

Novo Banco, S.A. informs about two-notch rating upgrade by Morningstar DBRS to BBB with stable outlook

Novo Banco, SA (“novobanco” or the “Bank”) informs that DBRS Ratings GmbH (“Morningstar DBRS”) upgraded novobanco’s Long-Term Issuer ratings by two notches to BBB from BB (high). The Trend on all ratings remains at Stable.

The two-notch upgrade to investment grade reflects novobanco’s “rapidly improved performance across various building blocks, including the Bank’s earnings power, its risk profile, and capitalization”. Financial metrics have exceeded prior expectations from Morningstar DBRS, driven by earnings growth from a “successful restructuring and stronger interest revenues”. The Bank’s risk profile has strengthened with a substantial reduction in legacy problem assets, with net NPL ratio comparable to EU average. Additionally, novobanco has diversified its funding sources through successful debt issuances and “strengthened its capital position through organic capital generation and a reduction of risk-weighted assets”.

Following the announcement, novobanco ratings are:

		From	To
Intrinsic	Bank’s Intrinsic Assessment (IA)	BB (high)	BBB
LT / ST	Long-Term Issuer Rating	BB (high)	BBB
	Short-Term Issuer Rating	R-3	R-2 (high)
	Long-Term Deposit	BBB (low)	BBB (high)
	Long-Term Critical Obligations	BBB	A (low)
Others	Senior Debt	BB (high)	BBB
	Subordinated Debt	BB (low)	BB (high)

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, 25 September 2024
Novo Banco, S.A.