



# **Consolidated Results**

1<sup>st</sup> Quarter 2020

**committed to deliver**



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## CTT – CORREIOS DE PORTUGAL, S.A. – PUBLIC COMPANY

### 1<sup>st</sup> QUARTER 2020 CONSOLIDATED RESULTS

- **Revenues<sup>1</sup>** affected by the outbreak of the COVID-19 pandemic. In the first two months of 2020, revenues were growing by 7.4%, including the inorganic effect of 321 Crédito, which illustrates the robust performance that the Company was achieving in its business lines until the acceleration of the effects of the pandemic. Notwithstanding, revenues increased to €179.9m (+€3.0m, +1.7%), with special emphasis on Banco CTT (+€10.5m, of which €8.0m from 321 Crédito), Financial Services & Retail<sup>2</sup> (+€2.4m) and Express & Parcels (E&P) (+€0.6m), which offset the decrease in Mail & other<sup>2</sup> (–€10.4m; of which –€8.7m in March, impacted by the pandemic).
- **EBITDA<sup>3</sup>** stood at €20.2m, –€0.8m (–3.7% year-on-year) due to the significant impact of COVID-19 in March, which reversed the high double-digit growth rate (+49.7%) in the first two months of 2020.
- **EBIT** grew to €9.3m, +€0.6m (+6.7%) vs. the 1<sup>st</sup> quarter of 2019. This evolution was due to the growth of Banco CTT (+€5.2m) and Financial Services & Retail<sup>2</sup> (+€2.6m) which offset the declines in Mail & other<sup>2</sup> (–€5.7m) and Express & Parcels (–€1.5m).
- **Free cash flow** increased to €8.6m in 1Q20, doubling when compared to 1Q19 (+€4.3m).
- **Net profit<sup>4</sup>** of €3.7m, in line with that of 1Q19 (–0.4%).

#### Consolidated Results

	1Q19	1Q20	Δ % 20/19
€ million			
<b>Revenues<sup>1</sup></b>	<b>176.9</b>	<b>179.9</b>	<b>1.7%</b>
Mail & other	120.6	110.2	–8.6%
Mail <sup>2</sup>	119.4	109.5	–8.3%
Central Structure	1.2	0.7	–42.7%
Express & Parcels	36.7	37.3	1.6%
Banco CTT	9.0	19.5	116.4%
Financial Services & Retail <sup>2</sup>	10.5	13.0	23.0%
<b>Operating Costs<sup>3</sup></b>	<b>155.9</b>	<b>159.7</b>	<b>2.4%</b>
<b>EBITDA<sup>3</sup></b>	<b>21.0</b>	<b>20.2</b>	<b>–3.7%</b>
Leases (IFRS16)	6.9	6.3	–8.9%
<b>EBITDA including IFRS 16</b>	<b>28.0</b>	<b>26.6</b>	<b>–5.0%</b>
Impairments & provisions	0.4	2.8	540.4%
Depreciation & amortisation	13.3	14.5	8.9%
Specific items	5.6	0.01	–99.7%
<b>EBIT</b>	<b>8.7</b>	<b>9.3</b>	<b>6.7%</b>
Financial results (+ / –)	–2.1	–3.1	–47.8%
Income tax for the period	2.9	2.5	–14.7%
Non-controlling interests	–0.008	0.03	>>
<b>Net profit for the period<sup>4</sup></b>	<b>3.7</b>	<b>3.7</b>	<b>–0.4%</b>

<sup>1</sup> Excluding specific items.

<sup>2</sup> In 2020 and in the same period of the previous year (proforma), the retail products and services of the Mail & other business unit are considered within the Financial Services & Retail business unit (former Financial Services business unit).

<sup>3</sup> Excluding depreciation / amortisation, impairments and provisions, as well as the impact of IFRS 16 and specific items.

<sup>4</sup> Attributable to equity holders.



## 1. Operational and Financial Performance

The COVID-19 pandemic affected consumers and companies and, although the Company has maintained its activity and has joined the “stay at home” movement from the outset in the various geographies where it operates by putting in motion several initiatives aimed at facilitating access of the Portuguese and Spanish populations to the services provided, the business in general was negatively influenced. The **Mail** business unit was very affected in the second half of March. The **E&P** business unit was also impacted, mainly in Spain, and several initiatives were launched in Portugal to help companies market their products. These initiatives, and the strong effort to capture volumes associated with e-commerce, were very successful and reversed the downward trend in B2B volumes in April. The **Financial Services & Retail** business area suffered the greatest impact, with a significant reduction in Public Debt Certificates subscriptions, as a result of the dependence on the retail channel, which suffered a decrease in demand as a result of restrictions on the movement of people and the opening hours of CTT post offices following the declaration of the state of emergency, although some progress was observed at the end of April. The impacts on the **Banco CTT** business area were not so significant in March and allowed the bank to present, for the first time in its history, a positive Net profit in the quarter.

### Mail

At the end of 1Q20, **Mail revenues** reached €109.5m, -€9.9m (-8.3%) vis-à-vis 1Q19.

This decline resulted mostly from the combined effect of the fall in the revenues of **transactional mail** by €8.1m (-7.9%), **advertising mail** by €0.5m (-9.1%) and **business solutions** by €0.3m (-10.6%).

In the first two months of 2020, the Mail revenues decline was just €1.5m (-1.9%) compared to the same period of the previous year, totaling €77.4m. It was a consequence of the combined effect of a slight decrease in the revenues of transactional mail (-€1.6m; -2.4%), editorial mail (-€0.3m; -12.3%) and business solutions (-€0.4m; -17.6%), mitigated by the €0.5m (+16.0%) growth of advertising mail.

The revenues decline in the month of March amounted to €8.4m (-20.8%), as this crisis has had a relevant impact on virtually all transactional mail business lines, as for example, decline of ordinary mail by €2.0m (-13.9%), registered mail by €1.8m (-17.6%) and international mail by €2.3m (-29.9%), as well as a fall in advertising mail which posted a decrease of €1.0m (-44.7%).

During the first two months of 2020, the evolution of addressed mail volumes was within the Company guidance range [-6% to -8%] as it stood at -7.1%. However, the impact of the month of March 2020 on that metric was -20.9%, leading the 1Q20 evolution to -11.8%.

### Mail volumes

	2M19	2M20	Δ%	Mar/19	Mar/20	Δ%	1Q19	1Q20	Δ%
million items									
Transactional mail	96.3	88.5	-8.1%	46.3	37.7	-18.5%	142.6	126.2	-11.5%
Advertising mail	7.1	7.7	8.3%	6.0	3.4	-43.5%	13.1	11.1	-15.3%
Editorial mail	5.5	5.0	-10.5%	3.0	2.6	-12.4%	8.5	7.6	-11.2%
<b>Addressed mail</b>	<b>109.0</b>	<b>101.2</b>	<b>-7.1%</b>	<b>55.3</b>	<b>43.7</b>	<b>-20.9%</b>	<b>164.2</b>	<b>144.9</b>	<b>-11.8%</b>
<b>Unaddressed mail</b>	<b>63.7</b>	<b>92.2</b>	<b>44.7%</b>	<b>42.5</b>	<b>23.2</b>	<b>-45.5%</b>	<b>106.2</b>	<b>115.4</b>	<b>8.6%</b>

Until February, the evolution of **transactional mail** (-8.1%) continued to be negatively affected by the volumes decline of **domestic ordinary mail** which dropped by -8.2% (-9.5% in 2019), mainly in the banking and insurance, telecommunications and Government segments, as well as by the declines in **priority mail** (-39.8%) and **registered mail** (-3.7%). **Green mail** volumes grew (+84.7%), mainly due to product substitution, as the priority mail and registered mail prepaid products business line were discontinued.

In March, the **transactional mail** volumes evolution (-18.5%) was mostly the result of the lower demand for **domestic ordinary mail** (-14.5%), especially in the banking and insurance, telecommunications and Government sectors with declines above 20%, **registered mail** (-17.5%) as well as **international mail**, severely impacted by the restrictions on operations as a result of the COVID-19 pandemic. **Outbound international mail** posted a decline of 33.9% while **inbound international mail**, with a decrease of 44.5% in volumes, was most affected following the epidemic that started in China and gradually spread to other countries. **Green mail** volumes continued to grow (+57.1%).

The **advertising mail** business segment was negatively impacted in March, as the crisis led the customers to postpone campaigns. This decline cancelled the good start to the year that had been observed until that point.

In the two months of 2020, **addressed advertising mail** volumes recorded an 8.3% growth, influenced by a campaign of a large client. In the month of March, the decline was 43.5%.

Also, regarding **unaddressed advertising mail** volumes, in the two months they continued to accelerate as they had since the 2<sup>nd</sup> quarter of 2019 and reached a 44.7% growth rate, mostly due to the capture of new customers. In parallel, several campaigns in the retail and the Government sectors were undertaken. Despite the sharp decline of March (-45.5%), this business line reached the end of 1Q20 with an 8.6% growth.

In 1Q20, **business solutions** recorded revenues of €2.5m, -10.6% versus 1Q19. The dematerialization service reached a 25.8% growth provoked by the capture of new customers and the launch of the new business solution products & services portfolio (in the month of March they were already above 50k euros) which will be expanded throughout the next quarters as new solutions are put on the market. Despite this growth, there was a negative evolution in geographic solutions (-€0.2m), printing & finishing services (-€0.1m) and BPO – Business Process Outsourcing services (-€0.1m).

In 1Q20, the **Philately** revenues amounted to €1.3m, corresponding to a reduction of 7.2% versus 1Q19 (-€0.1m). The 3.6% growth in the international market should be noted, with online sales performing well when compared to the traditional external channels.

The average change in prices of the Universal Service<sup>5</sup> in 1Q20 was 0.57% vs. the same period of the previous year.

## Express & Parcels

The **Express & Parcels revenues** totaled €37.3m in 1Q20, +€0.6m (+1.6%) compared to the same period of 2019. In the first two months of 2020 they reached €25.5m +€0.8m (+3.0%) versus the same period of 2019. In March 2020, they amounted to €11.8m (-€0.2m; -1.4%) compared to the same period of the previous year.

In **Portugal, revenues** stood at €24.4m in 1Q20, +6.5% vs. the same period of 2019. In the first two months of 2020, they amounted to €16.4m, +6.8% vs. the same period of the previous year. In March 2020, they totaled €8.1m, +6.1% compared to the same period of 2019.

The business performance in Portugal in 1Q20 was mainly the result of the CEP (Courier, Express & Parcels) business that amounted to €18.9m (+10.4%) and the banking deliveries business that totaled €1.8m (+11.3%). The cargo business revenues stood at €2.8m (-11.5%) and those of the logistics business amounted to €0.7m (-5.2%).

The growth of the CEP revenues in Portugal was due to the capture of new customers in the 2<sup>nd</sup> half of 2019, with high levels of activity in the B2B segment and in e-commerce.

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<sup>5</sup> Including letter mail, editorial mail and parcels of the Universal Postal Service, excluding international inbound mail.

Volumes in Portugal in 1Q20 totaled 5.6 million items, +14.7% compared to the same period of 2019, the increase originated mostly in the abovementioned CEP customers.

The end of 1Q20 was marked by the effect of the COVID-19 pandemic which impacted the business due to the restrictive measures imposed to most of the sectors of the economy – closure of shops, services and industry, and contraction of consumption in some sectors due to the confinement. The beginning of the 2<sup>nd</sup> quarter showed a strong recovery in activity levels, albeit with diverse features as a significant increase in e-commerce.

CTT launched several initiatives, trying to leverage on solutions that could help bolster the recovery of the lost activity and create new growth opportunities, such as:

- the **Lojas Online** (Online Shops) service, an offer that allows SMEs to create online shops and facilitates the sale of their products. At the end of March, 519 online shops were registered, and the process of their creation had started, while 67 were active. Several protocols were signed with municipalities and business associations to accelerate the onboarding of more SMEs. There are currently 215 active shops, while circa 700 additional ones are being developed, covering various sectors of activity, with emphasis on food products, clothing and footwear.
- the service of **home delivery of medical supplies** in partnership with the National Association of Pharmacies, which allows the users to order medicines by e-mail or telephone directly to the participating pharmacies, while CTT ensures the next-day delivery. The number of deliveries has been increasing, currently being around 400 deliveries/day.
- the expansion of the **Expresso para Hoje** (Express for Today) online service for urgent delivery of parcels, goods or documents within 2 hours. CTT launched a partnership with Uber as the service already existing in Lisbon, Porto and Braga was extended to various other cities – Aveiro, Coimbra, Évora, Funchal and cities in the Algarve.
- the offer of the first 3 months of warehousing for free of the existing **CTT Logística** online service for logistic management of SMEs.

The Dott marketplace, launched in May 2019 through a partnership between CTT and Sonae, already had, at the end of March 2020, 763 vendors present on the platform (an increase of 100 vs. the end of 2019) and more than 2.2 million products were available. At the end of February 2020, a total of 65k users were registered (+32% vs. the end of 2019) and at the end of March 2020 there were approximately 84k users registered (+69%), indicating strong growth and changes in consumption patterns favorable to the parcels business.

**Revenues in Spain** stood at €12.1m in 1Q20, -9.0% compared to the same period of 2019. Volumes totaled 4.1 million items, +0.3% vis-à-vis the same period of 2019. There was an increase in B2C volumes, items with lower weight and consequently lower price per item, and a decline in B2B volumes due to COVID-19.

It should be noted that in the first two months of 2020, revenues amounted to €8.6m, -€0.5m (-5.2%) year-on-year, mostly due to the volumes decline of 5.6%, greatly influenced by the loss of a major client in April 2019. Excluding the impact of the lost volumes of that client, the evolution of the revenues and volumes would have been +0.5% and +1.2%, respectively.

The month of March 2020 was strongly impacted by COVID-19, posting a -17.2% decline in revenues despite the 14.4% increase in volumes. This temporary commercial performance trend has been reversed in April 2020 by a significant volumes growth as a result of business initiatives and changes in consumption patterns that have strongly stimulated the evolution of e-commerce purchases.

The rebranding to CTT Express, launched on 21 February 2020 promotes a greater Iberian alignment and a commitment to the urgent parcels market in this geography, which should allow the expansion of the business and a future presence with greater guarantees and stability for the regional partners of the franchisee network.

**Revenues in Mozambique** stood at €0.8m in 1Q20, +57.2% compared to the same period of the previous year. The CEP and the banking businesses positively contributed to this growth, underpinned by the capture of new businesses in the health area (collection of biological samples) in the 2<sup>nd</sup> half of 2019, and also in the continued growth of the banking sector.

## Banco CTT

**Banco CTT revenues** more than doubled, reaching €19.5m in 1Q20, a year-on-year growth of €10.5m (+116.4%), of which €8.0m originated in 321 Crédito, acquired in May 2019. Excluding this inorganic effect, the revenues would amount to €11.5m, still +€2.5m (+27.8%) vis-à-vis 1Q19.

The year-on-year revenues growth resulted from the positive performance of net interest income growth (+€1.6m; +63.5%) in the first three months of the year compared to the same period of 2019.

The commissions received from the banking activity grew by +€1.2m (+76.4%), boosted by customer transactionality (+35.6%, especially driven by debit cards and ATMs), consumer credit (+80.3%) and PPR – Retirement Savings Plan (+417.8%) with a growth in the placement of the PPR product of +€277.3m vs. 1Q19. The operating performance of Banco CTT until the end of 1Q20 led to growth:

- i) in the credit to clients: the net mortgage loan portfolio stood at €442.4m (+58.5% vs. 1Q19 and +9.2% vs. December 2019); the specialized credit business line amounted to €503.4m (+5.0% vs. December 2019); and the off-Balance sheet amount of consumer loans via the partnership with BNP Paribas Personal Finance (Cetelem), totaled €114.9m (+21.0% vs. 1Q19 and +2.6% vs. December 2019);
- ii) in customer deposits to €1,382.8m (+50.0% vs. 1Q19 and +7.7% vs. year-end 2019) and in the number of accounts opened to 481k accounts (+101k vs. 1Q19 and +20k vs. year-end 2019). The placement of the PPR product (off-Balance sheet) totaled €380.1m (+269.7% vs. 1Q19 and +6.6% vs. December 2019).

The payments business line recorded a decrease of €0.3m (-6.2%) in commissions received in 1Q20 compared to the same period of the previous year, with total revenues of €4.6m. In 1Q20, the roll-out of the MBSPOT service to all agents continued.

The month of March shows minor impacts related to the effects of the restrictive measures imposed by the state of emergency, which are mostly visible in the demand for financial services, including transactions in the area of payments.

In 1Q20, Banco CTT announced the introduction of a debit card commissioning model in order to encourage its regular use, to be applied on the anniversary date for customers already holding a card and for new customers after the end of February, given that customers who regularly use their debit card or customers under 25 years of age are exempt from commission. The collection of annuities began in April.

## Financial Services & Retail

The **Financial Services & Retail revenues** amounted to €13.0m in 1Q20 (€10.3m relative to Financial Services and €2.7m to Retail), with a growth of +€2.4m (+23.0%) compared to the same period of the previous year, as a result of the increase in subscriptions of Public Debt Certificates – Treasury Certificates Savings Growth in the months of January and February 2020.

In 1Q20, the **public debt certificates revenues** totaled €8.4m, an increase of €2.6m (+44.3%) vs. 1Q19.

In the first two months of the year, the **public debt certificates** (Savings Certificates and Treasury Certificates Savings Growth) reached revenues of €6.6m (+66.4%) and subscriptions increased to €1,176m, +89.7% compared to the placements recorded in the same period of 2019.

The increase in subscriptions in the first two months of 2020 was due to the good performance in the recapture of the amounts of Public Debt Certificates (PDC) expired in January 2020 (circa €1,500m expired in PDC). However, this increase in subscriptions did not have an equal impact on the revenues, due to the reduction in the remuneration paid by IGCP – the Portuguese Treasury and Debt Management Agency to the Company as of 20 January 2020.

The subscriptions of the second half of the month of March 2020 were strongly influenced by the restrictive measures associated with the state of emergency, particularly the effect it generated on the preference for liquidity, reflecting a decline of -72.4% compared to the first half of the month, as the daily average went to €3.7m compared to €13.4m in the first half of March 2020 and €14.1m in the month of March 2019, although a recovery in this activity is currently taking place.

**Money orders** stood at €1.5m, +€0.1m vs. 1Q19 (+8.1%), as the money order issuance service was used to pay unemployment and other social assistance benefits, from year-end 2019 onwards.

Conversely, CTT's **payment services** had a negative performance (mostly **tax payments**) that amounted to €0.1m, -€0.02m (-11.3%) vs. 1Q19, mainly due to the structural effect of the changes in the means of payment for this type of service.

The **retail products and services**, with a -1.9% (-€0.1m) performance vs. 1Q19, also reversed in March the growth trend of the first two months of 2020, when they posted a +5.2% growth compared to the same period of 2019.

It was in third-party retail products and services, essentially in lottery, books, merchandising and ticket office sales, that the reduction in March was most felt, with an evolution of -€0.2m (-21.8%) compared to the month of March 2019, influenced by the restrictions associated with the state of emergency, which limited access to CTT's Retail Network, as the opening hours of the post offices changed, suspended the launch of new products by the suppliers while supplies had to be adjusted, and involved the cancellation and postponement of shows.

## Operating Costs

**Operating costs**<sup>6</sup> amounted to €159.7m, an increase of €3.8m (+2.4%) vs. 1Q19, with an impact of +€3.0m from 321 Crédito. Excluding 321 Crédito, operating costs totaled €156.7m (+0.5%).

### Operating Costs

	1Q19	1Q20	Δ	Δ%
<b>Operating costs</b>	<b>155.9</b>	<b>159.7</b>	<b>3.8</b>	<b>2.4%</b>
Staff costs	85.9	88.3	2.3	2.7%
ES&S	63.2	64.7	1.5	2.4%
Other operating costs	6.7	6.7	-0.04	-0.6%

€ million

<sup>6</sup> Excluding depreciation / amortisation, impairments and provisions, the impact of IFRS 16 and specific items.

**Staff costs** increased €2.3m (+2.7%) in 1Q20. Excluding the effect of 321 Crédito, those costs would have grown €1.0m (+1.1%). This performance was mainly due to the reversal in the liability related to retired employees made in 1Q19, associated with a reduction of the mobile phones consumption average tariffs, which had at the time a positive one-time impact of +€0.9m.

**External supplies & services costs** increased by €1.5m (+2.4%), of which €1.1m resulted from the integration of 321 Crédito. Excluding the inorganic effect, the growth is only €0.4m (+0.6%) which includes mainly: (i) the increased direct costs (+€1.0m), mostly in the E&P business unit (last mile); (ii) the increase in costs related to temporary work (+€0.4m); and (iii) the reduction in general and administrative costs (–€1.4m).

**Other operating costs** were stable when compared to 1Q19. Excluding the inorganic effect of 321 Crédito (+€0.5m), these costs would have decreased by €0.5m (–7.7%) mostly due to: (i) the lower amount of indemnities paid for mail loss (–€0.3m); and (ii) the reduction of marketing and advertising costs (–€0.3m).

## Staff

As at 31 March 2020, the CTT headcount (permanent and fixed-term staff) consisted of 12,010 employees, 65 less (–0.5%) than as at 31 March 2019. It is important to mention that as from 2020, the methodology to count permanent staff changed and permanent staff, which has an impact of –48 workers in the period under analysis, is no longer considered. Excluding this effect, the increase in permanent staff would have been 39. The integration of 321 Crédito had a special impact on the evolution of the number of permanent staff (+104).

<b>Headcount<sup>7</sup></b>				
	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>Δ 2020/2019</b>	
Mail & other	10,638	10,471	–167	–1.6%
Express & Parcels	1,125	1,088	–37	–3.3%
Banco CTT	273	411	138	50.5%
Financial Services & Retail	39	40	1	2.6%
<b>Total, of which:</b>	<b>12,075</b>	<b>12,010</b>	<b>–65</b>	<b>–0.5%</b>
Permanent	10,835	10,826	–9	–0.1%
Fixed-term contracts	1,240	1,184	–56	–4.5%
Portugal	11,622	11,532	–90	–0.8%
Other geographies	453	478	25	5.5%

There was a decrease in the number of staff (permanent and fixed-term staff) in the Mail & other (–167) and the Express & Parcels (–37) business units which more than offset the increase in Banco CTT (+138, of whom 125 resulting from the integration of 321 Crédito) and in the Financial Services & Retail (+1) business units.

Together, the areas of operations and distribution within the basic network (5,980 employees, of whom 4,378 delivery postmen and women) and the retail network (2,480 employees) represent circa 78% of CTT's permanent staff.

It should be noted that these figures already include 4 exits in 2020, on top of 531 other exits, split into 161 in 2017, 268 in 2018 and 102 in 2019 which occurred in the context of the Human Resources Optimization Program within the Operational Transformation Plan underway.

<sup>7</sup> In 2020 and in the same period of the previous year (proforma), the retail products and services of the Mail & other business unit are considered within the Financial Services & Retail business unit (former Financial Services business unit). This migration had an impact on the movement of workers between these business units.



## EBITDA

In 1Q20 the Company generated an EBITDA<sup>8</sup> of €20.2m, -€0.8m (-3.7%) compared to 1Q19, with an EBITDA margin of 11.3% (11.9% in 1Q19). This performance was strongly influenced by the impacts occurred in March 2020, resulting from the restrictions related to the COVID-19 pandemic, given that EBITDA was growing in the first two months of 2020 (+€5.9m; +49.7%).

## Specific Items

In 1Q20 the Company recorded specific items for a net amount of €0.01m, broken down as shown below:

Specific Items				
	1Q19	1Q20	Δ	Δ%
<b>Specific items</b>	<b>5.6</b>	<b>0.01</b>	<b>-5.5</b>	<b>-99.7%</b>
Corporate restructuring costs and strategic projects	5.5	0.4	-5.1	-93.3%
Other non-recurring revenues and costs	0.1	-0.4	-0.4	-672.0%

€ million

The decline of -€5.5m in Specific items is mostly related to corporate restructuring and strategic projects (-€5.1m), with special emphasis on of compensations paid for termination of employment contracts by mutual agreement (-€4.0m compared to 1Q19) within the Human Resources Optimization Program under the ongoing Operational Transformation Plan. The change in other non-recurring revenues and costs (-€0.4m) is underpinned by the gain from the sale of a real estate property in 1Q20 (+€0.6m).

## EBIT and Net Profit

EBIT stood at €9.3m in 1Q20, +€0.6m (+6.7%) vs. 1Q19, with a margin of 5.2% (4.9% in 1Q19).

This evolution was due to the organic and inorganic growth of **Banco CTT** (+€5.2m) and **Financial Services & Retail** (+€2.6m) which offset the decrease in **Mail & other** (-€5.7m) and **Expresso & Parcels** (-€1.5m).

EBIT by business unit				
	1Q19	1Q20	Δ	Δ%
<b>EBIT</b>	<b>8.7</b>	<b>9.3</b>	<b>0.6</b>	<b>6.7%</b>
Mail & other	10.4	4.7	-5.7	-54.7%
Mail	23.6	20.0	-3.6	-15.1%
Central Structure	-13.2	-15.3	-2.1	-16.1%
Express & Parcels	-2.3	-3.8	-1.5	-66.8%
Banco CTT	-4.1	1.1	5.2	126.5%
Financial Services & Retail	4.7	7.2	2.6	54.9%

€ million

In the first two months of 2020, **EBIT** was growing by €5.6m (+117.3%) as a result of the good performance of the Financial Services & Retail (+€2.7m) and Banco CTT (+€3.5m) business units.

<sup>8</sup> Excluding depreciation / amortisation, impairments and provisions, the impact of IFRS 16 and specific items.

The consolidated **financial results** totaled -€3.1m, corresponding to a year-on-year decrease of €1.0m (-47.8%).

### Financial Results

	1Q19	1Q20	Δ	Δ%
<b>Financial results</b>	<b>-2.1</b>	<b>-3.1</b>	<b>-1.0</b>	<b>-47.8%</b>
Financial income, net	-2.4	-2.5	-0.1	-6.3%
Financial costs and losses	-2.4	-2.5	-0.1	-5.5%
Financial income	0.02	0.003	-0.02	-85.8%
Gains / losses in subsidiaries, associated companies and joint ventures	0.3	-0.6	-0.8	-295.8%

Financial costs and losses incurred amounted to €2.5m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €1.1m, interest associated to finance leases liabilities linked to the implementation of IFRS 16 for an amount of €0.8m, and interest rates for an amount of €0.4m.

In 1Q20, CTT obtained a consolidated **net profit** attributable to the equity holders of €3.7m, in line (-0.4%) with that obtained in 1Q19 and positively impacted by the evolution of EBIT (+€0.6m) and the corporate income tax for the period (-€0.4m), which almost offset the evolution of the financial results (-€1.0m).

### Investment

Capex stood at €5.6m, -12.0% (-€0.8m) compared to 1Q19, reflecting the continued implementation of the Modernization & Investment Plan (+€3.3m).

It is important to note the increase in investment in expanding business units, e.g. Express & Parcels (+€0.6m) and Banco CTT (+€0.5m), in order to improve the activity support systems.

To be noted is also the update of the sorting machines in the Barcelona platform (+€0.6m) and the investment in protective gear (+€0.2m) installed in CTT post offices to tackle the COVID-19 pandemic.



## Cash flow

In 1Q20, CTT generated an operating cash flow of €11.8m, an improvement of +€4.1m vs. 1Q19.

### Cash flow

	1Q19	1Q20	€ million Δ
EBITDA	21.0	20.2	-0.8
Specific items*	5.6	0.01	-5.5
CAPEX	6.3	5.6	-0.8
Δ Working capital	-1.4	-2.8	-1.5
<b>Operating cash flow<sup>9</sup></b>	<b>7.8</b>	<b>11.8</b>	<b>4.1</b>
Employee benefits	-3.4	-3.2	0.2
Tax	-0.1	-0.05	0.02
<b>Free cash flow</b>	<b>4.3</b>	<b>8.6</b>	<b>4.3</b>
Debt (principal + interest)	3.7	-0.2	-3.9
<b>Change in own cash</b>	<b>8.0</b>	<b>8.4</b>	<b>0.4</b>
Δ Liabilities related to Financial Services & Retail & Banco CTT, net <sup>10</sup>	-70.2	-216.7	-146.5
Δ Other <sup>11</sup>	4.5	64.2	59.7
<b>Net change in cash (balance sheet)</b>	<b>-57.7</b>	<b>-144.0</b>	<b>-86.3</b>

\*Specific items affecting EBITDA.

The negative evolution of the change in working capital vs. 1Q19 (-€1.5m) resulted mainly from the negative evolution of the investment (-€5.2m) following the high levels of investment of the year-end 2019, which was partly compensated by a positive evolution in working capital related to EBITDA net of specific items (+€3.7m).

The change in working capital in 1Q20 (-€2.8m) includes the negative impact of the change in items related to Capex (-€9.9m) and the positive impact of accounts receivable from general clients (+€4.7m) and from Postal Financial Services customers (+€3.2m).

## Consolidated Balance Sheet

### Consolidated Balance Sheet

	31.12.2019	31.03.2020	€ million Δ	Δ%
Non-current assets	1,734.7	1,797.8	63.1	3.6%
Current assets	778.8	640.7	-138.1	-17.7%
<b>Assets</b>	<b>2,513.4</b>	<b>2,438.5</b>	<b>-75.0</b>	<b>-3.0%</b>
<b>Equity</b>	<b>131.4</b>	<b>135.0</b>	<b>3.6</b>	<b>2.8%</b>
<b>Liabilities</b>	<b>2,382.0</b>	<b>2,303.4</b>	<b>-78.6</b>	<b>-3.3%</b>
Non-current liabilities	512.8	500.5	-12.3	-2.4%
Current liabilities	1,869.2	1,802.9	-66.3	-3.5%
<b>Equity and Liabilities</b>	<b>2,513.4</b>	<b>2,438.5</b>	<b>-75.0</b>	<b>-3.0%</b>

<sup>9</sup> The 1Q19 operating cash flow was restated to be comparable with that of 1Q20. In 2Q19 the methodology to calculate the operating cash flow was changed, in particular with respect to the change in working capital, which no longer includes a non-cyclical value related to the mobility allowance.

<sup>10</sup> The change in net liabilities of Financial Services & Retail and Banco CTT reflects the evolution of credit balances with third parties, depositors or other banking financial liabilities, net of the amounts invested in credit or investments in securities / banking financial assets, of entities of the CTT Group providing financial services, namely the financial services of CTT, Payshop, Banco CTT and 321 Crédito.

<sup>11</sup> The change in other cash items reflects the evolution of Banco CTT's sight deposits at Bank of Portugal, outstanding cheques / clearing of Banco CTT cheques, and impairment of sight and term deposits and bank applications.

The key aspects of the comparison between the Balance Sheet as at 31.03.2020 and that as at 31.12.2019 are as follows:

- **Assets** decreased by €75.0m, mostly due to the decrease in Cash & cash equivalents (–€144.0m) as a result of the decrease of the amounts of third parties in cash, partly offset by the credit to banking clients (+€61.3m), particularly mortgage loans.
- **Equity** increased by €3.6m following the generation of net income attributable to the equity holders in 1Q20 for an amount of €3.7m.
- **Liabilities** decreased by €78.6m, with emphasis on the decrease of accounts payable (–€138.3m) as a direct consequence of the substantial reduction of Treasury Certificates subscriptions and the reduction of the amounts provided for the payment of CNP (National Pensions Centre) money orders, which was partly offset by the increase in banking clients' deposits and other loans (+€61.4m).

The CTT Group consolidated Balance Sheet excluding Banco CTT from the full consolidation perimeter and accounting it as a financial investment measured by the equity method would be as follows:

### Consolidated Balance Sheet excluding Banco CTT

	31.12.2019	31.03.2020	Δ	Δ%
€ million				
Non-current assets	615.8	610.2	-5.7	-0.9%
Current assets	456.9	336.7	-120.3	-26.3%
<b>Assets</b>	<b>1,072.8</b>	<b>946.8</b>	<b>-125.9</b>	<b>-11.7%</b>
<b>Equity</b>	<b>131.4</b>	<b>135.1</b>	<b>3.7</b>	<b>2.8%</b>
<b>Liabilities</b>	<b>941.3</b>	<b>811.7</b>	<b>-129.6</b>	<b>-13.8%</b>
Non-current liabilities	432.0	427.4	-4.6	-1.1%
Current liabilities	509.3	384.3	-125.1	-24.6%
<b>Equity and Liabilities</b>	<b>1,072.8</b>	<b>946.8</b>	<b>-125.9</b>	<b>-11.7%</b>

As at 31 March 2020, the **liabilities related to employee benefits** (post-employment and long-term benefits) decreased to €285.6m, –€1.1m compared to December 2019, as specified in the table below:

### Liabilities related to employee benefits

	31.12.2019	31.03.2020	Δ	Δ%
€ million				
<b>Total liabilities</b>	<b>286.7</b>	<b>285.6</b>	<b>-1.1</b>	<b>-0.4%</b>
Healthcare	274.4	274.0	-0.4	-0.1%
Healthcare (321 Crédito)	1.3	1.3	0.03	2.3%
Suspension agreements	3.1	2.5	-0.6	-20.0%
Other long-term employee benefits	7.1	7.0	-0.1	-1.1%
Other post-employment benefits	0.2	0.2	0.00	1.9%
Pension plan	0.4	0.4	-0.01	-1.4%
Other benefits	0.1	0.2	0.01	9.0%

## Consolidated net debt

### Consolidated net debt

	31.12.2019	31.03.2020	€ million Δ
<b>Net debt</b>	<b>60.0</b>	<b>50.7</b>	<b>-9.3</b>
<b>ST &amp; LT debt</b>	<b>175.4</b>	<b>174.5</b>	<b>-0.9</b>
Of which finance leases (IFRS 16)	84.0	82.8	-1.1
<b>Own cash (I+II)</b>	<b>115.4</b>	<b>123.8</b>	<b>8.4</b>
<b>Cash &amp; cash equivalents</b>	<b>443.0</b>	<b>299.0</b>	<b>-144.0</b>
<b>Cash &amp; cash equivalents at the end of the period (I)</b>	<b>414.9</b>	<b>206.6</b>	<b>-208.3</b>
Other cash items	28.1	92.4	64.2
<b>Other Financial Services liabilities, net (II)</b>	<b>-299.5</b>	<b>-82.8</b>	<b>216.7</b>

The key aspects of the comparison between the consolidated net debt as at 31.03.2020 and that as at 31.12.2019 are as follows:

- **Own cash** increased by €8.4m due to the improvement in operating cash flow (€11.8m) impacted by the reduction in payments of compensation for the termination of employment contracts by mutual agreement, partly offset by the payment of employee benefits in the amount of €3.2m.
- **Short-term & long-term debt** decreased by €0.9m mainly due to the reduction of the liabilities from financial leases in the scope of IFRS 16 (-€1.1m).

CTT Group net debt excluding Banco CTT from the full consolidation perimeter and accounting it as a financial investment measured by the equity method would be as follows:

### Consolidated net debt excluding Banco CTT

	31.12.2019	31.03.2020	€ million Δ
<b>Net debt with Banco CTT under equity method</b>	<b>144.1</b>	<b>132.0</b>	<b>-12.1</b>
<b>ST &amp; LT debt</b>	<b>173.2</b>	<b>172.1</b>	<b>-1.1</b>
Of which Finance leases (IFRS 16)	81.8	80.4	-1.3
<b>Own cash (I+II)</b>	<b>29.1</b>	<b>40.1</b>	<b>11.0</b>
<b>Cash &amp; cash equivalents</b>	<b>268.2</b>	<b>147.8</b>	<b>-120.4</b>
<b>Cash &amp; cash equivalents at the end of the period (I)</b>	<b>268.2</b>	<b>147.8</b>	<b>-120.4</b>
Other cash items	-0.02	-0.02	0.00
<b>Other Financial Services liabilities, net (II)</b>	<b>-239.1</b>	<b>-107.7</b>	<b>131.4</b>

## 2. Other Highlights

### CHANGES TO THE INFORMATION REPORTING STRUCTURE

As from 2020, the retail products revenues previously reported within the Mail & other business unit and the corresponding operating costs were migrated, along with their history, in order to reflect the changes made in the business organization, to the business unit previously named “Financial Services business unit”, which has now been renamed “Financial Services & Retail business unit”. This migration had an impact on the main business indicators of the two business units in 2019 as follows:

### Mail & Other Business Unit

€ million

	2019	2019 Proforma	Δ	Δ % 19 P/19
Revenues	490.9	477.6	-13.3	-2.7%
Operating costs	412.4	399.6	-12.8	-3.1%
EBITDA	78.5	78.0	-0.5	-0.6%
EBIT	43.4	42.9	-0.5	-1.1%

### Financial Services & Retail Business Unit

€ million

	2019	2019 Proforma	Δ	Δ % 19 P/19
Revenues	34.1	47.4	13.3	39.2%
Operating costs	12.5	25.3	12.8	102.9%
EBITDA	21.6	22.1	0.5	2.3%
EBIT	21.0	21.5	0.5	2.3%

## REGULATORY ISSUES

Under the Universal Postal Service Concession Contract, on 13.03.2020, CTT invoked *force majeure* before the Regulator, following the public health emergency of international scope, declared by the World Health Organization on 30.01.2020 and the subsequent classification of COVID-19 as a pandemic, on 11 March. In view of the seriousness and magnitude of the facts, which are public and notorious, and in order to comply with the public health instructions issued by the competent authorities, CTT could not fail to take the necessary and appropriate measures to protect workers and customers.

Pursuant to the provisions of the concession contract, CTT continues to ensure the functioning and continuity of postal services, taking the necessary and appropriate measures to the situation of *force majeure*, in terms of planning, operation prevention and human resources, submitting a daily update of the situation to the Government, as a counterparty, and to ANACOM, the regulatory authority responsible for overseeing the provision of the universal postal service.

## DIVIDENDS / BONUS

In light of the economic uncertainty and the still unclear severity of the COVID-19 crisis, and despite the currently solid Balance Sheet of CTT, the Board of Directors deemed relevant, for the Company and all its stakeholders, to reverse its intention of proposing to the Shareholders General Meeting the distribution of €0.11 per share, previously disclosed to the market.

The Board of Directors proposed, and the Annual General Meeting approved, that the Net Profit of 2019 is allocated to Retained Earnings and, additionally, that no annual profit sharing is distributed to CTT's employees and executive members of the Board of Directors.

## OUTLOOK FOR THE 2020 FINANCIAL YEAR

April 2020 showed encouraging signs of stabilization in some areas, although mail and financial services remain under significant pressure. The full impacts of Covid-19 on FY20 revenues & earnings guidance currently cannot be accurately and reliably quantified. CTT will provide an update on guidance as soon as it is possible to do so.

## Final Note

This press release is based on CTT – Correios de Portugal, S.A. interim condensed consolidated financial statements for the 1<sup>st</sup> quarter of 2020, which are attached.

Lisbon, 6 May 2020

The Board of Directors

This information to the market and the general public is made under the terms and for the purposes of article 248 of the Portuguese Securities Code. It is also available on CTT's Investor Relations website at:  
[https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language\\_id=1](https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1).

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**Disclaimer**

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**Forward-looking statements**

This document contains forward-looking statements. All the statements herein which are not historical facts, including, but not limited to, statements expressing our current opinion or, as applicable, those of our directors regarding the financial performance, the business strategy, the management plans and objectives concerning future operations and investments are forward-looking statements. Statements that include the words “expects”, “estimates”, “foresees”, “predicts”, “intends”, “plans”, “believes”, “anticipates”, “will”, “targets”, “may”, “would”, “could”, “continues” and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements included herein involve known and unknown risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results, performance or achievements to differ materially from those indicated in these statements. Any forward-looking statements in this document reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the results of our operations, growth strategy and liquidity, and the wider environment (specifically, market developments, investment opportunities and regulatory conditions).

Although CTT believes that the assumptions beyond such forward-looking statements are reasonable when made, any third parties are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of CTT, what could cause the models, objectives, plans, estimates and / or projections to be materially reviewed and / or actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Forward-looking statements (in particular, the objectives, estimates and projections as well as the corresponding assumptions) do neither represent a commitment regarding the models and plans to be implemented, nor are they guarantees of future performance, nor have they been reviewed by the auditors of CTT. You are cautioned not to place undue reliance on the forward-looking statements herein.

All forward-looking statements included herein speak only as at the date of this document. Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# 3 months report 2020

Interim condensed consolidated  
financial statements

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CTT-CORREIOS DE PORTUGAL, S.A.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 31 MARCH 2020  
Euros

	NOTES	31.12.2019	Unaudited 31.03.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	4	263,443,040	261,718,187
Investment properties	6	7,653,000	7,588,618
Intangible assets	5	62,012,644	58,972,393
Goodwill		70,201,828	70,201,828
Investments in associated companies		293,434	293,434
Investments in joint ventures		2,723,803	2,165,843
Other investments		1,379,137	1,379,137
Debt securities	8	424,851,179	439,172,898
Other non-current assets		1,543,308	1,218,266
Credit to banking clients	10	792,469,611	849,419,916
Other banking financial assets	9	18,764,049	16,809,270
Deferred tax assets	25	89,329,806	88,828,741
<b>Total non-current assets</b>		<b>1,734,664,839</b>	<b>1,797,768,532</b>
<b>Current assets</b>			
Inventories		5,860,069	5,873,596
Accounts receivable		146,471,712	140,531,520
Credit to banking clients	10	93,350,959	97,743,314
Deferrals	11	7,305,261	9,646,235
Debt securities	8	31,560,152	35,064,562
Other current assets		35,766,227	36,884,690
Other banking financial assets	9	14,660,286	15,179,044
Cash and cash equivalents	12	442,995,724	298,976,052
		777,970,390	639,899,013
Non-current assets held for sale		805,675	804,139
<b>Total current assets</b>		<b>778,776,065</b>	<b>640,703,152</b>
<b>Total assets</b>		<b>2,513,440,904</b>	<b>2,438,471,684</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	75,000,000	75,000,000
Own shares	15	(8)	(8)
Reserves	15	65,852,595	65,818,095
Retained earnings	15	10,867,301	40,016,638
Other changes in equity	15	(49,744,144)	(49,744,144)
Net profit		29,196,933	3,681,542
Equity attributable to equity holders		131,172,677	134,772,123
Non-controlling interests		242,255	270,219
<b>Total equity</b>		<b>131,414,932</b>	<b>135,042,342</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Medium and long term debt	18	148,597,934	146,027,123
Employee benefits		267,286,679	266,354,072
Provisions	19	17,635,379	17,321,921
Deferrals	12	294,490	291,690
Other banking financial liabilities	9	76,060,295	67,595,563
Deferred tax liabilities	25	2,958,115	2,901,128
<b>Total non-current liabilities</b>		<b>512,832,892</b>	<b>500,491,496</b>
<b>Current liabilities</b>			
Accounts payable	20	373,790,665	235,447,868
Banking clients' deposits and other loans	21	1,321,418,042	1,382,828,905
Employee benefits		19,416,212	19,293,270
Income taxes payable	22	5,958,753	7,977,252
Short term debt	18	26,813,567	28,475,288
Deferrals	11	3,454,477	3,236,745
Other current liabilities		100,353,646	105,038,692
Other banking financial liabilities	9	17,987,719	20,639,825
<b>Total current liabilities</b>		<b>1,869,193,080</b>	<b>1,802,937,845</b>
<b>Total liabilities</b>		<b>2,382,025,972</b>	<b>2,303,429,342</b>
<b>Total equity and liabilities</b>		<b>2,513,440,904</b>	<b>2,438,471,684</b>

The attached notes are an integral part of these financial statements.



CTT-CORREIOS DE PORTUGAL, S.A.  
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 31 MARCH 2020  
Euros

	NOTES	Unaudited 31.03.2019	Unaudited 31.03.2020
Sales and services rendered	3	170,151,984	163,393,029
Financial margin		2,500,370	10,425,575
Other operating income		4,209,138	6,090,843
		<b>176,861,492</b>	<b>179,909,447</b>
Cost of sales		(3,214,125)	(2,978,414)
External supplies and services		(57,729,948)	(58,580,593)
Staff costs	23	(89,936,755)	(88,318,919)
Impairment of accounts receivable, net		(621,331)	(1,202,164)
Impairment of other financial banking assets		33,255	(620,097)
Provisions, net	19	146,799	(1,003,701)
Depreciation/amortisation and impairment of investments, net		(13,283,402)	(14,466,372)
Other operating costs		(3,601,311)	(4,050,554)
Gains/losses on disposal of assets		25,685	576,984
		<b>(168,181,132)</b>	<b>(170,643,830)</b>
		<b>8,680,360</b>	<b>9,265,617</b>
Interest expenses	24	(2,384,083)	(2,514,353)
Interest income	24	22,169	3,143
Gains/losses in subsidiary, associated companies and joint ventures		284,961	(557,960)
		<b>(2,076,953)</b>	<b>(3,069,170)</b>
<b>Earnings before taxes</b>		<b>6,603,407</b>	<b>6,196,447</b>
Income tax for the period	25	(2,913,015)	(2,485,192)
<b>Net profit for the period</b>		<b>3,690,392</b>	<b>3,711,255</b>
<b>Net profit for the period attributable to:</b>			
Equity holders		3,698,154	3,681,542
Non-controlling interests		(7,761)	29,712
<b>Earnings per share:</b>	17	<b>0.02</b>	<b>0.02</b>

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 31 MARCH 2020  
Euros

	NOTES	Unaudited 31.03.2019	Unaudited 31.03.2020
<b>Net profit for the period</b>		<b>3,690,392</b>	<b>3,711,254</b>
Adjustments from application of the equity method (non re-classifiable adjustment to profit and loss)	15	742	(1,549)
Changes to fair value reserves	15	22,504	(34,501)
Other changes in equity		(149,650)	(47,795)
<b>Other comprehensive income for the period after taxes</b>		<b>(126,404)</b>	<b>(83,845)</b>
<b>Comprehensive income for the period</b>		<b>3,563,989</b>	<b>3,627,409</b>
Attributable to non-controlling interests		(7,019)	27,964
Attributable to shareholders of CTT		3,571,008	3,599,445

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019 AND 31 MARCH 2020  
Euros

	NOTES	Share capital	Own Shares	Reserves	Other changes in equity	Retained earnings	Net profit for the year	Non-controlling interests	Total
<b>Restated balance on 31 December 2018</b>		<b>75,000,000</b>	<b>(8)</b>	<b>65,836,875</b>	<b>(30,993,430)</b>	<b>4,378,984</b>	<b>21,499,271</b>	<b>165,494</b>	<b>135,887,186</b>
Appropriation of net profit restated for the year of 2018		-	-	-	-	21,499,271	(21,499,271)	-	-
Dividends	16	-	-	-	-	(15,000,000)	-	-	(15,000,000)
Other movements		-	-	-	-	6,499,271	(21,499,271)	-	(15,000,000)
Actuarial gains/losses - Health Care, net from deferred taxes	15	-	-	-	-	-	-	(11,005)	(11,005)
Changes to fair value reserves	15	-	-	15,720	(18,750,714)	-	-	-	(18,750,714)
Adjustments from the application of the equity method	15	-	-	-	-	(10,954)	-	-	15,720
Net profit for the period		-	-	-	-	-	29,196,933	-	(10,954)
<b>Comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>15,720</b>	<b>(18,750,714)</b>	<b>(10,954)</b>	<b>29,196,933</b>	<b>87,767</b>	<b>29,284,700</b>
<b>Balance on 31 December 2019</b>		<b>75,000,000</b>	<b>(8)</b>	<b>65,852,595</b>	<b>(49,744,144)</b>	<b>10,867,301</b>	<b>29,196,933</b>	<b>242,255</b>	<b>131,414,932</b>
<b>Balance on 1 January 2020</b>		<b>75,000,000</b>	<b>(8)</b>	<b>65,852,595</b>	<b>(49,744,144)</b>	<b>10,867,301</b>	<b>29,196,933</b>	<b>242,255</b>	<b>131,414,932</b>
Appropriation of net profit restated for the year of 2019		-	-	-	-	29,196,933	(29,196,933)	-	-
Other movements		-	-	-	-	29,196,933	(29,196,933)	-	-
Actuarial gains/losses - Health Care, net from deferred taxes	15	-	-	-	-	(46,047)	-	(1,748)	(47,795)
Changes to fair value reserves	15	-	-	(34,501)	-	-	-	-	(34,501)
Adjustments from the application of the equity method	15	-	-	-	-	(1,549)	-	-	(1,549)
Net profit for the period		-	-	-	-	-	3,681,542	29,712	3,711,254
<b>Comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(34,501)</b>	<b>-</b>	<b>(47,596)</b>	<b>3,681,542</b>	<b>27,964</b>	<b>3,627,409</b>
<b>Balance on 31 March 2020 (Unaudited)</b>		<b>75,000,000</b>	<b>(8)</b>	<b>65,818,095</b>	<b>(49,744,144)</b>	<b>40,016,638</b>	<b>3,681,542</b>	<b>270,219</b>	<b>135,042,342</b>

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.
CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 31 MARCH 2020

Euro

	NOTES	Unaudited 31.03.2019	Unaudited 31.03.2020
<b>Cash flow from operating activities</b>			
Collections from customers		164,458,282	170,876,488
Payments to suppliers		(71,875,389)	(75,017,977)
Payments to employees		(70,549,664)	(71,730,818)
Banking customer deposits and other loans		38,076,425	99,263,786
Credit to banking clients		(40,001,727)	(59,303,089)
<b>Cash flow generated by operations</b>		<b>20,107,927</b>	<b>64,088,390</b>
Payments/receivables of income taxes		(70,255)	(49,456)
Other receivables/payments		(77,843,127)	(130,225,354)
<b>Cash flow from operating activities (1)</b>		<b>(57,805,454)</b>	<b>(66,186,421)</b>
<b>Cash flow from investing activities</b>			
Receivables resulting from:			
Tangible fixed assets		-	760,185
Investment properties		109,120	-
Debt securities	8	16,000,520	12,960,871
Other banking financial assets	9	25,715,000	3,365,000
Interest income		31,430	9,344
Payments resulting from:			
Tangible fixed assets		(5,074,617)	(7,890,962)
Intangible assets		(5,419,991)	(4,880,088)
Debt securities	8	(21,888,615)	(29,021,384)
Demand deposits at Bank of Portugal		(2,964,613)	(63,507,823)
Other banking financial assets	9	(8,560,000)	(900,000)
<b>Cash flow from investing activities (2)</b>		<b>(2,051,766)</b>	<b>(89,104,856)</b>
<b>Cash flow from financing activities</b>			
Receivables resulting from:			
Loans obtained	18	7,433,813	5,804,019
Payments resulting from:			
Loans repaid		(3,744,474)	(5,810,011)
Other credit institutions' deposits		-	(37,881,082)
Other banking financial liabilities	9	-	(8,531,092)
Interest expenses		(13,368)	(187,281)
Lease liabilities	18	(6,022,454)	(6,356,790)
<b>Cash flow from financing activities (3)</b>		<b>(2,346,483)</b>	<b>(52,962,236)</b>
<b>Net change in cash and cash equivalents (1+2+3)</b>		<b>(62,203,704)</b>	<b>(208,253,513)</b>
<b>Cash and equivalents at the beginning of the period</b>		<b>414,846,614</b>	<b>414,865,569</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>12</b>	<b>352,642,910</b>	<b>206,612,056</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>352,642,910</b>	<b>206,612,056</b>
Sight deposits at Bank of Portugal		9,182,031	89,431,857
Outstanding checks of Banco CTT / Checks clearing of Banco CTT		3,230,008	2,952,961
Impairment of slight and term deposits		(13,081)	(20,822)
<b>Cash and cash equivalents (Balance sheet)</b>		<b>365,041,867</b>	<b>298,976,052</b>

The attached notes are an integral part of these financial statements.

**CTT – CORREIOS DE PORTUGAL, S.A.**

Notes to the interim condensed consolidated financial statements  
(Amounts expressed in Euros)

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## 1. Introduction

CTT – Correios de Portugal, S.A. – Sociedade Aberta (“CTT” or “Company”), with head office at Avenida D. João II, no. 13, 1999-001 in Lisbon, had its origin in the “Administração Geral dos Correios Telégrafos e Telefones” government department and its legal form is the result of successive re-organizations carried out by the Portuguese state business sector in the communications area.

Decree-Law no. 49.368, of 10 November 1969 founded the state-owned company CTT – Correios e Telecomunicações de Portugal, E. P., which started operating on 1 January 1970. By Decree-Law no. 87/92, of 14 May, CTT – Correios e Telecomunicações de Portugal, E. P., was transformed into a legal entity governed by private law, with the status of a state-owned public limited company. Finally, with the foundation of the former Telecom Portugal, S.A. by spin-off from Correios e Telecomunicações de Portugal, S.A. under Decree-Law no. 277/92, of 15 December, the Company’s name was changed to the current CTT – Correios de Portugal, S.A..

On 31 January 2013 the Portuguese State through the Order 2468/12 – SETF, of 28 December, determined the transfer of the investment owned by the Portuguese State in CTT to Parpública – Participações Públicas, SGPS, S.A..

At the General Meeting held on 30 October 2013, the registered capital of CTT was reduced to 75,000,000 Euros, being from that date onward represented by 150,000,000 shares, as a result of a stock split which was accomplished through the reduction of the nominal value from 4.99 Euros to 0.50 Euros.

During the financial year ended 31 December 2013, CTT’s capital was opened to the private sector. Supported by Decree-Law no. 129/2013, of 6 September and the Resolution of the Council of Ministers (“RCM”) no. 62-A/2013, of 10 October, the RCM no. 62-B/2013, of 10 October and RCM no. 72-B/2013, of 14 November, the first phase of privatisation of the capital of CTT took place on 5 December 2013. From this date, 63.64% of the shares of CTT (95.5 million shares) were owned by the private sector, of which 14% (21 million shares) were sold in a Public Offering and 49.64% (74.5 million shares) by Institutional Direct Selling. On 31 December 2013 the Portuguese State, through Parpública – Participações Públicas, SGPS, S.A. held 36.36% of the shares of CTT, 30.00% by holding and 6.36% by allocation.

On 5 September 2014, the second phase of the privatisation of CTT took place. The shares held by Parpública – Participações Públicas, SGPS, S.A., which on that date represented 31.503% of CTT’s capital, were subject to a private offering of Shares (“Equity Offering”) via an accelerated book building process. The Equity Offering was addressed exclusively to institutional investors.

The shares of CTT are listed on Euronext Lisbon.

The financial statements attached herewith are expressed in Euros, as this is the functional currency of the **Group**.

These financial statements were approved by the Board of Directors and authorised for issue on 6 May 2020.

## 2. Significant accounting policies

The accounting policies adopted, including financial risk management policies, are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2019.

## 2.1 Basis of presentation

The interim condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IAS / IFRS") as adopted by the European Union as at 1 January 2020, and in accordance with IAS 34 – Interim Financial Reporting.

## 3. Segment reporting

In accordance with IFRS 8, the **Group** discloses the segment financial reporting.

The Board of Directors regularly reviews segmental reports, using them to assess and communicate each segment performance, as well as to decide on how to allocate resources.

The Retail Products previously reported in the Mail segment and the respective operating costs, in order to reflect the changes made in the business organization, were migrated, along with their respective history, to the segment previously designated "Financial Services" and which now was renamed "Financial Services & Retail."

The period of 2019 was restated, for comparison purposes, according to the changes performed.

Therefore, the business of CTT is organised in the following segments:

- **Mail** – CTT Contacto S.A. and CTT, S.A. excluding:
  - Business related to postal financial services and retail products – Financial Services & Retail;
  - The business of payments related collection of invoices and fines, Western Union transfers, integrated solutions and tolls – Bank.
- **Express & Parcels** – includes CTT Expresso and CORRE;
- **Financial Services & Retail** – Postal Financial Services and the sale of products and services in the retail network of CTT, S.A.;
- **Bank** – Banco CTT, S.A., Payshop, 321 Crédito and CTT's payments business (mentioned above).

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position of each subsidiary and business unit is determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

The income statement for each business segment is based on the amounts booked directly in the companies' financial statements and related business units, adjusted by the elimination of transactions between companies of the same segment.

However, as CTT, S.A. has assets in more than one segment it was necessary to split its income and costs by the various operating segments. The Internal Services Rendered refer to services provided across the different CTT, S.A. business areas, and the income is calculated according to standard activities valued through internally set transfer prices.

Initially, CTT, S.A. operating costs are allocated to the different segments by charging the internal transactions for the services mentioned above. After this initial allocation, costs relating to corporate and support areas (CTT Central Structure) previously unallocated, are allocated by nature to the Mail segment and others.

The consolidated income statement by nature and segment of the 1<sup>st</sup> quarter of 2019 and 2020 are as follows:

Thousand Euros	Restated 31.03.2019				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
<b>Revenues</b>	<b>120,600</b>	<b>36,719</b>	<b>10,542</b>	<b>9,000</b>	<b>176,862</b>
Sales and services rendered	118,511	36,497	10,268	4,877	170,152
Sales	1,824	198	1,918	-	3,940
Services rendered	116,687	36,298	8,350	4,877	166,212
Financial Margin	-	-	-	2,500	2,500
Other operating income	2,089	222	275	1,623	4,209
<b>Operating costs excluding depreciations, amortizations, impairment and provisions</b>	<b>100,637</b>	<b>37,589</b>	<b>5,562</b>	<b>12,062</b>	<b>155,851</b>
Staff costs	75,608	5,976	350	4,013	85,948
External supplies and services	24,715	31,556	774	6,131	63,176
Other costs	3,141	712	1,732	1,143	6,728
Internal services rendered	(2,826)	(655)	2,707	775	-
<b>EBITDA</b>	<b>19,963</b>	<b>(870)</b>	<b>4,980</b>	<b>(3,062)</b>	<b>21,010</b>
IFRS 16 (impact on EBITDA)	5,208	1,446	5	289	6,948
<b>EBITDA including IFRS 16</b>	<b>25,170</b>	<b>575</b>	<b>4,985</b>	<b>(2,773)</b>	<b>27,958</b>
Impairment and provisions	67	(549)	-	41	(441)
Depreciation/amortisation and impairment of investments, net	(9,812)	(2,078)	(62)	(1,331)	(13,283)
Specific Items	(5,005)	(228)	(245)	(75)	(5,553)
<b>EBIT</b>	<b>10,421</b>	<b>(2,280)</b>	<b>4,678</b>	<b>(4,138)</b>	<b>8,680</b>
Financial results					(2,077)
Interest expenses					(2,384)
Interest income					22
Gains/losses in subsidiary, associated companies and joint ventures					285
<b>Earnings before taxes (EBT)</b>					<b>6,603</b>
Income tax for the period					(2,913)
<b>Net profit for the period</b>					<b>3,690</b>
Non-controlling interests					8
<b>Equity holders of parent company</b>					<b>3,698</b>

Thousand Euros	31.03.2020				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
<b>Revenues</b>	<b>110,170</b>	<b>37,300</b>	<b>12,966</b>	<b>19,474</b>	<b>179,909</b>
Sales and services rendered	108,870	37,115	12,831	4,577	163,393
Sales	1,763	161	1,781	-	3,705
Services rendered	107,107	36,953	11,050	4,577	159,688
Financial Margin	-	-	-	10,426	10,426
Other operating income	1,299	185	135	4,471	6,091
<b>Operating costs excluding depreciations, amortizations, impairment and provisions</b>	<b>98,979</b>	<b>39,362</b>	<b>5,646</b>	<b>15,681</b>	<b>159,669</b>
Staff costs	75,472	6,480	596	5,746	88,294
External supplies and services	23,695	32,862	693	7,438	64,688
Other costs	2,762	541	1,623	1,761	6,687
Internal services rendered	(2,950)	(520)	2,735	736	-
<b>EBITDA</b>	<b>11,190</b>	<b>(2,062)</b>	<b>7,320</b>	<b>3,793</b>	<b>20,241</b>
IFRS 16 (impact on EBITDA)	4,587	1,342	28	374	6,331
<b>EBITDA including IFRS 16</b>	<b>15,777</b>	<b>(720)</b>	<b>7,348</b>	<b>4,167</b>	<b>26,572</b>
Impairment and provisions	(349)	(887)	-	(1,590)	(2,826)
Depreciation/amortisation and impairment of investments, net	(10,739)	(2,158)	(100)	(1,470)	(14,465)
Specific Items	34	(38)	(0)	(10)	(14)
<b>EBIT</b>	<b>4,723</b>	<b>(3,803)</b>	<b>7,248</b>	<b>1,097</b>	<b>9,266</b>
Financial results					(3,069)
Interest expenses					(2,514)
Interest income					3
Gains/losses in subsidiary, associated companies and joint ventures					(558)
<b>Earnings before taxes (EBT)</b>					<b>6,196</b>
Income tax for the period					(2,485)
<b>Net profit for the period</b>					<b>3,711</b>
Non-controlling interests					(30)
<b>Equity holders of parent company</b>					<b>3,682</b>

The amount recorded as specific items amounts to -0.01 M€, highlighting the capital gains related to the sale of tangible fixed assets (0.6 M€) mainly compensated by works related to studies and advisory services for strategic projects, namely within the scope of the new Concession contract.

The revenues are detailed as follows:

Thousand Euros	Restated 31.03.2019	31.03.2020
<b>Mail</b>	<b>120,600</b>	<b>110,170</b>
Transactional mail	103,047	94,950
Editorial mail	3,684	3,279
Parcels (USO)	1,541	1,443
Advertising mail	5,597	5,087
Philately	1,403	1,301
Business Solutions	2,806	2,509
Other	2,522	1,600
<b>Express &amp; Parcels</b>	<b>36,719</b>	<b>37,300</b>
Portugal	22,932	24,434
Parcels	17,126	18,912
Cargo	3,186	2,819
Banking network	1,592	1,771
Logistics	708	671
Other	320	261
Spain	13,306	12,111
Mozambique	480	755
<b>Financial Services</b>	<b>10,542</b>	<b>12,966</b>
Savings & Insurance	6,119	8,634
Money orders	1,382	1,494
Payments	159	141
Retail	2,706	2,654
Other	176	43
<b>Bank</b>	<b>9,000</b>	<b>19,474</b>
Net interest income	2,500	4,089
Interest income	2,669	4,354
Interest expense	(169)	(266)
Fees & commissions income	1,586	2,797
Own products	1,073	1,715
Consumer credit & insurance	512	1,083
Payments & other	4,914	4,612
321 Crédito	-	7,976
	<b>176,862</b>	<b>179,909</b>

The assets by segment are detailed as follows:

Assets (Euros)	Restated 31.12.2019					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	20,426,590	5,514,463	200,198	27,682,577	8,188,816	62,012,644
Tangible fixed assets	222,255,084	33,599,340	42,095	3,204,855	4,341,666	263,443,040
Investment properties	-	-	-	-	7,653,000	7,653,000
Goodwill	6,161,326	2,955,753	-	61,084,749	-	70,201,828
Deferred tax assets	-	-	-	-	89,329,806	89,329,806
Accounts receivable	-	-	-	-	146,471,712	146,471,712
Credit to bank clients	-	-	-	885,820,569	-	885,820,569
Debt securities	-	-	-	456,411,331	-	456,411,331
Other banking financial assets	-	-	-	33,424,335	-	33,424,335
Other assets	-	-	-	-	54,871,239	54,871,239
Cash and cash equivalents	-	5,403,455	-	174,819,282	262,772,987	442,995,724
Non-current assets held for sale	-	-	-	805,675	-	805,675
	<b>248,843,001</b>	<b>47,473,011</b>	<b>242,294</b>	<b>1,643,253,372</b>	<b>573,629,227</b>	<b>2,513,440,904</b>



Assets (Euros)	31.03.2020					Total
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	
Intangible assets	24,443,170	5,211,193	252,678	27,032,046	2,033,306	58,972,393
Tangible fixed assets	220,968,447	33,140,342	56,977	3,391,403	4,161,019	261,718,187
Investment properties	-	-	-	-	7,588,618	7,588,618
Goodwill	6,161,326	2,955,753	-	61,084,749	-	70,201,828
Deferred tax assets	-	-	-	-	88,828,741	88,828,741
Accounts receivable	-	-	-	-	140,531,520	140,531,520
Credit to bank clients	-	-	-	947,163,230	-	947,163,230
Debt securities	-	-	-	474,237,460	-	474,237,460
Other banking financial assets	-	-	-	31,988,314	-	31,988,314
Other assets	-	-	-	-	57,461,201	57,461,201
Cash and cash equivalents	-	5,578,800	-	151,159,492	142,237,760	298,976,052
Non-current assets held for sale	-	-	-	804,139	-	804,139
	<b>251,572,943</b>	<b>46,886,088</b>	<b>309,655</b>	<b>1,696,860,833</b>	<b>442,842,166</b>	<b>2,438,471,684</b>

Debt by segment is detailed as follows:

Other information (Euros)	Restated 31.12.2019					Total
	Mail	Express & Parcels	Financial Services & Retail	Bank		
<b>Non-current debt</b>	<b>127,309,217</b>	<b>19,770,671</b>	<b>30,858</b>	<b>1,487,187</b>		<b>148,597,934</b>
Bank loans	81,702,538	-	-	-		81,702,538
Lease liabilities	45,606,680	19,770,671	30,858	1,487,187		66,895,396
<b>Current debt</b>	<b>12,896,744</b>	<b>13,203,570</b>	<b>11,589</b>	<b>701,665</b>		<b>26,813,567</b>
Bank loans	-	9,749,470	-	-		9,749,470
Lease liabilities	12,896,744	3,454,099	11,589	701,665		17,064,097
	<b>140,205,961</b>	<b>32,974,241</b>	<b>42,447</b>	<b>2,188,852</b>		<b>175,411,501</b>

Other information (Euros)	31.03.2020					Total
	Mail	Express & Parcels	Financial Services & Retail	Bank		
<b>Non-current debt</b>	<b>125,194,092</b>	<b>19,029,972</b>	<b>40,404</b>	<b>1,762,655</b>		<b>146,027,123</b>
Bank loans	81,933,277	-	-	-		81,933,277
Lease liabilities	43,260,814	19,029,972	40,404	1,762,655		64,093,845
<b>Current debt</b>	<b>14,778,155</b>	<b>13,047,486</b>	<b>17,251</b>	<b>632,396</b>		<b>28,475,288</b>
Bank loans	-	9,743,479	-	-		9,743,479
Lease liabilities	14,778,155	3,304,007	17,251	632,396		18,731,809
	<b>139,972,247</b>	<b>32,077,458</b>	<b>57,655</b>	<b>2,395,051</b>		<b>174,502,411</b>

The **Group** is domiciled in Portugal. The result of its Sales and services rendered by geographical segment is disclosed below:

Thousand Euros	31.03.2019	31.03.2020
Revenue - Portugal	143,518	138,225
Revenue - other countries	26,634	25,168
	<b>170,152</b>	<b>163,393</b>

The financial statements are subject to seasonality, however this does not affect comparability between identical periods in a given year. There are nonetheless atypical / non-recurring factors that may affect comparability between equal periods of the several years such as the number of working days of the period (mobile holidays or weekend holidays), special events (elections, promotional campaigns for clients) which may impact the revenue to increase / decrease from one period to another.

## 4. Tangible fixed assets

During the year ended 31 December 2019 and three-month period ended 31 March 2020, the movements occurred in Tangible fixed assets, as well as the respective accumulated depreciation, regarding the **Group** were as follows:

31.12.2019										
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
<b>Tangible fixed assets</b>										
Opening balance	35,591,993	334,565,087	143,060,832	3,597,961	63,825,994	26,571,051	2,409,296	174,162	217,781,407	827,577,785
Acquisitions	-	289,864	5,397,771	205,223	4,132,769	1,087,015	5,037,328	10,933,074	-	27,083,044
New contracts	-	-	-	-	-	-	-	-	6,995,186	6,995,186
Disposals	(11,962)	(302,339)	(1,085,186)	(828)	(10,822)	-	-	-	-	(1,411,137)
Transfers and write-offs	-	3,990,959	8,798,878	(199,167)	714,914	(14,188)	(3,990,959)	(8,693,236)	(1,033,301)	(416,100)
Terminated contracts	-	-	-	-	-	-	-	-	(47,988,327)	(47,988,327)
Remeasurements	-	-	-	-	-	-	-	-	2,200,608	2,200,608
Adjustments	-	497	12,141	461	875	590	-	-	108,299	122,863
Changes in the consolidation perimeter	-	420,472	-	-	692,154	175,664	-	-	1,549,917	2,838,207
Other movements	-	-	-	-	-	1,826,550	35,907	-	-	1,862,457
Closing balance	35,580,031	338,964,540	156,184,436	3,603,651	69,355,884	29,646,684	3,491,573	2,414,000	179,623,789	818,864,586
<b>Accumulated depreciation</b>										
Opening balance	3,739,154	210,562,512	127,971,545	3,428,245	58,772,955	22,311,709	-	-	136,058,784	562,844,906
Depreciation for the period	-	9,445,914	5,641,044	56,981	2,342,240	1,803,688	-	-	21,631,653	40,921,520
Disposals	(1,747)	(192,958)	(1,022,632)	(828)	(14,649)	-	-	-	-	(1,232,814)
Transfers and write-offs	-	-	107,382	(128,381)	640,734	40,895	-	-	(858,850)	(198,220)
Terminated contracts	-	-	-	-	-	-	-	-	(47,988,327)	(47,988,327)
Adjustments	-	89	7,736	325	759	506	-	-	-	9,415
Changes in the consolidation perimeter	-	164,081	-	-	666,123	121,676	-	-	89,014	1,040,894
Closing balance	3,737,406	219,979,639	132,705,076	3,356,342	62,408,163	24,278,473	-	-	108,932,275	555,397,374
<b>Accumulated impairment</b>										
Opening balance	-	-	-	-	-	24,255	-	-	-	24,255
Other variations	-	-	-	-	-	(83)	-	-	-	(83)
Closing balance	-	-	-	-	-	24,172	-	-	-	24,172
<b>Net Tangible fixed assets</b>	<b>31,842,624</b>	<b>118,984,901</b>	<b>23,479,360</b>	<b>247,308</b>	<b>6,947,721</b>	<b>5,344,038</b>	<b>3,491,573</b>	<b>2,414,000</b>	<b>70,691,514</b>	<b>263,443,040</b>

  

31.03.2020										
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
<b>Tangible fixed assets</b>										
Opening balance	35,580,031	338,964,540	156,184,436	3,603,651	69,355,884	29,646,684	3,491,573	2,414,000	179,623,789	818,864,586
Acquisitions	-	79,976	3,225,253	6,771	95,578	194,914	814,450	19,950	-	4,436,893
New contracts	-	-	-	-	-	-	-	-	792,973	792,973
Disposals	(8,099)	(149,792)	(2,238)	-	(2,542)	-	-	-	-	(162,671)
Transfers and write-offs	-	106,000	-	(4,359)	(51,486)	(5,335,372)	(106,000)	(8,671)	-	(5,399,889)
Terminated contracts	-	-	-	-	-	-	-	-	-	-
Remeasurements	-	-	-	-	-	-	-	-	3,475,051	3,475,051
Adjustments	-	(1,424)	(52,416)	(2,130)	(24,937)	(8,907)	-	-	-	(89,813)
Closing balance	35,571,931	338,999,300	159,355,036	3,603,933	69,372,497	24,497,319	4,200,022	2,425,279	183,891,812	821,917,129
<b>Accumulated depreciation</b>										
Opening balance	3,737,406	219,979,639	132,705,076	3,356,342	62,408,163	24,278,473	-	-	108,932,275	555,397,374
Depreciation for the period	-	2,373,923	1,613,366	14,921	630,656	292,394	-	-	5,328,933	10,254,193
Disposals	(460)	(95,058)	(2,238)	-	(2,542)	-	-	-	-	(100,297)
Transfers and write-offs	-	-	-	(4,359)	(9,021)	(5,332,123)	-	-	-	(5,345,504)
Terminated contracts	-	-	-	-	-	-	-	-	-	-
Adjustments	-	(339)	(25,851)	(1,006)	(2,153)	(1,648)	-	-	-	(30,996)
Closing balance	3,736,946	222,258,164	134,290,354	3,365,898	63,025,103	19,237,096	-	-	114,261,208	560,174,770
<b>Accumulated impairment</b>										
Opening balance	-	-	-	-	-	24,172	-	-	-	24,172
Other variations	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	24,172	-	-	-	24,172
<b>Net Tangible fixed assets</b>	<b>31,834,985</b>	<b>116,741,135</b>	<b>25,064,682</b>	<b>238,035</b>	<b>6,347,393</b>	<b>5,236,051</b>	<b>4,200,022</b>	<b>2,425,279</b>	<b>69,630,604</b>	<b>261,718,187</b>

The depreciation recorded in the **Group** amounting to 10,254,193 Euros (10,144,354 Euros on 31 March 2019), is booked under the heading Depreciation/amortisation and impairment of investments, net.

In the year ended 31 December 2019, the caption Changes in the consolidation perimeter in the **Group**, relates to the balances of the company 321 Crédito – Instituição Financeira de Crédito, S.A. acquired in May 2019.

In the **Group** as at 31 March 2020, Land and natural resources and Buildings and other constructions include 546,705 Euros (554,730 Euros as at 31 December 2019), related to land and property in co-ownership with MEO – Serviços de Comunicações e Multimédia, S.A..

According to the concession contract in force, at the end of the concession, the assets included in the public and private domain of the State revert automatically, at no cost, to the conceding entity. As the postal network belongs exclusively to CTT, not being a public domain asset, only the assets that belong to the State revert to it, and as such, at the end of the concession CTT will continue to own its assets. The Board of Directors, supported on CTT's accounting records and the statement of Directorate General of Treasury and Finance ("Direção Geral do Tesouro e Finanças"), the entity responsible for the Information System of Public Buildings ("Sistema de Informação de Imóveis do Estado" – SIIE) believes that CTT's assets do not include any public or private domain assets of the Portuguese State.

As under the concession contract, the grantor does not control any significant residual interest in CTT's postal network and CTT being free to dispose of, replace or encumber the assets that integrate the postal network, IFRIC 12 – Service Concession Agreements is not applicable to the universal postal service concession contract.

During the year ended 31 March 2020, the most significant movements in Tangible Fixed Assets were the following:

### **Buildings and other constructions:**

The movements associated to acquisitions and transfers relate mostly to the capitalisation of repairs in own and third-party buildings of CTT.

### **Basic equipment:**

The amount of acquisitions mainly relates to the acquisition of parcel sorting machines in the amount of 3,186 thousand Euros by CTT.

### **Other tangible fixed assets:**

The amount of acquisitions mainly relates to prevention and safety equipment for approximately 186 thousand Euros by CTT.

### **Tangible fixed assets in progress:**

The amounts under this heading are related to the capitalisation of improvements in own and third-party properties.

### **Rights of Use**

Following the adoption of IFRS 16 the **Group** recognised rights of use, detailed by type of asset, as follows:

31.12.2019				
	Buildings	Vehicles	Other assets	Total
<b>Tangible fixed assets</b>				
Opening balance	187,977,519	28,092,244	1,711,643	217,781,407
New contracts	3,275,146	3,643,838	76,202	6,995,186
Transfers and write-offs	(1,004,078)	(19,223)	-	(1,023,301)
Terminated contracts	(36,450,459)	(11,252,228)	(285,640)	(47,988,327)
Remeasurements	2,200,608	-	-	2,200,608
Adjustments	24,605	56,854	26,839	108,299
Changes in the consolidation perimeter	1,419,084	130,833	-	1,549,917
Closing balance	157,442,425	20,652,319	1,529,045	179,623,789
<b>Accumulated depreciation</b>				
Opening balance	123,639,470	11,900,424	518,891	136,058,784
Depreciation for the period	15,252,183	6,015,929	363,540	21,631,653
Transfers and write-offs	(855,861)	(2,989)	-	(858,850)
Terminated contracts	(36,450,459)	(11,252,228)	(285,640)	(47,988,327)
Adjustments	5	(5)	-	-
Changes in the consolidation perimeter	71,751	17,264	-	89,014
Closing balance	101,657,089	6,678,395	596,791	108,932,275
<b>Net Tangible fixed assets</b>	<b>55,785,336</b>	<b>13,973,924</b>	<b>932,254</b>	<b>70,691,514</b>

  

31.03.2020				
	Buildings	Vehicles	Other assets	Total
<b>Tangible fixed assets</b>				
Opening balance	157,442,425	20,652,319	1,529,045	179,623,789
New contracts	9,629	783,344	-	792,973
Remeasurements	3,475,051	-	-	3,475,051
Closing balance	160,927,104	21,435,663	1,529,045	183,891,812
<b>Accumulated depreciation</b>				
Opening balance	101,657,089	6,678,395	596,791	108,932,275
Depreciation for the period	4,062,339	1,194,548	72,046	5,328,933
Transfers and write-offs	-	-	-	-
Terminated contracts	-	-	-	-
Closing balance	105,719,428	7,872,943	668,837	114,261,208
<b>Net Tangible fixed assets</b>	<b>55,207,676</b>	<b>13,562,720</b>	<b>860,208</b>	<b>69,630,604</b>

The depreciation recorded, in the **Group**, in the amount of 5,328,933 Euros (5,586,449 Euros on 31 March 2019), is booked under the heading Depreciation/amortisation and impairment of investments, net.

Information on the liabilities associated with these leases as well as the interest expenses are disclosed on the notes 18 – Debt and Note 24 – Interest expenses and Interest income, respectively.

In the three-month period ended 31 March 2020, the **Group** entered into a sale & lease back agreement for the building held in Sintra. This operation met the requirements of IFRS 15 to be accounted for as a sale of the asset, having originated a capital gain in the amount of 590 thousand Euros, recognised in the caption "Gains / losses on disposal of assets", as well as the registration of a right of use in the amount of 9,629 Euros and a Lease liability of 117,353 Euros.

In the three-month period ended 31 March 2020, no interest on loans was capitalised, in the **Group**, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

According to the analysis of impairment signs with reference to 31 March 2020, no events or circumstances were identified that indicate that the amount for which the **Group's** tangible fixed assets are recorded may not be recovered.

There are no tangible fixed assets with restricted ownership or any carrying value relative to any tangible fixed assets which have been given as a guarantee of liabilities.

The **Group** contractual commitments, related to Tangible fixed assets, are as follows:

	31.03.2020
Improvements in properties	676,613
Trucks	294,676
DVE - Explosives Detector	31,882
	<b>1,003,171</b>

## 5. Intangible assets

During the year ended 31 December 2019 and three-month period ended 31 March 2020, the movements which occurred in the main categories of the **Group** Intangible assets, as well as the respective accumulated amortisation, were as follows:

	31.12.2019						
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Advance payments to suppliers	Total
<b>Intangible assets</b>							
Opening balance	4,380,552	98,081,032	14,252,424	444,739	15,139,681	-	132,298,428
Acquisitions	-	1,106,752	2,365,069	-	14,817,787	69,072	18,358,681
Disposals	-	-	-	-	-	-	-
Transfers and write-offs	-	13,595,464	8,579	-	(14,331,297)	(69,072)	(796,326)
Adjustments	-	1,400	9,098	-	-	-	10,498
Changes in the consolidation perimeter	-	1,092,007	213,269	-	462,568	-	1,767,844
Closing balance	4,380,552	113,876,654	16,848,440	444,739	16,088,740	-	151,639,125
<b>Accumulated amortisation</b>							
Opening balance	4,375,722	61,288,015	9,419,396	444,739	-	-	75,527,871
Amortisation for the period	1,272	12,754,618	782,218	-	-	-	13,538,108
Disposals	-	-	-	-	-	-	-
Transfers and write-offs	-	(730,878)	3,624	-	-	-	(727,254)
Adjustments	-	1,400	4,087	-	-	-	5,487
Changes in the consolidation perimeter	-	1,082,878	199,390	-	-	-	1,282,268
Closing balance	4,376,994	74,396,033	10,408,714	444,739	-	-	89,626,480
<b>Net intangible assets</b>	<b>3,558</b>	<b>39,480,622</b>	<b>6,439,725</b>	<b>-</b>	<b>16,088,740</b>	<b>-</b>	<b>62,012,644</b>

  

	31.03.2020						
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Advance payments to suppliers	Total
<b>Intangible assets</b>							
Opening balance	4,380,552	113,876,654	16,848,440	444,739	16,088,740	-	151,639,125
Acquisitions	-	37,227	-	-	1,109,690	-	1,146,917
Disposals	-	-	-	-	-	-	-
Transfers and write-offs	-	8,367,387	-	-	(8,310,151)	-	57,237
Adjustments	-	-	(26,588)	-	(80,876)	-	(107,465)
Closing balance	4,380,552	122,281,268	16,821,851	444,739	8,807,402	-	152,735,813
<b>Accumulated amortisation</b>							
Opening balance	4,376,994	74,396,033	10,408,714	444,739	-	-	89,626,480
Amortisation for the period	319	3,841,925	304,017	-	-	-	4,146,261
Disposals	-	-	-	-	-	-	-
Transfers and write-offs	-	3,180	-	-	-	-	3,180
Adjustments	-	-	(12,501)	-	-	-	(12,501)
Closing balance	4,377,313	78,241,138	10,700,230	444,739	-	-	93,763,420
<b>Net intangible assets</b>	<b>3,239</b>	<b>44,040,131</b>	<b>6,121,621</b>	<b>-</b>	<b>8,807,402</b>	<b>-</b>	<b>58,972,393</b>

The amortisation in the **Group** for the three-month period ended 31 March 2020, amounting to 4,146,261 Euros (3,067,388 Euros as at 31 March 2019) was recorded under Depreciation / amortisation and impairment of investments, net.

In the year ended 31 December 2019, the caption Changes in the consolidation perimeter in the **Group**, relates to the balances of the company 321 Crédito – Instituição Financeira de Crédito, S.A. as at the acquisition date.

The caption Industrial property in the **Group** includes the license of the trademark “Payshop International” of CTT Contacto, S.A., in the amount of 1,200,000 Euros. This license has an indefinite useful life, therefore it is not amortised.

The transfers occurred in the year ended 31 December 2019 and the three-month period ended 31 March 2020, from Intangible assets in progress to Computer software refer to IT projects, which were completed during the referred periods.

The amounts of 273,007 Euros and 255,960 Euros were capitalised in computer software or in intangible assets in progress as at 31 December 2019 and 31 March 2020, respectively, related to **Group** staff costs incurred in the development of these projects.

As at 31 March 2020 the **Group** Intangible assets in progress, relate to IT projects which are under development, of which the most relevant are:

	<b>Group</b>
Accipiens software	1,060,420
Mortgage loans - software	673,632
AS/400 software	568,470
Data Governance - software	497,171
Transactions broker - software	479,467
SAP Hana & Hybris Billing	451,274
Management information - Software	451,040
Transaction Monitoring - software	450,140
Account Opening Process - software	354,627
Mailmanager - software	338,289
	<b>5,324,529</b>

The **Group** has not identified any relevant uncertainties regarding the conclusion of ongoing projects, nor about their recoverability. Even so, the recoverability of the values of intangible assets in progress was tested in the scope of impairment tests of the assets of the Cash Generating Unit to which they belong, performed with reference to 31 December 2019.

Most of the projects are expected to be completed in 2020.

The amount of research and development expenses incurred by the **Group** in 2019, in the amount of 1,063,800 Euros was disclosed in Note 25.

There are no intangible assets with restricted ownership or any carrying value relative to any intangible assets which have been given as a guarantee of liabilities.

In the three-month period ended 31 March 2020, no interest on loans were capitalised, in the **Group**, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

According to the analysis of impairment signs with reference to 31 March 2020, no events or circumstances were identified that indicate that the amount for which the **Group's** intangible assets are recorded may not be recovered.

Contractual commitments relative to the **Group** Intangible assets are as follows:

	31.03.2020
CBS – Core Banking System	1,200,000
Account Opening Process	485,000
Data Ignition	365,000
Projeto X	302,000
Sharepoint Sunset	270,000
	<b>2,622,000</b>

## 6. Investment properties

As at 31 December 2019 and 31 March 2020, the **Group** has the following assets classified as investment properties:

	31.12.2019		
	Land and natural resources	Buildings and other constructions	Total
<b>Investment properties</b>			
Opening balance	3,508,355	16,538,633	20,046,988
Additions	-	-	-
Disposals	(195,997)	(1,528,862)	(1,724,859)
<b>Closing balance</b>	<b>3,312,358</b>	<b>15,009,771</b>	<b>18,322,129</b>
<b>Accumulated depreciation</b>			
Opening balance	234,974	10,388,531	10,623,505
Depreciation for the period	-	261,092	261,092
Disposals	(21,122)	(943,491)	(964,612)
<b>Closing balance</b>	<b>213,853</b>	<b>9,706,133</b>	<b>9,919,985</b>
<b>Accumulated impairment</b>			
Opening balance	-	1,243,502	1,243,502
Impairment for the period	-	(494,358)	(494,358)
Closing balance	-	749,144	749,144
<b>Net Investment properties</b>	<b>3,098,506</b>	<b>4,554,494</b>	<b>7,653,000</b>

  

	31.03.2020		
	Land and natural resources	Buildings and other constructions	Total
<b>Investment properties</b>			
Opening balance	3,312,358	15,009,771	18,322,129
Additions	-	-	-
Disposals	-	-	-
<b>Closing balance</b>	<b>3,312,358</b>	<b>15,009,771</b>	<b>18,322,129</b>
<b>Accumulated depreciation</b>			
Opening balance	213,853	9,706,133	9,919,985
Depreciation for the period	-	64,382	64,382
Disposals	-	-	-
<b>Closing balance</b>	<b>213,853</b>	<b>9,770,514</b>	<b>9,984,367</b>
<b>Accumulated impairment</b>			
Opening balance	-	749,144	749,144
Impairment for the period	-	-	-
Closing balance	-	749,144	749,144
<b>Net Investment properties</b>	<b>3,098,506</b>	<b>4,490,113</b>	<b>7,588,618</b>

These assets are not allocated to the **Group** operating activities, being in the market available for lease.

Depreciation for the three-month period ended on 31 March 2020, of 64,382 Euros (71,660 Euros on 31 March 2019) was recorded in the caption Depreciation/amortisation and impairment of investments, net.

The market value of these assets, which are classified as investment property, in accordance with the valuations obtained at the end of the fiscal year 2019 which were conducted by independent entities, amounts to 12,261,900 Euros.

In the year ended 31 December 2019, the amount recorded under the disposals heading relates to the sale of three properties having the corresponding accounting gains, of 353 thousand Euros, been recorded in the caption Gains/Losses on disposal of assets.

Impairment losses for the year ended 31 December 2019 amounting to (494,358) Euros were recorded in the caption Depreciation/amortisation and impairment of investments, net and are explained by the market value reduction observed in some buildings.

## 7. Companies included in the consolidation

### Subsidiary companies

As at 31 December 2019 and 31 March 2020, the parent company, CTT – Correios de Portugal, S.A. and the following subsidiaries were included in the consolidation:

Company name	Place of business	Head office	31.12.2019			31.03.2020		
			Percentage of ownership		Total	Percentage of ownership		Total
			Direct	Indirect		Direct	Indirect	
Parent company:								
CTT - Correios de Portugal, S.A.	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	-	-	-	-	-	-
Subsidiaries:								
CTT Expresso - Serviços Postais e Logística, S.A. ("CTT Expresso")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	-	100	100	-	100
Payshop Portugal, S.A. ("Payshop")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	-	100	100	-	100	100
CTT Contacto, S.A. ("CTT Con")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	-	100	100	-	100
Correio Expresso de Moçambique, S.A. ("CORRE")	Mozambique	Av. 24 de Julho, Edifício 24, n.º 1097, 3.º Piso, Bairro da Polana Maputo - Mozambique	50	-	50	50	-	50
Banco CTT, S.A. ("BancoCTT")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	-	100	100	-	100
321 Crédito - Instituição Financeira de Crédito, S.A. ("321 Crédito")	Portugal	Av. Duque d'Ávila, 46, 7.º B 1050-0831 jshna	-	100	100	-	100	100

In relation to the company CORRE, as the **Group** has the right to variable returns arising from its involvement and the ability to affect those returns, it is included in the consolidation.

### Joint ventures

As at 31 December 2019 and 31 March 2020, the **Group** held the following interests in joint ventures, registered through the equity method:

Company name	Place of business	Head office	31.12.2019			31.03.2020		
			Percentage of ownership		Total	Percentage of ownership		Total
			Direct	Indirect		Direct	Indirect	
NewPost, ACE	Portugal	Av. Fontes Pereira de Melo, 40 Lisboa	49	-	49	49	-	49
PTP & F, ACE	Portugal	Estrada Casal do Canas Amadora	51	-	51	51	-	51
MKTPlace – Comércio Eletrónico, S.A. ("MKTPlace")	Portugal	Rua Eng.º Ferreira Dias 924 Esc. 5 Porto	50	-	50	50	-	50

On 2 April, 6 May and 6 August 2019, the company MKTPlace – Comércio Eletrónico, S.A., was subject to capital increases in the amount of 3,625,523 Euros made by CTT.

### Associated companies

As at 31 December 2019 and 31 March 2020, the **Group** held the following interests in associated companies accounted for by the equity method:

Company name	Place of business	Head office	31.12.2019			31.03.2020		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Multicert – Serviços de Certificação Electrónica, S.A. ("Multicert")	Portugal	Lagoas Parque, Edifício 3, Piso 3 Oeiras	20	-	20	20	-	20
Mafelosa, SL <sup>(a)</sup>	Spain	Castellon - Spain	-	25	25	-	25	25
Urpacsur, SL <sup>(a)</sup>	Spain	Málaga - Spain	-	30	30	-	30	30

<sup>(a)</sup> Company held by CTT Expresso – Serviços Postais e Logística, S.A., branch in Spain until 2018 was held by Tourline Mensajería, SLU, which currently has no activity.

### Structured entities

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

Name	Constitution Year	Place of issue	% Economic Interest	Consolidation Method
Ulisses Finance No.1 <sup>(*)</sup>	2017	Portugal	12.2%	Full
Chaves Funding No.8 <sup>(*)</sup>	2019	Portugal	100%	Full

<sup>(\*)</sup> Entities incorporated in the scope of securitisation operations, recorded in the consolidated financial statements in accordance with the Group's continued involvement, determined based on the percentage held in the residual interests (equity piece) of the respective vehicles.

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

	31.12.2019	31.03.2020
Cash and cash equivalents	7,730,012	8,927,762
Other banking financial liabilities (Debt securities issued)	76,077,368	67,611,091

### Changes in the consolidation perimeter

In the year ended 31 December 2019, the consolidation perimeter was changed following the acquisition of 321 Crédito – Instituição Financeira de Crédito, S.A..

During the three-month period ended 31 March 2020, there were no changes in the consolidation perimeter.

## 8. Debt securities

As at 31 December 2019 and 31 March 2020, the caption Debt securities, in the **Group**, showed the following composition:



	31.12.2019	31.03.2020
<b>Non-current</b>		
<b>Financial assets at fair value through other comprehensive income <sup>(1)</sup></b>		
Government bonds	528,420	1,504,819
Bonds issued by other entities	-	9,177,417
	<b>528,420</b>	<b>10,682,236</b>
<b>Financial assets at amortised cost</b>		
Government bonds	409,886,034	424,299,602
Bonds issued by other entities	14,605,943	4,362,706
Impairment	(169,217)	(171,646)
	<b>424,322,759</b>	<b>428,490,662</b>
	<b>424,851,179</b>	<b>439,172,898</b>
<b>Current</b>		
<b>Financial assets at fair value through other comprehensive income <sup>(1)</sup></b>		
Government bonds	13,727	23,639
Bonds issued by other entities	-	4,906
	<b>13,727</b>	<b>28,546</b>
<b>Financial assets at amortised cost</b>		
Government bonds	31,536,069	21,663,909
Bonds issued by other entities	14,491	13,377,489
Impairment	(4,136)	(5,382)
	<b>31,546,424</b>	<b>35,036,016</b>
	<b>31,560,152</b>	<b>35,064,562</b>
	<b>456,411,331</b>	<b>474,237,460</b>

<sup>(1)</sup> As at 31 December 2019 and 31 March 2020 includes the amount of 225 Euros and 6,501 Euros, respectively, regarding Accumulated impairment losses.

The analysis of the Financial assets at fair Value through other comprehensive income and the Financial assets at amortised cost, by remaining maturity, as at 31 December 2019 and 31 March 2020 is detailed as follows:

	31.12.2019			31.12.2019			Total
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
<b>Financial assets at fair value through other comprehensive income <sup>(1)</sup></b>							
Government bonds							
National	13,727	-	13,727	528,420	-	528,420	542,147
Foreign	-	-	-	-	-	-	-
Bonds issued by other entities							
National	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-
	<b>13,727</b>	<b>-</b>	<b>13,727</b>	<b>528,420</b>	<b>-</b>	<b>528,420</b>	<b>542,147</b>

<sup>(1)</sup> As at 31 December 2019 includes the amount of 225 Euros regarding Accumulated impairment losses.

	31.12.2019			31.12.2019			Total
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
<b>Financial assets at amortised cost</b>							
Government bonds							
National	4,538,504	4,717,697	9,256,202	41,143,284	236,717,591	277,860,875	287,117,077
Foreign	752,422	21,527,446	22,279,868	34,645,814	97,379,345	132,025,158	154,305,026
Bonds issued by other entities							
National	14,491	-	14,491	14,605,943	-	14,605,943	14,620,434
Foreign	-	-	-	-	-	-	-
	<b>5,305,417</b>	<b>26,245,143</b>	<b>31,550,561</b>	<b>90,395,041</b>	<b>334,096,936</b>	<b>424,491,976</b>	<b>456,042,537</b>

	31.03.2020			31.03.2020			Total
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
<b>Financial assets at fair value through other comprehensive income <sup>(1)</sup></b>							
Government bonds							
National	23,639	-	23,639	1,504,819	-	1,504,819	1,528,458
Foreign	-	-	-	-	-	-	-
Bonds issued by other entities							
National	4,906	-	4,906	9,177,417	-	9,177,417	9,182,323
Foreign	-	-	-	-	-	-	-
	<b>28,546</b>	<b>-</b>	<b>28,546</b>	<b>10,682,236</b>	<b>-</b>	<b>10,682,236</b>	<b>10,710,782</b>

<sup>(1)</sup> As at 31 March 2020 includes the amount of 6,501 Euros regarding Accumulated impairment losses.

	31.03.2020					
	Current			Non-current		
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total
<b>Financial assets at amortised cost</b>						
Government bonds						
National	6,933,541	-	6,933,541	40,993,954	235,977,720	283,905,215
Foreign	7,935,294	6,795,074	14,730,368	34,622,143	112,705,786	162,058,296
Bonds issued by other entities						
National	5,761,736	7,615,754	13,377,489	4,362,706	-	17,740,195
Foreign	-	-	-	-	-	-
	<b>20,630,571</b>	<b>14,410,827</b>	<b>35,041,398</b>	<b>79,978,803</b>	<b>348,683,506</b>	<b>463,703,706</b>

The impairment losses, for the year ended 31 December 2019 and three-month period ended 31 March 2020, are detailed as follows:

	31.12.2019					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
<b>Non-current assets</b>						
Financial assets at fair value through other comprehensive income	504	19	(40,529)	(299)	40,529	225
Financial assets at amortised cost	164,379	31,512	(43,292)	-	16,618	169,217
	<b>164,883</b>	<b>31,531</b>	<b>(83,821)</b>	<b>(299)</b>	<b>57,147</b>	<b>169,442</b>
<b>Current assets</b>						
Financial assets at fair value through other comprehensive income	127,286	-	-	(86,757)	(40,529)	-
Financial assets at amortised cost	18,447	2,678	(370)	-	(16,618)	4,136
	<b>145,733</b>	<b>2,678</b>	<b>(370)</b>	<b>(86,757)</b>	<b>(57,147)</b>	<b>4,136</b>
<b>Financial assets at fair value through other comprehensive income</b>	<b>127,790</b>	<b>19</b>	<b>(40,529)</b>	<b>(87,056)</b>	<b>-</b>	<b>225</b>
<b>Financial assets at amortised cost</b>	<b>182,826</b>	<b>34,190</b>	<b>(43,662)</b>	<b>-</b>	<b>-</b>	<b>173,353</b>
	<b>310,616</b>	<b>34,209</b>	<b>(84,191)</b>	<b>(87,056)</b>	<b>-</b>	<b>173,578</b>

  

	31.03.2020					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
<b>Non-current assets</b>						
Financial assets at fair value through other comprehensive income	225	6,259	-	-	-	6,484
Financial assets at amortised cost	169,217	8,914	(5,351)	-	(1,134)	171,646
	<b>169,442</b>	<b>15,173</b>	<b>(5,351)</b>	<b>-</b>	<b>(1,134)</b>	<b>178,130</b>
<b>Current assets</b>						
Financial assets at fair value through other comprehensive income	-	17	-	-	-	17
Financial assets at amortised cost	4,136	280	(168)	-	1,134	5,382
	<b>4,136</b>	<b>297</b>	<b>(168)</b>	<b>-</b>	<b>1,134</b>	<b>5,399</b>
<b>Financial assets at fair value through other comprehensive income</b>	<b>225</b>	<b>6,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,501</b>
<b>Financial assets at amortised cost</b>	<b>173,353</b>	<b>9,194</b>	<b>(5,519)</b>	<b>-</b>	<b>-</b>	<b>177,028</b>
	<b>173,578</b>	<b>15,469</b>	<b>(5,519)</b>	<b>-</b>	<b>-</b>	<b>183,528</b>

Regarding the movements in impairment losses of Financial assets at fair value through other comprehensive income by stages, in the year ended 31 December 2019 and three-month period ended 31 March 2020, they are detailed as follows:

	31.12.2019	31.03.2020
	Stage 1	Stage 1
<b>Opening balance</b>	<b>127,790</b>	<b>225</b>
Change in the accounting standards	-	-
<b>Change in period:</b>		
Increases due to origination and acquisition	-	6,275
Changes due to change in credit risk	19	1
Decrease due to derecognition repayments and disposals	(127,585)	-
Write-offs	-	-
Changes due to update in the institution's methodology for estimation	-	-
Foreign exchange and other	-	-
<b>Impairment – Financial assets at fair value through other comprehensive income</b>	<b>225</b>	<b>6,501</b>

The reconciliation of accounting movements related to impairment losses is presented below:

	31.12.2019	31.03.2020
	Stage 1	Stage 1
<b>Opening balance</b>	<b>127,790</b>	<b>225</b>
Change in the accounting standards	-	-
<b>Change in period:</b>		
ECL income statement change for the period	(40,510)	6,276
Stage transfers (net)	-	-
Disposals	-	-
Utilisations during the period	(87,056)	-
Write-offs	-	-
Write-off recoveries	-	-
Foreign exchange and other	-	-
<b>Impairment – Financial assets at fair value through other comprehensive income</b>	<b>225</b>	<b>6,501</b>

For the impairment losses of Financial assets at amortised cost, the movements by stages, in the year ended 31 December 2019 and three-month period ended 31 March 2020, they are detailed as follows:

	31.12.2019	31.03.2020
	Stage 1	Stage 1
<b>Opening balance</b>	<b>182,825</b>	<b>173,353</b>
Change in the accounting standards	-	-
<b>Change in period:</b>		
Increases due to origination and acquisition	13,008	1,951
Changes due to change in credit risk	(4,033)	2,003
Decrease due to derecognition repayments and disposals	(18,447)	(278)
Write-offs	-	-
Changes due to update in the institution's methodology for estimation	-	-
Foreign exchange and other	-	-
<b>Impairment – Financial assets at amortised cost</b>	<b>173,353</b>	<b>177,028</b>

The reconciliation of accounting movements related to impairment losses is presented below:

	31.12.2019	31.03.2020
	Stage 1	Stage 1
<b>Opening balance</b>	<b>182,825</b>	<b>173,353</b>
Change in the accounting standards	-	-
<b>Change in period:</b>		
ECL income statement change for the period	(9,473)	3,675
Stage transfers (net)	-	-
Disposals	-	-
Utilisations during the period	-	-
Write-offs	-	-
Write-off recoveries	-	-
Foreign exchange and other	-	-
<b>Impairment – Financial assets at amortised cost</b>	<b>173,353</b>	<b>177,028</b>

According to the current accounting policy, the Group regularly assesses whether there is objective evidence of impairment in its financial asset portfolios at fair value through other comprehensive income and other financial assets at amortized cost, following the criteria defined in the accounting policies.

## 9. Other banking financial assets and liabilities

As at 31 December 2019 and 31 March 2020, the **Group** headings Other banking financial assets and Other banking financial liabilities showed the following composition:

	31.12.2019	31.03.2020
<b>Non-current assets</b>		
Investments in credit institutions	-	-
Loans to credit institutions	18,928,416	16,956,034
Impairment	(166,249)	(148,926)
Other	1,882	2,162
	<b>18,764,049</b>	<b>16,809,270</b>
<b>Current assets</b>		
Investments in credit institutions	1,650,072	2,350,000
Loans to credit institutions	11,551,960	10,356,483
Impairment	(47,303)	(41,900)
Other	5,688,014	5,773,478
Impairment	(4,182,457)	(3,259,017)
	<b>14,660,286</b>	<b>15,179,044</b>
	<b>33,424,335</b>	<b>31,988,314</b>
<b>Non-current liabilities</b>		
Debt securities issued	76,060,295	67,595,563
	<b>76,060,295</b>	<b>67,595,563</b>
<b>Current liabilities</b>		
Debt securities issued	17,073	15,528
Other	17,970,646	20,624,297
	<b>17,987,719</b>	<b>20,639,825</b>
	<b>94,048,014</b>	<b>88,235,388</b>

#### Investments in credit institutions and Loans to credit institutions

Regarding the above-mentioned captions, the scheduling by maturity is as follows:

	31.12.2019	31.03.2020
Up to 3 months	3,367,931	3,203,217
From 3 to 12 months	9,834,101	9,503,266
From 1 to 3 years	13,689,301	12,838,813
Over 3 years	5,239,115	4,117,222
	<b>32,130,448</b>	<b>29,662,517</b>

#### Impairment

The impairment losses, for the year ended 31 December 2019 and three-month period ended 31 March 2020, are detailed as follows:

31.12.2019						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
<b>Non-current assets</b>						
Investments and loans in credit institutions	217,751	91,523	(244,427)	-	101,403	166,249
	<b>217,751</b>	<b>91,523</b>	<b>(244,427)</b>	-	<b>101,403</b>	<b>166,249</b>
<b>Current assets</b>						
Investments and loans in credit institutions	197,018	24,916	(73,229)	-	(101,403)	47,303
Other	10,927	224,755	(53,534)	-	(10,927)	4,182,457
	<b>207,945</b>	<b>249,672</b>	<b>(126,763)</b>	-	<b>(112,330)</b>	<b>4,011,235</b>
	<b>425,696</b>	<b>341,194</b>	<b>(371,190)</b>	-	<b>(10,927)</b>	<b>4,396,009</b>

  

31.03.2020						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
<b>Non-current assets</b>						
Investments and loans in credit institutions	166,249	1,293	(19,029)	-	413	148,926
	<b>166,249</b>	<b>1,293</b>	<b>(19,029)</b>	-	<b>413</b>	<b>148,926</b>
<b>Current assets</b>						
Investments and loans in credit institutions	47,303	364	(5,354)	-	(413)	41,900
Other	4,182,457	4,999	(928,438)	-	-	3,259,017
	<b>4,229,760</b>	<b>5,363</b>	<b>(933,792)</b>	-	<b>(413)</b>	<b>3,300,917</b>
	<b>4,396,009</b>	<b>6,655</b>	<b>(952,821)</b>	-	-	<b>3,449,843</b>

Regarding the movements in impairment losses on investments and loans to credit institutions by stages, in the year ended 31 December 2019 and three-month period ended 31 March 2020, they are detailed as follows:

	31.12.2019	31.03.2020
	Stage 1	Stage 1
<b>Opening balance</b>	<b>414,769</b>	<b>213,552</b>
Change in the accounting standards	-	-
<b>Change in period:</b>		
Increases due to origination and acquisition	52,737	1,656
Changes due to change in credit risk	(64,377)	(21,930)
Decrease due to derecognition repayments and disposals	(189,576)	(2,453)
Write-offs	-	-
Changes due to update in the institution's methodology for estimation	-	-
Foreign exchange and other	-	-
<b>Impairment</b>	<b>213,552</b>	<b>190,826</b>

The reconciliation of accounting movements related to impairment losses is presented below:

	31.12.2019	31.03.2020
	Stage 1	Stage 1
<b>Opening balance</b>	<b>414,769</b>	<b>213,552</b>
Change in the accounting standards	-	-
<b>Change in period:</b>		
ECL income statement change for the period	(201,217)	(22,726)
Stage transfers (net)	-	-
Disposals	-	-
Utilisations during the period	-	-
Write-offs	-	-
Write-off recoveries	-	-
Foreign exchange and other	-	-
<b>Impairment</b>	<b>213,552</b>	<b>190,826</b>

#### Debt securities issued

This caption showed the following composition:

	31.12.2019	31.03.2020
Securitisations	76,077,368	67,611,091
	<b>76,077,368</b>	<b>67,611,091</b>

As at 31 December 2019 and 31 March 2020 the Debt securities issued are analysed as follows:

31.12.2019					
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value
Ulisses Finance No.1 – Class A	July 2017	July 2033	Euribor 1M + 85 b.p.	61,938,000	61,963,646
Ulisses Finance No.1 – Class B	July 2017	July 2033	Euribor 1M + 160 b.p.	7,000,000	7,004,497
Ulisses Finance No.1 – Class C	July 2017	July 2033	Euribor 1M + 375 b.p.	7,100,000	7,109,225
				<b>76,038,000</b>	<b>76,077,368</b>
31.03.2020					
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value
Ulisses Finance No.1 – Class A	July 2017	July 2033	Euribor 1M + 85 b.p.	53,406,961	53,483,095
Ulisses Finance No.1 – Class B	July 2017	July 2033	Euribor 1M + 160 b.p.	7,000,000	7,011,583
Ulisses Finance No.1 – Class C	July 2017	July 2033	Euribor 1M + 375 b.p.	7,100,000	7,116,413
				<b>67,506,961</b>	<b>67,611,091</b>

The movement of this item in the year ended 31 December 2019 and the three-month period ended 31 March 2020 is as follows:

31.12.2019						
	Opening balance	Changes in the consolidation perimeter	Issues	Repayments	Other movements	Closing balance
Chaves Funding No.7	-	201,660,418	-	(201,600,000)	(60,418)	-
Ulisses Finance No.1	-	101,060,139	-	(25,007,517)	24,746	76,077,368
	-	<b>302,720,556</b>	-	<b>(226,607,517)</b>	<b>(35,672)</b>	<b>76,077,368</b>

  

31.03.2020						
	Opening balance	Changes in the consolidation perimeter	Issues	Repayments	Other movements	Closing balance
Chaves Funding No.7	-	-	-	-	-	-
Ulisses Finance No.1	76,077,368	-	-	(8,531,092)	64,816	67,611,091
	<b>76,077,368</b>	-	-	<b>(8,531,092)</b>	<b>64,816</b>	<b>67,611,091</b>

The scheduling by maturity regarding this caption is as follows:

31.12.2019							
	Current			Non-current			Total
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Securitisations	17,073	-	17,073	-	76,060,295	76,060,295	76,077,368
	<b>17,073</b>	-	<b>17,073</b>	-	<b>76,060,295</b>	<b>76,060,295</b>	<b>76,077,368</b>

  

31.03.2020							
	Current			Non-current			Total
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Securitisations	15,528	-	15,528	-	67,595,563	67,595,563	67,611,091
	<b>15,528</b>	-	<b>15,528</b>	-	<b>67,595,563</b>	<b>67,595,563</b>	<b>67,611,091</b>

## 10. Credit to banking clients

As at 31 December 2019 and 31 March 2020, the **Group** caption Credit to banking clients was detailed as follows:

	31.12.2019	31.03.2020
<b>Performing loans</b>	<b>884,922,781</b>	<b>947,100,296</b>
Mortgage Loans	405,168,238	442,547,540
Auto Loans	469,774,742	495,207,596
Leasings	8,977,360	8,236,411
Overdrafts	1,002,441	1,108,749
Other credits	-	-
<b>Overdue loans</b>	<b>4,875,990</b>	<b>5,781,114</b>
Overdue loans - less than 90 days	740,614	917,313
Overdue loans - more than 90 days	4,135,376	4,863,801
	<b>889,798,770</b>	<b>952,881,410</b>
<b>Credit risk impairment</b>	<b>(3,978,200)</b>	<b>(5,718,180)</b>
	<b>885,820,571</b>	<b>947,163,230</b>

The maturity analysis of the Credit to bank clients as at 31 December 2019 and 31 March 2020 is detailed as follows:

31.12.2019								
	Current				Non-current			Total
	At sight / Undetermined	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Mortgage loans	563	2,963,207	8,424,196	11,387,966	22,801,200	370,979,635	393,780,835	405,168,801
Auto Loans	3,120,988	21,508,729	53,448,350	78,078,067	138,181,295	256,636,368	394,817,663	472,895,730
Leasings	445,221	671,623	1,843,173	2,960,017	3,962,260	2,500,304	6,462,564	9,422,580
Overdrafts	1,682,194	-	-	1,682,194	-	-	-	1,682,194
Other credits	629,465	-	-	629,465	-	-	-	629,465
	<b>5,878,431</b>	<b>25,143,559</b>	<b>63,715,719</b>	<b>94,737,709</b>	<b>164,944,755</b>	<b>630,116,307</b>	<b>795,061,062</b>	<b>889,798,770</b>

31.03.2020								
	Current				Non-current			Total
	At sight / Undetermined	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Mortgage loans	-	3,253,096	9,212,392	12,465,488	24,923,742	405,158,310	430,082,052	442,547,540
Auto Loans	3,927,080	22,053,594	56,088,085	82,068,759	144,732,558	272,333,359	417,065,916	499,134,676
Leasings	449,968	603,012	1,661,023	2,714,002	3,732,439	2,239,937	5,972,376	8,686,378
Overdrafts	1,886,484	-	-	1,886,484	-	-	-	1,886,484
Other credits	626,332	-	-	626,332	-	-	-	626,332
	<b>6,889,864</b>	<b>25,909,702</b>	<b>66,961,500</b>	<b>99,761,066</b>	<b>173,388,739</b>	<b>679,731,606</b>	<b>853,120,344</b>	<b>952,881,410</b>

The breakdown of this heading by type of rate is as follows:

	31.12.2019	31.03.2020
Fixed rate	427,176,016	455,440,226
Floating rate	462,622,754	497,441,184
	<b>889,798,770</b>	<b>952,881,410</b>
Credit risk impairment	(3,978,200)	(5,718,180)
	<b>885,820,571</b>	<b>947,163,230</b>

As at 31 December 2019 and 31 March 2020, the analysis of this caption by type of collateral, is presented as follows:

31.12.2019					
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	414,131,534	733,350	414,864,883	(410,314)	414,454,569
Other guaranteed Loans	463,692,443	1,651,366	465,343,809	(1,938,840)	463,404,969
Unsecured Loans	7,098,804	2,491,274	9,590,078	(1,629,045)	7,961,033
	<b>884,922,781</b>	<b>4,875,990</b>	<b>889,798,770</b>	<b>(3,978,200)</b>	<b>885,820,570</b>

31.03.2020					
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	450,807,867	836,620	451,644,487	(577,101)	451,067,386
Other guaranteed Loans	485,884,504	2,073,996	487,958,500	(2,983,347)	484,975,152
Unsecured Loans	10,407,925	2,870,498	13,278,423	(2,157,731)	11,120,692
	<b>947,100,296</b>	<b>5,781,114</b>	<b>952,881,410</b>	<b>(5,718,180)</b>	<b>947,163,230</b>

The credit type analysis of the caption, as at 31 December 2019 and 31 March 2020 is detailed as follows:

31.12.2019					
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	405,168,238	563	405,168,801	(94,675)	405,074,126
Auto Loans	469,774,742	3,120,988	472,895,730	(3,339,385)	469,556,345
Leasings	8,977,360	445,221	9,422,580	(99,647)	9,322,933
Overdrafts	1,002,441	679,753	1,682,194	(434,392)	1,247,802
Other credits	-	629,465	629,465	(10,101)	619,364
	<b>884,922,781</b>	<b>4,875,990</b>	<b>889,798,770</b>	<b>(3,978,200)</b>	<b>885,820,571</b>

	31.03.2020				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	442,547,540	-	442,547,540	(144,621)	442,402,918
Auto Loans	495,207,596	3,927,080	499,134,676	(4,992,208)	494,142,468
Leasings	8,236,411	449,968	8,686,378	(82,083)	8,604,295
Overdrafts	1,108,749	777,735	1,886,484	(492,029)	1,394,455
Other credits	-	626,332	626,332	(7,239)	619,093
	<b>947,100,296</b>	<b>5,781,114</b>	<b>952,881,410</b>	<b>(5,718,180)</b>	<b>947,163,230</b>

The analysis of credit to bank clients as at 31 December 2019 and 31 March 2020, by sector of activity, is as follows:

	31.12.2019				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
<b>Companies</b>					
Agriculture, forestry and fishing	1,111,340	8,581	1,119,921	(19,854)	1,100,067
Mining and quarrying	22,559	-	22,559	(130)	22,430
Manufacturing	3,414,359	82,939	3,497,297	(53,265)	3,444,032
Water supply	192,904	5,712	198,615	(5,806)	192,809
Construction	8,289,160	198,054	8,487,214	(46,230)	8,440,985
Wholesale and retail trade	5,370,786	654,597	6,025,382	(41,074)	5,984,309
Transport and storage	1,459,131	27,086	1,486,217	(35,098)	1,451,119
Accommodation and food service activities	1,969,233	15,598	1,984,831	(40,979)	1,943,852
Information and communication	347,009	1,459	348,467	(2,804)	345,663
Financial and insurance activities	167,845	702	168,547	(2,503)	166,044
Real estate activities	1,788,935	10,730	1,799,665	(12,427)	1,787,238
Professional, scientific and technical activities	1,107,319	7,105	1,114,424	(12,141)	1,102,283
Administrative and support service activities	1,611,610	289,475	1,901,084	(19,749)	1,881,336
Education	648,410	997	649,407	(4,634)	644,773
Human health services and social work activities	876,026	851	876,878	(14,683)	862,195
Arts, entertainment and recreation	478,756	2,074	480,830	(9,266)	471,564
Other services	14,038,952	34,985	14,073,937	(106,888)	13,967,049
<b>Individuals</b>					
Mortgage Loans	405,168,238	563	405,168,801	(94,675)	405,074,126
Consumer Loans	436,860,210	3,534,481	440,394,691	(3,455,994)	436,938,697
	<b>884,922,781</b>	<b>4,875,989</b>	<b>889,798,770</b>	<b>(3,978,200)</b>	<b>885,820,570</b>

	31.03.2020				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
<b>Companies</b>					
Agriculture, forestry and fishing	1,075,328	9,584	1,084,911	(17,542)	1,067,369
Mining and quarrying	21,966	-	21,966	(116)	21,851
Manufacturing	3,133,374	85,301	3,218,675	(63,309)	3,155,366
Water supply	180,589	5,712	186,301	(5,801)	180,500
Construction	7,466,936	315,308	7,782,244	(80,592)	7,701,652
Wholesale and retail trade	4,981,315	699,441	5,680,756	(56,260)	5,624,497
Transport and storage	1,381,735	19,426	1,401,162	(52,296)	1,348,865
Accommodation and food service activities	1,778,597	17,085	1,795,683	(42,470)	1,753,213
Information and communication	327,134	1,459	328,593	(2,528)	326,065
Financial and insurance activities	145,657	1,005	146,663	(2,385)	144,277
Real estate activities	1,650,626	15,545	1,666,171	(7,273)	1,658,898
Professional, scientific and technical activities	1,018,700	6,769	1,025,469	(18,755)	1,006,713
Administrative and support service activities	1,509,490	289,634	1,799,124	(19,555)	1,779,569
Education	614,104	836	614,941	(5,551)	609,390
Human health services and social work activities	862,251	3,239	865,490	(14,288)	851,201
Arts, entertainment and recreation	457,435	5,788	463,224	(6,935)	456,289
Other services	17,929,922	62,742	17,992,664	(194,727)	17,797,937
<b>Individuals</b>					
Mortgage Loans	442,648,037	1,584	442,649,621	(146,248)	442,503,373
Consumer Loans	459,917,100	4,240,654	464,157,754	(4,981,550)	459,176,204
	<b>947,100,296</b>	<b>5,781,114</b>	<b>952,881,410</b>	<b>(5,718,180)</b>	<b>947,163,230</b>

The total credit portfolio, split by stage according to IFRS 9, is analysed as follows:



	31.12.2019	31.03.2020
<b>Stage 1</b>	<b>834,895,752</b>	<b>889,654,635</b>
Gross amount	836,958,434	891,922,703
Impairment	(2,062,682)	(2,268,068)
<b>Stage 2</b>	<b>39,336,322</b>	<b>44,929,798</b>
Gross amount	40,207,967	46,298,851
Impairment	(871,645)	(1,369,052)
<b>Stage 3</b>	<b>11,588,496</b>	<b>12,578,796</b>
Gross amount	12,632,369	14,659,856
Impairment	(1,043,873)	(2,081,060)
	<b>885,820,571</b>	<b>947,163,230</b>

The caption credit to bank clients includes the effect of traditional securitisation operations, through Special Purpose Entities (SPE) and subject to consolidation in accordance with IFRS 10.

The caption credit to bank clients includes the following amounts related to finance leases contracts:

	31.12.2019	31.03.2020
Amount of future minimum payments	9,632,194	8,842,582
Interest not yet due	(654,835)	(606,172)
<b>Present value</b>	<b>8,977,360</b>	<b>8,236,411</b>

The amount of future minimum payments of lease contracts, by maturity terms, is analysed as follows:

	31.12.2019	31.03.2020
Due within 1 year	2,532,976	2,281,673
Due between 1 to 5 years	5,835,429	5,405,074
Over 5 years	1,263,789	1,155,835
<b>Amount of future minimum payments</b>	<b>9,632,194</b>	<b>8,842,582</b>

The analysis of financial leases contracts, by type of client, is presented as follows:

	31.12.2019	31.03.2020
<b>Individuals</b>	<b>1,097,230</b>	<b>1,015,767</b>
Home	95,072	91,596
Consumer	-	-
Others	1,002,158	924,171
<b>Companies</b>	<b>7,880,129</b>	<b>7,220,643</b>
Equipment	634,577	619,776
Real Estate	7,245,552	6,600,867
	<b>8,977,360</b>	<b>8,236,411</b>

### Impairment losses

During the year ended 31 December 2019 and three-month period ended 31 March 2020, the movement in the **Group** under the Accumulated impairment losses caption (Note 13) was as follows:

	31.12.2019							
	Opening balance	Increases	Reversals	Utilisations	Transfers	PPA adjustments	Changes in the consolidation perimeter	Closing balance
<b>Non-current assets</b>								
Credit to banking clients	225,968	2,298,517	(1,777,703)	(469,677)	611,781	(5,446,614)	7,149,174	2,591,450
	<b>225,968</b>	<b>2,298,517</b>	<b>(1,777,703)</b>	<b>(469,677)</b>	<b>611,781</b>	<b>(5,446,614)</b>	<b>7,149,174</b>	<b>2,591,450</b>
<b>Current assets</b>								
Credit to banking clients	231,556	5,409,498	(2,876,295)	(705,364)	(611,781)	(12,694,345)	12,633,482	1,386,750
	<b>231,556</b>	<b>5,409,498</b>	<b>(2,876,295)</b>	<b>(705,364)</b>	<b>(611,781)</b>	<b>(12,694,345)</b>	<b>12,633,482</b>	<b>1,386,750</b>
	<b>457,525</b>	<b>7,708,015</b>	<b>(4,653,998)</b>	<b>(1,175,041)</b>	<b>-</b>	<b>(18,140,959)</b>	<b>19,782,656</b>	<b>3,978,200</b>

31.03.2020							
	Opening balance	Increases	Reversals	Utilisations	Transfers	Other adjustments	Changes in the consolidation perimeter
<b>Non-current assets</b>							
Credit to banking clients	2,591,450	1,191,584	(184,440)	(7,588)	(17,022)	126,445	-
	<b>2,591,450</b>	<b>1,191,584</b>	<b>(184,440)</b>	<b>(7,588)</b>	<b>(17,022)</b>	<b>126,445</b>	<b>-</b>
<b>Current assets</b>							
Credit to banking clients	1,386,750	649,741	(100,571)	(4,138)	17,022	68,947	-
	<b>1,386,750</b>	<b>649,741</b>	<b>(100,571)</b>	<b>(4,138)</b>	<b>17,022</b>	<b>68,947</b>	<b>-</b>
	<b>3,978,200</b>	<b>1,841,325</b>	<b>(285,011)</b>	<b>(11,726)</b>	<b>-</b>	<b>195,393</b>	<b>-</b>

The impairment losses of Credit to banking clients (increases net of reversals) in the **Group** for the three-month period ended 31 March 2020, amounting to 1,556,314 Euros (96,545 Euros at 31 March 2019) was recorded under the caption Impairment of accounts receivable, net.

Regarding the movements in impairment losses by stages, in the year ended 31 December 2019 and three-month period ended 31 March 2020, they are detailed as follows:

31.12.2019				
	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>184,341</b>	<b>67,195</b>	<b>205,989</b>	<b>457,525</b>
<b>Change in period:</b>				
Increases due to origination and acquisition	2,553,925	305,614	230,886	3,090,425
Changes due to change in credit risk	(842,651)	1,469,995	(49,602)	577,742
Changes due to modifications without derecognition	-	-	-	-
Decrease due to derecognition repayments and disposals	(139,146)	(64,702)	(410,302)	(614,150)
Write-offs	-	-	(1,175,041)	(1,175,041)
Changes due to update in the institution's methodology for estimation	-	-	-	-
Transfers to:				
Stage 1	403,848	(373,530)	(30,318)	-
Stage 2	(82,928)	121,868	(38,940)	-
Stage 3	(14,707)	(717,728)	732,435	-
Foreign exchange and other	-	62,932	1,578,765	1,641,697
<b>Impairment</b>	<b>2,062,682</b>	<b>871,644</b>	<b>1,043,873</b>	<b>3,978,200</b>
<i>Of which: POCI</i>	-	-	(1,293,376)	(1,293,376)

31.03.2020				
	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>2,062,682</b>	<b>871,644</b>	<b>1,043,873</b>	<b>3,978,200</b>
<b>Change in period:</b>				
Increases due to origination and acquisition	307,082	22,830	4,041	333,952
Changes due to change in credit risk	(305,027)	947,724	793,167	1,435,863
Changes due to modifications without derecognition	-	-	-	-
Decrease due to derecognition repayments and disposals	(60,451)	(11,866)	(141,185)	(213,501)
Write-offs	-	-	(11,726)	(11,726)
Changes due to update in the institution's methodology for estimation	-	-	-	-
Transfers to:				
Stage 1	310,078	(296,015)	(14,064)	-
Stage 2	(102,509)	194,652	(92,143)	-
Stage 3	(4,692)	(382,073)	386,766	-
Foreign exchange and other	60,905	22,157	112,331	195,393
<b>Impairment</b>	<b>2,268,068</b>	<b>1,369,052</b>	<b>2,081,060</b>	<b>5,718,180</b>
<i>Of which: POCI</i>	-	-	(1,189,000)	(1,189,000)

The reconciliation of accounting movements related to impairment losses is presented below:

31.12.2019				
	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>184,341</b>	<b>67,195</b>	<b>205,989</b>	<b>457,525</b>
<b>Change in period:</b>				
ECL income statement change for the period	1,572,128	1,710,907	(229,018)	3,054,017
Stage transfers (net)	306,213	(969,390)	663,177	-
Disposals	-	-	-	-
Utilisations during the period	-	-	-	-
Write-offs	-	-	(1,175,041)	(1,175,041)
Write-off recoveries	-	-	-	-
Foreign exchange and other	-	62,932	1,578,765	1,641,697
<b>Impairment</b>	<b>2,062,682</b>	<b>871,644</b>	<b>1,043,873</b>	<b>3,978,200</b>

	31.03.2020			Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance</b>	<b>2,062,682</b>	<b>871,644</b>	<b>1,043,873</b>	<b>3,978,200</b>
<b>Change in period:</b>				
ECL income statement change for the period	(58,396)	958,688	656,022	1,556,314
Stage transfers (net)	202,877	(483,437)	280,559	-
Disposals	-	-	-	-
Utilisations during the period	-	-	-	-
Write-offs	-	-	(11,726)	(11,726)
Write-off recoveries	-	-	-	-
Foreign exchange and other	60,905	22,157	112,331	195,393
<b>Impairment</b>	<b>2,268,068</b>	<b>1,369,052</b>	<b>2,081,060</b>	<b>5,718,180</b>

## 11. Deferrals

As at 31 December 2019 and 31 March 2020, the Deferrals included in current assets and current and non-current liabilities of the **Group** showed the following composition:

	31.12.2019	31.03.2020
<b>Assets deferrals</b>		
Current		
Rents payable	1,391,768	1,534,345
Meal allowances	1,486,218	1,475,101
Other	4,427,275	6,636,789
	<b>7,305,261</b>	<b>9,646,235</b>
<b>Liabilities deferrals</b>		
Non-current		
Investment subsidy	294,490	291,690
	<b>294,490</b>	<b>291,690</b>
Current		
Investment subsidy	11,201	11,201
Contractual liabilities	1,533,212	1,427,407
Other	1,910,064	1,798,137
	<b>3,454,477</b>	<b>3,236,745</b>
	<b>3,748,967</b>	<b>3,528,435</b>

The caption “Contractual liabilities” results from the application of IFRS 15 – Revenue from Contracts with Customers and stands for the amount already invoiced but not yet recognised as revenue because the performance obligations have not yet been met as recommended by the standard.

The “Contractual liabilities” recognised by the **Group** essentially refer to values related to stamps and prepaid postage of priority mail in the amount of 934,354 euros (1,028,940 euros on 31 December 2019), whose revenue is expected to be recognised in January 2020 (estimate of 80% of the item’s value) and the remaining during 2020, and to objects invoiced and not delivered on 31 March 2020 in the express segment, in the amount of 493,052 euros (504,272 euros as of 31 December 2019), whose revenue is recognised upon delivery in the following month.

The revenue recognised by the **Group** in the period, included in the balance of Contractual liabilities at the beginning of the period amounted to 710,473 Euros.

No “Assets resulting from contracts” associated with the application of IFRS 15 – Revenue from contracts with customers were recognised.

## 12. Cash and cash equivalents

As at 31 December 2019 and 31 March 2020, cash and cash equivalents correspond to the value of cash, sight deposits, term deposits and cash investments on the monetary market, net of bank overdrafts and equivalent short-term bank financing, and is detailed as follows:

	31.12.2019	31.03.2020
Cash	59,266,424	49,486,227
Sight deposits	182,192,757	45,086,522
Demand deposits at Bank of Portugal	29,497,627	93,558,709
Deposits in other credit institutions	107,376,274	25,790,727
Term deposits	64,662,643	85,053,868
<b>Cash and cash equivalents (Balance sheet)</b>	<b>442,995,724</b>	<b>298,976,052</b>
Sight deposits at Bank of Portugal	(25,924,034)	(89,431,857)
Outstanding checks / Checks clearing	(2,226,045)	(2,952,961)
Impairment of sight and term deposits	19,924	20,822
<b>Cash and cash equivalents (Cash flow statement)</b>	<b>414,865,569</b>	<b>206,612,056</b>

The heading Sight deposits at Bank of Portugal includes mandatory deposits in order to meet the legal requirements to maintain a minimum cash reserve in accordance with the provisions of Regulation (EU) No. 1358/2011 of European Central Bank of 14 December 2011, which states that the minimum cash requirements kept as demand deposits at Bank of Portugal amounts to 1% of deposits and other liabilities.

### Impairment

In the scope of IFRS 9 – Financial instruments the Group has begun to recognised impairment on sight and term deposits as well as on investments in credit institutions. Therefore, in the year ended 31 December 2019 and three-month period ended 31 March 2020, the movement recorded under the caption “Impairment of sight and term deposits” (Note 13) related to the **Group** is detail as follows:

	31.12.2019				
	Opening balance	Increases	Reversals	Utilisations	Closing balance
Sight and term deposits	21,295	5,351	(6,723)	-	19,924
	<b>21,295</b>	<b>5,351</b>	<b>(6,723)</b>	<b>-</b>	<b>19,924</b>

  

	31.03.2020				
	Opening balance	Increases	Reversals	Utilisations	Closing balance
Sight and term deposits	19,924	6,949	(6,051)	-	20,822
	<b>19,924</b>	<b>6,949</b>	<b>(6,051)</b>	<b>-</b>	<b>20,822</b>

The impairment losses (increases net of reversals) of sight and term deposits in the **Group** for the three-month period ended 31 March 2020, amounting to 899 Euros ((8,215) Euros at 31 March 2019) was recorded under the heading Impairment of accounts receivable, net.

## 13. Accumulated impairment losses

During the year ended 31 December 2019 and three-month period ended 31 March 2020, the following movements occurred in the **Group's** impairment losses:

31.12.2019								
	Opening balance	Increases	Reversals	Utilisations	Transfers	Changes in the consolidation perimeter	PPA adjustments	Closing balance
<b>Non-current assets</b>								
Tangible fixed assets	24,256	-	(83)	-	-	-	-	24,173
Investment properties	1,243,502	-	(494,358)	-	-	-	-	749,144
	<b>1,267,758</b>	-	<b>(494,442)</b>	-	-	-	-	<b>773,316</b>
Debt securities	164,883	31,531	(83,821)	(299)	57,147	-	-	169,441
Other non-current assets	1,982,890	-	-	-	116,906	-	-	2,099,796
Credit to banking clients	225,968	2,298,517	(1,777,703)	(469,674)	611,781	7,149,174	(5,446,614)	2,591,449
Other banking financial assets	217,751	91,523	(244,428)	-	101,403	-	-	166,249
	<b>2,591,492</b>	<b>2,421,571</b>	<b>(2,105,952)</b>	<b>(469,973)</b>	<b>887,237</b>	<b>7,149,174</b>	<b>(5,446,614)</b>	<b>5,026,935</b>
	<b>3,859,250</b>	<b>2,421,571</b>	<b>(2,600,394)</b>	<b>(469,973)</b>	<b>887,237</b>	<b>7,149,174</b>	<b>(5,446,614)</b>	<b>5,800,251</b>
<b>Current assets</b>								
Accounts receivable	33,436,621	7,204,092	(766,236)	(1,892,645)	-	-	-	37,981,832
Credit to banking clients	231,556	5,409,498	(2,876,295)	(705,365)	(611,781)	12,633,482	(12,694,345)	1,386,750
Debt securities	145,733	2,678	(370)	(86,758)	(57,147)	-	-	4,136
Other current assets	7,516,988	1,585,794	(100,275)	(554,795)	(105,979)	-	-	8,341,734
Other banking financial assets	207,945	249,671	(126,763)	-	(112,330)	4,011,236	-	4,229,759
Slight and term deposits	21,295	5,352	(6,723)	-	-	-	-	19,923
	<b>41,560,139</b>	<b>14,457,085</b>	<b>(3,876,662)</b>	<b>(3,239,562)</b>	<b>(887,237)</b>	<b>16,644,718</b>	<b>(12,694,345)</b>	<b>51,964,134</b>
Non-current assets held for sale	-	9	(3,059)	-	-	187,659	-	184,609
	-	<b>9</b>	<b>(3,059)</b>	-	-	<b>187,659</b>	-	<b>184,609</b>
Merchandise	1,824,111	313,018	(1,129)	(19,695)	-	-	-	2,116,305
Raw, subsidiary and consumable	633,526	91,662	-	-	-	-	-	725,188
	<b>2,457,637</b>	<b>404,680</b>	<b>(1,129)</b>	<b>(19,695)</b>	-	-	-	<b>2,841,493</b>
	<b>44,017,776</b>	<b>14,861,773</b>	<b>(3,880,850)</b>	<b>(3,259,257)</b>	<b>(887,237)</b>	<b>16,832,377</b>	<b>(12,694,345)</b>	<b>54,990,236</b>
	<b>47,877,025</b>	<b>17,283,344</b>	<b>(6,481,244)</b>	<b>(3,729,231)</b>	-	<b>23,981,551</b>	<b>(18,140,959)</b>	<b>60,790,487</b>

	31.03.2020							
	Opening balance	Increases	Reversals	Utilisations	Transfers	Changes in the consolidation perimeter	Other movements	Closing balance
<b>Non-current assets</b>								
Tangible fixed assets	24,173	-	-	-	-	-	-	24,173
Investment properties	749,144	-	-	-	-	-	-	749,144
	<b>773,317</b>	-	-	-	-	-	-	<b>773,317</b>
Debt securities	169,441	15,173	(5,351)	-	(1,134)	-	-	178,130
Other non-current assets	2,099,796	-	-	-	64,702	-	-	2,164,498
Credit to banking clients	2,591,449	1,191,584	(184,440)	(7,588)	(17,022)	-	126,445	3,700,428
Other banking financial assets	166,249	1,293	(19,029)	-	413	-	-	148,926
	<b>5,026,936</b>	<b>1,208,049</b>	<b>(208,820)</b>	<b>(7,588)</b>	<b>46,959</b>	-	<b>126,445</b>	<b>6,191,981</b>
	<b>5,800,253</b>	<b>1,208,049</b>	<b>(208,820)</b>	<b>(7,588)</b>	<b>46,959</b>	-	<b>126,445</b>	<b>6,965,298</b>
<b>Current assets</b>								
Accounts receivable	37,981,832	1,352,198	(465,114)	(440,610)	-	-	-	38,428,306
Credit to banking clients	1,386,750	649,741	(100,571)	(4,138)	17,022	-	68,947	2,017,752
Debt securities	4,136	297	(168)	-	1,134	-	-	5,399
Other current assets	8,341,734	335,729	(21,547)	(9,061)	490,252	-	-	9,137,107
Other banking financial assets	4,229,759	5,363	(933,792)	-	(413)	-	-	3,300,917
Slight and term deposits	19,923	6,949	(6,051)	-	-	-	-	20,822
	<b>51,964,135</b>	<b>2,350,276</b>	<b>(1,527,243)</b>	<b>(453,809)</b>	<b>507,995</b>	-	<b>68,947</b>	<b>52,910,301</b>
Non-current assets held for sale	184,609	1,536	-	-	-	-	-	186,145
	<b>184,609</b>	<b>1,536</b>	-	-	-	-	-	<b>186,145</b>
Merchandise	2,116,305	190,593	-	(104,706)	-	-	-	2,202,193
Raw, subsidiary and consumable	725,188	3,855	-	(2,255)	-	-	-	726,788
	<b>2,841,493</b>	<b>194,448</b>	-	<b>(106,961)</b>	-	-	-	<b>2,928,981</b>
	<b>54,990,237</b>	<b>2,546,260</b>	<b>(1,527,243)</b>	<b>(560,769)</b>	<b>507,995</b>	-	<b>68,947</b>	<b>56,025,427</b>
	<b>60,790,490</b>	<b>3,754,309</b>	<b>(1,736,063)</b>	<b>(568,357)</b>	<b>554,954</b>	-	<b>195,392</b>	<b>62,990,725</b>

## 14. Equity

As at 31 March 2020, the Company share capital was composed of 150,000,000 shares with the nominal value of 0.50 Euros each. The share capital is fully underwritten and paid-up.

As at 31 December 2019 and 31 March 2020 the Company's shareholders with greater than or equal to 2% shareholdings, according to the information reported, are as follows:

31.12.2019

Shareholder	No. of shares	%	Nominal value
Manuel Champalimaud, SGPS, S.A. <sup>(1)</sup>	19,271,134	12.847%	9,635,567
Manuel Carlos de Melo Champalimaud	353,185	0.235%	176,593
<b>Manuel Carlos de Melo Champalimaud <sup>(1)</sup></b>	<b>Total 19,624,319</b>	<b>13.083%</b>	<b>9,812,160</b>
GreenWood Builders Fund I, LP <sup>(2)</sup>	8,759,082	5.839%	4,379,541
<b>GreenWood Investors LLC <sup>(2)</sup></b>	<b>Total 8,759,082</b>	<b>5.839%</b>	<b>4,379,541</b>
Global Portfolio Investments, S.L. <sup>(3)</sup>	8,492,745	5.662%	4,246,373
<b>Indumenta Pueri, S.L. <sup>(3)</sup></b>	<b>Total 8,492,745</b>	<b>5.662%</b>	<b>4,246,373</b>
Norges Bank	Total 5,834,490	3.890%	2,917,245
BlackRock, Inc. <sup>(4)</sup>	Total 4,496,864	2.998%	2,248,432
BBVA Asset Management, SA SGIIC <sup>(5)</sup>	Total 3,495,499	2.330%	1,747,750
Wellington Management Group LLP <sup>(6)</sup>	Total 3,321,219	2.214%	1,660,610
BPI Gestão de Activos <sup>(7)</sup>	Total 3,044,307	2.030%	1,522,154
CTT, S.A. (own shares) <sup>(8)</sup>	Total 1	0.000%	1
<b>Other shareholders</b>	<b>Total 92,931,474</b>	<b>61.954%</b>	<b>46,465,737</b>
<b>Total</b>	<b>150,000,000</b>	<b>100.000%</b>	<b>75,000,000</b>

- (1) Includes 19,146,815 shares directly held by Manuel Champalimaud, SGPS, S.A. and 124,319 shares held by the members of its Board of Directors, of which Duarte Palma Leal Champalimaud, non-executive member of the Board of Directors of CTT, is Vice-Chairman. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.
- (2) GreenWood Investors, LLC, of which Steven Wood, Non-Executive member of the Board of Directors of CTT, is a Managing Member exercises the voting rights not in its own name but on behalf of the fund GreenWood Builders Fund I, LP as its management company. The full chain of controlled undertakings through which the voting rights are held includes GreenWood Investors, LLC and GreenWood Performance Investors, LLC.
- (3) Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L..
- (4) The full chain of undertakings controlled by BlackRock, Inc. and through which the voting rights and/or the financial instruments are effectively held is shown as attachment to the qualifying holding press release of 14 November 2019 and available on CTT website ([www.ctt.pt](http://www.ctt.pt)).
- (5) BBVA Asset Management, SA, SGIIC exercises the voting rights not in its own name but on behalf of the funds BBVA BOLSA FI, BBVA BOLSA EURO FI, BBVA BOLSA EUROPA FI and BBVA BOLSA PLUS FI as their management company. Cidessa Uno, SL is the direct controlling entity of BBVA Asset Management, SA, SGIIC.
- (6) The full chain of controlled undertakings through which the voting rights are held is shown as attachment to the qualifying holding press release of 2 December 2019 and available on CTT website ([www.ctt.pt](http://www.ctt.pt)).
- (7) is holding corresponds to the number of shares held by Portuguese securities investment funds managed by BPI Gestão de Activos, as well as held by portfolios regarding which BPI Gestão de Activos Fundos carries out the discretionary management.
- (8) On 31 January 2017 and in execution of the Remuneration Committee's approved remuneration policy for the 2014-2016 term of office and the Company's Executive Director Share Award Plan approved by the General Meeting held on 5 May 2015, a total of 600,530 own shares representing 0.400% of the share capital was awarded to the Company's Executive Directors, as long-term variable remuneration. At the present date, CTT holds thus 1 own share corresponding to 0.000% of the share capital and with the nominal value of €0.50; the rights inherent to this share remain suspended pursuant to article 324 of the Portuguese Companies Code.

31.03.2020

Shareholder	No. of shares	%	Nominal value
Manuel Champalimaud, SGPS, S.A. <sup>(1)</sup>	19,330,084	12.887%	9,665,042
Manuel Carlos de Melo Champalimaud	353,185	0.235%	176,593
<b>Manuel Carlos de Melo Champalimaud <sup>(1)</sup></b>	<b>Total 19,683,269</b>	<b>13.122%</b>	<b>9,841,635</b>
GreenWood Builders Fund I, LP <sup>(2)</sup>	8,814,082	5.876%	4,407,041
<b>GreenWood Investors LLC <sup>(2)</sup></b>	<b>Total 8,814,082</b>	<b>5.876%</b>	<b>4,407,041</b>
Global Portfolio Investments, S.L. <sup>(3)</sup>	8,492,745	5.662%	4,246,373
<b>Indumenta Pueri, S.L. <sup>(3)</sup></b>	<b>Total 8,492,745</b>	<b>5.662%</b>	<b>4,246,373</b>
Norges Bank	Total 6,010,417	4.007%	3,005,209
BlackRock, Inc. <sup>(4)</sup>	Total 4,496,864	2.998%	2,248,432
BBVA Asset Management, SA SGIIC <sup>(5)</sup>	Total 3,495,499	2.330%	1,747,750
BPI Gestão de Activos <sup>(6)</sup>	Total 3,044,307	2.030%	1,522,154
CTT, S.A. (own shares) <sup>(7)</sup>	Total 1	0.000%	1
<b>Other shareholders</b>	<b>Total 95,962,816</b>	<b>63.975%</b>	<b>47,981,408</b>
<b>Total</b>	<b>150,000,000</b>	<b>100.000%</b>	<b>75,000,000</b>

- (1) Includes 19,246,815 shares directly held by Manuel Champalimaud, SGPS, S.A. and 83,269 shares held by the members of its Board of Directors, of which Duarte Palma Leal Champalimaud, non-executive member of the Board of Directors of CTT, is Vice-Chairman. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.
- (2) GreenWood Investors, LLC, of which Steven Wood, Non-Executive member of the Board of Directors of CTT, is a Managing Member exercises the voting rights not in its own name but on behalf of the fund GreenWood Builders Fund I, LP as its management company. The full chain of controlled undertakings through which the voting rights are held includes GreenWood Investors, LLC and GreenWood Performance Investors, LLC.
- (3) Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L..
- (4) The full chain of undertakings controlled by BlackRock, Inc. and through which the voting rights and/or the financial instruments are effectively held is shown as attachment to the qualifying holding press release of 14 November 2019 and available on CTT website ([www.ctt.pt](http://www.ctt.pt)).
- (5) BBVA Asset Management, SA, SGIIC exercises the voting rights not in its own name but on behalf of the funds BBVA BOLSA FI, BBVA BOLSA EURO FI, BBVA BOLSA EUROPA FI and BBVA BOLSA PLUS FI as their management company. Cidessa Uno, SL is the direct controlling entity of BBVA Asset Management, SA, SGIIC.
- (6) This holding corresponds to the number of shares held by Portuguese securities investment funds managed by BPI Gestão de Activos, as well as held by portfolios regarding which BPI Gestão de Activos Fundos carries out the discretionary management.
- (7) 31 January 2017 and in execution of the Remuneration Committee's approved remuneration policy for the 2014-2016 term of office and the Company's Executive Director Share Award Plan approved by the General Meeting held on 5 May 2015, a total of 600,530 own shares representing 0.400% of the share capital was awarded to the Company's Executive Directors, as long-term variable remuneration. At the present date, CTT holds thus 1 own share corresponding to 0.000% of the share capital and with the nominal value of €0.50; the rights inherent to this share remain suspended pursuant to article 324 of the Portuguese Companies Code.

## 15. Own shares, Reserves, Other changes in equity and Retained earnings

### Own shares

The commercial legislation regarding own shares requires that a non-distributable reserve must be created for the same amount of the acquisition price of such shares. This reserve is not available for distribution while the shares stay in the Company's possession. In addition, the applicable accounting standards determine that the gains or losses obtained with the sale of such shares are recognised in reserves.

As at 31 March 2020, CTT held 1 own share, with a nominal value of 0.50€, being all the inherent rights suspended pursuant to article 324 of the Portuguese Companies Code.

Own shares held by CTT are within the limits established by the Articles of Association of the Company and by the Portuguese Companies Code. These shares are recorded at acquisition cost.

### Reserves

As at 31 December 2019 and 31 March 2020, the **Group's** and **Company's** heading Reserves showed the following composition:

31.12.2019					
	Legal reserves	Own shares reserves	Fair Value reserves	Other reserves	Total
Opening balance	15,000,000	8	270	50,836,597	65,836,875
Assets fair value	-	-	15,720	-	15,720
<b>Closing balance</b>	<b>15,000,000</b>	<b>8</b>	<b>15,990</b>	<b>50,836,597</b>	<b>65,852,595</b>

  

31.03.2020					
	Legal reserves	Own shares reserves	Fair Value reserves	Other reserves	Total
Opening balance	15,000,000	8	15,990	50,836,597	65,852,595
Assets fair value	-	-	(34,501)	-	(34,501)
<b>Closing balance</b>	<b>15,000,000</b>	<b>8</b>	<b>(18,510)</b>	<b>50,836,597</b>	<b>65,818,095</b>

### Legal reserves

The commercial legislation establishes that at least 5% of the annual net profit must be allocated to reinforce the legal reserve, until it represents at least 20% of the share capital. This reserve is not distributable except in the event of the liquidation of the Company but may be used to absorb losses after all the other reserves have been depleted or incorporated in the share capital.

### Own shares reserve (CTT, S.A.)

As at 31 March 2020, this caption includes the amount of 8 Euros related to the creation of an unavailable reserve for the same amount of the acquisition price of the own shares held.

### Other reserves

This heading records the profits transferred to reserves that are not imposed by the law or articles of association, nor constituted pursuant to contracts signed by the Company.

### Retained earnings

During the year ended 31 December 2019 and three-month period ended 31 March 2020, the following movements were made in the **Group** heading Retained earnings:

	31.12.2019	31.03.2020
Opening balance	4,378,984	10,867,301
Application of the net profit of the prior year	21,499,271	29,196,933
Distribution of dividends	(15,000,000)	-
Adjustments from the application of the equity method	(10,954)	(1,549)
Other movements	-	(46,047)
<b>Closing balance</b>	<b>10,867,301</b>	<b>40,016,638</b>

### Other changes in equity

The actuarial gains/losses associated to post-employment benefits, as well as the corresponding deferred taxes, are recognised in this heading.

Thus, for the year ended 31 December 2019 and three-month period ended 31 March 2020, the movements occurred in this heading, in the **Group**, were as follows:



	31.12.2019	31.03.2020
Opening balance	(30,993,430)	(49,744,144)
Actuarial gains/losses	(25,769,253)	-
Tax effect (Note 25)	7,018,539	-
<b>Closing balance</b>	<b>(49,744,144)</b>	<b>(49,744,144)</b>

## 16. Dividends

According to the dividend distribution proposal included in the 2018 Annual Report, at the General Meeting of Shareholders, which was held on 23 April 2019, a dividend distribution of 15,000,000 Euros, corresponding to a dividend per share of 0.10 Euros, regarding the financial year ended 31 December 2018 was proposed and approved. The dividend amount assigned to own shares was transferred to Retained earnings, totalling 0.10 Euros.

At the General Meeting of Shareholders, which was held on 29 April 2020, was proposed and approved, the non-distribution of dividends regarding the year ended 31 December 2019. The net income in the amount of 29,196,933 Euros was transferred to retained earnings.

## 17. Earnings per share

During the periods ended 31 March 2019 and 31 March 2020, the earnings per share were calculated as follows:

	31.03.2019	31.03.2020
Net income for the period	3,698,154	3,681,542
Average number of ordinary shares	149,999,999	149,999,999
Earnings per share		
Basic	0.02	0.02
Diluted	0.02	0.02

The average number of shares is detailed as follows:

	31.03.2019	31.03.2020
Shares issued at beginning of the period	150,000,000	150,000,000
Own shares effect	1	1
Average number of shares during the period	149,999,999	149,999,999

The basic earnings per share are calculated dividing the net profit attributable to equity holders of the parent company by the average ordinary shares, excluding the average number of own shares held by the **Group**.

As at 31 March 2020, the number of own shares held is 1 and its average number for the year ended 31 March 2020 is also 1, reflecting the fact that no acquisitions or sales/attribution have occurred in the given period.

There are no dilutive factors of earnings per share.

## 18. Debt

As at 31 December 2019 and 31 March 2020, Debt of the **Group** showed the following composition:

	31.12.2019	31.03.2020
Non-current liabilities		
Bank loans	81,702,538	81,933,277
Lease liabilities	66,895,396	64,093,845
	<b>148,597,934</b>	<b>146,027,123</b>
Current liabilities		
Bank loans	9,749,470	9,743,479
Lease liabilities	17,064,097	18,731,809
	<b>26,813,567</b>	<b>28,475,288</b>
	<b>175,411,501</b>	<b>174,502,411</b>

As at 31 March 2020, the interest rates applied to bank loans were between 1.25% and 1.875% (31 December 2019: 1.25% and 1.875%).

#### Bank loans and other loans

As at 31 December 2019 and 31 March 2020, the details of the **Group** bank loans were as follows:

	31.12.2019			31.03.2020		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	11,250,000	9,749,470	-	11,250,000	9,743,479	-
BBVA / Bankinter	75,000,000	-	46,891,381	75,000,000	-	47,102,485
Novo Banco	35,000,000	-	34,811,157	35,000,000	-	34,830,793
BIM - (Mozambique)	44,870	-	-	40,928	-	-
	<b>121,294,870</b>	<b>9,749,470</b>	<b>81,702,538</b>	<b>121,290,928</b>	<b>9,743,479</b>	<b>81,933,277</b>

On 27 September 2017, a financing contract between CTT and BBVA and Bankinter was signed, for an initial period of 5 years and for a total amount of 90 million Euros, with the possibility of using the funds until September 2018. As no amount was used until the mentioned date, the contract was renegotiated on 27 September 2018, having the total amount been altered to 75 million Euros, while maintaining the one-year term for the use of the funds. Regarding 31 December 2018, the amount of 25 million Euros was used, presented in the balance sheet net of commission in the amount of 24,276,250 Euros. As at 31 March 2020 the referred amount corresponded to 47,102,485 Euros. By a company decision, the remaining available amount will not be used.

On April 22, 2019, a simple credit agreement was signed between CTT and Novo Banco for a period of 60 months, with a grace period of two years, and may be extended for a period of 24 months, for a total amount of 35 million Euros. Regarding 31 March 2020, the 35 million Euros were used and are presented in the balance sheet net of commission in the amount of 34,830,793 Euros.

Bank loans obtained are subject to compliance with financial covenants, namely clauses of Cross default, Negative Pledge and Assets Disposal's limits. Additionally, the loans obtained also require compliance with ratios of Net Debt over EBITDA and financial autonomy. Compliance with financial covenants is regularly monitored by the Group and is measured by counterparties on an annual basis based on the Financial Statements as at 31 December.

#### Lease Liabilities

The **Group** presents lease liabilities which future payments, undiscounted and discounted amounts presented in the financial position, are detailed as follows:

	31.12.2019	31.03.2020
Due within 1 year	20,168,630	22,222,461
Due between 1 to 5 years	63,131,546	62,111,084
Over 5 years	14,737,518	12,020,511
<b>Total undiscounted lease liabilities</b>	<b>98,037,694</b>	<b>96,354,057</b>
Current	17,064,097	18,731,809
Non-current	66,895,396	64,093,845
<b>Lease liabilities included in the statement of financial position</b>	<b>83,959,493</b>	<b>82,825,655</b>

The amounts recognised in the income statement are detailed as follows:

	31.03.2019	31.03.2020
Lease liabilities interests (note 24)	956,648	822,982
Variable payments not included in the measurement of the lease liability	591,038	952,651

The amounts recognised in the Cash flow statement are as follows:

	31.03.2019	31.03.2020
Total of lease payments	(6,022,454)	(6,356,790)

The movement in the rights of use underlying these lease liabilities can be analysed in note 4.

## 19. Provisions, Guarantees provided, Contingent liabilities and commitments

### Provisions

For the year ended 31 December 2019 and three-month period ended 31 March 2020, in order to face legal proceedings and other liabilities arising from past events, the **Group** recognised provisions, which showed the following movement:

	31.12.2019						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Changes in the consolidation perimeter	Closing balance
Non-current provisions							
Litigations	3,149,620	1,975,191	(1,652,175)	(691,483)	67,824	-	2,848,977
Restructuring	1,842,159	100,826	(863,627)	(39,610)	-	-	1,039,749
Other provisions	9,021,484	210,045	(675,510)	(2,942)	(67,824)	1,499,282	10,381,956
<b>Sub-total - caption "Provisions (increases)/reversals"</b>	<b>14,013,263</b>	<b>2,286,062</b>	<b>(3,191,312)</b>	<b>(734,035)</b>	<b>-</b>	<b>1,499,282</b>	<b>14,270,681</b>
Restructuring	1,026,902	7,504,481	-	(7,852,242)	-	-	679,141
Other provisions	979,174	1,826,549	-	(120,167)	-	-	2,685,556
	<b>16,019,339</b>	<b>11,617,093</b>	<b>(3,191,312)</b>	<b>(8,706,444)</b>	<b>-</b>	<b>1,499,282</b>	<b>17,635,379</b>

  

	31.03.2020						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Changes in the consolidation perimeter	Closing balance
Non-current provisions							
Litigations	2,848,976	194,536	(98,468)	(119,051)	13,941	-	2,839,934
Restructuring	1,039,749	-	-	-	-	-	1,039,749
Other provisions	10,381,956	946,252	(38,619)	(1,264)	(568,895)	-	10,719,430
<b>Sub-total - caption "Provisions (increases)/reversals"</b>	<b>14,270,681</b>	<b>1,140,788</b>	<b>(137,087)</b>	<b>(120,315)</b>	<b>(554,954)</b>	<b>-</b>	<b>14,599,113</b>
Restructuring	679,141	24,728	-	(663,075)	-	-	40,794
Other provisions	2,685,556	-	-	(3,542)	-	-	2,682,014
	<b>17,635,378</b>	<b>1,165,516</b>	<b>(137,087)</b>	<b>(786,932)</b>	<b>(554,954)</b>	<b>-</b>	<b>17,321,921</b>

The net amount between increases and reversals of provisions was recorded in the consolidated income statement under the caption Provisions, net and amounted to 146,799 Euros as at 31 March 2019 and (1,003,701) Euros as at 31 March 2020.

### Litigations

The provisions for litigations were set up to face the liabilities resulting from lawsuits brought against the **Group** and are estimated based on information from their lawyers as well as on the termination of the mentioned lawsuits. The final amount and the timing of the outflows regarding the provision for litigations depend on the outcome of the respective proceedings.

The reversal of the provision for litigations, in the amount of 1,652,175 Euros as at 31 December 2019 and 368,282 Euros as at 31 March 2020, essentially results from lawsuits whose decision, which was made known in the course of 2019 or 2020, respectively, proved to be favourable to the Group, or, not being favourable, resulted in the condemnation to pay amounts that proved to be lower than the estimated amounts (and reflected in this provision item).

### Restructuring

On 19 December 2017, CTT approved an Operational Transformation Plan, which emphasises the purposes of optimising the retail network and reinforcing the HR optimisation programme. Following the maintenance, in 2018 and 2019, on the HR optimisation programme, the provision created for this purpose amounted to 40,794 Euros as at 31 March 2020, in the **Group** and has been recorded against the caption Staff costs in the income statement. It is expected that this provision will be substantially used in 2020.

The utilisations recorded in the same period regard mainly the payment of indemnities foreseen when the provision was booked as well as the costs incurred with the closing of post offices.

Also, within the scope of the Operational Transformation Plan, in the area of optimisation of the delivery network and mail processing operations, the **Group**, in the period ended 31 December 2018, created a provision for restructuring in the amount of 1,397,647 Euros which was recognised under "Provisions (increases) / reversals" in the income statement by nature. As at 31 December 2019 following an update/revision of the underlying criteria, the provision, in the **Group**, amounted to 1,039,748 Euros. As at 31 March 2020 the value has not been changed.

### Other provisions

As at 31 March 2020 the provision, in the **Group** to cover any contingencies relating to labour litigation proceedings not included in the current court proceedings related to remuneration differences and attendance bonuses that can be claimed by workers, amounts to 6,840,664 Euros (6,891,248 Euros as at 31 December de 2019). The amount of the provision corresponds to the Group's best estimate for the outflow, and it is not possible to estimate the expected moment for the outflow as it depends on the moment when proceedings are initiated by the Group's employees.

As at 31 March 2020, a provision is recognised in CTT Expresso branch in Spain to face the notification issued by the Spanish National Commission on Markets and Competition, which has now been the subject of an appeal to the Spanish Audiencia Nacional (National High Court). The amount provisioned, of 1,400,000 Euros, is the result of the evaluation carried out by its legal advisors and the Group is awaiting the outcome of the process.

The amount provisioned in 321 Crédito, S.A. amounting to 2,075,510 Euros as at 31 March 2020 (1,499,282 Euros at the acquisition date) is essentially the result of the risk assessment associated with tax contingencies.

As at 31 March 2020, in addition to the previously mentioned situations, this heading also includes in the **Group**:

- the amount of 71,228 Euros to cover costs of dismantlement of tangible fixed assets and/or removal of facilities and restoration of the site;
- the amount of 550,000 Euros which arise from the assessment made by the management regarding the possibility of tax contingencies;

- the amount of 309,007 Euros regarding the liability, recognised in the company CTT Expresso, with a labour legal proceeding;
- the amount of 1,823,007 Euros to cover costs of operational vehicles restoration.

#### Guarantees provided

As at 31 December 2019 and 31 March 2020, the **Group** had provided bank guarantees to third parties as follows:

Description	31.12.2019	31.03.2020
Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority)	8,211,715	8,211,715
Contencioso Administrativo da Audiência Nacional (National Audience Administrative Litigation) and CNMC - Comisión Nacional de los Mercados y la Competencia - Espanha (National Commission on Markets and Competition - Spain)	3,148,845	3,148,845
PLANINOVA - Soc. Imobiliária, S.A. (Real estate company)	2,033,582	2,033,582
LandSearch, Compra e Venda de Imóveis (Real estate company)	1,792,886	1,792,886
O Feliz - Imobiliária (Real estate company)	381,553	381,553
EUROGOLD (Real estate company)	288,384	288,384
Courts	281,830	281,830
TIP - Transportes Intermodais do Porto, ACE (Oporto intermodal transport)	150,000	150,000
Municipalities	118,658	118,658
INCM - Imprensa Nacional da Casa da Moeda (Portuguese Mint and Official Printing)	85,056	85,056
Solred (Repsol's fuel cards)	80,000	80,000
EPAL - Empresa Portuguesa de Águas Livres (Multi-municipal System of Water Supply)	68,895	68,895
Companhia Carris de Ferro de Lisboa, EM, SA (Portuguese Railway company)	55,000	55,000
ANA - Aeroportos de Portugal (Airports of Portugal)	34,000	34,000
EMEL, S.A. (Municipal company managing parking in Lisbon)	26,984	26,984
Águas do Norte (Water Supply of the Northern Region)	23,804	23,804
Serviços Intermunicipalizados Loures e Odivelas (Inter-municipal Services of Waste)	17,000	17,000
Direção Geral do Tesouro e Finanças (Directorate General of Treasury and Finance)	16,867	16,867
Portugal Telecom, S.A. (Telecommunication Company)	16,658	16,658
Refer (Public service for the management of the national railway network infrastructure)	16,460	16,460
Instituto de Gestão Financeira Segurança Social (Social Security Financial Manager)	21,557	16,406
Other entities	16,144	16,144
SMAS de Sintra (Services of Water Supply and Sanitation of the city of Sintra)	15,889	15,889
Repsol (Oil and Gas Company)	15,000	15,000
Administração Regional de Saúde - Lisboa e Vale do Tejo (Regional Health Authority)	13,000	13,000
Lagos em Forma - Gestão desportiva, E.M., S.A. (Municipal company managing sports)	11,000	11,000
Águas do Porto, E.M (Services of Water Supply and Sanitation of the city of Porto)	10,720	10,720
ADRA - Águas da Região de Aveiro (Services of Water Supply and Sanitation of the region)	10,475	10,475
SMAS Torres Vedras (Services of Water Supply and Sanitation of the city of Torres Vedras)	9,910	9,910
Promodois (Real estate company)	6,273	6,273
Instituto de Segurança Social (Social Security Institute)	-	5,151
Consejería Salud (Local Health Service/Spain)	4,116	4,116
Instituto do Emprego e Formação Profissional (Employment and Professional Training)	3,718	3,719
EMARP - Empresa de Águas e Resíduos de Portimão (Services of Water Supply and Sanitation)	3,100	3,100
IFADAP (National Support Institute for Farming and Fishing)	1,746	1,746
ADAM - Águas do Alto Minho (Services of Water Supply and Sanitation of the Region)	466	466
	<b>16,991,290</b>	<b>16,991,292</b>

#### Guarantees for lease Contracts

According to the terms of some lease contracts of the buildings occupied by the Company's services, at the moment that the Portuguese State ceased to hold the majority of the share capital of CTT, bank guarantees on first demand had to be provided. These guarantees amount to 3,826,468 Euros as at 31 December 2019 and 31 March 2020, in the **Group**.

The amounts relating to the Portuguese Tax and Customs Authority ("Autoridade Tributária e Aduaneira") arise essentially from tax enforcement proceedings arising from the inspection process regarding VAT of fiscal years 2014 and 2015.

Following the risk assessment carried out by its legal advisors, the **Group** provided bank guarantees under the opposition presented in the arbitral tribunal, considering these proceedings as contingent liabilities.

CTT Expresso branch in Spain provided a bank guaranty to the Sixth Section of the National Audience Administrative Litigation and to the Spanish National Commission on Markets and Competition (“Comisión Nacional de los Mercados y la Competencia”) in the amount of 3,148,845 Euros, while the appeal presented by CTT Expresso branch in Spain in the National Audience in Spain proceeds.

#### Commitments

As at 31 December 2019 and 31 March 2020, the **Group** subscribed promissory notes amounting to approximately 43.7 thousand Euros and 40.9 thousand Euros, respectively, for various credit institutions intended to secure complete and timely compliance with the corresponding financing contracts.

The **Group** also assumed financial commitments (comfort letters) in the amount of 1,170,769 Euros regarding the branch of CTT Expresso in Spain which are still active as at 31 March 2020.

In addition, the **Group** also assumed commitments relating to real estate rents under lease contracts and rents for other leases.

The **Group** contractual commitments related to Tangible fixed assets and Intangible assets are detailed respectively in Notes 4 and 5.

## 20. Accounts payable

As at 31 December 2019 and 31 March 2020, the **Group's** heading Accounts payable showed the following composition:

	31.12.2019	31.03.2020
Current		
Advances from customers	2,824,160	2,851,717
CNP money orders	87,890,044	50,625,602
Suppliers	76,261,148	74,654,046
Invoices pending confirmation	10,560,107	11,699,729
Fixed assets suppliers	14,189,288	7,241,603
Invoices pending confirmation (fixed assets)	9,543,900	6,562,976
Values collected on behalf of third parties	8,495,311	6,041,985
Postal financial services	153,139,714	58,586,532
Advances regarding disposals	14,108	14,542
Other accounts payable	10,872,886	17,169,137
	<b>373,790,665</b>	<b>235,447,868</b>
	<b>373,790,665</b>	<b>235,447,868</b>

#### CNP money orders

The value of CNP money orders refers to the money orders received from the National Pensions Center (CNP), whose payment date to the corresponding pensioners will occur in the month after the closing of the financial year. The decrease observed results from the variation of the issuance dates of the money orders defined by Social Security (CNP) and the respective advance rule agreed between the two entities.

#### Postal financial services

This heading records mainly the amounts collected related to taxes, insurance, savings certificates and other money orders, whose settlement date should occur in the month following the end of the period. The decrease seen is mainly due to the significant reduction observed in the subscription of savings certificates.

## 21. Banking clients' deposits and other loans

As at 31 December 2019 and 31 March 2020, the composition of the heading Banking clients' deposits and other loans in the Group is as follows:

	31.12.2019	31.03.2020
Sight deposits	961,771,839	1,007,382,534
Term deposits	169,581,292	182,678,924
Savings deposits	152,214,134	192,767,447
<b>Banking clients' deposits</b>	<b>1,283,567,265</b>	<b>1,382,828,905</b>
Other credit institutions' deposits	37,850,777	-
<b>Other credit institutions' deposits</b>	<b>37,850,777</b>	<b>-</b>
	<b>1,321,418,042</b>	<b>1,382,828,905</b>

The above-mentioned amounts relate to Banco CTT clients' deposits. Savings deposits are deposits associated with current accounts and which allow the client to obtain a remuneration above the sight deposits, which can be mobilised at any time, with no subscription limit, and it is possible to schedule transfers from and for this account. These deposits are different from term deposits as they have a definite date of constitution and maturity, and the savings accounts are fully mobilizable without penalty on remuneration.

As at 31 December 2019 and 31 March 2020, the residual maturity of banking client deposits and other loans, is detailed as follows:

	31.12.2019					
	No defined maturity	Due within 3 months	Over 3 months and less than 1 year	Over 1 year and less than 3 years	Over 3 years	Total
Sight deposits and saving accounts	1,113,985,973	-	-	-	-	1,113,985,973
Term deposits	-	53,164,869	116,416,423	-	-	169,581,292
<b>Banking clients' deposits</b>	<b>1,113,985,973</b>	<b>53,164,869</b>	<b>116,416,423</b>	<b>-</b>	<b>-</b>	<b>1,283,567,265</b>
Other credit institutions' deposits	-	37,850,777	-	-	-	37,850,777
<b>Other credit institutions' deposits</b>	<b>-</b>	<b>37,850,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,850,777</b>
	<b>1,113,985,973</b>	<b>53,164,869</b>	<b>116,416,423</b>	<b>-</b>	<b>-</b>	<b>1,321,418,042</b>

  

	31.03.2020					
	No defined maturity	Due within 3 months	Over 3 months and less than 1 year	Over 1 year and less than 3 years	Over 3 years	Total
Sight deposits and saving accounts	1,200,149,981	-	-	-	-	1,200,149,981
Term deposits	-	96,896,178	85,782,746	-	-	182,678,924
<b>Banking clients' deposits</b>	<b>1,200,149,981</b>	<b>96,896,178</b>	<b>85,782,746</b>	<b>-</b>	<b>-</b>	<b>1,382,828,905</b>
Other credit institutions' deposits	-	-	-	-	-	-
<b>Other credit institutions' deposits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>1,200,149,981</b>	<b>96,896,178</b>	<b>85,782,746</b>	<b>-</b>	<b>-</b>	<b>1,382,828,905</b>

The caption Other credit institutions' deposits refer to sales transactions with a repurchase agreement by credit institutions abroad.

## 22. Income taxes receivable /payable

As at 31 March 2020 the caption reflects the estimated income tax regarding 2019, which has not yet been paid, as well as the estimated income tax regarding the three-month period ended 31 March 2020.

## 23. Staff costs

During the periods ended 31 March 2019 and 31 March 2020, the composition of the **Group** heading Staff Costs was as follows:

	31.03.2019	31.03.2020
Remuneration	67,508,804	69,294,726
Employee benefits	54,245	1,044,698
Indemnities	4,061,211	237,497
Social Security charges	15,137,576	15,162,563
Occupational accident and health insurance	1,081,087	1,087,970
Social welfare costs	2,028,135	1,482,983
Other staff costs	65,697	8,483
	<b>89,936,755</b>	<b>88,318,919</b>

### Remuneration

The change in the "Remuneration" caption arises essentially from fact that on 31 March 2020 the contribution of 321 Crédito, SA was already being considered, an acquisition that only took place in May 2019, thus not affecting the values on 31 March 2019.

As at 31 March 2019 and 31 March 2020, the fixed and variable remunerations attributed to the members of the statutory bodies of CTT, SA, were as follows:

	31.03.2019				
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	Total
Short-term remuneration					
Fixed remuneration	771,628	55,714	13,950	-	841,292
Annual variable remuneration	128,938	-	-	-	128,938
	<b>900,566</b>	<b>55,714</b>	<b>13,950</b>	<b>-</b>	<b>970,230</b>
Long-term remuneration					
Defined contribution plan RSP	55,750	-	-	-	55,750
Long-term variable remuneration	12,720	-	-	-	12,720
	<b>68,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,470</b>
	<b>969,036</b>	<b>55,714</b>	<b>13,950</b>	<b>-</b>	<b>1,038,700</b>

  

	31.03.2020				
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	Total
Short-term remuneration					
Fixed remuneration	631,114	47,357	13,950	-	692,421
Annual variable remuneration	-	-	-	-	-
	<b>631,114</b>	<b>47,357</b>	<b>13,950</b>	<b>-</b>	<b>692,421</b>
Long-term remuneration					
Defined contribution plan RSP	45,887	-	-	-	45,887
Long-term variable remuneration	-	-	-	-	-
	<b>45,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,887</b>
	<b>677,001</b>	<b>47,357</b>	<b>13,950</b>	<b>-</b>	<b>738,308</b>

For the year ended 31 December 2019, the amount of 801,968 Euros was recognised as Annual Variable Compensation for the members of the Statutory Bodies which was determined by the Remuneration Committee supported on a study carried out by an independent entity. Due to the COVID-19 pandemic, and by resolution of the Annual General Meeting, the non-payment of profit-sharing bonuses was approved, and the annual variable remuneration was suspended.

### Employee benefits

The change registered in the caption Employee benefits mainly reflects the liability reduction related to the benefit "Telephone subscription charge" which occurred on 31 March 2019.



### Indemnities

During the period ended 31 March 2020, this caption includes mainly indemnities related to the termination of employment contracts.

### Social welfare cost

Social welfare costs relate almost entirely to health costs incurred by the Group with the active workers, as well as expenses related to Health and Safety at work.

As at 31 March 2019 and 31 March 2020, the **Group** heading Staff costs includes the amounts of 197,496 Euros and 102,423 Euros, respectively, related to expenses with workers' representative bodies.

For the year ended 31 March 2020, the average number of staff of the **Group** was 12,118 employees (12,101 employees in the year ended 31 March 2019).

## 24. Interest expenses and Interest income

For the periods ended 31 March 2019 and 31 March 2020, the heading Interest Expenses of the **Group** had the following detail:

	31.03.2019	31.03.2020
Interest expenses		
Bank loans	9,712	407,903
Lease liabilities	956,648	822,982
Other interest	105,108	147,095
Interest costs from employee benefits	1,307,803	1,115,146
Other interest costs	4,813	21,227
	<b>2,384,083</b>	<b>2,514,353</b>

During the periods ended 31 March 2019 and 31 March 2020, the **Group** heading Interest income was detailed as follows:

	31.03.2019	31.03.2020
Interest income		
Deposits in credit institutions	16,803	3,143
Other supplementary income	5,366	-
	<b>22,169</b>	<b>3,143</b>

## 25. Income tax for the period

Companies with head office in Portugal are subject to tax on their profit through Corporate Income Tax ("IRC") at the normal tax rate of 21%, whilst the municipal tax is established at a maximum rate of 1.5% of taxable profit, and State surcharge is 3% of taxable profit above 1,500,000 Euros and 5% of taxable profit above 7,500,000 up to 35,000,000 Euros and 9% of the taxable profit above 35,000,000 Euros. CTT – Expresso, S.A., Spain branch is subject to income taxes in Spain, through income tax (Impuesto sobre Sociedades – "IS") at a rate of 25%, and the subsidiary CORRE is subject to corporate income tax in Mozambique ("IRPC") at a rate of 32%.

Corporate income tax is levied on CTT and its subsidiaries CTT – Expresso, S.A., Payshop Portugal, S.A, CTT Contacto, S.A. and Banco CTT, S.A., through the Special Regime for the Taxation of Groups of Companies ("RETGS"). The remaining companies are taxed individually.

### Reconciliation of the income tax rate

For the periods ended 31 March 2019 and 31 March 2020, the reconciliation between the nominal rate and the effective income tax rate of the **Group** was as follows:

	31.03.2019	31.03.2020
Earnings before taxes (a)	6,603,407	6,196,447
Nominal tax rate	21.0%	21.0%
	<b>1,386,715</b>	<b>1,301,254</b>
Tax Benefits	(86,818)	(98,465)
Accounting capital gains/(losses)	(3,724)	(124,035)
Tax capital gains/(losses)	2,435	71,071
Equity method	-	117,172
Provisions not considered in the calculation of deferred taxes	(1,139)	5,115
Impairment losses and reversals	36,856	62,380
Compensation for insurable events	34,429	21,070
Depreciation and car rental charges	14,886	3,887
Credits uncollectible	1,684	5,658
Fines, interest, compensatory interest and other charges	1,148	4,167
Other situations, net	488,515	97,638
Adjustments related with - autonomous taxation	118,672	165,276
Tax losses without deferred tax	538,322	-
Insufficiency / (Excess) estimated income tax	-	101,714
Subtotal (b)	2,531,981	1,733,902
(b)/(a)	38.34%	27.98%
Adjustments related with - Municipal Surcharge	109,288	197,558
Adjustments related with - State Surcharge	271,746	553,732
<b>Income taxes for the period</b>	<b>2,913,015</b>	<b>2,485,192</b>
Effective tax rate	44.11%	40.11%
Income taxes for the period		
Current tax	(306,283)	2,189,533
Deferred tax	3,219,298	397,373
Insufficiency / (Excess) estimated income tax	-	(101,714)
	<b>2,913,015</b>	<b>2,485,192</b>

In the three-month period ended 31 March 2020, the heading “Insufficiency / (Excess) estimated income tax” refers essentially to the excess of the IRC estimate for the year 2018.

### Deferred taxes

As at 31 December 2019 and 31 March 2020, the balance of the **Group** deferred tax assets and liabilities was composed as follows:

	31.12.2019	31.03.2020
Deferred tax assets		
Employee benefits - healthcare	76,839,990	76,730,521
Employee benefits - pension plan	84,668	83,459
Employee benefits - other long-term benefits	2,868,626	2,671,428
Impairment losses and provisions	5,032,656	3,155,016
Tax losses carried forward	1,289,985	1,289,985
Impairment losses in tangible fixed assets	385,810	404,890
Land and buildings	356,809	356,809
Tangible assets' tax revaluation regime	1,924,292	1,844,113
Other	546,970	2,292,520
	<b>89,329,806</b>	<b>88,828,741</b>
Deferred tax liabilities		
Revaluation of tangible fixed assets before IFRS	2,137,282	2,087,130
Suspended capital gains	718,036	711,201
Non-current assets held for sale	83,010	83,010
Other	19,787	19,787
	<b>2,958,115</b>	<b>2,901,128</b>

The deferred tax asset related to Tangible assets tax revaluation regime was recognised following the Companies' accession to the regime established in Decree-Law no. 66/2016, of 3 November. In the year ended 31 March 2020 the deferred tax asset amounts to 1,844,113 Euros.

As at 31 March 2020, the expected amount of deferred tax assets and liabilities to be settled within 12 months is 2.6 million Euros and 0.2 million Euros, respectively, regarding the **Group**.

During the year ended 31 December 2019 and three-month period ended 31 March 2020, the movements which occurred under the deferred tax headings of the **Group** were as follows:

	31.12.2019	31.03.2020
Deferred tax assets		
Opening balances	81,734,114	89,329,806
Changes in the consolidation perimeter	1,679,394	-
Effect on net profit		
Employee benefits - healthcare	(664,362)	(109,469)
Employee benefits - pension plan	(10,581)	(1,209)
Employee benefits - other long-term benefits	223,382	(197,198)
Impairment losses and provisions	(287,039)	(201,001)
Tax losses carried forward	(2,904)	-
Impairment losses in tangible fixed assets	102,337	19,080
Land and buildings	(95,203)	-
Tangible assets' tax revaluation regime	(320,715)	(80,179)
Other	(47,157)	68,911
Effect on equity		
Employee benefits - healthcare	7,000,770	-
Employee benefits - pension plan	17,769	-
<b>Closing balance</b>	<b>89,329,806</b>	<b>88,828,741</b>

	31.12.2019	31.03.2020
Deferred tax liabilities		
Opening balances	3,108,662	2,958,115
Changes in the consolidation perimeter	83,010	-
Effect on net profit		
Revaluation of tangible fixed assets before IFRS adoption	(200,606)	(50,152)
Suspended capital gains	(27,341)	(6,835)
Other	(5,610)	-
<b>Closing balance</b>	<b>2,958,115</b>	<b>2,901,128</b>

The tax losses carried forward are related to the losses of the subsidiaries Tourline and Transporta which were merged by incorporation into CTT Expresso, S.A. and are detailed as follows:

Company	Tax losses	Deferred tax assets
CTT – Expresso, S.A., branch in Spain	61,016,826	-
CTT Expresso/Transporta	6,142,786	1,289,985
<b>Total</b>	<b>67,159,612</b>	<b>1,289,985</b>

Regarding CTT – Expresso, S.A., branch in Spain (prior Tourline), the tax losses of the years 2008, 2009 and 2011 may be reported in the next 15 years, the tax losses related to 2012, 2013 and 2014 may be carried forward in the next 18 years and the tax losses of the years 2015, 2016, 2017 and 2018 have no time limit for deduction. Regarding CTT Expresso the tax losses refer to the years 2017 and 2018 of the company Transporta, which was merged in CTT Expresso during the year 2019 and may be carried forward in the next 5 years.

The sensitivity analysis performed allows us to conclude that a 1% reduction in the underlying rate of deferred tax would imply an increase in the income tax for the period of about 2.2 million Euros in the **Group**.

### SIFIDE

The **Group's** policy for recognition of fiscal credits regarding SIFIDE is to recognise the credit at the moment of the effective receipt from the commission certification statement, certifying the eligibility of expenses presented in the applications for tax benefits.

For the year ended 31 December 2018 the expenses incurred with R&D, of 737,089 Euros the **Group** will have the possibility of benefiting from a tax deduction in corporate income tax estimated at 248,131 Euros.

For the year ended 31 December 2019 the expenses incurred with R&D, of 1,063,800 Euros the **Group** will have the possibility of benefiting from a tax deduction in corporate income tax estimated at 443,571 Euros.

### Other information

Pursuant to the legislation in force in Portugal, income tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there have been tax losses, tax benefits have been received, or when inspections, claims or challenges are in progress, in which cases, depending on the circumstances, these years are extended or suspended. Therefore, CTT's income tax returns from 2017 and onwards may still be reviewed and corrected.

The Board of Directors of the Company believes that any corrections arising from reviews/inspections by the tax authorities of these income tax returns will not have a significant effect on the consolidated financial statements as at 31 March 2020.

## 26. Related parties

The Regulation on Assessment and Control of transactions with CTT related parties defines related party as: qualified shareholder, manager or third party with any of these related through relevant commercial or personal interest (under the terms of IAS 24) and also subsidiaries, associates and joint ventures of CTT. It is considered that there is a "relevant commercial or personal interest" in relation to (i) close family members of the managers and qualified shareholder(s) who, at each moment, have significant influence (as defined above) on CTT, as well as (ii) controlled entities (individually or jointly), either by management, qualified shareholders or by the persons referred to in (i). For this purpose, "control" is considered to exist when the party has, directly or indirectly, the power to guide the financial and operational policies of an entity in order to obtain benefits from its activities. Additionally, "close family members" are: (i) the spouse or domestic partner and (ii) the children and dependents of the person and persons referred to in (i).

According to the Regulation, the significant transactions with related parties, as well as transactions that members of the Board of Directors of CTT and/or its subsidiaries conduct with CTT and/or its subsidiaries, must be previously approved by the Audit Committee of CTT.

The other related parties' transactions are communicated to the Audit Committee for the purpose of subsequent examination.

During the periods ended 31 March 2019 and 31 March 2020, the following transactions took place and the following balances existed with related parties, regarding the **Group**:

31.03.2019					
	Accounts receivable	Accounts payable	Revenues	Costs	Dividends
Shareholders	-	-	-	-	-
Group companies					
Associated companies	5,603	3,130	3,053	1,707	-
Jointly controlled	1,010,641	-	75,283	-	-
Members of the (Note 23)					
Board of Directors	-	-	-	900,566	-
Audit Committee	-	-	-	55,714	-
Remuneration Committee	-	-	-	13,950	-
General Meeting	-	-	-	-	-
	<b>1,016,243</b>	<b>3,130</b>	<b>78,335</b>	<b>971,937</b>	<b>-</b>

31.03.2020					
	Accounts receivable	Accounts payable	Revenues	Costs	Dividends
Shareholders	-	-	-	-	-
Group companies					
Associated companies	4,970	8,196	3,112	24,841	-
Jointly controlled	205,061	-	203,363	-	-
Members of the (Note 23)					
Board of Directors	-	-	-	631,114	-
Audit Committee	-	-	-	47,357	-
Remuneration Committee	-	-	-	13,950	-
General Meeting	-	-	-	-	-
	<b>210,030</b>	<b>8,196</b>	<b>206,475</b>	<b>717,262</b>	<b>-</b>

In the context of transactions with related parties, no commitments were made, nor were any guarantees given or received in addition to the comfort letters assumed regarding CTT Expresso, branch in Spain, mentioned in Note 19.

No provision was recognised for doubtful debts or expenses recognised during the period in respect of bad or doubtful debts owed by related parties.

The transactions and balances between subsidiaries are eliminated in the consolidation process and are not disclosed in this note.

## 27. Other information

Under the Universal Postal Service Concession Contract, on 13.03.2020, CTT invoked force majeure before the Regulator, following the public health emergency of international scope, declared by the World Health Organization on 30.01.2020 and the subsequent classification of COVID-19 as a pandemic, on 11 March. In view of the seriousness and magnitude of the facts, which are public and notorious, and in order to comply with the public health instructions issued by the competent authorities, CTT could not fail to take the necessary and appropriate measures to protect workers and customers.

Pursuant to the provisions of the concession contract, CTT continues to ensure the functioning and continuity of postal services, taking the necessary and appropriate measures to the situation of force majeure, in terms of planning, operation prevention and human resources, submitting a daily update of the situation to the Government, as a counterparty, and to ANACOM, the regulatory authority responsible for overseeing the provision of universal postal service.

The legal proceedings relating to the ANACOM Decision regarding the parameters of quality of service and performance objectives applicable to the provision of the universal postal service, issued in July 2018, are subject to their terms. In the arbitral action brought against the Portuguese State, as grantor, is in the stage of producing evidence. In the administrative proceedings brought against ANACOM, the first regarding the same decision and the second concerning the December 2018

determination regarding the new measurement procedures to be applied to the indicators, there were no relevant developments.

The process related to the proposal of the application of 11 contractual fines, initiated in 2018, within the Universal Postal Service Concession Agreement, based on alleged breaches of obligations resulting from the contract which occurred during 2015, 2016 and 2017, is pending a decision following the additional submission of evidence determined by the grantor.

The administrative proceedings for the alleged violation of the obligation to have a hard copy of the complaints book in the establishments operating on behalf of CTT and the alleged breach of the obligation to immediately provide at no cost the complaints book to the users who requested it, had no significant developments.

Following ANACOM's decision on the 2016 cost accounting system results, under which new criteria for the allocation of costs between the postal activity and the banking activity of the Company were identified, and specified that the cost accounting system for the 2016 and 2017 financial years in this regard should be restated, CTT submitted the restated results regarding those years as well as the results of the 2018 according to the new criteria, as determined. Audits for the three financial years are ongoing.

The precautionary measures filed by several Intermunicipal Communities or by Municipalities following the process of transformation of Post Offices into Postal Agencies, covering situations where only a single post office exists in a county seat, were all dismissed, or considered that there was no need to adjudicate.

#### COVID-19 Impact

On 11 March 2020, the World Health Organization declared the public health emergency caused by the COVID-19 disease as a pandemic. This situation has evolved very rapidly and measures have been taken internationally to severely restrict the rights of free movement and economic freedom, thus seeking to prevent the transmission of the virus. Several governments, authorities and economic agents are implementing a series of initiatives with a very relevant impact on the populations and on the global and national economic activity, while the State of Emergency was declared in Portugal on 18 March last. The COVID-19 pandemic affected consumers and companies and, although the Group has maintained its activity and has been associated from the outset with the "stay at home" movement in the various geographies where it operates and carried out various initiatives aimed at facilitating access for all to the services provided, business has generally been negatively influenced.

Due to the context of uncertainty, in the Annual General Meeting of 29 April CTT decided to suspend the payment of the 2019 dividend and allocate the 2019 net profit to Retained Earnings, as well as suspend the payment of the 2019 variable remuneration. The Group also implemented additional measures to strengthen its financial position and liquidity, and ensure its operational response, while seeking to preserve the value of traditional businesses and invest in new ones, more linked to digital platforms and e-commerce.

Regarding the impacts on the financial statements as at 31 March 2020, the effect on the Group's revenues should be noted. The Mail business unit was particularly affected, with greater relevance in the second half of March. The E&P business unit was also impacted, especially in Spain, with several initiatives launched in Portugal to help companies market their products. The Financial Services & Retail business unit suffered the greatest impact, with a significant reduction in Public Debt Certificates subscriptions. In March, the impacts on Banco CTT business unit were not so significant.

The Group also carried out the following additional reviews in the context of the pandemic:

- reviewed the expected credit losses ("ECL") to be applied to the amounts receivable and bank deposits as at 31 March 2020, with no relevant changes as at 31 December 2019;
- reviewed the impact of the moratoria granted by Banco CTT and 321 Credito on the impairment of their loan portfolios, with no relevant impact being recorded as at 31 March 2020;

- analysed whether there were additional signs of impairment due to COVID-19, which could indicate the existence of impairment of non-current assets, and no additional impairments to be recognized were identified;
- reviewed the existence of onerous contracts due to the current situation, and no contracts were identified that should be considered as onerous contracts;
- recognised incremental costs associated with COVID-19, namely concerning individual protective equipment, of around 0.1 million euros.

As at 31 March 2020, the Group had not received any State aid or subsidy associated with COVID-19.

As CTT has been ensuring the continuity of its operations, the impact of COVID-19 on business growth and profitability cannot be reliably quantified, because it is extremely difficult to ascertain it with a reasonable degree of confidence, since it depends on the duration of the pandemic and the severity of its impacts on the international and the domestic economy.

## 28. Subsequent events

After the end of the year and up to the present date, no relevant or material facts have occurred in the Group's activity that have not been disclosed in the notes to the financial statements.