novobanco

MORTGAGE COVERED BONDS

INVESTOR PRESENTATION

December 2024

Agenda

01.

At a glance: novobanco

novobanco, a solid domestic champion with best-in-class credit metrics

Key considerations

1 Franchise Strength

- **#4 largest banking franchise** in Portugal
- Best-in-class **diversification between SMEs and retail customers**

2 Sustainable Profitability

- **18.9% 9M 2024 RoTE** on an increasingly overcapitalised balance
- **1.8% 9M 2024 RoTA**
- Resilient cost-to-income <35%

3 Superior Capital Generation

- **Superior capital position with a 20.7% CET1 FL**
- **420bps of Capital Generation in L12M**
- **Room for RWA optimisation** given higher density than peers
- High quality CET1 base, with limited activated DTAs vis-à-vis peers[2]

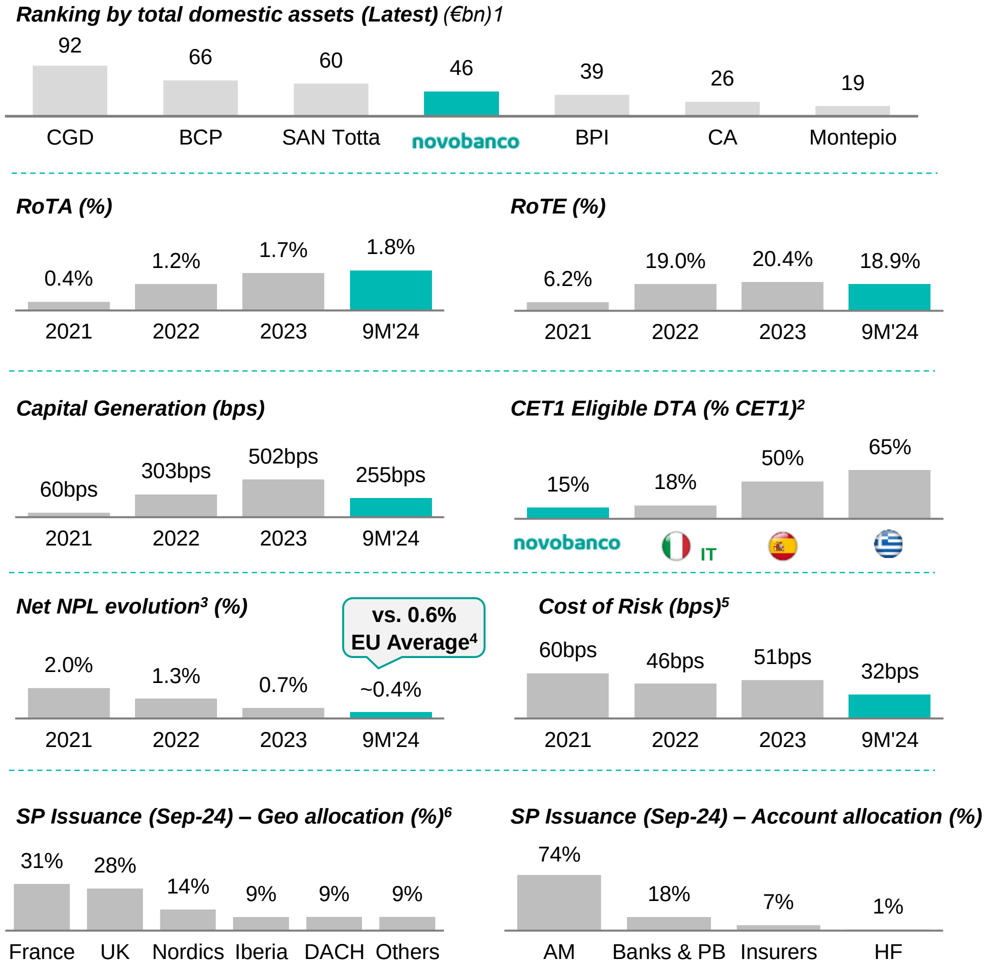
4 Superior Asset Quality vs. EU Banks

- Demonstrated clean-up of legacy NPLs, with **CoR consistently <50bps**
- **Superior coverage** resulting in **a low Net NPL** ratio vs. EU Average
- Continuous **gain on sale of portfolios** demonstrating conservative provisioning

5 Solid Access to Funding Market

- Demonstrated **access to funding markets**, with successful T2, SP and CB issuances
- >10x oversubscription in latest covered bond and >3x in last SP issuance
- **Capacity to tighten pricing** given sizeable demand and investor base

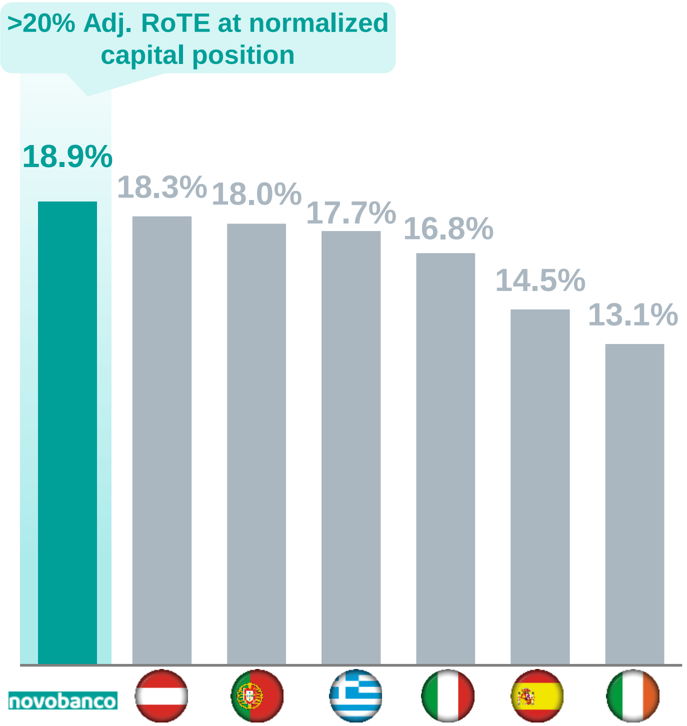
Tangible strong evidence across KPIs



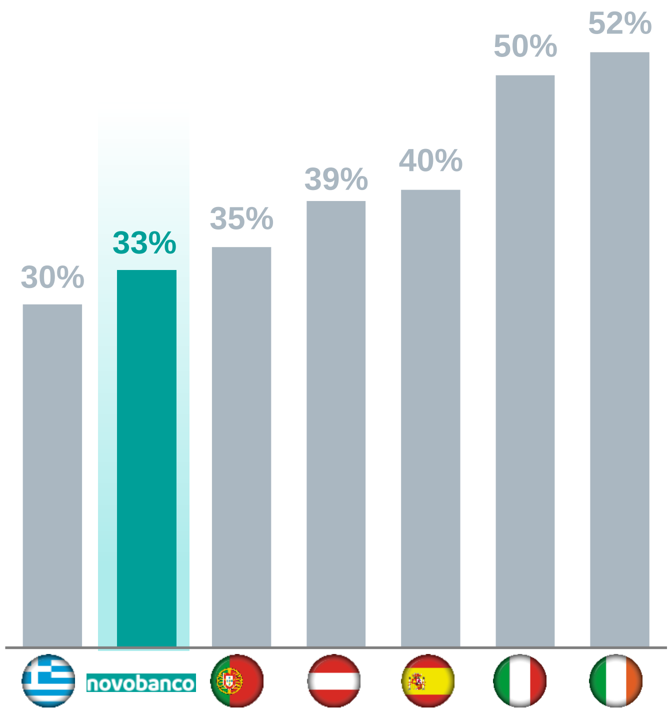
Source: Company information. Note covered bonds includes issuance with EIB; (1) Data as of 9M 2024 except for CGD and Credito Agricola as of 1H24; (2) Novobanco analysis; average data considers June 2024 available information or most recent one: Spanish Banks includes Caixabank, Sabadell, Unicaja and Santander; Greek banks includes NBG, Eurobank, Alpha Bank and Piraeus Bank, Italian banks includes BMPS, BPM and BPER; (3) pro-forma post-SPA signed in December 2024; (4) Latest as of June 2024; (5) Restated CoR figures since 2021 to consider updated definition, which includes client related securities and guarantees; (6) Represents largest allocation by geography.

novobanco has been able to deliver superior profitability than its Portuguese and European peers

RoTE vs peers
(9M’24, %)

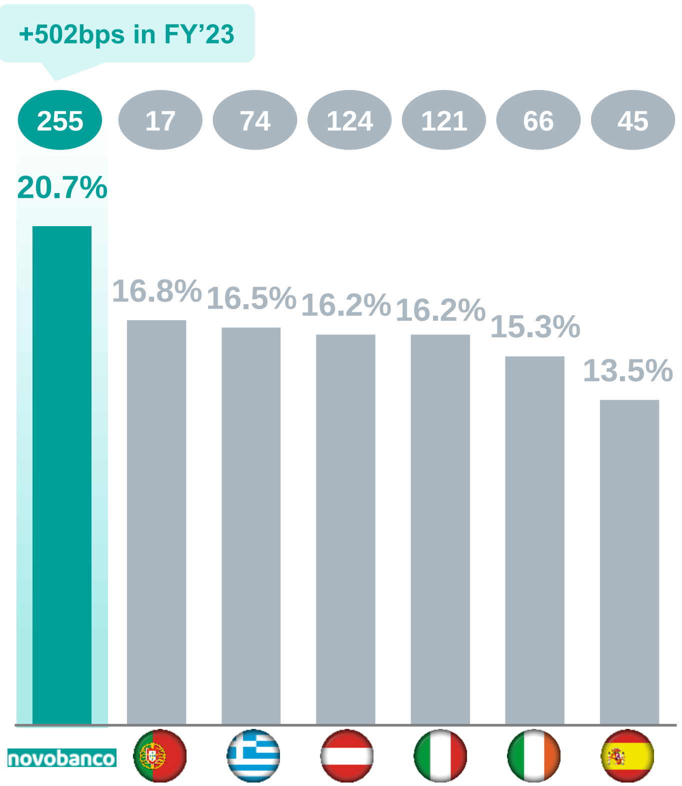


C/I vs peers
(9M’24, %)



CET1 vs peers
(9M’24, %)

Δ CET1 9M’24 vs. FY’23 (bps)



Figures as of 9M’24. Note: Portugal excludes novobanco. 1H’24 data for Eurobank, NBG, CGD, BPER, BPM, BMPS, AIB, Boi and PTSB; Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millenium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; and Eurobank, Piraeus and National Bank of Greece for Greece. Note for C/I ratio Santander Totta has been excluded given central support distorts country figure.

Consistent strategy execution being on-track to outperform 2024 outlook

Business

	Business	YoY
Clients Base	**1.6mn**	**+6.7%**
Business Volume[1]	**€58.2bn**	**+3.1%**
Strong returns on overcapitalised balance sheet	**20.7% CET 1** *+255bps YTD pro-forma*	**18.9% RoTE**

2024 Outlook

	9M24	2024 Outlook
Commercial Banking Income	**€1 127mn**	**> €1.4bn** ✓
Cost to Income Ratio	**32%**	**< 35%** ✓
Cost of Risk	**32bps**	**< 50ps** ✓
Net Income	**€610mn** *€640mn (ex-one off)[2]*	**> €700mn** ✓

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.

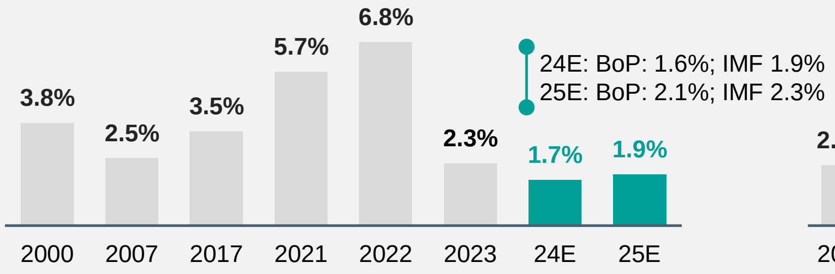
novobanco (1) Considers Gross Customer Credit and Deposits; (2) Considers a €30.0mn of provisions for the process of transformation within the strategic innovation and simplification program

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

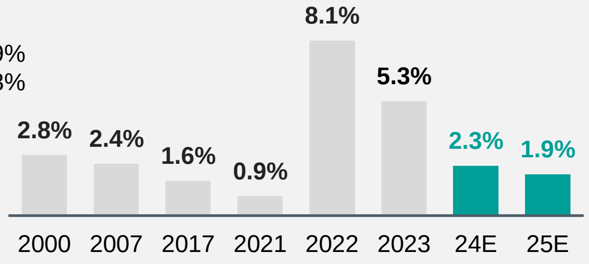
1. **Leading independent domestic Portuguese bank with exposure to strong macro fundamentals**
2. **Diversified business model with a strong corporate and low-risk retail mortgage franchises supported by strong digital adoption**
3. **Strong levels of profitability and capital generation**

Portugal is one of the strongest economies in the EU, benefitting from structurally low unemployment and competitive labour costs

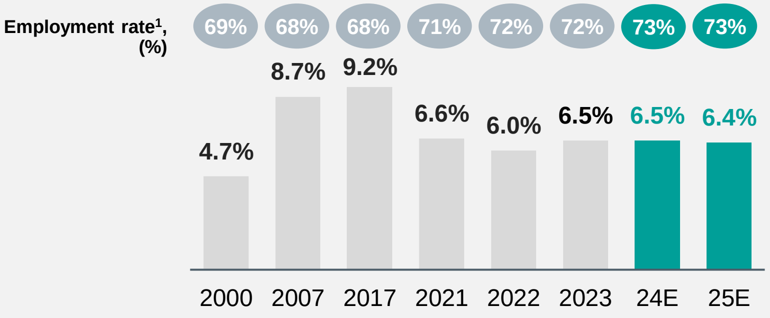
Portugal poised to grow…
(PT Real GDP Growth)



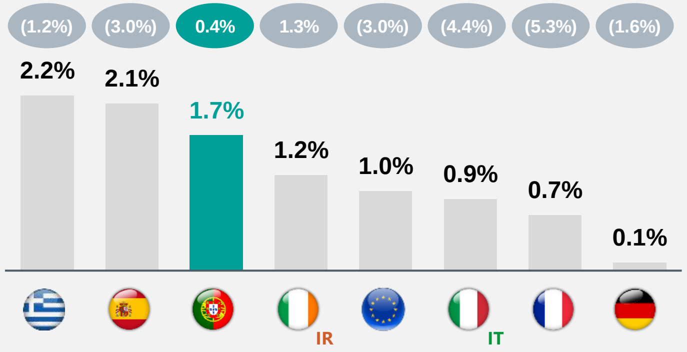
Inflation under control…
(PT Inflation, %)



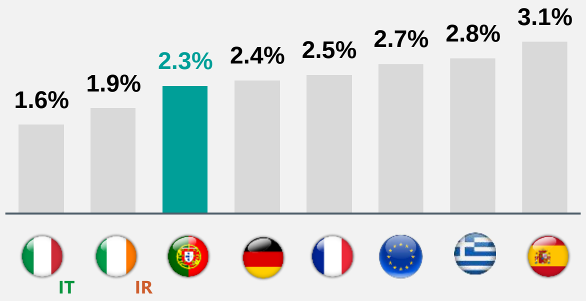
Unemployment near historic lows…
(PT Unemployment rate, %)



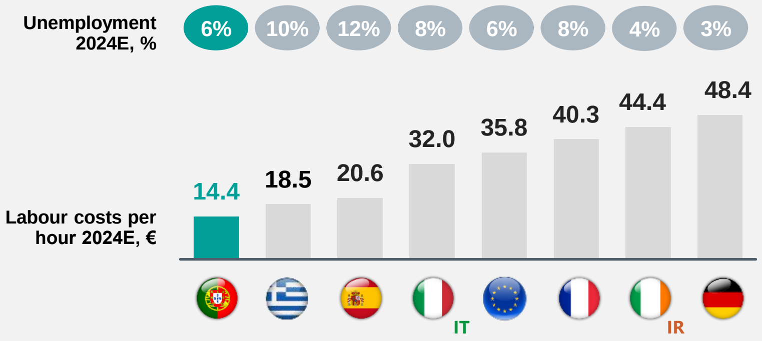
…above European peers
(Real GDP Growth, 2024E; Budget Surplus 24E in bubbles)



…and below European peers
(Inflation, 2024E)



…with competitive labour costs
(Unemployment rate & Labour costs per hour €)



Source: EIU Data, Bank of Portugal, Eurostat and European Commission; Labour cost converted to EUR at a EUR/USD rate of 1.092 as of 11 August 2024 (FactSet). (1) Employment rate calculated as number of employees divided by population within working age; (2) Includes €11.2bn from PT 2020, €22.2bn from NextGen EU and €33.6bn from Multiannual Financial Framework

Portugal benefits from a highly resilient housing…

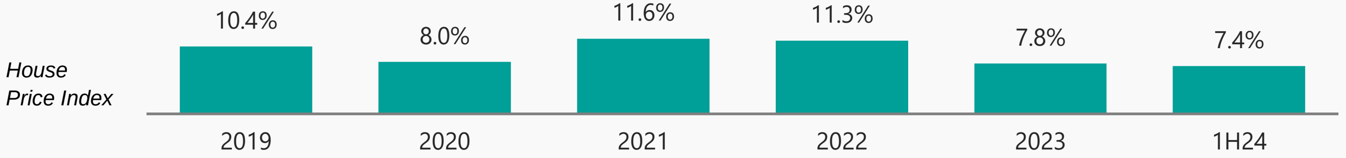
Multiple factors driving pricing dynamics

Factor	Portugal	EU
Consistent population growth driven by strong net migration *(Population growth 2023 vs. 2018)*	+3.0%	+0.6%
Low new housing supply *(per 1,000 inhabitants)*	2.3	4.9
Shortage of supply vs. demand *(apartment for sale)*[5]	>300k[1] (just in Lisbon)	
Rising housing construction cost	>26%[2] (since 2021)	
Attractivenesss of Portugal for foreigners and digital nomads	>€15bn[3] (invested in houses since 2019)	

Portuguese house price index evolution

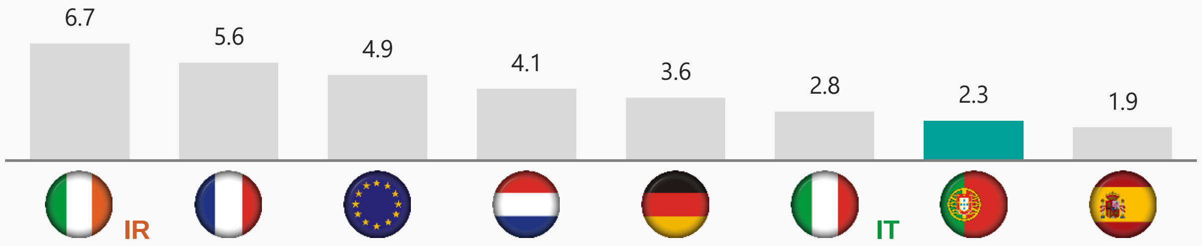
Golden Visa investment is residual as a % of total real estate investment in Portugal

	2019	2020	2021	2022	2023	1H24
Goden Visa Invest. (% Total)	2.9%	2.7%	1.5%	1.7%	2.0%[4]	n.a.



New housing completions
(per 1,000 inhabitants)

As of FY23

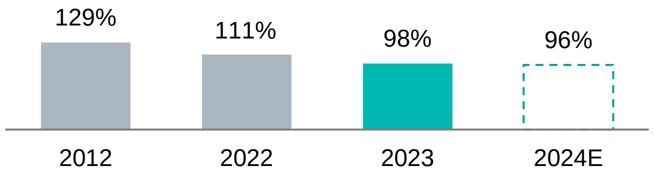


Resilient Portuguese housing sector with increasing prices driven by strong demand and low new housing supply compared to European average

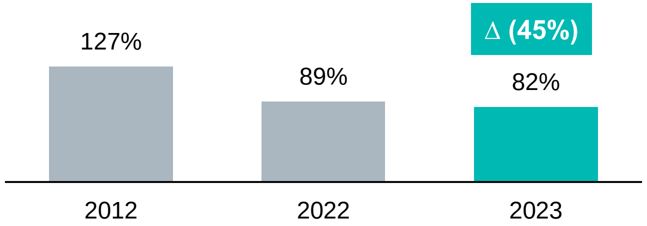
Source: INE, Eurostat and Fitch statistics. (1) Based on Berkshire Hathaway Home Services 2024 report. Refers to shortage of apartments supply in Lisbon; (2) Based on INE data for total construction cost, including materials and labour. Delta between January 2021 and June 2024; (3) From 2019 to 1Q 2024 (latest), which represents 11% of total investment in houses over the period. (4) Represents Sept-23 YTD; (5) Excludes shortage of apartments for rental.

…and a strong de-leverage with expected loan growth momentum

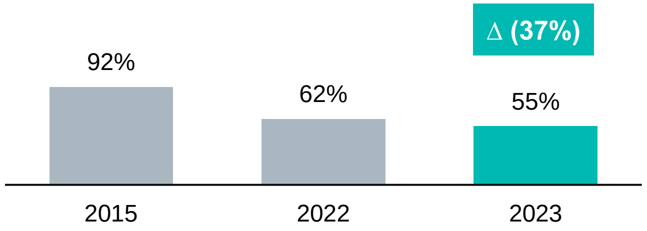
Political stability and strong fiscal discipline
(% Public Debt to GDP)



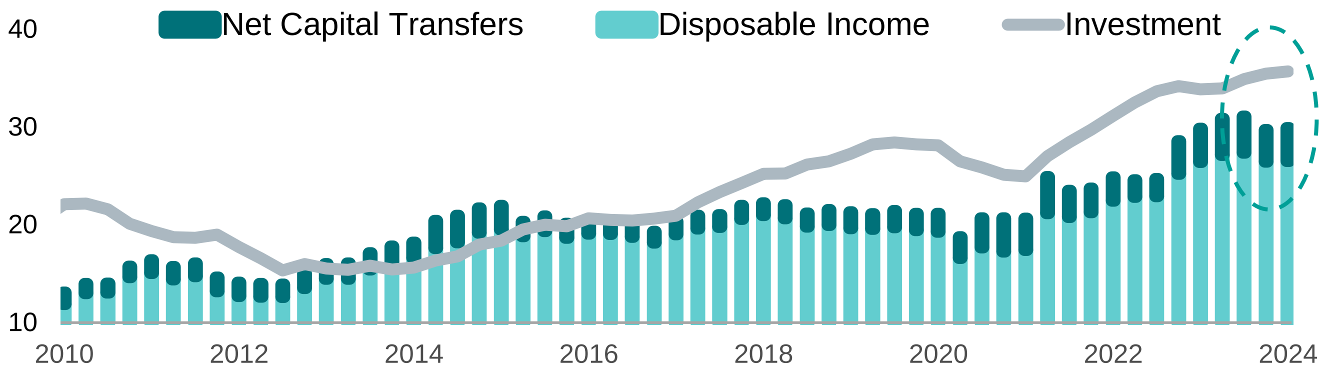
Corporate have also significantly deleveraged
(Non-financial corporations indebtedness ratio, % GDP)



Households financial discipline
(Household debt as % of GDP)



Non-Fin. Corporations financing needs: Disposable income + Capital transfers – Investment
(€bn)



NextGen EU Funds and PT 2030
(€bn; % GDP)

NextGen EU (Grants and Loans)	2021-2023: €7.8bn 2024-2026: €14.4bn	**€22.2bn**	**8.4% GDP**
PT 2030 (2021-27)	Private sector: €4.1bn Public sector: €4.3bn EU Funds: €23.0bn	**€31.4bn**	**8.7% GDP**

Estimated impact of Portugal's potential GDP[1]:
- **10 yrs: +2.8**
- **20 yrs: +4.1**

EU Funds (17% of GDP) to boost growth, with spillover effects to corporates

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(1) Estimated impact of the Recovery and Resilience Plan on Portugal's potential GDP, EC's QUEST III model (% change vs. base scenario without RRP)

Highly diversified business model serving 1.6m clients

Retail

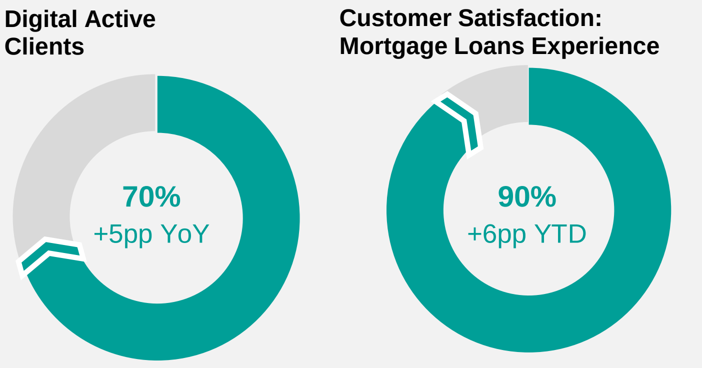
Making our customers' lives easier

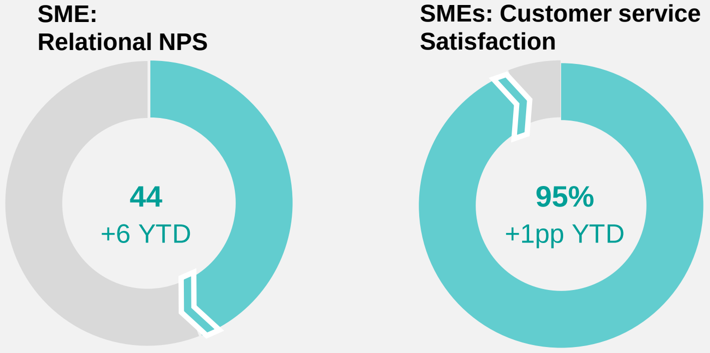
Implementation of **New Distribution Model**: reshaping geographic presence and deeply changing the service experience, **balancing between** the convenience of the **digital channels** and the importance of **face-to-face service** to clients.

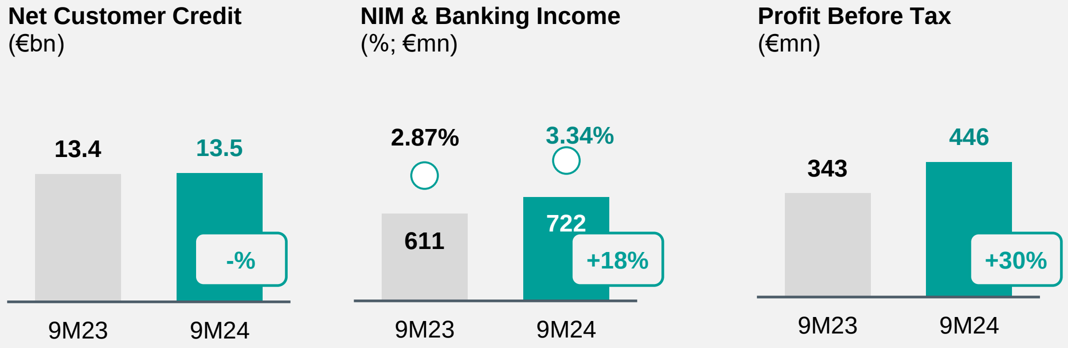
Corporate

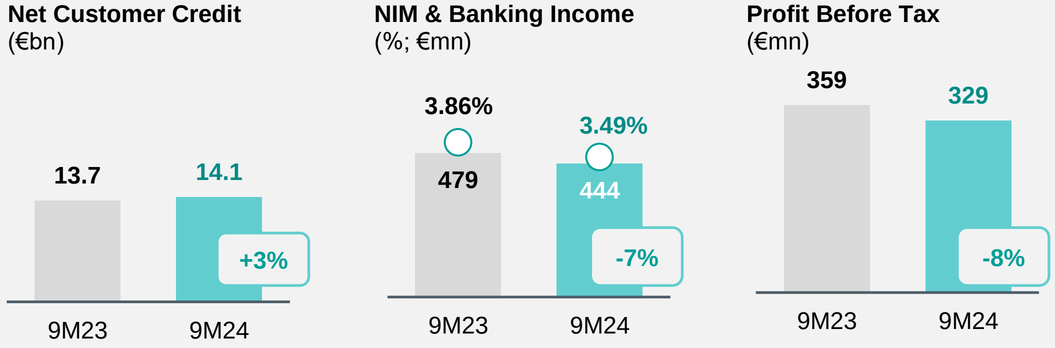
Strengthening our commitment to companies

Sectorial approach strategy implemented to accelerate growth.
Introducing innovative solutions in payments, launch of SmartPOS, Virtual Teller Machines (VTMs), and ecommerce collections









Building a sustainable Business Model through a continued investment in Tech & Data and our People

Sustainable Business Model…

Best-in-class customer journey led experience

- **Customer Journeys** transformed (e.g., Trading Pro, digital Account Opening)
- **Omni-channel touchpoints** with an increased digital penetration
- **Hyper-Personalisation** (e.g. omni-channel orchestration, chat-AI, marketing automation)
- Streamlined **product portfolio** (Retail)

Scalable technology & efficient operations

- **Cloud-first approach** for efficiency and scalabilty
- Improved **speed to market** with **CI/CD[1] pipelines** (DevSecOps)
- **At scale Intelligent Automation factory** for Ops and support functions
- **Smart sourcing** mix leveraging **industry leading utilities**

Reliable and secure services

- **High reliability driving availability of** digital services
- Pre-emptive approach to manage IT risk and **security by design**
- Enhanced **cybersecurity** with consistent **investment** powering **resilient Cyber** capabilities
- New **data driven AML/KYC** platforms (e.g., Quantexa, KYC360 partnerships)

…Built on Solid Foundations

Tailored to Customer Needs
- **Voice of Customer** capability
- **Customer centric design** practice
- **Common and reusable** customer capabilities

Advanced Technologies
- Democratized **data foundation**, bank-wide **AI/GenAI** apps
- **Cloud-first** (inc. core/ mainframe journey-to-cloud)
- **Composable architecture** (micro-services/API first)

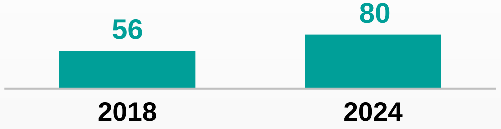
Our People
- **Mission and Values**, activated across entire bank
- **Compelling EVP** (Employee Value Proposition)
- **Agile**, **journey-led organization**
- **Leadership development** (top 300)

Source: Company information; (1) Continuous implementation / continuous delivery

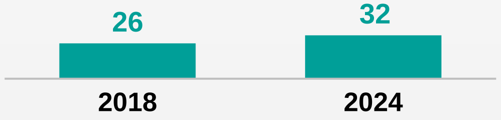
Strong progress in building a sustainable Business Model

Best-in-class Customer Journey led organisation

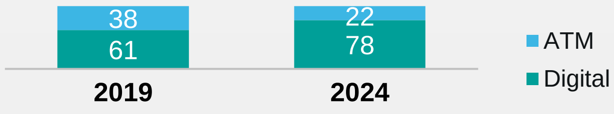
Digital touchpoints
(% total)



Digital sales
(% total)

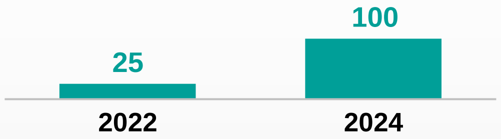


Self service/STP transactions
(% total)

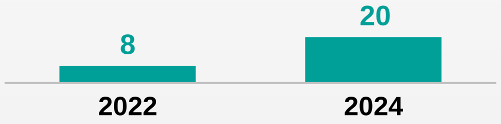


Scalable technology & Efficient operations

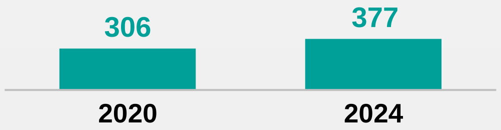
Automated CI/CD pipelines[1]
(%)



Cloud adoption[2]
(%)

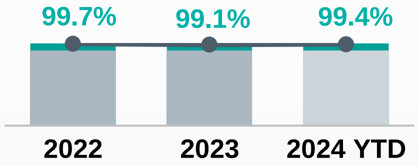


Simplification – clients per employee



Reliable and Secure services

Availability

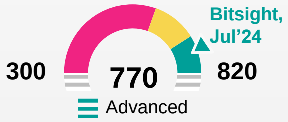


Over 99% availability and performant systems

Zero very high severity incidents

Cyber security[3]

SECURITY RATING



Consistent **Advanced** performance, ranking with the top 25% of Bitsight peer group of Financial Institutions

PERIMETRIC DEFENCE

Zero successful attacks
Zero data loss

IT SPEND IN SECURITY
(% of '24 IT budget)

5%

We benchmark well in cybersecurity, with very strong defences in place leading to no significant events in novobanco history

Source: Source: Company information. 1 Digital channels platform 2 Measured as % of hosting spend 3 Quote from the last cyber resiliency stress test: "The supervised institution was a tested entity within the 2024 Cyber Resilience Stress Test. The supervised institution would most likely be able to respond to and recover effectively from the scenario, with limited impact and generally has appropriate plans in place".

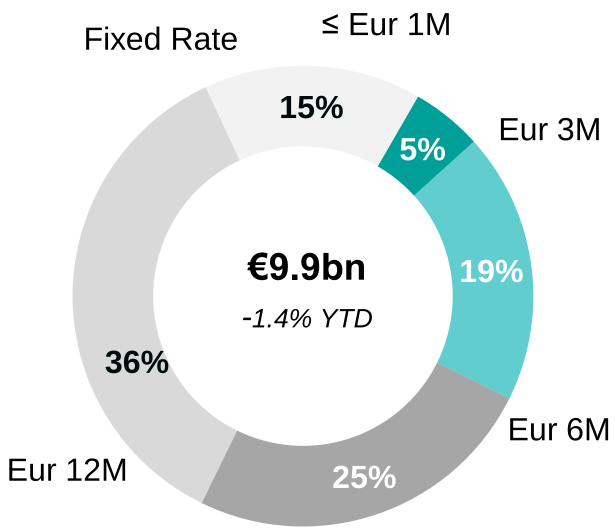
Retail | Corporate

Highly conservative mortgage book with strong origination capabilities

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

Mortgage: YTD origination	€0.9bn
Average ticket size: stock	~€55k
Average ticket size: YTD origination	~€120k
Average DSTI[1]: YTD origination	<40%
Market share[2]: stock	8.7%

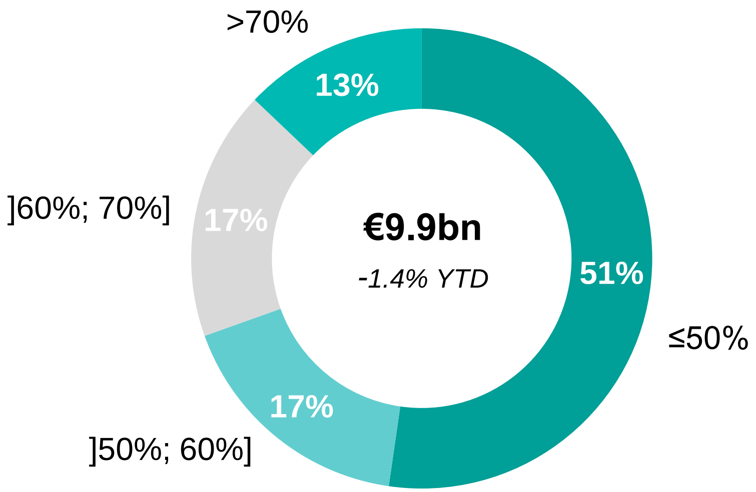
Mortgage loan book: rate type
(Sep-24; Gross loan book; %)



Loan book

4.67% Avg. rate (2023: 3.85%)	**~70%** Hedged[3] at 2.9%

Mortgage loan book: LTV bucket
(Sep-24; Gross loan book; %)



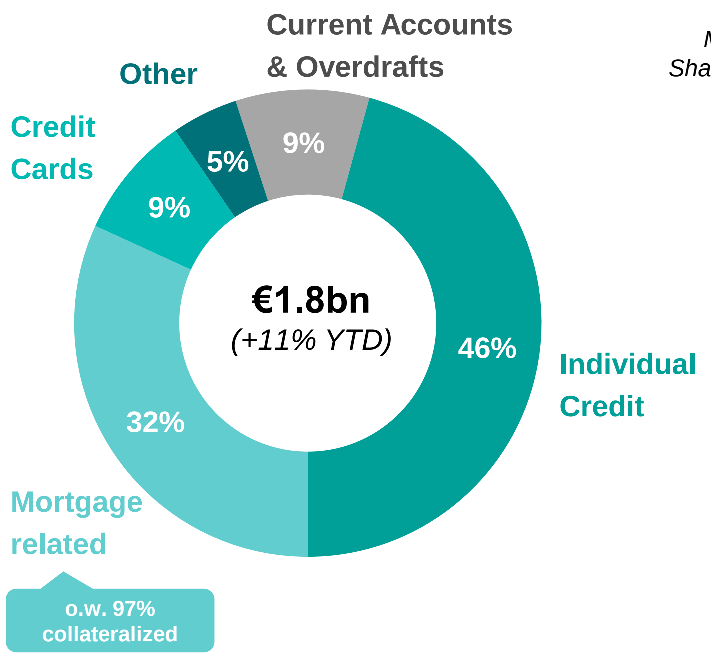
Average LTV[4]

~60% 9M24 origination	**~50%** Stock **~38%** Stock Indexed

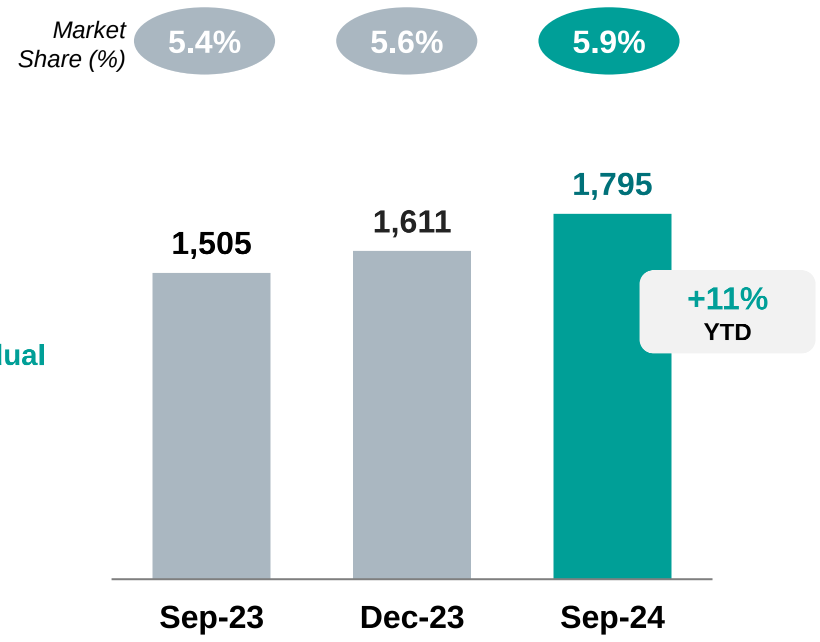
(1) DSTI – Debt Service-To-Income post interest rate shock; (2) Figures as of August 2024, from Banco de Portugal, APS, APFIPP; (3) Excludes forward starting hedges; (4) Non-Indexed LTV

Well positioned in attractive and personal loans segment (+11% YTD)

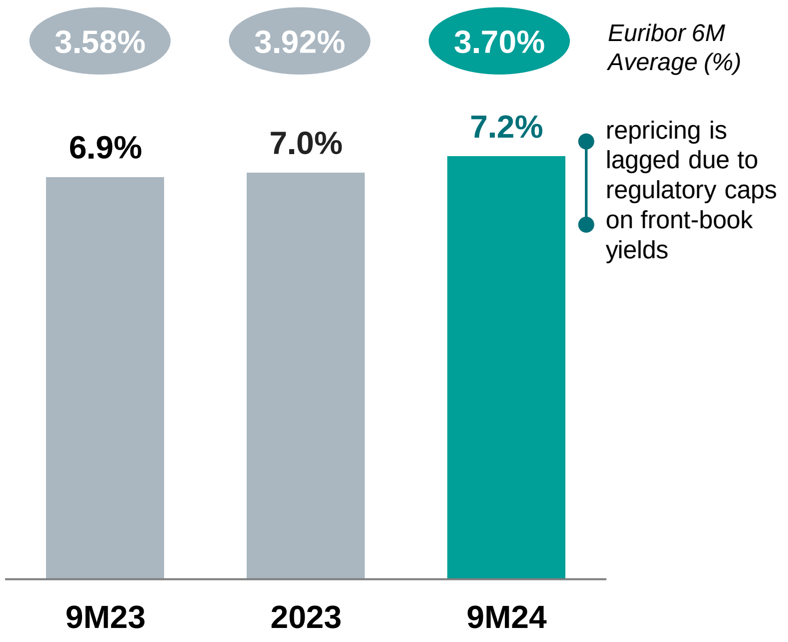
Personal loans & other
(%)



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



Personal loans average rate
(%)



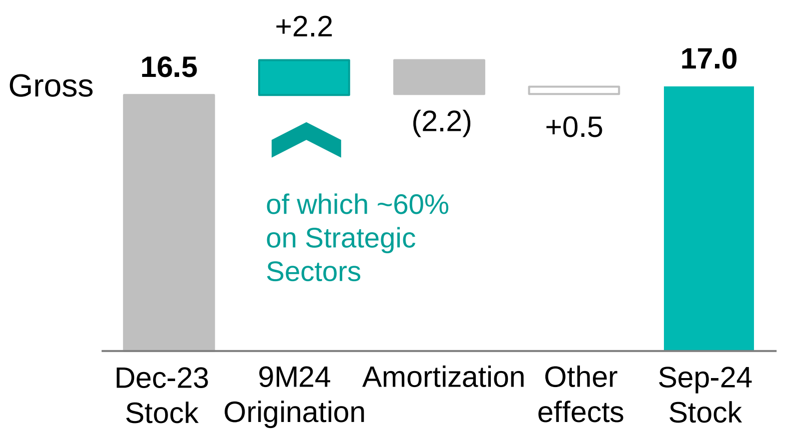
Marginal personal loans NPLs (€52mn) highly provisioned with 128% Stage 3 coverage[1] limiting downside risks

(1) Including total impairments and Real Estate collateral

Partner of reference for Portuguese companies

Corporate credit[1]
(Sep-24; €mn; %)

Net 15.5 → +3.7% → 16.1



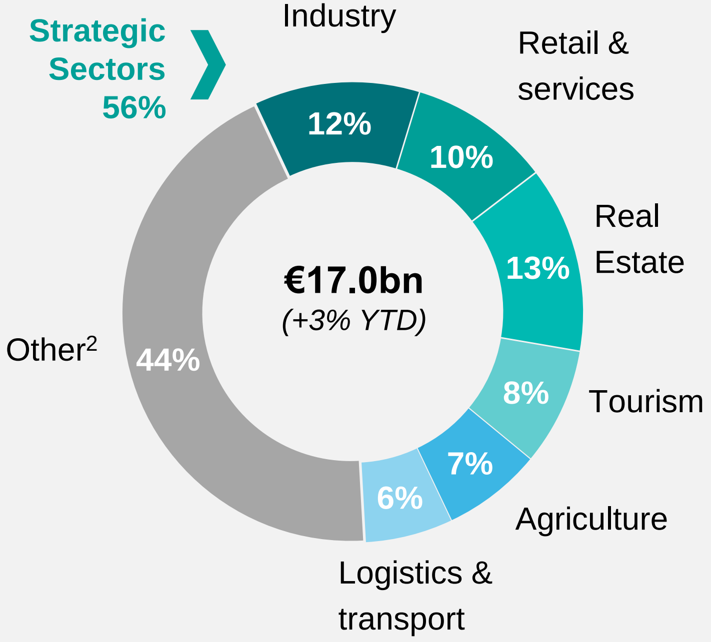
4.97% | Increase reflects repricing of reference rates (Euribor) | 5.38%

Penetration rates:

SMEs 60%

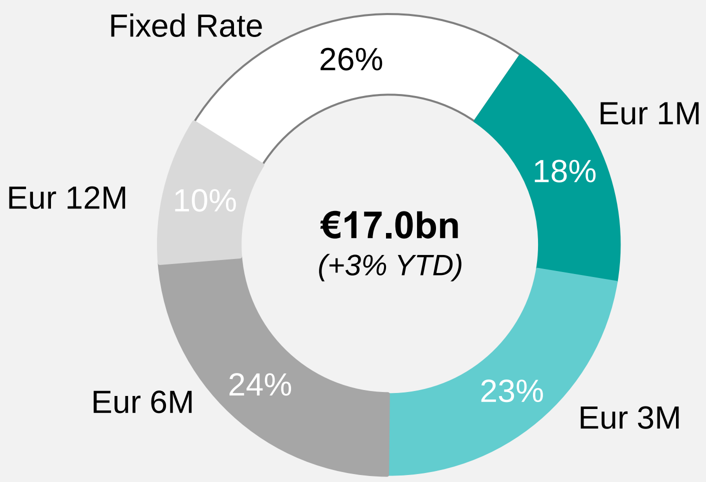
Large Corporates 70%

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



Sectorial approach strategy
to accelerate growth

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



~83% of the Corporate book is floating
(incl. hedges), majority with Euribor 0% floor

Note: Corporate considers small business (classified under retail segment), SME and large corporates; (1) Includes Corporate loans of €13,873mn and Corporate credit of €3,170mn; (2) Other/ Non strategics sectors includes Investment funds and holdings 8%, Construction 7%, Finance & Insurance 6%, Professional services 6%, Energy 4%, Auto & electronics 3%, ICT, media & publishing 3%, Public Administration 3%, Health 2%, Water 1%, Other 1%.

Strong track record of delivering sustainable profitability

Income statement and key metrics

	€mn	2022	2023	▲YoY (%)	9M'23	9M'24	▲YoY (%)
1	Net Interest Income	625.5	1,142.6	82.7%	831.2	886.3	6.6%
2	+ Fees & Commissions	293.3	296.1	1.0%	217.1	240.4	10.7%
	= Commercial Banking Income	**918.8**	**1,438.7**	**56.6%**	**1 048.3**	**1,126.7**	**7.5%**
3	+ Capital Markets Results	24.0	14.7	(38.8%)	39.3	3.2	n.m.
	+ Other Operating Results	183.6	(11.2)	n.m.	14.5	26.9	n.m.
	= Banking Income	**1,126.3**	**1,442.3**	**28.1%**	**1 102.1**	**1,156.7**	**5.0%**
4	- Operating Costs	448.4	479.2	6.9%	339.6	365.8	7.7%
	= Net Operating Income	**678.0**	**963.1**	**42.1%**	**762.5**	**790.9**	**3.7%**
5	- Net Impairments & Provisions	111.2	173.8	56.3%	81.7	107.7	31.8%
	… of which Customer Credit	102.2	142.0	38.9%	84.7	68.7	(9.1%)
	= Profit Before Tax	**566.8**	**789.3**	**39.3%**	**680.8**	**683.1**	**0.3%**
	- Corporate Income Tax	(53.3)	5.8	n.m.	2.6	36.9	n.m.
	- Special Tax on Banks	34.1	35.3	3.5%	35.3	32.2	(8.8%)
	= Profit after Taxes	**585.9**	**748.2**	**27.7%**	**642.9**	**614.0**	**(4.5%)**
	- Non-Controlling Interests	25.1	5.1	n.m.	4.4	3.6	(17.9%)
6	**= Net Profit for the period**	**560.8**	**743.1**	**32.5%**	**638.5**	**610.4**	**(4.4%)**

Key metrics

	2022	2023	▲YoY	9M'23	9M'24	▲YoY
NIM	1.47%	2.75%	*+1.27pp*	2.66%	2.79%	*+0.13pp*
Cost-to-income	39.8%	33.3%	*(6.5pp)*	32.4%	32.5%	*+0.1pp*
CoR (bps)	46	51	*+6bps*	40	32	*(8bps)*
RoTE	19.0%	20.4%	*+1.4pp*	24.3%	18.9%	*(5.4pp)*
RoTA[1]	1.23%	1.69%	*+0.5pp*	1.92%	1.82%	*(0.1pp)*
NPL ratio	5.4%	4.4%	*(1.0pp)*	4.7%	~3.5%[3]	*(0.7pp)*
NPA Ratio[2]	7.1%	5.8%	*(1.3pp)*	5.6%	5.2%	*(0.4pp)*
CET1 FL ratio	13.7%	18.2%	*+4.5pp*	16.5%	20.7%	*+4.2pp*

1. **NII performance** (+7% YoY) **reflecting a balanced management of asset yields and financing costs**, reaching NIM of 2.79%.

2. **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.

3. **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.

4. **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.

5. 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.

6. **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.

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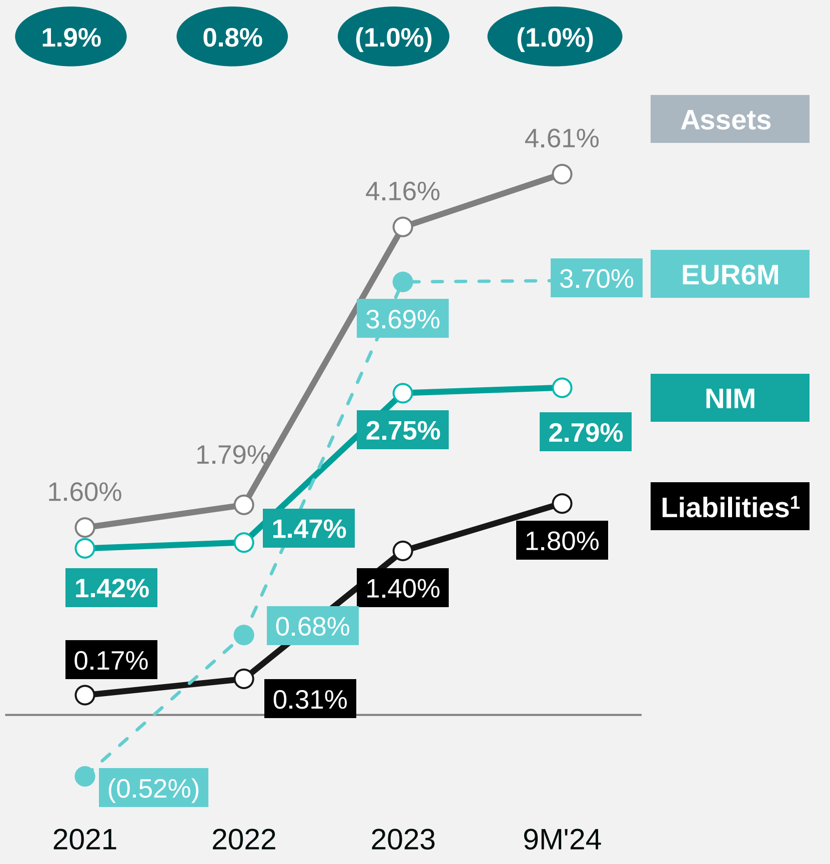
(1) Return on tangible assets is calculated based on annualised value. (2) Based on prudential view. Includes NPL, Repossessed REO, movable property, equity and others (including shareholder loans + supplementary capital contributions; (3) pro-forma post-SPA signed in Dec-24.

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

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

€ million; %	9M'23 Avg. Balance	9M'23 Avg. Rate	9M'23 Income/ Costs	2023 Avg. Balance	2023 Avg. Rate	2023 Income/ Costs	9M'24 Avg. Balance	9M'24 Avg. Rate	9M'24 Income/ Costs
Customer Credit	**28 100**	**4.45%**	**948**	**28 100**	**4.35%**	**1 249**	**28 174**	**5.24%**	**1 124**
Corporate Credit	16 615	4.76%	599	16 581	4.97%	753	16 558	5.38%	678
Mortgages	10 023	3.58%	272	10 033	3.85%	391	9 912	4.67%	352
Consumer loans and Others	1 462	6.94%	77	1 486	7.00%	106	1 705	7.24%	94
Money Market Placements	4 296	2.97%	97	4 536	3.12%	143	6 078	3.80%	176
ALM portfolio and Other	8 800	2.95%	197	8 409	3.00%	339	7 464	2.89%	164
Interest Earning Assets & Other	**41 196**	**3.98%**	**1,242**	**41 046**	**4.16%**	**1 732**	**41 716**	**4.61%**	**1 465**
Customer Deposits	28 751	0.66%	143	28 982	0.82%	242	30 088	1.42%	326
Money Market Funding	7 728	3.05%	179	7 265	3.23%	238	5 149	3.91%	153
Other Liabilities	1 497	7.09%	80	1 402	7.19%	102	1 989	6.17%	93
Other Non-Interest Bearing Liabilities	3 220	-	0	3 397	-	0	4 490	-	0
Interest Bearing Liabilities & Other	**41 196**	**1.29%**	**402**	**37 649**	**1.53%**	**582**	**41 716**	**1.80%**	**573**
NIM / NII		**2.66%**	**831**		**2.76%**	**1 149**		**2.79%**	**886**
Euribor 6M - Average		3.58%			3.69%			3.70%	

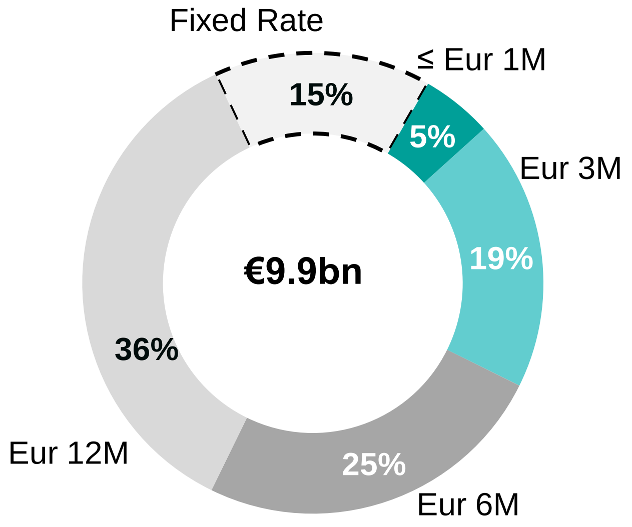
NIM performance
(%)



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

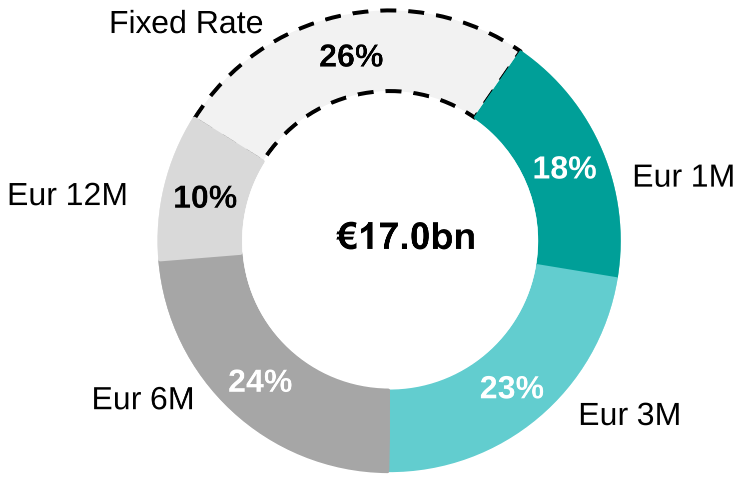
…with variable rate loan book funded by customer deposits benefiting from higher rates environment

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



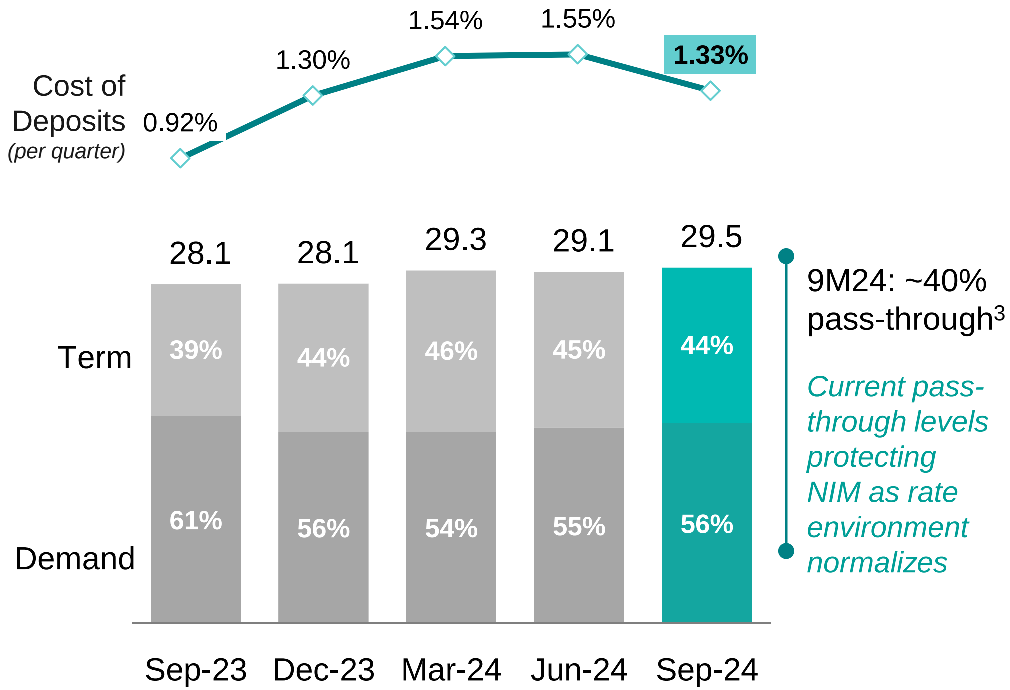
~60% average LTV, ~50% stock 70% hedged[2] at 2.9%

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



~75% of book is floating (incl. hedges; vs 90% as of Dec-23)

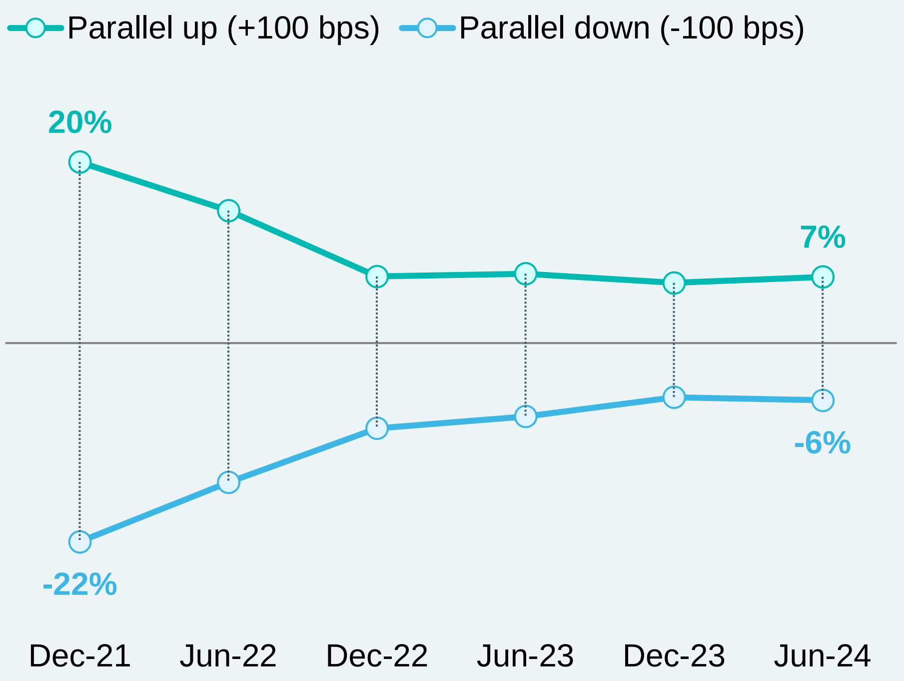
Deposits Breakdown by Type
(€bn; %)



(1) Based on average 6M Euribor; (2) Excludes forward starting hedges.

… and downside rates risk being actively managed

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



Measures to reduce interest rate sensitivity

1	**Increased fixed rate assets through cash-flow hedges**	• Average Amount: €6.4bn • Avg rate: 2.8% • Residual maturity: c.5 yrs
2	**Execution of non-maturity deposits fair-value swaps**	• Amount: €2.5bn • Avg rate: 3.1% • Residual maturity: c.5 yrs
3	**Hedged long duration fixed-rate liabilities (zero coupon and '43 bonds)**	• Amount: €0.8bn • Core sovereign bonds • Maturity: >2033
4	**Increased origination of fixed rate loans and adj. fair-value hedging strategy**	• Loan book as of Sep-24: • Fixed loans: 17% (+4pp YTD) • Of which: 36% hedged (-14pp)

Increased fixed rate exposure by +€10bn with residual maturity c.5 years

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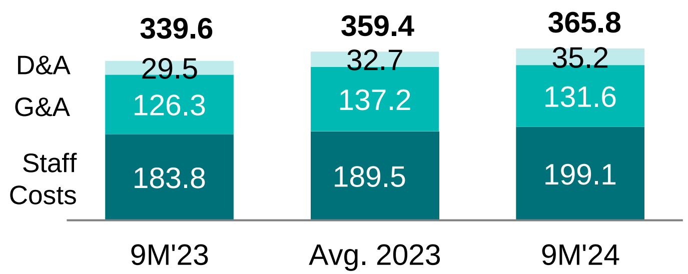
(1) Assumes constant balance sheet

Industry leading cost to income ratio

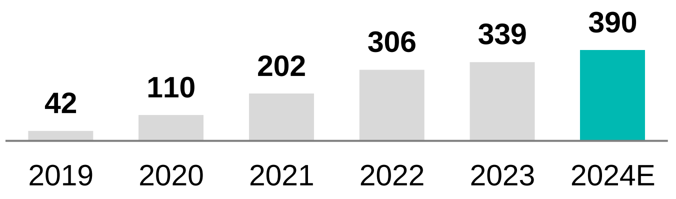
Operating costs

(%, €mn)



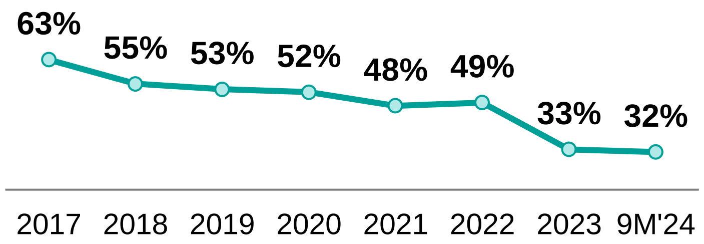
Investments in transformation

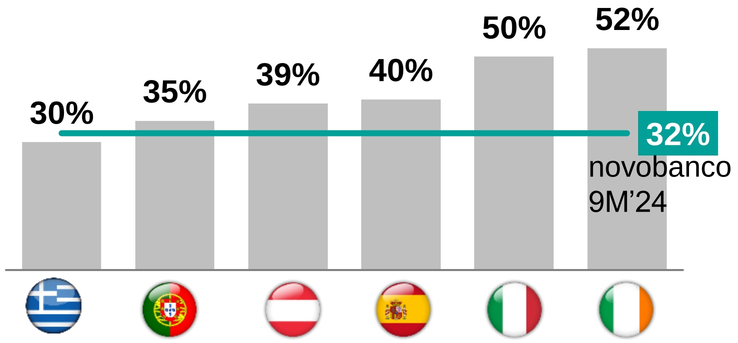
(2024 novobanco cumulative transformation budget, €mn)



Cost to Income[1]

(%)





Disciplined optimisation

(%; #; €)

	9M'24	vs. Dec'17
Branches (#)	291	(38%)
Employees (#)	4,249	(23%)
Operating Costs (€m)	367	(11%)
Commercial BI per Employee (€k)	265	+166%

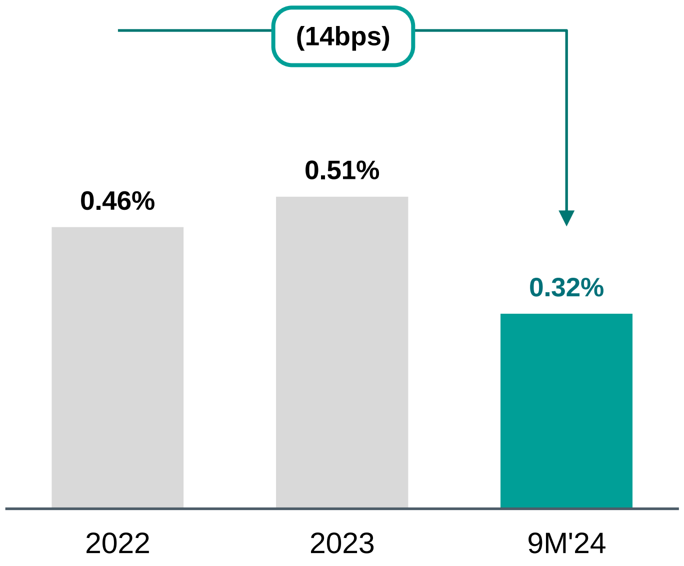
Efficient operations with revenue growth offsetting cost inflation and investment in people and culture, reaching a best-in-class C/I ratio

(1) Novobanco analysis with peers' data as of 9M'24, 1H'24 data for Eurobank, NBG, CGD, BPER, BPM, BMPS, AIB, Boi and PTSB. Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions.

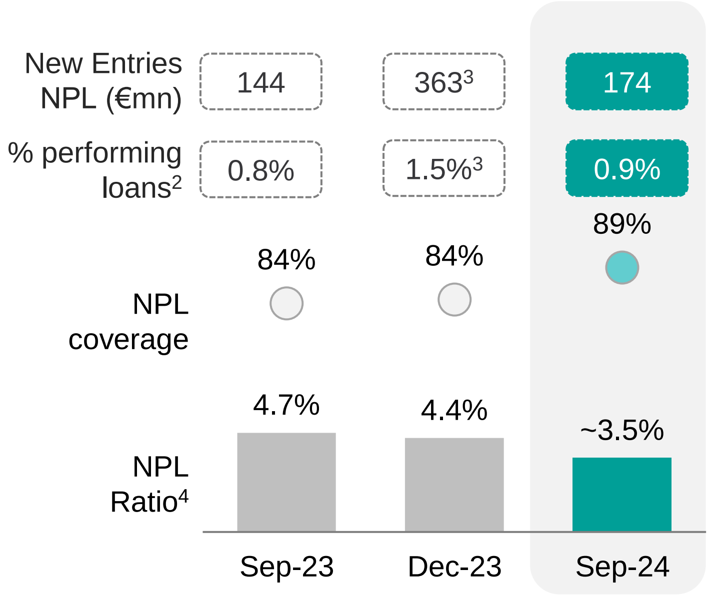
Normalised cost of risk, conservative provisioning and de-risking approach

Consistent CoR[1] improvement…

(Cost of risk evolution, %)

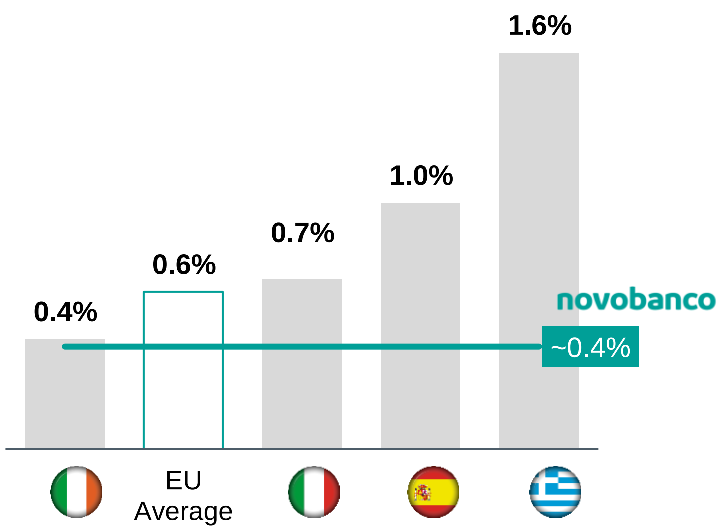


…with conservative provisioning levels…



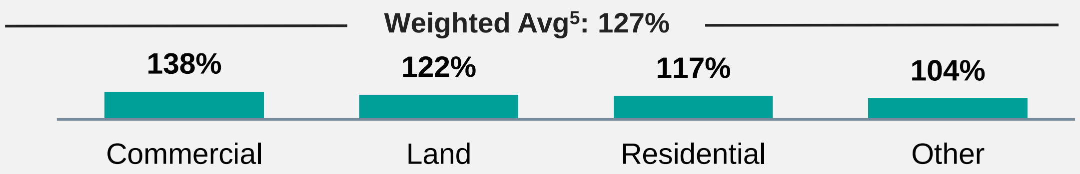
…in line with European Peers[3]

(Net NPL ratio, %)



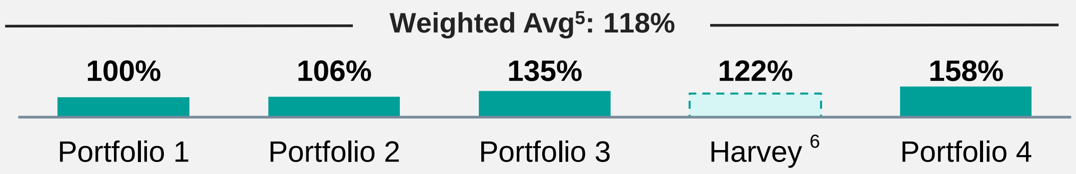
Conservative provisioning approach reflected in above par RE asset disposals historically…

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



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

(Recent NPL portfolio sales price, % NBV)



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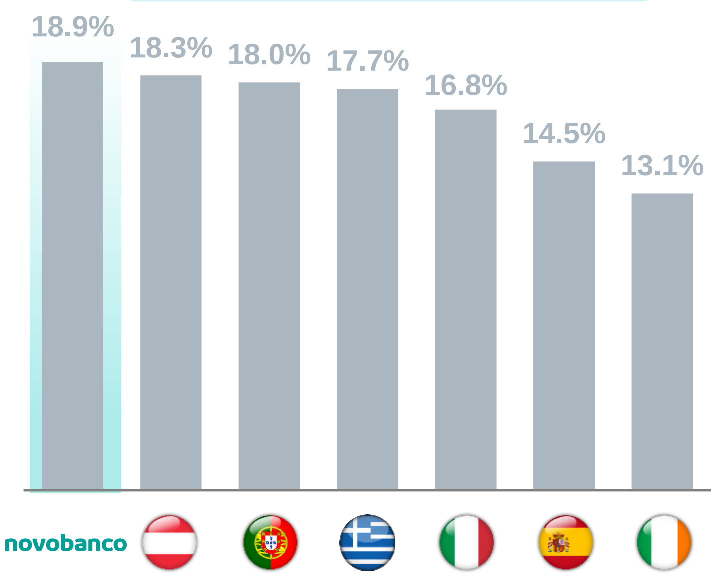
(1) Restated CoR figures since 2021 to consider updated definition, which includes client related securities and guarantees; (2) Of average performing loans, annualised; (3) Calculated as gross NPLs (Gross carrying amounts, other than trading exposures) minus accumulated loans loss provisions (Total accumulated impairment [% of total gross non-performing debt instruments] as reported by ECB) over gross exposure implied by reported NPL ratio. Country-level figures as of June 2024 given latest available. novobanco as of September 2024; novobanco pro-forma post-SPA signed in December 2024; (4) novobanco pro-forma post-SPA signed in December 2024; (5) Weighted by size of portfolio disposals; (6) Harvey portfolio was signed in 2022 at a premium to book value. Transaction not closed given Resolution Fund decision;

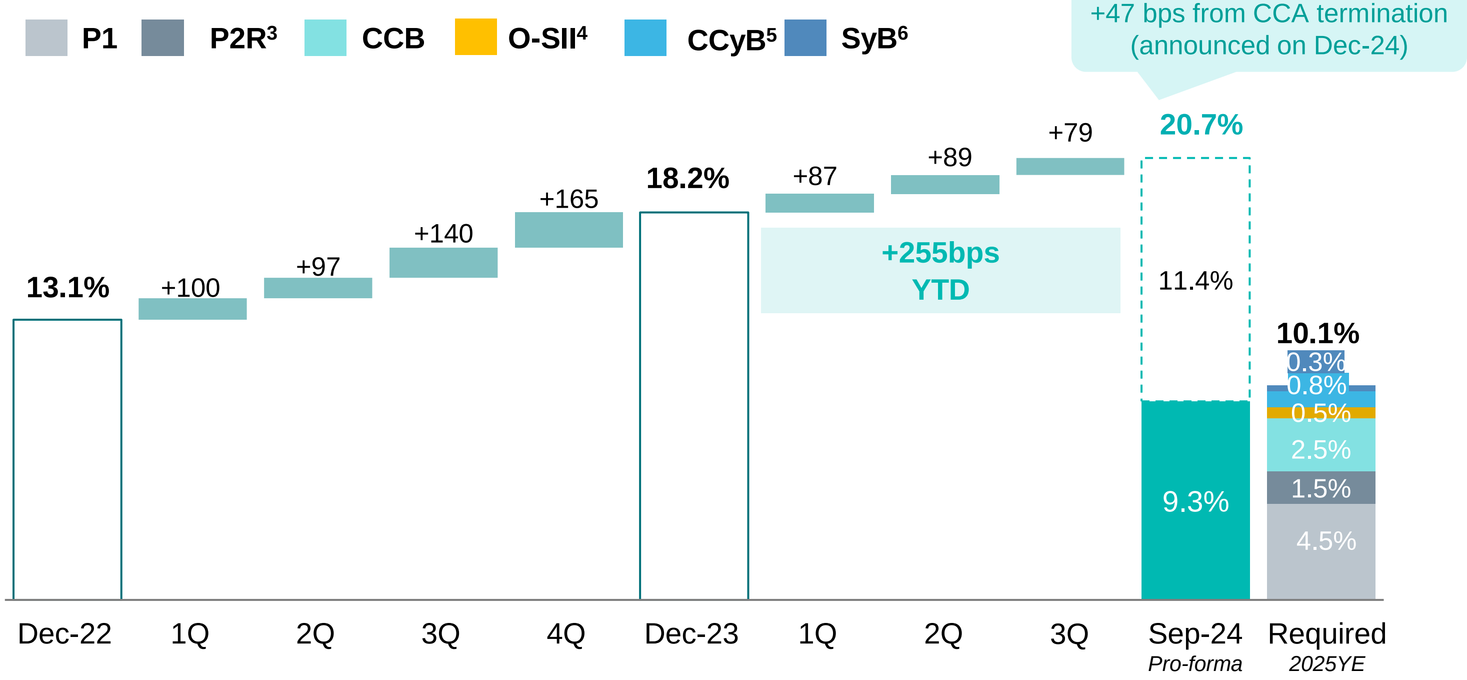
Best-in-class profitability and capital generation

RoTE[1] 9M'24
(%)

9M24 RoTE > 20%[2] for normalized CET 1



CET 1
(fully loaded; bps; %)



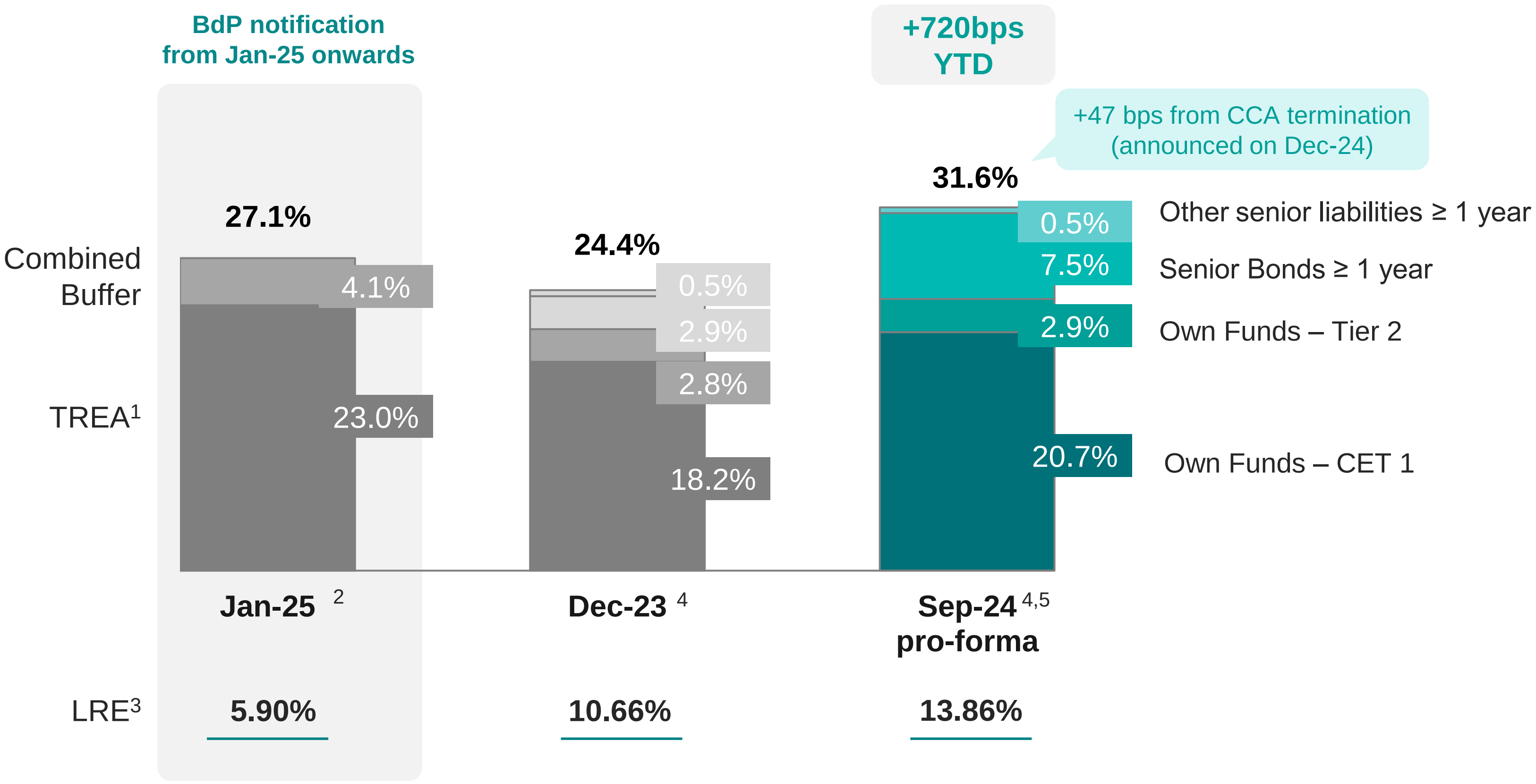
MDA (Maximum Distributable Amount) Buffer [7] **9.4 pp**

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

Novobanco analysis with peers' data as of 9M'24. 1H'24 data for Eurobank, NBG, CGD, BPER, BPM, BMPS, AIB, Boi and PTSB; (1) novobanco's tangible equity based on period average; Country data calculated as average of peers. Peers include CaixaBank, Bankinter, Sabadell and Unicaja for Spain; Santander Totta, Millenium BCP, Banco BPI and CGD for Portugal; BPER, BPM and Banca MPS for Italy; Bawag, Erste for Austria; AIB, Bank of Ireland, PTSB for Ireland; and Eurobank, Piraeus and National Bank of Greece for Greece; (2) Based on a normalized CET1 FL ratio. Excludes potential impact of MREL issuance; (3) Total Capital P2R in 2024 is 2.85%, which represents a decrease of 15bps; (4) Considers 100% of the capital buffer, of which 50% starts on 1-Jul-25; (5) Not fixed amount; includes Countercyclical capital buffer of 0.75% in Portugal taking effect from 1-Jan-26. (6) Starting on 1-Oct-24, capital requirements will include a buffer on exposures secured by residential real estate, expected to be ~30bps; (7) Considers Dec-24 requirements with CET 1 at 9.3% and Total Capital at 14.2%;

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[6] of CET1 (Sep/24: 20.7%) would therefore be pre-funded by additional benchmark size MREL eligible instruments.

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(1) TREA - Total Risk Exposure Amount; (2) applicable from Jan-25 onwards; to be considered the then applicable combined buffer requirement; (3) LRE - Total Leverage Exposure; (4) Fully loaded basis, equivalent to MREL Phased-in of 24.73% LRE of 10.85% on Dec-23 and MREL of 31.60% and LRE of 13.56% as of Sep-24; (5) Preliminary figures of Sep-24; (6) contractual dividend ban until Dec-25; subject to regulatory approvals

02.

Mortgage Covered Bonds

Novobanco covered bond programme

Issuer	**Novo Banco S.A.**
Rating	**Aaa (Moody's)**
Size	**Max € 10.000.000.000**
Maturity	**Soft Bullet – 12 months**
Overcollateralisation	**5% (required by law/committed)**
Collateral	**Portuguese prime residential mortgages**
Liquidity	**Liquid Assets covering 6-months interest**
Cover Pool Monitor	**PwC**
Governing Law	**Portuguese Law**
Listing	**Euronext Lisbon**
Clearing	**Interbolsa / Euroclear / Clearstream**

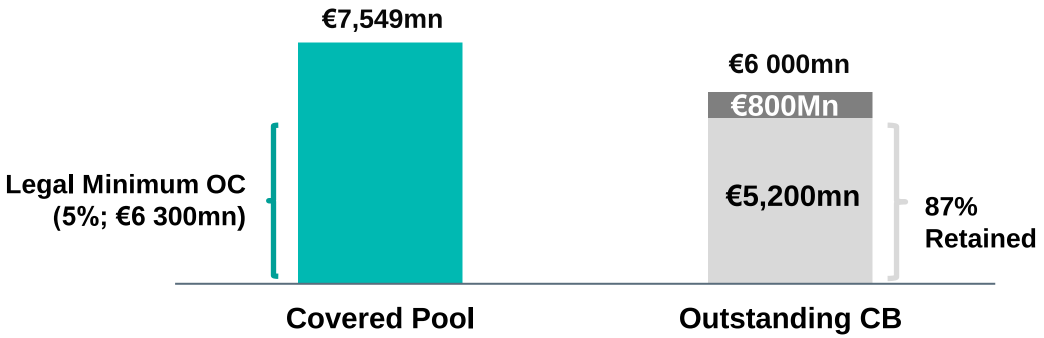
- novobanco Covered Bond Programme was established in 2015 as a conditional pass-through structure.
- The change of the maturity extension structure to soft-bullet and the conversion of the programme in accordance with the new legal framework was approved on 30 November 2023, with no negative impact on the rating of the covered bonds.
- Novobanco's Covered Bonds are rated Aaa, by Moody's, in line with Portuguese peers.
- Novobanco's Covered Bonds are:
  - ✓ **LCR L1 eligible and lowest RW**
  - ✓ **European Premium Label**
  - ✓ **ECBC Covered Bond Label**

Covered bonds issued under the Programme

- Since inception of the programme, novobanco has issued €6bn covered bonds, of which €5.2bn are currently retained by the Bank.
- On 21 February 2024, the Bank placed its inaugural covered bond issuance, of €500mn, with maturity on the 1 March 2027 (further details ahead).
- As of 31 December 2024, novobanco's cover pool and covered bonds were as follows:

Description	ISIN	Maturity Date	Remaining Term (years)	Nominal Outstanding
Series 1	PTNOBAOE0012	07/10/2025	0.77	€1,000mn
Series 2	PTNOBBOE0011	07/10/2027	2.77	€1,000mn
Series 3	PTNOBCOE0010	07/10/2027	2.77	€1,000mn
Series 4	PTNOBDOE0019	07/10/2028	3.77	€700mn
Series 5	PTNOBEOE0018	07/05/2028	3.35	€500mn
Series 6	PTNOBGOM0008	10/06/2029	4.44	€750mn
Series 7	PTNOBHOM0007	10/12/2024	1.94	€550mn
Series 8	PTNOBFOM0009	01/03/2027	2.16	€500mn

Covered Bonds and OC

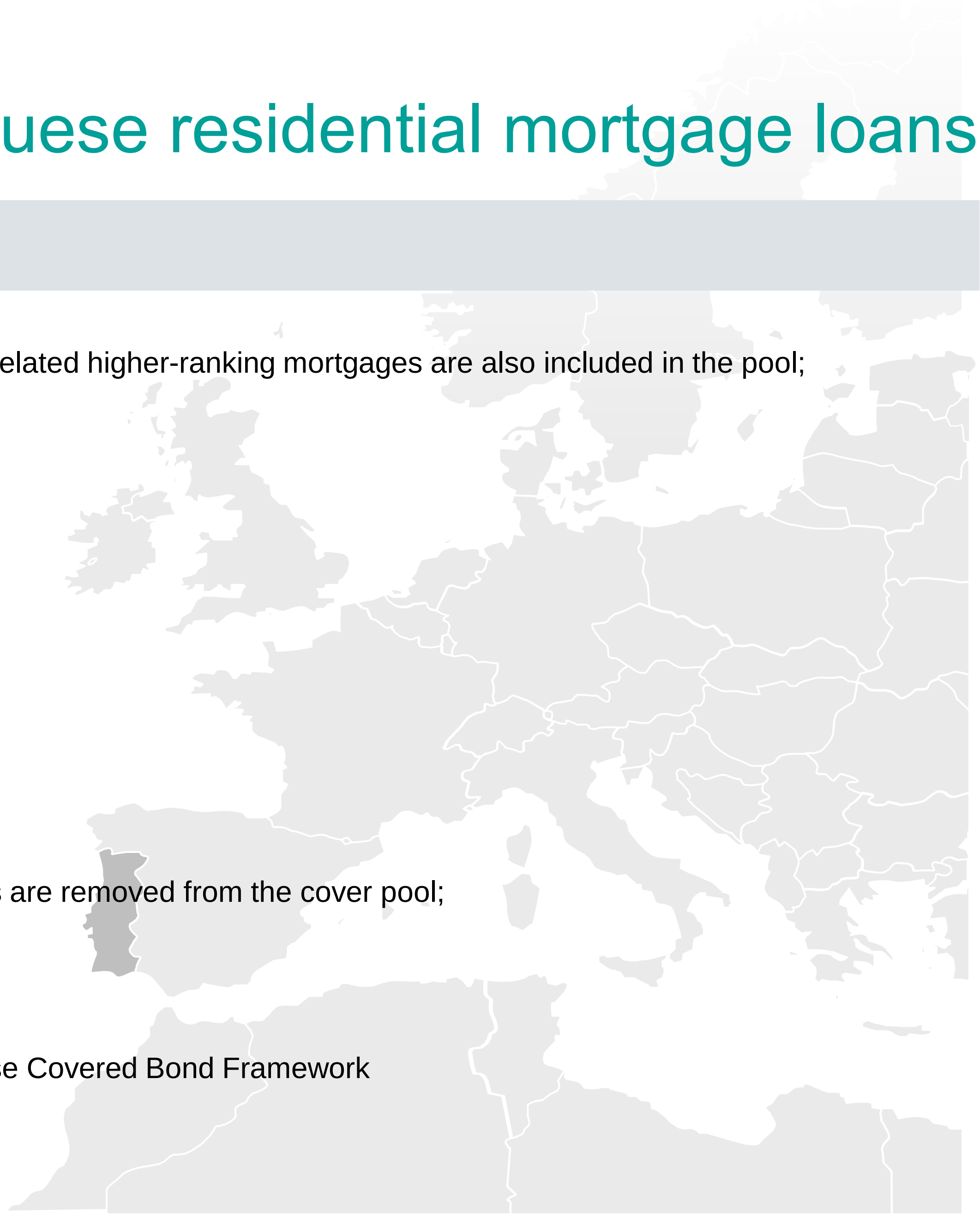


- The OC consistent with the current rating of the CB is 7.0%.
- The Bank has historically maintained 10% OC on the cover pool.

A programme with only prime Portuguese residential mortgage loans…

… originated by novobanco compliant with the following eligibility criteria:

- First-lien mortgage of a property or lower-ranking mortgage, provided that the related higher-ranking mortgages are also included in the pool;
- Freely transferable loans by way of assignment under the laws of Portugal;
- Backed by residential property;
- Denominated in Euro;
- Property located in Portugal;
- Maximum current loan to value of 80%;
- No delinquent loans in the pool, i.e., loans with more than one month in arrears are removed from the cover pool;
- All mortgages loans have house insurance;
- Overall, all the loans included in the pool are compliant with the new Portuguese Covered Bond Framework



A €7.4bn well-seasoned pool of loans with average LTV ~50%...

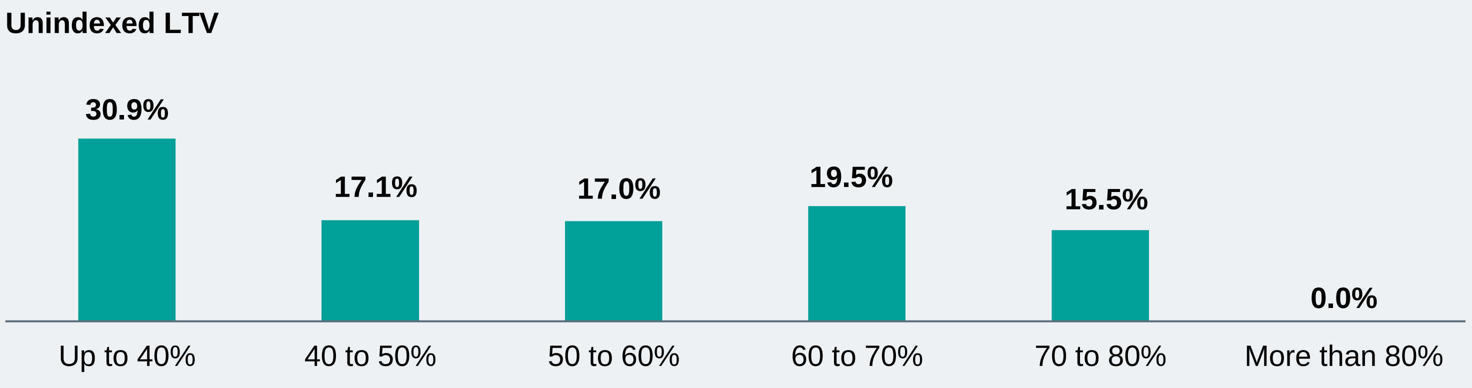
Cover pool asset characteristics

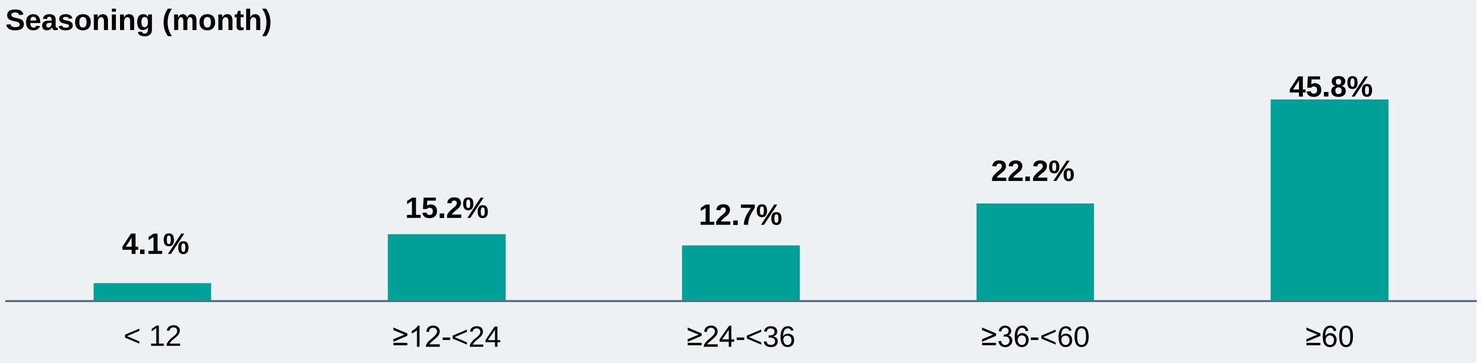
Mortgage Pool Balance	€7,425.0mn
Other assets (securities)	€124.0mn
Total Outstanding Assets	**€7,549.0mn**
Number of Loans	129,898
Average Loan Amount (€)	€57,160
Weighted Average Seasoning (years)	7.9
WA Remaining Term (years)	24.6
Weighted Average Loan to Value %	49.6
Asset Fixed Rate %	17.02
Asset Floating Rate %	82.98

Mortgage covered bond & OC

Mortgage Covered bond Programme	€10,000mn
Covered Bond Outstanding	€6,000mn
WA Remaining Term (years)	2.68
Current overcollateralization (%)	25.8
Legal minimum OC%	5.0

Portfolio breakdown
(% of outstanding balance)





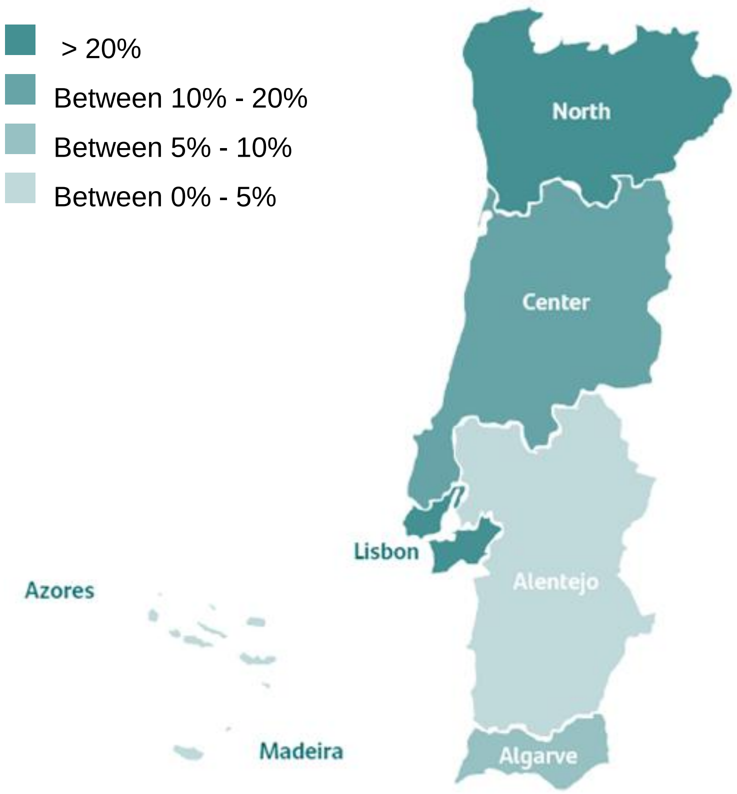
 Data as of 31 December 2024

…reflecting country demographics and with no commercial exposure…

Geographical Breakdown

Cover pool asset characteristics

- > 20%
- Between 10% - 20%
- Between 5% - 10%
- Between 0% - 5%



Portfolio breakdown (% of outstanding balance)

Interest Rate Type

Fixed Rate Loans	Floating Rate Loans
17.0%	83.0%

Index Distribution

Euribor 3M	Euribor 6M	Euribor 12M	Other
17.9%	21.5%	41.1%	2.4%

Delinquencies

0 day	> 0 days to 30 days	> 30 days to 60 days	> 60 days to 90 days
98.9%	1.1%	0.0%	0.0%

Loan purpose

Primary Residence	Second Home	Investment Properties	Other
75.7%	18.8%	2.5%	3.1%

Property type

Flat	House	Other	Commercial
66.1%	32.4%	1.6%	0.0%

Novobanco Inaugural €500mn 3.25% 3yr Covered Bond

Key transaction terms

Issuer	Novo Banco, S.A.
Pricing date	21 February 2024
Settlement date	1 March 2024 (T+7)
Exp. issue ratings	Aaa (Moody's)
Issuer ratings	Ba1 (Moody's), BBB- (Fitch) and BB (High) (DBRS)
Form	Reg S, Nominative dematerialised book-entry form
Tenor	3 years
Maturity type	Soft bullet
Size	€500mn
IPTs	MS+55bps
Reoffer spread	MS+45bps
Reoffer yield	3.381%
Reoffer price	99.632%
Coupon	3.250%
Governing Law	Portuguese Law

Transaction highlights

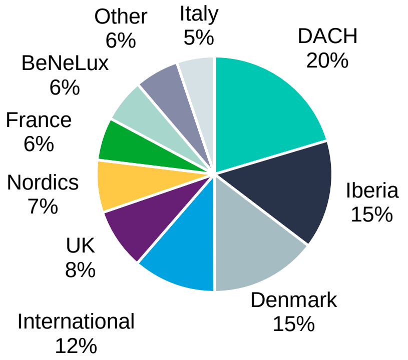
- Following the positive investor reaction to the marketing exercise, Novobanco opened books for an EUR500m WNG 3yr covered transaction. The cover pool consisted of 100% Portuguese residential mortgages.
- IPTs were announced at MS+55bps area.
- Orderbook grew impressively fast, reaching over EUR2bn in less than 1h after the IPT announcement. After the book update, another hour later it was more than 10 times oversubscribed, where books peaked at EUR5.1bn (139 orders).
- The very solid orderbook allowed the issuer to tighten 10bps and fixing directly final terms at MS+45bps, flat to fair value.
- Diversified base of investors by geographies, with DACH (20%), Iberia (15%) and Denmark (15%) dominating the top with sizeable orders. The remaining geographies are international accounts (12%), UK (8%), Nordics (7%) amongst others.
- In terms of investor type, Asset Managers totalled 44% of the book, while banks amounted to 33%, and central banks 9%. Insurance and Hedge Funds accounted for 2% each.

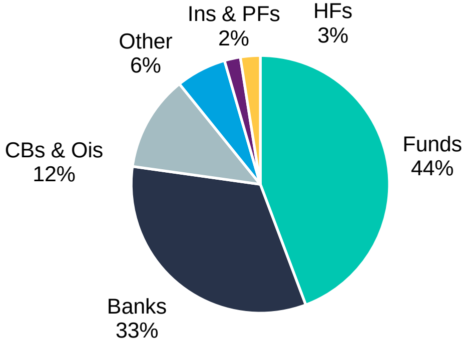
Orderbook statistics (€)

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

[1]*Good at reoffer*

Allocation distribution by Geography & Type





On the 21st of February, **Novobanco issued its inaugural €500mn 3yr Covered Bond after 2-days of virtual investor marketing.**

This transaction represents Novobanco´s **first issuance after getting upgraded to IG by Fitch** at issuer level.

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

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

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Annex

A1. Portuguese Market

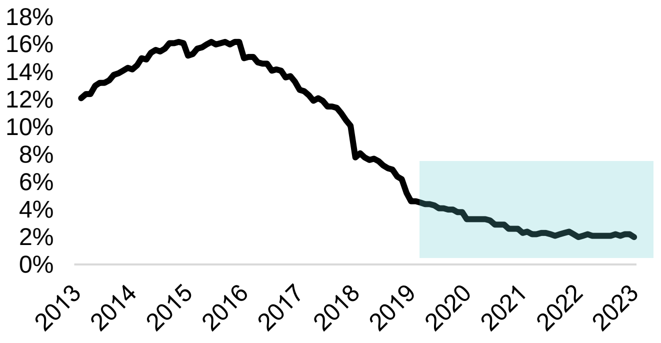
A2. Additional company overview material

A3. ESG considerations

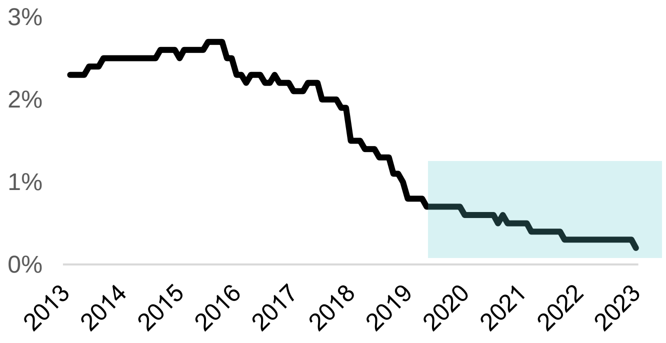
A4. Portuguese Legal Regime of Covered Bonds

Portuguese market with resilient asset quality indicators…

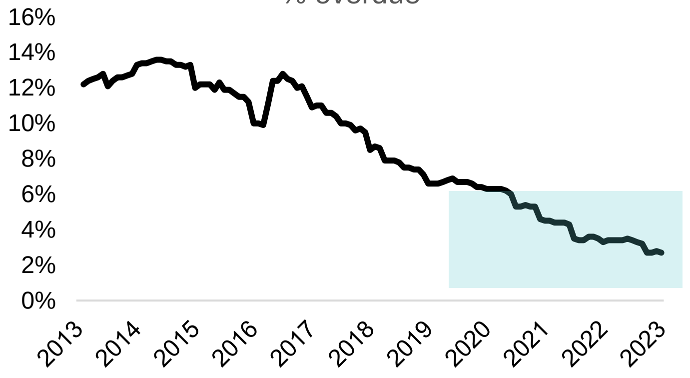
Corporate loans
% overdue



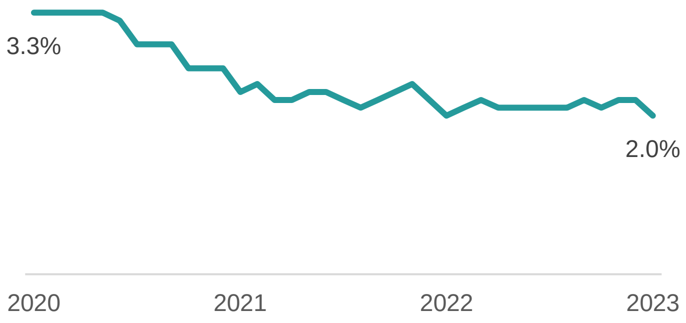
Residential mortgages
% overdue



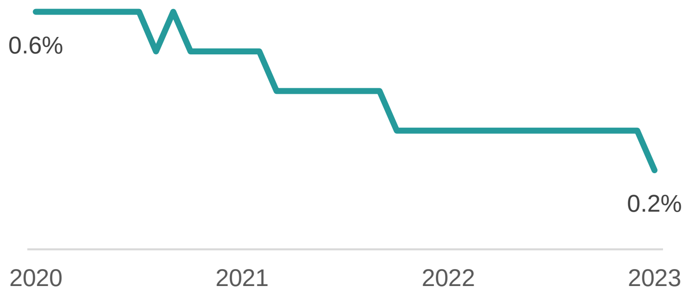
Individual loans
% overdue



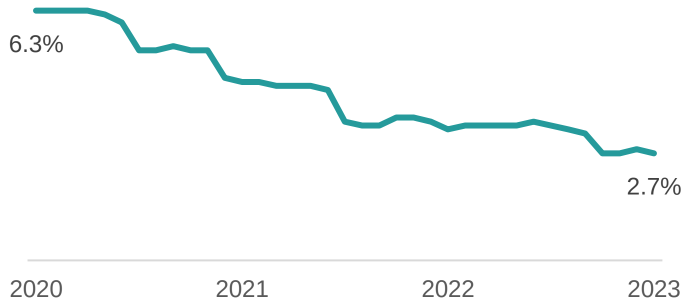
Corporate loans
% overdue



Residential mortgages
% overdue



Individual loans
% overdue



 Source: Bank of Portugal

Simple balance sheet reflecting novobanco's sustainable business model

Balance Sheet (€mn)

Assets	Sep-23	Dec-23	Sep-24	▲YTD €mn	▲YTD %
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%
Total Assets	**42 949**	**43 501**	**45 581**	**2 080**	**4.8%**

Liabilities & Equity	Sep-23	Dec-23	Sep-24	▲YTD €mn	▲YTD %
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%
Total Liabilities	**38 715**	**39 078**	**40 586**	**1 508**	**3.9%**
Equity	**4 234**	**4 422**	**4 995**	**572**	**12.9%**
Total Liabilities and Equity	**42 949**	**43 501**	**45 581**	**2 080**	**4.8%**

Assets

- Loans and advances to Banks increased 10.5% YTD, reflecting the increase of cash at ECB.
- **Net customer credit**[1] **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%**[2].

Liabilities

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

Capital & Liquidity

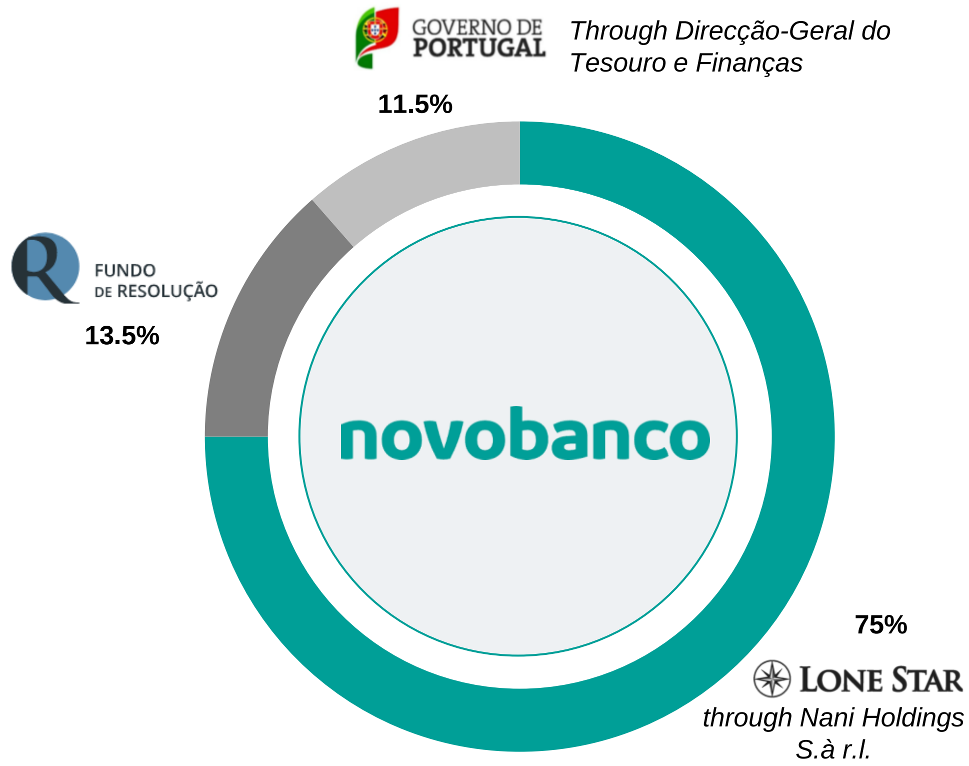
- **Shareholders' Equity increasing 12.9% YTD to €5.0bn.**
- **Strong liquidity position: LtD at 80.7%** (2023: 81.2%)**, LCR of 186%** (2023: 163%) and **NSFR of 119%** (2023: 118%), as well as liquidity buffer of €15.6bn (Dec 23: €13.6bn).

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

Novobanco shareholder structure and governance model

Shareholder structure

October 2024



Governance model

General Meeting[1]

- Statutory Auditor[2]
- Company Secretary[3]

General & Supervisory Board

- Risk Committee[5]
- Financial Affairs Committee[5]
- Remuneration Committee[5]
- Nomination Committee[5]
- Compliance Committee[5]

Executive Board of Directors[4]

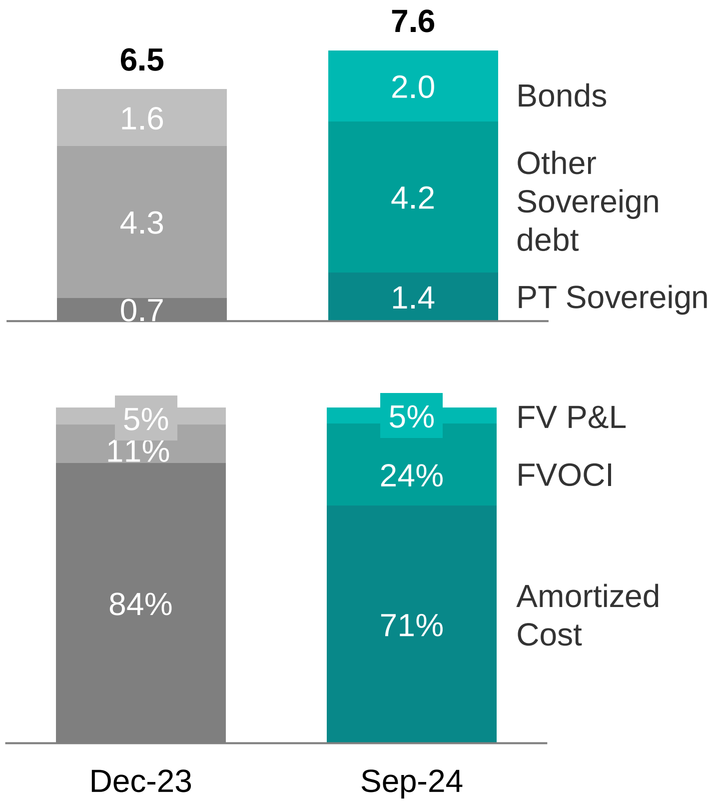
Committees:

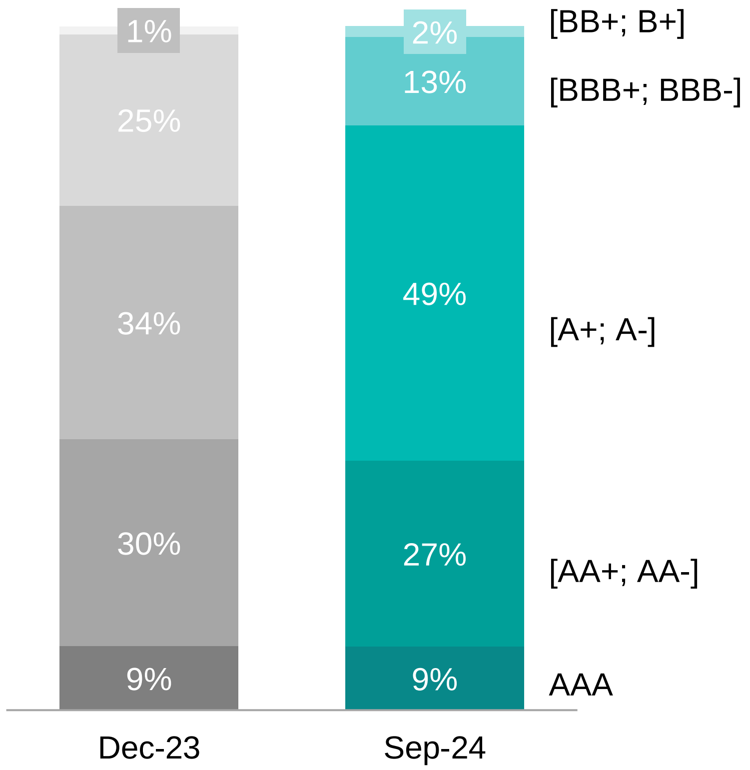
- Risk
- Credit
- CALCO
- Internal Control System
- Compliance & Product
- Transformation
- Costs & Investments
- Impairment

(1) GSB members are elected by the shareholders; (2) Elected by the General Meeting upon a proposal of the General and Supervisory Board; (3) The General and Supervisory Board is consulted prior to any proposal of the Executive Board of Directors related to the appointment of the Company Secretary and Alternate Secretary; (4) EBD members are elected by GSB; (5) The Special Committees are composed of members of the General and Supervisory Board. The General and Supervisory Board sets up, appoints the members and approves the internal rules of the Special Committees

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

ALM Portfolio
(€bn)





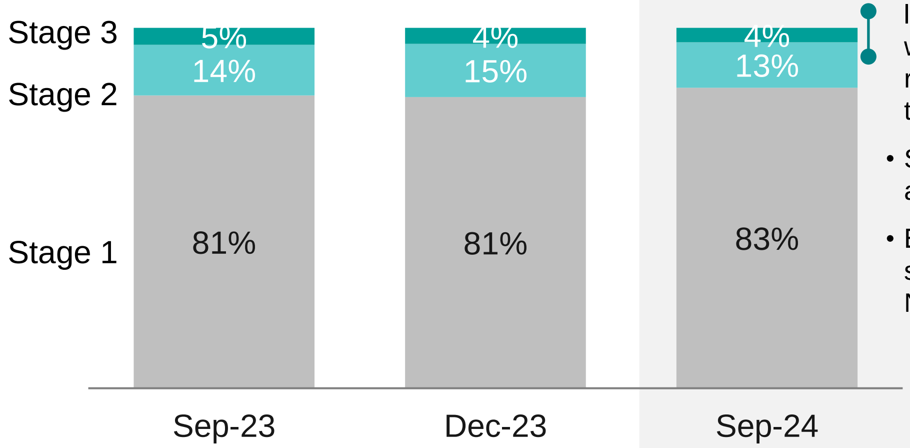
	Total	vs Dec/23
Amount (€bn)	7.6	+1.1
Duration[1] (years)	3.3	-0.5
Yield[1] (%)	3.29	-23bps

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

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

Strengthened total stage 3 coverage (+9pp YTD)

Loan Portfolio by Stages

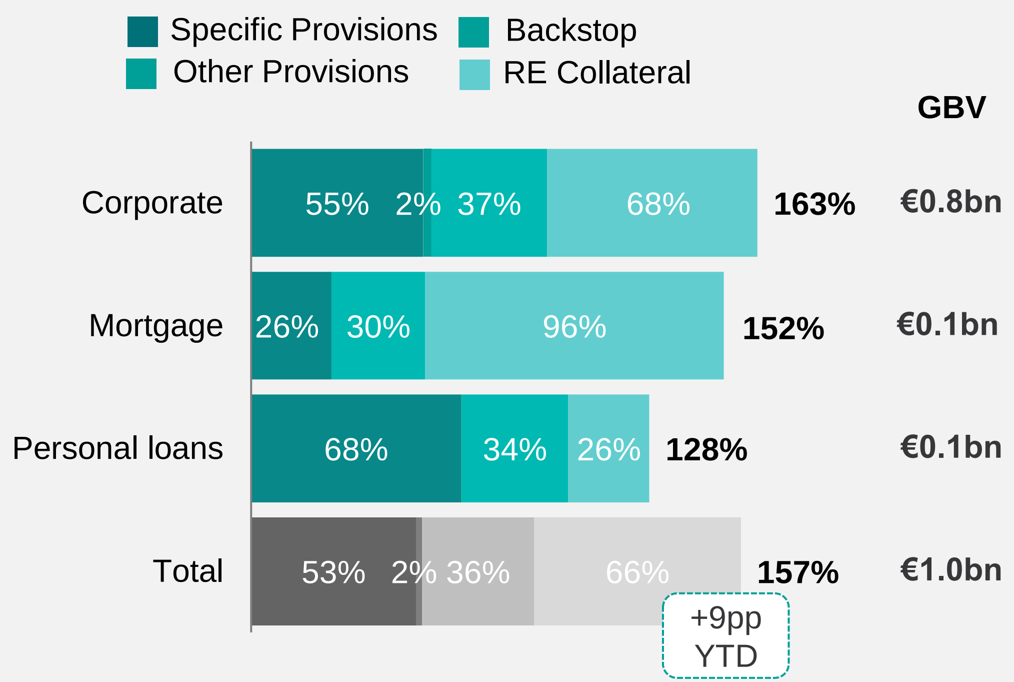


Specific Provisons - Coverage ratios[1]

	Sep-23	Dec-23	Sep-24
Stage 2	8.6%	9.0%	9.6%
Stage 3	55.5%	54.7%	54.9%

- ~32% of stage 3 GBV loans are under the CCA; with no full servicing rights until CCA early termination in Dec-24
- Stage 3 at 2.8% if CCA assets excluded
- Excludes c.€100mn NPL sold in Dec-24; Pro-forma NPL ratio at ~3.5%

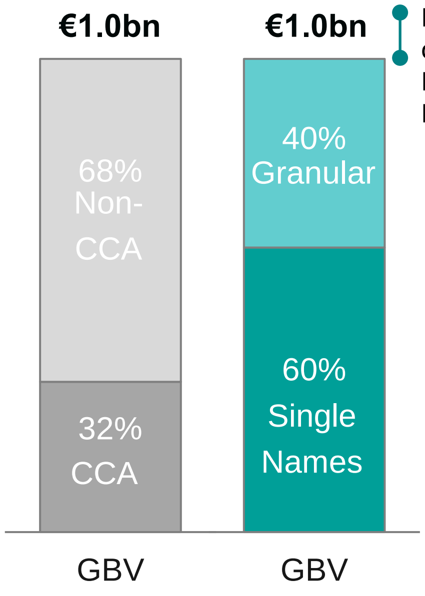
Stage 3: Coverage by type



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

>70%[1] of Stage 3 with overdue less than 1 year, with exposures provisioned in line with market value

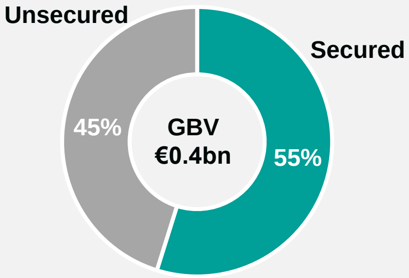
Total Stage 3 Loans
(Sep-24; %)



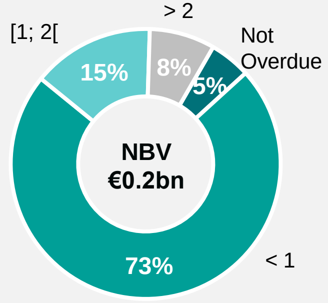
Excludes c.€100mn NPL sold in Dec-24

NBV	**€0.5bn**
% Coverage Ratio[2]	**91% / 157%**

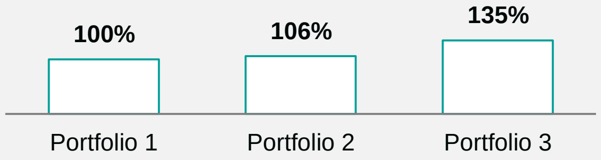
Granular



Overdue Vintage (years)

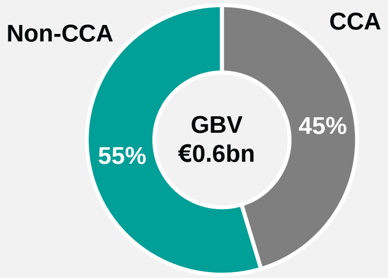


Recent granular portfolio sales Price as % NBV



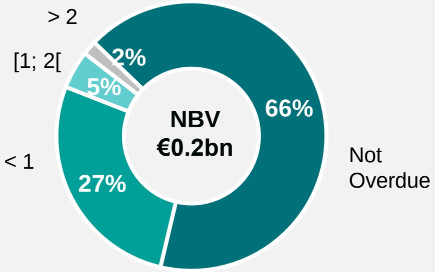
Signed perimeters, which included NPLs with older vintages, show that Stage 3 exposures are provisioned in line with market value

Single Names

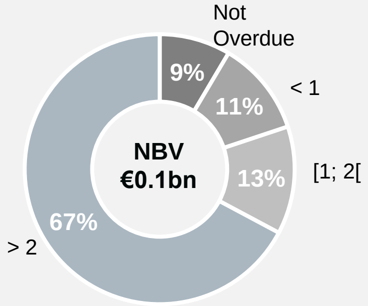


Overdue Vintage (years)

Non-CCA



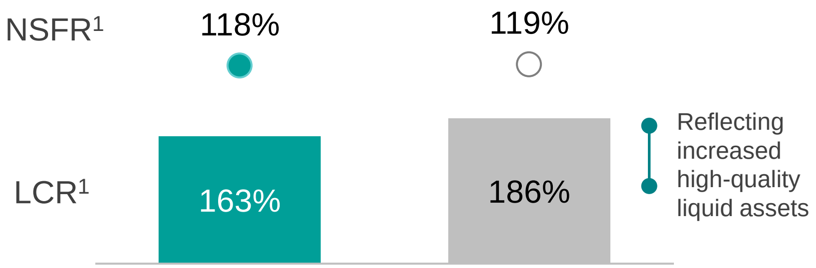
CCA



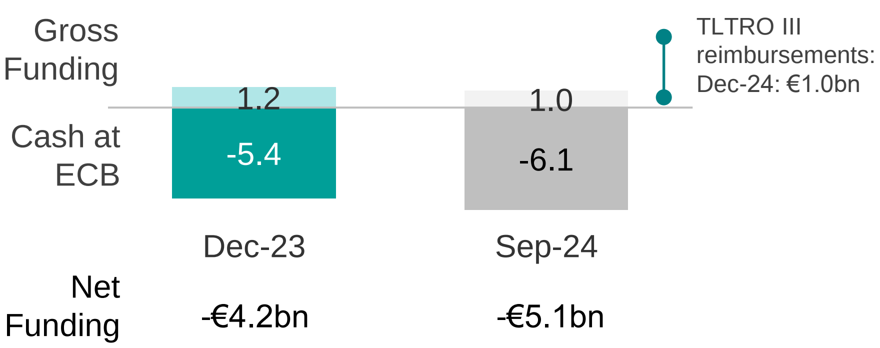
(1) As % of NBV; (2) coverage ratio considering total provisions / coverage ratio considering total provisions, backstop and collateral

Deposit growth and new issuance bolstering liquidity

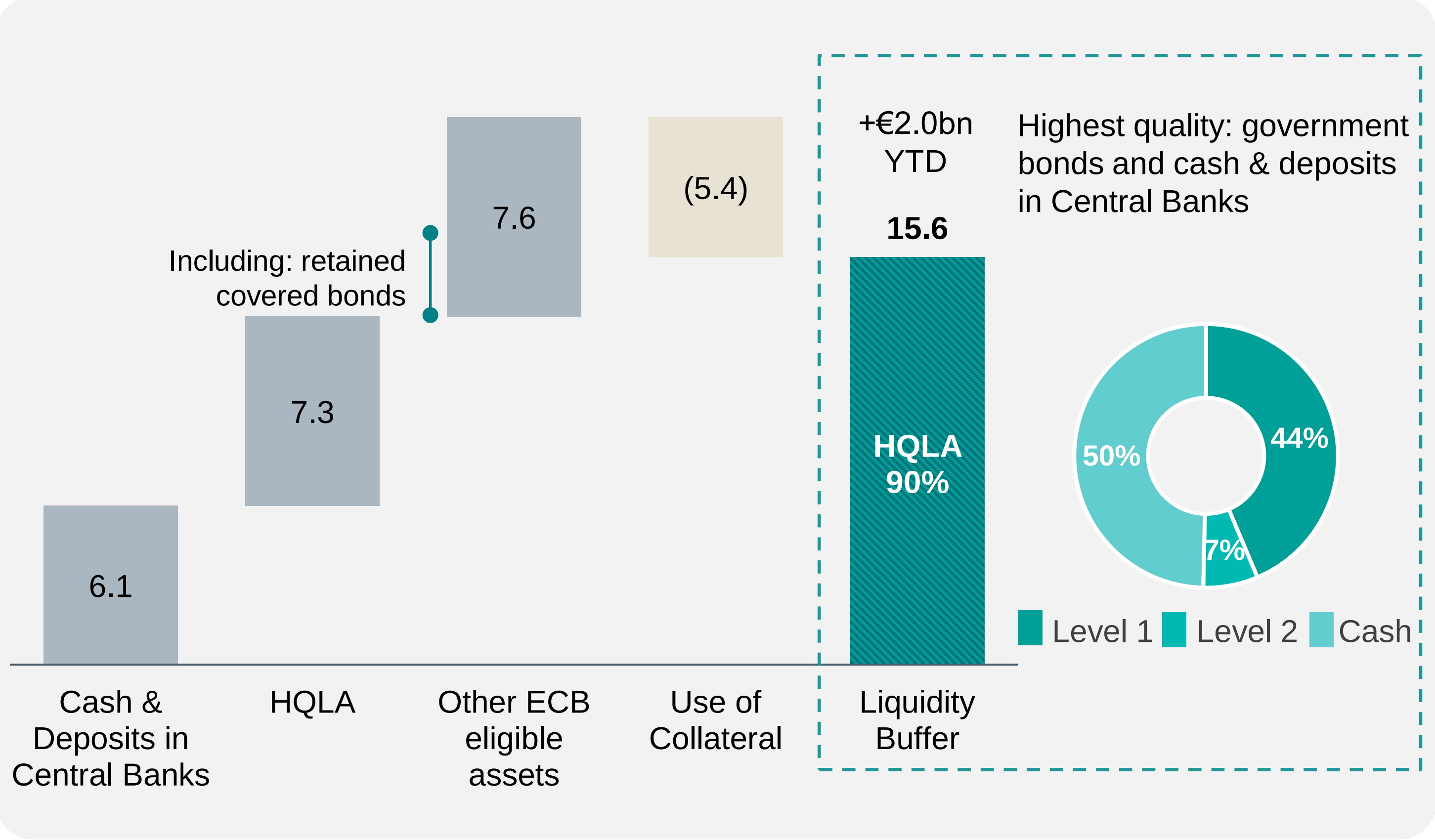
Liquidity Ratios (%)



ECB Funding (€bn)



Liquidity Buffer[2] (€bn)



(1) LCR stands for Liquidity Coverage Ratio; NSFR stands for Net Stable Funding Ratio; (2) HQLA ECB eligible includes ECB's valuation haircut; HQLA Non ECB eligible include regulatory valuation haircut

Bonds outstanding

€mn; Sep-24

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value[1]	Maturity
Covered						
NOVBNC 3.25% 01/03/27	PTNOBFOM0009	EUR	500	Mar-24	511	Mar-27
Senior						
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
Subordinated						
NOVBNC 9.875% 01/12/33	PTNOBLOM0001	EUR	500	Jun-23	539	Dec-33
Total 2043 Bonds			***362***		***257***	
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
Total Zero Coupons (ex EMTN 57)			***1,203***		***232***	
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
Total			**3,674**		**2,661**	

2043 Bonds and Zero Coupons (excluding EMTN 57):

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

novobanco

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

Moody's, DBRS and Fitch ratings

December 2024

Fitch

Intrinsic	Viability Rating	bbb
	Support	ns
LT / ST	Issuer Default Rating LT/ST	BBB/F3
	Deposits LT/ST	BBB+/F2
	Senior Debt LT/ST	BBB/F3
	Outlook	Stable

November 2024

Moody's

Intrinsic	Baseline Credit Assessment /Adjusted BCA	baa3
LT / ST	Counterparty Risk Assessment LT/ST	A3(cr)/P-2 (cr)
	Counterparty Risk LT/ST	A3/P-2
	Deposits LT/ST	A3/P-2
	Senior Unsecured Debt LT/ST	Baa2
	Junior Senior Unsecured	Baa3
	Outlook deposits / senior	Positive
Others	Covered Bonds	Aaa
	Subordinated debt	Ba1

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)

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

Metrics	Nov-24 Report Novobanco Upgrade: Strong Historical Ratio	Raw Score	Assigned Score	Adjustments	Point in Time Analysis (NPL & Profitability) Ratio	Assigned Score
Solvency (65%)						
Problem Loans / Gross Loans	5.1%	baa3	baa3	-	3.5%	baa1
Capital (25%)						
TCE ratio	21.5%	aa2 [a3]	a3	- 4 notches	21.5%	a3
Profitability (15%)						
Net Income / Tangible Assets	1.1%	baa1	a3	+1 notch	1.7%	a2
Combined Solvency Score		a3 [baa1]	baa1	-1 notch		a3
Liquidity (35%)						
Funding Structure (20%)						
Market Funds / Tangible Banking Assets	18.4%	baa1	ba1	-3 notches	18.4%	ba1
Liquid Resources (15%)						
Liquid Banking Assets / Tangible Bank Assets	26.5%	baa1	baa2	-1 notch	26.5%	baa2
Combined Liquidity Score		baa1	baa3	-2 notches		baa3
Aggregate Financial Profile		a3 [baa1]	baa2	-1 notch (A)		baa1 (B)
BCA range			baa1-baa3			
Sovereign cap			A3			
Assigned & Adjusted BCA			baa3 (C) Positive Outlook			
LGF uplift			1 notch			
Senior/Tier 2 rating			Baa2/ Ba1			

+2 notches potential improvement

- Considering Point in Time pro-forma SPA signed in Dec-24 (Sep-24 at 3.9%)
- Adjusting for Moody's expected forward-looking TCE of 13-14%
- Methodology uses 3-yrs avg;
- YE23 run-rate at 1.7% equivalent to a2
- Penalised by Repos and TLTRO, despite being a net lender to ECB and recent Covered Bond issuance

Levers for upgrades:

- **A** **Removal of -1 notch vs raw score with adjusted capital structure;**
- **B** **+1 notch with passage of time even considering current adjustments**
- **C** **Removal of -1 notch from BCA at lower end of the range**

Novobanco ESG vision is built-in in its "Shaping the Future" strategy, and tracked by our Social Dividend commitments

MSCI ESG RATINGS
CCC | B | BB | BBB | A | AA | AAA
AA

Customer-centric Bank

Reflecting evolving customer expectations through **distinctive value propositions**

Leveraging **digital and omnichannel approach** as drivers of **service** and **proximity**

*Support our **clients transition** and maximize positive **impact on society** and **environment***

Simple and **efficient** operations

Simplifying the banking experience, through superior usage of **technology and data**

Improving **internal processes** to upgrade **productivity and efficiency**

*Improve **efficiency**, enable **own transition**, ensure systems readiness for ESG*

Developing **people** and **culture**

Attracting and developing a team of **skilled and fulfilled professionals** that actively **live the bank's values**

Developing a **dynamic collaborative culture** in an environment adapted to the **new ways of working**

*Strengthen **capabilities**, **inclusiveness**, **diversity** and the **engagement** of our people*

Developing **sustainable performance**

Delivering **sustainable returns** through disciplined risk, capital and funding management

Strengthening the integration of **ESG across business** to support sustainable growth and key stakeholders

*Build a robust **ESG governance** & **risk management** framework*

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

Customer-centric Bank

Green production[1]

Target 2026
2.000 M€[1]

709

ESG investment products[5]

Target 2026
60% of invest. products

62%

Simple and **efficient** operations

Own emissions[2]

Target 2030
-54% vs 2021

-51%[9]

Renewables share[6]

Target 2026
100%

100%

Developing **people** and **culture**

Equal pay[3]

Target 2026
Below 5%

5.4%

Employee engagement[7]

Target 2026
At least 65%

60%

Developing **sustainable performance**

Financed emissions reduction[4]

Target 2030
100% targets realized by sector

-

Women in management[8]

Target 2026
At least 40%

38%

1. Loans and investments considered under novobanco green financing policy with a 650 MEUR target for 2024; 2. Scope 1 and 2 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 1stH data as compared to 2021;

✓ Target set is met; ✓ Target is on track

Robust ESG Governance and clear roadmap

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

1. The Global Sustainability Framework is supervised by our **GSB**, with our **EBD** taking direct responsibility for its active management
2. Our appointed **Chief Sustainability Officer** ensures 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

Board

1 *General Supervisory Board* (GSB)

Executive Board of Directors (EBD)

2 *Chief Sustainability Officer*

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

Management

4 *ESG Office* | *Risk Management* | *Others* (when needed)

ESG PMO

ESG Program Block Leaders and multidisciplinary teams

5 *Policies & R&R*

6 *ESG & Code of Conduct training*

7 *Linked pay & ESG performance*

8 Next milestones

- *Continue to increase coverage of **ESG risk analysis** in **credit process***
- *Launch new **ESG data collection tools** in a joint national effort*[1]
- *Publish new validated decarbonization plan **for portfolio financed emissions***[2]
- *Prepare bank compliance with new **CSRD disclosure requirements***

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

The portuguese CB legal framework – key changes

The Portuguese Covered Bond Legal Framework

Decree-Law 31/2022 transposed in Portugal the Covered Bond Directive, the table below summarises some of the key changes.	
Extendable Maturity	• Objective triggers need to be specified in the terms and conditions of the covered bonds • The final maturity date of the covered bonds is determinable at all times • In the event of liquidation or resolution of the relevant credit institution, maturity extensions do not affect the ranking of holders of covered bonds or invert the sequencing of the relevant covered bond programme's original maturity schedule
Extendable Maturity Triggers	• Revocation of the authorisation of the relevant credit institution issuing the covered bonds; or • Foreseeable or actual failure to pay the principal or interest amounts of the covered bonds due at the initial maturity date, that is not remediable within an established period of time in the terms of the relevant issue or the covered bond programme, not exceeding 10 business days.
Liquidity Buffer	• The cover pool must include a liquidity buffer comprised of liquid assets (as determined in article 19 of the Legal Regime of Covered Bonds and article 16 of the Covered Bonds Directive) to cover all Net Liquidity Outflows accumulated over the next 180 days • In the case of extendable maturity covered bonds, principal repayments will be considered due at the extended maturity date
Overcollateralization and Label	• Minimum overcollateralization amount of 5% for the Premium Label • Premium label used only if covered bonds meet the Covered Bond Directive and CRR
Cover Pool Monitor	• Appointment on an independent Cover Pool Monitor (not the Issuer's auditor) • Role and Duties of the Cover Pool Monitor : 1) verify on an ongoing basis the quality of the assets comprising the cover pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the cover pool; 2) verify the information provided to the holders of covered bonds; 3) produce an annual report with an assessment of the issuer's compliance with the requirements set out in the Portuguese

Disclaimer

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

By their nature, forward-looking statements are inherently predictive, speculative, and involve risk and uncertainty. There are many factors that can lead to results and developments that differ materially from those expressed or implied in forward-looking statements. These factors include, but are not limited to, changes in economic conditions in countries where the novobanco group has operations, tax or other policies adopted by various governments or regulatory entities in Portugal and in other jurisdictions, levels of competition from other Banks or financial entities, and future exchange rates and interest rate levels.

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

This document includes unaudited financial information.

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Share Capital: 3 345 000 000.30 Euros represented by 500 000 000 shares
NIPC: 513 204 016 I LEI: 5493009W2E2YDCXY6S81

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