novobanco

RESULTS PRESENTATION
9M 2022

November 7th 2022

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: 6 304 660 637.69 Euros represented by 10 391 043 937 shares
NIPC: 513 204 016 I LEI: 5493009W2E2YDCXY6S81

AGENDA

Continuing to deliver improved profitability…

novobanco announces a net income of €428.3mn (9M21: €154.1mn; 3Q22: €161.6mn) and **RoTE[1] improving to 12.4%.**
The business performance is in line with expectations. **The results confirm continued and stable profitability** of novobanco as well as its underlying ability to consistently and organically generate capital.

Moving towards an expanding loan book with €2.9bn customer loans origination in 9M22 (+44% YoY), of which 57% in the corporate segment**. Net customer loans at €24.6bn (+€934mn YTD)** reflecting the growth of the market-leading corporate segment, as well as the mortgage loan book. **Deposits increasing by 4.6% YTD (€1.3bn)**, driven by the Retail segment.

NII was €405.9mn (-5.6% YoY), with YoY evolution reflecting the improvement of the assets average rate and, on the other side, the impact of senior debt issuance in 4Q21 and accounting of TLTRO 3 interest expense based on forward-looking ECB deposit rate. NII, reflecting amended TLTRO III, would be €7.5mn higher. Reflecting a strong performance and an improved quarterly trend, **fee income increased by +3.8% YoY**. Operating costs of €314.2mn (+2.8% YoY) given one-off costs, cost control remains in place with **Cost/Income ratio[2] at 49% on a recurrent basis.**

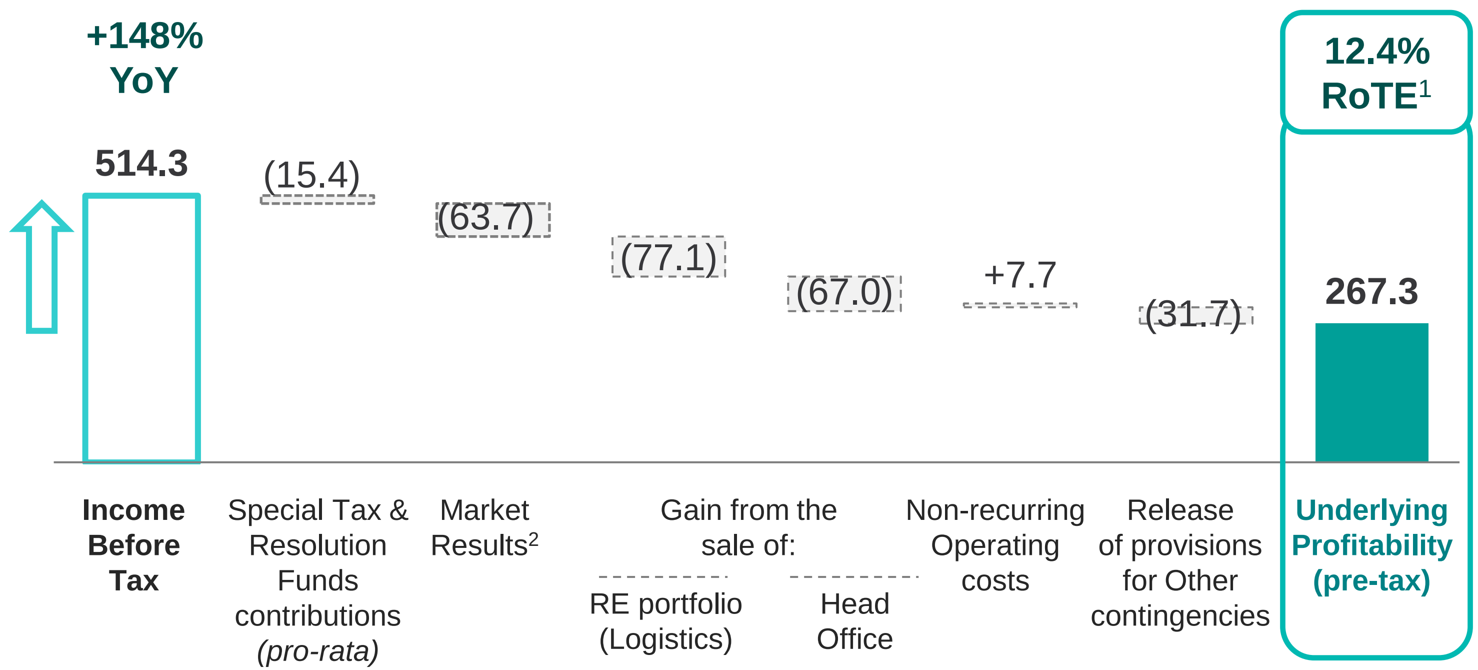
CoR of 20bps (9M21: 61bps or 40bps ex-Covid related provisions) benefiting from successful recovery of moratoria clients, resilient asset quality and contained macroeconomic impacts. **NPL ratio of 5.0%** (Dec-21: 5.7%; Dec-20: 8.9%) and a **NPL coverage at 77.2%** (Dec-21: 71.4%), given the successful ongoing de-risking strategy. **RE exposure decreasing to 1.5% of total assets** (-0.3pp YTD).

Driven by strong bottom-line profitability, **CET 1 increased 90bps in the quarter to 12.7% reaching a capital generation of 160bps YTD, fully-loaded CET 1 at 12.1% (+200bps YTD). Total capital ratio reached 14.9%** (Jun/22: 13.9%), **above the 13.5% OCR[3] requirement allowing build-up of P2G buffer.** A capital accretive business model, RWA discipline, combined with specific management action ensure early compliance with normalised post-pandemic capital requirements.

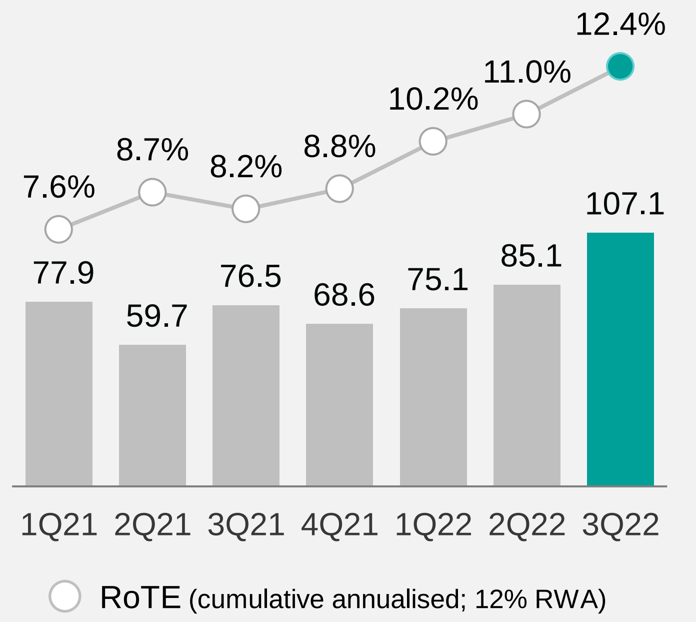
(1) Tangible Equity = average phased-in RWA x 12%; Annualized; Considers Underlying profitability pre-tax deducted by special tax on banks (€34mn on annual basis) and contributions to Resolution Funds (€40.9mn on annual basis); (2) Cost to Income defined as Operational Costs divided by Commercial Banking Income; (3) OCR – Overall Capital Requirement

…reaching RoTE of 12.4%, a further confirmation of the sustainability of its trajectory

From Income Before Tax to Underlying Profitability
(9M22; €mn)



Underlying Profitability *(€mn; pre-tax)*



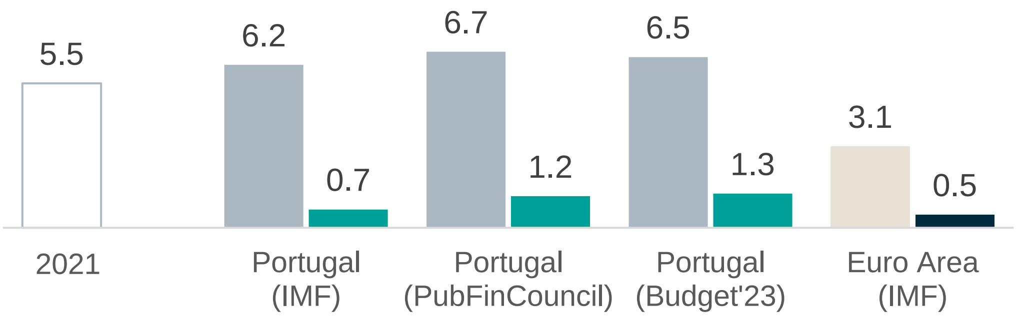
A solid business model delivering RoTE[1] of 12.4%, with further upside driven by increasing interest rates and assets repricing.

novobanco

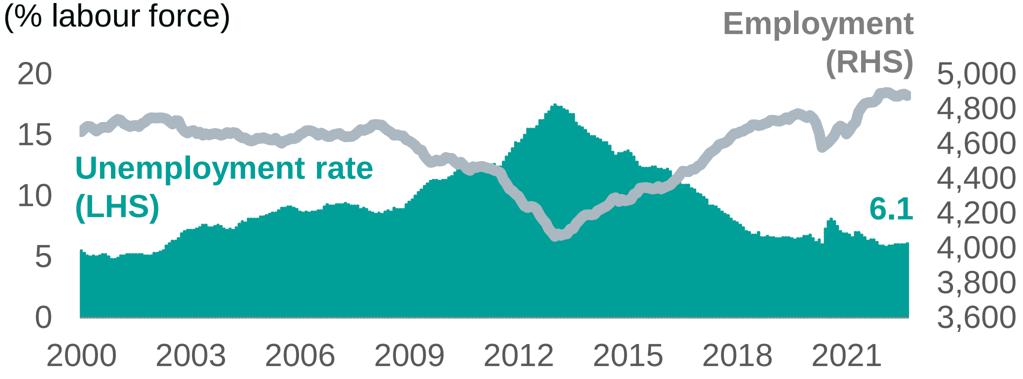
(1) Tangible Equity = average phased-in RWA x 12%; Annualized; Considers Underlying profitability pre-tax deducted by special tax on banks (€34mn on annual basis) and contributions to Resolution Funds (€40.9mn on annual basis); (2) Excludes dividends from strategic holdings

A domestic player in a market with 2022E GDP growth >6.5%, with resilient private consumption, strong recovery in tourism and rise in net exports

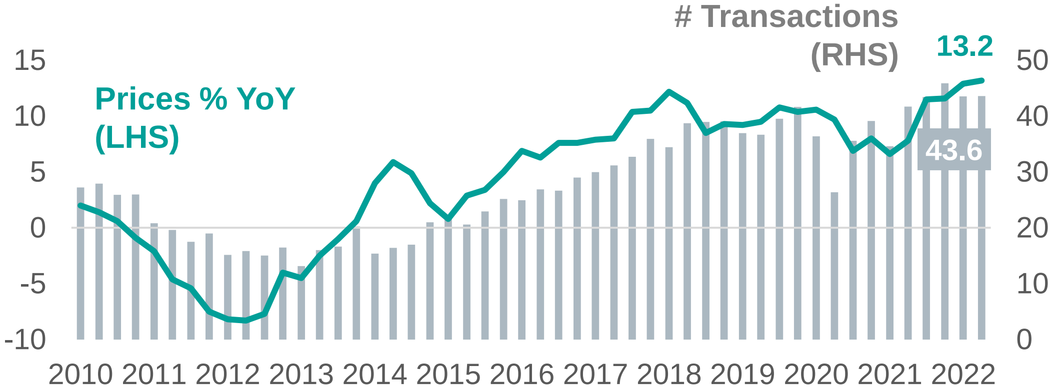
Annual GDP growth
(%)



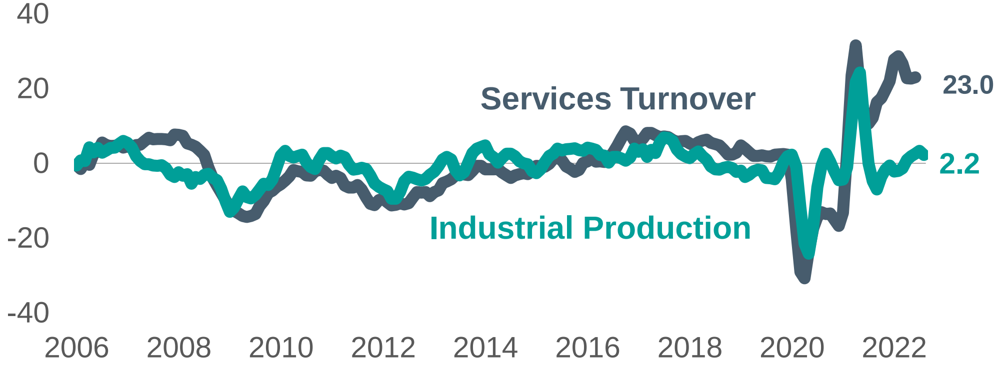
Unemployment rate
(% labour force)



INE house price index and transactions
(% YoY; # thousands)



Industrial production and services turnover
(% YoY; 3m MA)



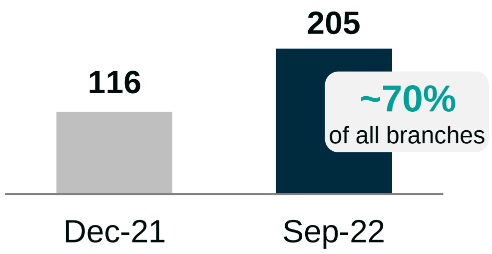
novobanco

A four-pillar strategy to maximize value for customers, maintaining profitable operations and capital efficiency

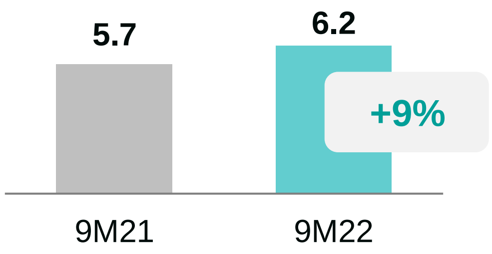
Customer-centric bank	Simple and efficient operations	Developing people and culture	Delivering sustainable performance

Mission: To serve the needs and expectations of our customers

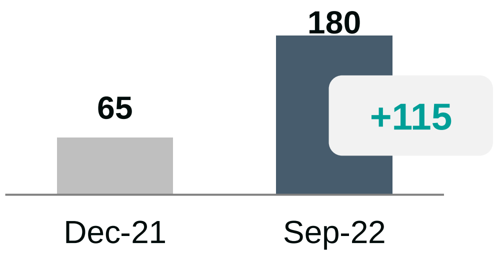
New Distribution Model
(# branches)



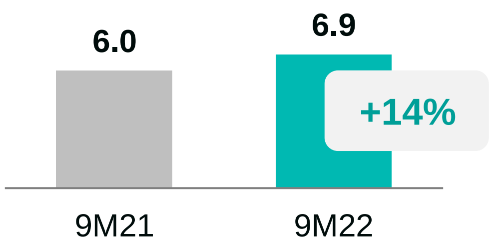
Loans per average FTE
(€million)



Virtual Teller Machines
(# branches)



Deposits per average FTE
(€million)



-27% YoY NPL Stock
Improving Asset Quality: NPL ratio 5.0%

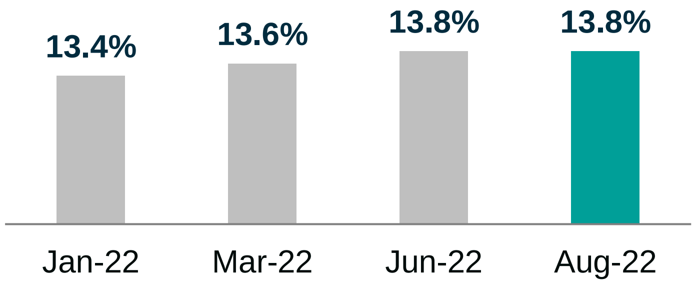
12.4%
Sustainable RoTE

12.7% CET 1
Capital accretion (+160bps YTD)

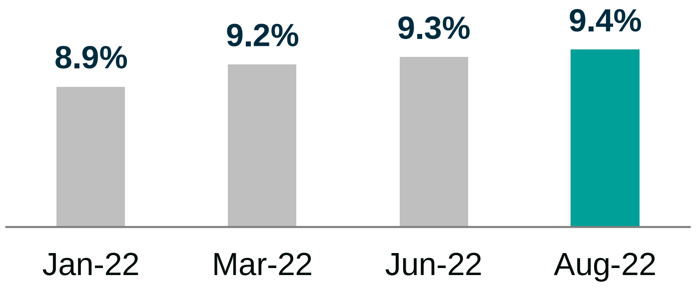
novobanco

Competing as a strong and independent Portuguese bank focused on serving the domestic market

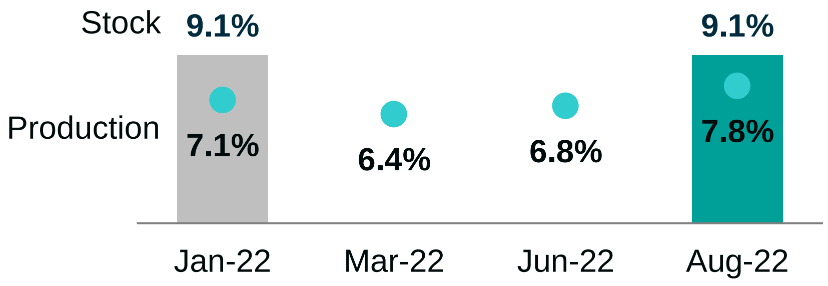
Corporate Market Share:
Stock[1]



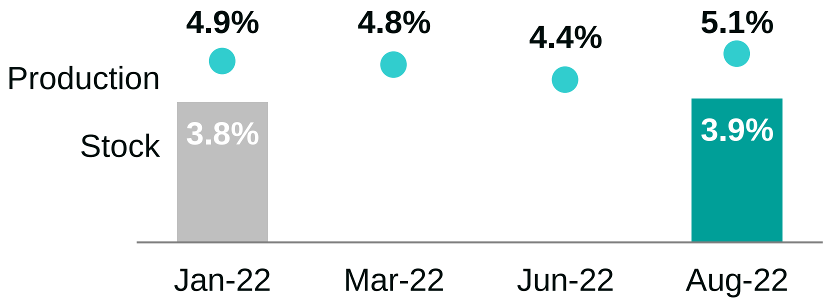
Deposits Market Share:
Stock



Mortgage Market Share
Stock and monthly Production



Consumer Market Share:
Stock and monthly Production



Leveraging **digital** and an **omnichannel approach** as drivers of **service and proximity, increasing the pace of origination and** moving towards an expanding loan book.

Being recognized by clients and the market:

Best Customer Experience:

App

Best Consumer finance lending:

Personal Finance Journey

Best SME Banking Solution:

online empresas

Source: Novo Banco analysis; Market data source: BoP for Deposits and Loans; (1) Global corporates market share, including loans, deposits and other products such as Trade finance and POS

AGENDA

Highlights

Financial Results

Income Statement

Balance Sheet

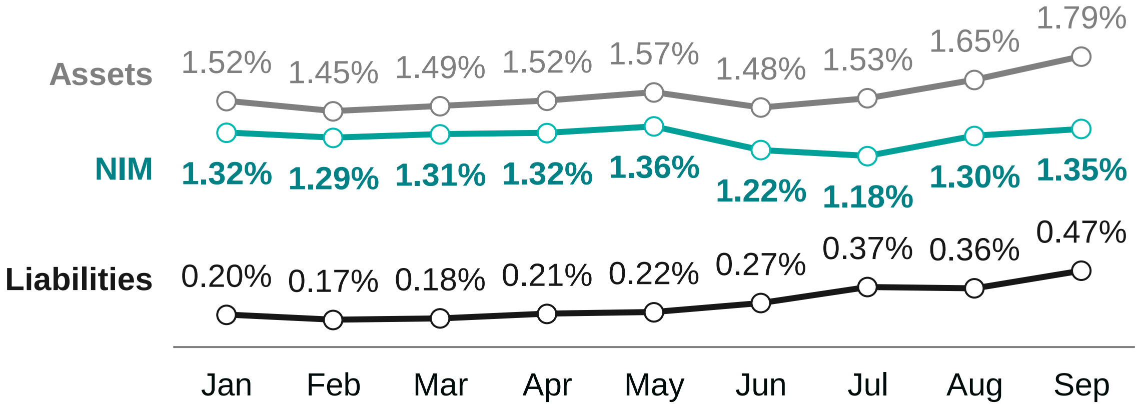
Final Remarks

Annex

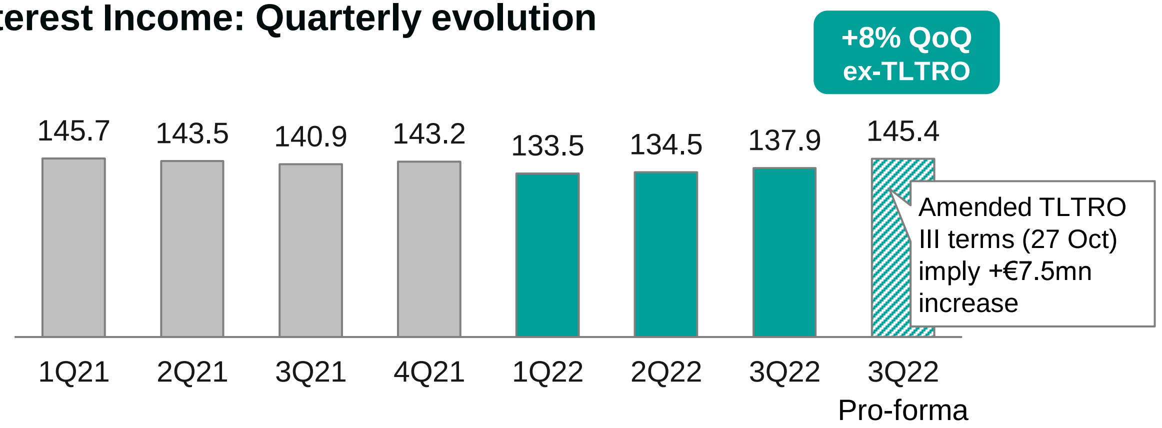
A strong 3Q performance with a positive NIM trend: higher Euribor, more than offsetting funding costs and TLTRO III phase-out

Income Statement (€mn)	1Q22	2Q22	3Q22	▲QoQ €mn
Net Interest Income	133.5	134.5	137.9	+3.4
+ Fees & Commissions	68.8	75.6	71.3	(4.3)
= Commercial Banking Income	**202.3**	**210.1**	**209.2**	**(0.9)**
+ Capital Markets Results	91.4	-5.6	-17.6	(12.0)
+ Other Operating Results	16.7	56.5	88.0	+31.5
= Banking Income	**310.4**	**261.0**	**279.6**	**+18.6**
- Operating Costs	103.6	105.1	105.5	+0.4
= Net Operating Income	**206.8**	**155.9**	**174.1**	**+18.2**
- Net Impairments & Provisions	21.8	-2.0	2.7	+4.7
= Income Before Tax	**185.0**	**157.9**	**171.4**	**+13.5**
- Corporate Income Tax	7.4	11.6	8.9	(2.7)
- Special Tax on Banks	34.1	-	-	-
= Income after Taxes	**143.5**	**146.4**	**162.5**	**+16.1**
- Non-Controlling Interests	0.9	22.3	0.9	(21.4)
= Net Income for the period	**142.7**	**124.0**	**161.6**	**+37.6**

Net Interest Margin: Monthly evolution
(€mn)



Net Interest Income: Quarterly evolution
(€mn)



novobanco

The 9M22 shows a significant improvement in profitability when compared with previous period

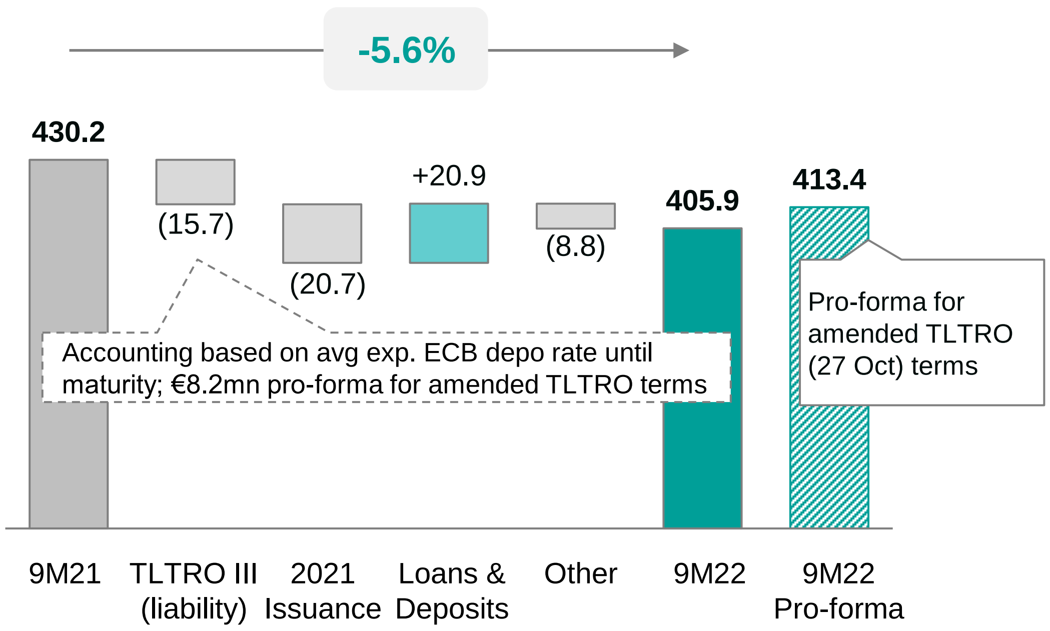
	Income Statement (€mn)	9M21	9M22	▲YoY €mn
1	Net Interest Income	430.2	405.9	(24.2)
2	+ Fees & Commissions	207.9	215.7	+7.8
	= Commercial Banking Income	**638.0**	**621.6**	**(16.4)**
	+ Capital Markets Results	33.7	68.2	+34.5
	+ Other Operating Results	1.2	161.3	+160.0
	= Banking Income	**672.9**	**851.1**	**+178.1**
3	- Operating Costs	305.7	314.2	+8.5
	= Net Operating Income	**367.2**	**536.8**	**+169.6**
4	- Net Impairments & Provisions	159.6	22.5	(137.1)
	= Income Before Tax	**207.6**	**514.3**	**+306.8**
	- Corporate Income Tax	13.0	27.8	+14.8
	- Special Tax on Banks	34.2	34.1	(0.1)
	= Income after Taxes	**160.4**	**452.4**	**+292.0**
	- Non-Controlling Interests	6.3	24.0	+17.8
	= Net Income for the period	**154.1**	**428.3**	**+274.3**

- NII at €405.9mn backed by loan book expansion and stable customer margins, set to benefit from a favorable rate environment. YoY deviation explained by senior debt issuance in 4Q21 and conservative accounting for TLTRO III interest in 3Q22, which reflected expected evolution of the ECB rates until its maturity;
- Commissions with a strong performance in payments given pick-up in business activity and revised pricing;
- Capital Markets Results positive by €68.2mn mostly due to gains from the hedging of interest rate risk. The fair value reserves decreased by €275mn;
- Other Operating Results of €161.3mn includes €77.1mn of gains from the sale of logistics assets in 2Q22 (€58.5mn net of non-controlling interests) and €71.5mn (€67.0mn net of contingencies) from the sale of the headquarters building in 3Q22, offsetting €40.9mn of contributions to resolution funds;
- Operating costs reflects the continued optimisation, investment done in the new distribution model, and the reduction of staff costs given the lower number of employees, being stable YoY on a recurring basis (€306.5mn);
- Provisions at €22.5mn reflecting the quality of the portfolio after the execution of the restructuring process (Cost of Risk was 0.20%, -41bp YoY);
- **Net Income of +€428.3mn (+€274.3mn; +178% YoY) reflecting a stable performance of commercial activities and lower credit impairments.**

1 Loan book expansion with defending rates, reaching NII of €413mn pro-forma for the amended TLTRO III terms

Net Interest Income (NII) Net Interest Margin (NIM)	9M21 Avg. Balance	9M21 Avg. Rate	9M21 Income/ Costs	9M22 Avg. Balance	9M22 Avg. Rate	9M22 Income/ Costs
€ million; %						
Customer Loans	**24,960**	**2.02%**	**383**	**25,360**	**2.07%**	**399**
Corporate loans	13,702	2.34%	244	14,116	2.36%	252
Mortgage lending	9,891	1.04%	78	9,808	1.12%	83
Consumer loans and Others	1,366	5.90%	61	1,436	5.79%	63
Money Market Placements	4,361	0.12%	4	6,240	-0.20%	-9
Securities and Other Assets	10,325	1.28%	100	9,964	1.36%	103
Interest Earning Assets & Other	**39,646**	**1.62%**	**487**	**41,564**	**1.56%**	**492**
Customer Deposits	26,512	0.20%	40	28,124	0.15%	32
Money Market Funding	10,455	-0.50%	-40	10,497	-0.23%	-18
Other Liabilities	1,014	6.70%	52	1,443	6.37%	70
Interest Bearing Liabilities & Other	**39,686**	**0.17%**	**51**	**41,564**	**0.26%**	**83**
NIM / NII[1]		**1.43%**	**430**		**1.29%**	**406**

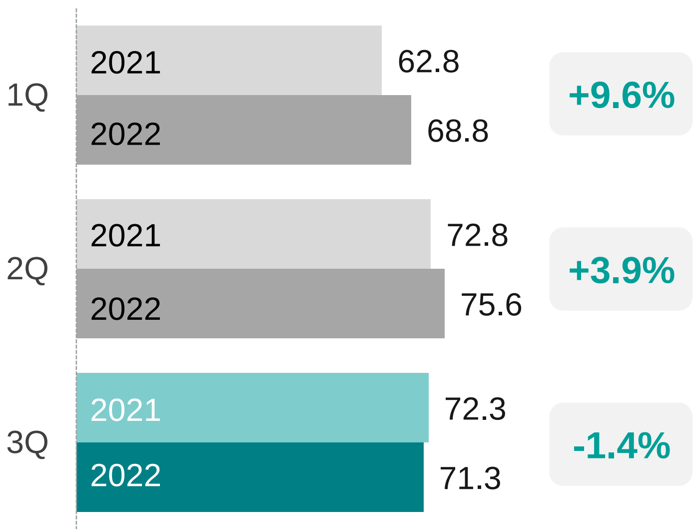
Net Interest Income
(€mn)



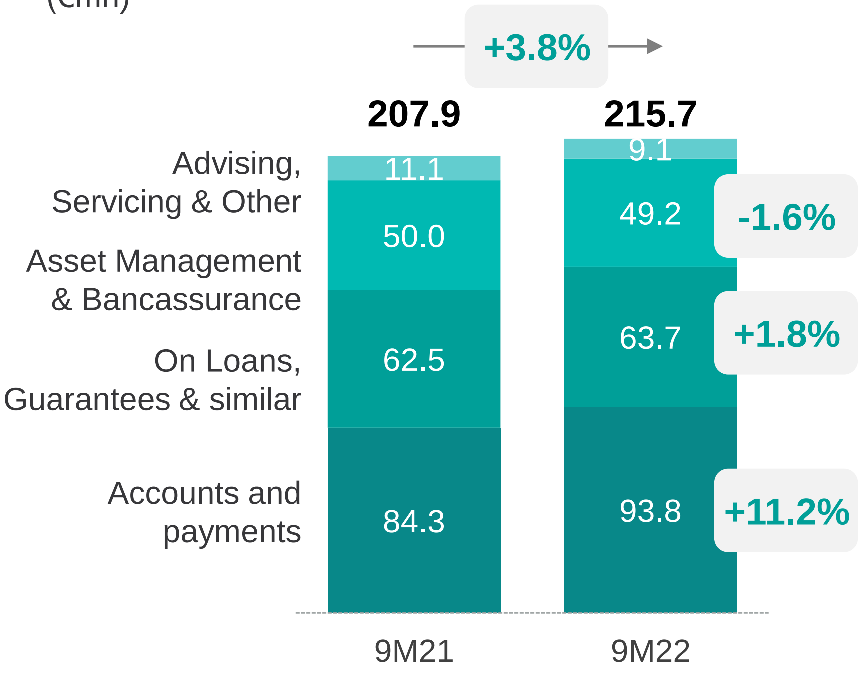
 (1) With stage 3 impairment adjustment;

2 Fees grew 3.8% YoY, driven by economic recovery and and increased transactionality

Fees: Quarterly Evolution
(€mn)



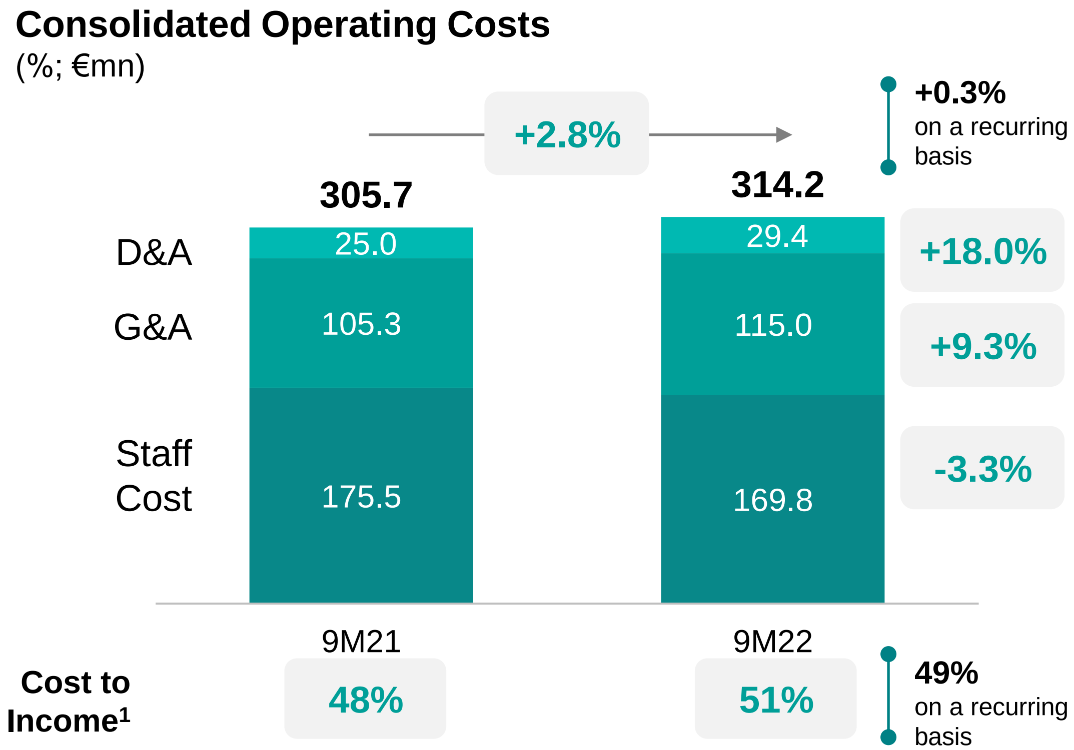
Fees: evolution per type
(€mn)

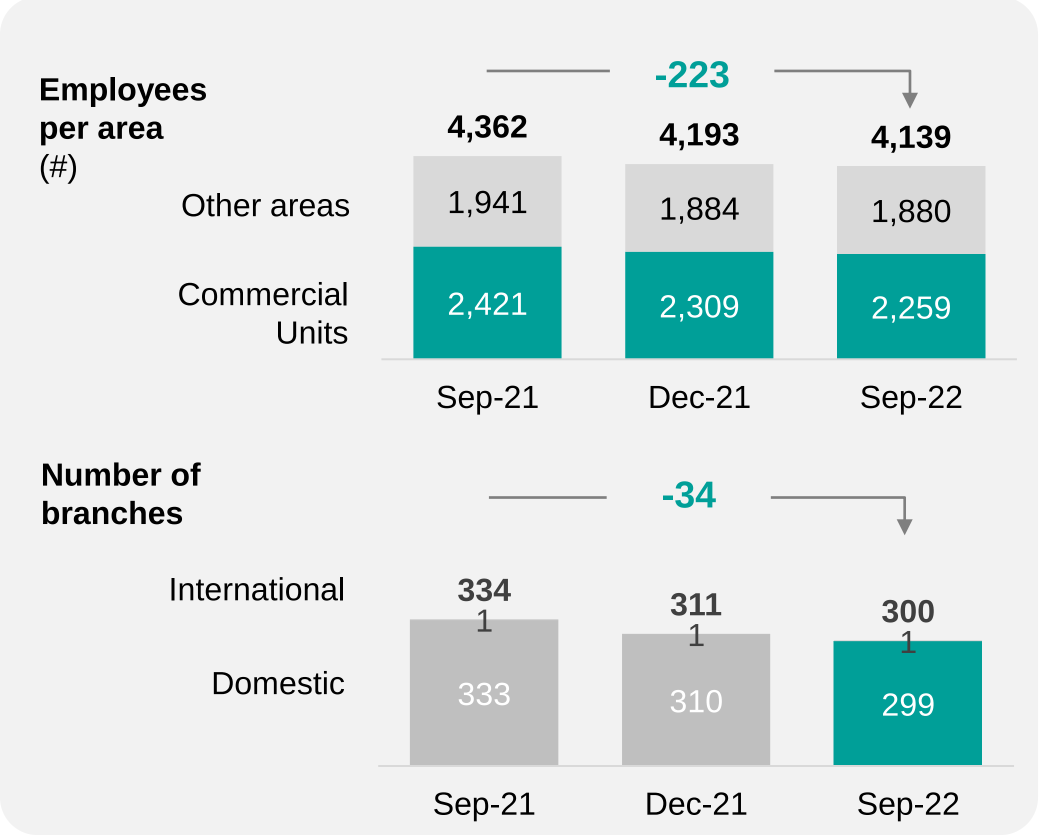


- **Asset management & bancassurance fees** (-€0.8mn; -1.6% YoY): reflecting higher fees in mutual funds, offset by lower fees in real estate funds given continued deleverage.
- **Commissions on Loans, Guarantees and similar** (+€1.1mn; +1.8% YoY): reflecting volume of guarantees and loans.
- **Accounts and Payments** (+€9.5mn; +11.2%) due to a higher volume of transactions and new pricing implemented in March for customer accounts.

Higher volume of transactions and new business are expected to drive fee income expansion.

3 Stable YoY operating costs reflecting the continued optimisation and simplification of the organisation and its processes,…



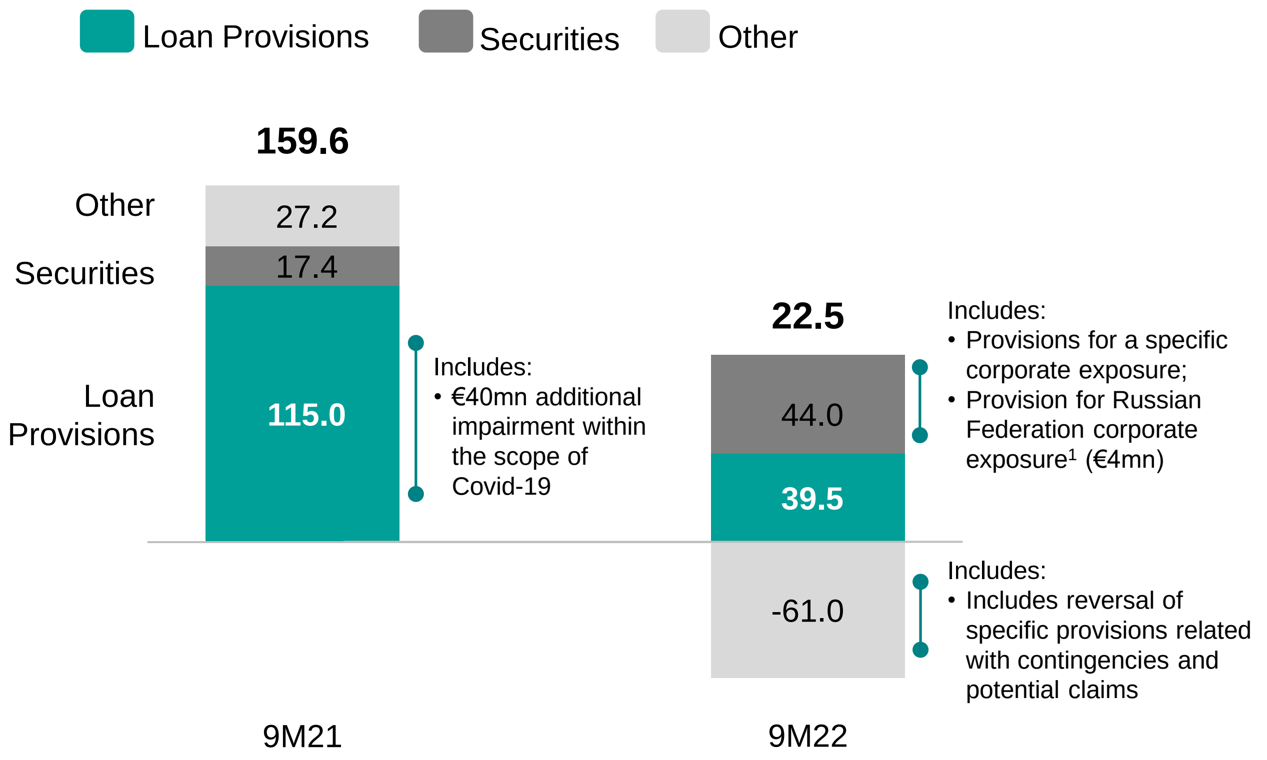


… the reduction of staff costs, and the investment done in the business and new distribution model.
On a recurring basis, operating costs increased by 0.3% (to €306.5mn).

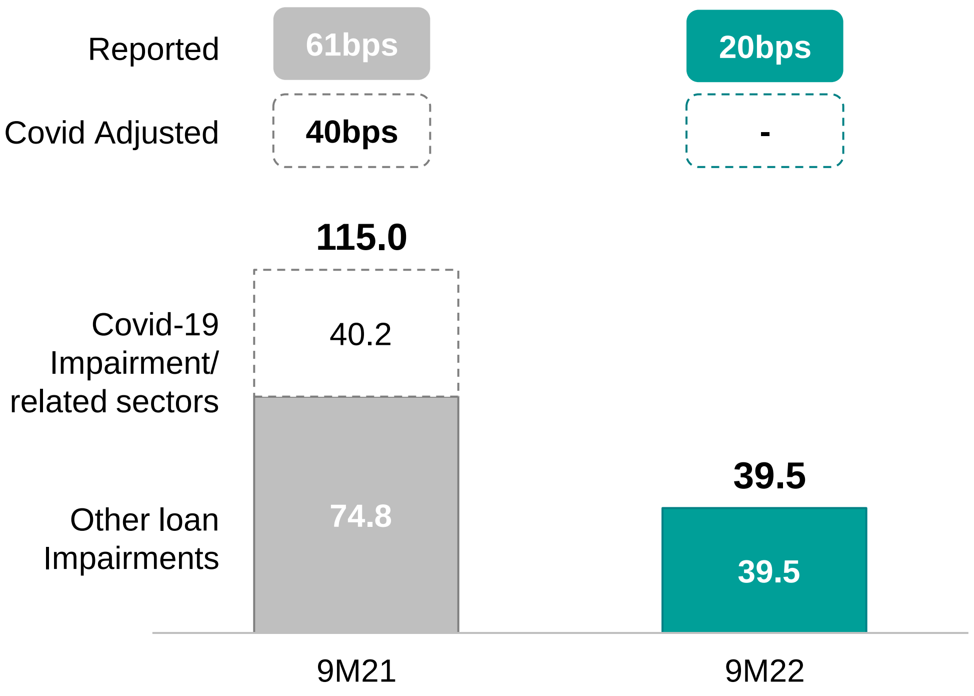
(1) Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions

4 Provisions below run-rate reflecting a benign economic environment in 9M22

Impairment and Provisions
(€mn; %)



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

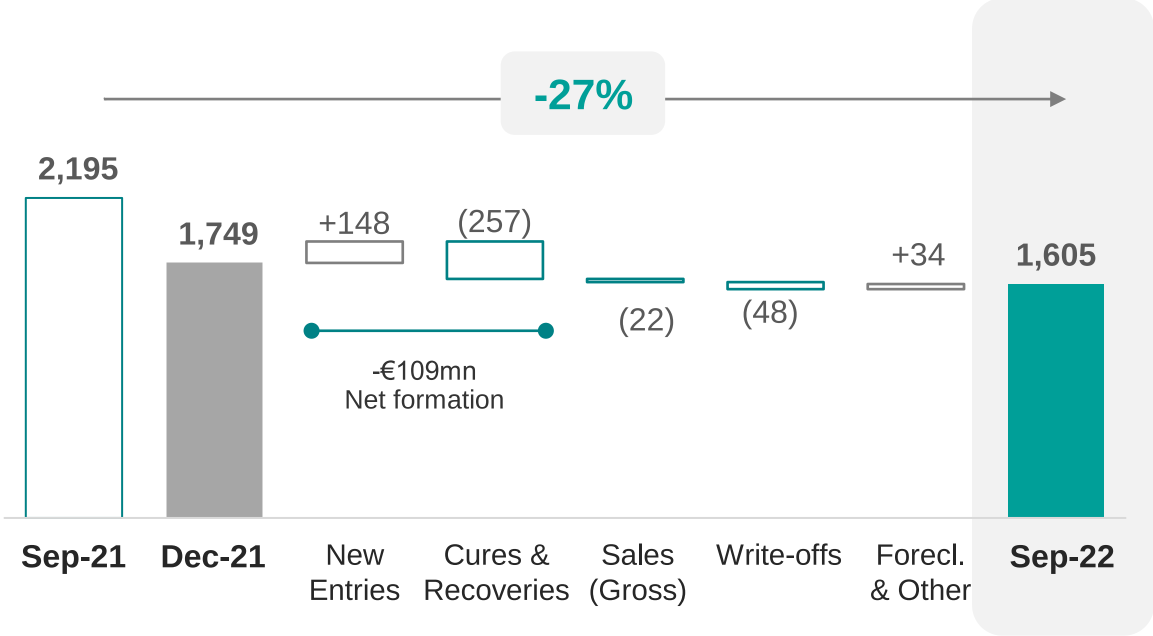


novobanco

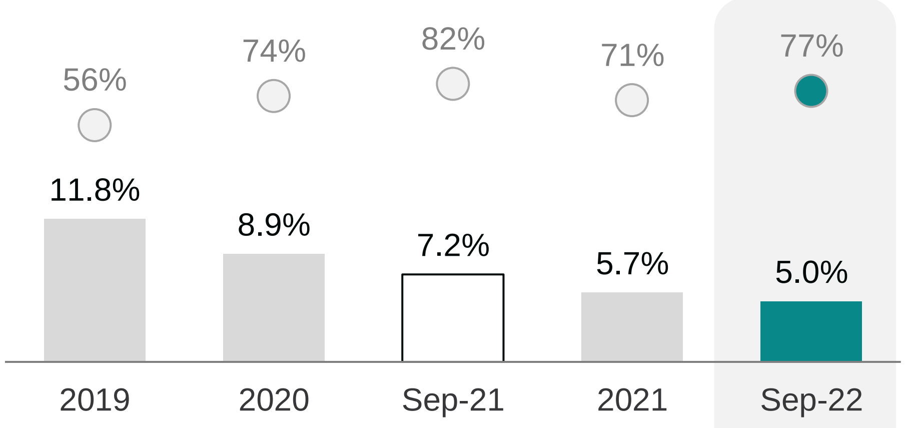
(1) As of Sep-22 total exposure to corporates from Russian Federation was €10.7mn recorded at fair value through other comprehensive income; no Russian Federation sovereign exposure.

Declining YTD NPL stock, benefiting from successful recovery of moratoria clients and contained macroeconomic impacts

Non-performing Loans Evolution
(%; €mn; Gross NPL[1])



NPL ratio & Coverage evolution[1]
(%; Consolidated reported figures)



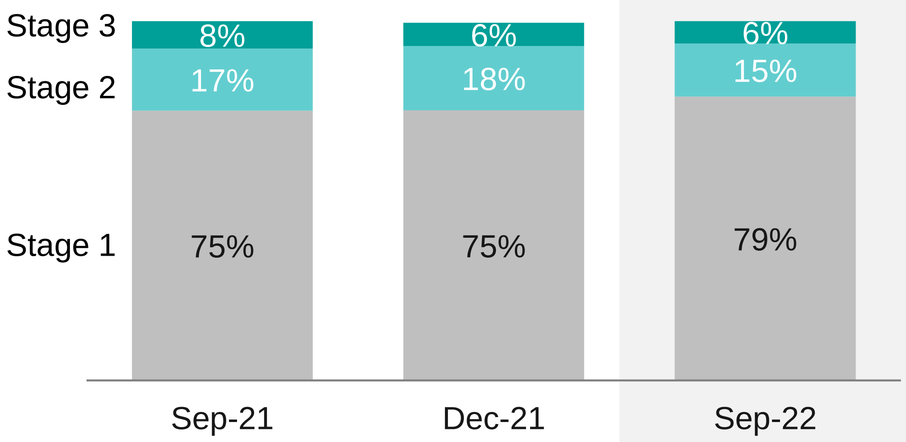
	2019	2020	Sep-21	2021	Sep-22
New Entries NPL (€mn)	388	365	108	332	148
% performing loans[2]	1.8%	1.5%	0.5%	1.4%	0.6%

YTD Net formation of NPL at -€109mn and recent NPL reduction benefitting from sale of portfolios, being capital accretive and demonstrating adequacy of NPL coverage

(1) NPL as per BdP definition (see glossary – annex for further detail); (2) average performing loans

Lower YTD stage 2 exposure mainly from debtors with moratorium concessions during 2021 reverting to stage 1

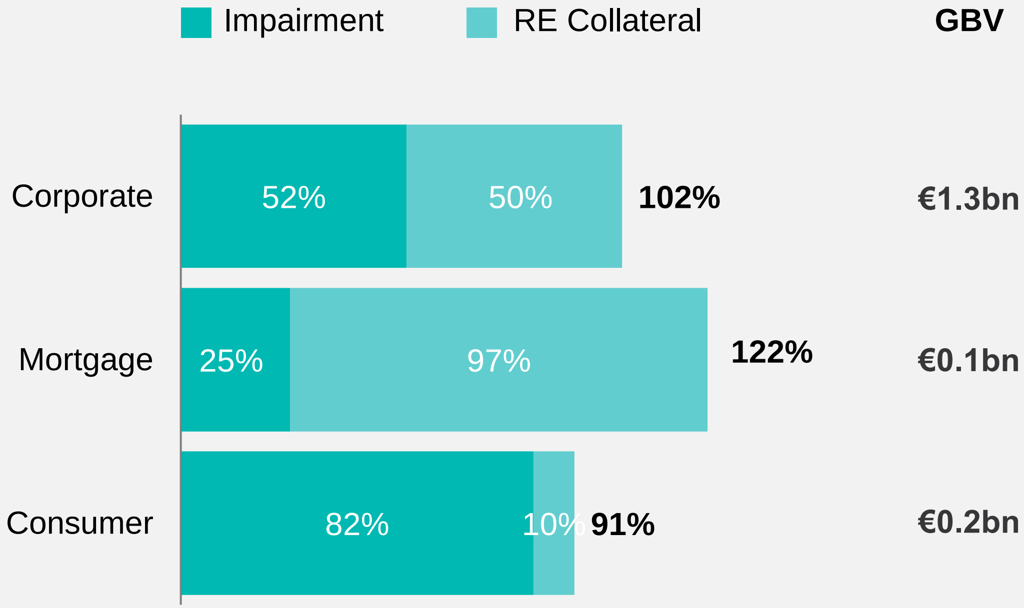
Loan Portfolio[1] by Stages



Coverage ratios[2]

	Sep-21	Dec-21	Sep-22
Stage 2	8.2%	7.3%	7.9%
Stage 3	56.7%	49.7%	54.0%

Stage[2] 3: Coverage by type



Stage 3 at €1.6bn GBV, with 54% coverage[2] by specific impairments

novobanco

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

AGENDA

Highlights

Financial Results

- Income Statement
- **Balance Sheet**

Final Remarks

Annex

Maintaining a solid Balance Sheet

Balance Sheet (€mn)

	Assets	Dec-21	Sep-22	▲YTD €mn	▲YTD %
	Loans and advances to banks	5,922	6,553	631	10.7%
1	Customer loans (net)	23,651	24,585	934	3.9%
2	Real estate	824	714	(110)	-13.4%
3	Securities	10,471	11,385	915	8.7%
	Non-current assets held for sale	9	12	3	29.3%
	Current and deferred tax assets	780	873	93	12.0%
	Other assets	2,962	2,870	(92)	-3.1%
	Total Assets	**44,619**	**46,992**	**2,373**	**5.3%**

	Liabilities & Equity	Dec-21	Sep-22	▲YTD €mn	▲YTD %
4	Customer deposits	27,315	28,582	1,267	4.6%
	Due to central banks and banks	10,745	10,532	(213)	-2.0%
	Debt securities	1,470	1,467	(3)	0.2%
	Non-current liabilities held for sale	1	2	1	86.2%
	Other liabilities	1,938	2,998	1,060	54.7%
	Total Liabilities	**41,469**	**43,581**	**2,112**	**5.1%**
5	**Equity**	**3,149**	**3,411**	**262**	**8.3%**
	Total Liabilities and Equity	**44,619**	**46,992**	**2,373**	**5.3%**

Assets

- **Net customer loans growth €0.9bn YTD** reflecting the higher pace of origination. Performing loan book €24.2bn growing +€1.1bn
- Securities increased by €0.9bn YTD, building up liquidity given the repayment of TLTRO III

Liabilities

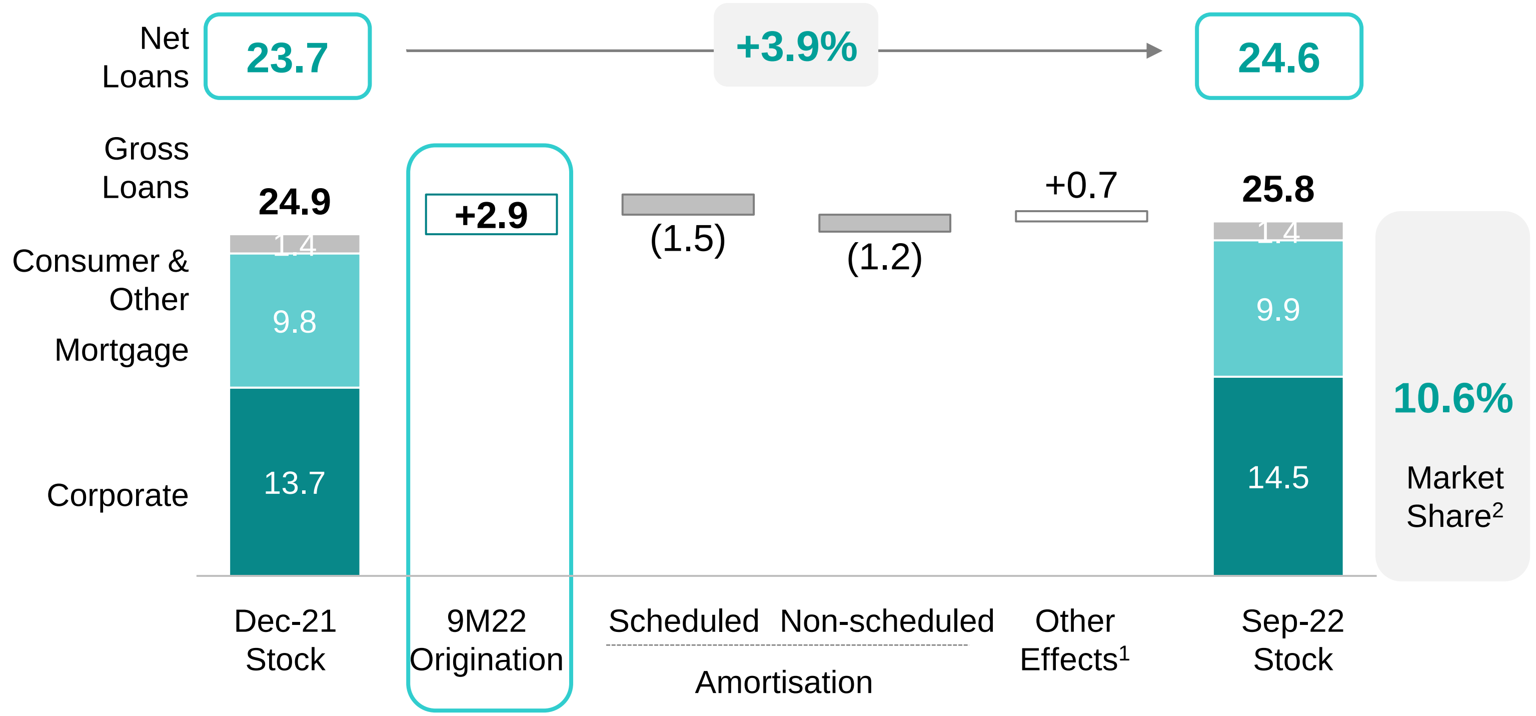
- **Customer Deposits growing €1.3bn (+4.6% YTD),** with the outperformance of the Retail segment;
- Other Liabilities change (+€1.0bn YTD) mostly due to transactions pending settlement and derivatives margin and clearing accounts

Capital & Liquidity

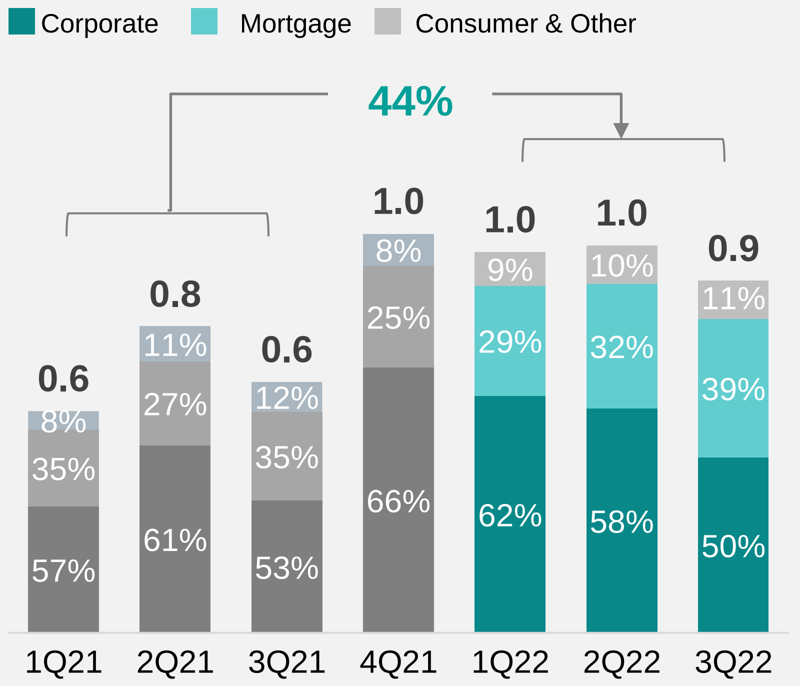
- **CET 1 ratio of 12.7%, +90bps capital generation QoQ**, from organic profitability and acceleration of balance sheet deleverage (disposal of high density RWA);
- **Comfortable liquidity position with LCR at 193% and NSFR at 108%**.

1 Moving towards expanding loan book with €2.9bn customer loans originated in the period

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



Loans to Customers: Origination
(€bn; %)

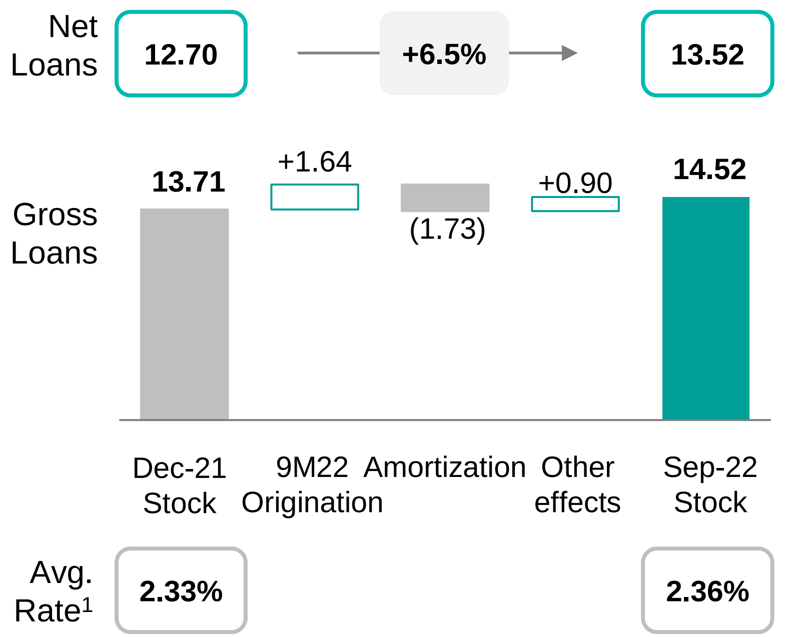


(1) Includes restructured contracts, short-term and impairment variations and other novobanco group entities; (2) Stock figure as of August 2022; sources: Banco de Portugal, APS, APFIPP

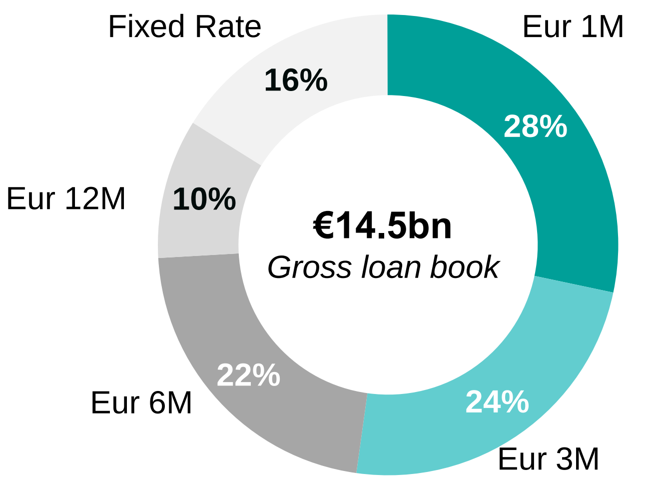
1

Net loan book growing by 3.9% YTD to €24.6bn (+€0.9bn YTD), driven by Corporate loans (+€0.8bn YTD)

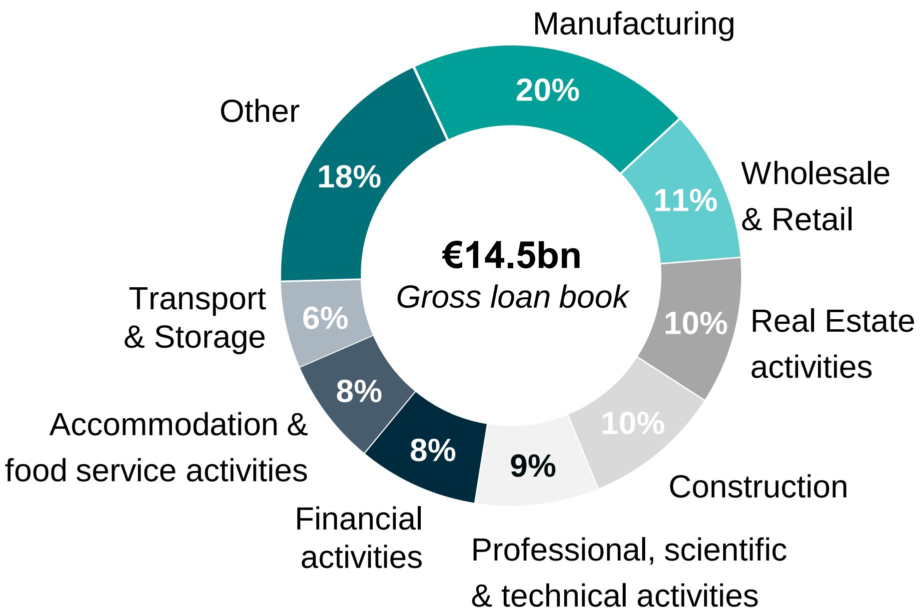
Corporate loans
(%; €bn)



Corporate loan book by Rate Type
(Sep-22; %)



Corporate loan book by Sector
(Sep-22; %)



SME representing > 65% of origination and Small business > 22%

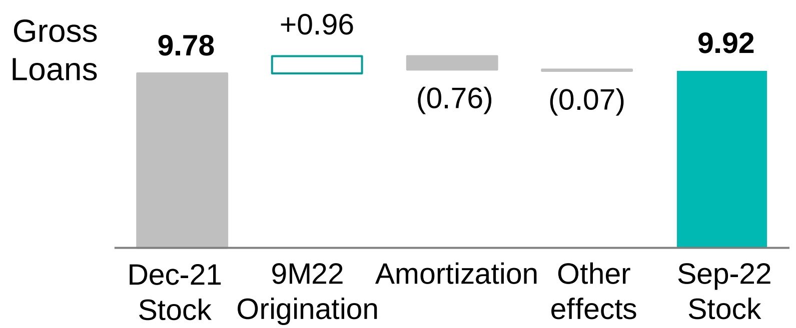
90% of the Corporate book is floating (incl. hedges), majority with Euribor 0% floor

(1) Average rate of the period;

1 Mortgage loans representing 33% of YTD origination, with average LTV[1] of 65% in the period

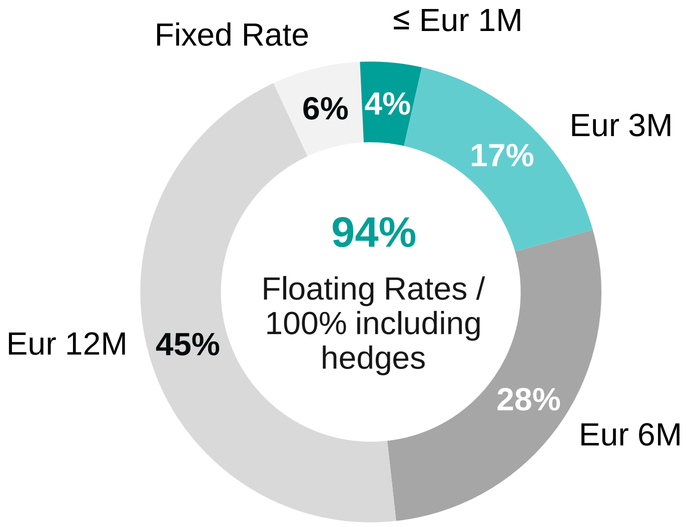
Mortgage loans
(%; €bn)

	Dec-21		Sep-22
Net Loans	9.73	+1.4%	9.87

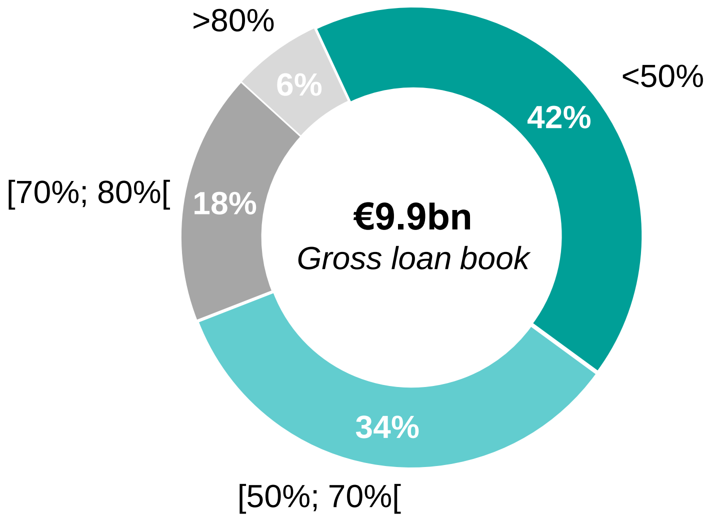


	Dec-21		Sep-22
Avg. Rate[2]	1.04%	Increase reflects repricing of reference rates (Euribor)	1.12%

Mortgage loan book by Rate Type
(Sep-22; %)



Mortgage loan book by LTV bucket
(Sep-22; %)



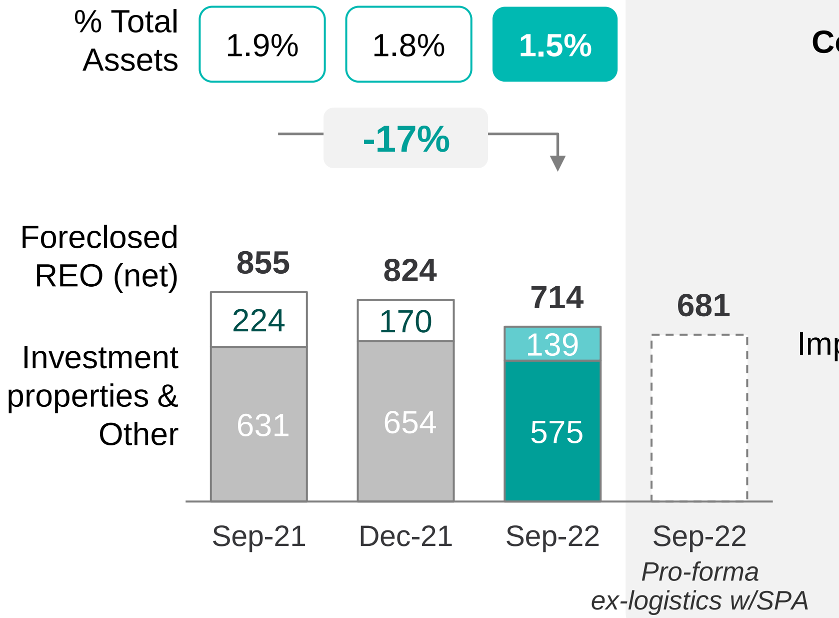
A conservative mortgage portfolio with average LTV < 50%

novobanco

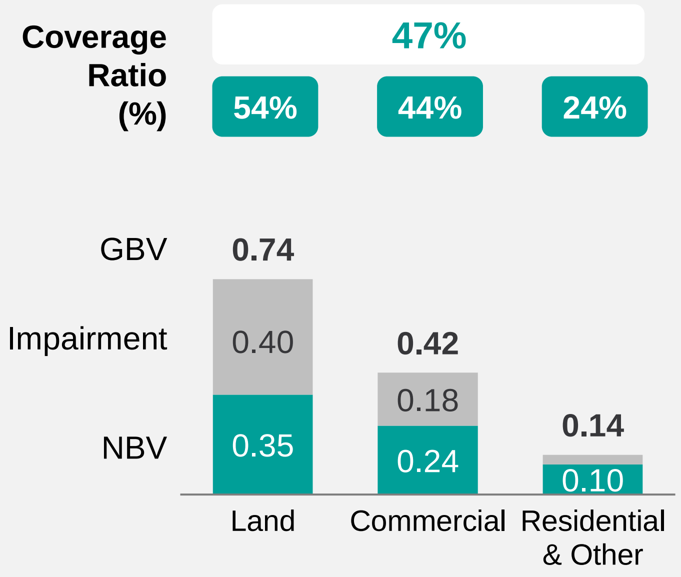
(1) September YTD data; (2) Average rate of the period;

2 Decreasing RE exposure to €714mn (-17%; due to portfolio sales), with TOP 20 assets representing 62% of the portfolio

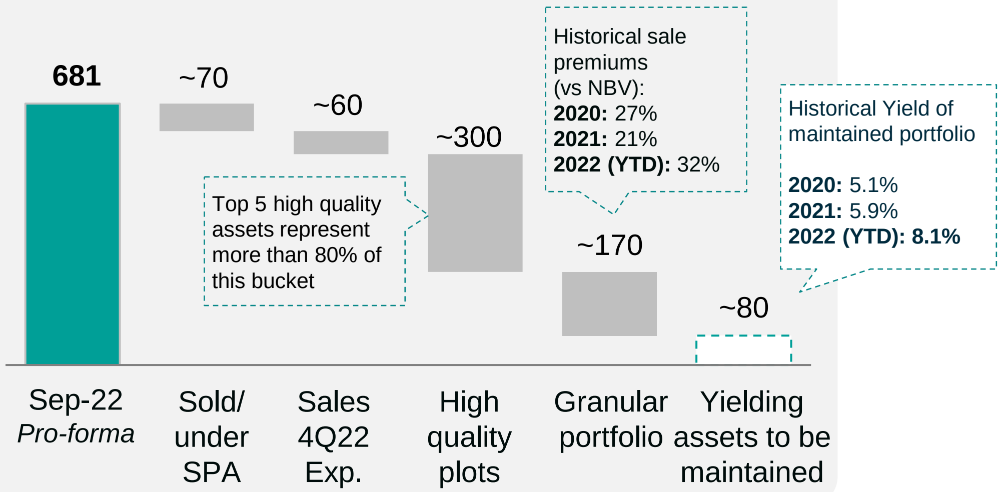
Evolution of Real Estate Exposure
(€mn NBV)



RE: Coverage by Asset Type
(Sep-22 Pro-forma; €bn;%)



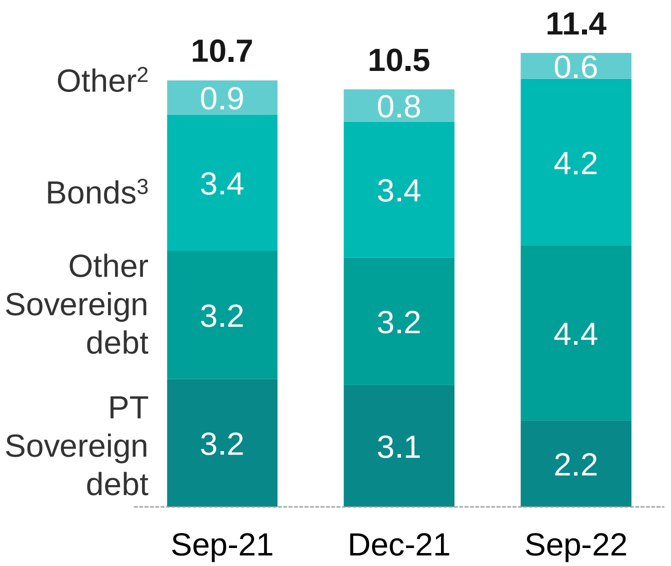
RE: breakdown
(€million;%)



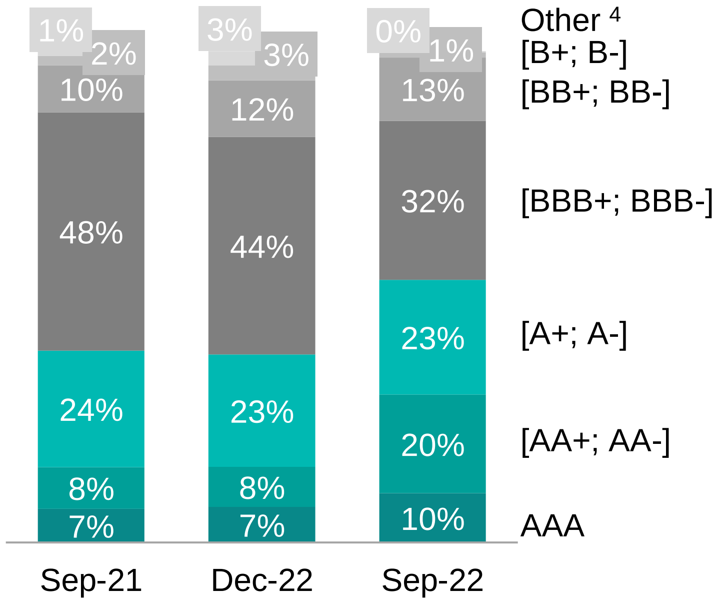
Coverage is supported by a robust appraisal policy, individual asset reviews, market pricing (bids received) and yield performance.

3 Conservative €11.4bn securities portfolio with HQLA[1] representing ~70%

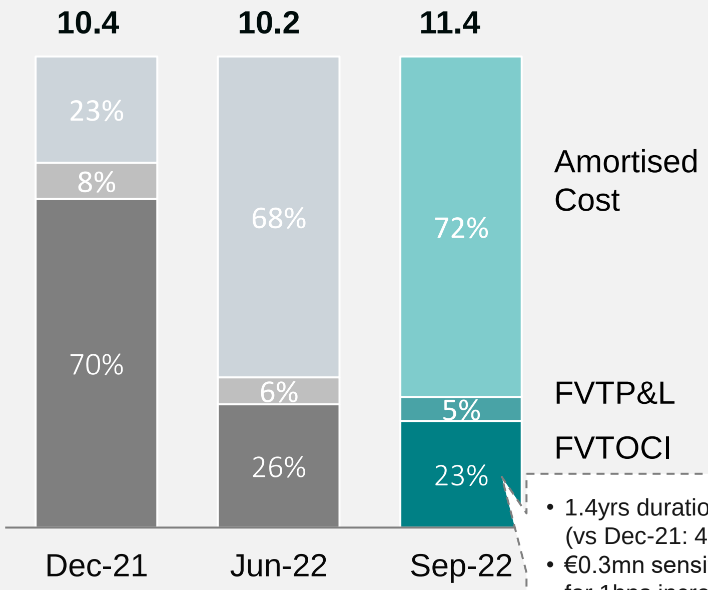
Securities Portfolio: Breakdown
(€bn)



Securities Portfolio: Ratings[4]
(€bn)



Banking Book
(excludes trading book; €bn; %)



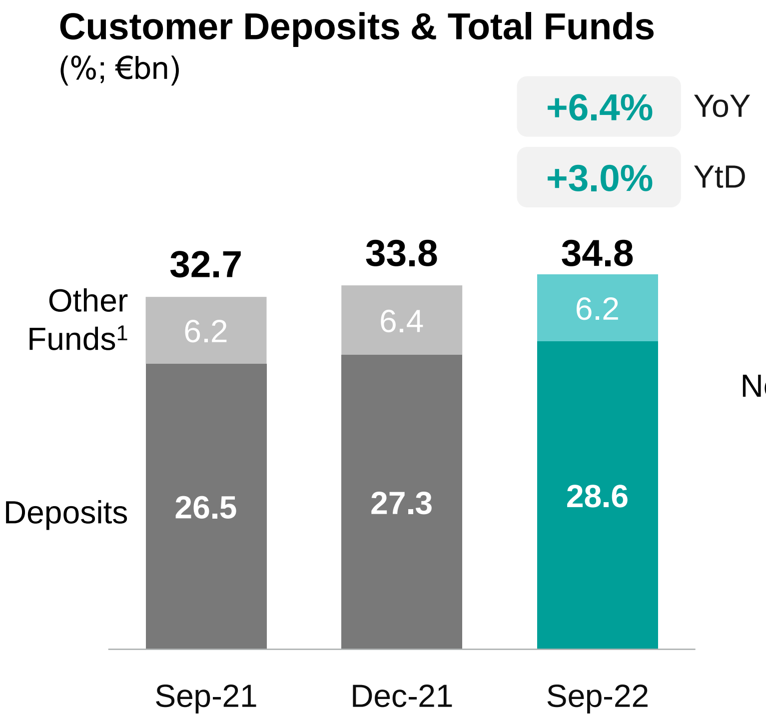
- 1.4yrs duration (vs Dec-21: 4.1yrs)
- €0.3mn sensitivity for 1bps increase in interest rates (before hedges; Dec-21: €2.8mn);

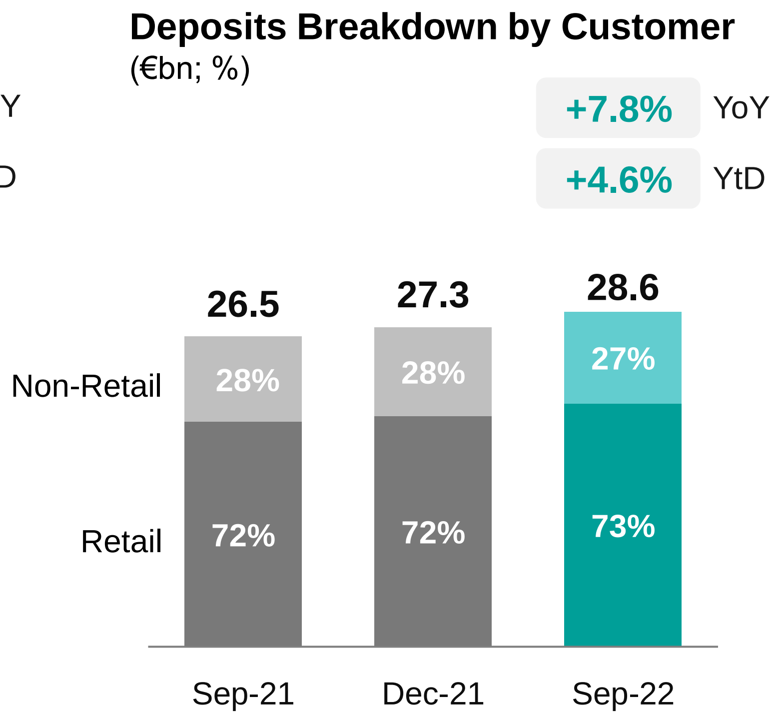
Securities portfolio increasing by €0.9bn in advance of repayments of TLTRO III facility.
Portfolio with an average yield of 1.36%, of which ~35% floating (after hedging).

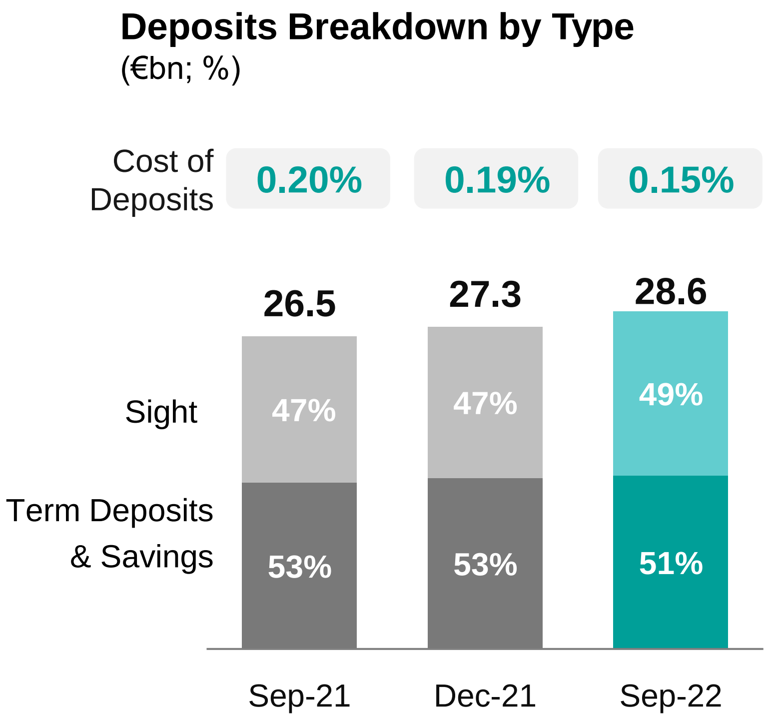
novobanco

(1) HQLA: High Quality Liquid Assets; (2) Includes Funds and Equity Holdings; (3) Includes Corporate Debt and Supra; (4) Breakdown excludes Funds and Equity Holding and Commercial Paper; Considers S&P Rating and novobanco internal rating if S&P not available; Graph includes Other of 0.4% classified by novobanco as Defaulted

4 Customer deposits +7.8% YoY and Total Funds +6.4%...





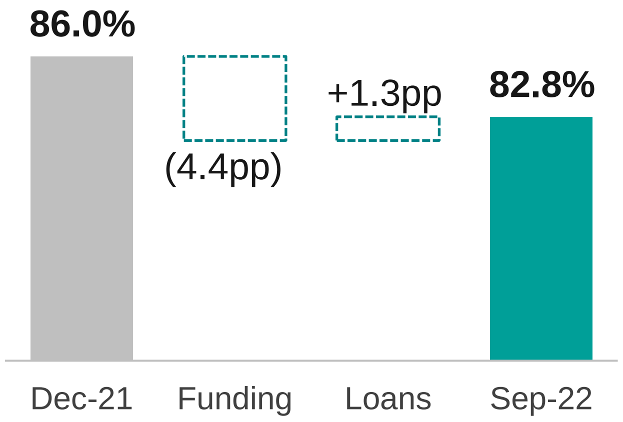


…with evolution reflecting growth of the business despite the low interest rate environment.

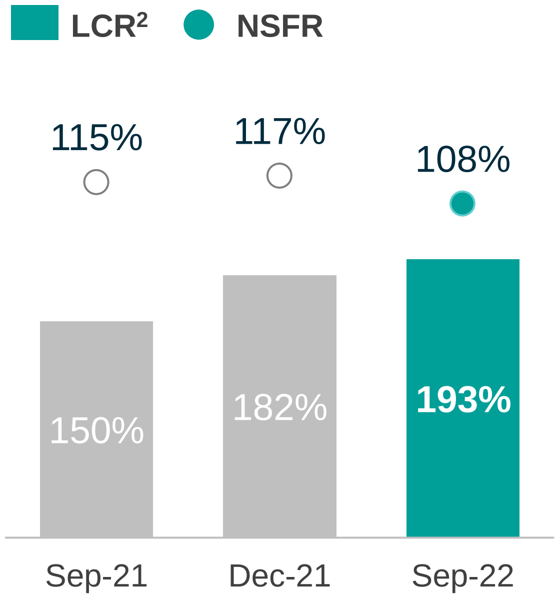
(1) Includes off-balance

Stable deposit base supporting strong liquidity position

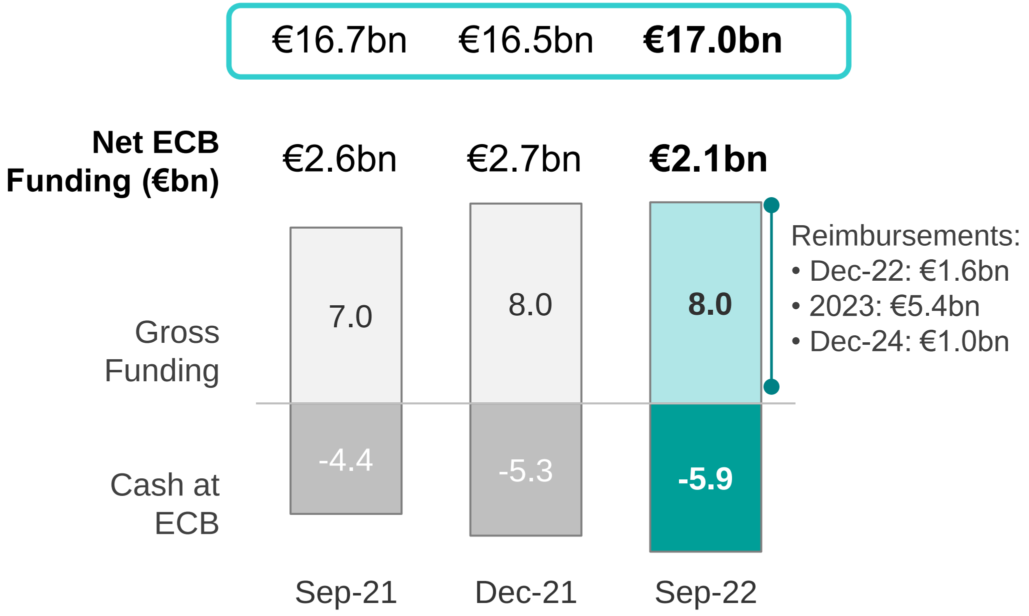
Loan to Deposit Ratio[1] (%)



Liquidity Ratios (%)



Eligible Assets at the ECB[3] (€bn)

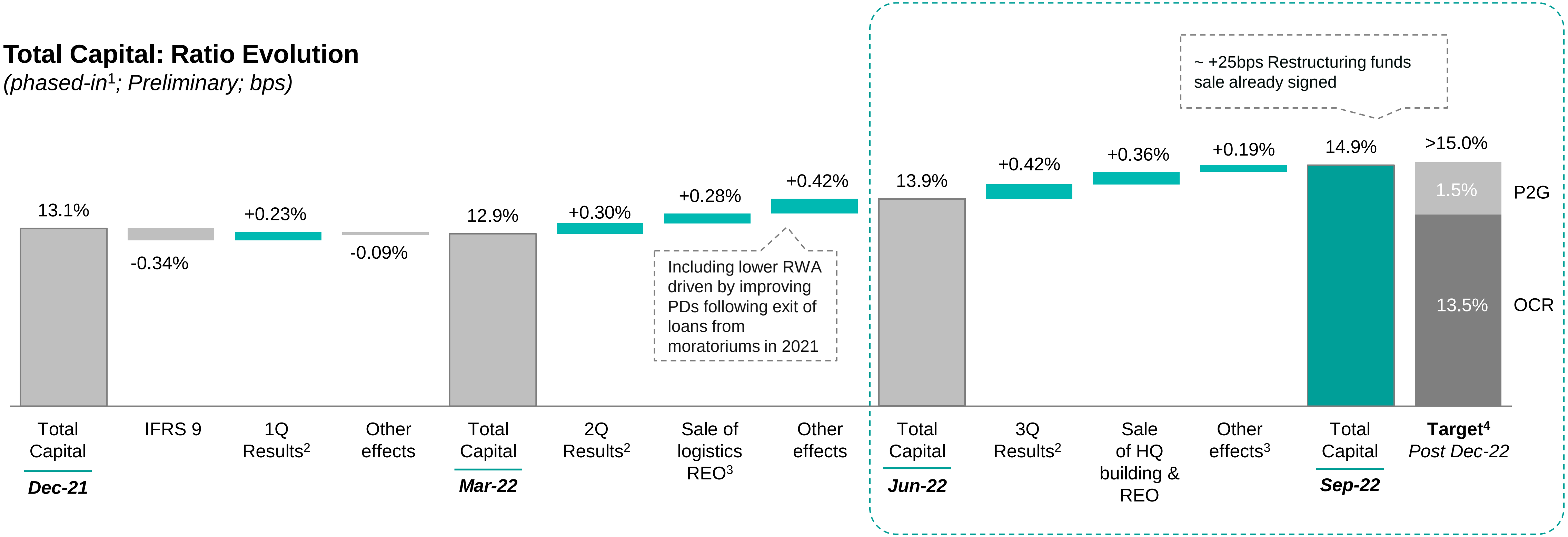


Liquidity buffer ~€13.1bn, mostly composed of highly liquid assets (~90%).

(1) LtD ratio as per BdP definition (see glossary – annex for further detail); (2) LCR stands for Liquidity Coverage Ratio; NSFR stands for Net Stable Funding Ratio; (3) Net of haircut

5 Capital increasing by 100bps in the quarter, driven by capital-accretive business model…

Total Capital: Ratio Evolution
(phased-in[1]; Preliminary; bps)



…and execution of measures to continue to comply with capital requirements going forward.
Execution of the de-risking strategy delivering Total Capital already above 13.5% OCR requirement and building P2G buffer.

novobanco

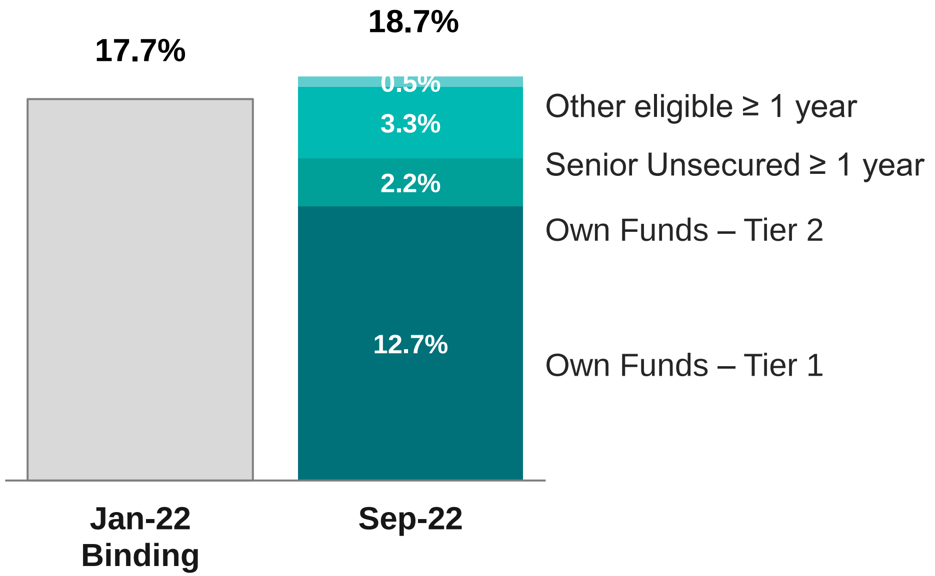
(1) Estimated; Phased-in ratios; The inclusion of positive results depends on an authorization from the ECB; (2) Excludes Markets Results, which is classified in Other effects; (3) Mainly DTA and EL; (4) On 12-Mar-20 the European Central Bank disclosed several measures that allow Banks to, until Dec-22, operate with P1 and P2R, being below the required capital level

Compliant with MREL binding target as of January 1st 2022 and to continue to build MREL going forward

MREL requirements:
(BdP notification of May 2022; %)

	Jan-22	Jan-26
TREA[1]	15.14%	23.16%
Combined Buffer	2.52%	n.a.[2]
Total	**17.66%**	**23.16% + CBR**
LRE[3]	**5.91%**	**5.91%**

MREL ratio
(% RWA; Preliminary)



Organic capital generation and acceleration of balance sheet deleverage to contribute positively to MREL evolution.

novobanco

(1) TREA - Total Risk Exposure Amount; includes 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%; (2) As of Jan-26 applicable combined buffer requirement; (3) LRE - Total Leverage Exposure

AGENDA

On track to deliver medium-term guidance with targets to be updated, by year end, to reflect current market environment

		9M21	9M22	Medium-term targets	
Customer-centric Bank	**Commercial Loan Book** (performing)	**€22.8bn**	**€24.2bn** (+4.6% YTD)	*2-3% per year*	*Expanding loan book*
	Net Interest Margin	**1.43%**	**1.32%** (pro-forma)	*[1.30 – 1.50%]*	*Set to benefit from Euribor repricing*
Simple and efficient operations	**Cost-to-income**	**48%**	**49%** (recurrent basis)	*< 45%*	*Efficient operations*
	CoR	**61bps**	**20bps**	*< 50 bps*	*Achieving moderate risk profile*
Delivering sustainable performance	**NPL ratio**	**7.3%**	**5.0%**	*< 5%*	*Converging towards EU average*
	RoTE *(pre-tax)*[1]	**8.2%**	**12.4%**	*≥ 10%*	*Delivering organic attractive returns*
Developing people and culture	**CET 1**	**10.9%**	**12.7%**	*> 12%*	*Accelerating capital generation*

(1) Tangible Equity = average phased-in RWA x 12%; Annualized; Considers Underlying profitability pre-tax deducted by special tax on banks (€34mn on annual basis) and contributions to Resolution Funds (€40.9mn on annual basis)

Final Remarks

Delivering **improved profitability with consistent profits over the last 7 quarters**, reflecting a solid performance of the top-line together with efficiency measures implemented in recent years.

Expanding the loan book with **business performance in line with expectations** for this first semester, despite the highly challenging environment.

Maintaining a clear profitability turnaround enabled by restructuring efforts over recent years, delivering organic **RoTE of 12.4%** (pre-tax).

Total Capital at 14.9%, increasing by 100bps in the quarter driven by strong bottom line profitability and specific measures to ensure compliance with normalised post-pandemic capital requirement.

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

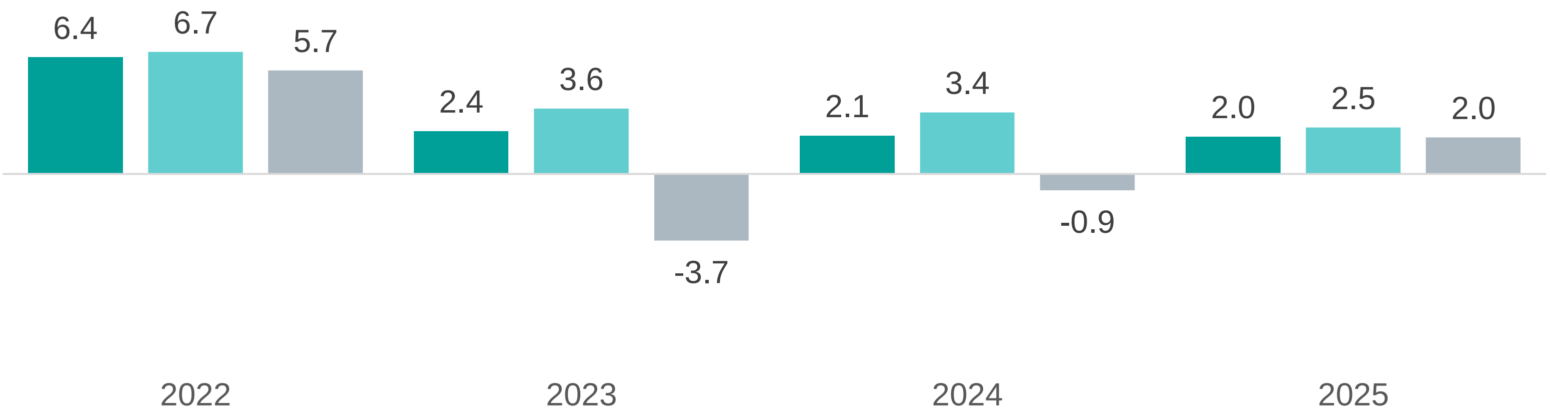
AGENDA

Implied Macroeconomic scenarios

	Unit	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
		Base Scenario				**Favourable Scenario**				**Adverse Scenario**			
GDP	Real growth %	6.4	2.4	2.1	2.0	6.7	3.6	3.4	2.5	5.7	-3.7	-0.9	2.0
Domestic Demand	Real growth %	4.5	2.1	2.0	2.0	4.6	3.9	3.2	2.5	3.7	-3.4	-0.6	1.9
CPI	%	5.9	2.6	2.0	1.7	5.9	2.1	1.8	1.7	8.7	6.6	4.3	2.4
Unemployment	% labour force	5.8	5.7	5.8	5.8	5.7	5.4	5.3	5.1	6.3	9.4	13.7	11.6
Real Estate (Residential)	%	8.3	2.5	4.8	5.0	8.3	6.9	5.7	4.9	7.1	-8.5	-10.1	-1.3
Real Estate (Commercial)	%	3.6	-0.2	1.3	1.5	3.6	3.1	2.6	2.1	3.3	-10.3	-12.2	-1.6
Euribor (annual average)													
3-month	%	0.01	1.62	2.02	2.08	0.01	1.75	2.40	2.53	0.37	3.23	4.28	3.60
6-month	%	0.28	1.75	2.04	2.10	0.28	1.88	2.42	2.55	0.64	3.34	4.27	3.55
12-month	%	0.65	1.87	2.06	2.15	0.65	2.01	2.45	2.58	2.25	4.42	4.12	2.97

GDP
(Real growth; %)

Base Scenario
Favourable Scenario
Adverse Scenario



Income Statement – Quarterly data

(€ million)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	▲ €mn YoY	▲ % YoY
Net Interest Income	145.7	143.5	140.9	143.2	133.5	134.5	137.9	(3.0)	(2%)
Fees and Commissions	62.8	72.8	72.3	74.6	68.8	75.6	71.3	(1.0)	(1%)
Commercial Banking Income	**208.5**	**216.3**	**213.2**	**217.9**	**202.3**	**210.1**	**209.2**	**(4.0)**	**(2%)**
Capital Markets Results	52.8	40.5	(59.7)	42.2	91.4	(5.6)	(17.6)	+42.1	(70%)
Other Operating Results	12.2	(41.3)	30.3	39.2	16.7	56.5	88.0	+57.7	+190%
Banking Income	**273.5**	**215.5**	**183.9**	**299.3**	**310.4**	**261.0**	**279.6**	**+95.7**	**+52%**
Operating Costs	102.7	101.4	101.6	102.6	103.6	105.1	105.5	+3.9	+4%
Staff Costs	58.7	58.9	57.9	57.8	55.7	56.1	57.9	+0.1	+0%
General and Administrative Costs	35.9	34.2	35.1	35.8	38.2	39.2	37.7	+2.6	+7%
Depreciation	8.1	8.2	8.6	9.0	9.8	9.8	9.9	+1.3	+15%
Net Operating Income	**170.8**	**114.1**	**82.3**	**196.6**	**206.8**	**155.9**	**174.1**	**+91.8**	**+112%**
Net Impairments and Provisions	61.8	27.4	70.4	**193.1**	21.8	(2.0)	2.7	(67.7)	(96%)
Credit	54.9	29.8	30.3	34.4	14.3	5.0	20.2	(10.1)	(33%)
Securities	0.9	15.1	1.4	30.4	11.1	30.6	2.4	+1.0	+70%
Other Assets and Contingencies	6.0	(17.5)	38.7	128.4	(3.6)	(37.6)	(19.9)	(58.6)	(151%)
Income before Taxes	**109.0**	**86.7**	**11.9**	**3.5**	**185.0**	**157.9**	**171.4**	**+159.5**	**+1,343%**
Corporate Income Tax	4.2	16.9	(8.1)	(28.2)	7.4	11.6	8.9	+17.0	(210%)
Special Tax on Banks	32.8	1.5	0.0	(0.1)	34.1	-	-	(0.0)	(100%)
Income after Taxes	**72.0**	**68.4**	**20.0**	**31.8**	**143.5**	**146.4**	**162.5**	**+142.5**	**+714%**
Non-Controlling Interests	1.3	1.4	3.6	1.4	0.9	22.3	0.9	(2.7)	(76%)
Net Income for the period	**70.7**	**67.0**	**16.4**	**30.4**	**142.7**	**124.0**	**161.6**	**+145.3**	**+888%**

Balance Sheet

(€ thousands)	Dec-21	Sep-22
Cash, cash balances at central banks and other demand deposits	5,871,538	1,009,724
Financial assets held for trading	377,664	181346
Financial assets mandatorily at fair value through profit or loss	799,592	577,879
Financial assets at fair value through profit or loss, or through other comprehensive income	7,220,996	2,574,653
Financial assets at amortised cost	26,039,902	38,346,080
Debt securities	2,338,697	8,218,014
Loans and advances to credit institutions	50,466	5,543,227
Loans and advances to customers	23,650,739	24,584,839
Derivatives – Hedge accounting	19,639	523,410
Fair value changes to the hedged items in portfolio hedge of interest rate risk	30,661	-366,319
Investments in subsidiaries, joint ventures and associates	94,590	123,922
Tangible assets	864,132	821,389
Tangible fixed assets	238,945	250,842
Investment properties	625,187	570,547
Intangible assets	67,986	71,034
Tax assets	779,892	873,165
Current tax assets	35,653	36,379
Deferred tax assets	744,239	836,786
Other assets	2,442,550	2,243,173
Non-current assets and disposal groups classified as held for sale	9,373	12,121
Total Assets	**44,618,515**	**46,991,577**

	Dec-21	Sep-22
Financial liabilities held for trading	306,054	125,235
Financial liabilities measured at amortised cost	40,215,994	42,137,669
Due to banks	10,745,155	10,532,385
Due to customers	27,582,093	29,377,009
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,514,153	1,511,436
Other financial liabilities	374,593	716,839
Derivatives – Hedge accounting	19,639	523,410
Provisions	442,834	373,717
Tax liabilities	15,297	10,671
Current tax liabilities	12,262	9,826
Deferred tax liabilities	3,035	845
Other liabilities	443,437	918,454
Liabilities included in disposal groups classified as held for sale	968	1,802
Total Liabilities	**41,469,044**	**43,580,786**
Capital	6,054,907	6,054,907
Other comprehensive income – accumulated	-1,045,489	-1,188,216
Retained earnings	-8,576,860	-8,577,074
Other reserves	6,501,374	6,672,719
Profit or loss attributable to parent company shareholders	184,504	428,342
Minority interests (Non-controlling interests)	31,035	20,113
Total Equity	**3,149,471**	**3,410,791**
Total Liabilities and Equity	**44,618,515**	**46,991,577**

Customer loans

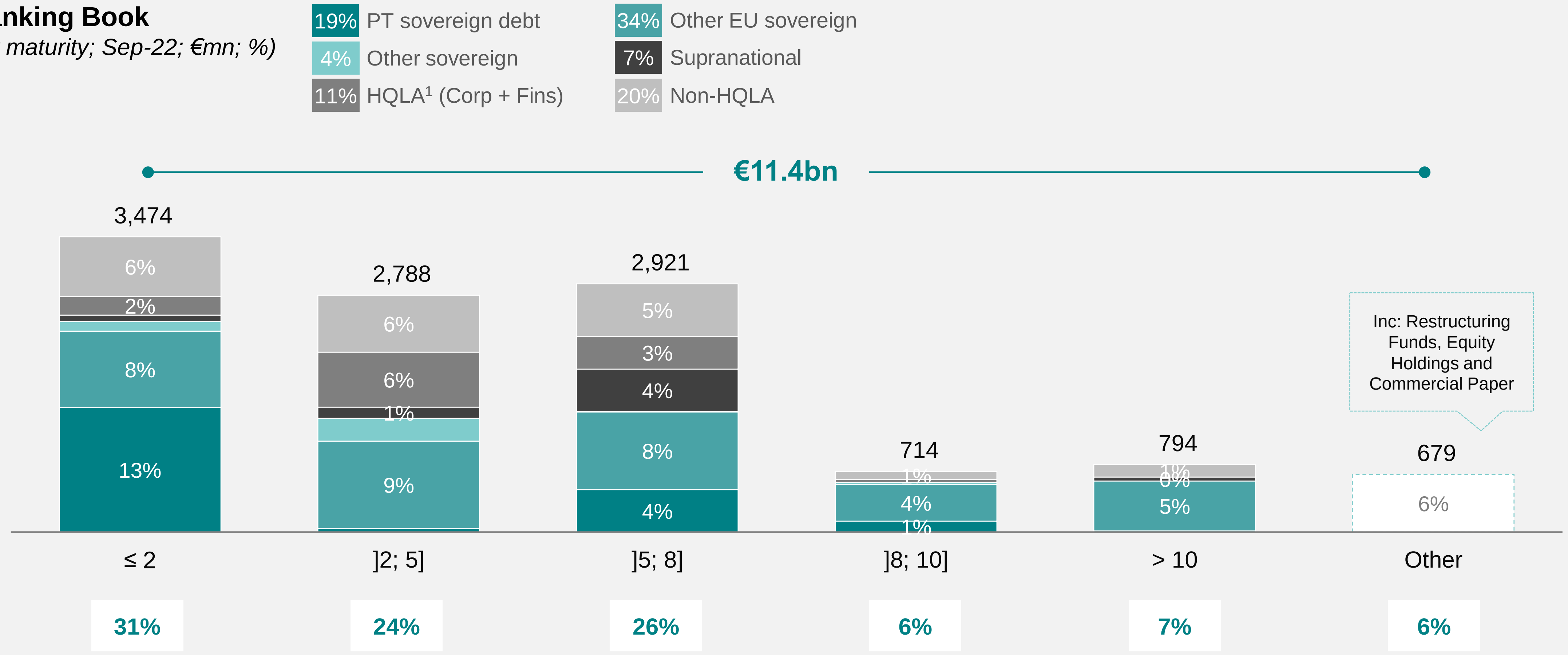
€mn	Sep-21	Dec-21	Jun-22	Sep-22	YTD ▲ Consolidated	
					€mn	%
Customer Loans (net)	**23 423**	**23 651**	**24 304**	**24 585**	934	3.9%
Customer Loans (gross)	**24 918**	**24 899**	**25 541**	**25 823**	925	3.7%
Corporate	13 673	13 710	14 268	14 524	814	5.9%
Residential Mortgage	9 847	9 782	9 833	9 918	136	1.4%
Consumer finance and other	1 398	1 406	1 440	1 381	- 25	-1.8%
Non-Performing Loans (NPL)*	**2 195**	**1 749**	**1 695**	**1 605**	- 144	-8.2%
**Impairment ** **	**1 495**	**1 248**	**1 237**	**1 238**	- 10	-0.8%
NPL Ratio*	**7.2%**	**5.7%**	**5.4%**	**5.0%**	- 0.7p.p.	
NPL coverage*	**81.5%**	**71.4%**	**73.0%**	**77.2%**	5.8p.p.	
Cost of Risk (bps)	**62**	**60**	**15**	**20**	- 40	-66.0%
Cost of Risk (bps) - Covid Adjusted	**40**	**31**	**-**	**-**	-	-

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

** Includes impairment for Customer Loans and to Banks

Investment portfolio with a duration of ~4.5 yrs

Banking Book
(by maturity; Sep-22; €mn; %)



(1) HQLA: High Quality Liquid Assets

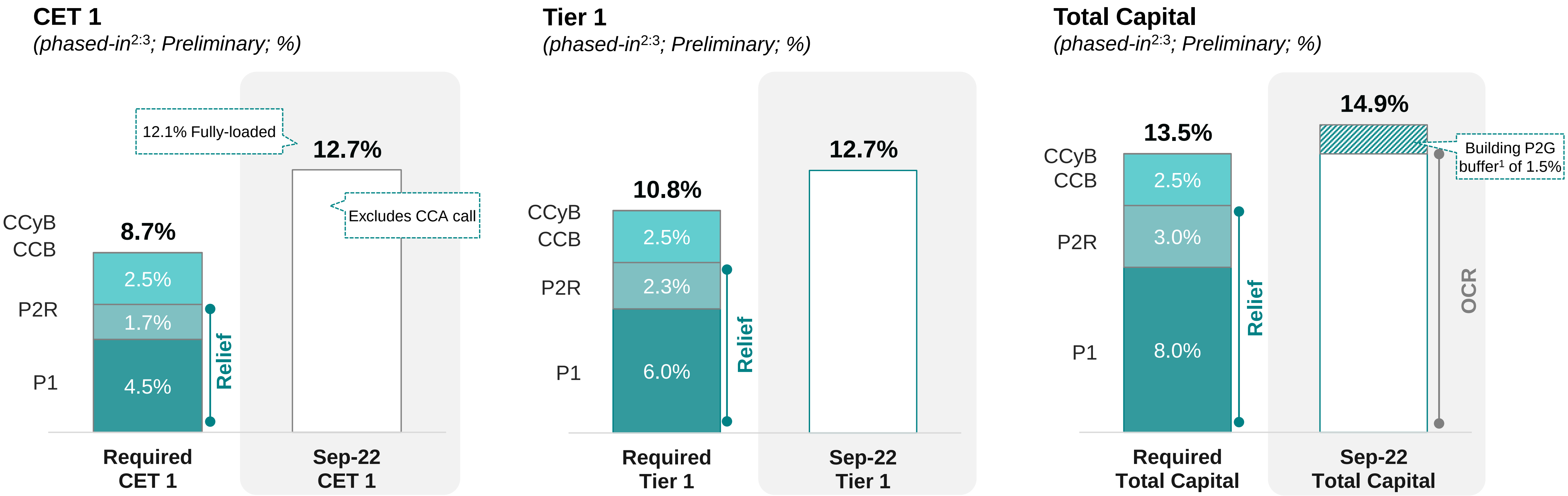
Capital ratios

mn€

CAPITAL RATIOS (CRD IV/CRR)		31-Dec-21 (Phased-in)	31-Dec-21 (Fully loaded)	31-Mar-22 (Phased-in)	31-Mar-22 (Fully loaded)	30-Jun-22 (Phased-in)	30-Jun-22 (Fully loaded)	30-Sep-22* (Phased-in)	30-Sep-22* (Fully loaded)
Risk Weighted Assets	(A)	24 929	24 689	23 761	23 622	23 058	22 914	22,848	22,695
Own Funds									
Common Equity Tier 1	(B)	2 768	2 507	2 571	2 419	2 711	2 558	2,906	2,746
Tier 1	(C)	2 769	2 509	2 572	2 420	2 712	2 559	2,908	2,747
Total Own Funds	(D)	3 276	3 016	3 076	2 925	3 214	3 061	3,409	3,248
Common Equity Tier 1 Ratio	(B/A)	11.1%	10.1%	10.8%	10.2%	11.8%	11.2%	12.7%	12.1%
Tier 1 Ratio	(C/A)	11.1%	10.1%	10.8%	10.2%	11.8%	11.2%	12.7%	12.1%
Solvency Ratio	(D/A)	13.1%	12.2%	12.9%	12.4%	13.9%	13.4%	14.9%	14.3%
Leverage Ratio		6.0%	5.4%	5.5%	5.2%	5.7%	5.4%	5.9%	5.6%

* preliminary

Execution of the de-risking strategy delivering Total Capital ratio already above 13.5% OCR requirement and building P2G buffer[1]



Organic capital generation and acceleration of balance sheet deleverage.

novobanco

(1) P2G of 1.5% applicable as of 1-Jan-23; (2) Preliminary; The inclusion of positive results depends on an authorization from the ECB; (3) 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;

Deferred Tax Assets

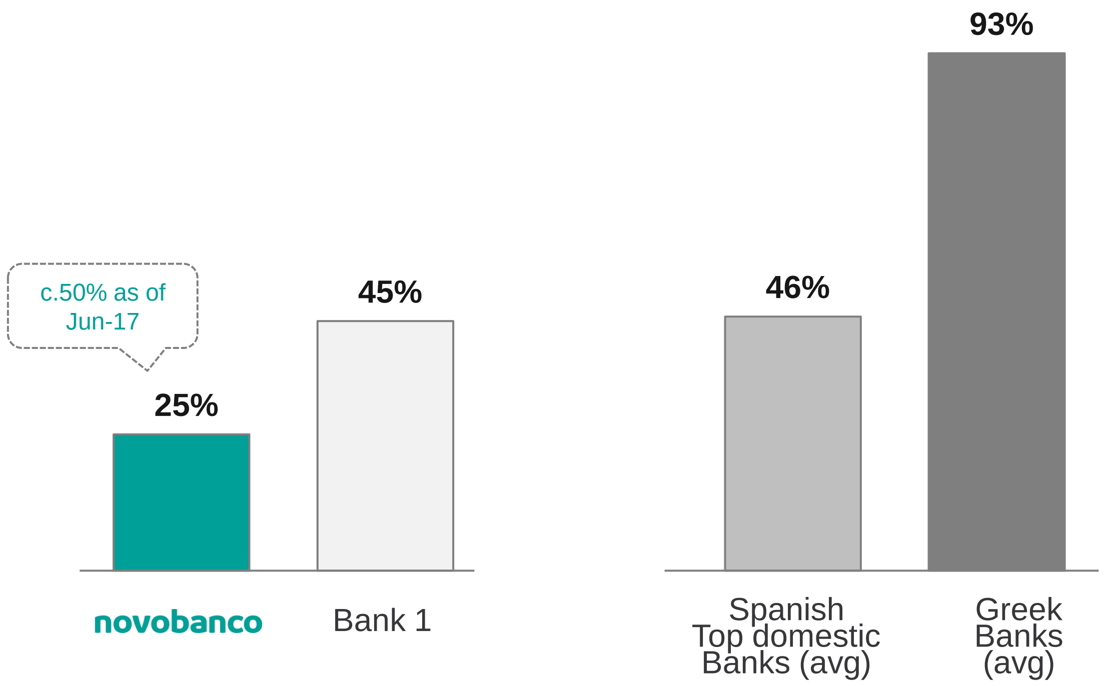
Overview of Deferred Tax Assets

(€ millions)	Dec-21	Sep-22
Timing-Difference DTAs – under Special Regime(1)	267	298
Timing-Difference DTAs – other	473	538
Total DTAs on Balance Sheet	**741**	**836**

- 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]

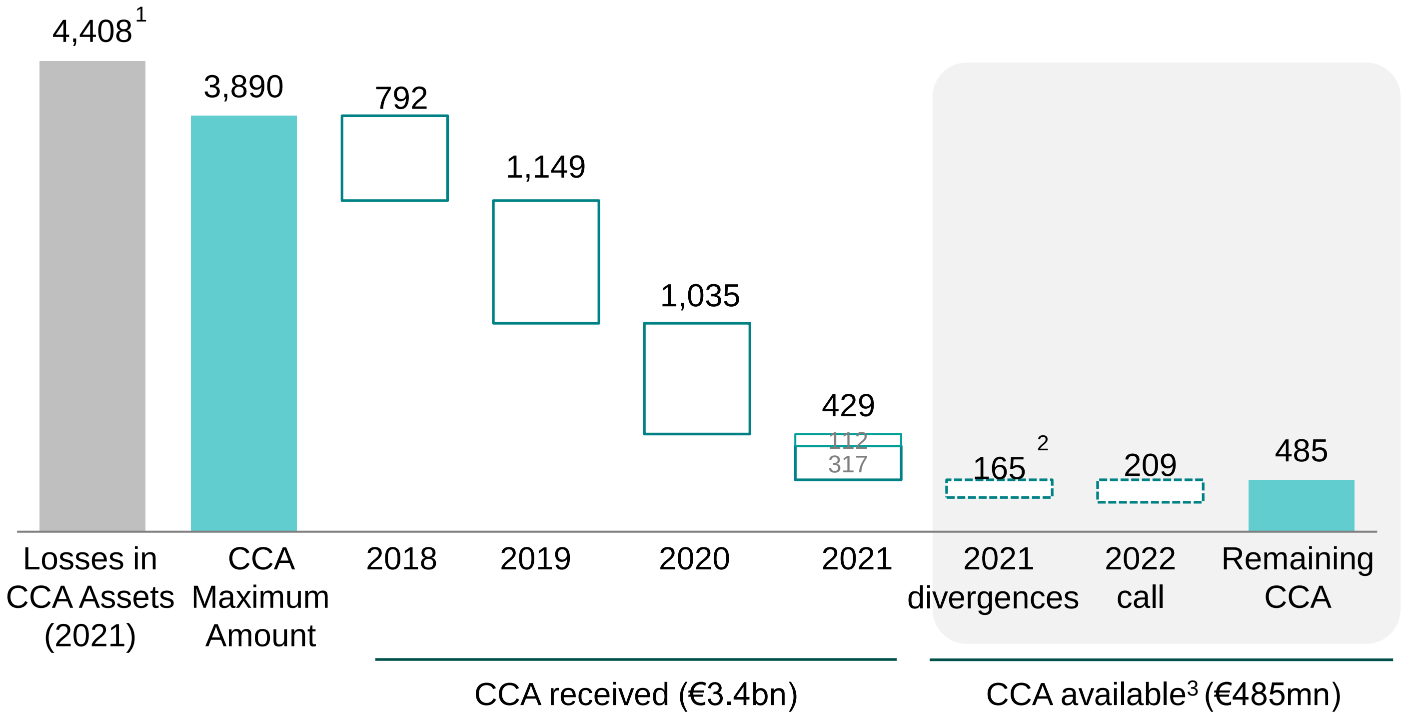
novobanco vs listed banks and average by market



(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

CCA: €485mn available

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.

novobanco

(1) The value of "Losses in CCA Assets" reported to 2021 capital call is still subject to verification by the Verification Agent; (2) Composed by €147mn related to for the discontinuation of Spanish operations and €18mn from Restructuring Funds; In addition to the €165mn divergencies from the CCA call of 2020 accounts, there is also an arbitration regarding the application of transitional arrangements for IFRS 9 dynamic approach; (3) Funds not included in Capital Ratios

ESG

Our ESG Priorities and 9M22 achievements…

Sustainable Business

€279.6mn	Green investment production[1]
-13.2%	Electricity Consumption (YoY)
~100%	Of clean electricity consumption; (no CO_2)
-10.7%	Paper consumption (YoY)
-19.4%	CO_2 emission (YoY)[2]

Social & Financial Well-being

5.8k	Hours of ESG training to employees
3.3 K	Participations in 5+ program. A program destined to physical health, mental health, well-being, balance of the employees, launched in June 22
€654.1k	Incl: donations, partnerships & specific conditions

Responsible Banking

5.9%	Gender pay-gap[3] (vs 6.0% in Jun-22)
25.0%	Of women in senior leaders' roles[4]
48.3%	Of suppliers with Sustainability scoring

Novobanco launches a Sustainability Credit Line:

- Up to €250mn to support companies in their transition to a more sustainable and low-carbon economy

- ESG Talks Conference launched on September addressing sustainability issues. CO_2 emissions resulting from all participants displacement to the conference were off set. ESG Talks Deep Dive's will continue in 4Q22;
- novobanco and novobanco dos Açores service accounts associated to social responsibility causes: i) Social - Semear Project (Sow Project); ii) Cultural - Este Espaço Que Habito (This space I Inhabit), and; iii) Environmental (Recreational Toys Recycling Project) were finished.

novobanco

Note: (1) Novo Banco S.A; Includes financing and investment in 8 sectors inherently aligned with EU Taxonomy and in Green Bonds (as labeled by Bloomberg). Does not include remaining Taxonomy eligible sectors or other ESG/Sustainable/ Social linked bonds and loans; (2) June 2022 - biannual monitoring (3) Adjusted by function; (4) includes BoD team and senior managers;

ESG

Novobanco 2024 commitments

Group novobanco	ESG	**+ 4.5 p.p.** women in senior leadership positions[11]	**- 18%** GHG emissions (scope 1 and 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)
novobanco	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)
novobanco	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

June 2022

MOODY'S	Long Term	Short Term
Baseline credit assessment (BCA)	b2	
Adjusted baseline credit assessment (BCA)	b2	
Counterparty risk rating	Ba2	NP
Counterparty risk assessment	Ba2 (cr)	NP (cr)
Deposits	Ba3 Positive Outlook	NP
Senior unsecured debt	B3 Positive Outlook	
Subordinated debt	B3	

April 2022

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

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

novobanco

Investor Relations contacts:

Maria Fontes, Head of IR

Bruno Santos

Email: investor.relations@novobanco.pt

Phone: +351 21 883 95 95

Avenida da Liberdade, 195, 9th floor

1250–142 Lisboa

9M 2022 Results Presentation