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RESULTS PRESENTATION
FY 2022

March 9th 2023

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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.

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This document includes unaudited financial information.

Novo Banco, SA I Av. da Liberdade, n. 195 Lisboa, Portugal
Share Capital: 6 304 660 637.69 Euros represented by 10 391 043 938 shares
NIPC: 513 204 016 I LEI: 5493009W2E2YDCXY6S81

AGENDA

Highlights

Financial Results

- Income Statement
- Balance Sheet

Outlook

Final Remarks

Consistent strategy delivering increased profitability

Successful strategy execution leading to a net income of €560.8mn (2021: €184.5mn). Strong strategic focus delivering a sustainable growth of business with increased revenues and capital generation, leading to a strong recurrent pre-tax profitability of €406.7mn, equivalent to a **RoTE (before tax) of 14.4%.**

Solid NII growth (+9.1% YoY; +59% QoQ) to €625.5mn, reflecting improvement of average assets yield. In 2022, **NIM increased to 1.47% (2021: 1.42%; 4Q22: 1.99%) with Net customer loans at €24.6bn (+3.8% YTD),** reflecting an expanding loan book in both retail and corporate segments.

Commercial Banking Income grew to €918.8mn (+7.3% YoY) and Banking Income was also strong at €1,126.3mn (+15.9% YoY), with Other operating results of €183.6mn, driven by an accelerated deleverage of the real estate portfolio. **Cost to Income[2] ratio of 44.1%** (excluding exceptional items; -2pp YoY).

Cost of risk was 45bps (2021: 70bps; 2022: €133.3mn), demonstrating resilient asset quality. Further reduction of **NPL ratio to 4.3% (Dec/21: 5.7%), increased coverage ratio to 76.7% (Dec/21: 71.4%),** reflecting the de-risking strategy and progress towards achieving an NPL ratio in line with EU average.

Accelerating capital generation with CET 1 increasing 300bps to 13.1% (fully-loaded basis; 13.7% phased-in) and Total capital ratio reached 15.5% (+330bps YTD). A capital accretive business model, which is set to produce strong capital generation, and RWA discipline, ensured a buffer above the target.

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

Business plan agreed with DG Comp delivered and restructuring period concluded

Restructure
2017-2020

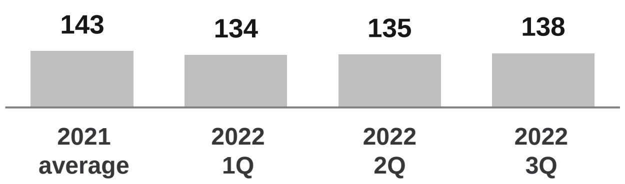
- Sale of Novo Banco to Lone Star
- Deep operational and balance sheet restructuring
- Exit from all international operations, with refocusing on financing Portuguese corporates and households
- Completion of balance sheet clean-up as at Dec-20 – subsequent disposals of non-core assets being capital accretive

	2017	2022	%Δ
NPL ratio	30.5%	4.3%	**-26p.p**
REOs	€2.5bn	€0.6bn	**-75%**
Branches	473	292	**-38%**
FTE	5,488	4,090	**-25%**

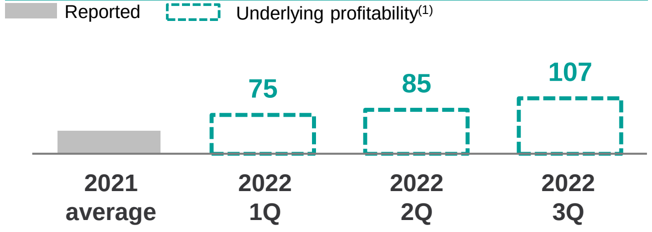
Renovation & Transformation
2021-2022

- Return to profitability (8 consecutive quarters of profits)
- Returning to normalised cost of risk <50 bps
- Strengthening capital position. Fully loaded CET1 up to 13.1% from 10.1% in 2021

Net Interest Income (€mn)



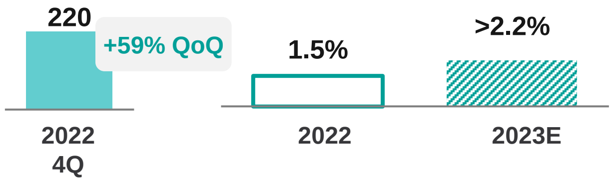
Profit Before Tax (post Special Tax on Banks; €mn)



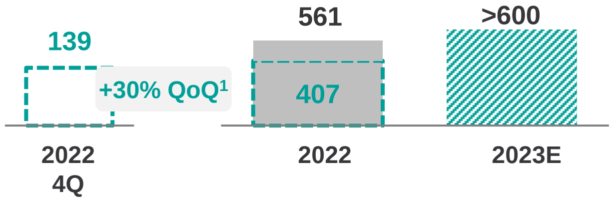
Relaunch
4Q22 and beyond

- Significant top-line growth in 4Q22 (increasing NII by 59% QoQ) with further expansion of NIM to above 2.2% for 2023E
- Delivering attractive levels of profitability: > €600mn recurrent PBT in 2023E

Net Interest Income and Margin (€mn, %)



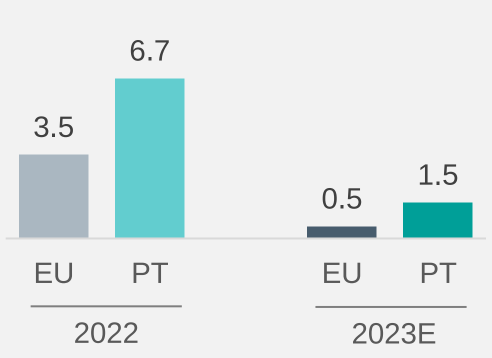
Profit Before Tax (post Special Tax on Banks; €mn)



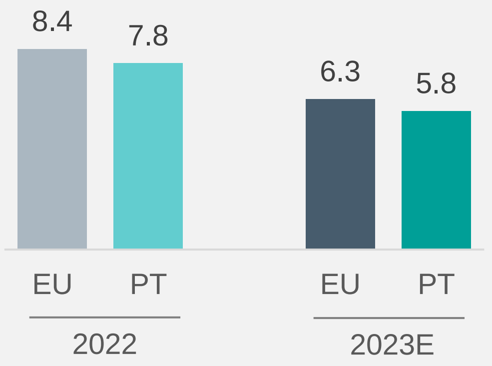
(1) Underlying profitability is adjusted for one-off opex (including intangibles write-down), real estate tax provision, real estate gains, non-recurrent market results, and pro-rata allocation of special tax on banks and contributions to the Resolution Funds

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

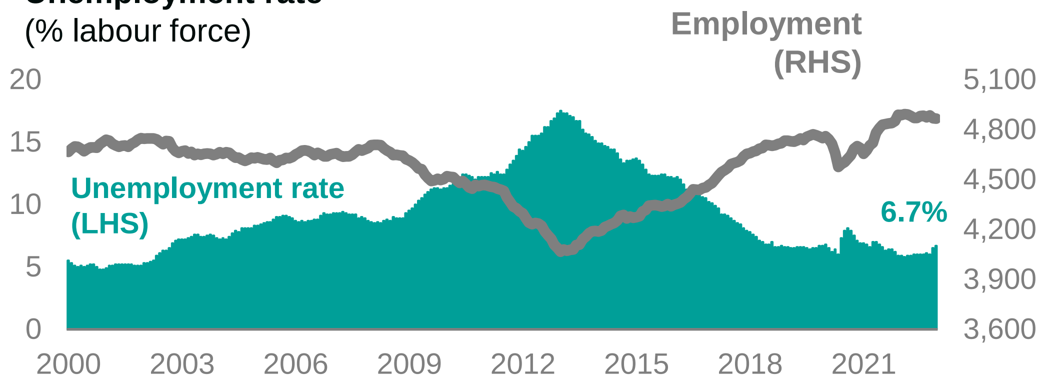
Annual GDP growth [1]
(%)



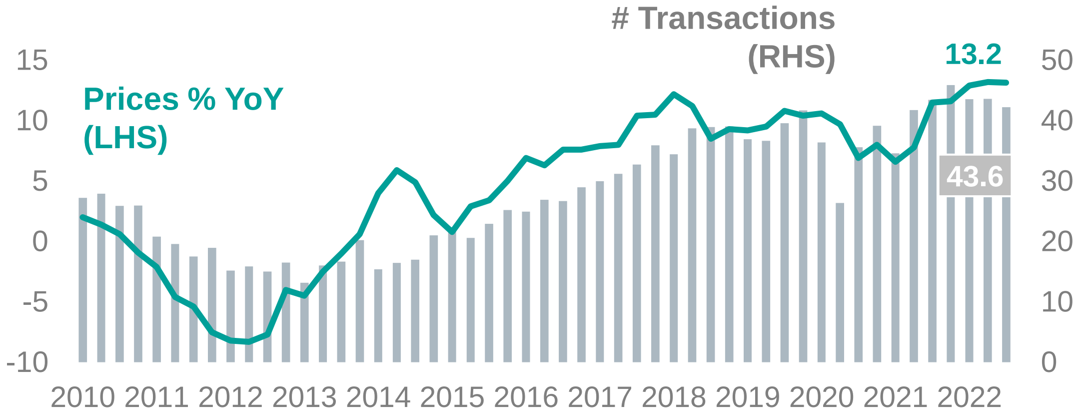
Average Inflation[1]
(%)



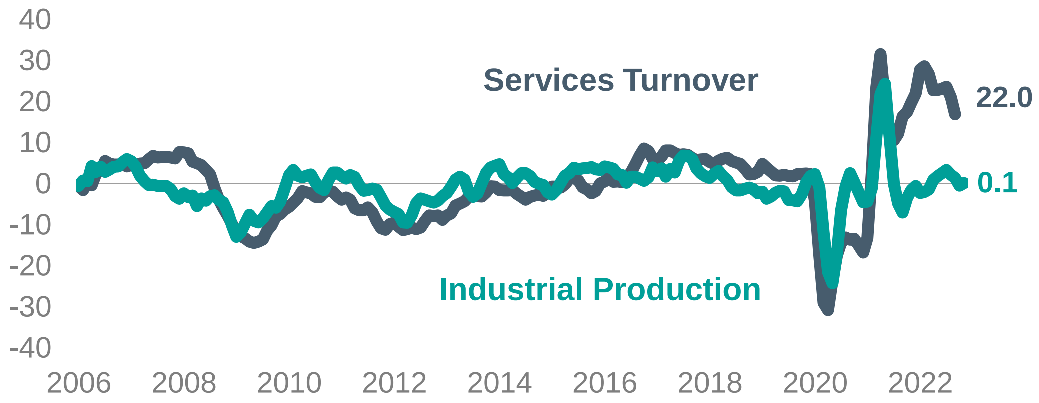
Unemployment rate
(% labour force)



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



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



(1) Source: Portugal – INE and Bank of Portugal (Dec/22); European average – ECB (Dec/22)

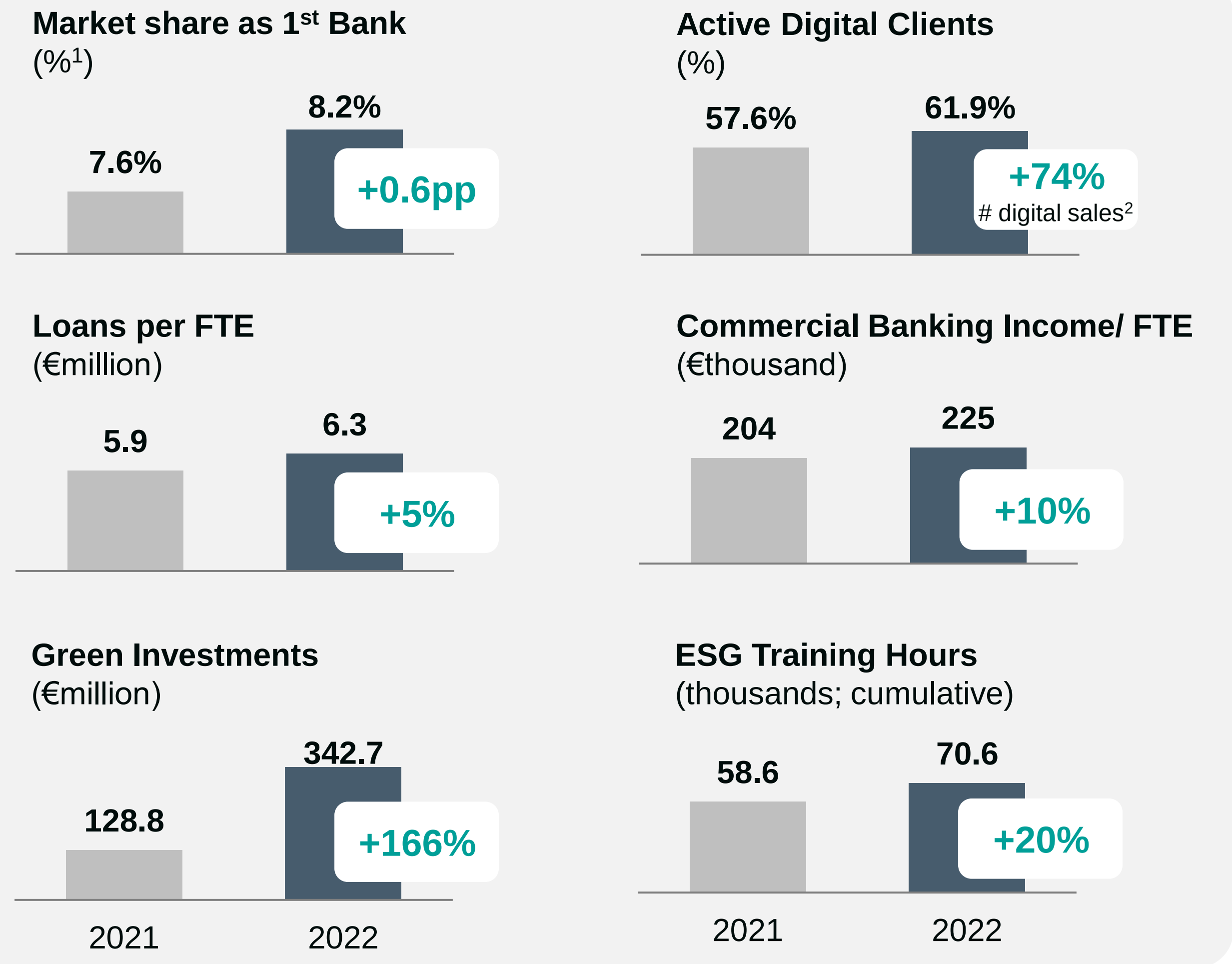
A four-pillar strategy to maximize value for customers, maintaining profitable operations, capital efficiency…

Customer-centric bank

Simple and efficient operations

Developing people and culture

Delivering sustainable performance



€1.1bn EIB/EIF Loans Origination in 2022

Best Trade Finance Provider for 5 consecutive years

OUTSTANDING DIGITAL CX - BANCASSURANCE

WINNER NOVOBANCO & GAMALIFE

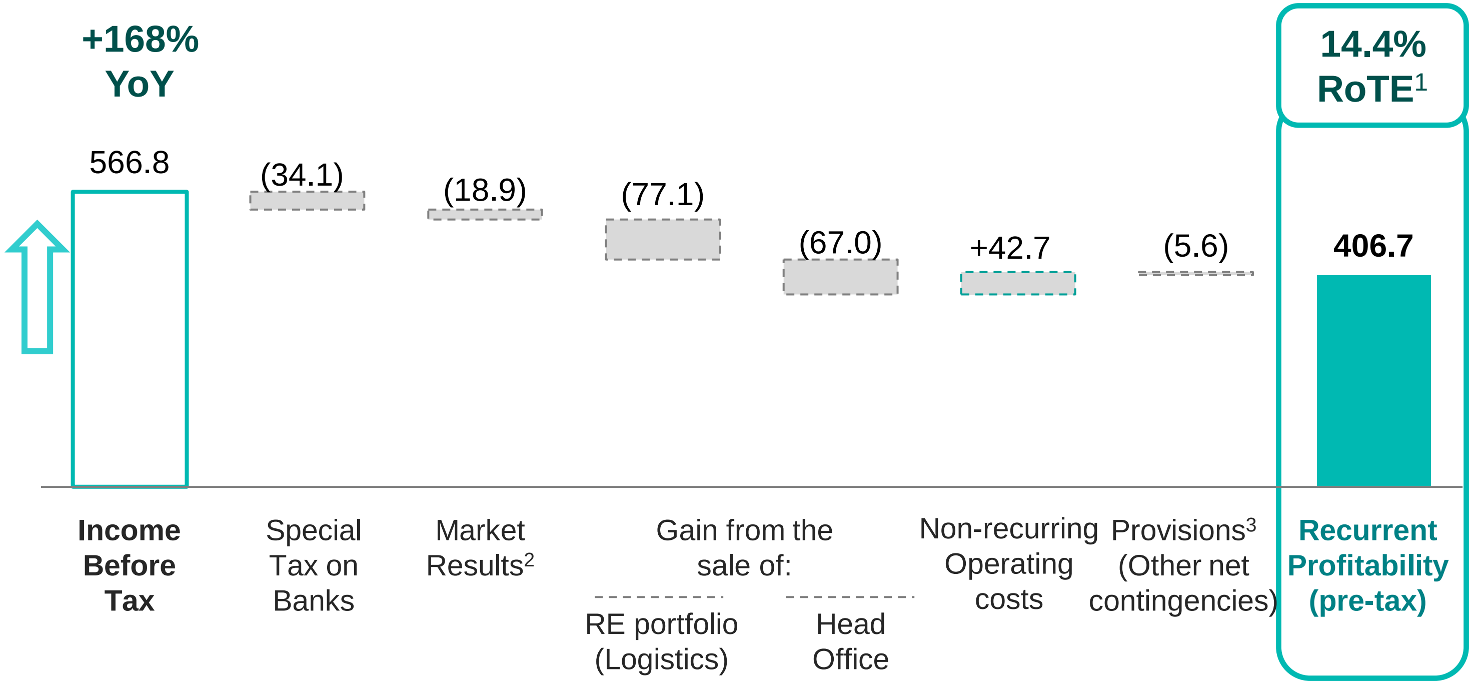
Banking Tech Awards:
Best Mobile Initiative - App

Outstanding Digital CX:
Bancassurance

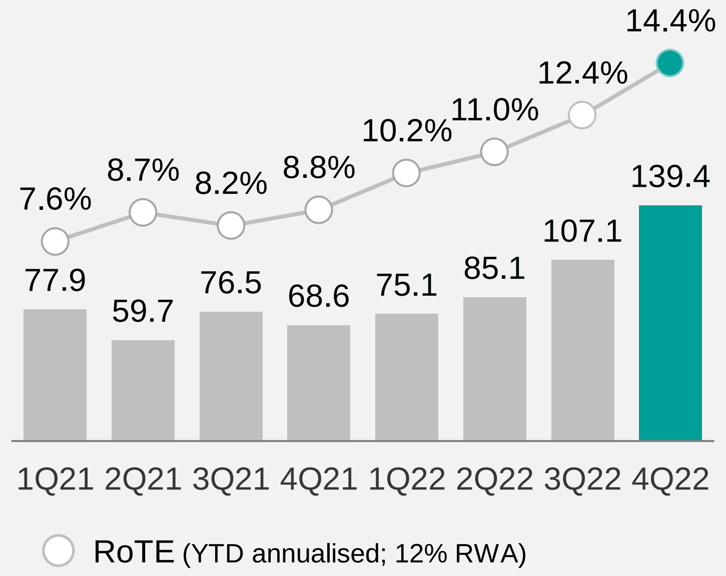
Best Performer Digital (D-Rating):
Retail Banking

…reaching RoTE of 14.4%, a further confirmation of the sustainability of novobanco trajectory

From Profit Before Tax to Recurrent Profitability
(2022; €mn)



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



(1) Tangible Equity = average phased-in RWA x 12%; Annualized; Considers Underlying profitability pre-tax deducted by special tax on banks (€34mn on annual basis) and contributions to Resolution Funds (€40.9mn on annual basis); (2) Excludes dividends from strategic holdings; (3) Includes a provision for the taxation of real-estate of €57mn

Consistent performance having delivered on medium-term targets already in 2022, positioning novobanco for its next stage of development

Customer-centric bank

Simple and efficient operations

Developing people and culture

Delivering sustainable performance

As announced in Oct/21:	**Previous Medium-term Targets**	**2022 Execution**		
Commercial Loan Book (performing)	*2-3% per year*	*4.7% YoY*	✓	*Expanding loan book*
Net Interest Margin	*[1.30 – 1.50%]*	*1.47%*	✓	*Set to benefit from Euribor repricing*
Cost-to-income	*< 45%*	*44%* *(recurrent basis)*	✓	*Efficient operations*
CoR	*< 50 bps*	*45 bps*	✓	*Achieving moderate risk profile*
NPL ratio	*< 5%*	*4.3%*	✓	*Converging towards EU average*
RoTE *(pre-tax)*[1]	*≥ 10%*	*14.4%*	✓	*Delivering organic attractive returns*
CET 1	*> 12%*	*13.7%*	✓	*Accelerating capital generation*

Achievements of novobanco were also recognized with the successful conclusion of the DG Comp restructuring period as of 22YE[2]

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(1) Tangible Equity = average phased-in RWA x 12%; Annualized; Considers Underlying profitability pre-tax deducted by special tax on banks (€34mn on annual basis) and contributions to Resolution Funds (€40.9mn on annual basis); (2) The Monitoring Trustee's final report will be prepared upon the release of novobanco 2022 year-end accounts.

AGENDA

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Significant YoY improvement in profitability…

	Income Statement (€mn)	2021	2022	▲YoY €mn
1	Net Interest Income	573.4	625.5	+52.1
2	+ Fees & Commissions	282.5	293.3	+10.8
	= Commercial Banking Income	**855.9**	**918.8**	**+62.9**
	+ Capital Markets Results	75.9	24.0	(51.9)
	+ Other Operating Results	40.4	183.6	+143.2
	= Banking Income	**972.2**	**1 126.3**	**+154.2**
3	- Operating Costs	408.4	448.4	+40.0
	= Net Operating Income	**563.8**	**678.0**	**+114.2**
4	- Net Impairments & Provisions	352.7	111.2	(241.5)
	= Profit Before Tax	**211.1**	**566.8**	**+355.7**
	= Recurrent PBT	***282.7***	***406.7***	***+124.0***
	- Corporate Income Tax	-15.2	- 53.3	(38.1)
	- Special Tax on Banks	34.1	34.1	0.0
	= Profit after Taxes	**192.2**	**585.9**	**+393.8**
	- Non-Controlling Interests	7.7	25.1	+17.4
	= Net Profit for the period	**184.5**	**560.8**	**+376.3**

- NII +9.1% with **improvement of average assets yield**, more than offsetting the cost of new senior debt and TLTRO III phase-out. Annual NIM of 1.47%, reaching 1.99% in the 4Q22;
- Fee income +3.8% highlighting accounts and payments fees performance backed by **pick-up in business activity**;
- Capital Markets Results positive by €24.0mn mostly due to gains from the hedging of interest rate risk. The fair value reserves decreased by €267mn;
- Other operating results includes €77.1mn **gain from the sale of logistics** assets in 2Q22 (€58.5mn net of non-controlling interests), €71.5mn gain of on the **sale of headquarters** building in 3Q22 (€67.0mn net of contingencies) and €40.4mn **gain on overdue loans recovery**. These effects more than offset **contributions to resolution funds** (€40.9mn);
- Operating costs totalled €448.4mn reflecting the **continued investment in digital transformation and streamlined operations**, growing 2.4% YoY on a recurring basis (to €405.6mn);
- Lower provisions reflecting the **quality of the portfolio** after the execution of the restructuring process (Cost of Risk at 0.45%[1]);
- **Net Income of +€560.8mn (+204% YoY)** reflecting a sustainable growth of business, with the ability to grow revenue and generate capital.

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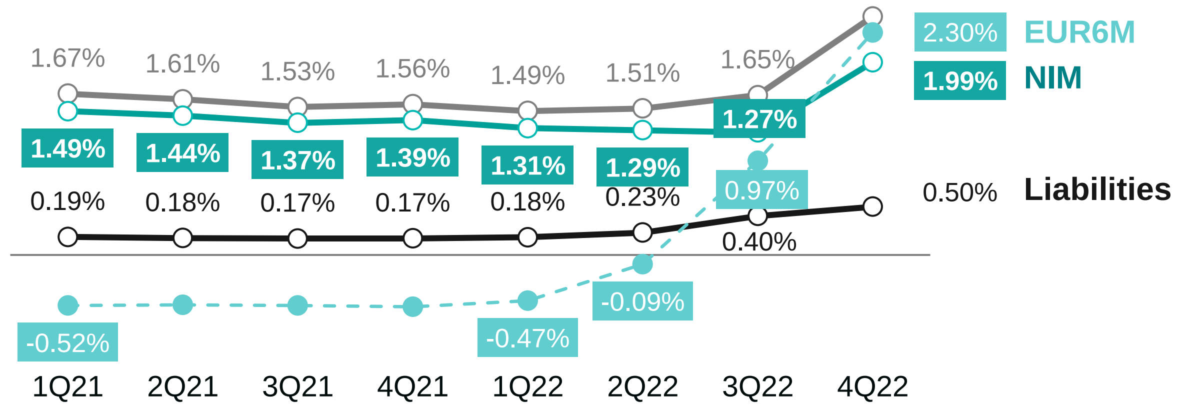
(1) Considering loans and corporate bonds

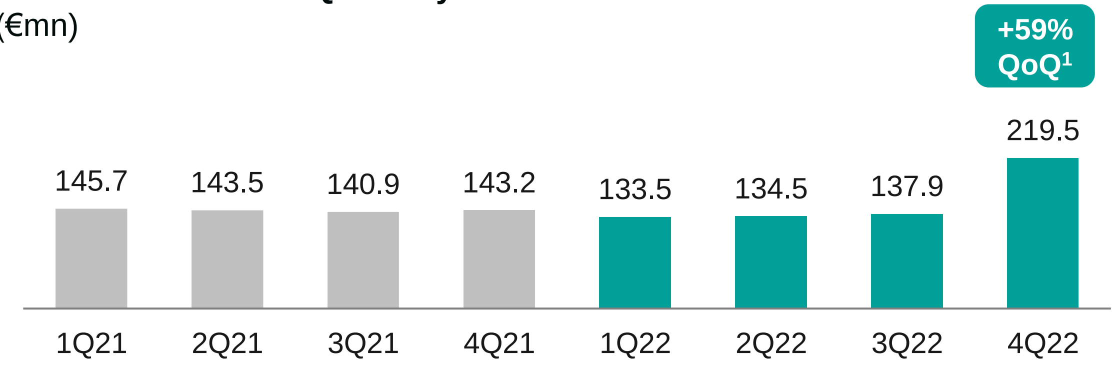
… backed by a positive NIM trend in 4Q, with higher Euribor, more than offsetting funding costs and TLTRO III phase-out

Income Statement (€mn)	1Q22	2Q22	3Q22	4Q22	▲QoQ €mn
Net Interest Income	133.5	134.5	137.9	219.5	+81.6
+ Fees & Commissions	68.8	75.6	71.3	77.6	+6.3
= Commercial Banking Income	**202.3**	**210.1**	**209.2**	**297.2**	**+87.9**
+ Capital Markets Results	91.4	-5.6	-17.6	- 44.2	(26.6)
+ Other Operating Results	16.7	56.5	88.0	22.3	(65.7)
= Banking Income	**310.4**	**261.0**	**279.6**	**275.3**	**(4.3)**
- Operating Costs	103.6	105.1	105.5	134.1	+28.6
= Net Operating Income	**206.8**	**155.9**	**174.1**	**141.1**	**(32.9)**
- Net Impairments & Provisions	21.8	-2.0	2.7	88.7	+86.0
= Profit Before Tax	**185.0**	**157.9**	**171.4**	**52.4**	**(118.9)**
= Recurrent PBT	***75.1***	***85.1***	***107.1***	***139.4***	***+32.3***
- Corporate Income Tax	7.4	11.6	8.9	- 81.1	(90.0)
- Special Tax on Banks	34.1	-	-	0.0	-
= Profit after Taxes	**143.5**	**146.4**	**162.5**	**133.6**	**(28.9)**
- Non-Controlling Interests	0.9	22.3	0.9	1.1	+0.2
= Net Profit for the period	**142.7**	**124.0**	**161.6**	**132.5**	**(29.1)**

Net Interest Margin: Quarterly trend
(€mn)



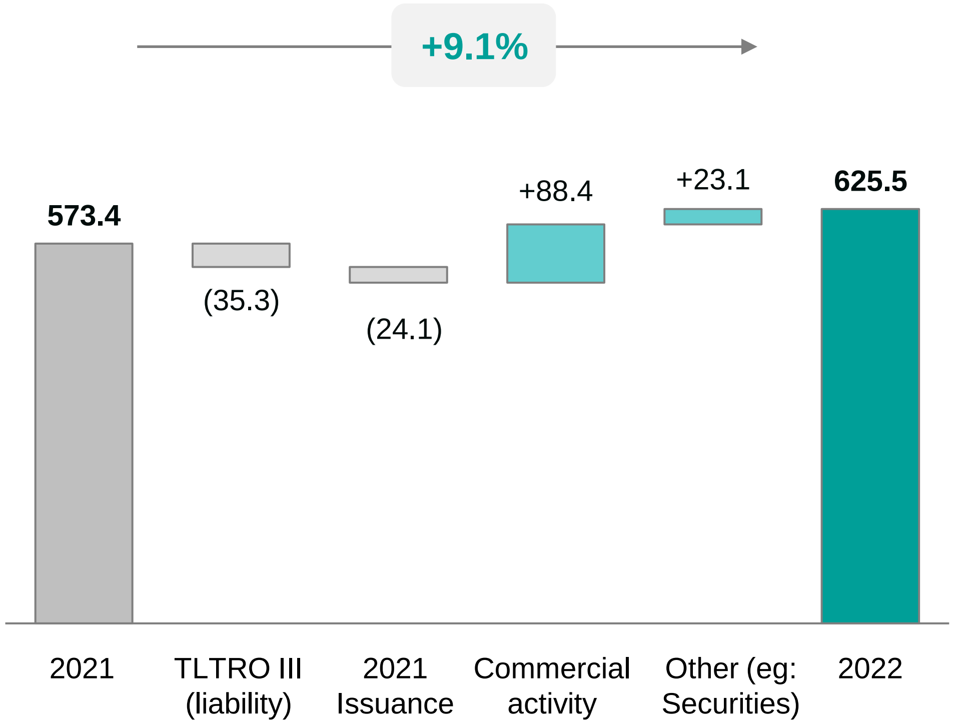
Net Interest Income: Quarterly trend
(€mn)



(1) Equivalent to +46% QoQ if adjusted for amended of TLTRO III terms on 27 Oct (imply +€7.5mn in 3Q22)

1 Loan book expansion and increasing asset yields, reaching NII of €626mn despite the amended TLTRO III terms and higher senior debt cost

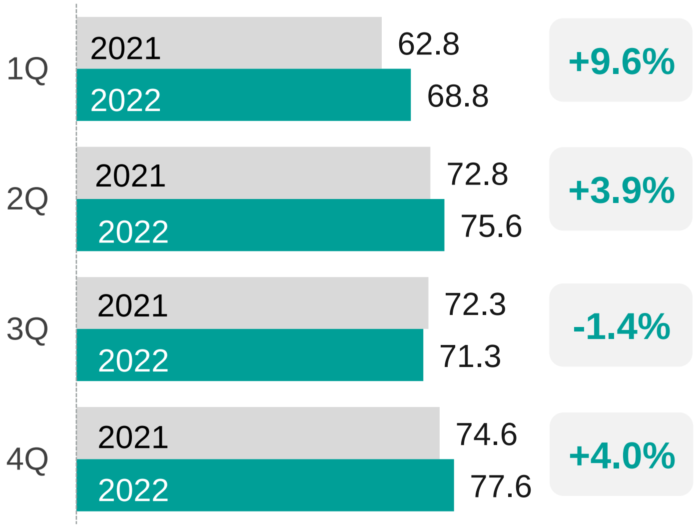
Net Interest Income (NII) / Net Interest Margin (NIM)	2021		2022		4Q22	
	Avg. Rate	Income/ Costs	Avg. Rate	Income/ Costs	Avg. Rate	Income/ Costs
€ million; %						
Customer Loans	**2.01%**	**510**	**2.31%**	**595**	**2.97%**	**197**
Corporate loans	2.33%	324	2.60%	373	3.27%	121
Mortgage lending	1.04%	104	1.36%	136	2.07%	53
Consumer loans and Others	5.86%	82	5.96%	86	6.36%	23
Money Market Placements	0.07%	3	0.20%	13	1.32%	22
Securities and Other Assets	1.28%	133	1.48%	153	1.80%	50
Interest Earning Assets & Other	**1.60%**	**645**	**1.79%**	**761**	**2.46%**	**269**
Customer Deposits	0.19%	51	0.17%	48	0.22%	16
Money Market Funding	-0.51%	- 54	-0.09%	-10	0.47%	8
Other Liabilities	6.53%	71	6.30%	93	6.15%	23
Interest Bearing Liabilities & Other	**0.17%**	**68**	**0.31%**	**131**	**0.50%**	**48**
NIM / NII[1]	**1.42%**	**573**	**1.47%**	**625**	**1.99%**	**220**



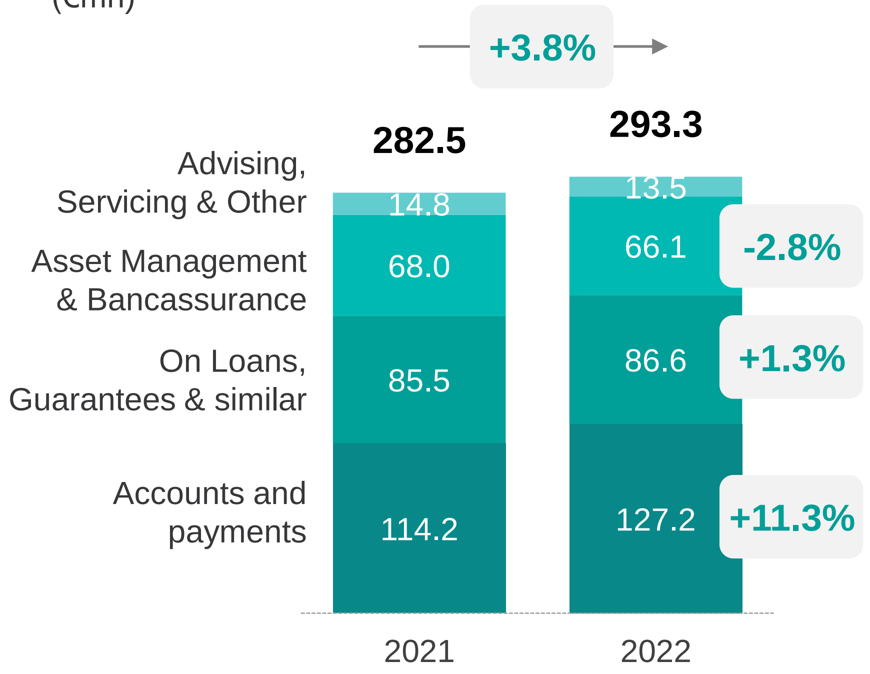
(1) With stage 3 impairment adjustment;

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

Fees: Quarterly Evolution
(€mn)



Fees: evolution per type
(€mn)

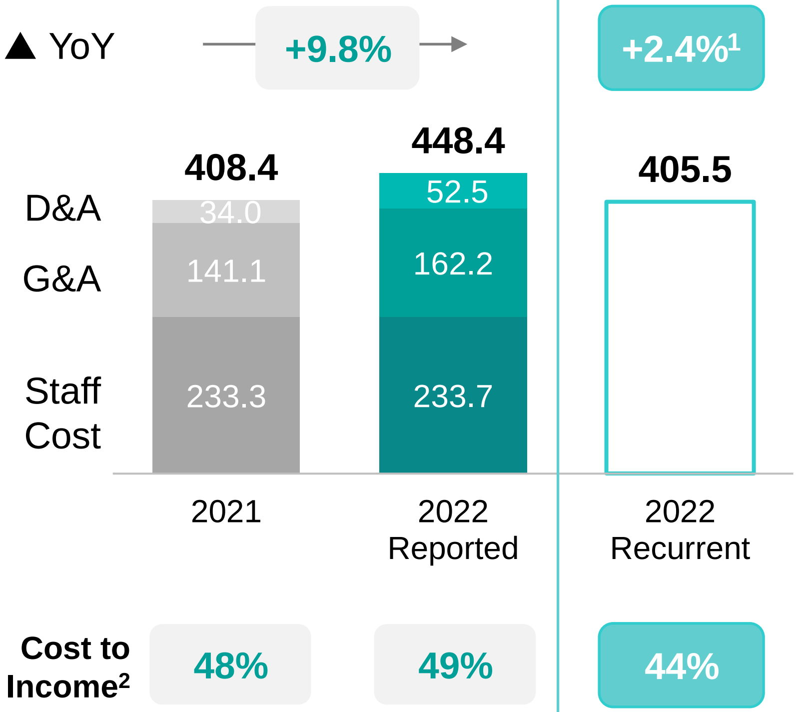


- **Asset management & bancassurance fees** (-€1.9mn; -2.8% YoY): from lower management fees due to market conditions during 2022.
- **Commissions on Loans, Guarantees and similar** (+€1.1mn; +1.3% YoY): on stable volume of guarantees and loans.
- **Accounts and Payments** (+€12.9mn; +11.3%) due to a higher volume of transactions and new pricing implemented in 1Q22 for customer accounts.

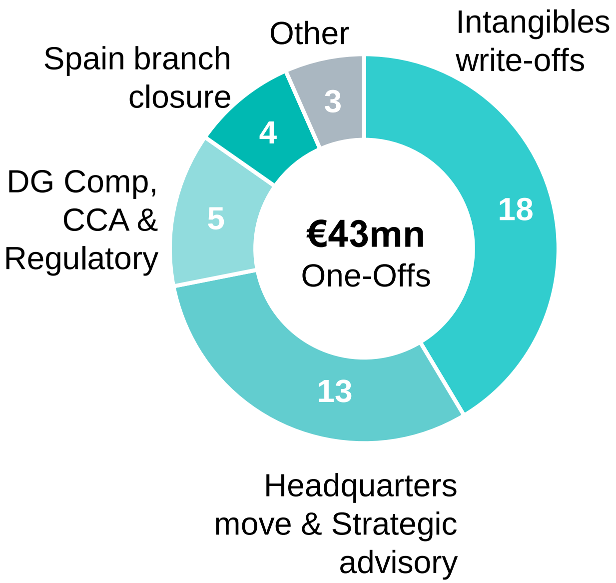
Higher volume of transactions and new business are expected to drive fee income expansion.

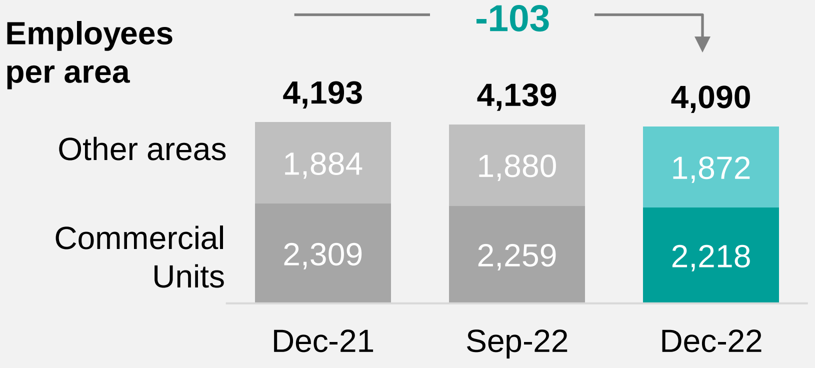
3 Operating costs growing at 2.4% on recurring basis, implying 44% cost to income ratio

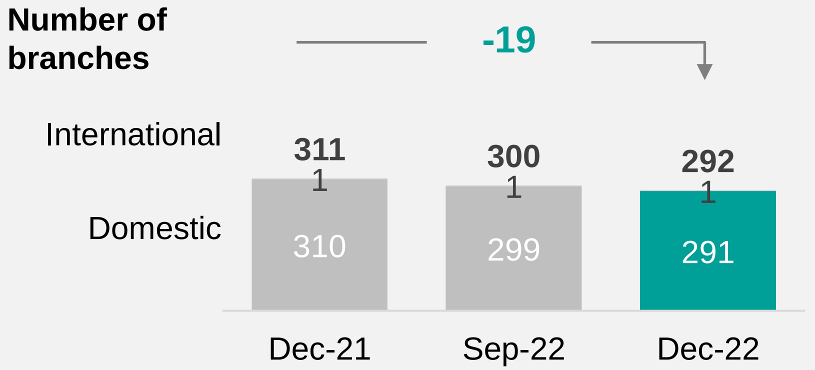
Operating Costs
(%; €mn)



2022 One-Offs Costs
(€mn)







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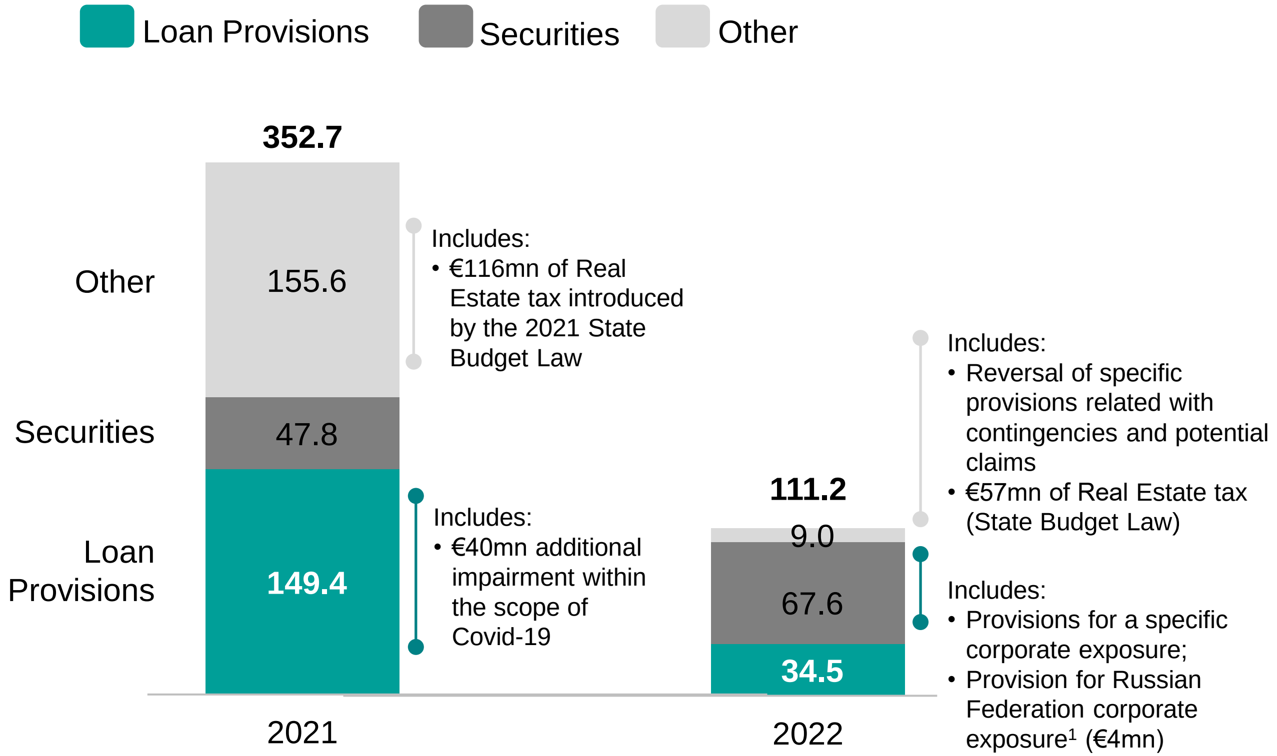
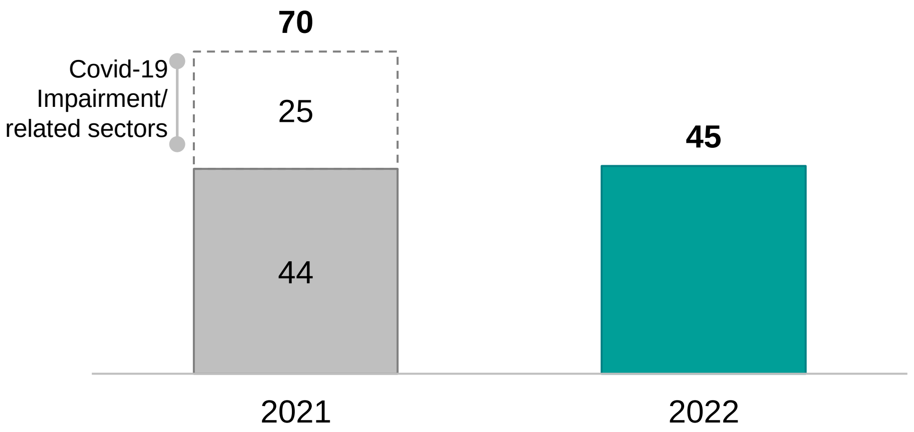
(1) YoY considers 2021 one-off costs of €12.4mn; 2021 Recurrent Cost to Income of 46%; (2) Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions

4 Provisions below run-rate reflecting a benign economic environment in 2022

Impairment and Provisions
(€mn; %)



Cost of Risk
Including loans and corporate bonds
(bps)



(1) As of Dec-22 total exposure to corporates from Russian Federation was €4.8mn recorded at fair value through other comprehensive income; no Russian Federation sovereign exposure.

AGENDA

Highlights

Financial Results

- Income Statement
- **Balance Sheet**

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Maintaining a solid Balance Sheet

Balance Sheet (€mn)

	Assets	Dec-21	Dec-22	▲YTD €mn	▲YTD %
	Loans and advances to banks	5,922	6,643	721	12.2%
1	Customer loans (net)	23,651	24,551	900	3.8%
2	Real estate	824	614	(210)	-25.5%
3	Securities	10,471	10,864	394	3.8%
	Non-current assets held for sale	9	60	50	-
	Current and deferred tax assets	780	956	176	22.6%
	Other assets	2,962	2,308	(654)	-22.1%
	Total Assets	**44,619**	**45,995**	**1,377**	**3.1%**

	Liabilities & Equity	Dec-21	Dec-22	▲YTD €mn	▲YTD %
4	Customer deposits	27,315	28,412	1,097	4.0%
	Due to central banks and banks	10,745	9,705	(1,040)	-9.7%
	Debt securities	1,470	1,584	115	7.8%
	Non-current liabilities held for sale	1	15	15	-
	Other liabilities	1,938	2,766	828	42.7%
	Total Liabilities	**41,469**	**42,483**	**1,014**	**2.4%**
5	**Equity**	**3,149**	**3,512**	**362**	**11.5%**
	Total Liabilities and Equity	**44,619**	**45,995**	**1,377**	**3.1%**

Assets

- **Net customer loans growth €0.9bn YTD** reflecting the higher pace of origination. Performing loan book €24.2bn growing +€1.1bn
- Securities increased by €0.4bn YTD, building up liquidity given the repayment of TLTRO III

Liabilities

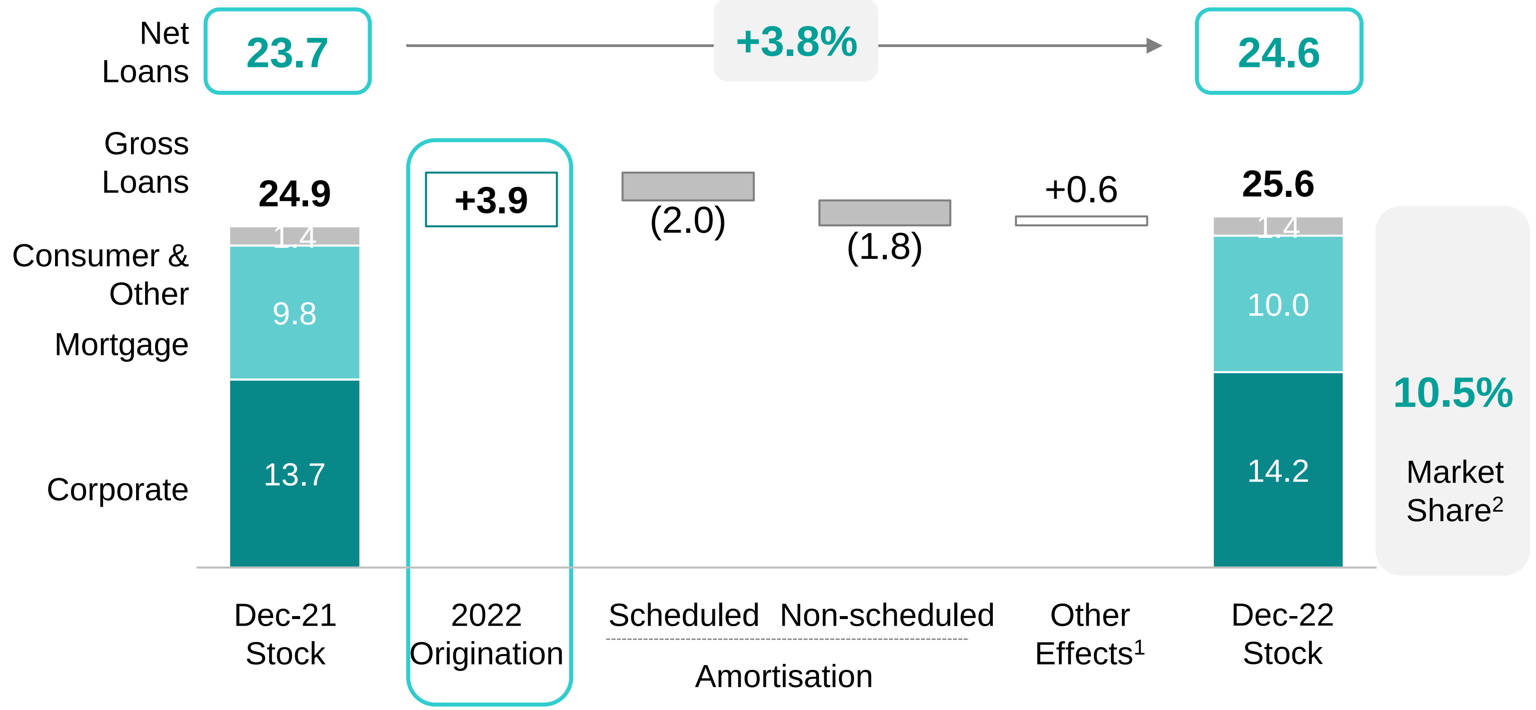
- **Customer Deposits growing €1.1bn (+4.0% YTD),** with the outperformance of the Retail segment;
- Other Liabilities change (+€0.8bn YTD) mostly due to transactions pending settlement and derivatives margin and clearing accounts

Capital & Liquidity

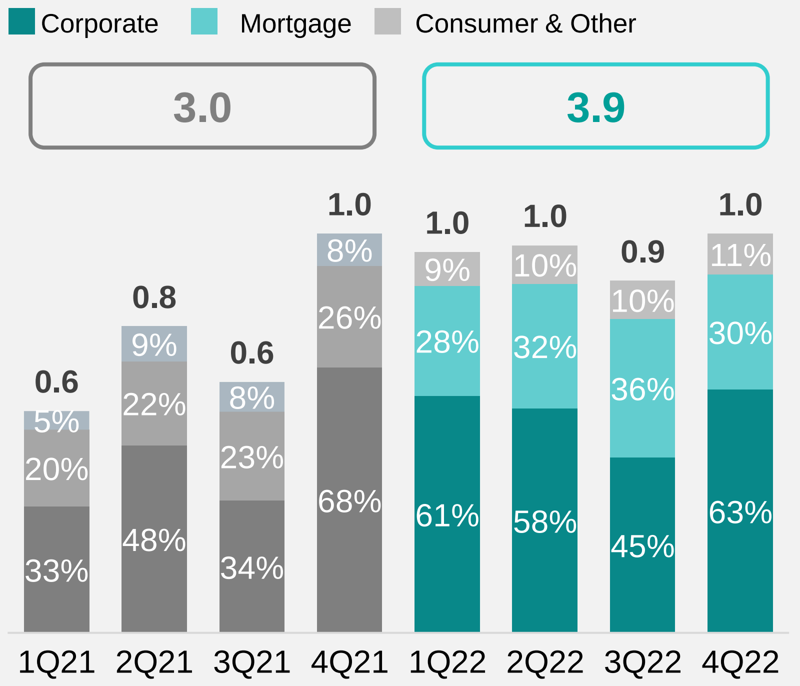
- **FL CET 1 ratio of 13.1%, +300bps capital generation YoY**, driven by organic profitability and acceleration of balance sheet deleverage (disposal of high density RWA);
- **Comfortable liquidity position with LCR at 210% and NSFR at 113%**.

1 Moving towards expanding loan book with €3.9bn customer loans originated in 2022

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



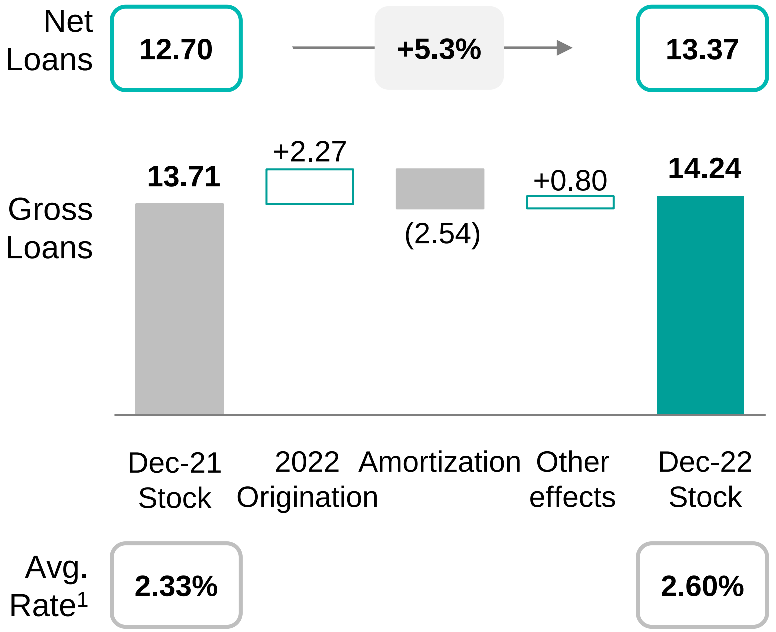
Loans to Customers: Origination
(€bn; %)



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

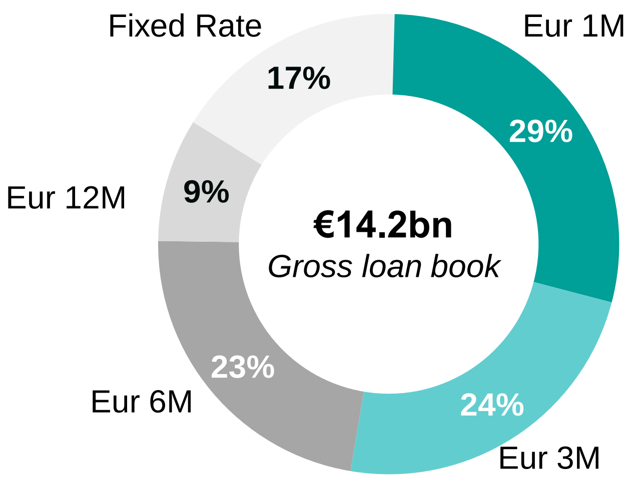
1 Net loan book growing by 3.8% YTD to €24.6bn (+€0.9bn YTD), driven by Corporate loans (+€0.7bn YTD)

Corporate loans
(%; €bn)



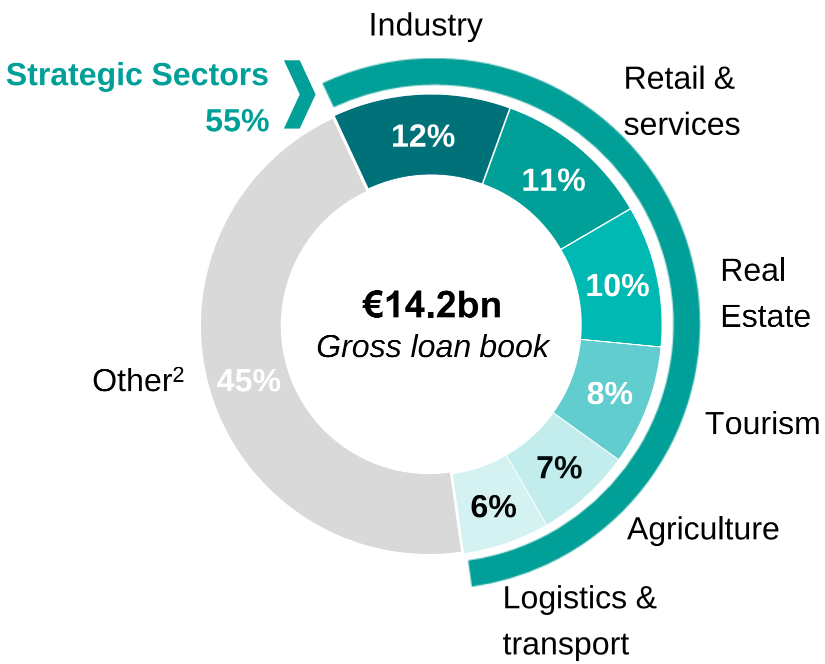
SME representing > 57% of origination and Small business > 21%

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



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

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



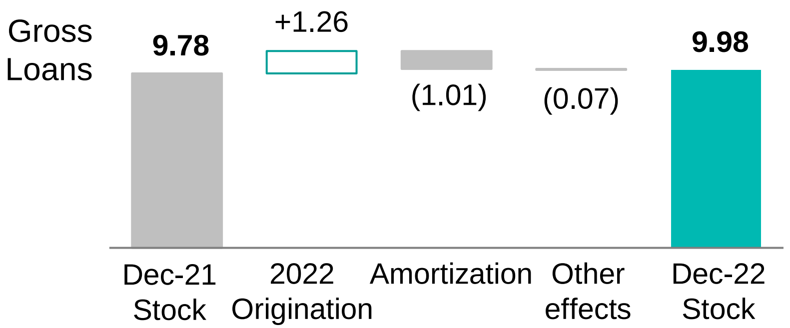
Sectorial approach, based on sectors' outlook, expected growth and underlying intrinsic potential

(1) Average rate of the period; (2) Other/ Non-strategics sectors includes Construction, Investment funds and holdings, professional services, Public administration & institutions, Auto & electronics, Energy, Health, Insurance, Water and others

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

Mortgage loans
(%; €bn)

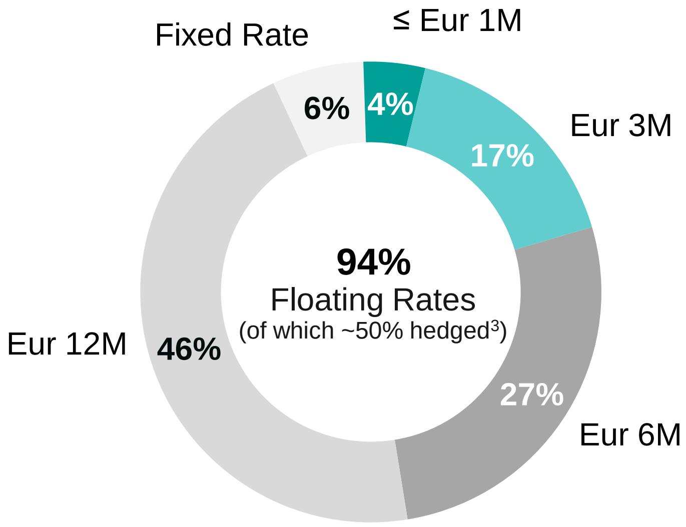
Net Loans: 9.73 → +2.0% → 9.92



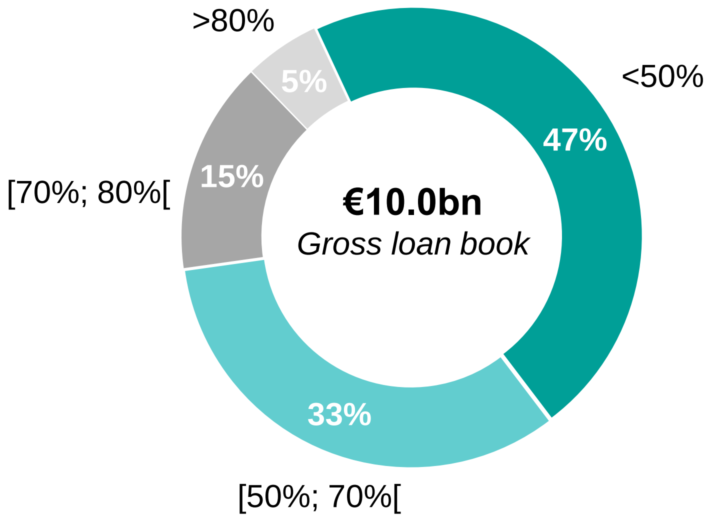
Avg. Rate[2]: 1.04% → 1.36%

Increase reflects repricing of reference rates (Euribor)

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



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



A conservative mortgage portfolio with average LTV < 50%

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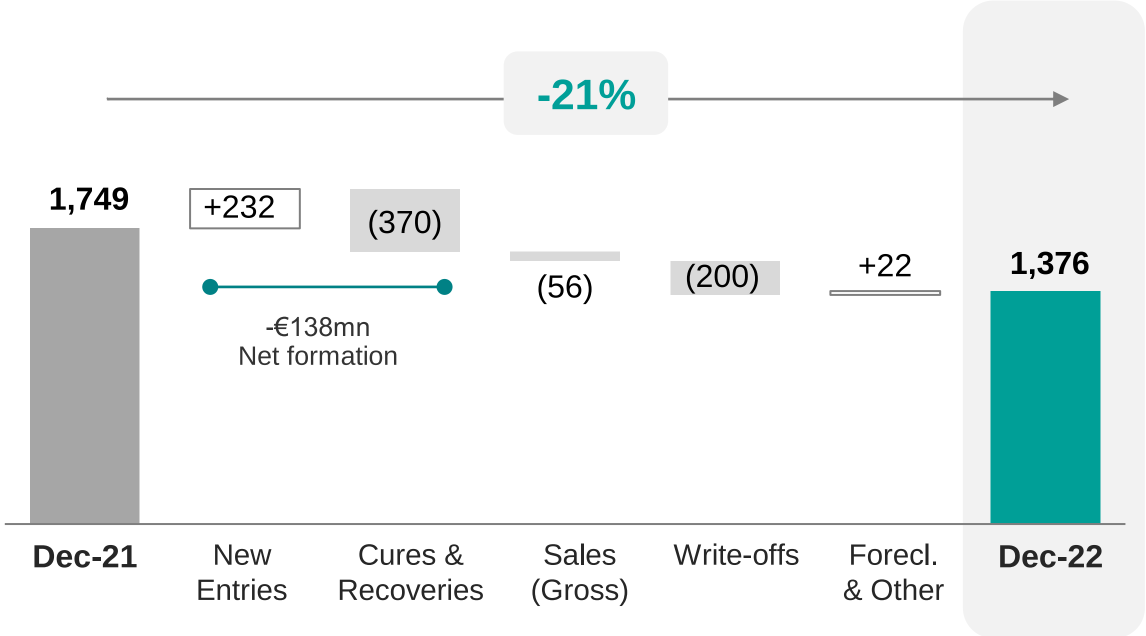
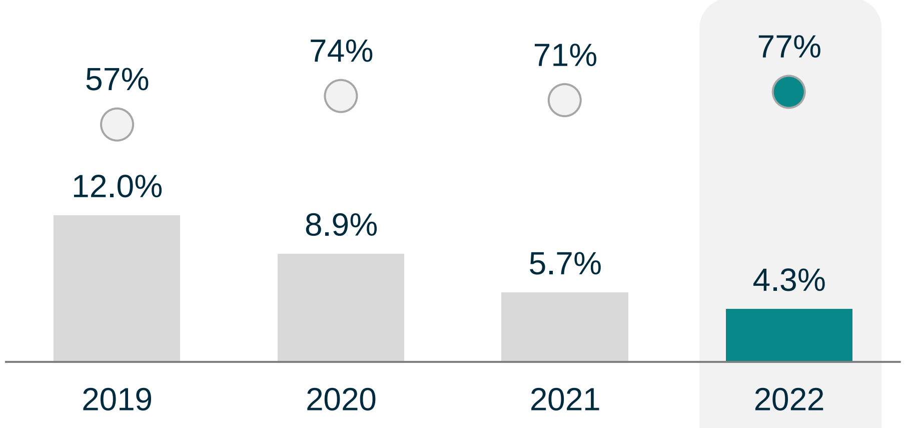
(1) December YTD data; (2) Average rate of the period; (3) At average base rate of 2.7%

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

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



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



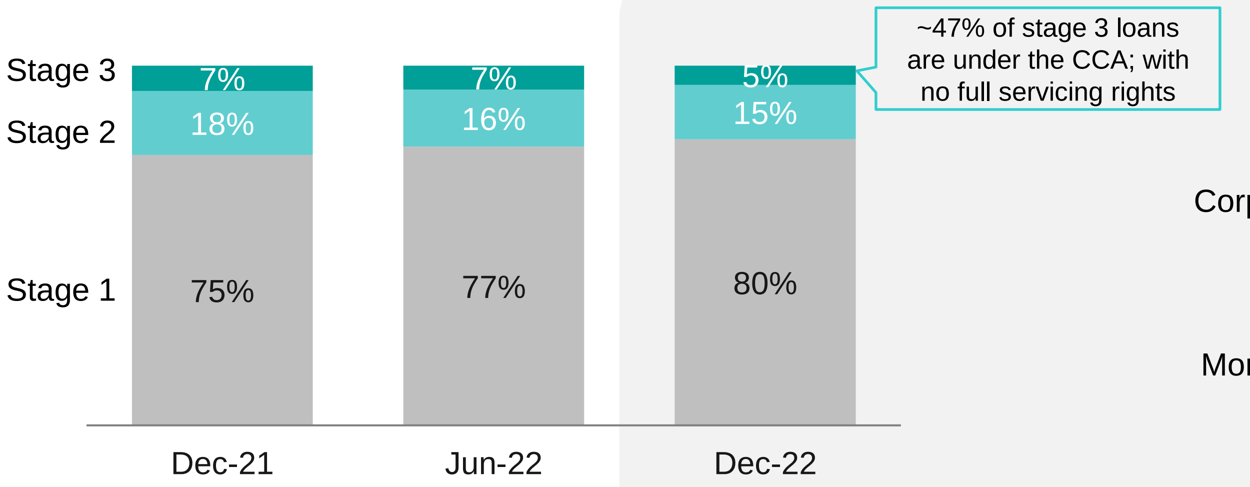
	2019	2020	2021	2022
New Entries NPL (€mn)	388	365	332	232
% performing loans[2]	1.7%	1.6%	1.5%	1.0%

YTD Net formation of NPL at -€138mn and recent NPL reduction benefitting from sale of portfolios, being capital accretive and demonstrating adequacy of NPL coverage

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

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

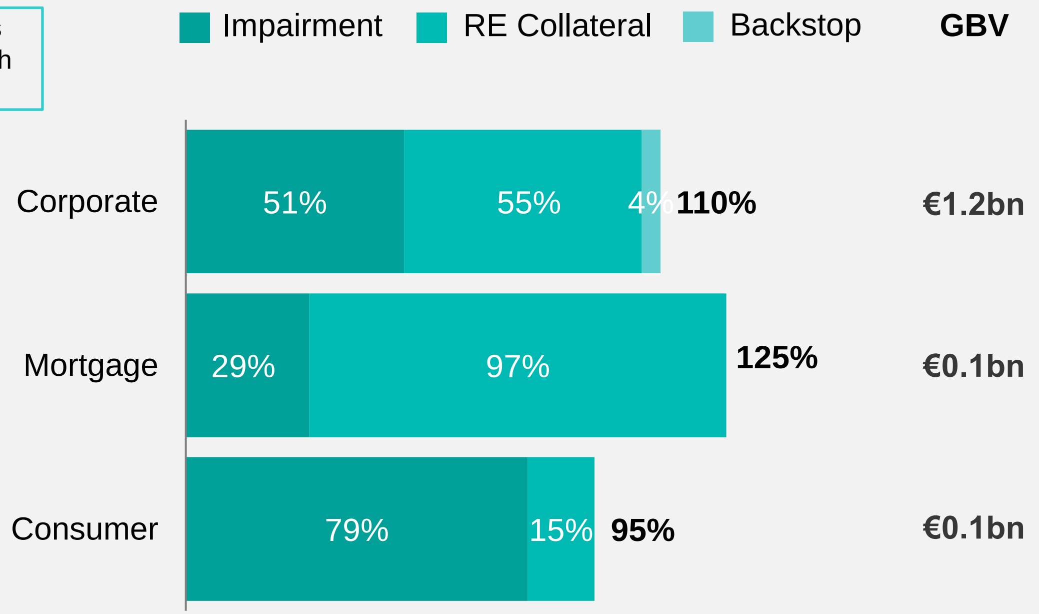
Loan Portfolio[1] by Stages



Coverage ratios[2]

	Dec-21	Jun-22	Dec-22
Stage 2	7.3%	7.4%	7.8%
Stage 3	52.1%	53.5%	55.1%

Stage[2] 3: Coverage by type

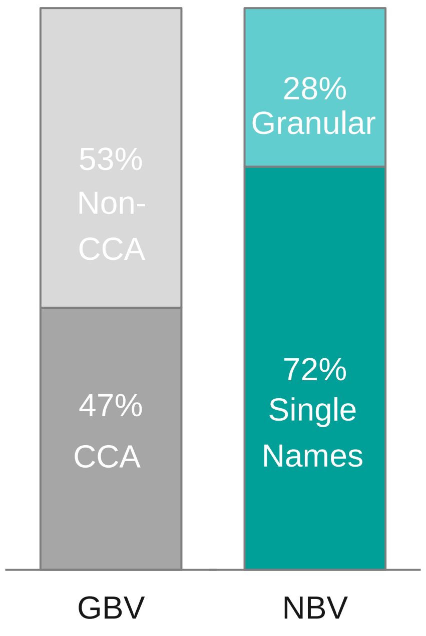


Stage 3 at €1.4bn GBV (€0.7bn NBV), with 55% coverage by specific impairments and backstop

(1) Excludes credit institutions; Preliminary figures; (2) Stage 2 Specific provisions; Stage 3 includes backstop

1 ~73% of Stage 3 with overdue lower than 1 year and recent sales showing that exposures are provisioned in line with market value

Total Stage 3 Loans
(Dec-22 Pro-forma[1]; %)

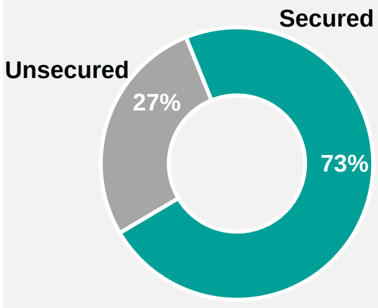


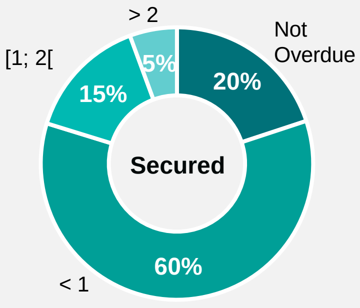
% Coverage Ratio[2] 55%

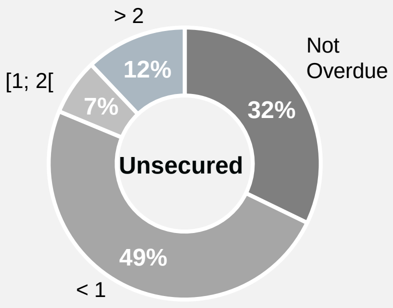
Granular

(Dec-22 Pro-forma[1]; %)

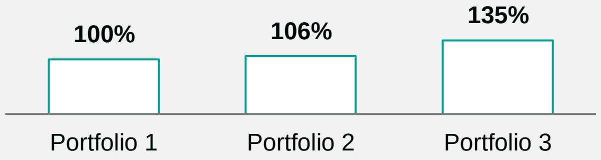
Overdue Vintage (years)







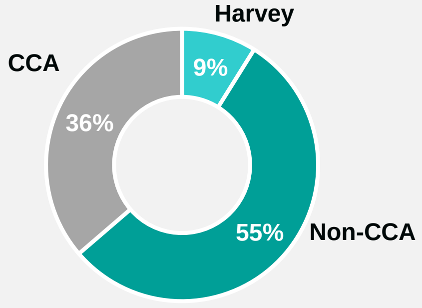
Recent granular portfolio sales Price as % NBV



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

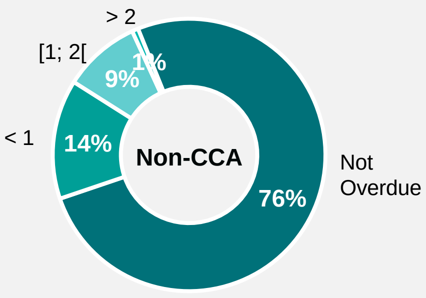
Single Names

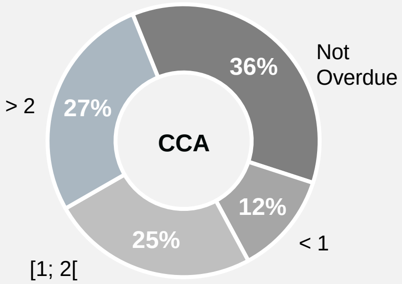
(Dec-22 Pro-forma[1]; %)



Harvey portfolio was signed in 2022 at premium to book value, reinforcing that Stage 3 exposures are provisioned in accordance with market expectations.

Overdue Vintage (years)





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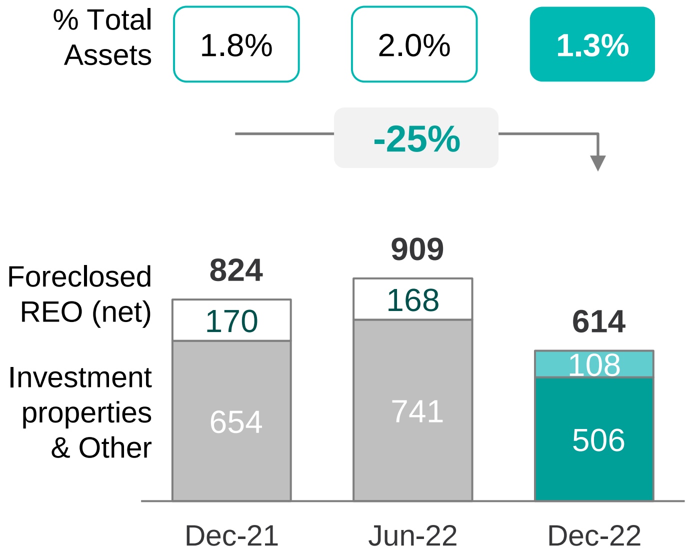
(1) Analysis excludes a granular portfolio under a SPA; (2) Specific impairments and backstop;

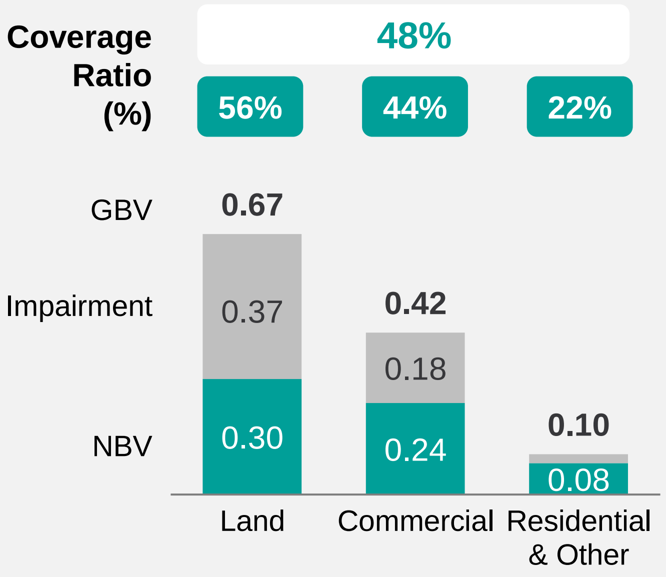
2

Decreasing RE exposure to €614mn (-25%; backed by portfolio sales), with TOP 20 assets representing 66% of the portfolio

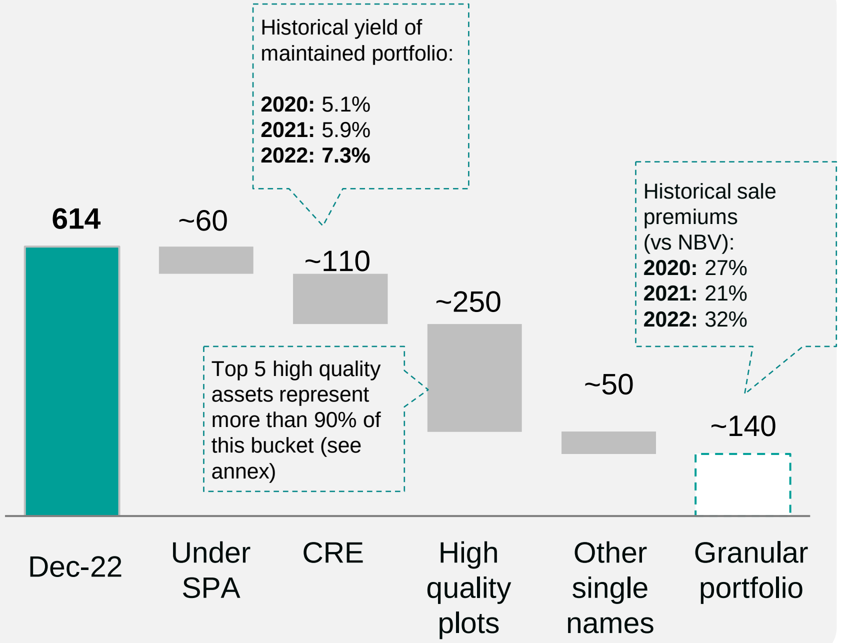
Evolution of Real Estate Exposure
(€mn NBV)



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



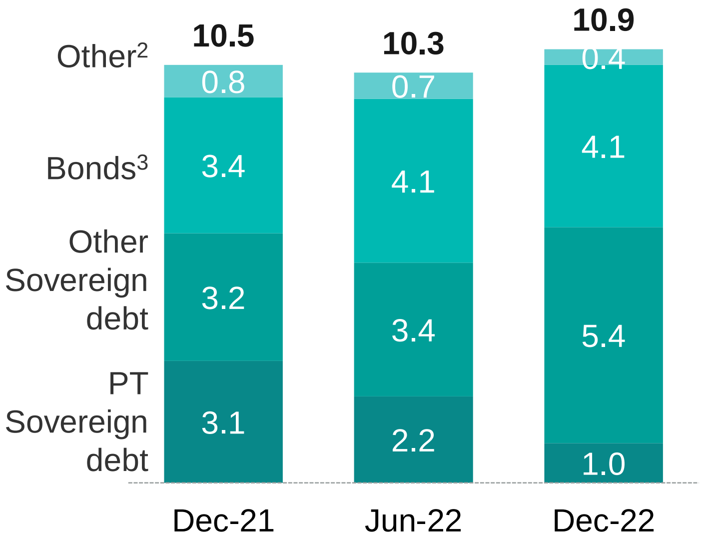
RE: breakdown
(€million;%)



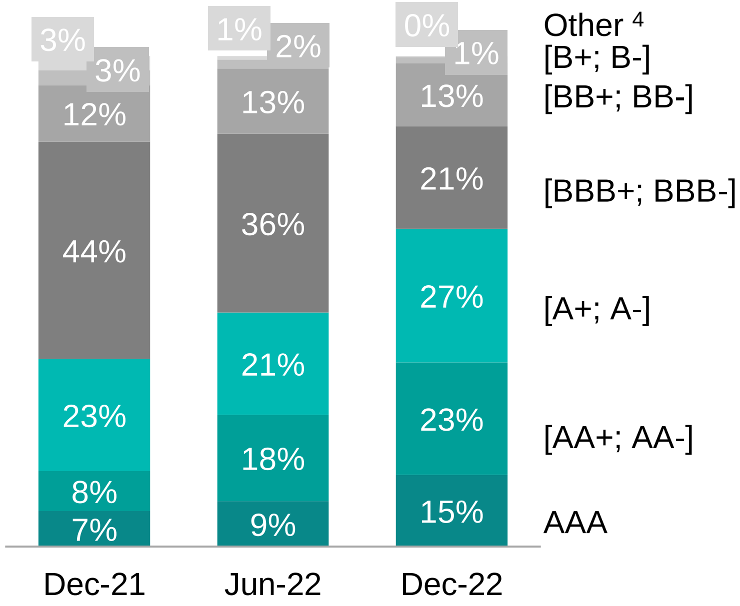
Coverage is supported by a robust appraisal policy, individual asset reviews, market pricing (bids received) and yield performance.

3 Conservative €10.9bn securities portfolio with HQLA[1] representing ~73%

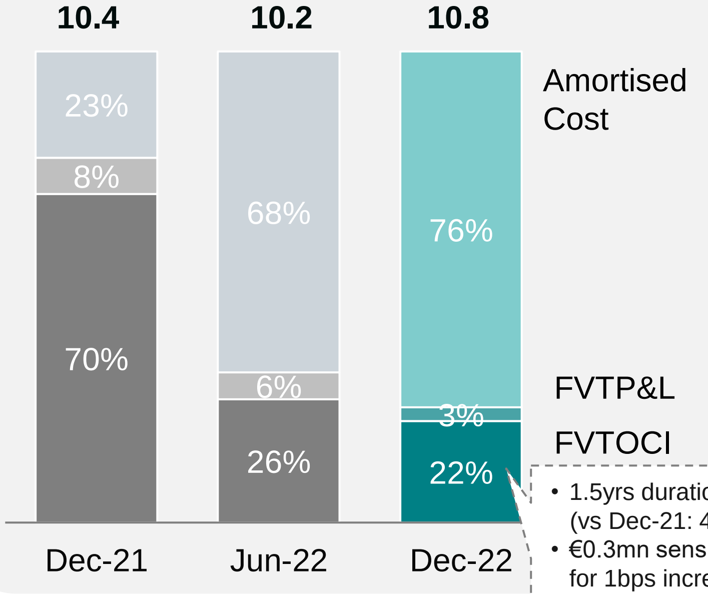
Securities Portfolio: Breakdown
(€bn)



Securities Portfolio: Ratings[4]
(€bn)



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



- 1.5yrs duration (vs Dec-21: 4.1yrs)
- €0.3mn sensitivity for 1bps increase in interest rates (before hedges; Dec-21: €2.8mn);

Securities portfolio increasing by €0.4bn YoY in advance of further TLTRO III facility repayments.
Portfolio with an average yield of 2.0%, of which ~35% floating (after hedges), and ~4.7 duration (after hedges).

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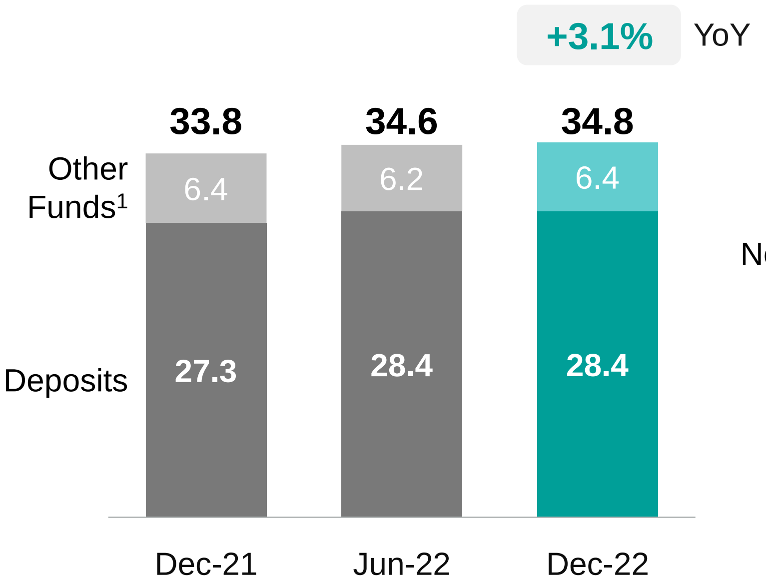
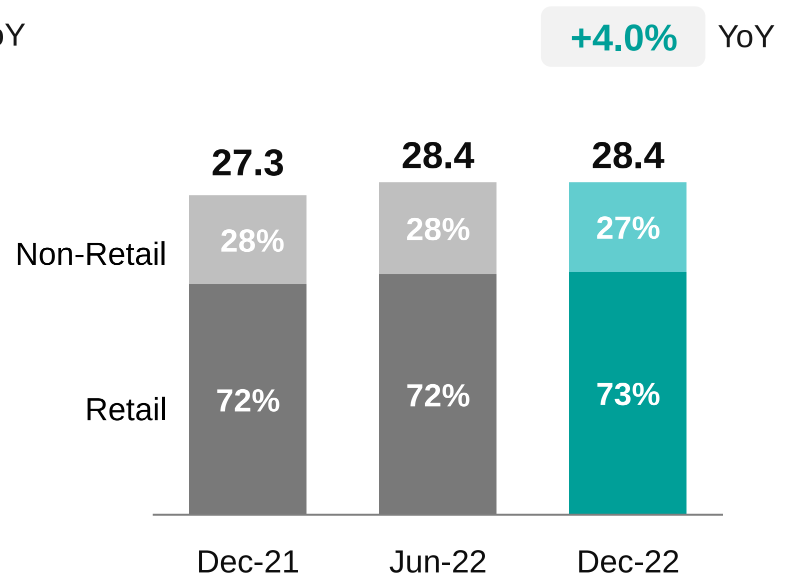
(1) HQLA: High Quality Liquid Assets; (2) Includes Funds and Equity Holdings; (3) Includes Corporate Debt and Supra; (4) Breakdown excludes Funds and Equity Holding and Commercial Paper; Considers S&P Rating and novobanco internal rating if S&P not available; Graph includes Other of 0.4% classified by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

Customer deposits +4.0% YoY and Total Funds +3.1%...

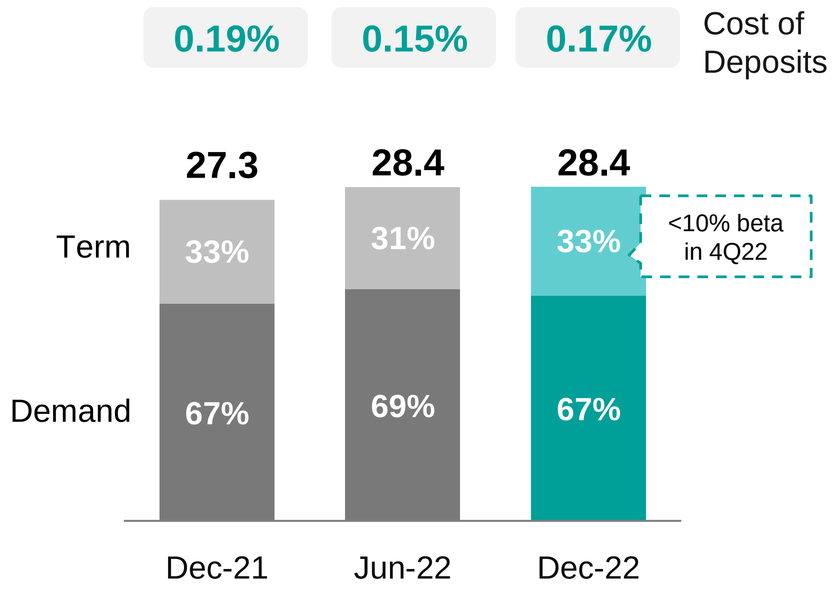
Customer Deposits & Total Funds
(%; €bn)



Deposits Breakdown by Customer
(€bn; %)



Deposits Breakdown by Type
(€bn; %)

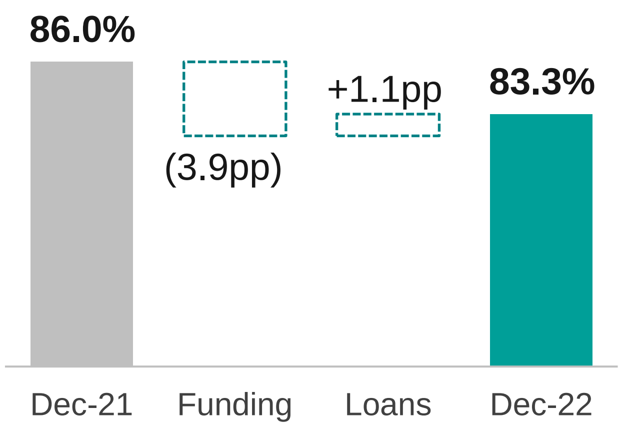


…with evolution reflecting growth of the volume despite limited interest rates pass-through

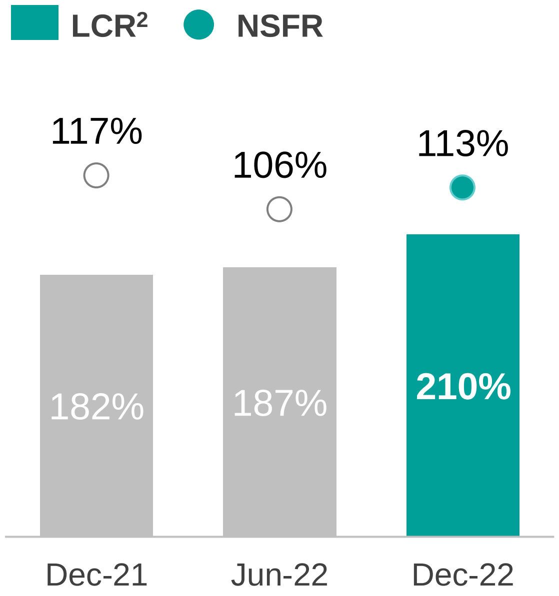
(1) Includes off-balance

4 Stable deposit base supporting strong liquidity position

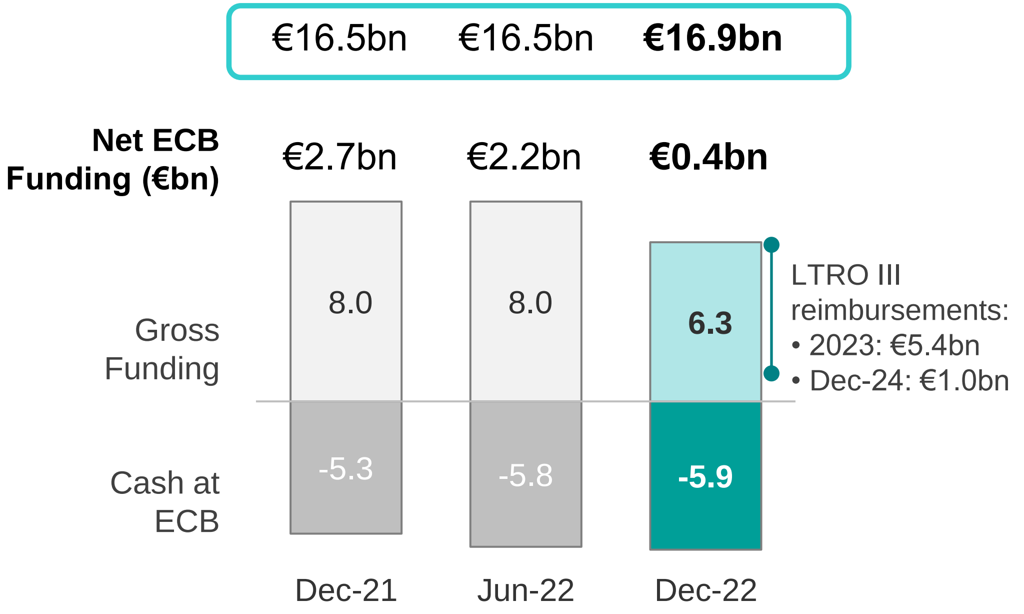
Loan to Deposit Ratio[1] (%)



Liquidity Ratios (%)



Eligible Assets at the ECB[3] (€bn)



Liquidity buffer ~€13.7bn, mostly composed of highly liquid assets (~90%).

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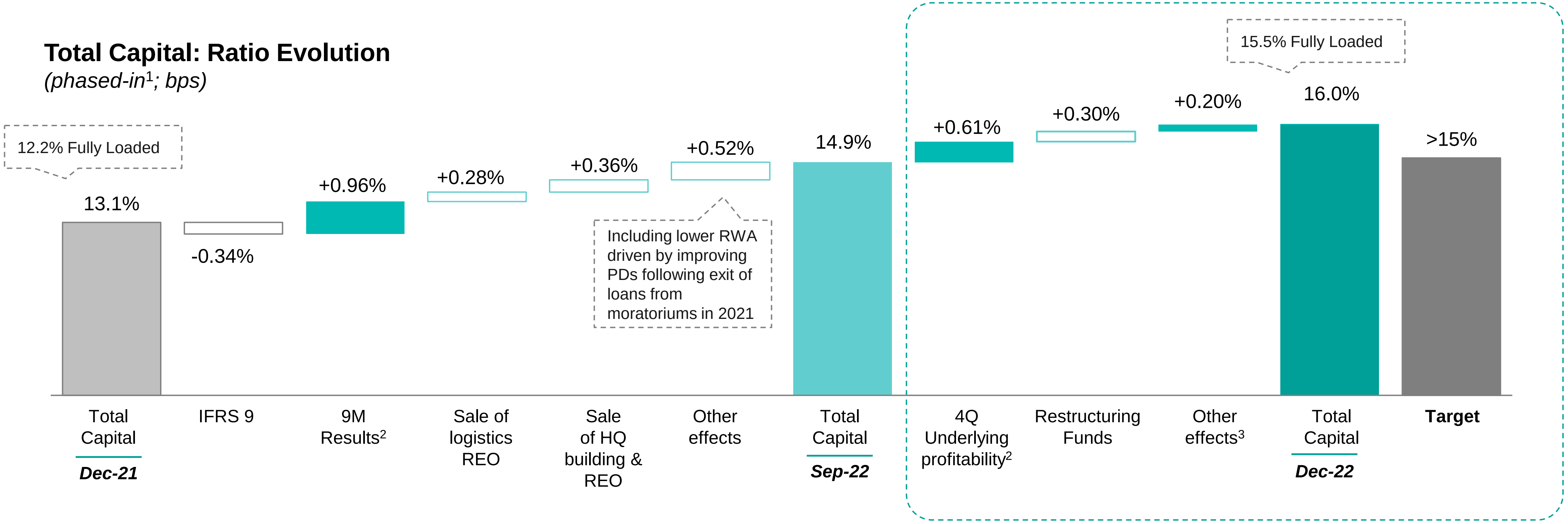
(1) LtD ratio as per BdP definition (see glossary – annex for further detail); (2) LCR stands for Liquidity Coverage Ratio; NSFR stands for Net Stable Funding Ratio; (3) Net of haircut

5 Capital increasing by 110bps in the quarter (+290bps YTD), driven by capital-accretive business model …



…which, combined with the execution of a de-risking strategy, ensured a buffer above the target and is set to produce strong capital generation.

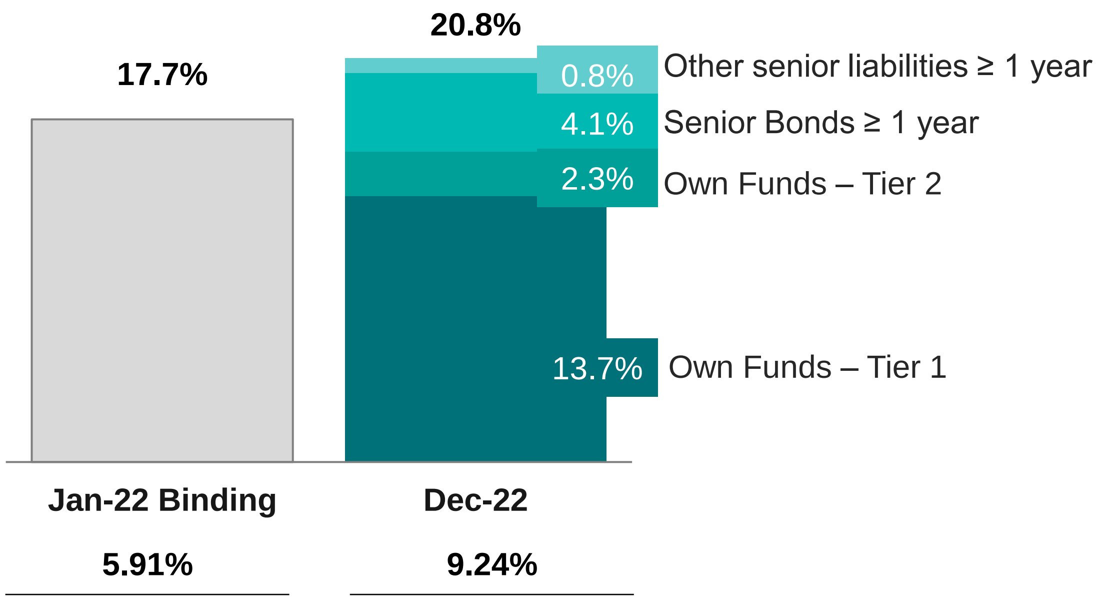
novobanco (1) Phased-in ratios; The inclusion of positive results depends on an authorization from the ECB; (2) Excludes Markets Results, which is classified in Other effects; (3) Includes RWA optimization

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

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

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

MREL ratio
(% RWA; Preliminary)



- **Organic capital generation and balance sheet optimisation expected to satisfy MREL (interim) needs in 2023.**
- **New market issuance subject to novobanco's improved credit quality being reflected in tighter credit spreads and/or in context of optimising capital structure.**

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(1) TREA - Total Risk Exposure Amount; includes O-SII defined at LSF Nani Investments as communicated by Banco de Portugal on its website on 30 Nov 2021, the O-SII increased from 0.375% to 0.5%; (2) As of Jan-26 applicable combined buffer requirement; (3) LRE - Total Leverage Exposure

AGENDA

Highlights

Financial Results

- Income Statement
- Balance Sheet

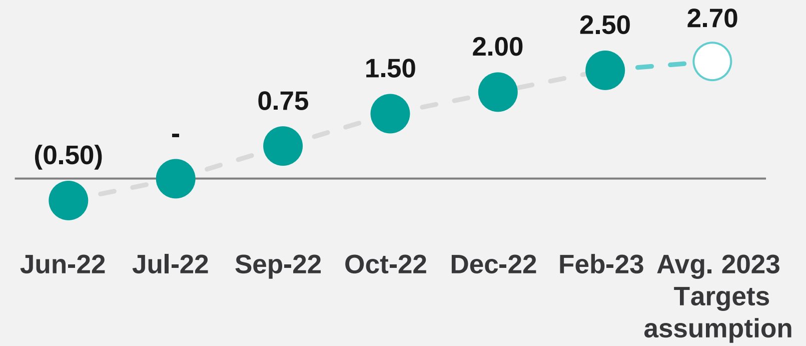
Outlook

Final Remarks

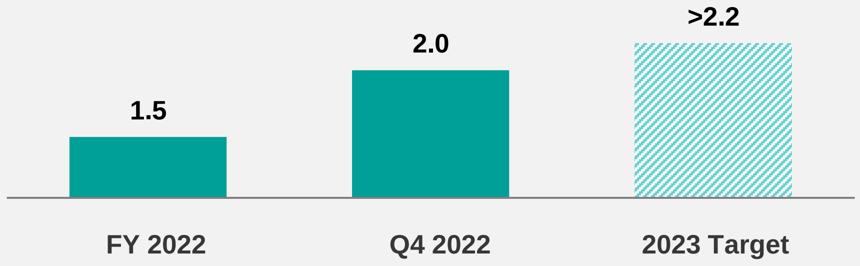
New rates environment supporting further growth in NIM

New rates environment to support NIM expansion

ECB Deposit Facility (%)



Net Interest Margin (%)



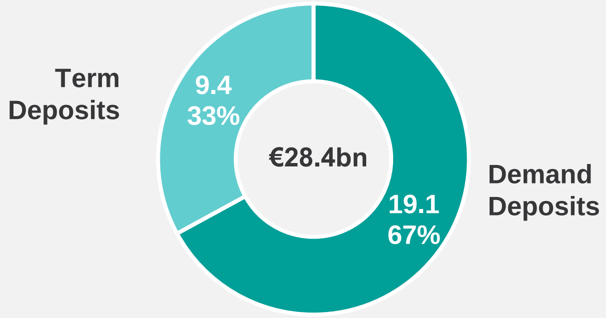
Bank maintains positive momentum to further improve NII

Highly rates sensitive balance sheet

Net floating assets of ~€18.5bn

o.w. €6.0bn cash and €21.6bn floating loans and securities post hedges (Euribor: 21% 1M, 18% 3M, 34% 6M, 27% 12M)

Sticky deposit base with 67% sight deposits (€bn)



Note: Based on management data on a 31 December 2022 static balance sheet; (1) Floating rate assets include assets which are expected to reprice in the next 12 months, net of hedges; (2) Floating rate liabilities include liabilities which are expected to reprice in the next 12 months, excluding customer deposits

2023 outlook set to deliver the next stage of novobanco´s development, competing as a strong and independent domestic bank

Guidance update supported by:

SOUND COMMERCIAL ACTIVITY
backed by improved customer experience, including implementation of an omnichannel structure on the retail side, a sectorial approach for corporates, enhanced clients' journey and improved know your customer tools and time-to-market

LOAN BOOK REPRICING
at current interest rate scenario

STRICT COST CONTROL
with impact from inflation mitigated by continued implementation of efficiency measures

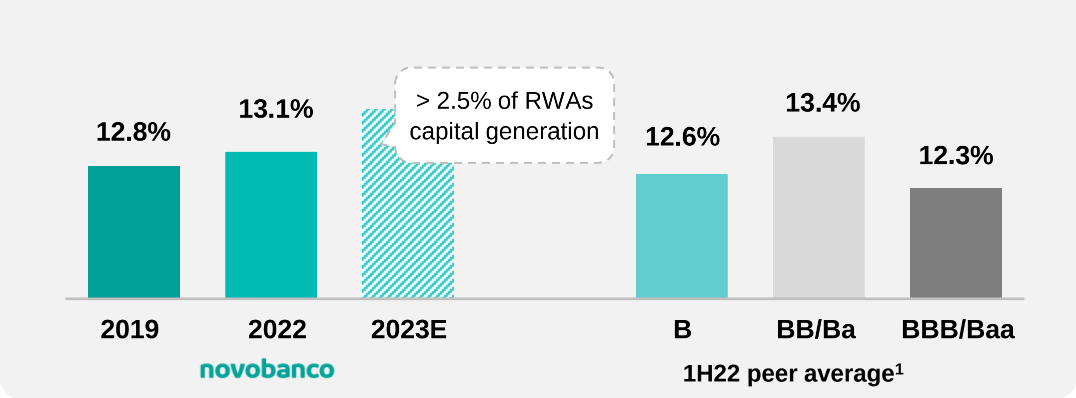
DE-RISKING STRATEGY
with strong coverage levels

	2023 guidance[1]
NET INTEREST MARGIN →	**> 2.20%** *Assuming 2.7% DFR; 20-30% deposits beta*
COST-TO-INCOME →	**< 40%**
CoR (bps) →	**~ 50 bp**
NPL RATIO →	**< 4.5%**
RECURRENT PBT →	**> €600mm**
CAPITAL GENERATION →	**> 2.5% of RWAs** *(FL basis)*
CET1 →	**Medium-term target of c. 12%** *implying €2.6bn CET 1 capital in 2023E*
FUNDING →	**Organic capital generation and balance sheet optimisation expected to satisfy MREL capital needs in 2023**. *New market issuance subject to novobanco's improved credit quality being reflected in tighter credit spreads and/or in context of optimising capital structure.*

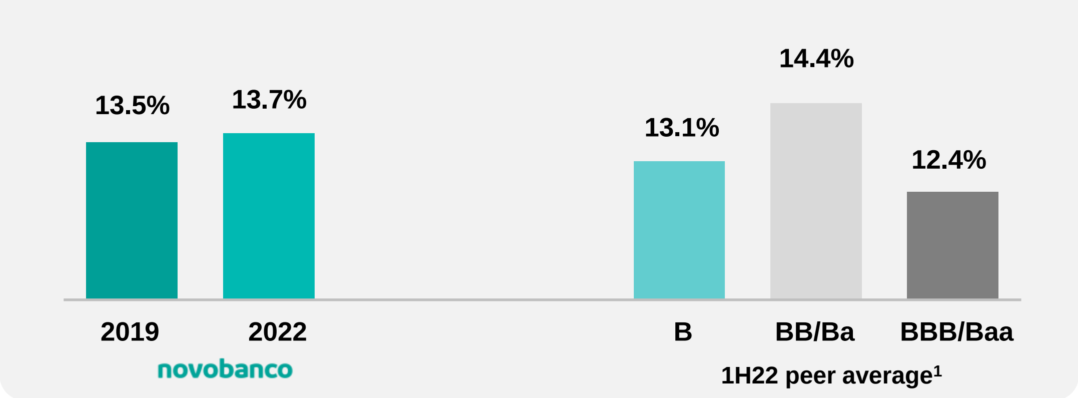
(1) Guidance and expectations are based on the assumption that there is no severe deterioration of the economic environment

novobanco 2022 performance and 2023 targets translating into a clear positive ratings trajectory

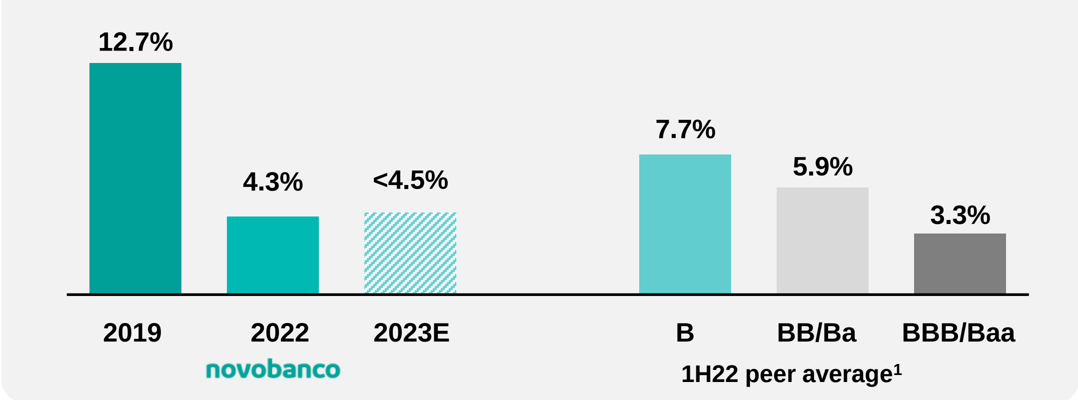
CET1 FL ratio



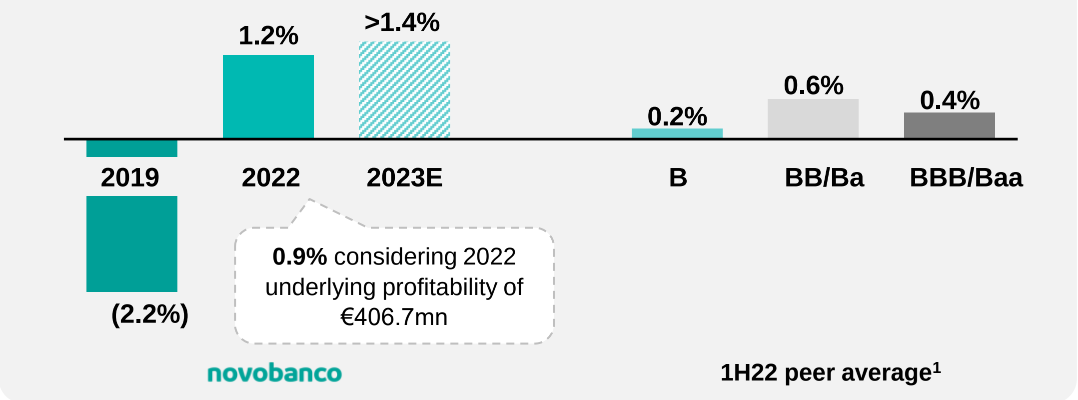
CET 1 phased-in ratio



Asset quality



Profitability[2]



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(1) Source: novobanco analysis, Banks considered for the analysis include European peers. Rating refers to Senior Preferred; (2) Profitability calculated as attributable net income divided by tangible assets; tangible assets defined as total assets deducted by goodwill and other intangibles;

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Final Remarks

Improved profitability backed by consistent strategic execution, reflecting a solid performance of the top-line together with efficiency measures implemented in recent years, delivering organic **RoTE of 14.4%** (pre-tax).

Expanding the loan book (+3.8% net) with **business performance in line with expectations**, despite the highly challenging environment.

Higher efficiencies with recurrent Cost-to-Income at 44.1% (-2pp YoY) and Cost of Risk at 45bps (-25bps YoY) backed by strategic investment towards streamlined operations and de-risking strategy.

Fully Loaded **Total Capital Ratio at 15.5%, increasing by 330bps** in the year driven by strong bottom-line profitability and specific measures, ensuring compliance with normalised post-pandemic capital requirement.

Targeting 2023E recurrent PBT > €600mn,
driven by assets re-pricing, moderate cost of risk and cost control.

ANNEX

2022 Financial Statements

Income Statement – Quarterly data

(€ million)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	▲ €mn QoQ	▲ % QoQ
Net Interest Income	145.7	143.5	140.9	143.2	133.5	134.5	137.9	219.5	+81.6	+59%
Fees and Commissions	62.8	72.8	72.3	74.6	68.8	75.6	71.3	77.6	+6.3	+9%
Commercial Banking Income	**208.5**	**216.3**	**213.2**	**217.9**	**202.3**	**210.1**	**209.2**	**297.2**	**+87.9**	**+42%**
Capital Markets Results	52.8	40.5	(59.7)	42.2	91.4	(5.6)	(17.6)	(44.2)	(26.6)	+151%
Other Operating Results	12.2	(41.3)	30.3	39.2	16.7	56.5	88.0	22.3	(65.7)	(75%)
Banking Income	**273.5**	**215.5**	**183.9**	**299.3**	**310.4**	**261.0**	**279.6**	**275.3**	**(4.3)**	**(2%)**
Operating Costs	102.7	101.4	101.6	102.6	103.6	105.1	105.5	134.1	+28.6	+27%
Staff Costs	58.7	58.9	57.9	57.8	55.7	56.1	57.9	63.9	+6.0	+10%
General and Administrative Costs	35.9	34.2	35.1	35.8	38.2	39.2	37.7	47.1	+9.5	+25%
Depreciation	8.1	8.2	8.6	9.0	9.8	9.8	9.9	23.1	+13.2	+133%
Net Operating Income	**170.8**	**114.1**	**82.3**	**196.6**	**206.8**	**155.9**	**174.1**	**141.1**	**(32.9)**	**(19%)**
Net Impairments and Provisions	61.8	27.4	70.4	**193.1**	21.8	(2.0)	2.7	**88.7**	+86.0	-
Credit	54.9	29.8	30.3	34.4	14.3	5.0	20.2	(5.0)	(25.2)	-
Securities	0.9	15.1	1.4	30.4	11.1	30.6	2.4	23.6	+21.2	+894%
Other Assets and Contingencies	6.0	(17.5)	38.7	128.4	(3.6)	(37.6)	(19.9)	70.1	+89.9	-
Income before Taxes	**109.0**	**86.7**	**11.9**	**3.5**	**185.0**	**157.9**	**171.4**	**52.4**	**(118.9)**	**(69%)**
Corporate Income Tax	4.2	16.9	(8.1)	(28.2)	7.4	11.6	8.9	(81.1)	(90.0)	-
Special Tax on Banks	32.8	1.5	0.0	(0.1)	34.1	-	-	0.0	-	-
Income after Taxes	**72.0**	**68.4**	**20.0**	**31.8**	**143.5**	**146.4**	**162.5**	**133.6**	**(28.9)**	**(18%)**
Non-Controlling Interests	1.3	1.4	3.6	1.4	0.9	22.3	0.9	1.1	+0.2	+20%
Net Income for the period	**70.7**	**67.0**	**16.4**	**30.4**	**142.7**	**124.0**	**161.6**	**132.5**	**(29.1)**	**(18%)**

Sustainable profitability following a successful transformation

Sustainable earnings based on diversified and credible levers

Recurrent PBT for the period 2021 – 2022 (€mm)

Improvement in net interest income with 2022 as first year of positive rates since 2016 and successful funding optimization initiatives

Increase in fee and commission income, driven by higher number of transactions after pick-up in business activity

Decrease in operating costs reflecting efficiency, improvements and business recalibration

Cost of risk converging towards normalized levels, driven by strong clean-up of legacy portfolio (€8.8bn NPL reduction since 2017)

Balance Sheet

(€ thousands)	Dec-21	Dec-22
Cash, cash balances at central banks and other demand deposits	5,871,538	6,599,078
Financial assets held for trading	377,664	171,810
Financial assets mandatorily at fair value through profit or loss	799,592	313,702
Financial assets at fair value through profit or loss, or through other comprehensive income	7,220,996	2,331,099
Financial assets at amortised cost	26,039,902	32,777,693
Debt securities	2,338,697	8,183,209
Loans and advances to credit institutions	50,466	43,548
Loans and advances to customers	23,650,739	24,550,936
Derivatives – Hedge accounting	19,639	562,845
Fair value changes to the hedged items in portfolio hedge of interest rate risk	30,661	-383,689
Investments in subsidiaries, joint ventures and associates	94,590	119,744
Tangible assets	864,132	798,831
Tangible fixed assets	238,945	299,264
Investment properties	625,187	499,567
Intangible assets	67,986	69,832
Tax assets	779,892	956,000
Current tax assets	35,653	32,570
Deferred tax assets	744,239	923,430
Other assets	2,442,550	1,618,484
Non-current assets and disposal groups classified as held for sale	9,373	59,587
Total Assets	**44,618,515**	**45,995,029**

	Dec-21	Dec-22
Financial liabilities held for trading	306,054	99,386
Financial liabilities measured at amortised cost	40,215,994	40,987,177
Due to banks	10,745,155	9,705,154
Due to customers	27,582,093	29,277,858
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,514,153	1,628,897
Other financial liabilities	374,593	375,268
Derivatives – Hedge accounting	19,639	562,845
Provisions	442,834	413,432
Tax liabilities	15,297	8,427
Current tax liabilities	12,262	7,582
Deferred tax liabilities	3,035	845
Other liabilities	443,437	839,919
Liabilities included in disposal groups classified as held for sale	968	15,492
Total Liabilities	**41,469,044**	**42,483,411**
Capital	6,054,907	6,304,661
Other comprehensive income – accumulated	-1,045,489	-1,234,573
Retained earnings	-8,576,860	-8,577,074
Other reserves	6,501,374	6,439,418
Profit or loss attributable to parent company shareholders	184,504	560,842
Minority interests (Non-controlling interests)	31,035	18,344
Total Equity	**3,149,471**	**3,511,618**
Total Liabilities and Equity	**44,618,515**	**45,995,029**

Customer loans

€mn	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	YTD ▲ Consolidated €mn	YTD ▲ Consolidated %
Customer Loans (net)	**23 651**	**23 979**	**24 304**	**24 585**	**24 551**	900	3.8%
Customer Loans (gross)	**24 899**	**25 215**	**25 541**	**25 823**	**25 617**	719	2.9%
Corporate	13 710	14 034	14 268	14 524	14 244	534	3.9%
Residential Mortgage	9 782	9 766	9 833	9 918	9 978	195	2.0%
Consumer finance and other	1 406	1 416	1 440	1 381	1 395	- 11	-0.8%
Non-Performing Loans (NPL)*	**1 749**	**1 746**	**1 695**	**1 605**	**1 376**	- 357	-20.4%
Impairment **	**1 248**	**1 236**	**1 237**	**1 238**	**1 066**	- 182	-14.5%
NPL Ratio*	**5.7%**	**5.7%**	**5.4%**	**5.0%**	**4.3%**	- 1.4p.p.	
NPL coverage*	**71.4%**	**70.8%**	**73.0%**	**77.2%**	**76.7%**	+ 5.3p.p.	

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

** Includes impairment for Customer Loans and to Banks

Real Estate – High quality plots

#1

Project located in the heart of Lisbon and close to various offices.

The project will include:

- Residential building with retail units
- Office building with retail units
- Common areas in an exterior garden

#2

Located in the most modern area in Lisbon. The project is for residential and office units, being in a dynamic and consolidated area. Includes:

- Co-living units
- Office units
- Retail units

#3

Project located in the wealthiest municipality in Portugal, near major office parks in the country.

This upscale residential project offers 2 different concepts, allowing great flexibility: 1 pure traditional residential scheme and 1 touristic apartments scheme, enabling Co-living, buy-to-rent or alternative sub-uses.

#4

Project located in a unique touristic destination in Algarve. Includes:

- High end luxury Hotel
- Townhouses
- Branded residences
- 5 Villas

#5

The project is located in Algarve, a major touristic destination, and close to the main beaches in the region.

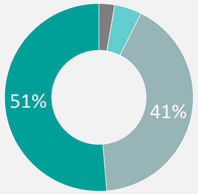
The concept includes:

- Residential units
- Touristic apartments
- Hotel

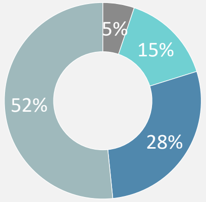
Key metrics:

#1	#2	#3	#4	#5
133,168 sqm Total GCA	**89,311 sqm** Total GCA	**81,988 sqm** Total GCA	**68,025 sqm** Total GCA	**115,506 sqm** Total GCA
570 Residential Units	**46k sqm** Office units	**11** Number of Plots	**386 / 242** Residences / Townhouses	**613 / 652** Apartments / Residences
	494 Co-living units	**1 047** Units	**150 rooms** Hotel	**153 rooms** Hotel

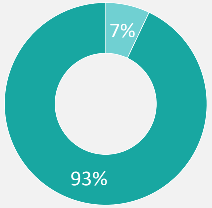
Areas (sqm):



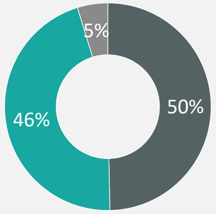
- Residential: 68k
- Office: 55k
- Retail: 6k
- Equipment: 4k



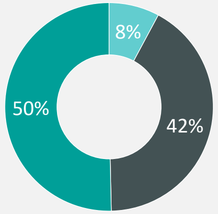
- Office: 45k
- Co-living: 25k
- Retail: 15k
- Equipment: 5k



- Residential: 79k
- Retail: 3k



- Residential: 31k
- Townhouses: 16k
  Hotel: 15k
  Villas: 2.5k
- Amenities: 3k



- Residential: 58k
- Touristic ap: 39k
  Hotel: 10k
- Retail: 9k

Recent similar transactions:

Year	Comparable Asset	Location	Use	GCA (sqm)	€/sqm
Prime Lisbon					
2019	Project #1	Lisbon	Mix-use	80,000	900-1,000
2018	Project #1	Lisbon	Mix-use	180,000	1,500-1,600
2021	Project #1	Lisbon	Residential	15,000	1,400-1,500
2020	Project #1	Lisbon	Office	40,000	1,300-1,400

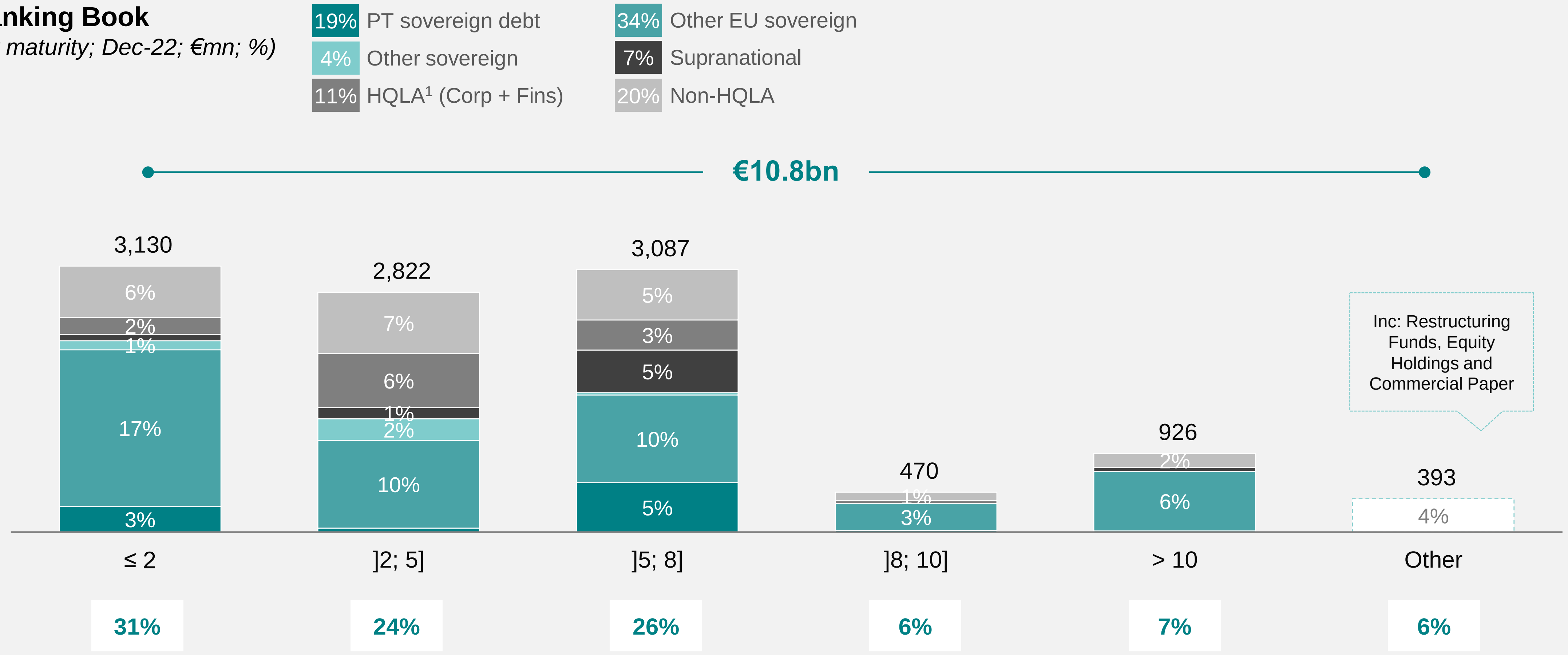
Year	Comparable Asset	Location	Use	GCA (sqm)	€/sqm
Lisbon - Other					
n.d.	Project #2	Oeiras	Residential & Retail	108,000	300-400
n.d.	Project #2	Lisboa	Residential	n.a.	550-650
2020	Project #2	Oeiras	Residential	60,000	500-600
2019	Project #3	Lisboa	Mix-use	120,000	250-350
2019	Project #2	Oeiras	Residential	6,587	750-850

Year	Comparable Asset	Location	Use	GCA (sqm)	€/sqm
Prime Algarve					
n.d.	Project #4/5	Algarve	Residential	115,000	750-850
2022	Project #4/5	Algarve	Hotel	6,800	900-1,000

Note: GCA – Gross Construction Area

Investment portfolio

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



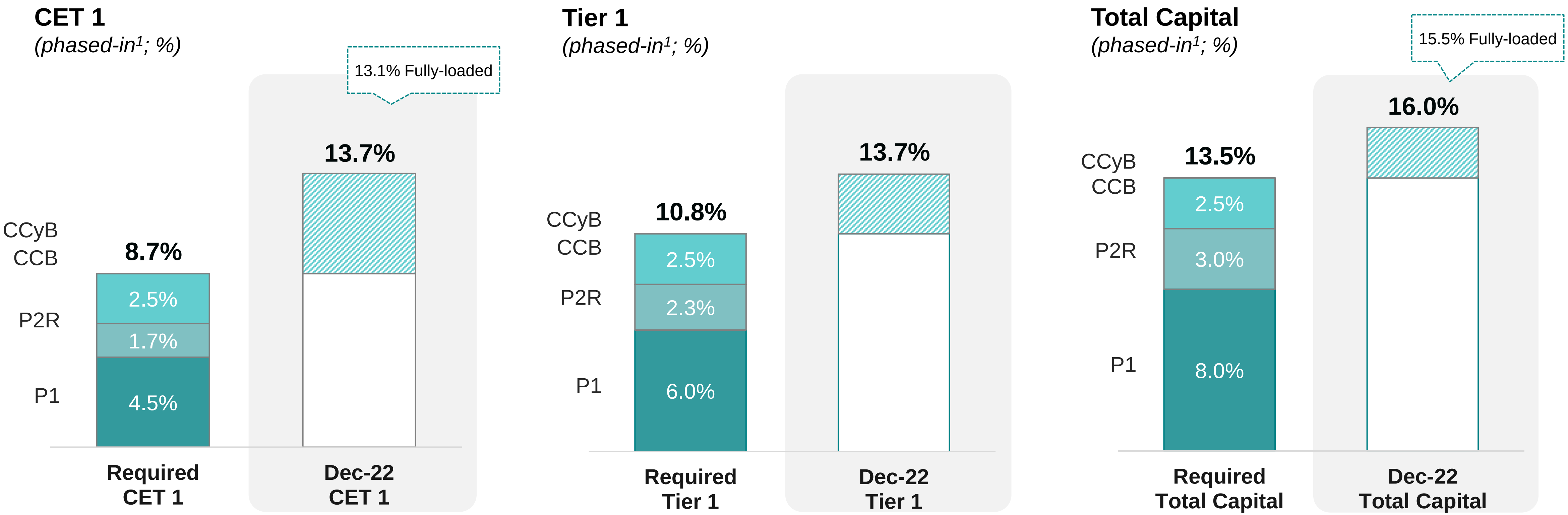
(1) HQLA: High Quality Liquid Assets

Capital ratios

€mn

CAPITAL RATIOS (CRD IV/CRR)		31-Dec-21 *(Phased-in)*	31-Dec-21 *(Fully loaded)*	31-Mar-22 *(Phased-in)*	31-Mar-22 *(Fully loaded)*	30-Jun-22 *(Phased-in)*	30-Jun-22 *(Fully loaded)*	30-Sep-22 *(Phased-in)*	30-Sep-22 *(Fully loaded)*	31-Dec-22 *(Phased-in)*	31-Dec-22 *(Fully loaded)*
Risk Weighted Assets	(A)	24 929	24 689	23 761	23 622	23 058	22 914	22,848	22,695	21 355	21 233
Own Funds											
Common Equity Tier 1	(B)	2 768	2 507	2 571	2 419	2 711	2 558	2,906	2,746	2 927	2 787
Tier 1	(C)	2 769	2 509	2 572	2 420	2 712	2 559	2,908	2,747	2 928	2 789
Total Own Funds	(D)	3 276	3 016	3 076	2 925	3 214	3 061	3,409	3,248	3 418	3 279
Common Equity Tier 1 Ratio	(B/A)	11.1%	10.1%	10.8%	10.2%	11.8%	11.2%	12.7%	12.1%	13.7%	13.1%
Tier 1 Ratio	(C/A)	11.1%	10.1%	10.8%	10.2%	11.8%	11.2%	12.7%	12.1%	13.7%	13.1%
Solvency Ratio	(D/A)	13.1%	12.2%	12.9%	12.4%	13.9%	13.4%	14.9%	14.3%	16.0%	15.5%
Leverage Ratio		6.0%	5.4%	5.5%	5.2%	5.7%	5.4%	5.9%	5.6%	6.1%	5.8%

Execution of the de-risking strategy delivering Total Capital ratio already above 13.5% OCR requirement



Organic capital generation and acceleration of balance sheet deleverage.

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

Bonds outstanding and MREL eligibility

€mn; Dec-22

Description	ISIN	Currency	Outstanding Notional Value	Issue Date	Book Value[1]	Maturity	MREL
Senior							
NB 3.5% 23/07/24 OBRG.	PTNOBIOM0014	EUR	300	Jul-21	304	Jul-24	Y
NB 4.25% 09/23 OBRG.	PTNOBJOM0005	EUR	275	Dec-21	276	Sep-23	N
NB 5.5% 30/12/24 OBRG.	PTNOBKOM0002	EUR	100	Dec-22	100	Dec-24	Y
BES Luxembourg 3.5% 02/01/43	XS0869315241	EUR	64	Jan-13	43	Jan-43	Y
BES Luxembourg 3.5% 23/01/43	XS0877741479	EUR	131	Jan-13	99	Jan-43	Y
BES Luxembourg 3.5% 19/02/2043	XS0888530911	EUR	97	Feb-13	65	Feb-43	Y
BES Luxembourg 3.5% 18/03/2043	XS0897950878	EUR	70	Mar-13	48	Mar-43	Y
BES Luxembourg ZC	XS0972653132	EUR	185	Oct-13	36	Oct-48	Y
Banco Esp San Lux ZC 12/02/49	XS1031115014	EUR	245	Feb-14	44	Feb-49	Y
Banco Esp San Lux ZC 19/02/49	XS1034421419	EUR	69	Feb-14	12	Feb-49	Y
Banco Esp San Lux ZC 27/02/51	XS1038896426	EUR	108	Feb-14	17	Feb-51	Y
BES Luxembourg ZC 06/03/2051	XS1042343308	EUR	76	Mar-14	12	Mar-51	Y
BES Luxembourg ZC 03/04/48	XS1053939978	EUR	220	Apr-14	40	Apr-48	Y
BES Luxembourg ZC 09/04/52	XS1055501974	EUR	264	Apr-14	39	Apr-52	Y
BES Luxembourg ZC 16/04/46	XS1058257905	EUR	37	Apr-14	8	Apr-46	Y
EMTN 57	XS0439764191	EUR	8	Jul-09	2	Jul-44	N
Total (Senior)			**2,249**		**1,143**		
Subordinated							
NB 06/07/2028	PTNOBFOM0017	EUR	400	Jun-18	416	Jul-28	Y
Total (Senior+Subordinated)			**2,649**		**1,559**		

novobanco

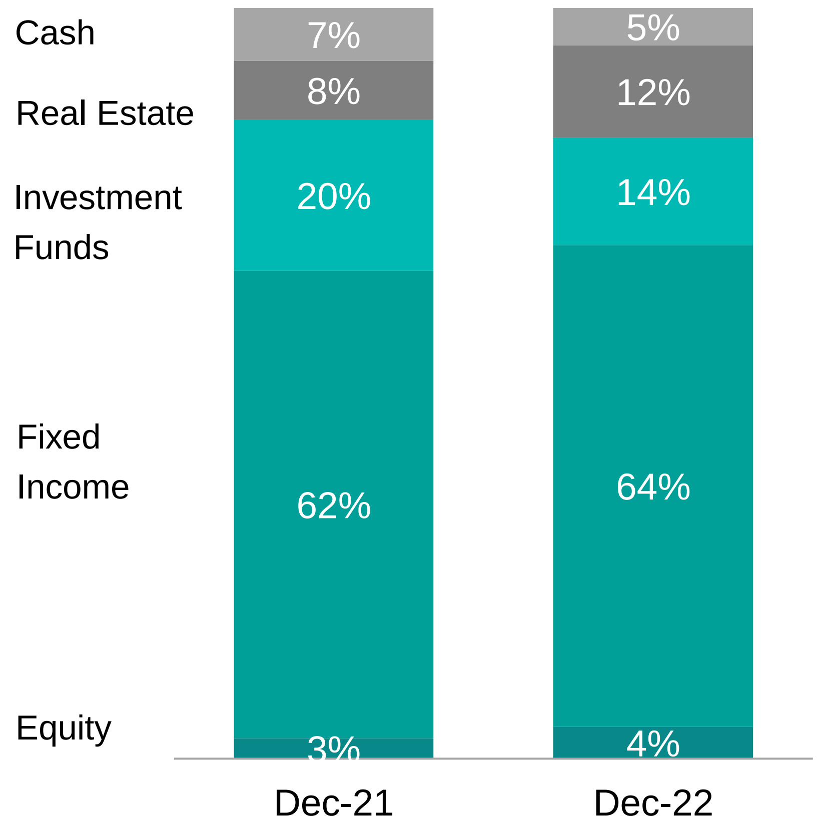
(1) Book values include accrued interests

Pension Funds

Key Figures (€ Millions)	Dec-20	Dec-21	Dec-22
Retirement Pension Liabilities	1 935	1 929	1 419
Fund Assets	1 908	1 908	1 478
Liabilities Coverage	99%	99%	104%

Actuarial Assumptions	Dec-20	Dec-21	Dec-22
Project rate of return on plan assets	1.00%	1.35%	4.00%
Discount rate	1.00%	1.35%	4.00%
Pension increase rate	0.25%	0.50%	0.75%
Salary increase rate	0.50%	0.75%	1.00%
Mortability table men	TV 88/90	TV 88/90	TV 88/90
Mortability table women	TV 88/90-2 yrs	TV 88/90-3 yrs	TV 88/90-3 yrs

Pension Fund Portfolio
(Dec-22)



Deferred Tax Assets

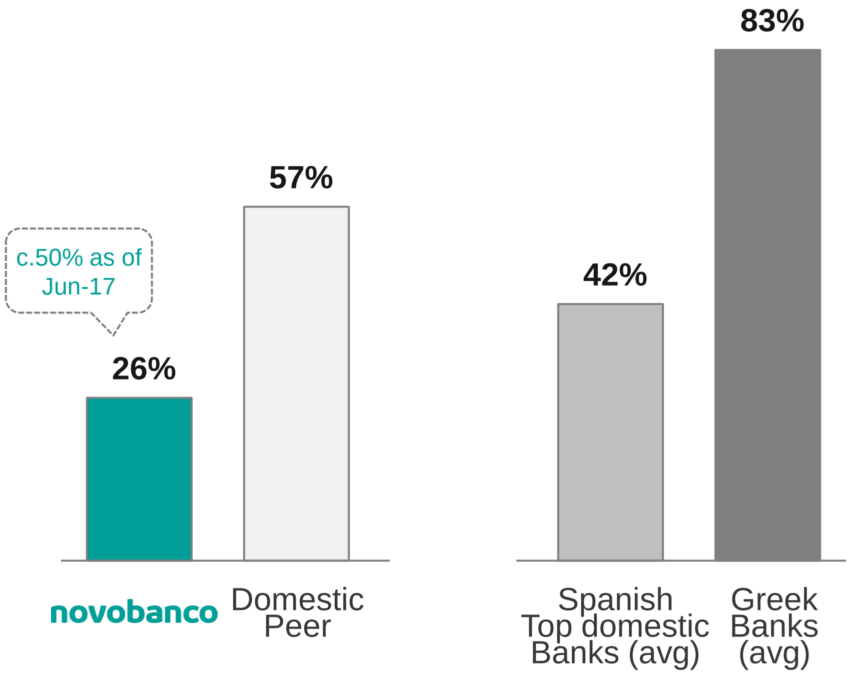
Overview of Deferred Tax Assets

(€ millions)	Dec-21	Dec-22	*Of which in CET 1*
Total DTAs on Balance Sheet	**741**	**922**	***627***
Timing-Difference DTAs – under Special Regime(1)	267	295	*295*
Timing-Difference DTAs – other	473	563	*332*
Tax Losses carried forward	1	64	-
Off-Balance Sheet	**1 811**	**1 651**	**-**
Timing-Difference DTAs	334	239	-
Tax Losses carried forward	1 477	1 412	-

- 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;
- DTAs under Special Regime: YoY change reflects tax audit correction related to 2018 and 2019.

Deferred Tax Assets as % of Equity[2]

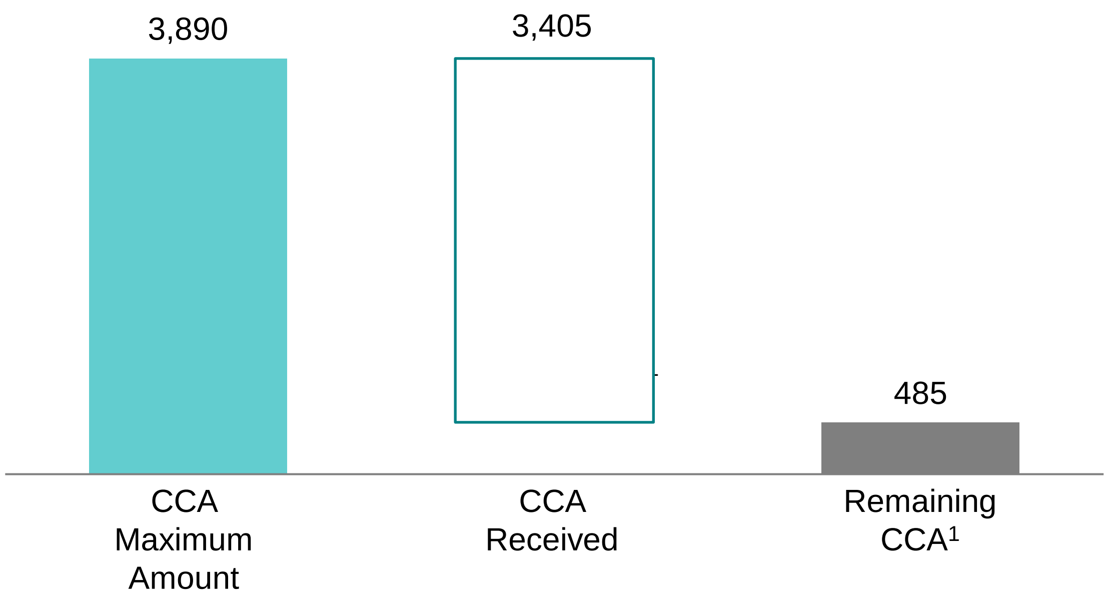
novobanco vs listed banks and average by market



(1) Special Regime applicable to Deferred Tax Assets approved by Law No. 61/2014, of August 26; (2) Novobanco analysis; average data considers 2022 available information; Spanish banks includes Caixabank, Bankinter, Unicaja and Sabadell; Greek banks includes NBG, Eurobank, Alpha Bank and Piraeus Bank

CCA: €485mn available

CCA - Contingent Capital Agreement Compensation amounts
(€ million)



- As agreed in Oct-2017, at sale process of novobanco, a Contingent Capital Agreement ("CCA") was entered into between the Resolution Fund ("FdR") and the Bank.
- Outstanding divergences between novobanco and the Resolution Fund (amounts not recognized in CET1 capital as of 31 Dec 2022):
  1. IFRS9 treatment
  2. 2020 unpaid CCA Call: €165mn
  3. 2021 unpaid CCA Call: €209mn
- Up to an additional €485mn 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.

(1) Funds not included in Capital Ratios

Our ESG Priorities and 2022 achievements…

3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 13 CLIMATE ACTION

Sustainable Business

€343mn Green investment[1]

-19.1% Electricity Consumption (YoY)

~100% Of electricity sourced from renewable sources

-5.2% Paper consumption (YoY)

-7.6% CO_2 emission (YoY)[2]

Social & Financial Well-being

4.5 K Participations in 5+ program (promoting physical and mental health, well-being and work-life balance for employees launched in June 22)

Extra measures to support employees facing higher interest rates environment

€1.6mn In donations

406 Hours volunteered by employees to social and environmental initiatives

Responsible Banking

5.7% Gender pay-gap[3] (vs 6.0% in Jun-22)

27.5% Of women in senior leaders' roles[4]

61.1% Of suppliers with Sustainability scoring

70.6K Hours of cumulative ESG training to employees

- New Sustainability Credit Line:
  - Up to €250mn to support companies transition to a more sustainable and low-carbon economy
- New Personal Loans for acquisition of hybrid and electric vehicles and investment in renewable energy solutions
- 1.4 tons of expired bank cards sent to recycling and used to produce urban furniture

- ESG Talks Conference cycle addressing sustainability issues with 700+ participants
- novobanco finances Sonae Group Sustainability linked Commercial Paper program up to €175mn and coordinates issuance of €70mn in Sustainability linked Bond for Mota-Engil
- Launch of employees' Volunteering Program - 4 environmental and social initiatives
- novobanco and novobanco dos Açores service accounts support social responsibility causes: i) Social - Semear Project (Sow Project); ii) Cultural - Este Espaço Que Habito (This space I Inhabit), and; iii) Environmental (Recreational Toys Recycling Project)

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

ESG Strategy I Timeline

4Q 2021
Announcement of novobanco strategic plan & Internal definition of ESG targets

2023
Roll-out of Climate & Environment (C&E) risks into the loan origination framework

2024
Comprehensive assessment of the new methodology's performance

Business Environment:

- Definition of annual goals for green investment, agreed with key business lines and considering potential alignment with EU Taxonomy (conservative approach as compared with current market practices).
- Definition of Key Risk Indicators for physical risk and exposure to relevant sectors that began monitoring in 2022
- Comprehensive sectoral scoring of the portfolio and risk materiality assessment is underway with results in 1Q23

Risk management framework:

- Developments for full integration of C&E risks into the loan origination framework are underway, comprising the development of risk methodologies (top down and bottom-up, incl. ‘rating’), based on which the on-boarding procedures (ie: required data) and decision framework will be adjusted.
- These methodologies will provide an integrated assessment in terms of the client/ transaction risk profile and EU Taxonomy (alignment) classification.
- Implementation schedule: a) 2022YE technical developments concluded; b) 2023E pilot (covering sampled sectors)/ silent-run and roll-out (for remaining key sectors).

Credit Risk:

- Simplified approaches are already in place for pricing (ie: specific credit products have been designed to include ESG criteria broadly consistent with the Taxonomy requirements; promotional pricing allowed in those cases, as they are assessed as better prepared to face the transition risks).
- Once structural developments in terms of the risk methodologies are concluded, novobanco will be able to assess the performance of the classified exposures and, therefore, introduce any change to its pricing policy/ model.
- Methodologies to be deployed during 2023, with 2024 targeted for a comprehensive assessment of the new methodology's performance.

novobanco 2024 commitments

ESG

Group novobanco	ESG	**+ 4.5 p.p.** women in senior leadership positions[11]	**- 18%** GHG emissions (scope 1 and 2)[5]	**+ 50%** low emissions vehicles (electric or hybrid)	**100%** green electricity procurement[15]	
novobanco	Sustainable Business	**+ €600mn** in Green Investment[1] (vs. 2021)	**€0mn** financing to excluded sectors[2]	**30%** investment products with ESG characteristics[3]	**- 30%** paper consumption[4] (ton, vs. 2021)	**-18%** CO2 emissions from own operations[5] (ton. vs. 2021)
novobanco	Social and Financial Well-being	**40%** employees benefiting from social well-being program[6]	**+ 3 p.p.** employees assessed Healthy (psychosocial assessment [7]) (vs. 2021)	**+ 8 p.p.** employees *engagement* level[8] (vs. 2021)	**+ 11.8 points** in customers' NPS[9] (vs. 2021)	**+ 9,594 hours** from employees volunteering service initiatives[10](vs. 2021)
novobanco	Responsible Banking	**+ 2.5 p.p.** women in senior leadership positions[11]	**- 0.9 p.p.** gender pay gap[12]	**+ 3** partnerships with to promote employment of people with disabilities[13]	**90%** suppliers with sustainability scoring[14]	**+ 39,160 hours** ESG training to employees

1. Origination of financing or own portfolio investments in companies whose main economic activity is eligible to the European Taxonomy and origination of financing or own portfolio investments where the use of funds by the borrower or the projects are directed to economic activities eligible to the European Taxonomy or are aimed at investments in energy transition or the transition of the company's business model towards green activities; 2. Economic sectors not financed by novobanco: Weapons, Prostitution, Pornography, Coal (mining and energy production) and Trade in wildlife and endangered species; 3. Investment Funds, Financial Insurance and Structured Products; 4. Reduction of the consumption of photocopy paper, resulting from the implementation of the Phygital program in the commercial network (started in 2019) and the dematerialization of processes in central services; 5. Scope 1 and 2 GHG emissions; 6. Percentage of employees who attended at least 2 program initiatives per year. Programme of initiatives to promote balance between personal and professional life, mental and physical health, healthy living, etc.; 7. Annual psychosocial risk assessment study of novobanco's employee base; 8. Assessment of the level of employee engagement carried through the Pulse survey (average % of employee engagement); 9. Net Promoter Score calculated for Individual Clients - BASEF; 10. Promotion of volunteering actions in strategic areas of social impact of the bank. Each employee can take 1 day leave per year for volunteer work; 11. First line managers and Executive Board of Directors; 12. Gender pay gap weighted by the representativeness of each Performance Function; 13. Number of organisations with active partnerships with the Bank; 14. Suppliers with a continuous relationship with novobanco and annual turnover of over 10 thousand euros; 15. In all locations where the option is available and the contract is held by novobanco.

Moodys and DBRS ratings

June 2022

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

April 2022

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

Income Statement	
Fees and commissions	Fees and commissions income less fees and commissions expenses
Commercial banking income	Net interest income and fees and commissions
Capital markets results	Dividend income, gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains or losses on financial assets and liabilities held for trading, gains or losses on financial assets mandatorily at fair value through profit or loss, gains or losses on financial assets and liabilities designated at fair value through profit and loss, gains or losses from hedge accounting and exchange differences
Other operating results	Gains or losses on derecognition of non-financial assets, other operating income, other operating expenses, share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
Banking income	Net interest income, fees and commissions, capital markets result and other results
Operating costs	Staff costs, general and administrative expenses and depreciation and amortisation
Net operating income	Banking income - operating costs
Provisions and impairments	Provisions or reversal of provisions, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss, impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates and impairment or reversal of impairment on non-financial assets
Balance Sheet / Liquidity	
Assets eligible as collateral for rediscount operations with the ECB	The Eurosystem only grants credit against adequate collateral. This collateral consists of tradable financial securities and other types of assets such as nontradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
Securities portfolio	Securities (bonds, shares and other variable-income securities) booked in the trading portfolios at fair value through profit or loss, mandatory at fair value through profit or loss, at fair value through orther comprehensive income and at amortised cost.
Due to customers Banco de Portugal Instruction n. 16/2004	Amounts booked under the following balance sheet accouting headings: [#400 - #34120 + #52020 + #53100].
Net ECB funding	Difference between the funding obtained from the European Central Bank (ECB) and the placements with the ECB.
Total Customer Funds	Deposits, other customer funds, debt securities placed with clients and off- balance sheet customer funds.
Off-Balance Sheet Funds	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management.
Loan to deposit ratio Banco de Portugal Instruction n. 16/2004	Ratio of [gross loans - (accumulated provisions / impairment for credit)] to customer deposits.

Asset Quality and Coverage Ratios	
Overdue loans ratio	Ratio of overdue loans to total credit.
Overdue loans > 90 days ratio	Ratio of overdue loans > 90 days to total credit.
Overdue loans coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
Overdue loans > 90 days coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days.
Coverage ratio of customer loans	Ratio of impairment on customer loans (on balance sheet) to gross customer loans.
Cost of risk	Ratio of initial fair value, impairment charges accounted in the period for credit risk and corporate bonds with gross customer loans and corporate bonds portfolio.
Non-performing loans	Total balance of the contracts identified as: (i) in default (internal definition in line with article 178 of Capital Requirement Regulation, i.e., contracts with material overdue above 90 days and contracts identified as unlikely to pay, in accordance with qualitative criteria); and (ii) with specific impairment.
Non-performing loans ratio	Ratio of non-performing loans to the sum of total credit, deposits with banks and Loans and advances to banks
Non-performing loans coverage ratio	Ratio of impairment on customer loans and loans and advances to banks (on balance sheet) to non-performing loans.
Efficiency and Profitability Ratios	
Efficiency (Staff costs / Banking income) Banco de Portugal Instruction n. 16/2004	Ratio of staff costs to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Efficiency (Operating costs / Banking income) Banco de Portugal Instruction n. 16/2004	Ratio of operating costs (staff costs, general and administrative expenses and depreciation and amortisation) to banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses).
Profitability Banco de Portugal Instruction n. 16/2004	Ratio of banking income (net interest income, securities income, net fees and commissions, capital markets results, income from associated companies and subsidiaries and other operating income and expenses) to average net assets.
Return on average net assets Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average net assets.
Return on average equity Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average equity.
Return on tangible equity (RoTE)	Ratio of return for the period and tangible equity. The return corresponds to the annualized result before tax, less the contribution on the banking sector and contributions to resolution funds, being adjusted for events considered extraordinary. Tangible equity calculated as risk weighted assets x 12%.

Glossary

Designations & abbreviations	
YTD	Year-to-date
YoY	Year-on-Year
ECB	European Central Bank
QE	Quantitative Easing
CRD IV	Capital Requirements Directive 2013
CRR	Capital Requirements Regulation
NIM	Net Interest Margin
€, EUR	euro
€mn	millions of euro
€bn	billions of euro
€k	thousands of euro
bps	basis points
p.p.	percentage points
tCO_2e	tonnes of carbon dioxide equivalent
RWA	Risk weighted assets

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