

novobanco

MORTGAGE COVERED BONDS

INVESTOR PRESENTATION



December 2024

Agenda

- 01. At a glance: novobanco**
- 02. Mortgage covered bonds**
- 03. Annex**

01.

At a glance: novobanco

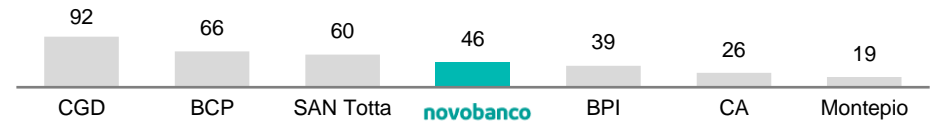
novobanco, a solid domestic champion with best-in-class credit metrics

Key considerations

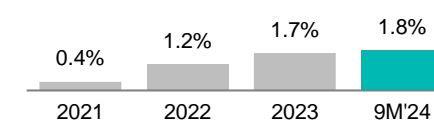
- Franchise Strength**
 - #4 largest banking franchise in Portugal
 - Best-in-class diversification between SMEs and retail customers
- Sustainable Profitability**
 - 18.9% 9M 2024 RoTE on an increasingly overcapitalised balance
 - 1.8% 9M 2024 RoTA
 - Resilient cost-to-income <35%
- Superior Capital Generation**
 - Superior capital position with a 20.7% CET1 FL
 - 420bps of Capital Generation in L12M
 - Room for RWA optimisation given higher density than peers
 - High quality CET1 base, with limited activated DTAs vis-à-vis peers²
- Superior Asset Quality vs. EU Banks**
 - Demonstrated clean-up of legacy NPLs, with CoR consistently <50bps
 - Superior coverage resulting in a low Net NPL ratio vs. EU Average
 - Continuous gain on sale of portfolios demonstrating conservative provisioning
- Solid Access to Funding Market**
 - Demonstrated access to funding markets, with successful T2, SP and CB issuances
 - >10x oversubscription in latest covered bond and >3x in last SP issuance
 - Capacity to tighten pricing given sizeable demand and investor base

Tangible strong evidence across KPIs

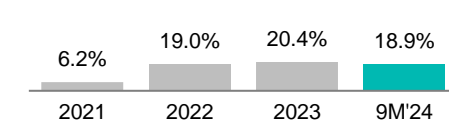
Ranking by total domestic assets (Latest) (€bn)¹



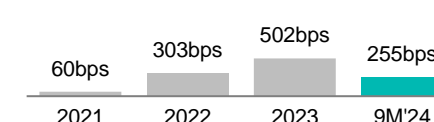
RoTA (%)



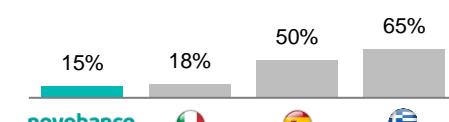
RoTE (%)



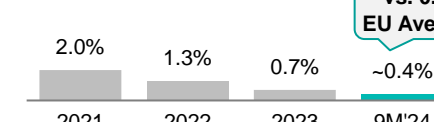
Capital Generation (bps)



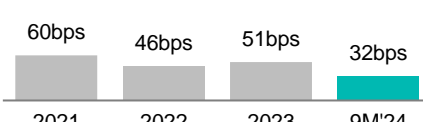
CET1 Eligible DTA (% CET1)²



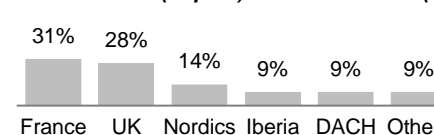
Net NPL evolution³ (%)



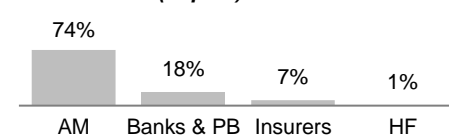
Cost of Risk (bps)⁵



SP Issuance (Sep-24) – Geo allocation (%)⁶

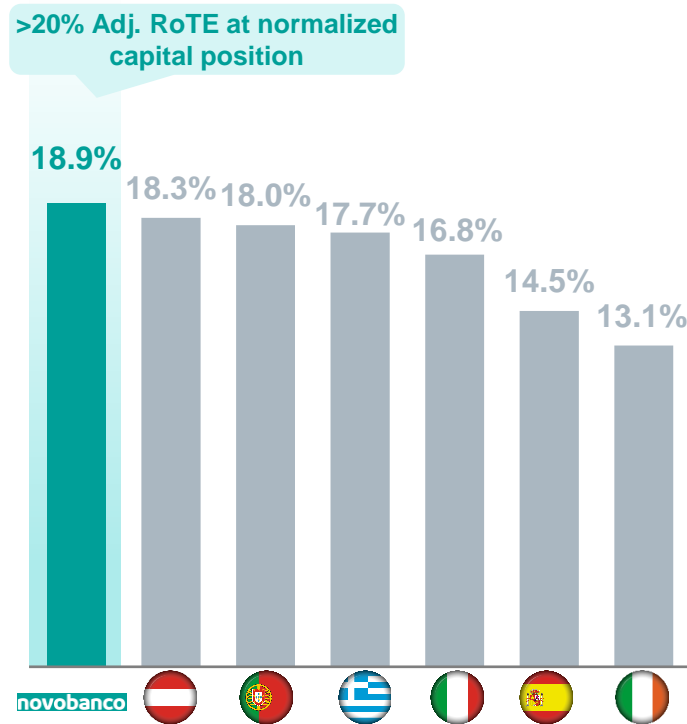


SP Issuance (Sep-24) – Account allocation (%)

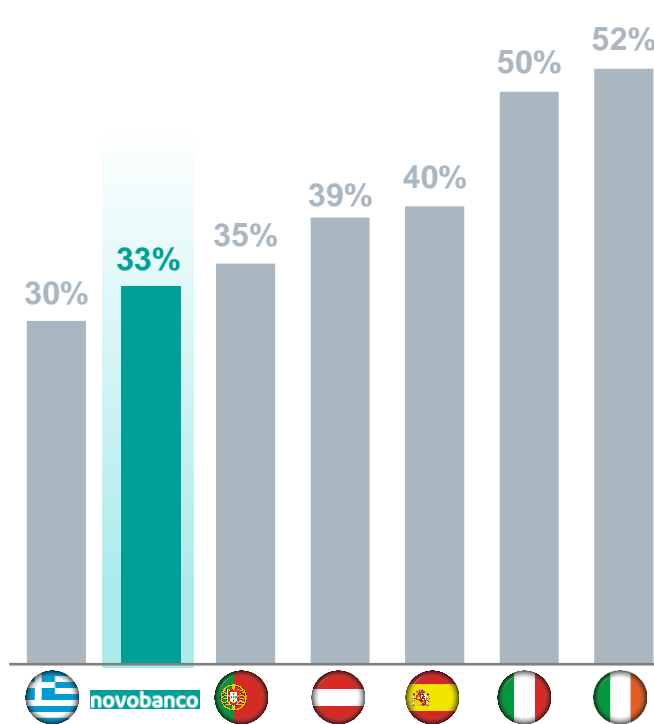


novobanco has been able to deliver superior profitability than its Portuguese and European peers

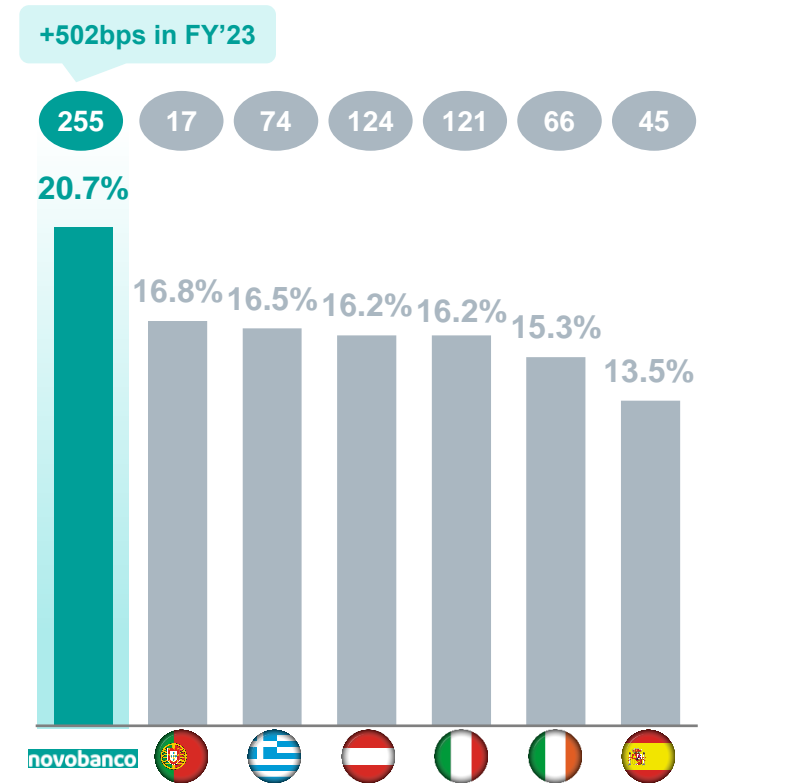
RoTE vs peers
(9M'24, %)



C/I vs peers
(9M'24, %)



CET1 vs peers
(9M'24, %)



Consistent strategy execution being on-track to outperform 2024 outlook

Business		YoY
Clients Base	1.6mn	+6.7%
Business Volume ¹	€58.2bn	+3.1%
Strong returns on overcapitalised balance sheet	20.7% CET 1	18.9% RoTE
	<i>+255bps YTD pro-forma</i>	

	9M24	2024 Outlook
Commercial Banking Income	€1 127mn	> €1.4bn ✓
Cost to Income Ratio	32%	< 35% ✓
Cost of Risk	32bps	< 50ps ✓
Net Income	€610mn <i>€640mn (ex-one off)²</i>	> €700mn ✓

A domestic business focused on growth and value-added products and services, with a simple and low-risk balance sheet and efficient operations, delivering solid profitability.

Pure Portuguese domestic player supported by positive tailwinds and uniquely positioned to deliver high profitability

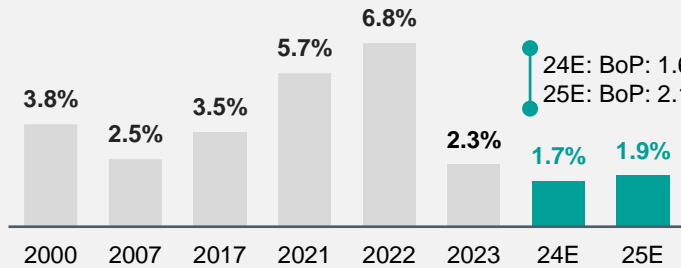


- 1** Leading independent domestic Portuguese bank with exposure to strong macro fundamentals
- 2** Diversified business model with a strong corporate and low-risk retail mortgage franchises supported by strong digital adoption
- 3** Strong levels of profitability and capital generation

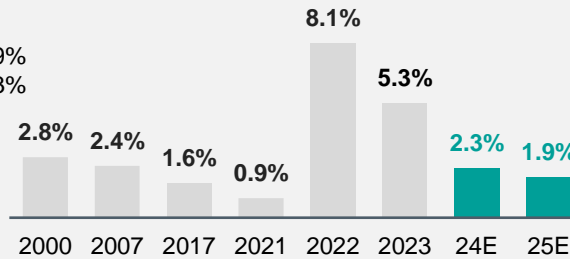
Portugal is one of the strongest economies in the EU, benefitting from structurally low unemployment and competitive labour costs



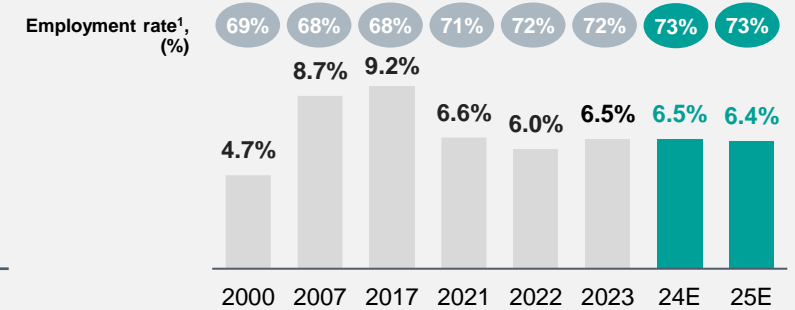
Portugal poised to grow...
(PT Real GDP Growth)



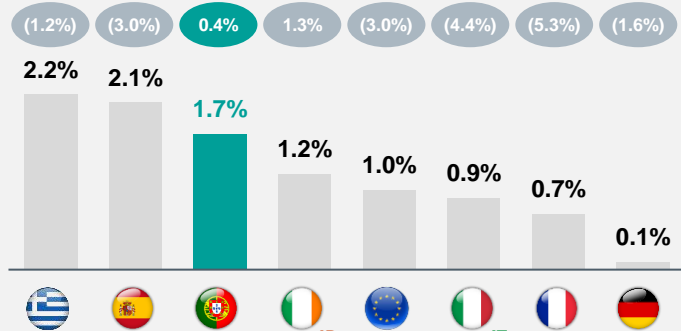
Inflation under control...
(PT Inflation, %)



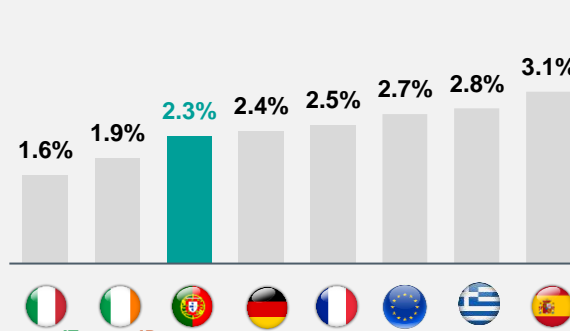
Unemployment near historic lows...
(PT Unemployment rate, %)



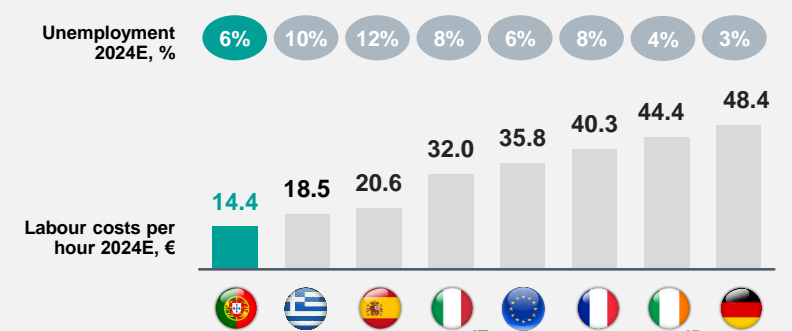
...above European peers
(Real GDP Growth, 2024E; Budget Surplus 24E in bubbles)



...and below European peers
(Inflation, 2024E)



...with competitive labour costs
(Unemployment rate & Labour costs per hour €)

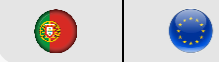


Portugal benefits from a highly resilient housing...

Multiple factors driving pricing dynamics

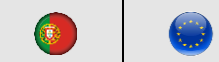
Consistent population growth driven by strong net migration
(Population growth 2023 vs. 2018)

+3.0% | +0.6%



Low new housing supply
(per 1,000 inhabitants)

2.3 | 4.9



Shortage of supply vs. demand
(apartment for sale)⁵

>300k¹
(just in Lisbon)

Rising housing construction cost

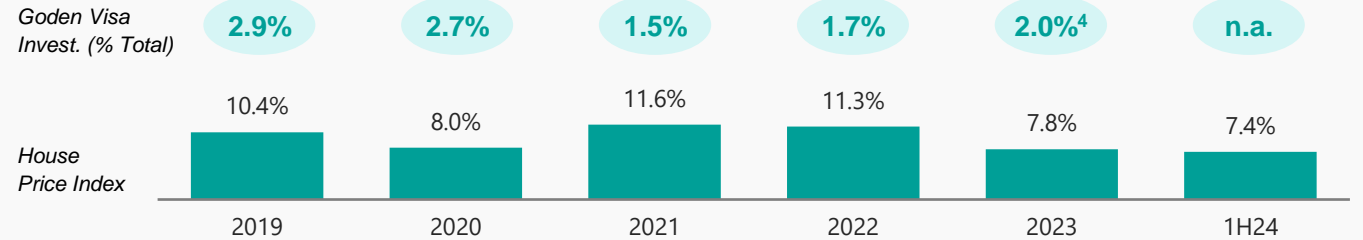
>26%²
(since 2021)

Attractiveness of Portugal for foreigners and digital nomads

>€15bn³
(invested in houses since 2019)

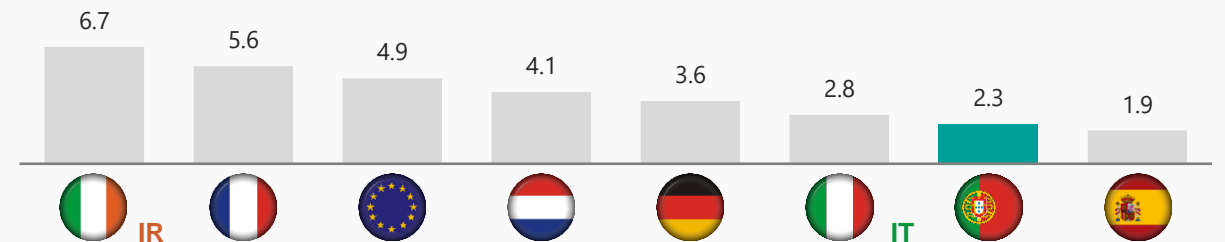
Portuguese house price index evolution

Golden Visa investment is residual as a % of total real estate investment in Portugal



New housing completions (per 1,000 inhabitants)

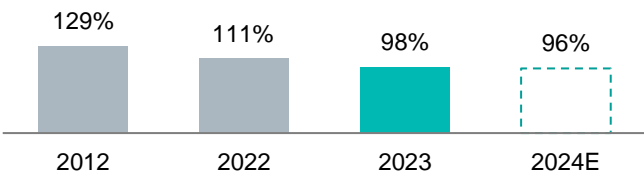
As of FY23



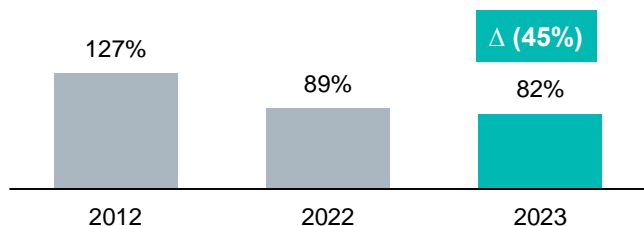
Resilient Portuguese housing sector with increasing prices driven by strong demand and low new housing supply compared to European average

...and a strong de-leverage with expected loan growth momentum

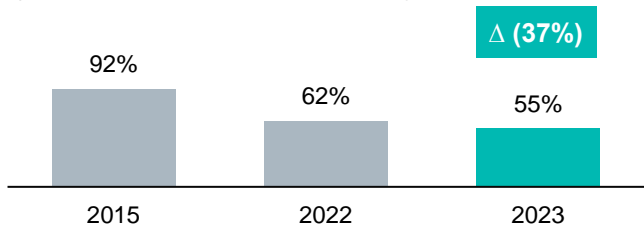
Political stability and strong fiscal discipline (% Public Debt to GDP)



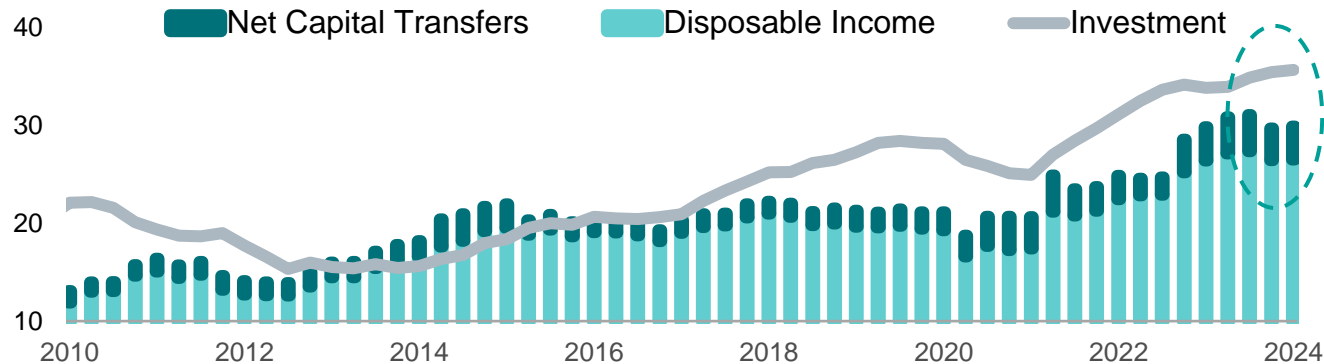
Corporate have also significantly deleveraged (Non-financial corporations indebtedness ratio, % GDP)



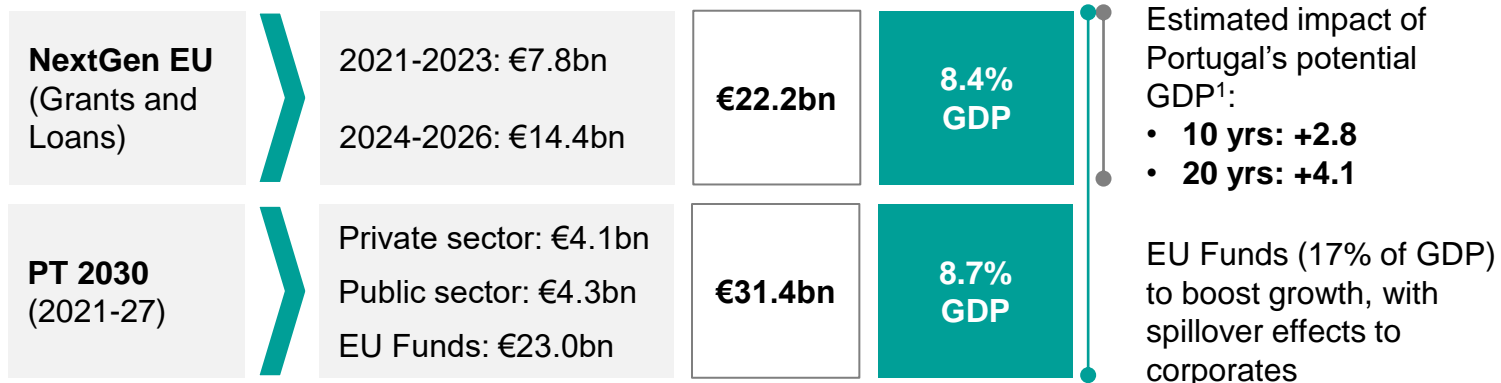
Households financial discipline (Household debt as % of GDP)



Non-Fin. Corporations financing needs: Disposable income + Capital transfers – Investment (€bn)



NextGen EU Funds and PT 2030 (€bn; % GDP)



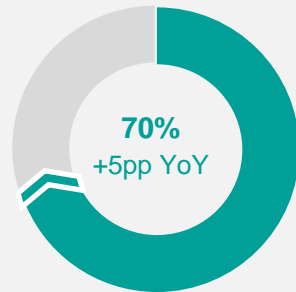
Highly diversified business model serving 1.6m clients

Retail

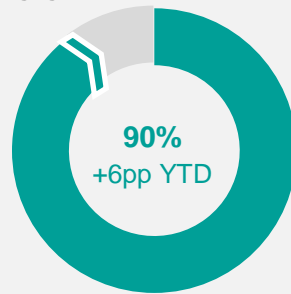
Making our customers' lives easier

Implementation of **New Distribution Model**: reshaping geographic presence and deeply changing the service experience, **balancing between** the convenience of the **digital channels** and the importance of **face-to-face service** to clients.

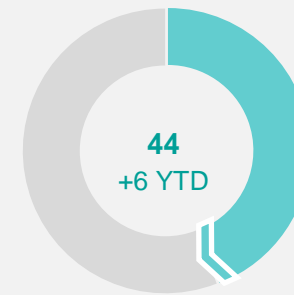
Digital Active Clients



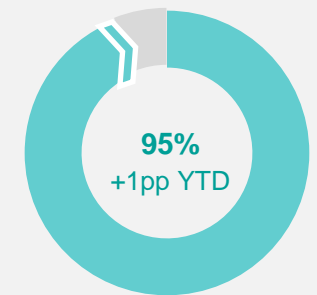
Customer Satisfaction: Mortgage Loans Experience



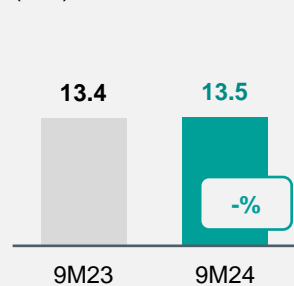
SME: Relational NPS



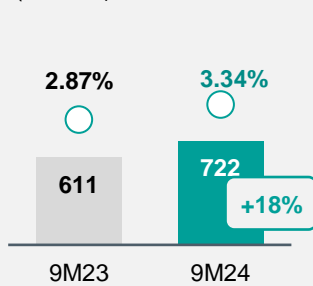
SMEs: Customer service Satisfaction



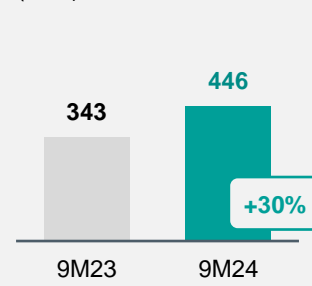
Net Customer Credit (€bn)



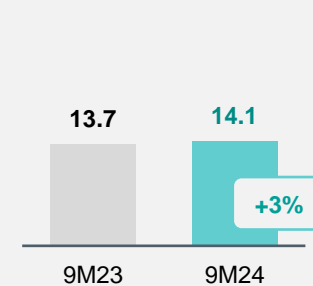
NIM & Banking Income (%; €mn)



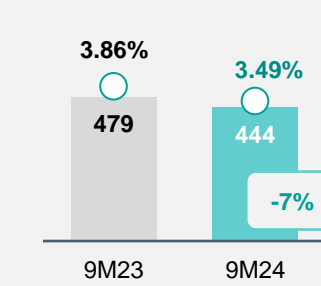
Profit Before Tax (€mn)



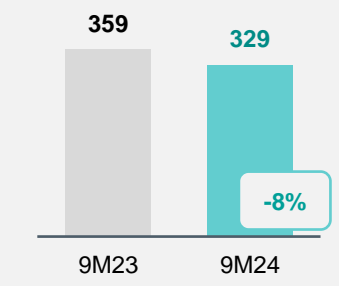
Net Customer Credit (€bn)



NIM & Banking Income (%; €mn)



Profit Before Tax (€mn)



Building a sustainable Business Model through a continued investment in Tech & Data and our People

Sustainable Business Model...

Best-in-class customer journey led experience

- **Customer Journeys** transformed (e.g., Trading Pro, digital Account Opening)
- **Omni-channel touchpoints** with an increased digital penetration
- **Hyper-Personalisation** (e.g. omni-channel orchestration, chat-AI, marketing automation)
- Streamlined **product portfolio** (Retail)

Scalable technology & efficient operations

- **Cloud-first approach** for efficiency and scalability
- Improved **speed to market** with **CI/CD¹ pipelines** (DevSecOps)
- **At scale Intelligent Automation factory** for Ops and support functions
- **Smart sourcing** mix leveraging **industry leading utilities**

Reliable and secure services

- **High reliability** driving **availability** of digital services
- Pre-emptive approach to manage IT risk and **security by design**
- Enhanced **cybersecurity** with consistent **investment** powering **resilient Cyber** capabilities
- New **data driven AML/KYC** platforms (e.g., Quantexa, KYC360 partnerships)

Tailored to Customer Needs ➤

Voice of Customer capability

Customer centric design practice

Common and reusable customer capabilities

Advanced Technologies ➤

Democratized **data foundation**, bank-wide **AI/GenAI** apps

Cloud-first (inc. core/mainframe journey-to-cloud)

Composable architecture (micro-services/API first)

Our People ➤

Mission and Values, activated across entire bank

Compelling EVP (Employee Value Proposition)

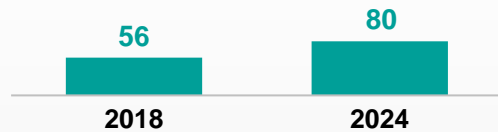
Agile, journey-led organization

Leadership development (top 300)

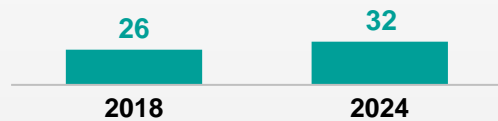
Strong progress in building a sustainable Business Model

Best-in-class Customer Journey led organisation

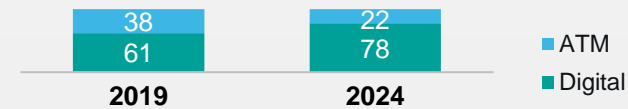
Digital touchpoints (% total)



Digital sales (% total)

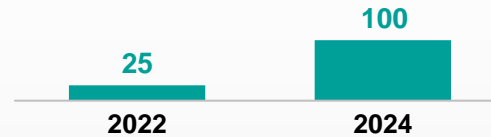


Self service/STP transactions (% total)

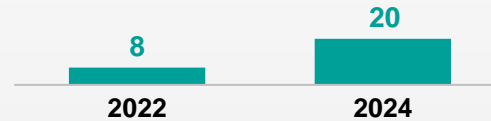


Scalable technology & Efficient operations

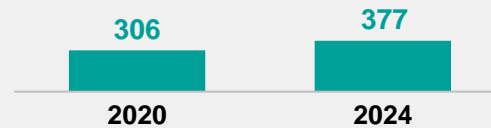
Automated CI/CD pipelines¹ (%)



Cloud adoption² (%)

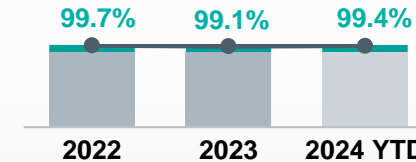


Simplification – clients per employee



Reliable and Secure services

Availability

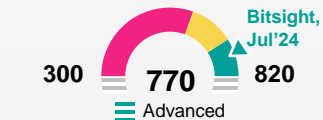


Over 99% availability and performant systems

Zero very high severity incidents

Cyber security³

SECURITY RATING



Consistent **Advanced** performance, ranking with the top 25% of Bitsight peer group of Financial Institutions

PERIMETRIC DEFENCE

Zero successful attacks
Zero data loss

We benchmark well in cybersecurity, with very strong defences in place leading to no significant events in novobanco history

IT SPEND IN SECURITY (% of '24 IT budget)

5%

Highly conservative mortgage book with strong origination capabilities

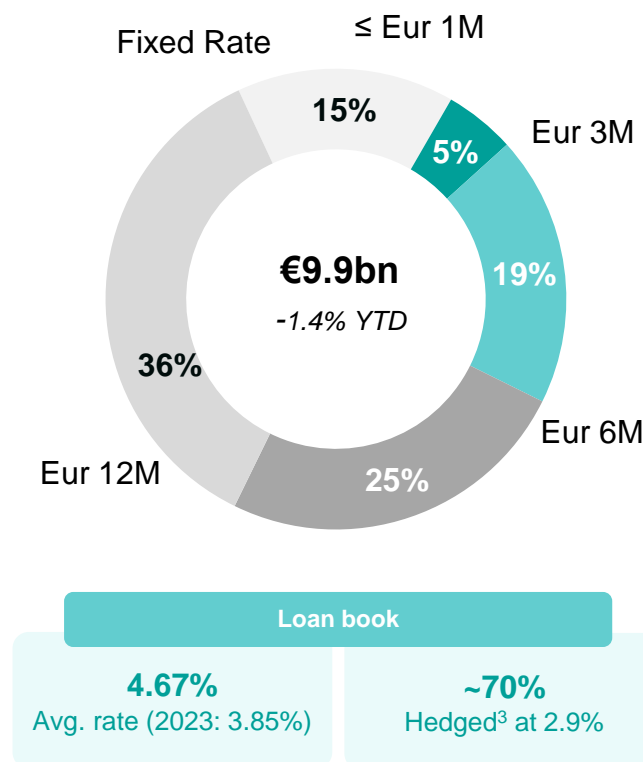
Mortgage loan book: key indicators

(Sep-24; %)

Mortgage: YTD origination	€0.9bn
Average ticket size: stock	~€55k
Average ticket size: YTD origination	~€120k
Average DSTI ¹ : YTD origination	<40%
Market share ² : stock	8.7%

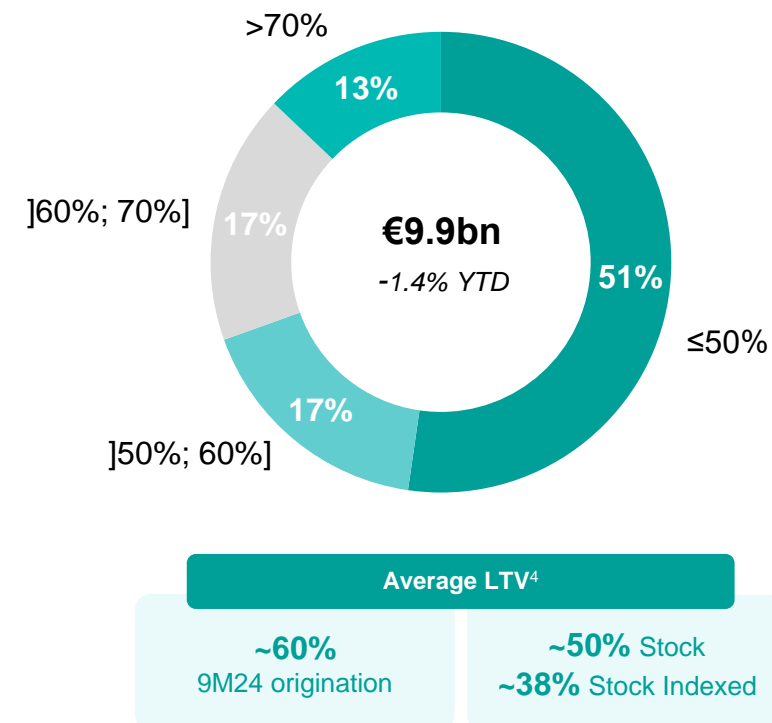
Mortgage loan book: rate type

(Sep-24; Gross loan book; %)



Mortgage loan book: LTV bucket

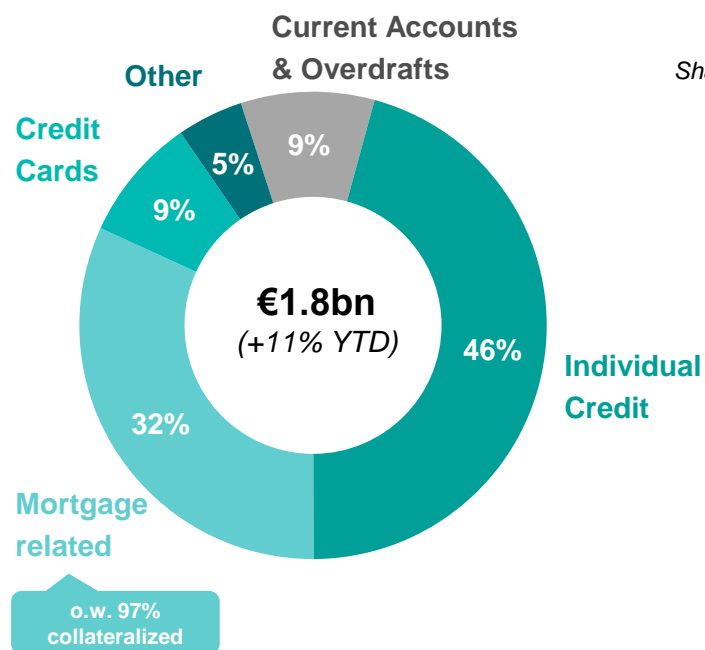
(Sep-24; Gross loan book; %)



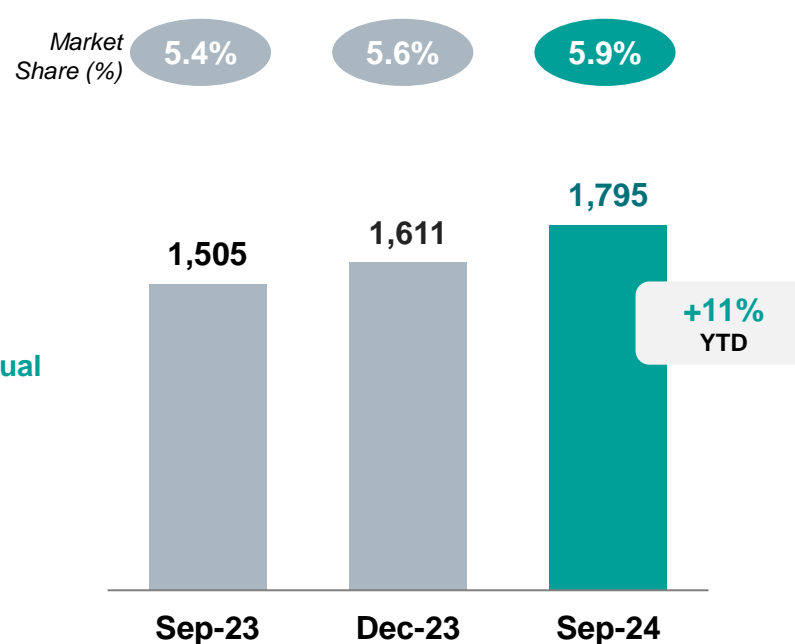
2 DIVERSIFIED BUSINESS MODEL WITH A STRONG CORPORATE AND LOW-RISK RETAIL MORTGAGE FRANCHISES SUPPORTED BY STRONG DIGITAL ADOPTION

Well positioned in attractive and personal loans segment (+11% YTD)

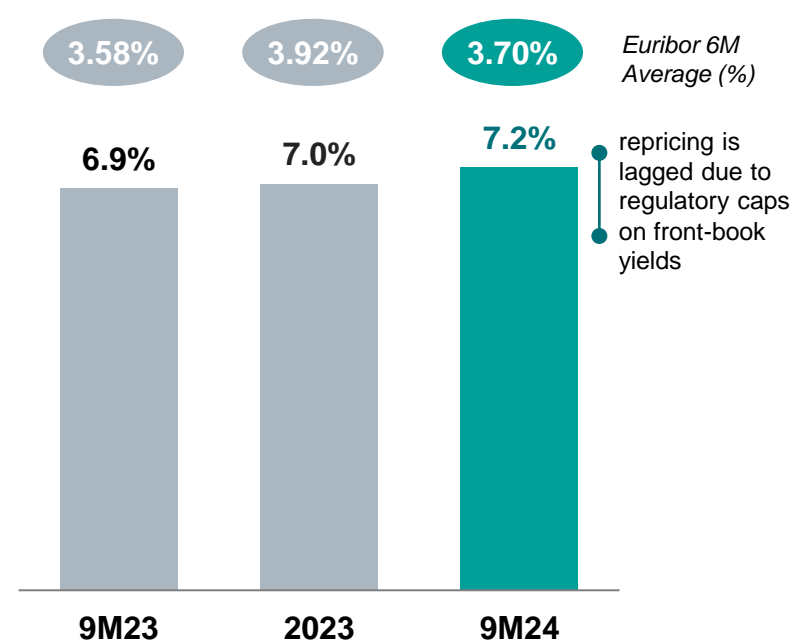
Personal loans & other (%)



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



Personal loans average rate (%)



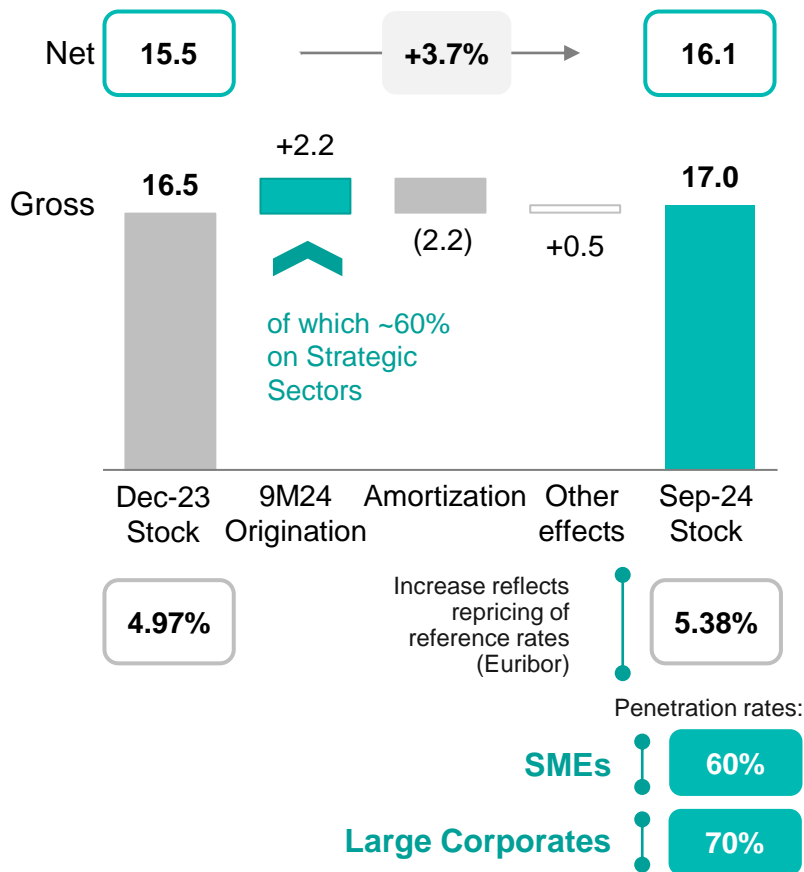
Marginal personal loans NPLs (€52mn) highly provisioned with 128% Stage 3 coverage¹ limiting downside risks

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

Partner of reference for Portuguese companies

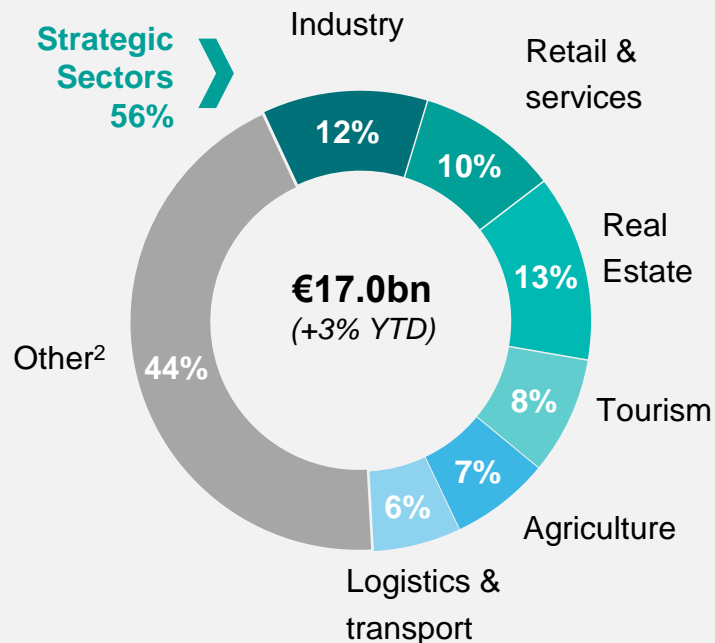
Corporate credit¹

(Sep-24; €mn; %)



Corporate credit¹: Sector

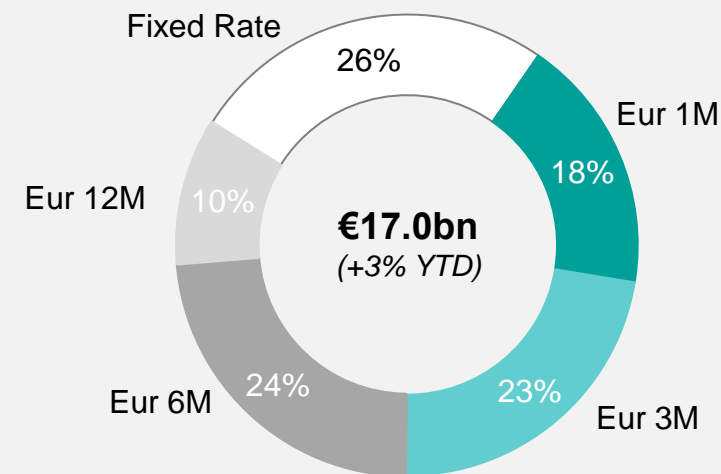
(Sep-24; Gross; %)



Sectorial approach strategy to accelerate growth

Corporate credit¹: Rate Type

(Sep-24; Gross; %)



~83% of the Corporate book is floating (incl. hedges), majority with Euribor 0% floor

3. STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

Strong track record of delivering sustainable profitability

Income statement and key metrics

	€mn	2022	2023	▲ YoY (%)	9M'23	9M'24	▲ YoY (%)
1	Net Interest Income	625.5	1,142.6	82.7%	831.2	886.3	6.6%
2	+ Fees & Commissions	293.3	296.1	1.0%	217.1	240.4	10.7%
	= Commercial Banking Income	918.8	1,438.7	56.6%	1 048.3	1,126.7	7.5%
3	+ Capital Markets Results	24.0	14.7	(38.8%)	39.3	3.2	n.m.
	+ Other Operating Results	183.6	(11.2)	n.m.	14.5	26.9	n.m.
	= Banking Income	1,126.3	1,442.3	28.1%	1 102.1	1,156.7	5.0%
4	- Operating Costs	448.4	479.2	6.9%	339.6	365.8	7.7%
	= Net Operating Income	678.0	963.1	42.1%	762.5	790.9	3.7%
	- Net Impairments & Provisions	111.2	173.8	56.3%	81.7	107.7	31.8%
5	... of which Customer Credit	102.2	142.0	38.9%	84.7	68.7	(9.1%)
	= Profit Before Tax	566.8	789.3	39.3%	680.8	683.1	0.3%
	- Corporate Income Tax	(53.3)	5.8	n.m.	2.6	36.9	n.m.
	- Special Tax on Banks	34.1	35.3	3.5%	35.3	32.2	(8.8%)
	= Profit after Taxes	585.9	748.2	27.7%	642.9	614.0	(4.5%)
	- Non-Controlling Interests	25.1	5.1	n.m.	4.4	3.6	(17.9%)
6	= Net Profit for the period	560.8	743.1	32.5%	638.5	610.4	(4.4%)
	NIM	1.47%	2.75%	+1.27pp	2.66%	2.79%	+0.13pp
	Cost-to-income	39.8%	33.3%	(6.5pp)	32.4%	32.5%	+0.1pp
	CoR (bps)	46	51	+6bps	40	32	(8bps)
	RoTE	19.0%	20.4%	+1.4pp	24.3%	18.9%	(5.4pp)
	RoTA ¹	1.23%	1.69%	+0.5pp	1.92%	1.82%	(0.1pp)
	NPL ratio	5.4%	4.4%	(1.0pp)	4.7%	~3.5% ³	(0.7pp)
	NPA Ratio ²	7.1%	5.8%	(1.3pp)	5.6%	5.2%	(0.4pp)
	CET1 FL ratio	13.7%	18.2%	+4.5pp	16.5%	20.7%	+4.2pp

Key metrics

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(1) Return on tangible assets is calculated based on annualised value. (2) Based on prudential view. Includes NPL, Repossessed REO, movable property, equity and others (including shareholder loans + supplementary capital contributions); (3) pro-forma post-SPA signed in Dec-24.

1 NII performance (+7% YoY) reflecting a balanced management of asset yields and financing costs, reaching NIM of 2.79%.

2 Fee income +11% YoY with increased contribution of Accounts and Payments (+26% YoY) from higher volume of transactions and growing customer base, despite legislative headwinds.

3 Capital Markets Results of €3mn reflecting gains and losses from the sale and revaluation of securities, foreign exchange results and hedging. Other operating results was €27mn, including the contribution to the National Resolution Fund (€6.4mn), gains from the recovery of overdue credit, real estate, recovery of tax processes and indirect taxes.

4 Commercial Cost to Income ratio at 32.5% (9M23: 32.4%), backed by efficient operations with a sustained top-line performance and contained costs. Operating costs totalled €366mn (+1.8% vs avg. 2023), reflecting on one hand the continued strategic investment in digital transformation, optimisation and simplification of the organization and on the other hand the effects of inflation and the higher business activity.

5 Customer credit cost of risk at 32bps (9M23: 40bps; 1H24: 38bps), including management overlays. Other Provisions include a €30mn one-off provision (2Q24) as part of its strategic program of innovation and simplification.

6 Net income of €610mn (-4% YoY; +0.3% excluding one-off provision), equivalent to RoTE of 18.9% (on overcapitalised balance sheet with 20.7% CET1 pro-forma), reflecting consistent execution of novobanco's strategy, with the ability to grow revenue and generate capital.

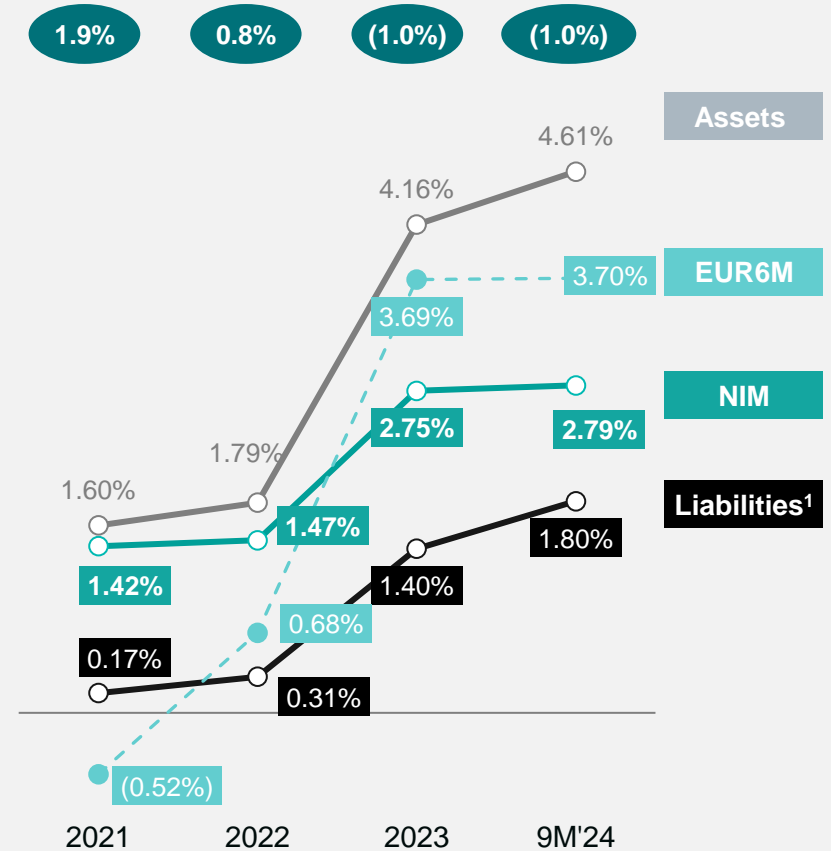
3. STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

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

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

€ million; %	9M'23			2023			9M'24		
	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs
Customer Credit	28 100	4.45%	948	28 100	4.35%	1 249	28 174	5.24%	1 124
Corporate Credit	16 615	4.76%	599	16 581	4.97%	753	16 558	5.38%	678
Mortgages	10 023	3.58%	272	10 033	3.85%	391	9 912	4.67%	352
Consumer loans and Others	1 462	6.94%	77	1 486	7.00%	106	1 705	7.24%	94
Money Market Placements	4 296	2.97%	97	4 536	3.12%	143	6 078	3.80%	176
ALM portfolio and Other	8 800	2.95%	197	8 409	3.00%	339	7 464	2.89%	164
Interest Earning Assets & Other	41 196	3.98%	1,242	41 046	4.16%	1 732	41 716	4.61%	1 465
Customer Deposits	28 751	0.66%	143	28 982	0.82%	242	30 088	1.42%	326
Money Market Funding	7 728	3.05%	179	7 265	3.23%	238	5 149	3.91%	153
Other Liabilities	1 497	7.09%	80	1 402	7.19%	102	1 989	6.17%	93
Other Non-Interest Bearing Liabilities	3 220	-	0	3 397	-	0	4 490	-	0
Interest Bearing Liabilities & Other	41 196	1.29%	402	37 649	1.53%	582	41 716	1.80%	573
NIM / NII		2.66%	831		2.76%	1 149		2.79%	886
Euribor 6M - Average		3.58%			3.69%			3.70%	

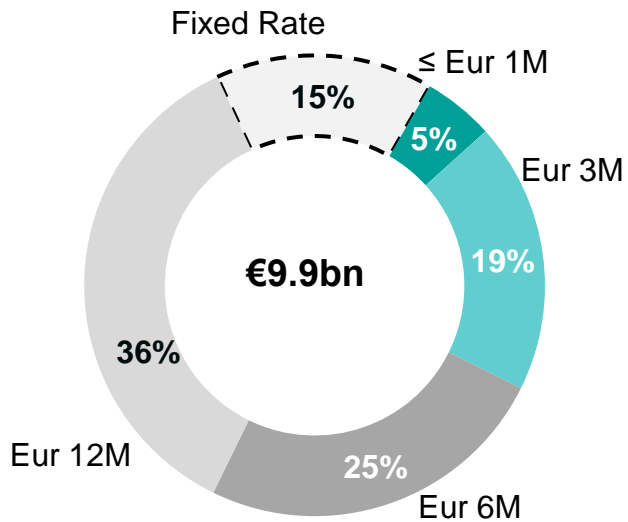
NIM performance (%)



3. STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

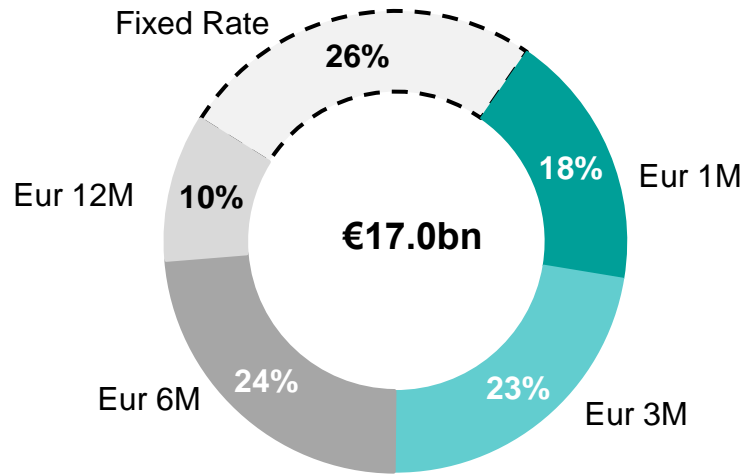
...with variable rate loan book funded by customer deposits benefiting from higher rates environment

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



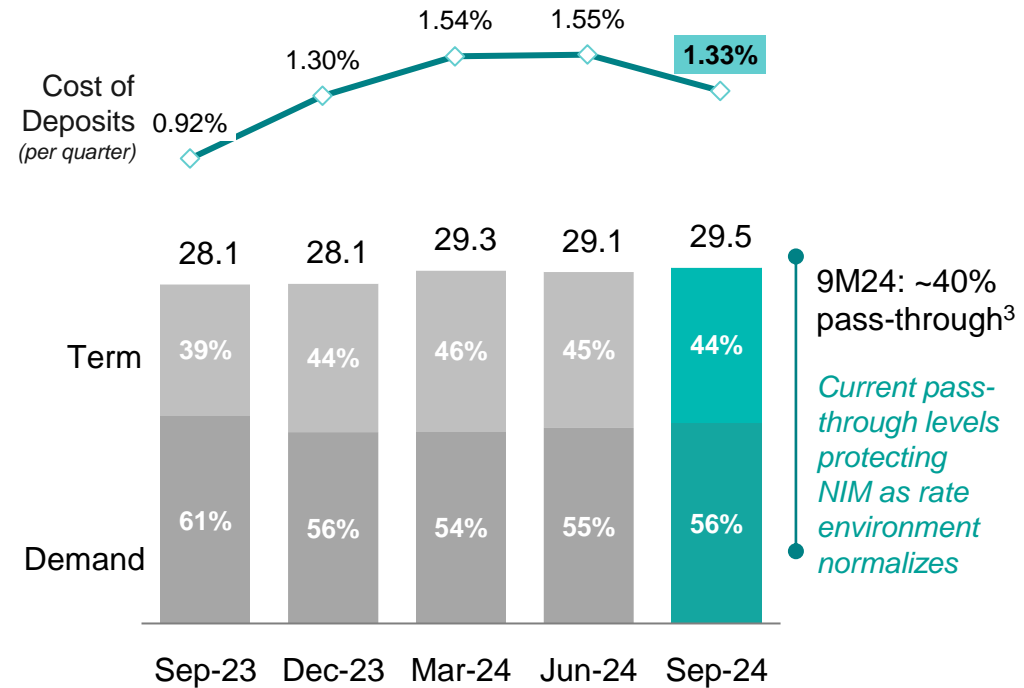
~60% average LTV, ~50% stock
70% hedged² at 2.9%

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



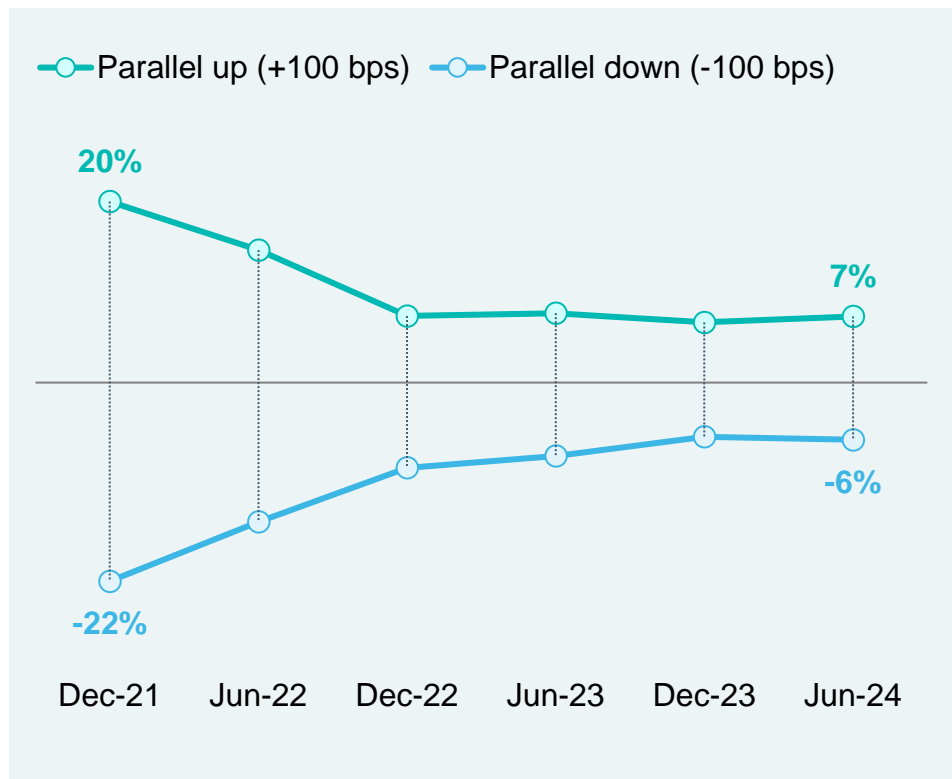
~75% of book is floating
(incl. hedges; vs 90% as of Dec-23)

Deposits Breakdown by Type
(€bn; %)



... and downside rates risk being actively managed

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

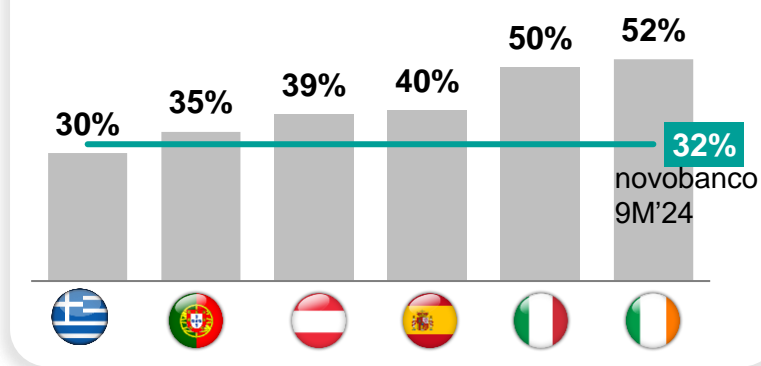
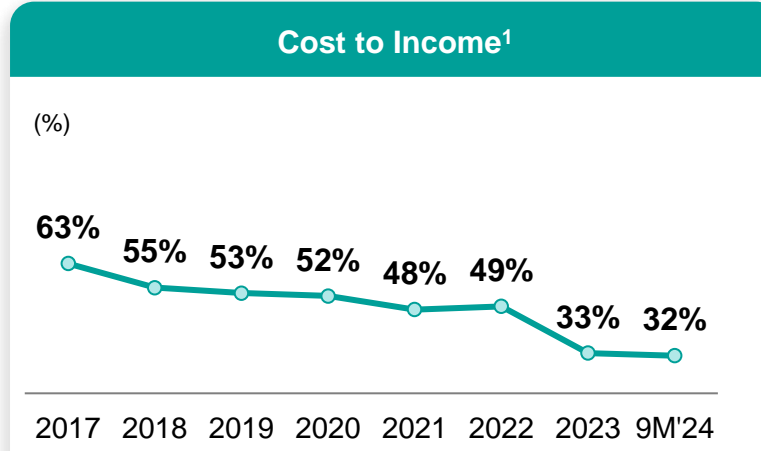
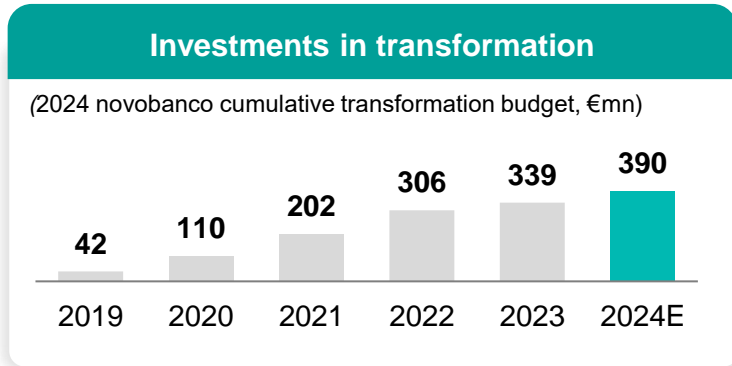
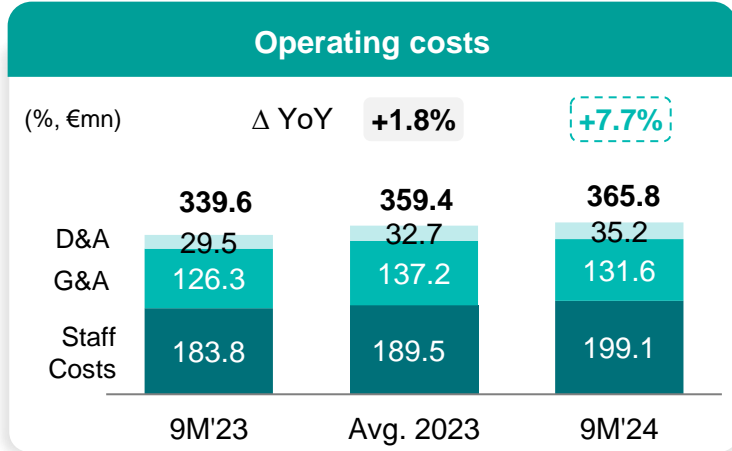


Measures to reduce interest rate sensitivity

<p>1 Increased fixed rate assets through cash-flow hedges</p>	<ul style="list-style-type: none"> • Average Amount: €6.4bn • Avg rate: 2.8% • Residual maturity: c.5 yrs 	<p>Increased fixed rate exposure by +€10bn with residual maturity c.5 years</p>
<p>2 Execution of non-maturity deposits fair-value swaps</p>	<ul style="list-style-type: none"> • Amount: €2.5bn • Avg rate: 3.1% • Residual maturity: c.5 yrs 	
<p>3 Hedged long duration fixed-rate liabilities (zero coupon and '43 bonds)</p>	<ul style="list-style-type: none"> • Amount: €0.8bn • Core sovereign bonds • Maturity: >2033 	
<p>4 Increased origination of fixed rate loans and adj. fair-value hedging strategy</p>	<ul style="list-style-type: none"> • Loan book as of Sep-24: • Fixed loans: 17% (+4pp YTD) • Of which: 36% hedged (-14pp) 	

3. STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

Industry leading cost to income ratio



Disciplined optimisation

(%; #; €)

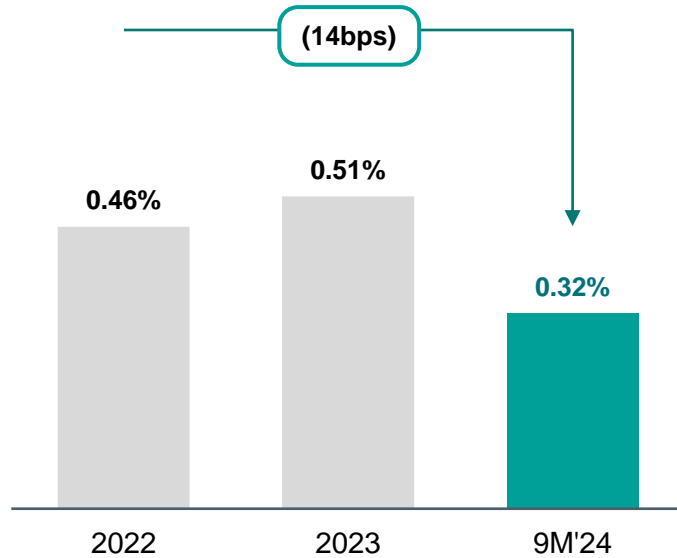
	9M'24	vs. Dec'17
Branches (#)	291	(38%)
Employees (#)	4,249	(23%)
Operating Costs (€m)	367	(11%)
Commercial BI per Employee (€k)	265	+166%

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

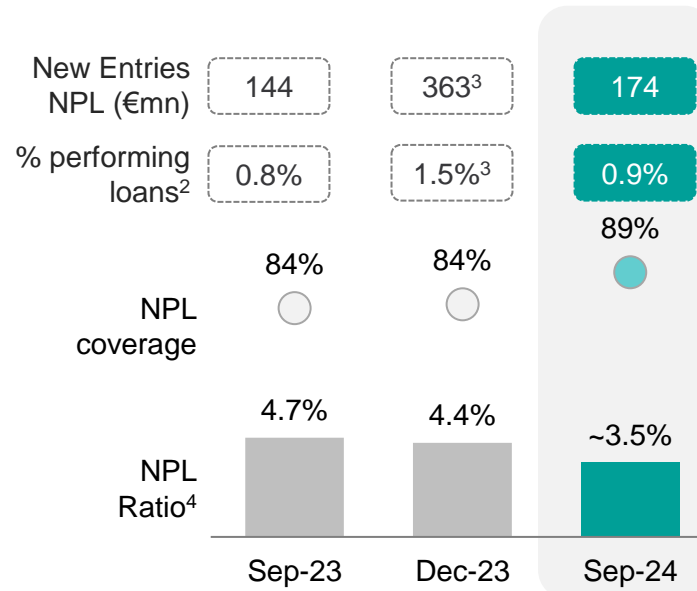
3. STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

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

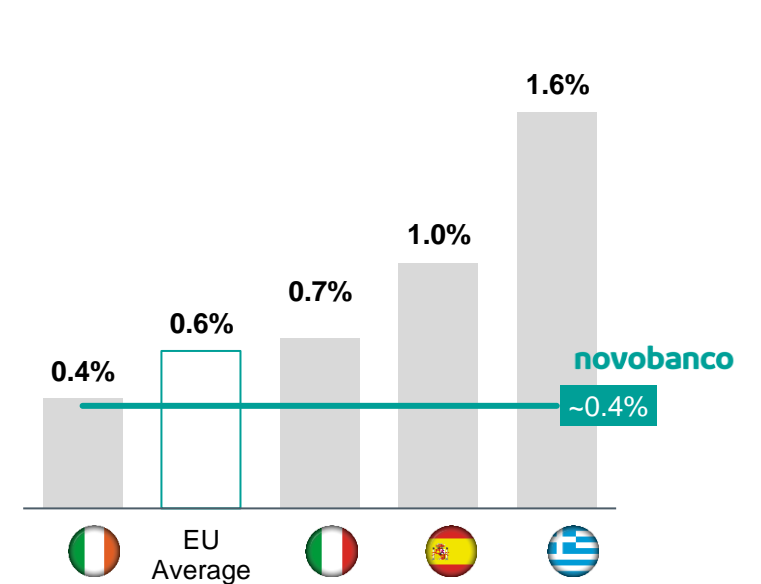
Consistent CoR¹ improvement...
(Cost of risk evolution, %)



...with conservative provisioning levels...

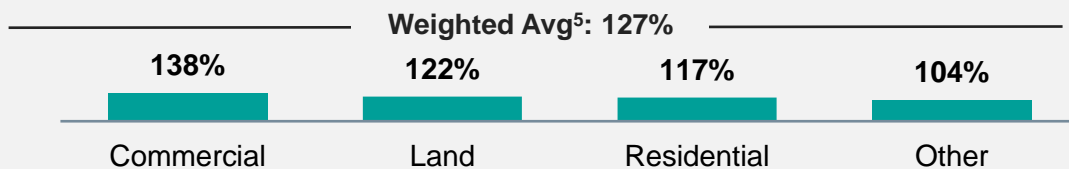


...in line with European Peers³
(Net NPL ratio, %)



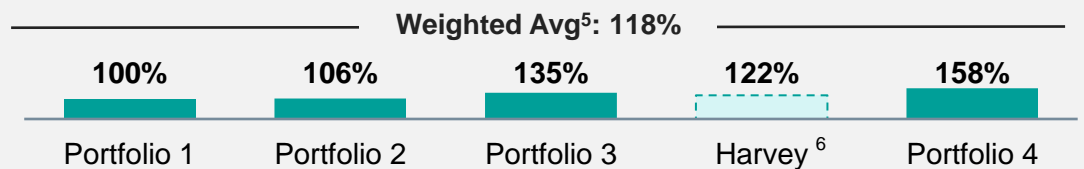
Conservative provisioning approach reflected in above par RE asset disposals historically...

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



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

(Recent NPL portfolio sales price, % NBV)

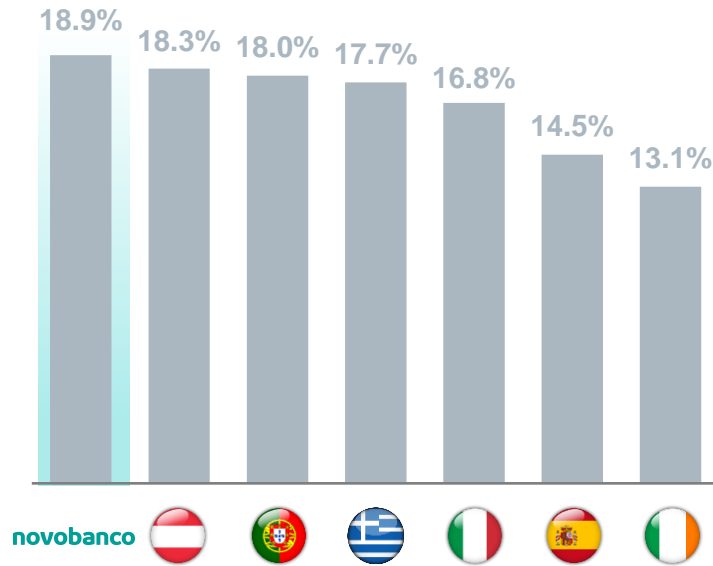


3. STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

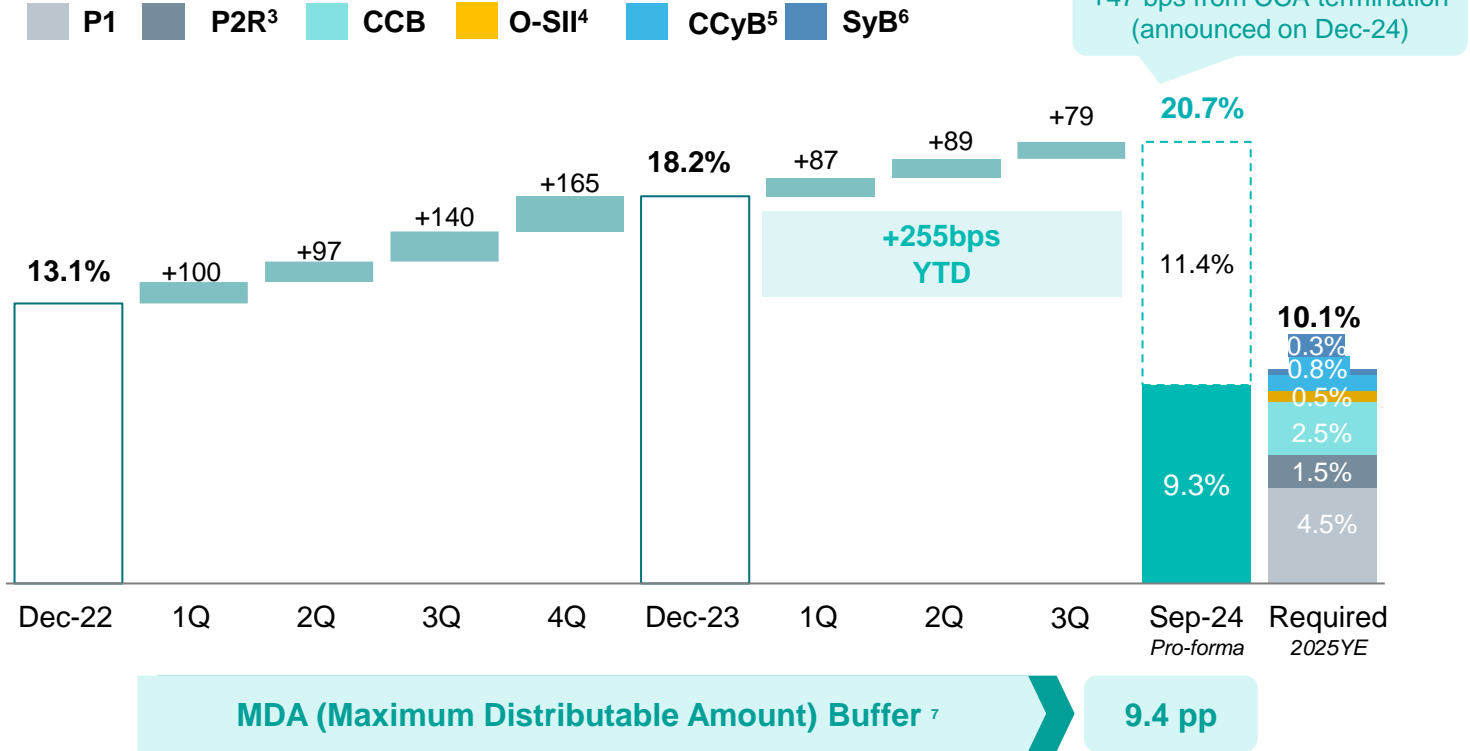
Best-in-class profitability and capital generation

RoTE¹ 9M'24
(%)

9M24 RoTE > 20%² for normalized CET 1



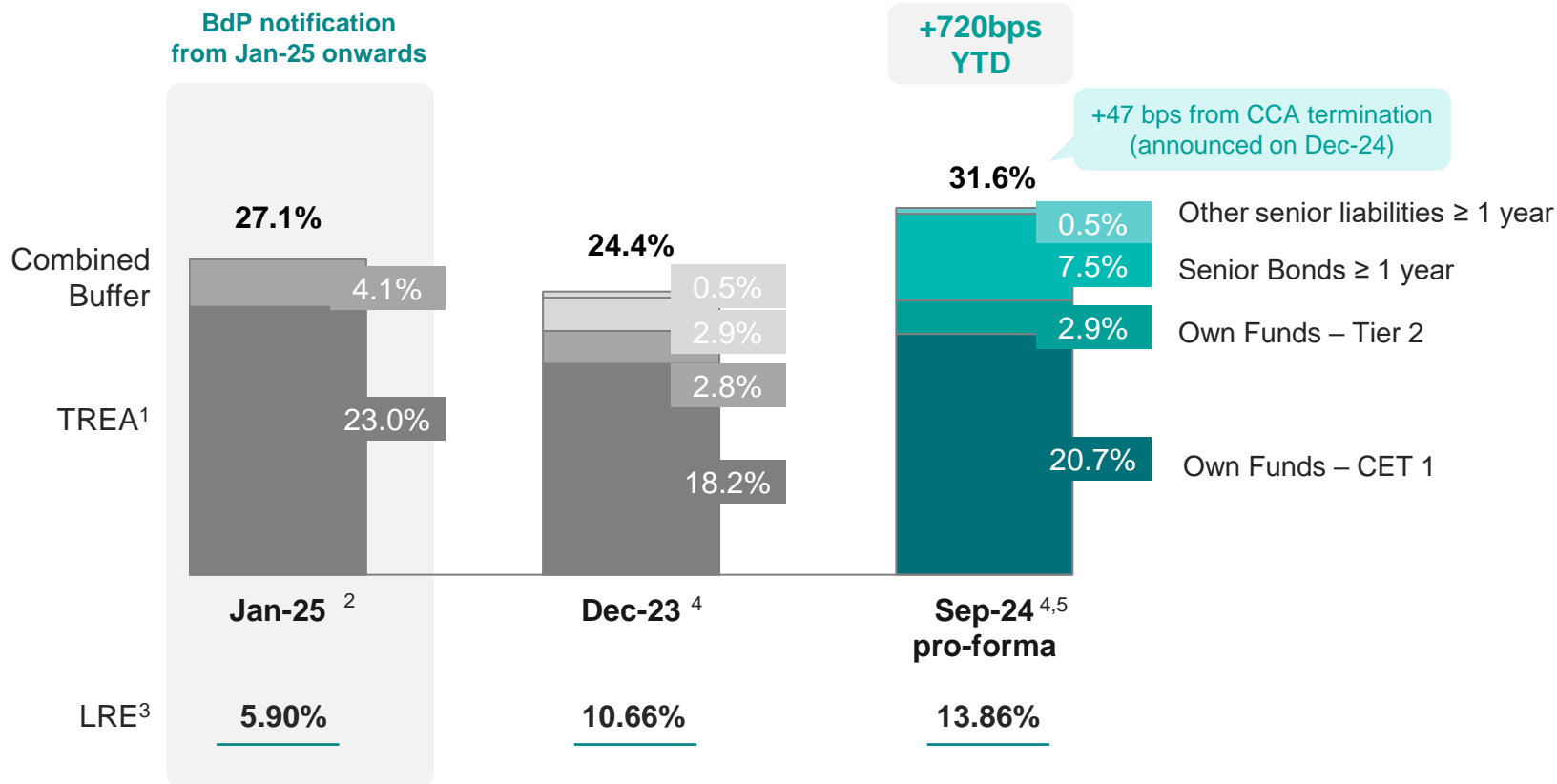
CET 1
(fully loaded; bps; %)



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

Compliant with new MREL requirement ahead of schedule

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



In line with desire to maintain regular market access:

- in Feb/24, was issued €500mn of Senior Preferred Notes with maturity in Mar/28 and an early redemption option in Mar/27;
- in Sep/24, was issued €500mn of Senior Preferred Notes with maturity in Mar/29 and an early redemption option in Mar/28;
- Novobanco commits to maintain an appropriate buffer over the required end-point MREL (currently at 27.0%);
- As the bank expects to normalise its capital structure, a reduction⁶ of CET1 (Sep/24: 20.7%) would therefore be pre-funded by additional benchmark size MREL eligible instruments.

(1) TREA - Total Risk Exposure Amount; (2) applicable from Jan-25 onwards; to be considered the then applicable combined buffer requirement; (3) LRE - Total Leverage Exposure; (4) Fully loaded basis, equivalent to MREL Phased-in of 24.73% LRE of 10.85% on Dec-23 and MREL of 31.60% and LRE of 13.56% as of Sep-24; (5) Preliminary figures of Sep-24; (6) contractual dividend ban until Dec-25; subject to regulatory approvals

02.

Mortgage Covered Bonds

Novobanco covered bond programme

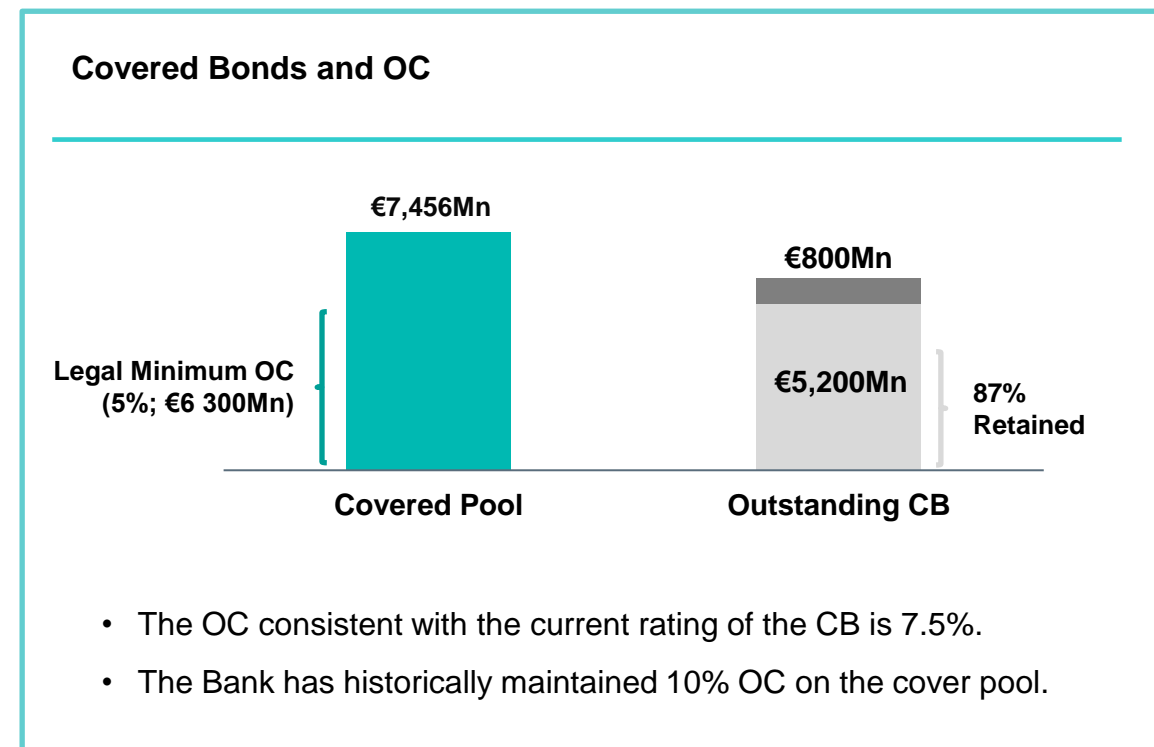
Issuer	Novo Banco S.A.
Rating	Aaa (Moody's)
Size	Max € 10.000.000.000
Maturity	Soft Bullet – 12 months
Overcollateralisation	5% (required by law/committed)
Collateral	Portuguese prime residential mortgages
Liquidity	Liquid Assets covering 6-months interest
Cover Pool Monitor	PwC
Governing Law	Portuguese Law
Listing	Euronext Lisbon
Clearing	Interbolsa / Euroclear / Clearstream

- novobanco Covered Bond Programme was established in 2015 as a conditional pass-through structure.
- The change of the maturity extension structure to soft-bullet and the conversion of the programme in accordance with the new legal framework was approved on 30 November 2023, with no negative impact on the rating of the covered bonds.
- Novobanco's Covered Bonds are rated Aaa, by Moody's, in line with Portuguese peers.
- Novobanco's Covered Bonds are:
 - ✓ **LCR L1 eligible and lowest RW**
 - ✓ **European Premium Label**
 - ✓ **ECBC Covered Bond Label**

Covered bonds issued under the Programme

- Since inception of the programme, novobanco has issued €6bn covered bonds, of which €5.2bn are currently retained by the Bank.
- On 21 February, novobanco placed its inaugural covered bond issuance, in the amount of €500 million, with maturity on the 1 March 2027 (further details ahead).
- As of 30 June 2024, novobanco's cover pool and covered bonds were as follows:

Description	ISIN	Maturity Date	Remaining Term (years)	Nominal Outstanding
Series 1	PTNOBAOE0012	07/10/2025	1.27	€1,000mn
Series 2	PTNOBBOE0011	07/10/2024	0.27	€1,000mn
Series 3	PTNOBCOE0010	07/10/2027	3.27	€1,000mn
Series 4	PTNOBDOE0019	07/10/2028	4.27	€700mn
Series 5	PTNOBEOE0018	22/12/2023	3.85	€500mn
Series 6	PTNOBGOM0008	10/06/2029	4.94	€750mn
Series 7	PTNOBHOM0007	10/12/2024	0.45	€550mn
Series 8	PTNOBFOM0009	01/03/2027	2.67	€500mn



A programme with only prime Portuguese residential mortgage loans...

... originated by novobanco compliant with the following eligibility criteria:

- First-lien mortgage of a property or lower-ranking mortgage, provided that the related higher-ranking mortgages are also included in the pool;
- Freely transferable loans by way of assignment under the laws of Portugal;
- Backed by residential property;
- Denominated in Euro;
- Property located in Portugal;
- Maximum current loan to value of 80%;
- No delinquent loans in the pool, i.e., loans with more than one month in arrears are removed from the cover pool;
- All mortgages loans have house insurance;
- Overall, all the loans included in the pool are compliant with the new Portuguese Covered Bond Framework

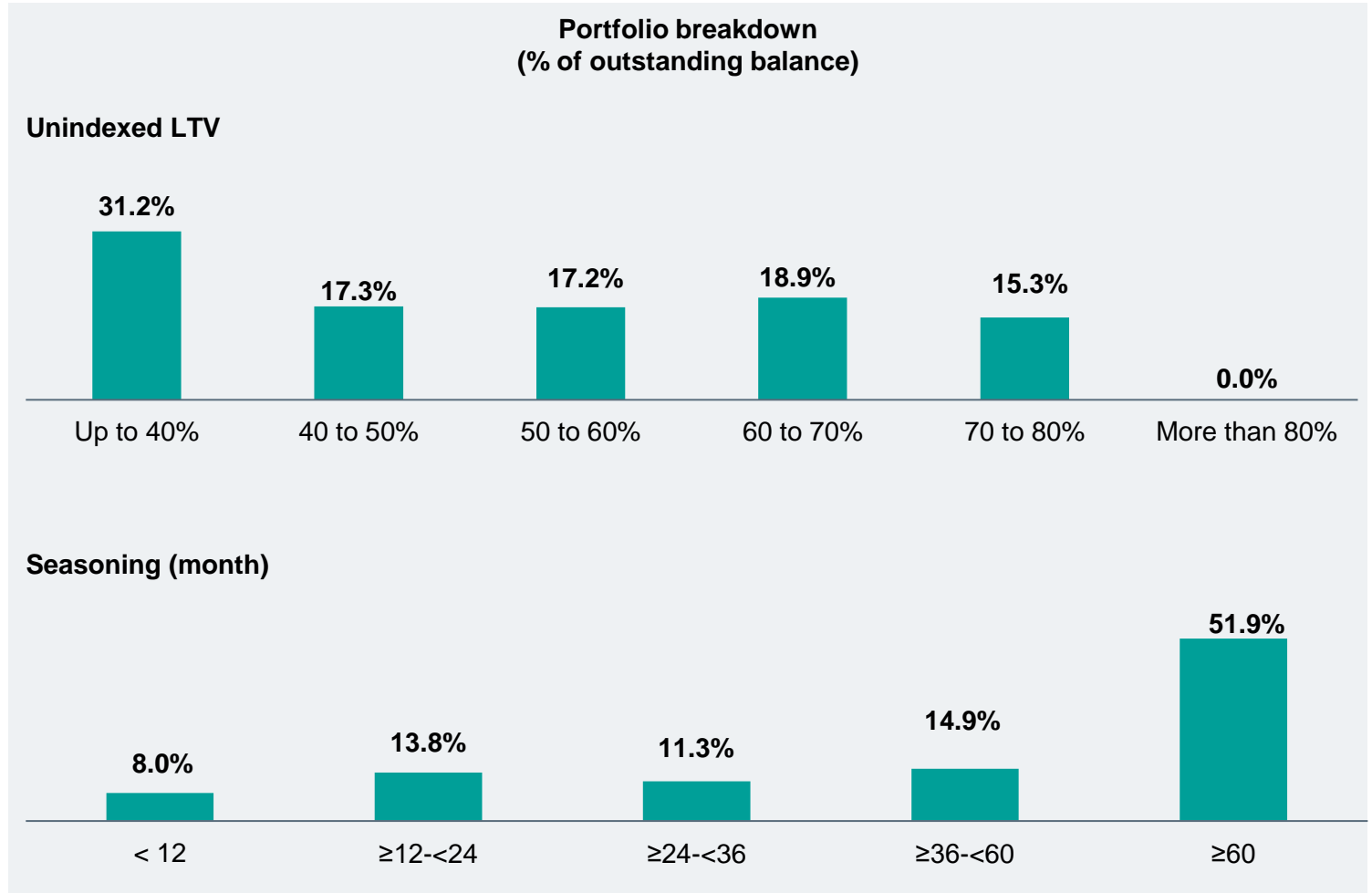
A €8.2bn well-seasoned pool of loans with average LTV ~50%...

Cover pool asset characteristics

Mortgage Pool Balance	€7,431.1mn
Other assets (securities)	€114.7mn
Total Outstanding Assets	€7,545.8mn
Number of Loans	131,448
Average Loan Amount (€)	€56,533
Weighted Average Seasoning (years)	7.7
WA Remaining Term (years)	24.9
Weighted Average Loan to Value %	49.5
Asset Fixed Rate %	12.54
Asset Floating Rate %	87.46

Mortgage covered bond & OC

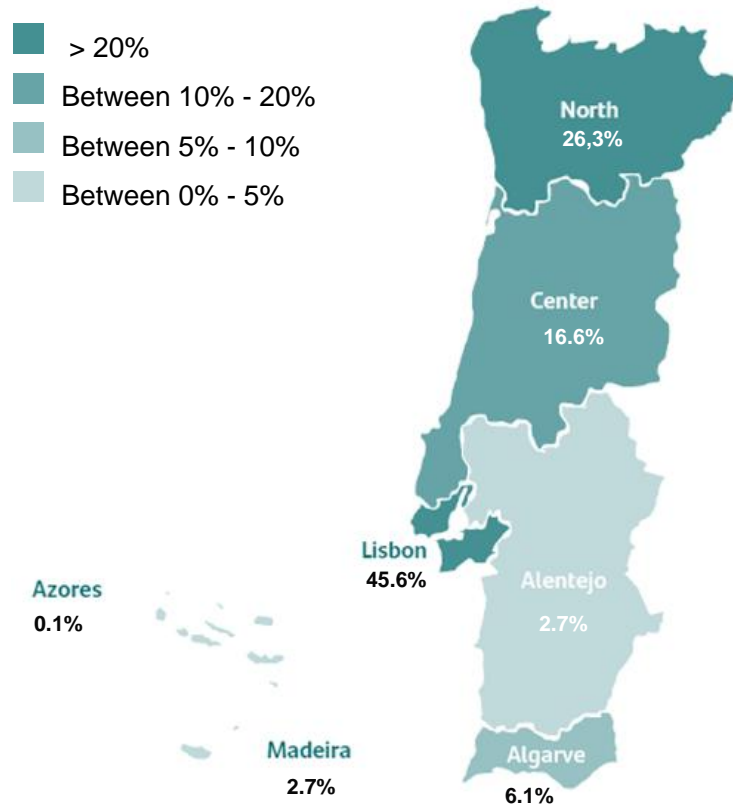
Mortgage Covered bond Programme	€10,000mn
Covered Bond Outstanding	€6,000mn
WA Remaining Term (years)	2.5
Current overcollateralization (%)	25.8
Legal minimum OC%	5.0



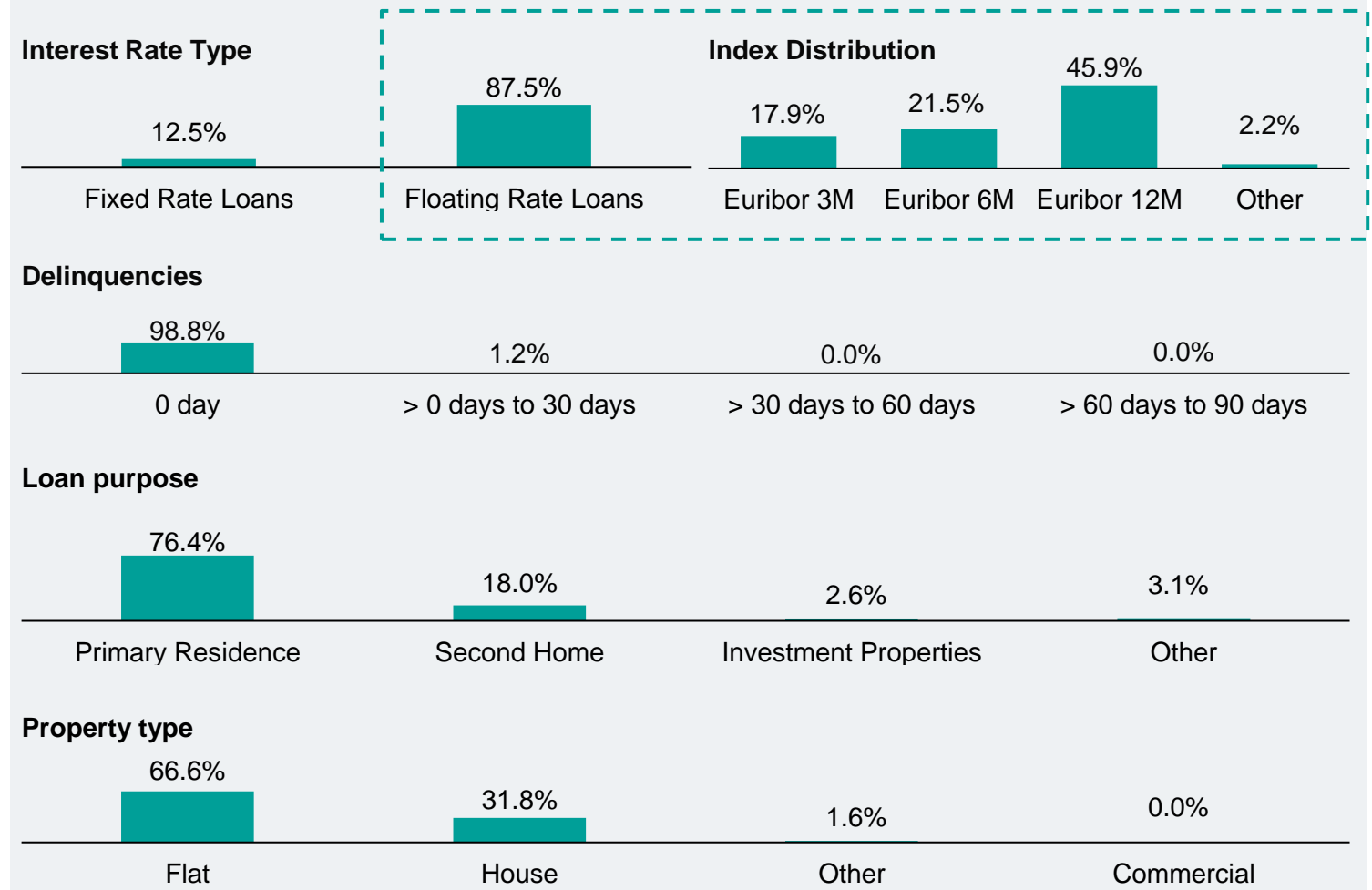
...reflecting country demographics and with no commercial exposure...

Geographical Breakdown

Cover pool asset characteristics



Portfolio breakdown (% of outstanding balance)



Novobanco Inaugural €500mn 3.25% 3yr Covered Bond

Key transaction terms

Issuer	Novo Banco, S.A.
Pricing date	21 February 2024
Settlement date	1 March 2024 (T+7)
Exp. issue ratings	Aaa (Moody's)
Issuer ratings	Ba1 (Moody's), BBB- (Fitch) and BB (High) (DBRS)
Form	Reg S, Nominative dematerialised book-entry form
Tenor	3 years
Maturity type	Soft bullet
Size	€500m
IPTs	MS+55bps
Reoffer spread	MS+45bps
Reoffer yield	3.381%
Reoffer price	99.632%
Coupon	3.250%
Governing Law	Portuguese Law

Transaction highlights

- Following the positive investor reaction to the marketing exercise, Novobanco opened books for an EUR500m WNG 3yr covered transaction. The cover pool consisted of 100% Portuguese residential mortgages.
- IPTs were announced at MS+55bps area.
- Orderbook grew impressively fast, reaching over EUR2bn in less than 1h after the IPT announcement. After the book update, another hour later it was more than 10 times oversubscribed, where books peaked at EUR5.1bn (139 orders).
- The very solid orderbook allowed the issuer to tighten 10bps and fixing directly final terms at MS+45bps, flat to fair value.
- Diversified base of investors by geographies, with DACH (20%), Iberia (15%) and Denmark (15%) dominating the top with sizeable orders. The remaining geographies are international accounts (12%), UK (8%), Nordics (7%) amongst others.
- In terms of investor type, Asset Managers totalled 44% of the book, while banks amounted to 33%, and central banks 9%. Insurance and Hedge Funds accounted for 2% each.

On the 21st of February, **Novobanco issued its inaugural €500m 3yr Covered Bond after 2-days of virtual investor marketing.**

This transaction represents Novobanco's **first issuance after getting upgraded to IG by Fitch** at issuer level.

Very successful roadshow that gathered interest from more than 150 accounts.

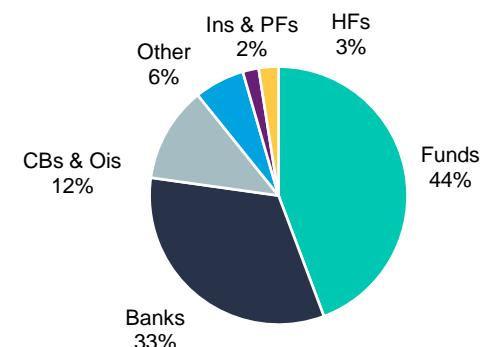
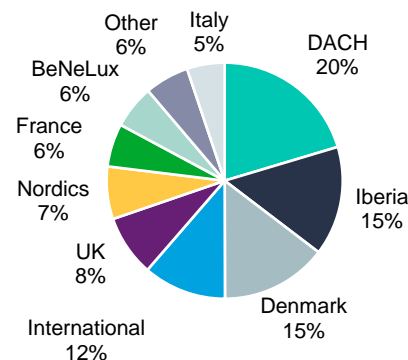
This is the largest orderbook for a Portuguese covered bond at least in the last 5 years.

Orderbook statistics (€)

Final	5.1bn ¹
# of orders	139
Avg. order	36.7m
Largest order	300m
Largest alloc.	50m

¹Good at reoffer

Allocation distribution by Geography & Type



Annex

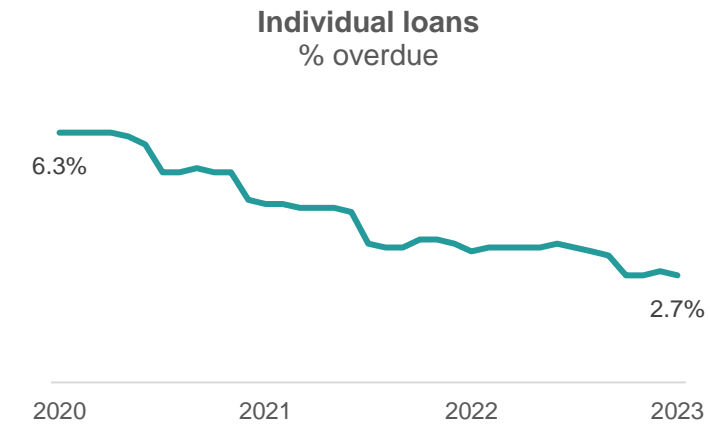
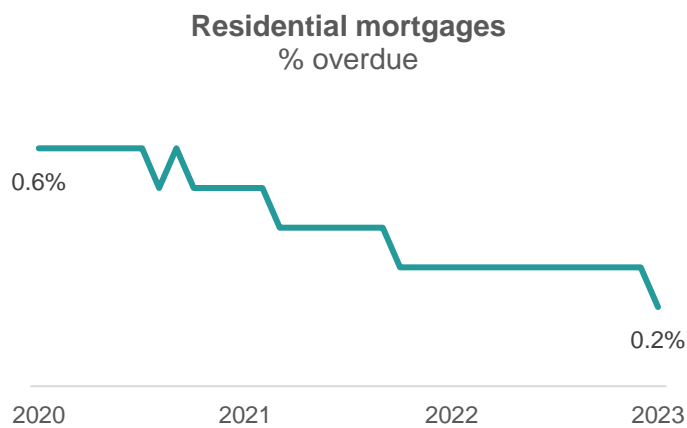
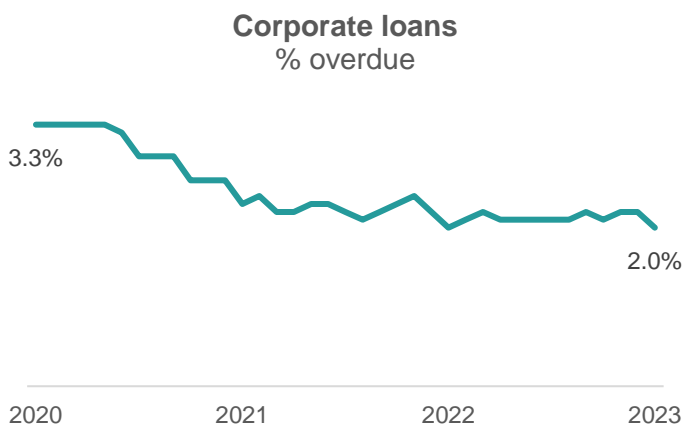
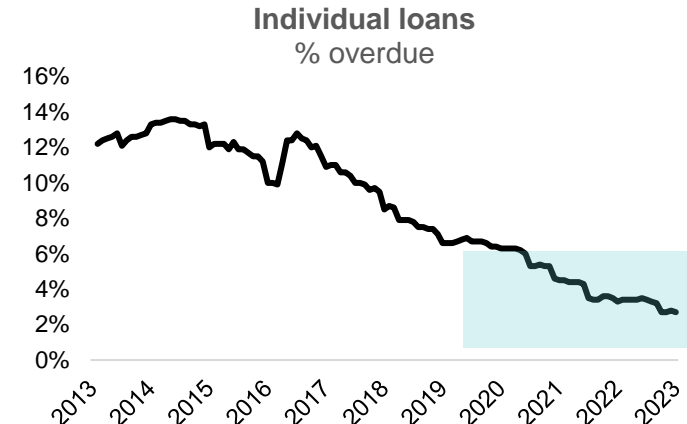
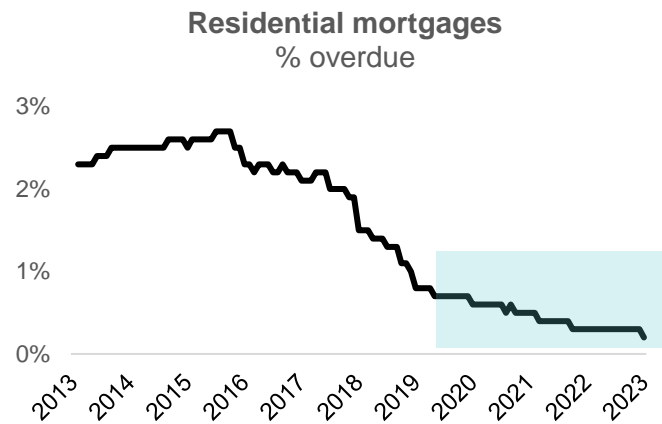
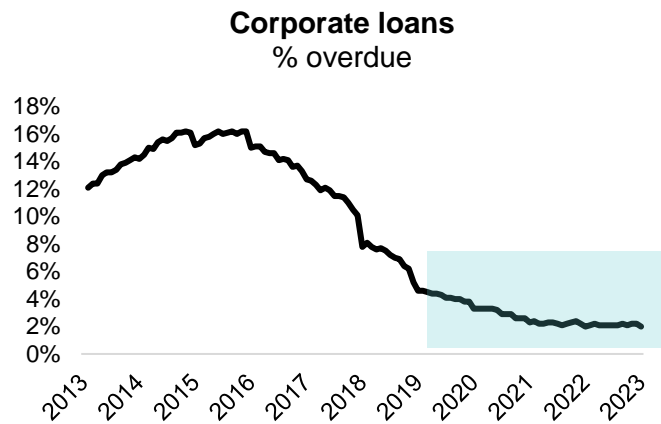
A1. Portuguese Market

A2. Additional company overview material

A3. ESG considerations

A4. Portuguese Legal Regime of Covered Bonds

Portuguese market with resilient asset quality indicators...



Simple balance sheet reflecting novobanco's sustainable business model

Balance Sheet (€mn)

Assets	Sep-23	Dec-23	Sep-24	▲YTD	
				€mn	%
Loans and advances to Banks	3 466	5 915	6 536	621	10.5%
Customer credit (net)	24 672	26 975	27 589	613	2.3%
ALM Portfolio	10 810	6 499	7 581	1 082	16.6%
Current and deferred tax assets	997	931	875	(57)	-6.1%
Real estate	594	460	380	(80)	-17.4%
Non-current assets held for sale	65	90	29	(60)	-67.2%
Other assets	2 345	2 630	2 591	(39)	-1.5%
Total Assets	42 949	43 501	45 581	2 080	4.8%

Liabilities & Equity	Sep-23	Dec-23	Sep-24	▲YTD	
				€mn	%
Customer deposits	28 095	28 140	29 472	1 332	4.7%
Due to central banks and Banks	5 970	5 745	4 799	(946)	-16.5%
Debt securities	1 113	1 108	2 982	1 874	169.2%
Non-current liabilities held for sale	22	13	12	(1)	-6.4%
Other liabilities	3 515	4 073	3 321	(752)	-18.5%
Total Liabilities	38 715	39 078	40 586	1 508	3.9%
Equity	4 234	4 422	4 995	572	12.9%
Total Liabilities and Equity	42 949	43 501	45 581	2 080	4.8%

Assets

- Loans and advances to Banks increased 10.5% YTD, reflecting the increase of cash at ECB.
- **Net customer credit¹ at €27.6bn** (+2.3% YTD) with the origination of loans to customers reaching €3.3bn, supported by growth momentum on new customer acquisition. Overall **loan market share of 10.1%**².

Liabilities

- Total customer funds increased to €37.6bn (+6.9% YTD), with deposits standing at €29.5bn (+4.7% YTD), reaching 9.2%² deposits market share.
- Debt securities increasing by €1.8bn YTD driven by new issuances (senior preferred and covered bonds).

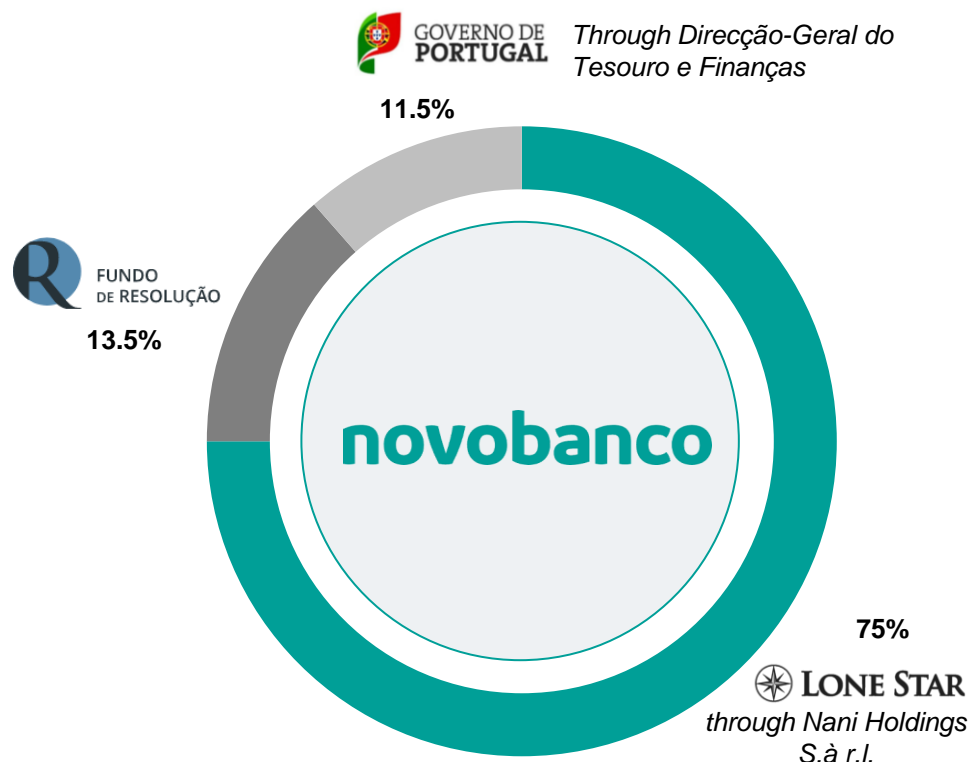
Capital & Liquidity

- **Shareholders' Equity increasing 12.9% YTD to €5.0bn.**
- **Strong liquidity position: LtD at 80.7%** (2023: 81.2%), **LCR of 186%** (2023: 163%) and **NSFR of 119%** (2023: 118%), as well as liquidity buffer of €15.6bn (Dec 23: €13.6bn).

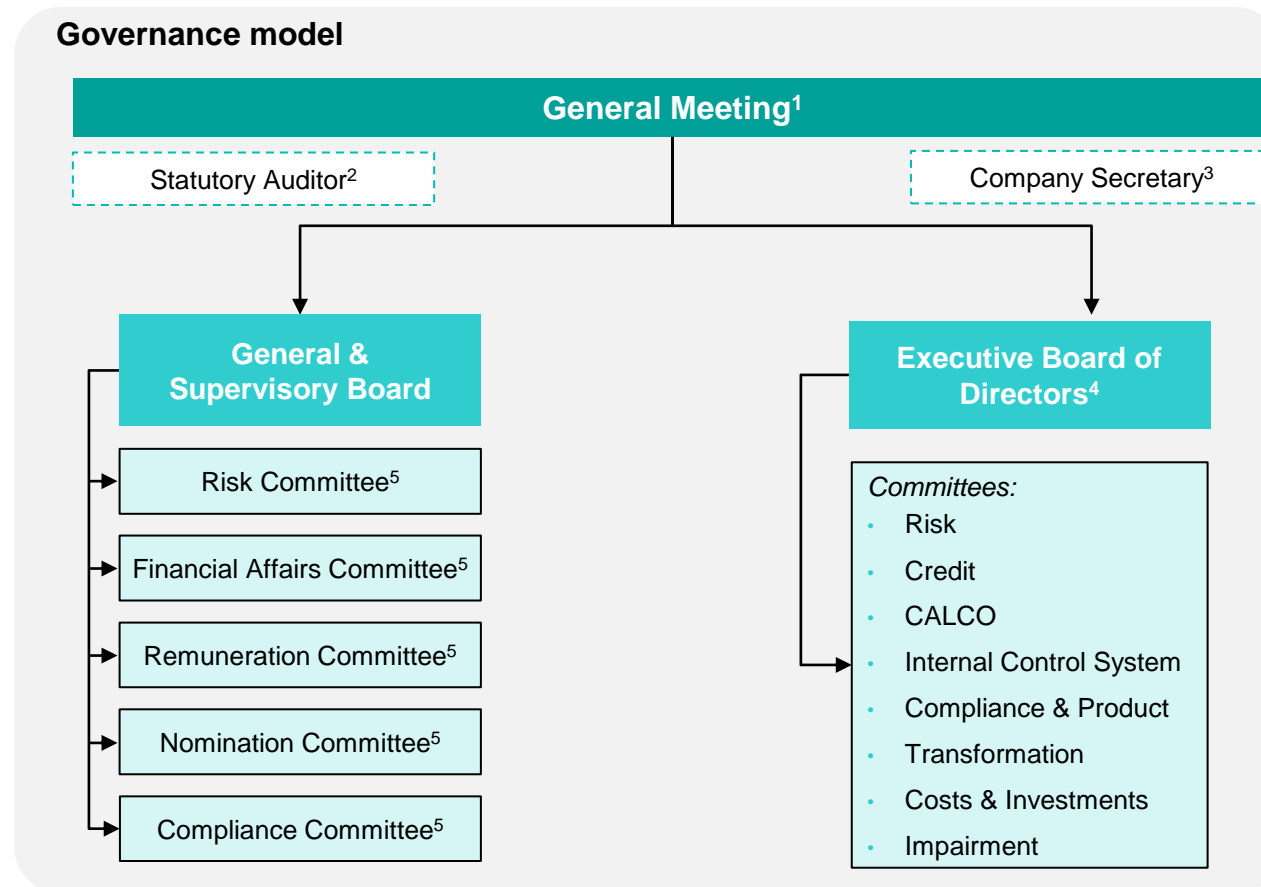
Novobanco shareholder structure and governance model

Shareholder structure

October 2024

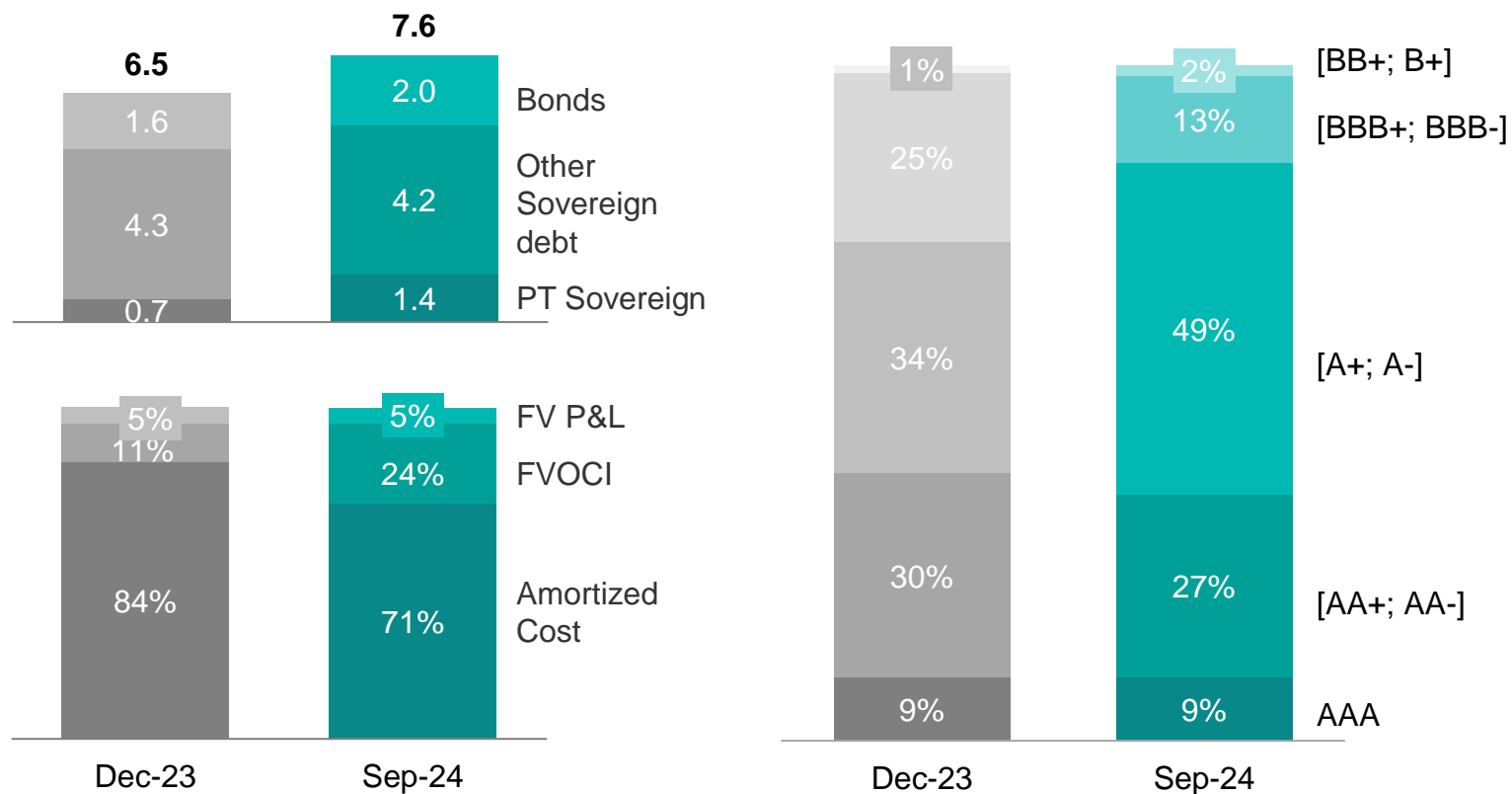


Governance model



Securities - ALM Portfolio - an investment grade portfolio of €7.6bn

ALM Portfolio
(€bn)

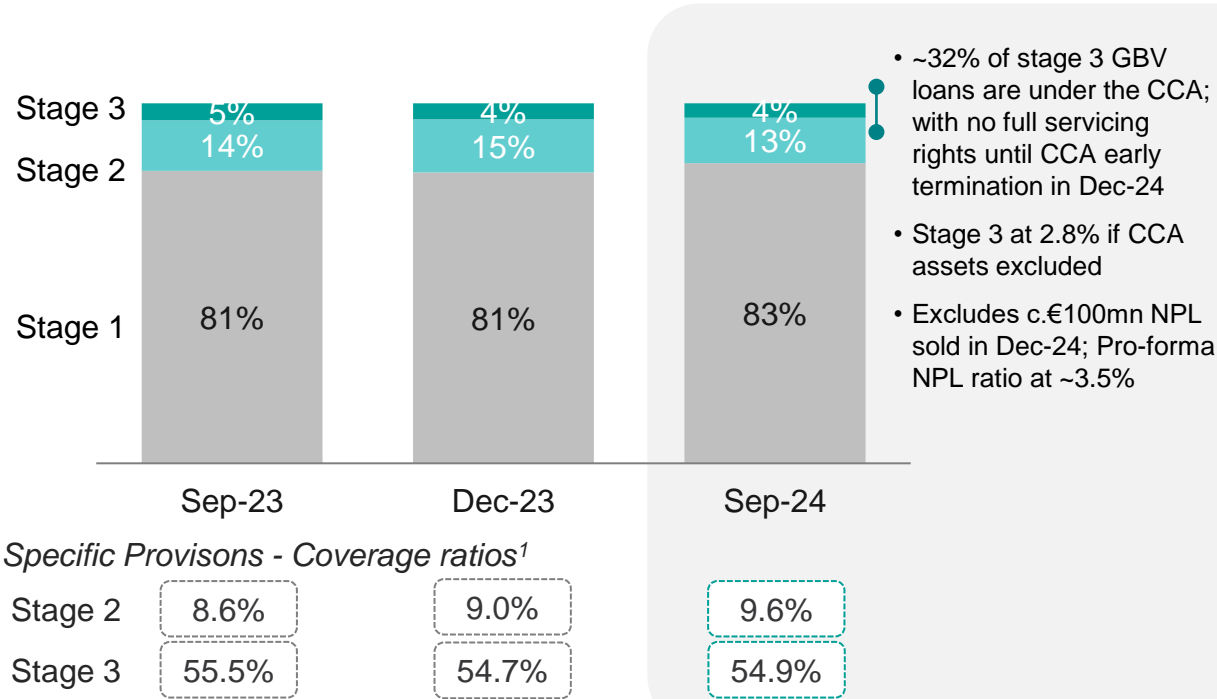


	Total	vs Dec/23
Amount (€bn)	7.6	+1.1
Duration ¹ (years)	3.3	-0.5
Yield ¹ (%)	3.29	-23bps

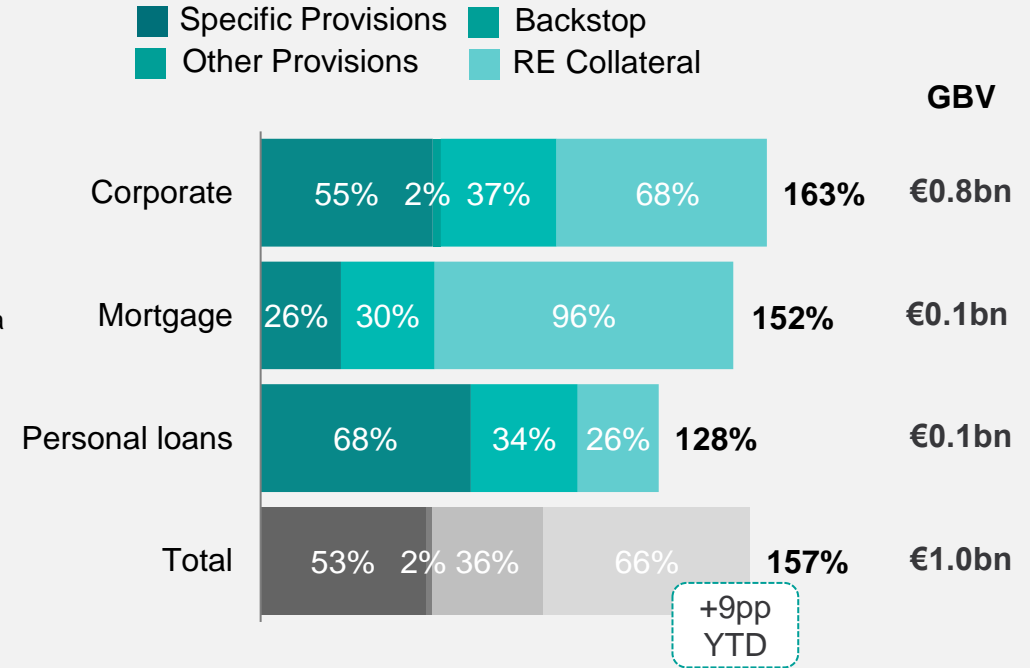
	Sep/24
Unrealised MtM losses ² (€mn)	48
ALM Portfolio/ Total Assets (%)	17
ALM Portfolio/ Total Equity (x)	1.5

Strengthened total stage 3 coverage (+9pp YTD)

Loan Portfolio by Stages



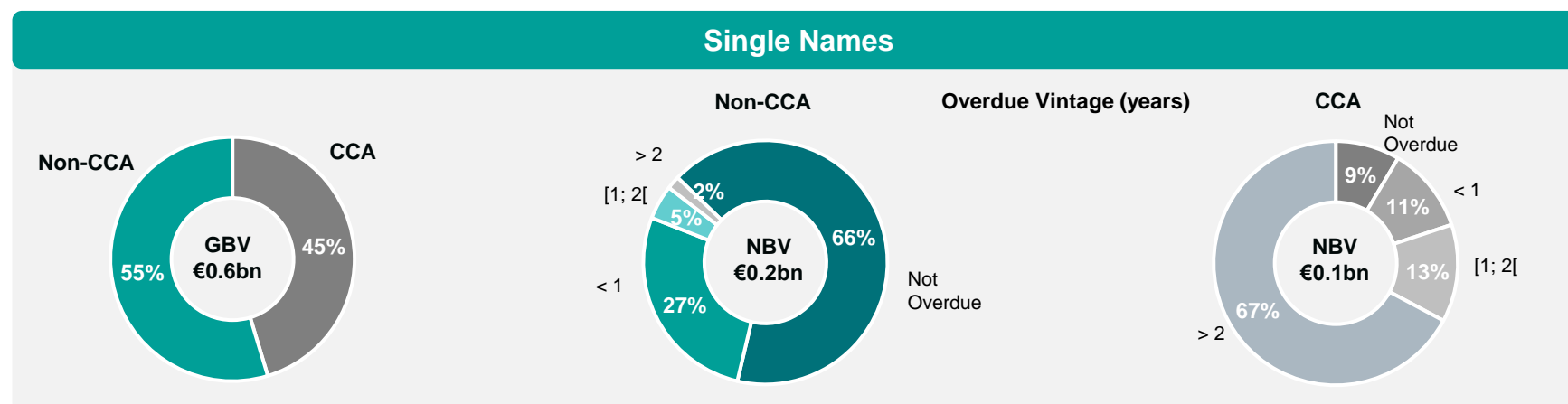
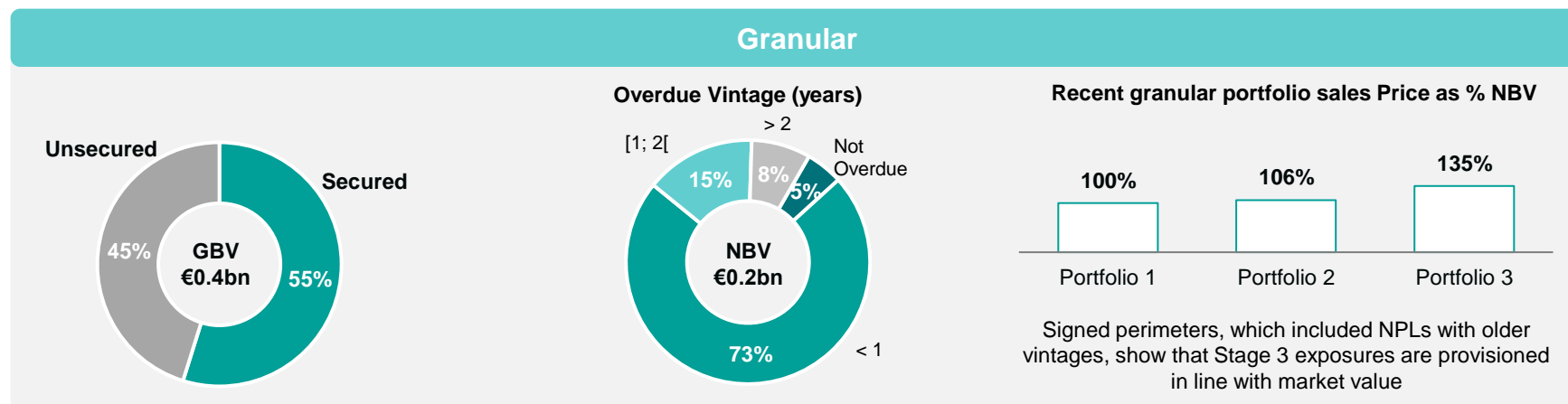
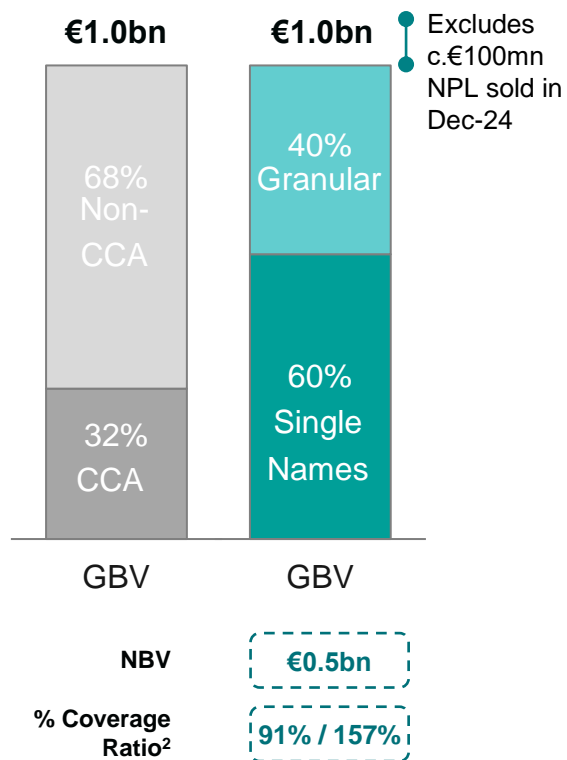
Stage 3: Coverage by type



>70%¹ of Stage 3 with overdue less than 1 year, with exposures provisioned in line with market value

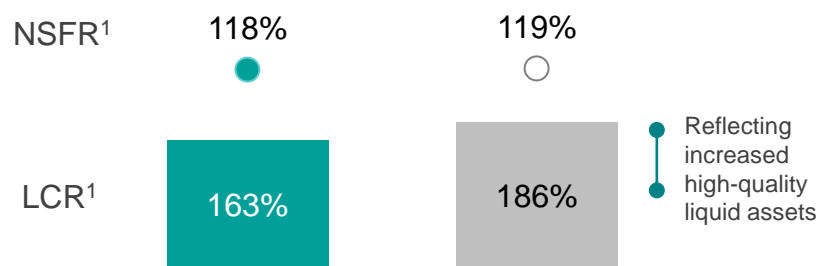
Total Stage 3 Loans

(Sep-24; %)

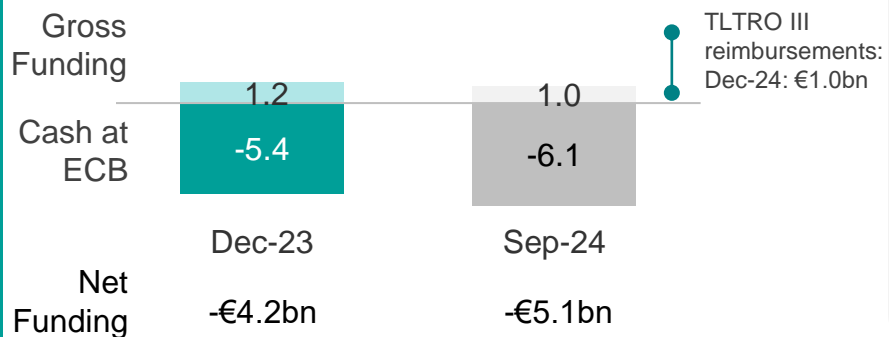


Deposit growth and new issuance bolstering liquidity

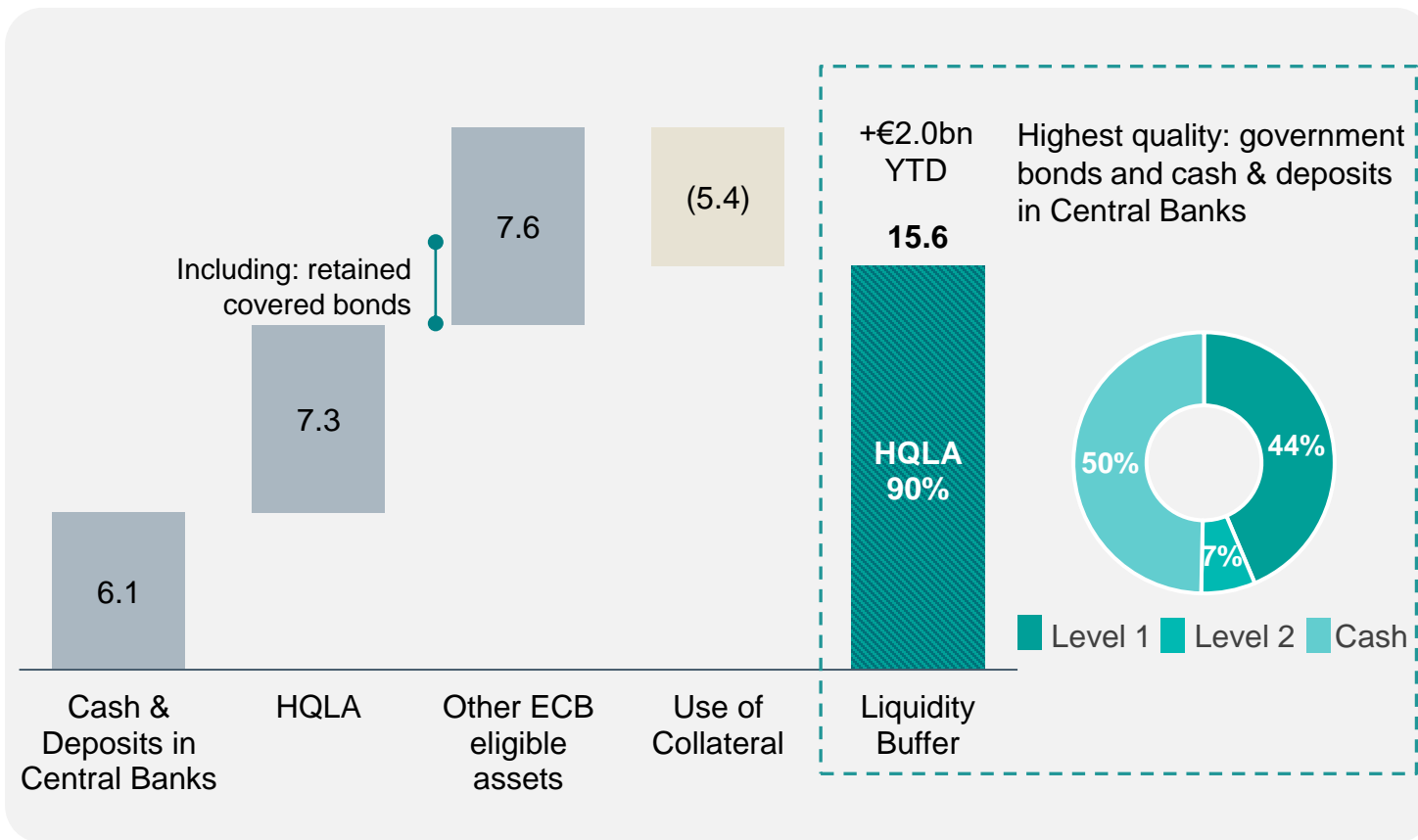
Liquidity Ratios (%)



ECB Funding (€bn)



Liquidity Buffer² (€bn)



Bonds outstanding

€mn; Sep-24

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value ¹	Maturity
Covered						
NOVBNC 3.25% 01/03/27	PTNOBFOM0009	EUR	500	Mar-24	511	Mar-27
Senior						
NOVBNC 5.5% 30/12/24	PTNOBKOM0002	EUR	100	Dec-22	104	Dec-26
NOVBNC 4.25% 08/03/28	PTNOBIOM0006	EUR	500	Mar-24	516	Mar-28
NOVBNC 3.5% 09/03/29	PTNOBMOM0000	EUR	500	Sep-24	499	Mar-28
Subordinated						
NOVBNC 9.875% 01/12/33	PTNOBLOM0001	EUR	500	Jun-23	539	Dec-33
Total 2043 Bonds			362		257	
BES Luxembourg 3.5% 02/01/43	XS0869315241	EUR	64	Jan-13	44	Jan-43
BES Luxembourg 3.5% 23/01/43	XS0877741479	EUR	131	Jan-13	100	Jan-43
BES Luxembourg 3.5% 19/02/2043	XS0888530911	EUR	97	Feb-13	66	Feb-43
BES Luxembourg 3.5% 18/03/2043	XS0897950878	EUR	70	Mar-13	48	Mar-43
Total Zero Coupons (ex EMTN 57)			1,203		232	
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	40	Oct-48
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	49	Feb-49
Banco Esp San Lux ZC 19/02/49	XS1034421419	EUR	69	Feb-14	14	Feb-49
Banco Esp San Lux ZC 27/02/51	XS1038896426	EUR	108	Feb-14	19	Feb-51
BES Luxembourg ZC 06/03/2051	XS1042343308	EUR	76	Mar-14	13	Mar-51
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	45	Apr-48
BES Luxembourg ZC 09/04/52	XS1055501974	EUR	264	Apr-14	43	Apr-52
BES Luxembourg ZC 16/04/46	XS1058257905	EUR	37	Apr-14	9	Apr-46
EMTN 57	XS0439764191	EUR	8	Jul-09	2	Jul-44
Total			3,674		2,661	

2043 Bonds and Zero Coupons (excluding EMTN 57):

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

Moody's, DBRS and Fitch ratings

December 2024

Fitch

Intrinsic	Viability Rating	bbb
	Support	ns
LT / ST		
	Issuer Default Rating LT/ST	BBB/F3
	Deposits LT/ST	BBB+/F2
	Senior Debt LT/ST	BBB/F3
	Outlook	Stable

November 2024

Moody's

Intrinsic	Baseline Credit Assessment /Adjusted BCA	baa3
LT / ST		
	Counterparty Risk Assessment LT/ST	A3(cr)/P-2 (cr)
	Counterparty Risk LT/ST	A3/P-2
	Deposits LT/ST	A3/P-2
	Senior Unsecured Debt LT/ST	Baa2
	Junior Senior Unsecured	Baa3
	Outlook deposits / senior	Positive
Others		
	Covered Bonds	Aaa
	Subordinated debt	Ba1

September 2024

DBRS

	Bank's Intrinsic Assessment (IA)	BBB
	Long-Term Issuer Rating	BBB
	Short-Term Issuer Rating	R-2 (high)
	Long-Term Deposit	BBB (high)
	Long-Term Critical Obligations	A (low)
	Senior Debt	BBB
	Subordinated Debt	BB (high)

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

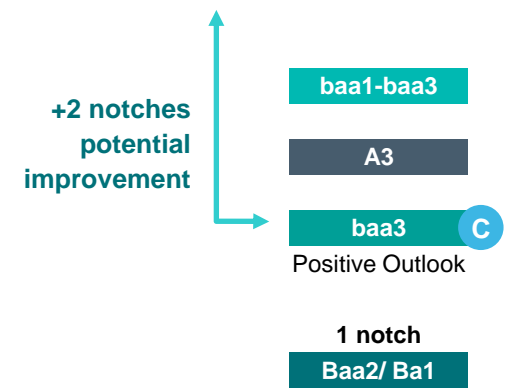
Metrics	Nov-24 Report				Point in Time Analysis (NPL & Profitability)	
	Historical Ratio	Raw Score	Assigned Score	Adjustments	Ratio	Assigned Score
Solvency (65%)						
Problem Loans / Gross Loans	5.1%	baa3	baa3	-	3.5%	baa1
Capital (25%)						
TCE ratio	21.5%	aa2 [a3]	a3	- 4 notches	21.5%	a3
Profitability (15%)						
Net Income / Tangible Assets	1.1%	baa1	a3	+1 notch	1.7%	a2
Combined Solvency Score		a3 [baa1]	baa1	-1 notch		a3
Liquidity (35%)						
Funding Structure (20%)						
Market Funds / Tangible Banking Assets	18.4%	baa1	ba1	-3 notches	18.4%	ba1
Liquid Resources (15%)						
Liquid Banking Assets / Tangible Bank Assets	26.5%	baa1	baa2	-1 notch	26.5%	baa2
Combined Liquidity Score		baa1	baa3	-2 notches		baa3
Aggregate Financial Profile		a3 [baa1]	baa2	-1 notch		baa1
BCA range			baa1-baa3			
Sovereign cap			A3			
Assigned & Adjusted BCA			baa3	Positive Outlook		
LGF uplift			1 notch			
Senior/Tier 2 rating			Baa2/ Ba1			

- Considering Point in Time pro-forma SPA signed in Dec-24 (Sep-24 at 3.9%)
- Adjusting for Moody's expected forward-looking TCE of 13-14%
- Methodology uses 3-yrs avg;
- YE23 run-rate at 1.7% equivalent to a2

- Penalised by Repos and TLTRO, despite being a net lender to ECB and recent Covered Bond issuance

Levers for upgrades:

- **A** Removal of -1 notch vs raw score with adjusted capital structure;
- **B** +1 notch with passage of time even considering current adjustments
- **C** Removal of -1 notch from BCA at lower end of the range



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



Customer-centric Bank

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

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



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



Simple and efficient operations

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

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



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



Developing people and culture

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

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



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



Developing sustainable performance

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

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



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



Our Social Dividend model was reviewed based on our latest Dual Materiality assessment

Customer-centric Bank

Green production¹

Target 2026
2.000 M€¹



Simple and efficient operations

Own emissions²

Target 2030
-54% vs 2021



Developing people and culture

Equal pay³

Target 2026
Below 5%



Developing sustainable performance

Financed emissions reduction⁴

Target 2030
100% targets realized by sector



ESG investment products⁵

Target 2026
60% of invest. products



Renewables share⁶

Target 2026
100%



Employee engagement⁷

Target 2026
At least 65%



Women in management⁸

Target 2026
At least 40%



1. Loans and investments considered under novobanco green financing policy with a 650 MEUR target for 2024; 2. Scope 1 and 2 Greenhouse Gas (GHG) emissions; 3. Equal pay gap calculated per function; 4. Achieving GHG emissions intensity targets in bank's loan and investment's portfolio for Power generation; Cement and CRE (Commercial Real Estate) sectors – value to be calculated by EoY 2024; 5. % of investment products (investment funds, financial insurances, structured notes or deposits) with ESG characteristics/ concerns – Art.8 and 9; 6. Net renewable energy share consumed (in locations where service is available); 7. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement level); 8. Previously Senior Leadership; 9. Calculated with annualized 2024 1stH data as compared to 2021;

Robust ESG Governance and clear roadmap

novobanco deployed a robust governance model for its **Global Sustainability Framework**

- 1 The Global Sustainability Framework is supervised by our **GSB**, with our **EBD** taking direct responsibility for its active management
- 2 Our appointed **Chief Sustainability Officer** ensures direct guidance on day-to-day activities
- 3 The **Sustainability Steering** safeguards the right cadence for implementing the ESG strategy, supervising our ESG KPI and KRI
- 4 Our **ESG Office** and **ESG PMO** manage the ESG program, with oversight over teams needed for the effort
- 5 novobanco **Policies** and **Roles & Responsibilities** are up-to-date with our Global Sustainability Framework
- 6 We ensure yearly trainings, for all employees, on **ESG** and **Code of Conduct**, to ensure the highest standards of ethics, service and protection of our clients' interests
- 7 We ensure right incentives are put into place by **linking performance appraisal and compensation** to our ESG KPIs, namely our publicly disclosed Social Dividend model, both at the Board and Management levels
- 8 Our **program roadmap** is updated regularly to ensure transparency and effective control



1. Initial public rollout in October – with additional milestones for mass-use until Q1 2025
 2. Includes targets approved by SBTi on Power Production, Cement, Commercial Real Estate – and new Pillar 3 targets published in September for Chemicals and Oil & Gas; SBTi targets also include the existent “Temperature Rating” for Corporate Loans and Listed Equity and Corporate Bonds

The portuguese CB legal framework – key changes

The Portuguese Covered Bond Legal Framework

Decree-Law 31/2022 transposed in Portugal the Covered Bond Directive, the table below summarises some of the key changes.

Extendable Maturity	<ul style="list-style-type: none"> Objective triggers need to be specified in the terms and conditions of the covered bonds The final maturity date of the covered bonds is determinable at all times In the event of liquidation or resolution of the relevant credit institution, maturity extensions do not affect the ranking of holders of covered bonds or invert the sequencing of the relevant covered bond programme's original maturity schedule
Extendable Maturity Triggers	<ul style="list-style-type: none"> Revocation of the authorisation of the relevant credit institution issuing the covered bonds; or Foreseeable or actual failure to pay the principal or interest amounts of the covered bonds due at the initial maturity date, that is not remediable within an established period of time in the terms of the relevant issue or the covered bond programme, not exceeding 10 business days.
Liquidity Buffer	<ul style="list-style-type: none"> The cover pool must include a liquidity buffer comprised of liquid assets (as determined in article 19 of the Legal Regime of Covered Bonds and article 16 of the Covered Bonds Directive) to cover all Net Liquidity Outflows accumulated over the next 180 days In the case of extendable maturity covered bonds, principal repayments will be considered due at the extended maturity date
Overcollateralization and Label	<ul style="list-style-type: none"> Minimum overcollateralization amount of 5% for the Premium Label Premium label used only if covered bonds meet the Covered Bond Directive and CRR
Cover Pool Monitor	<ul style="list-style-type: none"> Appointment on an independent Cover Pool Monitor (not the Issuer's auditor) Role and Duties of the Cover Pool Monitor : 1) verify on an ongoing basis the quality of the assets comprising the cover pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the cover pool; 2) verify the information provided to the holders of covered bonds; 3) produce an annual report with an assessment of the issuer's compliance with the requirements set out in the Portuguese

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

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This document includes unaudited financial information.

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