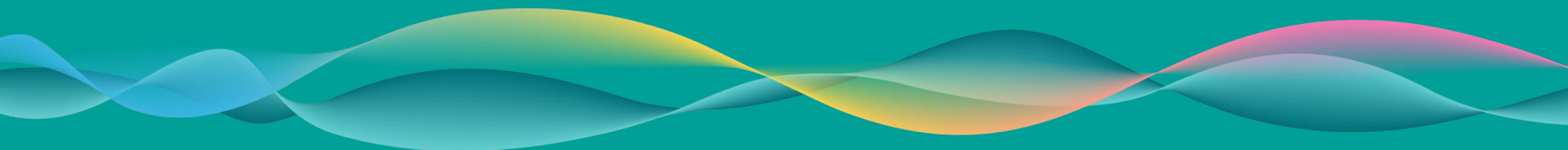


novobanco

RESULTS PRESENTATION FY 2022



March 9th 2023

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.

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This document includes unaudited financial information.

*Novo Banco, SA | Av. da Liberdade, n. 195 Lisboa, Portugal
Share Capital: 6 304 660 637.69 Euros represented by 10 391 043 938 shares
NIPC: 513 204 016 | LEI: 5493009W2E2YDCXY6S81*

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Consistent strategy delivering increased profitability

Deliberate strategy execution leading to a net income of €560.8mn (2021: €184.5mn). Strong strategic focus delivering a sustainable growth of business with increased revenues and capital generation, leading to a strong recurrent pre-tax profitability of €406.7mn, equivalent to a **RoTE (before tax) of 14.4%**.

Solid NII growth (+9.1% YoY; +59% QoQ) to €625.5mn, reflecting improvement of average assets yield. In 2022, **NIM increased to 1.47% (2021: 1.42%; 4Q22: 1.99%)** with **Net customer loans at €24.6bn (+3.8% YTD)**, reflecting an expanding loan book in both retail and corporate segments.

Commercial Banking Income grew to €918.8mn (+7.3% YoY) and Banking Income was also strong at €1,126.3mn (+15.9% YoY), with Other operating results of €183.6mn, driven by an accelerated deleverage of the real estate portfolio. **Cost to Income² ratio of 44.1%** (excluding exceptional items; -2pp YoY).

Cost of risk was 45bps (2021: 70bps; 2022: €133.3mn), demonstrating resilient asset quality. Further reduction of **NPL ratio to 4.3% (Dec/21: 5.7%),** **increased coverage ratio to 76.7% (Dec/21: 71.4%),** reflecting the de-risking strategy and progress towards achieving an NPL ratio in line with EU average.

Accelerating capital generation with CET 1 increasing 300bps to 13.1% (fully-loaded basis; 13.7% phased-in) and Total capital ratio reached 15.5% (+330bps YTD). A capital accretive business model, which is set to produce strong capital generation, and RWA discipline, ensured a buffer above the target.

Business plan agreed with DG Comp delivered and restructuring period concluded

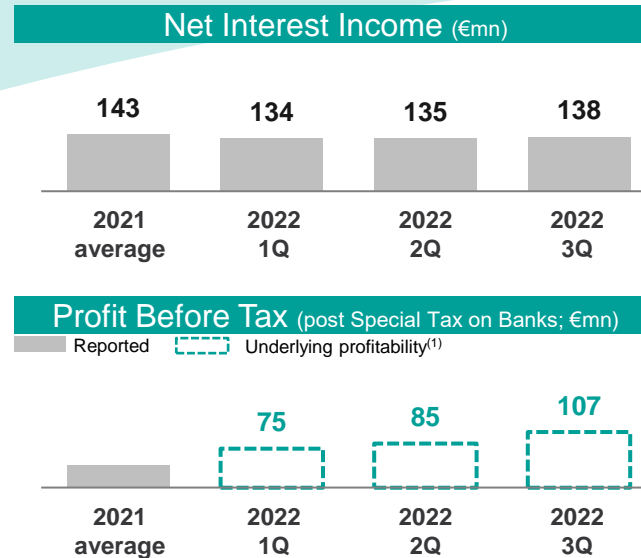
Restructure 2017-2020

- Sale of Novo Banco to Lone Star
- Deep operational and balance sheet restructuring
- Exit from all international operations, with refocusing on financing Portuguese corporates and households
- Completion of balance sheet clean-up as at Dec-20 – subsequent disposals of non-core assets being capital accretive

	2017	2022	%Δ
NPL ratio	30.5%	4.3%	-26p.p
REOs	€2.5bn	€0.6bn	-75%
Branches	473	292	-38%
FTE	5,488	4,090	-25%

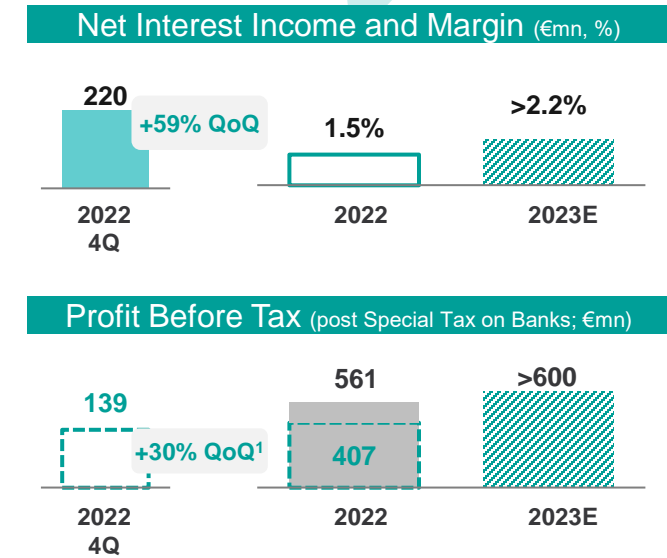
Renovation & Transformation 2021-2022

- Return to profitability (8 consecutive quarters of profits)
- Returning to normalised cost of risk <50 bps
- Strengthening capital position. Fully loaded CET1 up to 13.1% from 10.1% in 2021

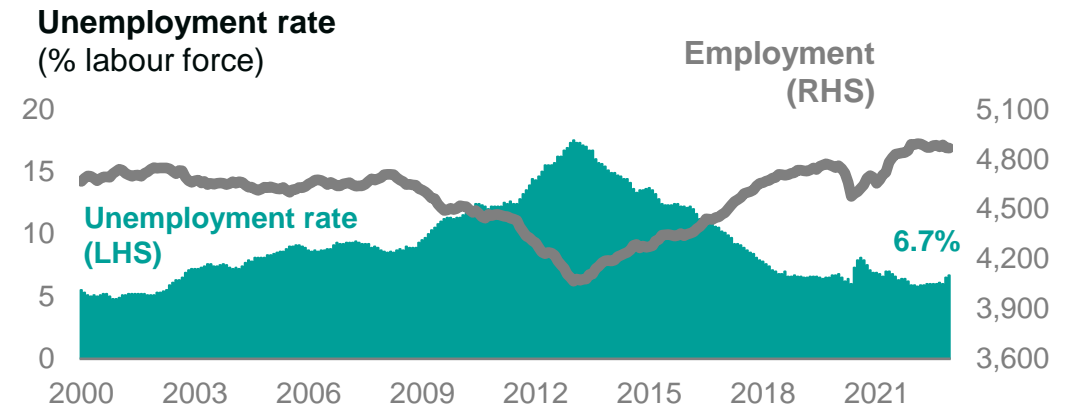
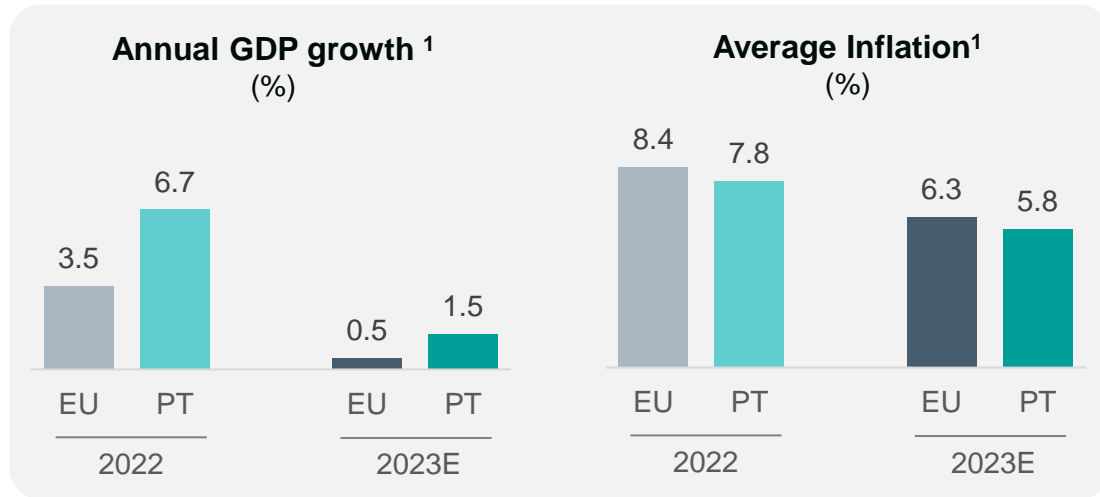


Relaunch 4Q22 and beyond

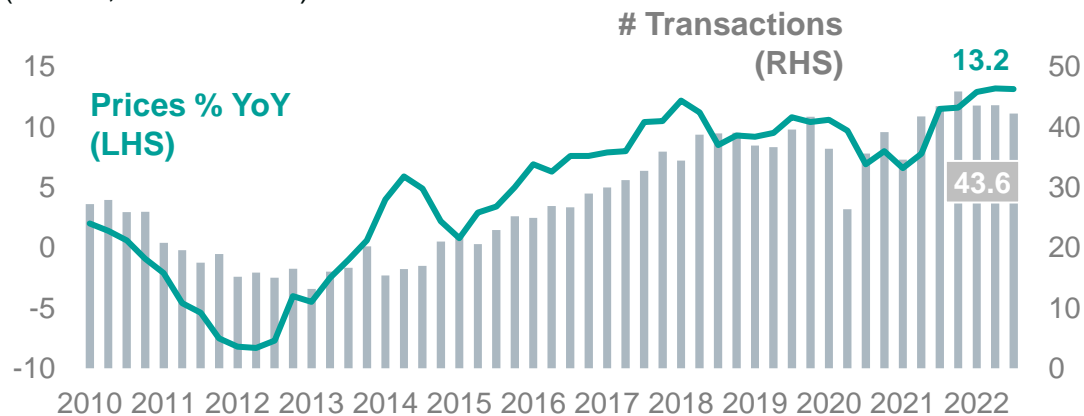
- Significant top-line growth in 4Q22 (increasing NII by 59% QoQ) with further expansion of NIM to above 2.2% for 2023E
- Delivering attractive levels of profitability: > €600mn recurrent PBT in 2023E



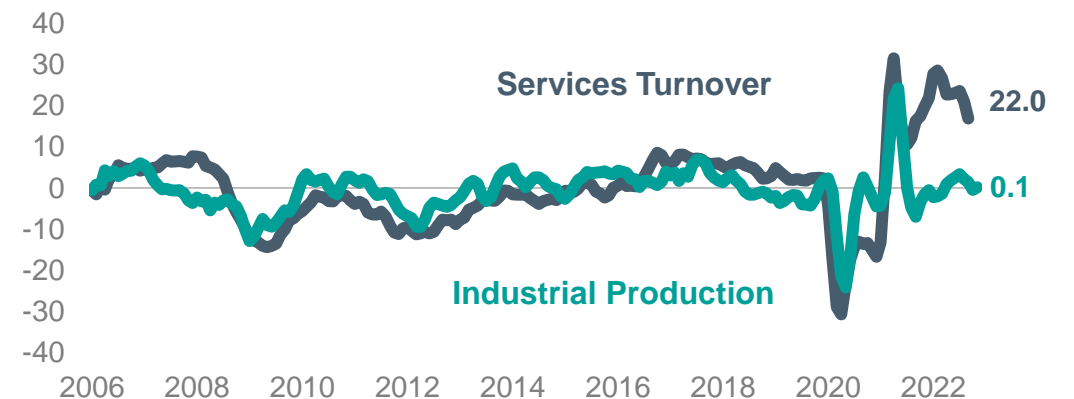
A domestic player in a market with 2022 GDP growth >6.5%, with resilient private consumption, strong recovery in tourism and rise in net exports



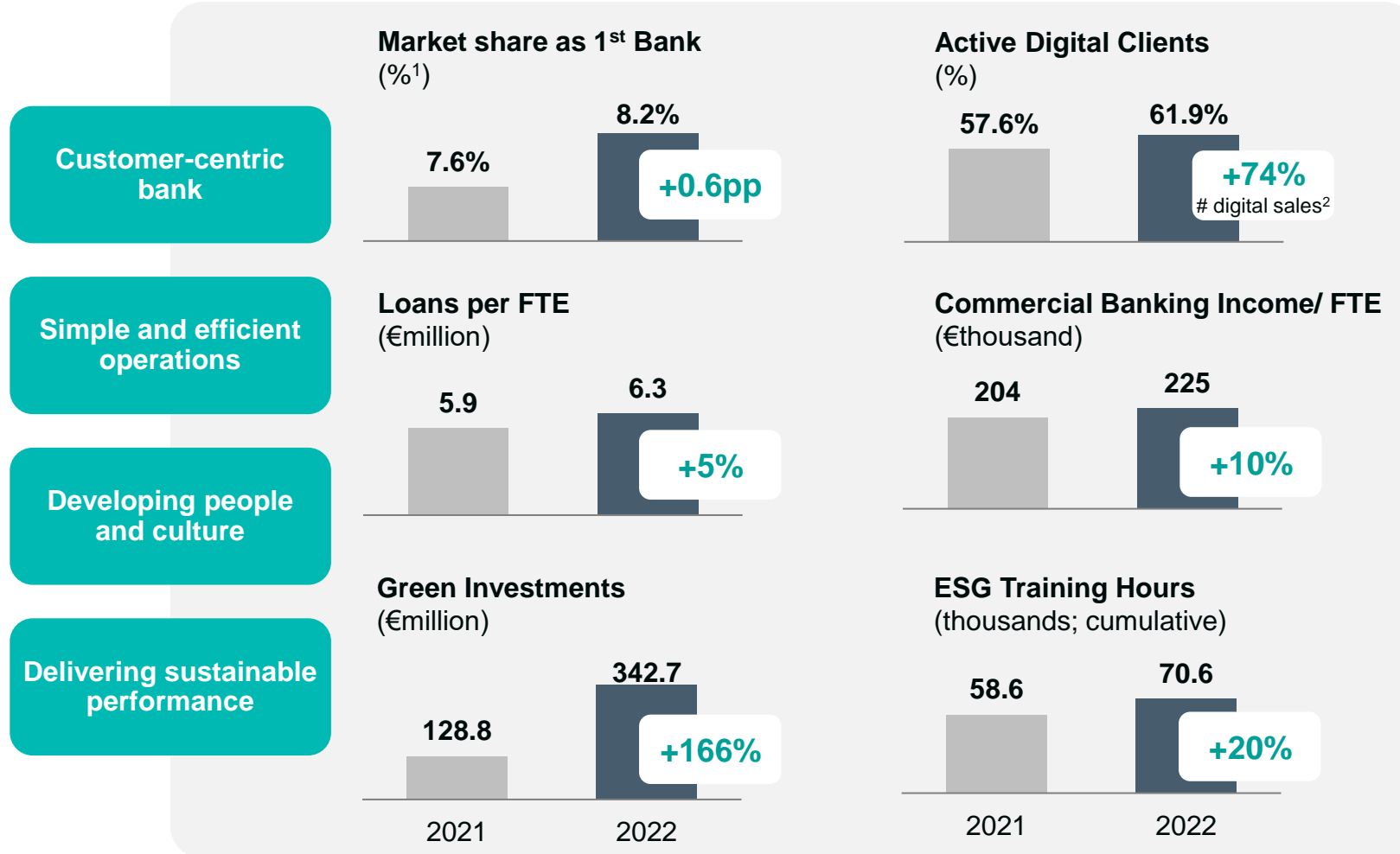
INE house price index and transactions (% YoY; # thousands)



Industrial production and services turnover (% YoY; 3m MA)



A four-pillar strategy to maximize value for customers, maintaining profitable operations, capital efficiency...



€1.1bn EIB/EIF Loans Origination in 2022

Best Trade Finance Provider for 5 consecutive years

THE DIGITAL BANKER **Digital CX Awards 2022** **WINNER**
 OUTSTANDING DIGITAL CX - BANCASSURANCE
 NOVOBANCO & GAMALIFE

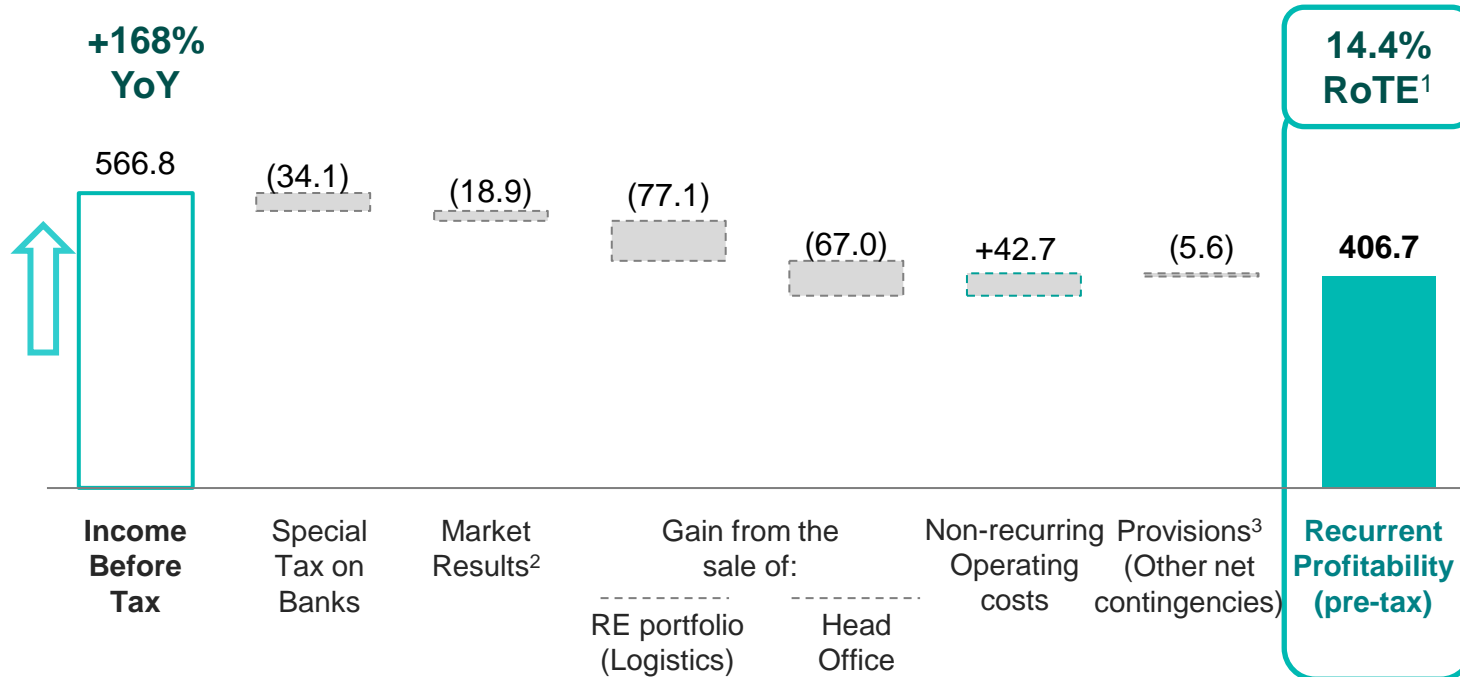
Banking Tech Awards: **Best Mobile Initiative - App**

Outstanding Digital CX: **Bancassurance**

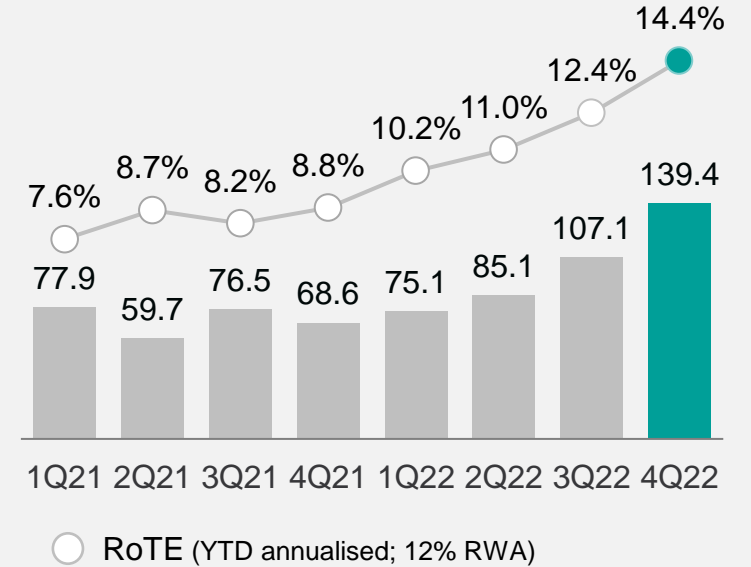
Best Performer Digital (D-Rating): **Retail Banking**

...reaching RoTE of 14.4%, a further confirmation of the sustainability of novobanco trajectory

From Profit Before Tax to Recurrent Profitability (2022; €mn)



Recurrent Profitability (€mn; pre-tax)



Consistent performance having delivered on medium-term targets already in 2022, positioning novobanco for its next stage of development

	As announced in Oct/21:	Previous Medium-term Targets	2022 Execution	
Customer-centric bank	Commercial Loan Book (performing)	2-3% per year	4.7% YoY ✓	Expanding loan book
Simple and efficient operations	Net Interest Margin	[1.30 – 1.50%]	1.47% ✓	Set to benefit from Euribor repricing
Developing people and culture	Cost-to-income	< 45%	44% (recurrent basis) ✓	Efficient operations
Delivering sustainable performance	CoR	< 50 bps	45 bps ✓	Achieving moderate risk profile
	NPL ratio	< 5%	4.3% ✓	Converging towards EU average
	RoTE (pre-tax)¹	≥ 10%	14.4% ✓	Delivering organic attractive returns
	CET 1	> 12%	13.7% ✓	Accelerating capital generation

Achievements of novobanco were also recognized with the successful conclusion of the DG Comp restructuring period as of 22YE²

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Significant YoY improvement in profitability...

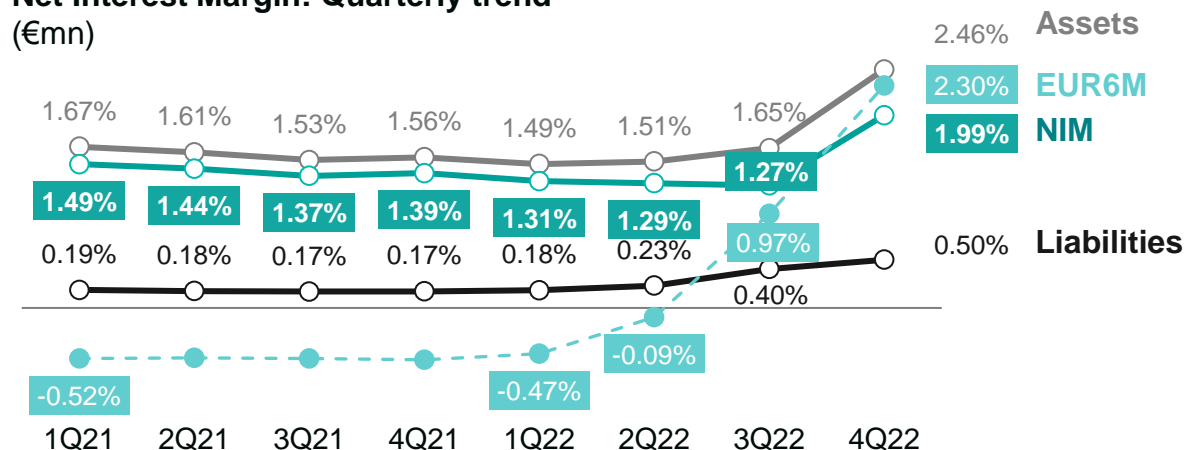
Income Statement (€mn)		2021	2022	▲YoY €mn
1	Net Interest Income	573.4	625.5	+52.1
2	+ Fees & Commissions	282.5	293.3	+10.8
	= Commercial Banking Income	855.9	918.8	+62.9
	+ Capital Markets Results	75.9	24.0	(51.9)
	+ Other Operating Results	40.4	183.6	+143.2
	= Banking Income	972.2	1 126.3	+154.2
3	- Operating Costs	408.4	448.4	+40.0
	= Net Operating Income	563.8	678.0	+114.2
4	- Net Impairments & Provisions	352.7	111.2	(241.5)
	= Profit Before Tax	211.1	566.8	+355.7
	<i>= Recurrent PBT</i>	<i>282.7</i>	<i>406.7</i>	<i>+124.0</i>
	- Corporate Income Tax	-15.2	- 53.3	(38.1)
	- Special Tax on Banks	34.1	34.1	0.0
	= Profit after Taxes	192.2	585.9	+393.8
	- Non-Controlling Interests	7.7	25.1	+17.4
	= Net Profit for the period	184.5	560.8	+376.3

- NII +9.1% with **improvement of average assets yield**, more than offsetting the cost of new senior debt and TLTRO III phase-out. Annual NIM of 1.47%, reaching 1.99% in the 4Q22;
- Fee income +3.8% highlighting accounts and payments fees performance backed by **pick-up in business activity**;
- Capital Markets Results positive by €24.0mn mostly due to gains from the hedging of interest rate risk. The fair value reserves decreased by €267mn;
- Other operating results includes €77.1mn **gain from the sale of logistics assets** in 2Q22 (€58.5mn net of non-controlling interests), €71.5mn gain of on the **sale of headquarters building** in 3Q22 (€67.0mn net of contingencies) and €40.4mn **gain on overdue loans recovery**. These effects more than offset **contributions to resolution funds** (€40.9mn);
- Operating costs totalled €448.4mn reflecting the **continued investment in digital transformation and streamlined operations**, growing 2.4% YoY on a recurring basis (to €405.6mn);
- Lower provisions reflecting the **quality of the portfolio** after the execution of the restructuring process (Cost of Risk at 0.45%¹);
- **Net Income of +€560.8mn (+204% YoY)** reflecting a sustainable growth of business, with the ability to grow revenue and generate capital.

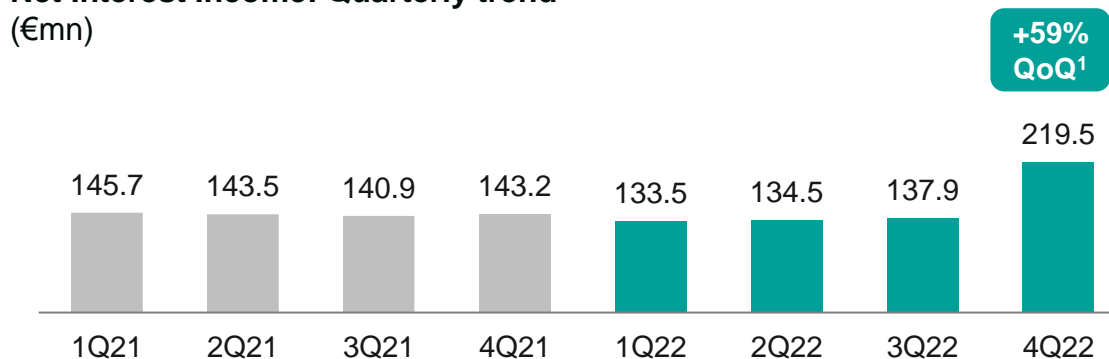
...backed by a positive NIM trend, with higher Euribor, more than offsetting funding costs and TLTRO III phase-out

Income Statement (€mn)	1Q22	2Q22	3Q22	4Q22	▲QoQ €mn
Net Interest Income	133.5	134.5	137.9	219.5	+81.6
+ Fees & Commissions	68.8	75.6	71.3	77.6	+6.3
= Commercial Banking Income	202.3	210.1	209.2	297.2	+87.9
+ Capital Markets Results	91.4	-5.6	-17.6	-44.2	(26.6)
+ Other Operating Results	16.7	56.5	88.0	22.3	(65.7)
= Banking Income	310.4	261.0	279.6	275.3	(4.3)
- Operating Costs	103.6	105.1	105.5	134.1	+28.6
= Net Operating Income	206.8	155.9	174.1	141.1	(32.9)
- Net Impairments & Provisions	21.8	-2.0	2.7	88.7	+86.0
= Profit Before Tax	185.0	157.9	171.4	52.4	(118.9)
<i>= Recurrent PBT</i>	<i>75.1</i>	<i>85.1</i>	<i>107.1</i>	<i>139.4</i>	<i>+32.3</i>
- Corporate Income Tax	7.4	11.6	8.9	-81.1	(90.0)
- Special Tax on Banks	34.1	-	-	0.0	-
= Profit after Taxes	143.5	146.4	162.5	133.6	(28.9)
- Non-Controlling Interests	0.9	22.3	0.9	1.1	+0.2
= Net Profit for the period	142.7	124.0	161.6	132.5	(29.1)

Net Interest Margin: Quarterly trend (€mn)



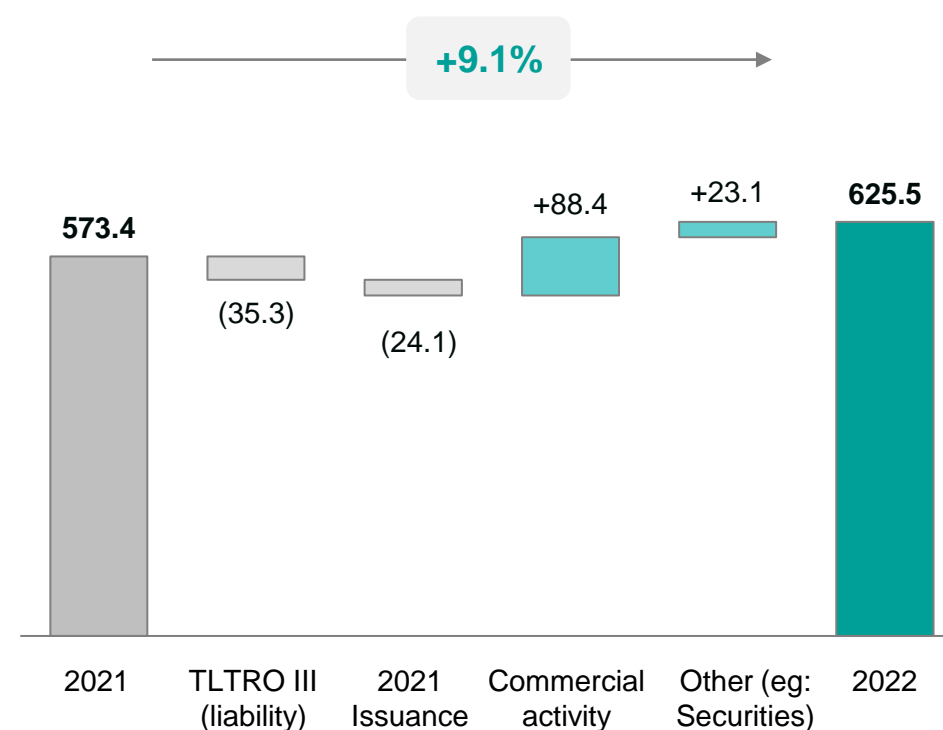
Net Interest Income: Quarterly trend (€mn)



1

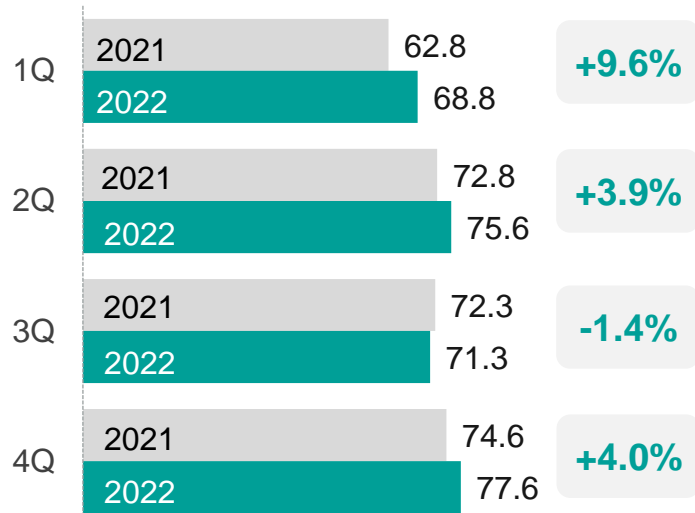
Loan book expansion and increasing asset yields, reaching NII of €626mn despite the amended TLTRO III terms and higher senior debt cost

Net Interest Income (NII) Net Interest Margin (NIM)	2021		2022		4Q22	
	Avg. Rate	Income/ Costs	Avg. Rate	Income/ Costs	Avg. Rate	Income/ Costs
€ million; %						
Customer Loans	2.01%	510	2.31%	595	2.97%	197
Corporate loans	2.33%	324	2.60%	373	3.27%	121
Mortgage lending	1.04%	104	1.36%	136	2.07%	53
Consumer loans and Others	5.86%	82	5.96%	86	6.36%	23
Money Market Placements	0.07%	3	0.20%	13	1.32%	22
Securities and Other Assets	1.28%	133	1.48%	153	1.80%	50
Interest Earning Assets & Other	1.60%	645	1.79%	761	2.46%	269
Customer Deposits	0.19%	51	0.17%	48	0.22%	16
Money Market Funding	-0.51%	- 54	-0.09%	-10	0.47%	8
Other Liabilities	6.53%	71	6.30%	93	6.15%	23
Interest Bearing Liabilities & Other	0.17%	68	0.31%	131	0.50%	48
NIM / NII¹	1.42%	573	1.47%	625	1.99%	220

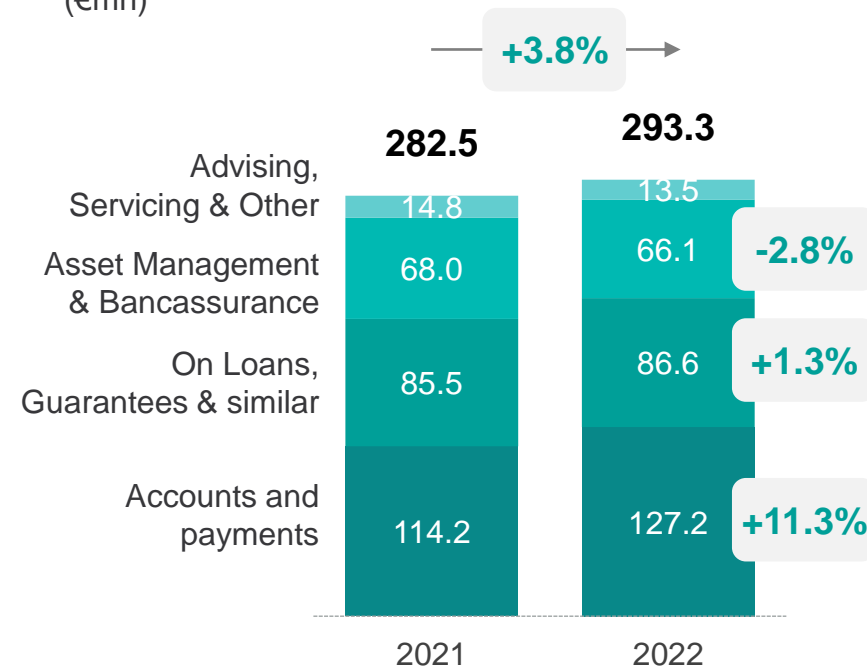


2 Fees grew 3.8% YoY, driven by economic recovery and increased transactionality

Fees: Quarterly Evolution
(€mn)



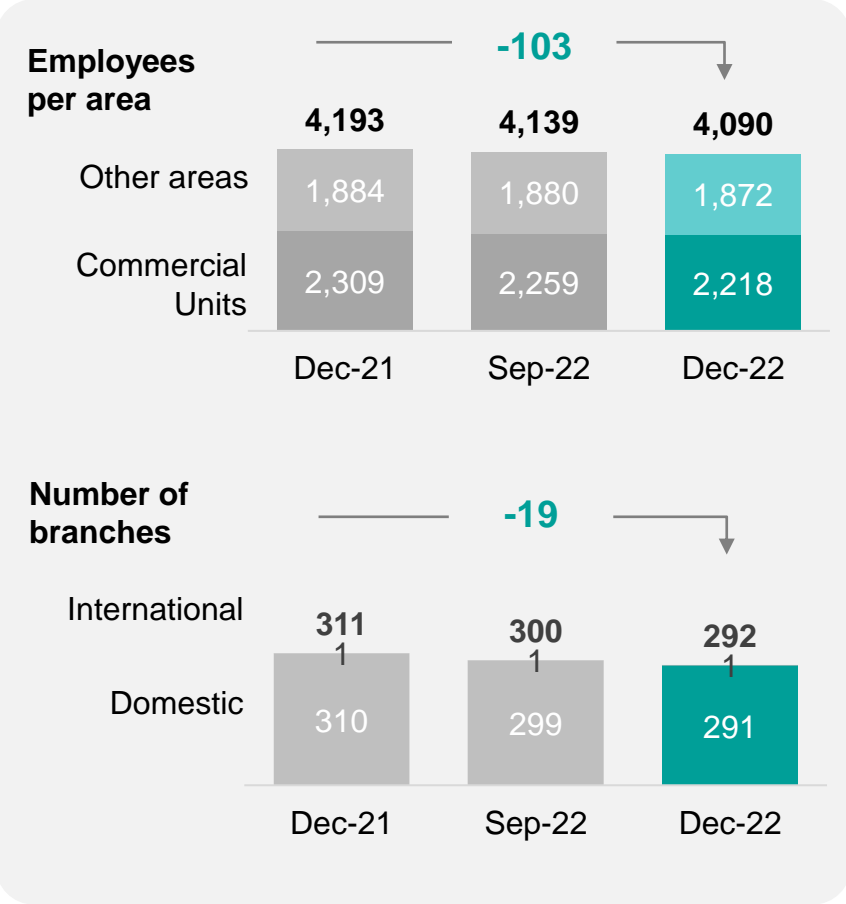
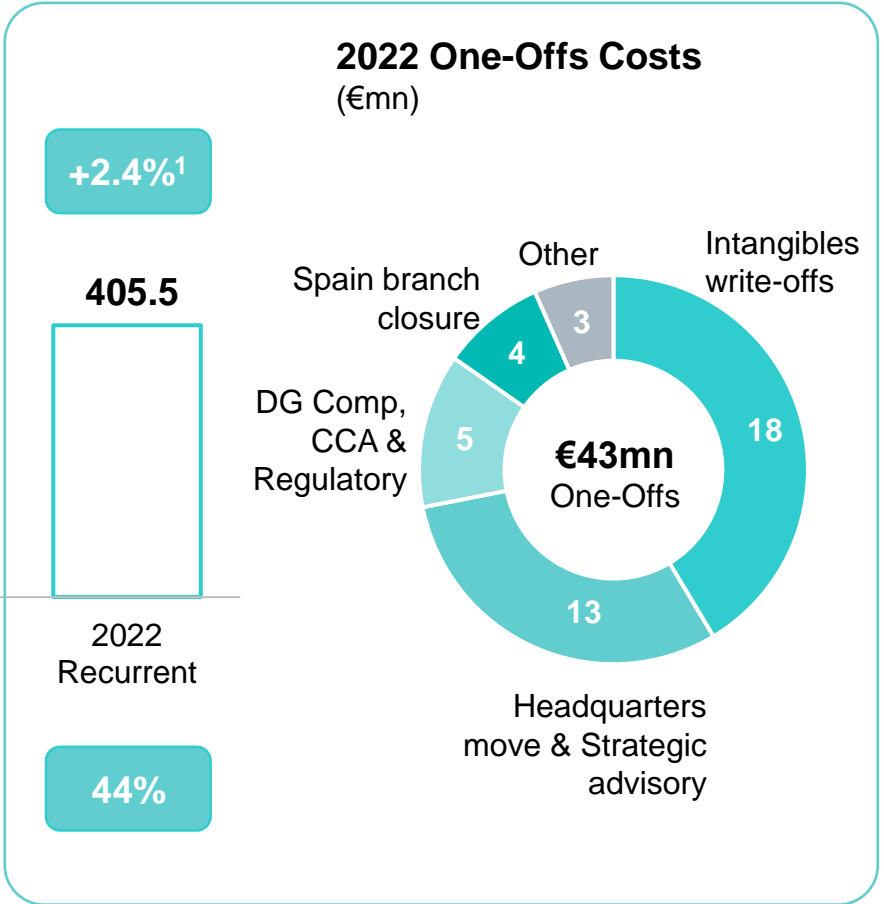
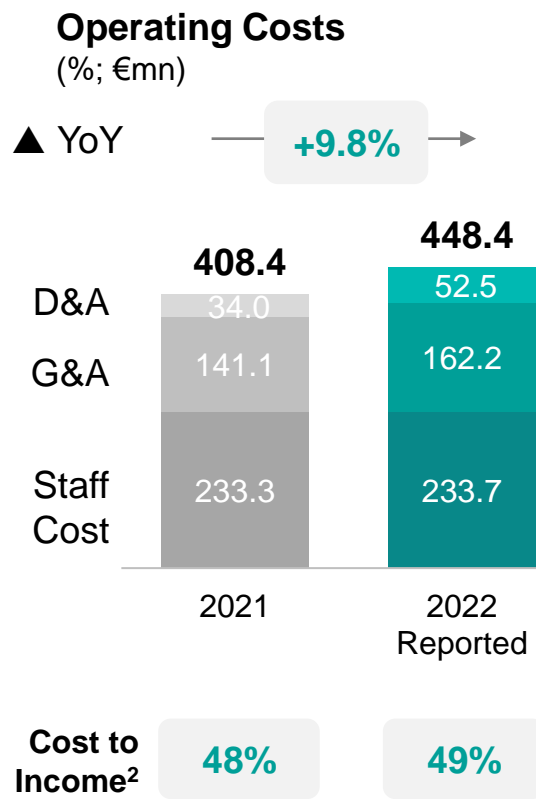
Fees: evolution per type
(€mn)



- **Asset management & bancassurance fees** (-€1.9mn; -2.8% YoY): from lower management fees due to market conditions during 2022.
- **Commissions on Loans, Guarantees and similar** (+€1.1mn; +1.3% YoY): on stable volume of guarantees and loans.
- **Accounts and Payments** (+€12.9mn; +11.3%) due to a higher volume of transactions and new pricing implemented in 1Q22 for customer accounts.

Higher volume of transactions and new business are expected to drive fee income expansion.

3 Operating costs growing at 2.4% on recurring basis, implying 44% cost to income ratio



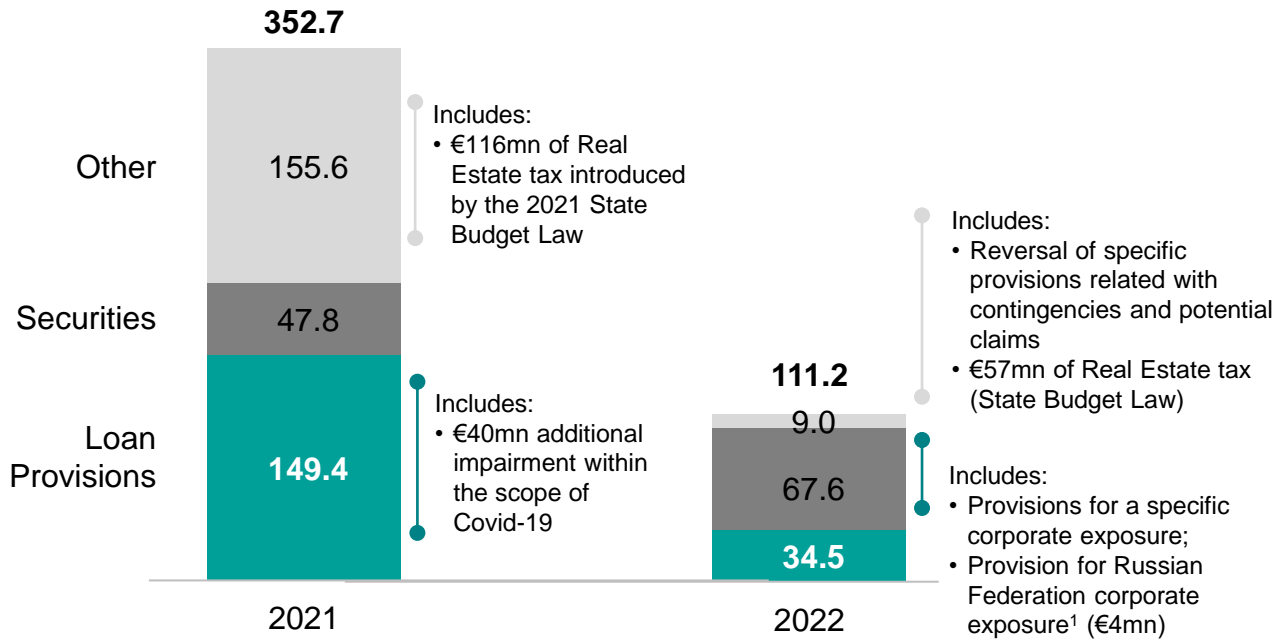
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Provisions below run-rate reflecting a benign economic environment in 2022

Impairment and Provisions

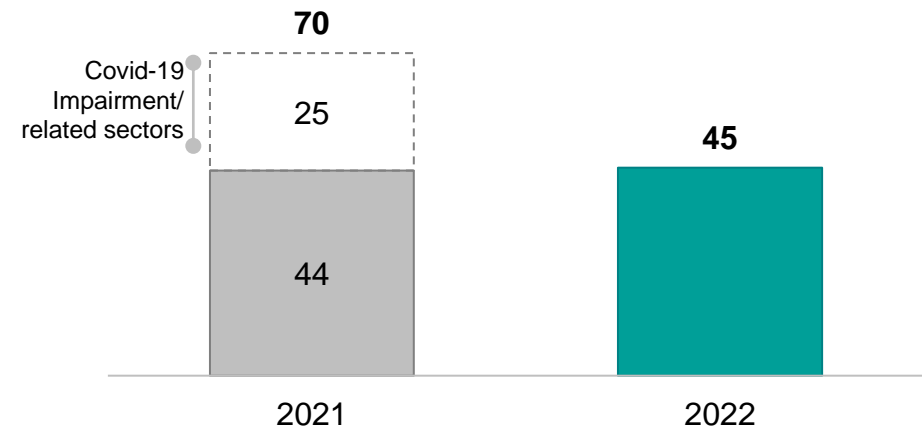
(€mn; %)

■ Loan Provisions
 ■ Securities
 ■ Other



Cost of Risk

Including loans and corporate bonds (bps)



(1) As of Dec-22 total exposure to corporates from Russian Federation was €4.8mn recorded at fair value through other comprehensive income; no Russian Federation sovereign exposure.

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Maintaining a solid Balance Sheet

Balance Sheet (€mn)

	Assets	Dec-21	Dec-22	▲YTD	
				€mn	%
	Loans and advances to banks	5,922	6,643	721	12.2%
1	Customer loans (net)	23,651	24,551	900	3.8%
2	Real estate	824	614	(210)	-25.5%
3	Securities	10,471	10,864	394	3.8%
	Non-current assets held for sale	9	60	50	-
	Current and deferred tax assets	780	956	176	22.6%
	Other assets	2,962	2,308	(654)	-22.1%
	Total Assets	44,619	45,995	1,377	3.1%
	Liabilities & Equity	Dec-21	Dec-22	▲YTD	
				€mn	%
4	Customer deposits	27,315	28,412	1,097	4.0%
	Due to central banks and banks	10,745	9,705	(1,040)	-9.7%
	Debt securities	1,470	1,584	115	7.8%
	Non-current liabilities held for sale	1	15	15	-
	Other liabilities	1,938	2,766	828	42.7%
	Total Liabilities	41,469	42,483	1,014	2.4%
5	Equity	3,149	3,512	362	11.5%
	Total Liabilities and Equity	44,619	45,995	1,377	3.1%

Assets

- **Net customer loans growth €0.9bn YTD** reflecting the higher pace of origination. Performing loan book €24.2bn growing +€1.1bn
- Securities increased by €0.4bn YTD, building up liquidity given the repayment of TLTRO III

Liabilities

- **Customer Deposits growing €1.1bn (+4.0% YTD)**, with the outperformance of the Retail segment;
- Other Liabilities change (+€0.8bn YTD) mostly due to transactions pending settlement and derivatives margin and clearing accounts

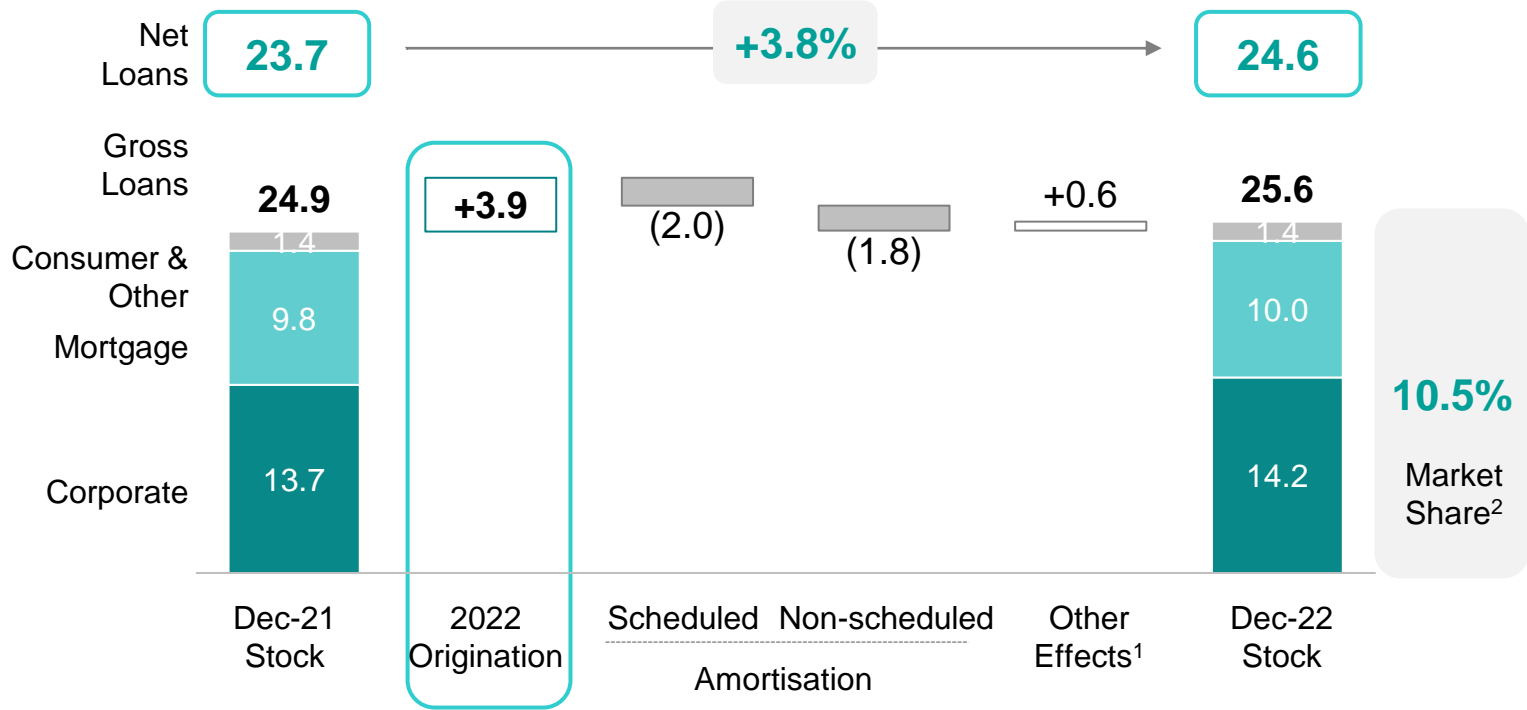
Capital & Liquidity

- **FL CET 1 ratio of 13.1%, +300bps capital generation YoY**, driven by organic profitability and acceleration of balance sheet deleverage (disposal of high density RWA);
- **Comfortable liquidity position with LCR at 210% and NSFR at 113%.**

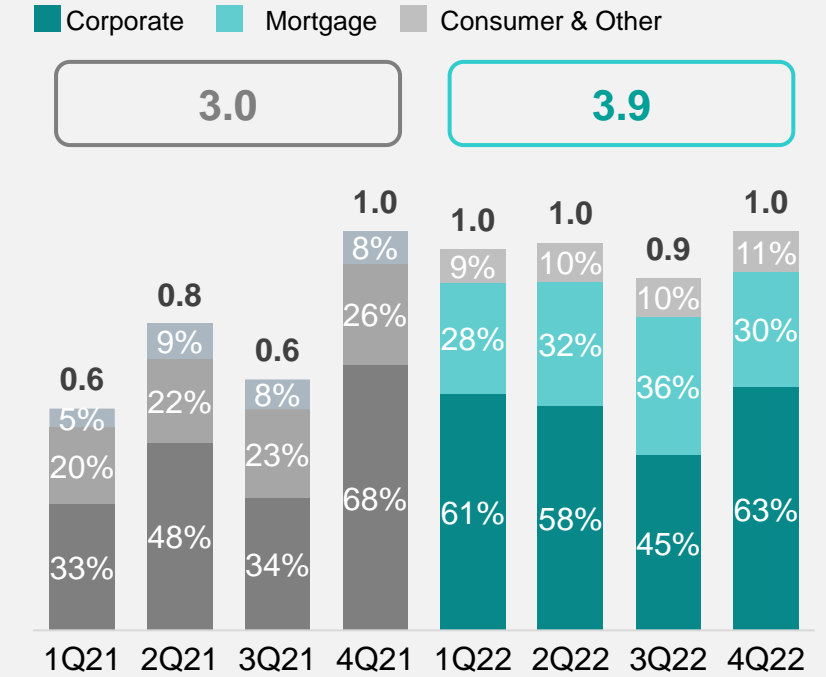
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Moving towards expanding loan book with €3.9bn customer loans originated in 2022

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



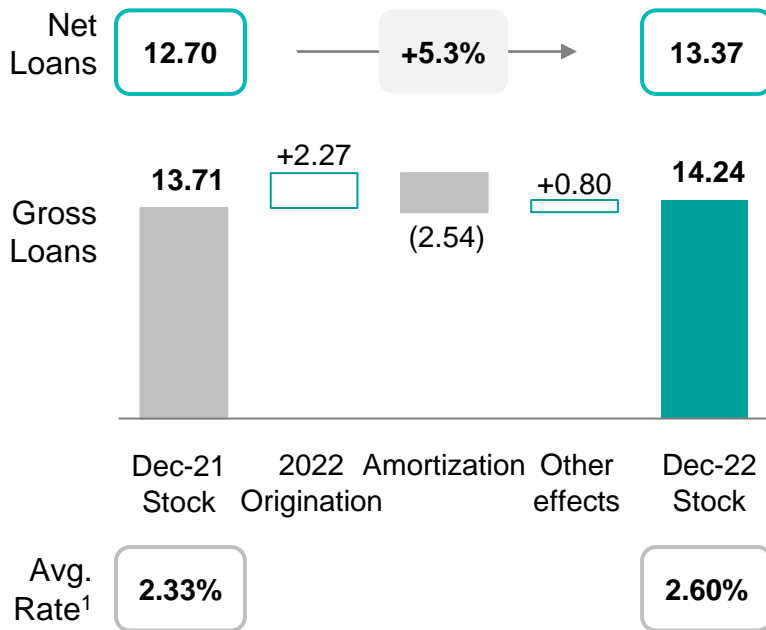
Loans to Customers: Origination
(€bn; %)



1

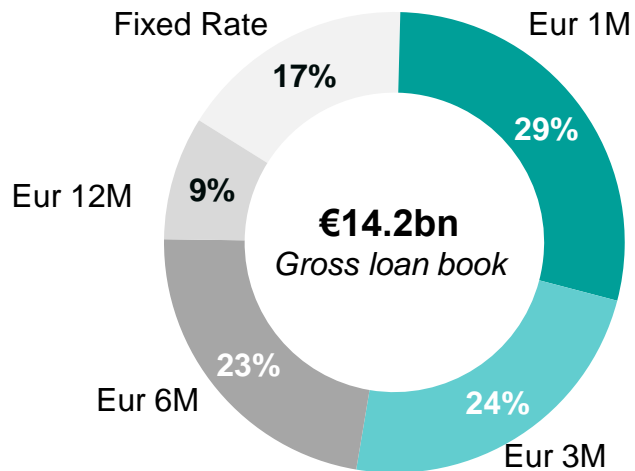
Net loan book growing by 3.8% YTD to €24.6bn (+€0.9bn YTD), driven by Corporate loans (+€0.7bn YTD)

Corporate loans
(%; €bn)



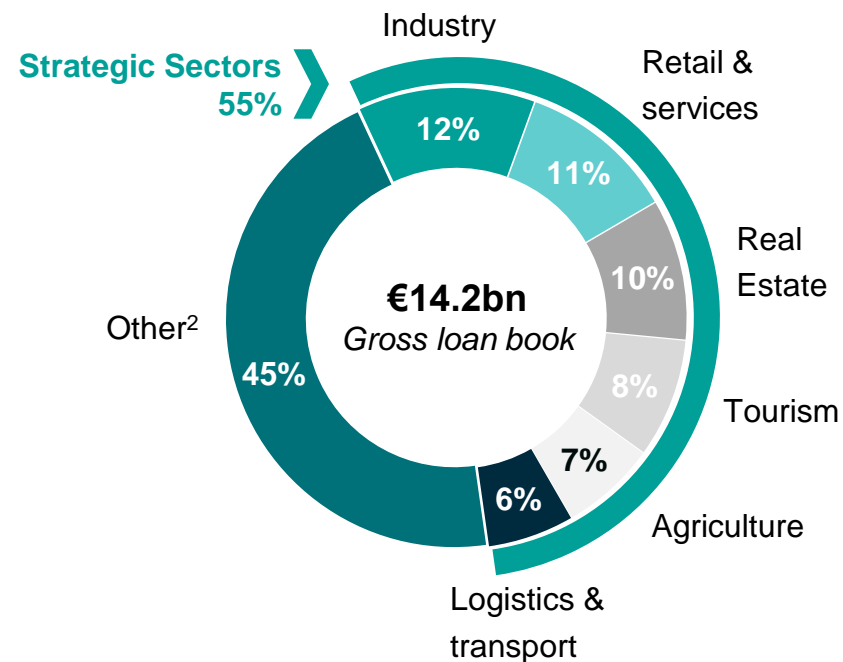
SME representing > 57% of origination and Small business > 21%

Corporate loan book by Rate Type
(Dec-22; %)



90% of the Corporate book is floating (incl. hedges), majority with Euribor 0% floor

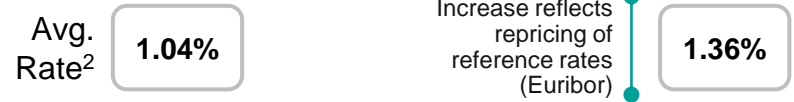
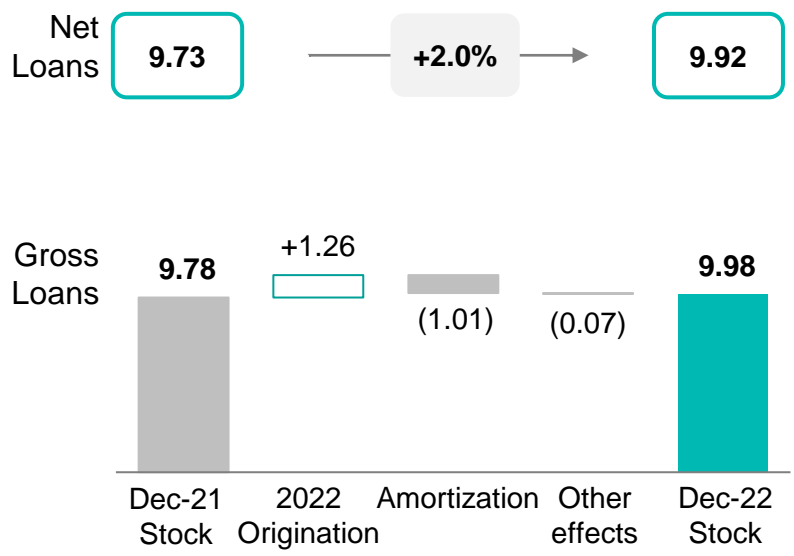
Corporate loan book by Sector
(Dec-22; %)



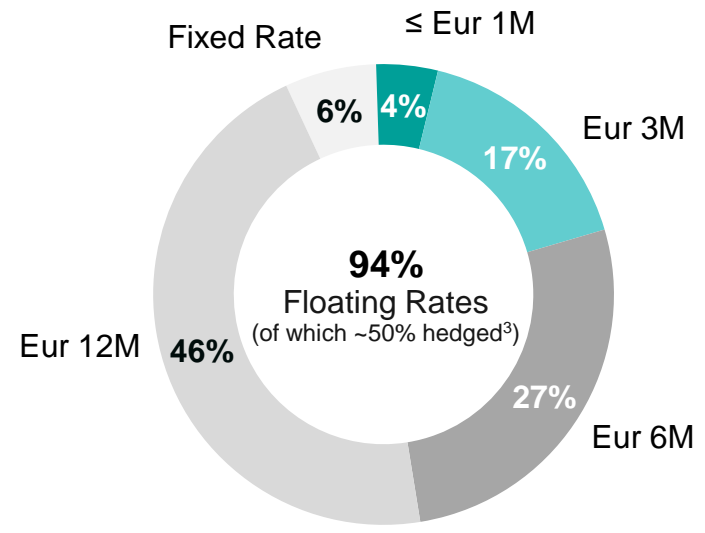
Sectorial approach, based on sectors' outlook, expected growth and underlying intrinsic potential

1 Mortgage loans representing 33% of YTD origination, with average LTV¹ lower than 65% in the period

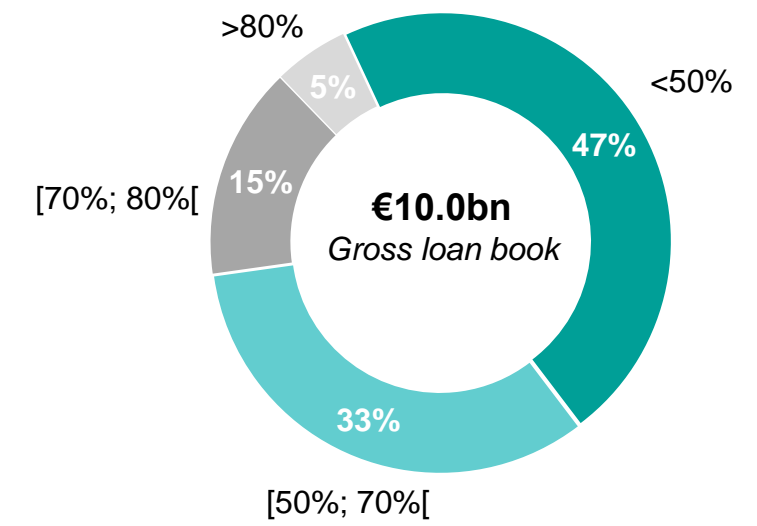
Mortgage loans
(%; €bn)



Mortgage loan book by Rate Type
(Dec-22; %)



Mortgage loan book by LTV bucket
(Dec-22; %)

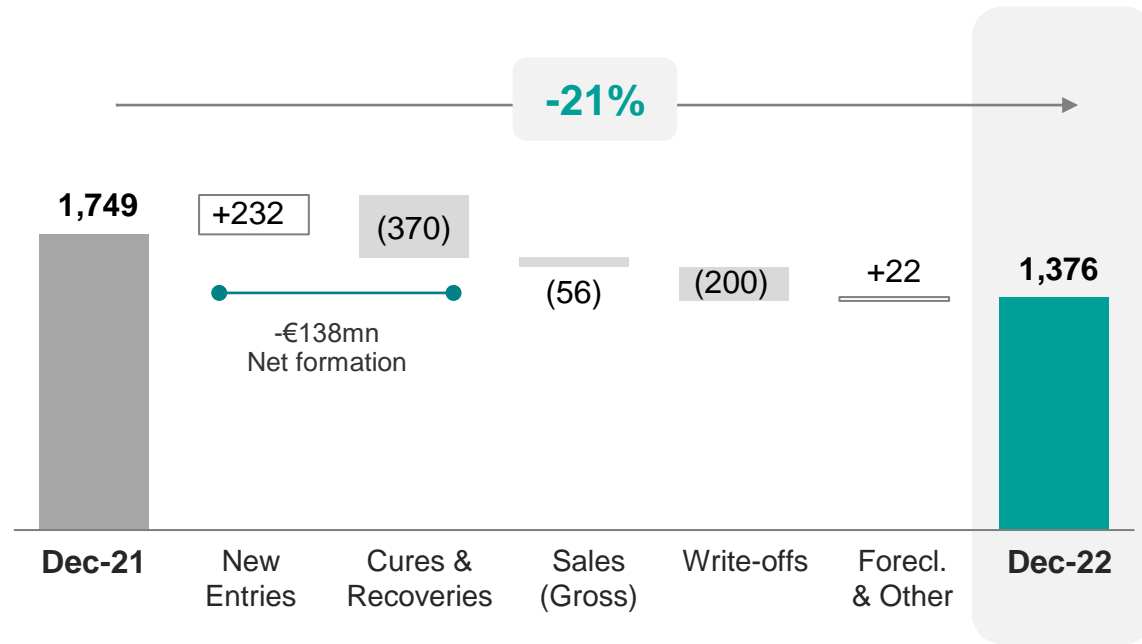


A conservative mortgage portfolio with average LTV < 50%

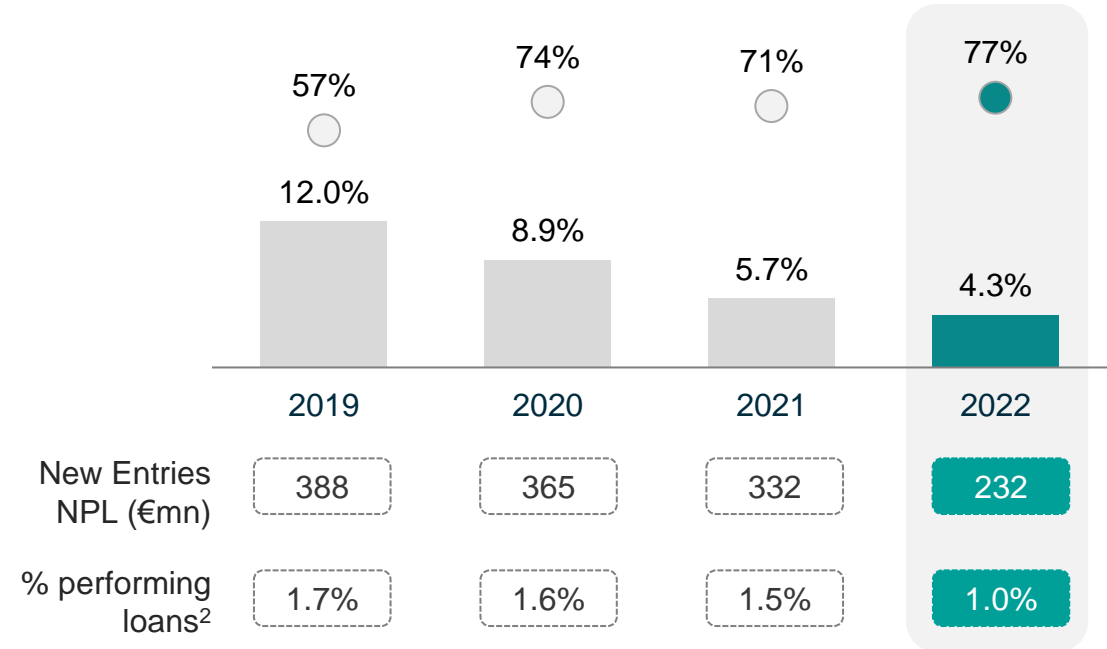
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Declining YTD NPL stock, benefiting from successful recovery of moratoria clients and contained macroeconomic impacts

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



NPL ratio & Coverage evolution¹
(%; Consolidated reported figures)

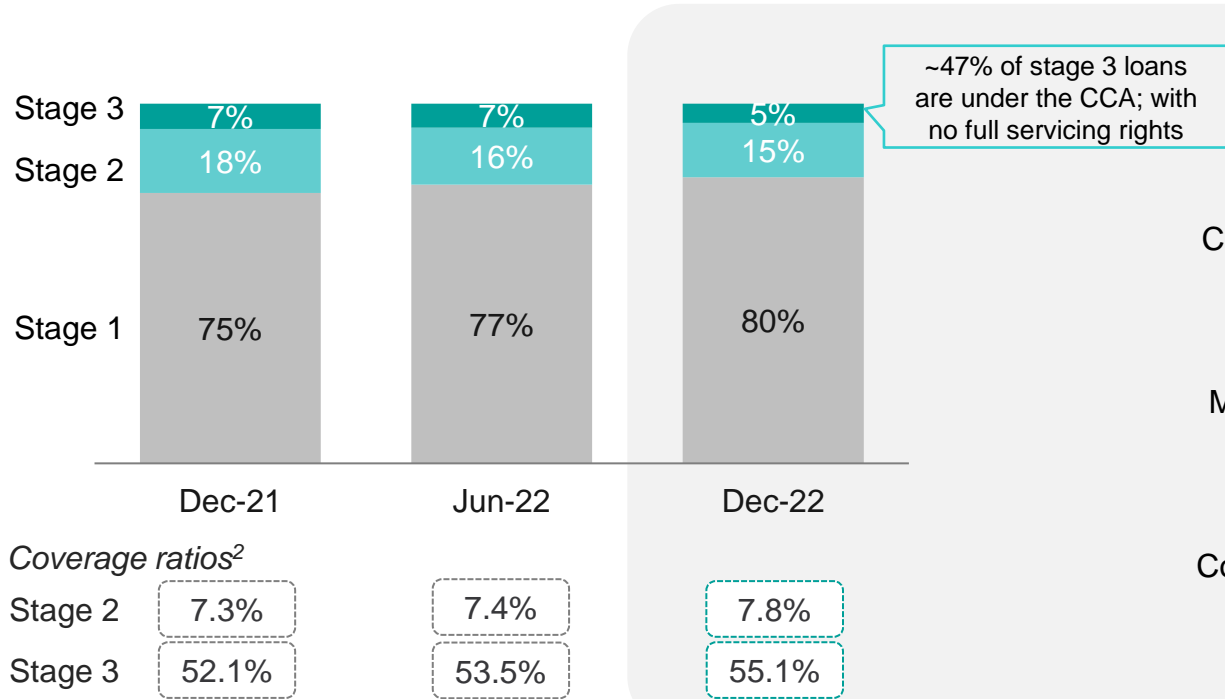


YTD Net formation of NPL at -€138mn and recent NPL reduction benefitting from sale of portfolios, being capital accretive and demonstrating adequacy of NPL coverage

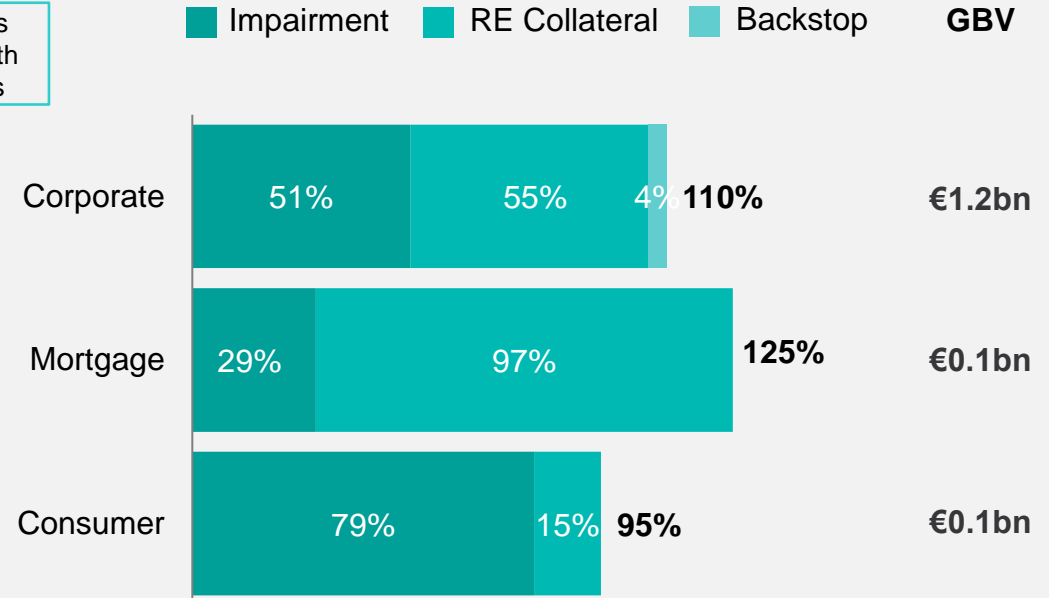
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Lower YTD stage 2 exposure mainly from debtors with moratorium concessions during 2021 reverting to Stage 1

Loan Portfolio¹ by Stages



Stage² 3: Coverage by type

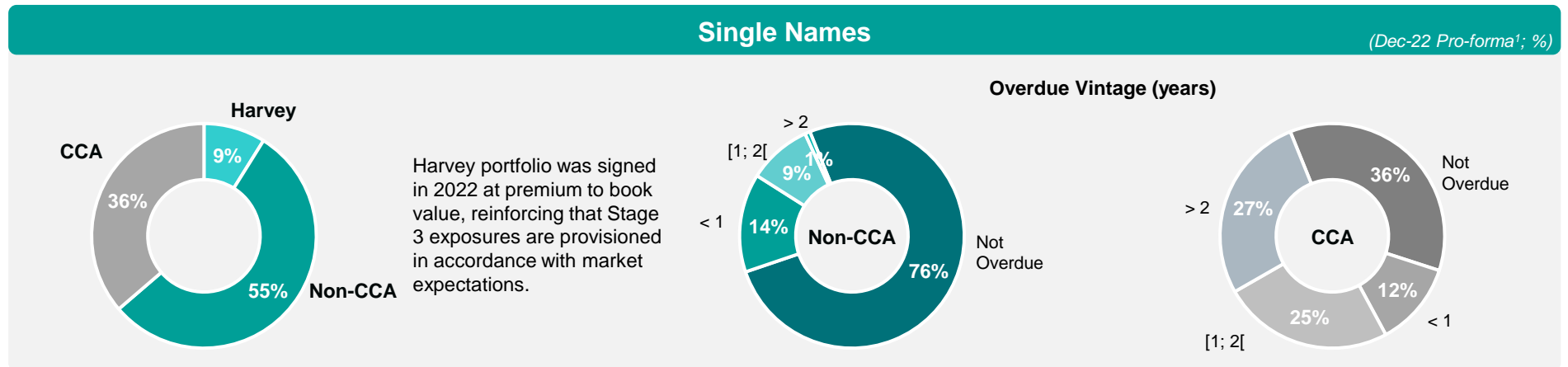
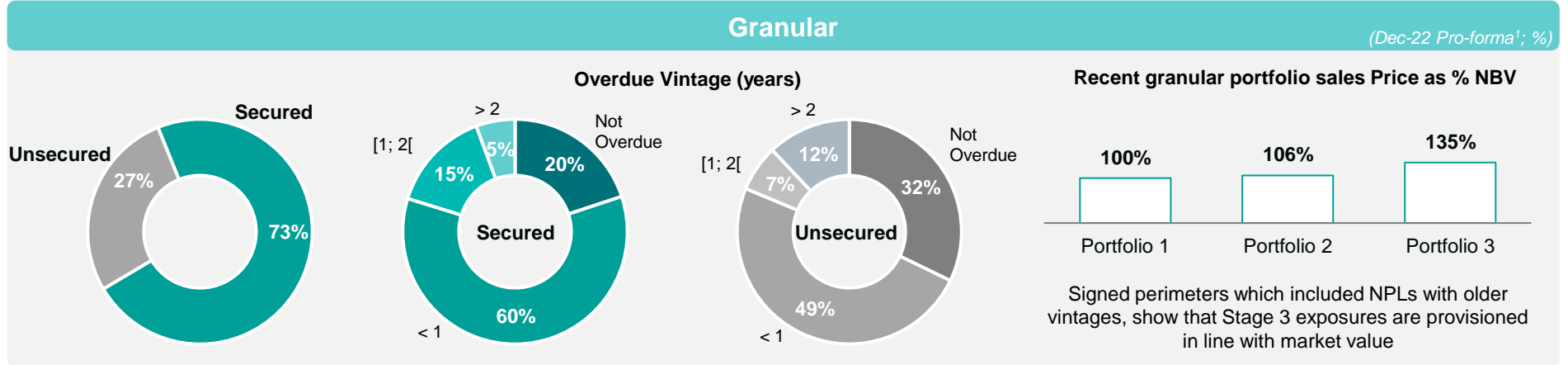
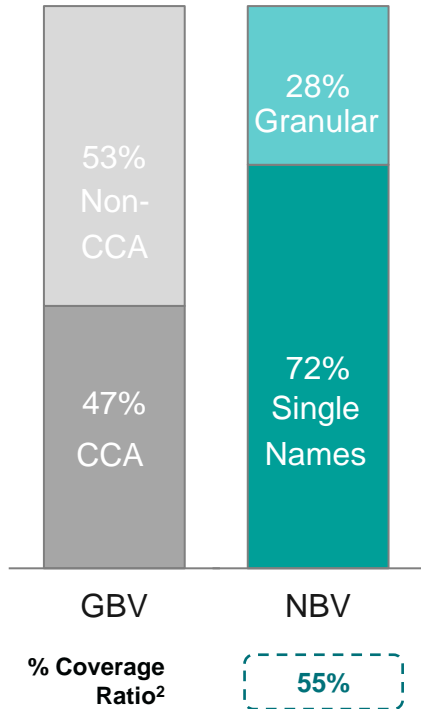


Stage 3 at €1.4bn GBV (€0.7bn NBV), with 55% coverage by specific impairments and backstop

1

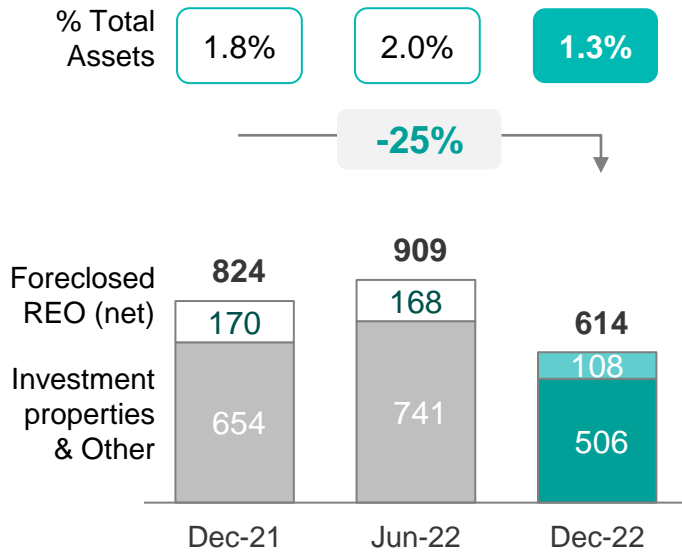
~73% of Stage 3 with overdue lower than 1 year and recent sales showing that exposures are provisioned in line with market value

Total Stage 3 Loans (Dec-22 Pro-forma¹; %)

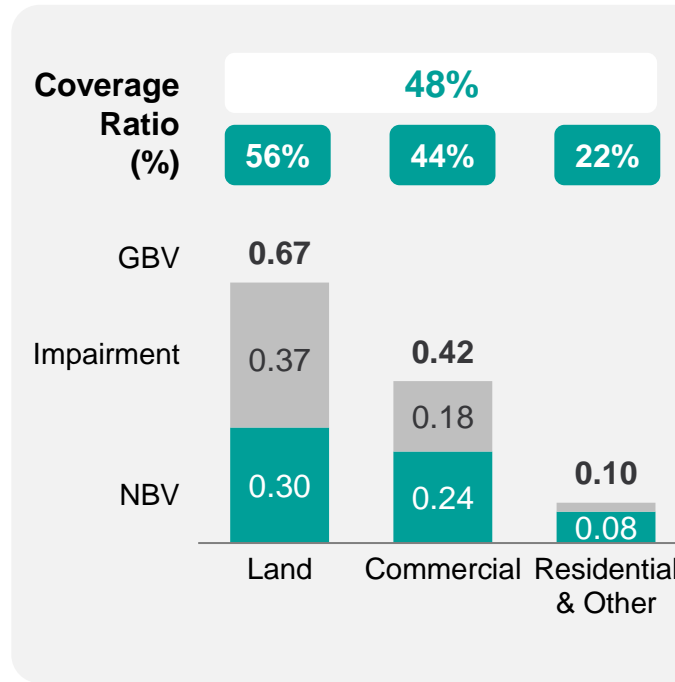


2 Decreasing RE exposure to €614mn (-25%; backed by portfolio sales), with TOP 20 assets representing 66% of the portfolio

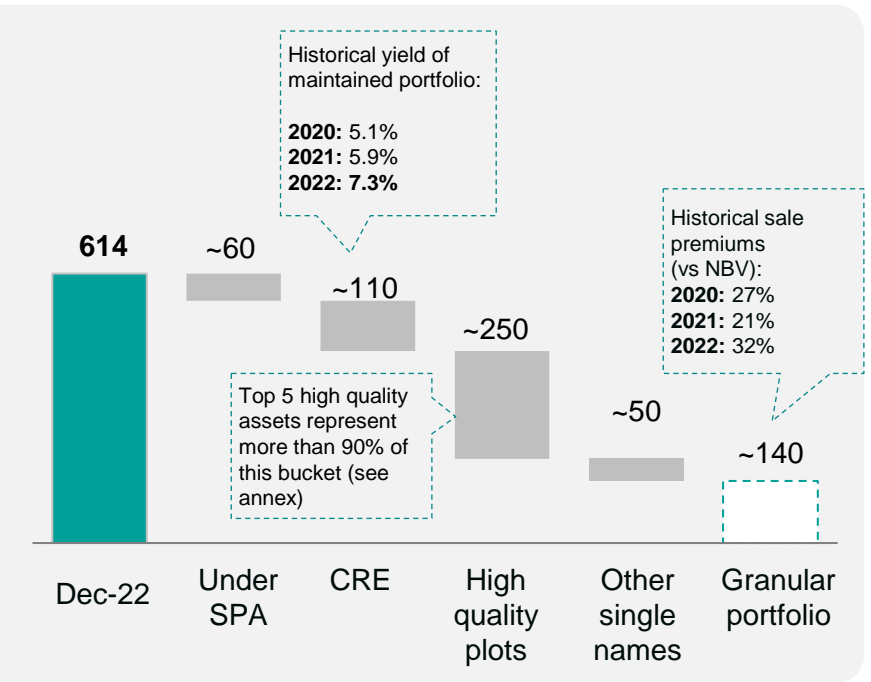
Evolution of Real Estate Exposure
(€mn NBV)



RE: Coverage by Asset Type
(Dec-22 Pro-forma; €bn; %)



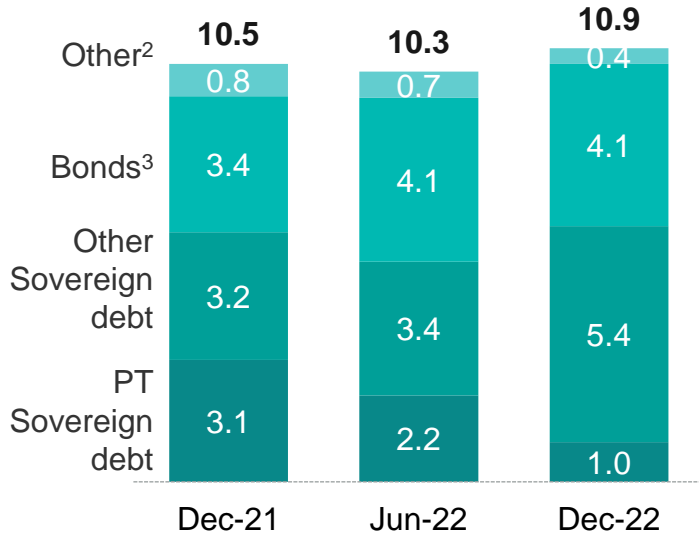
RE: breakdown
(€million; %)



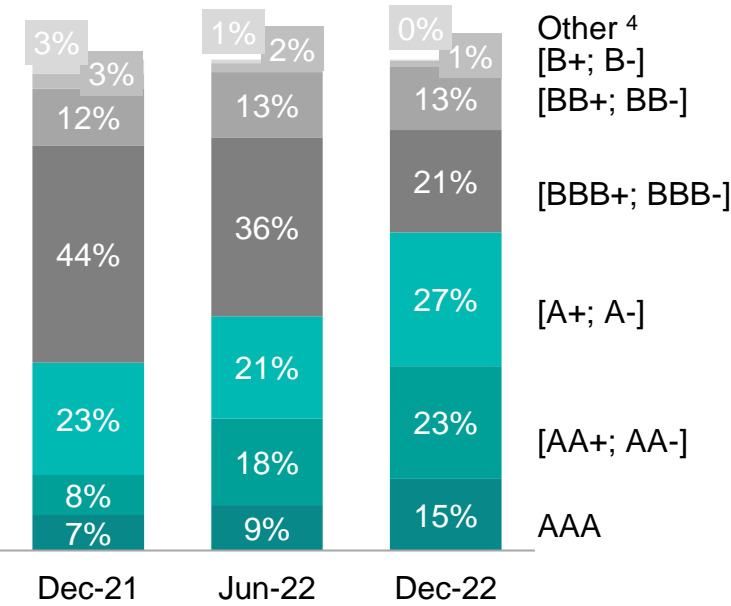
Coverage is supported by a robust appraisal policy, individual asset reviews, market pricing (bids received) and yield performance.

Conservative €10.9bn securities portfolio with HQLA¹ representing ~73%

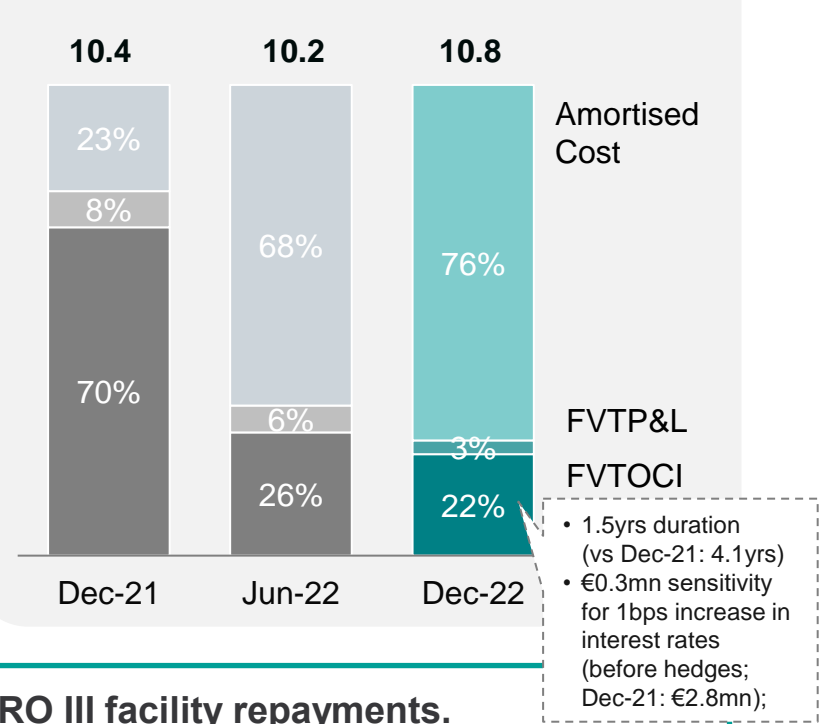
Securities Portfolio: Breakdown
(€bn)



Securities Portfolio: Ratings⁴
(€bn)



Banking Book
(excludes trading book; €bn; %)

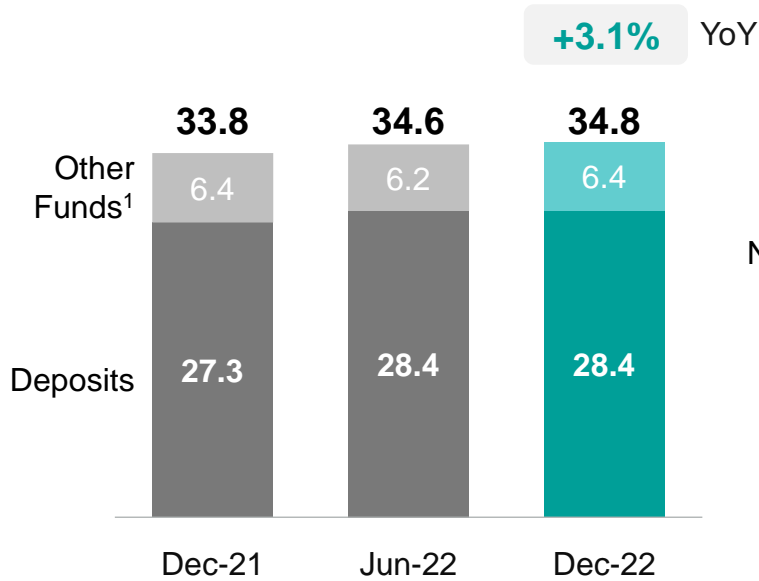


Securities portfolio increasing by €0.4bn YoY in advance of further TLTRO III facility repayments. Portfolio with an average yield of 2.0%, of which ~35% floating (after hedges), and ~4.7 duration.

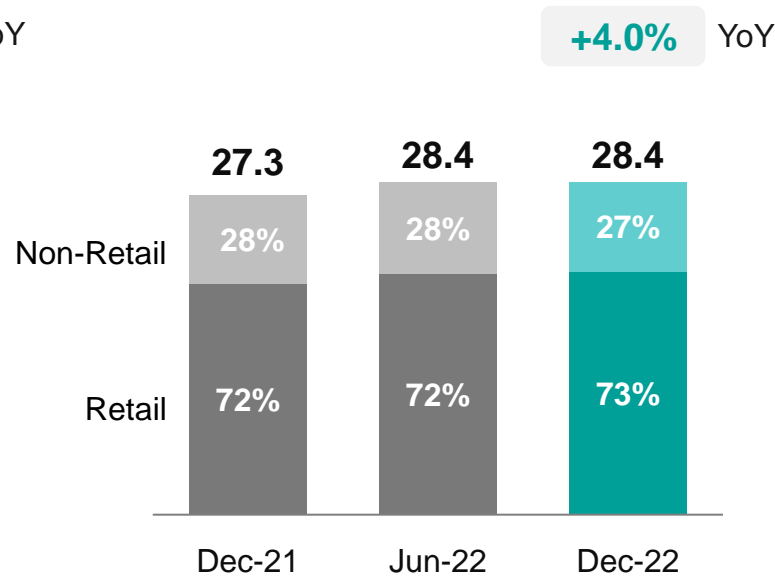
4

Customer deposits +4.0% YoY and Total Funds +3.1%...

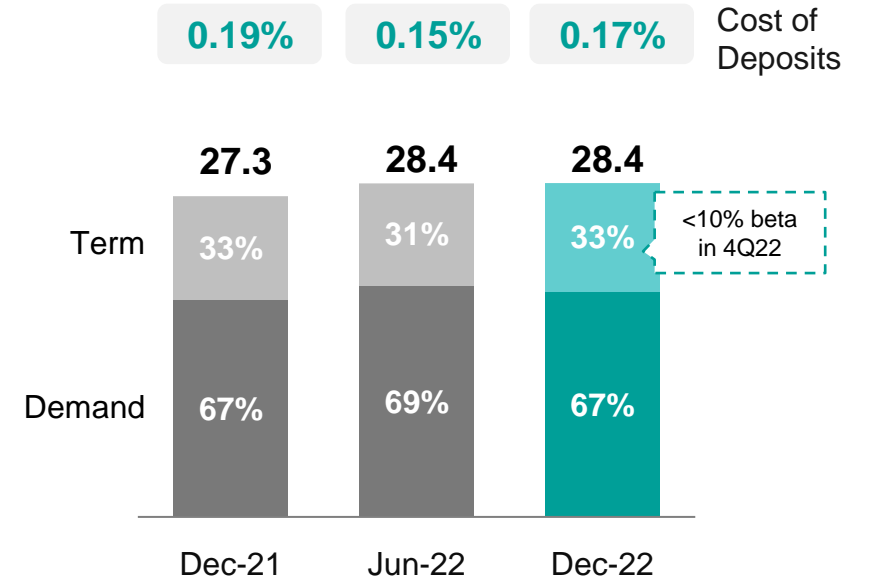
Customer Deposits & Total Funds
(%; €bn)



Deposits Breakdown by Customer
(€bn; %)



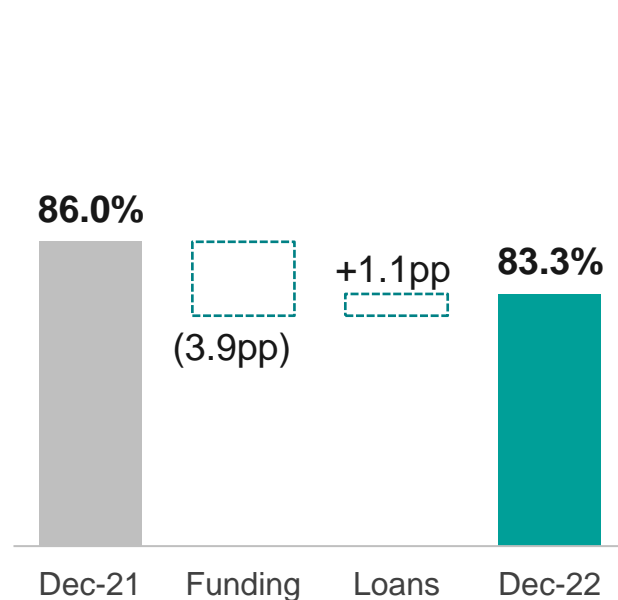
Deposits Breakdown by Type
(€bn; %)



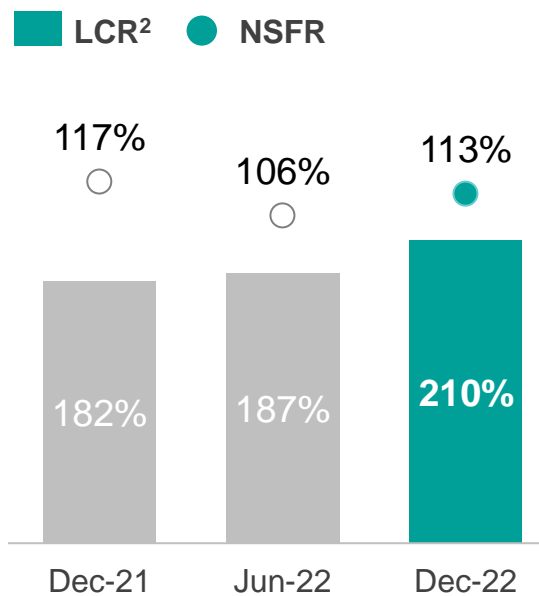
...with evolution reflecting growth of the volume despite limited interest rates pass-through

Stable deposit base supporting strong liquidity position

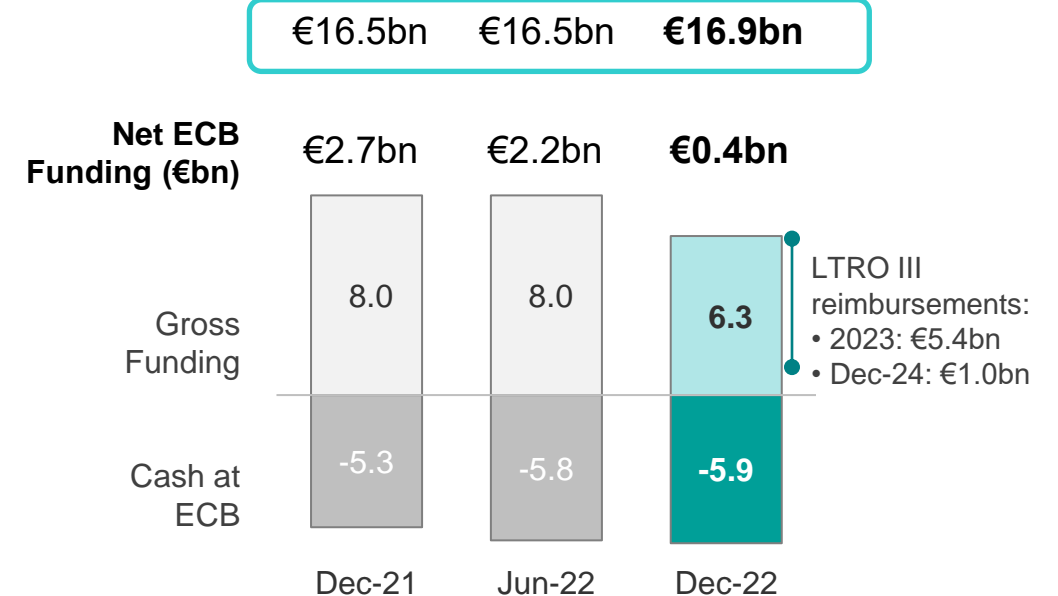
Loan to Deposit Ratio¹ (%)



Liquidity Ratios (%)



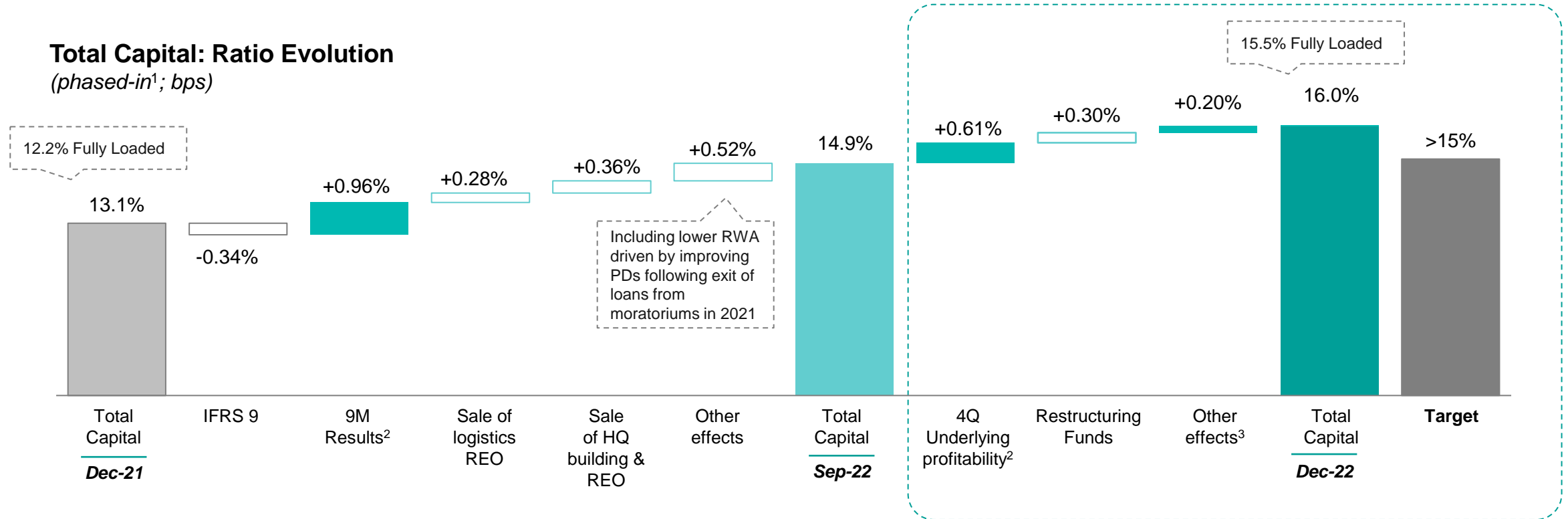
Eligible Assets at the ECB³ (€bn)



Liquidity buffer ~€13.7bn, mostly composed of highly liquid assets (~90%).

5

Capital increasing by 110bps in the quarter (+290bps YTD), driven by capital-accretive business model ...



...which, combined with the execution of a de-risking strategy, ensured a buffer above the target and is set to produce strong capital generation.

Compliant with MREL binding target as of January 1st 2022 and to continue to build MREL going forward

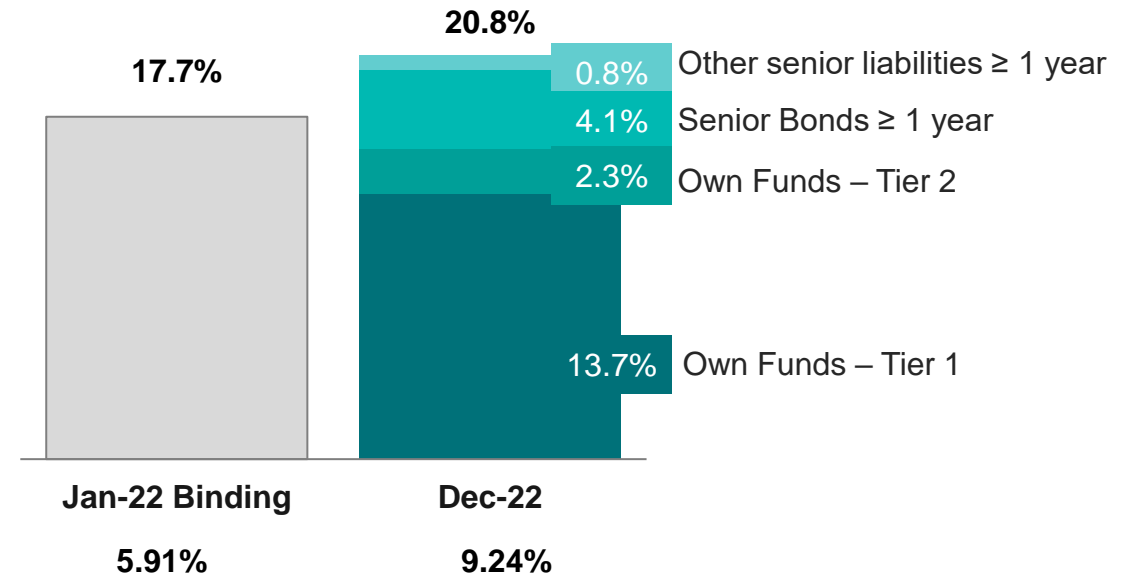
MREL requirements:

(BdP notification of May 2022; %)

	Jan-22	Jan-26
TREA ¹	15.14%	23.16%
Combined Buffer	2.52%	n.a. ²
Total	17.66%	23.16% + CBR
LRE ³	5.91%	5.91%

MREL ratio

(% RWA; Preliminary)



- Organic capital generation and balance sheet optimisation expected to satisfy MREL (interim) needs in 2023.
- New market issuance subject to novobanco's improved credit quality being reflected in tighter credit spreads and/or in context of optimising capital structure.

AGENDA

Highlights

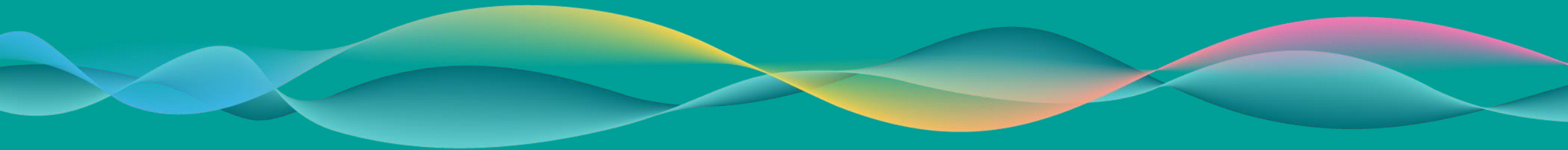
Financial Results

Income Statement

Balance Sheet

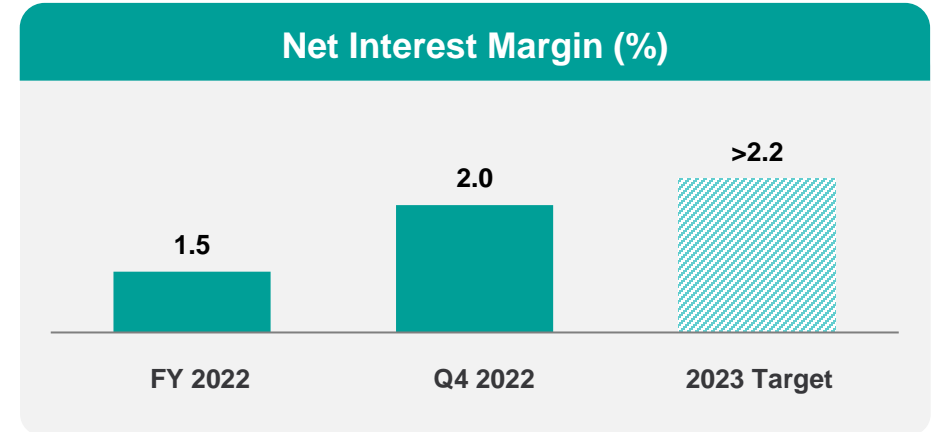
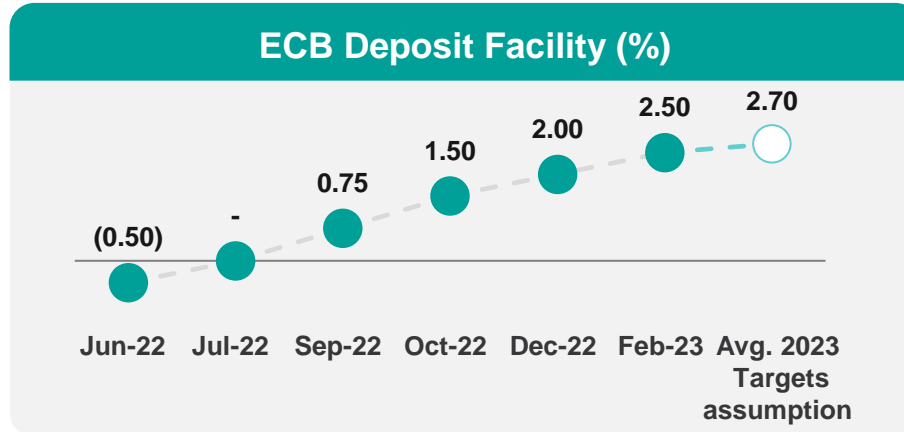
Outlook

Final Remarks

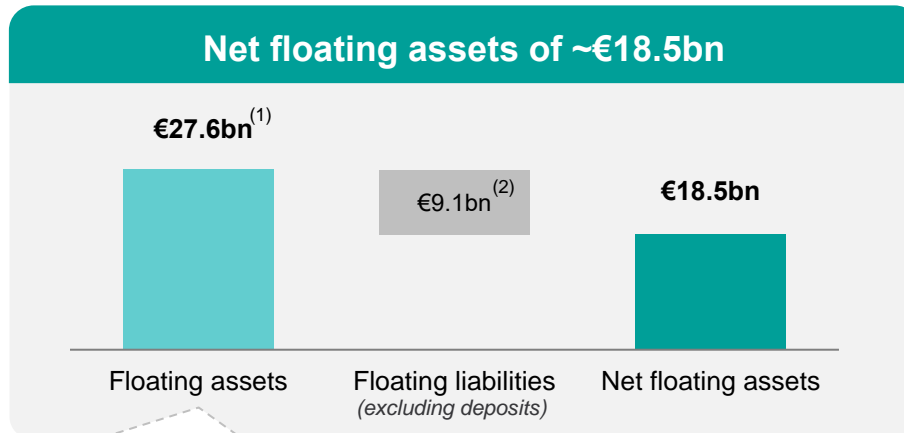


New rates environment supporting further growth in NIM

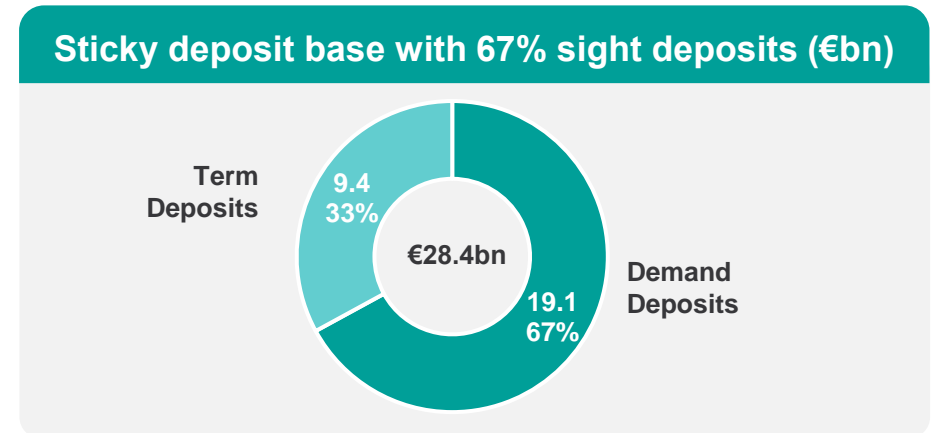
New rates environment to support NIM expansion



Bank maintains positive momentum to further improve NII
Highly rates sensitive balance sheet



o.w. €6.0bn cash and €21.6bn floating loans and securities post hedges
(Euribor: 21% 1M, 18% 3M, 34% 6M, 27% 12M)



2023 outlook set to deliver the next stage of novobanco's development, competing as a strong and independent domestic bank

Guidance update supported by:



SOUND COMMERCIAL ACTIVITY

backed by improved customer experience, including implementation of an omnichannel structure on the retail side, a sectorial approach for corporates, enhanced clients' journey and improved know your customer tools and time-to-market



LOAN BOOK REPRICING

at current interest rate scenario



STRICT COST CONTROL

with impact from inflation mitigated by continued implementation of efficiency measures



DE-RISKING STRATEGY

with strong coverage levels



NET INTEREST MARGIN →



COST-TO-INCOME →



CoR (bps) →



NPL RATIO →



RECURRENT PBT →



CAPITAL GENERATION →



CET1 →



FUNDING →

2023 guidance¹

> 2.20%

Assuming 2.7% DFR; 20-30% deposits beta

< 40%

~ 50 bp

< 4.5%

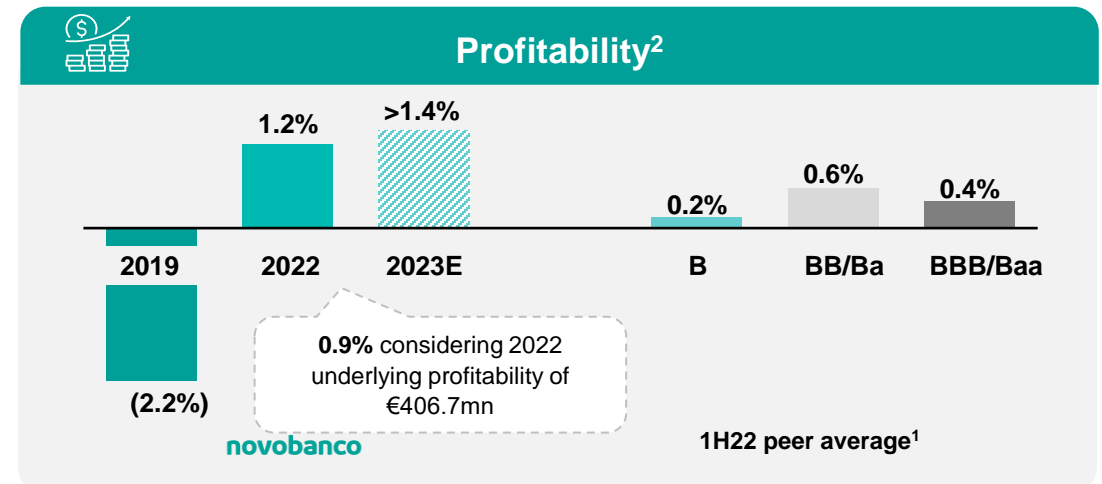
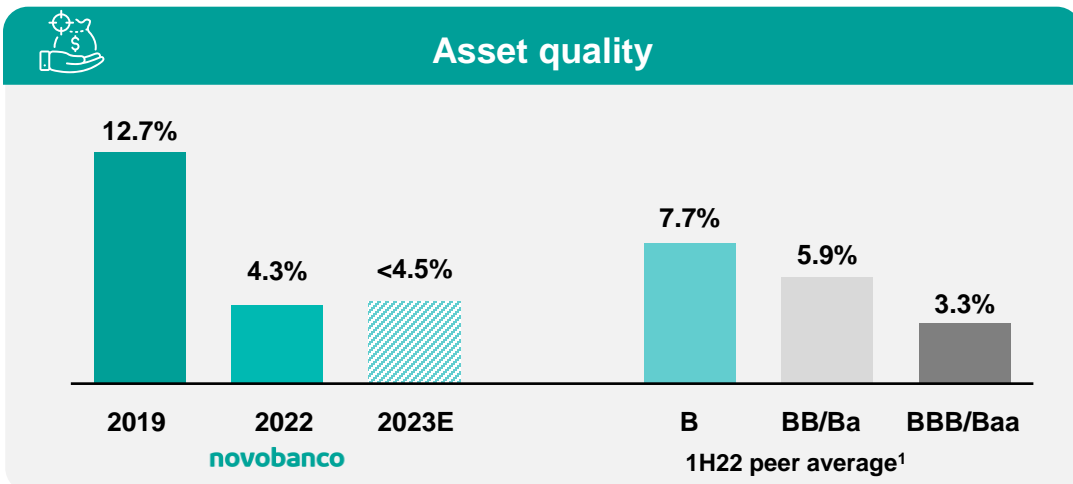
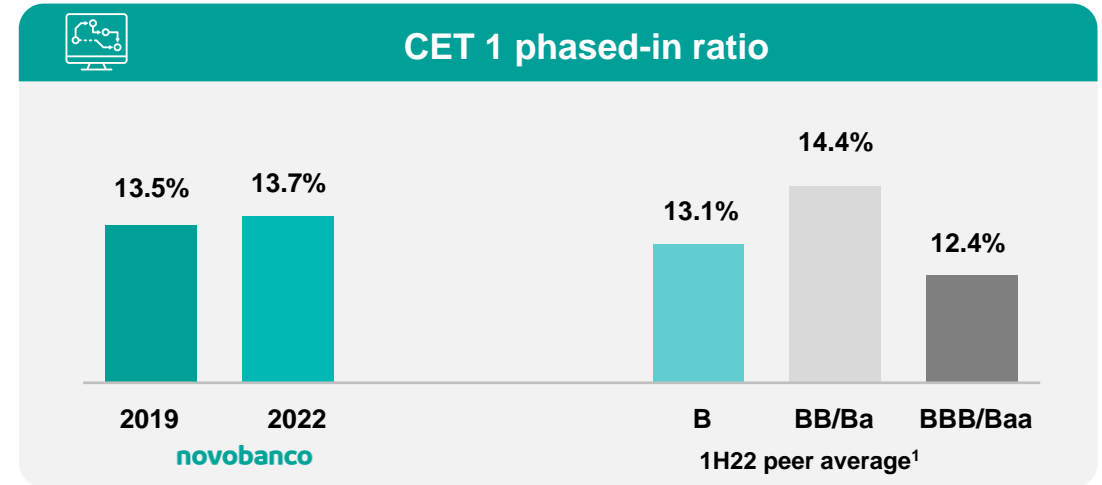
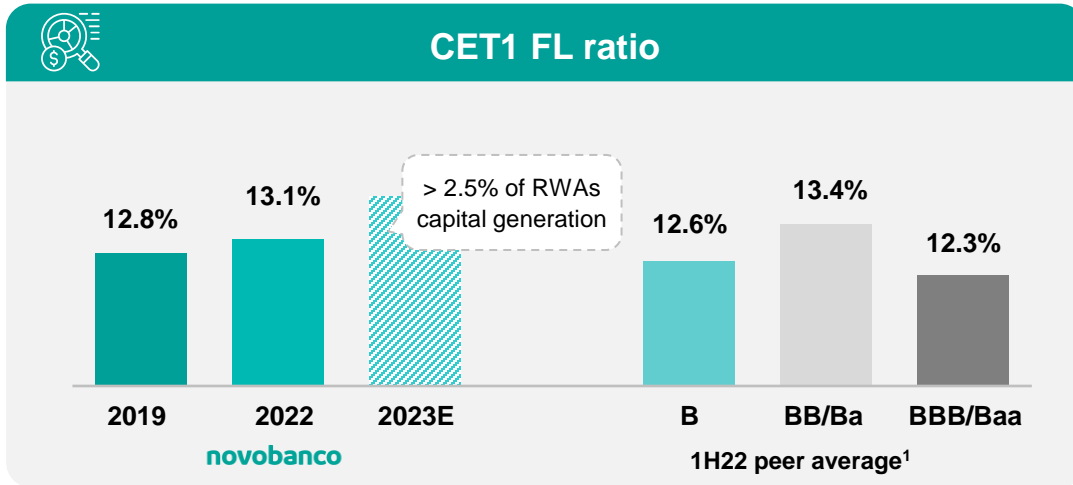
> €600mm

> 2.5% of RWAs *(FL basis)*

Medium-term target of c. 12%
Implying €2.6bn CET 1 capital in 2023E

Organic capital generation and balance sheet optimisation expected to satisfy MREL capital needs in 2023. *New market issuance subject to novobanco's improved credit quality being reflected in tighter credit spreads and/or in context of optimising capital structure.*

novobanco 2022 performance and 2023 targets translating into a clear positive ratings trajectory



AGENDA

Highlights

Financial Results

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Balance Sheet

Outlook

Final Remarks

Final Remarks

Improved profitability backed by consistent strategic execution, reflecting a solid performance of the top-line together with efficiency measures implemented in recent years, delivering organic **RoTE of 14.4%** (pre-tax).

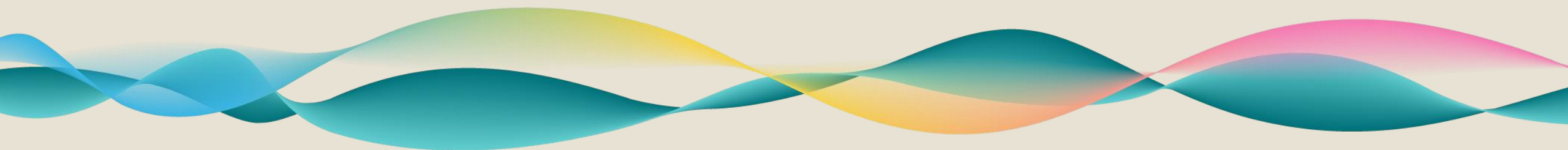
Expanding the loan book (+3.8% net) with **business performance in line with expectations**, despite the highly challenging environment.

Higher efficiencies with recurrent Cost-to-Income at 44.1% (-2pp YoY) and Cost of Risk at 45bps (-25bps YoY) backed by strategic investment towards streamlined operations and de-risking strategy.

Fully Loaded **Total Capital Ratio at 15.5%**, **increasing by 330bps** in the year driven by strong bottom-line profitability and specific measures, ensuring compliance with normalised post-pandemic capital requirement.

Targeting 2023E recurrent PBT > €600mn, driven by assets re-pricing, moderate cost of risk and cost control.

ANNEX



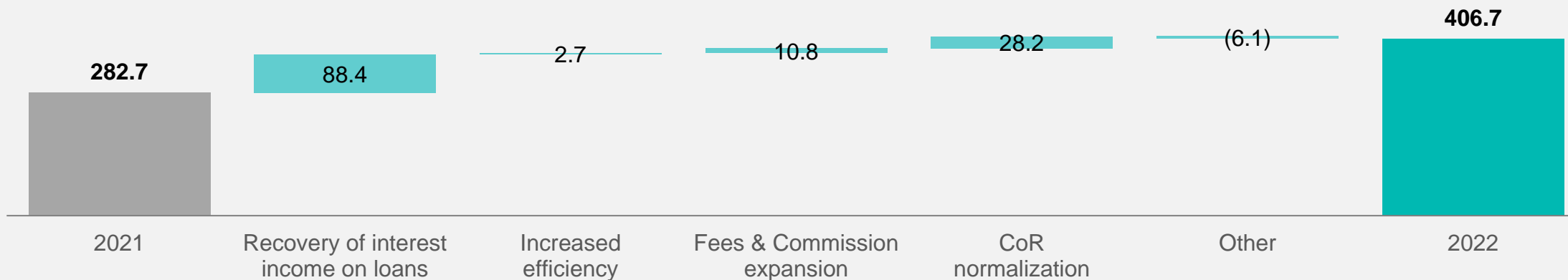
Income Statement – Quarterly data

(€ million)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	▲ €mn QoQ	▲ % QoQ
Net Interest Income	145.7	143.5	140.9	143.2	133.5	134.5	137.9	219.5	+81.6	+59%
Fees and Commissions	62.8	72.8	72.3	74.6	68.8	75.6	71.3	77.6	+6.3	+9%
Commercial Banking Income	208.5	216.3	213.2	217.9	202.3	210.1	209.2	297.2	+87.9	+42%
Capital Markets Results	52.8	40.5	(59.7)	42.2	91.4	(5.6)	(17.6)	(44.2)	(26.6)	+151%
Other Operating Results	12.2	(41.3)	30.3	39.2	16.7	56.5	88.0	22.3	(65.7)	(75%)
Banking Income	273.5	215.5	183.9	299.3	310.4	261.0	279.6	275.3	(4.3)	(2%)
Operating Costs	102.7	101.4	101.6	102.6	103.6	105.1	105.5	134.1	+28.6	+27%
Staff Costs	58.7	58.9	57.9	57.8	55.7	56.1	57.9	63.9	+6.0	+10%
General and Administrative Costs	35.9	34.2	35.1	35.8	38.2	39.2	37.7	47.1	+9.5	+25%
Depreciation	8.1	8.2	8.6	9.0	9.8	9.8	9.9	23.1	+13.2	+133%
Net Operating Income	170.8	114.1	82.3	196.6	206.8	155.9	174.1	141.1	(32.9)	(19%)
Net Impairments and Provisions	61.8	27.4	70.4	193.1	21.8	(2.0)	2.7	88.7	+86.0	-
Credit	54.9	29.8	30.3	34.4	14.3	5.0	20.2	(5.0)	(25.2)	-
Securities	0.9	15.1	1.4	30.4	11.1	30.6	2.4	23.6	+21.2	+894%
Other Assets and Contingencies	6.0	(17.5)	38.7	128.4	(3.6)	(37.6)	(19.9)	70.1	+89.9	-
Income before Taxes	109.0	86.7	11.9	3.5	185.0	157.9	171.4	52.4	(118.9)	(69%)
Corporate Income Tax	4.2	16.9	(8.1)	(28.2)	7.4	11.6	8.9	(81.1)	(90.0)	-
Special Tax on Banks	32.8	1.5	0.0	(0.1)	34.1	-	-	0.0	-	-
Income after Taxes	72.0	68.4	20.0	31.8	143.5	146.4	162.5	133.6	(28.9)	(18%)
Non-Controlling Interests	1.3	1.4	3.6	1.4	0.9	22.3	0.9	1.1	+0.2	+20%
Net Income for the period	70.7	67.0	16.4	30.4	142.7	124.0	161.6	132.5	(29.1)	(18%)

Sustainable profitability following a successful transformation

Sustainable earnings based on diversified and credible levers

Recurrent PBT for the period 2021 – 2022 (€mm)



Improvement in net interest income with 2022 as first year of positive rates since 2016 and successful funding optimization initiatives

Increase in fee and commission income, driven by higher number of transactions after pick-up in business activity

Decrease in operating costs reflecting efficiency, improvements and business recalibration

Cost of risk converging towards normalized levels, driven by strong clean-up of legacy portfolio (€8.8bn NPL reduction since 2017)

Balance Sheet

<i>(€ thousands)</i>	<i>Dec-21</i>	<i>Dec-22</i>
Cash, cash balances at central banks and other demand deposits	5,871,538	6,599,078
Financial assets held for trading	377,664	171,810
Financial assets mandatorily at fair value through profit or loss	799,592	313,702
Financial assets at fair value through profit or loss, or through other comprehensive income	7,220,996	2,331,099
Financial assets at amortised cost	26,039,902	32,777,693
Debt securities	2,338,697	8,183,209
Loans and advances to credit institutions	50,466	43,548
Loans and advances to customers	23,650,739	24,550,936
Derivatives – Hedge accounting	19,639	562,845
Fair value changes to the hedged items in portfolio hedge of interest rate risk	30,661	-383,689
Investments in subsidiaries, joint ventures and associates	94,590	119,744
Tangible assets	864,132	798,831
Tangible fixed assets	238,945	299,264
Investment properties	625,187	499,567
Intangible assets	67,986	69,832
Tax assets	779,892	956,000
Current tax assets	35,653	32,570
Deferred tax assets	744,239	923,430
Other assets	2,442,550	1,618,484
Non-current assets and disposal groups classified as held for sale	9,373	59,587
Total Assets	44,618,515	45,995,029

	<i>Dec-21</i>	<i>Dec-22</i>
Financial liabilities held for trading	306,054	99,386
Financial liabilities measured at amortised cost	40,215,994	40,987,177
Due to banks	10,745,155	9,705,154
Due to customers	27,582,093	29,277,858
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,514,153	1,628,897
Other financial liabilities	374,593	375,268
Derivatives – Hedge accounting	19,639	562,845
Provisions	442,834	413,432
Tax liabilities	15,297	8,427
Current tax liabilities	12,262	7,582
Deferred tax liabilities	3,035	845
Other liabilities	443,437	839,919
Liabilities included in disposal groups classified as held for sale	968	15,492
Total Liabilities	41,469,044	42,483,411
Capital	6,054,907	6,304,661
Other comprehensive income – accumulated	-1,045,489	-1,234,573
Retained earnings	-8,576,860	-8,577,074
Other reserves	6,501,374	6,439,418
Profit or loss attributable to parent company shareholders	184,504	560,842
Minority interests (Non-controlling interests)	31,035	18,344
Total Equity	3,149,471	3,511,618
Total Liabilities and Equity	44,618,515	45,995,029

Customer loans

€mn	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	YTD ▲ Consolidated	
						€mn	%
Customer Loans (net)	23 651	23 979	24 304	24 585	24 551	900	3.8%
Customer Loans (gross)	24 899	25 215	25 541	25 823	25 617	719	2.9%
Corporate	13 710	14 034	14 268	14 524	14 244	534	3.9%
Residential Mortgage	9 782	9 766	9 833	9 918	9 978	195	2.0%
Consumer finance and other	1 406	1 416	1 440	1 381	1 395	- 11	-0.8%
Non-Performing Loans (NPL)*	1 749	1 746	1 695	1 605	1 376	- 357	-20.4%
Impairment **	1 248	1 236	1 237	1 238	1 066	- 182	-14.5%
NPL Ratio*	5.7%	5.7%	5.4%	5.0%	4.3%	- 1.4p.p.	
NPL coverage*	71.4%	70.8%	73.0%	77.2%	76.7%	+ 5.3p.p.	

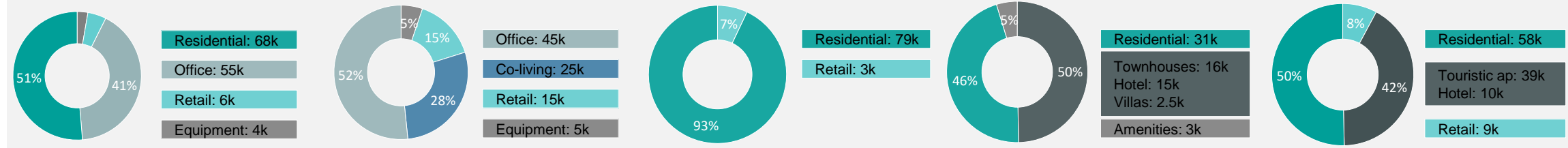
* Includes Deposits and Loans and advances to Banks and Customer Loans

** Includes impairment for Customer Loans and to Banks

Real Estate – High quality plots

#1	#2	#3	#4	#5
<p>Project located in the heart of Lisbon and close to various offices. The project will include:</p> <ul style="list-style-type: none"> Residential building with retail units Office building with retail units Common areas in an exterior garden 	<p>Located in the most modern area in Lisbon. The project is for residential and office units, being in a dynamic and consolidated area. Includes:</p> <ul style="list-style-type: none"> Co-living units Office units Retail units 	<p>Project located in the wealthiest municipality in Portugal, near major office parks in the country. This upscale residential project offers 2 different concepts, allowing great flexibility: 1 pure traditional residential scheme and 1 touristic apartments scheme, enabling Co-living, buy-to-rent or alternative sub-uses.</p>	<p>Project located in a unique touristic destination in Algarve. Includes:</p> <ul style="list-style-type: none"> High end luxury Hotel Townhouses Branded residences 5 Villas 	<p>The project is located in Algarve, a major touristic destination, and close to the main beaches in the region. The concept includes:</p> <ul style="list-style-type: none"> Residential units Touristic apartments Hotel
Key metrics:				
133,168 sqm Total GCA 570 Residential Units	89,311 sqm Total GCA 46k sqm Office units 494 Co-living units	81,988 sqm Total GCA 11 Number of Plots 1 047 Units	68,025 sqm Total GCA 386 / 242 Residences / Townhouses 150 rooms Hotel	115,506 sqm Total GCA 613 / 652 Apartments / Residences 153 rooms Hotel

Areas (sqm):



Recent similar transactions:

Year	Comparable Asset	Location	Use	GCA (sqm)	€/sqm	Year	Comparable Asset	Location	Use	GCA (sqm)	€/sqm	Year	Comparable Asset	Location	Use	GCA (sqm)	€/sqm
Prime Lisbon						Lisbon - Other						Prime Algarve					
2019	Project #1	Lisbon	Mix-use	80,000	900-1,000	n.d.	Project #2	Oeiras	Residential & Retail	108,000	300-400	n.d.	Project #4/5	Algarve	Residential	115,000	750-850
2018	Project #1	Lisbon	Mix-use	180,000	1,500-1,600	n.d.	Project #2	Lisboa	Residential	n.a.	550-650	2022	Project #4/5	Algarve	Hotel	6,800	900-1,000
2021	Project #1	Lisbon	Residential	15,000	1,400-1,500	2020	Project #2	Oeiras	Residential	60,000	500-600						
2020	Project #1	Lisbon	Office	40,000	1,300-1,400	2019	Project #3	Lisboa	Mix-use	120,000	250-350						
						2019	Project #2	Oeiras	Residential	6,587	750-850						



Note: GCA – Gross Construction Area

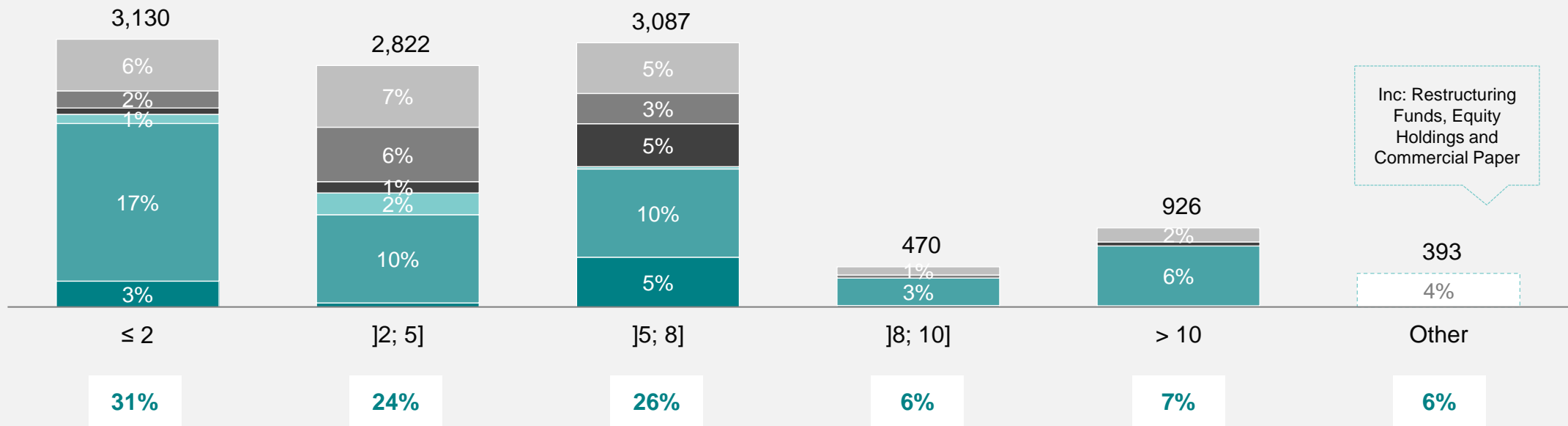
Investment portfolio

Banking Book

(by maturity; Dec-22; €mn; %)

- 9% PT sovereign debt
- 46% Other EU sovereign
- 4% Other sovereign
- 7% Supranational
- 11% HQLA¹ (Corp + Fins)
- 24% Non-HQLA

€10.8bn

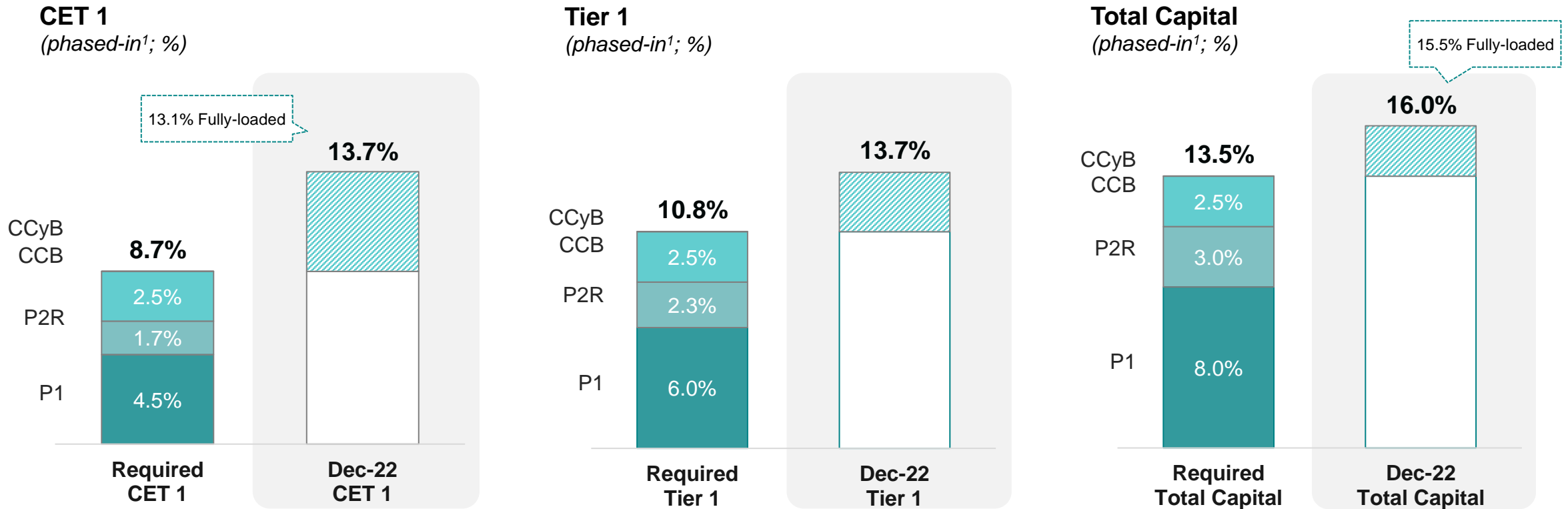


Capital ratios

€mn

CAPITAL RATIOS (CRD IV/CRR)		31-Dec-21	31-Dec-21	31-Mar-22	31-Mar-22	30-Jun-22	30-Jun-22	30-Sep-22	30-Sep-22	31-Dec-22	31-Dec-22
		<i>(Phased-in)</i>	<i>(Fully loaded)</i>	<i>(Phased-in)</i>	<i>(Fully loaded)</i>	<i>(Phased-in)</i>	<i>(Fully loaded)</i>	<i>(Phased-in)</i>	<i>(Fully loaded)</i>	<i>(Phased-in)</i>	<i>(Fully loaded)</i>
Risk Weighted Assets	(A)	24 929	24 689	23 761	23 622	23 058	22 914	22,848	22,695	21 355	21 233
Own Funds											
Common Equity Tier 1	(B)	2 768	2 507	2 571	2 419	2 711	2 558	2,906	2,746	2 927	2 787
Tier 1	(C)	2 769	2 509	2 572	2 420	2 712	2 559	2,908	2,747	2 928	2 789
Total Own Funds	(D)	3 276	3 016	3 076	2 925	3 214	3 061	3,409	3,248	3 418	3 279
Common Equity Tier 1 Ratio	(B/A)	11.1%	10.1%	10.8%	10.2%	11.8%	11.2%	12.7%	12.1%	13.7%	13.1%
Tier 1 Ratio	(C/A)	11.1%	10.1%	10.8%	10.2%	11.8%	11.2%	12.7%	12.1%	13.7%	13.1%
Solvency Ratio	(D/A)	13.1%	12.2%	12.9%	12.4%	13.9%	13.4%	14.9%	14.3%	16.0%	15.5%
Leverage Ratio		6.0%	5.4%	5.5%	5.2%	5.7%	5.4%	5.9%	5.6%	6.1%	5.8%

Execution of the de-risking strategy delivering Total Capital ratio already above 13.5% OCR requirement



Organic capital generation and acceleration of balance sheet deleverage.

Bonds outstanding and MREL eligibility

€mn; Dec-22

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value ¹	Maturity	MREL
Senior							
NB 3.5% 23/07/24 OBRG.	PTNOBIOM0014	EUR	300	Jul-21	304	Jul-24	Y
NB 4.25% 09/23 OBRG.	PTNOBJOM0005	EUR	275	Dec-21	276	Sep-23	N
NB 5.5% 30/12/24 OBRG.	PTNOBKOM0002	EUR	100	Dec-22	100	Dec-24	Y
BES Luxembourg 3.5% 02/01/43	XS0869315241	EUR	64	Jan-13	43	Jan-43	Y
BES Luxembourg 3.5% 23/01/43	XS0877741479	EUR	131	Jan-13	99	Jan-43	Y
BES Luxembourg 3.5% 19/02/2043	XS0888530911	EUR	97	Feb-13	65	Feb-43	Y
BES Luxembourg 3.5% 18/03/2043	XS0897950878	EUR	70	Mar-13	48	Mar-43	Y
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	36	Oct-48	Y
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	44	Feb-49	Y
Banco Esp San Lux ZC 19/02/49	XS1034421419	EUR	69	Feb-14	12	Feb-49	Y
Banco Esp San Lux ZC 27/02/51	XS1038896426	EUR	108	Feb-14	17	Feb-51	Y
BES Luxembourg ZC 06/03/2051	XS1042343308	EUR	76	Mar-14	12	Mar-51	Y
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	40	Apr-48	Y
BES Luxembourg ZC 09/04/52	XS1055501974	EUR	264	Apr-14	39	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 (Senior)			2,249		1,143		
Subordinated							
NB 06/07/2028	PTNOBFOM0017	EUR	400	Jun-18	416	Jul-28	Y
Total (Senior+Subordinated)			2,649		1,559		

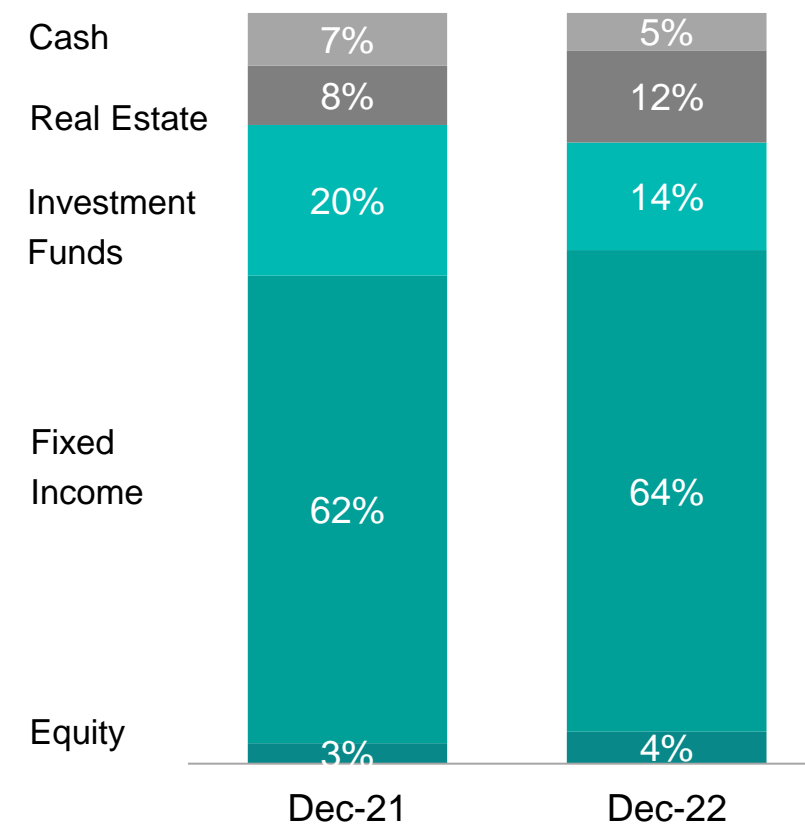
Pension Funds

Key Figures (€ Millions)	Dec-20	Dec-21	Dec-22
Retirement Pension Liabilities	1 935	1 929	1 419
Fund Assets	1 908	1 908	1 478
Liabilities Coverage	99%	99%	104%

Actuarial Assumptions	Dec-20	Dec-21	Dec-22
Project rate of return on plan assets	1.00%	1.35%	4.00%
Discount rate	1.00%	1.35%	4.00%
Pension increase rate	0.25%	0.50%	0.75%
Salary increase rate	0.50%	0.75%	1.00%
Mortality table men	TV 88/90	TV 88/90	TV 88/90
Mortality table women	TV 88/90-2 yrs	TV 88/90-3 yrs	TV 88/90-3 yrs

Pension Fund Portfolio

(Dec-22)



Deferred Tax Assets

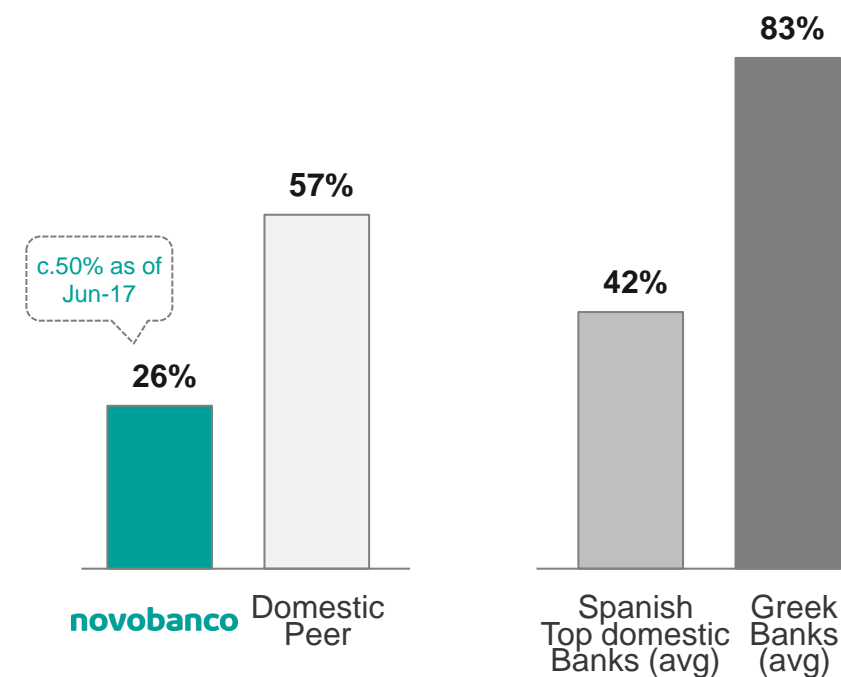
Overview of Deferred Tax Assets

(€ millions)	Dec-21	Dec-22	Of which in CET 1
Total DTAs on Balance Sheet	741	922	627
Timing-Difference DTAs – under Special Regime ⁽¹⁾	267	295	295
Timing-Difference DTAs – other	473	563	332
Tax Losses carried forward	1	64	-
Off-Balance Sheet	1 811	1 651	-
Timing-Difference DTAs	334	239	-
Tax Losses carried forward	1 477	1 412	-

- Tax losses carried forward are recognised to the extent they are expected to be recovered with future taxable income;
- novobanco conservatively assesses the recoverability of tax losses carried forward considering its projected taxable income over a 5 year period, assuming average of base case and stressed cases of the business plan;
- DTAs under Special Regime: YoY change reflects tax audit correction related to 2018 and 2019.

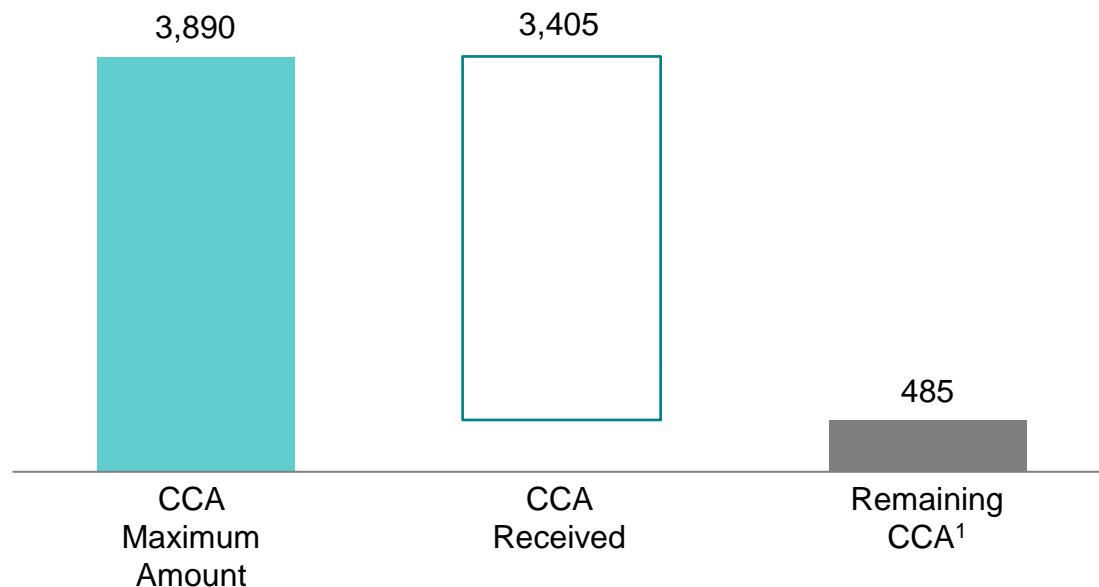
Deferred Tax Assets as % of Equity²

novobanco vs listed banks and average by market



CCA: €485mn available

CCA - Contingent Capital Agreement Compensation amounts (€ million)



- As agreed in Oct-2017, at sale process of novobanco, a Contingent Capital Agreement (“CCA”) was entered into between the Resolution Fund (“FdR”) and the Bank.
- Outstanding divergences between novobanco and the Resolution Fund (amounts not recognized in CET1 capital as of 31 Dec 2022):
 1. IFRS9 treatment
 2. 2020 unpaid CCA Call: €165mn
 3. 2021 unpaid CCA Call: €209mn
- Up to an additional €485mn remains available for losses recognised in a predefined portfolio of assets (“CCA Assets”) and other CCA covered losses (the “CCA Losses”) in case CET1 ratio decreases below 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.

Our ESG Priorities and 2022 achievements...



Sustainable Business

Social & Financial Well-being

Responsible Banking

<p>€343mn Green investment¹</p> <p>-19.1% Electricity Consumption (YoY)</p> <p>~100% Of electricity sourced from renewable sources</p> <p>-5.2% Paper consumption (YoY)</p> <p>-7.6% CO₂ emission (YoY)²</p>	<p>4.5 K Participations in 5+ program (promoting physical and mental health, well-being and work-life balance for employees launched in June 22)</p> <p>Extra measures to support employees facing higher interest rates environment</p> <p>€1.6mn In donations</p> <p>406 Hours volunteered by employees to social and environmental initiatives</p>	<p>5.7% Gender pay-gap³ (vs 6.0% in Jun-22)</p> <p>27.5% Of women in senior leaders' roles⁴</p> <p>61.1% Of suppliers with Sustainability scoring</p> <p>70.6K Hours of cumulative ESG training to employees</p>
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- New Sustainability Credit Line:
 - Up to €250mn to support companies transition to a more sustainable and low-carbon economy
- New Personal Loans for acquisition of hybrid and electric vehicles and investment in renewable energy solutions
- 1.4 tons of expired bank cards sent to recycling and used to produce urban furniture

- ESG Talks Conference cycle addressing sustainability issues with 700+ participants
- novobanco finances Sonae Group Sustainability linked Commercial Paper program up to €175mn and coordinates issuance of €70mn in Sustainability linked Bond for Mota-Engil
- Launch of employees' Volunteering Program - 4 environmental and social initiatives
- novobanco and novobanco dos Açores service accounts support social responsibility causes: i) Social - Semear Project (Sow Project); ii) Cultural - Este Espaço Que Habito (This space I Inhabit), and; iii) Environmental (Recreational Toys Recycling Project)

ESG Strategy | Timeline

4Q 2021

Announcement of novobanco strategic plan & Internal definition of ESG targets

2023

Roll-out of Climate & Environment (C&E) risks into the loan origination framework

2024

Comprehensive assessment of the new methodology's performance



Business Environment:

- Definition of annual goals for green investment, agreed with key business lines and considering potential alignment with EU Taxonomy (conservative approach as compared with current market practices).
- Definition of Key Risk Indicators for physical risk and exposure to relevant sectors that began monitoring in 2022
- Comprehensive sectoral scoring of the portfolio and risk materiality assessment is underway with results in 1Q23

Risk management framework:

- Developments for full integration of C&E risks into the loan origination framework are underway, comprising the development of risk methodologies (top down and bottom-up, incl. 'rating'), based on which the on-boarding procedures (ie: required data) and decision framework will be adjusted.
- These methodologies will provide an integrated assessment in terms of the client/ transaction risk profile and EU Taxonomy (alignment) classification.
- Implementation schedule: a) 2022YE technical developments concluded; b) 2023E pilot (covering sampled sectors)/ silent-run and roll-out (for remaining key sectors).

Credit Risk:

- Simplified approaches are already in place for pricing (ie: specific credit products have been designed to include ESG criteria broadly consistent with the Taxonomy requirements; promotional pricing allowed in those cases, as they are assessed as better prepared to face the transition risks).
- Once structural developments in terms of the risk methodologies are concluded, novobanco will be able to assess the performance of the classified exposures and, therefore, introduce any change to its pricing policy/ model.
- Methodologies to be deployed during 2023, with 2024 targeted for a comprehensive assessment of the new methodology's performance.

novobanco 2024 commitments

ESG

Group novobanco	ESG	+ 4.5 p.p. women in senior leadership positions ¹¹	- 18% GHG emissions (scope 1 and 2) ⁵	+ 50% low emissions vehicles (electric or hybrid)	100% green electricity procurement ¹⁵	
	Sustainable Business	+ €600mn in Green Investment ¹ (vs. 2021)	€0mn financing to excluded sectors ²	30% investment products with ESG characteristics ³	- 30% paper consumption ⁴ (ton, vs. 2021)	-18% CO2 emissions from own operations ⁵ (ton. vs. 2021)
novobanco	Social and Financial Well-being	40% employees benefiting from social well-being program ⁶	+ 3 p.p. employees assessed Healthy (psychosocial assessment ⁷) (vs. 2021)	+ 8 p.p. employees engagement level ⁸ (vs. 2021)	+ 11.8 points in customers' NPS ⁹ (vs. 2021)	+ 9,594 hours from employees volunteering service initiatives ¹⁰ (vs. 2021)
	Responsible Banking	+ 2.5 p.p. women in senior leadership positions ¹¹	- 0.9 p.p. gender pay gap ¹²	+ 3 partnerships with to promote employment of people with disabilities ¹³	90% suppliers with sustainability scoring ¹⁴	+ 39,160 hours ESG training to employees

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. Economic sectors not financed by novobanco: Weapons, Prostitution, Pornography, Coal (mining and energy production) and Trade in wildlife and endangered species; 3. Investment Funds, Financial Insurance and Structured Products; 4. 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; 5. Scope 1 and 2 GHG emissions; 6. 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.; 7. Annual psychosocial risk assessment study of novobanco's employee base; 8. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement); 9. Net Promoter Score calculated for Individual Clients - BASEF; 10. 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; 11. First line managers and Executive Board of Directors; 12. Gender pay gap weighted by the representativeness of each Performance Function; 13. Number of organisations with active partnerships with the Bank; 14. Suppliers with a continuous relationship with novobanco and annual turnover of over 10 thousand euros; 15. In all locations where the option is available and the contract is held by novobanco.

Moodys and DBRS ratings

June 2022

MOODY'S	Long Term	Short Term
Baseline credit assessment (BCA)	b2	
Adjusted baseline credit assessment (BCA)	b2	
Counterparty risk rating	Ba2	NP
Counterparty risk assessment	Ba2 (cr)	NP (cr)
Deposits	Ba3 Positive Outlook	NP
Senior unsecured debt	B3 Positive Outlook	
Subordinated debt	B3	

April 2022

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

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 initial fair value, impairment charges accounted in the period for credit risk and corporate bonds with gross customer loans and corporate bonds portfolio.
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.
Return on tangible equity (RoTE)	Ratio of return for the period and tangible equity. The return corresponds to the annualized result before tax, less the contribution on the banking sector and contributions to resolution funds, being adjusted for events considered extraordinary. Tangible equity calculated as risk weighted assets x 12%.

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
tCO ₂ e	tonnes of carbon dioxide equivalent
RWA	Risk weighted assets

novobanco

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