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NOVA – School of Business and Economics.

CFA Equity Research:
CTT Correios de Portugal, S.A
Equity Valuation

&

The Potential Acquisition of Banco CTT: Should Correios
de Portugal Divest Its Banking Arm?

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Abstract

CTT – Correios de Portugal, with over 500 years of history, operates in mail, parcels, financial services, and banking. As of 31/10/2024, its share price was €4.28. This paper estimates CTT's fair value at €4.93, reflecting a 15% upside, through a sum of parts valuation of its Banking and Ex-Bank business units.

The individual analysis evaluates the potential divestiture of Banco CTT, focusing on value creation through a private acquisition by a major bank. Findings suggest that a well-executed divestiture could enhance Banco CTT's value, allowing CTT to capture a premium and refocus on its logistics operations.

Keywords:

Equity Research

CTT Correios de Portugal

Divestiture

Banco CTT

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Recommendation

BUY

Date	31.10.2024
Current Price	€4.28
Target Price	€4.93
Upside	15%
Sectors	Logistics and Financial Services
Industries	Mail, Parcels, Financial Services and Banking
Stock Exchange	Euronext Lisbon

INVESTMENT SUMMARY

CTT's valuation presented in this paper results in a **BUY** recommendation. The estimated target price is €4.93, a 15% upside, considering October 31st's €4.28 closing price.

The recommendation rests on three main value drivers:

Unlocking Growth in the E&P unit: Thriving the E-Commerce Era

E&P unit is a key driver of growth, benefiting from the rapid expansion of e-commerce and CTT's strategic focus on the Iberian market. Unified logistics offerings and innovations like smart lockers enhance delivery efficiency and customer convenience, strengthening its competitive positioning. By leveraging market trends and an extensive infrastructure, CTT is well-placed to capture rising demand, further solidifying E&P segment as a critical growth driver.

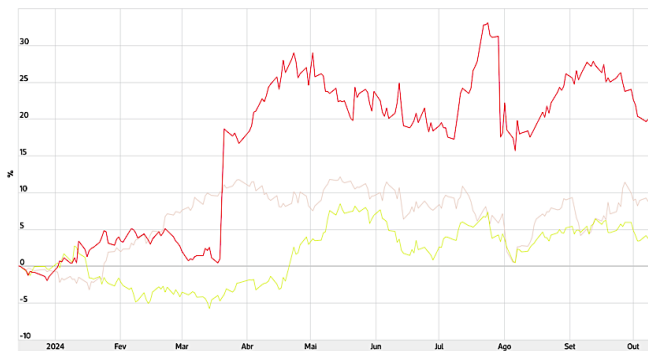
Banco CTT: From Competitive Advantages to Strong Margins

Banco CTT's strong brand recognition and nationwide retail network provide a unique competitive edge in the banking industry. Its cost-efficient operations and focused product offerings, such as auto and mortgage loans, drive profitability and scalability. By integrating digital tools with physical services, Banco CTT continues to deepen customer engagement, ensuring margin expansion.

Mail Revenues Resilience: Navigating a Challenging Environment

Mail remains a vital part of CTT's revenue base, even as the segment faces declining volumes and profitability pressures. Through strategic pricing adjustments and an optimized product mix, CTT has mitigated losses and limited the financial impact of these challenges. The company's ability to uphold service quality while aligning prices with rising costs has been instrumental in ensuring that Mail remain a key component of CTT's operation.

CTT's Share Price growth Evolution Comparison with PSI and Eurostoxx50



■ CTT Correios de Portugal (LIS) ■ PSI ■ Eurostoxx 50

Source: CTT

(€ millions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenues per Unit											
Mail	478	426	444	480	454	463	453	451	447	444	441
E&P	152	193	256	259	341	448	454	494	538	586	639
FS	47	44	49	61	63	43	47	47	46	46	45
Banking	87	88	87	107	128	130	133	139	144	148	151
Recurring EBIT per Unit											
Mail	57	16	18	11	3	5	4	3	0	-1	-3
E&P	-10	0	12	9	20	31	30	35	37	41	44
FS	22	21	22	31	36	21	22	22	21	21	20
Banking	-4	5	8	10	21	22	23	25	26	28	29
Group Net Income	29	17	39	32	54	40	40	42	39	44	46

Source: CTT | Group Analysis

Company	Brief Business Description	Logo
Banco CTT	A bank launched in 2016, providing retail banking services.	
Dott	Portugal's first fully digital marketplace.	
CTT Express	A courier company headquartered in Spain, focusing on urgent mail and parcel transport.	
Payshop	A payment network for utility and service bill payments.	
Locky	A locker network enabling convenient parcel deliveries.	
Newspring	A consultancy and process management company specializing in back / front-office, and contact center operations.	
CTT Expresso	A logistics and postal services provider focused on express mail and merchandise delivery.	
CTT Contacto	A company dedicated to distributing advertising mail.	

Figure 1: Companies from Group CTT

Source: CTT

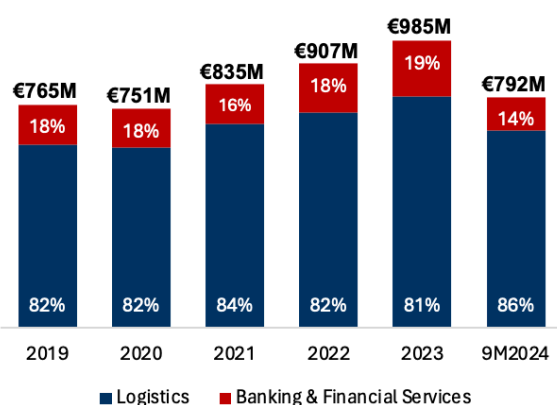


Figure 2: CTT's Revenues Evolution (€ Millions), segmented into Logistics and Banking & FS

Source: CTT

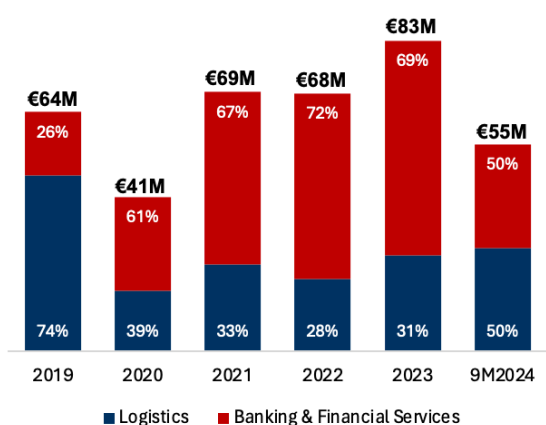


Figure 3: CTT's Recurring EBIT Evolution (€ Millions), segmented into Logistics and Banking & FS

Source: CTT

1. CTT Group Business Description

The CTT brand was originated in 1520 with the establishment of Portugal's public postal service, created to support the country's political, military, and commercial activities. Over the past five centuries, the brand has continuously adapted to societal needs and advancements in technology. After becoming a state-owned enterprise in 1969, the Portuguese-based company was fully privatized in 2014 through an IPO on the Euronext Lisbon market. With four main shareholders and 1.43% of its own stock, CTT now operates as a diversified group, managing several companies that extend its activities beyond traditional postal services.¹

Due to the declining demand for traditional postal services, CTT diversified its operations into two main segments, each comprising two sub-segments: Logistics, which includes Mail and Express & Parcels (E&P), and Bank & Financial Services, which encompasses Bank and Financial Services (FS). The Logistics segment consistently represents the largest share of CTT's revenues, accounting for 85.7% of a total €792.27M in revenues in 9M2024². This dominance is primarily driven by the remarkable growth of the E&P segment and by the Mail business unit, which continues to hold the highest share of CTT's revenue among all sub-segments despite its ongoing decline. Within the Bank & Financial Services segment, which accounted for 14.3% of CTT's total revenues in 9M2024, the Bank's revenues have consistently surpassed those of the FS unit. While the Bank's revenues have shown consistent growth, FS has experienced a decline.

Regarding CTT's recurring EBIT, the Logistics segment's contribution has declined significantly, accounting for 49.3% of a total €54.6M in recurring EBIT in 9M2024, compared to 78.5% of €50.2M in 9M2019. While E&P's recurring EBIT has shown strong growth, the sharp decline in Mail's recurring EBIT dictates the overall downward trend. On the other hand, Bank & Financial Services segment's contribution to CTT's recurring EBIT has risen significantly, reaching 50.7% in 9M2024 compared to 21.5% in 9M2019. This increase is primarily driven by the Bank business unit's strong upward trajectory, in contrast to the declining performance of the FS unit.

CTT's purpose is to "deliver the future by connecting people and businesses in a sustainable way". The group's mission focuses on continuous innovation, offering high-quality logistics solutions and support services tailored to

¹ (CTT, The CTT Brand 2024)

² (CTT, "Integrated Report 2019 - 2023")

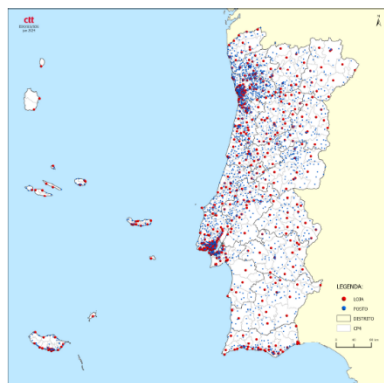


Figure 4: CTT's Network

Source: CTT

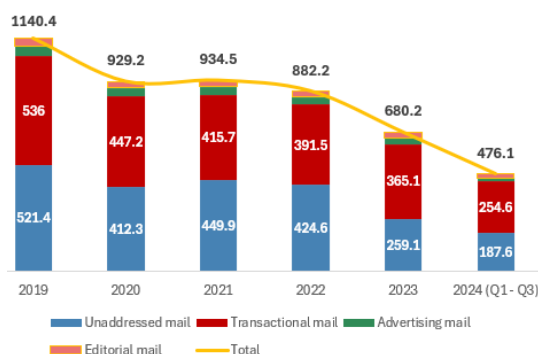


Figure 5: Mail's Historical Volume Handled by Type of Mail (Millions of Items)

Source: CTT

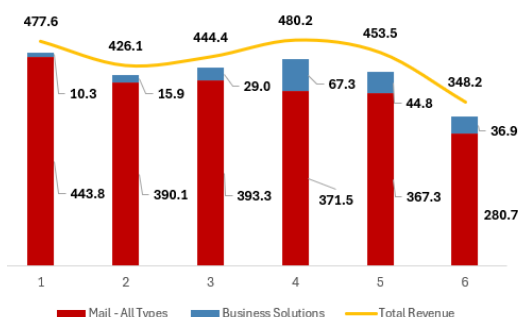


Figure 6: Mail's Historical Revenues (€ Millions)

Source: CTT

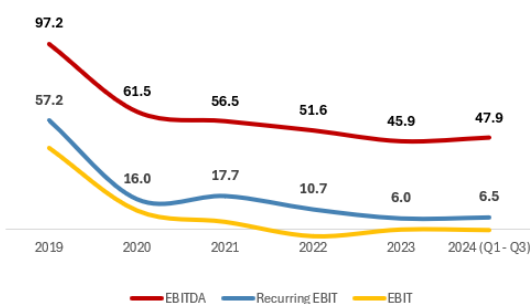


Figure 7: Mail's Historical EBITDA, Recurring EBIT and EBIT (€ Millions)

Source: CTT

customer needs, while simplifying physical communication, and financial services for individuals.³

1.1. Mail Business Description & Strategy

CTT's Mail Business Unit plays a crucial role in ensuring postal accessibility across Portugal, operating under the EU's Universal Service obligation. In 2023, CTT maintained an extensive network of 2,375 access points and 4,089 mail carrier routes, serving a diverse customer base with an average of 55,436 daily visitors. Despite having a clear market dominance in the sector, CTT has faced a gradual loss of market share, from 83.3% in 2018 to 76.6%⁴ in 2023.

This business unit provides both addressed and unaddressed mail services, categorized into transactional mail (letter mail), editorial mail, and advertising mail. Transactional mail, the primary revenue driver, includes ordinary mail (focused on cost-efficiency), registered mail (prioritizing security), priority mail (emphasizing speed), and green mail (offering convenience). Advertising mail is further divided into addressed and unaddressed advertising, each contributing to this segment's revenue.

From 2019 to 2023, revenues for the Mail Business Unit fell from € 420.8M to € 354.3M⁵, driven largely by a fall in Transactional and Advertising Mail. Digitalization has been a major disruptor, shrinking letter volumes from 1140.4M in 2019 to 680.2M in 2023. Despite these challenges, the Business Solutions segment has seen growth, from € 10.3M in 2019 to € 44.8M in 2023, focusing on Business Process Outsourcing (BPO), digital payment services, contact centres, and document management. A strategic highlight in 2023 was the acquisition of Payshop, which strengthened CTT's digital payment offerings, including the SIGA solution (a school wallet) with 500,000 users and adoption by around 100 municipalities.

However, profitability has faced significant difficulties. EBIT declined sharply from € 42.9M in 2019 to € 0.0M in 2023, while Recurring EBIT fell from € 57.2M to € 6.0M during the same period. Rising operating costs, especially in Staff and ES&S, have compounded the challenges posed by ongoing digitalization and the decline in letter volume. These financial pressures highlight the need for CTT to adapt its business model to the evolving postal and communications landscape, while also navigating the challenges posed by regulatory obligations to maintain universal service

³ (CTT, Purpose, Mission, Vision & Values 2024)

⁴ (ANACOM, "Relatório Anual Serviços Postais 2019-2023)

⁵ (CTT, "Integrated Report 2019 - 2023)

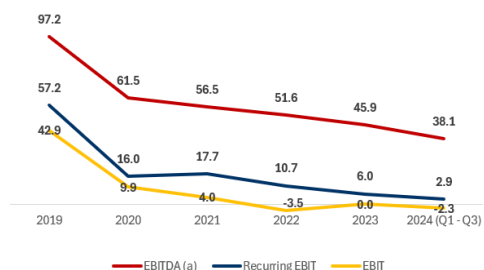


Figure 8: E&P's Historical EBITDA and Recurring EBIT (€ Millions)

Source: CTT

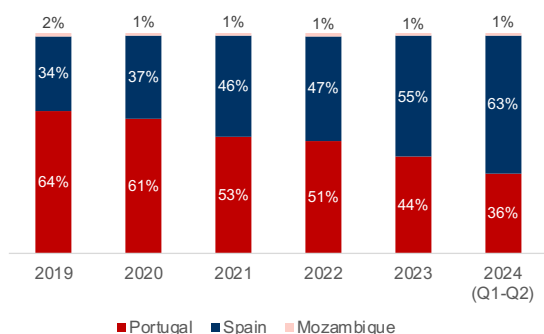


Figure 9: E&P's Historical Country Weight in Revenues

Source: CTT

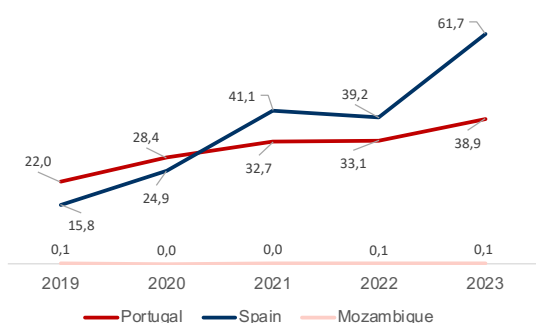


Figure 10: E&P's Historical Volume Handled (Millions of units)

Source: CTT

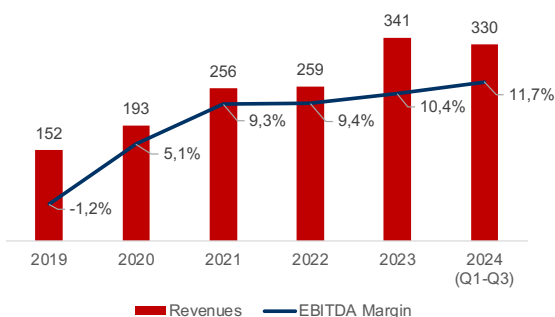


Figure 11: E&P's Historical Revenue and EBITDA Margin Evolution (€ Millions)

Source: CTT

The 2025 renegotiation of the Concession Contract for the Universal Postal Service presents a strategic opportunity for CTT to refine its operational and financial framework within its regulatory obligations. This mid-term review, involving ANACOM and the Directorate-General for the Consumer, allows adjustments to service parameters, pricing, and performance metrics to align with evolving user needs and economic conditions. The pricing framework, governed by the Convenção de Preços (2023–2025)⁶, emphasizes cost-orientation, accessibility, and transparency. CTT can leverage this renegotiation to secure compensation for universal service costs, align prices with rising expenses and inflation.

CTT aims to stabilize Mail revenues through strategic price adjustments and optimizing its product mix. The company is committed to balancing economic sustainability with its social responsibility while navigating the challenges of regulatory obligations, rising costs, and evolving customer needs. Despite significant financial pressures, CTT's Mail Business hopes to remain profitable and a market leader in Portugal.

1.2. E&P Business Description & Strategy

CTT's Express and Parcels (E&P) business unit operates across the Iberian Peninsula and Mozambique, focusing on courier solutions and expedited parcel delivery. CTT's expansion of operations in Spain have increasingly augmented this market's weight in E&P revenues. In 2019, Spain accounted only for 34% of this unit's revenues. In Q1-Q2 2024, this value had jumped to 63%. Following the strategic move to create a unified Iberian offer, starting in Q3 2024 CTT no longer reports Portugal and Spain's revenue individually, but rather a new "Iberian" revenue. In 2019, with total revenues of €152,4M, E&P's EBITDA stood at a negative value, €-1.8M, translating into an EBITDA margin of -1.2%. In the past 5 years, CTT strategic outlook for the E&P business unit not only allowed it to increase revenues, but also significantly increase profitability. By 2023, the unit's revenues had soared to €340.6M, representing a CAGR of 17.44% between 2019 and 2023. While this happened, operating costs fell from 101% of revenues in 2019 to 90% in 2023, achieving an EBITDA equal to €35.6M in this year. This translates into an EBITDA margin of 10.4%, a noticeable improvement from just a few years earlier. In the first three quarters of 2024, E&P's revenues rose to €330.5 million, marking a 44% year-on-year growth compared to the same period in 2023. This growth was primarily driven by increased traffic within the Iberian market: in the first three quarters of 2024, E&P number of items hit an all-time

⁶ (ANACOM 2022)

high of 98.2 million units, a large increase compared to the 67,3 million units handled in the corresponding period in 2023. Mozambique traffic volume and revenue remains the least significant in the business unit, with only 0.041 million units and €4.2 million revenues for the same period.

The recent growth in number of items and revenues in the E&P business unit is the reflection of an effective strategic approach taken by the group, as well as a strong leveraging of some key market trends, allowing CTT to expand its market share. In 2020, as part of a new strategy to position CTT as a leading Iberian provider, the group rebranded its Spanish operation, “Tourline Express”, integrating it in “CTT Expresso”, effectively unifying operations in Spain and Portugal. This strategic positioning allows CTT to capture a larger client base by bringing on clients that conduct business in the whole Iberian Peninsula and who benefit from a unified service offering.

Growth in the E&P segment is also dictated by the strong market trend of rising adoption of e-commerce, which CTT has been capitalizing upon through strategic investments in network expansion, service portfolio enhancement, and delivery quality advancements. As part of the network expansion strategy, CTT has been focusing on expanding its “Locky” brand, which offers smart lockers for parcel pick-up and drop-off (PUDO). By centralizing deliveries, these smart lockers allow CTT to decrease the distance travelled by each vehicle, which not only decreases operational costs, but also decreases emissions⁷. By the end of Q2/24, the Locky network had 907 installed lockers in Portugal and 8 in Spain, with many more already contracted, in pursuit of CTT’s vision to expand this network⁷ above. Overall, by the end of Q3/24, CTT’s network consisted of 24,900 total pick-up and drop-off points (21,200 in Spain and 3,700 in Portugal), ensuring a vast coverage of the whole region, further solidifying its market presence. This strategic incorporation of smart lockers, alongside the positioning as a fully unified Iberian provider are expected to continue dictating the E&P’s strategic outlook in the next years.

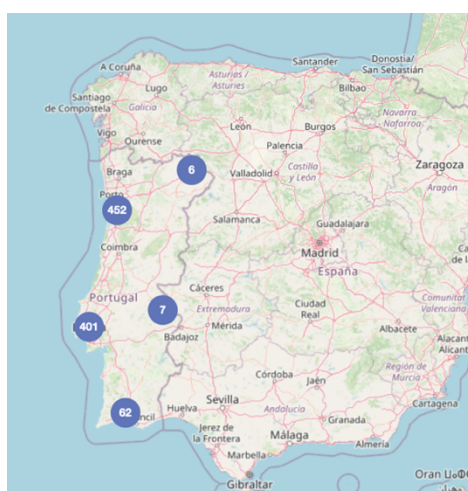


Figure 12: Locky’s Current Network

Source: CTT

1.3. Financial Services Business Description & Strategy

The Financial Services (FS) Business Unit plays a crucial role in distributing public debt securities, holding a dominant position in this market segment. In 2022 and 2023, the demand for public debt placements surged due to favorable market conditions and increased interest in savings products. However, 2024 experienced a notable decline in activity, primarily due to stricter subscription limits and less competitive interest rates. Despite this,

⁷ (CTT – Correios de Portugal S.A 2024)

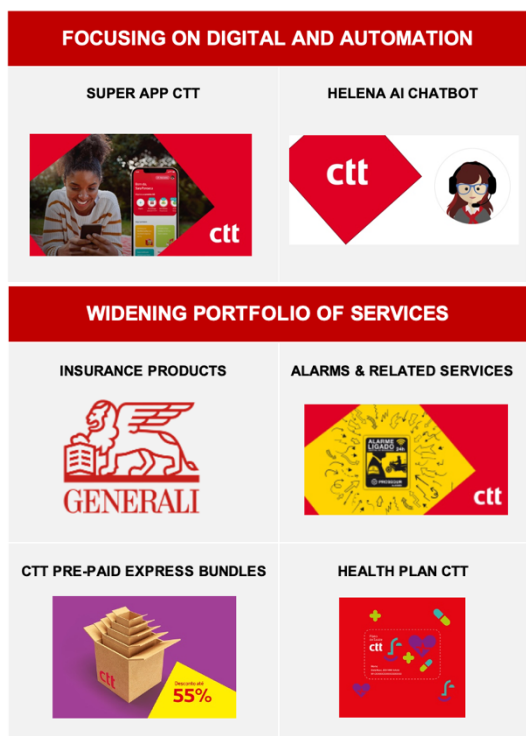


Figure 13: CTT's Strategic Initiatives: Digital Transformation and Service Diversification

Source: CTT

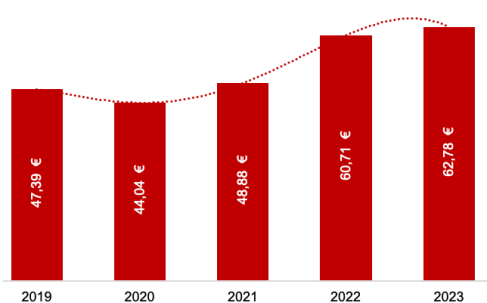


Figure 14: FS's Historical Revenue Evolution (€ Millions)

Source: CTT

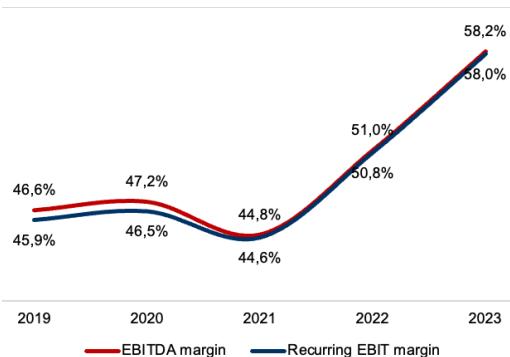


Figure 15: FS's Historical EBITDA & Recurring EBIT Margin Evolution

Source: CTT

recent changes in government policy, such as doubling the subscription cap per saver and raising overall limits, are expected to revitalize demand, with a strong recovery anticipated in 2025.^{8 9} In line with these developments, recent trends suggest a normalization of placement levels, signaling a stabilization of the market in the future.

CTT has adapted to these shifts by launching initiatives like the CTT online platform, which simplifies the process of subscribing to public debt securities. This platform, along with targeted marketing efforts, has made it easier for customers to access savings products and has enhanced their appeal compared to traditional bank deposits.

Beyond public debt, CTT has expanded its offerings to include a range of insurance products in collaboration with Generali. This includes non-life insurance options such as auto, health, personal accidents and multi-risk coverage. This diversification is part of CTT's broader strategy to transform its retail network into a comprehensive services hub, integrating solutions like money transfers, express bundles, and alarm systems.

Historically, FS has demonstrated consistent revenue growth, increasing from € 47.39M in 2019 to € 62.78M in 2023, reflecting its dominant position in the distribution of public debt securities. As previously mentioned, the surge in 2022 and 2023 was driven by favorable market conditions and increased demand for savings products, resulting in a substantial boost in profitability. Despite fluctuations in demand, EBITDA margin improved significantly from 45.6% in 2019 to a peak of 58.2% in 2023, while the Recurring EBIT margin followed a similar trend, rising from 45.9% to 58.0% during the same period. These improvements highlight the unit's ability to enhance profitability strategic initiatives, reinforcing its role as a critical contributor to CTT's financial performance.

To conclude, FS has demonstrated strong dedication to innovation and fostering partnerships, adopting a customer-focused approach to digital transformation. This includes the development of digital tools that streamline access to financial services, reinforcing the unit's position as a reliable and convenient alternative to traditional savings products. Looking ahead, CTT aims to further broaden its portfolio, improve digital accessibility, and enhance its marketing efforts. By effectively integrating services into its retail network and staying responsive to evolving customer needs, the FS Business Unit continues to be a key driver of CTT's profitability and long-term growth.

⁸ (Jornal de Negócios 2024)

⁹ (IGCP - Agência de Gestão da Tesouraria e da Dívida Pública 2024)

1.4. Banking Business Description & Strategy

Banco CTT, launched in 2016, was built on a strong and differentiated value proposition, leveraging CTT's extensive brand recognition and retail network. CTT's survey concluded that the brand is characterized by its almost universal awareness, with 85% of the population recognizing the brand "very well". The retail network is a key to its operations, comprising 569 branches nationwide, 212 of which also serve Banco CTT customers. CTT ensures presence in all 308 municipalities, with over 65K unique client visits daily. Additionally, CTT's dominant position in the public debt placement market, emphasizing its trusted role in financial services. Currently, Banco CTT operates as a retail financial institution, offering a wide range of banking services, including personal, auto and mortgages loans, as well as a variety of deposit accounts.

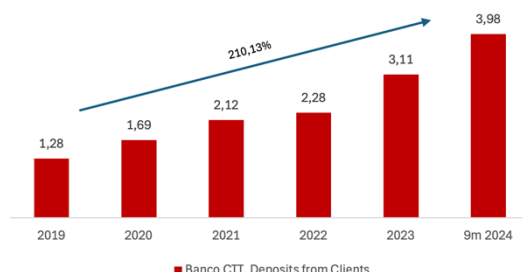


Figure 16: CTT Deposits from Clients Evolution

Source: CTT

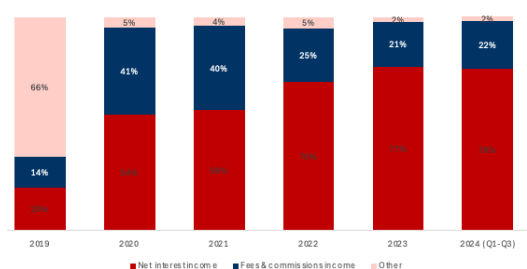


Figure 17: CTT Bank Revenue Breakdown

Source: CTT

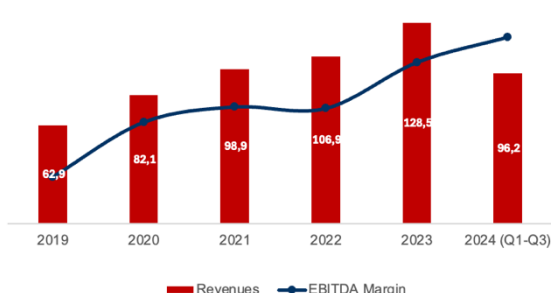


Figure 18: Revenue and EBITDA Margin Evolution

Source: CTT

Banco CTT is one of the fastest-growing banking franchises in Portugal. Since 2019, the number of accounts has increased by 40.24%, while the bank's deposits from clients have surged by 210.13%. In comparison, Portuguese deposits from clients overall only grew by 19.81% during the same period. As a result, Banco CTT's deposits market share experienced a significant increase of 101.98%. By Q3 2024, the bank reported a sizable and high-potential retail client base with approximately 676K current accounts. Leveraging CTT's strong tradition in savings placement, its deposits reached €3.98B, while its retail credit book expanded to €760M. In Portugal, Banco CTT's deposits from clients currently represent a market share of 1.73%.

Banco CTT has achieved a consistent revenue expansion, increasing from €62.9M to €128.5M. Net interest income, which is the largest proportion of total revenue, increased from €12.7M to €98.7M, reflecting the bank's strong ability to scale up its lending portfolio. In 2023, Banco CTT experienced significant increases in interest income, influenced by the European Central Bank adjustments to interest rates coupled with an increase in the bank's auto loan segment, enhanced by its acquisition of 321 Crédito, generating €53.1M, with an increase of 17.7%. Mortgage-related interest income, also improved by 314.8%, reaching €23.2M, a result of an increase in demand for housing loans. On the other hand, interest paid represents the bank's payments on deposits, which have also experienced a growth driven by the previously mentioned boom in deposits and increase in the cost of deposits.

Another essential component of Banco CTT's revenue stems from Fees and Commissions, incorporating various banking services such as card transactions and other transaction-based services. In 2020 this segment accounted for 40% of total revenues, due to the extreme commission income per account of around 70€. In 2022, however, this value decreased to 26% of

Account Maintenance (2024)	
Banco CTT	€20,80
CGD	€61,80
BCP	€64,90
BPI	€67,60
Novo Banco	€64,80

Figure 19: Commissions in 2024

Source: Banco de Portugal

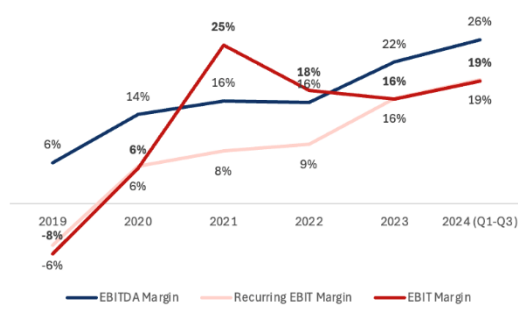


Figure 20: Banking - Margins Evolution

Source: CTT

total revenues, achieving an income per account of €47. According to Deco Proteste, in 2022, the banking industry faced a fee increase of 163%, with the five largest banks- CGD, Santander, Millenium BCP, BPI and Novo Banco- raising their commission rates by 47%, accounting for 40% of these banks total revenues. These difference between CTT and the largest banks in Portugal demonstrate some anticipation from CTT to stabilize this price.

In 2024, new regulations were implied to address consumer concerns about excessive charges and to align with European standards. Banks are no longer allowed to charge processing fees for credit contracts signed before 2021, aligning them with newer contracts, resulting in annual savings of around €40 to customers. Furthermore, to improve bank transparency and customer protection, financial institutions are required to clearly clarify conditions for discounts tied to financial products.

The bank also achieved a significant turnaround in profitability. EBITDA increased from €4M in 2019 to €28.4M in 2023, with an EBITDA margin improving from 6.4% to 22.1%. A noticeable improvement in EBIT was also exhibited, transitioned from a loss of -4.9 to a robust €21M in 2023.

Banco CTT's strategic focus for the upcoming years is centered around leveraging its strong brand, nationwide retail network, and evolving partnerships to achieve sustainable growth and increased profitability.

The bank seeks to maximize the value generated from its existing customer base by expanding product penetration and boosting engagement. Banco CTT will focus on further developing its savings business. A key element of this strategy is the partnership with Generali, one of Europe's largest insurance companies. Besides diversifying their financial products, the bank aims to capitalize on the current economic environment, by offering competitive savings products. Additionally, Banco CTT plans to grow selectively in its credit business, with a strong emphasis on maintaining a balanced risk profile. The bank will focus on expanding its core credit products, particularly mortgages and consumer loans, targeting customers within its existing base. Banco CTT is committed to transforming its digital channels to provide a seamless, end-to-end banking experience. With over 50% of its customers already actively engaged with digital services, Banco CTT will continue to promote higher levels of digital adoption. Additionally, they also recognize the importance of its physical branch network. To optimize it, the bank will invest in the specialization of its staff and in the redesign of its branches. By leveraging its established CTT network, the bank aims to maintain a low-cost structure while ensuring that its branches provide high-quality, specialized services.

1.5. SWOT Analysis

1.5.1. Mail and E&P SWOT

Strengths

- **Unified Iberian Offer**, Seamless logistics across Portugal and Spain supports strong positioning in the Iberian e-commerce market
- **Strong Brand Recognition**, trusted reputation in Portugal reinforces loyalty in both Mail and E&P segments
- **Extensive CTT Store Network**, broad geographical presence ensures customer accessibility and operational support
- **Market Leadership**, dominance in Portugal's mail sector provides competitive advantages

Weaknesses

- **High Dependency on Labor Force**, significant reliance on workforce increases exposure to cost pressures
- **Low Mail Profitability**, declining volumes and fixed operational costs reduce financial returns
- **Overreliance on Traditional Postal Services**, CTT revenue is heavily dependent on mail, which are a declining source of net income
- **High fixed costs**, obligation to maintain routes and stores, to comply with the concession contract in Mail

Opportunities

- **Expansion in Spain**, growing e-commerce penetration in Spain creates opportunities for market share growth
- **Business Solution**, investments in digital solutions can diversify offerings and attract corporate clients
- **Real Estate**, monetize the real estate already owned by CTT

Threats

- **Delivery Quality and Expansion Challenges**, maintaining service standards amidst geographical expansion and volume increases
- **EU Mail Regulation**, strict regulatory oversight may raise operational costs and limit flexibility,
- **Changes in Pricing Formula**
- **Digitalization**, growing preference for digital alternatives threatens traditional mail volumes
- **Dependence on Economic Cycles**, CTT's financial performance is sensitive to economic conditions, especially in a challenging macroeconomic environment

1.5.2. Banking and Financial Services SWOT

Strengths

- **Strong Brand Recognition:** Leveraging CTT's well-established reputation and extensive retail and distribution network, to position Banco CTT in the market
- **Dominant Market Share in Saving Certificates,** reinforcing its role in public debt placements
- **Strong physical presence** ensures customer support. The retail network is a key to its operations, comprising 569 branches nationwide, 212 of which also serve Banco CTT customers.
- **Extensive retail network** for distributing public debt certificates

Weaknesses

- **Limited Diversification in Loan Offerings:** Banco CTT has a limited product range compared to established competitors, with a significant reliance on auto loans, increasing concentration risk
- **Dependence on Public Debt Placements:** Financial Services' revenues depend largely on public debt placements, leaving them vulnerable to changes in government policy and market demand
- **Loss of customers following the end of the University Card Partnership:** This led to customer loss and fewer cross-selling opportunities, hindering Banco CTT's customer base growth
- **Small Bank** in a highly competitive market (market share of 1% in mortgages)

Opportunities

- **Policy changes raising investment limits for Saving Certificates** are expected to boost subscriptions, creating growth opportunities for Financial Services
- **Growing Savings Culture:** Economic uncertainty has driven greater demand for secure saving options, positioning CTT to benefit from the growing interest in Saving Certificates
- **Digital Transformation:** Digital investments in banking platforms and online tools aim to improve customer experience and broaden Banco CTT's retail banking reach
- **Expand the business to corporate loans** to diversify its lending offers and become less dependent of auto loans

Threats

- **Competitive market dominated by well-established players** with extensive customer bases
- **Increasing regulatory pressures** from evolving financial regulations and sustainability standards
- **Shifting consumer preferences** toward alternative investment options
- Declining values of carbon-emitting vehicles potentially impacting **outstanding auto credit loans**
- **Heavily regulated industry:** Strict regulations in banking and financial services constrain operational flexibility and elevate compliance costs

2. Industry Overview

2.1. Logistics

2.1.1. Mail

The mail industry in Portugal is under the Postal Service Directive¹⁰, a European Union regulation that mandates minimum universal service requirements for postal services across EU member states. This ensures the provision of affordable, high-quality, and efficient postal services. In Portugal, the regulatory body for postal services is the Autoridade Nacional de Comunicações (ANACOM), which works alongside the European Regulators Group for Postal Services (ERGP). ANACOM sets the Quality Convention with CTT, which establishes service quality benchmarks, and the Price Convention, which ensures affordability for consumers.

The Portuguese mail industry is characterized by a well-established nationwide network, ensuring postal accessibility across urban, suburban, and rural areas. While urban centers drive higher demand due to dense populations and business activity, maintaining services in remote and sparsely populated areas poses challenges, including higher operational costs and lower delivery volumes.

From 2019 to 2023, the Portuguese mail sector saw declines in both revenues and postal traffic, with a CAGR of -1.89%¹¹ for total revenues. The traditional mail segment, the largest contributor, declined by -1.4% due to the rise of digital communication. Editorial mail dropped by -4.7%, as digital media replaced printed materials, while addressed advertising experienced the sharpest decline at -10.9%, reflecting the shift toward digital advertising. The overall retail revenues from postal services decreased from € 425.8M in 2018 to € 394.6M in 2023.

In terms of postal traffic, the sector declined at a CAGR of -7.82%. Correspondence fell by -8.1%, while editorial mail and addressed advertising saw declines of -8.1 % and -5.9%, respectively. Despite these declines, revenue per object grew by 6.44% CAGR, driven by price adjustments and higher-value services. According to ANACOM's study, *Needs of Consumers of Postal Services*, postal correspondence traffic continues to contract, driven by the rise of digital communication. In 2023, postal traffic decreased by 6.7%,

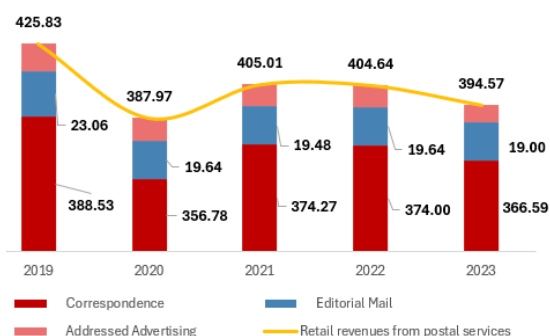


Figure 21: Historical Letter Mail Revenues in Portugal (€ Millions)

Source: ANACOM

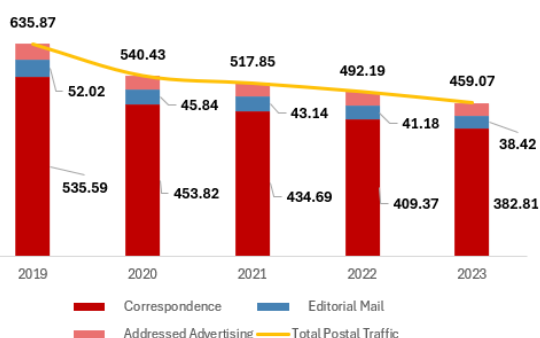


Figure 22: Historical Letter Mail Traffic in Portugal (Millions of Items)

Source: ANACOM

¹⁰ (European Commission 1993)

¹¹ (ANACOM, "Relatório Anual Serviços Postais 2019-2023)

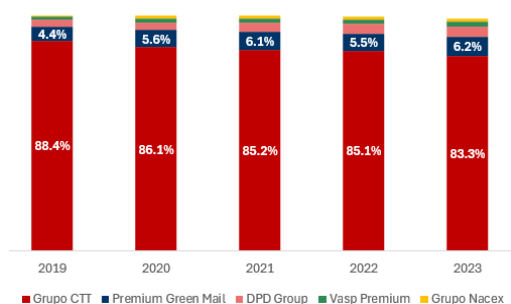


Figure 23: Mail's Market Share Evolution – Five Largest Players in Portugal

Source: ANACOM

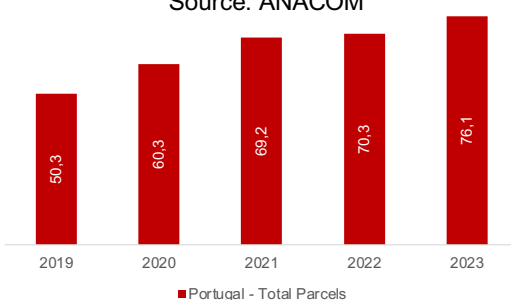


Figure 24: Total Parcels Delivered in Portugal (Millions of items)

Source: ANACOM

continuing a trend observed since 2008. This shift intensified during the COVID-19 pandemic but began to stabilize by 2023.

Historically, Portugal's mail industry has seen low competition, with CTT dominating 83.3% of total traffic in 2023¹¹. However, the landscape is gradually becoming more competitive as smaller players, such as Premium Green Mail, DPD, and Vasp Premium, strengthen their positions and gain market share. While CTT remains the clear market leader, the growing presence of these competitors signals an evolving and more competitive mail industry.

2.1.2. Express & Parcels

The parcel delivery industry is growing at a fast pace, catapulted by the increase of the e-commerce and digitalization trends. As online shopping increasingly becomes a part of day-to-day life, courier companies must quickly adapt and find ways to meet the increased demand for parcel delivery.

In Portugal, in 2019, total volume of parcels delivered in Portugal amounted to 50.3 million units¹². In 2020, the total number of parcels delivered jumped to 60 million units, reflecting a strong impact of Covid-19 in the industry. By 2023, this metric had increased to 76.12 million units, implying a CAGR of 10.9% between 2019 and 2023. With the development of e-commerce, the industry is forecasted to experience continued growth.

When it comes to competition, the parcel delivery industry in Portugal is dominated by a few large courier companies. In the analyzed period, from 2019 to 2023, the five largest players in the market had more than 80% market share, when measured by total parcel delivered each year. Throughout this period, CTT has managed to leverage its product offering and strong brand image to maintain its position of market leader every year. CTT has managed to increase market share from 44.5% in 2019 to 46.8% in 2023. However, it reached its peak during Covid, hitting a market share of 49.6% in 2020. Since then, CTT has slowly lost market share. In 2023, the next largest players in the market were, by descending order of market share: DPD Group (23.9%), Nacex Group (5.9%), MRW Group (5.5%), and Vasp Premium (4.9%). CTT's E&P business unit is also heavily present in the Spanish market. The Spanish postal market is under the Comisión Nacional de los Mercados Y la Competencia, which releases the annual information for the postal sector. In 2019, total package delivery in Spain stood at 538.8 million units¹³. In 2023, this value had increased to 1,014.3 million units, representing a 13.5% CAGR.

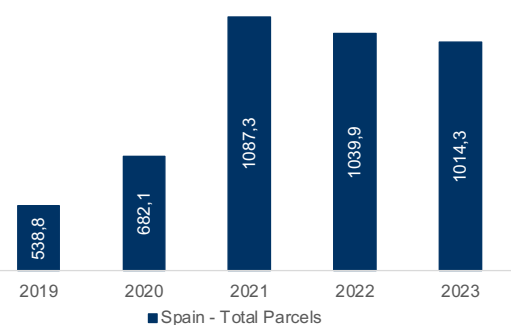


Figure 26: Total Parcels Delivered in Spain (Millions of items)

Source: CNMC

¹² (Anacom "Relatório Serviços Postais" 2020 – 2023)

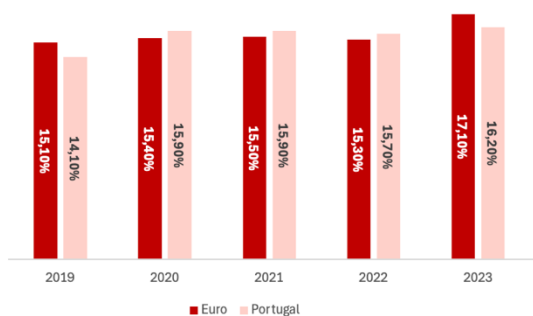


Figure 27: Common Tier 1 Ratio
Source: Banco de Portugal

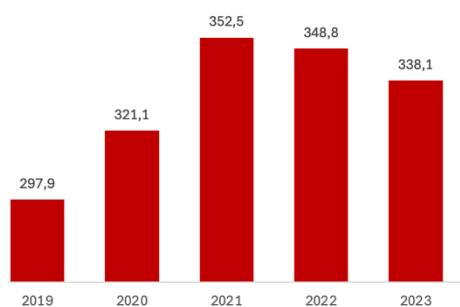


Figure 28: Historical number of deposits
Source: Banco de Portugal

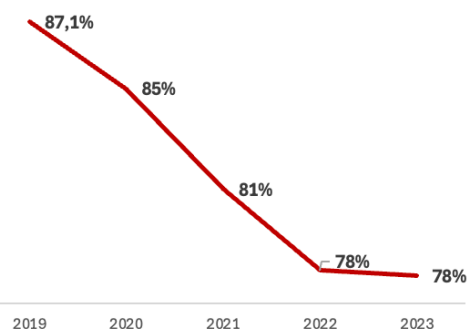


Figure 29: Loan-to-deposit ratio evolution
Source: Banco de Portugal

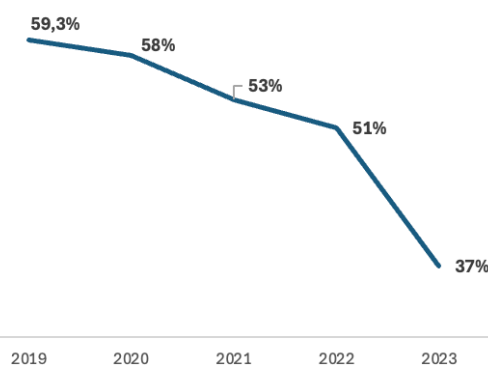


Figure 30: Cost-to-Income Evolution
Source: Banco de Portugal

The high growth in parcel delivery displayed in the Iberian region aligns with CTT's strategic choice to focus on this unit's development.

2.2. Bank & Financial Services

2.2.1. Banking

From 2019 to 2023, the sector experienced a general improvement in total assets, reflecting an overall industry growth and recovery. Mergers and acquisitions, coupled with the exit of weaker institutions have strengthened this sector, explaining the decrease in number of credit institutions between 2008 and 2024, particularly after 2010. The global financial crisis highlighted the limitation of risk weighted bank capital ratios (regulatory capital divided by risk weighted assets). To answer this problem, Basel III was implemented, introducing a minimum leverage ratio, defined as Bank's Tier 1, over an exposure measure independent of risk assessment. This framework requires that leverage ratio and some complex risk-based requirements work alongside, ensuring that banks have sufficient internal resources to withstand adverse economic shocks. According to the regulatory framework outlined by Banco de Portugal and aligned with Basel III agreements, requirements for own funds and eligible liabilities (MREL) is expected to be 13.5% of total risk-weighted exposure amount, and 5% of the total exposure measure.

Focusing on 2024 sector's balance sheet, overall bank assets, in the end of 2023, remained relatively stable (-0.6%), increase exposure to debt securities of 8.8% partially offset reductions in liquidity and loans to credit institutions of 7.2% and 8% respectively. Regarding bank liabilities, although customer deposits have been experiencing an increase in previous years, in 2023, experienced a decrease of 3%, resulting to €338B of deposits, indicating a possible shift toward other saving option, impacted by the rising interest rates.

Nevertheless, over the last few years, the banking sector has presented the ability to resist macroeconomic disruptions, and consequent increases in inflation and rises in interest rates. Against what happened with the European banking system, the Portuguese banking sector has demonstrated remarkable resilience, highlighting its role within the national and regional economy. The sector demonstrated strong financial health in 2023 with Cost-to-income reaching a value of 37%, decreasing by 14% compared to last year, reflecting an improvement in operating income. The loan-to-deposit ratio in 2023 was 78%, experiencing also a decline compared to the previous years, as a result of a reduction in customer loans and deposits. The weight of central bank funding continued its reduction path, standing at 1.1% of the assets.

Portuguese banks are supervised by two authorities: the Banco de Portugal

(BdP) and the Portuguese Securities Market Commission (CMVM). Core banking activities, such as deposit-taking and lending, fall under the BdP's supervision, as part of the European System of Central Banks led by the European Central Bank. This system, through mechanisms like the Single Supervisory Mechanism, ensures the safety and resilience of the banking system, promotes financial integration, and safeguards economic stability by standardizing supervisory standards. Meanwhile, financial intermediation and securities-related transactions are overseen by the CMVM, which is part of the European Securities and Markets Authority, ensuring transparent and fair market practices. Both authorities work towards fostering trust in the financial system by promoting market stability, fair competition, and the efficient allocation of savings to productive investments.

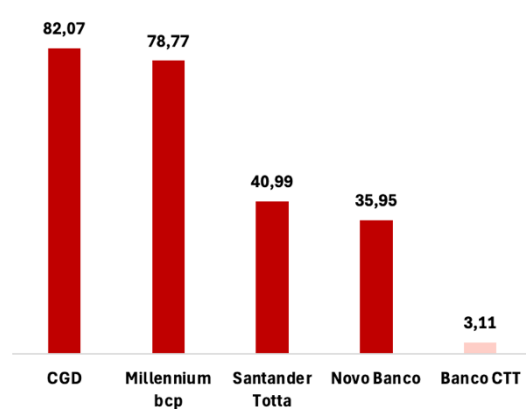


Figure 31: Bank Market Share in 2023

Source: Banco de Portugal

The banking industry is a highly competitive market. In Portugal, there are 137 credit institutions as of 2024. Among them, Caixa Geral de Depósitos (CGD) holds the largest business volume in the Portuguese banking system, leading in customer resources and credit. CGD had the highest deposits market share in 2023, steadily increasing to 24.27%, equivalent to € 82.09Bn. Following CGD are Millennium BCP, Santander Totta, and Novo Banco, with deposits market shares of 23.30%, 12.12%, and 10.63%, respectively, in 2023. In contrast, Banco CTT, despite holding a modest market share of 0.92%, experienced a significant growth of 113.19% between 2019 and 2023.

The banking industry is undergoing a transformative phase driven by economic uncertainties, rapid technological advancements, and the increasing need for sustainability. The interaction between technological transformation and customer-centricity is a defining feature of the banking sector's evolution. Advanced technologies not only improve operational efficiency but also allows banks to gather and analyze customer data more effectively. This capability ensures personalized services, enabling banks to meet the growing demand for tailored financial solutions. In return, these digital tools strengthen customer trust and loyalty, positioning banks to better navigate a competitive and increasingly digitalized landscape.

Sustainability initiatives further amplify these dynamics. ESG goals not only guide lending practices but also drive the creation of green finance products, which aligns with the growing segment of environmentally conscious consumers. Furthermore, addressing climate risks and align with sustainability goals, is a key strategy for banks fostering long-term economic stability.

2.2.2. Financial Services

The Portuguese financial services sector encompasses a diverse range of offerings, including public debt placements, insurance products, money

orders, payments, retail products and services, among others. Since public debt placements are the primary revenue driver for this sector, our in-depth industry analysis will center on this area.

In Portugal, the placement of public debt is regulated by the *Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E.* IGCP is responsible for issuing and distributing government debt instruments, including Saving Certificates and Treasury Bonds. It ensures compliance with legal and policy guidelines, maintaining a transparent and efficient system for managing public debt. It is also tasked with managing the financing of autonomous administrative and financial services and funds, as outlined in Decree-Law no. 200/2012 of August 27.¹³

IGCP works with a limited number of authorized entities to distribute public debt instruments. Saving Certificates, specifically the *F Series* are available through various channels, including IGCP, E.P.E., CTT - Correios de Portugal, Citizen Spaces, Banco de Investimento Global (BiG) via digital platforms or app, and online through AforroNet service for registered users.

CTT has traditionally dominated the distribution of Saving Certificates. However, the entry of competitors like BiG reflects IGCP's strategy to diversify its investor base and improve access to government debt instruments. Moreover, by expanding the market and leveraging digital platforms like AforroNet, IGCP promotes greater inclusivity and convenience for investors.

Delving deeper into the government debt issues in Saving Certificates from 2019 to 2023, it experienced a CAGR of 9.28%.¹⁴ This growth underscores the significance of Saving Certificates as a vital savings tool for Portuguese households, offering a secure and tax-efficient investment option. Notably, public debt placements in 2022 and 2023 reached exceptionally high levels, fueled by favorable interest rates and increased demand for safe investment options amid economic uncertainty. Beyond these exceptional years, the sector has exhibited steady, moderate growth. With the continued rise in digital adoption and supportive policy frameworks, public debt placements are expected to stabilize, maintaining their role as a cornerstone of Portugal's financial services landscape. This trajectory reflects a harmonious blend of traditional investment avenues and modern technological advancements, aligning with the evolving preferences of Portuguese savers.



Figure 32: Entities working with IGCP to distribute Public Debt Placements

Source: IGCP

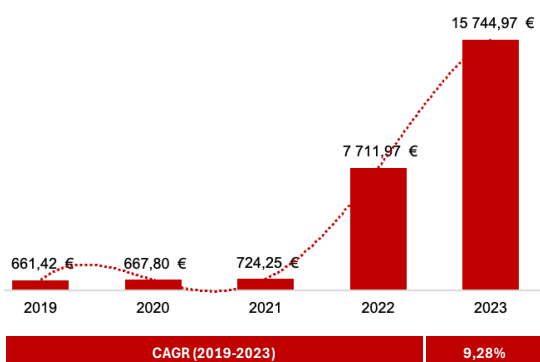


Figure 33: Government Debt Issues in Saving Certificates (2019-2023)

Source: IGCP

¹³ (IGCP - Agência de Gestão da Tesouraria e da Dívida Pública 2024)

¹⁴ (IGCP - Agência de Gestão da Tesouraria e da Dívida Pública 2024)

3. Macroeconomic Overview

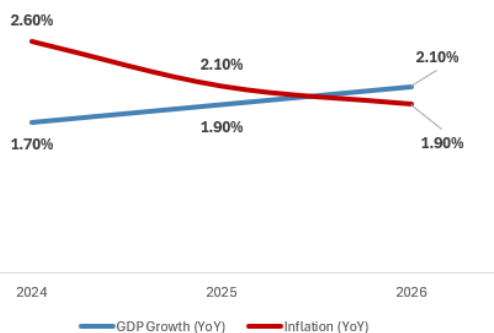


Figure 34: Portugal's GDP growth and Inflation forecast

Source: (European Commission 2024)

In 2024, Portugal's macroeconomic environment continued to reflect the challenges of moderating growth and persistent economic pressures, continuing a trend of deceleration from 2023. GDP grew by 1.5% in the first half of the year, although the European Commission projects a growth of 1.7% in 2024 and rebound to 1.9% in 2025 and 2.1% in 2026¹⁵. Early in the year, Economic activity was hindered by subdued external demand, weak business sentiment and the end of the 2014-2020 EU cohesion funds, which slowed growth. Despite these challenges, private consumption accelerated in Q2 2024, driven by higher employee remuneration, where services, particularly tourism, remained a key economic driver.

Inflation, which peaked at 10.14% in October 2022, is now on a downward trend. In Q3 2023, inflation rates dropped to 2.3% ¹⁶(YoY), driven by lower prices across most of the index components, however, services inflation remained elevated. Inflation is projected to decline further, though core inflation may decrease more gradually due to rising real wages, with the medium and long-term inflation rate being 2%.

Portugal continues to navigate a high-interest-rate environment, with the European Central Bank (ECB) maintaining rates at elevated levels to control inflation. Following successive hikes, rates reached 4% for Deposit Facilities by September 2023¹⁷. However, a 25 basis-point cut was implemented in mid-2024, the first since 2022, signaling a shift in monetary policy. Until October 2024, this rate declined to 3.25%, however the rate is projected to decline once more in 2024 to 3% in December 2024¹⁸, offering some relief to borrowers and businesses.

Portugal's labor market remains resilient despite the economic slowdown. Employment growth remained robust in early 2024, supported by a significant rise in the working-age population due to migration. In terms of wages, the Bank of Portugal forecasts an average real wage increase of 4.6% in 2024, followed by 2.2% growth in 2025 and 2.0% in 2026¹⁹.

The 2023 report on e-commerce by ANACOM²⁰ highlights potential macroeconomic risks related to the possible slowdown in e-commerce growth. While 44% of Portugal's population (aged 16-74) made online purchases in

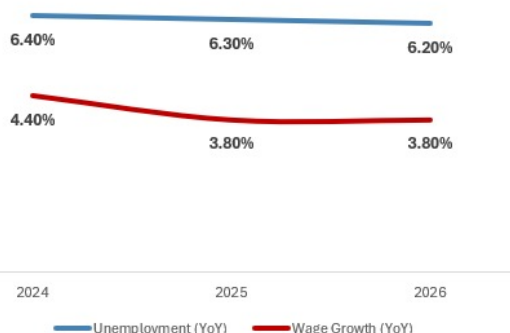


Figure 36: Portugal's Unemployment and Wage Growth Forecast

Source: (Comission 2024)
Source: (Comission 2024)

¹⁵ (European Commission 2024)

¹⁶ (INE 2023)

¹⁷ (FRED 2024)

¹⁸ (ECB 2024)

¹⁹ (Banco de Portugal 2024)

²⁰ (ANACOM, "O Comércio Eletrónico em Portugal e na União Europeia 2023)

the last three months, marking a slight increase from the previous year, the growth rate is the lowest since 2016. This deceleration reflects a potential normalization following the significant surges during the COVID-19 pandemic years. These trends signal macroeconomic risks, as slower e-commerce expansion could impact CTT Business sectors relying heavily on digital transactions, like E&P.

The economic climate improved slightly in 2024, but with the slowing global growth and ongoing uncertainties around new and existing global conflicts could create instability, impacting demand for goods and services and complicating cost management. CTT closely monitors global and national macroeconomic developments, implementing tools and strategies to maintain flexibility and manage potential impacts.

4. Financial Overview

Profitability from Operations (CTT Group): CTT's operational profitability has steadily improved over the years, with gross, EBIT, EBT, and net margins reflecting consistent advancements in efficiency and revenue growth.

The Gross Margin increased from 14.47% in 2019 to 16.80% in 2023, showcasing enhanced cost management and the ability to scale revenues effectively. This upward trend underscores CTT's efforts to streamline operations and boost efficiency, despite some challenges in certain business units. The EBIT Margin displayed some fluctuations but ultimately rose from 6.56% in 2019 to 7.22% in 2023, highlighting the company's improved ability to convert revenue into operating income. Similarly, the EBT Margin climbed from 4.93% to 6.25% over the same period, driven by improved financial cost management and operational performance. Additionally, Net Margin experienced a notable increase from 4.07% in 2019 to 6.13% in 2023, reflecting a favorable market environment across most business units, despite ongoing challenges in the Mail business segment. The substantial rise in net income, from € 29.28M in 2019 to € 60.44M in 2023, highlights the company's ability to capitalize on improved market conditions while navigating pressures in its traditional operations.



Figure 37: Gross, EBIT, EBT and Net Margins Evolution

Source: Group Analysis

Cash Flow Management – Activity Ratios (Ex-Bank): CTT's Cash Conversion Cycle (CCC) reflects consistently strong cash flow management, though certain components of the cycle have shown notable variations over time.

The Average Holding Period has consistently been low, remaining steady at 4 days from 2019 to 2022 before slightly decreasing to 3 days in 2023. This trend highlights CTT's efficient inventory management, which is well-suited to

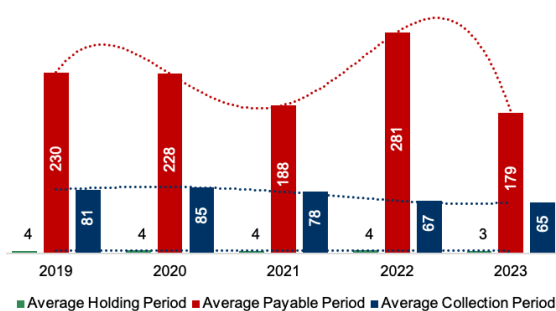


Figure 38: Average Holding, Payable, and Collection Periods (Days)

Source: Group Analysis

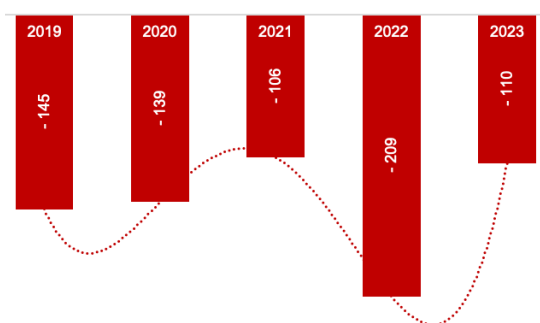


Figure 39: Cash Conversion Cycle Evolution (Days)

Source: Group Analysis

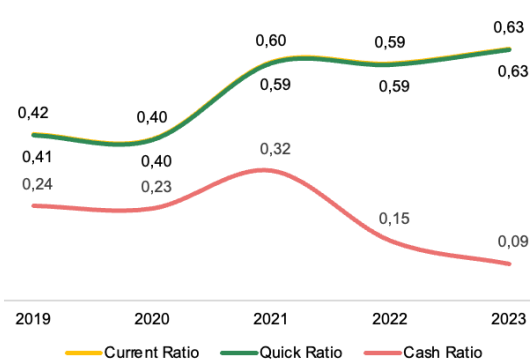


Figure 40: Current, Quick and Cash Ratio's Evolution

Source: Group Analysis

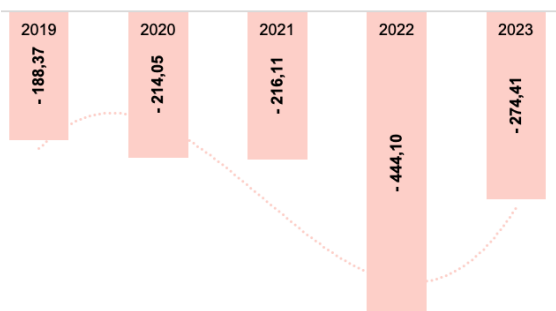


Figure 41: Net Working Capital Evolution

Source: Group Analysis

its service-oriented operations requiring minimal physical inventory. The Average Payable Period has shown greater variability, decreasing from 230 days in 2019 to 179 days in 2023, indicating a shift toward faster supplier payments. This change could reflect enhanced financial discipline or revised supplier agreements but may also increase pressure on cash flow. The Average Collection Period has shown steady improvement, decreasing from 81 days in 2019 to 65 days in 2023. This indicates greater efficiency in receivables management, reducing the time needed to convert credit sales into cash and strengthening CTT's working capital position.

The overall CCC has consistently remained negative, a usual trend in service-oriented sectors like logistics and postal services, indicating that CTT has been funding its operations using supplier credit rather than requiring additional working capital. In 2022, the CCC showed an even higher negative value, decreasing from -106 days in 2021 to -209 days. This value highlights the company's reliance on extended payment terms to suppliers, which allowed it to finance operations without increasing its working capital requirements. In 2023, the CCC returned to -110 days, reflecting a reduction in the use of extended supplier credit but still showcasing effective cash flow management.

Cash Flow Management – Liquidity Ratios (Ex-Bank): CTT's liquidity ratios demonstrate its capacity to meet short-term financial obligations, with notable trends over the years indicating improvements while also revealing areas of financial vulnerability.

The Current Ratio has steadily improved from 0.42 in 2019 to 0.63 in 2023. However, the ratio remains below 1 throughout the period, indicating that current liabilities consistently exceed current assets. This highlights CTT's reliance on efficient working capital management and external funding to meet its short-term obligations. The Quick Ratio follows a similar trend of the Current Ratio, increasing from 0.41 to 0.63 over the same period. This improvement reflects enhanced short-term financial flexibility, as the company's liquid assets (excluding inventories) now cover a greater proportion of current liabilities. However, like the Current Ratio, the Quick Ratio remains below 1, indicating limited reserves for meeting immediate obligations. The Cash Ratio presents a more concerning trend. It declined from 0.24 in 2019 to 0.09 in 2023, reflecting a significant reduction in cash reserves relative to liabilities. This suggests that CTT is increasingly reliant on other components of current assets, such as receivables, to meet its obligations. It is also important to mention that this declining trend may pose risks during periods of financial strain or unexpected cash outflows.

To finalize, Net Working Capital (calculated excluding the Bank), remains negative throughout the period, reflecting the company's significant current liabilities relative to its current assets. A notable trend occurred in 2022, when NWC experienced a significant decline, reaching its most negative point at € -444.10M. However, in 2023, NWC improved slightly to € -274.41M. While the recovery is a positive sign, the consistently negative NWC highlights the need for strong cash management practices and careful control over liabilities.

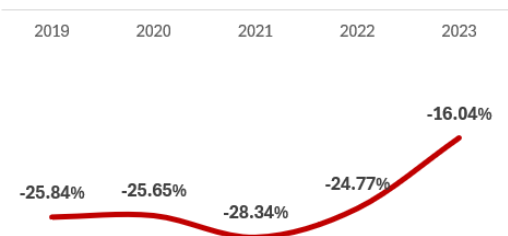


Figure 42: Gearing Ratio

Source: Group Analysis

Capital Structure (CTT Group): CTT's gearing ratio reflects a declining reliance on debt relative to total invested capital, improving from -25.84% in 2019 to -16.04% in 2023. This change stems from the faster increase in negative invested capital compared to the growth in debt. The negative gearing ratio arises due to CTT's negative invested capital, driven primarily by high liabilities, which are largely attributable to customer deposits within its banking operations.

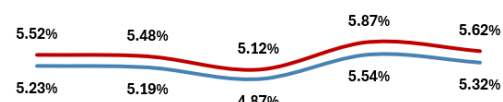


Figure 43: Solvency and Financial Autonomy Ratio - CTT Group

Source: Group Analysis

The Net Debt-to-Equity Ratio has shown considerable volatility over the years, ranging from -61.68% to 46.53%. This variability is primarily driven by significant changes in cash balances rather than shifts in debt levels. In several years, net debt turned negative as cash holdings exceeded total debt, highlighting the role of the financial services sector in managing liquidity. Similarly, the Net Debt-to-EBITDA Ratio has fluctuated sharply, moving from -96.21% to 85.05%. These swings are again tied to changes in net debt, where negative ratios occur when cash surpasses debt, and positive ratios emerge as cash levels decline relative to debt. Despite these fluctuations, EBITDA has consistently grown over the period, underscoring the company's operational strength and ability to deliver stable performance.



Figure 44: Net Debt to Equity and Net Debt to EBITDA – CTT Group

Source: Group Analysis

The Solvency Ratio, which measures the company's ability to meet long-term obligations, has fluctuated between 5.12% and 5.87%. The Financial Autonomy Ratio, which measures the proportion of assets financed by equity, similarly remains low, ranging from 4.87% to 5.54%. While this may seem low at first glance, significant customer deposits, recorded as liabilities, drive total liabilities from € 2.38B to € 4.50B and total assets from € 2.51B to € 4.75B, while equity rose to € 253.3M. In a banking context, such figures are not necessarily a sign of financial weakness but reflect the nature of the business model, where leverage is a core component of operations, and equity naturally represents a small fraction of total assets.

CTT's capital structure is primarily shaped by its financial services and banking operations. The fluctuations in ratios like Net Debt-to-Equity and Net Debt-to-EBITDA are mainly due to changes in cash balances, driven by liquidity management in the financial services segment. The low solvency and

financial autonomy ratios reflect high liabilities from customer deposits, typical of banking operations. Overall, CTT's capital structure highlights the significant influence of its financial services and banking business model.

Return Ratios (CTT Group & Ex-Bank): Return ratios are fundamental to assess how well the company is allocating its resources in order to generate returns. One of the most important ratios investors will base decisions on is the Return on Equity (ROE). ROE measures the returns obtained by shareholders for capital invested in the company and, therefore, companies strike to achieve a ROE as high as possible, making capital injections more desirable for investors. Overall, CTT has managed to increase the group's ROE from 22.3% in 2019 to 23.9% in 2023, which indicates a slight improvement in capital management and return. However, it is also impossible to note some degree of instability in ROE levels. The group's ROE drastically fell in 2020 to a value of 11.2%, approximately half of the previous year's following a large drop in Net Income that year. Then, in 2021, CTT was able to recover its Net Income levels, achieving an ROE of 22.1%. The year after, investors saw their return drop again to 16.2%. Finally, in 2023, ROE recovered again, increasing to 23.9%.

Another fundamental ratio is Return on Assets (ROA), which measures how efficiently the company is able to use its assets. In order to avoid result distortion from the bank's assets, which do not necessarily apply to this analysis, the ROA was computed for the Ex-Bank business. As such, ROA calculations only consider Net Income and Assets associated with the Mail, E&P, and Financial Services business units, completely excluding the Bank business unit. Once again, CTT has managed to increase ROA from 4.4% in 2019 to 4.8% in 2023 but, similarly to the ROE, the path was not a smooth one. In 2020, ROA dropped to 1.8%, driven by a drop in Net Income. As Net Income recovered, ROA increased to 2.5% in 2021, slightly decreasing to 2.3% in 2022. Finally, driven by a large increase in Net Income, ROA jumped to 4.8% in 2023.

Finally, Return on Invested Capital (ROIC) was also computed for the Ex-Bank segment of CTT. In 2019, CTT achieved a strong performance in managing its invested capital, with ROIC achieving a value of 33.7% this year. However, for the following two years, ROIC levels dropped to 15.3% and 13.8%, respectively, demonstrating a less efficient resource management during a period where operational results dropped. In 2022, there was a very sharp increase of 55% in Accounts Payable, which CTT justified by the sharp increase in Savings Certificate subscriptions following high public debt issuance (certificates with liquidation in the month after the period ends are registered under this account). In 2022, "Postal Financial Services" accounted

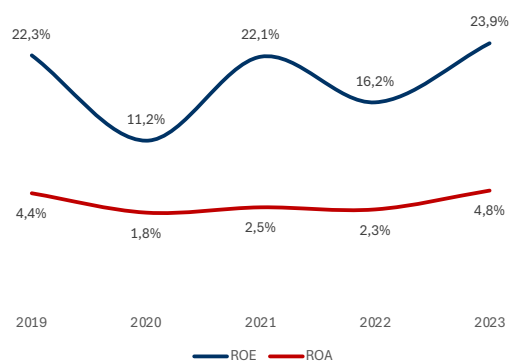


Figure 45: ROA and ROE Evolution

Source: CTT

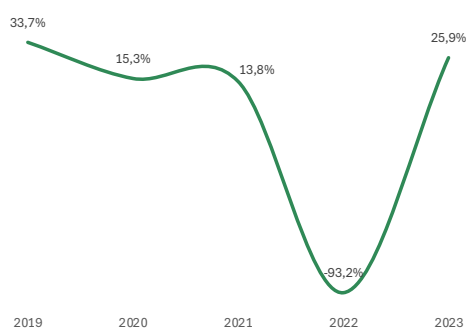


Figure 46: ROIC Evolution

Source: CTT

Letter Mail Revenue = Traffic per Type x Average Revenue per Type

CAGR (%) - 2018 to 2023	Transactional Mail	Editorial Mail	Advertising Mail
UK forecast	-7.00%	-5.10%	-4.90%
Portugal Actual Value	-7.95%	-6.17%	-8.50%
Difference	-1.0%	-1.1%	-3.6%

CAGR (%) - 2023 to 2028	Transactional Mail	Editorial Mail	Advertising Mail
UK forecast	-6.20%	-3.00%	-2.80%
Portugal Forecasted Value	-7.15%	-4.07%	-6.40%
Difference	-1.0%	-1.1%	-3.6%

Figure 47: Historical and Forecasted Letter Volume Decline

Source: PwC and Group Analysis

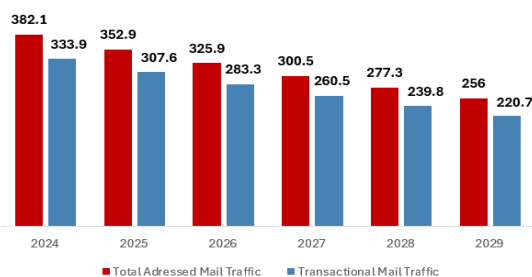


Figure 48: CTT's Total Mail Traffic and Transactional Mail Traffic Forecasted (Millions)

Source: Group Analysis

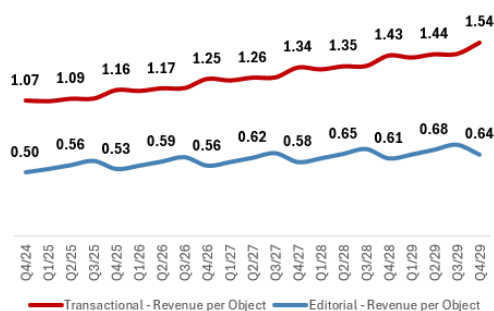


Figure 49: CTT's Forecasted Mail Price - Transactional and Editorial Mail (€)

Source: Group Analysis

$$\Delta \text{ Price} = \text{CPI} - \Delta \text{ Volumes} \times (1 - \text{VC}) - \text{E} + \text{K}$$

for approximately 69% of all Accounts Payable. This drove the Ex-Bank's invested capital to negative levels, meaning there were more core liabilities than assets. Because of this, 2022's ROIC has a negative value. With Accounts Payable recovering to regular levels, and EBIT increasing, 2023's ROIC saw great improvements, reaching a value of 25.9%. Even though ROIC stands lower than that of 2019, the trend shows CTT is improving its resource management compared to 2020-2022.

5. Financial Analysis

5.1. Mail Revenue Forecast

Letter Mail: Digitalization has significantly affected mail traffic, accelerating the shift from physical to electronic communication. Businesses, government institutions, and consumers increasingly adopt digital alternatives for tasks traditionally reliant on mail. The mail market is divided into Transactional, Editorial and Advertising Mail, all of which have been affected.

The traffic trajectory for Portugal's mail traffic was forecasted assuming a similar path for the UK's project letter volume decline²¹. Both Portugal and the UK share similarities that make comparing their postal markets logical, especially when forecasting trends like letter volume decline. Both countries operate within Europe, and while the UK is no longer part of the EU, it retains regulatory frameworks similar to EU directives, particularly regarding the universal postal service obligation. The traffic decline trajectory aligns with the "s-curve" of e-substitution, where mail volumes initially drop rapidly before stabilizing as physical mail reaches its baseline. CTT's forecast incorporates these dynamics, with Transactional Mail being the most impacted segment, followed by Advertising Mail. Additionally, CTT faces a gradual market share decline, with a projected loss of approximately 1% annually. This trend, captured by the elasticity of market share loss, directly impacts traffic over time. An elasticity value of 0.70, based on the average of recent years, indicates that a 1% drop in market share corresponds to a 0.70 percentage point decrease in traffic.

To offset the decline in traffic, CTT implements yearly price adjustments across segments. Under the mail concession agreement between ANACOM and CTT for the 2023–2025 period²², mail price adjustments follow a structured formula, where CPI represents the average inflation rate, Δ Volumes accounts for the year-over-year change in mail volumes, VC is a

²¹ (PwC 2019)

²² (ANACOM 2022)

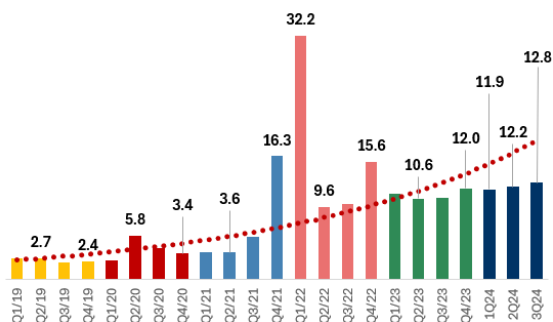


Figure 50 Historical Revenues – Business Solutions (€ Millions)

Source: CTT

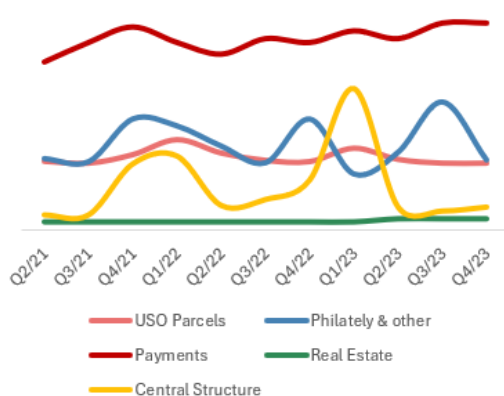


Figure 51: Mail's Historical Average Revenue – USO Parcels, Philately & Others, Payments, Real Estate, Central Structure (€ Millions)

Source: CTT

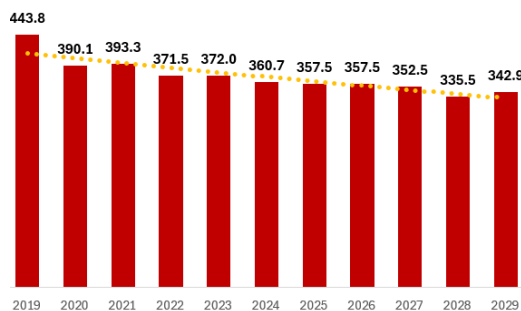


Figure 52: Historical and Forecasted Mail Revenues (€ Millions)

Source: CTT & Group Analysis

$$\begin{aligned}
 & \text{E\&P Volume (millions of items)} \\
 & = \\
 & \text{Average Volume per e-commerce User} \\
 & \times \\
 & \text{Number of e-commerce users} \\
 \\
 & \text{E\&P Revenue} \\
 & = \\
 & \text{E\&P Volume (millions of items)} \\
 & \times \\
 & \text{Average Revenue per Volume}
 \end{aligned}$$

fixed variable cost factor (16%), E is a 0.5% efficiency factor, and K includes extraordinary adjustments. Transactional and Editorial Mail prices are forecasted using this formula, which is assumed to remain applicable through 2029. Meanwhile, Advertising Mail pricing, which has remained stable in recent years, is projected based on its historical average.

Business Solutions: The growth of the Business Solutions segment has been driven by several key factors, including the integration of different services, products and strategic expansions. Revenue in this segment has fluctuated, but recent revenues continue to show growth, reflecting the segment's strong potential and a promising contributor to overall revenue. To forecast future performance, the segment's CAGR was calculated as the average of the Last Twelve Months for each quarter, excluding any abnormal value, resulting in a projected CAGR of 3.1%.

Other: The other segments of this Business Unit—USO Parcels, Philately & Other, Payments, Real Estate, and Central Structure—have largely remained stable in recent years. The Philately & Other segment has seen a gradual decline in revenue, driven by reduced consumer interest in collectible items like stamps, with a forecasted average annual growth rate of -1.3% based on trends since 2020. While USO Parcels, Payments, Real Estate, and Central Structure have experienced some fluctuations, they have consistently contributed to CTT's overall revenue. The forecast anticipates stabilization at current levels, excluding any anomalies.

From 2024 to 2029, as a result of declining volumes but increasing prices the Mail Business Unit is projected to experience a slight decline in revenue, with a CAGR of -0.97%. After reaching € 453.5M in 2023, the forecast for full-year revenue in 2024 is € 462.6M, gradually decreasing to €440.7 M by 2029. Mail services will remain the largest revenue segment, contributing 80% in 2024, but this will decrease to 78% by 2029. Business solutions, however, are expected to grow, rising from 11% of total revenue in 2024 to 13% by 2029. Despite the expected overall revenue decline, CTT's strategy to diversify into higher-margin services like business solutions and others are aimed at offsetting the decrease in traditional mail volumes.

5.2. E&P Revenue Forecast

The E&P business unit performance is heavily affected by the trends of e-commerce and digitalization. As such, these trends were at the core of the revenue forecast for the business unit. In the Iberia region, revenues for Portugal and Spain were forecasted separately, enabling a financial modelling that incorporates and reflects different e-commerce growth, users' behaviour,

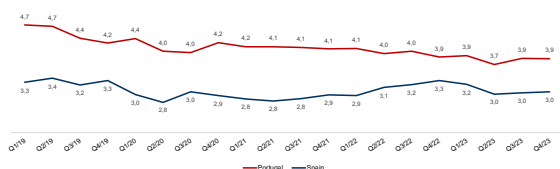


Figure 53: E&P's Historical Average Revenue per Volume (€)

Source: CTT

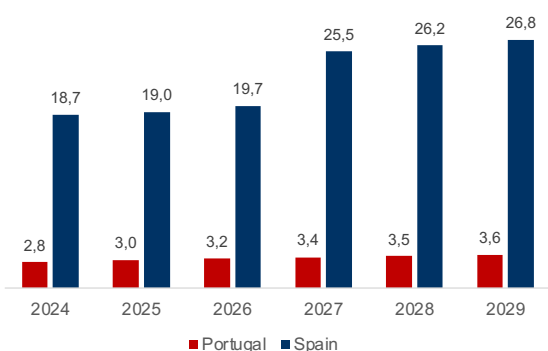


Figure 54: Forecasted Number of e-commerce Users between 2024 and 2029

Source: Statista

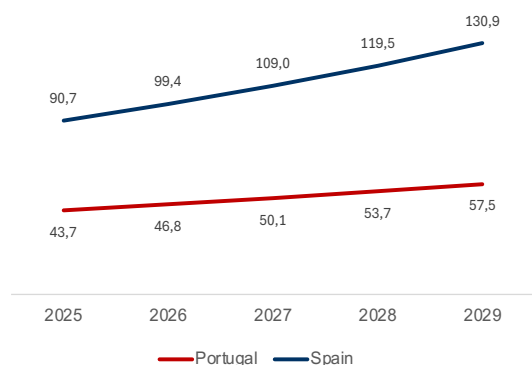


Figure 55: Forecasted E&P Volume (Millions of Units)

Source: Group Analysis

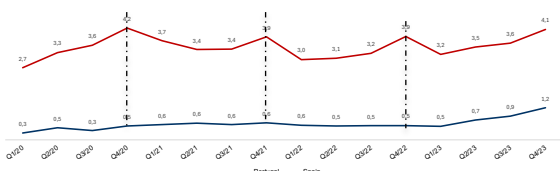


Figure 56: Seasonality Effect in E&P's Historical Average Volume per e-commerce User

Source: CTT

and market share penetration trends in each country. Mozambique's revenues, given the relatively small weight in total revenue, were based on a historical growth analysis.

Portugal and Spain's revenues were forecasted by considering two key variables: "Average Revenue per Volume", based on an historical approach, ensuring alignment with future trends, and "E&P Volume", which is calculated based on extracted data for "Average Volume per e-commerce User" and "Number of e-commerce Users".

The "Number of e-commerce Users" metric was based on Statista's "E-commerce in Portugal" and "E-commerce in Spain" reports, in which forecasted numbers of e-commerce users from 2020 to 2029 are laid out. The CAGR of this study is applied in this analysis to reflect the yearly increase in e-commerce users for each country. For Portugal, e-commerce users are forecasted to grow at a CAGR of 5%²³, while Spain's are estimated to grow at 7.5%²⁴. According to the analysis, e-commerce users in Portugal will increase from 2.84 million in 2024 to 3.62 million by 2029. In Spain, the number of users is forecasted to grow from 18.7 million to 26.8 million in the same time frame.

The variable "Average Volume per e-commerce User" allows to reflect, in addition to the increase of number of users, the increase in e-commerce activity by each user, combining both an historical and forecasted approach. The base line was the latest quarterly data for "Volume per e-commerce User", which then increases by a rate each year to reflect increased volume originated by each user as the digitalization trend develops. In Q2 2024, CTT handled an average of 3.4 units of volume per each e-commerce user in Portugal and 1.2 in Spain. By Q2 2029, this metric is forecasted to increase to 3.68 units for Portugal and 1.34 units for Spain.

Combining these two trends together, total parcel volume handled in Portugal is expected to increase from 38.9 million units in 2023 (latest full-year data) to 57.5 million by 2029. In Spain, units will jump from 61.7 million in 2023 to 130.9 in 2029.

Historically, the E&P business unit displays high seasonality, achieving a "peak season" every year during Q4, reflecting a strong Black Friday and Christmas effect on volume increase. As such, all the variables above were individually forecasted at a quarterly level, allowing for further precision in results and accurate reflation of seasonality.

²³ (Statista "E-commerce in Portugal" 2024)

²⁴ (Statista "E-commerce in Spain" 2023)

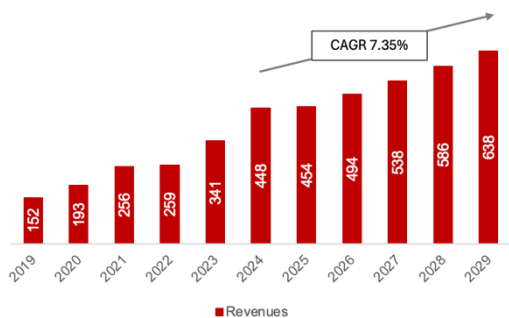


Figure 57: Historical and Forecasted E&P Revenues (€ Millions)
Source: CTT and Group Analysis

5.3. Financial Services Revenue Forecast

In forecasting the revenues for CTT’s Savings & Insurance segment, Saving Certificates emerged as the main revenue driver. Consequently, the projections for this segment were based on the performance trends and dynamics of Saving Certificates.

The issuance of public debt securities, particularly Saving Certificates, is the primary driver of revenues for the Savings & Insurance segment. Historical data from 1998 to 2021 indicated a relatively stable trend in government debt placements²⁵, with an average growth rate of 2,65%, excluding the outlier year of 2013. However, 2022 and 2023 saw unprecedented growth, significantly surpassing historical norms and rendering historical averages unsuitable for forecasting future revenues. Following this extraordinary surge, 2024 experienced a sharp decline in issuance due to stricter subscription limits and less favorable market conditions. Nevertheless, recent government forecasts indicate a substantial recovery, with public debt issuance projected to reach € 5,968M in 2025, more than double the € 2,259M estimated for 2024.²⁶ These projections provide a solid foundation for revenue forecasts.

SERIES F		
Issuance Period	Month of Issuance of Saving Certificates	Annual Interest Rate on Saving Certificates in Force
2023	June, September, and December	2.750% (from December 2024)
	July and October	2.750% (from October 2024)
	August and November	2.750% (from November 2024)
2024	January, April, July, and October	2.500% (from October 2024)
	February, May, August, and November	2.500% (from November 2024)
	March, June, September, and December	2.500% (from December 2024)

Figure 58: Series F Saving Certificates: Annual Interest Rates by Issuance Period (2023-2024)

Source: IGCP

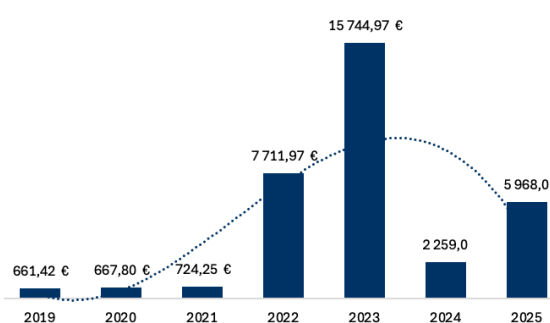


Figure 59: Government Debt Issues in Saving Certificates (2019-2023) & Projections for 2024 and 2025

Source: IGCP & Observador

The second key driver is the government policy changes implemented in late 2024. These included doubling the individual subscription cap for Saving Certificates from € 50,000 to € 100,000 and increasing the cumulative limits for the F series, aiming to boost the attractiveness of these instruments.²⁷ These adjustments are expected to encourage greater participation and higher investment volumes. Historically, similar policy reforms have directly influenced public debt subscriptions, underscoring their importance as a determinant of CTT’s revenue from Saving Certificates.

Revenue projections were developed using a regression analysis based on two key variables: (1) historical (2029-2023) and projected (2024-2025) Government Debt Issuance in Saving Certificates and (2) CTT’s historical revenues from Savings & Insurance - Saving Certificates (2019-2023). To reflect competitive dynamics, government debt issuance values were adjusted

²⁵ (IGCP - Agência de Gestão da Tesouraria e da Dívida Pública 2024)

²⁶ (Observador 2024)

²⁷ (IGCP - Agência de Gestão da Tesouraria e da Dívida Pública 2024)

Regression Statistics	
R Square	98,31%
Adjusted R Square	97,75%
Regression Results	
Variable	P-value
Intercept	0,011%
Government Debt Issues in Saving Certificates	0,093%

Figure 60: Saving Certificates Regression key Statistics and Results

Source: Group Analysis

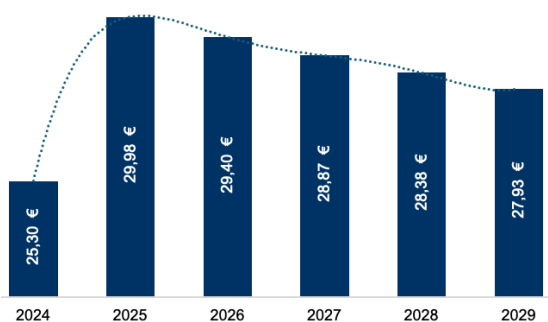


Figure 61: CTT's revenues (€ Millions) in Saving Certificates forecasted

Source: Group Analysis

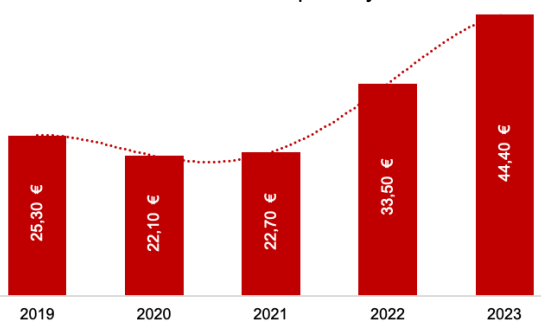


Figure 62: CTT's revenues (€ Millions) in Saving Certificates

Source: CTT

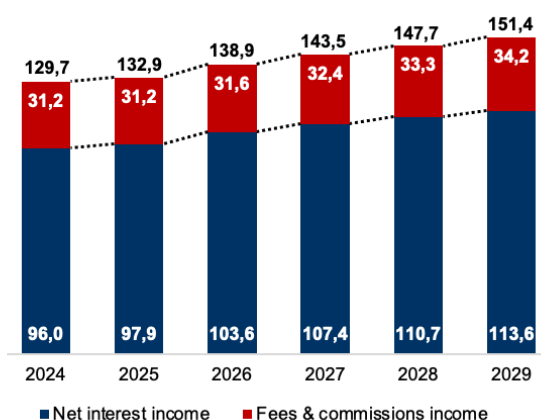


Figure 63: Banking Revenues Forecast, segmented in Net Interest Income and Fees & Commissions Income (€ Millions)

Source: Group Analysis

to account for CTT's estimated 90% market share, following BiG's entry into the Saving Certificates market.

The regression analysis yielded an R-squared value of approximately 98%, indicating that changes in public debt issuance accounted for nearly all variability in CTT's Saving Certificates revenue. Furthermore, the model's coefficients had extremely low p-values (approximately 0,09%), affirming the statistical significance of the relationship and the reliability of the forecast.

The model forecasts a significant recovery in revenues from the Savings & Insurance segment in 2025 (€ 29.98M), driven by the increased public debt issuance and favorable policy changes. However, revenues are expected to stabilize in subsequent years, with only minor annual fluctuations (€ 29.40M in 2026 to € 27.93M in 2029). This reflects a return to a more normalized trajectory following the exceptional highs of 2022 and 2023.

For the remaining segments - Money Orders, Payments, Retail Products & Services, and Other – revenue projections were based on historical growth trends. Average growth rates from 2019 to 2023 were calculated for each category and applied to future forecasts, assuming consistent performance, steady demand, and no major structural changes.

That said, these segments generate significantly lower revenues compared to the Savings & Insurance segment. For the Money Orders segment, an average growth rate of 3% was applied (excluding the outlier year of 2023), while the Payments segment used an average growth rate of -1% (excluding the outlier year of 2020). Overall, the aggregated revenues for this business unit resulted in a CAGR of 0.82% for the 2024 - 2029 period, starting at € 43.3M in 2024, increasing to € 47.2M in 2025, and then gradually declining to € 45.1M by 2029.

5.4. Banking Revenue Forecast

The two primary components driving banking's revenue are net interest income, and fees & commissions. Net interest income is mainly impacted by the volume of deposits and credit stock, coupled with their respective interest rates. Meanwhile, fees & commissions are primarily driven by the number of Banco CTT accounts, as these accounts directly generate income through account-related fees.

The banking forecasted revenues are expected to grow at a CAGR of 3.14% from 2024 to 2029, with revenues projected to increase from €129.7M in 2024 to €151.4M by 2029. Net interest income is forecasted to grow at a slightly higher CAGR of 3.41%, rising from €96.0M in 2024 to €113.6M in 2029. Fees

Regression Statistics	
R Square	81,45%
Adjusted R Square	74,70%
Regression Results	
Variable	P-value
Intercept	0,000
GDP Growth	0,791
Employment Rate Growth	0,094
Long-Term Interest Rates	0,036
Inflation Rate	0,030
Variable	Coefficients
Intercept	161150,39
GDP Growth	6500,92
Employment Rate Growth	245081,97
Long-Term Interest Rates	289299,39
Inflation Rate	115832,39

& commissions income is expected to grow at a more modest CAGR of 1.85%, increasing from €31.2M in 2024 to €34.2M in 2029.

5.4.1. Net Interest Income

The net interest income forecast is structured around Banco CTT's market share trends, projections of deposit and credit stock, loan-to-deposit (LTD) ratio, and interest rate modeling.

Deposits from Clients: To analyze client deposits, the forecast for total deposits in Portugal was developed using two complementary approaches: a regression-based model and a historical trend analysis. The regression model incorporates key macroeconomic variables, such as GDP growth, employment rate, long-term interest rates, and inflation. With an R-squared value of 81.45%, the model demonstrates that these economic variables are statistically significant deposits drivers. Notably, long-term interest rates, inflation, and employment growth all have p-values below 0.09, confirming their statistical relevance.

The regression coefficients indicate that higher GDP growth reflects economic expansion, increasing household incomes and boosting deposits. Similarly, rising employment supports stable income streams, while higher long-term interest rates make deposits more attractive due to improved returns. Regression results also imply that during periods of higher inflation, deposits may become more appealing to individuals.

From 2024 to 2029, the macroeconomic outlook suggests stable GDP growth²⁸, a gradual deceleration in employment growth rate²⁹, declining long-term interest rates after 2025, and inflation stabilizing at the European Central Bank's target of 2% after 2026³⁰. Based on these conditions, the regression model projects a decline in Portuguese deposits from clients over the period.

However, a decline in Portuguese deposits from clients is considered unlikely given their historical values. Between 2019 and 2023, despite macroeconomic volatility driven by the COVID-19 pandemic, Portuguese deposits from clients exhibited strong growth, with a CAGR of 19.81%³¹. During this period, the historical average of Portuguese deposits' quarterly growth rates observed was equal to 1.11%. Therefore, to incorporate this historical resilience, Portuguese deposits from clients were forecasted using an equally weighted average growth rate of the regression results and the average of Portuguese deposits from clients' quarterly growth rates observed between 2019 and

²⁸ (Instituto Nacional de Estatística 2024)
²⁹ (Passport & Sustainability - Euromonitor International 2024); (Louis 2024)
³⁰ (INE 2023)
³¹

Figure 64: Deposits from Clients in Portugal Regression key Statistics and Results

Source: Group Analysis

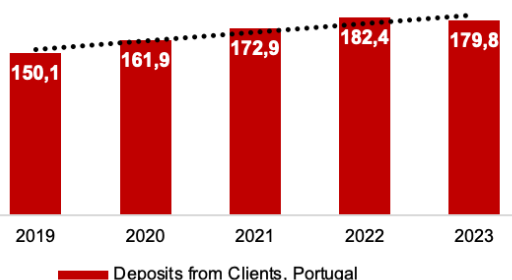


Figure 65: Deposits from Clients in Portugal Regression Historical Evolution (€ Millions)

Source: Banco de Portugal

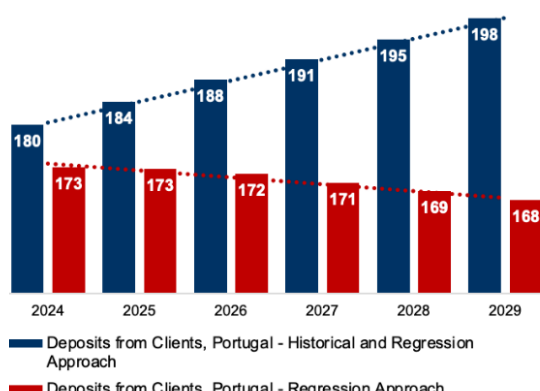


Figure 66: National Deposits from Clients Forecasted with the two approaches (€ Millions)

Source: Group Analysis

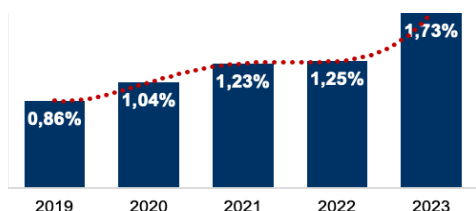


Figure 67: CTT's Deposits from Clients Market Share

Source: CTT & Banco de Portugal

2023. Under this approach, Portuguese deposits from clients are projected to grow at a moderate annual CAGR of 1.65%, increasing from €1.80Bn in 2023 to €1.98Bn by 2029.

Using the total value of deposits in Portugal as a base, Banco CTT's market share was employed to determine CTT's deposits from clients. Banco CTT has exhibited remarkable growth in its market share within the Portuguese retail banking sector, with a 2019 to 2023 CAGR of 19.21%.³² This upward trajectory underscores Banco CTT's strong position within the banking competitive landscape and highlights its potential for continued expansion, though with an expectation of gradually decelerating growth rates over time. Banco CTT is projected to hold a market share of 2.44% by 2024, which is forecasted to rise to 3.26% by 2029. After combining the forecasted Portuguese deposits from clients and Banco CTT's market share, CTT's deposits from clients were obtained. From 2024 to 2029, deposits' CAGR is expected to 4.37%, translating into €5.3B of deposits by 2029.

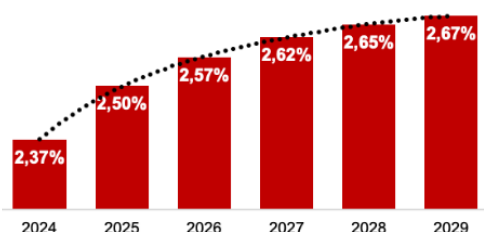


Figure 68: Banco CTT's Deposits from Clients Market Share forecast

Source: Group Analysis

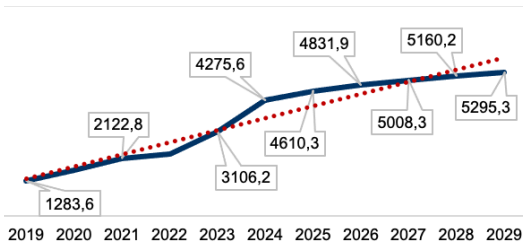


Figure 69: Deposits from Clients Historical Evolution and Forecast (€ Millions)

Source: CTT & Group Analysis

Credit Stock: After projecting deposits, the LTD ratio was utilized to estimate the value of Banco CTT's credit portfolio. In the absence of explicit target ratios, Banco CTT's historical LTD ratio trend served as a benchmark. Between 2019 and 2023, the bank's LTD ratio exhibited a consistent and significant decline, dropping from 87.1% in 2019 to 51.0% in 2023. Furthermore, according to Banco CTT's nine-month 2024 report, the average LTD ratio for the first three quarters stood at 44.2%, further intensifying this downward trajectory.

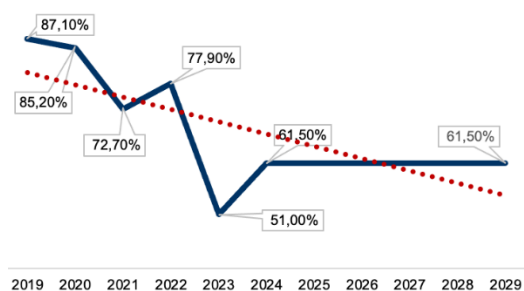


Figure 70: CTT's LTD Historical Evolution and Forecast

Source: CTT & Group Analysis

The Portuguese banking industry, as reported by Banco de Portugal, also experienced a steady decrease in the LTD ratio from 2020 to 2023, averaging 75% by the second quarter of 2024. This trend reflects a rise in customer deposits, only partially offset by an increase in customer loans.³³ Despite aligning with the overall industry trend, Banco CTT's LTD ratio remains significantly below the national average. Consequently, the LTD ratio was forecasted to increase to 61.5% and stabilize throughout the forecasted period. This level corresponds to Banco CTT's historical average, excluding values above 85%, as such figures are inconsistent with recent trends observed in both Banco CTT's operations and the broader banking sector.

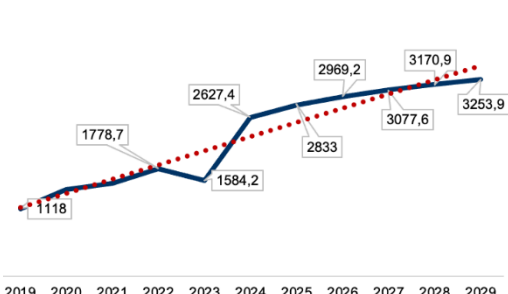


Figure 71: Banco CTT's Credit Stock Historical Evolution and Forecast (€ Millions)

Source: CTT & Group Analysis

The credit stock forecast was derived by applying the projected LTD ratio to the estimated deposits from clients for the 2024–2029 period. As a result, the

³² (Associação Portuguesa de Bancos 2024)

³³ (Banco de Portugal, 2024)

Regression Statistics	
R Square	99,83%
Adjusted R Square	99,66%
Regression Results	
Variable	P-value
Intercept	0,156
Euribor 1 month	0,014
CTT Spread (Loans)	0,002

Figure 72: Interest rate applied to bank loans regression key statistics and results

Source: Group Analysis

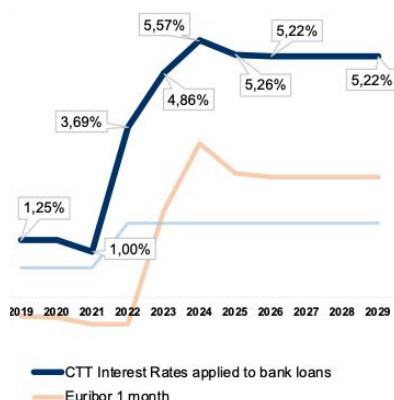


Figure 73: Interest rate (bank loans) vs. Euribor 1-month vs. CTT's Spread

Source: CTT & Group Analysis

Regression Statistics	
R Square	99,63%
Adjusted R Square	99,26%
Regression Results	
Variable	P-value
Intercept	0,008
Euribor 1 month	0,015
ECB Deposits Facility Rate	0,027

Figure 74: Interest rate applied to bank deposits regression key statistics and results

Source: Group Analysis

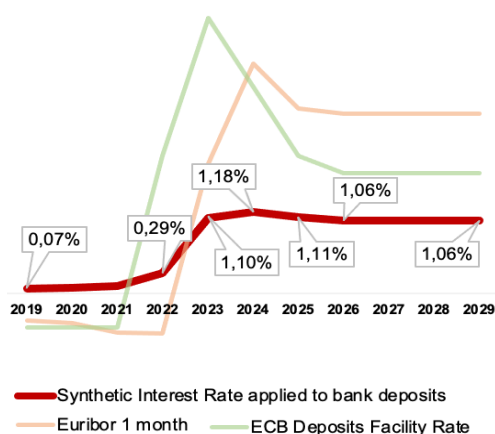


Figure 75: Synthetic Interest rate (bank deposits) vs. Euribor 1-month vs. Deposits facility rate

Source: Group Analysis

deposits available for loans are expected to grow at a CAGR of 4.37% over the forecasted period, increasing from €2.63Bn in 2024 to €3.25Bn in 2029.

Interest Rates: The forecasted interest rates include both those applied to bank loans and bank deposits. Starting with the interest rate on bank loans, Banco CTT's annual reports highlight its dependency on the 1-month Euribor rate and a positive spread determined by the company. Between 2019 and 2021, the interest rate remained relatively stable, ranging from 1.00% to 1.25%, reflecting the consistency of the 1-month Euribor, which ranged from -0.40% to -0.57%, and CTT's spread, which was steady at 0.64%. However, from 2022 to 2023, both the 1-month Euribor and CTT's spread increased significantly. The Euribor rose to 1.88% in 2023, while the spread increased to 1.62%, leading to a substantial rise in the interest rate applied to bank loans, reaching 4.86% by the end of 2023.

A regression analysis of historical values, with an R-squared of 99.83% and p-values below 0.12, confirmed a strong relationship between the 1-month Euribor and CTT's spread. Using an external forecast of the 1-month Euribor³⁴ and assuming a long-term stability of interest rates, CTT's spread is then expected to remain at its 2023 level of 1.62%. Applying the regression coefficients, the interest rate applied to bank loans is projected to range from 5.22% to 5.57%, gradually declining and stabilizing by 2027.

To forecast the interest rate applied to bank deposits, a synthetic interest rate was calculated as the percentage of CTT's historical interest expense to its deposits from clients. Similar to the trend in interest rates on loans, the synthetic rate remained stable between 2019 and 2021, ranging from 0.07% to 0.10%. Following 2022, it rose significantly, reaching 1.10% in 2023. A regression analysis was then conducted using the 1-month Euribor and the ECB's deposit facility rate, the latter serving as a benchmark for the cost of holding excess liquidity for financial institutions. The ECB deposit facility rate, like the synthetic deposit rate, remained constant at -0.50% between 2019 and 2021, before sharply increasing to 4.00% in 2023.

The regression analysis produced an R-squared of 99.63% and p-values below 0.03, demonstrating the statistical significance of both the Euribor rate and the deposit facility rate in predicting the synthetic interest rate applied to deposits.³⁵ Based on external forecasts for the 1-month Euribor and the ECB's deposit facility rate, and applying the regression coefficients, the synthetic interest rate is projected to follow a similar trend to the forecasted interest rate

³⁴ (Macrovar 2024)

³⁵ (European Central Bank 2024)

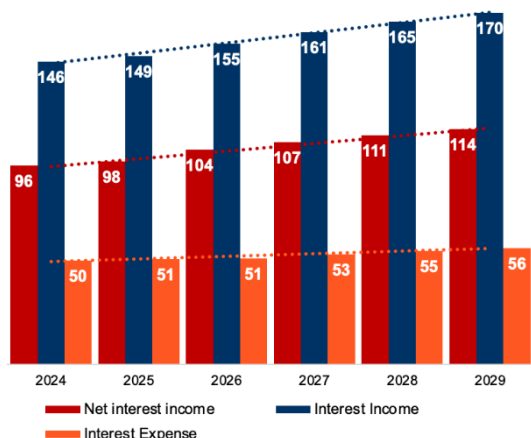


Figure 76: Net interest income forecast, segmented in interest income and expense (€ Millions)

Source: Group Analysis

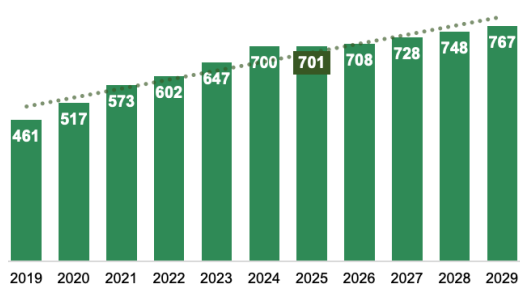


Figure 77: Number of accounts historical evolution and forecast (Thousands)

Source: CTT & Group Analysis

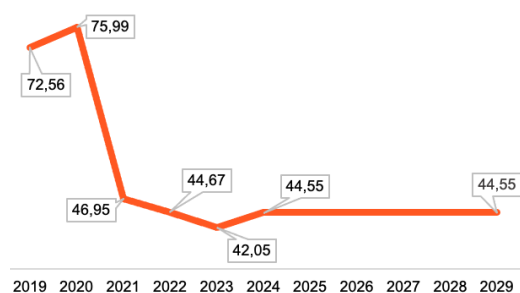


Figure 78: Fees & Commissions income per accounts historical evolution and forecast (€)

Source: CTT & Group Analysis

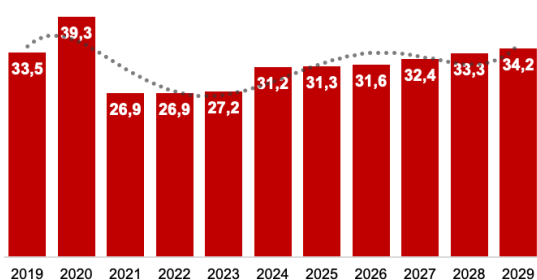


Figure 79: Fees & Commissions income historical evolution and forecast (€ Millions)

Source: CTT & Group Analysis

on loans. It is expected to range from 1.06% to 1.18%, gradually declining until stabilizing by 2027.

Interest Income and Expense: The net interest income was estimated as the difference between interest income and interest expense, which were identified as the rubric’s key drivers. Interest income was forecasted by the product of the projected credit stock with the estimated interest rate applied to bank loans. Interest income is expected to grow consistently throughout the forecasted period, with a CAGR of 3.02% from 2024 to 2029. Starting at €132.76M in 2024, interest income is projected to reach €169.81M by 2029.

Conversely, interest expense was forecasted by multiplying the projected deposits from clients with the estimated synthetic interest rate applied to bank deposits. Interest expense is also expected to increase steadily, but at a slower CAGR of 2.26% over the same period. It is forecasted to grow from €50.30M in 2024 to €56.24M by 2029.

As interest income is projected to grow at a faster pace than interest expense, net interest income is expected to increase more significantly over the forecasted period, achieving a CAGR of 3.41%.

5.4.2. Fees & Commissions Income

By analyzing CTT’s deposits from clients alongside the number of accounts, the average value of deposits per account was determined. Between 2019 and 2023, this metric showed consistent annual growth. For the forecasted period, the average value of deposits per account is projected to continue increasing, although at a decelerating rate. This reflects expectations of improved financial performance while accounting for a potential slowdown as the bank matures. Starting at €4,800 per account in 2023, the average value of deposits per account is forecasted to reach €6,900 by 2029. The forecasted number of accounts was, therefore, derived by dividing the projected deposits from clients by the average deposit value per account. Between 2024 and 2029, the number of accounts is expected to grow at a CAGR of 1.85%, reaching approximately 767,000 accounts by 2029. This aligns with CTT’s target of surpassing 700,000 accounts by 2025, a milestone expected to be achieved by the second quarter of 2025.

To estimate the average income per account from fees & commissions, historical data was analyzed. Between 2019 and 2023, this figure exhibited a significant decline. However, according to the ECB, fees & commissions

typically represent 25% to 30% of total income in the euro area.³⁶ Based on this benchmark, the forecasted average income per account from fees & commissions was adjusted upward in 2024 to €44.55 per account, reflecting its historical average after excluding outliers above €70 to avoid skewed projections. As this figure poses low volatility risk, it is assumed to remain constant throughout the forecasted period.

Fees & commissions income was estimated as the product of the number of customer accounts and the average income per account. Consequently, the income is expected to grow during the forecasted period, with a CAGR of 1.85% from 2024 to 2029, mirroring the growth rate of the number of accounts.

5.5. Operating Costs

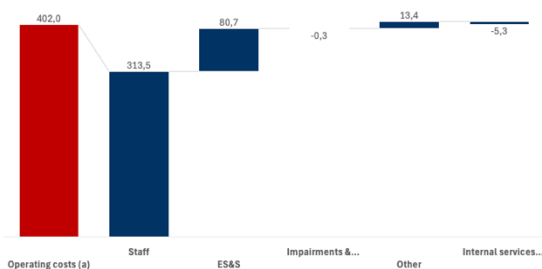


Figure 80: Mail Operating Costs

Source: Group Analysis

Operating costs are a relevant determinant of CTT's profitability. The methodology applied to the forecast incorporates the unique drivers of each cost category, coupled with both historical trends and growth expectations to ensure accuracy. For both Mail and Express and Parcel segment, the forecasted operational costs highlight a seasonal effect, presenting higher peaks in the fourth quarter due to seasonal demand.

Starting by analyzing the cost structure of Mail, overall operating costs is projected to decrease by 0,02% from 2024 until 2029. The fall of revenues implies a decrease in overall cost segments. Staff costs for the Mail Segment is closely related to revenue fluctuations. While CTT aims to maintain its workforce, the anticipated decline in revenue creates pressure for operational adjustments. However, no significant workforce reductions are planned. Instead, a gradual decrease in staff is expected, primarily due to retirements and other voluntary departures, rather than as a direct response to revenue expectations. Following this reasoning, in 2025 the expected number of employees is expected to be 11,436, representing a decrease of 1% compared to 2024. This trend remains until the terminal value, with workforce projected to reach 11,287 in 2029. The remaining cost segments (ES&S, impairments, others and internal services rendered) is expected to change while revenue decreases. Besides this positive decrease by 0,02% of operating costs, they will still account for 91% of revenues in 2029.

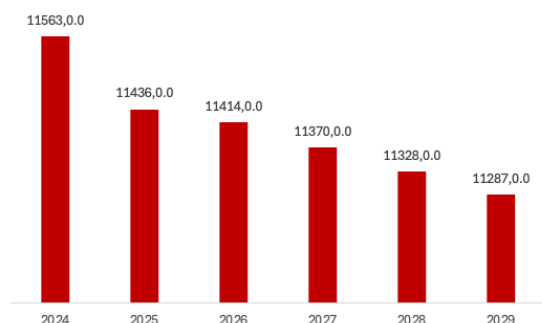


Figure 81: Staff Evolution

Source: Group Analysis

Furthermore, for Express and Parcels, staff costs are projected to follow the increase path of revenues, accounting just for an increase of cost per employee do account for the increase in inflation and regular wage

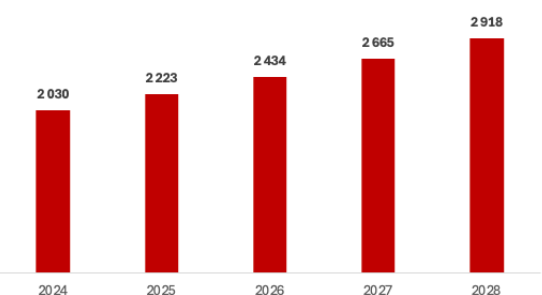


Figure 82: E&P - Staff Evolution

Source: Group Analysis

³⁶ (Christoffer Kok 2017)

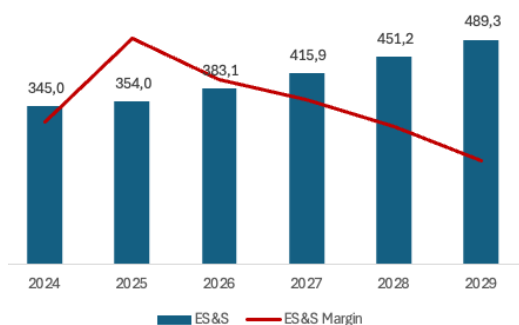


Figure 83: E&P ES&S and margin Evolution

Source: Group Analysis

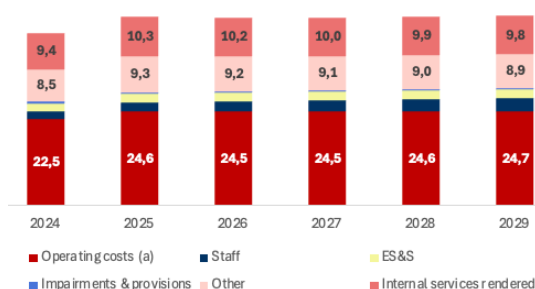


Figure 84: FS Operating Costs Evolution

Source: Group Analysis

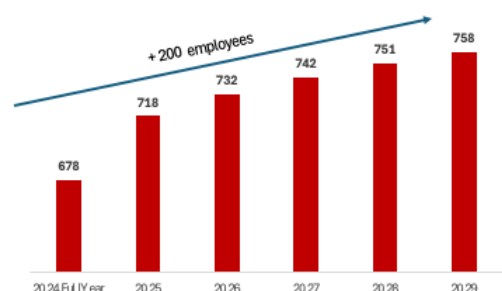


Figure 85: Banco CTT- Staff Evolution

Source: Group Analysis

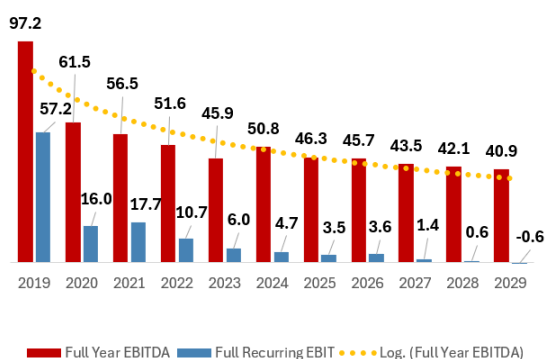


Figure 86: Historical and Forecasted Mail EBITDA and Recurring EBIT (€ Millions)

Source: CTT & Group Analysis

adjustments. With this, the 1,854 employees in 2024 are expected to rise by 47% reaching 2,918. External Services and Suppliers, on the other hand, is projected to follow revenue trends, but a decrease of 0,05% annually is accounted given CTT’s goal to optimization of its delivery costs and through Locky expansion. Besides the increase in revenues, this revision will -support CTT to stabilize margins, maintaining ES&S costs as 77% of revenues. The remaining cost segments follow the same reasoning demonstrating in the mail segment. Combining these factors together, while operating costs increase by 42% until 2029, from €397,5M to €565,6M, they will persist as 89% of total revenues.

Moreover, within Financial Services Business unit, every cost segment is driven by revenue fluctuations. This will translate into an increase in operating costs from 22,5 in 2024 to 24,7 in 2029.

Finally, Banco CTT operating costs is projected to increase at a CAGR of 2,43% from 2024 to 2029. Besides this trend, operating costs will switch from 77% of total revenues to 74%, reflecting an enhancement in operational efficiencies. Banco CTT’s has mention a strategic ambition to enhance its workforce by employing 200 specialized professionals, to strengthen its operational capabilities and expertise within the banking sector. To achieve this target, the number of employees is expected to reach 758 in 2029, and staff costs will increase at a CAGR of 2,26%. External Services and Suppliers and other costs, similar to Financial Services Business Unit, will increase following revenue growth. Impairments and provisions, on the other hand, is impacted by the bank credit stock, so this segment is expected to change as deposits available for loans transforms. Lastly, other services rendered is estimated to continue its historical values of around 0.

Across all units, overall operating costs is anticipated to grow by 19%, achieving a value of €990M in 2029 compared to €831M in 2024. Staff costs and External Services and Suppliers are great drivers for this evolution. Staff Costs are projected to grow from €751M to €919M at a CAGR of 0,04%. Costs associated with External Suppliers and Services, which encompasses specialized services, subcontracting, rents and transportation, are sensitive to revenue fluctuations, then, it is estimated to increase from €362M to €507M until 2029.

5.6. Margins Evolution

5.6.1. Mail

The margin evolution in CTT's Mail segment reflects ongoing challenges in maintaining profitability due to shifting revenue streams and high operational

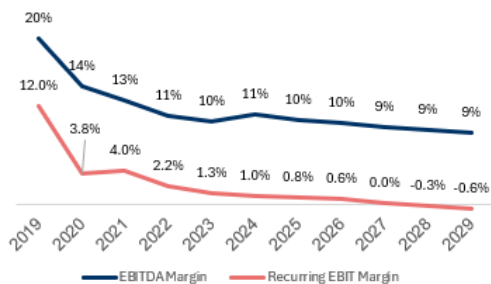
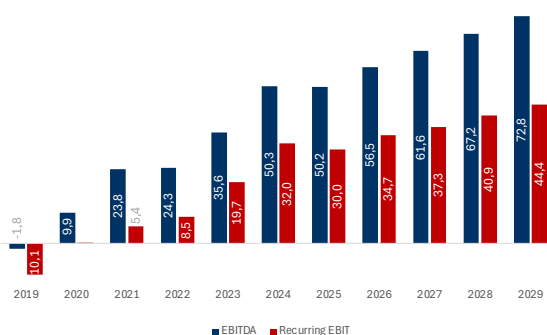


Figure 87: Historical and Forecasted Mail EBITDA and Recurring EBIT Margin
Source: CTT & Group Analysis

costs. Although the company has diversified its income sources in recent years, particularly through Business Solutions and Payments, these newer areas are still too small to offset the decline in the core mail business. Revenue trends are influenced by fluctuating traffic, pricing, and product mix. A steady decrease in mail traffic is only partially balanced by higher revenue per item. Operating costs, particularly staff expenses, remain a significant pressure on margins. CTT's staff costs are expected to remain high throughout the forecast period, as will the other types of costs.

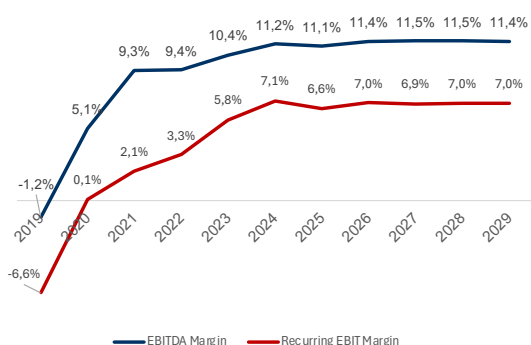
Margins are under strain as a result of these factors. EBITDA margins begin at 10.98% in 2024, gradually narrowing to 9.28% in 2029, as declining revenues and operational pressures take their toll. Recurring EBIT margins, starting at 1.0.2% in 2024, fluctuate and face negative quarters, highlighting the profitability challenges in certain periods, with a low of -0.13% in 2029. Although pricing strategies have slowed margin decline, the combination of falling traffic and minimal cost structure changes has contributed to a steady erosion of margins over time.



5.6.2. E&P

Figure 88: Historical and Forecasted E&P EBITDA and Recurring EBIT (€ Millions)
Source: CTT & Group Analysis

The Express and Parcels business unit has been a significant growth source for CTT, adapting to the decline seen in Mail volumes and revenues. Between 2019 and 2023, E&P's EBITDA margin jumped from -1% to 10%. The revenue and cost trends described above for the E&P business unit between Q4 2024 and 2029 translate into a strong margin improvement, not only due to the increase of e-commerce and parcel volumes, but also the company's strategic focus on this business unit allowing to reduce costs. EBITDA in 2024 is forecasted to amount to €51.4M and steadily increase to €72.8M in 2029. This translates into reaching a healthy EBITDA margin of 11.4% by 2029, a 1% increase for the full year EBITDA margin in 2023. Recurring EBIT margin follows the same trend, standing at a negative value in 2019 (-6.6%) and increasing until 2023, when it reached a value of 5.8%. By 2029, this margin is expected to reach 7%.



5.6.3. Financial Services

Figure 89: Historical and Forecasted E&P EBITDA and Recurring EBIT Margins
Source: CTT & Group Analysis

The margins for CTT's Financial Services business unit are expected to evolve in line with revenue trends and cost dynamics, showing a gradual decline in profitability over the forecast period.

The EBITDA margin reached a historic high of 58.2% in 2023, fueled by exceptional revenue growth in Savings & Insurance driven by the unprecedented issuance of public debt securities. This surge significantly increased revenues without a corresponding rise in operational costs, making

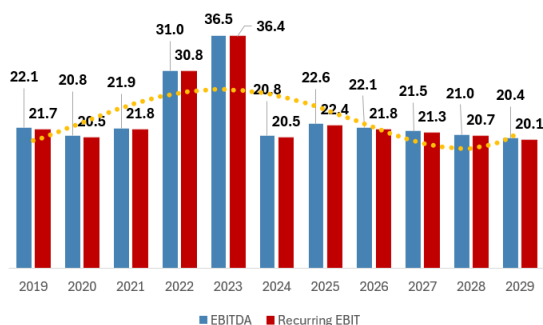


Figure 90: Historical and Forecasted FS EBITDA Margin

Source: CTT & Group Analysis

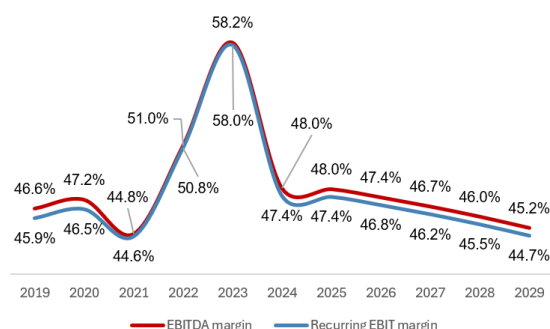


Figure 91: Historical and Forecasted FS EBIT Margin

Source: CTT & Group Analysis

the peak unsustainable. Post-2023, the margin begins to normalize as the impact of these extraordinary factors diminishes. This results in a decline in the 2024 EBITDA margin to 48.0%.

From 2025 to 2029, the EBITDA margin stabilizes within a range of 48.0% (€ 22.6M) to 45.2% (€ 20.4M), respectively. This stabilization is influenced by several factors. First, revenues from Savings & Insurance gradually decline over the period, while other segments, such as Money Orders, Payments and Retail Products & Services, show marginal or negative growth, limiting their overall contribution. Additionally, operating costs rise modestly, with staff expenses increasing by 2% annually, representing a significant portion of total costs. The cost of internal services and other operating expenses also remains a steady percentage of revenues, further solidifying this margin trend.

The recurring EBIT margin follows a similar pattern, starting at 47.4% (€ 22.4M) in 2025 and gradually decreasing to 44.7% (€ 20.1M) by 2029. This decline reflects the impact of depreciation and amortization, which remain a small but steady share of revenues. The narrower EBIT margin compared to EBITDA highlights the limited potential for cost efficiencies or structural adjustments within this business unit. While policy changes in Savings & Insurance initially supported margins, the projected revenue decline from 2025 to 2029, combined with gradually increasing operating costs, places downward pressure on profitability over the forecast period.

5.6.4. Banking

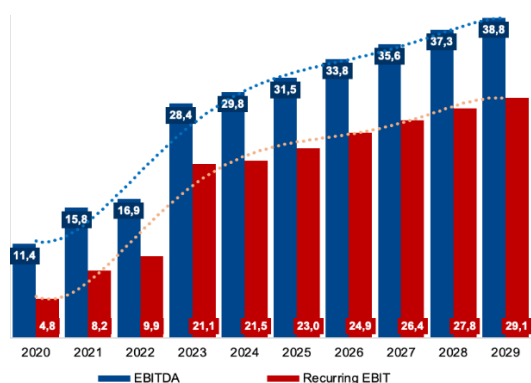


Figure 92: Banking segment's EBITDA and Recurring EBIT historical evolution and forecast (€ Millions)

Source: CTT | Group Analysis

Between 2024 and 2029, the banking sector's EBITDA is projected to grow at a CAGR of 5.41%. Starting at €29.8M in 2024, EBITDA is expected to consistently increase each year, reaching €38.8M by 2029. This growth is primarily driven by revenue growth consistently outpacing the growth in operating costs over the forecasted period.

EBITDA margins are also projected to increase annually, although the rate of margin growth is expected to decelerate over time. This deceleration reflects a gradual slowdown in the growth rates of both revenues and operating costs. While revenue growth consistently exceeding operating costs growth rate, revenues growth also more pronounced deceleration that contributes to the gradual reduction in the pace of EBITDA growth during the period. In 2024, the EBITDA margin is estimated at 23.0%, representing a solid 4% increase compared to the 2023 margin of 22.1%. By 2029, the EBITDA margin is forecasted to reach 25.6%, following a 1.67% increase from 2028. This steady rise in margins highlights the sector's ability to maintain operational and costs

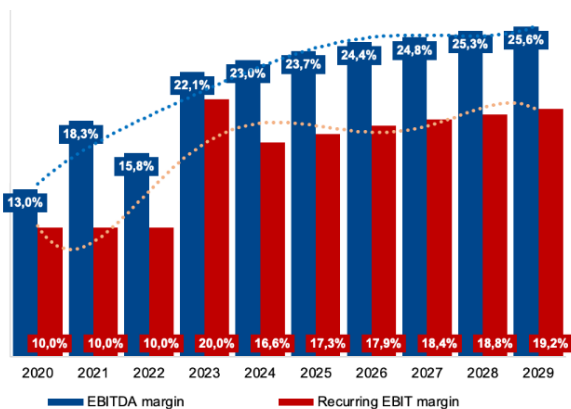


Figure 93: Banking segment's EBITDA margin and Recurring EBIT margin historical evolution and forecast

Source: CTT | Group Analysis

efficiency gains despite the decelerating growth trends in both revenues and operating costs.

Recurring EBIT margin follows the same trend as EBITDA margin, with an annual increase that decelerates over time. Starting at 16.6% in 2024, the recurring EBIT margin is projected to reach 19.2% by 2029. Depreciation and amortization, deducted from EBITDA to calculate recurring EBIT, are forecasted to grow in line with revenue increases, as business expansion is assumed to drive higher capital expenditures in tangible and intangible assets that require either depreciation or amortization.

6. Valuation

To proceed with the valuation of CTT, the company's business units were divided into two segments, each valued using a distinct methodology. CTT Excluding Bank (CTT Ex-Bank) segment comprises the Mail, E&P, and FS business units. This segment was valued using the Discounted Cash Flow (DCF) method, as it consists of non-banking business units where operating and financing decisions are treated independently. The second segment includes the Bank business unit, which was valued using the Flow to Equity (FTE) method. This method was selected due to the crucial role of financing decisions in the bank's earnings generation. Additionally, the valuation of the bank's operations is directly related to interest income and expense, which are key components of its income. Furthermore, a CCA analysis was carried out for both the Ex-Bank and Bank segments.

The valuation required the Income Statement (IS) and Balance Sheet (BS) for both the CTT Ex-Bank and Bank segments. Given that the CTT Ex-Bank BS is not reported by the company, it was synthetically constructed based on the Banco CTT BS and CTT Group BS. As a result, the CTT BSs underwent a reconciliation process to ensure that, for each line item, the Group CTT figures aligned with the sum of the CTT Ex-Bank and Bank segment figures.

6.1. CTT Ex-Bank Valuation, DCF

6.1.1. NWC Forecast

Net Working Capital is a key metric to value a company, shedding light on the company's short-term financial health and liquidity position. It is important to note that CTT Bank, reported under the CTT Group, is not exposed to the traditional NWC concept, given banks' inherent business model. As such, the Net Working Capital (NWC) analysis and forecast was performed exclusively for the "Ex-Bank" business.

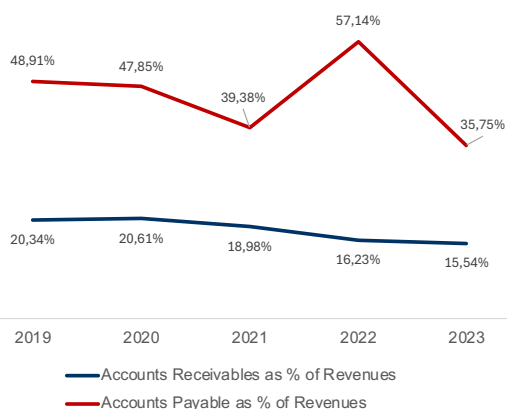


Figure 94: Historical Accounts Payable and Receivables as a % of Revenues

Source: CTT

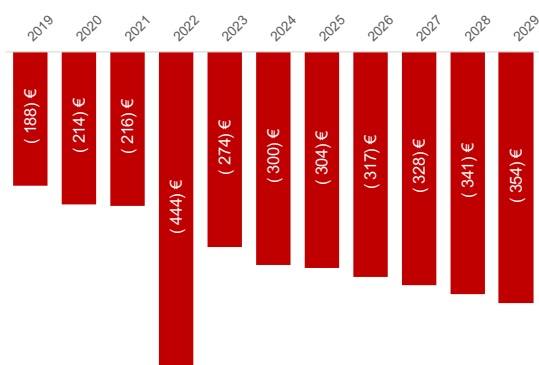


Figure 95: Historical and Forecasted NWC Levels (€ Millions)

Source: CTT & Group Analysis

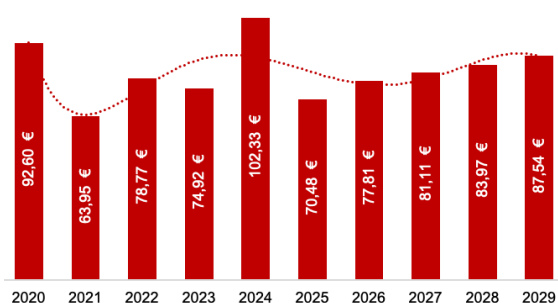


Figure 96: Historical and Forecasted CAPEX volumes (€ Millions)

Source: CTT & Group Analysis

Historically, CTT’s Ex-Bank business has displayed a negative NWC level, reflecting a higher value of short-term operating liabilities when compared to short-term operating assets. This NWC position is strongly driven by high values of Accounts Payable, when compared to Accounts Receivables. Between 2019 and 2023, Accounts Payable, measured as a percentage of revenue, averaged 45.81%, while Accounts Receivable averaged only 18.34%. In 2022, a large decrease in NWC can be noticed, driven by a significant change in Accounts Payable, which rose to 57.1% of revenues from 39.4% in the previous year. This changed back to the previous trend in 2023, with Accounts Payable returning to 35.8% of revenues. The high value of Accounts Payable is tied to public debt issuance, related to the Financial Services business. Between 2019 and 2021, 41 to 44% of Accounts Payable are attributed to Savings Certificates, which are registered under this account if liquidation is to happen in the following month. In 2022, this percentage jumped to 68.6%, following a spike in public debt issuance, which drove Accounts Payables up. Finally, in 2023, Savings Certificates accounted for approximately 21% of total Accounts Payable, helping to stabilize it.

The balance sheet accounts included in the NWC analysis were mainly forecasted as a percentage of revenues, with the exception of Tax Receivables and Payables, which were forecasted as a percentage of tax expense. While operating cash was assumed to be set at a target of 2% of revenues, other accounts were forecasted based on historical trends, eliminating outlier years from the analysis to maintain a sound forecast.

6.1.2. Capex and Depreciation & Amortization

Historically, CAPEX has experienced considerable fluctuations, reflecting shifts in strategic priorities and operational needs, with notable variability between 2019 and 2023 tied to different phases of strategic investment.

From 2020 to 2021, CAPEX declined from € 92.60M to € 63.95M, indicating reduced investment activity influenced by the economic uncertainty brought by the pandemic. In 2022, CAPEX rebounded to € 78.77M, reflecting renewed investment in key areas aligned with CTT’s sustainability and operational efficiency goals. These included investments in electric fleet, the installation of locker systems, electric chargers, HVAC system replacements, LED lighting installations, and software enabling route optimization and the reduction of GHG (greenhouse gas) emissions. Such investments underscore CTT’s strategic focus on modernizing operations while promoting environmental sustainability. By 2023, CAPEX moderated slightly to € 74.92M but remained relatively high, supporting continued investments in systems upgrades and

operational efficiency improvements. A significant increase was observed in 2024, with CAPEX rising to € 102.33M, the highest level in recent years. This surge was driven by substantial expenditures on information systems, building infrastructure, and vehicle fleet modernization, aligning with CTT's long-term strategy to enhance infrastructure and meet evolving business needs. Looking ahead, CAPEX is expected to gradually normalize, following an upward trend until 2029, when it is projected to reach € 87.54M. These projections highlight CTT's commitment to sustaining operational efficiency and ensuring the long-term viability of its infrastructure and technological assets.

Depreciation and Amortization (D&A) also showed fluctuations over the years. In 2022, D&A rose by € 6.8M compared to 2021, driven by factors such as the acquisition of NewSpring Services, ongoing investments in information systems, postal equipment, and new lease agreements for vehicles and buildings. By 2024, D&A increased further to € 67.51M, primarily reflecting substantial investments in information systems, infrastructure, and fleet upgrades. Moving forward, D&A is anticipated to grow steadily through 2029 (€ 75.38M), reflecting planned investments in IT systems, infrastructure, and other essential assets. This upward trend highlights the company's dedication to sustaining and enhancing its operational capabilities to meet future business demands.

CTT's ongoing efforts to enhance its technological capabilities and infrastructure reflect its dedication to staying competitive and improving operational efficiency. Meanwhile, variations in Capex and D&A highlight the timing and magnitude of these investments.

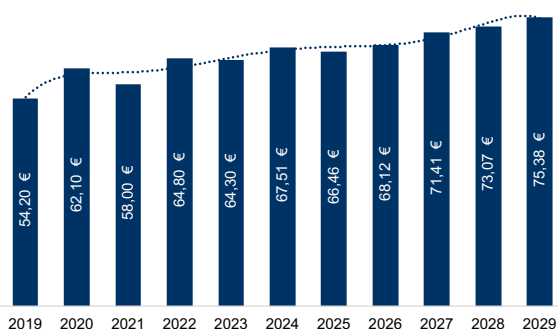


Figure 97: Historical and Forecasted D&A (€ Millions)

Source: CTT & Group Analysis

WACC	7.54%
Cost of Equity (Re)	8.42%
E/(D+E)	83.41%
Cost of Debt (Rd)	3.96%
D/(D+E)	16.59%
Corporate Tax Rate	21.00%

Figure 98: Estimated WACC

Source: Group Analysis

Re Stoxx 600	7.14%
Dividend Yield	3.10%
Nominal Growth	4.04%
Real Growth Rate	2.00%
Inflation	2.00%
Market Risk Premium	5.04%
β market portfolio	1
Risk Premium Total	6.79%
Risk Premium - Country	1.75%

Figure 99: Estimated Market Risk Premium

Source: Group Analysis

6.1.3. WACC

The Weighted Average Cost of Capital (WACC) was computed using its Cost of Equity (8.42%), Cost of Debt (3.96%), tax rate (21%), and capital structure weights (83.41% Equity 16.59% Net Debt). The resulting WACC is 7.54%, reflecting the company's blended cost of financing through equity and debt.

The risk-free rate of 2.10%³⁷ was determined using the 10-year German Bund yield, which is a common benchmark for risk-free rates within the Euro area. The Market Risk Premium (MRP) was calculated by combining the dividend yield of the Stoxx 600, a proxy for the market portfolio, with Europe's nominal growth rate. This resulted in an MRP of 5.04%, representing the difference

³⁷ (Refinitiv 2024)

Credit Rating	BBB
Yield	3.90%
Probability of default	0.11%
Sr. Unsecured Bond	44.80%
Loss given default	55.20%
Expected Loss	0.0607%
Cost of Debt	3.96%
β Debt	0.27455

Figure 100: CTT's Cost of Debt – BBB Credit Rating

Source: Group Analysis

Company Name	β	β Debt *	β U
International Distribution Ser	2.21	0.69	1.77
PostNL NV	0.91	0.33	0.50
Bpost SA - Brussels	0.91	0.64	0.82
Poste Italiane SpA	0.93	0.15	0.23
Deutsche Post	1.05	0.69	0.88
Oesterreichische Post AG	0.53	0.66	0.56
Median			0.82
Average			0.84

Figure 101: CTT Ex – Bank Peers Levered and Unlevered Betas

Source: Financial Times & Group Analysis

$$\beta_{Unlevered} = \beta_{Levered} * \frac{E}{EV} + \beta_{Debt} * \frac{D}{EV}$$

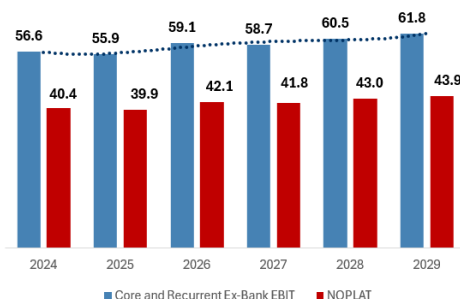


Figure 102: Ex-Bank Forecasted EBIT and NOPLAT(€ Millions)

Source: Group Analysis

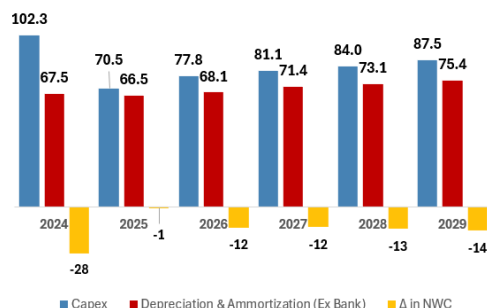


Figure 103: Ex-Bank Forecasted Depreciation, NWC and CapEx (€ Millions)

Source: Group Analysis

between the market return and the risk-free rate. Adding a country risk premium of 1.75%³⁸, the total risk premium was calculated to be 6.79%.

CTT's capital structure reveals a net debt of approximately €117.8 M and the company's market capitalization stands at €592.5 M. This structure results in an equity-to-enterprise value ratio (E/EV) of 83.41% and a debt-to-enterprise value ratio (D/EV) of 16.59%.

The Cost of Debt for CTT was estimated at 3.96%, based on a synthetic credit rating³⁹ of BBB, reflecting its "Satisfactory" business risk profile and "Modest" financial risk profile. This was determined by combining government bond yields with BBB bond spreads, arriving at a 3.90% yield, adjusting for a default probability of 0.11% and a loss given default of 55.20%, resulting in an expected loss of 0.0607%. The resulting Cost of Debt was 3.96%, with a debt beta of 0.27455.

CTT's Cost of Equity was determined through an analysis of the unlevered betas of its peers. The levered betas of comparable firms were adjusted for their capital structures and tax rates to derive their unlevered betas, which resulted in an average unlevered beta of 0.84. This beta, reflecting the risk of a debt-free firm, was then relevered using CTT's own capital structure, with a net debt-to-equity ratio of 19.89% and a tax rate of 21%. This process yielded a levered beta of 0.93 and a Cost of Equity of 8.42%.

6.1.4. CTT Ex-Bank DCF Model

CTT's core EBIT is projected to decline to €56.6 M in 2024 before recovering steadily to €61.8 M in 2029. This recovery is largely attributed to growth in the E&P segment, which continues to expand and offset the structural decline in the Mail segment, where EBIT becomes increasingly negative. Meanwhile, Financial Services are expected to remain stable, providing consistent contributions to profitability throughout the forecast period.

The company's NOPLAT is anticipated to grow modestly from 40.4 M€ 2024 to 43.9 M€ in 2029. Depreciation and amortization are forecasted to grow steadily, contributing positively to the free cash flows. Although changes in NWC fluctuate during the forecast period, they remain manageable, while capital expenditure is expected to move in line with investment requirements, reaching €87.5 M by 2029, slightly lower than the €102.3 M registered in 2024.

³⁸ (Damodaran 2024)

³⁹ (Gillmor 2015)

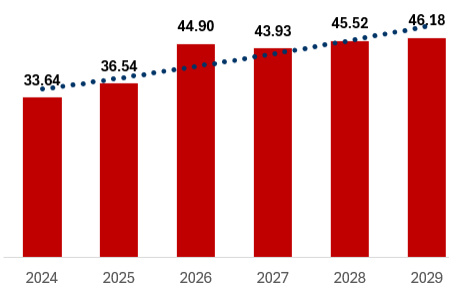


Figure 104: Forecasted UFCF - Ex-Bank (€ Millions)

Source: Group Analysis

Valuation, 31/10/2024	
Sum PV Core Core UFCF	185
PV Terminal Value Core UFCF	581
Non Core Items	-179
Enterprise Value	586.2
(-) Net Debt	118
(-) Equity attributable to noncontrolling interest	-0.07
Equity Value	468.4
# shares outstanding (as of 31/10/2024, million)	135.86
Per Share Value (€)	3.45

Figure 105: Forecasted EV, Equity Value and Per Share Value - Ex-Bank (€ Millions)

Source: Group Analysis

Company Name	Country Based	Raw β	Adjusted β
Millenium BCP	Portugal	1,423	1,282
Santander Totta	Spain	1,599	1,399
BBVA	Spain	1,515	1,343
CaixaBank	Spain	0,710	0,807
Unicaja	Spain	1,141	1,094
Unicredit	Italy	1,250	1,167
Credit Agricole	France	1,000	1,000
Banca Popolare	Italy	1,153	1,102
Banca Monte dei Paschi	Italy	1,722	1,481
Average		1,248	1,186

Figure 106: Banking's peers and their betas

Source: Bloomberg Terminal

Key Figures - Bank's Cost of Equity	
Risk-Free Rate	2,10%
Risk Premium Total	6,79%
β Levered (industry)	1,186
Cost of Equity (Re)	10,15%

$$R_e = R_f + \text{Risk Premium} * \beta_{\text{Levered}}$$

Figure 107: Banking's cost of equity key figures, formula and result

Source: Group Analysis

CTT's free cash flow show a mixed but improving trend from 2024 to 2029. In 2024, the company is projected to generate €33.64 M in core unlevered free cash flows (UFCF), a rising trend is expected to continue with a UFCF of 46.18 M€ by 2029. The fluctuations in UFCF during the initial years (from 2024 to 2026) are primarily linked to changes in working capital and capital investments. However, the overall trajectory points toward a recovery in the later years of the forecast period.

The terminal value, calculated with a perpetual growth rate of 2%, reflects the expected real growth rate of the economy. This rate assumes that CTT will grow in perpetuity in line with the broader economy. A growth rate higher than the economy would be unrealistic in the long run, as it would imply CTT would eventually outgrow its market or become larger than the economy itself. By aligning CTT's terminal growth with the economy's projected growth, the valuation maintains consistency with economic fundamentals and provides a reasonable basis for long-term forecasting.

When combined with the discounted UFCFs, CTT's estimated enterprise value (EV) is approximately €586.2 M. After accounting for non-core items, net debt, and non-controlling interests, the company's equity value is estimated at €468.4 M. With 135.86 M shares outstanding, this translates into an estimated per-share value of €3.45.

6.2. CTT Bank Valuation, FTE

6.2.1 CTT Bank's Cost of Equity

To proceed with the Bank's valuation using the FTE method, it is essential to estimate the cost of equity for the Bank segment. This requires three key inputs: the risk-free rate of 2.10%, the total equity risk premium of 6.79%, as outlined in Section 6.1.3 (WACC), and the levered beta, which must reflect the specific risk profile of the banking sector. The levered beta was determined by calculating the average of the adjusted betas of the industry peers, resulting in a value of 1.186. Once peers are from Southern Europe, they share similar and robust regulatory frameworks applied to their capital structures. Thereby, the average levered beta from the peer group was directly applied to the cost of equity. Given these inputs, the cost of equity is estimated to be 10.15%.

6.2.2. CTT Bank's Equity Forecast

A crucial step in the Bank business unit valuation is to forecast the bank's balance sheet and equity, which ultimately drives the FTE valuation. After separating the Bank's balance sheet from the Group's consolidated balance

sheet, an analysis of risk weighted assets (RWA) and Common Equity Tier 1 (CET1) trends was performed. From 2019 to 2022, Bank CTT managed to maintain a steady ratio of total assets that were translated into RWA, fluctuating between 37.9% and 39% of total assets. In 2023, this percentage sharply decreased to 24.7%. In the same year, the LTD ratio fell to 51%, from an 80.7% average in the past 4 years. By regulation, a bank's RWA drives the minimum amount of capital (CET1, in this analysis) that it must hold. In 2019, CTT Bank held 19% of RWA as CET1. This value decreased until 2022, where it reached 15%, still compliant with regulatory guidelines. In 2023, contrasting with the sharp decrease in RWA as a percentage of total assets, the Bank held 21% of RWA as CET1, a 5.65pp increase from the previous year.

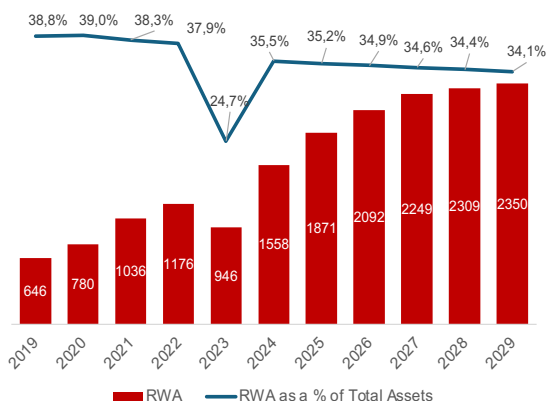


Figure 108: Historical and Forecasted RWA and RWA as a % of Total Assets (€ Millions)

Source: Group Analysis

The first step to forecast the bank's equity was to forecast its assets. Two of the main balance sheet drivers considered were "Loans and Advances to Customers" and "Deposits From Customers. From these two elements, a new "Deposits Available After Loans" line was calculated, reflecting the capital originated from deposits available to the bank after loans are given out. This line was the main driver for the bank's "Cash, Deposits at Central Banks, and Investment" holdings, an aggregate category which includes several relevant accounts. From 2024 to 2029, the aggregate of all the accounts included in this category was forecasted as a percentage of "Deposits Available After Loans", growing steadily until it reaches the historical average of 170% in 2029, following the trend observed in 2023. Remaining bank assets that were not included in this category, such as "Other Tangible Assets", "Goodwill and Intangible Assets", and "Current/Deferred Tax Assets", were forecasted by employing a 5-year (2019-2023) moving average.

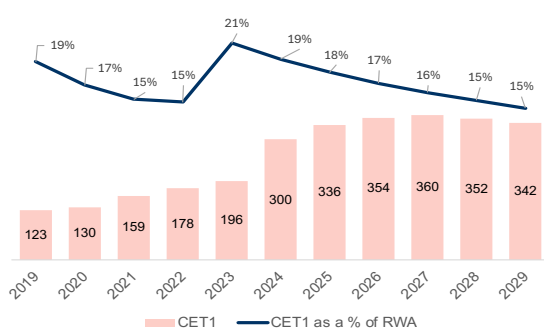


Figure 109: Historical and Forecasted CET1 and CET1 as a % of RWA (€ Millions)

Source: Group Analysis

The forecasted yearly values for total assets were the basis for the calculation of RWA, which are calculated as a percentage of total assets. Between 2024 and 2029, this percentage is forecasted to decrease at the average 2019-2022 growth (-0.8%), ensuring exclusion of the 2023 outlier in the analysis. In this time period, RWA are expected to grow from €1.56bn in 2024 to €2.35bn in 2029. Similarly, CET1 is calculated as a percentage of RWA, growing at a rate based on the historical 2019-2022 growth, once again excluding 2023 as an outlier. In 2024, CET1 will be 19.2% of RWA. To ensure alignment with the previous trend, the yearly decrease of this metric is slowed down each year until 2029, where CET1 is expected to achieve 15% of RWA. This analysis yields a CET1 value of approximately €300m in 2024, which increases to €341m by 2029.

Valuation, 31/10/2024	
Equity Value	222,66 €
# shares outstanding (as of 31/10/2024, million)	135,86
Per Share Value (€)	1,64 €

Figure 110: Equity and Per Share Value FTE Model – Bank

Source: Group Analysis

DCF & FTE Results	
CTT Ex-Bank Share Price, DCF, €	3.45
CTT Bank Share Price, FTE, €	1.64
CTT Group Share Price, €	5.09
Share price (€) as of 31/10/2024	4.28
Difference (Estimated vs. Actual)	0.81
Upside	19%

Figure 111: Estimated Combined DCF and FTE Share Price (€)

Source: Group Analysis

Potential Peers from 7 Firms of Initial Sample	Business Alignment	Rev CAGR	NI Margin	Risk	Geo
International Distribution Ser	●	●	●	●	●
PostNL NV	●	●	●	●	●
Bpost SA - Brussels	●	●	●	●	●
Oesterreichische Post AG	●	●	●	●	●
Poste Italiane SpA	●	●	●	●	●
Deutsche Post	●	●	●	●	●

Figure 112: Chosen Ex-Bank Peer Group and Criteria Analysis

Source: Group Analysis

6.2.3. CTT Bank's FTE Model

By projecting Common Tier 1 Equity (CET1) and Net Income for the years 2024 to 2029, annual cash flows to equity holders were calculated. These cash flows were discounted using a 9,88% rate, representing the previously established cost of equity. To estimate the bank's equity value beyond 2029, a terminal growth rate of 2% was applied, based on the assumption that, in the long term, CTT's banking sector will grow at the same rate as the long-term Portuguese GDP growth rate.

The sum of the discounted cash flows and the terminal value resulted in a total equity value of € 201,71 million. Dividing this by the 138,44 million outstanding shares, we derived a valuation of €1,46 per share.

6.3. CTT Group Valuation, DCF & FTE Results

The DCF and FTE results indicate a combined valuation of CTT's share price at €5.09. Specifically, the CTT Ex-Bank Share Price derived from the DCF approach is €3.45, while the CTT Bank Share Price, calculated using the FTE method, adds an additional €1.64.

At a combined share price of €5.09, this valuation suggests that CTT is currently undervalued, reflecting a 19% upside compared to the actual share price of €4.28 observed as of 31/10/2024. The difference between the estimated and actual share price amounts to €0.81.

6.4. Relative Valuation

6.4.1. CTT Ex-Bank Valuation, CCA

To evaluate CTT's share price by using a relative valuation, an appropriate peer group was selected. Since many logistics operators are either state-owned or not listed on stock exchanges, the peer group includes only publicly listed firms. The selection focused on firms that align closely with CTT's profile based on criteria such as business model, geographical region, risk exposure, and revenue and net income CAGR.

The geographical region was restricted to European companies, as the EU provides a shared regulatory framework—particularly for Mail Services—and similar economic conditions. This ensures that the chosen peers operate under comparable market dynamics and face analogous challenges. Companies included in the peer group also needed to have a business model similar to CTT's, deriving revenue primarily from mail and parcels operations.

Multiples 2023	
EV / Revenues	
EV/Revenues	0.47
Ex-Bank Revenues	856.87
Implied Share Price	2.13 €
Weight	20%
EV / EBITDA Ratio	
EV/EBITDA	3.87
Ex-Bank EBITDA	110.14
Implied Share Price	2.27 €
Weight	20%
EV / EBIT Ratio	
EV/EBIT	9.27
Ex-Bank EBIT	50.15
Implied Share Price	2.56 €
Weight	20%
Price-to-Earnings Ratio (P/E)	
P/E	9.48
Earnings per Share	0.43
Implied Share Price	4.08 €
Weight	20%
Price-to-Book Ratio (P/B)	
P/B	2.49
Book Value per Share	1.75
Implied Share Price	3.59 €
Weight	20%
Final Implied Share Price	
€	3.12

Figure 113: CTT Ex-Bank's CCA Valuation

Source: Group Valuation

Firms focusing exclusively on parcels, such as FedEx or UPS, were excluded due to their differing operational structures and priorities.

Furthermore, to reflect CTT's growth trajectory, peers were required to demonstrate similar revenue and net income growth (CAGR), ensuring a focus on companies with aligned growth to CTT. Additionally, given that CTT operates in a specific risk environment, only companies with comparable risk profiles were considered.

According to these criteria, the peers selected for the relative valuation of CTT include well-established companies in the postal and logistics industry, providing a relevant benchmark for comparison. These peers are: International Distribution Services, PostNL NV, Bpost SA - Brussels, Poste Italiane SpA, and Deutsche Post.

The multiples used in the relative valuation model are: Enterprise Value to Revenue (EV/Revenue), Enterprise Value to EBITDA (EV/EBITDA), Enterprise Value to EBIT (EV/EBIT), Price-to-Earnings Ratio (P/E), and Price-to-Book Ratio (P/B). They were selected to offer a comprehensive view of CTT's financial performance across different dimensions. EV/Revenue and EV/EBITDA assess income generation and profitability, while EV/EBIT focuses more on operating performance. P/E reflects how much investors are willing to pay for each unit of earnings, and P/B compares market value to book value, reflecting how assets are perceived. Together, these multiples provide a well-rounded view of CTT's financial health, covering revenue, profitability, earnings, and asset value.

The final implied share price for CTT was derived by applying equal weights to the five selected multiples, each assigned a 20% weight, this ensures that no single financial metric disproportionately influences the final valuation. By using the median values for 2023 for each of these multiples, a balanced approach is maintained, which helps mitigate the impact of any outliers or anomalies in individual metrics. The final result of this calculation yields an implied share price for CTT of €3.12.

6.4.2. CTT Bank Valuation, CCA

To construct the peer group for benchmarking Banco CTT, four primary criteria were applied: geographical proximity, business model alignment, primary revenue drivers, and net margin historical CAGR.

The peer group was limited to banks operating in Southern Europe due to the similarities in political, regulatory, and economic contexts. These countries, characterized by political stability and a shared regulatory framework under entities like the ECB, exhibit relatively comparable economic environments.

Potential Peer From 15 Banks Initial Sample	Geog.	Business Alignment	Rev. Drivers	Net Margin CAGR
BNP Paribas	●	●	●	●
Millenium BCP	●	●	●	●
Banco Santander	●	●	●	●
BBVA	●	●	●	●
Bankinter	●	●	●	●
CaixaBank	●	●	●	●
Unicaja	●	●	●	●
Unicredit	●	●	●	●
Credit Agricole	●	●	●	●
Societe General	●	●	●	●
Banca Monte dei Paschi	●	●	●	●
Banca Sistema	●	●	●	●
Finecobank	●	●	●	●
Banca Popolare	●	●	●	●

Figure 114: Initial Banking Peer Group and Criteria Analysis

Source: Group Analysis

Final Peer Group, composed by 10 Banks	Geog.	Business Alignment	Rev. Drivers	Net Margin CAGR
Millenium BCP	●	●	●	●
Banco Santander	●	●	●	●
BBVA	●	●	●	●
CaixaBank	●	●	●	●
Unicaja	●	●	●	●
Unicredit	●	●	●	●
Credit Agricole	●	●	●	●
Banca Monte dei Paschi	●	●	●	●
Banca Popolare	●	●	●	●

Figure 115: Chosen Banking Peer Group and Criteria Analysis

Source: Group Analysis

Multiples 2023	
Price-to-Book Ratio (P/B)	
P/B	0,81
BCTT's Book Value per Share	1,99
Implied Share Price	€1,61
Weight	25%
Price-to-Earnings (P/E)	
P/E	7,26
BCTT's Earnings per Share	0,13
Implied Share Price	€0,91
Weight	25%
Price-to-Tangible Book Value (P/TBV)	
P/TBV	0,94
BCTT's TBV per Share	1,38
Implied Share Price	€1,88
Weight	25%
EV/Deposits	
EV/Deposits	0,08
BCTT's Total Deposits	3106,18
Market Cap	235,83
Implied Share Price	€1,74
Weight	25%
Final Implied Share Price	
	€1,53

Figure 116: Banking's CCA Valuation

Source: Group Analysis

Consequently, a sample of 14 publicly listed banks from Portugal, Spain, France, and Italy was selected for initial consideration.

Banco CTT, a postal bank, focuses on providing investment, insurance, and general retail banking services tailored to individual customers and small businesses. Due to Banco CTT's relatively small size, recent establishment, and limited diversification in financial products and services, finding accurate peers was challenging. After an evaluation of the 14 banks' business models, Fincobank was excluded once it's specialized in digital banking and wealth management, which is not directly comparable to Banco CTT's core activities.⁴⁰

Banco CTT's primary revenue driver is net interest income, a reflection of its retail banking focus. This contrasts with the revenue structures of investment-focused banks. Consequently, BNP Paribas and Société Générale were excluded from the peer group as their revenues are predominantly derived from investment banking activities, making them unsuitable for comparison.

The final criterion applied was the net margin historical CAGR, analysed from 2019 to 2023. During this time, Banco CTT demonstrated strong growth in revenues, net income, and net margin. While some fluctuations were observed from 2021 to 2023, the overall trajectory highlighted the bank's expansion and efforts to gain market share within the Portuguese banking industry. To ensure consistency, banks showing a downward trend in these metrics during the same period were excluded from the peer group. As a result, Bankinter and Banca Sistema were removed.

The relative valuation of the Bank segment was conducted using four multiples. In addition to P/B and P/E, which were also used in the CCA of the Ex-Bank segment, the Bank segment's CCA included Price-to-Tangible Book Value (P/TBV) and EV/Deposits Ratio. P/TBV assesses the market's perception of the bank's equity relative to its tangible book value, excluding intangible assets, while EV/Deposits evaluate the efficiency of leveraging deposits as a core funding source.

The valuation is based on the median values of the P/B, P/TBV, P/Deposits, and P/E multiples for 2023 from the 9 banks that constitute the segment's peer group. Accordingly, the Bank segment's estimated price per share is €1.61 using the P/B multiple, €0.91 using the P/E multiple, €1.88 using the P/TBV multiple, and €1.74 using the P/Deposits multiple. The implied share price, based on the equally weighted average of the four multiples, is €1.53.

⁴⁰ (Bloomberg Terminal, 2024)

Sum of Parts CCA 2023	
Implied Share Price - Ex Bank	€3,12
Implied Share Price - Bank	€1,53
# Shares Outstanding (millions)	135,86
Implied Market Capitalization	
€632,42	
Group CTT - Implied Share Price	
€4,65	
Group CTT - Actual Share Price	€4,28
Difference (Estimated vs. Actual)	€0,37
Upside	8,76%

Figure 117: CTT Group CCA Valuation as Sum of Parts

Source: Group Analysis

6.4.3. CTT Group Valuation, CCA Results

As of 31/10/2024, the sum of parts relative valuation for CTT based on the Comparable Company Analysis (CCA) shows an implied share price of €3.12 for CTT excluding the bank and €1.53 for the bank. With 135.86 million shares outstanding, this results in an implied market capitalization of €632.42 million for the group. The combined implied share price for the entire CTT group is calculated to be €4.65. In comparison, the actual share price as of 31/10/2024 is €4.28, indicating a difference of €0.37. This suggests an upside potential of 8.76%, highlighting the possibility of significant share price appreciation.

7. Risk and Sensitivity

7.1. Risk

CTT has developed a comprehensive risk management framework to address challenges that could impact its strategic objectives, operational resilience, and financial performance. The banking unit introduces additional financial risks requiring specialized oversight.

Strategic risks are a significant focus for CTT, as they arise primarily from external factors and can influence the company's competitiveness, economic performance, and resilience. The risk of economic decline is significant, as global and domestic economic conditions directly impact demand for its services and operational costs. Factors like inflation, rising interest rates, and geopolitical tensions, such as the Ukraine conflict, create economic instability. Domestically, a slower GDP growth in Portugal, coupled with reduced consumer spending and rising costs, poses challenges to CTT's revenue streams, particularly in e-commerce and postal services. Additionally, the increasing frequency of climate disasters poses operational challenges, threatening infrastructure and disrupting continuity. Also, with the increasing sophistication and frequency of cyberattacks, cybersecurity is a growing concern, with the rising complexity and volume of cyberattacks necessitating robust technological defences and employee awareness programs.

Operational risks, which stem from failures in processes or regulatory compliance, present another critical challenge. CTT faces significant risks related to workplace accidents, particularly road accidents given its geographically dispersed operations. As a result, CTT has implemented a road prevention training program to reduce accidents and related incapacity. Additionally, sustainability reporting regulations are becoming more complex, posing significant challenges for organizations. Accordingly, CTT has taken a

strong position on ESG principles as part of its internal transformation, further detailed in [Section 8 \(ESG Analysis\)](#).

Financial risks represent a critical area for CTT, encompassing challenges such as interest rate fluctuations, liquidity constraints, and credit risk within the banking unit. The rise in interest rates, coupled with potential mismatches in asset and liability maturities, poses risks to profitability and financial stability. Liquidity risk is particularly relevant for Banco CTT, given its reliance on customer deposits as a primary funding source. To address this, Banco CTT actively manages cash flows and ensures compliance with regulatory liquidity ratios. Credit risk, inherent in retail banking, is managed through a robust impairment framework aligned with IFRS 9, which incorporates a three-stage classification system for loan loss provisioning. While CTT's market risk is relatively limited due to its lack of a trading portfolio, its investment activities still require careful oversight to avoid risks and adverse price movements.

CTT also faces **industry-specific risks**, such as its dependence on e-commerce growth. While e-commerce has been a major driver of the company's E&P business, any significant slowdown in this sector would directly affect revenues. In the Mail business, regulatory changes pose additional challenges, given CTT's obligations under its universal postal service concession, which may be subject to shifts in pricing models or service requirements. Another pressing strategic concern is the ongoing shift to digital communication and the decline in physical mail volumes continue to pressure CTT's postal business, with the company working to offset reduced demand while maintaining service quality.

7.2. Sensitivity Analysis

To further enhance the valuation analysis of CTT, a sensitivity analysis was conducted in order to evaluate the impact of two key variables on the company's valuation. This analysis evaluates the effect of incremental changes in terminal growth rate and cost of capital to explore potential valuation outcomes under vary assumptions.

7.2.1. Sensitivity Analysis DCF

Focusing in the DCF, the selected key variables were the cost of capital and the terminal growth rate. Due to their inherent uncertainty and their substantial impact in the Share Price, these variables were subject to both positive and negative variation of 0,5%.

This analysis reflects a high sensitivity of the share prices to changes in both variables. Incremental increases in the terminal growth rate positively impacts

the Share Price, primarily under lower WACC scenarios. As the terminal growth rate increases from 0% to 4%, the Share Prices increases substantially. For a wacc equal to 9,88%, the Share Price ranges the values €3.1 and €7.6.

On the other hand, the opposite happens for the cost of capital. An increase in WACC results into a decrease in the Share Price, demonstrating the impact of higher financing costs and perceived risk on valuation. Finally, as shown in Appendix 18, the price ranges €2.1 and €24.2.

7.2.2. Sensitivity Analysis FTE

For Banco CTT, for the same reason as the previous analysis, the chosen variables were the cost of equity, and the terminal growth and were subject to changes of 0.5%. The results (Appendix 20) were similar to the sensitivity analysis of the DCF, as the cost of equity increases, the Share Price is affected negatively, and the opposite happens to the increase in the terminal growth rate.

7.3. Monte Carlo Valuation

With the purpose of further analyzing the sensitivity of the DCF and FTE models to changes in some key variables, a Monte Carlo valuation was performed for both of these methods. The mean, or expected value, of the selected variables is considered to be that of the original models. Then, an appropriate standard deviation was assigned to each of them. For the purpose of this analysis, 1000 iterations of the model were performed, extracting a new stock price for each of them. In each of them, a new value for all the variables is randomly selected at the same time, within the standard deviation interval defined. This allows to analyze the combined effect of changing all the variables all at once. Finally, after having 1000 different estimated stock prices, reflecting many different random paths that the selected variables could take, the maximum, average, and minimum stock price of the dataset is extracted and analyzed. In the end, the results of the Ex-Bank (DCF Monte Carlo) and Bank (FTE Monte Carlo) are combined to arrive at a final expected stock price arising from all the iterations.

7.3.1. CTT Ex-Bank Valution, Monte Carlo

For the CTT Ex-Bank valuation, the DCF model was adapted into a Monte Carlo analysis. The first two variables thought to be affected were the cost of equity and cost of debt, effectively evaluating the impact of many different WACCs across the iterations. Standard deviation was set at 0.5% for both of these variables. Then, the terminal growth rate was also considered as a

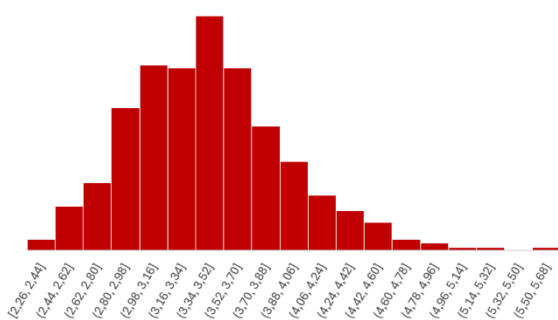


Figure 118: CTT Ex-Bank Stock Distribution for 1000 MC iterations (€)

Source: Group Analysis

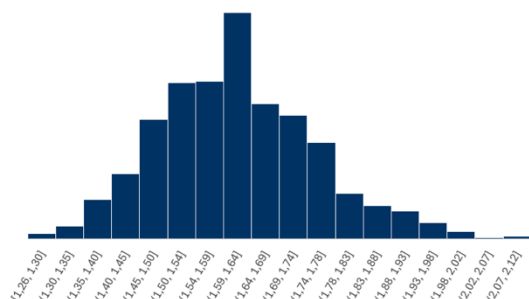


Figure 119: CTT Bank Stock Distribution for 1000 MC iterations (€)

Source: Group Analysis

Monte Carlo Iterations Summary

Share Price Value	Max	Mean	Min
Ex-Bank	5,66	3,42	2,26
Bank	2,11	1,62	1,26
Group	7,77	5,04	3,51

Figure 120: CTT Group Monte Carlo Valuation (€)

Source: Group Analysis

relevant variable. Being a variable with less uncertainty, the standard deviation is expected to be lower, set at 0.2%. Finally, with the intention of evaluating shifts from the forecasted revenue and cost values, the year-on-year EBIT growths between 2025 and 2029 were the last variables to be accounted for. The uncertainty in EBIT forecast is recognized to be larger than the previous variables, so standard deviations are set at higher values. Furthermore, the farther out in time the valuation is, the less certainty there is about the forecasts. As such, the standard deviation of EBIT growths increases from 1.5% (2025) to 1.6% (2029). The final average and expected stock price of CTT Ex-Bank, in the selected 1000 iteration set, is €3.42. The minimum observed stock price was €2.26 and the maximum €5.66.

7.3.2. CTT Bank Valuation, Monte Carlo

In the case of the CTT Bank valuation, the model adapted was the FTE. With the same reasoning as for the Ex-Bank analysis, the cost of equity is randomly changed with each iteration, within the interval associated with a 0.5% standard deviation. Net Income growth, much like EBIT in the previous case, is also expected to be more subject to uncertainty. As such, and following the same reasoning, each year-on-year growth is randomly selected, with standard deviations increasing from 1.5% to 1.6%. The final average and expected stock price of the Bank portion of CTT, in the selected 1000 iteration set, is €1.62. The maximum stock price observed for CTT Bank was €2.11 and the minimum €1.26.

7.3.3. CTT Group Valuation, Monte Carlo Results

With 1000 iterations for the CTT Ex-Bank stock price and 1000 iterations for the CTT Bank stock price, it is finally possible to arrive at a final CTT Group stock price for the Monte Carlo analysis. In the data set used, the expected stock price for the Group is €5.04, representing an 18% upside from the stock price as of 31/10/2024.

8. Final Valuation Summary

CTT Group's stock price was assessed through three different valuation methods, all considering an Ex-Bank and Bank sum of parts approach: DCF and FTE; Comparable Companies Analysis; Monte Carlo Analysis.

In order to estimate a final estimated stock price, and recognizing different strengths and weaknesses in each of the methods, equal weights were assigned to all three approaches. The DCF and FTE models, while enabling great flexibility in cash flows estimation, are highly affected by the WACC and terminal growth values. This pitfall is addressed in the Monte Carlo valuation,

CTT Group Final Valuation (€)

CTT Group Share Price, DCF & FTE	5,09
Weight	33,3%
CTT Group Share Price, CCA	4,65
Weight	33,3%
CTT Group Share Price, MC	5,04
Weight	33,3%
CTT Group Share Price, €	4,93
Share price (€) as of 31/10/2024	4,28
Difference (Estimated vs. Actual)	0,65
Upside	15%

which joins 1,000 different combinations of WACC and terminal growth values (among other relevant variables), within a standard deviation range. In turn, the CCA analysis enables the valuation of CTT through selected peers' multiples, safeguarding over or underestimation of cashflows that the DCF, FTE and Monte Carlo models are exposed to.

Joining estimates from these three different approaches, the final estimated stock price for Group CTT, as of 31/10/2024, is €4.93, representing a 15% upside potential from the stock price of €4.28 as of this date.

9. ESG Analysis

9.1. Environmental

Figure 121: CTT Group Final Stock Price (€)

Source: Group Analysis

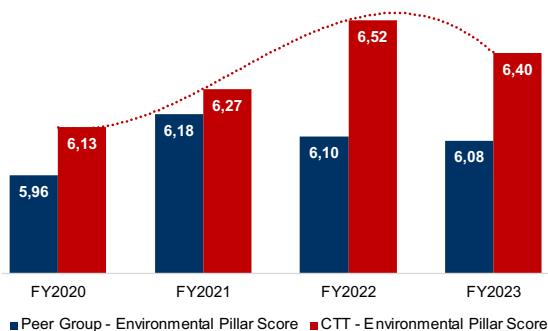


Figure 122: Environmental Pillar Score Evolution

Source: Bloomberg

CTT has proved consistent environmental leadership, outperforming the peer group average across key metrics. Its Environmental Pillar Score improved from 6.13 in 2020 to a high of 6.52 in 2022, slightly declining to 6.40 in 2023, supported by initiatives such as achieving 100% renewable electricity, which eliminated Scope 2 emissions, alongside efforts to enhance fleet efficiency and promote waste management aligned with circular economy principles.

The GHG (Greenhouse Gas) Emissions Score, while declining from 8,58 in 2021 to 8,20 in 2023, remains above the peer average. Tackling Scope 1 emissions from the vehicle fleet and substantial Scope 3 emissions from outsourced transport remains a challenge, requiring a shift away from fossil fuels and better management of indirect emissions. CTT's commitment under SDG 13, aimed at taking urgent climate action, resulted in achieving 3 out of 8 objectives in 2023, such as offsetting 7,224.9 tonnes of CO₂ emissions for Green Mail and Express & Parcels offers in Portugal and launching successful reforestation initiatives like the *A Tree for the Forest* campaign, which sold 12,508 kits. However, CTT fell short in reducing Scope 1 emissions, which increased by 4.3% instead of the targeted decrease. These setbacks highlight the need for accelerated progress in fleet electrification and logistics optimization to further improve emissions management.

The decline in the Energy Management Score from 6.54 in 2020 to 6.17 in 2023, falling below the peer average, alongside the Air Quality Score of 5.48 in 2023, which also lags peers, highlights the urgent need to accelerate fleet electrification, improve logistics efficiency, and encourage subcontractors to adopt greener technologies. CTT's efforts aligned with SDG 7 have shown notable progress, such as purchasing 100% renewable electricity backed by a Guarantee of Origin certificate and increasing photovoltaic energy production by 194.8%, reaching 1.86 million kWh in 2023. Further

ESG Strategic Goals	SDG	Examples of CTT Goals	23'
Accelerate the Decarbonisation of the CTT Offer in Iberia	13 CLIMATE ACTION	Mitigation of CO ₂ e Emissions of Scope 1	●
		Offsetting Direct Carbon Emissions from CTT's Offer	●
		Promote Active Reforestation of the National Territory	●
	7 AFFORDABLE AND CLEAN ENERGY	Purchase 100% of Electricity from Renewable Sources	●
		Increase Photovoltaic Energy Production for own Consumption	●
		Increase the Installation of LED Lighting by 3% per year	●
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Maintain the Waste Recovery Rate above 75%	●
		Incorporate Recycled/Reused Material in the Mail and E&P Offer	●
		Train 90% of the workers in the "Green Planet" Environmental Programme	●

Figure 123: CTT Social Goals related to SDG 13, 7 and 12

Source: CTT

achievements include the installation of LED lighting in 181 buildings, covering 70,000 m², contributing to energy efficiency goals. Under SDG 12, CTT also maintained a 99.3% waste recovery rate and incorporated 82.4% of recycled and reused materials into its mail and express offers, reflecting significant progress toward circular economy principles.

Addressing these gaps is crucial for boosting operational sustainability, reducing emissions, and achieving parity with leading competitors. While CTT’s environmental strategy has achieved important milestones, there remains a need for continuous innovation to meet long-term sustainability goals and maintain leadership in environmental performance.

9.2. Social

In 2023, CTT achieved a Social Pillar Score of 4.85, exceeding the peer group average of 3.59. Among its peers, only Poste Italiane attained a higher score, with 5.11. Since 2020, both CTT and the peer group have exhibited an upward trend in their scores. However, CTT has consistently outperformed the peer group average and demonstrated a superior growth rate.⁴¹

CTT has significantly improved its Product Quality Management Score, rising from 3.00 in 2020 to 7.95 in 2023, while the peer group average remained stable at 4.65. In 2023, CTT achieved the highest score among its peers, alongside Poste Italiane. Operational innovations played a key role in these improvements. For example, CTT introduced MOBI CTT in 2023, a tool designed for postmen to simplify task management, enhance delivery efficiency, and improve service quality. Additionally, CTT launched “Helena”, its first chatbot powered by Generative AI, providing customers with seamless and always-available assistance.⁴²

While the peer group average successfully increased its Labor and Employment Practices Score from 4.47 in 2020 to 5.21 in 2023, CTT experienced a slight decline, decreasing from 4.72 in 2020 to 4.68 in 2023. As a result, CTT’s score now falls below the peer group average, ranking only above Deutsche Post. By the end of 2023, CTT had fully achieved only one of the seven goals it had set in alignment with SDG 4. Although two employee satisfaction surveys were conducted during 2023, the annual training rate for CTT’s permanent staff was 0.7%, below the target of 1%, resulting in 89% of workers receiving training rather than the targeted 90%. Furthermore, only 15.9% of new staff participated in the integration program aimed at onboarding all hires, while the implementation of the new onboarding and equal

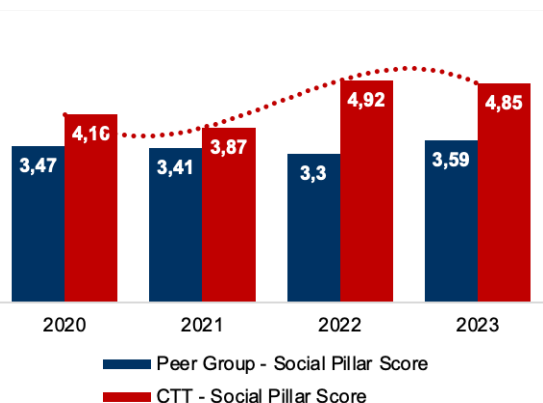


Figure 124: Social Pillar Score Evolution

Source: Bloomberg

ESG Strategic Goals	SDG	Examples of CTT Goals	23'
Be a benchmark employer, leveraged by a people-centred culture	4 QUALITY EDUCATION	Assess employee satisfaction	●
		90% Rate of workers trained	●
		1% Training rate	●
	5 GENDER EQUALITY	Gender parity in senior/middle management positions	●
		Publish and implement CTT Equality Plan	●
		Analyse the wage gap	●

Figure 125: CTT Social Goals related to SDG 4 and 5

Source: CTT

⁴¹ (Bloomberg Terminal, 2024)

⁴² (CTT, 2023)

opportunities training programs was postponed to 2024. Similarly, CTT achieved only one of its three SDG 5 goals: publishing the CTT Equality Plan. Instead of a full wage gap analysis, the company provided a preliminary version included in the 2024 Equality Plan. Additionally, the female-to-male ratio in senior and middle management fell by 0.6 percentage points from 2022 to 2023.

ESG Strategic Goals	SDG	Examples of CTT Goals	23'
Be a benchmark employer, leveraged by a people-centred	3 GOOD HEALTH AND WELL-BEING	Increase the attendance rate	●
		Prevention of labour mortality	●
		Reduce lost days	●

Figure 126: CTT Social Goals related to SDG 3

Source: CTT

Since 2020, both CTT and its peer group have experienced a downward trend in the Occupational Health and Safety Management Score, with CTT showing a more pronounced decline, from 4.33 in 2020 to 3.15 in 2023. Despite this, CTT still maintained a higher score compared to the peer group, which recorded 3.01 in 2023. By the end of 2023, CTT had achieved only two out of the five goals it had set, aligned with SDG 3. While the company successfully prevented labor mortality (with 0 fatal accidents) and improved the attendance rate by 0.8p.p., the number of road and occupational accidents rose by 25.9% and 8%, respectively. This increase contributed to a 9.2% rise in lost workdays between 2022 and 2023.

ESG Strategic Goals	SDG	Examples of CTT Goals	23'
Promote proximity to the local community	10 REDUCED INEQUALITIES	Corporate volunteering & social support actions	●
		Active participation of employees	●
		Invest 1% of recurring EBIT in social impact projects	●

Figure 127: CTT Social Goals related to SDG 10

Source: CTT

Finally, CTT successfully achieved five out of eight goals related to SDG 10, which focuses on promoting proximity to the local community. The company organized 15 corporate volunteering and social support initiatives, with the annual average of employee volunteering hours increasing from 2022 to 2023. CTT maintained a First Contact Resolution rate and customer support line performance above 90%, reaching 93% by the end of 2023, and ensured a satisfaction level above 60% across customer support channels. Additionally, CTT upheld its capillarity, providing at least one post office in 100% of municipalities and rural areas, and sourced 99.5% of its services from local suppliers (by purchase volume in the Iberian Peninsula).

9.3. Governance

The shareholder structure of a company plays a crucial role in determining its governance dynamics and decision-making processes. For CTT, this structure reflects a diverse combination of institutional, industrial, and retail investors. The largest shareholders include Global Portfolio Investment, S.L and Manuel Champalimaud SGPS, S.A, holding 15,61% and 14.26% respectively. With the top ten shareholders owning approximately 52% of the total company's capital, it is concluded that the concentration of decision-making power is shared by a few key entities. Institutional investors account for 35,7% of the ownership, with a strong presence in North America, followed by Europe, including Portugal and Spain, representing around 57,6% and 26,4% respectively. This justifies Bloomberg Shareholder rights score of 6.82, outperforming the average peer group. Focusing on overall board composition,

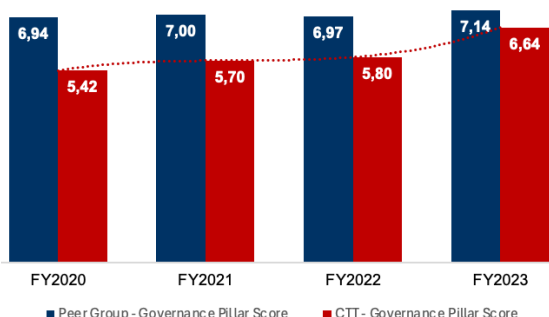


Figure 128: Governance Pillar Score Evolution

Source: Bloomberg

ESG Strategic Goals	SDG	Examples of CTT Goals	23'
Create a Governance Model of Reference	8 DECENT WORK AND ECONOMIC GROWTH	Maintain the Endorsement of the 10 Principles of the UNGC	●
		Score in Leadership Position in Carbon Disclosure Project	●
		Promote Open Communication Channels with Stakeholders	●
		Introduce ESG Incentives in the Targets of 50% of Top and Middle Management	●
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Maintain Certification of CTT operations, Subsidiary Companies and Corporation	●
		Score in Leadership position in Carbon Disclosure Project	●

Figure 129: CTT Governance Goals

Source: CTT

45% of the administration is independent, with a large diversity of capabilities and expertise. This structure promotes accountability and long-term value creating, allocating CTT with a score of 7.83 in Bloomberg Board Composition Score, outperforming most of its peers.

The management compensation's score, besides showing an upward trend, is relatively low, achieving a value of 3.66 compared with the average peer group of 7.49. Although CTT needs to improve its compensation method, the company currently compensates its management team with both fixed and variable remuneration, amounting in 2023 to €2,785,656 and €1,492,467 respectively. To tie incentives with the performance of the company, executives including the CEO, CFO and CCO participate in a stock option plan linked to company performance, featuring options exercisable in three tranches. Another important evolution was the implementation of ESG in the targets of top management.

Finally, CTT aims to create a model of governance, ensuring of CTT people in the company's culture and strategic goals. Besides the maintenance of its certificates related with the company's culture, CTT has also successfully promoted trustful communication channels for stakeholders. In line with its governance priorities, CTT also maintained its endorsement of the 10 principles of the United Nations Global Compact and reaffirmed its commitment to the business ambition to 1.5° initiative. Moreover, CTT successfully achieved a leadership position of A- in the Carbon Disclosure Project for Climate Change.

Taking all these factors into consideration, it is concluded that CTT's governance reflects a well balance approach. However, there is still room for improvement, as Governance Pillar Score is still below most of its peers with a value of 6,64 compared with the average of the peer group of 7,14, likely explained by the poor management compensation score.

10. Conclusion

CTT faces significant challenges in both its Logistics and Banking & Financial Services sectors, requiring adaptability and innovation to maintain growth. In the Logistics sector, CTT must address the steady decline in mail volumes while adapting to the competitive and fast-changing e-commerce landscape. Nevertheless, CTT's expanding footprint in Iberian logistics provide a strong foundation to capture growth opportunities. The company's strategic investments in e-commerce partnerships and a unified Iberian service offering highlight its commitment to maintaining relevance in a dynamic market. Additionally, efforts to diversify the Mail Business Unit demonstrate CTT's proactive approach to sustaining this segment.

In the Banking Business Unit, CTT operates in a saturated and highly competitive market. Despite these challenges, Banco CTT has emerged as a key growth driver, successfully attracting deposits and clients while expanding its market share. In the Financial Services Business Unit, reliance on public debt placements presents a notable risk, especially amid evolving economic and regulatory environments. Nonetheless, CTT's focus on digital transformation acts as a crucial differentiator. Initiatives like streamlining access to savings products via online platforms aim to enhance customer experience and position CTT as a modern and cost-effective financial services provider.

CTT's valuation results in a **BUY** recommendation, with a target price of €4.93, offering a 15% upside from the October 31st closing price of €4.28. This upside is primarily driven by growth in the E&P unit and the strong performance of Banco CTT.

The E&P unit benefits from the rapid expansion of e-commerce, supported by strategic partnerships and innovations like smart lockers and unified logistics solutions. These efforts enhance delivery efficiency and customer convenience, enabling CTT to capture a growing share of the e-commerce market. Banco CTT leverages its strong brand and CTT's extensive retail network to drive profitability and scalability. Its cost-efficient operations and focused product offerings, such as auto and mortgage loans, give it a competitive edge in the banking sector. By combining digital tools with physical services, Banco CTT fosters deeper customer engagement and achieves steady margin growth.

Together, these segments establish a foundation for sustainable growth and underline the company's potential as a compelling investment opportunity.

THE POTENTIAL ACQUISITION OF BANCO CTT:

Should CTT Correios de Portugal Divest its Banking Arm?

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Figure 1: CTT and Banco CTT logos



Source: Banco CTT

Figure 2: CTT postal branch, with Banco CTT hub



Source: Banco CTT

1. Introduction

The growing trend of postal firms diversifying into financial services has created opportunities for strategic shifts within the industry. Historically reliant on mail delivery, companies like CTT have expanded into banking to leverage their networks and customer trust. Banco CTT (BCTT), established in 2016, is an example of such diversification. In recent years, BCTT has experienced notable growth, prompting discussions about its potential divestiture as part of a broader strategy to reallocate resources towards E&P operations. Recent statements from CTT's management highlight this strategic shift. With traditional mail services facing increasing challenges, CTT is focusing on logistics while considering options for BCTT, including a full divestiture.¹

Throughout this paper, BCTT's divestiture from CTT is analysed in the specific context of a private transaction to another bank, in beginning of 2025. Therefore, BCTT integration synergies with CTT are identified and excluded in bank's stand-alone scenario. Subsequently, BCTT is revaluated post-acquisition using an FTE model, which involves identifying and quantifying post-acquisition synergies, and adjusting the cost of equity accordingly. Scenario and sensitivity analyses are also conducted to strengthen the final recommendation. Finally, a relative valuation in the post-acquisition scenario is performed to validate the FTE model conclusions. The ultimate objective is to evaluate whether divesting BCTT from CTT through a complete private sale would create value for the bank and, potentially, its parent company.

2. Literature Review

In 1861, postal banking was introduced in Great Britain to promote financial inclusion. Over time, this model spread globally, adapting to diverse social and financial needs.² Beyond addressing financial exclusion, other two factors drove postal organizations to provide financial services in the early years. Postal networks played a pivotal role in mobilizing savings, with funds frequently reinvested in government bonds, creating a stable funding source. Also, postal organizations capitalized on their branch networks to diversify into financial services, enhancing revenue streams and operational efficiency.³

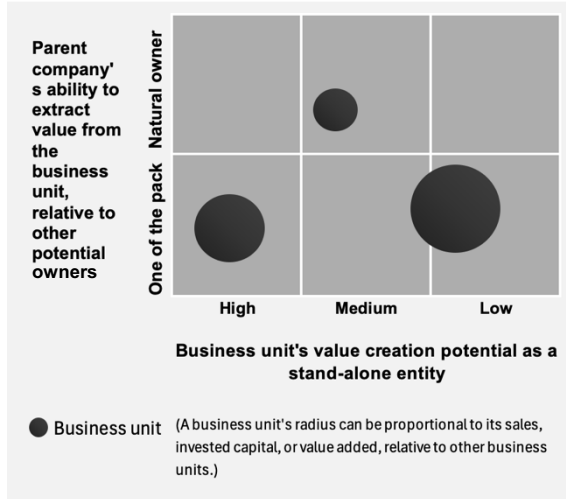
In recent years, as traditional mail volumes have declined, postal companies have increasingly entered the banking sector to secure new revenue streams. By taking advantage of their existing infrastructure, these companies offer high-margin financial products, such as savings accounts and loans. This integration creates synergies by utilizing widespread branches and brand

¹ (Almeida 2024)

² (Ely 1896)

³ (World Bank Group's Global Information and Communication Technologies Department 2006)

Figure 3: Market-Activated Corporate Strategy (MACS) Framework



Source: (McKinsey & Company 2005)

recognition to deliver tailored financial products that increase customer loyalty and transaction volumes. Also, underutilized branches are optimized, turning them into profitable hubs and offsetting fixed infrastructure costs. In markets where postal brands enjoy strong local presence and trust, postal banking can significantly boost profitability and ensure long-term sustainability.⁴

As postal firms integrate financial services, the banking division may outgrow core operations, prompting consideration of divestiture. In line with the classic portfolio management approach, business units with lower competitiveness may be considered for divestiture. However, this approach assumes synergies between business units are negligible and that the parent company is always the best owner of all types of businesses. A more refined approach (MACS) evaluates the potential of a business as a stand-alone entity. If a business has a high potential for value creation, it may be better managed outside the parent company as other firms could be better positioned to extract that value. Then, divesting the business allows the parent company to capture a premium and refocus on its core competencies and strategic goals.⁵

Executives have various transaction structures to choose from. Private transactions are typically preferred when the company identifies other parties that are better suited to own the business unit. This structure allows the company to sell the business at a premium, capturing immediate value. In most cases, other industry players are the acquirers, as they can realize the full potential of the business unit, benefiting from synergies that others might not be able to extract.⁶ Many organizations have analysed the motives and implications of acquisitions involving banks.

Domestic bank M&As are primarily driven by the pursuit of cost efficiencies through economies of scale. Smaller institutions focus on reducing costs by rationalizing branch networks, staff, and centralized functions. Larger domestic M&As focus more on market repositioning, seeking to increase market power. These transactions emphasize revenue growth and capital optimization. In contrast, international bank M&As are primarily motivated by the need for size to compete in regional or global markets. Economies of scale are also significant, offering benefits like increased revenue opportunities, cost reductions in overlapping administrative functions, and access to larger customer bases. However, international M&As face unique challenges, such as differing regulatory environments and political resistance.⁷

M&As create value by increasing the expected free cash flows of the

⁴ (Eszter Beretzky 2021)
⁵ (McKinsey & Company 2005)
⁶ (McKinsey & Company 2005)
⁷ (European Central Bank 2000)

combined entities through synergies, which are usually driven from cost reductions or revenue growth. Cost synergies typically arise from operational efficiencies, such as consolidating operations, reducing overhead, or achieving economies of scale. These are often easier to quantify and implement, as they can be directly linked to specific operational activities. On the other hand, revenue synergies are more elusive, arising from factors like cross-selling, expanding market share, or leveraging complementary products and services. Revenue synergies are harder to estimate due to potential disruptions in customer relationships, competitive responses, and market conditions. Studies show that cost synergies are often captured more effectively, with approximately 88% of firms realizing at least 70% of the estimated cost savings. In contrast, only half of the companies achieve more than 70% of the targeted revenue synergies.⁸ "Most M&A deals fail" – almost 70% of M&A deals fail to meet expectations, primarily due to challenges in integrating corporate cultures and operational systems effectively.⁹

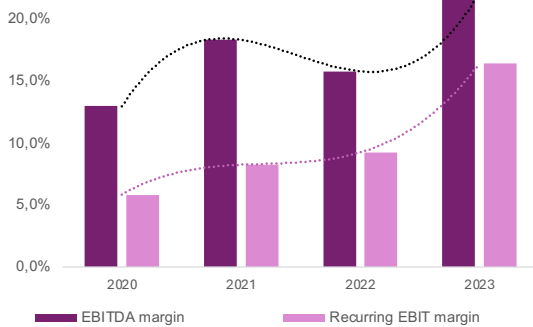
3. Acquisition Rationale

BCTT was launched in 2016 with a distinctive value proposition. Its foundation capitalized on strong brand awareness and reputation of CTT, an institution with over 500 years of history. CTT is well-known for its dominant role in the placement of public debt and detains an extensive retail network, which comprises 595 branches across all municipalities in Portugal. Currently, BCTT stands as the fastest growing banking franchise in Portugal. By 2023, BCTT had accumulated more than 650,000 current accounts, translating into a 1.73% share of the Portuguese banking sector's deposit from clients market.¹⁰

From 2020 to 2023, BCTT demonstrated an exceptional financial performance. The bank achieved a CAGR in EBITDA of 35.44%, reaching over €28M in 2023. Recurring EBIT grew at an even more impressive CAGR of 63.80% during the same period, surpassing €21M in 2023. Both EBITDA and Recurring EBIT margins also improved significantly: the EBITDA margin increased from 18.3% in 2020 to 23.0% in 2023, while the Recurring EBIT margin grew from 8.3% to 16.6%. However, this rapid growth is expected to moderate in the future. Between 2024 and 2029, BCTT's forecasted EBITDA and Recurring EBIT CAGRs are 5.41% and 6.24%, respectively. Margins are expected to continue growing modestly, with the EBITDA margin forecasted to reach 25.6% and the Recurring EBIT margin 19.2% by 2029.

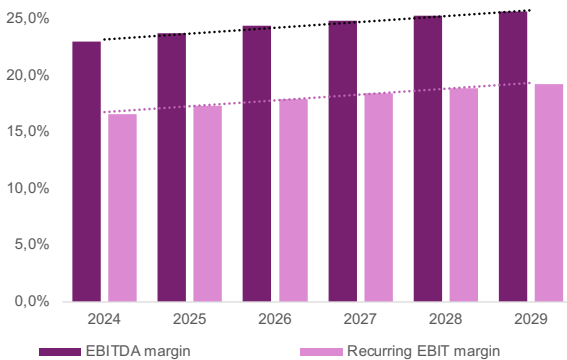
Although BCTT has benefited from integration synergies with CTT, its robust independent operations have gained prominence over time. Applying the

Figure 4: BCTT's EBITDA Margin and Recurring EBIT Margin (2020-2023)



Source: Group CTT's annual reports (2020-23)

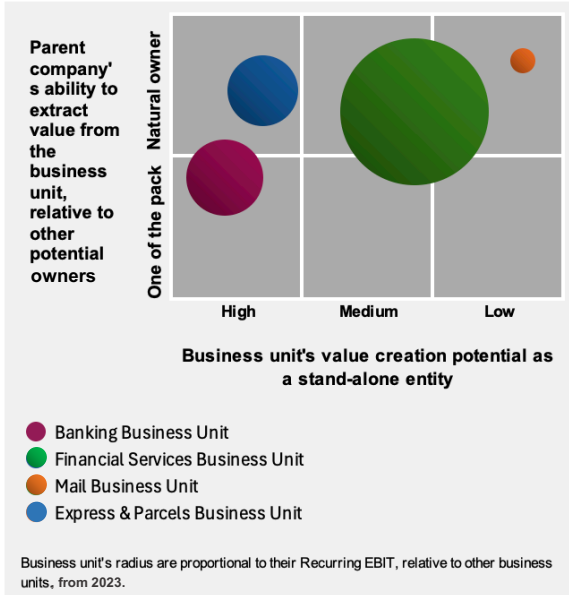
Figure 5: BCTT's Forecasted EBITDA Margin and Recurring EBIT Margin (2024-2029)



Source: Group Analysis

⁸ (McKinsey & Company 2005)
⁹ (Scott A. Christofferson 2004)
¹⁰ (CTT 2024)

Figure 6: MACS Framework – Group CTT



Source: Carolina Araújo | 46975

MACS Framework, BCTT is expected to exhibit a high potential for value creation as a stand-alone entity, particularly given its strong historical performance. Moreover, the value that Grupo CTT can extract from the bank is likely to diminish over time, as the major integration synergies are likely to have already been largely realized in the bank's initial years of operation.

This perspective gains further relevance when considering the potential of other owners, particularly within the banking industry. Acquirers from the same sector are often better positioned to unlock additional value through synergies. These synergies could include cost optimization, cross-selling opportunities, and leveraging complementary capabilities.

In subsequent sections of this thesis, BCTT will be evaluated under a post-acquisition scenario within the banking industry. The profile of a potential acquirer is defined as a major player in the Portuguese banking sector, characterized by a well-established and extensive branch network, a highly skilled workforce with expertise in financial services, a larger customer base, and a more diversified financial product portfolio compared to BCTT.

4. BCTT Stand-Alone Scenario

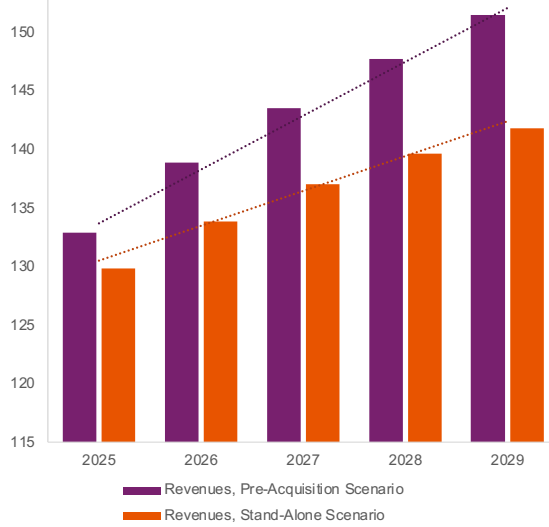
The synergies lost due to BCTT's separation from the CTT Group must be identified and quantified. Reforecasting the bank's income statement under a stand-alone scenario provides a clear understanding of the financial implications associated with the loss of integration synergies. This establishes a straightforward framework for evaluating the synergies that will emerge in a post-acquisition context. Key figures on the balance sheet are assumed to remain unchanged from the pre-acquisition scenario.

The stand-alone scenario assumes that BCTT branches will no longer operate as part of the CTT postal network and that the BCTT brand will no longer be associated with the CTT Group. A critical consideration involves the treatment of staff and outsourced services. During the integration period, BCTT benefited from cost-sharing efficiencies through overlapping responsibilities absorbed by CTT's broader operations. These overlaps were primarily reflected in the ES&S component rather than direct staff costs, as they pertained predominantly to outsourced services. Additionally, the effects of lost and, later in this paper, post-acquisition synergies are categorized into short-term (2025–2026) and medium-to-long-term (2027–2029).

4.1 Revenues Synergies Loss

By 2023, BCTT's market share had presented a massive growth, reflecting significant progress within the highly competitive banking industry. This can be attributed to the integration synergies arising from BCTT relationship with CTT, and the bank's robust independent operations. The synergies provided

Figure 7: Forecasted Revenues in the Pre-Acquisition and Stand-Alone Scenarios (2025-2029)



Source: Carolina Araújo | 46975 & Group Analysis

by CTT enabled immediate brand recognition, built customer trust, and leveraged an efficient distribution network, particularly in the bank's early years. Over time, however, BCTT's market share performance increasingly reflected the strength of its independent operations, including the bank's strategic initiatives and operational efficiency.

In the stand-alone scenario, a projected deceleration in the growth of client deposit market share is expected. While the upward trend in market share growth is anticipated to slow by 1.50% in the short term, the impact of lost synergies is expected to diminish over time, reducing the deceleration to just 1%, as the independent bank's operations gain significance. This affects both net interest income and fees & commissions, the two primary components of Banco CTT's total revenues. Consequently, between 2024 and 2029, total revenues, which demonstrate a CAGR of 3.14% in the integrated scenario, decline to a 1.80% CAGR in the stand-alone scenario.

4.2 Cost Synergies Loss

Given its integration with CTT, BCTT benefited from low-cost strategies facilitated by shared infrastructure and operational synergies, particularly evident in the ES&S costs. In the stand-alone scenario, ES&S expenses were recalculated after excluding the costs of the utilization of CTT's physical and technical resources, recorded in BCTT's annual reports.

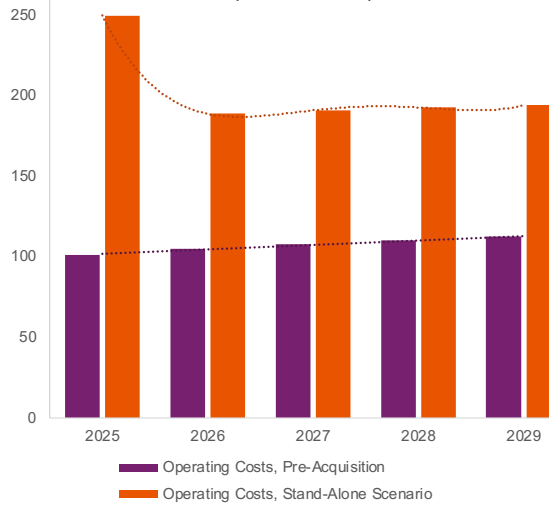
Establishing a new branch network introduces substantial costs, divided into initial setup costs and recurring operational costs. The setup costs, a one-time expense in 2025, encompass upfront capital expenditures required for replicating BCTT's network of 212 branches. This includes, for instance, creating new IT infrastructures, branch furniture, renovations, and hiring service providers for installation. Based on a benchmarking analysis¹¹, the setup cost amount to €63.6M, an estimated cost of €0.3M per branch.

Conversely, operational costs include annual expenses such as rent, utilities, IT systems software leases, centralized procurement, and personnel costs outsourced as services. Operational costs are estimated at €0.4M per branch¹², totaling €84.8M annually. While significant, those costs are less critical in the context of BCTT's post-acquisition scenario, as the acquirer will mitigate them. Thereby, operating costs CAGR, which had a value of 2.43% in the integrated scenario, increase to 14.63% in the stand-alone scenario.

5. BCTT Post-Acquisition Scenario

In the post-acquisition scenario, BCTT's balance sheet key figures are assumed to remain unchanged compared to the stand-alone scenario. The

Figure 8: Forecasted Operating Costs in the Pre-Acquisition and Stand-Alone Scenarios (2025-2029)



Source: Carolina Araújo | 46975 & Group Analysis

¹¹ (Clay 2023)

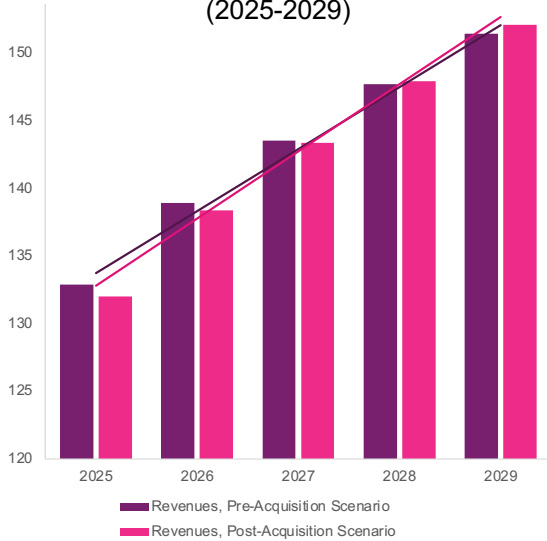
¹² (MergersCorp M&A International 2020)

acquisition's impact will primarily be reflected in the income statement, through revenue and cost synergies, as well as the bank's cost of equity.

5.1. Post-Acquisition Impact on BCTT's Income Statement Key Figures

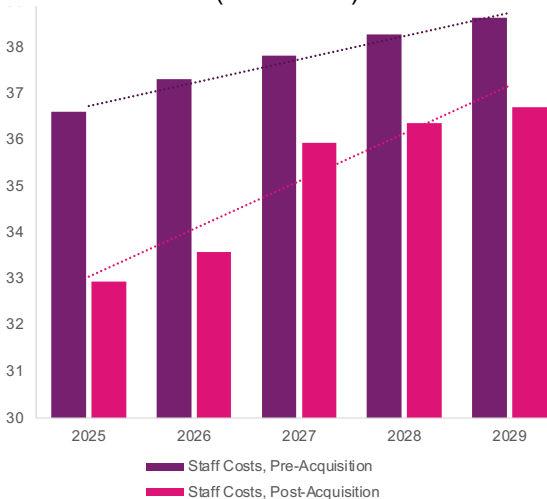
Besides the impact of synergies, an acquisition also entails implementation costs. For the year 2025, it is assumed that these initial setup costs would represent approximately 20% of the setup costs considered in the stand-alone scenario, amounting to €12.72M. These costs encompass more obvious expenses, such as potential branch renovations and severance payments, as well as the integration of the acquirer's IT system, and employee retraining. Total implementation costs can often add up to more than a full year of synergies.¹³ This initial costs are considered consistent across all post-acquisition scenarios analysed throughout this thesis.

Figure 9: Forecasted Revenues in the Pre- and Post-Acquisition Scenarios (2025-2029)



Source: Carolina Araújo | 46975 & Group Analysis

Figure 10: Forecasted Staff Costs in the Pre- and Post-Acquisition Scenarios (2025-2029)



Source: Carolina Araújo | 46975 & Group Analysis

5.1.1 Revenues Synergies

BCTT's market share growth is projected to accelerate following the acquisition, primarily driven by access to the acquiring bank's broader client base, more diversified product portfolio and well-established market presence. As previously outlined, revenue synergies are often challenging to realize, so their projected values were kept moderate. During the initial integration phases, market share growth is expected to increase by 1.75% annually. Over time, this growth is forecasted to moderate to 1.25% per year as market saturation in the highly competitive banking sector sets in.

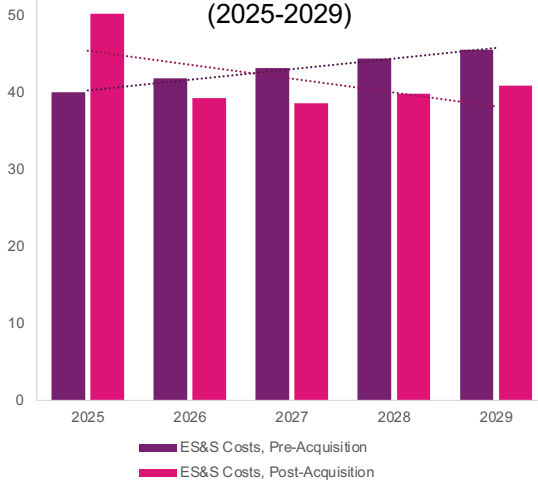
As a result, BCTT's revenue streams, including net interest income and fees & commissions, are anticipated to rise, supported by an expanded market share and higher transaction volumes. Between 2024 and 2029, total revenues, which show a CAGR of 1.80% in the stand-alone scenario, are expected to increase to a 3.23% CAGR in the post-acquisition scenario, slightly surpassing the pre-acquisition revenue CAGR of 3.14%.

5.1.2 Cost Synergies

In the pre-acquisition scenario, BCTT aimed to increase its specialized workforce. However, in the post-acquisition scenario, since the acquirer is characterized by its skilled workforce, the growth of specialized staff is expected to slow down. The acquisition enables BCTT to reduce overlapping roles across departments such as IT and marketing while retaining highly skilled and experienced employees. In the short-term, this cost synergy leads to a 10% reduction in the staff expected under the pre-acquisition scenario. Over time, this impact diminishes to a 5% reduction, as the impact of synergies stabilizes and workforce aligns with operational needs under the acquirer's structure. Between 2024 and 2029, the post-acquisition staff costs CAGR is

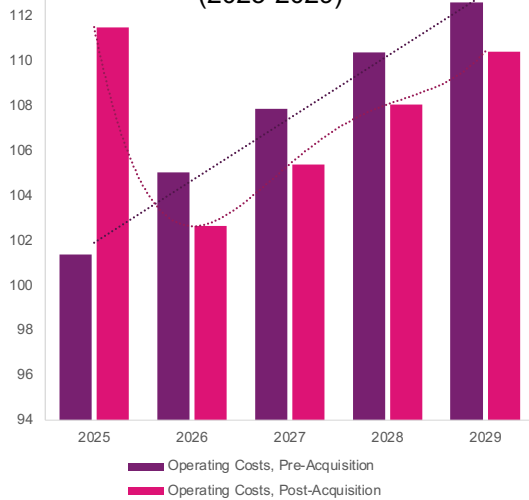
¹³ (McKinsey & Company 2005)

Figure 11: Forecasted ES&S Costs in the Pre- and Post-Acquisition Scenarios (2025-2029)



Source: Carolina Araújo | 46975 & Group Analysis

Figure 12: Forecasted Operating Costs in the Pre- and Post-Acquisition Scenarios (2025-2029)



Source: Carolina Araújo | 46975 & Group Analysis

Figure 13: Cost of Equity Formula

$$\text{Cost of Equity} = \text{Risk Free Rate} + \text{Total Risk Premium} * \beta_{\text{Levered}}$$

Source: (McKinsey & Company 2005)

Figure 14: Post-Acquisition Cost of Equity – Financial Figures from Peer Group

Peers	Millenium BCP	Santander Totta	CaixaBank
Country	Portugal	Spain	Spain
Raw β	1,423	1,599	0,710
Adjusted β	1,282	1,399	0,807
Deposits Market Share 2023	23,30%	12,12%	8,97%

Source: Bloomberg Terminal | Banco de Portugal

projected at 1.21%, compared to 2.26% in the pre-acquisition scenario.

ES&S is expected to present the greatest post-acquisition impact due to cost synergies. By being acquired by a larger bank, BCTT stands to benefit from well-established and developed integrated systems, outsourced services, and centralized procurement, leading to potential economies of scale. Operational efficiencies driving cost synergies are the most common, easiest to quantify, and most feasible to implement. Consequently, in the short-term, ES&S costs are projected to decrease by 5% compared to pre-acquisition expectations. This percentage rises to a 10% decrease over the medium-term as BCTT adapts to its post-acquisition environment and better leverages the acquirer's operational efficiencies. From 2024 to 2029, post-acquisition ES&S CAGR is estimated at 1.08%, significantly lower than the 2.51% in the pre-acquisition scenario. Accordingly, the post-acquisition operating cost CAGR is expected to be 2.40%, compared to 2.43% pre-acquisition.

Combined with the projected impact on revenues, net income CAGR under the post-acquisition scenario is forecasted at 4.46%, reaching €26.08M by 2029. The pre-acquisition scenario shows a slightly higher CAGR of 4.49%, but the total net income for 2029 is lower, at €24M. Historically, only about 30% of M&A deals realize their expected synergies due to overly optimistic projections. Then, in this analysis, synergies have been quantified moderately.

5.2 Cost of Equity

After the acquisition, BCTT's cost of equity is expected to decrease due to a reduction in its levered beta. This reflects the diversification effects, as well as the enhanced operational efficiency and stability introduced by the acquirer, once it detains a more diversified business model and client base. Risk-free rate and the total risk premium are assumed to remain constant since they reflect market-wide systematic risks unaffected by the acquisition.

BCTT's new levered beta was calculated as the average of the adjusted betas from a sample of peers, resulting in a value of 1.163, compared to BCTT's pre-acquisition beta of 1.190. The sample of peers selected includes 3 publicly listed banks, each fitting the profile of a potential buyer, so that the levered beta would reflect the expected decrease of its systematic risk. These banks are larger than BCTT and hold a significant presence in Portugal, enabling BCTT to leverage their well-established networks. Millennium BCP and Santander Totta represent the second and third largest total deposits market shares in Portugal from 2019 to 2023, respectively. Similarly, CaixaBank, as the parent company of Banco BPI, has a strong presence, with BPI ranking fifth in total deposits market share during the same period. Peers were constrained to banks that operate in the Iberian Peninsula to ensure

Figure 15: Key Post-Acquisition Cost of Equity Figures, and Results

	Pre-Acq	Post-Acq
Risk-Free Rate	2,10%	2,10%
Total Risk Premium	6,79%	6,79%
β Levered	1,186	1,163
% change		-1,98%
Cost of Equity	10,15%	9,99%
% change		-1,57%

Source: Carolina Araújo | 46975

Figure 16: Key Figures from FTE Valuation Model, and Results

Cost of Equity	9,99%			
Terminal Growth Rate	2,00%			
€ million	FCFE	Δ CET1	Net Income	Discounted FCFE
2025	-€7,05	€18,61	€11,56	-€6,41
2026	€10,80	€11,64	€22,45	€8,93
2027	€14,39	€9,43	€23,82	€10,81
2028	€25,45	-€0,48	€24,97	€17,39
2029	€28,02	-€1,94	€26,08	€17,41
Terminal Value	€357,55			€222,06
Post-Acquisition Valuation				
Equity Value				€270,18
# shares outstanding				135,86
Per Share Value (€)				€1,99
Pre-Acquisition Valuation				
Equity Value				€222,66
# shares outstanding				135,86
Per Share Value (€)				€1,64
Upside				21,34%

Source: Carolina Araújo | 46975

Figure 17: Post-Acquisition Base Scenario – Summary of Synergies and Results from FTE Model Valuation

	2025-26	2027-29
Base Scenario		
Revenue Synergie 1, Increase Market Share	1,75%	1,25%
Cost Synergie 1, Change in Number of Employees Growth	-10,00%	-5,00%
Cost Synergie 2, Decrease in ES&S	5,00%	10,00%
Equity Value (M€)	€270,18	
Per Share Value (€)	€1,99	
Upside (vs. Pre-Acquisition Scenario)	21,34%	

Source: Carolina Araújo | 46975

comparability, given the similar political, regulatory, and economic contexts.

Using this adjusted beta, the post-acquisition cost of equity was computed at 9.99%. This represents a decrease of 1.57pp from the pre-acquisition cost of equity of 10.15%.

6. BCTT Post-Acquisition Valuation

BCTT was valued under its post-acquisition scenario to determine whether the acquisition would create or destroy value. The valuation began with a FTE model, incorporating changes in BCTT's key financial figures driven by synergy capture and cost of equity adjustments. A scenario analysis was conducted, encompassing both optimistic and pessimistic outcomes, alongside a sensitivity analysis focused on the post-acquisition cost of equity and the terminal growth rate. Lastly, a relative valuation was performed to validate the conclusions on value creation through the synergies approach.

6.1 FTE Valuation Model

The FTE model was selected as the primary method to value BCTT due to the significant influence of financial decisions on the bank's earnings generation, as outlined in pre-acquisition valuation.

The terminal growth rate was maintained at 2%, reflecting the long-term expected growth of Portuguese GDP, as BCTT is not anticipated to indefinitely outperform the overall Portuguese economy. As previously mentioned, balance sheet key figures were assumed to remain unchanged, meaning the bank's common equity tier 1 (CET1) and its annual changes are consistent with the pre-acquisition scenario. Net income was recalculated to account for the impact of synergies and additional adjustments to BCTT's income statement. The post-acquisition cost of equity served as the discount factor.

The model involves annual computation of the free cash flow to equity holders (FCFE), which includes net income, the yearly change in CET1, and the terminal value of BCTT. The sum of the discounted FCFE, using the post-acquisition cost of equity as discount factor, yields an implicit equity value for BCTT of €270.18M, compared to €222.66M in the pre-acquisition scenario. Assuming the number of shares outstanding remains unchanged compared to pre-acquisition, the implicit post-acquisition share price is €1.99, reflecting a 21.34% upside from the pre-acquisition share price of €1.64.

6.1.1 Scenario Analysis – Post-Acquisition Synergies

Once post-acquisition CET1 is assumed to remain unchanged compared to the pre-acquisition scenario, net income becomes the primary driver of FCFE. Net income in the post-acquisition scenario is primarily impacted by the synergies previously identified and quantified. Therefore, a scenario analysis

Figure 18: Post-Acquisition Optimistic and Pessimistic Scenarios – Summary of Synergies and Results from FTE Model

	2025-26	2027-29
Optimistic Scenario		
Revenue Synergie 1	2,00%	1,50%
Cost Synergie 1	-15,00%	-10,00%
Cost Synergie 2	10,00%	15,00%
Equity Value (M€)		€312,70
Per Share Value (€)		€2,30
Upside (vs. Pre-Acquisition Scenario)		40,44%
Pessimistic Scenario		
Revenue Synergie 1	0,50%	0,25%
Cost Synergie 1	-5,00%	-2,50%
Cost Synergie 2	2,50%	5,00%
Equity Value (M€)		€216,13
Per Share Value (€)		€1,59
Upside (vs. Pre-Acquisition Scenario)		-2,93%

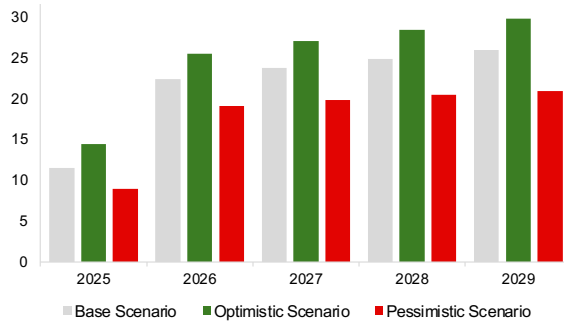
Source: Carolina Araújo | 46975

was conducted to assess the impact of synergies changes on BCTT’s post-acquisition value, considering two additional scenarios.

In the optimistic scenario, revenue synergies were assumed to slightly increase by 0.25% each forecasted year, as such synergies are typically more difficult to realize. Since cost synergies are easier to predict and implement, the growth of BCTT’s employee synergies was strengthened by an additional 5% reduction in the workforce each forecasted year. Additionally, the decrease in ES&S was also strengthened by annually reducing it by an extra 5%. The net income CAGR for the optimistic scenario between 2024 and 2029 is now 7.33%, almost doubling the growth rate compared to both the pre-acquisition and base scenarios. Under the optimistic scenario, BCTT’s equity value reaches €312.70M, with a share price of €2.30, representing an upside of 40.44% compared to the pre-acquisition valuation.

However, as “most M&A deals fail”, a pessimistic scenario was created based on the assumption that revenue synergies would result in only a 0.5% increase in market share growth in the short term, followed by a 0.25% increase in subsequent years. Both cost synergies were reduced by half of the impact in the base scenario. Consequently, net income CAGR for the pessimistic scenario between 2024 and 2029 is now 0.07%, significantly lower than the 4.49% from the pre-acquisition scenario. The equity value under the pessimistic scenario is €216.13M, with a share price of €1.59, representing a downside of 2.93% compared to pre-acquisition values.

Figure 19: Net Income across the three Post-Acquisition Scenarios (2025-2029)



Source: Carolina Araújo | 46975

Figure 20: Discounted Terminal Value Sensitivity Analysis

		Cost of Equity		
		9,99%	10,49%	10,99%
Growth Rate	1,00%	195,44	181	168,1
	1,50%	207,97	192	177,83
	2,00%	222,06	204,3	188,64
	2,50%	238,04	218,15	200,72
	3,00%	256,3	233,83	214,32

Source: Carolina Araújo | 46975

6.1.2 Sensitivity Analysis – Cost of Equity and Terminal Growth Rate

Cost of equity reflects the perceived risk associated with the bank’s FCFE, while the terminal growth rate impacts its long-term value. Both parameters are critical drivers of FTE model. A sensitivity analysis was conducted to assess how 0.5% changes above and below these estimated parameters impact BCTT’s discounted terminal value, equity value, and share price.

The discounted terminal value accounts for over 80% of BCTT’s estimated equity value and implicit share price. These financial figures increase as the cost of equity decreases and the terminal growth rate rises, and vice versa. Whenever the cost of equity increases between 0.5% to 1%, and the terminal growth rate is kept constant or decrease by 0.5%, the sensitivity analysis shows a 75% likelihood that the discounted terminal value post-acquisition would be lower than the pre-acquisition value. However, the cost of equity is expected to decrease post-acquisition, making this scenario highly improbable. Furthermore, a decrease in terminal growth rate is doubtful given BCTT’s historical performance and the projected CAGR for the industry. Consequently, for both BCTT’s estimated equity value and share price, the

Figure 21: Equity Value Sensitivity Analysis

		Growth Rate		
		1,00%	1,50%	2,00%
Cost of Equity	9,99%	243,56	256,09	270,18
	10,49%	228,21	239,22	251,52
	10,99%	214,44	224,17	234,98
	10,99%	202,02	210,66	220,22

Source: Carolina Araújo | 46975

Figure 22: Share Price Sensitivity Analysis

Cost of Equity	Growth Rate		
	1,00%	1,50%	2,00%
9,99%	1,79	1,88	1,99
10,49%	1,68	1,76	1,85
10,99%	1,58	1,65	1,73
10,99%	1,49	1,55	1,62

Source: Carolina Araújo | 46975

likelihood of a post-acquisition scenario worse than the pre-acquisition scenario becomes even more unlikely. While, the terminal growth rate would have to drop to 1%, the cost of equity would also need to increase by 1%.

6.2 Relative Valuation

BCTT is expected to leverage the financial strength, operational efficiency, and market presence of its acquirer. This suggests that the target's multiples would become comparable to those of the acquirer, effectively aligning with its metrics. The valuation was based on Price-to-Book Value (P/B), Price-to-Tangible Book Value (P/TBV), and EV-to-Deposits (EV/Dep) multiples. P/B reflects the post-acquisition market perception of BCTT's equity relative to its book value, while P/TBV focuses on tangible equity. EV/Dep measure the value attributed to BCTT's deposit base, incorporating potential synergies.

The valuation was built upon the median values of the selected multiples from the cost of equity's peer group. BCTT's post-acquisition estimated share prices are €2.22, €1.71 and €2.15 using the P/B, P/TBV, and EV/Dep multiples, respectively. The implied post-acquisition share price, calculated as the equally weighted average of multiples, is €2.03. Market capitalization sits at €275.73M, meaning a 23.84% upside compared to pre-acquisition scenario.

7. Conclusion

The post-acquisition BCTT valuation through the FTE approach suggests that BCTT would increase its value after the acquisition. This is only true when considering a new parent company that fits the profile of a larger, well-established bank in Portugal with an extensive branch network, a larger customer base, and a more diversified product portfolio. The sensitivity analysis shows that the changes in the cost of equity and terminal growth rate that could potentially destroy BCTT's value are unlikely. While the optimistic scenario highlights the potential value creation driven by post-acquisition synergies, the pessimistic scenario underscores the risk that, if these synergies are not realized, the acquisition could destroy BCTT's value. Nonetheless, the magnitude of the optimistic upside significantly outweighs the downside in the pessimistic scenario. Finally, the relative valuation reinforces the potential benefits of the acquisition, with both equity value and share price higher than in the pre-acquisition scenario.

Considering all assumptions made throughout this paper, the final recommendation would be for CTT to divest its banking business unit by selling the bank privately to an acquirer that fits the buyer profile. CTT would capture a premium and gain funds to refocus on its core competencies and strategic goals. However, given the frequent miscalculation, especially in synergies, a further study is required.

Figure 23: Post-Acquisition Relative Valuation – Peers Key Financial Figures, and Results

Peers	Millenium BCP	Santander Totta	CaixaBank	BCTT (Median)
Market Cap (M€)	€7 004	€69 600	€40 629	€223
#Shares Out. (M)	15114	15494	7268	136
Share Price (€)	€0,46	€4,49	€5,59	€1,64
P/B	1,1	0,75	1,13	1,12
P/TBV	1,16	0,94	1,32	1,24
EV/Dep	0,09	0,06	0,1	0,09

Post-Acquisition Multiples Valuation		
Multiple	Implied Share Price	Weights
P/B	€2,22	33%
P/TBV	€1,71	33%
EV/Dep	€2,15	33%
Post-Acquisition Implied Share Price (€)		€2,03
Post-Acquisition Implied Equity Value (€)		€275,73
Upside (vs. Pre-Acquisition Scenario)		23,84%

Source: Carolina Araújo | 46975

Figure 24: Summary of BCTT Post-Acquisition Valuation

PRE-ACQUISITION VALUATION	
Equity Value (M€)	€222,66
Share Price (€)	€1,64
POST-ACQUISITION VALUATION	
FTE Valuation Model	
Base Scenario	
Equity Value (M€)	€270,18
Share Price (€)	€1,99
Upside	21,34%
Optimistic Scenario	
Equity Value (M€)	€312,70
Share Price (€)	€2,30
Upside	40,44%
Pessimistic Scenario	
Equity Value (M€)	€216,13
Share Price (€)	€1,59
Upside	-2,93%
Relative Valuation Model	
Equity Value (M€)	€275,73
Share Price (€)	€2,03
Upside	23,84%

Source: Carolina Araújo | 46975

11. Group Appendix

Appendix 1: General Reformulation Note

After constructing the “Ex-Bank” balance sheet, by excluding every account related to the bank, as explained in section 6, a reformulation was performed, ensuring an accurate analysis of the company’s net working capital. The balance sheet was separated into three different categories: “Core Business”; “Non-core Business”, including accounts that are relevant to the business, but not directly related to its day-to-day operations; “Financial”, reflecting the company’s short-term and long-term borrowings, as well as its excess cash. The “Core Business” section encompasses everything that is directly related to the day-to-day operations of the company. It is further broken down into the NWC segment, including relevant current assets and liabilities, and “Core but non-current”, including accounts that are related to the business, but that are non-current, therefore not relevant for a NWC analysis. On the assets side, the accounts that were considered for CTT’s NWC were: Operating Cash, Inventories, Accounts Receivables, Tax Receivables, Deferrals, and Other Current Assets. Liabilities considered were, Accounts Payable, Tax Payable, Deferrals, and Other Current Liabilities were considered.

Balance Sheet Forecasts

Appendix 2: Balance Sheet Forecasted – Ex Bank

Reformulated Balance Sheet (€)	2024	2025	2026	2027	2028	2029
Core Business						
Operating Cash	21,668,602 €	21,733,928 €	22,608,470 €	23,497,037 €	24,463,112 €	25,514,328 €
Inventories	8,826,173 €	8,852,782 €	9,209,005 €	9,570,941 €	9,964,449 €	10,392,636 €
Accounts receivable	198,685,636 €	199,284,626 €	207,303,556 €	215,451,078 €	224,309,305 €	233,948,206 €
Tax receivable	66,790 €	65,791 €	70,045 €	69,443 €	71,797 €	73,483 €
Deferrals	10,952,617 €	10,985,636 €	11,427,683 €	11,876,818 €	12,365,131 €	12,896,478 €
Other current assets	51,583,209 €	51,738,720 €	53,820,613 €	55,935,891 €	58,235,683 €	60,738,156 €
Accounts payable	(465,578,923) €	(466,982,532) €	(485,773,245) €	(504,865,287) €	(525,622,719) €	(548,209,501) €
Tax payable	(11,457,627) €	(11,286,389) €	(12,016,060) €	(11,912,759) €	(12,316,622) €	(12,605,927) €
Deferrals (Current)	(4,916,569) €	(4,931,391) €	(5,129,823) €	(5,331,437) €	(5,550,638) €	(5,789,158) €
Other current liabilities	(112,317,513) €	(112,656,123) €	(117,189,246) €	(121,795,061) €	(126,802,640) €	(132,251,536) €
Net Working Capital	(302,487,605) €	(303,194,952) €	(315,669,002) €	(327,503,338) €	(340,883,144) €	(355,292,834) €
Change in NWC	(28,075,299) €	(707,347) €	(12,474,050) €	(11,834,336) €	(13,379,806) €	(14,409,690) €
Tangibles, Intangible and Goodwill	395,475,511 €	399,503,568 €	409,193,723 €	418,893,026 €	429,795,611 €	441,954,199 €
Tangibles and Intangibles	377,899,542 €	381,927,599 €	391,617,754 €	401,317,057 €	412,219,642 €	424,378,230 €
Goodwill	17,575,969 €	17,575,969 €	17,575,969 €	17,575,969 €	17,575,969 €	17,575,969 €
Other non-current assets	1,926,790 €	1,932,599 €	2,010,364 €	2,089,376 €	2,175,280 €	2,268,755 €
Credit to bank customers - Non Current	- €	- €	- €	- €	- €	- €
Other Bank Financial Assets	- €	- €	- €	- €	- €	- €
Deferred tax assets	108,343,010 €	124,201,891 €	129,199,598 €	134,277,449 €	122,315,562 €	145,805,575 €
Deferrals (Non-Current)	(466,029) €	(467,434) €	(486,243) €	(505,354) €	(526,131) €	(548,740) €
Deferred tax liabilities	(2,427,339) €	(2,434,657) €	(2,532,624) €	(2,632,162) €	(2,740,383) €	(2,858,141) €
Net Core Non-current Assets	502,851,943 €	522,735,967 €	537,384,818 €	552,122,335 €	551,019,938 €	586,621,648 €
Invested Capital Core Business	200,364,338 €	219,541,015 €	221,715,816 €	224,618,997 €	210,136,795 €	231,328,814 €
Non-Core Business						
Investment properties	5,975,987 €	5,975,987 €	5,975,987 €	5,975,987 €	5,975,987 €	5,975,987 €
Investments in associates	481 €	481 €	481 €	481 €	481 €	481 €
Investments in jointly controlled entities	22,174 €	22,174 €	22,174 €	22,174 €	22,174 €	22,174 €
Other Investments	3,200,797 €	3,200,797 €	3,200,797 €	3,200,797 €	3,200,797 €	3,200,797 €
Non-current assets held for sale	200 €	200 €	200 €	200 €	200 €	200 €
Provisions	(27,103,767) €	(27,185,479) €	(22,627,266) €	(11,768,053) €	(20,338) €	12,735,952 €
Employee benefits (Non-Current)	(159,510,161) €	(164,459,339) €	(166,585,953) €	(168,667,623) €	(131,571,852) €	(129,659,453) €
Employee benefits (Current)	(23,710,979) €	(23,803,334) €	(24,111,134) €	(24,412,428) €	(25,126,578) €	(24,761,363) €
Invested Capital Non Core Business	(201,125,268) €	(206,248,513) €	(204,124,714) €	(195,648,466) €	(147,519,130) €	(132,485,226) €
Total Invested Capital	(760,930) €	13,292,502 €	17,591,102 €	28,970,531 €	62,617,665 €	98,843,588 €
Financial						
Excess Cash	166,246,410 €	166,747,603 €	173,457,290 €	180,274,573 €	187,686,525 €	195,751,691 €
Borrowings Total	(270,792,221) €	(295,917,552) €	(297,515,602) €	(307,370,761) €	(321,169,612) €	(339,625,122) €
Borrowings (Non-Current)	- €	- €	- €	- €	- €	- €
Borrowings (Current)	- €	- €	- €	- €	- €	- €
Net Financial Assets	(104,545,811) €	(129,169,949) €	(124,058,313) €	(127,096,188) €	(133,483,087) €	(143,873,431) €
Equity	(105,306,741) €	(115,877,447) €	(106,467,211) €	(98,125,657) €	(70,865,422) €	(45,029,843) €

Appendix 3: Balance Sheet Forecasted – Bank

Bank CTT Balance Sheet (€)	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029
Assets						
Loans and advances to customers	2,627,358,891 €	2,833,028,520 €	2,969,228,179 €	3,077,622,514 €	3,170,918,685 €	3,253,939,637 €
Cash, Deposits at Central Banks, and Investments	1,685,091,931 €	2,119,834,397 €	2,539,139,191 €	2,960,811,835 €	3,220,042,907 €	3,478,263,188 €
Other tangible assets	5,084,800 €	5,319,160 €	5,608,592 €	5,289,310 €	5,327,972 €	5,325,967 €
Goodwill and intangible assets	86,118,000 €	85,599,800 €	84,737,560 €	84,093,672 €	84,489,806 €	85,007,768 €
Current tax assets	- €	- €	- €	- €	- €	- €
Deferred tax assets	1,819,800 €	1,765,160 €	1,732,392 €	1,760,470 €	1,766,164 €	1,768,797 €
Other assets	30,506,000 €	32,335,000 €	34,508,400 €	37,268,480 €	34,784,176 €	33,880,411 €
Total Assets	4,435,979,422 €	5,077,882,038 €	5,634,954,314 €	6,166,846,281 €	6,517,329,711 €	6,858,185,768 €
Equity and Liabilities						
Total Equity	393,769,597 €	417,986,963 €	433,136,870 €	445,409,032 €	444,783,078 €	442,252,682 €
Liabilities						
Financial liabilities at fair value through profit or loss	8,017,800 €	9,621,360 €	11,545,632 €	13,854,758 €	11,356,710 €	10,879,252 €
Amounts owed to other credit institutions	- €	- €	- €	- €	- €	- €
Deposits from Customers	4,275,604,378 €	4,610,298,650 €	4,831,941,707 €	5,008,336,068 €	5,160,160,594 €	5,295,263,852 €
Debt securities issued	(313,061,354) €	(35,149,335) €	279,225,225 €	617,690,367 €	821,579,262 €	1,032,413,101 €
<i>Debt securities at amortized cost - Current</i>	- €	- €	- €	- €	- €	- €
<i>Debt securities at amortized cost - Non Current</i>	(312,892,556) €	(35,130,383) €	279,074,671 €	617,357,318 €	821,136,279 €	1,031,856,439 €
<i>Other Liabilities</i>	(168,798) €	(18,952) €	150,554 €	333,049 €	442,983 €	556,662 €
Provisions	1,585,000 €	1,557,400 €	1,512,880 €	1,546,256 €	1,578,707 €	1,556,049 €
Current tax liabilities	1,362,000 €	1,362,000 €	1,362,000 €	1,362,000 €	1,362,000 €	1,362,000 €
Deferred tax liabilities	2,223,600 €	2,651,720 €	3,161,464 €	3,783,957 €	3,085,548 €	2,981,258 €
Other liabilities	66,478,400 €	69,553,280 €	73,068,536 €	74,863,843 €	73,423,812 €	71,477,574 €
<i>Payables</i>	18,480,420 €	19,335,210 €	20,312,420 €	20,811,500 €	20,411,184 €	19,870,147 €
<i>Staff Costs</i>	7,113,468 €	7,237,345 €	7,380,293 €	7,492,622 €	7,465,928 €	7,345,463 €
<i>Operations to be cleared</i>	34,536,290 €	36,133,226 €	37,959,942 €	38,892,624 €	38,144,511 €	37,133,419 €
Liabilities included in disposal groups classified as held for sale	- €	- €	- €	- €	- €	- €
Total Liabilities	4,042,209,825 €	4,659,895,074 €	5,201,817,444 €	5,721,437,250 €	6,072,546,633 €	6,415,933,085 €
Total Equity and Liabilities	4,435,979,422 €	5,077,882,038 €	5,634,954,314 €	6,166,846,281 €	6,517,329,711 €	6,858,185,768 €

Appendix 4: Equity Forecasted– CTT Group

Equity (€)	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029
Share capital	69,220,000 €	67,293,333 €	67,293,333 €	67,293,333 €	67,293,333 €	67,293,333 €
Treasury shares	(8,947,642) €	(8,947,642) €	(8,947,642) €	(8,947,642) €	(8,947,642) €	(8,947,642) €
Reserves	30,510,494 €	23,100,421 €	23,100,421 €	23,100,421 €	23,100,421 €	23,100,421 €
Retained earnings	120,464,762 €	143,390,365 €	165,891,556 €	188,795,564 €	210,439,911 €	232,611,558 €
Other changes in equity	3,402,039 €	3,402,039 €	3,402,039 €	3,402,039 €	3,402,039 €	3,402,039 €
Net profit for the period	39,526,902 €	39,584,699 €	41,643,651 €	39,353,358 €	44,343,293 €	45,476,830 €
Equity attributable to shareholders of the parent company	254,176,555 €	267,823,215 €	292,383,358 €	312,997,073 €	339,631,355 €	362,936,539 €
Non-controlling interests	34,286,301 €	34,286,301 €	34,286,301 €	34,286,301 €	34,286,301 €	34,286,301 €
Equity	288,462,856 €	302,109,516 €	326,669,659 €	347,283,374 €	373,917,656 €	397,222,840 €

Income Statements Forecasts

Appendix 5: Income Statement Forecasted – Ex Bank (€ Millions)

Ex Bank	Historical Data		Explicit Forecasted Period			
Ex Bank (€ Millions)	2024	2025	2026	2027	2028	2029
Revenues	1057.39	953.80	991.50	1031.30	1075.50	1124.30
<i>Mail</i>		452.50	450.70	447.20	443.90	440.70
<i>Express & Parcels</i>	551.47	454.20	494.20	538.00	586.00	638.50
<i>Financial Services</i>	43.28	47.20	46.60	46.10	45.60	45.10
Operating costs ^(a)	954.16	834.60	868.20	905.90	946.90	990.10
Staff	405.91	363.20	367.80	374.20	380.70	388.00
ES&S	513.37	439.50	468.60	500.90	535.20	570.00
Other	26.32	26.40	27.00	26.80	26.50	26.50
Internal services rendered	1.88	1.30	1.50	1.40	1.20	0.90
EBITDA ^(a)	103.23	119.20	123.30	125.40	128.50	134.20
Depreciation and amortization	80.60	66.50	68.10	71.40	73.10	75.40
Recurring EBIT	22.63	52.70	55.20	54.00	55.50	58.80
Specific items	12.98	13.50	13.60	16.50	13.70	16.60
EBIT	9.66	39.20	41.50	37.50	41.70	42.20
Expenses and financial losses	17.73	14.50	16.30	16.20	15.70	16.10
Financial income	-0.27	-0.30	-0.40	-0.30	-0.30	-0.40
Gains/losses in subsidiaries, associates and joint ventures	0.80	1.30	1.10	1.10	1.20	1.10
EBT	-8.61	23.70	24.50	20.50	25.10	25.40
Income tax for the period	-1.32	3.64	3.77	3.15	3.86	3.90
Net profit for the period	-7.29	20.06	20.73	17.35	21.24	21.50

Appendix 6: Income Statement Forecasted – Bank (€ Millions)

Banco CTT Results (€ Millions)	2024	2025	2026	2027	2028	2029
Revenues	129.73	132.89	138.89	143.53	147.69	151.44
Net interest income	96.0	97.9	103.6	107.4	110.7	113.6
<i>Interest Income</i>	146.4	148.9	155.0	160.6	165.5	169.8
<i>Interest Expense</i>	50.3	51.0	51.3	53.2	54.8	56.2
Fees & commissions income	31.2	31.2	31.6	32.4	33.3	34.2
<i>Number of Accounts</i>	0.7	0.7	0.7	0.7	0.7	0.8
<i>Average fee & commission per account</i>	44.6	44.6	44.6	44.6	44.6	44.6
Other	2.5	3.7	3.7	3.7	3.7	3.7
Operating costs ^(a)	99.88	101.37	105.06	107.88	110.40	112.60
Staff	34.6	36.6	37.3	37.8	38.3	38.6
ES&S	40.3	40.1	41.9	43.3	44.5	45.6
Impairments & provisions	15.5	16.7	17.6	18.2	18.7	19.2
Other	9.2	8.0	8.3	8.6	8.9	9.1
Internal services rendered	0.3	0.0	0.0	0.0	0.0	0.0
EBITDA ^(a)	29.85	31.52	33.84	35.65	37.29	38.84
Depreciation and amortization	8.3	8.5	8.9	9.2	9.5	9.7
Recurring EBIT	21.51	22.98	24.91	26.42	27.80	29.10
Specific items	-2.6	-2.7	-2.8	-2.9	-2.9	-3.0
EBIT	24.09	25.63	27.68	29.28	30.75	32.13
EBT	23.91	25.53	27.57	29.18	30.64	32.02
Taxes	5.6	6.7	7.2	7.7	8.0	8.4
Profit/(Loss) after taxes of continuing business premises	18.3	18.8	20.3	21.5	22.6	23.6
Profit/(Loss) of discontinued business premises	1.0	0.8	0.6	0.5	0.4	0.4
Net income	19.3	19.6	20.9	22.0	23.0	24.0
Net Income BU Income Statetments Fcst	19.3	19.6	20.9	22.0	23.0	24.0

Appendix 7: Income Statement Forecasted – CTT Group (€ Millions)

CTT Group Results (€ Millions)	2024	2025	2026	2027	2028	2029
Revenues	1187.12	1086.69	1130.39	1174.83	1223.19	1275.74
Operating costs ^(a)	1054.04	935.97	973.26	1013.78	1057.30	1102.70
Staff	440.5	399.8	405.1	412.0	419.0	426.6
ES&S	553.7	479.6	510.5	544.2	579.7	615.6
Impairments & provisions	22.2	20.9	21.0	20.9	21.9	24.0
Other	35.5	34.4	35.3	35.4	35.4	35.6
Internal services rendered	2.2	1.3	1.5	1.4	1.2	0.9
EBITDA ^(a)	133.08	150.72	157.14	161.05	165.79	173.04
Depreciation and amortization	88.8	88.8	88.1	91.7	90.1	90.7
Recurring EBIT	44.14	75.68	80.11	80.42	83.30	87.90
Specific items	13.0	13.5	13.6	16.5	13.7	16.6
EBIT	33.75	64.83	69.18	66.78	72.45	74.33
Expenses and financial losses	17.7	14.5	16.3	16.2	15.7	16.1
Financial income	-0.3	-0.3	-0.4	-0.3	-0.3	-0.4
Gains/losses in subsidiaries, associates and joint ventures	0.8	1.3	1.1	1.1	1.2	1.1
Interest	0.2	0.1	0.1	0.1	0.1	0.1
EBT	15.29	49.23	52.07	49.68	55.74	57.42
Income tax for the period	4.3	10.3	11.0	10.8	11.9	12.3
Profit/(Loss) of discontinued business premises	1.0	0.8	0.6	0.5	0.4	0.4
Net profit for the period	11.98	39.64	41.66	39.33	44.26	45.49

Appendix 8: Mail Income Statement Forecast - (€ Millions)

(€ Millions)	2024	2025	2026	2027	2028	2029
Full Year Revenue	462.6	452.5	450.7	447.2	443.9	440.7
Mail Revenue	372	360.7	357.5	352.5	335.5	342.9
Trasactional Mail	-	338.1	335.3	330.8	326.3	321.9
Editorial Mail	-	12.2	12.2	12.2	12.2	12.2
Advertising Mail	-	10.3	9.9	9.5	9.1	8.8
Business Solutions	49.3	50.8	52.3	53.9	55.6	57.3
USO Parcels	7.3	7.3	7.3	7.3	7.3	7.3
Philately & other	8.5	8.4	8.3	8.2	8.1	8.0
Payments	20.6	20.6	20.6	20.6	20.6	20.6
Real Estate	1.1	1.1	1.1	1.1	1.1	1.1
Central Structure	3.6	3.6	3.6	3.6	3.6	3.6
Operational Costs	411.7	406.1	405.9	405.1	403.6	402.0
Staff	317.6	315.2	314.2	314.4	314.0	313.5
ES&S	84.1	83.2	83.2	82.7	81.7	80.7
Impairments & provisions	1.2	-0.4	-0.5	-0.9	-0.4	-0.3
Other	14.4	13.7	14.5	14.2	13.6	13.4
Internal services rendered	-5.5	-5.5	-5.5	-5.4	-5.4	-5.3
Full Year EBITDA	50.8	46.3	45.7	43.5	42.1	40.9
EBITDA Margin	11.00%	10.20%	10.10%	9.70%	9.50%	9.30%
Full Recurring EBIT	4.7	3.5	3.6	1.4	0.6	-0.6
Recurring EBIT Margin	1.00%	0.80%	0.80%	0.30%	0.10%	-0.10%
EBIT	-3.4	-6.8	-6.9	-11.6	-9.7	-14.0
EBIT Margin	-0.73%	-1.50%	-1.54%	-2.59%	-2.19%	-3.18%

Appendix 9: Mail Traffic and Prices Forecast - (€ Millions)

Mail & Other Results	2024 (Q4)				2025				2026				2027			
	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26	Q3/26	Q4/26	Q1/27	Q2/27	Q3/27	Q4/27			
€ million, except where indicated otherwise																
Mail	88.1	93.0	88.3	81.7	87.5	92.2	87.6	81.1	86.8	91.0	86.4	80.0	85.6			
Transactional Mail	85.1	89.9	85.2	78.6	84.5	89.1	84.4	77.9	83.8	87.9	83.3	76.9	82.6			
Traffic	79.2	84.1	78.2	72.1	72.9	77.3	71.9	66.3	67.1	71.0	66.1	60.9	61.6			
Transactional - Revenue per Object	€ 1.07	€ 1.07	€ 1.09	€ 1.09	€ 1.16	€ 1.15	€ 1.17	€ 1.18	€ 1.25	€ 1.24	€ 1.26	€ 1.26	€ 1.34			
Editorial Mail	3.0	3.1	3.1	3.1	3.0	3.1	3.1	3.1	3.0	3.1	3.1	3.1	3.0			
Traffic	6.0	5.7	5.5	5.1	5.6	5.4	5.1	4.8	5.3	5.1	4.8	4.5	4.9			
Editorial - Revenue per Object	€ 0.51	€ 0.54	€ 0.58	€ 0.62	€ 0.54	€ 0.57	€ 0.61	€ 0.65	€ 0.57	€ 0.61	€ 0.65	€ 0.69	€ 0.61			
Advertising mail	3.3	2.3	3.2	1.9	3.2	2.2	3.1	1.8	3.1	2.2	3.1	1.8	3.0			
Addressed Advertising Mail	2.2	1.1	2.1	0.9	2.1	1.0	2.0	0.9	2.0	1.0	1.9	0.9	1.9			
Traffic	8.5	4.1	8.1	3.6	8.2	3.9	7.7	3.5	7.8	3.7	7.4	3.3	7.4			
Revenue per Object	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26			
Unaddressed Advertising Mail	1.1	1.2	1.2	0.9	1.1	1.2	1.2	0.9	1.1	1.2	1.2	0.9	1.1			
Traffic	61.1	69.5	65.5	52.6	61.1	69.5	65.5	52.6	61.1	69.5	65.5	52.6	61.1			
Revenue per Object	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02			
Mail & Other Results	2028				2029											
€ million, except where indicated otherwise	Q1/28	Q2/28	Q3/28	Q4/28	Q1/29	Q2/29	Q3/29	Q4/29								
Mail	89.7	85.2	78.9	84.5	88.5	84.1	77.8	83.3								
Transactional Mail	86.7	82.1	75.8	81.5	85.5	81.0	74.7	80.3								
Traffic	65.3	60.7	56.0	56.6	60.0	55.8	51.5	52.1								
Transactional - Revenue per Object	€ 1.33	€ 1.35	€ 1.35	€ 1.44	€ 1.42	€ 1.45	€ 1.45	€ 1.54								
Editorial Mail	3.1	3.1	3.1	3.0	3.0	3.1	3.1	3.0								
Traffic	4.8	4.5	4.2	4.6	4.5	4.3	4.0	4.4								
Editorial - Revenue per Object	€ 0.64	€ 0.69	€ 0.73	€ 0.64	€ 0.68	€ 0.73	€ 0.78	€ 0.68								
Advertising mail	2.1	3.0	1.7	2.9	2.1	2.9	1.7	2.8								
Addressed Advertising Mail	0.9	1.8	0.8	1.8	0.9	1.7	0.8	1.7								
Traffic	3.5	7.0	3.1	7.1	3.4	6.7	3.0	6.8								
Revenue per Object	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26	€ 0.26								
Unaddressed Advertising Mail	1.2	1.2	0.9	1.1	1.2	1.2	0.9	1.1								
Traffic	69.5	65.5	52.6	61.1	69.5	65.5	52.6	61.1								
Revenue per Object	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02	€ 0.02								

Appendix 10: E&P Portugal and Spain Parcel Volume Forecast

E&P Results	2024 (Q4)				2025				2026				2027			
	4Q24	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26	Q3/26	Q4/26	Q1/27	Q2/27	Q3/27	Q4/27			
Revenues	47,3	41,5	40,2	43,4	50,6	44,5	43,1	46,5	54,2	47,6	46,1	49,7	58,0			
Portugal	11,8	10,2	10,1	10,8	12,6	10,9	10,8	11,6	13,5	11,7	11,6	12,4	14,4			
E&P Volume (million of items)	4,14	3,42	3,40	3,63	4,22	3,48	3,47	3,70	4,31	3,55	3,54	3,78	4,39			
Average volume per e-commerce user	2,84	2,98	2,98	2,98	2,98	3,13	3,13	3,13	3,13	3,29	3,29	3,29	3,29			
Number of e-commerce users (millions)	4,0	4,08	3,97	4,01	4,02	4,1	4,0	4,0	4,0	4,1	4,0	4,0	4,0			
Average revenue per volume	68,6	65,9	72,9	57,7	75,2	72,2	79,9	63,3	82,4	79,2	87,6	69,4	90,3			
Spain	22,5	22,0	24,9	19,1	24,7	24,1	27,3	21,0	27,0	26,4	30,0	23,0	29,6			
E&P Volume (million of items)	1,2	1,1	1,2	1,0	1,2	1,1	1,3	1,0	1,3	1,1	1,3	1,0	1,3			
Average volume per e-commerce user	18,7	20,1	20,1	20,1	20,1	21,6	21,6	21,6	21,6	23,2	23,2	23,2	23,2			
Number of e-commerce users	3,0	3,0	2,9	3,0	3,0	3,0	2,9	3,0	3,0	3,0	2,9	3,0	3,0			
Average revenue per volume																

E&P Results	2028				2029			
	Q1/28	Q2/28	Q3/28	Q4/28	Q1/29	Q2/29	Q3/29	Q4/29
Revenues	51,0	49,4	53,3	62,1	54,6	52,9	57,0	66,5
Portugal	12,3	12,4	13,3	15,4	13,4	13,3	14,2	16,3
E&P Volume (million of items)	3,62	3,61	3,85	4,46	3,70	3,68	3,93	4,57
Average volume per e-commerce user	3,45	3,45	3,45	3,45	3,62	3,62	3,62	3,62
Number of e-commerce users (millions)	4,1	4,0	4,0	4,0	4,1	4,0	4,0	4,0
Average revenue per volume	86,8	96,0	76,0	99,0	95,1	105,2	83,3	108,5
Spain	29,0	32,8	25,2	32,5	31,7	36,0	27,6	35,6
E&P Volume (million of items)	1,2	1,3	1,0	1,3	1,2	1,3	1,0	1,3
Average volume per e-commerce user	25,0	25,0	25,0	25,0	26,8	26,8	26,8	26,8
Number of e-commerce users	3,0	2,9	3,0	3,0	3,0	2,9	3,0	3,0
Average revenue per volume								

Appendix 11: E&P Income Statement Forecast

E&P Results (€ million)	2025	2026	2027	2028	2029
Revenues	454,2	494,2	538,0	586,0	638,5
Portugal	175,8	188,2	201,5	215,8	231,0
E&P Volume (million of items)	43,7	46,8	50,1	53,7	57,5
Spain	271,7	297,8	326,5	357,8	392,2
E&P Volume (million of items)	90,73	99,44	108,99	119,46	130,93
Mozambique	6,6	8,2	10,1	12,4	15,3
Operating costs ^(a)	404,0	437,8	476,4	518,8	565,6
Staff	45,7	51,1	57,0	63,7	71,1
Number of employees	2 030	2 223	2 434	2 665	2 918
ES&S	354,0	383,1	415,9	451,2	489,3
% of revenues	77,96%	77,52%	77,29%	77,00%	76,63%
Impairments & provisions	4,3	3,5	3,2	3,4	4,8
Other	3,5	3,3	3,5	3,9	4,2
Internal services rendered	-3,5	-3,2	-3,2	-3,4	-3,6
EBITDA	50,2	56,5	61,6	67,2	72,8
EBITDA margin	11,1%	11,4%	11,5%	11,5%	11,4%
Depreciation and amortization	23,3	25,8	29,1	31,3	33,7
Specific Items	3,2	4,0	4,7	5,1	5,2
Recurring EBIT	30,0	34,7	37,3	40,9	44,4
Recurring EBIT margin	6,6%	7,0%	6,9%	7,0%	7,0%

Appendix 12: Financial Services Income Statement Forecast

Financial Services Results (€ million)	2025	2026	2027	2028	2029
Revenues	47,2	46,6	46,1	45,6	45,1
Savings & Insurance	30,0	29,4	28,9	28,4	27,9
% growth	18%	-2%	-2%	-2%	-2%
Money orders	4,4	4,5	4,6	4,8	4,9
% growth	3%	3%	3%	3%	3%
Payments	1,43	1,42	1,40	1,38	1,36
% growth	-1%	-1%	-1%	-1%	-1%
Retail products & services	10,5	10,4	10,3	10,1	10,0
% growth	-1%	-1%	-1%	-1%	-1%
Other	0,9	0,9	0,9	0,9	0,9
% growth					
Operating costs ^(a)	24,6	24,5	24,5	24,6	24,7
Staff	2,3	2,5	2,8	3,1	3,4
Number of employees	45	48	52	57	61
YoY growth (%)	8%	8%	8%	8%	8%
Average cost per employee (€ millions)	0,051	0,052	0,053	0,054	0,055
ES&S	2,4	2,3	2,3	2,3	2,2
% of revenues	5,0%	5,0%	5,0%	5,0%	5,0%
Impairments & provisions	0,3	0,3	0,3	0,3	0,3
% of revenues	0,7%	0,7%	0,7%	0,7%	0,7%
Other	9,3	9,2	9,1	9,0	8,9
% of revenues	19,7%	19,7%	19,7%	19,7%	19,7%
Internal services rendered	10,3	10,2	10,0	9,9	9,8
% of revenues	21,8%	21,8%	21,8%	21,8%	21,8%
EBITDA	22,6	22,1	21,5	21,0	20,4
EBITDA margin	48,0%	47,4%	46,7%	46,0%	45,2%
Depreciation and amortization	0,3	0,3	0,3	0,3	0,3
Intangibles and Tangible Fixed Assets	0,3	0,3	0,3	0,3	0,3
% of revenues	0,56%	0,56%	0,56%	0,56%	0,56%
Depreciation / Intangibles & Tangibles	102%	102%	102%	102%	102%
Recurring EBIT	22,4	21,8	21,3	20,7	20,1
Recurring EBIT margin	47,4%	46,8%	46,2%	45,5%	44,7%

Appendix 13: Financial Services Regression Statistics

Regression Statistics	
Multiple R	0,991539103
R Square	0,983149794
Adjusted R Square	0,977533058
Standard Error	1,415248336
Observations	5

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	350,5912164	350,5912164	175,0393636	0,000933053
Residual	3	6,008783554	2,002927851		
Total	4	356,6			

	Coefficients	Standard Error	t Stat	P-value	Lower95%	Upper95%	Lower95,0%	Upper95,0%
Intercept	22,4522351	0,832145346	26,98114602	0,000111724	19,80397721	25,10049298	19,80397721	25,10049298
Government Debt Issues in Saving Certificates	0,001400951	0,00010589	13,23024428	0,000933053	0,001063962	0,00173794	0,001063962	0,00173794

Appendix 14: Banking Revenues Forecast

€ million, except where indicated otherwise	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
TOTAL REVENUES	€87,37	€87,95	€86,45	€107,00	€128,40	€129,73	€131,70	€137,70	€142,33	€146,50	€150,25
NET INTEREST INCOME	€12,70	€44,64	€55,78	€74,40	€98,70	€96,05	€97,95	€103,63	€107,42	€110,67	€113,57
Interest Income	€13,60	€45,96	€57,82	€81,08	€132,76	€146,35	€148,94	€154,96	€160,61	€165,48	€169,81
i) Deposits available for loans	€1 117,99	€1 439,12	€1 543,28	€1 778,69	€1 584,16	€2 627,36	€2 833,03	€2 969,23	€3 077,62	€3 170,92	€3 253,94
LTD	87,10%	85,20%	72,70%	77,90%	51,00%	61,45%	61,45%	61,45%	61,45%	61,45%	61,45%
Deposits from Clients, BCTT	€1 283,57	€1 689,11	€2 122,80	€2 283,30	€3 106,20	€4 275,60	€4 610,30	€4 831,94	€5 008,34	€5 160,16	€5 295,26
Deposits from Clients, Portugal	€150 056,90	€161 864,50	€172 875,60	€182 437,70	€179 782,10	€180 450,70	€184 321,58	€188 006,15	€191 368,49	€194 799,26	€198 293,28
BCTT's Market Share	0,86%	1,04%	1,23%	1,25%	1,73%	2,37%	2,50%	2,57%	2,62%	2,65%	2,67%
% growth		22,00%	17,67%	1,92%	38,05%	37,14%	5,56%	2,75%	1,83%	1,22%	0,81%
ii) Interest Rate applied to bank loans	1,25%	1,25%	1,00%	3,69%	4,86%	5,57%	5,26%	5,22%	5,22%	5,22%	5,22%
Interest Expense	€0,90	€1,33	€2,04	€6,68	€34,06	€50,30	€50,99	€51,32	€53,20	€54,81	€56,24
i) Deposits from Clients, BCTT	€1 283,57	€1 689,11	€2 122,80	€2 283,30	€3 106,20	€4 275,60	€4 610,30	€4 831,94	€5 008,34	€5 160,16	€5 295,26
ii) Interest Rate applied to bank deposits	0,07%	0,08%	0,10%	0,29%	1,10%	1,18%	1,11%	1,06%	1,06%	1,06%	1,06%
FEES & COMMISSIONS INCOME	€33,47	€39,32	€26,90	€26,90	€27,20	€31,18	€31,25	€31,56	€32,42	€33,32	€34,17
Number of Accounts (k)	461	517	573	602	647	700	701	708	728	748	767
Deposits from Clients, BCTT	€1 283,57	€1 689,11	€2 122,80	€2 283,30	€3 106,20	€4 275,60	€4 610,30	€4 831,94	€5 008,34	€5 160,16	€5 295,26
Average value of BCTT Deposits per Account (k)	€2,78	€3,26	€3,70	€3,79	€4,80	€6,11	€4,90	€6,82	€6,88	€6,90	€6,90
% growth		17,31%	13,49%	2,35%	26,64%	27,23%	7,60%	3,75%	0,93%	0,23%	0,06%
Fees & Commissions Income per Account (k)	€0,07	€0,08	€0,05	€0,04	€0,04	€0,04	€0,04	€0,04	€0,04	€0,04	€0,04
OTHER	€41,20	€4,00	€3,77	€5,70	€2,50	€2,50	€2,50	€2,50	€2,50	€2,50	€2,50

Appendix 15: Banking Interest Rates Forecast

Interest Rates	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Interest Income - Price											
CTT Interest Rates applied to bank loans	1,25%	1,25%	1,00%	3,69%	4,86%	5,57%	5,26%	5,22%	5,22%	5,22%	5,22%
Euribor 1 month	-0,40%	-0,43%	-0,57%	-0,58%	1,88%	3,34%	2,69%	2,61%	2,61%	2,61%	2,61%
Spread - Loans	0,64%	0,64%	0,64%	1,62%	1,62%	1,62%	1,62%	1,62%	1,62%	1,62%	1,62%
Interest Expense - Price											
Synthetic Interest Rate applied to bank deposits	0,07%	0,08%	0,10%	0,29%	1,10%	1,18%	1,11%	1,06%	1,06%	1,06%	1,06%
Euribor 1 month	-0,40%	-0,43%	-0,57%	-0,58%	1,88%	3,34%	2,69%	2,61%	2,61%	2,61%	2,61%
ECB Deposits Facility Rate	-0,50%	-0,50%	-0,50%	2,00%	4,00%	3,00%	2,00%	1,75%	1,75%	1,75%	1,75%

Appendix 16: Banking Summary of Regressions

Regression 1 - Deposits from Clients, Total Portugal (quarterly)									
Regression Statistics									
Multiple R	0,902								
R Square	0,814								
Adjusted R Square	0,747								
Observations	16								
ANOVA	df	SS	MS	F	Significance F				
Regression	4	1056519280	264129820	12	0,001				
Residual	11	240686552	21880596						
Total	15	1297205832							
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%	
Intercept	161150,4	1849,4	87,138	0,000	157079,9	165220,8	157079,9	165220,8	
X1 - GDP Growth	6500,9	23999,0	0,271	0,791	-46320,6	59322,5	-46320,6	59322,5	
X2 - Employment Rate Growth	245082,0	133942,5	1,830	0,094	-49723,6	539887,5	-49723,6	539887,5	
X3 - Long Term Interest Rates	289299,4	121196,9	2,387	0,036	22546,7	556052,1	22546,7	556052,1	
X4 - Inflation Rate	115832,4	46501,6	2,491	0,030	13483,0	218181,8	13483,0	218181,8	
Regression 2 - CTT Interest Rates applied to bank deposits (yearly)									
Regression Statistics									
Multiple R	0,999								
R Square	0,998								
Adjusted R Square	0,997								
Observations	5								
ANOVA	df	SS	MS	F	Significance F				
Regression	2	1	0	270084009	0,004				
Residual	2	0	0						
Total	4	1							
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%	
Intercept	0,002	0,000	10851203	0,008	0,001	0,003	0,001	0,003	
X1 - ECB Deposits Facility Rate	0,096	0,016	591820932	0,027	0,026	0,166	0,026	0,166	
X2 - Euribor 1 month	0,248	0,031	796258631	0,015	0,114	0,382	0,114	0,382	
Regression 3 - CTT Interest Rates applied to bank loans (yearly)									
Regression Statistics									
Multiple R	0,99915301								
R Square	0,99830675								
Adjusted R Square	0,99661349								
Observations	5								
ANOVA	df	SS	MS	F	Significance F				
Regression	2	0,001	0,001	589579081	0,007				
Residual	2	0,021	0,010						
Total	4	0,001							
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%	
Intercept	-0,003	0,003	-22217738,0	0,156	-0,008	0,003	-0,008	0,003	
X1 - Euribor 1 month	0,482	0,0586	822277436,0	0,015	0,230	0,733	0,230	0,733	
X2 - CTT Spread (Loans)	3,000	0,116	225630388,0	0,002	212250123	312274138	212250123	312274138	

Valuation Models

Appendix 17: DCF Forecasted – Ex Bank (€ Millions)

Values in millions of €	2024	2024 (Q1-Q3)	2024 (Q4)	2025	2026	2027	2028	2029
Core and Recurrent Ex-Bank EBIT	56.6	36.1	20.5	55.9	59.1	58.7	60.5	61.8
Mail	4.7	2.9	1.8	3.5	2.7	0.1	-1.1	-2.7
Express & Parcels	31.3	24.1	7.2	30.0	34.7	37.3	40.9	44.4
Financial Services	20.6	9.2	11.4	22.4	21.8	21.3	20.7	20.1
(-) Statutory Taxes	-16.2	-9.8	-4.9	-16.0	-17.0	-16.9	-17.5	-17.9
Corporate Income Tax	11.9	7.6	4.3	11.7	12.4	12.3	12.7	13.0
Municipal SurTax	0.8	0.5	0.3	0.8	0.9	0.9	0.9	0.9
State Surtax	3.5	1.7	0.3	3.4	3.7	3.7	3.9	4.0
NOPLAT	40.4	26.3	15.6	39.9	42.1	41.8	43.0	43.9
Depreciation & Ammortization (Ex Bank)	67.5	50.6	16.9	66.5	68.1	71.4	73.1	75.4
Δ in NWC	-28	-21	-7	-1	-12	-12	-13	-14
Capex	102.3	77	26	70.5	77.8	81.1	84.0	87.5
Tangibles + Intangibles (Ex Bank)	377.9	346.1	115.4	381.9	391.6	401.3	412.2	424.4
Change	34.8	26.1	8.7	4.0	9.7	9.7	10.9	12.2
Core Unlevered Free Cash Flow	33.64	21.29	13.95	36.54	44.90	43.93	45.52	46.18

Appendix 18: Stock Price Sensitivity Analysis to changes in Growth Rate and Wacc– Ex Bank

3.45	5.54%	6.04%	6.54%	7.04%	7.54%	8.04%	8.54%	9.04%	9.54%
0.00%	3.9	3.4	2.9	2.6	2.3	2.0	1.7	1.5	1.3
0.50%	4.4	3.8	3.3	2.8	2.5	2.2	1.9	1.7	1.4
1.00%	5.0	4.2	3.7	3.2	2.8	2.4	2.1	1.8	1.6
1.50%	5.7	4.8	4.1	3.6	3.1	2.7	2.3	2.0	1.8
2%	6.6	5.5	4.7	4.0	3.4	3.0	2.6	2.2	2.0
2.50%	7.9	6.5	5.4	4.6	3.9	3.3	2.9	2.5	2.2
3.00%	9.6	7.7	6.3	5.3	4.4	3.8	3.2	2.8	2.4
3.50%	12.3	9.4	7.5	6.1	5.1	4.3	3.7	3.2	2.7
4.00%	16.6	12.0	9.2	7.3	6.0	5.0	4.2	3.6	3.1

Appendix 19: FTE Forecasted – Bank (€ Millions)

Values in million €	2024 Full Year	2024 (Q1-Q3)	2024 (Q4)	2025	2026	2027	2028	2029
Cash Flow to Equity Holders	-87.20	-65.40	-21.80	0.97	9.29	12.55	23.50	25.94
Common Tier 1 Equity	302.60			321.21	332.85	342.29	341.80	339.86
Net Income	19.26	14.02	5.25	19.58	20.93	21.98	23.01	23.99
Discounted Cash Flow to Equity Holders			-21.28	0.86	7.47	9.17	15.58	15.61
Equity		222.66	249.91	274.32	292.89	310.08	318.07	324.43

Appendix 20: Stock Price Sensitivity Analysis to changes in Growth Rate and Re– Bank

1.64	8.15%	8.65%	9.15%	9.65%	10.15%	10.65%	11.15%	11.65%	12.15%
0.00%	1.78	1.65	1.53	1.43	1.33	1.25	1.17	1.10	1.04
0.50%	1.89	1.74	1.61	1.50	1.40	1.31	1.22	1.15	1.08
1.00%	2.01	1.85	1.71	1.58	1.47	1.37	1.28	1.20	1.12
1.50%	2.16	1.97	1.81	1.67	1.55	1.44	1.34	1.25	1.17
2.00%	2.32	2.11	1.93	1.78	1.64	1.52	1.41	1.31	1.23
2.50%	2.52	2.28	2.07	1.89	1.74	1.61	1.49	1.38	1.29
3.00%	2.76	2.47	2.23	2.03	1.86	1.71	1.57	1.46	1.35
3.50%	3.04	2.70	2.42	2.19	1.99	1.82	1.67	1.54	1.43
4.00%	3.40	2.98	2.65	2.37	2.14	1.95	1.78	1.64	1.51

Appendix 21: CCA – Ex Bank

Multiple	2023	Range				
		Minimum	25th Perc	Median	75th Perc	Maximum
EV / Revenues	EV/Revenues	0.22	0.37	0.47	1.12	7.94
	Ex - Bank Revenue			856.87		
	Enterprise Value	187.59	318.35	406.88	962.84	6800.67
	Equity Value	69.82	200.58	289.11	845.07	6682.9
	Ex - Bank Price per Share	0.51	1.48	2.13	6.22	49.19
EV / EBITDA	EV/EBITDA	2.68	3.12	3.87	9.19	27.49
	Ex - Bank EBITDA			110.14		
	Enterprise Value	294.67	343.65	426.7	1011.79	3027.43
	Equity Value	176.9	225.88	308.93	894.02	2909.67
	Ex - Bank Price per Share	1.3	1.66	2.27	6.58	21.42
EV / EBIT	EV/EBIT	6.57	8.25	9.27	19.87	36.74
	Ex - Bank EBIT			50.15		
	Enterprise Value	329.29	413.72	464.97	996.72	1842.64
	Equity Value	211.52	295.95	347.2	878.95	1724.87
	Ex - Bank Price per Share	1.56	2.18	2.56	6.47	12.7
P/E	P/E	7.23	8.36	9.48	10.68	12.03
	Earnings per Share			0.43		
	Price per Share	3.11	3.59	4.08	4.59	5.17
P/B	P/E	0.46	1.62	2.05	2.81	101.18
	Book Value per Share			1.75		
	Price per Share	0.20	2.84	3.59	4.92	177.06

Appendix 22: Bank Segment – Analysis of Peers

Peer Selection - 1st Stage: Understanding the Business Models of the peers. Analyzing the Revenues, NI and NM growth from 2019-2023.												
In millions €	Revenues				Net Income				Net Margin (Net Income / Revenues)			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Banco CTT	€82,10	€98,87	€106,90	€128,50	€0,23	€16,15	€14,72	€17,02	0,28%	16,33%	13,77%	13,25%
growth %		20,42%	8,12%	20,21%		6830,47%	-8,87%	15,68%		5655,25%	-15,72%	-3,77%
BNP Paribas	€45 504,00	€48 437,00	€49 887,00	€51 064,00	€6 114,60	€8 021,40	€9 256,80	€8 117,50	13,44%	16,56%	18,56%	15,90%
growth %		6,45%	2,99%	2,36%		31,18%	15,40%	-12,31%		23,24%	12,05%	-14,33%
Millenium BCP	€2 500,70	€2 551,30	€3 153,60	€3 916,60	€255,00	€106,70	€883,10	€1 489,40	10,20%	4,18%	28,00%	38,03%
growth %		2,02%	23,61%	24,19%		-58,16%	727,65%	68,66%		-58,99%	569,58%	35,80%
Banco Santander	€49 707,00	€51 705,00	€58 288,00	€63 857,00	€9 456,60	€8 248,60	€9 931,20	€11 161,40	19,02%	15,95%	17,04%	17,48%
growth %		4,02%	12,73%	9,55%		-12,77%	20,40%	12,39%		-16,14%	6,80%	2,59%
BBVA	€22 297,00	€23 297,00	€27 633,00	€33 152,00	€2 642,80	€4 222,50	€6 150,30	€14 228,00	12,00%	18,12%	22,26%	42,92%
growth %		5,78%	18,61%	19,97%		59,77%	45,66%	131,34%		51,04%	22,80%	92,83%
Bankinter	€1 815,10	€2 006,30	€2 231,00	€2 821,70	€188,70	€412,10	€576,10	€113,80	10,40%	20,54%	25,82%	4,03%
growth %		10,53%	11,20%	26,48%		118,39%	39,80%	-80,25%		97,58%	25,72%	-84,38%
>> Not considered due to the evolution of its NI & NM												
CaixaBank	€8 438,00	€10 273,00	€11 442,00	€14 329,00	€1 278,30	€845,30	€3 195,80	€4 923,30	15,15%	8,23%	27,93%	34,36%
growth %		21,75%	11,38%	25,23%		-33,87%	278,07%	54,06%		-45,68%	239,44%	23,02%
Unicaja	€1 052,40	€1 281,90	€1 895,30	€2 148,80	€90,70	€1 125,20	€340,00	€485,40	8,62%	87,78%	17,94%	22,59%
growth %		21,81%	47,85%	13,38%		1140,57%	-69,78%	42,76%		918,47%	-79,56%	25,92%
Unicredit	€18 430,00	€19 244,00	€21 982,00	€25 828,00	€1 327,40	€4 297,80	€7 061,00	€10 587,40	7,20%	22,33%	32,12%	40,99%
growth %		4,42%	14,23%	17,50%		223,78%	64,29%	49,94%		210,08%	43,83%	27,61%
Credit Agricole	€26 720,00	€29 951,00	€26 827,00	€29 670,00	€3 001,10	€5 416,30	€4 802,40	€5 532,00	11,23%	18,08%	17,90%	18,65%
growth %		12,09%	-10,43%	10,60%		80,48%	-11,33%	15,19%		61,01%	-1,01%	4,15%
Societe General	€25 725,00	€29 640,00	€31 338,00	€29 579,00	€832,20	€5 073,40	€4 238,10	€2 724,20	3,23%	17,12%	13,52%	9,21%
growth %		15,22%	5,73%	-5,61%		509,64%	-16,46%	-35,72%		429,11%	-20,99%	-31,90%
Banca Monte dei Paschi Sier	€3 229,00	€3 285,90	€3 462,90	€4 140,10	-€1 460,80	€441,40	€630,40	€2 165,80	-45,24%	13,43%	18,20%	52,31%
growth %		1,76%	5,39%	19,56%		-130,22%	42,82%	243,56%		-129,69%	35,52%	187,36%
Banca Sistema	€109,20	€118,00	€121,30	€118,60	€28,00	€23,50	€23,90	€17,20	25,64%	19,92%	19,70%	14,50%
growth %		8,06%	2,80%	-2,23%		-16,07%	1,70%	-28,03%		-22,33%	-1,06%	-26,40%
>> Not considered due to the evolution of its NI & NM												
Finacobank	€1 198,00	€1 363,80	€1 516,00	€1 850,10	€304,80	€392,80	€408,90	€584,80	25,44%	28,80%	26,97%	31,61%
growth %		13,84%	11,16%	22,04%		28,87%	4,10%	43,02%		13,20%	-6,35%	17,19%
>>Not considered due to its business model: The Company focuses on operating as FinTech bank through online platform and network of financial advisors. It operates through three segments: Banking, Brokerage and Investing.												

Peer Selection - 2nd Stage: After excluding Bankinter, Banca Sistema and Fincobank, understanding origins of their core Revenues.		
In 2023	% Net Interest & Dividend Income to Total Revenues	% Net Non-Interest Business Revenue to Total Revenues
BNP Paribas	45,97%	54,03%
>> Not considered due to the nature of the business of the majority of Revenues (Net Non-Interest Business Rev > Net Interest & Dividend Income)		
Millenium BCP	75,52%	24,48%
Banco Santander	74,88%	25,12%
BBVA	69,72%	30,28%
CaixaBank	65,65%	34,35%
Unicaja	70,84%	29,16%
Unicredit	62,56%	37,44%
Credit Agricole	64,04%	35,96%
Societe General	47,97%	52,03%
>> Not considered due to the nature of the business of the majority of Revenues (Net Non-Interest Business Rev > Net Interest & Dividend Income)		
Banca Popolare di Sondrio	63,59%	36,41%
Banca Monte dei Paschi Siena	60,98%	39,02%

Final Sample of Peers for Banco CTT						
Company Name	Country Based	Market Cap	Shares	are Price (31/10/23)	Raw β	Adjusted β
Millenium BCP	Portugal	€7 003 822 943,76	15 113 989 952	€0,46	1,423	1,282
Banco Santander	Spain	€69 600 276 885,42	15 494 273 572	€4,49	1,599	1,399
BBVA	Spain	€52 734 062 004,75	5 763 285 465	€9,15	1,515	1,343
CaixaBank	Spain	€40 628 610 142,38	7 268 087 682	€5,59	0,71	0,807
Unicaja	Spain	€2 962 292 507,14	2 571 434 468	€1,15	1,141	1,094
Unicredit	Italy	€66 592 204 020,00	1 636 976 500	€40,68	1,25	1,167
Credit Agricole	France	€42 832 922 015,30	3 041 031 027	€14,09	1	1
Banca Popolare di Sondrio	Italy	€3 112 493 359,11	453 385 777	€6,87	1,153	1,102
Banca Monte dei Paschi Siena	Italy	€6 338 758 600,59	1 259 689 706	€5,03	1,722	1,481

Appendix 23: CCA – Bank

Multiple	2023	Range				
		Minimum	25th Perc	Median	75th Perc	Maximum
P/B	P/B	0,46	0,64	0,81	1,1	1,18
	Bank Book Value per Share			1,99		
	Price per Share	0,91	1,26	1,61	2,19	2,34
P/E	P/E	3,09	6,73	7,26	7,91	11,52
	Bank Earnings per Share			0,13		
	Price per Share	0,39	0,84	0,91	0,99	1,44
P/TBV	P/TBV	0,47	0,82	0,94	1,16	1,32
	Bank Tangible Book Value per Share			1,38		
	Price per Share	0,93	1,63	1,88	2,3	2,61
EV/Deposits	EV/Deposits	0,04	0,06	0,08	0,1	0,13
	Total Deposits			3106,18		
	Market Cap	109,65	186,32	235,83	300,34	412,18
	Price per Share	0,81	1,37	1,74	2,21	3,03

12. INDIVIDUAL APPENDIX

Appendix 1 – BCTT's Income Statement in the Stand-alone Scenario

€ million, except where indicated otherwise	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
TOTAL REVENUES	€ 87,37	€ 87,95	€ 86,45	€ 107,00	€ 128,40	€ 129,73	€ 129,86	€ 133,83	€ 137,00	€ 139,64	€ 141,81
NET INTEREST INCOME	€ 12,70	€ 44,64	€ 55,78	€ 74,40	€ 98,70	€ 96,05	€ 96,56	€ 100,67	€ 103,32	€ 105,40	€ 107,09
Interest Income	€ 13,60	€ 45,96	€ 57,82	€ 81,08	€ 132,76	€ 146,35	€ 146,82	€ 150,52	€ 154,49	€ 157,60	€ 160,12
i) Deposits available for loans	€ 1 117,99	€ 1 439,12	€ 1 543,28	€ 1 778,69	€ 1 584,16	€ 2 627,36	€ 2 792,77	€ 2 884,31	€ 2 960,24	€ 3 019,85	€ 3 068,17
LTD	87,10%	85,20%	72,70%	77,90%	51,00%	61,45%	61,45%	61,45%	61,45%	61,45%	61,45%
Deposits from Clients, BCTT	€ 1 283,57	€ 1 689,11	€ 2 122,80	€ 2 283,30	€ 3 106,20	€ 4 275,60	€ 4 544,79	€ 4 693,75	€ 4 817,32	€ 4 914,32	€ 4 992,96
Deposits from Clients, Portugal	€ 150 056,90	€ 161 864,50	€ 172 875,60	€ 182 437,70	€ 179 782,10	€ 180 450,70	€ 184 321,58	€ 188 006,15	€ 191 368,49	€ 194 799,26	€ 198 293,28
BCTT's Market Share	0,86%	1,04%	1,23%	1,29%	1,73%	2,37%	2,47%	2,50%	2,52%	2,52%	2,52%
% growth		22,00%	17,67%	1,92%	38,05%	37,14%	4,06%	1,25%	0,83%	0,22%	-0,19%
Stand-alone Impact in Market Share							-1,50%	-1,50%	-1,00%	-1,00%	-1,00%
ii) Interest Rate applied to bank loans	1,25%	1,25%	1,00%	3,69%	4,86%	5,57%	5,26%	5,22%	5,22%	5,22%	5,22%
Interest Expense	€ 0,90	€ 1,33	€ 2,04	€ 6,68	€ 34,06	€ 90,30	€ 50,27	€ 49,85	€ 51,17	€ 52,20	€ 53,03
i) Deposits from Clients, BCTT	€ 1 283,57	€ 1 689,11	€ 2 122,80	€ 2 283,30	€ 3 106,20	€ 4 275,60	€ 4 544,79	€ 4 693,75	€ 4 817,32	€ 4 914,32	€ 4 992,96
ii) Interest Rate applied to bank deposits	0,07%	0,08%	0,10%	0,29%	1,10%	1,18%	1,11%	1,06%	1,06%	1,06%	1,06%
FEES & COMMISSIONS INCOME	€ 33,47	€ 39,32	€ 26,90	€ 26,90	€ 27,20	€ 31,18	€ 30,80	€ 30,66	€ 31,18	€ 31,73	€ 32,22
Number of Accounts (in thousands)	461	517	573	602	647	700	691	688	700	712	723
Deposits from Clients, BCTT	€ 1 283,57	€ 1 689,11	€ 2 122,80	€ 2 283,30	€ 3 106,20	€ 4 275,60	€ 4 544,79	€ 4 693,75	€ 4 817,32	€ 4 914,32	€ 4 992,96
Average value of BCTT Deposits per Account (in thousands)	€ 2,78	€ 3,26	€ 3,70	€ 3,79	€ 4,80	€ 6,11	€ 6,57	€ 6,82	€ 6,88	€ 6,90	€ 6,90
% growth		17,31%	13,49%	2,35%	26,64%	27,23%	7,60%	3,75%	0,93%	0,23%	0,06%
Fees & Commissions Income per Account (in thousands)	€ 0,07	€ 0,08	€ 0,05	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04
OTHER	€ 41,20	€ 4,00	€ 3,77	€ 5,70	€ 2,50	€ 2,50	€ 2,50	€ 2,50	€ 2,50	€ 2,50	€ 2,50
OPERATING COSTS	€ 56,21	€ 70,67	€ 83,03	€ 89,90	€ 100,10	€ 98,09	€ 249,64	€ 188,77	€ 190,91	€ 192,70	€ 194,15
Staff	€ 19,81	€ 22,32	€ 25,76	€ 24,70	€ 27,90	€ 34,56	€ 36,60	€ 37,31	€ 37,82	€ 38,28	€ 38,64
Number of employees	406	435	455	513	558	678	718	732	742	751	758
Average cost per employee (€millions)	€ 0,05	€ 0,05	€ 0,06	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05
ES&S	€ 29,84	€ 29,52	€ 34,36	€ 34,10	€ 38,70	€ 38,85	€ 187,29	€ 124,88	€ 125,83	€ 126,62	€ 127,27
Cost of using the physical and technical resources of the CTT Post Office Network		€ 2,75	€ 3,71	€ 4,70	€ 4,78	€ -	€ -	€ -	€ -	€ -	€ -
% of Revenues		30,45%	35,46%	27,48%	26,42%	29,95%	29,95%	29,95%	29,95%	29,95%	29,95%
* Stand-Alone Impact - Initial Setup Costs							€ 63,60				
** Stand-Alone Impact - Operational Costs							€ 84,80	€ 84,80	€ 84,80	€ 84,80	€ 84,80
Impairments & provisions	€ -	€ 9,26	€ 12,22	€ 25,10	€ 25,50	€ 16,90	€ 17,96	€ 18,55	€ 19,04	€ 19,42	€ 19,73
% of Deposits Available for Loans		0,64%	0,79%	1,41%	1,61%	0,64%	0,64%	0,64%	0,64%	0,64%	0,64%
Other	€ 6,55	€ 7,35	€ 8,87	€ 6,30	€ 7,70	€ 7,78	€ 7,79	€ 8,03	€ 8,22	€ 8,37	€ 8,50
% of Revenues	7,50%	8,36%	10,26%	5,99%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%
Internal services rendered	€ -	€ 2,22	€ 1,83	€ (0,30)	€ (0,30)	€ -	€ -	€ -	€ -	€ -	€ -
EBITDA	€ 31,16	€ 17,28	€ 3,42	€ 17,10	€ 28,30	€ 31,64	€ (119,78)	€ (54,94)	€ (53,81)	€ (53,06)	€ (52,34)
EBITDA margin	35,67%	19,64%	3,95%	15,98%	22,04%	24,39%	-92,24%	-41,85%	-39,35%	-38,00%	-36,90%
Depreciation and amortization	€ 8,95	€ 6,63	€ 7,67	€ 7,10	€ 7,30	€ 8,34	€ 8,35	€ 8,61	€ 8,81	€ 8,98	€ 9,12
Intangibles and Tangible Fixed Assets	€ 30,88	€ 60,39	€ 69,21	€ 80,24	€ 81,01	€ 83,58	€ 83,67	€ 86,23	€ 88,27	€ 89,97	€ 91,37
% of Revenues	35,34%	68,66%	80,06%	74,99%	63,09%	64,43%	64,43%	64,43%	64,43%	64,43%	64,43%
Depreciation / Intangibles & Tangibles	28,97%	10,98%	11,08%	8,85%	9,01%	9,98%	9,98%	9,98%	9,98%	9,98%	9,98%
Recurring EBIT	€ 22,22	€ 10,65	€ (4,25)	€ 10,00	€ 21,00	€ 23,30	€ (128,13)	€ (63,54)	€ (62,72)	€ (62,04)	€ (61,45)
Recurring EBIT margin	25,43%	12,11%	-4,92%	9,35%	16,36%	17,96%	-98,67%	-47,48%	-45,78%	-44,43%	-43,33%
Specific items	€ 0,08	€ 0,23	€ (16,33)	€ (9,00)	€ 0,10	€ (2,59)	€ (2,59)	€ (2,67)	€ (2,73)	€ (2,79)	€ (2,83)
% of Revenues	0,09%	0,26%	-18,89%	-8,41%	0,08%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%
EBIT	€ 22,14	€ 4,57	€ 24,49	€ 18,90	€ 20,94	€ 25,89	€ (125,54)	€ (60,87)	€ (59,98)	€ (59,25)	€ (58,62)
Recurring EBIT margin	25,34%	5,20%	28,33%	17,66%	16,31%	19,95%	-96,67%	-45,48%	-43,78%	-42,43%	-41,34%
Interest	€ 4,59	€ 3,36	€ 5,84	€ 0,11	€ 0,10	€ 0,19	€ 0,10	€ 0,10	€ 0,10	€ 0,10	€ 0,10
EBT	€ 17,55	€ 1,21	€ 18,65	€ 18,79	€ 20,84	€ 25,70	€ (125,64)	€ (60,98)	€ (60,09)	€ (59,36)	€ (58,73)
Recurring EBIT margin	20,08%	1,38%	21,57%	17,56%	16,23%	19,81%	-96,75%	-45,56%	-43,86%	-42,51%	-41,41%
Taxes	€ (1,49)	€ 0,98	€ 4,55	€ 5,83	€ 5,06	€ 5,70	€ (32,44)	€ (15,74)	€ (15,51)	€ (15,33)	€ (15,16)
Taxes (%)	-8,5%	80,8%	24,4%	31,0%	24,3%	22,2%	25,8%	25,8%	25,8%	25,8%	25,8%
Profit/(Loss) after taxes of continuing business premises	€ 19,04	€ 0,23	€ 14,10	€ 12,96	€ 15,79	€ 20,00	€ (93,20)	€ (45,23)	€ (44,57)	€ (44,03)	€ (43,56)
Profit/(Loss) of discontinued business premises	€ -	€ -	€ 2,05	€ 1,76	€ 1,24	€ 0,97	€ 0,76	€ 0,59	€ 0,46	€ 0,36	€ 0,28
Change	-	-	-	-14,3%	-29,5%	-21,9%	-21,9%	-21,9%	-21,9%	-21,9%	-21,9%
Net income	€ 19,04	€ 0,23	€ 16,15	€ 14,72	€ 17,02	€ 20,96	€ (92,45)	€ (44,64)	€ (44,11)	€ (43,67)	€ (43,28)

Branches Network & Operating Costs			
in millions €	Per branch	# Branches	Total
* Initial Setup Cost	€ 0,30	212	€ 63,60
** Operational Costs	€ 0,40	212	€ 84,80

Appendix 2 – BCTT’s Income Statement in Post-Acquisition Scenario

€ million, except where indicated otherwise	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
TOTAL REVENUES	€ 87,37	€ 87,95	€ 86,45	€ 107,00	€ 128,40	€ 129,73	€ 132,00	€ 138,35	€ 143,35	€ 147,90	€ 152,06
NET INTEREST INCOME	€ 13,08	€ 44,64	€ 55,78	€ 74,40	€ 98,70	€ 96,05	€ 98,18	€ 104,13	€ 108,20	€ 111,75	€ 114,96
Interest Income	€ 13,97	€ 45,96	€ 57,82	€ 81,08	€ 132,76	€ 146,35	€ 149,29	€ 155,70	€ 161,78	€ 167,10	€ 171,90
i) Deposits available for loans	€ 1 117,99	€ 1 439,12	€ 1 543,28	€ 1 778,69	€ 1 584,16	€ 2 627,36	€ 2 839,74	€ 2 983,50	€ 3 100,01	€ 3 201,87	€ 3 293,85
LTD	87,10%	85,20%	72,70%	77,90%	51,00%	61,45%	61,45%	61,45%	61,45%	61,45%	61,45%
Deposits from Clients, BCTT	€ 1 283,57	€ 1 689,11	€ 2 122,80	€ 2 283,30	€ 3 106,20	€ 4 275,60	€ 4 621,22	€ 4 855,17	€ 5 044,77	€ 5 210,53	€ 5 360,22
Deposits from Clients, Portugal	€ 150 056,90	€ 161 864,50	€ 172 875,60	€ 182 437,70	€ 179 782,10	€ 180 450,70	€ 184 321,58	€ 188 006,15	€ 191 368,49	€ 194 799,26	€ 198 293,28
BCTT's Market Share	0,86%	1,04%	1,23%	1,25%	1,73%	2,37%	2,51%	2,58%	2,64%	2,67%	2,70%
% growth		22,00%	17,67%	1,92%	38,05%	37,14%	5,81%	3,00%	2,08%	1,47%	1,06%
Stand-alone impact in Market Share							-1,50%	-1,50%	-1,00%	-1,00%	-1,00%
Revenue Synergie, Increase Market Share (Volume of Sales)							1,75%	1,75%	1,25%	1,25%	1,25%
ii) Interest Rate applied to bank loans *	1,25%	1,25%	1,00%	3,69%	4,86%	5,57%	5,26%	5,22%	5,22%	5,22%	5,22%
Interest Expense	€ 0,90	€ 1,33	€ 2,04	€ 6,68	€ 34,06	€ 50,30	€ 51,11	€ 51,57	€ 53,58	€ 55,34	€ 56,93
i) Deposits from Clients, BCTT	€ 1 283,57	€ 1 689,11	€ 2 122,80	€ 2 283,30	€ 3 106,20	€ 4 275,60	€ 4 621,22	€ 4 855,17	€ 5 044,77	€ 5 210,53	€ 5 360,22
ii) Interest Rate applied to bank deposits **	0,07%	0,08%	0,10%	0,29%	1,10%	1,18%	1,11%	1,08%	1,06%	1,06%	1,06%
FEES & COMMISSIONS INCOME	€ 33,47	€ 39,32	€ 26,90	€ 26,90	€ 27,20	€ 31,18	€ 31,32	€ 31,72	€ 32,65	€ 33,65	€ 34,59
Number of Accounts (in thousands)	461	517	573	602	647	700	703	712	733	755	776
Deposits from Clients, BCTT	€ 1 283,57	€ 1 689,11	€ 2 122,80	€ 2 283,30	€ 3 106,20	€ 4 275,60	€ 4 621,22	€ 4 855,17	€ 5 044,77	€ 5 210,53	€ 5 360,22
Average value of BCTT Deposits per Account (in thousands)	€ 2,78	€ 3,26	€ 3,70	€ 3,79	€ 4,80	€ 6,11	€ 6,57	€ 6,82	€ 6,88	€ 6,90	€ 6,90
% growth		17,31%	13,49%	2,35%	26,64%	27,23%	7,60%	3,75%	0,93%	0,23%	0,06%
Fees & Commissions Income per Account (in thousands)	€ 0,07	€ 0,08	€ 0,05	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04	€ 0,04
OTHER	€ 41,20	€ 4,00	€ 3,77	€ 5,70	€ 2,50	€ 2,50	€ 2,50	€ 2,50	€ 2,50	€ 2,50	€ 2,50
OPERATING COSTS	€ 56,21	€ 70,67	€ 83,03	€ 89,90	€ 100,10	€ 98,09	€ 111,51	€ 102,65	€ 105,40	€ 108,07	€ 110,43
Staff	€ 19,81	€ 22,32	€ 25,76	€ 24,70	€ 27,90	€ 34,56	€ 32,94	€ 33,58	€ 35,93	€ 36,37	€ 36,71
Number of employees	406	435	455	513	558	678	646	659	705	713	720
Cost Synergie, Decrease Number of Employees Growth							-10,00%	-10,00%	-5,00%	-5,00%	-5,00%
Average cost per employee (€millions)	€ 0,05	€ 0,05	€ 0,06	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05	€ 0,05
ES&S	€ 29,84	€ 29,52	€ 34,36	€ 34,10	€ 38,70	€ 38,85	€ 50,28	€ 39,36	€ 38,64	€ 39,87	€ 40,99
% of Revenues	34,15%	33,57%	39,75%	31,87%	30,14%	29,95%	29,95%	29,95%	29,95%	29,95%	29,95%
Stand-alone Impact - Initial Setup Costs							€ 63,60				
Stand-alone Impact - Operational costs							€ 84,80	€ 84,80	€ 84,80	€ 84,80	€ 84,80
Post-Acquisition Initial Setup Costs							€ 12,72				
Cost Synergie, Decrease ES&S							5,00%	5,00%	10,00%	10,00%	10,00%
Impairments & provisions	€ -	€ 9,26	€ 12,22	€ 25,10	€ 25,50	€ 16,90	€ 18,26	€ 19,19	€ 19,94	€ 20,59	€ 21,18
% of Deposits Available for Loans		0,64%	0,79%	1,41%	1,61%	0,64%	0,64%	0,64%	0,64%	0,64%	0,64%
Other	€ 6,55	€ 7,35	€ 8,87	€ 6,30	€ 7,70	€ 7,78	€ 10,03	€ 10,51	€ 10,89	€ 11,24	€ 11,56
% of Revenues	7,50%	8,36%	10,26%	5,89%	6,00%	7,60%	7,60%	7,60%	7,60%	7,60%	7,60%
Internal services rendered	€ -	€ 2,22	€ 1,83	€ (0,30)	€ 0,30	€ -	€ -	€ -	€ -	€ -	€ -
EBITDA	€ 31,16	€ 17,28	€ 3,42	€ 17,10	€ 28,30	€ 31,64	€ 20,49	€ 35,70	€ 37,95	€ 39,84	€ 41,63
EBITDA margin	35,67%	19,64%	3,95%	15,98%	22,04%	24,39%	15,52%	25,81%	26,47%	26,93%	27,37%
Depreciation and amortization	€ 8,95	€ 6,63	€ 7,67	€ 7,10	€ 7,30	€ 8,34	€ 8,49	€ 8,90	€ 9,22	€ 9,51	€ 9,78
Intangibles and Tangible Fixed Assets	€ 30,88	€ 60,39	€ 69,21	€ 80,24	€ 81,01	€ 83,58	€ 85,05	€ 89,14	€ 92,36	€ 95,29	€ 97,97
% of Revenues	35,34%	68,66%	80,06%	74,99%	63,09%	64,43%	64,43%	64,43%	64,43%	64,43%	64,43%
Depreciation / Intangibles & Tangibles	28,97%	10,98%	11,08%	8,85%	9,01%	9,98%	9,98%	9,98%	9,98%	9,98%	9,98%
Recurring EBIT	€ 22,22	€ 10,65	€ (4,25)	€ 10,00	€ 21,00	€ 23,30	€ 12,00	€ 26,81	€ 28,73	€ 30,33	€ 31,85
Recurring EBIT margin	25,43%	12,11%	-4,92%	9,35%	16,36%	17,96%	9,09%	19,38%	20,04%	20,50%	20,94%
Specific Items	€ 0,08	€ 0,23	€ (16,33)	€ (9,00)	€ 0,10	€ (2,59)	€ (2,64)	€ (2,76)	€ (2,86)	€ (2,95)	€ (3,04)
% of Revenues	0,09%	0,26%	-18,89%	-8,41%	0,08%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%
EBIT	€ 22,14	€ 4,57	€ 24,49	€ 18,90	€ 20,94	€ 25,89	€ 14,64	€ 29,57	€ 31,59	€ 33,28	€ 34,88
Recurring EBIT margin	25,34%	5,20%	28,33%	17,66%	16,31%	19,95%	11,27%	22,09%	23,06%	23,83%	24,60%
Interest	€ 4,59	€ 3,36	€ 5,84	€ 0,11	€ 0,10	€ 0,19	€ 0,10	€ 0,10	€ 0,10	€ 0,10	€ 0,10
EBT	€ 22,14	€ 4,57	€ 24,49	€ 18,90	€ 20,94	€ 25,89	€ 14,53	€ 29,46	€ 31,49	€ 33,17	€ 34,78
Recurring EBIT margin	25,34%	5,20%	28,33%	17,66%	16,31%	19,95%	11,19%	22,02%	22,98%	23,76%	24,52%
Taxes	€ (1,49)	€ 0,98	€ 4,55	€ 5,83	€ 5,06	€ 5,70	€ 3,73	€ 7,61	€ 8,13	€ 8,56	€ 8,98
Taxes (%)	-6,7%	21,4%	18,6%	30,8%	24,1%	22,0%	25,7%	25,8%	25,8%	25,8%	25,8%
Profit/(Loss) after taxes of continuing business premises	€ 19,04	€ 0,23	€ 14,10	€ 12,96	€ 15,79	€ 20,00	€ 10,80	€ 21,86	€ 23,36	€ 24,61	€ 25,80
Profit/(Loss) of discontinued business premises	€ -	€ -	€ 2,05	€ 1,78	€ 1,24	€ 0,97	€ 0,78	€ 0,59	€ 0,46	€ 0,38	€ 0,28
Change (%)				-14,3%	-29,5%	-21,8%	-21,9%	-21,9%	-21,9%	-21,9%	-21,9%
Net income	€ 19,04	€ 0,23	€ 16,15	€ 14,72	€ 17,02	€ 20,96	€ 11,56	€ 22,45	€ 23,82	€ 24,97	€ 26,08

Appendix 3 – BCTT's Post-Acquisition Synergies Summary & Valuation through FTE Model (Base Scenario)

Base Scenario - Synergies	2025	2026	2027	2028	2029
Revenue Synergie, Increase in Market Share	1,75%	1,75%	1,25%	1,25%	1,25%
Cost Synergie, Change in number of employees	-10,00%	-10,00%	-5,00%	-5,00%	-5,00%
Cost Synergie, Decrease in ES&S	5,00%	5,00%	10,00%	10,00%	10,00%

€ million, except where indicated otherwise	2024	2025	2026	2027	2028	2029 Terminal Value	
Cash Flow to Equity Holders		-7,050.00 €	10,80.00 €	14,390.00 €	25,450.00 €	28,020.00 €	357,550.00 €
Δ Common Equity Tier 1		18,610.00 €	11,640.00 €	9,430.00 €	-480.00 €	-1,940.00 €	
Common Equity Tier 1	302,60.00 €	321,210.00 €	332,850.00 €	342,290.00 €	341,80.00 €	339,860.00 €	
Net Income	20,960.00 €	11,560.00 €	22,450.00 €	23,820.00 €	24,970.00 €	26,080.00 €	
Discounted Cash Flow to Equity Holders		-€6,41	€8,93	€10,81	€17,39	€17,41	€222,06

Post-Acquisition Valuation	
Equity Value	270,180.00 €
# shares outstanding	135,86
Per Share Value (€)	€1,99

Pre-Acquisition Valuation	
Equity Value	222,660.00 €
# shares out.	135,86
Share Price (€)	€1,64
Upside	21,34%

Appendix 4 – Scenario Analysis: Optimistic Scenario Synergies Summary and Valuation

Optimistic Scenario - Synergies	2025	2026	2027	2028	2029
Revenue Synergie, Increase in Market Share	2,00%	2,00%	1,50%	1,50%	1,50%
Cost Synergie, Change in number of employees	-15,00%	-15,00%	-10,00%	-10,00%	-10,00%
Cost Synergie, Decrease in ES&S	10,00%	10,00%	15,00%	15,00%	15,00%

€ million, except where indicated otherwise	2024	2025	2026	2027	2028	2029 Terminal Value	
Cash Flow to Equity Holders		-4,120.00 €	13,950.00 €	17,750.00 €	29,020.00 €	31,80.00 €	405,750.00 €
Δ Common Equity Tier 1		18,610.00 €	11,640.00 €	9,430.00 €	-480.00 €	-1,940.00 €	
Common Equity Tier 1	302,60.00 €	321,210.00 €	332,850.00 €	342,290.00 €	341,80.00 €	339,860.00 €	
Net Income	20,960.00 €	14,490.00 €	25,590.00 €	27,180.00 €	28,540.00 €	29,860.00 €	
Discounted Cash Flow to Equity Holders		-€3,74	€11,53	€13,34	€19,82	€19,75	€252,00

Post-Acquisition Valuation	
Equity Value	312,70.00 €
# shares outstanding	135,86
Per Share Value (€)	€2,30

Pre-Acquisition Valuation	
Equity Value	222,660.00 €
# shares out.	135,86
Share Price (€)	€1,64
Upside	40,44%

Appendix 5 – Scenario Analysis: Pessimistic Scenario Synergies Summary and Valuation

Pessimistic Scenario - Synergies	2025	2026	2027	2028	2029
Revenue Synergie, Increase in Market Share	0,50%	0,50%	0,25%	0,25%	0,25%
Cost Synergie, Change in number of employees	-5,00%	-5,00%	-2,50%	-2,50%	-2,50%
Cost Synergie, Decrease in ES&S	2,50%	2,50%	5,00%	5,00%	5,00%

€ million, except where indicated otherwise	2024	2025	2026	2027	2028	2029 Terminal Value	
Cash Flow to Equity Holders		-9,660.00 €	7,580.00 €	10,510.00 €	21,0.00 €	22,980.00 €	293,240.00 €
Δ Common Equity Tier 1		18,610.00 €	11,640.00 €	9,430.00 €	-480.00 €	-1,940.00 €	
Common Equity Tier 1	302,60.00 €	321,210.00 €	332,850.00 €	342,290.00 €	341,80.00 €	339,860.00 €	
Net Income	20,960.00 €	8,960.00 €	19,220.00 €	19,940.00 €	20,520.00 €	21,040.00 €	
Discounted Cash Flow to Equity Holders		-€8,78	€6,27	€7,90	€14,34	€14,27	€182,12

Post-Acquisition Valuation	
Equity Value	216,130.00 €
# shares outstanding	135,86
Per Share Value (€)	€1,59

Pre-Acquisition Valuation	
Equity Value	222,660.00 €
# shares out.	135,86
Share Price (€)	€1,64
Upside	-2,93%

Appendix 6 – Sensitivity Analysis: Discounted Terminal Value

		Cost of Equity									
		7,99%	8,49%	8,99%	9,49%	9,99%	10,49%	10,99%	11,49%	11,99%	
Terminal Growth Rate	0,00%	238,63	219,45	202,54	187,54	174,14	162,13	151,30	141,50	132,60	
	0,50%	255,82	234,34	215,54	198,95	184,23	171,09	159,30	148,68	139,06	
	1,00%	275,47	251,22	230,16	211,71	195,44	181,00	168,10	156,54	146,11	
	1,50%	298,14	270,51	246,73	226,06	207,97	192,00	177,83	165,18	153,83	
	2,00%	324,60	292,77	265,67	242,33	222,06	204,30	188,64	174,74	162,32	
	2,50%	355,87	318,75	287,52	260,93	238,04	218,15	200,72	185,35	171,71	
	3,00%	393,41	349,45	313,02	282,39	256,30	233,83	214,32	197,22	182,14	
	3,50%	439,29	386,29	343,16	307,42	277,37	251,77	229,72	210,57	193,79	
	4,00%	496,66	431,34	379,34	337,02	301,95	272,46	247,33	225,70	206,91	
	Min Value		€	132,60	Post-Acq Value		€	222,06	Max Value		€

Appendix 7 – Sensitivity Analysis: Equity Value

		Cost of Equity									
		7,99%	8,49%	8,99%	9,49%	9,99%	10,49%	10,99%	11,49%	11,99%	
Terminal Growth Rate	0,00%	290,57	270,41	252,53	236,58	222,26	209,35	197,64	186,98	177,25	
	0,50%	307,76	285,30	265,52	247,99	232,35	218,31	205,64	194,16	183,70	
	1,00%	327,41	302,17	280,14	260,75	243,56	228,21	214,44	202,02	190,75	
	1,50%	350,09	321,46	296,71	275,11	256,09	239,22	224,17	210,66	198,47	
	2,00%	376,54	343,72	315,65	291,37	270,18	251,52	234,98	220,22	206,96	
	2,50%	407,82	369,70	337,51	309,97	286,16	265,37	247,06	230,83	216,35	
	3,00%	445,35	400,40	363,01	331,43	304,42	281,05	260,66	242,70	226,78	
	3,50%	491,24	437,25	393,15	356,47	325,49	298,98	276,06	256,05	238,43	
	4,00%	548,61	482,29	429,32	386,06	350,07	319,68	293,67	271,18	251,55	
	Min Value		€	177,25	Post-Acq Value		€	270,41	Max Value		€

Appendix 8 – Sensitivity Analysis: Share Price

		Cost of Equity									
		7,99%	8,49%	8,99%	9,49%	9,99%	10,49%	10,99%	11,49%	11,99%	
Terminal Growth Rate	0,00%	2,14	1,99	1,86	1,74	1,64	1,54	1,45	1,38	1,30	
	0,50%	2,27	2,10	1,95	1,83	1,71	1,61	1,51	1,43	1,35	
	1,00%	2,41	2,22	2,06	1,92	1,79	1,68	1,58	1,49	1,40	
	1,50%	2,58	2,37	2,18	2,02	1,88	1,76	1,65	1,55	1,46	
	2,00%	2,77	2,53	2,32	2,14	1,99	1,85	1,73	1,62	1,52	
	2,50%	3,00	2,72	2,48	2,28	2,11	1,95	1,82	1,70	1,59	
	3,00%	3,28	2,95	2,67	2,44	2,24	2,07	1,92	1,79	1,67	
	3,50%	3,62	3,22	2,89	2,62	2,40	2,20	2,03	1,88	1,75	
	4,00%	4,04	3,55	3,16	2,84	2,58	2,35	2,16	2,00	1,85	
	Min Value		€	1,30	Post-Acq Value		€	1,99	Max Value		€

Appendix 9 – Post-Acquisition Relative Valuation

Company Name	Country Based	Market Cap	Shares	Share Price	Book Value per Share	Tangible Book Value per Share	Total Deposits
					2023	2023	2023
Banco CTT	Portugal	€ 222,66	135,86	€ 1,64	€ 1,99	€ 1,38	€ 3 106,18
Millenium BCP	Portugal	€ 7 003,82	15113,99	€ 0,46	€ 0,42	€ 0,40	€ 76 435,94
Banco Santander	Spain	€ 69 600,28	15494,27	€ 4,49	€ 6,01	€ 4,76	€ 1 160 304,00
CaixaBank	Spain	€ 40 628,61	7268,09	€ 5,59	€ 4,93	€ 4,25	€ 420 193,00
Min					€ 0,42	€ 0,40	€ 0,40
25th Percentile					€ 1,60	€ 0,89	€ 4,51
Median					€ 3,46	€ 4,25	€ 3 106,18
75th Percentile					€ 3,46	€ 4,25	€ 3 106,18
Max					€ 6,01	€ 4,76	€ 1 160 304,00
Average					€ 3,34	€ 2,89	€ 237 149,79

Company Name	Price-to-Book Ratio (P/B)	Price-to-Tangible Book Value (P/TBV)	EV/Deposits Ratio (EV/Deposits)
	2023	2023	2023
Millenium BCP	1,10	1,16	0,09
Banco Santander	0,75	0,94	0,06
CaixaBank	1,13	1,32	0,10

Min	0,75	0,94	0,06
25th Percentile	0,93	1,05	0,08
Median	1,12	1,24	0,09
75th Percentile	1,13	1,32	0,10
Max	1,13	1,32	0,10
Average	0,99	1,14	0,08

Price-to-Book Ratio (P/B)	Years	Range				
		Minimum	25th Perc	Median	75th Perc	Maximum
P/B	2023	0,75	0,93	1,12	1,13	1,13
Book Value per Share				1,99		
Price per Share		1,49	1,84	2,22	2,25	2,25

Price-to-Tangible Book Value (P/TBV)	Years	Range				
		Minimum	25th Perc	Median	75th Perc	Maximum
P/TBV	2023	0,94	1,05	1,24	1,32	1,32
Tangible Book Value per Share				1,38		
Price per Share		1,31	1,46	1,71	1,82	1,82

EV/Deposits Ratio (EV/D)	Years	Range				
		Minimum	25th Perc	Median	75th Perc	Maximum
EV/D	2023	0,06	0,08	0,09	0,10	0,10
Total Deposits				3106,18		
Market Cap		186,32	235,47	292,48	300,34	300,34
Price per Share		1,37	1,73	2,15	2,21	2,21

Multiple - Median	Price	Weights
Price-to-Book Ratio 2023	€ 2,22	33%
Price-to-Tangible Book Ratio 2023	€ 1,71	33%
EV/Deposits 2023	€ 2,15	33%
Total		100%

Post-Acquisition Implied Share Price based on weighting of the Multiples	€ 2,03
Post-Acquisition Implied Equity Value based on weighting of the Multiples	€ 275,73

Pre-Acquisition Valuation	
Equity Value	222,66 €
# shares outstanding	135,86
Per Share Value (€)	€ 1,64
Upside	23,84%

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Buy	Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period.
Hold	Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period.
Sell	Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period.

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