

Novo Banco, S.A. informs on Arbitral Tribunal Award

Novo Banco, SA (“novobanco”) informs on the Arbitral Tribunal award about the dispute between the Resolution Fund and novobanco regarding the payment requested under the Contingent Capital Agreement (“CCA”) by reference to 2020 financial year.

The Arbitral Tribunal decided that:

- (i) novobanco has the right not to adopt for that financial year the IFRS9 transitional arrangements set out in Regulation (EU) 2020/873, and that the impact on own funds from that decision, quantified in the claim as approximately €162 million, should have been included in the calculation of the amount due under the 2020 CCA call.
- (ii) novobanco has the right to re-evaluate the value of the participation units of the Restructuring Funds and, consequently, is entitled to a compensation in the amount of € 18 million, as well as interest;
- (iii) novobanco has the right to receive delay interest in the amount of approximately €5 million, as a consequence of the delay in the payment of the €112 million tranche of the 2020 CCA call;
- (iv) novobanco has the right to be compensated for additional losses caused by the withholding of the €112 million tranche of the 2020 CCA call and the retention of the € 18 million, in a value to be determined.

Regarding the sale of the Spanish branch, the Arbitral Tribunal noted that although novobanco’s decision to divest from Spain had an economic rationale, the €147 million claim resulting from the reclassification of the business as discontinued operations in the FY 2020 accounts should not be considered part of the 2020 CCA call.

As at 31 March 2024, novobanco recognised in its balance sheet a claim of €209 million in relation to unpaid CCA calls, which has been fully deducted from CET1.

Novobanco received the Arbitral Tribunal Award on 4 June 2024 and is currently reviewing this decision.

This announcement is made in accordance and for the purpose of article of article 29-Q, No. 3 of the Portuguese Securities Code and the article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council.

Lisbon, 5 June 2024
Novo Banco, S.A.