

# novobanco

**NOVO BANCO, S.A.**

*(incorporated with limited liability in Portugal)*

**€5,000,000,000**

## **Euro Medium Term Note Programme**

This supplement (the “**Supplement**”) to the Base Prospectus dated 29 August 2024 (the “**Base Prospectus**”) is prepared in connection with the €5,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by Novo Banco, S.A. (the “**Issuer**”).

This Supplement constitutes a supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”).

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Supplement nor as an endorsement of the quality of any Notes that are the subject of this Supplement and investors should make their own assessment as to the suitability of investing in the Notes.

The purpose of this Supplement is to:

- (i) update the information on the Issuer’s ratings, regulatory requirements and the Contingent Capital Agreement in the “*Risk Factors*” section;
- (ii) incorporate by reference the Group’s unaudited consolidated financial information for the nine months ended 30 September 2024;
- (iii) update the section “*Description of the Issuer and of the Group*”, including sub-section E “*Contingent Capital Agreement*” to reflect the early termination of the CCA, sub-section I “*Risk Management*” to reflect the Issuer’s minimum prudential requirements applicable in 2025, sub-section L “*Management and Supervisory Corporate Bodies*” to reflect updates to the management and supervisory corporate bodies, sub-section M “*Legal, Administrative and Arbitration Proceedings*” to reflect the early termination of the CCA, sub-section O “*Supervision and Regulation*” to reflect an update to the countercyclical capital buffer in Portugal, sub-section P “*Rating*” to reflect changes to the Issuer’s ratings and sub-section S “*Recent Developments*” to reflect recent updates of the Issuer; and
- (iv) update the section “*Taxation*” following the publication of the Portuguese Budget Law for 2025, approved by Law no. 45-A/2024, of December 31.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the Issuer’s knowledge such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme since the publication of the Base Prospectus.

## AMENDMENT TO THE “RISK FACTORS” SECTION

- (i) On page 23 of the Base Prospectus, the first paragraph of the risk factor titled “*A reduction in the Issuer’s credit ratings would increase its cost of funding and adversely affect the Group’s financial condition and results of operation*” of sub-section 1.B. “*Risks relating to the Issuer—Risks relating to the Issuer’s business*” of the “*Risk Factors*” section shall be amended and replaced with the following paragraph:

“Credit ratings affect the cost and other terms upon which the Group is able to obtain funding, including the availability of certain funding instruments. Rating agencies regularly evaluate the Issuer, and its long-term credit ratings are based on a number of factors, including its financial strength, the credit rating of Portugal and the conditions affecting the financial services industry generally and the Portuguese banking system in particular. As at 10 January 2025, the Issuer’s long-term credit ratings are the following: “Baa2” for long term senior unsecured debt with a positive outlook and “A3” for long term deposits with a positive outlook by Moody’s, “BBB” for issuer rating and long-term senior debt rating and “BBB+” for long-term deposits rating with a stable outlook by Fitch and “BBB” for issuer rating and long-term senior debt rating with a stable trend and “BBB (high)” for long-term deposits rating with a stable trend by DBRS. Despite the recent upgrades and positive outlook on the Issuer’s credit ratings (see sub-section “*S. Recent Developments*” under “*Description of the Issuer and of the Group*” for further information), there can be no assurance that the rating agencies will maintain the current ratings or outlook.”

- (ii) On pages 27 and 28 of the Base Prospectus, the risk factor titled “*The Resolution Fund may fail to make or be prevented from making payments to the Issuer*” of sub-section 1.B. “*Risks relating to the Issuer—Risks relating to the Issuer’s business*” of the “*Risk Factors*” section shall be amended and replaced in its entirety with:

### **“The Resolution Fund may fail to make or be prevented from making payments to the Issuer**

As part of the conditions of the sale of 75 per cent. of the share capital of the Issuer to Lone Star agreed in March 2017 and completed in October 2017 (the “**Lone Star Sale**”), the Portuguese resolution fund, a public law legal entity created in 2012 pursuant to RGICSF, with the goal to provide financial support to resolution measures applied by the Bank of Portugal, in its capacity as national resolution authority (the “**Resolution Fund**”) and the Issuer entered into the Contingent Capital Agreement (the “**CCA**”).

Currently there are legal proceedings filed in the Portuguese courts challenging the validity of the CCA and of the obligations of the Resolution Fund in connection with it. Any court decision that considers the CCA illegal, void or otherwise invalid, in whole or in part, or that prevents the Resolution Fund from making any payments under the CCA may have a significant effect on the Group and its financial position, including as a result of any required repayment of funds already disbursed under the CCA. For further details on proceedings relating to the sale of the Issuer, see “—*Legal and regulatory risks—Risks relating to legal proceedings—Proceedings relating to the sale of the Issuer*” and “*Description of the Issuer and of the Group—Legal, Administrative and Arbitration Proceedings—Proceedings relating to the sale of the Issuer*”.

Additionally, uncertainties remain as to the fulfilment of the obligations of the Resolution Fund and the potential liabilities to which the Resolution Fund may be subject and the indemnification mechanism established in the agreements entered into in connection with the Lone Star Sale (the “**Indemnification Mechanism**”), in the event any of the resolution measure-related litigation contingencies materialise for the Issuer and for which the Resolution Fund is considered contractually liable, this may have a significant impact on the Resolution Fund’s financial resources and ability to comply with its payment obligations, which could have a material adverse effect on the Issuer and its financial position.

There can be no assurance that the Issuer will receive all of the amounts that are or may be due in the future and/or that are or may be under dispute, regarding the Indemnification Mechanism, and that the Resolution Fund will be willing or able to make such payments.

On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025. See sub-section “*E. Contingent Capital Agreement*” under “*Description of the Issuer and of the Group*” for further information.”

- (iii) On pages 28 and 29 of the Base Prospectus, the fifth paragraph of the risk factor titled “*Risks relating to regulatory requirements*” of sub-section 1.C. “*Risks relating to the Issuer—Legal and regulatory risks*” of the “*Risk Factors*” section shall be amended and replaced with the following paragraph:

“According to Council Regulation (EU) No 1024/2013 of 15 October 2013 and based on the SREP conducted pursuant to Article 4(1)(f) of Regulation (EU) No 1024/2013 with reference date 31 December 2015, the ECB communicated to the Issuer that the Group should comply with an own funds requirement starting in 2025 of 2.70 per cent. of risk-weighted assets (“**RWAs**”) to be held in excess of the minimum own funds requirement (which represents a decrease of 15 basis points to the previous requirement), to be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. in the form of Tier 1 (defined below) capital. Additionally, the ECB also informed the Issuer that it is subject to a Pillar 2 Guidance of 1.5 per cent. of RWAs. There can be no assurance that the SREP review to be conducted in the following years will not increase the minimum own funds requirement, including as a result of past or future stress test exercises conducted by the supervisory authorities.”

- (iv) On page 29 of the Base Prospectus, the sixth paragraph of the risk factor titled “*Risks relating to regulatory requirements*” of sub-section 1.C. “*Risks relating to the Issuer—Legal and regulatory risks*” of the “*Risk Factors*” section shall be amended and replaced with the following paragraph:

“In addition, credit institutions identified as other systemically important institutions (“**O-SIIs**”) are subject to an additional buffer requirement (the “**O-SII Buffer**”). According to the Bank of Portugal’s decision, the O-SII buffer will be applicable to the Issuer subject to a phased regime for the introduction of a 0.5 per cent. O-SII Buffer as a percentage of total RWAs to start on 1 July 2024 with 50 per cent. of the buffer (0.25 per cent. of RWAs) and the buffer to apply in full from 1 July 2025 (0.50 per cent. of RWAs). Prior to this date, the O-SII Buffer was applicable to the Issuer’s indirect controlling shareholder LSF Nani Investments S.à r.l. Additionally, the Bank of Portugal has decided to implement a sectoral systemic risk buffer, which aims to increase the resilience of institutions to the materialisation of potential systemic risk in the residential real estate market in Portugal. The implementation of this buffer translates into the requirement for compliance with a sectoral systemic risk reserve of 4 per cent. on the amount of risk-weighted exposures on the retail portfolio of loans to individuals collateralised by residential properties located in Portugal, starting from 1 October 2024, which as of September 2024 was estimated to be equivalent to approximately 30 basis points of RWAs. Further, pursuant to a resolution of its board of directors dated 30 December 2024, and following a

public consultation ended on 19 November 2024, the Bank of Portugal is increasing the countercyclical capital buffer (which consists of CET1 capital) rate for banks to 0.75 per cent. of total risk exposure amount in Portugal to the non-financial private sector starting 1 January 2026. With regard to the first quarter of 2025, the Bank of Portugal's decision was to maintain the buffer rate at 0 per cent. There can be no assurance that these buffers will not increase or other buffers be introduced, increasing the minimum own funds requirements."

- (v) On page 32 of the Base Prospectus, the third paragraph of the risk factor titled "*Minimum requirement for own funds and eligible liabilities could have a material effect on the Issuer*" of sub-section 1.C. "*Risks relating to the Issuer—Legal and regulatory risks*" of the "*Risk Factors*" section shall be amended and replaced with:

"As the Issuer was previously restricted from making dividend distributions until the maturity of the CCA (the "**Dividend Ban**"), its capital ratios have significantly increased over the last few years and are currently well above its SREP requirements. On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025 and amend the articles of association accordingly. The Dividend Ban is therefore no longer in place. The Issuer is currently complying with its MREL requirements with an unusually high contribution from own funds. Subject to regulatory approval, the Issuer is expected to normalise its capital structure and make dividend distributions/reduce capital. Before making such distributions/reduction, the Issuer is expected to pre-fund a reduction of CET1 through additional benchmark size MREL issuances."

#### **AMENDMENT TO THE "DOCUMENTS INCORPORATED BY REFERENCE" SECTION**

On page 50 of the Base Prospectus under the "*Documents Incorporated by Reference*" section, the following shall be added as a new item 7 to the first paragraph:

- "(7) an English translation of the unaudited consolidated financial information of the Group for the nine months ended 30 September 2024 on pages 3 to 19 (inclusive) and the two tables on page 20 of the Group's press release dated 31 October 2024 (which can be viewed online at [https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2024/press/Novobanco\\_9M2024\\_Results.pdf.coredownload.inline.pdf](https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2024/press/Novobanco_9M2024_Results.pdf.coredownload.inline.pdf)),"

#### **AMENDMENT TO THE "DESCRIPTION OF THE ISSUER AND OF THE GROUP" SECTION**

- (i) Following the termination of the CCA (see (ii) below), the Monitoring Committee has been dissolved. All references to the "Monitoring Committee" and any related description in the section "*Description of the Issuer and of the Group*" shall be construed accordingly.
- (ii) On pages 94 and 95 of the Base Prospectus, the sub-section "*E. Contingent Capital Agreement*" shall be amended and replaced in its entirety with:

##### **"E. CONTINGENT CAPITAL AGREEMENT**

The CCA was entered into on 18 October 2017 by the Resolution Fund and the Issuer as part of the conditions of the Lone Star Sale. Under the CCA, in case (i) the Group's capital ratios decreased below the Minimum Capital Condition (as defined below) and (ii) losses were recorded in relation to the CCA Assets (as defined below) or other CCA covered losses (the "**CCA Losses**"), the Resolution Fund had undertaken, up to an aggregate maximum amount of €3,890 million, to make payments to the

Issuer corresponding to the lower of the CCA Losses and the amount needed to restore the capital ratios to the Minimum Capital Condition, until 31 December 2025 (the “**CCA Maturity Date**”), which date could have been extended until 31 December 2026 under certain conditions as mentioned further below in this section.

The “**CCA Assets**” comprised of a pre-defined portfolio of assets which had an initial book value net of impairment, as of 30 June 2016, of approximately €7.9 billion, which included €5.9 billion of loans to customers, €1.1 billion of restructuring funds, €0.1 billion of securities and €0.8 billion of other assets. As at 31 December 2023, the CCA Assets had a net book value of €0.9 billion (31 December 2022: €1.1 billion), which included €0.4 billion of loans (31 December 2022: €0.6 billion), of which 45 per cent. were NPLs (31 December 2022: 45 per cent.), €0.2 billion of restructuring funds (31 December 2022: €0.2 billion) and €0.3 billion of other assets (31 December 2022: €0.4 billion). In addition, CCA Assets also included undrawn exposures relating to guarantees, committed credit lines and other commitments, which amounted to €1.3 billion and €0.2 billion as at 30 June 2016 and 31 December 2023 respectively (31 December 2022: €0.2 billion), and provisions recorded as liabilities which amounted to €0.1 billion and €0.03 billion as at 30 June 2016 and 31 December 2023 respectively (31 December 2022: €0.1 billion), in relation to such exposures. As at 30 June 2016 and 31 December 2023, the impairment related to the CCA Assets amounted to €4.8 billion and €0.4 billion, respectively (31 December 2022: €0.5 billion).

The ability of the Issuer to claim payments under the CCA was subject to a capital ratio threshold (the “**Minimum Capital Condition**”) and accumulated CCA Losses having been registered. The Minimum Capital Condition meant that no payments would be made unless (i) the Issuer’s CET1 or Tier 1 ratio had fallen below the minimum required regulatory (SREP) CET1 or Tier 1 ratio plus a buffer, during the first three calendar years, 2017-2019; or (ii) the Issuer’s CET1 ratio had fallen below 12 per cent. from 2020 onward. Payments pursuant to the CCA were limited to the amount needed to restore the CET1 and Tier 1 ratios back to the relevant trigger level, provided that there were accumulated CCA Losses.

On 7 December 2021, the Issuer disclosed to the market that it had received a letter from the Joint Supervisory Team (the “**JST**”) noting that the claims under the CCA should only be recognised as CET1, for the purpose of the own funds’ calculation, once such payment occurs. The determination described above applied from the fourth quarter of the 2021 financial year onwards, thus changing the prudential treatment of the CCA.

As a result of the CCA Losses recorded by the Issuer as at 31 December 2020, 31 December 2019, 31 December 2018 and 31 December 2017, and the resulting decrease of the capital ratios below the Minimum Capital Condition, the contingent capital mechanism of the CCA was triggered and payments by the Resolution Fund were made in the amount of €429.0 million (which differs from the requested amount of €598.3 million), €1,035.0 million, €1,149.3 million and €791.7 million in relation to 2020, 2019, 2018 and 2017 accounts, respectively.

Regarding the amount requested from the Resolution Fund and the discrepancies related to the 2020 financial year, the Arbitral Tribunal rendered its final award on 4 June 2024, deciding the following:

- (i) the Issuer had the right not to adopt the transitional provisions of IFRS 9 established in Regulation (EU) 2020/873 for the year ended 31 December 2020, and the impact of this decision on own funds, quantified in the action at approximately €162 million, should have been included in the calculation of the 2020 CCA call amount;
- (ii) the Issuer had the right to reassess the value of the shares of the Resolution Fund and, consequently, was entitled to compensation in the amount of €18 million and related interest;

- (iii) the Issuer had the right to receive default interest in the approximate amount of €5 million as a consequence of the delay in the payment of the €112 million portion of the 2020 CCA call;
- (iv) the Issuer had the right to be compensated for additional damages caused by the retention of the €112 million portion related to the 2020 CCA call and by the non-payment of the amount of €18 million, in a value to be determined; and
- (v) regarding the divestment of the Issuer's Spanish branch, although such decision to divest had economic rationality, the amount of €147 million resulting from the reclassification as discontinued operations, in the Issuer's 2020 accounts, should not be considered as part of the 2020 CCA call.

On 30 June 2024, the amounts receivable by the Issuer under the CCA were adjusted in accordance with the Arbitral Tribunal's final award (except for the interest).

The Articles of Association of the Issuer foresaw a committee to function as a consulting body in the context of the CCA (the "**Monitoring Committee**"). The Monitoring Committee consisted of three people, elected by the general meeting of shareholders of the Issuer, two of whom were appointed by the Resolution Fund, one of whom was to be a registered chartered accountant, and the third member was to be an independent member jointly appointed by the parties to the CCA. The Monitoring Committee provided opinions in respect of certain actions recommended by the Issuer pertaining to the CCA Assets. The Resolution Fund had the right to take all decisions in respect of the CCA Assets, unless a pre-defined ratio of the then remaining aggregate net book value of the CCA Assets to the aggregate starting reference values was not verified (in which case the CCA Maturity Date could have been extended to 31 December 2026), at which point the Issuer would need to inform the Resolution Fund in respect of most material management decisions with respect to these assets.

The powers of the Resolution Fund and delegation of powers to the Issuer (and the limits to such delegation) in respect of the CCA Assets were defined in a Servicing Agreement entered into on 14 May 2018 between the Resolution Fund and the Issuer, under which the Issuer acted as servicer in respect of the management of the CCA Assets.

On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of the CCA Maturity Date.

As of September 2024, the Issuer had registered a CCA receivable of €161.6 million and a liability towards the Resolution Fund of €98.9 million. Pursuant to the termination of the CCA, the Issuer and the Resolution Fund have settled all outstanding disputes related to unpaid CCA amounts and all existing payment obligations between the parties were settled, and no financial flows resulted from the termination.

Following the termination of the CCA:

- the Monitoring Committee has been dissolved;
- there is no longer a limitation on the servicing rights over the CCA Assets by the Issuer; and
- the Dividend Ban is no longer in place."

- (iii) On page 111 of the Base Prospectus, the following sentence shall be added immediately after the table showing the capital ratios of the Issuer under "*Capital Management*" under the sub-section "*I. Risk Management*":

“On 4 December 2024, the Issuer informed that it was notified by the European Central Bank of its minimum prudential requirements applicable in 2025: Common Equity Tier 1 Ratio of 10.06 per cent.; Tier 1 Ratio of 12.07 per cent.; and Total Capital Ratio of 14.74 per cent.”

- (iv) On page 111 of the Base Prospectus, the last paragraph under “*Capital Management*” under the sub-section “*I. Risk Management*” shall be amended and replaced with:

“As the Issuer was previously restricted from making dividend distributions under the Dividend Ban, its capital ratios have significantly increased over the last few years and are currently well above its SREP requirements. On 9 December 2024, the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025 and amend the articles of association accordingly. The Dividend Ban is therefore no longer in place. The Issuer is currently complying with its MREL requirements with an unusually high contribution from own funds. Subject to regulatory approval, the Issuer is expected to normalise its capital structure and make dividend distributions/reduce capital. Before making such distributions/reduction, the Issuer is expected to pre-fund a reduction of CET1 through additional benchmark size MREL issuances.”

- (v) On page 111 of the Base Prospectus, the table appearing under the sub-section “*J. Ownership Structure (including Government relationship)*” and the entirety of the immediately following paragraph beginning “The ownership percentage” shall be amended and replaced with:

<b>Shareholder</b>	<b>Number of shares</b>	<b>per cent. of share capital</b>
Nani Holdings S.à r.l.	375,000,000	75.00
Fundo de Resolução (Resolution Fund) .....	67,692,083	13.54
Direcção-Geral do Tesouro e Finanças (Portuguese State)	57,307,917	11.46

- (vi) Following the termination of the CCA, there is no longer a Monitoring Committee in place within the Issuer. The diagram showing the governance model of the Issuer on page 114 of the Base Prospectus shall be construed accordingly.

- (vii) On page 114 of the Base Prospectus, the first paragraph under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced by the following:

“Under the terms of the Issuer’s Articles of Association, the corporate and statutory bodies of the Issuer are the General Shareholders Meeting, the GSB, the EBD, the Statutory Auditor and the Company Secretary.”

- (viii) On page 114 of the Base Prospectus, the third paragraph under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced by the following:

“Also, in accordance with the Issuer’s Articles of Association, the members of the Board of the General Meeting and the GSB are elected by the General Meeting. The General Meeting also has the powers to appoint and replace the Issuer’s Statutory Auditor, upon a proposal of the GSB. The members of

the EBD are appointed by the GSB. The Company Secretary and Alternate Secretary are appointed by the EBD, after consulting with the GSB.”

- (ix) On page 115 of the Base Prospectus, the second paragraph under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced in its entirety with the following:

“In October 2020, the General Meeting of the Issuer appointed the members of the GSB for the 2021-2024 mandate and on 20 December 2024, the General Meeting of the Issuer appointed the members of the GSB for the 2025-2028 mandate, pending the Fit & Proper approval.”

- (x) On page 115 of the Base Prospectus, the third paragraph under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be moved, becoming the fourth paragraph, and amended and replaced in its entirety with the following:

“As at 10 January 2025, six of the nine members of the GSB, including its Chairman, are independent.”

- (xi) On page 115 of the Base Prospectus, the fourth paragraph under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced in its entirety with the following:

“During 2023 and 2024, the composition of the GSB underwent the following changes: on 24 February 2023, Benjamin Friedrich Dickgiesser presented his resignation, and upon the conclusion of the Fit & Proper process, Monika Wildner joined the GSB on 21 June 2023 as an independent member; Evgeniy Kazarez joined the GSB as a non-independent member on 7 November 2023 following the conclusion of the Fit & Proper process; Donald John Quintin presented his resignation as a member on 14 December 2023, and on 31 May 2024 Susana Smith joined the GSB as an independent member following the conclusion of the Fit & Proper process; on 26 September 2024, John Herbert and Robert Sherman have ceased their duties as members of the GSB, taking effect from 27 September 2024.”

- (xii) On page 115 of the Base Prospectus, the fifth paragraph under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced in its entirety with the following:

“The GSB has the powers vested upon it by law and by the Articles of Association, having as main functions to regularly monitor, advise and supervise the management of the Issuer and of the Group entities, as well as to supervise the EBD with regard to compliance with the relevant regulatory requirements of banking activity. Additionally, the GSB has specific powers to elect the members of the EBD and responsibilities in granting consents for approval by the EBD of certain matters established in the Articles of Association, namely the approval of (i) credit, risk and accounting policies, (ii) business plan, budget and activity plan, (iii) change of registered address, and closure or change of representation structure abroad; (iv) capital expenditure, debt or refinancing, sales or acquisitions, creation of liens or granting of loans above certain limits and within certain conditions; and (v) hiring of employees with annual remunerations above certain limits. The GSB holds meetings on a monthly basis. The Chairperson of the GSB and the CEO maintain regular dialogue and communication between them.”

- (xiii) On page 115 of the Base Prospectus, the last paragraph under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” immediately before the table shall be amended and replaced in its entirety with the following:

“The following table sets out the members of the GSB for the current 2021-2024 term of office, which corresponds also to the appointed members for the new 2025-2028 mandate subject to the Fit & Proper



approval, as at the date of 10 January 2025, with an indication of name, position and principal activities of the directors outside of the Group:”

- (xiv) Monika Wildner and Susana Smith are, since 27 September 2024, respectively, Chairwoman of the Compliance Committee and the Nomination Committee. On pages 116 and 117 of the Base Prospectus rows 3 (Monika Wildner) and 11 (Susana Smith) of the table showing the members of the GSB under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be construed accordingly.
- (xv) Monika Wildner ceased her duties as member of the board of Union-Yacht-Club Attersee on 31 December 2024. On page 116 of the Base Prospectus, row 3 of the table (Monika Wildner) showing the members of the GSB under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be construed accordingly.
- (xvi) With effect from 27 September 2024, John Herbert and Robert Sherman had ceased their duties as members of the GSB. On page 116 of the Base Prospectus, rows 6 (John Ryan Herbert) and 7 (Robert Alan Sherman) of the table showing the members of the GSB under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be construed accordingly.
- (xvii) Carla Antunes da Silva ceased her duties as Director at Lloyds Banking Group. On page 116 of the Base Prospectus, row 8 of the table (Carla Antunes da Silva) showing the members of the GSB under “*General and Supervisory Board*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be construed accordingly.
- (xviii) On page 117 of the Base Prospectus, the fourth paragraph under “*Executive Board of Directors*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced with the following:

“During 2024 and 2025, the composition of the EBD underwent the following changes: on 6 May 2024, Andrés Baltar informed the GSB of the termination of his functions with effect from 30 June 2024; on 19 September 2024 João Paixão Moreira received F&P authorisation as the new member of the Executive Board of Directors and the next Chief Commercial Officer – Retalho (Retail); on 30 September 2024, the GSB agreed with Luísa Soares da Silva, at her request, to cease her duties on the EBD, where she held the position of Chief Legal, Compliance & Sustainability Officer, taking effect from 31 October 2024; on 8 November 2024 the GSB appointed Patrícia Afonso Fonseca as the new Chief Legal & Sustainability Officer, pending the Fit & Proper process; lastly, the GSB, on 7 January 2025, has resolved, with immediate effect, the dismissal with just cause of Carlos Brandão, Chief Risk Officer.”
- (xix) On page 118 of the Base Prospectus, the following footnote should be added: “The succession planning process was activated by the Nomination Committee of the GSB, and, on an interim basis, the CRO role will be held by Chief Executive Officer, Mark Bourke.”
- (xx) On page 118 of the Base Prospectus, row 3 (Luís Miguel Alves Ribeiro) of the table showing the members of the EBD under “*Executive Board of Directors*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced with the following:

Name	EBD Position	EBD Committees Position	Principal activities outside of the Group
<b>Luís Miguel Alves Ribeiro</b>	Chief Commercial Officer Corporate	Member of the Capital, Assets and Liabilities Committee (CALCO), the Non-Performing Assets (NPA) Subcommittee, the Risk Committee, the Compliance and Product Committee, the Transformation Committee, the Credit Committee and of the Extended Impairment Committee	Non-Executive Board Member at SIBS SGPS, SA Non-Executive Board Member at SIBS Forward Payment Solutions, SA Representative of novobanco at Comissão Interbancária de Sistemas de Pagamentos (CISP) Member representing CEO at APB Associação Portuguesa de Bancos

- (xxi) Neither Luísa Soares da Silva nor Carlos Brandão are members of the EBD and therefore on pages 118 and 119 of the Base Prospectus, rows 4 (Luísa Marta Santos Soares da Silva Amaro de Matos) and 5 (Carlos Brandão) of the table showing the members of the EBD under “*Executive Board of Directors*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be construed accordingly.
- (xxii) On page 119 of the Base Prospectus, the last row (João Paixão Moreira) of the table showing the members of the EBD under “*Executive Board of Directors*” under the sub-section “*L. Management and Supervisory Corporate Bodies*” shall be amended and replaced with the following:

Name	EBD Position	EBD Committees Position	Principal activities outside of the Group
<b>João Paixão Moreira</b>	Chief Commercial Officer (CCO - Retail)	Member of the Capital, Assets and Liabilities Committee (CALCO), the Risk Committee, the Compliance and Product Committee, and the Transformation Committee	N/A

- (xxiii) Following the termination of the CCA, there is no longer a Monitoring Committee in place within the Issuer and so the entire section headed “Monitoring Committee” on page 120 of the Base Prospectus shall be construed accordingly.
- (xxiv) On page 124 of the Base Prospectus, the following sentence shall be added to the end of “*Arbitration proceedings*” of the sub-section titled “*M. Legal, Administrative and Arbitration Proceedings*”:
- “As of September 2024, the Issuer had registered a CCA receivable of €161.6 million and a liability towards the Resolution Fund of €98.9 million. Pursuant to the termination of the CCA, the Issuer and the Resolution Fund have settled all outstanding disputes relating to unpaid CCA amounts and all existing payment obligations between the parties are settled, and no financial flows resulted from the termination.”

- (xxv) On page 132 of the Base Prospectus, the last sentence of the second bullet point of the fourth paragraph under “*Capital and capital ratios—Capital Requirements*” of the sub-section titled “*O. Supervision and Regulation*” shall be amended and replaced with the following:

“In Portugal, at its most recent revision, pursuant to the decision of the Bank of Portugal of 30 December 2024, the countercyclical capital buffer rate is maintained at 0.00 per cent. of the total risk exposure amount for the first quarter of 2025. From 1 January 2026, the countercyclical capital buffer rate for banks will be increased to 0.75 per cent. of total risk exposure amount in Portugal to the non-financial private sector;”

- (xxvi) On page 132 of the Base Prospectus, the sixth bullet point of the fourth paragraph under “*Capital and capital ratios—Capital Requirements*” of the sub-section titled “*O. Supervision and Regulation*” shall be amended and replaced with the following:

“According to Council Regulation (EU) no. 1024/2013 of 15 October 2013 and based on the SREP conducted pursuant to Article 4(1)(f) of Regulation (EU) No 1024/2013, the ECB communicated to the Issuer that the Group should comply with an own funds requirement of 2.7 per cent. to be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum; and”

- (xxvii) On page 139 of the Base Prospectus, the sole paragraph of the sub-section titled “*P. Ratings*” shall be replaced in its entirety with the following wording:

“The Issuer’s current long-term senior ratings are Baa2 with positive outlook by Moody’s, BBB with stable outlook by Fitch and BBB with trend stable by DBRS.”

- (xxviii) On page 145 of the Base Prospectus, the last sentence of the fourth paragraph of the sub-section titled “*S. Recent Developments*” shall be amended and replaced with the following:

“On 20 September 2024, the Issuer announced that, following the conclusion of the respective Fit & Proper process, João Paixão Moreira joined the EBD for the current mandate 2022-2025 as Chief Commercial Officer – Retail.”

- (xxix) On page 146 of the Base Prospectus, the following paragraphs shall be added to the end of the sub-section titled “*S. Recent Developments*”:

“On 29 August 2024, the Issuer informed that Moody’s upgraded novobanco’s senior unsecured debt rating by 1-notch, to Baa3 (Investment Grade) from Ba1, maintaining a positive outlook. Moody’s has also upgraded novobanco’s commercial paper ratings to Prime-3 from Not Prime. The Issuer’s Baseline Credit Assessment (“**BCA**”) and Adjusted BCA of ba1 remains unaffected.

On 2 September 2024, the Issuer informed that it launched a new senior preferred transaction in an amount equal to €500 million, with maturity on 9 March 2029 and an optional redemption date on 9 March 2028 (3.5 years). The notes were subscribed at a price of 99.879 per cent. and have an annual coupon of 3.50 per cent. in the first 3.5 years, resetting to 3-month Euribor plus a margin of 100bps thereafter. The notes are rated Baa3 by Moody’s and BBB- by Fitch.

On 25 September 2024, the Issuer informed that DBRS upgraded novobanco’s long-term issuer ratings by two notches to BBB from BB (high). The trend on all ratings remains at Stable.

On 26 September 2024, the Issuer informed that John Herbert and Robert Sherman have ceased their duties as members of the GSB, taking effect from 27 September 2024.

On 30 September 2024, the Issuer informed that the GSB agreed with Luísa Soares da Silva, at her request, to cease her duties on the EBD, where she held the position of Chief Legal, Compliance & Sustainability Officer, taking effect from 31 October 2024.

On 8 November 2024, the Issuer informed that the GSB approved the Nomination Committee's recommendation to appoint Patrícia Afonso Fonseca as Chief Legal and Sustainability Officer and as a new member of the EBD. This appointment is subject to receiving the necessary regulatory approvals (fit and proper).

On 19 November 2024, the Issuer informed that Moody's upgraded novobanco's long-term deposit ratings to A3 from Baa1 and its senior unsecured debt ratings to Baa2 from Baa3, with a positive outlook. Moody's also upgraded novobanco's commercial paper ratings to Prime-2 from Prime-3. The Issuer's BCA and Adjusted BCA was upgraded by 1 notch to baa3 from ba1.

On 4 December 2024, the Issuer informed that it was notified by the European Central Bank of its minimum prudential requirements applicable in 2025: Common Equity Tier 1 Ratio of 10.06 per cent.; Tier 1 Ratio of 12.07 per cent.; and Total Capital Ratio of 14.74 per cent.

On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025. As of September 2024, the Issuer had registered a CCA receivable of €161.6 million and a liability towards the Resolution Fund of €98.9 million. Pursuant to the termination of the CCA, the Issuer and the Resolution Fund have settled all outstanding disputes related to unpaid CCA amounts and all existing payment obligations between the parties are settled, and no financial flows resulted from the termination. Following the termination of the CCA, the Monitoring Committee, a statutory advisory body established in the Issuer's Articles of Association in the context of the CCA, has been dissolved; there is no longer a limitation on the servicing rights over CCA assets by the Issuer; and the Dividend Ban is no longer in place.

On 13 December 2024, the Issuer informed that Fitch upgraded novobanco's issuer rating and long-term senior debt rating to "BBB" from "BBB-" and its long-term deposits rating to "BBB+" from "BBB", with a stable outlook.

On 23 December 2024, the Issuer announced that following a competitive bid process the Issuer signed a sale and purchase agreement for the sale of a portfolio of fully unsecured NPLs and related exposures. The completion of this transaction under the agreed terms is expected to enhance asset quality ratios, reducing the NPL stock by approximately €100 million and bringing the pro-forma gross NPL ratio to around 3.5 per cent. as of December 2024.

With immediate effect from 7 January 2025, Carlos Jorge Ferreira Brandão, a member of the Executive Board of Directors and CRO, was dismissed with just cause. This decision was taken following the identification, through the Issuer's internal processes, of suspicious financial transactions in this individual's personal sphere, which led to a complaint (*denúncia*) being filed with the authorities. The suspected issue is not related nor associated, in any way, with the Issuer and, as such, has no impact whatsoever on clients, clients' accounts or transactions, on the Issuer's finances or activity, on its commercial operations, risk management system or employees. On identification of the matter, the Issuer initiated an internal investigation and filed a complaint (*denúncia*) to the Public Prosecutor's Office, which led to the launch of an on-going investigation. The Issuer has also reported the matter to the regulator and to the supervisory authority competent in this area. On an interim basis, the CRO role will be held by Chief Executive Officer, Mark Bourke."

## AMENDMENT TO THE “TAXATION” SECTION

Following the publication of the Portuguese Budget Law for 2025, approved by Law no. 45-A/2024, of December 31, the following amendments shall be made in the “*Taxation*” section of the Base Prospectus:

- (i) On page 149 of the Base Prospectus, in the paragraph where it is stated that “*Portuguese resident individuals with an annual taxable income equal to or higher than €81,199 are required to mandatorily include the annual capital gain and loss balance in their taxable income together with the remaining items of income derived, if such capital gains and losses arise from the disposal of securities, such as the Notes, held for a period of less than 365 days. This balance is taken into consideration for the computation of the €81,199 threshold.*”, the references to €81,199 shall be amended and replaced with €83,696.
- (ii) On pages 151 and 152 of the Base Prospectus, it is mentioned that “*IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €50,000 in the case of small, medium-sized or small mid cap enterprises, as defined by law and subject to the de minimis rule of the EU, or 12.5 per cent. on the first €50,000 in the case of small, medium-sized or small mid cap enterprises, as defined by law and subject to the de minimis rule of the EU, that qualify as start-up pursuant to the terms foreseen in Law No. 21/2023, of 25 May, and that cumulatively meet the conditions established in Article 2(1)(f) of this Law.*” Following the publication of the Portuguese Budget Law for 2025, the standard tax rate was reduced from 21 per cent. to 20 per cent. and the tax rate applicable to the first €50,000 in the case of small, medium-sized or small mid cap enterprises was reduced from 17 per cent. to 16 per cent. These tax rates are applicable to taxation periods starting on or after 1 January 2025. In light of the above, the references made to these tax rates on pages 151 and 152 of the Base Prospectus shall be construed accordingly.