RESULTS PRESENTATION
9M 2023

November 2nd, 2023

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Novo Banco, SA I Av. da Liberdade, n. 195 Lisboa, Portugal
Share Capital: 6 567 843 862.91 Euros represented by 11 130 841 957 shares
NIPC: 513 204 016 I LEI: 5493009W2E2YDCXY6S81

Agenda

01.

Highlights & Segment Performance

Strategy execution delivering increased profitability and strong capital generation, outperforming 2023 guidance

Net income of €638.5mn (1Q23: €148.4mn; 2Q23: €224.8mn; 3Q23: 265.3mn), backed by a solid domestic and simple business model, leading to capital generation of **+340bps of YTD**.

Solid NII growth to €831.2mn (3Q23: €307.2mn; +10.6% QoQ), reflecting improvement of avg assets yield. **NIM increased to 2.66% (3Q23: 3.00%), in line with guidance of >2.5%.**

Commercial Banking Income grew to €1 048mn (3Q23: €378.9mn; +7% QoQ). Cost to Income[2] ratio reduced to 32.4% (3Q23: 30.2%), with Operating costs of €339.6mn (+8.1% YoY; +1.2% QoQ), reflecting both inflation and the upfront impact of the continued investment in operations.

Cost of risk was 36bps (1H23: 38bps), including management provisioning overlay, being consistent with 2023 guidance. **Continuous NPL stock reduction** (-€171mn YTD) with **net NPL ratio at 0.8%** (or 0.7% including cash and advances with to Banks) with coverage ratio increasing to 84%, considerably above European average of 71%[3].

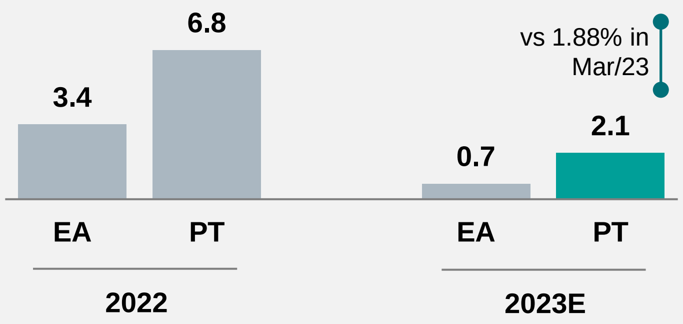
Gross Customers loans at €25.7bn (+0.2% YTD), with €2.6bn YTD origination supported by positive performance of new client acquisition (>30% YoY[1]), increasing market share to 10.6% (+0.1pp YTD). **Customer deposits at €28.1bn (+2.1% vs Mar/23)**, resulting in novobanco's market share increasing to 9.7% (+0.4pp YTD). Loan to Deposits ratio remained at healthy levels of 83.0%, with net ECB funding of -€1.8bn.

Consistent capital generation with FL CET 1 increasing c.340bps to 16.5% and Total capital ratio reaching 19.3% (+c.390bps YTD). Capital generation reflects the capital accretive business model with strong top-line performance and disciplined capital allocation. Total capital ratio also benefited from the net increase of €100mn of Tier 2 instruments in Jun/23.

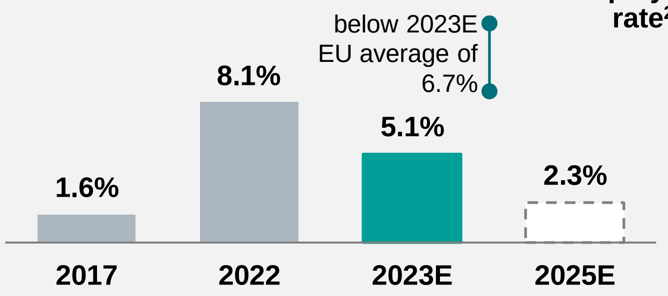
(1) Variation of new client's acquisition; (2) Cost to Income defined as Operational Costs divided by Commercial Banking Income; (3) novobanco analysis with 2022 data

Higher than expected GDP growth in 2023 and improved public accounts

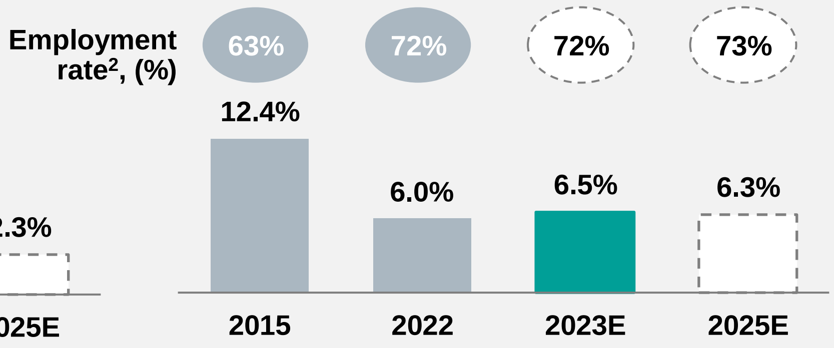
Annual GDP growth[1]
(%)



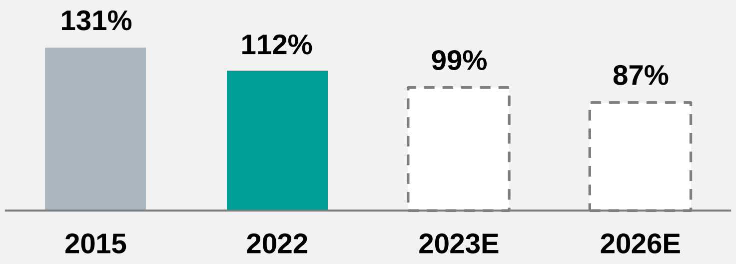
Inflation under control
(%)



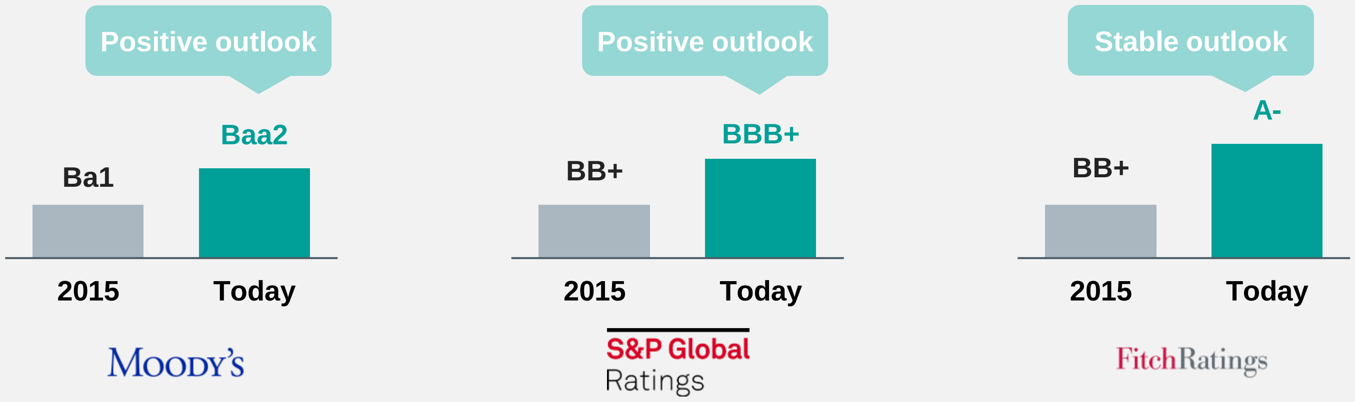
Unemployment near historic lows
(%)



Political stability driving strong fiscal discipline
(% Public Debt to GDP[3])



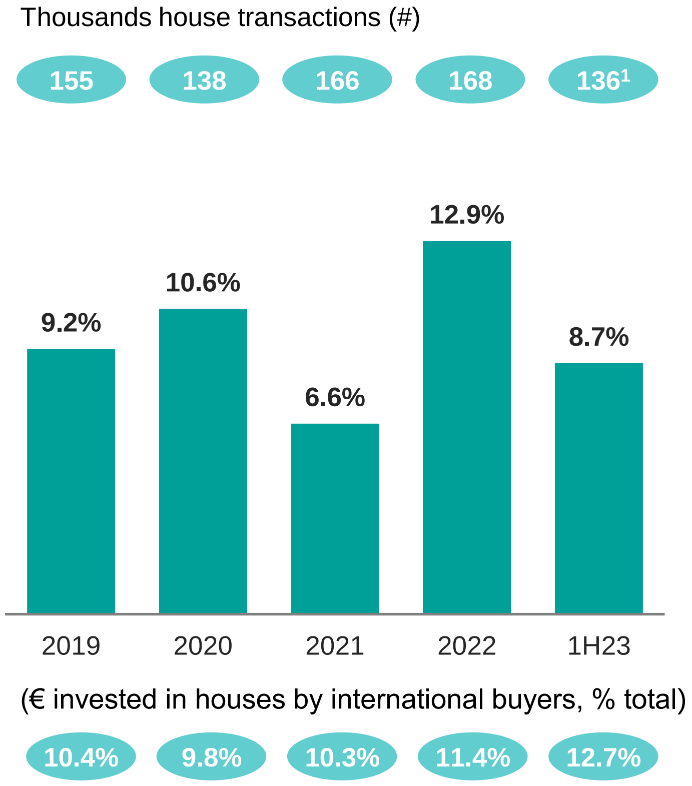
Consistent sovereign debt rating improvement



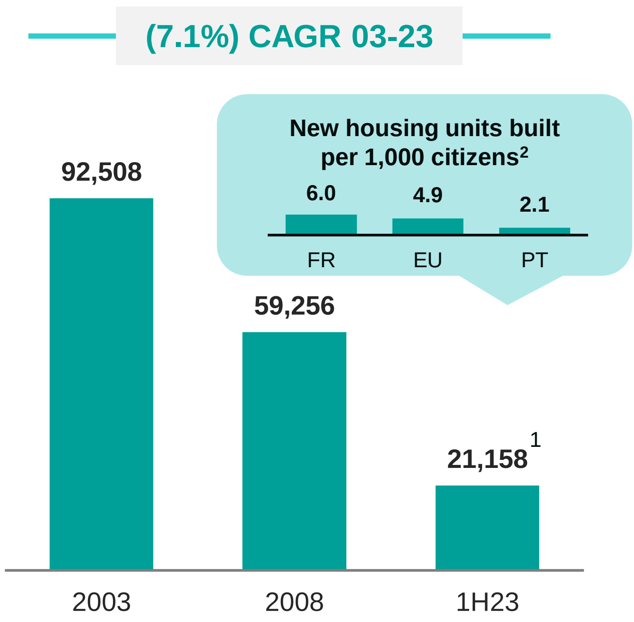
(1) Source: Bank of Portugal; 2023E PT expectaction from BdP as of Oct/23; (Dec/22); European average – ECB (Sep/23); (2) Employment rate calculated as number of employees divided by population within working age; (3) Based on Banco de Portugal; Expected figures based on Portuguese budget

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

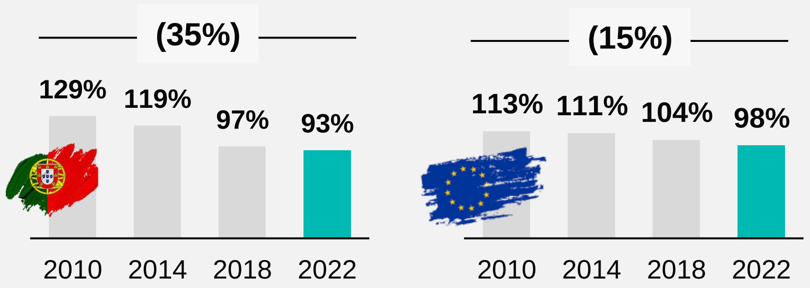
Housing activity and pricing
(YoY Price Change, %)



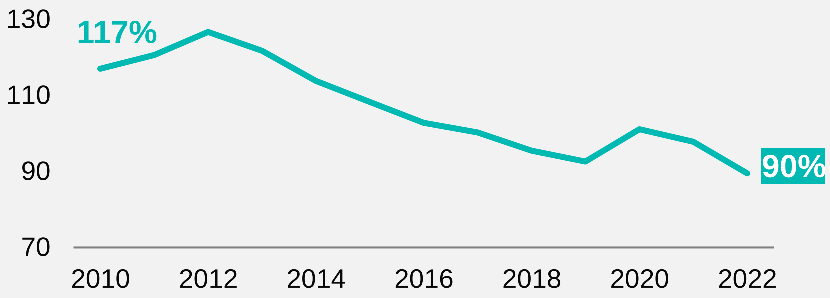
Scarcity of new housing supply
(New housing units built, #)



Households have demonstrated financial discipline
(Household debt as % of disposable income[2])



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



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Source: INE; (1) Based on 1H23 data annualized; (2) Based on 2023 forecasts

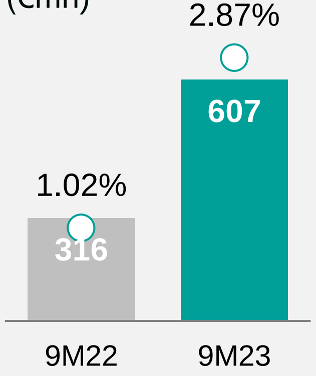
Focus on building best-in-class customer franchise in Portugal

Retail

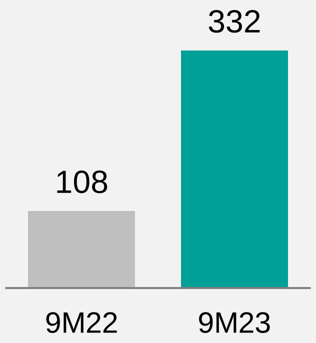
Making our customers' lives easier:

- 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
- **Client acquisition:** +35% YoY (monthly average)
- **Successful partnerships**

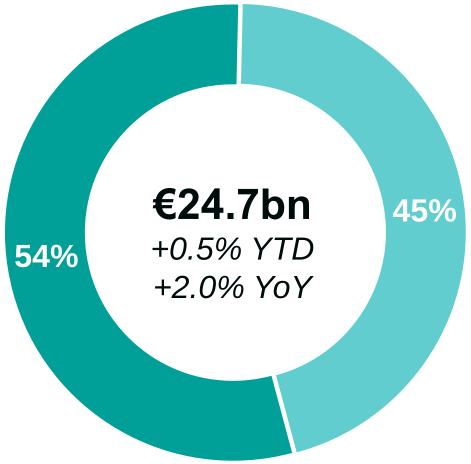
NIM & Banking Income
(€mn)



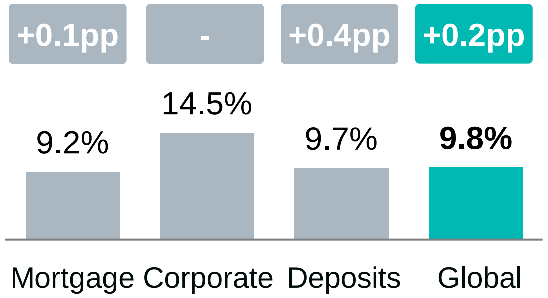
Profit Before Tax
(€mn)



Segments:
Customer Loans (net)



Market Share[1] ▲ YTD



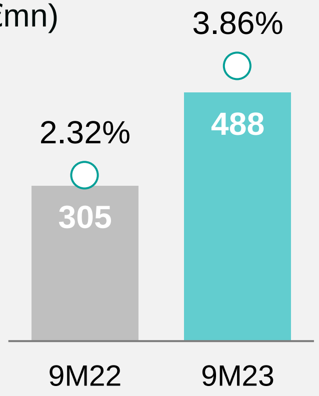
Corporate: 13.5%
(+1.3pp YTD)

Corporate

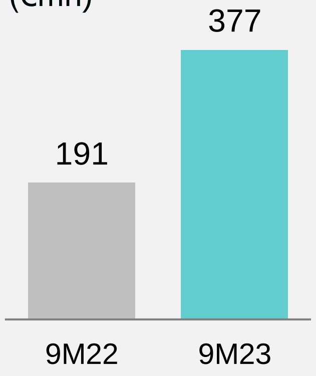
Strengthening its commitment to companies:

- **Sectoral expertise** to fulfill our Client's needs, providing tailored solutions for specific sectors
- **Solutions for working capital needs**, with significant growth in short-term loans (ie: Factoring & Confirming: +13% YoY; 20.0% market-share in Trade Finance)
- **Solutions for investment projects** (>€830mn of new MLT credit), and systematized approach to EU Funds

NIM & Banking Income
(€mn)



Profit Before Tax
(€mn)



Note: See annex for segments disclosure; (1) Figures as of Aug/23; sources: Banco de Portugal, APS, APFIPP;

Outperforming financial targets by delivering 2023 guidance ahead of YE

	2023 Guidance[1]	9M23 Achievements
Net Interest Margin	> 2.5%[2]	**2.66%**
Cost to Income	~ 35%	**32.4%**
Cost of Risk	~ 50 bps	**36 bps**
NPL Ratio[3]	< 4.5%	**4.2%** (w/ 84% coverage)
Profit Before Tax[4]	> €700mn	**€646mn**
Capital Generation	> 350 bps	**+340 bps** (CET1: 16.5%)

Protecting NIM from a lower interest rate environment by increasing hedges[5] to lock in current rates and reduce sensitivity, with a **decrease of ~5% NII for -100bps in rates**

De-risking strategy with strong and reinforced coverage levels

Deposit Guarantee Fund Currently collateralized by bonds and maybe replaced by cash (€56mn) in 4Q. Replacement with impact in P&L but no impact in CET1

Upward revision of 2023E Capital Generation > 400bps

Consistent execution of the strategic plan, reiterating the focus to achieve investment grade rating in the medium-term.

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(1) Considers upward revision of 2023 guidance presented with 1H23 accounts; (2) Considers average Deposits Facility Rate of 3.3% vs previous 2.7%; (3) NPL ratio target includes cash and advances with to banks; NPL ratio at 4.7% if excluded; (4) PBT deducted by Special Tax on Banks; (5) Considering a constant balance sheet and after execution of €7.0bn cash-flow hedges on the mortgage book and €1.5bn hedges on deposits

02.

Income Statement

Delivering sustainable business growth and increased income backed by a positive NIM trend

	Income Statement (€mn)	9M22	9M23	▲YoY €mn	3Q23	▲QoQ €mn
1	Net Interest Income	405.9	831.2	+425.3	307.2	+29.5
2	+ Fees & Commissions	215.7	217.1	+1.4	71.8	(4.7)
	= Commercial Banking Income	**621.6**	**1,048.3**	**+426.7**	**378.9**	**+24.9**
	+ Capital Markets Results	68.2	39.3	(28.9)	11.3	(10.9)
	+ Other Operating Results	161.3	14.5	(146.8)	19.5	+26.9
	= Banking Income	**851.1**	**1,102.1**	**+251.0**	**409.7**	**+40.8**
3	- Operating Costs	314.2	339.6	+25.3	114.5	+1.4
	= Net Operating Income	**536.8**	**762.5**	**+225.7**	**295.2**	**+39.4**
4	- Net Impairments & Provisions	22.5	81.7	+59.3	25.8	(2.5)
	= Profit Before Tax	**514.3**	**680.8**	**+166.4**	**269.4**	**+42.0**
	- Corporate Income Tax	27.8	2.6	(25.2)	1.0	+0.2
	- Special Tax on Banks	34.1	35.3	+1.1	1.1	+1.1
	= Profit after Taxes	**452.4**	**642.9**	**+190.5**	**267.3**	**+40.7**
	- Non-Controlling Interests	24.0	4.4	(19.7)	2.0	+0.2
	= Net Profit for the period	**428.3**	**638.5**	**+210.2**	**265.3**	**+40.5**

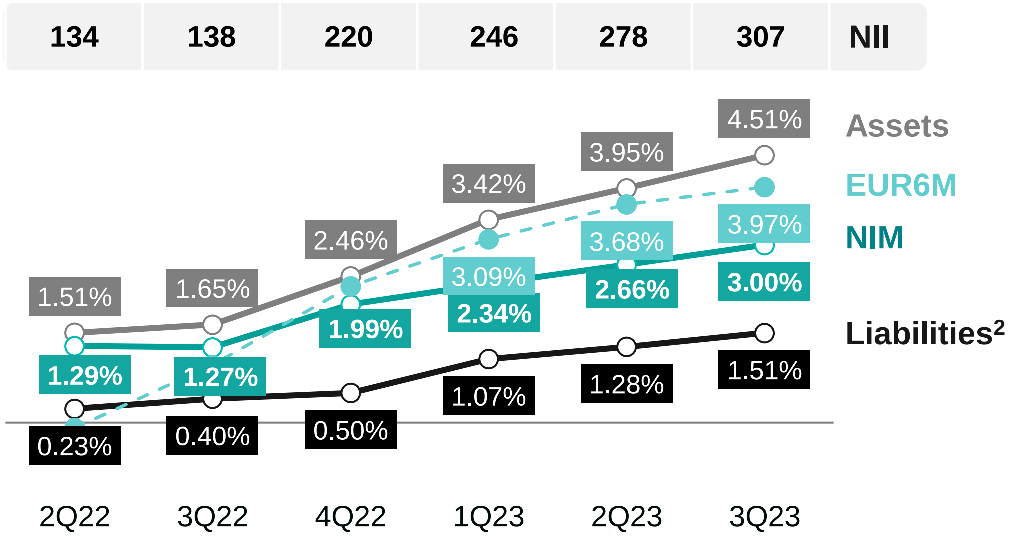
- NII performance (+10.6% QoQ) **reflecting improvement of assets yield** in excess of the increase in the cost of funding. NIM of 2.66% (9M23), above guidance of > 2.5%;
- Fee income +0.7% YoY with increased contribution of Accounts and Payments (+9.1% YoY) backed by **higher volume of transactions**;
- **Commercial Banking Income was €1,048mn** (+7.0% QoQ), driven by higher NII. Capital Markets Results and Other Operating Results YoY performance was impacted by 9M22 accounting of gains from the hedging of interest rate risk and €148.6mn of gains from the sale of real estate assets, respectively. In 9M23, Other Operating Results include the annual contribution to the Single Resolution Fund (€15.0mn) and the Portuguese Resolution Fund (€7.1mn);
- **Commercial Cost to Income ratio at 32.4%,** equivalent to 30.7% excluding extraordinary items. Operating costs totalled €339.6mn (+8.1% YoY; +6.9% on recurring basis), reflecting on one hand the continued strategic investment in digital transformation, optimization and simplification of the organization and on the other hand the effects of inflation;
- The **cost of risk was 36bps** (stable YoY) considering loans and corporate bonds impairments, including management overlays;
- **Net income of €638.5mn (+49.1% YoY)** reflecting consistent execution of novobanco's strategy, with the ability to grow revenue and generate capital.

1 NII of €831mn backed by a stable loan book with increasing asset yields, which more than offset the increase in the cost of funding

Net Interest Interest (NII) & Net Interest Margin (NIM)

€ million; %	9M22		9M23		3Q23	
	Avg. Rate	Income/ Costs	Avg. Rate	Income/ Costs	Avg. Rate	Income/ Costs
Customer Loans	**2.07%**	**399**	**4.47%**	**868**	**5.06%**	**332**
Corporate loans	2.36%	252	4.84%	519	5.42%	195
Mortgage lending[1]	1.12%	83	3.58%	272	4.29%	111
Consumer loans and Others	5.79%	63	6.94%	77	6.92%	27
Money Market Placements	-0.20%	-9	2.97%	97	3.72%	30
Securities and Other Assets	1.36%	103	3.24%	277	3.46%	99
Interest Earning Assets & Other	**1.56%**	**492**	**3.98%**	**1,242**	**4.51%**	**462**
Customer Deposits	0.15%	32	0.66%	143	0.92%	69
Money Market Funding	-0.40%	-18	3.05%	179	3.85%	59
Other Liabilities	6.37%	70	7.09%	80	7.50%	27
Interest Bearing Liabilities & Other	**0.26%**	**83**	**1.29%**	**402**	**1.51%**	**155**
NIM / NII[3]	**1.29%**	**406**	**2.66%**	**831**	**3.00%**	**307**
Euribor 6M - Average	0.14%		3.58%		3.97%	

Net Interest Margin: Quarterly trend
(€mn)

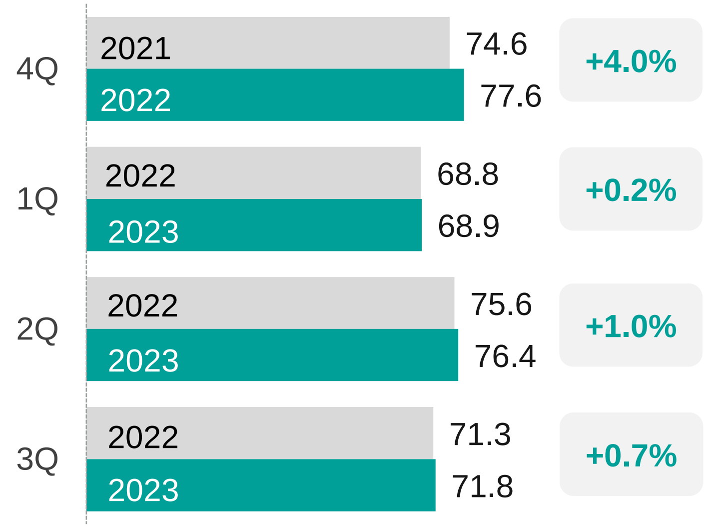


Benefiting from repricing at current rate environment, with NIM stabilizing at higher levels while downside rates risk being actively managed through hedging
(~ -5% NII impact for -100bps decrease)[4]

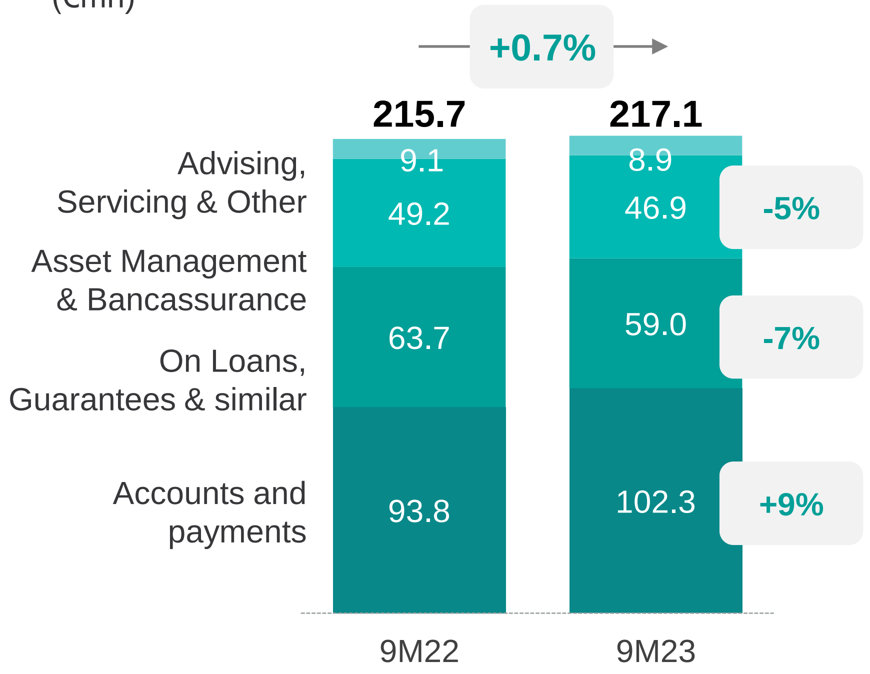
(1) Does not include cash-flow hedge, with the latest being accounted in Other Assets/Other Liabilities. (2) Interest Bearing Liabilities & Other; (3) With stage 3 impairment adjustment; (4) Considering a constant balance sheet and after execution of €7.0bn cash-flow hedges on the mortgage book and €1.5bn hedges on deposits;

2 Stable fees, with better accounts and payments performance

Fees: Quarterly Evolution
(€mn)



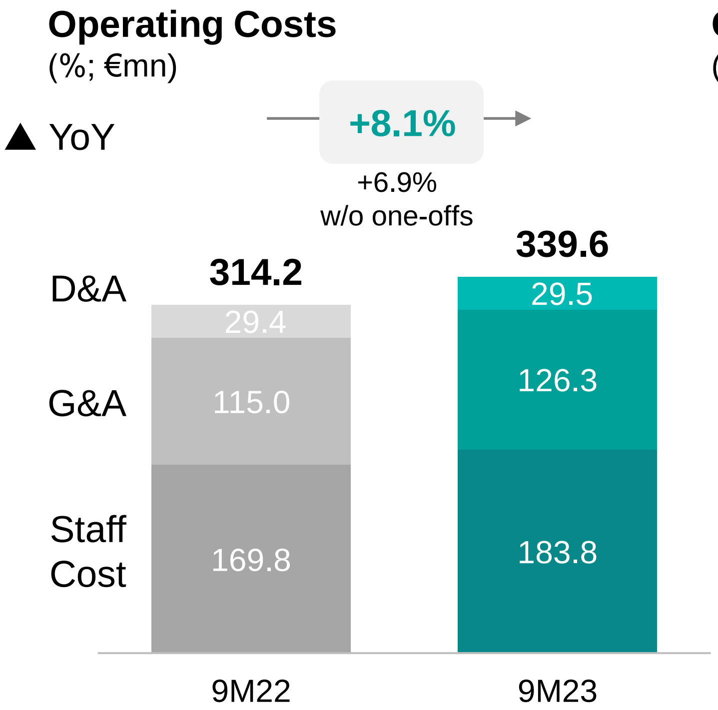
Fees: Evolution per type
(€mn)

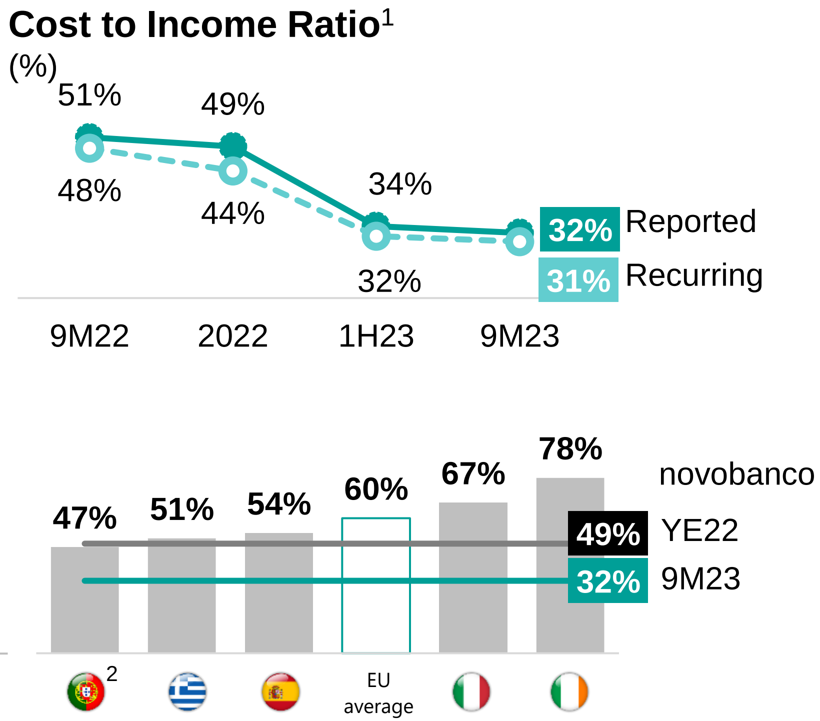


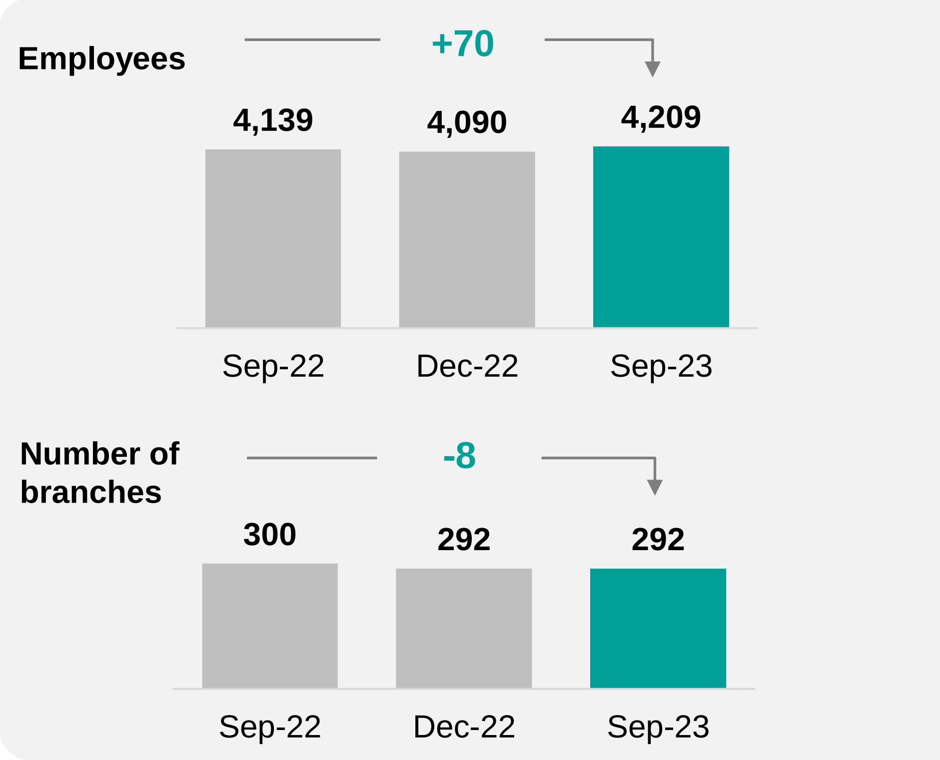
- **Accounts and Payments** (+€8.5mn; +9.1%) due to a higher volume of transactions, new pricing implemented for customer accounts and POS usage.
- **Commissions on Loans, Guarantees and similar** (-€4.7mn; -7.3% YoY) mainly from regulatory headwinds.
- **Asset Management & Bancassurance fees** (-€2.3mn; -4.7%) from lower average volumes.

Stable fee income to date with some headwinds from legislative changes.

3 Cost to Income ratio improving to 32%, from operating jaws supported by a sharp increase in commercial banking income







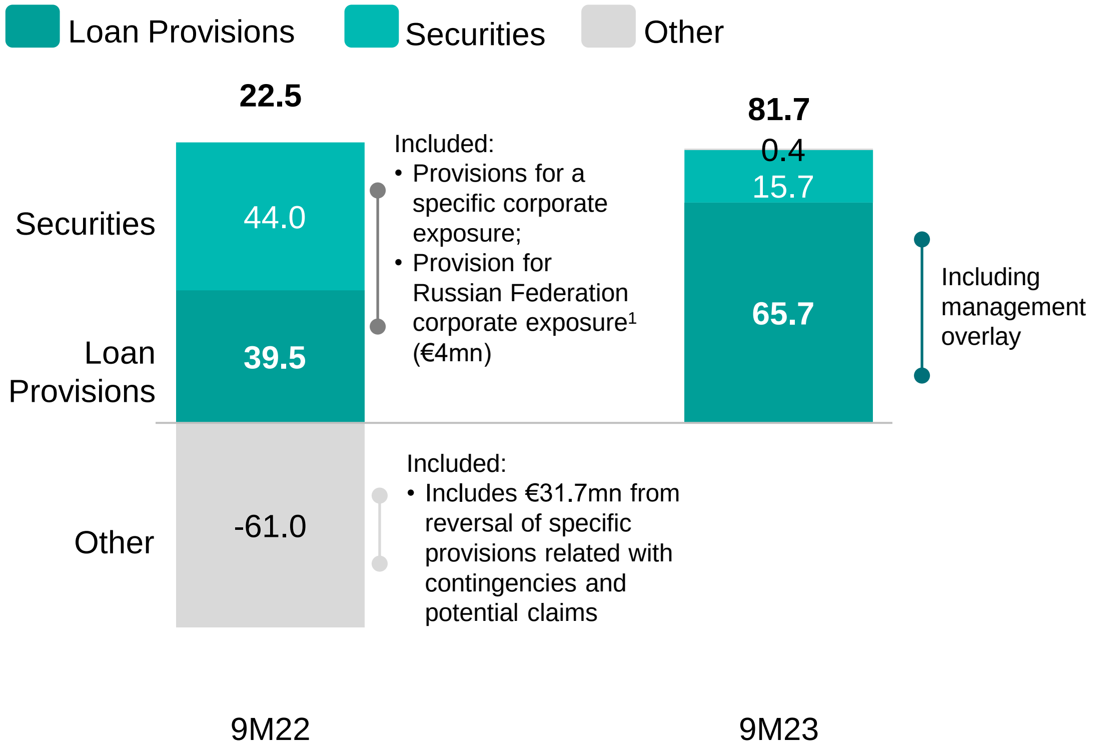
Efficient operations with revenue growth offsetting cost inflation and investment in people and culture, reaching a best in class C/I ratio.

(1) Peers data as of YE2022, Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions; (2) Portuguese average excludes novobanco

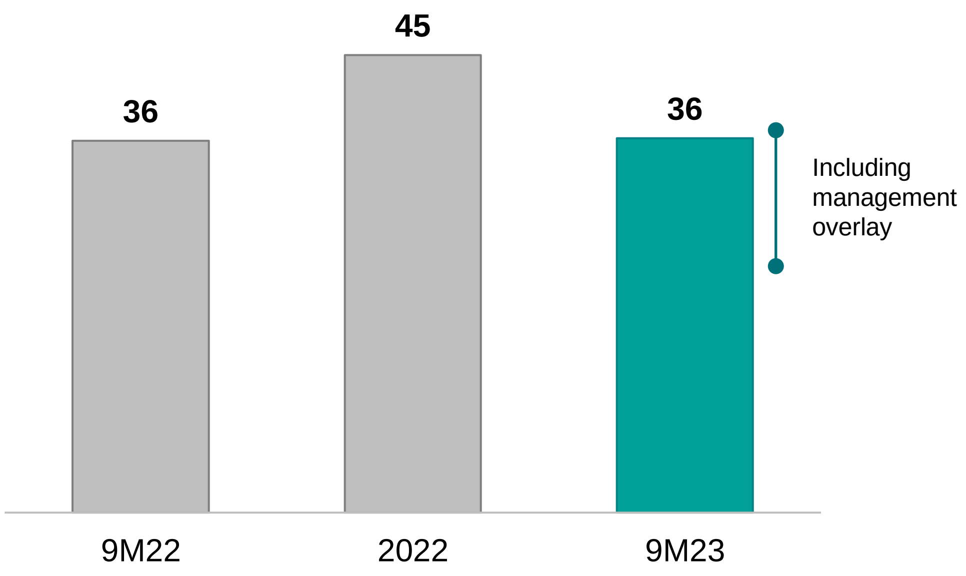
4

Provisions below run-rate, reflecting a benign economic environment in 9M23 with no early indicators pointing to asset quality deterioration

Impairment and Provisions
(€mn; %)



Cost of Risk
Including loans and corporate bonds
(bps)



(1) As of Sep-23 total exposure to corporates from Russian Federation was €4.3mn recorded at fair value through other comprehensive income; no Russian Federation sovereign exposure.

03.

Balance Sheet

Simple balance sheet reflecting novobanco's sustainable business model

Balance Sheet (€mn)

	Assets	Dec-22	Sep-23	▲YTD €mn	▲YTD %
	Loans and advances to Banks	6,643	3,466	(3,177)	-47.8%
1	Customer loans (net)	24,551	24,672	121	0.5%
	Real estate	614	594	(20)	-3.3%
2	Securities	10,646	10,810	164	1.5%
	Non-current assets held for sale	60	65	6	9.8%
	Current and deferred tax assets	956	997	41	4.3%
	Other assets	2,526	2,345	(181)	-7.2%
	Total Assets	**45,995**	**42,949**	**(3,046)**	**-6.6%**

	Liabilities & Equity	Dec-22	Sep-23	▲YTD €mn	▲YTD %
3	Customer deposits	28,412	28,095	(317)	-1.1%
	Due to central banks and Banks	9,705	5,970	(3,735)	-38.5%
	Debt securities	1,584	1,113	(472)	-29.8%
	Non-current liabilities held for sale	15	22	7	42.1%
	Other liabilities	2,766	3,515	750	27.1%
	Total Liabilities	**42,483**	**38,715**	**(3,768)**	**-8.9%**
4	**Equity**	**3,512**	**4,234**	**722**	**20.6%**
	Total Liabilities and Equity	**45,995**	**42,949**	**(3,046)**	**-6.6%**

Assets

- Loans and advances to Banks lower YTD, reflecting the effect of TLTRO III reimbursement in the period.
- **Net customer loans at €24.7bn** (+0.5% YTD) with €2.6bn origination offset by increased amortizations. Performing loan book of €24.5bn (+1.0% YTD).

Liabilities

- Total customer funds of €34.5bn (flat YTD), reflecting the recovery in Deposits after 1Q23 (+2.1% Sep/23 vs Mar/23). Despite the lower YTD deposits volume (-1.1%), **deposit market share increased to 9.7%** in Aug/23 (+0.4pp YTD).

Capital & Liquidity

- **Total Capital FL ratio increasing by c.390bps[1] to 19.3%** (CET1: 16.5%; +c.340bps). The organic capital generation reflects the capital accretive business model with solid top-line performance and disciplined capital allocation.
- **Strong liquidity position: LtD at 83.3%, LCR of 136% and NSFR of 118%,** as well as liquidity buffer of €13.3bn as of Sep-23.

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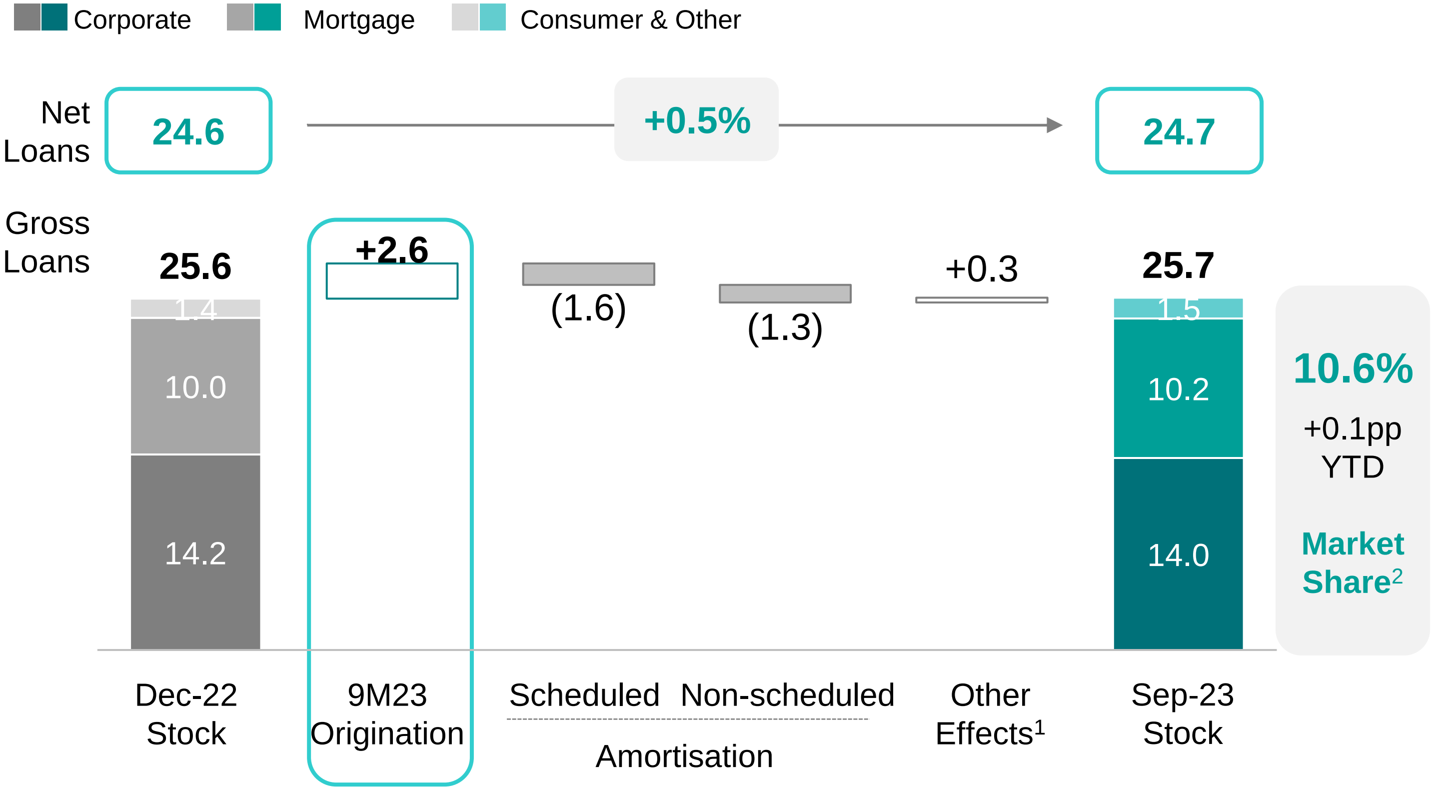
(1) Total capital ratio also benefited from +€100mn Tier 2 upsize with the issuance of €500mn 10.5NC5.5 (Jun-23).

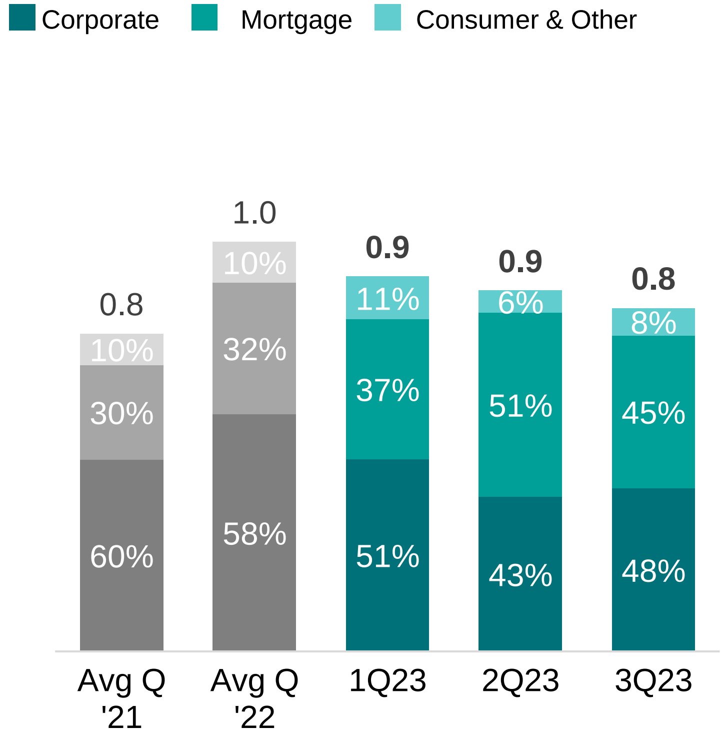
1

Net loan book +0.5% YTD with origination partially offset by increased amortisation

Loans to Customers
(€bn; %)



Origination of Loans to Customers
(Average per quarter; €bn; %)



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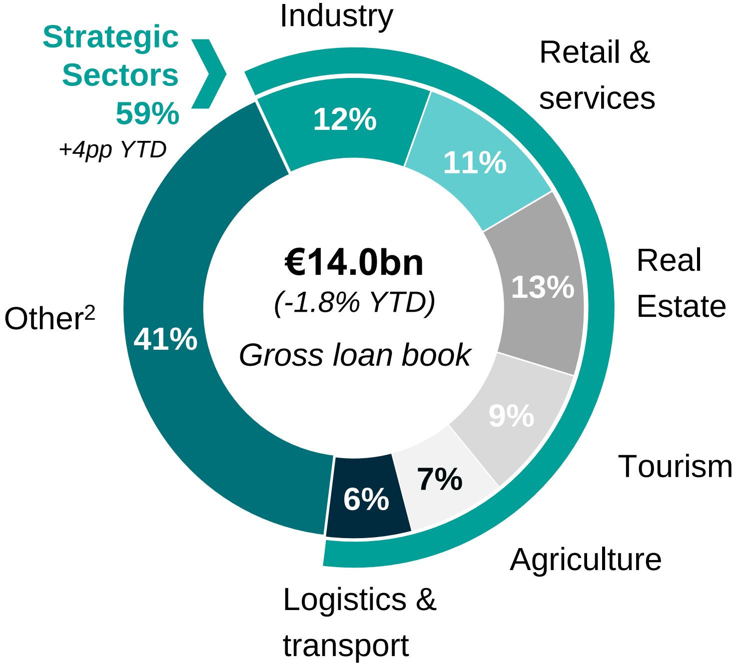
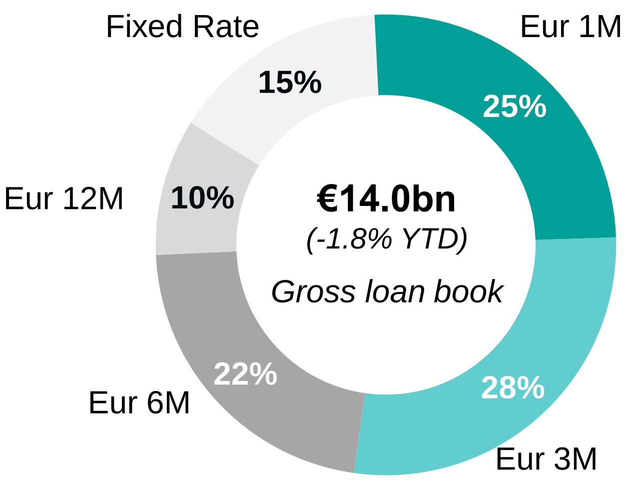
(1) Includes restructured contracts, short-term and impairment variations and other novobanco group entities; (2) Stock figure as of August 2023; sources: Banco de Portugal, APS, APFIPP;

1 €1.2bn YTD Corporate loans origination, reaching €14.0bn loan book

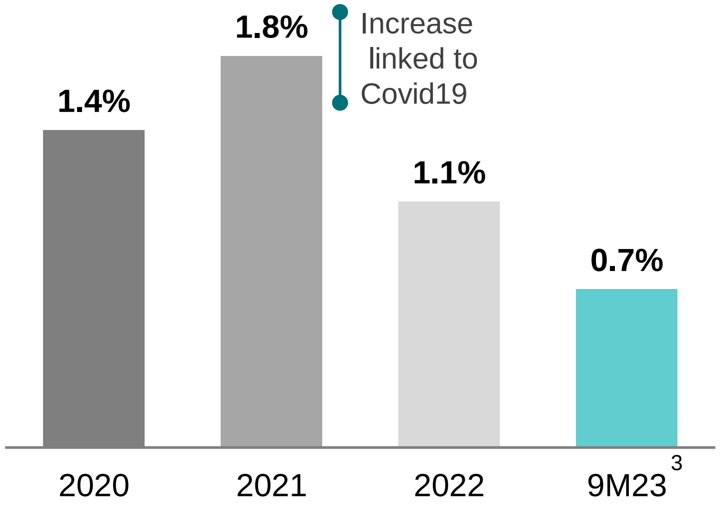
Corporate loan book[1] by Sector
(Sep-23; %)



Corporate loan book by Rate Type
(Sep-23; %)



Stage 1 and 2 migration to stage 3
(%)



Reaching **14.5% market share** with sectorial approach strategy to accelerate growth

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

2023YTD: running at **benign levels of stage 3 formation**

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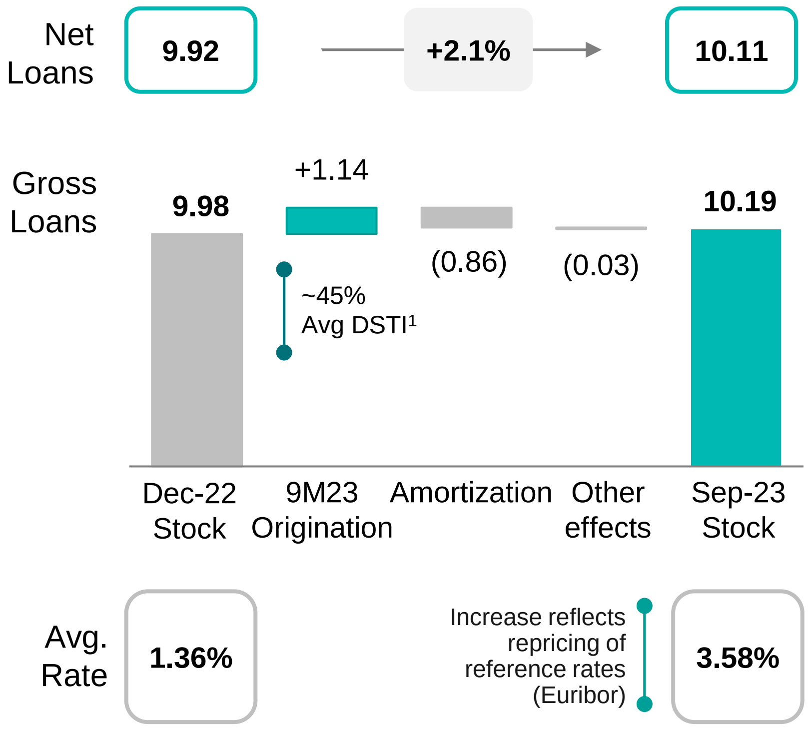
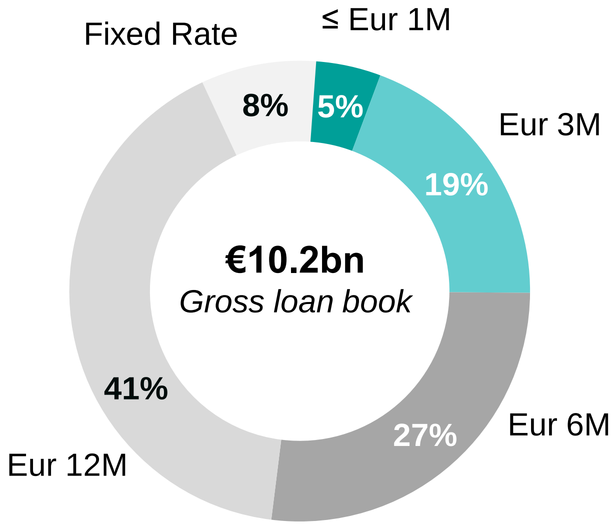
(1) Considers small business (classified under retail segment), SME and large corporates; (2) Other/ Non strategics sectors includes Construction 8%, Investment funds and holdings 6%, Professional services 7%, Public administration & institutions 2%, Auto & electronics 2%, Energy 2%, Health 2%, ICT, media & publishing 2%; Insurance 5%, Water 1% and Others 3%; (3) Annualized

1 Mortgage origination at €1.1bn YTD, with balanced new production standards

Mortgage loans
(%; €bn)

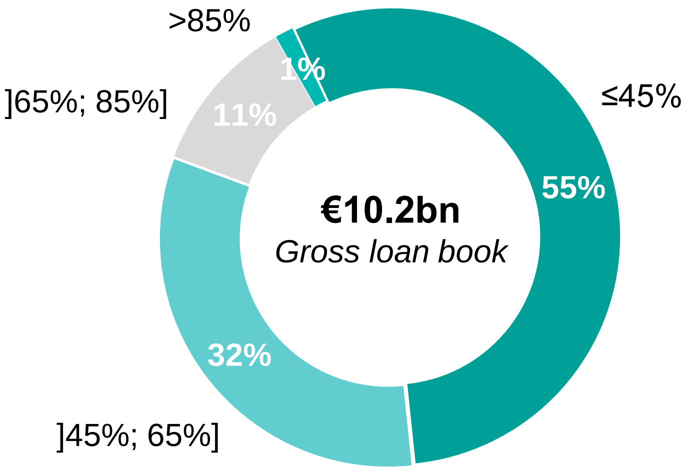


Mortgage loan book by Rate Type
(Sep-23; %)



Stock avg ticket outstanding of **~€50k**
YTD origination average ticket of **~€120k**
70% book hedged at **2.9%**

Mortgage loan book by LTV bucket
(Sep-23; %)

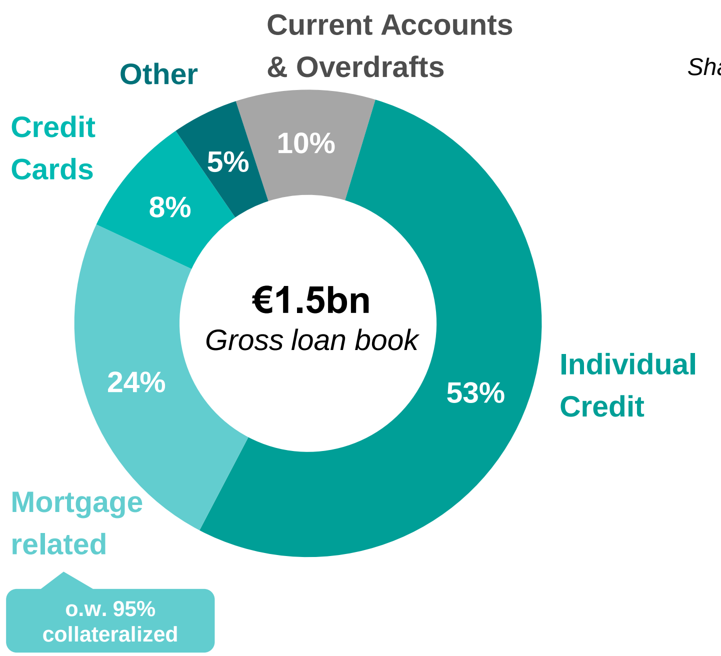


Average LTV (stock) **< 50%**
Average LTV (YTD origination) **< 60%**
Market share[2] (stock) +0.1pp YTD to **9.2%**

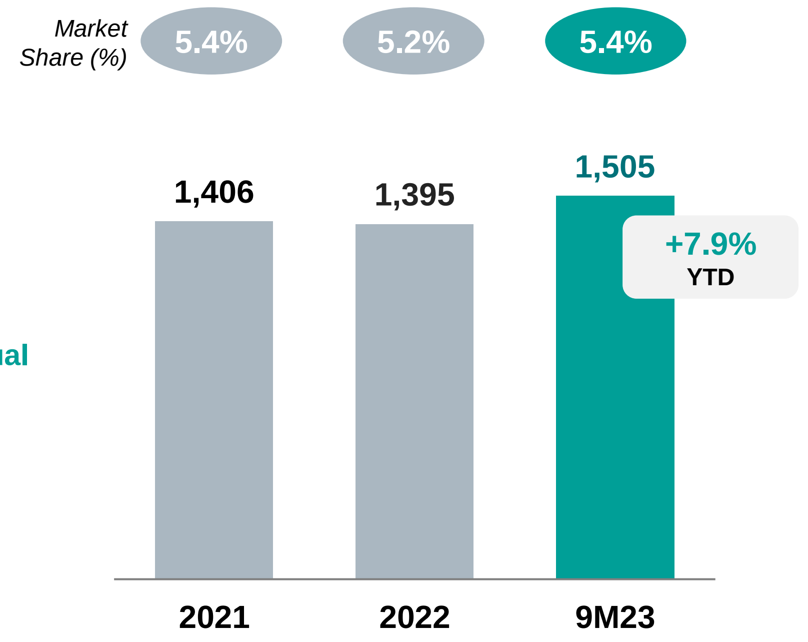
(1) DSTI – Debt Service-To-Income post interest rate shock of 3%; (2) Stock figure as of August 2023

1 Personal loans business, focused to serve novobanco clients, increasing by 7.9% YTD driven by higher digital sales (+30% YoY[1])

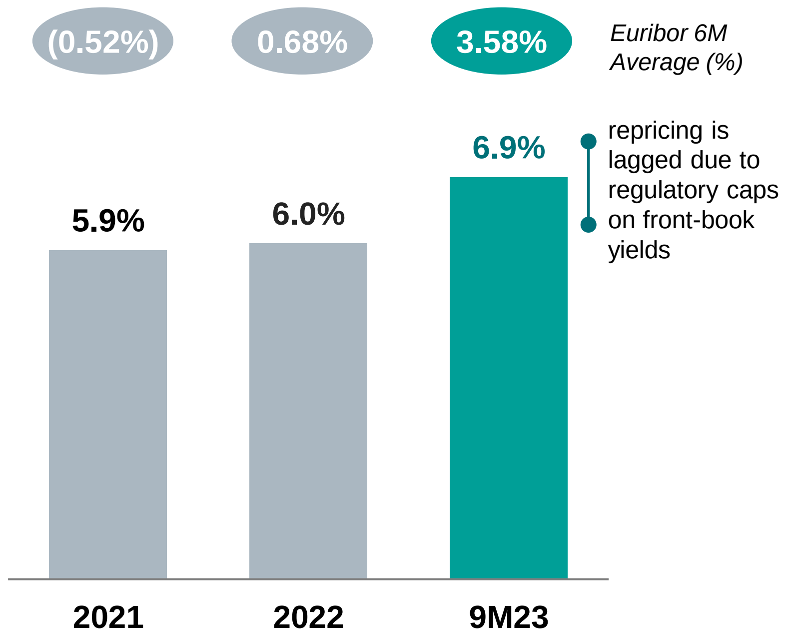
Personal loans & other
(%)



Gross Book Value and Market Share
(%; €mn)



Average interest rate
(%)

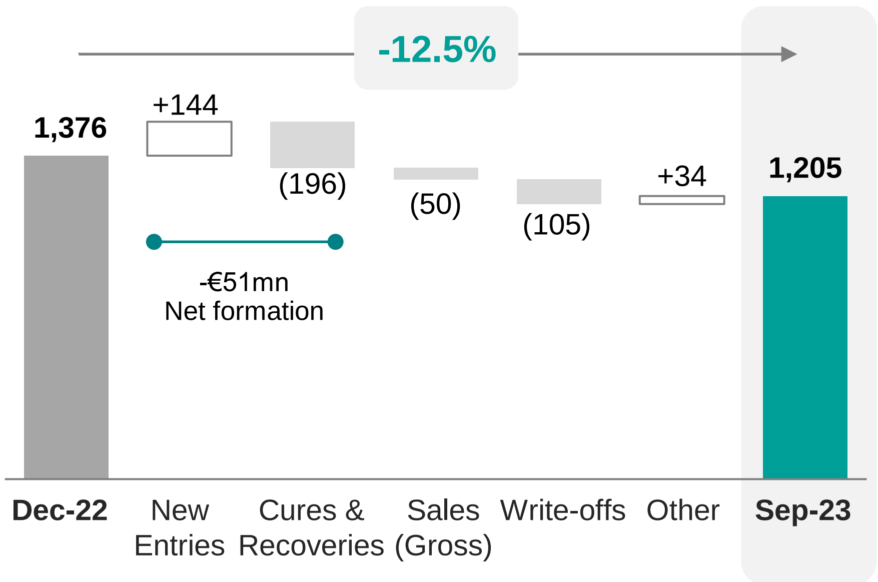


Highly provisioned consumer loan book with 91% Stage 3 coverage[2] limiting downside risks

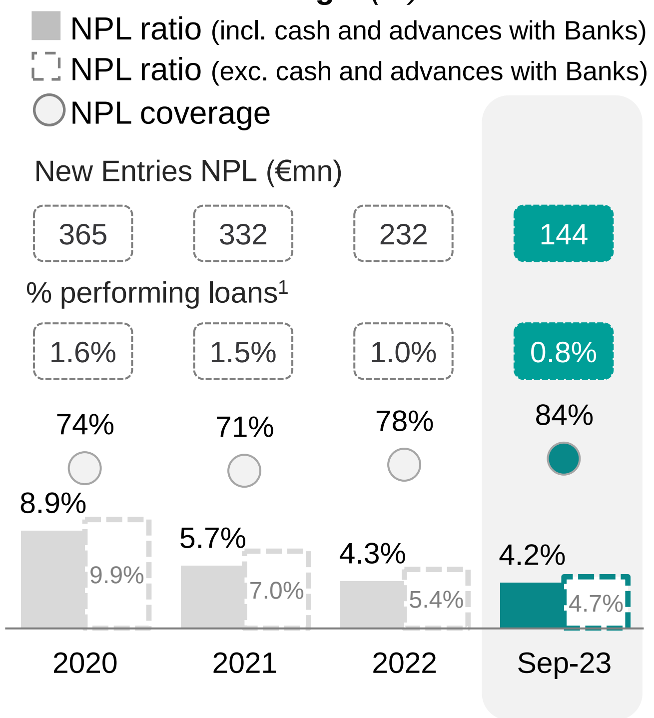
(1) In individual credit; (2) Including specific impairments and Real Estate collateral. Stage 3 GBV loans amount to €0.1bn

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

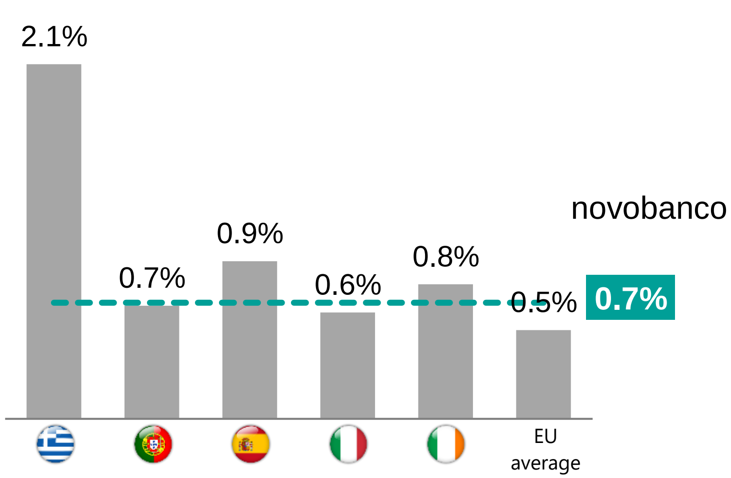
Non-performing Loans
(%; €mn; Gross NPL)



NPL ratio & Coverage[1] *(%)*



Net NPL ratio vs Peers[2] *(%)*

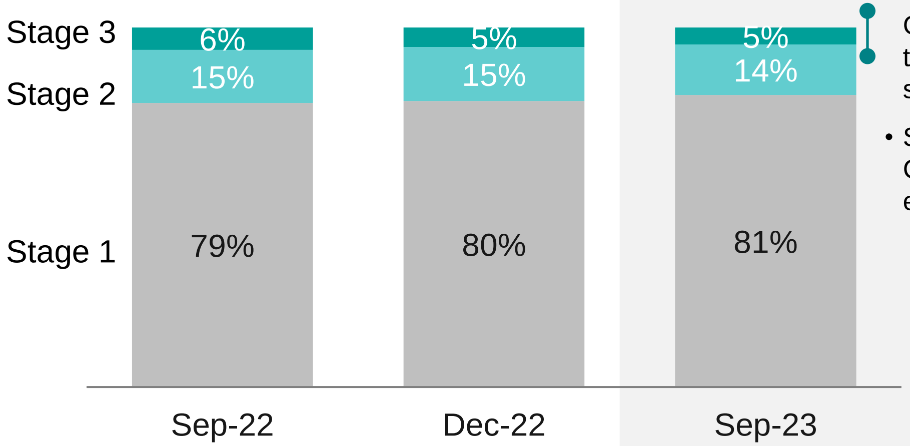


YTD Net formation of NPL at -€51mn and recent NPL reduction benefitting from sale of portfolios, being capital accretive and demonstrating adequacy of NPL coverage.

(1) Average performing loans; 9M23 figure annualized; (2) Source ECB / novobanco analysis; being calculated as gross NPLs minus accumulated loans loss provisions over gross exposure implied by reported NPL ratio; Peers figures as of Sep/22, novobanco as of Sep/23. Net NPL ratio at 0.8% if excluded cash and advances with Banks

1 Stable YTD staging breakdown, with Stage 3 at €1.2bn GBV (€0.6bn NBV) and 56% coverage by specific impairments and backstop

Loan Portfolio by Stages

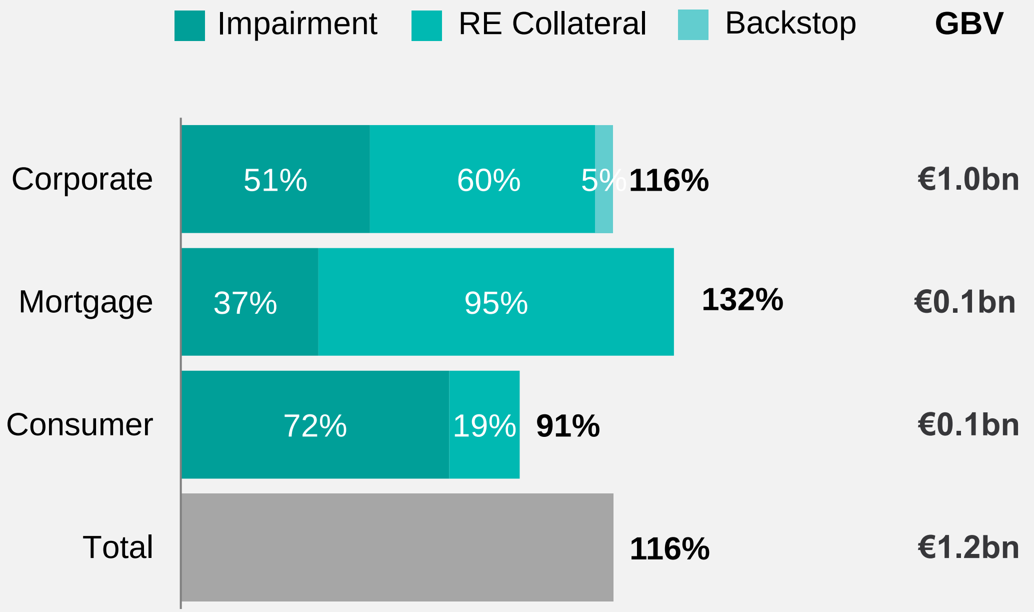


Coverage ratios[1]

	Sep-22	Dec-22	Sep-23
Stage 2	7.9%	7.8%	8.6%
Stage 3	57.1%	55.1%	55.6%

- ~45% of stage 3 GBV loans are under the CCA; with no full servicing rights;
- Stage 3 at 2.7% if CCA assets excluded

Stage 3: Coverage by type

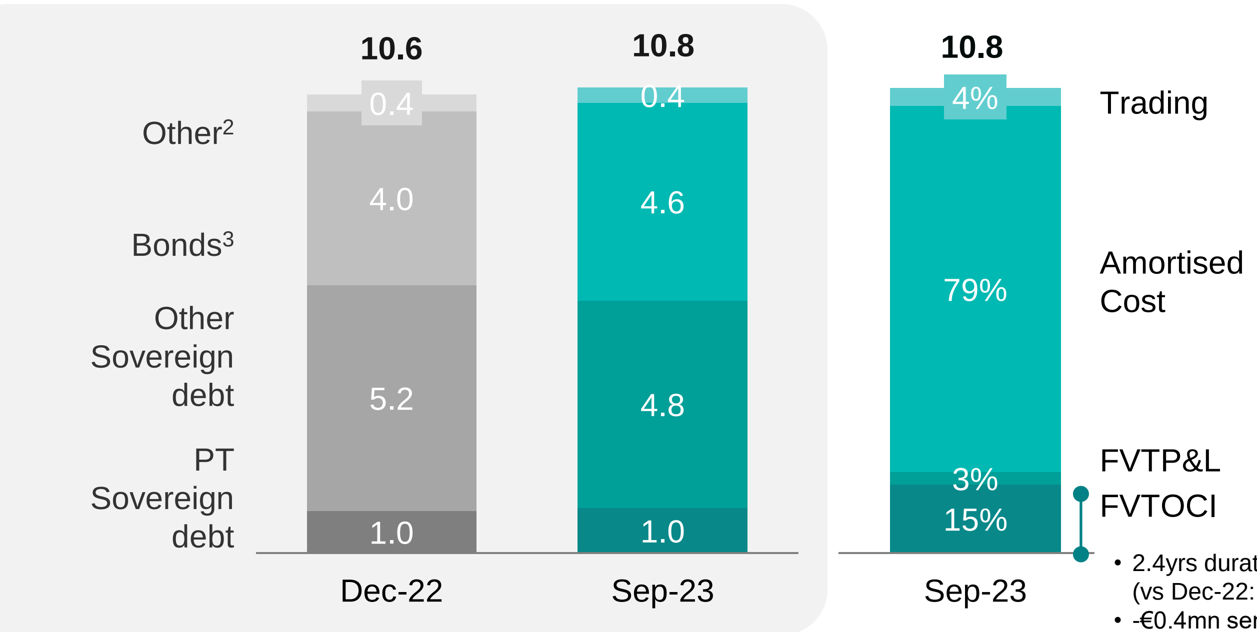


(1) Stage 2 Specific provisions; Stage 3 includes backstop

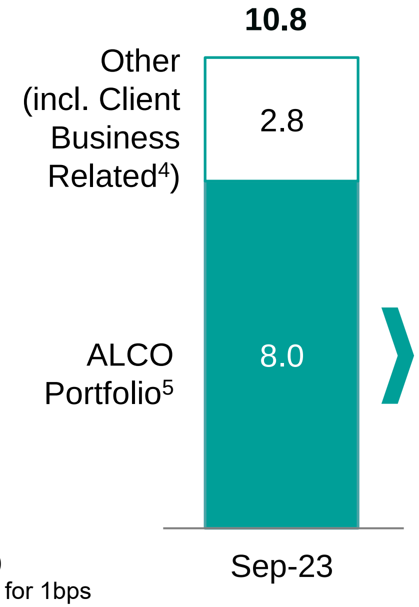
2

Conservative €10.8bn securities portfolio with HQLA[1] representing >75%

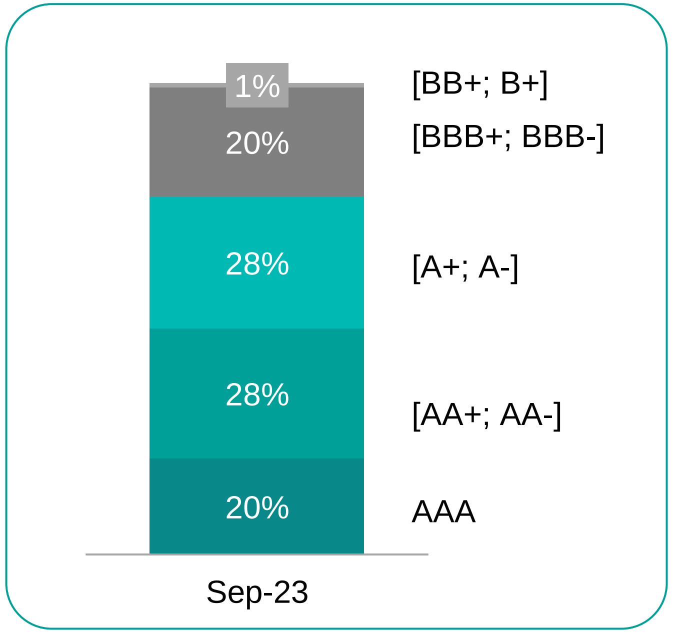
Securities Portfolio
(€bn)



- 2.4yrs duration (vs Dec-22: 1.4yrs)
- -€0.4mn sensitivity for 1bps increase in interest rates (before hedges; Dec-22: -€0.3mn);



ALCO Portfolio: Ratings
(%)



Amortised Cost book with €440mn[6] unrealised MtM losses (equivalent to c. €300mn post-tax).
ALCO portfolio with an average yield of ~3.3%, of which ~39% floating and with ~2.2 years duration (after hedges).

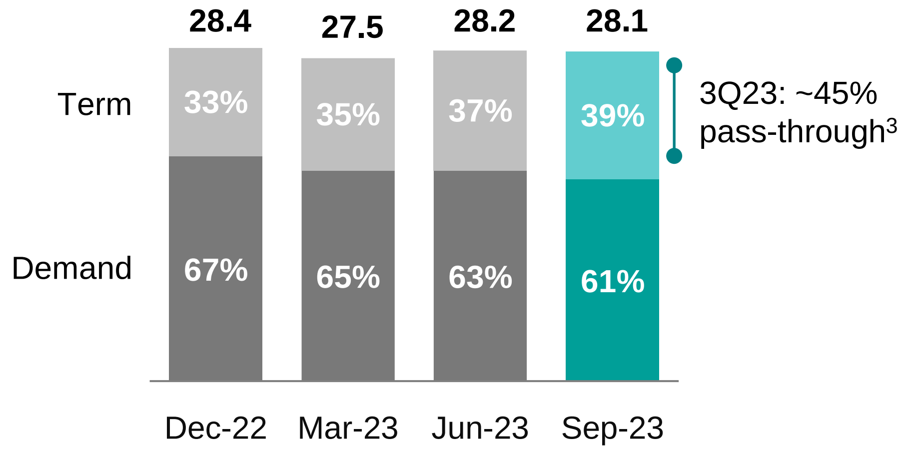
(1) HQLA: High Quality Liquid Assets; (2) Includes Funds and Equity Holdings; (3) Includes Corporate Debt and Supra; (4) Such as lending to clients in bond/commercial paper format (5) includes trading book; (6) Pre-tax and net of hedges and including unrealised losses of €111mn from long dated public bonds purchased used as natural balance sheet hedge

3 Customer deposits flat QoQ with novobanco’ deposits market share increasing by 0.4pp YTD to 9.7%

Deposits Breakdown by Type

(€bn; %)

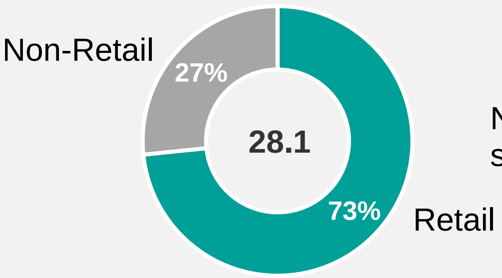
	Dec-22	Mar-23	Jun-23	Sep-23
Market Share[1]	9.3%	9.3%	9.6%	9.7%
Cost of Deposits[2]	0.17%	0.39%	0.67%	0.92%



	Dec-22	Mar-23	Jun-23	Sep-23
Loan to Deposits	83.3%	85.1%	82.6%	83.0%

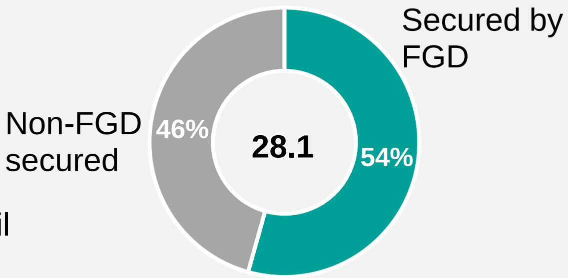
Deposits by Customer

(€bn; %)



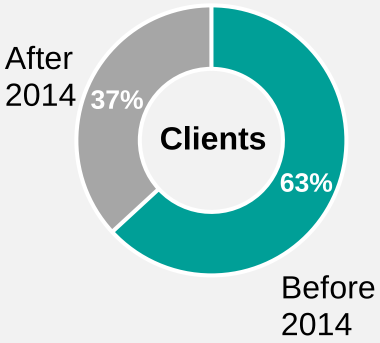
Public Guarantee (FGD[4])

(€bn; %)



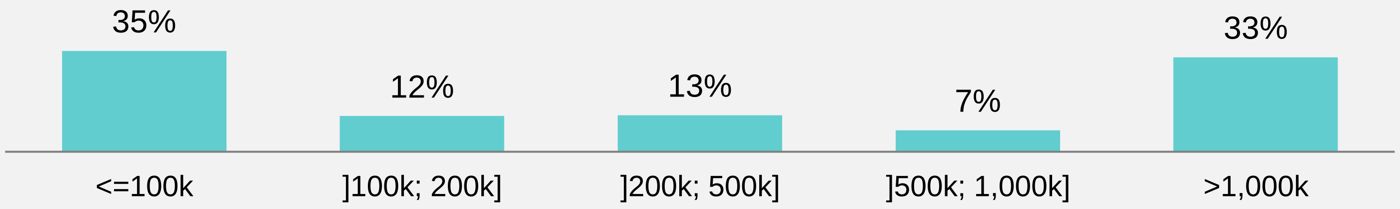
Loyal customer base

(# of active clients)



Client Size Deposit Distribution

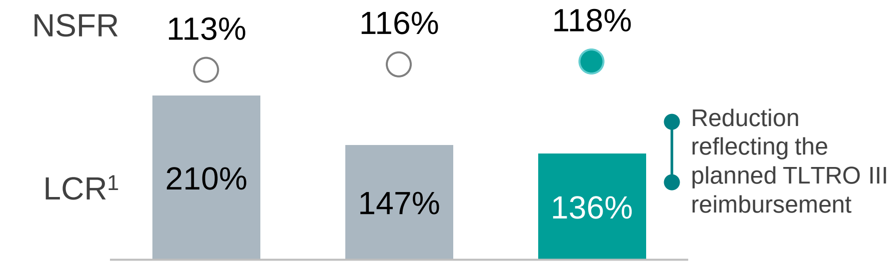
(€k; %)



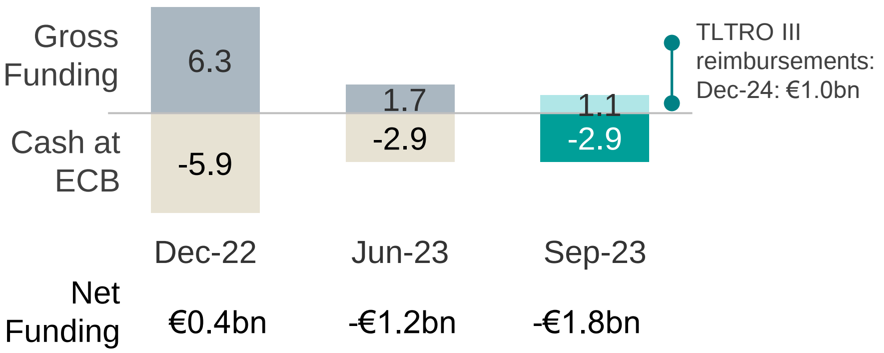
(1) Source: novobanco analysis using Bank of Portugal; using most recent available information as of August 2023; (2) Cost of Deposits of 0.67% and 0.92% referring to 2Q23 and 3Q23, respectively; (3) Based on average 3M Euribor; (4) FGD - Fundo Garantia Depósito; statutory deposit insurance

3 Sound deposit base supporting strong liquidity position, and ample available liquidity with €13.3bn liquidity buffer

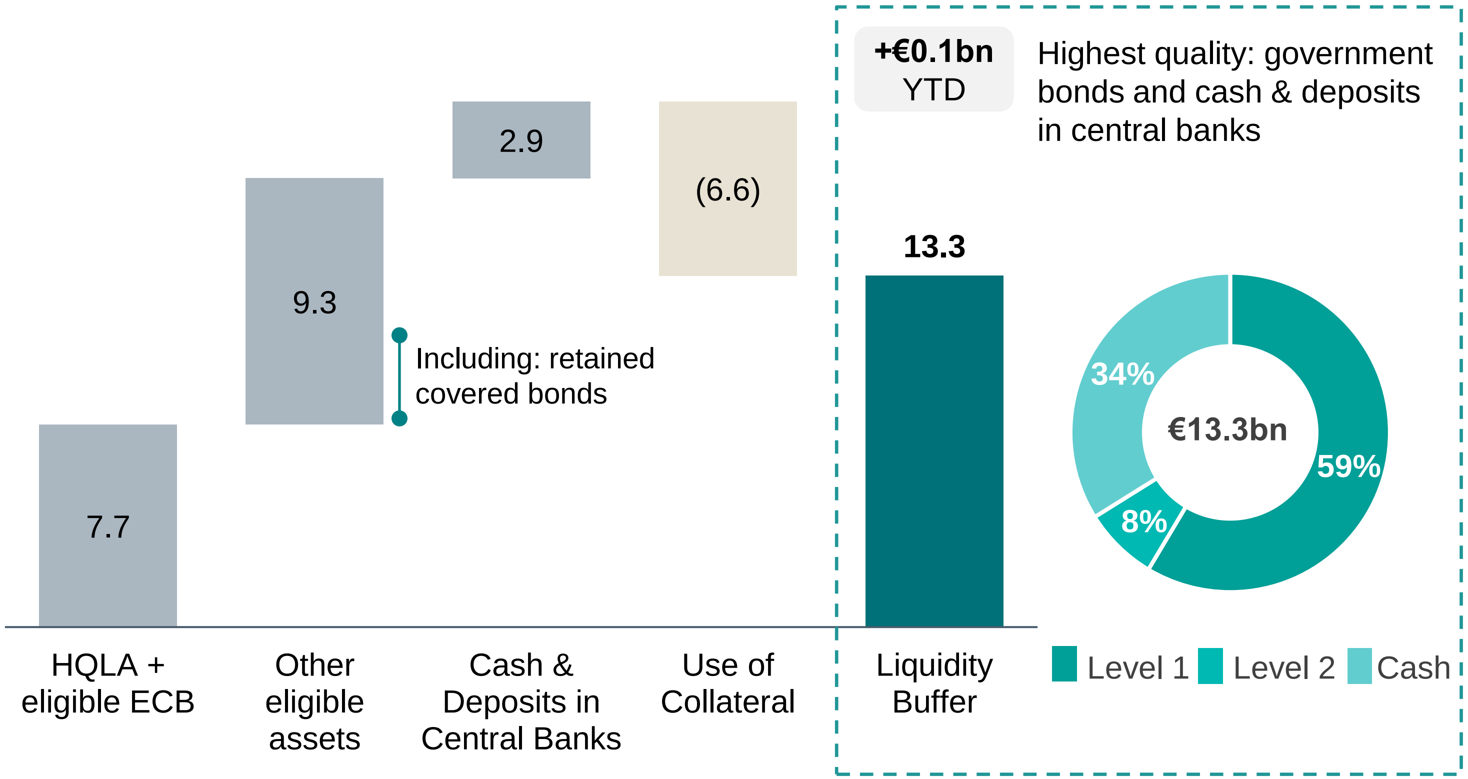
Liquidity Ratios (%)



ECB Funding (€bn)



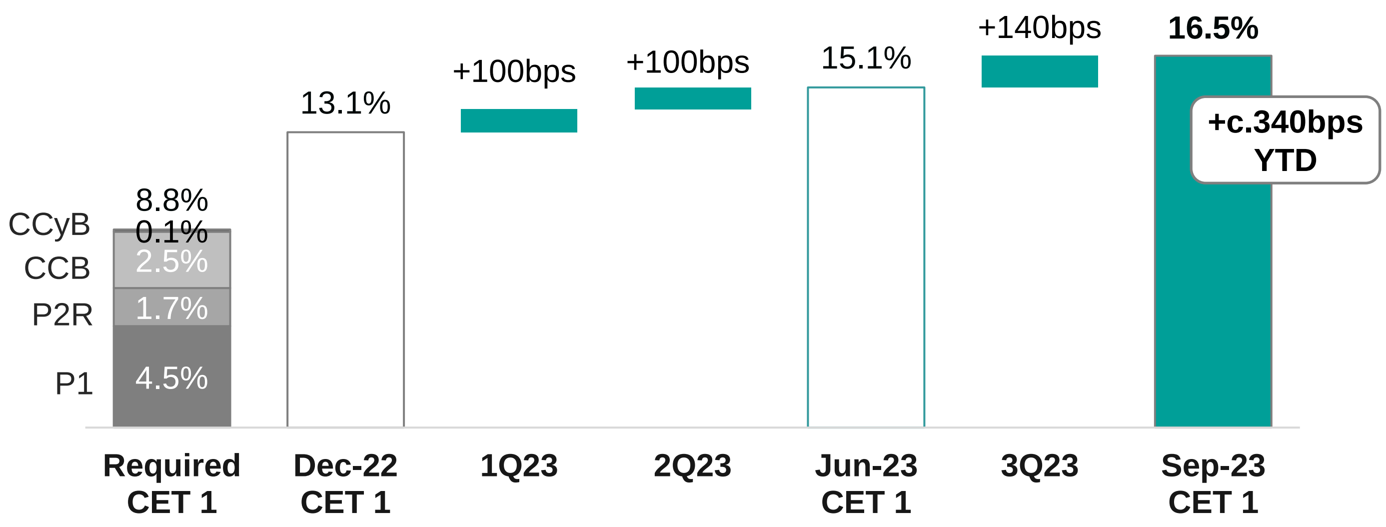
Liquidity Buffer[2] (€bn)



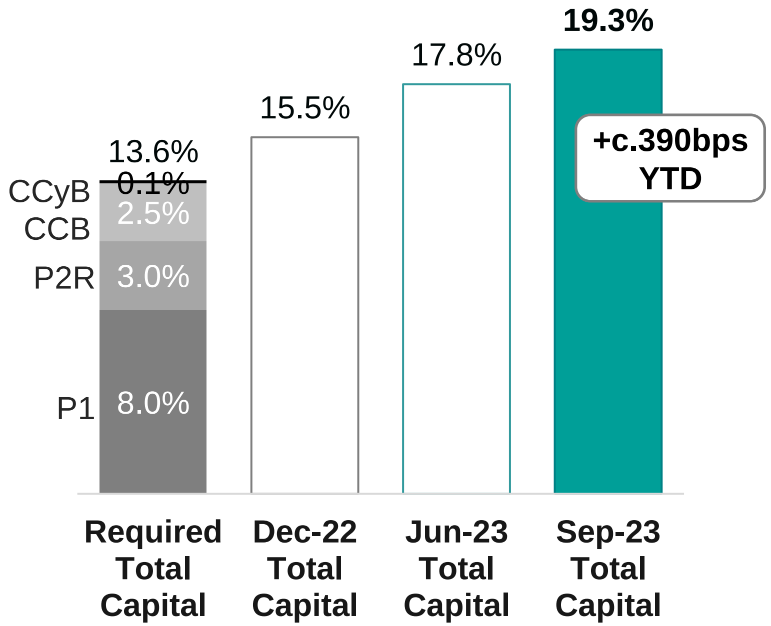
(1) LCR stands for Liquidity Coverage Ratio; NSFR stands for Net Stable Funding Ratio; (2) HQLA ECB eligible includes ECB's valuation haircut; HQLA Non ECB eligible include regulatory valuation haircut

4 +c.340bps of capital generation YTD reflects the capital accretive business model…

CET 1
(fully loaded[1]; %)



Total Capital
(fully loaded[1]; %)



…with solid top-line performance and disciplined capital allocation.
Total capital ratio also benefited from +€100mn Tier 2 upsize with the issuance of €500mn 10.5NC5.5 (Jun-23).

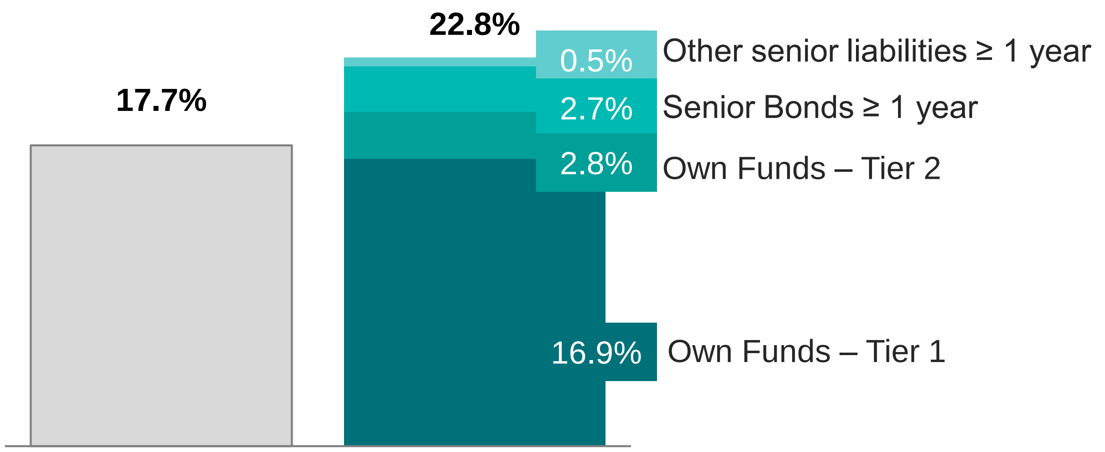
(1) The inclusion of positive results depends on an authorization from the ECB

4 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)



Jan-22 Binding	Sep-23
5.91%	**10.8%**

Organic capital generation and balance sheet optimisation expected to be considerably above MREL (interim) needs in 2023.

novobanco

(1) TREA - Total Risk Exposure Amount; Jan-26 requirement as announced on June 2023; (2) As of Jan-26 applicable requirement; (3) LRE - Total Leverage Exposure

04.

Final Remarks

Final Remarks

Solid domestic and simple business model, with sound client acquisition, delivering increased profitability from top-line performance together with efficiency measures implemented in recent years.

Net Income +18% QoQ growth driven by assets re-pricing, moderate cost of risk and strict cost control.

Strong organic capital generation business model (3Q23: c.+140bps; 9M23: c.+340bps) aligned **with stable funding and liquidity position** based on a stable deposit base focused on granular retail clients.

Consistent strategy execution **aiming to achieve investment grade rating in the medium-term.**

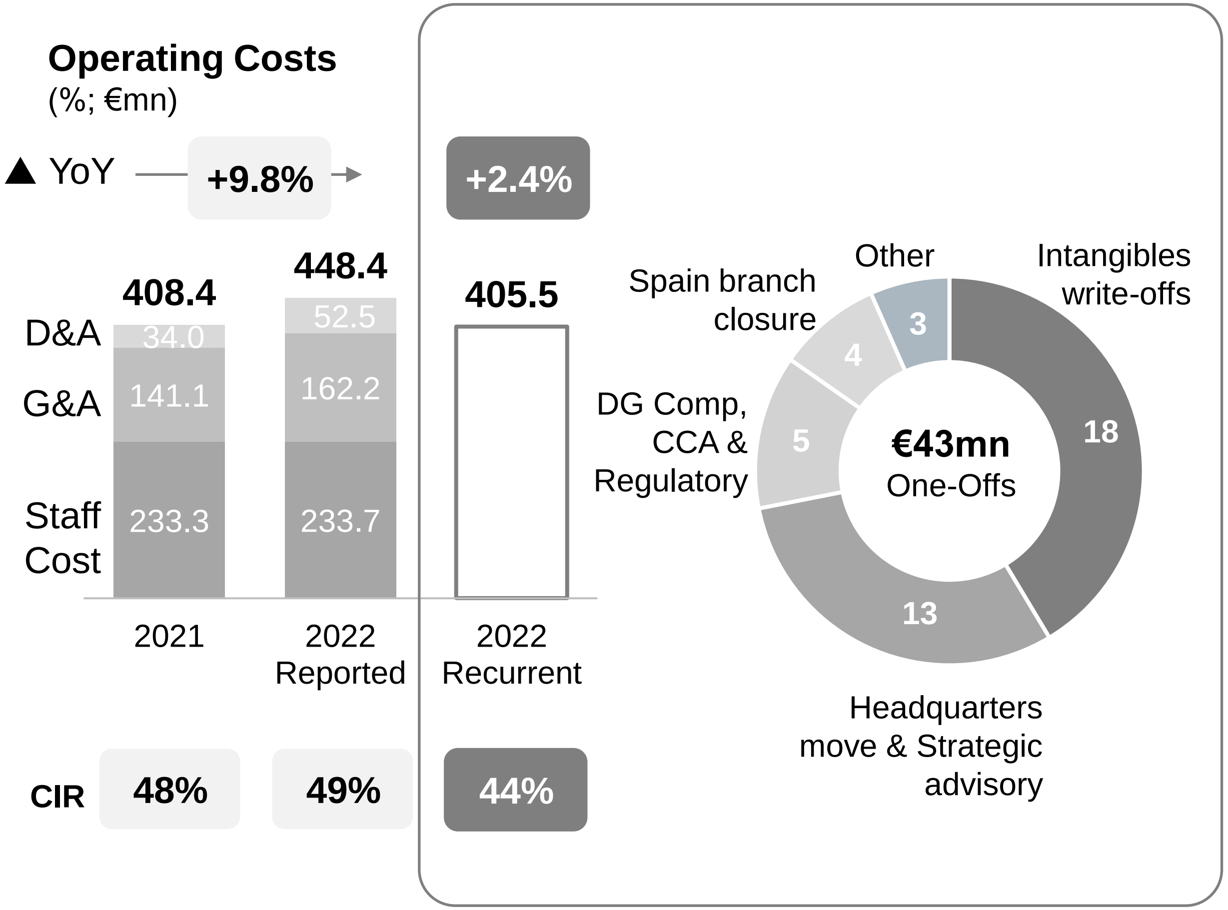
Strong strategy execution **delivering 2023 guidance already in 9M23.**

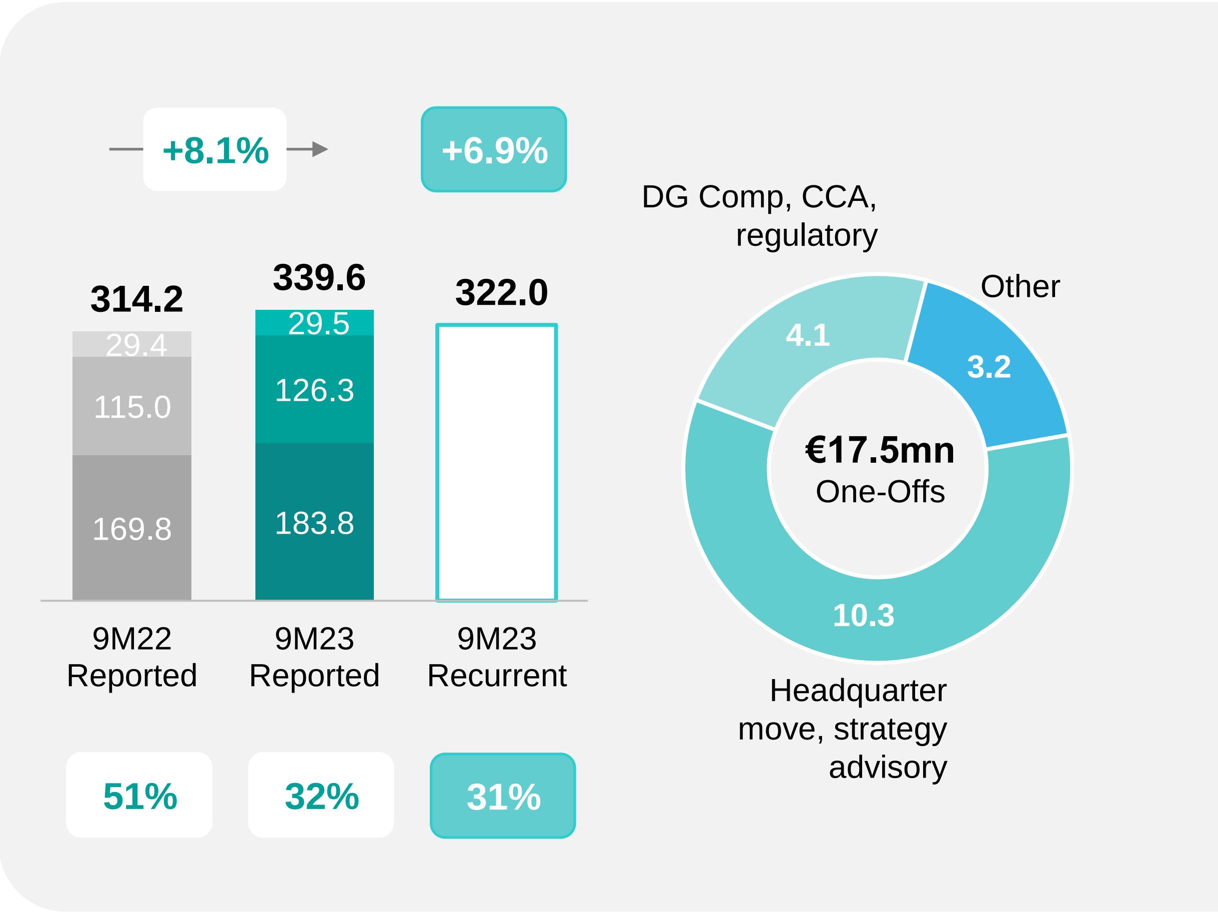
ANNEX

Income Statement – Quarterly data

(€ million)	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	▲ €mn QoQ	▲ % QoQ
Net Interest Income	143.5	140.9	143.2	133.5	134.5	137.9	219.5	246.3	277.7	307.2	+29.5	+11%
Fees and Commissions	72.8	72.3	74.6	68.8	75.6	71.3	77.6	68.9	76.4	71.8	(4.7)	(6%)
Commercial Banking Income	**216.3**	**213.2**	**217.9**	**202.3**	**210.1**	**209.2**	**297.2**	**315.3**	**354.1**	**378.9**	**+24.9**	**+7%**
Capital Markets Results	40.5	(59.7)	42.2	91.4	(5.6)	(17.6)	(44.2)	5.8	22.2	11.3	(10.9)	(49%)
Other Operating Results	(41.3)	30.3	39.2	16.7	56.5	88.0	22.3	2.4	- 7.4	19.5	+26.9	(363%)
Banking Income	**215.5**	**183.9**	**299.3**	**310.4**	**261.0**	**279.6**	**275.3**	**323.5**	**368.9**	**409.7**	**+40.8**	**+11%**
Operating Costs	101.4	101.6	102.6	103.6	105.1	105.5	134.1	111.9	113.2	114.5	+1.4	+1%
Staff Costs	58.9	57.9	57.8	55.7	56.1	57.9	63.9	58.3	62.3	63.2	+0.9	+1%
G&A Costs	34.2	35.1	35.8	38.2	39.2	37.7	47.1	43.8	40.8	41.7	+0.9	+2%
Depreciation	8.2	8.6	9.0	9.8	9.8	9.9	23.1	9.8	10.1	9.6	(0.4)	(4%)
Net Operating Income	**114.1**	**82.3**	**196.6**	**206.8**	**155.9**	**174.1**	**141.1**	**211.6**	**255.8**	**295.2**	**+39.4**	**+15%**
Net Impairments and Provisions	27.4	70.4	193.1	21.8	(2.0)	2.7	88.7	27.7	28.3	25.8	(2.5)	(9%)
Credit	29.8	30.3	34.4	14.3	5.0	20.2	(5.0)	26.0	21.9	17.8	(4.2)	(19%)
Securities	15.1	1.4	30.4	11.1	30.6	2.4	23.6	3.9	4.8	7.0	+2.2	+47%
Other Assets and Contingencies	(17.5)	38.7	128.4	(3.6)	(37.6)	(19.9)	70.1	(2.2)	1.6	1.0	(0.6)	(39%)
Income before Taxes	**86.7**	**11.9**	**3.5**	**185.0**	**157.9**	**171.4**	**52.4**	**183.9**	**227.5**	**269.4**	**+42.0**	**+18%**
Corporate Income Tax	16.9	(8.1)	(28.2)	7.4	11.6	8.9	(81.1)	0.7	0.8	1.0	+0.2	+22%
Special Tax on Banks	1.5	0.0	(0.1)	34.1	-	-	0.0	34.1	0.0	1.1	+1.1	-
Income after Taxes	**68.4**	**20.0**	**31.8**	**143.5**	**146.4**	**162.5**	**133.6**	**149.0**	**226.6**	**267.3**	**+40.7**	**+18%**
Non-Controlling Interests	1.4	3.6	1.4	0.9	22.3	0.9	1.1	0.7	1.8	2.0	+0.2	+11%
Net Income for the period	**67.0**	**16.4**	**30.4**	**142.7**	**124.0**	**161.6**	**132.5**	**148.4**	**224.8**	**265.3**	**+40.5**	**+18%**

Strict cost control with impact from inflation mitigated by continued implementation of efficiency measures





Balance Sheet

(€ thousands)	***Dec-22***	***Sep-23***
Cash, cash balances at central Banks and other demand deposits	6,599,078	3,364,224
Financial assets held for trading	171,810	540,045
Financial assets mandatorily at fair value through profit or loss	313,702	288,150
Financial assets designated at fair value through profit or loss	13	0
Financial assets at fair value through profit or loss, or through other comprehensive income	2,331,099	1,596,020
Financial assets at amortised cost	32,559,148	33,280,249
Debt securities	7,964,664	8,506,490
Loans and advances to credit institutions	43,548	101,741
Loans and advances to customers	24,550,936	24,672,018
Derivatives – Hedge accounting	562,845	710,994
Fair value changes to the hedged items in portfolio hedge of interest rate risk	-165,144	-159,775
Investments in subsidiaries, joint ventures and associates	119,744	115,975
Tangible assets	798,831	820,298
Tangible fixed assets	299,264	329,537
Investment properties	499,567	490,761
Intangible assets	69,832	76,364
Tax assets	956,000	997,360
Current tax assets	32,570	27,858
Deferred tax assets	923,430	969,502
Other assets	1,618,484	1,254,026
Non-current assets and disposal groups classified as held for sale	59,587	65,407
Total Assets	**45,995,029**	**42,949,337**

	Dec-22	***Sep-23***
Financial liabilities held for trading	99,386	96,175
Financial liabilities measured at amortised cost	40,987,177	37,030,054
Due to Banks	9,705,154	5,970,322
Due to customers	29,277,858	29,488,006
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,628,897	1,112,724
Other financial liabilities	375,268	459,002
Derivatives – Hedge accounting	119,578	218,933
Provisions	413,432	407,998
Tax liabilities	8,427	12,348
Current tax liabilities	7,582	11,503
Deferred tax liabilities	845	845
Other liabilities	839,919	927,968
Liabilities included in disposal groups classified as held for sale	15,492	22,019
Total Liabilities	**42,483,411**	**38,715,495**
Capital	6,304,661	6,567,844
Other comprehensive income – accumulated	-1,234,573	-1,151,929
Retained earnings	-8,577,074	-8,577,074
Other reserves	6,439,418	6,735,509
Profit or loss attributable to parent company shareholders	560,842	638,510
Minority interests (Non-controlling interests)	18,344	20,982
Total Equity	**3,511,618**	**4,233,842**
Total Liabilities and Equity	**45,995,029**	**42,949,337**

A Portuguese universal bank, serving corporate and retail segments

€ million	30-Sep-22 Retail	30-Sep-22 SMEs and corporate	30-Sep-22 Support Functions	30-Sep-22 Total	30-Sep-23 Retail	*Abs. Change*	30-Sep-23 SMEs and corporate	*Abs. Change*	30-Sep-23 Support Functions	*Abs. Change*	30-Sep-23 Total	*Abs. Change*
Commercial Banking Income	309	300	12	**622**	609	299	476	176	-37	-49	**1,048**	427
Banking Income[1]	316	305	229	**851**	607	291	488	183	7	-222	**1,102**	251
Operating Costs	202	63	49	**314**	228	27	69	6	42	-8	**340**	25
Net Operating Income	115	242	180	**537**	379	264	418	176	-34	-214	**763**	226
Net Impairments and Provisions	7	51	-36	**22**	46	39	42	-10	-6	29	**82**	59
Income before Taxes	**108**	**191**	**216**	**514**	**332**	**224**	**377**	**186**	**-28**	**-244**	**681**	**167**
Total Assets	14,339	13,526	19,126	**46,991**	14,626	287	14,156	630	14,167	-4,959	**42,949**	-4,042
Customer Loans (net)	13,151	11,433	1	**24,585**	13,445	295	11,214	-219	13	11	**24,672**	87
Net Interest margin	1.02%	2.32%	0.14%	**1.29%**	2.87%	1.86 p.p	3.86%	1.53 p.p	-0.37%	-0.51 p.p	**2.66%**	1.37 p.p
Cost to Income	65.3%	21.0%	-	**50.6%**	37.5%	-27.7 p.p	14.6%	-6.4 p.p	-	-	**33.6%**	-17 p.p

Retail - Corresponds to all the activity developed with private customers and small businesses, along with the fully consolidated operating subsidiaries novobanco Açores, BEST and GNBGA. The financial information of the segment relates, amongst other products and services, to mortgage loans, consumer credit, small business financing, deposits, retirement plans and other insurance products sold to private customers, account management and electronic payments and placement of investment funds, brokerage and custodian services.

Corporate - Includes the activities developed with medium and large-sized companies, developed through a commercial structure dedicated to this segment, which includes 20 Corporate Centres. This segment also includes activities with institutional and municipal customers. The Group maintains an important presence in this segment, the result of the support it has lent to the development of the national business community, focused on companies with good risk, an innovative nature and an exporter activity.

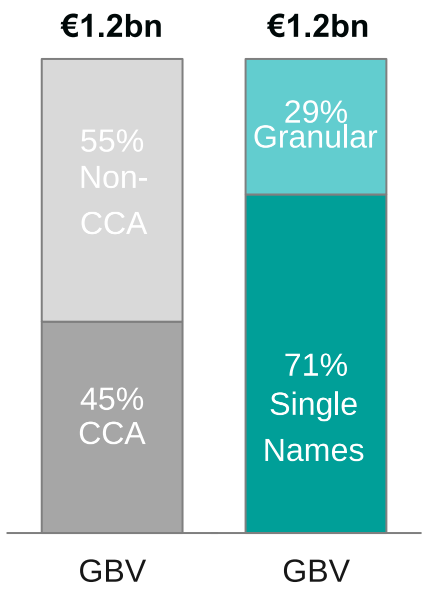
Support Functions - This area does not correspond to an operational segment in the true sense of the concept, it is an aggregation of transversal corporate structures that ensure the basic functions of the Group's global management, including Treasury and Real Estate assets.

(1) In 1H 2022 Other Operating Results includes €77.1mn of gains from the sale of real estate assets accounted in Support Functions

~70%[1] of Stage 3 with overdue less than 1 year and recent sales showing that exposures are provisioned in line with market value

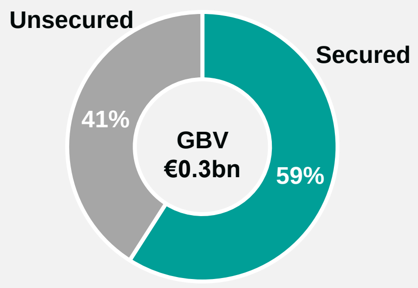
9M23 Financial Statements

Total Stage 3 Loans
(Sep-23; %)

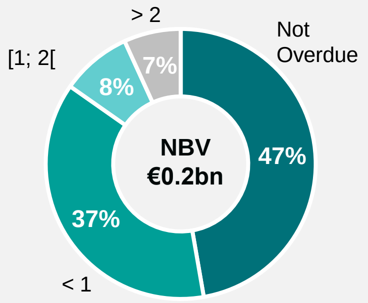


NBV	**€0.6bn**
% Coverage Ratio[2]	**56% / 131%**

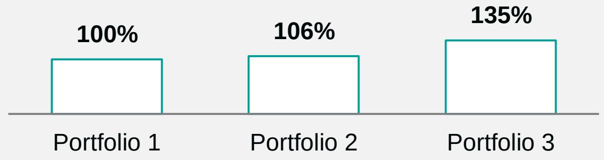
Granular



Overdue Vintage (years)

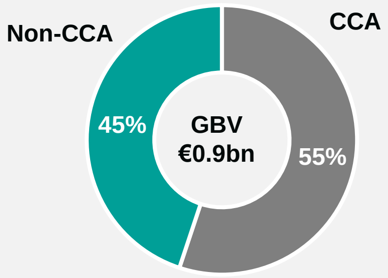


Recent granular portfolio sales Price as % NBV



Signed perimeters, which included NPLs with older vintages, show that Stage 3 exposures are provisioned in line with market value

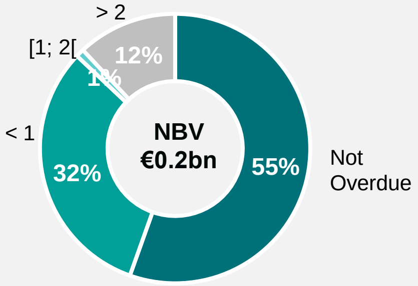
Single Names



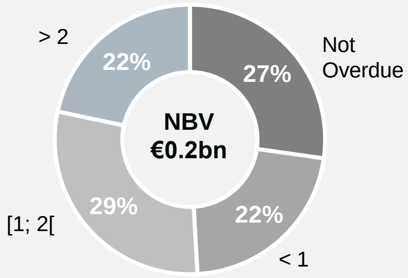
Harvey portfolio (~9% of the portfolio) was signed in 2022 at premium to book value, reinforcing that Stage 3 exposures are provisioned in accordance with market expectations.

Overdue Vintage (years)

Non-CCA



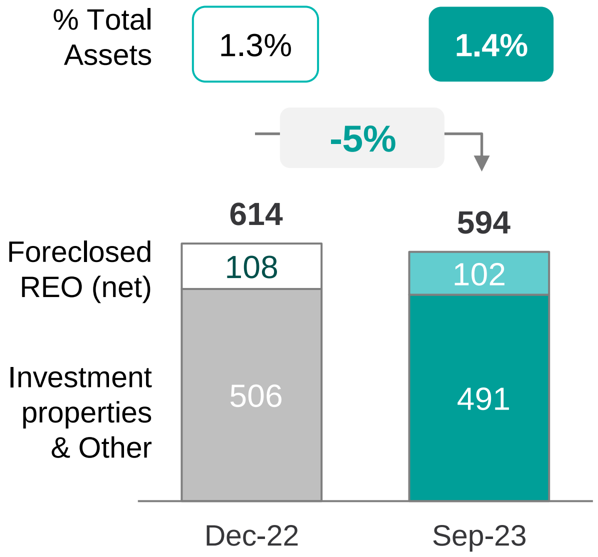
CCA



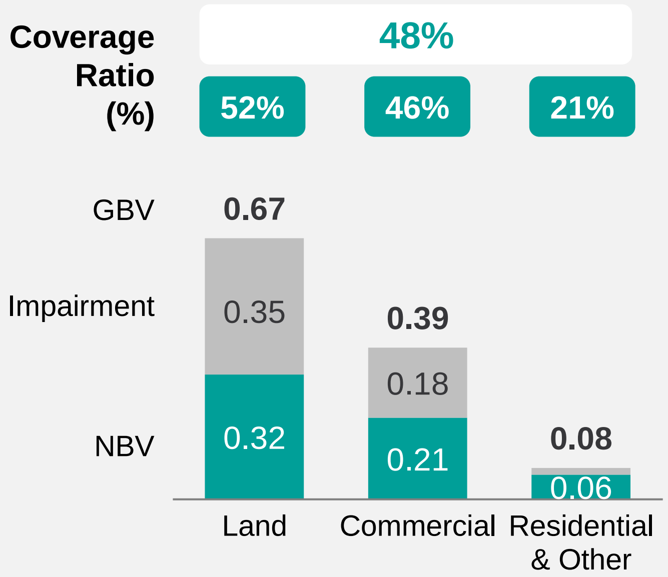
novobanco (1) As % of NBV; (2) Specific impairments and backstop / coverage ratio considering also collateral

Decreasing RE exposure to €594mn (-3% YTD), with TOP 20 assets representing 71% of the portfolio

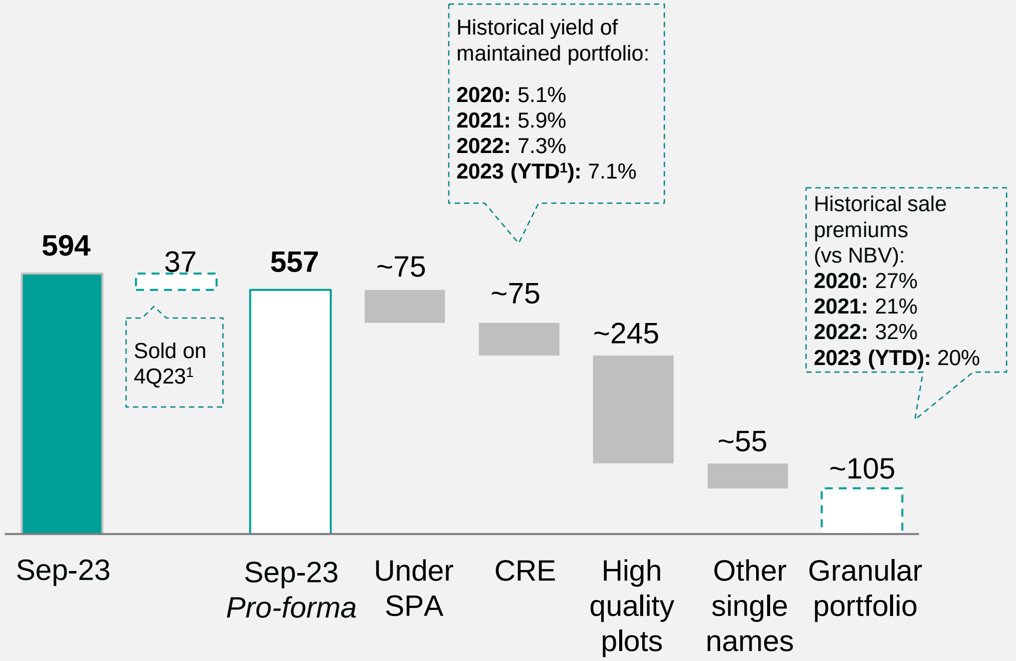
Real Estate Exposure
(€mn NBV)



RE: Coverage by Asset Type
(Sep-23 Pro-forma; €bn;%)



RE: breakdown
(€million;%)

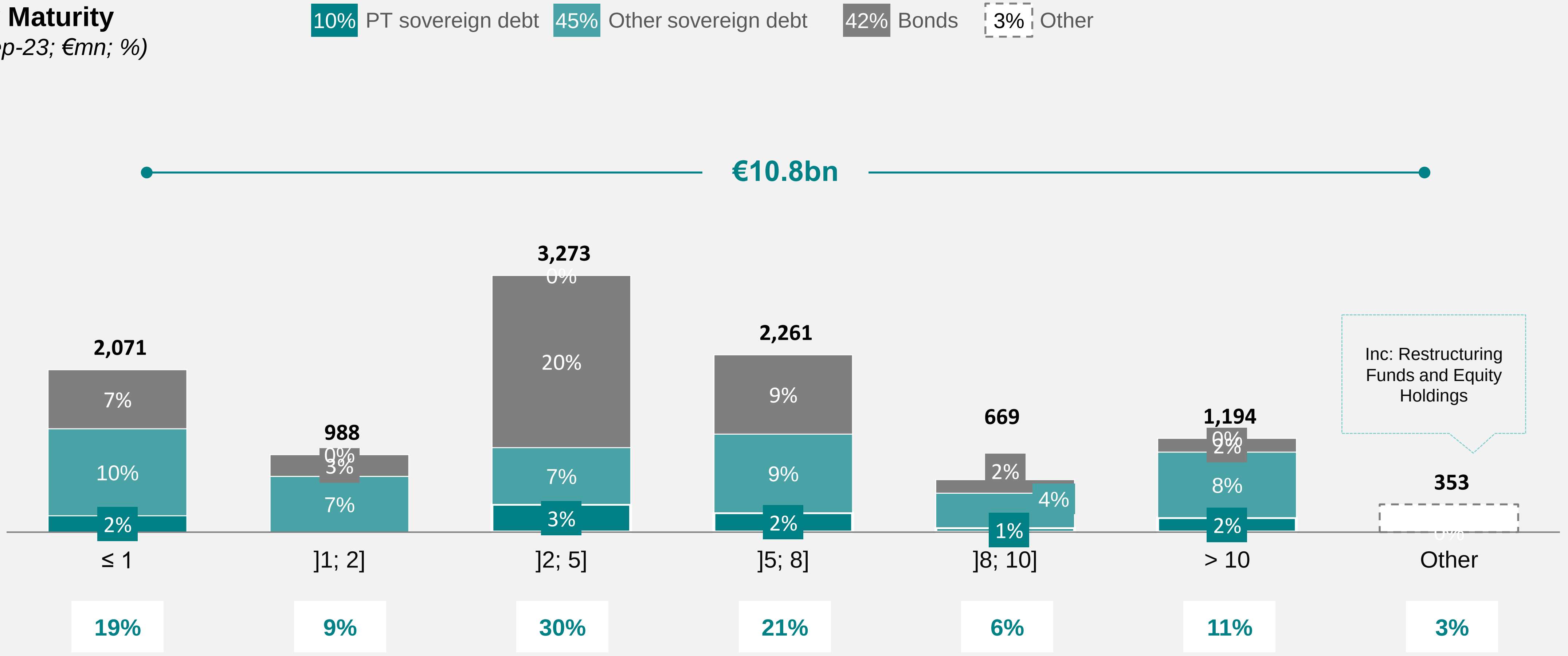


Coverage is supported by a robust appraisal policy, individual asset reviews, market pricing (bids received) and yield performance.

(1) Considers RE assets sold by novobanco from 30 September 2023 to 30 October 2023;

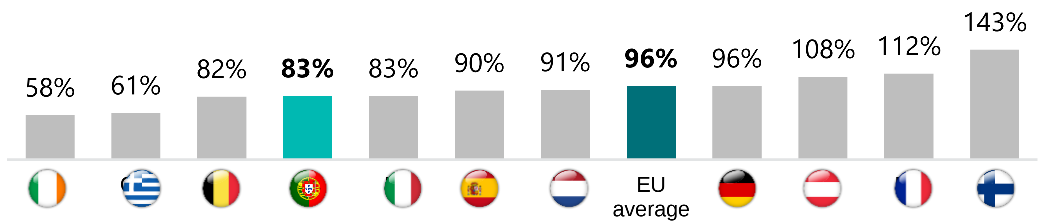
Securities Portfolio

By Maturity
(Sep-23; €mn; %)

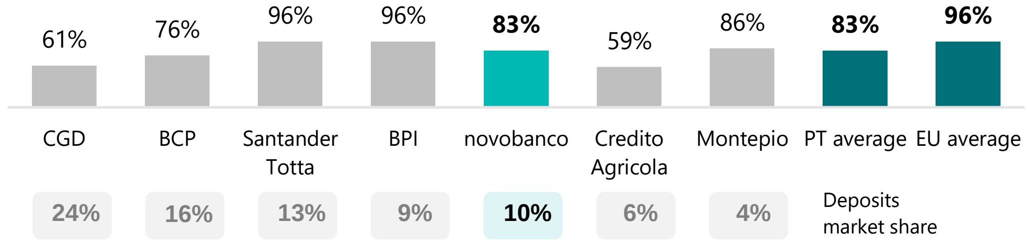


Overview of Portuguese deposit market in European context

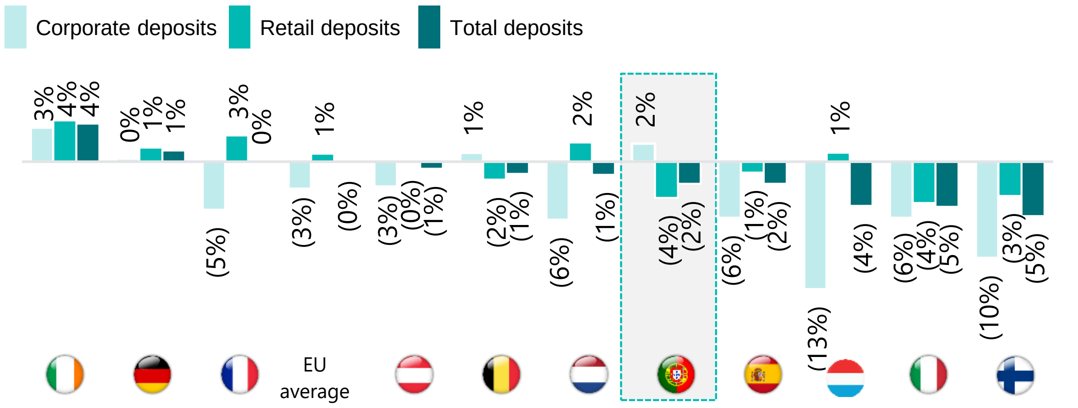
Loan to deposit ratio: PT vs. EU peers (2022)



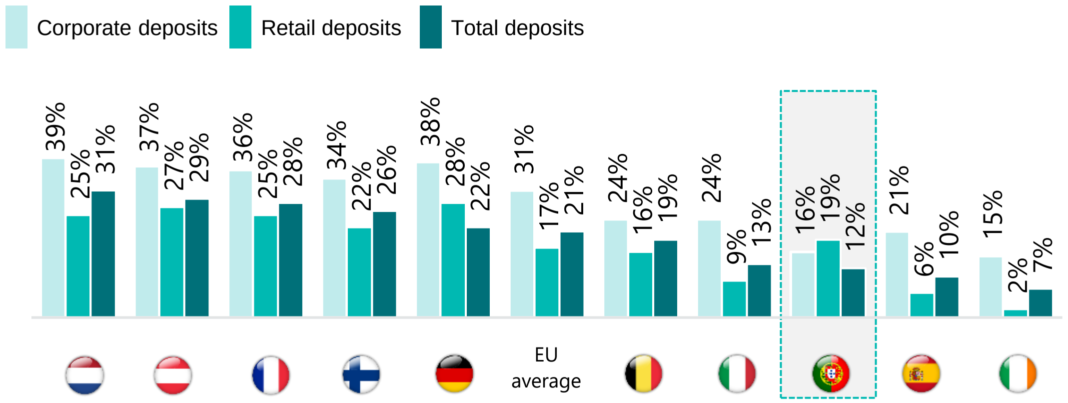
Loan to deposit ratio: novobanco vs portuguese peers (2022[1])



Customer deposits YoY growth (Aug-23)



Blended deposit beta (Aug-23)[2]



Source: Company information, Research analysis, ECB, Associação Portuguesa de Bancos; (1) novobanco LTD ratio as of Sep-23; (2) Calculated as the change in the blended deposit cost for Retail and Corporate (across overnight / redeemable / term) over 200bps, i.e. the change in ECB rates from Jul-22 to Aug-23

Bonds outstanding and MREL eligibility

€mn; Sep-23

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value[1]	Maturity	MREL
Senior							
NB 5.5% 30/12/24 OBRG.	PTNOBKOM0002	EUR	100	Dec-22	104	Dec-24	Y
Subordinated							
NB 9.875% 01/12/33 OBRG.	PTNOBLOM0001	EUR	500	Jun-23	514	Dec-33	Y
Total 2043 Bonds			***362***		***254***		
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	47	Mar-43	Y
Total Zero Coupons (ex EMTN 57)			***1,203***		***217***		
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	37	Oct-48	Y
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	46	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	12	Mar-51	Y
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	42	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**		**1,089**		

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 2025[2]
- 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 c.2.4% net of hedge to close interest rate position[3]

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(1) Book values include accrued interests; (2) Pursuant to the current regulation as of September 2023; (3) As of August 2023, before tax

Capital ratios

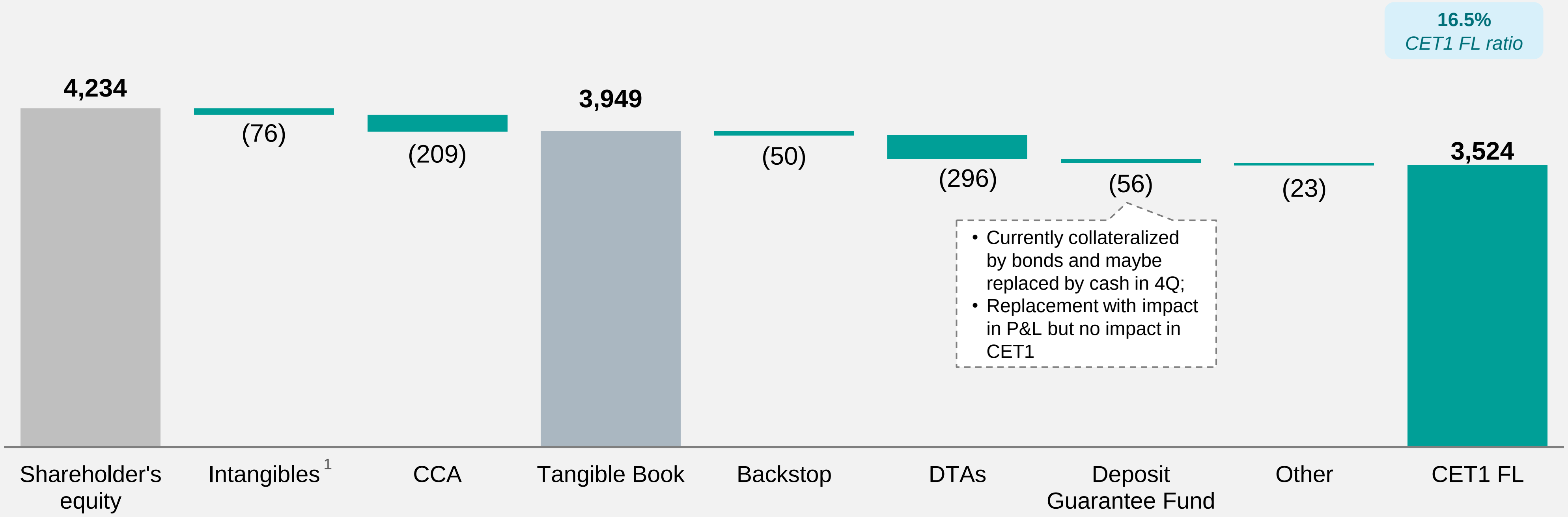
€mn

CAPITAL RATIOS (CRD IV/CRR)		**31-Mar-22** *(Fully loaded)*	**30-Jun-22** *(Fully loaded)*	**30-Sep-22** *(Fully loaded)*	**31-Dec-22** *(Fully loaded)*	**31-Mar-23** *(Fully loaded)*	**30-Jun-23** *(Fully loaded)*	**30-Sep-23** ***(Fully loaded)***
Risk Weighted Assets	(A)	23 622	22 914	21,929	21 233	21,197	21,475	**21,328**
Own Funds								
Common Equity Tier 1	(B)	2 419	2 558	2,746	2 787	2,996	3,241	**3,524**
Tier 1	(C)	2 420	2 559	2,747	2 789	2,998	3,243	**3,526**
Total Own Funds	(D)	2 925	3 061	3,248	3 279	3,489	3,832	**4,115**
Common Equity Tier 1 Ratio	(B/A)	10.2%	11.2%	12.5%	13.1%	14.1%	15.1%	**16.5%**
Tier 1 Ratio	(C/A)	10.2%	11.2%	12.5%	13.1%	14.1%	15.1%	**16.5%**
Total Capital	(D/A)	12.4%	13.4%	14.8%	15.4%	16.5%	17.8%	**19.3%**
Leverage Ratio		5.2%	5.4%	5.6%	5.8%	6.4%	7.1%	**7.9%**

novobanco has built a strong regulatory capital position, 16.5% CET1 FL ratio, increasing by c.340bps in 9M23

CET1 build-up from shareholder's equity

(September 2023, €mn; provisional)



(1) Includes €50mn Intangibles deducted to CET 1FL and €26mn not deducted and offset on Other

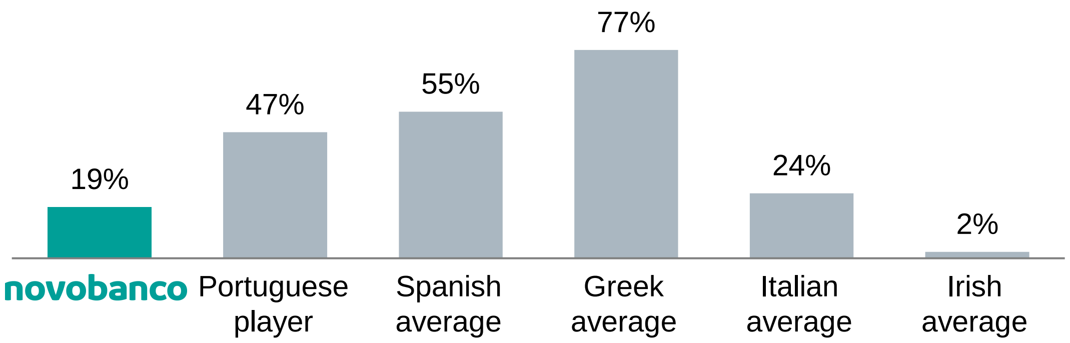
Deferred Tax Assets

(€ millions)	Dec-22	Sep-23	Of which in CET 1
Total DTAs on Balance Sheet	**923**	**969**	***673***
Timing-Difference DTAs – Special Regime[1]	295	295	*295*
Timing-Difference DTAs – other	564	566	*378*
Tax Losses carried forward (TLCF)	64	107	-
Off-Balance Sheet	**1 651**	**1 617**	**-**
Timing-Difference DTAs	239	191	-
Tax Losses carried forward (TLCF)	1 412	1 426	-

- 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;
- Considering €700mn PBT, TLCF to be fully utilized over a period of 14 to 16 years. €800mn PBT accelerates utilization by c. 2 years;
- €954mn of off-balance sheet Tax losses carried forward have no maturity date.

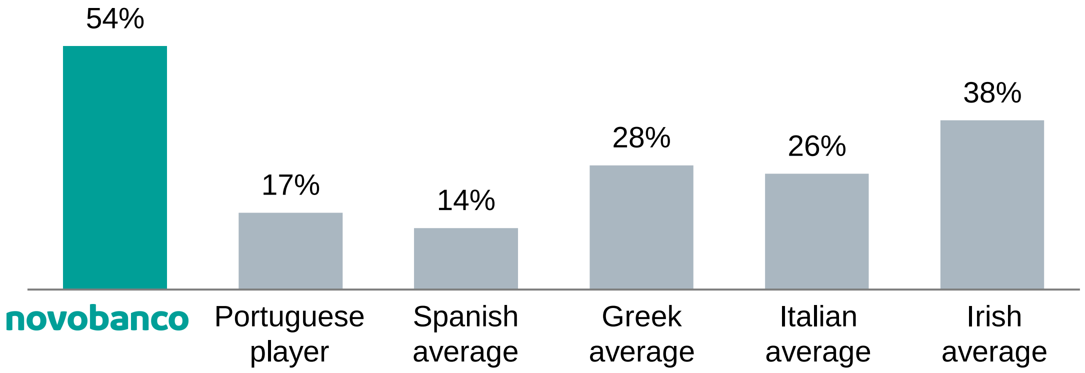
CET 1 eligible DTAs as % of CET1

(%[2])



Non-CET 1 eligible DTAs (including off BS) as % of CET 1

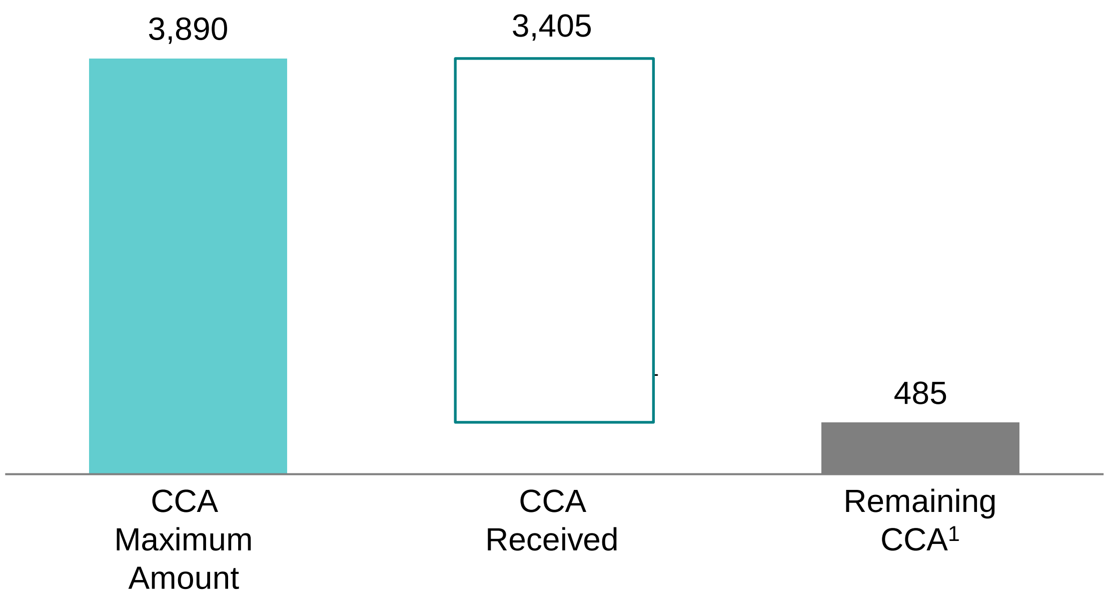
(%[2])



(1) Special Regime applicable to Deferred Tax Assets approved by Law No. 61/2014, of August 26; (2) Novobanco analysis; average data considers June 2023 available information; novobanco TBV excludes CCA not yet received; Portuguese banks inclides a domestic peer; Spanish Banks includes Caixabank, Sabadell, Unicaja and Santander; Greek banks includes NBG, Eurobank, Alpha Bank and Piraeus Bank, Italian banks includes BMPS, BPM and BPER

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 30 June 2023):
    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.

- Until CCA Maturity Date (or early termination which would require mutual agreement between parties):
    - Novobanco is subject to a dividend ban
    - CCA Assets are subject to a servicing agreement with FdR

(1) Funds not included in Capital Ratios

Ratings

Rating profile based on Moody’s scorecard continues to show upside

Metrics	Jul-22 Report (Before 2023 upgrades) FY 2021	Raw score	Assigned score	Apr-23 Report Novobanco Upgrade Historical Ratio	Raw Score	Assigned Score	Jun-23 Strong- Macro profile Raw Score	Assigned Score	Based on run-rate 9M23 (Strong- Profile) 9M2023	Raw score
Asset Risk (25%)										
Problem Loans / Gross Loans	9.8%	b1	**b1** =	7.3%	ba3	ba3 =	ba2	ba3 ●	4.7%	**baa3** ●
Capital (25%)										
TCE ratio	10.7%	ba2	**b2** ●	15.4%	a3	ba1 ●	a2	ba1 ●	17.4%	**a1** ●
Profitability (15%)										
Net Income / Tangible Assets	-1.6%	caa3	**b1** ●	-0.6%	caa2	baa3 ●	caa2	baa3 ●	2.0%	**a2** ●
Funding Structure (20%)										
Market Funds / Tangible Banking Assets	27.4%	ba2	**b1** ●	25.2%	ba2	ba1 ●	ba1	ba1 =	19.4%	**baa2** ●
Liquid Resources (15%)										
Liquid Banking Assets / Tangible Bank Assets	30.6%	baa1	**ba1** ●	29.7%	baa2	ba1 ●	baa2	ba1 ●	23.7%	**baa3** ●
Aggregate Financial Profile		**ba3**	**b1** ●		**ba2**	**ba2** =	**ba1**	**ba2** ●		**baa1** ●
Qualitative Adjustments										
Business Diversification			-			-				
Opacity and Complexity			-			-				
Corporate Behavior			-			-				
Total Qualitative Adjustments			**0 notches**			**0 notches**				
BCA range			**ba3-b2**			**ba1-ba3**				
Sovereign cap			**Baa2**			**Baa2**				
Assigned BCA			**b2**			**ba3**				
LGF uplift			**-1 notch**			**0 notch**				
Senior/Tier 2 rating			**B3**			**Ba3 / B1**				

Solvency (65%)

Liquidity (35%)

vs Jun-23 assigned score

2 notches haircut incorporated

1 notches haircut incorporated

+4 notches organic improvement

- **Indicative unmodified ‘initial’ BCA score continues to suggest substantial rating upside when using run rate 1H23 (+4 notches to Investment Grade vs latest profile).**

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Source: novobanco analysis; Legend: ● lower assigned score vs raw score; ● higher assigned score vs raw score; = same assigned score vs raw score; 9M23 run-rate vs Jun-23 raw score

Ratings

Moodys and DBRS ratings

April 2023

MOODY'S	Long Term	Short Term
Baseline credit assessment (BCA)	ba3	
Adjusted baseline credit assessment (BCA)	ba3	
Counterparty risk rating	Baa3	Prime-3
Counterparty risk assessment	Baa3 (cr)	Prime-3 (cr)
Deposits	Ba1 Positive Outlook	NP
Senior unsecured debt	Ba3 Positive Outlook	
Subordinated debt	B1	

March 2023

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

Our ESG action priorities

Sustainable Business

contribute to a **sustainable economy** and **socio-economic development**

- Promote "**green investment**", through our products and services, supporting clients in **taxonomy-alignment investments**
- Support investment in **Circular Economy**, **Climate Transition**, **Renewable Energies**, and **Low-Carbon Mobility**
- Reduce **paper consumption**, becoming increasingly digital
- Reduce **electricity consumption** and promote use of renewable energy
- Promote **sustainable mobility**, through fleet, infrastructures and travel policies

8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION

Social & Financial Well-Being

promote **social and financial well-being** of our **employees** and **customers**

- Promote the development and fulfilment of our **employees' potential** and their **physical and mental well-being**
- Contribute to increasing the **digital skills of the population** in the day-to-day management of financial services
- Provide our customers with **daily finance skills** and with **products suited to each family budget.**

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Responsible Banking

bank **responsibly**, **ethically** and **transparently**, promoting a culture of **diversity** and **inclusion**

- Promote **gender equality**
- Respect **ESG conduct principles** and demand respect for them from suppliers and partners
- Select our **suppliers with a responsible attitude** and based on ESG criteria
- Ensure the **integration of ESG risks** in the Bank's management and performance assessment models

4 QUALITY EDUCATION
5 GENDER EQUALITY

Our ESG commitments, novobanco social dividend until 2024

Sustainable Business

contribute to a **sustainable economy** and **socio-economic development**

Results	Targets	Indicator
€566M	€600M	*of Green investment vs 2021* [1]
€0M	€0M	*of financing to excluded sectors* [2]
61%	60%	*of investment products with ESG characteristics* [3]
-22%	-30%	*of tonnes of paper consumption vs 2021* [4]
-34%	-28%	*of tCO_2 emissions from own operations vs 2020* [5]

Social & Financial Well-Being

promote **social and financial well-being** of our **employees** and **customers**

Results	Targets	Indicator
47%	40%	*employees benefitting from social well being program* [6]
-7%	+3%	*employees with psychosocial risk assessment as healthy* [7]
+1%	+8%	*in employee engagement level vs 2021* [8]
-1	10	*in client NPS indicator vs 2021* [9]
+578	9.594	*growth in hours of employees voluntary service vs 2021* [10]

Responsible Banking

bank **responsibly**, **ethically** and **transparently**, promoting a culture of **diversity** and **inclusion**

Results	Targets	Indicator
27.9%	30%	*of women in senior leadership positions* [11]
5.5%	5,0%	*in gender pay gap* [12]
2	4	*partners. to promote people with disabilities employment* [13]
70%	90%	*of suppliers with sustainability score* [14]
+25,685	+39,160	*ESG training hours to employees*

Results
Targets

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

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

Board

- 1 *General Supervisory Board* (GSB)
- 1 *Executive Board of Directors* (EBD)
- 2 *Chief Sustainability Officer*
- 3 *Sustainability Steering* | *Risk Committee* | *Others* (when needed)

Management

- *ESG office* | *Risk Management* | *Others* (when needed)
- 5 *ESG PMO*
- *ESG Program Block Leaders and multidisciplinary teams*

4 **Policies & R&R**

6 Next milestones

- *Participate in planned ECB* ***climate stress tests***
- *Ensure systematic integration of* ***ESG risk analysis*** *in* ***credit process***
- *Improve* ***ESG data collection tools*** *in collaboration with our clients*
- *Update novobanco* ***portfolio emissions*** *disclosure after first release in '23*
- *Develop* ***pathways for portfolio emissions*** *aligned our climate ambition*

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 orther comprehensive income and at amortised cost.
Due to customers Banco de Portugal Instruction n. 16/2004	Amounts booked under the following balance sheet accouting 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.

Glossary

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_2e	tonnes of carbon dioxide equivalent
RWA	Risk weighted assets

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Next Events

Nov 7:	Citi – Iberian Roadshow (Madrid)
Nov 21:	BofA European Credit Conference (London)
Nov 22:	Natwest Credit Conference (London)

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