

# novobanco

## RESULTS PRESENTATION 9M 2024



October 31st, 2024

# 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 | Campus do novobanco | Av. Doutor Mário Soares - Edifício 1, Piso 2, Ala A, 2740-119 Porto Salvo | Portugal  
Share Capital: 3 345 000 000.30 Euros represented by 500 000 000 shares  
NIPC: 513 204 016 | LEI: 5493009W2E2YDCXY6S81*

# Agenda

- 01. Highlights
- 02. Income Statement
- 03. Balance Sheet
- 04. Final Remarks

# 01.

## Highlights

# Solid business model: strong 9M, capital accretion and on-track to outperform 2024 outlook

**Net income of €610.4mn (9M23: €638.5mn), including €30.0mn of provisions (2Q24) for the process of transformation (+0.3% ex-one off). RoTE of 18.9%, on an increasingly overcapitalised balance sheet with pro-forma FL CET1 of 20.7% (+255bps YTD). Tangible shareholder's equity stood at €4,705mn (+20% YoY), as a consequence of a contractual dividend ban.**

**Solid NII (+7% YoY to €886.3mn ) and Fee income growth (+11% YoY to €240.4mn), reflecting the strength of novobanco's franchise** backed by a **growing client base (+6.7% YoY)** and accounts and payments initiatives consistently delivering positive momentum. **NIM of 2.79% (2023: 2.75% and 1H24: 2.83%)** benefiting from the balanced management of asset yields and financing costs. **Cost to Income at 32.5%**, reflecting continuous focus on simplification and optimization.

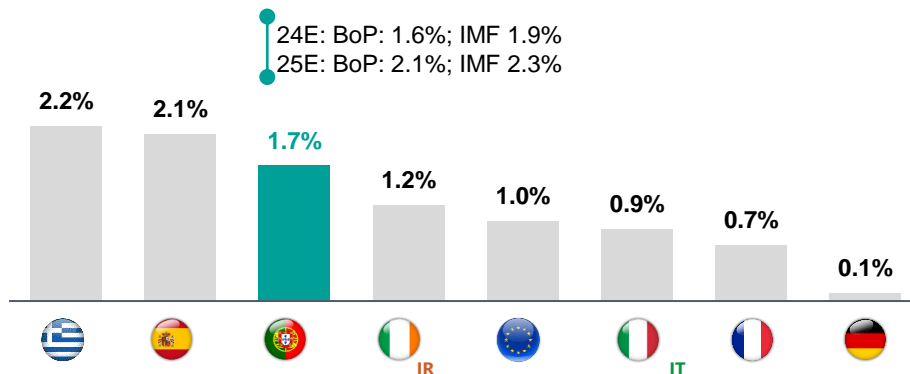
**Improved asset quality with further net NPL ratio reduction to 0.5%** (Dec/23: 0.7%), from both lower NPL ratio (Set/24: 4.0% vs Dec/23: 4.4%) and higher coverage level (Set/24: 89.1%; Dec/23: 84.3%). **Cost of risk at 32bps** (9M23: 40bps and 1H24: 38bps), with strengthened asset quality and coverage ratios.

Supported by a strong franchise, **Customer deposits increased to €29.5bn (+4.7% YTD) and Net Customer credit increased to €27.6bn (+2.3% YTD)**, reaching a loan market share of 10.1%<sup>1</sup>.

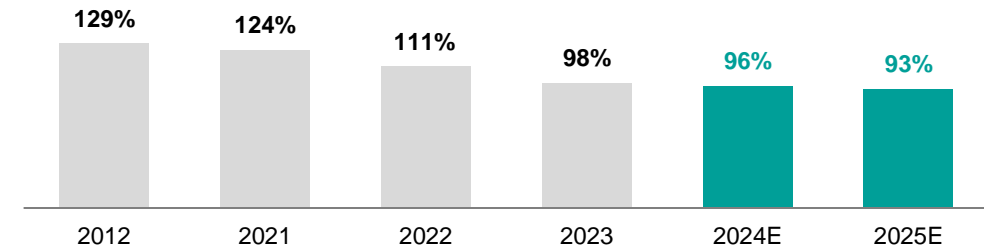
**Raised €1.8bn YTD of market funds** (3Q24: €500mn senior preferred note), allowing the Bank to **further diversify and optimize its funding sources**, with positive impact on its liquidity ratios: LtD ratio of 80.7% and healthy liquidity ratios with **186% LCR (Dec/23: 163%) and 119% NSFR (Dec/23: 118%)**.

# Portugal is one of the best performing economies in the EU, benefitting from structurally low unemployment and strong net external financing capacity

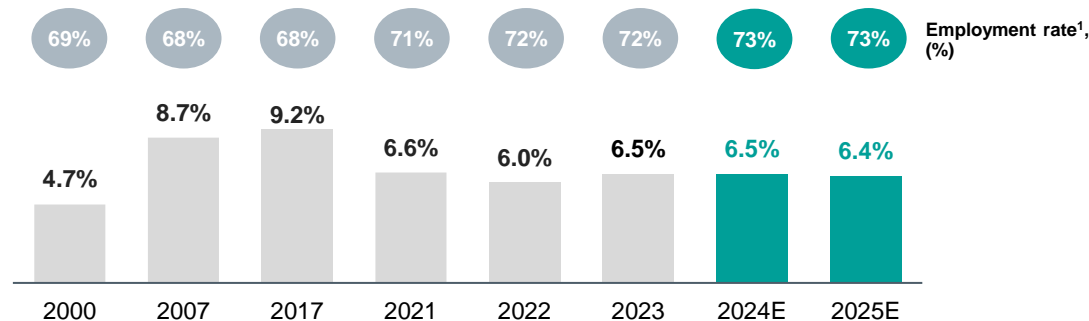
## Portugal poised to grow above European peers (Real GDP Growth)



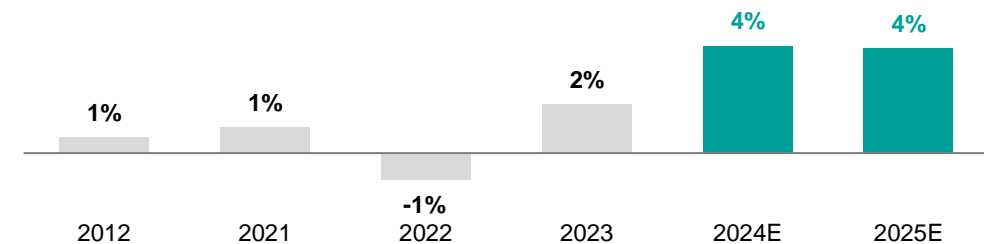
## Political stability and strong fiscal discipline (% Public Debt to GDP)



## Unemployment near historic lows (PT Unemployment rate, %)



## Strong net external financing capacity (Current and Capital Account Balance, % GDP)

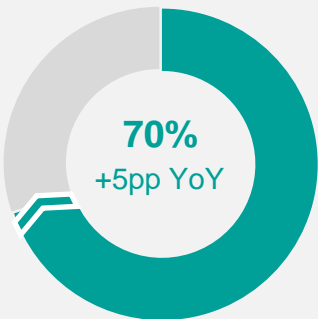


# Building strong momentum best-in-class customer franchise

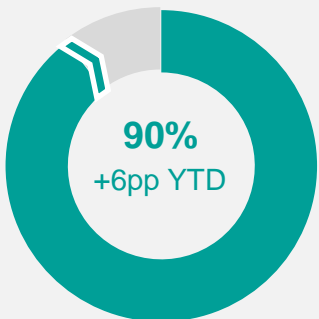
## Retail

A customer-first bank with a reinforced omnichannel business model

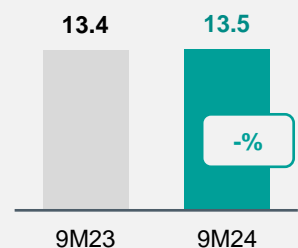
Digital Active Clients



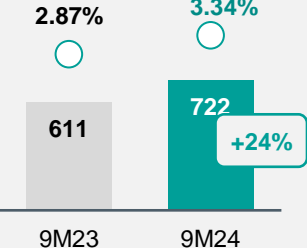
Customer Satisfaction: Mortgage Loans Experience



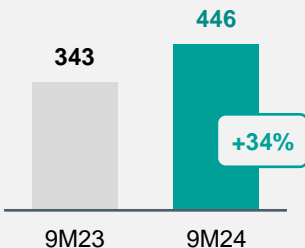
Net Customer Credit (€bn)



NIM & Banking Income (%; €mn)



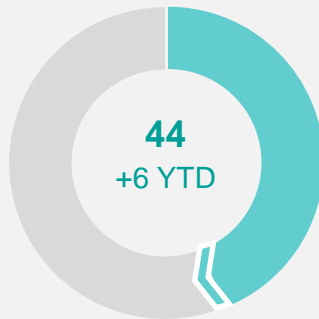
Profit Before Tax (€mn)



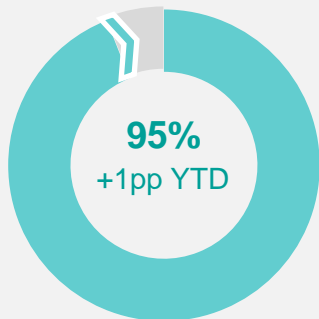
## Corporate

Strengthening our commitment to companies

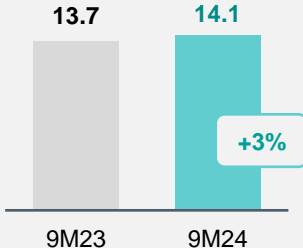
SME: Relational NPS



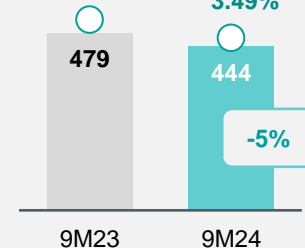
SMEs: Customer service Satisfaction



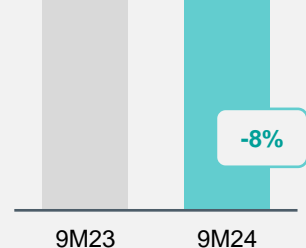
Net Customer Credit (€bn)



NIM & Banking Income (%; €mn)



Profit Before Tax (€mn)



# 02.

## Income Statement

# Solid top-line performance

Income Statement (€mn)		9M23	9M24	▲YoY €mn	▲YoY %
1	Net Interest Income	831.2	886.3	+55.1	6.6%
2	+ Fees & Commissions	217.1	240.4	+23.3	10.7%
	<b>= Commercial Banking Income</b>	<b>1 048.3</b>	<b>1,126.7</b>	<b>+78.4</b>	<b>7.5%</b>
	+ Capital Markets Results	39.3	3.2	(36.1)	-91.9%
	+ Other Operating Results	14.5	26.9	+12.4	85.5%
	<b>= Banking Income</b>	<b>1 102.1</b>	<b>1,156.7</b>	<b>+54.6</b>	<b>5.0%</b>
3	- Operating Costs	339.6	365.8	+26.3	7.7%
	<b>= Net Operating Income</b>	<b>762.5</b>	<b>790.9</b>	<b>+28.3</b>	<b>3.7%</b>
	- Net Impairments & Provisions	81.7	107.7	+26.0	31.8%
	...of which Customer credit	84.7	68.7	(5.3)	-9.1%
	...of which Other	- 3.0	39.0	+37.1	n.m.
	<b>= Profit Before Tax</b>	<b>680.8</b>	<b>683.1</b>	<b>+2.4</b>	<b>0.3%</b>
	- Corporate Income Tax	2.6	36.9	+34.3	n.m.
	- Special Tax on Banks	35.3	32.2	(3.1)	-8.8%
	<b>= Profit after Taxes</b>	<b>642.9</b>	<b>614.0</b>	<b>(28.9)</b>	<b>-4.5%</b>
	- Non-Controlling Interests	4.4	3.6	(0.8)	-17.9%
	<b>= Net Profit for the period</b>	<b>638.5</b>	<b>610.4</b>	<b>(28.1)</b>	<b>-4.4%</b>

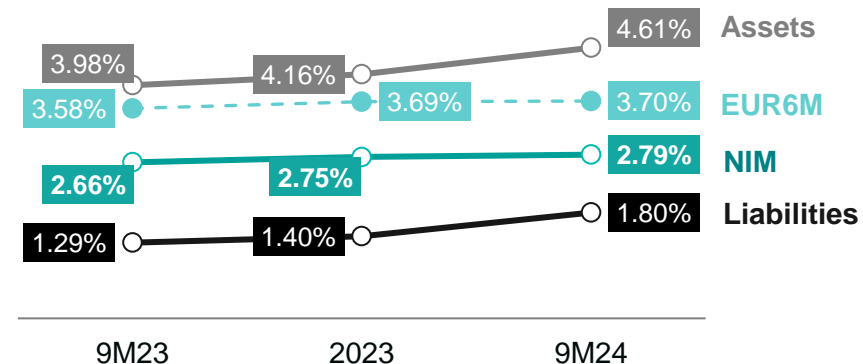
- **NII performance (+7% YoY) reflecting a balanced management of asset yields and financing costs**, reaching NIM of 2.79%.
- **Fee income +11% YoY** with increased contribution of Accounts and Payments (+26% YoY) from **higher volume of transactions and growing customer base**, despite legislative headwinds.
- **Commercial Banking Income was €1 127mn (+7% YoY)**.
- Capital Markets Results of €3mn reflecting gains and losses from the sale and revaluation of securities, foreign exchange results and hedging. Other operating results was €27mn, including the contribution to the National Resolution Fund (€6.4mn), gains from the recovery of overdue credit, real estate, recovery of tax processes and indirect taxes.
- **Commercial Cost to Income ratio at 32.5% (9M23: 32.4%)**, backed by efficient operations with a sustained top-line performance and contained costs. Operating costs totalled €366mn (+1.8% vs avg. 2023), reflecting on one hand the continued strategic investment in digital transformation, optimisation and simplification of the organization and on the other hand the effects of inflation and the higher business activity.
- Customer credit **cost of risk at 32bps** (9M23: 40bps; 1H24: 38bps), including management overlays. Other Provisions include a €30mn one-off provision (2Q24) as part of its strategic program of innovation and simplification.
- **Net income of €610mn (-4% YoY; +0.3% excluding one-off provision)**, equivalent to **RoTE of 18.9%** (on overcapitalised balance sheet with 20.7% CET1 pro-forma), reflecting consistent execution of novobanco's strategy, with the ability to grow revenue and generate capital.

# 1 NII growth from expanding NIM on stable loan book, and decreasing cost of deposits, backed by stable term deposit mix

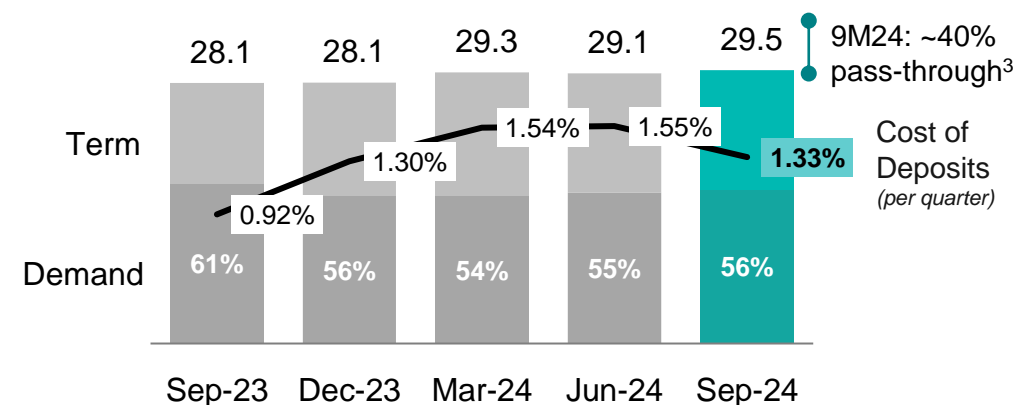
## Net Interest Interest (NII) & Net Interest Margin (NIM)

	9M23			9M24		
	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs
<b>Customer Credit</b>	28 100	4.45%	948	28 174	5.24%	1 124
Mortgage loans <sup>1</sup>	10 023	3.58%	272	9 912	4.67%	352
Consumer loans and Others	1 462	6.94%	77	1 705	7.24%	94
Corporate credit	16 615	4.76%	599	16 558	5.38%	678
Money Market Placements	4 296	2.97%	97	6 078	3.80%	176
Securities ALM and Other	8 800	2.95%	197	7 464	2.89%	164
<b>Interest Earning Assets &amp; Other</b>	<b>41 196</b>	<b>3.98%</b>	<b>1,242</b>	<b>41 716</b>	<b>4.61%</b>	<b>1 465</b>
Customer Deposits	28 751	0.66%	143	30 088	1.42%	326
Money Market Funding	7 728	3.05%	179	5 149	3.91%	153
Other Liabilities	1 497	7.09%	80	1 989	6.17%	93
Other Non-Interest Bearing Liabilities	3 220	-	0	4 490	-	0
<b>Interest Bearing Liabilities &amp; Other</b>	<b>41 196</b>	<b>1.29%</b>	<b>402</b>	<b>41 716</b>	<b>1.80%</b>	<b>573</b>
<b>NIM / NII<sup>2</sup></b>		<b>2.66%</b>	<b>831</b>		<b>2.79%</b>	<b>886</b>
<b>Euribor 6M - Average</b>		<b>3.58%</b>			<b>3.70%</b>	

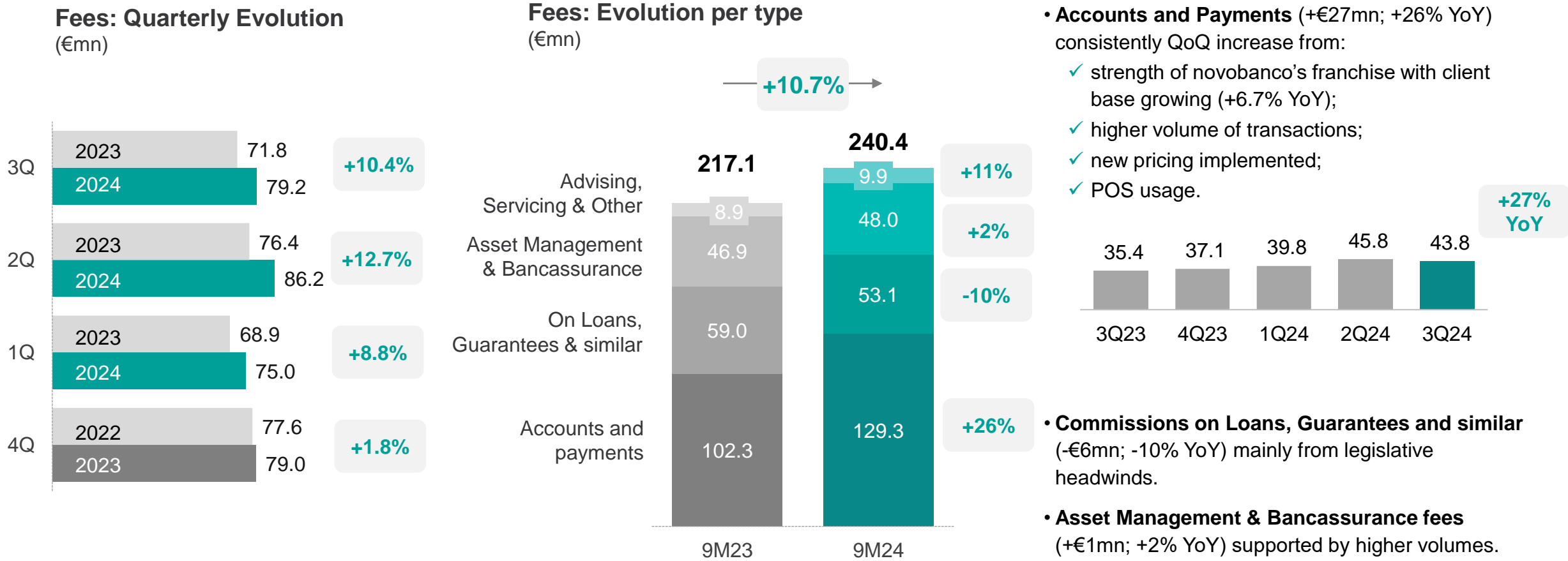
## Net Interest Margin (%)



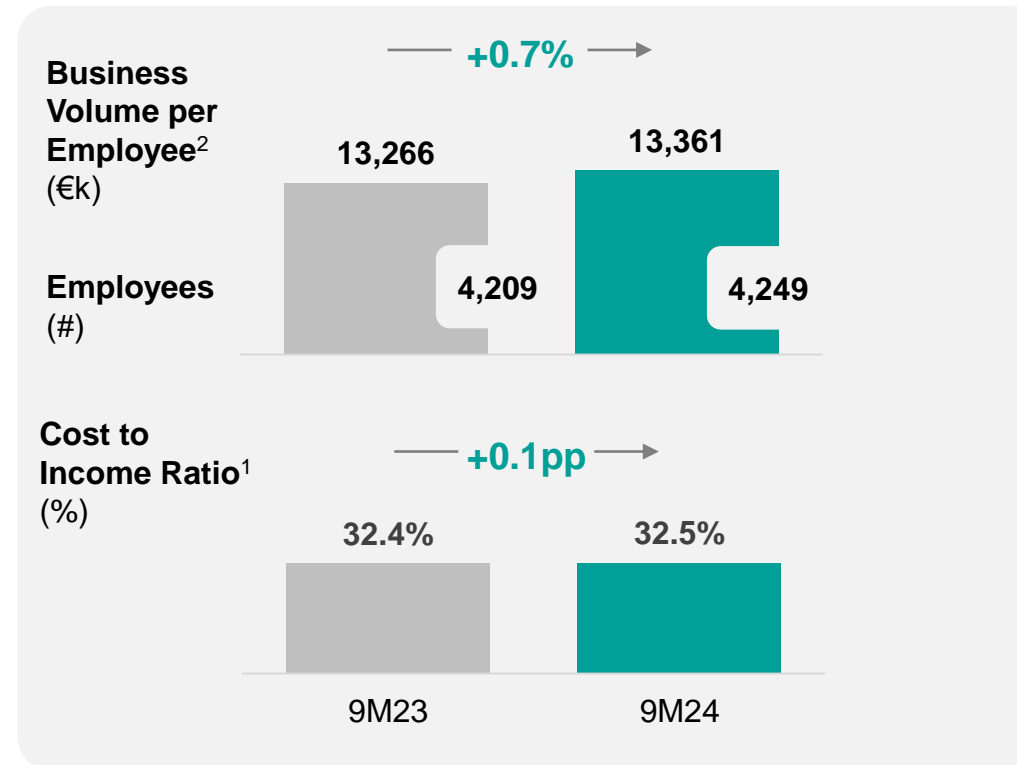
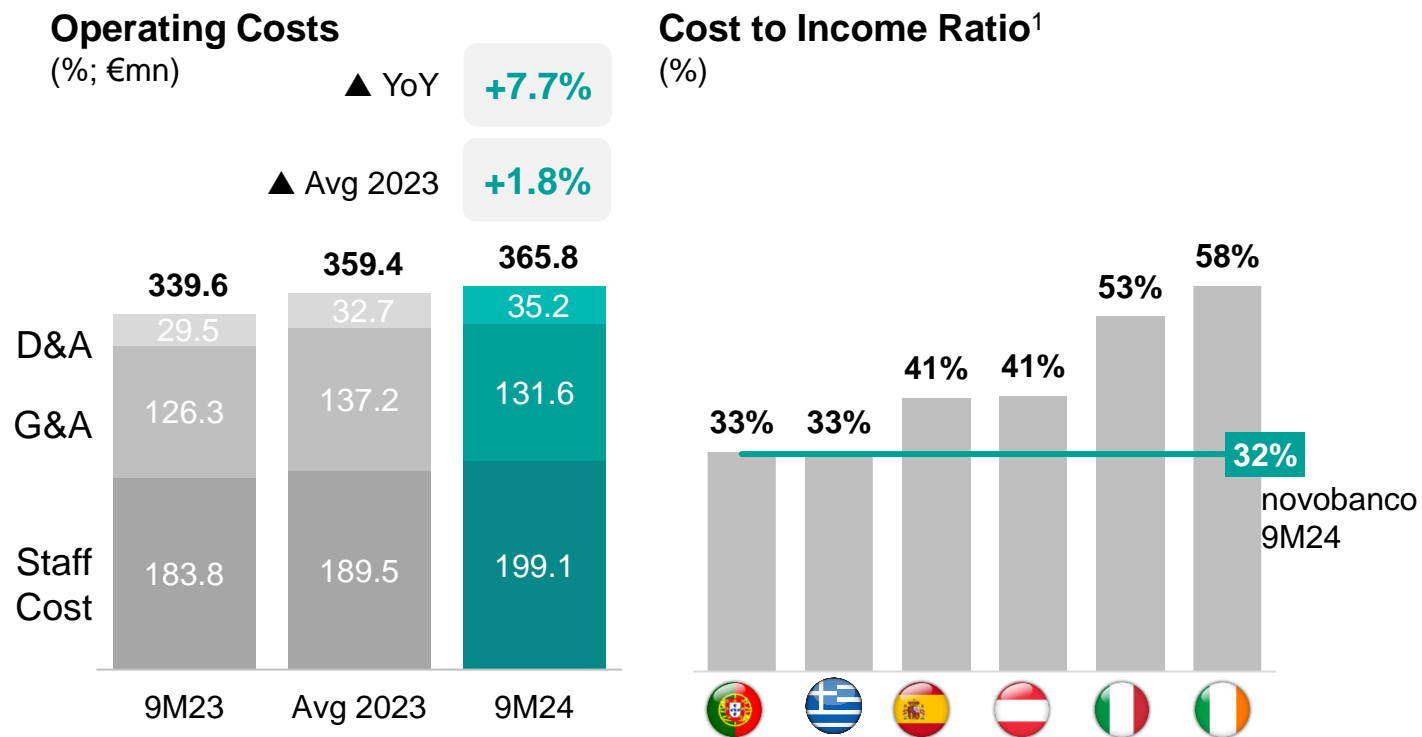
## Customer Deposits (€bn; %)



## 2 Momentum in franchise and commercial initiatives driving fee growth



### 3 Industry leading cost to income ratio



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

# 03.

## Balance Sheet

# Simple balance sheet reflecting novobanco's focused business model

## Balance Sheet (€mn)

Assets	Sep-23	Dec-23	Sep-24	▲ YTD	
				€mn	%
Loans and advances to Banks	3 466	5 915	6 536	621	10.5%
Customer credit (net)	24 672	26 975	27 589	613	2.3%
ALM Portfolio	10 810	6 499	7 581	1 082	16.6%
Current and deferred tax assets	997	931	875	(57)	-6.1%
Real estate	594	460	380	(80)	-17.4%
Non-current assets held for sale	65	90	29	(60)	-67.2%
Other assets	2 345	2 630	2 591	(39)	-1.5%
<b>Total Assets</b>	<b>42 949</b>	<b>43 501</b>	<b>45 581</b>	<b>2 080</b>	<b>4.8%</b>

Liabilities & Equity	Sep-23	Dec-23	Sep-24	▲ YTD	
				€mn	%
Customer deposits	28 095	28 140	29 472	1 332	4.7%
Due to central banks and Banks	5 970	5 745	4 799	(946)	-16.5%
Debt securities	1 113	1 108	2 982	1 874	169.2%
Non-current liabilities held for sale	22	13	12	(1)	-6.4%
Other liabilities	3 515	4 073	3 321	(752)	-18.5%
<b>Total Liabilities</b>	<b>38 715</b>	<b>39 078</b>	<b>40 586</b>	<b>1 508</b>	<b>3.9%</b>
<b>Equity</b>	<b>4 234</b>	<b>4 422</b>	<b>4 995</b>	<b>572</b>	<b>12.9%</b>
<b>Total Liabilities and Equity</b>	<b>42 949</b>	<b>43 501</b>	<b>45 581</b>	<b>2 080</b>	<b>4.8%</b>

### Assets

- Loans and advances to Banks increased 10.5% YTD, reflecting the increase of cash at ECB.
- **Net customer credit<sup>1</sup> at €27.6bn** (+2.3% YTD) with the origination of loans to customers reaching €3.3bn, supported by growth momentum on new customer acquisition. Overall **loan market share of 10.1%<sup>2</sup>**.

### Liabilities

- Total customer funds increased to €37.6bn (+6.9% YTD), with deposits standing at €29.5bn (+4.7% YTD), reaching 9.2%<sup>2</sup> deposits market share.
- Debt securities increasing by €1.8bn YTD driven by new issuances (senior preferred and covered bonds).

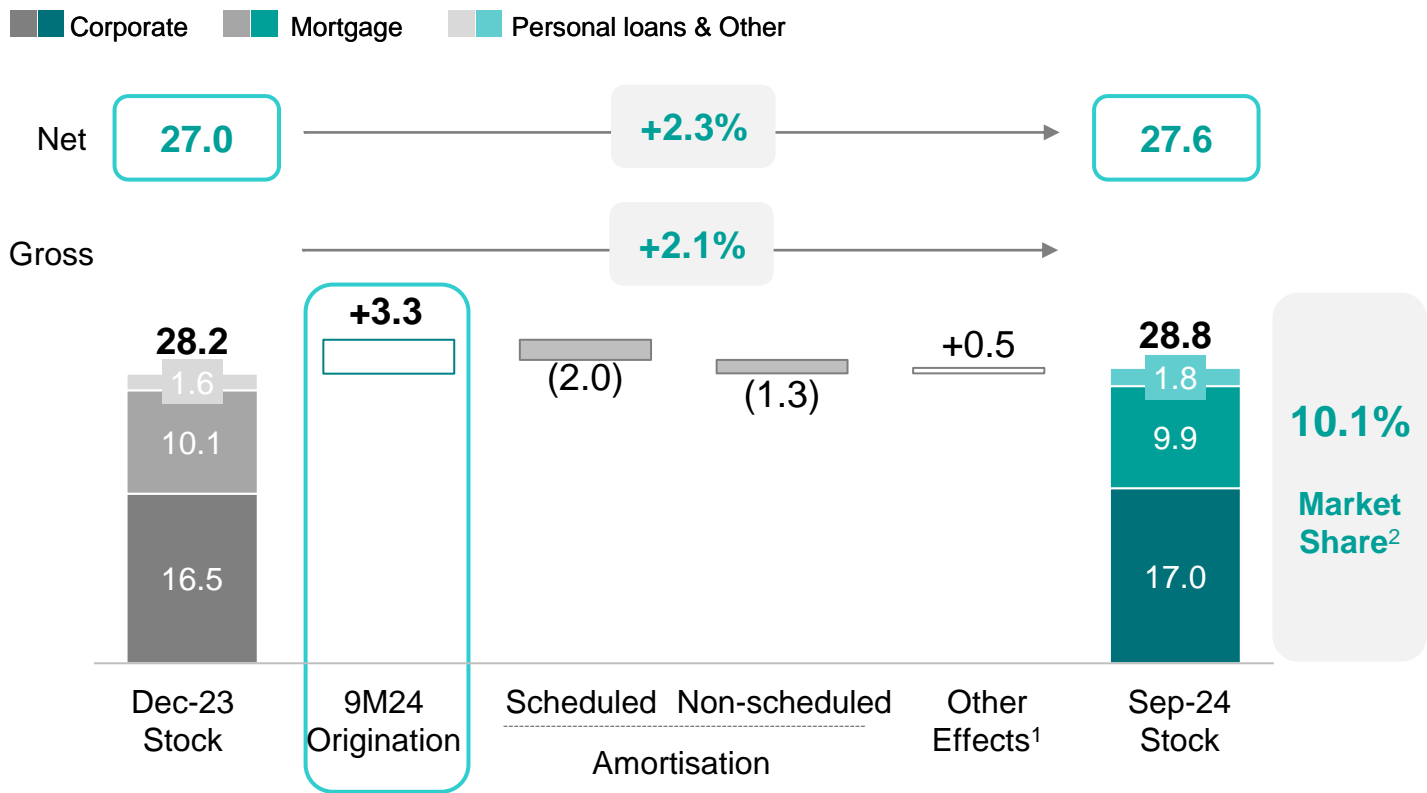
### Capital & Liquidity

- **Shareholders' Equity increasing 12.9% YTD to €5.0bn.**
- **Strong liquidity position: LtD at 80.7%** (2023: 81.2%), **LCR of 186%** (2023: 163%) and **NSFR of 119%** (2023: 118%), as well as liquidity buffer of €15.6bn (Dec 23: €13.6bn).

# Stable and growing YTD customer credit

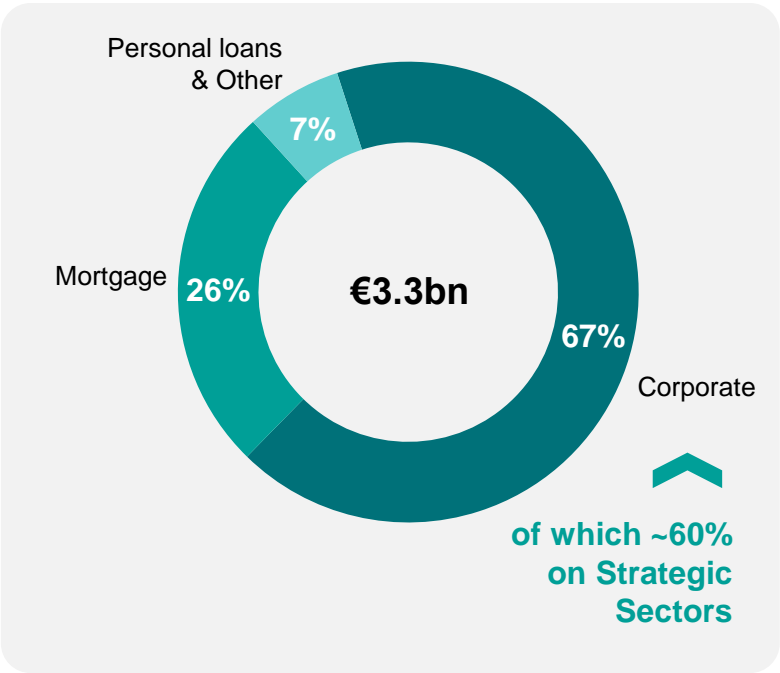
## Customer credit

(€bn; %)

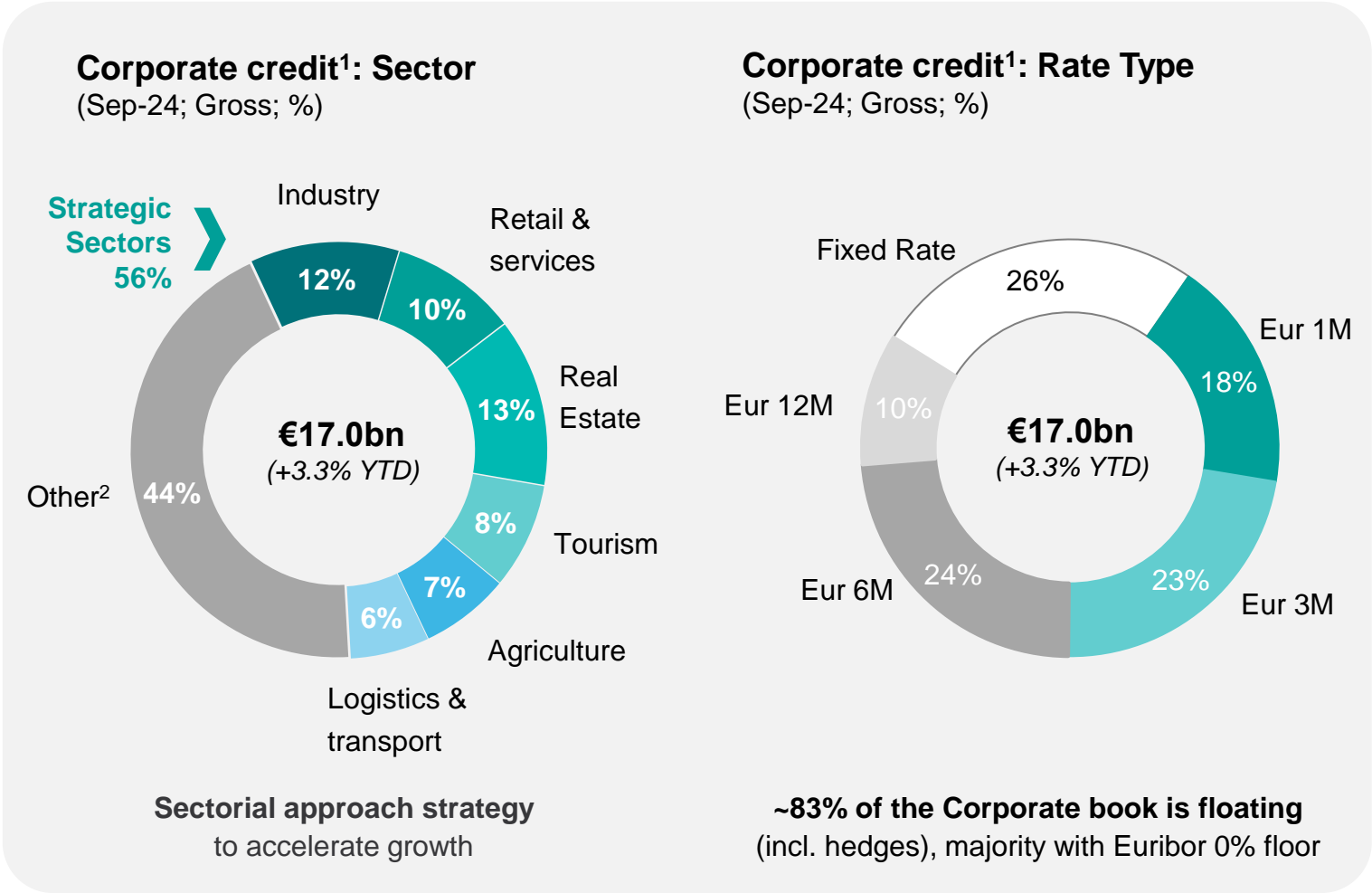
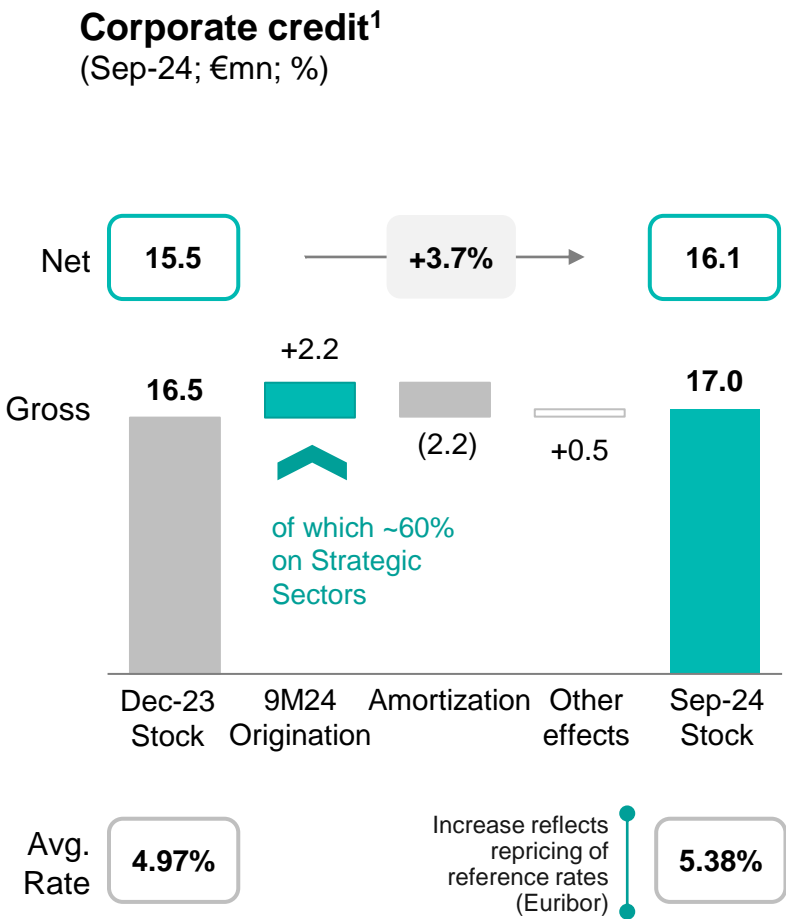


## Customer credit: 9M24 Origination

(€bn; %)

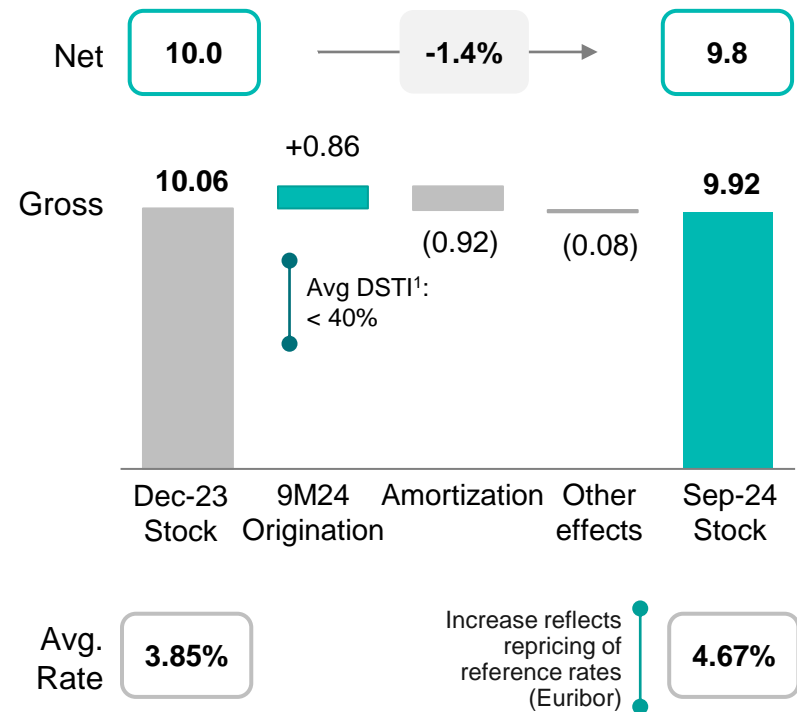


# A partner of choice for Portuguese companies

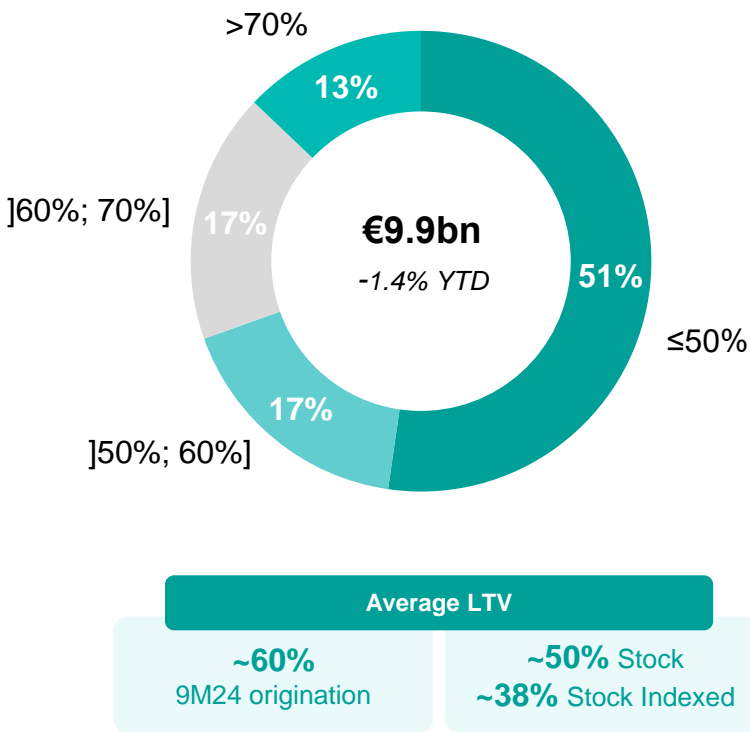


# Mortgage loan book stable with prudent underwriting standards

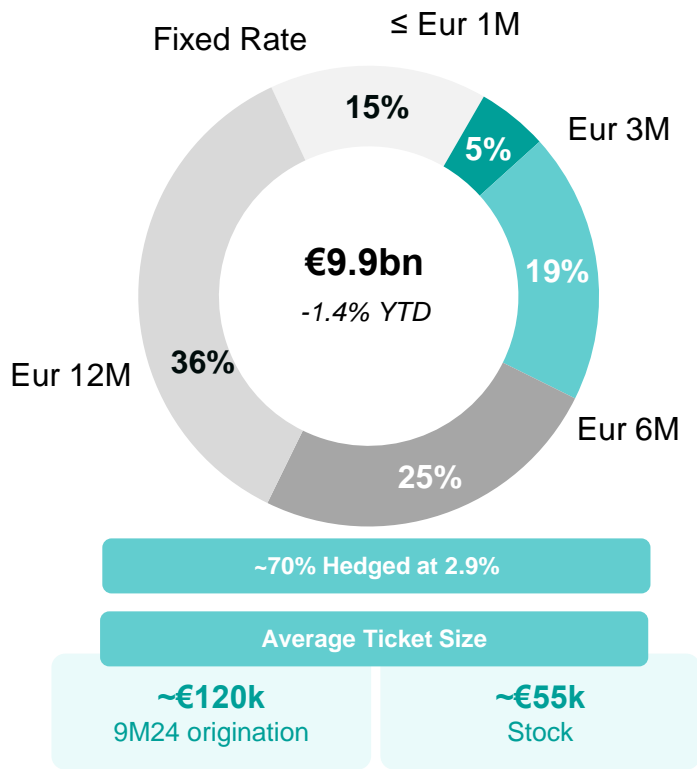
Mortgage loan book  
(Sep-24; %)



Mortgage loan book: LTV<sup>3</sup> bucket  
(Sep-24; Gross loan book; %)

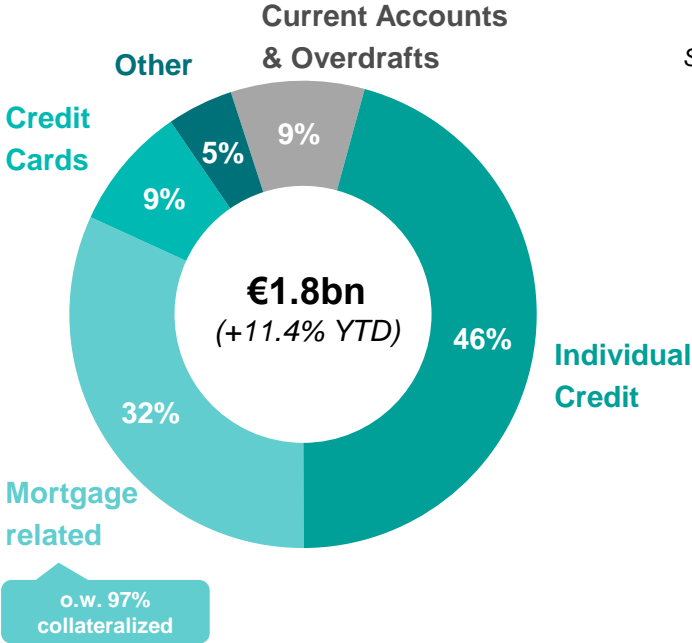


Mortgage loan book: rate type  
(Sep-24; Gross loan book; %)

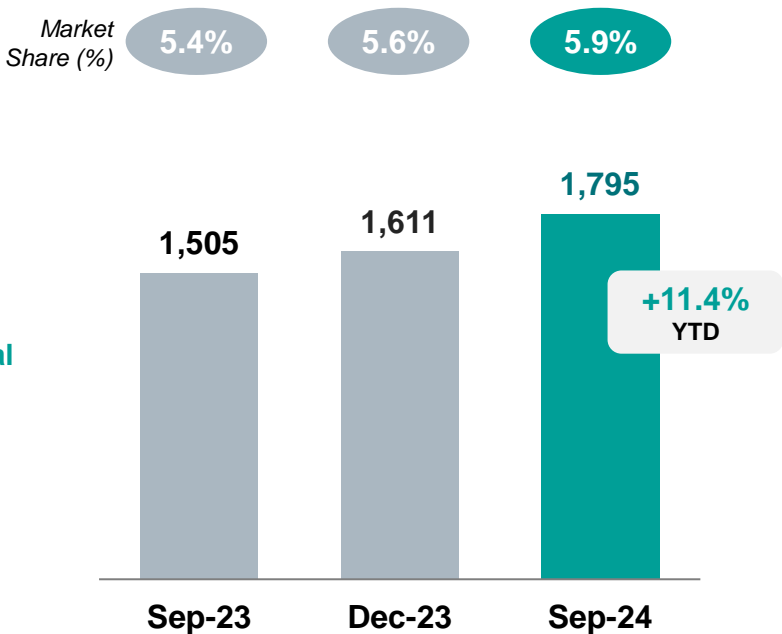


# Personal loans business, serving novobanco clients, grew 11.4% YTD

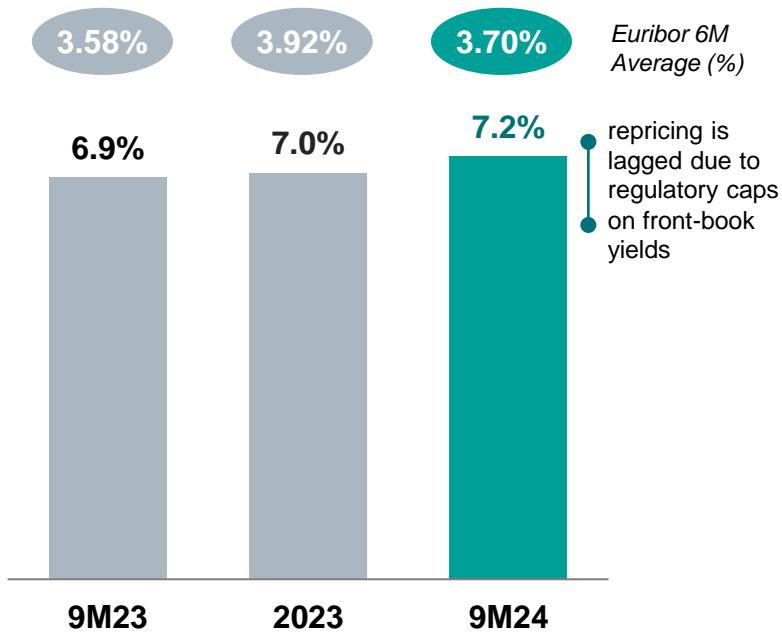
Personal loans & other (%)



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

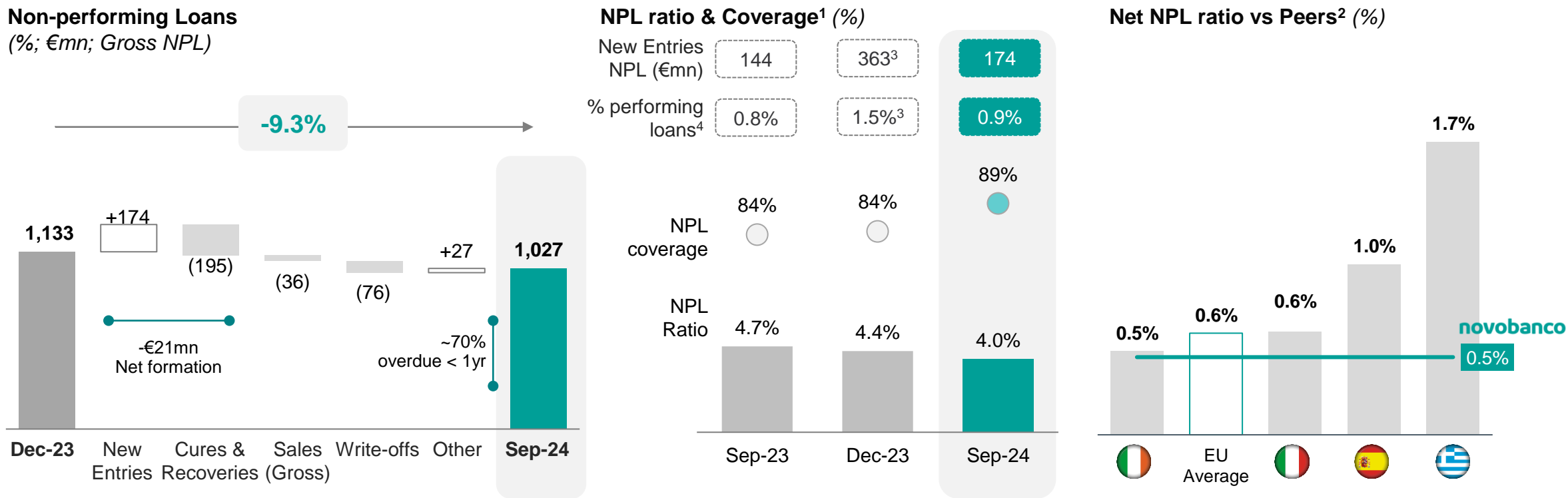


Average interest rate (%)



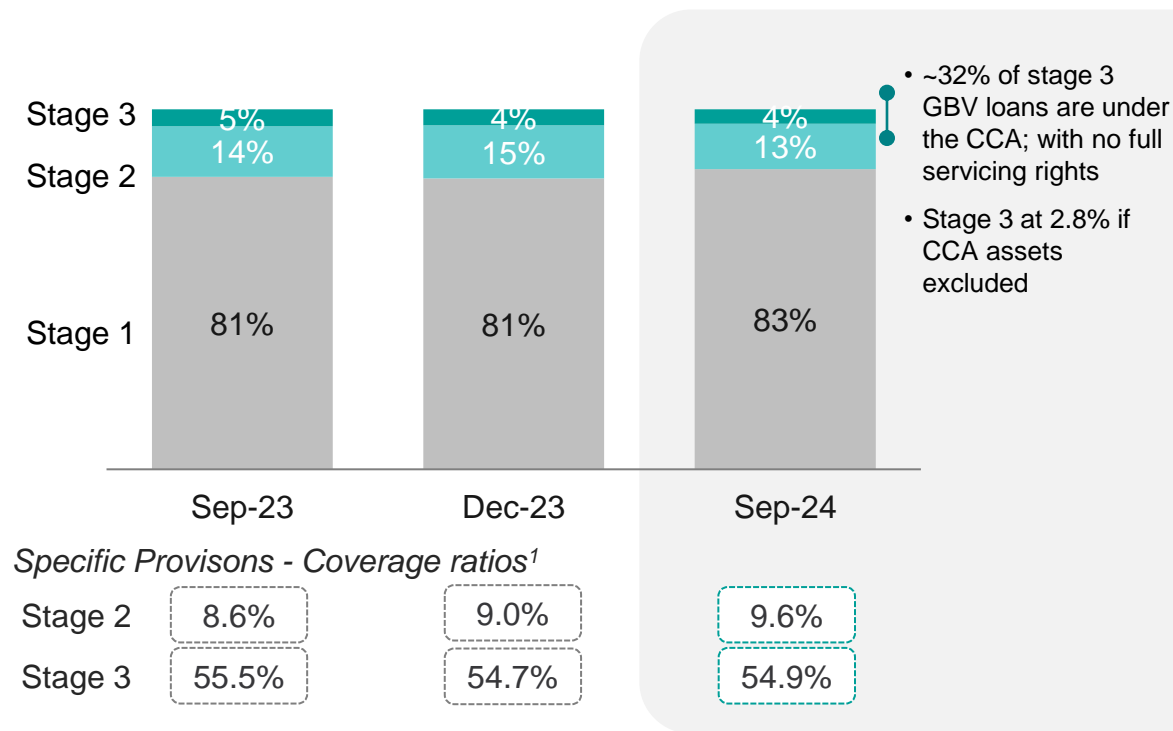
Marginal personal loans NPLs (€52mn) highly provisioned with 128% Stage 3 coverage<sup>1</sup> limiting downside risks

# Shrinking NPL book and increased coverage ratio

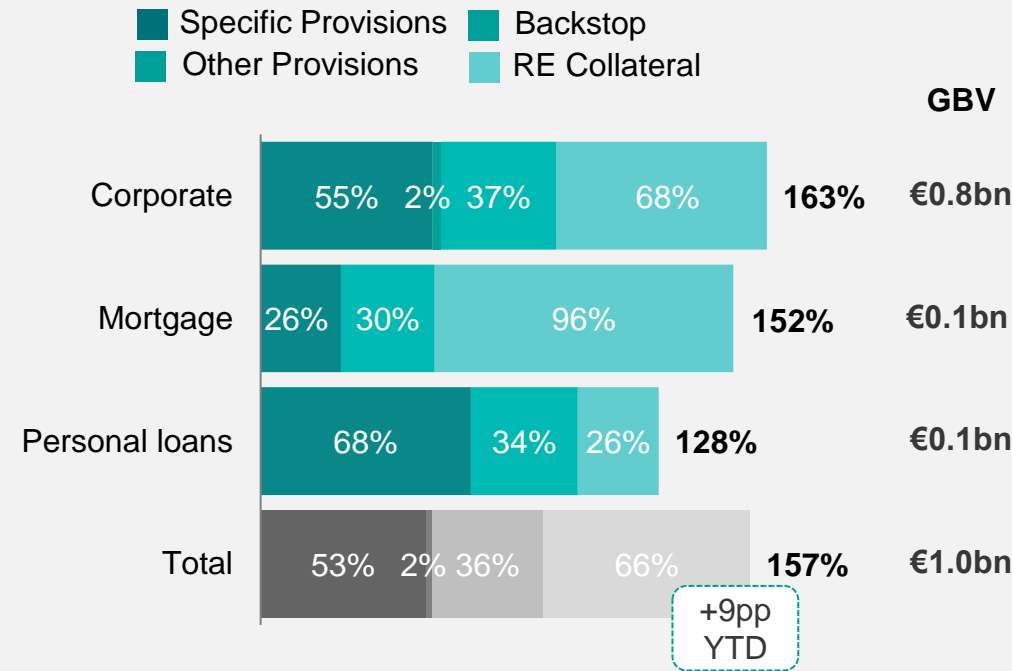


# Strengthened total stage 3 coverage (+20pp YoY)

Loan Portfolio by Stages

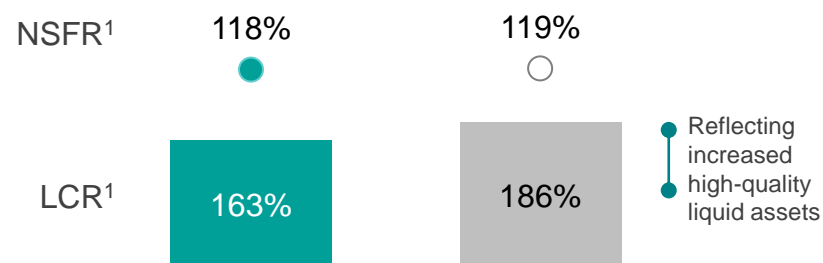


Stage 3: Coverage by type

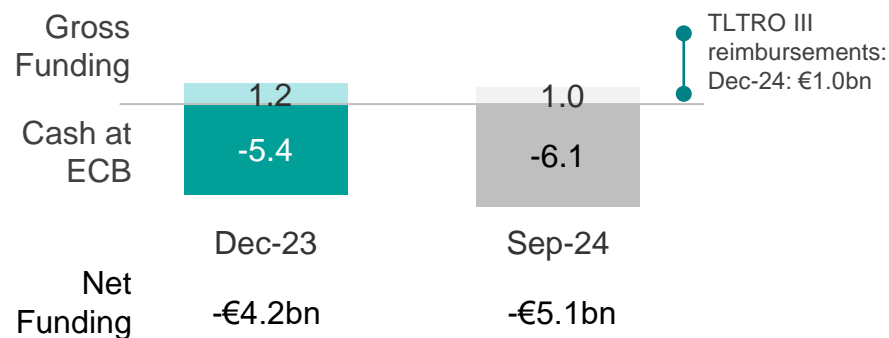


# Deposit growth and new issuance bolstering liquidity

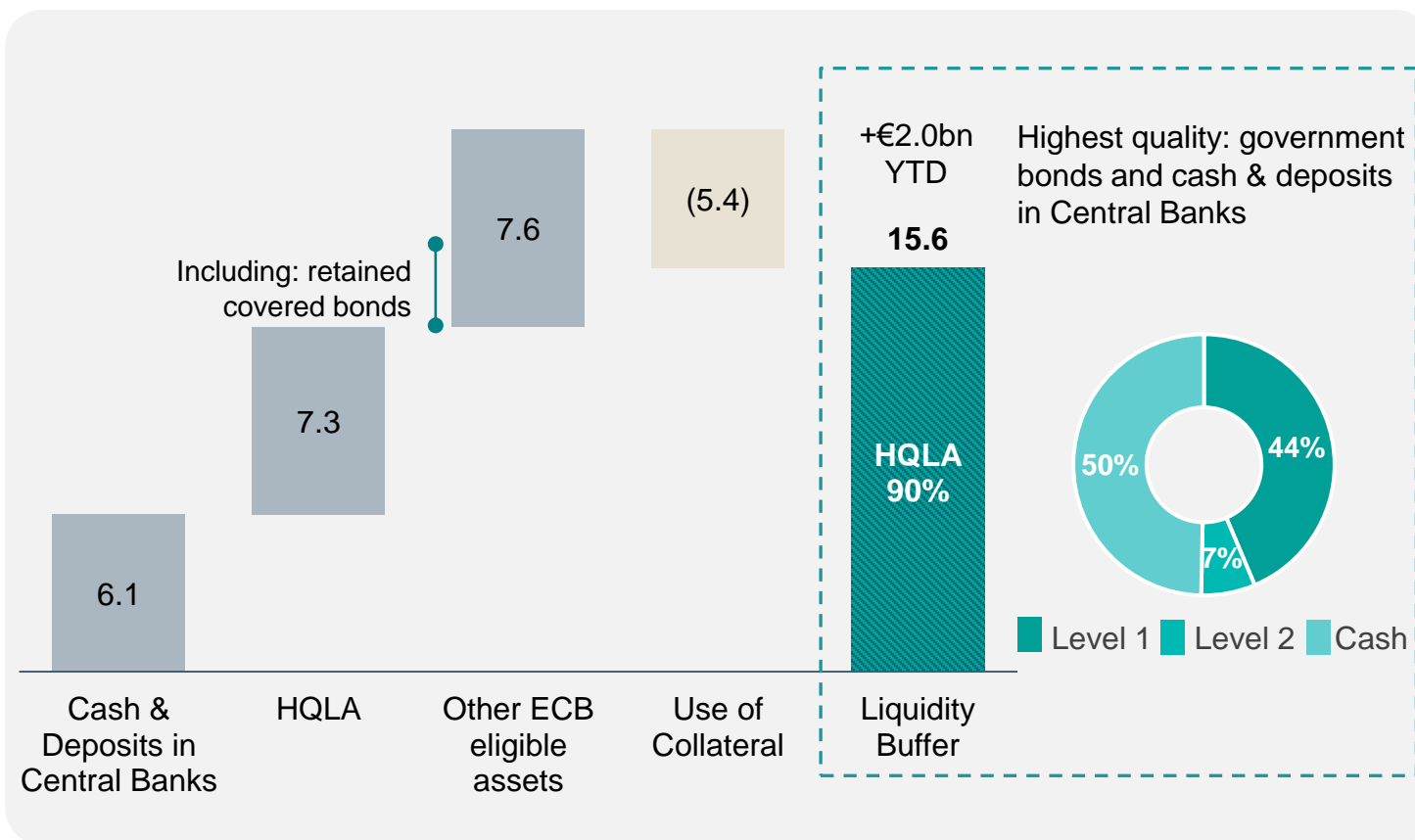
## Liquidity Ratios (%)



## ECB Funding (€bn)



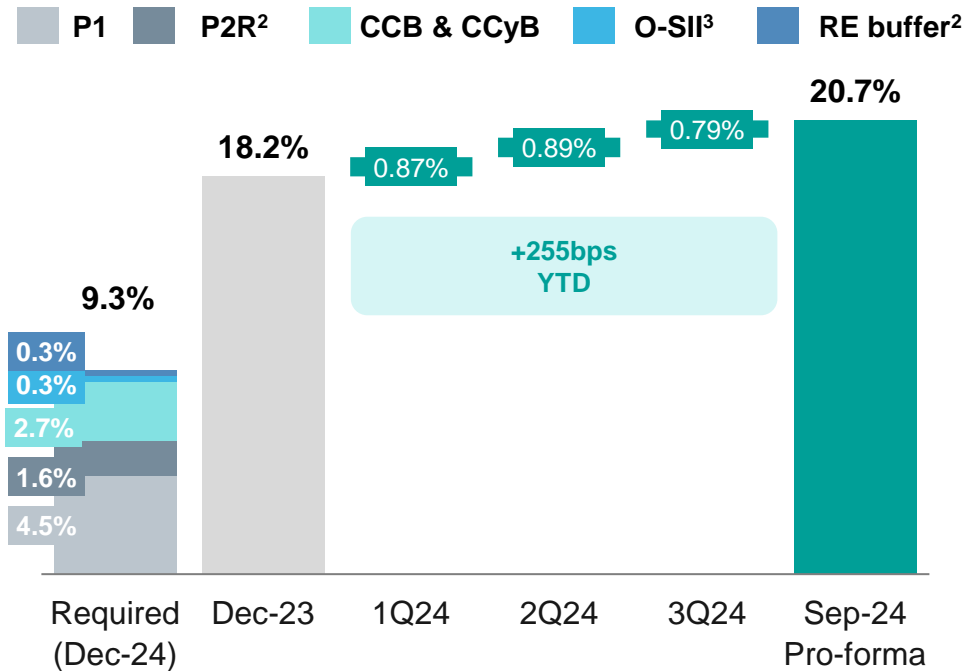
## Liquidity Buffer<sup>2</sup> (€bn)



# +255bps of CET1 generation YTD, resulting in 9.4% pro-forma MDA buffer

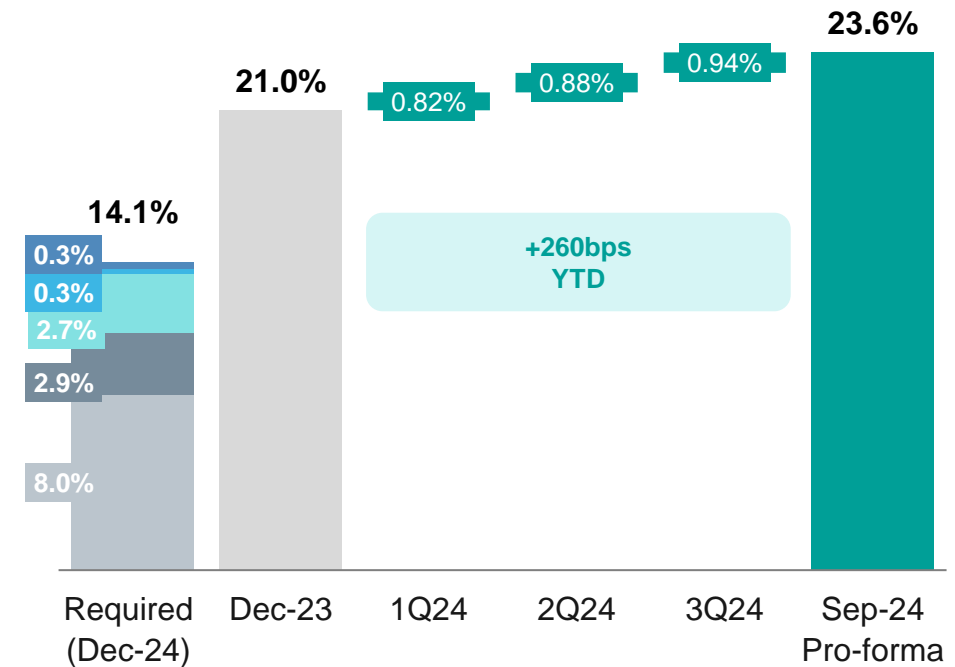
## CET 1

(fully loaded<sup>1</sup>; %)



## Total Capital

(fully loaded<sup>1</sup>; %)

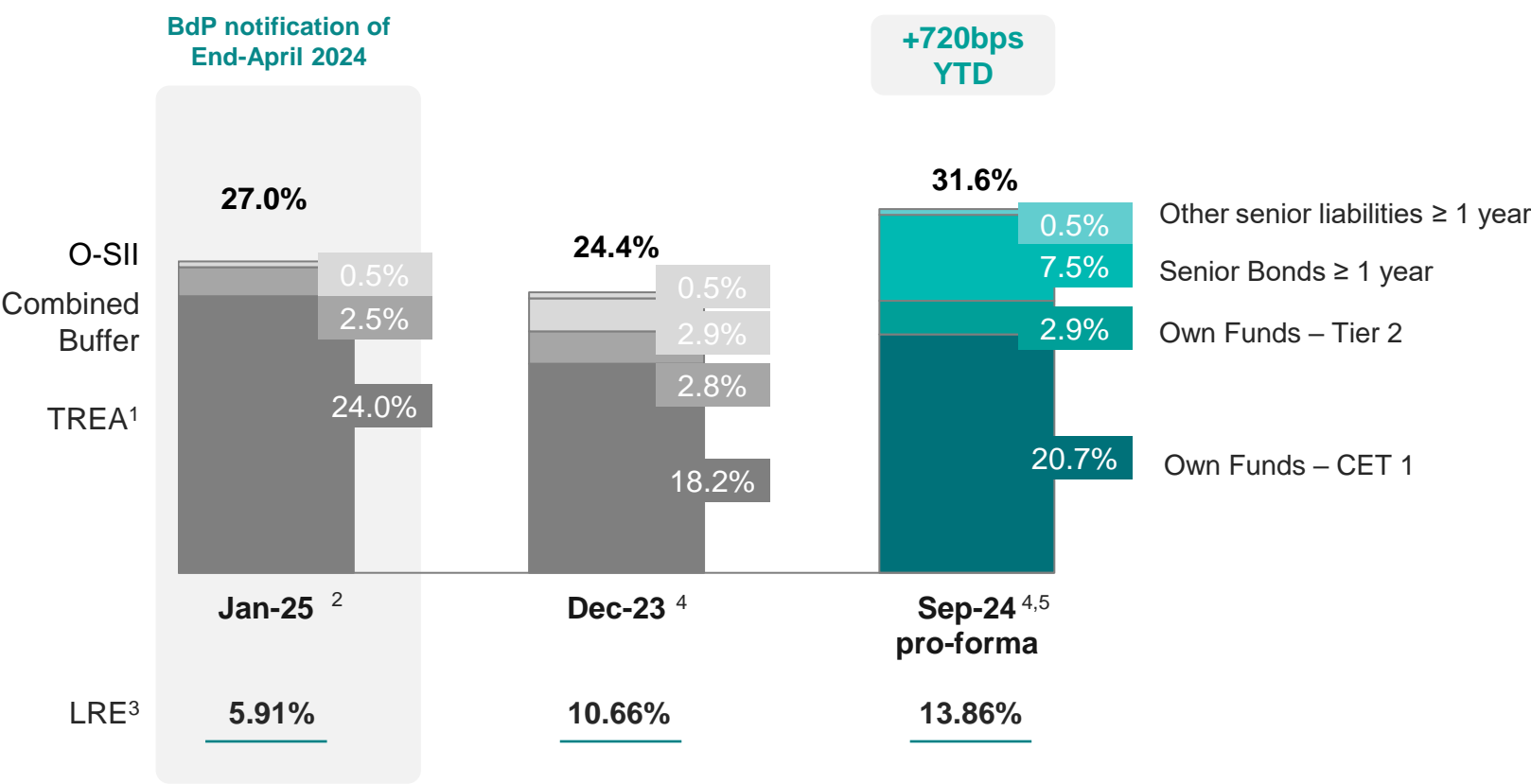


MDA (Maximum Distributable Amount)  
pro-forma Buffer<sup>5</sup>

9.4 pp

# Compliant with new MREL requirement ahead of schedule

**MREL requirements & ratio:**  
(% RWA; Fully-loaded and pro-forma)



In line with desire to maintain regular market access:

- in Feb/24, was issued €500mn of Senior Preferred Notes with maturity in Mar/28 and an early redemption option in Mar/27;
- in Sep/24, was issued €500mn of Senior Preferred Notes with maturity in Mar/29 and an early redemption option in Mar/28;
- Novobanco commits to maintain an appropriate buffer over the required end-point MREL (currently at 27.0%);
- As the bank expects to normalise its capital structure, a reduction<sup>6</sup> of CET1 (Sep/24: 20.7%) would therefore be pre-funded by additional benchmark size MREL eligible instruments.

# 04.

## Final Remarks

# Consistent strategy execution being on-track to outperform 2024 outlook

Business			2024 Outlook		
		YoY	9M24	2024 Outlook	
Clients Base	1.6mn	+6.7%	€1 127mn	> €1.4bn	✓
Business Volume <sup>1</sup>	€58.2bn	+3.1%	Cost to Income Ratio	< 35%	✓
Strong returns on overcapitalised balance sheet	20.7% CET 1	18.9% RoTE	Cost of Risk	< 50ps	✓
	+255bps YTD pro-forma		Net Income	> €700mn	✓
				€640mn (ex-one off) <sup>2</sup>	

A domestic business focused on growth and value-added products and services, with a simple and low-risk balance sheet and efficient operations, delivering solid profitability.

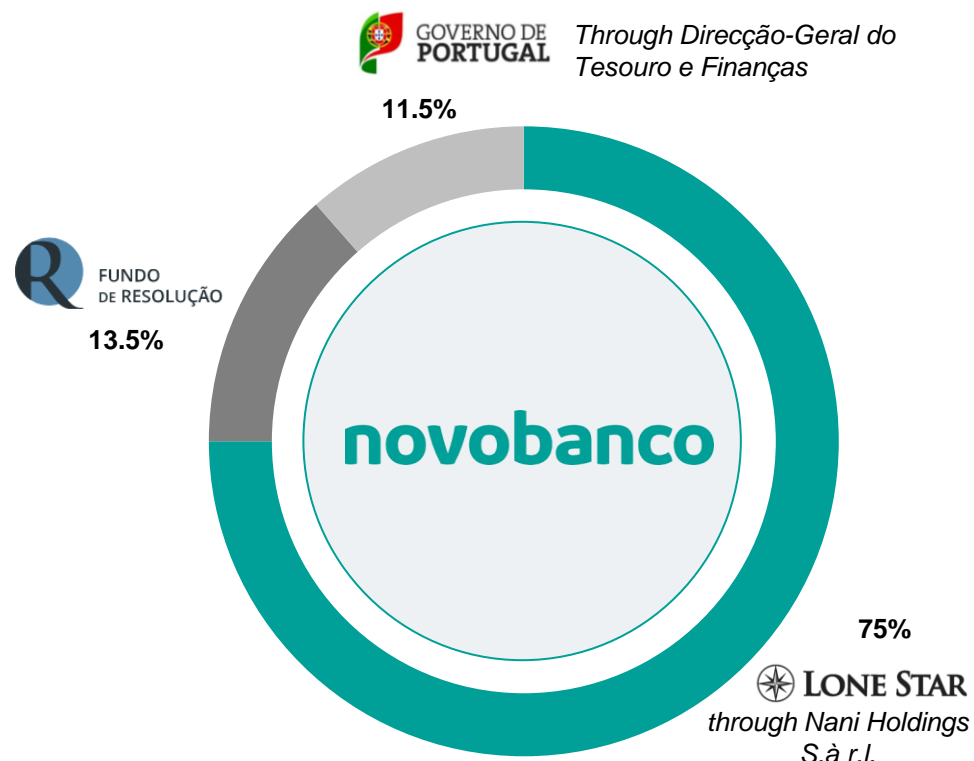
# ANNEX



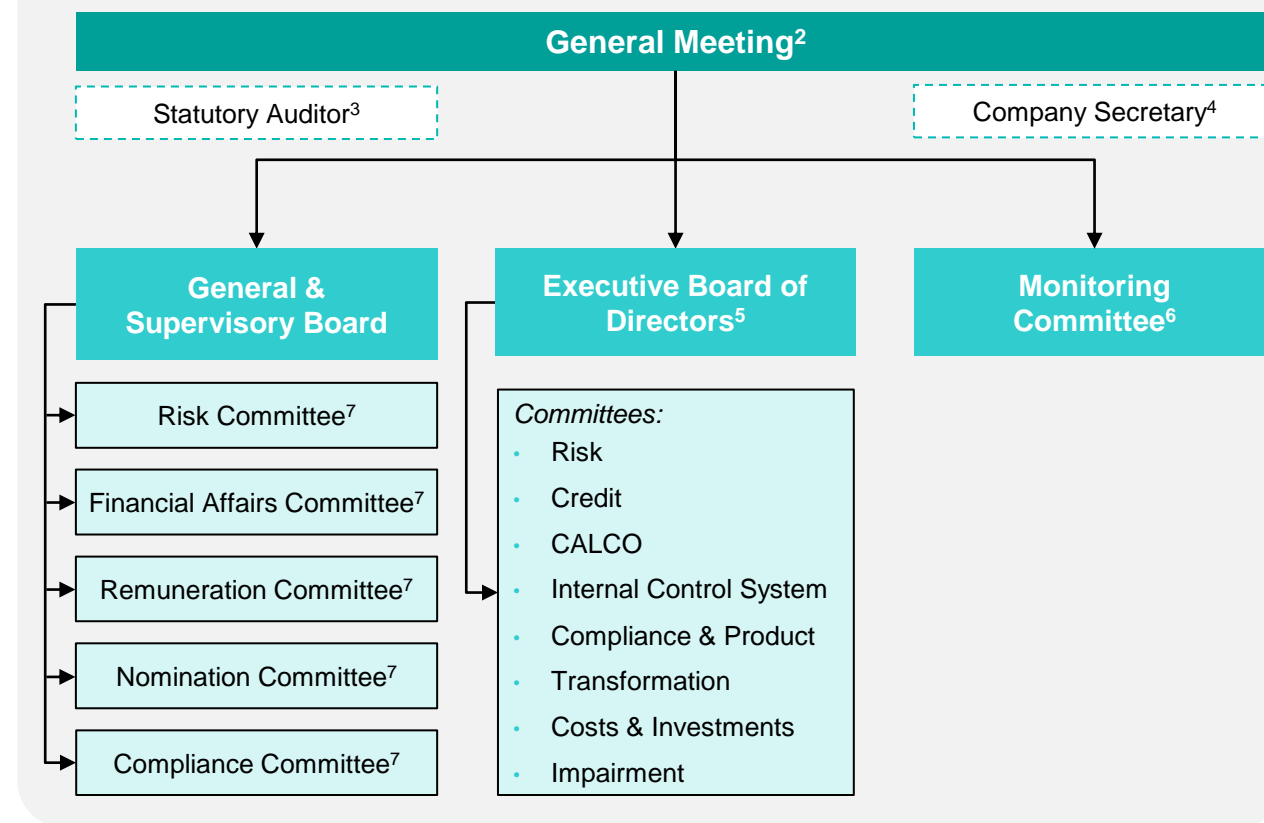
# novobanco shareholder structure and governance model

## Shareholder structure<sup>1</sup>

Following the announcement on 4 June 2024



## Governance model



(1) Shareholding following the share capital increase resulting from the exercise of the 2020 DTAs conversion rights; (2) GSB members are elected by the shareholders; (3) Elected by the General Meeting upon a proposal of the General and Supervisory Board; (4) The General and Supervisory Board is consulted prior to any proposal of the Executive Board of Directors related to the appointment of the Company Secretary and Alternate Secretary; (5) EBD members are elected by GSB; (6) The Monitoring Committee is composed of three members. The Monitoring Committee is an advisory body for the purposes of the Contingent Capital Agreement entered into between the Company and the Resolution Fund and is in place until termination of the CCA; (7) The Special Committees are composed of members of the General and Supervisory Board. The General and Supervisory Board sets up, appoints the members and approves the internal rules of the Special Committees

# Income Statement – Quarterly data

(€ million)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	▲ €mn YoY	▲ % YoY
Net Interest Income	246.3	277.7	307.2	311.4	299.0	295.9	291.4	(15.8)	(5%)
Fees and Commissions	68.9	76.4	71.8	79.0	75.0	86.2	79.2	+7.4	+10%
<b>Commercial Banking Income</b>	<b>315.3</b>	<b>354.1</b>	<b>378.9</b>	<b>390.4</b>	<b>374.0</b>	<b>382.1</b>	<b>370.6</b>	<b>(8.4)</b>	<b>(2%)</b>
Capital markets Results	5.8	22.2	11.3	(24.6)	(3.5)	(1.1)	7.8	(3.5)	(31%)
Other Operating Results	2.4	(7.4)	19.5	(25.6)	1.1	0.4	25.3	+5.9	+30%
<b>Banking Income</b>	<b>323.5</b>	<b>368.9</b>	<b>409.7</b>	<b>340.2</b>	<b>371.6</b>	<b>381.4</b>	<b>403.7</b>	<b>(6.0)</b>	<b>(1%)</b>
Operating Costs	111.9	113.2	114.5	139.6	119.0	123.7	123.2	+8.7	+8%
Staff Costs	58.3	62.3	63.2	68.9	63.3	68.3	67.5	+4.3	+7%
General and Administrative Costs	43.8	40.8	41.7	56.5	44.4	44.0	43.1	+1.4	+3%
Depreciation	9.8	10.1	9.6	14.1	11.3	11.4	12.6	+3.0	+31%
<b>Net Operating Income</b>	<b>211.6</b>	<b>255.8</b>	<b>295.2</b>	<b>200.6</b>	<b>252.6</b>	<b>257.7</b>	<b>280.5</b>	<b>(14.6)</b>	<b>(5%)</b>
Net Impairments and Provisions	27.7	28.3	25.8	92.1	27.9	59.9	19.9	(5.8)	(23%)
Customer credit	30.0	28.6	26.2	58.1	24.4	28.8	15.4	(10.7)	(41%)
Other	(2.3)	(0.3)	(0.4)	34.0	3.5	31.1	4.5	+4.9	n.m
<b>Income before Taxes</b>	<b>183.9</b>	<b>227.5</b>	<b>269.4</b>	<b>108.5</b>	<b>224.7</b>	<b>197.8</b>	<b>260.6</b>	<b>(8.8)</b>	<b>(3%)</b>
Corporate Income Tax	0.7	0.8	1.0	3.2	10.5	7.2	19.2	+18.2	+1,785%
Special Tax on Banks	34.1	0.0	1.1	-	32.2	-	-	(1.1)	(100%)
<b>Income after Taxes</b>	<b>149.0</b>	<b>226.6</b>	<b>267.3</b>	<b>105.3</b>	<b>182.0</b>	<b>190.6</b>	<b>241.4</b>	<b>(25.9)</b>	<b>(10%)</b>
Non-Controlling Interests	0.7	1.8	2.0	0.7	1.3	0.9	1.3	(0.6)	(32%)
<b>Net Income for the period</b>	<b>148.4</b>	<b>224.8</b>	<b>265.3</b>	<b>104.6</b>	<b>180.7</b>	<b>189.7</b>	<b>240.1</b>	<b>(25.3)</b>	<b>(10%)</b>

# Balance Sheet

(€ thousands)	Dec-23	Sep-24
Cash, cash balances at central Banks and other demand deposits	5,867,189	6,466,309
Financial assets held for trading	436,148	460,157
Financial assets mandatorily at fair value through profit or loss	264,912	237,043
Financial assets designated at fair value through profit or loss	0	0
Financial assets at fair value through profit or loss, or through other comprehensive income	838,523	1,966,341
Financial assets at amortised cost	32,452,537	33,035,594
Debt securities	7,870,536	8,292,013
Loans and advances to credit institutions	47,940	69,943
Loans and advances to customers	24,534,061	24,673,638
Derivatives – Hedge accounting	683,063	762,482
Fair value changes to the hedged items in portfolio hedge of interest rate risk	-83,498	-60,394
Investments in subsidiaries, joint ventures and associates	59,511	56,474
Tangible assets	757,549	753,417
Tangible fixed assets	363,754	413,004
Investment properties	393,795	340,413
Intangible assets	86,748	103,305
Tax assets	931,036	874,529
Current tax assets	29,376	28,785
Deferred tax assets	901,660	845,744
Other assets	1,117,258	896,149
Non-current assets and disposal groups classified as held for sale	89,814	29,434
<b>Total Assets</b>	<b>43,500,790</b>	<b>45,580,840</b>

	Dec-23	Sep-24
Financial liabilities held for trading	100,639	97,832
Financial liabilities measured at amortised cost	37,330,355	38,732,115
Due to Banks	5,745,326	4,799,156
Due to customers	29,984,273	30,404,689
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,107,585	2,981,870
Other financial liabilities	493,171	546,400
Derivatives – Hedge accounting	124,729	156,264
Fair value changes of the hedged items in portfolio hedge of interest rate risk	62,049	93,389
Provisions	430,829	457,165
Tax liabilities	10,808	13,655
Current tax liabilities	10,808	13,655
Deferred tax liabilities	0	0
Other liabilities	1,005,846	1,023,350
Liabilities included in disposal groups classified as held for sale	13,107	12,274
<b>Total Liabilities</b>	<b>39,078,362</b>	<b>40,586,044</b>
Capital	6,567,844	3,345,000
Other comprehensive income – accumulated	-1,070,125	-1,011,761
Retained earnings	-8,577,074	13,814
Other reserves	6,736,004	2,012,312
Profit or loss attributable to parent company shareholders	743,088	610,422
Minority interests (Non-controlling interests)	22,691	25,009
<b>Total Equity</b>	<b>4,422,428</b>	<b>4,994,796</b>
<b>Total Liabilities and Equity</b>	<b>43,500,790</b>	<b>45,580,840</b>

# A Portuguese universal bank, serving corporate and retail segments

€ million	Retail			SMEs and corporate			Support Functions			Total		
	30-Sep-23	30-Sep-24	▲ €mn	30-Sep-23	30-Sep-24	▲ €mn	30-Sep-23	30-Sep-24	▲ €mn	30-Sep-23	30-Sep-24	▲ €mn
Commercial Banking Income	609	718	109	476	442	-35	-37	-33	4	1048	1127	78
Banking Income	611	722	111	479	444	-36	12	-9	-21	1102	1157	55
Operating Costs	228	242	14	69	79	10	42	45	3	340	366	26
Net Operating Income	382	479	97	410	365	-45	-30	-53	-24	763	791	28
Net Impairments and Provisions	39	33	-6	51	35	-15	-8	39	47	82	108	26
<b>Income before Taxes</b>	<b>343</b>	<b>446</b>	<b>103</b>	<b>359</b>	<b>329</b>	<b>-30</b>	<b>-22</b>	<b>-92</b>	<b>-70</b>	<b>680</b>	<b>683</b>	<b>3</b>
Total Assets	14,626	14,659	33	14,156	14,413	256	14,167	16,509	2,342	42,949	45,581	2,632
Customer Loans (net)	13,445	13,470	25	13,679	14,104	424	13	15	2	27,137	27,589	452
Net Interest margin	2.87%	3.34%	0.47pp	3.86%	3.49%	-0.37pp	-0.37%	-0.40%	-0.03pp	2.66%	2.79%	0.13pp
Commercial Cost to Income	37.5%	33.7%	-3.80pp	14.6%	17.9%	3.31pp	-114.0%	-135.7%	-	32.4%	32.5%	0.08pp

**Retail** - Corresponds to all the activity developed with private customers and small businesses, along with the fully consolidated operating subsidiaries novobanco Açores, BEST and GNBGA. The financial information of the segment relates, amongst other products and services, to mortgage loans, consumer credit, small business financing, deposits, retirement plans and other insurance products sold to private customers, account management and electronic payments and placement of investment funds, brokerage and custodian services.

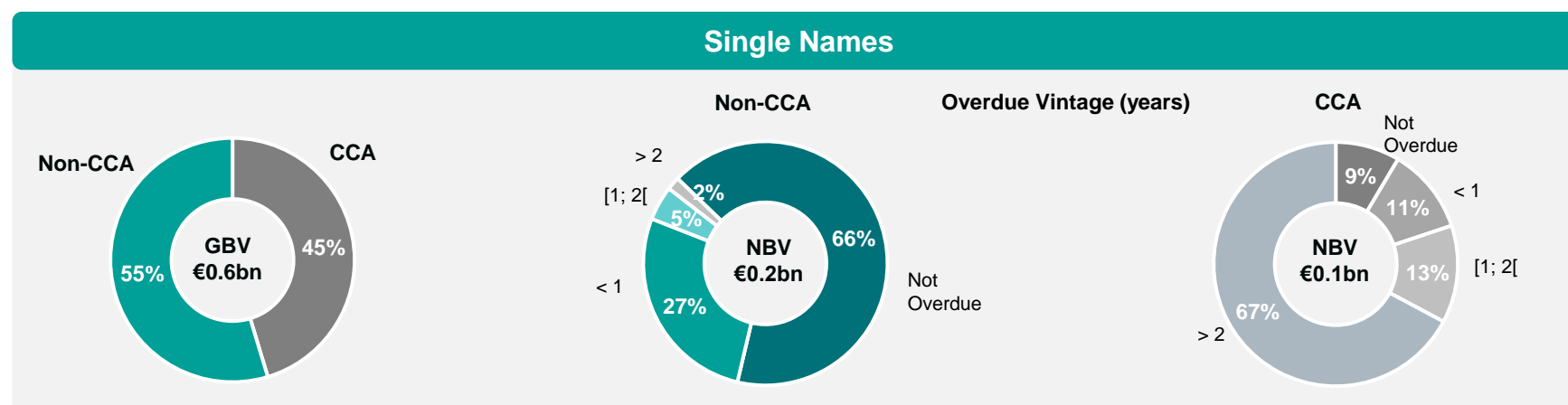
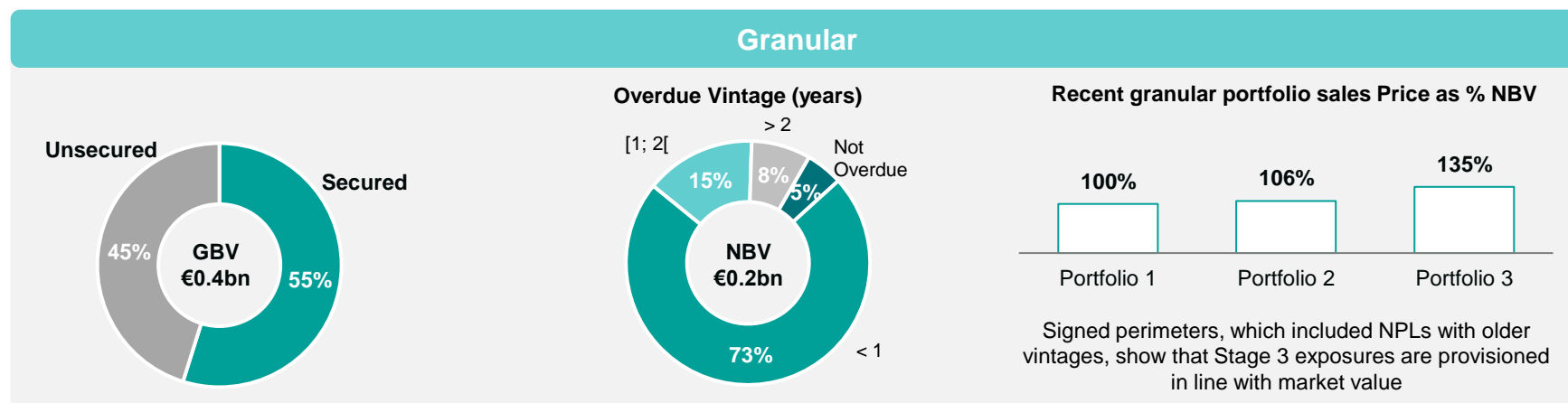
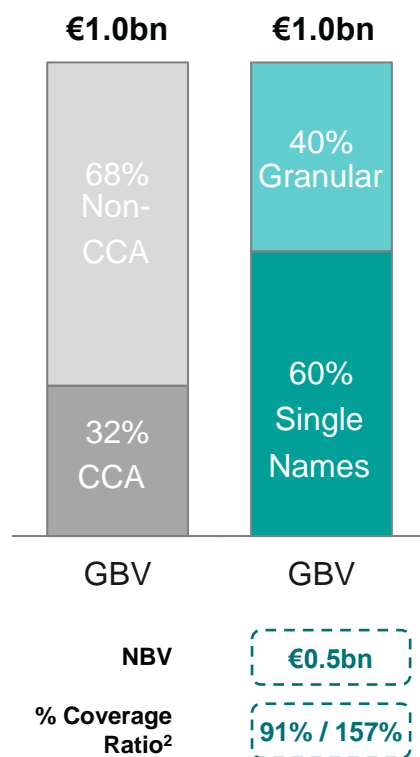
**Corporate** - Includes the activities developed with medium and large-sized companies, developed through a commercial structure dedicated to this segment, which includes 20 Corporate Centres. This segment also includes activities with institutional and municipal customers. The Group maintains an important presence in this segment, the result of the support it has lent to the development of the national business community, focused on companies with good risk, an innovative nature and an exporter activity.

**Support Functions** - This area does not correspond to an operational segment in the true sense of the concept, it is an aggregation of transversal corporate structures that ensure the basic functions of the Group's global management, including Treasury and Real Estate assets.

>70%<sup>1</sup> of Stage 3 with overdue less than 1 year, with exposures provisioned in line with market value

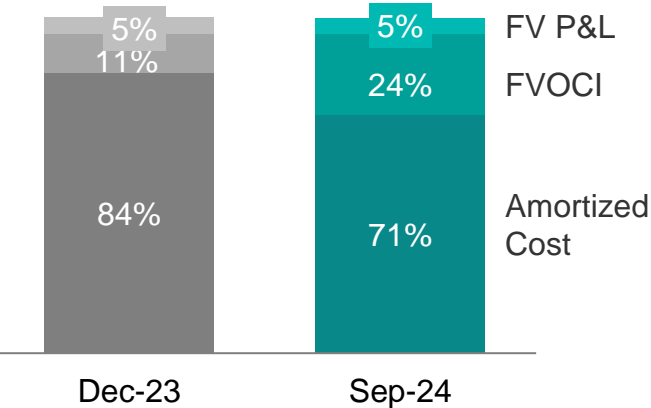
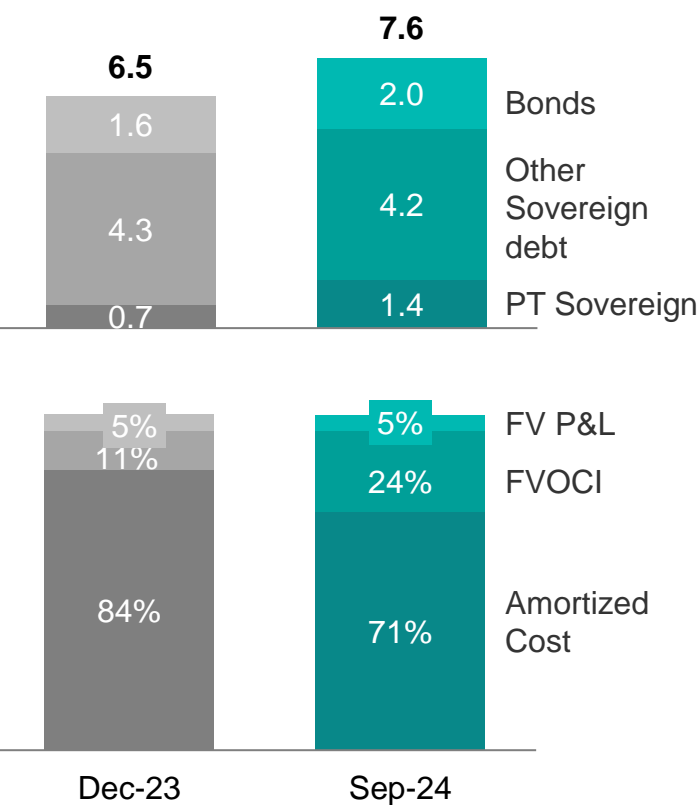
## Total Stage 3 Loans

(Sep-24; %)



# Securities - ALM Portfolio - an investment grade portfolio of €7.6bn

ALM Portfolio  
(€bn)

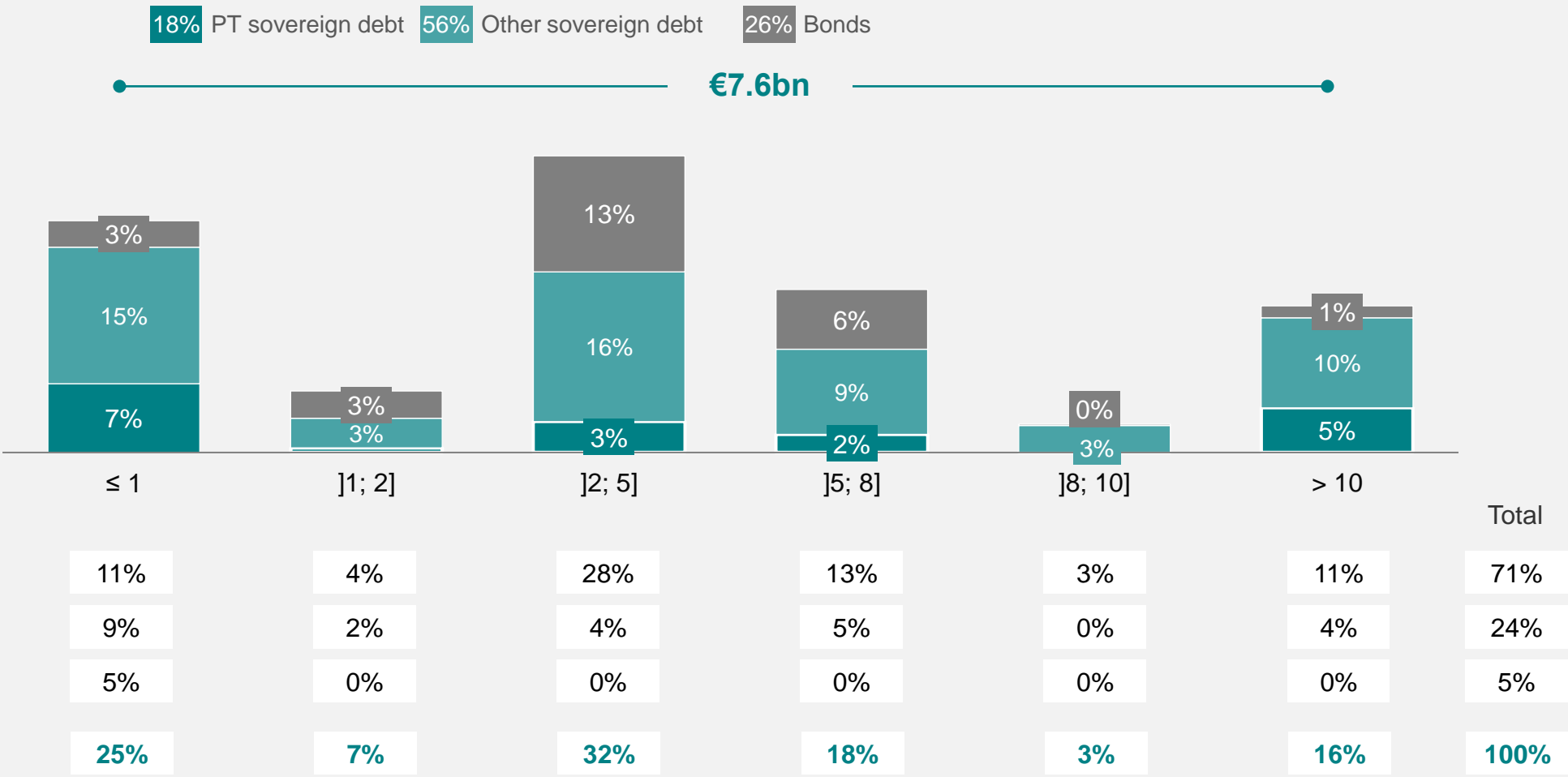


	Total	vs Dec/23
Amount (€bn)	7.6	+1.1
Duration <sup>1</sup> (years)	3.3	-0.5
Yield <sup>1</sup> (%)	3.29	-23bps

	Sep/24
Unrealised MtM losses <sup>2</sup> (€mn)	48
ALM Portfolio/ Total Assets (%)	17
ALM Portfolio/ Total Equity (x)	1.5

# Securities - ALM Portfolio

By Maturity  
(Sep-24; €mn; %)

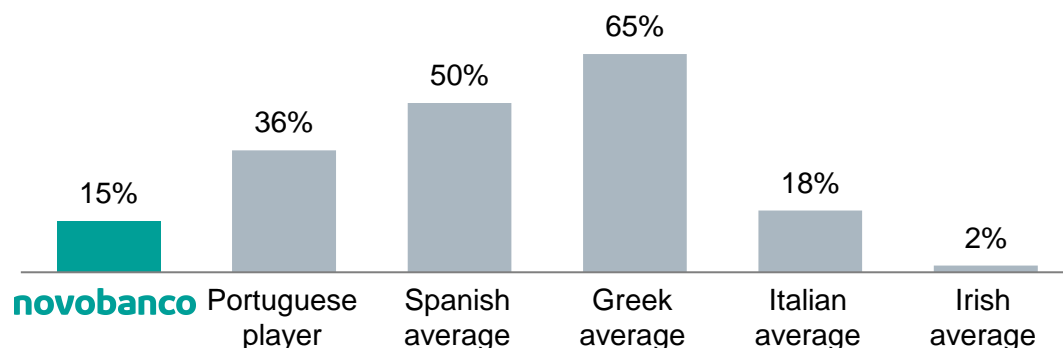


# Deferred Tax Assets

(€ millions)	Dec-23	Sep-24	Of which in CET 1
<b>Total DTAs on Balance Sheet</b>	<b>902</b>	<b>846</b>	<b>676</b>
Timing-Difference DTAs – Special Regime <sup>(1)</sup>	297	297	297
Timing-Difference DTAs – other	471	379	379
Tax Losses carried forward (TLCF)	134	170	-
<b>Off-Balance Sheet</b>	<b>1 546</b>	<b>1 475</b>	<b>-</b>
Timing-Difference DTAs	185	132	-
Tax Losses carried forward (TLCF)	1 361	1 343	-

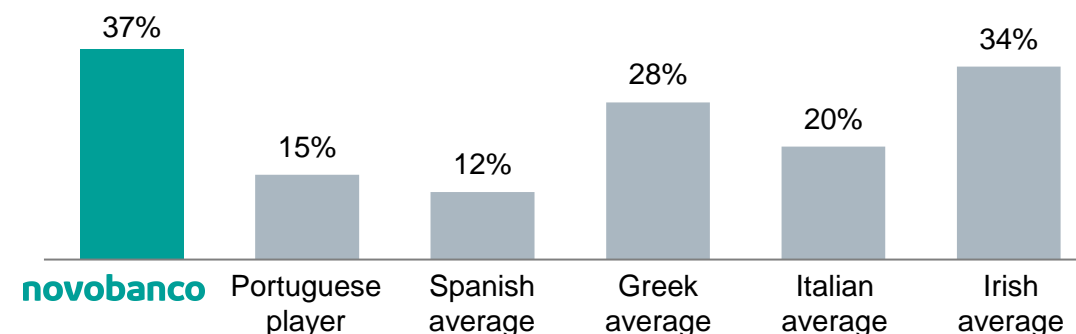
## CET 1 eligible DTAs as % of CET1

(%<sup>2</sup>; pro-forma CET 1)



## Non-CET 1 eligible DTAs (including off BS) as % of CET 1

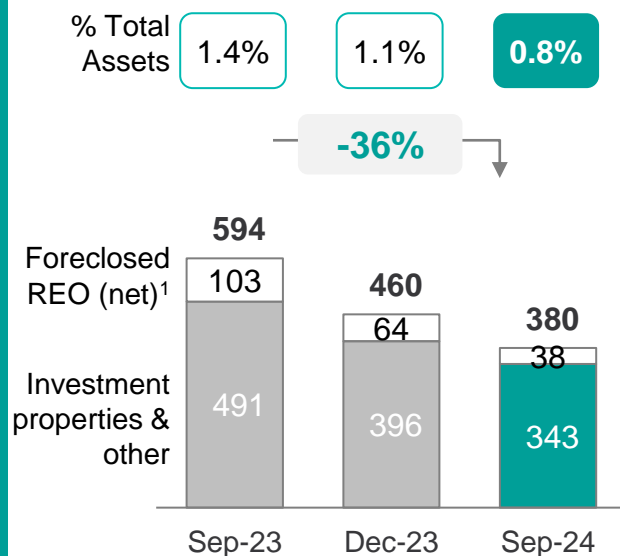
(%<sup>2</sup> ; pro-forma CET 1)



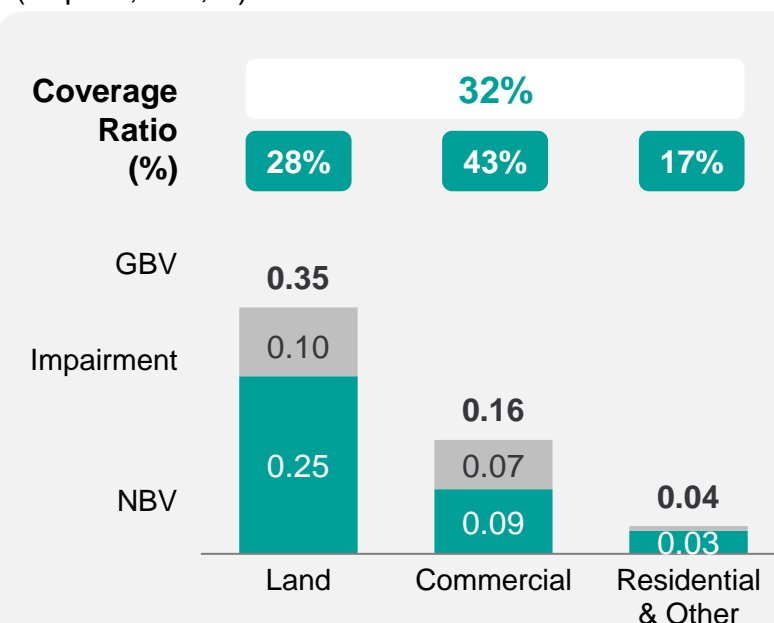
- Tax losses carried forward are recognised to the extent they are expected to be recovered with future taxable income;
- novobanco conservatively assesses the recoverability of tax losses carried forward considering its projected taxable income over a 5 year period, assuming average of base case and stressed cases of the business plan;
- Considering €700mn PBT, TLCF to be fully utilized over a period of ~14 years. €800mn PBT accelerates utilization by c. 2 years;
- €899mn of off-balance sheet Tax losses carried forward have no maturity date.

# Further disposals decreasing RE exposure to €380mn (-36% YoY)

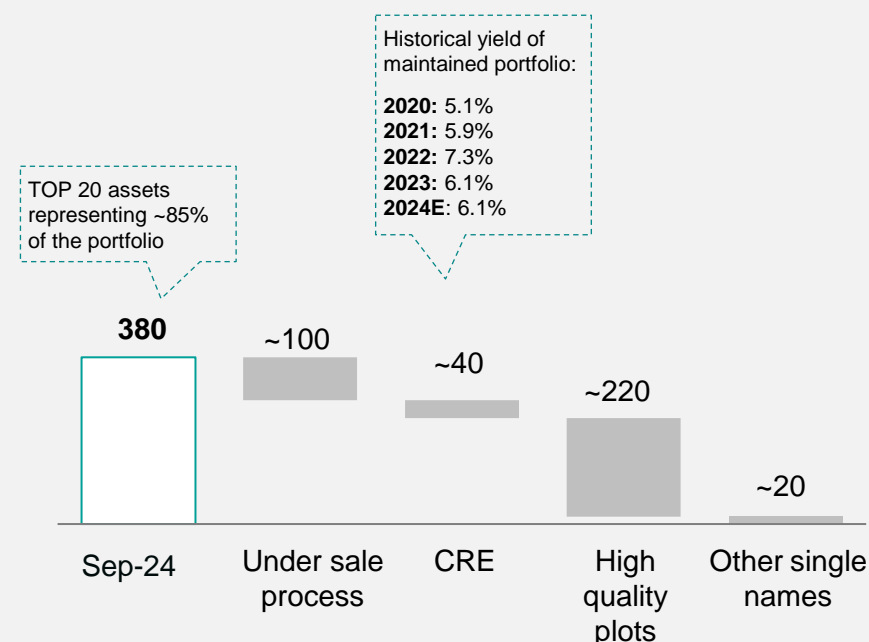
## Real Estate Exposure (€mn NBV)



## RE: Coverage by Asset Type (Sep-24; €bn; %)



## RE: breakdown (€million; %)



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

# Bonds outstanding and MREL eligibility

€mn; Sep-24

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value <sup>1</sup>	Maturity
<b>Covered</b>						
NOVBNC 3.25% 01/03/27	PTNOBFOM0009	EUR	500	Mar-24	511	Mar-27
<b>Senior</b>						
NOVBNC 5.5% 30/12/24	PTNOBKOM0002	EUR	100	Dec-22	104	Dec-26
NOVBNC 4.25% 08/03/28	PTNOBIOM0006	EUR	500	Mar-24	516	Mar-28
NOVBNC 3.5% 09/03/29	PTNOBMOM0000	EUR	500	Sep-24	499	Mar-28
<b>Subordinated</b>						
NOVBNC 9.875% 01/12/33	PTNOBLOM0001	EUR	500	Jun-23	539	Dec-33
<b>Total 2043 Bonds</b>						
BES Luxembourg 3.5% 02/01/43	XS0869315241	EUR	64	Jan-13	44	Jan-43
BES Luxembourg 3.5% 23/01/43	XS0877741479	EUR	131	Jan-13	100	Jan-43
BES Luxembourg 3.5% 19/02/2043	XS0888530911	EUR	97	Feb-13	66	Feb-43
BES Luxembourg 3.5% 18/03/2043	XS0897950878	EUR	70	Mar-13	48	Mar-43
<b>Total Zero Coupons (ex EMTN 57)</b>						
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	40	Oct-48
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	49	Feb-49
Banco Esp San Lux ZC 19/02/49	XS1034421419	EUR	69	Feb-14	14	Feb-49
Banco Esp San Lux ZC 27/02/51	XS1038896426	EUR	108	Feb-14	19	Feb-51
BES Luxembourg ZC 06/03/2051	XS1042343308	EUR	76	Mar-14	13	Mar-51
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	45	Apr-48
BES Luxembourg ZC 09/04/52	XS1055501974	EUR	264	Apr-14	43	Apr-52
BES Luxembourg ZC 16/04/46	XS1058257905	EUR	37	Apr-14	9	Apr-46
EMTN 57	XS0439764191	EUR	8	Jul-09	2	Jul-44
<b>Total</b>			<b>3,674</b>		<b>2,661</b>	

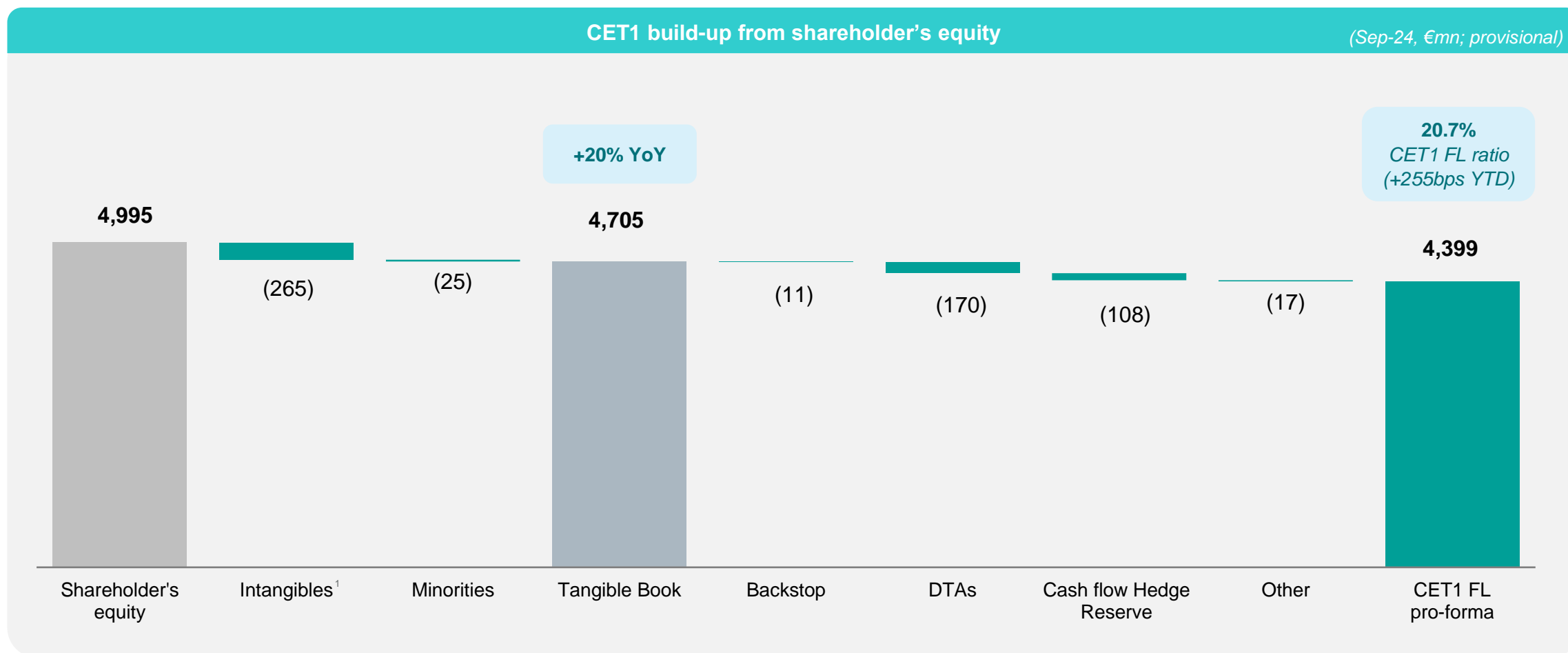
## 2043 Bonds and Zero Coupons (excluding EMTN 57):

- Are fully eligible for compliance with the Bank's MREL requirements as they were issued before BRRD transposition in Portugal and do not cease to qualify as eligible liabilities of the Bank from 28 June 2025<sup>2</sup>
- Annual accrual of book value to notional value to increase contribution to MREL by c.€19mn per annum
- Annual interest expense of 6.6% on book value or ~2.5% net of hedge to close interest rate position<sup>3</sup>

# Capital ratios

						€mn
<b>CAPITAL RATIOS (CRD IV/CRR) Fully Loaded</b>		<b>30-Sep-23</b>	<b>31-Dec-23</b>	<b>31-Mar-24</b>	<b>30-Jun-24</b>	<b>30-Sep-24 Pro-forma</b>
Risk Weighted Assets	(A)	21,328	20,399	20,779	20,883	21 256
Own Funds						
Common Equity Tier 1	(B)	3,524	3,703	3,952	4,158	4,399
Tier 1	(C)	3,526	3,705	3,953	4,160	4,401
Total Own Funds	(D)	4,115	4,280	4,529	4,736	5,020
Common Equity Tier 1 Ratio	(B/A)	16.5%	18.2%	19.0%	19.9%	20.7%
Tier 1 Ratio	(C/A)	16.5%	18.2%	19.0%	19.9%	20.7%
Total Capital	(D/A)	19.3%	21.0%	21.8%	22.7%	23.6%
Leverage Ratio		7.9%	7.9%	8.2%	8.7%	9.1%

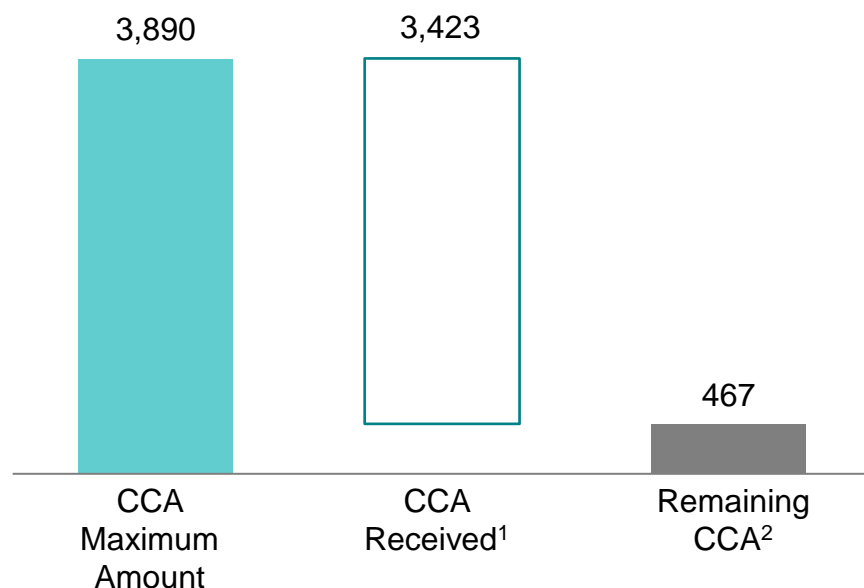
# A strong regulatory capital position



# CCA - Contingent Capital Agreement: €467mn available

## CCA - Compensation amounts

(€ million)



- As agreed in Oct-2017, at sale process of novobanco, a Contingent Capital Agreement (“CCA”) was entered into between the Resolution Fund (“FdR”) and the Bank.
- Following the dispute between the Resolution Fund and novobanco in the Arbitration Court regarding the payment requested under the 2020 CCA call, the Court announced on 4 June 2024 that the Bank is entitled to the following amounts:
  - *Application by novobanco at the end of 2020 of the IFRS 9 transitional regime: €162mn;*
  - *Valuation of participation units: €18mn (already settled) plus interests;*
  - *Interest on late payment as a result of the delay in paying the €112mn instalment of the 2020 capital call: €5mn; and*
  - *Compensation for additional damages caused by the retention of the portion of €112mn relating to the capital call and the non-payment of the amount of €18mn: amount to be determined.*
- As of Sep-24, a total of €467mn remains available for losses recognised in a predefined portfolio of assets (“CCA Assets”) and other CCA covered losses (the “CCA Losses”) in case CET1 ratio decreases below 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.
- Until CCA Maturity Date (or early termination which would require mutual agreement between parties):
  - Novobanco is subject to a dividend ban
  - CCA Assets are subject to a servicing agreement with FdR

# DBRS, Moody's and Fitch ratings

September 2024	
DBRS	
Bank's Intrinsic Assessment (IA)	BBB
Long-Term Issuer Rating	BBB
Short-Term Issuer Rating	R-2 (high)
Long-Term Deposit	BBB (high)
Long-Term Critical Obligations	A (low)
Senior Debt	BBB
Subordinated Debt	BB (high)

August 2024		
Moody's		
Intrinsic	Baseline Credit Assessment /Adjusted BCA	ba1
LT / ST	Counterparty Risk Assessment LT/ST (Investment Grade)	Baa1 (cr)/ P-2 (cr)
	Counterparty Risk LT/ST (Investment Grade)	Baa1/P-2
	Deposits LT/ST (Investment Grade)	Baa1/P-2
	Senior Unsecured Debt LT/ST (Investment Grade)	Baa3
	Junior Senior Unsecured	Ba1
Others	Outlook deposits / senior	Positive
	Covered Bonds	Aaa
	Subordinated debt	Ba2

February 2024		
Fitch		
Intrinsic	Viability Rating (Investment Grade)	bbb-
	Support	ns
LT / ST		
Issuer Default Rating LT/ST (Investment Grade)		BBB-/F3
Deposits LT/ST (Investment Grade)		BBB/F3
Senior Debt LT/ST (Investment Grade)		BBB-/F3
Outlook		Neutral

# novobanco ESG vision is built-in in its “Shaping the Future” strategy, and tracked by our Social Dividend commitments



Customer-centric Bank	Simple and efficient operations	Developing people and culture	Developing sustainable performance
Reflecting evolving customer expectations through <b>distinctive value propositions</b>	<b>Simplifying the banking experience</b> , through superior usage of <b>technology and data</b>	Attracting and developing a team of <b>skilled and fulfilled professionals</b> that actively <b>live the bank’s values</b>	Delivering <b>sustainable returns</b> through disciplined risk, capital and funding management
Leveraging <b>digital and omnichannel approach</b> as drivers of <b>service</b> and <b>proximity</b>	Improving <b>internal processes</b> to upgrade <b>productivity and efficiency</b>	Developing a <b>dynamic collaborative culture</b> in an environment adapted to the <b>new ways of working</b>	Strengthening the integration of <b>ESG across business</b> to support sustainable growth and key stakeholders
<div>⌵</div> <i>Support our <b>clients transition</b> and maximize positive <b>impact on society and environment</b></i>	<div>⌵</div> <i>Improve <b>efficiency</b>, enable <b>own transition</b>, ensure systems readiness for ESG</i>	<div>⌵</div> <i>Strengthen <b>capabilities, inclusiveness, diversity</b> and the <b>engagement</b> of our people</i>	<div>⌵</div> <i>Build a robust <b>ESG governance &amp; risk management</b> framework</i>
<div><div>4</div><div>7</div><div>8</div><div>10</div><div>13</div><div>16</div></div>	<div><div>4</div><div>7</div><div>8</div><div>10</div><div>13</div><div>16</div></div>	<div><div>4</div><div>7</div><div>8</div><div>10</div><div>13</div><div>16</div></div>	<div><div>4</div><div>7</div><div>8</div><div>10</div><div>13</div><div>16</div></div>

# Our Social Dividend model was reviewed based on our latest Dual Materiality assessment

Customer-centric Bank	Simple and efficient operations	Developing people and culture	Developing sustainable performance
<b>Green production<sup>1</sup></b>  <b>Target 2026</b> 2.000 M€ <sup>1</sup>	<b>Own emissions<sup>2</sup></b>  <b>Target 2030</b> -54% vs 2021	<b>Equal pay<sup>3</sup></b>  <b>Target 2026</b> Below 5%	<b>Financed emissions reduction<sup>4</sup></b>  <b>Target 2030</b> 100% targets realized by sector
<div> <div> </div> <div>  709                     </div> </div>	<div> <div> </div> <div>  -51%<sup>9</sup> </div> </div>	<div> <div> </div> <div>  5.4%                     </div> </div>	<div> <div> </div> <div> </div> </div>
<b>ESG investment products<sup>5</sup></b>  <b>Target 2026</b> 60% of invest. products	<b>Renewables share<sup>6</sup></b>  <b>Target 2026</b> 100%	<b>Employee engagement<sup>7</sup></b>  <b>Target 2026</b> At least 65%	<b>Women in management<sup>8</sup></b>  <b>Target 2026</b> At least 40%
<div> <div> </div> <div>  62%                     </div> </div>	<div> <div> </div> <div>  100%                     </div> </div>	<div> <div> </div> <div>  60%                     </div> </div>	<div> <div> </div> <div>  38%                     </div> </div>

1. Loans and investments considered under novobanco green financing policy with a 650 MEUR target for 2024; 2. Scope 1 and 2 Greenhouse Gas (GHG) emissions; 3. Equal pay gap calculated per function; 4. Achieving GHG emissions intensity targets in bank's loan and investment's portfolio for Power generation; Cement and CRE (Commercial Real Estate) sectors – value to be calculated by EoY 2024; 5. % of investment products (investment funds, financial insurances, structured notes or deposits) with ESG characteristics/ concerns – Art.8 and 9; 6. Net renewable energy share consumed (in locations where service is available); 7. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement level); 8. Previously Senior Leadership; 9. Calculated with annualized 2024 1<sup>st</sup>H data as compared to 2021;

# Robust ESG Governance and clear roadmap

novobanco deployed a robust governance model for its **Global Sustainability Framework**

- 1 The Global Sustainability Framework is supervised by our **GSB**, with our **EBD** taking direct responsibility for its active management
- 2 Our appointed **Chief Sustainability Officer** ensures direct guidance on day-to-day activities
- 3 The **Sustainability Steering** safeguards the right cadence for implementing the ESG strategy, supervising our ESG KPI and KRI
- 4 Our **ESG Office** and **ESG PMO** manage the ESG program, with oversight over teams needed for the effort
- 5 novobanco **Policies** and **Roles & Responsibilities** are up-to-date with our Global Sustainability Framework
- 6 We ensure yearly trainings, for all employees, on **ESG** and **Code of Conduct**, to ensure the highest standards of ethics, service and protection of our clients' interests
- 7 We ensure right incentives are put into place by **linking performance appraisal and compensation** to our ESG KPIs, namely our publicly disclosed Social Dividend model, both at the Board and Management levels
- 8 Our **program roadmap** is updated regularly to ensure transparency and effective control



1. Initial public rollout in October – with additional milestones for mass-use until Q1 2025  
 2. Includes targets approved by SBTi on Power Production, Cement, Commercial Real Estate – and new Pillar 3 targets published in September for Chemicals and Oil & Gas; SBTi targets also include the existent “Temperature Rating” for Corporate Loans and Listed Equity and Corporate Bonds

<b>Income Statement</b>	
<b>Fees and commissions</b>	Fee and commission income less fee and commission expenses
<b>Commercial banking income</b>	Net interest income and fees and commissions
<b>Capital markets results</b>	Dividend income, gains or losses on the 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 that must be accounted for at fair value through profit or loss, gains or losses on financial assets and liabilities accounted for at fair value through profit or loss, gains or losses from hedge accounting and exchange differences
<b>Other operating results</b>	Gains or losses on the derecognition of non-financial assets, Other operating income, Other operating expenses, Proportion of profits or losses from investments in subsidiaries and joint ventures and associates accounted for using the equity method
<b>Banking income</b>	The sum of Net interest income, Fees and commissions, Capital markets results and Other operating results
<b>Operating costs</b>	Staff costs, general and administrative expenses and depreciation and amortisation
<b>Net operating income</b>	Banking income - Operating costs
<b>Provisions and impairments</b>	Provisions or reversal of provisions, Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss, Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates and Impairment or reversal of impairment of non-assets financial
<b>Balance Sheet / Liquidity</b>	
<b>Assets eligible as collateral for rediscount operations with the ECB</b>	The Eurosystem only grants credit against adequate collateral. This collateral consists of tradable financial securities and other types of assets such as non-tradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
<b>Customer credit</b>	Customer loans and debt securities associated with credit operations with clients, being Gross before impairments and Net after impairment
<b>ALM portfolio</b>	Securities booked in the Asset and Liability Management Portfolio, at fair value through profit or loss, mandatory at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost.
<b>Net ECB funding</b>	Difference between the funding obtained from the European Central Bank (ECB) and the placements with the ECB
<b>Total Customer Funds</b>	Deposits, other customer funds, debt securities and off- balance sheet customer funds
<b>Off-Balance Sheet Funds</b>	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management.
<b>Loan to deposit ratio</b>	Ratio of [gross loans - (accumulated provisions / impairment for credit)] to customer deposits.
Banco de Portugal Instruction n. 16/2004	

**Asset Quality and Coverage Ratios**

<b>Overdue loans ratio</b>	Ratio of overdue loans to total credit.
<b>Overdue loans &gt; 90 days ratio</b>	Ratio of overdue loans > 90 days to total credit.
<b>Overdue loans coverage ratio</b>	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
<b>Overdue loans &gt; 90 days coverage ratio</b>	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days.
<b>Coverage ratio of customer loans</b>	Ratio of impairment on customer loans (on balance sheet) to gross customer loans.
<b>Cost of risk</b>	Ratio of initial fair value and impairment charges accounted in the period for credit risk and debt securities associated with credit operations with clients with gross customer loans and debt securities associated with credit operations with clients.
<b>Non-performing loans</b>	Loans classified as in default according to internal definition – which is line with regulatory definition from article 178 of Capital Requirement Regulation –, i.e. (i) loans with material overdue amount for more than 90 consecutive days or (ii) loans identified as unlikely to pay, in accordance with qualitative criteria.
<b>Non-performing loans ratio</b>	Ratio calculated with non-performing loans / loans to customers (gross)
<b>Non-performing loans coverage ratio</b>	Ratio calculated between impairment on customer loans and non-performing loans

**Efficiency and Profitability Ratios**

<b>Efficiency (Staff costs / Banking income)</b> 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)
<b>Efficiency (Operating costs / Banking income)</b> 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).
<b>Profitability</b> 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.
<b>Return on average net assets</b> Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average net assets.
<b>Return on average equity</b> Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average equity.

Designations & abbreviations	
YTD	Year-to-date
YoY	Year-on-Year
ECB	European Central Bank
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
pp	percentage points
RWA	Risk weighted assets



# 1.6 MILLION REASONS WHY WE'RE PORTUGAL'S BANK OF THE YEAR.

**This is the number of novobanco customers.**

It is for each and every one of them that we work diligently every day, aiming to offer products and services adapted to their needs.

We strive to provide them with the most convenient banking experience, using secure and innovative digital channels.

We highly value their trust and we are committed to supporting their financial growth throughout their lives.

**This award is dedicated to them, and for them,  
we will continue to further excel.**

## novobanco

The prize is the sole responsibility of the entity who awarded it.

PUB | NOVO BANCO, S.A.

## Investor Relations Contacts

Maria Fontes, Head of Investor Relations & Corporate Communication

Artur Amaro

Email: [investor.relations@novobanco.pt](mailto:investor.relations@novobanco.pt)

Phone: +351 21 883 95 95

Site: [www.novobanco.pt/english](http://www.novobanco.pt/english)

Campus do novobanco

Av. Doutor Mário Soares - Edifício 1, Piso 1, Ala A

2740-119 Porto Salvo | Portugal

## Next Events

Nov 21: Santander FIG Debt Conference 2024 (Madrid)

Nov 22: JP Morgan European Financials Conference (London)

Nov 25: BofA European Credit Conference 2024 (London)

Dec 10: CACIB Global Sustainable Finance Conference (Paris)



**novobanco**

