thousand euros), which represents an increase of 2,321 thousand euros (+10%).
This variation is mainly explained by:

- Commissions received from insurance mediation services, which amounted to 8,943 thousand euros (2023: 8,124 thousand euros), with an increase of 819 thousand euros (+10%) explained by the increase in non-life insurance brokerage commissions (+681 thousand euros) and off-balance sheet savings products relating to the PPR offer and Life Financial Insurance (+138 thousand euros).
- Commissions received from debit card issuance and account management, which amounted to 7,586 thousand euros (2023: 6,590 thousand euros), representing an increase of 996 thousand euros (+15%).
- Interbank commissions, which amounted to 3,168 thousand euros (2023: 2,958 thousand euros), representing an increase of 210 thousand euros (+7%), due to greater use of the Banco CTT account for day-to-day customer management.
- Commissions received from credit intermediation services, which amounted to 2,184 thousand euros (2023: 2,437 thousand euros), representing a decrease of 253 thousand euros (-10%).

(amounts in thousand euros)

			Δ	
	2024	**2023**	**Abs.**	**%**
Insurance brokerage	8,943	8,124	819	10%
Accounts and cards	7,586	6,590	996	15%
Interbank commissions	3,168	2,958	210	7%
Credit intermediation	2,184	2,437	(253)	-10%
Other	2,875	2,326	549	24%
Commissions	**24,756**	**22,435**	**2,321**	**10%**

Other Results

Other Results amounted to -1,665 thousand euros (2023: -245 thousand euros), which results in a decrease of 1,420 thousand euros and is mainly due to:

- Appreciation of the heading of Real-estate Investment Funds, recorded at fair value through profit or loss, amounting to 990 thousand euros in 2023. The position was sold in 2023, so the 2024 results do not include any appreciation of this asset class.
- Sector contributions of 740 thousand euros (2023: 702 thousand euros), which represents an additional negative impact on the Group's operating account of 38 thousand euros.
- Recovery of loans written off in the amount of 1,486 thousand euros (2023: 1,139 thousand euros), representing an increase of 347 thousand euros, positively influenced by the sale of non-performing loans in 2024.
- Decrease in processing fees with a negative impact on results of 659 thousand euros. The decrease is related to the entry into force of Law 24/2023, of 29 May, which prohibited, as of 1 July 2024, the charging of instalment processing fees on a part of existing loans.

Operating Expenses

Operating expenses amounted to 81,353 thousand euros (2023: 73,936 thousand euros), resulting in an adjusted cost-to-income (excluding specific items) of 67%, which compares with 61% in 2023.

Staff costs

- Staff costs reached 33,001 thousand euros (2023: 27,867 thousand euros), representing an increase of 5,434 thousand euros (+18%), explained by salary updates and the increase in the number of employees in 2024 compared to the previous year (from 497 to 613), in particular within the scope of the project to strengthen the capacity of the Commercial Network through the development of the concept of Specialised Branches.

General Administrative Expenses

- General administrative expenses reached 39,979 thousand euros (2023: 38,794 thousand euros), representing an increase of 1,185 thousand euros (+ 3%). There is, however, a positive effect of 2,238 thousand euros resulting from the termination of the partnership with Universo IME, S.A. at the end of 2023. Excluding this effect, the growth in general administrative expenses was 3,423 thousand euros (+ 9%)
- The increase is explained by the rise in IT costs (+888 thousand euros), advertising (+461 thousand euros), consultancy costs (+349 thousand euros) and miscellaneous costs related to transactional banking, servicing of banking operations and use of payment networks.
- The cost of using the physical and technical resources of the CTT Post Office Network amounted to 4,886 thousand euros (2023: 4,783 thousand euros), representing an increase of 103 thousand euros (+2%).

Amortisation and depreciation

- Amortisation of intangible assets for the period came to 6,153 thousand euros (2023: 5,629 thousand euros).
- Depreciation of other tangible assets for the period amounted to 2,221 thousand euros (2023: 1,646 thousand euros).

(amounts in thousand euros)

			Δ	
	2024	2023	Abs.	%
Staff costs	33,001	27,867	5,134	18%
General Administrative Expenses	39,979	38,794	1,185	3%
Amortisation and depreciation	8,373	7,275	1,098	15%
Operating Expenses	**81,353**	**73,936**	**7,417**	**10%**

Impairment and Provisions

Impairment and Credit Provisions

The net charge for impairments and credit provisions amounted to 12,733 thousand euros in 2024 (2023: €25,022 thousand euros), reflecting a decrease of 12,289 thousand euros (–49%) compared to 2023. This corresponds to a cost of risk of 0.7% (1.3% in 2023).

The 2024 figure was positively impacted by the capital gain from the sale of the non-performing auto loan portfolio. Excluding this capital gain, the cost of risk would have been 0.9%.

This variation is explained by:

- Credit cards:
- Net charge of impairment of 10,800 thousand euros in 2023.
- The portfolio was sold at the end of 2023, so the 2024 results have no contribution from this portfolio.
- Auto loans
- Net charge of impairment of 11,606 thousand euros (2023: 13,292 thousand euros), representing a decrease of 1,686 thousand (-13%) euros.
- This decrease is explained by the updating of risk parameters and the sale of the overdue portfolio.
- As at 31 December 2024, the ratio of coverage of the auto loans portfolio stood at 4.4% (2023: 5.0%).
- Mortgage loan
- Net charge of 351 thousand euros (2023: 523 thousand euros), representing a decrease of 172 thousand euros (-33%).
- As at 31 December 2024, the ratio of coverage of the mortgage loan portfolio stood at 0.22% (2023: 0.19%).

Other impairment and provisions

- In impairments of other financial assets there was a net charge of 2 thousand euros (2023: net reversal of 28 thousand euros).
- In impairments to other assets there was a net charge of 9 thousand euros (2023: net reversal of 80 thousand euros).
- In Other provisions there was a net charge of 317 thousand euros was recorded under Other Provisions in 2024 (2023: 474 thousand euros), resulting in a positive year-on-year impact of 157 thousand euros on the income statement.

(amounts in thousand euros)

			Δ	
	2024	**2023**	**Abs.**	**%**
Impairment and Credit Provisions	12,733	25,022	(12,289)	-49%
Other impairment and provisions	310	526	(216)	-41%
Impairment and Provisions	**13,043**	**25,548**	**(12,505)**	**-49%**

Discontinued operations

As at 30 June 2022 the assets and liabilities of Payshop (Portugal), S.A. were reclassified to Discontinued Assets and Liabilities as the company was being sold and was considered a major line of business within the Group due to its contribution to the profit and loss account, among others.

On July 7, 2023, the Board of Directors of Banco de Portugal decided not to oppose the acquisition of a direct qualified holding of 100% of the share capital and voting rights of Payshop (Portugal) S.A. by CTT - Correios de Portugal, S.A., under the terms approved on July 8, 2022 by the Board of Directors of Banco CTT, and the operation was carried out on August 11, 2023.

The net income attributable to the subsidiary Payshop (Portugal), S.A. for 2023 stood at 1,238 thousand euros.

Specific items

Due to their unusual nature, the aftereffects of significant items considered specific in 2024 and 2023 are described below in order to facilitate year-on-year comparability of performance:

(amounts in thousand euros)

Specific Items	2024	2023	Δ Abs	Δ %
Net Interest Income	-	-	-	...
Net Commissions	-	-	-	...
Other Results	a) (87)	c) 123	(210)	-171%
Operating Income	**(87)**	**123**	**(210)**	**-171%**
Staff costs	-	-	-	...
General Administrative Expenses	b) 206	-	206	...
Amortisation and Depreciation	-	-	-	...
Operating Expenses	**206**	**-**	**206**	**...**
Impairments and Provisions	-	-	-	...
Profit/(Loss) Before Tax	**119**	**123**	**(4)**	**-3%**
Income Taxes	(32)	(33)	1	-3%
Net Income for the year	**88**	**91**	**(3)**	**-3%**

2024

a) Other Net income \ Net income from financial operations;

i) Gross gain of 87 thousand euros due to the net appreciation of derivative financial instruments contracted for economic hedging against interest rate risk in financing operations through securitisations.

b) General Administrative Expenses:

i) Expenses incurred with specific projects, including the project for the strategic partnership between the Banco CTT Group and Generali Seguros, S.A., totalling 206 thousand euros.

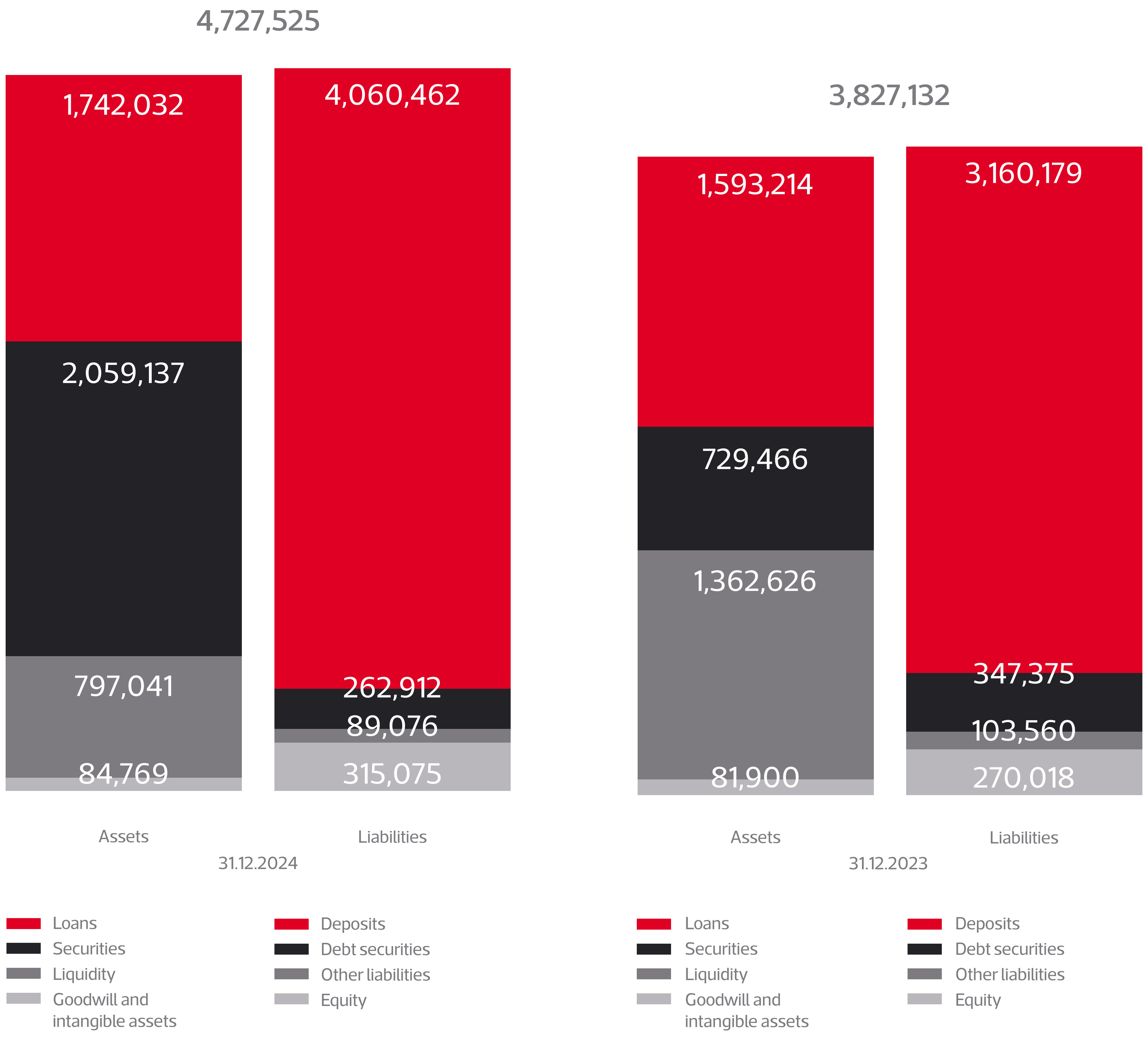
2023

c) Other Net income \ Net income from financial operations;

a. Gross loss of 78 thousand euros due to the net appreciation of derivative financial instruments contracted for economic hedging against interest rate risk in financing operations through securitisations.

b. Gross loss of 45 thousand euros on the sale of financial assets at amortised cost.

Consolidated Balance Sheet
(Thousands of euros)



As at 31 December 2024, the Bank's assets amounted to 4,727,525 thousand euros (2023: 3,827,132 thousand euros), growing by 24%, with 315,075 thousand euros funded by equity (2023: 270,018 thousand euros) and 4,412,450 thousand euros by borrowed capital (2023: 3,557,114 thousand euros).

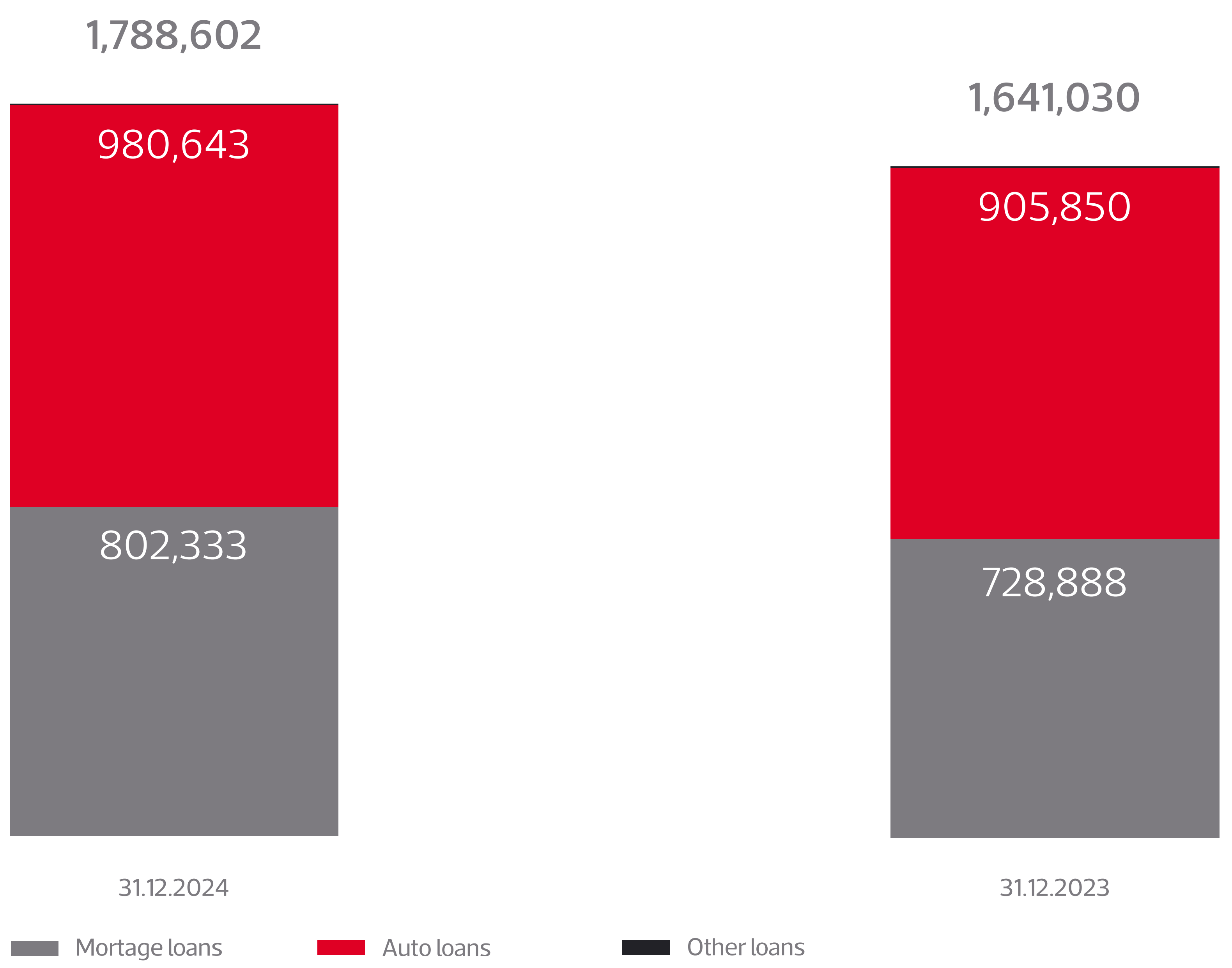
Loans and advances to customers

Loans and advances to customers (gross) stood at 1,788,601 thousand euros as at 31 December 2024 (2023: 1,641,030 thousand euros), representing an overall increase of 147,571 thousand euros (+9%), this increase being transversal to all portfolios, with the exception of the financial leasing portfolio which is in run-off.

The transformation ratio, which had been rising consecutively and consistently (2020: 65%; 2021: 73%; 2022: 78%), fell to 51% in 2023 as a result of the termination of the partnership with Universo and a significant increase in customer deposits (+36%), much higher than the growth in mortgage and auto loans. In 2024, the transformation ratio fell back to 43% due to the remarkable growth in customer deposits (+954,283 thousand euros), much higher than the growth in loans to customers (+147,572 thousand euros; gross value).

During 2024, the Group sold a non-performing auto loan portfolio with a book value (gross) of 20,405 thousand euros. This transaction resulted in a capital gain and a decrease in the NPL(non-performing loans) ratio. The coverage ratio rose in all portfolios with the exception of auto loans, namely because the sale of the non-performing portfolio led to a net reversal of impairment, with positive impacts on the operating account and the quality of the portfolio (see table above).

Loans to Customers (gross)
(Thousands of euros)

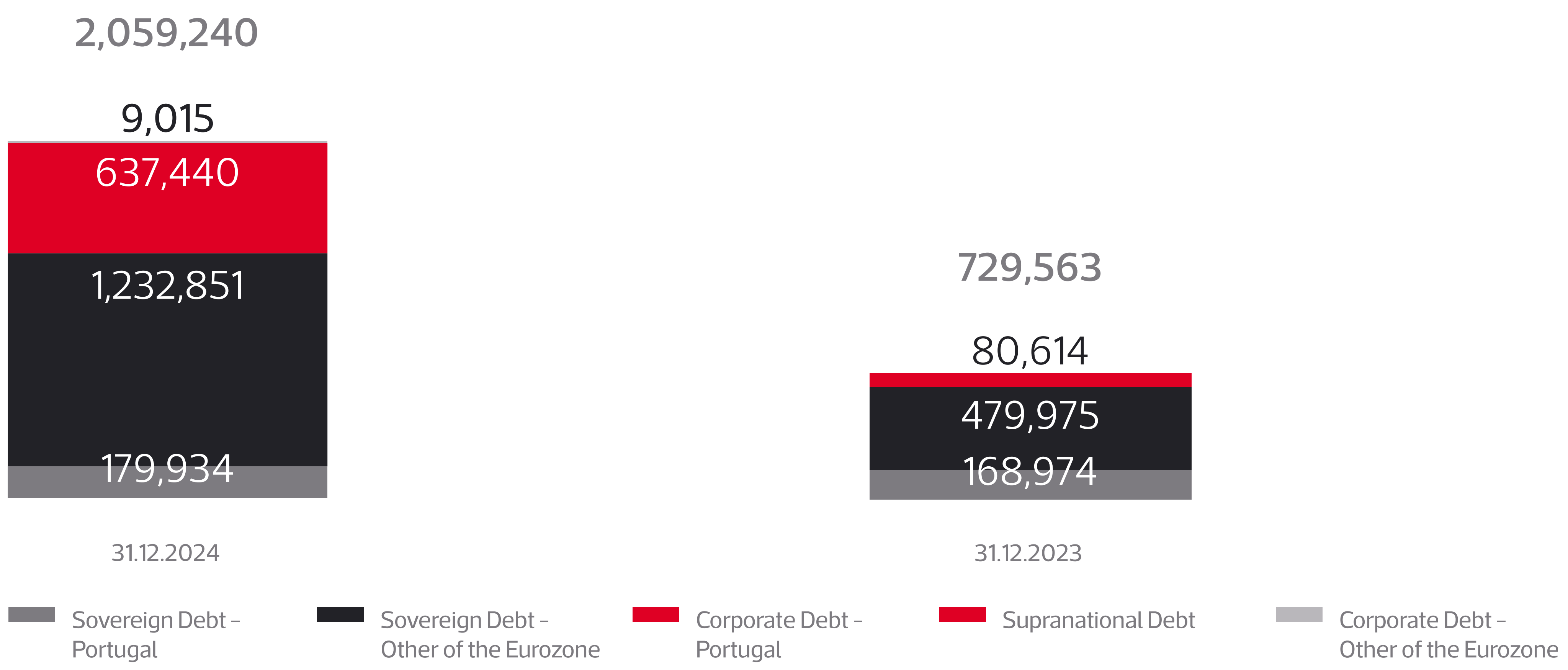


Investment in securities

The portfolio of investment in securities had a gross value of 2,059,240 thousand euros as at 31 December 2024 (2023: 729,563 thousand euros), of which 69% are sovereign debt securities of the eurozone (2023: 89%) and 31% of European supranational debt securities (2023: 11%), with the total portfolio increasing by 1,329,677 thousand euros (+ 182%). The securities investment portfolio held by the Bank is recorded in its entirety at amortised cost (2023: 100%).

The securities investment portfolio had, as at 31 December 2024, a fair value of 2,036,925 thousand euros (a negative difference of around 22 million euros compared to its book value). The securities investment portfolio had, as at 31 December 2023, a fair value of 700,065 thousand euros (a negative difference of around 29 million euros compared to its book value). The difference between the book value and the fair value of these assets is explained by the very significant rise in interest rates since 2021. The interest rate on 5-year German public debt rose from -0.45% on 31 December 2021 to 2.58% at the end of 2022, and 1.95% at the end of 2023, and 2.42% at the end of 2024.

Investmet in Securities
(Thousands of euros)



Liquidity

Liquidity – which includes cash, deposits and investments in credit institutions and central banks – amounted to 797,046 thousand euros (2023: 1,362,634 thousand euros), which represents a decrease of 565,588 thousand euros (amounts before impairment).

Cash and deposits at central banks came to 685,220 thousand euros as at 31 December 2024 (2023: 1,289,173 thousand euros), representing a decrease of 603,953 (before impairment), although the funds raised increased by 954,283 thousand euros (2023: + 825,797 thousand euros). This is attributed to a realignment of the Group's interest rate risk management strategy, which led to liquidity being primarily channelled into the portfolio of securities at amortised cost, resulting in an increase of 1,329,677 thousand euros.

Liquidity

(Thousands of euros)

Deposits at Central Banks amounted to 40,859 thousand euros as at 31 December 2024 (2023: 29,096 thousand euros) and include mandatory deposits in order to meet legal minimum cash reserve requirements. As at 31 December 2024, the average daily minimum mandatory availability for the period in force was 40,447 thousand euros (2023: 28,626 thousand euros).

Deposits from customers

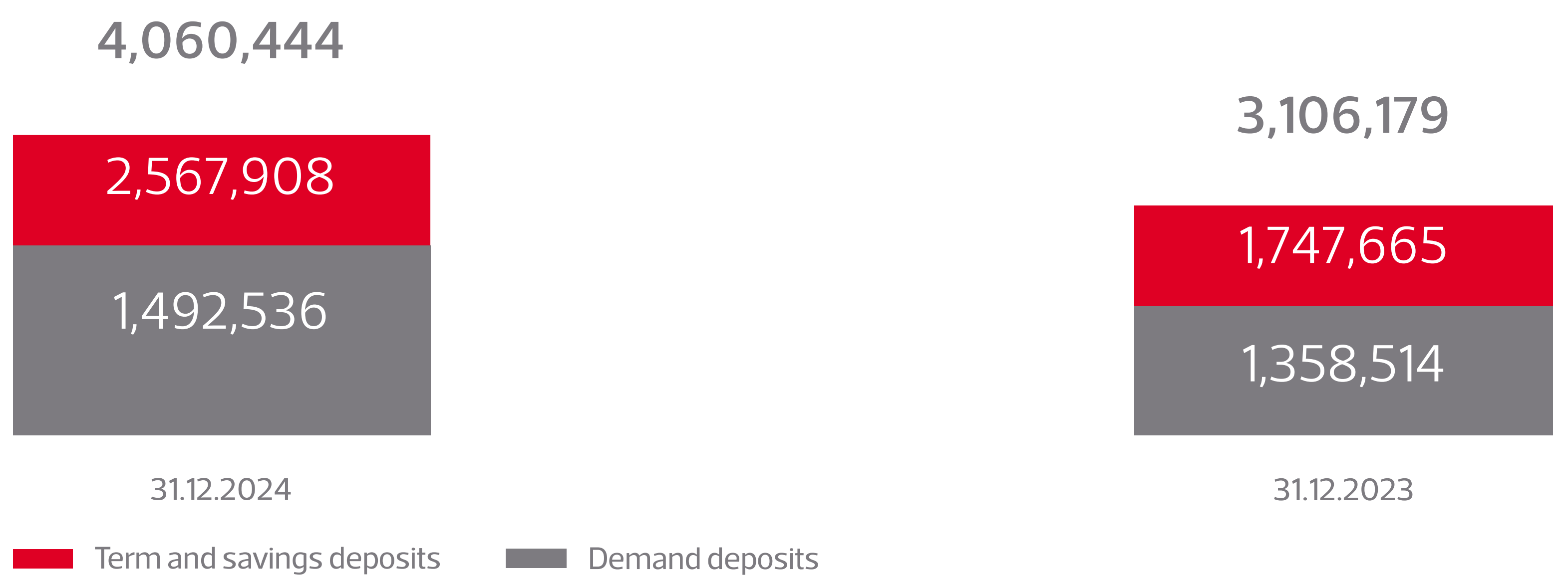
Deposits from customers reached, as at 31 December 2024, 4,060,444 thousand euros (31 December 2023: 3,106,179 thousand euros), reflecting an increase of 954,265 thousand euros (+31%) in relation to 31 December 2023.

This increase occurred in demand deposits (+134,022 thousand euros; +10%) and, significantly, in term and savings deposits (+820,243 thousand euros; +47%).

Deposits from private individuals amounted to 4,043,700 thousand euros (31 December 2023: 3,090,963 thousand euros), representing 99.6% of the total deposits taken by the Bank (December 31, 2023: 99.5%).

Deposits from Customers

(Thousands of euros)



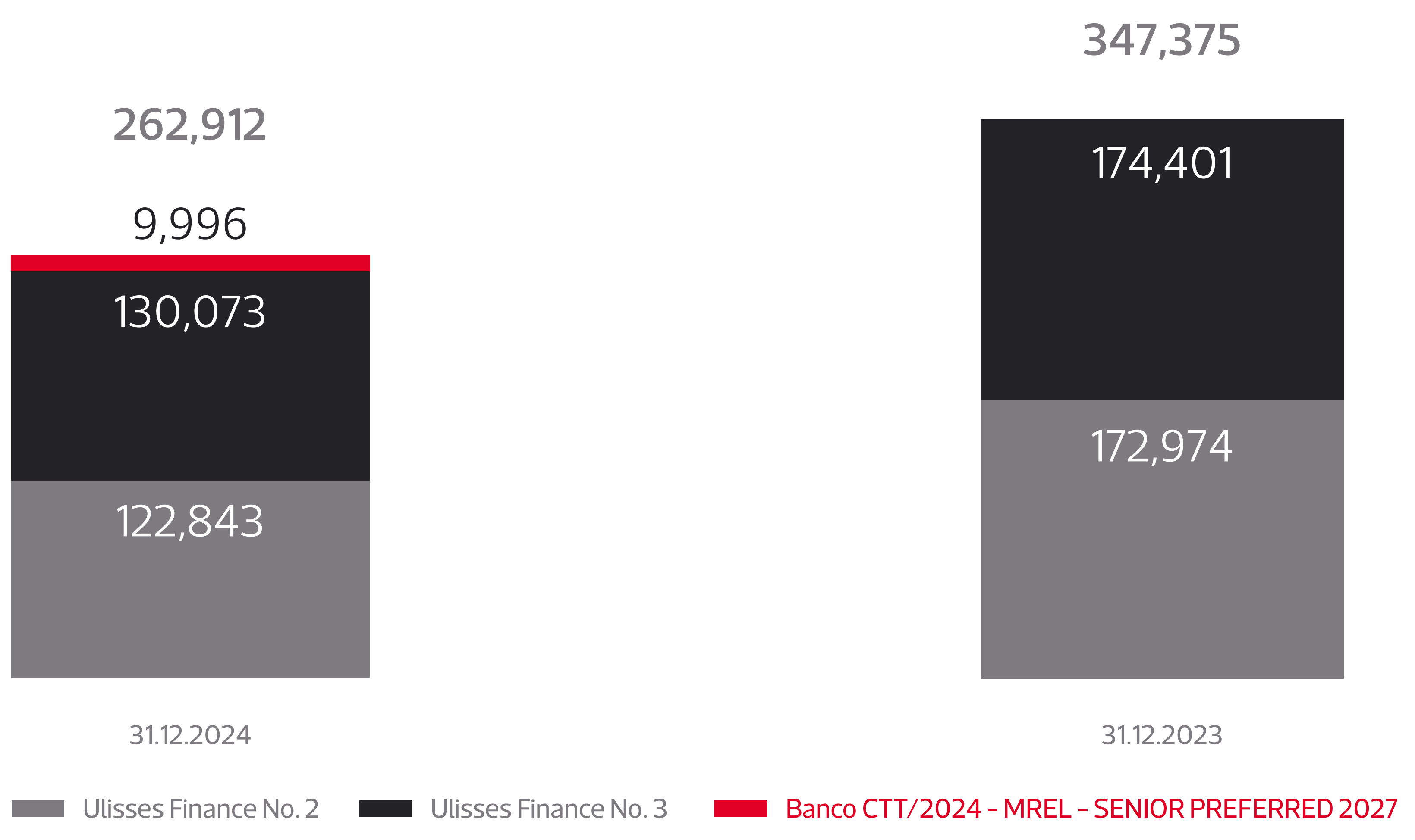
Debt securities issued

As at 31 December 2024, debt securities issued amounted to 262,912 thousand euros (2023: 347,375 thousand euros), reflecting a decrease of 84,463 thousand euros (-24%) in relation to the previous year.

As at 31 December 2024, there are two active securitisation transactions placed in the market with institutional investors (Ulisses Finance No. 2 and Ulisses Finance No. 3) and a senior preferred bond issuance (eligible for MREL - Minimum Requirement for Own Funds and Eligible Liabilities) fully subscribed by the shareholder CTT – Correios de Portugal, S.A. in December 2024.

Debt securities issued

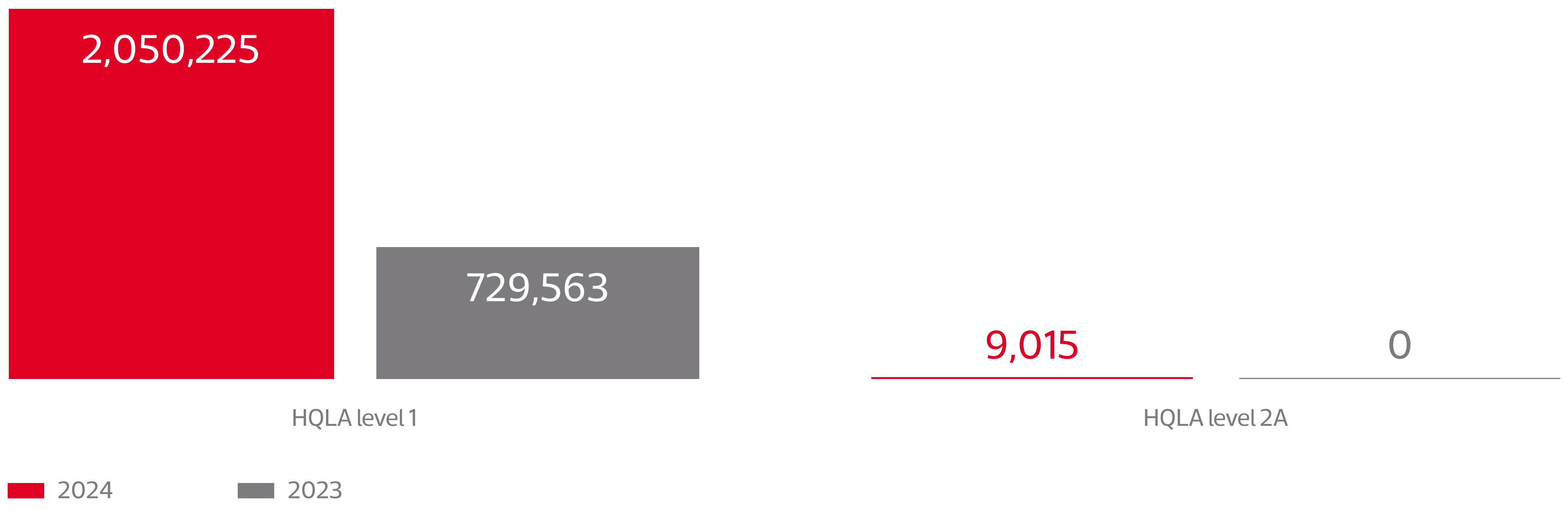
(Amounts in thousand of euros)



Liquidity and Funding

One of the main components of liquidity management is the own portfolio, which prioritises diversification by country and sector. Thus, as at 31 December 2024, the Group held a portfolio of assets eligible for the Eurosystem which amounted to approximately 2,050,225 thousand euros (2023: 729,563 thousand euros).

Eurosystem eligible securities (for HQLA level)
(Amounts in thousand of euros)



In addition, the Group had deposited 645 million euros (1,288 million euros in 2023) with Banco de Portugal, reflecting high liquidity and the ability to raise financing.

Thus, the consolidated liquidity indicator, Liquidity Coverage Ratio (LCR), registered a very comfortable value of 1,361% at the end of 2024 (943% at the end of 2023), significantly above the minimum regulatory requirements.

In the financing of its Assets, the Group gives preference to deposits from Customers. These amounted to around 4,044 million euros as at 31 December 2024 (2023: 3,106 million euros), which represented approximately 86% of total Assets.

Despite its surplus liquidity condition, the Bank occasionally performs tests for access to the line of financing established by the ECB and repos with other financial institutions.

The Group analyses residual maturities for different bank sheet assets and liabilities. The volumes of cash inflows and outflows are shown by timeframes according to the residual time period when they occurred and, based on this, the respective liquidity gaps are determined both for the period and the accrued. These analyses are conducted both from a contractual maturity perspective and on the basis of behavioural maturities.

Liquidity risk management is conducted considering:

- Short-term liquidity;
- Structural liquidity; and
- Contingency liquidity.

The Group monitors its short-term liquidity levels through daily mismatch reports, including eligible assets, liquidity buffers, the main cash inflows and outflows, the evolution of deposits, fixed asset investment and capital flows.

As regards structural liquidity, the Group draws up a monthly liquidity report that takes into account not only the effective maturity date of the different products, but also their behavioural maturity, through which structural mismatches are determined for each time bucket. Based on this report and in light of the stipulated budgetary targets, an annual plan for financing the activity is prepared, which is periodically reviewed.

The Group conducts liquidity stress tests aimed at identifying the main liquidity risk factors affecting its balance sheet and testing the Bank's resilience to liquidity crises.

The Group has defined a series of measures that, when activated, will enable addressing and/or mitigating the effects of a liquidity crisis – its Liquidity Contingency Plan. These measures aim to respond to liquidity needs in stress scenarios.

Furthermore, the Group conducts Internal Liquidity Adequacy Assessment Process (ILAAP) analyses, thus complying with Banco de Portugal Instruction 2/2019 and the European Banking Authority (EBA) guidelines (EBL/GL/2016/10).

The Capital, Risk and Sustainability Committee, which held 30 meetings in 2024, analyses the Bank's liquidity position, namely, the evolution of the balance sheet, the analysis of gaps and key activity indicators (liquidity and commercial gaps, deposit and credit rates). In brief, a comprehensive assessment is carried out of liquidity risk and its evolution, with special focus on current liquidity buffers and the generation/maintenance of eligible assets.

[1] To this figure must be added 0.75% of the countercyclical reserve for exposures with national counterparties, applicable from January 1, 2026.

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

Banco de Portugal, as the National Resolution Authority (NRA), now considers the application of a resolution measure as the preferred resolution strategy, with a single point of entry ("SPE"), for the Banco CTT Group. In this context, a minimum requirement for own funds and eligible liabilities ("MREL") to be met at the consolidated level as of 30 June 2026, the updated values of which are 23.60% of the total amount of exposures ("TREA") was determined, including 2.5% of the combined requirement for own funds reserves ("CBR") and 5.31% of the total exposure measure ("LRE").

In December 2024, the Banco CTT Group issued 10 million euros of senior preferred debt, eligible for MREL. The issue matures in July 2027 and has an early repayment option 12 months before maturity, having been fully subscribed by CTT - Correios de Portugal, S.A. The MREL-TREA ratio stood at 22.2% at the end of 2024.

Securitisation Activities

The Banco CTT Group, in structuring securitisation operations, may have the following objectives:

- Diversify funding sources through:
  - A securitisation enables transforming illiquid assets into liquid assets and, in this way, obtain funding through the sale of these assets;
  - Withholding of securitisations to obtain liquidity, namely by using the more senior tranches as collateral in funding operations in the market and/or Eurosystem.

- Reduce the cost of financing, as the securitisation of assets allows liquidity to be obtained at a cost normally lower than would be incurred in non-collateralised senior debt operations.
- Manage capital and credit risk more appropriately through the diversification of assets in the Balance Sheet, considering that securitisation operations and the subsequent sale of securities on the market contribute to reduce/manage the credit risk that arises (naturally) from commercial activity.
- Manage concentration risk through the selective sale of assets to reduce the exposure to specific borrowers, as well as certain classes of assets (business lines, activity sectors, etc.).

Every year, upon preparing its liquidity plan, the Group, based on the available assets, may include, when considered appropriate, the use of securitisation operations.

Description of the Asset Securitisation Activities and Operations of the Banco CTT Group

As Investor

The Group does not hold, at the reference dates, significant positions in credit securitisation operations originated by third parties or in securities arising from re-securitisation operations originated by third parties. However, in order to comply with the provisions in Article 449(f) of the Capital Requirements Regulation (CRR), the Bank developed and implemented a risk management and control process which includes the monitoring of the credit risk and market risk of the securitisation positions held in its balance sheet. Furthermore, and in view of the low significance of the risks involved, pursuant to Article 449(g) of the CRR, there are no hedge operations or, any other type of personal protection contracted for the purpose of reducing the risk in these positions.

As Originator

As at 31 December 2024, the Group had 4 asset securitisation operations originated by 321 Crédito in progress:

Chaves Funding No.8

This private securitisation operation was issued in November 2019 by Tagus, Sociedade de Titularização de Créditos, S.A., and included a Consumer Credit portfolio originated by 321. The assembly of the operation was carried out with the collaboration of the law firm PLMJ and Bank Deutsche Bank. The structure of the operation includes a Tranche A and a Tranche B in the notes issued, both being entirely held by the Group.

This operation includes an optional early repayment clause which enables the issuer to redeem the notes of all the classes issued, when the residual value of the credit represents 10% or less than the value of the Credit Portfolio on the date of the assembly of the securitisation operation.

The underlying assets of the Chaves Funding No.8 transaction were not derecognised from the Statement of Financial Position as the Group substantially retained the risks and rewards associated with holding them.

Fénix 1

This operation started in December 2014, having been issued by Gamma – Sociedade de Titularização de Créditos, S.A., and securitised a significant part of the finance lease portfolio of 321 Crédito at the time.

321 Crédito did not withhold any tranche, hence the securitised portfolio was derecognised from the balance sheet.

321 Crédito maintained the management of the securitised portfolio, having been remunerated for this provision of services by charging a servicer fee.

Ulisses Finance No.2

This securitisation operation was created in September 2021 and issued by Tagus – Sociedade de Securitização de Créditos, S.A. and corresponds to a public credit securitisation program (Ulisses) with the Ulisses Finance No. 2 operation being placed on the market. The operation was set up with the collaboration of the PLMJ Law Firm and Deutsche Bank and included a consumer credit portfolio originated by 321 Crédito, whose initial total value was 250,000 thousand euros, to be maintained over the 12 months of the revolving period.
The structure of the Operation includes six collateralised Tranches from A to F, in addition to tranches G and Z. All tranches are dispersed on the capital market with the exception of class Z, whose initial value was 1.5 million euros, and which presents a value of 1,000 euros on 31 December 2024.

This operation obtained ratings by DBRS and Moody's for the tranches placed on the market, i.e., Tranches A to G.

The Ulisses Finance No. 2 operation is STS (simple, transparent and standardised).

For the purpose of calculating the capital ratio, due to the fact that the Ulisses Finance No. 2 operation complies with Article 244.1(b) of European Regulation 575/2013 (full capital deduction), the Group decreased its 'Risk Weight Assets' in respect of the contracts securitised under this operation.

The operation incorporates an interest rate cap, which is a mechanism to mitigate interest rate risk for the operation and its investors, among which the Group is included, but that was not contracted directly by the Group, but rather by the issuer of the securitisation operation (Tagus – STC, S.A.). The Group also has a back-to-back interest rate cap.

The underlying assets of the Ulisses Finance No. 2 transaction were not derecognised from the Statement of Financial Position as the Group substantially retained the risks and benefits associated with holding them.

Ulisses Finance No.3

This securitisation operation was created in June 2022 and issued by Tagus - Sociedade de Securitização de Créditos, S.A. and corresponds to a public credit securitisation program (Ulisses) with the Ulisses Finance No. 3 operation being placed on the market. The operation was set up with the collaboration of the law firm VdA, Vieira de Almeida and Deutsche Bank and included a consumer credit portfolio originated by 321 Crédito, whose initial total value was 200,000 thousand euros, to be maintained over the 12 months of the revolving period.

The structure of the Operation includes six collateralised Tranches from A to F, in addition to tranches G and Z. All tranches are dispersed on the capital market with the exception of class Z, whose initial value was 1.8 million euros, and which presents a value of 1,000 euros on 31 December 2024.

This operation obtained ratings by DBRS and Moody's for the tranches placed on the market, i.e., Tranches A to G.

The Ulisses Finance No. 3 operation is STS (simple, transparent and standardised).

For the purpose of calculating the capital ratio, due to the fact that the Ulisses Finance No. 3 operation complies with Article 244.1(b) of European Regulation 575/2013 (full capital deduction), the Group decreased its 'Risk Weight Assets' in respect of the contracts securitised under this operation.

The operation incorporates an interest rate cap, which is a mechanism to mitigate interest rate risk for the operation and its investors, among which the Group is included, but that was not contracted directly by the Group, but rather by the issuer of the securitisation operations (Tagus – STC, S.A.). The Group also has a back-to-back interest rate swap.

The underlying assets of the Ulisses Finance No. 3 transaction were not derecognised from the Statement of Financial Position as the Group substantially retained the risks and benefits associated with holding them.

As at 31 December 2024, there are no credit portfolios pending securitisation.

As Servicer

Through 321 Crédito, the Group ensures the management of the securitised portfolios, being remunerated for this provision of services by charging a servicer fee.

The tables below, with reference to 31 December 2024 and 2023, present a description of the key features of each asset securitisation operation originated by the Group, namely its level of involvement, the existence or not of a significant transfer of the credit risk, the values initially securitised and in debt, the start date, legal maturity and revolving.

(amounts in thousand euros)

	2024			
	Chaves Funding No.8	**Ulisses Finance No.2**	**Ulisses Finance No.3**	**Fenix**
Securitisation operation	**Chaves Funding No. 8**	**Ulisses Finance No.2**	**Ulisses Finance No.3**	**Fenix**
Objective of the Securitisation Operation	Obtain Funding	*Obtain Funding and reduce risk weighted assets*	*Obtain Funding and reduce risk weighted assets*	Obtain Funding and transfer credit risk
Type of Securitisation Operation	Traditional securitisation	Traditional securitisation	Traditional securitisation	Traditional securitisation
Sponsors	Tagus (Issuer) Deutsche Bank (Transaction Manager, Paying Agent and Transaction Accounts Bank)	Tagus (Issuer) Deutsche Bank (Transaction Manager, Paying Agent and Transaction Accounts Bank)	Tagus (Issuer) Deutsche Bank (Transaction Manager, Paying Agent and Transaction Accounts Bank), Law Debenture (Common Representative), Servdebt (Backup Servicer)	Gamma (Issuer) Banco Efisa (Arranger, Transaction Manager and Paying Agent) Santander (Transaction Accounts Bank)
Information on the Securitisation:				
Start Date	28/11/2019	28/09/2021	01/06/2022	12/12/2014
Legal Maturity	22/11/2034	23/09/2038	23/06/2039	30/06/2037
Step-up Date				
Revolving Period (years)	2	1	1	-
Securitised Assets (initial)	310,500	250,000	200,000	75,052
Value in Debt (closing of 2024)	556,478	126,254	133,196	31,195
Value in Debt of the Securities				
Class A / Single Class	501,603	99,581	109,546	35,010
Class B	57,352	4,889	5,216	n.a.
Class C	n.a.	9,777	7,825	n.a.
Class D	n.a.	5,524	3,912	n.a.
Class E	n.a.	1,809	3,260	n.a.
Class F	n.a.	636	652	n.a.
Class G	n.a.	0	0	n.a.
Class Z	n.a.	1	1	n.a.
Existence of situations of "implicit support" pursuant to Art. 449 (r) of the CRR	No	No	No	No
% securities placed on the market	0.0000%	99.9992%	99.9992%	100.0000%
Initial capital gain / Value of reacquired first-loss positions	16,025	1	1	0

(amounts in thousand euros)

	2023			
	Chaves Funding No.8	**Ulisses Finance No.2**	**Ulisses Finance No.3**	**Fenix**
Securitisation operation	**Chaves Funding No. 8**	**Ulisses Finance No.2**	**Ulisses Finance No.3**	**Fenix**
Objective of the Securitisation Operation	Obtain Funding	Obtain Funding and reduce risk weighted assets	Obtain Funding and reduce risk weighted assets	Obtain Funding and transfer credit risk
Type of Securitisation Operation	Traditional securitisation	Traditional securitisation	Traditional securitisation	Traditional securitisation
Sponsors	Tagus (Issuer) Deutsche Bank (Transaction Manager, Paying Agent and Transaction Accounts Bank)	Tagus (Issuer) Deutsche Bank (Transaction Manager, Paying Agent and Transaction Accounts Bank)	Tagus (Issuer) Deutsche Bank (Transaction Manager, Paying Agent and Transaction Accounts Bank); Law Debenture (Common Representative), Servdebt (Backup Servicer)	Gamma (Issuer) Banco Efisa (Arranger, Transaction Manager and Paying Agent) Santander (Transaction Accounts Bank)
Information on the Securitisation:				
Start Date	28/11/2019	28/09/2021	01/06/2022	12/12/2014
Legal Maturity	22/11/2034	23/09/2038	23/06/2039	30/06/2037
Step-up Date				
Revolving Period (years)	2	1	1	-
Securitised Assets (initial)	310,500	250,000	200,000	75,052
Value in Debt (closing of 2023)	396,548	173,482	174,846	33,991
Value in Debt of the Securities				
Class A / Single Class	349,823	140,142	147,129	42,152
Class B	38,940	6,880	7,006	n.a.
Class C	n.a.	13,760	10,509	n.a.
Class D	n.a.	7,774	5,255	n.a.
Class E	n.a.	2,546	4,379	n.a.
Class F	n.a.	894	876	n.a.
Class G	n.a.	0	0	n.a.
Class Z	n.a.	1	1	n.a.
Existence of situations of "implicit support" pursuant to Art. 449 (r) of the CRR	No	No	No	No
% securities placed on the market	0.0000%	99.9994%	99.9994%	100.0000%
Initial capital gain / Value of reacquired first-loss positions	16,025	1	1	0

During 2024 there were no significant events related to securitisation operations.

During 2023, the main events related to securitisation operations were as follows:

Ulisses Finance No.1

This operation included an optional early repayment clause which enables the issuer to redeem the notes of all the classes issued, when the residual value of the credit represents 10% or less than the value of the Credit Portfolio on the date of the assembly of the securitisation operation (clean-up call).

This clean-up call was exercised in July 2023, and the Group reacquired the entire securitised portfolio on that date, closing the operation.

Management of the investments in securitisation operations and calculation of the capital requirements

The investments in debt instruments derived from the securitisation or re-securitisation operations comply with the investment policies in force at the Group at any given time, aligned with the policy on risk appetite, and respect the limits defined under risk management.

During 2024, the group did not act in securitisations, in compliance with the Capital Requirements Regulation (CRR), as an investor.

At the individual level, for the positions where the Bank acts as an investor in the securitisation operations originated by 321 Crédito, and since there is no external rating assigned, but given that the Bank has detailed knowledge of the underlying credit portfolio, the Bank performed the look-through, treating the positions in accordance with Article 253 (1) of the CRR. As at 31 December 2024, these positions amounted to 501,603 thousand euros.

For the Ulisses Finance No.2 and Ulisses Finance No. 3 securitisation operations, the Group applies the provisions of Article 244 -1 (b) of the CRR, opting for the deduction from own funds of the retained tranche and disregarding the exposures of the securitised claims.

Capital Management

Group Banco CTT strives for high financial solidity by maintaining a ratio of total own funds (ratio between own funds and risk-weighted assets), above the minimum established in Directive 2013/36/EU and Regulation (EU) 575/2013 ("CRR", Capital Requirements Regulation), approved on 26 June 2013 by the European Parliament and European Council. The definition of the strategy to be adopted in terms of capital management is the responsibility of the Board of Directors.

ICAAP

ICAAP (Internal Capital Adequacy Assessment Process) is a relevant process for managing the Group's risk aimed at identifying the capital the Bank requires to adequately cover the risks it runs in undertaking its current business strategy.

The Group carries out an annual self-assessment exercise to determine the adequate capital levels given the business model. This process, which is regulated by Banco de Portugal Instruction 3/2019 and the EBA guidelines, seeks to ensure that the risks to which institutions are exposed are correctly assessed and that their internal capital is adequate in relation to their risk profile.

ICAAP is a tool that enables the Board of Directors to examine the Group's capital adequacy, given the risks of its activity, assessing the sustainability of the strategic plan of its budget in the medium-term and the respective framework of the limits defined in the Risk Appetite Statement. The ICAAP allows the Group to assess and quantify the main risks to which it may be exposed, thus also constituting an important tool in decision-making regarding the levels of risk to be assumed and the activities to be undertaken.

The Group calculates internal capital by using the regulatory models, where its internal capital is composed up of its regulatory own funds.

The approaches to quantify economic capital are, for each of the risks, the following:

Risks	Measurements
Business Model Risk	**Internal Model**
	Impact in the first year of the most severe scenario in the sensitivity analyses.
Operational Risk	**CRR3 proposal**
+ IT Risk + *Compliance Risk*	The new method for calculating the own funds requirement for operational risk is a component of the activity indicator.
Credit Risk	**Internal Models**
Sovereign debt Central Banks, Equities, Other Assets, CIUs and Credit VaR	BCBS model: Exposure at risk multiplied by a risk weight and by the required capital ratio. Regulatory model: Standard Method. Exposure multiplied by a risk weight and the required capital ratio
Corporate and Institutions	Based on the IRB Foundation regulatory model, according to PDs, LGDs and exposure maturity.
Retail	Regulatory model: Standard method. For mortgage credit exposures, the CRR3 proposal is applied.
Concentration risk	**Internal Models**
Individual Sector Sovereign	Models based on Bank de España guidelines, with changes recommended by the Banco de Portugal. It involves calculating concentration ratios to calculate an add-on to the credit risk capital requirement.
Interest Rate Risk	**Instruction 34/2018**
	Distribution of interest rate-sensitive assets and liabilities by time horizons and the application of various shocks to the interest rate curve to measure the impact on economic value.

Regulatory Capital

The prudential solvency indicators are based on the applicable regulatory standards, namely the European Regulation on Prudential Requirements (CRR), as well as Banco de Portugal Notices 6/2013 and 10/2017 regulating the transitional regime provided for in the

Regulation on own funds. The CRR includes a series of transitional provisions enabling the phased application of the requirements, providing the possibility for credit institutions to gradually accommodate the new requirements both in terms of own funds and minimum capital ratios.

In calculating capital requirements, the Group uses the standard approach for credit and counterparty risk, the basic indicator method for operational risk and the standard approach based on maturity for market risk.

The Common Equity Tier 1 includes: (a) paid-up capital, retained and eligible reserves and earnings, (b) regulatory deductions related to intangible assets, goodwill and losses related to the current year, and (c) prudential filters. As at 31 December 2024, the Group does not have any additional Tier 1 or Tier 2 capital instruments, so all its regulatory capital is made up of Common Equity Tier 1.

As at 31 December 2024 and 31 December 2023, own funds and consolidated capital ratios are as follows:

(amounts in thousand euros)

	2024		2023	
	CRR Phasing in	*CRR Fully Implemented*	*CRR Phasing in*	*CRR Fully Implemented*
OWN FUNDS				
Share capital	**321,400**	**321,400**	**296,400**	**296,400**
Retained earnings	**(30,868)**	**(30,868)**	**(46,098)**	**(46,098)**
Legal reserve	**4,830**	**4,830**	**3,037**	**3,037**
Eligible Results (1)	**20,048**	**20,048**	**17,023**	**17,023**
Other Reserves	**360**	**360**	**350**	**350**
Prudential Filters	**(11)**	**(11)**	**(23)**	**(23)**
Fair value reserves (2)	-	-	-	-
Additional Valuation Adjustment (AVA) (3)	(11)	(11)	(23)	(23)
Deductions from Common Equity Tier 1 elements	**(74,088)**	**(76,028)**	**(71,793)**	**(74,550)**
Intangible assets	(14,454)	(14,454)	(13,174)	(13,174)
Goodwill	(60,679)	(60,679)	(60,679)	(60,679)
Adoption of IFRS 9	1,245	(695)	2,062	(695)
Insufficient NPL coverage	(198)	(198)	-	-
Securitisation deduction (1250%)	(2)	(2)	(2)	(2)
Items not deducted from Own Funds pursuant to article 437 of the CRR	**1,695**	**1,695**	**1,753**	**1,753**
Deferred tax assets	1,695	1,695	1,753	1,753
Holdings in financial entities	-	-	-	-
Common Equity Tier 1	**241,671**	**239,731**	**198,896**	**196,139**
Tier 1 Capital	**241,671**	**239,731**	**198,896**	**196,139**
Total Own Funds	**241,671**	**239,731**	**198,896**	**196,139**
RWA	**1,131,228**	**1,129,948**	**947,577**	**945,528**
Credit Risk	892,183	892,183	728,877	728,877
Operational Risk	219,138	219,138	188,984	188,984
Market Risk	-	-	-	-
Credit VaR	19,907	19,907	29,716	29,716
IFRS 9 adjustments	-	(1,280)	-	(2,049)
CAPITAL RATIOS				
Common Equity Tier 1	21.4%	21.2%	21.0%	20.7%
Tier 1 Ratio	21.4%	21.2%	21.0%	20.7%
Total Capital Ratio	21.4%	21.2%	21.0%	20.7%
SREP REQUIREMENT				
Common Equity Tier 1	8.7%	8.7%	8.7%	8.7%
Tier 1 Ratio	10.8%	10.8%	10.8%	10.8%
Total Capital Ratio	13.5%	13.5%	13.5%	13.5%

(1) Includes net income for the year in 2023 and 2024.
(2) Fair value reserve relative to gains or losses of financial assets stated at fair value.
(3) Additional value adjustments required to adjust the assets and liabilities stated at fair value.

With regard to common equity tier 1, reference is made to the incorporation of the net income for 2024 in the equity of 20,048 thousand euros (31 December 2023: 17,023 thousand euros) and the effect of the capital increase of 25,000 thousand euros.

As at 31 December 2024, the risk-weighted assets amounted to 1,131,228 thousand euros (31 December 2023: 947,577 thousand euros) of which 892,183 thousand euros (31 December 2023: 728,877 thousand euros) refer to credit risk.

The following table shows the geographical distribution of the relevant exposures for calculating the countercyclical capital reserve. It is important to note that as at , 31 December 2024, the Banco CTT Group has no relevant exposure to geographic regions whose countercyclical buffer is different from zero.

(amounts in thousand euros)

Exposures	2024	2023
Portugal	857,115	703,553

The breakdown of risk-weighted assets with regard to credit risk at the end of 2024 and 2023 was as follows:

(amounts in thousand euros)

	2024			
Risk headings	**Original risk position**	**Risk-weighted assets (1)**	**Risk weight (2)**	**Capital Requirement(2)**
Central Authorities or Central Banks	2,097,911	-	0%	-
International organisations	637,434	-	0%	-
Other Credit Institutions	96,483	25,607	27%	2,049
Companies	10,714	8,080	75%	646
Retail customers	663,142	477,752	72%	38,220
Loans secured by immovable assets	811,202	290,068	36%	23,205
Non-performing loans	39,714	39,741	100%	3,179
Covered Bonds	9,015	902	10%	72
Other items	71,457	50,033	70%	4,003
Total	**4,437,072**	**892,183**	**20%**	**71,374**

(1) Risk weight: Risk-weighted assets / Original risk position
(2) Pursuant to the CRR, article 438(c).

(amounts in thousand euros)

	2023			
Risk headings	**Original risk position**	**Risk-weighted assets (1)**	**Risk weight (2)**	**Capital Requirement(2)**
Central Authorities or Central Banks	1,938,034	-	0%	-
Multilateral development banks	9,854	-	0%	-
International organisations	70,756	-	0%	-
Other Credit Institutions	58,562	20,615	35%	1,649
Companies	5,829	3,657	63%	293
Retail customers	506,268	361,640	71%	28,931
Loans secured by immovable assets	743,524	264,767	36%	21,181
Non-performing loans	29,790	30,023	101%	2,402
Other items	70,927	48,176	68%	3,854
Total	**3,433,544**	**728,878**	**21%**	**58,310**

(1) Risk weight: Risk-weighted assets / Original risk position
(2) Pursuant to the CRR, article 438(c).

Use of External Ratings:
The Banco CTT Group uses the ratings of External Credit Assessment Institutions (ECAI), namely issued by Moody's, S&P, Fitch and DBRS, for exposures to credit institutions with a residual maturity greater than 3 months and for exposure to companies. The Bank thus uses the standard relationship published by the EBA between ECAIs and credit quality levels.

In the determination of the risk weight to be applied in the calculation of RWA, the allocation of the credit assessments of the issuer are as follows:

a) positions in debt securities receive the ratings attributed specifically to these issues;
b) If there are no specific risk ratings for the issues, as referred to in a), the risk ratings attributed to their issuers are considered, if they exist; and
c) positions at risk of lending nature that are not represented by debt securities receive only, and when existing, the risk ratings of the issuers.

As at the reporting dates, the Bank had the following exposures:

(amounts in thousand euros)

	2024				2023			
Degree of Credit Quality	**Institutions, residual maturity >3m**	**Sovereign debt**	**Central Bank**	**International Organisations**	**Institutions, residual maturity >3m**	**Sovereign debt**	**Central Bank**	**International Organisations**
1	-	747,380	-	637,440	-	206,707	-	80,614
2	65,956	565,073	-	-	962	167,646	-	-
3	-	100,331	-	-	11,050	274,582	-	-
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-
No rating	-	-	644,361	-	-	-	1,260,077	-

Leverage Ratio

The leverage ratio is calculated in accordance with the definition of the own funds measure described in Article 499 (1)(a) of the CRR in order to monitor the degree of leverage of institutions. The calculation consists of the ratio between the measure of own funds and the measure of total exposure, expressed as a percentage.

The main purpose of introducing a minimum requirement for the leverage ratio is to control excessive growth in an institution's balance sheet in relation to its available equity. The minimum requirement of 3% became a mandatory compliance requirement in June 2021, in accordance with the rules established by Pillar 1 of Basel III.

Pillar 1 defines the minimum capital and solvency requirements that banks must meet in order to guarantee their financial stability. In addition to this minimum requirement, CRD V provides that regulatory authorities may determine additional capital requirements to cover the high risk of leverage. These additional requirements are known as P2R-LR (Pillar 2 Leverage Ratio Requirement) which guarantees an extra margin of safety in the event of a high risk of leverage and P2G-LR (Pillar 2 Guidance on Leverage Ratio) which guarantees the risk of leverage in scenarios of financial stress.

Banco CTT monitors this ratio regularly and ensures its full and continuous compliance in its strategic planning.

As at 31 December 2024, the leverage ratio was 5.5% (31 December 2023: 5.8%), significantly above the minimum benchmark set by the Basel Committee on Banking Supervision (3%). The ratio is calculated using Tier 1 Capital.

The exposures used to calculate the leverage ratio, as at 31 December 2024 and 31 December 2023, are presented in the tables below:

(amounts in thousand euros)

Summary of the reconciliation of the book value a nd the exposures of the leverage ratio	2024	2023
Total assets recorded in the financial statements	**4,727,525**	**3,827,132**
Intangible assets deducted from own funds	(75,134)	(73,855)
Adjustment for derivative financial instruments	(13,961)	(17,323)
Revaluation reserves	-	-
Adjustment for securities financing transactions (SFT)	-	-
Adjustment for off-balance sheet items	28,494	37,436
Other adjustments	1,280	2,049
Prudential adjustments	(242,762)	(341,895)
Total exposure to the leverage ratio – transitional	**4,425,442**	**3,433,544**

(amounts in thousand euros)

Leverage Ratio	2024	2023
Value of positions at risk		
Off-balance sheet exposures pursuant to Article 429(10) of the CRR	28,494	37,436
Other assets pursuant to Article 429(5) of the CRR	4,396,948	3,396,107
Value of the deducted assets – Tier 1 capital – full implemented	(1,280)	(2,049)
Total exposure to the leverage ratio – fully implemented	4,424,162	3,431,494
Total exposure to the leverage ratio – transitional	4,425,442	3,433,544
Capital and regulatory adjustments		
Tier 1 capital - fully phased-in definition	239,731	196,139
Tier 1 capital - transitional definition	241,671	198,896
Leverage ratio – fully implemented tier 1 capital	**5.4%**	**5.7%**
Leverage ratio – transitional tier 1 capital	**5.5%**	**5.8%**

In 2024, the transitional leverage ratio fell by 0.3 percentage points, justified by the increase in total assets, partly offset by the increase in capital and net income for the year.

Internal Control and Risk Management

Regulatory Framework

In 2024, the regulatory framework introduced into the national and European panorama sought to meet the concerns being felt worldwide and which involve the accelerated development of a digital market, covering cybersecurity and the resilience of technologies, including artificial intelligence and safeguarding the transition to a sustainable economy, placing challenging timetables on institutions to implement increasingly stringent requirements.

The supervisory priorities were based on the analysis of the main risks and vulnerabilities of the sector, and the legislative production contributed to the banking system being more solid, more efficient and more confident for its users and for the market, following this evolution.

Regulatory monitoring is, therefore, a fundamental theme on the agendas of institutions that intend to be competitive, primarily because being compliant, even though it is a demanding daily task, is synonymous with safety, deserving of trust and not being unexpectedly surprised.

Despite the digital evolution and the resulting changes in commercial relationships with customers, leading to a decrease in physical presence, the customer remains the central element. It is essential for institutions to have the capacity to adapt to these transformations, often requiring a revaluation of their business models, the alignment of their products and services, and innovation in technological investment.

In this context, the Banco CTT Group maintained its utmost attention to compliance, highlighting the following regulatory and legislative developments, both national and European:

Digitalisation and Cybersecurity

Climate change and digitalisation entail transition risks and play an essential and challenging role for the financial stability of institutions, and these phenomena should be actively incorporated into their risk analyses. To this end, they must invest in the reconversion and/or adaptation of their production structures and updates to their IT systems, in order to protect themselves not only from the growing risks of cyberattacks (in terms of volume and complexity), but also from the risks of concentration on suppliers of critical systems.

In this context, the legislative initiatives produced under the Digital Operational Resilience Act (DORA – Regulation (EU) 2022/2554 of the European Parliament and of the Council of December 14, 2022, with entry into force in January 2025)stand out, namely the final drafts by the European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) of technical standards and guidelines, embodied in JC/2023/83 to 86 of January 10, JC/2024/29, JC/2024/33 to 36 and JC/2024/54, all of July 17 and, with regard to subcontracting, JC/2024/53 of July 26.

In order to ensure the implementation of this new regulatory framework, the European supervisory authorities also published Declaration JC/2024/99 reinforcing both the financial entities and the ICT service providers covered that they must make every effort to comply with it, within the established legal deadlines.

In order to ensure proper management of operational risks, particularly those related to ICT and security, the Banco de Portugal issued Circular Letter 2024/27 on September 16, outlining its supervisory expectations regarding the adequacy of members of the administrative and supervisory bodies, as well as those responsible for information and communication technology structure units, security, and the management of associated risks. To this end, it stresses the importance of continually updating the knowledge and skills of the members of the management and supervisory bodies, senior managers and other employees in terms of risk management, especially emerging risks.

Both at the national level (although the transposition of NIS2 is still expected) and at the international level, the attention paid to Cybersecurity is also notorious, such as Circular Letter 2024/09 issued by the Banco de Portugal on 11 March, regarding expectations and recommendations on cybersecurity controls, or Delegated Regulations 2024/1772, 2024/1773 and 2024/1774, all issued by the European Commission on 13 March, which complement Regulation (EU) 2022/2554 of the European Parliament and of the European Council, as regards regulatory technical standards specifying:

a) First, the classification criteria for incidents related to ICT and cyber threats establish materiality thresholds and specify the details for reporting severe incidents;
b) Second, the detailed content of the policy regarding contractual agreements for the use of ICT services that support critical or important functions provided by third parties; and
c) Third, the tools, methods, processes, and policies for managing risks associated with ICT, along with the simplified framework for managing risks related to ICT.

Artificial Intelligence Regulation
Creating harmonized rules on artificial intelligence and addressing the risks inherent to it, Regulation 2024/1689 produced by the European Parliament and Council on June 13 – the Artificial Intelligence Regulation – stands out. It enshrines the world's first comprehensive legal framework on artificial intelligence, placing Europe in a leading position and role in this matter, seeking to contribute to the development of fully trustworthy AI, guaranteeing safety and the fundamental rights enshrined in the Charter of Fundamental Rights of the European Union.

Electronic transactions
Directly related to the growing digitalisation of the market, there was the publication of regulations relating to payment systems, namely electronic and, in particular, with regard to instant transfers:

a) By Banco de Portugal: Instruction 01/2024 of 1 February, which changes the maximum limits for electronic payments; Notice 1/2024 of 6 February, which regulates the application of amount limits to electronic payment transactions in which the Tax and Customs Authority and the Treasury and Public Debt Management Agency are beneficiaries; Instruction 2/2024 of 8 February, which amends the SICOI Regulation and the Price List to be applied to its participants and Circular Letter 2024/51 of 28 November, which provides for the obligations related to the provision of instant transfers in euros (SEPA and SICOI;
b) By the national legislature: Decree-Law 72/2024 of October 16, which prohibits charges for the provision of payment services and ATM transactions);
c) By the European authorities: Regulation 2024/886 of March 13th on immediate credit transfers in euros.

In order to guarantee the proper functioning and security of payment systems, reinforcing the transparency and trust of payers when making payment transactions using payment references and direct debits, and avoiding payment transactions to undesired beneficiaries, Banco de Portugal has established the obligation for payment service providers to ensure that, in these transactions, the payer has access to the identification of the final beneficiary of the funds, as well as the identification of the payment service provider of the final beneficiary of the funds (Notice 4/2024 of November 19).

New rules on advertising financial products and services
As the evolution of advertising activity aligns with the increasing digitalisation of the market and the marketing of financial products, the Banco de Portugal approved Notice 5/2024 (Notice on Advertising), which establishes a set of new principles and rules for the advertising of financial products and services under its supervision. Entities covered by this notice must review their procedures and advertising actions before the notice comes into effect on July 1, 2025, in order to ensure compliance with the new regulations.

Activation of the countercyclical own funds reserve
Taking advantage of the neutral phase at national level, with no accumulation of systemic risk, but aware of the importance of being prudent in setting up impairments and conserving capital, as was already the case in other European Union countries, a countercyclical capital reserve was also activated in Portugal, with the Banco de Portugal setting the percentage of this reserve at 0.75% of the total amount of exposures at risk, which credit institutions headquartered in Portugal must create as of January 1, 2026 (Notice 7/2024 of 31 December 2024).

Credit agreements and information duties regarding the State guarantee on mortgage loans
In the context of housing credit agreements, Instruction 12/2024 of 18 June, which eliminates redundancies in the provision of information to the Banco de Portugal, by relieving credit institutions of a report of information already obtained by another means (CRC).

In terms of consumer support, the state personal guarantee scheme for granting mortgage loans to young people up to 35 years of age is highlighted. This measure, implemented by the government, aims to facilitate banking financing for young individuals acquiring their first home.

Decree-Law 44/2024 of July 10 establishes the conditions under which the State can provide a personal guarantee to credit institutions with a view to making it possible to grant loans for permanent housing to young people up to the age of 35. This scheme was regulated by Ordinance 236-A/2024, dated September 27, and complemented by Dispatch 14916/2024, dated December 18 (Protocol).

The Banco de Portugal will monitor this personal guarantee scheme, specifically by monitoring credit agreements (Circular Letter 2024/32 of October 15 and Notice 6/2024 of December 31, which regulates the provision of information to bank customers about this scheme).

Continuing the protection of bank customers facing financial difficulties, Banco de Portugal communicated to the institutions authorised to grant credit in Portugal the understandings and good practices to be observed in the prevention and settlement of default on credit agreements with Circular Letter 2024/33, as well as the supervisory expectations on policies and procedures for identifying and marking debtors in financial difficulties and loans restructured due to financial difficulties of individuals, with Circular Letter 2024/35, both dated 17 October.

Prevention of Money Laundering and Terrorist Financing – ML/TF
The prevention of money laundering and the financing of terrorism were also highlighted in national and international legislation.

First and foremost, with the creation of the Authority for Anti-Money Laundering and Countering the Financing of Terrorism by Regulation 2024/1620 of May 31 of the European Parliament and Council, which, on the same date, issued Regulation 2024/1624 and Directive 2024/1640, the former on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing and the latter on the mechanisms to be put in place by Member States to prevent the use of the financial system for the purpose of money laundering or terrorist financing.

At national level, Banco de Portugal issued Circular Letter 2024/23, on July 23, informing about the framework and operationalization of the service for the banking system to disseminate information on situations of loss, theft, robbery, forgery, counterfeiting and illicit use of personal identification documents, through the PERTO Platform; on September 2, Circular Letter 2024/25, on the subscription and use of BPnet services, within the scope of activities related to the prevention of money laundering and terrorist financing; and on December 11, Circular Letter 2024/52 on the procedures for updating identification details, within the scope of the vital duty of identification and diligence towards customers.

New RPB reporting model
The Banco de Portugal has published two pieces of legislation establishing a new reporting model for the purposes of preventing money laundering and terrorist financing (AML): Instruction 8/2024, which establishes a new AML model to be sent annually to the Banco de Portugal by the financial entities subject to its supervision for the purposes of preventing money laundering and terrorist financing, replacing the current reporting model, and Notice 3/2024, which adapts Notice 1/2022 to the approved reporting model.

Banco de Portugal public consultations
Finally, the Banco de Portugal's initiative to put 8 projects out to public consultation in 2024 is noteworthy, and 6 of those 8 projects were implemented in a Notice or Instruction that same year.

Only the Public Consultation on the Regulatory Projects to amend Notice 3/2020 and Instruction 18/2020 – governance and internal control systems and organisational culture, has not yet been transposed into a Notice / Instruction, and is expected to be published in the first half of 2025.

Internal Control System

Objectives

The Group's Internal Control System (ICS) comprises a set of strategies, policies, processes, systems and procedures implemented with the aim to ensure the sustainability of the Bank and its subsidiaries in the medium and long term, as well as the prudent exercise of their activity, through the objectives summarised in the following figure:

Objectives

Performance and Operations	Information and Reporting	Compliance
• Fulfillment of objectives defined in the strategic plan • Efficient execution of operations • Efficient use of resources • Safeguarding of assets • Identification, evaluation, monitoring, and control of risks	• Existence of complete, relevant, reliable, and timely **financial and non-financial information** • Adoption of solid accounting procedures	• Respect for professional and ethical standards, Code of Conduct, and other rules for client relationships • Adherence to internal regulations • Compliance with legal and regulatory provisions and applicable activity guidelines

The internal control system covers the entire institution, including the responsibilities and functions of the management and supervisory bodies, all its business segments, structural units, namely internal control functions, subcontracted activities and product distribution channels.

Governance Model

The management body ensures that the established internal control system is implemented taking into account the principle of proportionality and the degree of centralization of authority and delegation established in the Group (Bank and its subsidiaries).

The governance model of the Group's internal control system is based on the three lines of defence model, which focuses on the distribution of different responsibilities regarding governance and risk management across the various functions that constitute each of the lines, summarised as follows:

3rd Internal Audit	Responsible for independently examining and evaluating the adequacy and effectiveness of the policies, processes, and procedures that support the governance, risk management, and internal control system, through effectiveness testing of implemented controls.
2nd Risk and Compliance	Responsible for ensuring risk monitoring by assessing the effectiveness of controls implemented by the first line, interacting with it to ensure proper risk identification, assessment, monitoring, and control.
1st Other Areas / Process Owners	Primarily responsible for the day-to-day risk management: identifying, assessing, monitoring, and controlling risks. Composed of business-generating units and related areas that generate risk for the Group (Bank and subsidiaries) and implement 1st line controls.

The first line of defence, responsible for risk management and controls, includes, among others, the Retail Network, a front-office function responsible for executing first-level controls, and the Operations Department, a back-office function responsible for a second validation ("4-eyes check") of most processes initiated primarily in the Retail Network.

The second line of defence, entrusted with monitoring risk, advising and supporting the first line of defence in identifying risks and controls. The second line of defence consists of Compliance and Risk, responsible for the monitoring process, carrying out periodic tests on the effectiveness of the first-line controls, as well as the other support areas.

The third line of defence is ensured by Internal Audit, which is responsible for independently examining and assessing the adequacy and effectiveness of policies, processes and procedures that support the internal control system, namely by carrying out effectiveness tests on implemented controls.

In addition, the following bodies are part of the Group's Internal Control System governance model:

Board of Directors	• Establish and maintain a robust and effective **internal control system**; • Promote a **control environment** that values internal control; • Implement an objective, transparent, and perceptible **organizational structure**; • Define a sustainable long-term **strategy** aligned with its risk profile; • Engage regularly and effectively with the **supervisory body**.
Audit Committee	• Constructively **monitor** the Group's strategy; • **Supervise** the integrity of information and financial reporting, as well as the internal control system and risk management model; • **Monitor** the execution of Control Functions' activity plans.
Internal Control Committee	• **Monitor the effectiveness of the internal control system** by following up on identified deficiencies and respective action plans; • **Support the Board of Directors** in implementing an effective and robust internal control system and solid risk management.
Remuneration Committee	• Evaluate the definition and implementation of **remuneration policies** and oversee the definition and application of remuneration for those responsible for risk-taking and control functions.

The Board of Directors is primarily responsible for the Group's internal control system and is tasked with ensuring its implementation, robustness, and effectiveness, in compliance with internal and external regulations on the matter, particularly concerning organisational conduct and culture; internal governance; organisational structure; strategic planning; internal control and risk management system; related parties and conflicts of interest; reporting of irregularities; subcontracting of the operational tasks of the internal control functions and the computer system to support the reporting of irregularities; policies for the selection and appointment of external auditors; remuneration policies and practices.

The Board of Directors is also responsible for monitoring the management information regarding Internal Control shortcomings, analysing the internal control system's assessment report and issuing an overall opinion on the adequacy and effectiveness of the internal control system.

The Audit Committee is responsible for the monitoring and constructive critique of the Group's strategy, and should appraise and constructively influence the control functions, namely with respect to its annual activities plan, assuring the Board of Directors that the persons responsible for the internal control functions have the necessary conditions to act with independence, by providing an appropriate endowment of human and material resources for them to be able to perform their duties in an effective manner.

The Bank´s Internal Control Committee, composed of all members of the Bank's Executive Committee, is the body responsible for defining the criteria and implementation of the non-financial risk management instruments and for the monitoring and continuous assessment of the efficacy of the internal control system, namely by following-up on any detected flaws, using a risk-based approach.

The Remuneration Committee is responsible for assessing and supervising the policies and practices applicable to the remuneration of all employees, including the members of Corporate Bodies, as detailed in the Corporate Governance Report.

Components

In line with regulatory requirements and best practices, the Group's internal control system is based on four components which aim to ensure that the internal control objectives are achieved properly and on time.

The following figure summarizes these components and their respective dimensions:

Control Environment

In the development of its organisational culture, the Group implements clear risk management and internal control methodologies that aim, among others, to ensure a robust control environment involving and holding all employees accountable. The Management and Supervisory Bodies have a fundamental role in creating the conditions for the development of an effective control environment that allows the Group to achieve its objectives, essentially through the commitment to integrity and ethical values reflected in the Code of Conduct, and their behaviour should serve as an example for all employees ("lead by example") and the exercise of supervision, accountability and authority in the management and monitoring of risk management and internal control, formalised in the strategy, objectives, policies, processes and day-to-day action and deliberation. It should be noted that during 2024, the Group's Code of Conduct was revised, in conjunction with the CTT Group's Code of Ethics, with a view to strengthening the control environment, and training actions were carried out for all employees.

On the other hand, the Group's organisational structure, which is defined in an integrated, objective, transparent and perceptible manner in the organisation and structure manual, supports the development of the Group's activity and the implementation of its internal control system, ensuring that the management and control of operations are carried out in a prudent manner. The Group's organisational structure is based on a coherent, clear and objective definition of the lines of reporting and authority, of the powers and responsibilities of each body, structure unit and function, as well as the degree and scope of cooperation between them and includes an adequate segregation of duties, ensuring that any situations of potential conflict of interest are identified in advance, minimised and subject to careful and independent monitoring and is based on a sufficient number of members of the top management and middle management, as well as other employees, to carry out the defined responsibilities and duties.

Strategic planning is performed on the basis of well-founded assumptions, which are subject to sensitivity analyses and on reliable and understandable information, ensuring its timely adaptation in case of significant changes in assumptions, the definition of precise, clear and sustainable objectives for the Group's activity, covering its main products, activities, systems and processes, the determination of Risk Management Policies and the establishment of guidelines that support the development of the Group's internal control system.

Risk Management System

The risk management model outlined by the Group is supported by a set of policies, procedures and appropriate risk tolerance limits, clearly defined and approved, which are periodically reviewed in compliance with the respective regulatory framework.

The risk management model includes four essential steps, namely: risk strategy definition, risk identification and assessment, risk response, and risk monitoring, control and reporting, as illustrated in the figure below:

It is particularly important that the Group's risk management system covers all its products, activities, processes and systems and integrates the provisions of recovery plans, incorporating policies and procedures aimed at ensuring the timely recovery of situations of financial imbalance of the Group, as well as the provisions of other processes and policies related to risk management.

Information and Communication Syste

In order to ensure sound and prudent management, the analysis and decision-making process must be risk-sensitive and based on credible, complete and as up-to-date information as possible. The Group ensures the implementation of mechanisms to collect, produce and process information to support management, decision-making and compliance with obligations to supervisory bodies.

The Group's information and communication is governed by the principles of substance, timeliness, comprehensibility, consistency, punctuality and reliability and ensures a complete and integral vision of its financial situation, the development of its activities, the execution of its strategy and the fulfilment of the objectives defined, its overall risk profile, and the behaviour, evolution and risk profile of the market in which the Bank and its subsidiary operate. With regard to communication, the Group has formal, transparent, relevant processes which are adjusted to its needs, ensuring effective communication throughout the organisation and facilitating the decision-making process. In this regard, and in compliance with the provisions in Articles 29 and 30 of Notice 3/2020, the Group promoted the conduct of an independent assessment, by an external entity, of the adequacy of the implemented processes for obtaining, production and processing of information, the associated control mechanisms and the compliance of the information flows, which gave rise to a series of recommendations that are being implemented by the Group, with a view to alignment with the requirements in this notice.

Within the scope of the risk management processes and resulting from the internal control system, several reports are made. These include current reports, which should be prepared by the Risk and Compliance Departments based on the monitoring of risks and risk events, and cyclical reports, which are drawn up by the different structure bodies with a predefined frequency, as part of their specific activities and procedures under the aegis of risk management and internal control.

Indeed, in the context of internal control, in compliance with Article 5 of Banco de Portugal Instruction 18/2020, since 2021, the Group has sent Banco de Portugal, by the end of December of each year, its annual self-assessment report, on the adequacy and effectiveness of organizational culture and governance and internal control systems, as well as an individual report for the Bank and its subsidiary. In 2024, this report was drafted and submitted to Banco de Portugal in December.

Control Procedures

The Group's internal control includes a set of processes whose main goal is to ensure the effectiveness and/or efficiency of the implemented controls. In this sense, the internal control system establishes the use of controls as a means to mitigate risk or to mitigate the occurrence of certain risk events whose impact could jeopardise the Group's activity, especially in the case of those that are above the defined risk appetite. In order to operationalise the internal control model, control procedures are formalised and implemented to promote efficient and effective management of the internal control system, which enhances the ability of the Bank and its subsidiaries to achieve objectives and adapt to operational and business changes.

The Risk Management Function and the Compliance Function, with the support of the structural units, are responsible for ensuring the continuous monitoring of the risks and controls implemented, carrying out assessments that allow the detection of any anomalies or deficiencies and obtaining an understanding of the adequacy of these controls, in view of the risks that are intended to be prevented or detected, including any non-compliance with those provisions, processes and mechanisms or compliance with those policies and procedures. Monitoring should target all the controls implemented, but their criticality should still be a criterion for prioritization.

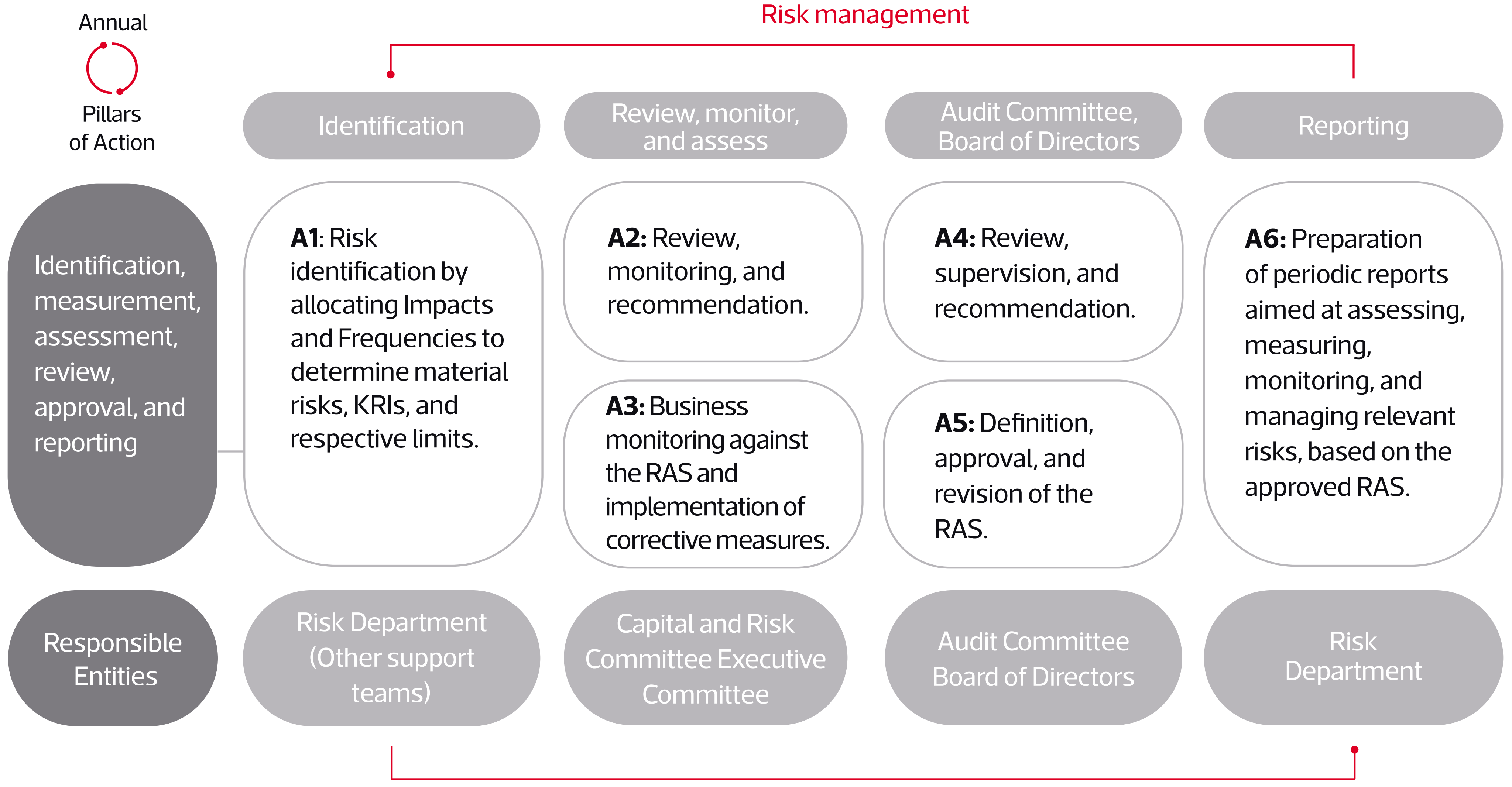
Additionally, the Internal Audit Function, as the third line of defence, conducts independent assessments to verify the effectiveness and adequacy of governance, risk management, and controls within the first and second lines of defence.

The continuous monitoring of the Internal Control System results in the identification of internal control deficiencies which are duly recorded, documented and reported to senior management and the governing bodies, as well as the plans defined to ensure the treatment and mitigation of the risks identified. The management of the information resulting from control actions and assessments, whether internal or external, is the responsibility of the Compliance Function, which compiles information on the monitoring of the degree of implementation of corrective actions for identified internal control deficiencies, for the applicable reports.

Risk Management

The risk management system is part of the Group's internal control system (SCI), creating an appropriate control environment in which the Group carries out its activities, within the limits of its Risk Appetite Statement (RAS).

The risk management system delineated by the Banco CTT Group is based on a number of concepts, principles and rules, and on an applicable organisational model adjusted to Group, respecting its regulatory framework. The risk management model includes five essential stages, namely defining the risk strategy, identifying, evaluating, responding to risks and monitoring, controlling and reporting risks.



In carrying out its activity, the Group is exposed to various types of risk arising from both external and internal factors, mainly depending on the characteristics of the market in which it operates.

The risk strategy is reviewed annually and defines the qualitative principles, rules and the quantitative rules and limits for the management of the different risks arising from the Group's activity. These are formalised in its RAS, presenting the risk appetite framework for the business growth of the Banco CTT Group in the next 3 years of activity.

The Group's Risk Management Policy aims to maintain an adequate relationship between its own funds and its business activity at all times and also establishes the procedures for assessing the Group's risk profile. The risk management also seeks to support the decision-making process, thereby enhancing the Group's short and long-term capability to manage the risks to which it is exposed and enabling clear communication on how business risk should be managed, in order to create the basis for a solid operational environment.

In this context, monitoring and controlling the main types of risk to which the Group is exposed is particularly important. This monitoring and control is carried out initially by the departments that constitute the first line of defence in relation to the risks they manage, and subsequently by the departments of the second line of defence in relation to all risk categories and the Group's overall risk profile.

In defining risk management processes, the Group adopts tools and methods that enable it to identify, assess, monitor and report risk both from an individual standpoint and in an integrated perspective. This ensures a comprehensive vision of the risks to which the Group is exposed, and an early understanding and appraisal of the potential impact these risks may have on the institution's solvency and liquidity.

Governance of Risk Management

The Board of Directors is responsible for defining and maintaining the Banco CTT Group' Risk Management Policy, including the approval of its principles at the highest level, and the risk management model in force. The Board of Directors is also responsible for defining the Group's strategic orientation and the acceptable risk levels, ensuring that the business is conducted according to the provisions of that Policy and that the material risks to which the Group is exposed stay at the predefined level.

The Audit Committee of Banco CTT, as a supervisory body, is responsible for overseeing the efficacy of the risk management system, the internal control system and internal audit system by way of internal audit duties and the External Auditor. It also acts as the risk committee, under the terms of and for the purposes established in Article 115-L of the RGICSF. The Audit Committee is responsible for (i) assisting the Board of Directors in supervising the execution of the Bank's risk strategy by the Executive Committee. It also advises on risk appetite by presenting a corrective plan to the Board of Directors, whenever necessary, and (ii) accessing information on the Bank's risk situation and, if necessary, accessing the risk management function and external expert advisers.

In order to support the Board of Directors and the Executive Committee in matters of risk management, support structures for the Executive Committee (e.g. Capital, Risk and Sustainability Committee, Internal Control Committee, Compliance Committee, Security and Data Protection Committee), whose meetings are recurrent for the purpose of monitoring risks and which, in line with the decisions of the Board of Directors, play an important role in the management and control of financial and non-financial risks.

These Committees are responsible for the definition and execution of the risk management criteria and instruments, capital allocation, liquidity management, management of non-financial risks, continuous monitoring and assessment of the efficacy of the internal control system, namely by monitoring the detected flaws and events, as well as by monitoring the risks, with a view to supporting the Executive Committee on the related issues.

Risk management duties are operationally centralised in the Risk Department and are independent from the business units, consistently incorporating the concepts of risk and capital in the Group's business strategy and decisions. The Risk Department is responsible for implementing the risk policies set out by the Board of Directors and ensuring the integrated management of risks to which the Group is or may become exposed, ensuring these are managed appropriately by the Group's various Departments within the established limitations. In addition, the Risk Department identifies and assesses risks, develops methods and metrics for risk measurement and monitors and controls the evolution of risk, while defining effective and adequate controls to mitigate it. It is also responsible for reporting the relevant risks, preparing periodic and timely reports that enable a reliable assessment of risk exposure and identifying the implemented control procedures to manage these risks, supporting the decision-making process in the risk management area of the Group.

The main responsibility of the Compliance Department is to manage compliance and reputational risk. This department independently promotes and controls the adoption of the best banking practices by all the Group's bodies and employees. It also ensures they comply with the ethical principles and internal and external standards that govern the Bank's activity not only to avoid any monetary or reputational losses that may arise from a breach thereof, but also to contribute to customer satisfaction and the long-term sustainability of the business. In addition, the Compliance Department prevents the Group's involvement in criminal money laundering and the financing of terrorism, by monitoring the customer acceptance policy and the transactions performed by the customers, always notifying the competent authorities whenever there is cause for suspicion.

Internal audit duties are carried out by the Internal Audit Department. This department is integral part of the process of monitoring the internal control system, carrying out autonomous supplementary assessments of the controls made and identifying possible shortcomings and recommendations. All of this is documented and reported to the management body, thereby protecting the institution's value, its reputation and solvency.

The three control functions (Risk Management, Compliance and Internal Audit) perform their functions in a transversal manner to the different entities of the Banco CTT Group.

Credit Risk

Credit risk is related to the degree of uncertainty of attaining the expected returns as a result of the inability either of the borrower (and guarantors, if any) or of the issuer of a security or of the counterparty to an agreement to fulfils their obligations.

As the Group's main activity is commercial banking, with special emphasis on the retail segment, the Bank offers simple credit products (mortgage lending and overdraft facilities associated to current bank accounts with salary/pension domiciliation) and specialised credit at the point of sale through the activity of 321 Crédito.

In addition, the Group is exposed to credit risk in other of its activities, namely direct exposure to credit risk from investments and deposits in other credit institutions, sovereign debt securities and International Organisations from the euro zone, debt instruments from other issuers (International Organisations), and other portfolios of 321 Crédito which are essentially in the run-off phase.

The control and mitigation of credit risk is carried out through the early detection of signs of portfolio deterioration, namely through early warning systems and the pursuit of appropriate actions to prevent risk of default, the remedying of actual default and the creation of conditions that maximise recovery results.

The Group considers that there is a concentration of risk when various counterparts are located in a common geographic region, develop activities or have economic features that are similar which affect their capacity to comply with contractual obligations in the event of significant changes in macroeconomic conditions or other relevant changes for the activities carried out by the counterparts. Banco CTT has defined and implemented limits of concentration to mitigate this risk.

The analysis of risk concentration is essentially based on geographic concentration and concentration in the economic sector in which the counterparts operate. In particular:

- The exposure subject to credit risk by country and risk class are detailed in this section, portraying the increased geographic diversification of the Group's; and
- With regard to the economic sector of the counterparties, there is a certain concentration of investments in sovereign debt instruments, particularly in Euro Area countries. This concentration is in line with the Group's appetite for risk and supports the Group's liquidity risk management.

Credit risk is quantified/measured on a monthly basis by calculating impairment losses for expected losses on financial instruments, resulting from the application of collective and individual impairment models.

The Group's credit risk profile, including monitoring the evolution of credit exposures and the respective losses, is regularly monitored by the Capital, Risk and Sustainability Committee, the Audit Committee and the Board of Directors. Compliance with approved credit requirements and limits are also subject to review on a regular basis.

In order to limit possible negative impacts due to credit risk on its own portfolio, the Group has defined a set of limits, to ensure that the levels of risk incurred in the Group's portfolios are in line with pre-defined levels of risk tolerance. These limits are reviewed at least annually and monitored by the Capital, Risk and Sustainability Committee, the Audit Committee and the Board of Directors.

The following table presents information on the Group's exposures to credit risk (net of impairment and including off-balance sheet exposures) as at 31 December 2024 and 31 December 2023:

(amounts in thousand euros)

	2024	2023
Central Authorities or Central Banks	2,097,907	1,938,029
Multilateral development banks	-	9,853
International organisations	637,434	70,756
Credit institutions	96,483	58,561
Companies	10,712	5,828
Retail customers	662,772	505,935
Loans secured by immovable assets	811,155	743,461
Non-performing loans	38,725	28,007
Covered bonds	9,015	-
Other items	71,457	70,927
Risk Headings	**4,435,660**	**3,431,357**

The Banco CTT Group, according to its national matrix, predominantly has exposures to credit risk in Portugal. At the reference date, it presented the following exposures per country:

(amounts in thousand euros)

2024	Central Authorities or Central Banks	International organisations	Credit institutions	Companies	Non-performing loans	Loans secured by immovable assets	Non-performing loans	Covered Bonds	Other items	Total
Portugal	865,133	-	20,255	10,712	662,772	811,155	38,725	-	71,457	2,480,209
Spain	385,113	-	50,422	-	-	-	-	9,015	-	444,550
France	375,888	-	1,567	-	-	-	-	-	-	377,455
Italy	100,311	-	-	-	-	-	-	-	-	100,311
Austria	9,909	-	-	-	-	-	-	-	-	9,909
United Kingdom	-	-	11,286	-	-	-	-	-	-	11,286
Germany	-	-	12,953	-	-	-	-	-	-	12,953
Luxembourg	-	637,434	-	-	-	-	-	-	-	637,434
Belgium	361,553	-	-	-	-	-	-	-	-	361,553
Total	**2,097,907**	**637,434**	**96,483**	**10,712**	**662,772**	**811,155**	**38,725**	**9,015**	**71,457**	**4,435,660**

(amounts in thousand euros)

2023	Central Authorities or Central Banks	Multilateral development banks	International organisations	Credit institutions	Companies	Non-performing loans	Loans secured by immovable assets	Non-performing loans	Other items	Total
Portugal	1,458,119	-	-	33,124	5,828	505,935	743,461	28,007	70,927	2,845,401
Spain	167,623	-	-	-	-	-	-	-	-	167,623
France	169,893	-	-	18,282	-	-	-	-	-	188,175
Italy	105,595	-	-	-	-	-	-	-	-	105,595
United Kingdom	-	-	-	7,155	-	-	-	-	-	7,155
Germany	36,799	-	-	-	-	-	-	-	-	36,799
Luxembourg	-	9,853	70,756	-	-	-	-	-	-	80,609
Total	**1,938,029**	**9,853**	**70,756**	**58,561**	**5,828**	**505,935**	**743,461**	**28,007**	**70,927**	**3,431,357**

At the end of 2024 and 2023, the gross exposures by sector of activity were as follows:

(amounts in thousand euros)

	2024					
	Companies		**SME**		**Individuals**	
	Performing Loans	***Non Performing Loans***	***Performing Loans***	***Non Performing Loans***	***Performing Loans***	***Non Performing Loans***
Companies						
Construction	1,204	-	17,464	1,668	-	-
Wholesale/retail trade, rep. of autom., motorc., personal and domestic goods	1,822	132	13,512	793	-	-
Transport, storage and communications	1,225	33	12,007	1,231	-	-
Accommodation and catering (restaurants and similar)	513	-	6,231	512	-	-
Real estate activities	404	-	1,656	121	-	-
Textile industry	58	-	2,740	261	-	-
Agriculture, animal husbandry, hunting, forestry and fisheries	6	-	63	24	-	-
Health and social welfare	133	42	1,453	4	-	-
Education	7	-	844	11	-	-
Unspecified manufacturing industries	277	9	1,279	56	-	-
Heavy metalworking industries and metal products	28	-	1,711	157	-	-
Paper pulp, cardboard, publishing and printing industries	-	-	370	-	-	-
Food, beverage and tobacco industries	183	3	1,843	125	-	-
Electricity, water and gas production and distribution	-	-	141	-	-	-
Leather and leather product industry	63	-	7,877	1,023	-	-
Mining industries except for energy products	-	-	-	-	-	-
Financial intermediation auxiliary activities	90	-	329	30	-	-
Work, cork and derived work industries	98	86	807	26	-	-
Manufacture of other non-metallic mineral products	17	-	176	37	-	-
Manufacture of electrical and optical equipment	17	-	12	-	-	-
Manufacture of machinery and equipment	-	-	142	44	-	-
Manufacture of rubber articles and plastics	9	-	348	16	-	-
Manufacture of transport material	-	-	7	-	-	-
Financial intermediation excluding insurance and pension funds	82,575	-	18	-	-	-
Manufacture of chemical products and synthetic or artificial fibres	-	-	399	20	-	-
Public administration, defence and mandatory social security:	-	-	74	-	-	-
Other	1,867	28	17,439	1,263	-	-
Individuals						
Housing/Mortgage	-	-	-	-	784,722	7,175
Consumer	-	-	-	-	840,530	41,001
	90,596	**333**	**88,942**	**7,422**	**1,625,252**	**48,176**

(amounts in thousand euros)

	2023					
	Companies		SME		Individuals	
	Performing Loans	*Non Performing Loans*	*Performing Loans*	*Non Performing Loans*	*Performing Loans*	*Non Performing Loans*
Companies						
Construction	396	54	16,282	1,203	-	-
Wholesale/retail trade, rep. of autom., motorc., personal and domestic goods	1,047	103	13,102	536	-	-
Transport, storage and communications	471	39	11,465	789	-	-
Accommodation and catering (restaurants and similar)	302	-	6,682	360	-	-
Real estate activities	247	-	1,763	40	-	-
Textile industry	46	-	3,264	342	-	-
Agriculture, animal husbandry, hunting, forestry and fisheries	9	-	109	110	-	-
Health and social welfare	78	-	1,214	-	-	-
Education	4	-	841	13	-	-
Unspecified manufacturing industries	75	10	1,218	34	-	-
Heavy metalworking industries and metal products	21	-	1,767	167	-	-
Paper pulp, cardboard, publishing and printing industries	4	-	433	-	-	-
Food, beverage and tobacco industries	27	3	1,628	113	-	-
Electricity, water and gas production and distribution	-	-	119	-	-	-
Leather and leather product industry	21	-	8,300	598	-	-
Mining industries except for energy products	-	-	-	-	-	-
Financial intermediation auxiliary activities	-	-	323	33	-	-
Work, cork and derived work industries	35	47	710	39	-	-
Manufacture of other non-metallic mineral products	-	-	231	12	-	-
Manufacture of electrical and optical equipment	-	-	2	-	-	-
Manufacture of machinery and equipment	-	-	158	67	-	-
Manufacture of rubber articles and plastics	-	-	327	9	-	-
Manufacture of transport material	-	-	9	-	-	-
Financial intermediation excluding insurance and pension funds	40,321	-	20	-	-	-
Manufacture of chemical products and synthetic or artificial fibres	-	-	377	44	-	-
Public administration, defence and mandatory social security:	-	-	85	-	-	-
Other	1,210	40	18,101	1,206	-	-
Individuals						
Housing/Mortgage	-	-	-	-	728,921	-
Consumer	-	-	-	-	771,289	44,809
	44,314	**296**	**88,530**	**5,715**	**1,500,210**	**44,809**

At the reference dates, the Bank's exposures had the following maturity profile:

(amounts in thousand euros)

	2024										
Residual Maturity	***Central Authorities or Central Banks***	***Multilateral development banks***	***International organisations***	***Credit institutions***	***Companies***	***Retail customers***	***Loans secured by immovable assets***	***Non-performing loans***	***Covered Bonds***	***Other items***	***Total***
Up to 1 year	1,731,717	-	637,434	96,483	7,419	652,777	-	-	9,015	-	3,134,845
1 to 5 years	127,698	-	-	-	-	-	-	-	-	-	127,698
More than 5 years	238,492	-	-	-	-	-	784,364	-	-	-	1,022,856
Undetermined*	-	-	-	-	3,293	9,995	26,791	38,725	-	71,457	150,261
Total	**2,097,907**	**-**	**637,434**	**96,483**	**10,712**	**662,772**	**811,155**	**38,725**	**9,015**	**71,457**	**4,435,660**

(*) Off-balance sheet exposures were considered in the Undetermined maturity category.

(amounts in thousand euros)

	2023										
Residual Maturity	***Central Authorities or Central Banks***	***Multilateral development banks***	***International organisations***	***Credit institutions***	***Companies***	***Retail customers***	***Loans secured by immovable assets***	***Non-performing loans***	***Covered Bonds***	***Other items***	***Total***
Up to 1 year	1,598,115	9,853	70,756	58,561	3,114	496,172	-	-	-	-	2,236,571
1 to 5 years	99,882	-	-	-	-	-	-	-	-	-	99,882
More than 5 years	240,032	-	-	-	-	-	718,502	-	-	-	958,534
Undetermined*	-	-	-	-	2,714	9,763	24,959	28,007	-	70,927	136,370
Total	**1,938,029**	**9,853**	**70,756**	**58,561**	**5,828**	**505,935**	**743,461**	**28,007**	**-**	**70,927**	**3,431,357**

(*) Off-balance sheet exposures were considered in the Undetermined maturity category.

Impairment Model

During the year 2024, the Group used an impairment model based on IFRS 9 requirements and the respective benchmark criteria of Banco de Portugal defined in Circular Letter 62/2018. Moreover, the model also takes into account definitions and criteria that have been published by the EBA, using a segmentation by financial product.

During this period, Banco CTT implemented improvements to the approaches used to calibrate the risk parameters of the impairment model for the Mortgage Loans and Overdrafts segments, from which any assumptions based on benchmarks were eliminated and replaced with available historical data.

Banco CTT transforms annual PD and LGD into Lifetime Expected Losses using a survival rate methodology. The PD for each period of the instrument's life is multiplied by the Loss Given Default (LGD), which in turn is a function of the expected exposure in each period and the collateral existing in the operation. Finally, the Bank updates the expected value of all the periods considered.

The main inputs used for the measurement of expected credit losses on a collective basis, obtained through internal models, taking into account the requirements of IFRS 9, include the following variables:

- Probability of Default (PD):
  Probability of default represents the risk associated to the default of a particular operation throughout a particular time horizon. This parameter is used directly for the calculation of the expected credit loss (ECL) of operations in Stages 1 and 2, where, pursuant to IFRS 9, the period considered for calculation of the PD varies according to the Stage. Thus, for Stage 1, the period of 12 months, or the estimated maturity if lower, should be considered, and for Stage 2 the useful life of the operation should be considered. The dataset for calculation of PDs is composed of all the contracts of the risk class that, in the first observation of the selected interval, are in a regular situation. The calculation is made in terms of number of occurrences, per period, and by vintage in order to enhance monitoring in contrast to macroeconomic indicators.

- Loss Given Default (LGD):
  Loss given default represents the estimated loss of a particular operation after entry into default. This parameter is used directly for calculation of the expected losses of operations in Stage 1, 2 or 3. LGD can incorporate two components:
  - Collateral LGD, which estimates recoveries via foreclosure on collateral;
  - Cash LGD, which estimates recoveries via other means.

- Exposure at Default (EAD):
  EAD represents the expected exposure in the event that the exposer and/or customer enters into default. The Group obtains the EAD values based on the current exposure of the counterparty and includes the loans falling due, interest falling due, past due loans and past due interest.

In calculating impairment, the Group considers the following main segments:

Financial Assets	Retail Offer	Mortgage Loan	Consists of the Bank's mortgage loan offer which has residential real estate property as collateral, regardless of the degree of completion of its construction.
		Overdrafts	Includes the Bank's overdraft facilities and credit overrunning.
		Auto loans	Includes the offer of used auto loans with reservation of ownership of 321 Crédito.
	Sovereign and International Organisations		Public debt securities from the eurozone and International Organisations.
	Corporate		Deposits and investments in other credit institutions, other financing granted to other credit institutions and corporate debt securities.
	Other		Legacy portfolios of 321 Crédito in run-off phase.

With regard to Investments and Financial Investments, the calculation of the 12-month PD in the sovereign and corporate class is based on the external ratings of the 4 rating agencies (Moody's, S&P, Fitch and DBRS) and the second-best rule is used.

	Expected Loss			
	2024		**2023**	
Rating	***Corporate***	**Sovereign debt**	***Corporate***	**Sovereign debt**
AAA	0.030%	0.015%	0.030%	0.015%
AA+	0.035%	0.018%	0.035%	0.018%
AA	0.040%	0.020%	0.040%	0.020%
AA-	0.043%	0.022%	0.043%	0.022%
A+	0.047%	0.023%	0.047%	0.023%
A	0.050%	0.025%	0.050%	0.025%
A-	0.090%	0.033%	0.090%	0.033%
BBB+	0.130%	0.042%	0.130%	0.042%
BBB	0.170%	0.050%	0.170%	0.050%
BBB-	0.337%	0.153%	0.337%	0.153%
BB+	0.503%	0.257%	0.503%	0.257%
BB	0.670%	0.360%	0.670%	0.360%
BB-	1.323%	0.877%	1.337%	0.880%
B+	1.977%	1.393%	2.003%	1.400%
B	2.630%	1.910%	2.670%	1.920%
B-	11.230%	9.840%	11.170%	9.300%
CCC/C	19.830%	17.770%	19.670%	16.680%
SI Rating	1.323%	0.877%	1.337%	0.880%

For segments that use parameters based on historical or internal data, the average parameters considered to calculate impairment in the various stages were, at the reference dates, the following:

	2024							
	Mortgage Loan		Overdrafts		Auto loans		Other	
	PD	LGD	PD	LGD	PD	LGD	PD	LGD
Stage 1	0.40%	10.37%	4.41%	52.70%	1.92%	28.70%	8.44%	28.70%
Stage 2	38.96%	10.15%	12.50%	52.70%	37.03%	28.70%	71.28%	28.70%
Stage 3	100.00%	10.00%	100.00%	52.70%	100.00%	41.56%	100.00%	100.00%

	2023						
	Mortgage Loan		Overdrafts	Auto loans		Other	
	PD	LGD	PD	PD	LGD	PD	LGD
Stage 1	0.37%	11.00%	2.50%	1.72%	25.34%	7.70%	25.35%
Stage 2	14.40%	11.50%	12.51%	34.91%	25.34%	97.40%	25.35%
Stage 3	100.00%	10.20%	100.00%	100.00%	52.82%	100.00%	99.72%

At the reference dates, the Banco CTT Group presented the following breakdown of its credit risk exposures and impairment amounts:

(amounts in thousand euros)

		2024								
					Credit Portfolio					
		Central Authorities or Central Banks	International Organisations	Instituições Financeiras	Mortgage Loans	Overdrafts	Auto loans	Credit Cards	Other	Total
Stage 1	Gross exposure	2,098,004	637,440	98,359	776,767	1,862	838,059	-	491	4,450,982
	Impairment losses	(97)	(6)	(5)	(318)	(44)	(4,620)	-	(10)	(5,100)
	Net exposure	**2,097,907**	**637,434**	**98,354**	**776,449**	**1,818**	**833,439**	**-**	**481**	**4,445,882**
Stage 2	Gross exposure	-	-	-	18,323	743	66,373	-	60	85,499
	Impairment losses	-	-	-	(740)	(56)	(7,084)	-	(3)	(7,883)
	Net exposure	**-**	**-**	**-**	**17,583**	**687**	**59,289**	**-**	**57**	**77,616**
Stage 3	Gross exposure	-	-	-	7,243	2,026	75,877	-	-	85,146
	Impairment losses	-	-	-	(718)	(1,372)	(31,359)	-	-	(33,449)
	Net exposure	-	-	-	**6,525**	**654**	**44,518**	-	**-**	**51,697**
POCI (Stage 3)	Gross exposure	-	-	-	-	-	334	-	444	778
	Impairment losses	-	-	-	-	-	(66)	-	(179)	(245)
	Net exposure	**-**	**-**	**-**	**-**	**-**	**268**	**-**	**265**	**533**
Total	Gross exposure	2,098,004	637,440	98,359	802,333	4,631	980,643	-	995	4,622,405
	Impairment losses	(97)	(6)	(5)	(1,776)	(1,472)	(43,129)	-	(192)	(46,677)
	Net exposure	**2,097,907**	**637,434**	**98,354**	**800,557**	**3,159**	**937,514**	-	**803**	**4,575,728**

(amounts in thousand euros)

		2023								
					Credit Portfolio					
		Central Authorities or Central Banks	International Organisations	Financial institutions	Mortgage Loans	Overdrafts	Auto loans	Credit Cards	Other	Total
Stage 1	Gross exposure	1,937,702	80,614	48,080	692,108	2,712	770,156	-	1,379	3,532,751
	Impairment losses	(93)	(5)	(8)	(280)	(40)	(3,356)	-	(22)	(3,804)
	Net exposure	**1,937,609**	**80,609**	**48,072**	**691,828**	**2,672**	**766,800**	-	**1,357**	**3,528,947**
Stage 2	Gross exposure	-	-	-	33,315	716	63,339	-	91	97,461
	Impairment losses	-	-	-	(790)	(58)	(5,597)	-	-	(6,445)
	Net exposure	-	-	-	**32,525**	**658**	**57,742**	-	**91**	**91,016**
Stage 3	Gross exposure	-	-	-	3,466	946	71,273	-	4	75,689
	Impairment losses	-	-	-	(350)	(695)	(36,049)	-	-	(37,094)
	Net exposure	-	-	-	**3,116**	**251**	**35,224**	-	**4**	**38,595**
POCI (Stage 3)	Gross exposure	-	-	-	-	-	1,081	-	444	1,525
	Impairment losses	-	-	-	-	-	(579)	-	-	(579)
	Net exposure	-	-	-	-	-	**502**	-	**444**	**946**
Total	Gross exposure	1,937,702	80,614	48,080	728,889	4,374	905,849	-	1,918	3,707,426
	Impairment losses	(93)	(5)	(8)	(1,420)	(793)	(45,581)	-	(22)	(47,922)
	Net exposure	**1,937,609**	**80,609**	**48,072**	**727,469**	**3,581**	**860,268**	-	**1,896**	**3,659,504**

The Group considers that the more sensitive parameters, because susceptible to changes in the economic cycle, are the reference PDs, namely for Auto Loans and Mortgage Loans. In this context, a sensitivity analysis is presented below about what the impairment of the global portfolio would be if those parameters were 10% higher than the values considered.

(amounts in thousand euros)

2024	Impairment					Impairment with shock					
			Stage 3					*Stage 3*			
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	Total	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total	Impact
Sovereign debt	97	-	-	-	97	107	-	-	-	107	10
International Organisations	6	-	-	-	6	7	-	-	-	7	1
Financial institutions	5	-	-	-	5	5	-	-	-	5	-
Corporate	-	-	-	-	-	-	-	-	-	-	-
Credit Portfolio	4,992	7,883	33,449	245	46,569	5,491	8,423	33,446	245	47,605	1,036
Mortgage Loans	318	740	718	-	1,776	350	811	718	-	1,879	103
Overdrafts	44	56	1,372	-	1,472	48	61	1,372	-	1,481	9
Auto loans	4,620	7,084	31,359	66	43,129	5,082	7,548	31,356	66	44,052	923
Credit Cards	-	-	-	-	-	-	-	-	-	-	-
Other	10	3	-	179	192	11	3	-	179	193	1
Total	**5,100**	**7,883**	**33,449**	**245**	**46,677**	**5,610**	**8,423**	**33,446**	**245**	**47,724**	**1,047**

Operational Risk

Operational risk arises from the probability of losses derived from the inadequacy or failure of internal procedures, systems, people or external events.

The operational risk management framework of the Banco CTT Group is a fundamental factor for risk management and control, with the continuous development of a strong risk culture and management being essential for its proper implementation.

Duly documented concepts, principles and practices have been endorsed for the management of this type of risk, which are reflected in control mechanisms subject to continuous improvement.

Governance of operational risk management

The Operational Risk management framework is based on a three-line of defence model, in which the first, composed of all employees of the Banco CTT Group and Process Owners, is primarily responsible for the day-to-day management of risks, in accordance with the policies, procedures and controls that are defined.

These policies, procedures and controls aim, among others, at the clear definition of responsibilities, segregation of functions, adequate access control (physical and logical), reconciliation activities, exception reports, the structured process for the approval of new products, monitoring of the Group's outsourcing contracts and internal training on processes, products and systems.

The second line of defence ensures the monitoring of operational risk, advises and supports the first line of defence in identifying risks and controls associated to the various existing processes.

The third line of defence is ensured by the Internal Audit function, the Control Function which is responsible for independently examining and evaluating the adequacy and effectiveness of the policies, processes and procedures that support the governance and risk management system, by testing the effectiveness of the controls implemented.

The approach to operational risk management is supported by the structure of end-to-end processes. A vision that cuts across all operational areas within the organisation's structure is deemed the most appropriate approach to perceiving risks and estimating the impact of corrective mitigation measures. The framework has a defined process structure per Group entity, which is adjusted according to business evolution.

Process Owners are responsible for defining the processes from an end-to-end perspective, ensuring the effective adequacy of controls, reporting the operational risk events identified by its database processes, identifying and assessing the risks and controls of processes through active participation in risk and control self-assessment (Risk Self-Assessment, RSA) exercises, detecting and implementing appropriate actions to mitigate risk exposures and monitoring risk indicators and process performance indicators.

The operational risk management framework includes instruments such as the process of identifying and recording operational risk events, the self-assessment of risks and controls process and the identification and quantification of key risk indicators (KRIs), which make it possible to identify, assess, monitor and mitigate operational risk, ensuring the minimisation of losses associated with this risk.

Collection of operational risk management events

The recording of operational risk events is the instrument used to measure the historical exposure qualitatively and quantitatively to operational risk events, and to underpin subsequent analysis to the real efficacy of the existing controls.

This activity essentially consists of the use of a dynamic repository of all the risk events that may have occurred, supported by procedures that ensure the effective analysis of the most relevant events, either by their impact or by their probability of occurrence.

Therefore, the analysis of loss and near-miss events provides indications on the main risks and enables determining whether any failures are isolated events or systemic. On the other hand, this practice accelerates the identification of emerging events, enabling rapid response.

The detection and reporting of operational risk events are the responsibility of all the employees, while Process Owners have a decisive role in recording and describing operational risk events, which includes detailing the respective cause and effect, quantifying the loss and describing the risk mitigation action plans.

The Risk Management Function is responsible for recording and characterising operational risk events for all Group entities and for validating and monitoring the suitability of the action plans and the degree to which they are being complied with. It is also the responsibility of the Risk Management Function to identify, report and monitor internal control deficiencies and respective actions, identified within the scope of the management of operational risk events and in the process of self-assessment of risks and process controls.

Self-assessment of risks and controls

The risk self-assessment exercises and controls are conducted through questionnaires and/ or workshops facilitated by the Risk Management Function and with the involvement of the Process Owners.

The Group assesses the risks to which its processes are subject considering the controls applied to them, following a risk-based approach, thereby obtaining the residual risk to which it is exposed. The definition of risk on a residual basis allows for the comparison of data collected on inherent risk and enables conclusions to be drawn regarding the overall level of response to identified risks. This exercise of self-assessment of risks and controls is an exercise to assess the level of operational risk and controls associated with the processes of the Bank and its subsidiaries and serves as a basis for the identification of mitigation actions necessary to reduce the level of risk and maximise opportunities for improvement.

Key Risk Indicators (KRIs)

The purpose of the KRI definition is to obtain information that allows potential risks to be identified and the necessary actions to be taken to prevent these risks from materializing. In defining the information, account must be taken of the information existing in the Bank and its subsidiaries and the capacity/facility to collect this information.

The KRIs are related to a specific risk and serve as alerts for potential changes in the likelihood and impact of the risk event occurring.

For the monitoring of KRIs, alert thresholds should be defined, based on the knowledge of the Process Owner. Whenever an indicator reaches the alert threshold, the Process Owner must justify the levels reached and, if possible, identify an improvement action in order to reduce the levels of risk exposure.

Business Continuity Management

Business Continuity Management aims to identify the impact on the continuous operation of the activity pursued by the Banco CTT Group, or its timely recovery in the event of the occurrence of events likely to disrupt the normal course of business, namely by implying the unavailability of information systems, human resources and/or facilities in isolation or simultaneously.

In order to ensure efficient business continuity management, specific teams were defined with responsibilities in the definition, implementation and maintenance of Business Continuity Management.

In order to ensure the continuous improvement of business continuity management, the following activities are conducted periodically: i) Testing and simulations of the Business Continuity Plan. ii) Audits of the Business Continuity Plan to verify its quality and update it. iii) Training sessions both for the designated Business Continuity Plan teams and general training for all employees.

Fraud Risk

Operational risk includes events or risks related to fraud, for which a fraud risk management policy has also been approved. This policy formalizes the way in which fraud is addressed concerning its prevention, detection and investigation. Fraud can materialise through different channels, both via products and services and through the different entities with which the Group interacts. In this sense, the main types of fraud are the following: fraud in contracting credit products, accounting fraud, cyberfraud, card fraud, transaction fraud, supplier and service provider fraud, and partner fraud.

The fraud management model adopted includes several aspects, namely prevention, detection, investigation and monitoring. The approach to fraud management focuses mainly on the prevention and detection phases, in terms of defining processes, procedures and controls, as well as the implementation of detection tools. These phases contribute to the effectiveness of the fraud management process, namely in the prevention stage, thereby minimising the impact of any losses associated with fraud risk events.

IT Risk

Information and communication technology risk refers to the possibility of failures associated with breaches of confidentiality, the inadequacy, unavailability or failure of the integrity of systems or data, or the inability to change information systems within a reasonable timeframe and at reasonable cost, when the context or business requirements so demand.

In turn, information security risk is the inability of information systems to resist actions that compromise the confidentiality, integrity, availability, authenticity or non-repudiation of stored, transmitted or processed data, or of the services provided by those information Employees systems, including data theft, employee phishing campaigns, financial crime, dissemination of malware, denial of critical services with high operational, reputational and financial impacts.

The main objective of the Banco CTT Group's information security strategy is to ensure the implementation of adequate and relevant protection measures to meet business objectives, while simultaneously safeguarding the Group's interests and the trust of its customers and employees. The Information Security framework, defined and adopted by the Cybersecurity Department, is based on the following areas of action: governance and compliance, cybersecurity, data protection, identity and access management, vulnerability management, coordination and response to security incidents, and systems development, maintenance and acquisition.

In addition, business continuity plans were implemented in each Group entity, periodically tested, revised and improved, based on risk analysis and in compliance with legal and regulatory requirements.

The Business Continuity Plan aims to formalise and promote the adoption of adequate response procedures that, in the event of a disaster, ensure, both from an organisational and technological point of view, the continuity of the Group's processes and the mitigation of any losses involved.

The Business Continuity Plan includes, in an integrated manner, an operational continuity component and a technological recovery component, and in each plan the adjacent continuity solutions are described, as well as the respective recovery/contingency operation procedures and the Business Continuity Plan teams involved.

In addition, the response and resolution service levels of both the internal teams and the main suppliers and partners and the level of availability of the main systems are monitored.

Compliance Risk

Compliance risks defined as the probability of negative impacts on results or capital arising from violations or non-compliance with laws, regulations, contracts, codes of conduct, established practices or ethical principles. It can take the form of legal or regulatory sanctions, the limitation of business opportunities, the reduction of expansion potential or the impossibility of demanding compliance with contractual obligations.

Compliance risk in the Banco CTT Group is subdivided into four subcategories:

I. Compliance and regulatory risk is defined as the possibility of impacts resulting from legislative and policy changes, non-compliance with internal policies and procedures (legal/regulatory standards, internal standards, new products), management of sanctions or processes (fines, penalties, sanctions, or compensations), and includes non-compliance with specific directives from the relevant supervisory authorities, as well as the failure to obtain or maintain the necessary requirements to obtain or retain the authorisations or registrations required to carry out or provide the aforementioned services.
II. Risk of other financial crimes is defined as the possibility of market abuse practices (market manipulation and insider trading). It also includes the risk associated with bribery and corruption activities and tax evasion practices.
III. Risk of money laundering and terrorist financing: it is defined as the possibility of non-compliance with legal and regulatory rules to combat money laundering and terrorist financing, as well as restrictive measures adopted by International Organisations. It also includes the risk of establishing commitments with clients or transactions with sanctioned countries.

IV. Conduct risk: is defined as the possibility of breaches of codes of conduct, established practices or ethical principles and disciplinary procedures, including: unauthorised trading practices, aggressive selling, manipulation of accounts to create fictitious operations, non-transparency towards clients, conduct of consulting services, marketing, sales and commercial conduct, violation of confidential information, market abuse and personal trading, bribery, misselling, conflict of interest

The prevention and mitigation of the Banco CTT Group's compliance risk requires the involvement of the management and supervisory bodies and the control functions, in particular the Group's Compliance Function, in decision-making processes, particularly those related to product governance. The management of this risk in the Group is intrinsically associated with the promotion of a culture and conduct based on ethical values and socially responsible behaviour, also ensuring the alignment of incentive policies with the best interests of customers.

In the pursuit of this objective, the Banco CTT Group has adopted a governance model that promotes the effectiveness of its internal control system, namely through the independent and influential performance of the control functions, the implementation of policies and regulations that prevent conduct risks, including the definition of remuneration and incentive policies that prevent the occurrence of conflicts of interest in the sales process.

In order to supervise and formalise the management of this risk, the Bank, as the parent company, has defined procedures which establish the fundamental principles of compliance, the objectives, the players and responsibilities within the scope of regulatory compliance control, as well as the principles that must be respected by all employees.

As the Group operates in a highly regulated sector, it is crucial that it have an efficient and comprehensive compliance risk management cycle that reduces any possible penalties arising from breaches of legal and regulatory requirements. In this way, and in line with its Risk Management Policy, the Bank defined the following stages in its cycle:

- Risk strategy definition: Considering that the Group has defined that the compliance risk (residual) to which it is exposed must be low, preventing penalties due to severe or very severe administrative offences, the management of this risk is guided by the following principles: existence of an independent Compliance Function; offer of products and services conditional to prior compliance risk analysis; variable remuneration models/ incentives designed in a manner so as to minimise the occurrence of conflicts of interest and subject to prior validation by the control functions; implementation of control actions in areas of greater inherent risk; compulsory initial training of Employees on topics of compliance, anti-money laundering and countering the financing of terrorism; conservative customer acceptance policy and enhanced diligence levels for customers and operations with high risk of money laundering and financing of terrorism.

- Identification and evaluation: In the case of compliance risks, this stage involves identifying all the compliance requirements that the Group Bank should fulfil, whether derived from applicable legal and regulatory provisions or from rules contained in codes of conduct, policies or procedures defined internally. The Compliance Function is responsible for systematising the "compliance requirements" and the risks associated with them; Likewise, the potential risks associated with the "compliance requirements" identified must be assessed so that their inherent and residual risk is known.

- Response: Once the residual risk has been assessed, action priorities should be defined, together with the areas, in order to mitigate the risks that are above the defined risk appetite.

- Monitoring and reporting: compliance with requirements is monitored on an on-going basis by the Compliance Function, ensuring that any detected deficiencies and non-compliances are identified and acted upon in a timely fashion. On the other hand, the overall state of the Bank's compliance with the legal and regulatory requirements is periodically reported to the supervisory and management bodies.

Compliance risk management involves continuous monitoring of the regulatory initiatives with the greatest impact on the Group. In 2024, the Banco CTT Group was particularly attentive to the implementation of the regulatory framework produced by national and European authorities regarding the adaptation to the digital market (Regulations issued under the Digital Operational Resilience Act - DORA, BdP Circular Letter 2024/27 of September 16, regarding the guarantee of choosing MOFs with the capacity to lead these technological changes), support for young people in acquiring their first home (Decree-Law 44/2024 of July 10, Ordinance 236-A/2024 of September 27 and Order 14916/2024 of December 18, Circular Letter 2024/32 of October 15 and Notice 6/2024 of December 31), as well as for consumers in difficulty (Circular Letter 2024/33 and Circular Letter 2024/35, both of October 17) and security in transactions (with Notice 4/2024 of November 19, on the identification of the final beneficiary, and Circular Letter 2024/51 of November 28 and Regulation 2024/886 of March 13, on immediate transfers).

The Group's Compliance risk management is based on preventive action by the Compliance Function in processes considered critical for this purpose, in particular, sign-off on new policies and procedures, relevant communications with customers, pre-contractual or contractual documentation or advertising materials. Likewise, the launch of new products/services or significant changes of existing products/services implies the conduct of risk assessments in which potential compliance or reputational risks are identified, for which actions or controls shall have to be implemented to enable their mitigation whether at stage before the launch of the product or after the beginning of its marketing, depending on whether the risks identified are considered blocking or non-blocking. The follow-up of the handling of customer complaints also merits special attention, not only with a view to the identification of compliance risks, but also to ensure that customer complaints were properly addressed.

The implementation of actions for monitoring compliance and tests of front-line controls completes the compliance risk management cycle, where we highlight the accomplishment in 2024 of actions for monitoring compliance with variable remuneration policies and models, the response capacity in the event of activation of the Deposit Guarantee Fund, the process of approval of new products and services, in particular concerning the validation of actions to mitigate risks identified in sign-off processes, the requirements to disclose information, the transactions with related parties, and the commercialisation of investment products.

Market Risks

Market risk generally represents the possibility of negative impacts on earnings or capital due to unfavourable movements in the market price of instruments in the trading portfolio, including fluctuations in interest rates, exchange rates, share prices and commodity prices.

The Group has no trading portfolio, and as at 31 December 2024 its entire debt securities portfolio is carried at amortised cost, the main risk arising from its investments being credit risk rather than market risk.

Banking Book Interest Rate Risk

Interest rate risk in the banking book (IRRBB) consists of the possibility of negative impacts on results or capital due to adverse movements in interest rates on items in the banking book, due to maturity mismatches or interest rate reset periods, the lack of perfect correlation between the rates received and paid on the different instruments, or the existence of embedded options in financial instruments on the balance sheet or off-balance sheet items.

The Group monitors the exposure to interest rate risk of the banking portfolio both from the perspective of economic value and net interest income, monitoring the sensitivity of these two indicators to changes in interest rates.

One of the main instruments in monitoring the interest rate risk of the balance sheet is the repricing gap on assets and liabilities susceptible to interest rate changes. This model groups those assets and liabilities into fixed timeframes (maturity dates or first interest rate review dates when the interest rate is indexed, or behavioural when appropriate), from which a potential impact on the Group's financial margin and economic value, resulting from interest rate variations, is calculated and for which the Group has defined specific tolerance limits, and within the defined tolerance limits.

The repricing gap reports are prepared monthly and are an essential tool in defining the investment strategy for each cycle in order for the Group to ensure that time mismatches between assets and liabilities are aligned at all times with the appetite stipulated in the risk strategy.

The Group also monitors the base interest rate risk in a number of variable rate instruments, both in assets and liabilities. Monitoring involves gauging the time lag of the respective indexes in the exposure between assets and liabilities indexed to variable rates.

The Group manages the interest rate risk of its balance sheet in a structural manner, using natural hedges whenever possible in the composition of the investment portfolio.

Just as it monitors interest rate risk, the Group also monitors the Credit Spread Risk in its Banking Book (CSRBB). The Group considers its debt securities portfolio and the securitisations it has issued (Ulisses No. 2 and No. 3) to be assets and liabilities sensitive to credit spread risk, respectively. Assets and liabilities are grouped into fixed time intervals according to their maturity, and the potential impact of increases or decreases in the credit spread on the economic value of assets and liabilities sensitive to changes in credit risk is measured.

Liquidity Risk

Liquidity risk is the risk of the Group's potential inability to meet its funding repayment obligations without incurring in significant losses, due to more onerous financing conditions or the sale of assets under market values. The Group is exposed to the liquidity risk inherent to its business of transforming maturities, lending in the longer-term (e.g. Mortgage Loans) and borrowing liquidity ((essentially in the form of deposits), where prudent management of liquidity risk is crucial. To this end, the Group has high liquidity reserves in the form of debt securities and deposits with the Central Bank.

For effective liquidity risk management, the Group ensures that accumulated time lags between liabilities to be settled and liquidity availability are minimised. To this end, the main instrument used by the group is the liquidity gap on assets and liabilities by their maturity dates. This model groups these assets and liabilities into fixed time intervals (which can be determined based on behavioural assumptions when appropriate).

Liquidity gap reports are produced monthly and are an essential tool for guiding the investment strategy of each cycle, ensuring that the Group consistently has adequate liquidity to meet its obligations, in line with the risk appetite defined in its strategy.

The Group also ensures that it has adequate liquidity reserves to withstand any liquidity stress scenarios of a systemic or idiosyncratic nature to which it may be exposed. To achieve this goal, as part of its Internal Liquidity Adequacy Assessment Process (ILAAP), the Group carries out liquidity stress tests on a six-monthly basis, based on assumptions that consist of a worsening of the current liquidity conditions to which the Group is subject.

Management Practices

The Banco CTT Group has established a liquidity risk management structure with clearly identified responsibilities and processes in order to ensure that all participants in liquidity risk management are coordinated and that the management controls are effective. The overall liquidity risk management is entrusted to the Board of Directors, which delegates the Executive Committee with the responsibility for the day-to-day management of liquidity management activities. In the Risk Appetite Statement, the Board of Directors defines limits for liquidity risk, (including for the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), liquidity buffer and survival horizon indicators of the stress tests), delegating the Capital, Risk and Sustainability Committee with the responsibility of (i) supervision of the instituted liquidity management model and (ii) monitoring of the relevant ratios to assure the Group's financial solidity, (iii) definition of the methods and assumptions used in the liquidity stress tests, (iv) approval of the Liquidity Contingency Plan, (v), definition of the exposure limits by Bank Counterparty and (vi) determining the intragroup funding structure, including direct and indirect funding of the branches.

The Board of Directors adopts and periodically reviews the Group's Liquidity Management Policy to the Board of Directors, taking into account business objectives and opportunities, the legal and regulatory requirements, the assessment of the risk inherent in the balance sheet structure and in carrying out financial operations, the need to maintain liquidity at levels compatible with the effective and efficient operation of the Group as a whole and of the Bank and its subsidiaries individually. The Capital, Risk and Sustainability Committee assesses the Liquidity Contingency Plan and defines, with the support of the Risk and Treasury Departments, (i) the Group's key risk indicators (KRIs), monitoring their evolution, (ii) the liquidity limits per Bank Counterparty, (iii) the methodologies and assumptions used in the Group's liquidity stress tests.

The Treasury Department of Banco CTT is responsible for (i) ensuring the cash flow management and necessary short-term liquidity levels. In particular, it is responsible for maintaining High Quality Liquid Assets (HQLA), (ii) implementing the medium and long-term funding plans through cash management and interbank relationships, (iii) ensuring compliance with the established liquidity risk limits, minimum cash reserves, position limits and other regulatory ratios or those defined by the Executive Committee or Board of Directors, (iv) supporting the Capital, Risk and Sustainability Committee in the definition of the Group's KRIs, and (v) monitoring their evolution and ensuring the timely detection of situations of non-compliance with the liquidity ratio requirements, promptly informing the Executive Committee and Risk Department.

The Risk Department is responsible for (i) identifying, assessing, controlling and monitoring the Group's liquidity risk, ensuring that it is managed within the risk appetite defined by the Board of Directors, (ii) assisting in the definition of liquidity limits, ensuring their continuous monitoring, (iii) assisting the Capital, Risk and Sustainability Committee in the definition of KRIs, and monitoring their evolution, (iv) keeping the Treasury Department informed of the behaviour of variables with a potential impact on the Group's liquidity risk profile, (v) preparing and drafting reports to support liquidity management, making them available to members of the Capital, Risk and Sustainability Committee and other relevant entities, (vi) coordinating the drafting of and proposing the Liquidity Contingency Plan to the Board of Directors, after consideration by the Capital, Risk and Sustainability Committee and (vii) proposing to the Capital, Risk and Sustainability Committee the methodologies and assumptions used in the liquidity stress tests.

As regards structural liquidity, the Group draws monthly liquidity report that takes into account the maturity of the different products, through which structural mismatches are determined for each time bucket.

In this context, in addition to the analyses defined internally to monitor this risk (e.g. permanent assessment of liquidity gaps and/or duration, analyses on the composition and availability of assets, etc.), the Group also calculates the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), periodically monitoring their evolution and anticipating potential impacts. The LCR aims to promote the resilience of banks to short-term liquidity risk by ensuring that they hold high-quality liquid assets, sufficient to survive a severe stress scenario, over a period of 30 days. The NSFR seeks to ensure banks maintain stable financing for their off-balance sheet assets and operations for a 1-year period.

The Group also calculates the Additional Liquidity Monitoring Metrics (ALMM), which integrate a greater granularity than the LCR (30 days), allowing increased control over the liquidity mismatch, taking into account the contracted outflows and inflows, and also making it possible to monitor the concentration of the counterbalancing capacity.

Analysis of Liquidity Risk

The Liquidity Coverage Ratio (LCR) reached, as at 31 December 2024, a comfortable figure of 1,361% (943% at the end of 2023), significantly higher than the minimum requirements, reflecting the Group's liquidity management, during the period, namely the growing volume of high-quality liquid assets (HQLAs) in the Group's portfolio during the period.

The Net Stable Funding Ratio (NSFR) stood at 261% as of 31 December 2024 (228% at the end of 2023), a robust figure and substantially above regulatory requirements.

As at 31 December 2024, the ALMM show a positive liquidity mismatch (difference between contracted outflows and inflows) of 39,510 thousand euros (227,159 thousand euros at the end of 2023).

Furthermore, this positive liquidity mismatch already considers the inflows due to financial assets and reserves at the Central Bank of close to 2,045,912 thousand euros (1,949,971 thousand euros at the end of 2023).

Business Model Risk

Business model risk is the probability of the occurrence of negative impacts on results or capital, arising from inadequate strategic decisions, poor implementation of decisions or inability to respond to changes in the surrounding environment or changes in the Group's business environment.

The Group actively manages its strategic risk through periodic reviews of its Business Plan according to the evolution of the actual business, changes of economic and competitive circumstances and market conditions, constantly monitoring its level of capital and the risks taken in its strategic decisions and the established capital plan. Its monitoring is ensured regularly by the Executive Committee, Audit Committee and the Board of Directors through the follow-up of budget deviations.

Supplementary Information

Consolidated Financial Statements

Consolidated Income Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	2024	2023
Interest and similar income calculated through the effective interest rate	176,975	132,759
Interest and similar expenses calculated through the effective interest rate	(79,282)	(34,502)
Net Interest Income	**97,693**	**98,257**
Net fee and commission income	24,756	22,435
Results from assets and liabilities at fair value through profit or loss	40	862
Results from financial assets and liabilities at amortised cost	-	(45)
Net gains/(losses) from divestment of other assets	(1)	12
Other operating income/(expenses)	(1,617)	(1,187)
Operating Income	**120,871**	**120,324**
Staff costs	(33,001)	(27,867)
General administrative expenses	(40,185)	(38,794)
Amortisation and depreciation	(8,373)	(7,275)
Operating Expenses	**(81,559)**	**(73,936)**
Operating Profit/(Loss) Before Provisions and Impairments	**39,312**	**46,388**
Credit impairment	(12,642)	(24,992)
Impairment of other financial assets	(2)	28
Impairment of other assets	9	(80)
Provisions	(408)	(504)
Operating Profit/(Loss)	**26,269**	**20,840**
Profit / (loss) before income taxes of continuing operations	**26,269**	**20,840**
Income Taxes		
Current	(8,066)	(8,747)
Deferred	1,845	3,692
Profit/(Loss) after income taxes of continuing operations	**20,048**	**15,785**
Profit/(Loss) of discontinued business operations	**-**	**1,238**
Net Income for the Year	**20,048**	**17,023**
Earnings per share (in euros)		
Basic	0.07	0.06
Diluted	0.07	0.06
Earnings per share from continuing operations (in euros)		
Basic	0.07	0.05
Diluted	0.07	0.05

Consolidated Statements of Financial Position as at 31 December 2024 and 2023

(amounts in thousand euros)

	2024	2023
Assets		
Cash and deposits at central banks	64,826	54,477
Deposits at other credit institutions	30,918	36,069
Financial assets at amortised cost		
Investments at credit institutions	701,297	1,272,080
Loans and advances to customers	1,742,032	1,593,214
Debt securities	2,059,137	729,466
Financial assets at fair value through profit or loss	6,283	13,532
Hedging derivatives	6	-
Other tangible assets	7,262	5,338
Goodwill and intangible assets	84,769	81,900
Deferred tax assets	1,695	1,753
Other assets	29,300	39,303
Total Assets	**4,727,525**	**3,827,132**
Liabilities		
Financial liabilities at fair value through profit or loss	6,409	13,744
Financial liabilities at amortised cost		
Deposits from Customers	4,060,462	3,106,179
Debt securities issued	262,912	347,375
Hedging derivatives	12	-
Provisions	2,069	1,692
Current tax liabilities	1,344	1,362
Deferred tax liabilities	1,698	3,607
Other liabilities	77,544	83,155
Total Liabilities	**4,412,450**	**3,557,114**
Equity		
Share capital	321,400	296,400
Legal reserves	4,830	3,037
Fair value reserves	-	-
Other reserves	(335)	(344)
Retained earnings	(30,868)	(46,098)
Net income for the year	20,048	17,023
Total Equity	**315,075**	**270,018**

Individual Financial Statements

Individual Income Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	2024	2023
Interest and similar income calculated through the effective interest rate	137,290	92,059
Interest and similar expenses calculated through the effective interest rate	(65,576)	(17,086)
Net Interest Income	**71,714**	**74,973**
Net fee and commission income	19,984	18,924
Results from assets and liabilities at fair value through profit or loss	(167)	6,491
Results from financial assets and liabilities at amortised cost	-	(45)
Net gains/(losses) from divestment of other assets	-	5
Other operating income/(expenses)	(626)	(351)
Operating Income	**90,905**	**99,997**
Staff costs	(25,321)	(20,745)
General administrative expenses	(32,133)	(29,472)
Amortisation and depreciation	(7,444)	(6,409)
Operating Expenses	**(64,898)**	**(56,626)**
Operating Profit/(Loss) Before Provisions and Impairments	**26,007**	**43,371**
Credit impairment	(1,035)	1,432
Impairment of other financial assets	(70)	(12,347)
Impairment of other assets	21	(58)
Provisions	(289)	(527)
Operating Profit/(Loss)	**24,634**	**31,871**
Net gains/(losses) of investments in subsidiaries and associates	1,444	(7,922)
Results of disposals of non-current assets held for sale	-	2,124
Profit/(Loss) Before Income Taxes	**26,078**	**26,073**
Income Taxes		
Current	(6,140)	(8,692)
Deferred	58	554
Net Income for the Year	**19,996**	**17,935**
Earnings per share (in euros)		
Basic	0.07	0.06
Diluted	0.07	0.06

Individual Statements of Financial Position as at 31 December 2024 and 2023

(amounts in thousand euros)

	2024	2023
Assets		
Cash and deposits at central banks	64,413	54,006
Deposits at other credit institutions	8,069	11,045
Financial assets at amortised cost		
Investments at credit institutions	861,331	1,421,279
Loans and advances to customers	803,718	731,051
Debt securities	2,554,555	1,074,582
Hedging derivatives	6	-
Other tangible assets	6,576	4,506
Intangible assets	23,150	20,088
Investments in subsidiaries and associates	142,558	136,105
Deferred tax assets	1,090	1,032
Other assets	29,846	37,521
Total Assets	**4,495,312**	**3,491,215**
Liabilities		
Financial liabilities at fair value through profit or loss	6,409	13,744
Financial liabilities at amortised cost		
Deposits from credit institutions	46,106	35,442
Deposits from Customers	4,060,462	3,106,179
Debt securities issued	9,996	-
Hedging derivatives	12	-
Provisions	1,091	812
Other liabilities	56,033	64,840
Total Liabilities	**4,180,109**	**3,221,017**
Equity		
Share capital	321,400	296,400
Legal reserves	4,830	3,037
Fair value reserves	-	-
Other reserves	(335)	(344)
Retained earnings	(30,688)	(46,830)
Net income for the year	19,996	17,935
Total Equity	**315,203**	**270,198**

Appropriation of Net Income

Whereas:

in the financial year of 2024, Banco CTT S.A. recorded a positive net income of 19,995,739.64 euros, it

Is proposed,

In accordance with Article 66 (5) (f) and for the purposes of Article 376 (1) (b), both of the Commercial Companies Code:

- that 10% of the net profit, in the amount of 1,999,573.96 euros, be transferred to legal reserves, in accordance with article 97(1) of the General Regime of Credit Institutions and Financial Companies; and
- that the remaining amount of 17,996,165.68 euros be transferred to Retained Earnings.

Lisbon, 17 March 2025

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

João Manuel de Matos Loureiro

Luís Maria França de Castro Pereira Coutinho

Ana Maria Machado Fernandes

João Maria de Magalhães Barros de Mello Franco

Maria Rita Mégre de Sousa Coutinho

Pedro Rui Fontela Coimbra

António Pedro Ferreira Vaz da Silva

Nuno Carlos Dias dos Santos Fórneas

Guy Patrick Guimarães de Goyri Pacheco

Luís Jorge de Sousa Uva Patrício Paúl

António Domingues

Pedro Luís Francisco Carvalho

II Accounts and Notes to the Accounts

Accounts and Notes to the Consolidated Accounts of 2024

Consolidated Financial Statements

Consolidated Income Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Interest and similar income calculated through the effective interest rate	4	176,975	132,759
Interest and similar expenses calculated through the effective interest rate	4	(79,282)	(34,502)
Net Interest Income	4	**97,693**	**98,257**
Net fee and commission income	5	24,756	22,435
Results from assets and liabilities at fair value through profit or loss	6	40	852
Results from financial assets and liabilities at amortised cost		-	(45)
Net gains/(losses) from divestment of other assets		(1)	12
Other operating income/(expenses)	7	(1,617)	(1,187)
Operating Income		**120,871**	**120,324**
Staff costs	8	(33,001)	(27,867)
General administrative expenses	9	(40,185)	(38,794)
Amortisation and depreciation	19 and 20	(8,373)	(7,275)
Operating Expenses		**(81,559)**	**(73,936)**
Operating Profit/(Loss) Before Provisions and Impairments		**39,312**	**46,388**
Credit impairment	14	(12,642)	(24,992)
Impairment of other financial assets	13 and 15	(2)	28
Impairment of other assets	17 and 22	9	(80)
Provisions	25	(408)	(504)
Operating Profit/(Loss)		**26,269**	**20,840**
Profit/(Loss) before income taxes of continuing operations		**26,269**	**20,840**
Income Taxes			
Current	21	(8,066)	(8,747)
Deferred	21	1,845	3,692
Profit/(Loss) after income taxes of continuing operations		**20,048**	**15,785**
Profit/(Loss) of discontinued operations	17	**-**	**1,238**
Net Income for the Year		**20,048**	**17,023**
Earnings per share (in euros)			
Basic	10	0.07	0.06
Diluted	10	0.07	0.06
Earnings per share from continuing operations (in euros)			
Basic	10	0.07	0.05
Diluted	10	0.07	0.05

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Consolidated Comprehensive Income Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Net Income for the Year		**20,048**	**17,023**
Comprehensive income recognised directly in Equity after taxes		**9**	**3**
Items that may be reclassified to the income statement			
Fair value reserve	28	-	-
Items that shall not be reclassified to the income statement			
Actuarial gains/(losses) for the year			
Employee benefits	28	9	3
Total Comprehensive Income for the Year		**20,057**	**17,026**

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Consolidated Statements of Financial Position as at 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Assets			
Cash and deposits at central banks	11	64,826	54,477
Deposits at other credit institutions	12	30,918	36,069
Financial assets at amortised cost			
Investments at credit institutions	13	701,297	1,272,080
Loans and advances to customers	14	1,742,032	1,593,214
Debt securities	15	2,059,137	729,466
Financial assets at fair value through profit or loss	16	6,283	13,532
Hedging derivatives	18	6	-
Other tangible assets	19	7,262	5,338
Goodwill and intangible assets	20	84,769	81,900
Deferred tax assets	21	1,695	1,753
Other assets	22	29,300	39,303
Total Assets		**4,727,525**	**3,827,132**
Liabilities			
Financial liabilities at fair value through profit or loss	16	6,409	13,744
Financial liabilities at amortised cost			
Deposits from Customers	23	4,060,462	3,106,179
Debt securities issued	24	262,912	347,375
Hedging derivatives	18	12	-
Provisions	25	2,069	1,692
Current tax liabilities	21	1,344	1,362
Deferred tax liabilities	21	1,698	3,607
Other liabilities	26	77,544	83,155
Total Liabilities		**4,412,450**	**3,557,114**
Equity			
Share capital	27	321,400	296,400
Legal reserves	28	4,830	3,037
Fair value reserves	28	-	-
Other reserves	28	(355)	(344)
Retained earnings	28	(30,868)	(46,098)
Net income for the year		20,048	17,023
Total Equity		**315,075**	**270,018**

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Consolidated Statements of Changes in Equity for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	Share capital	Fair Value Reserves	Legal Reserves	Other Reserves	Retained earnings	Net Income for the Year	Total Equity
Balance on 31 December 2022		**296,400**	**-**	**1,571**	**(347)**	**(59,348)**	**14,716**	**252,992**
Appropriation of net income		-	-	1,466	-	13,250	(14,716)	-
Comprehensive income for the year		-	-	-	3	-	17,023	17,026
Actuarial gains/ (losses)	*34*	-	-	-	*3*	-	-	*3*
Net income for the year		-	-	-	-	-	*17,023*	*17,023*
Balance on 31 December 2023		**296,400**	**-**	**3,037**	**(344)**	**(46,098)**	**17,023**	**270,018**
Share capital increase	27	25,000	-	-	-	-	-	25,000
Appropriation of net income		-	-	1,793	-	15,230	(17,023)	-
Comprehensive income for the year		-	-	-	9	-	20,048	20,057
Actuarial gains/ (losses)	*34*	-	-	-	*9*	-	-	*9*
Net income for the year		-	-	-	-	-	*20,048*	*20,048*
Balance on 31 December 2024		**321,400**	**-**	**4,830**	**(335)**	**(30,868)**	**20,048**	**315,075**

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco
Luís Maria França de Castro Pereira Coutinho
João Maria de Magalhães Barros de Mello Franco
Pedro Rui Fontela Coimbra
Nuno Carlos Dias dos Santos Fórneas
Luís Jorge de Sousa Uva Patrício Paúl
Pedro Luís Francisco Carvalho
João Manuel de Matos Loureiro
Ana Maria Machado Fernandes
Maria Rita Mégre de Sousa Coutinho
António Pedro Ferreira Vaz da Silva
Guy Patrick Guimarães de Goyri Pacheco
António Domingues

Consolidated Cash Flow Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Cash flow from operating activities		**793,869**	**1,054,913**
Interest income received		131,109	128,697
Interest paid		(74,366)	(28,966)
Commissions income received		29,893	29,744
Commissions paid		(5,056)	(4,855)
Payments to employees		(31,023)	(26,347)
Income tax payments		-	277
Sectoral contributions		(740)	(701)
Credit recovery		1,481	1,139
Other payments and revenues		(43,670)	(41,071)
Variation in operational assets and liabilities		786,241	996,996
Other operational assets and liabilities		*(20,523)*	*(17,444)*
Loans and advances to customers	14	*(135,686)*	*203,607*
Deposits from Customers	23	*942,450*	*810,833*
Cash flow from investment activities		**(736,781)**	**(978,934)**
Deposits at Banco de Portugal		(11,822)	(5,440)
Investment in securities		(1,286,429)	(167,229)
Investment		*(2,577,929)*	*(405,659)*
Repayment/divestment		*1,291,500*	*238,430*
Investments at the Central Bank	13	615,350	(809,457)
Investments in other credit institutions	13	(44,890)	(2,030)
Investment		*(68,200)*	*(36,750)*
Redemptions		*23,310*	*34,720*
Acquisitions of tangible fixed assets and intangible assets		(8,990)	(5,813)
Acquisitions/sales of subsidiaries and associates		-	11,035
Cash flow from financing activities		**(61,236)**	**(99,405)**
Share capital increases	27	25,000	-
Debt securities issued	24	(84,522)	(98,131)
Issue		*10,000*	*-*
Redemptions		*(94,522)*	*(98,131)*
Leases		(1,714)	(1,274)
Cash and cash equivalents at the beginning of the year		**54,161**	**77,587**
Net changes in cash and cash equivalents		**(4,138)**	**(23,426)**
Cash and cash equivalents at the end of the year		**50,013**	**54,161**
Cash and cash equivalents cover:		**50,013**	**54,161**
Cash	11	23,967	25,381
Demand deposits at Banco de Portugal	11	412	470
Deposits at credit institutions	12	25,634	28,310

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco
Luís Maria França de Castro Pereira Coutinho
João Maria de Magalhães Barros de Mello Franco
Pedro Rui Fontela Coimbra
Nuno Carlos Dias dos Santos Fórneas
Luís Jorge de Sousa Uva Patrício Paúl
Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro
Ana Maria Machado Fernandes
Maria Rita Mégre de Sousa Coutinho
António Pedro Ferreira Vaz da Silva
Guy Patrick Guimarães de Goyri Pacheco
António Domingues

Notes to the Consolidated Financial Statements

Introductory Note

Banco CTT, S.A. (hereinafter referred to as "Banco CTT" or "Bank") is a credit institution with registered office at Praça Duque de Saldanha, n.º 1, Edifício Atrium Saldanha, piso 3, 1050-094 Lisboa, controlled by CTT – Correios de Portugal, S.A., having been incorporated in August 2015.

The Bank is dedicated to obtaining third party funds, in the form of deposits or other, which the Bank invests, together with its own funds, in various sectors of the economy, mostly in the form of loans granted to customers or debt securities, while also providing other banking services to its customers.

The condensed interim consolidated financial statements ("Consolidated Financial Statements") presented herein reflect the results of the operations of the Bank and its subsidiary, 321 Crédito – Instituição Financeira de Crédito, S.A. (together referred to as "Group").

The stake in the subsidiary Payshop (Portugal), S.A. was considered a discontinued activity, with reference to 31 December 2022. This stake was sold in August 2023, so the results of Payshop (Portugal), S.A.'s operations only contribute 7 months to the Group's consolidated results for 2023.

Note 1 – Basis of Presentation

In accordance with Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July 2002 and Banco de Portugal Notice 5/2015, the financial statements of the Group are prepared in accordance with the International Reporting Financial Standards (IFRS), as endorsed in the European Union (EU) on the reporting date.

IFRS includes accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and their predecessor bodies.

The Banco CTT Group is composed of the following subsidiaries:

	2024		2023	
	Holding (%)	Voting rights (%)	Holding (%)	Voting rights (%)
321 Crédito - Instituição Financeira de Crédito, S.A.	100%	100%	100%	100%

Moreover, considering the requirements of IFRS 10, the Group's consolidation perimeter includes the following structured entities:

	Year of Incorporation	Place of Issue	Consolidation Method
Ulisses Finance No.1 (*) (**)	2017	Portugal	Full
Chaves Funding No.8 (*)	2019	Portugal	Full
Ulisses Finance No.2 (*)	2021	Portugal	Full
Next Funding No.1 (**)	2021	Portugal	Full
Ulisses Finance No.3 (*)	2022	Portugal	Full

(*) Entities incorporated under securitisation operations, recorded in the consolidated financial statements according to the Group's continued involvement, determined on the basis of the holding of the residual interests (equity piece or excess spread) of the respective vehicles and to the extent that the Group substantially holds all the risks and benefits associated with the underlying assets and has the capacity to affect those same risks and benefits (see Note 35 — Securitisation of assets).
(**) Entities left the consolidation perimeter during 2023.

The main impacts of the consolidation of these structured entities on the Group's accounts are presented below:

(amounts in thousand euros)

	2024	2023
Cash and deposits at credit institutions	17,528	14,948
Financial assets at fair value through profit or loss – Derivatives	6,283	13,532

The consolidated financial statements, presented herein, reflect the results of the operations of the Bank and its subsidiaries for the year ended on 31 December 2024 having been prepared in accordance with current IFRS as adopted in the European Union by 31 December 2024.

The financial statements are expressed in thousands of euros, rounded to the nearest thousand, and have been prepared on a going concern basis and under the historical cost convention, except for the assets and liabilities accounted at fair value, namely other financial assets at fair value through other comprehensive income. The Group has no projects or intentions for actions that could jeopardise the continuity of its operations.

The accounting policies used by the Group in preparing the statements as at 31 December 2024 are consistent with those used in preparing the financial statements as at 31 December 2023. The material accounting policies are described in Note 2.

The preparation of financial statements in conformity with IFRS requires the Group to make judgements and use estimates that affect the application of the accounting policies and the reported amounts of income, expenses, assets and liabilities. Changes to these assumptions or if they are different from reality could imply that the actual results in the future may differ from those reported. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements were approved by the Board of Directors in the meeting held on 17 March 2025.

Note 2 – Material Accounting Policies

The material accounting policies used in the preparation of the financial statements were as follows:

2.1 Basis of consolidation

The Group applies IFRS 3 for the accounting recognition of business combinations, except in situations of business combinations between companies under common control (Transactions under common control), pursuant to article 2 c) and paragraph B1 of the appendix to Annex B of this standard.

The consolidated financial statements presented herein reflect the assets, liabilities, income and costs of the Bank and its subsidiaries (Group).

2.1.1 Financial stakes in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has the power to direct the entity's core activities and, when it is exposed, or has rights, to the variability in the returns derived from its involvement with this entity and might claim them through the power held over the core activities of this entity (de facto control). The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group acquires control up to the date when the control ends.

The accumulated losses are attributed to non-controlling interests in the proportions held, which could imply the recognition of negative non-controlling interests.

In a step acquisition operation giving rise to the acquisition of control, when the goodwill is calculated, the revaluation of any stake previously acquired is recognised through profit or loss. At the time of a partial sale, resulting in loss of control over a subsidiary, any remaining stake is revalued at market value on the sale date and the gain or loss derived from this revaluation is recorded through profit or loss.

2.1.2 Loss of control

Gains or losses derived from the dilution or sale of a financial stake in a subsidiary, with loss of control, are recognised by the Group in the income statement.

2.1.3 Transactions eliminated on consolidation

Balances and transactions between Group companies, and any unrealised gains and losses arising from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated in the proportion of the Group's stake in these entities.

2.1.4 Goodwill

Business combinations are recorded by the purchase method. The acquisition cost corresponds to the fair value determined on the acquisition date of the assets assigned and liabilities incurred or assumed. Costs directly attributable to the acquisition of a subsidiary are directly recorded through profit or loss.

Positive goodwill arising from acquisitions is recognised as an asset and recorded at acquisition cost and is not subject to amortisation. Goodwill resulting from the acquisition of shareholdings in subsidiaries and associates is defined as the difference between the value of the acquisition cost and the total or proportional fair value of the acquiree's contingent assets and liabilities, depending on the option taken.

If the goodwill determined is negative, it is recorded directly in the results of the period in which the concentration of activities occurs.

Goodwill is not adjusted according to the final determination of the value of the contingent price, with its impact being recognised through profit or loss, or equity, when applicable.

The recoverable amount of goodwill recorded in the Group's assets is analysed on an annual basis in the preparation of accounts with reference to the end of the year or whenever there is evidence of possible loss of value. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the highest figure between the value of the assets in use and the market value minus selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

In the case of a transaction of a jointly controlled entity, the Group has decided to apply the option of recording the acquired company at the book value that this entity was stated at in the balance sheet of the entity that divested it. Thus, a new goodwill is not calculated, and the Bank records the goodwill that existed, if any, in the accounts of the selling entity.

2.2 Financial Instruments – IFRS 9

2.2.1 Financial Assets

<u>Classification, initial recognition and subsequent measurement</u>

At the time of their initial recognition, the financial assets are classified into one of the following categories.

i) Financial assets at amortised cost;
ii) Financial assets at fair value through other comprehensive income; or
iii) Financial assets at fair value through profit or loss.

The classification takes into account the following aspects:

i) the Group's business model for the management of the financial asset; and
ii) the features of the financial asset's contractual cash flows.

<u>Assessment of the Business Model</u>

The Group makes an assessment of the business model in which the financial asset is held, at the portfolio level, as this approach best reflects how the assets are managed and how the information is provided to the management bodies. The information considered in this assessment included:

I MANAGEMENT REPORT | II ACCOUNTS AND NOTES TO THE ACCOUNTS | III CORPORATE GOVERNANCE REPORT | IV SUSTAINABILITY STATEMENT

- the policies and objectives established for the portfolio and the practical operation of these policies, including how the management strategy focuses on the receipt of contractual interest or the realisation of cash flows through the sale of assets;
- the way that the portfolio performance is assessed and reported to the Group's management bodies; and
- the assessment of the risk that affect the performance of the business model (and of the financial assets held under this business model) and how these risks are managed;
- the frequency, volume and periodicity of the sales in previous periods, the motives for these sales and the expectations on future sales. However, information on sales should not be considered in isolation, but as part of an overall assessment of how the Group sets financial asset management objectives and how cash flows are obtained; and
- Evaluation whether contractual cash flows correspond only to the receipt of principal and interest (SPPI – Solely Payments of Principal and Interest).

For purposes of this assessment, "principal" is defined as the fair value of the financial asset upon initial recognition. "Interest" is defined as compensation for the time value of money, for the credit risk associated to the amount in debt during a particular period and for other risks and costs associated to the activity (e.g. liquidity risk and administrative costs), as well as a profit margin.

In the assessment of financial instruments where contractual cash flows refer exclusively to the receipt of principal and interest, the Group considered the original contractual terms of the instrument. This assessment included analysis of the existence of situations in which the contractual terms could modify the periodicity and the amount of the cash flows so that they do not comply with the SPPI condition. In the assessment process, the Group took into account:

- contingent events that could modify the periodicity and amount of the cash flows;
- characteristics that give rise to leverage;
- clauses on early payment and extension of maturity;
- clauses that may limit the Group's right to claim cash flows in relation to specific assets (e.g. contracts with clauses that prevent access to assets in case of default – "non-recourse asset"); and
- characteristics that could modify the compensation for the time value of money.

Moreover, an early payment is consistent as a SPPI criterion, if:

- the financial asset was acquired or originated with a premium or discount relative to the contractual nominal value;
- the early payment substantially represents the nominal amount of the contract plus the periodic contractual interest, but that has not been paid (it may include reasonable compensation for the early payment); and
- the fair value of the early payment is insignificant upon initial recognition.

<u>Reclassifications between financial instruments categories</u>

If the Group changes its financial asset management business model, which is expected to take place infrequently and exceptionally, it reclassifies all the financial assets affected, in conformity with the requirements defined in IFRS 9 – "Financial instruments". The reclassification is applied prospectively from the date when it becomes effective. Pursuant to IFRS 9 – "Financial instruments", reclassifications are not permitted for equity instruments with the option of measurement at fair value through other comprehensive income or for financial assets and liabilities classified at fair value under the fair value option.

2.2.1.1 Financial assets at amortised cost

Classification

Classified in the category of "Financial assets at amortised cost" if it cumulatively complies with the following conditions:

- the financial asset is held in a business model whose main objective is the holding of assets for collection of its contractual cash flows; and
- its contractual cash flows occur on specific dates and correspond only to payments of principal and interest of the amount in debt (SPPI).

The category of "Financial assets at amortised cost" includes investments at credit institutions, loans and advances to customers, and debt securities managed based on a business model whose objective is the receipt of their contractual cash flows (public debt bonds and bonds issued by companies).

Initial recognition and subsequent measurement

Investments at credit institutions and loans and advances to customers are recognised on the date when the funds are provided to the counterparty (settlement date). Debt securities are recognised on the date of their trading (trade date), i.e. on the date when Group makes a commitment to acquire them.

Financial assets at amortised cost are initially recognised at their fair value, plus transaction costs, and are subsequently measured at amortised cost. Furthermore, after their initial recognition, they are subject to the estimation of impairment losses due to expected loan losses, which are recorded against the heading "Impairment of other financial assets".

Interest arising from financial assets at amortised cost is recognised under the heading "Interest and similar income calculated through the effective interest rate", based on the effective interest rate method and pursuant to the criteria described in Note 2.9.

Gains or losses generated at the time of their derecognition are recorded under the heading "Results from financial assets and liabilities at amortised cost".

2.2.1.2 Derecognition of financial assets

i) The Group derecognises a financial asset when, and only when:
- the contractual rights to the cash flows arising from the financial asset expire; or
- it transfers the financial asset as described in points ii) and iii) below and the transfer meets the conditions for derecognition pursuant to point iv).

ii) The Group transfers a financial asset if, and only if one of the following situations occurs:
- the contractual rights to receive the cash flows arising from the financial asset are transferred; or
- the contractual rights to receive the cash flows arising from the financial asset are withheld, but a contractual obligation is undertaken to pay the cash flows to one or more receivers in an agreement that meets the conditions established in point iii).

iii) When the Group withholds the contractual rights to receive the cash flows arising from a financial asset (the «original asset»), but undertakes a contractual obligation to pay these cash flows to one or more entities (the «final receivers»), the Group treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:

- the Group has no obligation to pay amounts to the final receivers unless it receives equivalent amounts arising from the original asset. The short-term advances by the entity with the right to total recovery of the loaned amount plus the overdue interest at market rates are not in breach of this condition;
- the Group is prohibited by the terms of the transfer contract from selling or pledging the original asset other than to as guarantee to the final receivers for the obligation of paying them cash flows; and
- the Group has an obligation to send any cash flow that it receives on behalf of the final receivers without significant delays. Moreover, it does not have the right to reinvest these cash flows, except in the case of investments in cash or its equivalents (as defined in IAS 7 Cash Flow Statements) during the short period of settlement between the date of receipt and the required date of delivery to the final receivers, and the interest received as a result of these investments are passed on to the final receivers.

iv) When the Group transfers a financial asset (see point ii above), it should assess to what extent it retains the risks and benefits arising from the ownership of this asset. In this case:

- if the Group substantially transfers all the risks and benefits arising from the ownership of the financial asset, it derecognises the financial asset and separately recognises, as assets or liabilities, any rights and obligations created or retained with the transfer;
- if the Group substantially retains all the risks and benefits arising from the ownership of the financial asset, it will continue to recognise the financial asset;
- if the Group does not substantially transfer or retains all the risks and benefits arising from the ownership of the financial asset, it should determine whether it retained control of the financial asset. In this case:
  - if the Group did not retain control, it should derecognise the financial asset and separately recognise, as assets or liabilities, any rights and obligations created or retained with the transfer;
  - if the Group retained control, it should continue to recognise the financial asset in proportion to its continued involvement in the financial asset.

v) The transfer of the risks and benefits referred to in the previous point is assessed by comparison of the Group's exposure, before and after the transfer, to the variability of the amounts and time of occurrence of the net cash flows arising from the transferred asset.

vi) The question of knowing whether the Group retained control or not (see point iv above) of the transferred asset depends on the ability of whoever receives the transfer to sell the asset. If whoever receives the transfer has the practical ability to sell the asset as a whole to an unrelated third party and is able to exercise this ability unilaterally and without needing to impose additional restrictions to the transfer, it is considered that the entity did not retain control. In all other cases, it is considered that the entity retained control.

2.2.1.3 Loans written off from the assets ("write-off")

The Group recognises a loan written from the asset when it has no reasonable expectations of recovering an asset totally or partially. This record occurs after all the recovery actions developed by the Group have proved unsuccessful. Loans written off from the assets are recorded in off-balance sheet accounts.

2.2.1.4 Impairment losses

The Group determines the expected loan losses of each operation according to the deterioration of the credit risk observed since its initial recognition. For this purpose, operations are classified in one of the following three stages:

- Stage 1: operations in which there has not been a significant increase in credit risk since their initial recognition are classified as being at this stage. The impairment losses associated with operations classified at this stage correspond to the expected credit losses that result from a default event that may occur within a period of 12 months after the reporting date (credit losses expected at 12 months).
- Stage 2: operations in which there has been a significant increase in credit risk since their initial recognition, but that are not yet in situations of impairment, are classified as being at this stage. The impairment losses associated with operations classified at this stage correspond to the expected credit losses resulting from default events that may occur over the expected residual life of the operations (lifetime expected credit losses).
- Stage 3: operations in a situation of impairment are classified as being at this stage. The impairment losses associated to operations classified in this stage correspond to lifetime expected credit losses. Operations acquired or originated in situations of impairment (Purchased or Originated Credit-Impaired – POCI) are also classified under stage 3.

Forward Looking Information

For models based on historical records, namely those applicable to Motor Vehicle Credit, plans have been made to use a Forward Looking component based on macroeconomic variables with historical data series and forecasts of suitable bodies considered relevant for estimation of the probabilities of default.

In the case of mortgage credit, where there is very little historical data on defaults, it proved impossible to apply a statistically-based forward-looking component, so we opted to apply parameters (PD and LGD) based on judgement.

Significant increase of credit risk (SICR)

Significant increase of credit risk (SICR) is mainly determined according to quantitative criteria but also according to qualitative criteria, with a view to detecting significant increases of the Probability of Default (PD), supplemented with other type of information, in particular the behaviour of customers to entities of the financial system. However, regardless of the observation of a significant increase of credit risk in an exposure, it is classified under Stage 2 when any of the following conditions are met:

- Loans with payment in arrears for more than 30 days (backstop);
- Loans with qualitative triggers subject to risk, namely those presented in Banco de Portugal Circular Letter 62/2018.

Definition of financial assets in default and in a situation of impairment

Customers who meet at least one of the following criteria are considered in default:

- Existence of instalments of principal or interest overdue for more than 90 days;

I MANAGEMENT REPORT
II ACCOUNTS AND NOTES TO THE ACCOUNTS
III CORPORATE GOVERNANCE REPORT
IV SUSTAINABILITY STATEMENT

- Debtors in a situation of bankruptcy, insolvency or liquidation;
- Loans in litigation;
- Cross-default credits;
- Loans restructured due to financial difficulties with economic loss;
- Default quarantined credits;
- Loans regarding which there is a suspicion of fraud or confirmed fraud;
- Loans with amounts written off from assets.

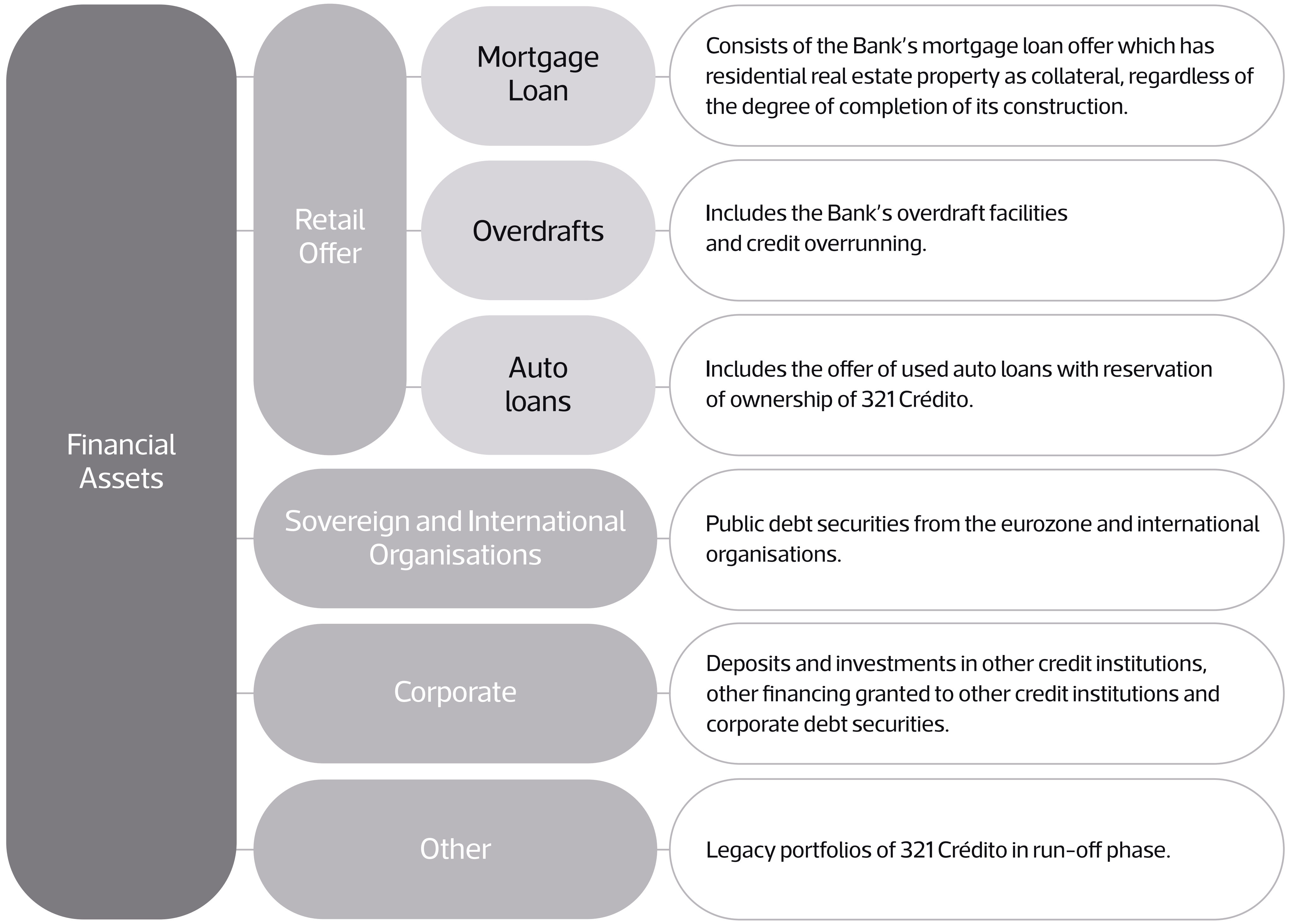
Estimated expected loan losses – Individual analysis

Customers in any of the following conditions are subject to individual analysis:

- Individual customers of Banco CTT with exposures above 500,000 euros;
- Exposures to credit institutions, sovereign entities, central banks or companies through debt securities in stage 2 or 3;
- 321 Crédito customers with factoring product;
- Customers with a securities leasing product whose active operations have an exposure of more than 70,000 euros; and
- Customers with a real estate leasing product whose active operations have an exposure of more than 30,000 euros or whose LTV ratio is more than 50% or non-existent, or a residual term of more than 12 months or a residual term of 12 months or less and an overdue balance (principal and interest) of more than 500 euros.

Estimated expected loan losses – Collective analysis

Operations that are subject to individual impairment analysis are grouped together according to their risk characteristics and subject to collective impairment analysis. The Group's loan portfolio is divided by degrees of internal risk and according to the following segments:



Expected loan losses are estimated loan losses which are determined as follows:

- financial assets with no signs of impairment on the reporting date: the present value of the difference between the contractual cash flows and the cash flows that the Group expects to receive;
- financial assets with signs of impairment on the reporting date: the difference between the gross book value and the present value of the estimated cash flows;
- unused credit commitments: the present value of the difference between the resulting contractual cash flows if the commitment is realised and the cash flows that the Group expects to receive.

The main inputs used to measure the expected loan losses on a collective basis include the following variables:

- probability of default (hereinafter referred to as "Probability of Default" or "PD");
- loss given default (hereinafter referred to as "Loss Given Default" or "LGD"); and
- exposure at default (hereinafter referred to as "Exposure at Default" or "EAD").

These parameters are obtained through internal models and other relevant historical data, taking into account existing regulatory models adapted according to the requirements of IFRS 9.

The PD are calculated based on historical data. If the degree of risk of the counterpart or exposure changes, the associated estimated PD will also vary. The PDs are calculated considering the contractual maturities of the exposures.

The Group collects performance and default indicators about its credit risk exposures with analysis by types of customers and products.

LGD is the magnitude of the expected loss in the event that the exposure enters into default. In the case of contracts secured by real estate, LTV (loan-to-value) ratios are a highly relevant parameter in determining LGD. The Group generally estimates the parameters of LGD based on history.

EAD represents the expected exposure in the event that the exposer and/or customer enters into default. The Group obtains the EAD values from the current exposure of the counterpart and potential changes to the respective present value as a result of the contractual conditions. For commitments, the EAD value considers both the value of credit used and the expected future potential value which could be used pursuant to the contract.

As described above, except for financial assets that consider a PD at 12 months due to not having shown a significant increase of credit risk, the Group calculates the value of the expected loan losses taking into account the risk of default during the maximum contractual maturity period even though, for risk management purposes, a longer period is considered. The maximum contractual period will be considered as the period up to the date when the Group has the right to demand the payment or terminate the commitment or guarantee.

For financial assets that are "Cash and deposits at other credit institutions", "Investments in other credit institutions", "Investments in securities" and "Other Assets" the impairments are calculated by attributing:

i) a probability of default that derives from the external rating of the issuer or counterparty, respectively; and

ii) a Loss Given Default (LGD) defined by the Group, based on data from Moody's rating agency, and depending on the type of counterparty (Corporate or Sovereign).

2.2.1.5 Modification of financial assets

If the conditions of a financial asset are modified, the Group assesses whether the asset's cash flows are substantially different.

If the cash flows are substantially different, the contractual rights to the cash flows of the original financial asset are considered expired and the principles described in Note 2.2.1.2 Derecognition of financial assets apply.

If the modification of a financial asset measured at amortised cost or fair value through other comprehensive income does not give rise to the derecognition of the financial asset, then the Group firstly recalculates the gross book value of the financial asset, applying the original effective interest rate of the asset and recognises the adjustment derived thereof as a modification gain or loss through profit or loss. For financial assets with variable rates, the original effective interest rate used to calculate the gain or loss of the modification is adjusted to reflect the current market conditions at the time of the modification. Any costs or commissions incurred, and commissions received as part of the modification are incorporated to adjust the gross book value of the modified financial asset and are amortised during the remaining period of the modified financial asset.

2.2.2 Financial Liabilities

An instrument is classified as a financial liability when there is a contractual obligation of its settlement being made against the submission of cash or another financial asset, irrespective of its legal form.

Non-derivatives financial liabilities essentially include deposits from customers.

These financial liabilities are recorded (i) initially at fair value minus the transaction costs incurred, and (ii) subsequently at amortised cost, based on the effective interest rate method.

The Group derecognises financial liabilities when these are cancelled, extinguished or expire.

2.2.3 Derivative financial instruments

Derivative financial instruments are recorded at fair value on the date the Group negotiates contracts and are subsequently measured at fair value. Fair value is obtained through market prices quoted on active markets, including recent market transactions, and valuation models, namely: discounted cash flow models and options valuation models. Derivatives are considered assets when their fair value is positive and as liabilities when their fair value is negative. Revaluation results are recognised in "Results from assets and liabilities at fair value through profit or loss".

Certain derivatives embedded in other financial instruments, such as the indexation of returns on debt instruments to the value of shares or share indices, are bifurcated and treated as separate derivatives when their risk and economic characteristics are not clearly related to those of the host contract and the host contract is not measured at fair value with changes recognised in profit or loss. These embedded derivatives are measured at fair value, with subsequent changes recognised in the income statement.

Derivatives are also recorded in off-balance sheet accounts at their theoretical value (notional value).

2.3 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

2.4 Equity Instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, irrespective of its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recognised against equity as a deduction to the value of the issue. Amounts paid or received due to sales or acquisitions of equity instruments are recorded in equity, net of transaction costs.

Distributions to holders of equity instruments are debited directly from the equity as dividends when declared.

2.5 Intangible Assets

Intangible assets are registered at acquisition cost, minus amortisation and impairment losses, when applicable. Intangible assets are only recognised when it is probable that they will result in future economic benefits for the Group, and they can be measured reliably.

Intangible assets are essentially composed of expenses related to software (whenever this is separable from the hardware and associated to projects where the generation of future economic benefits is quantifiable), licenses and other rights of use. Also included are expenses related to the development of R&D projects whenever the intention and technical capacity to complete this development is demonstrated, for the purpose of the projects being available for marketing or use. Research costs incurred in the search of new technical or scientific knowledge or aimed at the search of alternative solutions, are recognised through profit or loss when incurred.

Intangible assets are amortised through the straight-line method, as of the month when they are available for use, during their expected useful life, which is situated in a period varying between 3 and 6 years. In the specific case of the base operational system, after specific analysis regarding the expected period of its effective use, it was initially decided to amortise it over a period of 15 years (until 2030); in 2024 the expected use of this asset changed from 2030 to 2025.

The Group performs impairment testing whenever events or circumstances show that the book value exceeds the recoverable amount, with the difference, when existing, being recognised through profit or loss. The recoverable amount is the higher of net selling price and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Income or expenses derived from the divestment of intangible assets are determined by the difference between the sale value and its book value, being recorded under the heading "Other operating income/(expenses)".

2.6 Leases

At the beginning of a contract, the Group assesses whether it is or contains a lease. A lease is a contract or part of a contract that transfer the right to use an asset (the underlying asset) during a certain period, in exchange of a retribution. In order to assess whether a contract transfer the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – which could be specified explicitly or implicitly and should be physically distinctive or substantially represent all the capacity of a physically distinctive asset. Even if the asset is specified, the Group does not have the right to use an identified asset if the supplier has the substantive right to replace this asset during its period of use;
- the Group has the right to substantially receive all the economic benefits from the use of the identified asset, throughout its entire period of use; and
- the Group has the right to direct the use of the identified asset. The Group has this right when it has the most relevant decision-making rights to change the way and purpose with which the asset is used throughout its entire period of use. In cases where the decision on how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if:
  - The Group has the right to make use of the asset (or order others to make use of the asset in the manner that the Group determines) throughout its entire period of use, where the supplier does not have the right to change these instructions on the asset's use; or
  - The Group designed the asset (or specific aspects of the asset) in a manner that previously determines how and for what purpose the asset shall be used throughout its entire period of use.

The Group applied this approach to the contracts concluded or amended on or after, 1 January 2019.

At the beginning or in the reassessment of a contract that contains a component of the lease, the Group imputes the retribution in the contract to each component of the lease based on their individual prices. However, for leases of land and buildings in which it is the lessee (tenant), the Group decided not to separate the components that do not belong to the lease, and to record the lease and non-lease components as a single component.

2.6.1 As lessee

The Group recognises a right-of-use asset, and a liability related to the lease on the lease starting date. The right-of-use asset is initially measured at cost, which includes the initial value of the lease liability adjusted for all the expected lease payments on or before the starting date, plus any direct costs incurred and an estimate of the costs for dismantlement and removal of the underlying asset or to restore the underlying asset or the premises on which it is located, minus any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the starting date to the end of the useful life of the right-of-use asset or to the end of the lease period, according to what ends first. The useful life of right-of-use assets is determined by following the same principles as those applicable to Tangible Assets. Furthermore, the right-of-use asset is periodically deducted impairment losses, if any, and adjusted for particular remunerations of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not yet been made on that date, discounted by the implicit interest rate in the lease, if this rate can be easily determined. If this rate cannot be easily determined, the Group's incremental funding rate should be used. As a rule, the Group uses its incremental funding rate as the discount rate.

The lease payments included in the measurement of the lease liability consist of the following:

- fixed payments (including fixed payments in substance), minus the lease incentives;
- variable payments that depend on an index or rate, initially measured using the existing rate or index on the starting date;
- amounts that are expected to be paid to guarantee the residual value;
- the price of the exercise of a purchase option, if the Group is reasonably certain that it shall exercise this option; and
- payments of sanctions due to rescission of the lease, if the lease period reflects the exercise of an option for lease rescission by the Group.

The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a change to the future lease payments derived from a change in an index or rate, when there is a change in the Group's estimate of the amount it expects to pay for a residual value guarantee, or whenever the Group changes its assessment of the expected exercise or not of a purchase, extension or rescission option.

Whenever the lease liability is remeasured, the Group recognises the remeasurement amount of the lease liability as an adjustment to the right-of-use asset. However, if the book value of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises this reduction in the income statement.

The Group presents the right-of-use assets that do not correspond to the definition of investment property under "Other Tangible Assets" and the lease liabilities under "Other Liabilities" in the statement of financial position.

Short-term leases and low-value leases

The IFRS 16 standard allow a lessee not to recognise right-of-use assets and short-term leases with a lease period of 12 months or less, and leases of low-value assets, where the payments associated to these leases are recognised as an expense by the straight-line method during the enforcement of the contract.

2.7 Income Tax

Corporate income tax corresponds to the sum of current taxes and deferred taxes. Current taxes and deferred taxes are recorded under net income, unless they refer to items recorded directly in equity. In these cases, deferred taxes are also recorded under equity.

Current tax payable is based on the taxable profit for the period, calculated in accordance with the tax laws in force on the reporting date. Taxable income differs from accounting income, since it excludes various costs and revenues which will only be deductible or taxable in other financial years. Taxable income also excludes costs and revenues which will never be deductible or taxable.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts considered for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised for deductible temporary differences. However, recognition only takes place when there are reasonable expectations that there will be sufficient future taxable profits to use these deferred tax assets, or when there are deferred tax liabilities whose reversal is expected in the same period that the deferred tax assets may be used. On each reporting date, a review is made of these deferred tax assets, which are adjusted according to expectations on their future use.

Deferred tax assets and liabilities are measured using the tax rates which are in force on the date of the reversal of the corresponding temporary differences, based on the taxation rates (and tax legislation) which are enacted, formally or substantially, on the reporting date.
The Bank and its subsidiaries – more than 75% held directly or indirectly, and for more than 1 year by the parent company CTT – are covered by the special regime applicable to the taxation of groups of companies (RETGS).

This regime includes all the companies in which CTT directly or indirectly holds at least 75% of their share capital and which are simultaneously resident in Portugal and subject to corporate income tax (IRC).

In this regard, and until 2020 inclusive, Banco CTT and its subsidiaries, eligible to application of the RETGS, receive from CTT the value relative to the tax loss which they contribute to the consolidated corporate income tax of the CTT Group and, likewise, pay to CTT the value relative to their positive contribution to the consolidated corporate income tax of the CTT Group. As of 2021, the Banco CTT Group is considered to be a "tax sub-consolidated" entity within the Regime in which CTT – Correios de Portugal, S.A. is the dominant company. In this way, Banco CTT's subsidiaries make corporate income tax (IRC) settlements to Banco CTT, and Banco CTT pays or receives the net amount determined for the Banco CTT Group to/from that dominant company. In the event that there are historical amounts receivable from CTT by the Group, any corporate income tax payments to CTT are settled through the use/reduction of the amount receivable, with effective payment only after there are no historical amounts receivable.

2.8 Provisions

Provisions are recognised when, cumulatively: (i) the Group has a present obligation (legal or implicit) arising from a past event, (ii) it is probable that its payment will be demanded, and

(iii) there is a reliable estimate of the value of this obligation. The amount of the provisions corresponds to the present value of the obligation, with the financial updating being recorded as a financial cost under the heading "Interest and similar expenses".

The provisions are reviewed on every reporting date and are adjusted in order to reflect the best estimate at that date.

2.9 Recognition of Interest

The net gains/(losses) of financial instruments measured at amortised cost and at fair value through other comprehensive income are recognised in the headings "Interest and similar income" or "Interest and similar expenses", using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net book value of the financial asset or financial liability. The effective interest rate is established upon the initial recognition of the financial assets and liabilities and is not reviewed subsequently.

When calculating the effective interest rate, the future cash flows are estimated considering all the contractual terms of the financial instrument but not considering possible future loan losses. The calculation includes all fees and commissions that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction. In the case of financial assets or groups of similar financial assets for which an impairment loss was recognised, the interest recorded in "Interest and similar income" is calculated using the interest rate used to measure the impairment loss.

The Group does not recognise interest for financial assets in arrears for more than 90 days.

2.10 Recognition of Income of Services, Fees and Commissions

The income from services, fees and commissions is recognised as follows:

- Fees and commissions that are earned in the execution of a significant act, are recognised as income when the significant act has been completed;
- Fees and commissions earned over the period in which the services are provided are recognised as income in the period that the services are provided; and
- Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recorded through profit or loss using the effective interest rate method.

2.11 Earnings per Share

Basic earnings per share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

The earnings by diluted share are calculated by adjusting the effect of all the potential ordinary diluting shares to the weighted average number of ordinary shares in circulation.

2.12 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balance sheet items with less than three months' maturity counted from the acquisition/contracting date, including cash and deposits at other credit institutions.

Cash and cash equivalents presented in the cash flow statement exclude restricted balances with central banks.

2.13 Provision of Insurance Mediation Services

Banco CTT and its subsidiary 321 Crédito (Group) are entities authorised by the Insurance and Pension Fund Supervision Authority ("ASF") to conduct the activity of insurance mediation in the category of Linked Insurance Broker, in accordance with article 8, subparagraph a), item i) of Decree-Law 144/2006, of July 31, developing the activity of insurance intermediation in the life and non-life insurance business.

Under the insurance mediation services, the Group sells insurance contracts. As remuneration for the insurance mediation services rendered, the Group receives commissions for insurance contract mediation, which are defined in the agreements / protocols established with the Insurance Companies.

The commissions received for the insurance mediation services are recognised in accordance with the accrual principle. Therefore, commissions received at a different period from that to which they refer are recorded as an amount receivable under "Other Assets".

2.14 Employee Benefits

Career Bonus

Pursuant to Clause 69 of the collective bargaining agreement (ACT) of the banking sector, published in the Labour and Employment Bulletin (BTE) number 38/2017 of 15 October, 321 Crédito undertook the commitment to, on the date of retirement, due to disability or old age, grant the employee a bonus equal to 1.5 times the effective monthly remuneration earned on that date. In the event of death while actively employed, a bonus shall be paid of the value equal to 1.5 times the effective monthly retribution that the deceased employee earned on the date of death.

For these purposes, the basic salary, seniority payments and all the extra components are considered. It is presumed that their growth will be higher than that of the salary table in order to consider possible progressions.

The seniority payments are calculated according to the provisions established in Annex II of the collective bargaining agreement and also foresees the increase arising from the number of years of service.

Allowance due to Death Arising from a Work Accident

In the sphere of 321 Crédito, death arising from a work accident shall give rise to the payment of a capital sum – death allowance – as defined in Clause 72 of the collective bargaining agreement referred to above. For the liability related to allowances due to death arising from a work accident, the calculation uses the value established in Annex II of the collective bargaining agreement, considering the growth rate of the salary table and the probabilities of death due to a work accident.

Post-Retirement Medical Care (SAMS)

The Group, through its subsidiary 321 Crédito, is liable for the payment of the medical care costs of all the employees of 321 Crédito, S.A. as well as those who move into a situation of retirement, and for the costs related to survivors' pensions. This medical care is provided by the Social Medical Assistance Service (SAMS) whose post-retirement costs to the member are defined are Clause 92 of the collective bargaining agreement of the banking sector published in Bulleting of Work and Employment (BTE) number 38/2017 of 15 October.
The Group is liable for the payment of the aforesaid costs for all its employees as soon as they move into a situation of retirement and for the costs related to survivors' pensions.
For the calculation, the values of Annex III in the collective bargaining agreement (ACT) are considered, including the growth rate of the salary table for the counting of length of service, taking into account the seniority date in the Group.

The value of the Group's liabilities related to the defined benefit plans for employees are calculated based on the Projected Unit Credit method, subject to annual review by independent actuaries. The actuarial assumptions used are based on expectations of future salary increases and mortality tables.

The discount rate is determined according to the Group's analysis of the evolution of the macroeconomic context and constant need to adjust the actuarial and financial assumptions to that context.

Remeasurement gains and losses, namely actuarial gains and losses arising from differences between the actuarial assumptions used and the figures effectively observed (experience gains and losses) and from changes of actuarial assumptions are recognised against equity under the heading "Other net changes in equity".

The Group recognises in its income statement a net total value that includes (i) the cost of current service; (ii) the interest of the benefit plan; (iii) costs of past services; and (iv) the effects of any settlement or cut occurred in the period. The interest related to the benefit plan for employees was recognised as interest and similar income calculated through the effective interest rate or interest and similar expenses calculated through the effective interest rate according to their nature.

Variable remunerations of the employees

Pursuant to IAS 19 – Employee benefits, the variable remunerations (profit-sharing, bonuses and other) attributed to the employees and, possibly, to executive members of the management bodies are recorded under profit or loss for the year to which they refer.

2.15 Securitisation operations

The Group has three consumer credit securitisation operations in progress (Chaves Funding No. 8, Ulisses Finance No. 2 and Ulisses Finance No. 3) and one financial lease securitisation operation (Fénix 1), in which it was the originator of the securitised assets. With regard to the operations, Chaves Funding No. 8, Ulisses Finance No. 2 and Ulisses Finance No. 3, the Group maintained control over assets and liabilities to the extent that it acquired their residual tranches. These entities are consolidated in the Group's financial statements in accordance with accounting policy 2.1.

Note 3 – Main Estimates and Judgements Used in the Preparation of the Financial Statements

The IFRS establish a series of accounting treatments and require the Board of Directors to make the necessary judgments and estimates in deciding which treatment is most appropriate. The main accounting estimates and judgements used in applying the accounting principles by the Group are presented in this Note in order to explain the understanding of how their application affects the Group's reported results and disclosures.

A broad description of the main accounting policies used by the Group is disclosed in Note 2 to the financial statements.

Considering that in some cases there are several alternatives to the accounting treatment chosen by Board of Directors, the results reported by the Group could differ if a different treatment were chosen.

The Board of Directors believes that the choices made are appropriate and that the financial statements present the Group's financial position and the results of its operations fairly in all material aspects.

3.1 Financial instruments – IFRS 9

3.1.1 Classification and measurement

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of the contractual cash flows, to conclude on whether they correspond only to payments of principal and interest on the principal in debt) and the business model test.

The Group determine the business model taking into account the manner in which the groups of financial assets are managed as a whole to achieve a specific business goal. This assessment requires judgement, as the following aspects must be considered, among others: the way that asset performance is assessed; and the risks that affect the performance of the assets and how these risks are managed.

The Group monitors the financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised before their maturity, in order to understand the reasons underlying their divestment and to determine if they are consistent with the objective of the business model defined for these assets. This monitoring is inserted within the Group's process of continuous assessment of the business model of the financial assets that remain in the portfolio, in order to determine whether it is appropriate, and if it not, whether there has been a change of the business model and consequently a prospective change of the classification of these financial assets.

3.1.2 Impairment losses in financial assets at amortised cost and debt instruments at fair value through other comprehensive income

The determination of the impairment losses of financial instruments involves judgements and estimates relative to the following aspects, among others:

Significant increase of credit risk

Impairment losses correspond to the expected losses in case of default over a time horizon of 12 months for assets at stage 1, or the estimated maturity if lower, and the expected losses considering the probability of occurrence of a default event any time up to the maturity date of the financial instrument for assets at stage 2 and 3. An asset is classified at stage 2 whenever there has not been a significant increase in its credit risk since its initial recognition. The Group's assessment of the existence of a significant increase of credit risk considers qualitative and quantitative information, reasonable and sustainable.

Definition of group of assets with common credit risk features

When the expected loan losses are measured on a collective basis, the financial instruments are grouped together based on common risk features. This procedure is necessary to ensure that, in case there is a change of the credit risk features, the segmentation of the assets is reviewed. This review can give rise to the creation of new portfolios or to the transfer of the assets to existing portfolios, which better reflect their credit risk features.

Probability of default

The probability of default represents a determinant factor in the measurement of the expected loan losses. The probability of default corresponds to an estimate of the probability of default in a particular time period, calculated based on historical data, benchmarks or using market data.

Loss given default

Corresponds to an estimated loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Group expects to receive, through the cash flows generated by the customer's income or business or by the execution of the credit collateral. Loss given default is calculated based on, among other aspects, the different scenarios of recovery, historical information, market information, the costs involved in the recovery process and the estimated valuation of the collateral associated to credit operations.

3.1.3 Fair value of derivative financial instruments

Fair values are based on listed market prices if available; otherwise, fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions, time value, yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value. Consequently, the use of different methodologies or of different assumptions or judgements in applying a particular model could give rise to results different from those reported.

3.2 Provisions

The Group exercises considerable judgement in the measurement and recognition of provisions. Due to the uncertainties inherent to the process of assessment, actual losses might be different from those originally estimated in the provision. These estimates are subject to changes as new information becomes available. Reviews to the estimates of these losses might affect future results.

When relevant, judgement includes assessment of the probability of a litigation having a successful outcome. Provisions are constituted when the Group expects that the ongoing lawsuits will lead to the outflow of funds, the loss is probable and may be estimated reasonably.

3.3 Goodwill impairment

The Group tests Goodwill, with the purpose of verifying if it is impaired, in accordance with the policy referred in Note 2.1.4. The calculation of the recoverable amounts of the cash generating units involves a judgment and substantially relies on the analysis of the Management related to the future developments of the respective subsidiary. The assessment underlying the calculations that have been made uses assumptions based on the available information, both concerning the business and macro-economic environment. The variations of these assumptions can influence the results and consequent recording of impairments.

Note 4 – Net Interest Income

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Interest and similar income calculated through the effective interest rate	**176,975**	**132,759**
Interest on deposits at Central Banks and credit institutions	823	972
Interest on financial assets at amortised cost		
Investments at credit institutions	31,376	24,342
Loans and advances to customers	92,500	98,350
Debt securities	51,377	7,925
Other interest	899	1,170
Interest and similar expenses calculated through the effective interest rate	**(79,282)**	**(34,502)**
Interest on financial liabilities at amortised cost		
Deposits from credit institutions	(406)	(1)
Deposits from Customers	(63,638)	(16,397)
Debt securities issued	(15,029)	(17,969)
Interest on hedging derivatives	(24)	-
Other interest	(185)	(135)
Net Interest Income	**97,693**	**98,257**

Interest and similar income calculated using the effective rate for the year ended on 31 December 2024 totalled 3,686 thousand euros (2023: 2,887 thousand euros) related to impaired financial assets (Stage 3) as at the reference date.

The heading "Interest on loans and advances to customers" includes the amount of -19,630 thousand euros (2023: -15,784 thousand euros) related to commissions and other expenses and income recorded according to the effective interest method, as referred in the accounting policy described in Note 2.9.

Interest on loans and advances to credit institutions and central banks amounted to 31,376 thousand euros (December 31, 2023: 24,342 thousand euros) relates mainly to the return on investments made at the Central Bank. In 2023 the interest rate on the Eurosystem's deposit facility was between 2.00% and 4.00%, and Banco CTT made investments with the Central Bank which generated 24,054 thousand euros in interest. In 2024, the interest rate on the Eurosystem's deposit facility was 4.00% between 1 January 2024 and 12 July 2024, when it stood at 3.75%, decreasing to 3% on 18 December 2024. During this year, these investments generated 30,911 thousand euros in interest, an increase justified by both the impact of the interest rate and the growth in invested sums.

The decrease in interest from customers is related to the sale of the credit card portfolio in December 2023, under the agreement to end the partnership with Universo, IME, SA ("Universo"). In 2023, this portfolio contributed 20,851 thousand euros to net interest income. The increase in interest received on other credit portfolios rose – through volume and rates – and practically offset the effect of the credit card portfolio.

Interest on the securities portfolio amounted to 51,377 thousand euros (2023: 7,925 thousand euros), representing an increase of 43,452 thousand euros. This increase is due to the higher investment in the amortised cost securities portfolio, which totalled 2,059,137 thousand euros as of 31 December 2024 (2023: 729,466 thousand euros), and the increase in average interest rates for the year.

Interest on customer funds amounted to 63,638 thousand euros (2023: 16,397 thousand euros), representing an increase of 47,241 thousand euros due to the increase in interest rates on deposits as well as the increase in the volume of deposits taken. The volume of interest-bearing deposits rose from 1,747,665 thousand euros at the end of 2023 to 2,567,908 thousand euros at the end of 2024, representing an increase of 820,243 thousand euros.

Note 5 – Net Fee and Commission Income

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Fees and commissions received	**29,813**	**27,291**
Due to banking services provided	18,670	16,660
Due to credit intermediation services	2,184	2,437
Due to insurance mediation services	8,943	8,124
Other fees and commissions received	16	70
Fees and commissions paid	**(5,057)**	**(4,856)**
Due to banking services provided by third parties	(4,783)	(4,715)
Dues to operations with securities	(237)	(108)
Other fees and commissions paid	(37)	(33)
Net Fee and Commission Income	**24,756**	**22,435**

Income and charges for services and commissions relating to banking services provided and banking services provided by third parties, respectively, mainly relate to interbank commissions, which are settled net.

Income and charges for services and commissions relating to credit intermediation services provided are recorded in accordance with the international accounting standard IFRS 15 – Revenue from Contracts with Customers, which includes variable amounts that depend on future events(Variable Consideration). In these cases, and in accordance with the aforementioned standard, in the record of revenue the Group assesses the probability that a material reversal will not occur in the future.

Note 6 – Results from Assets and Liabilities at Fair Value Through Profit or Loss

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Earnings on transactions with assets and liabilities at fair value through profit or loss	**207**	**6,491**
Derivatives	207	5,501
Investment fund units	-	990
Losses on transactions with assets and liabilities at fair value through profit or loss	**(167)**	**(5,639)**
Derivatives	(167)	(5,639)
Results from Assets and Liabilities at Fair Value Through Profit or Loss	**40**	**852**

The fair value of the assets and liabilities at fair value through profit and loss is presented in Note 16.

Note 7 – Other Operating Income/(Expenses)

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Operating income	**2,140**	**2,490**
Credit recovery	1,486	1,139
Other operating income	654	1,351
Operating expenses	**(3,757)**	**(3,677)**
Contributions / taxes on the banking sector	(565)	(313)
Contribution to the Single Resolution Fund	(4)	(284)
Contribution to the Resolution Fund	(110)	(55)
Contribution to the Deposit Guarantee Fund	(17)	(31)
Other sectoral contributions	(44)	(19)
Levies and donations	(51)	(53)
Taxes	(148)	(192)
Other operating expenses	(2,818)	(2,730)
Other Operating Income/(Expenses)	**(1,617)**	**(1,187)**

The heading "Credit recovery" refers to values recovered, via judicial or other means, of contracts written off from the assets.

The heading "Other operating income" refers to expenses charged to customers on account of costs incurred by the Group, namely administrative expenses, expenses related to lawsuits, dossier expenses and postage costs.

The item Contributions/taxes on the banking sector includes the 'Contribution on the Banking Sector' and the 'Additional Solidarity on the Banking Sector'. The "Contribution of the banking sector" is calculated in accordance with the provisions in Law 55-A/2010, with the amount determined based on: (i) the annual average liability stated on the balance sheet, minus core own funds (Tier 1 Capital) and supplementary own funds (Tier 2 Capital) and the deposits covered by the Deposit Guarantee Fund; and (ii) the notional value of the derivative financial instruments. The "Additional Solidarity on the Banking Sector", introduced by Law No. 27-A/2020, of 24 July, was a measure implemented in response to the COVID-19 pandemic, and its calculation is similar to the "Contribution on the Banking Sector".

The heading "Contribution to the Single Resolution Fund" refers to the ex-ante contribution to the Single Resolution Fund, under the Single Resolution Mechanism and pursuant to number 2 of article 70 of Regulation (EU) 806/2014 of the European Parliament and of the Council, of 15 July 2014.

The heading "Contribution to the Resolution Fund" corresponds to mandatory periodic contributions to the Fund, pursuant to Decree-Law 24/2013. The periodic contributions are calculated according to a basic rate applicable every year, determined by Banco de Portugal, by instruction, which can be adjusted according to the institution's risk profile, on the objective basis of assessment of these contributions. The periodic contributions are incident on the liabilities of the institutions participating in the Fund, defined under the terms of article 10 of the aforesaid Decree-Law, minus the liability items that are part of the core own funds, supplementary own funds and deposits covered by the Deposit Guarantee Fund.

The heading "Other operating expenses" essentially records expenses related to registry offices, ownership reservations and of change of car registration in the context of auto loan operations.

Note 8 – Staff Costs

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Remuneration	20,393	16,816
Social charges on remunerations	4,791	3,968
Employees with a multiple employer arrangement	2,915	2,590
Incentives and performance bonuses	3,692	3,582
Occupational accident and disease insurance	772	631
Other costs	438	280
Staff costs	**33,001**	**27,867**

The total amount of fixed remunerations attributed to the Management and Supervisory Bodies of Banco CTT, during 2024, recorded in the heading "Remunerations", reached 1,826 thousand euros (2023: 1,708 thousand euros). During 2024, costs related to Social Security contributions of the Management and Supervisory Bodies were also paid of the value of 415 thousand euros (2023: 392 thousand euros). As at 31 December 2024, the heading "Incentives and performance bonuses" includes 563 thousand euros of bonuses attributable to the Management Bodies (2023: 469 thousand euros). In 2024, the Bank recorded under the heading "Other costs" 35 thousand euros of costs related to retirement savings plans attributed to Management Bodies (2023: 35 thousand euros).

The employees of the retail network are under a multiple employer arrangement, as established in article 101 of the Labour Code, accumulating positions with the CTT postal service. In 2024 the cost related to these employees shared with CTT amounted to 2,915 thousand euros (2023: 2,557 thousand euros).

In 2024 the Management Bodies were paid 490 thousand euros of variable remuneration (2023: 870 thousand euros).

On the date of the end of 2024 and 2023, the permanent staff, excluding employees under the multiple employer arrangement, distributed by major professional category, was as follows:

	2024	2023
Administration	13	11
Executive	*5*	*5*
Non-executive	*8*	*6*
of which: Audit Committee	*3*	*2*
Corporate Bodies (subsidiaries)	3	3
of which: Supervisory Bodies	*3*	*3*
Other governing bodies and internal committees	4	4
Heads of functional areas	54	45
Technical and secretarial staff	539	434
	613	**497**

Note 9 – General Administrative Expenses

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Water, electricity and fuel	475	279
Consumables	84	118
Hygiene and cleaning supplies	12	11
Rental and hire charges	170	269
Communications	2,352	2,189
Travel, hotel and representation costs	1,097	1,109
Advertising	2,371	1,910
Maintenance and related services	38	111
Training costs	271	211
Insurance	133	142
IT	13,188	12,137
Consulting and advisory services	3,203	2,810
Other specialised services	4,223	3,763
Other supplies and services	12,568	13,735
General Administrative Expenses	**40,185**	**38,794**

The heading ““IT” records the costs incurred with the implementation and maintenance of IT systems and infrastructure.

The heading "Advertising" records the costs incurred with advertising and communication of the brand and products.

The heading "Other specialised services" records the costs incurred with banking and transactional operations.

The heading "Other supplies and services" records, among others, costs related to the use of the CTT Retail Network, servicing of banking operations and use of payments networks.

The costs incurred with services provided by the Statutory Audit Firm to the Group are as follows:

(amounts in thousand euros)

	2024	2023
Review of accounts services	290	269
Reliability assurance services	128	98
Services other than review of accounts	-	71
	418	**438**

Note 10 – Earnings per Share

Earnings per share are calculated as follows:

	2024	2023
Net income for the year (thousand euros)	20,048	17,023
Profit/(Loss) after tax from continuing operations (thousands of euros)	20,048	15,785
Average number of shares	298,950,056	296,400,000
Earnings per share (euros)		
Basic	0.07	0.06
Diluted	0.07	0.06
Earnings per share from continuing operations (in euros)		
Basic	0.07	0.05
Diluted	0.07	0.05

The Bank's share capital stands at 321,400,000 euros, represented by 324,682,443 ordinary shares without nominal value, and is fully paid-up.

Basic earnings per share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

The earnings by diluted share are calculated by adjusting the effect of all the potential ordinary diluting shares to the weighted average number of ordinary shares in circulation.

As at 31 December 2024 and 2023, the Bank did not hold potential dilutive ordinary shares: hence, the diluted earnings per share are the same as the basic earnings per share.

Note 11 – Cash and Deposits at Central Banks

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Cash	23,967	25,381
Demand deposits at Banco de Portugal	40,859	29,096
Cash and Deposits at Central Banks	**64,826**	**54,477**

The heading "Cash" is represented by notes and coins denominated in euros.

The heading "Demand deposits at Banco de Portugal" includes mandatory deposits with a view to meeting the minimum cash reserve requirements. As at 31 December 2024, the amount of the minimum cash reserves was 40,447 thousand euros (2023: 28,626 thousand euros).

Pursuant to Regulation (UE) 1358/2011 of the European Central Bank, of 14 December 2011, the minimum cash requirements kept as demand deposits at Banco de Portugal correspond to 1% of the deposits and other liabilities.

Note 12 – Deposits at Other Credit Institutions

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Credit institutions in Portugal	8,106	13,362
Credit institutions abroad	17,528	14,948
Cheques for collection	5,284	7,759
Deposits at Other Credit Institutions	**30,918**	**36,069**

The heading "Cheques for collection" represents drawn by third parties at other credit institutions, which are pending collection.

Note 13 – Financial Assets at Amortised Cost – Investments at Credit Institutions

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Investments in Central Banks		
Banco de Portugal	644,361	1,260,077
Investments in other credit institutions in Portugal		
Term deposits	56,941	11,049
Loans	-	962
Impairment for investments in credit institutions	(5)	(8)
Investments at Credit Institutions	**701,297**	**1,272,080**

The heading "Investments in Central Banks" includes very short-term (overnight) deposits with Banco de Portugal. As at 31 December 2024, these investments amounted to 644,361 thousand euros (2023: 1,260,077 thousand euros).

The scheduling of this heading by maturity periods is presented as follows:

(amounts in thousand euros)

	2024	2023
Up to 3 months	694,433	1,260,688
3 to 12 months	6,869	11,400
1 to 3 years	-	-
More than 3 years	-	-
Investments at Credit Institutions	**701,302**	**1,272,088**

The heading "Investments at credit institutions" showed an annual average rate of 3.10% in the period (2023: 2.44%).

Note 14 – Financial Assets at Amortised Cost – Loans and Advances to Customers

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Mortgage loan	802,289	728,847
Auto loans	960,409	882,758
Credit cards	-	-
Finance leases	938	1,820
Overdrafts	2,700	3,488
Outstanding loans	**1,766,336**	**1,616,913**
Overdue loans – less than 90 days	1,639	1,385
Overdue loans – more than 90 days	20,626	22,732
Overdue loans	**22,265**	**24,117**
Impairment for credit risk	**(46,569)**	**(47,816)**
Loans and Advances to Customers	**1,742,032**	**1,593,214**

On June 28, 2024, the sale of a portfolio of Auto loans (Non-Performing Loans) was agreed with a balance sheet value (gross) of 20,405 thousand euros, which was settled during September, when the derecognition criteria set out in IFRS 9 were met. This operation had the dual purpose of maximising the value recovered from non-performing exposures and reducing the ratio of non-performing exposures and also resulted in a positive impact on the Group's operating account resulting from the sale with capital gain.

The scheduling of this heading by maturity periods is presented as follows:

(amounts in thousand euros)

	2024						
	At sight	Up to 3 months	De 3 a 12 meses	3 to 12 months	1 to 3 years	Overdue loans	Total
Mortgage loan	-	5,366	11,836	31,618	753,469	44	802,333
Auto loans	-	37,964	103,995	268,751	549,699	20,234	980,643
Finance leases	-	73	183	244	438	57	995
Overdrafts	2,700	-	-	-	-	1,930	4,630
Loans and Advances to Customers	**2,700**	**43,403**	**116,014**	**300,613**	**1,303,606**	**22,265**	**1,788,601**

(amounts in thousand euros)

	2023						
	At sight	Up to 3 months	De 3 a 12 meses	3 to 12 months	1 to 3 years	Overdue loans	Total
Mortgage loan	-	4,850	8,999	25,127	689,871	41	728,888
Auto loans	-	35,075	92,025	246,411	509,247	23,092	905,850
Finance leases	-	195	648	521	456	99	1,919
Overdrafts	3,488	-	-	-	-	885	4,373
Loans and Advances to Customers	**3,488**	**40,120**	**101,672**	**272,059**	**1,199,574**	**24,117**	**1,641,030**

The distribution of this heading by type of rate is presented as follows:

(amounts in thousand euros)

	2024	2023
Fixed rate	1,244,745	1,039,230
Variable rate	543,856	601,800
Loans and Advances to Customers	**1,788,601**	**1,641,030**

The analysis of this heading by type of collateral is presented as follows:

(amounts in thousand euros)

	2024				
	Outstanding loans	**Overdue loans**	**Gross amount**	**Impairment**	**Net amount**
Asset-backed loans	803,059	48	803,107	(1,841)	801,266
Personal guaranteed loans	939,028	3,105	942,133	(32,683)	909,450
Unsecured loans	24,249	19,112	43,361	(12,045)	31,316
	1,766,336	**22,265**	**1,788,601**	**(46,569)**	**1,742,032**

(amounts in thousand euros)

	2023				
	Outstanding loans	**Overdue loans**	**Gross amount**	**Impairment**	**Net amount**
Asset-backed loans	730,695	135	730,830	(1,514)	729,316
Personal guaranteed loans	861,230	5,405	866,635	(31,047)	835,588
Unsecured loans	24,988	18,577	43,565	(15,255)	28,310
	1,616,913	**24,117**	**1,641,030**	**(47,816)**	**1,593,214**

The analysis of this heading by type of loan is presented as follows:

(amounts in thousand euros)

	2024				
	Outstanding loans	**Overdue loans**	**Gross amount**	**Impairment**	**Net amount**
Mortgage loan	802,289	44	802,333	(1,775)	800,558
Auto loans	960,409	20,234	980,643	(43,131)	937,512
Finance leases	938	57	995	(192)	803
Overdrafts	2,700	1,930	4,630	(1,471)	3,159
	1,766,336	**22,265**	**1,788,601**	**(46,569)**	**1,742,032**

(amounts in thousand euros)

	2023				
	Outstanding loans	**Overdue loans**	**Gross amount**	**Impairment**	**Net amount**
Mortgage loan	728,847	41	728,888	(1,419)	727,469
Auto loans	882,758	23,092	905,850	(45,581)	860,269
Finance leases	1,820	99	1,919	(24)	1,895
Overdrafts	3,488	885	4,373	(792)	3,581
	1,616,913	**24,117**	**1,641,030**	**(47,816)**	**1,593,214**

The analysis of this heading by activity sector is presented as follows:

(amounts in thousand euros)

	2024				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Companies					
Agriculture, forestry, animal husbandry and fisheries	9	-	9	-	9
Manufacturing industries	4,462	337	4,799	(487)	4,312
Supply of electricity, gas, steam and air conditioning	7	-	7	-	7
Water	71	-	71	-	71
Construction	7,805	493	8,298	(618)	7,680
Wholesale and retail trade	5,589	274	5,863	(296)	5,567
Transport and storage	6,799	511	7,310	(619)	6,691
Restaurants and hotels	1,843	6	1,849	(54)	1,795
Information and communication	639	24	663	(51)	612
Financial and insurance sector	178	1	179	(1)	178
Real estate activities	1,073	8	1,081	(39)	1,042
Professional, scientific and technical activities	1,312	63	1,375	(60)	1,315
Administrative and support services	1,933	90	2,023	(172)	1,851
Public administration, defence and social security	61	-	61	-	61
Education	416	2	418	(7)	411
Health services and social assistance	874	43	917	(19)	898
Artistic, sports and recreational activities	934	46	980	(60)	920
Other services	23,443	116	23,559	(421)	23,138
Individuals					
Mortgage loans	802,369	44	802,413	(1,777)	800,636
Consumer	906,519	20,207	926,726	(41,888)	884,838
	1,766,336	**22,265**	**1,788,601**	**(46,569)**	**1,742,032**

(amounts in thousand euros)

	2023				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Companies					
Agriculture, forestry, animal husbandry and fisheries	13,093	278	13,371	(677)	12,694
Mining industry	1,515	4	1,519	(46)	1,473
Manufacturing industries	7,293	211	7,504	(330)	7,174
Supply of electricity, gas, steam and air conditioning	8	-	8	-	8
Water	110	-	110	-	110
Construction	17,289	598	17,887	(934)	16,953
Wholesale and retail trade	13,804	269	14,073	(456)	13,617
Transport and storage	11,256	358	11,614	(586)	11,028
Restaurants and hotels	7,187	142	7,329	(350)	6,979
Information and communication	1,215	7	1,222	(29)	1,193
Financial and insurance sector	342	33	375	(26)	349
Real estate activities	2,007	42	2,049	(49)	2,000
Professional, scientific and technical activities	2,517	59	2,576	(111)	2,465
Administrative and support services	4,827	231	5,058	(312)	4,746
Public administration, defence and social security	85	-	85	(2)	83
Education	844	13	857	(16)	841
Health services and social assistance	1,803	21	1,824	(40)	1,784
Artistic, sports and recreational activities	1,851	148	1,999	(130)	1,869
Other services	8,573	157	8,730	(387)	8,343
Individuals					
Mortgage loans	728,930	41	728,971	(1,421)	727,550
Consumer	792,364	21,505	813,869	(41,914)	771,955
	1,616,913	**24,117**	**1,641,030**	**(47,816)**	**1,593,214**

The movement of credit impairment in the period is detailed as follows:

(amounts in thousand euros)

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**3,698**	**6,445**	**37,673**	**47,816**
Movement for the period:				
Financial assets originated or acquired	1,707	1,111	1,086	3,904
Variations due to change in exposure or risk parameters	(2,025)	2,767	12,313	13,055
Derecognised financial assets excluding write-offs	(377)	(392)	(3,548)	(4,317)
Write-offs	-	-	(14,476)	(14,476)
Transfers to:				
Stage 1	2,256	(1,306)	(950)	-
Stage 2	(179)	1,763	(1,584)	-
Stage 3	(96)	(2,571)	2,667	-
Other movements	8	66	513	587
Credit impairment	**4,992**	**7,883**	**33,694**	**46,569**
Of which: POCI	-	-	*245*	*245*

(amounts in thousand euros)

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**7,514**	**6,954**	**40,268**	**54,736**
Movement for the period:				
Financial assets originated or acquired	1,332	1,416	961	3,709
Variations due to change in exposure or risk parameters	(5,674)	2,324	26,533	23,183
Derecognised financial assets excluding write-offs	(1,106)	(2,500)	(29,153)	(32,759)
Write-offs	-	-	(1,349)	(1,349)
Transfers to:				
Stage 1	2,607	(1,457)	(1,150)	-
Stage 2	(703)	2,621	(1,918)	-
Stage 3	(279)	(2,931)	3,210	-
Other movements	7	18	271	296
Credit impairment	**3,698**	**6,445**	**37,673**	**47,816**
Of which: POCI	-	-	*579*	*579*

The reconciliation of the accounting movements related to impairment losses are presented below:

(amounts in thousand euros)

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**3.698**	**6.445**	**37.673**	**47.816**
Movement for the period:				
Variations in the expected credit loss of the credit portfolio	(695)	3,486	9,851	12,642
Transfers of Stage (net)	1,981	(2,114)	133	-
Sale of Loans	-	-	(14,218)	(14,218)
Use of impairment	-	-	-	-
Write-offs	-	-	(258)	(258)
Other movements	8	66	513	587
Credit impairment	**4,992**	**7,883**	**33,694**	**46,569**

(amounts in thousand euros)

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Saldo inicial	**7,514**	**6,954**	**40,268**	**54,736**
Movement for the period:				
Variations in the expected credit loss of the credit portfolio	(5,128)	3,439	26,681	24,992
Transfers of Stage (net)	1,626	(1,767)	141	-
Sale of Loans	(321)	(2,199)	(27,517)	(30,037)
Use of impairment	-	-	(822)	(822)
Write-offs	-	-	(1,349)	(1,349)
Other movements	7	18	271	296
Credit impairment	**3,698**	**6,445**	**37,673**	**47,816**

The credit portfolio detailed by stage as defined in IFRS 9 is presented as follows:

(amounts in thousand euros)

	2024	**2023**
Stage 1	**1,612,186**	**1,462,657**
Gross Value	1,617,178	1,466,355
Impairment	(4,992)	(3,698)
Stage 2	**77,616**	**91,015**
Gross Value	85,499	97,460
Impairment	(7,883)	(6,445)
Stage 3	**52,230**	**39,542**
Gross Value	85,924	77,215
Impairment	(33,694)	(37,673)
	1,742,032	**1,593,214**

The heading "Loans and advances to customers" includes the effect of traditional securitisation transactions, carried out through securitisation vehicles, consolidated pursuant to IFRS 10 in accordance with accounting policy 2.1.

The heading "Loans and advances to customers" includes the following amounts related to finance lease contracts:

(amounts in thousand euros)

	2024	**2023**
Value of future minimum payments	1,209	2,244
Interest not yet due	(271)	(424)
Present value	**938**	**1,820**

The value of the future minimum payments of finance lease contracts, by maturity period, is analysed as follows:

(amounts in thousand euros)

	2024	2023
Up to 1 year	248	1,272
1 to 5 years	489	686
More than 5 years	472	286
Value of future minimum payments	**1,209**	**2,244**

The analysis of the finance lease contracts by type of customer is presented as follows:

(amounts in thousand euros)

	2024	2023
Individuals	**384**	**243**
Mortgage	77	75
Other	307	168
Companies	**554**	**1,577**
Furniture	168	161
Real estate	386	1,416
	938	**1,820**

Note 15 – Financial Assets at Amortised Cost – Debt Securities

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Public debt securities		
Portuguese	179,935	168,974
Foreign	1,232,850	479,975
Supranational debt securities	637,440	80,614
Bonds of other issuers		
Foreign	9,015	-
Impairment	(103)	(97)
Financial Assets at Amortised Cost – Debt Securities	**2,059,137**	**729,466**

The financial assets in this portfolio are managed based on a business model whose objective is the receipt of its contractual cash flows (Note 2.2.1.1).

The analysis of this heading as at 31 December 2024 and 2023, by residual maturity, is as follows:

(amounts in thousand euros)

	2024				
	Up to 3 months	3 to 12 months	1 to 3 years	More than 3 years	Total
Public debt securities					
Portuguese	13,185	4,936	37,554	124,260	179,935
Foreign	394,999	641,629	29,056	167,166	1,232,850
Supranational debt securities	508,520	128,920	-	-	637,440
Bonds of other issuers					
Foreign	9,015	-	-	-	9,015
Financial Assets at Amortised Cost – Debt Securities	**925,719**	**775,485**	**66,610**	**291,426**	**2,059,240**

(amounts in thousand euros)

	2023				
	Up to 3 months	**3 to 12 months**	**1 to 3 years**	**More than 3 years**	**Total**
Public debt securities					
Portuguese	6,729	-	18,576	143,669	168,974
Foreign	1,437	276,009	9,968	192,561	479,975
Supranational debt securities	408	80,206	-	-	80,614
Financial Assets at Amortised Cost – Debt Securities	**8,574**	**356,215**	**28,544**	**336,230**	**729,563**

The movement of the impairment of debt securities at amortised cost is analysed as follows:

(amounts in thousand euros)

	2024	2023
	Stage 1	**Stage 1**
Opening balance	**97**	**132**
Movement for the period:		
Financial assets originated or acquired	49	29
Variations due to change in exposure or risk parameters	(13)	(42)
Derecognised financial assets excluding write-offs	(30)	(22)
Impairment of debt securities at amortised cost	**103**	**97**

The reconciliation of the accounting movements related to impairment losses are presented below:

(amounts in thousand euros)

	2024	2023
	Stage 1	**Stage 1**
Opening balance	**97**	**132**
Movement for the period:		
Variations in the expected credit loss of the portfolio	6	(35)
Impairment of debt securities at amortised cost	**103**	**97**

Note 16 – Financial Assets and Liabilities at Fair Value Through Profit or Loss

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Derivatives	6,283	13,532
Financial Assets at Fair Value Through Profit or Loss	**6,283**	**13,532**
Derivatives	(6,409)	(13,744)
Financial Liabilities at Fair Value Through Profit or Loss	**(6,409)**	**(13,744)**

Derivatives represent the fair value of derivative financial instruments whose purpose is to mitigate interest rate risk.

Associated to the derivative contracts, Banco CTT has, as at 31 December 2024, a captive amount of 15,220 thousand euros (2023: 25,830 thousand euros in cash accounts with other financial institutions as margin call, which are disclosed in the heading "Other assets" (Note 22).

The movement of the heading "Derivatives" is presented as follows:

(amounts in thousand euros)

	2024			2023		
	Notional	Fair Value		Nocional	Fair Value	
		Assets	Liabilities		Assets	Liabilities
OTC Market						
Interest rate contracts						
Interest Rate Swaps						
Purchase	130,412	2,875	-	175,154	6,272	-
Sale	130,412	-	(2,951)	175,154	-	(6,380)
Interest Rate Options						
Purchase	163,677	3,408	-	200,576	7,260	-
Sale	163,677	-	(3,458)	200,576	-	(7,364)
Derivatives		**6,283**	**(6,409)**		**13,532**	**(13,744)**

The impact on the income statement of financial assets and liabilities at fair value through profit or loss is presented in Note 6.

Note 17 – Non-current Assets and Disposal Groups Classified as Held for Sale

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Non-Current Assets Held for Sale	-	-
Assets	-	1
Real estate properties	-	-
Equipment	-	1
Impairment	-	(1)
Assets of Disposal Groups Classified as Held for Sale	-	-
Payshop (Portugal), S.A.	-	-
Non-current Assets and Disposal Groups Classified as Held for Sale	-	-

Assets of Disposal Groups Classified as Held for Sale

In accordance with IFRS 5, a group of assets and liabilities shall be classified as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than continuing use, (ii) it must be available for immediate sale in its present condition and its sale must be highly probable and (iii) management must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated, and the price must be reasonable in relation to its current fair value, with the sale expected to be completed within 12 months.

The detail of assets and liabilities included in disposal groups classified as held for sale is presented as follows:

(amounts in thousand euros)

	2024			2023		
	Assets	**Liabilities**	**Results**	**Assets**	**Liabilities**	**Results**
Payshop (Portugal), S.A.	-	-	-	-	-	1,238
	-	-	-	-	-	1,238

As part of a corporate reorganisation in the Group, on 8 July 2022 the Board of Directors of Banco CTT approved the sale, and its terms, to CTT – Correios de Portugal, S.A., its completion being dependent on the non-opposition of the regulator, which occurred in July 2023, and the sale was completed in August 2023.

As at 30 June 2022 the assets and liabilities of Payshop (Portugal), S.A. were reclassified to Discontinued Assets and Liabilities as the company was being sold and was considered a major line of business within the Group due to its contribution to the profit and loss account, among others.

The contributions of Payshop (Portugal), S.A. to the Consolidated Income Statements of the Group, are detailed as follows:

(amounts in thousand euros)

Profit/(Loss) of discontinued operations	**2024**	**2023**
Interest and similar income calculated through the effective interest rate	-	-
Interest and similar expenses calculated through the effective interest rate	-	(2)
Net Interest Income	**-**	**(2)**
Net fee and commission income	-	4,518
Other operating income/(expenses)	-	392
Operating Income	**-**	**4,908**
Staff costs	-	(1,277)
General administrative expenses	-	(1,399)
Amortisation and depreciation	-	(625)
Operating Expenses	**-**	**(3,301)**
Operating Profit/(Loss) Before Provisions and Impairments	**-**	**1,607**
Impairment of other assets	-	(5)
Provisions	-	-
Operating Profit/(Loss)	**-**	**1,602**
Profit/(Loss) before tax	**-**	**1,602**
Taxes		
Current	-	(366)
Deferred	-	2
Net Income for the year	**-**	**1,238**

Note 18 – Derivatives – Hedge Accounting and Changes in Fair Value of Hedged Items

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Hedging derivatives	**(6)**	**-**
Assets	6	-
Liabilities	(12)	-
Fair value component of assets and liabilities hedged against interest rate risk	**-**	**-**
Financial liabilities	-	-
Deposits from Customers	-	-

Fair value hedge

Fair value hedging operations on 31 December 2024 can be analysed as follows:

(amounts in thousand euros)

Hedge instrument	Hedged Items	Hedged risk	Notional	Fair value of the derivative	Gains / losses attributable to the hedged risk: Hedged Items	Gains / losses attributable to the hedged risk: Hedge instrument
Interest Rate Swap	Deposits from Customers	Interest rate	50.000	(6)	(18)	18

The ineffective part of fair value hedging transactions is recorded against hedge accounting results. In 2024, the ineffective part of the hedging operations was nil. The Group periodically tests the effectiveness of existing hedging relationships.

Note 19 – Other Tangible Assets

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Acquisition Cost	**13,665**	**9,801**
Real estate properties		
Works in rented properties	1,672	1,121
Equipment		
Furniture	837	516
Machinery and tools	1,568	1,148
Computer equipment	1,301	987
Interior installations	1	1
Transport material	-	-
Security equipment	99	86
Other equipment	46	46
Rights of use		
Real estate properties	5,330	4,123
Motor vehicles	2,809	1,727
Other tangible assets	2	1
Other tangible assets in progress	-	45
Accumulated Depreciation	**(6,403)**	**(4,463)**
Related to previous years	(4,183)	(2,817)
Related to the current year	(2,220)	(1,646)
Other Tangible Assets	**7,262**	**5,338**

The movement of the heading "Other Tangible Assets" during 2024 is analysed as follows:

(amounts in thousand euros)

	2024					
	Balance on 1 January	**Acquisitions / Allocations**	**Transfers**	**Divestment / Write-off**	**Other variations**	**Balance on 31 December**
Acquisition cost	**9,801**	**4,166**	**-**	**(302)**	**-**	**13,665**
Real estate properties						
Works in rented properties	1,121	124	427	-	-	1,672
Equipment						
Furniture	516	285	36	-	-	837
Machinery and tools	1,148	430	-	(10)	-	1,568
Computer equipment	987	327	-	(13)	-	1,301
Interior installations	1	-	-	-	-	1
Transport material	-	-	-	-	-	-
Security equipment	86	13	-	-	-	99
Other equipment	46	-	-	-	-	46
Rights of use						
Real estate properties	4,123	1,217	-	(10)	-	5,330
Motor vehicles	1,727	1,351	-	(269)	-	2,809
Other tangible assets	1	1	-	-	-	2
Other tangible assets in progress	45	418	(463)	-	-	-
Accumulated depreciation	**(4,463)**	**(2,220)**	**-**	**280**	**-**	**(6,403)**
Real estate properties						
Works in rented properties	(368)	(262)	1	-	-	(629)
Equipment						
Furniture	(432)	(28)	(1)	-	-	(461)
Machinery and tools	(321)	(138)	-	10	-	(449)
Computer equipment	(628)	(175)	-	13	-	(790)
Interior installations	(1)	-	-	-	-	(1)
Transport material	-	-	-	-	-	-
Security equipment	(73)	(5)	-	-	-	(78)
Other equipment	(10)	(1)	-	-	-	(11)
Rights of use						
Real estate properties	(1,810)	(947)	-	14	-	(2,743)
Motor vehicles	(819)	(664)	-	243	-	(1,240)
Other tangible assets	(1)	-	-	-	**-**	**(1)**
Other Tangible Assets	**5,338**	**1,946**	**-**	**(22)**	**-**	**7,262**

The movement of the heading "Other Tangible Assets" during 2023 is analysed as follows:

(amounts in thousand euros)

	2023					
	Balance on 1 January	**Acquisitions / Allocations**	**Transfers**	**Divestment / Write-off**	**Other variations**	**Balance on 31 December**
Acquisition cost	**8,456**	**1,903**	**-**	**(558)**	**-**	**9,801**
Real estate properties						
Works in rented properties	413	767	-	(59)	-	1,121
Equipment						
Furniture	481	35	-	-	-	516
Machinery and tools	1,035	115	-	(2)	-	1,148
Computer equipment	752	241	-	(6)	-	987
Interior installations	1	-	-	-	-	1
Transport material	6	-	-	(6)	-	-
Security equipment	86	-	-	-	-	86
Other equipment	39	7	-	-	-	46
Rights of use						
Real estate properties	4,122	158	-	(157)	-	4,123
Motor vehicles	1,520	535	-	(328)	-	1,727
Other tangible assets	1	-	-	-	-	1
Other tangible assets in progress	-	45	-	-	-	45
Accumulated depreciation	**(3,360)**	**(1,646)**	**-**	**543**	**-**	**(4,463)**
Real estate properties						
Works in rented properties	(284)	(143)	-	59	-	(368)
Equipment						
Furniture	(414)	(18)	-	-	-	(432)
Machinery and tools	(190)	(133)	-	2	-	(321)
Computer equipment	(489)	(145)	-	6	-	(628)
Interior installations	(1)	-	-	-	-	(1)
Transport material	(6)	-	-	6	-	-
Security equipment	(66)	(7)	-	-	-	(73)
Other equipment	(9)	(1)	-	-	-	(10)
Rights of use						
Real estate properties	(1,176)	(794)	-	160	-	(1,810)
Motor vehicles	(724)	(405)	-	310	-	(819)
Other tangible assets	(1)	-	-	-	-	(1)
Other Tangible Assets	**5,096**	**257**	**-**	**(15)**	**-**	**5,338**

Note 20 – Goodwill and Intangible Assets

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Goodwill	**60,679**	**60,679**
321 Crédito – Instituição Financeira de Crédito, S.A.	60,679	60,679
Intangible Assets	**24,090**	**21,221**
Acquisition Cost	62,147	53,125
Software in use	59,038	52,752
Other intangible assets	16	16
Software in progress	3,093	357
Impairment	-	-
Accumulated Amortisation	**(38,057)**	**(31,904)**
Related to previous years	(31,904)	(26,275)
Related to the current year	(6,153)	(5,629)
Goodwill and Intangible Assets	**84,769**	**81,900**

Intangible assets essentially include expenses with the acquisition and development of software, including the core banking system, implementation projects and their customisation.

As of December 31, 2024, the core banking system has a net book value of 7,493 thousand euros (December 31, 2023: 8,987 thousand euros). On December 31, 2023, this asset had an estimated remaining useful life of 7 years. During the first half of 2024, the Group changed the estimate of the remaining useful life of this asset to around 2 years, attributing to it an estimated residual value of around 6,000 thousand euros. This change results from the signing of a service agreement with the current licensing provider, which provides for the migration and upgrade of the current licence (on premises) for access to a software as a service licence, which will incorporate a set of customisations and configurations that will carry over from the current system on premises and to which a value similar to the aforementioned residual value is attributed, which is estimated to enter into force at the end of 2025.

The movement of the headings "Goodwill" and "Intangible Assets" during 2024 is analysed as follows:

(amounts in thousand euros)

	2024				
	Balance on 1 January	Acquisitions / Allocations	Transfers	Divestment / Write-off	Balance on 31 December
Goodwill	**60,679**	-	-	-	**60,679**
Consolidation and revaluation differences	60,679	-	-	-	60,679
Impairment	-	-	-	-	-
Intangible Assets	**21,221**	**2,869**	-	-	**24,090**
Acquisition Cost	53,125	9,022	-	-	62,147
Software in use	52,752	68	6,218	-	59,038
Other intangible assets	16	-	-	-	16
Software in progress	357	8,954	(6,218)	-	3,093
Accumulated amortisation	**(31,904)**	**(6,153)**	-	-	**(38,057)**
Software in use	(31,891)	(6,151)	-	-	(38,042)
Other intangible assets	(13)	(2)	-	-	(15)
Goodwill and Intangible Assets	**81,900**	**2,869**	-	-	**84,769**

The movement of the headings "Goodwill" and "Intangible Assets" during 2023 is analysed as follows:

(amounts in thousand euros)

	2023				
	Balance on 1 January	Acquisitions / Allocations	Transfers	Divestment / Write-off	Balance on 31 December
Goodwill	**60,679**	**-**	**-**	**-**	**60,679**
Consolidation and revaluation differences	60,679	-	-	-	60,679
Impairment	-	-	-	-	-
Intangible Assets	**21,434**	**(212)**	**-**	**-**	**21,221**
Acquisition Cost	**47,708**	**5,417**	**-**	**-**	**53,125**
Software in use	47,202	142	5,408	-	52,752
Other intangible assets	16	-	-	-	16
Software in progress	490	5,275	(5,408)	-	**357**
Accumulated amortisation	**(26,274)**	**(5,629)**	**-**	**-**	**(31,904)**
Software in use	(26,262)	(5,628)	-	-	(31,890)
Other intangible assets	(12)	(1)	-	-	(13)
Goodwill and Intangible Assets	**82,113**	**(212)**	**-**	**-**	**81,900**

Goodwill

The recoverable amount of Goodwill is assessed annually or whenever there is indication of a possible loss of value. The recoverable amount is determined based on the value in use of the assets, computed using calculation methodologies supported by discounted cash flow techniques, considering the market conditions, the time value and business risks.

In order to determine the recoverable amount of its investments, impairment tests were carried out, as at 31 December 2024 and 2023, based on the following assumptions:

	2024			
Corporate Name	**Basis of determination of recoverable amount**	**Explicit period for cash flows**	**Discount rate**	**Growth rate in perpetuity**
321 Crédito – Instituição Financeira de Crédito, S.A.	Equity Value / DDM	10 years	10.0%	1.5%

	2023			
Corporate Name	**Basis of determination of recoverable amount**	**Explicit period for cash flows**	**Discount rate**	**Growth rate in perpetuity**
321 Crédito – Instituição Financeira de Crédito, S.A.	Equity Value / DDM	10 years	10.0%	1.5%

<u>321 Crédito – Instituição Financeira de Crédito, S.A.</u>

Cash flows were estimated on the basis of projections of results and the evolution of activity, based on the business plan associated with the cash-generating unit, as approved by management. These projections cover a 10-year period (until 2034) which has been applied consistently since the acquisition of 321 Crédito and which, in the Management's judgement, best reflects the nature of the investment, the maturity of the portfolio and economic/interest rate cycles. The projections consider a compound annual growth rate of 3.8% of assets over this period (4.3% in 2023).

The valuation was based on the Dividend Discount Model (DDM) methodology common in the banking sector. The logic of the methodology is that the investor observes two types of flows when valuing the asset, dividend/equity enhancement binomial and the value of future dividends in perpetuity. The discount rate of 10.0% (after tax) is consistent with internal benchmarks for evaluating projects and investments and remains within the range typically used for the banking sector.

Sensitivity analyses were performed on the results of these impairment tests, namely regarding the following key assumptions: (i) reduction/increase of 0.5% in the target of the CET1 ratio or (ii) an increase of 50 points in the different discount rates used. As a result of the impairment test performed, as well as the sensitivity analyses carried out, no impairment loss was identified in the goodwill recorded on 31 December 2024.

Note 21 – Income Tax

The Group is subject to Corporate Income Tax (IRC) and corresponding Surcharge.

Income tax (current or deferred is reflected in the net income for the year, except in cases in which the transactions that originated this tax have been reflected in other equity headings. In these situations, the corresponding tax is likewise reflected through equity, not affecting the net income for the year.

The calculation of the current tax for 2023 and 2022 was based on a nominal corporate income tax rate of 21% pursuant to Law 107-B/2003, of 31 December, and Law 2/2007, of 15 January.

Deferred tax is calculated based on the tax rates that are expected to be applicable on the date of reversal of the temporary differences, which correspond to the rates approved or substantially approved on the reporting date.

As mentioned in Note 2.7, the Group is covered by the special regime applicable to the taxation of groups of companies (RETGS), which includes all the companies in which CTT directly or indirectly holds at least 75% of their share capital and which are simultaneously resident in Portugal and subject to corporate income tax (IRC).

Reconciliation of the Income Tax Rate

The reconciliation of the income tax rate, in the portion relative to the amount recognised through profit or loss, may be analysed as follows:

(amounts in thousand euros)

	2024	2023
Profit/(Loss) before tax	26,629	20,840
Current tax rate	21%	21%
Expected income tax	**5,516**	**4,376**
Surcharges	1,908	2,038
Total Expected Tax	**7,424**	**6,414**
Accruals/(deductions) for calculation purposes	416	428
Autonomous tax	20	60
Other adjustments	1,117	2,596
Recorded current tax for the year	**8,977**	**9,498**
Recorded deferred tax	**(1,845)**	**(3,692)**
Recorded total tax	**7,132**	**5,806**
Effective rate	**27,1%**	**27,9%**
Corrections relative to previous years	**(911)**	**(751)**
Taxes*	**6,221**	**5,055**

*negative values represent tax to be recovered.

The other adjustments result from the consolidation process of the structured entities defined in Note 1.

The corrections relating to previous years relate to adjustments to the tax estimate, which include the amounts relating to SIFIDE applications.

Current tax

Pursuant to the accounting policy described in Note 2.7, the amount related to the tax of entities included in the Special Regime for Taxation of Groups of Companies (RETGS) is recorded as an amount receivable from or payable to the shareholder CTT (see Notes 21 and 25).

The heading "Current tax liabilities", in the amount of 1,344 thousand euros (2023: 1.362 thousand euros), relates to amounts covered by IFRIC 23.

Deferred tax

The movement of the deferred tax assets in the period is presented as follows:

(amounts in thousand euros)

	2024	2023
Opening balance	**1,753**	**1,732**
Recognised through profit or loss	(58)	21
Recognised through other reserves	-	-
Other	-	-
Deferred Tax Assets	**1,695**	**1,753**

The value of deferred tax assets as at 31 December 2024 and 2023 arises mainly from temporary differences resulting from non-tax deductible impairments and long-term employee benefits, the tax deduction of which will occur when they are paid.

The movement of the deferred tax liabilities in the period is presented as follows:

(amounts in thousand euros)

	2024	2023
Opening balance	**3,607**	**7,276**
Recognised through profit or loss	(1,903)	(3,671)
Recognised through other reserves	(6)	2
Deferred Tax Liabilities	**1,698**	**3,607**

The value of deferred tax liabilities as at 31 December 2024 and 2023 is mainly due to temporary differences resulting from the consolidation of structured entities.

Tax system for impairment losses

In 2019 the Group exercised the option to definitively adopt the tax system applicable to the impairment losses of credit institutions and other financial institutions subject to the supervision of Banco de Portugal, established by articles 2 and 3 of Law 98/2019, of 4 September, under the terms stipulated in number 1 of article 4 of this same Law, taking effect from the tax period started on 1 January 2019 (inclusively).

Special Regime applicable to the Taxation of Groups of Companies (RETGS)

The Bank and its subsidiaries – more than 75% held directly or indirectly, and for more than 1 year by the parent company CTT – are covered by the special regime applicable to the taxation of groups of companies (RETGS), which includes all the companies in which CTT directly or indirectly holds at least 75% of their share capital and which are simultaneously resident in Portugal and subject to corporate income tax (IRC). In this regard, and until 2020 inclusive, Banco CTT and its subsidiaries, eligible to application of the RETGS, receive from CTT the value relative to the tax loss which they contribute to the consolidated corporate income tax of the CTT Group and, likewise, pay to CTT the value relative to their positive contribution to the consolidated corporate income tax of the CTT Group. As of 2021, the Banco CTT Group is considered to be a "tax sub-consolidated" entity within the Regime in which CTT – Correios de Portugal, S.A. is the dominant company. In this way, Banco CTT's subsidiaries make corporate income tax (IRC) settlements to Banco CTT, and Banco CTT pays or receives the net amount determined for the Banco CTT Group to/from that dominant company. In the event that there are historical amounts receivable from CTT by the Group, any corporate income tax payments to CTT are settled through the use/reduction of the amount receivable, with effective payment only after there are no historical amounts receivable.

The heading "Other Liabilities" includes the amount of 4,421 thousand euros for corporate income tax as a result of the application of the special regime applicable to the taxation of groups of companies (RETGS), as described in Note 2.7. This amount is classified as a financial instrument at amortised cost, being remunerated at a market rate. As of December 31, 2023, the corporate income tax to be settled with CTT is shown under Other Assets in the amount of 3,663 thousand euros.

SIFIDE

Considering the history associated to the approval of the applications submitted, the Group started to recognise in the period to which the investments refer, an estimate of 70% of the tax credit that was submitted for certification by the competent authority (ANI – Agência Nacional de Inovação). The amount of corrections relating to previous years relates to differences in tax estimates, mainly arising from the recognition of tax credits relating to SIFIDE 2022 and 2023, amounting to 621,558 euros, which are shown below:

SIFIDE 2021

In the financial year 2021 the Group incurred R&D expenses for which it will benefit – deferred in 2023 – from a Corporate Income Tax (IRC) tax credit amounting to 454,612 euros (of which 318,229 euros were recognised in results in the financial year 2022 and 136,384 euros were recognised in results in the financial year 2023).

SIFIDE 2022

In the financial year 2022 the Group incurred R&D expenses for which it will benefit – deferred in 2023 and 2024 – from a Corporate Income Tax (IRC) tax credit amounting to 673,760 euros (of which 491,206 euros were recognised in results in the financial year 2023 and 182,553 euros were recognised in results in the financial year 2024). No amounts relating to the 2022 SIFIDE have been recognised in the 2022 results.

SIFIDE 2023

In the financial year 2023 the Group incurred R&D expenses for which it expects to benefit from a Corporate IRC credit amounting to 627,149 euros (of which 439,004 euros were recognised in results in the financial year 2024). No amounts relating to the 2023 SIFIDE have been recognised in the 2023 results.

SIFIDE 2024

In the financial year 2024 the Group incurred R&D expenses for which it expects to benefit from a Corporate IRC credit amounting to 369,700 euros (of which 259,000 euros were recognised in results in the financial year 2024).

Note 22 – Other Assets

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
IRC RETGS	-	3,663
Operations to be cleared	2,500	2,846
Escrow accounts	15,951	26,419
Other receivables	4,720	4,047
Expenses with deferred charges	4,349	2,146
Administrative Public Sector	662	746
Income receivable	3,697	2,023
Impairment of other assets	(2,579)	(2,587)
Other assets	**29,300**	**39,303**

The heading "Escrow Accounts" includes the amount of 15,220 thousand euros (2023: 25,830 thousand euros) related to amounts deposited with other financial institutions as margin calls under derivative financial instruments operations.

As at 31 December 2023 The heading "Other Assets" includes the amount of 3,663 thousand euros for corporate income tax as a result of the application of the special regime applicable to the taxation of groups of companies (RETGS), as described in Note 2.7. This amount is classified as a financial instrument at amortised cost, being remunerated at a market rate. On December 31, 2024, the amount to be settled with CTT is shown under Other Liabilities.

The heading "Other receivables" essentially records the amounts receivable due to credit intermediation and insurance mediation operations. This heading also includes overdue and uncollected amounts related to credit agreements granted to customers, namely, amounts for administrative expenses and Value Added Tax (VAT) on monthly finance lease payments totalling 1,850 thousand euros (2023: 1,829 thousand euros). These amounts show impairments of 1,834 thousand euros (2023: 1,821 thousand euros).

The movement of impairment of other assets is analysed as follows:

(amounts in thousand euros)

	2024	2023
Opening balance	**2,587**	**2,514**
Charge for the period	55	88
Reversal for the period	(62)	(9)
Usage for the period	(1)	(6)
Transfers	-	-
Impairment of other assets	**2,579**	**2,587**

Note 23 – Financial Liabilities at Amortised Cost – Deposits from Customers

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Demand deposits	1,492,536	1,358,514
Term deposits	2,204,178	1,409,083
Saving accounts	363,730	338,582
Corrections to the value of liabilities subject to hedging operations	18	-
Financial Liabilities at Amortised Cost – Deposits from Customers	**4,060,462**	**3,106,179**

In 2024, the average rate of return on resources from customers was 1.70% (2023: 0.64%).

The analysis of the heading "Deposits from Customers", by contractual residual maturity, is as follows:

(amounts in thousand euros)

	2024	2023
Demand deposits and saving accounts	1,856,266	1,697,096
Term deposits		
Up to 3 months	1,001,503	359,591
3 to 12 months	1,202,693	1,049,492
Financial Liabilities at Amortised Cost – Deposits from Customers	**4.060.462**	**3.106.179**

Note 24 – Financial Liabilities at Amortised Cost – Debt Securities Issued

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Securitisations (see Note 35)	252,916	347,375
Bonds	9,996	-
Financial Liabilities at Amortised Cost – Debt Securities Issued	**262,912**	**347,375**

On 31 December 2024, there are two active securitisation operations, placed on the market for institutional investors (Ulisses Finance No.2 and Ulisses Finance No.3) and one issue of senior preferred bonds (eligible for MREL – Minimum Requirement for Own Funds and Eligible Liabilities) fully subscribed by the shareholder CTT – Correios de Portugal, S.A. in December 2024.

As at 31 December 2024 and 2023, debt securities issued and not retained are analysed as follows:

(amounts in thousand euros)

				2024		2023	
Name	**Issue date**	**Redemption date**	**Remuneration**	**Nominal value**	**Book value**	**Nominal value**	**Book value**
Ulisses Finance No.2				**122,216**	**122,843**	**171,996**	**172,973**
Class A	September 2021	September 2038	Euribor 1M + 70 bps	99,581	100,200	140,142	141,123
Class B	September 2021	September 2038	Euribor 1M + 80 bps	4,889	4,889	6,880	6,878
Class C	September 2021	September 2038	Euribor 1M + 135 bps	9,777	9,780	13,760	13,757
Class D	September 2021	September 2038	Euribor 1M + 285 bps	5,524	5,528	7,774	7,774
Class E	September 2021	September 2038	Euribor 1M + 368 bps	1,809	1,810	2,546	2,546
Class F	September 2021	September 2038	Euribor 1M + 549 bps	636	636	894	895
Class G	September 2021	September 2038	Euribor 1M + 500 bps	-	-	-	-
Ulisses Finance No.3				**130,411**	**130,073**	**175,154**	**174,402**
Class A	June 2022	June 2039	Euribor 1M + 90 bps	109,546	109,509	147,129	147,012
Class B	June 2022	June 2039	Euribor 1M + 200 bps	5,216	5,167	7,006	6,903
Class C	June 2022	June 2039	Euribor 1M + 370 bps	7,825	7,752	10,509	10,352
Class D	June 2022	June 2039	Euribor 1M + 525 bps	3,912	3,815	5,255	5,053
Class E	June 2022	June 2039	Euribor 1M + 650 bps	3,260	3,191	4,379	4,233
Class F	June 2022	June 2039	Euribor 1M + 850 bps	652	639	876	849
Class G	June 2022	June 2039	Euribor 1M + 785 bps	-	-	-	-
Banco CTT Senior Preferred MREL Due 2027				**10,000**	**9,996**	**-**	**-**
Senior Preferred	December 2024	July 2027	Fixed Rate 4,543%	10,000	9,996	-	-
				262,627	**262,912**	**347,150**	**347,375**

The movement of this heading for 2024 is presented as follows:

(amounts in thousand euros)

	2024				
Name	**Opening balance**	**Issuance**	**Redemptions**	**Other movements**	**Closing balance**
Ulisses Finance No.2	172,973	-	(49,780)	(350)	122,843
Ulisses Finance No.3	174,402	-	(44,742)	413	130,073
Banco CTT Senior Preferred MREL Due 2027	-	10,000	-	(4)	9,996
	347,375	**10,000**	**(94,522)**	**59**	**262,912**

The movement of this heading for 2023 is presented as follows:

(amounts in thousand euros)

	2023				
Name	**Opening balance**	**Issuance**	**Redemptions**	**Other movements**	**Closing balance**
Ulisses Finance No.1	11,351	-	(11,333)	(18)	-
Ulisses Finance No.2	234,867	-	(61,351)	(543)	172,973
Ulisses Finance No.3	199,360	-	(25,446)	488	174,402
	445,578	**-**	**(98,130)**	**(73)**	**347,375**

Note 25 – Provisions

This heading is analysed as follows:

(amounts in thousand euros)

	2024	**2023**
Provisions for other risks and charges	1,825	1,538
Provisions for commitments	244	154
Provisions	**2,069**	**1,692**

The provisions for other risks and charges were established in order to cover contingencies related to the Group's activity and whose payment is considered probable.
Provisions for commitments refer to provisions for indirect credit.
On each reporting date, the Bank revalues the amounts recorded under this heading, so as to ensure that it reflects the best estimate of amount and probability of occurrence.

The movement of the heading "Provisions" in the period is detailed as follows:

(amounts in thousand euros)

	2024	**2023**
Opening balance	**1,692**	**1,384**
Charge for the period	610	690
Reversal for the period	(202)	(186)
Uses	(31)	(196)
Transfers	-	-
Provisions	**2,069**	**1,692**

Note 26 – Other Liabilities

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Payables		
Suppliers	19,218	17,461
Related parties	1,152	936
Other payables	1,522	3,347
Staff costs	9,630	8,005
Operations to be cleared	31,905	47,774
IRC RETGS	4,421	-
Revenue with deferred charge	2,044	490
Administrative Public Sector	3,313	1,784
Lease liabilities	4,339	3,358
Other Liabilities	**77,544**	**83,155**

The heading "Operations to be cleared" primarily records the balance of banking operations pending financial settlement.

The heading "Lease liabilities" corresponds to the lease liabilities recognised under IFRS 16, as described in accounting policy 2.6.

The heading "Other Liabilities" includes the amount of 4,421 thousand euros for corporate income tax as a result of the application of the special regime applicable to the taxation of groups of companies (RETGS), as described in Note 2.7. This amount is classified as a financial instrument at amortised cost, being remunerated at a market rate. On December 31, 2023, the amount to be settled with CTT is shown under Other Assets.

Note 27 – Share Capital

The share capital stands at 321,400,000 euros, represented by 324,682,443 ordinary shares without nominal value, and is fully underwritten and paid-up.

An increase of the Company's share capital was carried out on 29 November 2024 from 296,400,000 euros (two hundred and ninety-six million and four hundred thousand euros) to 321,400,000 euros (three hundred and twenty-one million four hundred thousand euros), via a new cash entry by Generali Seguros, S.A., of the value of 25,000,000 euros (twenty-five million euros) giving rise to the issue of 28,282,443 new ordinary, registered shares without nominal value with the issue value of 0.8839 euro each.

As of 31 December 2024, and 2023, the Bank's shareholders are as follows:

	2024		2023	
	Number of shares	% share capital	Number of shares	% share capital
CTT – Correios de Portugal, S,A, (public company)	296,400,000	91.29%	296,400,000	100.00%
Generali Seguros, S.A.	28,282,443	8.71%	-	-
Total	**324,682,443**	**100.00%**	**296,400,000**	**100.00%**

Note 28 – Fair Value Reserves, Other Reserves and Retained Earnings

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Fair value reserves		
Other financial assets at fair value through other comprehensive income	-	-
Legal reserves	4,830	3,037
Other reserves	(335)	(344)
Retained earnings	(30,868)	(46,098)
Reserves and Retained Earnings	**(26,373)**	**(43,405)**

Note 29 – Guarantees and Other Commitments

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Guarantees provided	64,913	44,036
Guarantees received	2,719,352	2,387,064
Commitments to third parties		
Revocable commitments		
Credit lines	13,288	12,477
Irrevocable commitments		
Credit lines	26,836	24,852
Commitments from third parties		
Revocable commitments		
Credit lines	27,916	23,492

The amount recorded as Guarantees Provided primarily includes securities given as collateral to secure the settlement of interbank operations.

The amount recorded as Guarantees received primarily includes securities given as collateral to secure mortgage loan operations.

The revocable and irrevocable commitments present contractual agreements for the granting of credit to the Group's customers (for example, undrawn credit card facilities and bank overdrafts) which are generally contracted for fixed terms or with other expiry requirements. Substantially all the credit granting commitments in force require the customers to maintain certain requirements observed at the time the loans were granted.

Notwithstanding the particularities of these commitments, the appraisal of these operations follows the same basic principles of any other commercial operation, namely the principle of the customer's solvency, where the Group requires that these operations should be duly collateralised when necessary. As it is expected that some of them shall expire without having been used, the indicated amounts do not necessarily represent future cash needs.

Provisions for commitments made to third parties are disclosed in Note 25.

Note 30 – Transactions with Related Parties

All the business and operations carried out by the Group with related parties are cumulatively concluded under normal market conditions for similar operations and are part of the Group's current activity.

For all due purposes, the concept of related parties is provided in Chapter 4 of the Banco CTT Group's Policy on Transactions with Related Parties (which refers to the provisions of IAS 24, the RGICSF and Banco de Portugal Notice 3/2020), available for consultation at https://www.bancoctt.pt/sobre-o-banco-ctt/governo-da-sociedade/estatutos-e-regulamentos.

As at 31 December 2024, the value of the Group's transactions with related parties and shareholders, as well as the respective costs and income recognised for the year, were as follows:

(amounts in thousand euros)

	2024			
	Balance Sheet		Income Statement	
	Assets	Liabilities	Loss	Profit
CTT – Correios de Portugal, S.A.	732	22,547	6,280	27
CTT Expresso – Serviços Postais e Logística, S.A.	1	10	102	-
NewSpring Services, S.A.	562	29	165	-
Wolfspring, ACE	-	31	158	-
Payshop (Portugal), S.A.	7	9,877	22	7
Generali Seguros, S.A.	48	-	-	927
	1,350	**32,494**	**6,727**	**961**

The value of liabilities against CTT – Correios de Portugal S.A. includes 6,867 thousand euros of bank deposits.

Liabilities against Payshop (Portugal), S.A. relate to bank deposits.

As at 31 December 2023, the value of the Group's transactions with related parties, as well as the respective costs and income recognised for the year, were as follows:

(amounts in thousand euros)

	2023			
	Balance Sheet		Income Statement	
	Assets	Liabilities	Loss	Profit
CTT – Correios de Portugal, S.A.	4,181	12,021	6,443	176
CTT Expresso – Serviços Postais e Logística, S.A.	-	11	100	-
NewSpring Services, S.A.	331	78	78	-
Wolfspring, ACE	-	-	117	-
Payshop (Portugal), S.A.	-	4,162	-	75
	4,512	**16,272**	**6,738**	**251**

The value of liabilities against CTT – Correios de Portugal S.A. includes 11,055 thousand euros of bank deposits.

Liabilities against Payshop (Portugal), S.A. relate to bank deposits.

As at 31 December 2024, the value of the deposits placed by the members of the Corporate Bodies at the Group amounted to 120 thousand euros (2023: 154 thousand euros).

Note 31 – Fair Value

The fair value of the financial assets and liabilities, as at 31 December 2024, is analysed as follows:

(amounts in thousand euros)

	2024				
	At fair value through profit or loss	**At fair value through reserves**	**Amortised cost**	**Book value**	**Fair Value**
Cash and deposits at central banks	-	-	64,826	64,826	64,826
Deposits at other credit institutions	-	-	30,918	30,918	30,918
Financial assets at amortised cost					
Investments at credit institutions	-	-	701,297	701,297	701,297
Loans and advances to customers	-	-	1,742,032	1,742,032	1,725,795
Debt securities	-	-	2,059,137	2,059,137	2,036,925
Bonds issued by public entities	-	-	*1,412,688*	*1,412,688*	*1,390,079*
Bonds from supranational issuers	-	-	*637,434*	*637,434*	*637,825*
Bonds of other issuers	-	-	*9,015*	*9,015*	*9,021*
Financial assets at fair value through profit or loss					
Derivatives	6,283	-	-	6,283	6,283
Hedging derivatives	6	-	-	6	6
Other (financial) assets	-	-	15,951	15,951	15,951
Financial Assets	**6,289**	**-**	**4,614,161**	**4,620,450**	**4,582,001**
Financial liabilities at fair value through profit or loss					
Derivatives	6,409	-	-	6,409	6,409
Financial liabilities at amortised cost					
Deposits from Customers	-	-	4,060,462	4,060,462	4,060,462
Debt securities issued	-	-	262,912	262,912	262,733
Hedging derivatives	12	-	-	12	12
Other liabilities (financial)	-	-	4,421	4,421	4,019
Financial liabilities	**6,421**	**-**	**4,327,795**	**4,334,216**	**4,333,635**

The fair value of the financial assets and liabilities, as at 31 December 2023, is analysed as follows:

(amounts in thousand euros)

	2023				
	At fair value through profit or loss	**At fair value through reserves**	**Amortised cost**	**Book value**	**Fair Value**
Cash and deposits at central banks	-	-	54,477	54,477	54,477
Deposits at other credit institutions	-	-	36,069	36,069	36,069
Financial assets at amortised cost					
Investments at credit institutions	-	-	1,272,080	1,272,080	1,272,080
Loans and advances to customers	-	-	1,593,214	1,593,214	1,599,416
Debt securities	-	-	729,466	729,466	700,065
Bonds issued by public entities	-	-	*648,857*	*648,857*	*619,441*
Bonds from supranational issuers	-	-	*80,609*	*80,609*	*80,624*
Bonds of other issuers	-	-	-	-	-
Financial assets at fair value through profit or loss					
Derivatives	13,532	-	-	13,532	13,532
Other (financial) assets	-	-	30,082	30,082	29,592
Financial Assets	**13,532**	**-**	**3,715,388**	**3,728,920**	**3,705,231**
Financial liabilities at fair value through profit or loss					
Derivatives	13,744	-	-	13,744	13,744
Financial liabilities at amortised cost					
Deposits from Customers	-	-	3,106,179	3,106,179	3,106,179
Debt securities issued	-	-	347,375	347,375	346,971
Financial liabilities	**13,744**	**-**	**3,453,554**	**3,467,298**	**3,466,894**

Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through internal models based on discounted cash flow methods. The generation of cash flow of the different instruments is based on their financial characteristics, and the discount rates used incorporate both the market interest rate curve and the current risk levels of the respective issuer.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model, which necessarily incorporate some degree of subjectivity, and exclusively reflects the value attributed to the different financial instruments.

The Group uses the following fair value hierarchy, with three levels in the valuation of financial instruments (assets or liabilities), which reflect the level of judgement, the observability of the data, and the importance of the parameters applied in the determination of the assessment of the fair value of the financial instrument, pursuant to IFRS 13:

- Level 1: Fair value is determined based on unadjusted listed prices, captured in transactions in active markets involving financial instruments similar to the instruments to be assessed. Where there is more than one active market for the same financial instrument, the relevant price is that prevailing in the main market of the instrument, or the most advantageous market to which there is access;
- Level 2: Fair value is calculated through valuation techniques based on observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to those that a non-related party would use to estimate the fair value of the same financial instrument. This also includes instruments whose valuation is obtained through listed prices disclosed by independent entities, but whose markets show less liquidity; and,
- Level 3: Fair value is determined based on data not observable in active markets, using techniques and assumptions that the market participants would use to assess the same instruments, including hypotheses about the inherent risks, the assessment method and inputs used, entailing process of review of the accuracy of the values obtained in this manner.

The Group considers a market active for a particular financial instrument, on the measurement date, according to the turnover and liquidity of the operations carried out, the relative volatility of the listed prices, and the promptness and availability of the information, where the following minimum conditions must be met:

- Existence of frequent daily prices of trading in the last year;
- The prices mentioned above change regularly;
- Existence of enforceable prices of more than one entity.

A parameter used in the valuation method is considered to be observable market data if the following conditions are met:

- If its value is determined in an active market;
- If there is an OTC market and it is reasonable to assume that active market conditions are met, except for the condition of trading volumes; and,
- The value of the parameter can be obtained by the inverse calculation of the prices of the financial instruments and/or derivatives where all the other parameters required for the initial assessment are observable in a liquid market or OTC market that complies with the previous paragraphs.

The table below summarises, by valuation levels, the fair value of the financial assets and liabilities, as at 31 December 2024:

(amounts in thousand euros)

	2024			
	Valuation methods			Total
	Level 1	Level 2	Level 3	
Cash and deposits at central banks	64,826	-	-	64,826
Deposits at other credit institutions	30,918	-	-	30,918
Financial assets at amortised cost				
Investments at credit institutions	-	-	701,297	701,297
Loans and advances to customers	-	-	1,725,795	1,725,795
Debt securities	2,036,925	-	-	2,036,925
Bonds issued by public entities	*1,390,079*	-	-	*1,390,079*
Bonds from supranational issuers	*637,825*	-	-	*637,825*
Bonds of other issuers	*9,021*	-	-	*9,021*
Financial assets at fair value through profit or loss				
Derivatives	-	-	6,283	6,283
Hedging derivatives	-	-	6	6
Other (financial) assets	-	-	15,951	15,951
Financial Assets	**2,132,669**	**-**	**2,449,332**	**4,582,001**
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	6,409	6,409
Financial liabilities at amortised cost				
Deposits from Customers	-	-	4,060,462	4,060,462
Debt securities issued	-	262,733	-	262,733
Hedging derivatives	-	-	12	12
Other liabilities (financial)	-	-	4,019	4,019
Financial liabilities	**-**	**262,733**	**4,070,902**	**4,333,635**

Sensitivity analysis

The item Loans and advances to customers which, as at 31 December 2024, has a fair value of 1,725,795 thousand euros has a sensitivity of -27,894 thousand euros and +27,960 thousand euros for an interest rate change of -10% and +10%, respectively.

The table below summarises, by valuation levels, the fair value of the financial assets and liabilities, as at 31 December 2023:

(amounts in thousand euros)

	2023			
	Valuation methods			Total
	Level 1	Level 2	Level 3	
Cash and deposits at central banks	54,477	-	-	54,477
Deposits at other credit institutions	36,069	-	-	36,069
Financial assets at amortised cost				
Investments at credit institutions	-	-	1,272,080	1,272,080
Loans and advances to customers	-	-	1,599,416	1,599,416
Debt securities	700,065	-	-	700,065
Bonds issued by public entities	*619,441*	-	-	*619,441*
Bonds from supranational issuers	*80,624*	-	-	*80,624*
Financial assets at fair value through profit or loss				
Derivatives	-	-	13,532	13,532
Other (financial) assets	-	-	29,592	29,592
Financial Assets	**790,611**	**-**	**2,914,620**	**3,705,231**
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	13,744	13,744
Financial liabilities at amortised cost				
Deposits from Customers	-	-	3,106,179	3,106,179
Debt securities issued	-	346,971	-	346,971
Financial liabilities	**-**	**346,971**	**3,119,923**	**3,466,894**

Sensitivity analysis

The item Loans and advances to customers which, as at 31 December 2023, has a fair value of 1,599,416 thousand euros has a sensitivity of +14,433 thousand euros and -14,211 thousand euros for an interest rate change of -10% and +10%, respectively.

The main methods and assumptions used to estimate the fair value of the financial assets and liabilities recorded in the balanced sheet are analysed as follows:

Cash and deposits at Central Banks, Deposits at other credit institutions and Investments at Central Banks and at other credit institutions

These financial instruments are very short-term and therefore their book value is a reasonable estimate of their fair value.

Other (financial) assets

Fair value is estimated based on the discount of the expected future cash flows of capital and interest for these instruments.

Loans and Advances to Customers

Loans and advances to customers with defined maturity date
Fair value is calculated by discounting, at the average rates of the production for the last reference month (June or December), the expected cash flows throughout the life of the contracts considering the historical pre-payment rates.

Loans and advances to customers without defined maturity date (bank overdrafts)
Considering the short-term nature of this type of instrument, the conditions of this portfolio are similar to those prevailing at the reporting date, and so its book value is considered a reasonable estimate of its fair value.

Financial assets at fair value through profit or loss (except derivatives)

These financial assets are accounted for at fair value. Fair value is based on market prices, when available. If these are not available, the calculation of the fair value is based on i) the use of numerical models, namely discounted cash flows of expected future capital and interest for these instruments or ii) the Net Asset Value (NAV) provided by the fund management companies.

Financial assets at fair value through profit or loss (Derivatives)

All derivatives are accounted for at their fair value. In the case of those that are quoted on organised markets, the respective market price is used. In the case of over-the-counter (OTC) derivatives, numerical models based on discounted cash flow techniques and option valuation models considering market and other variables are applied.

Financial assets at fair value through other comprehensive income

The fair value of these instruments is estimated based on market prices, when available. If market prices do not exist, their fair value is estimated based on the expected future principal and interest cash flows for these instruments.

Deposits from Central Banks and Other Credit Institutions

These financial instruments are very short-term and therefore their book value is a reasonable estimate of their fair value.

Deposits from Customers

The fair value of these financial instruments is estimated based on the discounted expected principal and interest cash flows. The discount rate used is that which reflects the rates applied for deposits with similar features on the reporting date. Considering that the applicable interest rates are renewed for periods less than one year, there are no materially relevant differences in their fair value.

Debt securities issued

The fair value of these instruments is estimated based on market prices, when available. If market prices do not exist, their fair value is estimated based on the expected future principal and interest cash flows for these instruments.

Note 32 – Risk Management

The Group is exposed to various risks during the course of its business activity.

The Group's Policy on Risk Management and Internal Control aims to ensure the effective application of the risk management system, through the ongoing follow-up of its adequacy and efficacy, seeking to identify, assess, monitor and control all the materially relevant risks to which the institution is exposed, both internally and externally.

In this context, it is important to monitor and control the main types of financial risks – credit, liquidity, interest rate, market and operational – faced by the Group's activity.

Credit Risk

Credit risk reflects the degree of uncertainty of the expected returns, due to the inability either of the borrower, or of the counterpart of a contract, to comply with the respective obligations.

At the Group, credit risk management includes the identification, measurement, assessment and monitoring of the different credit exposures, ensuring risk management throughout the successive phases of the life of the credit.

The monitoring and follow-up of credit risk, in particular with respect to the evolution of credit exposures and monitoring of losses, is regularly conducted by the Risk Department and by the Capital, Risk and Sustainability Committee.

As at 31 December 2024, the exposure of the mortgage loan product (net of impairment and including off-balance sheet exposures) is 800,600 thousand euros (727,484 thousand euros as at 31 December 2023). Credit in the retail segment, more specifically in motor vehicle credit at the point of sale, is 938,314 thousand euros of exposure (net of impairment and including off-balance sheet exposures) which compares to 862,362 thousand euros in 2023.

The Group is also exposed to credit risk with regard to investments and deposits in other credit institutions (counterparty risk), debt securities in its own portfolio (mostly sovereign debt issued by Euro Area countries, or debt issued by supranational entities) and other portfolios of 321 Crédito which, in essence, are in the run-off phase.

In order to mitigate credit risk, the mortgage lending operations have associated collateral, namely mortgages. The fair value of this collateral is determined as at the date of the granting of the loan, with its value being checked periodically. Auto loan operations are made with reservation of ownership, and the value of the vehicle is assessed at the time of granting the credit.

The gross value of the loans and respective fair value of the collateral, limited to the value of the associated loan, are presented below:

(amounts in thousand euros)

	2024		2023	
	Loans and advances to customers	**Fair value of associated guarantees**	**Loans and advances to customers**	**Fair value of associated guarantees**
Mortgage loans	802,333	1,551,091	728,888	1,350,180
Auto loans	980,643	1,074,702	905,850	925,847
Credit cards	-	-	-	-
Other	5,625	34,182	6,292	42,311
	1,788,601	**2,659,975**	**1,641,030**	**2,318,338**

The following table presents information on the Group's exposures to credit risk (net of impairment and including off-balance sheet exposures) as at 31 December 2024 and 31 December 2023:

(amounts in thousand euros)

	2024	2023
Central Authorities or Central Banks	2,097,907	1,938,029
Regional governments or local authorities	-	-
Multilateral development banks	-	9,853
International organisations	637,434	70,756
Credit institutions	96,483	58,561
Companies	10,712	5,828
Retail customers	662,772	505,935
Loans secured by immovable assets	811,155	743,461
Collective investment undertakings (CIUs)	-	-
Non-performing loans	38,725	28,007
Shares	-	-
Covered Bonds	9,015	-
Other items	71,457	70,927
Risk Headings	**4,435,660**	**3,431,357**

The information on the risk headings (including off-balance sheet) as at 31 December 2024 and 31 December 2023 is detailed as follows:

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Sight deposits and investments	685,220	-	685,220	1,289,172	-	1,289,172
Investment securities measured at amortised cost	1,412,784	(97)	1,412,687	648,949	(92)	648,857
Central Authorities or Central Banks	**2,098,004**	**(97)**	**2,097,907**	**1,938,121**	**(92)**	**1,938,029**

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Investment securities measured at amortised cost	-	-	-	9,854	(1)	9,853
Multilateral development banks	**-**	**-**	**-**	**9,854**	**(1)**	**9,853**

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Investment securities measured at amortised cost cost	637,440	(6)	637,434	70,760	(4)	70,756
International organisations	**637,440**	**(6)**	**637,434**	**70,760**	**(4)**	**70,756**

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Demand deposits	24,676	-	24,676	28,276	-	28,276
Investments at financial institutions	56,941	(4)	56,937	12,011	(8)	12,003
Other	14,870	-	14,870	18,282	-	18,282
Credit institutions	**96,487**	**(4)**	**96,483**	**58,569**	**(8)**	**58,561**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Investment securities measured at amortised cost	10,767	(55)	10,712	5,839	(11)	5,828
Companies	**10,767**	**(55)**	**10,712**	**5,839**	**(11)**	**5,828**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Loans and advances to customers	671,722	(8,950)	662,772	511,741	(5,806)	505,935
Retail customers	**671,722**	**(8,950)**	**662,772**	**511,741**	**(5,806)**	**505,935**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Loans and advances to customers	812,287	(1,132)	811,155	744,573	(1,112)	743,461
Loans secured by immovable assets	**812,287**	**(1,132)**	**811,155**	**744,573**	**(1,112)**	**743,461**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Loans and advances to customers	62,656	(23,931)	38,725	59,091	(31,084)	28,007
Non-performing loans	**62,656**	**(23,931)**	**38,725**	**59,091**	**(31,084)**	**28,007**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Investment securities measured at amortised cost	9,015	-	9,015	-	-	-
Covered bonds	**9,015**	**-**	**9,015**	**-**	**-**	**-**

I MANAGEMENT REPORT
II ACCOUNTS AND NOTES TO THE ACCOUNTS
III CORPORATE GOVERNANCE REPORT
IV SUSTAINABILITY STATEMENT

The exposure to public debt, net of impairment, of eurozone countries is detailed as follows:

(amounts in thousand euros)

	2024			2023		
	Other financial assets at fair value through other comprehensive income	**Investment securities measured at amortised cost**	**Total**	**Other financial assets at fair value through other comprehensive income**	**Investment securities measured at amortised cost**	**Total**
Portugal	-	179,913	179,913	-	168,947	168,947
Spain	-	385,114	385,114	-	167,623	167,623
Italy	-	100,311	100,311	-	105,595	105,595
France	-	375,888	375,888	-	169,893	169,893
Germany	-	-	-	-	36,799	36,799
Austria	-	9,909	9,909	-	-	-
Belgium	-	361,553	361,553	-	-	-
	-	**1,412,688**	**1,412,688**	**-**	**648,857**	**648,857**

The analysis of the portfolio of financial assets by stages is presented as follows:

(amounts in thousand euros)

	2024					2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Deposits at Central Banks and other credit institutions	73,262	-	-	-	73,262	65,165	-	-	-	65,165
Impairment losses	-	-	-	-	-	-	-	-	-	-
Net value	**73,262**	**-**	**-**	**-**	**73,262**	**65,165**	**-**	**-**	**-**	**65,165**
Investments at credit institutions	56,941	-	-	-	56,941	12,011	-	-	-	12,011
Impairment losses	(5)	-	-	-	(5)	(8)	-	-	-	(8)
Net value	**56,936**	**-**	**-**	**-**	**56,936**	**12,003**	**-**	**-**	**-**	**12,003**
Financial assets at amortised cost – Debt securities	2,059,240	-	-	-	2,059,240	729,563	-	-	-	729,563
Impairment losses	(103)	-	-	-	(103)	(97)	-	-	-	(97)
Net value	**2,059,137**	**-**	**-**	**-**	**2,059,137**	**729,466**	**-**	**-**	**-**	**729,466**
Financial assets at amortised cost – Loans and advances to customers	1,617,178	85,499	85,924	778	1,789,379	1,466,355	97,460	77,215	1,526	1,642,556
Impairment losses	(4,992)	(7,883)	(33,694)	(245)	(46,814)	(3,698)	(6,445)	(37,673)	(579)	(48,395)
Net value	**1,612,186**	**77,616**	**52,230**	**533**	**1,742,565**	**1,462,657**	**91,015**	**39,542**	**947**	**1,594,161**

Liquidity Risk

Liquidity risk reflects the possibility of significant losses being incurred as a result of deterioration of funding conditions (funding risk) and/or sale of assets for less than their market value (market liquidity risk).

Overall, the liquidity risk management strategy is entrusted to the Board of Directors, which delegates it to the Executive Committee, and is carried out by the Treasury Department, based on constant vigilance of exposure indicators, being closely monitored by the Capital, Risk and Sustainability Committee.

The Capital, Risk and Sustainability Committee is responsible for controlling liquidity risk exposure, by analysing liquidity positions and assessing their conformity with the applicable regulatory rules and limitations, as well as with the goals and guidelines defined by the Group.

The Group's liquidity risk is assessed through regulatory indicators defined by the supervision authorities, as well as through other internal metrics.

As at 31 December 2024, the assets and liabilities by residual and contractual maturity are analysed as follows:

(amounts in thousand euros)

	2024						
	At sight	Up to 3 months	3 to 12 months	1 to 3 years	More than 3 years	Undetermined maturity	Total
Assets							
Cash and deposits at central banks	64,826	-	-	-	-	-	**64,826**
Deposits at other credit institutions	30,918	-	-	-	-	-	**30,918**
Financial assets at amortised cost							
Investments at credit institutions	-	694,433	6,869	-	-	-	**701,302**
Loans and advances to customers	2,700	43,403	116,014	300,613	1,303,606	22,265	**1,788,601**
Debt securities	-	925,719	775,485	66,610	291,426	-	**2,059,240**
Financial assets at fair value through profit or loss							
Derivatives	-	-	-	-	6,283	-	**6,283**
Investment fund units	-	-	-	-	-	-	**-**
Total Assets	**98,444**	**1,663,555**	**898,368**	**367,223**	**1,601,315**	**22,265**	**4,651,170**
Liabilities							
Financial liabilities at fair value through profit or loss							
Derivatives	-	-	-	-	6,409	-	**6,409**
Financial liabilities at amortised cost							
Deposits from Customers	1,856,266	1,001,503	1,202,693	-	-	-	**4,060,462**
Debt securities issued	-	251	19	-	262,642	-	**262,912**
Total Liabilities	**1,856,266**	**1,001,754**	**1,202,712**	**-**	**269,051**	**-**	**4,329,783**
Gap (Assets-Liabilities)	**(1,757,822)**	**661,801**	**(304,344)**	**367,223**	**1,332,264**	**22,265**	**321,387**
Accumulated Gap	**(1,757,822)**	**(1,096,021)**	**(1,400,365)**	**(1,033,142)**	**299,122**	**321,387**	

As at 31 December 2023, the assets and liabilities by residual and contractual maturity are analysed as follows:

(amounts in thousand euros)

	2023						
	At sight	Up to 3 months	3 to 12 months	1 to 3 years	More than 3 years	Undetermined maturity	Total
Assets							
Cash and deposits at central banks	54,477	-	-	-	-	-	**54,477**
Deposits at other credit institutions	36,069	-	-	-	-	-	**36,069**
Financial assets at amortised cost							
Investments at credit institutions	-	1,260,688	11,400	-	-	-	**1,272,088**
Loans and advances to customers	3,488	40,120	101,672	272,059	1,199,574	24,117	**1,641,030**
Debt securities	-	8,574	356,215	28,544	336,230	-	**729,563**
Financial assets at fair value through profit or loss							
Derivatives	-	-	-	-	13,532	-	**13,532**
Investment fund units	-	-	-	-	-	-	**-**
Total Assets	**94,034**	**1,309,382**	**469,287**	**300,603**	**1,549,336**	**24,117**	**3,746,759**
Liabilities							
Financial liabilities at fair value through profit or loss							
Derivatives	-	-	-	-	13,744	-	**13,744**
Financial liabilities at amortised cost							
Deposits from Customers	1,697,096	359,591	1,049,492	-	-	-	**3,106,179**
Debt securities issued	-	243	-	-	347,132	-	**347,375**
Total Liabilities	**1,697,096**	**359,834**	**1,049,492**	**-**	**360,876**	**-**	**3,467,298**
Gap (Assets-Liabilities)	**(1,603,062)**	**949,548**	**(580,205)**	**300,603**	**1,188,460**	**24,117**	**279,461**
Accumulated Gap	**(1,603,062)**	**(653,514)**	**(1,233,719)**	**(933,116)**	**255,344**	**279,461**	

Furthermore, under the periodic monitoring of the liquidity situation, the Group calculates the liquidity mismatch, Additional Liquidity Monitoring Metrics (ALMM), pursuant to the addenda issued in 2018 to Regulation (EU) 680/2014 of the Commission.

ALMM takes into account all the contracted outflows and inflows and uses a maturity ladder which enables confirming the existence or not of the Group's liquidity mismatch and also enables knowing its capacity to counterbalance any liquidity mismatch.

The liquidity mismatch is calculated for various timeframes, from overnight up to more than five years, taking into account the asset, liability and off-balance sheet positions with expected and estimated financial flows that are scheduled according to the corresponding residual maturities or inflow/outflow date of the monetary flow.

As at 31 December 2024, the ALMM shows a positive liquidity mismatch (difference between contracted outflows and inflows) of 39,510 thousand euros.

Interest Rate Risk

Interest Rate Risk refers to losses arising from the impact that interest rate fluctuations have on balance sheet or off-balance sheet items that are sensitive.

As of December 31, 2024, one of the main instruments for monitoring interest rate risk on the balance sheet is based on the recent Banco de Portugal Instruction no. 10/2024, which repeals Instruction no. 34/2018, and which stipulates the adoption of standard methodologies and assumptions mirrored in Delegated Regulation (EU) no. 2024/857 and Delegated Regulation (EU) no. 2024/856. This model groups variation-sensitive assets and liabilities by maturity dates or date of first review of interest rates, when indexed, from which a potential impact on economic value is calculated.

(amounts in thousand euros)

2024	Up to 3 Months	Greater than 3 Months Up to 6 Months	Greater than 6 Months Up to 1 Year	Greater than 1 Year Up to 5 Years	Greater than 5 years	Sensitive Amounts
Assets	**1,928,689**	**727,222**	**627,338**	**913,174**	**421,932**	**4,618,355**
Central Bank & Cash	716,195	-	-	-	-	716,195
Loans and Advances to Customers	285,636	168,674	397,004	748,184	203,164	1,802,662
Debt Securities	926,858	558,548	230,334	164,990	218,768	2,099,498
Liabilities	**1,560,387**	**871,589**	**674,036**	**897,349**	**405,649**	**4,409,010**
Debt Securities Issued	134,641	11,229	20,402	100,961	-	267,233
Deposits without defined maturity	413,602	98,723	196,988	796,388	405,649	1,911,350
Term Deposits	1,012,144	761,637	456,646	-	-	2,230,427
Off-balance sheet elements	**(138,252)**	**53,469**	**24,828**	**100,699**	**2,393**	**43,137**
Total	**230,050**	**(90,898)**	**(21,870)**	**116,524**	**18,676**	**252,482**

(amounts in thousand euros)

2023	Up to 3 Months	Greater than 3 Months Up to 6 Months	Greater than 6 Months Up to 1 Year	Greater than 1 Year Up to 5 Years	Greater than 5 years	Sensitive Amounts
Assets	**1,705,394**	**245,987**	**647,520**	**904,157**	**481,542**	**3,984,600**
Central Bank & Cash	1,350,622	-	-	-	-	1,350,622
Loans and Advances to Customers	349,059	177,851	342,981	763,258	224,398	1,857,547
Debt Securities	5,713	68,136	304,539	140,899	257,144	776,431
Liabilities	**1,074,521**	**463,732**	**868,746**	**609,417**	**465,001**	**3,481,417**
Debt Securities Issued	189,295	15,738	27,925	107,527	14,144	354,629
Deposits without defined maturity	512,450	78,315	156,662	501,890	450,857	1,700,174
Term Deposits	372,776	369,679	684,159	-	-	1,426,614
Off-balance sheet elements	**(222,486)**	**17,298**	**29,238**	**104,801**	**13,295**	**(57,854)**
Total	**408,387**	**(200,447)**	**(191,988)**	**399,541**	**29,836**	**445,329**

Economic value is calculated by the sum of the net present value of the discounted cash flows. This discount is based on a risk-free interest rate curve that is not subject to any kind of shock.

As of December 31, 2024, the impact on the economic value of instantaneous and parallel changes in interest rates of +200 basis points is -8,797 thousand euros, which was the most severe of the shocks requested by the regulator (in 2023 the impact of this shock, also the most severe, was -12,810 thousand euros). The results of the Supervisor Outlier Test, with the impact of each of the 6 shocks foreseen in the regulation on the Group's economic value in 2024 and 2023 were as follows:

(amounts in thousand euros)

Change in Economic Value in a given shock scenario	**Impact on Own Funds**	
Scenario	**2024**	**2023**
Parallel rise in the yield curve	(8,797)	(12,810)
Parallel descent of the yield curve	5,367	12,833
Increase in the slope of the yield curve	(2,987)	2,510
Decrease in the slope of the yield curve	564	(4,898)
Increase in short-term rates	(1,379)	(8,173)
Decrease in short-term rates	942	8,603

The main assumptions used in 2023 in the Group's analyses were the following:

- For Demand Deposits: 18.20% at sight, 81.80% distributed non-linearly over 15 years, giving rise to a duration of 3.6 years;
- Saving Accounts: 51.45% at sight, 48.50% distributed non-linearly over 15 years, giving rise to a duration of 2.1 years;
- Annual prepayment rate of 10% for Home Loans and 9% for Car Loans;
- Annual rate for early withdrawal of Term Deposits of 1.27%.

For 2024, these were reviewed as part of the annual review, resulting in the following assumptions:

- For Demand Deposits: 18.46% at sight, 81.54% distributed non-linearly over 10 years, giving rise to a duration of 2.7 years;
- Saving Accounts: 30.00% at sight, 70.00% distributed non-linearly over 10 years, giving rise to a duration of 2.2 years;
- Change in the annual prepayment rate for Mortgage Loans, from 10% to 12.5%, distributed proportionally over 12 months;
- The annual prepayment rate for car loans and the annual early withdrawal rate for term deposits remained unchanged at 9% and 1.27%, respectively.

In addition, the Group monitors the impact of changes in market interest rates on the 12-month interest margin. This exercise takes into account all assets, liabilities and off-balance sheet items sensitive to interest rate variations. The calculation is based on repricing characteristics and maturities considering behavioural models and interest rate transmission coefficients (betas). All other things being equal, a positive change in market interest rates of 200 b.p., on December 31, 2024 and at a consolidated level, would mean an increase of 4,214 thousand euros in net interest income (2023: increase of 13,559 thousand euros), while a negative change in market interest rates of 200 b.p., in the same period, would mean a decrease in net interest income of 9,621 thousand euros (2023: decrease of 13,155 thousand euros). The lack of symmetry between the two impacts seen in 2024 and 2023 is largely explained by the behavioural assumptions made in the modelling of deposits without a defined maturity, namely the different transmission coefficients of interest rate changes assumed for the scenarios of rising and falling interest rates.

(amounts in thousand euros)

Change in Net Interest Income in a given shock scenario	Impact on Own Funds	
Scenario	**2024**	**2023**
Net interest income w/parallel shock +200 bp	4,214	13,559
Net interest income w/parallel shock -200 bp	(9,621)	(13,155)

Market Risk

Market Risk generally represents the possible loss resulting from an adverse change in the value of a financial instrument as a result of changes in interest rates, foreign exchange rates, share, commodity, or real estate prices, volatility and credit spreads.

The Group does not have a trading portfolio, and its entire portfolio of debt securities is accounted for at amortized cost, with the main risk arising from its investments being credit risk and not market risk.

Operational Risk

The Group, in view of the nature of its activity, is exposed to potential losses or reputational risk, as a result of human errors, failures of systems and/or processing, unexpected stoppage of activity or failures on the part of third parties in terms of supplies, provisions or execution of services.

The approach to operational risk management is underpinned by the end-to-end structure, ensuring the effective adequacy of the controls involving functional units that intervene in the process. The Group identifies and assesses the risks and controls of the processes, ensuring their compliance with the requirements and principles of the Internal Control System.

Encumbered Assets

Pursuant to Banco de Portugal Instruction 28/2014, which addresses the guidance of the European Banking Authority relative to the disclosure of encumbered assets and unencumbered assets (EBA/GL/2014/3), and considering the recommendation issued by the European Systemic Risk Board, the following information is presented in relation to the assets and collateral:

(amounts in thousand euros)

	2024			
	Encumbered assets		**Unencumbered assets**	
	Book value	**Fair value**	**Book value**	**Book value**
Equity instruments	-	-	-	-
Debt securities	55,584	55,839	2,003,552	1,971,962
Other assets	272,205	n/a	2,396,184	n/a
	327,789		**4,399,736**	

(amounts in thousand euros)

	2023			
	Encumbered assets		**Unencumbered assets**	
	Book value	**Fair value**	**Book value**	**Book value**
Equity instruments	-	-	-	-
Debt securities	36,103	36,021	693,363	654,092
Other assets	372,017	n/a	2,725,649	n/a
	408,120		**3,419,012**	

(amounts in thousand euros)

	Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued and subject to encumbrance	
	2024	**2023**	**2024**	**2023**
Collateral received	**961,170**	**817,414**	**1,673,201**	**1,480,188**
Debt securities	-	-	-	-
Other collateral received	961,170	817,414	1,673,201	1,480,188
Own Debt Securities Issued other than Covered Own Bonds or ABS	**-**	**-**	**-**	**-**

(amounts in thousand euros)

	Carrying amount of selected financial liabilities	
	2024	**2023**
Associated liabilities, contingent liabilities and loaned securities	-	-
Assets, collateral received, and own debt securities issued other than covered own bonds or ABS that are encumbered	15,220	25,830

The encumbered assets relate primarily to guarantees provided to the Central Bank (Debt securities) and to the value of the contracts securitised under the securitisation operations (Other Assets). The encumbered collateral received essentially refers to the collateral of the securitised contracts under securitisation operations.

The collateral received that is able to be encumbered essentially refers to the collateral received in non-securitised credit operations, namely in mortgage loan and auto loan contracts.

Of the total unencumbered total assets of the value of 2,396,184 thousand euros (2023: 2,725,649 thousand euros), approximately 4% (2023: 3%) refer to items that cannot be encumbered (other tangible assets, intangible assets, current and deferred taxes).

Note 33 – Capital Management and Solvency Ratio

The main objective of capital management is to ensure compliance with the Group's strategic goals concerning capital adequacy, respecting and assuring compliance with the minimum requirements for own funds defined by the supervision entities.

In calculating capital requirements, the Group used the standard approach for credit and counterparty risk and the basic indicator method for operational risk.

The capital calculated pursuant to Directive 2013/36/EU and Regulation (EU) 575/2013 approved by the European Parliament and Council, and Banco de Portugal Notice 10/2017, includes core own funds (Tier 1 capital) and supplementary own funds (Tier 2 capital). Tier 1 includes core own funds (Common Equity Tier 1 – CET1) and tier 1 additional capital.

The Group's Common Equity Tier 1 includes: a) paid-up capital, reserves and retained earnings; b) regulatory deductions related to intangible assets, goodwill, insufficient coverage of non-productive exposures, and losses relative to the year in progress; and c) prudential filters. The Group does not have any additional tier 1 capital or tier 2 capital.

The legislation in force establishes a transition period between capital requirements pursuant to national legislation and that calculated pursuant to Community legislation in a phased fashion both for the non-inclusion/exclusion of items considered previously (phased-out) and the inclusion/deduction of new items (phased-in). At a prudential framework level, institutions should report Common Equity Tier 1, Tier 1 and totals not below 7%, 8.5% and 10.5%, respectively, including a conservation buffer of 2.5% and a countercyclical buffer of 0%, in the case of the Bank, 0%. For 2024, the regulatory requirements defined under the SREP (Supervisory Review and Evaluation Process) were 8.69%, 10.75% and 13.50% for Common Equity Tier 1, Tier 1 and total ratios, respectively.

Banco de Portugal Notice 10/2017 regulates the transitional arrangement established in the CRR concerning own funds, namely with respect to deductions related to deferred taxes generated before 2014 and to subordinated debt and hybrid instruments that are not eligible, both non-applicable to Banco CTT.

With the introduction of IFRS 9, the Bank opted for the phased recognition of the respective impacts of the static component pursuant to Article 473-A of the CRR.

As at 31 December 2024 and 31 December 2023, the Group presented the following capital ratios, calculated in accordance with the transitional provisions established in the CRR:

(amounts in thousand euros)

	2024		2023		Notes
	CRR Phased-in	*CRR Fully Implemented*	*CRR Phased-in*	*CRR Fully Implemented*	
OWN FUNDS					
Share capital	**321,400**	**321,400**	**296,400**	**296,400**	**26**
Retained earnings	**(30,868)**	**(30,868)**	**(46,098)**	**(46,098)**	**27**
Legal reserve	**4,830**	**4,830**	**3,037**	**3,037**	
Eligible results[1]	**20,048**	**20,048**	**17,023**	**17,023**	
Other Reserves	**360**	**360**	**350**	**350**	
Prudential Filters	**(11)**	**(11)**	**(23)**	**(23)**	**27**
Fair value reserves [2]	-	-	-	-	
Additional Valuation Adjustment (AVA) [3]	(11)	(11)	(23)	(23)	
Deductions to common equity tier 1	**(74,088)**	**(76,028)**	**(71,793)**	**(74,550)**	
Losses for the period	-	-	-	-	
Intangible assets	(14,454)	(14,454)	(13,174)	(13,174)	18
Goodwill	(60,679)	(60,679)	(60,679)	(60,679)	18
Adoption of IFRS 9	1,245	(695)	2,062	(695)	
Insufficient NPL coverage	(198)	(198)	-	-	
Securitisation deduction (1250%)	(2)	(2)	(2)	(2)	
Items not deducted from Equity pursuant to article 437 of the CRR	**1,695**	**1,695**	**1,753**	**1,753**	
Deferred tax assets	1,695	1,695	1,753	1,753	20
Common Equity Tier 1	**241,671**	**239,731**	**198,896**	**196,139**	
Tier 1 Capital	**241,671**	**239,731**	**198,896**	**196,139**	
Total Own Funds	**241,671**	**239,731**	**198,896**	**196,139**	
RWA	**1,131,228**	**1,129,948**	**947,577**	**945,528**	
Credit Risk	892,183	892,183	728,877	728,877	
Operational Risk	219,138	219,138	188,984	188,984	
Market Risk	-	-	-	-	
CVA	19,907	19,907	29,716	29,716	
IFRS 9 adjustments	-	(1,280)	-	(2,049)	
CAPITAL RATIOS					
Common Equity Tier 1	21.4%	21.2%	21.0%	20.7%	
Tier 1 Ratio	21.4%	21.2%	21.0%	20.7%	
Total Capital Ratio	21.4%	21.2%	21.0%	20.7%	

(1) Includes net income for the year in 2023 and 2024.
(2) Fair value reserve relative to gains or losses of financial assets stated at fair value.
(3) Additional value adjustments required to adjust the assets and liabilities stated at fair value.

Note 34 – Employee Benefits

As mentioned in Note 2.14, pursuant to the collective bargaining agreement (ACT) of the banking sector, published in the Bulletin of Work and Employment (BTE) number 38/2017 of 15 October, the Group, at the company 321 Crédito undertook the following commitments in relation to the payment of benefits, which are described as follows:

Benefits

Career Bonus

The Career Bonus is established in Clause 69 of the collective bargaining agreement (ACT), where the content of numbers one state that on the date of moving into a situation of retirement, due to disability or old age, the employee shall be entitled to a bonus of the value equal to 1.5 times the effective monthly retribution earned on that date. In the event of death while actively employed, a bonus shall be paid calculated under the terms of number 1 and with reference to the effective monthly retribution that the deceased employee earned on the date of death.

Allowance due to Death Arising from a Work Accident

In the event of death of a Participant arising from a work accident, this shall give rise to the payment of a capital sum – death allowance – as defined in Clause 72 of the collective bargaining agreement referred to above.

Post-Retirement Medical Care (SAMS)

Medical care is provided by the Social Medical Assistance Service (SAMS) whose post-retirement costs to the Member are defined are Clause 92 of the collective bargaining agreement referred to above.

The calculation considers the figures of Annex III of the collective bargaining agreement, covering the growth rate of the salary table.

321 Crédito is liable for the payment of the aforesaid costs for all its employees as soon as they move into a situation of retirement and for the costs related to survivors' pensions.

The counting of time of service considered the seniority date in the Group.

Actuarial Assumptions

In order to obtain the estimate of the liabilities and costs to be recognised for each period, an actuarial study is performed by an independent entity every year, based on the "Projected Unit Credit" method, and according to assumptions that are considered appropriate and reasonable, with an actuarial study having been conducted as at 31 December 2024 and 2023.

The main actuarial assumptions used in the calculation of the liabilities are as follows:

	2024	2023
Financial assumptions		
Discount rate	3.60%	3.60%
Salary growth rate (considering progressions)	1.25%	1.25%
Average inflation rate	1.00%	1.00%
Demographic assumptions		
Rate of death due to work accidents	0.000035	0.000035
Mortality table	Men: TV 88 / 90 Women: TV 88 / 90 (-1)	Men: TV 88 / 90 Women: TV 88 / 90 (-1)
Disability table	Swiss RE	Swiss RE
Retirement Age	67*	67*

**The normal retirement age is set in accordance with Decree-Law no. 167-E/2013, of December 31, and in accordance with the projections of the latest Ageing Report issued by the European Commission. This means that estimated life expectancy will increase by one year per decade.*

The discount rate is estimated based on interest rates of private debt bonds with high credit rating ("AA" or equivalent) at the date of the balance sheet and with a duration equivalent to that of the liabilities with healthcare.

The discount rate is determined on the basis of the Group's analysis of the evolution of the macroeconomic situation and the constant need to adapt the actuarial and financial assumptions to this situation, resulting in the rate remaining at 3.60% (2023: 3.60%).

The demographic assumptions are based on the mortality and disability tables considered appropriate for the actuarial assessment of this plan.

Liabilities

The evolution of the Group's liabilities related to healthcare and other post-employment benefits during the period ended on 31 December 2024 and 2023, is presented below:

(amounts in thousand euros)

	2024			2023		
	Healthcare – SAMS	Other post-employment benefits	Total	Healthcare – SAMS	Other post-employment benefits	Total
Opening balance	**1,054**	**191**	**1,245**	**953**	**173**	**1,126**
Cost of the current service	81	14	95	72	13	85
Cost of Interest	38	7	45	34	6	40
Benefits paid	(1)	-	(1)	(1)	-	(1)
Actuarial gains and losses for the year	(5)	-	(5)	(4)	(1)	(5)
Closing balance	**1,167**	**212**	**1,379**	**1,054**	**191**	**1,245**

In the period ended on 31 December 2024 and 2023, the expenses related to employee benefits recognised in the consolidated income statement and the actuarial deviations recorded under the balance sheet heading "Other changes in equity" were as follows:

(amounts in thousand euros)

	2024	2023
Healthcare – SAMS	118	105
Other post-retirement benefits	21	18
Expenses recognised in the income statement	**139**	**123**
Healthcare – SAMS	(5)	(4)
Other post-retirement benefits	-	-
Actuarial deviations recorded under the balance sheet heading "Other changes in equity" *(before the effect of deferred taxes)*	**(5)**	**(645)**
Variation in liabilities	**134**	**119**

The average duration of the liabilities related to Healthcare (SAMS) and other employee benefits is approximately 20.16 years (2023: 20.65 years).

Sensitivity Analysis

The analysis of sensitivity to change in assumptions, pursuant to IAS 19, is as follows:

Discount rate:

(amounts in thousand euros)

2024	Discount rate 3.60%	3.85%	Δ Value	%
Liabilities	1,379	1,312	(67)	-4.9%

(amounts in thousand euros)

2023	Discount rate 3.60%	3.85%	Δ Value	%
Liabilities	1,245	1,184	(61)	-4.9%

Analysis of the table above enables us to conclude that an increase of 25 b.p.in the discount rate, ceteris paribus, could be reflected in a reduction of the liabilities due to past services by approximately 4.9%. (2023: -4.9%).

Inversely, a reduction of 25 b.p.in the discount rate, could be reflected in an increase of the liabilities due to past services by approximately 5.0% (2023: + 5.1%).

Mortality table:

Sensitivity analysis was also carried out with a view to measuring the impact on liabilities of a variation of the mortality table in which mortality table TV 73/77 (-2) was considered for men and TV 88/90 (-3) for women. This change of the tables could be reflected in an increase of liabilities due to past services by approximately 1.5% (2023: +1.5%), increasing to 1,400 thousand euros (2023: 1,264 thousand euros).

(amounts in thousand euros)

2024	Mortality Table Men: TV 88/90 Women: TV 88/90 (-1)	Men: TV 73/77 (-2) Women: TV 88/90 (-3)	Δ Value	%
Liabilities	1.379	1.400	21	1.5%

(amounts in thousand euros)

2023	Mortality Table Men: TV 88/90 Women: TV 88/90 (-1)	Men: TV 73/77 (-2) Women: TV 88/90 (-3)	Δ Value	%
Liabilities	1.245	1.264	19	1.5%

Note 35 – Asset Securitisation

As at 31 December 2024 and 2023, the Group had in progress the following securitisation operations:

(amounts in thousand euros)

2024						
Issue	**Securitised asset**	**Issue date**	**Redemption date**	**Initial value of the credit**	**Initial withheld interest**	**Current value of the credit**
Chaves Funding No.8	Consumer credit	Nov/19	Nov/34	310,500	16,025	556,478
Ulisses Finance No.2	Consumer credit	Sep/21	Sep/38	250,000	1,500	126,254
Ulisses Finance No.3	Consumer credit	Jun/22	Jun/39	200,000	1,800	133,196
				760,500	**19,325**	**815,928**

(amounts in thousand euros)

2023						
Issue	**Securitised asset**	**Issue date**	**Redemption date**	**Initial value of the credit**	**Initial withheld interest**	**Current value of the credit**
Chaves Funding No.8	Consumer credit	Nov/19	Nov/34	310,500	16,025	396,548
Ulisses Finance No.2	Consumer credit	Sep/21	Sep/38	250,000	1,500	173,482
Ulisses Finance No.3	Consumer credit	Jun/22	Jun/39	200,000	1,800	174,846
				760,500	**19,325**	**744,876**

Chaves Funding No.8

This private securitisation operation was issued in November 2019 by Tagus – Sociedade de Titularização de Créditos, S.A.– included a Consumer Credit portfolio originated by 321. The assembly of the operation was carried out with the collaboration of the law firm PLMJ. The structure of the operation includes a Tranche A and a Tranche B in the notes issued, both being entirely held by the Group.

This operation includes an optional early repayment clause which enables the issuer to redeem the notes of all the Classes issued, when the residual value of the credit represents 10% or less than the value of the Credit Portfolio on the date of the setting up of the securitisation operation.

The underlying assets of the Chaves Funding No.8 transaction were not derecognised from the Statement of Financial Position as the Group substantially retained the risks and rewards associated with holding them.

Ulisses Finance No.2

This securitisation operation was created in September 2021 and issued by Tagus – Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation program (Ulisses) with the Ulisses Finance No.2 operation being placed on the market. The operation was set up with the collaboration of the PLMJ Law Firm and Deutsche Bank and included a consumer credit portfolio originated by 321 Crédito, whose initial total value was 250,000 thousand euros, to be maintained over the 12 months of the revolving period.

The structure of the Operation includes six collateralised Tranches from A to F, in addition to tranches G and Z. All tranches are dispersed on the capital market with the exception of class Z, whose initial value was 1.5 million euros, and which presents a value of 1,000 euros on 31 December 2024.

This operation obtained ratings by DBRS and Moody's for the tranches placed on the market, i.e., Tranches A to G.

The Ulisses Finance No. 2 operation is STS (simple, transparent and standardised).

For the purpose of calculating the capital ratio, due to the fact that the Ulisses Finance No. 2 operation complies with Article 244.1(b) of European Regulation 575/2013 (full capital deduction), the company decreased its 'Risk Weight Assets' in respect of the contracts securitised under this operation.

The operation incorporates an interest rate cap, which is a mechanism to mitigate interest rate risk for the operation and its investors, among which the Group is included, but that was not contracted directly by the Group, but rather by the issuer of the securitisation operation (Tagus – STC, S.A.). The Group also has a back-to-back interest rate cap.

The underlying assets of the Ulisses Finance No. 2 transaction were not derecognised from the Statement of Financial Position as the Group substantially retained the risks and benefits associated with holding them.

Next Funding No.1

The Next Funding No.1 operation, issued by Tagus – STC, S.A. in April 2021 and in which Banco CTT was the sole investor until December 2023, has as its underlying asset the credit card balances originated by the Universo credit card issued by Sonae Financial Services.

Additionally, Banco CTT granted the operation an overdraft line (Liquidity Facility) for the sole purpose of acquiring receivables (credit card balances) between the interest payment dates. At each interest payment date (IPD) the Liquidity Facility balance was settled by converting it to the value of the note.

Following the termination of the partnership with Universo, in December 2023 Banco CTT sold the note to Universo, IME, S.A. and on that date ceased to have any exposure to this portfolio. In addition, the overdraft facility (Liquidity Facility) was cancelled.

In the consolidated accounts, subject to the conditions set out in IFRS 10 (Consolidated Financial Statements), the securitisation operation is consolidated, insofar as Banco CTT substantially holds all the risks and rewards associated with the underlying assets and has the capacity to affect these risks and benefits.

As at 31 December 2024 and 31 December 2023, there was no on- or off-balance sheet position for this portfolio.

Ulisses Finance No.3

This securitisation operation was created in June 2022 and issued by Tagus – Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation program (Ulisses) with the Ulisses Finance No.3 operation being placed on the market. The operation was set up with the collaboration of the Law Firm VdA – Vieira de Almeida and Deutsche Bank and included a consumer credit portfolio originated by 321 Crédito, whose initial total value was 200,000 thousand euros, to be maintained over the 12 months of the revolving period.

The structure of the Operation includes six collateralised Tranches from A to F, in addition to tranches G and Z. All Tranches are dispersed on the capital market with the exception of class Z, whose initial value was 1.8 million euros.

This operation obtained ratings by DBRS and Moody's for the tranches placed on the market, i.e., Tranches A to G.

The Ulisses Finance No. 3 operation is STS (simple, transparent and standardised).

For the purpose of calculating the capital ratio, due to the fact that the Ulisses Finance No. 3 operation complies with Article 244.1(b) of European Regulation 575/2013 (full capital deduction), the company decreased its 'Risk Weight Assets' in respect of the contracts securitised under this operation.

The operation incorporates an interest rate cap, which is a mechanism to mitigate interest rate risk for the operation and its investors, among which the Group is included, but that was not contracted directly by the Group, but rather by the issuer of the securitisation operations (Tagus – STC, S.A.). The Group also has a back-to-back interest rate swap.

The underlying assets of the Ulisses Finance No. 3 transaction were not derecognised from the Statement of Financial Position as the Group substantially retained the risks and benefits associated with holding them.

The main features of these operations, with reference to 31 December 2024 and 2023, are described as follows:

(amounts in thousand euros)

	2024											
	Nominal Value		Redemption date	Remuneration	Initial Rating				Rating as at Dec-24			
	Initial	Current			Fitch	Moody's	S&P	DBRS	Fitch	Moody's	S&P	DBRS
Chaves Funding No.8												
Class A	349,823	501,603	Nov 2034	SWAP Rate + 90 bps	-	-	-	-	-	-	-	-
Class B	38,940	57,352	Nov 2034	-	-	-	-	-	-	-	-	-
Ulisses Finance No.2												
Class A	203,700	99,581	Sep 2038	Euribor 1M + 70 bps	-	Aa3	-	AA(low)	-	Aaa (sf)	-	AA(sf)
Class B	10,000	4,889	Sep 2038	Euribor 1M + 80 bps	-	A2	-	A(low)	-	Aa2 (sf)	-	A(high)(sf)
Class C	20,000	9,777	Sep 2038	Euribor 1M + 135 bps	-	Baa2	-	BBB(low)	-	A3 (sf)	-	BBB(low)(sf)
Class D	11,300	5,524	Sep 2038	Euribor 1M + 285 bps	-	Ba2	-	BB(low)	-	Ba1 (sf)	-	BB(low)(sf)
Class E	3,700	1,809	Sep 2038	Euribor 1M + 368 bps	-	B1	-	B(low)	-	Ba3 (sf)	-	B(low)(sf)
Class F	1,300	636	Sep 2038	Euribor 1M + 549 bps	-	-	-	-	-	-	-	-
Class G	1,500	0	Sep 2038	Euribor 1M + 500 bps	-	-	-	-	-	-	-	-
Class Z	1,500	1	Sep 2038	Euribor 1M + 600 bps	-	-	-	-	-	-	-	-
Ulisses Finance No.3												
Class A	168,000	109,546	Jun 2039	Euribor 1M + 90 bps	-	Aa2	-	AA	-	Aaa (sf)	-	AA
Class B	8,000	5,216	Jun 2039	Euribor 1M + 200 bps	-	A1	-	A(high)	-	Aa1 (sf)	-	A(high)
Class C	12,000	7,825	Jun 2039	Euribor 1M + 370 bps	-	Baa1	-	BBB	-	A2 (sf)	-	BBB
Class D	6,000	3,912	Jun 2039	Euribor 1M + 525 bps	-	Ba1	-	BB	-	Baa3 (sf)	-	BB
Class E	5,000	3,260	Jun 2039	Euribor 1M + 650 bps	-	Ba3	-	B	-	Ba2 (sf)	-	B
Class F	1,000	652	Jun 2039	Euribor 1M + 850 bps	-	B1	-	B(low)	-	Ba3 (sf)	-	B(low)
Class G	1,500	0	Jun 2039	Euribor 1M + 785 bps	-	-	-	-	-	-	-	-
Class Z	1,800	1	Jun 2039	Euribor 1M + 750 bps	-	-	-	-	-	-	-	-
	767,300	**811,584**										

(amounts in thousand euros)

2023													
	Nominal Value		Redemption date	Remuneration	Initial Rating				Rating as at Dec-23			
	Initial	Current			Fitch	Moody's	S&P	DBRS	Fitch	Moody's	S&P	DBRS
Chaves Funding No.8												
Class A	349,823	349,823	Nov 2034	SWAP Rate + 90 bps	-	-	-	-	-	-	-	-
Class B	38,940	38,940	Nov 2034	-	-	-	-	-	-	-	-	-
Ulisses Finance No.2												
Class A	203,700	140,142	Sep 2038	Euribor 1M + 70 bps	-	Aa3	-	AA(low)	-	Aaa (sf)	-	AA(sf)
Class B	10,000	6,880	Sep 2038	Euribor 1M + 80 bps	-	A2	-	A(low)	-	Aa2 (sf)	-	A(high)(sf)
Class C	20,000	13,760	Sep 2038	Euribor 1M + 135 bps	-	Baa2	-	BBB(low)	-	A3 (sf)	-	BBB(low)(sf)
Class D	11,300	7,774	Sep 2038	Euribor 1M + 285 bps	-	Ba2	-	BB(low)	-	Ba1 (sf)	-	BB(low)(sf)
Class E	3,700	2,546	Sep 2038	Euribor 1M + 368 bps	-	B1	-	B(low)	-	Ba3 (sf)	-	B(low)(sf)
Class F	1,300	894	Sep 2038	Euribor 1M + 549 bps	-	-	-	-	-	-	-	-
Class G	1,500	0	Sep 2038	Euribor 1M + 500 bps	-	-	-	-	-	-	-	-
Class Z	1,500	1	Sep 2038	Euribor 1M + 600 bps	-	-	-	-	-	-	-	-
Ulisses Finance No.3												
Class A	168,000	147,129	Jun 2039	Euribor 1M + 90 bps	-	Aa2	-	AA	-	Aaa (sf)	-	AA
Class B	8,000	7,006	Jun 2039	Euribor 1M + 200 bps	-	A1	-	A(high)	-	Aa1 (sf)	-	A(high)
Class C	12,000	10,509	Jun 2039	Euribor 1M + 370 bps	-	Baa1	-	BBB	-	A2 (sf)	-	BBB
Class D	6,000	5,255	Jun 2039	Euribor 1M + 525 bps	-	Ba1	-	BB	-	Baa3 (sf)	-	BB
Class E	5,000	4,379	Jun 2039	Euribor 1M + 650 bps	-	Ba3	-	B	-	Ba2 (sf)	-	B
Class F	1,000	876	Jun 2039	Euribor 1M + 850 bps	-	B1	-	B(low)	-	Ba3 (sf)	-	B(low)
Class G	1,500	0	Jun 2039	Euribor 1M + 785 bps	-	-	-	-	-	-	-	-
Class Z	1,800	1	Jun 2039	Euribor 1M + 750 bps	-	-	-	-	-	-	-	-
	845,063	**735,915**										

Furthermore, as at 31 December 2024, the Group, through 321 Crédito, maintained the Fénix operation as the only outstanding derecognised securitisation operation. The Group's only involvement in this operation is to provide serving for this operation.

Note 36 – Provision of Insurance or Reinsurance Mediation Services

As at 31 December 2024 and 2023, the remunerations derived from the provision of insurance and reinsurance mediation services were broken down as follows:

(amounts in thousand euros)

	2024	2023
Life Business	7,980	7,300
Non-Life Business	963	824
	8,943	**8,124**

The values receivable and payable associated to the insurance mediation activity are presented as follows:

(amounts in thousand euros)

	2024	2023
Values receivable	1,594	2,196
Values payable	516	689

Note 37 – Standards, Interpretations, Amendments and Revisions that Came into Force During the Year

The following standards, interpretations, amendments and revisions adopted (''endorsed'') by the European Union are mandatory for the first time in the financial year beginning on 01 January 2024:

Amendments to IAS 1 - Classification of liabilities as current and non-current and Non-current liabilities with covenants

These changes clarify the existing guidelines in IAS 1 regarding the classification of financial liabilities between current and non-current, clarifying that the classification should be measured according to an entity's right to defer payment at the end of each reporting period.

In particular, the amendments (i) clarify the concept of 'settlement' by indicating that if an entity's right to defer settlement of a liability is subject to compliance with future covenants , the entity has the right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period; and (ii) clarify that the classification of liabilities is not affected by the entity's expectation (based on the existence or not of the right, and should disregard any probability of exercising or not exercising that right), or by events occurring after the reporting date, such as non-compliance with a covenant.

If the right to defer settlement for at least twelve months is subject to meeting certain conditions after the balance sheet date, those criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current.
This amendment is applicable retrospectively.

Amendments to IAS 7 and IAS 7– Disclosures: Supplier financing agreements

These amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures aim to clarify the characteristics of a supplier financing agreement and introduce additional disclosure requirements when such agreements exist. The disclosure requirements are intended to help users of financial statements understand the effects of supplier financing arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.

Amendments to IFRS 16 – Liabilities in sale and leaseback transactions amendment

This amendment to IFRS 16 – Leases – Introduces guidance regarding the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a "sale" according to the principles of IFRS 15, with a greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate.

In the subsequent measurement of the lease liability, the seller-lessee shall determine the "lease payments" and "revised lease payments" in such a way that they do not recognise gains/(losses) in respect of the right of use they retain.

This amendment is applicable retrospectively.

These standards and changes had no material impact on the consolidated financial statements of the Grupo Banco CTT.

Note 38 – Standards, Interpretations, Amendments and Revisions that come into force in future years

The following standards, interpretations, amendments and revisions with mandatory application in future financial years have, up to the date of approval of these financial statements, been adopted ("endorsed") by the European Union:

Amendments to IAS 21– The effects of changes in foreign exchange rates: Lack of interchangeability

This amendment aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period.

The amendment specifies that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism in which an exchange operation creates enforceable rights and/or obligations.

If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would be applicable, on the measurement date, for a similar transaction between market participants. The amendments also state that an entity can use an observable exchange rate without making any adjustment.

The changes come into force for the period beginning on or after 01 January 2025. Early adoption is permitted, but the transition requirements applied must be disclosed.

The Group did not early apply these standards in the financial statements for the twelve months period ended 31 December 2024. No significant future impacts on the financial statements are expected as a result of their adoption.

Note 39 – Standards, Interpretations, Amendments and Revisions not yet adopted by the European Union

The following standards, interpretations, amendments and revisions with mandatory application in future financial years have not yet been adopted ("endorsed") by the European Union, at the date of approval of these financial statements:

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These changes are essentially the result of the draft revision of IFRS 9 Financial Instruments(Post Implementation Review – PIR IFRS 9) and clarify the following aspects relating to financial instruments:

- It clarifies that a financial liability is derecognised on the "settlement date", i.e. when the related obligation is settled, cancelled, expires or the liability otherwise qualifies for derecognition. However, the possibility is introduced for an entity to choose to adopt an accounting policy that allows it to derecognise a financial liability that is settled through an electronic payment system, before the settlement date, provided that certain conditions are met.
- Clarifies how an entity should assess the contractual cash flow characteristics of financial assets that include variables relating to environmental, social and governance (ESG) factors and other similar contingent characteristics.
- Requires additional disclosures for financial assets and liabilities subject to a contingent event (including ESG variables) and equity instruments classified at fair value through other comprehensive income.

The changes come into force for the period beginning on or after 01 January 2026. Early adoption is allowed.

This amendment is applicable retrospectively. However, an entity is not obliged to restate the comparative period, and the potential impacts of applying this amendment are recognised in retained earnings in the year in which the amendment is applicable.

Amendments to IFRS 9 and IFRS 7 - Contracts negotiated with reference to electricity generated from renewable sources

The amendments refer specifically to renewable energy purchase agreements whose source of production is dependent on nature, so that supply cannot be guaranteed at specific times or volumes.

In this sense, these amendments clarify the application of the "own use" requirements in power purchase agreements, as well as the fact that it is permitted to apply hedge accounting when these contracts are used as hedging instruments.

The amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted, except for the guidance on hedge accounting, which must be applied prospectively to new hedging relationships designated as such on or after the date of initial application.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, have not been applied by the Group in the twelve-month period ending on 31 December 2024. No significant impacts on the financial statements are expected as a result of their adoption.

Annual Improvements to IFRS (Volume 11)

Improvements are made on a regular basis to clarify and simplify the application of international standards, through minor changes that are not considered urgent.

The main changes included in this volume are:

- IFRS 1 (Hedge accounting on first-time adoption of IFRS standards): This amendment aims to update the cross-references in paragraphs B5 and B6 of IFRS 1 First-time Adoption of International Financial Reporting Standards to the eligibility criteria for hedge accounting in IFRS 9 to paragraphs 6.4.1(a), (b) and (c).
- IFRS 7 (Gain or loss on derecognition): This amendment aims to update the language regarding unobservable market data included in paragraph B38 of IFRS 7 Financial Instruments: Disclosures, as well as adding references to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.
- IFRS 7 (Implementation guidelines): Several paragraphs relating to the implementation guidelines of IFRS 7 have been amended for reasons of consistency and clarity.
- IFRS 9 (Derecognition of lease liabilities): This amendment clarifies that when a financial liability is extinguished in accordance with IFRS 9, the lessee must apply paragraph 3.3.3 of IFRS 9 and recognised the gain or loss that results from this derecognition.
- IFRS 9 (Transaction price): With this amendment, the reference to "transaction price" in paragraph 5.1.3 of IFRS 9 is replaced by "amount determined by applying IFRS 15".
- IFRS 10 (Determination of 'de facto' agent): Amendment made to paragraph B74 of IFRS 10, which clarifies that the relationship described in that paragraph is just one example of several possible between the investor and other parties acting as de facto agents. The purpose of this amendment is to remove the inconsistency with the requirement in paragraph B73 that an entity should use its judgment in assessing other parties who may act as 'de facto' agents.
- IAS 7 (Cost method): Replacement of the term "cost method" by "at cost" in paragraph 37 of IAS 7 after the elimination of the definition of "cost method".

The changes are effective for annual periods beginning on or after January 1, 2026, with early application permitted.

IFRS 18 – Presentation and disclosure in financial statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements and comes in response to requests from investors looking for information on financial performance. With the introduction of the new IFRS 18 requirements, investors will have access to more transparent and comparable information on companies' financial performance, with the aim of making better investment decisions.

IFRS 18 essentially introduces three sets of new requirements to improve the disclosure of financial performance:

- Comparability of the income statement: IFRS 18 introduces three defined categories for income and expenses – operating, investments and financing – to improve the structure of the income statement and requires all companies to provide new defined subtotals, including operating income. The new structure and subtotals will give investors a consistent starting point for analysing company performance, making it easier to compare them.
- Transparency of performance measures defined by management: IFRS 18 requires the disclosure of additional information on the company's specific performance indicators related to the income statement, known as performance measures, defined by management.

- Aggregation and disaggregation of items in the financial statements: IFRS 18 establishes guidelines on how income statement items should be aggregated.

IFRS 18 comes into force for financial years beginning on or after 1 January 2027, and its application is retrospective. Early adoption is allowed as long as the option is made public.

IFRS 19 – Subsidiaries not subject to public reporting: Disclosures

IFRS 19 allows eligible entities to prepare IFRS financial statements with lower disclosure requirements than those required by the IFRS, while maintaining the obligation to apply all the measurement and recognition requirements of the IFRS.

The reduction in disclosures defined by IFRS 19 covers most IFRS standards. Entities are considered eligible if: (i) are subsidiaries of a group that prepares consolidated financial statements in IFRS for public disclosure; and (ii) are not subject to the obligation to publicly disclose financial information, because they do not have listed debt or equity securities, are not in the process of being listed, nor do they have as their main activity the safekeeping of assets in a fiduciary capacity.

IFRS 19 comes into force for financial years beginning on or after 1 January 2027, and its application is optional. Early application is permitted. Early adopters must disclose and align disclosures in the comparative period with those in the current period.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, have not been applied by the Group in the twelve-month period ending on 31 December 2024. No significant impacts on the financial statements are expected as a result of their adoption.

Note 40 – Subsequent Events

No events with a material impact on the Group's Financial Statements have occurred up to the date of this report and after the end of the financial year 2024.

Accounts and Notes to the Individual Accounts of 2024

Individual Financial Statements

Individual Income Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Interest and similar income calculated through the effective interest rate	4	137,290	92,059
Interest and similar expenses calculated through the effective interest rate	4	(65,576)	(17,086)
Net Interest Income	**4**	**71,714**	**74,973**
Net fee and commission income	5	19,984	18,924
Results from assets and liabilities at fair value through profit or loss	6	(167)	6,491
Results from financial assets and liabilities at amortised cost		-	(45)
Net gains/(losses) from divestment of other assets		-	5
Other operating income/(expenses)	7	(626)	(351)
Operating Income		**90,905**	**99,997**
Staff costs	8	(25,321)	(20,745)
General administrative expenses	9	(32,133)	(29,472)
Amortisation and depreciation	18 e 19	(7,444)	(6,409)
Operating Expenses		**(64,898)**	**(56,626)**
Operating Profit/(Loss) Before Provisions and Impairments		**26,007**	**43,371**
Credit impairment	14	(1,035)	1,432
Impairment of other financial assets	13 e 15	(70)	(12,347)
Impairment of other assets	20 e 22	21	(58)
Provisions	26	(289)	(527)
Operating Profit/(Loss)		**24,634**	**31,871**
Results of Investments in Subsidiaries and Associates	20	1,444	(7,922)
Results of disposals of non-current assets held for sale		-	2,124
Profit/(Loss) Before Income Taxes		**26,078**	**26,073**
Income Taxes			
Current	21	(6,140)	(8,692)
Deferred	21	58	554
Net Income for the Year		**19,996**	**17,935**
Earnings per share (in euros)			
Basic	10	0.07	0.06
Diluted	10	0.07	0.06

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Individual Comprehensive Income Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Net Income for the Year		**19,996**	**17,935**
Comprehensive income recognised directly in Equity after taxes		**9**	**3**
Items that may be reclassified to the income statement			
Fair value reserve	29	-	-
Items that shall not be reclassified to the income statement			
Actuarial gains/(losses) for the year			
Employee benefits	29	9	3
Total Comprehensive Income for the Year		**20,005**	**17,938**

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Individual Statements of Financial Position as at 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Assets			
Cash and deposits at central banks	11	64,413	54,006
Deposits at other credit institutions	12	8,069	11,045
Financial assets at amortised cost			
Investments at credit institutions	13	861,331	1,421,279
Loans and advances to customers	14	803,718	731,051
Debt securities	15	2,554,555	1,074,582
Hedging derivatives	17	6	-
Other tangible assets	18	6,576	4,506
Intangible assets	19	23,150	20,088
Investments in subsidiaries and associates	20	142,558	136,105
Deferred tax assets	21	1,090	1,032
Other assets	22	29,846	37,521
Total Assets		**4,495,312**	**3,491,215**
Liabilities			
Financial liabilities at fair value through profit or loss	16	6,409	13,744
Financial liabilities at amortised cost			
Deposits from credit institutions	23	46,106	35,442
Deposits from Customers	24	4,060,462	3,106,179
Debt securities issued	25	9,996	-
Hedging derivatives	17	12	-
Provisions	26	1,091	812
Deferred tax liabilities	21	-	-
Other liabilities	27	56,033	64,840
Total Liabilities		**4,180,109**	**3,221,017**
Equity			
Share capital	28	321,400	296,400
Legal reserves	29	4,830	3,037
Fair value reserves	29	-	-
Other reserves	29	(335)	(344)
Retained earnings	29	(30,668)	(46,830)
Net income for the year		19,996	17,935
Total Equity		**315,203**	**270,198**

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Individual Statements of Changes in Equity for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	Share capital	Fair Value Reserves	Legal Reserves	Other Reserves	Retained earnings	Net Income for the Year	Total Equity
Balance on 31 December 2022		**296,400**	**-**	**1,571**	**(347)**	**(60,020)**	**14,656**	**252,260**
Appropriation of net income		-	-	1,466	-	13,190	(14,656)	-
Actuarial gains/ (losses)		-	-	-	3	-	-	3
Comprehensive income for the year								
Net income for the year		-	-	-	-	-	17,935	17,935
Balance on 31 December 2023		**296,400**	**-**	**3,037**	**(344)**	**(46,830)**	**17,935**	**270,198**
Share capital increase	28	25,000	-	-	-	-	-	25,000
Appropriation of net income		-	-	1,793	-	16,142	(17,935)	-
Actuarial gains/ (losses)	29	-	-	-	9	-	-	9
Comprehensive income for the year								
Net income for the year		-	-	-	-	-	19,996	19,996
Balance on 31 December 2024		**321,400**	**-**	**4,830**	**(335)**	**(30,688)**	**19,996**	**315,203**

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Individual Cash Flow Statements for the years ended on 31 December 2024 and 2023

(amounts in thousand euros)

	Notes	2024	2023
Cash flow from operating activities		**855,697**	**823,254**
Interest income received		90,866	90,577
Interest paid		(61,086)	(11,862)
Commissions income received		23,637	25,450
Commissions paid		(4,752)	(4,581)
Payments to employees		(23,800)	(19,435)
Income tax payments		163	4,367
Sectoral contributions		(449)	(320)
Other payments and revenues		(33,203)	(30,461)
Variation in operational assets and liabilities		864,321	769,519
Other operational assets and liabilities		*(7,255)*	*(16,877)*
Loans and advances to customers	14	*(70,874)*	*(24,437)*
Deposits from Customers	24	*942,450*	*810,833*
Cash flow from investment activities		**(901,991)**	**(845,076)**
Deposits at Banco de Portugal		(11,822)	(5,440)
Investment in securities		(1,436,933)	(22,734)
Investment		*(2,716,933)*	*(595,793)*
Repayment/Divestment		*1,280,000*	*573,059*
Investments at the Central Bank	13	615,350	(809,457)
Investments in other credit institutions	13	(54,890)	(17,030)
Investment		*(332,200)*	*(367,750)*
Redemptions		*277,310*	*350,720*
Acquisitions of tangible fixed assets and intangible assets		(8,696)	(5,450)
Acquisitions/disposals of subsidiaries and associates		(5,000)	11,035
Dividends received	20	-	4,000
Cash flow from financing activities		**44,378**	**19,426**
Share capital increases	28	25,000	-
Deposits from credit institutions	23	10,675	20,367
Debt securities issued	25	10,000	-
Leases		(1,297)	(941)
Cash and cash equivalents at the beginning of the year		**28,668**	**31,064**
Net changes in cash and cash equivalents		**(1,916)**	**(2,396)**
Cash and cash equivalents at the end of the year		**26,752**	**28,668**
Cash and cash equivalents cover:		**26,752**	**28,668**
Cash	11	23,966	25,380
Demand deposits at Banco de Portugal	11	-	1
Deposits at credit institutions	12	2,786	3,287

The accompanying notes form an integral part of these financial statements.

The Chartered Accountant

Nuno Filipe dos Santos Fernandes

The Board of Directors

João Nuno de Sottomayor Pinto de Castello Branco

Luís Maria França de Castro Pereira Coutinho

João Maria de Magalhães Barros de Mello Franco

Pedro Rui Fontela Coimbra

Nuno Carlos Dias dos Santos Fórneas

Luís Jorge de Sousa Uva Patrício Paúl

Pedro Luís Francisco Carvalho

João Manuel de Matos Loureiro

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

António Pedro Ferreira Vaz da Silva

Guy Patrick Guimarães de Goyri Pacheco

António Domingues

Notes to the Individual Financial Statements

Note 1 – Basis of Presentation

Pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July 2002 and Banco de Portugal Notice 5/2015, the financial statements of Banco CTT are prepared in accordance with the International Reporting Financial Standards (IFRS), as endorsed in the European Union (EU) on the reporting date.

IFRS includes accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and their predecessor bodies.

Banco CTT, S.A. (hereinafter referred to as "Banco CTT" or "Bank") is a credit institution with registered office at Praça Duque de Saldanha, n.º 1, Edifício Atrium Saldanha, piso 3, 1050-094 Lisboa, controlled by CTT – Correios de Portugal, S.A., having been incorporated in August 2015.

The Bank is dedicated to obtaining third party funds, in the form of deposits or other, which the Bank invests, together with its own funds, mostly in the form of loans granted to customers in the individual retail segment or debt securities, while also providing other banking services to its customers.

The Bank's financial statements, presented herein, refer to the year ended on 31 December 2024, and were prepared in accordance with the current IFRS as endorsed in the European Union by 31 December 2024.

The financial statements are expressed in thousands of euros, rounded to the nearest thousand, and have been prepared on a going concern basis and under the historical cost convention, except for assets and liabilities that are stated at fair value. The Bank has no projects or intentions for actions that could jeopardise the continuity of its operations.

The preparation of financial statements in conformity with IFRS requires the Bank to make judgements and use estimates that affect the application of the accounting policies and the reported amounts of income, expenses, assets and liabilities. Changes to these assumptions or if they are different from reality could imply that the actual results in the future may differ from those reported. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements were approved by the Board of Directors in the meeting held on 17 March 2025.

Note 2 – Material Accounting Policies

The material accounting policies used in the preparation of the financial statements were as follows:

2.1 Financial Instruments – IFRS 9

2.1.1 Financial Assets

Classification, initial recognition and subsequent measurement

At the time of their initial recognition, the financial assets are classified into one of the following categories:

iv) Financial assets at amortised cost;
v) Financial assets at fair value through other comprehensive income; or
vi) Financial assets at fair value through profit or loss.

The classification takes into account the following aspects:

iii) the Bank's business model for the management of the financial asset; and
iv) the features of the financial asset's contractual cash flows.

Assessment of the Business Model

The Bank makes an assessment of the business model in which the financial asset is held, at the portfolio level, as this approach best reflects how the assets are managed and how the information is provided to the management bodies. The information considered in this assessment included:

- the policies and objectives established for the portfolio and the practical operation of these policies, including how the management strategy focuses on the receipt of contractual interest or the realisation of cash flows through the sale of assets;
- the way that the portfolio performance is assessed and reported to the Bank's management bodies;
- the assessment of the risk that affect the performance of the business model (and of the financial assets held under this business model) and how these risks are managed; and
- the frequency, volume and periodicity of the sales in previous periods, the motives for these sales and the expectations on future sales. However, information on sales should not be considered in isolation, but as part of an overall assessment of how the Group sets financial asset management objectives and how cash flows are obtained; and
- evaluation whether contractual cash flows correspond only to the receipt of principal and interest (SPPI – Solely Payments of Principal and Interest).

For purposes of this assessment, "principal" is defined as the fair value of the financial asset upon initial recognition. "Interest" is defined as compensation for the time value of money, for the credit risk associated to the amount in debt during a particular period and for other risks and costs associated to the activity (e.g. liquidity risk and administrative costs), as well as a profit margin.

In the assessment of the financial instruments in which the contractual cash flows refer exclusively to the receipt of principal and interest, the Bank considered the original contractual terms of the instrument. This assessment included analysis of the existence of situations in which the contractual terms could modify the periodicity and the amount of the cash flows so that they do not comply with the SPPI condition. In the assessment process, the Bank took into account:

- contingent events that could modify the periodicity and amount of the cash flows;
- characteristics that give rise to leverage;
- clauses on early payment and extension of maturity;
- clauses that could limit the Bank's right to claim cash flows of specific assets (e.g. contracts with clauses that prevent access to assets in case of default – non-recourse asset); and
- characteristics that could modify the compensation for the time value of money.

Moreover, an early payment is consistent as a SPPI criterion, if::

- the financial asset was acquired or originated with a premium or discount relative to the contractual nominal value;
- the early payment substantially represents the nominal amount of the contract plus the periodic contractual interest, but that has not been paid (it may include reasonable compensation for the early payment); and
- the fair value of the early payment is insignificant upon initial recognition.

<u>Reclassifications between financial instruments categories</u>

If the Bank changes its financial asset management business model, which is expected to take place infrequently and exceptionally, it reclassifies all the financial assets affected, in conformity with the requirements defined in IFRS 9 – "Financial instruments". The reclassification is applied prospectively from the date when it becomes effective. Pursuant to IFRS 9 – "Financial instruments", reclassifications are not permitted for equity instruments with the option of measurement at fair value through other comprehensive income or for financial assets and liabilities classified at fair value under the fair value option.

2.1.1.1 Financial assets at amortised cost

<u>Classification</u>

A financial asset is classified in the category of "Financial assets at amortised cost" if it cumulatively complies with the following conditions:

- the financial asset is held in a business model whose main objective is the holding of assets for collection of its contractual cash flows; and
- its contractual cash flows occur on specific dates and correspond only to payments of principal and interest of the amount in debt (SPPI).

The category of "Financial assets at amortised cost" includes investments at credit institutions, loans and advances to customers, and debt securities managed based on a business model whose objective is the receipt of their contractual cash flows (public debt bonds and bonds issued by companies).

Initial recognition and subsequent measurement

Investments at credit institutions and loans and advances to customers are recognised on the date when the funds are provided to the counterparty (settlement date). Debt securities are recognised on the trade date, that is, on the date on which the Bank undertakes to acquire them.

Financial assets at amortised cost are initially recognised at their fair value, plus transaction costs, and are subsequently measured at amortised cost. Furthermore, after their initial recognition, they are subject to the estimation of impairment losses due to expected loan losses, which are recorded against the heading "Impairment of other financial assets net of reversals and recoveries".

Interest arising from financial assets at amortised cost is recognised under the heading "Interest and similar income calculated through the effective interest rate", based on the effective interest rate method and pursuant to the criteria described in Note 2.9.

Gains or losses generated at the time of their derecognition are recorded in the heading "Net gains/(losses) of financial assets at amortised cost".

Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognised at their fair value, plus transaction costs, and are subsequently measured at amortised cost. The fair value variations of these financial assets are recorded through other comprehensive income and, at the time of their divestment, the respective accumulated gains or losses in other comprehensive income are reclassified to a specific income statement heading named "Net gains/(losses) of other financial assets at fair value through other comprehensive income".

Debt instruments at fair value through other comprehensive income are also subject, since their initial recognition, to the calculation of impairment losses due to expected loan losses. The estimated impairment losses are recognised through profit or loss, in the heading "Impairment of other financial assets net of reversals and recoveries", through other comprehensive income, and do not reduce the book value of financial asset on the balance sheet.

The interest, premiums or discounts of financial assets at fair value through other comprehensive income are recognised under the heading "Interest and similar income calculated through the effective interest rate", based on the effective interest rate and pursuant to the criteria described in Note 2.9.

Equity instruments at fair value through other comprehensive income are initially recognised at their fair value, plus transaction costs, and are subsequently measured at fair value.
Fair value variations of these financial assets are recorded through other comprehensive income. Dividends are recognised through profit or loss when the right to receive them has been attributed.

Impairment is not recognised for equity instruments at fair value through other comprehensive income, with the corresponding accumulated gains or losses recorded under fair value variations being transferred to Retained earnings upon their derecognition.

2.1.1.2 Derecognition of financial assets

i) The Bank derecognises a financial asset when, and only when:
- the contractual rights to the cash flows arising from the financial asset expire; or
- it transfers the financial asset as described in points ii) and iii) below and the transfer meets the conditions for derecognition pursuant to point iv).

ii) The Bank transfers a financial asset if, and only if one of the following situations occurs:
- the contractual rights to receive the cash flows arising from the financial asset are transferred; or
- the contractual rights to receive the cash flows arising from the financial asset are withheld, but a contractual obligation is undertaken to pay the cash flows to one or more receivers in an agreement that meets the conditions established in point iii).

iii) When the Bank withholds the contractual rights to receive the cash flows arising from a financial asset (the «original asset»), but undertakes a contractual obligation to pay these cash flows to one or more entities (the «final receivers»), the Bank treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:
- the Bank has no obligation to pay amounts to the final receivers unless it receives equivalent amounts arising from the original asset. The short-term advances by the entity with the right to total recovery of the loaned amount plus the overdue interest at market rates are not in breach of this condition;
- the Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset other than to as guarantee to the final receivers for the obligation of paying them cash flows; and
- the Bank has an obligation to send any cash flow that it receives on behalf of the final receivers without significant delays. Moreover, it does not have the right to reinvest these cash flows, except in the case of investments in cash or its equivalents (as defined in IAS 7 Cash Flow Statements) during the short period of settlement between the date of receipt and the required date of delivery to the final receivers, and the interest received as a result of these investments are passed on to the final receivers.

iv) When the Bank transfers a financial asset (see point ii above), it should assess to what extent it retains the risks and benefits arising from the ownership of this asset. In this case:
- if the Bank substantially transfers all the risks and benefits arising from the ownership of the financial asset, it derecognises the financial asset and separately recognises, as assets or liabilities, any rights and obligations created or retained with the transfer;
- if the Bank substantially retains all the risks and benefits arising from the ownership of the financial asset, it will continue to recognise the financial asset.
- if the Bank does not substantially transfer or retains all the risks and benefits arising from the ownership of the financial asset, it should determine whether it retained control of the financial asset. In this case:
  - if the Bank did not retain control, it should derecognise the financial asset and separately recognise, as assets or liabilities, any rights and obligations created or retained with the transfer;
  - if the Bank retained control, it should continue to recognise the financial asset in proportion to its continued involvement in the financial asset.

v) The transfer of the risks and benefits referred to in the previous point is assessed by comparison of the Bank's exposure, before and after the transfer, to the variability of the amounts and time of occurrence of the net cash flows arising from the transferred asset.

vi) The question of knowing whether the Bank retained control or not (see point iv above) of the transferred asset depends on the ability of whoever receives the transfer to sell the asset. If whoever receives the transfer has the practical ability to sell the asset as a whole to an unrelated third party and is able to exercise this ability unilaterally and without needing to impose additional restrictions to the transfer, it is considered that the entity did not retain control. In all other cases, it is considered that the entity retained control.

2.1.1.3 Loans written off from the assets ("write-off")

The Bank recognises a loan written from the asset when it has no reasonable expectations of recovering an asset totally or partially. This record occurs after all the recovery actions developed by the Group have proved unsuccessful. Loans written off from the assets are recorded in off-balance sheet accounts.

2.1.1.4 Impairment losses

The Bank determines the expected loan losses of each operation according to the deterioration of the credit risk observed since its initial recognition. For this purpose, operations are classified in one of the following three stages:

- Stage 1: operations in which there has not been a significant increase in credit risk since their initial recognition are classified as being at this stage. The impairment losses associated with operations classified at this stage correspond to the expected credit losses that result from a default event that may occur within a period of 12 months after the reporting date (credit losses expected at 12 months).
- Stage 2: operations in which there has been a significant increase in credit risk since their initial recognition, but that are not yet in situations of impairment, are classified as being at this stage. The impairment losses associated with operations classified at this stage correspond to the expected credit losses resulting from default events that may occur over the expected residual life of the operations (lifetime expected credit losses).
- Stage 3: operations in a situation of impairment are classified as being at this stage. The impairment losses associated to operations classified in this stage correspond to lifetime expected credit losses. Operations acquired or originated in situations of impairment (Purchased or Originated Credit-Impaired – POCI) are also classified under stage 3.

Forward Looking Information

The Bank's impairment model is constructed so as to be able to use public and other confirmable information from other market participants, where there is no history of default that would allow it to build sophisticated statistical models.

In the case of mortgage credit, where there is very little historical data on defaults, it proved impossible to apply a statistically-based forward-looking component, so we opted to apply parameters (PD and LGD) based on judgement.

Significant increase of credit risk (SICR)

Significant increase of credit risk (SICR) is mainly determined according to quantitative criteria but also according to qualitative criteria, with a view to detecting significant increases of the Probability of Default (PD), supplemented with other type of information, in particular the behaviour of customers to entities of the financial system. However, regardless of the observation of a significant increase of credit risk in an exposure, it is classified under Stage 2 when any of the following conditions are met:

- Loans with payment in arrears for more than 30 days (backstop);
- Loans with qualitative triggers subject to risk, namely those presented in Banco de Portugal Circular Letter 62/2018.

Definition of financial assets in default and in a situation of impairment

Customers who meet at least one of the following criteria are considered in default:

- Existence of instalments of principal or interest overdue for more than 90 days;
- Debtors in a situation of bankruptcy, insolvency or liquidation;
- Loans in litigation;
- Cross-default credits;
- Loans restructured due to financial difficulties with economic loss;
- Default quarantined credits;
- Loans regarding which there is a suspicion of fraud or confirmed fraud;
- Loans with amounts written off from assets.

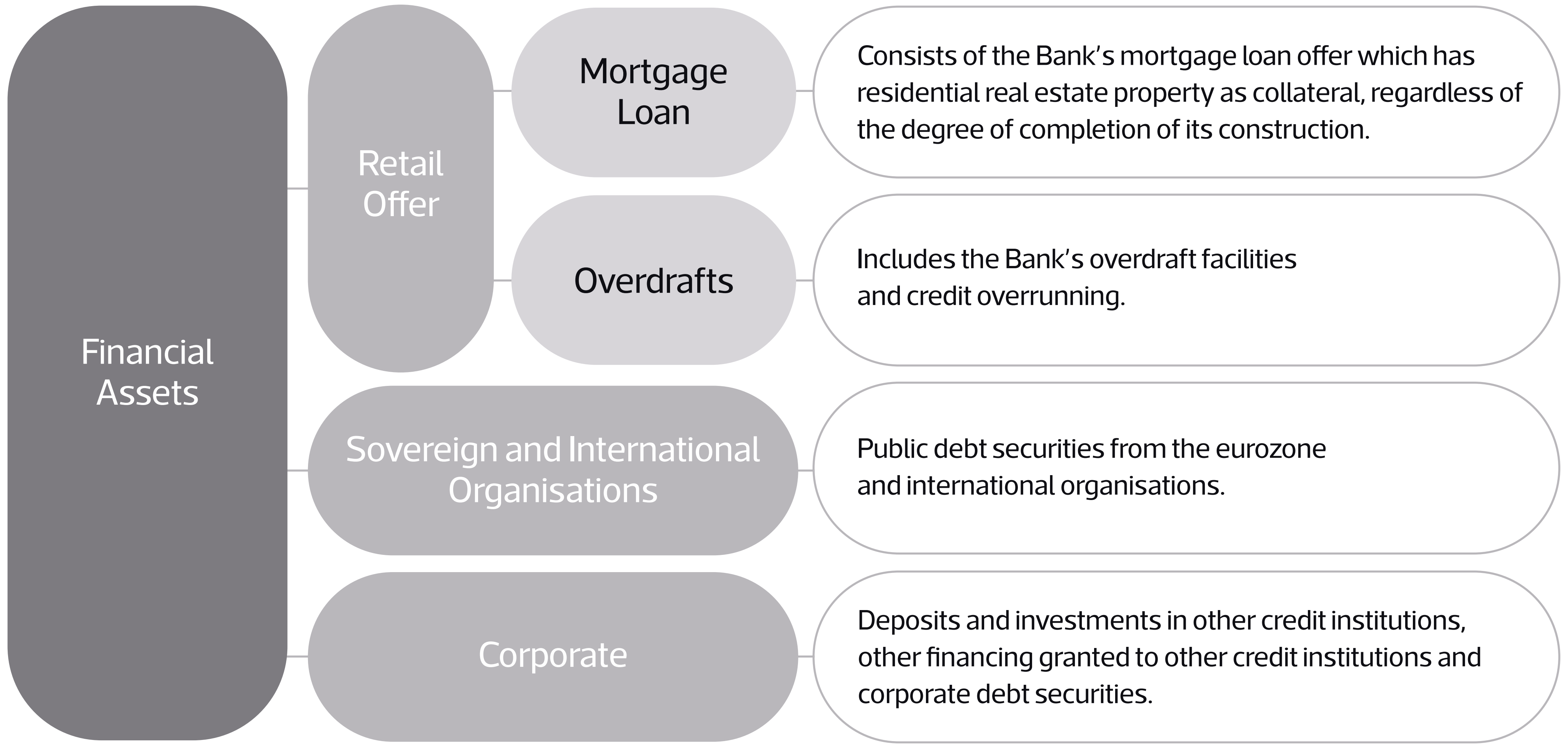
Estimated expected loan losses – Individual analysis

Customers in any of the following conditions are subject to individual analysis:

- Individual customers with exposures above 500,000 euros,
- Exposures to credit institutions, sovereign entities, central banks or companies through debt securities that are in stage 2 or 3.

Estimated expected loan losses – Collective analysis

Operations that are subject to individual impairment analysis are grouped together according to their risk characteristics and subject to collective impairment analysis. The Bank's loan portfolio is divided by degrees of internal risk and according to the following segments:



Expected loan losses are estimated loan losses which are determined as follows:

- financial assets with no signs of impairment on the reporting date: the present value of the difference between the contractual cash flows and the cash flows that the Bank expects to receive;
- financial assets with signs of impairment on the reporting date: the difference between the gross book value and the present value of the estimated cash flows;
- unused credit commitments: the present value of the difference between the resulting contractual cash flows if the commitment is realised and the cash flows that the Bank expects to receive.

The main inputs used to measure the expected loan losses on a collective basis include the following variables:

- Probability of Default – PD;
- Loss Given Default – LGD; and
- Exposure at Default – EAD.

These parameters are obtained through internal models and other relevant historical data, taking into account existing regulatory models adapted according to the requirements of IFRS 9.

The PD are calculated based on historical data. If the degree of risk of the counterpart or exposure changes, the associated estimated PD will also vary. The PDs are calculated considering the contractual maturities of the exposures.

The Bank gathers performance and default indicators on its credit risk exposures with analyses by type of customer and product.

LGD is the magnitude of the expected loss in the event that the exposure enters into default. In the case of contracts secured by real estate, LTV (loan-to-value) ratios are a highly relevant parameter in determining LGD. The Group generally estimates the parameters of LGD based on history.

EAD represents the expected exposure in the event that the exposer and/or customer enters into default. The Bank obtains the EAD values based on the current exposure of the counterpart and includes the loans that have not yet fallen due, periodic calculation of interest, overdue interest not annulled and overdue loans. For commitments, the EAD value considers both the value of credit used and the expected future potential value which could be used pursuant to the contract.

As described above, except for financial assets that consider a PD at 12 months due to not having shown a significant increase of credit risk, the Bank calculates the value of the expected loan losses taking into account the risk of default during the maximum contractual maturity period even though, for risk management purposes, a longer period is considered. The maximum contractual period will be considered as the period up to the date when the Bank has the right to demand the payment or terminate the commitment or guarantee.

For financial assets that are "Cash and deposits at other credit institutions", "Investments in other credit institutions" and "Investments in securities" the impairments are calculated by attributing:

i) a probability of default that derives from the external rating of the issuer or counterparty, respectively; and

ii) a Loss Given Default (LGD) defined by the Group, based on data from Moody's rating agency, and depending on the type of counterparty (Corporate or Sovereign).

2.1.1.5 Modification of financial assets

If the conditions of a financial asset are modified, the Bank assesses whether the asset's cash flows are substantially different.

If the cash flows are substantially different, the contractual rights to the cash flows of the original financial asset are considered expired and the principles described in Note 2.1.1.2 Derecognition of financial assets apply.

If the modification of a financial asset measured at amortised cost or fair value through other comprehensive income does not give rise to the derecognition of the financial asset, then the Bank firstly recalculates the gross book value of the financial asset, applying the original effective interest rate of the asset and recognises the adjustment derived thereof as a modification gain or loss through profit or loss. For financial assets with variable rates, the original effective interest rate used to calculate the gain or loss of the modification is adjusted to reflect the current market conditions at the time of the modification. Any costs or commissions incurred, and commissions received as part of the modification are incorporated to adjust the gross book value of the modified financial asset and are amortised during the remaining period of the modified financial asset.

2.1.2 Financial Liabilities

An instrument is classified as a financial liability when there is a contractual obligation of its settlement being made against the submission of cash or another financial asset, irrespective of its legal form.

Non-derivatives financial liabilities essentially include deposits from customers.

These financial liabilities are recorded (i) initially at fair value minus the transaction costs incurred, and (ii) subsequently at amortised cost, based on the effective interest rate method.

The Bank derecognises financial liabilities when these are cancelled, extinguished or expire.

2.1.3 Derivative financial instruments

Derivative financial instruments are recorded at fair value on the date the Bank negotiates contracts and are subsequently measured at fair value. Fair value is obtained through market prices quoted on active markets, including recent market transactions, and valuation models, namely: discounted cash flow models and options valuation models. Derivatives are considered assets when their fair value is positive and as liabilities when their fair value is negative. Revaluation results are recognised in "Results from assets and liabilities at fair value through profit or loss".

Certain derivatives embedded in other financial instruments, such as the indexation of returns on debt instruments to the value of shares or share indices, are bifurcated and treated as separate derivatives when their risk and economic characteristics are not clearly related to those of the host contract and the host contract is not measured at fair value with changes recognised in profit or loss. These embedded derivatives are measured at fair value, with subsequent changes recognised in the income statement.

Derivatives are also recorded in off-balance sheet accounts at their theoretical value (notional value).

2.2 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

2.3 Equity Instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, irrespective of its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recognised against equity as a deduction to the value of the issue. Amounts paid or received due to sales or acquisitions of equity instruments are recorded in equity, net of transaction costs.

Distributions to holders of equity instruments are debited directly from the equity as dividends when declared.

2.4 Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are recorded by the equity method from the date when the Bank acquires significant influence up to the date when it ends. Associates are entities in which the Bank has significant influence but does not exercise control over its financial and operating policy. It is assumed that the Bank has significant influence when it has the power to exercise more than 20% of the voting rights of the associate. If the Bank directly or indirectly holds less than 20% of the voting rights, it is presumed that the Bank does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Bank is usually demonstrated by one or more of the following ways:

i. representation on the Board of Directors or equivalent governing body;
ii. participation in policy-making processes, including participation in decisions about dividends or other distributions;
iii. material transactions between the Bank and the investee;
iv. interchange of the management team;
v. provision of essential technical information.

The individual financial statements include the part attributable to the Bank, of the total reserves and profits and losses of the associated company recorded by the equity method. When the Bank's share of losses exceeds its interest in the associate, the book value is reduced to zero and recognition of further losses is discontinued, except to the extent that the Bank has incurred in a legal obligation to assume those losses on behalf of the associate.

2.5 Intangible Assets

Intangible assets are registered at acquisition cost, minus amortisation and impairment losses, when applicable. Intangible assets are only recognised when it is probable that they will result in future economic benefits for the Bank, and they can be measured reliably.

Intangible assets are essentially composed of expenses related to software (whenever this is separable from the hardware and associated to projects where the generation of future economic benefits is quantifiable), licenses and other rights of use. Also included are expenses related to the development of R&D projects whenever the intention and technical capacity to complete this development is demonstrated, for the purpose of the projects being available for marketing or use. Research costs incurred in the search of new technical or scientific knowledge or aimed at the search of alternative solutions, are recognised through profit or loss when incurred.

Intangible assets are amortised through the straight-line method, as of the month when they are available for use, during their expected useful life, which is situated in a period varying between 3 and 6 years. In the specific case of the base operational system, after specific analysis regarding the expected period of its effective use, it was initially decided to amortise it over a period of 15 years (until 2030); in 2024 the expected use of this asset changed from 2030 to 2025.

The Bank performs impairment testing whenever events or circumstances show that the book value exceeds the recoverable amount, with the difference, when existing, being recognised through profit or loss. The recoverable amount is the higher of net selling price and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Income or expenses derived from the divestment of intangible assets are determined by the difference between the sale value and its book value, being recorded under the heading "Other operating income/(expenses)".

2.6 Leases

At the beginning of a contract, the Bank assesses whether it is or contains a lease. A lease is a contract or part of a contract that transfer the right to use an asset (the underlying asset) during a certain period, in exchange of a retribution. In order to assess whether a contract transfer the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset – which could be specified explicitly or implicitly and should be physically distinctive or substantially represent all the capacity of a physically distinctive asset. Even if the asset is specified, the Bank does not have the right to use an identified asset if the supplier has the substantive right to replace this asset during its period of use;
- the Bank has the right to substantially receive all the economic benefits from the use of the identified asset, throughout its entire period of use; and
- the Bank has the right to direct the use of the identified asset. The Bank has this right when it has the most relevant decision-making rights to change the way and purpose with which the asset is used throughout its entire period of use. In cases where the decision on how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if:
  - The Bank has the right to make use of the asset (or order others to make use of the asset in the manner that the Group determines) throughout its entire period of use, where the supplier does not have the right to change these instructions on the asset's use; or

- The Bank designed the asset (or specific aspects of the asset) in a manner that previously determines how and for what purpose the asset shall be used throughout its entire period of use.

The Bank applied this approach to the contracts concluded or amended on or after 1 January 2019.

At the beginning or in the reassessment of a contract that contains a component of the lease, the Bank imputes the retribution in the contract to each component of the lease based on their individual prices. However, for leases of land and buildings in which it is the lessee (tenant), the Bank decided not to separate the components that do not belong to the lease, and to record the lease and non-lease components as a single component.

2.6.1 As lessee

The Bank recognises a right-of-use asset, and a liability related to the lease on the lease starting date. The right-of-use asset is initially measured at cost, which includes the initial value of the lease liability adjusted for all the expected lease payments on or before the starting date, plus any direct costs incurred and an estimate of the costs for dismantlement and removal of the underlying asset or to restore the underlying asset or the premises on which it is located, minus any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the starting date to the end of the useful life of the right-of-use asset or to the end of the lease period, according to what ends first. The useful life of right-of-use assets is determined by following the same principles as those applicable to Tangible Assets. Furthermore, the right-of-use asset is periodically deducted impairment losses, if any, and adjusted for particular remunerations of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not yet been made on that date, discounted by the implicit interest rate in the lease, if this rate can be easily determined. If this rate cannot be easily determined, the Bank's incremental funding rate should be used. As a rule, the Bank uses its incremental funding rate as the discount rate.

The lease payments included in the measurement of the lease liability consist of the following:

- fixed payments (including fixed payments in substance), minus the lease incentives;
- variable payments that depend on an index or rate, initially measured using the existing rate or index on the starting date;
- amounts that are expected to be paid to guarantee the residual value;
- the price of the exercise of a purchase option, if the Group is reasonably certain that it shall exercise this option; and
- payments of sanctions due to rescission of the lease, if the lease period reflects the exercise of an option for lease rescission by the Bank.

The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a change to the future lease payments derived from a change in an index or rate, when there is a change in the Bank's estimate of the amount it expects to pay for a residual value guarantee, or whenever the Bank changes its assessment of the expected exercise or not of a purchase, extension or rescission option.

Whenever the lease liability is remeasured, the Bank recognises the remeasurement amount of the lease liability as an adjustment to the right-of-use asset. However, if the book value of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Bank recognises this reduction in the income statement.

The Bank presents the right-of-use assets that do not correspond to the definition of investment property under "Other Tangible Assets" and the lease liabilities under "Other Liabilities" in the statement of financial position.

Short-term leases and low-value leases

The IFRS 16 standard allow a lessee not to recognise right-of-use assets and short-term leases with a lease period of 12 months or less, and leases of low-value assets, where the payments associated to these leases are recognised as an expense by the straight-line method during the enforcement of the contract.

2.7 Income Tax

Corporate income tax corresponds to the sum of current taxes and deferred taxes. Current taxes and deferred taxes are recorded under net income, unless they refer to items recorded directly in equity. In these cases, deferred taxes are also recorded under equity.

Current tax payable is based on the taxable profit for the period, calculated in accordance with the tax laws in force on the reporting date. Taxable income differs from accounting income, since it excludes various costs and revenues which will only be deductible or taxable in other financial years. Taxable income also excludes costs and revenues which will never be deductible or taxable.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts considered for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences. However, recognition only takes place when there are reasonable expectations that there will be sufficient future taxable profits to use these deferred tax assets, or when there are deferred tax liabilities whose reversal is expected in the same period that the deferred tax assets may be used. On each reporting date, a review is made of these deferred tax assets, which are adjusted according to expectations on their future use.

Deferred tax assets and liabilities are measured using the tax rates which are in force on the date of the reversal of the corresponding temporary differences, based on the taxation rates (and tax legislation) which are enacted, formally or substantially, on the reporting date.

The Bank and its subsidiaries – more than 75% held directly or indirectly, and for more than 1 year by the parent company CTT – are covered by the special regime applicable to the taxation of groups of companies (RETGS).

This regime includes all the companies in which CTT directly or indirectly holds at least 75% of their share capital and which are simultaneously resident in Portugal and subject to corporate income tax (IRC).

In this regard, and until 2020 inclusive, Banco CTT and its subsidiaries, eligible to application of the RETGS, receive from CTT the value relative to the tax loss which they contribute to the consolidated corporate income tax of the CTT Group and, likewise, pay to CTT the value relative to their positive contribution to the consolidated corporate income tax of the CTT Group. As of 2021, the Banco CTT Group is considered to be a "tax sub-consolidated" entity within the Regime in which CTT – Correios de Portugal, S.A. is the dominant company. In this way, Banco CTT's subsidiaries make corporate income tax (IRC) settlements to Banco CTT, and Banco CTT pays or receives the net amount determined for the Banco CTT Group to/from that dominant company. In the event that there are historical amounts receivable from CTT by the Group, any corporate income tax payments to CTT are settled through the use/reduction of the amount receivable, with effective payment only after there are no historical amounts receivable.

2.8 Provisions

Provisions are recognised when, cumulatively: (i) the Bank has a present obligation (legal or implicit) arising from a past event, (ii) it is probable that its payment will be demanded, and (iii) there is a reliable estimate of the value of this obligation. The amount of the provisions corresponds to the present value of the obligation, with the financial updating being recorded as a financial cost under the heading "Interest and similar expenses".

The provisions are reviewed on every reporting date and are adjusted in order to reflect the best estimate at that date.

2.9 Recognition of Interest

The net gains/(losses) of financial instruments measured at amortised cost and at fair value through other comprehensive income are recognised in the headings "Interest and similar income" or "Interest and similar expenses", using the effective interest method.
The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net book value of the financial asset or financial liability. The effective interest rate is established upon the initial recognition of the financial assets and liabilities and is not reviewed subsequently.

When calculating the effective interest rate, the future cash flows are estimated considering all the contractual terms of the financial instrument but not considering possible future loan losses. The calculation includes all fees and commissions that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction. In the case of financial assets or groups of similar financial assets for which an impairment loss was recognised, the interest recorded in "Interest and similar income" is calculated using the interest rate used to measure the impairment loss.

The Bank does not recognise interest for financial assets in arrears for more than 90 days.

2.10 Recognition of Income of Services, Fees and Commissions

The income from services, fees and commissions is recognised as follows:

- Fees and commissions that are earned in the execution of a significant act, are recognised as income when the significant act has been completed;
- Fees and commissions earned over the period in which the services are provided are recognised as income in the period that the services are provided; and
- Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recorded through profit or loss using the effective interest rate method.

2.11 Earnings per Share

Basic earnings per share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

The earnings by diluted share are calculated by adjusting the effect of all the potential ordinary diluting shares to the weighted average number of ordinary shares in circulation.

2.12 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balance sheet items with less than three months' maturity counted from the acquisition/contracting date, including cash and deposits at other credit institutions.

Cash and cash equivalents presented in the cash flow statement exclude restricted balances with central banks.

2.13 Provision of Insurance Mediation Services

Banco CTT is an entity authorised by the Insurance and Pension Fund Supervision Authority ("ASF") to conduct the activity of insurance mediation in the category of Linked Insurance Broker, in accordance with article 8, subparagraph a), item i) of Decree-Law 144/2006, of July 31, developing the activity of insurance intermediation in the life and non-life insurance business.

Under the insurance mediation services, Banco CTT sells insurance contracts. As remuneration for the insurance mediation services rendered, Banco CTT receive commissions for insurance contract mediation, which are defined in the agreements / protocols established with the Insurance Companies.

The commissions received for the insurance mediation services are recognised in accordance with the accrual principle. Therefore, commissions received at a different period from that to which they refer are recorded as an amount receivable under "Other Assets".

Note 3 – Main Estimates and Judgements Used in the Preparation of the Financial Statements

The IFRS establish a series of accounting treatments and require the Board of Directors to make the necessary judgments and estimates in deciding which treatment is most appropriate. The main accounting estimates and judgements used in applying the accounting principles by the Bank are presented in this mote in order to explain the understanding of how their application affects the Bank's reported results and disclosures.

A broad description of the main accounting principles used by the Bank is presented in Note 2 to the financial statements.

Considering that in some cases there are several alternatives to the accounting treatment chosen by Board of Directors, the results reported by the Bank could differ if a different treatment were chosen.

The Board of Directors believes that the choices made are appropriate and that the financial statements present the Bank's financial position and the results of its operations fairly in all material aspects.

3.1 Financial instruments – IFRS 9

3.1.1 Classification and measurement

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of the contractual cash flows, to conclude on whether they correspond only to payments of principal and interest on the principal in debt) and the business model test.

The Bank determine the business model taking into account the manner in which the groups of financial assets are managed as a whole to achieve a specific business goal. This assessment requires judgement, as the following aspects must be considered, among others: the way that asset performance is assessed; and the risks that affect the performance of the assets and how these risks are managed.

The Bank monitors the financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised before their maturity, in order to understand the reasons underlying their divestment and to determine if they are consistent with the objective of the business model defined for these assets. This monitoring is inserted within the Group's process of continuous assessment of the business model of the financial assets that remain in the portfolio, in order to determine whether it is appropriate, and if it not, whether there has been a change of the business model and consequently a prospective change of the classification of these financial assets.

3.1.2 Impairment losses in financial assets at amortised cost and debt instruments at fair value through other comprehensive income

The determination of the impairment losses of financial instruments involves judgements and estimates relative to the following aspects, among others:

Significant increase of credit risk

Impairment losses correspond to the expected losses in case of default over a time horizon of 12 months for assets at stage 1, or the estimated maturity if lower, and the expected losses considering the probability of occurrence of a default event any time up to the maturity date of the financial instrument for assets at stage 2 and 3. An asset is classified at stage 2 whenever there has not been a significant increase in its credit risk since its initial recognition. The Bank's assessment of the existence of a significant increase of credit risk considers qualitative and quantitative, reasonable and sustainable information.

Definition of group of assets with common credit risk features

When the expected loan losses are measured on a collective basis, the financial instruments are grouped together based on common risk features. This procedure is necessary to ensure that, in case there is a change of the credit risk features, the segmentation of the assets is reviewed. This review can give rise to the creation of new portfolios or to the transfer of the assets to existing portfolios, which better reflect their credit risk features.

Probability of default

The probability of default represents a determinant factor in the measurement of the expected loan losses. The probability of default corresponds to an estimate of the probability of default in a given period of time, which is calculated on the basis of benchmarks or through market data.

Loss given default

Corresponds to an estimated loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Group expects to receive, through the cash flows generated by the customer's income or business or by the execution of the credit collateral. Loss given default is calculated based on, among other aspects, the different scenarios of recovery, historical information, market information, the costs involved in the recovery process and the estimated valuation of the collateral associated to credit operations.

3.1.3 Fair value of derivative financial instruments

Fair values are based on listed market prices if available; otherwise, fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions, time value, yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value. Consequently, the use of different methodologies or of different assumptions or judgements in applying a particular model could give rise to results different from those reported.

3.2 Provisions

The Bank exercises considerable judgement in the measurement and recognition of provisions. Due to the uncertainties inherent to the process of assessment, actual losses might be different from those originally estimated in the provision. These estimates are subject to changes as new information becomes available. Reviews to the estimates of these losses might affect future results.

When relevant, judgement includes assessment of the probability of a litigation having a successful outcome. Provisions are constituted when the Bank expects that the ongoing lawsuits will lead to the outflow of funds, the loss is probable and may be estimated reasonably.

3.3 Impairment Investments in Subsidiaries and Associates

The Bank tests investments in subsidiaries and associates for impairment, in accordance with the policy described in Note 2.1.1.4. The calculation of the recoverable amounts of the cash generating units involves a judgment and substantially relies on the analysis of the Management related to the future developments of the respective subsidiary. The assessment underlying the calculations that have been made uses assumptions based on the available information, both concerning the business and macro-economic environment. The variations of these assumptions can influence the results and consequent recording of impairments.

Note 4 – Net Interest Income

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Interest and similar income calculated through the effective interest rate	**137,290**	**92,059**
Interest on deposits at Central Banks and credit institutions	-	511
Interest on financial assets at amortised cost		
Investments at credit institutions	37,108	31,113
Loans and advances to customers	31,330	23,683
Debt securities	67,953	35,581
Other interest	899	1,171
Interest and similar expenses calculated through the effective interest rate	**(65,576)**	**(17,086)**
Interest on financial liabilities at amortised cost		
Deposits from credit institutions	(1,171)	(603)
Deposits from Customers	(63,638)	(16,397)
Debt securities issued	(20)	-
Interest on hedging derivatives	(24)	-
Other interest	(123)	(86)
Net Interest Income	**71,714**	**74,973**

Interest and similar income calculated using the effective rate for the year ended on 31 December 2024 totalled 376 thousand euros (2023: 138 thousand euros) related to impaired financial assets (Stage 3) as at the reference date.

The heading "Interest on loans and advances to customers" includes the amount of -2,195 thousand euros (2023: -1,037 thousand euros) related to commissions and other expenses and income recorded according to the effective interest method, as referred in the accounting policy described in Note 2.9.

Interest on loans and advances to credit institutions and central banks amounted to 31,376 thousand euros (December 31, 2023: 24,342 thousand euros) relates mainly to the return on investments made at the Central Bank. In 2023 the interest rate on the Eurosystem's deposit facility was between 2% and 4%, and Banco CTT made investments with the Central Bank which generated 24,054 thousand euros in interest. In 2024, the interest rate on the Eurosystem's deposit facility was 4.00% between 1 January 2024 and 12 July 2024, when it stood at 3.75%, decreasing to 3.00% on 18 December 2024. During this year, these investments generated 30,911 thousand euros in interest, an increase justified by both the impact of the interest rate and the growth in invested sums.

Interest on the securities portfolio amounted to 67,953 thousand euros (2023: 35,581 thousand euros), representing an increase of 32,372 thousand euros. This increase is due to the higher investment in the amortised cost securities portfolio, which totalled 2,554,555 thousand euros as of 31 December 2024 (2023: 1,074,582 thousand euros) and the increase in average interest rates for the year.

Interest on customer funds amounted to 63,638 thousand euros (2023: 16,397 thousand euros), representing an increase of 47,241 thousand euros due to the increase in interest rates on deposits as well as the increase in the volume of deposits taken. The volume of interest-bearing deposits rose from 1,747,665 thousand euros at the end of 2023 to 2,567,908 thousand euros at the end of 2024, representing an increase of 820,243 thousand euros.

Note 5 – Net Fee and Commission Income

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Fees and commissions received	**24,736**	**23,505**
Due to banking services provided	15,858	14,420
Due to credit intermediation services	2,184	2,437
Due to insurance mediation services	6,649	6,255
Due to commitments to third parties	-	295
Due to guarantees provided	29	29
Other fees and commissions received	16	69
Fees and commissions paid	**(4,752)**	**(4,581)**
Due to banking services provided by third parties	(4,483)	(4,444)
Dues to operations with securities	(237)	(108)
Other fees and commissions paid	(32)	(29)
Net Fee and Commission Income	**19,984**	**18,924**

Income and charges for services and commissions relating to banking services provided and banking services provided by third parties, respectively, mainly relate to interbank commissions, the financial settlement of which occurs on a net basis.

Income and charges for services and commissions relating to credit intermediation services provided are recorded in accordance with the international accounting standard IFRS 15 – Revenue from Contracts with Customers, which includes variable amounts that depend on future events (Variable Consideration). In these cases, and in accordance with the aforementioned standard, in the record of revenue the Group assesses the probability that a material reversal will not occur in the future.

Note 6 – Results from Assets and Liabilities at Fair Value Through Profit or Loss

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Earnings on transactions with assets and liabilities at fair value through profit or loss	**-**	**6,491**
Derivatives	-	5,501
Investment fund units	-	990
Losses on transactions with assets and liabilities at fair value through profit or loss	**(167)**	**-**
Derivatives	(167)	-
Investment fund units	-	-
Results from Assets and Liabilities at Fair Value Through Profit or Loss	**(167)**	**6,491**

The fair value of the assets and liabilities at fair value through profit and loss is presented in Note 16.

Note 7 – Other Operating Income/(Expenses)

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Operating income	**171**	**309**
Credit recovery	27	-
Other operating income	144	309
Operating expenses	**(797)**	**(660)**
Contributions / taxes on the Banking Sector	(335)	(186)
Contribution to the Single Resolution Fund	(4)	(53)
Contribution to the Resolution Fund	(65)	(32)
Contribution to the Deposit Guarantee Fund	(17)	(31)
Other sectoral contributions	(28)	(18)
Levies and donations	(35)	(36)
Taxes	(133)	(172)
Other operating expenses	(180)	(132)
Other Operating Income/(Expenses)	**(626)**	**(351)**

The item Contributions/taxes on the banking sector includes the 'Contribution on the Banking Sector' and the 'Additional Solidarity on the Banking Sector'. The "Contribution of the banking sector" is calculated in accordance with the provisions in Law 55-A/2010, with the amount determined based on: (i) the annual average liability stated on the balance sheet, minus core own funds (Tier 1 Capital) and supplementary own funds (Tier 2 Capital) and the deposits covered by the Deposit Guarantee Fund; and (ii) the notional value of the derivative financial instruments. The "Additional Solidarity on the Banking Sector", introduced by Law No. 27-A/2020, of 24 July, was a measure implemented in response to the COVID-19 pandemic, and its calculation is similar to the "Contribution on the Banking Sector".

The heading "Contribution to the Single Resolution Fund" refers to the ex-ante contribution to the Single Resolution Fund, under the Single Resolution Mechanism and pursuant to number 2 of article 70 of Regulation (EU) 806/2014 of the European Parliament and of the Council, of 15 July 2014.

The heading "Contribution to the Resolution Fund" corresponds to mandatory periodic contributions to the Fund, pursuant to Decree-Law 24/2013. The periodic contributions are calculated according to a basic rate applicable every year, determined by Banco de Portugal, by instruction, which can be adjusted according to the institution's risk profile, on the objective basis of assessment of these contributions. The periodic contributions are incident on the liabilities of the institutions participating in the Fund, defined under the terms of article 10 of the aforesaid Decree-Law, minus the liability items that are part of the core own funds, supplementary own funds and deposits covered by the Deposit Guarantee Fund.

Note 8 – Staff Costs

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Remuneration	15,383	12,143
Social charges on remunerations	3,613	2,846
Employees with a multiple employer arrangement	2,915	2,590
Incentives and performance bonuses	2,784	2,739
Occupational accident and disease insurance	333	240
Other costs	293	187
Staff costs	**25,321**	**20,745**

The total amount of fixed remunerations attributed to the Management and Supervisory Bodies of Banco CTT, during 2024, recorded in the heading "Remunerations", reached 1,826 thousand euros (2023: 1,708 thousand euros). During 2024, costs related to Social Security contributions of the Management and Supervisory Bodies were also paid of the value of 415 thousand euros (2023: 392 thousand euros). As at 31 December 2024, the heading "Incentives and performance bonuses" includes 563 thousand euros of bonuses attributable to the Management Bodies (2023: 469 thousand euros). In 2024, the Bank recorded under the heading "Other costs" 35 thousand euros of costs related to retirement savings plans attributed to Management Bodies (2023: 35 thousand euros).

A significant number of employees of the Retail network are under a multiple employer arrangement, as established in article 101 of the Labour Code, accumulating positions with the CTT postal service. In 2024 the cost related to these employees shared with CTT amounted to 2,915 thousand euros (2023: 2,557 thousand euros).

In 2024 the Management Bodies were paid 490 thousand euros of variable remuneration (2023: 870 thousand euros).

On the date of the end of 2024 and 2023, the permanent staff, excluding employees under the multiple employer arrangement, distributed by major professional category, was as follows:

	2024	2023
Administration	13	11
Executive	*5*	*5*
Non-executive	*8*	*6*
of which: Audit Committee	*3*	*3*
Other governing bodies and internal committees	4	4
Heads of functional areas	50	41
Technical and secretarial staff	386	281
	453	**337**

Note 9 – General Administrative Expenses

This heading is composed of:

(amounts in thousand euros)

	2024	2023
Water, electricity and fuel	274	125
Consumables	45	58
Hygiene and cleaning supplies	-	-
Rental and hire charges	-	94
Communications	1,632	1,434
Travel, hotel and representation costs	145	97
Advertising	2,215	1,796
Maintenance and related services	6	69
Training costs	191	154
Insurance	128	136
IT	11,387	10,576
Consulting and advisory services	1,785	1,750
Other specialised services	4,223	3,763
Other supplies and services	10,102	9,420
General Administrative Expenses	**32,133**	**29,472**

The heading "IT" records the costs incurred with the implementation and maintenance of information technology systems and infrastructure of the Bank.

The heading "Advertising" records the costs incurred with advertising and communication of the brand and products of Banco CTT.

The heading "Other specialised services" records the costs incurred with banking and transactional operations.

The heading "Other supplies and services" records, among others, costs related to the use of the CTT Retail Network, servicing of banking operations and use of payments networks. The cost of using the physical and technical resources of the CTT Post Office Network amounted to 4,886 thousand euros (2023: 4,783 thousand euros).

The costs incurred with services provided by the Statutory Audit Firm are as follows:

(amounts in thousand euros)

	2024	2023
Review of accounts services	212	211
Reliability assurance services	109	84
Services other than review of accounts	-	56
	321	**351**

Note 10 – Earnings per Share

Earnings per share are calculated as follows:

(amounts in thousand euros)

	2024	2023
Net income for the year (thousand euros)	19,996	17,935
Average number of shares	298,950,056	296,400,000
Basic earnings per share (euros)	0.07	0.06
Diluted earnings per share (euros)	0.07	0.06

The Bank's share capital stands at 321,400,000 euros, represented by 324,682,443 ordinary shares without nominal value, and is fully paid-up.

Basic earnings per share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

The earnings by diluted share are calculated by adjusting the effect of all the potential ordinary diluting shares to the weighted average number of ordinary shares in circulation.

As at 31 December 2024 and 2023, the Bank did not hold potential dilutive ordinary shares: hence, the diluted earnings per share are the same as the basic earnings per share.

Note 11 – Cash and Deposits at Central Banks

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Cash	23,966	25,380
Demand deposits at Banco de Portugal	40,447	28,626
Cash and Deposits at Central Banks	**64,413**	**54,006**

The heading "Cash" is represented by notes and coins denominated in euros.

The heading "Demand deposits at Banco de Portugal" includes mandatory deposits with a view to meeting the minimum cash reserve requirements. As at 31 December 2023, the amount of the minimum cash reserves was 40,447 thousand euros (2023: 23,626 thousand euros).

Pursuant to Regulation (UE) 1358/2011 of the European Central Bank, of 14 December 2011, the minimum cash requirements kept as demand deposits at Banco de Portugal correspond to 1% of the deposits and other liabilities.

Note 12 – Deposits at Other Credit Institutions

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Credit institutions in Portugal	2,786	3,287
Cheques for collection	5,283	7,758
Deposits at Other Credit Institutions	**8,069**	**11,045**

The heading "Cheques for collection" represents drawn by third parties at other credit institutions, which are pending collection.

Note 13 – Financial Assets at Amortised Cost – Investments at Credit Institutions

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Investments in Central Banks		
Banco de Portugal	644,361	1,260,077
Investments in other credit institutions in Portugal		
Term deposits	56,941	11,050
Loans	160,050	150,175
Impairment for investments in credit institutions	(21)	(23)
Investments at Credit Institutions	**861,331**	**1,421,279**

The heading "Investments in Central Banks" includes very short-term (overnight) deposits with Banco de Portugal. As at 31 December 2024, these investments amounted to 644,361 thousand euros (2023: 1,260,077 thousand euros).

The scheduling of this heading by maturity periods is presented as follows:

(amounts in thousand euros)

	2024	2023
Up to 3 months	694,433	1,260,688
3 to 12 months	6,869	11,400
1 to 3 years	149,289	128,554
More than 3 years	10,761	20,660
Investments at Credit Institutions	**861,352**	**1,421,302**

The heading "Investments at credit institutions" showed an annual average rate of 3.57% in the period (2023: 4.21%).

Impairment of investments in credit institutions for the Bank is analysed as follows:

(amounts in thousand euros)

	2024	2023
	Stage 1	**Stage 1**
Opening balance	**23**	**15**
Movement for the period:		
Financial assets originated or acquired	18	23
Variations due to change in exposure or risk parameters	-	-
Derecognised financial assets excluding write-offs	(20)	(15)
Impairment of investments in credit institutions	**21**	**23**

The reconciliation of the accounting movements related to impairment losses are presented below:

(amounts in thousand euros)

	2024	2023
	Stage 1	**Stage 1**
Opening balance	**23**	**15**
Movement for the period:		
Variations in expected credit loss	(2)	8
Impairment of investments in credit institutions	**21**	**23**

Note 14 – Financial Assets at Amortised Cost – Loans and Advances to Customers

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Mortgage loan	802,289	728,847
Overdrafts	2,701	3,488
Outstanding loans	**804,990**	**732,335**
Overdue loans – less than 90 days	116	86
Overdue loans – more than 90 days	1,858	841
Overdue loans	**1,974**	**927**
Impairment for credit risk	**(3,246)**	**(2,211)**
Loans and Advances to Customers	**803,718**	**731,051**

The scheduling of this heading by maturity periods is presented as follows:

(amounts in thousand euros)

	2024						
	At sight	**Up to 3 months**	**3 to 12 months**	**1 to 3 years**	**More than 3 years**	**Overdue loans**	**Total**
Mortgage loan	-	5,366	11,836	31,618	753,468	44	802,332
Overdrafts	2,701	-	-	-	-	1,930	4,632
Loans and Advances to Customers	**2,701**	**5,366**	**11,836**	**31,618**	**753,468**	**1,974**	**806,964**

(amounts in thousand euros)

	2023						
	At sight	**Up to 3 months**	**3 to 12 months**	**1 to 3 years**	**More than 3 years**	**Overdue loans**	**Total**
Mortgage loan	-	4,850	8,999	25,127	689,871	41	728,888
Overdrafts	3,488	-	-	-	-	886	4,374
Loans and Advances to Customers	**3,488**	**4,850**	**8,999**	**25,127**	**689,871**	**927**	**733,262**

The distribution of this heading by type of rate is presented as follows:

(amounts in thousand euros)

	2024	2023
Fixed rate	292,044	168,950
Variable rate	514,920	564,312
Loans and Advances to Customers	**806,964**	**733,262**

The analysis of this heading by type of collateral is presented as follows:

(amounts in thousand euros)

	2024				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Asset-backed loans	802,289	44	802,333	(1,775)	800,558
Unsecured loans	2,701	1,930	4,631	(1,471)	3,160
	804,990	**1,974**	**806,964**	**(3,246)**	**803,718**

(amounts in thousand euros)

	2023				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Asset-backed loans	728,847	41	728,888	(1,419)	727,469
Unsecured loans	3,488	886	4,374	(792)	3,582
	732,335	**927**	**733,262**	**(2,211)**	**731,051**

The analysis of this heading by type of loan is presented as follows:

(amounts in thousand euros)

	2024				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Mortgage loan	802,289	44	802,333	(1,775)	800,558
Overdrafts	2,701	1,930	4,631	(1,471)	3,160
	804,990	**1,974**	**806,964**	**(3,246)**	**803,718**

(amounts in thousand euros)

	2023				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Mortgage loan	728,847	41	728,888	(1,419)	727,469
Overdrafts	3,488	886	4,374	(792)	3,582
	732,335	**927**	**733,262**	**(2,211)**	**731,051**

The analysis of this heading by activity sector is presented as follows:

(amounts in thousand euros)

	2024				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Individuals					
Mortgage	802,289	44	802,333	(1,775)	800,558
Consumer	2,701	1,930	4,631	(1,471)	3,160
	804,990	**1,974**	**806,964**	**(3,246)**	**803,718**

(amounts in thousand euros)

	2023				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Individuals					
Mortgage	728,847	41	728,888	(1,419)	727,469
Consumer	3,488	886	4,374	(792)	3,582
	732,335	**927**	**733,262**	**(2,211)**	**731,051**

The movement of credit impairment in the period is detailed as follows:

(amounts in thousand euros)

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**319**	**848**	**1,044**	**2,211**
Movement for the period:				
Financial assets originated or acquired	96	62	182	340
Variations due to change in exposure or risk parameters	(284)	306	961	983
Derecognised financial assets excluding write-offs	(44)	(139)	(105)	(288)
Write-offs	-	-	-	-
Transfers to:				
Stage 1	291	(245)	(46)	-
Stage 2	(7)	130	(123)	-
Stage 3	(9)	(167)	176	-
Other movements	-	-	-	-
Credit impairment	**362**	**795**	**2,089**	**3,246**
Of which: POCI	-	-	-	-

(amounts in thousand euros)

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**2,980**	**101**	**1,272**	**4,353**
Movement for the period:				
Financial assets originated or acquired	106	250	92	448
Variations due to change in exposure or risk parameters	(2,636)	547	(291)	(2,380)
Derecognised financial assets excluding write-offs	(131)	(8)	639	500
Write-offs	-	-	(710)	(710)
Transfers to:				
Stage 1	23	(17)	(6)	-
Stage 2	(20)	25	(5)	-
Stage 3	(3)	(50)	53	-
Other movements	-	-	-	-
Credit impairment	**319**	**848**	**1,044**	**2,211**
Of which: POCI	-	-	-	-

The reconciliation of the accounting movements related to impairment losses are presented below:

(amounts in thousand euros)

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**319**	**848**	**1,044**	**2,211**
Movement for the period:				
Variations in the expected credit loss of the credit portfolio	(232)	229	1,038	1,035
Transfers of Stage (net)	275	(282)	7	-
Credit impairment	**362**	**795**	**2,089**	**3,246**

(amounts in thousand euros)

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**2,980**	**101**	**1,272**	**4,353**
Movement for the period:				
Variations in the expected credit loss of the credit portfolio	(2,661)	789	440	(1,432)
Transfers of Stage (net)	-	(42)	42	-
Write-offs	-	-	(710)	(710)
Credit impairment	**319**	**848**	**1,044**	**2,211**

The credit portfolio detailed by stage as defined in IFRS 9 is presented as follows:

(amounts in euros)

	2024	**2023**
Stage 1	**778,267**	**694,501**
Gross Value	778,629	694,820
Impairment	(362)	(319)
Stage 2	**18,271**	**33,182**
Gross Value	19,066	34,030
Impairment	(795)	(848)
Stage 3	**7,180**	**3,368**
Gross Value	9,269	4,412
Impairment	(2,089)	(1,044)
	803,718	**731,051**

Note 15 – Financial Assets at Amortised Cost – Debt Securities

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Public debt securities		
Portuguese	173,479	164,007
Foreign	1,232,850	479,974
Supranational debt securities	637,440	80,614
Bonds of other issuers		
Portuguese	502,068	350,211
Foreign	9,015	-
Impairment	(297)	(224)
Financial Assets at Amortised Cost – Debt Securities	**2,554,555**	**1,074,582**

The financial assets in this portfolio are managed based on a business model whose objective is the receipt of its contractual cash flows (Note 2.1.1.1).

The analysis of this heading as at 31 December 2024 and 2023, by residual maturity, is as follows:

(amounts in thousand euros)

	2024				
	Up to 3 months	**3 to 12 months**	**1 to 3 years**	**More than 3 years**	**Total**
Public debt securities					
Portuguese	6,729	4,936	37,554	124,260	173,479
Foreign	394,998	641,629	29,056	167,167	1,232,850
Supranational debt securities	508,520	128,920	-	-	637,440
Bonds of other issuers					
Portuguese	465	-	-	501,603	502,068
Foreign	9,015	-	-	-	9,015
Financial Assets at Amortised Cost – Debt Securities	**919,727**	**775,485**	**66,610**	**793,030**	**2,554,852**

(amounts in thousand euros)

	2023				
	Up to 3 months	**3 to 12 months**	**1 to 3 years**	**More than 3 years**	**Total**
Public debt securities					
Portuguese	1,762	-	18,576	143,669	164,007
Foreign	1,437	276,009	9,968	192,560	479,974
Supranational debt securities	408	80,206	-	-	80,614
Bonds of other issuers					
Portuguese	388	-	-	349,823	350,211
Financial Assets at Amortised Cost – Debt Securities	**3,995**	**356,215**	**28,544**	**686,052**	**1,074,806**

The movement of the impairment of debt securities at amortised cost is analysed as follows:

(amounts in thousand euros)

	2024 Stage 1	2023 Stage 1
Opening balance	**224**	**17,922**
Movement for the period:		
Financial assets originated or acquired	49	29
Variations due to change in exposure or risk parameters	54	23
Derecognised financial assets excluding write-offs	(30)	(17,750)
Impairment of debt securities at amortised cost	**297**	**224**

The reconciliation of the accounting movements related to impairment losses are presented below:

(amounts in thousand euros)

	2024 Stage 1	2023 Stage 1
Opening balance	**224**	**17,922**
Movement for the period:		
Variations in expected credit loss	73	12,339
Use of impairment	-	(30,037)
Impairment of debt securities at amortised cost	**297**	**224**

Note 16 – Financial Assets and Liabilities at Fair Value Through Profit or Loss

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Derivatives	(6,409)	(13,744)
Financial Liabilities at Fair Value Through Profit or Loss	**(6,409)**	**(13,744)**

Derivatives represent the fair value of derivative financial instruments whose purpose is to mitigate interest rate risk.

Associated to the derivative contracts, Banco CTT has, as at 31 December 2024, a captive amount of 15,220 thousand euros (2023: 25,830 thousand euros in cash accounts with other financial institutions as margin call, which are disclosed in the heading "Other assets" (Note 22).

The movement of the heading "Derivatives" is presented as follows:

(amounts in thousand euros)

	2024			2023		
	Notional	Fair Value		Notional	Fair Value	
		Assets	Liabilities		Assets	Liabilities
OTC Market						
Interest rate contracts						
Interest Rate Swaps						
Purchase	-	-	-	-	-	-
Sale	130,412	-	(2,951)	175,154	-	(6,380)
Interest Rate Options						
Purchase	-	-	-	-	-	-
Sale	163,677	-	(3,458)	200,576	-	(7,364)
Derivatives		**-**	**(6,409)**		**-**	**(13,744)**

The impact on the income statement of financial assets and liabilities at fair value through profit or loss is presented in Note 6.

Note 17 – Derivatives – Hedge Accounting and Changes in Fair Value of Hedged Items

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Hedging derivatives	**(6)**	**-**
Assets	6	-
Liabilities	(12)	-
Fair value component of assets and liabilities hedged against interest rate risk	**-**	**-**
Financial liabilities	**-**	**-**
Deposits from Customers	-	-

Fair value hedge

Fair value hedging operations on 31 December 2024 can be analysed as follows:

(amounts in thousand euros)

					Gains / losses attributable to the hedged risk	
Hedge instrument	Hedged Items	Hedged risk	Notional	Fair value of the derivative	Hedged Items	Hedge instrument
Interest Rate Swap	Deposits from Customers	Interest rate	50,000	(6)	(18)	18

The ineffective part of fair value hedging transactions is recorded against hedge accounting results. In 2024, the ineffective part of the hedging operations was nil. The Bank periodically tests the effectiveness of existing hedging relationships.

Note 18 – Other Tangible Assets

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Acquisition Cost	**11,041**	**7,382**
Real estate properties		
Works in rented properties	1,399	849
Equipment		
Furniture	742	422
Machinery and tools	1,336	905
Computer equipment	1,068	773
Interior installations	1	1
Security equipment	80	68
Other equipment	16	16
Rights of use		
Real estate properties	4,162	2,969
Motor vehicles	2,237	1,334
Tangible Assets in progress	-	45
Accumulated Depreciation	**(4,465)**	**(2,876)**
Related to previous years	(2,721)	(1,674)
Related to the current year	(1,744)	(1,202)
Other Tangible Assets	**6,576**	**4,506**

The movement of the heading "Other Tangible Assets" during 2024 is analysed as follows:

(amounts in thousand euros)

	2024					
	Balance on 1 January	**Acquisitions / Allocations**	**Transfers**	**Divestment / Write-off**	**Other variations**	**Balance on 31 December**
Acquisition cost	**7,382**	**3,822**	**-**	**(163)**	**-**	**11,041**
Real estate properties						
Works in rented properties	849	123	427	-	-	1,399
Equipment						
Furniture	422	284	36	-	-	742
Machinery and tools	905	431	-	-	-	1,336
Computer equipment	773	295	-	-	-	1,068
Interior installations	1	-	-	-	-	1
Security equipment	68	12	-	-	-	80
Other equipment	16	-	-	-	-	16
Rights of use						
Real estate properties	2,969	1,193	-	-	-	4,162
Motor vehicles	1,334	1,066	-	(163)	-	2,237
Tangible Assets in progress	45	418	(463)	-	-	-
Accumulated depreciation	**(2,876)**	**(1,745)**	**-**	**155**	**-**	**(4,466)**
Real estate properties						
Works in rented properties	(139)	(234)	1	-	-	(372)
Equipment						
Furniture	(361)	(24)	(1)	-	-	(386)
Machinery and tools	(213)	(93)	-	-	-	(306)
Computer equipment	(473)	(148)	-	-	-	(621)
Interior installations	(1)	-	-	-	-	(1)
Security equipment	(59)	(4)	-	-	-	(63)
Other equipment	(10)	(1)	-	-	-	(11)
Rights of use						
Real estate properties	(926)	(731)	-	-	-	(1,657)
Motor vehicles	(694)	(509)	-	155	-	(1,048)
Other Tangible Assets	**4,506**	**2,078**	**-**	**(8)**	**-**	**6,576**

The movement of the heading "Other Tangible Assets" during 2023 is analysed as follows:

(amounts in thousand euros)

	2023					
	Balance on 1 January	**Acquisitions / Allocations**	**Transfers**	**Divestment / Write-off**	**Other variations**	**Balance on 31 December**
Acquisition cost	**6,098**	**1,598**	**-**	**(314)**	**-**	**7,382**
Real estate properties						
Works in rented properties	141	767	-	(59)	-	849
Equipment						
Furniture	389	33	-	-	-	422
Machinery and tools	793	114	-	(2)	-	905
Computer equipment	550	223	-	-	-	773
Interior installations	1	-	-	-	-	1
Security equipment	68	-	-	-	-	68
Other equipment	9	7	-	-	-	16
Rights of use						
Real estate properties	2,978	138	-	(147)	-	2,969
Motor vehicles	1,169	271	-	(106)	-	1,334
Tangible Assets in progress	-	45	-	-	-	45
Accumulated depreciation	**(1,969)**	**(1,202)**	**-**	**295**	**-**	**(2,876)**
Real estate properties						
Works in rented properties	(83)	(115)	-	59	-	(139)
Equipment						
Furniture	(347)	(14)	-	-	-	(361)
Machinery and tools	(127)	(87)	-	1	-	(213)
Computer equipment	(374)	(99)	-	-	-	(473)
Interior installations	(1)	-	-	-	-	(1)
Security equipment	(54)	(5)	-	-	-	(59)
Other equipment	(9)	(1)	-	-	-	(10)
Rights of use						
Real estate properties	(483)	(590)	-	147	-	(926)
Motor vehicles	(491)	(291)	-	88	-	(694)
Other Tangible Assets	**4,129**	**396**	**-**	**(19)**	**-**	**4,506**

Note 19 – Intangible Assets

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Acquisition Cost	**59,544**	**50,783**
Software in use	56,647	50,593
Other intangible assets	16	16
Software in progress	2,881	174
Accumulated Amortisation	**(36,394)**	**(30,695)**
Related to previous years	(30,694)	(25,488)
Related to the current year	(5,700)	(5,207)
Intangible Assets	**23,150**	**20,088**

Intangible assets essentially include expenses with the acquisition and development of software, including the core banking system, implementation projects and their customisation.

The movement of the heading "Intangible assets" during 2024 is analysed as follows:

(amounts in thousand euros)

	2024					
	Balance on 1 January	**Acquisitions / Allocations**	**Transfers**	**Divestment / Write-off**	**Other variations**	**Balance on 31 December**
Acquisition Cost	**50,783**	**8,762**	**-**	**-**	**(1)**	**59,544**
Software in use	50,593	-	6,055	-	(1)	56,647
Other intangible assets	16	-	-	-	-	16
Software in progress	174	8,762	(6,055)	-	-	2,881
Accumulated amortisation	**(30,695)**	**(5,700)**	**-**	**-**	**1**	**(36,394)**
Software in use	(30,680)	(5,698)	-	-	1	(36,377)
Other intangible assets	(15)	(2)	-	-	-	(17)
Intangible Assets	**20,088**	**3,062**	**-**	**-**	**-**	**23,150**

The movement of the heading "Intangible assets" during 2023 is analysed as follows:

(amounts in thousand euros)

	2023					
	Balance on 1 January	**Acquisitions / Allocations**	**Transfers**	**Divestment / Write-off**	**Other variations**	**Balance on 31 December**
Acquisition Cost	**45,709**	**5,074**	**-**	**-**	**-**	**50,783**
Software in use	45,297	-	5,296	-	-	50,593
Other intangible assets	16	-	-	-	-	16
Software in progress	396	5,074	(5,296)	-	-	174
Accumulated amortisation	**(25,488)**	**(5,207)**	**-**	**-**	**-**	**(30,695)**
Software in use	(25,475)	(5,205)	-	-	-	(30,680)
Other intangible assets	(13)	(2)	-	-	-	(15)
Intangible Assets	**20,221**	**(133)**	**-**	**-**	**-**	**20,088**

Note 20 – Investments in Subsidiaries and Associates

This heading is analysed as follows:

(amounts in thousand euros)

	2024		2023	
	Holding (%)	Book Value	Holding (%)	Book Value
321 Crédito - Instituição Financeira de Crédito, S.A. (321 Crédito)	100%	142,558	100%	136,105
Investments in Subsidiaries and Associates		**142,558**		**136,105**

Payshop (Portugal), S.A.

As part of a corporate reorganisation of the Group, on 8 July 2022 the Board of Directors of Banco CTT approved the sale, and its terms, to CTT - Correios de Portugal, S.A., which was completed on August 11, 2023, following the non-opposition deliberated by the Board of Directors of Banco de Portugal on 7 July 2023.

As at 30 June 2022 the assets and liabilities of Payshop (Portugal), S.A. were reclassified to Non-current assets held for sale, as the company was being sold and was considered a "major line of business" within the Group, due to, among others, its contribution to the profit and loss account.

The financial data relative to the more important associates are presented in the following table:

(amounts in thousand euros)

	Assets		Liabilities		Equity		Net Income	
	2024	2023	2024	2023	2024	2023	2024	2023
321 Crédito - Instituição Financeira de Crédito, S.A. (321 Crédito)	1,000,350	920,961	923,058	854,993	77,292	65,968	6,314	1,154

The detail of Investments in Subsidiaries and Associated Companies is presented as follows:

(amounts in thousand euros)

	2024	2023
321 Crédito - Instituição Financeira de Crédito, S.A.	6,314	1,154
Adjustments to the Equity Method	(4,870)	(9,076)
Results of Investments in Subsidiaries and Associates	**1,444**	**(7,922)**

Adjustments to the equity method result mainly from the appropriation of results generated in the sphere of structured entities (securitisation vehicles) controlled by 321 Crédito, in accordance with paragraph 27 of IAS 28. Adjustments to the equity method are mainly the result of recognising the fair value of derivative financial instruments contracted by structured entities to mitigate interest rate risk.

The breakdown of the results of disposals of non-current assets held for sale is as follows:

(amounts in thousand euros)

	2024	2023
Payshop (Portugal), S.A.	-	2,124
Results of disposals of non-current assets held for sale	**-**	**2,124**

The dividends received by Banco CTT are as follows:

(amounts in euros)

	2024	2023
321 Crédito - Instituição Financeira de Crédito, S.A. (321 Crédito)	-	4,000,000

Impairment

The recoverable amount of investments in subsidiaries and associates is assessed annually or whenever there is indication of a possible loss of value. The recoverable amount is determined based on the value in use of the assets, computed using calculation methodologies supported by discounted cash flow techniques, considering the market conditions, the time value and business risks.

In order to determine the recoverable amount of its investments, impairment tests were carried out, as at 31 December 2024 and 2023, based on the following assumptions:

	2024			
Corporate Name	**Basis of determination of recoverable amount**	**Explicit period for cash flows**	**Discount rate**	**Growth rate in perpetuity**
321 Crédito – Instituição Financeira de Crédito, S.A.	*Equity Value / DDM*	10 years	10.0%	1.5%

	2023			
Corporate Name	**Basis of determination of recoverable amount**	**Explicit period for cash flows**	**Discount rate**	**Growth rate in perpetuity**
321 Crédito – Instituição Financeira de Crédito, S.A.	*Equity Value / DDM*	10 years	10.0%	1.5%

<u>321 Crédito – Instituição Financeira de Crédito, S.A.</u>

Cash flows were estimated on the basis of projections of results and the evolution of activity, based on the business plan associated with the cash-generating unit, as approved by management. These projections cover a 10-year period (until 2034) which has been applied consistently since the acquisition of 321 Crédito and which, in the Management's judgement, best reflects the nature of the investment, the maturity of the portfolio and economic/interest rate cycles. The projections consider a compound annual growth rate of 3.8% of assets over this period (4.3% in 2023).

The valuation was based on the Dividend Discount Model (DDM) methodology common in the banking sector. The logic of the methodology is that the investor observes two types of flows when valuing the asset, dividend/equity enhancement binomial and the value of future dividends in perpetuity. The discount rate of 10.0% (after tax) is consistent with internal benchmarks for evaluating projects and investments and remains within the range typically used for the banking sector.

Sensitivity analyses were performed on the results of these impairment tests, namely regarding the following key assumptions: (i) reduction/increase of 0.5% in the target of the CET1 ratio or (ii) an increase of 50 points in the different discount rates used. As a result of the impairment test performed, as well as the sensitivity analyses carried out, no impairment loss was identified in the goodwill recorded on 31 December 2024.

Note 21 – Income Tax

The Bank is subject to Corporate Income Tax (IRC) and corresponding Surcharge.

Income tax (current or deferred is reflected in the net income for the year, except in cases in which the transactions that originated this tax have been reflected in other equity headings. In these situations, the corresponding tax is likewise reflected through equity, not affecting the net income for the year.

The calculation of the current tax for 2024 and 2023 was based on a nominal corporate income tax rate of 21.0% pursuant to Law 107-B/2003, of 31 December, and Law 2/2007, of 15 January.

Deferred tax is calculated based on the tax rates that are expected to be applicable on the date of reversal of the temporary differences, which correspond to the rates approved or substantially approved on the reporting date.

As mentioned in Note 2.7, the Bank is covered by the special regime applicable to the taxation of groups of companies (RETGS), which includes all the companies in which CTT directly or indirectly holds at least 75% of their share capital and which are simultaneously resident in Portugal and subject to corporate income tax (IRC).

Reconciliation of the Income Tax Rate

The reconciliation of the income tax rate, in the portion relative to the amount recognised through profit or loss, may be analysed as follows:

(amounts in thousand euros)

	2024	2023
Profit/(Loss) before tax	26,078	26,073
Current tax rate	21.0%	21.0%
Expected income tax	**5,476**	**5,475**
Surcharges	1,519	2,021
Total Expected Tax	**6,995**	**7,496**
Elimination of the equity method of accounting	(303)	1,218
Accruals/(deductions) for calculation purposes	364	467
Autonomous tax	13	17
Other adjustments	(205)	-
Recorded current tax for the year	**6,864**	**9,198**
Recorded deferred tax	**(58)**	**(554)**
Recorded total tax	**6,806**	**8,644**
Effective Rate	**26.1%**	**33.2%**
Effective Rate (except equity method)	**27.6%**	**27.1%**
Corrections relative to previous years	**(724)**	**(506)**
Taxes*	**6,082**	**8,138**

*negative values represent tax to be recovered.

The corrections relating to previous years relate to adjustments to the tax estimate, which include the amounts relating to SIFIDE applications.

Current tax

Pursuant to the accounting policy described in Note 2.7, the value related to tax is recorded as a value receivable by the shareholder CTT (see Notes 22 and 27).

Deferred tax

The movement of the deferred tax assets in the period is presented as follows:

(amounts in thousand euros)

	2024	2023
Opening balance	**1,032**	**870**
Recognised through profit or loss	58	162
Deferred Tax Assets	**1,090**	**1,032**

The value of deferred tax assets as at 31 December 2024 and 2023 primarily arises from temporary differences derived from variable remunerations not deductible for tax purposes.

The movement of the deferred tax liabilities in the period is presented as follows:

(amounts in thousand euros)

	2024	2023
Opening balance	**-**	**392**
Recognised through profit or loss	-	(392)
Recognised through other reserves	-	-
Deferred Tax Liabilities	**-**	**-**

Tax system for impairment losses

In 2019 the Bank exercised the option to definitively adopt the tax system applicable to the impairment losses of credit institutions and other financial institutions subject to the supervision of Banco de Portugal, established by articles 2 and 3 of Law 98/2019, of 4 September, under the terms stipulated in number 1 of article 4 of this same Law, taking effect from the tax period started on 1 January 2019 (inclusively).

Special Regime applicable to the Taxation of Groups of Companies (RETGS)

The Bank and its subsidiaries – more than 75% held directly or indirectly, and for more than 1 year by the parent company CTT – are covered by the special regime applicable to the taxation of groups of companies (RETGS), which includes all the companies in which CTT directly or indirectly holds at least 75% of their share capital and which are simultaneously resident in Portugal and subject to corporate income tax (IRC). In this regard, and until 2020 inclusive, Banco CTT and its subsidiaries, eligible to application of the RETGS, receive from CTT the value relative to the tax loss which they contribute to the consolidated corporate income tax of the CTT Group and, likewise, pay to CTT the value relative to their positive contribution to the consolidated corporate income tax of the CTT Group. As of 2021, the Banco CTT Group is considered to be a "tax sub-consolidated" entity within the Regime in which CTT – Correios de Portugal, S.A. is the dominant company. In this way, Banco CTT's subsidiaries make corporate income tax (IRC) settlements to Banco CTT, and Banco CTT pays or receives the net amount determined for the Banco CTT Group to/from that dominant company. In the event that there are historical amounts receivable from CTT by the Group, any corporate income tax payments to CTT are settled through the use/reduction of the amount receivable, with effective payment only after there are no historical amounts receivable.

The heading "Other Liabilities" includes the amount of 4,421 thousand euros for corporate income tax as a result of the application of the special regime applicable to the taxation of groups of companies (RETGS), as described in Note 2.7. This amount is classified as a financial instrument at amortised cost, being remunerated at a market rate. As of December 31, 2023, the corporate income tax to be settled with CTT is shown under Other Assets in the amount of 3,663 thousand euros.

SIFIDE

Considering the history associated to the approval of the applications submitted, the Bank started to recognise in the period to which the investments refer, an estimate of 70% of the tax credit that was submitted for certification by the competent authority (ANI – Agência Nacional de Inovação). The amount of corrections relating to previous years relates to differences in tax estimates, mainly arising from the recognition of tax credits relating to SIFIDE 2022 and 2023, amounting to 437,676 euros, which are shown below:

<u>SIFIDE 2021</u>

In the financial year 2021 the Bank incurred R&D expenses for which it benefited – deferred in 2023 – from a Corporate Income Tax (IRC) tax credit amounting to 454,612 euros (of which 318,229 euros were recognised in results in the financial year 2022 and 136,384 euros were recognised in results in the financial year 2023).

<u>SIFIDE 2022</u>

In the financial year 2022 the Bank incurred R&D expenses for which it will benefit – deferred in 2024 – from a Corporate Income Tax (IRC) tax credit amounting to 478,572 euros (of which 335,000 euros were recognised in results in the financial year 2023 and 143,572 euros were recognised in results in the financial year 2024). No amounts relating to the 2022 SIFIDE have been recognised in the 2022 results.

SIFIDE 2023

In the financial year 2023 the Bank incurred R&D expenses for which it expects to benefit from a Corporate IRC credit amounting to 420,149 euros (of which 294,104 euros were recognised in results in the financial year 2024). No amounts relating to the 2023 SIFIDE have been recognised in the 2023 results.

SIFIDE 2024

In the financial year 2024 the Bank incurred R&D expenses for which it expects to benefit from a Corporate IRC credit amounting to 293,000 euros (of which 205,000 euros were recognised in results in the financial year 2024).

Note 22 – Other Assets

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
IRC RETGS	1,911	3,663
Balance against CTT	-	3,663
Balance against subsidiaries	1,911	-
Operations to be cleared	2,442	2,776
Escrow accounts	15,907	26,374
Other receivables	6,300	3,831
Expenses with deferred charges	3,352	987
Administrative Public Sector	227	227
Values receivable from subsidiaries	40	17
Impairment of other assets	(333)	(354)
Other assets	**29,846**	**37,521**

The heading "Escrow Accounts" includes the amount of 15,220 thousand euros (2023: 25,830 thousand euros) related to amounts deposited with other financial institutions as margin calls under derivative financial instruments operations.

The heading "Other Assets" includes the amount of 1,911 thousand euros (2023: 3,663 thousand euros) for corporate income tax as a result of the application of the special regime applicable to the taxation of groups of companies (RETGS), as described in Note 2.7.

The item "Other debtors" mainly records the commission amounts to be received from partners, within the scope of the credit intermediation and insurance mediation activity.

The item Transactions to be settled records amounts of banking operations awaiting financial settlement.

The movement of impairment of other assets is analysed as follows:

(amounts in thousand euros)

	2024	2023
Opening balance	**354**	**296**
Charge for the period	-	58
Reversal for the period	(21)	-
Uses for the period	-	-
Impairment of other assets	**333**	**354**

Note 23 – Financial Liabilities at Amortised Cost – Deposits from credit institutions

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Deposits from credit institutions in Portugal		
Demand deposits	65	390
Term deposits	46,041	35,052
Financial liabilities at Amortised Cost – Deposits from credit institutions	**46,106**	**35,442**

Note 24 – Financial Liabilities at Amortised Cost – Deposits from Customers

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Demand deposits	1,492,536	1,358,514
Term deposits	2,204,178	1,409,083
Saving accounts	363,730	338,582
Corrections to the value of liabilities subject to hedging operations	18	-
Financial Liabilities at Amortised Cost – Deposits from Customers	**4,060,462**	**3,106,179**

In 2024, the average rate of return on resources from customers was 1.70% (2023: 0.64%).

The analysis of the heading "Deposits from Customers", by contractual residual maturity, is as follows:

(amounts in thousand euros)

	2024	2023
Demand deposits and saving accounts	1,856,266	1,697,096
Term deposits		
Up to 3 months	1,001,500	359,591
3 to 12 months	1,202,696	1,049,492
Financial Liabilities at Amortised Cost – Deposits from Customers	**4,060,462**	**3,106,179**

Note 25 – Financial Liabilities at Amortised Cost – Debt Securities Issued

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Bonds	9,996	-
Financial Liabilities at Amortised Cost – Debt Securities Issued	**9,996**	**-**

As at 31 December 2024 there is a senior preferred bond issue (eligible for MREL purposes – Minimum Requirement for Own Funds and Eligible Liabilities) fully subscribed by the shareholder CTT - Correios de Portugal, S.A. in December 2024.

As at 31 December 2024 and 2023, debt securities issued and not retained are analysed as follows:

(amounts in thousand euros)

				2024		2023	
Name	**Issue date**	**Redemption date**	**Remuneration**	**Nominal value**	**Book value**	**Nominal value**	**Book value**
Banco CTT Senior Preferred MREL Due 2027							
Senior Preferred	December 2024	July 2027	Fixed Rate 4.543%	10,000	9,996	-	-
				10,000	**9,996**		

The movement of this heading for 2024 is presented as follows:

(amounts in thousand euros)

			2024		
Name	**Opening balance**	**Issuance**	**Redemptions**	**Other movements**	**Closing balance**
Banco CTT Senior Preferred MREL Due 2027	-	10,000	-	(4)	9,996
	-	**10,000**	**-**	**(4)**	**9,996**

Note 26 – Provisions

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Provisions for other risks and charges	847	658
Provisions for commitments	244	154
Provisions	**1,091**	**812**

Provisions for other risks and charges were established in order to deal with contingencies related to the Bank's activity and whose payment appears to be probable.

On each reporting date, the Bank revalues the amounts recorded under this heading, so as to ensure that it reflects the best estimate of amount and probability of occurrence.

The movement of the heading "Provisions" in the period is detailed as follows:

(amounts in thousand euros)

	2024	2023
Opening balance	**812**	**477**
Transfers	-	-
Charge for the period	366	644
Reversal for the period	(77)	(117)
Uses for the period	(10)	(192)
Provisions	**1,091**	**812**

Note 27 – Other Liabilities

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
IRC RETGS	4,421	2,927
Balance against CTT	4,421	-
Balance against subsidiaries	-	2,927
Payables		
Suppliers	5,159	4,583
Related parties	1,152	1,147
Other payables	-	3
Staff costs	6,688	5,446
Operations to be cleared	30,611	46,571
Administrative Public Sector	2,300	870
Deferred income	1,836	486
Lease liabilities	3,866	2,807
Other Liabilities	**56,033**	**64,840**

The heading "Operations to be cleared" primarily records the balance of banking operations pending financial settlement.

The heading "Lease liabilities" corresponds to the lease liabilities recognised under IFRS 16, as described in accounting policy 2.8.

The heading "Other Liabilities" includes the amount of 4,421 thousand euros for corporate income tax as a result of the application of the special regime applicable to the taxation of groups of companies (RETGS), as described in Note 2.7 (2023: 2,927 thousand euros). This amount is classified as a financial instrument at amortised cost, being remunerated at a market rate.

Note 28 – Share Capital

The share capital stands at 321,400,000 euros, represented by 324,682,443 ordinary shares without nominal value, and is fully underwritten and paid-up.

An increase of the Company's share capital was carried out on 29 November 2024 from 296,400,000 euros (two hundred and ninety-six million and four hundred thousand euros) to 321,400,000 euros (three hundred and twenty-one million four hundred thousand euros), via a new cash entry by Generali Seguros, S.A., of the value of 25,000,000 euros (twenty-five million euros) giving rise to the issue of 28,282,443 new ordinary, registered shares without nominal value with the issue value of 0.8839 euro each.

As at 31 December 2024 and 2023, the Bank's shareholders are as follows:

	2024		2023	
	Number of shares	**% share capital**	**Number of shares**	**% share capital**
CTT – Correios de Portugal, S.A. (public company)	296,400,000	91.29%	296,400,000	100.00%
Generali Seguros, S.A.	28,282,443	8.71%	-	-
Total	**324,682,443**	**100.00%**	**296,400,000**	**100.00%**

Note 29 – Fair Value Reserves, Other Reserves and Retained Earnings

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Fair Value Reserves		
Other financial assets at fair value through other comprehensive income	-	-
Legal reserves	4,830	3,037
Other reserves	(335)	(344)
of which: equity method	*419*	*410*
Retained earnings	(30,688)	(46,830)
Reserves and Retained Earnings	**(26,193)**	**(44,137)**

Note 30 – Guarantees and Other Commitments

This heading is analysed as follows:

(amounts in thousand euros)

	2024	2023
Guarantees provided	64,913	44,036
Guarantees received	1,609,530	1,416,969
Commitments to third parties		
Revocable commitments		
Credit lines	52,995	62,763
Irrevocable commitments		
Credit lines	26,836	24,852
Commitments from third parties		
Revocable commitments		
Credit lines	27,916	23,492

The amount recorded as Guarantees Provided primarily includes securities given as collateral to secure the settlement of interbank operations.

The amount recorded as Guarantees Received primarily includes securities given as collateral to secure the settlement of mortgage loan operations.

The revocable and irrevocable commitments present contractual agreements for granting credit to the Bank's customers (for example unused credit lines) which, generally speaking, are contracted for fixed periods or with other expiry requirements. Substantially all the credit granting commitments in force require the customers to maintain certain requirements observed at the time the loans were granted.

Notwithstanding the particularities of these commitments, the appraisal of these operations follows the same basic principles of any other commercial operation, namely the principle of the customer's solvency, where the Bank requires that these operations should be duly collateralised when necessary. As it is expected that some of them shall expire without having been used, the indicated amounts do not necessarily represent future cash needs.

Provisions for commitments made to third parties are disclosed in Note 26.

Note 31 – Transactions with Related Parties

All the business and operations carried out by the Bank with related parties are cumulatively concluded under normal market conditions for similar operations and are part of the Bank's current activity.

For all due purposes, the concept of related parties is provided in Chapter 4 of the Banco CTT Group's Policy on Transactions with Related Parties (which refers to the provisions of IAS 24, the RGICSF and Banco de Portugal Notice 3/2020), available for consultation at https://www.bancoctt.pt/sobre-o-banco-ctt/governo-da-sociedade/estatutos-e-regulamentos.

As at 31 December 2024, the value of the Bank's transactions with related parties and shareholders, as well as the respective costs and income recognised for the year, were as follows:

(amounts in thousand euros)

	2024			
	Balance Sheet		Income Statement	
	Assets	Liabilities	Loss	Profit
CTT – Correios de Portugal, S.A.	732	22,508	5,851	27
CTT Expresso – Serviços Postais e Logística, S.A.	1	9	96	-
NewSpring, S.A.	562	29	165	-
Wolfspring, ACE	-	31	158	-
Payshop (Portugal), S.A.	7	9,877	22	7
321 Crédito, S.A.	162,098	46,106	1,365	5,889
Chaves Funding No.8	502,068	-	-	16,788
Generali Seguros, S.A.	48	-	-	880
	665,516	**78,560**	**7,657**	**23,591**

The value of liabilities against CTT – Correios de Portugal S.A. includes 6,867 thousand euros of bank deposits.

The value of the asset against 321 Crédito, S.A. does not include the stake held by the Bank.

Liabilities against Payshop (Portugal), S.A. relate to bank deposits.

As at 31 December 2023, the value of the Bank's transactions with related parties, as well as the respective costs and income recognised for the year, were as follows:

(amounts in thousand euros)

	2023			
	Balance Sheet		Income Statement	
	Assets	Liabilities	Loss	Profit
CTT - Correios de Portugal, S.A.	4,181	11,932	5,972	176
CTT Expresso – Serviços Postais e Logística, S.A.	-	9	94	-
NewSpring, S.A.	331	78	78	-
Wolfspring, ACE	-	-	117	-
Payshop (Portugal), S.A.	-	4,162	-	75
321 Crédito, S.A.	149,231	38,580	603	6,903
Chaves Funding No.8	350,211	-	-	9,919
Next Funding No.1	-	-	-	18,145
	503,954	**54,761**	**6,864**	**35,218**

The value of liabilities against CTT – Correios de Portugal S.A. includes 11,055 thousand euros of bank deposits.

Liabilities against Payshop (Portugal), S.A. relate to bank deposits.

As at 31 December 2024, the value of the deposits placed by the members of the Corporate Bodies at the Bank amounted to 120 thousand euros (2023: 154 thousand euros).

Note 32 – Fair Value

The fair value of the financial assets and liabilities, as at 31 December 2024, is analysed as follows:

(amounts in thousand euros)

	2024				
	At fair value through profit or loss	**At fair value through reserves**	**Amortised cost**	**Book value**	**Fair Value**
Cash and deposits at central banks	-	-	64,413	64,413	64,413
Deposits at other credit institutions	-	-	8,069	8,069	8,069
Financial assets at amortised cost					
Investments at credit institutions	-	-	861,331	861,331	861,331
Loans and advances to customers	-	-	803,718	803,718	803,737
Debt securities	-	-	2,554,555	2,554,555	2,532,337
Bonds issued by public entities	-	-	*1,406,231*	*1,406,231*	*1,383,617*
Supranational debt securities	-	-	*637,434*	*637,434*	*637,825*
Bonds of other issuers	-	-	*510,890*	*510,890*	*510,895*
Hedging derivatives	6	-	-	6	6
Other (financial) assets	-	-	17,818	17,818	17,645
Financial Assets	**6**	**-**	**4,309,904**	**4,309,910**	**4,287,538**
Financial liabilities at fair value through profit or loss					
Derivatives	6,409	-	-	6,409	6,409
Financial liabilities at amortised cost					
Deposits from credit institutions	-	-	46,106	46,106	46,106
Deposits from Customers	-	-	4,060,462	4,060,462	4,060,462
Debt securities issued	-	-	9,996	9,996	10,019
Hedging derivatives	12	-	-	12	12
Other liabilities (financial)	-	-	4,421	4,421	4,019
Financial liabilities	**6,421**	**-**	**4,120,985**	**4,127,406**	**4,127,027**

The fair value of the financial assets and liabilities, as at 31 December 2023, is analysed as follows:

(amounts in thousand euros)

	2023				
	At fair value through profit or loss	**At fair value through reserves**	**Amortised cost**	**Book value**	**Fair Value**
Cash and deposits at central banks	-	-	54,006	54,006	54,006
Deposits at other credit institutions	-	-	11,045	11,045	11,045
Financial assets at amortised cost					
Investments at credit institutions	-	-	1,421,279	1,421,279	1,421,279
Loans and advances to customers	-	-	731,051	731,051	731,141
Debt securities	-	-	1,074,582	1,074,582	1,045,177
Bonds issued by public entities	-	-	*643,889*	*643,889*	*614,469*
Supranational debt securities	-	-	*80,609*	*80,609*	*80,624*
Bonds of other issuers	-	-	*350,084*	*350,084*	*350,084*
Other (financial) assets	-	-	30,038	30,038	29,548
Financial Assets	**-**	**-**	**3,322,001**	**3,322,001**	**3,292,196**
Financial liabilities at fair value through profit or loss					
Derivatives	13,744	-	-	13,744	13,744
Financial liabilities at amortised cost					
Deposits from credit institutions	-	-	35,442	35,442	35,442
Deposits from Customers	-	-	3,106,179	3,106,179	3,106,179
Other liabilities (financial)	-	-	2,927	2,927	2,536
Financial liabilities	**13,744**	**-**	**3,144,548**	**3,158,292**	**3,157,901**

Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through internal models based on discounted cash flow methods. The generation of cash flow of the different instruments is based on their financial characteristics, and the discount rates used incorporate both the market interest rate curve and the current risk levels of the respective issuer.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model, which necessarily incorporate some degree of subjectivity, and exclusively reflects the value attributed to the different financial instruments.

The Bank uses the following fair value hierarchy, with three levels in the valuation of financial instruments (assets or liabilities), which reflect the level of judgement, the observability of the data, and the importance of the parameters applied in the determination of the assessment of the fair value of the financial instrument, pursuant to IFRS 13:

- Level 1: Fair value is determined based on unadjusted listed prices, captured in transactions in active markets involving financial instruments similar to the instruments to be assessed. Where there is more than one active market for the same financial instrument, the relevant price is that prevailing in the main market of the instrument, or the most advantageous market to which there is access;
- Level 2: Fair value is calculated through valuation techniques based on observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to those that a non-related party would use to estimate the fair value of the same financial instrument. This also includes instruments whose valuation is obtained through listed prices disclosed by independent entities, but whose markets show less liquidity; and,
- Level 3: Fair value is determined based on data not observable in active markets, using techniques and assumptions that the market participants would use to assess the same instruments, including hypotheses about the inherent risks, the assessment method and inputs used, entailing process of review of the accuracy of the values obtained in this manner.

The Bank considers a market active for a particular financial instrument, on the measurement date, according to the turnover and liquidity of the operations carried out, the relative volatility of the listed prices, and the promptness and availability of the information, where the following minimum conditions must be met:

- Existence of frequent daily prices of trading in the last year;
- The prices mentioned above change regularly;
- Existence of enforceable prices of more than one entity.

A parameter used in the valuation method is considered to be observable market data if the following conditions are met:

- If its value is determined in an active market;
- If there is an OTC market and it is reasonable to assume that active market conditions are met, except for the condition of trading volumes; and,
- The value of the parameter can be obtained by the inverse calculation of the prices of the financial instruments and/or derivatives where all the other parameters required for the initial assessment are observable in a liquid market or OTC market that complies with the previous paragraphs.

The table below summarises, by valuation levels, the fair value of the financial assets and liabilities, as at 31 December 2024:

(amounts in thousand euros)

	2024			
	Valuation methods			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and deposits at central banks	64,413	-	-	64,413
Deposits at other credit institutions	8,069	-	-	8,069
Financial assets at amortised cost				
Investments at credit institutions	-	-	861,331	861,331
Loans and advances to customers	-	-	803,737	803,737
Debt securities	2,030,463	-	501,874	2,532,337
Bonds issued by public entities	*1,383,617*	-	-	*1,383,617*
Supranational debt securities	*637,825*	-	-	*637,825*
Bonds of other issuers	*9,021*	-	*501,874*	*510,895*
Hedging derivatives	-	-	6	6
Other (financial) assets	-	-	17,645	17,645
Financial Assets	**2,102,945**	**-**	**2,184,593**	**4,287,538**
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	6,409	6,409
Financial liabilities at amortised cost				
Deposits from credit institutions	-	-	46,106	46,106
Deposits from Customers	-	-	4,060,462	4,060,462
Debt securities issued	-	-	10,019	10,019
Hedging derivatives	-	-	12	12
Other liabilities (financial)	-	-	4,019	4,019
Financial liabilities	**-**	**-**	**4,127,027**	**4,127,027**

Sensitivity analysis

The item Loans and advances to customers which, as at 31 December 2024, has a fair value of 803,737 thousand euros has a sensitivity of -2,558 thousand euros and +2,624 thousand euros for an interest rate change of -10% and +10%, respectively.

The table below summarises, by valuation levels, the fair value of the financial assets and liabilities, as at 31 December 2023:

(amounts in thousand euros)

	2023			
	Valuation methods			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and deposits at central banks	54,006	-	-	54,006
Deposits at other credit institutions	11,045	-	-	11,045
Financial assets at amortised cost				
Investments at credit institutions	-	-	1,421,279	1,421,279
Loans and advances to customers	-	-	731,141	731,141
Debt securities	695,093	-	350,084	1,045,177
Bonds issued by public entities	*614,469*	-	-	*614,469*
Supranational debt securities	*80,624*	-	-	*80,624*
Bonds of other issuers	-	-	*350,084*	*350,084*
Other (financial) assets	-	-	29,548	29,548
Financial Assets	**760,144**	**-**	**2,532,052**	**3,292,196**
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	13,744	13,744
Financial liabilities at amortised cost				
Deposits from credit institutions	-	-	35,442	35,442
Deposits from Customers	-	-	3,106,179	3,106,179
Other liabilities (financial)	-	-	2,536	2,536
Financial liabilities	**-**	**-**	**3,157,901**	**3,157,901**

Sensitivity analysis

The item Loans and advances to customers which, as at 31 December 2023, has a fair value of 731,141 thousand euros has a sensitivity of -4,397 thousand euros and +4,619 thousand euros for an interest rate change of -10% and +10%, respectively.

The main methods and assumptions used to estimate the fair value of the financial assets and liabilities recorded in the balanced sheet are analysed as follows:

Cash and deposits at Central Banks, Deposits at other credit institutions and Investments at Central Banks and at other credit institutions

These financial instruments are very short-term and therefore their book value is a reasonable estimate of their fair value.

Investment securities measured at amortised cost

The fair value of these financial instruments is based on market prices, when available. If market prices do not exist, their fair value is estimated based on the expected future principal and interest cash flows for these instruments.

Loans and Advances to Customers

Loans and advances to customers with defined maturity date
Fair value is calculated by discounting, at the average rates of the production of December, the expected cash flows throughout the life of the contracts considering the historical pre-payment rates.

Loans and advances to customers without defined maturity date (bank overdrafts)
Considering the short-term nature of this type of instrument, the conditions of this portfolio are similar to those prevailing at the reporting date, and so its book value is considered a reasonable estimate of its fair value.

Financial assets at fair value through profit or loss (except derivatives)

These financial assets are accounted for at fair value. Fair value is based on market prices, when available. If these are not available, the calculation of the fair value is based on i) the use of numerical models, namely discounted cash flows of expected future capital and interest for these instruments or ii) the Net Asset Value (NAV) provided by the fund management companies.

Financial assets at fair value through profit or loss (Derivatives)

All derivatives are accounted for at their fair value. In the case of those that are quoted on organised markets, the respective market price is used. In the case of over-the-counter (OTC) derivatives, numerical models based on discounted cash flow techniques and option valuation models considering market and other variables are applied.

Financial assets at fair value through other comprehensive income

The fair value of these instruments is estimated based on market prices, when available. If market prices do not exist, their fair value is estimated based on the expected future principal and interest cash flows for these instruments.

Deposits from Central Banks and Other Credit Institutions

These financial instruments are very short-term and therefore their book value is a reasonable estimate of their fair value.

Deposits from Customers

The fair value of these financial instruments is estimated based on the discounted expected principal and interest cash flows. The discount rate used is that which reflects the rates applied for deposits with similar features on the reporting date. Considering that the applicable interest rates are renewed for periods less than one year, there are no materially relevant differences in their fair value.

Debt securities issued

The fair value of these instruments is estimated based on market prices, when available. If market prices do not exist, their fair value is estimated based on the expected future principal and interest cash flows for these instruments.

Note 33 – Risk Management

The Bank is exposed to various risks during the course of its business activity.

The Group's Policy on Risk Management aims to ensure the effective application of the risk management system, through the ongoing follow-up of its adequacy and efficacy, seeking to identify, assess, monitor and control all the materially relevant risks to which the institution is exposed, both internally and externally.

In this context, it is important to monitor and control the main types of financial risks – credit, liquidity, interest rate, market and operational – faced by the Bank's activity.

Credit Risk

Credit risk reflects the degree of uncertainty of the expected returns, due to the inability either of the borrower, or of the counterpart of a contract, to comply with the respective obligations.

At the Bank, credit risk management includes the identification, measurement, assessment and monitoring of the different credit exposures, ensuring risk management throughout the successive phases of the life of the credit process.

The monitoring and follow-up of credit risk, in particular with respect to the evolution of credit exposures and monitoring of losses, is regularly conducted by the Risk Department and by the Capital, Risk and Sustainability Committee.

The biggest driver of the Bank's credit risk is the mortgage lending product. As at 31 December 2024, the exposure (net of impairment and including off-balance sheet exposures) to this product was in the amount of 800,600 thousand euros (727,484 thousand euros as at 31 December 2023).

The Bank is also exposed to credit risk with regard to investments and deposits with other credit institutions (counterparty risk) and debt securities in its own portfolio (mostly sovereign debt issued by Euro Area countries, or debt issued by supranational entities).

In order to mitigate credit risk, the lending operations have associated collateral, namely mortgages. Except in situations of default, the Bank, under its activity, does not have permission to sell or pledge this collateral. The fair value of this collateral is determined as at the date of the granting of the loan, with its value being checked periodically.

The acceptance of collateral to secure credit operations requires the need to define and implement techniques to mitigate the risks to which this collateral is exposed. Thus, and as an approach to this matter, the Bank has stipulated a series of procedures applicable to collateral (namely real estate properties), that hedge, among others, the volatility of the value of the collateral.

The gross value of the loans and respective fair value of the collateral, limited to the value of the associated loan, are presented below:

(amounts in thousand euros)

	2024		2023	
	Loans and advances to customers	**Fair value of associated guarantees**	**Loans and advances to customers**	**Fair value of associated guarantees**
Mortgage loans	802,333	1,551,091	728,888	1,350,180
Other	4,631	-	4,374	- -
	806,964	**1,551,091**	**733,262**	**1,350,180**

The following table presents information on the Bank's exposures to credit risk (net of impairment and including off-balance sheet exposures) as at 31 December 2024 and 31 December 2023:

(amounts in thousand euros)

	2024	2023
Central Authorities or Central Banks	2,091,040	1,932,600
Regional governments or local authorities	-	-
Multilateral development banks	-	9,854
International organisations	637,434	70,757
Credit institutions	284,849	245,469
Companies	-	-
Retail customers	12,289	13,008
Loans secured by immovable assets	810,446	741,966
Non-performing loans	7,133	3,412
Collective investment undertakings (CIUs)	-	-
Shares	142,558	156,935
Covered Bonds	9,015	-
Other items	65,970	63,922
Risk Headings	**4,060,734**	**3,237,923**

The information on the risk headings (including off-balance sheet) as at 31 December 2024 and 31 December 2023 is detailed as follows:

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Sight deposits and investments	684,808	-	684,808	1,288,703	-	1,288,703
Other financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Investment securities measured at amortised cost	1,406,329	(97)	1,406,232	643,981	(84)	643,897
Central Authorities or Central Banks	**2,091,137**	**(97)**	**2,091,040**	**1,932,684**	**(84)**	**1,932,600**

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Investment securities measured at amortised cost	-	-	-	9,855	(1)	9,854
Multilateral development banks	**-**	**-**	**-**	**9,855**	**(1)**	**9,854**

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Investment securities measured at amortised cost	637,440	(6)	637,434	70,760	(3)	70,757
International organisations	**637,440**	**(6)**	**637,434**	**70,760**	**(3)**	**70,757**

(amounts in thousand euros)

	2024			2023		
	Gross Value	**Impairment**	**Net value**	**Gross Value**	**Impairment**	**Net value**
Demand deposits	8,069	-	8,069	11,045	-	11,045
Investments at financial institutions	259,991	(20)	259,971	214,225	(21)	214,204
Derivatives	14,871	-	14,871	18,282	-	18,282
Other	1,938	-	1,938	1,938	-	1,938
Credit institutions	**284,869**	**(20)**	**284,849**	**245,490**	**(21)**	**245,469**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Loans and advances to customers	12,597	(308)	12,289	13,187	(179)	13,008
Retail customers	**12,597**	**(308)**	**12,289**	**13,187**	**(179)**	**13,008**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Loans and advances to customers	811,513	(1,067)	810,446	742,949	(983)	741,966
Loans secured by immovable assets	**811,513**	**(1,067)**	**810,446**	**742,949**	**(983)**	**741,966**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Loans and advances to customers	9,249	(2,116)	7,133	4,386	(974)	3,412
Non-performing loans	**9,249**	**(2,116)**	**7,133**	**4,386**	**(974)**	**3,412**

(amounts in thousand euros)

	2024			2023		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Investment securities measured at amortised cost	9,015	-	9,015	-	-	-
Covered bonds	**9,015**	**-**	**9,015**	**-**	**-**	**-**

The exposure to public debt, net of impairment, of eurozone countries is detailed as follows:

(amounts in thousand euros)

	2024			2023		
	Other financial assets at fair value through other comprehensive income	**Investment securities measured at amortised cost**	**Total**	**Other financial assets at fair value through other comprehensive income**	**Investment securities measured at amortised cost**	**Total**
Portugal	-	173,458	173,458	-	163,979	163,979
Spain	-	385,114	385,114	-	167,623	167,623
Italy	-	100,311	100,311	-	105,595	105,595
France	-	375,888	375,888	-	169,893	169,893
Germany	-	-	-	-	36,799	36,799
Belgium	-	361,553	361,553	-	-	-
Austria	-	9,909	9,909	-	-	-
	-	**1,406,233**	**1,406,233**	**-**	**643,889**	**643,889**

The analysis of the portfolio of financial assets by stages is presented as follows:

(amounts in thousand euros)

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Deposits at Central Banks and other credit institutions	50,001	-	-	50,001	39,671	-	-	39,671
Impairment losses	-	-	-	-	-	-	-	-
Net value	**50,001**	**-**	**-**	**50,001**	**39,671**	**-**	**-**	**39,671**
Financial assets at amortised cost – Investments at credit institutions	861,352	-	-	861,352	1,421,302	-	-	1,421,302
Impairment losses	(21)	-	-	(21)	(23)	-	-	(23)
Net value	**861,331**	**-**	**-**	**861,331**	**1,421,279**	**-**	**-**	**1,421,279**
Financial assets at amortised cost – Debt securities	2,554,852	-	-	2,554,852	1,074,806	-	-	1,074,806
Impairment losses	(297)	-	-	(297)	(224)	-	-	(224)
Net value	**2,554,555**	**-**	**-**	**2,554,555**	**1,074,582**	**-**	**-**	**1,074,582**
Financial assets at amortised cost – Loans and advances to customers	778,629	19,066	9,269	806,964	694,820	34,030	4,412	733,262
Impairment losses	(362)	(795)	(2,089)	(3,246)	(319)	(848)	(1,044)	(2,211)
Net value	**778,267**	**18,271**	**7,180**	**803,718**	**694,501**	**33,182**	**3,368**	**731,051**

Liquidity Risk

Liquidity risk reflects the possibility of significant losses being incurred as a result of deterioration of funding conditions (funding risk) and/or sale of assets for less than their market value (market liquidity risk).

Overall, the liquidity risk management strategy is entrusted to the Board of Directors, which delegates it to the Executive Committee, and is carried out by the Treasury Department, based on constant vigilance of exposure indicators, being closely monitored by the Capital, Risk and Sustainability Committee.

The Capital, Risk and Sustainability Committee is responsible for controlling liquidity risk exposure, by analysing liquidity positions and assessing their conformity with the applicable regulatory rules and limitations, as well as with the goals and guidelines defined by Banco CTT.

The liquidity risk of Banco CTT is assessed through regulatory indicators defined by the supervision authorities, as well as through other internal metrics.

As at 31 December 2024, the assets and liabilities by residual and contractual maturity are analysed as follows:

(amounts in thousand euros)

	2024						
	At sight	Up to 3 months	3 to 12 months	1 to 3 years	More than 3 years	Undetermined maturity	Total
Assets							
Cash and deposits at central banks	64,413	-	-	-	-	-	**64,413**
Deposits at other credit institutions	8,069	-	-	-	-	-	**8,069**
Financial assets at amortised cost							
Investments at credit institutions	-	694,433	6,869	149,289	10,761	-	**861,352**
Loans and advances to customers	2,701	5,366	11,836	31,618	753,469	1,974	**806,964**
Debt securities	-	919,727	775,485	66,610	793,030	-	**2,554,852**
Total Assets	**75,183**	**1,619,526**	**794,190**	**247,517**	**1,557,260**	**1,974**	**4,295,650**
Liabilities							
Financial liabilities at fair value through profit or loss							
Derivatives	-	-	-	-	6,409	-	**6,409**
Financial liabilities at amortised cost							
Deposits from credit institutions	65	46,041	-	-	-	-	**46,106**
Deposits from Customers	1,856,266	1,001,500	1,202,696	-	-	-	**4,060,462**
Debt securities issued	-	-	19	-	9,977	-	**9,996**
Total Liabilities	**1,856,331**	**1,047,541**	**1,202,715**	**-**	**16,386**	**-**	**4,122,973**
Gap (Assets-Liabilities)	**(1,781,148)**	**571,985**	**(408,525)**	**247,517**	**1,540,874**	**1,974**	**172,677**
Accumulated Gap	**(1,781,148)**	**(1,209,163)**	**(1,617,688)**	**(1,370,171)**	**170,703**	**172,677**	

As at 31 December 2023, the assets and liabilities by residual and contractual maturity are analysed as follows:

(amounts in thousand euros)

	2023						
	At sight	**Up to 3 months**	**3 to 12 months**	**1 to 3 years**	**More than 3 years**	**Undetermined maturity**	**Total**
Assets							
Cash and deposits at central banks	54,006	-	-	-	-	-	**54,006**
Deposits at other credit institutions	11,045	-	-	-	-	-	**11,045**
Financial assets at amortised cost							
Investments at credit institutions	-	1,260,688	11,400	128,554	20,660	-	**1,421,302**
Loans and advances to customers	3,488	4,850	8,999	25,127	689,871	927	**733,262**
Debt securities	-	3,995	356,215	28,544	686,052	-	**1,074,806**
Total Assets	**68,539**	**1,269,533**	**376,614**	**182,225**	**1,396,583**	**927**	**3,294,421**
Liabilities							
Financial liabilities at fair value through profit or loss							
Derivatives	-	-	-	-	13,744	-	**13,744**
Financial liabilities at amortised cost							
Deposits from credit institutions	390	35,052	-	-	-	-	**35,442**
Deposits from Customers	1,697,096	359,591	1,049,492	-	-	-	**3,106,179**
Total Liabilities	**1,697,486**	**394,643**	**1,049,492**	**-**	**13,744**	**-**	**3,155,365**
Gap (Assets-Liabilities)	**(1,628,947)**	**874,890**	**(672,878)**	**182,225**	**1,382,839**	**927**	**139,056**
Accumulated Gap	**(1,628,947)**	**(754,057)**	**(1,426,935)**	**(1,244,710)**	**138,129**	**139,056**	

Furthermore, under the periodic monitoring of the liquidity situation, the Bank calculates the liquidity mismatch, Additional Liquidity Monitoring Metrics (ALMM), pursuant to the addenda issued in 2018 to Regulation (EU) 680/2014 of the Commission.

ALMM takes into account all the contracted outflows and inflows and uses a maturity ladder which enables confirming the existence or not of the liquidity mismatch of Banco CTT and also enables knowing its capacity to counterbalance any liquidity mismatch.

The liquidity mismatch is calculated for various timeframes, from overnight up to more than five years, taking into account the asset, liability and off-balance sheet positions with expected and estimated financial flows that are scheduled according to the corresponding residual maturities or inflow/outflow date of the monetary flow.

As at 31 December 2024, the ALMM showed a positive liquidity mismatch (difference between contracted outflows and inflows) of 664,490 thousand euros (2023: 227,159 thousand euros).

Interest Rate Risk

Interest Rate Risk refers to losses arising from the impact that interest rate fluctuations have on balance sheet or off-balance sheet items that are sensitive.

As at December 31, 2024, one of the main instruments for monitoring interest rate risk on the balance sheet is based on the recent Bank of Portugal Instruction no. 10/2024, which stipulates the adoption of standard methodologies, and the assumptions reflected in Delegated Regulation (EU) no. 2024/857 and Delegated Regulation (EU) no. 2024/856. This model groups variation-sensitive assets and liabilities by maturity dates or date of first review of interest rates, when indexed, from which a potential impact on economic value is calculated.

(amounts in thousand euros)

	2024					
	Up to 3 Months	Greater than 3 Months Up to 6 Months	Greater than 6 Months Up to 1 Year	Greater than 1 Year Up to 5 Years	More than 5 years	Sensitive Amounts
Assets	**1,845,162**	**690,126**	**559,386**	**800,752**	**437,771**	**4,333,197**
Central Bank & Cash	692,933	-	-	-	-	692,933
Loans and Advances to Customers	217,553	116,965	298,989	381,894	29,906	1,045,307
Debt Securities	934,676	573,161	260,397	418,858	407,865	2,594,957
Liabilities	**1,471,946**	**860,360**	**653,742**	**806,606**	**405,649**	**4,198,303**
Debt Securities Issued	19	-	108	10,218	-	10,345
Deposits without defined maturity	413,667	98,723	196,988	796,388	405,649	1,911,415
Term Deposits	1,058,260	761,637	456,646	-	-	2,276,543
Off-balance sheet elements	**(138,362)**	**53,369**	**24,574**	**145,121**	**2,393**	**87,095**
Total	**234,854**	**(116,865)**	**(69,782)**	**139,267**	**34,515**	**221,989**

(amounts in thousand euros)

	2023					
	Up to 3 Months	Greater than 3 Months Up to 6 Months	Greater than 6 Months Up to 1 Year	Greater than 1 Year Up to 5 Years	More than 5 years	Sensitive Amounts
Assets	**1,550,213**	**201,284**	**565,436**	**683,739**	**450,615**	**3,451,287**
Central Bank & Cash	1,325,128	-	-	-	-	1,325,128
Loans and Advances to Customers	206,010	119,682	233,784	332,359	46,564	938,399
Debt Securities	19,075	81,602	331,652	351,380	404,051	1,187,760
Liabilities	**920,668**	**447,994**	**840,821**	**501,890**	**450,857**	**3,162,230**
Debt Securities Issued	-	-	-	-	-	-
Deposits without defined maturity	512,840	78,315	156,662	501,890	450,857	1,700,564
Term Deposits	407,828	369,679	684,159	-	-	1,461,666
Off-balance sheet elements	**(166,801)**	**17,996**	**30,774**	**108,897**	**13,756**	**4,622**
Total	**462,744**	**(228,714)**	**(244,611)**	**290,746**	**13,514**	**293,679**

Economic value is calculated by the sum of the net present value of the discounted cash flows. This discount is based on an interest rate curve not subject to any type of shock, in which, for discount purposes, the average periods of the timeframes are assumed. As of December 31, 2024, the impact on the economic value of instantaneous and parallel changes in interest rates of +200 basis points is -5,953 thousand euros, which was the most severe of the shocks requested by the regulator (in 2023 the impact of this shock, also the most severe, was -3,412 thousand euros). The results of the Supervisor Outlier Test, with the impact of each of the 6 shocks foreseen in the regulation on the Bank's economic value in 2024 and 2023 were as follows:

(amounts in thousand euros)

Change in Economic Value in a given shock scenario	Impact on Own Funds	
Scenario	**2024**	**2023**
Parallel rise in the yield curve	(5,953)	(3,412)
Parallel descent of the yield curve	6,923	2,641
Increase in the slope of the yield curve	(2,972)	1,408
Decrease in the slope of the yield curve	1,717	(2,193)
Increase in short-term rates	(87)	(2,843)
Decrease in short-term rates	133	3,032

The main assumptions used in 2023 in the Bank's analyses were the following:

- For Demand Deposits: 18.20% at sight, 81.80% distributed non-linearly over 15 years, giving rise to a duration of 3.6 years;
- Saving Accounts: 51.45% at sight, 48.50% distributed non-linearly over 15 years, giving rise to a duration of 2.1 years;
- Annual prepayment rate of 10% for Housing Loans;
- Annual rate for early withdrawal of Term Deposits of 1.27%.

For 2024, they were reviewed as part of the annual review, with the following changes introduced:

- For Demand Deposits: 18.46% at sight, 81.54% distributed non-linearly over 10 years, giving rise to a duration of 2.7 years;
- Saving Accounts: 30.00% at sight, 70.00% distributed non-linearly over 10 years, giving rise to a duration of 2.2 years;
- Change in the annual prepayment rate for Mortgage Loans, from 10% to 12.5%, distributed proportionally over 12 months;
- The annual early withdrawal rate for term deposits remained unchanged at 1.27%.

In addition, Banco CTT monitors the impact of changes in market interest rates on 12-month net interest income. This exercise takes into account all assets, liabilities and off-balance sheet items sensitive to interest rate variations. The calculation is based on repricing characteristics and maturities considering behavioural models and interest rate transmission coefficients (betas). All other things being equal, a positive change in market interest rates of 200 b.p., on December 31, 2024 and at a consolidated level, would mean an increase of 1,739 thousand euros (2023: increase of 16,665 thousand euros), while a negative change in market interest rates of 200 b.p., in the same period, would imply a decrease in the margin of 7,695 thousand euros (2023: decrease of 15,499 thousand euros). The lack of symmetry between the two impacts seen in 2024 and 2023 is largely explained by the behavioural assumptions made in the modelling of deposits without a defined maturity, namely the different transmission coefficients of interest rate changes assumed for the scenarios of rising and falling interest rates.

(amounts in thousand euros)

Change in Net Interest Income in a given shock scenario	Impact on Own Funds	
Scenario	2024	2023
Net interest income w/parallel shock +200 bp	1,739	16,665
Net interest income w/parallel shock -200 bp	(7,695)	(15,499)

Market Risk

Market Risk generally represents the possible loss resulting from an adverse change in the value of a financial instrument as a result of changes in interest rates, foreign exchange rates, share, commodity, or real estate prices, volatility and credit spreads.

Banco CTT does not have a trading portfolio, and its entire debt securities portfolio is carried at amortised cost, the main risk arising from its investments being credit risk and not market risk.

Operational Risk

The Bank, in view of the nature of its activity, is exposed to potential losses or reputational risk, as a result of human errors, failures of systems and/or processing, unexpected stoppage of activity or failures on the part of third parties in terms of supplies, provisions or execution of services.

The approach to operational risk management is underpinned by the end-to-end structure, ensuring the effective adequacy of the controls involving functional units that intervene in the process. The Bank identifies and assesses the risks and controls of the processes, ensuring their compliance with the requirements and principles of the Internal Control System.

Encumbered Assets

Pursuant to Banco de Portugal Instruction 28/2014, which addresses the guidance of the European Banking Authority relative to the disclosure of encumbered assets and unencumbered assets (EBA/GL/2014/3), and considering the recommendation issued by the European Systemic Risk Board, the following information is presented in relation to the assets and collateral:

(amounts in thousand euros)

	2024			
	Encumbered assets		Unencumbered assets	
	Book value	Fair value	Book value	Fair value
Equity instruments	-	-	-	-
Debt securities	55,584	55,839	2,498,971	2,467,181
Other assets	22,772	n/a	1,917,985	n/a
	78,356		**4,416,956**	

(amounts in thousand euros)

	2023			
	Encumbered assets		Unencumbered assets	
	Book value	Fair value	Book value	Fair value
Equity instruments	-	-	-	-
Debt securities	36,124	36,041	1,038,459	1,008,912
Other assets	32,196	n/a	2,384,436	n/a
	68,320		**3,422,895**	

(amounts in thousand euros)

	Fair value of the encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued and subject to encumbrance	
	2024	**2023**	**2024**	**2023**
Collateral received	-	-	**1,551,091**	**1,350,180**
Debt securities	-	-	-	-
Other assets	-	-	-	-
Other collateral received	-	-	1,551,091	1,350,180
Own Debt Securities Issued other than Covered Own Bonds or ABS	-	-	-	-

(amounts in thousand euros)

	Carrying amount of selected financial liabilities	
	2024	**2023**
Associated liabilities, contingent liabilities and loaned securities	-	-
Assets, collateral received, and own debt securities issued other than covered own bonds or ABS that are encumbered	15,220	25,830

The collateral received that is able to be encumbered essentially refers to the collateral received (mortgages) in mortgage loan contracts.

Of the total unencumbered total assets of the value of 1,917,985 thousand euros (2023: 2,384,438 thousand euros), approximately 9% (2023: 7%) refer to items that cannot be encumbered (investments in subsidiaries and associates, other tangible assets, intangible assets, current and deferred taxes).

Note 34 – Capital Management and Solvency Ratio

The main objective of capital management is to ensure compliance with the Bank's strategic goals concerning capital adequacy, respecting and assuring compliance with the minimum requirements for own funds defined by the supervision entities.

In calculating capital requirements, Banco CTT used the standard approach for credit risk and the basic indicator method for operational risk.

The capital calculated pursuant to Directive 2013/36/UE and Regulation (UE) 575/2013 approved by the European Parliament and Council, and Banco de Portugal Notice 10/2017, includes core own funds (Tier 1 capital) and supplementary own funds (Tier 2 capital). Tier 1 includes core own funds (Common Equity Tier 1 – CET1) and tier 1 additional capital.

The Bank's Common Equity Tier 1 includes; a) paid-up capital, reserves and retained earnings; b) regulatory deductions related to intangible assets and losses relative to the year in progress; and c) prudential filters. The Bank does not have any additional tier 1 capital or tier 2 capital.

The legislation in force establishes a transition period between capital requirements pursuant to national legislation and that calculated pursuant to Community legislation in a phased fashion both for the non-inclusion/exclusion of items considered previously (phased-out) and the inclusion/deduction of new items (phased-in). At a prudential framework level, institutions should report Common Equity Tier 1, Tier 1 and totals not below 7%, 8.5% and 10.5%, respectively, including a conservation buffer of 2.5% and a countercyclical buffer of 0%, in the case of the Bank.

Banco de Portugal Notice 10/2017 regulates the transitional arrangement established in the CRR concerning own funds, namely with respect to deductions related to deferred taxes generated before 2014 and to subordinated debt and hybrid instruments that are not eligible, both non-applicable to Banco CTT.

With the introduction of IFRS 9, the Bank opted for the phased recognition of the respective impacts of the static component pursuant to Article 473-A of the CRR.

As at 31 December 2024 and 31 December 2023, the Bank presented the following capital ratios, calculated in accordance with the transitional provisions established in the CRR:

(amounts in thousand euros)

	2024		2023		
	CRR Phasing in	*CRR Fully Implemented*	*CRR Phasing in*	*CRR Fully Implemented*	Notes
OWN FUNDS					
Share capital	321,400	321,400	296,400	296,400	27
Retained earnings	(30,688)	(30,688)	(46,830)	(46,830)	28
Legal reserve	4,830	4,830	3,037	3,037	28
Eligible Results	19,996	19,996	17,935	17,935	
Other Reserves	360	360	350	350	
Prudential Filters	(149)	(149)	(150)	(150)	
Fair value reserves	-	-	-	-	28
Additional Valuation Adjustment (AVA)	(149)	(149)	(150)	(150)	
Deductions to common equity tier 1	(14,396)	(14,571)	(12,875)	(13,162)	
Losses for the period	-	-	-	-	
Intangible assets	(13,876)	(13,876)	(12,467)	(12,467)	19
Adoption of IFRS 9	(520)	(695)	(408)	(695)	
Items not deducted from Own Funds	174,703	174,703	137,137	137,137	
Holdings in financial entities	174,703	174,703	137,137	137,137	
Common Equity Tier 1	301,353	301,178	257,867	257,580	
Tier 1 Capital	301,353	301,178	257,867	257,580	
Total Own Funds	301,353	301,178	257,867	257,580	
RWA					
Credit Risk	954,995	954,995	863,169	863,169	
Operational Risk	149,266	149,266	126,745	126,745	
Market Risk	-	-	-	-	
CVA	19,907	19,907	29,716	29,716	
IFRS 9 adjustments	-	(121)	-	(158)	
Total RWA	1,124,168	1,124,047	1,019,630	1,019,472	
CAPITAL RATIOS					
Common Equity Tier 1	26.8%	26.8%	25.3%	25.3%	
Tier 1 Ratio	26.8%	26.8%	25.3%	25.3%	
Total Capital Ratio	26.8%	26.8%	25.3%	25.3%	

Note 35 – Provision of Insurance or Reinsurance Mediation Services

As at 31 December 2024 and 2023, the remunerations derived from the provision of insurance and reinsurance mediation services were broken down as follows:

(amounts in thousand euros)

	2024	2023
Life Business	6,249	5,776
Non-Life Business	400	479
	6,649	**6,255**

The values receivable and payable associated to the insurance mediation activity are presented as follows:

(amounts in thousand euros)

	2024	2023
Values receivable	1,294	1,798
Values payable	-	-

The Bank does not charge insurance premiums on account of the Insurers, nor does it carry out the movement of funds relative to insurance contracts. Therefore, there are no other assets, liabilities, income or expenses to report, relative to the insurance mediation service pursued by the Bank, apart from those already disclosed.

Note 36 – Standards, Interpretations, Amendments and Revisions that came into force during the year

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union are mandatory for the first time in the financial year beginning on 01 January 2024:

Amendments to IAS 1 - Classification of liabilities as current and non-current and Non-current liabilities with covenants

These changes clarify the existing guidelines in IAS 1 regarding the classification of financial liabilities between current and non-current, clarifying that the classification should be measured according to an entity's right to defer payment at the end of each reporting period.

In particular, the amendments (i) clarify the concept of 'settlement' by indicating that if an entity's right to defer settlement of a liability is subject to compliance with future covenants , the entity has the right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period; and (ii) clarify that the classification of liabilities is not affected by the entity's expectation (based on the existence or not of the right, and should disregard any probability of exercising or not exercising that right), or by events occurring after the reporting date, such as non-compliance with a covenant.

If the right to defer settlement for at least twelve months is subject to meeting certain conditions after the balance sheet date, those criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current.

This amendment is applicable retrospectively.

Amendments to IAS 7 and IAS 7- Disclosures: Supplier financing agreements
These amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures aim to clarify the characteristics of a supplier financing agreement and introduce additional disclosure requirements when such agreements exist. The disclosure requirements are intended to help users of financial statements understand the effects of supplier financing arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.

Amendments to IFRS 16 – liabilities in sale and leaseback transactions amendment
This amendment to IFRS 16 – Leases – Introduces guidance regarding the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a "sale" according to the principles of IFRS 15, with a greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate.

In the subsequent measurement of the lease liability, the seller-lessee shall determine the "lease payments" and "revised lease payments" in such a way that they do not recognise gains/(losses) in respect of the right of use they retain.

This amendment is applicable retrospectively.

These standards and amendments had no material impact on the individual financial statements of Banco CTT.

Note 37 – Standards, Interpretations, Amendments and Revisions that come into force in future years

The following standards, interpretations, amendments and revisions with mandatory application in future financial years have, up to the date of approval of these financial statements, been adopted ("endorsed") by the European Union:

Amendments to IAS 21- The effects of changes in foreign exchange rates: Lack of interchangeability
This amendment aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period.

The amendment specifies that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism in which an exchange operation creates enforceable rights and/or obligations.

If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would be applicable, on the measurement date, for a similar transaction between market participants. The amendments also state that an entity can use an observable exchange rate without making any adjustment.

The changes come into force for the period beginning on or after 01 January 2025. Early adoption is permitted, but the transition requirements applied must be disclosed.

The Bank did not early apply these standards in the financial statements for the twelve months period ended 31 December 2024. No significant future impacts on the financial statements are expected as a result of their adoption.

Note 38 – Standards, Interpretations, Amendments and Revisions not yet adopted by the European Union

The following standards, interpretations, amendments and revisions with mandatory application in future financial years have not yet been adopted ("endorsed") by the European Union, at the date of approval of these financial statements:

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These changes are essentially the result of the draft revision of IFRS 9 Financial Instruments(Post Implementation Review – PIR IFRS 9) and clarify the following aspects relating to financial instruments:

- It clarifies that a financial liability is derecognised on the "settlement date", i.e. when the related obligation is settled, cancelled, expires or the liability otherwise qualifies for derecognition. However, the possibility is introduced for an entity to choose to adopt an accounting policy that allows it to derecognise a financial liability that is settled through an electronic payment system, before the settlement date, provided that certain conditions are met.
- Clarifies how an entity should assess the contractual cash flow characteristics of financial assets that include variables relating to environmental, social and governance (ESG) factors and other similar contingent characteristics.
- Requires additional disclosures for financial assets and liabilities subject to a contingent event (including ESG variables) and equity instruments classified at fair value through other comprehensive income.

The changes come into force for the period beginning on or after 01 January 2026. Early adoption is allowed.

This amendment is applicable retrospectively. However, an entity is not obliged to restate the comparative period, and the potential impacts of applying this amendment are recognised in retained earnings in the year in which the amendment is applicable.

Amendments to IFRS 9 and IFRS 7 - Contracts negotiated with reference to electricity generated from renewable sources

The amendments refer specifically to renewable energy purchase agreements whose source of production is dependent on nature, so that supply cannot be guaranteed at specific times or volumes.

In this sense, these amendments clarify the application of the "own use" requirements in power purchase agreements, as well as the fact that it is permitted to apply hedge accounting when these contracts are used as hedging instruments.

The amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted, except for the guidance on hedge accounting, which must be applied prospectively to new hedging relationships designated as such on or after the date of initial application.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, have not been applied by the Group in the twelve-month period ending on 31 December 2024. No significant impacts on the financial statements are expected as a result of their adoption.

Annual Improvements to IFRS (Volume 11)

Improvements are made on a regular basis to clarify and simplify the application of international standards, through minor changes that are not considered urgent.

The main changes included in this volume are:

- IFRS 1 (Hedge accounting on first-time adoption of IFRS standards): This amendment aims to update the cross-references in paragraphs B5 and B6 of IFRS 1 First-time Adoption of International Financial Reporting Standards to the eligibility criteria for hedge accounting in IFRS 9 to paragraphs 6.4.1(a), (b) and (c).
- IFRS 7 (Gain or loss on derecognition): This amendment aims to update the language regarding unobservable market data included in paragraph B38 of IFRS 7 Financial Instruments: Disclosures, as well as adding references to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.
- IFRS 7 (Implementation guidelines): Several paragraphs relating to the implementation guidelines of IFRS 7 have been amended for reasons of consistency and clarity.
- IFRS 9 (Derecognition of lease liabilities): This amendment clarifies that when a financial liability is extinguished in accordance with IFRS 9, the lessee must apply paragraph 3.3.3 of IFRS 9 and recognised the gain or loss that results from this derecognition.
- IFRS 9 (Transaction price): With this amendment, the reference to "transaction price" in paragraph 5.1.3 of IFRS 9 is replaced by "amount determined by applying IFRS 15".
- IFRS 10 (Determination of 'de facto' agent): Amendment made to paragraph B74 of IFRS 10, which clarifies that the relationship described in that paragraph is just one example of several possible between the investor and other parties acting as de facto agents. The purpose of this amendment is to remove the inconsistency with the requirement in paragraph B73 that an entity should use its judgment in assessing other parties who may act as 'de facto' agents.
- IAS 7 (Cost method): Replacement of the term "cost method" by "at cost" in paragraph 37 of IAS 7 after the elimination of the definition of "cost method".

The changes are effective for annual periods beginning on or after January 1, 2026, with early application permitted.

IFRS 18 - Presentation and disclosure in financial statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements and comes in response to requests from investors looking for information on financial performance. With the introduction of the new IFRS 18 requirements, investors will have access to more transparent and comparable information on companies' financial performance, with the aim of making better investment decisions.

IFRS 18 essentially introduces three sets of new requirements to improve the disclosure of financial performance:

- Comparability of the income statement: IFRS 18 introduces three defined categories for income and expenses - operating, investments and financing - to improve the structure of the income statement and requires all companies to provide new defined subtotals, including operating income. The new structure and subtotals will give investors a consistent starting point for analysing company performance, making it easier to compare them.

- Transparency of performance measures defined by management: IFRS 18 requires the disclosure of additional information on the company's specific performance indicators related to the income statement, known as performance measures, defined by management.
- Aggregation and disaggregation of items in the financial statements: IFRS 18 establishes guidelines on how income statement items should be aggregated.

IFRS 18 comes into force for financial years beginning on or after 1 January 2027 and its application is retrospective. Early adoption is allowed as long as the option is made public.

IFRS 19 – Subsidiaries not subject to public reporting: Disclosures

IFRS 19 allows eligible entities to prepare IFRS financial statements with lower disclosure requirements than those required by the IFRS, while maintaining the obligation to apply all the measurement and recognition requirements of the IFRS.

The reduction in disclosures defined by IFRS 19 covers most IFRS standards. Entities are considered eligible if: (i) are subsidiaries of a group that prepares consolidated financial statements in IFRS for public disclosure; and (ii) are not subject to the obligation to publicly disclose financial information, because they do not have listed debt or equity securities, are not in the process of being listed, nor do they have as their main activity the safekeeping of assets in a fiduciary capacity.

IFRS 19 comes into force for financial years beginning on or after 1 January 2027 and its application is optional. Early application is permitted. Early adopters must disclose and align disclosures in the comparative period with those in the current period.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, have not been applied by the Bank in the twelve-month period ending 31 December 2024. No significant impacts on the financial statements are expected as a result of their adoption.

Note 39 – Subsequent Events

No events with a material impact on the Bank's Financial Statements have occurred up to the date of this report and after the end of the financial year 2024.

Declaration of Conformity

The Board of Directors is responsible for drafting the management report and preparing the individual and consolidated financial statements of Banco CTT, S.A. ("Bank"). These must provide a true and fair view of the Bank's financial position and operational results, as well as the adoption of suitable accounting policies and criteria and the maintenance of an appropriate internal control system that enables the prevention and detection of possible errors or irregularities.

We confirm that, to the best of our knowledge and belief:

1. all the financial information contained in the documents presenting the accounts for 2024 was prepared in conformity with the applicable accounting standards, providing a true and fair view of the Bank's assets and liabilities, financial position and results; and
2. the management report faithfully presents the evolution of the business, performance and position of the Bank, in conformity with the legal requirements.

Lisbon, 17 March 2025

The Board of Directors,

Chairman of the Board of Directors
João Nuno de Sottomayor Pinto de Castello Branco

Member of the Board of Directors and Chairman of the Executive Committee
Luís Maria França de Castro Pereira Coutinho

Member of the Board of Directors and of the Executive Committee
João Maria de Magalhães Barros de Mello Franco

Member of the Board of Directors and of the Executive Committee
Pedro Rui Fontela Coimbra

Member of the Board of Directors and of the Executive Committee
Nuno Carlos Dias dos Santos Fórneas

Member of the Board of Directors and of the Executive Committee
Luís Jorge de Sousa Uva Patrício Paúl

Member of the Board of Directors and Chairman of the Audit Committee
João Manuel de Matos Loureiro

Member of the Board of Directors and of the Audit Committee
Ana Maria Machado Fernandes

Member of the Board of Directors and of the Audit Committee
Maria Rita Mégre de Sousa Coutinho

Member of the Board of Directors
António Pedro Ferreira Vaz da Silva

Member of the Board of Directors
Guy Patrick Guimarães de Goyri Pacheco

Member of the Board of Directors
António Domingues

Member of the Board of Directors
Pedro Luís Francisco Carvalho

Annual Report of the Audit Committee

Report of the Audit Committee Banco CTT, S.A. for the financial year of 2024

1. Introduction

The Audit Committee of Banco CTT, S.A. ("Bank" or "Banco CTT") hereby submits the report on its supervisory activities for the financial year 2024, in compliance with the provisions of Article 5(3)(f) of its Internal Regulations and Article 423-F(g) of the Commercial Companies Code.

Notwithstanding any further powers bestowed upon it legally and statutorily, the Audit Committee is, in particular, responsible for:

- Monitoring and supervising the activities of the Board of Directors;
- Overseeing compliance with legal and statutory rules governing the Bank's activity;
- Promoting an organisational culture based on high standards of ethical requirements, ensuring the promotion of sound and prudent management;
- Monitoring and ensuring the soundness and effectiveness of the risk management system, the internal control and compliance management system and the Internal Audit Function of the Bank and the Group in particular, and monitoring the Bank's risk strategy and risk appetite;
- Being aware of the irregularities reported, namely through the Conduct Channel, participating in and/or accompanying the corresponding decisions taken by the Conduct Forum;
- Monitoring and supervising the preparation and disclosure of financial information, including the conformity and accuracy of the financial reporting books, records and documents and other accounting documentation, as well as making recommendations to ensure their integrity; and
- Supervising the Statutory Auditor's activities regarding the Bank's financial reporting documents and supervising its independence.

The Audit Committee, as a Supervisory Body, also assumes the functions of Risk Committee at Banco CTT, under the terms and for the purposes set out in Article 115-L of the General Regime for Credit Institutions and Financial Companies approved by Decree-Law 298/92, of 31 December, in its current wording ("RGICSF"), insofar as Banco CTT is not considered a significant credit institution in terms of size, internal organisation and the nature, scope and complexity of its activities. As the Risk Committee, it is responsible for, in particular:

- Advising the Board of Directors on the Bank's risk appetite and general current and future risk strategy;
- Assisting the Board of Directors in overseeing the execution of the Bank's risk strategy by Senior Management;
- Analyse whether the conditions of the products and services offered to customers take into account the Bank's business model and risk strategy, under the terms of the Banco CTT Group's New Products and Partners Approval Policy, and submit a correction plan to the Board of Directors when this analysis shows that these conditions do not adequately reflect the risks; and
- Examining whether the incentives set out in the Bank's remuneration policy(ies) take into account risk, capital, liquidity and earnings expectations, including revenue dates.

After the issuance of the corresponding prior authorisation for the exercise of functions by Banco de Portugal, dated 23 November 2022, Banco CTT's sole (at the time) shareholder elected, on 5 December 2022, by unanimous resolution passed in writing, the members of the Board of Directors to exercise functions during the 2022/2024 term of office. On the same occasion, the then sole shareholder elected, from among the members of the Board of Directors, an Audit Committee, composed of three independent non-executive members, to perform duties in that three-year period, namely:

- Chairman: João Manuel de Matos Loureiro
- Member: Ana Maria Machado Fernandes
- Member: António Domingues

In a letter issued on 23 March 2023 and which took effect on 30 April 2023, António Domingues resigned from the position of Member of the Audit Committee that he had been holding at the Bank.

As a result, and following the issue of the corresponding prior authorisation for the exercise of functions by Banco de Portugal, dated 21 November 2023, Banco CTT's sole shareholder elected Maria Rita Mégre de Sousa Coutinho on 12 December 2023 as a Member of the Audit Committee, also independent, for the 2022/2024 term of office, starting on 2 January 2024.

2. Audit Committee operating regulations

In December 2022, at the beginning of its mandate, the Audit Committee approved its Internal Regulations for the 2022/2024 mandate, a document that was revised in November 2023 and November 2024, with a view to adjusting it to developments and changes in various internal regulations.

3. Supervisory activities carried out in 2024

During 2024, the Audit Committee monitored the management and evolution of the Bank's activity and exercised the powers and performed the duties referred to above, having, in particular:

a. Supervised the approval and implementation process of internal policies and rules, in particular, relating to the internal control environment, the Bank's governance model and its organisational culture;
b. Monitored the developments of the Bank's activity;
c. Monitored the activity of the Bank's subsidiary;
d. Supervised the conclusion, by the Bank, of transactions with related parties;
e. Supervised the preparation of financial information and verified the adopted accounting policies, in particular regarding the annual financial reporting documents;
f. Supervised the effectiveness of the Bank's risk management, internal control and internal audit systems;
g. Received, namely through the Conduct Forum, reports of irregularities, and participated in or accompanied the decisions taken by the Conduct Forum in relation to these irregularities;
h. Supervised and assessed the Statutory Auditor's activity; and
i. Monitored the Institution's main risks, including financial, non-financial and emerging risks.

The aforementioned supervisory action was developed namely through (i) the participation of its members in meetings of the Board of Directors; (ii) contacts maintained with the members of the Executive Committee, with the Bank's senior management, including the Directors responsible for control functions, and with the Statutory Auditor in office, Ernst & Young Audit & Associados - SROC, S.A. ((''EY''), and the members of the Supervisory Bodies of the Bank's current sole subsidiary; and (iii) the analysis of financial, business, and risk information made available, as well as correspondence exchanged between the Bank and regulatory/supervisory authorities, particularly the Banco de Portugal.

In January 2024, the Audit Committee approved its Multiannual Activity Plan for 2024-2025, including a description of the material, technical and human resources needed to assist the members of the Audit Committee in carrying out their duties. In December of the same year, the Audit Committee approved its Multiannual Plan of Activities for 2025 and 2027

In exercising these powers and performing these duties, the Committee held 34 formal meetings during 2024, and minutes were drawn up of all the meetings.

Several of the meetings of the Audit Committee held in 2024 were attended by the Bank's Executive Directors as guests, whenever the Committee deemed it appropriate, depending on the issues in question.

The Audit Committee also summoned other senior staff to its meetings to clarify and provide relevant information for the performance of the duties entrusted to this Body, in particular: (a) The Internal Audit Director, who attended most meetings and discussions to closely monitor the activities of other areas within the Institution and to present and discuss, among other topics, the Internal Audit Function Regulation, the multi-annual activity plan, the training plan, the budget, resources, and headcount of the Directorate, as well as the activities carried out by the Internal Audit Control Function; (b)The (then) Compliance Director, who participated in discussions regarding, among other topics, the operating regulation, annual activity plan, training plan, budget, resources, and headcount, as well as the activities carried out by the Compliance Function; (c) The Chief Risk Officer, who contributed to discussions on the operating regulation, annual activity plan, training plan, budget, resources, and headcount, as well as the activities developed by the Risk Management Function; (d)The AML Officer at the time, to address topics related to Anti-Money Laundering and Countering the Financing of Terrorism (''AML/CFT''); (e) The Director of Legal Services and Company Secretary, who provided various legal clarifications related to the Commission's activities; (f) The Planning and Control and Accounting Directors, who were responsible for presenting financial information and the respective preparation process.;(g) The Human Resources Director, who participated in discussions related to remuneration matters and personnel development; (h) The Information Systems and Cybersecurity Directors, who presented updates on risk management in the field of information technology, as well as ongoing cybersecurity initiatives and current activities; (i) The Channels and Quality Director, who provided an overview of the Bank's complaints management activities; (j) The Marketing and Communication Director, who presented the Banco CTT Group's Product Catalogue and corresponding pricing structure; (k) The Bank's Statutory Auditor, who was invited to most meetings, ensuring regular interaction and allowing the Audit Committee to closely follow its activities while monitoring its independence.

a. Supervision of the approval and implementation process of internal policies and rules, namely those relating to the internal control environment, the Bank's governance model and its organisational culture

The Committee monitored the process of approval or revision and/or revocation, at the Bank, of various internal institutional documents, namely those concerning the internal control environment, the Bank's governance model and its organisational culture, in particular: (i) The Organisational Structure Model; (ii) The Banco CTT Group Physical Security Policy; (iii) The Banco CTT Group Outsourcing Policy; (iv) The Banco CTT Group Operational Risk Policy; (v) The Whistleblowing Policy; (vi) The Data Governance Policy; (vii) The Banco CTT Group Diversity Policy; (viii) The Banco CTT Group's Policy for the Prevention, Communication and Remediation of Conflicts of Interest; (ix) The Banco CTT Group's Policy for Transactions with Related Parties; (x) The Complaints Handling Policy; (xi) The Banco CTT Group's Policy for the Management of Market and Interest Rate Risks in the Banking Portfolio (xii) The Policy for the Treatment of Policyholders, Insured Persons, Beneficiaries and Injured Third Parties; (xiii) The Credit Intermediary Remuneration Policy for 2025; (xiv) The Banco CTT Group Remuneration Policy (for the 2025 assessment cycle); (xv) The Remuneration Policy for Employees of the Retail Network in Multiple Employers (also for the 2025 assessment cycle); (xvi) The Business Continuity Management Policy; (xvii) The Approval Policy for New Products and Partners of the Banco CTT Group; (xviii) The Banco CTT Group's Policy for the Prevention of Money Laundering and Terrorist Financing; (xix) The Policy for the Safeguarding of Customers' Assets in Financial Intermediation; (xx) The Policy for Specific Financial Intermediation Procedures and Rules; (xxi) The Policy for the Selection, Appointment and Assessment of Statutory Auditors and Statutory Audit Firms and for the hiring of respective Services; (xxii) The Internal Control Policy of the Banco CTT Group; (xxiii) The Risk Management Policy of the Banco CTT Group; (xxiv) The Prevention and Fight against Corruption Policy of the Banco CTT Group; (xxv) The Promoters' Code of Conduct; (xxvi) The Regulation of the Audit Committee; (xxvii) The Regulation of the Risk Management Function; (xxviii) The Regulation of the Internal Audit Function; (xxix) The Regulation of the Compliance Function; and (xxx) The Process Manual - Development of Branches Audits.

In this context, it is also worth highlighting the quarterly monitoring of the process of updating the Bank's Policies, carried out by the Compliance Department.

With regard to the performance assessment cycles for 2024 and 2025, the Audit Committee also considered the proposals for reviewing the performance evaluation model (i) of the Executive Committee Members; (ii) the Relevant Employees; and (iii) the Employees (excluding Relevant Employees and the Multi-Employer Staff of the Retail Network). Also concerning remuneration, the Audit Committee appraised the verification of the adjustment mechanisms for members of the Executive Committee, Relevant Employees and all other Employees (excluding Relevant Employees and Multi-Employer Staff of the Retail Network) that could lead to the reduction or non-attribution of variable remuneration relative to the assessment cycle of 2023 and, when applicable, the deferred component of variable remuneration relative to previous assessment cycles.

In addition, the Audit Committee assessed (i) versions 6.0 and 7.0 of the Manual of Rules for the Identification of Relevant Employees of Banco CTT (individual perspective) – MR0021; and (ii) versions 8.0 and 9.0 of the Manual of Rules for the Identification of Relevant Employees of the Banco CTT Group – MR0020.

With reference to the 2023 appraisal cycle, the Audit Committee (i) favourably appraised the proposal presented by the Chief Risk Officer for the individual performance appraisal of the Compliance and Risk Management Officers; and (ii) presented to the Remuneration Committee the proposal for the individual performance appraisal of the Internal Audit Director.

In 2024, and with reference to the 2023 evaluation cycle, the Audit Committee: (i) Favourably appreciated the proposal presented by the Chief Risk Officer to define KPIs (Key Performance Indicators) applicable in the individual performance evaluation of the Heads of the Compliance and Risk Management Functions; (ii) Approved the applicable KPIs in the individual performance evaluation for the Internal Audit Director.

Additionally, in 2023, the Audit Committee reviewed and considered the activity reports and self-assessments from both the Remuneration Committee and the Bank's Selection and Remuneration Committee.

In 2025, the Audit Committee took note of the Remuneration Committee's activity and self-assessment report for 2024.

b. Monitoring of developments of the Bank's activity throughout 2024

The Audit Committee monitored the development of the Bank's offer and commercial activity, which was regularly presented at meetings of the Board of Directors, and analysed, discussed and accompanied the Bank's strategic projects.

In particular, the monitoring of the implementation of the following strategic projects, during the 2024 financial year, should be highlighted:

(i) The development and completion, on November 29, 2024, of the project relating to the acquisition of a minority stake in the share capital of Banco CTT by an entity outside the CTT Group - Generali Seguros S.A. ("Generali"), internally referred to as the "Shanghai Project" and, as a consequence, (a) the increase in the share capital of the Bank from 296,400,000.00 euros to 321,400,000.00 euro, through a cash contribution in the amount of 25,000,000.00 euros made by Generali, with the consequent issuance of 28,282,443 new shares held by Generali, as the new shareholder holding a stake corresponding to 8.71% of the share capital and voting rights of Banco CTT;.(b) The execution of amendments to the Investment Agreement and the Shareholders Agreement originally entered into between CTT, Banco CTT and Generali on November 6, 2022, as well as to the Insurance Distribution Agreement (contained in the Annex to the Investment Agreement) between Banco CTT, 321 Crédito and Generali.

(ii) The devolvement of the internally designated "Berlengas Project," aimed at reducing the Bank's reliance on CTT.

(iii) The evolution of the "BCTTX2 Plan" in terms of the evolution of the Retail Network and the evolution and investment in the technological/digital platform, aimed at the consumer journey and the robustness of the Bank's support infrastructure;

(iv) The evolution and implementation of the "Touro Project", based on the strategy of expanding the Bank's offer to other financial products, namely investment funds, structured bonds, shares, bonds and ETFs (Exchange-Traded Funds), with the inherent registration as a financial intermediary with the Comissão do Mercado de Valores Mobiliários ("CMVM");

(v) The execution of the "Boavista Project", involving the sale of non-performing loans ("NPL") originated through credit activity, as a balance sheet management tool.

(vi) The development of the "Hermes Project", which aims to broaden the range of products on offer, namely through the sale of structured deposits; and

(vii) The developments in the transformation of the credit recovery model at Group level.

During the 2024 financial year, the Audit Committee became aware, on a half-yearly basis, of the evolution of complaints at Banco CTT.

c. Monitoring the activity of the Bank's subsidiary

During 2024, the Audit Committee monitored the activities of 321 Crédito, Credit Financial Institution, S.A. ("321 Credit") – currently its only subsidiary – through financial information submitted on a monthly basis by the Director responsible for the financial area (CFO), the Director of Planning and Control and the Director of Accounting.

The Audit Committee also regularly monitored risk indicators, analysed the conclusions resulting from internal audits, and the follow-up of the resolution of deficiencies in the internal control system (including the PBCFT aspect) of its subsidiary. The Audit Committee also had general access to management information also presented to the Board of Directors (which includes directors the subsidiary).

In addition, it held regular (quarterly) meetings with the members of the Supervisory Body of the subsidiary.

d. Supervising the conclusion, by the Bank, of transactions with related parties

In accordance with the Policy on Transactions with Related Parties, the Committee assessed and issued a favourable opinion regarding the execution, by the Bank, of transactions with related parties throughout the 2024 financial year, namely the following:

(i) Conclusion of an Amendment to the Contract regarding the provision of resources inherent to the CTT Retail Network and the CTT/Banco CTT partnership related to the CTT channel.

(ii) Repurchase by 321 Crédito of part of the non-productive exposures in the assets of the Chaves 8 securitisation operation, within the scope of the "Boavista Project".

(iii) Amendments to the Investment Agreement and the Shareholders Agreement originally signed between CTT, Banco CTT and Generali on 6 November 2022, as well as to the Insurance Distribution Agreement (contained in the Annex to the Investment Agreement) between Banco CTT, 321 Crédito and Generali, in the context of the "Shanghai Project".

(iv) Banco CTT granted 321 Crédito a loan of 10 million euros, structured to meet the necessary criteria for eligibility as MREL debt (Minimum Requirement for Own Funds and Eligible Liabilities).

(v) Subscription of a Side Letter regarding the Insurance Distribution Agreement, between Banco CTT, 321 Crédito and Generali, together with the Insurance Distribution Agreement, on the closing date of the "'Shanghai Project".

(vi) Definition of the commission-sharing model between the Bank and 321 Crédito under the Insurance Distribution Agreement signed between the Bank, 321 Crédito, and Generali, as part of the "Shanghai Project".

(vii) Conclusion of a Joint Liability Agreement incorporated in the Protocol on the Multiple Employer Regime in the context of Employment Contracts with Employees of the CTT Retail Network between the Bank and CTT, by signing of an addendum;

(viii) Issue of senior unsubordinated bonds (Senior Preferred), eligible for MREL purposes, subscribed by CTT.

(ix) Subscription of a sixth amendment to the contract signed between Banco CTT, CTT and BNP Paribas Personal Finance, S.A. – Branch in Portugal, on June 23, 2021, with a view to marketing Cetelem consumer credit products;
(x) Cost Sharing Agreement between Banco CTT and CTT for the provision of legal consultancy services within the scope of the Second Phase of the 'Shanghai Project'.

Considering that the Banco CTT Group's Related Party Transactions Policy currently contemplates a simplified procedure under which transactions with an aggregate annual value equal to or less than 75,000.00 euros with the same related party no longer require the prior appreciation and approval of the Audit Committee and the Board of Directors, respectively, except in the case of transactions provided for in articles 85 or 109 of the RGICSF (credit to members of the Governing Bodies or holders of qualifying holdings), and provided that they comply with the simplified procedure described in the Policy, during the year 2024, the Audit Committee:

(i) On a quarterly basis, the proposals for "Aggregate and Prior Authorisation by the Board of Directors" were reviewed, outlining the specific conditions under which the simplified procedure for approving transactions with related parties may be applied. This framework enables the Executive Committee to approve transactions covered by the authorisation without requiring prior assessment and approval from the Supervisory and Management Bodies, provided they are preceded by corresponding favourable opinions from the Compliance and Risk Management Functions; and
(ii) Took note, on a quarterly basis, of the transactions with related parties approved by the Executive Committee, with the assent of the Compliance and Risk Management Functions, under the simplified procedure.

During 2024, the Audit Committee was made aware of the quarterly updates to the list of parties related to the Bank approved by the Board of Directors, in compliance with the provisions of paragraphs 1 and 2 of Article 33 of Banco de Portugal Notice No. 3/2020.

e. Supervision of the preparation of financial information and verification of the adopted accounting policies, in particular regarding the annual financial reporting documents

The Audit Committee assessed the financial information and the evolution of the Bank's business on a monthly basis and monitored the main prudential and business indicators, at the individual and consolidated level, provided by the CFO, the Director of Planning and Control and the Director of Accounting.

In 2024, but with reference to the financial year 2023, the Audit Committee monitored the preparation of the annual financial statements and assessed their content, analysed the proposal for the appropriation of results contained in the Annual Report, and issued its Opinion thereon. In 2025, the Commission monitored and prepared the annual financial statements for the financial year 2024 and assessed their content, analysed the corresponding proposal for the appropriation of results contained in the Annual Report, and issued its Opinion thereon.

f. Supervision of the effectiveness of the Bank's risk management, internal control and internal audit systems

During the 2024 financial year, the Audit Committee continued to monitor the process of full implementation of the regulatory requirements set out in Notice of the Bank of Portugal

No. 3/2020, namely with regard to matters of governance and internal control, conduct and organisational culture, with a view to the full adoption of the measures imposed, while ensuring, at the same time, the consistency of the internal control and corporate governance systems within the Group, with the intervention of various areas of the Bank, in particular the Control Functions.

Additionally, the Audit Committee assessed (i) the Self-assessment Report on the adequacy and effectiveness of the organisational culture and governance and internal control systems of Banco CTT, S.A.; and (ii) the Self-assessment Report on the adequacy and effectiveness of the organisational culture and governance and internal control systems of Banco CTT Group, both for the period between 01 December 2023 and 30 November 2024. In this context, the Audit Committee issued, for the reference period, its opinions on (i) the adequacy and effectiveness of the current organisational culture in force and the governance and internal control systems of Banco CTT, on an individual basis, in accordance with the provisions of Article 55(a) of Banco de Portugal Notice No. 3/2020; and (ii) the adequacy and effectiveness of the Banco CTT Group's internal control system and the consistency between the subsidiary's internal control systems and the internal control system of the parent company, in accordance with Article 58(1)(b) and (c) of Banco de Portugal Notice No. 3/2020.

In this context, the Audit Committee issued several recommendations, namely to reinforce initiatives to (i) avoid the delays observed in resolving some deficiencies, reflected in the failure to meet some of the deadlines initially set for their resolution and in some repeated extensions; (ii) remedy deficiencies that are too old, regardless of the risk associated with them; and (iii) intensify the effectiveness of the main management processes for commercial network employees.

Also during the financial year 2024, and in compliance with the provisions of Banco de Portugal Notice No. 2/2018, the Audit Committee issued an opinion on the quality of the internal control system in terms of the prevention of money laundering and terrorist financing, after monitoring the preparation and assessment of the Money Laundering and Terrorist Financing Prevention Report, with reference to the period from 01 January 2023 to 31 December 2023.

The Audit Committee regularly monitored the evolution of internal control deficiencies (including the prevention of money laundering and terrorist financing), namely the implementation of recommendations and action plans aimed at their closure and compliance with the deadlines set for that purpose.

In this context, to enhance the effectiveness and efficiency of internal control system management, the Audit Committee initiated and promoted the adoption of a unified tool. This tool will enable the monitoring of all deficiencies identified by the various Control Functions, as well as all operational risk events.

In 2024, the Audit Committee assessed the Plan for the Prevention of Risks of Corruption and Related Infractions and the Annual Assessment Report on the implementation of the Banco CTT Group's plan for the prevention of risks of corruption and related infractions.

In February 2024, the Audit Committee ruled on the suitability of the proposed candidate for the position of Prevention of Money Laundering and Terrorist Financing, AML Officer. In January 2025, the Audit Committee gave its opinion on the suitability of the proposed candidate for the role of AML Officer, following the departure of the previous holder of the position in December 2024.

The Audit Committee monitored the activity of the Compliance Department, namely by: (i) Becoming aware of the degree of compliance with the Annual Plan of Activities of the Compliance Department for 2024 (including the Compliance Plan and the Plan for the PBCFT Activities proposed by that Department) and assessing the respective review, in July 2024; (ii) The assessment of the Function's Activity Report for the year 2024; (iii) The assessment of the Annual Plan of Activities, the Training Plan, the budget, resources and headcount of the Compliance Department for 2025.

The Audit Committee monitored the activities of the Risk Department through several means: (i) Monthly presentations by the individual responsible for overseeing the key risk indicators; (ii) Reviewing the degree of compliance with the Risk Department's Annual Activity Plan for 2024; (iii) Evaluating the Function's Activity Report for 2024; (iv) Assessing the Annual Activity Plan, Training Plan, budget, resources, and headcount for the Risk Department for 2025.

The Audit Committee monitored the activity of the Internal Audit Department, namely through: (i) Monthly presentations by the person in charge; (ii) Taking note of the degree of compliance with the 2024 Audit Plan and the corresponding review in March, July and November 2024; (iii) Assessing the function's Activity Report for 2024; (iv) Assessing the Multiannual Audit Plan and the Strategic Plan for 2025-2027, as well as the Training Plan, budget, resources and headcount of the Internal Audit Department for 2025.

g. Receiving, in particular through the Conduct Forum, reports of irregularities, and participating in or monitoring the decisions taken by the Conduct Forum on them.

The Bank has a Whistleblowing Policy, which establishes the existence of a specific channel for the communication of irregularities.

Under the terms of the identified Policy, the Audit Committee delegated to the Compliance Department the support functions related to the management of the Conduct Channel and to the Conduct Forum the handling of reports of irregularities in matters of its competence. In any case, it is the Audit Committee's responsibility to receive and register the reports, as well as the final decision as to the measures to be taken, including possible archiving.

The Conduct Forum is composed of the Bank's Directors of Compliance, Internal Audit and Risk, as well as a member of the Audit Committee, appointed by the latter, who chairs the Forum and has a casting vote. In December 2022, the Audit Committee indicated its Member Ana Maria Machado Fernandes as the member of the Audit Committee appointed to join and chair the Conduct Forum.

In December 2024, the Audit Committee approved the Annual Report on Reporting of Irregularities to be submitted to Banco de Portugal under the terms and for the purposes of the provisions of Article 116-AA (7) of the RGICSF and Article 35 of Banco de Portugal Notice No. 3/2020, with reference to the period between 01 December 2023 and 30 November 2024. This Report describes the process of receiving and processing irregularities endorsed by Banco CTT, as well as the irregularities communicated in the reference period.

h. Supervision and assessment of the Statutory Auditor's activity

By resolution passed in writing by the sole shareholder (at the time) of the Company, on 30 July 2020, Ernst & Young Audit & Associados – SROC, S.A., Statutory Audit Firm No. 178, was elected as the Bank's effective Statutory Auditor for the term of office corresponding to 2021/2023, represented by Sílvia Maria Teixeira da Silva, ROC No. 1636, and Ana Rosa Ribeiro Salcedas Montes Pinto, ROC No. 1230.

At the Annual General Meeting held on 22 March 2024, the sole shareholder of the Bank decided to reappoint the Statutory Auditor (ROC) and its Alternate for the 2024/2026 term, effective from 1 January 2024. This decision followed a proposal from the Audit Committee, made under its powers as outlined in Article 423-F (1)(m) of the Commercial Companies Code, Article 21 (4)(e) of the Bank's Articles of Association, Article 5 (4)(a) of the Audit Committee Regulation, and the Policy for the Selection, Appointment, and Evaluation of Statutory Auditors (ROC) and Audit Firms (SROC), as well as for Contracting Services to the ROC/SROC.

Under the provisions of the Policy for the Selection, Appointment and Evaluation of a Statutory Auditor/Statutory Audit Firm and of Hiring the Services of a Statutory Auditor/Statutory Audit Firm and under the provisions of Article 5.5(5)(c) of the Regulations of the Audit Committee, the Audit Committee proposed to the Selection and Remuneration Committee the approval of the fees to be paid by the Bank to EY for providing the following services, in accordance with the proposal that had been submitted: (a) issuance of the Statutory Auditors' Report, Audit Opinion with reference to 31 December and quarterly monitoring, with presentation to the Audit Committee, on the Separate Financial Statements with reference to the financial years 2024, 2025 and 2026; (b) evaluation of the process of quantification of impairment of the loan portfolio, based on the issuance of the half-yearly reports provided for in Banco de Portugal Instruction 5/2013, amended by Banco de Portugal Instruction 18/2018, for the years 2024, 2025 and 2026.

Throughout 2024, the Audit Committee assessed the proposals for the provision of services to be contracted from EY by the companies of the Banco CTT Group and the CTT Group, both for audit services and other non-audit services, in accordance with the Internal Regulations of the Audit Committee and the Policy for Selection, Appointment and Evaluation of Statutory Auditors (ROC) and Statutory Auditor Firms (SROC) and for the Contracting of Services to the ROC/SROC, and then proceeded to the respective prior approval/authorisation.

Regarding the non-audit services that are not required of the Statutory Audit by law, these were subject to prior approval/authorisation by the Audit Committee after analysis and confirmation, in particular, of the following aspects, as applicable: (i) that the services concerned do not fall within the list of prohibited services in accordance with the provisions of Article 5(4) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation") on specific requirements for the statutory audit of public interest entities, and do not pose a threat to the independence and objectivity of the statutory auditor in the context of statutory audit work, to the extent that the provision of such services does not entail any risk of self-review, of personal interest or participation in the management or decision making of any of the companies of the CTT Group subject to the statutory audit work, (ii) that the amounts of fees proposed for such services do not exceed the limits of fees for non-audit services (not prohibited) provided for in Article 4 of the Regulation, (iii) that the services under analysis are based on the best combination between the price presented and the expected quality of the work, as well as on the appropriate possession of the relevant information for such provision and on the experience in the development of similar work, presenting the necessary conditions to be provided with independence and objectivity.

Throughout 2024, the Audit Committee held meetings with the Statutory Auditor on various occasions and for various purposes. In particular, meetings were held for the presentation by the Statutory Auditor of the conclusions of the audit work, namely with reference to the annual accounts, as well as interim information with reference to 31 March, 30 June and 30 September 2024. Also, the external auditor's reports on the credit portfolio impairment quantification process with reference to 31 December 2023 and 30 June 2024 were presented and discussed in meetings of the Audit Committee.

In 2024, the Audit Committee analysed the conclusions of the review of the individual and consolidated financial statements of the Bank for the year 2023, prepared by EY, having also received the Additional Report prepared by the Statutory Auditor for submission to the Supervisory Body. On the same occasion, the Commission formalised an assessment of the Statutory Auditor for that year, including the independence aspect, and received a confirmation of independence from him.

In this context, the Audit Committee was also presented with the Letter of Recommendations on internal control for the 2023 financial year issued by the Statutory Auditor on the analysis of the accounting and internal control systems carried out by EY within the scope of the audit carried out on the individual and consolidated financial statements of Banco CTT and its subsidiary for the financial year ended on 31 December 2023, presenting a summary of the internal control procedures and other procedures identified by EY that could be improved, as well as the recommendations issued following the conclusions drawn from the situations analysed.

Already in 2025, the Committee analysed the conclusions of the review of the Bank's individual and consolidated financial statements for the year 2024, prepared by EY, having also received the Additional Report that the Statutory Auditor prepared for presentation to the Supervisory Body. On the same occasion, the Commission formalised an assessment of the statutory auditor for 2024, including the independence aspect, and also received a confirmation of independence from EY.

i. Monitoring the institution's main risks, including financial, non-financial and emerging risks

The Audit Committee monitored the definition of the Bank's risk strategy and risk appetite, also monitoring the risks to which the Bank is exposed – (i) financial risks, namely strategic risk, credit and concentration risk, market and interest rate risk, liquidity risk, excessive leverage risk and the evolution of the Bank's own funds and capital requirements; and (ii) non-financial risks such as operational risk, compliance risk, PBCFT risk, risk associated with information and communication technologies, cybersecurity risk, reputational risk and emerging risks, with an emphasis on ESG (environmental, social and governance) risks, with a framework under development – thus supporting the Board of Directors in supervising the implementation of the Bank's risk strategy.

To this end, the Audit Committee took note and discussed the following:

(i) Monitoring Banco CTT Group's main risk indicators, including financial risks (on a monthly basis), operational risk, ICT and cybersecurity risks, as well as climate/ESG risks.
(ii) The activity carried out by the Fraud Area.
(iii) The Resolution Planning.
(iv) The status of the Business Continuity Plan.
(v) The main technological risks associated with information and communication systems.
(vi) The response to the Banco de Portugal on the assessment of the action plan for implementing cybersecurity risk measures and controls.
(vii) Updating of loan portfolio impairment models.
(viii) An incident related to the unavailability of the Bank's information systems and the measures adopted to determine the root cause and strengthen the systems.

Within the scope of its powers, the Audit Committee issued opinions requested by the Banco de Portugal on a number of specific issues and approved and/or appreciated them favourably:

(i) Self-assessment report on compliance with Banco de Portugal's recommendation regarding new credit agreements signed with consumers.
(ii) The possibility of acquiring covered bonds and the definition of the respective limits.
(iii) Market Discipline Report for 2023 and respective rectification in July 2024.
(iv) Report on the "Internal Liquidity Adequacy Assessment Process (ILAAP)" with reference to 31 December 2023.
(v) Report on the "Internal Capital Adequacy Assessment Process (ICAAP) with reference to 31 December 2023.
(vi) Revision of the Recovery Plan.
(vii) The Risk Appetite Statement for 2025-2027.
(viii) Proposal to update the behavioural model for deposits with no defined maturity.
(ix) Appointment of the member of the Audit Committee as the privileged interlocutor of this Body before Banco de Portugal in matters of climate and environmental risk management.

In exercising its powers as the Risk Committee and aiming to ensure: (i) That the conditions of the products offered by the Bank align with the Institution's and Group's risk strategy; (ii) That there is more active oversight by the Supervisory Body of the methodologies used to set prices. The Audit Committee: (a) Reviewed the Banco CTT Group's Product Catalogue and corresponding price list every six months; (b) Assessed the RAROC (Risk Adjusted Return on Capital) methodology applicable to the pricing of credit products, in accordance with the Banco CTT Group's New Products and Partners Approval Policy.

4. Conclusions

In exercising its powers and duties, the Committee requested and obtained all the information and clarifications that it considered relevant and did encounter any relevant constraints to its actions and the effective pursuit of its duties.

The Committee received all the information requested from the Executive Committee, all the Bank's Bodies, Committees, structural units and functional areas, as well as from the Statutory Auditor.

The Audit Committee expresses its gratitude to the rest of the Corporate Bodies and all those involved in its activities for their cooperation.

Lisbon, 14 March 2025

The Chairman of the Audit Committee,

João Manuel de Matos Loureiro

The Members of the Audit Committee,

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

Opinion of the Audit Committee

Opinion on the Annual Report of Banco CTT, S.A. for the financial year of 2024

The Audit Committee examined the Management Report and the Individual and Consolidated Financial Statements of Banco CTT, S.A. ("Bank") relative to the financial year of 2024, which were prepared by the Bank's Executive Committee. It also appreciated the Statutory Auditor's Reports issued by Ernst & Young Audit & Associados — SROC, S.A. ("EY") on the financial statements, on an individual and consolidated basis, which do not contain any reservation or emphasis. The Audit Committee also appraised the Additional Report on the Supervisory Board issued by EY.

The Audit Committee monitored the preparation of the Management Report and Accounts and attended the meeting of the Executive Committee which approved the final version for submission to the Board of Directors. During the preparation of this opinion, the Audit Committee requested all the information and clarifications that it considered relevant to this end questioning various senior personnel, including the Executive Director with responsibility for risk and compliance, the Director of Accounting, the Director of Risk, the Director of Planning and Control, the Company Secretary and the Statutory Auditor of the Bank.

The Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union, where the signatories declare that, to the best of their knowledge, these Financial Statements are compliant with the IFRS, and that the Individual and Consolidated Financial Statements appropriately reflect the net worth, financial position and results of the Bank and of the Group. The Management Report appropriately describes the evolution of the business activities, performance and main risks and uncertainties associated to the activity of the Bank and of all the other companies of the Banco CTT Group.

The Statutory Audit Certifications include the "Relevant Audit Matters" that EY identified, (i) on an individual basis as being (a) the calculation of loan impairment losses and (b) the recoverability of the investment in 321 Crédito; and (ii) on a consolidated basis, as being: (a) ascertainment of loan impairment losses and (b) recoverability of Goodwill in 321 Crédito.

All these matters were duly monitored, throughout the year, by the Audit Committee, and were analysed jointly with the Executive Committee, with the Bank's pertinent Departments and with EY.

The Audit Committee, in view of its action, and in compliance with the provisions in Article 420(6) of the Portuguese Companies Code, applicable by reference to Article 423-F(2) of the same Code, agrees with the Management Report and Financial Statements of the Bank and of the Group, for the year ended on 31 December 2024, as well as the Proposed Appropriation of Net Income presented in the Management Report, which are in accordance with the applicable accounting, legal and statutory provisions.

Accordingly, the Audit Committee recommends to the General Meeting of Banco CTT that, with reference to the financial year ended 31 December 2024, it approve the Annual Report of the Bank and of the Group, as well as the Board of Directors' Proposal for the appropriation of the net profit of 19,995,739.64 euros, determined in the individual balance sheet, as follows: (i) reinforcement of the Legal Reserve, 1,999,573.96 euros and (ii) Retained Earnings, 17,996,165.68 euros.

Lisbon, 17 March 2025

The Chairman of the Audit Committee,

João Manuel de Matos Loureiro

The Members of the Audit Committee,

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

Summary of the Self-Assessment Report

Summary of the Self-Assessment Report (Group)

The Self-Assessment Report ('Report') prepared under the provisions of Article 54 of Banco de Portugal Notice 3/2020 ('Notice'), in force since 16 July 2020, and Banco de Portugal Instruction 18/2020 ('Instruction') contains the results of the assessment carried out by the Banco CTT, S.A. Group. regarding the adequacy and effectiveness of the financial group's internal control system to ensure compliance with the requirements set forth in Article 51 of the Notice, as well as regarding the consistency between the internal control systems of the subsidiary and the internal control system of the parent company, Banco CTT, S.A. (BCTT), with reference to 30 November 2024.

In line with the best practices in these matters, the gap analysis exercise in relation to the requirements of the Notice was reviewed, and the current results, analysed by the Internal Control Committee and reported to the Bank's Management and Supervisory Bodies, as parent company, showed a positive evolution in relation to the compliance of the internal control system and the Group's governance model with most of the requirements. Nevertheless, the residual set of requirements for which gaps have been maintained are duly reflected as internal control deficiencies in the individual self-assessment reports of the Bank as parent company and its subsidiaries.

The Report also includes a description of the Group's organisational structure and governance model, which is considered to be in line with the best market practices in matters of corporate governance.

The organisational structure and governance model of the BCTT Group are complemented by the methodology underlying the continuous monitoring process of the Group's Internal Control System, consisting essentially of the following phases: (i) identification and reporting of deficiencies, (ii) assessment and classification of deficiencies, (iii) prioritisation and decision-making, (iv) definition of action plans and (v) monitoring and reporting. In this regard, and in compliance with the provisions of the aforementioned regulation, the Bank, as the parent company, has defined and has periodically reviewed and updated its taxonomy of risks and the impairment classification model, implemented in the light of the provisions of Annexes I and II of Banco de Portugal Instruction No. 18/2020.

Additionally, the Report includes a global analysis of the internal control deficiencies, which includes the description and characterisation of the deficiencies open on the reference date. In order to eliminate the effect of duplicating the presentation of the deficiencies reported in the individual self-assessment reports of the Group's entities, only those recommendations whose scope/nature of the process in question is effectively of the Group are presented in the Report.

In preparing the Report, the individual self-assessment reports of the Group entities subject to compliance with the Notice and the Instruction were included, which in turn include the annual self-assessment/independence reports of the persons responsible for the risk management, compliance and internal audit functions, pursuant to Articles 27, 28 and 32 of the Notice, respectively. In these annual self-assessment reports, the independence of each internal control function is confirmed by the respective persons in charge (no record of incidents).

The Report also includes the assessment of the Supervisory and Administrative Bodies of the different entities of the Group concerned, in accordance with Articles 56 and 57 of the Notice, respectively.

Within the scope of the assessment of the Supervisory Body of the Group's parent company, the Bank's Audit Committee concluded, based on the work carried out and the information and evidence gathered, weighing up the current and potential impacts of the deficiencies that remain open, that the financial group's internal control system is adequate and effective in all materially relevant aspects, as well as that there is overall consistency between the subsidiary's internal control system and the parent company's internal control system in all materially relevant aspects, under the terms of the requirements set out in the Notice.

In turn, the Bank's Board of Directors, based on the work carried out and analysing the F3 deficiencies or others that in aggregate could jeopardise the Group's risk profile, concluded that the internal control system of the financial group is adequate and effective, given the requirements defined in the Notice.

Lisbon, 17 March 2025,

The Chairman of the Audit Committee,

João Manuel de Matos Loureiro

The Members of the Audit Committee,

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

Summary of the Self-Assessment Report (Individual Bank)

The Self-Assessment Report ('Report') prepared under the provisions of Article 54 of Banco de Portugal Notice 3/2020 ('Notice'), in force since 16 July 2020, and Banco de Portugal Instruction 18/2020 ('Instruction') contains the results of the assessment carried out by Banco CTT, S.A. (BCTT) regarding the adequacy and efficacy of the organisational culture in place, its governance and internal control systems, including remuneration practices and policies and the other matters addressed in the Notice, with reference to 30 November 2024.

The organisational structure and governance model of BCTT are described and complemented by the methodology underlying the continuous monitoring process of the Bank's Internal Control System, consisting essentially of the following phases: (i) identification and reporting of deficiencies, (ii) assessment and classification of deficiencies, (iii) prioritisation and decision-making, (iv) definition and follow-up of action plans and (v) monitoring and reporting.

Additionally, the Report includes a global analysis of the internal control deficiencies, which includes the description and characterisation of the deficiencies open on the reference date.

As part of the preparation of the report, the annual self-assessment/independence reports of the heads of the Risk Management, Compliance and Internal Audit Functions were also drawn up, pursuant to Articles 27, 28 and 32 of the Notice, respectively, and are included in the Report. In these annual self-assessment reports, the independence of each internal control function is confirmed by the respective persons in charge (no record of incidents).

The Report also includes the assessment of the Bank's supervisory and management bodies, pursuant to Articles 56 and 57 of the Notice, respectively.

In the context of the assessment of BCTT's Supervisory Body, the Audit Committee concluded, in the light of the work performed, the cumulative evidence gathered, weighing the current and potential impacts of the deficiencies that remain open and the need to develop a residual set of procedures for full adoption of the provisions of the Notice, on the adequacy and efficacy of the organisational culture in force in the Bank and of its governance and internal control systems, in all materially relevant aspects, in accordance with the requirements defined in the Notice, considering that the Bank's values are conducive to an adequate control culture.

In turn, the Board of Directors concluded that BCTT's organisational culture and governance and internal control systems were appropriate and effective in all materially relevant aspects, including the Bank's remuneration practices and policies, in relation to the requirements set out in the Notice.

Lisbon, 17 March 2025

The Chairman of the Audit Committee,

João Manuel de Matos Loureiro

The Members of the Audit Committee,

Ana Maria Machado Fernandes

Maria Rita Mégre de Sousa Coutinho

External Auditors' Report

Statutory Auditor's Report (Consolidated)

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da Índia, 10 – Piso 1
1349-066 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements Banco CTT, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2024 (showing a total of 4.727.525 thousands of euros and a total equity of 315.075 thousands of euros, including a net profit for the year of 20.048 thousands of euros), and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Banco CTT, S.A. as of 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Impairment losses on loans to customers

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of 31 December 2024, Loans and Advances to Clients amounts to 1.742.032 thousands euros, net of impairment charges amounting to 46.569 thousands of euros (1.593.214 thousands of euros and 47.816 thousands of euros, respectively, as of 31 December 2023). The detail of impairment on Loans and Advances to clients and the accounting policies, methodologies, concepts and assumptions used are disclosed in the notes to the consolidated financial statements (Notes 2.2.1.4, 3.1.2, 14 and 32).	Our audit approach to impairment on Loans and Advances to clients included (i) an overall response to the way the audit was conducted and (ii) a specific response that resulted in the design, and subsequent implementation, of audit procedures that included, namely: ▸ obtaining the understanding, assessment of internal control procedures existing in the process of quantifying impairment losses for Loans and Advances to clients; ▸ conducting analytical review tests on the evolution of the amount of impairment on Loans and Advances to

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The impairment on Loan and Advances to clients represents Management best estimate of the expected credit loss of Loan and Advances client's portfolio. To calculate this estimate, Management made critical judgments such as the evaluation of the business model, the assessment of the significant increase in credit risk, the classification of exposures in default, the definition of an asset group with similar credit risk characteristics and the use of models and parameters. These parameters are calculated based on historical indicators, when available or benchmarks, in the remaining cases. For relevant individual exposures, the impairment is calculated based on judgments of experts in the credit risk assessment. In addition to the complexity of the models for quantifying impairment losses of loans and advances portfolio ("models"), its use requires the processing of significant data, the availability and quality of which may not be adequate. Given the degree of subjectivity and complexity involved, the use of alternative approaches, models or assumptions may have a material impact on the estimated impairment amount, which, together with its materiality, determines that we consider this topic as a key audit matter.	clients, comparing it with the same period and with the expectations, which highlight the understanding of the variations occurred in the loans and advances portfolio and changes in the impairment assumptions and methodologies; ► reading the minutes of the Equity and Risk Committee and Global Risk Committee and correspondence with Banco de Portugal; ► obtaining the understanding and evaluation of the design of the model of the expected loss calculation, test to the calculation, comparison of the information used in the model with source data, through the reconciliations prepared by the Bank, analysis of the assumptions used to fill gaps in the data, comparison of the parameters used with the results of the estimation models and comparison of the results of the models with the values recorded in the financial statements; ► with the support of specialists, we performed tests on the reasonableness of the parameters used in the calculation of the impairment, namely: i. understanding of the methodology formalized and approved by Management and comparison with the one actually used; ii. understanding of the changes to the models used by the Bank to determine the parameters used in the calculation of expected loss and results in the parameters; iii. on a sampling basis, comparison of the data used in the clearance of risk parameters with source information; iv. inquiries to the Bank's experts responsible for the models and inspection of internal audit reports and regulators; and v. inspection of the reports with the results of the operational evaluation of the model (back-testing); ► test the reasonableness of adjustments made to the model and outside the model, in particular those to respond to additional areas of judgment resulting from the increasing in interest rate and inflation and understanding the management process associated with those adjustments; and ► analysis of the disclosures included in the notes to the consolidated financial statements, based on the requirements of international financial reporting standards and accounting records.

2. 321 Crédito S.A. Goodwill recoverability

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of 31 December 2024, Goodwill and intangible assets, as described in note 20 of consolidated financial statements include Goodwill in the amount of 60.679 thousands of euros (60.679 thousands of euros as of 31 December 2023), related with the acquisition of the subsidiary 321 Crédito – Instituição Financeira de Crédito, S.A. in May 2019. As referred to in Note 2.1.4, the recoverable amount of Goodwill is analysed on an annual basis in the preparation of financial statements with reference to the end of the financial year or in presence of any indication of potential impairment. The recoverable amount is determined using evaluation methodologies supported by discounted cash flow techniques, considering market conditions, time value, and business risks. The potential impairment of Goodwill was considered a key audit matter given its significant amount and the complexity of impairment evaluation process, including the use of estimates and assumptions, including future market and economic conditions, market share, revenue and margin trends, and uncertainty remains associated with macroeconomic events felt in the market, such as increases in volatility, inflation, and interest rates.	We identified and evaluated the audit risk, which led to the definition of the audit approach to respond to the risk of material misstatement. This approach included (i) a global response that affected how the audit was conducted and (ii) a specific response that involved the design, and subsequent execution, of additional procedures that included tests of controls and substantive procedures, namely: ► We obtained an understanding of the existing internal control procedures in the impairment testing process; ► With the support of internal specialists, we evaluated the reasonableness of the assumptions used in the impairment testing, namely: (i) discount rate; (ii) perpetual growth rate; (iii) dividend distribution; ► We compared the financial projections with the approved budgets and plans and financial indicators of 2024; ► We analysed the financial statements of 321 Crédito - Instituição Financeira de Crédito, SA as of December 31, 2024; ► We performed sensitivity analyses of the assumptions; and ► We analysed the disclosures included in the notes to the consolidated financial statements, based on the requirements of international financial reporting standards and accounting records.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Management Report, the Corporate Governance Report, the Non-financial information statement and the Remunerations report, in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may lead the Group to discontinue its activities;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and execute our audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance review of the work carried out for the purposes of the group audit and we remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements.

EY Building a better working world

Banco CTT, S.A.
Statutory and Auditor's Report
(Translation from the original document in Portuguese language
In case of doubt, the Portuguese version prevails)
31 December 2024

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Consolidated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of Banco CTT S.A. (Group´s Parent Entity) for the first time in the shareholders' general meeting held on 30 July 2020 for a mandate from 2021 to 2023. We were appointed in the shareholders' general meeting held on 22 March 2024 for a second mandate from 2024 to 2026.
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group on this date; and
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) n.º 537/2014 of the European Parliament and the Council, of 16 of April 2014, and we have remained independent of the Group in conducting the audit;

Lisbon, 18 March 2025

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Silvia Maria Teixeira da Silva - ROC n.º 1636
Registered with the Portuguese Securities Market Commission under license nr. 20161246

Statutory Auditor's Report (Individual)

EY
Building a better working world

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da Índia, 10 – Piso 1
1349-066 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Banco CTT, S.A. (the Bank), which comprise the Statement of Financial Position as at 31 December 2024 (showing a total of 4.495.312 thousands of euros and a total equity of 315.203 thousands of euros, including a net profit for the year of 19.996 thousands of euros), and the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Banco CTT, S.A. as of 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Bank in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Impairment losses on loans to customers

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of 31 December 2024, Loans and Advances to clients amounts to 803.718 thousands of euros, net of impairment charges amounting to 3.246 thousands of euros (731.051 thousands and 2.211 thousands of euros, respectively, as of 31 December 2023). The detail of impairment on Loans and Advances to clients and the accounting policies, methodologies, concepts and assumptions used are disclosed in the notes to the consolidated financial statements (Notes 2.2.1.4, 3.1.2, 14 and 33).	Our audit approach to impairment on Loans and Advances to clients included (i) an overall response to the way the audit was conducted and (ii) a specific response that resulted in the design, and subsequent implementation, of audit procedures that included, namely: ► obtaining the understanding and assessment of internal control procedures existing in the process of quantifying impairment losses for Loans and Advances to clients; ► conducting analytical review tests on the evolution of the amount of impairment on Loans and Advances to clients,

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
A member firm of Ernst & Young Global Limited

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The impairment on Loan and Advances to clients represents Management best estimate of the expected credit loss of Loan and Advances client's portfolio. To calculate this estimate, Management made critical judgments such as the evaluation of the business model, the assessment of the significant increase in credit risk, the classification of exposures in default, the definition of an asset group with similar credit risk characteristics and the use of models and parameters. These parameters are calculated based on historical indicators, when available or benchmarks, in the remaining cases. For relevant individual exposures, the impairment is calculated based on judgments of experts in the credit risk assessment. In addition to the complexity of the models for quantifying impairment losses of the credit portfolio ("models"), its use requires the processing of significant data, the availability and quality of which may not be adequate. Given the degree of subjectivity and complexity involved, the use of alternative approaches, models or assumptions may have a material impact on the estimated impairment amount, which, together with its materiality, determines that we consider this topic as a key audit matter.	comparing it with the same period and with the expectations, which highlight the understanding of the variations occurred in the loans and advances portfolio and changes in the impairment assumptions and methodologies; ► reading the minutes of the Equity and Risk Committee and Global Risk Committee and correspondence with Banco de Portugal; ► obtaining the understanding and evaluation of the design of the model of the expected loss calculation, test to the calculation, comparison of the information used in the model with source data, through the reconciliations prepared by the Bank, analysis of the assumptions used to fill gaps in the data, comparison of the parameters used with the results of the estimation models and comparison of the results of the models with the values recorded in the financial statements; ► with the support of specialists, we performed tests on the reasonableness of the parameters used in the calculation of the impairment, namely: i. understanding of the methodology formalized and approved by Management and comparison with the one actually used; ii. understanding of the changes to the models used by the Bank to determine the parameters used in the calculation of expected loss and results in the parameters; iii. on a sampling basis, comparison of the data used in the clearance of risk parameters with source information; iv. inquiries to the Bank's experts responsible for the models and inspection of internal audit reports and regulators; and v. inspection of the reports with the results of the operational evaluation of the model (back-testing); ► test the reasonableness of adjustments made to the model and outside the model, in particular those to respond to additional areas of judgment resulting from the increasing in interest rate and inflation and understanding the management process associated with those adjustments; and ► analysis of the disclosures included in the notes to the consolidated financial statements, based on the requirements of international financial reporting standards and accounting records.

EY Building a better working world

Banco CTT S.A.
Statutory and Auditor's Report
(Translation from the original document in Portuguese language
In case of doubt, the Portuguese version prevails)
31 December 2024

2. Recoverability of investments in associates

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Investments in associates, as described in Note 20 of the Annex to the Financial Statements, as of December 31, 2024, includes an amount of 142.558 thousand euros (136.105 thousand euros as of December 31, 2023), corresponding to the subsidiary 321 Crédito - Instituição Financeira de Crédito, S.A., whose acquisition took place in May 2019. As referred in Note 20, the recoverable amount of investments in associates is evaluated annually or in the presence of an objective loss event. The recoverable amount is determined using methodologies supported by discounted cash flow techniques, considering market conditions, time value, and business risks. The potential impairment in the 321 Crédito Investment was considered a key audit matter given its significant amount and the complexity of impairment evaluation process, including the use of estimates and assumptions, including future market and economic conditions, market share, revenue and margin trends, and uncertainty remains associated with macroeconomic events felt in the market, such as increases in volatility, inflation, and interest rates.	We identified and evaluated the audit risk, which led to the definition of the audit approach to respond to the risk of material misstatement. This approach included (i) a global response that affected how the audit was conducted and (ii) a specific response that involved the design, and subsequent execution, of additional procedures that included tests of controls and substantive procedures, namely: ► We obtained an understanding of the existing internal control procedures in the impairment testing process; ► With the support of internal specialists, we evaluated the reasonableness of the assumptions used in the impairment testing, namely: (i) discount rate; (ii) perpetual growth rate; (iii) dividend distribution; ► We compared the financial projections with the approved budgets and plans and financial indicators of 2024; ► We analysed the financial statements of 321 Crédito - Instituição Financeira de Crédito, SA as of December 31, 2024; ► We performed sensitivity analyses of the assumptions; and ► We analysed the disclosures included in the notes to the consolidated financial statements, based on the requirements of international financial reporting standards and accounting records.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Bank´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Management Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Bank's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Bank´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may lead the Bank to discontinue its activities;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Bank, we have not identified any material misstatement.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Bank for the first time in the shareholders' general meeting held on 30 July 2020 for a mandate from 2021 to 2023. We were appointed in the shareholders' general meeting held on 22 March 2024 for a second mandate from 2024 to 2026.

EY
Building a better working world

Banco CTT S.A.
Statutory and Auditor's Report
(Translation from the original document in Portuguese language
In case of doubt, the Portuguese version prevails)
31 December 2024

- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Bank on this date; and
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) n.º 537/2014 of the European Parliament and the Council, of 16 of April 2014, and we have remained independent of the Group in conducting the audit; and

Lisbon, 18 March 2025

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Silvia Maria Teixeira da Silva - ROC n.º 1636
Registered with the Portuguese Securities Market Commission under license nr. 20161246

bcloser

III Corporate Governance Report

Table of Contents

A. Shareholder Structure

I. Capital structure

The share capital of Banco CTT, S.A. ("Bank" or "Banco CTT") is 321,400,000.00 euros, fully underwritten and paid-up, represented by 324,682,443 ordinary shares (there are no different categories), registered, book-entry, with no nominal value.

The Bank's shares are majority-owned by CTT – Correios de Portugal, S.A. ("CTT") (296,400,000 shares), holding Generali Seguros, S.A. ('Generali') a minority stake (28,282,443 shares), and are not subject to any statutory or legal limitations regarding their transfer or ownership, or the number of votes that may be exercised.

Without prejudice to the free transferability of the shares of the Bank and CTT, their acquisition implies, as of the date of the commercial registration of Banco CTT, compliance with the legal requirements regarding direct or indirect qualified holdings, provided for in the General Regime of Credit Institutions and Financial Companies, in the wording currently in force ("RGICSF").

In particular, and in accordance with Article 102 of the RGICSF, natural or legal persons wishing to hold a qualified holding in CTT and, indirectly, in the Bank (i.e., a direct or indirect participation equal to or greater than 10% of the share capital or voting rights or that, for whatever reason make it possible to exert significant influence on management) must previously communicate their project to Banco de Portugal for the purposes of non-opposition. In turn, the acts or facts resulting in the acquisition of a shareholding of at least 5% of the share capital or voting rights of CTT and indirectly of the Bank, must be communicated to Banco de Portugal within 15 days of the respective verification, in accordance with the provisions of Article 104 of the RGICSF.

It should be remembered that in November 2022, A strategic partnership between the Banco CTT Group and Generali, announced in November 2022, which includes: (i) a long-term agreement for the distribution of Tranquilidade/Generali life and non-life insurance products, with exclusivity period renewable every 5 years; and (ii) the subscription by Tranquilidade/Generali of a reserved share capital increase of 25 million euros in Banco CTT in exchange for a shareholding of approximately 8.71%. In the meantime, the Banco de Portugal / European Central Bank decided not to oppose the acquisition of a qualified holding, and the transaction was completed on November 29, 2024.

As at 31 December 2024 and up to the date of this report, the Bank did not have any of its own shares, with no transactions having been carried out by the Bank relative to its own shares.

II. Shareholdings and Bonds held

As at 31 December 2024, the members of the Bank's Management and Supervisory Bodies did not hold any shares issued by the Bank, nor did they, during 2024, carry out any transactions in such relevant securities for the purposes of Article 447 of the Commercial Companies Code ("CSC"), in the wording currently in force.

Also in accordance with paragraph 5 of Article 447 of the CSC, during the financial year 2024 and in accordance with the communications made to the Company, the number of shares representing the share capital of companies in a domain or group relationship with the

I MANAGEMENT REPORT
II ACCOUNTS AND NOTES TO THE ACCOUNTS
III CORPORATE GOVERNANCE REPORT
IV SUSTAINABILITY STATEMENT

Bank, held by members of the Management and Supervisory Bodies of the Bank and the entities closely related to them in accordance with that provision, as well as all acquisitions, encumbrances or cessations of ownership of said shares, are indicated in the following lists:

Board of Directors (a)	No. of Shares as at 31/12/2023 (b)	Date	Acquisition	Encumbrance	Divestment	Price	No. of Shares as at 31/12/2024 (b)
João Nuno de Sottomayor Pinto de Castello Branco (e)	-	-	-		-	-	-
Luís Maria França de Castro Pereira Coutinho	500	-	-	-	-	-	500
João Maria de Magalhães Barros de Mello Franco	-	-	-	-	-	-	-
Pedro Rui Fontela Coimbra	-	-	-	-	-	-	-
Nuno Carlos Dias dos Santos Fórneas	-	-	-	-	-	-	-
Luís Jorge de Sousa Uva Patrício Paúl	-	-	-	-	-	-	-
João Manuel de Matos Loureiro	-	-	-	-	-	-	-
Ana Maria Machado Fernandes	-	-	-	-	-	-	-
Maria Rita Mégre de Sousa Coutinho	9,000	-	-	-	-	-	9,000
António Pedro Ferreira Vaz da Silva	15,746	(d)	(d) (b)	-	-	(d)	24,492
Guy Patrick Guimarães de Goyri Pacheco	19,661	(d)	(d) (c)	-	-	(d)	31,322
António Domingues	10,000	(d)	-	-	(d) (b)	(d)	0
Pedro Luís Francisco Carvalho (f)	-	-	-	-	-	-	-

Statutory Auditor	No. of Shares as at 31/12/2023	Date	Acquisition	Encumbrance	Divestment	Price	No. of Shares as at 31/12/2024
Ernst & Young Audit & Associados – SROC, S.A.	-	-	-	-	-	-	-
Sílvia Maria Teixeira da Silva	-	-	-	-	-	-	-
Ana Rosa Ribeiro Salcedas Montes Pinto	-	-	-	-	-	-	-

a) Includes the members of the Executive Committee and Audit Committee.
b) Transaction in question conducted in a regulated market on shares of CTT.
c) Acquisition as long-term variable remuneration.
d) Annex I presents the details relative to the acquisitions and/or divestments made in 2024, as disclosed to the Company.
e) João Nuno de Sottomayor Pinto de Castello Branco has been Chairman of the Board of Directors since February 1, 2024, thus filling the position that João Almada Moreira Rato had left vacant after leaving office on June 30, 2023.
f) On November 29, 2024, Pedro Luís Francisco Carvalho was appointed Member of the Board of Directors for the remainder of the 2022/2024 term, following Generali's entry into the Bank's capital.

In 2024, Banco CTT issued bonds, by private offer, for a total amount of 10,000,000.00 euros, while the companies in a control or group relationship with the Bank did not issue any bonds.

B. Corporate Bodies and Committees

I. General Meeting

In accordance with paragraph 1 of Article 12 of the Bank's Articles of Association, the Board of the General Meeting shall consist of a Chairman, elected at the General Meeting. According to the same statutory provision, the Chairman of the Board of the General Meeting is assisted by the Company Secretary, and the respective functions were performed in 2024 by Catarina Morais Bastos Gonçalves de Oliveira, the current Company Secretary. As at 31 December 2024, the Chairman of the Board of the General Meeting was Rui Afonso Galvão Mexia de Almeida Fernandes, having been appointed for the 2022/2024 term of office at the General Meeting on 05 December 2022.

The constitution of the Bank's Selection and Remuneration Committee was approved in the General Meeting of Shareholders held on 5 December 2022, and the following were elected as Chairman and members of the said Selection and Remuneration Committee for the 2022/2024 term of office, respectively: Raúl Catarino Galamba de Oliveira, João Afonso Ramalho Sopas Pereira Bento and Maria da Graça Farinha de Carvalho.

Following the resignation of Maria da Graça Farinha de Carvalho, the sole shareholder (at that time) elected Ana da Paz Ferreira da Câmara Perestrelo de Oliveira to replace her on 1 December 2023. As a result, on 31 December 2024 and to date, the Bank's Selection and Remuneration Committee is made up of the following members:

Members	Position
Raúl Catarino Galamba de Oliveira	Chairman
João Afonso Ramalho Sopas Pereira Bento	Member
Ana da Paz Ferreira da Câmara Perestrelo de Oliveira	Member

In accordance with the provisions of its Internal Regulations, in force on December 31, 2024, and to date, the Selection and Remuneration Committee is responsible, among other duties, for:

- To carry out the individual assessment and reassessment of the suitability of the members or candidates for membership of the Management and Supervisory Bodies based on the criteria of suitability, qualification and professional experience, independence and availability under the terms defined in the Policy for the Selection, Evaluation and Succession of the Members of the Management and Supervisory Bodies of the Banco CTT Group ("Selection Policy");
- To conduct a collective assessment of the Management and Supervisory Bodies, evaluating whether their composition is collectively sufficient to fulfil their legal and statutory responsibilities across all relevant areas of activity, based on qualification and diversity criteria as outlined in the Banco CTT Group's Selection Policy and Diversity Policy ("Diversity Policy");
- Make the Evaluation Reports available to the elective General Assembly, as part of the respective preparatory information;
- Promote diversity in the composition of the Management and Supervisory Bodies, namely through: (i) The promotion of equal opportunities in the face of diversity; (ii) Valuing diversity in terms of age, gender, geographical origin, education, skills, qualifications and experience, including the consideration of broad lists of candidates

that privilege diversity as an inclusion criterion; (iii) Promotion of the integration of the underrepresented gender in the Management and Supervisory Bodies;

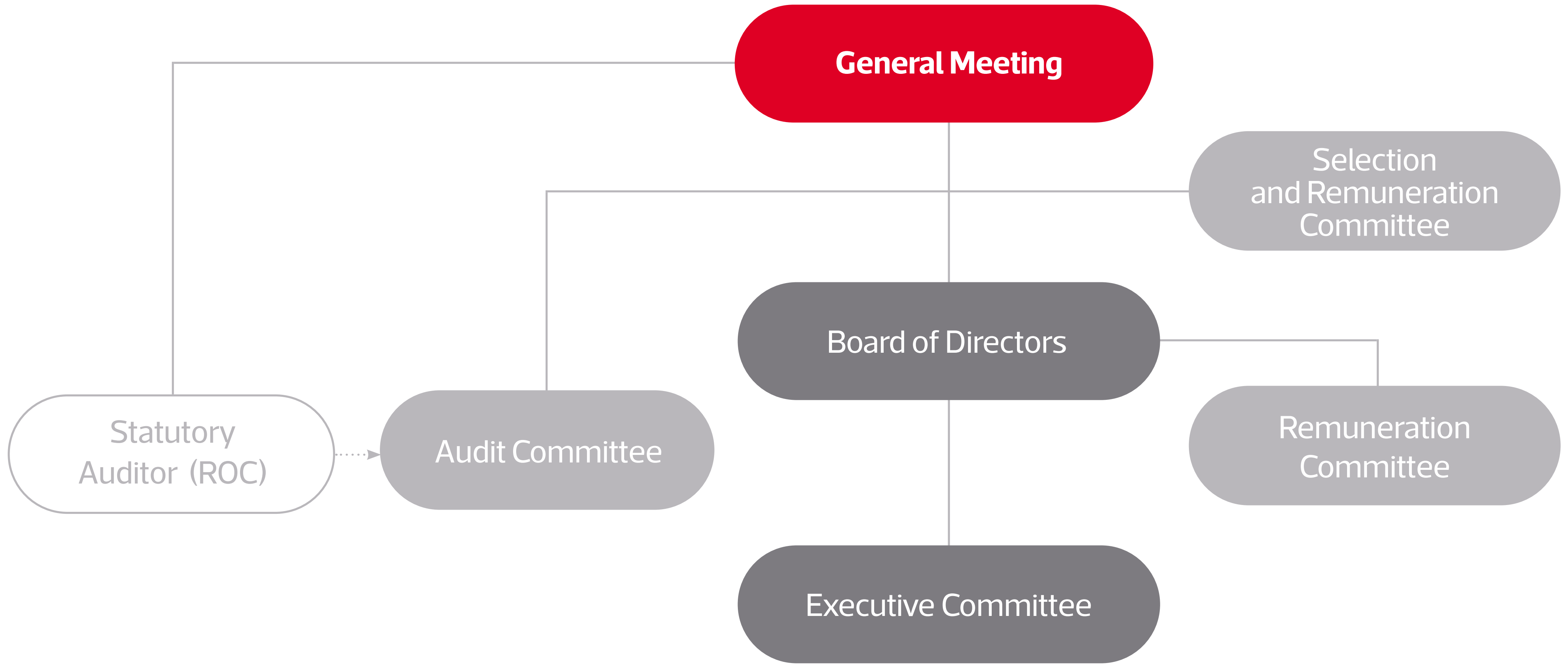
- Regarding the induction and training of members of the Management and Supervisory Bodies: (i) Approve a comprehensive ongoing training programme developed by the Human Resources Department; (ii) Review the report prepared by the Human Resources Department on compliance with the Training Plan;
- Prepare and review annually a Succession Plan and a list of potential internal and external candidates for members of the Management and Supervisory Bodies;
- To trigger the Ordinary and Extraordinary Succession Processes, as defined in the Selection Policy, of the members of the Management and Supervisory Bodies;
- Presenting proposals to the General Meeting for the periodic review of the Selection Policy and approving revisions to the Diversity Policy, specifically concerning the members of the Governing Bodies;
- Establishing the remuneration of the members of the Board of the General Meeting, the Board of Directors, the Audit Committee and the Statutory Auditor;
- With regard to determining the remuneration of the members of the Executive Committee: (i) To decide on the definition of the component corresponding to the fixed remuneration; (ii) To decide on the definition, allocation and payment of the variable component (short-term and long-term) of the remuneration, including the approval, at the proposal of the Remuneration Committee, of the performance assessment model, respective criteria/objectives, assumptions/conditions and limits as well as rules/conditions and mechanisms for allocation, adjustment, deferral and payment; (iii) In general, to decide on setting the remuneration and benefits of the members of the Executive Committee, in the different components that may apply;
- Approve and review, at least annually, the Remuneration Policy, in the component applicable to the Governing Bodies.

During 2024, the Selection and Remuneration Committee met 12 times.

II. Management and Supervision

1) Adopted governance model

Banco CTT has adopted a governance model of Anglo-Saxon nature, according to which the Board of Directors is responsible for the Company's administration, and the Audit Committee (Body currently composed of non-executive and independent Directors) and the Statutory Auditor are responsible for its supervision.



This model has implemented a number of good governance practices and an appropriate and effective organisational culture, in line with the Bank's specific characteristics (namely its dimension and activity), as described in this Report, promoting sound and prudent management, the effective performance of functions and coordination of Corporate Bodies, the smooth operation of a checks and balances system and the accountability of management to its stakeholders.

In this regard, the General Meeting is responsible for: (i) electing the members of the Corporate Bodies (including the members of the Board of the General Meeting, the Board of Directors and the Audit Committee, as well as the Statutory Auditor, the latter following a proposal submitted by the Audit Committee); (ii) assessing the report and accounts of the Board of Directors, as well as the opinion of the Audit Committee; (iii) deciding on the appropriation of results; (iv) deciding on amendments to the Articles of Association; and (v) fixing the remuneration of the members of the governing bodies or, alternatively and for that purpose, setting up a Selection and Remuneration Committee and electing the respective members. In this sense, the General Meeting established, on 05 December 2022, a Selection and Salary Committee composed of three members which is also responsible for identifying, selecting and assessing the adequacy of persons to be appointed as members of the Management and Supervisory Bodies and holders of key functions of the Bank (as described in point B.I. above).

The Board of Directors, in turn, delegated, in the context of its administrative functions, day-to-day management powers to the Executive Committee (see section B.II.2. below).

The Audit Committee (currently exclusively composed of independent members), together with the Statutory Auditor, perform the duties of supervision that arise from the applicable legal and regulatory provisions, where the Audit Committee is responsible for promoting the independence of the Statutory Auditor and the Company's Internal Audit Function, with view to contributing to the quality of the financial information and the effectiveness of the internal control, risk management and internal audit systems (as described in point B.III. below).

The Remuneration Committee (currently composed of a majority of independent members of the Board of Directors) is responsible for making informed, independent judgements on the Bank's remuneration policy and practices that are consistent with sound and prudent risk management and the incentives created for risk, capital and liquidity management (see point D.II. below).

2) Board of Directors and internal committees

Pursuant to the Bank's Articles of Association, the Board of Directors is composed of 7 to 14 members and the Executive Committee is composed of 3 to 6 Directors, appointed for three-year terms of office.

On 5 December 2022, the then sole shareholder elected the following members of the Board of Directors, to hold office during the 2022/2024 term of office:

Members	Board of Directors	Executive Committee	Audit Committee	Independent [1]
João de Almada Moreira Rato	Chairman			Yes
Luís Maria França de Castro Pereira Coutinho	Member	Chairman (CEO)		
João Maria de Magalhães Barros de Mello Franco	Member	Member (CCO)		
Pedro Rui Fontela Coimbra	Member	Member (CFO)		
Nuno Carlos Dias dos Santos Fórneas	Member	Member (CIO)		
Luís Jorge de Sousa Uva Patrício Paúl	Member	Member (CRO)		
João Manuel de Matos Loureiro	Member		Chairman	Yes
António Domingues	Member		Member	Yes
Ana Maria Machado Fernandes	Member		Member	Yes
António Pedro Ferreira Vaz da Silva	Member			
Guy Patrick Guimarães de Goyri Pacheco	Member			
Maria Rita Mégre de Sousa Coutinho	Member			Yes

1) According to the criteria established in paragraph 5 of Article 414 of the CSC (applicable by virtue of paragraph 3 of Article 31-A of the RGICSF).

By letter issued on 2 May 2023 and taking effect on 30 June 2023, João de Almada Moreira Rato resigned from the positions of Chairman of the Board of Directors and of the Remuneration Committee that he had been holding at the Bank. By resolution of the sole shareholder, effective from February 1, 2024, João Nuno de Sottomayor Pinto de Castello Branco was elected to serve as Chairman of the Board of Directors.

Also, by letter issued on March 23, 2023, and which took effect on April 30, 2023, António Domingues resigned from the position of Member of the Audit Committee that he had been holding at the Bank. To replace him in the exercise of the aforementioned position, the then sole shareholder elected Maria Rita Mégre de Sousa Coutinho as Member of the Audit Committee, with effect from 2 January 2024.

Lastly, following Generali's entry into the Bank's capital, the shareholders resolved on November 29, 2024, to elect Pedro Luís Francisco Carvalho as a Member of the Board of Directors for the remainder of the 2022/2024 term.

The Company's Board of Directors is currently made up of the following 13 Directors, appointed for the 2022/2024 term of office:

Members	Board of Directors	Executive Committee	Audit Committee	Independent[1]
João Nuno de Sottomayor Pinto de Castello Branco	Chairman			Yes
Luís Maria França de Castro Pereira Coutinho	Member	Chairman (CEO)		
João Maria de Magalhães Barros de Mello Franco	Member	Member (CCO)		
Pedro Rui Fontela Coimbra	Member	Member (CFO)		
Nuno Carlos Dias dos Santos Fórneas	Member	Member (CIO)		
Luís Jorge de Sousa Uva Patrício Paúl	Member	Member (CRO)		
João Manuel de Matos Loureiro	Member		Chairman	Yes
Ana Maria Machado Fernandes	Member		Member	Yes
Maria Rita Mégre de Sousa Coutinho	Member		Member	Yes
António Pedro Ferreira Vaz da Silva	Member			
Guy Patrick Guimarães de Goyri Pacheco	Member			
António Domingues	Member			Yes
Pedro Luís Francisco Carvalho	Member			

1) According to the criteria established in paragraph 5 of Article 414 of the CSC (applicable by virtue of paragraph 3 of Article 31-A of the RGICSF).

The Board of Directors is the Corporate Body responsible for the Company's management and representation, under the legal and statutory terms, being entrusted to practice all acts and operations relative to the corporate object that are outside the competence attributed to other Bodies of the Bank.

Pursuant to the Articles of Association and its Internal Regulation, the Board of Directors is responsible, among other aspects, for:

a) Approve the individual and consolidated annual, half-yearly and quarterly reports and accounts, as well as the proposals to be submitted to the General Meeting which are the responsibility of the Management Body, namely the proposal for the appropriation of profits;
b) Define the strategic orientation (including the approval of strategic, activity and business plans), through a formal planning process, as well as the Bank's organisational model and corporate structure, and monitor its execution;
c) Approving annual and multi-annual budgets and investment and financial plans, and monitoring their implementation;
d) Approve the Bank's Policies, ensuring that they are properly implemented and periodically reviewed;
e) Passing resolutions on merger, demerger and transformation projects, important expansions or down-sizing of the Bank's operations, the establishment, termination or amendment of any partnership, cooperation, sharing or joint venture agreements that are long-lasting and important;
f) Adopting an organisational culture that promotes a permanent integrated control of the risks to which the Bank and the Banco CTT Group are exposed, a responsible and prudent professional conduct of its Employees and members of the Management and Supervisory bodies, guided by high standards of ethical requirements, and that

contribute to the sound and prudent management of the institution and to strengthen the levels of trust and reputation of the Bank and the Group by monitoring and evaluating the adequacy and effectiveness of the organisational culture and of the governance and internal control systems of the Bank and its subsidiaries, regularly including matters relating to conduct and organisational culture in its meetings;

g) Promote a control environment that values internal control as an essential element for the resilience and good long-term performance of the Bank and the Banco CTT Group, ensuring that the Bank and the Group have an effective internal control system that guarantees their sustainability in the medium and long term and the prudent exercise of their activity, covering the entire institution and its subsidiaries, including the responsibilities and functions of the management and supervisory bodies, all its business segments, structural units, namely the Control Functions, subcontracted activities and product distribution channels, ensuring that the internal control system is applied consistently in all subsidiaries and monitoring its operation;

h) Ensuring the soundness and effectiveness of (i) the processing of information, including the accounting and financial information systems and the processes of disclosure and compliance with reporting duties to Banco de Portugal, and (ii) of the processes of identification, management, control and communication of risks, under the terms of the law and applicable regulations;

i) Implementing and monitoring the operation of the risk management system that allows the identification, assessment, monitoring and control of all risks to which the Bank and its subsidiaries may be exposed, in order to ensure that they remain at the level defined by the Board of Directors and that they do not significantly affect the financial situation of the Bank and the Group, and informing the different areas, through regular communications, of the Bank's and the Group's risk tolerance level, ensuring that all employees are aware of their responsibilities regarding risk taking and controlling;

j) Defining the Banco CTT Group's sustainability strategy, namely by approving the Policy that implements it and the Sustainability Report, monitoring the implementation of the Sustainability Initiatives Plan and managing and responding to climate and environmental risks;

k) Monitor the management of risks associated with information and communication technologies, namely through the approval of policies and strategies in this area, the monitoring of their implementation, the approval of the specific Internal Audit Function plan in this area and the clear definition of the competences and responsibilities of the functions associated with information and communication technologies; including appropriate governance arrangements to ensure appropriate communication, cooperation and coordination between those functions;

l) Implement control actions that focus on the organizational culture, internal governance structure, key business and support areas, and the evolution of the overall objectives of the Bank and the Banco CTT Group, as well as any internal and external changes that could jeopardize the execution of the strategy and the established objectives;

m) Define, approve and implement the Bank's organisational structure at the level of Corporate Bodies and respective committees, with a view to the effective and prudent management of the Bank, based on a coherent, clear and objective definition of the lines of reporting and authority, powers and responsibilities of each Body, structural unit and function, with an adequate separation of potentially conflicting functions, promoting its dissemination to all employees, members of the Audit Committee and the Statutory Auditor, monitoring its operation and, at least every two years, assessing its timeliness, suitability and effectiveness and taking and proposing the appropriate measures to correct any shortcomings detected;

n) Establish and maintain the Compliance, Risk Management and Internal Audit Functions ("Control Functions") at Bank and Banco CTT Group level, with the responsibilities provided for in the applicable law and regulations;

o) Appointing, replacing or dismissing those responsible for the Compliance, Risk Management and Internal Audit Functions of the Bank and Banco CTT Group, after prior review by the Audit Committee;

p) Appointing, pursuant to the provisions of paragraph 4 of Article 13 of Law No. 83/2017 of 18 August and Article 3 of Bank of Portugal Notice No. 2/2018, a member of the Management Body who is responsible for the implementation of the provisions of that law and the Notice (or diplomas that may replace them) and other relevant regulations concerning the fight against money laundering and financing of terrorism;

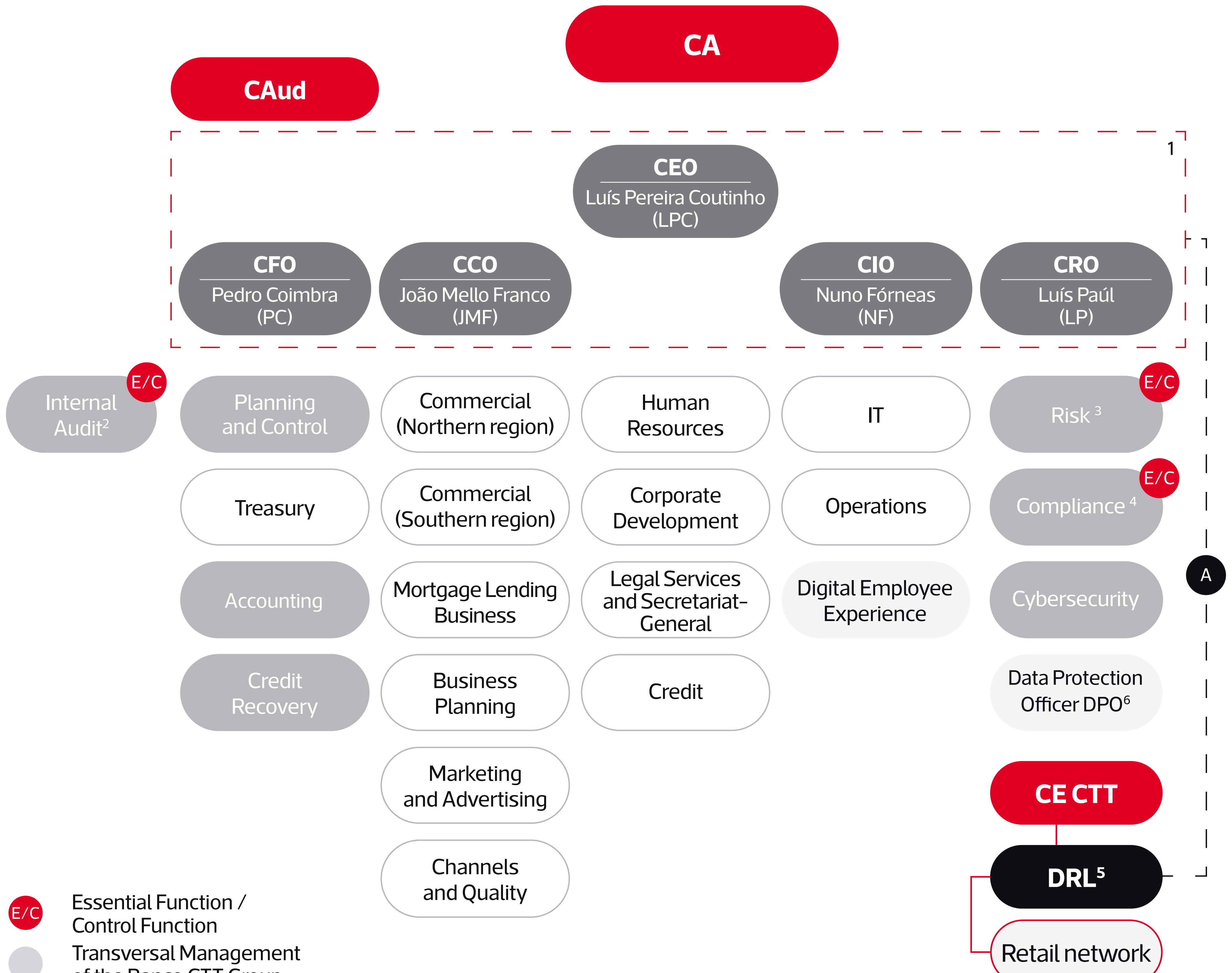
q) Appointing, pursuant to the provisions of paragraph 1 of Article 16 of Law No. 83/2017, of 18 August, and Article 7 of Banco de Portugal Notice No. 2/2018, the person responsible for compliance with the regulatory framework on the prevention of money laundering and terrorist financing ("AML Officer");

r) Appointing the person responsible for regulatory compliance under the General Regime for the Prevention of Corruption for the purposes of paragraph 2 of Article 5 of Decree-Law No. 109-E/2021 of 9 December.

The Board of Directors delegated day-to-day management of the Company to the Executive Committee (having authorised one or more of its members to undertake certain matters and to sub-delegate the exercise of certain powers to one or more of its members).

In line with the law and best corporate governance practices, this delegation excludes, in addition to matters reserved by law and others detailed in the Internal Regulation of the Board of Directors, the matters set out in the subparagraphs of the preceding paragraph, as well as acts and operations that give rise to liabilities/obligations for the Bank above certain thresholds.

As at 31 December 2024, the areas of responsibility of the Bank's Executive Committee and its organisational structure were distributed as follows:



E/C Essential Function / Control Function

Transversal Management of the Banco CTT Group

Directorate

Office

A The Retail Network has the function of executing the strategy defined by Banco CTT

Banco CTT Group Subsidiary

	LPC	JMF	PC	NF	LP
321 Crédito		Member of the Board of Directors	Chairman of the Board of Directors		Member of the Board of Directors

[1] Special Units may be set up by decision of the EC when projects are approved which, due to their complexity and duration, so justify.
[2] The Director of Internal Audit is responsible for the Internal Audit Control Function of the Banco CTT Group, the Bank and the Subsidiary, without prejudice to the possible existence of Internal Audit managers at Subsidiary level.
[3] The Director of Risk is responsible for the Risk Management Control Function of the Banco CTT Group, the Bank and the Subsidiary, without prejudice to the possible existence of Risk Management officers at Subsidiary level.
[4] The Director of Compliance is responsible for the Compliance Control Function of the Banco CTT Group, the Bank and the Subsidiary, without prejudice to the possible existence of Compliance Officers at Subsidiary level.
[5] DRL – Store Network Director(s) – top of the Store Network structure in plurality of employers, with a hierarchical relationship with the CEO and a functional relationship with all the departments within the EC and the Control Functions.
[6] DPO – Data Protection Officer of the CTT Group.

At its meeting of 12 December 2022, the Board of Directors approved its Regulations for the 2022/2024 term of office, as well as the delegation of powers to the Executive Committee, which expressly provides for the possibility of sub-delegating some of the powers delegated to the Executive Committee to specialised committees created by it.

On December 20, 2024, the aforementioned Regulations of the Board of Directors were revised.

On 23 January 2023, the Executive Committee set up the following nine Committees to support its management activity: the Capital, Risk and Sustainability Committee, the Commercial and Product Committee, the Credit Committee, the Technology and Operational Efficiency Committee, the Costs and Investments Committee, the Internal Control Committee, the Security and Data Protection Committee, the Compliance Committee, the Human Resources and Social Responsibility Committee.

With regard to the management of the relationship with CTT, under the contracts signed between CTT and the Bank, on which the respective CTT/Bank contracting model is based, there are three discussion forums external to the Bank and created in the context of these contracts, referring to matters of plurality of employers, the availability of resources within the Retail Network and the CTT Channel partnership, and also the provision of services, namely the Business Coordination Committee, the Shared Services Committee and the Partnership Governance Committee.

As at 31 December 2024, the existing Committee structure, both in terms of the Bank's Executive Committee and regarding governance of the partnership with CTT, was as follows:

Committees supporting the Executive Committee	Committees governing the partnership with CTT
Capital, Risk and Sustainability Committee	Partnership Governance Committee
Commercial and Product Committee	Business Coordination Committee
Credit Committee	Shared Services Committee
Technology and Operational Efficiency Committee	
Costs and Investments Committee	
Internal Control Committee	
Human Resources and Social Responsibility Committee	
Security and Data Protection Committee	
Compliance Committee	

The Bank also has a Remuneration Committee, created and appointed by the Board of Directors, whose composition and powers are presented in section D. II. below.

During 2024, the Board of Directors met 14 times.

III. Oversight

In accordance with the Bank's Articles of Association, the Audit Committee is composed of 3 non-executive directors, one of whom is the respective Chairman, all elected in the General Meeting (for the 2022/2024 term of office), together with the other directors, and the lists proposed for the composition of the Board of Directors must list the members intended to form the Audit Committee and indicate the respective Chairman. The General Assembly may appoint an alternate member to replace any full member who is permanently impeded or has ceased functions.

By unanimous resolution taken in writing on 5 December 2022, the then sole shareholder elected, from among the members of the Board of Directors, an Audit Committee, composed of three independent non-executive members, to perform duties in the three-year period 2022/2024, namely:

Members	Position
João Manuel de Matos Loureiro	Chairman
Ana Maria Machado Fernandes	Member
António Domingues	Member

By letter issued on 23 March 2023, with effect from 30 April 2023, António Domingues resigned as a member of the Audit Committee that he had been holding at the Bank.

To replace the resigning member, by resolution of the sole shareholder (at the time) passed on 21 December 2023, Maria Rita Mégre de Sousa Coutinho was elected as a member of the Audit Committee, to take up office on 2 January 2024. The Audit Committee is currently composed of the following members:

Members	Position
João Manuel de Matos Loureiro	Chairman
Ana Maria Machado Fernandes	Member
Maria Rita Mégre de Sousa Coutinho	Member

All such members are independent within the meaning of paragraph 5 of Article 414 of the CSC, applicable by reference to paragraph 3 of Article 31-A of the RGICSF, have a university degree appropriate to the exercise of their duties and other qualifications and, as a whole, the experience required by law, as well as by the Articles of Association and the Bank's Selection Policy, with at least one of its members having knowledge of accounting.

The following main powers established by the law, the Articles of Association and the respective Rules of Procedure, in force on 31 December 2024, were assigned to the Audit Committee:

a) Monitoring and supervising the activities of the Board of Directors;
b) Overseeing compliance with legal and statutory rules;
c) Promoting an organisational culture based on high standards of ethical requirements, ensuring the promotion of sound and prudent management;
d) Issue a prior opinion on the Organisational Structure Model, the Code of Ethics, the Code of Conduct, as well as on the Policies and internal regulations that develop and

implement them, and on all the Bank's Policies, overseeing their proper implementation in the institution and their periodic review;

e) Monitoring and ensuring the soundness and effectiveness of the risk management system, the internal control and compliance management system and the Internal Audit Function of the Bank and the Group in particular, and monitoring the Bank's risk strategy and risk appetite;

f) Carry out control actions that focus on the organisational culture and the governance and internal control systems of the Bank and its subsidiaries, within its legal and regulatory competences;

g) Being informed and taking account of the communications of irregularities presented, namely through the Ethics Channel, and participate in or accompany the decisions taken by the Ethics Forum concerning the same;

h) Monitor and analyse the Banco CTT Group's sustainability strategy, namely through the assessment of the Policy that implements it and the Sustainability Report, the monitoring of the evolution of the Sustainability Initiatives Plan and the supervision of the management of climate and environmental risks;

i) Monitoring and supervising the preparation and disclosure of financial information, including the conformity and accuracy of the financial reporting books, records and documents and other accounting documentation, as well as making recommendations to ensure their integrity;

j) Supervising the evolution of relevant financial indicators and significant exposure to risks (especially of a financial, compliance, operational, climate and environmental nature and associated with information and communication technologies) or contingent liabilities;

k) Supervising the Statutory Auditor's or Statutory Auditor Firms activities, as the case may be, regarding the Bank's financial reporting documents and supervising its independence.

Under these powers, the Audit Committee is particularly responsible for:

a) Assessing the appointment, replacement, dismissal and remuneration of those responsible for the Compliance, Risk Management and Internal Audit functions of the Bank and the Group and participating in the respective performance evaluation process, as applicable;

b) Overseeing the implementation of the Bank's strategic objectives, the strategy on risk and internal governance and, at least annually, assessing their efficacy;

c) Supervising the policy and processes of identification, management, control and communication of risks of the Bank and the Banco CTT Group;

d) Annually assessing and issuing an opinion on the adequacy and efficiency of the organisational culture and the governance and internal control systems of the Bank and the Banco CTT Group, the quality of the performance and adequate independence of the Control Functions, as well as the coherence between the internal control systems of the Bank and its subsidiaries;

e) Monitoring the integrity of the accounting and financial information systems, including financial and operational control and compliance with the laws and regulations applicable to the Bank and the Banco CTT Group, and supervising the process of disclosing and fulfilling the Bank's reporting obligations to Banco de Portugal;

f) Assessing whether the accounting policies and procedures and valuation criteria adopted by the Bank and the Banco CTT Group are consistent with generally accepted accounting principles and appropriate to the correct presentation and assessment of their assets, responsibilities and results;

g) Supervising compliance with and the correct application of the accounting principles and standards in force, the evolution of the relevant financial indicators and significant exposure to contingent risks or liabilities;

h) Preparing its annual activities report and issuing an opinion on the annual management report, the accounts for the financial year, both individual and consolidated, and the proposals submitted by the Board of Directors to the Annual General Meeting;
i) Selecting the Statutory Auditor/Statutory Audit Firm and proposing to the General Meeting its appointment and dismissal;
j) Verifying the appropriateness and giving prior approval to the provision of services other than audit services by the Statutory Auditor/Statutory Audit Firm to the Bank, as well as to the entities under its control and their parent companies identified as Public Interest Entities, and assessing the annual communication that the Statutory Auditor/Statutory Audit Firm makes on this matter; and,
k) Monitoring and supervising the statutory audit of the individual and consolidated annual accounts, namely its execution, and to assess the content of the statutory audit reports of the annual accounts and audit reports.

The Audit Committee, as a Supervisory Body, also assumes the functions of Risk Committee at Banco CTT, under the terms and for the purposes provided for in Article 115-L of the RGICSF, and is responsible for, in particular:

(a) Advising the Board of Directors on the Bank's risk appetite and general current and future risk strategy;
(b) Assisting the Board of Directors in overseeing the execution of the Bank's risk strategy by Senior Management;
(c) Analyse whether the conditions of the products and services offered to customers take into account the Bank's business model and risk strategy, under the terms of the Banco CTT Group's New Products and Partners Approval Policy, and submit a correction plan to the Board of Directors when this analysis shows that these conditions do not adequately reflect the risks;
(d) Examining whether the incentives set out in the Bank's remuneration policy(ies) take into account risk, capital, liquidity and earnings expectations, including revenue dates.

During 2024, the Audit Committee met 34 times.

IV. Statutory Auditor

By resolution passed by the then sole shareholder of the Company on 22 March 2024, Ernst & Young Audit & Associados – SROC, S.A. was re-elected as the Bank's statutory auditor firm for the new mandate corresponding to 2024/2026, with effect from 01 January 2024. ("EY"), Statutory Audit Firm no. 178, represented by Sílvia Maria Teixeira da Silva, Statutory Auditor no. 1636, and as Alternate Statutory Auditor for the Bank, Ana Rosa Ribeiro Salcedas Montes Pinto, Statutory Auditor no. 1230, who will be in office until 31 December 2024.

The rules to be followed in engaging audit services and non-audit services from the Statutory Auditor are set out in the Policy for the Selection, Appointment and Evaluation of Statutory Auditors (ROC) and Audit Firms (SROC) and for the engaging of services from the Statutory Auditor/Audit Firm ("Statutory Auditor Selection Policy"), in the wording approved by resolution of the shareholders of 20 February 2025, following the recommendation issued by Banco de Portugal expressed in the Circular Letter of 23 March 2020 (ref. CC/2020/00000020) and in line with the provisions of Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014, which determines the requirements applicable to statutory audits of public interest entities, in the Statute of the Chartered Accountants Association and in the Legal Framework for Audit Supervision.

In 2024, the following non-audit / additional services were contracted/provided to Banco CTT Group by EY:

- Limited review of Banco CTT's financial statements for the period ended on 30 June 2024;
- Assessment of the adequacy of the process of quantification of the impairment of the loan portfolio by the External Auditor, as well as the reporting procedures of Banco CTT and 321 Crédito, Instituição Financeira de Crédito, S.A. ("321 Crédito"), under the terms set forth in Instruction no. 5/2013 of Banco de Portugal, republished by Instruction no. 18/2018 of Banco de Portugal, with reference to June and December of each year of the audit mandate;
- Verification of the data sent by Banco CTT and 321 Crédito, for calculation of the 2024 ex-ante contribution to the Single Resolution Fund ("FUR"), with reference to 31 December 2022, prepared by Banco CTT on an individual basis and reported to Banco de Portugal on 31 January 2024;
- Additional to the limited review of Banco CTT's financial statements for the period ended on 30 June 2024;
- Supplementing the report assessing the adequacy of the process for quantifying the impairment of the loan portfolio by the External Auditor.

Under the terms of the Statutory Auditor Selection Policy, the Bank's Audit Committee is responsible for assessing requests to engage non-audit services from the Statutory Auditor, and their engagement is subject to the prior approval of that Body and conditioned, as applicable, to the prior approval by the Supervisory Bodies of its (their) parent company(ies) and the entity(ies) under its control that are Public Interest Entities, procedures that were adopted in the engaging of the non-audit services in 2024 indicated above.

The table below shows the values corresponding to the fees of EY for statutory audit, assurance, tax consultancy and non-audit services hired, accounted for and paid/invoiced in 2024, relative to Banco CTT and 321 Crédito, as entities that are fully part of the Group:

(amounts in euros)

	Engaged Services[1]		Accounted Services[2]		Paid Services[3]	
	Amount (€)	%	Amount (€)	%	Amount (€)	%
By the Company	**892,734**	**77.1%**	**320,430**	**76.5%**	**289,296**	**63.6%**
Value of the audit services	625,209	54.0%	211,778	50.6%	148,707	32.7%
Value of the reliability assurance services	257,685	22.2%	108,651	26.0%	130,749	28.7%
Value of the tax advisory services	-	0.0%	-	0.0%	-	0.0%
Value of non-audit services	9,840	0.8%	-	0.0%	9,840	2.2%
By entities that are part of the Group[4]	**265,803**	**22.9%**	**98,236**	**23.5%**	**165,514**	**36.4%**
Value of the audit services	208,239	18.0%	78,696	18.8%	128,368	28.2%
Value of the reliability assurance services	50,184	4.3%	19,540	4.7%	29,766	6.5%
Value of the tax advisory services	-	0.0%	-	0.0%	-	0.0%
Value of non-audit services	7,380	0.6%	-	0.0%	7,380	1.6%
TOTAL	**1,158,537**	**100.0%**	**418,665**	**100.0%**	**454,810**	**100.0%**
Value of the audit services	***833,448***	***71.9%***	***290,474***	***69.4%***	***277,075***	***60.9%***
Value of non-audit services	***325,089***	***28.1%***	***128,192***	***30.6%***	***177,735***	***39.1%***

[1] Includes VAT at the legal rate in force.
[2] Includes invoiced values and specialised values in the year.
[3] The paid services refer to services hired in 2024 as well as in previous years whose conditions of payment occurred in 2024.
[4] 321 Crédito.

C. Internal Organisation

I. Articles of Association

The definition of the Bank's Articles of Association (available on the Bank's website www.bancoctt.pt) and their amendment are entrusted to the General Meeting.

II. Reporting of irregularities

The RGICSF and the European Banking Authority (EBA) Guidelines on Internal Governance (EBA/GL/2021/05) require credit institutions to implement specific, independent and autonomous means to receive, process and file communications of serious irregularities related to their management, accounting organisation and internal oversight, as well as signs of serious breaches of duties related thereto, namely regarding conduct, professional secrecy, capital, risks or disclosure of information.

Consequently, section 5 of the Banco CTT Group's Code of Conduct provides for the existence of mechanisms for reporting irregularities in matters within the scope of the Bank's and its subsidiaries' activities, including violations of the values or ethical standards defined in the Code of Conduct, as well as any violations of the provisions of the Banco CTT Group's policies and manuals, involving shareholders, Employees, customers, suppliers or others, in accordance with the rules defined in the Whistleblowing Policy.

On 31 December 2024, the Bank had a Whistleblowing Policy, the purpose of which is to define the procedures for receiving, processing and archiving reports of irregularities received by Banco CTT Group entities, understood as acts and omissions, whether intentional or negligent, attributed to the conduct of Employees or members of the Management and Supervisory Bodies of Banco CTT Group entities, as well as third parties provided that they affect a person or entity of the Banco CTT Group, related to (i) the respective administration, accounting organisation and internal supervision which, in a serious manner, are likely to (a) violate duties provided for in the RGICSF or in Regulation (EU) 575/2013 of the European Parliament and of the Council; (b) tampering with accounting records, internal accounting controls or the auditing of such records and controls; (c) involving the Group, Governing Bodies or Employees in corruption, fraud or banking and financial crime, including insider trading; and (ii) any unethical or illicit conduct, including violation of the values or ethical standards defined in the Code of Conduct or the Code of Good Conduct for Preventing and Combating Harassment at Work, as well as any violations of the provisions of Banco CTT Group policies and manuals. In accordance with this Policy, any irregularities may be reported[1] by any member of the Governing Bodies and other Employees of the Banco CTT Group, and any interested third parties, namely shareholders, partners, suppliers, service providers or customers, may also report irregularities under the Policy, even if the professional relationship has ended in the meantime, through the "Conduct Channel". The Whistleblowing Model, through the Conduct Channel, guarantees the confidentiality of the communications received and the protection of the personal data of the whistleblower and suspect, pursuant to applicable legislation. On the other hand, the Group may not dismiss, threaten, suspend, reprimand, harass, withhold or suspend payments of salaries and/or benefits, or take any retaliatory action against anyone legally reporting an irregularity or providing any information or assistance in the investigation of the reports of irregularities presented and these reports may not in themselves serve as

[1] The reporting of irregularities may be carried out: (a) in writing, addressed to the Conduct Forum, using the registered office address of the respective entity; (b) hrough the form available in the "Conduct Channel" section on the Bank's website (https://www.bancoctt.pt/home/canal-conduta) and on the website of its branch; and (c) verbally, to the Compliance Function Officer of each of the entities.

grounds for any disciplinary, civil or criminal proceedings against the whistleblower, unless they are deliberate and manifestly unfounded.

Under the terms of the identified Policy, the Audit Committee delegated to the Compliance Department support functions related to the management of the Conduct Channel and to the Conduct Forum the processing of communications of irregularities in matters of its competence, being, in any case, that Supervisory Body responsible for the reception and registration of the reports, as well as the final decision regarding the filing the communications or adoption of other measures.

The Conduct Forum is composed of the Directors of Compliance, Internal Audit, Risk and a member of the Audit Committee, appointed by the latter, who chairs the Forum and has a quality vote. On 22 December 2022, the Audit Committee elected Ana Maria Machado Fernandes as the Member of the Audit Committee designated to integrate and chair the Conduct Forum.

The Whistleblowing Policy further establishes, without prejudice to other reporting duties established by law, that: (i) Members of the Management and Supervisory Bodies, as well as holders of qualifying holdings, of Banco CTT and subsidiaries must immediately report to the Bank of Portugal any serious irregularity of which they become aware related to the Bank's administration, accounting organisation and internal supervision and which is likely to place it in a situation of financial imbalance; and (ii) Employees in the areas responsible for control functions (internal audit, risk management and compliance) must report to the Audit Committee any serious irregularity of which they become aware relating to the Bank's administration, accounting organisation and internal supervision or indications of breach of the duties laid down in the RGICSF or in Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June, which could put the Bank in a situation of financial imbalance.

On 11 December 2024, the Audit Committee approved the Annual Report on Reporting of Irregularities to be submitted to Banco de Portugal under the terms and for the purposes of paragraph 7 of Article 116-AA of the RGICSF and Article 35 of Notice no. 3/2020 of Banco de Portugal, with reference to the period between 01 December 2023 and 30 November 2024. This Report describes the process of receiving and processing irregularities endorsed by Banco CTT, as well as the irregularities communicated in the reference period.

During the period in question, five complaints were received by the Conduct Channel, but the Conduct Forum concluded that there was no evidence to support the commission of irregularities in relation to three of the complaints submitted under the terms of the RGICSF, the European Banking Authority (EBA) Guidelines on Internal Governance (EBA/GL/2021/05), Notice 3/2020, the Bank's Code of Conduct, the aforementioned Whistleblowing Policy and other applicable regulations, with the remaining two complaints received being investigated.

III. Internal control and risk management

From the outset, Banco CTT's Management and Supervisory Bodies have attributed a structural importance to its internal control, risk management and internal audit systems. On this issue, please see the section above of this Annual Report entitled "Internal Control System" and "Risk Management".

The Board of Directors ensures the effectiveness of the internal control, risk management and internal audit systems, fomenting a culture of control throughout the organisation. The Audit Committee, as the Supervisory Body of Banco CTT, is responsible for supervising the effectiveness of these systems, in accordance with the terms described in the respective Internal Regulations.

In the context of the entry into force of Bank of Portugal Notice 3/2020 and Bank of Portugal Instruction 18/2020, a project was carried out to implement various measures at Group level with a view to complying with the requirements set out in these regulations, which involved the intervention of various areas of the Bank, in particular the Internal Control Functions, and was closely monitored by the Bank's management and supervisory bodies.

As this is a project promoted by the Group, the Bank, as the parent company, issued the necessary instructions to its subsidiaries to ensure compliance with the provisions of the aforementioned regulation, having continuously monitored the activities developed in order to ensure the consistency of the Group's internal control and corporate governance systems.

IV. Investor Support

Because it is not a listed company with shares listed for trading, Banco CTT does not have an investor support office.

The Bank's majority shareholder, CTT, as an issuer of shares admitted to trading on a regulated market, has an Investor Relations Office, whose mission is to ensure a solid and lasting two-way relationship between, on the one hand, shareholders, investors and research analysts, the Portuguese Securities Market Commission ("CMVM"), Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. and the capital markets in general and, on the other hand, the company and its Governing Bodies. To this end, CTT's Investor Relations Office: (i) Provides timely, clear and transparent information that enables us to understand the evolution of CTT's current reality in economic, financial and corporate governance terms; (ii) Acts as a gateway to the insights of analysts and investors; (iii) Benchmarks the Company's performance against other players in the sector. In addition, the Investor Relations Office ensures the proactive articulation of the company's strategy with investors and research analysts, and also that the company understands the perception that the markets have of it.

V. Website

Banco CTT's website address is as follows: www.bancoctt.pt.

D. Remuneration

I. Power to establish

Pursuant to the Bank's Articles of Association, the General Meeting or Remuneration Committee elected by the General Meeting are competent to determine the remunerations of Corporate Body members. At the General Meeting of 5 December 2022, it was resolved to establish a Selection and Remuneration Committee for the Bank.

The General Meeting and the Selection and Remuneration Committee are supported in the performance of their duties by the Remuneration Committee mentioned in section D.II. below.

II. Remuneration Committee

The Remuneration Committee, set up within the Board of Directors and whose term of office coincides with that of this Body (2022/2024), was appointed on 12 December 2022 and was made up of the following members:

Members	Position
João de Almada Moreira Rato	Chairman
António Pedro Ferreira Vaz da Silva	Member
Maria Rita Mégre de Sousa Coutinho	Member

As mentioned above, by letter issued on 2 May 2023, with effect from 30 June 2023, João de Almada Moreira Rato resigned from the positions of Chairman of the Board of Directors and of the Remuneration Committee that he had been holding at the Bank.

Also, by letter issued on 26 December 2023, with effect from 2 January 2024, Maria Rita Mégre de Sousa Coutinho resigned as a member of the Remuneration Committee.

On 2 February 2024, João Nuno de Sottomayor Pinto de Castello Branco and António Domingues were appointed Chairman and Member of the Remuneration Committee, respectively, by the Board of Directors.

As a result, the Remuneration Committee was composed as follows on 31 December 2024, which remains the same today:

Members	Position
João Nuno de Sottomayor Pinto de Castello Branco	Chairman
António Pedro Ferreira Vaz da Silva	Member
António Domingues	Member

In accordance with the provisions of its Internal Regulations, in force on 31 December 2024, and to date, the Remuneration Committee is responsible, among other duties, for:

- Preparing all decisions on remuneration matters, including decisions with implications in terms of the Bank's risks and risk management, sending: (i) To the General Meeting (without prejudice to the statutory right to delegate this to the

Selection and Remuneration Committee) the preparatory documents for decision-making on the remuneration of the members of the Governing Bodies[2]; (ii) To the Board of Directors (without prejudice to its delegation to the Executive Committee) the preparatory documents for decision-making on setting the remuneration of Relevant Employees.

- At least annually, analysing and assessing the remuneration policies applicable to the members of the Corporate Bodies and Relevant Employees and their implementation, in particular their effect on risk management, capital and liquidity of the institution, namely with the aim of verifying compliance with the remuneration policies and procedures adopted by the competent Corporate Body, ensuring that (i) they are effectively applied and comply with the legislation and regulations in force and that (ii) the attribution and payment of remuneration are adequate, prevent the existence of conflicts of interest and that the risk profile and long-term objectives of the institution are adequately reflected;
- At least annually, the remuneration policies and remuneration practices applicable to Employees involved in the marketing or provision of banking products and services to consumers should be analysed and assessed, namely to verify how the gender neutrality of the remuneration policy is guaranteed and to ensure that the remuneration policies do not prevent employees from acting in an honest, loyal, transparent and professional manner, taking into account the rights and interests of consumers;
- At least annually, carry out a centralised and independent internal analysis and assessment of the implementation of the Banco CTT Group Remuneration Policy, in articulation with the Risk Management, Compliance and Internal Audit functions and, if applicable, with the Corporate Bodies and other structural units of each of the Banco CTT Group's subsidiaries, including the respective control functions, which shall provide all information requested by the Remuneration Committee, whenever it deems necessary or convenient for the proper performance of its duties, with the purpose of verifying compliance with the remuneration policies and procedures adopted by Banco CTT Group;
- Prepare or appraise, as applicable, proposals and recommendations to the competent Bodies regarding the definition, calculation and payment of the fixed and variable remuneration and other benefits of the members of the Corporate Bodies and Relevant Employees in accordance with the remuneration policies and the legislation and regulations in force; and,
- Preparing and submitting to the competent Governing Bodies or assessing, as applicable, the performance evaluation model(s) related to the variable component of remuneration and proposals as to the appraisal of the achievement of objectives in the light of said model(s).

During 2024, the Remuneration Committee met 4 times.

2 During 2024, no proposals or recommendations were made regarding the fixed component of the remuneration of members of the Governing Bodies.

III. Remuneration disclosure

The following tables indicate the gross remuneration amounts due, by reference to the period from 1 January to 31 December 2024, to the members of the Board of Directors and the Audit Committee, in an aggregated and individual manner:

Remuneration of the non-executive members of the Board of Directors and Audit Committee

(amounts in euros)

Members	Position	Fixed Remuneration (1)
João Manuel de Matos Loureiro	Non-Executive Director and Chairman of the Audit Committee	100,000.04
Ana Maria Machado Fernandes	Non-Executive Director and Member of the Audit Committee	74,999.96
Maria Rita Mégre de Sousa Coutinho (2)	Non-Executive Director and Member of the Audit Committee	74,999.96
Total of the Audit Committee		**249,999.96**
João Nuno de Sottomayor Pinto de Castello Branco (3)	Chairman of the Board of Directors and of the Remuneration Committee	201,366.12
António Pedro Ferreira Vaz da Silva	Non-Executive Director	No remuneration paid by the Bank
Guy Patrick Guimarães de Goyri Pacheco	Non-Executive Director	No remuneration paid by the Bank
António Domingues (4)	Non-Executive Director and Member of the Remuneration Committee	65,000.04
Pedro Luís Francisco Carvalho (5)	Non-Executive Director	No remuneration paid by the Bank
Total of the Non-Executive Directors who are not part of the Audit Committee		**266,366.16**
Total of the Non-Executive Directors		**516,366.12**

(1) Amount of fixed remuneration of the Non-Executive Directors and members of the Audit Committee, who do not earn any variable remuneration in accordance with the Remuneration Policy in force as at 31 December 2024.
(2) Took office as a member of the Audit Committee on 02 January 2024.
(3) He took office, both on the Board of Directors and on the Remuneration Committee, on February 1, 2024.
(4) Took office as a member of the Remuneration Committee on 02 February 2024.
(5) Took office as a member of the Board of Directors on 29 November 2024.

Remuneration of Executive Committee members in 2024

(amounts in euros)

Members	Fixed Remuneration (1)	Short-term variable remuneration paid in 2024 (2)	Total Variable Remuneration awarded in 2024 (2)	Total Fixed Remuneration 2024 and Variable 2023 paid in 2024	Total Remuneration awarded in 2024
Chairman of the Executive Committee (CEO)	390,648.20	37,660.00	75,320.00	428,308.20	465,968.20
Member of the Executive Committee (CCO)	257,113.70	26,900.00	53,800.00	284,013.70	310,913.70
Member of the Executive Committee (CFO)	254,933.78	26,825.00	53,650.00	281,758.78	308,583.78
Member of the Executive Committee (CIO)	227,483.26	23,408.00	46,816.00	250,891.26	274,299.26
Member of the Executive Committee (CRO)	225,246.46	10,835.00	21,670.00	236,081.46	246,916.46
	1,355,425.40	**125,628.00**	**251,256.00**	**1,481,053.40**	**1,606,681.40**

(1) Includes fixed basic remuneration, amount for annual meal allowance and, when applicable, the fixed amount paid monthly for allocation to a Retirement Savings Plan (PPR), health insurance, life insurance and personal accident insurance (including travel) and amount of payment in kind relative to permanent vehicle use.
(2) Variable Remuneration relative to 2023. Variable Remuneration is monetary and is not paid through shares, equity-indexed instruments or others

Deferred remuneration

(amounts in euros)

	Total amount of deferred remuneration awarded for prior performance periods.	Of which due to the acquisition of rights in the financial year	Whose rights are acquired in subsequent financial years	Amount of the performance-related adjustment applied in the financial year in respect of deferred remuneration that became vested in the financial year	Amount of the performance-based adjustment applied in the financial year in respect of deferred remuneration that has vested in future performance years	Total amount of adjustment during the financial year due to ex-post implicit adjustments (i.e. changes in the value of deferred remuneration due to changes in instrument prices)	Total amount of deferred remuneration awarded before the financial year actually paid in the financial year	Total amount of deferred remuneration awarded for the previous performance period that has vested but is subject to retention periods.
Chairman of the Executive Committee (CEO)	422,212.00	146,910.17	275,301.83	-	-	-	146,910.17	237,641.83
Member of the Executive Committee (CCO)	191,223.33	62,240.00	128,983.33	-	-	-	62,240.00	102,083.33
Member of the Executive Committee (CFO)	191,148.33	62,240.00	128,908.33	-	-	-	62,240.00	102,083.33
Member of the Executive Committee (COO)	167,804.00	55,006.00	112,798.00	-	-	-	55,006.00	89,390.00
Member of the Executive Committee (CRO)	66,686.22	23,183.90	43,502.32	-	-	-	23,183.90	32,667.32
	1,039,073.89	**349,580.07**	**689,493.82**	**-**	**-**	**-**	**349,580.07**	**563,865.82**

Variable Remuneration is monetary and is not paid through shares, equity-indexed instruments or others.

In 2024 there is no deferred remuneration subject to reduction as a result of adjustments made according to the individual performance of Executive Committee members.

Additionally, in the performance evaluation cycle for 2024, the Variable Remuneration of the members of the Executive Committee has a Long-Term component for the 2023/2025 triennium, with the attribution occurring in 2026, with payments from that year onwards, subject to compliance with the provisions of the Remuneration Policy and the respective Performance Evaluation Model in force on 31 December 2024.

No compensation was paid or became payable to members of the Bank's Executive Committee related to the termination of their office during the financial year of 2024.

Remuneration of Relevant Employees in 2024

The gross remuneration amounts due, by reference to the period between 1 January and 31 December 2024, to Relevant Employees, as defined in the Remuneration Policy and respective Performance Evaluation Model in force at 31 December 2024 (whose universe comprised 22 Relevant Employees of the Bank), amounted, in aggregate terms, to 2,136,616.36 euros. The distribution of this remuneration was as follows:

(amounts in euros)

Relevant Employees (1)	Fixed Remuneration (2)	Variable Remuneration paid in 2024 (3	Total Fixed Remuneration 2024 and Variable Remuneration 2023 awarded and paid in 2024
A – Risk-Taking Officers and Control Officers (3 employees)	261,960.86	44,832.83	306,793.69
B – Top Management Employees with commercial functions (5 employees)	490,314.00	99,834.97	590,148.97
C – Top Management employees with support functions (13 employees) (a))	1,016,126.50	189,914.71	1,206,041.21
D – Employees with Management Responsibility in Control Functions (1 employee) (b)	39,830.19	-	39,830.19
Total Relevant Employees	**1,808,231.55**	**334,582.51**	**2,142,814.06**

(a) Includes one Relevant Employee who left in June, one who joined in May, one who joined in June, and one who joined in August.
(b) Includes a Relevant Employee who started in January 2024 and left in November 2024.
(1) For the purpose of defining Relevant Employees, the employees identified under the "process of identification of Relevant Employees" set out in the Remuneration Policy were considered.
(2) Includes fixed basic remuneration relative to the annual meal allowance and, when applicable, amount of payment in kind derived from permanent vehicle use, and health insurance from the appointment date.
(3) Variable Remuneration relative to 2023. Variable Remuneration is monetary and is not paid through shares, equity-indexed instruments or others.

Deferred remuneration

(amounts in euros)

Members	Total amount of deferred remuneration awarded for prior performance periods.	Of which due to the acquisition of rights in the financial year	Whose rights are acquired in subsequent financial years	Amount of the performance-related adjustment applied in the financial year in respect of deferred remuneration that became vested in the financial year	Amount of the performance-based adjustment applied in the financial year in respect of deferred remuneration that has vested in future performance years	Total amount of adjustment during the financial year due to ex-post implicit adjustments (i.e. changes in the value of deferred remuneration due to changes in instrument prices)	Total amount of deferred remuneration awarded before the financial year actually paid in the financial year	Total amount of deferred remuneration awarded for the previous performance period that has vested but is subject to retention periods.
A – Risk-Taking Officers and Control Officers (3 employees)	16,546.41	10,704.31	5,842.09	-	-	-	10,704.31	5,842.09
B – Top Management Employees with commercial functions (5 employees)	35,365.88	20,114.05	15,251.83	-	-	-	20,114.05	15,251.83
C – Top Management employees with support functions (13 employees) (a)	82,571.08	55,795.82	26,775.26	-	-	-	55,795.82	26,775.26
D – Employees with Management Responsibility in Control Functions (1 employee) (b)	-	-	-	-	-	-	-	-
	134,483.37	**86,614.18**	**47,869.19**	**-**	**-**	**-**	**86,614.18**	**47,869.19**

(a) Includes one Relevant Employee who left in June, one who joined in May, one who joined in June, and one who joined in August.
(b) Includes a Relevant Employee who started in January 2024 and left in November 2024.

Variable Remuneration is monetary and is not paid through shares, equity-indexed instruments or others.

With regard to the 2023 assessment cycle, the competent bodies approved the non-deferral of the variable remuneration of Relevant Employees.

In 2024 there is no deferred remuneration subject to reduction as a result of adjustments made according to the individual performance of Relevant Employees.

In 2024 there were no payments due to early termination of employment contract relative to Relevant Employees.

During 2024, the Banco CTT Group hired the services of the consultancy firm Korn Ferry to prepare a study for the "Organisational Framework and Compensation Diagnosis" of all Employees, with the results to be presented in 2025.

IV. Agreements with remuneration implications

According to the Remuneration Policy, the award of variable remuneration to executive members of the Board of Directors and to Relevant Employees depends on prior written commitment by its beneficiary that this person will refrain from entering into risk hedging or risk transfer agreements in relation to any deferred portion that may minimise the risk alignment effects inherent to the framework that applies to the referenced remuneration component or through the payment of the variable remuneration component through special purpose vehicles or other similar methods.

V. Share allocation or stock option plans

Also in accordance with the Remuneration Policy, defined, namely, according to the nature, scope and complexity of the Bank's activity, the variable remuneration of the executive members of the Board of Directors and Relevant Employees may be paid in monetary value and/or in the form of non-monetary benefits, namely through flexible benefits, and it is up to the competent bodies to define the method (or combination of methods, as applicable) for each period in question, without prejudice to the fact that until all or part of the variable remuneration is paid, an alternative model in this area defined by the competent Bodies may be implemented on the Bank's sole initiative, in the sense that the variable remuneration may be paid in financial instruments and subject to a retention policy.

E. Transactions with related parties

I. Control mechanisms and procedures

According to the Banco CTT Group's Policy on Transactions with Related Parties, the area responsible for the process sends the Compliance Function and the Risk Management Function all the information necessary to prepare an opinion on the transaction, to be issued by the Compliance Function of the Group entity in question, containing an assessment of the actual or potential risks associated with the product/service to be transacted.

The Audit Committee then assesses the proposed Related Party Transaction, taking into account the principles defined in the Policy, issues its opinion and informs the Board of Directors of its conclusions on carrying out the transaction under consideration.

After obtaining the prior opinions of the Risk Management and Compliance Functions and the Supervisory Body, the Board of Directors decides whether to carry out the Related Party Transaction, which must be approved by a minimum of two thirds of its members.

Without prejudice to the above, less relevant transactions do not require the prior assessment and approval of the Audit Committee and the Board of Directors, respectively, and are thus considered to be those with an annual aggregate value of 75,000 euros or less with the same Related Party, except in the case of transactions provided for in Articles 85 or 109 of the RGICSF (credit to members of the Governing Bodies or to holders of qualifying holdings), and provided that they comply with the simplified procedure described in the Policy, i.e., provided that (i) they fall within the scope of a prior aggregate authorisation, assessed by the Audit Committee and approved by the Board of Directors, reviewed at least quarterly, specifying the specific conditions under which such transactions may be carried out, namely the restricted limits within which, with reference to the market conditions applicable to other customers, the carrying out of the transactions covered is admissible, namely, in terms of pricing, amount, risk level, term and guarantees required; (ii) they are approved by the Executive Committee, after prior favourable opinion by the Risk Management and Compliance Functions, which must in particular verify and validate compliance with the criteria on which the simplified procedure depends, as set out in the approved Model containing the aggregate authorisation indicated in the previous point; and (iii) the Risk Management and Compliance functions submit, on a quarterly basis, to the Audit Committee and the Board of Directors, a complete list of the Transactions with Related Parties that have been the subject of procedures without their prior assessment, indicating whether or not they have been approved, so that those Bodies are aware of them.

The procedures set out in the Banco CTT Group's Related Party Transactions Policy apply:

- Transactions with Related Parties, understood as such, under the terms of the Banco CTT Group Policy on Transactions with Related Parties (which refers to the provisions in IAS 24, in the RGICSF and in Banco de Portugal Notice 3/2020): (i) the holders of a qualified holding in the Institution and other persons or entities covered by the regime provided for in Article 109 of the RGICSF; (ii) the members of the Administrative and Supervisory Bodies; (iii) the spouse, unmarried partner, relative or related in the 1st degree of the members of the Administrative Bodies and of Supervision; (iv) the company in which any member of the Administrative or Surveillance Authority, or his or her spouse, unmarried partner, relative or related in the first degree, holds a qualifying holding equal to or greater than 10% of the capital or voting rights, or in which those persons exercise influence significant or senior management positions or administrative or supervisory functions; (v) the entities in relation to which there is a relationship of economic interdependence, namely due to their insertion in a cross-shareholding relationship with several other entities or which, because they are in such a way linked to the institution, in the event that one of them encounters financial problems, the institution will also have financial difficulties; (vi) persons or entities, including, in particular, depositors, creditors, debtors, entities owned by the institution, employees of the institution or employees of other entities belonging to the same group, whose relationship with the institution potentially allows them to influence their management, in order to achieve a commercial relationship outside normal market conditions. Other entities (other than companies) in which a member of the Board of Directors or the Authority, or his or her spouse, unmarried partner, relative or similar in the first degree holds a qualifying holding equal to or greater than 10% of the capital or of the voting rights, or in which these persons exercise significant influence or hold senior management positions or administrative or supervisory functions. For the purposes of the Related Party concept, the provisions of IAS 24 – no. 9, item a), paragraph iii) should also be taken into consideration: a "related party" is a person or entity related to the entity that is preparing its financial statements: (a) A person or a close family member is related to an entity if: (i) it has control or joint control of the entity; (ii) it has significant influence over the entity; or (iii) is a member of the key management staff of the entity or of a parent company of that entity. (b) An entity is related to another if any of the following conditions are met: (i) the entities are members of the same group (which implies that parent companies, subsidiary and fellow subsidiaries are related to each other); (ii) one entity is an associate or joint venture of the other entity (or is an associate or joint venture of a member of a group to which the other entity belongs); (iii) both entities are joint ventures of the same third party; (iv) one entity represents a joint venture of the third entity and the other entity is an associate of the third entity (v) the entity is a post-employment benefit plan for the employees of the other entity or a related entity (if an entity is itself such a plan, the sponsoring employers are also related to the entity); (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management staff of the entity (or a parent company of the entity). (viii) the entity, or any member of a group of which it is part, provides key management staff services to the reporting entity or its parent company.

- Transactions to be entered into with members of the Management Bodies of the entities belonging to the Group or with their Related Parties (or other persons or entities that may be considered as intermediaries), regardless of their value, under the terms and for the purposes of Articles 397 and 423 I-H of the Commercial Companies Code.

For the purposes of applying the Policy, a Related Party Transaction is not considered to be a transaction arising from the regular operation of the business, formalised by means of a standardised adhesion contract, which is not subject to negotiation or material alteration and which is entered into under normal market conditions, such as opening an account, setting up term deposits, the use of credit cards or overdraft facilities associated with the deposit account, making payment transactions (such as transfers) or making financial investments or taking out capitalisation insurance (Standardised Transaction), nor the conclusion of mortgage loan contracts with Employees of the Banco CTT Group, within the scope of the social policy in force. Transactions in which, although entered into between Related Parties, constitute an amendment or addition to others that have already been previously approved and in which the only modification results from the change in the contracted price by mere application of the update of the consumer price index or the update index of the national minimum wage, are also excluded from the application of the Policy. as well as transactions in which multiple entities of the Group are involved with one or more common counterparties, provided that the criterion for sharing costs or income inherent to that contract is based on the unit price, with the final value of the transaction calculated according to the consumption or production of each entity.

II. Elements relating to business or Transactions with Related Parties

The relevant transactions with related parties are described in Note 30 (Transactions with related parties) attached to the consolidated financial statements and in Note 31 (Transactions with related parties) attached to the individual financial statements included in the Annual Report.

Annex I

Transactions involving CTT shares in 2024

Details of transactions by Directors and closely related parties during 2024, as disclosed to the Company.

António Pedro Ferreira Vaz da Silva				
Transaction type	**Place**	**Unit price (€)**	**Quantity**	**Transaction date**
Acquisition	XLIS	4.38	8,746	10.05.2024

Guy Patrick Guimarães de Goyri Pacheco				
Transaction type	**Place**	**Unit price (€)**	**Quantity**	**Transaction date**
Acquisition	Outside a trading platform	0.00 - Acquisition as long-term variable remuneration, with the closing price on Euronext Lisbon on the payment date being €4.38	11,661	10.05.2024

António Domingues				
Transaction type	**Place**	**Unit price (€)**	**Quantity**	**Transaction date**
Divestment	XLIS	4.42	10,000	03.05.2024

bsustainable

IV Sustainability Statement

Table of Contents

A. General information

General disclosures [ESRS 2]

General basis for preparation of the sustainability statement [ESRS 2.BP-1]

In accordance with the requirements established by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council, Banco CTT Group presents this Sustainability Statement ("Sustainability Report"). This document reflects the Group's commitment to transparency and disclosure of its environmental, social and governance (ESG) practices and impacts, as required by the standards of the European Sustainability Reporting Standard (ESRS).

The Banco CTT Group's sustainability statements are prepared on a consolidated basis – for the financial reporting period from January 1 to December 31, 2024 – and correspond to the same scope of consolidation as the financial statements.

This report covers the Group's activities in Portugal, encompassing its operations and the value chain (upstream and downstream), as required by Delegated Regulation (EU) 2023/2772. The information disclosed follows the principles of double materiality analysis, ensuring that both the Group's impacts on the environment and society and the financial risks and opportunities arising from sustainability are duly considered.

Pursuant to Article 19-A(9) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, 321 Crédito is a subsidiary company exempt from individual sustainability reporting.

The Banco CTT Group will not omit specific elements of information corresponding to intellectual property, know-how or innovation results.

The exemption from disclosure of imminent facts or matters in the course of negotiation – within the scope of Article 19-A(3) and Article 29-A(3) of Directive 2013/34/EU – is not applicable to the Banco CTT Group.

Disclosures in relation to specific circumstances [ESRS 2.BP-2]

The Banco CTT Group adopts the definitions of short, medium and long term for reporting purposes, as prescribed in ESRS 1, section 6.4. In detail, the short-term time horizon is the period adopted by the Group as the reporting period in the financial statements (up to one year), while the long-term time horizon is above five years.

The metrics presented in this report do not include downstream and/or upstream value chain data that have been estimated using indirect sources, such as average sector data or other approximations.

In the following chapters, some quantitative metrics or monetary amounts are estimated and are subject to a significant level of measurement uncertainty. However, in the case of estimation, the methodology applied is described in connection with the relevant disclosure requirement.

As this is Banco CTT Group's first sustainability report, there have been no changes in the preparation and presentation of sustainability information compared to the previous reporting period(s), nor have there been any material errors in the disclosures made in the previous period.

This document reports information by reference to sources external to the sustainability statement of, which are included in the Integrated Report, namely the datapoints: ESRS 2 GOV-1 20 (c); and ESRS S1-6 50 (f).

Appendix C ("List of phased-in disclosure requirements") of Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards sets out the provisions that should be phased in with regard to disclosure requirements or data points of disclosure requirements in ESRS that may be omitted or are not applicable in the first year(s) of preparing sustainability statements under ESRS. In accordance with the provisions of Appendix C, and taking into account that the Banco CTT Group does not exceed the average number of 750 employees, in the years 2023 and 2024, the Group will omit some information, as explained in ESRS 2.IRO-2, where the following stand out:

- Financial effects under paragraph 48(e) of the ESRS2 SBM-3 standard;
- Scope 3 gross GHG emissions from disclosure requirement E1-6;
- Antecipated financial effects of physical and transition material risks, as well as potential climate-related opportunities concerning the disclosure requirement E1-9;
- Disclosure requirements of ESRS S1 (S1-7: Characteristics of non-employee workers in the undertaking's own workforce; S1-11: Social protection; S1-14: Health and safety and S1-15: Work-life balance);
- all the material disclosure requirements of the ESRS S4 standard.

Without prejudice to the existence of initiatives detailed throughout this document, the Banco CTT Group does not have specific policies and objectives, measures to mitigate negative or potential impacts, or relevant metric data on the issues identified as material in standards S4, S1-7, S1-11, S1-14 and S1-15.

Role of the administrative, management and supervisory bodies [ESRS 2.GOV-1]

Banco CTT's management and supervisory bodies are made up as follows:

Members	Board of Directors	Executive Committee	Audit Committee
João Nuno de Sottomayor Pinto de Castello Branco	Chairman (1)		
Luís Maria França de Castro Pereira Coutinho	Member	Chairman (CEO)	
João Maria de Magalhães Barros de Mello Franco	Member	Member (CCO)	
Pedro Rui Fontela Coimbra	Member	Member (CFO)	
Nuno Carlos Dias dos Santos Fórneas	Member	Member (CIO)	
Luís Jorge de Sousa Uva Patrício Paúl	Member	Member (CRO)	
João Manuel de Matos Loureiro	Member (1)		Chairman
Ana Maria Machado Fernandes	Member (1)		Member
Maria Rita Mégre de Sousa Coutinho	Member (1)		Member
António Pedro Ferreira Vaz da Silva	Member		
Guy Patrick Guimarães de Goyri Pacheco	Member		
António Domingues	Member (1)		
Pedro Luís Francisco Carvalho	Member		

(1) Independent directors on the Board of Directors

The Board of Directors is made up of nine executive members and four non-executive members, with the male and female percentages on the Board of Directors being 85% and 15% and on the Audit Committee 33% and 67%.

In terms of sustainability, the Board of Directors is responsible for: (i) Approving the Sustainability Policy, ensuring that it is aligned with the Group's strategic objectives, culture and values, as well as with the regulations and recommendations of the regulatory bodies in terms of sustainability; (ii) Approving the Sustainability Report; (iii) Monitoring the implementation of the Sustainability Initiatives Plan (SIP) by reporting on progress.

The Audit Committee, which is responsible for monitoring and critically assessing the Group's sustainability strategy, has the following fundamental functions: (i) to assess the Sustainability Policy, as well as any changes to it; (ii) assess the Sustainability Report; (iii) take note of the SIP progress report.

The Executive Committee is responsible for: (i) approving the SIP; (ii) monitoring the implementation of the SIP by reporting on progress.

In 2024, the members of the Board of Directors and the Audit Committee, as well as the Controlling Function Holders undertook the training "Sustainability and Climate Risk in the Financial Sector", provided by *Instituto de Formação Bancária* (IFB).

The governance model includes the Capital, Risk and Sustainability Committee (CCRS), which is responsible for: (i) assisting the Executive Committee in integrating sustainability principles (environmental, social and governance) into the institution's decision-making and management processes; (ii) analysing and approving the initiatives needed to implement the actions defined to materialize the strategic sustainability pillars in force, as well as other changes or adaptations needed to meet the defined objectives; (iii) following up and monitoring the progress of the SIP, as well as the level of compliance with the respective deadlines, budgets and the evolution of the results achieved.

With regard to the process of identifying and assessing Impacts, Risks and Opportunities (IROs), the Board of Directors and the Audit Committee took note of the methodology and results of the double materiality analysis. As described in detail in the topic 'Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1]' some members of the Board of Directors participated as experts in the identification and assessment of IROs. At present, there are no targets related to material impacts, risks or opportunities. However, when they exist, they will be approved by the Board of Directors and progress towards achieving them will be discussed and monitored by the CCRS.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [ESRS 2.GOV-2]

The Board of Directors is responsible for defining the Banco CTT Group's sustainability strategy, namely by approving the Policy, which establishes the principles and objectives of action, and the Sustainability Report, monitoring the implementation of the SIP and managing and responding to climate and environmental risks.

The Audit Committee is responsible for monitoring and analysing the Banco CTT Group's sustainability strategy, namely through the assessment of the Policy that implements it and the Sustainability Report, monitoring the evolution of the SIP and supervising the management of climate and environmental risks.

One of the responsibilities of the CCRS is to establish and oversee initiatives that ensure the effective implementation of a sustainability framework.

The GAR (Green Asset Ratio) metric included in the RAS (Risk Appetite Statement) is calculated and presented quarterly to the CCRS, Board of Directors and Audit Committee as part of regular risk monitoring. Metrics related to sustainability commitments are collected and presented in CCRS on a quarterly basis.

The methodology and findings of the double materiality analysis were reviewed and evaluated by the CCRS and subsequently presented to the Board of Directors and the Audit Committee before the issuance of the sustainability report. Thus, all the material impacts, risks and opportunities detailed in ESRS 2.SBM-3 were discussed by the members of these bodies.

The Banco CTT Group carried out its first double materiality assessment in 2024, so the process of identifying, assessing and managing IROs is gradually being incorporated into the Group's management processes.

Integration of sustainability-related performance in incentive schemes [ESRS 2.GOV-3]

The remuneration of the members of the Audit Committee and non-executive members of the Board of Directors includes only a fixed component, which does not depend on or relate in any way to the Group's performance or results. The remuneration of members of the Executive Committee or Directors with day-to-day management duties includes a variable component set according to measurable and predetermined criteria, assumptions and limits established in the performance assessment model.

Currently, there are performance indicators related to sustainability issues that influence the evaluation and incentive scheme for members of the Executive Board. Long-term variable remuneration includes the performance of the Sustainability Indicator, which deals with the development of the roadmap for this issue. In addition, it is verified that the performance evaluation of these members of the Executive Committee highlights the fulfilment of corporate objectives, provided for in the Remuneration Policy. The performance of the "corporate RAS" indicator is included in the calculation of the fulfilment of these objectives. The "Corporate RAS" indicator is calculated based on the RAS and the Group's Recovery Plan, measuring the level of compliance with the predefined risk metric limits over a specified period, typically a calendar year. Part of sustainability matters are incorporated into the GAR (Green Asset Ratio) metric, which forms part of the RAS for the Banco CTT Group.

The variable remuneration models currently in force do not allow the percentage of variable remuneration dependent on objectives and/or impacts related to sustainability to be calculated.

The Group's Remuneration Policy is approved by the Board of Directors on matters relating to Employees and is approved by the Selection and Remuneration Committee for members of the corporate bodies. The performance assessment models, and corresponding incentives are approved by the Board of Directors.

Statement on due diligence [ESRS 2.GOV-4]

Information on the due diligence process for the sustainability statement is provided in the following table:

Essential elements of the Due Diligence	Points of the sustainability statement
Integrating due diligence into governance, strategy and the business model	GOV-2 SBM-1 SBM-3
Dialogue with affected stakeholders at all key stages of due diligence	SBM-2 IRO-1
Identify and assess negative impacts	SBM-3 IRO-1
Take measures to respond to negative impacts	E1-1, E1-3 S1-1, S1-4 G1-1, G1-3
Monitor the effectiveness of the response to negative impacts and communicate to stakeholders	E1-4, S1-5

Risk management and internal controls for sustainability reporting [ESRS 2.GOV-5]

As with the preparation of other reports, sustainability reporting is subject to operational risks of incompleteness or inaccuracy, error or failure, including possible errors in internal processes and systems, poor data quality or human error.

The risks listed are mitigated through the following measures: a) review process by various interlocutors, from different areas of the organisation, in order to identify possible inconsistencies or gaps in information; b) training and qualification of the elements that participate in the preparation of the document; and c) external and independent review that verifies the compliance of the content with the applicable regulations.

The risk management and internal controls of the sustainability report are ensured by the Risk Department, through an independent review by the head of the Department, after the different stages of the report's preparation have been completed: a) listing the applicable disclosure requirements; b) communicating requests for information to different interlocutors; c) processing and compiling data; d) drafting the document. Where applicable, remediation plans and changes to activities are established to ensure continuous improvement of the annual reporting process. The Sustainability Report is approved by the Board of Directors.

As this is the first reporting year, the conclusions of the risk assessment and internal controls regarding the sustainability reporting process have not yet been periodically communicated.

The assessment of double materiality was reviewed by the external auditor, as was the content of this report, as part of the issuance of the independent limited assurance report.

Strategy, business model and value chain [ESRS 2.SBM-1]

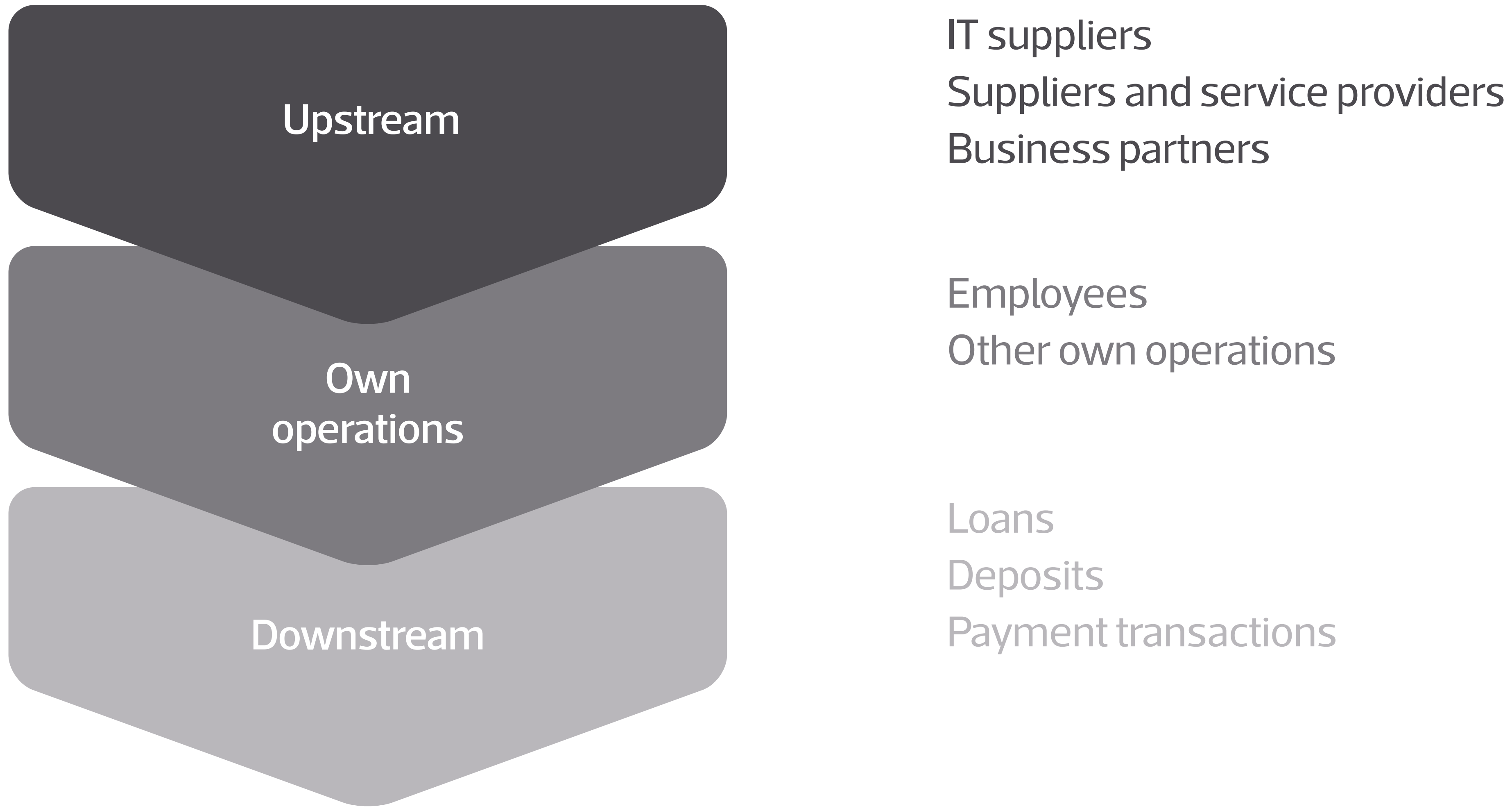
The Banco CTT Group aims to be recognised as a benchmark banking group in terms of quality, efficiency and value creation for customers, employees and society, through the provision of simple, competitive, yet accessible financial products, based on quality service and innovation, maintaining a sustainable relationship with all stakeholders. The Banco CTT Group has 613 employees and operates exclusively in Portugal.

The Group's operating strategy is governed by the following principles:

- Customer Orientation – Your success is our success. To that end, we will work proactively on meeting your interests as well as your needs.
- Enthusiasm – We will work with passion and commitment, relying on a team of dedicated and qualified professionals.
- Trust – Always comply. We will be an upstanding, responsible and reliable partner that guarantees the commitments undertaken on a day-to-day basis.
- Excellence – Always do better. Guarantee a service of excellence, with quality and efficiency.
- Innovation – Create future. We will continuously explore new ideas, processes and solutions.

The Banco CTT Group offers simple and accessible financial products and services, aimed at the main needs of Individual Customers, with a special focus on Demand Deposit Accounts, cards and access to Digital Channels, offering Home Loans, Car Loans and Personal Loans for different purposes.

The Group's value chain is summarised below:



Faced with the major challenges and trends of the Sustainability agenda, the Banco CTT Group is working to collaborate and contribute to the achievement of the Sustainable Development Goals and, within the scope of its activity, is involved in the achievement of these goals, based on three strategic pillars, which include a set of initiatives that the Banco CTT Group intends to implement and achieve.

Pillars of the Environment, Social and Governance (ESG) strategy for the next few years:

- **Energy transition:** minimise the negative impact on the environment due to the Group's activities and operations and help our Customers in the transition to a less carbon-intense economic model.
- **Social and financial wellbeing:** maximise the Group's companies positive impact on Society, prioritising the focus on our Employees and Partners.
- **Responsible banking:** acting within a robust Internal Governance model, with transparency and ethics, promoting a corporate culture of equity and equality in the Banco CTT Group's teams.

Interests and views of stakeholders [ESRS 2.SBM-2]

In its strategy and business model, the Banco CTT Group continually considers the interests and points of view of its stakeholders in relation to material sustainability issues. These efforts are carried out through regular engagement and interaction with stakeholders, which helps the Group to understand and incorporate their perspectives.

The Group also strives to ensure that stakeholders are continuously and adequately informed about relevant sustainability issues through regular meetings in appropriate committees and bodies. In order to ensure the balanced inclusion of stakeholders' perspectives, their involvement takes place through various channels and methods adapted to their specific needs and interests.

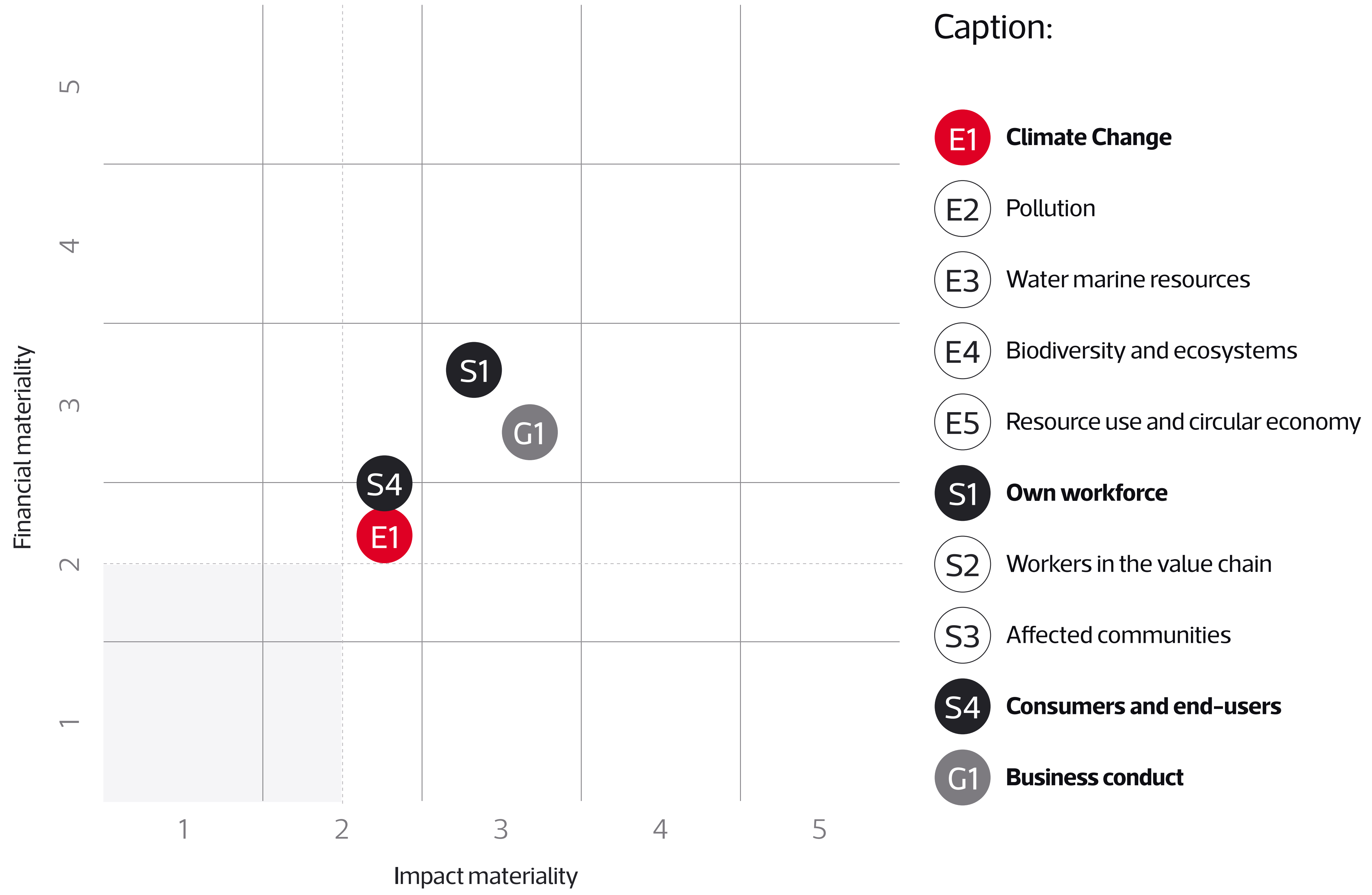
Some stakeholders contributed to the evaluation of IROs. The stakeholder consultation was conducted with several internal and external interlocutors – namely employees, service providers and the shareholder CTT – and the process occurred through an electronic questionnaire, in which the participants assigned a score from 0 to 5 depending on the relevance, at the level of the ESRS sub-theme. Relevance was established from the perspective of impact inside-out.

The following table summarizes the ongoing engagement with stakeholders and how their interests and perspectives are taken into account in the Group's strategy and business model in relation to sustainability issues.

Stakeholder	Objective	Format and examples of interaction
Board of Directors	Aligning sustainability commitments with the strategy and business model	• Approval of the Sustainability Policy • Approval of the Business Plan • Acknowledgement of the results of the double materiality analysis
Executive Committee / Capital, Risk and Sustainability Committee	Implement sustainability in the Group's activities	• Monitoring of relevant data at least quarterly • Assessment of the Sustainability Policy • SIP monitoring and metrics • Discussion of the methodology and results of the materiality analysis • Participation of some experts in the workshops and double materiality assessment exercise
Employees	Incorporating human resources perspectives	• Participation in the double materiality assessment exercise (121 respondents) • Meetings with Family Responsible Company Ambassadors
Customers	Identify the biggest challenges and opportunities related to sustainability	• Support for the energy transition, through specific credit products for Energy Certificates with good energy performance and vehicles with low CO_2 emissions.
Suppliers and partners	Promoting responsible management	• Ensuring supplier compliance with the ten basic principles of the UN Global Compact and the Banco CTT Group's code of conduct • Participation in stakeholder consultation for double materiality analysis
Shareholders	Incorporating shareholder perspectives	• Interaction between teams working on sustainability issues • Participation in stakeholder consultation for double materiality analysis
Local community	Adding value to society	• Development of a Social Responsibility Program

Material impacts, risks and opportunities and their interaction with strategy and business model [ESRS 2.SBM-3]

Through its comprehensive double materiality assessment process, Grupo Banco CTT has identified the Group's positive and negative impacts on the environment and society, the Group's opportunities, and potential and actual sustainability-related risks to which exposure may exist. The material issues resulting from the double materiality analysis are shown in the matrix below:



Banco CTT Group has identified 13 Impacts, Risks and Opportunities (IROs), which are described below. One of the material IROs is related to ESRS S4 - Consumers and End-users. In line with the content indicated in point 'Disclosures in relation to specific circumstances [ESRS 2.BP-2]' the Group has chosen to omit the information required by ESRS S4.

The shaded part of the matrix identifies the threshold of 2.5 for determining material themes.

E1 Climate change

Sub-theme	Location in the value chain	Description of the IRO, including how it affects people or the environment	Type	Time horizon	Business model
Energy	Own operations	Investment and adoption of energy efficiency measures and green technologies allows the Banco CTT Group to reduce energy-related costs, as well as make consumption more efficient. In addition, it also allows it to stand out as an environmentally conscious brand with a related product offer, leading to reputation gains and improved image with customers.	Opportunity	Long Term	People, Retail Banking and Specialized Credit
Climate change adaptation	Own operations	The risks of transitioning to a low-carbon economy may involve political, legal, technological and market changes and lead to an increase in the costs of adapting to these changes, as well as adjustments to the business model.	Risk	Medium Term	Retail banking and specialized credit
Climate change mitigation	Own operations	The transition to a low-carbon economy could significantly impact borrowers in energy-intensive or CO_2-intensive sectors, leading to increased compliance costs, decreased solvency, restricted access to capital, reduced competitiveness or reputational damage (corporate banking segment). These consequences could ultimately increase credit risk and lead to a decrease in business for the financial institution.	Risk	Medium Term	Retail banking and specialized credit
Climate change adaptation	Own operations	The Banco CTT Group's commitment to presenting various sustainable financial products in its portfolio could attract new customers.	Opportunity	Long Term	Retail banking and specialized credit

S1 Own Workforce

Sub-theme	Location in the value chain	Description of the IRO, including how it affects people or the environment	Type	Time horizon	Business model
Working conditions	Own operations	The adoption of agreements and plans for career and development contributes to the continuous commitment to internal and adapted qualification of employees with a view to retaining talent and job security, with a positive impact on employees.	Real positive impact	-	People
Working conditions	Own operations	Promoting a balance between employees' personal, family and professional lives strengthens well-being and satisfaction in the workplace, positively impacting society, particularly employees.	Real positive impact	-	People
Working conditions	Own operations	The promotion and prevention of employees' health improves their health, translating into greater employee satisfaction.	Potential positive impact	Medium Term	People
Equal treatment and opportunities for all	Own operations	Empowering employees through training and skills development in the workforce promotes increased productivity, talent retention and, consequently, cost reduction. In addition, it promotes an improvement in the quality of work and a competitive advantage.	Opportunity	Medium Term	People
Other work-related rights	Own operations	Facilitating access to adequate housing, namely through the provision of special housing loan conditions, is crucial to promoting employees' quality of life, affecting their health, safety and well-being.	Real positive impact	-	People

S4 Consumers and End-users

Sub-theme	Location in the value chain	Description of the IRO, including how it affects people or the environment	Type	Time horizon	Business model
Social inclusion of consumers and/ or end users	Own operations	Attracting a wider target audience and customers satisfaction by diversifying and improving the Banco CTT Group's offer.	Opportunity	Medium Term:	Retail banking and specialized credit

G1 Business Conduct

Sub-theme	Location in the value chain	Description of the IRO, including how it affects people or the environment	Type	Time horizon	Business model
Corruption and bribery	Own operations	The provision of training on corruption and bribery can promote the development of skills within own workforce in this area and, as a consequence, avoid instances of corruption and bribery, as well as ensure an adequate response to potential cases.	Real positive impact	-	People and internal governance
Corporate culture	Own operations	Companies that fail to ensure regulatory compliance through robust internal controls may be more susceptible to incurring losses due to legal proceedings, resulting in decreased revenue and reduced shareholder value.	Risk	Short term	Internal Governance
Corruption and bribery	Own operations	The establishment of weak or ineffective internal controls gives the Banco CTT Group a greater risk in preventing incidents of corruption, bribery or other related offenses, resulting in financial losses.	Risk	Short term	Internal Governance

The Banco CTT Group carried out its first double materiality assessment exercise in 2024, so the adaptation of the strategy and business model do not yet incorporate any effects or reflections from this exercise. Over the next two years, action plans will be prepared and developed to help mitigate material impacts and risks, as well as to leverage the opportunities identified as relevant.

In addition, no current or expected financial effects of the risks and opportunities assessed as material have been calculated or determined. However, due diligence is being taken to comply with the disclosure requirement in the next report.

Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1]

The materiality assessment was conducted through a comprehensive process, with the aim of identifying, assessing, prioritising and monitoring potential and actual impacts, both positive and negative, affecting people and the environment, in the short, medium and long term (impact materiality, inside-out perspective). In addition, risks and opportunities were also identified and analysed that may, in turn, have a financial effect on the Banco CTT Group (financial materiality, outside-in perspective).

This double materiality assessment followed a methodological approach, structured into four stages, which should be reviewed annually, or whenever necessary, to ensure alignment with the Group's business strategy and latest practices.

The stages of the process were as follows:

1. Understanding
2. Identification
3. Assessment
4. Determination

In the Understanding phase, an analysis of the business, the value chain and the activities involved was carried out, using benchmarks and industry references.

In the Identification stage, a survey of impacts, risks and opportunities (IROs) was carried out, based on internal and external sources, covering all ESRS topics and considering the Banco CTT Group's business segments, as well as listening to stakeholders. In addition, the inputs of the various in-house experts who took part in the various work sessions to validate and evaluate them were also taken into account.

The assessment of IROs was carried out by specialists (members of the Board of Directors and senior management), who individually analysed all the factors listed, applying specific criteria to determine materiality. The stakeholder consultation was conducted with several internal and external interlocutors – namely employees, service providers and the shareholder CTT – and the process occurred through an electronic questionnaire, in which the participants assigned a score from 0 to 5 depending on the relevance, at the level of the ESRS sub-theme. Relevance was established from the perspective of impact inside-out.

The IROs identified were classified according to their time horizon, namely short, medium and long term, in accordance with the time intervals established in the standard.

Time horizon		
Short term: reporting year	Medium Term: Between the reporting year and up to 5 years	Long Term: More than 5 years

Negative and positive impacts have been assessed on the basis of their severity and likelihood, covering operations, products, services and business relationships upstream and downstream of the Group's activity. Severity is a combination of scale, scope and irremediable character (only applicable to negative impacts). Probability is not taken into account when calculating the materiality of negative impacts on human rights, in which case the severity score prevails over the probability score. To consolidate the results, the responses of the stakeholders were weighted at 20% of the value of the scale, while the remaining 80% corresponded to the evaluation of internal experts.

To calculate the impact materiality score, the following evaluation factors are taken into account:

Impact materiality = Severity × Impact Probability (In the event of potential impacts)

Severity: Severity of impact

Impact Probability: Probability of impact occurrence

Severity = (Impact Scale + Character Scope + Remediable character) /3

- Impact Scale: The potential severity/benefit of the impact.
- Character Scope: How widespread the impact is
- Remediable character: How difficult it is to neutralise or repair the resulting damage

For the different factors listed above, the following scales are used:

Assessment methodology applied			
Scale	**Scope**	**Irremediable character**	**Probability**
5 = Absolute	5 = International or more than 80% of customers/employees/affected population	5 = Irremediable	5 = Possibility of constant occurrence [more than one occurrence per quarter]
4 = High	4 = National or 61%-80% of customers/employees/affected population	4 = Very difficult to remedy in the long term	4 = Possibility of frequent occurrence [one occurrence per year, one per quarter]
3 = Average	3 = Regional or 41-60% of universe of clients/employees/affected population	3 = Very difficult to remedy in the medium term	3 = Possibility of regular occurrence [one occurrence every 3 years, to one per year]
2 = Low	2 = District or 21%-40% of universe of clients/employees/affected population	2 = Remediable with effort	2 = Possibility of occasional occurrence [one occurrence every 10 years, one every 3 years]
1 = Minimum	1 = Local or less than 20% of clients/employees/population affected	1 = Relatively easy to remedy in the short term	1 = The impact may occur rarely or not at all [one occurrence every 10 years]
0 = Not applicable	0 = Not applicable	0 = Not applicable	0 = Not applicable

Resource dependencies were identified, analysing how they directly influence the risks and opportunities associated with operations and relationships with stakeholders. These risks and opportunities were assessed quantitatively based on the probability of occurrence and magnitude.

The Banco CTT Group carried out its first double materiality assessment exercise in 2024, so the process of identifying, assessing and managing opportunities has not yet been integrated into the Group's overall management process.

To calculate the financial materiality score, the following evaluation factors are taken into account:

Financial materiality = Magnitude × Probability

Magnitude: What is the magnitude of risk/opportunity?

Probability: What is the probability of the scenarios or forecasts coming true?

The magnitude and probability assessments consider the following scales:

Assessment methodology applied	
Magnitude	**Probability**
5 = Absolute [≥2,000,000 euros]	5 = Possibility of constant occurrence [more than one occurrence per quarter]
4 = High [≥500,000 euros to <2,000,000 euros]	4 = Possibility of frequent occurrence [one occurrence per year, one per quarter]
3 = Average [≥100,000 euros to <500,000 euros]	3 = Possibility of regular occurrence [one occurrence every 3 years, to one per year]
2 = Low [≥10,000 euros to <100,000 euros]	2 = Possibility of occasional occurrence [one occurrence every 10 years, one every 3 years]
1 = Minimum [<10,000 euros]	1 = The impact may occur rarely or not at all [less than one occurrence every 10 years]
0 = Not applicable	0 = Not applicable

To determine the material topics whose disclosure requirements should be included in the sustainability statement, a scenario with a threshold of 2.5 was defined and applied to the impact and financial materiality analyses. Based on this criterion, five material impacts and eight risks or opportunities were identified.

The double materiality analysis was carried out for the first time with reference to 2024. In this way, the process of identifying, assessing and managing impacts, risks and opportunities will be integrated into the next process of identifying and assessing the Group's overall risk profile, which usually takes place in the last quarter of the calendar year.

The Banco CTT Group believes that sustainability-related risks, in particular climate and environmental risks, are relevant and, accordingly, are part of the risk taxonomy and are considered in the identification and assessment of risks in the Risk Appetite Statement (RAS).

Disclosure requirements in ESRS covered by the undertaking's sustainability statement [ESRS 2.IRO-2]

As a result of the double materiality assessment, the Banco CTT Group reports the disclosure requirements regarding the topics - considered material - of Climate Change (ESRS E1), Own Workforce (ESRS S1) and Business Conduct (ESRS G1), in addition to the General Disclosures (ESRS 2).

The sustainability topics declared are material to the Group because each one is linked to one or more impacts, risks or opportunities, assessed with a score of at least 2.5.

The introduction to each sustainability topic provides an overview of the Group's disclosure requirements with references to the relevant pages in the sustainability statement for 2024.

Annex 1 shows the tables with the disclosure requirements that correspond to the sub-themes assessed as material.

The table identifying the data points that appear in Appendix B of ESRS 2 and the thematic ESRS that emanate from other European Union legislation is shown in Annex 2.

Policies adopted to manage material sustainability matters [ESRS 2. MDR-P]

For each material sustainability matter identified, the different policies in place to prevent, mitigate and remedy actual and potential impacts are recognized, as well as correctly addressing risks and opportunities.

The above-mentioned policies are disclosed in each topic and on the following pages, and summary information is presented in the table below.

I MANAGEMENT REPORT
II ACCOUNTS AND NOTES TO THE ACCOUNTS
III CORPORATE GOVERNANCE REPORT
IV SUSTAINABILITY STATEMENT

Policy	Objectives and principles	Scope of application	Responsible Management	Instruments and regulations	Availability
Code of Good Conduct for preventing and combating harassment at work	• Zero tolerance for conduct that qualifies as harassment at work, in any of its forms.	BCTT Group Portugal	Compliance Department	• Labour Code • Law no. 73/2017 of 16 August	Intranet Document Centre
Code of Conduct	• Setting and disseminating the rules of conduct in force in the Group, contributing to the promotion of a common organizational culture.	BCTT Group Portugal	Compliance Department	-	Intranet Document Centre
Code of Ethics	• Establish high standards of ethics and conduct among all employees, to be observed continuously and scrupulously.	BCTT Group Portugal	Compliance Department	-	Intranet Document Centre
Communication of Irregularities Policy	• Explain the fundamental values of the CTT Group and provide a guide on how these values should be translated into daily action.	BCTT Group Portugal	Compliance Department	• General Regime of Credit Institutions and Financial Companies approved by Decree-Law no. 298/92, of December 31st • European Banking Authority (EBA) guidelines on the internal governance of institutions (EBA/GL/2021/05) • Banco de Portugal Notice No. 3/2020 • Banco de Portugal Instruction 18/2020 • Law No. 83/2017 of 18 August • Law No. 109/2021 of 9 December • Law No. 93/2021 of 20 December • Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26	Intranet Document Centre
Diversity Policy	• Define the existing practices in the Banco CTT Group and the objectives to be achieved in terms of respect for diversity.	BCTT Group Portugal	Legal Services Department and General Secretariat	• EBA guidelines on assessing diversity practices, including diversity policies and the gender pay gap • EBA guidelines on remuneration policies • EBA Guidelines on assessing the suitability of members of the Board of Directors and key function holders	Intranet Document Centre
Outsourcing Policy	• Establish an internal management and governance model associated with the establishment, maintenance and termination of outsourcing relationships. • Define the principles of the risk control system associated with outsourcing, especially of essential or important functions. • Define the responsibilities for the key activities that must be followed in the outsourcing processes.	BCTT Group Portugal	Planning and Control Department	• Banco de Portugal Notice No. 3/2020 • Banco de Portugal Notice No. 8/2023 • Bank of Portugal Circular Letter no. CC/2018/00000016 • Bank of Portugal Circular Letter no. CC/201900000065 • EBA guidelines on the internal governance of institutions (EBA/GL/2021/05) • EBA guidelines on subcontracting (EBA/GL/2019/02)	Intranet Document Centre

Policy	Objectives and principles	Scope of application	Responsible Management	Instruments and regulations	Availability
Policy for Preventing and Combating Corruption	• To combat and prevent any act related to the practice of corruption, bribery or other related infractions, directly by its Employees or indirectly through an intermediary with whom they have a relationship, ensuring, in a necessarily joint effort, a culture of intolerance to obtaining illegitimate advantages and questionable conduct.	BCTT Group Portugal	Compliance Department	• General Regime for the Prevention of Corruption (RGPC) • Commercial Companies Code. • Criminal Code • Banco de Portugal Notice No. 3/2020 • EBA guidelines on the internal governance of institutions (EBA/GL/2021/05)	Intranet Document Centre
Remuneration Policy	• Outline the general principles and remuneration practices applicable to all members of the Management and Supervisory Bodies and to all Employees.	BCTT Group Portugal	Human Resources Department	• Banco de Portugal Notice No. 3/2020 • Banco de Portugal Instruction 18/2020 • Banco de Portugal Instruction 17/2023 • Banco de Portugal Instruction 18/2023 • Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 • Delegated Regulation (EU) 2021/923 of March 25, 2021 • EBA Guidelines on remuneration policies and practices relating to the sale and supply of retail banking products and services (EBA/GL/2016/06) • EBA guidelines on sound remuneration policies (EBA/GL/2021/04)	Intranet Document Centre
Sustainability Policy	• Ensuring that the environmental, social and internal governance aspects are integrated into the Banco CTT Group's strategy. • Contribute to the dissemination of the Sustainable Development Goals, actively identifying and promoting ways of contributing to achieving the targets set, including them throughout its value chain. • Encourage commitment, transparency and reporting on sustainability issues.	BCTT Group Portugal	Risk Department	• 2015 Paris Agreement • United Nations Universal Declaration of Human Rights • United Nations Sustainable Development Goals (SDGs) • Basic Climate Law – Law no. 98/2021, of 31 December • Bank of Portugal Circular Letter no. CC/2021/00000010	Intranet Document Centre

In the context of the evaluation of actions and resources related to material sustainability issues, the type and amount of financial resources, current or future, required as operational expenditures for the implementation of policies were not determined.

B. Environmental information

Taxonomy Regulation

The Banco CTT Group acknowledges the relevance of the European Taxonomy for the integration of sustainability objectives in its activities and, simultaneously, for the improved assessment and management of the risk factors related to the transition of operations.

Risk management and control are aimed at ensuring alignment with the Taxonomy criteria, promoting consistency between internal management procedures and the regulatory and prudential framework of sustainable banking activities.

Article 3 of Regulation (EU) 2020/852 sets out the criteria that an economic activity must meet in order to qualify as environmentally sustainable. These criteria include:

a) contribute substantially to one or more of the EU's six environmental objectives – the Banco CTT Group finances the acquisition, or renovation, of energy-efficient residential housing and the acquisition of motor vehicles with reduced CO_2 emissions; develops a set of initiatives aimed at customers that promotes the transition of the economy to a more sustainable model.

b) Do No Significant Harm (DNSH) to other environmental objectives – counterparties (mainly individuals and ENIs) of mortgage and vehicles credit operations, classified as sustainable, must not significantly harm any of the six objectives;

c) comply with the minimum safeguards in terms of Human Rights, Corruption, Taxation and Fair Competition – the contracting of suppliers is subject to contracts that provide that the activity of these companies must comply with the criteria of sound and prudent management, complying with the laws, regulations and standards applicable to the sector of activity, including the Fundamental Principles and Rights of Labour established by the International Labour Organization and the International Charter of Labour Human Rights, without recourse to forced labour, child labour or any type of treatment or threat of inhuman treatment.

The Group has implemented initiatives to meet the application and reporting requirements of the Taxonomy criteria, including:

- Collecting information on clients' characteristics, their activities, and the guarantees obtained during the credit approval process;
- Conducting internal analyses and applying methodologies that, on one hand, facilitate the classification of sustainable assets and, on the other hand, enable effective monitoring of the (sustainable) performance of the guarantees received.

The provisions of the aforementioned Regulation and its Delegated Acts are taken into account, considering all currently regulated environmental objectives: climate change mitigation; climate change adaptation; sustainable protection of aquatic and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems.

The assumptions made in classifying operations in accordance with the Taxonomy for the mortgage credit portfolio are summarised as follows:

a) Properties with A and A+ energy certificates, regardless of their year of construction;

b) Properties with B+ and B energy certificates and a construction date of less than December 2020;
c) There are no collaterals with an area greater than 5000 square meters;
d) The mortgage loan portfolio was segmented based on physical risk, incorporating geo-referencing and assigning a risk rating for each district.

In the automobile portfolio, the operations considered to be in line with the Taxonomy correspond to the following criteria:

a) The vehicle class is classified as a passenger car, goods car, microcar, or off-roader;
b) must have CO_2 emissions of less than 50 g CO_2/Km and comply with European emission standards Euro 5 and Euro 6.

The tables that comply with the disclosure obligations of the Taxonomy Regulation are presented in Annex 3, based on the requirements of the Delegated Act – which complements Article 8 of Delegated Regulation (EU) 2023/2486 – Delegated Regulation 2021/2178.
The data covered are based on the scope of consolidation and are in accordance with the reporting for supervisory purposes of financial institutions, as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EU) 2021/451 (FINREP).

Climate change [ESRS E1]

Integration of sustainability-related performance in incentive schemes [ESRS E1-GOV3]

The information relevant to this topic is described in the previous section called 'Integration of sustainability-related performance in incentive schemes [ESRS 2.GOV-3]' on page 324.

Transition plan for climate change mitigation [ESRS E1-1]

The process of defining and drawing up a transition plan to understand the adjustment of the Banco CTT Group's strategy and business model to ensure compatibility with: i) the transition to a sustainable economy; ii) limiting global warming to 1.5 °C; iii) achieving climate neutrality by 2050, is still underway and will be completed in 2026.

Material impacts, risks and opportunities and their interaction with strategy and business model [ESRS E1-SBM3]

The information relevant to this topic is described in the previous section called 'Material impacts, risks and opportunities and their interaction with strategy and business model [ESRS 2.SBM-3]' on page 327.

Description of the processes to identify and assess material impacts, risks and opportunities [ESRS E1-IRO1]

The information relevant to this topic is described in the previous point 'Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1]' on page 329.

As this is the first reporting year, the Banco CTT Group is not yet developing methodologies and scenarios for assessing the impacts of physical risks and transition risks on the resilience of the strategy and business model, which are expected to be concluded in 2026, in line with the definition and preparation of the transition plan.

Policies related to climate change mitigation and adaptation [ESRS E1-2]

The Banco CTT Group has a Sustainability Policy that reiterates the following main objectives: i) to ensure the integration of the environmental, social and governance aspects in the Banco CTT Group's strategy; ii) contribute to the dissemination of the Sustainable Development Goals, identifying and actively promoting ways to contribute to achieving the defined goals, including them throughout its value chain; iii) encourage commitment, transparency and reporting of sustainability issues.

Work is underway to identify and review, where applicable, policies relevant to understanding and managing climate change, which should be completed by the end of 2026.

Actions and resources in relation to climate change policies [ESRS E1-3]

In order to mitigate climate change and promote adaptation to it, four actions (current and future) stand out:

1. Purchase of electric vehicles to electrify and decarbonize its own fleet.
2. Maintenance of the "Movimento Merece" initiative. From the start of the partnership until December 2024, around 95,000 cards have been collected; in the reporting year alone, around 176 kg of cards were collected. The Merece programme guarantees the recycling of the cards and for every kg of cards collected, a tree is planted. A bank card leaves a carbon footprint of 150 grams.
3. Digitalisation of processes: strengthening of the digitisation process to dematerialise processes, reduce the correspondence of statements and reduce paper consumption. Currently, 74% of the customer base receives their statement in digital format, helping to reduce paper consumption and impact on the environment. At 321 Crédito, the digital signature process via OTP has ensured that on December 2024, more than 60% of contracts with private individuals were signed this way.
4. Training and awareness-raising: a training and awareness-raising plan on climate and environmental risk issues for all employees is planned for 2025.

There is still no record of the significant amounts of expenditure needed or the resources that could be allocated for the implementation of the actions or on the incremental financial investments that directly contribute to the implementation of these initiatives. The isolated effect of the acquisition of electric vehicles to improve the energy efficiency of the company's own fleet is not calculated in the total inventory of mobile combustion emissions.

Targets related to climate change mitigation and adaptation [ESRS E1-4]

The process of setting targets to support climate change mitigation and adaptation policies is still ongoing. The Banco CTT Group expects to disclose some targets in the next sustainability reporting exercise.

Energy consumption and mix [ESRS E1-5]

The following table shows the total energy consumption of the Banco CTT Group – active in a sector with a low climate impact – in absolute value, the improvement in energy efficiency, the exposure to activities related to coal, oil and gas:

	2023	2024	Variation (%)
Fossil energy consumption (MWh)	1,499	2,417	61%
Nuclear energy consumption (MWh)	0	0	-
Renewable energy consumption (MWh)	187	198	6%
Renewable fuels (MWh)	0	0	-
Electricity, heat, steam and cooling purchased or acquired from renewable sources (MWh)	187	198	6%
Renewable energy generated by the organization (MWh)	0	0	-
Total energy consumption (MWh)	**1,686**	**2,615**	**55%**
Percentage of fossil sources in total energy consumption (%)	89%	92%	-
Percentage of consumption of nuclear energy sources in total energy consumption (%)	0%	0%	-
Percentage of renewable sources in total energy consumption (%)	**11%**	**8%**	**-**

Most of the energy comes from 100% renewable sources, through the acquisition of Guarantee Certificates of Origin. The Banco CTT Group has no energy consumption for activities in sectors with a high climate impact.

The following table explains the breakdown and percentage of renewable energies in the overall energy mix:

	2023	2024	Variation (%)
Fossil energy consumption by all activities (MWh)	1499	2417	61%
Nuclear energy consumption by all activities (MWh)	0	0	-
Total renewable energy consumption from all activities (MWh)	187	198	6%
Total energy consumption of all activities (MWh)	**1686**	**2615**	**55%**
% fossil energy in the total energy consumption of all activities (MWh)	89%	92%	
% nuclear energy in the total energy consumption of all activities (MWh)	0%	0%	
% renewable energy in the total energy consumption of all activities (MWh)	11%	8%	

Gross Scopes 1, 2, 3 and Total GHG emissions [ESRS E1-6]

Scope 1 greenhouse gas (GHG) emissions refer to direct GHG emissions from sources owned or controlled by the Banco CTT Group. In order to understand the direct impacts of the Banco CTT Group on climate change, we disclose the scope 1 GHG emissions:

Banco CTT Group			
	2023	2024	Variation (%)
Stationary combustion emissions (tCO_2e) - Non-ETS	0	0	-
Mobile combustion emissions (tCO_2e)	435	642	48%
Process emissions (tCO_2e)	0	0	-
Fugitive emissions (tCO_2e)	0	0	-
Scope 1 gross GHG emissions (tCO_2e)	**435**	**642**	**48%**

Scope 1 emissions correspond to mobile combustion, with emissions calculated using the consumption of the company's own passenger car fleet. This consumption is multiplied by the emission factor in the Portuguese Environment Agency's NIR report. The Banco CTT Group is not yet regulated in emissions trading schemes.

Scope 2 GHG emissions refer to indirect emissions from the production of electricity, steam, heat or cold purchased or obtained, consumed by the Banco CTT Group. In order to understand the indirect impacts on climate change caused by the energy consumed by the Banco CTT Group, the scope 2 GHG emissions are disclosed:

Banco CTT Group	2023	2024	Variation (%)
Gross Scope 2 GHG emissions based on location (tCO_2e)	16	17	6%
Gross market-based scope 2 GHG emissions (tCO_2e)	0	0	-

Scope 2 emissions correspond to electricity consumption in the Banco CTT Group's administrative buildings and own branches. Based on the market, emissions are zero, since CTT purchases (for the Banco CTT Group) green energy through Guarantee Certificates of Origin. Based on location, the calculation of emissions uses the emission factor of the energy mix of APREN – Associação Portuguesa de Energias Renováveis.

In both scopes, emissions are calculated using an internal calculation platform, and the emission factors used are taken from national databases, in order to bring emissions closer to the Portuguese reality.

Scope 3 GHG emissions refer to all indirect GHG emissions (not included in scope 2) that occur in the Banco CTT Group's value chain.

In accordance with the provisions of Appendix C ("List of phased-in Disclosure Requirements") of Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, and taking into account that Grupo Banco CTT does not exceed an average number of 750 employees, in the years 2023 and 2024, data on scope 3 emissions and total GHG emissions, specified in the disclosure requirements of the European Sustainability Reporting Standard (ESRS) E1-6, will be omitted in this first sustainability reporting exercise.

Below is a total summary of scope 1 and scope 2 GHG emissions:

Banco CTT Group	2023	2024	Variation (%)
Total location-based GHG emissions (tCO_2e)	451	659	46%
Total market-based GHG emissions (tCO_2e)	435	642	48%

With regard to the intensity of GHG emissions per net revenue, the following figures are presented:

Banco CTT Group	2023	2024	Variation (%)
Net revenues (€)	120,323,741	120,870,715	0.5%
GHG emissions intensity by net revenue, based on location (tCO_2e/€)	0.000004	0.00001	45%
GHG emissions intensity per net revenue, market-based (tCO_2e/€)	0.000004	0.00001	47%
Do the net revenues used in the calculation of GHG intensity correspond to the total net revenues in the financial statements?	Sim	Sim	-

The figures presented in this topic have not been validated by an external body other than the guarantee provider.

GHG removals and GHG mitigation projects financed through carbon credits [ESRS E1-7]

During the reporting period, the Banco CTT Group did not establish projects to permanently remove or actively support the removal of GHG from the atmosphere, nor did it acquire carbon credits, so the amounts of GHG removals and storage are zero.

Internal carbon pricing [ESRS E1-8]

The Banco CTT Group does not apply internal carbon pricing schemes.

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities [ESRS E1-9]

In accordance with the provisions of Appendix C ("List of phased-in Disclosure Requirements") of Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, and taking into account that the Banco CTT Group is in the first year of preparing its sustainability statement, the information specified in the disclosure requirements of the European Sustainability Reporting Standard (ESRS) E1-9 will be omitted in this sustainability reporting exercise.

C. Social information

Own Workforce [ESRS S1]

Material impacts, risks and opportunities and their interaction with the strategy and business model [ESRS S1-SBM3]

The information relevant to this topic is described in the previous section called 'Material impacts, risks and opportunities and their interaction with strategy and business model [ESRS 2.SBM-3]' on page 327.

Policies related to own workforce [ESRS S1-1]

The Code of Ethics is a guide on how the Group's fundamental values should be translated into the daily actions of all employees. The Group's core values are:

1. Primacy of ethics and legal compliance;
2. Integrity and transparency;
3. No discrimination;
4. Promoting gender diversity;
5. Independence from political and party influence;
6. Human and labour rights;
7. Responsibility and sustainability.

This policy aims to provide an integrated overview of the Group's stance on issues that have a broad impact on governance and management practices. It also seeks to consolidate a framework of values and actions to guide Employees in their interactions with one another and with other Stakeholders. This policy is shared by all the entities that make up the CTT Group's consolidation perimeter.

The Banco CTT Group's Code of Conduct outlines the rules of professional behaviour that must be followed by all employees, regardless of their contractual relationship, as well as by partners and suppliers, in the execution of their respective activities. It emphasises the importance of maintaining a consistent practice of complete transparency and social and environmental responsibility, in alignment with the provisions of the aforementioned Code of Ethics.

The Code of Good Conduct for the Prevention and Combat of Harassment at Work is designed to fulfil the obligations set out in Article 127(1)(k) of the current Labour Code and to implement the provisions outlined in points 214 and 414 of the CTT and Banco CTT Codes of Conduct. This is done without prejudice to the validity of the internal regulations currently in force within the CTT Group. This Code of Good Conduct establishes principles of action and specific rules for CTT and its subsidiaries, at any given time, which are deemed necessary for preventing and combating harassment in the workplace. These guidelines apply to all individuals working within this business environment, including members of corporate bodies and holders of management and leadership positions, in their interactions with managers, colleagues, and subordinates.

The Remuneration Policy was defined based on a series of objectives aligned with the mission and values of the Banco CTT Group and with the institution's efforts to prevent conflicts of interest and ensure respect for the rights and interests of the consumers of bank products and services, including savings, investment, credit and payments, namely the following:

a. Attract, motivate and retain highly talented Employees, which enable the creation of long-term value and an increase in the organisation's productivity;
b. Fostering employee commitment and motivation, and encouraging excellent performance, by acknowledging and rewarding merit, rewarding professional responsibility and ensuring internal equity and external competitiveness;
c. Creating incentives that ensure a level of risk-taking compatible with the business and risk strategy of each Banco CTT Group company, foster the tolerance and risk culture of the institutions and safeguard sound, prudent risk management by the members of Corporate Bodies, Relevant Employees and all remaining Employees covered by the Policy, albeit not encouraging the taking of risks that exceed the risk level tolerated by the institution;
d. Creating incentives that promote a solid risk culture, encourage Employees to adopt prudent risk-taking conducts, and ensure the observance of internal rules and procedures;
e. Ensuring the achievement of the long-term strategic objectives, values and interests of the Banco CTT Group, in alignment with its strategy (namely the Group's business plan, financial model and budget);
f. Avoiding conflicts of interest, particularly with respect to Employees with Control Functions, Employees Responsible for the Management of Control Functions and Control Function Managers (as defined in section B, below), as well as Employees and Managers responsible for solvency assessment (integrated in a Control Function) and credit decisions ("Credit Employees" and "Credit Managers", respectively);
g. Promote professional, diligent, honest, loyal, and transparent conduct among Employees in their relationships with customers and other entities, in accordance with the Banco CTT Group's conduct rules, which uphold the rights and interests of customers fairly in the marketing of products and the provision of services.
h. Creating value in the long run for the shareholders and other stakeholders of the Banco CTT Group

Its own workforce policies are in line with the relevant internationally recognized instruments and comply with the normative and legal provisions applicable to Portugal. In particular, legal provisions regarding trafficking in human beings, forced labour and child labour are taken into account. The Group adopts remedial measures for possible violations of the human rights of its own workforce, including the implementation of a secure and confidential reporting channel for reporting irregularities.

The commitments listed in various policies respect the principles arising from legal requirements or recommendations contained in relevant instruments, among them:

- Paris Agreement of 2015;
- United Nations Universal Declaration of Human Rights;
- Declaration of the International Labour Organization;
- Sustainable Development Goals (SDGs);
- United Nations Global Compact;
- The Principles for Responsible Investment (PRI);
- Basic Climate Law – Law no. 98/2021, of 31 December;
- Directive 2013/36/EU of the European Parliament and of the Council of June 26 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV – Capital Requirements Directive IV);
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26

on prudential requirements for credit institutions and investment firms (CRR – Capital Requirements Regulation);

- Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation);
- Commission Delegated Regulation (EU) 2021/2178 of July 6, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

The Banco CTT Group does not have an occupational accident prevention policy or an incident management system. The development of this policy is scheduled to be completed by the end of 2026.

The Diversity Policy applicable to the Group aims to define existing practices regarding respect for diversity, namely discrimination, harassment and the promotion of equal opportunities, diversity and inclusion.

The implementation of these policies ensures a fairer and more inclusive working environment, guaranteeing that cases of discrimination can be prevented through proactive actions, mitigated with effective corrective measures and duly forwarded through accessible reporting channels, which will require transparent response procedures.

Processes for engaging with own workers and workers' representatives about impacts [ESRS S1-2]

The Banco CTT Group has established clear and open communication channels with its employees, maintaining an environment of proximity and listening, which makes it possible to foster dialog in order to find solutions. There are regular meetings between groups of employees and members of the Executive Board. These meetings are organized by the Human Resources Department and tend to be held monthly. There is no pre-defined list of objectives or issues, leaving freedom for active listening to employees' concerns and suggestions. In addition, some employees are appointed as EFR Ambassadors and serve as facilitators for the communication and dissemination of topics related to the Family-Responsible Company (EFR) certification. Every two years, as part of the performance appraisal process, employees and their managers are interviewed, with room for feedback, definition of training objectives and career progression. The employees of 321 Crédito are covered by a collective bargaining agreement.

The operational responsibility for ensuring that dialogue with employees takes place and that the results serve to inform the Group's approach lies with the Board of Directors. To understand the positions and functions of the members, please refer to the table in ESRS 2.GOV-1.

In all the processes mentioned, there are no criteria for differentiating between employees, so there are no distinct dialogues with particularly vulnerable groups (for example, people with disabilities).

Processes to remediate negative impacts and channels for own workforce to raise concerns [ESRS S1-3]

The mission of the Human Resources and Social Responsibility Committee is to define, decide on, and monitor Human Resources Policies aimed at fostering the development of people, talent, and social responsibility. Additionally, the Committee supports the Executive Committee in exercising its authority in these areas.

Employees are consulted at various times and through different methods, including performance appraisal interviews (held at least twice a year) and satisfaction surveys on specific topics. The mission of the Human Resources and Social Responsibility Committee is to define, make decisions about, and monitor Human Resources Policies aimed at promoting the development of people, talent, and social responsibility. In this forum, numerous relevant topics related to employees are presented, discussed and deliberated, within the scope of the competencies described in its regulation. In addition, the process of listening to employees in the double materiality analysis is described in the topic 'Interests and views of stakeholders [ESRS 2.SBM-2]'.

The report of any concern regarding illegal and/or inappropriate behaviour must be communicated by the employee: a) in writing and addressed to the Conduct Forum, b) through the form available in the "Canal de Conduta" area and on the website of its affiliates; and/or c) verbally, to the Head of the Compliance Function.

The topic 'Corporate culture and business conduct policies [ESRS G1-1]' includes additional information on the Banco CTT Group's mechanisms to mitigate impacts on employees, ensure effective communication and complaint channels, and monitor the resolution of issues with the participation of stakeholders.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions [ESRS S1-4]

In 2024, the Mixed Work Regime was maintained and the conditions for a positive experience in the new workspace in the Atrium Saldanha building were reinforced, which enables teams to be together on the same floor, reinforcing the desired organisational horizontality and informality that characterises the Group's social environment.

In terms of reconciling employees' professional, personal and family lives, the Banco CTT Group continued to be attentive to their needs, a mission facilitated by the contribution of the EFR (Family Responsible Company) Ambassadors team, which has made it possible to strengthen communication between employees and the companies that make up the Group.

The Banco CTT Group offers all middle managers the opportunity to join the Leadership Trust course, a programme that takes place over one year and allows these employees to work on personal development and leadership skills.

In order to better adapt earnings to their context and time of life, there is a mechanism that allows employees to opt for variable remuneration to be converted into flexible benefits (for example, a social voucher to support childcare costs). The benefits that make up this remuneration instrument are varied and have been improved year after year.

During the reporting period, the Banco CTT Group conducted a report on the gender pay gap with two objectives: firstly, to examine and analyse in detail the composition of the Bank's remuneration package and 321 Crédito; and to determine the impact of gender, in terms of salary, in functions of equal value; secondly, to enable the two institutions to review and adapt their objectives and actions in light of the results, which serve to correct and prevent situations of pay gap between men and women that may arise in the short, medium, and long term.

The Banco CTT Group offers a solution called Subsidised Housing Credit that aims to provide employees with more advantageous conditions compared to the general public in variable rate Housing Credit contracts, namely with the attribution of 0% spread financing for the acquisition, construction and works in permanent housing.

The measures listed are identified by the Human Resources Department, which proposes that they be discussed and/or approved by the Human Resources and Social Responsibility Committee, which plays a key role in monitoring and assessing the effectiveness of these actions.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [ESRS S1-5]

The Banco CTT Group aims to attract a diverse range of talent to its workforce, including positions on the Board of Directors, the Audit Committee, and other essential functions. Bearing this objective in mind, one of the targets concerns the promotion of an increase in the number of people of the under-represented gender on the Board of Directors and the Audit Committee of the Banco CTT Group, ensuring that members of the under-represented gender are appointed corresponding to a minimum of 33.3% of the total number of members that make up each Body.

In addition, the Group intends to progressively reduce the pay gap between men and women by incorporating a control into the salary review process, with the basic target being to achieve a pay gap of between -5% and 5% in at least nine job grades.

Finally, the focus on the creation and dissemination of measures that allow the reconciliation between the professional, personal and family life of employees continues to be a priority, and the Banco CTT Group intends that the classification of the new EFR certification increases, compared to February 2023, to B on a possible scale of C, C+ notations, B and B+.

In the context of setting targets and monitoring them, it should be noted that the Human Resources and Social Responsibility Committee is responsible for coordinating and defining the strategic options in terms of Human Resources and Social Responsibility at Banco CTT Group level, as well as monitoring and controlling the gender pay gap on an annual basis.

Characteristics of the undertaking's employees [ESRS S1-6]

As of December 31, 2024, the Banco CTT Group has 613 employees (23% more than in the previous year), operating exclusively in Portugal. The characterisation of employees by gender is summarized in the following table:

	2023	2024	Variation (%)
Men	223	271	22%
Women	274	342	25%
Other	0	0	-
Undeclared	0	0	-
Total	**497**	**613**	**23%**

The figures presented can be cross-referenced with the data in Note 8 - Staff Costs in the chapter "Notes to the consolidated financial statements".

Below is a summary of the total number of employees leaving the Group in 2023 and 2024:

	2023	2024	Variation (%)
Employees who left the company during the reporting period	55	70	27%
Total No. of staff members	497	613	23%
Turnover rate	11%	11%	0%

The number of permanent and temporary employees in 2024 is broken down by gender in 2024:

	Female	Male	Other	Not reported	Total
No. of employees	342	271	0	0	**613**
No. of permanent employees	307	251	0	0	**558**
No. of temporary employees	35	20	0	0	**55**
Number of unguaranteed working hours of employees	0	0	0	0	**0**

The number of permanent and temporary employees in 2023 is broken down by gender as follows:

	Female	Male	Other	Not reported	Total
No. of employees	274	223	0	0	**497**
No. of permanent employees	261	211	0	0	**472**
No. of temporary employees	13	12	0	0	**25**
Number of unguaranteed working hours of employees	0	0	0	0	**0**

Characteristics of non-employee workers in the undertaking's own workforce [ESRS S1-7]

In accordance with the provisions of Appendix C ("List of phased-in Disclosure Requirements") of Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, and taking into account that the Banco CTT Group is in the first year of preparing its sustainability statement, the information specified in the disclosure requirements of the European Sustainability Reporting Standard (ESRS) S1-7 will be omitted in this sustainability reporting exercise.

Social protection [ESRS S1-11]

In accordance with the provisions of Appendix C ("List of phased-in Disclosure Requirements") of Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, and taking into account that the Banco CTT Group is in the first year of preparing its sustainability statement, the information specified in the disclosure requirements of the European Sustainability Reporting Standard (ESRS) S1-11 will be omitted in this sustainability reporting exercise.

Training and skills development metrics [ESRS S1-13]

With regard to training and skills development, as well as the number of employees taking part in periodic performance evaluations, we present some quantitative information for the years 2023 and 2024.

A large part of the workforce has been subject to performance appraisals, as shown in the following tables, broken down by gender and professional category:

	2023	2024	Variation (%)
Men (#)	193	228	18%
Women (#)	248	300	21%
Other (#)	0	0	-
Undeclared (no.)	0	0	-
Men (%)	87%	84%	-
Women (%)	91%	88%	-
Other (%)	-	-	-
Undeclared (%)	-	-	-
Total employees Men	223	271	22%
Total employees Women	274	342	25%
Total employees Other	0	0	-
Total number of employees Not declared	0	0	-

	2023	2024	Variation (%)
Directors (no.)	5	5	0%
Directors (no.)	22	21	-5%
2nd line managers (no.)	36	44	22%
Other Employees (no.)	378	458	21%
Directors (%)	1%	1%	
Directors (%)	5%	4%	
2nd line managers (%)	8%	8%	
Other Employees (%)	86%	87%	
Total	**441**	**528**	**20%**

The average number of hours of training per employee rose from 41 hours in 2023 to 59 hours in 2024. The total number of training hours is shown below by gender and professional category:

	2023	2024	Variation (%)
Men	37	58	57%
Women	45	60	33%
Other	0	0	-
Undeclared	0	0	-

	2023	2024	Variation (%)
Directors	18	39	117%
Directors	15	35	133%
2nd line managers	57	50	-12%
Other Employees	41	61	49%

Health and safety metrics [ESRS S1-14]

In accordance with the provisions of Appendix C ("List of phased-in Disclosure Requirements") of Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, and taking into account that the Banco CTT Group is in the first year of preparing its sustainability statement, the information specified in the disclosure requirements of the European Sustainability Reporting Standard (ESRS) S1-14 will be omitted in this sustainability reporting exercise.

I MANAGEMENT REPORT | II ACCOUNTS AND NOTES TO THE ACCOUNTS | III CORPORATE GOVERNANCE REPORT | IV SUSTAINABILITY STATEMENT

Work-life balance metrics [ESRS S1-15]

In accordance with the provisions of Appendix C ("List of phased-in Disclosure Requirements") of Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, and taking into account that the Banco CTT Group is in the first year of preparing its sustainability statement, the information specified in the disclosure requirements of the European Sustainability Reporting Standard (ESRS) S1-15 will be omitted in this sustainability reporting exercise.

Incidents, complaints and severe human rights impacts [ESRS S1-17]

The number of complaints lodged against the own workforce through the Conduct Channel or other complaint mechanisms increased to 36 in 2024, up from 23 cases in 2023. In 2023 there were 2 reports of discrimination and in 2024 5 events were reported, which are currently being investigated. No amounts have been recorded in respect of fines, penalties or compensation.

In the 2023 and 2024 reporting periods, no serious human rights incidents related to the Banco CTT Group's workforce were identified.

Consumers and End-users [ESRS S4]

Consumers and End-users [ESRS S4]

In accordance with the provisions of Appendix C ("List of progressively introduced disclosure requirements") of Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, and taking into account that the Banco CTT Group does not exceed the average number of 750 employees in the years 2023 and 2024, the information specified in the disclosure requirements of the European Sustainability Reporting Standard (ESRS) S4 will be omitted from this sustainability reporting exercise.

D. Governance information

Business Conduct [ESRS G1]

The role of the administrative, management and supervisory bodies [ESRS G1-GOV1]

According to the Articles of Association and its Internal Regulations, the Board of Directors is responsible, among other competences, for adopting an organisational culture that promotes permanent integrated control of the risks to which the Banco CTT Group is exposed, responsible and prudent professional conduct of its employees and members of the management and supervisory bodies, guided by high standards of ethical demand, and that contributes to the sound and prudent management of the institution and to strengthening the levels of trust and reputation of the Bank and the Group, monitoring and evaluating the adequacy and effectiveness of the Group's organisational culture and governance and internal control systems, regularly including issues related to organisational conduct and culture in its meetings.

The members of the Board of Directors possess a solid understanding of the ethical and legal standards that govern the internal governance model, ensuring adherence to best practices and fostering transparency in the Group's operations. Additionally, they have enhanced their risk management skills through training, which are essential for identifying and mitigating potential conflicts of interest, promoting integrity in decision-making processes, and ensuring alignment with corporate values and principles.

The members of the Audit Committee are equipped to effectively monitor the implementation of the business conduct policies set by management and evaluate the effectiveness of the internal control and compliance systems.

With specialized knowledge of ethics and business conduct, the Board of Directors (and necessarily the Executive Committee, as an executive body) and the Audit Committee play a key role in protecting the interests of shareholders and promoting an organisational culture based on responsibility and corporate ethics.

In the course of 2024, the members of the aforementioned bodies underwent various training courses, including the following topics: CTT Group Code of Ethics; BCTT Group Code of Conduct; Policy for the Selection, Designation and Evaluation of the ROC and SROC; Operational Risk; Technological Risk; ESG, Sustainability and Climate Risk in the Financial Sector; Cybersecurity and Information Security Management and EFR Management Model and Conciliation.

Promoting an organisational culture grounded in high ethical standards, which fosters sound and prudent management, is one of the responsibilities assigned to the Audit Committee, as stipulated by law, the Articles of Association, and the relevant Internal Regulations. The Audit Committee is responsible for evaluating and issuing an opinion on an annual basis regarding the adequacy and effectiveness of the organisational culture and the governance and internal control systems of the Banco CTT Group.

Description of the processes to identify and assess material impacts, risks and opportunities [ESRS G1-IRO1]

The information relevant to this topic is described in the previous point 'Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1]' on page 329.

Corporate culture and business conduct policies [ESRS G1-1]

The CTT Group's Code of Ethics consolidates the principles that guide the organisation's ethical culture, reinforcing the commitment to integrity, transparency and good internal governance practices. Ethics is seen as an essential pillar for stakeholder trust and business sustainability. The content of this code emphasises the increasing importance of the ESG agenda and the Group's membership in the United Nations Global Compact, reinforcing its commitment to contributing to the Sustainable Development Goals (SDGs) and to developing sustainable financing solutions.

The principles and rules set forth in the Code of Ethics provide employees with clear guidelines for their conduct and decision-making. The application of the Code extends to all employees, suppliers, and partners, ensuring a consistent ethical standard across the board. Additionally, top management plays a crucial role in promoting these values through their example and by implementing measures that ensure compliance with the established guidelines. The commitment to ethics and transparent, principled governance models is regarded as vital for the ongoing sustainability and growth of the Banco CTT Group, enhancing its reputation and institutional relationships.

The Banco CTT Group Code of Conduct sets forth the rules of professional behaviour for employees, partners, and suppliers, promoting transparency and social and environmental responsibility, in alignment with the CTT Group Code of Ethics mentioned above. The Code of Conduct outlines the key ethical guidelines that help prevent errors and mitigate fraud risks, while also fostering a strong organisational culture. The application of the Code is mandatory for all employees, regardless of their contractual relationship, and top management and managers are responsible for exemplifying and promoting its principles. Professional conduct must follow strict ethical standards, respect for legislation, a prudent risk culture, integrity and transparency in relationships with clients and other stakeholders

In addition, the Board of Directors and the Audit Committee play crucial roles in promoting an ethical and responsible organizational culture, ensuring careful management and reinforcing the trust and reputation of the Banco CTT Group. They must guarantee the implementation of internal governance standards and foster an environment of dialogue on strategy and risks. In addition, they have a duty to regularly inform employees about the institution's risk tolerance level, ensuring that everyone understands their responsibilities in risk management and control.

Also, in the sphere of ethical behaviour, Banco CTT Group employees must comply with legal and internal rules in transactions with related parties, ensuring that they occur under market conditions and safeguarding the principles of transparency and competition. In the relationship with customers, they must act with diligence, impartiality and transparency, protecting the assets in custody and ensuring clear and complete information about products and services The Banco CTT Group is committed to strictly adhering to contractual conditions and ensuring that complaints are handled objectively and promptly. In relationships with suppliers, adherence to ethical standards equivalent to those of the Group is required. Finally, all Group entities must collaborate with supervisory authorities and ensure full compliance with legal and regulatory standards in the financial sector.

The Banco CTT Group also promotes strict measures against money laundering, corruption and conflicts of interest, prohibiting any practice that could compromise its integrity. Disclosure and misuse of inside information is forbidden, as is market manipulation. Employees must avoid business relationships that could interfere with institutional impartiality and follow strict rules on receiving gifts and benefits. Finally, all marketing and advertising practices must be truthful and comply with applicable regulations.

The Banco CTT Group drafted and disseminates the Code of Good Conduct of CTT and Subsidiaries for the prevention and combating of harassment at work, which complies with the legal provisions of the Labour Code, reinforced by Law No. 73/2017. This policy is applicable to all employees, without exception, and sets out the principles and rules for a healthy work environment. In essence, this code represents a zero-tolerance policy towards harassment, defining it as any unwelcome behaviour that creates a hostile or humiliating environment, including sexual harassment. Potential victims or witnesses should report cases to the Ethics Committee or the competent bodies. The communication model ensures confidentiality and impartiality. However, accusations that are proven to be false are subject to disciplinary action. The Code of Good Conduct for preventing and combating harassment at work is disseminated internally, in digital format, and through mandatory training sessions.

The Banco CTT Group adopts a rigorous approach to preventing and dealing with irregularities, ensuring compliance with legal and regulatory requirements. The General Regime for Credit Institutions and Financial Companies (RGICSF) and the European Banking Authority (EBA) Guidelines on Internal Governance (EBA/GL/2021/05) require credit institutions to implement autonomous and independent mechanisms for receiving, processing and archiving complaints relating to:

- Administration, accounting organization and internal oversight, including serious breaches of regulatory duties, tampering with financial records, and involvement in financial crimes such as corruption or insider trading;
- Violations of ethical values and professional conduct, including breaches of the Code of Conduct, the Code of Good Conduct for Preventing and Combating Harassment at Work, and other internal policies of the Banco CTT Group.

The Banco CTT Group Code of Conduct establishes the existence of specific mechanisms for reporting irregularities within the scope of the activity of the Bank and its subsidiaries. The Whistleblowing Policy regulates the procedures for receiving, processing and filing these complaints, covering intentional or negligent actions or omissions attributable to employees, members of the Board of Directors and the Audit Committee, or third parties whose conduct may affect the Group's activity.

Complaints may be made by members of the corporate bodies and employees of the Banco CTT Group, as well as by interested third parties, including shareholders, partners, suppliers, service providers and customers, even if the professional relationship has ended.

The communication channels available are:

- Postal mail – addressed to the Conduct Forum, using the address of the headquarters of the respective entity.
- Online Conduct Channel – form available on the websites of Banco CTT and its subsidiaries.
- Verbal communication – directly to the Head of the Compliance Function of each entity.

Communications are received and analysed in accordance with the approved internal process, guaranteeing confidentiality and compliance with applicable legal standards.

The whistleblowing reporting model ensures the protection of the whistleblower, and the confidentiality of the information provided. The Banco CTT Group is committed to ensuring that no retaliation is taken against anyone who, in good faith, reports an irregularity or cooperates in an investigation. It strictly prohibits practices such as dismissal, suspension, or reduction of duties; threats, harassment, or discrimination; and the withholding of wages or benefits. Reports of irregularities cannot, in themselves, lead to any disciplinary, civil, or criminal proceedings against the whistleblower, except in cases of deliberately false or clearly unfounded allegations.

The Banco CTT Group's Irregularity Reporting Policy complies with the requirements set out in Law No. 93/2021, of 20 December, on the protection of whistleblowers, as well as in Decree-Law No. 109-E/2021, of 9 December, which defines the general regime for the prevention of corruption.

The governance structure associated with the Conduct Channel is made up of:

- Audit Committee – responsible for receiving, registering and making the final decision on complaints, including the possible closing of cases.
- Compliance Department – responsible for managing the Conduct Channel.
- Conduct Forum – responsible for handling communications, and composed of the Bank's Compliance, Internal Audit and Risk Directors, and a member of the Audit Committee, who chairs the Forum and has a casting vote.

If a report of an irregularity is deemed significant enough to warrant an internal investigation, the Conduct Forum appoints an independent internal body (separate from the management chain involved in the complaint) or engages an external entity to conduct the investigation. This body or entity is responsible for impartially analysing documentation, assessing the existence of the irregularity, and preparing reports.

All employees of the Banco CTT Group are required to undergo mandatory training on the "Code of Conduct" and the "Code of Good Conduct for Preventing and Combating Harassment at Work". These training sessions include specific content regarding the communication channels available for reporting irregularities. The Banco CTT Group's Corruption Prevention Plan (CPP) did not identify any areas of activity exposed to high or very high risks in its risk matrix.

The Board of Directors is responsible for approving the Policies, ensuring that they are properly implemented and periodically reviewed.

Prevention and detection of corruption and bribery [ESRS G1-3]

The Banco CTT Group categorically rejects the practice of any form of corruption, bribery or other related infractions, considering them unacceptable and contrary to the ethical standards and norms that guide its activity. It is committed to disseminating values of integrity among its employees, investing in training and the dissemination of internal policies. This approach aims to ensure correct understanding and internalisation, in order to guarantee involvement and commitment to the other fundamental principles and rules, while ensuring strict confidentiality in the treatment of reported situations.

Reported cases of corruption are dealt with by the Conduct Forum. It is evident that bribery, corruption, and related offences can expose the Banco CTT Group and its employees to criminal and regulatory liability, resulting in significant harm to its reputation and financial standing.

The Banco CTT Group acknowledges its responsibilities towards employees, customers, partners, supervisory authorities, and the wider community, and is committed to conducting its activities with integrity and transparency. This commitment aims to maintain the absolute trust that underpins the Group's reputation and financial health.

The Banco CTT Group's Policy for Preventing and Combating Corruption complements the principles and rules of conduct outlined in the CTT Group's Code of Conduct and Code of Ethics. It is also aligned with specific internal policies, including those related to Transactions with Related Parties, Prevention of Conflicts of Interest, Reporting Irregularities, and Outsourcing. This policy applies to all Banco CTT Group employees, regardless of their hierarchical level, and is part of the Plan for the Prevention of Corruption Risks and Related Infractions.

The principles described in the Policy for the Prevention and Fight against Corruption promote upright, socially responsible, transparent, professional and ethical behaviour, respecting the current regulatory framework. The Banco CTT Group expects its employees to adhere to these standards not only in the performance of their duties, but also in their personal lives, adopting irreproachable ethical behaviour, and aims for third parties with whom it engages to follow the same standards.

In addition, the Banco CTT Group has established an internal control and risk management system based on the three-line of defence model, which aims to identify, assess, monitor and mitigate the risks to which the group's companies are exposed, including those related to corruption and related infractions.

The Banco CTT Group ensures continuous training and updates for all employees on matters related to corruption. It guarantees timely communication of any changes to the Policy and reinforces important aspects through targeted communications and, training, as necessary. The topic of corruption is addressed in training courses on the "Code of Ethics" and the "Code of Conduct." Additionally, specific actions related to anti-corruption and anti-bribery are already included in the training plan set for implementation in 2025.

The entities comprising the Banco CTT Group must always provide the Policy for Preventing and Combating Corruption - either in physical or digital form - to all parties with whom they have business relationships, including Credit Intermediaries, Consultants, Partners, Suppliers, and Service Providers.

The Policy for Preventing and Combating Corruption is permanently accessible on the websites of each Banco CTT Group entity and on the respective internal portal. This accessibility aims to ensure that employees understand the prohibited behaviours and refrain from engaging in them. If employees suspect acts that may constitute corruption, bribery or related offenses, they are obliged to report them through the Conduct Channel, as established in the Banco CTT Group's Whistleblowing Policy.

In line with what is described in topic 'Policies adopted to manage material sustainability matters [ESRS 2. MDR-P]', no information is disclosed on the financial resources allocated to the implementation of the aforementioned policies.

Confirmed incidents of corruption or bribery [ESRS G1-4]

In 2023 and 2024, the Banco CTT Group did not record any situation related to corruption and bribery and there were no convictions for anti-corruption and anti-bribery offenses, so there were no related fines or penalties.

E. Annexes

Annex 1 - Disclosure requirements corresponding to sub-themes assessed as material

ESRS 2 - General Disclosures

DR	Description	Location
BP-1	General basis for preparation of the sustainability statements	Page 321
BP-2	Disclosures in relation to specific circumstances	Page 321
GOV-1	The role of the administrative, management and supervisory bodies	Page 322
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Page 323
GOV-3	Integration of sustainability-related performance in incentive schemes	Page 324
GOV-4	Statement on due diligence	Page 324
GOV-5	Risk management and internal controls over sustainability reporting	Page 325
SBM-1	Strategy, business model and value chain	Page 325
SBM-2	Interests and views of stakeholders	Page 326
SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	Page 327
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Page 329
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Page 332
MDR-P	Policies adopted to manage material sustainability matters	Page 332

ESRS E1 - Climate Change

DR	Description	Location
E1-GOV3	Integration of sustainability-related performance in incentive schemes	Page 324, 336
E1-1	Transition plan for climate change mitigation	Page 336
E1-SBM3	Material impacts, risks and opportunities and their interaction with the strategy and business model	Page 327, 336
E1-IRO1	Description of the processes to identify and assess material impacts, risks and opportunities	Page 329, 336
E1-2	Policies related to climate change mitigation and adaptation	Page 337
E1-3	Actions and resources related to climate change policies	Page 337
E1-4	Targets related to climate change mitigation and adaptation	Page 337
E1-5	Energy consumption and mix	Page 338
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Page 338
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Page 340
E1-8	Internal carbon pricing	Page 340
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Page 340

ESRS S1 - Own workforce

DR	Description	Location
S1-SBM3	Material impacts, risks and opportunities and their interaction with the strategy and business model	Page 327, 341
S1-1	Policies related to own workforce	Page 341
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Page 343
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Page 344
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Page 344
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 345
S1-6	Characteristics of the undertaking's employees	Page 345
S1-7	Characteristics of self-employed employees in the company's own workforce	Page 346
S1-11	Social protection	Page 346
S1-13	Training and skills development metrics	Page 346
S1-14	Health and safety metrics	Page 347
S1-15	Work-life balance metrics	Page 348
S1-17	Incidents, complaints and severe human rights impacts	Page 348

ESRS S4 - Consumers and End-users

DR	Description	Location
S4-SBM2	Interests and views of stakeholders	Page 348
S4-SBM3	Material impacts, risks and opportunities and their interaction with the strategy and business model	Page 348
S4-1	Policies related to consumers and end users	Page 348
S4-2	Processes for engaging with consumers and end-users about impacts	Page 348
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Page 348
S4-4	Adoption of measures on significant impacts on consumers and end-users, and approaches to manage material risks and seek material opportunities related to consumers and end-users, and effectiveness of such actions.	Page 348
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 348

ESRS G1 - Business conduct

DR	Description	Location
G1-GOV1	The role of the administrative, management and supervisory bodies	Page 322, 349
G1-IRO1	Description of the processes to identify and assess material impacts, risks and opportunities	Page 329, 349
G1-1	Corporate culture and business conduct policies	Page 350
G1-3	Prevention and detection of corruption and bribery	Page 352
G1-4	Confirmed incidents of corruption or bribery	Page 353

Annex 2 – Data points from ESRS 2 and thematic ESRS emanating from other European Union legislation

Caption: ■ applicable / □ not applicable

Disclosure requirement and respective data point	SFRD	Pillar 3	Reference Indexes Regulation	European Climate Law	Report or page
ESRS 2 GOV-1: Board's gender diversity paragraph 21(d)	■	□	■	□	322
ESRS 2 GOV-1: Percentage of board members who are independent, paragraph 21(e)	□	□	■	□	322
ESRS 2 GOV-4: Statement on due diligence, paragraph 30	■	□	□	□	324
ESRS 2 SBM-1: Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	■	■	■	□	-
ESRS 2 SBM-1: Involvement in activities related to chemical production, paragraph 40(d)(ii)	■	□	■	□	-
ESRS 2 SBM-1: Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	■	□	■	□	-
ESRS 2 SBM-1: Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)	□	□	■	□	-
ESRS E1-1: Transition plan to reach climate neutrality by 2050, paragraph 14	□	□	□	■	-
ESRS E1-1: Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)	□	■	■	□	-
ESRS E1-4: GHG emission reduction targets, paragraph 34	■	■	■	□	-
ESRS E1-5: Energy consumption from non-renewable sources disaggregated by sources (only high climate impact sectors), paragraph 38	■	□	□	□	-
ESRS E1-5: Energy consumption and mix, paragraph 37	■	□	□	□	338
ESRS E1-5: Energy intensity associated with activities in high climate impact sectors, paragraphs 10 to 43	■	□	□	□	-
ESRS E1-6: Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	■	■	■	□	338
ESRS E1-6: Gross GHG emissions intensity, paragraphs 10 to 55	■	■	■	□	338
ESRS E1-7: GHG removals and carbon credits, paragraph 56	□	□	□	■	-
ESRS E1-9: Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66	□	□	■	□	-
ESRS E1-9: Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66(c).	□	■	□	□	-
ESRS E1-9: Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)	□	■	□	□	-
ESRS E1-9: Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	□	□	■	□	-
ESRS E2-4: Quantity of each pollutant listed in Annex II of the EPTR (European Pollutant Release and Transfer Register) Regulation emitted into air, water and soil, paragraph 28.	■	□	□	□	-
ESRS E3-1: Water and marine resources, paragraph 9	■	□	□	□	-
ESRS E3-1: Dedicated policy, paragraph 13	■	□	□	□	-
ESRS E3-1: Sustainable oceans and seas, paragraph 14	■	□	□	□	-

Caption: ■ applicable / □ not applicable

Disclosure requirement and respective data point	SFRD	Pillar 3	Reference Indexes Regulation	European Climate Law	Report or page
ESRS E3-4: Total water recycled and reused, paragraph 28(c)	■	□	□	□	-
ESRS E3-4: Total water consumption in m3 per net revenue from own operations, paragraph 29	■	□	□	□	-
ESRS 2 SBM 3-E4, paragraph 16(a)(i)	■	□	□	□	-
ESRS 2 SBM 3-E4, paragraph 16(b)	■	□	□	□	-
ESRS 2 SBM 3-E4, paragraph 16(c)	■	□	□	□	-
ESRS E4-2: Sustainable land/agricultural practices or policies, paragraph 24(b)	■	□	□	□	-
ESRS E4-2: Sustainable oceans/seas practices or policies, paragraph 24(c)	■	□	□	□	-
ESRS E4-2: Policies to address deforestation, paragraph 24(d)	■	□	□	□	-
ESRS E5-5: Non-recycled waste, paragraph 37(d)	■	□	□	□	-
ESRS E5-5: Hazardous waste and radioactive waste, paragraph 39	■	□	□	□	-
ESRS 2 SBM3-S1: Risk of incidents of forced labour, paragraph 14(f)	■	□	□	□	-
ESRS 2 SBM3-S1: Risk of incidents of child labour, paragraph 14(g)	■	□	□	□	-
ESRS S1-1: Human rights policy commitments, paragraph 20	■	□	□	□	341
ESRS S1-1: Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21	□	□	■	□	341
ESRS S1-1: Processes and measures for preventing trafficking in human beings, paragraph 22	■	□	□	□	-
ESRS S1-1: Workplace accident prevention policy or management system, paragraph 23	■	□	□	□	-
ESRS S1-3: Grievance/complaints handling mechanisms, paragraph 32,(c)	■	□	□	□	344
ESRS S1-14: Number of fatalities and number and rate of work-related accidents, paragraph 88(b)(c)	■	□	■	□	-
ESRS S1-14: Number of days lost to injuries, accidents, fatalities or illness, paragraph 88(e)	■	□	□	□	-
ESRS S1-16: Unadjusted gender pay gap and weighted average gender pay gap, paragraph 97(a)	■	□	■	□	-
ESRS S1-16: Excessive CEO pay ratio, paragraph 97(b)	■	□	□	□	-
ESRS S1-17: Incidents of discrimination, paragraph 103(a)	■	□	□	□	348
ESRS S1-17: Violations of the United Nations Guiding Principles on Business and Human Rights and OECD Guidelines No. 104 (a)	■	□	■	□	348
ESRS 2 SBM3-S2: Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	■	□	□	□	-
ESRS S2-1: Human rights policy commitments, paragraph 17	■	□	□	□	-
ESRS S2-1: Policies related to value chain workers, paragraph 18	■	□	□	□	-
ESRS S2-1: Violations of the United Nations Guiding Principles on Business and Human Rights and OECD Guidelines No. 104 (a)	■	□	■	□	-

Caption: ■ applicable / □ not applicable

Disclosure requirement and respective data point	SFRD	Pillar 3	Reference Indexes Regulation	European Climate Law	Report or page
ESRS S2-1: Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph19	□	□	■	□	-
ESRS S2-4: Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	■	□	□	□	-
ESRS S3-1: Human policy commitments, paragraph 16	■	□	□	□	-
ESRS S3-1: Violations of UNGC and ILO principles, and OECD guidelines, paragraph 17	■	□	■	□	-
ESRS S3-4: Human rights issues and incidents, paragraph 36	■	□	□	□	-
ESRS S4-1: Policies related to consumers and end-users, paragraph 16	■	□	□	□	-
ESRS S4-1: Violations of UNGC and ILO principles, and OECD guidelines, paragraph 17	■	□	■	□	-
ESRS S4-4: Human rights issues and incidents, paragraph 35	■	□	□	□	-
ESRS G1-1: United Nations Convention against Corruption, paragraph 10(b)	■	□	□	□	350
ESRS G1-1: Protection of whistleblowers, paragraph 10(d)	■	□	□	□	350
ESRS G1-4: Fines for violations of anti-corruption and anti-bribery laws, paragraph 24 (a)	■	□	■	□	353
ESRS G1-4: Standards of anti-corruption and anti-bribery laws, paragraph 24(b)	■	□	□	□	353

Annex 3 – Reporting tables for Delegated Regulation (EU) 2023/2486

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

(values in thousands of euros)		**Total environmentally sustainable assets**	**Turnover KPI**	**Capex KPI**	**% coverage (over total assets)**	**% of assets excluded from the numerator of the GAR**	**% of assets excluded from the denominator of the GAR**
Main KPI	Green asset ratio (GAR) stock	76 430	4%	4%	2%	20%	43%
Additional KPIs	GAR (flow)	33 189	7%	7%	2%	0%	77%
	Trading book	n.a.	n.a.	n.a.			
	Financial guarantees	0	-	-			
	Assets under management	0	-	-			
	Fees and commissions income	n.a.	n.a.	n.a.			

1. Assets for calculating the GAR (Green Assets Ratio) based on Turnover

(values in thousands of euros)	Total carrying amount (gross)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)		
				"Of which, use of proceeds"	Of which, transitional	Of which, enabling			"Of which, use of proceeds"	Of which, transitional	Of which, enabling			"Of which, use of proceeds"	Of which, enabling			"Of which, use of proceeds"	Of which, enabling			"Of which, use of proceeds"	Of which, enabling			"Of which, use of proceeds"	Of which, enabling			"Of which, use of proceeds"	Of which, transitional	Of which, enabling
GAR - Covered assets in both numerator and denominator	**1 742 032**	**1 742 032**	**76 430**	**76 430**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1 742 032**	**76 430**	**76 430**	**0**	**0**
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1 742 032	1 742 032	76 430	76 430	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1 742 032	76 430	76 430	0	0
Financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	56 937	56 937	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	56 937	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which, investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
of which, management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
of which, insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-financial companies subject to NFRD disclosure obligations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
Households	**1 742 032**	**1 742 032**	**76 430**	**76 430**	**0**	**0**	**0**	**0**	**0**	**0**	**0**					**0**	**0**	**0**	**0**									**1 742 032**	**76 430**	**76 430**	**0**	**0**
of which, loans collateralised by residential immovable property	803 718	803 718	61 210	61 210	0	0	0	0	0	0	0					0	0	0	0									803 718	61 210	61 210	0	0
of which, building renovation loans of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0	0					0	0	0	0									0	0	0	0	0
of which, motor vehicle loans	938 314	938 314	15 219	15 219	0	0																						938 314	15 219	15 219	0	0
Local governments financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other local government financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(values in thousands of euros)	Total carrying amount (gross)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)		
				"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)	928 712	928 712	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	928 712	0	0	0	0
Financial and Non-financial undertakings	0																															
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	0																															
Loans and advances	0																															
of which, loans collateralised by commercial immovable property	0																															
of which, building renovation loans	0																															
Debt securities	0																															
Equity instruments	0																															
Non-EU country counterparties not subject to NFRD disclosure obligations	0																															
Loans and advances	0																															
Debt securities	0																															
Equity instruments	0																															
Derivatives	6																															
On demand interbank loans	0																															
Cash and cash-related assets	735 294																															
Other categories of assets	193 412																															
Total GAR assets	2 670 744	2 670 744	76 430	76 430	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2 670 744	76 430	76 430	0	0
Assets not covered for GAR calculation	2 050 121																															
Central governments and Supranational issuers	2 050 121																															
Central banks exposure	0																															
Trading book	0																															
Total assets	4 720 865	4 720 865	76 430	76 430	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4 720 865	76 430	76 430	0	0
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
Financial guarantees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assets under management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which, debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which, equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1. Assets for calculating the GAR (Green Assets Ratio) based on CAPEX

(values in thousands of euros)	Total carrying amount (gross)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)		
				"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling
GAR – Covered assets in both numerator and denominator	**1 742 032**	**1 742 032**	**76 430**	**76 430**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1 742 032**	**76 430**	**76 430**	**0**	**0**
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1 742 032	1 742 032	76 430	76 430	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1 742 032	76 430	76 430	0	0
Financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	56 937	56 937	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	56 937	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which, investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
of which, management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
of which, insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-financial companies subject to NFRD disclosure obligations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities, including UP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0		0	0
Households	**1 742 032**	**1 742 032**	**76 430**	**76 430**	**0**	**0**	**0**	**0**	**0**	**0**	**0**					**0**	**0**	**0**	**0**									**1 742 032**	**76 430**	**76 430**	**0**	**0**
of which, loans collateralised by residential immovable property	803 718	803 718	61 210	61 210	0	0	0	0	0	0	0					0	0	0	0									803 718	61 210	61 210	0	0
of which, building renovation loans of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0	0					0	0	0	0									0	0	0	0	0
of which, motor vehicle loans	938 314	938 314	15 219	15 219	0	0																						938 314	15 219	15 219	0	0
Local governments financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other local govemment financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(values in thousands of euros)	Total carrying amount (gross)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)					Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)				Of which, environmentally sustainable (Taxonomy-aligned)		
				"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)	928 712	928 712	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	928 712	0	0	0	0
Financial and Non-financial undertakings	0																															
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	0																															
Loans and advances	0																															
of which, loans collateralised by commercial immovable property	0																															
of which, building renovation loans	0																															
Debt securities	0																															
Equity instruments	0																															
Non-EU country counterparties not subject to NFRD disclosure obligations	0																															
Loans and advances	0																															
Debt securities	0																															
Equity instruments	0																															
Derivatives	6																															
On demand interbank loans	0																															
Cash and cash-related assets	735 294																															
Other categories of assets	193 412																															
Total GAR assets	2 670 744	2 670 744	76 430	76 430	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2 670 744	76 430	76 430	0	0
Assets not covered for GAR calculation	2 050 121																															
Central governments and Supranational issuers	2 050 121																															
Central banks exposure	0																															
Trading book	0																															
Total assets	4 720 865	4 720 865	76 430	76 430	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4 720 865	76 430	76 430	0	0
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
Financial guarantees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assets under management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which, debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which, equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

2. GAR sector information, based on Turnover

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)			
	Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations	
	Carrying amount (gross)	Of which, environmentally sustainable (CCM)	Carrying amount (gross)	Of which, environmentally sustainable (CCM)	Carrying amount (gross)	Of which, environmentally sustainable (CCA)	Carrying amount (gross)	Of which, environmentally sustainable (CCA)	Carrying amount (gross)	Of which, environmentally sustainable (WTR)	Carrying amount (gross)	Of which, environmentally sustainable (WTR)	Carrying amount (gross)	Of which, environmentally sustainable (CE)	Carrying amount (gross)	Of which, environmentally sustainable (CE)	Carrying amount (gross)	Of which, environmentally sustainable (PPC)	Carrying amount (gross)	Of which, environmentally sustainable (PPC)	Carrying amount (gross)	Of which, environmentally sustainable (BIO)	Carrying amount (gross)	Of which, environmentally sustainable (BIO)	Carrying amount (gross)	Of which, environmentally sustainable	Carrying amount (gross)	Of which, environmentally sustainable
8299 - Other business support service activities	0	0			0	0			0	0			0	0			0	0			0	0			0	0		
9609 - Other personal service activities	0	0			0	0			0	0			0	0			0	0			0	0			0	0		

2. GAR sector information, based on CAPEX

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)			
	Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations		Non-Financial corporates subject to NFRD disclosure obligations		SMEs and other NFC not subject to NFRD disclosure obligations	
	Carrying amount (gross)	Of which, environmentally sustainable (CCM)	Carrying amount (gross)	Of which, environmentally sustainable (CCM)	Carrying amount (gross)	Of which, environmentally sustainable (CCA)	Carrying amount (gross)	Of which, environmentally sustainable (CCA)	Carrying amount (gross)	Of which, environmentally sustainable (WTR)	Carrying amount (gross)	Of which, environmentally sustainable (WTR)	Carrying amount (gross)	Of which, environmentally sustainable (CE)	Carrying amount (gross)	Of which, environmentally sustainable (CE)	Carrying amount (gross)	Of which, environmentally sustainable (PPC)	Carrying amount (gross)	Of which, environmentally sustainable (PPC)	Carrying amount (gross)	Of which, environmentally sustainable (BIO)	Carrying amount (gross)	Of which, environmentally sustainable (BIO)	Carrying amount (gross)	Of which, environmentally sustainable	Carrying amount (gross)	Of which, environmentally sustainable
8299 - Other business support service activities	0	0			0	0			0	0			0	0			0	0			0	0			0	0		
9609 - Other personal service activities	0	0			0	0			0	0			0	0			0	0			0	0			0	0		

3. GAR KPI stock based on Turnover

% (compared to total covered assets in the denominator)	Total carrying amount (gross)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					Proportion of total covered assets
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which, use of proceeds	Of which, transitional	Of which, enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which, use of proceeds	Of which, enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which, use of proceeds	Of which, enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which, use of proceeds	Of which, enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which, use of proceeds	Of which, enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which, use of proceeds	Of which, enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which, use of proceeds	Of which, transitional	Of which, enabling	
GAR – Covered assets in both numerator and denominator	37%	37%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	37%	100%	100%	0%	0%
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	37%	37%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	37%	100%	100%	0%	0%
Financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Other financial corporations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
of which, investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which, management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which, insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Non-financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non-financial companies subject to NFRD disclosure obligations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Households	37%	37%	100%	100%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	37%	100%	100%	0%	0%
of which, loans collateralised by residential immovable property	17%	17%	80%	80%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	17%	80%	80%	0%	0%
of which, building renovation loans of which motor vehicle loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	0%	0%	0%	0%	0%
of which, motor vehicle loans	20%	20%	20%	20%	0%	0%																										
Local governments financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total GAR assets	20%	20%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	20%	0%	0%	0%	0%

3. GAR KPI stock based on CAPEX

% (compared to total covered assets in the denominator)	Total carrying amount (gross)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					Proportion of total covered assets
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which, use of proceeds	Of which, transitional	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, transitional	Of which, enabling	
GAR - Covered assets in both numerator and denominator	37%	37%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	37%	100%	100%	0%	0%
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	37%	37%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	37%	100%	100%	0%	0%
Financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Other financial corporations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
of which, investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which, management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which, insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Non-financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non-financial companies subject to NFRD disclosure obligations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Households	37%	37%	100%	100%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	37%	100%	100%	0%	0%
of which, loans collateralised by residential immovable property	17%	17%	80%	80%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	17%	80%	80%	0%	0%
of which, building renovation loans of which motor vehicle loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	0%	0%	0%	0%	0%
of which, motor vehicle loans	20%	20%	20%	20%	0%	0%																										
Local governments financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total GAR assets	20%	20%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	20%	0%	0%	0%	0%

4. GAR KPI flow based on Turnover

% (compared to flow of total eligible assets)	Total carrying amount (gross)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which, use of proceeds	Of which, transitional	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, enabling			Of which, use of proceeds	Of which, transitional	Of which, enabling	
GAR - Covered assets in both numerator and denominator	23%	23%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	23%	23%	100%	100%	0%	0%
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	23%	23%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	23%	23%	100%	100%	0%	0%
Financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	3%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Other financial corporations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
of which, investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which, management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which, insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Non-financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non-financial companies subject to NFRD disclosure obligations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Households	23%	23%	100%	100%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									23%	23%	100%	100%	0%	0%
of which, loans collateralised by residential immovable property	8%	8%	68%	68%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									8%	8%	68%	68%	0%	0%
of which, building renovation loans of which motor vehicle loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	0%	0%	0%	0%	0%
of which, motor vehicle loans	14%	14%	32%	32%	0%	0%																										
Local governments financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total GAR assets	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

4. GAR KPI flow based on CAPEX

% (em comparação com o total de ativos abrangidos no denominador)	Total da quantia escriturada (bruta)	Mitigação das alterações climáticas (MAC)					Adaptação às alterações climáticas (AAC)				Recursos hídricos e marinhos (RHM)				Economia circular (EC)				Poluição (PCP)				Biodiversidade e ecossistemas (BIO)				Total (MAC+AAC+RHM+EC+PCP+BIO)					Proporção do total dos ativos abrangidos
		Dos quais, setores pertinentes para a taxonomia (elegíveis para a taxonomia)					Dos quais, setores pertinentes para a taxonomia (elegíveis para a taxonomia)				Dos quais, setores pertinentes para a taxonomia (elegíveis para a taxonomia)				Dos quais, setores pertinentes para a taxonomia (elegíveis para a taxonomia)				Dos quais, setores pertinentes para a taxonomia (elegíveis para a taxonomia)				Dos quais, setores pertinentes para a taxonomia (elegíveis para a taxonomia)				Dos quais, setores pertinentes para a taxonomia (elegíveis para a taxonomia)					
			Dos quais, sustentáveis do ponto de vista ambiental (alinhados pela taxonomia)					Dos quais, sustentáveis do ponto de vista ambiental (alinhados pela taxonomia)				Dos quais, sustentáveis do ponto de vista ambiental (alinhados pela taxonomia)				Dos quais, sustentáveis do ponto de vista ambiental (alinhados pela taxonomia)				Dos quais, sustentáveis do ponto de vista ambiental (alinhados pela taxonomia)				Dos quais, sustentáveis do ponto de vista ambiental (alinhados pela taxonomia)				Dos quais, sustentáveis do ponto de vista ambiental (alinhados pela taxonomia)			
				Dos quais, utilização de receitas	Dos quais, de transição	Dos quais, capacitantes			Dos quais, utilização de receitas	Dos quais, capacitantes			Dos quais, utilização de receitas	Dos quais, capacitantes			Dos quais, utilização de receitas	Dos quais, capacitantes			Dos quais, utilização de receitas	Dos quais, capacitantes			Dos quais, utilização de receitas	Dos quais, capacitantes			Dos quais, utilização de receitas	Dos quais, de transição	Dos quais, capacitantes	
RAE - ativos abrangidos tanto no numerador como no denominador	23%	23%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	23%	23%	100%	100%	0%	0%
Empréstimos e adiantamentos, títulos de dívida e instrumentos de capital não elegíveis para negociação do cálculo do RAE	23%	23%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	23%	23%	100%	100%	0%	0%
Empresas financeiras	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Instituições de crédito	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Empréstimos e adiantamentos	3%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	0%	0%	0%	0%
Títulos de dívida, incluindo unidades de participação	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Instrumentos de capital	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Outras empresas financeiras	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
das quais, empresas de investimento	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Empréstimos e adiantamentos	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Títulos de dívida, incluindo unidades de participação	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Instrumentos de capital	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
das quais, sociedades gestoras	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Empréstimos e adiantamentos	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Títulos de dívida, incluindo unidades de participação	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Instrumentos de capital	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
das quais, empresas de seguros	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Empréstimos e adiantamentos	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Títulos de dívida, incluindo unidades de participação	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Instrumentos de capital	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Empresas não financeiras	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Empresas não financeiras sujeitas às obrigações de divulgação da NFRD	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Empréstimos e adiantamentos	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Títulos de dívida, incluindo unidades de participação	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Instrumentos de capital	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Famílias	23%	23%	100%	100%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									23%	23%	100%	100%	0%	0%
dos quais, empréstimos caucionados por imóveis de habitação	8%	8%	68%	68%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									8%	8%	68%	68%	0%	0%
dos quais, empréstimos para renovação de edifícios	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					0%	0%	0%	0%									0%	0%	0%	0%	0%	0%
dos quais, empréstimos automóveis	14%	14%	32%	32%	0%	0%																										
Financiamento do setor público local	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Financiamento à habitação	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Outro financiamento do setor público local	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cauções obtidas por aquisição de posse: bens imóveis residenciais e comerciais	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RAE total dos ativos	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

5. KPI off-balance sheet exposures based on Turnover

% (compared to total eligible off-balance-sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM+CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling
Financial guarantees (FinGuar KPI)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Assets under management (AuM KPI)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

5. KPI off-balance sheet exposures based on CAPEX

% (compared to total eligible off-balance-sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM+CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			"Of which. use of proceeds"	Of which, transitional	Of which, enabling			"Of which. use of proceeds"	Of which, enabling			"Of which. use of proceeds"	Of which, transitional	Of which, enabling
Financial guarantees (FinGuar KPI)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Assets under management (AuM KPI)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Disclosure in accordance with Annex XII – Nuclear energy and/or fossil gas related activities

1. Nuclear energy and/or fossil gas related activities

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

2. Economic activities aligned with the Taxonomy (denominator)

Row	**Taxonomy-aligned economic activities** (denominator) **Turnover KPI** (million EUR)	**Amount and proportion** (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%	0	0%	0	0%
8	**Total Turnover KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**

Row	**Taxonomy-aligned economic activities** (denominator) **Capex KPI** (million EUR)	**Amount and proportion** (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%	0	0%	0	0%
8	**Total Capex KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**

3. Economic activities aligned with the Taxonomy (numerator)

Row	**Taxonomy-aligned economic activities** (numerator) **Turnover KPI** (million EUR)	**Amount and proportion** (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0	0%	0	0%	0	0%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the Turnover KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**

Row	**Taxonomy-aligned economic activities** (numerator) **Capex KPI** (million EUR)	**Amount and proportion** (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0	0%	0	0%	0	0%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the Capex KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**

4. Eligible economic activities, but not aligned with the Taxonomy

Row	**Taxonomy-eligible but not taxonomy-aligned economic activities based on Turnover KPI** (million EUR)	**Proportion** (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%	0	0%	0	0%
8	**Total Turnover KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**

Row	**Taxonomy-eligible but not taxonomy-aligned economic activities based on Capex KPI** (million EUR)	**Amount and proportion** (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%	0	0%	0	0%
8	**Total Capex KPI**	**0**	**0%**	**0**	**0%**	**0**	**0%**

5. Economic activities not eligible for Taxonomy

Row	Taxonomy non-eligible economic activities based on Turnover KPI (million EUR)	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
4	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
5	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Turnover KPI**	**0**	**0%**

Row	Taxonomy non-eligible economic activities based on Capex KPI (million EUR)	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
4	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
5	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Capex KPI**	**0**	**0%**

F. Independent Limited Assurance Report On Sustainability Reporting

EY
Shape the future with confidence

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da Índia, 10 - Piso 1
1349-066 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails

Independent Limited Assurance Report on the Consolidated Sustainability Reporting

To the Management
Banco CTT, S.A.

Limited assurance conclusion

We have conducted a limited Assurance engagement on the Consolidated Sustainability Reporting of Banco CTT, S.A. (the "Group") included in section "Sustainability Statement" of the Annual Report 2024 (the "Consolidated Sustainability Reporting"), as at 31 December 2024 and for the period from 1 January to 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Reporting is not prepared, in all material respects, in compliance with:

- The European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported on the Consolidated Sustainability Reporting (the "Process") is in accordance with the description set out in note Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1]; and
- The disclosures laid down in Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation") included in subsection Taxonomy Regulation within the section B. Environmental Information of the Consolidated Sustainability Reporting.

Basis for conclusion

Our limited assurance engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) standards are further described in section "Responsibilities of the Auditor".

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Quality and Independence

We apply the International Standard on Quality Management ISQM 1, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA) and of the *Ordem dos Revisores Oficiais de Contas*' Code of ethics.

Responsibilities of the Management for the Consolidated Sustainability Reporting

Management of the Group is responsible for designing, implementing and maintaining a Process to identify the information reported in the Consolidated Sustainability Reporting in accordance with the ESRS and for disclosing this Process in note Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1] of the Consolidated Sustainability Reporting. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- The selection and adoption of methods and making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for:

- The preparation of the Consolidated Sustainability Reporting in compliance with the ESRS;
- The preparation of the disclosures in subsection Taxonomy Regulation within the section B. Environmental Information of the Consolidated Sustainability Reporting, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Consolidated Sustainability Reporting that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates about sustainability disclosures that are reasonable in the circumstances.

Inherent limitations in preparing the Consolidated Sustainability Reporting

In reporting forward-looking information in accordance with ESRS, Management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Auditor

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Reporting is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economics decisions of users taken on the basis of the Consolidated Sustainability Reporting as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Consolidated Sustainability Reporting, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in note Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1].

EY
Shape the future with confidence

Banco CTT, S.A.
Independent Limited Assurance Report
on the Consolidated Sustainability Reporting
31 December 2024

Our other responsibilities in respect of the Consolidated Sustainability Reporting include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Reporting but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Consolidated Sustainability Reporting where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Reporting.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Consolidated Sustainability Reporting.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by Management; and
  - reviewing the Group's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note Description of the processes to identify and assess material impacts, risks and opportunities [ESRS 2.IRO-1].

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Reporting, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Consolidated Sustainability Reporting by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Reporting, but not for the purpose of expressing a conclusion about the effectiveness of the Group's internal control;
- Evaluated whether material information identified by the Process is included in the Consolidated Sustainability Reporting;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Reporting is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected disclosures in the Consolidated Sustainability Reporting;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Consolidated Sustainability Reporting;

- Obtained evidence on the methods, assumptions and data used on developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding and evaluated the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in Consolidated Sustainability Reporting.

Other matters

The comparative information included in the Consolidated Sustainability Reporting of the Group has not been subjected to an assurance engagement.

Lisboa, 18 March 2025

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
Registered with the Portuguese Securities Market Commission under license nr. 20161020


bancoctt.pt