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NOVO BANCO

Institutional Presentation

November 2019

Agenda

- 1. Overview of NOVO BANCO**
- 2. Liquidity**
- 3. Asset Quality**
- 4. Capital**
- 5. Financial results in 2018 and 9M19**

Annexes

NOVO BANCO highlights

Recovery Story

- **Sale of 75% of the share capital to Lone Star and termination of the bridge bank status on 18 October 2017.**
- **Sale and restructuring plan agreed with the European Commission.**
- **€1.0bn capital injection by Lone Star in 2017.**

A Reference Institution in Portugal

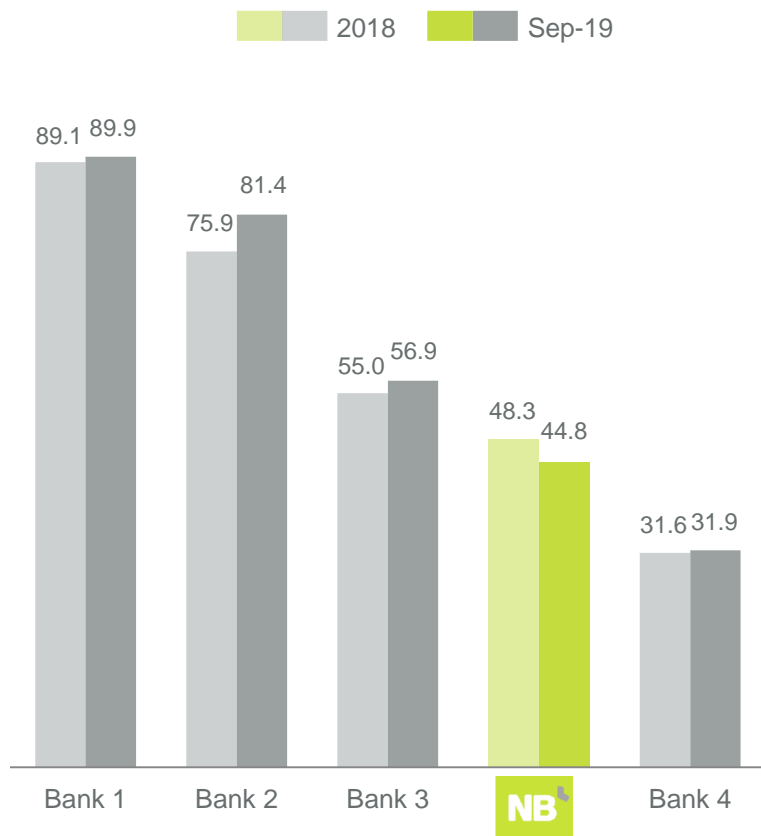
- **A reference institution in the Portuguese financial sector, with net assets of €44.8bn at Sep-19.**
- **A reference bank in Corporate segment, with 17.3% market share* in Corporate Loans and 20.2% in Trade Finance.**
- **Multi-channel approach for the Retail Banking in Portugal, with a market share* of 10.4% and 7.1% in Residential Mortgage Loans and Other Loans to Individuals, respectively.**
- **1.3 million customers with more than 561 thousand frequent digital clients.**

Indicators in Sep-19

- **Net Customer Loans of €25.1bn.**
- **Customer Deposits of €28.0bn.**
- **Loan to Deposit ratio of 90%. LCR: 120% and NSFR: 109%.**
- **Capital ratios: CET1 of 13.5% and Total Capital of 15.1%.**

NOVO BANCO is a reference bank in the Portuguese financial system with 1.3 million clients

Net Assets¹ (Portuguese Banks, €bn)



Main milestones and shareholder structure



Main milestones:

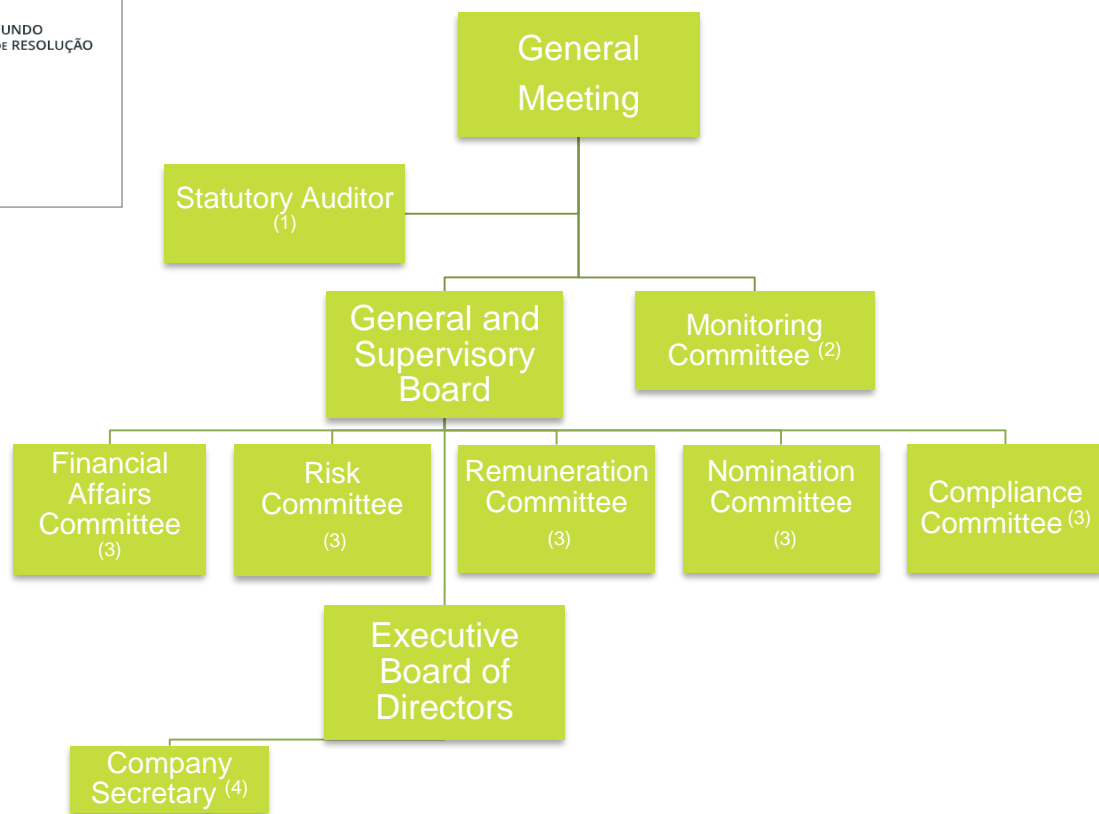
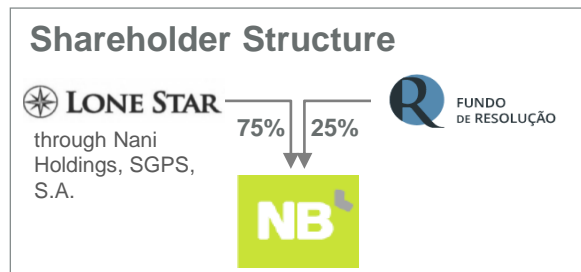
- 3 Aug. 2014: **NOVO BANCO** created following Resolution measure applied to BES by Banco de Portugal ('BdP').
- 31 Mar. 2017: BdP announced selection of Lone Star for the conclusion of the sale process. Closing dependent on 3 pre-conditions (ECB and EC authorizations and LME).
- 11 Oct. 2017: EC approved under EU State aid rules the Portuguese aid for the sale of **NOVO BANCO**.
- 18 Oct. 2017: Sale of 75% to Lone Star was concluded. Terminated the bridge bank status. Appointment of new corporate bodies.
- 18 Oct. and 21 Dec. 2017: Lone Star makes capital injections into **NOVO BANCO** of €750mn and €250mn, respectively.

¹ Source: Results Press Releases (NB, CGD, Millennium BCP, Santander Totta SGPS and BPI).

² The stake held by Lone Star in NOVO BANCO is held through Nani Holdings, SGPS, SA.

³ The Resolution Fund was created in 2012 and its primary goal is to provide financial support for the implementation of resolution measures determined by Banco de Portugal (BdP). The Resolution Fund is a public-law legal person with administrative and financial autonomy. It is operated within Banco de Portugal.

Governance - Overview of governing bodies



(1) Elected by the General Meeting upon a proposal of the General and Supervisory Board.

(2) The Monitoring Committee is composed of three members. The Monitoring Committee is an advisory body for the purposes of the Contingent Capital Agreement entered into between the Company and the Resolution Fund.

(3) 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.

(4) The General and Supervisory Board is consulted prior to any proposal of the Executive Board of Directors related to the appointment of the Company Secretary and Alternate Secretary.

Governance – General and Supervisory Board Executive Board of Directors

GENERAL AND SUPERVISORY BOARD

4-YEAR TERM: 2017 TO 2020

CHAIRMAN
BYRON HAYNES

VICE-CHAIRMAN
KARL-GERHARD EICK

**GENERAL AND SUPERVISORY
BOARD MEMBERS**
DONALD QUINTIN
KAMBIZ NOURBAKHSH
MARK COKER
BENJAMIN DICKGIESSER
JOHN HERBERT
ROBERT A. SHERMAN
CARLA ANTUNES DA SILVA

FINANCIAL AFFAIRS COMMITTEE	(1)
RISK COMMITTEE	COMPLIANCE COMMITTEE
REMUNERATION COMMITTEE	NOMINATION COMMITTEE

EXECUTIVE BOARD OF DIRECTORS

4-YEAR TERM: 2017 TO 2020

**CHIEF EXECUTIVE
OFFICER**
ANTÓNIO RAMALHO

**CHIEF
COMMERCIAL
OFFICER
(CORPORATE)**
VÍTOR FERNANDES

**CHIEF FINANCIAL
OFFICER**
MARK BOURKE (2)

**CHIEF
RECOVERY AND
INVESTMENT
OFFICER**
JORGE CARDOSO

**CHIEF
COMMERCIAL
OFFICER
(RETAIL)**
LUÍS RIBEIRO

**CHIEF LEGAL
AND COMPLIANCE
OFFICER**
LUÍSA SOARES
DA SILVA

**CHIEF RISK
OFFICER**
RUI FONTES

**CHIEF
OPERATING
OFFICER**
JOSÉ EDUARDO
BETTENCOURT

- (1) 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.
(2) Mark Bourke began his term of office on 4 March 2019.

Strategic Objectives

NOVO BANCO's present strategy is intended to build the capabilities and create the necessary conditions for the bank to transition from turnaround to growth.

Focus on investing in Core bank business and divesting Legacy assets.



The strategy develops around three strategic priorities and four pillars.

Strategic priorities

- **Optimise** the Bank's core activity, while meeting all regulatory requirements, in particular commitments with DG Comp.
- Evolve the Bank's **digital** footprint based on the latest technological advancements.
- Develop **differentiation** factors that distinguish **NOVO BANCO** from its competitors.

Strategic pillars

- Evolve the **distribution model** to reflect customer trends and preferences.
- **Process, systems and data** modernization by adopting best in class technology, while evolving the Bank's "ways of working".
- Invest in **talent and merit** initiatives that enable staff to fulfil potential.
- Advance **risk management** to support the Bank's ambition and revised risk appetite.

Strategic Objectives



The digital transformation program enables various strategic priorities and pillars.

Digital transformation objectives

- Improve customer experience
- Innovate in the digital channels
- Amplify digital talent and capabilities
- Renew ways of working

Delivery Digital Bank

- **ONLINE DIGITAL ACCOUNT OPENING WITH “MOBILE DIGITAL KEY”**
- **ONLINE PERSONAL LOANS**
 - (online loans to accounts with more than one account holder and easy online usage)
- **REQUEST FOR BANK GUARANTEES VIA DIGITAL CHANNELS**
 - (domestic and international guarantees and in different currencies)
- **REVISED DIGITAL AUTHENTICATION**
 - ***Simplified confirmation*** for low risk transactions and certified beneficiaries.
 - ***Biometric (or PIN) + SMS OTP*** for high risk transactions.
- **NEW SET OF NB SMART APP FEATURES**
 - ATM withdrawals without a card
 - Mobile transfers between customers

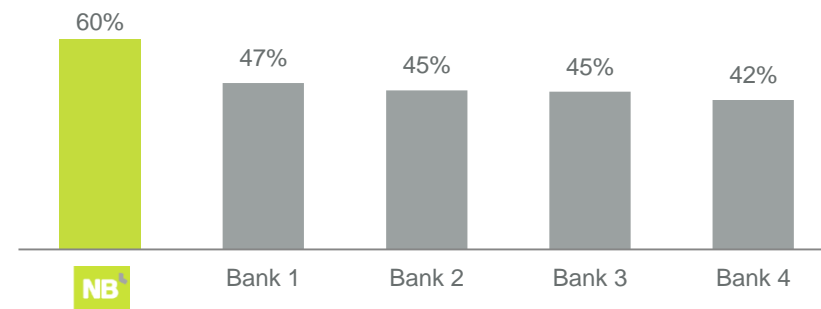
Business segments - Domestic Commercial Banking



Corporate Banking

- Market share of **17.3% in Corporate Loans** and **20.2% in Trade Finance**. 52% of the companies with turnover above €2.5mn are NB clients.
- 20 corporate centres for SMEs and 3 centres specialized in Large Enterprises.**
- Commitment to be a **reference partner for corporate** clients on their daily activities as well as to support client's investment **with a particular focus on the exporting SMEs and those that incorporate innovation** in their products, services or production systems.
- Client recognition: **90.7% of corporate clients are Very Satisfied**³.

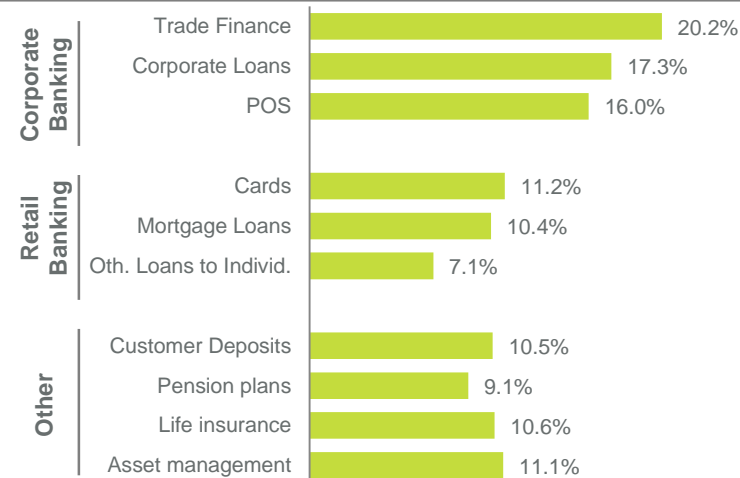
Weight of Corporate Credit in Overall portfolio
(Portuguese Banks)¹



Retail Banking

- Market share of **10.4% and 7.1% in Residential Mortgages Loans and Other Loans to Individuals**, respectively.
- Specialised and diversified product offer** to meet private individuals and small business' needs.
- Multi-channel approach** with 395 branches, internet banking, phone banking, and mobile banking (smartphone and tablet).
- Digital transformation:** more than 561k frequent digital clients; leading app in Portuguese Banking⁴; First bank in Portugal to offer a 100% online digital account opening with "mobile digital key".
- Banco BEST**, a 100% subsidiary **online commercial bank targeting affluent customers** (AUM of €2bn in Sep-2019).

Market Share in selected Business Lines
(September 2019)²



Note: Domestic Commercial Banking Includes Retail, Corporate and Institutional Clients and Private Banking.

¹ NB calculation based on 9M19 Result Press Releases (NB, CGD, Millennium bcp, Santander Totta SGPS and BPI).

² September 2019 data. Sources: Banco de Portugal, APS, APFIPP, CMVM, SIBS, SWIFT and NOVO BANCO management estimates.

³ 2018 assessment by corporate clients as to "Customer Service Satisfaction" as % of answers of 8 to 10, in an increasing scale of 1 to 10.

⁴ NOVO BANCO reviews at Google Play at 4.6 / 5 and App Store 4.5 / 5 (> 6,000 ratings attributed by app users).

Business segments

International Commercial Banking

- International presence to support **NOVO BANCO** clients.
- **Business development focused in Spain** (Sep-19 branch net assets of €2.3bn) and additional platforms to support Iberian clients.

Asset Management

- **Carried out by GNB Gestão de Ativos** (100% owned by **NOVO BANCO**).
- **Wide product range** covering mutual funds, real estate funds, pension funds, discretionary and wealth management services.
- Total AuM's as of Sep-19 of €11.4bn.

Financial Markets

- **Global financial management activity of the Group, whether of a strategic nature or as part of current trading activity.**
- Issuance of debt and placement of funds in the financial markets.
- Investment and risk management of credit, interest rate, FX and equity instruments.

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1. Overview of NOVO BANCO

2. Liquidity

3. Asset Quality

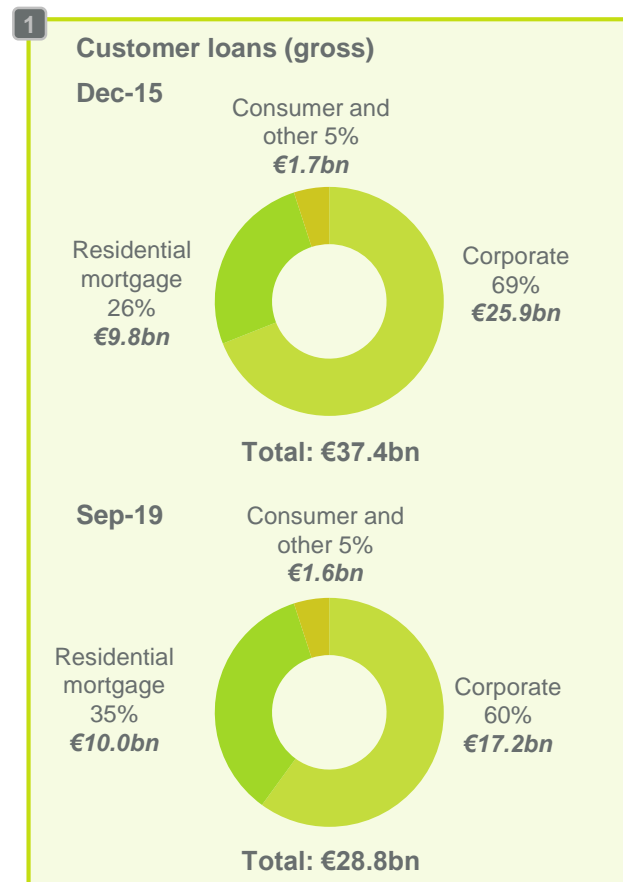
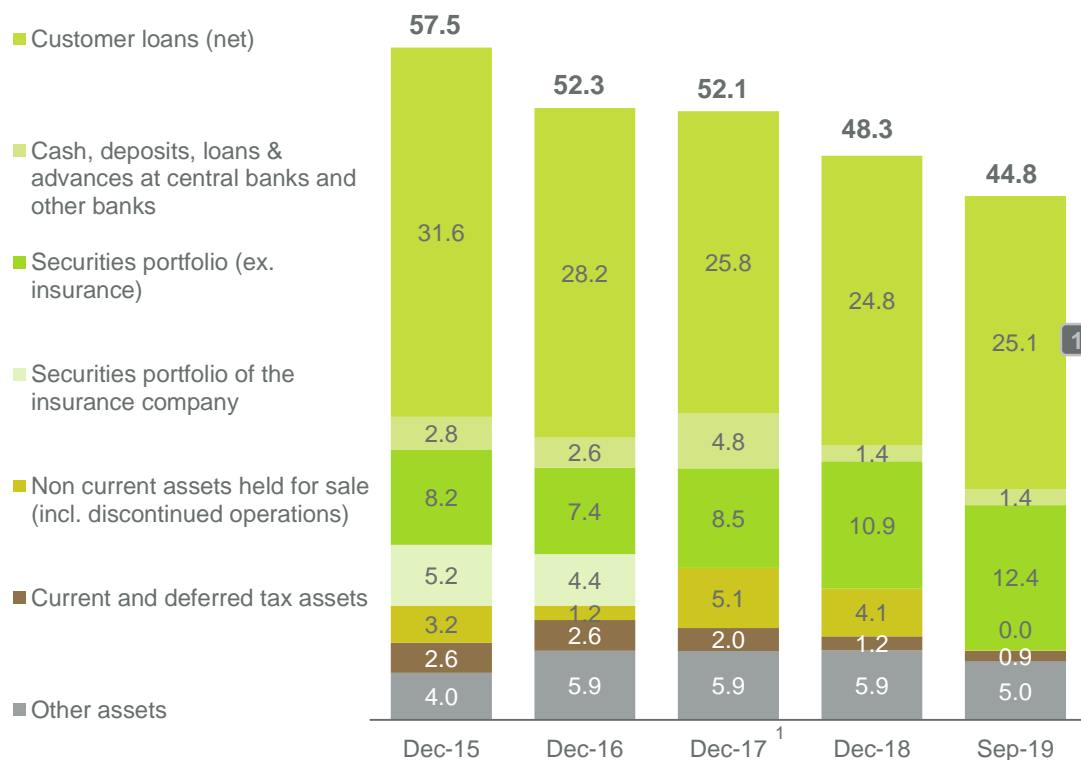
4. Capital

5. Financial results in 2018 and 9M19

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Asset Distribution

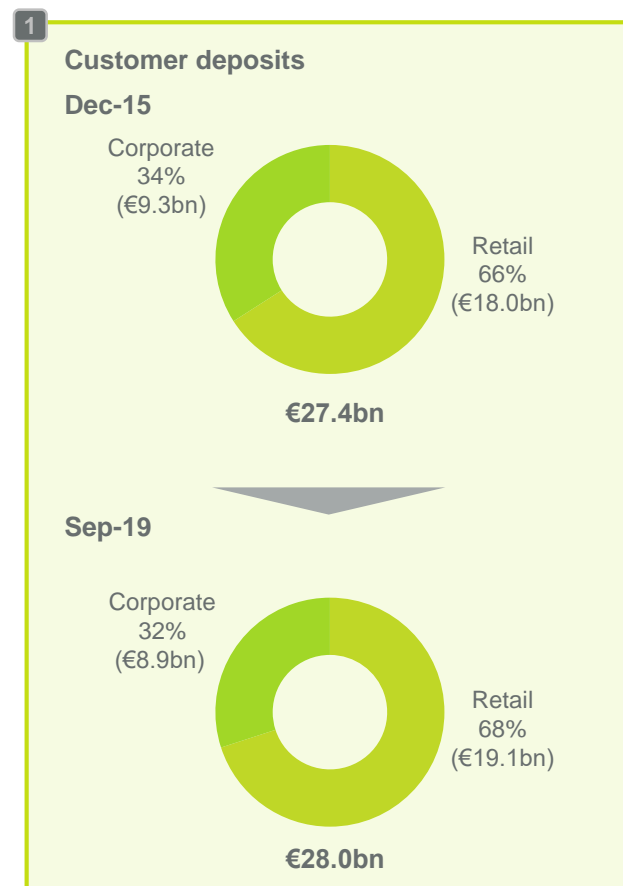
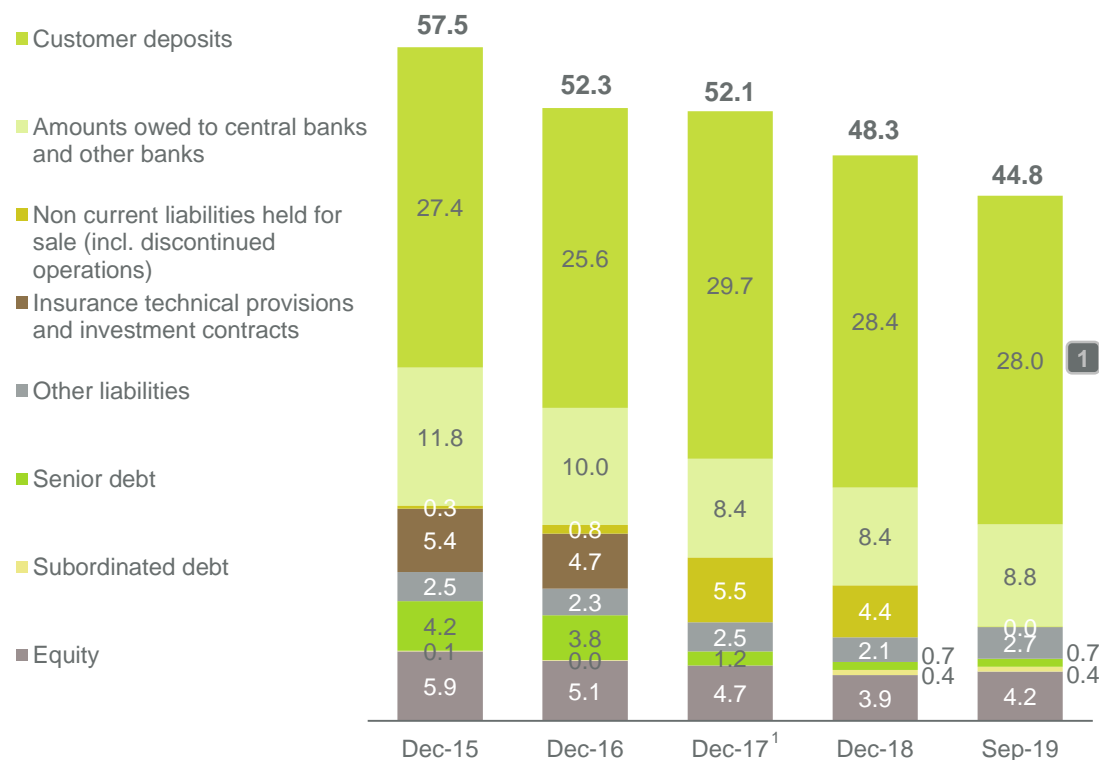
Net Assets (€bn)



¹ Data as at 31 December 2017 restated to reflect in Other reserves and retained earnings the triggering of the Contingent Capital Agreement and the change of the initial recognition of liabilities related to the LME operation concluded in the last quarter of 2017.

Funding Structure

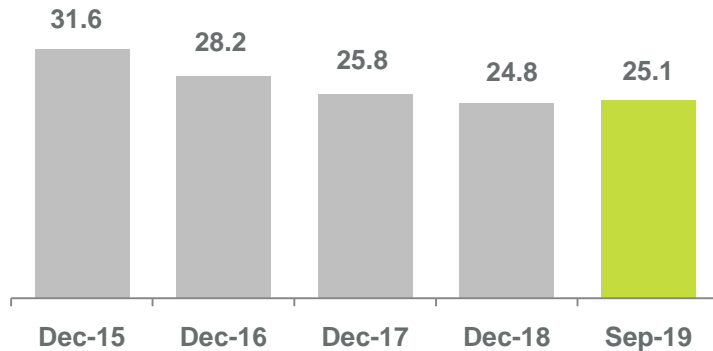
Liabilities and Equity (€bn)



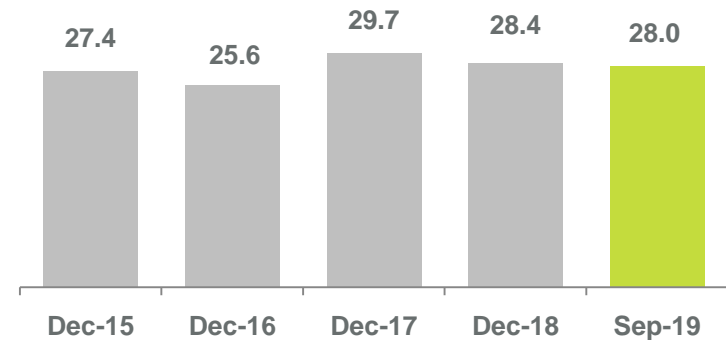
¹ Data as at 31 December 2017 restated to reflect in Other reserves and retained earnings the triggering of the Contingent Capital Agreement and the change of the initial recognition of liabilities related to the LME operation concluded in the last quarter of 2017.

Material improvements in the loan to deposit ratio and liquidity ratios in the last 3 years

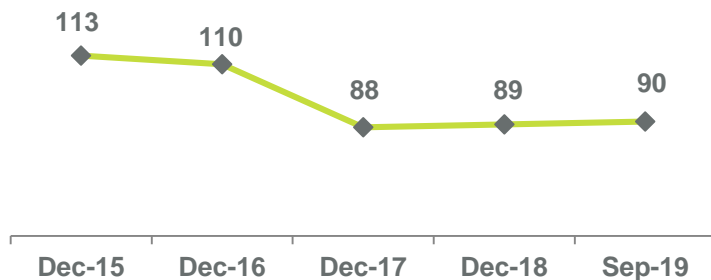
Net Loans (€bn)



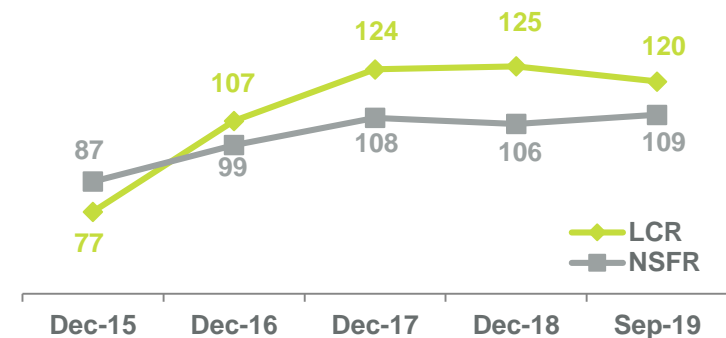
Customer Deposits (€bn)



Loan to Deposit Ratio ⁽¹⁾ (%)

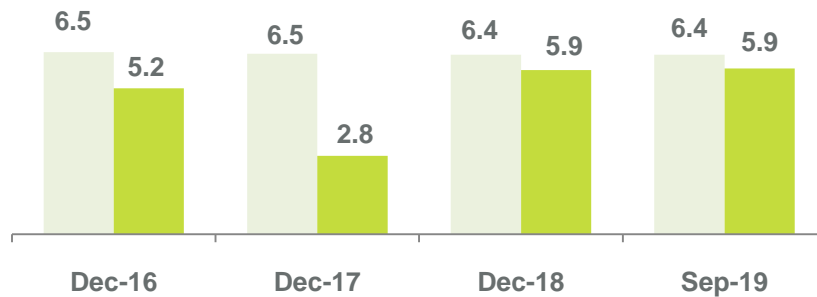
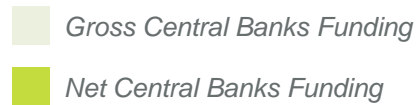


Liquidity Ratios ⁽²⁾ (%)

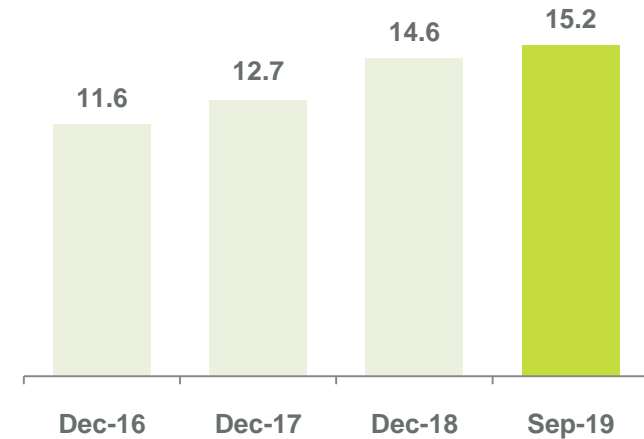


ESCB* net funding was stable with growing eligible assets portfolio

ESCB Funding (€bn)



Eligible Assets (net of haircut, €bn)

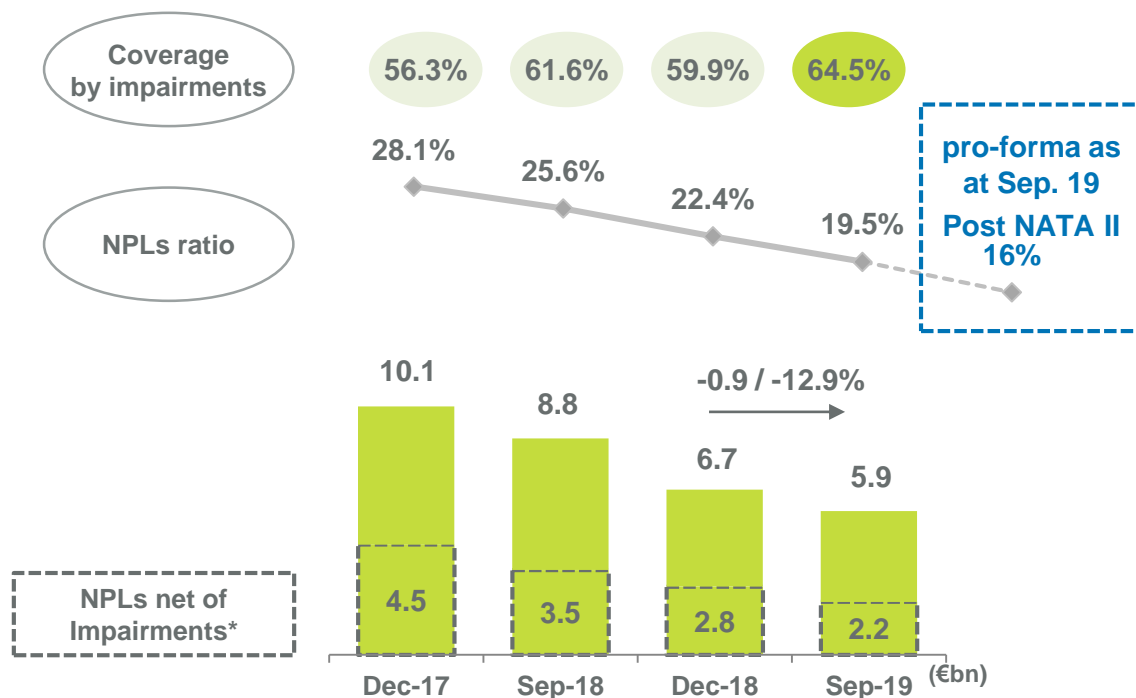


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Non-Performing Loans with strong decrease and improved coverage



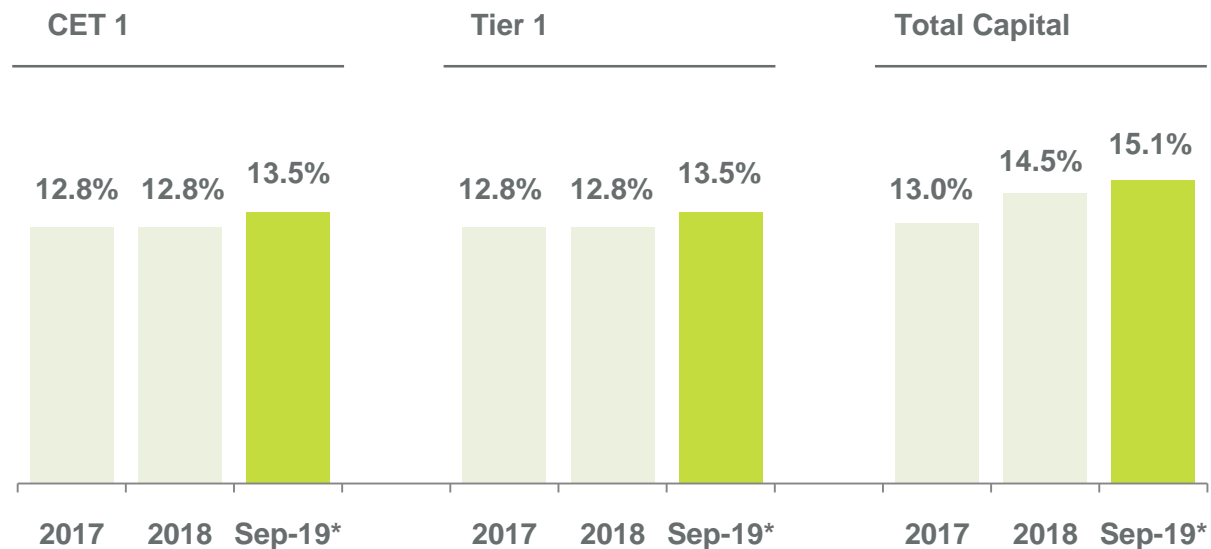
- Non-Performing Loans (NPLs) decreased €0.9bn comparing to Dec-18 to €5.9bn in Sep-19, and with a coverage of NPLs by impairments of 64.5%.
- NPLs ratio improved 6.1pp from Sep-18 to 19.5%.
- In September 2019 **NOVO BANCO** signed the sale of a portfolio of NPLs and related assets (project NATA II) in a gross amount of €1,365mn. Taking into account the sale of assets in project NATA II, the NPL ratio would be 16% pro-forma as at September 2019.

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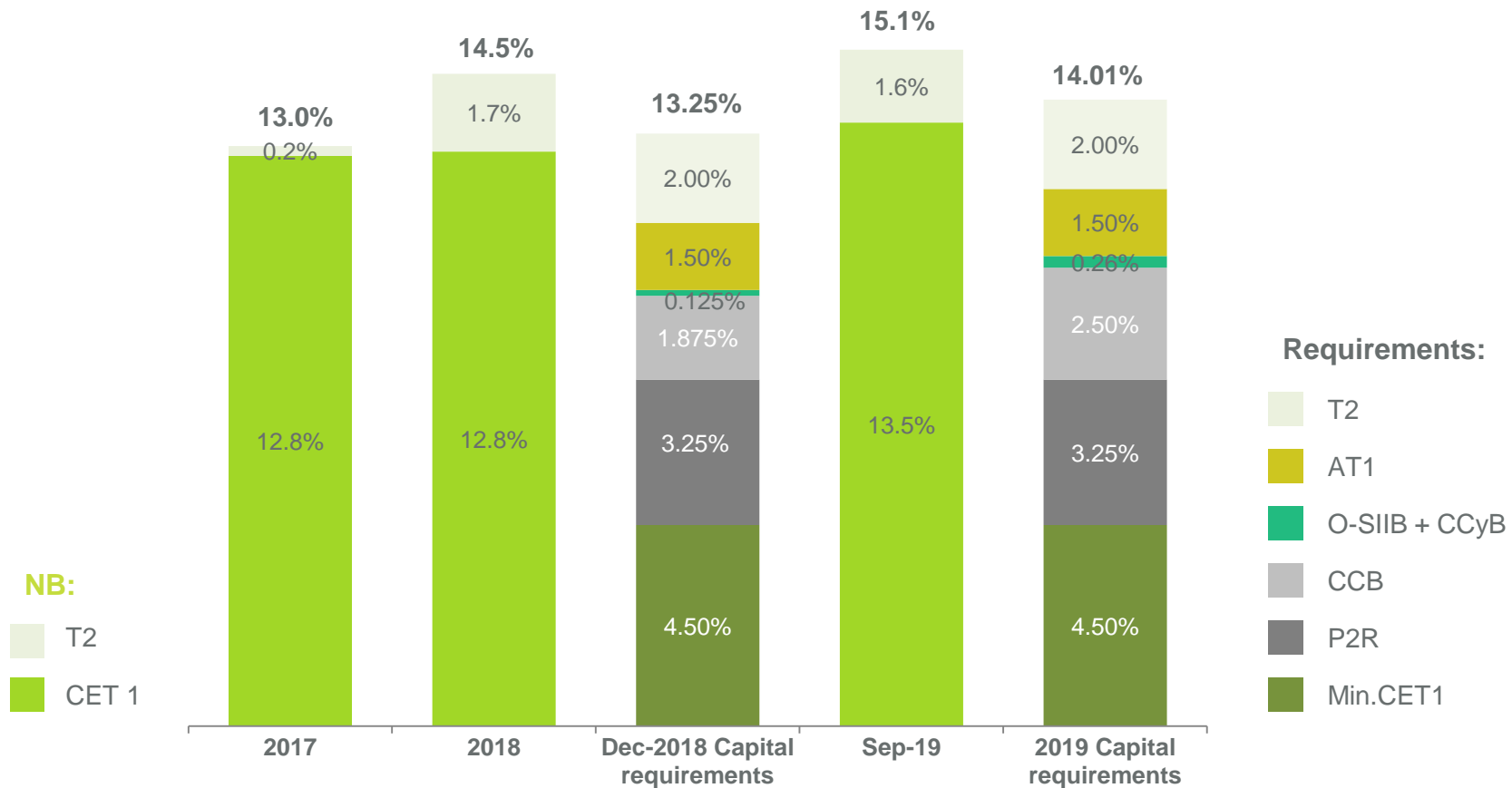
Capital Ratios evolution



- As at 30 September 2019, **NOVO BANCO** complied with all capital ratios required by the European Central Bank (ECB) under the Supervisory Review and Evaluation Process (SREP).
- **NOVO BANCO**'s Common Equity Tier 1 (CET1) and Tier 1 ratios are protected up to the amount of losses already recorded on the assets included in the Contingent Capital Agreement (CCA).

Capital Position

Consolidated Total Capital position vs Requirements



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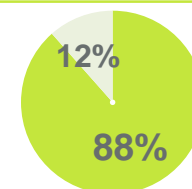
5. Financial results in 2018 and 9M19

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NOVO BANCO Recurrent and NB Legacy

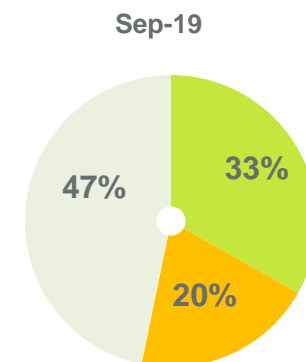
- Given the specifics of the context in which **NOVO BANCO** was created, **the Bank decided**, following other international examples, **to report the activity of NOVO BANCO Recurrent**, which consists of sustainable, profitable core banking activity, **separately from the NB Legacy activity**.

NOVO BANCO Recurrent
represents 88% of the
Consolidated Assets (Sep-19)



- NB Legacy that includes:**
 - customer loans:** loans included in the CCA (approximately 91% of the total NB Legacy loan book), and other loans;
 - real estate (non-yielding);**
 - other assets** (including securities).

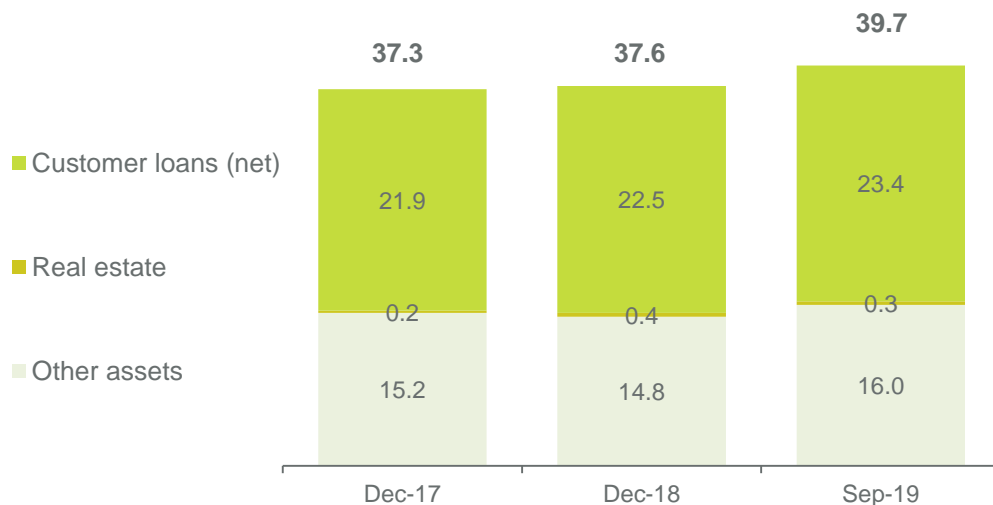
■ Customer Loans
■ Real estate
■ Other assets



NOVO BANCO Recurrent

Customer loans increased by 4.0% in 9M19

Net Assets (€bn)



- Assets increased by €298mn (+0.8%) in 2018 and by €2,039mn (+5.4%) in 9M19.
- Net customer loans grew by 2.4% in 2018 and by 4.0% YTD in 9M19.
- The non-performing loans ratio¹ was 5.6% (Dec-18: 5.4%) and the respective coverage ratio was 53.5% (Dec-18: 46.8%).
- Cost of Risk of 72bps in 9M19.

NOVO BANCO Recurrent

Net Income amounted to €140.1mn in 9M19

- Positive Net Income of +€140.1mn in 9M19, an increase of +€101.3mn compared to the same period of the previous year.

- Main highlights:

- Positive performance of Net Interest Income (+€80.3mn),
- Fees and Commissions stable,
- Operating Costs reflecting the investment made in the core business and in the digital transformation, as well as continued cost control,
- Core Operating Income increased by €68.7mn YoY to €237.1mn in 9M19.

Income Statement (€mn)

	2017	2018	Change %	9M18* (pro-forma)	9M19	Change %
Net Interest Income	283.4	387.2	36.6	281.0	361.3	28.6
+ Fees and Commissions	319.2	309.2	(3.1)	233.0	227.3	(2.4)
= Commercial Banking Income	602.6	696.4	15.6	514.0	588.6	14.5
+ Capital Markets Results	35.5	30.4	(14.5)	28.8	10.3	(64.3)
+ Other Operating Results	(33.5)	(6.6)	80.2	26.8	(25.1)	-
= Banking Income	604.6	720.1	19.1	569.6	573.8	0.7
- Operating Costs	515.3	464.3	(9.9)	345.6	351.5	1.7
= Net Operating Income	89.3	255.8	186.3	224.0	222.2	(0.8)
<i>Core Operating Income**</i>	87.3	232.1	165.9	168.4	237.1	40.8
- Net Impairments and Provisions	400.8	253.6	(36.7)	58.2	94.8	62.9
= Income before Taxes	(311.4)	2.2	-	165.8	127.5	(23.1)
- Tax and Bank Levy	70.5	74.8	-	126.1	(12.8)	-
- Non-controlling interests	(4.0)	4.6	-	0.9	0.2	(79.5)
= Net Income for the Period	(378.0)	(77.2)	79.6	38.8	140.1	-

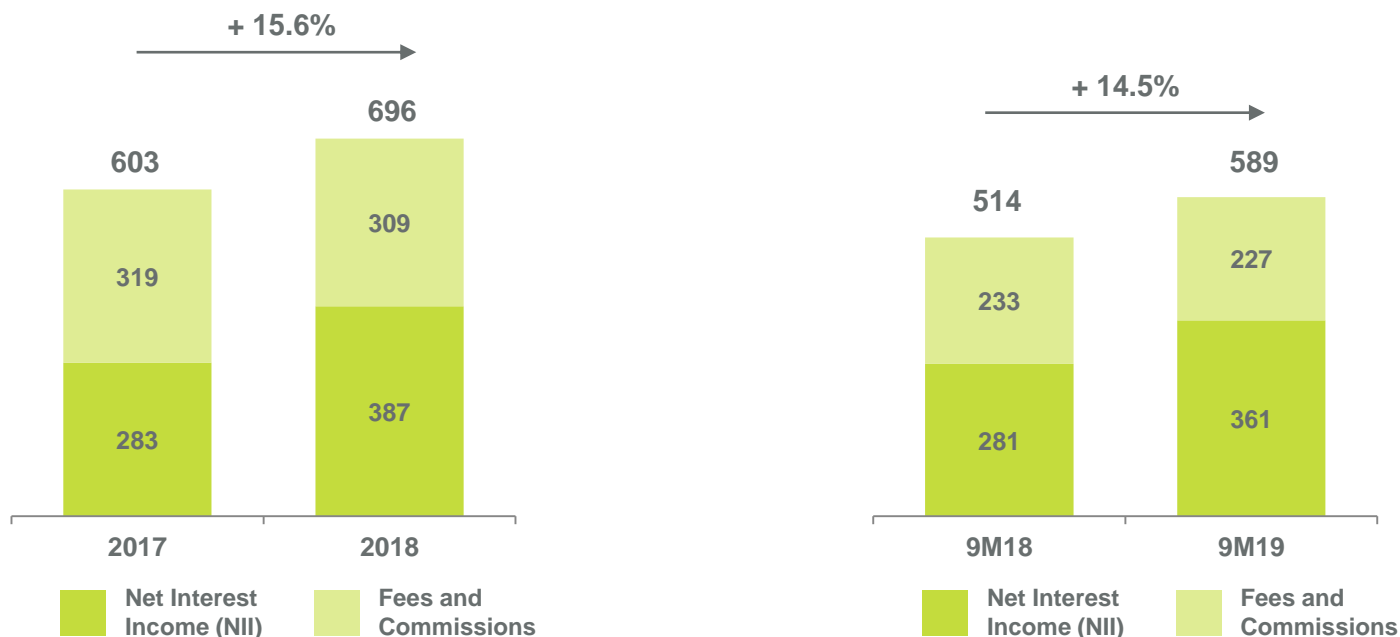
* Data as at 30 September 2018 restated to reflect the change of the initial recognition of liabilities related to the LME operation concluded in the last quarter of 2017.

** Commercial Banking Income minus Operating Costs.

NOVO BANCO Recurrent

Commercial Banking Income increased by 14.5% in 9M19

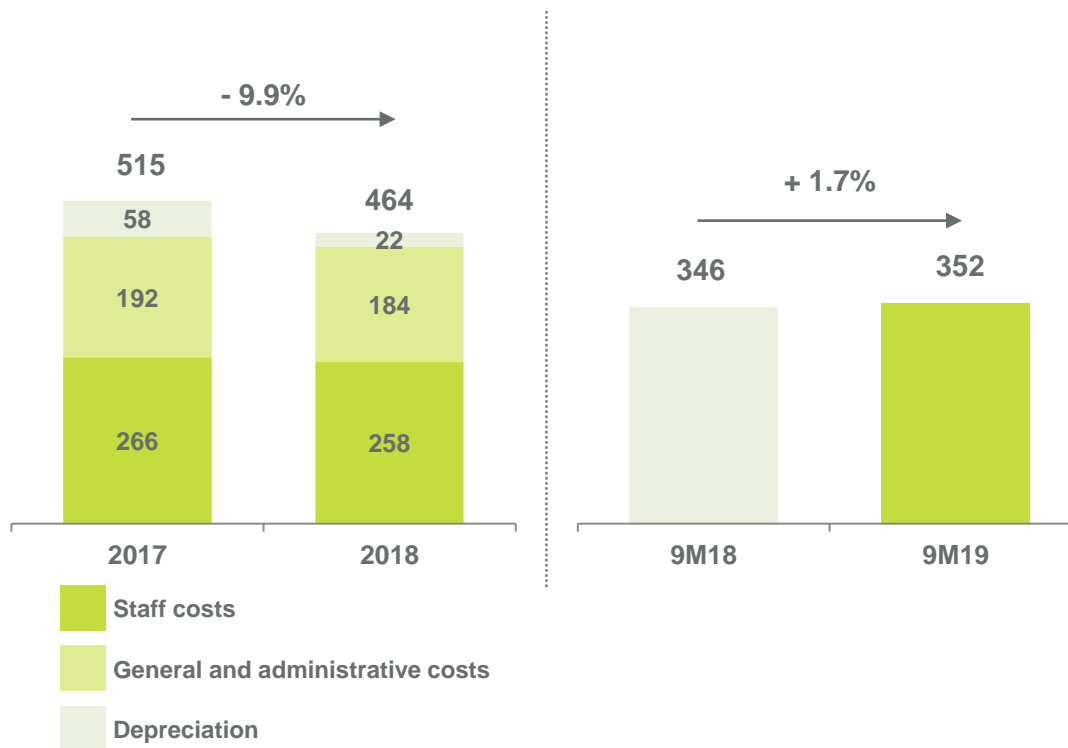
Commercial Banking Income (€mn)



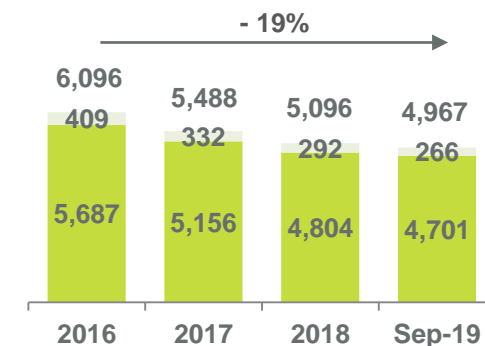
- Commercial Banking Income increased 15.6% in 2018 and 14.5% YoY in 9M19.
- NII increased by 36.6% in 2018 and by 28.6% YoY in 9M19 reflecting the optimisation measures implemented in 2018, increase of credit volumes and continued focus on pricing policy.

NOVO BANCO Recurrent Operating Costs

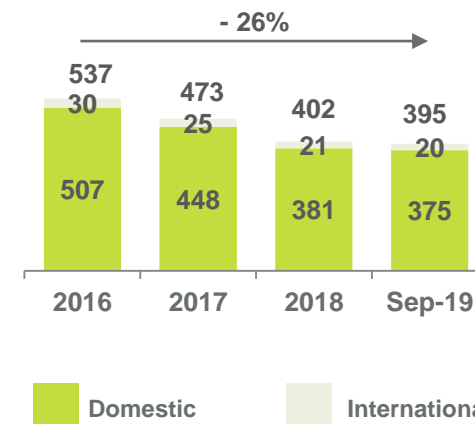
Operating Costs (€mn)



Employees



Branches

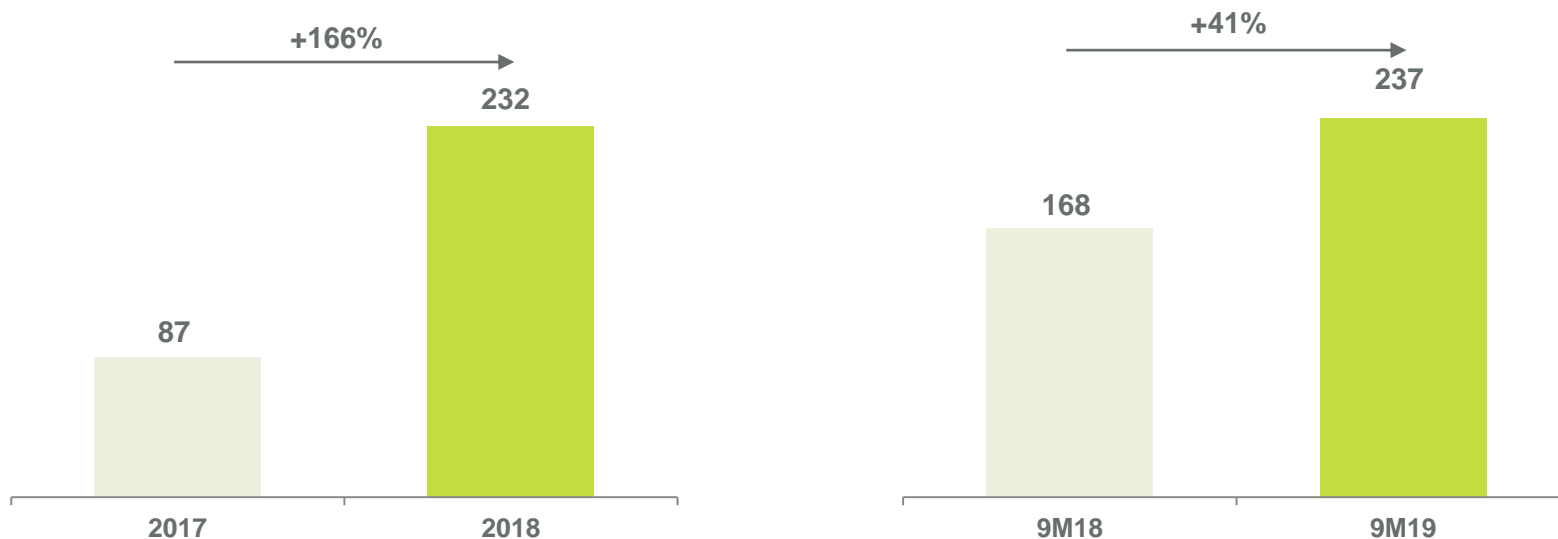


- Number of branches and employees adjusted to the new business environment.

NOVO BANCO Recurrent

Core Operating Income* increased by 41% YoY in 9M19

Core Operating Income* (€mn)



- Core operating income increased by

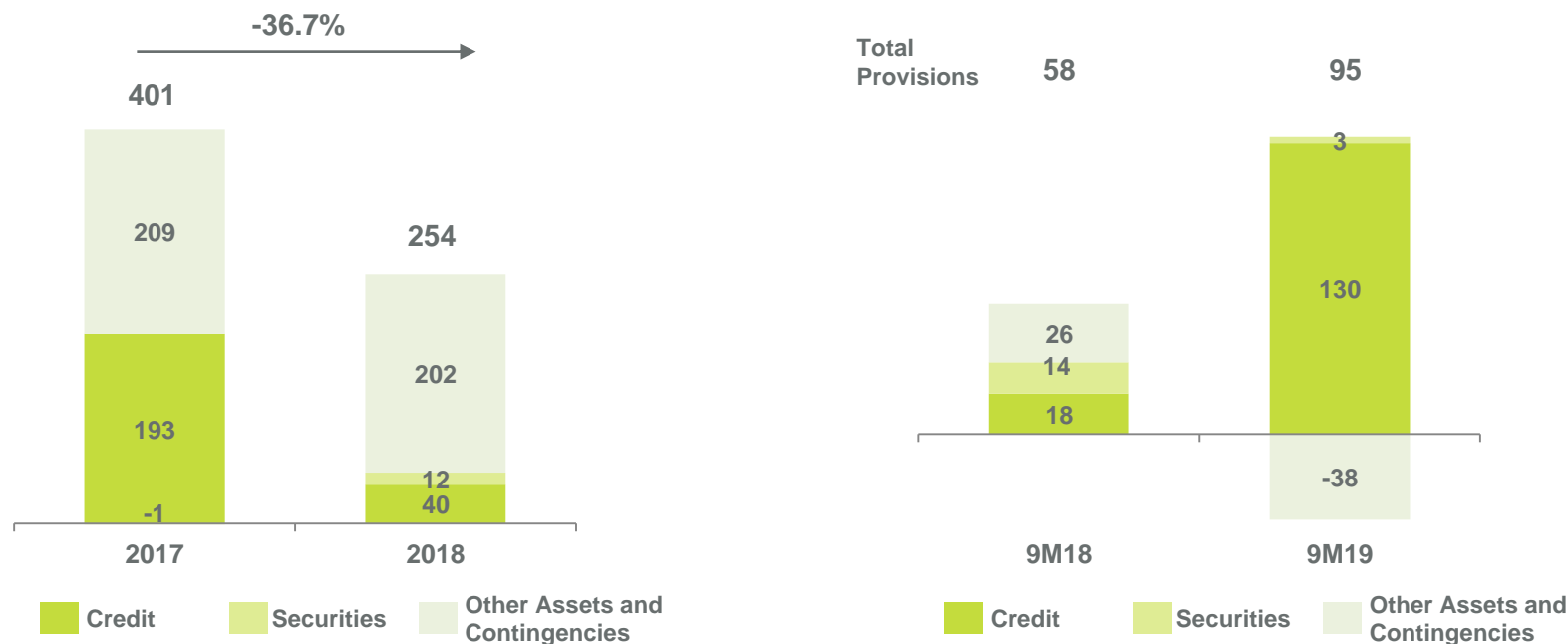
- +166% (€145mn) in 2018 compared to 2017
- +41% (€69mn) in 9M19 compared to 9M18
- with the Commercial Banking Income (+15.6% in 2018 and +14.5% YoY in 9M19) to contribute to this growth

NOVO BANCO Recurrent

Provisions decreased by 36.7% YoY in 2018.

In 9M19 provisions reached €95mn

Provisions (€mn)

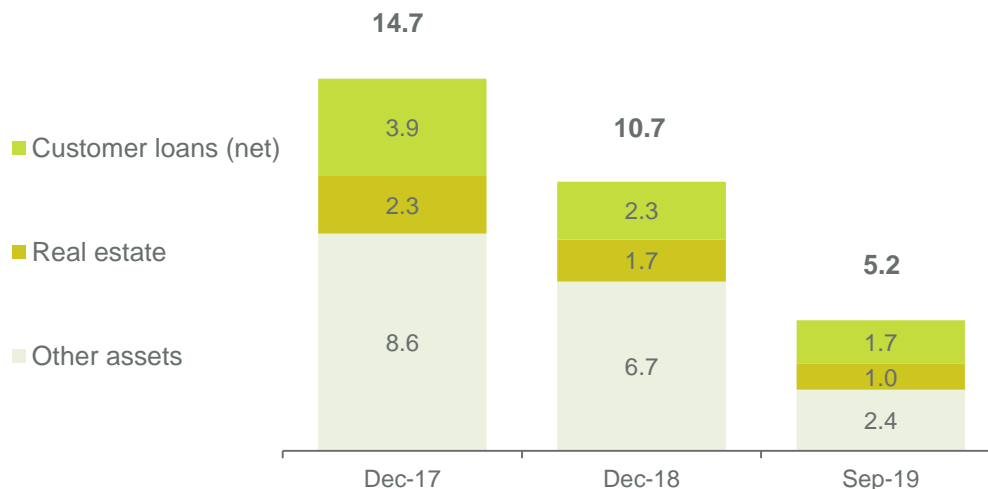


- Reinforcement of the Credit Provisions by €40mn in 2018 (-79.5% YoY) and by €130mn in 9M19.
- Provisions for Other Assets and Contingencies of €202mn in 2018 (-3.4% YoY), included circa €155mn for the programme of early reimbursement of high-rate liabilities.

NOVO BANCO Legacy

Legacy assets reduced by 65% since 2017

Net Assets (€bn)



- NB Legacy assets reduced by 65% (-€9.6bn in net terms) since 2017, of which:
 - The sale of BES Vénétie contributed €1.0bn to the reduction in assets in 2018,
 - The sale of GNB Vida contributed €4.1bn to the reduction in assets in 9M19,
 - Customer loans (net) decreased by €1.6bn in 2018 (-40.6%) compared to 2017. In 9M19 customer loans (net) decreased by €0.6bn since the end of 2018.
- In Sep-19 the NPLs of NB Legacy had decreased by 18% YTD to €4.5bn.

NOVO BANCO Legacy

Divestment of non-strategic assets

Process of divestment of non-strategic assets and focus on the domestic and Iberian banking business (strategic reorganisation).

2018: NOVO BANCO Group carried out the following operations:

- ✓ **Sales:**
 - ✓ assets and liabilities of the branch in Venezuela;
 - ✓ Banco Internacional de Cabo Verde;
 - ✓ BES Vénétie;
- ✓ Closure of the London branch;
- ✓ Sale of a portfolio of real estate assets (Project Viriato);
- ✓ Sale of a non-performing loans (NPLs) portfolio and related assets (Project Nata).

2019: operations announced:

- ✓ Sale of non-performing loans and related assets (Project Nata II);
 - ✓ Sale of real estate assets (Project Sertorius);
 - ✓ Sale of non-performing loans and real estate in Spain (Project Albatros);
 - ✓ Completion of the sale of the entire share capital of GNB Vida.
-

NOVO BANCO Legacy

Income Statement reflects the process of deleveraging non-strategic assets

- In 2018 Income before Taxes was negative by €715.2mn, influenced by the impact of:
 - sales of non-performing loans (Project Nata) and real estate (Project Viriato), which contributed with a loss of c. €234mn;
 - impairment reinforcement for legacy customers (€224mn).
- In 9M19 NB Legacy reported a loss of €712.4mn which includes €395mn of losses related to the sale of assets (project Sertorius, project Albatros, project NATA II and GNB Vida).

Income Statement (€mn)

	2017	2018	Change %	9M18* (pro-forma)	9M19	Change %
Net Interest Income	120.3	67.2	(44.2)	48.4	40.4	(16.4)
+ Fees and Commissions	5.6	4.6	(16.7)	3.6	2.2	(38.2)
= Commercial Banking Income	125.9	71.8	(42.9)	51.9	42.6	(17.9)
+ Capital Markets Results	58.8	(70.7)	-	(21.1)	(54.6)	-
+ Other Operating Results	(9.2)	(237.0)	-	(44.5)	(171.3)	-
= Banking Income	175.4	(235.9)	-	(13.7)	(183.3)	-
- Operating Costs	33.9	22.9	(32.4)	17.9	10.2	(42.9)
= Net Operating Income	141.5	(258.8)	-	(31.6)	(193.5)	-
- Net Impairments and Provisions	1,656.1	456.4	(72.4)	398.0	546.1	37.2
= Income before Taxes	(1,514.6)	(715.2)	52.8	(429.6)	(739.6)	(72.2)
- Taxes and Bank Levy	405.5	620.2	53.0	0.0	(11.3)	-
- Non-controlling interest	0.0	0.0	-	0.1	(15.9)	-
= Net Income for the Period	(1,920.1)	(1,335.4)	30.5	(429.8)	(712.4)	(65.8)

* Data as at 30 September 2018 restated to reflect the change of the initial recognition of liabilities related to the LME operation concluded in the last quarter of 2017.

NOVO BANCO combined Consolidated Balance Sheet

Assets (€mn)	Dec-17*	Dec-18	Sep-19	YtD Change	
				absolute	relative
Loans and advances to banks	4 751	1 401	1 372	- 29	-2.1%
Customer loans	25 791	24 754	25 076	322	1.3%
Securities portfolio	8 479	10 875	12 412	1 538	14.1%
Non-current assets held for sale (incl. discontinued operations)	5 136	4 092	45	-4 047	-98.9%
Current and deferred tax assets	1 970	1 203	932	- 271	-22.6%
Other assets	5 928	5 949	4 989	- 960	-16.1%
Total Assets	52 055	48 274	44 826	-3 448	-7.1%
Liabilities and Equity (€mn)	Dec-17*	Dec-18	Sep-19	YtD Change	
				absolute	relative
Due to central banks and banks	8 425	8 356	8 762	407	4.9%
Customer deposits	29 682	28 350	28 048	- 302	-1.1%
Debt securities	1 217	1 104	1 106	2	0.2%
Non-current liabilities held for sale (incl. discontinued operations)	5 529	4 438	2	-4 436	-99.9%
Other liabilities	2 480	2 104	2 701	598	28.4%
Total Liabilities	47 334	44 352	40 620	-3 731	-8.4%
Equity	4 721	3 922	4 206	283	7.2%
Total Liabilities and Equity	52 055	48 274	44 826	-3 448	-7.1%

- Net customer loans grew by 1.3% YtD with a growth of 4.0% in the Recurrent activity.
- NOVO BANCO** has completed the sale of GNB Vida with an impact of reducing the Group's legacy net assets by €4.1bn.
- Deposits (62.6% of Total Funding) decreased slightly by 1.1% while **NOVO BANCO** pursued its policy of lowering the price of the deposits.
- At the end of September 2019, total customer funds amounted to €34.9bn, with Off-Balance Sheet products having increased by 11.9% YtD.

NOVO BANCO combined 2018 and 9M19 Consolidated Results

- **In 2018: Net loss of €1,412.6mn**, which compares with a net loss of €2,298.0mn in 2017.
- **In 9M19: Net loss of €572.3mn reflecting the combined effect of a €712.4mn loss in legacy activity and a €140.1mn gain in recurrent activity.** In this period, NOVO BANCO Group recorded losses related to the restructuring process, and the deleverage of non-performing assets, and the sale process of GNB Vida.

Income Statement (€mn)

	2017*	2018	Change %	9M18** (pro-forma)	9M19	Change %
+ Net Interest Income	403.7	454.3	12.6	329.4	401.7	22.0
+ Fees and Commissions	324.8	313.9	(3.4)	236.6	229.5	(3.0)
Commercial Banking Income	728.5	768.2	5.5	565.9	631.2	11.5
+ Capital Markets Results	94.3	(40.3)	-	7.8	(44.3)	-
+ Other Op. Results	(42.7)	(243.7)	-	(17.7)	(196.5)	-
= Banking Income	780.0	484.2	(37.9)	555.9	390.5	(29.8)
- Operating Costs	549.2	487.3	(11.3)	363.5	361.8	(0.5)
= Net Operating Income	230.8	(3.0)	-	192.4	28.7	(85.1)
Core Operating Income ***	179.3	280.9	56.7	202.4	269.4	33.1
- Net Impairments and Provisions	2,056.9	710.0	(65.5)	456.2	640.9	40.5
= Income before Taxes	(1,826.1)	(713.0)	61.0	(263.8)	(612.2)	-
- Tax and Bank Levy	475.9	695.0	46.0	126.1	(24.1)	-
- Non-Controlling Interests	(4.0)	4.7	-	1.0	(15.7)	-
= Net Income	(2,298.0)	(1,412.6)	38.5	(390.9)	(572.3)	(46.4)

Note: NOVO BANCO consolidated data.

* Data of 2017 restated to reflect in Other reserves and retained earnings the triggering of the Contingent Capital Agreement and the change of the initial recognition of liabilities related to the LME operation concluded in the last quarter of 2017.

** Data of 9M18 restated to reflect the change of the initial recognition of liabilities related to the LME operation concluded in the last quarter of 2017.

** Commercial Banking Income minus Operating Costs.

Agenda

1. Overview of NOVO BANCO
2. Liquidity
3. Asset Quality
4. Capital
5. Financial results in 2018 and 9M19

Annexes

Consolidated Balance Sheet

(€mn)

30 Sep.19 31 Dec.18 30 Sep.18

30 Sep.19 31 Dec.18 30 Sep.18

Cash, cash balances at central banks and other demand deposits	910	978	3,691
Financial assets held for trading	876	844	1,204
Financial assets mandatorily at fair value through profit or loss	1,562	1,566	1,474
Financial assets designated at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	8,887	7,661	7,477
Financial assets at amortised cost	27,125	26,533	26,907
Debt securities	1,658	1,389	1,399
Loans and advances to credit institutions	462	423	392
Loans and advances to customers	25,005	24,721	25,117
Derivatives – Hedge accounting	6	1	8
Fair value changes to the hedged items in portfolio hedge of interest rate risk	72	34	22
Investments in subsidiaries, joint ventures and associates	93	119	129
Tangible assets	952	1,241	1,289
Tangible fixed assets	189	142	138
Investment properties	763	1,098	1,151
Intangible assets	16	5	9
Tax assets	932	1,203	1,756
Current tax assets	3	7	4
Deferred tax assets	929	1,197	1,752
Other assets	3,351	3,996	3,434
Non-current assets and disposal groups classified as held for sale	45	4,092	5,215
Total Assets	44,826	48,274	52,616

Financial liabilities held for trading	680	493	482
Financial liabilities designated at fair value through profit or loss	101	97	101
Financial liabilities measured at amortised cost	38,596	38,336	40,776
Due to banks	8,762	8,356	9,196
Due to customers	28,469	28,695	30,257
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,050	1,052	999
Other financial liabilities	315	234	324
Derivatives – Hedge accounting	80	36	32
Provisions	279	426	363
Tax liabilities	20	18	18
Current tax liabilities	13	12	12
Deferred tax liabilities	7	6	6
Other liabilities	862	507	470
Liabilities included in disposal groups classified as held for sale	2	4,438	5,541
Total Liabilities	40,620	44,352	47,782
Capital	5,900	5,900	5,900
Other comprehensive income – accumulated	(567)	(791)	(724)
Retained earnings	(6,115)	(4,682)	(3,780)
Other reserves	5,523	4,873	3,754
Profit or loss attributable to parent company shareholders	(572)	(1,413)	(391)
Minority interests (Non-controlling interests)	37	35	73
Total Equity	4,206	3,922	4,833
Total Liabilities and Equity	44,826	48,274	52,616

Consolidated Income Statement

(€mn)

	30 Sep. 2019	30 Sep. 2018*
Net interest income	401.7	329.4
Dividend income	9.1	8.9
Fee and commission income	262.1	273.6
Fee and commission expense	(40.0)	(44.0)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	64.0	33.7
Gains or losses on financial assets and liabilities held for trading	(102.5)	(2.7)
Gains or losses on financial assets mandatorily at fair value through profit or loss	(26.4)	29.5
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	(0.1)	(1.1)
Gains or losses from hedge accounting	(17.1)	(47.9)
Exchange differences	23.5	27.9
Gains or losses on derecognition of non-financial assets	(3.0)	24.6
Other operating income	120.2	137.3
Other operating expenses	(330.7)	(215.6)
Operating Income	360.7	553.6
Administrative expenses	(334.9)	(347.3)
Staff expenses	(200.6)	(199.5)
Other administrative expenses	(134.3)	(147.9)
Depreciation	(26.9)	(16.2)
Provisions and impairments	(640.9)	(456.2)
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	1.6	4.9
Income before taxes	(640.4)	(261.2)
Tax expenses or income related to profit or loss from continuing operations	51.2	(98.8)
Current tax	(6.4)	(6.1)
Deferred tax	57.6	(92.8)
Profit or loss after tax from continuing activities	(589.2)	(360.0)
Discontinued operations profit or loss	1.1	(29.9)
Profit or loss for the period	(588.0)	(389.9)
Attributable to minority interest (non-controlling interests)	15.7	(1.0)
Net income attributable to shareholders of the Bank	(572.3)	(390.9)

Glossary (1/3)

GLOSSARY

Income Statement

Fees and Commissions	Fee and commission income less fee and commission expense.
Commercial Banking Income	Net interest income and fees and commissions.
Capital Markets Results	Dividend income, net gains / (losses) from financial assets and liabilities at fair value through profit or loss, net gains / (losses) from available-for-sale financial assets, net gains / (losses) from foreign exchange revaluation, and net gains / (losses) on the revaluation of liabilities.
Other Operating Results	Other operating income and expenses, disposal of subsidiaries and associated companies, and results from associated companies consolidated by the equity method.
Banking Income	Net interest income, fees and commissions, capital markets results and other results.
Operating Costs	Staff costs, general and administrative expenses and depreciation and amortisation.
Net Operating Income	Banking Income - operating costs.
Net Provisions	Provisions net of reversals, impairment losses on loans net of reversals, impairment losses on other financial assets net of reversals and impairment losses on other assets net of reversals.

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 other comprehensive income and at amortised cost.
Due to customers Banco de Portugal Instruction n. 16/2004	Sums booked under the following balance sheet accounting 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	On- 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.

Glossary (2/3)

GLOSSARY

Asset Quality and Coverage Ratios

Overdue Loans ratio	Ratio of overdue loans to total credit.
Overdue Loans > 90 days ratio	Ratio of overdue loans > 90 days to total credit.
Overdue Loans coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
Overdue Loans > 90 days coverage ratio	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days.
Coverage ratio of customer loans	Ratio of impairment on customer loans (on balance sheet) to gross customer loans.
Cost of Risk	Ratio of credit impairment charges accounted in the period to gross customer loans.
Non-performing loans	Total balance of the contracts identified as: (i) in default (internal definition in line with article 178 of Capital Requirement Regulation, i.e., contracts with material overdue above 90 days and contracts identified as unlikely to pay, in accordance with qualitative criteria); and (ii) with specific impairment.
Non-performing loans ratio	Ratio of non-performing loans to the sum of total credit and cash and deposits with banks and Loans and advances to banks
Non-performing loans coverage ratio	Ratio of impairment on customer loans (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.

Glossary (3/3)

Designations and abbreviations

NB NOVO BANCO
NBG NOVO BANCO Group

YTD Year-to-date
YoY Year-on-Year
ECB European Central Bank
QE Quantitative Easing

€, EUR euro
€mn millions of euro
€bn billions of euro
bps basis points
p.p. percentage points

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