

Novo Banco, S.A. informs about a decision of the Arbitration Court

Novo Banco, SA (“novobanco” or the “Bank”) informs that the dispute between the Resolution Fund and novobanco regarding the decision to fully implement IFRS 9 was decided by the Arbitral Tribunal to its disadvantage.

From the Arbitration Court's decision, it was clear that novobanco took all the decisions legitimately and in good faith. It was also recognized novobanco's right to have opted for the full implementation of IFRS 9, by reversing the transitional arrangements.

However, the Arbitration Court considered that the disputed issue was not expressly contemplated in the contract and, to that extent, the court considered that novobanco could not use the contingent capital agreement calls (“CCA” mechanism) to pass on the cost of the decision to reverse the IFRS 9 transitional arrangements.

The transitional arrangement of IFRS 9 can be in place until December 31, 2022. Thus, this decision defers IFRS 9 deduction to CET1 in 66 million euros in 2021 and 66 million euros in 2022, rather than 132 million euros in 2021.

Novobanco is reviewing this decision.

Lisbon, November 3, 2021
Novo Banco, S.A.