novobanco

MORTGAGE COVERED BONDS

INVESTOR PRESENTATION

COVERED BOND LABEL

May 2024

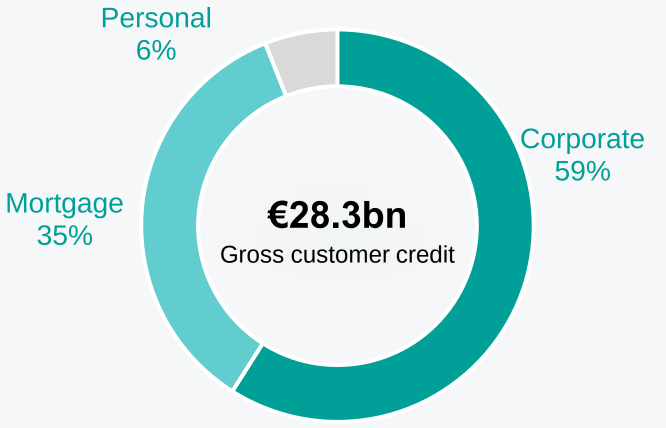
Agenda

01.

At a glance: novobanco

novobanco has a leadership position in the Portuguese banking sector

Diversified business model with a strong corporate and low-risk retail mortgage franchises



€45.0bn	**Total assets**	**4th largest bank in Portugal**[1] by total assets
€28.3bn	**Gross customer credit**	**10.3%** market share[2]
€29.3bn	**Customer deposits**	**9.6%** market share[2]
€181mn	**Net Income 1Q 2024**	**~90bps** capital generation in 1Q 24
€4.6bn	**Equity**	**19.0%** CET1 FL with ~€1.6bn excess capital[6]
17.3%[3]	**RoTE[3] 1Q 2024**	**+22%** net income growth YoY
1.6mn	**Clients**	**68%** active digital clients (+5pp YoY)
290	**Branches**	**8.7%** market share (vs 9.6% overall business) **79%** digital touchpoints[4]
4,227	**Employees**	**€346k** commercial banking income / FTE (2023)
BBB- Issuer rating Fitch	**Moody's: Ba1 Positive Outlook**	**+5 notch upgrade** on senior unsecured debt in the last 7 months

9.0%
market share[2]
in **mortgage**

13.9%
market share[2]
in **corporate loans**

14.7%
POS[5] market share[2]

20.5%
Trade Finance
market share[2]

Source: Company information as of March 2024 unless otherwise stated; (1) Based on latest reported figures for Portuguese business. CGD refers to separate activity; (2) Figures as of February 2024, from Banco de Portugal, APS, APFIPP; (3) Tangible equity based on period average, excludes CCA calls accounted as a receivable but not yet received, and excluded in capital ratios; (4) Includes mobile and online as of September 2023; (5) Point of Sale; (6) Excess capital over Tier 1 ratio 2024 requirement (starting on 1-Oct-24, capital requirements will include a buffer on exposures secured by residential real estate, expected to be ~30bps. Phased regime for the introduction of a 0.5% O-SII reserve as a percentage of RWAs will start on 1-Jul-24 with 50% of the reserve (0.25% of RWAs), and 100% of the reserve starting on 1st July 2025 (0.50% of RWAs)

novobanco has established a strong track record in execution and delivery

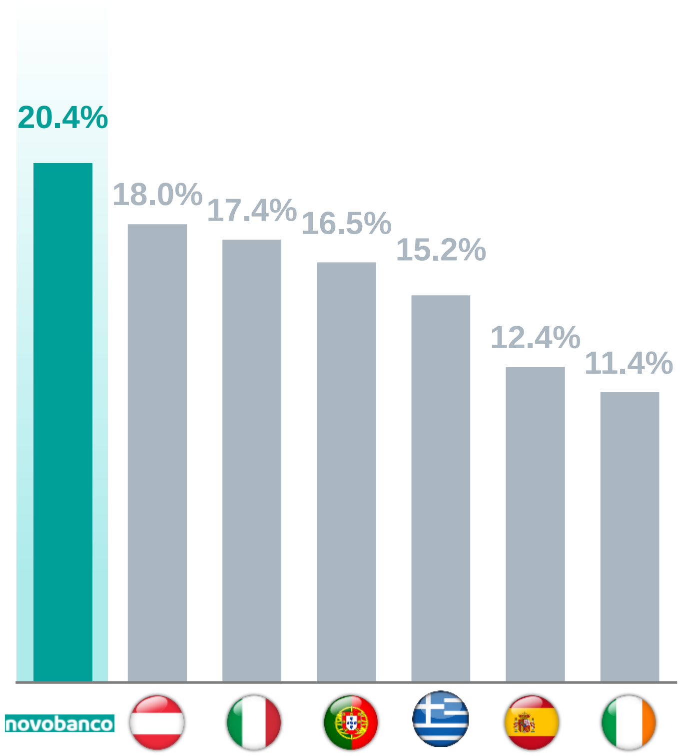
	2021	2022	2023	1Q 24	Change 2023/21	
Growth in active digital clients	-	+6%	+15%	+5% YoY	**+28%**	✓ Delivering organic sustainable returns
NIM	1.42%	1.47%	2.75%	2.88%	**+133bps**	
Cost-to-income[1]	48%	49%	33%	32%	**(15pp)**	✓ Efficient operations based on strict cost discipline
CoR (bps)	70[5]	47	51	34	**(22bps)**	
RoTE[2]	6.2%	19.0%	20.4%	17.3%	**>13.3pp**	✓ Simple and solid balance sheet, focused on growth
Net NPL ratio[3]	1.6%	1.0%	0.7%	0.5%	**(1.2pp)**	
CET1 FL ratio	10.2%	13.1%	18.2%	19.0%	**+800bps**	✓ Fitch: assigning IG Moody's: +5 notch (in 7mths)
Moody's/Fitch rating[4]	Caa2 / -	B3 / -	Ba1 / BBB-	Ba1 / BBB-	**+7 notch / IG**	

novobanco

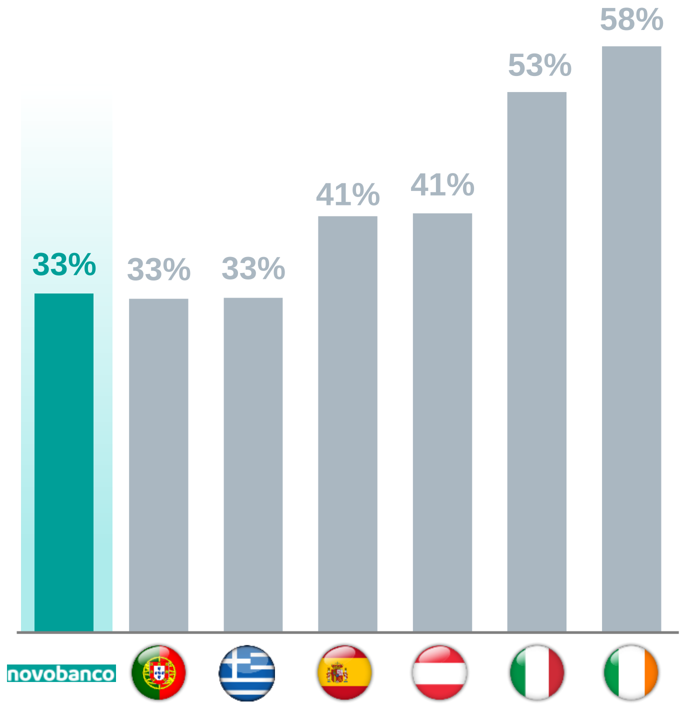
Source: Company information; (1) Calculated as Operating Costs divided by Commercial Banking Income; (2) Tangible equity based on period average, excludes CCA calls accounted as a receivable but not yet received, and excluded in capital ratios; (3) Calculated as gross NPLs minus total provisions divided by gross loans. Includes cash and advances with Banks; (4) Senior unsecured rating; (5) 2021 CoR calculated as Ratio of initial fair value, impairment charges accounted in the period for credit risk and corporate bonds with gross customer loans and corporate bonds portfolio

novobanco compares favourably to European peers on both profitability and capital generation

RoTE vs peers
(2023, %)

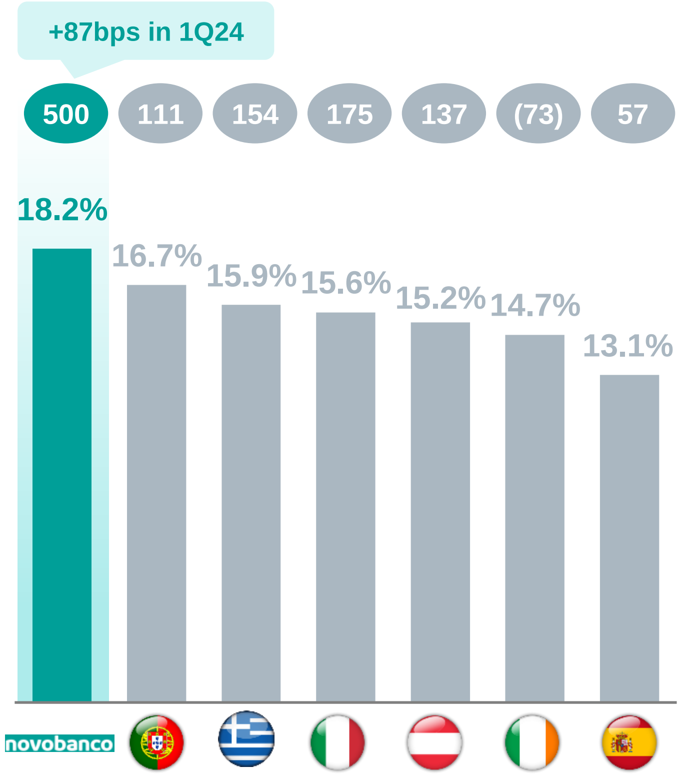


C/I vs peers[1]
(2023, %)



CET1 vs peers
(2023, %)

∆ CET1 2023 vs. 2022 (bps)



novobanco

Figures as of FY2023, based on period average; Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millenium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; and Eurobank, Piraeus and National Bank of Greece for Greece; (1) Calculated as Operating Costs divided by the sum of Net Interest Income and Net Fees & Commissions.

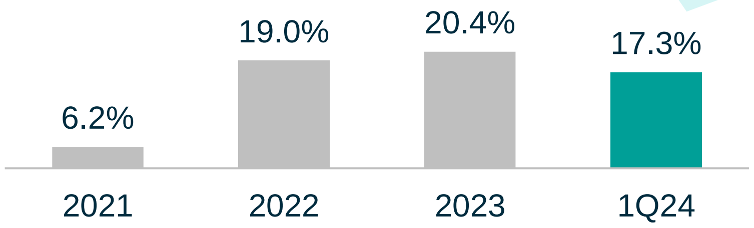
Consistent strategy execution, being on track to deliver 2024 outlook

	2024 Guidance[1]	1Q 2024 Achievements
Commercial Banking Income	> €1.3bn	**€374mn** ✓
Cost to Income	~ 35%	**31.8%** ✓
Cost of Risk[3]	< 50 bps	**34 bps** ✓
Net Income	> €650mn	**€181mn** ✓

	2021	2022	2023	1Q24
CET 1 FL	10.1%	13.1%	18.2%	19.0%

RoTE

RoTE > 20% for normalized CET 1



Rating Actions[2]

Moody's
(December 2023)

Ba1
(Positive Outlook)
Senior Unsecured Debt

+ 5 notches in 7 months

Fitch ✓
(February 2024)

BBB-
(Stable Outlook)
Senior Debt

Investment Grade

novobanco

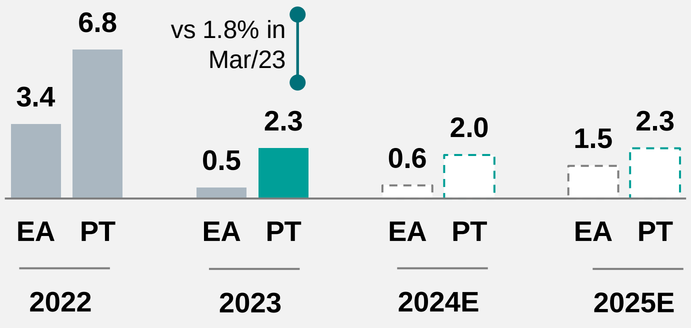
(1) Guidance and expectations are based on the assumption that there is no severe deterioration of the economic environment; based on 6-months average Euribor of 3.09% in 2024;
(2) Full disclosure on the Annex; (3) Ratio of initial fair value and impairment charges accounted in the period for credit risk and debt securities associated with credit operations with clients with gross customer loans and debt securities associated with credit operations with clients

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

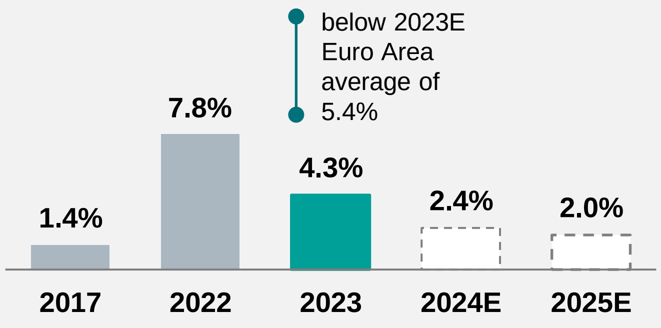
1. **Leading independent domestic Portuguese bank with exposure to strong macro fundamentals**
2. **Diversified business model with a strong corporate and low-risk retail mortgage franchises supported by strong digital adoption**
3. **Strong levels of profitability and capital generation**

Portugal is one of the strongest economies in the EU today based on growth and financial discipline, leading to improved ratings

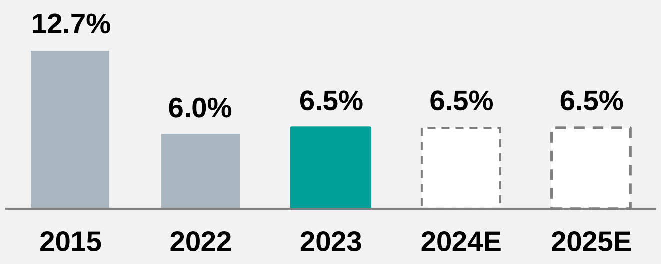
Annual GDP growth[1]
(%)



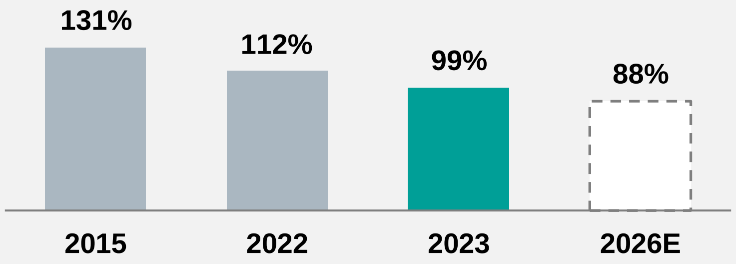
Inflation under control
(%)



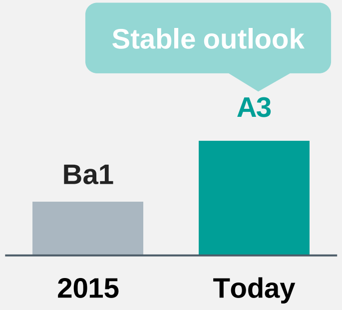
Unemployment near historic lows
(%)



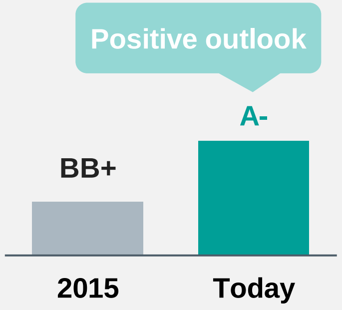
Political stability driving strong fiscal discipline
(% Public Debt to GDP[2])



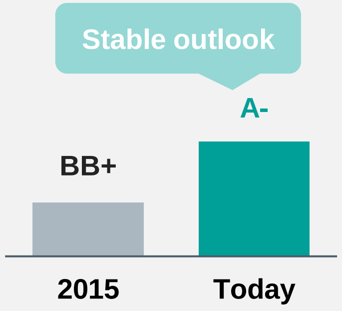
Consistent sovereign debt rating improvement



Moody's



S&P Global Ratings

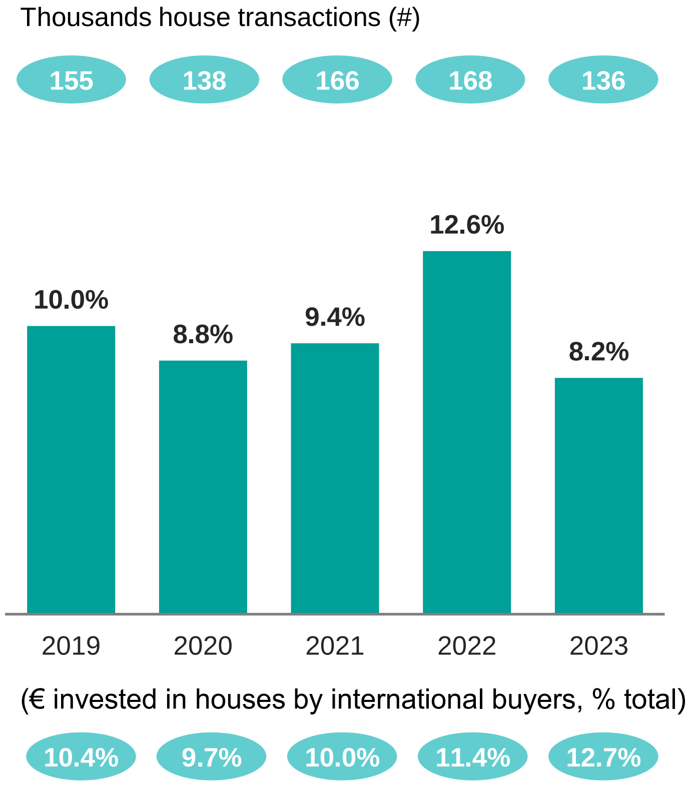


FitchRatings

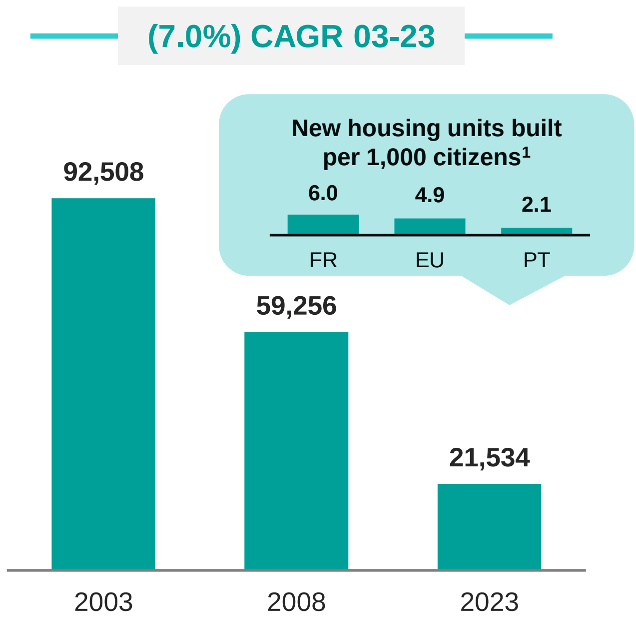
(1) Source: Bank of Portugal; ECB; (2) Based on Banco de Portugal; Expected figures based on Portuguese budget

Portugal has a resilient housing sector driven by scarce supply

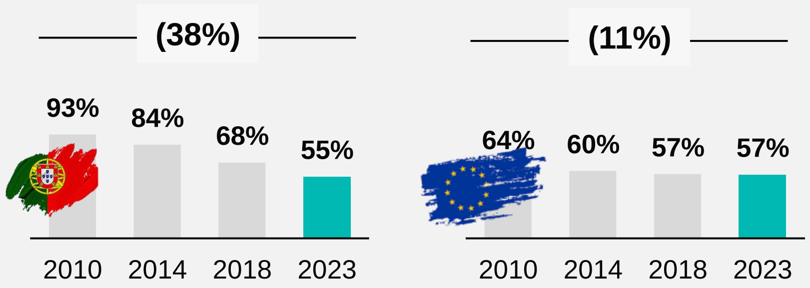
Housing activity and pricing
(Average annual change, %)



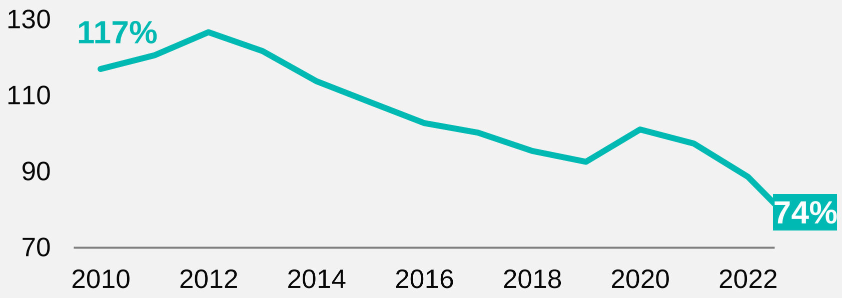
Scarcity of new housing supply
(New housing units built, #)



Households have demonstrated financial discipline
(Household debt as % of GDP[2])



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

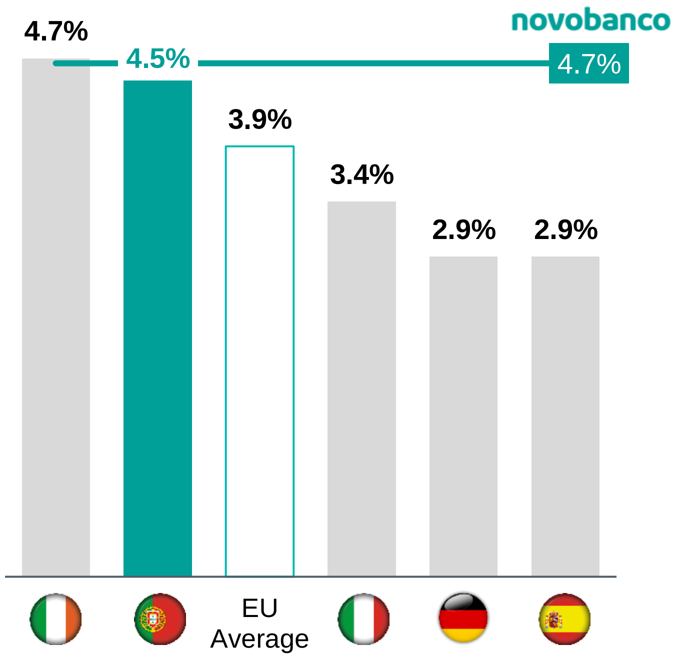


novobanco

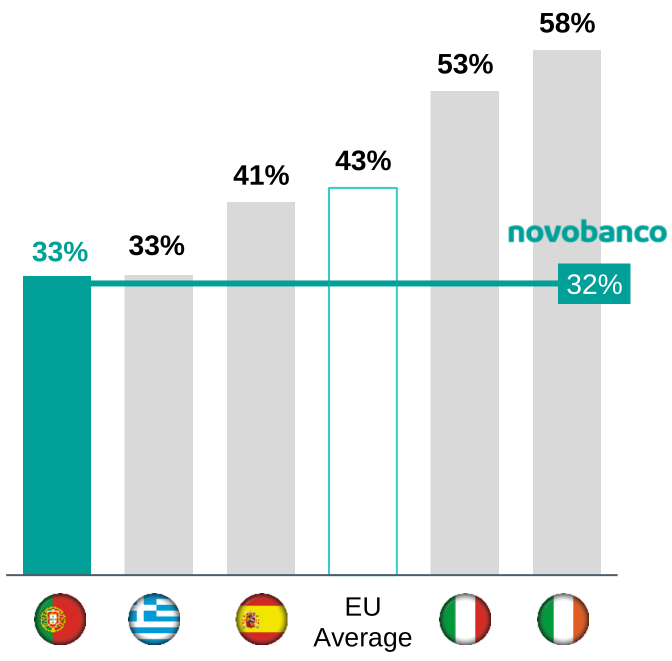
Source: INE and European Commission; (1) Based on Q1-Q3 2023 data annualized; (2) PT data as of 2023; Euro Area considers most recent info available

novobanco is the leading independent bank in an attractive Portuguese banking system…

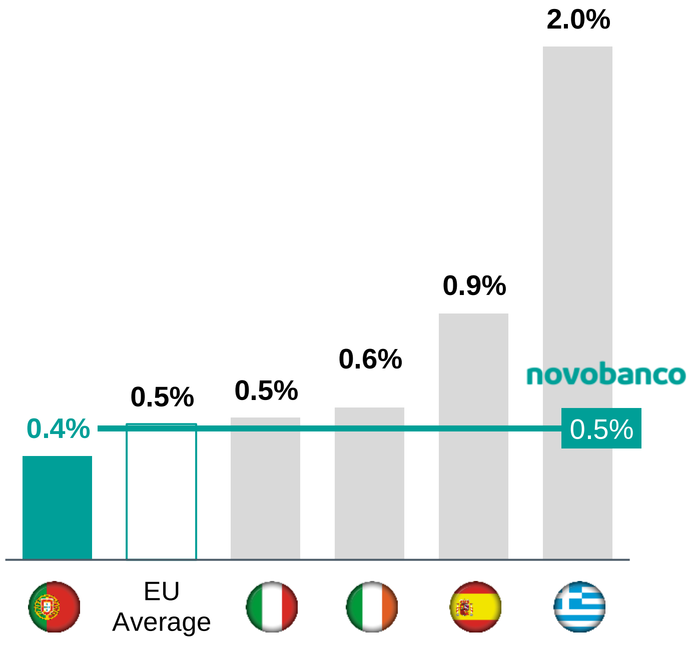
Normalised margins
(Net Interest income / average customer loans, %)



Compelling cost profile
(Cost to income[1], %)



Clean balance sheet
(Net NPL ratios[2], %)



Source: Company information, Research analysis, ECB, Associação Portuguesa de Bancos; Note: Company information as of FY2023, novobanco as of 1Q 2024. Portugal excludes novobanco. EU average based on average of all peers. Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millennium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; Eurobank, Piraeus and National Bank of Greece for Greece; and Deutsche Bank, Commerzbank and OLB for Germany. (1) Calculated as Operating Costs divided by the sum of Net Interest Income and Net Fees & Commissions; (2) Calculated as gross NPLs (Gross carrying amounts, other than trading exposures) minus accumulated loans loss provisions (Total accumulated impairment [% of total gross non-performing debt instruments] as reported by EBA) over gross exposure implied by reported NPL ratio. Country-level figures as of September 2023 given latest available.

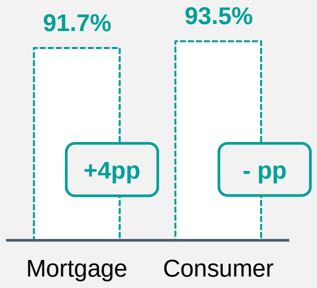
…with a highly diversified business model serving 1.6m clients

Retail

A customer-first bank with a reinforced omnichannel business model

- **New Distribution Model**: deeply changing the service experience, **balancing between** the convenience of the **digital channels** and the importance of **face-to-face** service to clients
- **Continuous progress on moving to automatic decisions** (c.60%) and increasing share of sales through digital channel

Customer Satisfaction
(Journeys; ▲ YoY)

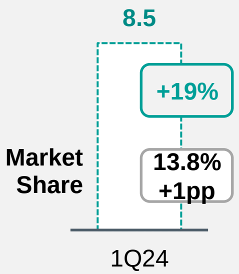


Corporate

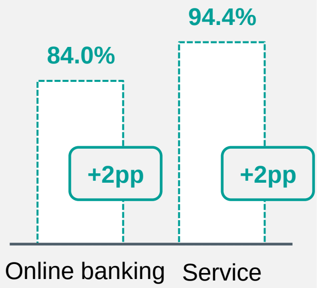
Strengthening our commitment to companies

- **Sectoral expertise** to fulfill clients' needs
- Solutions for **working capital needs with significant growth in short-term loans**

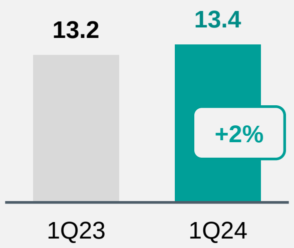
Corporate Deposits
(€bn; ▲ YoY)



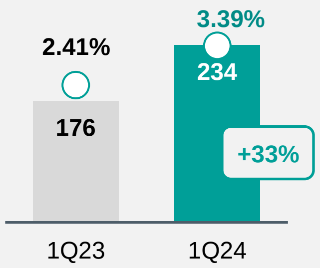
Customer Satisfaction
(SMEs; ▲ YoY)



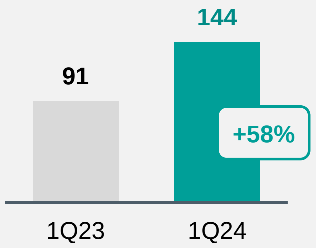
Net Customer Credit
(€bn)



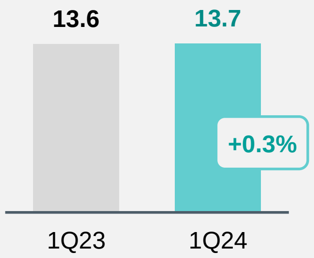
NIM & Banking Income
(%; €mn)



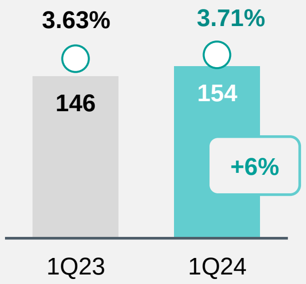
Profit Before Tax
(€mn)



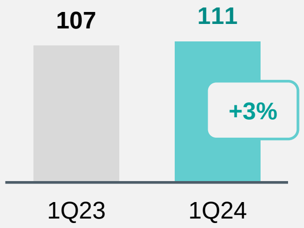
Net Customer Credit
(€bn)



NIM & Banking Income
(%; €mn)

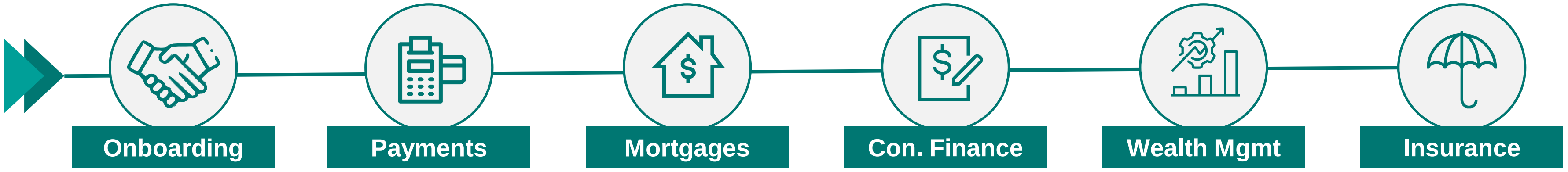


Profit Before Tax
(€mn)



Sustained investment delivering a leading Customer first bank

Key customer journeys and omnichannel transformation



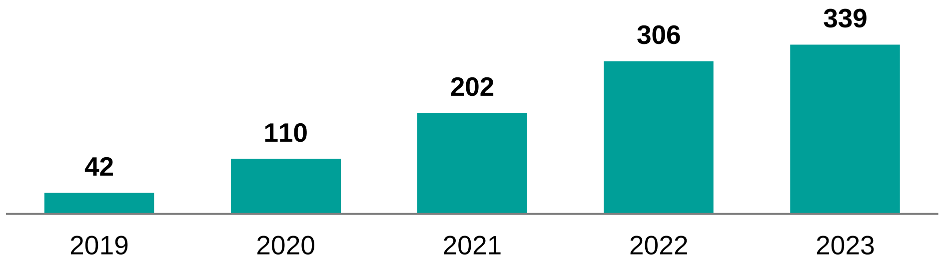
Sustained investment…

- Redefinition and **transformation of ~300 branches**
- Revamped **omnichannel orchestration**
- **New mobile app and banking corporate and public site**

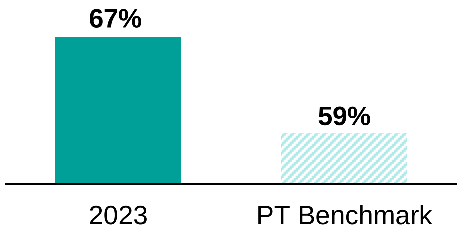
…delivering a leading Customer first bank

- **NPS improvement of +27pts** since 2021
- **Outperforming Portuguese benchmark** in key digitalization metrics
- **Cost to income at 33%,** down 15pp since 2021

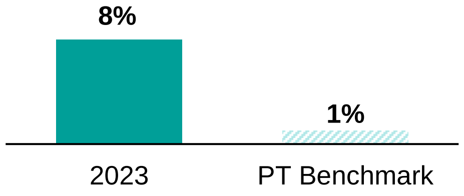
Total Cumulative Investment
(Digital and Branch Optimization) (€mn)



Digital Activation



Digital Onboarding
(Portuguese Nationality)

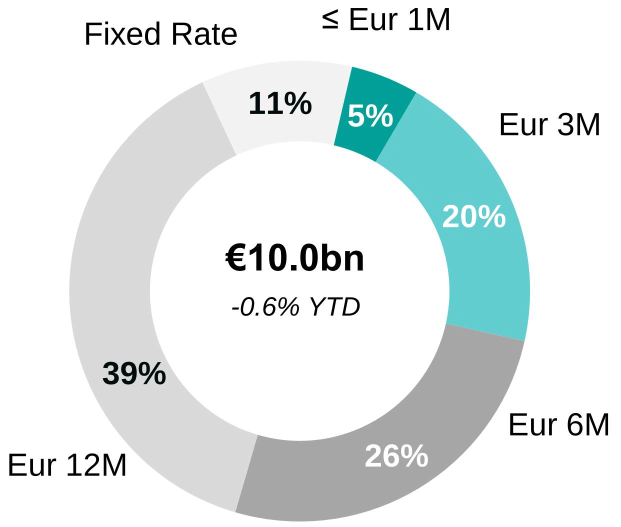


Highly conservative mortgage book with strong origination capabilities

Mortgage loan book: key indicators
(Mar-24; %)

Mortgage: YTD origination	€0.3bn
Average ticket size: stock	~€55k
Average ticket size: YTD origination	~€120k
Average DSTI[1]: YTD origination	<40%
Market share[2]: stock	9%

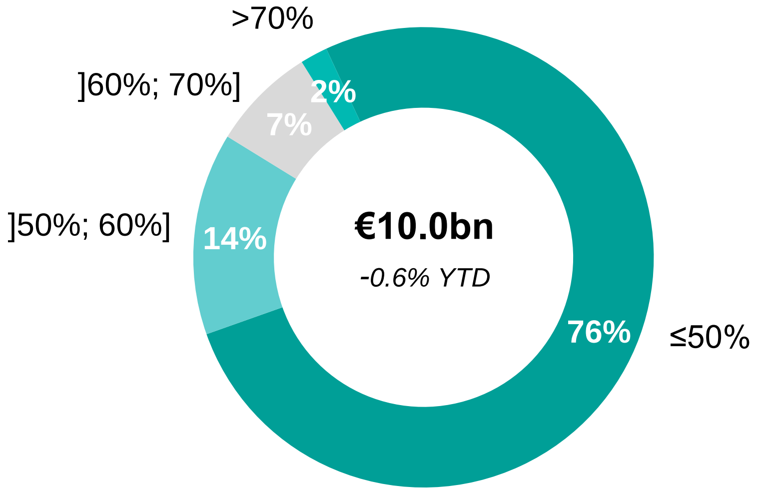
Mortgage loan book: rate type
(Mar-24; Gross loan book; %)



Loan book

4.76%
Avg. rate (2023: 3.85%)

70%
Hedged at 2.9%



Average LTV

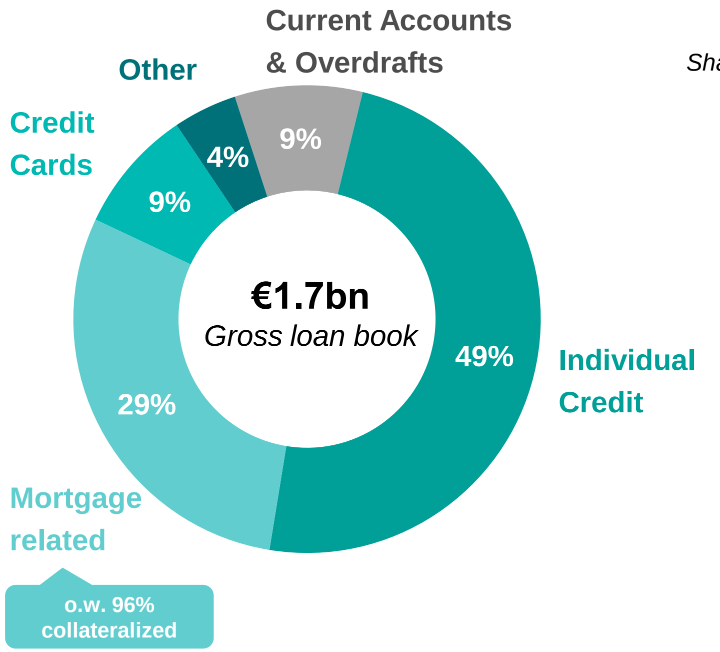
<60%
1Q24 origination

<45%
Gross loan book

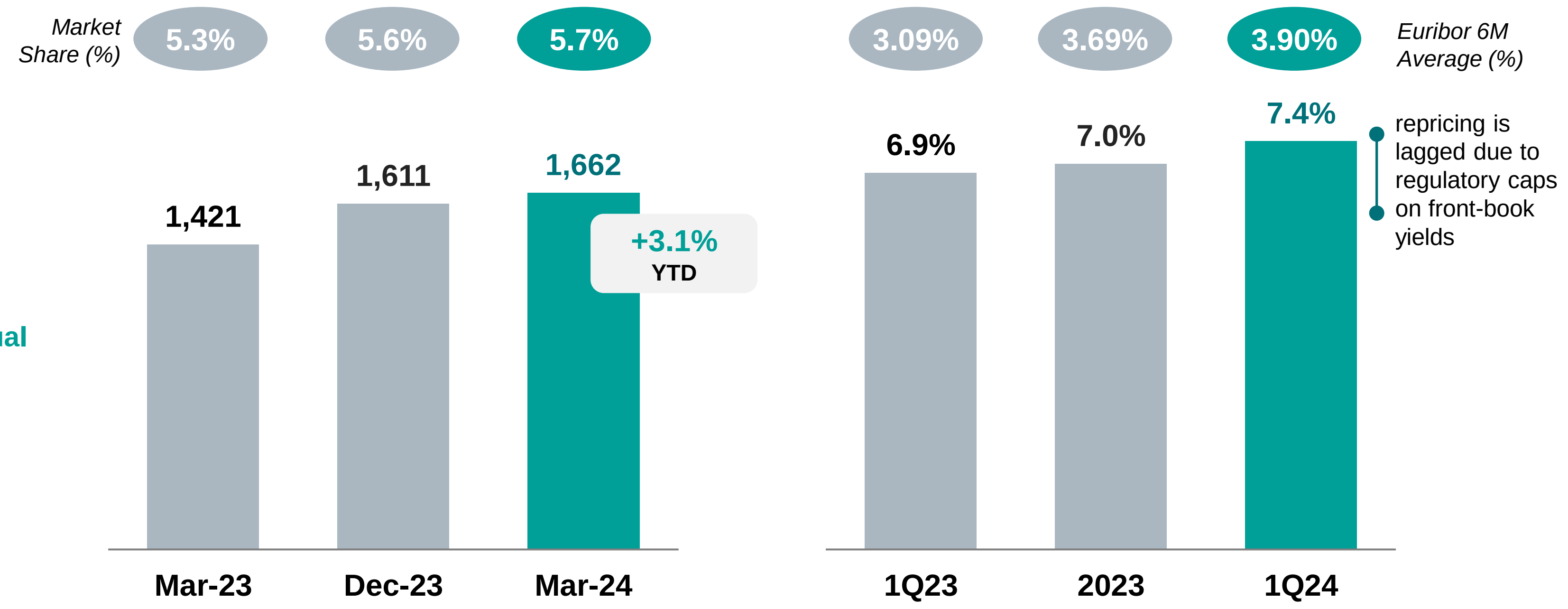
(1) DSTI – Debt Service-To-Income post interest rate shock of 3%; (2) Figures as of February 2024, from Banco de Portugal, APS, APFIPP

Well positioned in attractive and personal loans segment (+3.1% YTD)

Personal loans & other
(%)



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



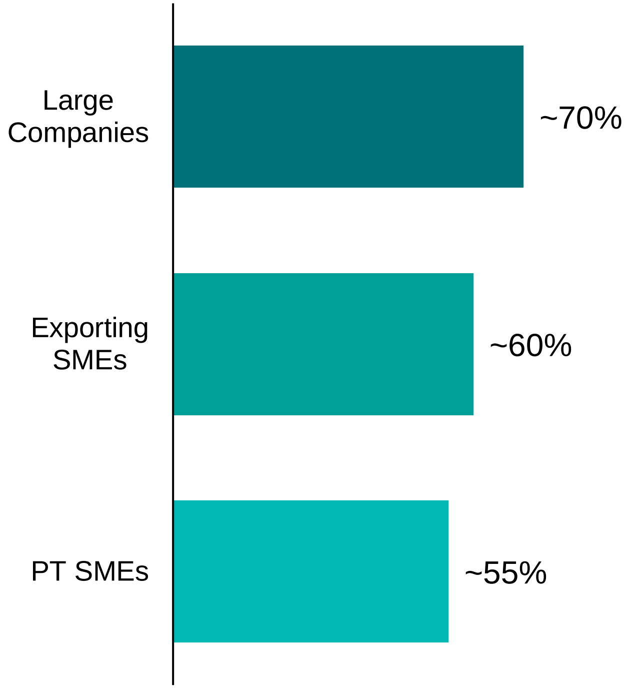
Marginal personal loans NPLs (€0.1bn) highly provisioned with 126% Stage 3 coverage[1] limiting downside risks

(1) Including total impairments and Real Estate collateral

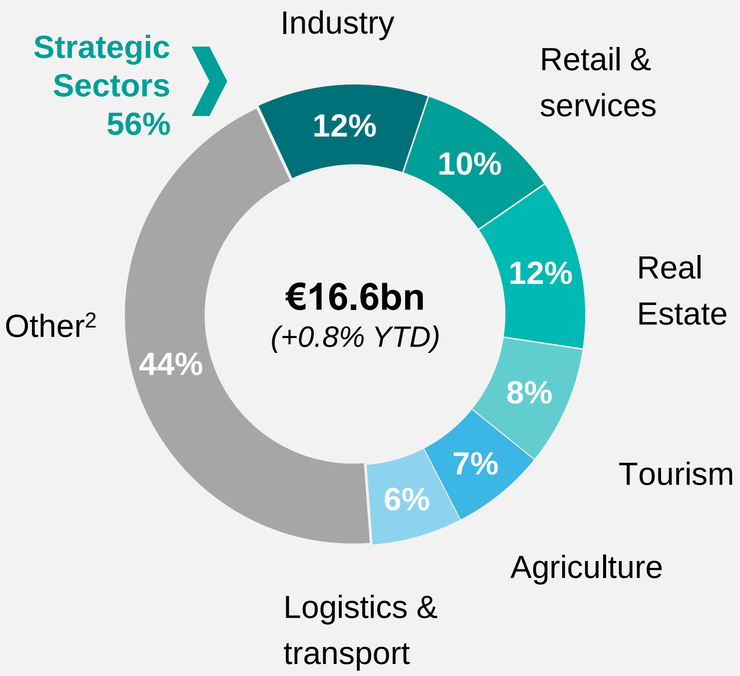
Partner of reference for Portuguese companies

Corporate credit origination at €0.8bn YTD

Solid footprint in the Portuguese market:

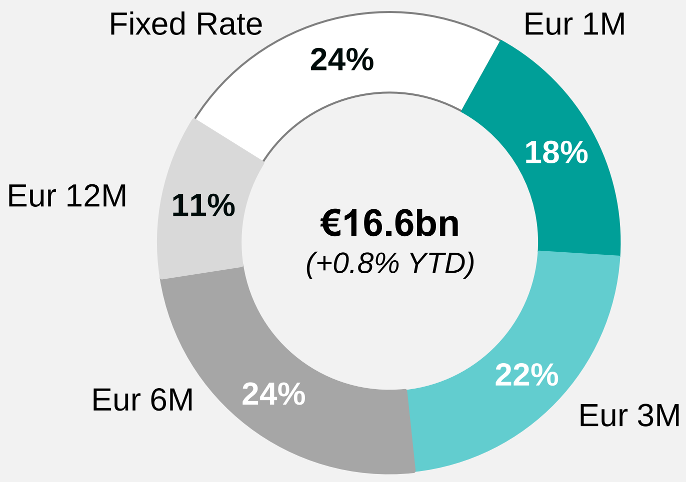


Corporate credit[1]: Sector
(Mar-24; Gross; %)



Sectorial approach strategy
to accelerate growth

Corporate credit[1]: Rate Type
(Mar-24; Gross; %)



~85% of the Corporate book is floating
(incl. hedges), majority with Euribor 0% floor

novobanco

Note: Corporate considers small business (classified under retail segment), SME and large corporates; (1) Includes Corporate loans of €13,738mn and Corporate credit of €2,894mn;(2) Other/ Non strategics sectors includes Construction 7%, Investment funds and holdings 7%, Finance & Insurance 7%, Professional services 6%, energy 4%, Public Administration 3%, Auto & electronics 3%, Media & publishing 3%, Health 2%, Water 1%, Other 2%.

Retail | Corporate

Tailored sectorial corporate lending strategy with differentiated risk appetite

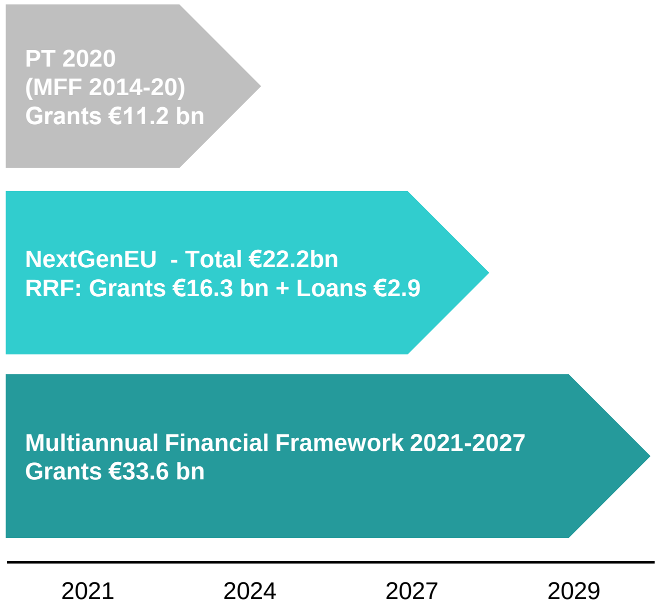
Strong SME focus

(Market share[1], %)

- **14%** Corporate Loans
- **22%** European Funds[2]
- **15%** Point of Sales (POS)
- **21%** Trade Finance
- **14%** Corporate Deposits
- **18%** Medium Corporate

EU funds

(€bn)



Value added products and services

Nbnetwork+

Solution to **simplify and support financial management** on a daily basis, through analytical and predictive measures

Trade finance

Strong presence in the corporate market, with **particular focus on exporting SMEs**

Investment support programs

Support to corporates in order to pursuit and implement opportunities driven by **EU funding**

- **Holistic solution offering (payments, payroll, etc.)**
- **Working capital needs solutions**
- **Digital and face-to-face touchpoints**

- **Dedicated relationship managers**
- **Best-in-class trade finance & FX solutions**
- **Integrated support across businesses lines**

- **Sector-specific tailored solutions**
- **Dedicated relationship managers**
- **Continued risk analysis**

(1) Figures as of February 2024, from Banco de Portugal, APS, APFIPP; (2) As of 2023

Delivering sustainable profitability with strong track record of delivery against targets

Income statement and key metrics

	€mn	2022	2023	▲*YoY (%)*	1Q 2023	1Q 2024	▲*YoY (%)*
1	Net Interest Income	625.5	1,142.6	82.7%	246.3	299.0	21.4%
2	+ Fees & Commissions	293.3	296.1	1.0%	68.9	75.0	8.8%
	= Commercial Banking Income	**918.8**	**1,438.7**	**56.6%**	**315.3**	**374.0**	**18.6%**
3	+ Capital Markets Results	24.0	14.7	-38.8%	5.8	-3.5	n.m.
	+ Other Operating Results	183.6	-11.2	n.m.	2.4	1.1	-53.9%
	= Banking Income	**1,126.3**	**1,442.3**	**28.1%**	**323.5**	**371.6**	**14.9%**
4	- Operating Costs	448.4	479.2	6.9%	111.9	119.0	6.3%
	= Net Operating Income	**678.0**	**963.1**	**42.1%**	**211.6**	**252.6**	**19.4%**
5	- Net Impairments & Provisions	111.2	173.8	56.3%	27.7	27.9	0.8%
	… of which Credit & Securities	102.2	142.0	38.9%	29.9	24.3	-6.6%
	= Profit Before Tax	**566.8**	**789.3**	**39.3%**	**183.9**	**224.7**	**22.2%**
	- Corporate Income Tax	-53.3	5.8	n.m.	0.7	10.5	n.m.
	- Special Tax on Banks	34.1	35.3	3.5%	34.1	32.2	-5.7%
	= Profit after Taxes	**585.9**	**748.2**	**27.7%**	**149.0**	**182.0**	**22.1%**
6	- Non-Controlling Interests	25.1	5.1	n.m.	0.7	1.3	n.m.
	= Net Profit for the period	**560.8**	**743.1**	**32.5%**	**148.4**	**180.7**	**21.8%**

Key metrics

	2022	2023	YoY	1Q 2023	1Q 2024	YoY
NIM	1.47%	2.75%	*+1.27pp*	2.34%	2.88%	*+0.54pp*
Cost-to-income	48.8%	33.3%	*-15.5pp*	35.5%	31.8%	*-3.7pp*
CoR (bps)[2]	47	51	*+4bps*	44	34	*-10bps*
RoTE	19.0%	20.4%	*+1.4pp*	19.0%	17.3%	*-1.7pp*
Return on Assets[1]	1.2%	1.7%	*+0.5pp*	1.3%	1.8%	*+0.5pp*
NPL ratio	5.4%	4.4%	*-0.9pp*	5.0%	4.3%	*-0.7pp*
CET1 FL ratio	13.1%	18.2%	*+5.0pp*	14.1%	19.0%	*+5.0pp*

1. **NII performance** (+21.4% YoY) **reflecting improvement of assets yield** in excess of the increase in the cost of funding;

2. **Fee income** +8.8% YoY with increased contribution of Accounts and Payments (+22.3% YoY) from **higher volume of transactions** and new pricing strategy;

3. **Capital Markets Results** includes gains and losses from the sale and revaluation of securities, foreign exchange results and hedging;

4. **Commercial Cost to Income ratio at 31.8%,** backed by efficient operations with a sustained top-line performance and contained operating costs. Operating costs totalled €119mn (-0.7% vs 2023 average; +6% YoY), reflecting on one hand the continued strategic investment in digital transformation, optimization and simplification of the organization and on the other hand the effects of inflation;

5. The consumer credit **cost of risk at 34bps** (1Q23: 44bps), including management overlays;

6. **Net income of €181mn (+22% YoY)**, equivalent to **RoTE of 17.3%** on overcapitalised balance sheet with 19.0% CET1), reflecting consistent execution of novobanco's strategy, with the ability to grow revenue and generate capital

novobanco

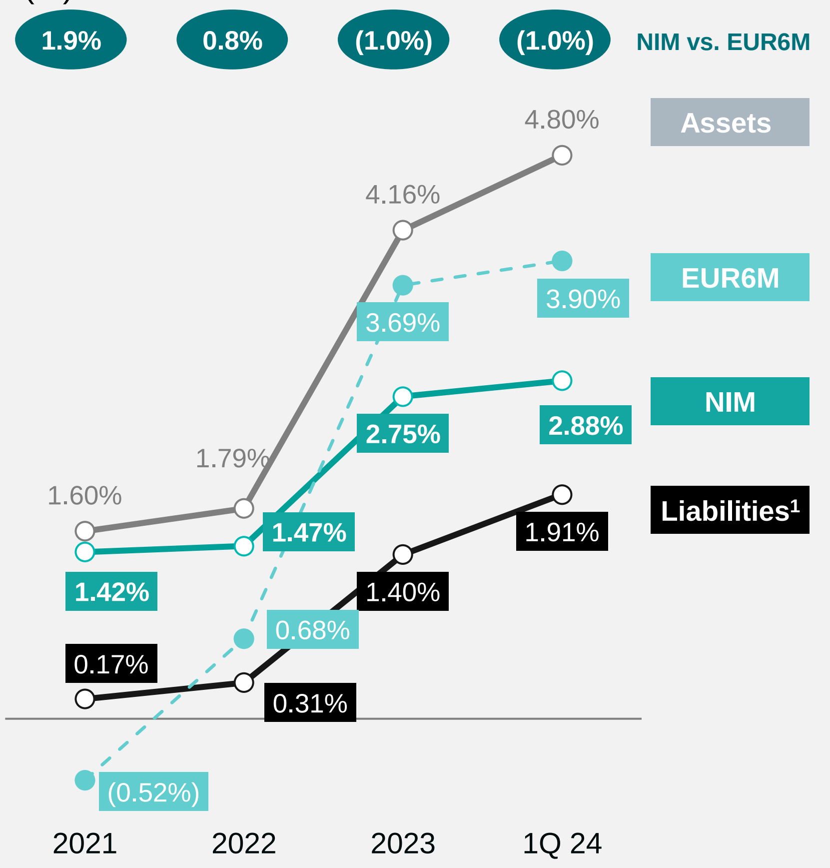
Source: Company information; (1) Calculated as Income before taxes and non-controlling interests divided by average net assets; (2) Ratio of initial fair value and impairment charges accounted in the period for credit risk and debt securities associated with credit operations with clients with gross customer loans and debt securities associated with credit operations with clients

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

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

€ million; %	1Q23			2023			1Q24		
	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs
Customer Credit	**27,813**	**3.84%**	**267**	**28,323**	**4.35%**	**1,249**	**27,974**	**5.34%**	**377**
Corporate Credit	16,455	4.17%	172	16,804	4.42%	753	16,372	5.49%	227
Mortgage lending[1]	9,937	2.85%	71	10,033	3.85%	391	9,961	4.76%	120
Consumer loans and Others	1,421	6.86%	24	1,486	7.00%	106	1,641	7.35%	31
Money Market Placements	5,485	2.40%	33	4,536	3.12%	143	6,075	3.94%	61
ALM portfolio and Other	8,863	2.75%	61	8,186	4.09%	339	7,018	3.37%	60
Interest Earning Assets & Other	**42,161**	**3.42%**	**361**	**41,046**	**4.16%**	**1,732**	**41,067**	**4.80%**	**498**
Customer Deposits	28,515	0.39%	28	28,982	0.82%	242	30,132	1.54%	117
Money Market Funding	9,274	2.60%	60	7,265	3.23%	238	5,421	4.09%	56
Other Liabilities	1,553	6.41%	25	1,402	7.19%	102	1,338	7.24%	24
Other Non-Interest Bearing Liabilities	2,819	-	-	3,397	-	-	4,176	-	-
Interest Bearing Liabilities & Other	**42,161**	**1.07%**	**113**	**41,046**	**1.40%**	**582**	**41,067**	**1.91%**	198
NIM / NII²		**2.34%**	**246**		**2.75%**	**1,143**		**2.88%**	**299**
Euribor 6M - Average		3.09%			3.69%			3.90%	

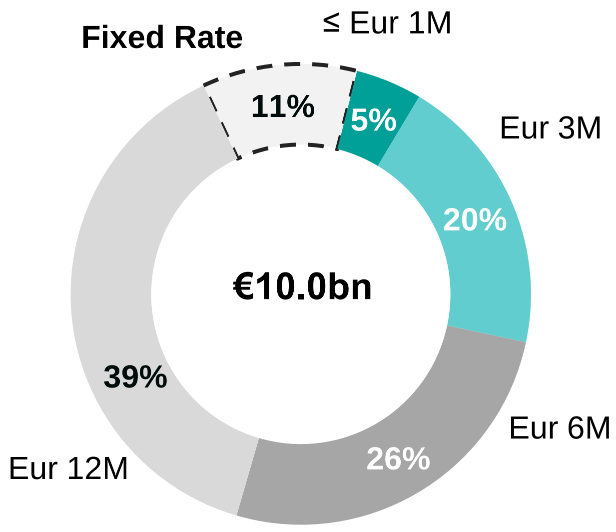
NIM Evolution trend
(%)



Source: Company information; (1) Interest Bearing Liabilities & Other

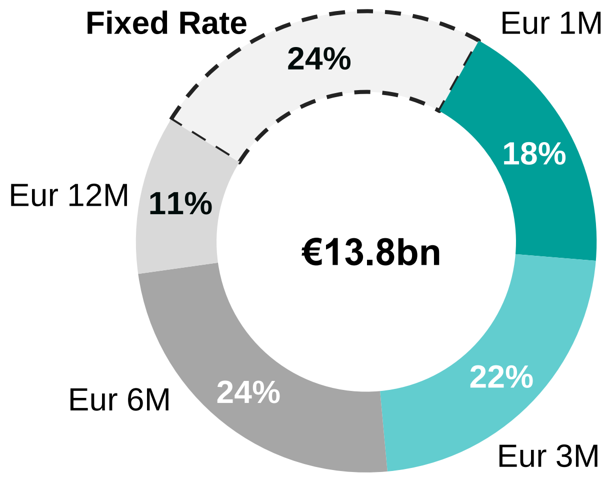
…with variable rate loan book funded by customer deposits benefiting from higher rates environment

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



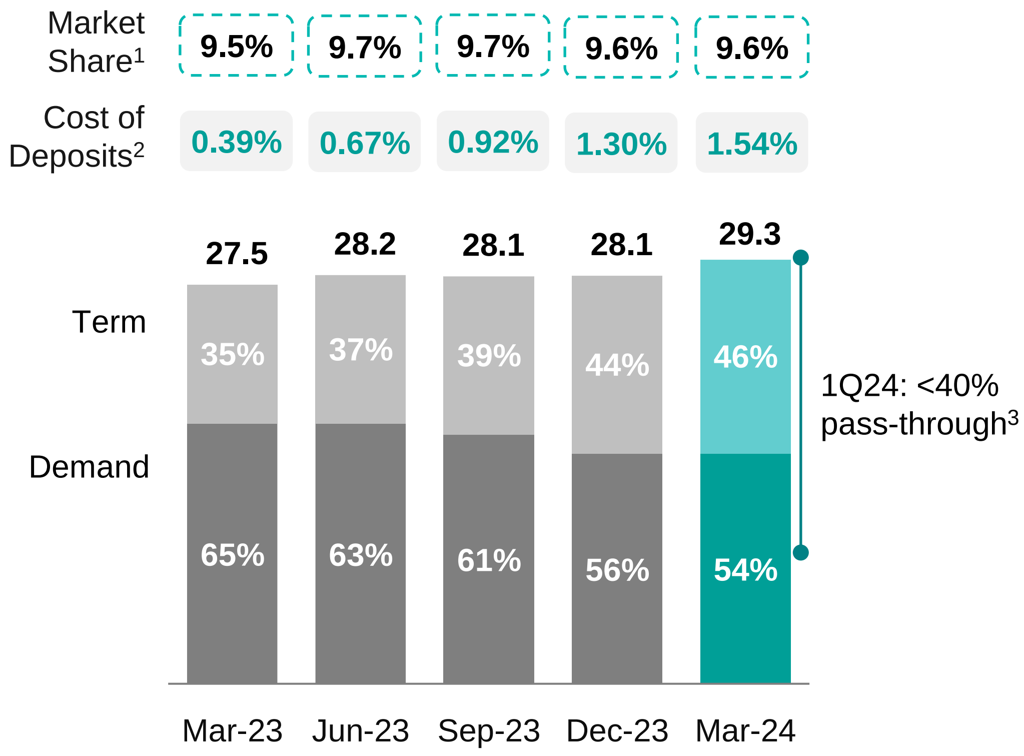
Increasing origination at fixed rate, representing ~45% of 1Q24 production

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



~85% of book is floating (incl. hedges; vs 90% as of Dec-23)

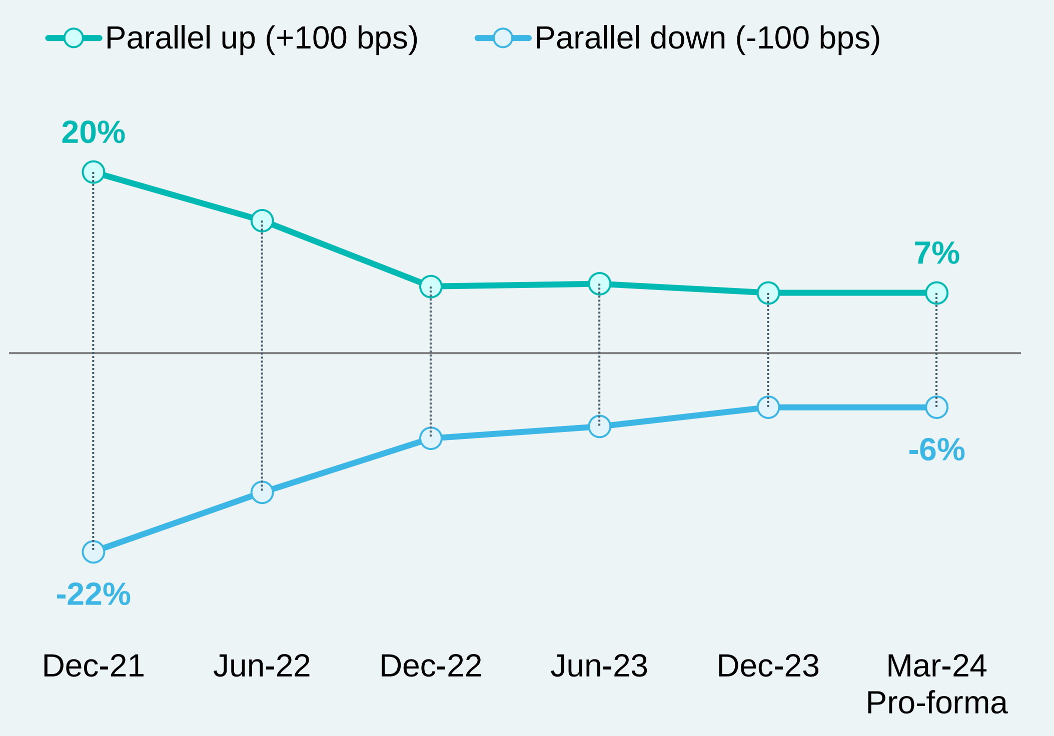
Deposits Breakdown by Type
(€bn; %)



(1) Source: novobanco analysis using Bank of Portugal; using most recent available information as of February 2024; (2) Cost of Deposits refers to respective quarters;

… and downside rates risk being actively managed

12 months NII sensitivity to ± 100bps Forward parallel shift in interest rates[1]



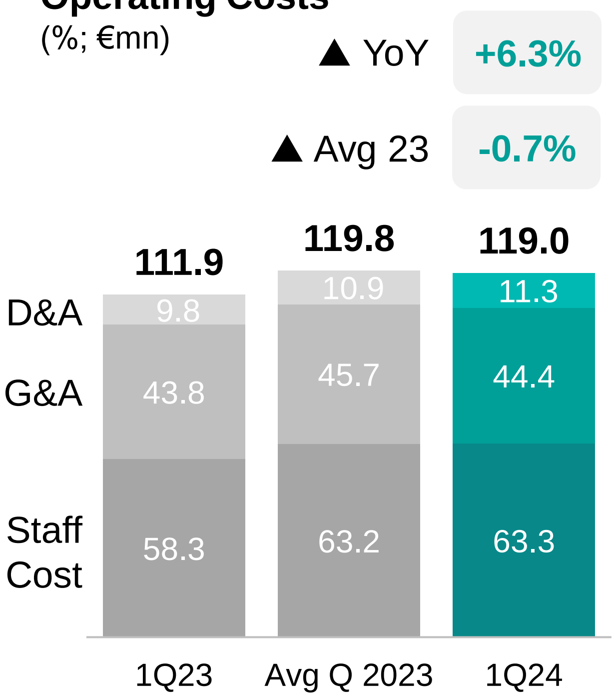
Measures to reduce interest rate sensitivity

1	**Increased fixed rate assets through cash-flow hedges**	• Amount: €6.7bn • Avg rate: 2.8% • Residual maturity: c.5 yrs
2	**Hedged long duration fixed-rate liabilities (zero coupon and '43 bonds)**	• Amount: €0.8bn • Core sovereign bonds • Maturity: >2033
3	**Execution of non-maturity deposits fair-value swaps**	• Amount: €2.5bn • Avg rate: 3.1% • Residual maturity: c.5 yrs
4	**Increased origination of fixed rate loans and adj. fair-value hedging strategy**	• Loan book as of Mar-24: • Fixed loans: 15% (+2pp YTD) • Of which: 42% hedged (-8pp)
5	**Hedging to floating 2024 YTD bonds issuance**	• Covered bond: €500mn • Senior Preferred: €500mn

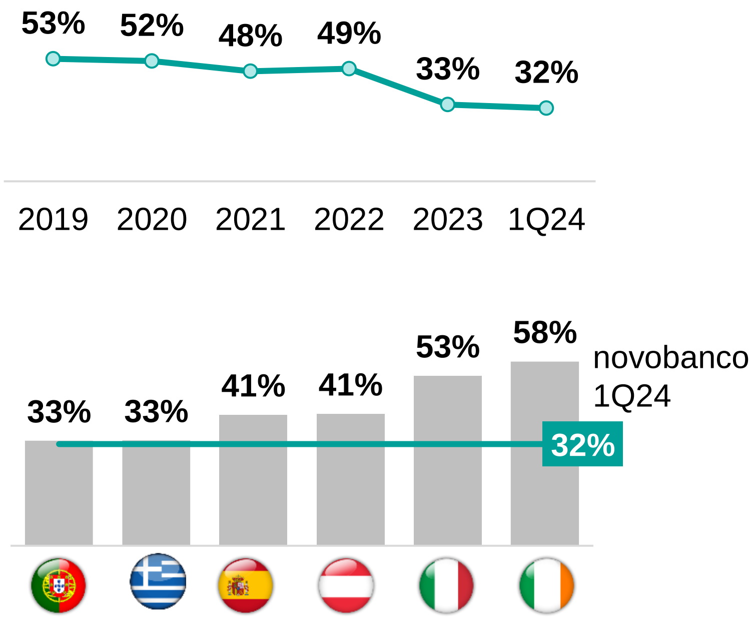
(1) Assumes constant balance sheet

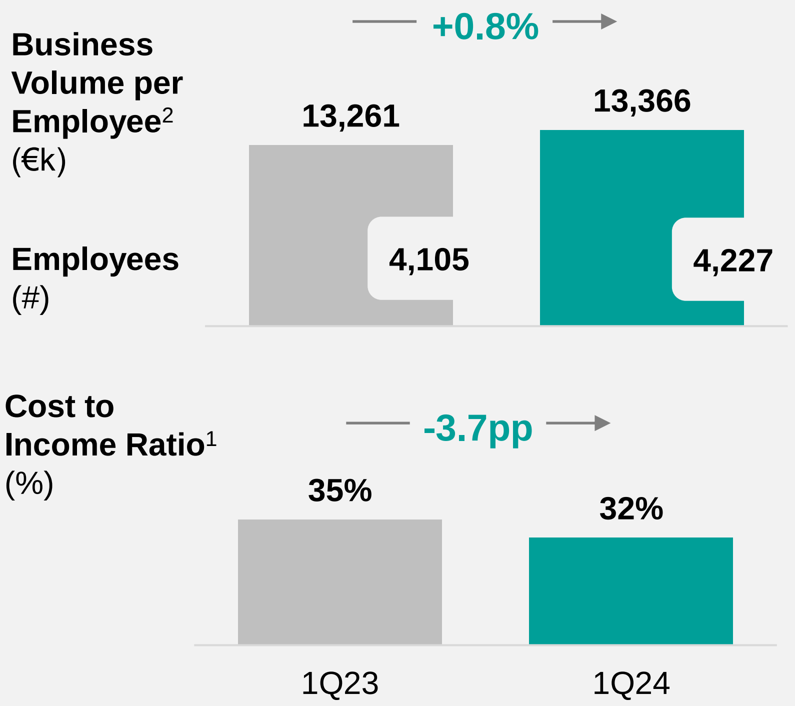
Industry leading cost to income ratio

Operating Costs
(%; €mn)



Cost to Income Ratio[1]
(%)





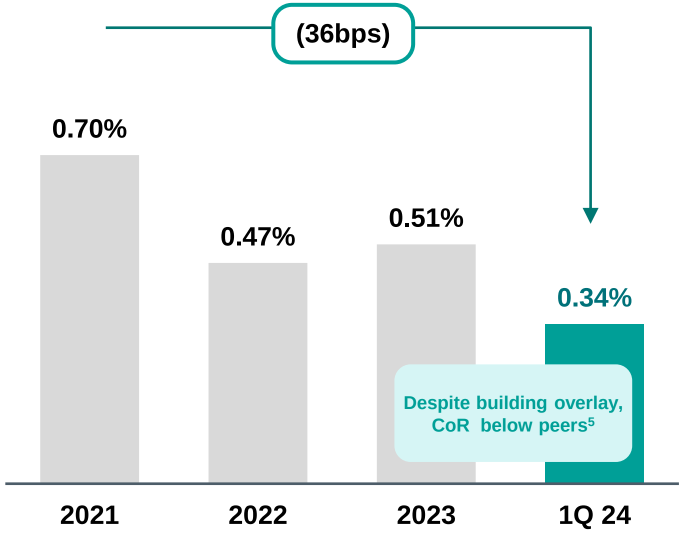
Efficient operations with revenue growth offsetting cost inflation and investment in people and culture, reaching a best in class C/I ratio.

(1) Novobanco analysys with peers' data as of 2023, Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions; (2) Considers average stock of Customer credit and Deposits, divided by average number employees in the period

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

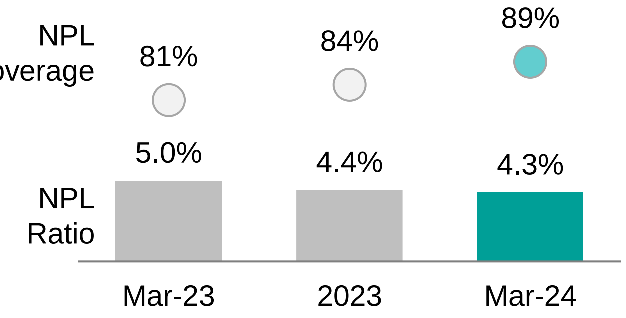
Consistent CoR[6] improvement…

(Cost of risk evolution, %)



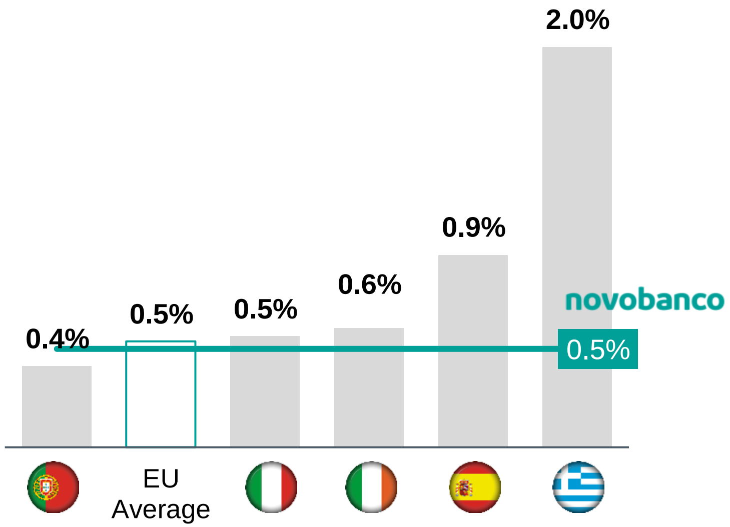
…with conservative provisioning levels…

	Mar-23	2023	Mar-24
New Entries NPL (€mn)	31	363[3]	50
% performing loans[1]	0.5%	1.5%[3]	0.8%



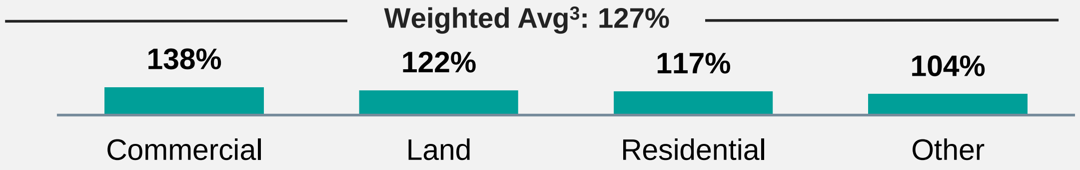
…in line with European Peers[2]

(Net NPL ratio, %)



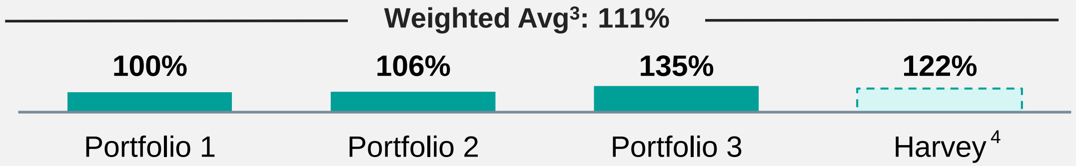
Conservative provisioning approach reflected in above par RE asset disposals historically…

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



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

(Recent granular portfolio sales price, % NBV)

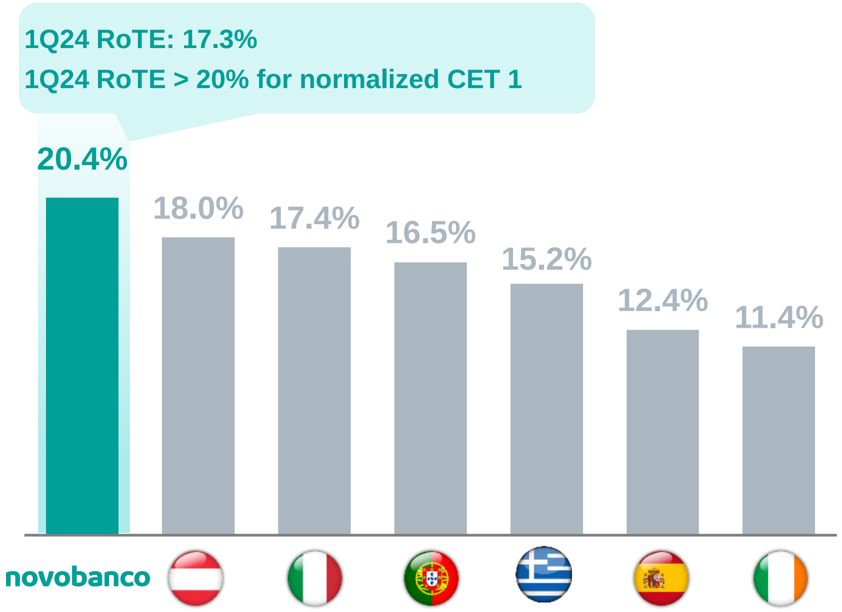


novobanco

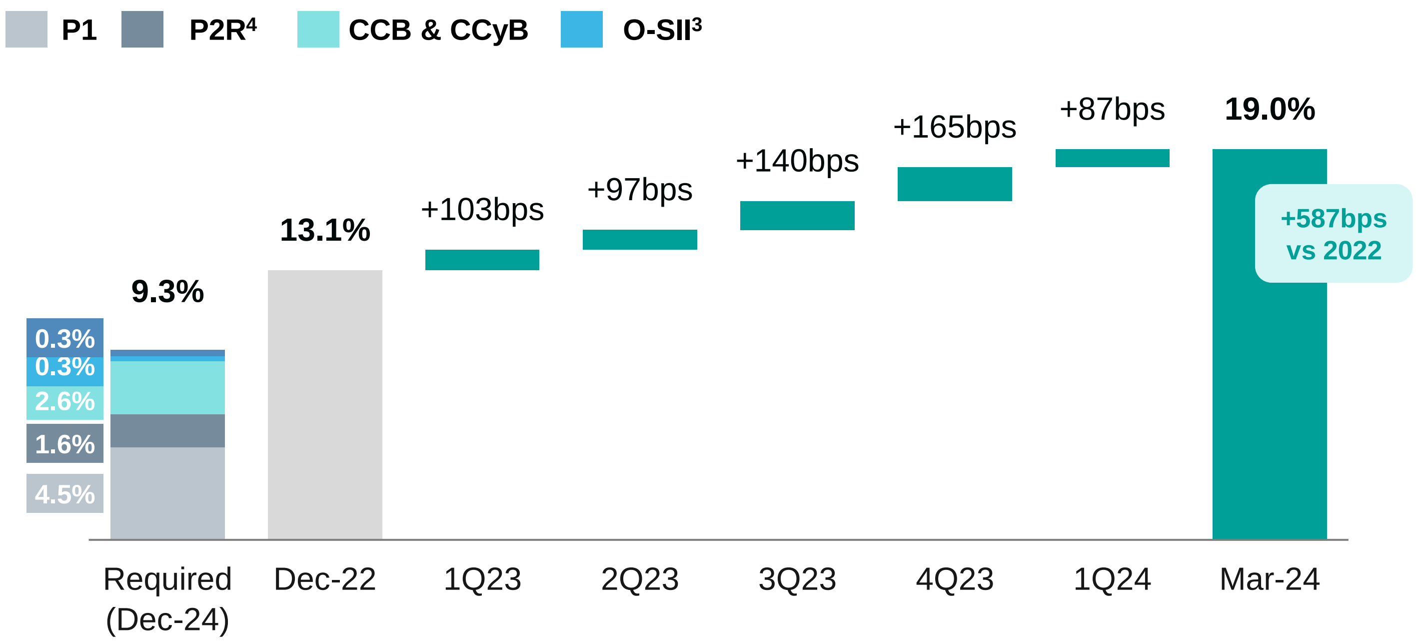
(1) Of average performing loans, annualised; (2) Calculated as gross NPLs (Gross carrying amounts, other than trading exposures) minus accumulated loans loss provisions (Total accumulated impairment [% of total gross non-performing debt instruments] as reported by EBA) over gross exposure implied by reported NPL ratio. Country-level figures as of September 2023 given latest available; (3) Weighted by size of portfolio disposals; (4) Harvey portfolio was signed in 2022 at a premium to book value. Transaction not closed given Resolution Fund decision; (5) Based on European banks with rating of B, Ba and Baa displayed on average, for the purpose of comparing novobanco's financial profile with higher-ranked banks; (6) Ratio of initial fair value and impairment charges accounted in the period for credit risk and debt securities associated with credit operations with clients with gross customer loans and debt securities associated with credit operations with clients

Best-in-class profitability and capital generation

RoTE 2023
(%)



CET 1
(fully loaded[1]; %)



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

(1) The inclusion of positive results depends on an authorization from the ECB; (2) Starting on 1-Oct-24, capital requirements will include a buffer on exposures secured by residential real estate, expected to be ~30bps; (3) Phased regime for the introduction of a 0.5% O-SII reserve as a percentage of RWAs will start on 1-Jul-24 with 50% of the reserve (0.25% of RWAs), and 100% of the reserve starting on 1st July 2025 (0.50% of RWAs); (4) Total Capital P2R in 2024 is 2.85%, which represents a decrease of 15bps; (5) novobanco's tangible equity based on period average; Country data calculated as average of peers. Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millenium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; and Eurobank, Piraeus and National Bank of Greece for Greece; (6) Based on a normalized CET1 FL ratio. Excludes potential impact of MREL issuance

Consistent strategy execution, being on track to deliver 2024 outlook

Business

		YoY
Clients Base	**1.6mn**	**+7.5%**
Customer Deposits	**€29.3bn**	**+6%**
Customer Credit (gross)	**€28.3bn**	**+1%**

A domestic business focused on growth and value-added products and services…

Results

		YoY
Commercial Banking Income	**€374mn** *2024 Outlook:*	**+19%** *> €1.3bn*
Cost to Income Ratio	**31.8%** *2024 Outlook:*	**-3.7pp** *~35%*
Cost of Risk	**34bps** *2024 Outlook:*	**-10bps** *< 50bps*

…with a simple and low-risk balance sheet and efficient operations…

Profitabilty

		YoY
Net Income	**€180.7mn** *2024 Outlook:*	**+22%** *> €650mn*
Tangible Book Value	**€4,256mn**	**+25%**
Strong returns despite overcapitalised balance sheet	**19.0% CET 1**	**17.3% RoTE**

…delivering organic sustainable returns and solid capital generation.

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**

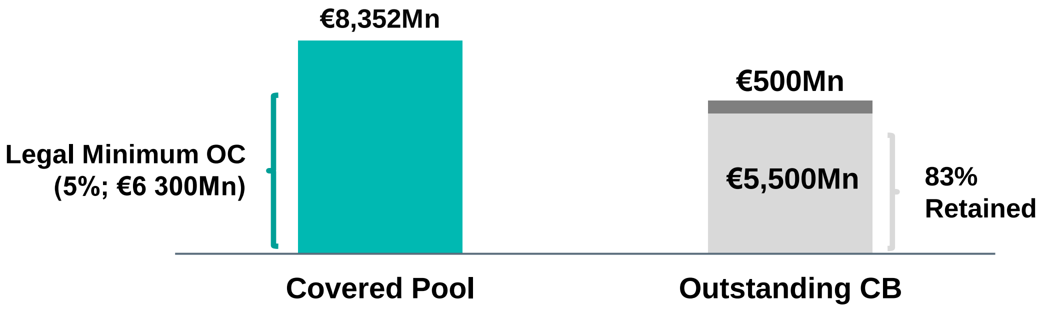
- novobanco Covered Bond Programme was established in 2015 as a conditional pass-through structure.
- The change of the maturity extension structure to soft-bullet and the conversion of the programme in accordance with the new legal framework was approved on 30 November 2023, with no negative impact 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 €5.5bn are retained by the Bank.
- On 21 February the novobanco placed its inaugural covered bond issuance, in the amount of €500 million, with maturity on the 1 March 2027 (details on the next slide).
- As of 31 March 2024, novobanco's cover pool and covered bonds where as follows:

Description	ISIN	Maturity Date	Remaining Term (years)	Nominal Outstanding
Series 1	PTNOBAOE0012	07/10/2025	1.53	€1,000mn
Series 2	PTNOBBOE0011	07/10/2024	0.53	€1,000mn
Series 3	PTNOBCOE0010	07/10/2027	3.43	€1,000mn
Series 4	PTNOBDOE0019	07/10/2028	4.53	€700mn
Series 5	PTNOBEOE0018	22/12/2023	4.74	€500mn
Series 6	PTNOBGOM0008	10/06/2029	5.20	€750mn
Series 7	PTNOBHOM0007	10/12/2024	0.70	€550mn
Series 8	PTNOBFOM0009	01/03/2027	2,92	€500mn

Covered Bonds and OC



- The OC consistent with the current rating of the CB is 7.5%.
- The Bank has historically maintained 10% OC on the cover pool.

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

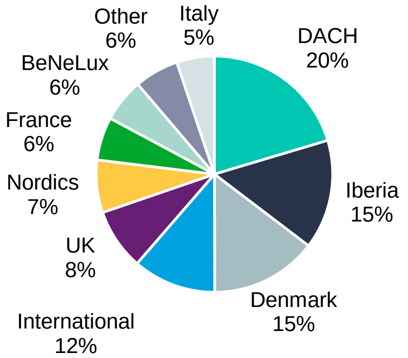
- Following the positive investor reaction to the marketing exercise, Novobanco opened books for an EUR500m WNG 3yr covered transaction. The cover pool consisted of 100% Portuguese residential mortgages.
- IPTs were announced at MS+55bps area.
- Orderbook grew impressively fast, reaching over EUR2bn 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.

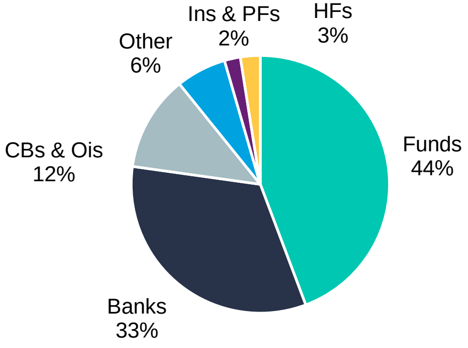
Orderbook statistics (€)

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

[1]*Good at reoffer*

Allocation distribution by Geography & Type





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.

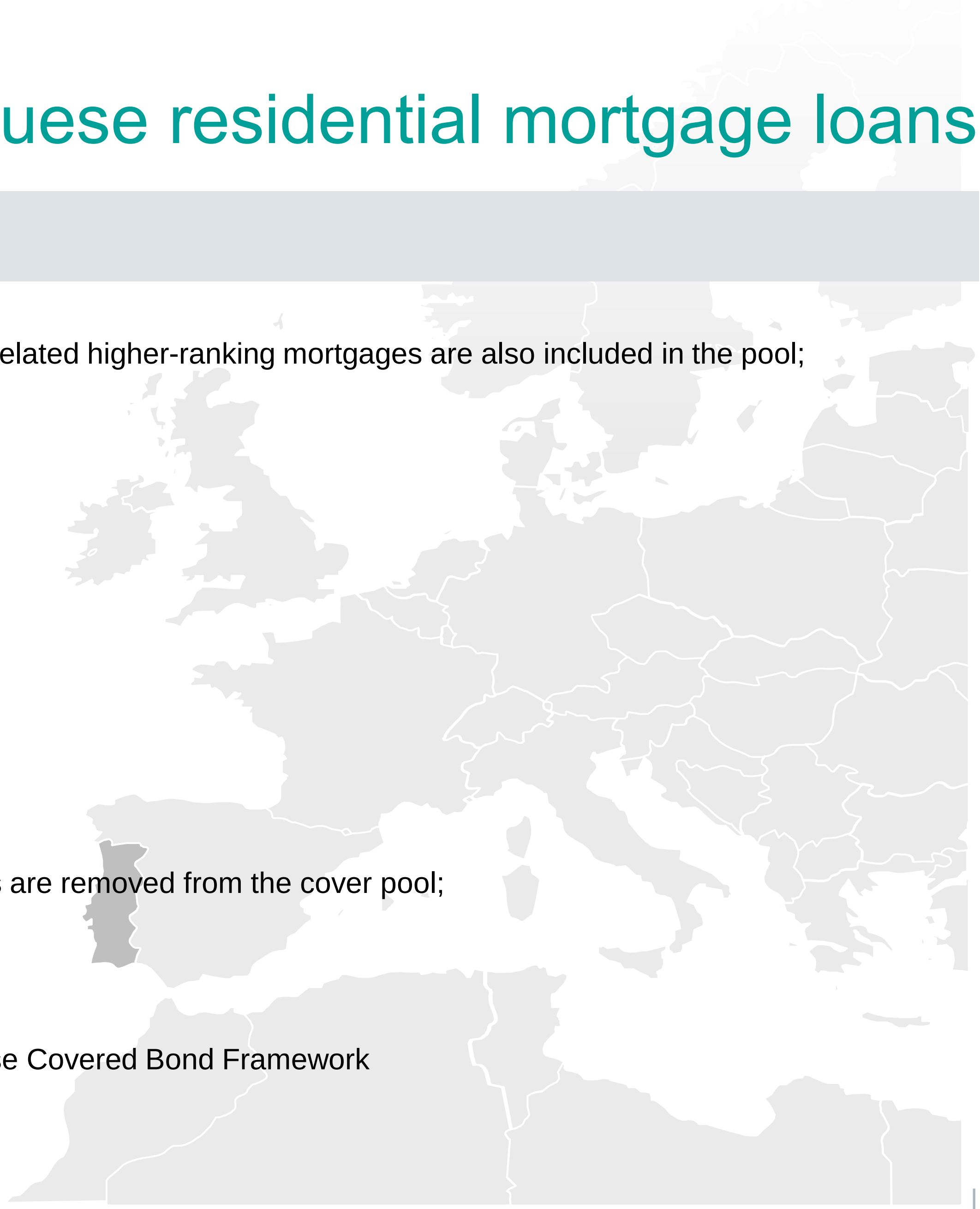
Very successful roadshow that gathered interest from more than 150 accounts.

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

novobanco

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

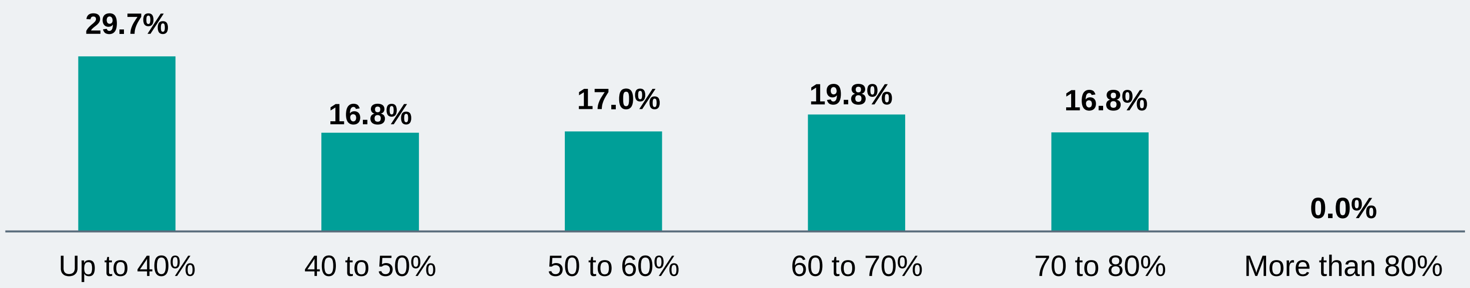
Mortgage Pool Balance	€8,237.9mn
Other assets (securities)	€114.3mn
Total Outstanding Assets	**€8,352.2mn**
Number of Loans	138,356
Average Loan Amount (€)	€59,542
Weighted Average Seasoning (Month)	85
WA Remaining Term (years)	25.0
Weighted Average Loan to Value %	50.5
Asset Fixed Rate %	12.82
Asset Floating Rate %	87.18

Mortgage covered bond & OC

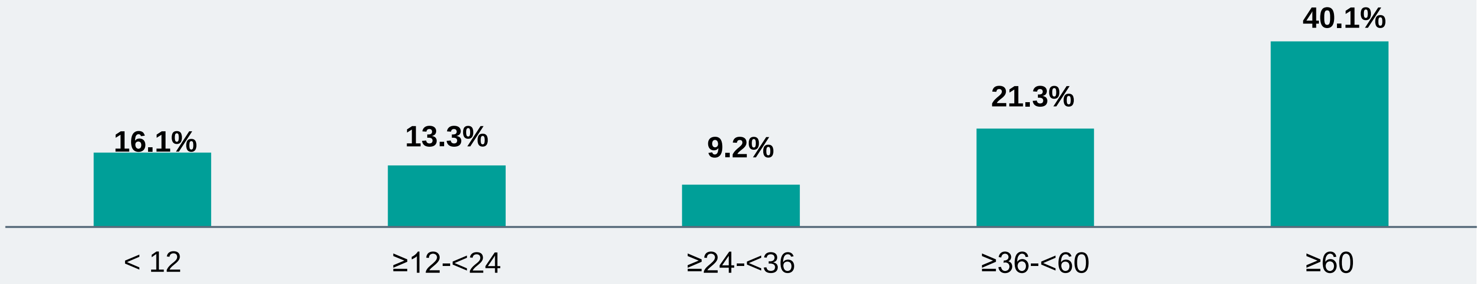
Mortgage Covered bond Programme	€10,000mn
Covered Bond Outstanding	€6,000mn
WA Remaining Term (years)	2.81
Current overcollateralization (%)	39.2
Legal minimum OC%	5.0

Portfolio breakdown
(% of outstanding balance)

Unindexed LTV



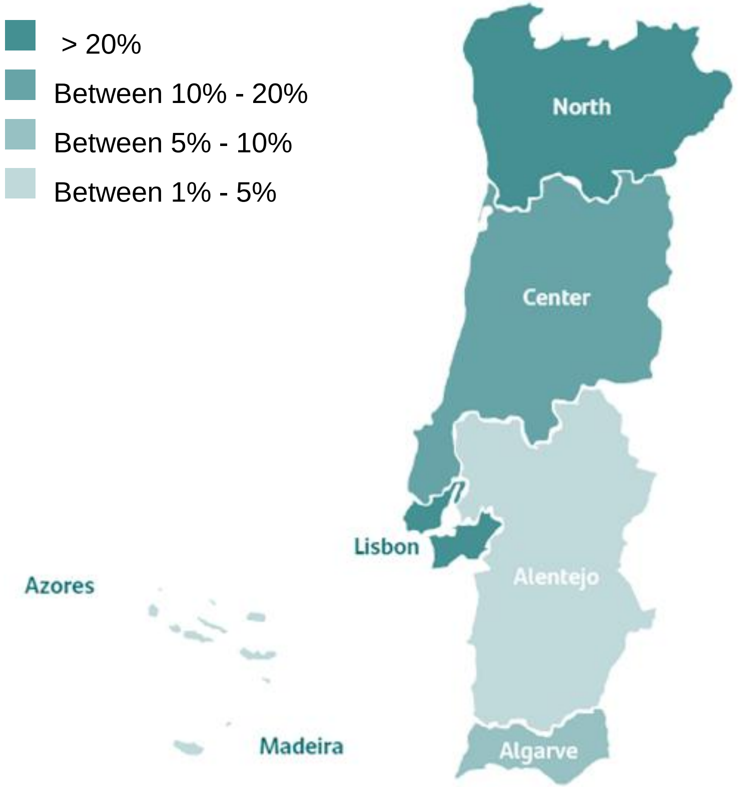
Seasoning (month)



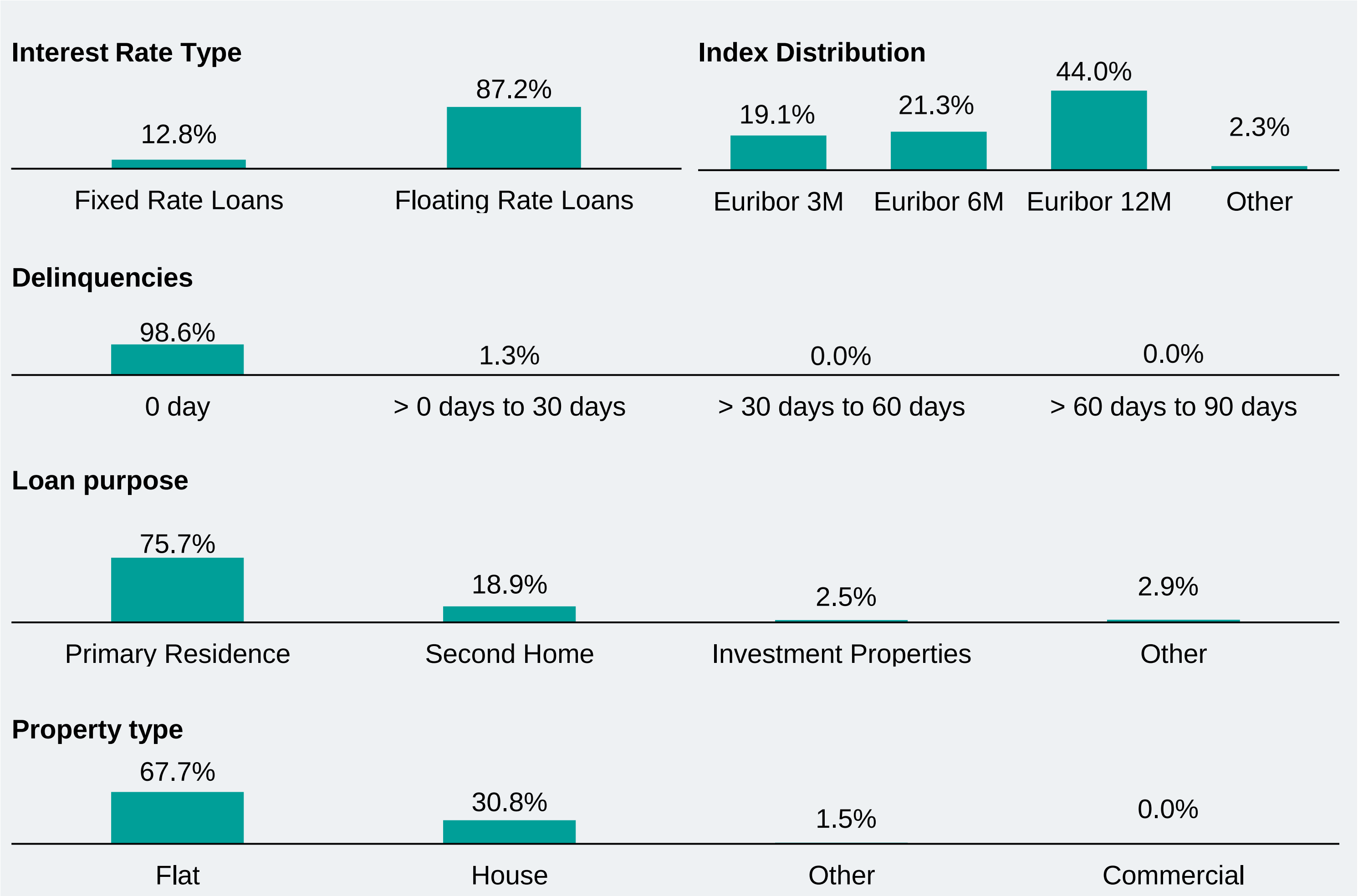
…reflecting country demographics and with no commercial exposure…

Geographical Breakdown

Cover pool asset characteristics



Portfolio breakdown (% of outstanding balance)



ANNEX

A1. Portuguese Market

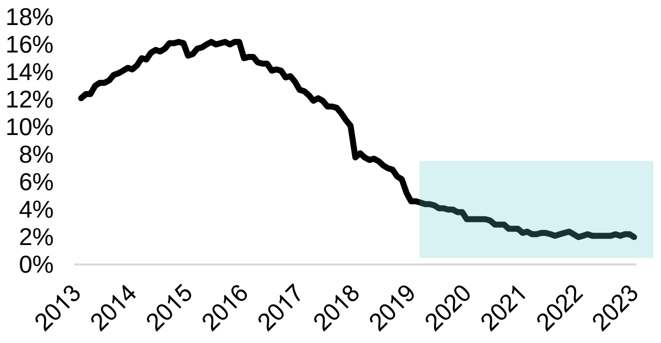
A2. Additional company overview material

A3. ESG considerations

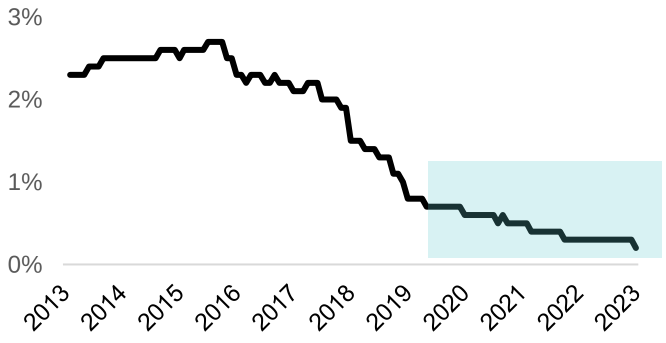
A4. Portuguese Legal Regime of Covered Bonds

Portuguese market with resilient asset quality indicators…

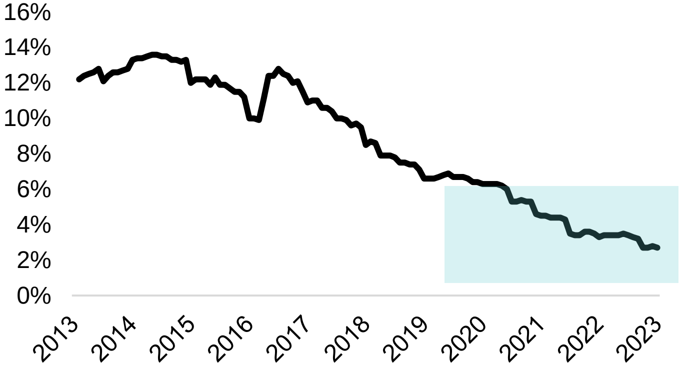
Corporate loans
% overdue



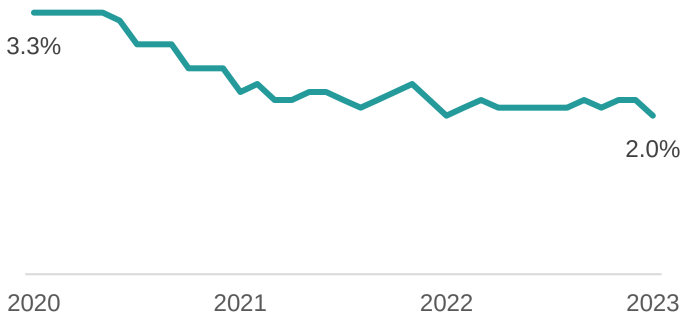
Residential mortgages
% overdue



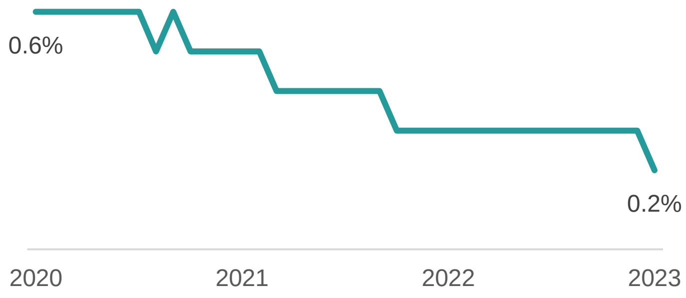
Individual loans
% overdue



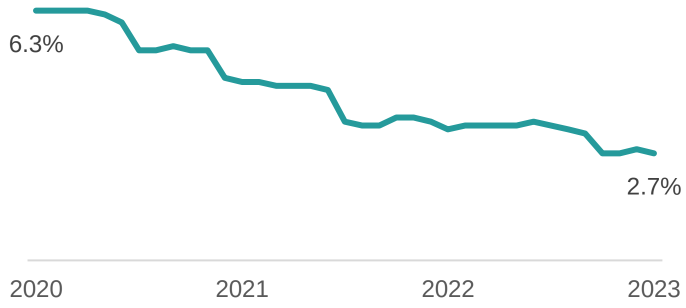
Corporate loans
% overdue



Residential mortgages
% overdue



Individual loans
% overdue

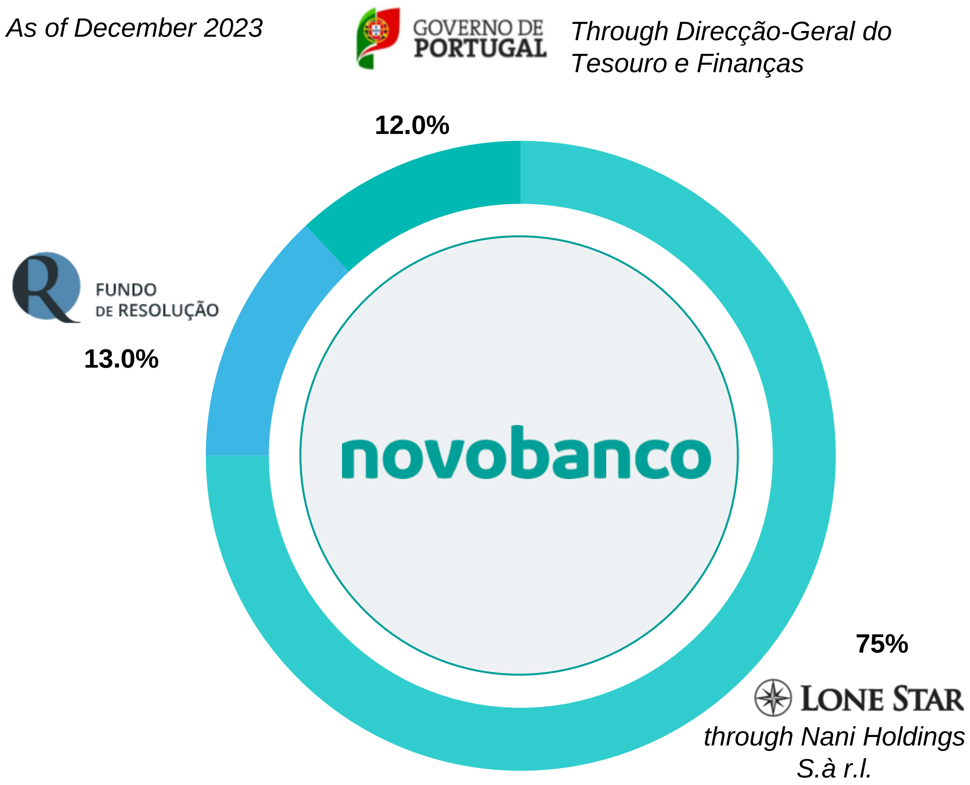


Source: Bank of Portugal

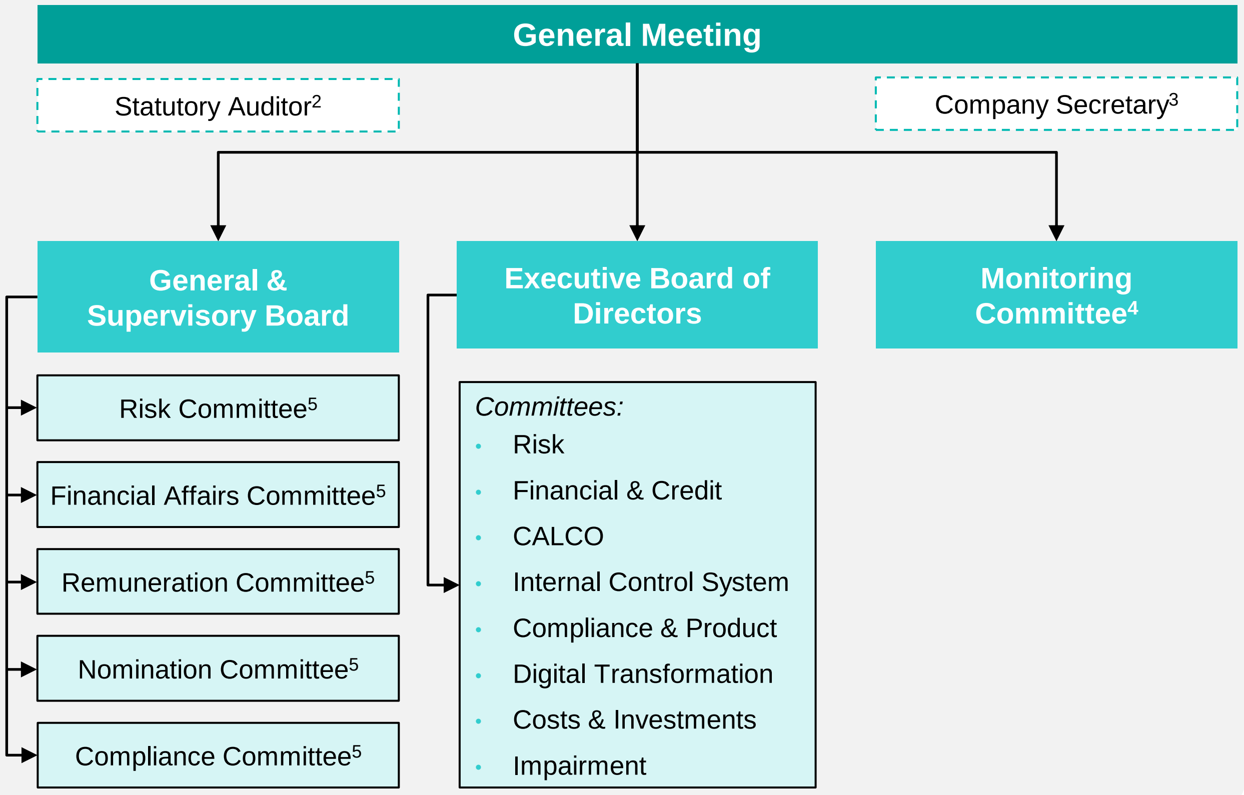
novobanco has a simple shareholder structure and a unique governance model within the Portuguese financial sector…

Shareholder structure[1]

As of December 2023



Governance model



(1) as a result of the agreements celebrated between the Resolution Fund and the Shareholder Lone Star in the context of the sale of 75% of the shares of Novobanco, only the Resolution Fund will see its participation diluted with the conversion of the conversion rights; (2) Elected by the General Meeting upon a proposal of the General and Supervisory Board; (3) The General and Supervisory Board is consulted prior to any proposal of the Executive Board of Directors related to the appointment of the Company Secretary and Alternate Secretary. (4) The Monitoring Committee is composed of three members. The Monitoring Committee is an advisory body for the purposes of the Contingent Capital Agreement entered into between the Company and the Resolution Fund; (5) The Special Committees are composed of members of the General and Supervisory Board. The General and Supervisory Board sets up, appoints the members and approves the internal rules of the Special Committees

novobanco Board and management team

Executive Board of Directors

	**MARK BOURKE**	*Chief Executive Officer*	• Appointed as CEO of novobanco in 2022, after holding the position of CFO for 3 years • 20+ years of experience as senior executive in financial institutions, namely as CEO in IFG Group and as CFO in AIB
	**BENJAMIN DICKGIESSER**	*Chief Financial Officer*	• Appointed as CFO of novobanco in 2023; previously member of novobanco's GSB since 2017 • 15+ years of experience in financial markets, worked in FIG IBD at Citigroup and at Lone Star (MD for Hudson Advisors Portugal) with non-executive board roles at novobanco and IKB Deutsche Industriebank
	**CARLOS BRANDÃO**	*Chief Risk Officer*	• Appointed as CRO in 2022 • Solid experience in risk management, both within and outside novobanco, as he was Risk Director in Santander Totta and Barclays
	**LUÍS RIBEIRO**	*Chief Commercial Officer (Retail)*	• Appointed as CCOR in 2018 • 25+ years of experience in the commercial area with novobanco, having previously assumed leadership for SMEs
	**ANDRÉS BALTAR[3]**	*Chief Commercial Officer (Corporate)*	• Appointed as CCOC in 2020 • 20+ years of experience in Corporate Banking at Barclays (was Head of Corporate Banking in Europe) and novobanco
	**LUÍSA SOARES DA SILVA**	*Chief Legal, Compliance & Sustainability Officer*	• Appointed as CLCO in 2017 • Prior to joining novobanco, Luisa accumulated 25+ years of experience in Law[1]
	**RUI FONTES**	*Chief Credit Officer*	• Appointed as CCO in 2022 • Deep institutional knowledge of novobanco[2] and 20+ years of experience in risk management

General and supervisory board

Chairman
Byron Haynes (i)

- Appointed as Chairman of novobanco in 2017
- 25+ years of experience in financial services, namely Global CFO at ABN AMRO / Royal Bank of Scotland and former CFO and then CEO of BAWAG (2009-2017)

Vice-chairman
Karl-Gerhard Eick (i)

- Appointed as Vice-Chairman of novobanco in 2017
- 35+ years of experience in financial services, namely former Deutsche Telekom CFO, Chairman of the Audit Committee at Deutsche Bank AG and current Chairman of IKB AG

GSB Members

Kambiz Nourbakhsh
Mark Coker
John Herbert (i)
Robert A. Sherman (i)
Carla Antunes da Silva (i)
William Henry Newton (i)
Monika Wildner (i)
Evgeniy Kazarez

(1) Luísa was lawyer and partner in one of the main Portuguese law firms (Morais Leitão, Galvão Teles, Soares da Silva & Associados), focusing on providing legal assistance to credit institutions and insurance companies; (2) Prior to his appointment as CCO, Rui Fontes operated in an executive function as CRO at novobanco from 2017-2022; (3) Mr. Baltar resigned as of 6th May 2024, which will take effect from 30 June 2024. Luis Ribeiro has been appointed as the next Chief Commercial Officer – Corporate, whilst João Paixão Moreira has been appointed as new member of the EBD, becoming the next Chief Commercial Officer - Retail

(i) GSB Independent Members

Delivering sustainable profitability with strong track record of delivery against targets

Income statement and key metrics

	€mn	2022	2023	▲YoY (%)	1Q 2023	1Q 2024	▲YoY (%)
1	Net Interest Income	625.5	1,142.6	82.7%	246.3	299.0	21.4%
2	+ Fees & Commissions	293.3	296.1	1.0%	68.9	75.0	8.8%
	= Commercial Banking Income	**918.8**	**1,438.7**	**56.6%**	**315.3**	**374.0**	**18.6%**
3	+ Capital Markets Results	24.0	14.7	-38.8%	5.8	-3.5	n.m.
	+ Other Operating Results	183.6	-11.2	n.m.	2.4	1.1	-53.9%
	= Banking Income	**1,126.3**	**1,442.3**	**28.1%**	**323.5**	**371.6**	**14.9%**
4	- Operating Costs	448.4	479.2	6.9%	111.9	119.0	6.3%
	= Net Operating Income	**678.0**	**963.1**	**42.1%**	**211.6**	**252.6**	**19.4%**
5	- Net Impairments & Provisions	111.2	173.8	56.3%	27.7	27.9	0.8%
	… of which Credit & Securities	102.2	142.0	38.9%	29.9	24.3	-6.6%
	= Profit Before Tax	**566.8**	**789.3**	**39.3%**	**183.9**	**224.7**	**22.2%**
	- Corporate Income Tax	-53.3	5.8	n.m.	0.7	10.5	n.m.
	- Special Tax on Banks	34.1	35.3	3.5%	34.1	32.2	-5.7%
	= Profit after Taxes	**585.9**	**748.2**	**27.7%**	**149.0**	**182.0**	**22.1%**
6	- Non-Controlling Interests	25.1	5.1	n.m.	0.7	1.3	n.m.
	= Net Profit for the period	**560.8**	**743.1**	**32.5%**	**148.4**	**180.7**	**21.8%**

Key metrics

	2022	2023	▲YoY	1Q 2023	1Q 2024	▲YoY
NIM	1.47%	2.75%	*+1.27pp*	2.34%	2.88%	*+0.54pp*
Cost-to-income	48.8%	33.3%	*-15.5pp*	35.5%	31.8%	*-3.7pp*
CoR (bps)[2]	47	51	*+4bps*	44	34	*-10bps*
RoTE	19.0%	20.4%	*+1.4pp*	19.0%	17.3%	*-1.7pp*
Return on Assets[1]	1.2%	1.7%	*+0.5pp*	1.3%	1.8%	*+0.5pp*
NPL ratio	5.4%	4.4%	*-0.9pp*	5.0%	4.3%	*-0.7pp*
CET1 FL ratio	13.1%	18.2%	*+5.0pp*	14.1%	19.0%	*+5.0pp*

1. **NII performance** (+21.4% YoY) **reflecting improvement of assets yield** in excess of the increase in the cost of funding;

2. **Fee income** +8.8% YoY with increased contribution of Accounts and Payments (+22.3% YoY) from **higher volume of transactions** and new pricing strategy;

3. **Capital Markets Results** includes gains and losses from the sale and revaluation of securities, foreign exchange results and hedging;

4. **Commercial Cost to Income ratio at 31.8%,** backed by efficient operations with a sustained top-line performance and contained operating costs. Operating costs totalled €119mn (-0.7% vs 2023 average; +6% YoY), reflecting on one hand the continued strategic investment in digital transformation, optimization and simplification of the organization and on the other hand the effects of inflation;

5. The consumer credit **cost of risk at 34bps** (1Q23: 44bps), including management overlays;

6. **Net income of €181mn (+22% YoY)**, equivalent to **RoTE of 17.3%** on overcapitalised balance sheet with 19.0% CET1), reflecting consistent execution of novobanco's strategy, with the ability to grow revenue and generate capital

novobanco

Source: Company information; (1) Calculated as Income before taxes and non-controlling interests divided by average net assets; (2) Ratio of initial fair value and impairment charges accounted in the period for credit risk and debt securities associated with credit operations with clients with gross customer loans and debt securities associated with credit operations with clients

Simple balance sheet reflecting novobanco's sustainable business model

Balance Sheet (€mn)

Assets	Mar-23	Dec-23	Mar-24	▲YTD	
				€mn	%
Loans and advances to Banks	3,840	5,915	6,749	834	14.1%
Customer credit	26,809	26,975	27,087	112	0.4%
ALM Portfolio	8,803	6,499	7,213	713	11.0%
Current and deferred tax assets	955	931	945	14	1.5%
Real estate	604	460	449	(11)	-2.4%
Non-current assets held for sale	59	31	90	60	195.2%
Other assets	2,334	2,689	2,510	(179)	-6.7%
Total Assets	**43,843**	**43,501**	**45,044**	**1,543**	**3.5%**

Liabilities & Equity	Mar-23	Dec-23	Mar-24	▲YTD	
				€mn	%
Customer deposits	27,526	28,140	29,291	1,151	4.1%
Due to central banks and Banks	8,004	5,745	5,122	(624)	-10.9%
Debt securities	1,590	1,108	2,109	1,001	90.4%
Non-current liabilities held for sale	15	13	12	(1)	-8.2%
Other liabilities	3,011	4,073	3,956	(116)	-2.9%
Total Liabilities	**40,146**	**39,078**	**40,490**	**1,412**	**3.6%**
Equity	**3,697**	**4,422**	**4,554**	**131**	**3.0%**
Total Liabilities and Equity	**43,843**	**43,501**	**45,044**	**1,543**	**3.5%**

Assets

- Loans and advances to Banks increased 14.1% YTD, reflecting the increase of cash at ECB
- **Net customer credit[1] at €27.1bn** (+0.4% YTD) with €1.1bn origination offset by increased amortisations. Performing customer credit of €26.6bn (+1.4% YTD)

Liabilities

- Total customer funds (incl. Off-BS) of €37.3bn (+€2.1bn YTD), reflecting the increase in Deposits (+€1.2bn YTD) and new issuance (+€1.0bn)
- **Deposit market share remained stable at 9.6%[2]**

Capital & Liquidity

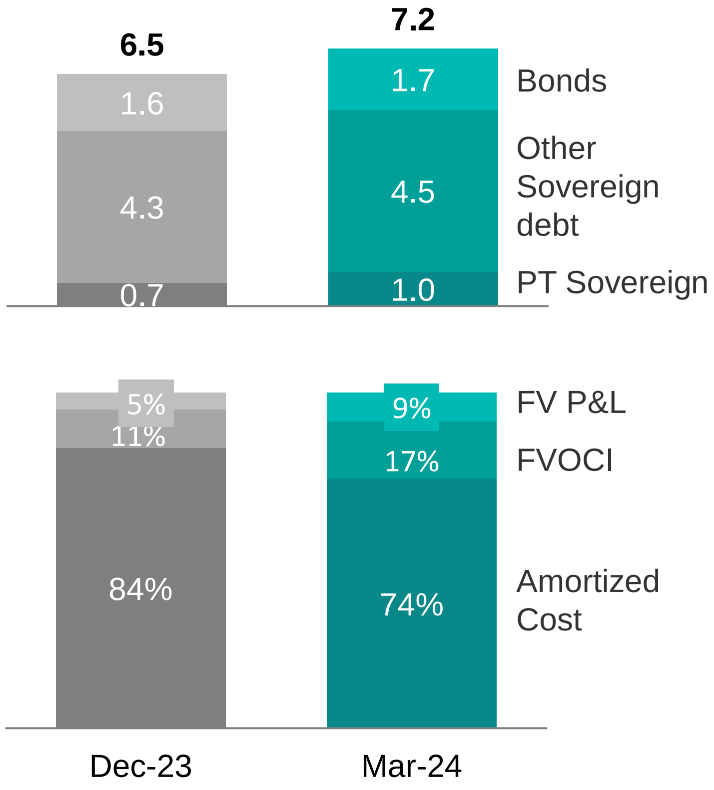
- **CET1 FL ratio increasing by c.87bps[3] to 19.0%**. The organic capital generation reflects the capital accretive business model with solid top-line performance and disciplined capital allocation
- **Strong liquidity position: LtD at 78.1%** (2023: 81.2%)**, LCR of 190%** (2023: 163%) and **NSFR of 123%** (2023: 118%), as well as liquidity buffer of €15.2bn

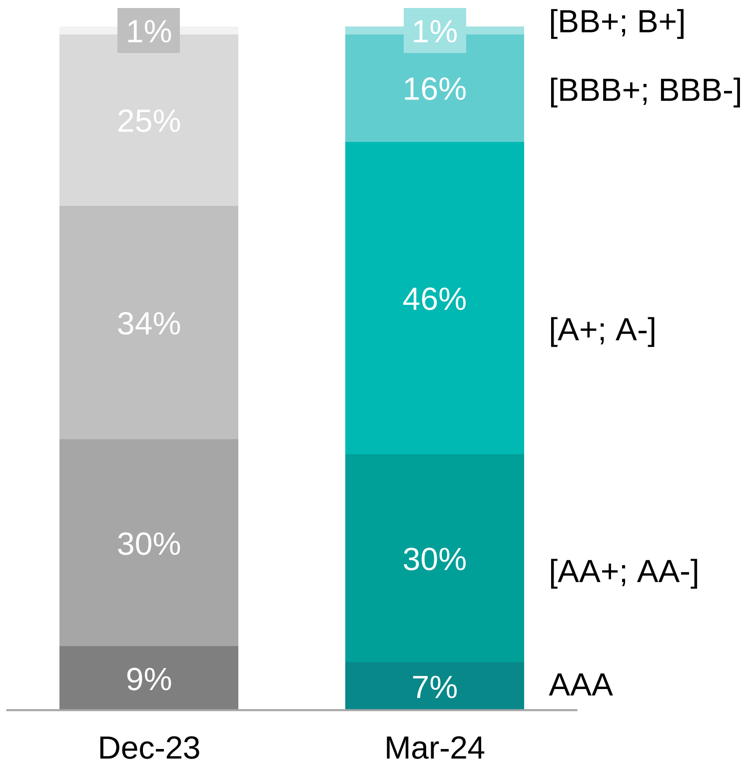
novobanco

(1) Customer credit is the sum of customer loans and debt securities associated with credit operations with clients; (2) Stock figure as of February 2024; sources: Banco de Portugal, APS, APFIPP; (3) Incorporation of results in capital ratios are subject to ECB approval;

Conservative ALM Book with a €7.2bn investment grade securities portfolio

ALM Portfolio
(€bn)





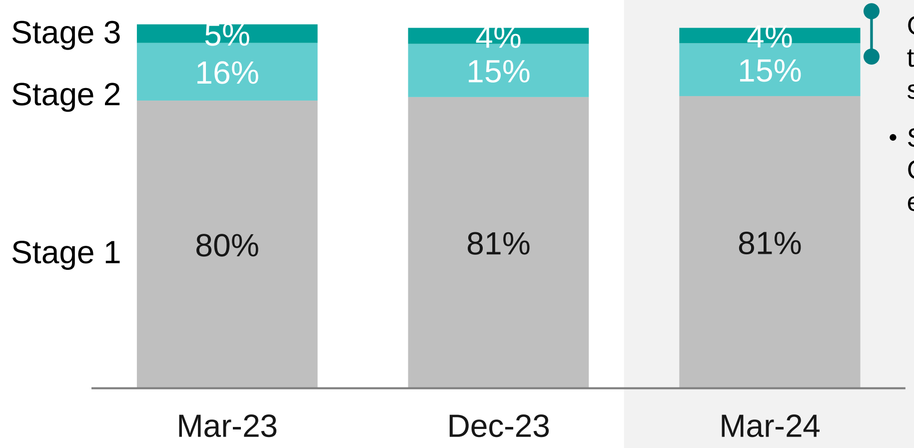
	Total	vs Dec/23
Amount (€bn)	7.2	+0.7
Duration[1] (years)	3.4	-0.4
Yield[1] (%)	3.68	+0.2

	Mar/24
Unrealised MtM losses[2] (€mn)	158.8
ALM Portfolio/ Total Assets (%)	16
ALM Portfolio/ Total Equity (x)	1.6

(1) After hedges; (2) Net of hedges and taxes

Strengthened total stage 3 coverage (+15pp YoY)

Loan Portfolio by Stages

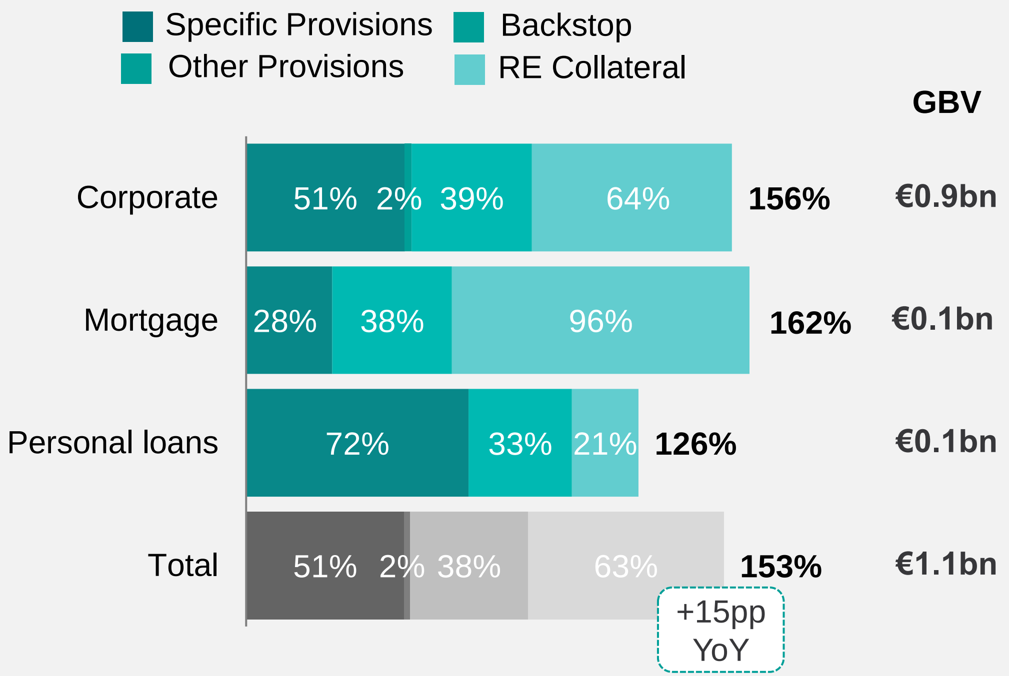


- ~40% of stage 3 GBV loans are under the CCA; with no full servicing rights
- Stage 3 at 2.7% if CCA assets excluded

Specific Provisons - Coverage ratios[1]

	Mar-23	Dec-23	Mar-24
Stage 2	7.8%	9.0%	9.5%
Stage 3	55.8%	54.7%	52.6%

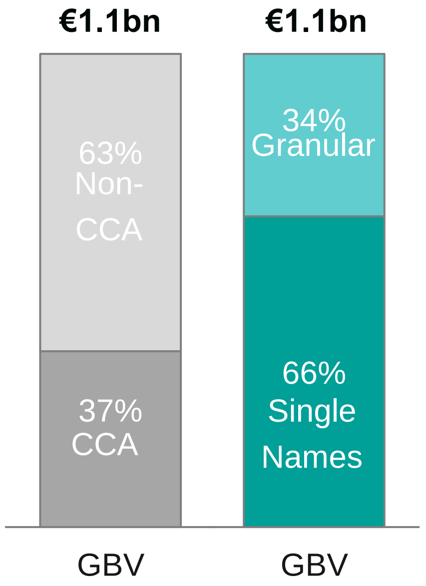
Stage 3: Coverage by type



(1) Stage 2 Specific provisions; Stage 3 includes backstop

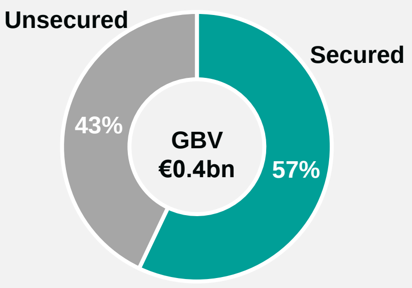
75%[1] of Stage 3 with overdue less than 1 year, with exposures provisioned in line with market value

Total Stage 3 Loans
(Mar-24; %)

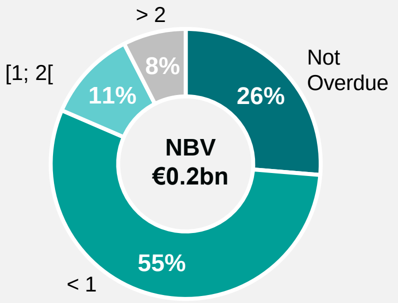


NBV	**€0.5bn**
% Coverage Ratio[2]	**88% / 153%**

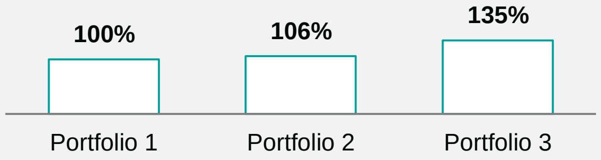
Granular



Overdue Vintage (years)

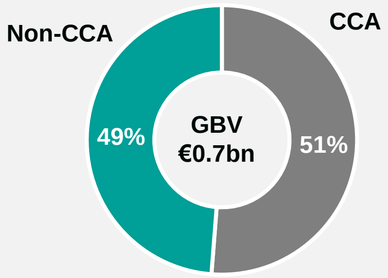


Recent granular portfolio sales Price as % NBV



Signed perimeters, which included NPLs with older vintages, show that Stage 3 exposures are provisioned in line with market value

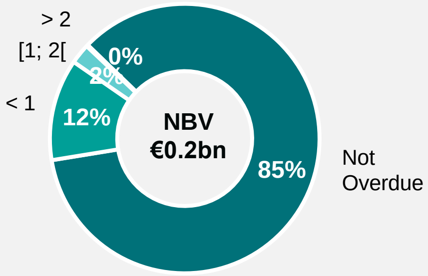
Single Names



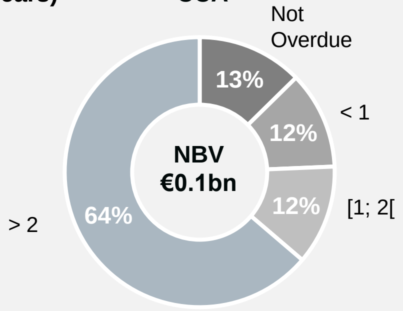
Harvey portfolio (~9% of the portfolio) was signed in 2022 at premium to book value, reinforcing that Stage 3 exposures are provisioned in accordance with market expectations.

Overdue Vintage (years)

Non-CCA



CCA

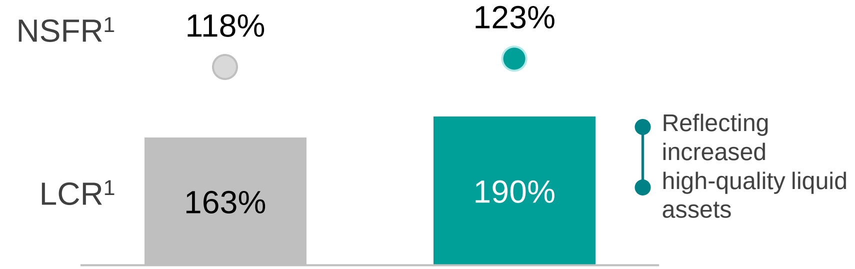


(1) As % of NBV; (2) coverage ratio considering total provisions / coverage ratio considering total provisions, backstop and collateral

3. STRONG LEVELS OF PROFITABILITY AND CAPITAL GENERATION

Strong liquidity position with 78% loan to deposit ratio

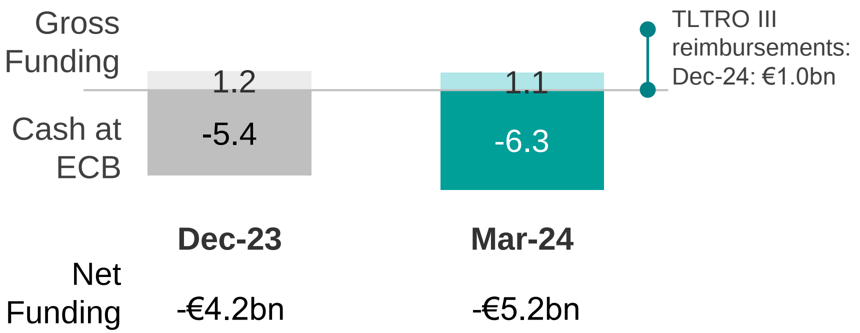
Liquidity Ratios (%)



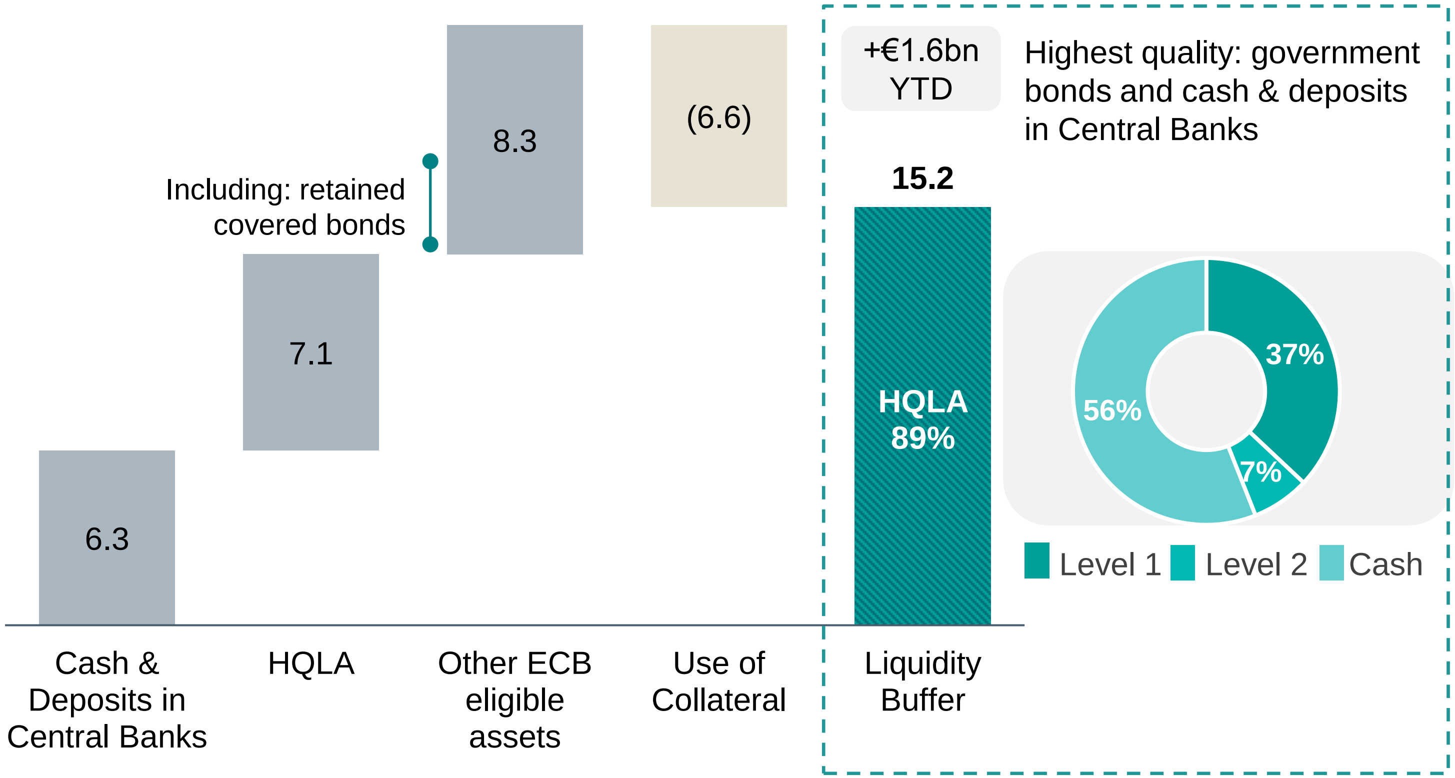
Loan to Deposit Ratio[3] (%)

Dec-23	Mar-24
81.2%	78.1%

ECB Funding (€bn)



Liquidity Buffer[2] (€bn)



novobanco

(1) LCR stands for Liquidity Coverage Ratio; NSFR stands for Net Stable Funding Ratio; (2) HQLA ECB eligible includes ECB's valuation haircut; HQLA Non ECB eligible include regulatory valuation haircut ; (3) LtD ratio as per BdP definition

Bonds outstanding and MREL eligibility

€mn; Mar-24

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value[1]	Maturity	MREL
Covered							
NOVBNC 3.25% 01/03/27	PTNOBFOM0009	EUR	500	Mar-24	499	Mar-27	N
Senior							
NOVBNC 5.5% 30/12/24	PTNOBKOM0002	EUR	100	Dec-22	101	Dec-26	Y
NOVBNC 4.25% 08/03/28	PTNOBIOM0006	EUR	500	Mar-24	501	Mar-28	Y
Subordinated							
NOVBNC 9.875% 01/12/33	PTNOBLOM0001	EUR	500	Jun-23	514	Dec-33	Y
Total 2043 Bonds			***362***		***249***		
BES Luxembourg 3.5% 02/01/43	XS0869315241	EUR	64	Jan-13	42	Jan-43	Y
BES Luxembourg 3.5% 23/01/43	XS0877741479	EUR	131	Jan-13	97	Jan-43	Y
BES Luxembourg 3.5% 19/02/2043	XS0888530911	EUR	97	Feb-13	63	Feb-43	Y
BES Luxembourg 3.5% 18/03/2043	XS0897950878	EUR	70	Mar-13	47	Mar-43	Y
Total Zero Coupons (ex EMTN 57)			***1,203***		***224***		
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	39	Oct-48	Y
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	47	Feb-49	Y
Banco Esp San Lux ZC 19/02/49	XS1034421419	EUR	69	Feb-14	13	Feb-49	Y
Banco Esp San Lux ZC 27/02/51	XS1038896426	EUR	108	Feb-14	18	Feb-51	Y
BES Luxembourg ZC 06/03/2051	XS1042343308	EUR	76	Mar-14	13	Mar-51	Y
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	44	Apr-48	Y
BES Luxembourg ZC 09/04/52	XS1055501974	EUR	264	Apr-14	42	Apr-52	Y
BES Luxembourg ZC 16/04/46	XS1058257905	EUR	37	Apr-14	8	Apr-46	Y
EMTN 57	XS0439764191	EUR	8	Jul-09	2	Jul-44	N
Total MREL			**2,666**		**1,590**		

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 2025[2]
- Annual accrual of book value to notional value to increase contribution to MREL by c.€19m per annum
- Annual interest expense of 6.6% on book value or ~2.5% net of hedge to close interest rate position[3]

novobanco

(1) Book values include accrued interests; (2) Pursuant to the current regulation as of March 2024; (3) As of December 2023, before tax

Fitch, Moody’s and DBRS ratings

February 2024

Fitch

Intrinsic	Viability Rating **(Investment Grade)**	bbb-
	Support	ns
LT / ST	Issuer Default Rating LT/ST **(Investment Grade)**	BBB-/F3
	Deposits LT/ST **(Investment Grade)**	BBB/F3
	Senior Debt LT/ST **(Investment Grade)**	BBB-/F3
	Outlook	Neutral

March 2024

Moody’s

Intrinsic	Baseline Credit Assessment /Adjusted BCA	ba1
LT / ST	Counterparty Risk Assessment LT/ST **(Investment Grade)**	Baa1(cr)/ P-2 (cr)
	Counterparty Risk LT/ST **(Investment Grade)**	Baa1/P-2
	Deposits LT/ST **(Investment Grade)**	Baa1/P-2
	Senior Unsecured Debt LT/ST	Ba1
	Junior Senior Unsecured	Ba1
	Outlook deposits / senior	Positive
Others	Covered Bonds	Aaa
	Subordinated debt	Ba2

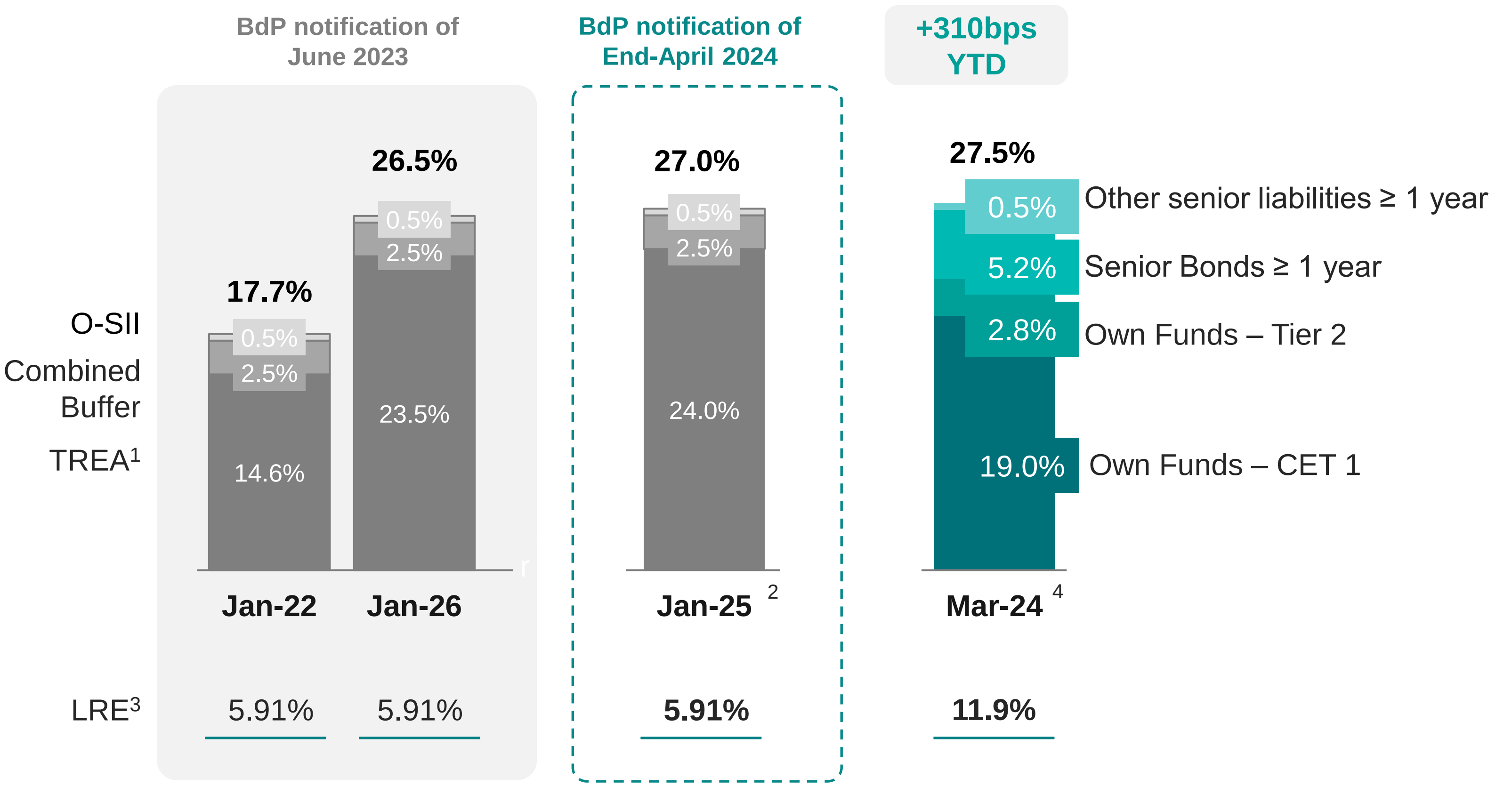
December 2023

DBRS

Bank’s Intrinsic Assessment (IA)	BB (high)
Long-Term Issuer Rating	BB (high)
Short-Term Issuer Rating	R-3
Long-Term Deposit **(Investment Grade)**	BBB (low)
Long-Term Critical Obligations **(Investment Grade)**	BBB
Senior Debt	BB (high)
Subordinated Debt	BB (low)

Compliant with new MREL requirement ahead of schedule

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



- In line with desire to maintain regular market access, in February 2024, novobanco successfully issued €500mn of Senior Preferred Notes with maturity in March 2028 and an early redemption option in March 2027;

- Novobanco commits to maintain an appropriate buffer over the required end-point MREL requirement (currently at 27.0%);

- As the bank expects to normalise its capital structure, a reduction[5] of CET1 (19.0% as of Mar/24) would therefore be pre-funded by additional benchmark size MREL eligible instruments.

(1) TREA - Total Risk Exposure Amount; (2) for Jan-25 should be considered the then applicable requirement for both Combined Buffer and O-SII; (3) LRE - Total Leverage Exposure; (4) Fully loaded basis, equivalent to MREL 27.7% and LRE 12.0% on Phased-In; (5) contractual dividend ban until Dec/25; subject to regulatory approvals

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

Metrics	Dec-23 Report Novobanco Upgrade			Based on run-rate 2023 (Strong- Profile)	
	Historical Ratio	Raw Score	Assigned Score	2023	Raw score
Asset Risk (25%)					
Problem Loans / Gross Loans	6.7%	ba2	ba2	4.4%	**baa3**
Capital (25%)					
TCE ratio	16.2%	a1	baa3	20.6%	**aa3**
Profitability (15%)					
Net Income / Tangible Assets	-0.1%	caa2	baa1	1.7%	**a3**
Funding Structure (20%)					
Market Funds / Tangible Banking Assets	25.2%	ba1	ba1	18.4%	**baa2**
Liquid Resources (15%)					
Liquid Banking Assets / Tangible Bank Assets	29.7%	baa2	ba1	26.5%	**baa2**
Aggregate Financial Profile		**ba1**	**ba1**		**baa1**
Qualitative Adjustments					
Total Qualitative Adjustments			-		
BCA range			**baa2-ba1**		
Sovereign cap			**A3**		
Assigned BCA			**ba1** Positive Outlook		
LGF uplift			**0 notch**		
Senior/Tier 2 rating			**Ba1 / Ba2**		

Solvency (65%)

Liquidity (35%)

+3 notches organic improvement

lower end of range

Potential LGF uplift (see on the right)

Moody's Loss Given Failure notching table
(Nov/23; pro-forma with Mar/24 SP issuance)

Loss rate 8%

Subordination / TBA (%)	(Volume + subordination) / TBA (%): ≥0 <4%	≥4% <8%	≥8% <10%	≥10% <12%	≥12 <14%	≥14 <16%	≥16%
≥0 <4%	-1	-1	0	0	1	1	2
≥4% <8%		0	0	1	1	2	2
≥8% <10%			1	1	2	2	3
≥10% <12%				2	2	3	3
≥12%					3	3	3

A

- (Volume + subordination)/ TBA at 8.8%
- Subordination/TBA at 4.1%
- c.€0.5bn issuance of any SP / SNP / Tier 2 instruments to reach 10% (Volume + Subordination) / Tangible Banking Assets and therefore improve the score from current "0" to "1",
- Issuance volumes can be issued over a 3-year timeframe to induce uplift.

novobanco

Source: novobanco preliminary analysis with YE23 data; Legend: lower assigned score vs raw score; higher assigned score vs raw score; same assigned score vs raw score; 2023 run-rate vs Dec-23 raw score

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*

As part of our 2023 dual materiality assessment update we reviewed our Social Dividend model, setting new KPI and targets

Customer-centric Bank

Green production[1]

Target 2026
2.000 MEUR[1]

140,6

ESG investment products[5]

Target 2026
60% of invest. products

61%

Simple and efficient operations

Own emissions[2]

Target 2030
-50% vs 2021

-36%[9]

Renewables share[6]

Target 2026
100%

77%[10]

Developing people and culture

Equal pay[3]

Target 2026
Below 5%

5,4%

Employee engagement[7]

Target 2026
At least 65%

60%

Developing sustainable performance

Financed emissions reduction[4]

Target 2030
100% targets realized by sector

-

Women in management[8]

Target 2026
At least 40%

38%

1. Loans and investments considered under novobanco green financing policy with a 650 MEUR target for 2024; 2. Scope 1 and 2 GHG emissions; 3. Equal pay gap calculated per function (group view); 4. Achieving GHG emissions intensity targets for Power generation; Cement and CRE (Commercial Real Estate) – value to be calculated in 2024; 5. % of investment products (investment funds, financial insurances, structured notes or deposits) with ESG characteristics/ concerns – Art.8 and 9; 6. Net renewables share of 100% by 2026 (group view), where available (Azores, Madeira, Group facilities and branches with no direct contract need to be addressed); 7. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement – group view); 8. Previously Sr Leadership (group view); 9. Calculated at EoY 2023; 10. Calculated for 2023; ✓ Target set is met; ✓ Target is on track

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 a clear and direct guidance on the topic day-to-day activities
3. The **Sustainability Steering** safeguards the right cadence for implementing the ESG strategy, supervising our ESG KPI and KRI
4. novobanco **Policies** and **Roles & Responsibilities** are up-to-date with our Global Sustainability Framework
5. Our **ESG Office** and **ESG PMO** manage the ESG program, with oversight over the multidisciplinary teams needed for the effort
6. Our **program roadmap** is updated regularly to ensure transparency and effective control

Board

1 *General Supervisory Board* (GSB)

Executive Board of Directors (EBD)

2 *Chief Sustainability Officer*

3 *Sustainability Steering* | *Risk Committee* | *Others* (when needed)

Management

5 *ESG office* | *Risk Management* | *Others* (when needed)

ESG PMO

ESG Program Block Leaders and multidisciplinary teams

4 *Policies & R&R*

6 Next milestones

- *Increase coverage of* ***ESG risk analysis*** *in* ***credit process***
- *Launch new* ***ESG data collection tools*** *in a joint national effort*
- *Publish our scientifically reviewed new* ***pathways for portfolio emissions***
- *Prepare for comply with new* ***CSRD disclosure requirements***

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	• 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	• 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	• 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	• 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	• 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

Disclaimer

This document may include some statements related to the novobanco group that do not constitute a statement of financial results or other historical information. These statements, which may include forward-looking statements, targets, objectives, forecasts, estimates, projections, expected cost savings, statements regarding possible future developments or results of operations, and any forward-looking statement that includes statements such as "believes", "expects", "aims or intends", "may" or similar expressions, constitute or may constitute forward-looking statements.

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.

novobanco expressly disclaims any obligation or commitment to make any forward-looking review included in this document to reflect any event or change in future circumstances occurring after the date hereof.

This document includes unaudited financial information.

Novo Banco, SA I Av. da Liberdade, n. 195 Lisboa, Portugal
Share Capital: 6 567 843 862.91 Euros represented by 11 130 841 957 shares
NIPC: 513 204 016 I LEI: 5493009W2E2YDCXY6S81

novobanco