GROUP ACTIVITY AND RESULTS FIRST NINE MONTHS OF 2024

PRESS RELEASE

Portugal, 31 October 2024

"The discipline in our strategy and the focus on supporting Portuguese families and companies are the pillars of our robust commercial performance and consistent capital accretion. We continue to grow our business and expand our activities, while also increasing the efficiency of our operations."

Mark Bourke, CEO

HIGHLIGHTS

SUSTAINABLE RESULTS

- **Net income of €610.4mn** (9M23: €638.5mn), including €30.0mn of provisions (2Q24) for the process of transformation within the strategic innovation and simplification program. Excluding this one-off event, net income of the period is in line with 9M23 (+0.3%), being supported by a consistent and diversified business model, with robust franchising of corporate credit, low-risk mortgage loans, and high adoption of digital.
- **Strong RoTE of 18.9%** on increasingly overcapitalised balance sheet (on a proforma basis, **CET1 FL: +255bps YTD to 20.7%, Tangible book value: €4,705mn; +20% YoY**) as a consequence of a contractual dividend ban.
- **NII reached €886.3mn** (9M23: €831.2mn; 3Q23: €307.2mn; 3Q24: €291.4mn), with a **NIM of 2.79% (2023: 2.75%; 1H24: 2.83%)**, benefiting from the balanced management of asset yields and financing costs, despite the current context of interest rates decrease.
- **Fees totalled €240.4mn** (9M23: €217.1mn; 3Q23: €71.8mn; 3Q24: €79.2mn), an increase of 10.7% YoY, supported by the strengthening of novobanco's franchise with a growing client base and the momentum on the execution of fee income initiatives, mainly on accounts and payments management.
- **Cost to Income ratio of 32.5%** (9M23: 32.4%), reflecting the continuous focus on simplification and processes optimisation. Operating costs at €365.8mn (+1.8% vs average of 2023) and Net Operating Income increasing to €790.9mn (9M23: €762.5mn).
- **Cost of risk at 32bps** (9M23: 40bps and 1H24: 38bps) with strengthened asset quality and coverage ratios.

DIVERSIFIED BUSINESS MODEL WITH STRONG DOMESTIC FRANCHISE

- **Total customer funds increased to €37.6bn** (Dec/23: €35.2bn; +6.9% YTD), **reflection of novobanco's franchise in the Portuguese market, with deposits standing at €29.5bn (+4.7% YTD)**. As of 30 September 2024, novobanco's liquidity position remains strong with net financing from the ECB of -€5.1bn and a liquidity buffer of €15.6bn (Dec/23: €13.6bn). Loan to deposit ratio (LtD) stood at 80.7% (Dec/23: 81.2%), the Liquidity coverage ratio (LCR) increased to 186%[1] (vs. 163% in Dec/23) and the Net stable funding ratio (NSFR) to 119%[2] (vs. 118% in Dec/23).
- **Net Customer credit at €27.6bn (+2.3% YTD)**, representing 60.5% of novobanco's total assets. Origination of loans to customers reached €3.3bn. Overall loan market share of 10.1% in Aug/24, reflecting the Bank's strong position in the Portuguese market.
- **Non-performing loans** (NPL) presented a **YTD reduction of 9.3% to €1,027mn. Net NPL ratio decreased further to 0.5% (Dec/23: 0.7%)**, benefiting from both the decrease of the NPL ratio (Set/24: 4.0% vs Dec/23: 4.4%) and the increase of the coverage level (Set/24: 89.1% vs Dec/23: 84.3%).

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[1] Preliminary

[2] Preliminary

INVESTMENT GRADE RATING

- In February 2024, 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 favourably to peers; iv) significant improvement of capital buffers in 2023; and v) stable funding, along with adequate liquidity.
- In February 2024, novobanco issued:
  - €500mn, 3-year premium European Covered Bond, AAA-rated by Moody's, with a 3.25% annual interest rate (mid-swaps +45 bps). The bond was the most subscribed since Bloomberg News began tracking order books in 2018, being more than 10 times oversubscribed, attracting interest from over 150 accounts and diversifying the Bank's funding sources.
  - €500mn 4NC3 Senior Preferred bond rated Ba1/BBB- (Moody's / Fitch), priced at 99.782% with a 4.25% annual coupon for the first three years, resetting to 3-month Euribor plus 130bps thereafter. The order book peaked at €1.5bn, involving around 90 accounts, helping the Bank to achieve a MREL ratio well above 27% in March 2024, and to reach full compliance with the binding target ahead of time.
- In March 2024, and following the issuance of the Senior Preferred note, Moody's upgraded novobanco's long-term deposit rating by 1 notch to Baa1, keeping the outlook unchanged at "Positive".
- In April 2024, novobanco was recognized once again for its strong performance in the Structured Products market, receiving the "Best Distributor, Portugal" award from Structured Retail Products of the Delinian Group Company for the second consecutive year. This acknowledgment reflects the Bank's solid and consistent offerings in Structured Products and highlights its continued development in this area over recent years.
- In May 2024, the Bank negotiated a new EIB funding line, having executed an EIB Covered Bond placement of €300mn.
- In June 2024, novobanco was recognised in the annual edition of the Covered Bond Report Excellence Awards, in Frankfurt. The award recognises novobanco's success in its first covered bond issue, worth €500mn, in February.
- In July 2024, novobanco achieved SBTi validation for emission reduction targets, being the first Portuguese bank to achieve such validation. The Bank commits to reducing absolute Scope 1 and 2 GHG emissions by 54.2% by 2030, using 2021 as the base year. Additionally, novobanco's Scope 3 portfolio targets cover 15% of its total investment and lending, by total balance sheet assets as of 2021.
- In August 2024, Moody's Investors Service ("Moody's") improved the rating of novobanco's senior unsecured debt by 1 notch, to Baa3 (Investment Grade) from Ba1, maintaining a positive outlook. Moody's also raised the ratings on novobanco's commercial paper to Prime-3 from Not Prime.
- In September 2024, novobanco issued new Senior Preferred ("Notes") in the amount of €500M, with maturity on 9 March 2029 and a redemption date option on 9 March 2028. The Notes were subscribed at a price of 99.879% and have an annual coupon of 3.50% for the first 3.5 years, subsequently being fixed at 3-month Euribor with a spread of 100bps. At its peak, the order book was above €1.6bn. The Notes were placed entirely with institutional and professional investors from different geographies.
- In September 2024, Morningstar DBRS upgraded novobanco's Long-Term Issuer ratings by two notches to BBB from BB (high). The trend on all ratings remained at Stable.

GROUP RESULTS

The most relevant aspects of the first nine months of 2024 include:

- Commercial banking income of €1,126.7mn (+7.5% YoY), driven by strong commercial activity despite the current decline in interest rates, supported by the successful implementation of strategic initiatives and a robust business model, leading to growth in both fee and financial margins;
- Operating costs totalled €365.8mn, increasing by 1.8% vs average of 2023, and sustaining top performance in efficiency with 32.5% Commercial C/I ratio;
- Stable risk profile with provisions for customer credit recording a decrease of €16.0mn YoY, equivalent to 32bps Cost of Risk;
- Provisions for other assets and contingencies increased by +€42.0mn, reflecting a €30.0mn provision for transformation process, as part of the innovation and simplification strategic program that the Bank has underway;
- Net Income of €610.4mn and RoTE at 18.9% (on an overcapitalised balance sheet with 20.7% CET1 proforma).

Income Statement (mn€)	30-Sep-23	30-Sep-24	Change	
			absolute	%
Net Interest Income	831.2	886.3	55.1	6.6%
+ Fees and Commissions	217.1	240.4	23.3	10.7%
= Commercial Banking Income	**1 048.3**	**1 126.7**	**78.4**	**7.5%**
+ Capital Markets Results	39.3	3.2	-36.1	-91.9%
+ Other Operating Results	14.5	26.9	12.4	85.5%
= Banking Income	**1 102.1**	**1 156.7**	**54.6**	**5.0%**
- Operating Costs	**339.6**	**365.8**	**26.3**	**7.7%**
= Net Operating Income	**762.5**	**790.9**	**28.3**	**3.7%**
- Net Impairments and Provisions	**81.7**	**107.7**	**26.0**	**31.8%**
Customer credit	84.7	68.7	-16.0	-18.9%
Other Assets and Contingencies	-3.0	39.0	42.0	...
= Income before Taxes	**680.8**	**683.1**	**2.4**	**0.3%**
- Corporate Income Tax	2.6	36.9	34.3	...
- Special Tax on Banks	35.3	32.2	-3.1	-8.8%
= Income after Taxes	**642.9**	**614.0**	**- 28.9**	**-4.5%**
- Non-Controlling Interests	4.4	3.6	-0.8	-17.9%
= Net Income for the period	**638.5**	**610.4**	**- 28.1**	**-4.4%**

On a quarterly basis, the 3Q24 most relevant aspects include:

- Commercial banking income amounted to €370.6mn (-3.0% QoQ), with the net interest income decreasing by 1.5%, and fees and commissions decreasing by 8.1% mainly due to seasonal fluctuations in fees;
- Operating costs totalled €123.2mn (+0.8% vs average of last 4 quarters), with the maintenance of a high level of efficiency and a Commercial Cost to Income ratio of 33.2% (Dec/23: 33.3%);
- Stable risk profile, with the amount allocated to impairments for Customer Credit totaling €15.4mn, equivalent to a cost of risk of 21bps.

Income Statement (mn€)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ change		YoY change	
								absolute	%	absolute	%
Net Interest Income	246.3	277.7	307.2	311.4	299.0	295.9	291.4	-4.6	-1.5%	-15.8	-5.2%
+ Fees and Commissions	68.9	76.4	71.8	79.0	75.0	86.2	79.2	-6.9	-8.1%	7.4	10.4%
= Commercial Banking Income	**315.3**	**354.1**	**378.9**	**390.4**	**374.0**	**382.1**	**370.6**	**-11.5**	**-3.0%**	**-8.4**	**-2.2%**
+ Market Results	5.8	22.2	11.3	-24.6	-3.5	-1.1	7.8	9.0	...	-3.5	-30.6%
+ Other Operating Results	2.4	-7.4	19.5	-25.6	1.1	0.4	25.3	24.9	...	5.9	30.1%
= Banking Income	**323.5**	**368.9**	**409.7**	**340.2**	**371.6**	**381.4**	**403.7**	**22.4**	**5.9%**	**-6.0**	**-1.5%**
- Operating Costs	**111.9**	**113.2**	**114.5**	**139.6**	**119.0**	**123.7**	**123.2**	**-0.5**	**-0.4%**	**8.7**	**7.6%**
= Net Operating Income	**211.6**	**255.8**	**295.2**	**200.6**	**252.6**	**257.7**	**280.5**	**22.9**	**8.9%**	**-14.6**	**-5.0%**
- Net Impairments and Provisions	**27.7**	**28.3**	**25.8**	**92.1**	**27.9**	**59.9**	**19.9**	**-39.9**	**-66.7%**	**-5.8**	**-22.6%**
Customer credit	30.0	28.6	26.2	58.1	24.4	28.8	15.4	-13.4	-46.4%	-10.7	-41.0%
Other Assets and Contingencies	-2.3	-0.3	-0.4	34.0	3.5	31.1	4.5	-26.6	-85.5%	4.9	1245.1%
= Income before Taxes	**183.9**	**227.5**	**269.4**	**108.5**	**224.7**	**197.8**	**260.6**	**62.8**	**31.7%**	**-8.8**	**-3.3%**
- Taxes	0.7	0.8	1.0	3.2	10.5	7.2	19.2	12.0	...	18.2	...
- Special Tax on Banks	34.1	0.0	1.1	0.0	32.2	0.0	0.0	0.0	...	-1.1	-100.0%
= Income after Taxes	**149.0**	**226.6**	**267.3**	**105.3**	**182.0**	**190.6**	**241.4**	**50.8**	**26.6%**	**-25.9**	**-9.7%**
- Non-controlling Interests	0.7	1.8	2.0	0.7	1.3	0.9	1.3	0.4	40.5%	-0.6	-32.4%
= Net Income	**148.4**	**224.8**	**265.3**	**104.6**	**180.7**	**189.7**	**240.1**	**50.4**	**26.6%**	**-25.3**	**-9.5%**

NET INTEREST INCOME

Net Interest Income was €886.3mn (+€55.1mn YoY), benefiting from the balanced management of asset yields and financing costs.

Net Interest Income (NII) and Net Interest Margin (NIM) (mn€)	9M23			2023			9M24		
	Average Balance	Avg. Rate	Income / Costs	Average Balance	Avg. Rate	Income / Costs	Average Balance	Avg. Rate	Income / Costs
Interest Earning Assets	41,196	3.98%	1241.9	41,046	4.16%	1731.8	41,716	4.61%	1,464.6
Customer Credit	28,100	4.45%	948.1	28,100	4.68%	1332.3	28,174	5.24%	1,124.4
Mortgage Loans	10,023	3.58%	272.0	10,033	3.85%	391.2	9,912	4.67%	352.3
Consumer Loans and Others	1,462	6.94%	76.9	1,486	7.00%	105.5	1,705	7.24%	94.0
Corporate Credit	16,615	4.76%	599.2	16,581	4.97%	835.6	16,558	5.38%	678.2
Money Market Placements	4,296	2.97%	96.7	4,536	3.12%	143.3	6,078	3.80%	176.0
Securities ALM and Other Assets	8,800	2.95%	197.1	8,409	3.00%	256.1	7,464	2.89%	164.2
Interest Earning Assets And Other	**41,196**	**3.98%**	**1,241.9**	**41,046**	**4.16%**	**1,731.8**	**41,716**	**4.61%**	**1,464.6**
Interest Bearing Liabilities	37,976	1.40%	402.5	37,649	1.53%	582.4	37,227	2.02%	572.8
Customer Deposits	28,751	0.66%	143.5	28,982	0.82%	242.0	30,088	1.42%	326.0
Money Market Funding	7,728	3.05%	178.5	7,265	3.23%	238.2	5,149	3.91%	153.3
Other Liabilities	1,497	7.09%	80.5	1,402	7.19%	102.2	1,989	6.17%	93.4
Other Non-Interest Bearing Liabilities	3,220	-	0.0	3,397	-	0.0	4,490	-	0.0
Interest Bearing Liabilities And Other	**41,196**	**1.29%**	**402.5**	**41,046**	**1.40%**	**582.4**	**41,716**	**1.80%**	**572.8**
/ NII (without stage 3 impairment adjustment)		**2.69%**	**839.4**		**2.76%**	**1,149.4**		**2.81%**	**891.8**
Stage 3 impairment			-8.2			-6.8			-5.6
NIM / NII		**2.66%**	**831.2**		**2.75%**	**1,142.6**		**2.79%**	**886.3**

The average rate on assets increased by 45bps, from 4.16% in 2023 to 4.61%, driven mainly by the rate on customer credit which increased to 5.24% (+56bps YoY). The average balance of interest earning assets was €41.7bn (vs €41.0bn in 2023).

The average balance of customer deposits increased to €30.1bn, with a remuneration rate of 1.42% (2023: 0.82%), and the balance of money market funding totalled €5.1bn, with a rate of 3.91% (2023: 3.23%). The average interest rate for deposits in the month of September 2024 was 1.26% which compares with 1.48% in the month of June 2024.

The favourable evolution of asset yields (4.61%; 2023: 4.16%), more than offset the increase in liabilities interest rates (1.80%; 2023: 1.40%), with the overall net interest margin increasing to 2.79% from 2.75% in 2023 financial year-end.

FEES AND COMMISSIONS

Fee income was €240.4mn, increasing 10.7% YoY (9M23: €217.1mn), driven by the momentum on initiatives implemented in 2024, mainly on accounts and payments management, which offset headwinds from legislative changes on loan commissions that took effect in mid-2023. Accounts and payments management fees have been growing consistently throughout the quarters, reflecting the strength of novobanco's franchise, with higher volume of transactions, increased client base (+6.7% YoY) and new pricing, reaching €129.3mn (+26.4%; +€27.0mn YoY).

Fees and Commissions (mn€)	30-Sep-23	30-Sep-24	Change	
			absolute	%
Payments Management	102.3	129.3	27.0	26.4%
Commissions on Loans, Guarantees and Similar	59.0	53.1	-5.9	-10.0%
Asset Management and Bancassurance	46.9	48.0	1.2	2.5%
Advising, Servicing and Other	8.9	9.9	1.0	11.4%
Fees and Commissions Total	**217.1**	**240.4**	**23.3**	**10.7%**

CAPITAL MARKETS AND OTHER OPERATING RESULTS

The results of capital markets were positive at €3.2mm, reflecting gains and losses from the sale and revaluation of securities, foreign exchange results and hedging. As of 30 September 2024, fair value reserves of the securities portfolio amount to -€68.5mn (-€103.7mn in Dec/23).

Other operating results totalled +€26.9mn, which includes the contribution to the National Resolution Fund (€6.4mn), gains from the recovery of overdue credit, real estate, tax recoveries and indirect taxes.

OPERATING COSTS

Operating costs at €365.8mn (+1.8% vs average of 2023). Staff costs were €199.1mn (+5% vs average of 2023), general and administrative expenses totalled €131.6mn (-4% vs average of 2023) and depreciation rose to €35.2mn (+8% vs average of 2023).

Commercial Cost to Income at 32.5% (9M23: 32.4%; 2023: 33.3%), reflection of the continuous focus on simplification and processes optimization.

Operating Costs (mn€)	30-Sep-23	30-Sep-24	Change	
			absolute	%
Staff Costs	183.8	199.1	15.3	8.3%
General and Administrative Costs	126.3	131.6	5.2	4.1%
Depreciation	29.5	35.2	5.8	19.5%
Operating Costs Total	**339.6**	**365.8**	**26.3**	**7.7%**

As of 30 September 2024, novobanco Group had 4,249 employees (Dec/23: 4,209; +1.0% YTD) and 291 branches.

NET IMPAIRMENTS AND PROVISIONS

In the first nine months of 2024, novobanco Group recorded net impairments and provisions of €107.7mn (+€26.0mn YoY). Customer credit cost of risk was 32bps (9M23: 40bps and 1H24: 38bps), reflecting the strengthening of asset quality and consequent improvement of coverage ratios.

Provisions for other assets and contingencies increased by €42.0mn, mainly from a €30.0mn provision (booked in 2Q24) for transformation process as part of the Bank's innovation and simplification strategic program.

Net Impairments and Provisions (mn€)	30-Sep-23	30-Sep-24	Change	
			absolute	%
Customer credit	84.7	68.7	-16.0	-18.9%
Other Assets and Contingencies	-3.0	39.0	42.0	...
Net Impairments and Provisions Total	**81.7**	**107.7**	**26.0**	**31.8%**

ACTIVITY, LIQUIDITY AND CAPITAL MANAGEMENT

CUSTOMER CREDIT

As a Portuguese universal Bank, novobanco mission is to be the trusted Bank, which supports families and companies throughout their lives, underpinned by a robust and disciplined loan granting policy. This support has been transversal to all sectors, with a special focus on exporting SMEs and companies that incorporate innovation in their products, services or production systems, increasingly following a sustainability-oriented approach.

Customer Credit (mn€)	30-Sep-23	31-Dec-23	30-Jun-24	30-Sep-24	YTD Change	
					absolute	%
Corporate Loans	**13,988**	**13,819**	**13,690**	**13,873**	**53**	**0.4%**
Corporate Securities	**2,689**	**2,682**	**3,118**	**3,170**	**488**	**18.2%**
Individual Loans	**11,693**	**11,669**	**11,682**	**11,716**	**46**	**0.4%**
Residential Mortgage	10,188	10,058	9,949	9,920	-138	-1.4%
Other Loans	1,505	1,611	1,733	1,795	184	11.4%
Customer Credit (gross)	**28,370**	**28,171**	**28,490**	**28,758**	**587**	**2.1%**
Impairment	**1,233**	**1,196**	**1,170**	**1,170**	**-26**	**-2.2%**
Customer Credit (net)	**27,137**	**26,975**	**27,320**	**27,589**	**613**	**2.3%**

Gross Customer credit increased to €28.8bn (+2.1% YTD), of which corporate customers represented 59%, residential mortgage 35% and other loans to individuals 6%. During the first nine months of 2024, loan origination totalled €3.3bn (2023: €3.5bn), of which 67% corporate, 26% mortgage and 7% consumer and others.

As of September 2024, the asset quality indicators are:

Asset Quality and Coverage Ratios (mn€)	30-Sep-23	31-Dec-23	30-Jun-24	30-Sep-24	YtD Change	
					absolute	%
Overdue Loans > 90 days	363	338	308	369	31	9.1%
Non-Performing Loans (NPL)	1,205	1,133	1,034	1,027	-106	-9.3%
Overdue Loans > 90 days / Customer Loans (gross)	1.4%	1.3%	1.2%	1.4%	0.11	p.p.
Non-Performing Loans (NPL) Ratio	**4.7%**	**4.4%**	**4.1%**	**4.0%**	**-0.43**	**p.p.**
Credit provisions / Customer Loans	3.9%	3.7%	3.6%	3.6%	-0.2	p.p.
Coverage of Overdue Loans > 90 days	278.3%	282.4%	296.9%	248.1%	-34.3	p.p.
Coverage of Non-Performing Loans	**83.7%**	**84.3%**	**88.4%**	**89.1%**	**4.8**	**p.p.**
Net Non-Performing Loans	**0.8%**	**0.7%**	**0.5%**	**0.5%**	**-0.3**	**p.p.**

Non-performing loans (NPL) decreased by 9.3% in the first nine months of 2024, standing at €1,027mn. The net NPL ratio decreased to 0.5% (Dec/23: 0.7%), backed by both lower NPL ratio (Sep/24: 4.0% vs Dec/23: 4.4%) and increased coverage level (Sep/24: 89.1% vs Dec/23: 84.3%).

As at September 2024, novobanco exposure to real estate decreased 17.4% YTD to €380.1mn, representing circa 0.8% of novobanco total assets.

SECURITIES – ALM Portfolio

The Asset and Liabilities Management (ALM) Portfolio, which is the main source of assets eligible for funding operations with the European Central Bank (ECB), amounted to €7.6bn. As of 30 September 2024, ALM portfolio represented 17% of total assets, of which 71% was accounted at amortised cost.

As of 30 September 2024, the securities accounted at amortised cost had unrealised mark-to-market losses of €47mn (net of hedges and taxes).

ALM portfolio (mn€)	30-Sep-23	31-Dec-23	30-Jun-24	30-Sep-24	YTD Change	
					absolute	relative
Portuguese sovereign debt	780	653	1,436	1,364	711	...
Other sovereign debt	5,600	4,260	4,703	4,233	-27	-0.6%
Bonds	1,591	1,587	1,801	1,984	397	25.0%
ALM portfolio Total (net of impairment)	**7,971**	**6,499**	**7,941**	**7,581**	**1,082**	**16.6%**

FUNDING

Total customer funds increased to €37.6bn (Dec/23: €35.2bn), of which deposits represent 78.3% of the activity funding. Backed by the solid franchise and strong client relationship, in the period, customer deposits increased by €1.3bn to €29.5bn (Dec/23: €28.1bn; +4.7%).

Total Funds (mn€)	30-Sep-23	31-Dec-23	30-Jun-24	30-Sep-24	absolute	%
Deposits	28,095	28,140	29,128	29,472	1,332	4.7%
Other Customer Funds (1)	1,393	1,844	1,511	933	-912	-49.4%
Debt Securities	598	606	1,910	2,443	1,837	...
Subordinated Debt	514	502	526	539	37	7.4%
Sub -Total	**30,601**	**31,092**	**33,075**	**33,387**	**2,295**	**7.4%**
Off-Balance Sheet Funds	3,942	4,113	4,061	4,236	123	3.0%
Total Funds	**34,543**	**35,204**	**37,136**	**37,623**	**2,418**	**6.9%**

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

LIQUIDITY

In the 3Q24, novobanco's liquidity position remained very comfortable, with a Liquidity Coverage Ratio (LCR) of 186% (vs. 163% in Dec/23) and Net Stable Funding Ratio at 119% (vs. 118% in Dec/23), both well above the regulatory requirement.

In terms of commercial activity, during the first nine months of 2024 the credit portfolio (gross) increased by 2.1% to €28.8bn, while customer deposits increased 4.7% YTD, totalling €29.5bn (€28.1bn in Dec/23). On the other hand, the ALM securities portfolio increased by €1.1bn YTD, mainly driven by the increase on its Sovereign and Supra debt portfolio.

Regarding market funding, alongside with the issuance of €1.3bn of covered bond and senior debt during the 1H24, the Bank issued, in the beginning of September, a new senior preferred bond, taking advantage of strong market conditions. The new issue gathered strong interest from the market, and, at peak, the order book was above €1.6bn. The new senior preferred bond totalled €500mn, with a 4.5-year maturity and an early redemption option on 9 March 2028 (3.5 years). This transaction allowed the Bank to reinforce its MREL ratio ahead of a possible normalisation of its capital structure and improve Moody's LGF of the senior rating, which was upgraded by one notch, to Baa3. These transactions executed during 2024 allowed the Bank to diversify and optimize its funding sources and had a positive impact on its liquidity position and ratios. Additionally, since the beginning of the year, the Bank reduced its repo interbank funding, which by the end of third quarter of 2024 stood at €3.5bn (Dec/23: €5.2bn), of which more than half are short dated.

On 29 April 2024, the Bank was notified by the Bank of Portugal of its new MREL requirements, on a consolidated basis. From 1 January 2025, the requirement for own funds and eligible liabilities will be equivalent to (i) 24.01% of TREA plus the then applicable combined buffer requirement; (ii) 5.91% of the Leverage Ratio Exposure (LRE).

As of 30 September 2024, novobanco was already complying with requirements with 31.57% MREL ratio and 13.86% LRE (pro-forma).

MREL Requirements: (BdP notification of June 2023; %)	Jan/22	Jan25	Dec/23 *fully loaded*	Sep/24 [4] pro forma
TREA[1]	14.6%	24.0%		
Combined Buffer	2.5%	n.a.[2]		
O-SII	0.5%	n.a.[2]		
Total	**17.66%**	**24.01% + Buffers**	**24.37%**	**31.57%**
LRE[3]	**5.91%**	**5.91%**	**10.66%**	**13.86%**

(1) TREA - Total Risk Exposure Amount; Jan-26 requirement as announced on June 2023

(2) As of Jan-25 applicable requirement

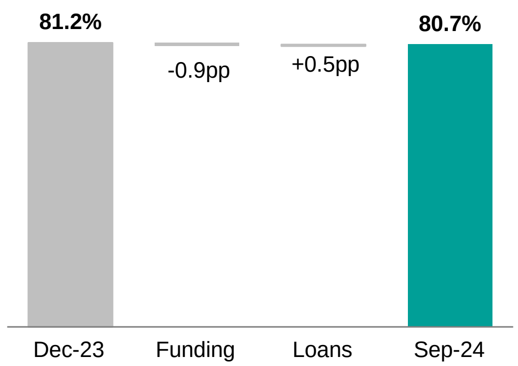
(3) LRE - Total Leverage Exposure

(4) Equivalent to phased-in: MREL of 30.54% and LRE of 13.42% in Sep/24; pro forma includes 3Q24 net income

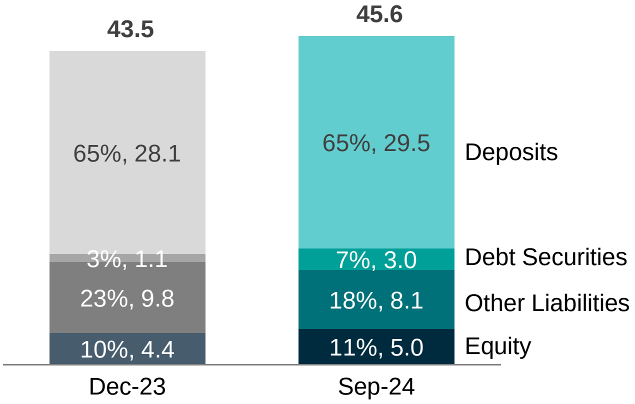
On 30 September 2024, funding from the ECB amounted to €1.0bn, corresponding to the final tranche of TLTRO III, scheduled to mature in December 2024. Deposits at the ECB totalled €6.1bn (Dec/23: €5.4bn), increasing its net lending position with the ECB (funding taken minus deposits) to -€5.1bn on 30 September 2024 (from -€4.4bn on Dec/2023).

On 30 September 2024, the eligible assets portfolio available for use as collateral with the European Central Bank stood at €13.8bn, slightly decreasing since 31 December 2023. The available amount of eligible assets for rediscount with the ECB totalled €8.4bn (net of haircuts), an increase of €1.1bn since the end of 2023. In addition to the abovementioned, HQLA assets non-eligible with the ECB and deposits at ECB, which makes up to a total liquidity buffer of €15.6bn, mostly composed of high-quality liquid assets.

Loan to Deposit Ratio
(%)



Funding Structure
(%; € billion)



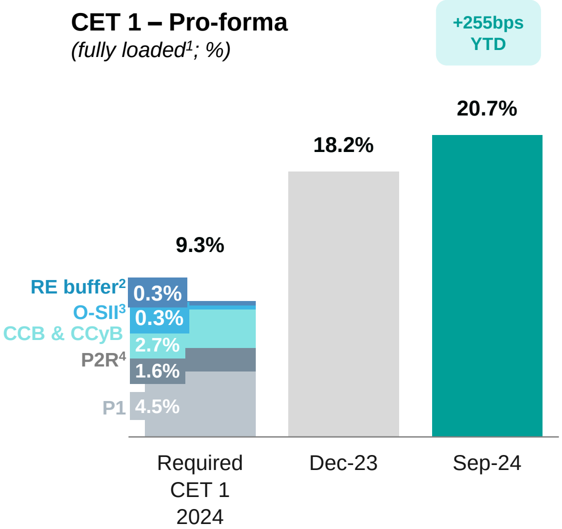
CAPITAL

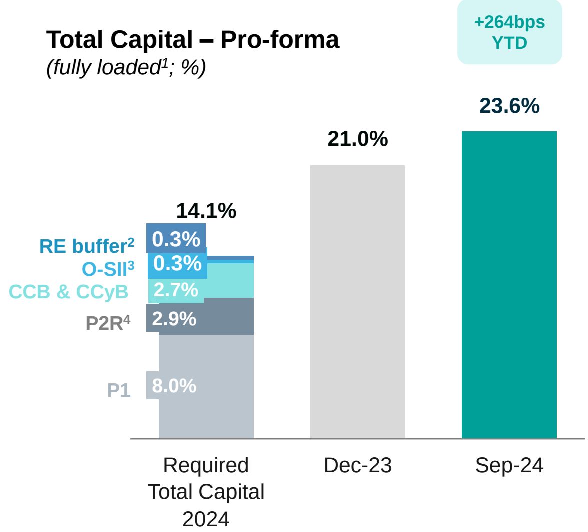
Backed by a strong financial performance, in the period, proforma fully loaded CET1 ratio increased by 255bps to 20.7% while the Total Capital ratio increased by 264bps to 23.6% (Dec/23: 18.2% and 21.0% respectively). The organic capital generation reflects the capital accretive business model with a solid top-line performance, efficient operations and disciplined capital allocation.

Capital Ratios (CRD IV/CRR) (€mn)		31-Dec-23 (fully loaded)	30-Jun-24 (fully loaded)	30-Sep-24 (pro forma) *
Risk Weighted Assets	(A)	20,399	20,883	21,256
Own Funds				
Common Equity Tier 1	(B)	3,703	4,158	4,399
Tier 1	(C)	3,705	4,160	4,401
Total Own Funds	(D)	4,280	4,736	5,020
Common Equity Tier 1 Ratio	**(B/A)**	**18.2%**	**19.9%**	**20.7%**
Tier 1 Ratio	**(C/A)**	**18.2%**	**19.9%**	**20.7%**
Solvency Ratio	**(D/A)**	**21.0%**	**22.7%**	**23.6%**
Leverage Ratio		**7.9%**	**8.7%**	**9.1%**

* preliminary

None of the amounts unpaid by the Resolution Fund under the Contingent Capital Agreement were considered in the calculation of regulatory capital. Pro-forma ratio includes 3Q24 net income.





(1) Preliminary; 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

CONTINGENT CAPITAL AGREEMENT

Following the dispute between the Resolution Fund and novobanco in the Arbitration Court regarding the payment requested under the Contingent Capital Agreement, for the 2020 financial year, the Court announced on 4 June 2024 that the Bank is entitled to the following amounts:

- Application by novobanco at the end of 2020 of the IFRS 9 transitional regime: €162mm;
- Valuation of participation units: €18mn (plus interests);
- Interest on late payment as a result of the delay in paying the €112mn instalment of the 2020 capital call: €5mn;
- Compensation for additional damages caused by the retention of the portion of €112mn relating to the capital call and the non-payment of the amount of €18mn: amount to be determined.

BUSINESS SEGMENTS

Novobanco Group activities are centred on the financial sector targeting corporate, institutional and private individual customers. Its decision centre is in Portugal, making the domestic territory its core 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 Functions. 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 individual 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 individual 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 export activity.

Support Functions

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

€ million	Retail			SMEs and corporate			Support Functions			Total		
	30-Sep-23	30-Sep-24	▲ M€	30-Sep-23	30-Sep-24	▲ M€	30-Sep-23	30-Sep-24	▲ M€	30-Sep-23	30-Sep-24	▲ M€
Commercial Banking Income	609	718	109	476	442	-35	-37	-33	4	1048	1127	78
Banking Income	611	722	111	479	444	-36	12	-9	-21	1102	1157	55
Operating Costs	228	242	14	69	79	10	42	45	3	340	366	26
Net Operating Income	382	479	97	410	365	-45	-30	-53	-24	763	791	28
Net Impairments and Provisions	39	33	-6	51	35	-15	-8	39	47	82	108	26
Income before Taxes	**343**	**446**	**103**	**359**	**329**	**-30**	**-22**	**-92**	**-70**	**680**	**683**	**3**
Total Assets	14,626	14,659	33	14,156	14,413	256	14,167	16,509	2,342	42,949	45,581	2,632
Customer Credit (net)	13,445	13,470	25	13,679	14,104	424	13	15	2	27,137	27,589	452
Net Interest margin	2.87%	3.34%	0.47pp	3.86%	3.49%	-0.37pp	-0.37%	-0.40%	-0.03pp	2.66%	2.79%	0.13pp
Commercial Cost to Income	37.5%	33.7%	-3.80pp	14.6%	17.9%	3.31pp	-114.0%	-135.7%	-	32.4%	32.5%	0.08pp

RETAIL BANKING

Since 2021, novobanco's Retail segment has undergone a period of significant adjustment in its service model, redefining its geographical presence and changing the way services are provided, with the aim of strengthening and consolidating long-term relationships with its customers. Currently, more than 274 Branches have adopted the new Distribution Model, of which 247 have VTMs (Virtual Teller Machines) that offer advanced transaction management solutions, forming an essential basis for the efficiency of the Branches and customer satisfaction.

The acquisition of new customers continues to evolve positively, along with the domiciliation of salaries (+14% vs Sep/23), supported by initiatives such as (i) a customer loyalty program aimed at strengthening and deepening the commercial relationship; (ii) the Cross Segment program, through which employees of companies with protocols with novobanco have access to preferential conditions on various Bank products and services, covering around 300,000 employees from more than 25,000 client companies; and (iii) a program to reactivate inactive clients.

As a Bank dedicated to supporting families and businesses throughout their lives, novobanco launched a transformation program aimed at strengthening its position as an efficient and simple omnichannel bank focused on its customers. In the period, the Bank expanded and accelerated its transformation efforts, focusing on improving customer journeys. This strategic shift is evidenced by notable increases in customer satisfaction in various areas, with very satisfied clients in the mortgage loan journey rising to 89.6% (+6.0pp YTD); satisfaction with the personal loans experience remained high at 94.3% (+1.4pp YTD), and satisfaction with the salary account experience reached 84.4% (+0.7pp YTD). Additionally, the overall quality of retail service maintained levels of excellence (86%), and the Bank's app performance also improved to 83.9% (+0.5pp YTD).

In September, Loans to Customers (net) stood at €13.5bn (flat YoY; including small businesses), with increased production being offset by the level of amortizations. In light of the strong competitiveness in the housing credit market, novobanco created specific acquisition and retention offers that position the Bank in the top 3 for competitiveness, a situation expected to strongly drive portfolio growth in the coming quarters. Additionally, reflecting the investment in new functionalities available on digital channels, the origination of other personal credit through digital channels increased by 35% compared to the previous year. In the same period, the small business customer base grew by 3% compared to Dec/23.

The offering of savings and investment solutions has been reinforced, notably with the introduction of new investment funds and the integration of sustainability preferences into the management model of the Investment Advisory Service and the launch of the new Trading Pro Service, a partnership with Saxo Bank. On the term deposits side, the Bank maintains its competitive offer, with different terms and characteristics, adjusted to different savings objectives.

Digital channels and developments made in the commercial offer present in the online environment have played an increasing role in contributing to commercial results, representing a total of 30% (digital sales share) in the first nine months of 2024, with a focus on Consumer Credit and Insurance.

The Net interest margin grew to 3.34% (+47bp YoY), which, together with commercial activity, resulted in Commercial Banking Income of €718mn (+18% YoY). Operating costs increased by 6% vs the same period last year, to €242mn, leading to a Commercial Cost to Income ratio of 33.7% for the period.

In conclusion, the Retail segment achieved an Income Before Taxes of €446mn (+30% YoY; +€103mn), following commercial performance and a favorable interest rate environment.

CORPORATE BANKING

Positioning itself as a client-centered Bank, novobanco offers a distinctive banking experience, with a service model grounded in partnership and proximity. novobanco has 2 business hubs dedicated to Large Enterprises (Porto and Lisbon), 20 Business Centers with specialized teams for the Mid-sized Companies segment, and over 200 managers focused on the Small Business segment, distributed across the 290 branches nationwide. In an omnichannel experience, novobanco clients have access to novobanco online businesses, which simplifies daily business operations with expanded functionalities, particularly in treasury management. Digital channels have a high penetration rate, with approximately 80% of active clients using novobanco online businesses, emphasizing modernization and convenience to enhance user satisfaction levels, now at 83%. Service satisfaction also remains excellent, standing at 91.8%, with an internal NPS of 39.7 (+2.5pp YoY).

Novobanco continues to strengthen its commitment to Portuguese businesses, highlighted this quarter by:

- Increased market share in Factoring and Confirming: 18% YoY growth in accumulated billing and an expansion in Factoring market share from 11.4% in Dec/23 to 12.5% in June/24;
- Focus on Equipment Leasing, a central product for investment support: 68% YoY growth, with around €250mn in accumulated production by September 2024, achieving a 15.4% market share;
- Support for business investment with sector-specific financing solutions: highlights include the InvestEU BPF Line, with over €180mn submitted via the Banking Portal and a 14% market share based on information from Mutual Guarantee Societies;
- Comprehensive credit offerings, financing clients' investment projects: More Sustainable Tourism Support Line, the Tourism Support Line (in partnership with *Banco Português de Fomento*), the IFAP Wine Sector Line, the EIB MidCaps Line, and the renewal of the Qualification of Offer Support Line (LAQO), in partnership with *Turismo de Portugal*;
- Financing approved projects with European Funds: systematic offerings under the PRR and Portugal 2030, identifying application opportunities and financing approved projects through short-term incentive anticipation and external capital financing. A specialized team supports novobanco clients, with solutions available to aid project execution;
- Innovation in payment methods: a 15.3% market share in automatic payment terminal (TPA) billing, with an innovative and competitive offering aimed at simplifying client collections. Launch of SmartPOS, simplification of business deposits with Virtual Teller Machines (VTMs), and a digital payments platform to optimize e-commerce collections;
- Recognition and support for the country’s top companies: assisting 319 clients in achieving the COTEC 2024 Innovative Status, in partnership with COTEC Portugal, increasing market share from 21% to 30%.

Novobanco maintains a strong presence in the export sector, offering a wide range of products and specialized advice to support international trade, with around 60% of national exports coming from novobanco clients. This expertise is valued and recognized, resulting in a 19.4% market share, with novobanco being named the best trade finance bank in Portugal for the 6th consecutive year by Global Finance magazine.

Novobanco holds a prominent position in supporting Portuguese businesses, with a market share of 18.3% in Mid-sized Companies and 12.6% in deposits from Non-Financial Corporations, reflecting companies' confidence in the bank's strength.

As of September 2024, Credit to customers (net) totaled €14.1bn (+3% YoY). Reflecting the portfolio effect and risk appetite, Net Interest Margin was 3.49% (9M23: 3.86%), which resulted in Commercial Banking Income of €442mn (-7% YoY). Operating costs increased to €79mn (+14% YoY). All in all, Income before Taxes totaled €329mn (-8% YoY; -€30mn).

Digital Transformation

As a customer-centric Bank, novobanco has launched an ambitious global transformation program. This program aims to consolidate its position in the Portuguese banking market through digitalization and innovation. In 2024, novobanco is adopting new work models to make the transformation more agile and effective, promoting greater transparency, alignment, and collaboration among teams.

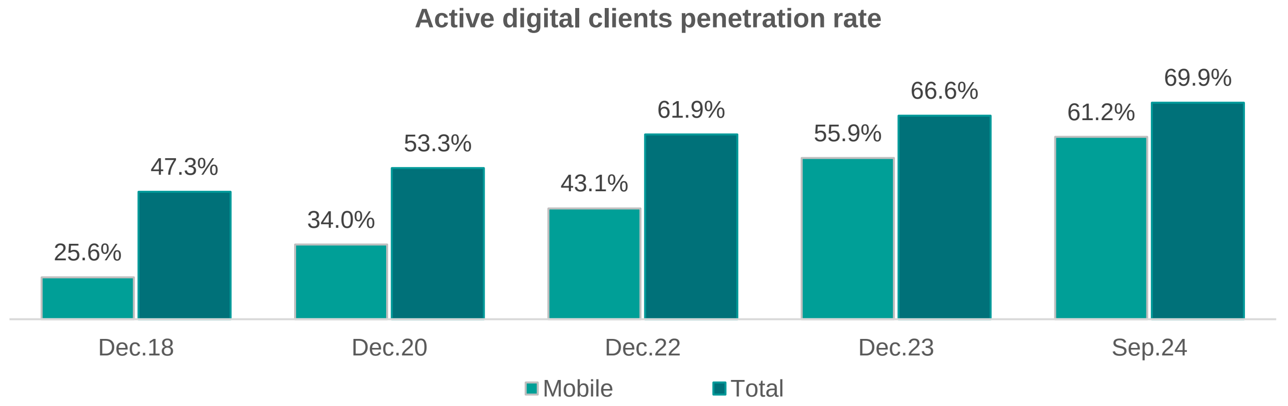
The purpose of this transformation is to ensure that novobanco continues to support Portuguese families and businesses by offering a fully integrated and personalized omnichannel experience, while also capturing synergies for greater operational efficiency. Organized around the strategic pillars of "Customer-Centric" and "Simple and Efficient Bank," novobanco is committed to improving customer satisfaction and operational efficiency.

The structuring of work into streams dedicated to Retail, Corporate, Customer Satisfaction, and Operational Efficiency ensures a clear and effective alignment with the Bank's priorities. This multidisciplinary approach incorporates the voice of the Customer and guarantees consistent and relevant deliveries to all stakeholders.

In the first nine months of 2024, the main innovation highlights are:

- Digital subscription for auto and health insurance with omnichannel integration and resumable simulations;
- Launch of the Trading Pro Service, allowing immediate investments in stocks and ETFs with dedicated support;
- Improved online processes for personal loans, with special conditions and requests up to €25,000;
- Launch of the Smart POS, integrating the billing system and automating the check-out process for merchants;
- First-phase launch of the virtual assistant mIA, leveraging Generative AI to transform customer service by identifying, authenticating, and directing calls based on the topic and availability of branches and service centers. It also manages incoming emails and messages across authenticated channels.

This strategy drove an increase in active digital customers, to 69.9% by Sep/24 (+4.7pp YoY; the number of digital customers increased by 14% YoY) and annual growth of 21% in the number of active mobile customers (61% of customers are mobile).



In September 2024, close to 75% of the operations in retail segment can be carried out in self-service mode. This figure increases to 85% and 94% in the small businesses and medium-large companies' segments, respectively.

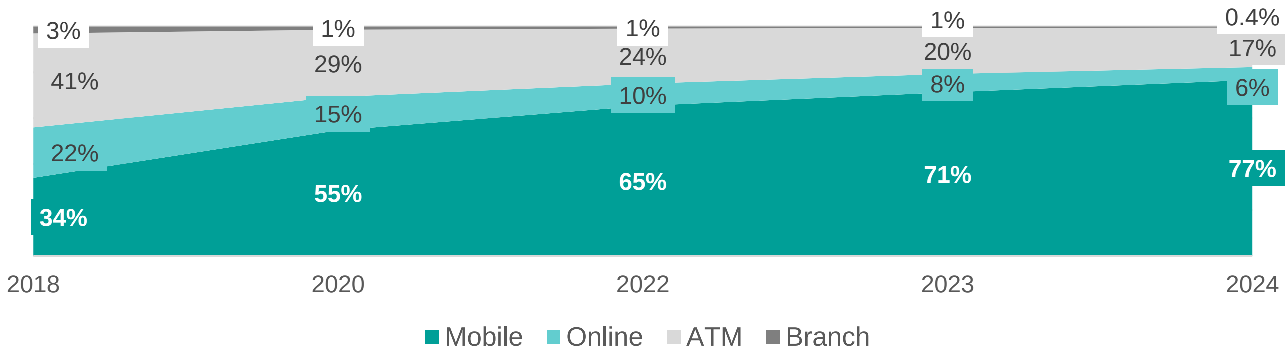
Consequently, there has been a continuous increase in sales made via digital channels increasing 69% YoY compared to the same period last year (excluding naturally high deposit sales) and representing 11% of total sales (+4.4pp YoY; 30% including deposits), including:

(i) Investment products: +169% in the number of digital sales (+17pp in the share of digital sales compared to the same period last year). This result was driven by the expansion of the online offering, specifically in Capitalization Insurance and Retirement Savings Plans (PPRs), improvements in the subscription process, and investment portfolio profitability analysis;

(ii) Insurance: +91% in digital sales (+6pp in the share of digital sales) as a result of new omnichannel solutions developed for non-life insurance, with new end-to-end solutions for auto, home, and health insurance subscriptions;

(iii) Personal loans increased by 29% compared to last year, reflecting improvements in the customer journey and new products.

Customer Touchpoints (Individual Clients)



In the period, 83% of individual clients' contacts with novobanco were made through the digital channels (+4pp YoY). Reflecting a reinforced focus on a "mobile digital first" strategy, mobile continues to be the main mean of contact of individual clients, with annual interactions (as measured by the number of *logins*) growing by 36%.

ECONOMIC ENVIRONMENT

Despite the rise in geopolitical tensions, the first nine months of 2024 were marked by the resilience of global economic activity. In the US, GDP grew by 1.4% in Q1 and by 3% in Q2 and Q3 (annualised QoQ). In the Euro Area, growth rates of 0.3% QoQ in Q1 and of 0.2% QoQ in Q2 and Q3 were observed. The latter reflected a differentiated evolution within the Euro Area, with higher growth in the periphery, benefiting from the expansion of services and tourism, in contrast to a slight contraction in activity in Germany in Q2 and Q3 (-0.1% QoQ). In the US, the unemployment rate rose from 3.7% to 4.1% between January and September, mainly due to an increase in the labour force, as job creation remained robust. In the Eurozone, the unemployment rate decreased from 6.5% to 6.4% over the same period. Despite some persistence in services prices, inflation declined in the major economies, benefiting from favourable base effects in energy and from the slowdown, or fall, in goods prices. In the US, inflation fell from an annual peak of 3.5% YoY in March to 2.4% YoY in September. In the Euro Area, inflation dropped from 2.8% to 1.8% YoY between January and September. The risk of the war in the Middle East spreading did not prevent a decline in the price of oil (Brent) in Q3 (-17% QoQ and -25% YoY), to USD 72/barrel, driven by expectations of cooling global demand, particularly in China.

Amid easing inflationary pressures, in September the US Federal Reserve cut the fed funds target rate by 50 bps to 4.75%-5%. The ECB reduced the deposit facility rate in two moves of 25 bps each, in June and September, to 3.5%. Both central banks maintained an easing bias, while reaffirming a data-dependent stance. The 3-month Euribor decreased from 3.91% to 3.28% in the first nine months of the year. Between Q2 and Q3, 10-year Treasury and Bund yields fell by 62 and 38 bps, respectively, to 3.78% and 2.12% (having since recovered in Q4, but to levels lower than in June). With the market emphasising the expectation of more aggressive rate cuts by the Fed, the euro appreciated 4% against the dollar in Q3, to EUR/USD 1.115. The resilience of activity, expectations of interest rate cuts, and favourable corporate earnings contributed to new highs in US equity indices. The S&P 500 and Nasdaq rose by 20.8% and 21.2%, respectively, in the first nine months of the year. In Europe, the Euro Stoxx 600 and DAX climbed by 9.2% and 15.4% up to September.

The Portuguese economy continued to grow above the Euro Area average in 2024, with GDP rising 0.6% in Q1, 0.2% in Q2, and around 0.3% in Q3, quarter on quarter. The economy benefited from the dynamism of private consumption, supported by an increase in real disposable income, reflecting rising employment and wages, fiscal policy support, and a decline in inflation. A recovery in investment also contributed to GDP growth. Net external demand likely maintained a negative contribution. The unemployment rate fell from 6.6% to 6.4% of the labour force between January and August, with employment growing by 0.8% over the same period. Year-on-year inflation peaked at 3.1% in May (due to base effects related to the end of VAT Zero), falling to 2.1% by September. Housing prices increased by 7.8% YoY in Q2, reflecting persistent supply constraints. Expectations of surpluses in public and external accounts (respectively, 0.4% and 3%-4% of GDP for 2024) contributed to a narrowing of the spread between 10-year PGB and Bund yields to 58 bps at the end of Q3, after peaks of 84 bps in January and 80 bps in June. In March, S&P upgraded Portugal's sovereign rating to A- with a positive outlook. In September, Fitch improved the outlook on Portugal’s A- rating from “stable” to “positive”.

novobanco

MAIN INDICATORS

Main Highlights	30-Sep-23	31-Dec-23	30-Jun-24	30-Sep-24
Activity (€mn)				
Net Assets	42 949	43 501	45 141	45 581
Customer Credit (gross)	28 370	28 171	28 490	28 758
Customer Deposits	28 095	28 140	29 128	29 472
Equity	4 234	4 422	4 672	4 995
Tangible book value	3 927	4 104	4 376	4 705
Solvency				
Common EquityTier I / Risk Weighted Assets	16.5%	18.2%	19.9%	20.7%[5]
Tier I / Risk Weighted Assets	16.5%	18.2%	19.9%	20.7%[5]
Total Capital / Risk Weighted Assets	19.3%	21.0%	22.7%	23.6%[5]
Leverage Ratio	7.9%	7.9%	8.7%	9.1%[5]
Liquidity (€mn)				
European Central Bank Funding (3)	-1,791	-4,246	-4,675	-5,080
Eligible Assets for Repo Operations (ECB and others), net of haircut	16 165	14 217	14 133	13 769
(Total Credit - Credit Provision) / Customer Deposits (2)	83%	81%	79%	81%
Liquidity Coverage Ratio (LCR) (4)	136%	163%	198%	186%[4]
Net Stable Funding Ratio (NSFR) (4)	117%	118%	121%	119%[4]
Asset Quality				
Overdue Loans > 90 days / Customer Loans (gross)	1.4%	1.3%	1.2%	1.4%
Non-Performing Loans (NPL) / Customer Loans	4.7%	4.4%	4.1%	4.0%
Credit Provision / Overdue Loans > 90 days	278.3%	282.4%	296.9%	248.1%
Credit Provision / Customer Loans (gross)	3.9%	3.7%	3.6%	3.6%
Cost of Risk (base points) (1)	40	51	38	32
Profitability				
Net Income for the Period (mn€)	638.5	743.1	370.3	610.4
Income before Taxes and Non-controlling interests / Average Net Assets (2)	1.7%	1.7%	1.8%	1.9%
Banking Income / Average Net Assets (2)	3.3%	3.3%	3.4%	3.5%
Income before Taxes and Non-controlling interests / Average Equity (2)	21.3%	21.2%	18.5%	20.1%
Return on Tangible Equity (RoTE)	24.3%	20.4%	17.4%	18.9%
Efficiency				
Operating Costs / Banking Income (2)	30.8%	33.2%	32.2%	31.6%
Operating Costs / Commercial Banking Income	32.4%	33.3%	32.1%	32.5%
Staff Costs / Banking Income (2)	16.7%	17.5%	17.5%	17.2%
Employees (No.)	**4209**	**4209**	**4239**	**4249**
Branch Network (No.)	**292**	**290**	**290**	**291**

(1) Customer credit cost of risk
(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
(5) Proforma (Preliminary)

FINANCIAL STATEMENT

NOVO BANCO, S.A.

CONSOLIDATED INCOME STATEMENT AS AT 30 SEPTEMBER 2024 AND 2023

thousands of Euros

	30.09.2024	30.09.2023
Interest Income	1 812 130	1 374 994
Interest Expenses	(925 838)	(543 791)
Net Interest Income	**886 292**	**831 203**
Dividend income	3 586	2 014
Fees and commissions income	270 397	249 310
Fees and commissions expenses	(33 374)	(33 555)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(228)	12 906
Gains or losses on financial assets and liabilities held for trading	9 906	4 681
Gains or losses on financial assets mandatorily at fair value through profit or loss	1 325	7 556
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	-	79
Gains or losses from hedge accounting	(18 867)	18 874
Exchange differences	10 689	12 265
Gains or losses on derecognition of non-financial assets	6 100	913
Other operating income	80 406	78 309
Other operating expenses	(95 375)	(101 080)
Operating Income	**1 120 857**	**1 083 475**
Administrative expenses	(330 611)	(310 100)
Staff expenses	(199 053)	(183 774)
Other administrative expenses	(131 558)	(126 326)
Cash contributions to resolution funds and deposit guarantee schemes	(6 466)	(22 334)
Depreciation	(35 226)	(29 473)
Provisions or reversal of provisions	(49 888)	(9 641)
Commitments and guarantees given	(6 550)	(1 951)
Other provisions	(43 338)	(7 690)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(62 077)	(81 208)
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	1	1
Impairment or reversal of impairment on non-financial assets	4 231	9 099
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	3 874	5 225
Profit or loss before tax from continuing operations	**644 695**	**645 044**
Tax expense or income related to profit or loss from continuing operations	(36 919)	(2 596)
Current tax	(12 241)	(12 718)
Deferred tax	(24 678)	10 122
Profit or loss after tax from continuing operations	**607 776**	**642 448**
Profit or loss from discontinued operations	6 254	456
Profit or loss for the period	**614 030**	**642 904**
Attributable to Shareholders of the parent	**610 422**	**638 510**
Attributable to non-controlling interests	3 608	4 394
	614 030	**642 904**

NOVO BANCO, S.A.

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

thousands of Euros

	30.09.2024	31.12.2023
ASSETS		
Cash, cash balances at central banks and other demand deposits	6 466 309	5 867 189
Financial assets held for trading	460 157	436 148
Financial assets mandatorily at fair value through profit or loss	237 043	264 912
Financial assets at fair value through other comprehensive income	1 966 341	838 523
Financial assets at amortised cost	33 035 594	32 452 537
Securities	8 292 013	7 870 536
Loans and advances to banks	69 943	47 940
Loans and advances to customers	24 673 638	24 534 061
Derivatives – Hedge accounting	762 482	683 063
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(60 394)	(83 498)
Investments in subsidiaries, joint ventures and associates	56 474	59 511
Tangible assets	753 417	757 549
Tangible fixed assets	413 004	363 754
Investment properties	340 413	393 795
Intangible assets	103 305	86 748
Tax assets	874 529	931 036
Current Tax Assets	28 785	29 376
Deferred Tax Assets	845 744	901 660
Other assets	896 149	1 117 258
Non-current assets and disposal groups classified as held for sale	29 434	89 814
Total Assets	**45 580 840**	**43 500 790**
LIABILITIES		
Financial liabilities held for trading	97 832	100 639
Financial liabilities measured at amortised cost	38 732 115	37 330 355
Deposits from central banks and other banks	4 799 156	5 745 326
(of which: repos)	2 957 794	3 867 053
Due to customers	30 404 689	29 984 273
(of which: repos)	503 283	1 366 382
Debt securities issued, Subordinated debt and liabilities associated to transferred assets	2 981 870	1 107 585
Other financial liabilities	546 400	493 171
Derivatives – Hedge accounting	156 264	124 729
Fair value changes of the hedged items in portfolio hedge of interest rate risk	93 389	62 049
Provisions	457 165	430 829
Tax liabilities	13 655	10 808
Current Tax liabilities	13 655	10 808
Other liabilities	1 023 350	1 005 846
Liabilities included in disposal groups classified as held for sale	12 274	13 107
Total Liabilities	**40 586 044**	**39 078 362**
EQUITY		
Capital	3 345 000	6 567 844
Accumulated other comprehensive income	(1 011 761)	(1 070 125)
Retained earnings	13 814	(8 577 074)
Other reserves	2 012 312	6 736 004
Profit or loss attributable to Shareholders of the parent	610 422	743 088
Minority interests (Non-controlling interests)	25 009	22 691
Total Equity	**4 994 796**	**4 422 428**
Total Liabilities And Equity	**45 580 840**	**43 500 790**

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.
Customer credit	Customer loans and debt securities associated with credit operations with clients, being Gross before impairments and Net after impairment
ALM portfolio	Securities booked in the Asset and Liability Management Portfolio, 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.
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 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 and impairment charges accounted in the period for credit and guarantees risk and debt securities associated with credit operations with clients with gross customer loans and debt securities associated with credit operations with clients.
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 with non-performing loans / loans to customers (gross)
Non-performing loans coverage ratio	Ratio calculated between impairment on customer loans and non-performing loans

EFFICIENCY AND PROFITABILITY RATIOS	
Efficiency (Staff costs / Banking Income) Banco de Portugal Instruction n. 16/2004	Ratio of staff costs to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses)
Efficiency (Operating costs / Banking Income) Banco de Portugal Instruction n. 16/2004	Ratio of operating costs (staff costs, general and administrative expenses and depreciation and amortisation) to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Profitability Banco de Portugal Instruction n. 16/2004	Ratio of banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses) to average net assets.
Return on average net assets Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average net assets.
Return on average equity Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average equity.
Return on tangible equity	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: 3Q 2024 FINANCIAL RESULTS

Date: **Thursday, 31 October 2024**
Time: **13:00 Lisbon/London**
Link: https://channel.royalcast.com/landingpage/novobancoen/20241031_1/

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