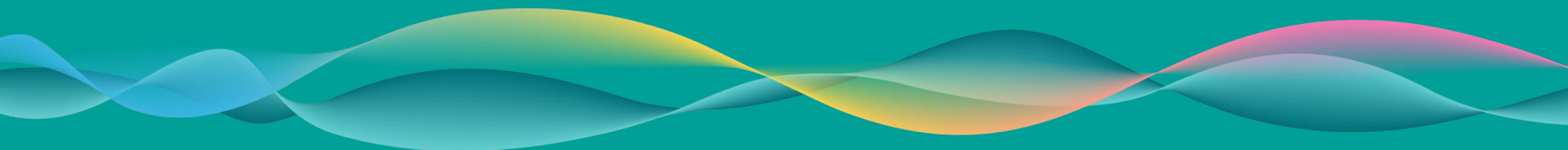


novobanco

SHAPING THE FUTURE.
TODAY.



Capital Markets Day
October 29th, 2021

DISCLAIMER

This document may include some statements related to the novobanco group that do not constitute a statement of financial results or other historical information. These statements, which may include forward-looking statements, targets, objectives, forecasts, estimates, projections, expected cost savings, statements regarding possible future developments or results of operations, and any forward-looking statement that includes statements such as "believes", "expects", "aims or intends", "may" or similar expressions, constitute or may constitute forward-looking statements.

By their nature, forward-looking statements are inherently predictive, speculative, and involve risk and uncertainty. There are many factors that can lead to results and developments that differ materially from those expressed or implied in forward-looking statements. These factors include, but are not limited to, changes in economic conditions in countries where the novobanco group has operations, tax or other policies adopted by various governments or regulatory entities in Portugal and in other jurisdictions, levels of competition from other Banks or financial entities, and future exchange rates and interest rate levels.

novobanco expressly disclaims any obligation or commitment to make any forward-looking review included in this document to reflect any event or change in future circumstances occurring after the date hereof.

This document includes unaudited financial information.

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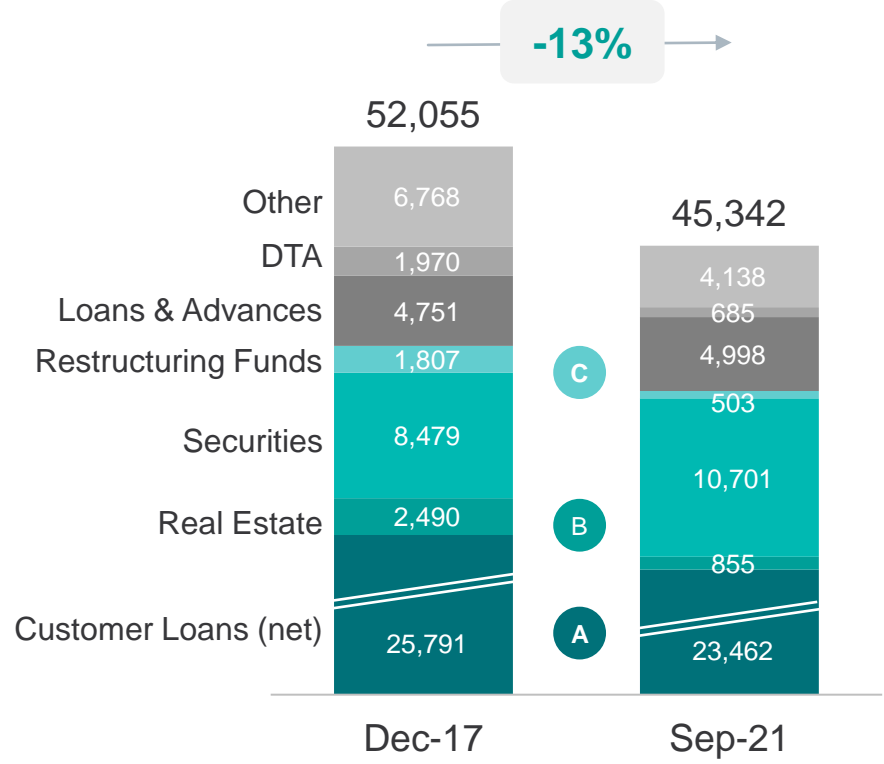
Outstanding execution of legacy deleveraging along with operating model & footprint optimization

		2017 YE	9M 2021	
1	Outstanding execution of balance sheet clean-up despite the challenging environment	Real Estate exposure	4.7%	1.9%
		NPL ratio / coverage	28.1% / 56.3%	7.3% / 81.5%
		NPA ratio / coverage ¹	23.0% / 52.6%	7.1% / 76.1%
2	Business recalibration, leading a smaller balance sheet, while maintaining the core business	International branches	25	1
		Optimization of domestic branch network	448	333
		Cost-to-Income ²	75%	48%
3	Significant profitability turnaround and a successful transition to capital-accretive performance	Net Interest Margin	0.89%	1.43%
		Cost of Risk	391 bps	61 bps
		RoTE ³ (pre-tax)	-	8.2%

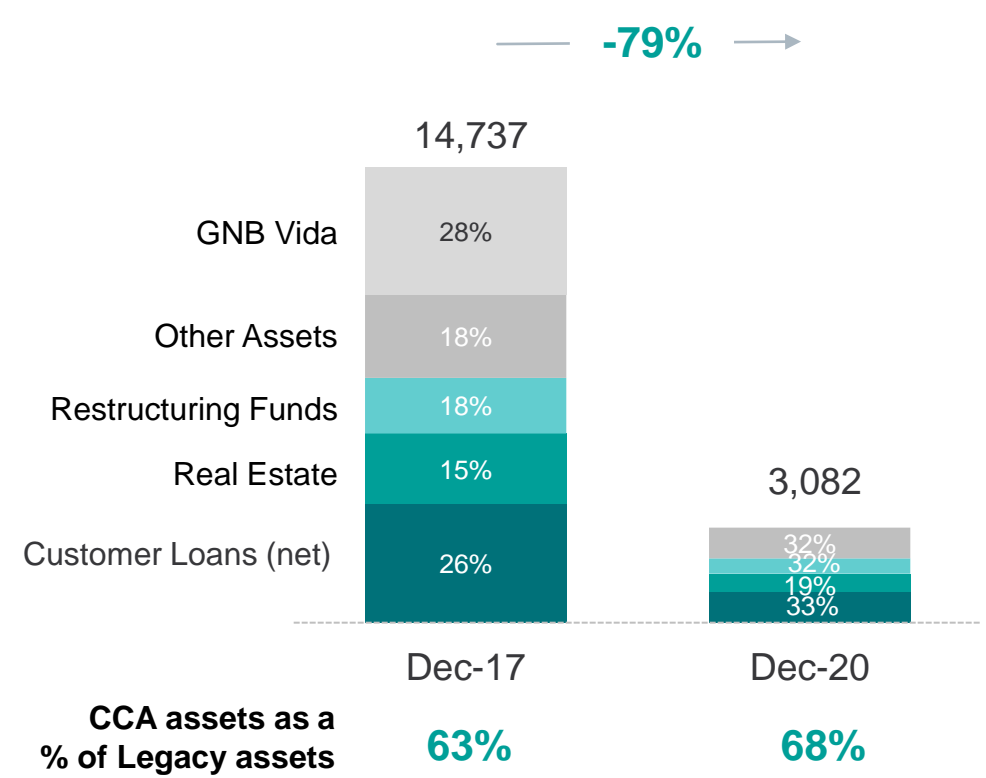
1

Legacy assets decreased 79% since 2017 representing 7% of total assets (dec-20)

Consolidated Assets Breakdown
(NBV; €mn)



Legacy Assets Evolution¹
(NBV; €mn)

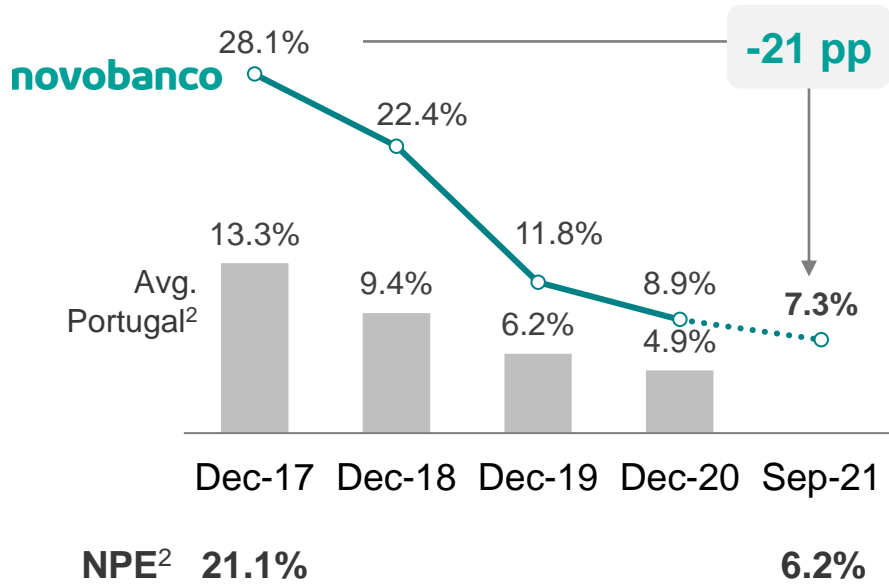


(1) Includes GNB Vida in accounting scope; Other includes discontinuing operations and loans and advances to Banks

1A

78% reduction of NPL stock, one of the largest NPL reductions in Europe...

NPL ratio: Evolution¹
(%; Consolidated reported figures)



Non-performing Loans Evolution
(%; €mn; Gross NPL¹)

△ NPL ¹ €bn	(3.4)	(3.3)	(0.9)	(0.3)
New Entries	+419	+388	+365	+108
Cures & Recoveries	(921)	(720)	(353)	(173)
Sales (Gross)	(1,744)	(1,375)	(377)	(223)
Write-offs	(1,074)	(1,697)	(504)	(65)
	2018	2019	2020	9M21

NPL stock €bn
% of NPLs non-overdue

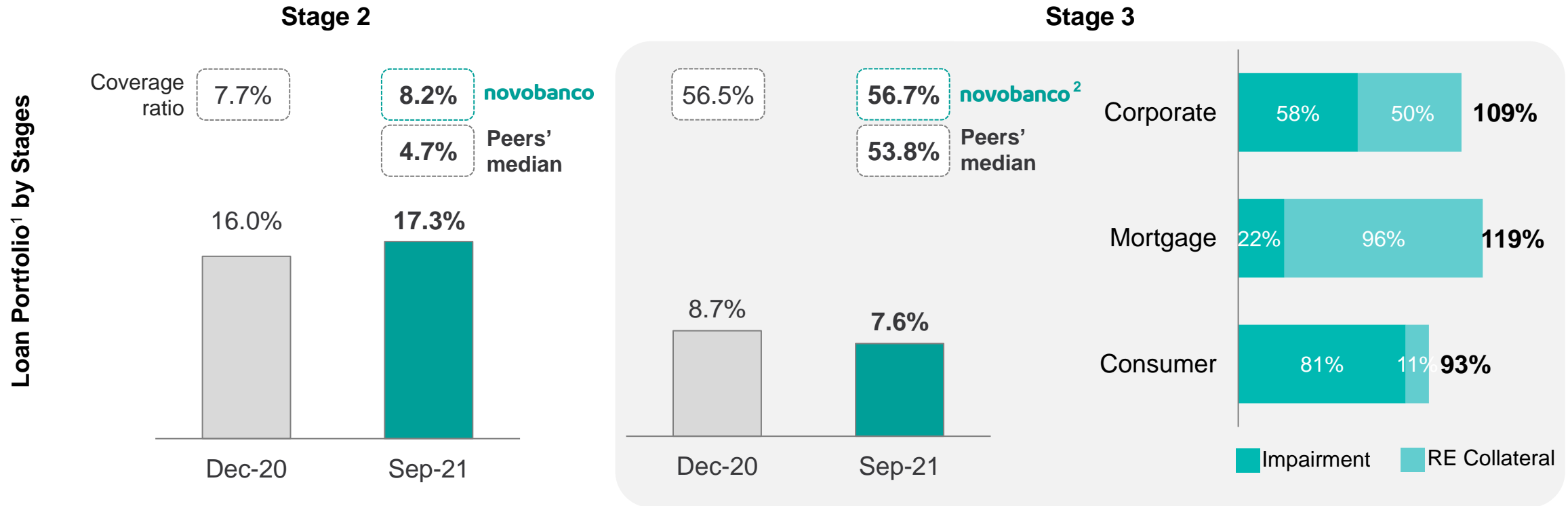
6.7 **3.4** **2.5** **2.2**
32% **51%**

Of which >€0.6bn under disposal (granular & single name)

Ongoing portfolio sales expected to be capital accretive

1A

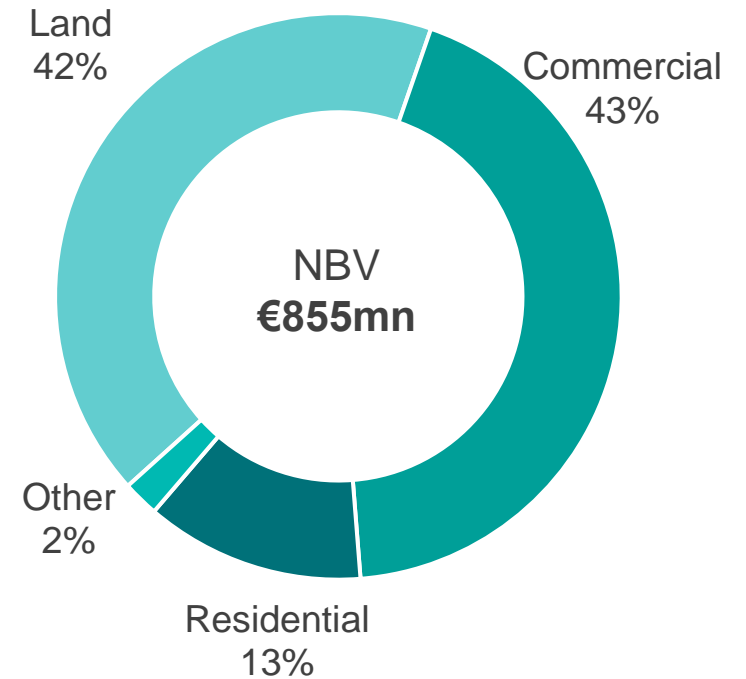
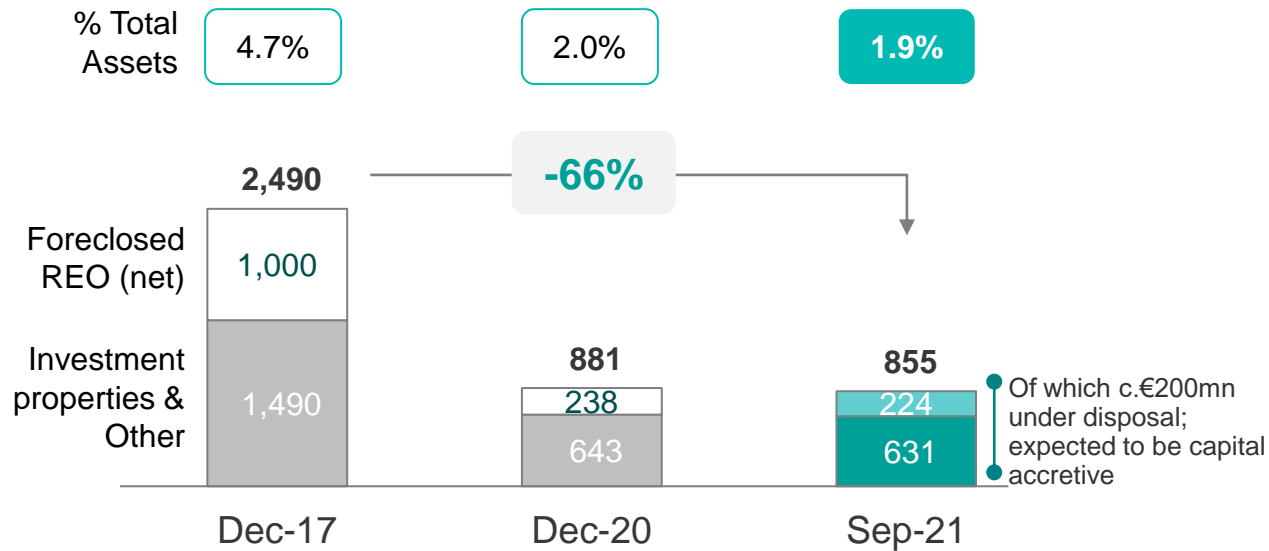
... with capital neutrality of recently-signed portfolio sales (Carter & Wilkinson) demonstrating adequacy of NPL coverage



Clean-up of real estate exposure through sales and implementation of a best-in-class appraisal policy

Evolution of Real Estate Exposure

(Consolidated; €mn NBV)



TOP 20 RE assets represents 50% of the portfolio. Of those high-quality assets, 10 are yielding and the remaining are on ongoing licensing discussions and expected to be sold within next 2 years.

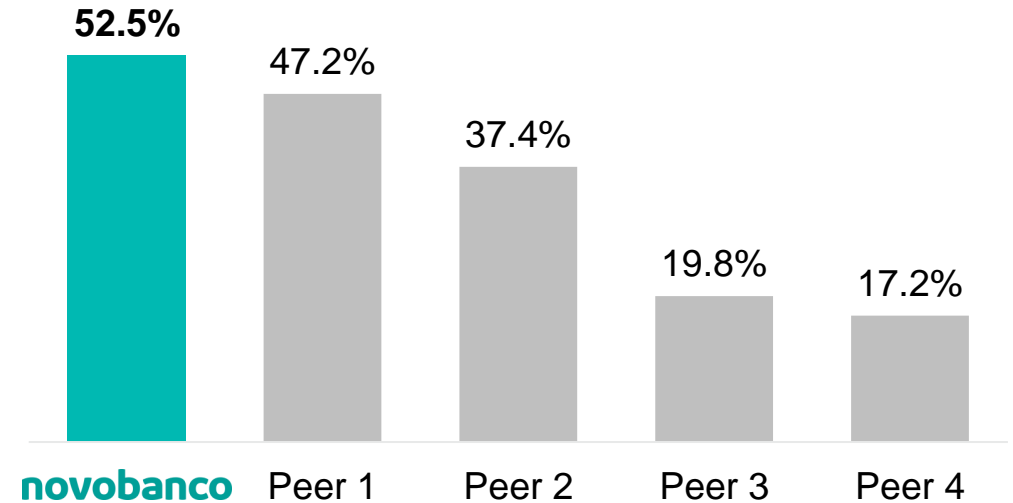
1B

Coverage is supported by a robust appraisal policy, individual asset reviews,...

Real Estate Portfolio: Coverage by Asset Type
(Consolidated; €bn; %)



Real Estate: Coverage Ratios
(Consolidated; %)

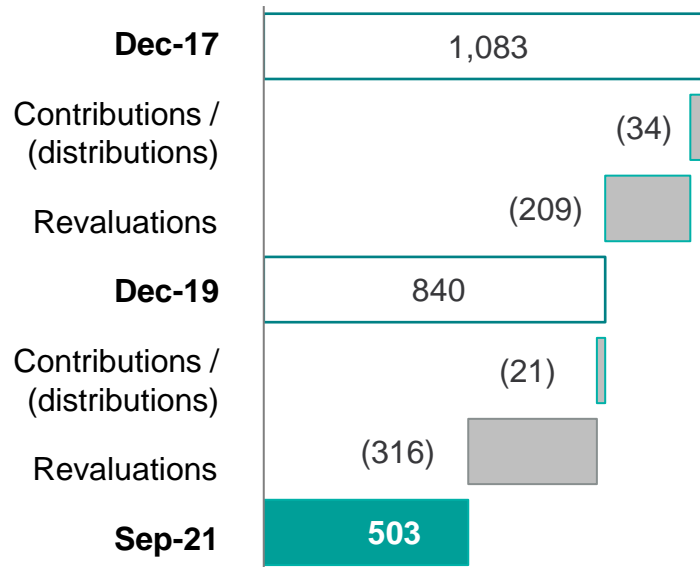


... market pricing (bids received) and yield performance.

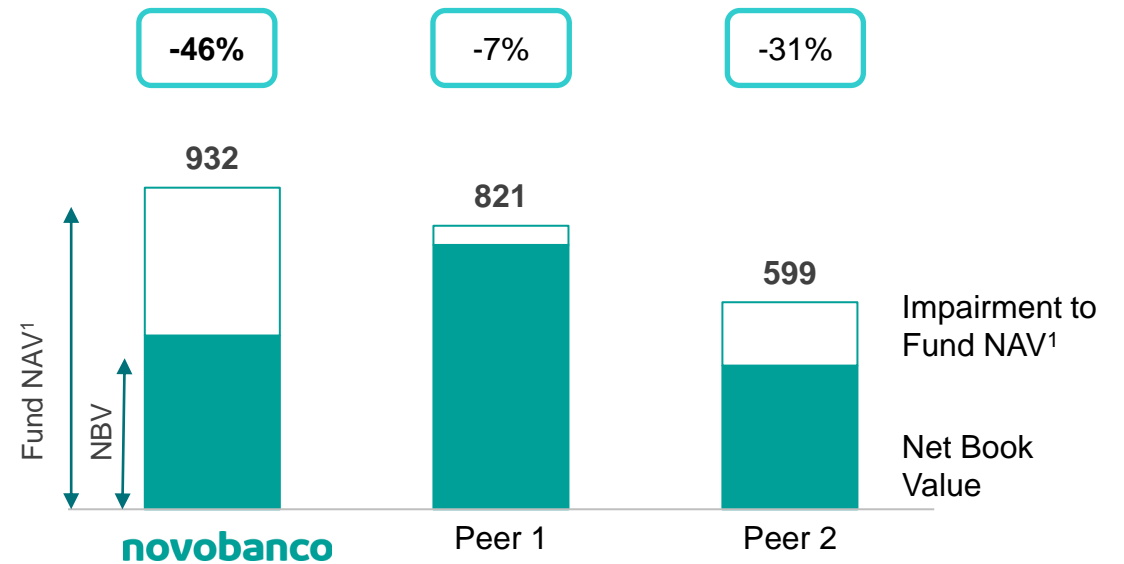
1C

Restructuring Funds book value at €503mn following an external revaluation, leading to 46% discount to funds' NAV

Restructuring funds: novobanco book value
(€mn)



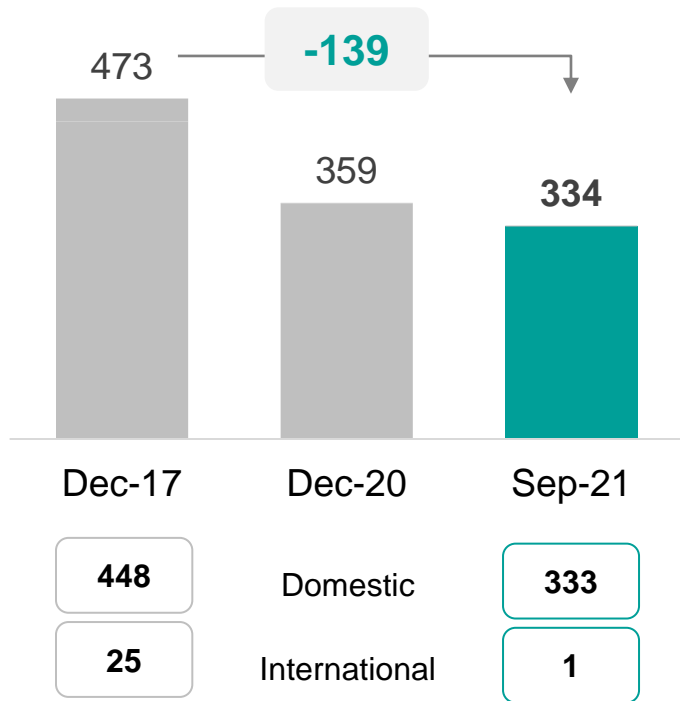
Restructuring Funds Haircut to NAV¹
(€mn;%)



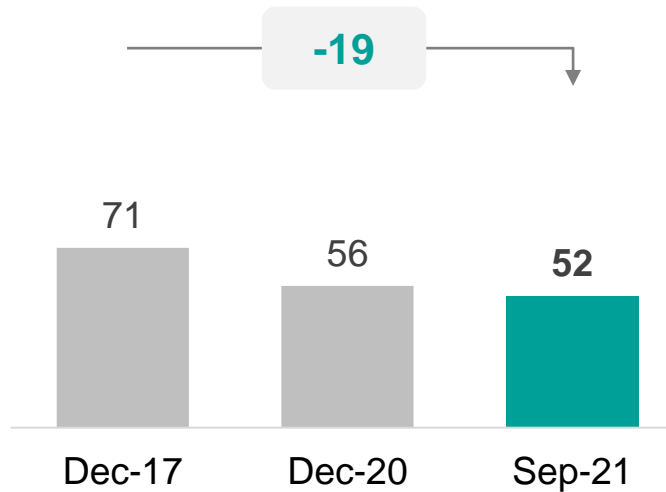
There is an ongoing sale process corresponding to ~40% of NBV, with the transaction expected to be capital accretive.

2 novobanco has further optimised its footprint and recalibrated its operating model, leading to a leaner organization...

Evolution of number of branches
(€mn)



Evolution of number of subsidiaries
(€mn)



Principals of network optimization

National coverage

Ensure a high national coverage, maintaining outstanding service to households & companies

Catchment areas

Branch selection considering larger catchment, adjusted to urban vs rural locations

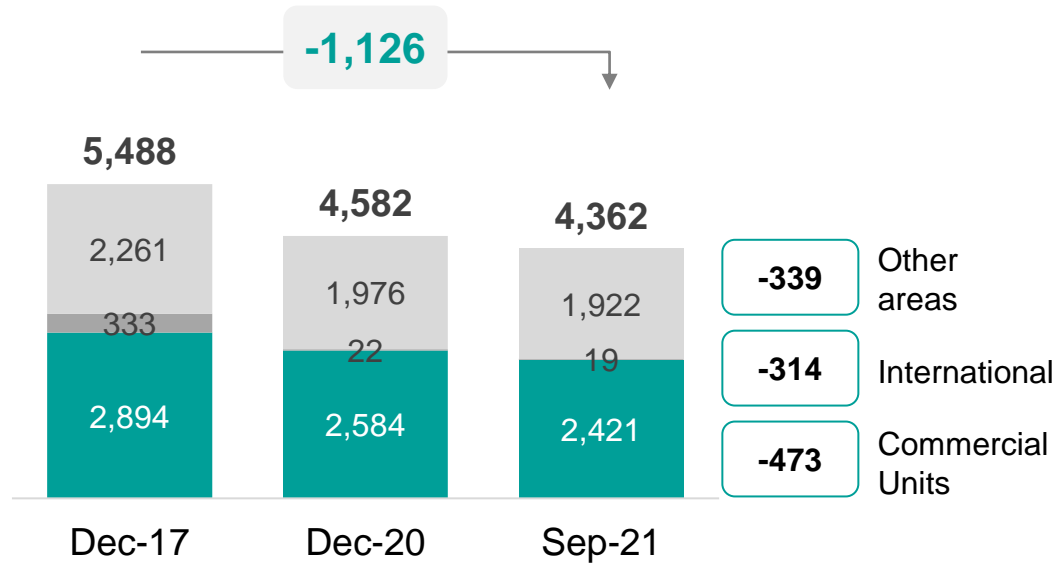
Multi branches model

Full service, Master and Self-service, with services adjusted to clients' needs; 58 branches refurbished in 9M21

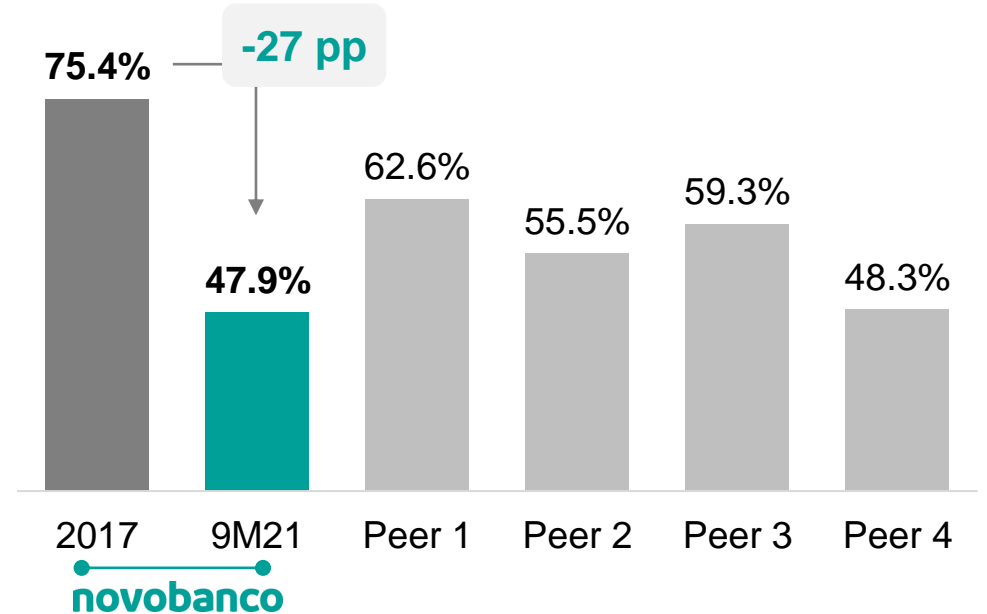
2

...more efficient and agile operations, with fewer people and a lower cost base

Evolution of Employees per area
(#; End-of-period)



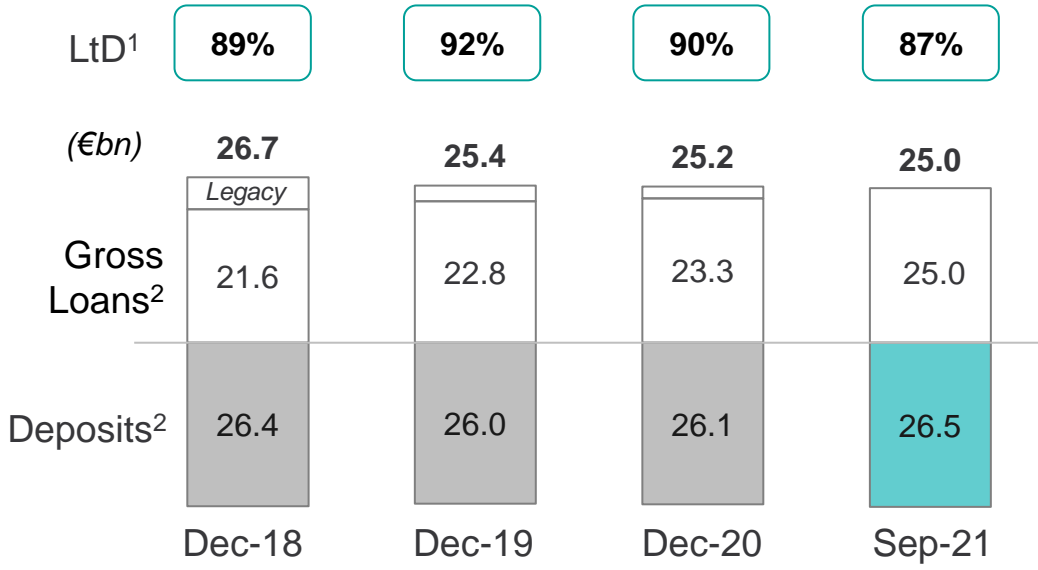
Cost to Commercial Banking Income¹
(%)



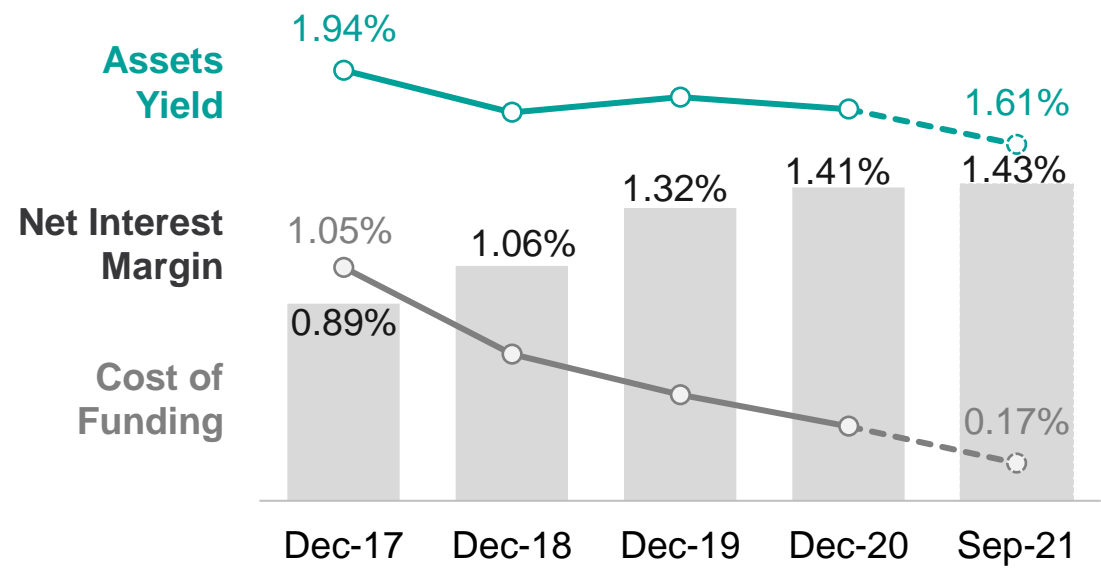
2

...with positive evolution of the commercial activity despite the restructuring and deleverage

Gross recurrent loan portfolio +4% CAGR18-20 and deposit base -1% CAGR reflecting business recalibration



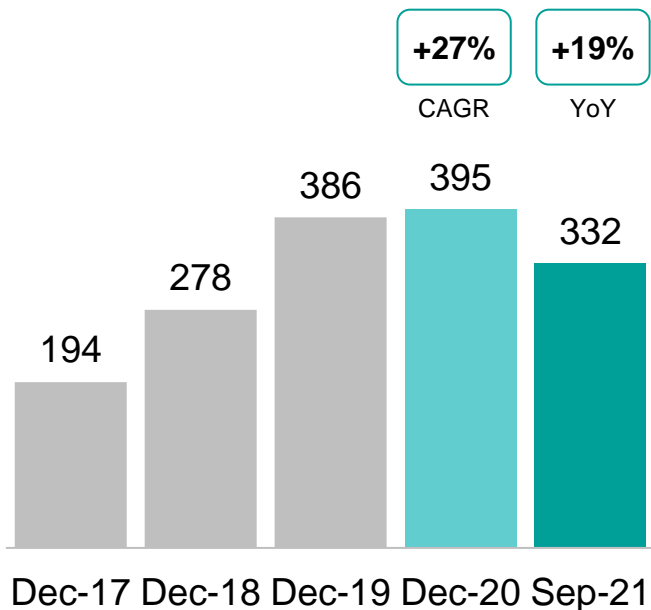
Consolidated Net Interest Margin³ (%)



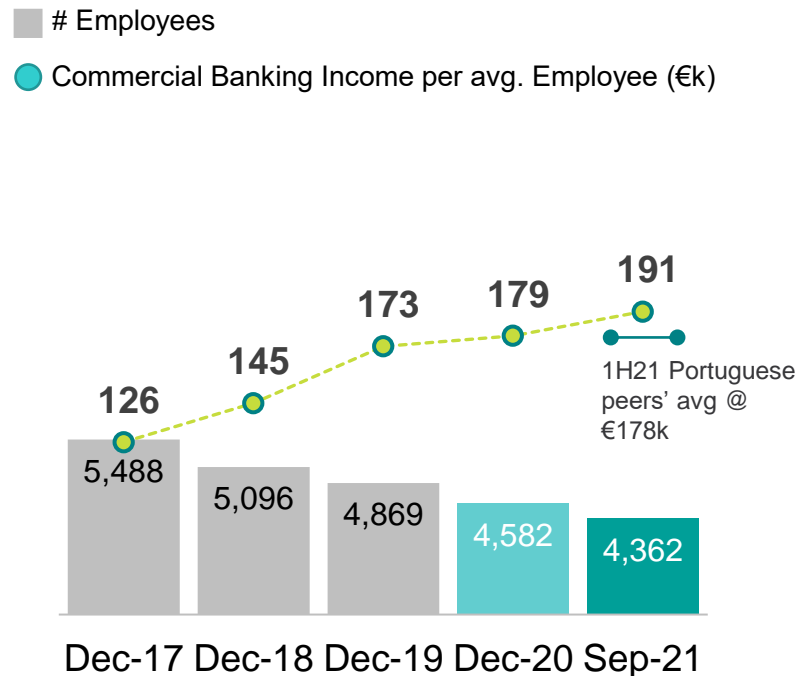
Proactive funding cost initiatives, such as LMEs and commercial solutions for high-rate deposits.

Consistent improvement in operating income even in current environment

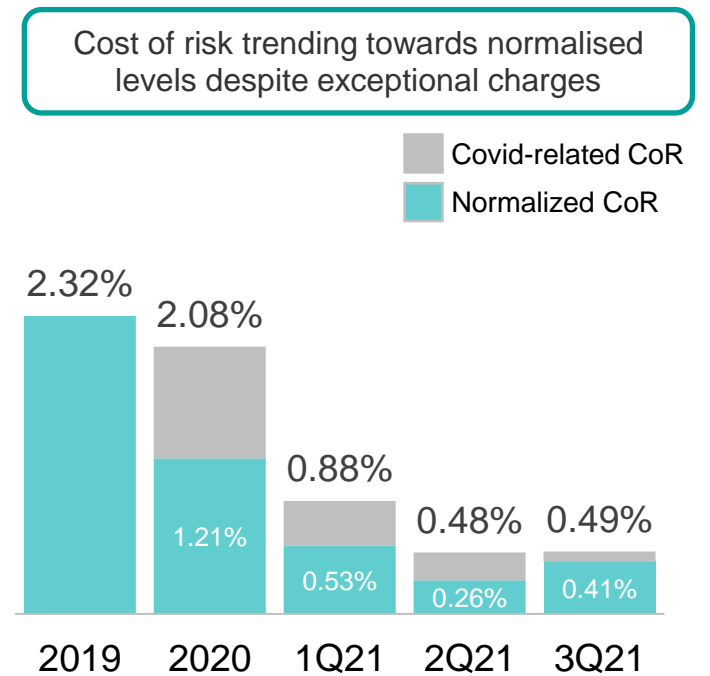
Net Commercial Banking Income¹ (Consolidated; ex-Spain; €mn)



Commercial Banking Income per Employee² (Reported figures; €k)



Cost of Risk (%)



Consistent improvement in operating income even in current environment

From Consolidated Income Before Tax to Underlying Profitability (9M2021; €mn)



Consolidated income before tax at €207.6mn up from -€905.2mn in 9M20, a clear profitability turnaround enabled by restructuring efforts over recent years.

In 3Q21 an inaugural €300mn 3NC2 senior bond was issued, accomplishing an important milestone for **novobanco**, together with LT senior bond repurchase transaction² (LME).

Underlying profitability (pre-tax) reaching €214.1mn and RoTE¹ at 8.2%, despite the highly challenging environment.

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Continuous positive performance despite the challenging environment and LME one-off impact (-€73.5mn)

	9M 2020	9M 2021	▲ YoY €mn
1 Net Interest Income	401.0	430.2	+29.1
2 + Fees & Commissions	196.5	207.9	+11.3
= Commercial Banking Income	597.6	638.0	+40.5
+ Capital Markets Results	- 20.3	33.7	+54.0
+ Other Operating Results	- 70.4	1.2	+71.6
= Banking Income	506.8	672.9	+166.1
3 - Operating Costs	318.1	305.7	-12.4
= Net Operating Income	188.7	367.2	+178.5
+ Restructuring funds valuation	- 260.6	0.0	+260.6
4 - Net Impairments & Provisions	833.3	159.6	-673.7
= Income Before Tax	- 905.2	207.6	+1 112.7
- Corporate Income Tax	- 77.7	13.0	+90.7
- Special Tax on Banks	32.8	34.2	+1.5
= Income after Taxes	- 860.2	160.4	+1 020.6
- Non-Controlling Interests	- 7.1	6.3	+13.4
= Net Income for the period	- 853.1	154.1	+1 007.2

- NII (+€29mn; +7% YoY) benefitting from the higher net interest margin given the significant progress in cost of funding reduction and stable asset pricing;
- Commissions (+€11mn; +6% YoY) driven by the recovery of economic activity (3Q21: €72.3mn; +11% YoY);
- Capital Markets results include **LME one-off impact (3Q21: -€73.5mn)** partially offsetting the positive results attributable to the investment portfolio and balance sheet management activities;
- Other Operating results includes gains from credit recovery (+€20.9mn) and the costs related with contributions to Resolution Funds (-€40.5mn);
- Operating Costs (-€12mn; -4% YoY) reflecting the commitment to further efficiency, improvements and business recalibration;
- Net commercial banking income at €332mn (+19% YoY) from higher commercial banking income (+33%) and lower operating costs (-4%);
- Following an independent valuation assessment of stakes in the Restructuring Funds, in 9M20 Novobanco booked a loss €261mn;
- Provisions at €160mn (-€674mn YoY), includes €40mn Covid-19 related provisions, leading to CoR of 40bps (adjusted for Covid-19);
- **NI of +€154mn (+€1.0bn YoY) supported by the restructuring process executed in recent years and driven by commercial activity performance.**

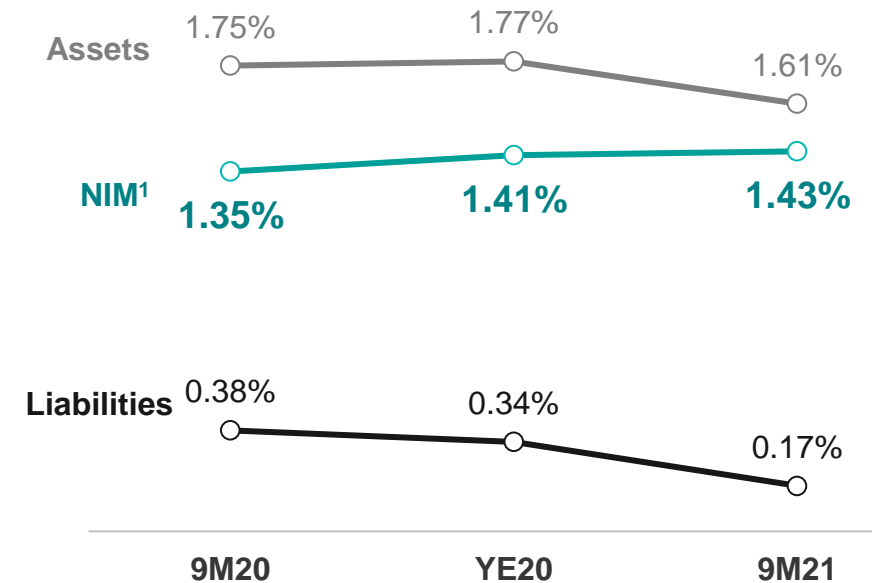
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NII increasing by +7% YoY benefiting from cost of funding optimization measures

Net Interest Income (NII) and Net Interest Margin (NIM)

	9M 2020			9M 2021		
	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs
€ million; %						
Customer Loans	25 316	2.09%	403	25 001	2.02%	383
Corporate loans	13 921	2.33%	247	13 707	2.34%	244
Mortgage lending	10 033	1.20%	92	9 928	1.04%	78
Consumer loans and Others	1 362	6.16%	64	1 366	5.90%	61
Money Market Placements	2 928	0.59%	13	4 361	0.04%	1
Securities and Other Assets	10 687	1.27%	103	10 325	1.28%	100
Interest Earning Assets & Other	38 932	1.75%	519	39 686	1.61%	484
Interest Bearing Liabilities & Other	38 932	0.38%	113	39 686	0.17%	51
NIM / NII¹		1.35%	401		1.43%	430

Net Interest Margin evolution (%)

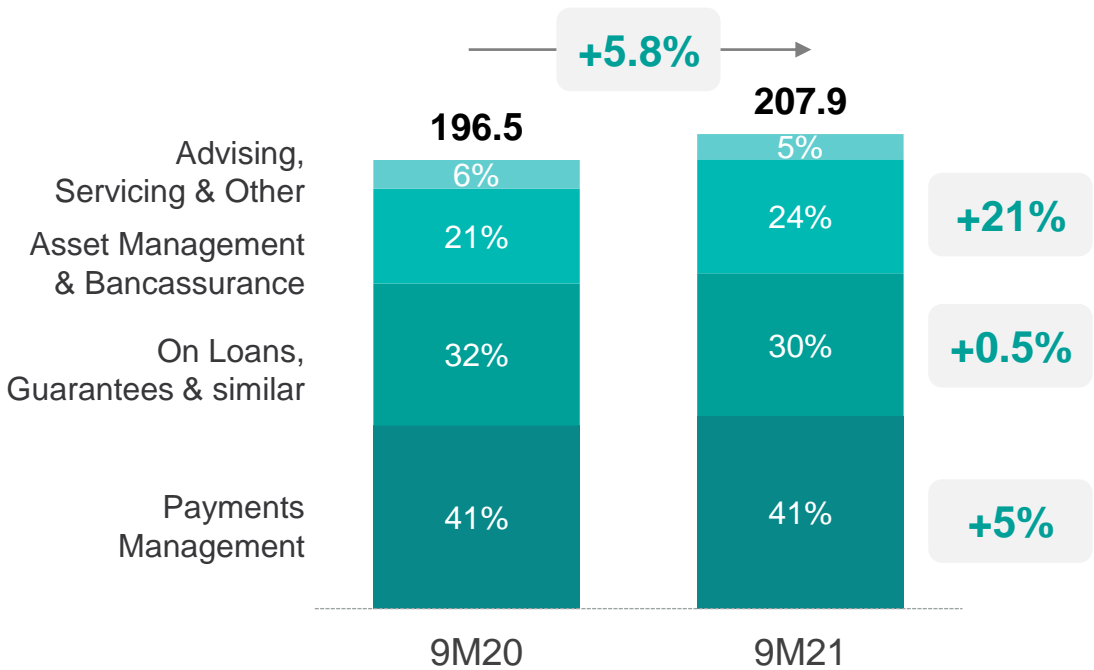


Lower average loan rate (-7bps YoY) given the different asset mix (-3bps) and lower rates (-4bps).
The lower YoY balance reflects the sale of NPL (stable on an adjusted basis).

2

Fees increased 5.8% YoY, driven by the 2Q & 3Q21 performance (+14% and +11% YoY), and expected to continue to increase...

Fees breakdown¹
(Consolidated; %; €mn)



The asset management & bancassurance fee income (+€8.5mn; +21%) reflects the increased commercial activity and clients' product appetite along with impact of capital markets on annual mgmt fees.

Performance of Commissions on Loans, guarantees and similar (+€0.3mn) increasing YoY with 2Q21 performance offsetting 1Q21 from higher loan production with the acceleration of economic activity.

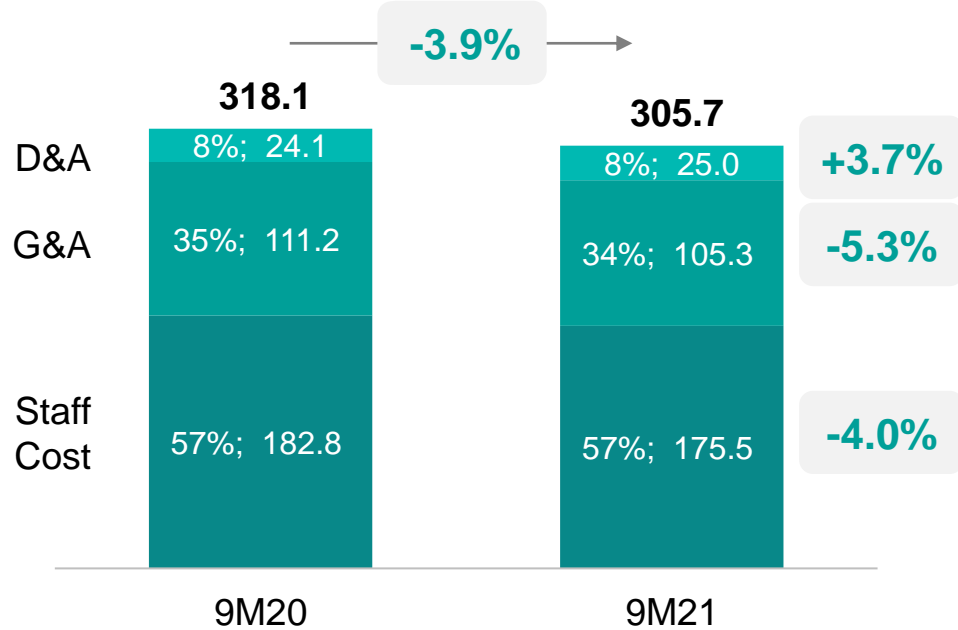
Payments management (+€4.1mn; +5%) reflecting the increase in merchant transactions and pricing, including positive performance of service accounts.

...with the recovery of economic activity leading to more transactions and new business.

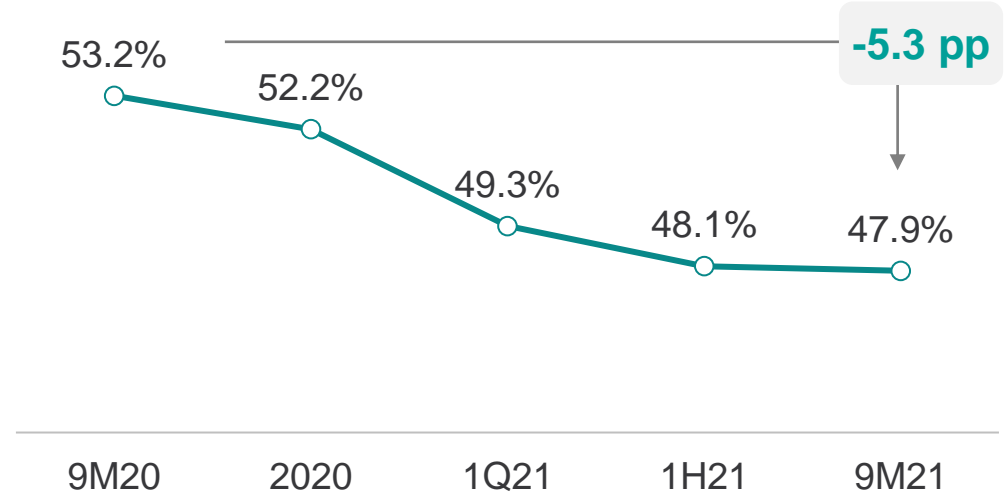
3

Increased income generation allied with further efficiency improvements

Consolidated Operating Costs
(%; €mn)



Cost to Income Ratio¹
(%)

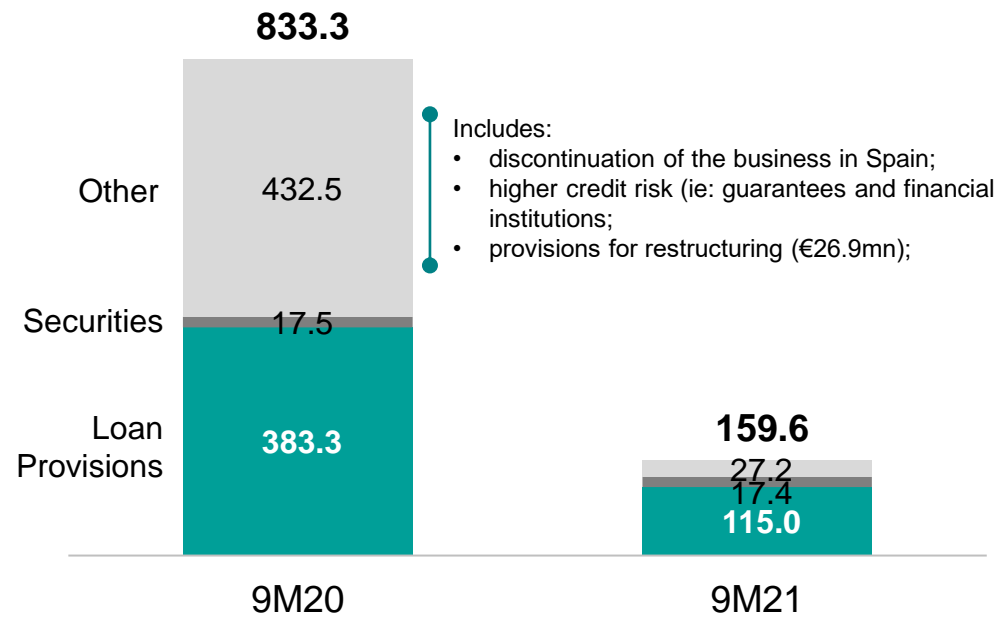


Implementation of cost optimization measures and ongoing recalibration, while investing in the future of the business.

Cost of risk trending towards normalised levels despite exceptional charges (€40mn)

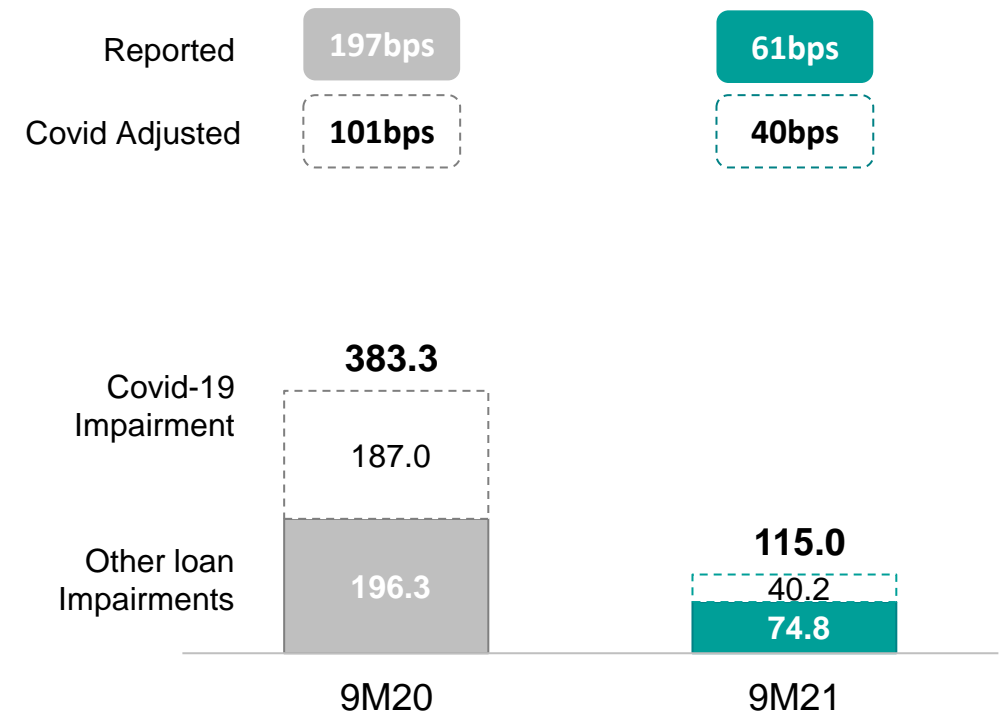
Impairment and Provisions¹

(€mn; %)



Cost of Risk & Loan Impairments

(€mn; bps)



Maintaining a solid Balance Sheet

Consolidated Balance Sheet (€mn)

Assets	Dec-20	Sep-21	▲ YtD	
			€mn	%
Loans & advances to Banks	2,809	4,998	2,189	77.9%
1 Customer loans	23,617	23,462	(155)	-0.7%
Real estate	881	855	(26)	-3.0%
2 Securities	11,367	10,701	(665)	-5.9%
Current & deferred tax assets	775	685	(91)	-11.7%
Other assets	4,946	4,641	(305)	-6.2%
Total Assets	44,396	45,342	947	2.1%

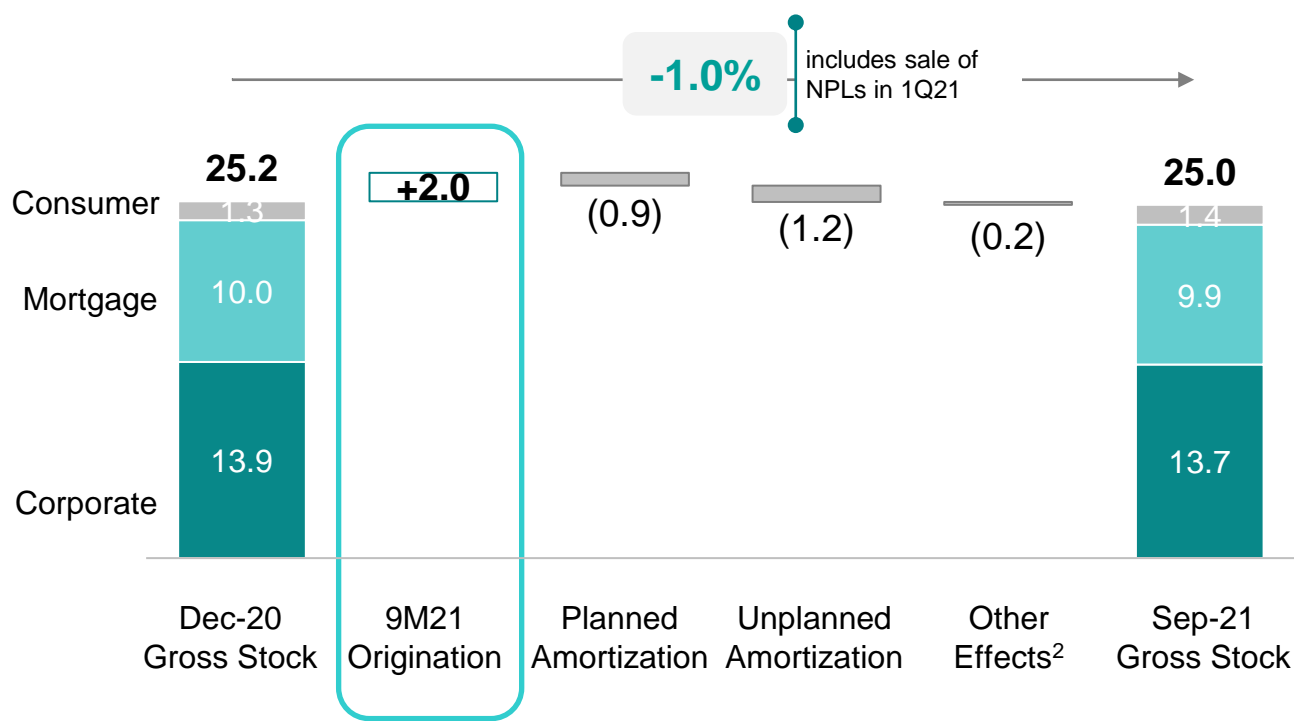
Liabilities & Equity	Dec-20	Sep-21	▲ YtD	
			€mn	%
3 Customer deposits	26,093	26,508	415	1.6%
Due to central Banks and Banks	10,103	10,582	479	4.7%
Debt securities	973	1,184	211	21.7%
Non-current liabilities held for sale	1,996	1,819	(178)	-8.9%
Other liabilities	2,083	2,038	(46)	-2.2%
Total Liabilities	41,249	42,131	882	2.1%
4 Equity	3,147	3,212	65	2.1%
Total Liabilities and Equity	44,396	45,342	947	2.1%

- **Net customer loans at €23.5bn, broadly stable** across corporate (adjusted for NPL disposal), mortgage and consumer books;
- **Customer Deposits growing €415mn (+1.6% YTD), to €26.5bn**, with Retail deposits growing 3% YTD;
- **Total Funds of €32.7bn (+€1,026mn YTD; +3.2%)**, balance sheet customer funds (€28.0bn; +€692mn; +2.5%) and off-balance sheet (€4.7bn; +€334mn; +7.6%).

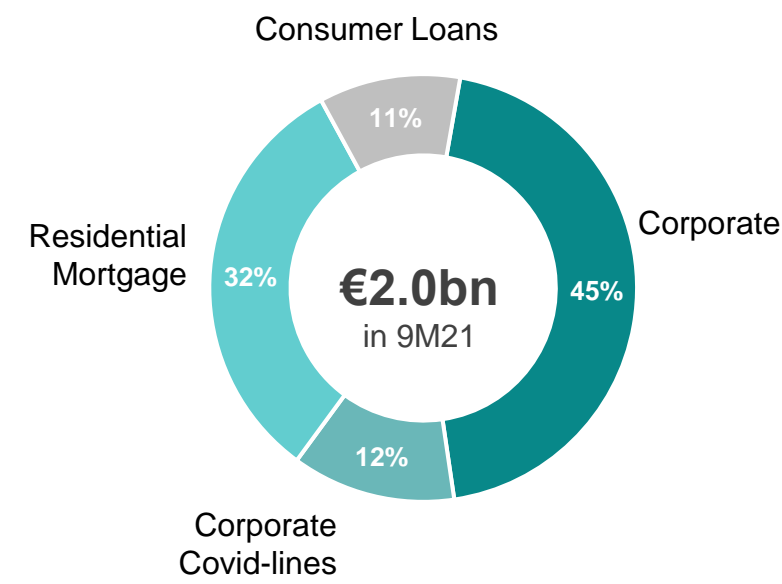
1

€2.0bn customer loans originated in the period with corporate at the core of its business model

Loans to Customers – Gross Book Value Evolution¹
(€bn; %)



Loans to Customers: Origination YTD
(€bn; %)



(1) Includes restructured contracts, short-term and impairment variations, sales and other novobanco group entities

1

Stable YTD net book volume at €23.5bn (adjusted by portfolio sale in the period)

Loan Portfolio Evolution

(€bn; %)

	Corporate loans	Mortgage loans	Consumer & other	Gross loans	Impairments	Net loans
Closing balance Dec-20	€13.9	€10.0	€1.3	€25.2	€1.6	€23.6
Movement	-€0.2	-€0.1	€0.1	-€0.3	-€0.1	-€0.2
Closing balance Sep-21	€13.7	€9.9	€1.4	€25.0	€1.5	€23.5
	-1%	-1%	+5%	-1%		-1%
NPL Ratio				7.3%		
NPL Coverage				81.5%		

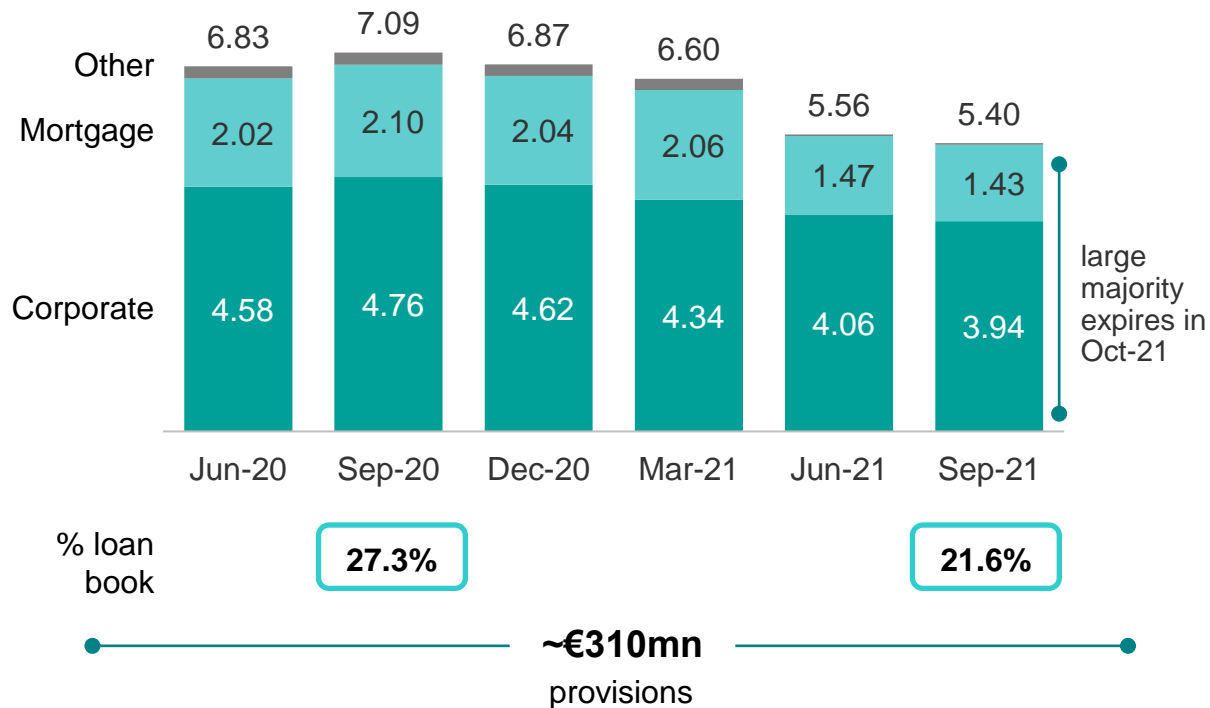
NPL at €2.2bn of which >€0.6bn under disposal (granular & single name), expected to be capital accretive

Evolution of the loan book reflects the sale of NPL portfolios and **novobanco** focus on pricing discipline and distinctive value proposition.

Supporting companies and households to foster the Portuguese economy

Loan Book and Moratoria exposure

(€bn; %)

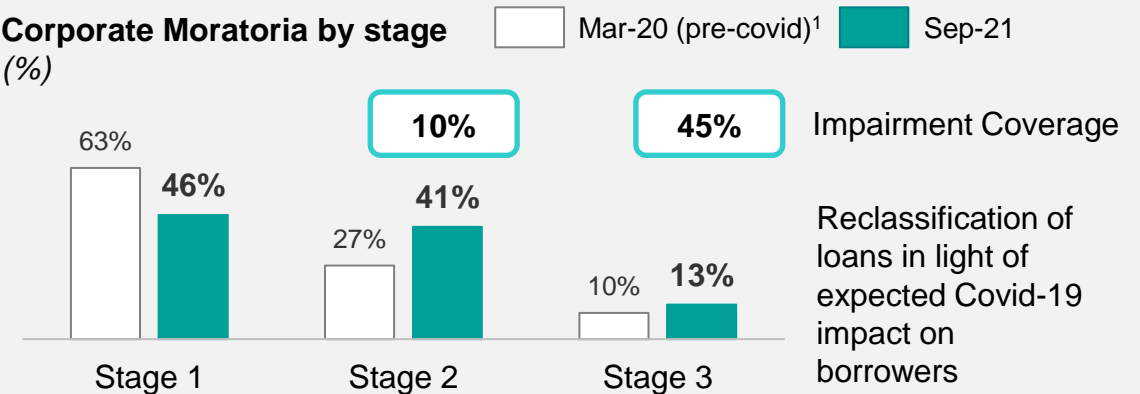


Mortgage loans that exited moratoria, show stable delinquency indicators (Days past due of 31-Mar moratoria vintage)

Ref Date	≤ 30 dpd	≤ 60 dpd	≤ 90 dpd	≤ 180 dpd
May-21	6%	4%	0%	0%
Jun-21	5%	1%	2%	0%
Jul-21	5%	2%	1%	0%
Aug-21	4%	3%	1%	0%
Sep-21	4%	2%	2%	1%

Corporate Moratoria by stage

(%)

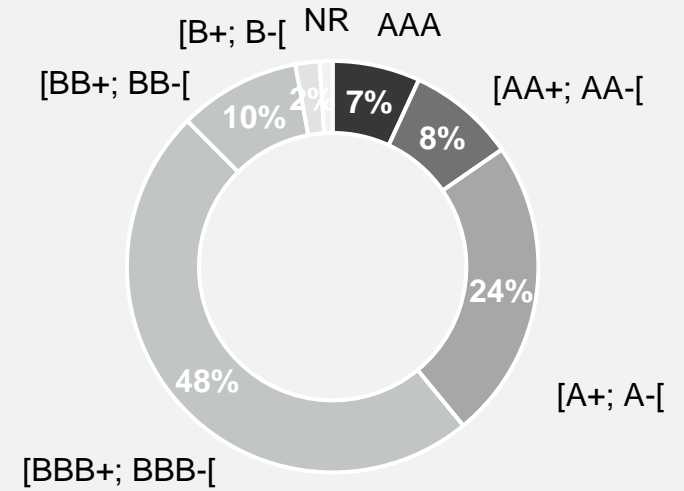


Conservative €10.7bn securities portfolio with HQLA representing >70%

Securities Portfolio: Breakdown
(€bn)



Securities Portfolio: Ratings²
(Sep-21; €bn)



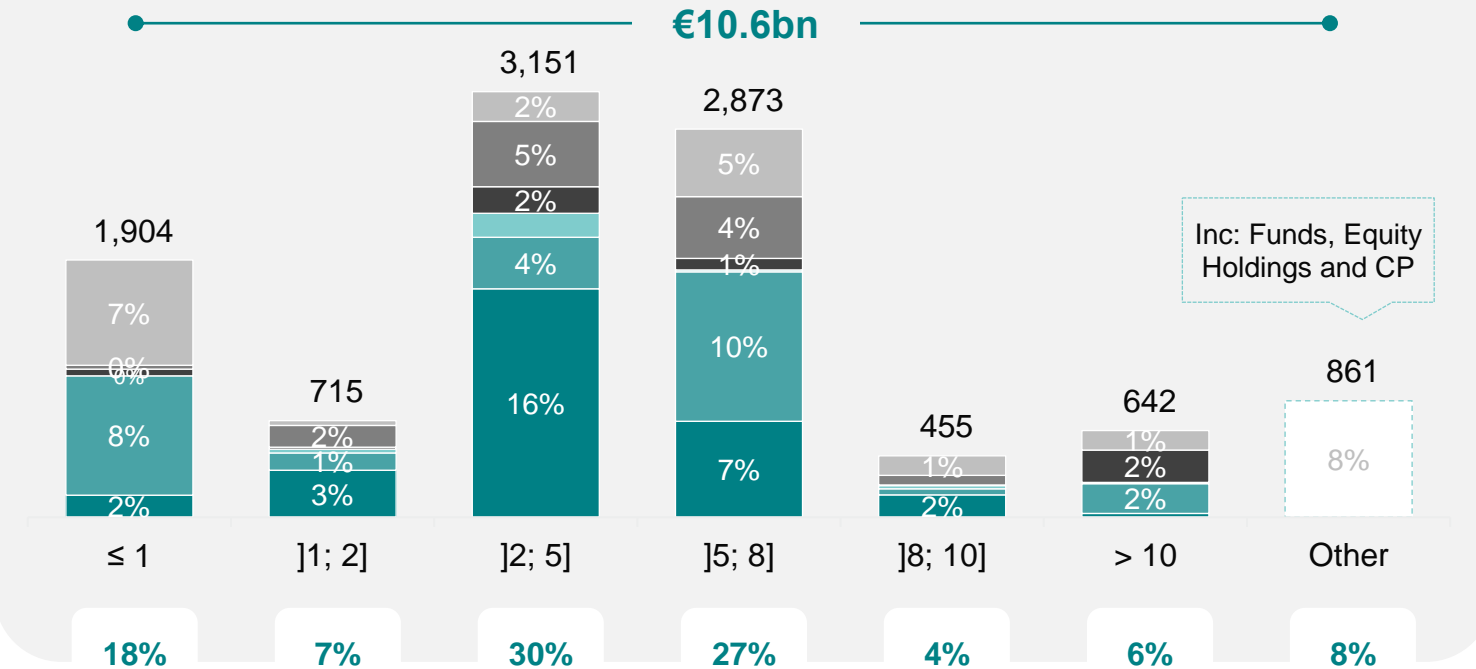
YTD portfolio reduced by €0.7bn, due to the execution of de-risk strategy, by selling public debt long-end (Portuguese & Core Sovereign debt).

Securities portfolio with an average yield of 1.28%

Banking Book

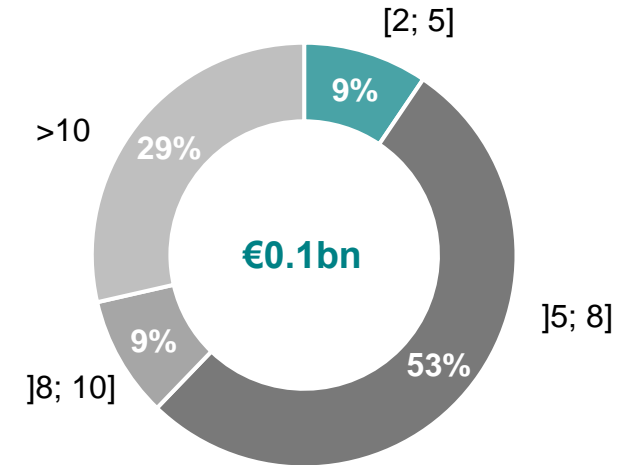
(by maturity; Sep-21; €mn; %)

- 29% PT sovereign debt
- 26% Other EU sovereign
- 2% Other sovereign
- 6% Supranational
- 11% HQLA¹ (Corp + Fins)
- 17% Non-HQLA



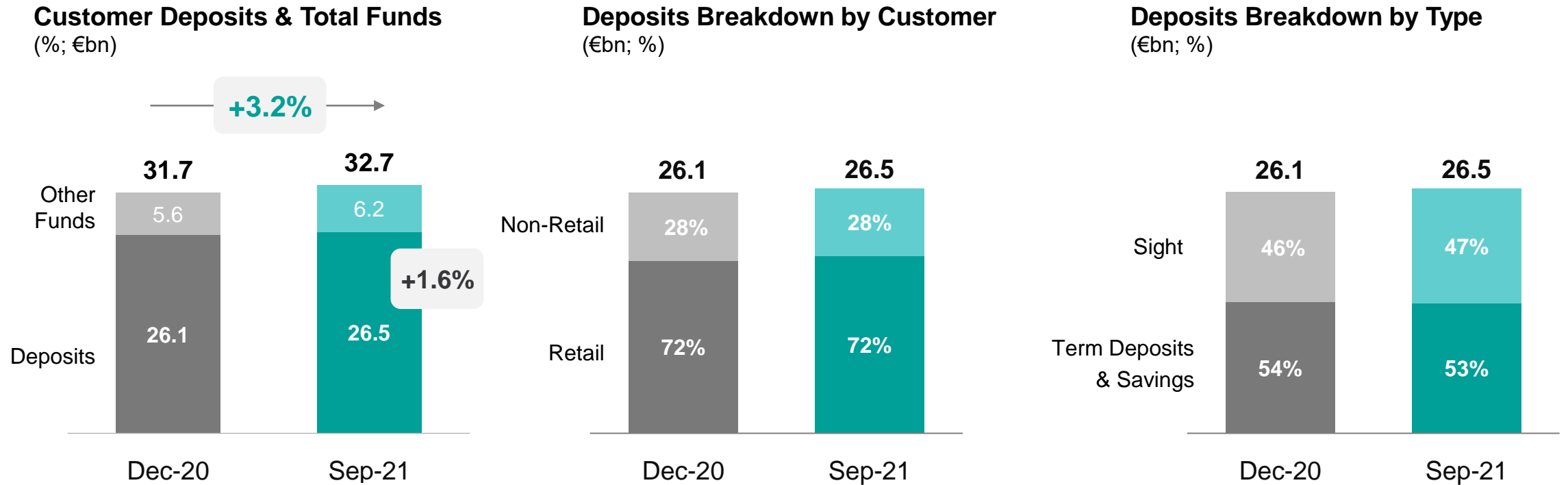
Trading Book

(by maturity; Sep-21; %)



100% Sovereign debt

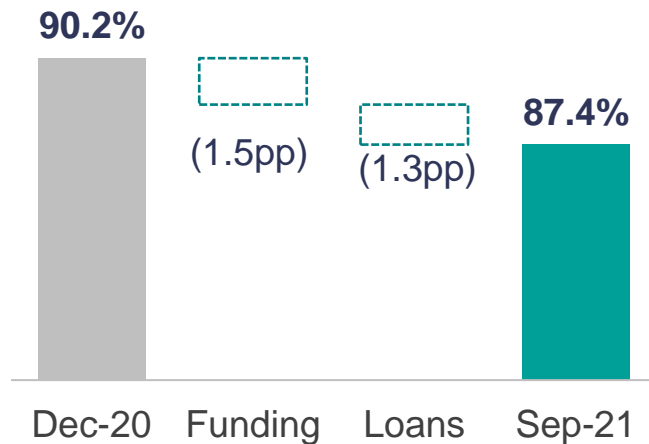
Customer deposits +1.6% YTD (and Total Funds +3.2%)...



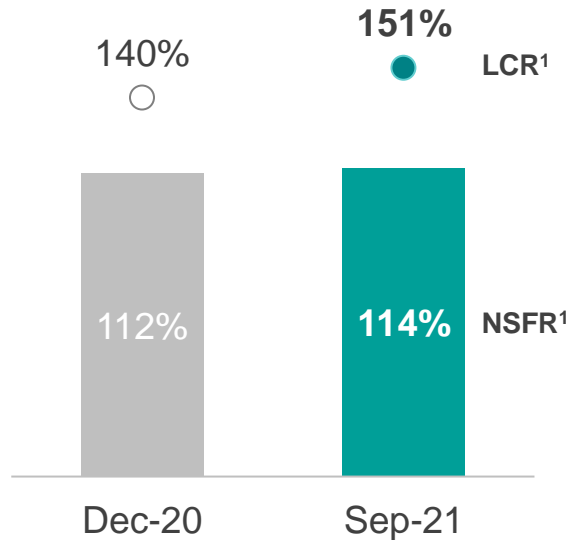
...with evolution reflecting customers' confidence despite the low interest rates environment.

Stable deposit base supporting strong liquidity position

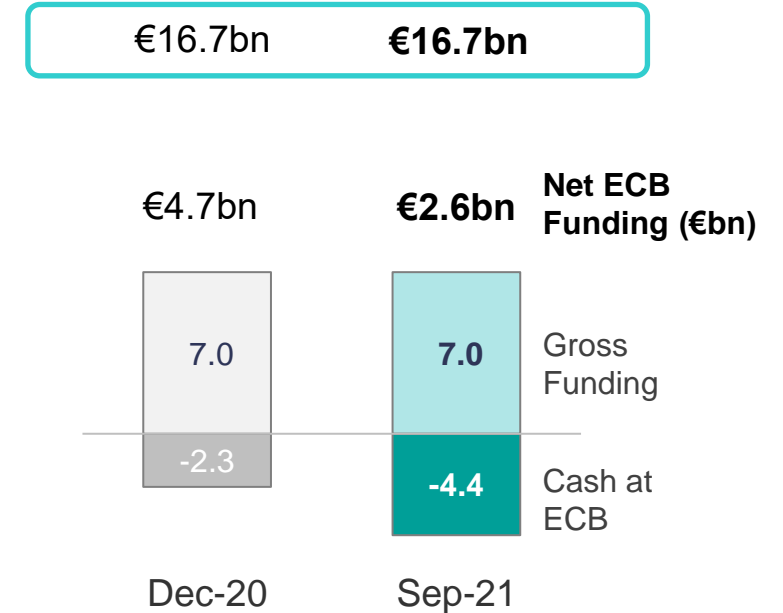
Loan to Deposit Ratio (%)



Liquidity Ratios (%)



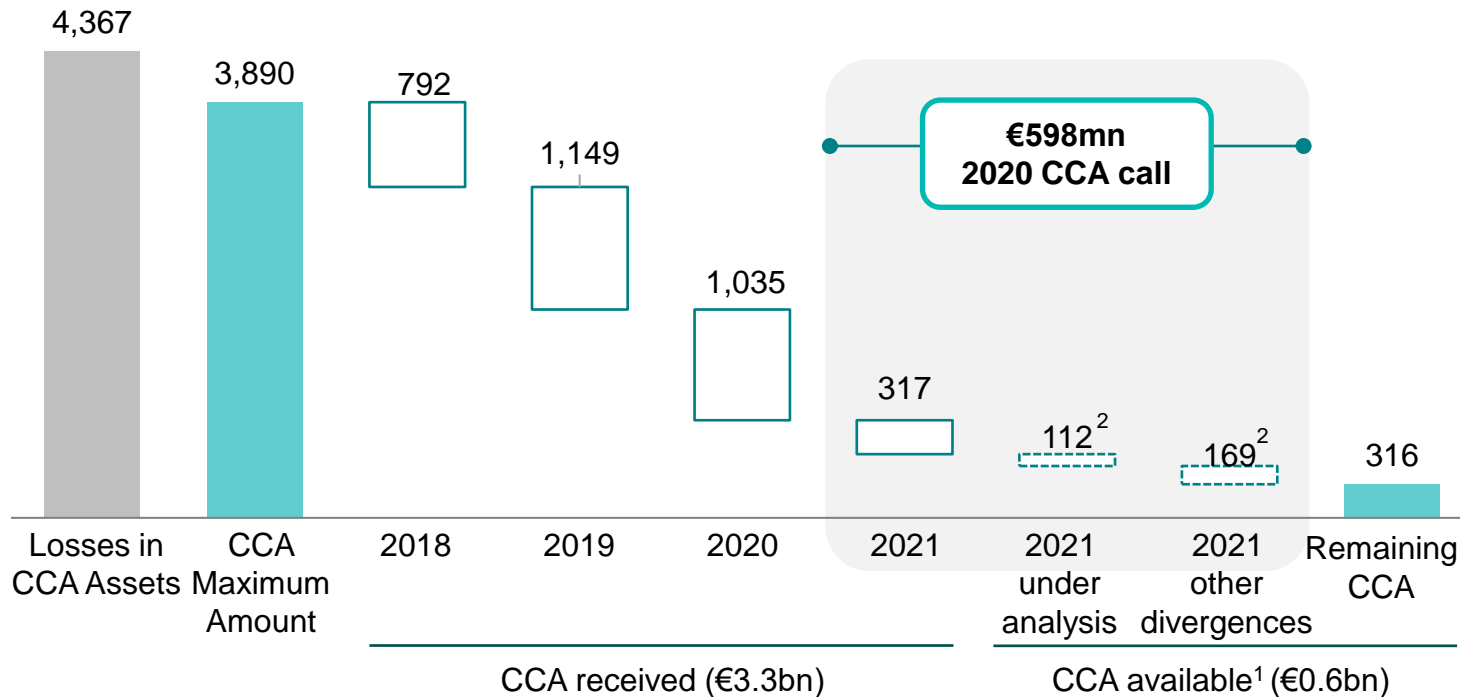
Eligible Assets at the ECB² (€bn)



Liquidity buffer ~€12.4bn, mostly composed of highly liquid assets (~84%).

CCA has been functioning as capital instrument, being €0.6bn available

CCA - Contingent Capital Agreement Compensation amounts (€ million)



- As agreed during the sale process of **novobanco**, a Contingent Capital Agreement (“CCA”) was entered into between the Resolution Fund (“FdR”) and the Bank.
- At the time of the sale, a capital injection backstop was agreed between the Portuguese Government and EU.
- **novobanco** is to be paid up to €3.89bn for losses recognised in a predefined portfolio of assets (“CCA Assets”) and other CCA covered losses (the “CCA Losses”) in case the capital ratios decrease below a pre-defined threshold.

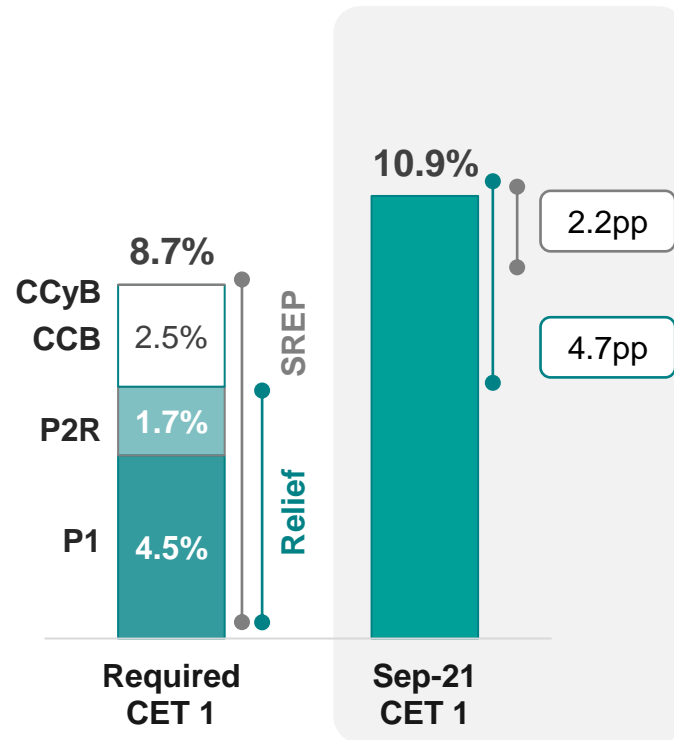
Minimum Capital Condition :

- CET1 or Tier 1 < CET1 or Tier 1 SREP requirement Plus a buffer for the first 3 years (2017 - 2019)
- CET1 < 12%
- The mechanism is in place until Dec-25 (the “CCA Maturity Date”), which date can be extended, under certain conditions, by one additional year.

novobanco executed its de-risking strategy, operating above temporary capital requirement

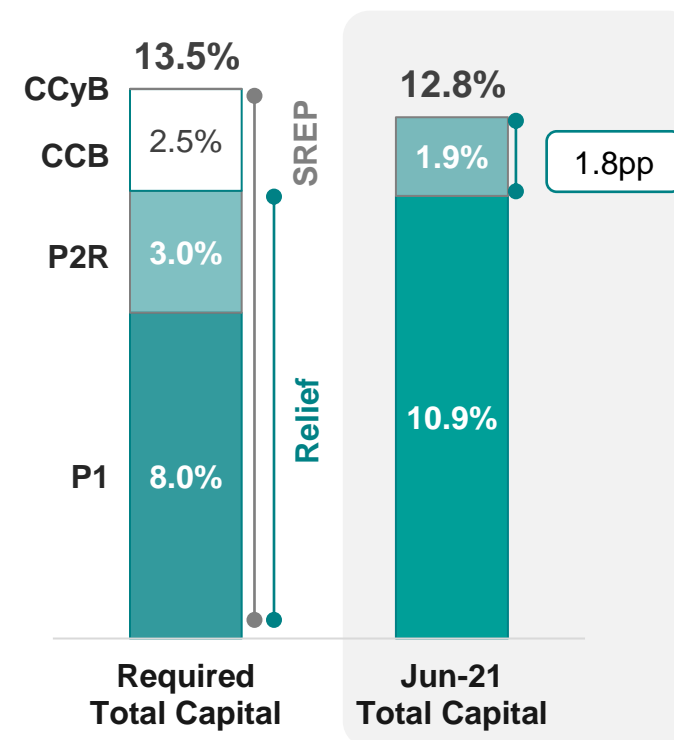
CET 1

(phased-in¹; Preliminary; %)



Total Capital

(phased-in¹; Preliminary; %)



> Amounts in dispute to be paid by FdR if a favourable decision is awarded to **novobanco**:

1. Full implementation of IFRS9 in FY2019; decision expected in 4Q2021
2. From 2020 CCA call (to 12% CET1 ratio) incl:
 - €147mn for the discontinuation of Spanish operations
 - €18mn related to restructuring funds
 - The application of transitional arrangements for IFRS9 dynamic approach in FY 2020

> Additionally, €112mn from the 2020 CCA call was retained by RF and subject to further validation (related to hedging)

> Spanish operations: expected RWA relief with the completion of such divestment (Dec-20: +0.55%)

AGENDA

Execution of the restructuring plan

9M 2021 Results

Vision and Strategy

Financial guidance & targets

Final remarks

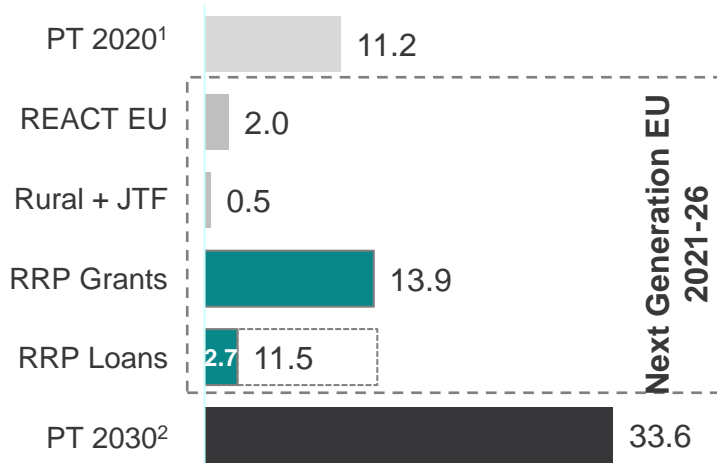
novobanco is now geared towards commercial transformation after completion of its restructuring process



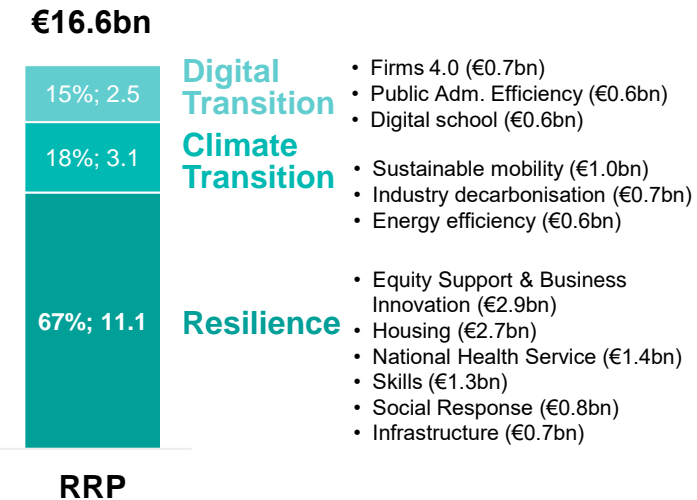
Entering this new phase, novobanco is facing unprecedented market conditions but also favorable tailwinds

Post-pandemic risks mitigated by new EU funds to support business activity

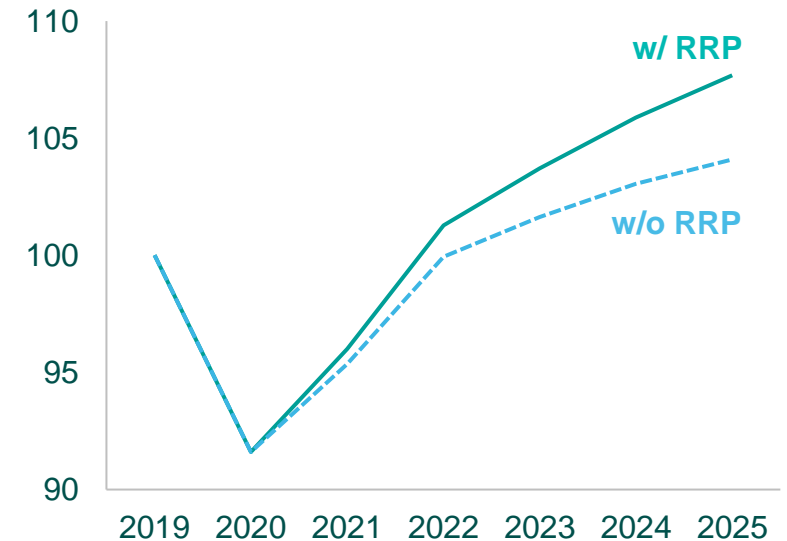
Financial Instruments 2021-2029
(€bn)



RRP - Recovery and Resilience Programme¹
(€bn; % of total)



Estimated RRP impacts in GDP
(BdP Forecasts; vs. baseline)



Stronger growth expected, but still a challenging economic outlook and continuing low rates environment.

Novobanco vision leverages its distinctive traits from commercial to individuals, guiding the way to do business

Portuguese

A leading Bank in Portugal, focused on national economic priorities, supporting families and businesses to thrive

Professional

A relentless focus on products, services and capabilities devised to serve all-sized businesses, including professional retail customers and households

Partner

Leveraging partnership ecosystems to support customers holistic needs to successfully face opportunities and challenges

Proximate

Prioritizing omnichannel operating models to deliver convenience and easy-to-Bank experience as the pillar of our customer relationships

Values and Principles

Transparent

Remaining authentic and open exchanges of information across all stakeholders

Collaborative

Collaborating with all stakeholders to reach better outcomes for customers and society

Diverse

Reflecting the different needs of customers and employees in solutions and plans

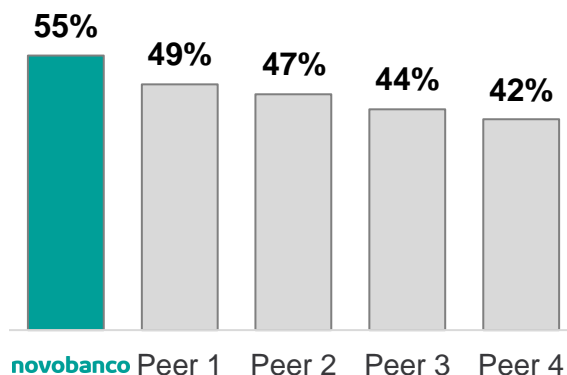
Dynamic

Assuming continuous transformation, as expectations are evolving at exponential rates, and reinvention to remain relevant

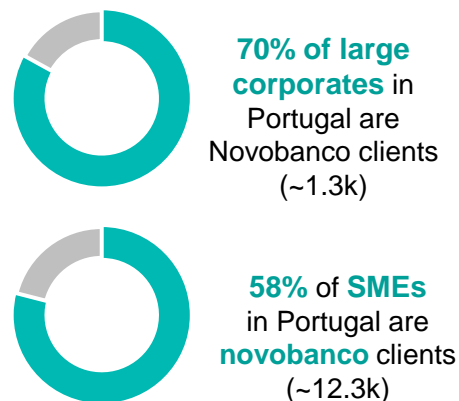
A leading domestic franchise with renewed focus



Weight of corporate credit in overall portfolio (2020 YE)

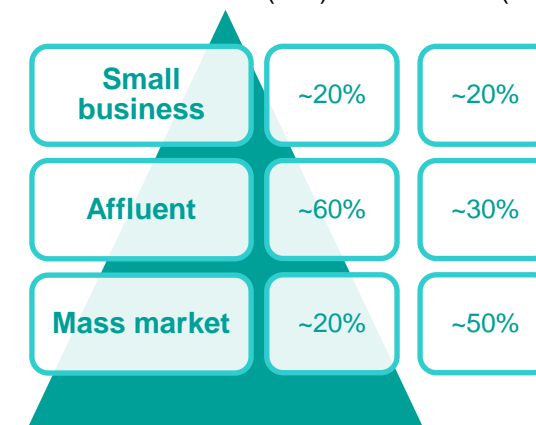


novobanco clients (2020 YE)

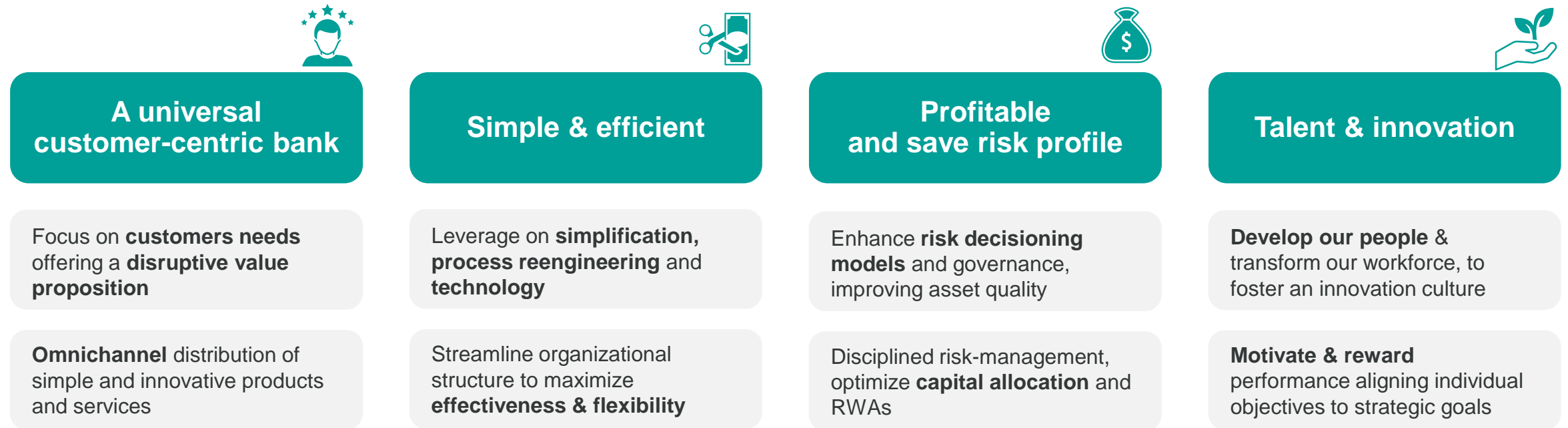


- **Specialised, diversified and distinct product offering** to meet client needs
- In addition to the 349 branches, **novobanco** has an **omnichannel approach** through helpdesk services, internet, phone and mobile banking
- **Universal product offering** including life/non-life insurance and asset management (through GNB Gestão de Ativos)

Deposits (€bn) **Gross Loans (€bn)**



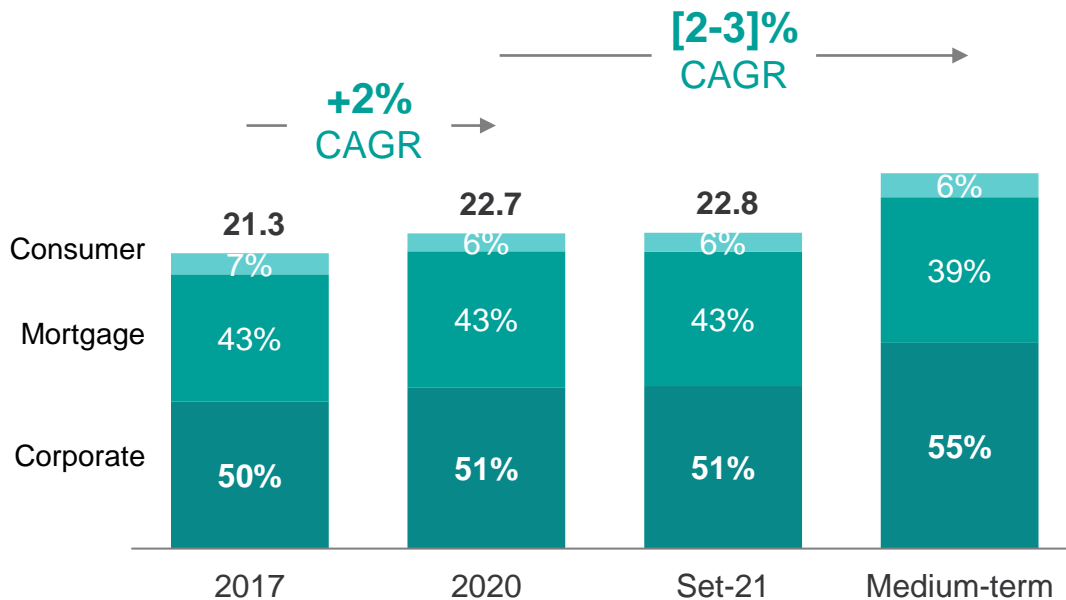
The new strategic plan focused to maximize value for customers, maintaining profitable operations and capital efficiency



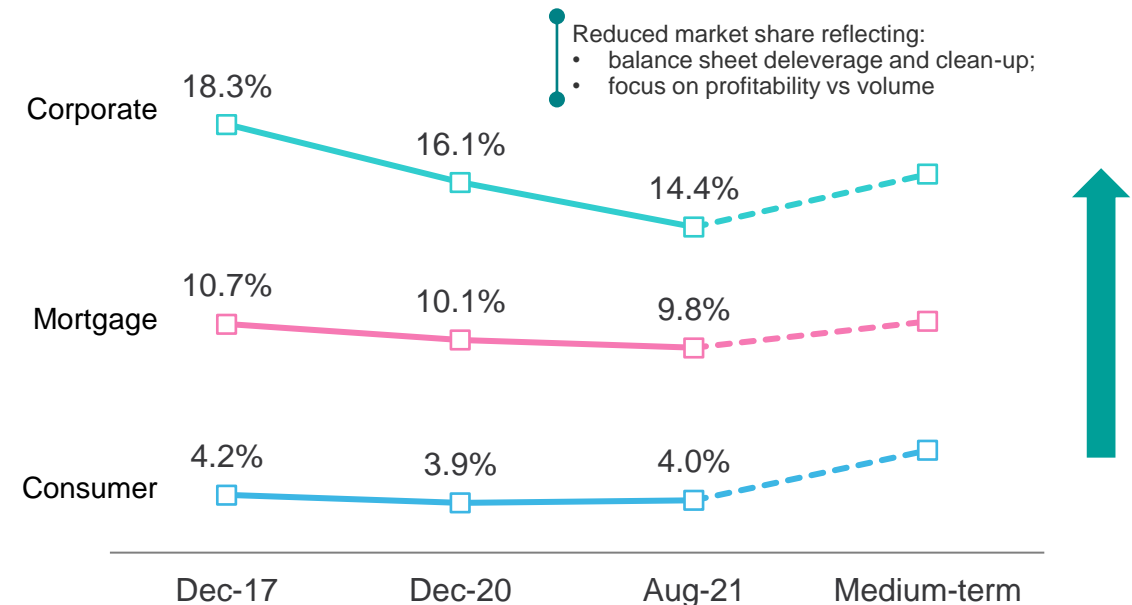


Expected growth is based on simple and innovative offer leveraging on know-how and partnerships...

Performing Commercial Loan Book
(€ billion)



Expected Market Share evolution
(%; Novobanco market share)

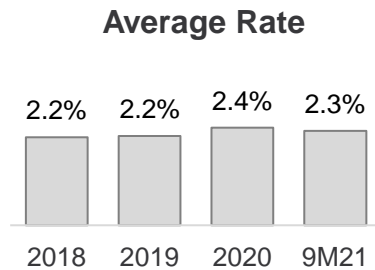
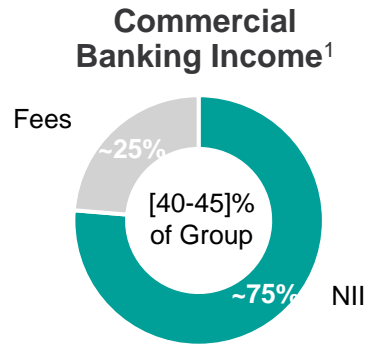


...and boosted by a unique customer experience



A historical know-how in the Corporate sector...

Product and Services Offering



Best Trade Finance Provider 2021, in Portugal
(for 3rd consecutive year)



Cash Management

- Special Accounts and Cards
- Drafts, Factoring and Collection solutions
- Payment Management

Lending

- Working Capital financing and revenue anticipation solutions
- Lending and guarantees
- Leasing and Renting services

Helping clients to go Global

- International Trade
- Trade Finance
- Support to export

Insurance

- Property & Casualty insurance
- Credit insurance
- Small Business insurance

Human Capital Solutions

- Euroticket and payment cards
- Auto lending and renting
- Individual insurance

Advisory Service

- RRP and Portugal 2030 finance partner
- Sector specific solutions
- Special Initiatives and fairs



...further developing and implementing enhanced and value-added products and services

NBnetwork+ Business Financial Advisor



Solution to **simplify and support company's financial management** on a daily basis, by being analytical and predictive.

Main functionalities:

- **Aggregate accounts**
- **Ensure financial control**
- **Manage payments**



A partner for companies' recovery and transformation: **Investment Support Programs**

Partnering with specialists to provide our customers
a wide range of solutions including:

- **Support to ensure effectiveness of the application process** and statement of funding intent (including rules, deadlines, forms to be delivered, alerts, etc.)
- **Provide guarantees and complementing EU-funding by offering tailored solutions** for financing for the debt capital component
- **Provide a bridge financing** acting as anticipation of incentives and innovative working capital solutions

Support the **corporate segment to pursuit and implement opportunities** driven by **EU funding (RRP of €16.6bn and PT 2030 of €33.6bn)**, enabling solutions towards a more digitalized, innovative, sustainable and export-oriented economy.

Strong presence in the Corporate Market, with particular focus on the exporting SMEs

Trade Finance market share: >20% (+0.8pp YoY)

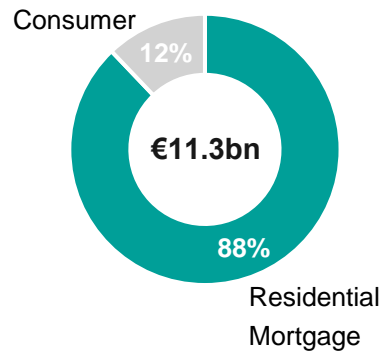
- **Supported by dedicated and specialized teams**
- **E2E supply chain finance**

Allowing customers to have integrated financing solutions tailored to their end-to-end needs



A partner for households, providing a wide range of products

Households loans breakdown¹



Product and Services Offering

Accounts, Cards & Payments

- Accounts bundled for different needs; fully online opening
- Strong authentication system; functionalities incl: contactless, virtual cards, MB Way & 3D Secure

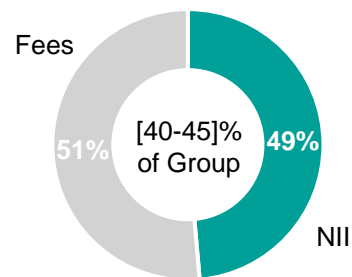
Housing Loans

- Acquisition and maintenance works
- Online loan submission
- Special conditions for young and non-resident

Small Business

- Special small business accounts
- Cash and payments management solutions
- Special occupational accident and multi-risk business insurance

Commercial Banking Income²



Savings and Investment

- Deposits & retirement accounts
- Investment Funds, Unit linked, structured deposits
- Discretionary management and advisory services

Insurance

- Life Protection
- Health and Property & Casualty
- Special solutions for self employed workers

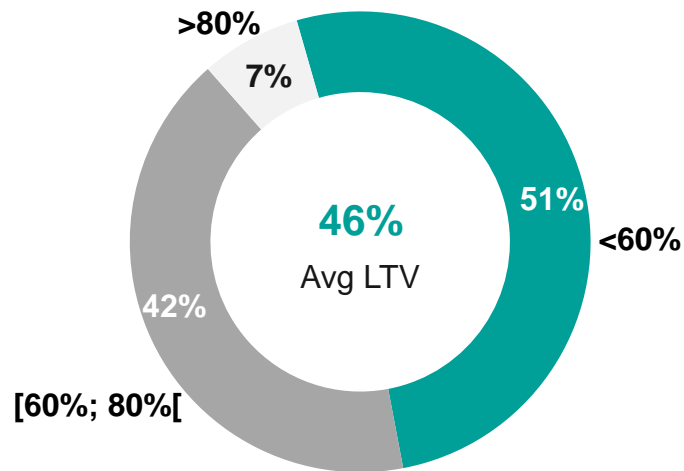
Consumer Finance

- Online simulation and submission
- Credit insurance option with unemployment and life coverage
- POS lending in partnership with Credibom ("Heypay")

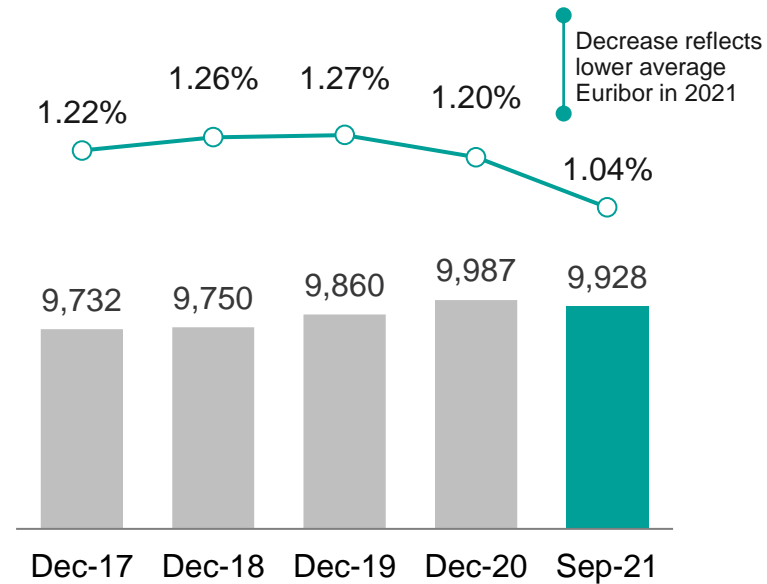


A conservative mortgage portfolio

Residential Mortgage Portfolio by LTV
(Sep-21; %)

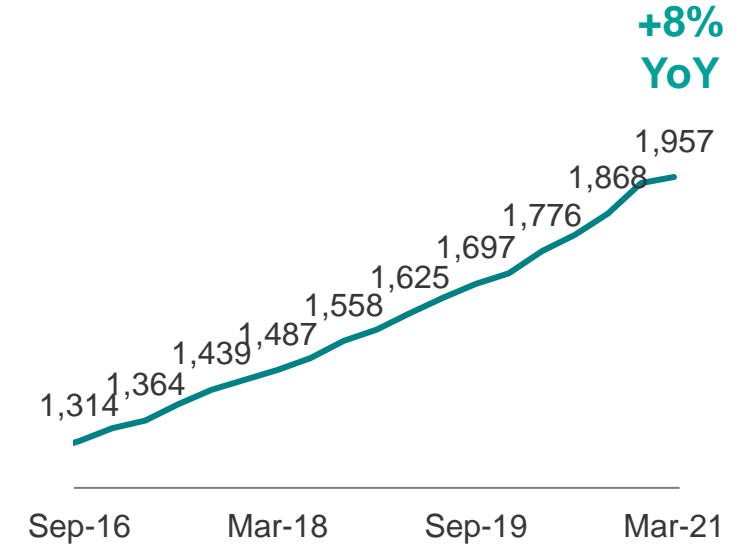


Mortgage avg. volume and Avg rate
(NB mortgage portfolio; €million; %)



40%
of NB loan book

Residential RE Prices in Portugal¹
(€/sqm; Mar-21 YTD)





Focus on margin and value-add service

HOME BUYING

- **Complete omnichannel:** simulation to deed
- **Simpler, quicker & more transparent**
- **Ecologically sustainable**

Main features:

- 1 “Approval in principle” & eligibility
- 2 Proposals: Save & manage
- 3 Online submission with documents upload
- 4 Documents: Dynamic checklist

+25% # of deeds with processes originated online (YoY)

~50% of the proposals submitted online are new customers

-50,000 liters of water with the elimination of paper¹



SMALL BUSINESS FINANCE

Fully Digital E2E credit for small businesses within NBnetwork

Focusing on fast onboarding, time-to-decision and cash, increasing customer satisfaction and internal efficiency

Time to cash under 48 hours

Safe, intuitive, paperless, w/ efficiency gains

>70,000 frequent users

50% at decision level efficiency gains

>80% front office efficiency gains

100% Back-office efficiency gains

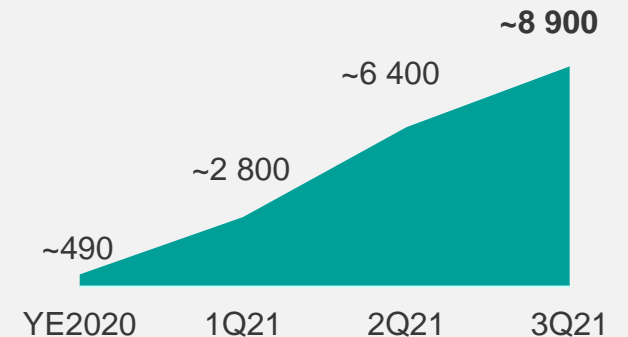


INVESTMENT ADVICE

Dedicated platform w/ wide product range:

a personalised investment advice tool to understand customer needs, product knowledge and experience, risk appetite, investment horizon and goals.

Proposals submitted since inception (#)



Execution ratio (%)

61%

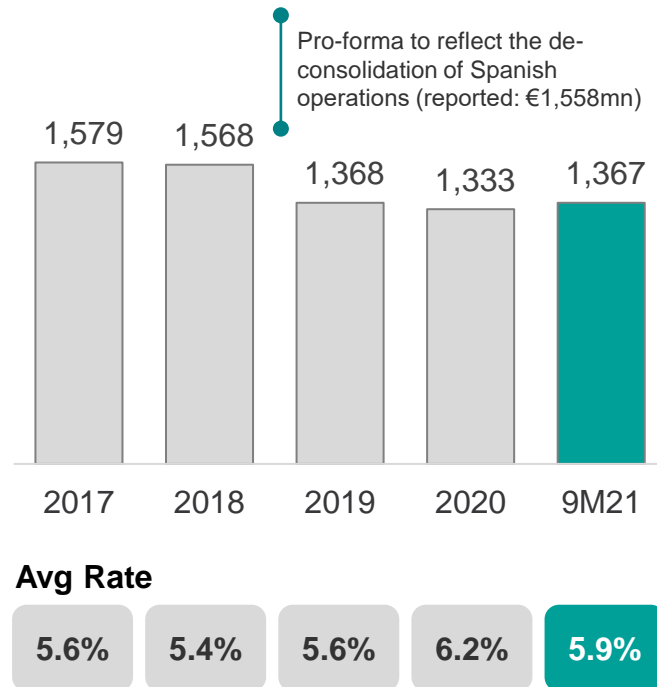
73%

80%



A stable consumer loan portfolio through the cycle with a new strategic approach set to accelerate growth

Evolution of Consumer loans portfolio
(€ million; stock at EoP)



CONSUMER FINANCE

Hey!Pay

Joint-venture with Credibom¹, allowing the bank to enter the segment of POS² credit;

Joining expertise:

- **novobanco** brings to the JV an extensive base of Medium and Small B2C companies, targeting consumer electronic, home & garden, consumer appliances, medical treatment, eyewear (...);
- Credibom brings its POS credit expertise and operational model from origination, to transformation, to recovery

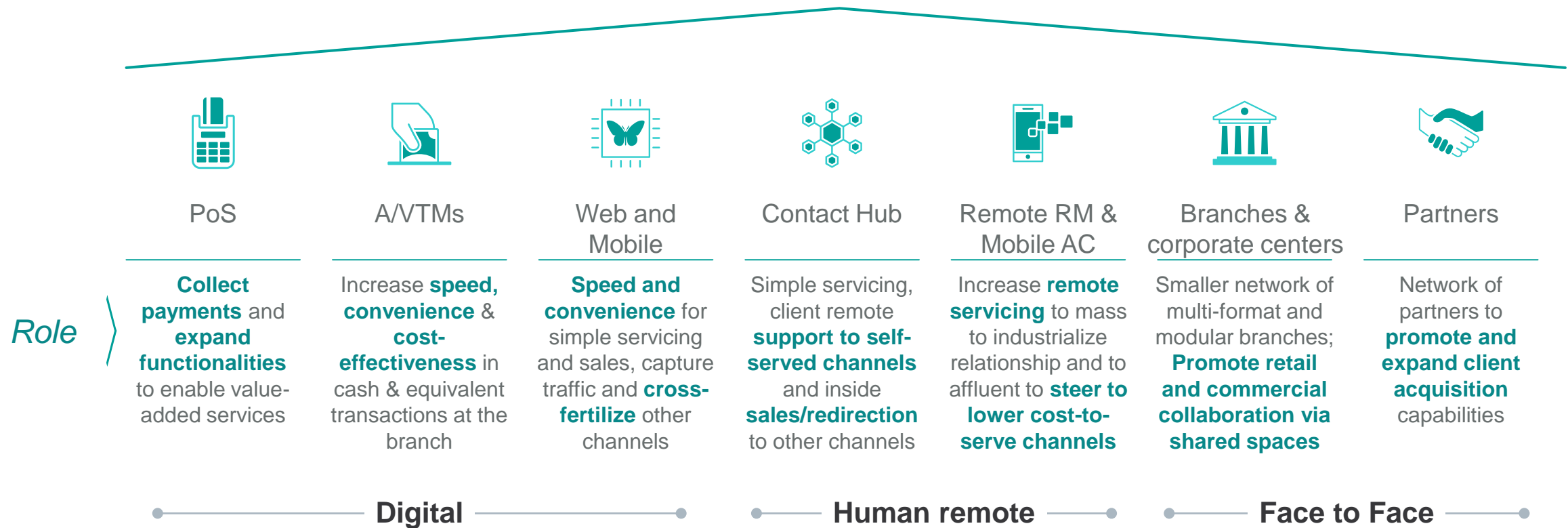
€5.9bn Portuguese consumer finance origination in 2020 (1H21: €3.6bn³)

+300 NB corporate relationship managers with deep industry experience

+600 companies w/ B2C operations interested in POS credit facility



Serving customers with a full spectrum of channels with complementary roles





Providing an integrated customer experience leveraging on a new distribution/branch model and a best-in-class digital experience

New Distribution Model



- An innovative functional layout focused on customer relationship, including a distinctive self-service, employee mobility and digital communication
- 58 branches refurbished until September
- 3-yr nationwide investment program of ~€120mn

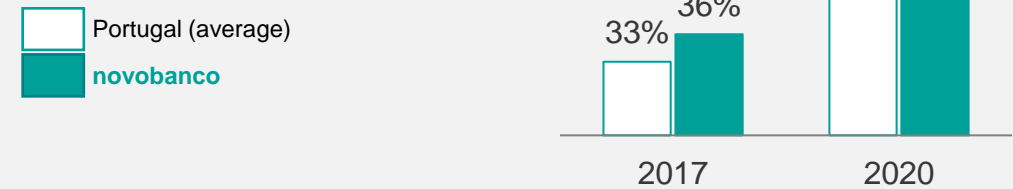
- **Promote customer relationship** and business innovation with permanent digital & back-office support
- Act as a **driving force for a thriving economy** by being a focal point for individuals and companies

Objective fulfillment in
New branches

+5pp
vs old branches

Digital Experience

Retail:
Digital activation above market average
90 day digitally active clients / active clients



Short Term Finance



Small Business Finance

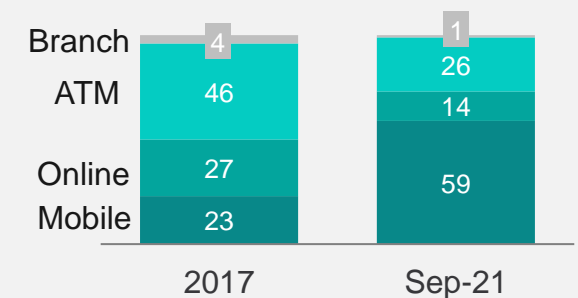


Home buying & Small Business Finance



NB Smarter

Mobile: from "alternative" to main channel
(% customer touchpoints by channel)





New channels, services and personalised customer experience allowed a rapid rise of digital...

Online credit for business

- 1st NB E2E integrated digital credit solution for business
- See slide 44

NBnetwork+

- Business Financial advisor
- Analytic & predictive
- See slide 41

Homebuying

- From simulation to deed
- Simpler, quicker & more transparent
- Ecologically sustainable
- See slide 44

Life Insurance

- Simulation and subscription of life insurance on digital channels is made available, offering an omni-channel experience

Phygital

- Available across the retail network, with 30% operations coverage



Digital account Opening

- Launch of the account opening using Digital Key Mobile solution

Digital account Opening

- Launch of the video call account opening solution

NB Smarter

- Adaptable, customizable, inclusive & predictive (based on data science)

Investment Funds

- Subscription of third-party funds through digital channels extended;
- Morningstar app solution made available to customers

New Website

- More customization, SEO and new features

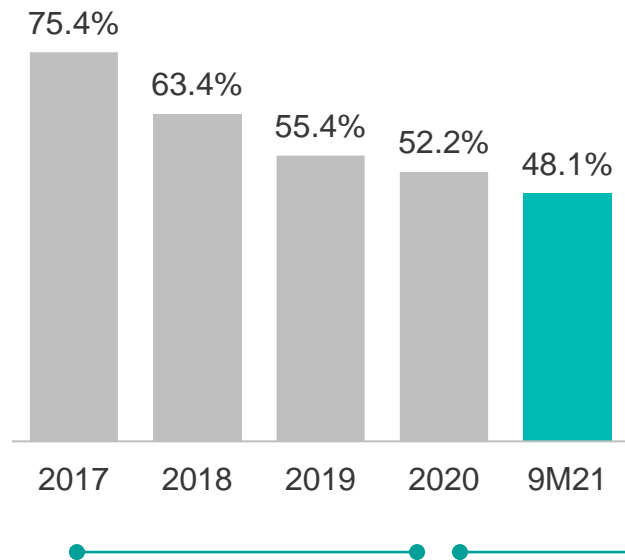
... leading to **10x** increase in the share of digital sales¹ from 2018 to 2021 and unlocking its potential going forward.



Accretive commercial operations leveraged by highly efficient operations

Cost efficiency plan is based on 4 levers that play a key role in Novo Banco distinctive value-proposition

Cost / Commercial Banking Income (%)



Robotic process automation

- Reduce of human error
- Reduce time needed to execute tasks / SLAs
- **Flexibility:** execution at non-critical hours
- Implementation of **extra-controls**
- Extra time for **high-valued activities**

34 RPAs implemented (examples)	Corporate: upload of financial statements	>50 processes per day
	Signatures: Opening an account	100 processes per day

New Distribution Model

E2E: Rationalization & reorganization

- Rationalization initiatives (examples):**
- Replace physical mail by digital communication;
 - Contracts renegotiation (ie: archive & feeds)

- Reorganization of processes (examples):**
- Classification of IT projects by nature;
 - Prioritization of projects based on impact in revenues and costs;
 - Towards a leaner organization, more efficient and customer-centric .

Digitalization

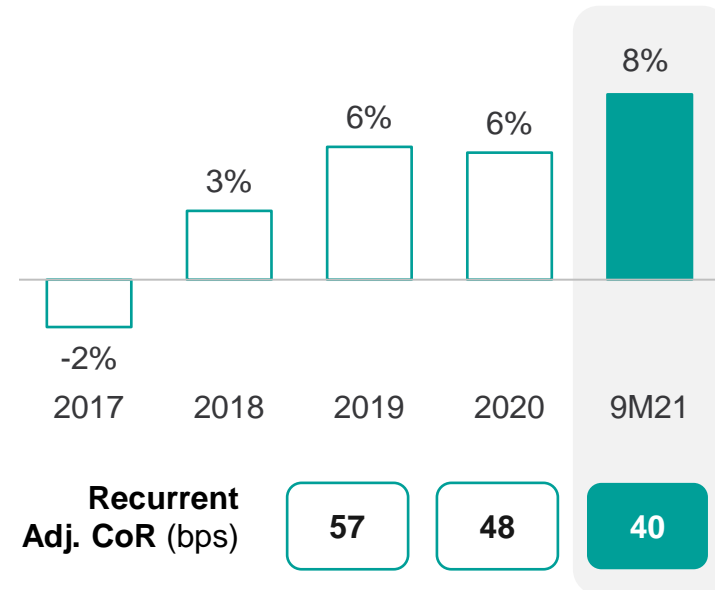


Enhance risk decisioning models and optimize capital allocation and RWAs

Set to improve profitability given deep knowledge/measure of the most capital consuming exposures

RoTE evolution (%)

2017-20: Recurrent segment¹



Enhanced risk decisioning models and governance, improving asset quality

- ✓ Maximize the obtainment of real credit guarantees ensuring the complete characterization in the system
- ✓ Ensure the periodic update of the characteristics of the guarantees received (ie: valuations, real estate insurance policies)
- ✓ Reduce capital consumption by guaranteeing on-time availability of corporate client's most recent financial statements and other qualitative information

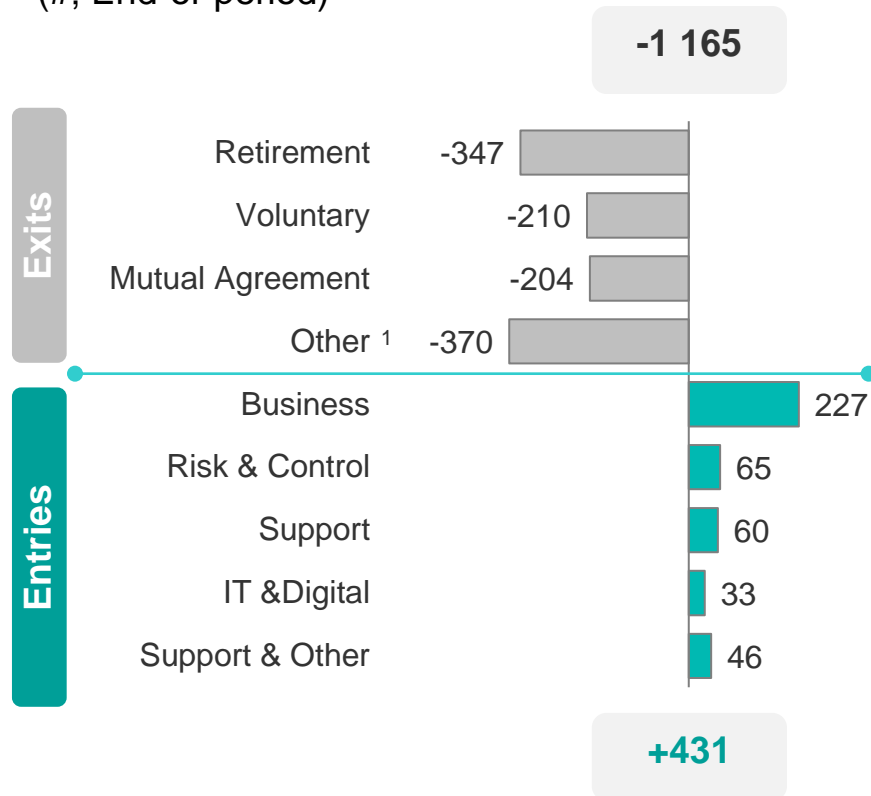
Disciplined risk-management, capital allocation and RWAs optimization

- ✓ New Capital allocation model to determine each segment profitability (with strategic implications)
 - ✓ Dynamic allocation of balance sheet growth between different segments and its capital impact
 - ✓ Pricing of new loans is subject to RAROC hurdles
- Leading to:
- Disposal of Spanish operations (YE21E)
 - Disposal of stakes in Restructuring Funds



Implementing a new employee value proposition and talent development program for a renewed workforce

2019-21 YTD: Evolution of Employees
(#; End-of-period)



<p>New Training Program</p> <ul style="list-style-type: none"> To upgrade knowledge of Regulatory, Functional, Leadership and Digital Complement the new distribution models and the omni-channel approach 	<p>New Leadership Model</p> <ul style="list-style-type: none"> Aiming a more agile organization Talent & Innovation program – from ideation, MVP and delivery; developing employees disruptive ideas aligned with strategy goals;
<p>More functional offices</p> <ul style="list-style-type: none"> Aiming to increased productivity New forms of organization and working models adapted to new spaces (ie: new headquarters; new branches, business centers) 	<p>Talent Management Plan</p> <ul style="list-style-type: none"> Developing a new career journey, to attract talent and promotes diversity Technical vs management career with defined requirement/skills

4 362 employees

AGENDA

Execution of the restructuring plan

9M 2021 Results

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Clear financial objectives and targets

A universal customer-centric bank

Simple and efficient

Profitable and save risk profile

Talent & innovation

Targets	2020	Medium-term	
Commercial Loan Book (performing)	€23bn	2-3% per year	<i>Leveraging on expertise and differentiation</i>
Net Interest Margin	1.41%	[1.30 – 1.50%]	<i>Safeguard income</i>
Cost-to-income	53%	< 45%	<i>Efficient operations</i>
CoR	208bps	< 50 bps	<i>Achieve moderate risk profile</i>
NPL ratio	8.9%	< 5%	<i>Converging towards EU average</i>
RoTE (pre-tax)¹	6%	≥ 10%	<i>Deliver attractive returns</i>
CET1	10.9%	> 12%	<i>Enhance capital position</i>

Path to double digit RoTE supported by growth, economic recovery...



NII increase driven by:

- (i) **growth** in core **corporate lending** segment and **consumer** lending initiatives;
- (ii) **additional deposit funding optimisation**, while ensuring full compliance with MREL requirements (incl: run-off of €0.7bn of high yield legacy deposits with c.€30mn positive impact);

A

Fees & Commission normalisation, reflecting:

- (i) a **recovery of credit-related** fees to pre-pandemic levels;
- (ii) **growth in asset management & bancassurance as well as account-related & payments fees** (underpinned by new distribution model)

B

...and cost of risk normalization

C Trading & Other Income Normalization

- Normalisation of **trading & other income** (inc. capital markets, credit recoveries, regulatory contributions) **to run-rate levels after the de-risking process done from 2017 to 2020**;
- Includes contributions to Resolution Funds

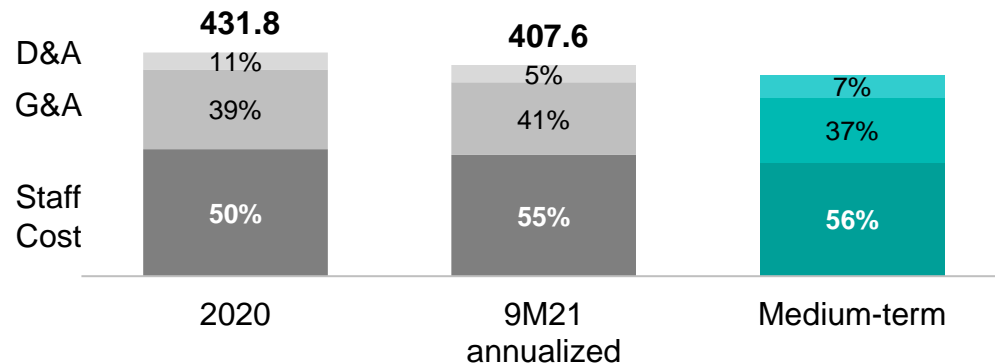
D Increased Efficiency

- Additional **cost take-out** driven by:
- (i) **optimisation initiatives including footprint & headcount** (provisions booked in 2020 with expected closure of c.50 branches and headcount reduction of c.550);
 - (ii) **ongoing process automation & digitalisation**

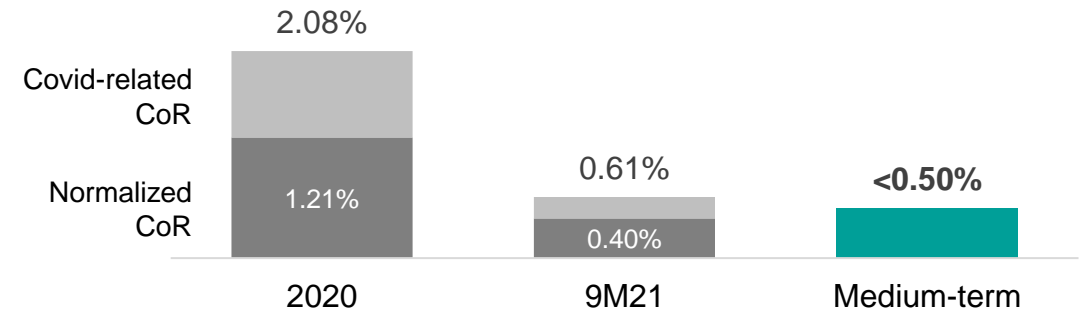
E CoR Normalization

- Limited increase in loan loss provisions despite enlarged loan book as a reflection:
- (i) a **normalised run-rate cost of risk of <50 bps, having completed the clean-up of the legacy balance sheet**;
 - (ii) **addressed pandemic-driven asset quality risk**

Operating Costs
(€mn; %)



Cost of Risk
(€mn; %)



AGENDA

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Final Remarks

Medium term targets: **RoTE¹ ≥ 10%** backed by **value-add services** commercial strategy to **grow income**, along with **efficient operations** (C/I < 45%) and **moderate risk profile** (CoR < 50bps).

9M21 increased profitability supported by **stable NIM** (1.43%), recovery of fee income (+5.8% YoY), **efficiency improvements** (48% C/I) and **cost of risk trending towards normalized** levels (adj. CoR at 40bps).

novobanco is now gearing towards **commercial transformation** with new strategic plan designed to **maximize value for customers** through an integrated and personalized customer experience.

Accretive commercial operations leverage by **highly efficient operations** and enhanced **risk decisioning models optimizing capital allocation** embedded in a **culture of talent and innovation**.

Execution of the legacy deleveraging and **recovery of the bank fundamentals** delivering 8.2% RoTE (pre-tax) despite the highly challenging environment in the 9M21.

APPENDIX

9M 2021 Financial Statements

Corporate Governance

Business Plan Macro Assumptions

Ratings

Glossary

Income Statement – Quarterly data

(€ million)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	▲ €mn YoY	▲ % YoY
Net Interest Income	130.2	125.5	145.3	154.1	145.7	143.5	140.9	(4.4)	(3%)
Fees and Commissions	67.9	63.6	65.1	75.4	62.8	72.8	72.3	+7.2	+11%
Commercial Banking Income	198.0	189.1	210.4	229.5	208.5	216.3	213.2	+2.8	+1%
Capital Markets Results	(94.1)	58.3	15.4	(52.2)	52.8	40.5	(59.7)	(75.1)	(488%)
Other Operating Results	2.5	(60.4)	(12.5)	(66.2)	12.2	(41.3)	30.3	+42.8	(342%)
Banking Income	106.5	187.0	213.3	111.1	273.5	215.5	183.9	(29.4)	(14%)
Operating Costs	108.3	105.8	104.0	113.7	102.7	101.4	101.6	(2.4)	(2%)
Staff Costs	61.4	59.7	61.7	62.8	58.7	58.9	57.9	(3.9)	(6%)
General and Administrative Costs	38.9	38.2	34.1	42.0	35.9	34.2	35.1	+1.0	+3%
Depreciation	7.9	8.0	8.2	9.0	8.1	8.2	8.6	+0.4	+5%
Net Operating Income	(1.7)	81.2	109.3	(2.7)	170.8	114.1	82.3	(27.0)	(25%)
Restructuring funds - independent valuation	-	(260.6)	-	(39.6)	-	-	-		
Net Impairments and Provisions	149.1	194.5	489.7	358.1	61.8	27.4	70.4	(419.3)	(86%)
Credit	138.8	142.2	102.3	141.1	54.9	29.8	30.3	(72.0)	(70%)
Securities	2.1	(0.9)	16.3	23.5	0.9	15.1	1.4	(14.9)	(91%)
Other Assets and Contingencies	8.2	53.2	371.1	193.5	6.0	(17.5)	38.7	(332.4)	(90%)
Income before Taxes	(150.9)	(373.9)	(380.4)	(400.4)	109.0	86.7	11.9	+392.2	(103%)
Corporate Income Tax	0.6	4.0	(82.3)	78.8	4.2	16.9	(8.1)	+74.2	(90%)
Special Tax on Banks	27.5	(0.1)	5.3	-	32.8	1.5	0.0	(5.3)	(100%)
Income after Taxes	(179.0)	(377.8)	(303.4)	(479.2)	72.0	68.4	20.0	+323.4	(107%)
Non-Controlling Interests	0.1	(1.6)	(5.6)	(3.0)	1.3	1.4	3.6	+9.2	(165%)
Net Income for the period	(179.1)	(376.2)	(297.8)	(476.2)	70.7	67.0	16.4	+314.2	(105%)

Balance Sheet

<i>(€ thousands)</i>	<i>Dec-20</i>	<i>Sep-21</i>
Cash, cash balances at central banks and other demand deposits	2,695,459	4,938,561
Financial assets held for trading	655,273	400,507
Financial assets mandatorily at fair value through profit or loss	960,962	888,005
Financial assets at fair value through profit or loss, or through other comprehensive income	7,907,587	7,438,939
Financial assets at amortised cost	25,898,046	25,758,837
Debt securities	2,229,947	2,275,874
Loans and advances to credit institutions	113,795	59,602
Loans and advances to customers	23,554,304	23,423,361
Derivatives – Hedge accounting	12,972	16,242
Fair value changes to the hedged items in portfolio hedge of interest rate risk	63,859	37,421
Investments in subsidiaries, joint ventures and associates	93,630	86,840
Tangible assets	779,657	798,037
Tangible fixed assets	187,052	212,966
Investment properties	592,605	585,071
Intangible assets	48,833	58,265
Tax assets	775,498	684,782
Current tax assets	610	480
Deferred tax assets	774,888	684,302
Other assets	2,944,292	2,864,637
Non-current assets and disposal groups classified as held for sale	1,559,518	1,371,205
Total Assets	44,395,586	45,342,278

	<i>Dec-20</i>	<i>Sep-21</i>
Financial liabilities held for trading	554,791	403,363
Financial liabilities measured at amortised cost	37,808,767	39,065,448
Due to banks	10,102,896	10,582,007
Due to customers	26,322,060	26,802,663
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,017,928	1,228,834
Other financial liabilities	365,883	451,944
Derivatives – Hedge accounting	12,972	16,242
Provisions	384,382	315,614
Tax liabilities	14,324	14,694
Current tax liabilities	9,203	10,268
Deferred tax liabilities	5,121	4,426
Other liabilities	417,762	465,077
Liabilities included in disposal groups classified as held for sale	1,996,382	1,818,514
Total Liabilities	41,248,951	42,130,515
Capital	5,900,000	5,900,000
Other comprehensive income – accumulated	-823,420	-975,211
Retained earnings	-7,202,828	-8,577,074
Other reserves	6,570,153	6,679,036
Profit or loss attributable to parent company shareholders	-1,329,317	154,068
Minority interests (Non-controlling interests)	32,047	30,944
Total Equity	3,146,635	3,211,763
Total Liabilities and Equity	44,395,586	45,342,278

Customer loans

€mn	Jun-20 Pro-forma	Dec-20	Sep-21	YTD ▲ Consolidated	
	Consolidated	Consolidated	Consolidated	€mn	%
Customer Loans (net)	23 874	23 617	23 462	- 155	-0.7%
Customer Loans (gross)	25 696	25 217	24 957	- 259	-1.0%
Corporate	14 295	13 873	13 678	- 195	-1.4%
Residential Mortgage	10 064	10 010	9 882	- 129	-1.3%
Consumer finance and other	1 338	1 333	1 398	64	4.8%
Non-Performing Loans (NPL)*	3 007	2 498	2 195	- 302	-12.1%
Impairment **	1 823	1 600	1 495	- 105	-6.5%
NPL Ratio*	10.4%	8.9%	7.3%		- 2p.p.
NPL coverage*	63.2%	74.1%	81.5%		7p.p.
Specific impairment coverage ratio	58%	56%	57%		1p.p.
Cost of Risk (bps)	219	208	61	- 147	-70.5%
Cost of Risk (bps) - Covid Adjusted	111	121	40	- 81	-67.0%

* Includes Deposits and Loans and advances to Banks and Customer Loans

** Includes impairment for Customer Loans and to Banks

Capital ratios

		mn€			
CAPITAL RATIOS (CRD IV/CRR)		31-Dec-20	31-Dec-20	30-Sep-21 *	30-Sep-21 *
		<i>(Phased-in)</i>	<i>(Fully loaded)</i>	<i>(Phased-in)</i>	<i>(Fully loaded)</i>
Risk Weighted Assets	(A)	26 689	26 392	27 077	26 786
Own Funds					
Common Equity Tier 1	(B)	2 902	2 511	2 948	2 581
Tier 1	(C)	2 903	2 512	2 950	2 583
Total Own Funds	(D)	3 415	3 023	3 461	3 094
Common Equity Tier 1 Ratio	(B/A)	10.9%	9.5%	10.9%	9.6%
Tier 1 Ratio	(C/A)	10.9%	9.5%	10.9%	9.6%
Solvency Ratio	(D/A)	12.8%	11.5%	12.8%	11.6%
Leverage Ratio		6.2%	5.4%	6.2%	5.4%

* preliminary

There are the following differences with the Resolution Fund subject to arbitration:

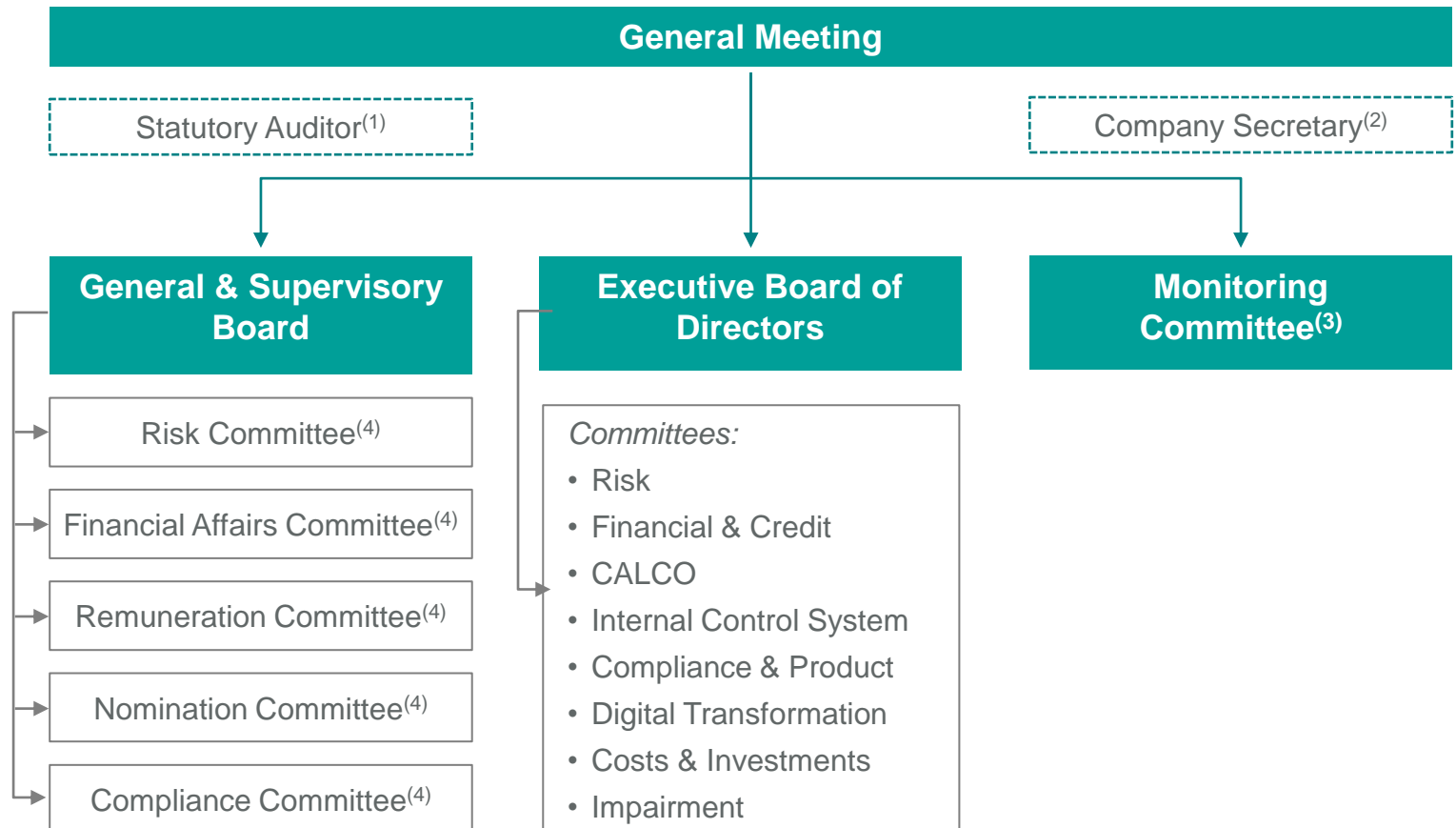
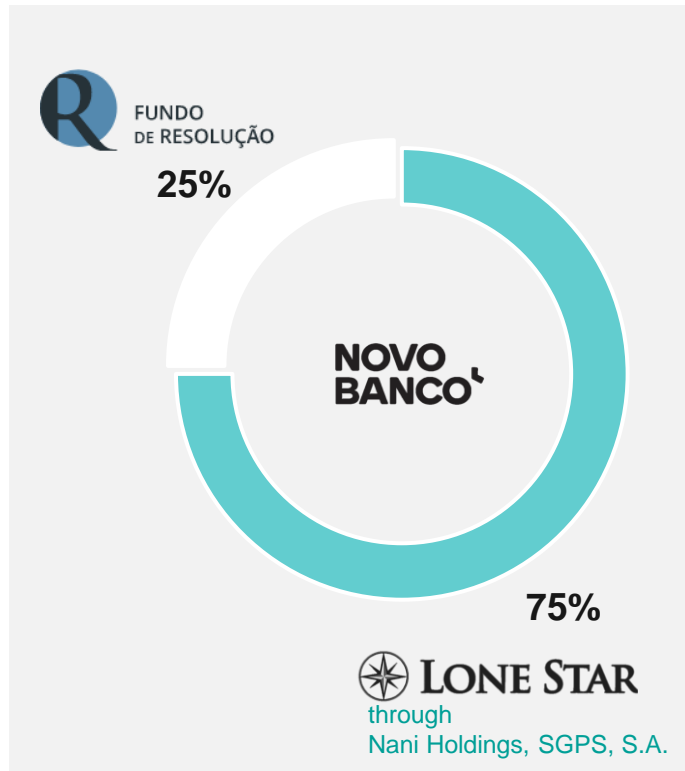
Transition from the transitional regime of IFRS9, in its static option, to the full application of that standard, with the submission of a dispute to arbitration before the International Chamber of Commerce, in accordance with the CCA rules, due to the impact of that change on the calculation of the amount due by the Resolution Fund under the CCA in financial year 2019. Within this scope, it was agreed that **novobanco** would not proceed with the full application of IFRS9, remaining under the transitional regime until the conclusion of the arbitration proceedings. If the arbitral tribunal's decision is in favour of **novobanco**, the Resolution Fund shall pay the amount corresponding to the amount for the fully implemented IFRS 9, provided that the maximum amount of the CCA is not exceeded. The arbitration proceedings are ongoing and a decision by the arbitral court is expected by 4Q21

The application by the Bank, at the end of 2020, of the dynamic option of the transitional regime of IFRS 9.

A unique governance model within the Portuguese financial sector...

Shareholder Structure

(September 2021; %)



(1) Elected by the General Meeting upon a proposal of the General and Supervisory Board; (2) The General and Supervisory Board is consulted prior to any proposal of the Executive Board of Directors related to the appointment of the Company Secretary and Alternate Secretary. (3) The Monitoring Committee is composed of three members. The Monitoring Committee is an advisory body for the purposes of the Contingent Capital Agreement entered into between the Company and the Resolution Fund; (4) The Special Committees are composed of members of the General and Supervisory Board. The General and Supervisory Board sets up, appoints the members and approves the internal rules of the Special Committees.

...with 6 out of the 10 GSB members being independent

General and Supervisory Board

4-years term: 2021 to 2024

Chairman

Byron Haynes ⁽¹⁾

Vice-chairman

Karl-Gerhard Eick ⁽¹⁾

GSB Members

Donald Quintin

Kambiz Nourbakhsh

Mark Coker

Benjamin Dickgiesser

John Herbert ⁽¹⁾

Robert A. Sherman ⁽¹⁾

Carla Antunes da Silva ⁽¹⁾

William Henry Newton ⁽¹⁾

Executive Board of Directors

4-years term: 2021 to 2024

Chief Executive Officer

António Ramalho

Chief Financial Officer

Mark Bourke

Chief Risk Officer

Rui Fontes

Chief Legal and Compliance Officer

Luísa Soares da Silva

Chief Commercial Officer (Retail)

Luis Ribeiro

Chief Commercial Officer (Corporate)

Andrés Baltar Garcia

Monitoring Committee

4-years term: 2021 to 2024

Chairman

José Bracinha Vieira

Members

Pedro Marques e Pereira

Carlos Miguel Roballo

To monitor the assets included in the Contingent Capital Agreement

Sustainability metrics – Novobanco Separate



	Dec-19	Sep-20	Dec-20	Set-21
Social Indicators				
Employees (#)	4,326	4,269	4,321	4,080
Training hours	200,545	108,752	194 925	113,795
Turnover ¹	6.8%	3.7%	7.4%	4.4%
Woman employment rate	52.5%	52.6%	53.3%	54.4%
Woman in leadership roles rate	34.7%	37.4%	38.2%	38.3%
Woman senior leaders' roles rate	31.3%	30.3%	31.3%	28.6%
Pay Gap (%)	9.6%	10.7%	10.2%	9.8%
Environmental Indicators				
ESG structured products issued (#; in period)	12	8	9	2
ESG structured products subscriptions (#; in period)	5,517	4,515	5,120	853
ESG structured products subscriptions (#; cumulative amount)	5,517	10,032	11,855	14,358
Clients who subscribed ESG structured products (#; in period)	4,953	4,303	4,911	843
Clients who subscribed ESG structured products (#; cumulative amount)	4,953	9,256	9,540	10,947
Total ESG structured products subscriptions (in period; € million)	55	106	117	20
Total ESG structured products subscriptions (cumulative; € million)	89	194	268	326
CO2 Emissions from electricity consumption (tCO2e)	5,828	4,176	4,241	2,398
Active digital customers (#; thousand)	566	592	600	645
Governance Indicators				
Account monitoring – alerts generated (#)	11,457	8,505	11,422	9,136
Communication to the authorities (#)	1,035	628	843	500
Account opening scoring Investigation (#)	3,705	2,248	3,101	3,780
Participation Entry scoring Investigation (#)	1,138	587	901	1,762
Account opening rejected with scoring Investigation (#)	63	70	93	39
Economic – Community Indicators				
Planned savings/"Poupança programada" (# of clients)	277,495	250,089	225,935	150,659
Planned savings/"Poupança programada" (€ million)	1,090	1,093	1,039	808
Minimum Banking Services Account (# of accounts)	8,491	9,481	9,740	10,556
Suppliers with sustainability scoring (#)	284	576	278	310
Very satisfied/satisfied clients with service quality (Retail; %)	97.0%	96.1%	96.3%	96.1%
Very satisfied/satisfied clients with service quality (SME; %)	99.3%	97.4%	98.1%	98.0%
Donations (€ million)	0.58	0.30	0.50	1.0
Direct economic value generated (€ million)	841	592	812	621.7
Economic value distributed (€ million)	412	258	381	264.6
Economic value retained (€ million)	429	334	431	357.1

Moody's and DBRS ratings

September 2021

MOODY'S	Long Term	Short Term
Baseline credit assessment (BCA)	caa1	
Adjusted baseline credit assessment (BCA)	caa1	
Counterparty risk rating	B1	NP
Counterparty risk assessment	B1 (cr)	NP (cr)
Deposits	B2 Positive Outlook	NP
Senior unsecured debt	Caa2 Positive Outlook	
Subordinated debt	Caa2	

April 2021

DBRS	Long Term	Short Term
Intrinsic assessment	B (high)	
Issuer rating	B (high) Trend Negative	R-4 Trend Stable
Deposits	BB (low) Trend Negative	R-4 Trend Stable
Debt	B (high) Trend Negative	R-4 Trend Stable
Critical obligations rating	BB (high) Trend Stable	R-3 Trend Stable
Subordinated Debt	B (low) Trend Negative	

Income Statement	
Fees and commissions	Fees and commissions income less fees and commissions expenses
Commercial banking income	Net interest income and fees and commissions
Capital markets results	Dividend income, gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains or losses on financial assets and liabilities held for trading, gains or losses on financial assets mandatorily at fair value through profit or loss, gains or losses on financial assets and liabilities designated at fair value through profit and loss, gains or losses from hedge accounting and exchange differences
Other operating results	Gains or losses on derecognition of non-financial assets, other operating income, other operating expenses, share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
Banking income	Net interest income, fees and commissions, capital markets result and other results
Operating costs	Staff costs, general and administrative expenses and depreciation and amortisation
Net operating income	Banking income - operating costs
Provisions and impairments	Provisions or reversal of provisions, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss, impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates and impairment or reversal of impairment on non-financial assets
Balance Sheet / Liquidity	
Assets eligible as collateral for rediscount operations with the ECB	The Eurosystem only grants credit against adequate collateral. This collateral consists of tradable financial securities and other types of assets such as nontradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
Securities portfolio	Securities (bonds, shares and other variable-income securities) booked in the trading portfolios at fair value through profit or loss, mandatory at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost.
Due to customers Banco de Portugal Instruction n. 16/2004	Amounts booked under the following balance sheet accounting headings: [#400 - #34120 + #52020 + #53100].
Net ECB funding	Difference between the funding obtained from the European Central Bank (ECB) and the placements with the ECB.
Total Customer Funds	Deposits, other customer funds, debt securities placed with clients and off- balance sheet customer funds.
Off-Balance Sheet Funds	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management.
Loan to deposit ratio Banco de Portugal Instruction n. 16/2004	Ratio of [gross loans - (accumulated provisions / impairment for credit)] to customer deposits.

Asset Quality and Coverage Ratios

Overdue loans ratio	Ratio of overdue loans to total credit.
Overdue loans > 90 days ratio	Ratio of overdue loans > 90 days to total credit.
Overdue loans coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
Overdue loans > 90 days coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days.
Coverage ratio of customer loans	Ratio of impairment on customer loans (on balance sheet) to gross customer loans.
Cost of risk	Ratio of credit risk impairment charges accounted in the period to gross customer loans.
Non-performing loans	Total balance of the contracts identified as: (i) in default (internal definition in line with article 178 of Capital Requirement Regulation, i.e., contracts with material overdue above 90 days and contracts identified as unlikely to pay, in accordance with qualitative criteria); and (ii) with specific impairment.
Non-performing loans ratio	Ratio of non-performing loans to the sum of total credit, deposits with banks and Loans and advances to banks
Non-performing loans coverage ratio	Ratio of impairment on customer loans and loans and advances to banks (on balance sheet) to non-performing loans.

Efficiency and Profitability Ratios

Efficiency (Staff costs / Banking income) Banco de Portugal Instruction n. 16/2004	Ratio of staff costs to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Efficiency (Operating costs / Banking income) Banco de Portugal Instruction n. 16/2004	Ratio of operating costs (staff costs, general and administrative expenses and depreciation and amortisation) to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Profitability Banco de Portugal Instruction n. 16/2004	Ratio of banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses) to average net assets.
Return on average net assets Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average net assets.
Return on average equity Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average equity.

Designations & abbreviations

YTD	Year-to-date
YoY	Year-on-Year
ECB	European Central Bank
QE	Quantitative Easing
CRD IV	Capital Requirements Directive 2013
CRR	Capital Requirements Regulation
NIM	Net Interest Margin
€, EUR	euro
€mn	millions of euro
€bn	billions of euro
€k	thousands of euro
bps	basis points
p.p.	percentage points
tCO₂e	tonnes of carbon dioxide equivalent
RWA	Risk weighted assets

novobanco

