GROUP ACTIVITY AND RESULTS
2023 FINANCIAL YEAR

PRESS RELEASE

(unaudited financial information)

Lisbon, 2 February 2024

"In 2023 the Bank presented a strong set of results, outperforming all 2023 financial guidance and establishing a track record of execution and delivery. Novobanco was also recognized by rating agencies, with Moody's upgrading by 7 notches in 2 years and reaching investment grade by Fitch, and by being awarded Bank of the Year[1] in Portugal. We remain focused on our customers and well positioned to meet their financial needs, supported by a rock solid balance sheet."

Mark Bourke, CEO

HIGHLIGHTS

CONSISTENT STRATEGY DELIVERING INCREASED PROFITABILITY

- **Net income of €743.1mn (2022: €560.8mn)**, reflecting a solid domestic business model aligned with our customers' expectations and the efficiency measures implemented in recent years.
- **In 2023, NIM reached 2.75% (2022: 1.47%), above 2023 guidance (> 2.5%). NII totalled €1,142.6mn (2022: €625.5mn)**, as a result of the favorable interest rate environment, and of the prudent management of interest rates on assets and the cost of financing.
- **Fees totaled €296.1mn**, increasing 0.9% YoY (2022: €293.3mn), with the impact from regulatory changes that reduced commissions charged on certain products, partially offsetting the overall strong underlying trend.
- **Commercial Cost to Income ratio of 33%** (2022: 49%), beating guidance of ~35%. The ratio reflects the Commercial Banking Income performance (+56.6%) versus Operating Costs (+6.9%), which were driven by continued investment in the business and inflationary pressures.
- **Cost of risk was 48bps** (2022: 44bps), for credit and corporate securities (including management overlays), consistent with 2023 guidance of ~50bps.

CONTINUED STRONG CAPITAL GENERATION

- **FL CET1 ratio increased by ~500bps YoY to 18.2%,** beating the already revised capital generation guidance of >400bps. **Total Capital ratio increased by ~560bps to 21.0%** (+165bps QoQ), which also benefited from the net increase of the Tier 2 by €100mn, following the issuance of the new €500mn 10.5NC5.5 Tier 2.
- **Strong capital generation** with tangible shareholder's equity increasing €894mn to €4,126mn (+27.7% YoY).

A RESILIENT BUSINESS MODEL WITH MARKET SHARE MOMENTUM

- **Net Customers loans at €24.5bn (stable YTD), with €3.5bn YTD origination** partially offset by increased amortization and supported by new client acquisition. The Bank has increased its footprint in the Portuguese market with **global market share at 9.8% (Nov/23; +0.2pp YTD)**.
- **Non-performing loans** (NPL) present a **reduction of 17.7% YoY to €1,133mn. Net NPL ratio stood at 0.7% (Dec/22: 1.3%) and the NPL ratio at 4.4%** (Dec/22: 5.4%; in-line with guidance of <4.5%), with a coverage level of 84.3% (Dec/22: 77.5%).
- **Total customer funds of €34.9bn** (Dec/22: €34.8bn; flat YoY), with **customer deposits at €28.1bn**. This performance is reflected in the **growth of novobanco deposit market share to 9.7%** in Nov/23 (Dec/22: 9.3%). Loan to Deposits ratio is 81.2% (Dec/22: 83.3%). As of Dec/23, novobanco had a net ECB funding position of -€4.2bn, post the reimbursement of €5.4bn from TLTRO III, and a Liquidity buffer of €13.6bn as of Dec/23 (-€0.1bn YTD). Liquidity Coverage Ratio (LCR) stood at 163% (vs. 210% in 2022) and Net Stable Funding Ratio increased to 118% (vs. 113% in 2022).

[1] In Nov/23, novobanco was awarded as "Bank of the Year in Portugal" by The Banker, a publication within the Financial Times Group

A REMARKABLE TURNAROUND, ACHIEVING AN INVESTMENT GRADE RATING

In Feb/24, Fitch assigned a 'BBB-' LT rating to novobanco's senior preferred debt. The Investment Grade rating reflects i) the turnaround of the Bank's business model; ii) a significant improvement in asset quality; iii) levels of profitability that compare favorably to peers; iv) significantly improvement of capital buffers in 2023; and v) stable funding, along with adequate liquidity.

In Nov/23, and for the third consecutive time, novobanco has received a multi-notch rating upgrade from Moody's, achieving a remarkable 5-notch rating increase within a 7-month period, moving senior unsecured debt rating to Ba1 from B3, while maintaining a "Positive Outlook".

GROUP RESULTS

In 2023, novobanco Group presents a result of €743.1mn (+€182.2mn YoY). This reflects the improvement in banking income (+€315.9mn; +28.0%) and operating costs (+€30.8mn; +6.9%; +6.2% excluding items of exceptional nature) and a level of provisioning in-line with expectations.

Income Statement (mn€)	31-Dec-22	31-Dec-23	Change	
			absolute	%
Net Interest Income	625.5	1 142.6	517.1	82.7%
+ Fees and Commissions	293.3	296.1	2.8	0.9%
= Commercial Banking Income	**918.8**	**1,438.7**	**519.9**	**56.6%**
+ Capital Markets Results	24.0	14.7	- 9.2	-38.5%
+ Other Operating Results	183.6	- 11.2	- 194.7	...
= Banking Income	**1,126.3**	**1,442.3**	**315.9**	**28.0%**
- Operating Costs	448.4	479.2	30.8	6.9%
= Net Operating Income	**678.0**	**963.1**	**285.1**	**42.1%**
- Net Impairments and Provisions	**111.2**	**173.8**	**62.6**	**56.3%**
Credit	34.5	109.4	74.9	...
Securities	67.6	32.6	- 35.1	-51.8%
Other Assets and Contingencies	9.0	31.9	22.8	...
= Income before Taxes	**566.8**	**789.3**	**222.5**	**39.3%**
- Corporate Income Tax	- 53.3	5.8	59.1	...
- Special Tax on Banks	34.1	35.3	1.1	3.4%
= Income after Taxes	**585.9**	**748.2**	**162.3**	**27.7%**
- Non-Controlling Interests	25.1	5.1	- 20.0	-79.6%
= Net Income for the period	**560.8**	**743.1**	**182.2**	**32.5%**

The net income presents a positive performance over the 4 quarters of the year, with the bottom-line performance of the last quarter of 2023 being limited by i) the payment of the extraordinary irrevocable commitment of the Deposit Guarantee Fund (€56.0mn; no impact in capital); ii) a net loss of €30.6mn from the sale of part of the securities portfolio, offset by one-off gain on forex and hedging; and iii) the constitution of the provision related to property taxation introduced by the State Budget Law of 2021, as in the last quarter of 2021 and 2022 (2021: €116mn; 2022: €57mn; 2023: €30mn).

Income Statement (mn€)	1Q23	2Q23	3Q23	4Q23	QoQ change	
					absolute	%
Net Interest Income	246.3	277.7	307.2	311.4	4.2	1.4%
+ Fees and Commissions	68.9	76.4	71.8	79.0	7.2	10.1%
= **Commercial Banking Income**	**315.3**	**354.1**	**378.9**	**390.4**	**11.4**	**3.0%**
+ Market Results	5.8	22.2	11.3	-24.6	-35.9	...
+ Other Operating Results	2.4	-7.4	19.5	-25.6	-45.1	...
= **Banking Income**	**323.5**	**368.9**	**409.7**	**340.2**	**-69.5**	**-17.0%**
- Operating Costs	111.9	113.2	114.5	139.6	25.1	21.9%
= **Net Operating Income**	**211.6**	**255.8**	**295.2**	**200.6**	**-94.6**	**-32.1%**
- **Net Impairments and Provisions**	**27.7**	**28.3**	**25.8**	**92.1**	**66.3**	**...**
Credit	26.0	21.9	17.8	43.7	25.9	...
Securities	3.9	4.8	7.0	16.9	9.8	...
Other Assets and Contingencies	-2.2	1.6	1.0	31.5	30.5	...
= **Income before Taxes**	**183.9**	**227.5**	**269.4**	**108.5**	**-160.9**	**-59.7%**
- Taxes	0.7	0.8	1.0	3.2	2.2	...
- Special Tax on Banks	34.1	0.0	1.1	0.0	-1.1	-100.0%
= **Income after Taxes**	**149.0**	**226.6**	**267.3**	**105.3**	**-162.0**	**-60.6%**
- Non-controlling Interests	0.7	1.8	2.0	0.7	-1.2	-62.3%
= **Net Income**	**148.4**	**224.8**	**265.3**	**104.6**	**-160.8**	**-60.6%**

The most relevant aspects of 4Q23 activity include:

- Commercial banking income amounted to €390.4mn, benefiting from the favorable interest rates environment, leading to a positive performance of net interest income (+1.4%; +€4.2mn) and customer services (+10.1%; +7.2mn€) increasing from higher volume of transactions;
- Results from financial operations includes a net loss of €30.6mn from the sale of part of the securities portfolio, offset by one-off gain on forex and hedging, further reducing unrealized losses on the amortized cost book to €105mn (net of hedges and taxes);
- Other operating results of -€25.6mn (-€45.1mn compared to 3Q23) include the extraordinary payment of the irrevocable commitment of the Deposit Guarantee Fund (€56.1mn; deducted already in capital);
- Operating costs total €139.6mn (€108.8mn excluding exceptional costs, stable QoQ);
- The amount allocated to impairments and provisions totaled €92.1mn (of which €43.7mn for credit, €16.9mn for securities and €31.5mn for other assets and contingencies) and which includes the provision relating to property taxation of €30mn.

NET INTEREST INCOME

Net Interest Income was €1,142.6mn (+€517.1mn YoY), as a result, on the one hand, of the favorable interest rate environment and, on the other, of the prudent management of interest rates on assets and the cost of financing.

Net Interest Income (NII) and Net Interest Margin (NIM) (mn€)	2022			2023		
	Average Balance	Avg. Rate	Income / Costs	Average Balance	Avg. Rate	Income / Costs
Interest Earning Assets	41,914	1.79%	761.3	41,046	4.16%	1,731.8
Customer Loans	25,424	2.31%	595.4	25,571	4.70%	1,219.8
Mortgage Loans	9,836	1.36%	135.9	10,033	3.85%	391.2
Consumer Loans and Others	1,430	5.96%	86.4	1,486	7.00%	105.5
Corporate Lending	14,158	2.60%	373.2	14,052	5.08%	723.1
Money Market Placements	6,308	0.20%	12.7	4,536	3.12%	143.3
Securities and Other Assets	10,181	1.48%	153.3	10,938	3.32%	368.7
Interest Earning Assets And Other	**41,914**	**1.79%**	**761.3**	**41,046**	**4.16%**	**1,731.8**
Interest Bearing Liabilities	40,230	0.32%	131.2	37,649	1.53%	582.4
Customer Deposits	28,322	0.17%	48.5	28,982	0.82%	242.0
Money Market Funding	10,455	-0.09%	-10.0	7,265	3.23%	238.2
Other Liabilities	1,452	6.30%	92.7	1,402	7.19%	102.2
Other Non-Interest Bearing Liabilities	1,684	-	-	3,397	-	-
Interest Bearing Liabilities And Other	**41,914**	**0.31%**	**131.2**	**41,046**	**1.40%**	**582.4**
NIM / NII (without stage 3 impairment adjustment)		**1.48%**	**630.1**		**2.76%**	**1149.4**
Stage 3 impairment			-4.7			-6.8
NIM / NII		**1.47%**	**625.5**		**2.75%**	**1142.6**

The rate on assets increased by 237bps, from 1.79% in 2022 to 4.16%, driven mainly by loans to customers rate which increased to 4.70% (+239bps YoY). The average balance of interest earning assets was €41.0bn (vs €41.9bn in Dec/22).

The average balance of customer deposits increased to €29.0bn, with a remuneration rate of 0.82% (2022: 0.17%), and the balance of money market funding was €7.3bn, with a rate of 3.23% (2022: -0.09%).

The favourable progression of assets interest rates (4.16%; 2022: 1.79%), more than offset the increase in liabilities interest rates (1.40%; 2022: 0.31%), with the financial margin increasing to 2.75% in the year (vs 2022: 1.47%).

FEES AND COMMISSIONS

Fees and commissions were €296.1mn (stable YoY), with fees' overall strong underlying trend partially offset by impact from regulatory changes in commissions on loans. Payments Management increased by 9.6% YoY (+€12.2mn), from higher volume of transactions, increased clients base, new pricing implemented for customer accounts and POS usage.

Fees and Commissions (mn€)	31-Dec-22	31-Dec-23	Change	
			absolute	%
Payments Management	127.2	139.4	12.2	9.6%
Commissions on Loans, Guarantees and Similar	86.6	77.8	-8.8	-10.2%
Asset Management and Bancassurance	66.1	62.4	-3.7	-5.6%
Advising, Servicing and Other	13.5	16.6	3.1	22.8%
Fees and Commissions Total	**293.3**	**296.1**	**2.8**	**0.9%**

CAPITAL MARKETS AND OTHER OPERATING RESULTS

The results of capital markets were positive at €14.7mm, including a net loss of €12mn from losses on the sale of part of the securities portfolio, offset by one-off gains on forex and hedging. The fair value reserves of the securities portfolio increased by €37.9mn during 2023.

Other operating results totalled -€11.2mn (-€194.7mn YoY), which included in 2022 a gain of €148.6mn from the sale of real estate assets (headquarters building and portfolio of logistics properties). Other operating results in 2023 include the extraordinary cost of irrevocable commitment payment of Deposit Guarantee Fund (€56.1mn), the annual contribution to the Single Resolution Fund (€15.0mn) and to the National Resolution Fund (€7.1mn), gains from credit recovery (€30.3mn) and real estate disposal (€35.6mn).

OPERATING COSTS

Operating costs increased 6.9% YoY (+€30.8mn), reflecting the continued strategic investment in digital transformation, optimization and simplification of the organization and, on the other hand, the effects of inflation. Staff costs were €252.7mn (+€19.0mn; +8.1%), general administrative expenses totalled €182.9mn (+€20.7mn; +12.8%) and depreciation rose to €43.6mn (-€8.9mn; -17.0%).

Excluding items of exceptional nature, costs totalled €430.8mn, representing an increase of 6.2% compared to the same period last year.

Commercial Cost to Income stood at 33.3% (2022: 48.8%), equivalent to 29.9% excluding items of exceptional nature (2022: 44.1%).

Operating Costs (mn€)	31-Dec-22	31-Dec-23	Change	
			absolute	%
Staff Costs	233.7	252.7	19.0	8.1%
General and Administrative Costs	162.2	182.9	20.7	12.8%
Depreciation	52.5	43.6	- 8.9	-17.0%
Operating Costs Total	**448.4**	**479.2**	**30.8**	**6.9%**

As of 31 December 2023, novobanco Group had 4,209 employees (Dec/22: 4,090; +119 YTD) and the number of branches at 290 (Dec/22: 292), of which more than 265 already aligned with the new distribution model and 236 equipped with VTM (Virtual Teller Machine).

NET IMPAIRMENTS AND PROVISIONS

In 2023, novobanco Group recorded net impairments and provisions amounting to €173.8mn, showing an increase compared to previous year (+€62.6mn; +56.3%).

The cost of risk was 48bps for loans impairments and corporate bonds (2022: 44bps), consistent with 2023 guidance, despite management overlays built-in.

Net Impairments and Provisions (mn€)	31-Dec-22	31-Dec-23	Change	
			absolute	%
Customer Loans	34.5	109.4	74.9	...
Securities	67.6	32.6	-35.1	-51.8%
Other Assets and Contingencies	9.0	31.9	22.8	...
Net Impairments and Provisions Total	**111.2**	**173.8**	**62.6**	**56.3%**

ACTIVITY, LIQUIDITY AND CAPITAL MANAGEMENT

CUSTOMER LOANS

As a Portuguese universal Bank, novobanco mission is to be the Bank to trust, which supports families and companies throughout their lives, through a robust and disciplined loan granting policy. This support has been across all sectors and all companies, with a special focus on exporting SMEs and companies that incorporate innovation in their products, services or production systems, increasingly following a sustainability guideline (ESG).

Customer Loans (mn€)	31-Dec-22	31-Dec-23	YTD Change	
			absolute	%
Loans to corporate customers	**14 244**	**13 819**	**- 425**	**-3.0%**
Loans to Individuals	**11 373**	**11 669**	**296**	**2.6%**
Residential Mortgage	9 978	10 058	80	0.8%
Other Loans	1 395	1 611	216	15.5%
Customer Loans (gross)	**25 617**	**25 489**	**- 129**	**-0.5%**
Customer Loans Provisions	1 066	955	- 112	-10.5%
Customer Loans (net)	**24 551**	**24 534**	**- 17**	**-0.1%**

Loans to customers (gross) totalled €25.5bn (-0.5% YTD), of which corporate customers represented 54% (Dec/22: 56%), Residential Mortgage 40% (Dec/22: 39%) and other loans to individuals 6%. In 2023, loan origination totalled €3.5bn (2022: €3.9bn), of which 48% corporate, 40% mortgage and 12% consumer and others.

The asset quality indicators of December 2023, and comparison with previous year, are presented below:

Asset Quality and Coverage Ratios (mn€)	31-Dec-22	31-Dec-23	YtD Change	
			absolute	%
Overdue Loans > 90 days	317	338	21	6,5%
Non-Performing Loans (NPL)	1 376	1 133	- 244	-17,7%
Overdue Loans > 90 days / Customer Loans (gross)	1,2%	1,3%	0,1 p.p.	
Non-Performing Loans (NPL) Ratio [1]	**4,3%**	**3,6%**	**-0,7 p.p.**	
Non-Performing Loans (NPL) Ratio [2]	**5,4%**	**4,4%**	**-0,9 p.p.**	
Credit provisions / Customer Loans	4,2%	3,7%	-0,4 p.p.	
Coverage of Overdue Loans > 90 days	336,0%	282,4%	-53,6 p.p.	
Coverage of Non-Performing Loans [1]	**77,5%**	**84,3%**	**6,8 p.p.**	
Coverage of Non-Performing Loans [2]	**77,5%**	**84,3%**	**6,8 p.p.**	
Net Non-Performing Loans [1]	**1,0%**	**0,6%**	**-0,4 p.p.**	
Net Non-Performing Loans [2]	**1,3%**	**0,7%**	**-0,5 p.p.**	

[1] Includes Deposits and Loans and advances to Banks and Customer Loans
[2] Excludes Deposits and Loans and advances to Banks and Customer Loans

Non-performing loans (NPL) present a reduction of 17.7% YoY to €1,133mn. Net NPL ratio stood at 0.7% (Dec/22: 1.3%) and the NPL ratio at 4.4% (Dec/22: 5.4%), with a coverage level of 84.3%. Including deposits and Loans and advances to Banks, the net NPL ratio was 0.6% and the NPL ratio was 3.6%.

As of December 2023, novobanco exposure to Real Estate decreased 15% to €460.1mn, representing 1.1% of novobanco total assets. The YoY decrease reflects the disposals throughout the year, with gains (€35.6mn) held in Other Operating Results.

SECURITIES

The securities portfolio, which is the main source of assets eligible for funding operations with the European Central Bank (ECB), amounted to around €9.3bn as of 31 December 2023, representing 21.4% of assets, of which 85% was accounted at amortised cost with unrealised marked to market losses of €105mn (net of hedges and taxes).

Securities portfolio (mn€)	31-Dec-22	31-Dec-23	YTD Change	
			absolute	relative
Portuguese sovereign debt	981	851	- 130	-13.3%
Other sovereign debt	5 151	4 260	- 891	-17.3%
Bonds	4 126	3 850	- 276	-6.7%
Other	387	331	- 56	-14.5%
Securities portfolio Total (net of impairment)	**10 646**	**9 292**	**-1 353**	**-12.7%**

FUNDING

Total customer funds of €34.9bn (Dec/22: €34.8bn), of which deposits represent 80.7%. As of Dec/23, Customer deposits totalled €28.1bn (Dec/22: €28.4bn), with performance being reflected in the growth of novobanco's deposit market share to 9.7% in Nov/23 (Dec/22: 9.3%).

Total Funds (mn€)	31-Dec-22	31-Dec-23	YTD change	
			absolute	%
Deposits	28 412	28 140	- 272	-1.0%
Other Customer Funds [1]	866	1 844	978	...
Debt Securities	1 169	606	- 563	-48.1%
Subordinated Debt	416	502	86	20.7%
Sub -Total	**30 862**	**31 092**	**230**	**0.7%**
Off-Balance Sheet Funds	3 933	3 770	- 162	-4.1%
Total Funds	**34 795**	**34 862**	**67**	**0.2%**

(1) Includes checks and pending payment instructions, Repos and other funds.

LIQUIDITY

As of 31 December 2023, novobanco Liquidity Coverage Ratio (LCR) stood at 163% (Dec/22: 210%) and Net Stable Funding Ratio increased to 118% (Dec/22: 113%), both above the regulatory requirement.

In terms of assets, the loan portfolio (gross) stood at €25.5bn in 2023, stable YoY, and securities portfolio decreased by €1.4bn YoY, mainly due to redemptions and sales occurred during the last quarter of 2023 in the amortised cost treasury portfolio.

Customer deposits in 2023 totalled €28.1bn (Dec/22: €28.4bn), decreasing €0.3bn YoY. During the year, after a €0.9bn decrease in the first quarter mainly due to higher yielding savings product from the government, customer deposits recovered and remained mostly stable throughout the year.

Regarding market funding, despite the new €500mn Tier 2 bond issued in May, during the second and third quarter of 2023, the Bank redeemed €1.0bn of market funding, €700mn through the early redemption on the existing Tier 2 bond (€400mn) and the senior preferred bond due 2024 (€300mn) and €275mn which reached final maturity in September 2023. In December 2023, a senior private placement of €100mn was also extended by 2-years at

5.5%. The Bank also continued its strategy of replacement of the TLTRO III funding lines, further increasing its repo interbank funding, which by the end of 2023 increased by €2.6bn to €5.2bn (Dec/22: €2.6bn).

Benefitting from the increase in own funds and issuance during the year, Minimum Requirement for own funds and Eligible Liabilities (MREL) as a percentage of Total Risk Exposure Amount (TREA) reached 24.7% as of 31 December 2023 (preliminary figures), above the linear progression of MREL requirements:

MREL Requirements:
(BdP notification of June 2023; %)

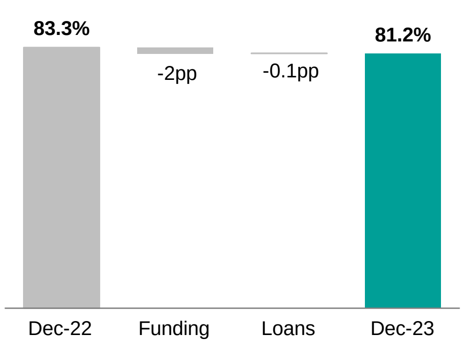
	Jan/22	Jan/26
TREA[1]	14.64%	23.47%
Combined Buffer	2.52%	n.a.[2]
O-SII (LSF Nani)	0.50%	n.a.[2]
Total	**17.66%**	**23,47% + Buffers**
LRE [3]	**5.91%**	**5.91%**

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

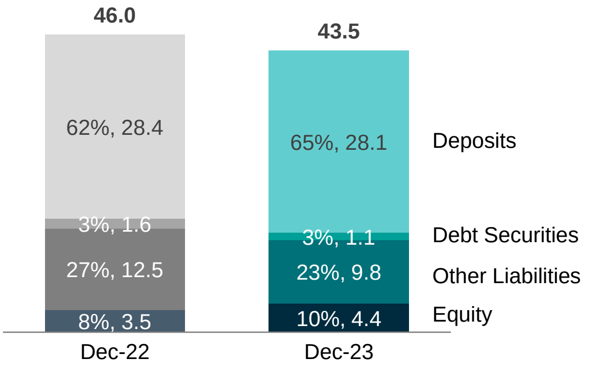
On 31 December 2023, gross funding from the ECB amounted to €1.2bn, of which €1.0bn corresponds to the final tranche of TLTRO III which will mature in December 2024, representing a decrease of €5.1bn YoY, (Dec/22: €6.3bn). Also, as of 31 December 2023, deposits at the ECB totalled €5.4bn (Dec/22: €5.9bn; -€0.5bn YoY), while net funding from the ECB (funding taken from the ECB minus deposits with the Europeans Central Banks) went from €0.4bn on 31 December 2022 to -€4.2bn on 31 December 2023, turning to a net lending position.

On 31 December 2023, the portfolio of eligible assets for rediscount with the European Central Bank stood at €14.2bn, a €2.7bn decrease versus 31 December 2022, mainly due to the reduction of the securities portfolio. The available amount of eligible assets for rediscount with the ECB totalled €7.3bn (net of haircuts), an increase of €0.3bn YoY. In addition to the abovementioned, novobanco has HQLA assets non-eligible with the ECB and deposits at ECB, which makes up to a total liquidity buffer of €13.6bn, mostly composed of high-quality liquid assets.

Loan to Deposit Ratio
(%)



Funding Structure
(%; € billion)



CAPITAL

In the period, fully loaded CET1 ratio increased by ~500bps to 18.2% while the Total Capital ratio increased by ~560bps to 21.0% (vs Dec/22: 13.1% and 15.4% respectively). The organic capital generation reflects the capital accretive business model with solid top-line performance, efficient operations and disciplined capital allocation. YTD performance of Total capital ratio also benefited from the net increase of €100mn of Tier 2 instruments, following the issuance of the new €500mn Tier 2 due in 2033.

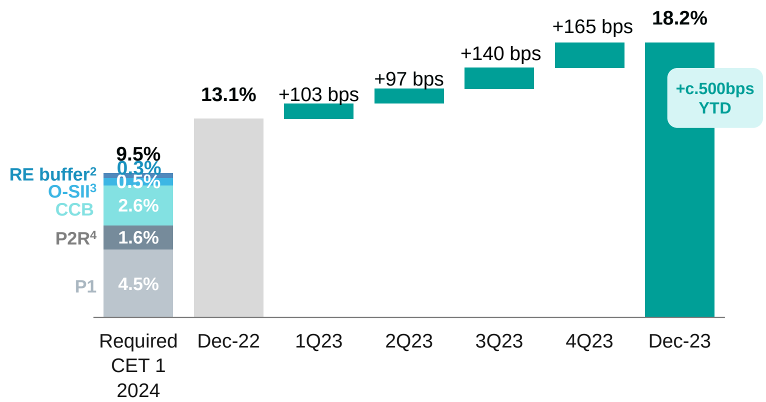
Capital Ratios (CRD IV/CRR) (€mn)		31-Dec-22 (fully loaded)	31-Dec-23 (fully loaded) *
Risk Weighted Assets	(A)	21 233	20 399
Own Funds			
Common Equity Tier 1	(B)	2 787	3 703
Tier 1	(C)	2 789	3 705
Total Own Funds	(D)	3 279	4 280
Common Equity Tier 1 Ratio	(B/A)	13.1%	18.2%
Tier 1 Ratio	(C/A)	13.1%	18.2%
Solvency Ratio	(D/A)	15.4%	21.0%
Leverage Ratio		**5.8%**	**7.9%**

* preliminary

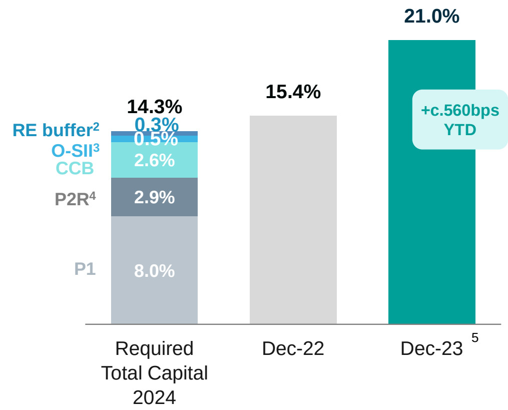
None of the amounts not paid by the Resolution Fund under the Contingent Capital Agreement were considered in the calculation of regulatory capital. Novobanco considers the unpaid amounts in respect of financial year 2020 and 2021 as due under the Contingent Capital Agreement and has triggered the legal and contractual mechanisms at its disposal to ensure its receipt.

With respect to the amount requested to the Resolution Fund for the year 2020, two differences remain between novobanco and the Resolution Fund, concerning (i) the provision for discontinued operations in Spain and (ii) the valuation of participation units, which are being settled in an arbitration proceeding in progress, under which the difference regarding the application by novobanco, at the end of 2020, of the dynamic approach of the IFRS 9 transitional arrangements is also being assessed.

CET 1
(fully loaded[1]; %)



Total Capital
(fully loaded[1]; %)



(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) P2R in 2024 is 2.85%, which represents a decrease of 15bps; (5) Total capital ratio also benefited from +€100mn Tier 2 upsize

BUSINESS SEGMENTS

novobanco Group activities are centered on the financial sector targeting corporate, institutional and private individual customers. Its decision center is in Portugal, making the domestic territory its main market. The products and services rendered include deposit taking, granting of loans to corporate and private customers, investment fund management, broker and custodian services and the commercialization of life and non-life insurance products, among others.

When evaluating performance by business area, the Group considers the following Operating Segments: (1) Retail, which essentially includes the activity of private and small business clients; (2) Corporate, which includes the activity of other companies and institutions; and (3) Support Function. Each segment integrates the novobanco structures that directly relate to it, as well as the units of the Group whose businesses are mainly related to the segments. The individual and independent monitoring of each operating unit of the Group is complemented, at the Executive Board of Directors of novobanco level, by the definition of specific strategies and commercial programs for each unit.

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.

€ million	Dec-22				Dec-23							
	Retail	SMEs and corporate	Support Functions	Total	Retail	*Abs. Change*	SMEs and corporate	*Abs. Change*	Support Functions	*Abs. Change*	Total	*Abs. Change*
Commercial Banking Income	450	430	39	**919**	845	395	643	213	-49	-88	**1,439**	520
Banking Income	468	449	209	**1,126**	847	379	681	232	-86	-295	**1,442**	316
Operating Costs	286	91	71	**448**	318	32	99	8	62	-9	**479**	31
Net Operating Income	181	358	138	**678**	528	347	582	223	-148	-286	**963**	285
Net Impairments and Provisions	10	87	14	**111**	54	44	90	3	30	16	**174**	63
Income before Taxes	**171**	**272**	**124**	**567**	**474**	**303**	**492**	**220**	**-177**	**-301**	**789**	**222**
Total Assets	14,312	13,364	18,319	**45,995**	14,614	302	13,942	578	14,945	-3,375	**43,500**	(2,495)
Customer Loans (net)	13,164	11,385	1	**24,551**	13,425	260	11,092	-293	17	16	**24,534**	(17)
Net Interest margin	1.20%	2.53%	0.27%	**1.47%**	3.02%	1.82 p.p	3.89%	1.36 p.p	-0.40%	-0.67 p.p	**2.75%**	1.28 p.p
Cost to Income	63.6%	21.1%	-	**48.8%**	37.7%	-25.9 p.p	15.4%	-5.7 p.p	-	-	**33.3%**	-15 p.p

In 2022, the results of the Support functions include €148.6mn of gains from the sale of real estate assets and from the sale of headquarters building accounted as Other operating results. In 2023, Support functions include the extraordinary cost of irrevocable commitment payment of Deposit Guarantee Fund (€56.1mn).

RETAIL BANKING

Since 2021, novobanco's Retail segment has carried out a strong adjustment of its customer service structure, reshaping its geographic presence and deeply changing the service experience, in a move to deepen long-term relationships with clients and balancing between the convenience of the digital channels and the importance of face-to-face service to clients. Currently, more than 265 branches operate under the new distribution model and 236 have a VTM (Virtual Teller Machine; +46 vs Dec/22), which offers advanced transaction management solutions and stands out as a tool towards branch efficiency and customer satisfaction.

New clients acquisition continues to evolve positively (more than +45% vs 2022), being supported by initiatives such as (i) wage domiciliation; (ii) client loyalty program aimed at strengthening and deepening the commercial relationship; and (iii) cross segment program, through which employees of companies with a protocol with novobanco have access to preferential conditions in several of the bank's products and services, covering around 300,000 employees in more than 25,000 companies.

As part of the ongoing digital transformation, a Contact Hub, that leverages virtual assistants and AI to efficiently manage remote contacts, has been deployed, enhancing customer experience by responding promptly and routing clients to the right channels. The customer-first approach was also extended to debit and credit cards, with features like card tokenization, the introduction of Google Pay and Apple Pay digital wallets, making global payments convenient, and new app features were deployed. Furthermore, on the sustainability front, commercial initiatives included using 100% recycled and biodegradable PVC cards, as well as recycling expired cards for urban furniture, reducing environmental impact, and offering a broader range of financial products, like the 18.25 account, which ensures zero CO2 emissions.

As of December, Loans to Customers (net) totalled €13.4bn (+2% YTD; including small business loans), mainly as the result of solid mortgage origination (+€1.4bn; +14% YoY) following the successful strategy of partnerships with Credit Intermediaries, which represent the bank's largest channel of distribution of this product. As of November, novobanco's mortgage market share was 9.1% (flat YTD). In the period, the customer base of the small business increased by 13%, with work accident insurance, multi-risk insurance and service accounts increasing by 28%, 28% and 14%, respectively.

The Net Interest Margin increased to 3.02% (+182 bps YoY), which together with higher volumes and commercial activity resulted in €845mn of Commercial Banking Income (+88% YoY). Operating costs increased by 11% YoY, to €318mn, leading to a Commercial Cost to Income ratio of 37.7% in the period.

All in all, the Retail segment had an Income before Tax of €474mn (2022: €171mn) driven by the commercial performance and a favourable interest rates environment.

CORPORATE BANKING

Positioning as a customer-centric bank offering a distinctive experience, novobanco has two hubs dedicated to large corporate customers (Oporto and Lisbon) and 20 business centres distributed throughout the country, with specialised teams dedicated to the medium-sized companies' segment. On the top of the physical hubs, there is a new online corporate bank aiming to simplify the day-to-day of corporate customers and enhanced functionalities, such a as in short-term loans and treasury management. Strong digital engagement among Corporate Customers, with about 80% actively using digital channels, leading to a 0.8p.p. increase in the satisfaction index for website user experience.

Novobanco continued to strengthen its commitment to Portuguese companies, to which it provided a set of solutions for investment and working capital needs, with significant growth in short-term loans, especially through factoring and confirming, driving annual increases of 8% in cumulative invoicing undertaken and a market share of 11% in factoring. This underpinned the continued growth of the corporate customer base, with high levels of penetration as in the Portuguese SMEs (55%) and large companies (70%), are novobanco customers. The bank thus occupies a leading position in terms of support provided to the Portuguese companies, with market shares of 14.3% in loans (Dec-22: 14.5%) and 13.9% of deposits from Non-financial Companies (+1.7pp YTD), reflecting companies' confidence in novobanco.

Novobanco maintains a strong presence in the exports sector, with a wide range of products and specialised advice for international trade, being about 60% of national exports made by novobanco clients. The know-how in this segment is reflected in a 20.1% market share (+1.5pp YTD) and by being, for the 6th consecutive year, elected the best Trade Finance Bank in Portugal by Global Finance.

With regards to Payments Solutions, the simplification and innovation was reflected in a POS (point of sale) market share to 15.9%.

As a result of the commercial strategy in place, as of December 2023, Loans to Customers (net) totalled €11.1bn (-2.6% YoY). Reflecting the interest rates environment, in the period, Net Interest Margin increased to 3.89% (+136bps YoY), which resulted in Commercial Banking Income of €643mn (+50% YoY). Operating costs increased 9% to €99mn. All in all, Income before Tax totalled €492mn (+81% YoY; +€220mn).

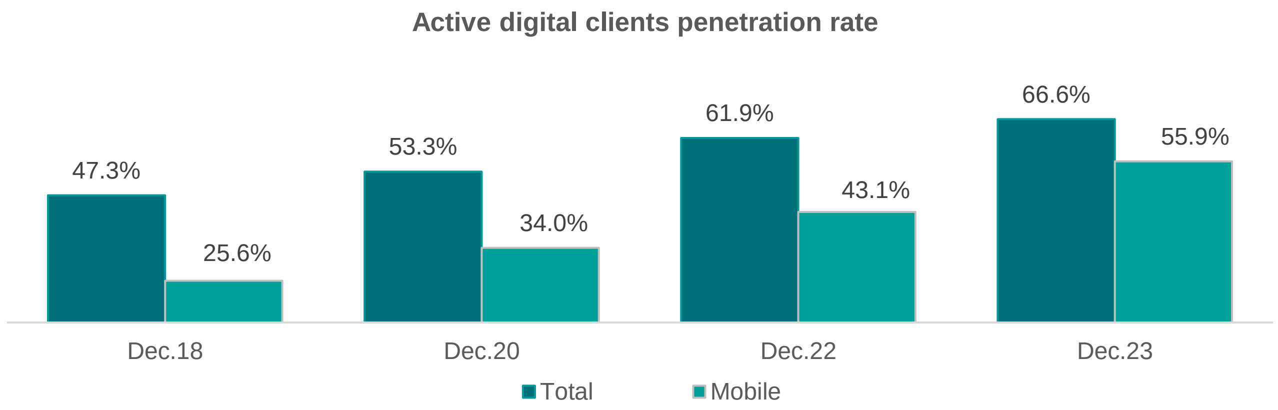
Digital Transformation

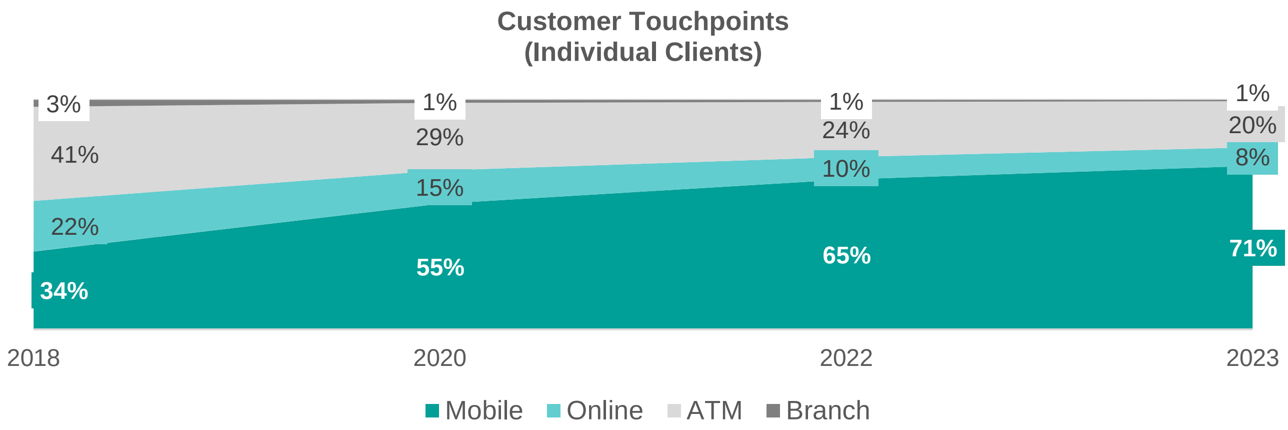
As a customer-centric bank, novobanco pursues the following goals through digital transformation, in both the Corporate and Retail segments:

- to accelerate front-to-back digitisation to improve experience and efficiency in the approach to the customer journeys and the transformation of the operating model, and
- to transform the digital channels to provide a fully omnichannel experience and greater personalisation, leveraging on best-in-class data science.

This strategy drove an increase in active digital customers, to 66.6% by Dec/23 (+5pp YoY; the number of digital customers increased by 15% YoY) and annual growth of 25% in the number of active mobile customers (56% of customers are mobile vs 48% in Dec/22).

In 2023, more than 70% of the operations in the individual client's segment were carried out in self-service mode, this figure increased to 84% and 94% in the small businesses and medium-large companies' segments, respectively. In turn, this underpinned an increase in the share of digital sales of Insurance (+107% YTD; 8% of segment sales; +3pp YoY), Credit Cards (+122% YTD; 5% of sales; +1pp YoY) and Personal Loans (+27% YTD; 8% of segment sales; +3pp YoY).





In the period, 79% of individual clients' contacts with novobanco were made through the digital channels (+4 pp YoY). Reflecting a reinforced focus on a "mobile digital first" strategy, mobile continues to be the main means of contact of individual clients, with annual interactions (as measured by the number of *logins*) growing by 30%.

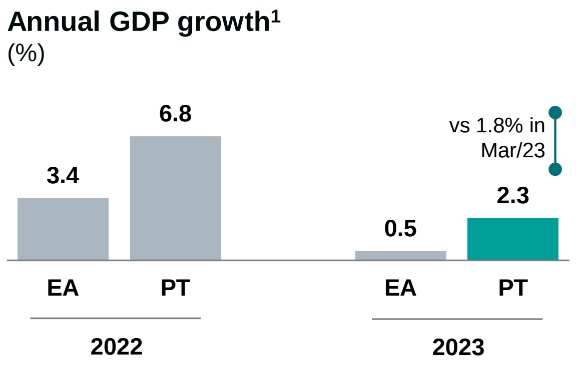
ECONOMIC ENVIRONMENT

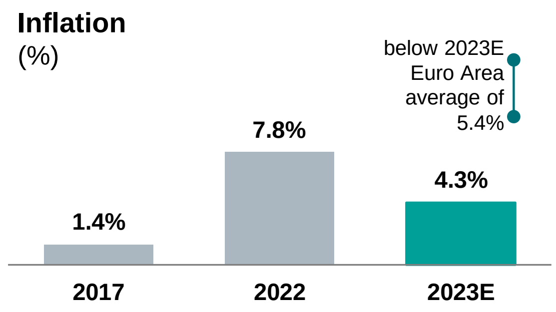
The global economy and financial markets faced several headwinds in 2023, including: (i) the ongoing conflict in Ukraine; (ii) the collapse of medium-sized regional American banks as a result of their excessive exposure to interest rate risk; (iii) persistently high inflation and rising interest rates for much of the year; and (iv) a new war between Israel and Hamas, fuelling tensions in the Middle East. The cooling of demand for goods and the slowdown in international trade led to a contraction in manufacturing activity. Notwithstanding these adverse factors, activity growth turned out to be better than expected, especially in the US, where GDP rose 2.5%, after 2.1% in 2022. The Euro Area, more penalised by the contraction in manufacturing, the cooling of international trade in goods and the impact of rising interest rates, saw GDP growth fall from 3.4% to 0.5% in 2023. In China, the economy expanded by 5.2% in 2023, after growing by 3% in 2022, supported by the removal of Covid-19 restrictions. Nevertheless, the economy remained constrained by problems in the real estate sector. Unemployment rates remained low in the US (up from 3.4% to 3.7% of the labour force) as well as in the Euro Area (down from 6.7% to 6.4%), contributing to a rise in wages. The relatively favourable performance of the global economy in 2023 also benefited from falling energy prices. The price of oil (Brent) fell by 17% in average annual terms, to $77/barrel. In Europe, the price of natural gas slumped by 68.8% (annual average) to €32.4 MW/h. In this context, year-on-year inflation fell from 6.5% to 3.4% in the US and from 9.2% to 2.9% in the Euro Area.

Persistent inflation until the 3rd quarter led the main central banks to raise their benchmark interest rates to "sufficiently restrictive" levels. The Fed raised the fed funds target rate by 100 bps until July, to 5.25%-5.5%, while the ECB lifted key rates by 200 bps until September, leaving the refi rate at 4.5% and the deposit facility rate at 4%. In this context, the 3-month Euribor rose from 2.162% to an annual peak of 4.002% in November, after which it fell back to 3.909% by the end of the year. The market's expectation of lower policy rates in 2024 led yields on Government bonds to fall sharply at the end of the year. After rising from 3.875% to close to 5% by October, the 10-year Treasury yield slid back to 3.879%. The yield on the 10-year Bund rose from 2.571% to close to 3% between January and May, subsequently retreating to 2.024%. Lower inflation in the context of a soft landing and the prospect of falling interest rates in 2024 benefited the stock market and contributed to keeping credit spreads contained. In the US, the S&P 500 and Nasdaq stock indices surged by 24.2% and 43.4%, respectively, with the technology sector also gaining from the positive expectations fuelled by advancements in artificial intelligence. In Europe, the Euro Stoxx and DAX were up by 12.7% and 20.3%. The euro rose by 3.3% against the dollar, to €/$ 1.1064.

In Portugal, GDP increased by 2.3% in 2023, above expectations, after rising by 6.8% in 2022. Economic activity remained strong in the first quarter, supported by resilient private consumption and, above all, by the buoyancy of exports, including tourism. In the 2nd and 3rd quarters, there was a slowdown, reflecting the impact of rising interest rates on domestic demand and the cooling of external demand. But activity growth increased again in the 4th quarter. In the full year, private consumption grew by 1%, retreating from 5.6% in 2022. The average annual inflation rate fell from 7.8% to 4.3%. The average annual unemployment rate rose only moderately, from 6.1% to 6.5% of the labour force, with a more visible increase towards the end of the year. Gross fixed capital formation slowed from 3% to 0.9%, with lower private investment intentions contributing to declines in new lending flows to housing and non-financial corporations.

NPL ratios remained contained in all segments (2.9% in the 3rd quarter). House prices decelerated slightly, rising by 7.6% YoY in the 3rd quarter. The number of house transactions fell by 18.9% YoY. With economic activity expanding above the average for the Euro Area and public and external accounts improving, Fitch and Moody's upgraded Portugal's sovereign rating from BBB+ to A- and from Baa2 to A3, respectively. The spread of the Portuguese 10-year Treasury Bond yield to the German benchmark narrowed from 102 bps to 73 bps in the full year.





(1) Source: Bank of Portugal; 2023E PT expectaction from BdP as of Dec/23; European average – ECB (Dec/23);

MAIN INDICATORS

Main Highlights	31-Dec-22	31-Dec-23
Activity (€mn)		
Net Assets	45 995	43 501
Customer Loans (gross)	25 617	25 489
Customer Deposits	28 412	28 140
Equity	3 512	4 422
Solvency		
Common EquityTier I / Risk Weighted Assets	13.1%	18.2%[4]
Tier I / Risk Weighted Assets	13.1%	18.2%[4]
Total Capital / Risk Weighted Assets	15.4%	21.0%[4]
Leverage Ratio	5.8%	8.1%[4]
Liquidity (€mn)		
European Central Bank Funding [3]	385	-4,246
Eligible Assets for Repo Operations (ECB and others), net of haircut	16 917	14 217
(Total Credit - Credit Provision) / Customer Deposits [2]	83%	81%
Liquidity Coverage Ratio (LCR) [4]	210%	163%[4]
Net Stable Funding Ratio (NSFR) [4]	113%	118%[4]
Asset Quality		
Overdue Loans > 90 days / Customer Loans (gross)	1.2%	1.3%
Non-Performing Loans (NPL) / (Customer Loans + Deposits with banks and Loans and advances to banks)	4.3%	3.6%
Non-Performing Loans (NPL) / Customer Loans	5.4%	4.4%
Credit Provision / Overdue Loans > 90 days	336.0%	282.4%
Credit Provision / Customer Loans (gross)	4.2%	3.7%
Cost of Risk (base points) [1]	44	48
Profitability		
Net Income for the Period (mn€)	560.8	743.1
Income before Taxes and Non-controlling interests / Average Net Assets [2]	1.2%	1.7%
Banking Income / Average Net Assets [2]	2.5%	3.3%
Income before Taxes and Non-controlling interests / Average Equity [2]	17.8%	21.2%
Return on Tangible Equity (RoTE)	19.0%	20.4%
Efficiency		
Operating Costs / Banking Income [2]	39.8%	33.2%
Operating Costs / Commercial Banking Income	48.8%	33.3%
Staff Costs / Banking Income [2]	20.7%	17.5%
Employees (No.)	4090	4209
Branch Network (No.)	292	290

(1) Includes credit, securities and initial fair value

(2) According to Banco de Portugal Instruction n. 16/2004, in its version in force

(3) Includes funds from and placements with the ESCB; positive = net borrowing; negative = net lending

(4) Preliminary

FINANCIAL STATEMENTS

NOVO BANCO, S.A.

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2023 AND 2022

thousands of Euros

	31.12.2023	31.12.2022
Interest Income	1 955 662	834 679
Interest Expenses	(813 078)	(209 204)
Net Interest Income	**1 142 584**	**625 475**
Dividend income	2 133	5 035
Fees and commissions income	339 061	337 335
Fees and commissions expenses	(44 746)	(47 155)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(58 055)	(88 255)
Gains or losses on financial assets and liabilities held for trading	4 418	149 212
Gains or losses on financial assets mandatorily at fair value through profit or loss	26 633	(40 493)
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	79	116
Gains or losses from hedge accounting	32 112	(1 713)
Exchange differences	24 369	6 789
Gains or losses on derecognition of non-financial assets	27 901	83 289
Other operating income	106 231	214 005
Other operating expenses	(124 054)	(118 357)
Operating Income	**1 478 666**	**1 125 283**
Administrative expenses	(435 577)	(395 870)
Staff expenses	(252 704)	(233 707)
Other administrative expenses	(182 873)	(162 163)
Cash contributions to resolution funds and deposit guarantee schemes	(78 481)	(41 155)
Depreciation	(43 588)	(52 493)
Provisions or reversal of provisions	(45 699)	(39 245)
Commitments and guarantees given	628	2 685
Other provisions	(46 327)	(41 930)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(141 893)	(101 882)
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	7 406	21 546
Impairment or reversal of impairment on non-financial assets	6 351	8 375
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	7 215	8 354
Profit or loss before tax from continuing operations	**754 400**	**532 913**
Tax expense or income related to profit or loss from continuing operations	(5 769)	53 301
Current tax	(15 134)	(10 048)
Deferred tax	9 365	63 349
Profit or loss after tax from continuing operations	**748 631**	**586 214**
Profit or loss from discontinued operations	(412)	(270)
Profit or loss for the period	**748 219**	**585 944**
Attributable to Shareholders of the parent	**743 088**	**560 842**
Attributable to non-controlling interests	5 131	25 102
	748 219	**585 944**

NOVO BANCO, S.A.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023 AND 2022

thousands of Euros

	31.12.2023	31.12.2022
ASSETS		
Cash, cash balances at central banks and other demand deposits	5 867 189	6 599 078
Financial assets held for trading	436 148	171 810
Financial assets mandatorily at fair value through profit or loss	264 912	313 702
Financial assets designated at fair value through profit or loss	-	13
Financial assets at fair value through other comprehensive income	838 523	2 331 099
Financial assets at amortised cost	32 452 537	32 559 148
Securities	7 870 536	7 964 664
Loans and advances to banks	47 940	43 548
Loans and advances to customers	24 534 061	24 550 936
Derivatives – Hedge accounting	683 063	562 845
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(83 498)	(165 144)
Investments in subsidiaries, joint ventures and associates	118 701	119 744
Tangible assets	757 549	798 831
Tangible fixed assets	363 754	299 264
Investment properties	393 795	499 567
Intangible assets	86 748	69 832
Tax assets	931 036	956 000
Current Tax Assets	29 376	32 570
Deferred Tax Assets	901 660	923 430
Other assets	1 117 258	1 618 484
Non-current assets and disposal groups classified as held for sale	30 624	59 587
Total Assets	**43 500 790**	**45 995 029**
LIABILITIES		
Financial liabilities held for trading	100 639	99 386
Financial liabilities measured at amortised cost	37 330 355	40 987 177
Deposits from central banks and other banks	5 745 326	9 705 154
(of which: repos)	3 867 053	2 150 824
Due to customers	29 984 273	29 277 858
(of which: repos)	1 366 382	450 906
Debt securities issued, Subordinated debt and liabilities associated to transferred assets	1 107 585	1 628 897
Other financial liabilities	493 171	375 268
Derivatives – Hedge accounting	124 729	119 578
Fair value changes of the hedged items in portfolio hedge of interest rate risk	62 049	-
Provisions	430 829	413 432
Tax liabilities	10 808	8 427
Current Tax liabilities	10 808	7 582
Deferred Tax liabilities	-	845
Other liabilities	1 005 846	839 919
Liabilities included in disposal groups classified as held for sale	13 107	15 492
Total Liabilities	**39 078 362**	**42 483 411**
EQUITY		
Capital	6 567 844	6 304 661
Accumulated other comprehensive income	(1 070 125)	(1 234 573)
Retained earnings	(8 577 074)	(8 577 074)
Other reserves	6 736 004	6 439 418
Profit or loss attributable to Shareholders of the parent	743 088	560 842
Minority interests (Non-controlling interests)	22 691	18 344
Total Equity	**4 422 428**	**3 511 618**
Total Liabilities And Equity	**43 500 790**	**45 995 029**

GLOSSARY

INCOME STATEMENT	
Fees and Commissions	Fee and commission income less fee and commission expenses
Commercial banking income	Net interest income and fees and commissions
Capital markets results	Dividend income, gains or losses on the 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 that must be accounted for at fair value through profit or loss, gains or losses on financial assets and liabilities accounted for at fair value through profit or loss, gains or losses from hedge accounting and exchange differences
Other operating results	Gains or losses on the derecognition of non-financial assets, Other operating income, Other operating expenses, Proportion of profits or losses from investments in subsidiaries and joint ventures and associates accounted for using the equity method
Banking Income	The sum of Net interest income, Fees and commissions, Capital markets results and Other operating 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 of financial assets not measured at fair value through profit or loss, Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates and Impairment or reversal of impairment of non-assets financial
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 non-tradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
Securities portfolio	Securities (bonds, shares and other variable-income securities) booked in the trading portfolios, at fair value through profit or loss, mandatory at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost.
Due to customers Banco de Portugal Instruction n. 16/2004	Amounts booked under the following balance sheet accounting headings: [#400 - #34120 + #52020 + #53100].
Net ECB funding	Difference between the funding obtained from the European Central Bank (ECB) and the placements with the ECB.
Total Customer Funds	Deposits, other customer funds, debt securities placed with clients and off- balance sheet customer funds.
Off-Balance Sheet Funds	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management.
Loan to deposit ratio Banco de Portugal Instruction n. 16/2004	Ratio of [gross loans - (accumulated provisions / impairment for credit)] to customer deposits.
ASSET QUALITY AND COVERAGE RATIOS	
Overdue loans ratio	Ratio of overdue loans to total credit.
Overdue loans > 90 days ratio	Ratio of overdue loans > 90 days to total credit.
Overdue loans coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
Overdue loans > 90 days coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days.
Coverage ratio of customer loans	Ratio of impairment on customer loans (on balance sheet) to gross customer loans.
Cost of risk	Ratio of initial fair value, impairment charges accounted in the period for credit risk and securities with gross customer loans and securities portfolio.
Non-performing loans	Loans classified as in default according to internal definition – which is line with regulatory definition from article 178 of Capital Requirement Regulation –, i.e. (i) loans with material overdue amount for more than 90 consecutive days or (ii) loans identified as unlikely to pay, in accordance with qualitative criteria.

Non-performing loans ratio	Ratio calculated in two perspectives (i) non-performing loans including deposits with banks and Loans and advances to banks / loans to customers (gross) + deposits with banks and Loans and advances to banks and (ii) non-performing loans excluding deposits with banks and Loans and advances to banks / loans to customers (gross)
Non-performing loans coverage ratio	Ratio calculated in two perspectives (i) ratio between impairment on customer loans and loans and advances to banks (on balance sheet) and non-performing loans including deposits with banks and (ii) ratio between impairment on customer loans and non-performing loans excluding deposits with banks and Loans and advances to banks.
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	Ratio of net income to average equity, excluding intangibles and CCA receivables.

ABREVIATIONS	
€mn	million euros
€bn	billion euros
pp	percentage points
bps	basis points
QoQ	quarter-on-quarter
YoY	year-on-year
YTD	year-to-date
OCR	Overall Capital Requirements
P2G	Pillar 2 Guidance

CONFERENCE CALL: 2023 FINANCIAL YEAR RESULTS

Date: **Friday, 2 February 2024**
Time: **12:00 Lisbon/London**
Link: https://channel.royalcast.com/landingpage/novobancoen/20240202_1/
Phone: Portugal: +351 3 0880 2081 | UK: +44 (0) 33 0551 0200 | US: +1 786 697 3501
Password: Novo Banco

NOVO BANCO, SA I Av. da Liberdade, n. 195 Lisboa, Portugal
Share Capital: 6,567,843,862.91 Euros
NIPC: 513 204 016 **I** LEI: 5493009W2E2YDCXY6S81
Email: investidor@novobanco.pt **I** investor.relations@novobanco.pt **I Tel:** (+351) 21 359 73 90