

novobanco

MORTGAGE COVERED BONDS

INVESTOR PRESENTATION



Agenda

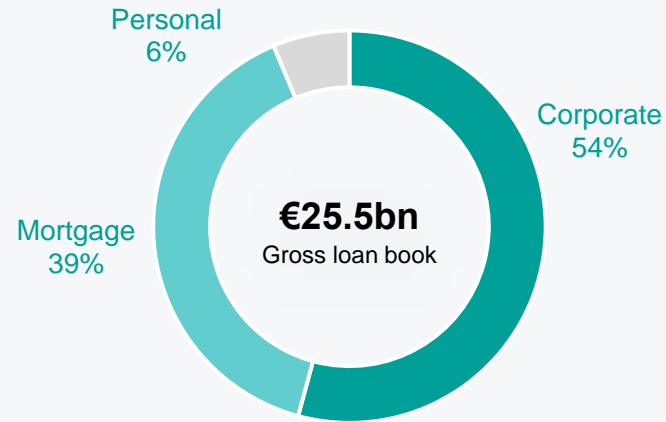
- 01. At a glance: novobanco**
- 02. Mortgage covered bonds**
- 03. Annex**

01.

At a glance: novobanco

novobanco has a leadership position in the Portugal banking sector

Diversified business model with a strong corporate and low-risk retail mortgage franchises




 **€43.5bn** | **Total assets**
4th largest bank in Portugal¹ by total assets

 **20.4%³** | **RoTE³ 2023**
+32% net income growth YoY

 **€25.5bn** | **Gross customer loans**
10.5% market share²

 **1.6mn** | **Clients**
67% active digital clients (+5pp YoY)

 **€28.1bn** | **Customer deposits**
9.7% market share²

 **290** | **Branches**
8.7% market share (vs 9.8% overall business)
79% digital touchpoints⁴

 **€743mn** | **Net Income**
~500bps capital generation

 **4,209** | **Employees**
€346k commercial banking income / FTE

 **€4.4bn** | **Equity**
18.2% CET1 FL with ~€1.3bn excess capital⁶

 **BBB-** **Fitch** | **Moody's: Ba1 Positive Outlook**
+5 notch upgrade on senior unsecured debt in the last 7 months









 **9.1%**
market share²
in mortgage

 **14.3%**
market share²
in corporate

 **15.9%**
POS⁵ market
share²

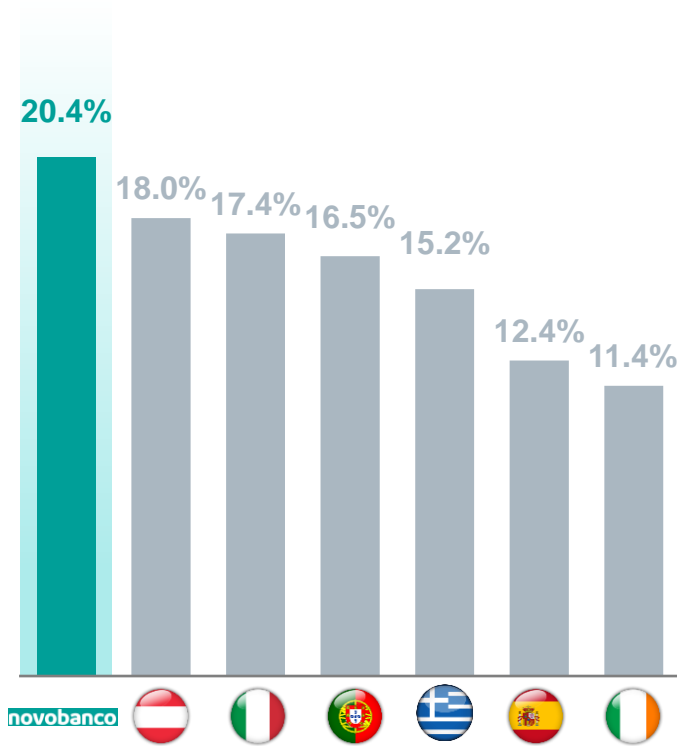
 **20.1%**
Trade Finance
market share²

novobanco has established a strong track record in execution and delivery

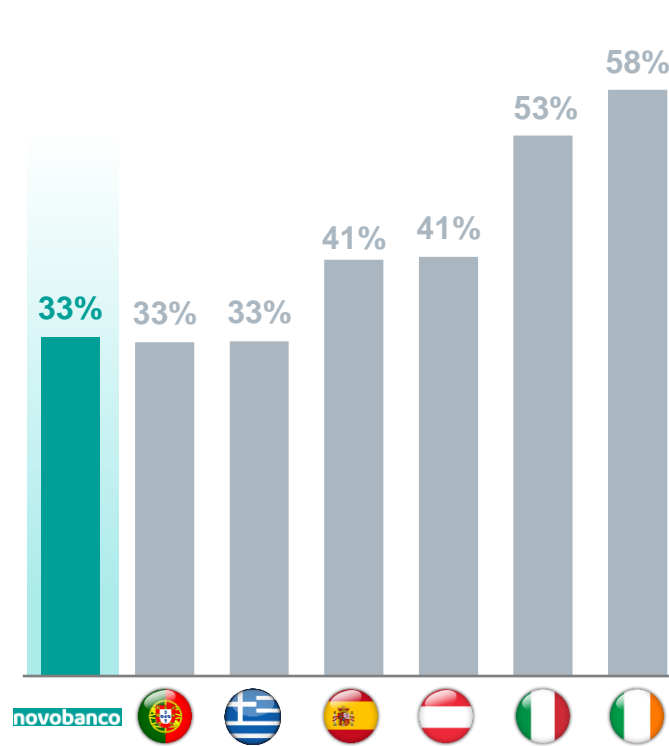
	2021	2022	2023	Change 2023/21	
 Growth in active digital clients	-	+6%	+15%	+28%	✓
 NIM	1.42%	1.47%	2.75%	+133bps	Delivering organic sustainable returns
 Cost-to-income¹	48%	49%	33%	(15pp)	✓
 CoR (bps)	70	45	48	(22bps)	Efficient operations based on strict cost discipline
 RoTE	7.1%	19.0%	20.4% ²	>13.3pp	✓
 Net NPL ratio³	1.6%	1.0%	0.7%	(1.2pp)	Simple and solid balance sheet, focused on growth
 CET1 FL ratio	10.2%	13.1%	18.2%	+800bps	✓
 Moody's/Fitch rating⁴	Caa2 / -	B3 / -	Ba1 / BBB-	+7 notch / IG	Fitch: assigning IG Moody's: +5 notch (in 7mths)

novobanco compares favourably to European peers on both profitability and capital generation

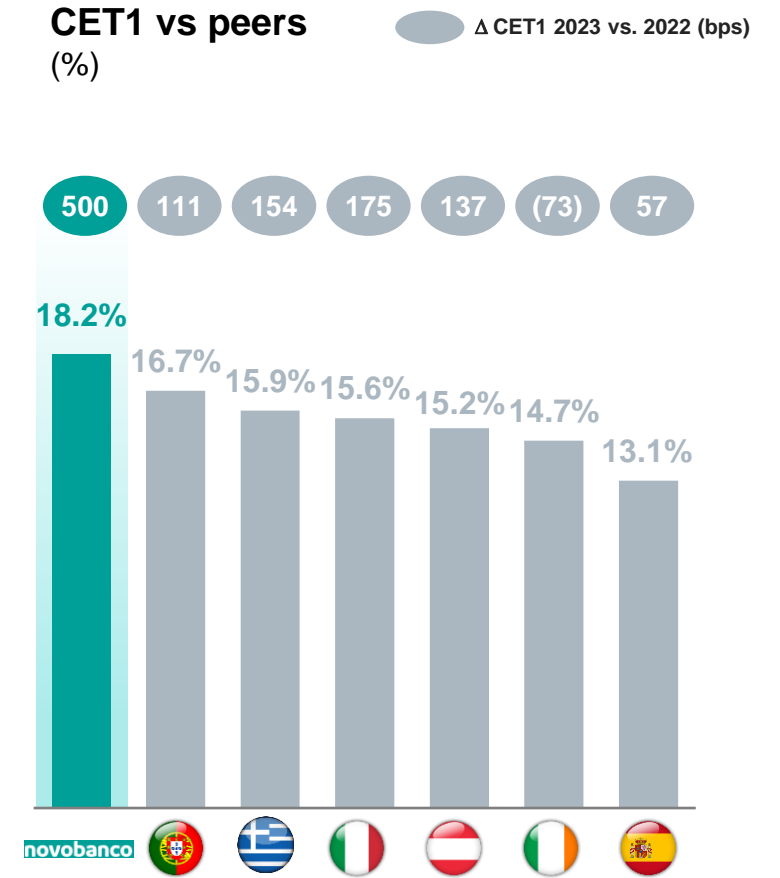
RoTE vs peers
(%)



C/I vs peers¹
(%)

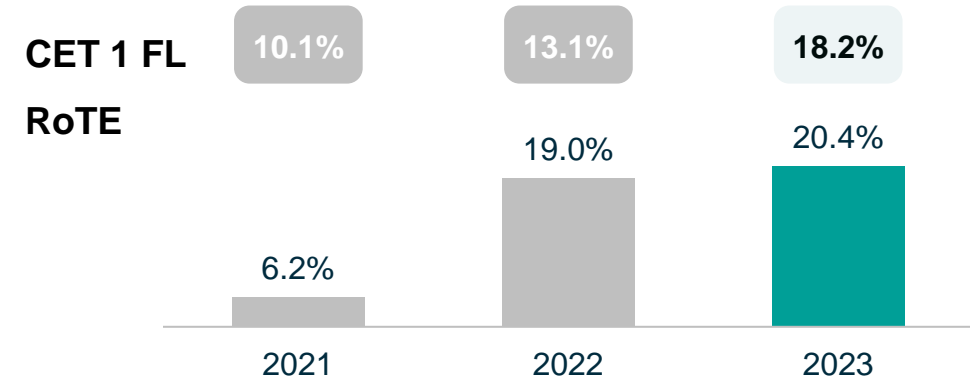


CET1 vs peers
(%)

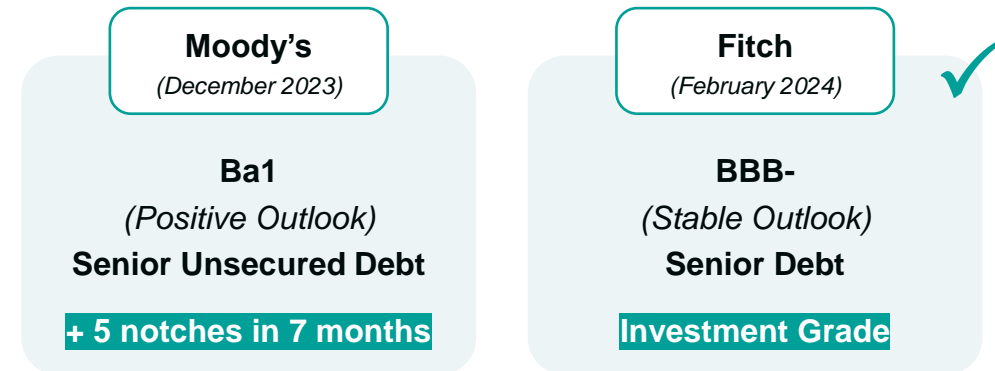


Outperforming 2023 financial targets and achieving Investment Grade rating ahead of expectations

	2023 Guidance ¹	2023 Achievements ✓
Net Interest Margin	> 2.5% ²	2.75%
Cost to Income	~ 35%	33.3%
Cost of Risk	~ 50 bps	48 bps
NPL Ratio ³	< 4.5%	4.4% (w/ 84% coverage)
Profit Before Tax ⁴	> €700mn	€754mn
Capital Generation	> 400 bps	+500 bps (CET1: 18.2%)



Rating Actions⁵



Pure Portuguese domestic player supported by positive tailwinds and uniquely positioned to deliver high profitability

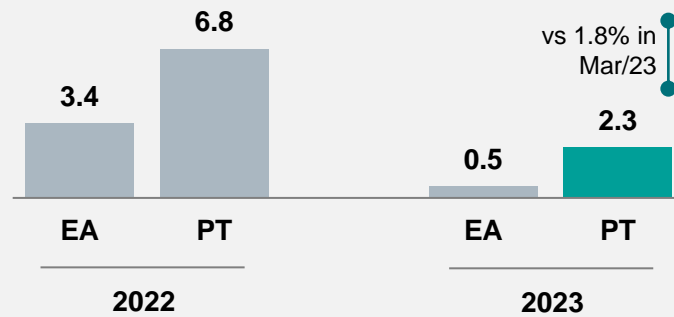


- 1** Leading independent domestic Portuguese bank with exposure to strong macro fundamentals
- 2** Diversified business model with a strong corporate and low-risk retail mortgage franchises supported by strong digital adoption
- 3** Simple and low-risk balance sheet, with strong levels of profitability and capital generation

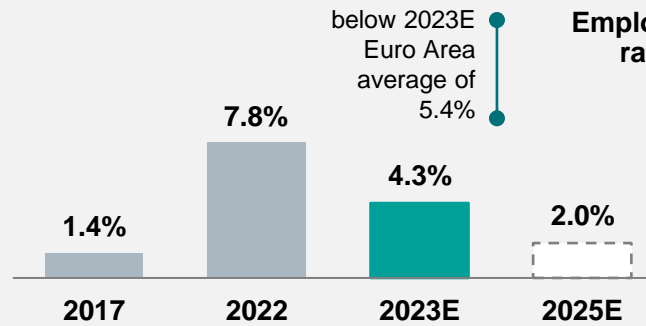
Stable political environment which continues to deliver fiscal discipline



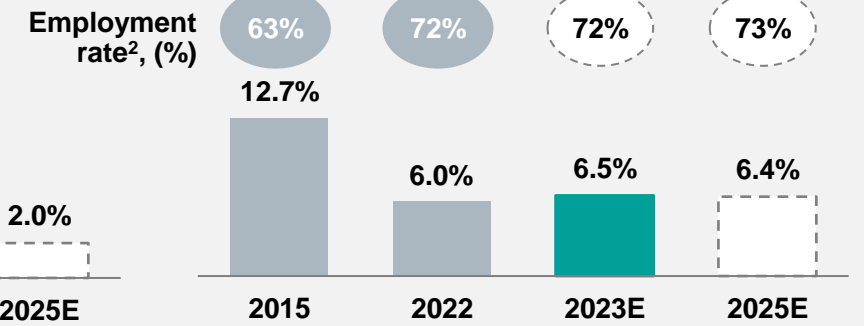
Annual GDP growth¹
(%)



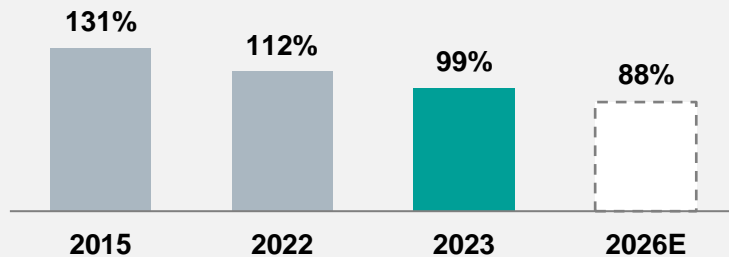
Inflation under control
(%)



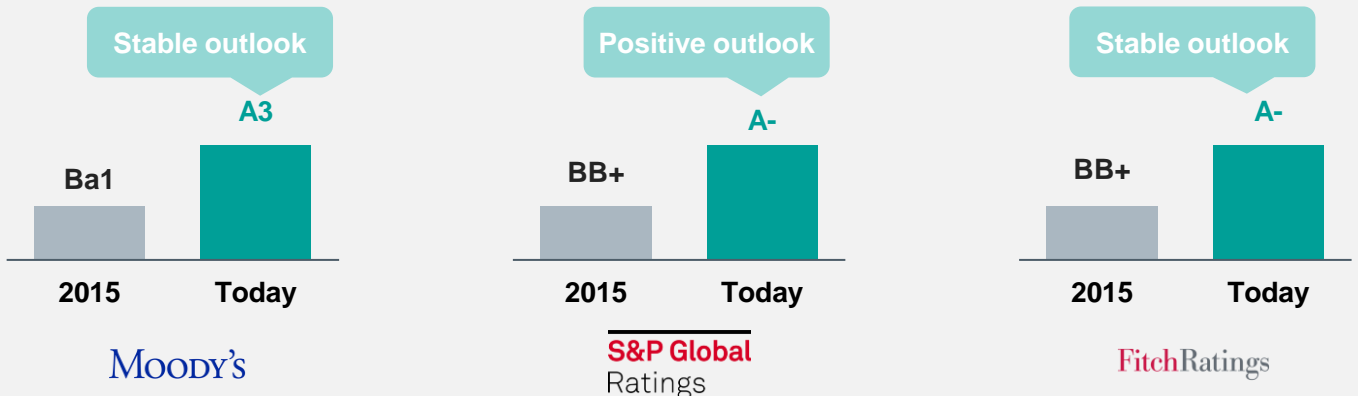
Unemployment near historic lows
(%)



Political stability driving strong fiscal discipline
(% Public Debt to GDP³)



Consistent sovereign debt rating improvement

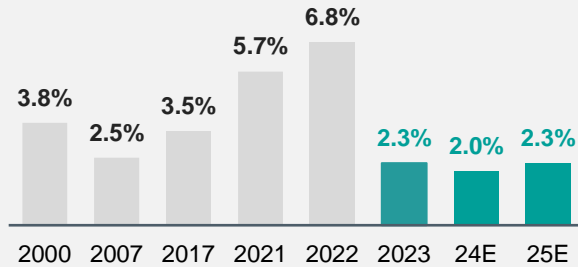


1. LEADING INDEPENDENT DOMESTIC PORTUGUESE BANK WITH EXPOSURE TO STRONG MACRO FUNDAMENTALS

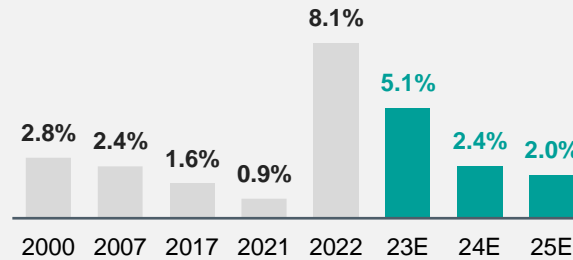
Significant economic improvement expected to last



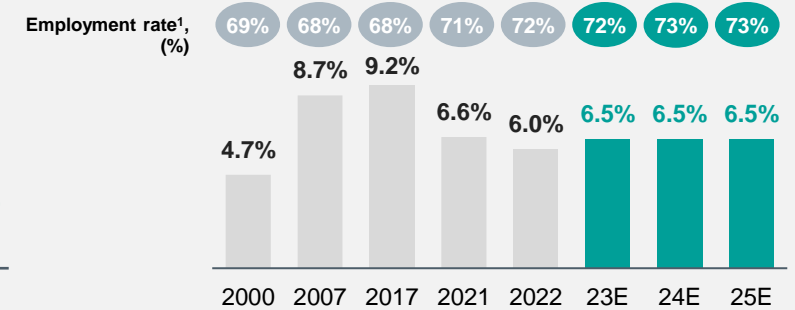
Portugal poised to grow...
(PT GDP Growth)



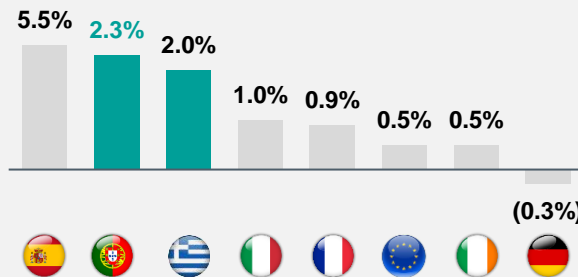
Inflation under control...
(PT Inflation, %)



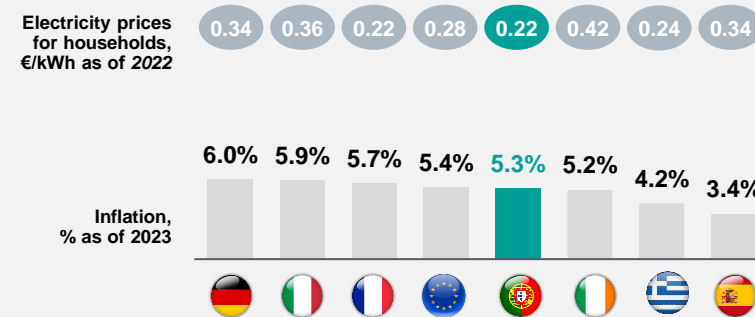
Unemployment near historic lows...
(PT Unemployment rate, %)



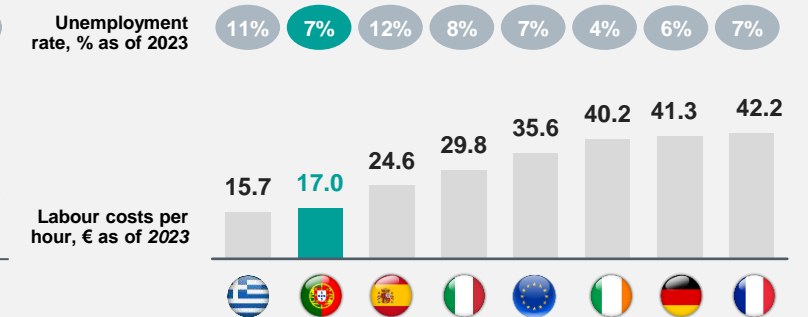
...above European peers
(GDP Growth, 2023E³)



...and below European peers
(Inflation, 2023E)



...with competitive labour costs
(Unemployment rate & Labour costs per hour €)

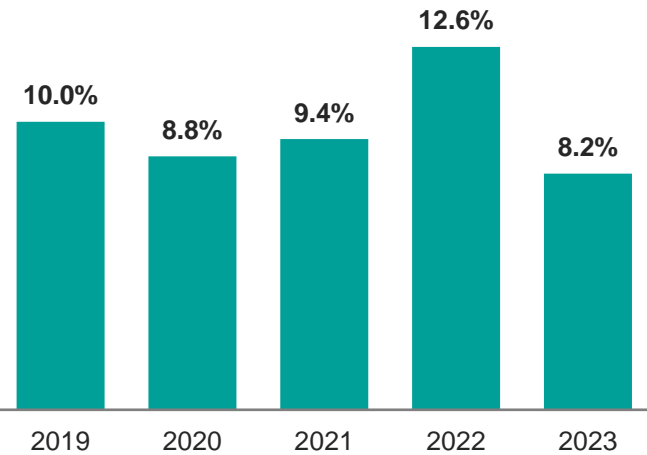


1. LEADING INDEPENDENT DOMESTIC PORTUGUESE BANK WITH EXPOSURE TO STRONG MACRO FUNDAMENTALS

Resilient housing sector with increasing prices driven by strong demand and low new housing supply compared to European average

Housing activity and pricing (Average annual change, %)

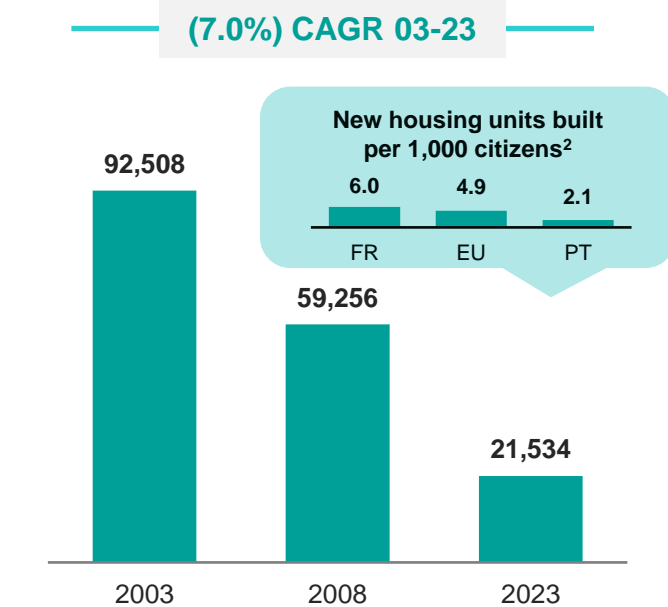
Thousands house transactions (#)



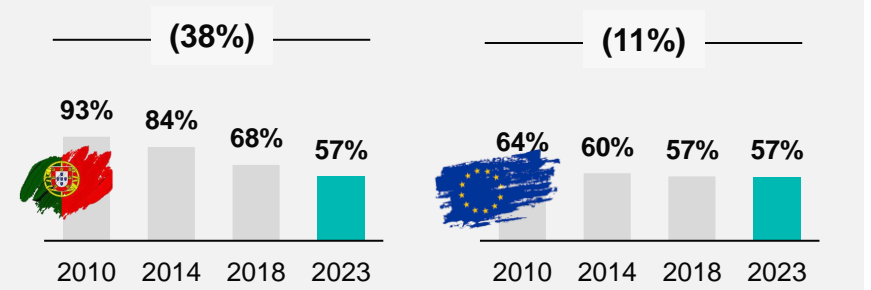
(€ invested in houses by international buyers, % total)



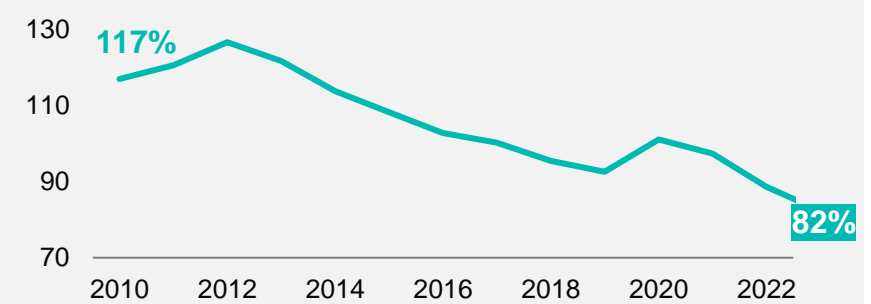
Scarcity of new housing supply (New housing units built, #)



Households have demonstrated financial discipline (Household debt as % of GDP²)



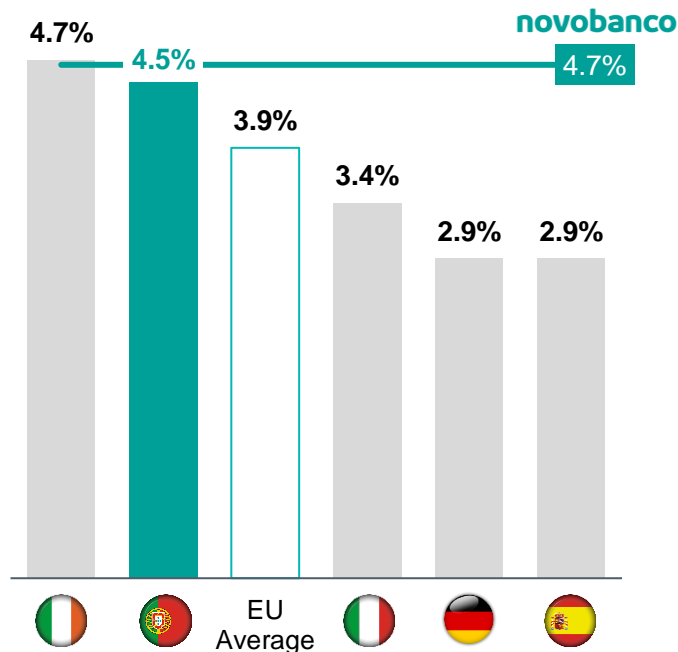
Corporate have also significantly deleveraged (Non-financial corporations indebtedness ratio, % GDP)



novobanco is the leading independent bank in an attractive Portuguese banking system...

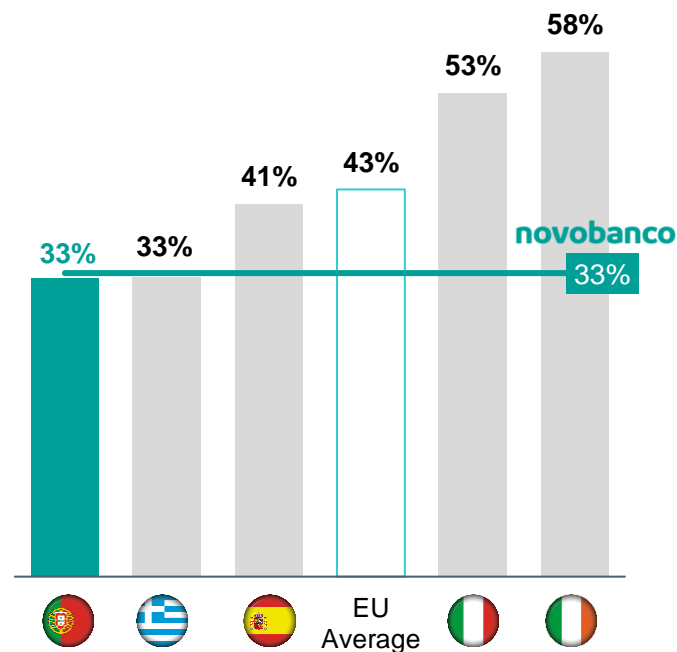
Normalised margins

(Net Interest income / average customer loans, %)



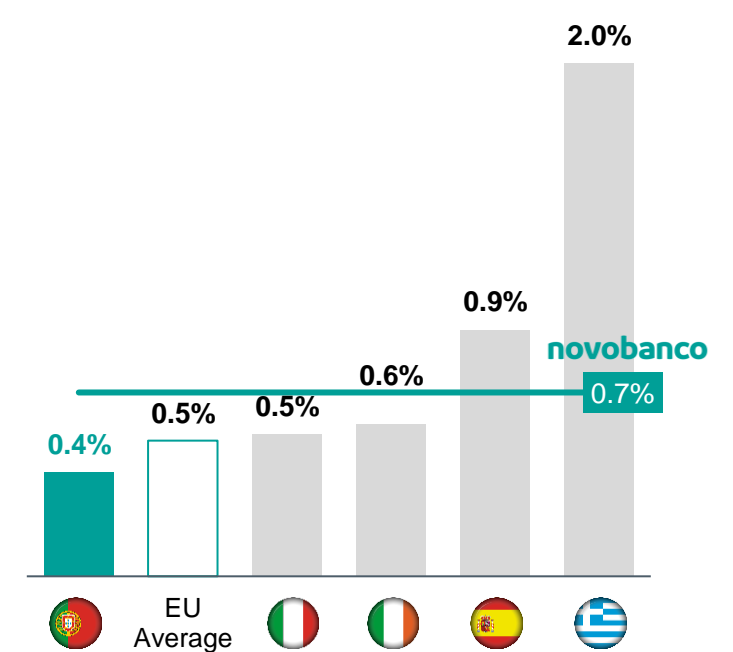
Compelling cost profile

(Cost to income¹, %)



Clean balance sheet

(Net NPL ratios², %)



Source: Company information, Research analysis, ECB, Associação Portuguesa de Bancos; Note: Company information as of FY2023. Portugal excludes novobanco. EU average based on average of all peers. Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millennium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; Eurobank, Piraeus and National Bank of Greece for Greece; and Deutsche Bank, Commerzbank and OLB for Germany. (1) Calculated as Operating Costs divided by the sum of Net Interest Income and Net Fees & Commissions; (2) Calculated as gross NPLs (Gross carrying amounts, other than trading exposures) minus accumulated loans loss provisions (Total accumulated impairment [% of total gross non-performing debt instruments] as reported by EBA) over gross exposure implied by reported NPL ratio. Country-level figures as of September 2023 given latest available.

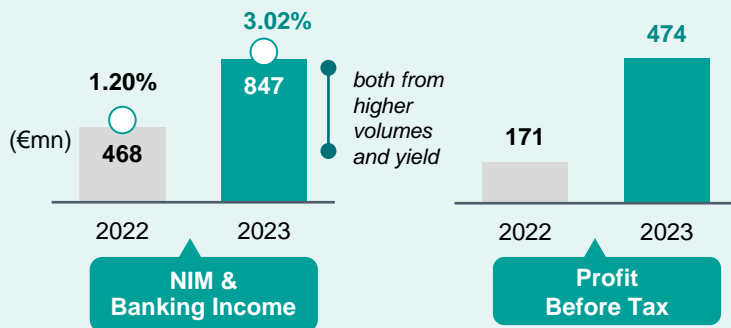
Diversified business model serving both retail and corporate customers

Retail

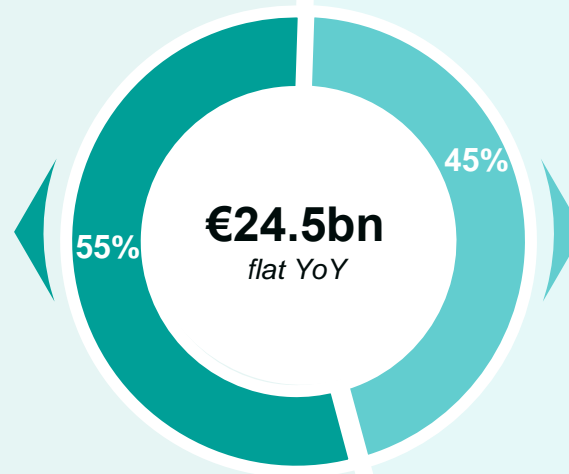


Making our customers' lives easier

- Implementation of **New Distribution Model**: reshaping geographic presence and deeply changing the service experience, **balancing between** the convenience of the **digital channels** and the importance of **face-to-face** service to clients
- **Continuous progress on moving to automatic decisions** (c.60%) and increasing share of sales through digital channel
- **Client acquisition**: +45% YoY vs 2022



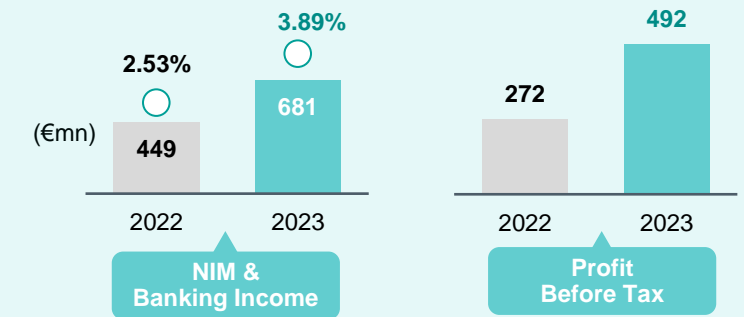
Segments: Customer Loans (net)



Corporate

Strengthening our commitment to companies

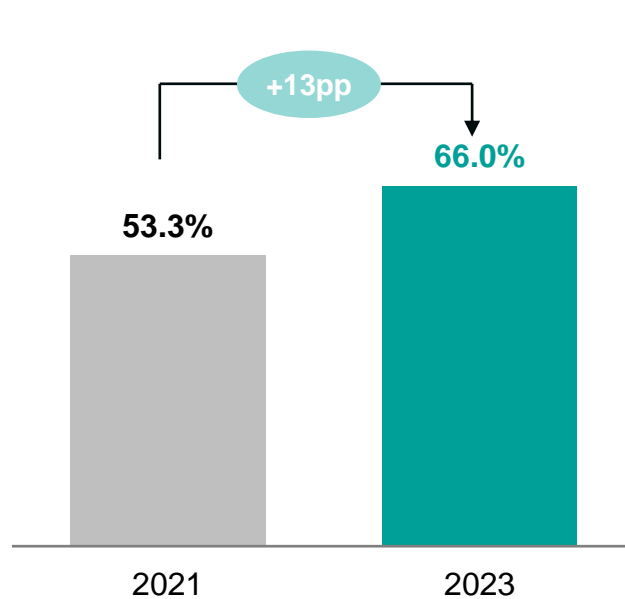
- **Sectoral expertise** to fulfill clients' needs
- Solutions for **working capital needs with significant growth in short-term loans** (ie: Factoring & Confirming: +8% YoY of invoicing undertaken; Best Trade Finance provider for 6th consecutive time)
- Solutions for **investment projects** (>€1.6mn of new MLT credit of which 90% to SMEs)



Technology & proximity mix supporting customer growth

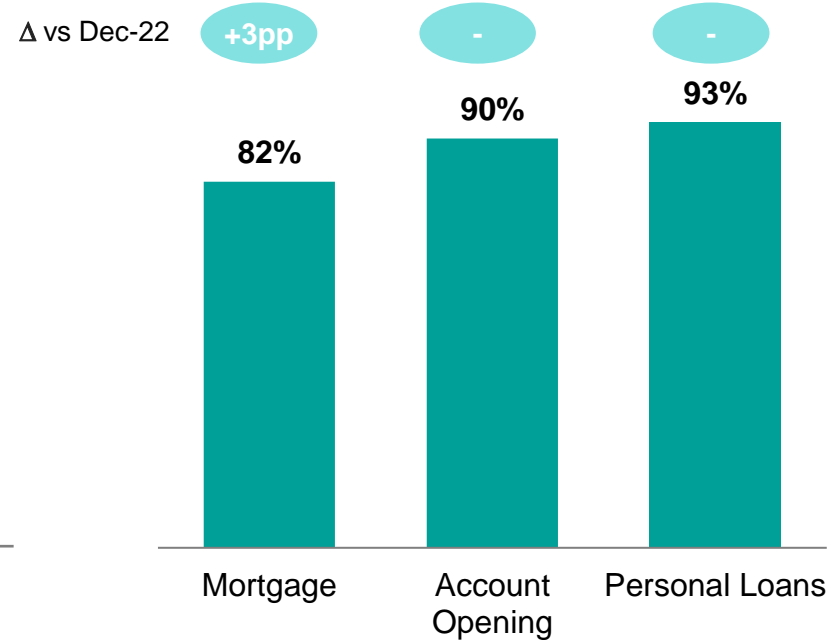
Cost effective client interaction with increasing digital adoption...

(Active digital clients, %)

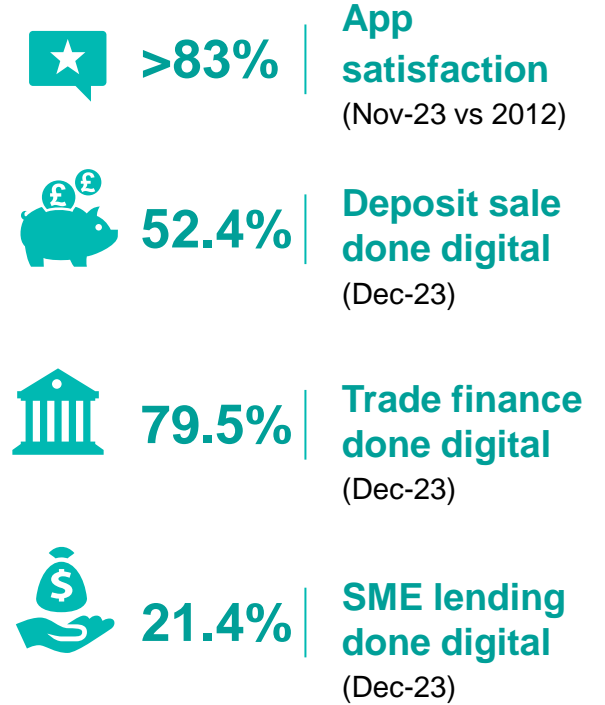


...resulting in remarkable customer experience and loyalty...

(Nov-23, Customer Satisfaction (CSAT), %)



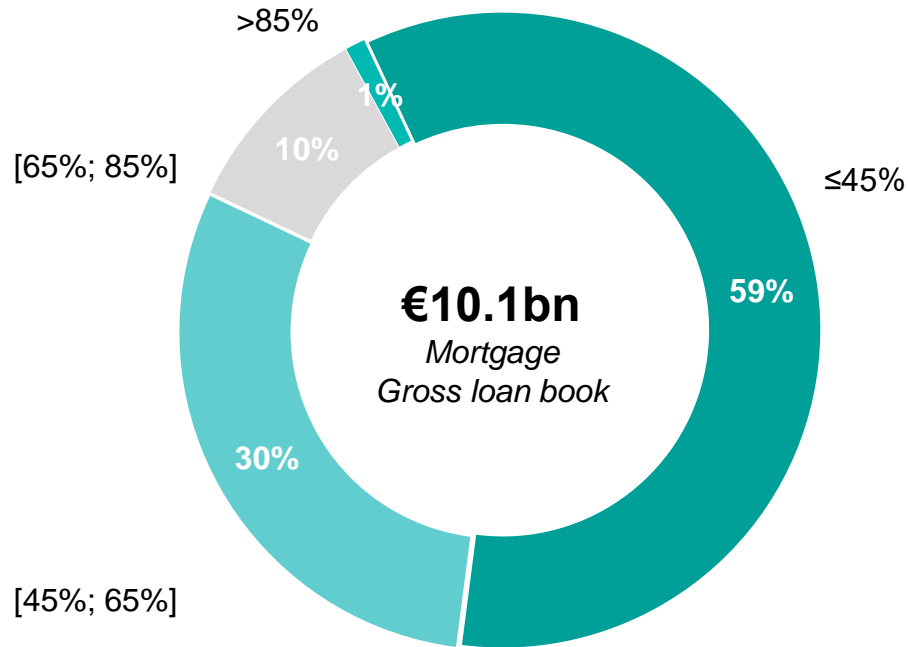
...and a leading digitalized customer base¹



Highly conservative mortgage book with strong origination capabilities

Loan book split

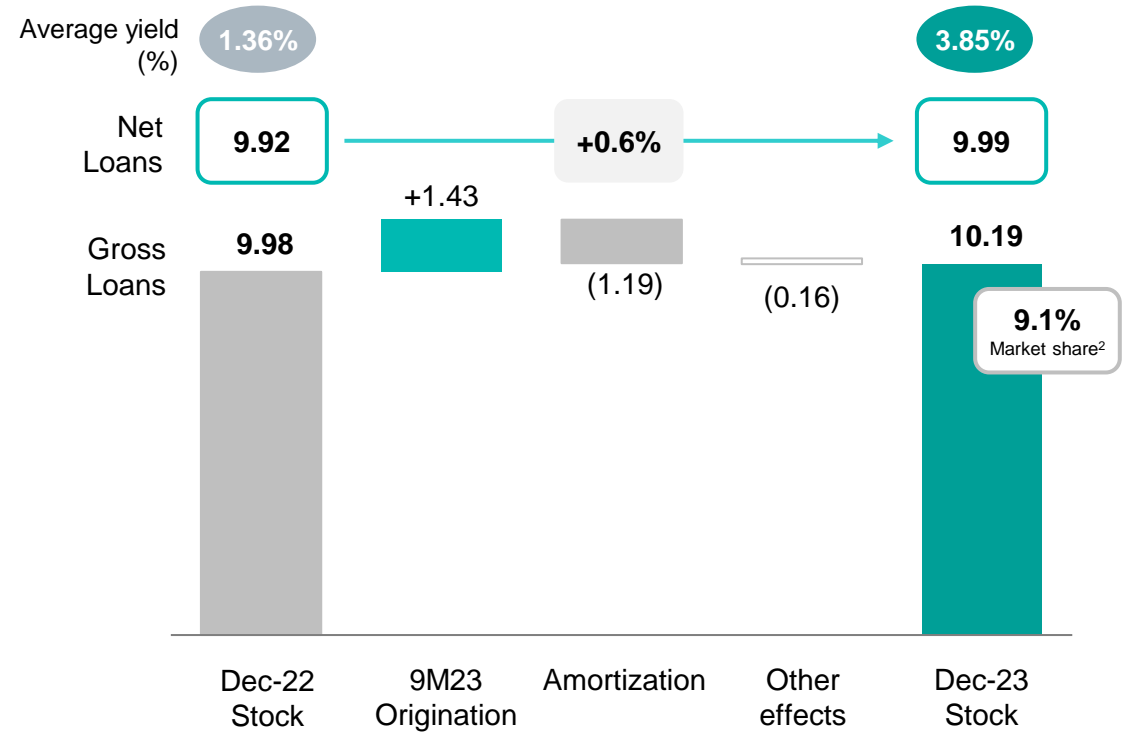
(2023; Loan book by LTV bucket %)



Low risk mortgage portfolio with average LTV (stock) < 50%
Strict origination risk selection with LTV <60% & <45% DSTI¹

Strong mortgage originating capabilities

(€bn)



Despite overall market slow-down driven by rate increases, novobanco has demonstrated strong client appetite and ability to continue capturing market share

Partner of reference for Portuguese companies

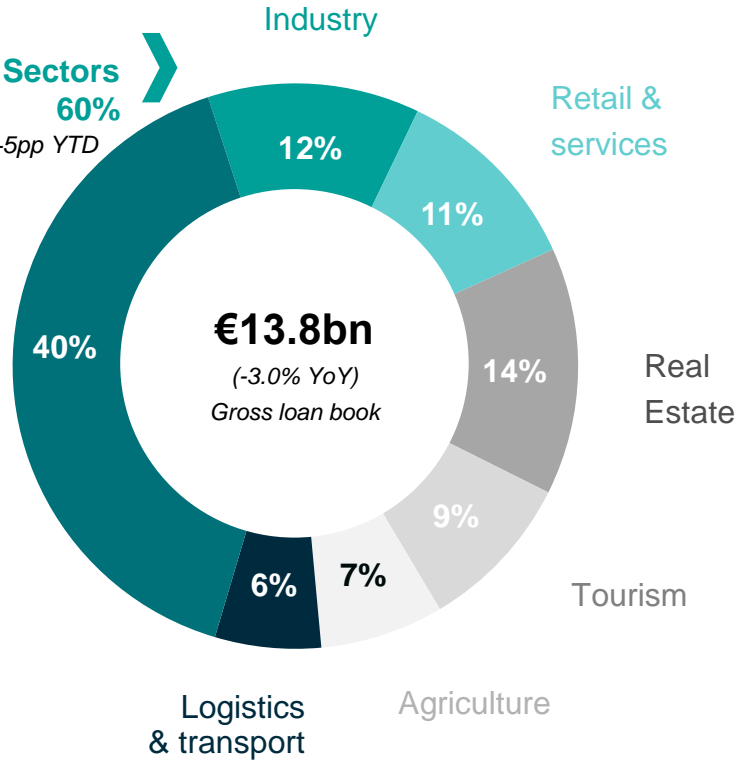
Corporate loan book¹ by sector

(Dec-23, %)

Strategic Sectors

60%
+5pp YTD

Other²



€13.8bn
(-3.0% YoY)
Gross loan book

Reaching 14.3% market share
with sectorial approach strategy to accelerate growth

Corporate sectors selection rationale



Estimated **risk-adjusted profitability**
(BI-CoR)/RWA



Expected growth forecast, based on
macro-economic scenario



Credit size and weight of each sector in the
Portuguese economy

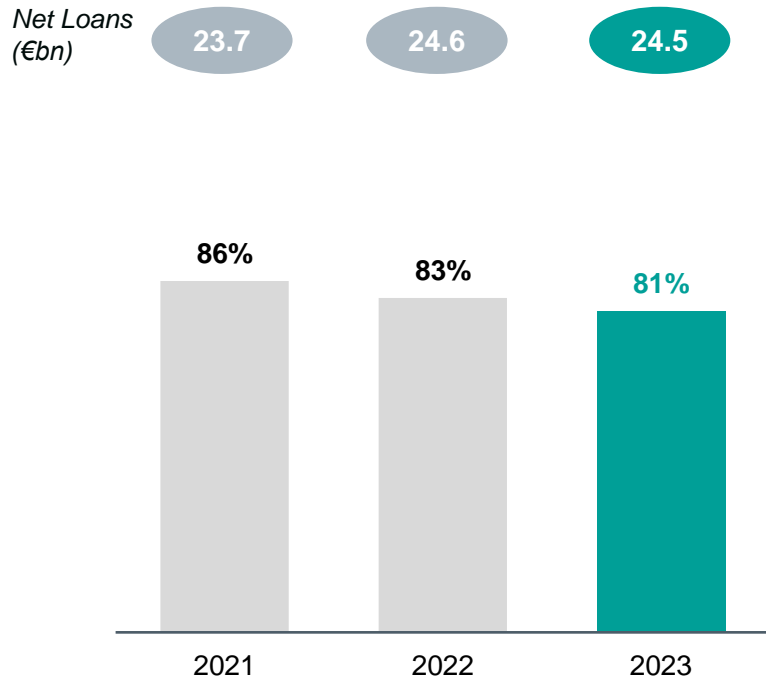


novobanco's room to grow in share of wallet, client
penetration and credit penetration, as well as impact
of capital consumption

3. SIMPLE AND LOW-RISK BALANCE SHEET, WITH STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

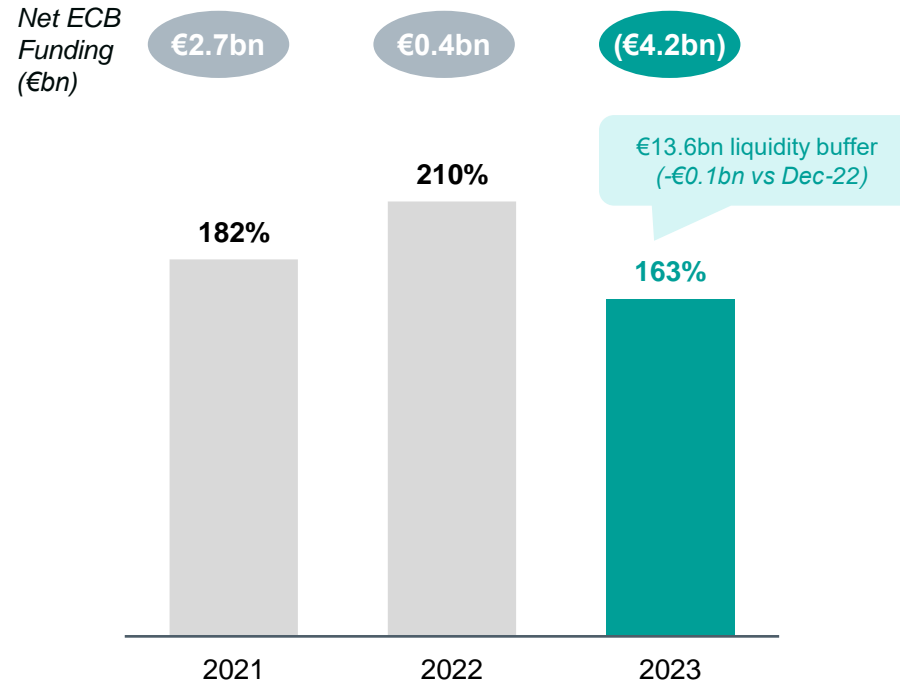
Simple balance sheet with a low risk profile...

Increased focus on core business (LtD, %)



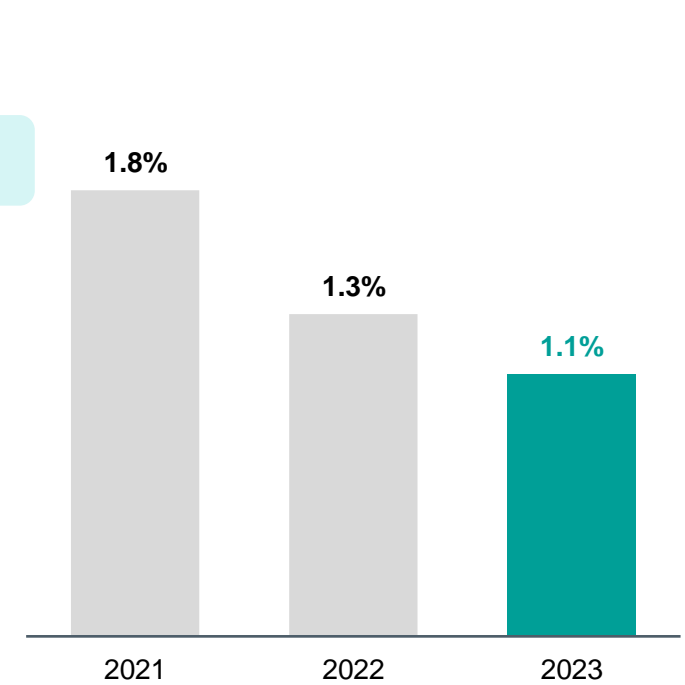
Straightforward balance sheet funded through customer deposits

Strong liquidity improvement (LCR, %)



LCR reduction reflecting planned TLTRO III reimbursement

Reduced real estate exposure (Real Estate as % total assets, %)

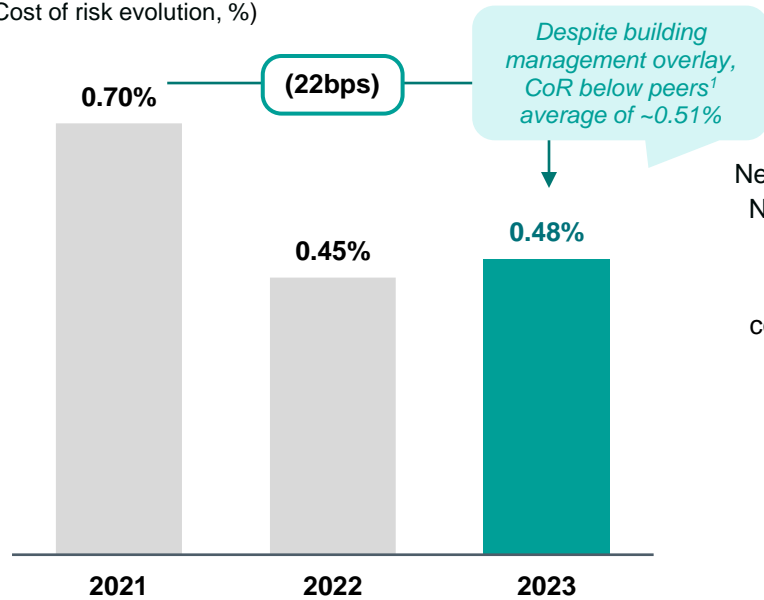


Well-provisioned exposure leading to recurrent gains on sales

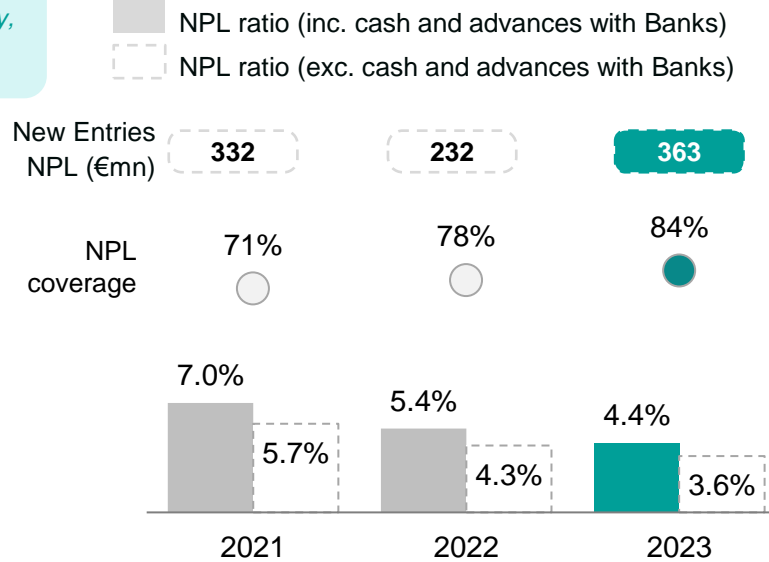
3. SIMPLE AND LOW-RISK BALANCE SHEET, WITH STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

...driven by significant asset quality strengthening, on the back of conservative provisioning and de-risking approach

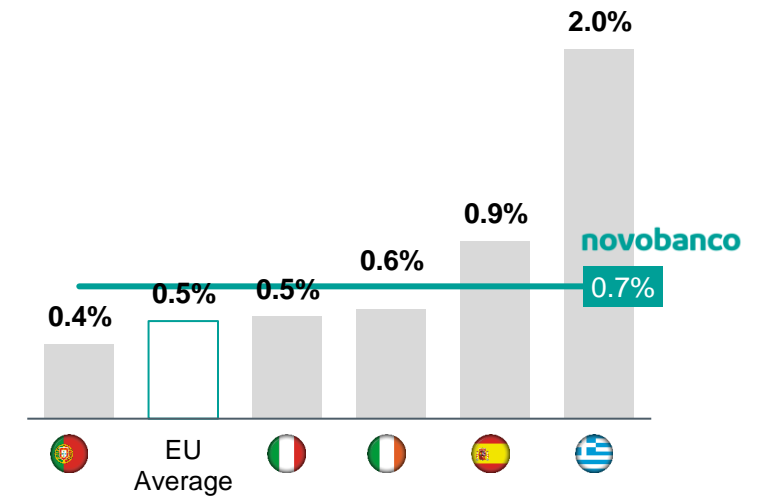
CoR below peer levels...
(Cost of risk evolution, %)



...with high asset quality...
(NPL ratio & coverage, %)

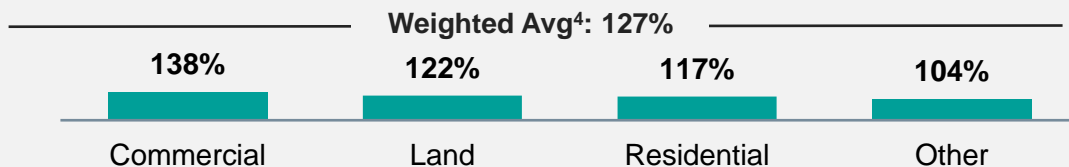


...in line with European Peers²
(Net NPL ratio, %)



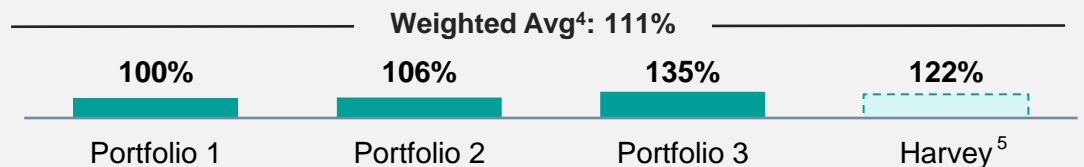
Conservative provisioning approach reflected in above par RE asset disposals historically...

(Real Estate disposal price since 2020, % NBV)



...as well as in more recent NPL disposals despite current rate environment

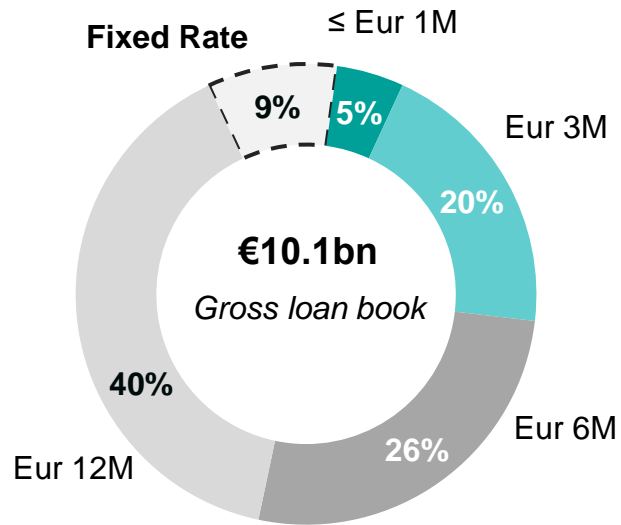
(Recent granular portfolio sales price, % NBV)



3. SIMPLE AND LOW-RISK BALANCE SHEET, WITH STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

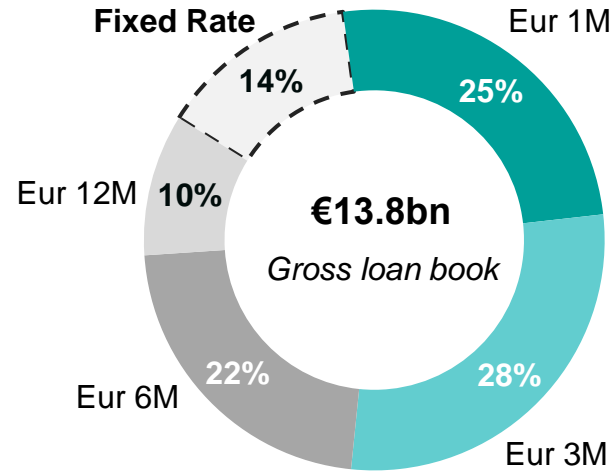
NIM stabilizing at higher levels while downside rates risk being actively managed through hedging

Mortgage loan book by rate type
(Dec-23, %)



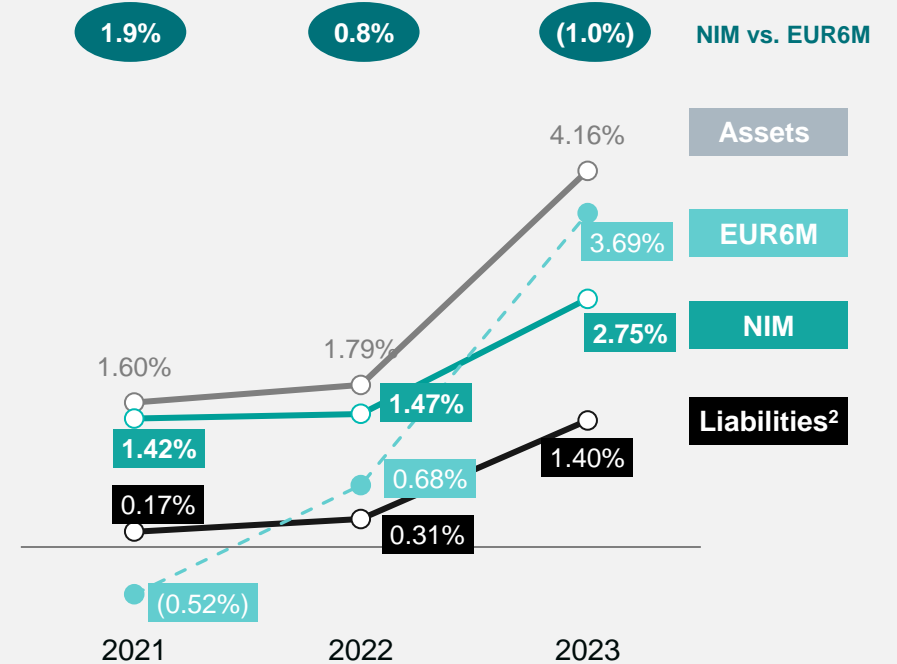
Stock avg ticket outstanding of ~€55k
Origination ticket of ~€120k
70% book hedged at 2.9%

Corporate loan book by rate type
(Dec-23, %)



~90% of book is floating (incl. hedges)
Majority with Euribor 0% floor

NIM Evolution quarterly trend
(%)



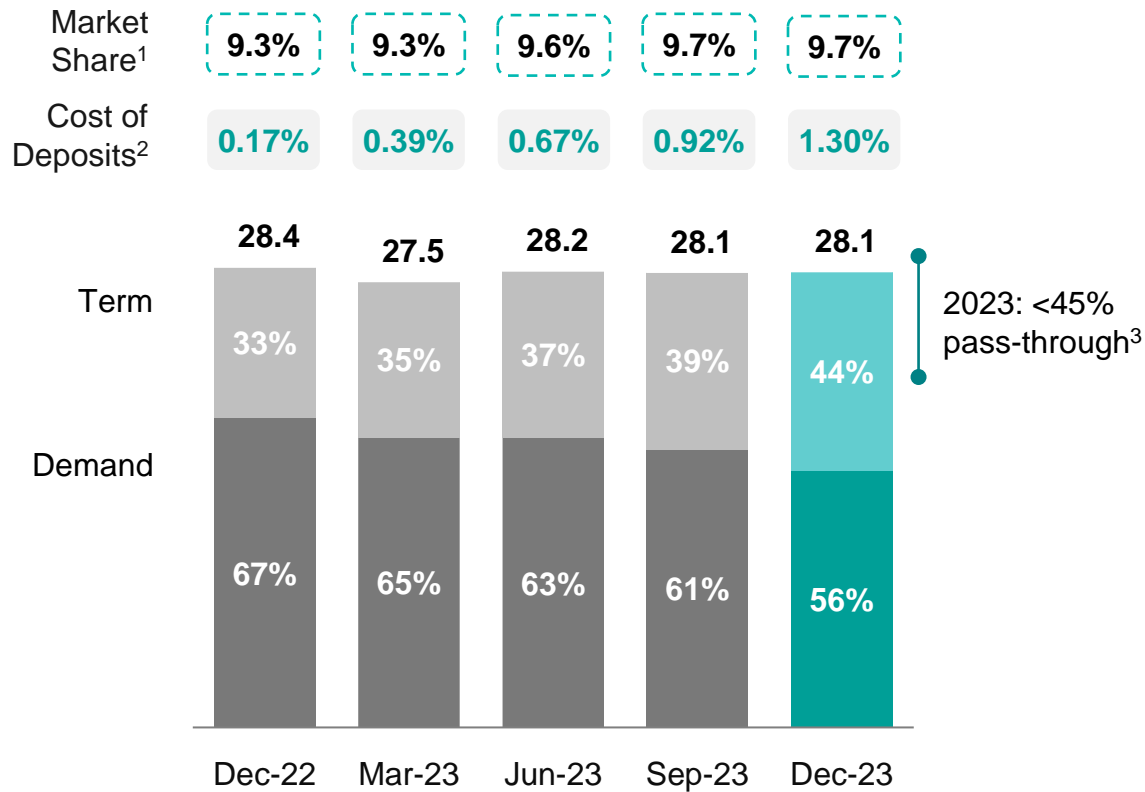
Benefiting from repricing at current rate environment,
with NIM stabilizing at higher levels while downside
rates risk being actively managed
(**< -6% NII impact for -100bps decrease**)¹

3. SIMPLE AND LOW-RISK BALANCE SHEET, WITH STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

Attractive funding costs from loyal customer base and high liquidity

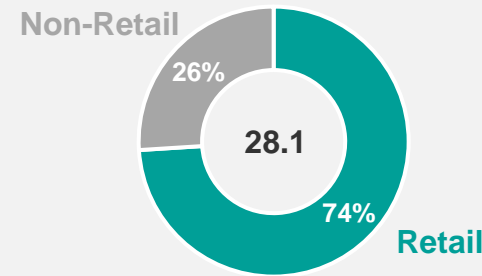
Deposits Breakdown by Type

(€bn; %)



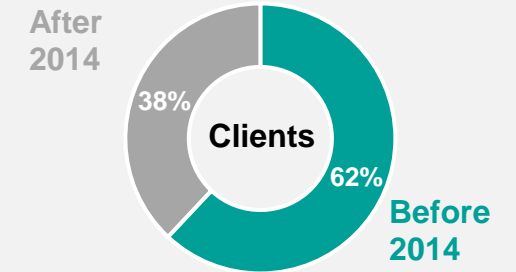
Deposits by Customer

(€bn; %)



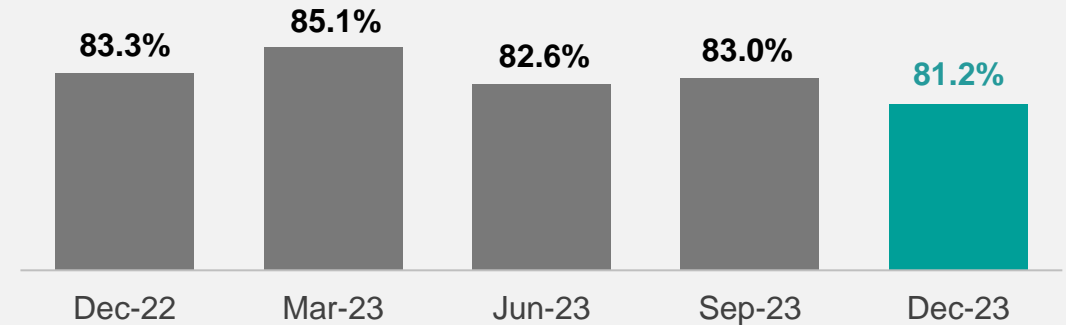
Loyal customer base

(# of active clients)



Loan to Deposit Ratio⁵

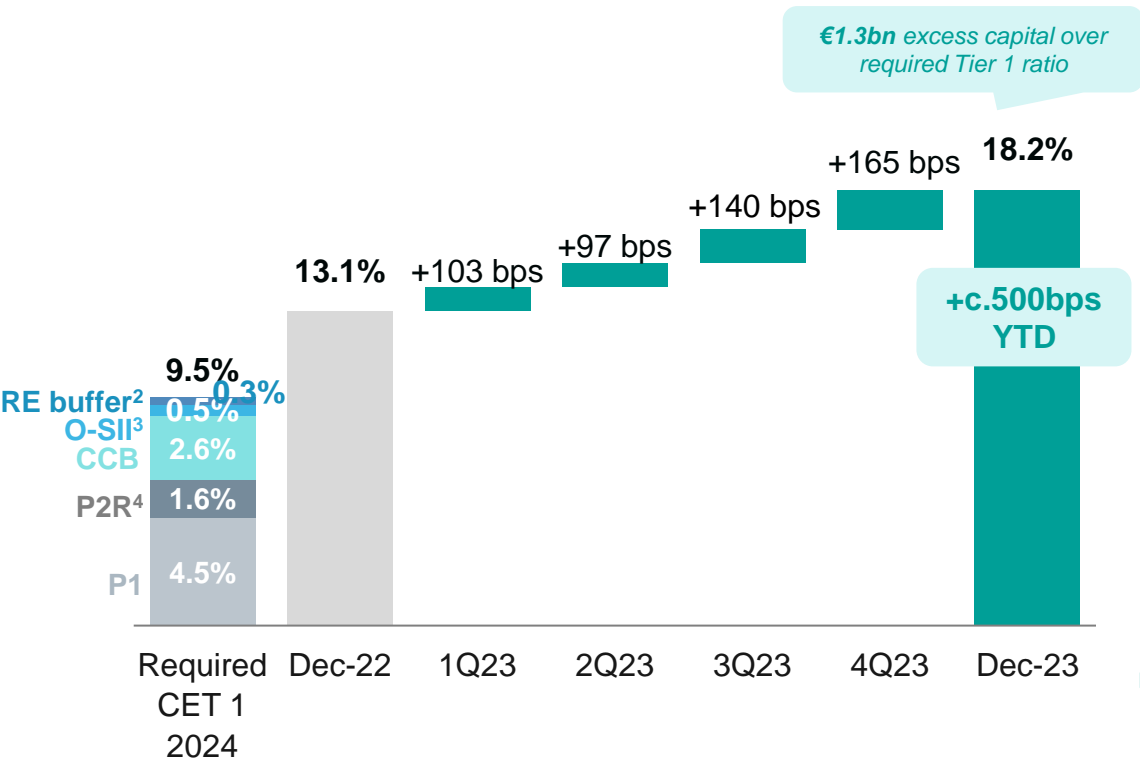
(%)



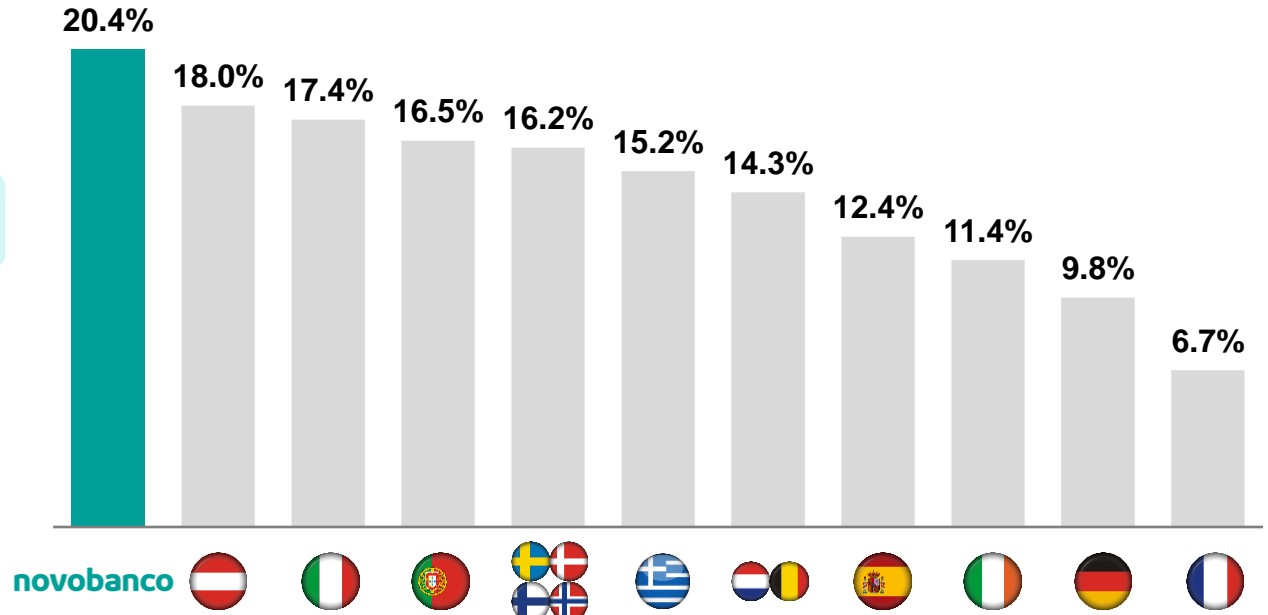
3. SIMPLE AND LOW-RISK BALANCE SHEET, WITH STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

Disciplined strategic focus driving best-in-class profitability

CET1 ratio
(Fully loaded¹; %)



RoTE⁵ 2023
(%)



Solid top-line performance and disciplined capital allocation leading to superior capital generation, which provides room for best-in-class dividend pay-out ratio, in the context of CCA resolution

(1) The inclusion of positive results depends on an authorization from the ECB; (2) Starting on 1-Oct-24, capital requirements will include a buffer on exposures secured by residential real estate, expected to be ~30bps; (3) Phased regime for the introduction of a 0.5% O-SII reserve as a percentage of RWAs will start on 1-Jul-24 with 50% of the reserve (0.25% of RWAs), and 100% of the reserve starting on 1st July 2025 (0.50% of RWAs); (4) P2R in 2024 is 2.85%, which represents a decrease of 15bps; (5) novobanco's tangible equity based on period average; Country data calculated as average of peers. Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millenium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; and Eurobank, Piraeus and National Bank of Greece for Greece; BNP Paribas, Societe Generale, Credit Agricole and BCPE for France; Deutsche Bank, Commerzbank and OLB for Germany; Nordea, DNB, SEB, Danske Bank, Handelsbanken for Nordics; and ING, ABN AMRO and KBC for Benelux.

2024 Outlook: competing as a strong and independent domestic Bank

2024 Guidance¹



COMMERCIAL BANKING INCOME



> € 1.3bn

- Delivering organic sustainable returns, from a domestic business focused on growth and value-added products and services



COST-TO-INCOME RATIO



~ 35%

- Efficient operations based on strict cost discipline



COST OF RISK (bps)



< 50bps

- Simple and low-risk balance sheet benefiting from a successfully completed de-risking strategy with strong coverage levels



NET INCOME



> € 650mn

- Strong levels of profitability and capital generation

02.

Mortgage Covered Bonds

novobanco covered bond programme

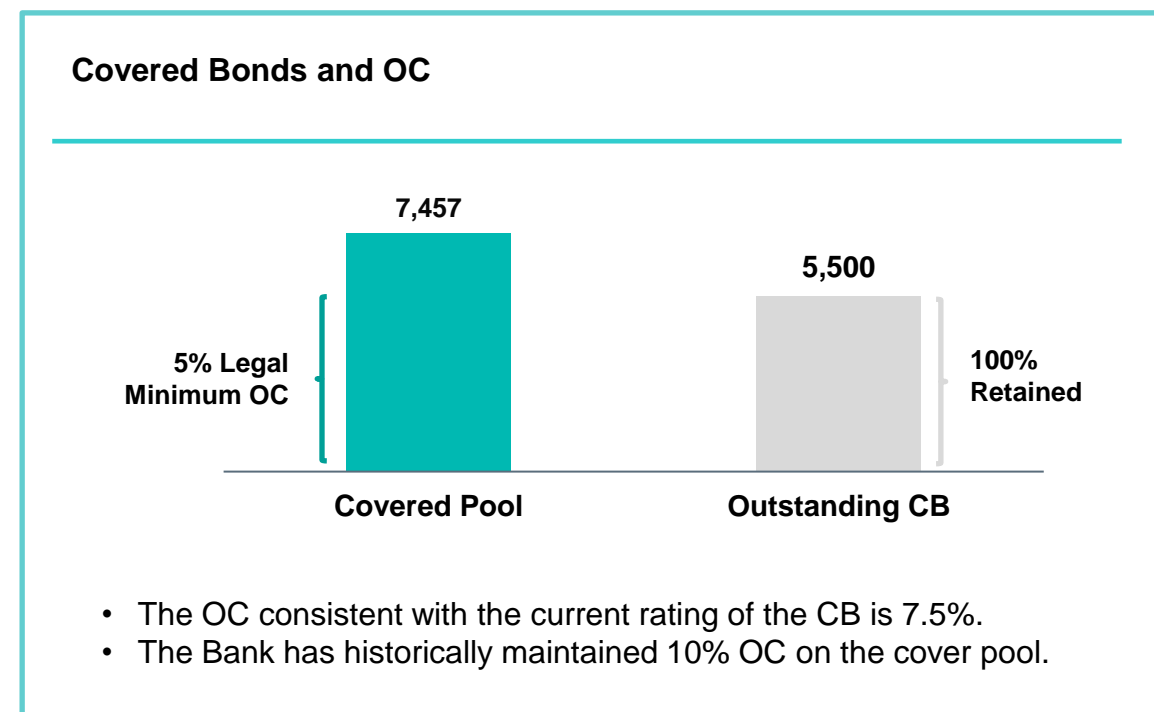
Issuer	Novo Banco S.A.
Rating	Aaa (Moody's)
Size	Max € 10.000.000.000
Maturity	Soft Bullet – 12 months
Overcollateralisation	5% (required by law/committed)
Collateral	Portuguese prime residential mortgages
Liquidity	Liquid Assets covering 6-months interest
Cover Pool Monitor	PwC
Governing Law	Portuguese Law
Listing	Euronext Lisbon
Clearing	Interbolsa / Euroclear / Clearstream

- novobanco Covered Bond Programme was established in 2015 as a conditional pass-through structure.
- The change of the maturity extension structure to soft-bullet and the conversion of the programme in accordance with the new legal framework was approved on 30 November 2023, with no negative impact on the rating of the covered bonds.
- Novobanco's Covered Bonds are rated Aaa, by Moody's, in line with Portuguese peers.
- Novobanco's Covered Bonds are:
 - ✓ LCR L1 eligible and lowest RW
 - ✓ European Premium Label
 - ✓ ECBC Covered Bond Label

Covered bonds issued under the Programme

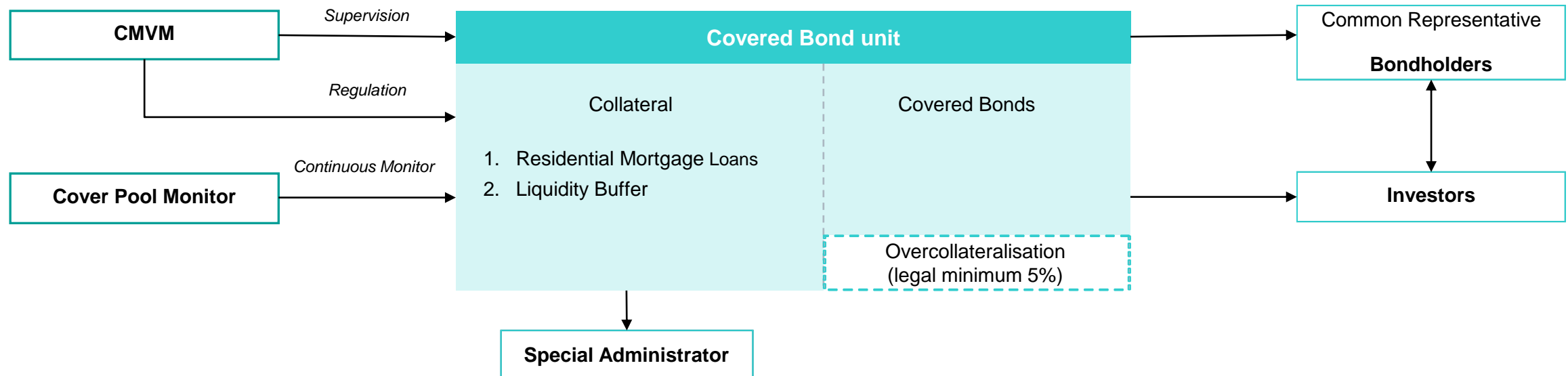
- Since inception of the programme, novobanco has issued €5.5bn covered bonds, all of which are retained by the Bank.

Description	ISIN	Maturity Date	Remaining Term (years)	Nominal Outstanding
Series 1	PTNOBAOE0012	07/10/2025	1.8	€1,000mn
Series 2	PTNOBBOE0011	07/10/2024	0.8	€1,000mn
Series 3	PTNOBCOE0010	07/10/2027	3.8	€1,000mn
Series 4	PTNOBDOE0019	07/10/2028	4.8	€700mn
Series 5	PTNOBEOE0018	22/12/2028	5.0	€500mn
Series 6	PTNOBGOM0008	10/06/2029	5.5	€750mn
Series 7	PTNOBHOM0007	10/12/2024	1.0	€550mn



A structure segregating the cover pool from novobanco balance sheet

- In order to segregate the cover pool from its balance sheet, novobanco has created a specific unit in all its operating systems for the Covered Bond Programme. This unit allows a separate accounting and an effective segregation of the cover portfolio backing the covered bonds to be issued from novobanco balance sheet.
- The assets registered within this unit form a segregated cover pool over which the holders of the covered bonds will have a special creditor privilege (“privilégio creditório”). All loans with +1-month in arrears are automatically removed from the cover pool and substituted with other performing loans, so the pool has no delinquencias.



A programme with only prime Portuguese residential mortgage loans...

... originated by novobanco compliant with the following eligibility criteria:

- First-lien mortgage of a property or lower-ranking mortgage, provided that the related higher-ranking mortgages are also included in the pool;
- Freely transferable loans by way of assignment under the laws of Portugal;
- Backed by residential property;
- Denominated in Euro;
- Property located in Portugal;
- Maximum current loan to value of 80%;
- No delinquent loans in the pool, i.e., loans with more than one month in arrears are removed from the cover pool;
- All mortgages loans have house insurance;
- Overall, all the loans included in the pool are compliant with the new Portuguese Covered Bond Framework

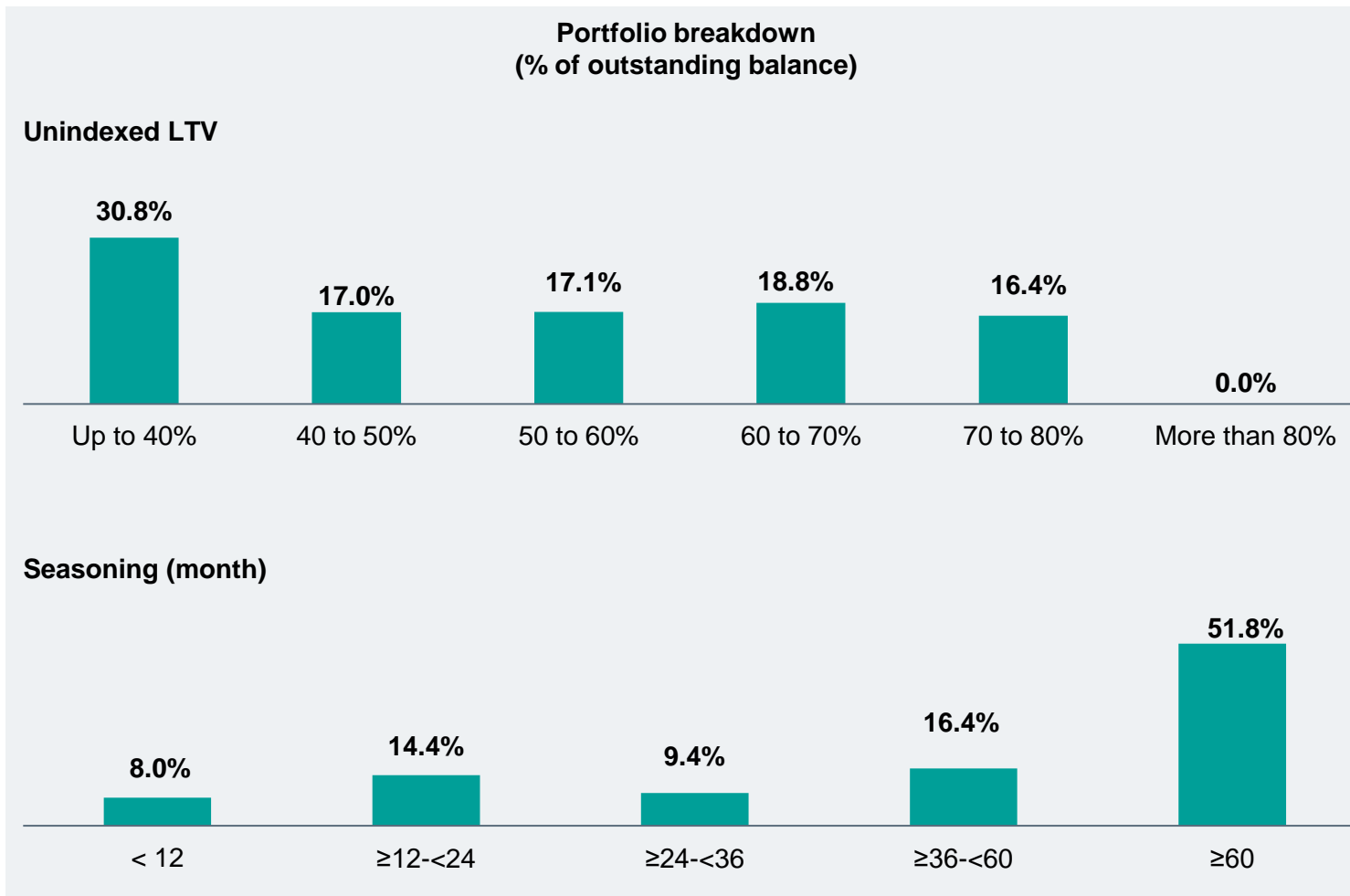
A €7.5bn well-seasoned pool of assets with average LTV below 50%...

Cover pool asset characteristics

Mortgage Pool Balance	€7,400.0mn
Other assets (cash)	€57.0mn
Total Outstanding Assets	€7,457.0mn
Number of Loans	130,584
Average Loan Amount (€)	€56,669
Weighted Average Seasoning (Month)	93
WA Remaining Term (Yrs)	25.1
Weighted Average Loan to Value %	49.9
Asset Fixed Rate %	9.6
Asset Floating Rate %	90.4

Mortgage covered bond & OC

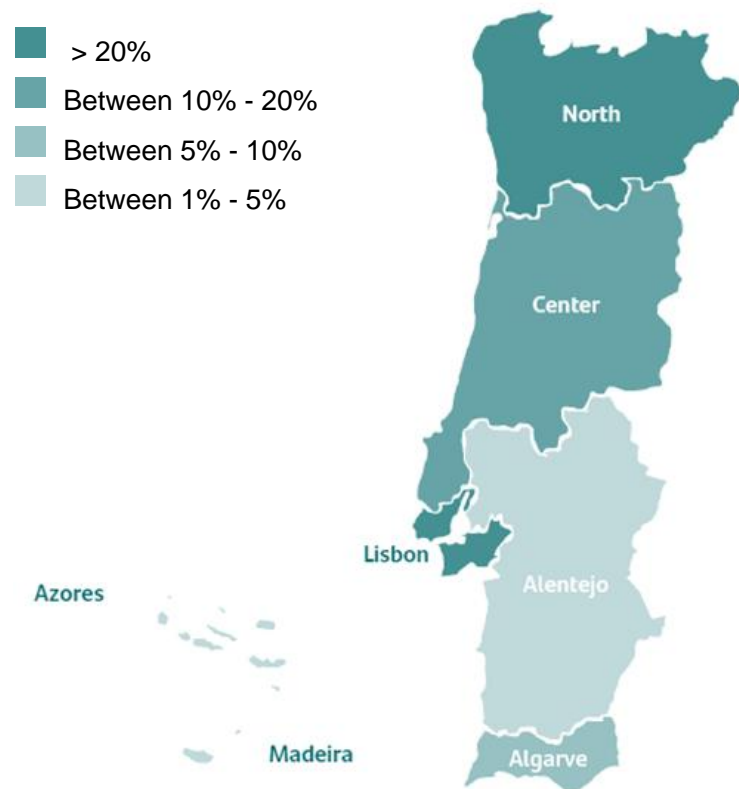
Mortgage Covered bond Program	€10,000mn
Covered Bond Outstanding	€5,500mn
WA Remaining Term (Yrs)	3.1
Current overcollateralization (%)	35.6
Legal minimum OC%	5.0



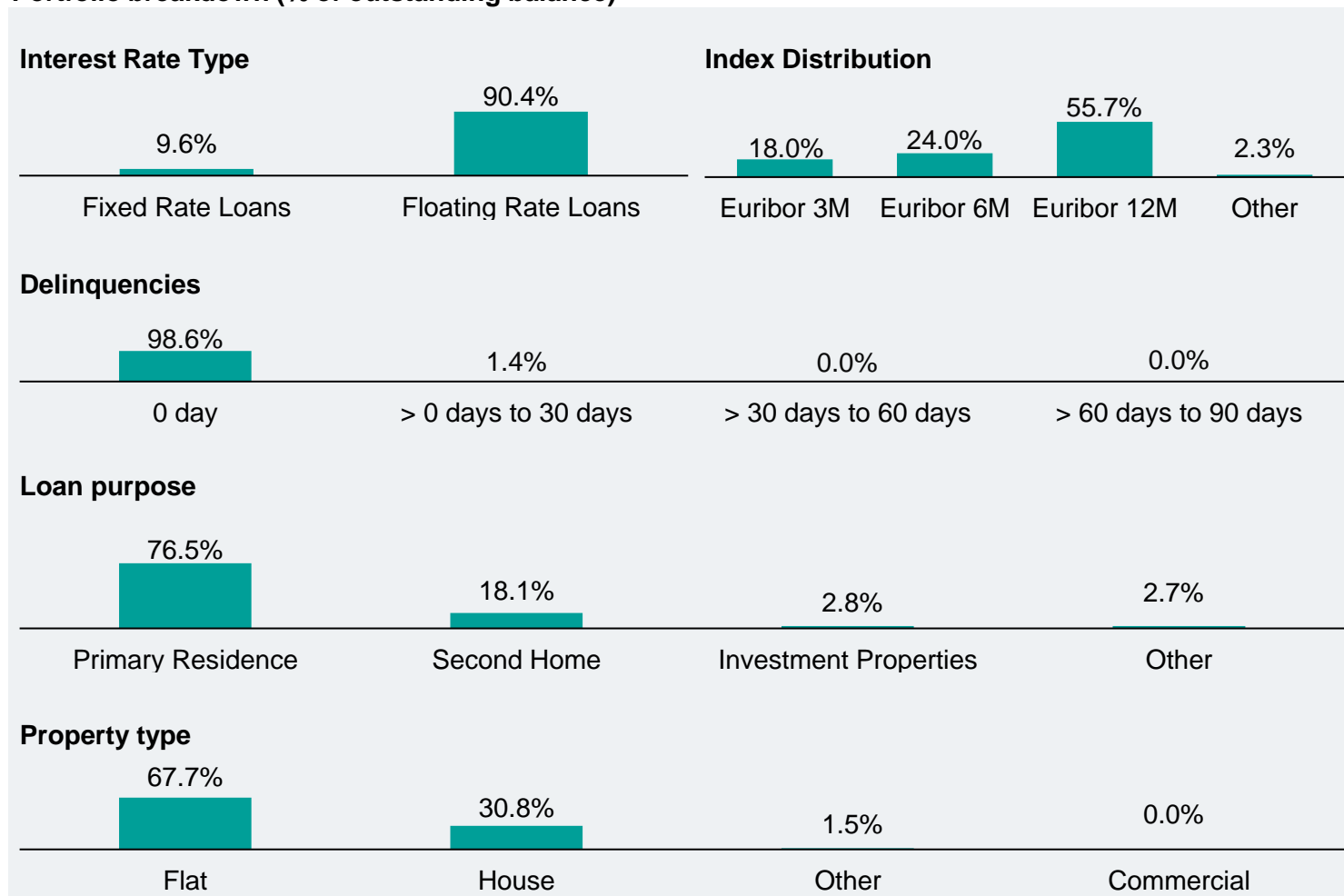
...reflecting country demographics and with no commercial exposure

Geographical Breakdown

Cover pool asset characteristics



Portfolio breakdown (% of outstanding balance)



ANNEX

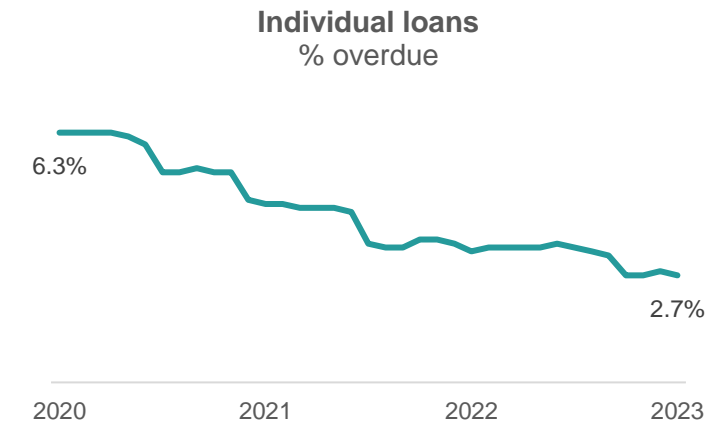
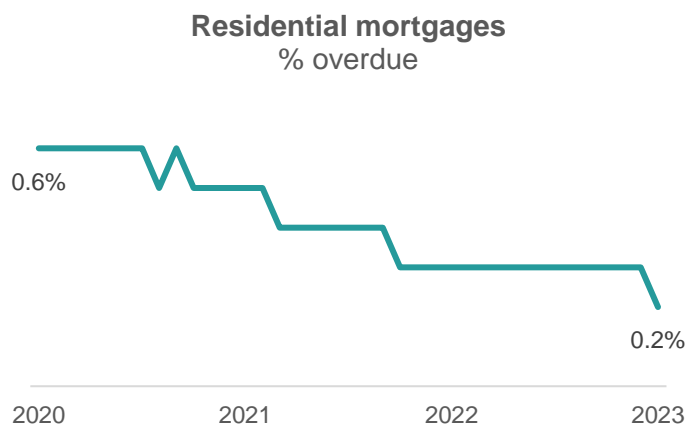
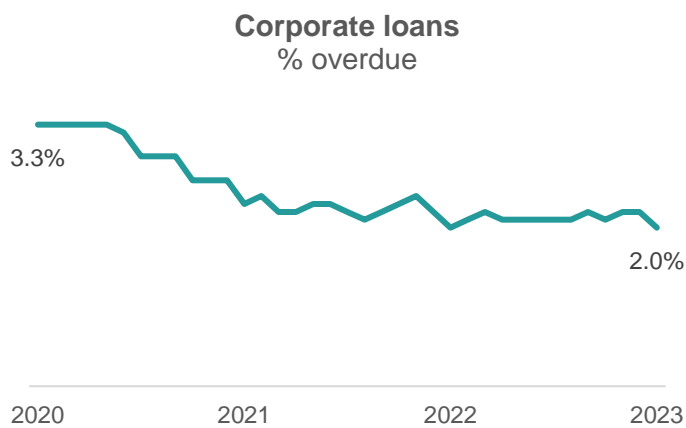
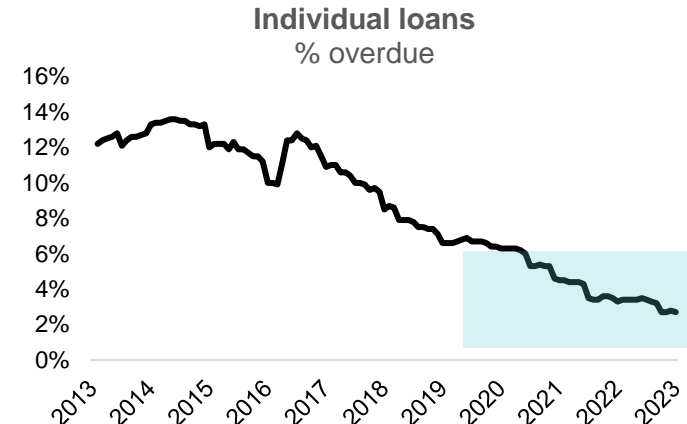
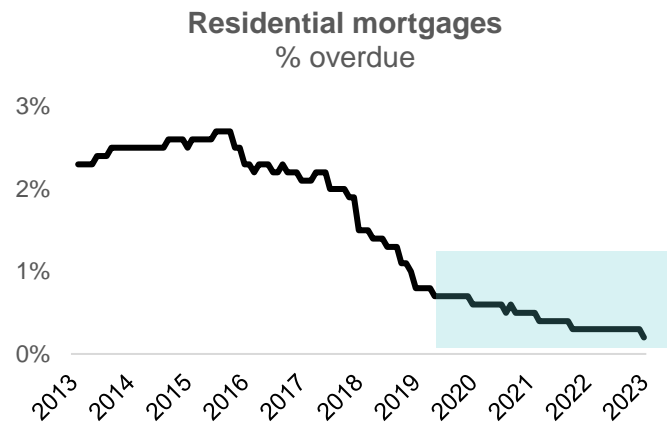
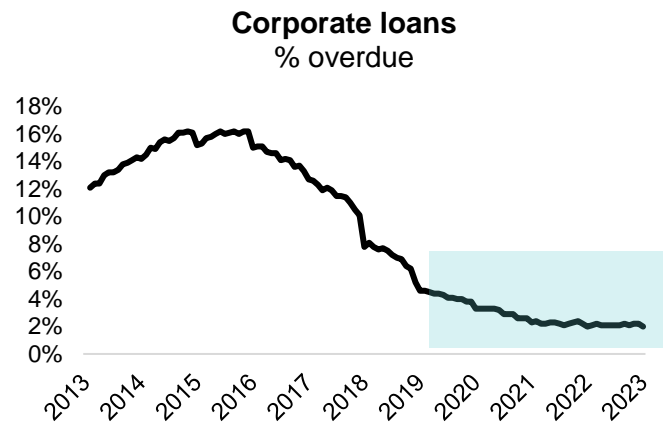
A1. Portuguese Market

A2. Additional company overview material

A3. ESG considerations

A4. Portuguese Legal Regime of Covered Bonds

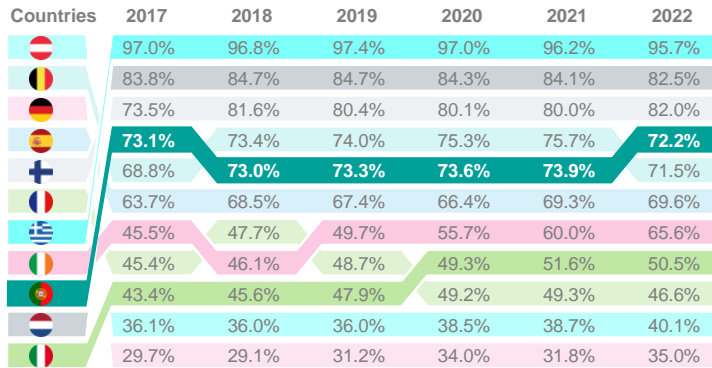
Portuguese market with resilient asset quality indicators...



...and an attractive banking sector in the European context

Concentration¹

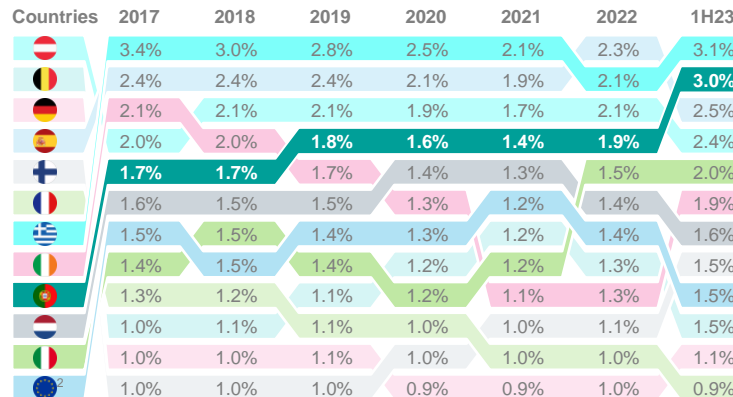
Portugal's banking sector concentration is slightly above average



Average **60.0%** **62.1%** **62.8%** **63.9%** **64.6%** **64.7%**

NIM

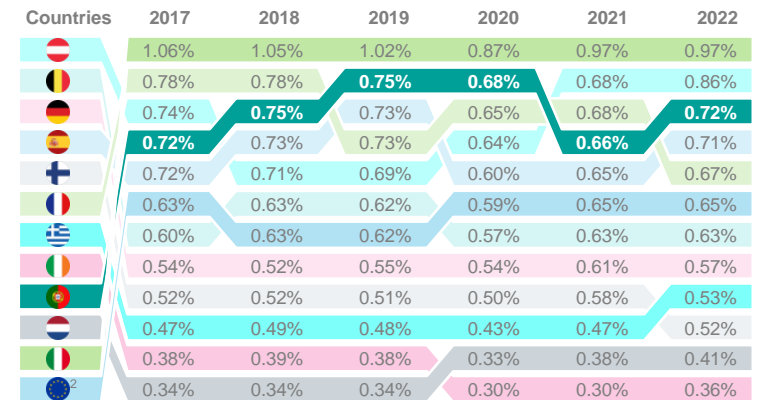
Portuguese NIM consistently performs in upper European quartile



Average **1.7%** **1.7%** **1.6%** **1.5%** **1.3%** **1.5%** **1.9%**

Fees (as a % of total assets)

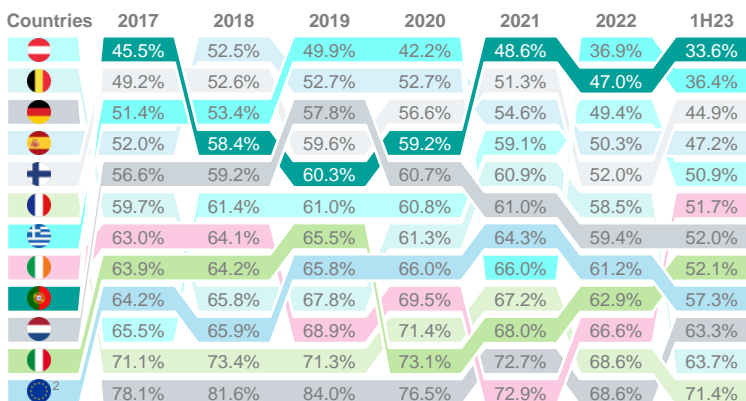
Portuguese banks perform well in terms of fees



Average **0.62%** **0.63%** **0.62%** **0.56%** **0.61%** **0.63%**

Cost-to-income

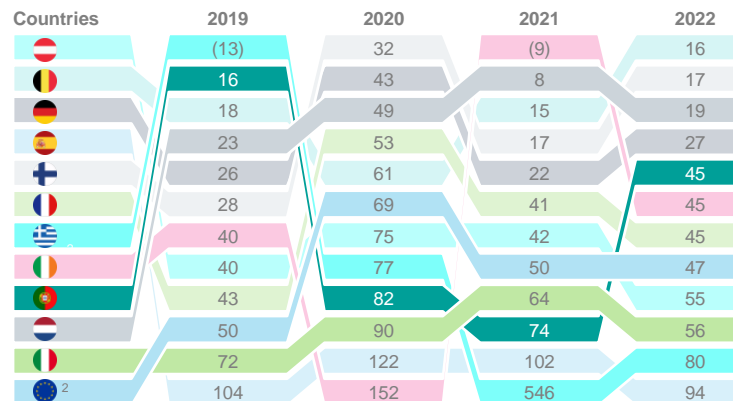
Portuguese banks operate with the best efficiency ratio in Europe



Average **60.0%** **62.7%** **63.7%** **62.5%** **62.2%** **56.8%** **52.0%**

CoR³ (bps)

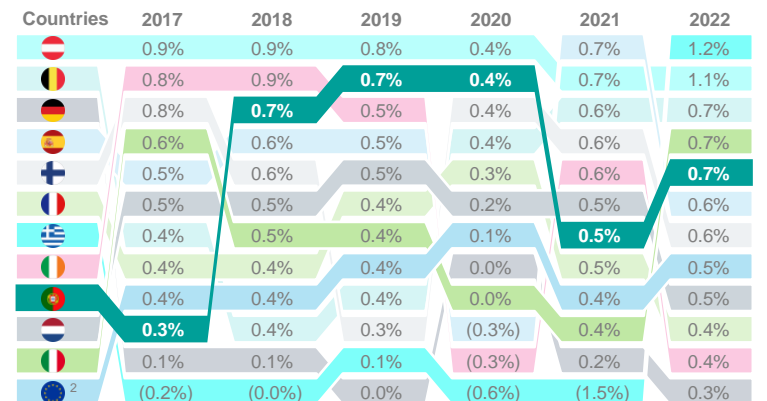
Portuguese banks' CoR is aligned with the European median



Average **37** **75** **81** **45**

RoA³

Portuguese banks show above average profitability by RoA



Average **0.5%** **0.5%** **0.4%** **0.1%** **0.3%** **0.6%**

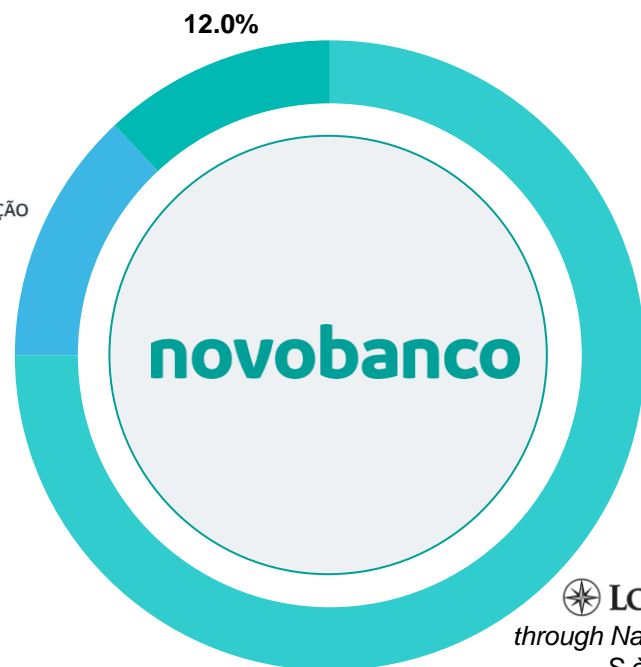
novobanco has a simple shareholder structure and a unique governance model within the Portuguese financial sector...

Shareholder structure¹

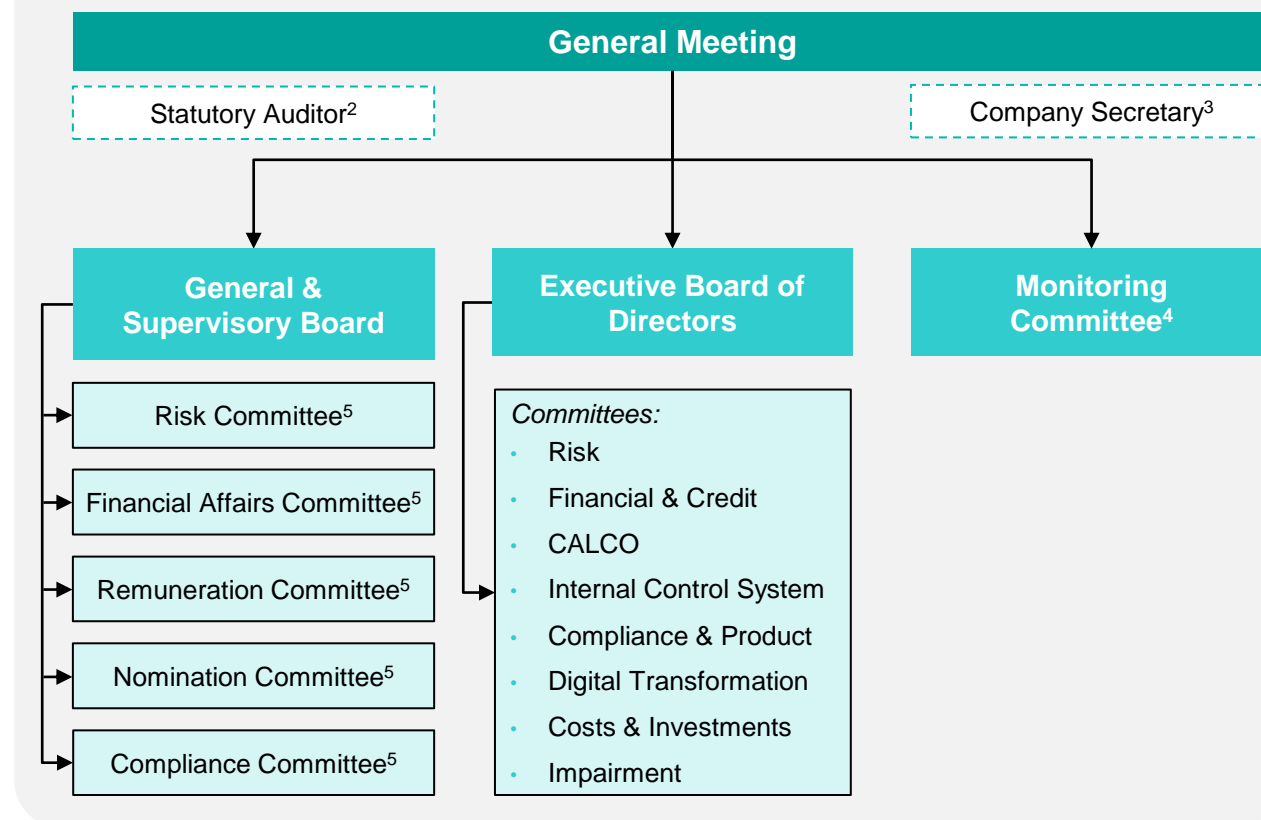
As of December 2023



Through Direcção-Geral do Tesouro e Finanças



Governance model



(1) as a result of the agreements celebrated between the Resolution Fund and the Shareholder Lone Star in the context of the sale of 75% of the shares of Novobanco, only the Resolution Fund will see its participation diluted with the conversion of the conversion rights; (2) Elected by the General Meeting upon a proposal of the General and Supervisory Board; (3) 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. (4) 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; (5) 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

...having built a best-in-class management team

Executive Board of Directors

	MARK BOURKE <i>Chief Executive Officer</i>	<ul style="list-style-type: none"> Appointed as CEO of novobanco in 2022, after holding the position of CFO for 3 years 20+ years of experience as senior executive in financial institutions, namely as CEO in IFG Group and as CFO in AIB
	BENJAMIN DICKGIESSER <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> Appointed as CFO of novobanco in 2023; previously member of novobanco's GSB since 2017 15+ years of experience in financial markets, worked in FIG IBD at Citigroup and at Lone Star (MD for Hudson Advisors Portugal) with non-executive board roles at novobanco and IKB Deutsche Industriebank
	CARLOS BRANDÃO <i>Chief Risk Officer</i>	<ul style="list-style-type: none"> Appointed as CRO in 2022 Solid experience in risk management, both within and outside novobanco, as he was Risk Director in Santander Totta and Barclays
	LUÍS RIBEIRO <i>Chief Commercial Officer (Retail)</i>	<ul style="list-style-type: none"> Appointed as CCOR in 2018 25+ years of experience in the commercial area with novobanco, having previously assumed leadership for SMEs
	ANDRÉS BALTAR <i>Chief Commercial Officer (Corporate)</i>	<ul style="list-style-type: none"> Appointed as CCOC in 2020 20+ years of experience in Corporate Banking at Barclays (was Head of Corporate Banking in Europe) and novobanco
	LUÍSA SOARES DA SILVA <i>Chief Legal, Compliance & Sustainability Officer</i>	<ul style="list-style-type: none"> Appointed as CLCO in 2017 Prior to joining novobanco, Luisa accumulated 25+ years of experience in Law¹
	RUI FONTES <i>Chief Credit Officer</i>	<ul style="list-style-type: none"> Appointed as CCO in 2022 Deep institutional knowledge of novobanco² and 20+ years of experience in risk management

General and supervisory board

Chairman
Byron Haynes ⓘ

- Appointed as Chairman of novobanco in 2017
- 25+ years of experience in financial services, namely Global CFO at ABN AMRO / Royal Bank of Scotland and former CFO and then CEO of BAWAG (2009-2017)

Vice-chairman
Karl-Gerhard Eick ⓘ

- Appointed as Vice-Chairman of novobanco in 2017
- 35+ years of experience in financial services, namely former Deutsche Telekom CFO, Chairman of the Audit Committee at Deutsche Bank AG and current Chairman of IKB AG

GSB Members

Kambiz Nourbakhsh

Mark Coker

John Herbert ⓘ

Robert A. Sherman ⓘ

Carla Antunes da Silva ⓘ

William Henry Newton ⓘ

Monika Wildner ⓘ

Evgeniy Kazarez

(1) Luísa was lawyer and partner in one of the main Portuguese law firms (Morais Leitão, Galvão Teles, Soares da Silva & Associados), focusing on providing legal assistance to credit institutions and insurance companies; (2) Prior to his appointment as CCO, Rui Fontes operated in an executive function as CRO at novobanco from 2017-2022; ⓘ GSB Independent Members

Strong profitability driven by sustainable business growth

Income backed by a positive NIM trend, strong asset quality and disciplined cost contention

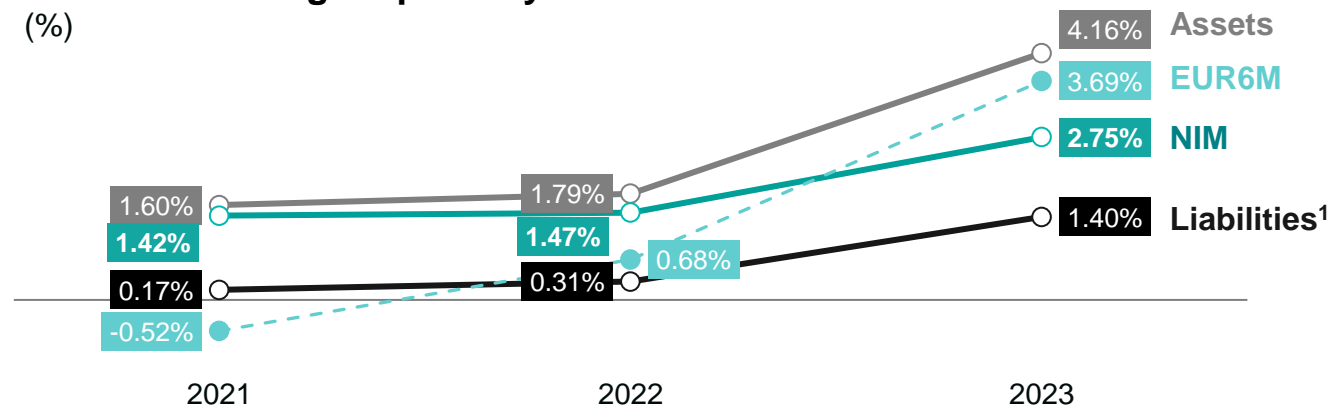
Income Statement (€mn)		2021	2022	2023	▲YoY €mn
1	Net Interest Income	573.4	625.5	1,142.6	+517.1
2	+ Fees & Commissions	282.5	293.3	296.1	+2.8
	= Commercial Banking Income	855.9	918.8	1,438.7	+519.9
	+ Capital Markets Results	75.9	24.0	14.7	(9.2)
	+ Other Operating Results	40.4	183.6	-11.2	(194.7)
	= Banking Income	972.2	1,126.3	1,442.3	+315.9
3	- Operating Costs	408.4	448.4	479.2	+30.8
	= Net Operating Income	563.8	678.0	963.1	+285.1
4	- Net Impairments & Provisions	352.7	111.2	173.8	+62.6
	... of which Credit & Securities	149.4	102.2	142.0	+39.8
	... of which Other	203.4	9.0	31.9	+22.8
	= Profit Before Tax	211.1	566.8	789.3	+222.5
	- Corporate Income Tax	-15.2	-53.3	5.8	+59.1
	- Special Tax on Banks	34.1	34.1	35.3	+1.1
	= Profit after Taxes	192.2	585.9	748.2	+162.3
	- Non-Controlling Interests	7.7	25.1	5.1	(20.0)
	= Net Profit for the period	184.5	560.8	743.1	+182.2

Deep Dive into NII and Fees

1 Net Interest Income

- NII performance (+83% YoY) **reflecting improvement of average assets yield** in excess of the increase in the cost of funding
- NIM of 2.75% (2023), above previous guidance of > 2.2%
- **Lending book repricing after 18-24 months**

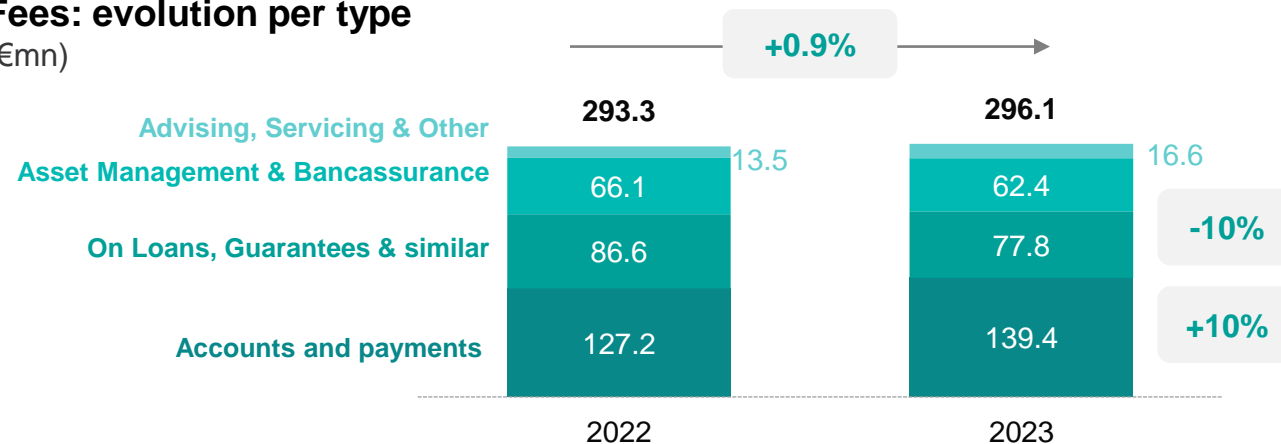
Net Interest Margin: quarterly trend
(%)



2 Fees

- **Fee income +0.9% YoY** backed higher volume of transactions, increased clients base, new pricing implemented for customer accounts and POS usage;
- **Capital Markets Results** includes a net loss of €12mn from the sale of part of the securities portfolio, offset by one-off gains on forex and hedging;
- **Operating Results** includes the cost of irrevocable commitment payment of DGF (€56.1mn; no impact in capital), gains from recoveries (€30.3mn) and RE disposals (€35.6mn).

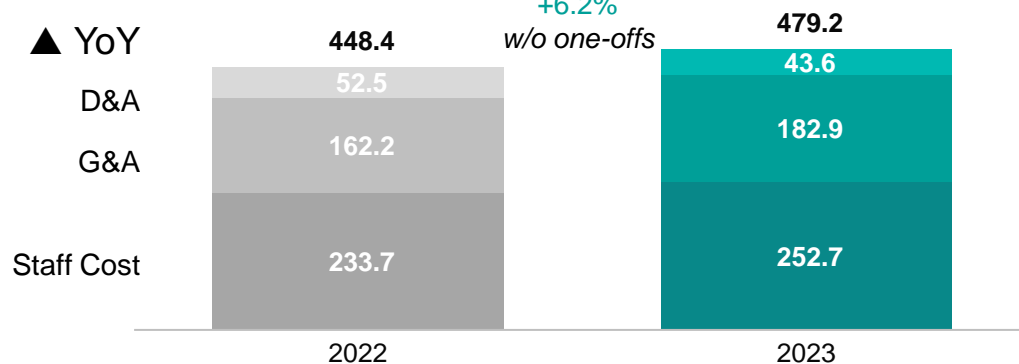
Fees: evolution per type
(€mn)



Deep Dive into C/I Ratio and Impairments

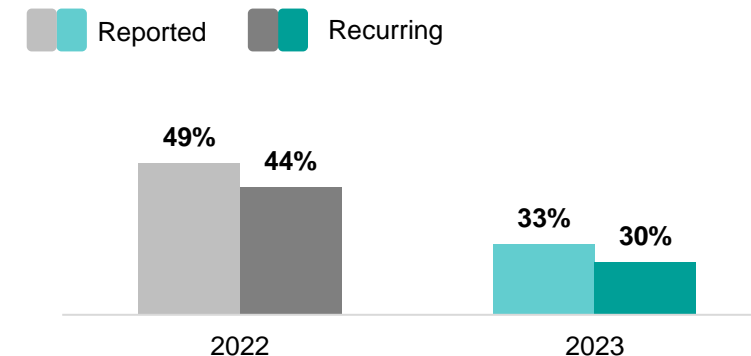
3 Operating Costs

(%; €mn)



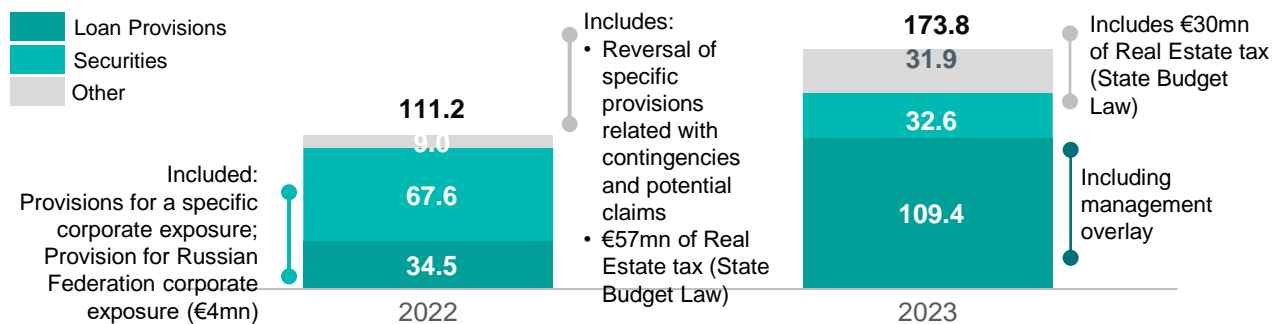
Cost to Income Ratio¹

(%)



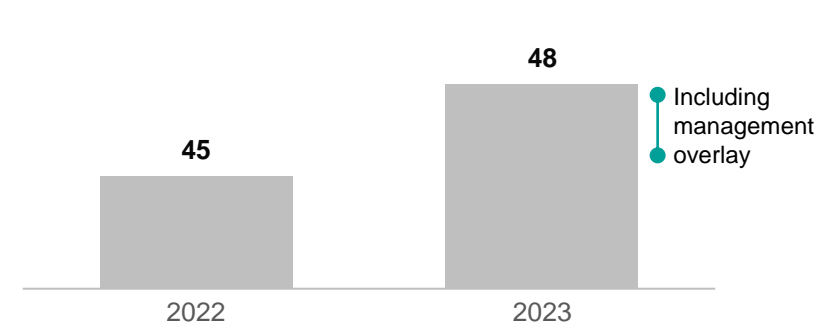
4 Impairment and Provisions

(€mn; %)



Cost of Risk²

(bps)



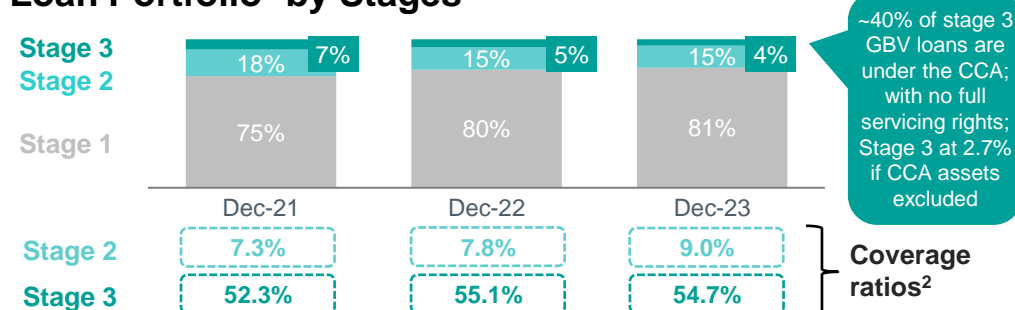
Simple balance sheet reflecting Novobanco's sustainable business model

Balance Sheet (€mn)

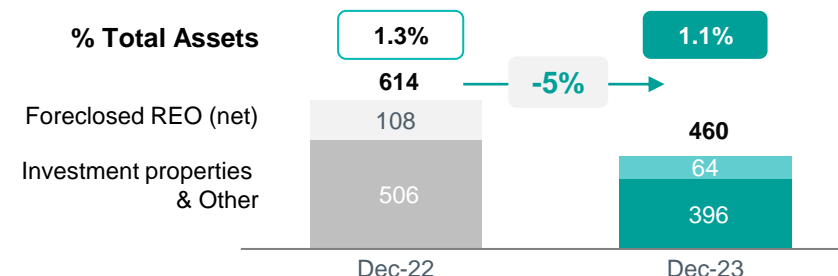
Assets	Dec-22	Dec-23	▲ YTD	
			€mn	%
Loans and advances to Banks	6,643	5,915	(727)	-11.0%
1 Customer loans (net)	24,551	24,534	(17)	-0.1%
2 Real estate	614	460	(154)	-25.0%
3 Securities	10,646	9,292	(1,353)	-12.7%
Non-current assets held for sale	60	31	(29)	-48.6%
Current and deferred tax assets	956	931	(25)	-2.6%
Other assets	2,526	2,338	(189)	-7.5%
Total Assets	45,995	43,501	(2,494)	-5.4%

Liabilities & Equity	Dec-22	Dec-23	▲ YTD	
			€mn	%
Customer deposits	28,412	28,140	(272)	-1.0%
Due to central banks and Banks	9,705	5,745	(3,960)	-40.8%
Debt securities	1,584	1,108	(477)	-30.1%
Non-current liabilities held for sale	15	13	(2)	-15.4%
Other liabilities	2,766	4,073	1,307	47.3%
Total Liabilities	42,483	39,078	(3,405)	-8.0%
Equity	3,512	4,422	911	25.9%
Total Liabilities and Equity	45,995	43,501	(2,494)	-5.4%

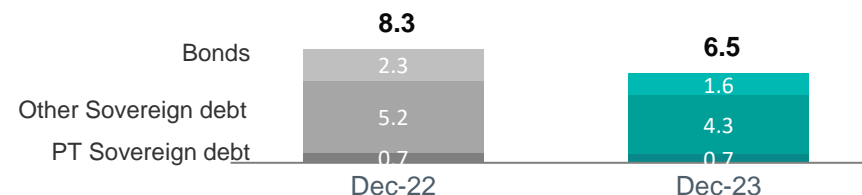
1 Loan Portfolio¹ by Stages



2 Evolution of Real Estate Exposure (€mn NBV)



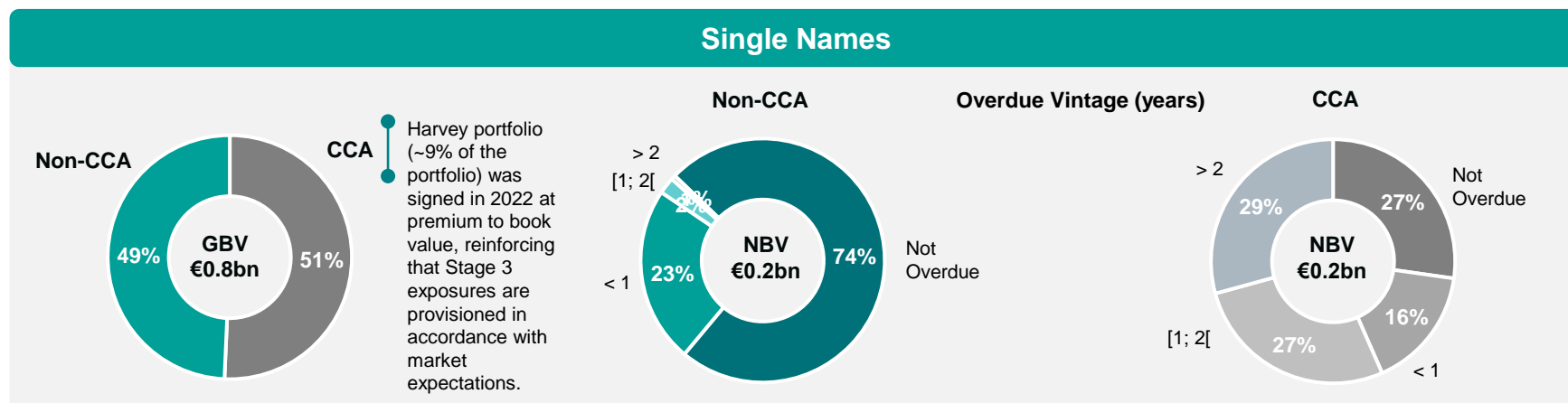
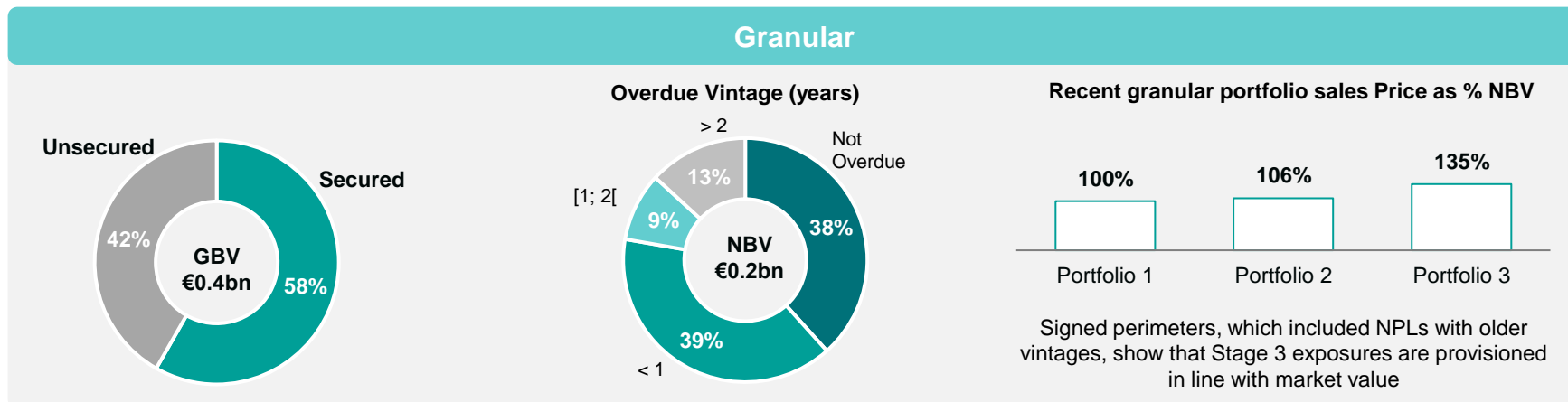
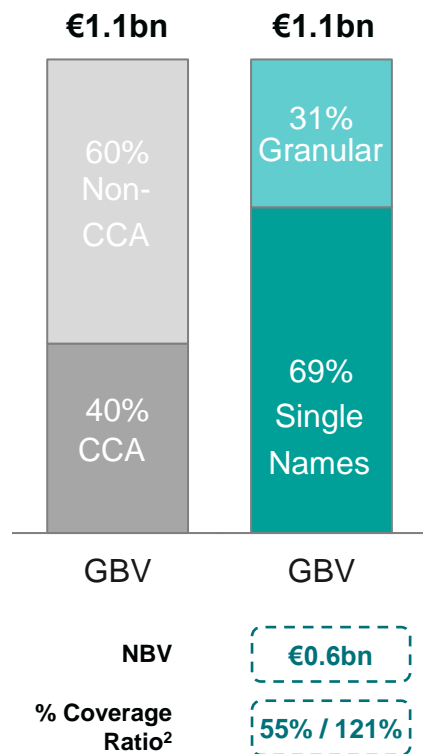
3 ALCO Portfolio³ (€bn)



76%¹ of Stage 3 with overdue less than 1 year (+7pp YoY) and recent sales showing that exposures are provisioned in line with market value

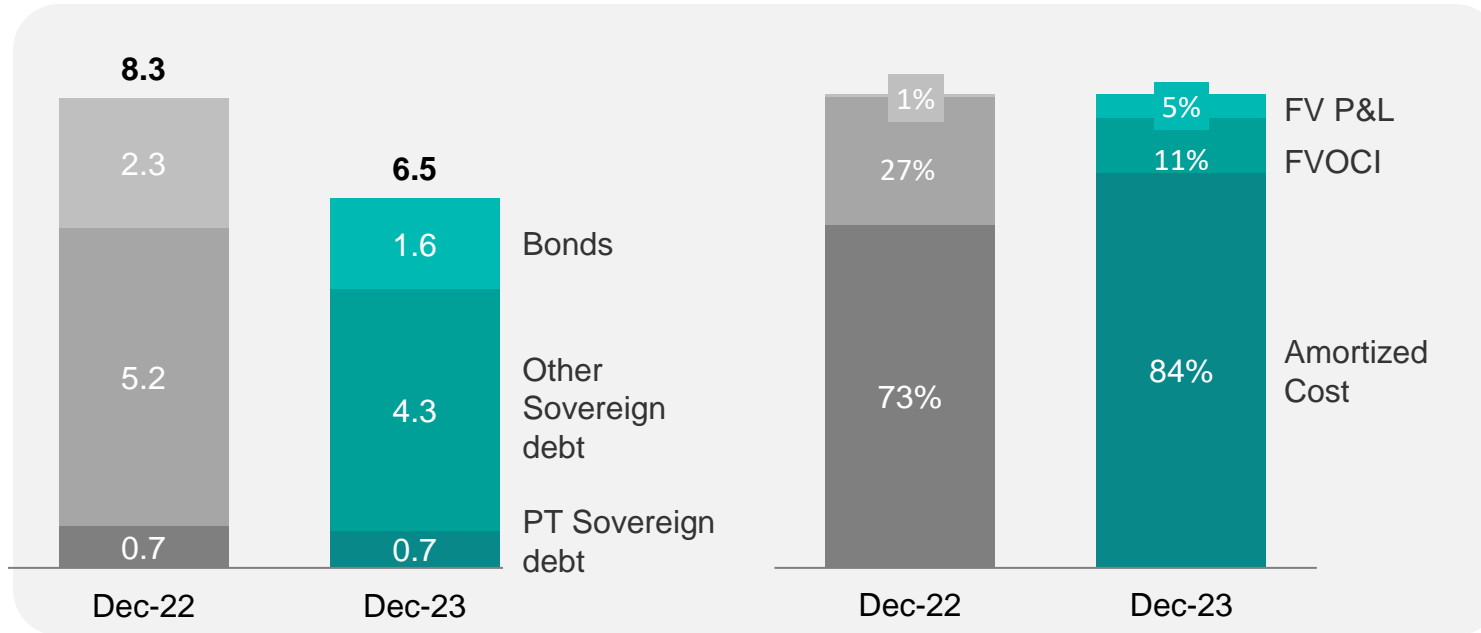
Total Stage 3 Loans

(Dec-23; %)

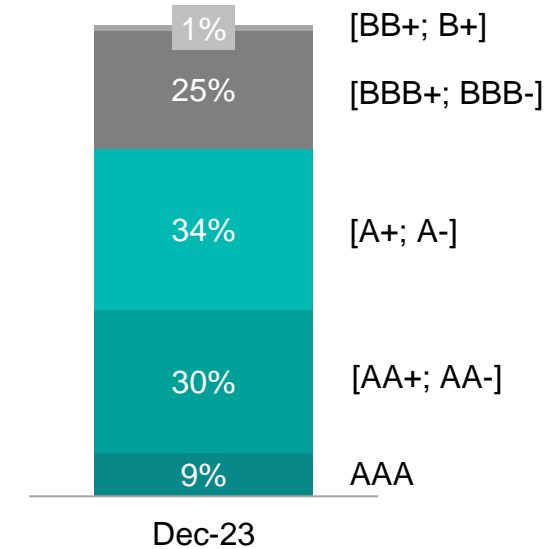


Conservative ALCO Book with €6.5bn securities portfolio (-€1.8bn YoY)

Securities Portfolio¹: ALCO Book
(€bn)



ALCO Portfolio: Ratings
(%)



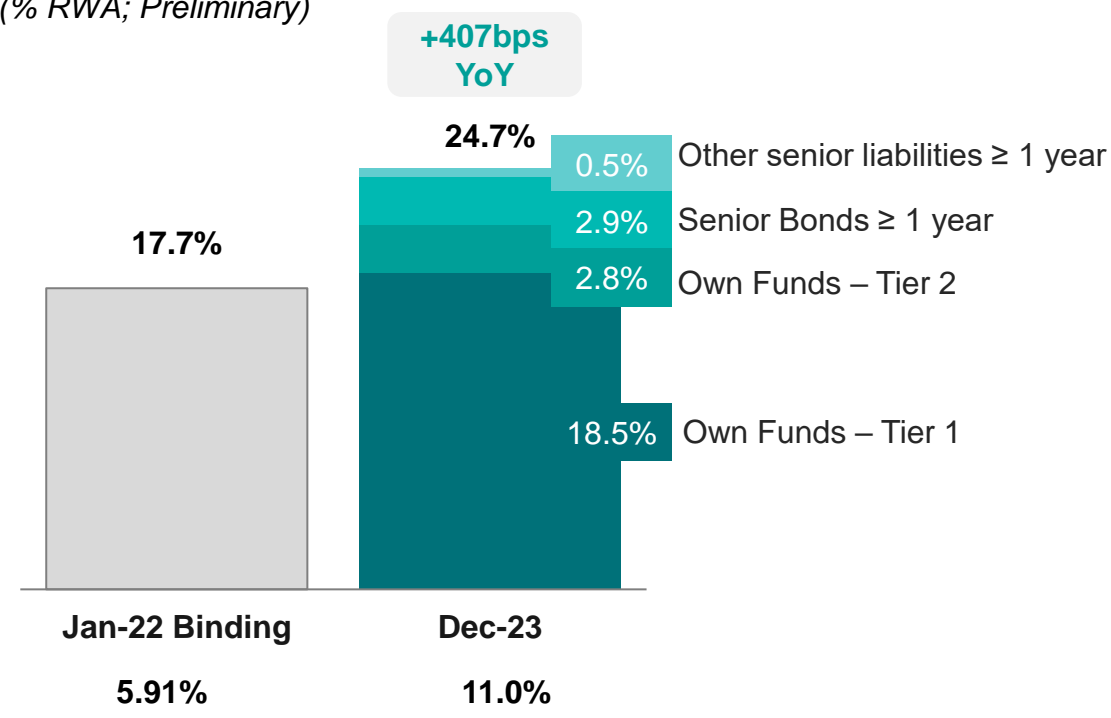
**Amortised Cost book with €105mn unrealised MtM losses (net of hedges and taxes).
ALCO portfolio with an average yield of ~3.5%, of which ~49% floating and with ~3.8 years duration (after hedges).**

Compliant with MREL binding target as of January 1st 2022, continuing to build MREL going forward

MREL requirements:
(BdP notification of June 2023; %)

	Jan-22	Jan-26
TREA ¹	14.64%	23.47%
Combined Buffer	2.52%	n.a. ²
O-SII (LSF Nani)	0.50%	n.a. ²
Total	17.66%	23.47% + Buffers
LRE ³	5.91%	5.91%

MREL ratio
(% RWA; Preliminary)



Expected capital generation to drive MREL ratio above 27% already by Dec-24.

On 28 February 2024, novobanco issued €500mn of 4NC3 Senior Preferred bond, achieving > 27% MREL ratio (pro-forma Dec/23).

Fitch, Moody's and DBRS ratings

February 2024

Fitch

Intrinsic	Viability Rating (Investment Grade)	bbb-
	Support	ns
LT / ST	Issuer Default Rating LT/ST (Investment Grade)	BBB-/F3
	Deposits LT/ST (Investment Grade)	BBB/F3
	Senior Debt LT/ST (Investment Grade)	BBB-/F3
	Outlook	Neutral

March 2024

Moody's

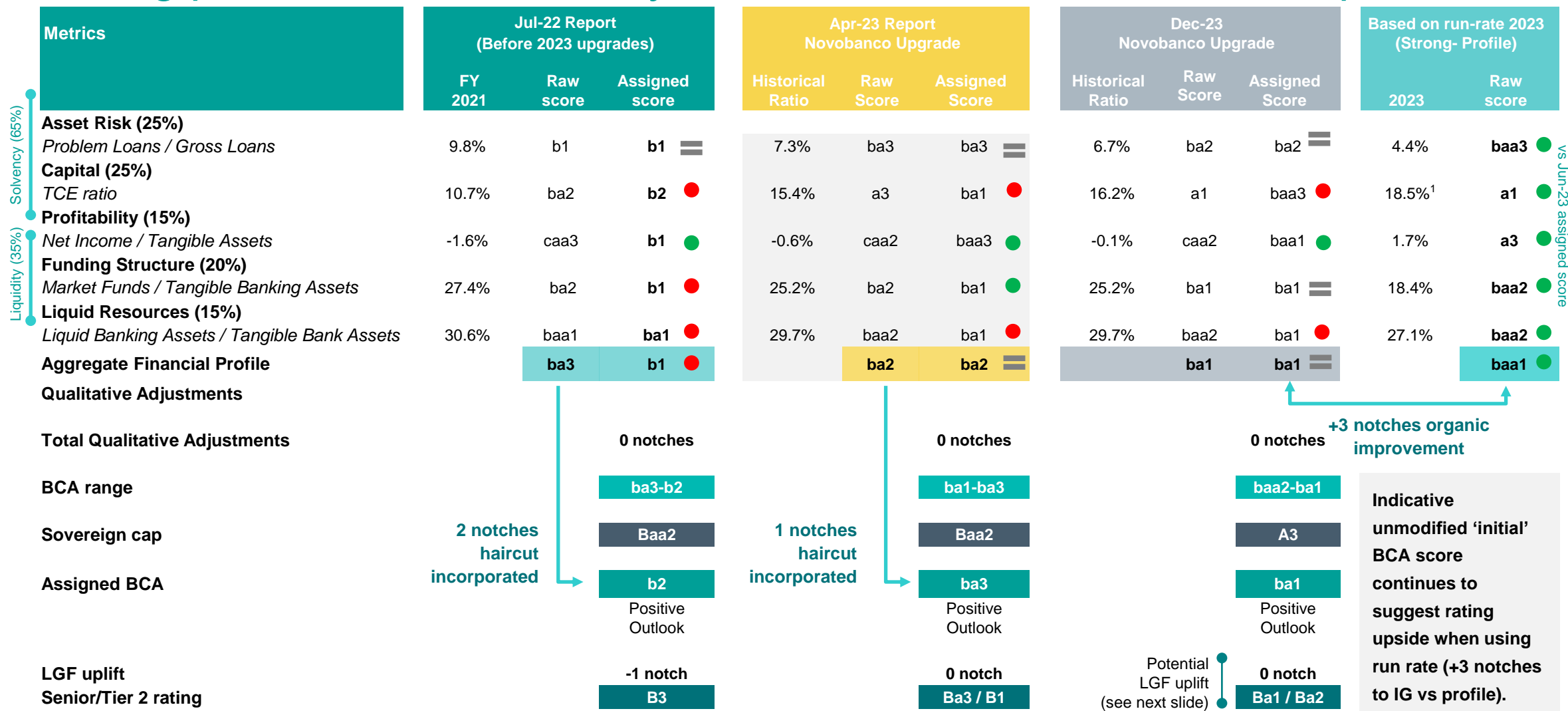
Intrinsic	Baseline Credit Assessment /Adjusted BCA	ba1
LT / ST	Counterparty Risk Assessment LT/ST (Investment Grade)	Baa1(cr)/ P-2 (cr)
	Counterparty Risk LT/ST (Investment Grade)	Baa1/P-2
	Deposits LT/ST (Investment Grade)	Baa1/P-2
	Senior Unsecured Debt LT/ST	Ba1
	Junior Senior Unsecured	Ba1
	Outlook deposits / senior	Positive
Others	Covered Bonds	Aaa
	Subordinated debt	Ba2

December 2023

DBRS

Bank's Intrinsic Assessment (IA)	BB (high)
Long-Term Issuer Rating	BB (high)
Short-Term Issuer Rating	R-3
Long-Term Deposit (Investment Grade)	BBB (low)
Long-Term Critical Obligations (Investment Grade)	BBB
Senior Debt	BB (high)
Subordinated Debt	BB (low)

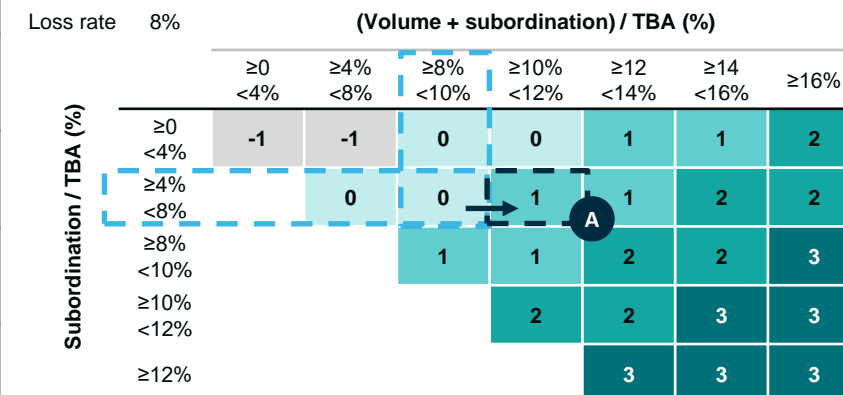
Rating profile based on Moody's scorecard continues to show upside...



...after outstanding performance with senior upgraded by 5n in 7 months

Moody's'		Dec/23	May/23	Jun/22
Intrinsic	Baseline Credit Assessment /Adjusted BCA	ba1	ba3	b2
Covered	Covered Bond programme (IG)	Aaa	Aa2	Aa2
LT / ST	Counterparty Risk Assessment LT/ST (IG)	Baa1(cr)/P-2 (cr)	Baa3(cr)/P-3	Ba2(cr)/NP
	Counterparty Risk LT/ST (IG)	Baa1/P-2	Baa3/P-3	Ba2/NP
	Deposits LT/ST (IG)	Baa1/P-2 ¹	Ba1/NP	Ba3/NP
	Senior Unsecured Debt LT/ST	Ba1	Ba3	B3
	Junior Senior Unsecured	Ba1	Ba3	B3
	Outlook deposits / senior	Positive	Positive	Positive
Others	Subordinated debt	Ba2	B1	B3

Moody's Loss Given Failure notching table
(Nov/23; pro-forma with Mar/24 SP issuance)



- (Volume + subordination)/ TBA at 8.8%
- Subordination/TBA at 4.1%
- c.€0.5bn issuance of any SP / SNP / Tier 2 instruments to reach 10% (Volume + Subordination) / Tangible Banking Assets and therefore improve the score from current "0" to "1",
- Issuance volumes can be issued over a 3-year timeframe to induce uplift.

Bonds outstanding and MREL eligibility

€mn; Dec-23



Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value ¹	Maturity	MREL
Senior							
NB 5.5% 30/12/26 OBRG.	PTNOBKOM0002	EUR	100	Dec-22	105	Dec-26	Y
Subordinated							
NB 9.875% 01/12/33 OBRG.	PTNOBLOM0001	EUR	500	Jun-23	502	Dec-33	Y
Total 2043 Bonds			362		258		
BES Luxembourg 3.5% 02/01/43	XS0869315241	EUR	64	Jan-13	44	Jan-43	Y
BES Luxembourg 3.5% 23/01/43	XS0877741479	EUR	131	Jan-13	100	Jan-43	Y
BES Luxembourg 3.5% 19/02/2043	XS0888530911	EUR	97	Feb-13	66	Feb-43	Y
BES Luxembourg 3.5% 18/03/2043	XS0897950878	EUR	70	Mar-13	48	Mar-43	Y
Total Zero Coupons (ex EMTN 57)			1,203		221		
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	38	Oct-48	Y
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	47	Feb-49	Y
Banco Esp San Lux ZC 19/02/49	XS1034421419	EUR	69	Feb-14	13	Feb-49	Y
Banco Esp San Lux ZC 27/02/51	XS1038896426	EUR	108	Feb-14	18	Feb-51	Y
BES Luxembourg ZC 06/03/2051	XS1042343308	EUR	76	Mar-14	13	Mar-51	Y
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	43	Apr-48	Y
BES Luxembourg ZC 09/04/52	XS1055501974	EUR	264	Apr-14	41	Apr-52	Y
BES Luxembourg ZC 16/04/46	XS1058257905	EUR	37	Apr-14	8	Apr-46	Y
EMTN 57	XS0439764191	EUR	8	Jul-09	2	Jul-44	N
Total MREL			2,166		1,086		

2043 Bonds and Zero Coupons (excluding EMTN 57):

- Are fully eligible for compliance with the Bank's MREL requirements as they were issued before BRRD transposition in Portugal and do not cease to qualify as eligible liabilities of the Bank from 28 June 2025²
- Annual accrual of book value to notional value to increase contribution to MREL by c.€19m per annum
- Annual interest expense of 6.6% on book value or ~2.5% net of hedge to close interest rate position³

Our ESG action priorities are aligned with our bank strategy

 Customer-centric Bank	 Simple and efficient operations	 Developing people and culture	 Developing sustainable performance
			
<p>Support our clients transition and maximize positive impact on society and environment</p>	<p>Improve efficiency, enable own transition, ensure systems readiness for ESG</p>	<p>Strengthen capabilities, inclusiveness, diversity and the engagement of our people</p>	<p>Build a robust ESG governance & risk management framework</p>
<p><i>Further develop corporate and retail ESG business strategy</i></p>	<p><i>Improve efficiency, emissions and suppliers compliance</i></p>	<p><i>Promote Diversity & Inclusion in novobanco</i></p>	<p><i>Implement operating model & build a strong ESG governance</i></p>
<p><i>Implement and monitor financed GHG emissions reduction plans</i></p>	<p><i>Adapt MIS/IT systems to ESG requirements</i></p>	<p><i>Strengthen learning & develop., engagement and well-being</i></p>	<p><i>Deploy ESG risk policies and management framework</i></p>
<p><i>Develop ESG in investment and advisory services strategy</i></p>			
<p><i>Promote stakeholder engagement and bank's CSR</i></p>			

-  Priority Sustainable Development Goals for novobanco associated with Pillar
-  Priority Sustainable Development Goals for novobanco not associated with Pillar

Our ESG action priorities are aligned with our social dividend

1 Customer-centric Bank	2 Simple and efficient operations	3 Developing people and culture	4 Developing sustainable performance
<p>Support our clients transition and maximize positive impact on society and environment</p> <ul style="list-style-type: none"> €713M of Green investment vs €600M 2021 ¹ 63% of investment products with ESG characteristics ² +5,6 growth in client NPS vs +11,8 2021 ³ 3 partners. to promote people with disabilities employment ⁴ 	<p>Improve efficiency, enable own transition, ensure systems readiness for ESG</p> <ul style="list-style-type: none"> TBD of tCO₂ emissions from own operations vs 2021 ⁵ +12% of tonnes of paper consumption vs 2021 ⁶ 76% of suppliers with sustainability score ⁷ 	<p>Strengthen capabilities, inclusiveness, diversity and the engagement of our people</p> <ul style="list-style-type: none"> 5,3% in gender pay gap ⁸ 47% employees benefitting from social well being program ⁹ +0 p.p. growth in employee engagement level vs 2021 ¹⁰ +792 growth in hours of employ. voluntary service vs 2021 ¹¹ -6 p.p. Employ. with psychosocial risk assessment as healthy ¹² 	<p>Build a robust ESG governance & risk management framework</p> <ul style="list-style-type: none"> 27,3% of women in senior leadership positions ¹³ 36,702 ESG training hours to employees vs 2021 €0M of financing to excluded sectors ¹⁴

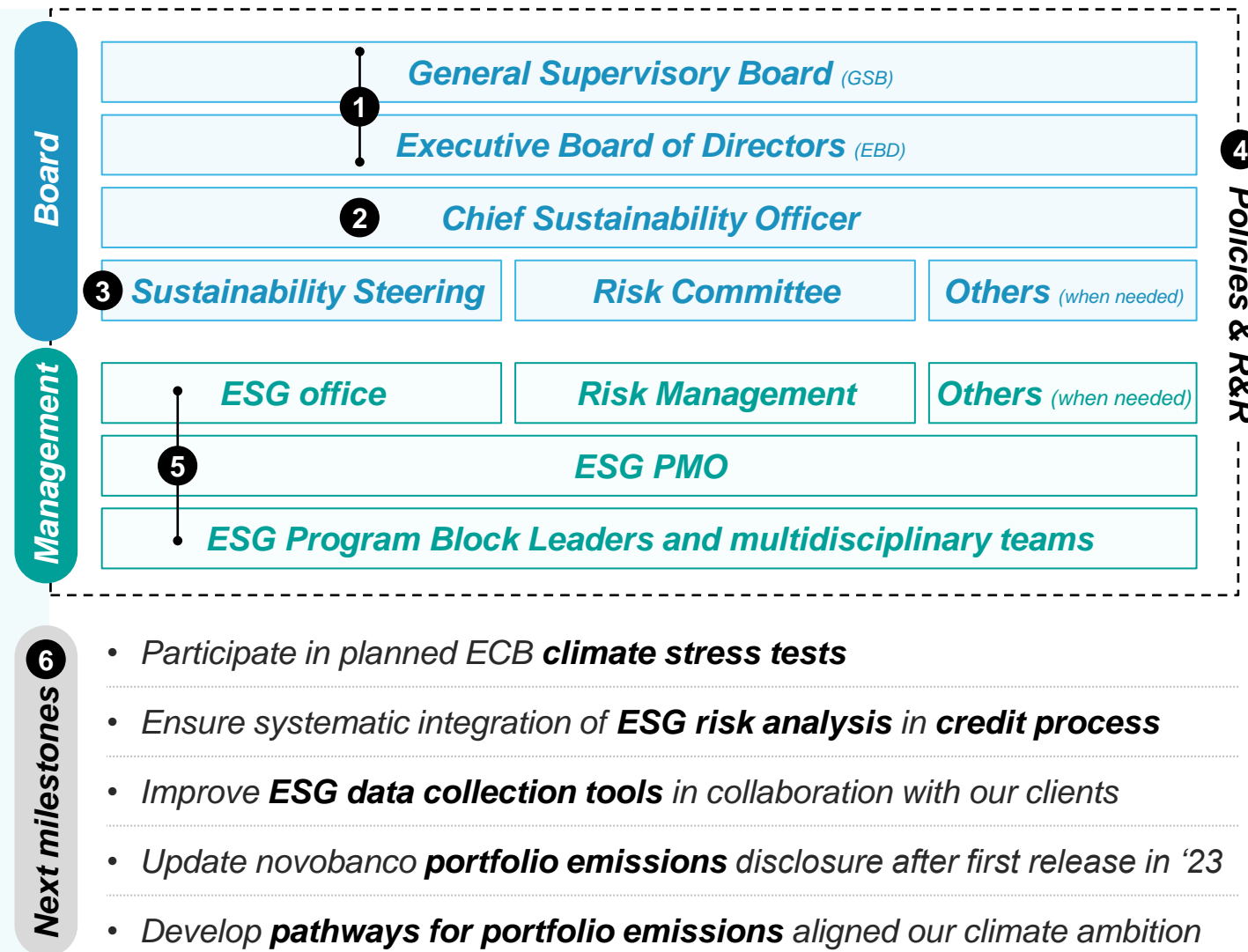
2023 Results
2024 Targets

Notes: Novo Banco, SA scope. 1. Origination of financing or own portfolio investments in companies whose main economic activity is eligible to the European Taxonomy and origination of financing or own portfolio investments where the use of funds by the borrower or the projects are directed to economic activities eligible to the European Taxonomy or are aimed at investments in energy transition or the transition of the company's business model towards green activities; 2. Investment Funds, Financial Insurance and Structured Products; 3. Net Promoter Score calculated for Individual Clients - BASEF; 4. Number of organisations with active partnerships with the Bank; 5. Scope 1 and 2 GHG emissions at novobanco Group level (not yet available); 6. Reduction of the consumption of photocopy paper, resulting from the implementation of the Phygital program in the commercial network (started in 2019) and the dematerialization of processes in central services; 7. Suppliers with a continuous relationship with novobanco and annual invoicing over 10 thousand euros; 8. Gender pay gap weighted by the representativeness of each Performance Function; 9. Percentage of employees who attended at least 2 program initiatives per year. Programme of initiatives to promote balance between personal and professional life, mental and physical health, healthy living, etc.; 10. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement); 11. Promotion of volunteering actions in strategic areas of social impact of the bank. Each employee can take 1 day leave per year for volunteer work; 12. Annual psychosocial risk assessment study of novobanco's employee base; 13. First line managers and Executive Board of Directors; 14. Economic sectors not financed by novobanco: Weapons, Prostitution, Pornography, Coal (mining and energy production) and Trade in wildlife and endangered species;

Robust ESG Governance and clear roadmap

novobanco deployed a robust governance model for its **Global Sustainability Framework**

- 1 The Global Sustainability Framework is supervised by our **GSB**, with our **EBD** taking direct responsibility for its active management
- 2 Our appointed **Chief Sustainability Officer** ensures a clear and direct guidance on the topic day-to-day activities
- 3 The **Sustainability Steering** safeguards the right cadence for implementing the ESG strategy, supervising our ESG KPI and KRI
- 4 novobanco **Policies and Roles & Responsibilities** are up-to-date with our Global Sustainability Framework
- 5 Our **ESG Office** and **ESG PMO** manage the ESG program, with oversight over the multidisciplinary teams needed for the effort
- 6 Our **program roadmap** is updated regularly to ensure transparency and effective control



The portuguese CB legal framework – key changes

The Portuguese Covered Bond Legal Framework

Decree-Law 31/2022 transposed in Portugal the Covered Bond Directive, the table below summarises some of the key changes.

Extendable Maturity	<ul style="list-style-type: none"> Objective triggers need to be specified in the terms and conditions of the covered bonds The final maturity date of the covered bonds is determinable at all times In the event of liquidation or resolution of the relevant credit institution, maturity extensions do not affect the ranking of holders of covered bonds or invert the sequencing of the relevant covered bond programme's original maturity schedule
Extendable Maturity Triggers	<ul style="list-style-type: none"> Revocation of the authorisation of the relevant credit institution issuing the covered bonds; or Foreseeable or actual failure to pay the principal or interest amounts of the covered bonds due at the initial maturity date, that is not remediable within an established period of time in the terms of the relevant issue or the covered bond programme, not exceeding 10 business days.
Liquidity Buffer	<ul style="list-style-type: none"> The cover pool must include a liquidity buffer comprised of liquid assets (as determined in article 19 of the Legal Regime of Covered Bonds and article 16 of the Covered Bonds Directive) to cover all Net Liquidity Outflows accumulated over the next 180 days In the case of extendable maturity covered bonds, principal repayments will be considered due at the extended maturity date
Overcollateralization and Label	<ul style="list-style-type: none"> Minimum overcollateralization amount of 5% for the Premium Label Premium label used only if covered bonds meet the Covered Bond Directive and CRR
Cover Pool Monitor	<ul style="list-style-type: none"> Appointment on an independent Cover Pool Monitor (not the Issuer's auditor) Role and Duties of the Cover Pool Monitor : 1) verify on an ongoing basis the quality of the assets comprising the cover pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the cover pool; 2) verify the information provided to the holders of covered bonds; 3) produce an annual report with an assessment of the issuer's compliance with the requirements set out in the Portuguese

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*Novo Banco, SA | Av. da Liberdade, n. 195 Lisboa, Portugal
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NIPC: 513 204 016 | LEI: 5493009W2E2YDCXY6S81*

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