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RESULTS PRESENTATION
YE 2021

March 10th, 2022

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This document includes unaudited financial information.

AGENDA

Turnaround delivered with a first year of profitability achieved

novobanco announces its **first financial year with positive results of €184.5mn** (1Q: €70.7mn; 2Q: €67.0mn; 3Q: €16.4mn; 4Q: €30.4mn) with the conclusion of the restructuring cycle in 2020, leading to a significant profitability turnaround and capital-accretive performance. **RoTE[1] significantly improved to 8.8% in 2021,** when adjusted by one-off events and market results.

Net customer loans at €23.7bn, broadly stable YTD (despite NPL disposals), and **deposits increasing by 4.7%**, while greater commercial and customer activity resulted in both an increase of **NII (+3.3% YoY)**, **higher fee income (+3.9% YoY)** and **growth in digital active customers +7% YoY**. **Cost/Income ratio[2] further improved to 48%** (vs 52% in 2020).

Reaching an **NPL ratio of 5.7%** (Dec-20: 8.9%; Dec-17: 28%) and an **NPL coverage ratio at 71.4%** (Dec-20: 74.1%), reflecting the continued de-risking of the balance sheet (% of non-overdue NPL at 65% vs 59% in 2020). **CoR of 60bps (vs 208bps in 2020), above run-rate given exceptional charges** (incl. €72mn Covid related sectors provisions; 31bps when adjusted).

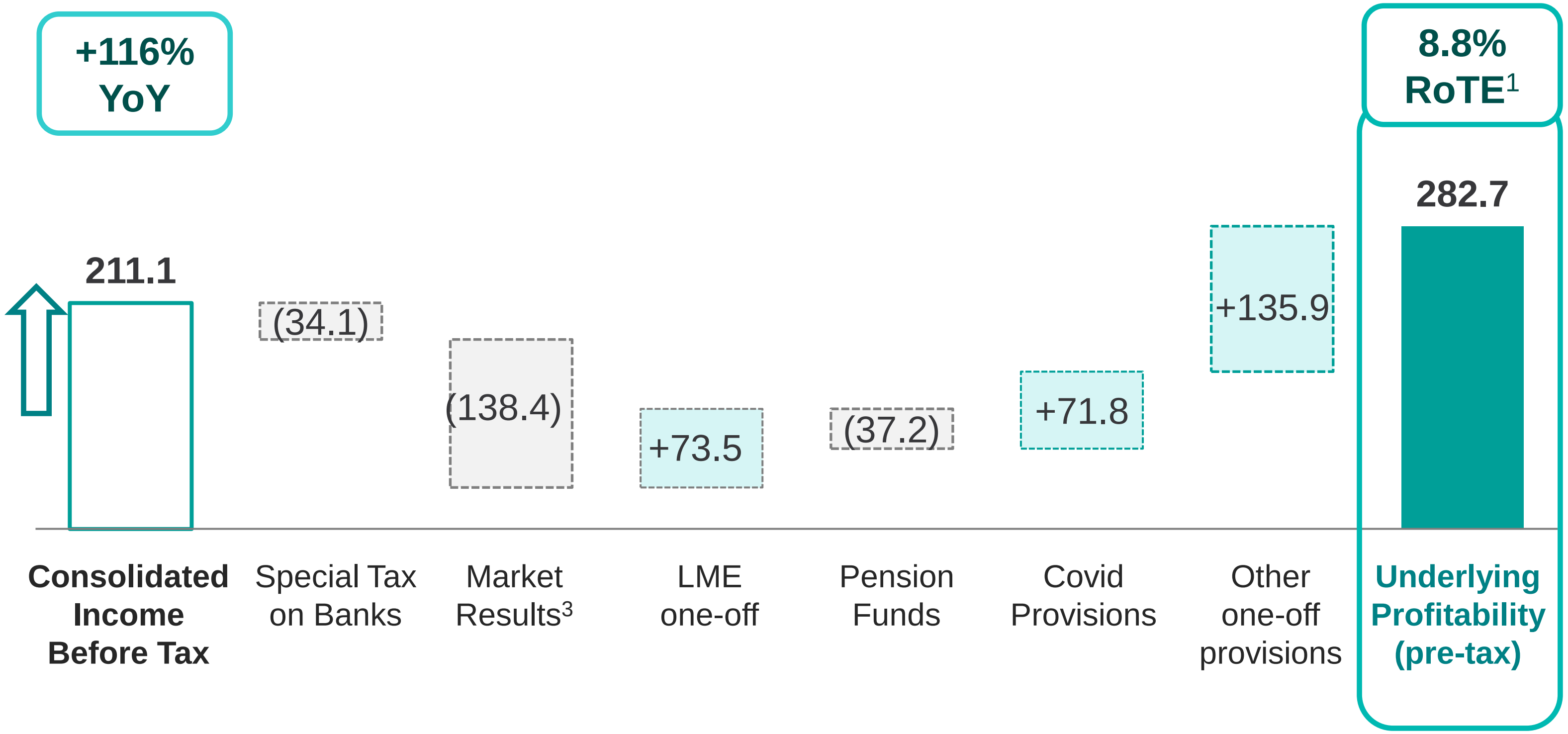
In 2021 novobanco issued two SPN (total €575mn), a milestone for the return to the capital markets, and executed an LME **tendering ~€161mn[3]** of its legacy senior unsecured bonds. These transactions contributed to the **normalization of the funding structure,** through the simplification of debt instruments and investor base diversification.

novobanco's **capital accretive business model** and its continued **focus on RWA discipline** led to **a CET 1 ratio of 11.1%** (vs 10.9% in 2020) and **Total capital ratio of 13.1%** (vs 12.8% in 2020). The liquidity ratio (LCR) was 182%, NSFR totalled 117%, and the **Bank complied with the MREL requirement as of 1 January 2022.**

(1) Tangible Equity = RWA x 12%; Annualized; Considers Underlying profitability pre-tax less special tax on Banks and contributions to resolution funds; (2) Cost to Income defined as Operational Costs divided by Commercial Banking Income; (3) Repurchased amount (equivalent to ~€88mn book value)

First year of annual profitability: a clear profitability turnaround enabled by restructuring efforts over recent years

From Income Before Tax to Underlying Profitability
(2021; €mn)



Extraordinary events in 2021:

- LME[2] performed in the 3Q21 together with issuance of inaugural €300mn 3NC2 senior bond
- Revision of pension fund actuarial methodology (4Q21), which is offset by increased pension fund reserves (other comprehensive income of €34.1mn)
- Covid-19 additional impairment (increasing CoR from 31bps to 60bps)
- Other one-off provisions includes a provision for a contingency liability from aggravated taxes, a tax contingency and restructuring provisions.

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(1) Tangible Equity = average phased-in RWA x 12%; Annualized; Considers Underlying profitability pre-tax deducted by special tax on Banks of €34.1mn; (2) In which the Bank acquired approximately 32% of the zero coupon bonds for €161mn, corresponding to approximately €88mn of book value. (3) Excludes LME impact and dividends from strategic holdings

The new strategic plan focused to maximize value for customers...

A universal customer-centric bank

(Main developments)

Corporate

novobanco Online Empresas

- **Revamped client experience (navigation, look& feel and transactionality)**
- **Financial aggregator:** an aggregated view of all bank accounts, w/ features that improve efficiency and operation of corporate clients

Investment Support Programs

- **Agreement with EIB/EIF to unlock >€1.5bn** of financing to support companies
- Support clients **implementing EU funding** (incl.process effectiveness; tailored solutions)

Trade Finance
>20% market share[1]

- **Supported by specialized teams, with focus on the exporting SMEs**
- **E2E supply chain finance:** integrated and tailored financing solutions

Retail

Homebuying

- **Omnichannel experience:** simulation to deed; simpler, quicker & more transparent

~50% of deeds with processes **originated through mobile**

Consumer Finance

Hey!Pay

- **Joint-venture with Credibom,** allowing the bank to enter the segment of POS lending

+600 companies w/ B2C operations interested in POS credit facility

Small Business Finance

- **Fully Digital E2E credit** for small businesses within novobanco online

~50% **efficiency gains** at decision level (>80% front office gains)

(1) 11/2021 data; +0.9pp YoY; novobanco analysis; sources: Banco de Portugal, APS, APFIPP

…providing an integrated customer experience leveraged on a new distribution model and a best-in-class digital experience,…

New Distribution Model

An innovative functional **layout focused on customer relationship** (incl: distinctive self-service, employee mobility & digital communication)

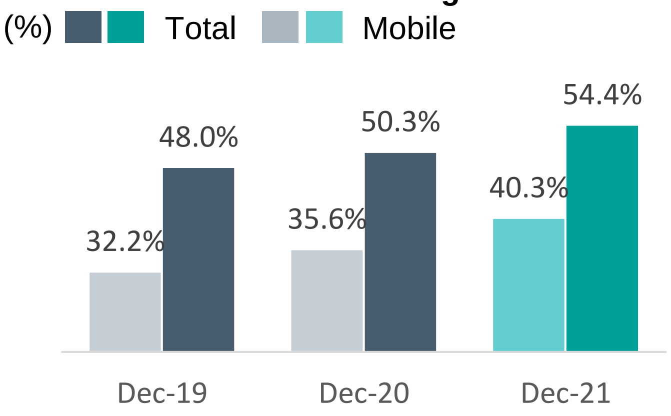
> 100 branches refurbished	**~€120mn** 3-yr investment	**+5pp vs old** branches KPI[1]

Mobile App

Completely renewed design, adaptable and customizable, **inclusive and predictive** (based on data science), offering a wide range of services and solutions, including:

Accounts **aggregator**
Life insurance **underwriting**
Validation by **push notifications**
Investment funds **digital subscription**

Penetration Rate of Active Digital Clients



Phygital

Mobility & sharing solutions (in person & remote), such as streamlining processes with digital signatures, enhancing proximity and relationship with clients and **foster a paperless culture**

Saving **> 13 tons of paper**
Safer and **more efficient practices**
Covers **> 85% of eligible operations**

Virtual Teller Machines

An **advanced physical currency management solution**, critical for the development of new virtual and value-added services

65 VTM installed	**Access to specialist** functionality	**Product simulation** functionality

+20% of mobile interactions (number of logins) YoY, leading to "mobile digital first" strategy

72% of the contacts of retail customers were made through digital channels (+3 pp YoY)

+165% number of products sold in digital channels (excluding deposits, already traditionally high)

(1) Data as of September 2021

…while maintaining profitable operations and capital efficiency

Simple & efficient

- Leverage on **simplification, process reengineering** and **technology**
- Streamline organizational structure to maximize **effectiveness & flexibility**

~50 RPAs implemented

E2E: Rationalization & reorganization

New Distribution Model (2020-22)

Digitalization (incl: phygital)

Profitable and safe risk profile

- Program to enhance **risk decisioning models** and governance, improving asset quality
- Disciplined risk-management, optimize **capital allocation** and RWAs

New Capital Allocation Model — Determining segment profitability & strategic allocation

New RAROC Model — Pricing of new loans is subject to RAROC hurdles

Talent & innovation

- **Develop** & transform the workforce, to foster an innovation culture
- **Motivate & reward** performance aligning individual objectives to strategic goals

New Training Program

Talent Management Plan

New Leadership Model

More functional offices (YE2022E)

2021 Edition

Talent & Innovation program — Employees' disruptive ideas[1] aligned with strategy goals: > 10 ideas integrated into an entrepreneurship program

(1) 2021 Editions focused on: i) Promote Circular Economy; ii) Supporting clients in ESG transition; iii) Customized services and products

AGENDA

Update on strategy execution

Financial Results

Final remarks

Annex

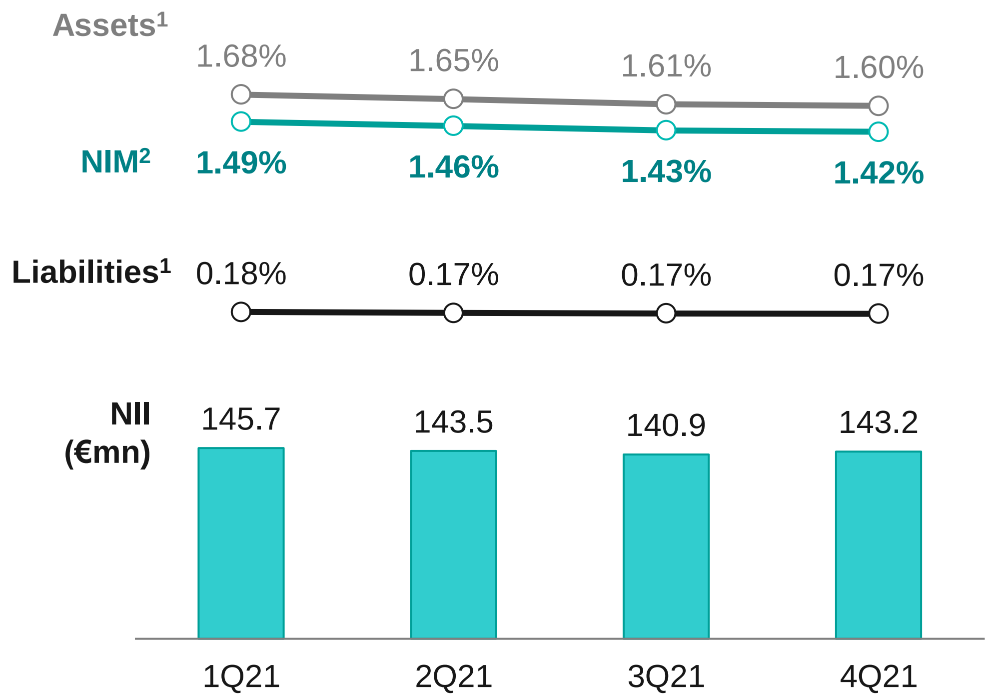
Continuous improvement of underlying performance

	Income Statement (€mn)	2020	2021	▲ YoY €mn
1	Net Interest Income	555.1	573.4	+18.3
2	+ Fees & Commissions	271.9	282.5	+10.6
	= Commercial Banking Income	**827.0**	**855.9**	**+28.9**
	+ Capital Markets Results	(72.5)	75.9	+148.4
	+ Other Operating Results	(136.6)	40.4	+177.0
	= Banking Income	**617.9**	**972.2**	**+354.3**
3	- Operating Costs	431.8	408.4	(23.5)
	= Net Operating Income	**186.1**	**563.8**	**+377.7**
	+ Restructuring funds valuation	(300.2)	0.0	+300.2
4	- Net Impairments & Provisions	**1 191.5**	352.7	(838.7)
	= Income Before Tax	**(1 305.6)**	**211.1**	**+1,516.6**
	- Corporate Income Tax	1.1	-15.2	(16.3)
	- Special Tax on Banks	32.8	34.1	+1.3
	= Income after Taxes	**(1 339.4)**	**192.2**	**+1,531.6**
	- Non-Controlling Interests	(10.1)	7.7	+17.8
	= Net Income for the period	**(1 329.3)**	**184.5**	**+1,513.8**

- NII (+€18mn; +3% YoY) benefitting from the higher NIM given the significant progress in cost of funding reduction and maintenance of the pricing discipline;
- Commissions (+€11mn; +4% YoY) driven by the increase in Payments Management and Asset Mgmt & Bancassurance (+11%) still impacted by Covid lockdown in 2021;
- Capital Markets Results include LME one-off impact (-€73.5mn) partially offsetting the positive results attributable to the investment portfolio and balance sheet management activities;
- Other Operating Results includes the change in the pension fund actuarial calculation methodology (+€37.2mn), and the costs related with contributions to Resolution Funds (-€40.5mn);
- Operating Costs (-€23mn; -5% YoY) reflecting the commitment to further operational efficiency improvements and business recalibration;
- **Net commercial banking income at €447.6mn (+13% YoY) from higher commercial banking income (+3%) and lower operating costs (-5%);**
- Provisions at €353mn (-€839mn YoY), includes €72mn Covid-19 related provisions (CoR of 30bps if Covid-19 adjusted) and €136mn provisions for a contingency liability from aggravated real estate taxes, tax contingency and restructuring;
- **NI of +€185mn (+€1.5bn YoY) reflecting the restructuring process executed in recent years and the performance of commercial activities.**

1 NII increasing by +3% YoY benefiting from cost of funding optimization measures…

Net Interest Income (NII) Net Interest Margin (NIM)	2020 Avg. Balance	2020 Avg. Rate	2020 Income/ Costs	2021 Avg. Balance	2021 Avg. Rate	2021 Income/ Costs
€ million; %						
Customer Loans	**24 939**	**2.13%**	**541**	**24 995**	**2.01%**	**509**
Corporate loans	13 624	2.42%	335	13 710	2.33%	323
Mortgage lending	9 987	1.20%	122	9 905	1.04%	104
Consumer loans and Others	1 328	6.24%	84	1 380	5.86%	82
Money Market Placements	2 993	0.54%	16	4 602	0.07%	3
Securities and Other Assets	10 665	1.26%	137	10 241	1.28%	133
Interest Earning Assets & Other	**38 597**	**1.77%**	**694**	**39 838**	**1.60%**	**645**
Of which: Customer Deposits	25 787	0.27%	72	26 580	0.19%	51
Of which: Money Market Funding	9 913	-0.13%	- 13	10 497	-0.51%	- 54
Interest Bearing Liabilities & Other	**38 597**	**0.34%**	**132**	**39 838**	**0.17%**	**68**
NIM / NII[2]		**1.41%**	**555**		**1.42%**	**573**

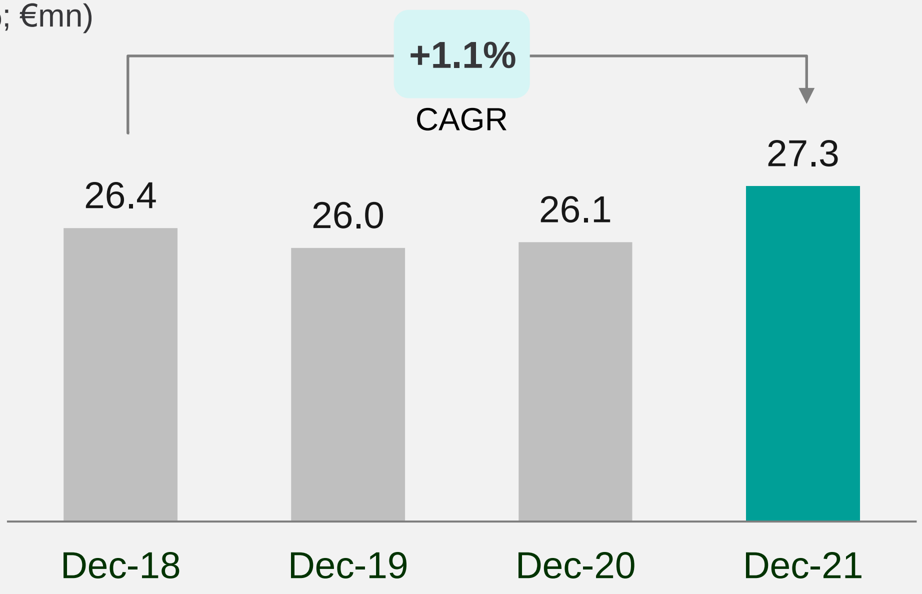


Lower loan yield (-12bps YoY) given the different asset mix (+1bps) and the lower interest rate environment (-13bps). Average customer loans unchanged YoY supported by new origination, despite NPL portfolio sales.

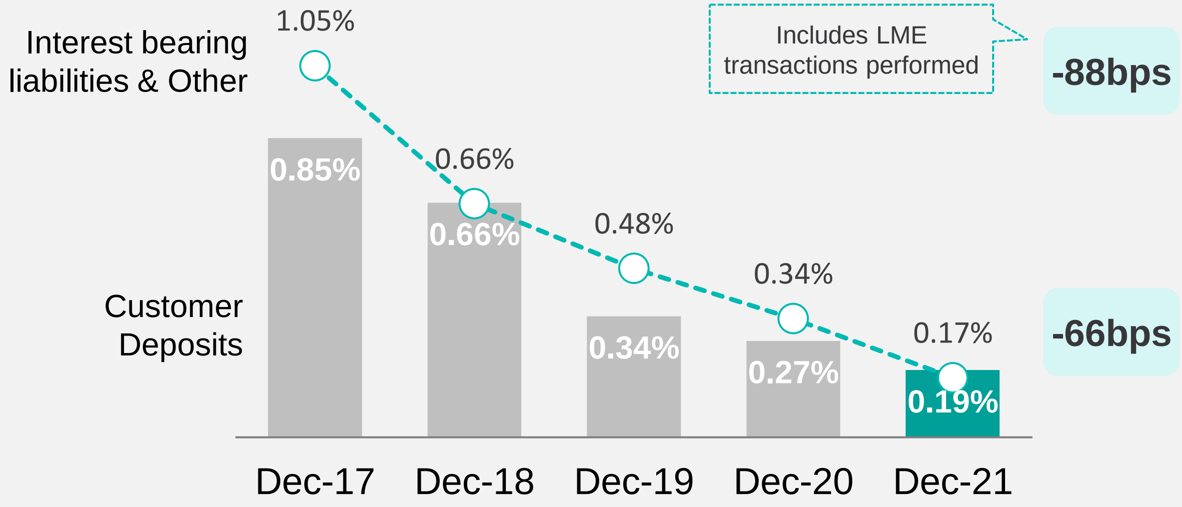
(1) YTD figures until such reference date; (2) With stage 3 impairment adjustment

1 …including substantial decrease in costs of deposits as a result of maturity profile and proactive initiatives

Deposits Evolution[1]
(%; €mn)



Average rate of Total Liabilities & Customer Deposits
(average yield; %)

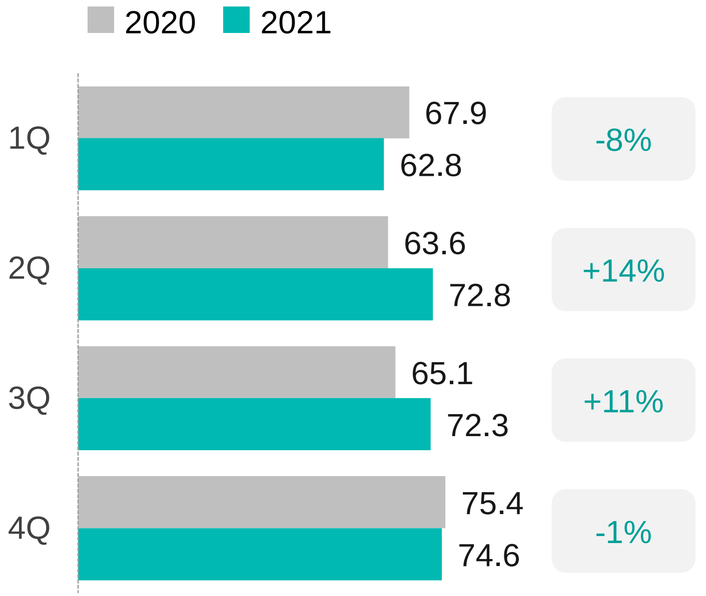


Decrease in interest rate of customer deposits reflects the normalization of commercial activity and proactive funding cost initiatives, including commercial solutions for high-rate deposits.

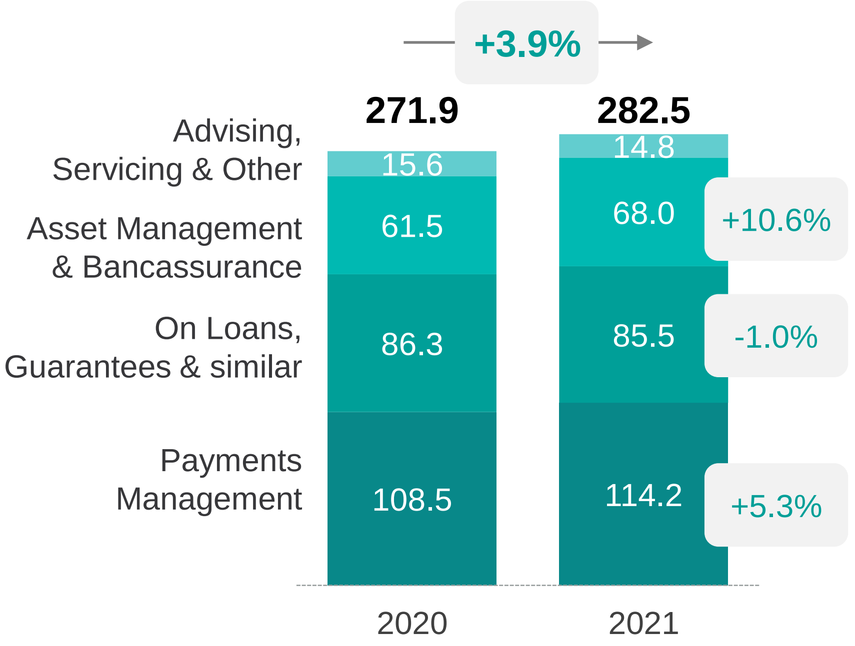
novobanco (1) Excludes Spanish Operations

2 Fees increased 3.9% YoY, driven by the 2Q & 3Q21 performance (+14% and +11% YoY), but still impacted by Covid lockdowns in 1H

Fees: Quarterly Evolution
(€mn)



Fees per type
(€mn)

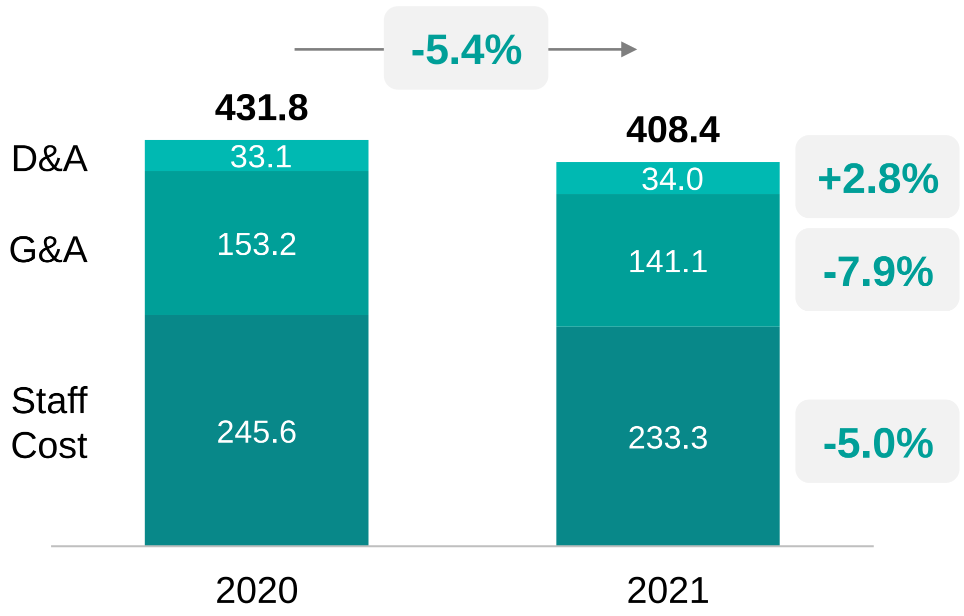


- **Asset mgmt & bancassurance fee** (+€6.5mn; +11%): reflects the impact of capital markets on annual management fees and increased commercial activity in non-life insurance products;
- **Commissions on Loans, Guarantees and similar** (-€0.8mn): decreasing YoY with lower origination;
- **Payments management** (+€5.7mn; +5%) highlighting a good performance of regular/bundled accounts and an increase in POS and ATM usage.

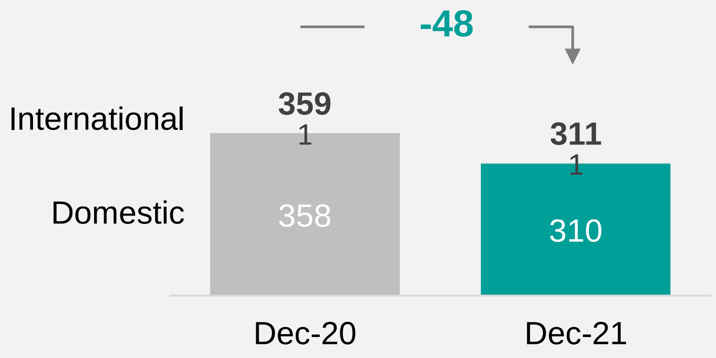
Fees are set to continue to increase with the recovery of economic activity leading to more transactions and new business.

3 Increased income generation allied with further efficiency improvements

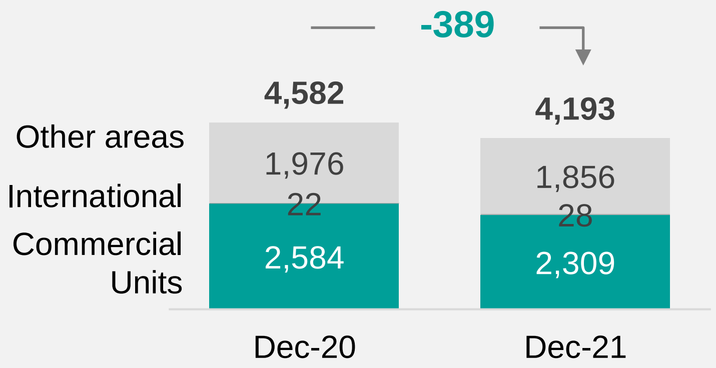
Consolidated Operating Costs
(%; €mn)



Number of branches



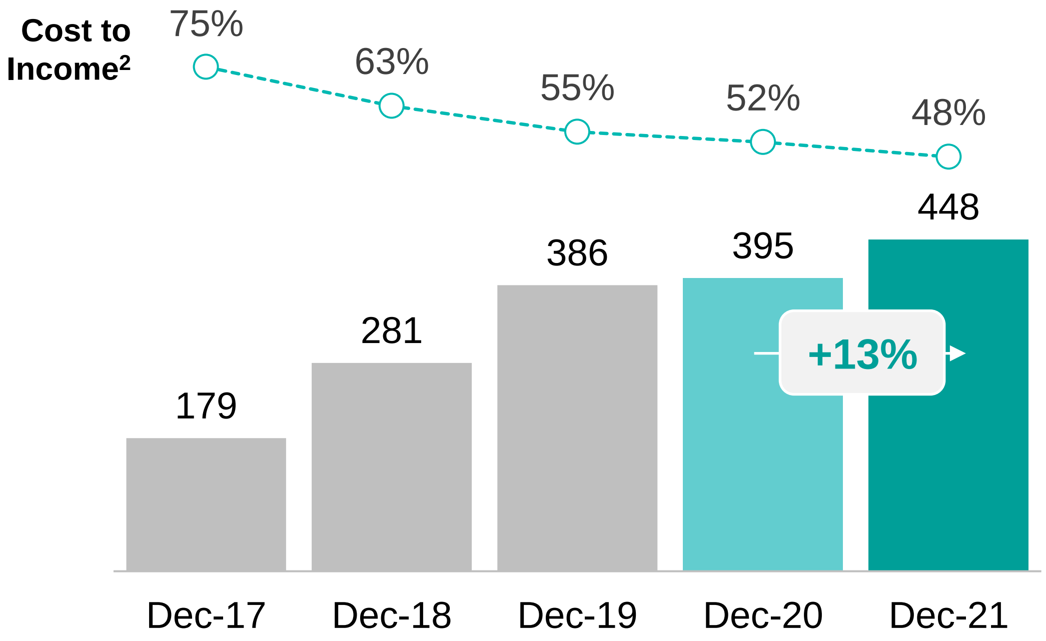
Employees per area
(#)



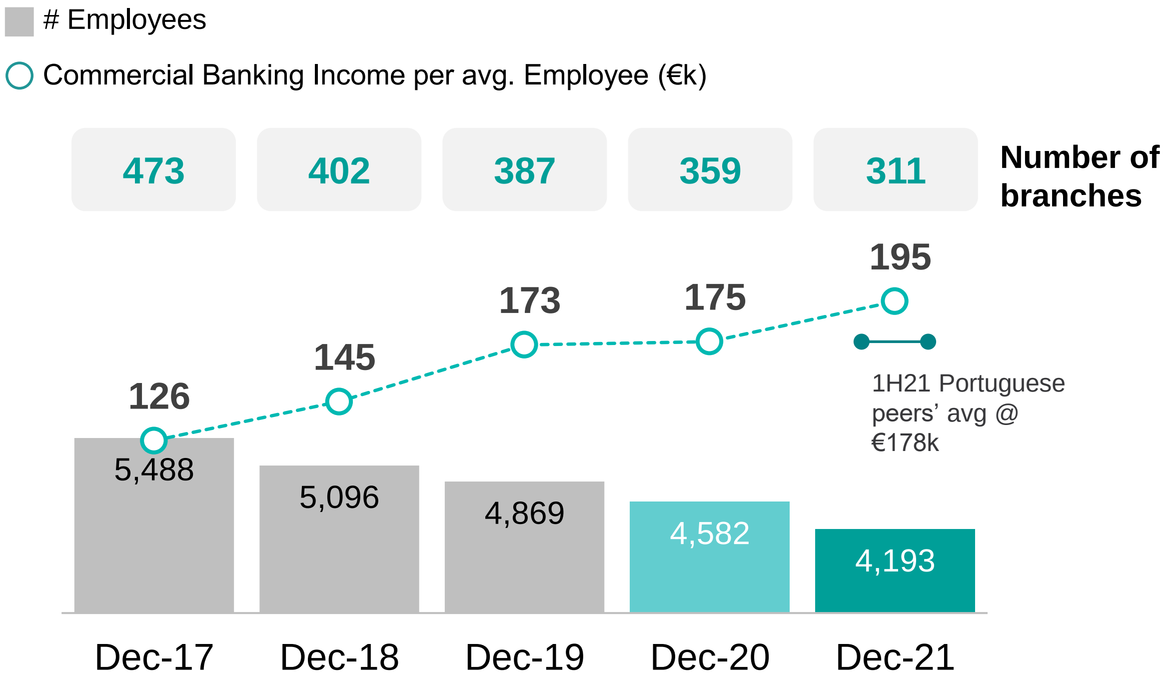
Implementation of cost optimization measures and ongoing recalibration, while investing in the future of the business.

3 Consistent improvement in operating income even in current environment

Net Commercial Banking Income[1]
(Reported figures; €mn)



Commercial Banking Income per Employee[3]
(Reported figures; €k)

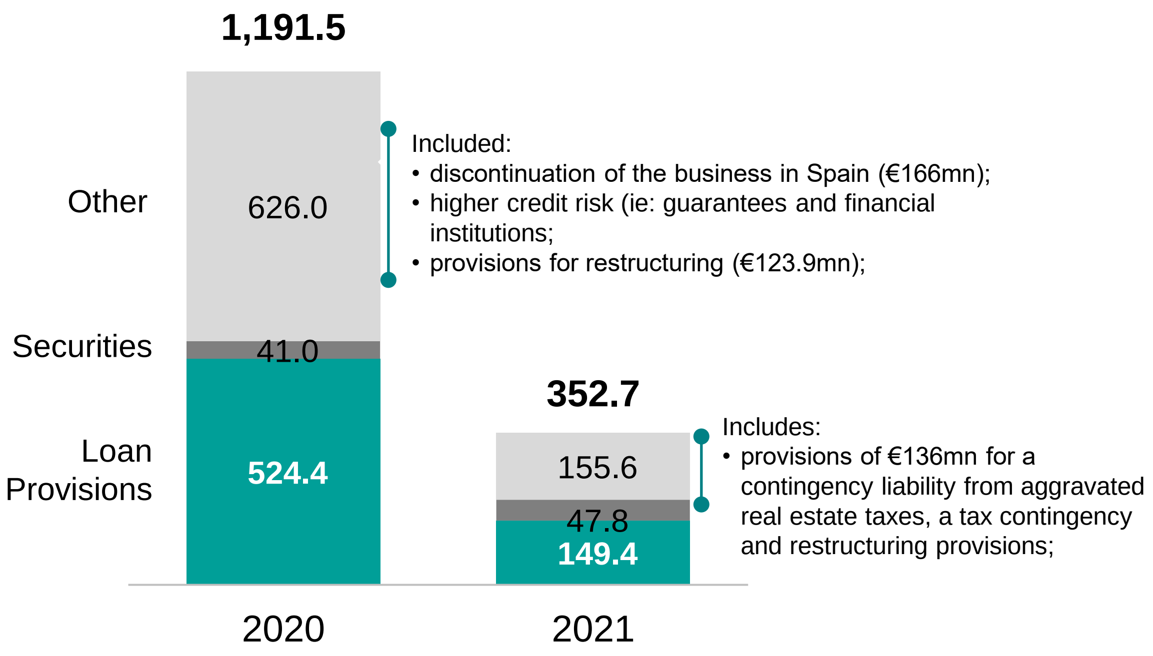


(1) Net Commercial Banking Income equals Commercial Banking Income minus Operational Costs; (2) Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions; (3) Commercial Banking Income is the sum of Net Interest Income and Fees/Commissions; considered average employees in the period;

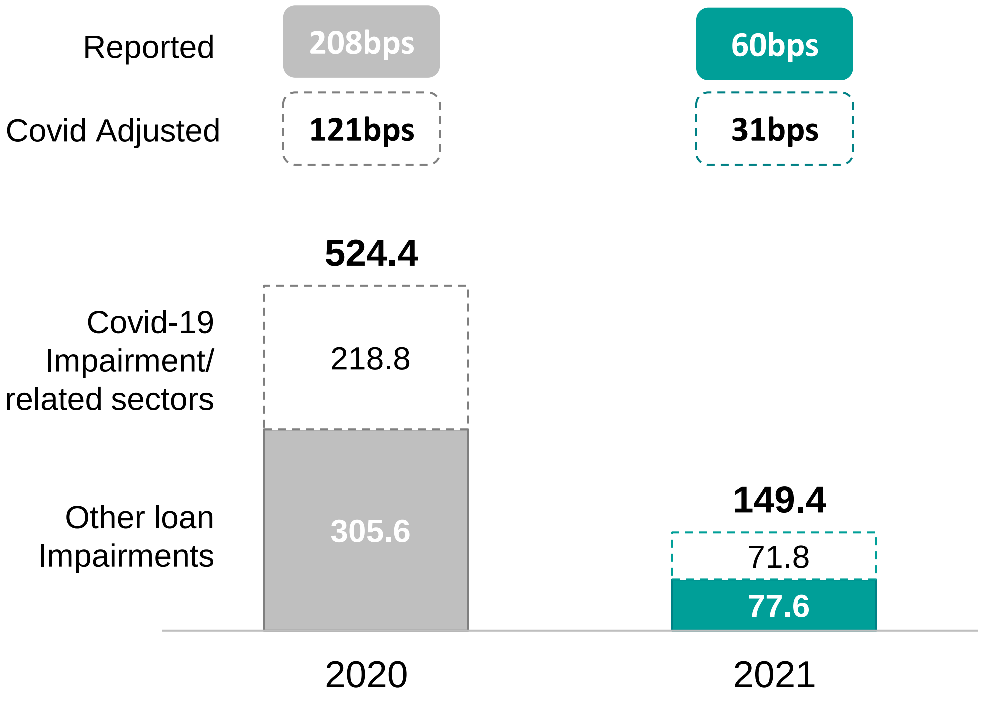
4

Provisions above run-rate reflecting a contingency liability from aggravated taxes, and CoR trending towards normalised levels

Impairment and Provisions
(€mn; %)



Cost of Risk & Loan Impairments
(€mn; bps)



Maintaining a solid Balance Sheet

Balance Sheet (€mn)

	Assets	Dec-20	Dec-21	▲YOY €mn	▲YOY %
	Loans and advances to banks	2,809	5,922	3,113	110.8%
1	Customer loans (net)	23,617	23,685	68	0.3%
2	Real estate	881	824	(57)	-6.5%
3	Securities	11,367	10,471	(896)	-7.9%
	Non-current assets held for sale[1]	1,560	9	(1,550)	-99.4%
	Current and deferred tax assets	775	780	4	0.6%
	Other assets	3,386	2,928	(458)	-13.5%
	Total Assets	**44,396**	**44,619**	**223**	**0.5%**

	Liabilities & Equity	Dec-20	Dec-21	▲YOY €mn	▲YOY %
4	Customer deposits	26,093	27,315	1,222	4.7%
	Due to central banks and banks	10,103	10,745	642	6.4%
5	Debt securities	973	1,470	496	51.0%
	Non-current liabilities held for sale[1]	1,996	1	(1,995)	-100.0%
	Other liabilities	2,083	1,938	(145)	-7.0%
	Total Liabilities	**41,249**	**41,469**	**220**	**0.5%**
6	**Equity**	**3,147**	**3,149**	**3**	**0.1%**
	Total Liabilities and Equity	**44,396**	**44,619**	**223**	**0.5%**

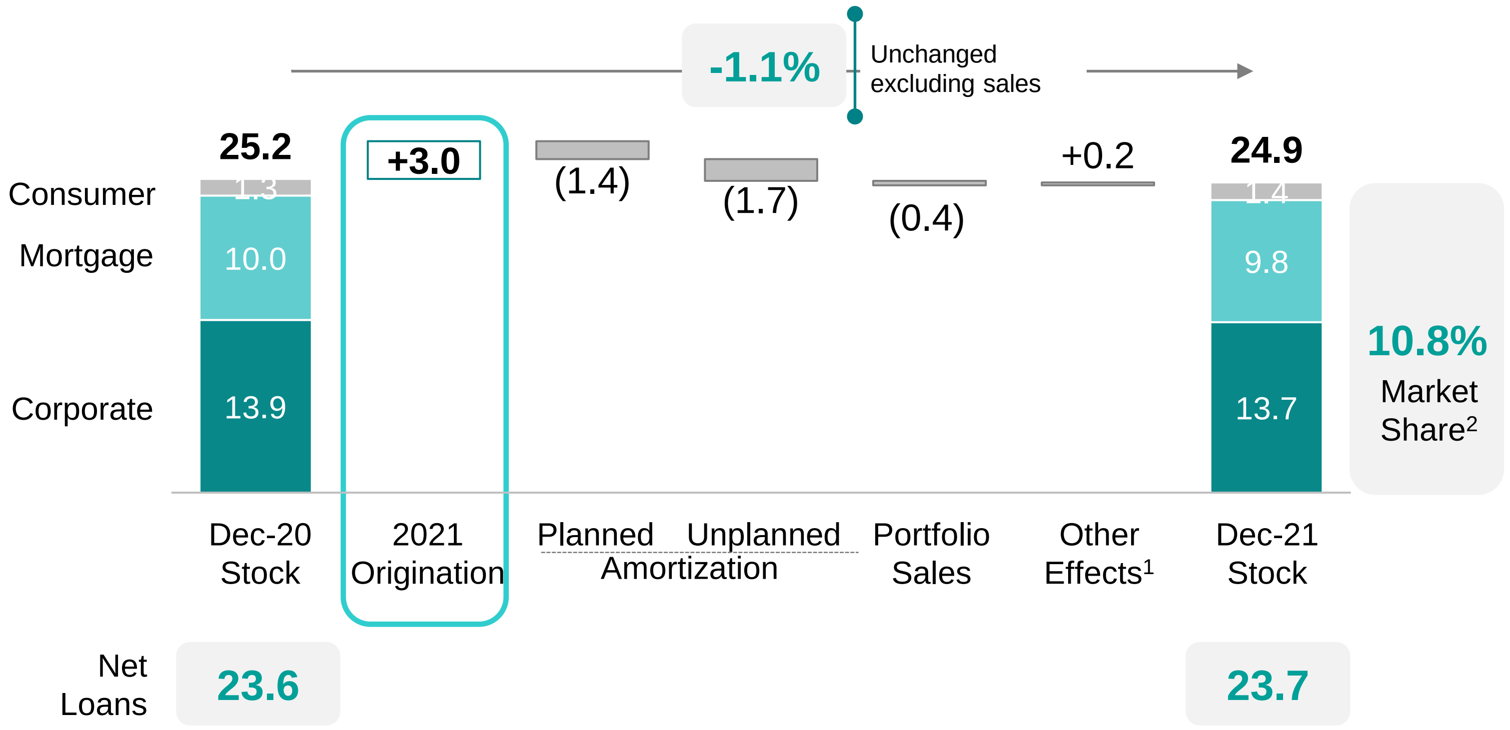
- **Net customer loans at €23.7bn, broadly stable** across corporate (despite NPL disposal), mortgage and consumer books;
- **Customer Deposits growing €1,222mn (+4.7% YTD), to €27.3bn**, with the outperformance of the Retail segment;
- **Total Funds of €33.8bn (+€2,091mn YoY; +6.6%),** balance sheet customer funds (€29.1bn;+€1,756mn; +6.4%) and off-balance sheet (€4.7bn; +€335mn; +7.6%);
- **Debt securities:** In 2021 **two senior preferred bond issues amounting to €575mn** were issued and an **LME to repurchase long-dated senior bonds (€88mn book value)** undertaken**.**

(1) The YoY change in Non-current liabilities and assets held for sale refers due to sale and deconsolidation of the Spanish operations in 2021

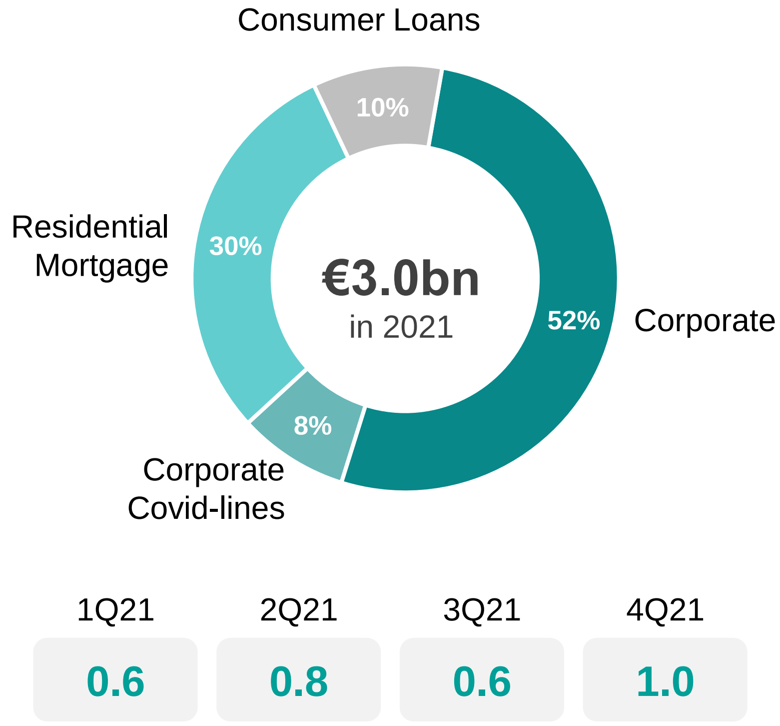
1

€3.0bn customer loans originated in the period with corporate at the core of its business model

Loans to Customers – Gross Book Value Evolution
(€bn; %)



Loans to Customers: Origination YTD
(€bn; %)



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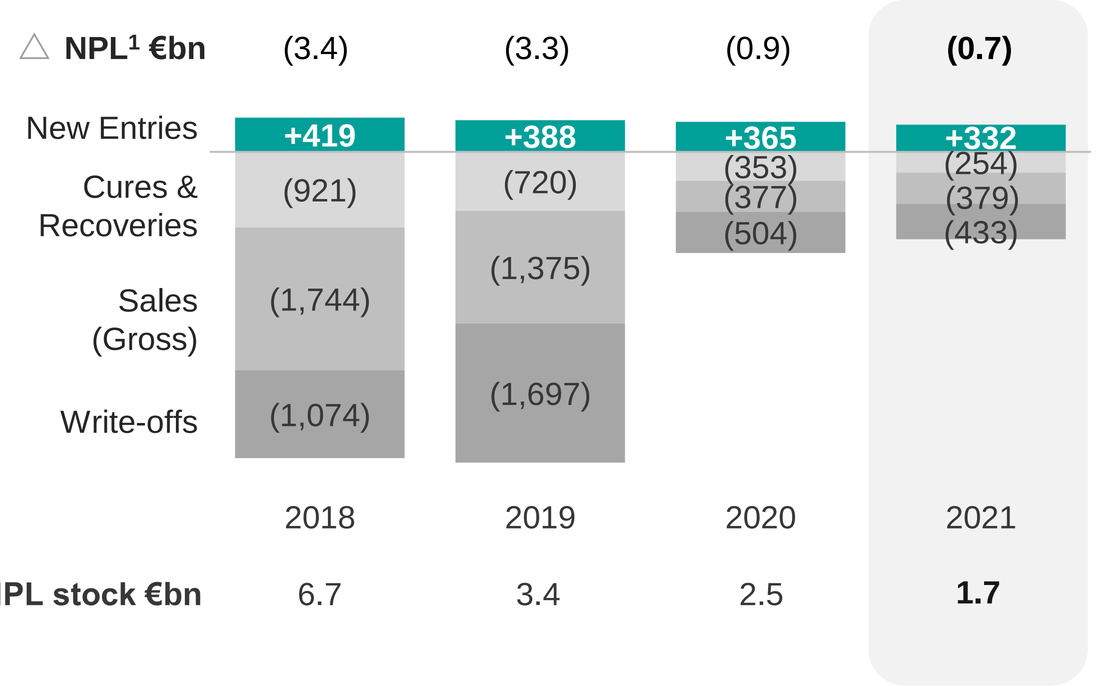
(1) Includes restructured contracts, short-term and impairment variations and other novobanco group entities; (2) November 2021 data; sources: Banco de Portugal, APS, APFIPP;

1

30% reduction of NPL stock YoY benefiting from the sale of Wilkinson and Orion portfolios…

Non-performing Loans Evolution

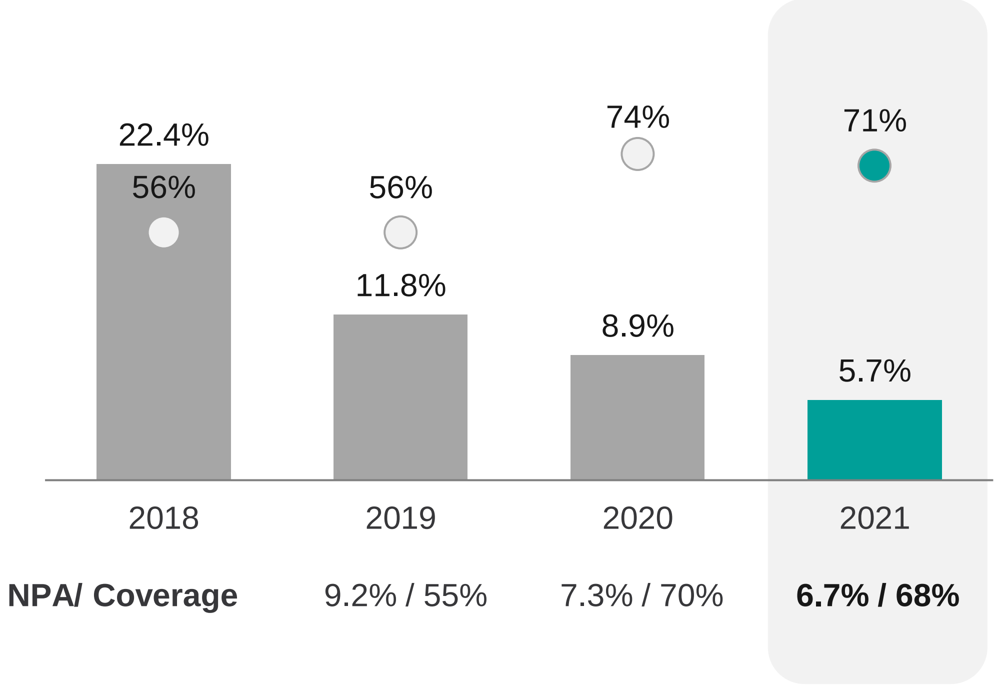
(%; €mn; Gross NPL[1])



NPL ratio & Coverage evolution[1]

(%; Consolidated reported figures)

NPL ratio NPL coverage



…being capital accretive and demonstrating adequacy of NPL coverage

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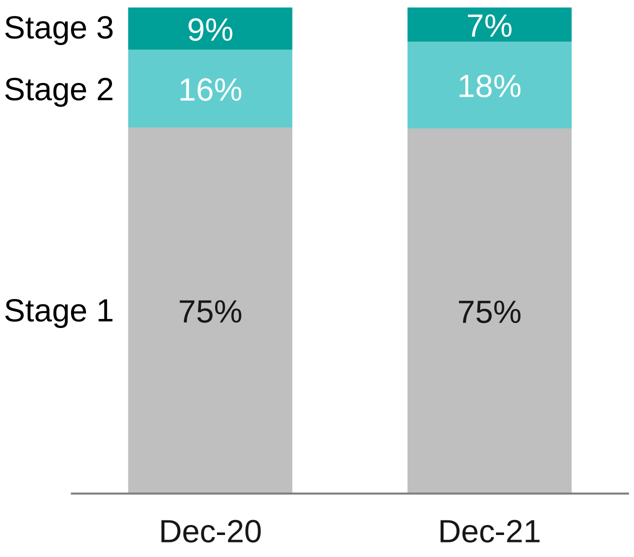
(1) NPL as per BdP definition (see glossary – annex for further detail); NPA calculated as the sum of NPE and foreclosed gross assets divided by total gross exposure and foreclosed gross assets; 2019 and 2020 data pro-forma to exclude Spanish operations and Financial Institutions

1 Reduction in stage 3 loans on the back of loan sales; ~2/3 of remaining stage 3 not overdue

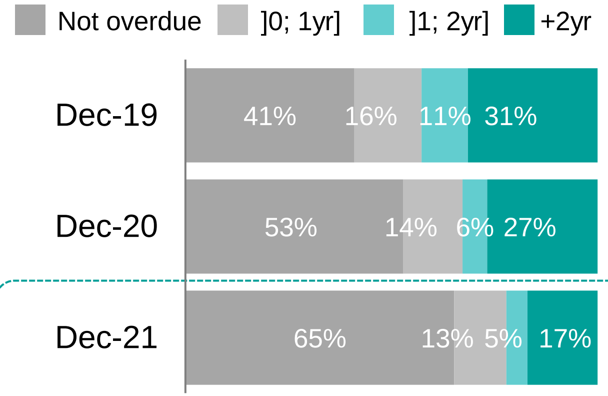
Loan Portfolio[1] by Stages



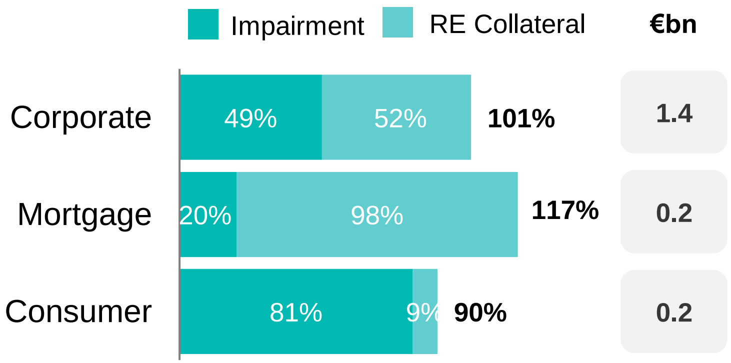
Coverage ratios

	Dec-20	Dec-21
Stage 2	7.7%	7.3%
Stage 3	56.5%	49.7%

Stage 3: Overdue Vintage



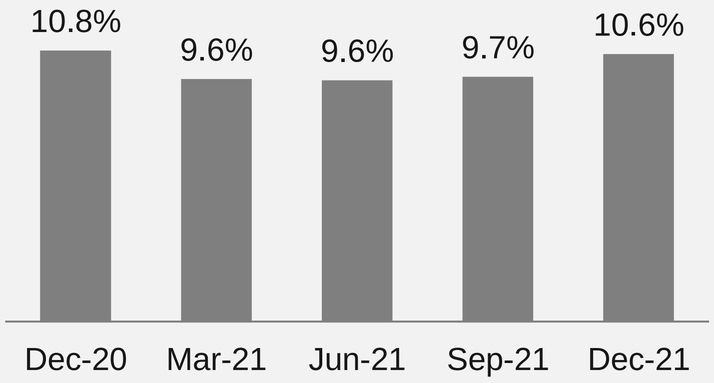
Stage[2] 3: Coverage by type



Evolution of loans under moratoria

(stock of Dec-20 of €6.9bn)

Stage 3



Proactive restaging of loans under moratoria

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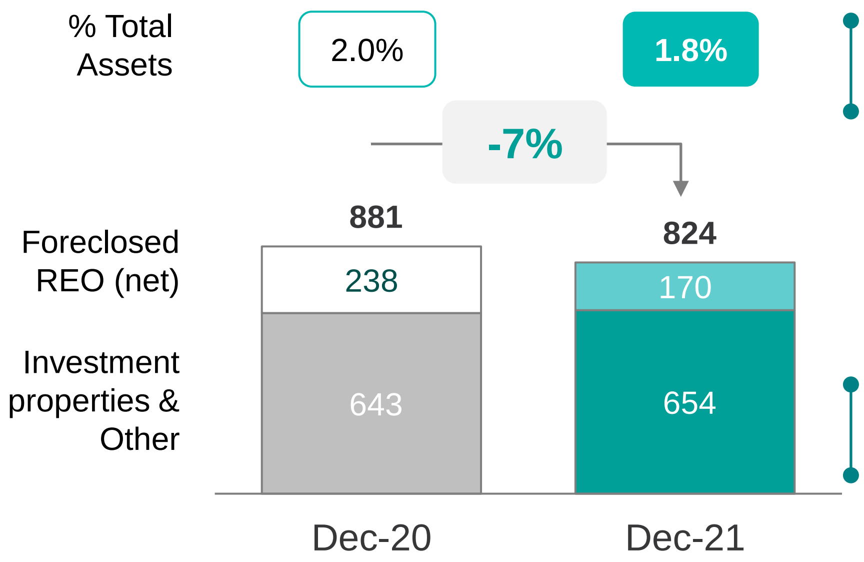
(1) Excludes Spanish operations and credit institutions; Preliminary figures; (2) Specific provisions only

2 Clean-up of real estate exposure through sales and implementation of a best-in-class appraisal policy

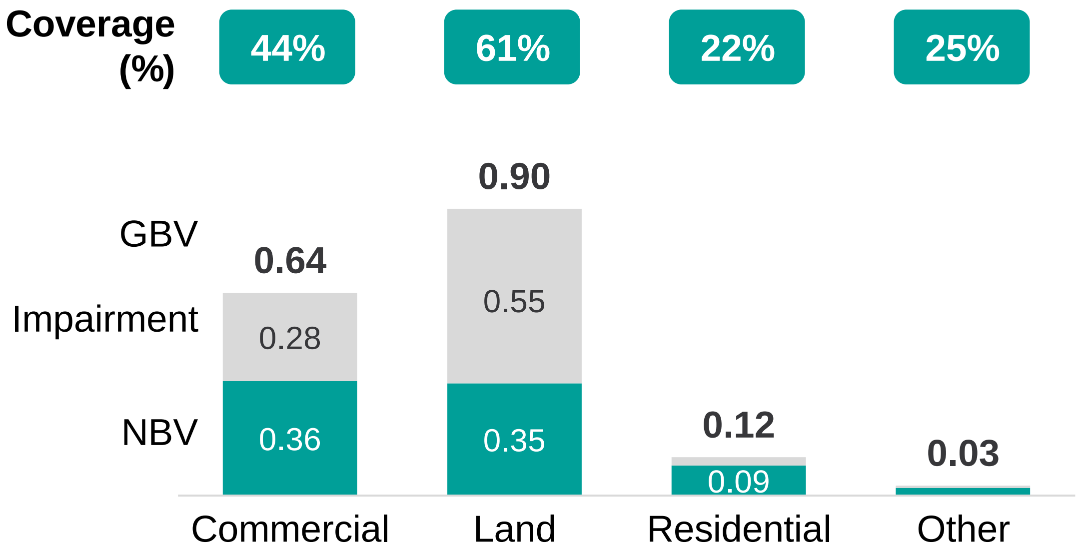
Evolution of Real Estate Exposure
(€mn NBV)



TOP 20 RE assets represents 52% of the portfolio. Of those high-quality assets, 10 are yielding and the remaining are on ongoing licensing discussions and expected to be sold within next 2 years.

Of which c.€250mn under disposal;

Real Estate Portfolio: Coverage by Asset Type
(€bn;%)

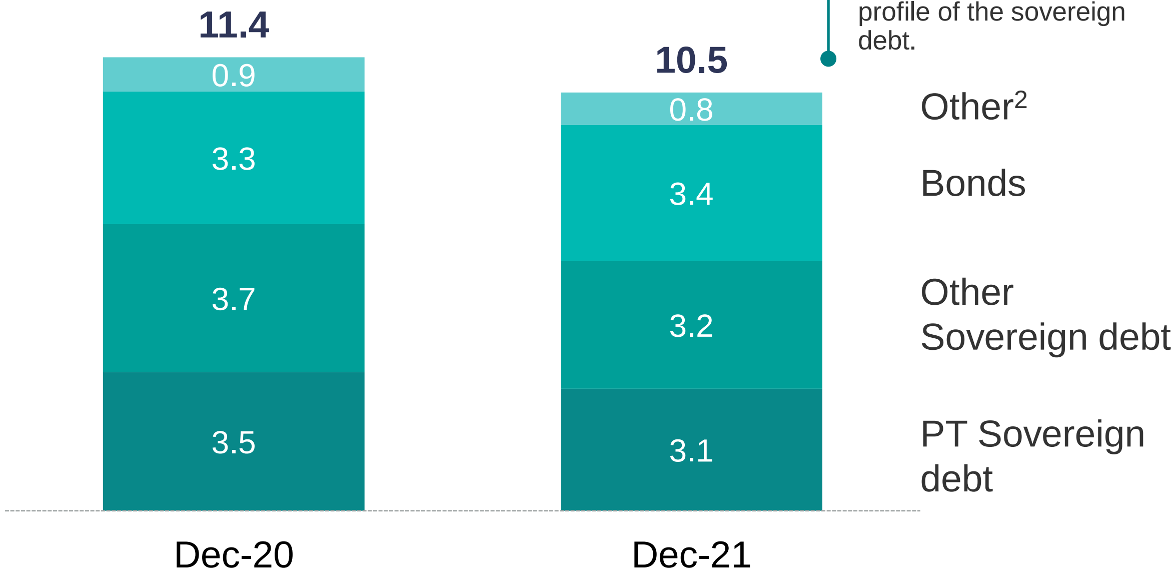


Coverage is supported by a robust appraisal policy, individual asset reviews, market pricing (bids received) and yield performance.

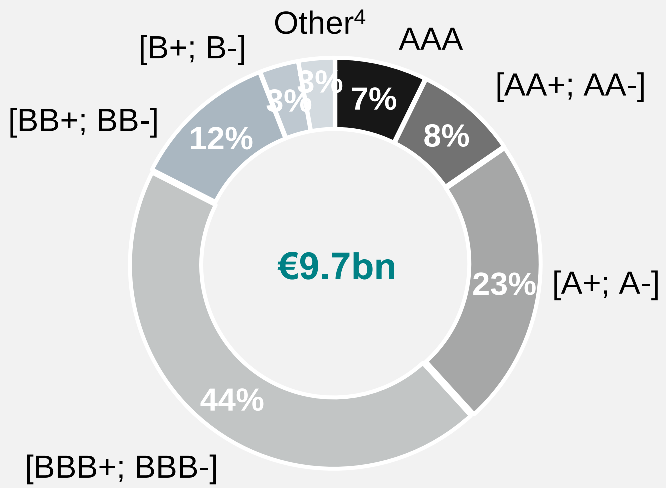
3 Conservative €10.5bn securities portfolio with HQLA[1] representing 75%

Securities Portfolio: Breakdown
(€bn)

YTD portfolio reduced by €0.9bn, due to the execution of de-risking strategy and the maturity profile of the sovereign debt.



Securities Portfolio: Ratings[3]
(Dec-21; €bn)



The investment portfolio had a duration of ~4 yrs (vs 4.6 yrs in Dec-20) and €1.5mn sensitivity for 1bps increase in interest rates (after hedges; €2.3mn in Dec-20).

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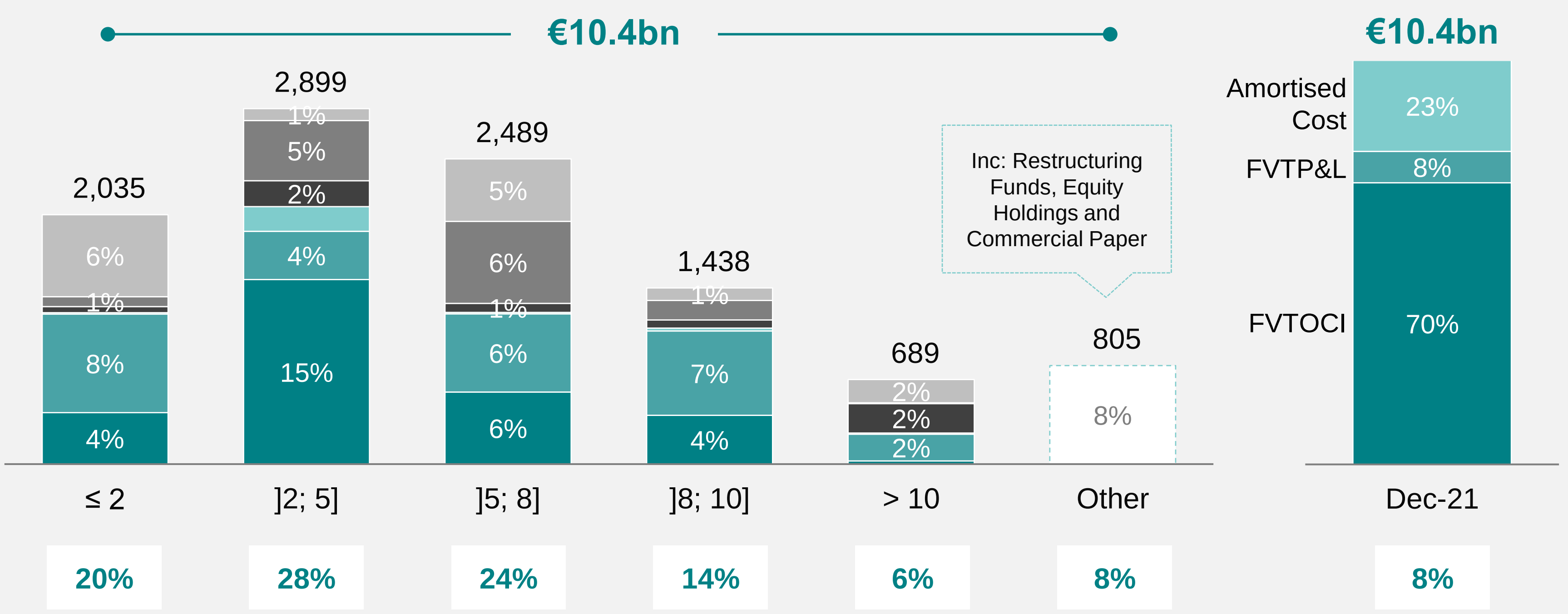
(1) HQLA: High Quality Liquid Assets; (2) Includes Funds and Equity Holdings; (3) Breakdown excludes Funds and Equity Holding and Commercial Paper; Considers S&P Rating and novobanco internal rating if S&P not available; (4) Other of 3% includes: 1% Not Rated; 1% classified by novobanco as Defaulted and 1% CCC

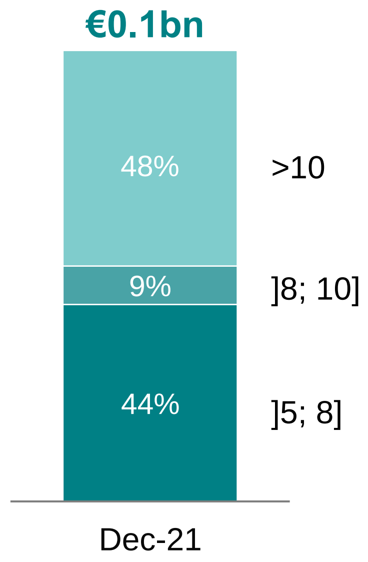
3 Securities portfolio with an average yield of 1.28%

Banking Book
(by maturity; Dec-21; €mn; %)

29% PT sovereign debt
2% Other sovereign
11% HQLA[1] (Corp + Fins)
26% Other EU sovereign
6% Supranational
17% Non-HQLA



Trading Book
(by maturity; Dec-21; %)

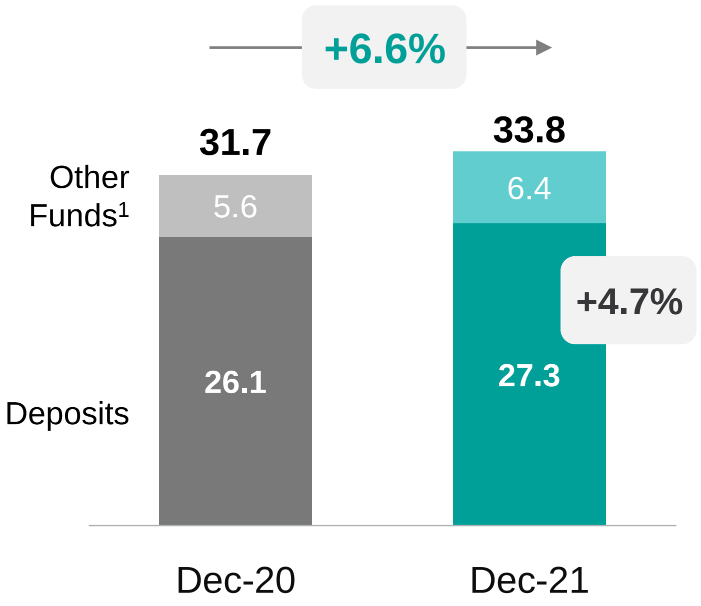


100% Sovereign debt

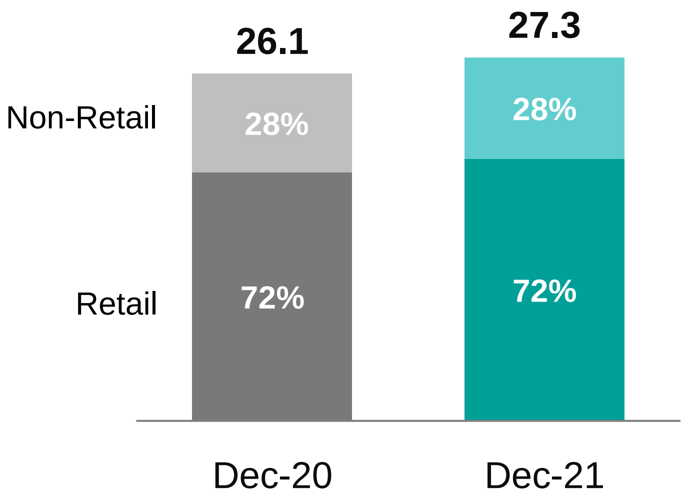
novobanco (1) HQLA: High Quality Liquid Assets

4 Customer deposits +4.7% YoY (and Total Funds +6.6%)

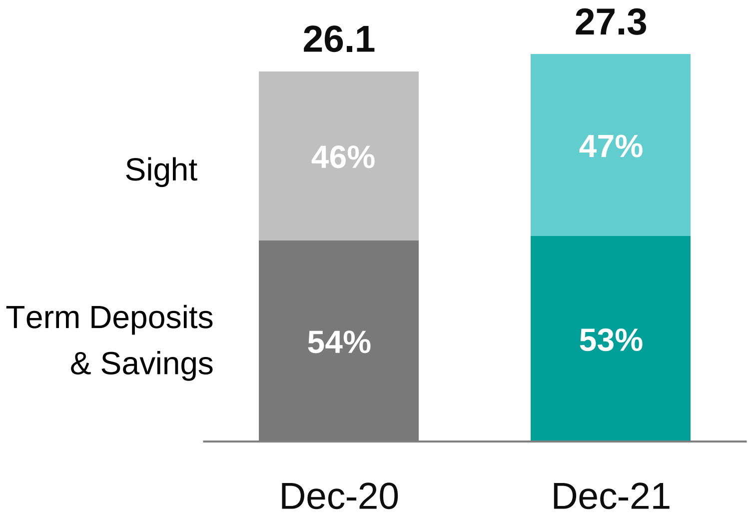
Customer Deposits & Total Funds
(%; €bn)



Deposits Breakdown by Customer
(€bn; %)



Deposits Breakdown by Type
(€bn; %)



Evolution reflecting customers' confidence despite the low interest rate environment.

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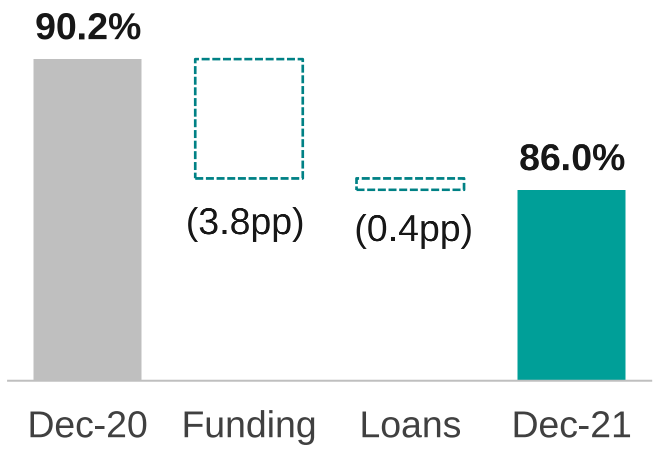
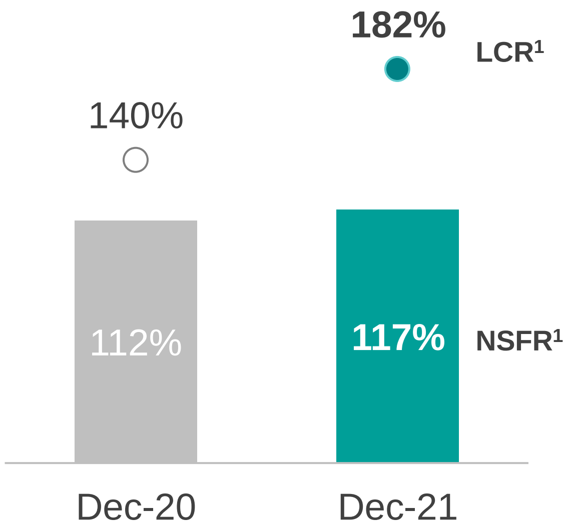
(1) Includes off-balance

4 Stable deposit base supporting strong liquidity position

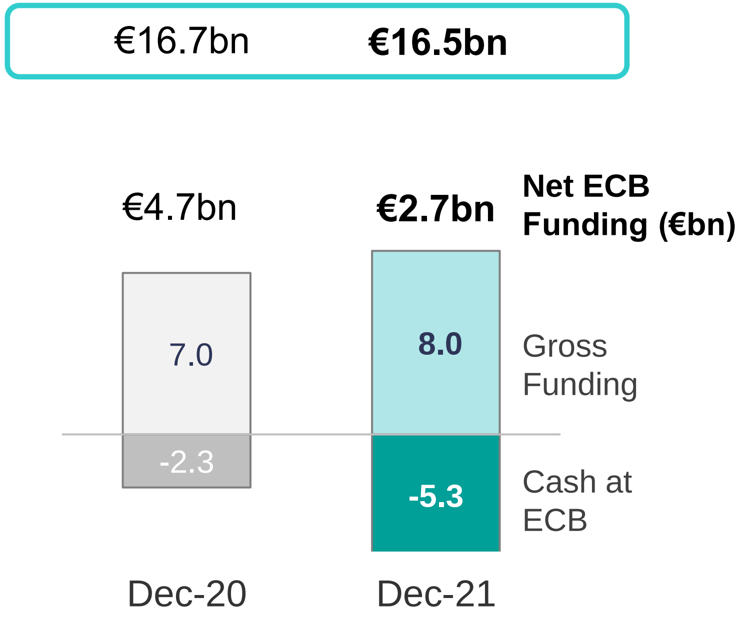
Loan to Deposit Ratio (%)



Liquidity Ratios (%)



Eligible Assets at the ECB[2] (€bn)



Liquidity buffer ~€12.5bn, mostly composed of highly liquid assets (~90%).

(1) LCR stands for Liquidity Coverage Ratio; NSFR stands for Net Stable Funding Ratio; (2) Net of haircut

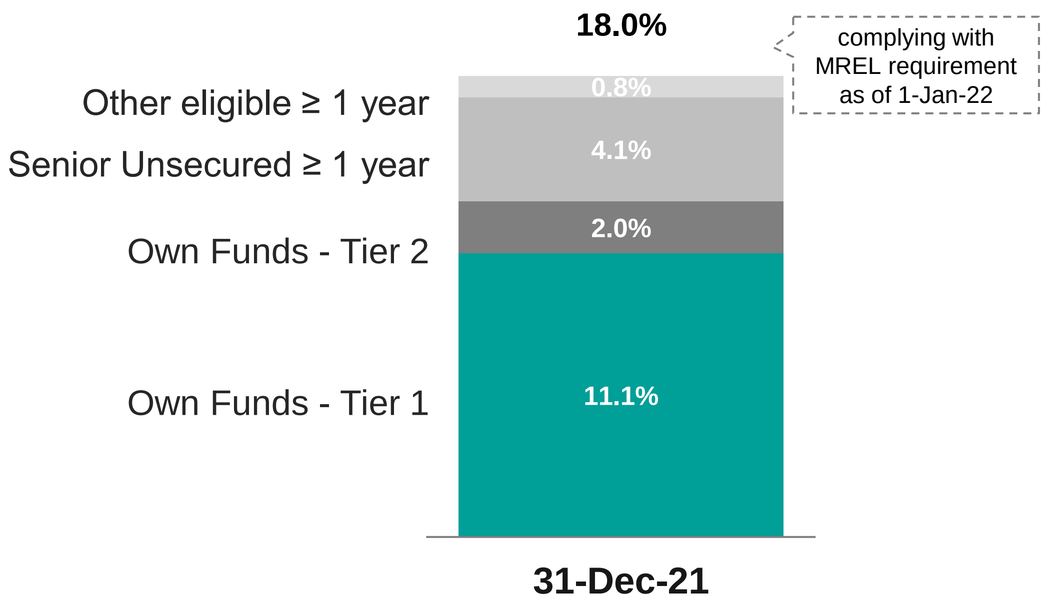
5

Met first MREL binding target as of January 1st 2022

MREL requirements:
(%)

	Jan-22	Jan-26
TREA[1]	14.64%	22.78%
Combined Buffer	2.51%	n.a.[3]
Total	**17.15%**	**22.78% + CBR**
O-SII (LSF Nani)	0.50%[2]	
Total + O-SII	**17.65%**	**22.78% + CBR**
LRE[4]	**5.91%**	**5.91%**

MREL ratio
(% RWA; Preliminary)



Going forward novobanco expects to be a regular issuer in the financial markets

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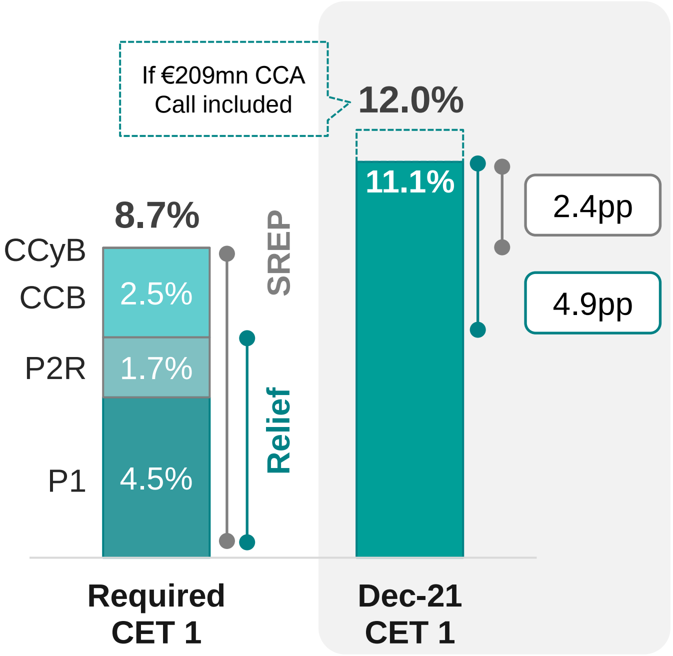
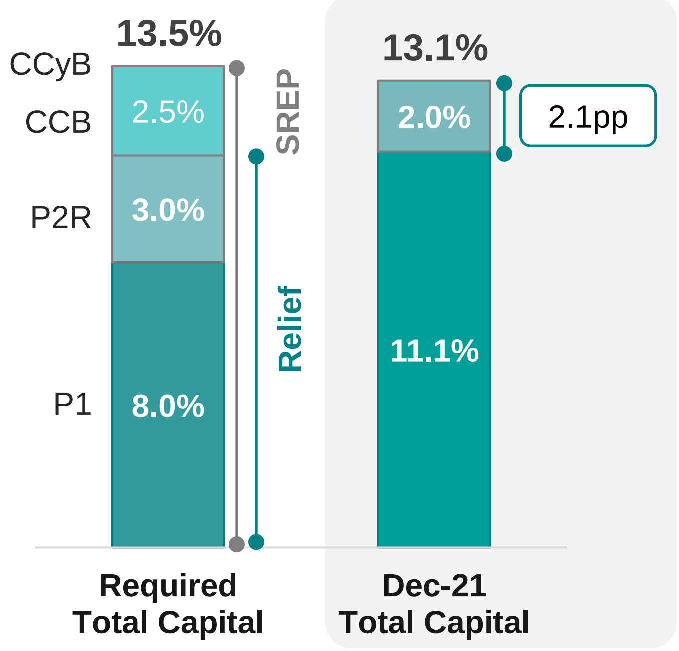
(1) TREA - Total Risk Exposure Amount; (2) O-SII defined at LSF Nani Investments; as communicated by Banco de Portugal on its website on 30 Nov 2021, the O-SII increased from 0.375% to 0.5%; O-SII requirement at novobanco is under analysis by the regulator; (3) As of Jan-26 applicable combined buffer requirement; (4) LRE - Total Leverage Exposure

novobanco executed its de-risking strategy, operating above temporary capital requirement…

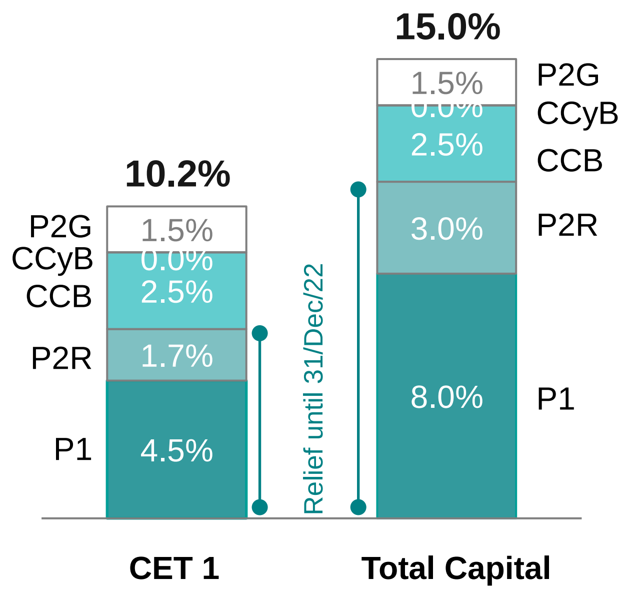
CET 1
(phased-in[1]; Preliminary; %)



Total Capital
(phased-in[1]; Preliminary; %)



Minimum prudential requirements for 2022
(%)



Organic capital generation and further balance sheet deleverage (eg: sale of high-density restructuring funds) to continue strengthen bank's capital position

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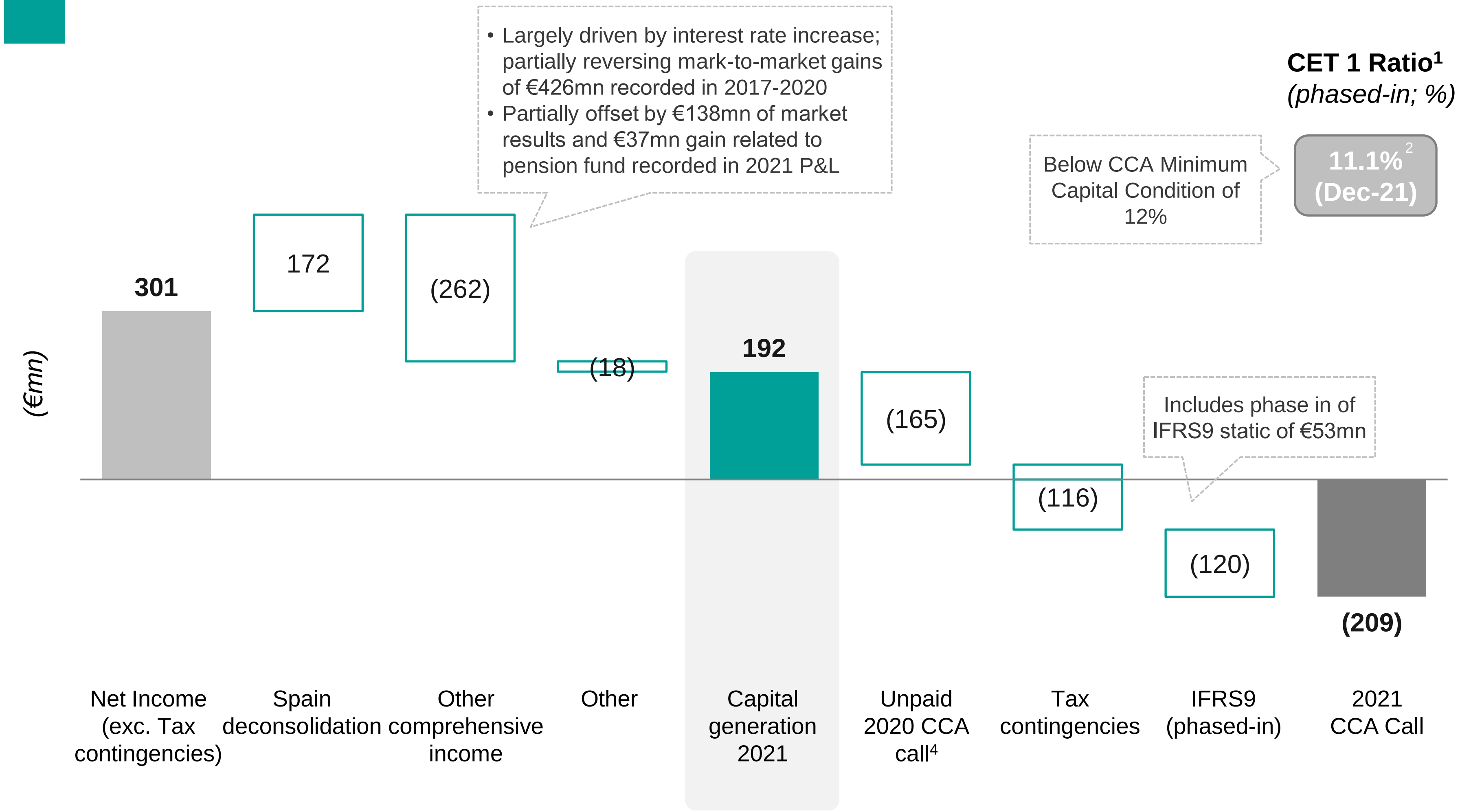
(1) On 12-Mar-20 the European Central Bank disclosed several measures that allow Banks to operate temporarily below the required capital level; P2G not included

… and demonstrating the capacity to continue to generate capital



Despite novobanco's profits and capital generation in 2021, the bank is ending the year with a shortfall to a 12% CET 1 ratio resulting in a CCA call of **€209mn** driven by:

- **€165mn unpaid portion of CCA Call** with respect to 2020 in relation to
  - Discontinuation of **Spanish operations** of **€147mn**
  - **Restructuring funds** of **€18mn**
- **Provision for €116mn tax contingency**
- **€120mn phase-in of IFRS9 regulatory deduction**

In addition, the following arbitration proceedings in respect of the CCA are ongoing:

- Aforementioned **€165mn portion of CCA call in respect to 2020**
- Application of transitional arrangements for **IFRS9 dynamic approach** of **€162mn**
- Decision with respect to **€169mn IFRS9 static arbitration** (decided to novobanco's disadvantage) is being **assessed by novobanco**

(1) Estimated; Phased-in ratios; The inclusion of positive results depends on an authorization from the ECB; (2) Does not include €209mn CCA Call related to 2021 YE accounts; (3) Net of €112mn payment by the Resolution Fund in December 2021

AGENDA

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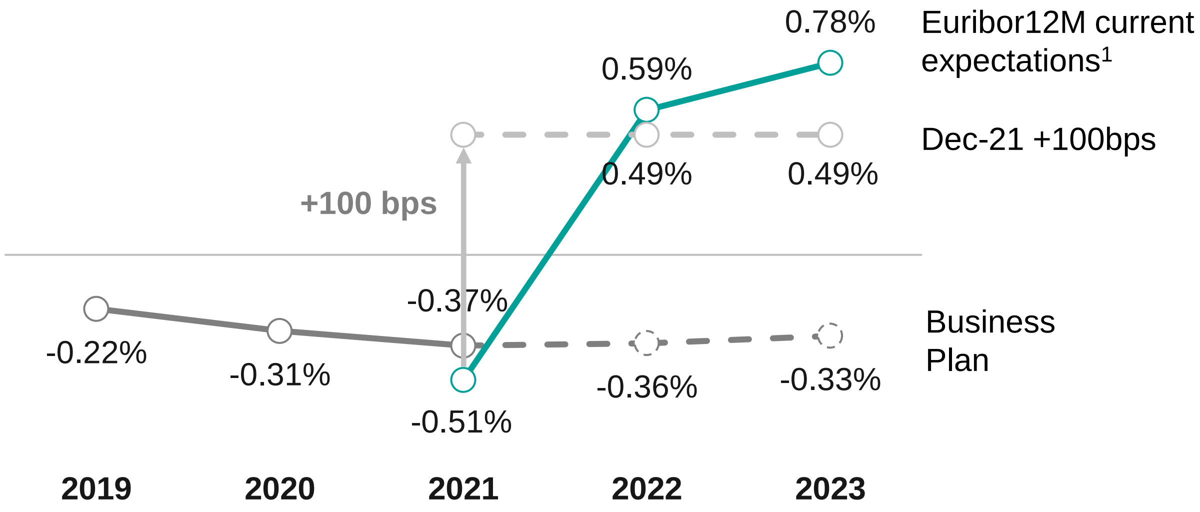
On track to deliver medium-term guidance…

		2020	2021	Medium-term targets	
A universal customer-centric bank	**Commercial Loan Book** (performing)	€22.7bn	**€23.2bn** (+2% YoY)	*2-3% per year*	*Leveraging on expertise & differentiation*
	Net Interest Margin	1.41%	**1.42%**	*[1.30 – 1.50%]*	*Safeguard income*
Simple and efficient	**Cost-to-income**	53%	**48%**	*< 45%*	*Efficient operations*
	CoR	208bps	**60bps**	*< 50 bps*	*Achieve moderate risk profile*
Profitable and safe risk profile	**NPL ratio**	8.9%	**5.7%**	*< 5%*	*Converging towards EU average*
	RoTE *(pre-tax)*[1]	6%	**8.8%**	*≥ 10%*	*Deliver attractive returns*
Talent & innovation	**CET1**	10.9%	**11.1%**	*> 12%*	*Enhance capital position*

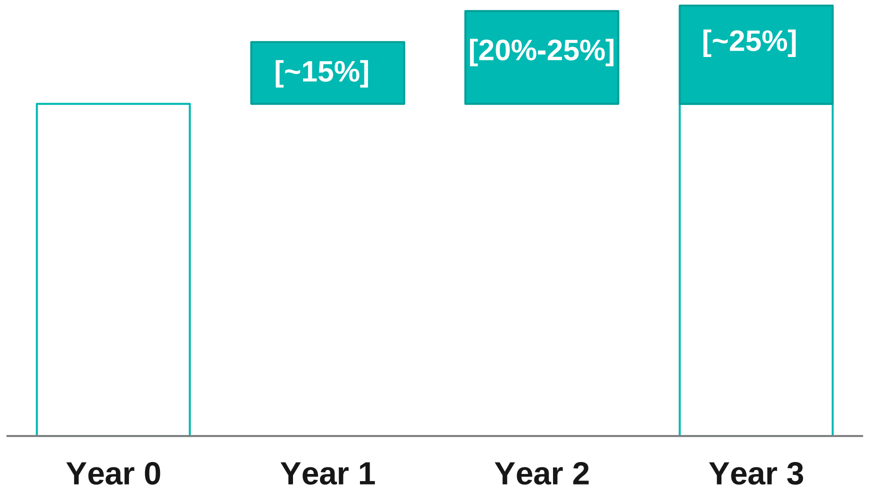
(1) 2020 RoTE considers recurrent activity only; Considers underlying profitability pre-tax deducted by special tax on Banks and contributions to resolution funds

…with Net Interest Income to benefit from the increase in interest rates

Euribor curve
(12 months average)



Estimated NII impact from +100bps rates increase



More than 85% of Customer loans are floating with ~75% of Corporate loans floored, leading to higher NII with the increase of interest rates above current market levels

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(1) Based on March 4th EUR swap curve

Final Remarks

Delivering **stable earnings with 4 consecutive quarters of consolidated profits**, reflecting a solid performance of the top-line together with efficiency measures implemented in recent years

On track to meet medium term financial targets announced at 2021 Capital Markets Day, with **significant improvements across all KPIs**

Implementing further **cost optimization measures while investing in the future of the franchise**, with digitalization and the new distribution model at the core of the omnichannel strategy

Issuance of senior preferred bonds (total €575mn) contributed to the normalization of the funding structure, leading to a **full compliance with the MREL requirement**, in force since 1 January 2022

Executing of the de-risking strategy, **capital accretion** and **normalized performance** together with **optimization initiatives** are set to ensure regulatory capital compliance going forward.

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Income Statement – Quarterly data

(€ million)	1Q20[1]	2Q20[1]	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	▲ €mn YoY	▲ % YoY
Net Interest Income	130.2	125.5	145.3	154.1	145.7	143.5	140.9	143.2	(10.9)	(7.1%)
Fees and Commissions	67.9	63.6	65.1	75.4	62.8	72.8	72.3	74.6	(0.7)	(0.9%)
Commercial Banking Income	**198.0**	**189.1**	**210.4**	**229.5**	**208.5**	**216.3**	**213.2**	**217.9**	**(11.6)**	**(5.1%)**
Capital Markets Results	(94.1)	58.3	15.4	(52.2)	52.8	40.5	(59.7)	42.2	94.4	(180.8%)
Other Operating Results	2.5	(60.4)	(12.5)	(66.2)	12.2	(41.3)	30.3	39.2	105.4	(159.2%)
Banking Income	**106.5**	**187.0**	**213.3**	**111.1**	**273.5**	**215.5**	**183.9**	**299.3**	**188.2**	**169.4%**
Operating Costs	108.3	105.8	104.0	113.7	102.7	101.4	101.6	102.6	(11.1)	(9.8%)
Staff Costs	61.4	59.7	61.7	62.8	58.7	58.9	57.9	57.8	(5.0)	(8.0%)
General and Administrative Costs	38.9	38.2	34.1	42.0	35.9	34.2	35.1	35.8	(6.1)	(14.6%)
Depreciation	7.9	8.0	8.2	9.0	8.1	8.2	8.6	9.0	0.0	0.4%
Net Operating Income	**(1.7)**	**81.2**	**109.3**	**(2.7)**	**170.8**	**114.1**	**82.3**	**196.6**	**199.3**	**(7512.5%)9**
Restructuring funds - independent valuation	-	(260.6)	-	(39.6)	-	-	-	0.0	39.6	(100.0%)
Net Impairments and Provisions	149.1	194.5	489.7	358.1	61.8	27.4	70.4	**193.1**	(165.0)	(46.1%)
Credit	138.8	142.2	102.3	141.1	54.9	29.8	30.3	34.4	(106.8)	(75.6%)
Securities	2.1	(0.9)	16.3	23.5	0.9	15.1	1.4	30.4	6.9	29.4%
Other Assets and Contingencies	8.2	53.2	371.1	193.5	6.0	(17.5)	38.7	128.4	(65.2)	(33.7%)
Income before Taxes	**(150.9)**	**(373.9)**	**(380.4)**	**(400.4)**	**109.0**	**86.7**	**11.9**	**3.5**	**403.9**	**(100.9%)**
Corporate Income Tax	0.6	4.0	(82.3)	78.8	4.2	16.9	(8.1)	(28.2)	(107.0)	(135.8%)
Special Tax on Banks	27.5	(0.1)	5.3	-	32.8	1.5	0.0	(0.1)	(0.1)	-
Income after Taxes	**(179.0)**	**(377.8)**	**(303.4)**	**(479.2)**	**72.0**	**68.4**	**20.0**	**31.8**	**511.0**	**(106.6%)**
Non-Controlling Interests	0.1	(1.6)	(5.6)	(3.0)	1.3	1.4	3.6	1.4	4.4	(146.6%)
Net Income for the period	**(179.1)**	**(376.2)**	**(297.8)**	**(476.2)**	**70.7**	**67.0**	**16.4**	**30.4**	**506.6**	**(106.4%)**

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(1) 2020 pro-forma figures given the reclassification of the Spanish business as discontinued operations, which occurred in the 3Q20

Balance Sheet

(€ thousands)	Dec-20	Dec-21
Cash, cash balances at central banks and other demand deposits	2,695,459	5,871,538
Financial assets held for trading	655,273	377,664
Financial assets mandatorily at fair value through profit or loss	960,962	799,592
Financial assets at fair value through profit or loss, or through other comprehensive income	7,907,587	7,220,996
Financial assets at amortised cost	25,898,046	26,039,902
Debt securities	2,229,947	2,338,697
Loans and advances to credit institutions	113,795	50,466
Loans and advances to customers	23,554,304	23,650,739
Derivatives – Hedge accounting	12,972	19,639
Fair value changes to the hedged items in portfolio hedge of interest rate risk	63,859	30,661
Investments in subsidiaries, joint ventures and associates	93,630	94,590
Tangible assets	779,657	864,132
Tangible fixed assets	187,052	238,945
Investment properties	592,605	625,187
Intangible assets	48,833	67,986
Tax assets	775,498	779,892
Current tax assets	610	35,653
Deferred tax assets	774,888	744,239
Other assets	2,944,292	2,442,550
Non-current assets and disposal groups classified as held for sale	1,559,518	9,373
Total Assets	**44,395,586**	**44,618,515**

	Dec-20	Dec-21
Financial liabilities held for trading	554,791	306,054
Financial liabilities measured at amortised cost	37,808,767	40,215,994
Due to banks	10,102,896	10,745,155
Due to customers	26,322,060	27,582,093
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,017,928	1,514,153
Other financial liabilities	365,883	374,593
Derivatives – Hedge accounting	12,972	19,639
Provisions	384,382	442,834
Tax liabilities	14,324	15,297
Current tax liabilities	9,203	12,262
Deferred tax liabilities	5,121	3,035
Other liabilities	417,762	443,437
Liabilities included in disposal groups classified as held for sale	1,996,382	968
Total Liabilities	**41,248,951**	**41,469,044**
Capital	5,900,000	6,054,907
Other comprehensive income – accumulated	-823,420	-1,045,489
Retained earnings	-7,202,828	-8,576,860
Other reserves	6,570,153	6,501,374
Profit or loss attributable to parent company shareholders	-1,329,317	184,504
Minority interests (Non-controlling interests)	32,047	31,035
Total Equity	**3,146,635**	**3,149,471**
Total Liabilities and Equity	**44,395,586**	**44,618,515**

Customer loans

€mn	Dec-20 Consolidated	Dec-21 Consolidated	YTD ▲ Consolidated €mn	YTD ▲ Consolidated %
Customer Loans (net)	**23 617**	**23 685**	68	0.3%
Customer Loans (gross)	**25 217**	**24 932**	- 284	-1.1%
Corporate	13 873	13 714	- 159	-1.1%
Residential Mortgage	10 010	9 812	- 198	-2.0%
Consumer finance and other	1 333	1 406	73	5.5%
Non-Performing Loans (NPL)*	**2 498**	**1 749**	- 749	-30.0%
**Impairment ** **	**1 600**	**1 248**	- 352	-22.0%
NPL Ratio*	**8.9%**	**5.7%**	- 3p.p.	
NPL coverage*	**74.1%**	**71.4%**	- 3p.p.	
Cost of Risk (bps)	**208**	**60**	- 148	-71.2%
Cost of Risk (bps) - Covid Adjusted	**121**	**31**	- 90	-74.3%

* Includes Deposits and Loans and advances to Banks and Customer Loans

** Includes impairment for Customer Loans and to Banks

Stable YoY net book volume at €23.7bn (despite portfolio sales in the period)

Loan Portfolio Evolution
(€bn; %)

	Corporate loans	Mortgage loans	Consumer & other	Gross loans	Impairments	Net loans
Closing balance Dec-20	€13.9	€10.0	€1.3	€25.2	€1.6	€23.6
Movement	-€0.2	-€0.2	€0.1	-€0.3	-€0.4	+€0.1
Closing balance Dec-21	**€13.7**	**€9.8**	**€1.4**	**€24.9**	**€1.2**	**€23.7**
	-1%	-2%	+5%	-1%		0%
NPL Ratio				**5.7%**		
NPL Coverage				**71.4%**		

NPL at €1.7bn, with YoY reduction (€0.7bn) benefiting from the disposal of Orion and Wilkinson portfolios

Evolution of the loan book reflects the sale of NPL portfolios and novobanco focus on pricing discipline and distinctive value proposition.

Capital ratios

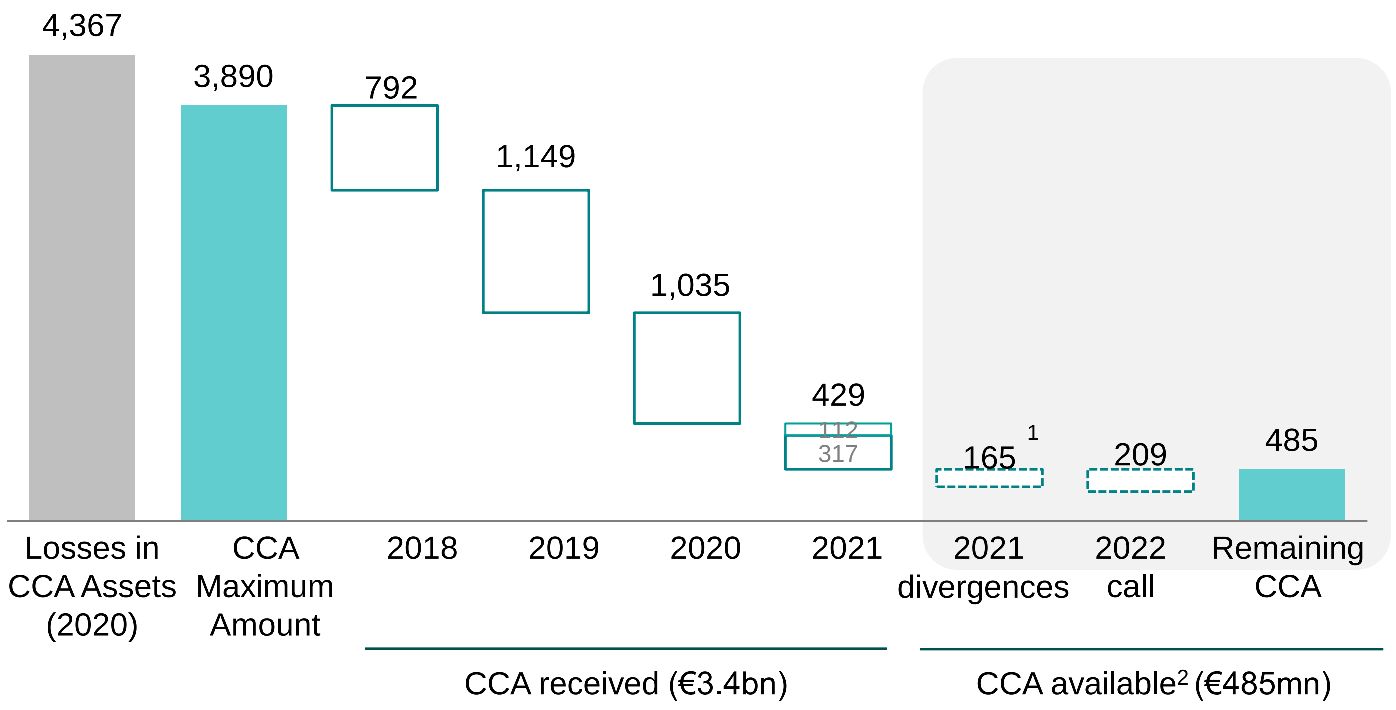
mn€

CAPITAL RATIOS (CRD IV/CRR)		31-Dec-20 (Phased-in)	31-Dec-20 (Fully loaded)	31-Dec-21 * (Phased-in)	31-Dec-21 * (Fully loaded)
Risk Weighted Assets	(A)	26 689	26 392	24 929	24 689
Own Funds					
Common Equity Tier 1	(B)	2 902	2 511	2 768	2 507
Tier 1	(C)	2 903	2 512	2 769	2 509
Total Own Funds	(D)	3 415	3 023	3 276	3 016
Common Equity Tier 1 Ratio	**(B/A)**	10.9%	9.5%	11.1%	10.1%
Tier 1 Ratio	(C/A)	10.9%	9.5%	11.1%	10.1%
Solvency Ratio	**(D/A)**	12.8%	11.5%	13.1%	12.2%
Leverage Ratio		6.2%	5.4%	6.0%	5.4%

* preliminary

CCA: €485mn available (excluding 2021 CCA call of €209mn)

CCA - Contingent Capital Agreement Compensation amounts
(€ million)



- As agreed during the sale process of **novobanco**, a Contingent Capital Agreement ("CCA") was entered into between the Resolution Fund ("FdR") and the Bank.
- At the time of the sale, a capital injection backstop was agreed between the Portuguese Government and EU.
- **novobanco** is to be paid up to €3.89bn for losses recognised in a predefined portfolio of assets ("CCA Assets") and other CCA covered losses (the "CCA Losses") in case the capital ratios decrease below a pre-defined threshold.

Minimum Capital Condition:
- CET1 or Tier 1 < CET1 or Tier 1 SREP requirement Plus a buffer for the first 3 years (2017 - 2019)
- CET1 < 12%

- The mechanism is in place until Dec-25 (the "CCA Maturity Date"), which date can be extended, under certain conditions, by one additional year.

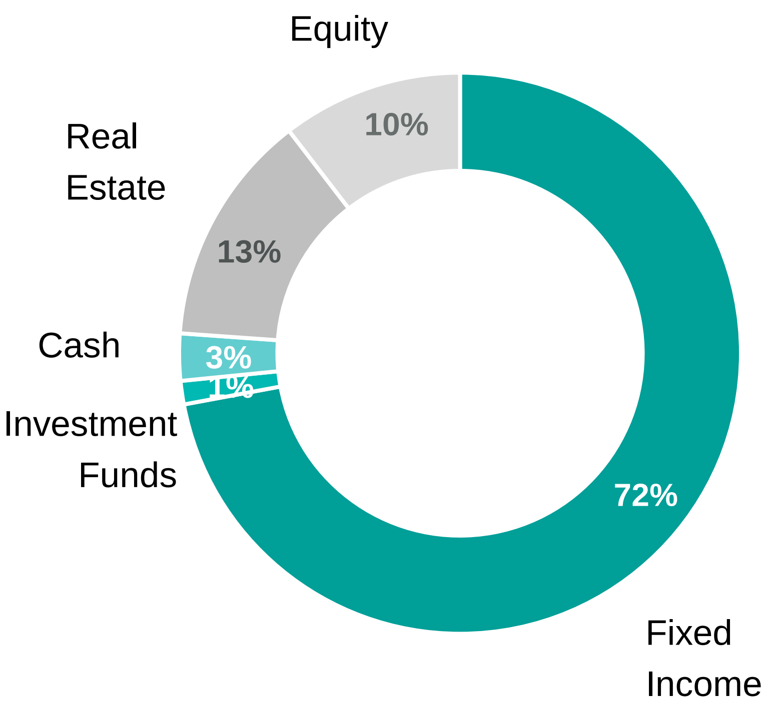
(1) Composed by €147mn related to for the discontinuation of Spanish operations and €18mn from Restructuring Funds; (2) Funds not included in Capital Ratios

Pension Funds

Key Figures *(€ Millions)*	*Dec-19*	*Dec-20*	*Dec-21*
Retirement Pension Liabilities	1 849	1 935	1 929
Fund Assets	1 791	1 908	1 908
Liabilities Coverage	97%	99%	99%
Fund Performance			-0.2%

Actuarial Assumptions	*Dec-19*	*Dec-20*	*Dec-21*
Project rate of return on plan assets	1.35%	1.00%	1.35%
Discount rate	1.35%	1.00%	1.35%
Pension increase rate	0.25%	0.25%	0.50%
Salary increase rate	0.50%	0.50%	0.75%
Mortability table men	TV 88/90	TV 88/90	TV 88/90
Mortability table women	TV 88/90-2 yrs	TV 88/90-2 yrs	TV 88/90-3 yrs

Pension Fund Portfolio
(Dec-21)



Deferred Tax Assets

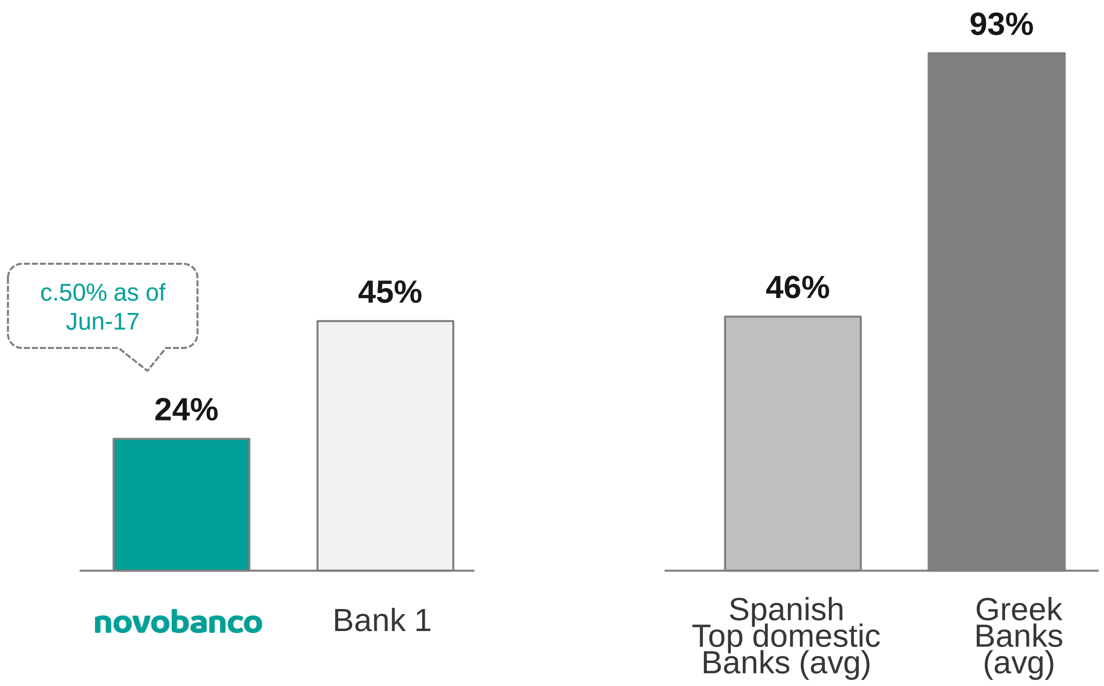
Overview of Deferred Tax Assets

(€ millions)	Dec-20	Dec-21
Timing-Difference DTAs – under Special Regime(1)	401	267
Timing-Difference DTAs – other	374	477
Total DTAs on Balance Sheet	**775**	**744**

- Tax losses carried forward are recognised to the extent they are expected to be recovered with future taxable income;
- **novobanco** conservatively assesses the recoverability of tax losses carried forward considering its projected taxable income over a 5 year period;
- DTAs under Special Regime: YoY decrease reflects the conversion rights relating to 2020 fiscal year.

Deferred Tax Assets as % of Equity[1]

novobanco vs listed banks and average by market



(1) Novobanco analysis; considering most recent available information; Spanish banks includes Caixabank, Bankinter, Unicaja and Sabadell; Greek banks includes NBG, Eurobank, Alpha Bank and Piraeus Bank

Our ESG Priorities

SUSTAINABLE BUSINESS

Robust Financial Performance

Generating value for all our stakeholders

Sustainable operations

Minimizing the negative environmental impact from our operations, promoting innovation and digitization

Responsible Investment

Incorporating ESG risks and opportunities in our business model and commercial offer

SOCIAL AND FINANCIAL WELL-BEING

Well-being, Diversity and Inclusion

Recognizing the value of our people, promoting their well-being and growth in a diverse and inclusive corporate culture

Customer Experience

Serving our customers with convenience, proximity and transparency, ensuring a fair value exchange

RESPONSIBLE BANKING

Role Model for Positive Impact

Acting transparently and ethically, within a robust governance model. Promoting equity and gender equality

Community

Fostering Portuguese economic growth and promoting financial and digital inclusion in the communities we serve

ESG in novobanco Group's business model: 2021 performance

Sustainable Business

- **23.1%** reduction in electricity consumption
- **100%** green energy for all own/ managed electricity contracts
- **25.5%** reduction in paper consumption
- **156.8 k** carbon neutral daily banking accounts
- More than **1.100** mutual funds with ESG concerns

8 TRABALHO DIGNO E CRESCIMENTO ECONÓMICO

13 AÇÃO CLIMÁTICA

Social and Financial Well-being

- **€8301k** in financial support to our active and retired employees (childhood, education grants, retirement home/ care support, among others)
- **58.6 thousand hours** in ESG training
- **Financial and digital literacy**: Digital banking and online safety sessions for general public and senior community (partnership with Portuguese Banking Association (APB) and its associates
- **€1.6mn** in donations: Giving back to society by supporting health, social and cultural initiatives
- **€702mn** in micro saving solutions that promote saving discipline fit for each different family budget

At the time of 2021 results' announcement, novobanco joins international support to humanitarian and relief efforts in Ukraine

- **€500k** in donations to several ONGs for on-the-ground and displacement to Portugal initiatives.
- Banking services for those displaced in Portugal

4 EDUCAÇÃO DE QUALIDADE

13 AÇÃO CLIMÁTICA

Responsible Banking

- **Sustainability Policy:** Defining our positioning in environmental, social and governance (ESG) dimensions, our commitments and guiding principles
- **Gender Equity and Equality:** Promoting non discrimination and equal opportunities for all
- **52%** of suppliers with Sustainability scoring
- **Sector Exclusions:** No financing policy for coal mining or energy production, Exotic or endangered species illegal trading, weapons, pornography and prostitution

3 SAÚDE DE QUALIDADE

5 GENDER EQUALITY

Commitments for 2024

Grupo novobanco	**ESG**	**+ 4.5 p.p.** women in senior leadership positions[11]	**- 18%** GHG emissions (scope 1 e 2)[5]	**+ 50%** low emissions vehicles (electric or hybrid)	**100%** green electricity procurement[15]	
novobanco	**Sustainable Business**	**+ €600mn** in Green Investment[1] (vs. 2021)	**€0mn** financing to excluded sectors[2]	**30%** investment products with ESG characteristics[3]	**- 30%** paper consumption[4] (ton, vs. 2021)	**-18%** CO2 emissions from own operations[5] (ton. vs. 2021)
	Social and Financial Well-being	**40%** employees benefiting from social well-being program[6]	**+ 3 p.p.** employees assessed Healthy (psychosocial assessment [7]) (vs. 2021)	**+ 8 p.p.** employees ***engagement*** **level**[8] (vs. 2021)	**+ 11.8 points** in customers' NPS[9] (vs. 2021)	**+ 9,594 hours** from employees volunteering service initiatives[10] (vs. 2021)
	Responsible Banking	**+ 2.5 p.p.** women in senior leadership positions[11]	**- 0.9 p.p.** gender pay gap[12]	**+ 3** partnerships with to promote employment of people with disabilities[13]	**90%** suppliers with sustainability scoring[14]	**+ 39,160 hours** ESG training to employees

1. Origination of financing or own portfolio investments in companies whose main economic activity is eligible to the European Taxonomy and origination of financing or own portfolio investments where the use of funds by the borrower or the projects are directed to economic activities eligible to the European Taxonomy or are aimed at investments in energy transition or the transition of the company's business model towards green activities; 2. Economic sectors not financed by novobanco: Weapons, Prostitution, Pornography, Coal (mining and energy production) and Trade in wildlife and endangered species; 3. Investment Funds, Financial Insurance and Structured Products; 4. Reduction of the consumption of photocopy paper, resulting from the implementation of the Phygital program in the commercial network (started in 2019) and the dematerialization of processes in central services; 5. Scope 1 and 2 GHG emissions; 6. Percentage of employees who attended at least 2 program initiatives per year. Programme of initiatives to promote balance between personal and professional life, mental and physical health, healthy living, etc.; 7. Annual psychosocial risk assessment study of novobanco's employee base; 8. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement); 9. Net Promoter Score calculated for Individual Clients - BASEF; 10. Promotion of volunteering actions in strategic areas of social impact of the bank. Each employee can take 1 day leave per year for volunteer work; 11. First line managers and Executive Board of Directors; 12. Gender pay gap weighted by the representativeness of each Performance Function; 13. Number of organisations with active partnerships with the Bank; 14. Suppliers with a continuous relationship with Novobanco and annual turnover of over 10 thousand euros; 15. In all locations where the option is available and the contract is held by novobanco.

Moodys and DBRS ratings

September 2021

MOODY'S	Long Term	Short Term
Baseline credit assessment (BCA)	caa1	
Adjusted baseline credit assessment (BCA)	caa1	
Counterparty risk rating	B1	NP
Counterparty risk assessment	B1 (cr)	NP (cr)
Deposits	B2 Positive Outlook	NP
Senior unsecured debt	Caa2 Positive Outlook	
Subordinated debt	Caa2	

April 2021

DBRS	Long Term	Short Term
Intrinsic assessment	B (high)	
Issuer rating	B (high) Trend Negative	R-4 Trend Stable
Deposits	BB (low) Trend Negative	R-4 Trend Stable
Debt	B (high) Trend Negative	R-4 Trend Stable
Critical obligations rating	BB (high) Trend Stable	R-3 Trend Stable
Subordinated Debt	B (low) Trend Negative	

Income Statement	
Fees and commissions	Fees and commissions income less fees and commissions expenses
Commercial banking income	Net interest income and fees and commissions
Capital markets results	Dividend income, gains or losses on 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 mandatorily at fair value through profit or loss, gains or losses on financial assets and liabilities designated at fair value through profit and loss, gains or losses from hedge accounting and exchange differences
Other operating results	Gains or losses on derecognition of non-financial assets, other operating income, other operating expenses, share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
Banking income	Net interest income, fees and commissions, capital markets result and other 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 on financial assets not measured at fair value through profit or loss, impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates and impairment or reversal of impairment on non-financial assets
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 nontradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
Securities portfolio	Securities (bonds, shares and other variable-income securities) booked in the trading portfolios at fair value through profit or loss, mandatory at fair value through profit or loss, at fair value through orther comprehensive income and at amortised cost.
Due to customers Banco de Portugal Instruction n. 16/2004	Amounts booked under the following balance sheet accouting headings: [#400 - #34120 + #52020 + #53100].
Net ECB funding	Difference between the funding obtained from the European Central Bank (ECB) and the placements with the ECB.
Total Customer Funds	Deposits, other customer funds, debt securities placed with clients and off- balance sheet customer funds.
Off-Balance Sheet Funds	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management.
Loan to deposit ratio Banco de Portugal Instruction n. 16/2004	Ratio of [gross loans - (accumulated provisions / impairment for credit)] to customer deposits.

Asset Quality and Coverage Ratios	
Overdue loans ratio	Ratio of overdue loans to total credit.
Overdue loans > 90 days ratio	Ratio of overdue loans > 90 days to total credit.
Overdue loans coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
Overdue loans > 90 days coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days.
Coverage ratio of customer loans	Ratio of impairment on customer loans (on balance sheet) to gross customer loans.
Cost of risk	Ratio of credit risk impairment charges accounted in the period to gross customer loans.
Non-performing loans	Total balance of the contracts identified as: (i) in default (internal definition in line with article 178 of Capital Requirement Regulation, i.e., contracts with material overdue above 90 days and contracts identified as unlikely to pay, in accordance with qualitative criteria); and (ii) with specific impairment.
Non-performing loans ratio	Ratio of non-performing loans to the sum of total credit, deposits with banks and Loans and advances to banks
Non-performing loans coverage ratio	Ratio of impairment on customer loans and loans and advances to banks (on balance sheet) to 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 (RoTE)	Ratio of return for the period and tangible equity. The return corresponds to the annualized result before tax, less the contribution on the banking sector and contributions to resolution funds, being adjusted for events considered extraordinary. Tangible equity calculated as risk weighted assets x 12%.

Designations & abbreviations	
YTD	Year-to-date
YoY	Year-on-Year
ECB	European Central Bank
QE	Quantitative Easing
CRD IV	Capital Requirements Directive 2013
CRR	Capital Requirements Regulation
NIM	Net Interest Margin
€, EUR	euro
€mn	millions of euro
€bn	billions of euro
€k	thousands of euro
bps	basis points
p.p.	percentage points
tCO_2e	tonnes of carbon dioxide equivalent
RWA	Risk weighted assets

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