



novobanco

INVESTOR PRESENTATION

MAY 2024



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

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

This document includes unaudited financial information.

*Novo Banco, SA | 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 | LEI: 5493009W2E2YDCXY6S81*

Agenda

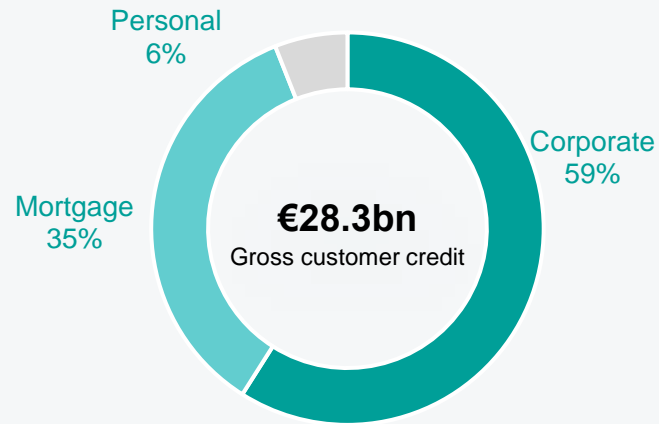
- 01. novobanco at a glance**
- 02. Business overview**
- 03. Financial performance**
- 04. Final remarks**

01.

novobanco at a glance

novobanco has a leadership position in the Portuguese banking sector

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




 **€45.0bn** | **Total assets**
4th largest bank in Portugal¹ by total assets


 **17.3%³** | **RoTE³ 1Q 2024**
+22% net income growth YoY

 **€28.3bn** | **Gross customer credit**
10.3% market share²

 **1.6mn** | **Clients**
68% active digital clients (+5pp YoY)


 **€29.3bn** | **Customer deposits**
9.6% market share²

 **290** | **Branches**
8.7% market share (vs 9.6% overall business)
79% digital touchpoints⁴

 **€181mn** | **Net Income 1Q 2024**
~90bps capital generation in 1Q 24

 **4,227** | **Employees**
€346k commercial banking income / FTE (2023)

 **€4.6bn** | **Equity**
19.0% CET1 FL with ~€1.6bn excess capital⁶

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









 **9.0%**
market share²
in mortgage

 **13.9%**
market share²
in corporate loans

 **14.7%**
POS⁵ market
share²

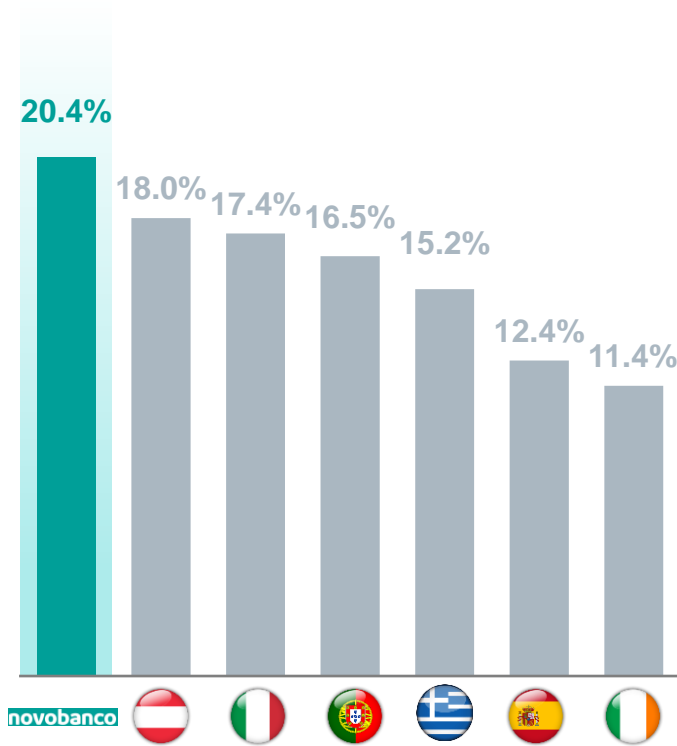
 **20.5%**
Trade Finance
market share²

novobanco has established a strong track record in execution and delivery

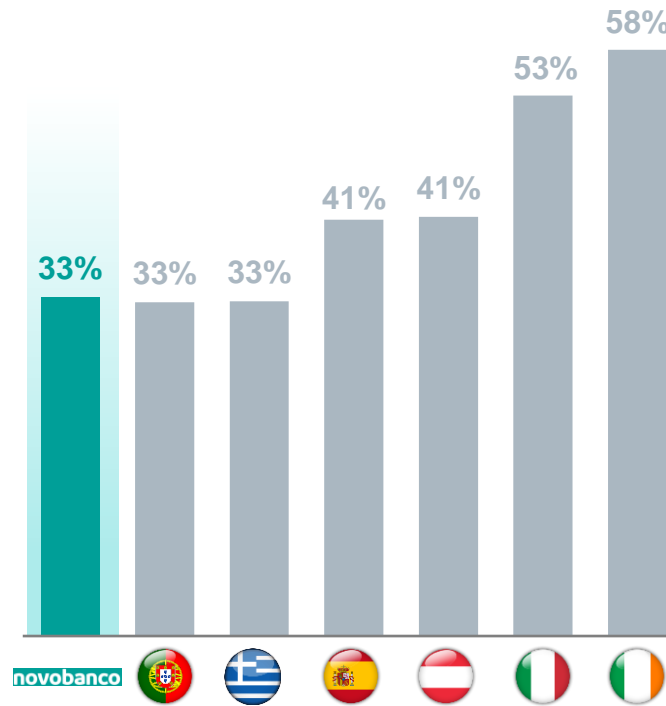
	2021	2022	2023	1Q 24	Change 2023/21	
 Growth in active digital clients	-	+6%	+15%	+5% YoY	+28%	✓
 NIM	1.42%	1.47%	2.75%	2.88%	+133bps	Delivering organic sustainable returns
 Cost-to-income¹	48%	49%	33%	32%	(15pp)	✓
 CoR (bps)	70 ⁵	47	51	34	(22bps)	Efficient operations based on strict cost discipline
 RoTE²	6.2%	19.0%	20.4%	17.3%	>13.3pp	✓
 Net NPL ratio³	1.6%	1.0%	0.7%	0.5%	(1.2pp)	Simple and solid balance sheet, focused on growth
 CET1 FL ratio	10.2%	13.1%	18.2%	19.0%	+800bps	✓
 Moody's/Fitch rating⁴	Caa2 / -	B3 / -	Ba1 / BBB-	Ba1 / BBB-	+7 notch / IG	Fitch: assigning IG Moody's: +5 notch (in 7mths)

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

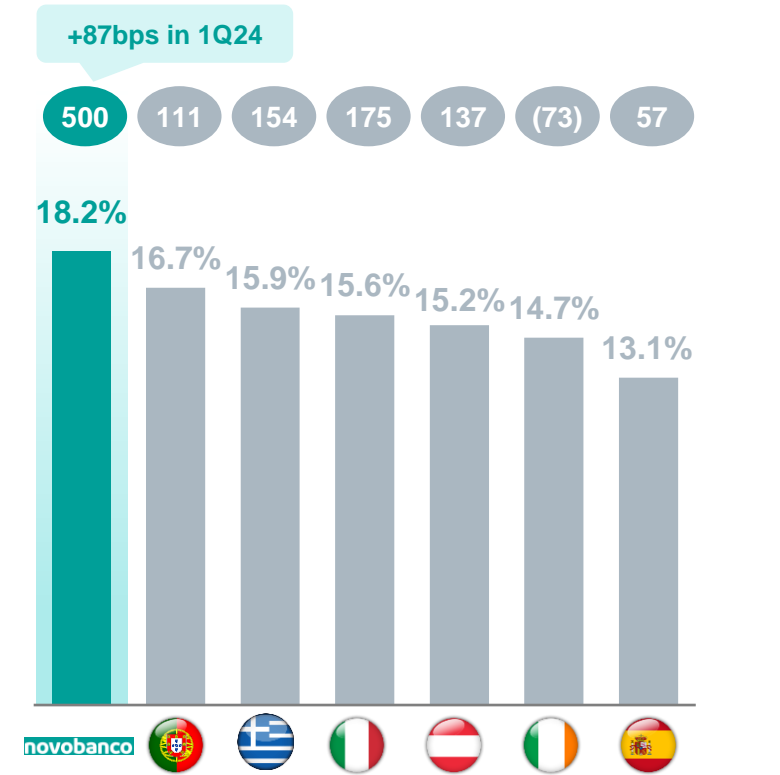
RoTE vs peers
(2023, %)



C/I vs peers¹
(2023, %)

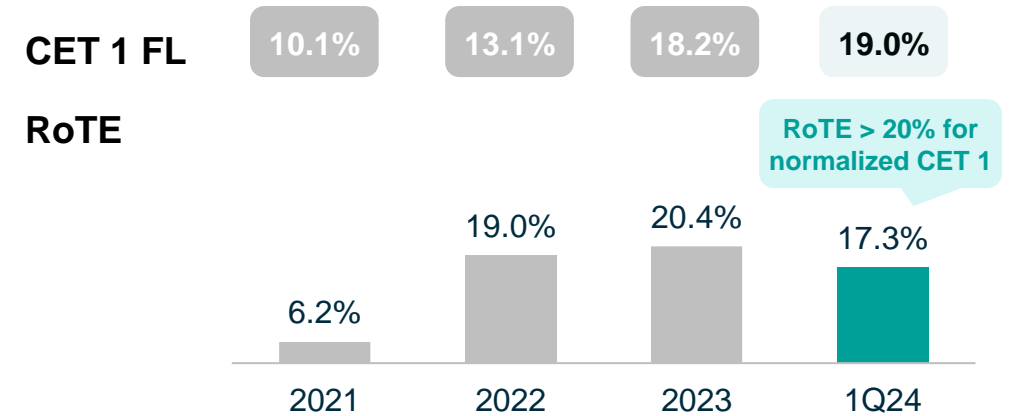


CET1 vs peers
(2023, %)



Consistent strategy execution, being on track to deliver 2024 outlook

	2024 Guidance ¹	1Q 2024 Achievements
Commercial Banking Income	> €1.3bn	€374mn ✓
Cost to Income	~ 35%	31.8% ✓
Cost of Risk ³	< 50 bps	34 bps ✓
Net Income	> €650mn	€181mn ✓



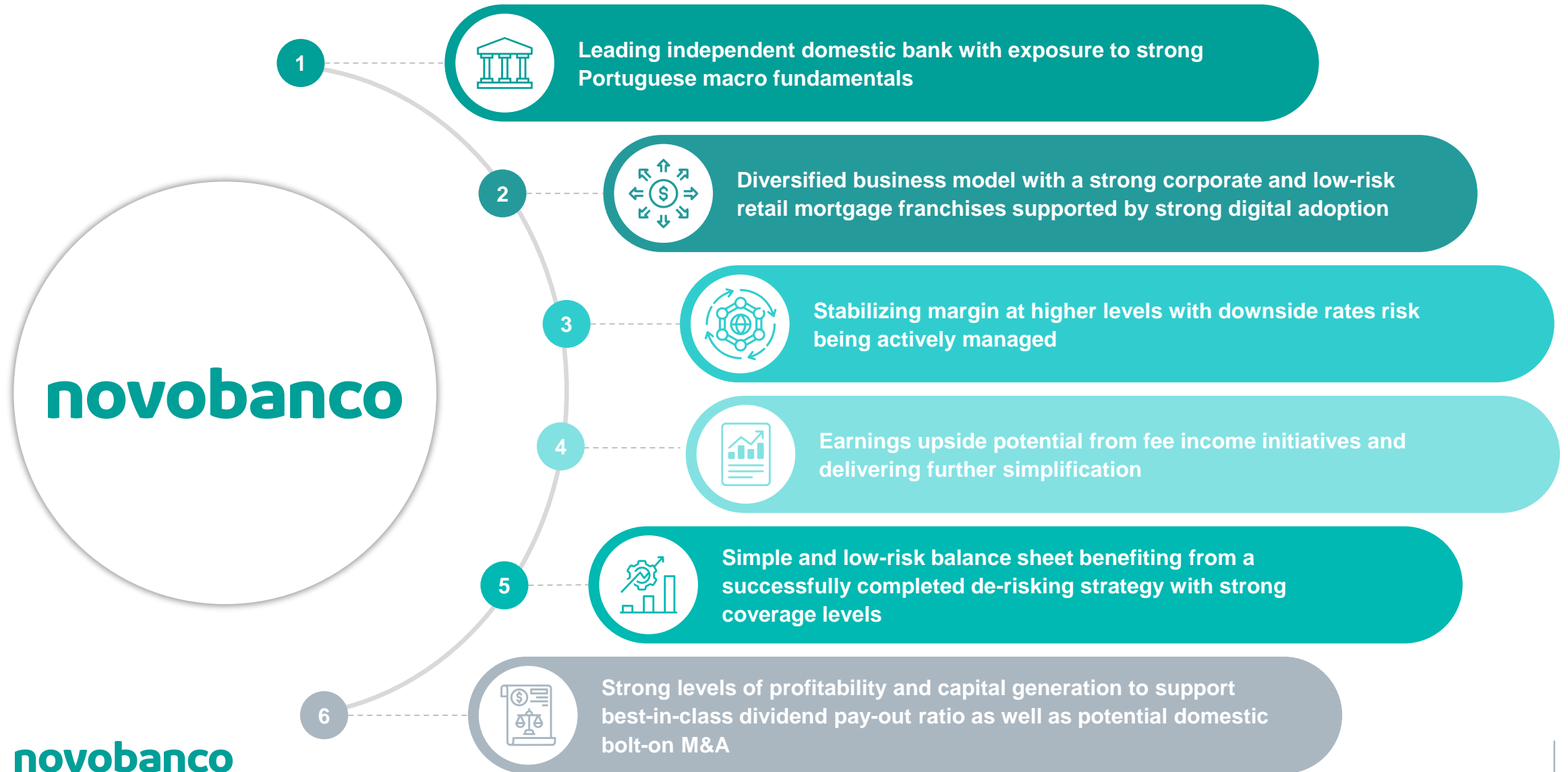
Rating Actions²

<p>Moody's (December 2023)</p> <p>Ba1 (Positive Outlook)</p> <p>Senior Unsecured Debt</p> <p>+ 5 notches in 7 months</p>	<p>Fitch (February 2024) ✓</p> <p>BBB- (Stable Outlook)</p> <p>Senior Debt</p> <p>Investment Grade</p>
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02.

Business overview

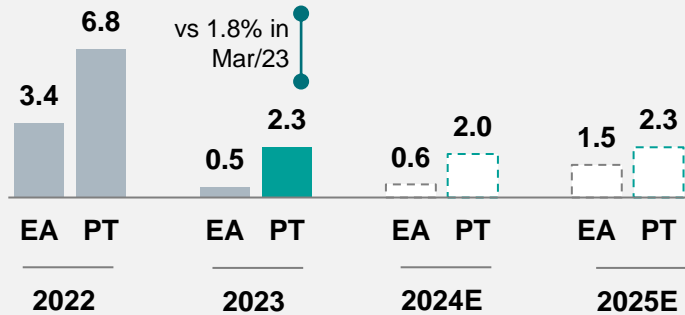
novobanco is well-positioned to deliver superior and sustainable profitability



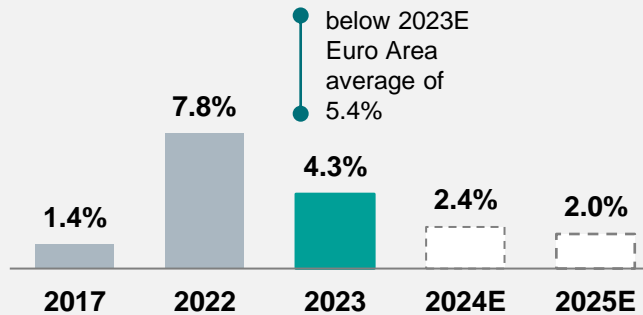
Portugal is one of the strongest economies in the EU today based on growth and financial discipline, leading to improved ratings



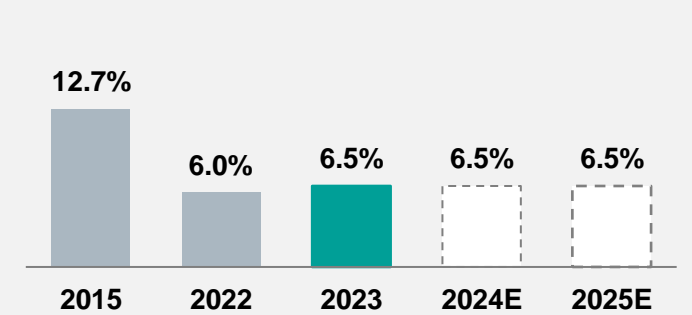
Annual GDP growth¹
(%)



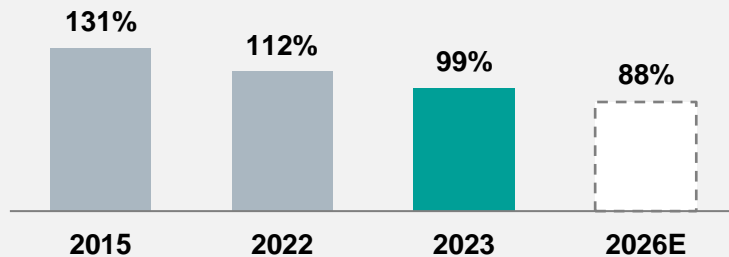
Inflation under control
(%)



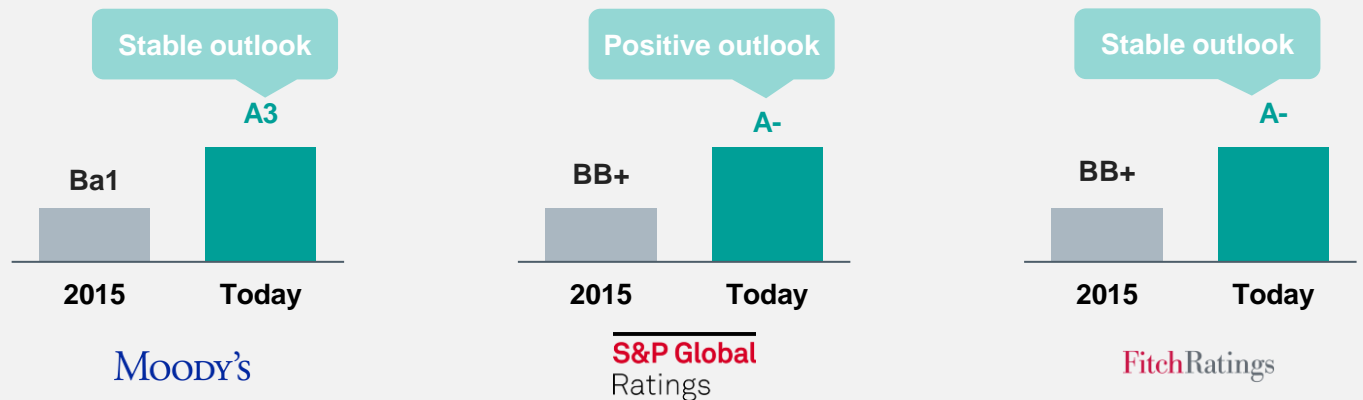
Unemployment near historic lows
(%)



Political stability driving strong fiscal discipline
(% Public Debt to GDP²)



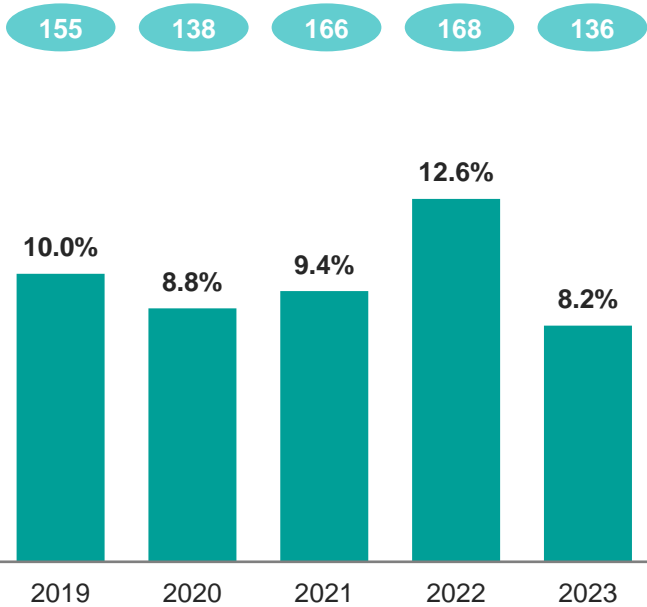
Consistent sovereign debt rating improvement



Portugal has a resilient housing sector driven by scarce supply

Housing activity and pricing (Average annual change, %)

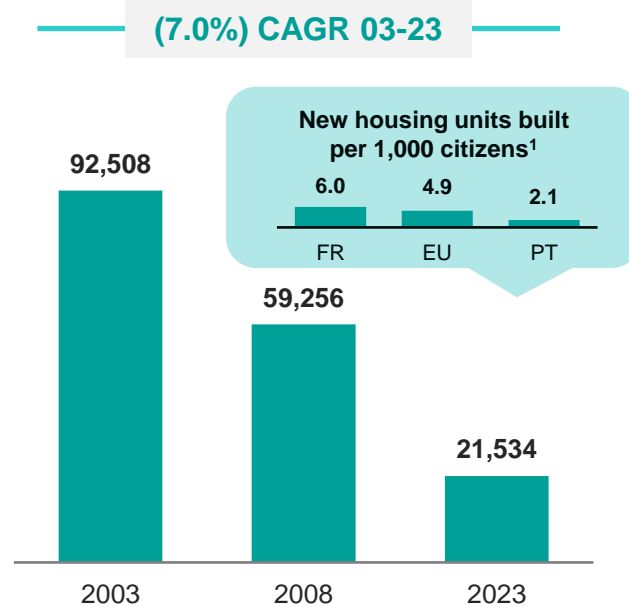
Thousands house transactions (#)



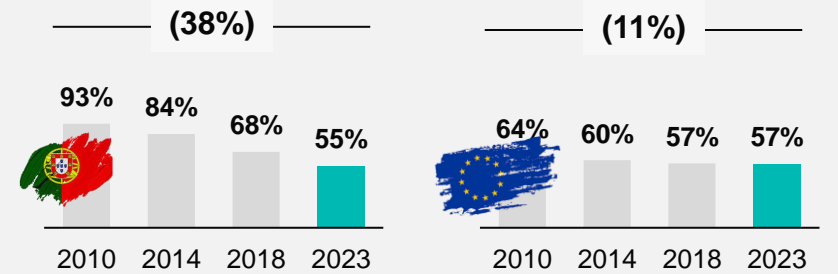
(€ invested in houses by international buyers, % total)



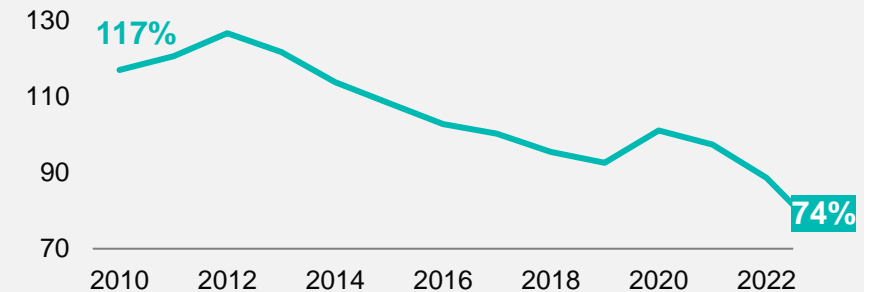
Scarcity of new housing supply (New housing units built, #)



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



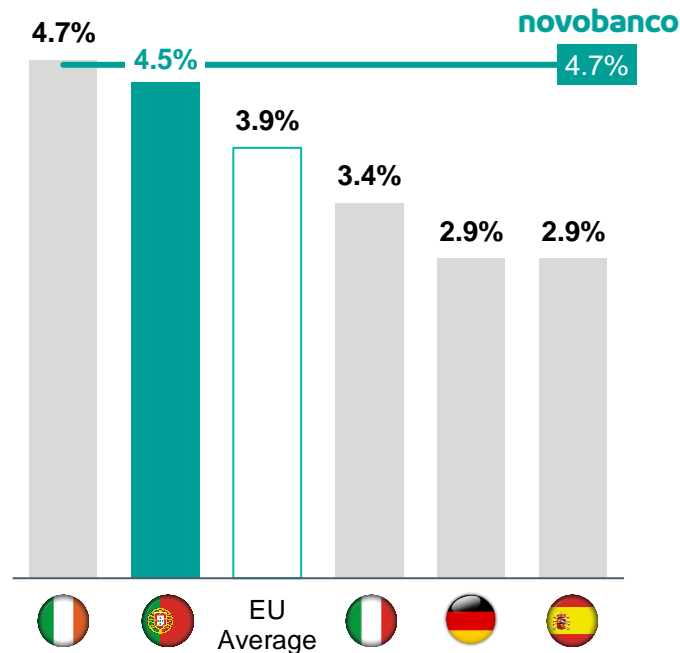
Corporate have also significantly deleveraged (Non-financial corporations indebtedness ratio, % GDP)



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

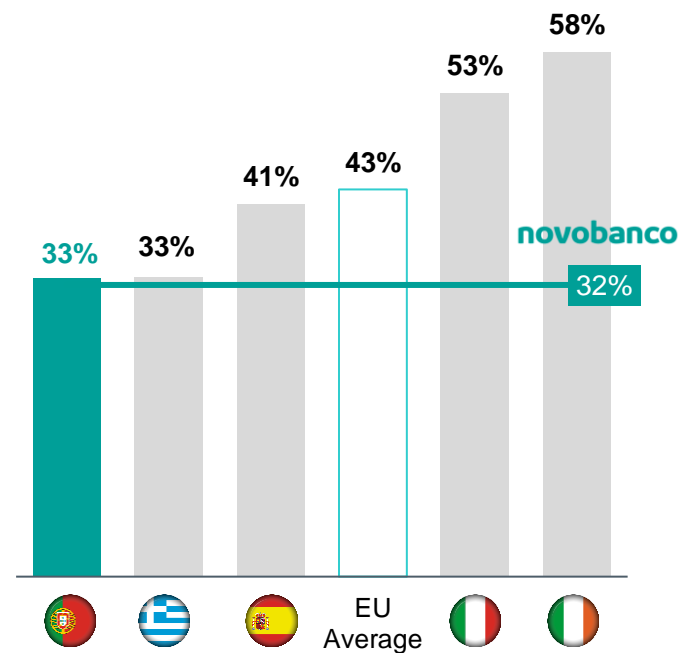
Normalised margins

(Net Interest income / average customer loans, %)



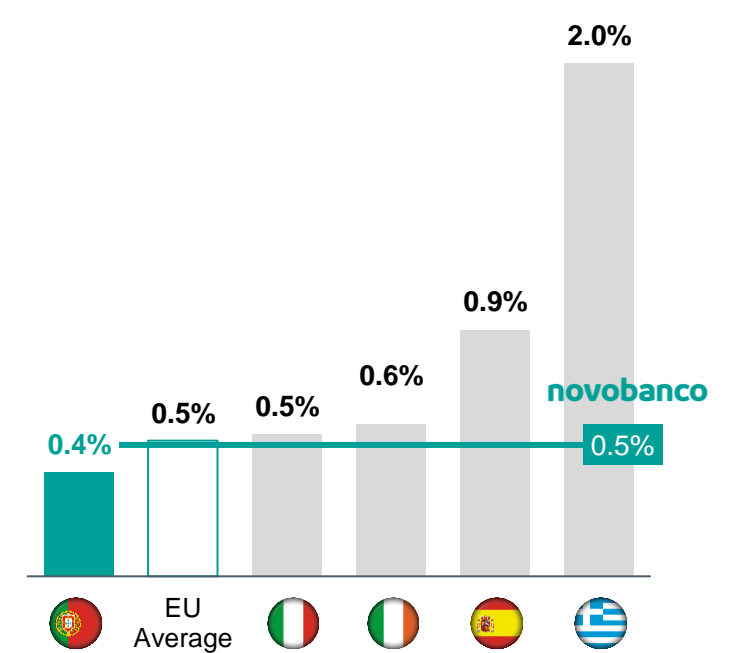
Compelling cost profile

(Cost to income¹, %)



Clean balance sheet

(Net NPL ratios², %)



Source: Company information, Research analysis, ECB, Associação Portuguesa de Bancos; Note: Company information as of FY2023, novobanco as of 1Q 2024. Portugal excludes novobanco. EU average based on average of all peers. Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millennium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; Eurobank, Piraeus and National Bank of Greece for Greece; and Deutsche Bank, Commerzbank and OLB for Germany. (1) Calculated as Operating Costs divided by the sum of Net Interest Income and Net Fees & Commissions; (2) Calculated as gross NPLs (Gross carrying amounts, other than trading exposures) minus accumulated loans loss provisions (Total accumulated impairment [% of total gross non-performing debt instruments] as reported by EBA) over gross exposure implied by reported NPL ratio. Country-level figures as of September 2023 given latest available.

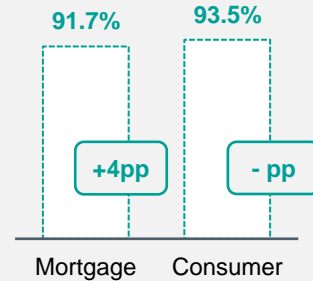
...with a highly diversified business model serving 1.6m clients

Retail

A customer-first bank with a reinforced omnichannel business model

- **New Distribution Model:** deeply changing the service experience, **balancing between** the convenience of the **digital channels** and the importance of **face-to-face** service to clients
- **Continuous progress on moving to automatic decisions** (c.60%) and increasing share of sales through digital channel

Customer Satisfaction (Journeys; ▲ YoY)

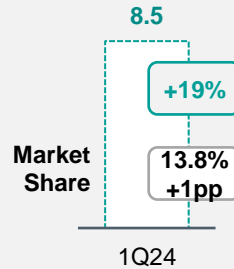


Corporate

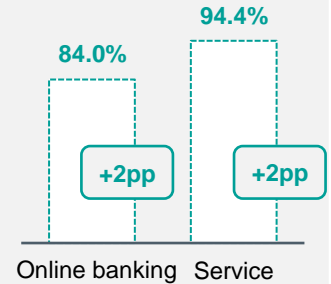
Strengthening our commitment to companies

- **Sectoral expertise** to fulfill clients' needs
- Solutions for **working capital needs with significant growth in short-term loans**

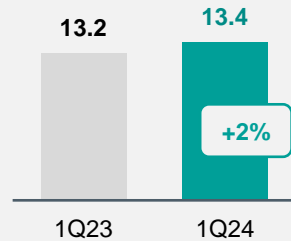
Corporate Deposits (€bn; ▲ YoY)



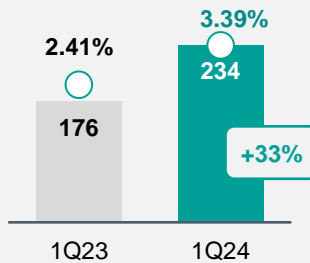
Customer Satisfaction (SMEs; ▲ YoY)



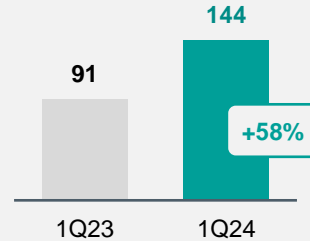
Net Customer Credit (€bn)



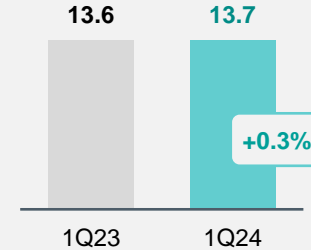
NIM & Banking Income (%; €mn)



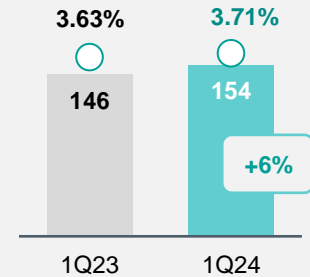
Profit Before Tax (€mn)



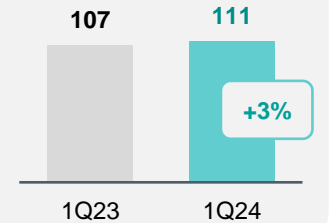
Net Customer Credit (€bn)



NIM & Banking Income (%; €mn)



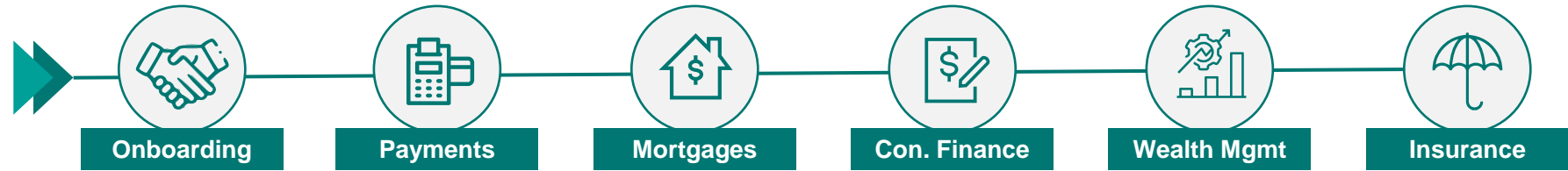
Profit Before Tax (€mn)



2 DIVERSIFIED BUSINESS MODEL WITH A STRONG CORPORATE AND LOW-RISK RETAIL MORTGAGE FRANCHISES SUPPORTED BY STRONG DIGITAL ADOPTION

Sustained investment delivering a leading Customer first bank

Key customer journeys and omnichannel transformation



Sustained investment...

Redefinition and transformation of ~300 branches

Revamped omnichannel orchestration

New mobile app and banking corporate and public site

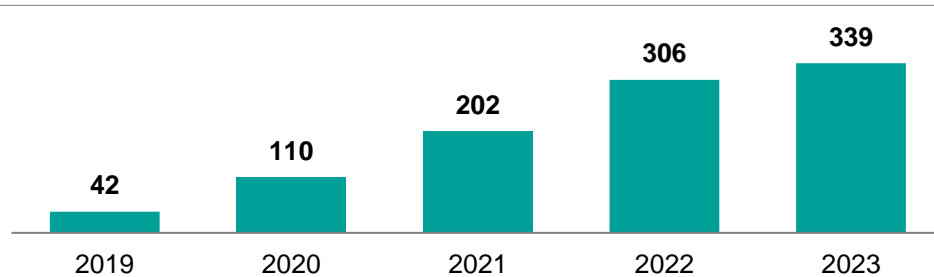
...delivering a leading Customer first bank

NPS improvement of +27pts since 2021

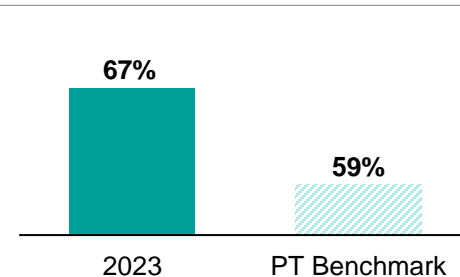
Outperforming Portuguese benchmark in key digitalization metrics

Cost to income at 33%, down 15pp since 2021

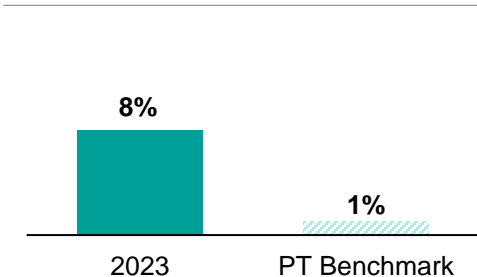
Total Cumulative Investment
(Digital and Branch Optimization) (€mn)



Digital Activation



Digital Onboarding
(Portuguese Nationality)



Capturing value at scale and best-in-class customer experience

Key features...

1. Data and AI
2. Cybersecurity
3. Cloud First
4. Next generation ops
5. Fit for purpose
6. Composable architecture
7. Talent & collaboration

...driving major achievements

A modular digital architecture on cloud for scalability, cost efficiency and the ability to respond quickly to Customer needs

Increased efficiency & effectiveness in delivering customer services and solutions end-to-end across channels

A simplified customer and employee experience by delivering targeted lean / automation initiatives across Customer Journeys

A culture of continually learning & looking ahead in the pursuit of emerging technologies that can improve customer's financial lives

Highly conservative mortgage book with strong origination capabilities

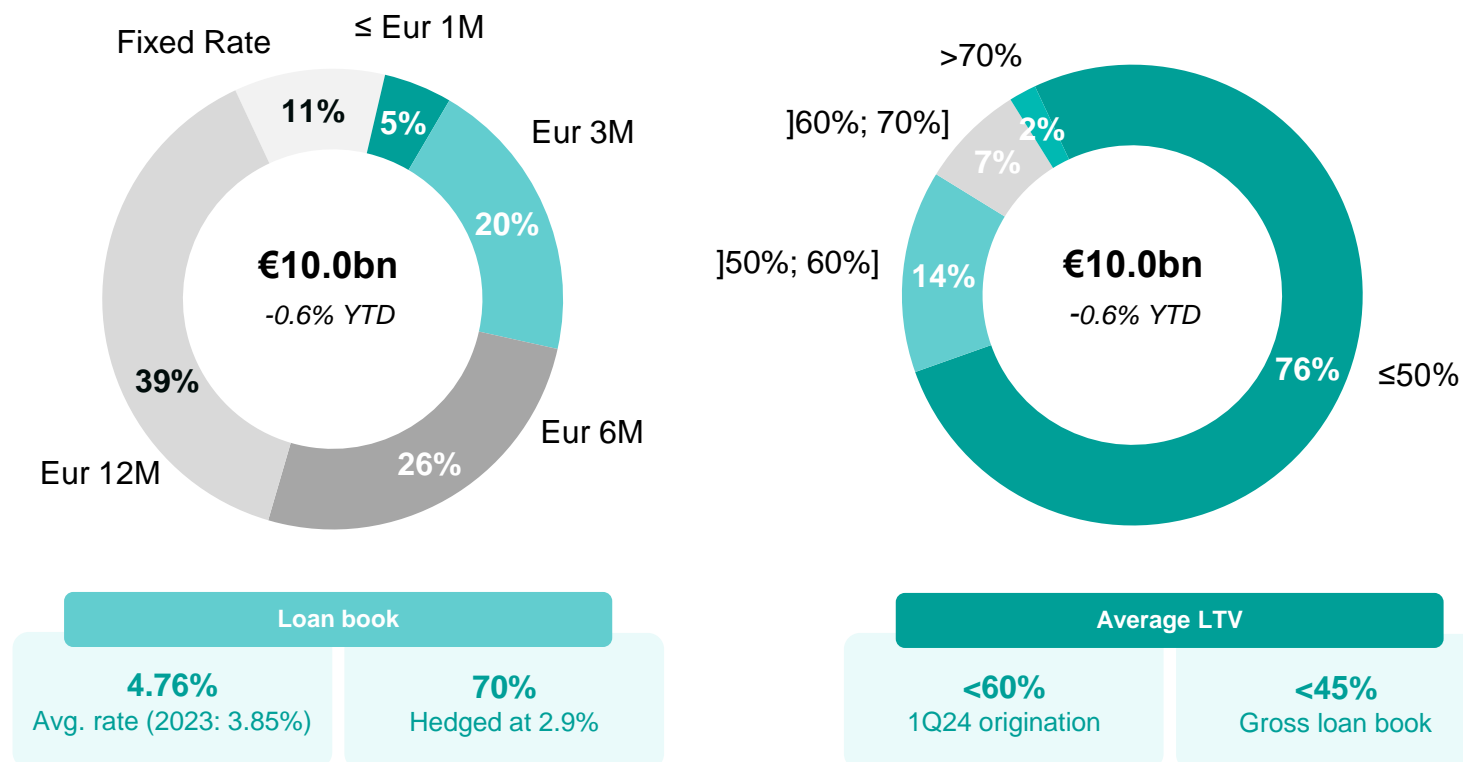
Mortgage loan book: key indicators

(Mar-24; %)

Mortgage: YTD origination	€0.3bn
Average ticket size: stock	~€55k
Average ticket size: YTD origination	~€120k
Average DSTI ¹ : YTD origination	<40%
Market share ² : stock	9%

Mortgage loan book: rate type

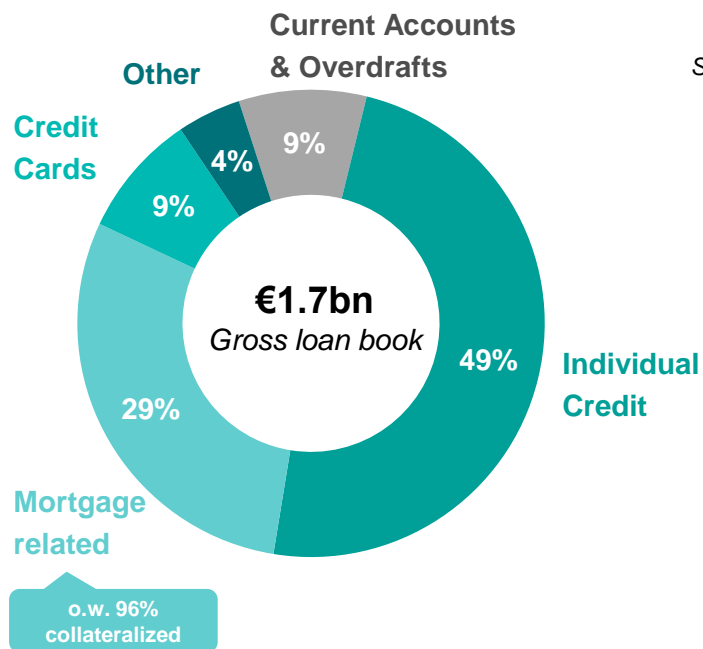
(Mar-24; Gross loan book; %)



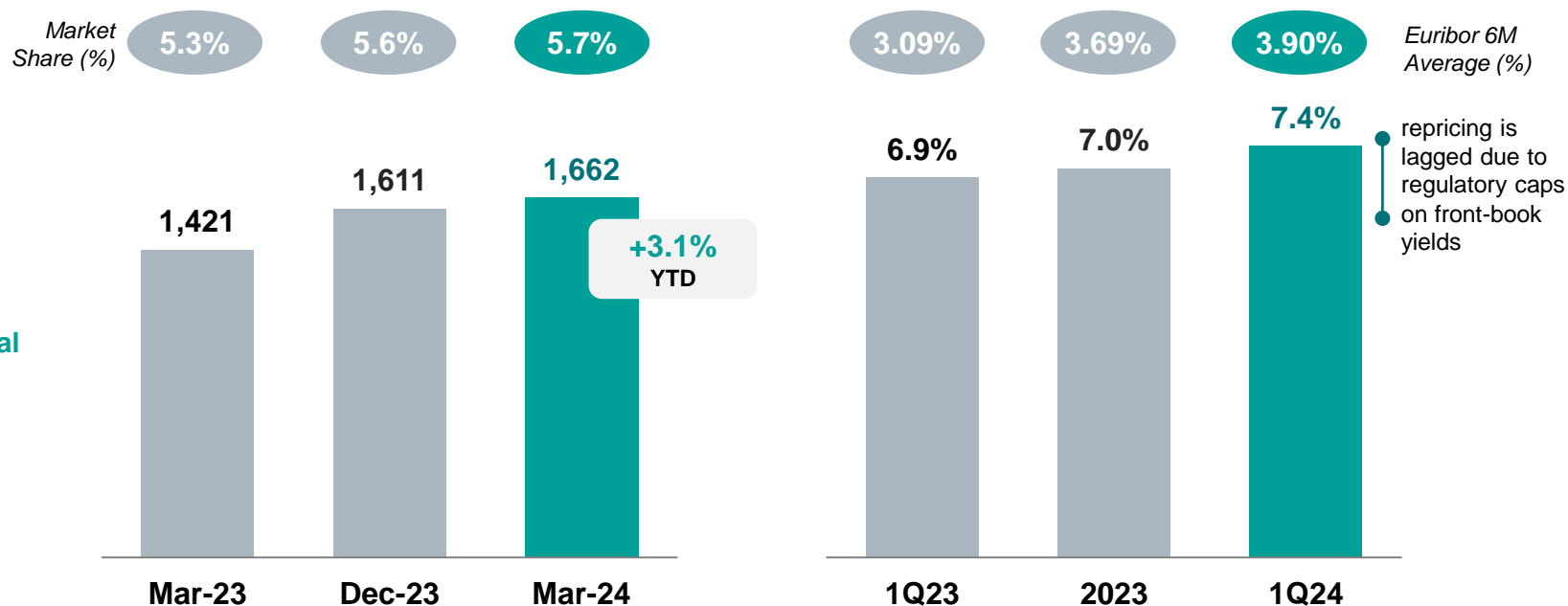
2 DIVERSIFIED BUSINESS MODEL WITH A STRONG CORPORATE AND LOW-RISK RETAIL MORTGAGE FRANCHISES SUPPORTED BY STRONG DIGITAL ADOPTION

Well positioned in attractive and personal loans segment (+3.1% YTD)

Personal loans & other (%)



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



Marginal personal loans NPLs (€0.1bn) highly provisioned with 126% Stage 3 coverage¹ limiting downside risks

2 DIVERSIFIED BUSINESS MODEL WITH A STRONG CORPORATE AND LOW-RISK RETAIL MORTGAGE FRANCHISES SUPPORTED BY STRONG DIGITAL ADOPTION

Partner of reference for Portuguese companies

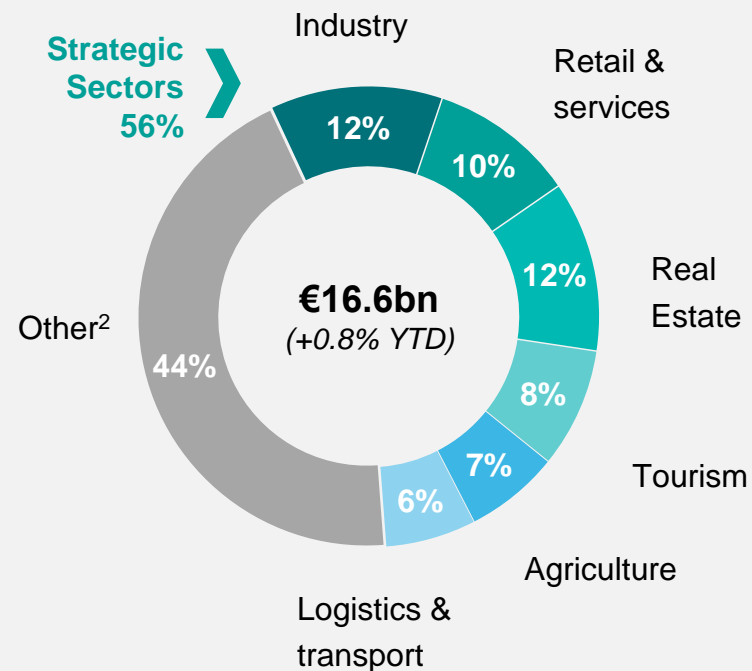
Corporate credit origination at €0.8bn YTD

Solid footprint in the Portuguese market:



Corporate credit¹: Sector

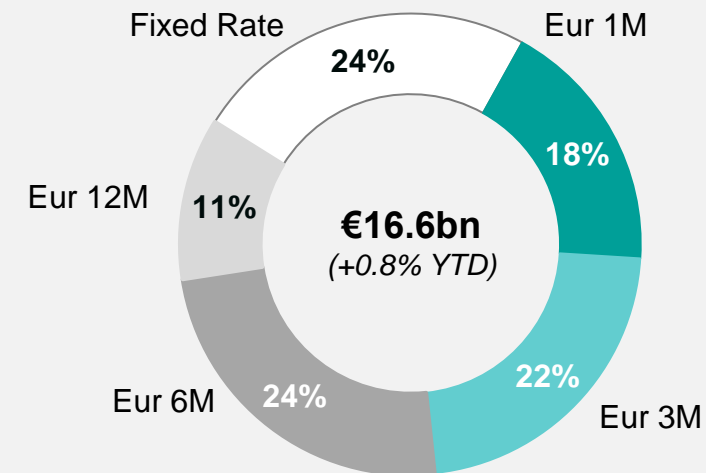
(Mar-24; Gross; %)



Sectorial approach strategy
to accelerate growth

Corporate credit¹: Rate Type

(Mar-24; Gross; %)

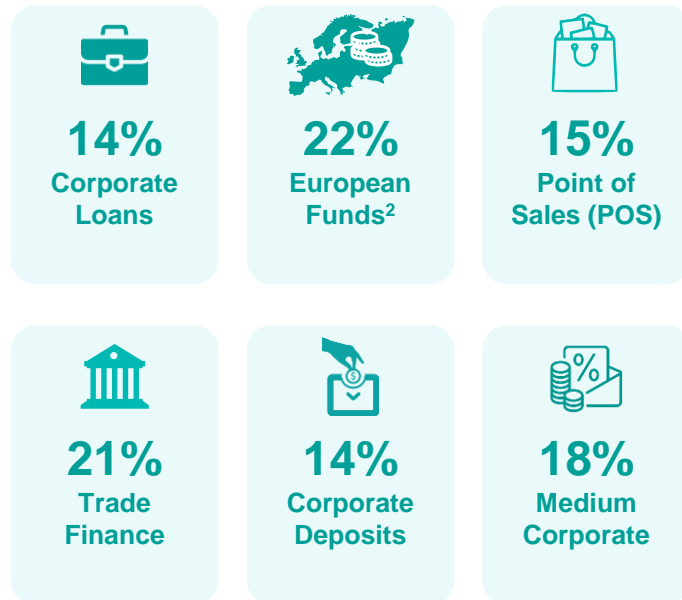


~85% of the Corporate book is floating
(incl. hedges), majority with Euribor 0% floor

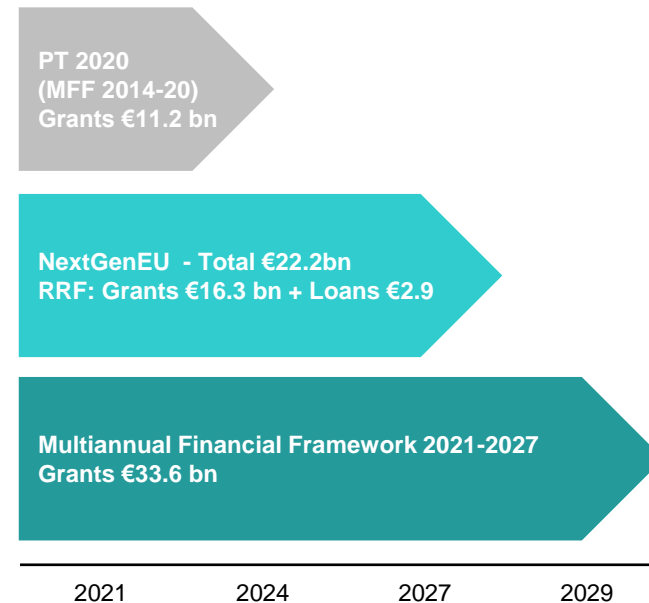
2 DIVERSIFIED BUSINESS MODEL WITH A STRONG CORPORATE AND LOW-RISK RETAIL MORTGAGE FRANCHISES SUPPORTED BY STRONG DIGITAL ADOPTION

Tailored sectorial corporate lending strategy with differentiated risk appetite

Strong SME focus (Market share¹, %)



EU funds (€bn)



Value added products and services



Nbnetwork+

Solution to **simplify and support financial management** on a daily basis, through analytical and predictive measures



Trade finance

Strong presence in the corporate market, with **particular focus on exporting SMEs**



Investment support programs

Support to corporates in order to pursuit and implement opportunities driven by **EU funding**

- Holistic solution offering (payments, payroll, etc.)
- Working capital needs solutions
- Digital and face-to-face touchpoints

- Dedicated relationship managers
- Best-in-class trade finance & FX solutions
- Integrated support across businesses lines

- Sector-specific tailored solutions
- Dedicated relationship managers
- Continued risk analysis

03.

Financial performance

Consistent execution of strategy has resulted in sustainable profitability



Delivering sustainable profitability with strong track record of delivery against targets



Stabilizing margin at higher levels with downside rates risk being actively managed



Earnings upside potential from fee income initiatives and delivering further simplification



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



Strong levels of profitability and capital generation to support best-in-class dividend pay-out ratio

Delivering sustainable profitability with strong track record of delivery against targets

Income statement and key metrics

€mn	2022	2023	▲ YoY (%)	1Q 2023	1Q 2024	▲ YoY (%)
1 Net Interest Income	625.5	1,142.6	82.7%	246.3	299.0	21.4%
2 + Fees & Commissions	293.3	296.1	1.0%	68.9	75.0	8.8%
= Commercial Banking Income	918.8	1,438.7	56.6%	315.3	374.0	18.6%
3 + Capital Markets Results	24.0	14.7	-38.8%	5.8	-3.5	n.m.
+ Other Operating Results	183.6	-11.2	n.m.	2.4	1.1	-53.9%
= Banking Income	1,126.3	1,442.3	28.1%	323.5	371.6	14.9%
4 - Operating Costs	448.4	479.2	6.9%	111.9	119.0	6.3%
= Net Operating Income	678.0	963.1	42.1%	211.6	252.6	19.4%
5 - Net Impairments & Provisions	111.2	173.8	56.3%	27.7	27.9	0.8%
... of which Credit & Securities	102.2	142.0	38.9%	29.9	24.3	-6.6%
= Profit Before Tax	566.8	789.3	39.3%	183.9	224.7	22.2%
- Corporate Income Tax	-53.3	5.8	n.m.	0.7	10.5	n.m.
- Special Tax on Banks	34.1	35.3	3.5%	34.1	32.2	-5.7%
= Profit after Taxes	585.9	748.2	27.7%	149.0	182.0	22.1%
- Non-Controlling Interests	25.1	5.1	n.m.	0.7	1.3	n.m.
6 = Net Profit for the period	560.8	743.1	32.5%	148.4	180.7	21.8%

	2022	2023	Change	1Q 2023	1Q 2024	Change
NIM	1.47%	2.75%	+1.27pp	2.34%	2.88%	+0.54pp
Cost-to-income	48.8%	33.3%	-15.5pp	35.5%	31.8%	-3.7pp
CoR (bps) ²	47	51	+4bps	44	34	-10bps
RoTE	19.0%	20.4%	+1.4pp	19.0%	17.3%	-1.7pp
Return on Assets ¹	1.2%	1.7%	+0.5pp	1.3%	1.8%	+0.5pp
NPL ratio	5.4%	4.4%	-0.9pp	5.0%	4.3%	-0.7pp
CET1 FL ratio	13.1%	18.2%	+5.0pp	14.1%	19.0%	+5.0pp

Key metrics

1 NII performance (+21.4% YoY) reflecting improvement of assets yield in excess of the increase in the cost of funding;

2 Fee income +8.8% YoY with increased contribution of Accounts and Payments (+22.3% YoY) from higher volume of transactions and new pricing strategy;

3 Capital Markets Results includes gains and losses from the sale and revaluation of securities, foreign exchange results and hedging;

4 Commercial Cost to Income ratio at 31.8%, backed by efficient operations with a sustained top-line performance and contained operating costs. Operating costs totalled €119mn (-0.7% vs 2023 average; +6% YoY), 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;

5 The consumer credit cost of risk at 34bps (1Q23: 44bps), including management overlays;

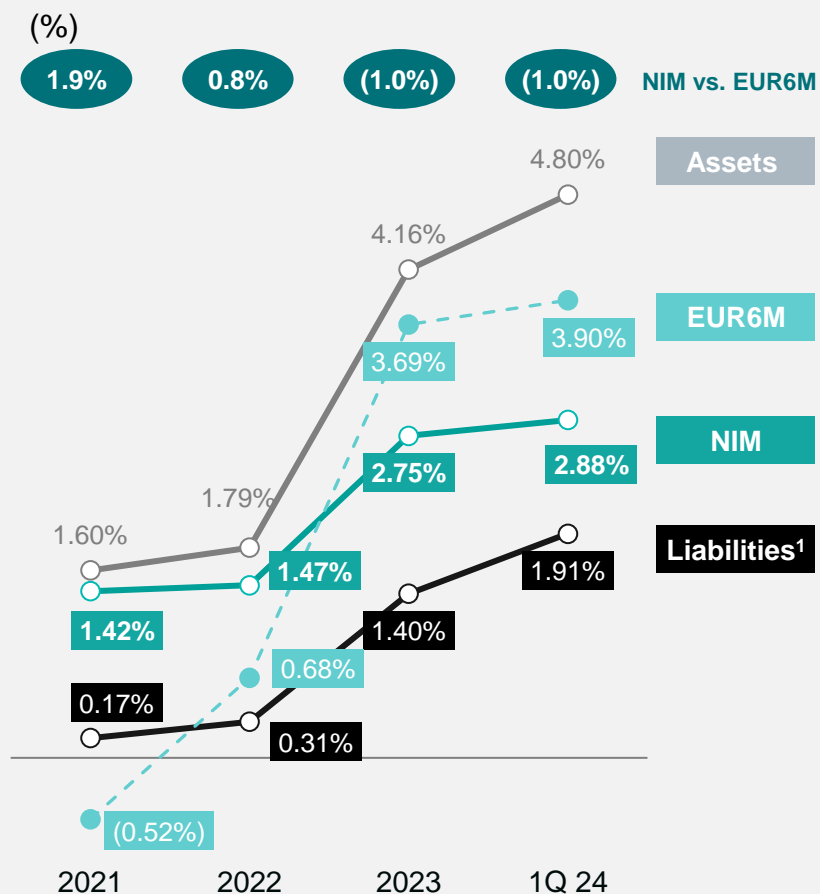
6 Net income of €181mn (+22% YoY), equivalent to RoTE of 17.3% on overcapitalised balance sheet with 19.0% CET1), reflecting consistent execution of novobanco's strategy, with the ability to grow revenue and generate capital

Expanding Net Interest Margin on stable loan book driving NII growth...

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

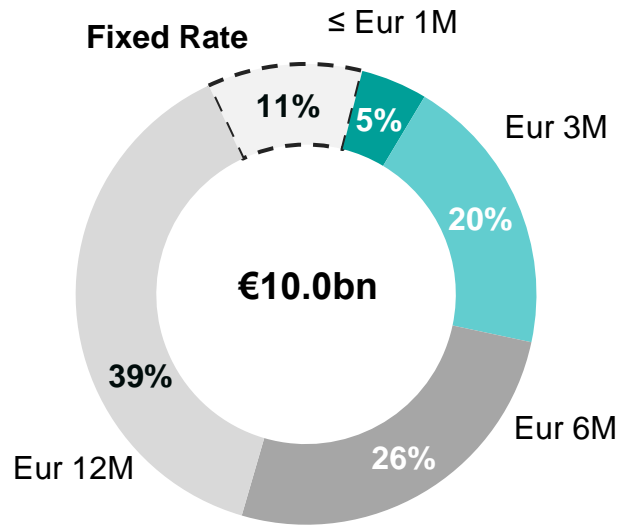
€ million; %	1Q23			2023			1Q24		
	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs
Customer Credit	27,813	3.84%	267	28,323	4.35%	1,249	27,974	5.34%	377
Corporate Credit	16,455	4.17%	172	16,804	4.42%	753	16,372	5.49%	227
Mortgage lending ¹	9,937	2.85%	71	10,033	3.85%	391	9,961	4.76%	120
Consumer loans and Others	1,421	6.86%	24	1,486	7.00%	106	1,641	7.35%	31
Money Market Placements	5,485	2.40%	33	4,536	3.12%	143	6,075	3.94%	61
ALM portfolio and Other	8,863	2.75%	61	8,186	4.09%	339	7,018	3.37%	60
Interest Earning Assets & Other	42,161	3.42%	361	41,046	4.16%	1,732	41,067	4.80%	498
Customer Deposits	28,515	0.39%	28	28,982	0.82%	242	30,132	1.54%	117
Money Market Funding	9,274	2.60%	60	7,265	3.23%	238	5,421	4.09%	56
Other Liabilities	1,553	6.41%	25	1,402	7.19%	102	1,338	7.24%	24
Other Non-Interest Bearing Liabilities	2,819	-	-	3,397	-	-	4,176	-	-
Interest Bearing Liabilities & Other	42,161	1.07%	113	41,046	1.40%	582	41,067	1.91%	198
NIM / NII²	2.34%	246	2.75%	1,143	2.88%	299			
Euribor 6M - Average	3.09%		3.69%		3.90%				

NIM Evolution trend



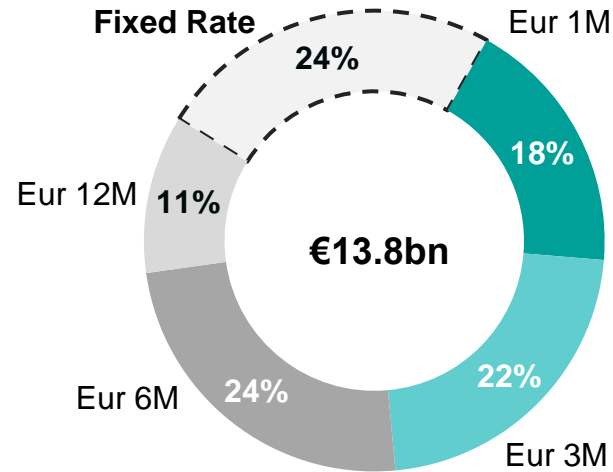
...with variable rate loan book funded by customer deposits benefiting from higher rates environment

Mortgage loan book by rate type
(Mar-24; Gross; %)



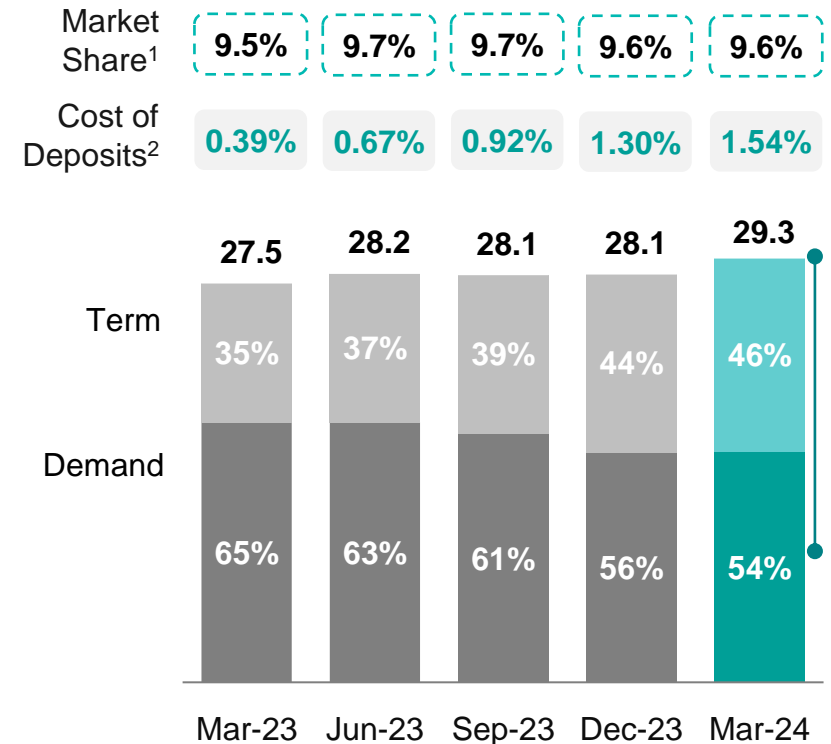
Increasing origination at fixed rate, representing ~45% of 1Q24 production

Corporate credit book by rate type
(Mar-24; Gross; %)



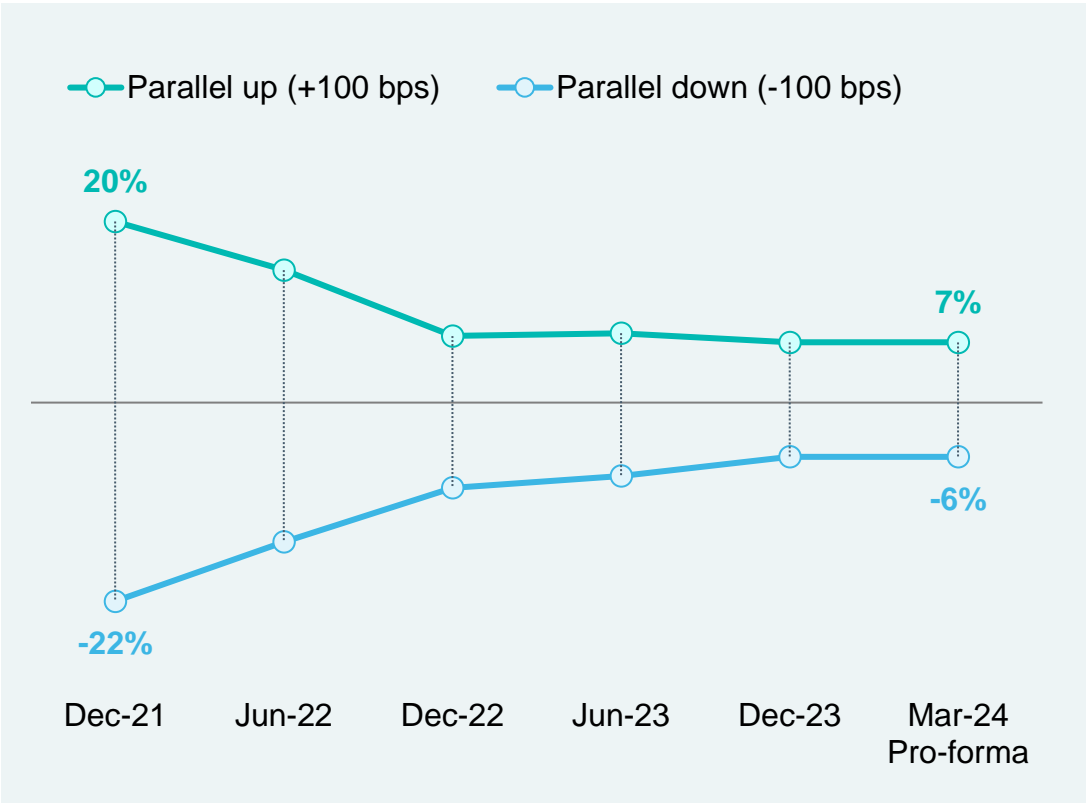
~85% of book is floating (incl. hedges; vs 90% as of Dec-23)

Deposits Breakdown by Type
(€bn; %)



... and downside rates risk being actively managed

12 months NII sensitivity to ± 100 bps Forward parallel shift in interest rates¹



Measures to reduce interest rate sensitivity

1	Increased fixed rate assets through cash-flow hedges	<ul style="list-style-type: none"> • Amount: €6.7bn • Avg rate: 2.8% • Residual maturity: c.5 yrs
2	Hedged long duration fixed-rate liabilities (zero coupon and '43 bonds)	<ul style="list-style-type: none"> • Amount: €0.8bn • Core sovereign bonds • Maturity: >2033
3	Execution of non-maturity deposits fair-value swaps	<ul style="list-style-type: none"> • Amount: €2.5bn • Avg rate: 3.1% • Residual maturity: c.5 yrs
4	Increased origination of fixed rate loans and adj. fair-value hedging strategy	<ul style="list-style-type: none"> • Loan book as of Mar-24: • Fixed loans: 15% (+2pp YTD) • Of which: 42% hedged (-8pp)
5	Hedging to floating 2024 YTD bonds issuance	<ul style="list-style-type: none"> • Covered bond: €500mn • Senior Preferred: €500mn

Strategic initiative and franchise momentum driving fee growth

Strategic initiatives



WEALTH MANAGEMENT INITIATIVE

- Omni-channel tools
- Product offering with clear client segmentation
- Revamped trading offering



FEES OPTIMIZATION PROJECT

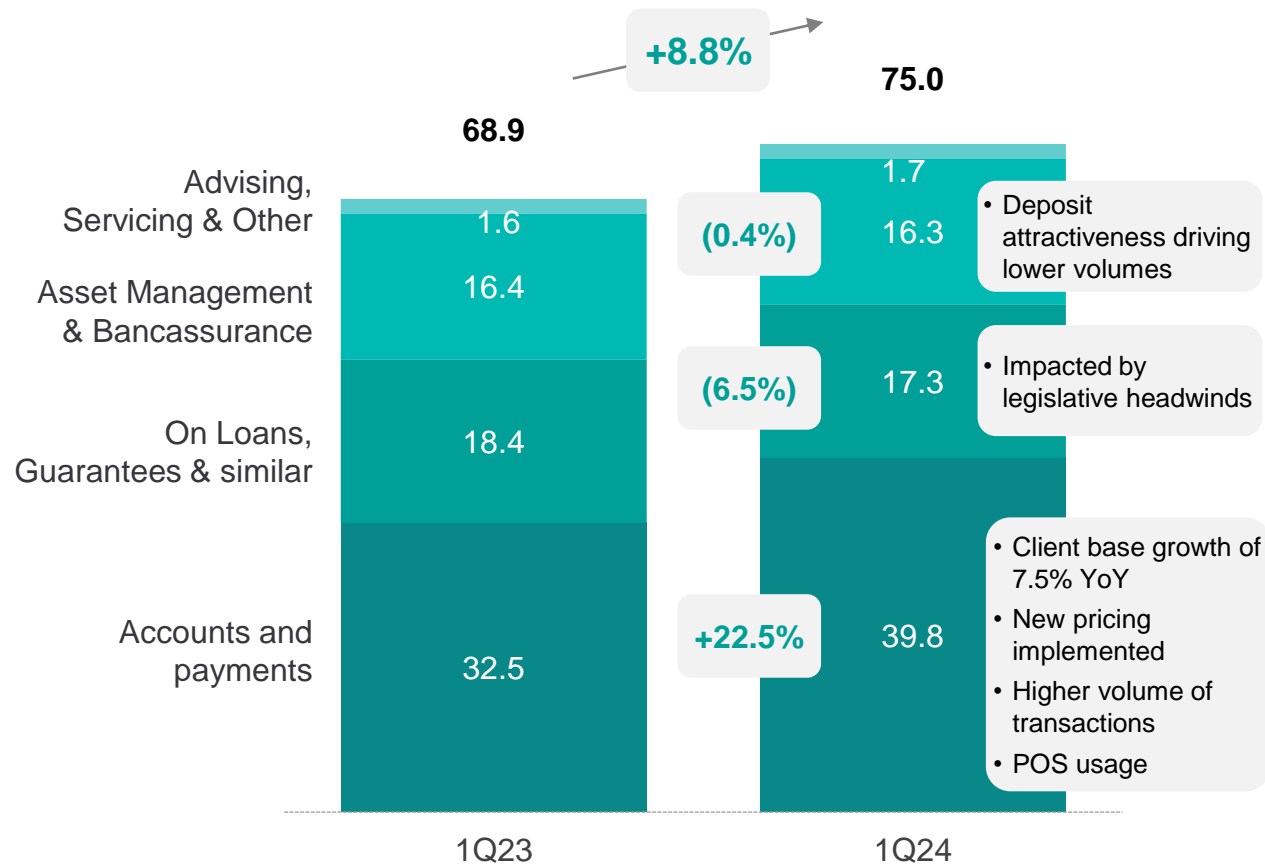
- Commercial and technical leakage
- Retail and business accounts
- Acquiring and credit cards



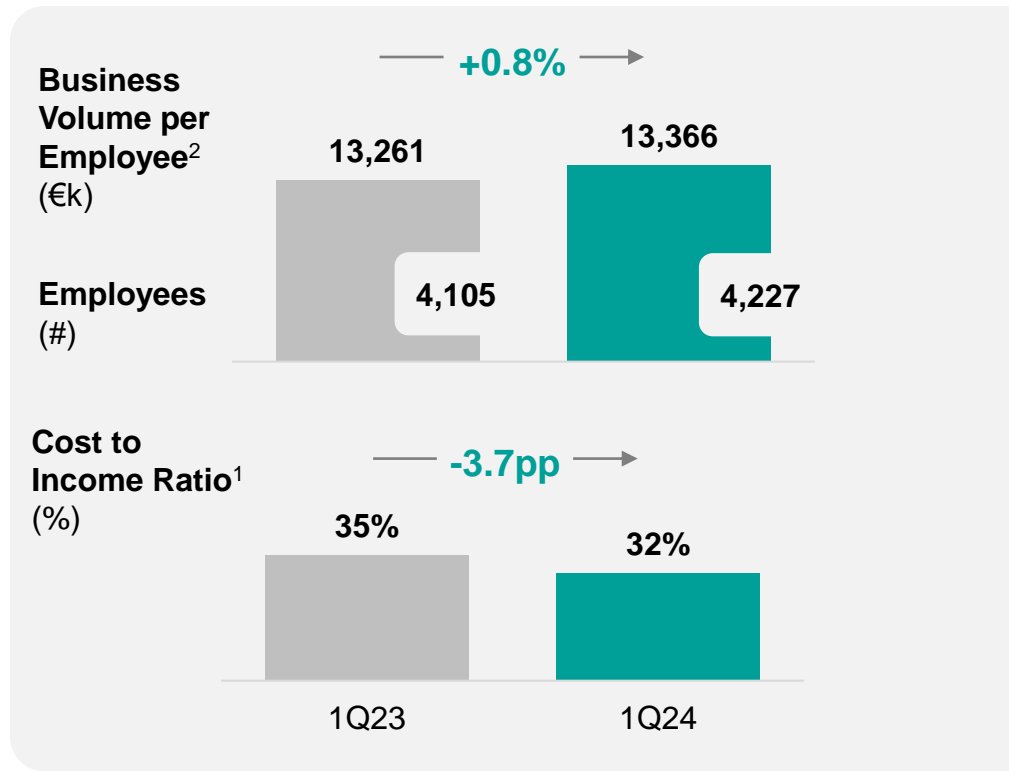
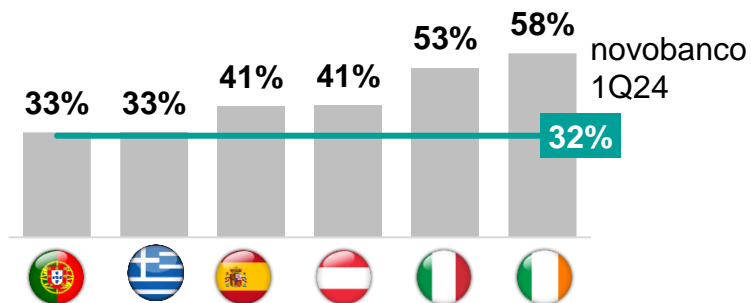
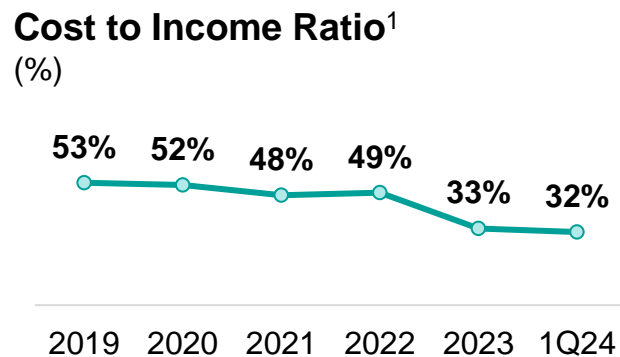
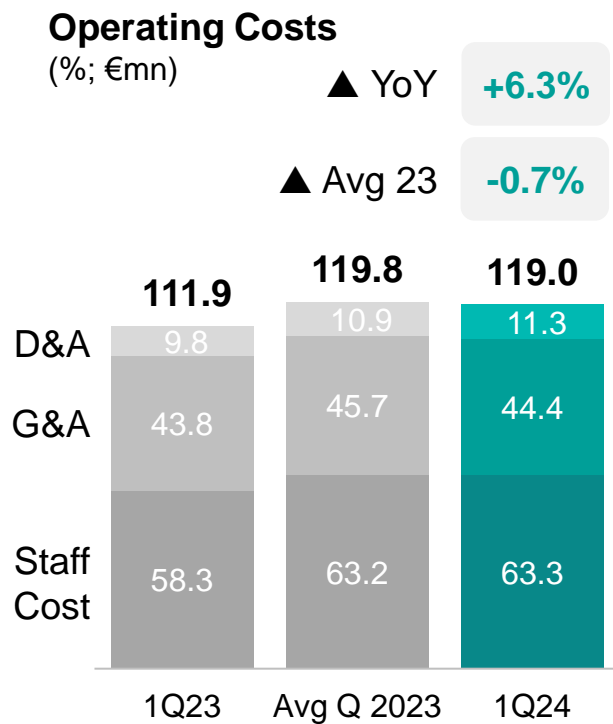
PAYMENTS

- Launch of single acquirer offer
- Improved value proposition
- Optimization of portfolio management in credit cards
- Digital capabilities

Evolution of fees by type (€mn)



Industry leading cost to income ratio



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

Simple balance sheet reflecting novobanco's sustainable business model

Balance Sheet (€mn)

Assets	Mar-23	Dec-23	Mar-24	▲YTD	
				€mn	%
Loans and advances to Banks	3,840	5,915	6,749	834	14.1%
Customer credit	26,809	26,975	27,087	112	0.4%
ALM Portfolio	8,803	6,499	7,213	713	11.0%
Current and deferred tax assets	955	931	945	14	1.5%
Real estate	604	460	449	(11)	-2.4%
Non-current assets held for sale	59	31	90	60	195.2%
Other assets	2,334	2,689	2,510	(179)	-6.7%
Total Assets	43,843	43,501	45,044	1,543	3.5%

Liabilities & Equity	Mar-23	Dec-23	Mar-24	▲YTD	
				€mn	%
Customer deposits	27,526	28,140	29,291	1,151	4.1%
Due to central banks and Banks	8,004	5,745	5,122	(624)	-10.9%
Debt securities	1,590	1,108	2,109	1,001	90.4%
Non-current liabilities held for sale	15	13	12	(1)	-8.2%
Other liabilities	3,011	4,073	3,956	(116)	-2.9%
Total Liabilities	40,146	39,078	40,490	1,412	3.6%
Equity	3,697	4,422	4,554	131	3.0%
Total Liabilities and Equity	43,843	43,501	45,044	1,543	3.5%

Assets

- Loans and advances to Banks increased 14.1% YTD, reflecting the increase of cash at ECB
- **Net customer credit¹ at €27.1bn** (+0.4% YTD) with €1.1bn origination offset by increased amortisations. Performing customer credit of €26.6bn (+1.4% YTD)

Liabilities

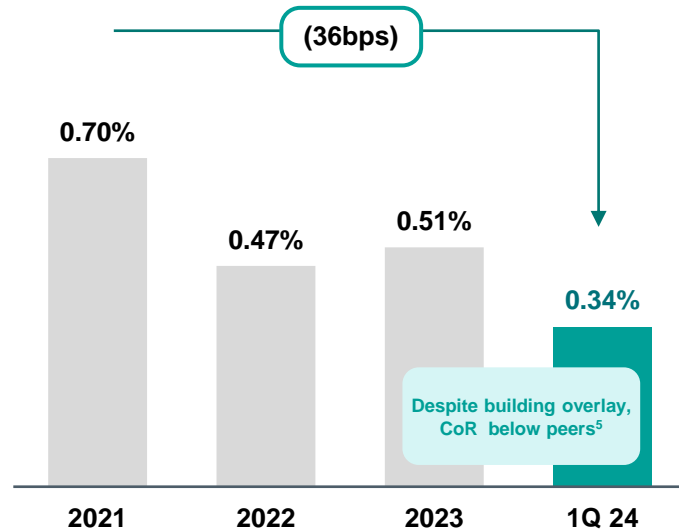
- Total customer funds (incl. Off-BS) of €37.3bn (+€2.1bn YTD), reflecting the increase in Deposits (+€1.2bn YTD) and new issuance (+€1.0bn)
- **Deposit market share remained stable at 9.6%²**

Capital & Liquidity

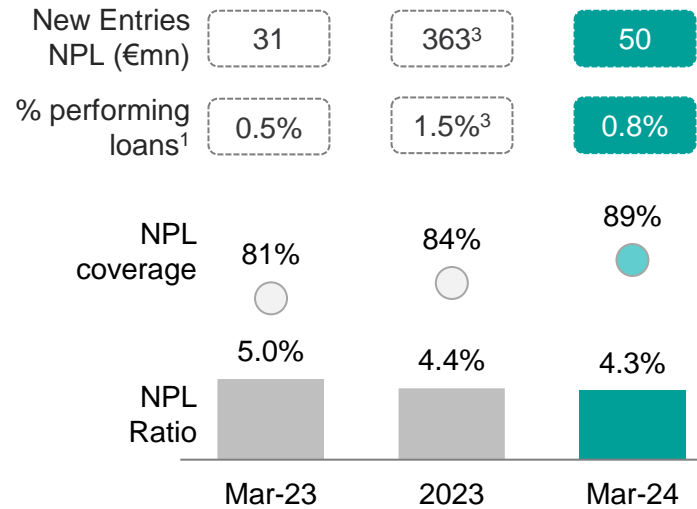
- **CET1 FL ratio increasing by c.87bps³ to 19.0%.** The organic capital generation reflects the capital accretive business model with solid top-line performance and disciplined capital allocation
- **Strong liquidity position: LtD at 78.1%** (2023: 81.2%), **LCR of 190%** (2023: 163%) and **NSFR of 123%** (2023: 118%), as well as liquidity buffer of €15.2bn

Normalised cost of risk, conservative provisioning and de-risking approach

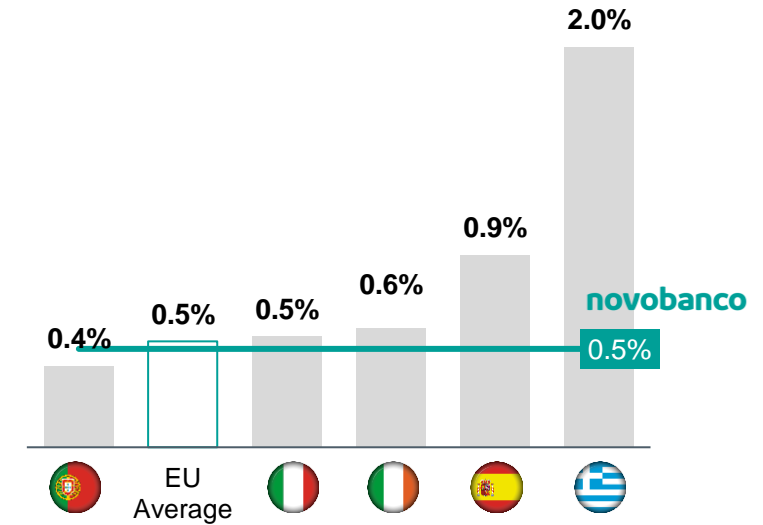
Consistent CoR⁶ improvement...
(Cost of risk evolution, %)



...with conservative provisioning levels...

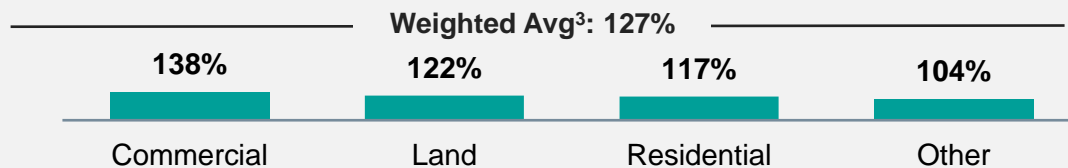


...in line with European Peers²
(Net NPL ratio, %)



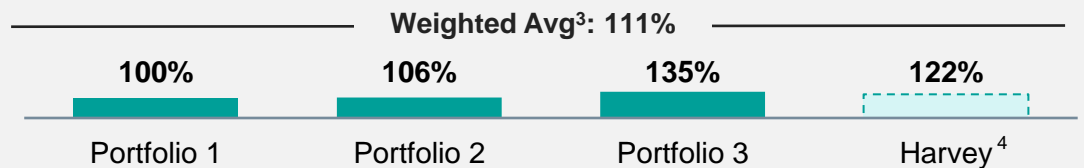
Conservative provisioning approach reflected in above par RE asset disposals historically...

(Real Estate disposal price 2020-2023, % NBV)

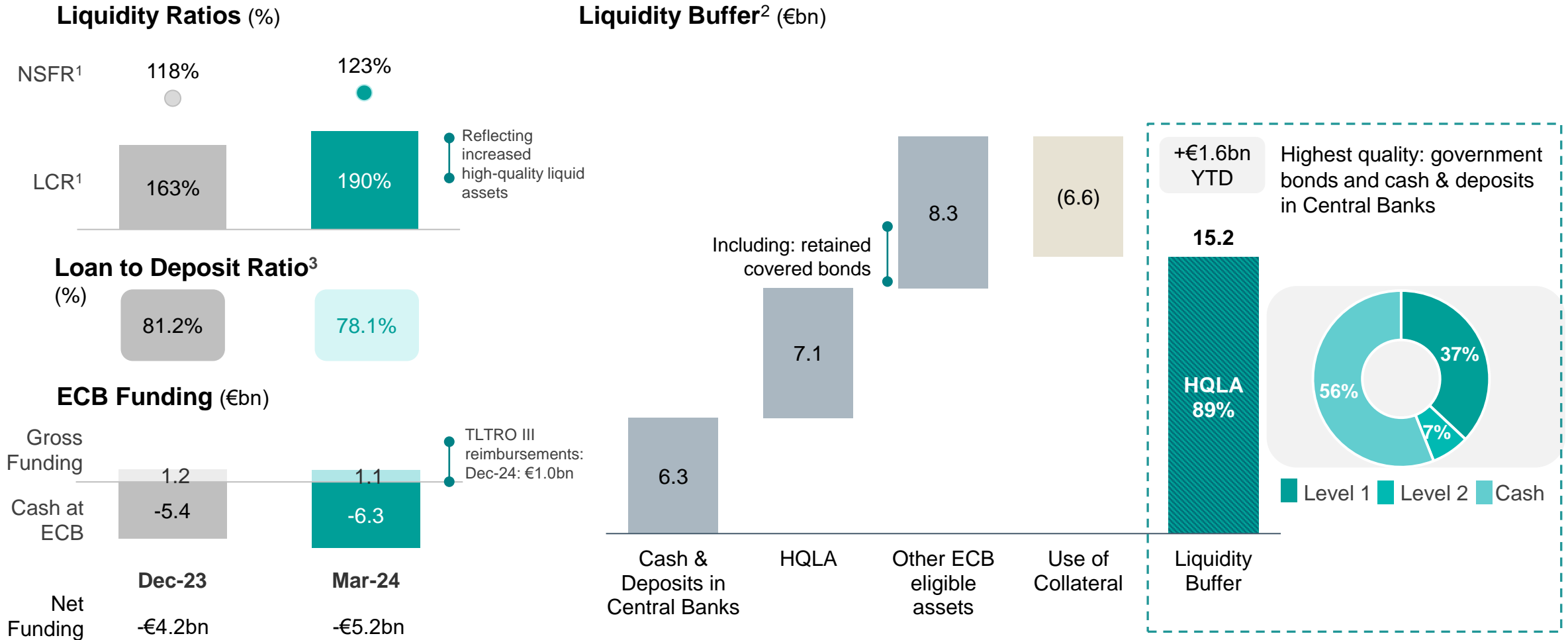


...as well as in more recent NPL disposals despite current rate environment

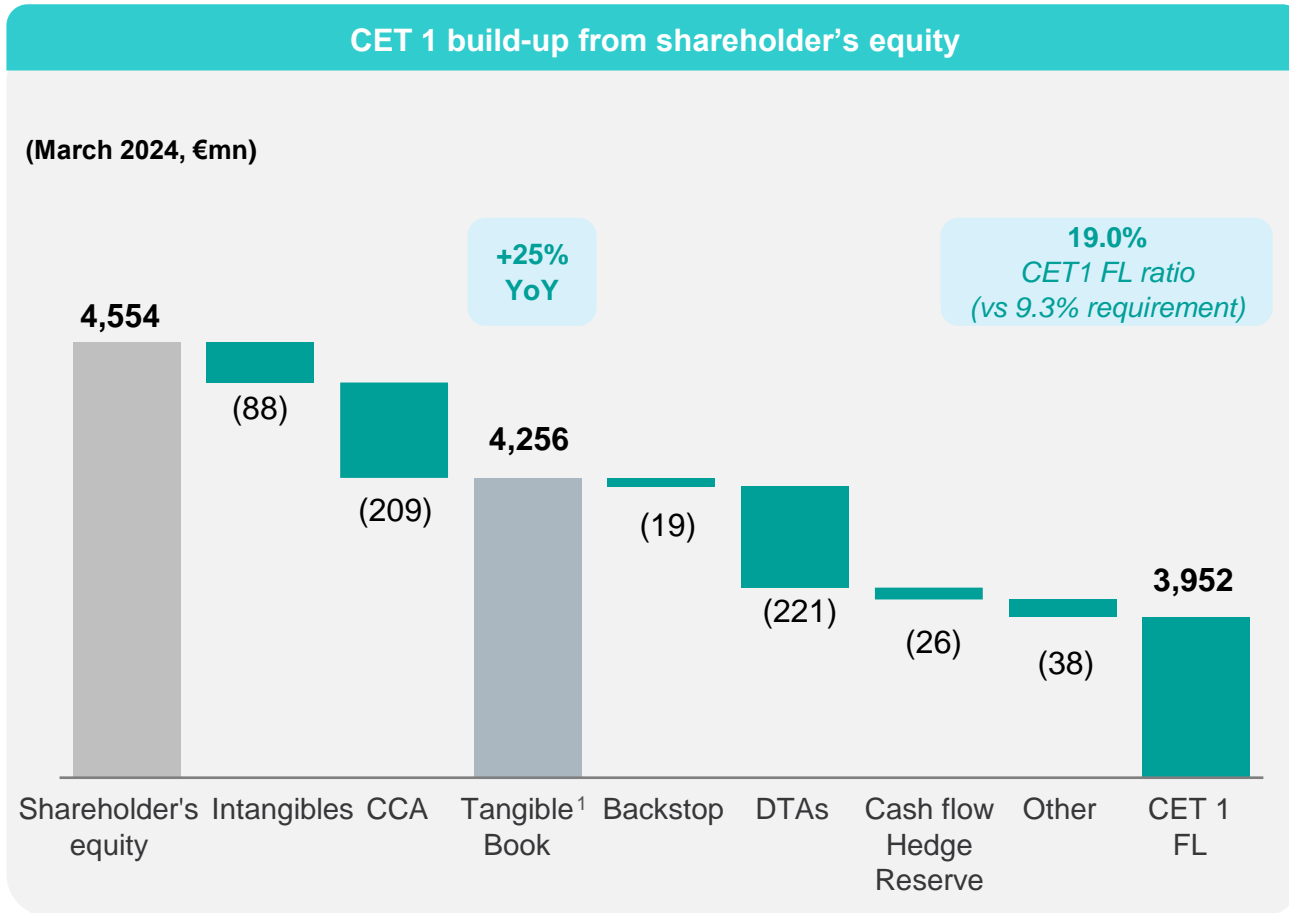
(Recent granular portfolio sales price, % NBV)



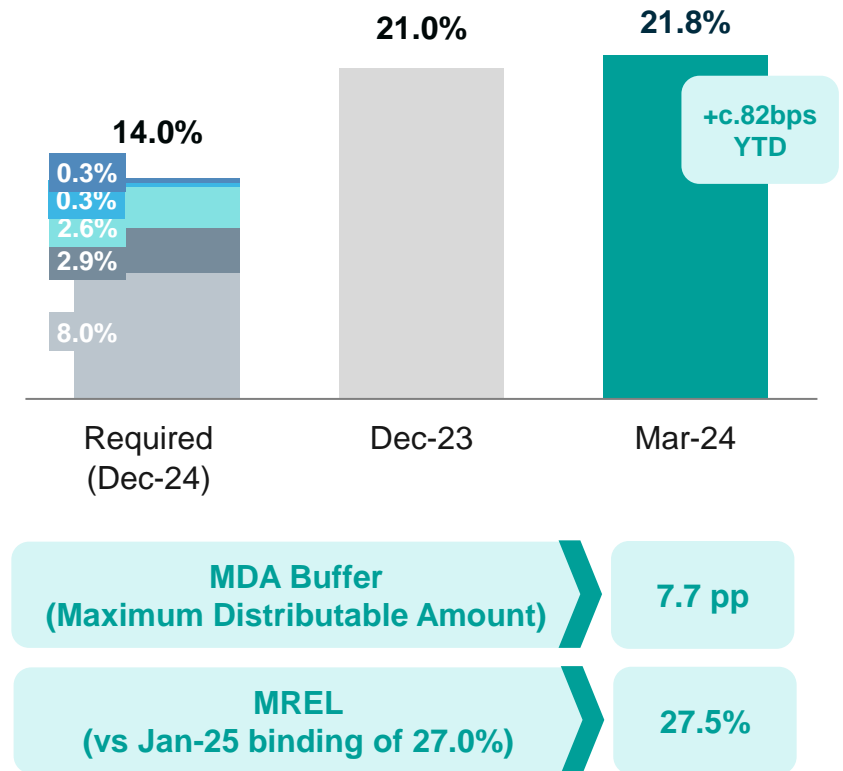
Strong liquidity position with 78% loan to deposit ratio



Novobanco has built a strong regulatory capital position, being already compliant with final binding MREL requirement



Total Capital
(fully loaded¹; %)



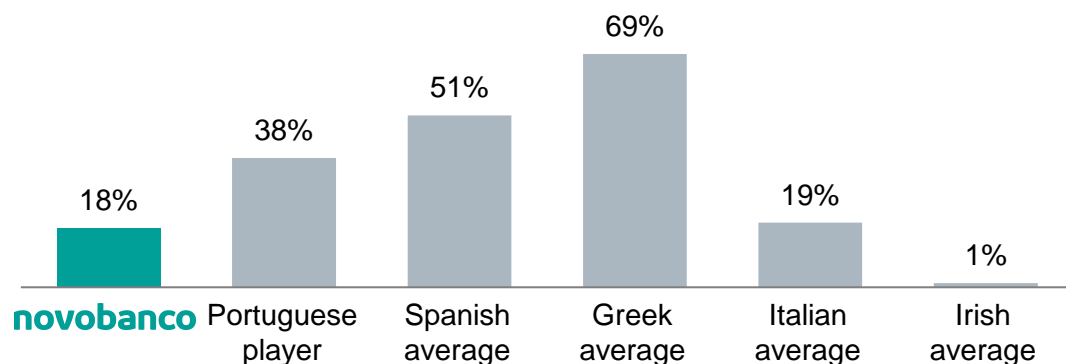
Attractive DTA position supporting profitability and capital generation

(€ millions)	Dec-23	Mar-24	Of which in CET 1
Total DTAs on Balance Sheet	902	916	695
Timing-Difference DTAs – Special Regime ⁽¹⁾	297	292	292
Timing-Difference DTAs – other	471	460	403
Tax Losses carried forward (TLCF)	134	164	-
Off-Balance Sheet	1 546	1 507	-
Timing-Difference DTAs	185	176	-
Tax Losses carried forward (TLCF)	1 361	1 331	-

- 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 years. €800mn PBT accelerates utilization by c. 2 years;
- €954mn of off-balance sheet Tax losses carried forward have no maturity date.

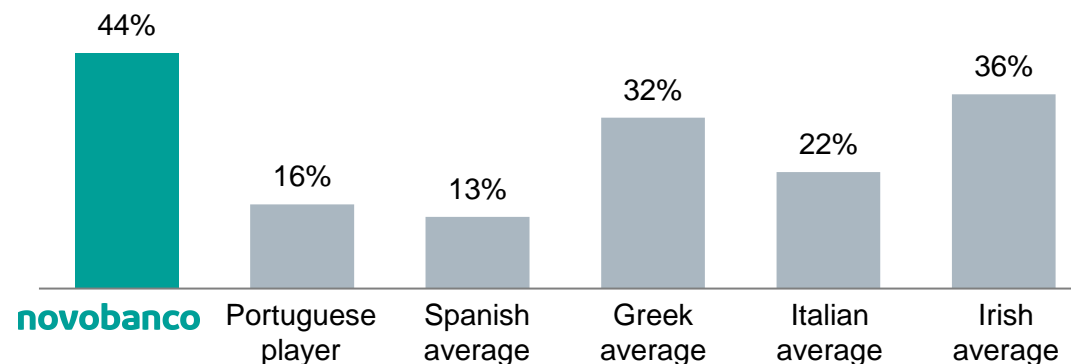
CET 1 eligible DTAs as % of CET1

(%²)



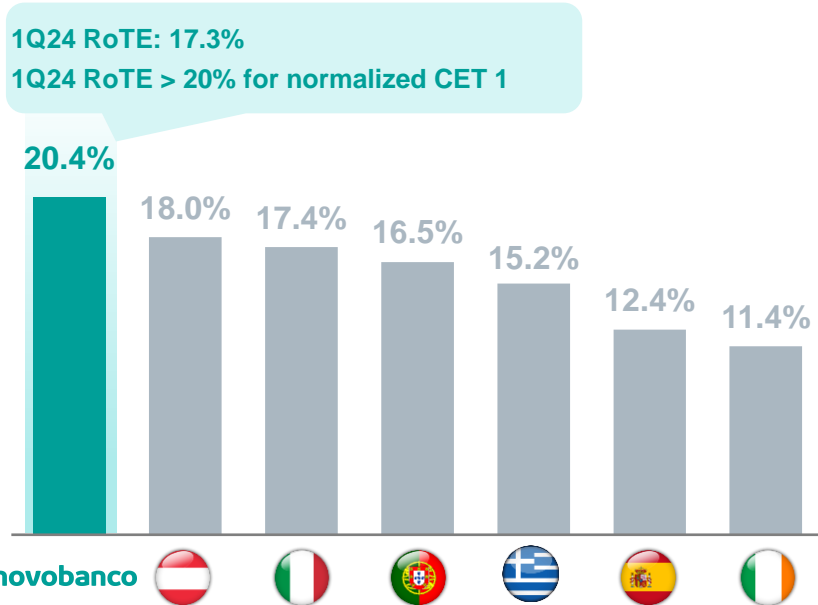
Non-CET 1 eligible DTAs (including off BS) as % of CET 1

(%²)



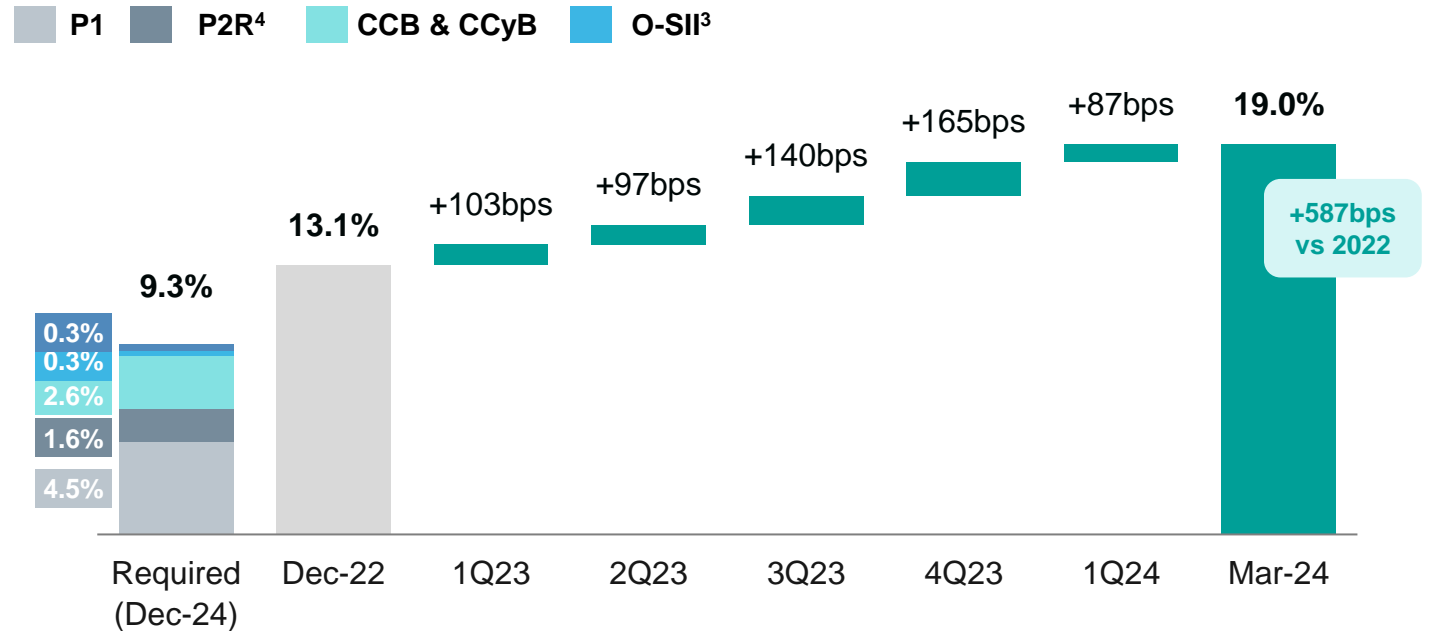
Best-in-class profitability and capital generation

RoTE 2023
(%)



1Q24 RoTE: 17.3%
1Q24 RoTE > 20% for normalized CET 1

CET 1
(fully loaded¹; %)



Superior capital generation, which provides room for best-in-class dividend pay-out ratio, in the context of CCA resolution.

(1) The inclusion of positive results depends on an authorization from the ECB; (2) Starting on 1-Oct-24, capital requirements will include a buffer on exposures secured by residential real estate, expected to be ~30bps; (3) Phased regime for the introduction of a 0.5% O-SII reserve as a percentage of RWAs will start on 1-Jul-24 with 50% of the reserve (0.25% of RWAs), and 100% of the reserve starting on 1st July 2025 (0.50% of RWAs); (4) Total Capital P2R in 2024 is 2.85%, which represents a decrease of 15bps; (5) novobanco's tangible equity based on period average; Country data calculated as average of peers. Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millenium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; and Eurobank, Piraeus and National Bank of Greece for Greece; (6) Based on a normalized CET1 FL ratio. Excludes potential impact of MREL issuance

04.

Final remarks

Consistent strategy execution, being on track to deliver 2024 outlook

Business		YoY
Clients Base	1.6mn	+7.5%
Customer Deposits	€29.3bn	+6%
Customer Credit (gross)	€28.3bn	+1%

A domestic business focused on growth and value-added products and services...

Results		YoY
Commercial Banking Income	€374mn	+19%
	<i>2024 Outlook:</i>	> €1.3bn
Cost to Income Ratio	31.8%	-3.7pp
	<i>2024 Outlook:</i>	~35%
Cost of Risk	34bps	-10bps
	<i>2024 Outlook:</i>	< 50bps

...with a simple and low-risk balance sheet and efficient operations...

Profitability		YoY
Net Income	€180.7mn	+22%
	<i>2024 Outlook:</i>	> €650mn
Tangible Book Value	€4,256mn	+25%
Strong returns despite overcapitalised balance sheet	19.0% CET 1	17.3% RoTE

...delivering organic sustainable returns and solid capital generation.

Appendix



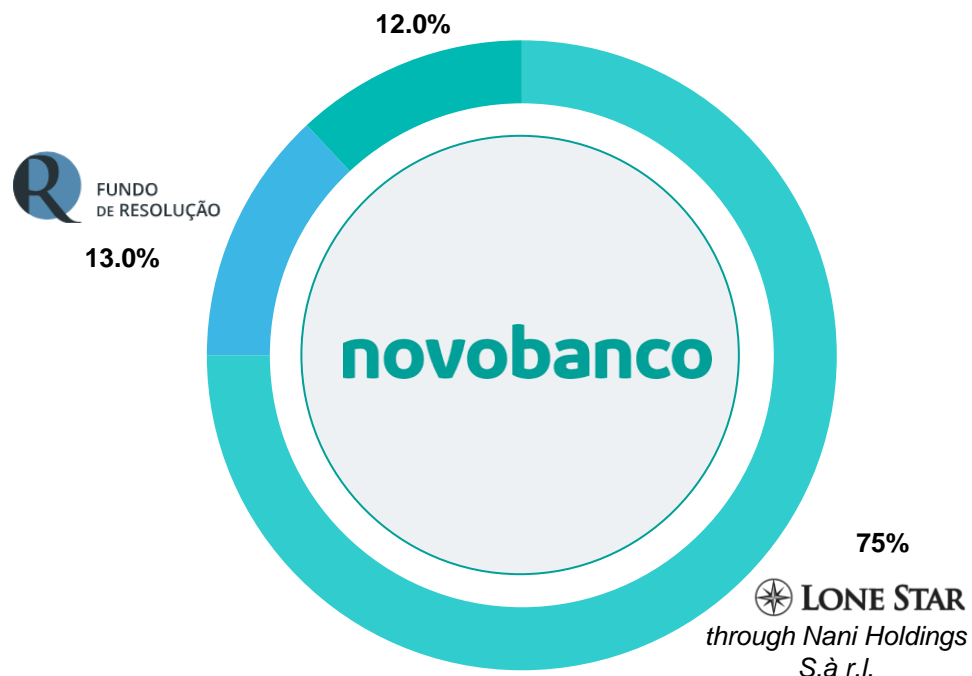
novobanco shareholder structure and governance model

Shareholder structure¹

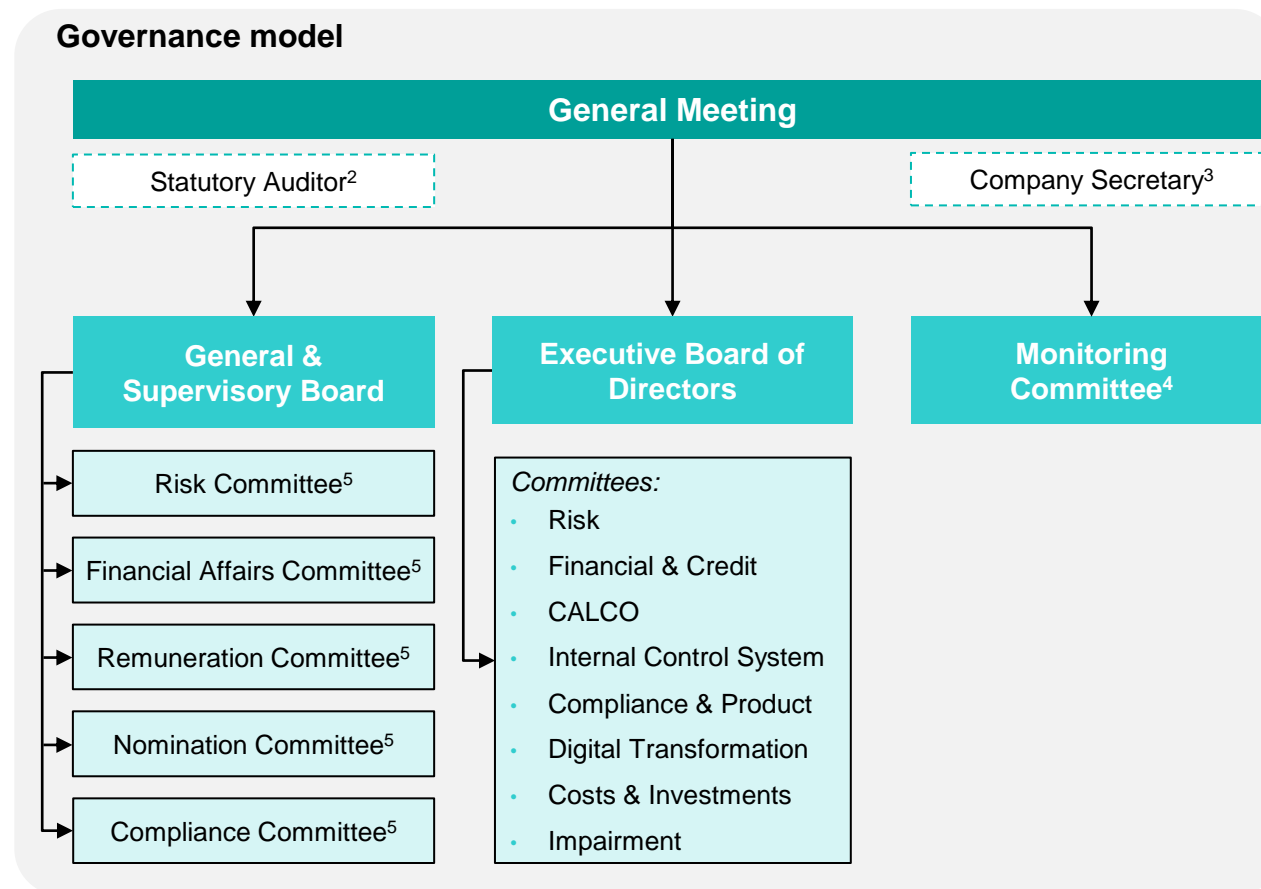
As of December 2023



Through Direcção-Geral do Tesouro e Finanças



Governance model










(1) as a result of the agreements celebrated between the Resolution Fund and the Shareholder Lone Star in the context of the sale of 75% of the shares of Novobanco, only the Resolution Fund will see its participation diluted with the conversion of the conversion rights; (2) Elected by the General Meeting upon a proposal of the General and Supervisory Board; (3) The General and Supervisory Board is consulted prior to any proposal of the Executive Board of Directors related to the appointment of the Company Secretary and Alternate Secretary. (4) The Monitoring Committee is composed of three members. The Monitoring Committee is an advisory body for the purposes of the Contingent Capital Agreement entered into between the Company and the Resolution Fund; (5) The Special Committees are composed of members of the General and Supervisory Board. The General and Supervisory Board sets up, appoints the members and approves the internal rules of the Special Committees

novobanco Board and management team


Executive Board of Directors

	MARK BOURKE <i>Chief Executive Officer</i>	<ul style="list-style-type: none"> Appointed as CEO of novobanco in 2022, after holding the position of CFO for 3 years 20+ years of experience as senior executive in financial institutions, namely as CEO in IFG Group and as CFO in AIB
	BENJAMIN DICKGIESSER <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> Appointed as CFO of novobanco in 2023; previously member of novobanco's GSB since 2017 15+ years of experience in financial markets, worked in FIG IBD at Citigroup and at Lone Star (MD for Hudson Advisors Portugal) with non-executive board roles at novobanco and IKB Deutsche Industriebank
	CARLOS BRANDÃO <i>Chief Risk Officer</i>	<ul style="list-style-type: none"> Appointed as CRO in 2022 Solid experience in risk management, both within and outside novobanco, as he was Risk Director in Santander Totta and Barclays
	LUÍS RIBEIRO <i>Chief Commercial Officer (Retail)</i>	<ul style="list-style-type: none"> Appointed as CCOR in 2018 25+ years of experience in the commercial area with novobanco, having previously assumed leadership for SMEs
	ANDRÉS BALTAR³ <i>Chief Commercial Officer (Corporate)</i>	<ul style="list-style-type: none"> Appointed as CCOC in 2020 20+ years of experience in Corporate Banking at Barclays (was Head of Corporate Banking in Europe) and novobanco
	LUÍSA SOARES DA SILVA <i>Chief Legal, Compliance & Sustainability Officer</i>	<ul style="list-style-type: none"> Appointed as CLCO in 2017 Prior to joining novobanco, Luisa accumulated 25+ years of experience in Law¹
	RUI FONTES <i>Chief Credit Officer</i>	<ul style="list-style-type: none"> Appointed as CCO in 2022 Deep institutional knowledge of novobanco² and 20+ years of experience in risk management

General and supervisory board

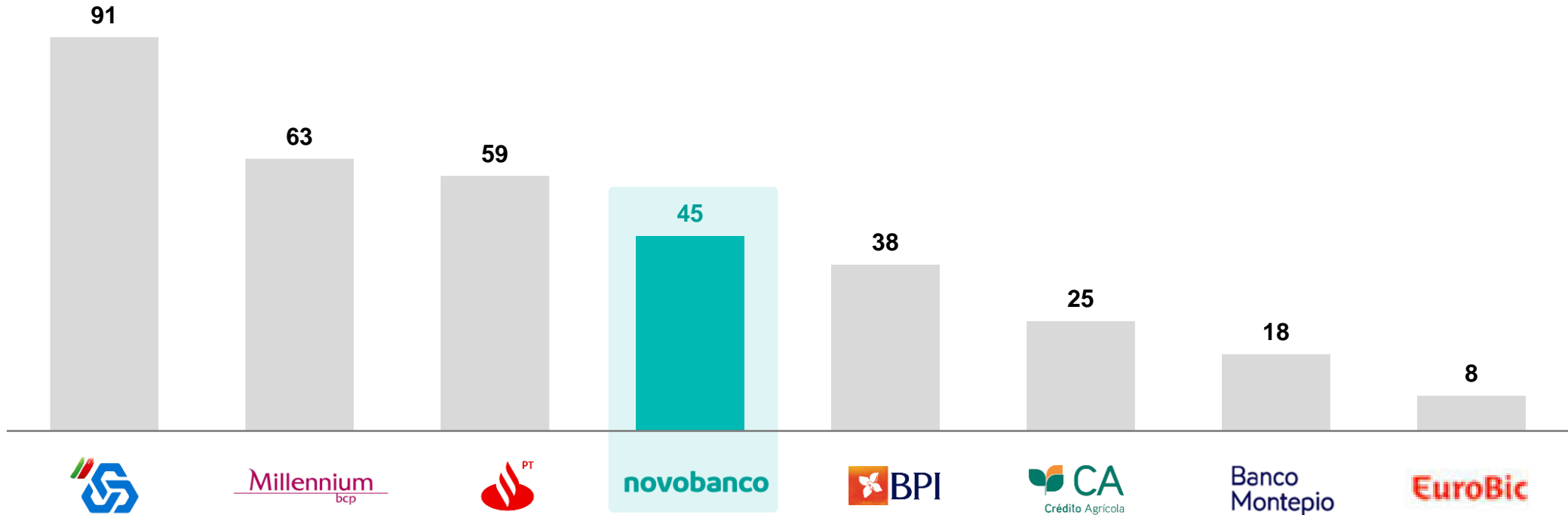
Chairman <i>Byron Haynes</i> 	<ul style="list-style-type: none"> Appointed as Chairman of novobanco in 2017 25+ years of experience in financial services, namely Global CFO at ABN AMRO / Royal Bank of Scotland and former CFO and then CEO of BAWAG (2009-2017)
Vice-chairman <i>Karl-Gerhard Eick</i> 	<ul style="list-style-type: none"> Appointed as Vice-Chairman of novobanco in 2017 35+ years of experience in financial services, namely former Deutsche Telekom CFO, Chairman of the Audit Committee at Deutsche Bank AG and current Chairman of IKB AG
GSB Members	
Kambiz Nourbakhsh	
Mark Coker	
John Herbert 	
Robert A. Sherman 	
Carla Antunes da Silva 	
William Henry Newton 	
Monika Wildner 	
Evgeniy Kazarez	

(1) Luísa was lawyer and partner in one of the main Portuguese law firms (Morais Leitão, Galvão Teles, Soares da Silva & Associados), focusing on providing legal assistance to credit institutions and insurance companies; (2) Prior to his appointment as CCO, Rui Fontes operated in an executive function as CRO at novobanco from 2017-2022; (3) Mr. Baltar resigned as of 6th May 2024, which will take effect from 30 June 2024. Luis Ribeiro has been appointed as the next Chief Commercial Officer – Corporate, whilst João Paixão Moreira has been appointed as new member of the EBD, becoming the next Chief Commercial Officer - Retail

 GSB Independent Members

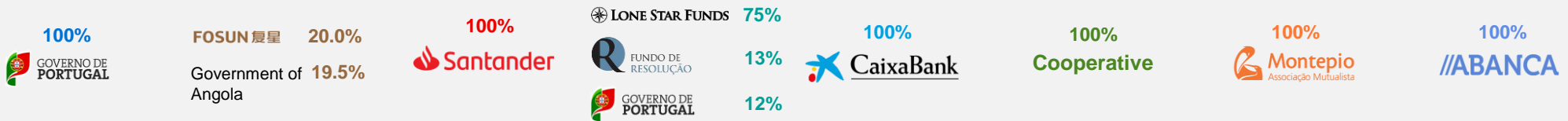
Overview of main players in the Portuguese market

novobanco is the 4th largest bank in Portugal
 (Ranking by total assets in Portugal¹, €bn, latest)



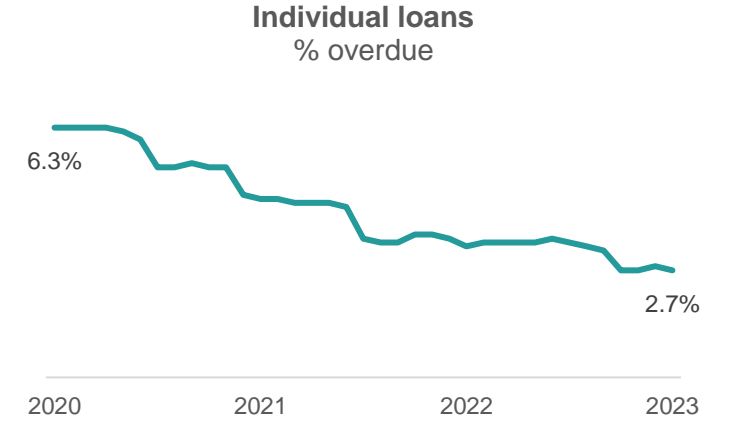
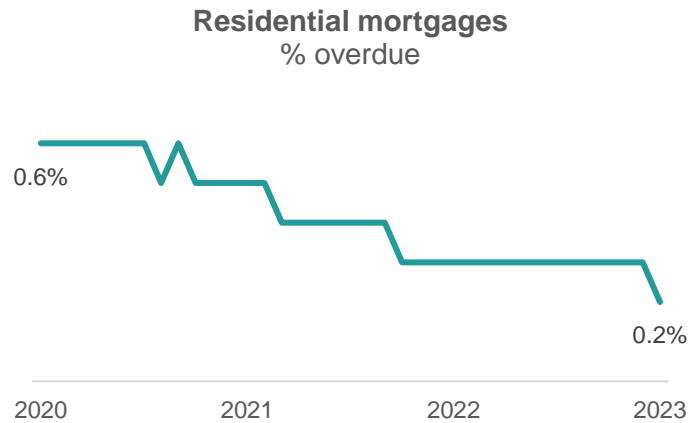
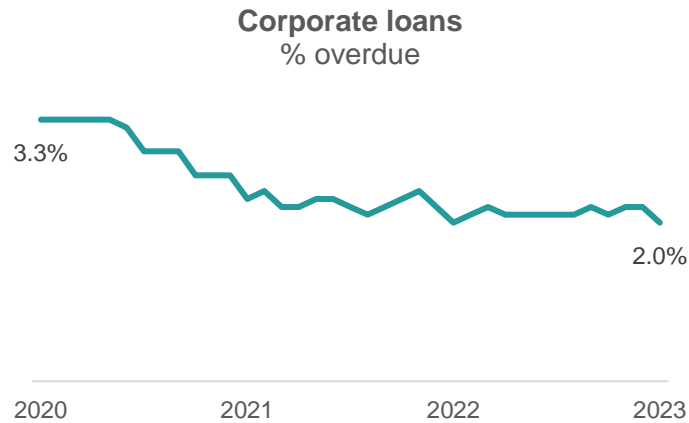
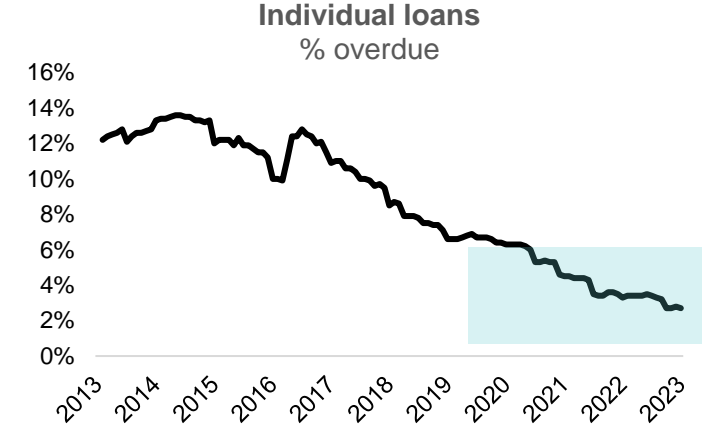
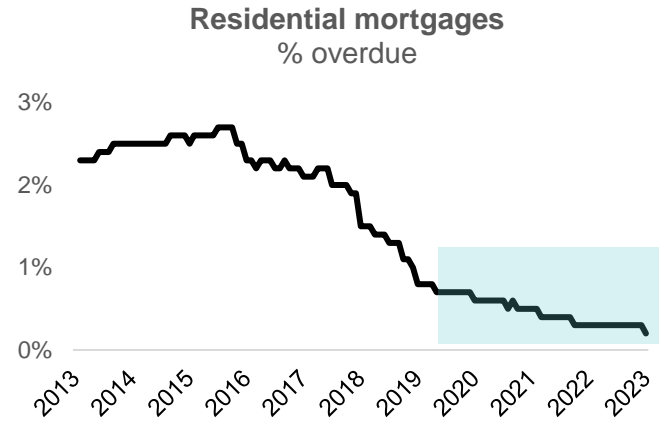
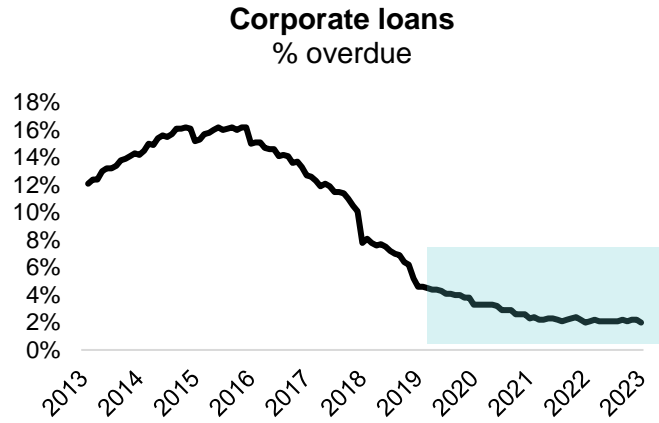
Main shareholders

OWNERSHIP



(1) Based on latest reported figures for Portuguese business. CGD refers to separate activity. Santander, novobanco, BPI and Banco Montepio as of 1Q 24; CGD, MBCP and CA as of FY23; Eurobic data based on latest Abanca disclosure as of 9M 2023

Portuguese market with resilient asset quality indicators



Our mission is to be the trusted bank. Supporting families and companies, throughout their lifetime.

A clear mission supported by 5 values:

We put our **Clients First**

We put ourselves in our clients' shoes to engage and support their needs, wants, dreams and desires, and we invest in our people so they can deliver excellence.

We embrace **Ethics & Inclusion**

We act ethically at all times and do the right thing. We always respect one another, and encourage people to be their true selves.

We act with **Trust & Transparency**

We are open and honest with one another - giving clear sight of decisions, the reasons for decisions, when we succeed, and when we fail.

We strive for **Simplicity every day**

We seek simplicity to bring clarity and efficiency to complex situations.

We **Collaborate** with each other

We work together seamlessly for shared success and take pride in our team work.

novobanco is a pure-play Portuguese retail and SME bank

Focus on 4 strategic pillars...

Customer-centric	Simple & efficient	People & culture	Sustainability
<ul style="list-style-type: none"> Understanding of clients' needs Distinctive value propositions Customer proximity Personal customer experience Omnichannel approach 	<ul style="list-style-type: none"> Superior resource allocation Leading tech capabilities Data driven approach Agile decision making Improved efficiency 	<ul style="list-style-type: none"> Value proposition for employees Internal development Strong organisational culture Capacity to attract & retain talent High internal standards 	<ul style="list-style-type: none"> Resilient capital levels Robustness of balance sheet Quality of credit decisions Integrated ESG framework Improvement of internal models
<ul style="list-style-type: none"> 1.6mn clients Including 55% of SMEs in Portugal €1.1bn Credit originated in 1Q24 94%¹ Satisfied corporate clients – Quality of Service 	<ul style="list-style-type: none"> >82% Household interactions are digital >90% Branches under new distribution model 32% Cost to Income 	<ul style="list-style-type: none"> 4,227 Employees of Grupo novobanco 54%³ Women ~19.0 yrs³ Average seniority of employees 	<ul style="list-style-type: none"> +87 bps Organic capital in 1Q24 27.7% MREL ratio (above linear progression) €713mn² Financing in green investment (EU taxonomy)

...together with strong product offering

- Corporate lending**
€16.6bn gross credit
- Mortgage lending**
€10.0bn gross loan book
- Personal loans**
€1.7bn gross loan book
- Product factories ecosystem**
Insurance, Payments, AM

We continue to invest with new standards of performance and innovation

Layers of Architecture

Engagement Layer:

- Prioritize **omni-channel orchestration** for a consistent customer experience.
- Use **automation and personalization** to anticipate and meet customer needs.

Integration Layer:

- Engineer by **microservices** for flexibility, scalability, and interoperability.
- Adopt **API-first integration** for seamless connectivity and innovation.

Insight Layer:

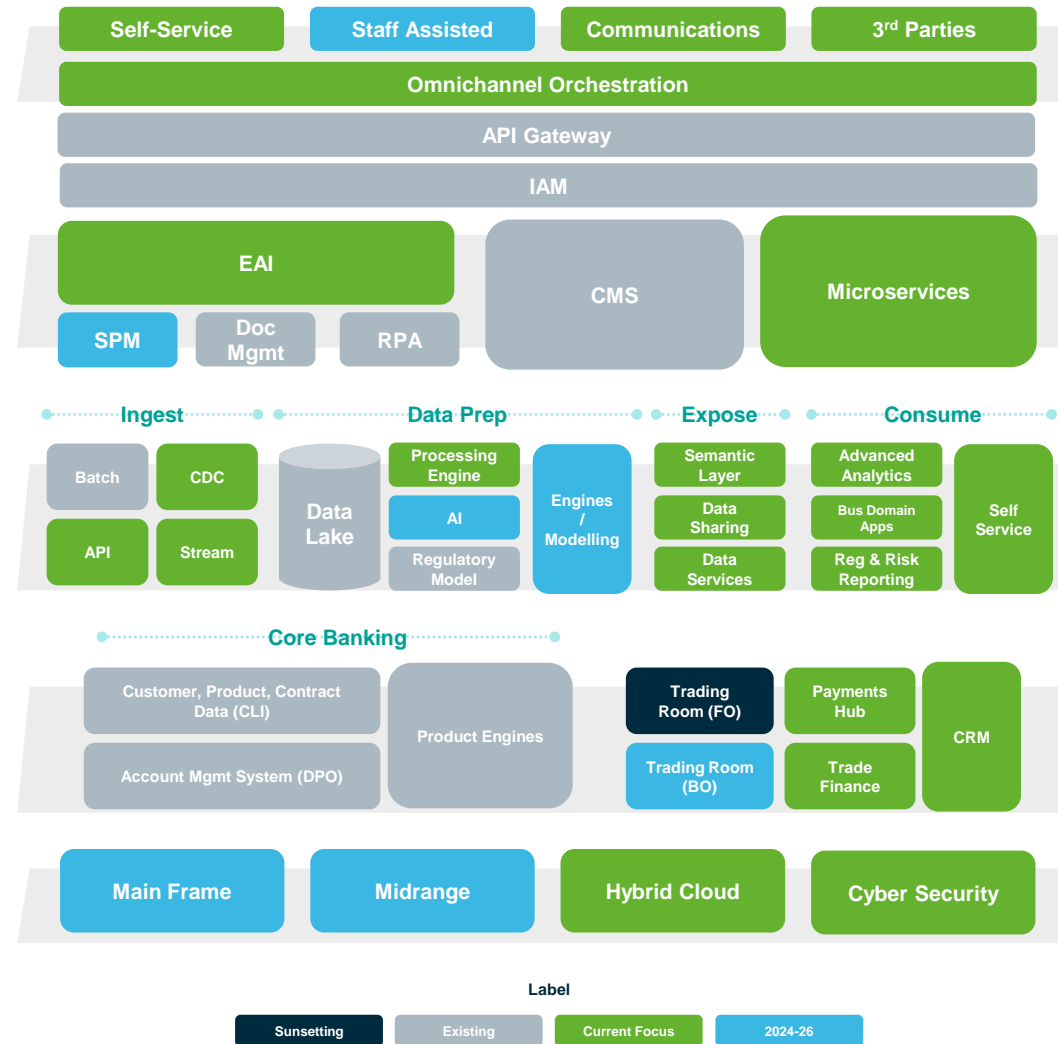
- Shift to operational data with **clear data domains** and **standardized consumption**.
- Develop **AI-driven data architecture** for personalized offerings and better decision-making.

Record Layer:

- **Modernize core applications** (Payments, Finance, Treasury) to meet industry standards.
- Implement robust **data governance** for improved data quality and accessibility.

Foundation Layer:

- Focus on **cloud migration** for scalability, agility, and cost-efficiency.
- Strengthen **cybersecurity** for data protection and regulatory compliance.



Key Features

1. Data & AI

A democratized data foundation, enabled data mesh and data as products, providing inputs for bank-wide AI and Gen AI powered applications

2. Cloud first

An elastic infrastructure and services spanning public, private and edge that run the core systems, being configurable, consumable and automatable

3. Next generation ops

A digital-first strategy and service model, where ops are data driven, and the front, middle and backoffice collapse into a single capability

4. Fit for purpose op. model

Aligned people, technology and data to allow for agility and dynamic capital allocation, increasing flexibility and promoting cost-effective units

5. Composable architecture

An overarching Business Architecture function driving the business impact from novobanco's transformation program

6. Best people

An EVP to attract and retain the best talent, and leaders fully aligned with our mission, vision, values and strategy, working collaboratively towards continuous improvement

novobanco ESG vision is built-in in its “Shaping the Future” strategy, and tracked by our Social Dividend commitments

Customer-centric Bank

Reflecting evolving customer expectations through **distinctive value propositions**

Leveraging **digital and omnichannel approach** as drivers of **service** and **proximity**



Support our **clients transition** and maximize positive **impact on society** and **environment**



Simple and efficient operations

Simplifying the banking experience, through superior usage of **technology and data**

Improving **internal processes** to upgrade **productivity and efficiency**



Improve **efficiency**, enable **own transition**, ensure systems readiness for ESG



Developing people and culture

Attracting and developing a team of **skilled and fulfilled professionals** that actively **live the bank’s values**

Developing a **dynamic collaborative culture** in an environment adapted to the **new ways of working**



Strengthen **capabilities, inclusiveness, diversity** and the **engagement** of our people



Developing sustainable performance

Delivering **sustainable returns** through disciplined risk, capital and funding management









Strengthening the integration of **ESG across business** to support sustainable growth and key stakeholders



Build a robust **ESG governance & risk management** framework



As part of our 2023 dual materiality assessment update we reviewed our Social Dividend model, setting new KPI and targets

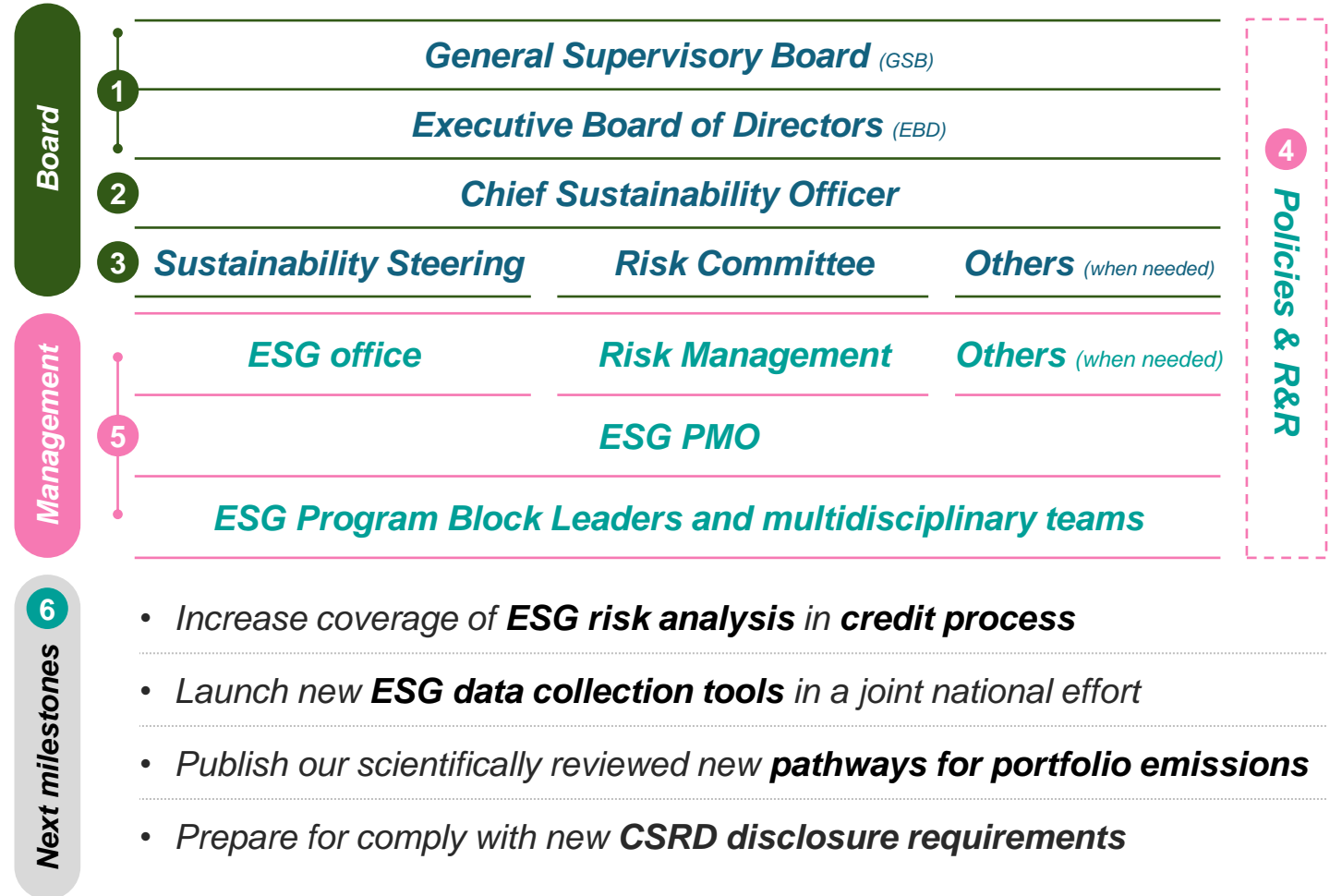
Customer-centric Bank	Simple and efficient operations	Developing people and culture	Developing sustainable performance
<p>Green production¹</p> <p>Target 2026 2.000 MEUR¹</p>  <p>✓ 140,6</p>	<p>Own emissions²</p> <p>Target 2030 -50% vs 2021</p>  <p>✓ -36%⁹</p>	<p>Equal pay³</p> <p>Target 2026 Below 5%</p>  <p>✓ 5,4%</p>	<p>Financed emissions reduction⁴</p> <p>Target 2030 100% targets realized by sector</p>  <p>-</p>
<p>ESG investment products⁵</p> <p>Target 2026 60% of invest. products</p>  <p>✓ 61%</p>	<p>Renewables share⁶</p> <p>Target 2026 100%</p>  <p>✓ 77%¹⁰</p>	<p>Employee engagement⁷</p> <p>Target 2026 At least 65%</p>  <p>✓ 60%</p>	<p>Women in management⁸</p> <p>Target 2026 At least 40%</p>  <p>✓ 38%</p>

1. Loans and investments considered under novobanco green financing policy with a 650 MEUR target for 2024; 2. Scope 1 and 2 GHG emissions; 3. Equal pay gap calculated per function (group view); 4. Achieving GHG emissions intensity targets for Power generation; Cement and CRE (Commercial Real Estate) – value to be calculated in 2024; 5. % of investment products (investment funds, financial insurances, structured notes or deposits) with ESG characteristics/ concerns – Art.8 and 9; 6. Net renewables share of 100% by 2026 (group view), where available (Azores, Madeira, Group facilities and branches with no direct contract need to be addressed); 7. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement – group view); 8. Previously Sr Leadership (group view); 9. Calculated at EoY 2023; 10. Calculated for 2023; ✓ Target set is met; ✓ Target is on track

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



Income Statement – Quarterly data

(€ million)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	▲ €mn YoY	▲ % YoY
Net Interest Income	133.5	134.5	137.9	219.5	246.3	277.7	307.2	311.4	299.0	+52.7	+21%
Fees and Commissions	68.8	75.6	71.3	77.6	68.9	76.4	71.8	79.0	75.0	+6.1	+9%
Commercial Banking Income	202.3	210.1	209.2	297.2	315.3	354.1	378.9	390.4	374.0	+58.7	+19%
Capital markets Results	91.4	(5.6)	(17.6)	(44.2)	5.8	22.2	11.3	(24.6)	(3.5)	(9.3)	(161%)
Other Operating Results	16.7	56.5	88.0	22.3	2.4	(7.4)	19.5	(25.6)	1.1	(1.3)	(54%)
Banking Income	310.4	261.0	279.6	275.3	323.5	368.9	409.7	340.2	371.6	+48.1	+15%
Operating Costs	103.6	105.1	105.5	134.1	111.9	113.2	114.5	139.6	119.0	+7.1	+6%
Staff Costs	55.7	56.1	57.9	63.9	58.3	62.3	63.2	68.9	63.3	+5.0	+9%
General and Administrative Costs	38.2	39.2	37.7	47.1	43.8	40.8	41.7	56.5	44.4	+0.6	+1%
Depreciation	9.8	9.8	9.9	23.1	9.8	10.1	9.6	14.1	11.3	+1.5	+15%
Net Operating Income	206.8	155.9	174.1	141.1	211.6	255.8	295.2	200.6	252.6	+41.0	+19%
Net Impairments and Provisions	21.8	(2.0)	2.7	88.7	27.7	28.3	25.8	92.1	27.9	+0.2	+1%
Credit	14.3	5.0	20.2	(5.0)	26.0	21.9	17.8	43.7	24.3	(1.7)	(7%)
Securities	11.1	30.6	2.4	23.6	3.9	4.8	7.0	16.9	(0.3)	(4.1)	(106%)
Other Assets and Contingencies	(3.6)	(37.6)	(19.9)	70.1	(2.2)	1.6	1.0	31.5	3.9	+6.1	(278%)
Income before Taxes	185.0	157.9	171.4	52.4	183.9	227.5	269.4	108.5	224.7	+40.8	+22%
Corporate Income Tax	7.4	11.6	8.9	(81.1)	0.7	0.8	1.0	3.2	10.5	+9.8	+1,314%
Special Tax on Banks	34.1	-	-	-	34.1	0.0	1.1	-	32.2	(2.0)	(6%)
Income after Taxes	143.5	146.4	162.5	133.6	149.0	226.6	267.3	105.3	182.0	+33.0	+22%
Non-Controlling Interests	0.9	22.3	0.9	1.1	0.7	1.8	2.0	0.7	1.3	+0.7	+99%
Net Income for the period	142.7	124.0	161.6	132.5	148.4	224.8	265.3	104.6	180.7	+32.3	+22%

A Portuguese universal bank, serving corporate and retail segments

€ million	Retail			SMEs and corporate			Support Functions			novobanco		
	Mar-23	Mar-24	▲ €mn	Mar-23	Mar-24	▲ €mn	Mar-23	Mar-24	▲ €mn	Mar-23	Mar-24	▲ €mn
Commercial Banking Income	176	234	58	146	154	9	-6	-14	-8	315	374	59
Banking Income	176	235	59	149	154	5	-2	-17	-16	323	372	48
Operating Costs	74	79	5	24	26	2	13	13	0	112	119	7
Net Operating Income	102	156	53	125	128	3	-15	-31	-15	212	253	41
Net Impairments and Provisions	11	12	0	17	17	0	-1	-1	0	28	28	0
Income before Taxes	91	144	53	107	111	3	-14	-30	-15	184	225	41
Total Assets	14,257	14,583	326	13,633	14,032	398	15,953	16,430	476	43,843	45,044	1,201
Customer credit (net)	13,179	13,413	234	13,629	13,664	34	1	11	10	26,809	27,087	278
Net Interest margin	2.41%	3.39%	1.0 p.p	3.63%	3.71%	0.1 p.p	-0.17%	-0.47%	-0.3 p.p	2.34%	2.88%	0.5 p.p
Commercial Cost to Income	42.2%	33.9%	-8.3 p.p	16.7%	17.1%	0.4 p.p	-	-	-	35.5%	31.8%	-3.7 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.

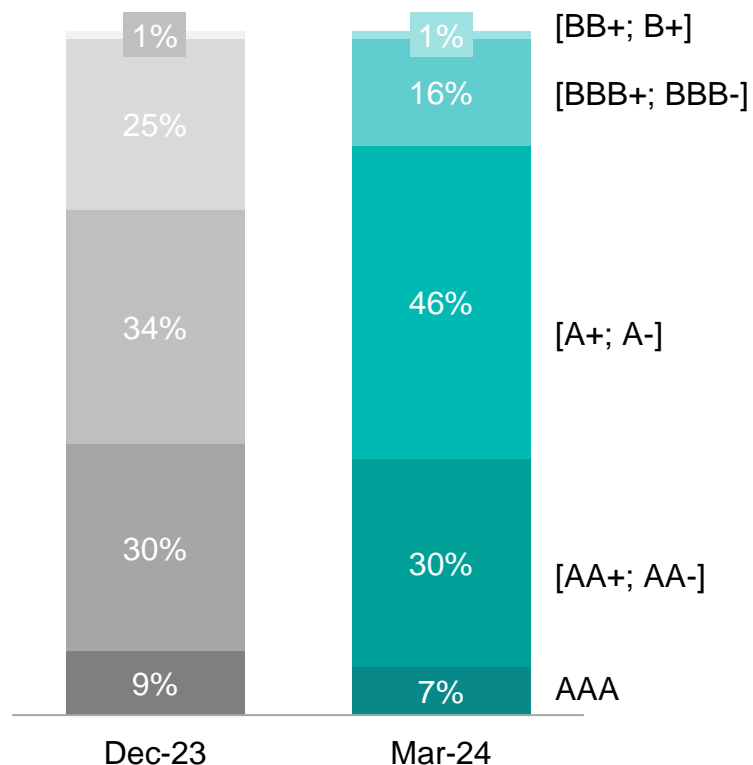
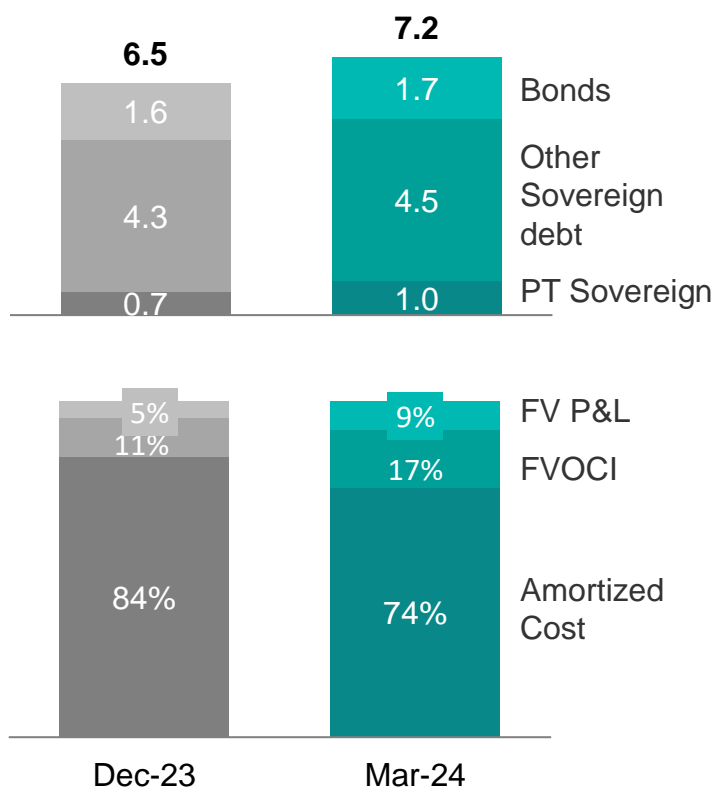
Balance Sheet

<i>(€ thousands)</i>	Dec-23	Mar-24
Cash, cash balances at central Banks and other demand deposits	5,867,189	6,680,176
Financial assets held for trading	436,148	720,287
Financial assets mandatorily at fair value through profit or loss	264,912	264,773
Financial assets designated at fair value through profit or loss	0	0
Financial assets at fair value through profit or loss, or through other comprehensive income	838,523	1,330,705
Financial assets at amortised cost	32,452,537	32,519,005
Debt securities	7,870,536	8,016,015
Loans and advances to credit institutions	47,940	68,785
Loans and advances to customers	24,534,061	24,434,205
Derivatives – Hedge accounting	683,063	626,106
Fair value changes to the hedged items in portfolio hedge of interest rate risk	-83,498	-88,856
Investments in subsidiaries, joint ventures and associates	59,511	60,548
Tangible assets	757,549	770,211
Tangible fixed assets	363,754	380,870
Investment properties	393,795	389,341
Intangible assets	86,748	88,025
Tax assets	931,036	945,212
Current tax assets	29,376	29,282
Deferred tax assets	901,660	915,930
Other assets	1,117,258	1,037,506
Non-current assets and disposal groups classified as held for sale	89,814	90,406
Total Assets	43,500,790	45,044,104

	Dec-23	Mar-24
Financial liabilities held for trading	100,639	98,068
Financial liabilities measured at amortised cost	37,330,355	38,805,437
Due to Banks	5,745,326	5,121,756
Due to customers	29,984,273	31,072,554
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,107,585	2,108,922
Other financial liabilities	493,171	502,205
Derivatives – Hedge accounting	124,729	134,312
Fair value changes of the hedged items in portfolio hedge of interest rate risk	62,049	42,832
Provisions	430,829	429,526
Tax liabilities	10,808	12,635
Current tax liabilities	10,808	12,635
Deferred tax liabilities	0	0
Other liabilities	1,005,846	955,645
Liabilities included in disposal groups classified as held for sale	13,107	12,035
Total Liabilities	39,078,362	40,490,490
Capital	6,567,844	6,567,844
Other comprehensive income – accumulated	-1,070,125	-1,119,398
Retained earnings	-8,577,074	-7,776,414
Other reserves	6,736,004	6,676,937
Profit or loss attributable to parent company shareholders	743,088	180,654
Minority interests (Non-controlling interests)	22,691	23,991
Total Equity	4,422,428	4,553,614
Total Liabilities and Equity	43,500,790	45,044,104

Conservative ALM Book with a €7.2bn investment grade securities portfolio

ALM Portfolio (€bn)

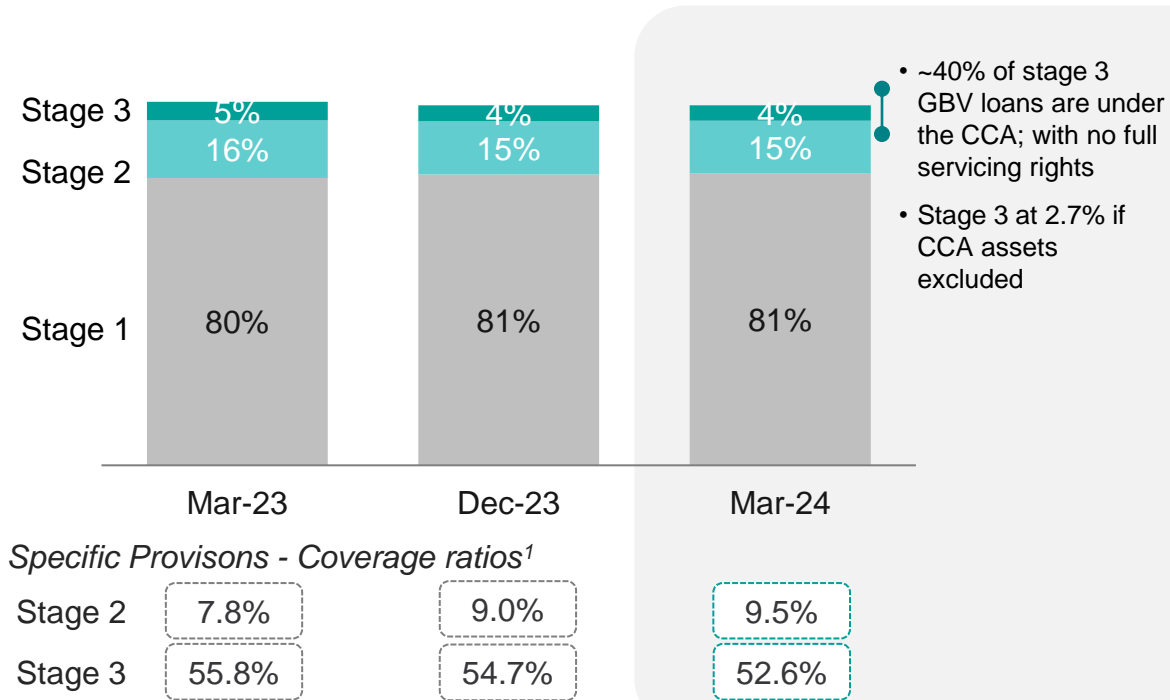


	Total	vs Dec/23
Amount (€bn)	7.2	+0.7
Duration ¹ (years)	3.4	-0.4
Yield ¹ (%)	3.68	+0.2

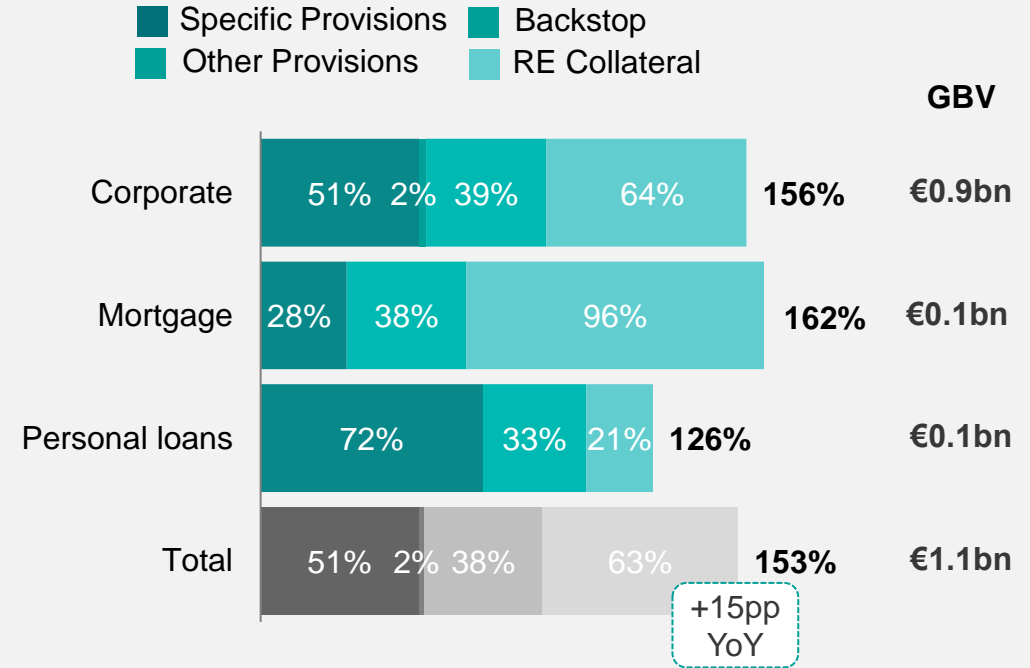
	Mar/24
Unrealised MtM losses ² (€mn)	158.8
ALM Portfolio/ Total Assets (%)	16
ALM Portfolio/ Total Equity (x)	1.6

Strengthened total stage 3 coverage (+15pp YoY)

Loan Portfolio by Stages



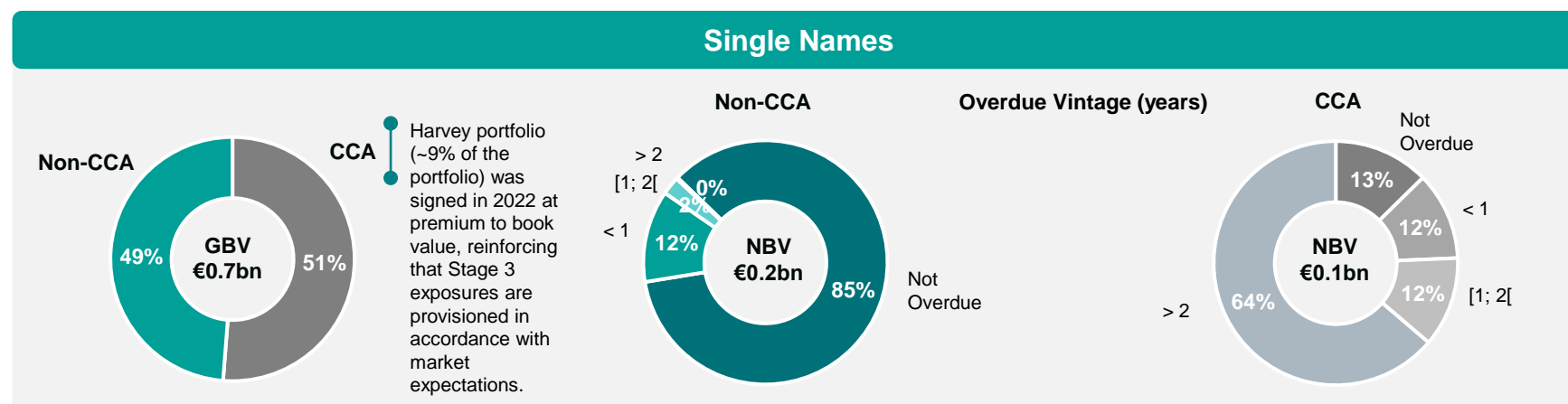
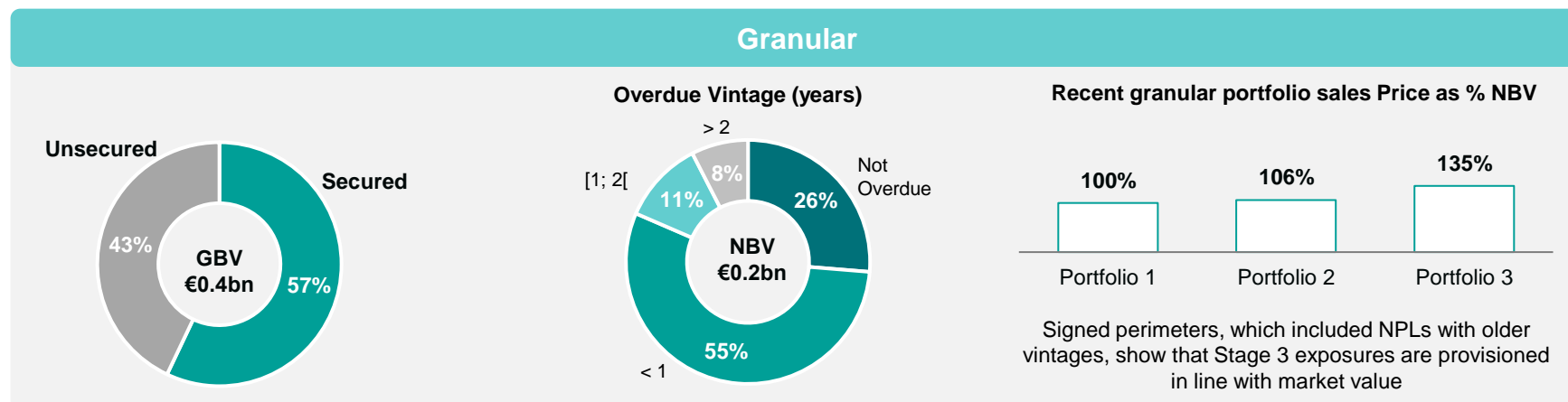
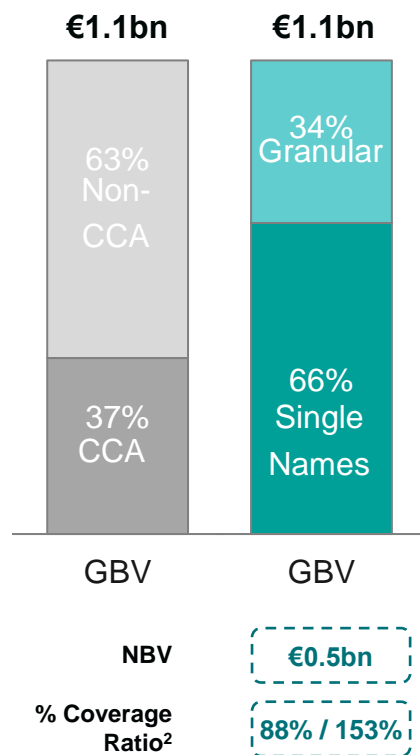
Stage 3: Coverage by type



75%¹ of Stage 3 with overdue less than 1 year, with exposures provisioned in line with market value

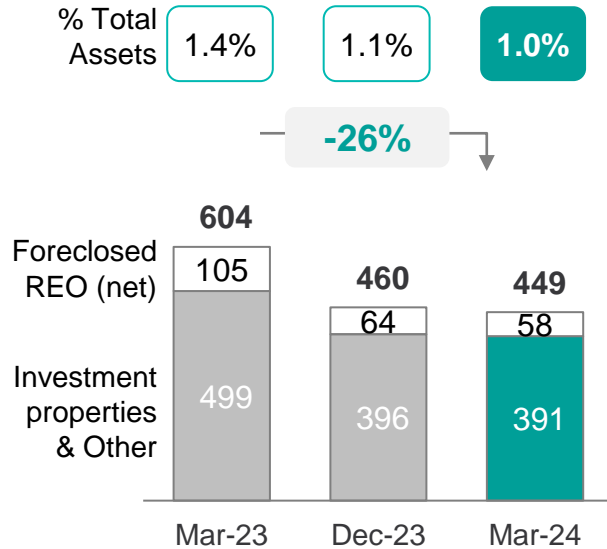
Total Stage 3 Loans

(Mar-24; %)

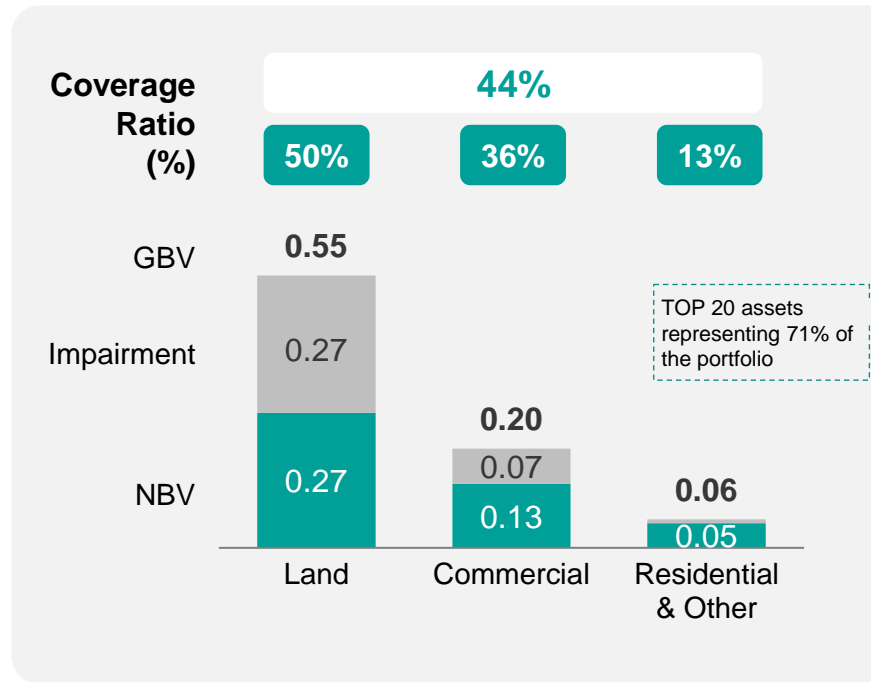


Further disposals decreasing RE exposure to €449mn (-26% YoY)

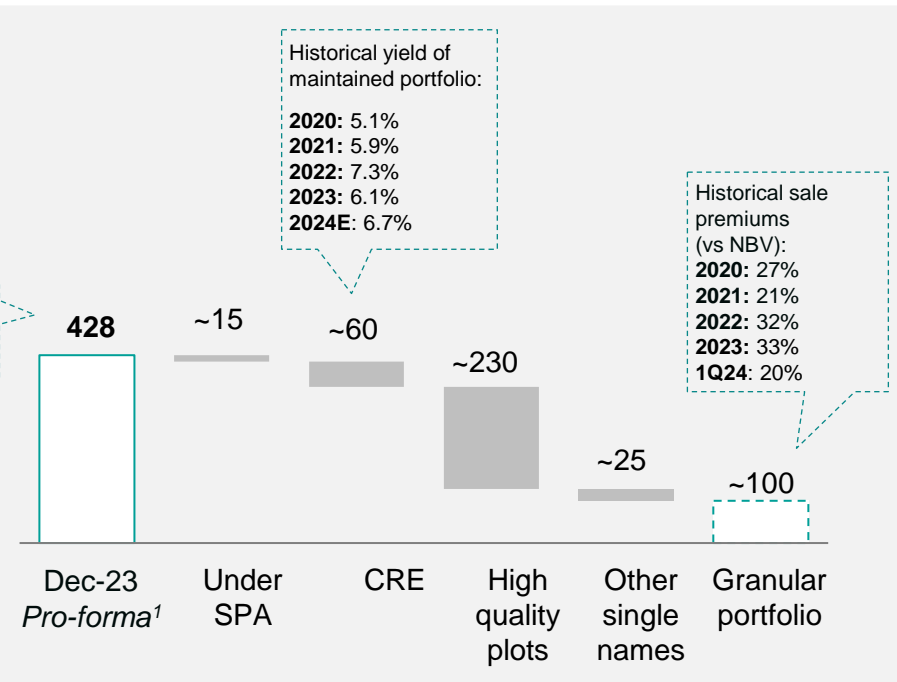
Real Estate Exposure (€mn NBV)



RE: Coverage by Asset Type (Mar-24; €bn; %)



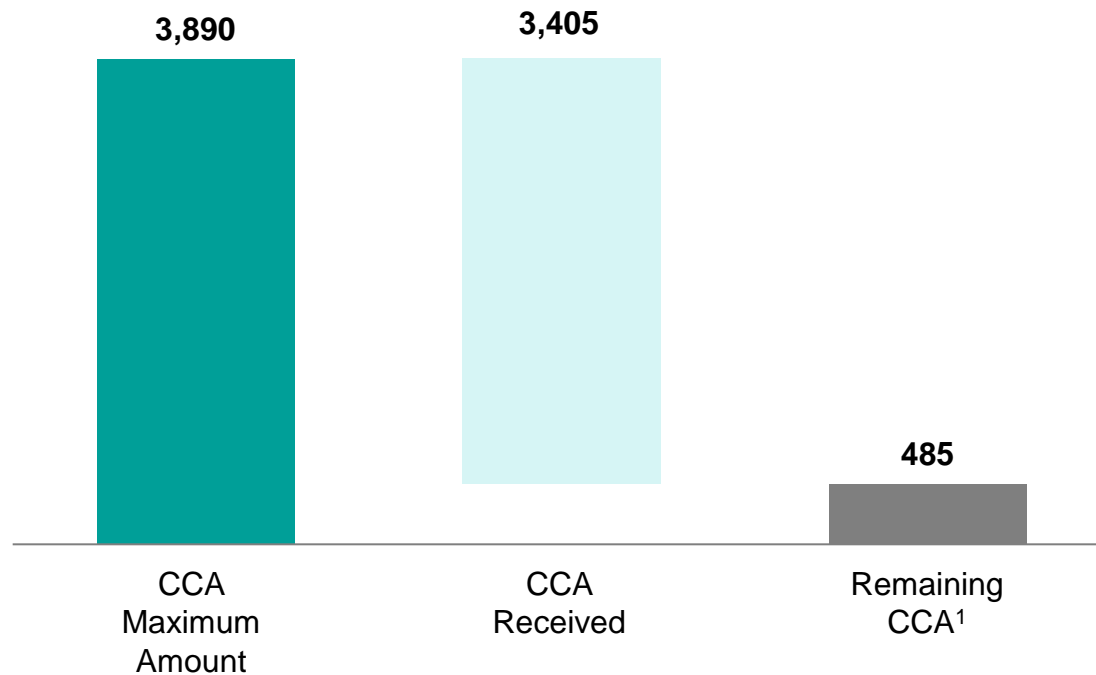
RE: breakdown (€million; %)



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

Despite restructuring completion, Contingent Capital Agreement (CCA) remains in place with €485m available to protect from downside scenarios

CCA - Contingent Capital Agreement Compensation amounts (€mn)



- 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. The agreement included minimum capital ratios and capital injections backstop from the Portuguese government. CCA was agreed on during the sale process of novobanco
- 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, novobanco is subject to a dividend ban and CCA assets are subject to a servicing agreement with FdR

Capital ratios

€mn

CAPITAL RATIOS (CRD IV/CRR) Fully Loaded		31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24
Risk Weighted Assets	(A)	23 622	22 914	21,929	21 233	21,197	21,475	21,328	20,399	20,779
Own Funds										
Common Equity Tier 1	(B)	2 419	2 558	2,746	2 787	2,996	3,241	3,524	3,703	3,952
Tier 1	(C)	2 420	2 559	2,747	2 789	2,998	3,243	3,526	3,705	3,953
Total Own Funds	(D)	2 925	3 061	3,248	3 279	3,489	3,832	4,115	4,280	4,529
Common Equity Tier 1 Ratio	(B/A)	10.2%	11.2%	12.5%	13.1%	14.1%	15.1%	16.5%	18.2%	19.0%
Tier 1 Ratio	(C/A)	10.2%	11.2%	12.5%	13.1%	14.1%	15.1%	16.5%	18.2%	19.0%
Total Capital	(D/A)	12.4%	13.4%	14.8%	15.4%	16.5%	17.8%	19.3%	21.0%	21.8%
Leverage Ratio		5.2%	5.4%	5.6%	5.8%	6.4%	7.1%	7.9%	7.9%	8.2%

Bonds outstanding and MREL eligibility

€mn; Mar-24

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value ¹	Maturity	MREL
Covered							
NOVBNC 3.25% 01/03/27	PTNOBFOM0009	EUR	500	Mar-24	499	Mar-27	N
Senior							
NOVBNC 5.5% 30/12/24	PTNOBKOM0002	EUR	100	Dec-22	101	Dec-26	Y
NOVBNC 4.25% 08/03/28	PTNOBIOM0006	EUR	500	Mar-24	501	Mar-28	Y
Subordinated							
NOVBNC 9.875% 01/12/33	PTNOBLOM0001	EUR	500	Jun-23	514	Dec-33	Y
Total 2043 Bonds			362		249		
BES Luxembourg 3.5% 02/01/43	XS0869315241	EUR	64	Jan-13	42	Jan-43	Y
BES Luxembourg 3.5% 23/01/43	XS0877741479	EUR	131	Jan-13	97	Jan-43	Y
BES Luxembourg 3.5% 19/02/2043	XS0888530911	EUR	97	Feb-13	63	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		224		
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	39	Oct-48	Y
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	47	Feb-49	Y
Banco Esp San Lux ZC 19/02/49	XS1034421419	EUR	69	Feb-14	13	Feb-49	Y
Banco Esp San Lux ZC 27/02/51	XS1038896426	EUR	108	Feb-14	18	Feb-51	Y
BES Luxembourg ZC 06/03/2051	XS1042343308	EUR	76	Mar-14	13	Mar-51	Y
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	44	Apr-48	Y
BES Luxembourg ZC 09/04/52	XS1055501974	EUR	264	Apr-14	42	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			2,666		1,590		

2043 Bonds and Zero Coupons (excluding EMTN 57):

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

Fitch, Moody's and DBRS ratings

February 2024

Fitch

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

March 2024

Moody's

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

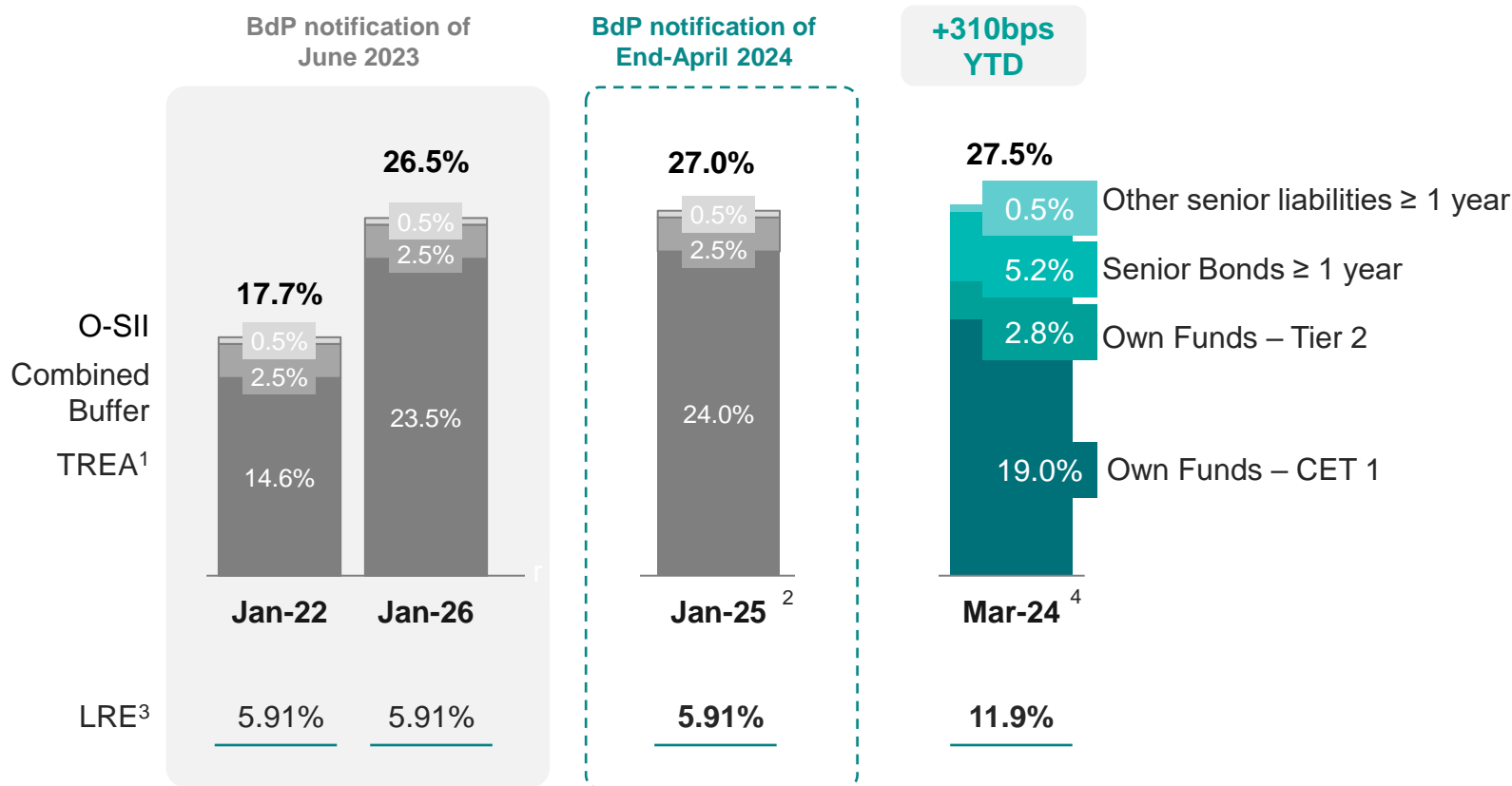
December 2023

DBRS

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

Compliant with new MREL requirement ahead of schedule

MREL requirements & ratio: (% RWA; Fully-loaded)



- In line with desire to maintain regular market access, in February 2024, novobanco successfully issued €500mn of Senior Preferred Notes with maturity in March 2028 and an early redemption option in March 2027;
- Novobanco commits to maintain an appropriate buffer over the required end-point MREL requirement (currently at 27.0%);
- As the bank expects to normalise its capital structure, a reduction⁵ of CET1 (19.0% as of Mar/24) would therefore be pre-funded by additional benchmark size MREL eligible instruments.

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

Metrics	Dec-23 Report Novobanco Upgrade			Based on run-rate 2023 (Strong- Profile)	
	Historical Ratio	Raw Score	Assigned Score	2023	Raw score
Asset Risk (25%)					
<i>Problem Loans / Gross Loans</i>	6.7%	ba2	ba2	4.4%	baa3
Capital (25%)					
<i>TCE ratio</i>	16.2%	a1	baa3	20.6%	aa3
Profitability (15%)					
<i>Net Income / Tangible Assets</i>	-0.1%	caa2	baa1	1.7%	a3
Funding Structure (20%)					
<i>Market Funds / Tangible Banking Assets</i>	25.2%	ba1	ba1	18.4%	baa2
Liquid Resources (15%)					
<i>Liquid Banking Assets / Tangible Bank Assets</i>	29.7%	baa2	ba1	26.5%	baa2
Aggregate Financial Profile		ba1	ba1		baa1

Solvency (65%)
Liquidity (35%)

Qualitative Adjustments

Total Qualitative Adjustments

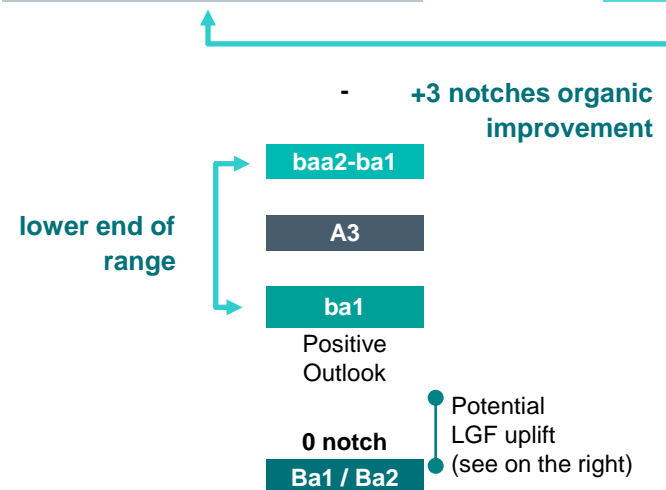
BCA range

Sovereign cap

Assigned BCA

LGF uplift

Senior/Tier 2 rating



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

Loss rate	(Volume + subordination) / TBA (%)						
	≥0 <4%	≥4% <8%	≥8% <10%	≥10% <12%	≥12% <14%	≥14% <16%	≥16%
Subordination / TBA (%)							
≥0 <4%	-1	-1	0	0	1	1	2
≥4% <8%		0	0	1	1	2	2
≥8% <10%			1	1	2	2	3
≥10% <12%				2	2	3	3
≥12%					3	3	3

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



1.6 MILLION REASONS WHY WE'RE PORTUGAL'S BANK OF THE YEAR.

This is the number of novobanco customers.

It is for each and every one of them that we work diligently every day, aiming to offer products and services adapted to their needs.

We strive to provide them with the most convenient banking experience, using secure and innovative digital channels.

We highly value their trust and we are committed to supporting their financial growth throughout their lives.

**This award is dedicated to them, and for them,
we will continue to further excel.**

novobanco

The prize is the sole responsibility of the entity who awarded it.

PUB | NOVO BANCO, S.A.

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