novobanco

RESULTS PRESENTATION
1Q 2022

May 3rd, 2022

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AGENDA

Continuing to deliver improved profitability

novobanco announces a further quarter of profitability with **Net income increasing to €142.7mn (1Q21: €70.7mn)** and **RoTE**[1] **improving to 10.2%. The business performance is in line with expectations**. Since the conclusion of the restructuring cycle in 2020, the Bank has delivered further improvement despite the uncertain macro background characterized by inflationary pressures and consequent volatility of interest rates.

Moving towards an expanding loan book with €1.0bn customer loans originated in the period (+72% YoY; maintaining the level of 4Q21 commercial activity**)**, of which 62% in the corporate segment**. Net customer loans at €24.0bn (+1.2% YTD)** reflecting the growth in the market-leading corporate segment and broadly stable mortgage and consumer loan portfolio. **Deposits increasing by 0.9% YTD**, with the outperformance of the Retail segment.

NII was €133.5mn (-8.4% YoY), considering stable yield from customer business, senior debt issuance in 2021 and the negative interest rates on money market investments. Reflecting a strong performance and an improved quarterly trend, **fee income increased by +9.6% YoY**. **Cost/Income ratio**[2] **at 51%** (vs 49% in 1Q21; 50% on a recurring basis).

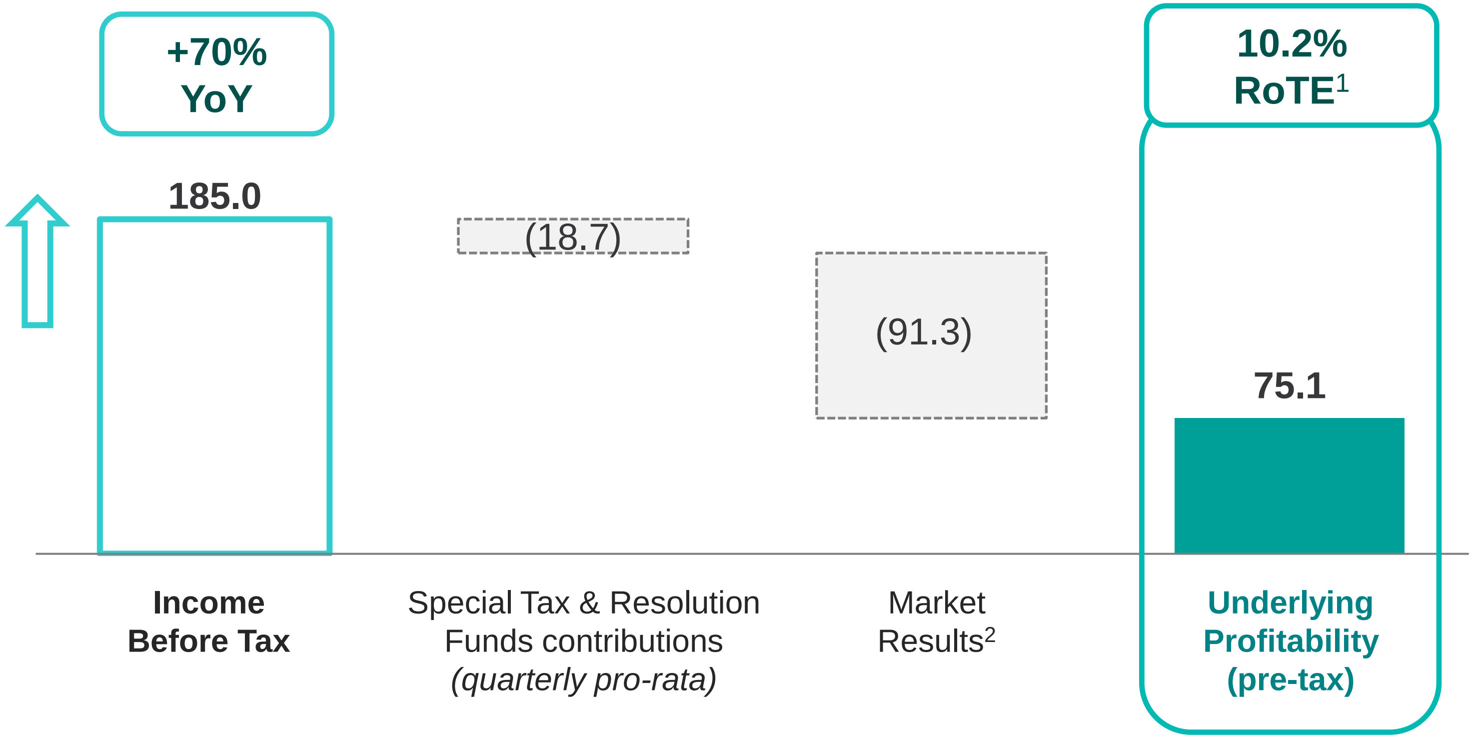
NPL ratio of 5.7% (Dec-21: 5.7%; Dec-20: 8.9%) and an **NPL coverage ratio at 70.8%** (Dec-21: 71.4%), reflecting the continued de-risking of the balance sheet and progress towards achieving an NPL ratio in line with European average. **CoR of 23bps given the successful ongoing de-risking strategy (1Q21: 88bps or 53bps ex-Covid related provisions).**

novobanco's positive quarterly net income and continued focus on RWA discipline demonstrate a **capital accretive business model**, with decrease in CET 1 being driven by the movement in treasury portfolio fair value reserves due to increasing interest rates and phase-in of prudential deductions, resulting in **CET 1 ratio of 10.8%** (vs 11.1% in 2021) and **Total capital ratio of 12.9%** (vs 13.1% in 2021). **The liquidity ratio (LCR) improved further to 184%** (vs Dec-21: 182%) and **NSFR totalled 115%** (vs Dec-21: 117%).

(1) Tangible Equity = RWA x 12%; Annualized; Considers Underlying profitability pre-tax less special tax on Banks and contributions to resolution funds; (2) Cost to Income defined as Operational Costs divided by Commercial Banking Income;

Maintaining a clear profitability turnaround enabled by restructuring efforts over recent years

From Income Before Tax to Underlying Profitability
(1Q22; €mn)



- **Consolidated income before tax at €185mn up from €109mn in 1Q21,** with improvement in the banking income (+€36.9mn) and the lower level of impairments and provisions (-64.7%; -€40.0mn).
- **Underlying profitability (pre-tax) at €75.1mn** after deducting for Special Tax on Banks, considering Resolution Funds contributions *(on a pro-rata basis*) and excluding positive markets results (€91mn).
- **A solid business model delivering RoTE[1] at 10.2%,** despite the highly challenging environment.

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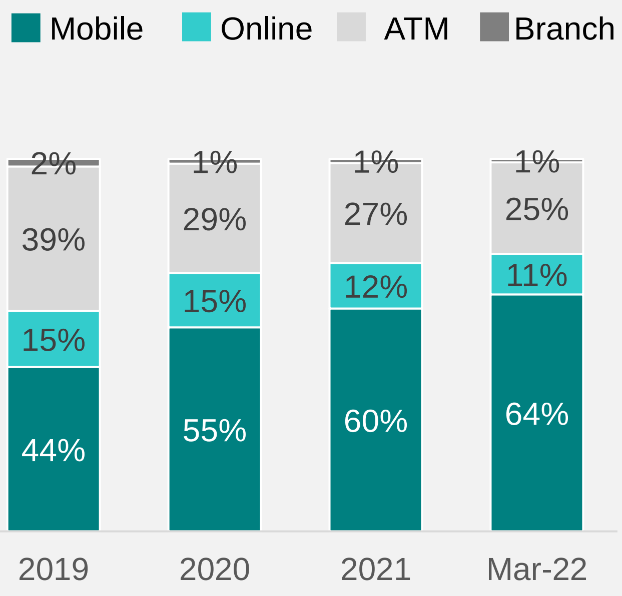
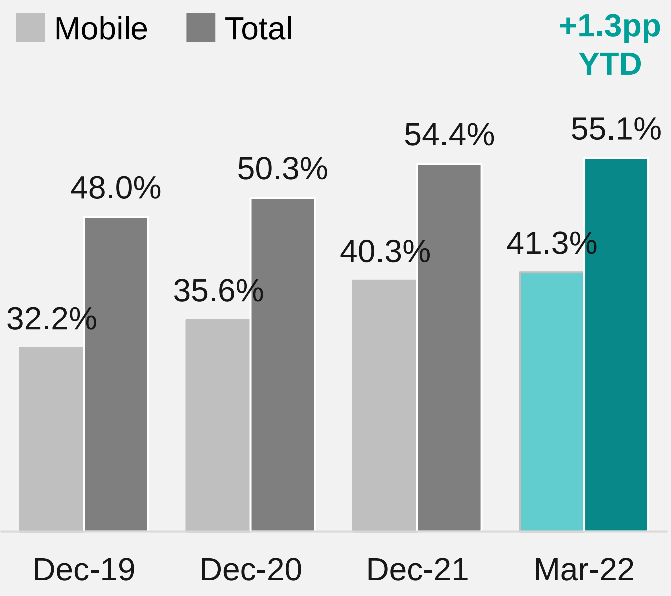
(1) Tangible Equity = average phased-in RWA x 12%; Annualized; Considers Underlying profitability pre-tax deducted by special tax on Banks (€34mn on annual basis) and contributions to Resolution Funds (€40.5mn on annual basis); (2) excludes dividends from strategic holdings

novobanco awarded by D-rating with digital “Best Performer” and winner of Digital CX - Bancassurance

Customer Touchpoints (Retail)



Active digital clients: penetration rate



Digital sales (# units)

+354% YoY **Personal Loans**
representing 10% of the segment sales vs 3% in 1Q21

+110% YoY **Credit Cards**
representing 3% of the segment sales vs 2% in 1Q21

+101% YoY **Life & Non-life insurance**
representing 3% of the segment sales vs 2% in 1Q21

Digital transformation involves accelerating front-to-back digitization and transforming the digital channels to ensure a fully omnichannel experience and greater customization.

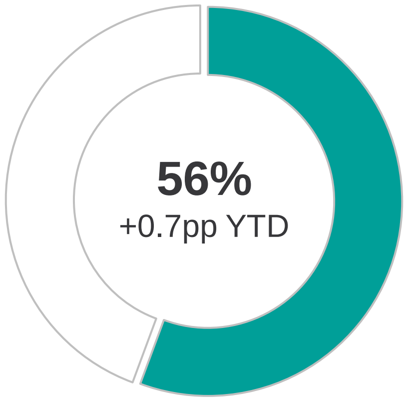
The execution of this strategy improves experience and efficiency by addressing the customer journeys and transforming the operating model, and by positively impacting the weight of digital sales…

…being recognized by customer and external entities:

- **“Best Performer”** in Portugal **by D-rating**
- **Winner of Outstanding Digital CX** award with nonlife insurance solution in **Bancassurance by The Digital Banker**

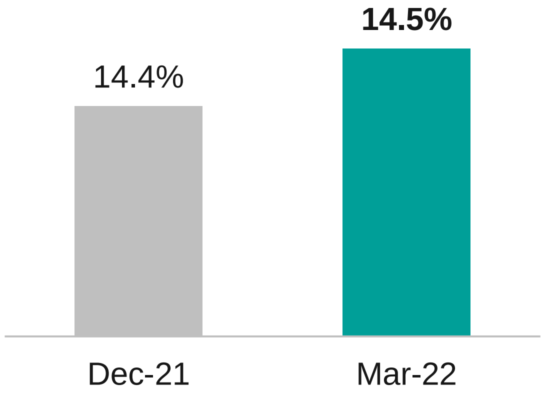
Delivering sound profitability, being well positioned to grow…

Weight of Corporate Credit
(vs overall portfolio; %)



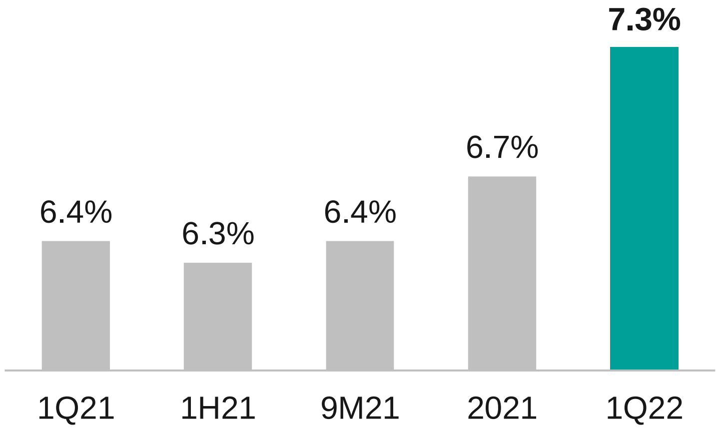
novobanco continues to hold a leadership position within the Portuguese corporate sector…

Corporate – Market share
(stock; %)



… moving towards expanding loan book with market share of 14.5% (+0.1pp YTD[1]) in loans to non-financial companies …

Mortgage – Production Market share
(accumulated; %)



…and increasing origination to retail, with distinctive progress in YTD mortgage production rate.

…and keep supporting the domestic economy.

(1) novobanco analysis as of February 2022; sources: Banco de Portugal, APS, APFIPP

Our ESG Priorities and 1Q22 achievements

Sustainable Business

- **Robust Financial Performance**

  Generating value for all our stakeholders

- **Sustainable Operations**

  Minimizing the negative environmental impact from our operations, promoting innovation and digitalization

- **Responsible Investment**

  Incorporating ESG risks and opportunities in our business model and commercial offer

Social & Financial Well-being

- **Well-being, Diversity and Inclusion**

  Recognizing the value of our people, promoting their well-being and growth in a diverse and inclusive corporate culture

- **Customer Experience**

  Serving our customers with convenience, proximity and transparency, ensuring a fair value exchange

Responsible Banking

- **Role Model for Positive Impact**

  Acting transparently and ethically, within a robust governance model. Promoting equity and gender equality

- **Community**

  Fostering Portuguese economic growth and promoting financial and digital inclusion in the communities we serve

1Q22 Highlights

~100%	Of clean electricity consumption; (3.4 KWh with no CO_2)	**3.3k**	Hours of ESG training to employees	**6%**	Gender pay-gap[1] (vs 5.9% in Dec-21)
15.1%	Reduction in paper consumption (YoY)	**Literacy**	Digital & financial sessions to the general public and senior population	**27.3%**	Of woman in senior leaders' roles rate (-0.2pp YoY)[2]
162.9k	Carbon neutral banking current accounts (+4% YTD)	**Help Ukraine**	Incl: voluntary service, donations, partnerships & specific conditions	**41.4%**	Of suppliers with Sustainability scoring

Note: Novo Banco S.A. Metrics; See slide 40 for detailed 2024 Commitments ; (1) Adjusted by function; (2) includes BoD team and senior managers

AGENDA

Macroeconomic environment

Pre-Ukraine conflict, the Portuguese economy was on a recovery path, supported by lower pandemic constraints, higher confidence levels and expectations of stronger domestic and external demand.

- GDP rose 4.9% in 2021, with a recovery in activity supported by:

  (i) declining marginal impacts of the pandemic (and relatively less stringent Covid mitigation measures, given an above average vaccination rate);

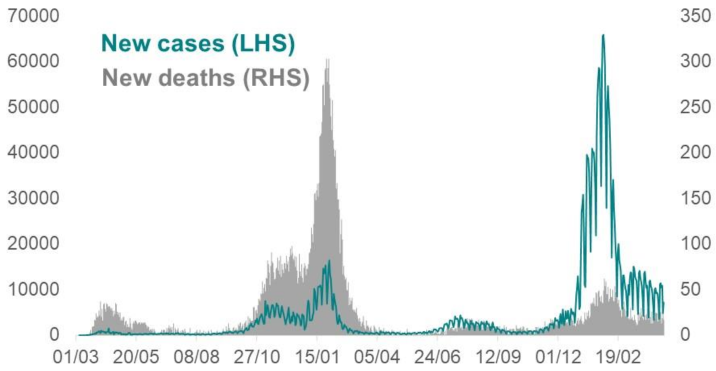
  (ii) stronger domestic demand, in part supported by the release of forced savings;

  (iii) improvement in tourism activity and stronger exports growth (goods exports above pre-Covid levels after mid-2021).

- Pre-Ukraine conflict, most indicators suggested that the economic recovery should proceed in 2022-23, also with the support of the initial impacts from the Recovery and Resilience Plan ("RRP"), and in an environment of political stability.

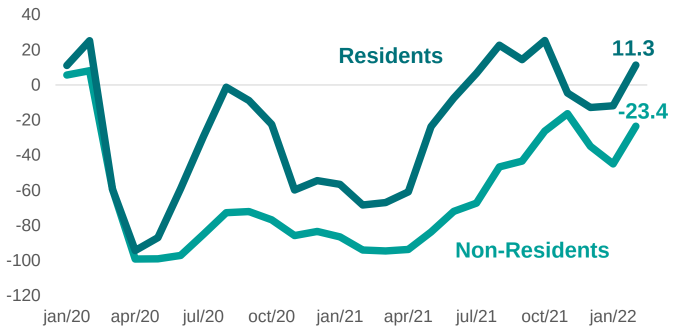
GDP growth (%)

Number of Covid-19 cases and deaths
(daily net change)



Households' savings rate
(4Q MA, % of disposable income)

Overnight stays in tourism accommodation facilities (% vs. same month in 2019)

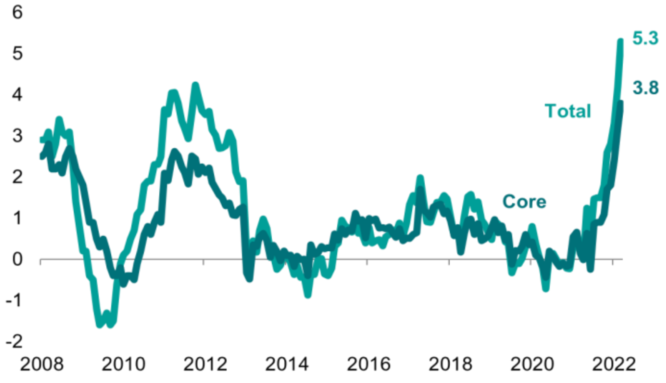


Macroeconomic environment

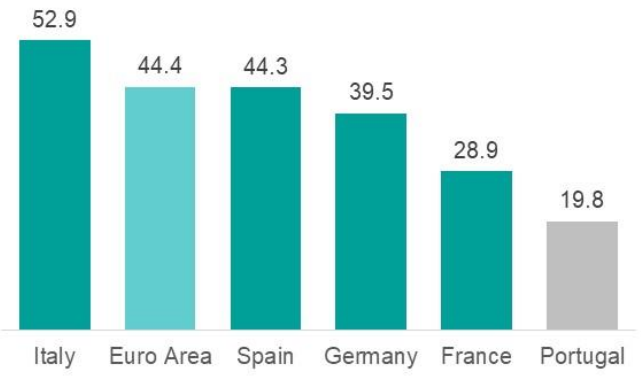
Higher energy and food prices, with the effects of the pandemic reinforced by the Ukraine war. But inflation (and particularly energy inflation) remains lower than in the Euro Area.

- The Portuguese economy is being impacted by the conflict in Ukraine through a rise in producer and consumer inflation, reinforcing the recent upward trend in prices.
- Energy (19.8% YoY) and Food (5.8% YoY) with major contributions to inflation.
- Food prices also supported by the effects of the recent drought.
- Inflation in Portugal remains below the levels observed in the Euro Area (5.3% YoY vs. 7.4% in the Euro Area).
- This is mainly due to lower energy inflation, given a higher share of renewables in electricity production and a more important role of the regulated market in electricity price setting.

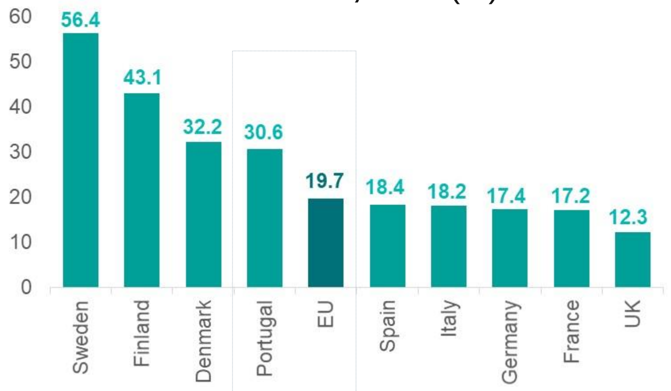
Headline and core inflation rate (CPI, % YoY)



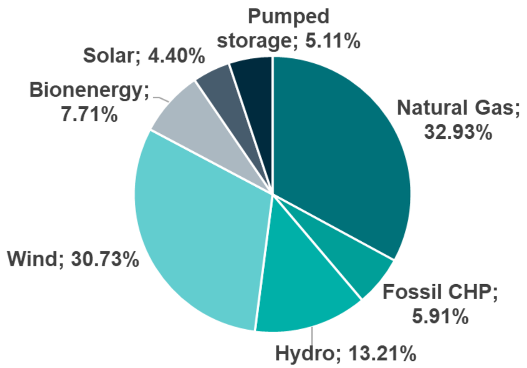
Energy Inflation Rate, selected economies (CPI, % YoY)



Share of energy from renewable sources, 2019 (%)



Electricity generation by energy source (% of total, February 2022 YTD)

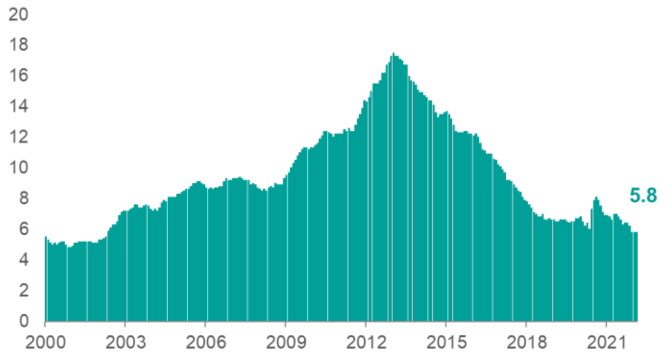


Macroeconomic environment

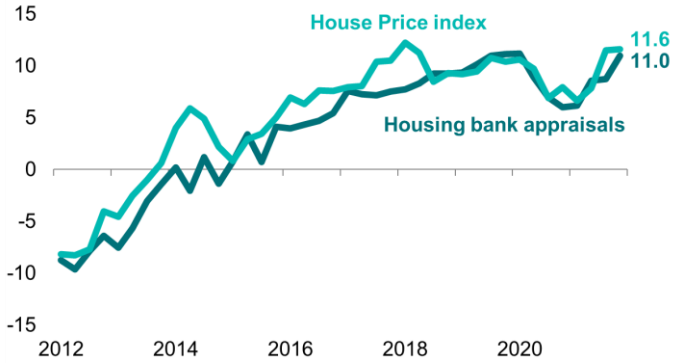
Improvement in public accounts has allowed for policy measures, mitigating the impacts from the pandemic and from the war in Ukraine. Unemployment, NPLs and sovereign spreads remain contained.

- The improvement in public accounts has allowed for policy measures, mitigating the impacts from the pandemic and from the war in Ukraine. With domestic and external demand recovering, unemployment and NPLs have remained contained. Resilient growth in house prices.
- Relatively low sovereign spreads reflect improved fundamentals vs. previous crisis.

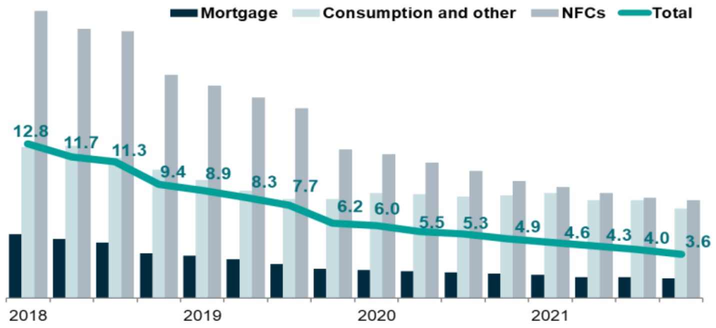
Unemployment rate (% labour force)



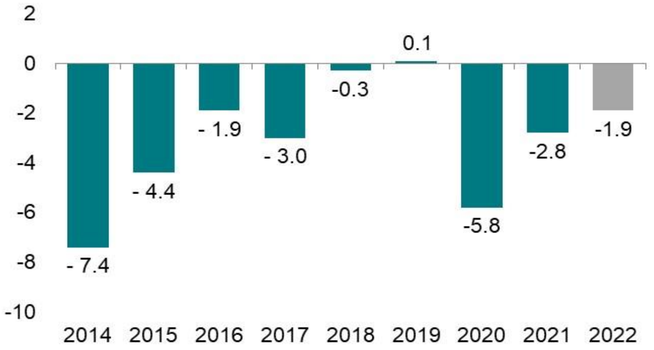
INE house price index (% YoY) **&**
Housing bank appraisals (median, % YoY)



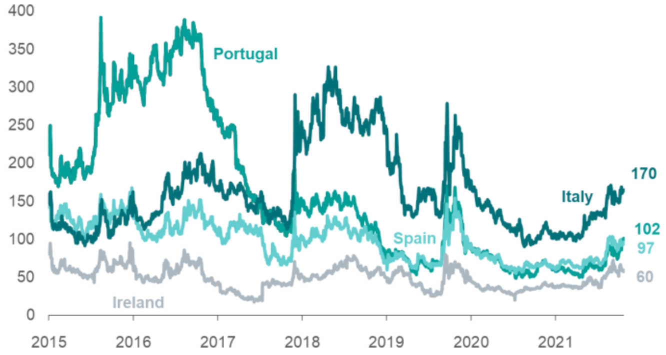
Non-performing loans (% of total gross loans)



General Government Budget Balance (% GDP)



10Y Periphery Government bond yield spreads vs. Bund (bps)



AGENDA

Highlights

Macroeconomic environment

Financial Results

Final remarks

Annex

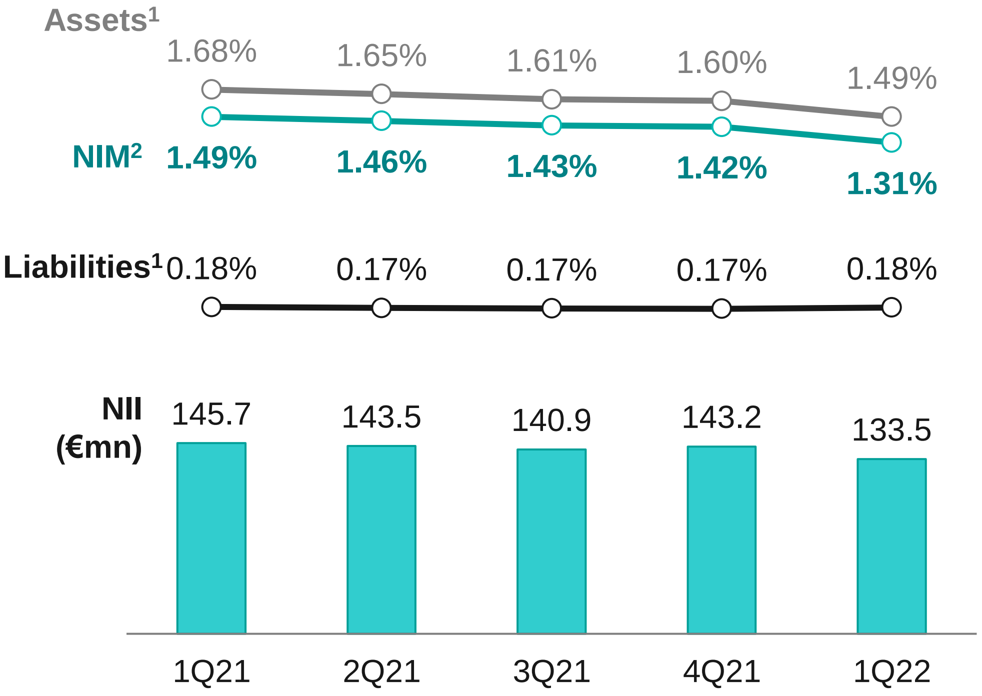
Continuous improvement of underlying performance

	Income Statement (€mn)	1Q21	1Q22	▲ YoY €mn
1	Net Interest Income	145.7	133.5	(12.2)
2	+ Fees & Commissions	62.8	68.8	+6.0
	= Commercial Banking Income	**208.5**	**202.3**	**(6.2)**
	+ Capital Markets Results	52.8	91.4	+38.6
	+ Other Operating Results	12.2	16.7	+4.5
	= Banking Income	**273.5**	**310.4**	**+36.9**
3	- Operating Costs	102.7	103.6	+0.9
	= Net Operating Income	**170.8**	**206.8**	**+36.0**
	+ Restructuring funds valuation	0.0	0.0	0.0
4	- Net Impairments & Provisions	61.8	21.8	(40.0)
	= Income Before Tax	**109.0**	**185.0**	**+76.0**
	- Corporate Income Tax	4.2	7.4	+3.1
	- Special Tax on Banks	32.8	34.1	+1.4
	= Income after Taxes	**72.0**	**143.5**	**+71.5**
	- Non-Controlling Interests	1.3	0.9	(0.4)
	= Net Income for the period	**70.7**	**142.7**	**+72.0**

- NII (-€12mn; -8% YoY) with stable yield from customer business, negative impact due to senior debt issuance in 2021 and negative interest rates on money market investments;
- Commissions (+€6mn; +10% YoY) driven by increased economic activity and higher volume of transaction, increased customer appetite on asset management & bancassurance, and fees from higher origination activity;
- Capital Markets Results were positive by €91.4mn mostly due to gains from the hedging of interest rate risk, reflecting the volatility of sovereign debt in the market. The fair value reserves decreased by €243.4mn in the period;
- Other Operating Results (+€5mn, +37%) includes gains related to associated companies (+€9.0mn) and credit recovery (+€5.9mn);
- Operating costs remained stable (+€0.9mn; +0.8%), reflecting the continued optimization and the investment done in the new distribution model, and the reduction of staff costs given the lower number of employees;
- **Net commercial banking income at €98.7mn (-7% YoY) reflecting lower commercial banking income (-3%) and stable operating costs (+0.8%);**
- Provisions at €21.8mn (-€40mn; -65% YoY), benefiting from the execution of the de-risking strategy implemented during the restructuring process (cost of risk was 0.23%, -55bps YoY);
- **Net Income of +€143mn (+€72mn; +102% YoY) reflecting a stable performance of commercial activities and lower credit impairments.**

1 NII at €134mn (-8.4% YoY) with stable yield of the banking business segments…

Net Interest Income (NII) Net Interest Margin (NIM) *€ million; %*	1Q21 Avg. Balance	1Q21 Avg. Rate	1Q21 Income/ Costs	1Q22 Avg. Balance	1Q22 Avg. Rate	1Q22 Income/ Costs
Customer Loans	**25 092**	**2.05%**	**129**	**25 013**	**2.00%**	**125**
Corporate loans	13 789	2.37%	82	13 816	2.28%	79
Mortgage lending	9 963	1.10%	27	9 774	1.03%	25
Consumer loans and Others	1 340	5.86%	20	1 423	5.88%	21
Money Market Placements	3 467	0.24%	2	5 927	-0.32%	- 5
Securities and Other Assets	10 589	1.25%	33	9 784	1.28%	31
Interest Earning Assets & Other	**39 149**	**1.68%**	**164**	**40 724**	**1.49%**	**152**
Of which: Customer Deposits	26 302	0.20%	13	27 379	0.15%	10
Of which: Money Market Funding	10 335	-0.12%	- 12	10 779	-0.57%	- 15
Interest Bearing Liabilities & Other	**39 149**	**0.18%**	**18**	**40 724**	**0.18%**	**18**
NIM / NII[2]		**1.49%**	**146**		**1.31%**	**134**

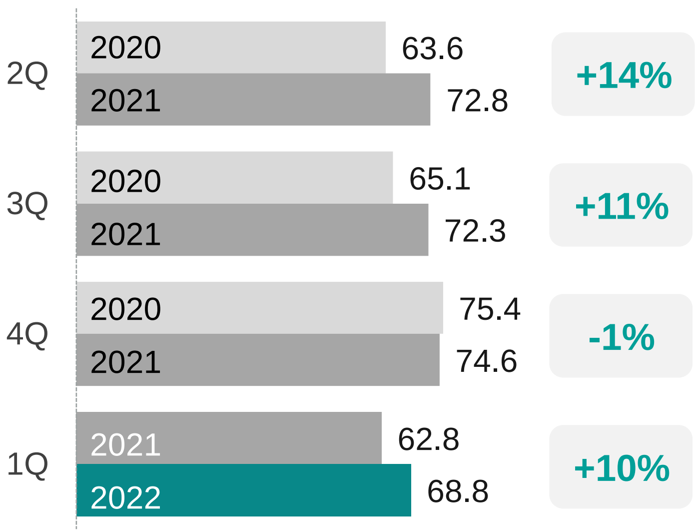


…while impacted by the senior debt issuance in 2021 and the negative interest rates on money market applications.

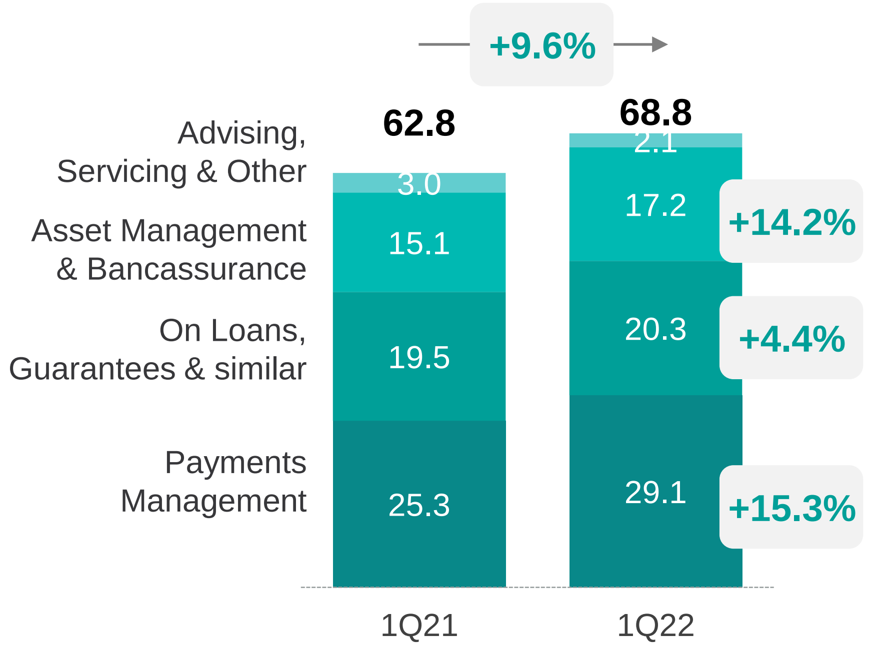
novobanco (1) YTD figures until such reference date; (2) With stage 3 impairment adjustment

2 Fees grew 9.6% YoY, driven by economic recovery and performance of asset management business

Fees: Quarterly Evolution
(€mn)



Fees: evolution per type
(€mn)

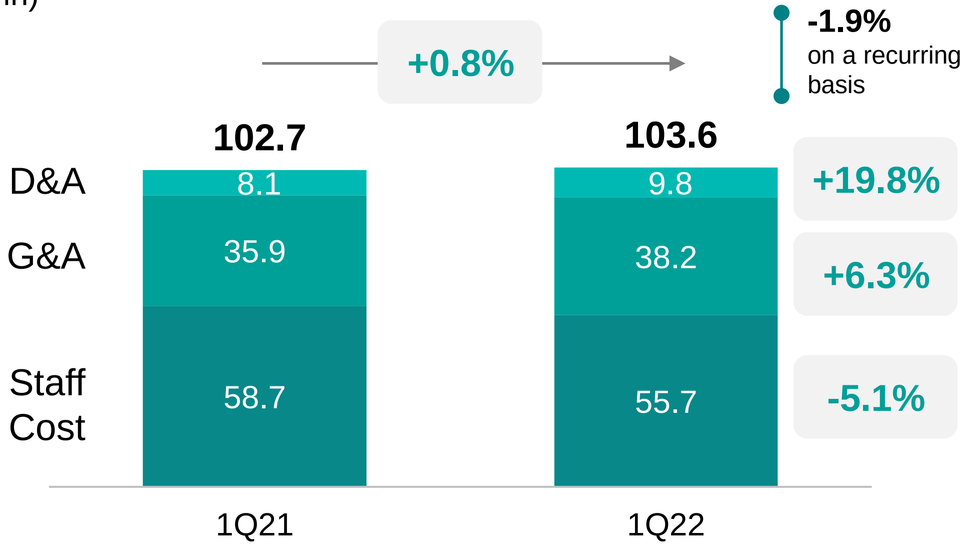


- **Asset management & bancassurance fees** (+€2.1mn; +14%): reflecting more robust commercial activity and increased customer appetite;
- **Commissions on Loans, Guarantees and similar** (+€0.9mn; +4%): with an increase in origination of corporate loans and an increase in fees of credit lines;
- **Payments management** (+€3.9mn; +15%) due to a higher volume of transactions and new pricing implemented in March for customer accounts.

Fees are set to continue to increase with the recovery of economic activity leading to more transactions and new business.

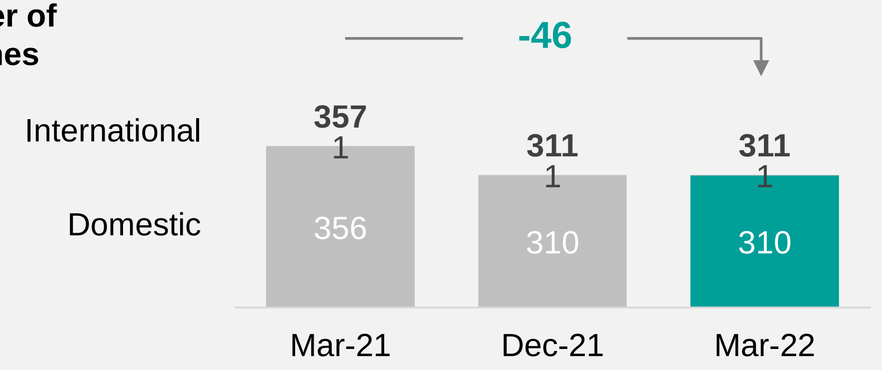
Stable YoY operating costs reflecting the continued optimisation and simplification of the organisation and its processes,…

Consolidated Operating Costs
(%; €mn)

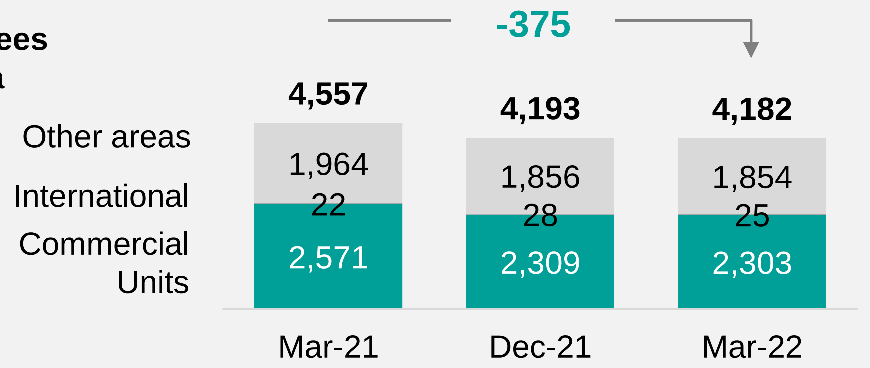


Cost to Income[1]: 49% (1Q21) | 51% (1Q22)

Number of branches



Employees per area
(#)

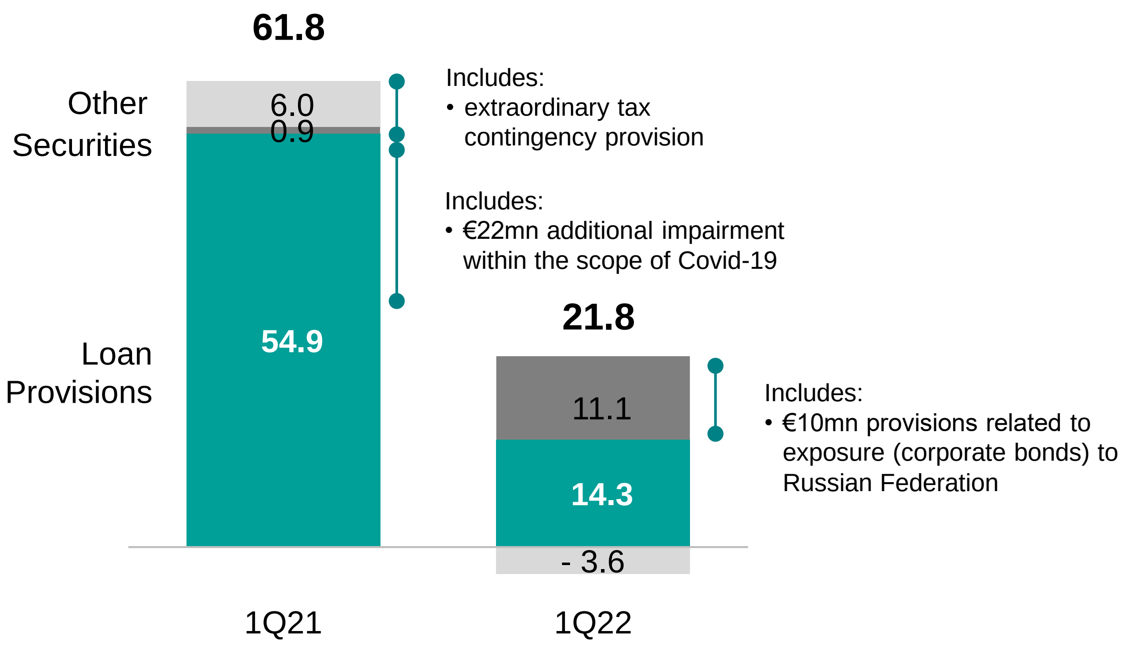


… the reduction of staff costs, and the investment done in the business and its new distribution model.
On a recurring basis, operating costs reduced by 1.9% (-€2.0mn).

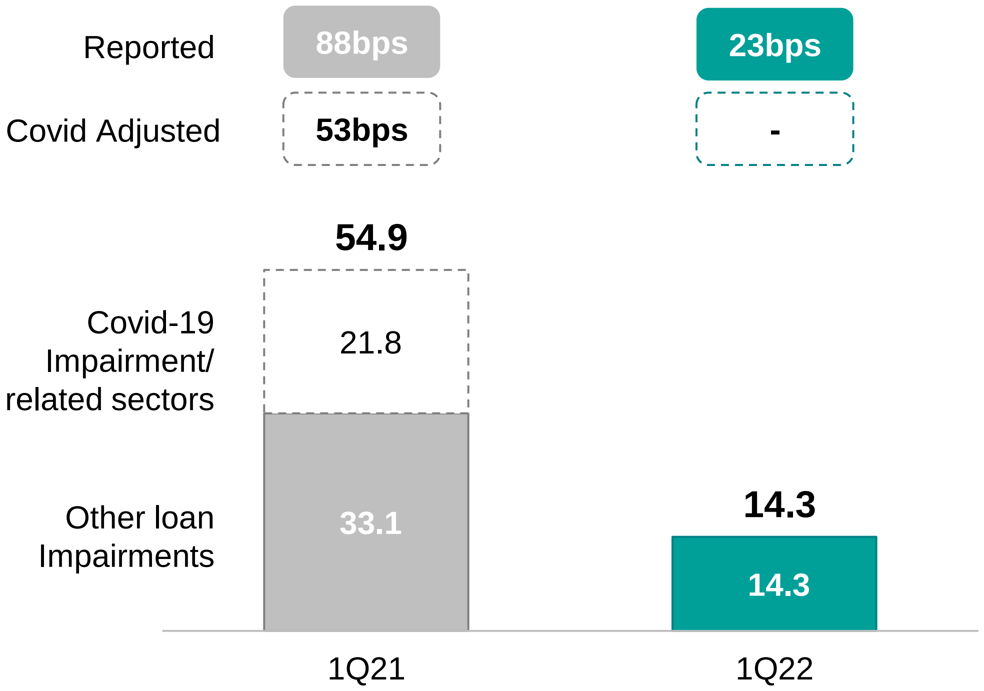
(1) Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions

4 Provisions below run-rate reflecting a benign economic environment in 1Q22

Impairment and Provisions
(€mn; %)



Cost of Risk & Loan Impairments
(€mn; bps)



Maintaining a solid Balance Sheet

Balance Sheet (€mn)

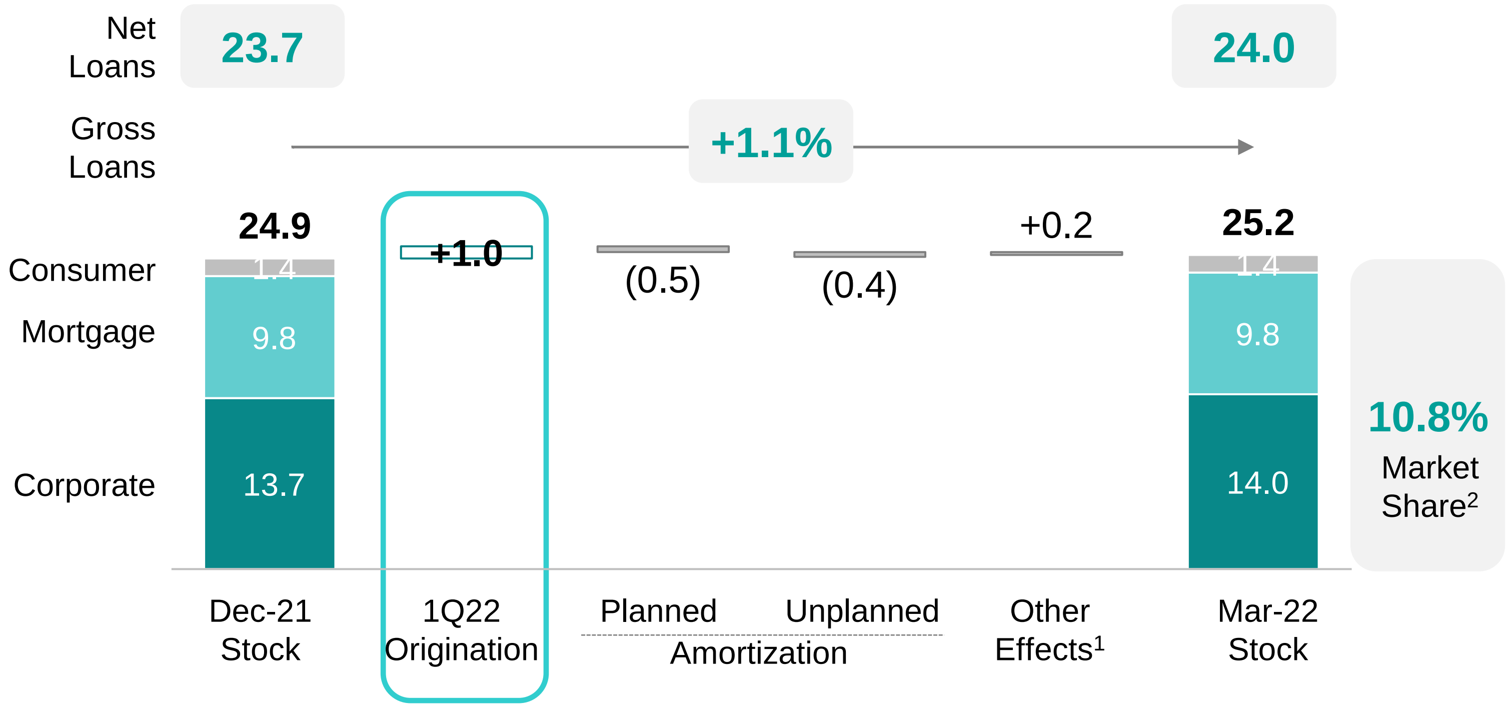
	Assets	Dec-21	Mar-22	▲YTD €mn	▲YTD %
	Loans and advances to banks	5 922	5 607	-315	-5.3%
1	Customer loans (net)	23 685	23 979	294	1.2%
2	Real estate	824	816	-7	-0.9%
3	Securities	10 471	10 500	30	0.3%
	Non-current assets held for sale	9	12	3	26.7%
	Current and deferred tax assets	780	852	72	9.2%
	Other assets	2 928	2 861	-67	-2.3%
	Total Assets	**44 619**	**44 627**	**8**	**0.0%**

	Liabilities & Equity	Dec-21	Mar-22	▲YTD €mn	▲YTD %
4	Customer deposits	27 315	27 562	247	0.9%
	Due to central banks and banks	10 745	10 531	-215	-2.0%
	Debt securities	1 470	1 478	9	0.6%
	Non-current liabilities held for sale	1	2	1	78.2%
	Other liabilities	1 938	1 887	-51	-2.6%
	Total Liabilities	**41 469**	**41 460**	**-9**	**0.0%**
5	**Equity**	**3 149**	**3 167**	**18**	**0.6%**
	Total Liabilities and Equity	**44 619**	**44 627**	**8**	**0.0%**

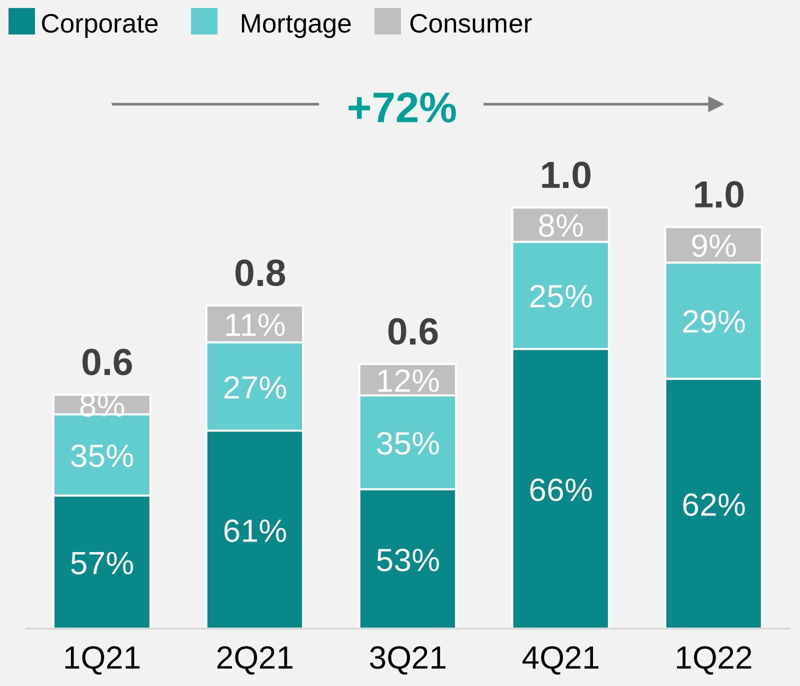
- **Net customer loans at €24.0bn (+1.2 YTD)** reflecting the growth in loans to corporate customers;
- **Customer Deposits growing €247mn (+0.9% YTD), to €27.6bn**, with the outperformance of the Retail segment;
- **Total Funds of €33.9bn (+€125mn YTD; +0.4%),** balance sheet customer funds (€29.4bn;+€317mn; +1.1%) and off-balance sheet (€4.5bn; -€192mn; -4.1%).

1 Moving towards expanding loan book with €1.0bn customer loans originated in the period

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



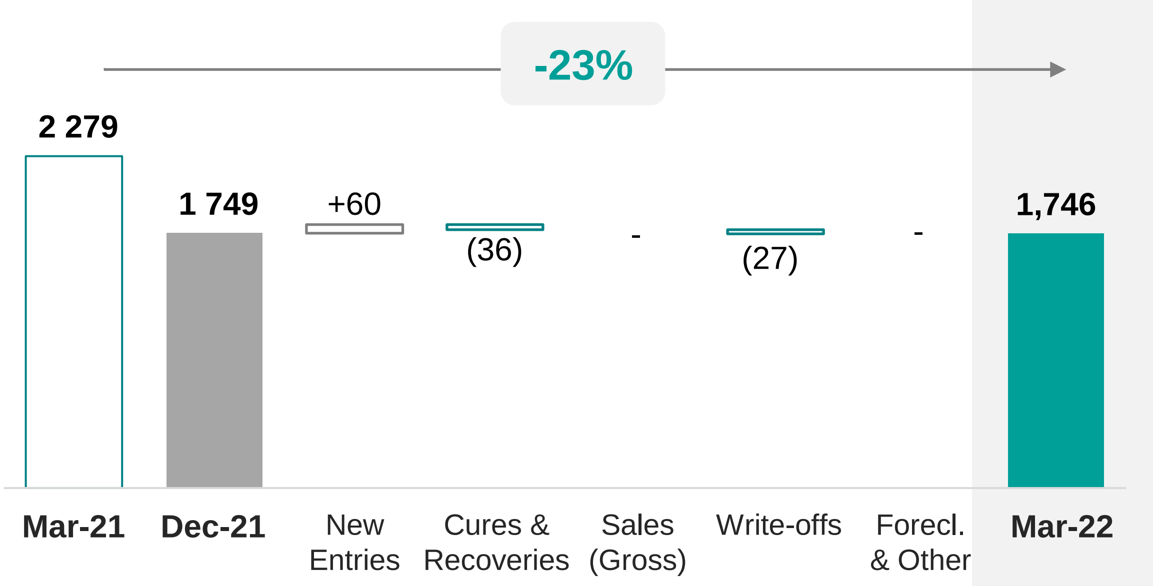
Loans to Customers: Origination
(€bn; %)



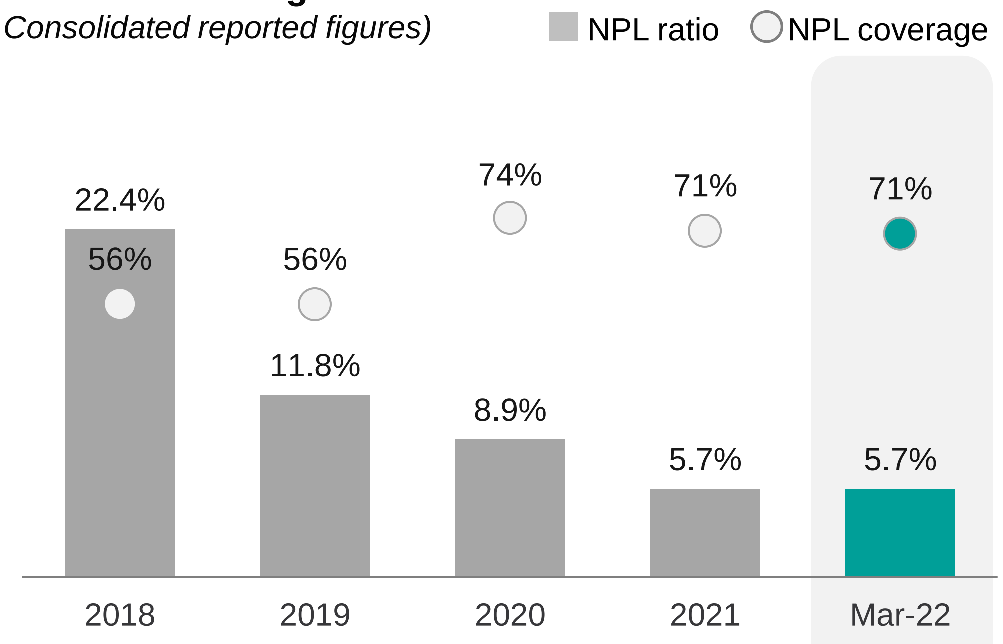
(1) Includes restructured contracts, short-term and impairment variations and other novobanco group entities; (2) December 2021 data; sources: Banco de Portugal, APS, APFIPP

1 Stable YTD NPL stock, benefiting from proactive re-staging of moratorias and contained macroeconomic impacts

Non-performing Loans Evolution
(%; €mn; Gross NPL[1])



NPL ratio & Coverage evolution[1]
(%; Consolidated reported figures)

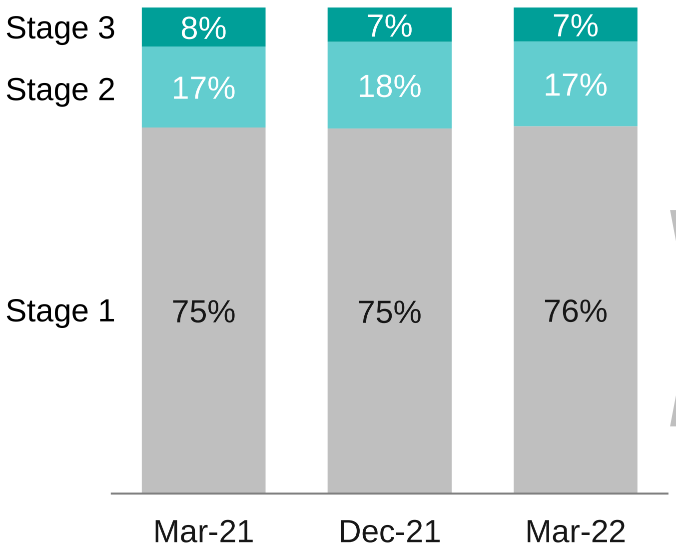


Recent NPL reduction benefitting from sale of portfolios, being capital accretive and demonstrating adequacy of NPL coverage

(1) NPL as per BdP definition (see glossary – annex for further detail); NPA calculated as the sum of NPE and foreclosed gross assets divided by total gross exposure and foreclosed gross assets; 2019 and 2020 data pro-forma to exclude Spanish operations and Financial Institutions

1 Stable YTD stagging classification with ~2/3 of stage 3 loans not overdue

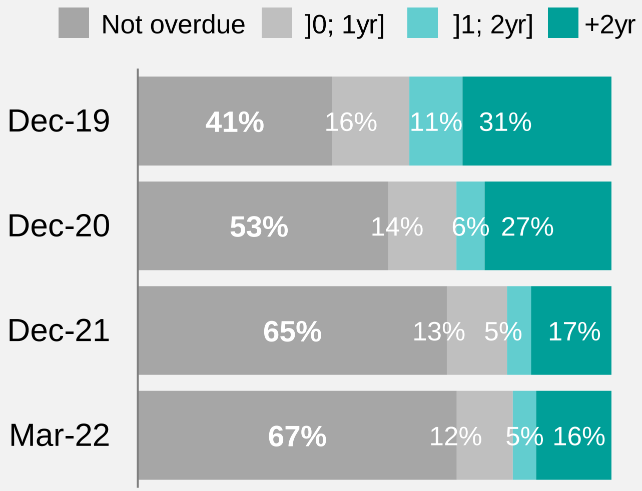
Loan Portfolio[1] by Stages



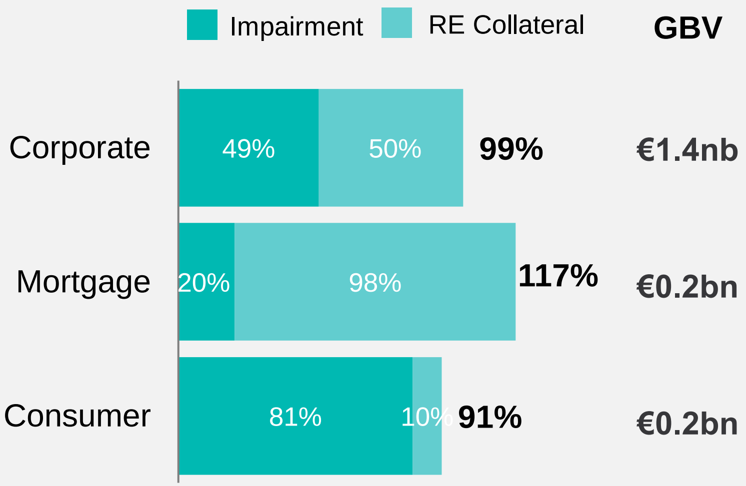
Coverage ratios

	Mar-21	Dec-21	Mar-22
Stage 2	7.9%	7.3%	7.1%
Stage 3	55.6%	49.7%	49.3%

Stage 3: Overdue Vintage



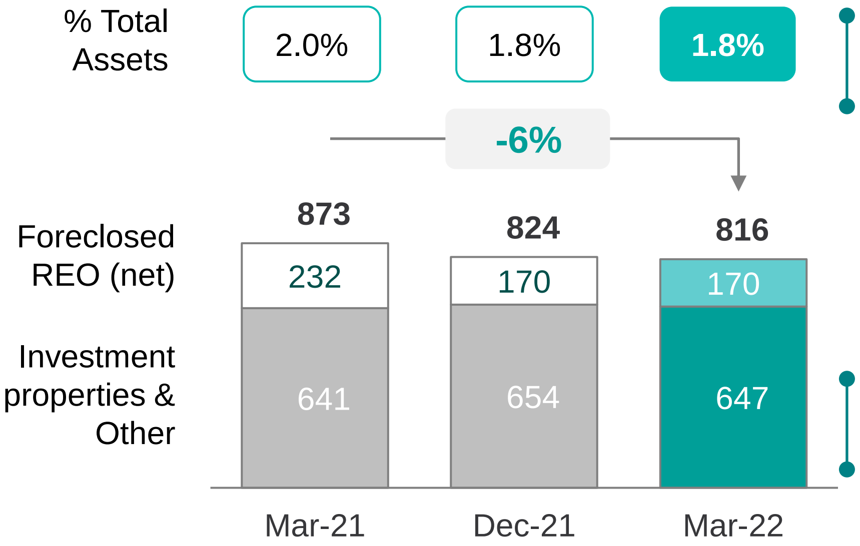
Stage[2] 3: Coverage by type



(1) Excludes Spanish operations and credit institutions; Preliminary figures; (2) Specific provisions only

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

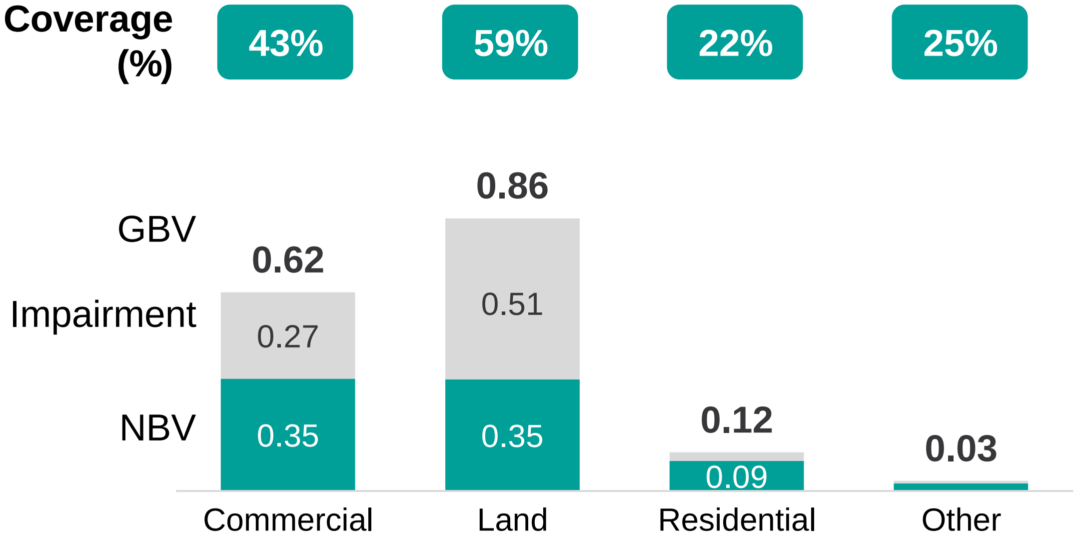
Evolution of Real Estate Exposure
(€mn NBV)



TOP 20 RE assets represent 52% of the portfolio. Of those high-quality assets, 9 are yielding and the remaining are in ongoing licensing discussions and expected to be sold within next 2 years.

Of which c.€250mn under disposal;

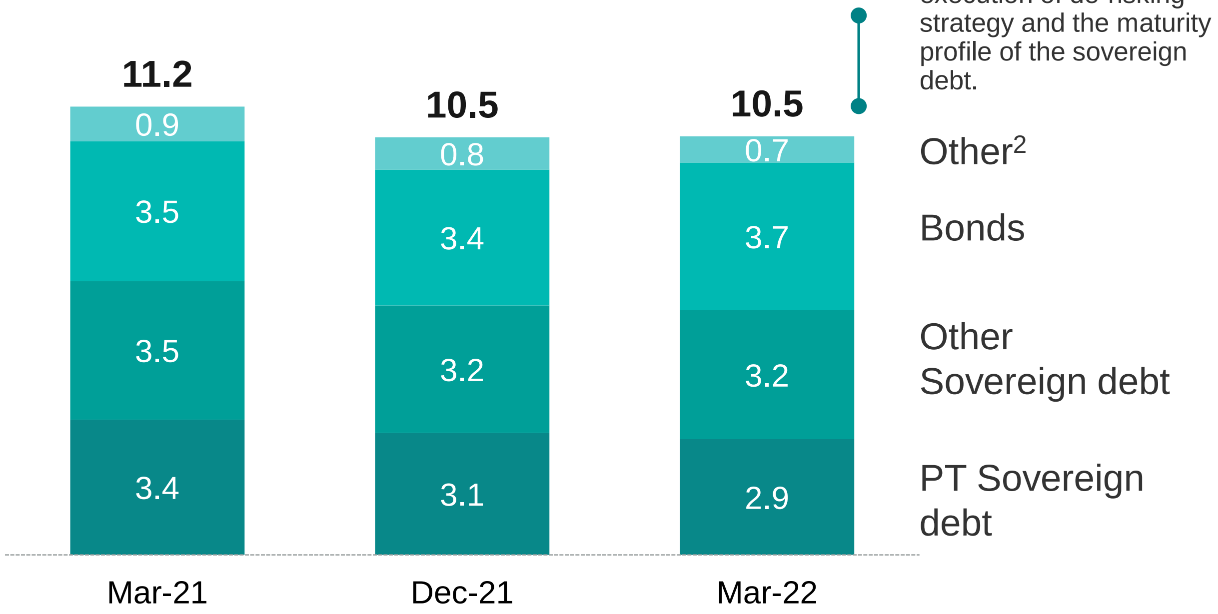
Real Estate Portfolio: Coverage by Asset Type
(€bn;%)



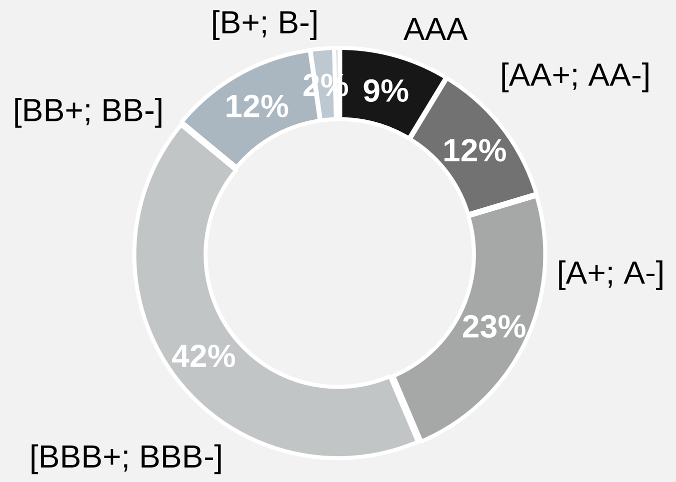
Coverage is supported by a robust appraisal policy, individual asset reviews, market pricing (bids received) and yield performance.

3 Conservative €10.5bn securities portfolio with HQLA[1] representing 73%

Securities Portfolio: Breakdown
(€bn)



Securities Portfolio: Ratings[3]
(Mar-22; €bn)



The investment portfolio had a duration of ~4 yrs.
€1.6mn sensitivity for 1bps increase in interest rates (after hedges).

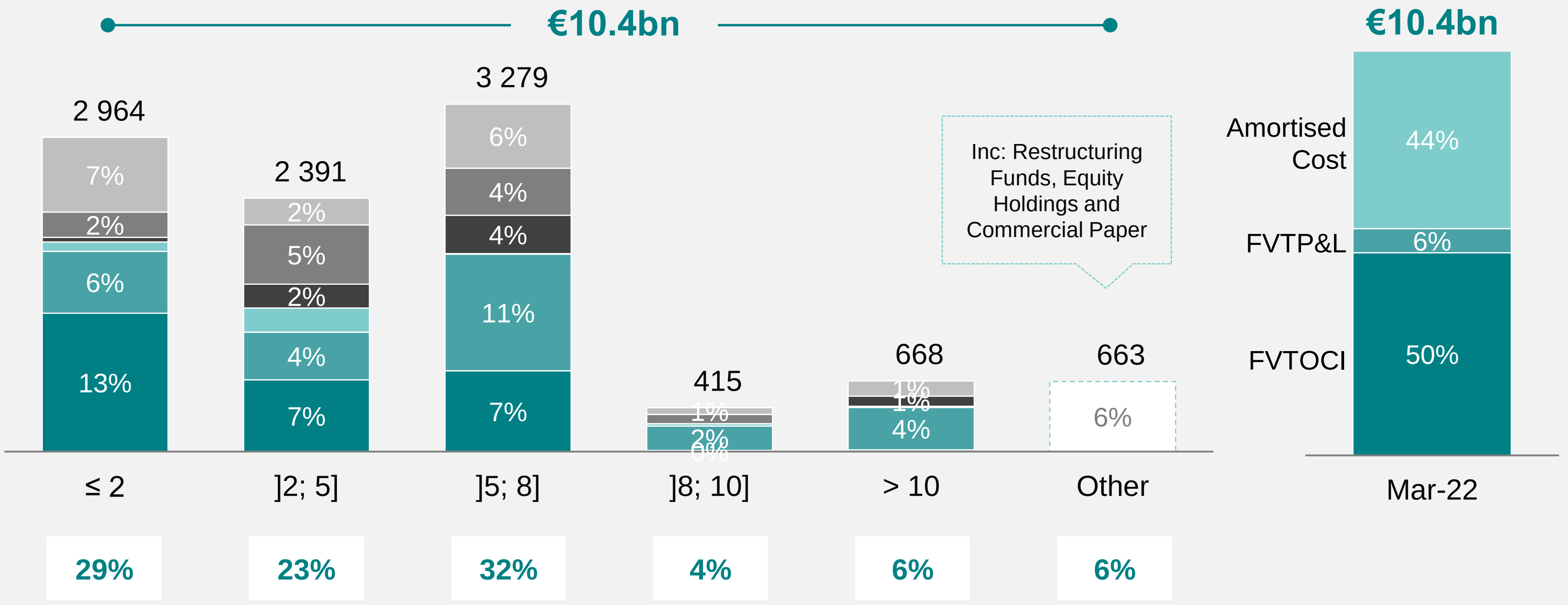
novobanco

(1) HQLA: High Quality Liquid Assets; (2) Includes Funds and Equity Holdings; (3) Breakdown excludes Funds and Equity Holding and Commercial Paper; Considers S&P Rating and novobanco internal rating if S&P not available; Graph includes Other of 0.4% classified by novobanco as Defaulted

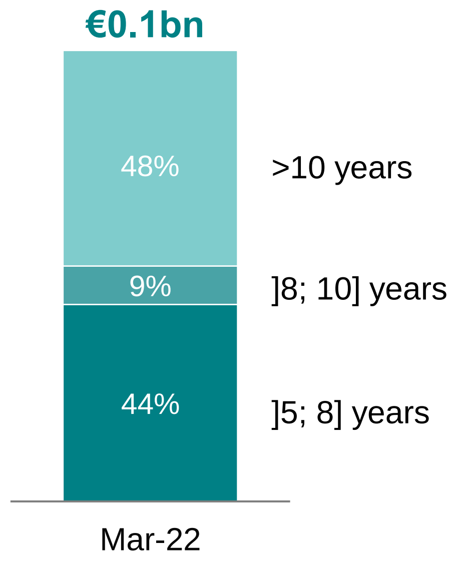
3 Securities portfolio with an average yield of 1.28%

Banking Book
(by maturity; Mar-22; €mn; %)

27% PT sovereign debt
3% Other sovereign
13% HQLA[1] (Corp + Fins)
27% Other EU sovereign
7% Supranational
17% Non-HQLA



Trading Book
(by maturity; Mar-22; %)



100% Sovereign debt

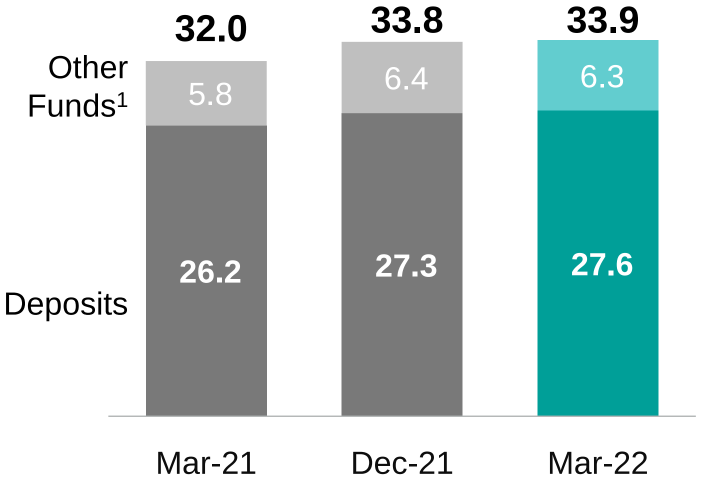
novobanco (1) HQLA: High Quality Liquid Assets

Customer deposits +5% YoY and Total Funds +6%...

Customer Deposits & Total Funds
(%; €bn)

+5.8% YoY

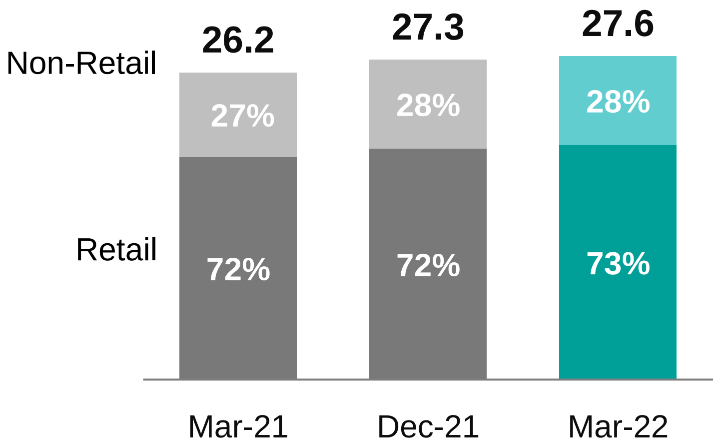
+0.4% YtD



Deposits Breakdown by Customer
(€bn; %)

+5.0% YoY

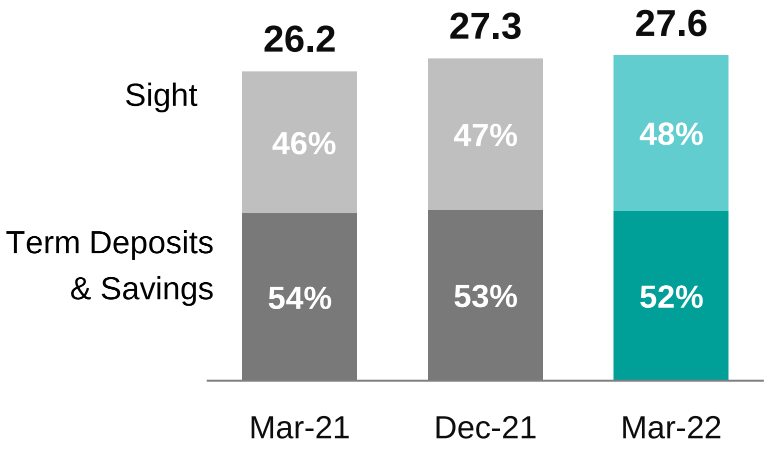
+0.9% YtD



Deposits Breakdown by Type
(€bn; %)

+5.0% YoY

+0.9% YtD

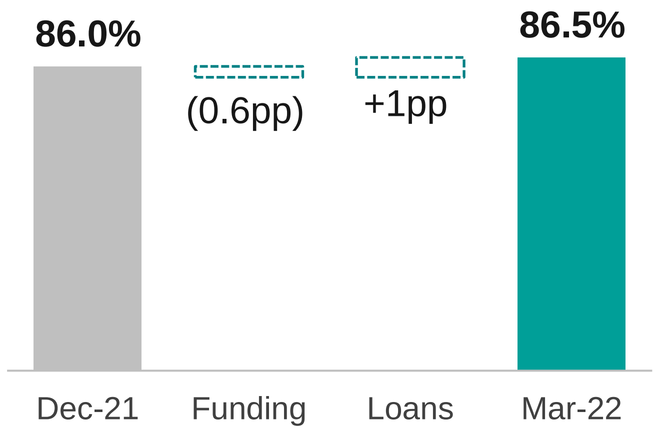


…with evolution reflecting growth of the business despite the low interest rate environment.

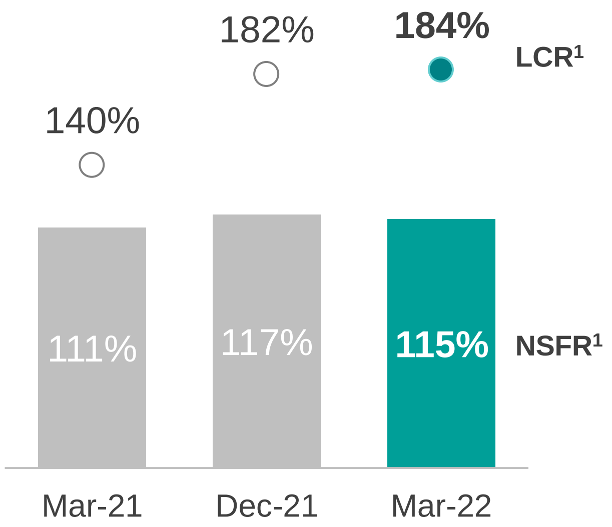
(1) Includes off-balance

Stable deposit base supporting strong liquidity position

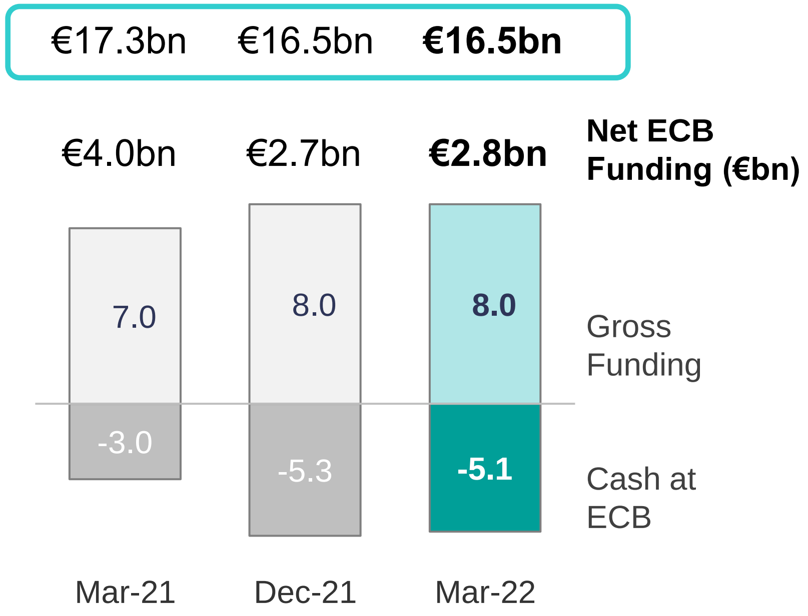
Loan to Deposit Ratio (%)



Liquidity Ratios (%)



Eligible Assets at the ECB² (€bn)

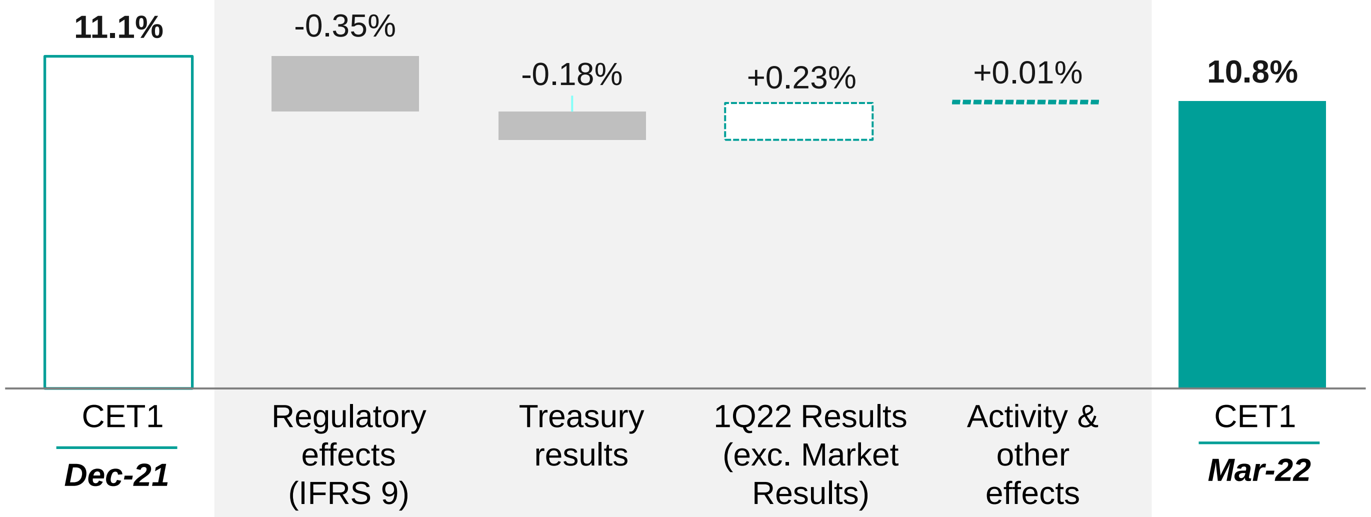


Liquidity buffer ~€12.5bn, mostly composed of highly liquid assets (~90%).

(1) LCR stands for Liquidity Coverage Ratio; NSFR stands for Net Stable Funding Ratio; (2) Net of haircut

5 Capital accretive business model and continued focused on RWA discipline was more than offset by…

CET 1 Ratio Evolution
(phased-in[1]; Preliminary; %)



> Main YTD events on CET1:

- **Regulatory effects of IFRS 9: -0.35%**
  - CET1 deduction of €98mn (of which €66mn from phased-in to fully-loaded)
- **Treasury Results: -0.18%**
  - Includes revaluation reserves and market results (P&L) in light of 1Q22 market volatility and on the other hand the restructuring of treasury portfolio
- **1Q22 Results: +0.22%**
  - Incorporation of 1Q22 Net income (net of market results) of €51mn

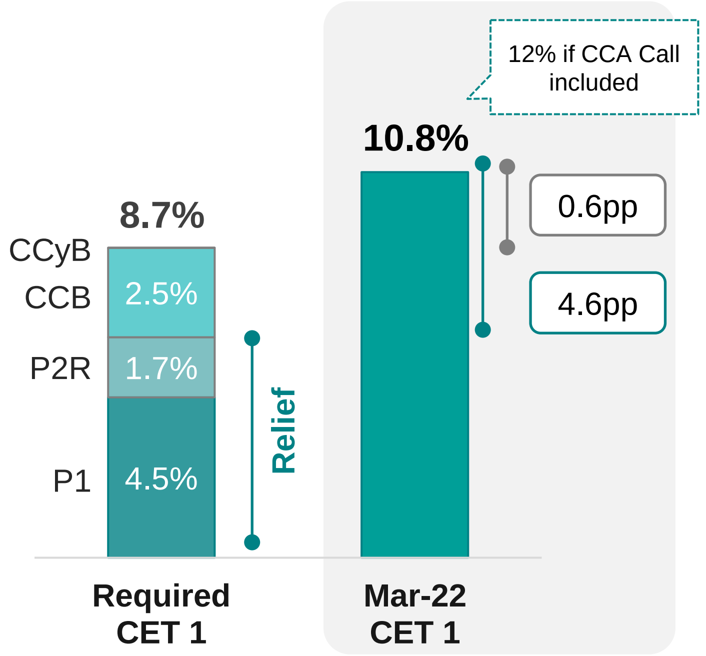
…expected regulatory effects and the movement in capital reserves.
Despite the recent market volatility, the Bank is set to benefit from the increase in interest rates.

novobanco (1) Estimated; Phased-in ratios; The inclusion of positive results depends on an authorization from the ECB

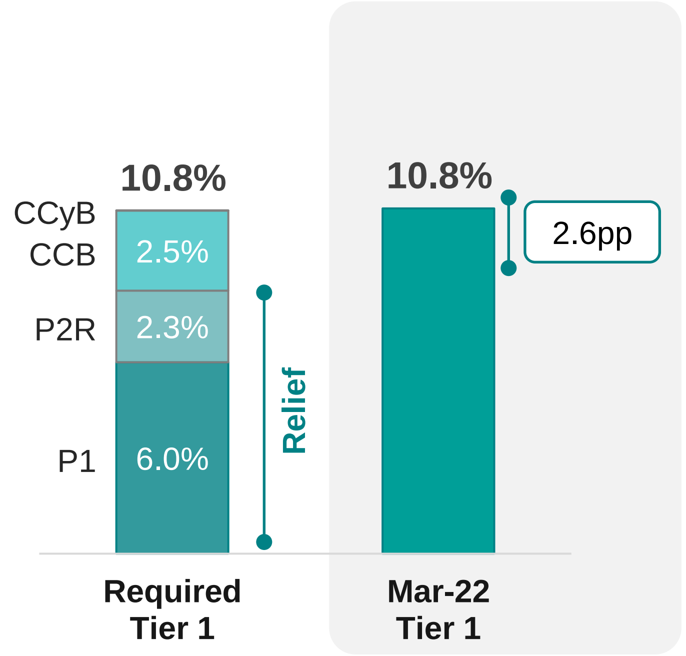
5

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

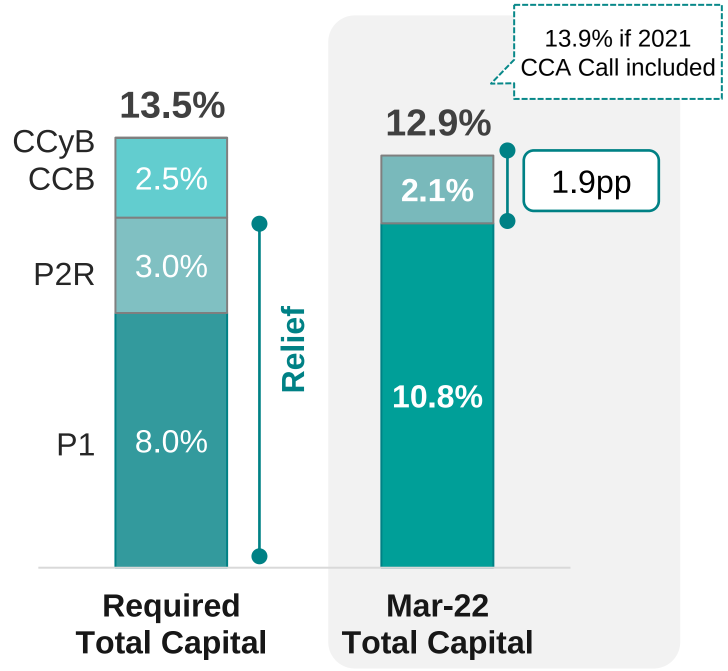
CET 1
(phased-in[1]; Preliminary; %)



Tier 1
(phased-in[1]; Preliminary; %)



Total Capital
(phased-in[1]; Preliminary; %)



Organic capital generation and further balance sheet deleverage (eg: sale of high-density restructuring funds) to continue strengthen bank's capital position

(1) Preliminary; The inclusion of positive results depends on an authorization from the ECB; On 12-Mar-20 the European Central Bank disclosed several measures that allow Banks to operate temporarily below the required capital level; P2G of 1.5% not included

AGENDA

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On track to deliver medium-term guidance

		2020	2021	1Q22	Medium-term targets	
A universal customer-centric bank	**Commercial Loan Book** (performing)	€22.7bn	€23.2bn (+2% YoY)	**€23.5bn** (+3.5% YoY)	*2-3% per year*	*Leveraging on expertise & differentiation*
	Net Interest Margin	1.41%	1.42%	**1.31%**	*[1.30 – 1.50%]*	*Safeguard income*
Simple and efficient	**Cost-to-income**	53%	48%	**51%**	*< 45%*	*Efficient operations*
	CoR	208bps	60bps	**23bps**	*< 50 bps*	*Achieve moderate risk profile*
Profitable and safe risk profile	**NPL ratio**	8.9%	5.7%	**5.7%**	*< 5%*	*Converging towards EU average*
	RoTE *(pre-tax)*[1]	6%	8.8%	**10.2%**	*≥ 10%*	*Deliver attractive returns*
Talent & innovation	**CET1**	10.9%	11.1%	**10.8%**	*> 12%*	*Enhance capital position*

(1) 2020 RoTE considers recurrent activity only; Considers underlying profitability pre-tax deducted by special tax on Banks and contributions to resolution funds

Final Remarks

Delivering **stable earnings with 5 consecutive quarters of consolidated profits**, reflecting a solid performance of the top-line together with efficiency measures implemented in recent years.

Moving towards expanding the loan book with **business performance is in line with expectations** for this first quarter, despite the current macroeconomic conditions.

On track to meet medium term financial targets announced at 2021 Capital Markets Day, with **significant improvements across all KPIs.**

Implementing further **cost optimization measures while investing in the future of the franchise**, with digitalization and the new distribution model at the core of the omnichannel strategy.

Execution of the de-risking strategy, **capital accretion** and **normalized performance** together with **optimization initiatives** are set to ensure regulatory capital compliance going forward.

AGENDA

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Income Statement – Quarterly data

(€ million)	1Q21	2Q21	3Q21	4Q21	1Q22	▲ €mn YoY	▲ % YoY
Net Interest Income	145.7	143.5	140.9	143.2	133.5	(12.2)	(8%)
Fees and Commissions	62.8	72.8	72.3	74.6	68.8	+6.0	+10%
Commercial Banking Income	**208.5**	**216.3**	**213.2**	**217.9**	**202.3**	**(6.2)**	**(3%)**
Capital Markets Results	52.8	40.5	(59.7)	42.2	91.4	+38.6	+73%
Other Operating Results	12.2	(41.3)	30.3	39.2	16.7	+4.5	+37%
Banking Income	**273.5**	**215.5**	**183.9**	**299.3**	**310.4**	**+36.9**	**+13%**
Operating Costs	102.7	101.4	101.6	102.6	103.6	+0.9	+1%
Staff Costs	58.7	58.9	57.9	57.8	55.7	(3.0)	(5%)
General and Administrative Costs	35.9	34.2	35.1	35.8	38.2	+2.3	+6%
Depreciation	8.1	8.2	8.6	9.0	9.8	+1.6	+20%
Net Operating Income	**170.8**	**114.1**	**82.3**	**196.6**	**206.8**	**+36.0**	**+21%**
Net Impairments and Provisions	61.8	27.4	70.4	**193.1**	21.8	(40.0)	(65%)
Credit	54.9	29.8	30.3	34.4	14.3	(40.6)	(74%)
Securities	0.9	15.1	1.4	30.4	11.1	+10.2	+1 159%
Other Assets and Contingencies	6.0	(17.5)	38.7	128.4	(3.6)	(9.6)	(159%)
Income before Taxes	**109.0**	**86.7**	**11.9**	**3.5**	**185.0**	**+76.0**	**+70%**
Corporate Income Tax	4.2	16.9	(8.1)	(28.2)	7.4	+3.1	+75%
Special Tax on Banks	32.8	1.5	0.0	(0.1)	34.1	+1.4	+4%
Income after Taxes	**72.0**	**68.4**	**20.0**	**31.8**	**143.5**	**+71.5**	**+99%**
Non-Controlling Interests	1.3	1.4	3.6	1.4	0.9	(0.4)	(34%)
Net Income for the period	**70.7**	**67.0**	**16.4**	**30.4**	**142.7**	**+71.9**	**+102%**

Balance Sheet

(€ thousands)	***Dec-21***	***Mar-22***
Cash, cash balances at central banks and other demand deposits	5 871 538	5 548 223
Financial assets held for trading	377 664	336893
Financial assets mandatorily at fair value through profit or loss	799 592	614 948
Financial assets at fair value through profit or loss, or through other comprehensive income	7 220 996	5 192 655
Financial assets at amortised cost	26 039 902	28 653 355
Debt securities	2 338 697	4 584 599
Loans and advances to credit institutions	50 466	58 420
Loans and advances to customers	23 650 739	24 010 340
Derivatives – Hedge accounting	19 639	161 374
Fair value changes to the hedged items in portfolio hedge of interest rate risk	30 661	-43 346
Investments in subsidiaries, joint ventures and associates	94 590	102 473
Tangible assets	864 132	867 402
Tangible fixed assets	238 945	249 399
Investment properties	625 187	618 003
Intangible assets	67 986	67 546
Tax assets	779 892	851 526
Current tax assets	35 653	36 131
Deferred tax assets	744 239	815 395
Other assets	2 442 550	2 261 806
Non-current assets and disposal groups classified as held for sale	9 373	11 877
Total Assets	**44 618 515**	**44 626 732**

	Dec-21	***Mar-22***
Financial liabilities held for trading	306 054	209 756
Financial liabilities measured at amortised cost	40 215 994	40 360 208
Due to banks	10 745 155	10 530 564
Due to customers	27 582 093	27 890 706
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1 514 153	1 522 916
Other financial liabilities	374 593	416 022
Derivatives – Hedge accounting	19 639	161 374
Provisions	442 834	434 814
Tax liabilities	15 297	15 551
Current tax liabilities	12 262	12 516
Deferred tax liabilities	3 035	3 035
Other liabilities	443 437	415 686
Liabilities included in disposal groups classified as held for sale	968	1 725
Total Liabilities	**41 469 044**	**41 459 599**
Capital	6 054 907	6 054 907
Other comprehensive income – accumulated	-1 045 489	-1 210 774
Retained earnings	-8 576 860	-8 351 166
Other reserves	6 501 374	6 513 003
Profit or loss attributable to parent company shareholders	184 504	142 678
Minority interests (Non-controlling interests)	31 035	18 485
Total Equity	**3 149 471**	**3 167 133**
Total Liabilities and Equity	**44 618 515**	**44 626 732**

Customer loans

€mn	Mar-21	Dec-21	Mar-22	YTD ▲ Consolidated	
				€mn	%
Customer Loans (net)	**23 460**	**23 685**	**23 979**	294	1.2%
Customer Loans (gross)	**24 952**	**24 932**	**25 215**	282	1.1%
Corporate	13 657	13 714	14 034	320	2.3%
Residential Mortgage	9 959	9 812	9 766	- 46	-0.5%
Consumer finance and other	1 335	1 406	1 416	9	0.6%
Non-Performing Loans (NPL)*	**2 279**	**1 749**	**1 747**	- 2	-0.1%
Impairment **	**1 492**	**1 248**	**1 236**	- 12	-1.0%
NPL Ratio*	**8.0%**	**5.7%**	**5.7%**	0p.p.	
NPL coverage*	**77.0%**	**71.4%**	**70.8%**	- 1p.p.	
Cost of Risk (bps)	**88**	**60**	**23**	- 37	-62.2%
Cost of Risk (bps) - Covid Adjusted	**53**	**31**	**-**	-	-

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

** Includes impairment for Customer Loans and to Banks

Net book volume at €24.0bn (+€0.3mn YTD)

Loan Portfolio Evolution

(€bn; %)

	Corporate loans	Mortgage loans	Consumer & other	Gross loans	Impairments	Net loans
Closing balance Dec-21	€13.7	€9.8	€1.4	€24.9	€1.2	€23.7
Movement	+€0.3	€0.0	€0.0	+€0.3	€0.0	+€0.3
Closing balance Mar-22	**€14.0**	**€9.8**	**€1.4**	**€25.2**	**€1.2**	**€24.0**
	+2%	0%	+1%	1%		1%
NPL Ratio				**5.7%**		
NPL Coverage				**70.8%**		

NPL at €1.7bn, with YoY reduction (€0.5bn) benefiting from the disposal of Wilkinson portfolio

Loan book growing 1% YTD reflecting novobanco focus on pricing discipline.

Capital ratios

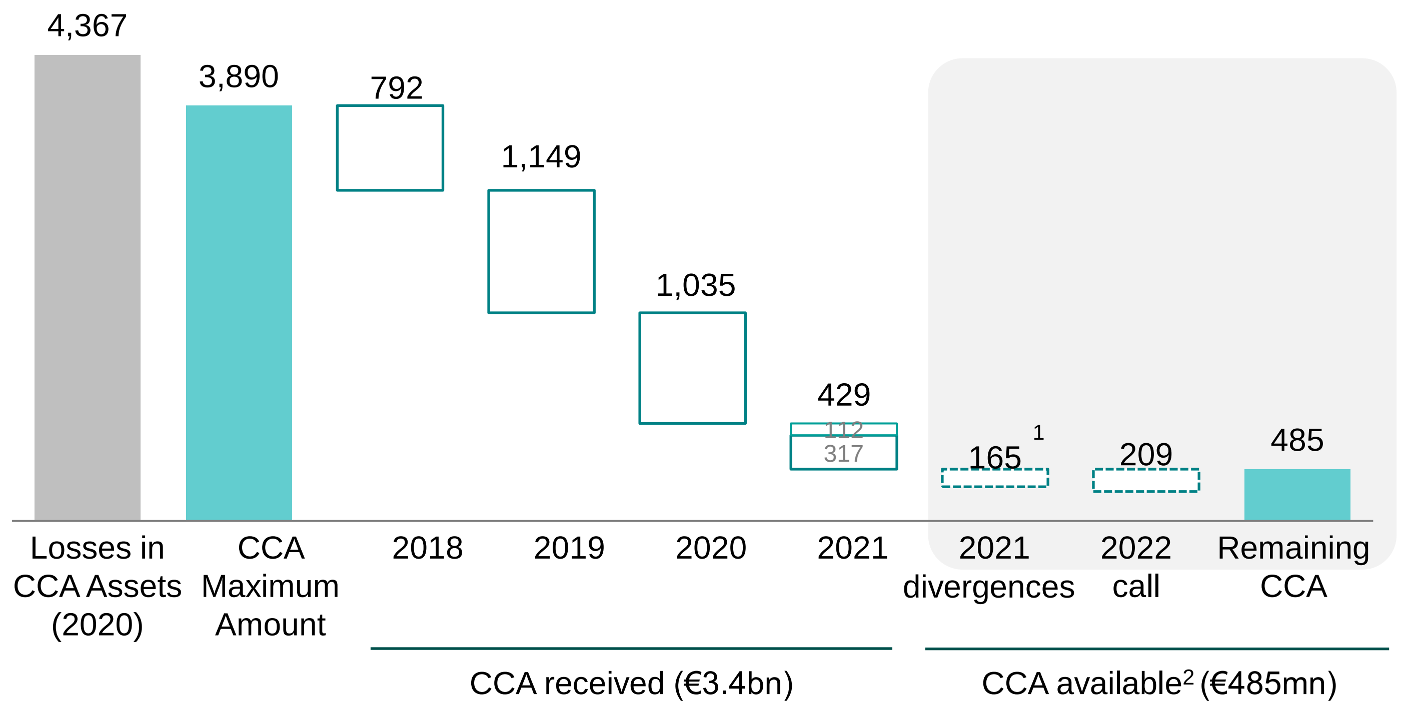
mn€

CAPITAL RATIOS (CRD IV/CRR)		31-Dec-21 *(Phased-in)*	31-Dec-21 *(Fully loaded)*	31-Mar-22 * *(Phased-in)*	31-Mar-22 * *(Fully loaded)*
Risk Weighted Assets	(A)	24 929	24 689	23 761	23 622
Own Funds					
Common Equity Tier 1	(B)	2 768	2 507	2 571	2 419
Tier 1	(C)	2 769	2 509	2 572	2 420
Total Own Funds	(D)	3 276	3 016	3 076	2 925
Common Equity Tier 1 Ratio	**(B/A)**	11.1%	10.1%	10.8%	10.2%
Tier 1 Ratio	(C/A)	11.1%	10.1%	10.8%	10.2%
Solvency Ratio	**(D/A)**	13.1%	12.2%	12.9%	12.4%
Leverage Ratio		6.0%	5.4%	5.5%	5.2%

* preliminary

CCA: €485mn available (excluding 2021 CCA call of €209mn)

CCA - Contingent Capital Agreement Compensation amounts
(€ million)



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

Minimum Capital Condition:
- CET1 or Tier 1 < CET1 or Tier 1 SREP requirement Plus a buffer for the first 3 years (2017 - 2019)
- CET1 < 12%

- The mechanism is in place until Dec-25 (the "CCA Maturity Date"), which date can be extended, under certain conditions, by one additional year.

(1) Composed by €147mn related to for the discontinuation of Spanish operations and €18mn from Restructuring Funds; (2) Funds not included in Capital Ratios

Commitments for 2024

Group novobanco	ESG	**+ 4.5 p.p.** women in senior leadership positions[11]	**- 18%** GHG emissions (scope 1 e 2)[5]	**+ 50%** low emissions vehicles (electric or hybrid)	**100%** green electricity procurement[15]	
novobanco	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%** CO_2 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)
novobanco	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

September 2021

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

April 2021

DBRS	Long Term	Short Term
Intrinsic assessment	B (high)	
Issuer rating	B (high) Trend 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 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 credit risk impairment charges accounted in the period to gross customer loans.
Non-performing loans	Total balance of the contracts identified as: (i) in default (internal definition in line with article 178 of Capital Requirement Regulation, i.e., contracts with material overdue above 90 days and contracts identified as unlikely to pay, in accordance with qualitative criteria); and (ii) with specific impairment.
Non-performing loans ratio	Ratio of non-performing loans to the sum of total credit, deposits with banks and Loans and advances to banks
Non-performing loans coverage ratio	Ratio of impairment on customer loans and loans and advances to banks (on balance sheet) to non-performing loans.
Efficiency and Profitability Ratios	
Efficiency (Staff costs / Banking income) Banco de Portugal Instruction n. 16/2004	Ratio of staff costs to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Efficiency (Operating costs / Banking income) Banco de Portugal Instruction n. 16/2004	Ratio of operating costs (staff costs, general and administrative expenses and depreciation and amortisation) to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Profitability Banco de Portugal Instruction n. 16/2004	Ratio of banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses) to average net assets.
Return on average net assets Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average net assets.
Return on average equity Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average equity.
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%.

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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