



Results Presentation

9M 2020

Disclaimer

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

By their nature, forward-looking statements are inherently predictive, speculative, and involve risk and uncertainty. There are many factors that can lead to results and developments that differ materially from those expressed or implied in forward-looking statements. These factors include, but are not limited to, changes in economic conditions in countries where the NOVO BANCO 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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As in 2019, NOVO BANCO discloses its first nine months results of 2020 (unaudited) presenting separately the financial results of NOVO BANCO Recurrent, which include all the core banking activity, and those of NOVO BANCO Legacy. NOVO BANCO considers that differentiating between NOVO BANCO Recurrent and NOVO BANCO Legacy will allow customers and other stakeholders to better understand the progress of the Bank's ongoing restructuring.

Note: *In the 3Q2020, NOVO BANCO classified the Spanish Branch as discontinued operations, in line with the strategy to discontinue the Spanish business. Thus, for comparison purposes, the previous periods are restated. This document contains unaudited information for the 1st nine months of 2020.*

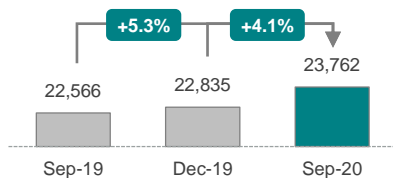
Agenda

- 1. Highlights**
2. Macroeconomic Environment
3. Activity and Results
4. Covid-19: Moratorium & Credit Lines
5. Appendix

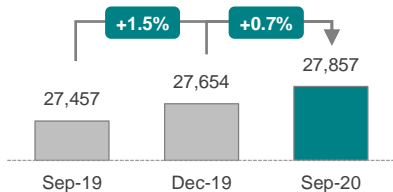
9M20 Highlights

Novo Banco continues to propel the Portuguese economy, companies and households...

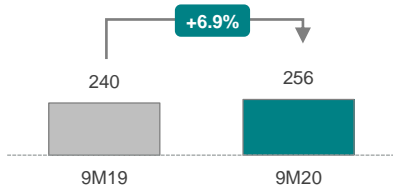
Recurrent Gross Customer Loans¹ (€mn)



Customer Funds¹ (€mn)



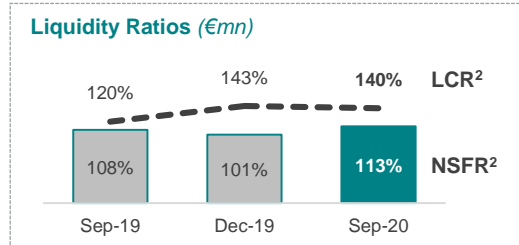
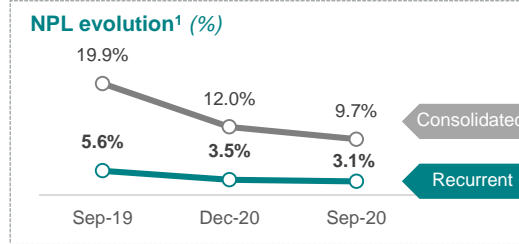
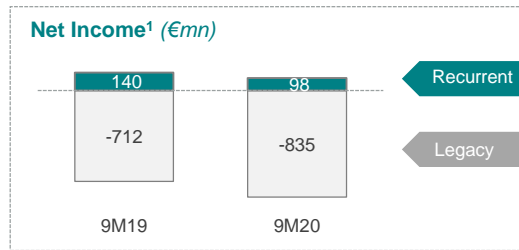
Recurrent Core Operating Income¹ (€mn)



- **Recurrent customer loans growing 5.3% YoY and 4.1% YTD.**
- NOVO BANCO's position and expertise in credit solutions and its ability to quickly respond allowed it to continue the positive trend already achieved during 2019 (+5.6%), despite the adverse context.
- The YoY growth in both commercial and residential mortgage loans reflects the continued support to companies and households, with special focus on SMEs.
- **Customer deposits increased 1.5% YoY (+€394mn) and leading to the increase in Customer funds (+1.5% YoY or +€399mn; +0.7% YTD), maintaining a strong liquidity position while funding loan growth.**
- As of Sep-20, Deposits accounted for 82% of total funds (up from 81% in Sep-19).
- **Recurrent core operating income increased by 6.9%, reflecting the focus on cost optimisation and higher commercial banking income.**
- Commercial banking income was €568mn (+1.4% YoY) with Net interest income evolving positively evolution (+9.3%) offsetting the lower Fees & commissions (-10.9%), denoting the Bank's ability to generate revenues despite the pandemic environment.
- Operating costs decrease 2.7% YoY, notwithstanding the investment in digital transformation.

9M20 Highlights

...while completing the bank's restructuring and balance sheet clean-up



- **Recurrent net income of €98.2mn, demonstrating the underlying profitability and future sustainability.**
- Despite YTD positive evolution on the Recurrent activity, at Consolidated level the Bank accounts a net loss of €853.1mn, which includes losses of:
 - €260.6mn as a result of the independent assessment of restructuring funds;
 - €727.7mn of impairments and provisions, from discontinuation of the business in Spain and higher credit risk (including additional impairment for Covid-19);
 - €26.9mn increase in provisions for restructuring.
- **NPL ratio decreased to 9.7%**, reaching a single digit ratio for the first time (vs 2016 NPL ratio at 33.4%).
- NPL ratio of Recurrent activity decreases to 3.1% (vs 3.5% in Dec-19).
- Covid-19 led to an **increase in the cost of risk**. The **additional provisions** for credit and securities risk arising from Covid-19 pandemic totalled **€195.1mn**, of which €152.0mn (+€36mn in 3Q20) calculated on a consolidated basis (not allocated to Legacy or Recurrent).
- Loan to Deposit ratio at 91.3% (vs 92.1% in Dec-19), Liquidity Coverage Ratio (LCR) stood at 140% and Net Stable Funding Ratio (NSFR) at 113%, with the Bank **maintaining a comfortable liquidity position**.
- **NOVO BANCO is well capitalised**, with preliminary phase-in CET1 ratio at 12.0% (stable vs Jun-20) and Total Capital Ratio at 13.9% (increasing vs 13.5% in Jun-20) as a result of a lower level of RWA.

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Macroeconomic Environment

Covid-19 with strong negative impact on economic activity

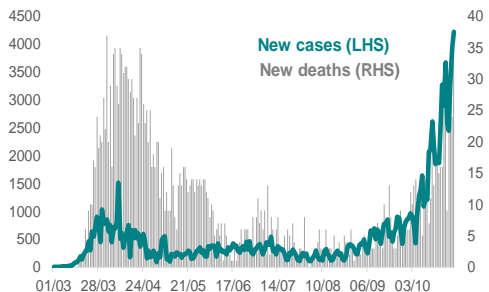
Sharp decline in 2Q activity, partially recovered in the 3Q.

The 9M20 were marked by Covid-19 outbreak, with a first wave between March and April and a second wave starting in September. Initial confinement measures resulted in a simultaneous negative shock on supply and demand, causing GDP to fall 13.9% QoQ in 2Q. Activity partially recovered in 3Q, with GDP growing 13.2% QoQ (-5.8% YoY).

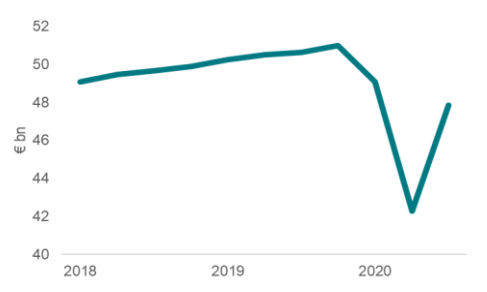
The impact of Covid-19 was amplified by the above average weight of tourism, catering and trade in the economic activity. Domestic demand contributed to a recovery of tourism services in 3Q, but the respective exports still registered a sharp decrease.

Support measures for businesses and labor market (e.g. default, credit guarantees, employment support) mitigated the economic impacts of the pandemic. But the number of hours worked fell sharply and only partially recovered yet.

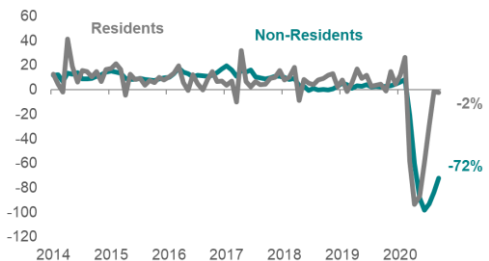
Number of Covid-19 cases in Portugal



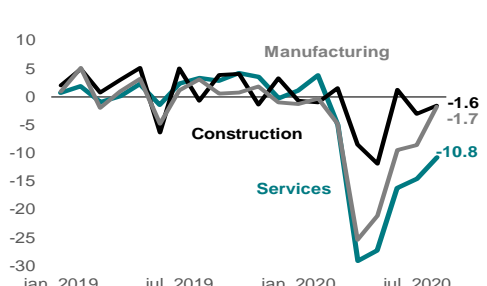
GDP, quarterly figures at constant prices (€bn)



Number of overnight stays in tourist accommodation in Portugal (% YoY)



Number of hours worked, by sector (% YoY)



Macroeconomic Environment

Expectations of a low interest rate environment for longer

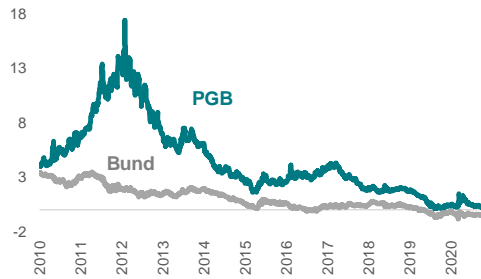
Industrial production and turnover in services (% YoY)



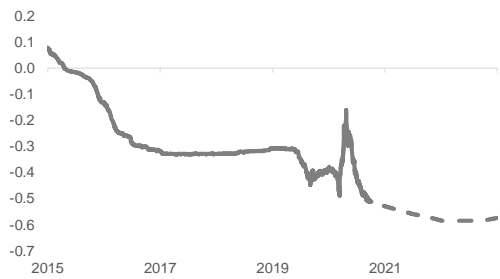
Household savings rate (% disposable income, year ended each quarter)



Bund Yields and 10-year Portuguese bonds (%)



Euribor 3 months - evolution and market expectations (%)



Asymmetric activity evolution.
Low interest expectation for longer.

Asymmetric economic activity evolution, with a faster recovery in industry and slower in services. Business confidence indicators suggest moderating expectations for demand at the end of 3Q.

A sharp increase in the savings rate reflects an increase in forced and preventive savings by households, as a result of confinement measures and increased uncertainty.

The spread of the 10-year Portuguese bonds to the Bund remained stable, closing the 3Q at 79 bps (vs. 63 bps at the beginning of the year and 134 bps at the end of 1Q). Portuguese debt benefited from a relatively favorable external perception of the Portuguese economy, from the purchase of debt by the ECB and from the optimism generated by the announcement of a European Recovery Fund (Next Generation EU). Despite some volatility, market expectations for Euribor remained negative.

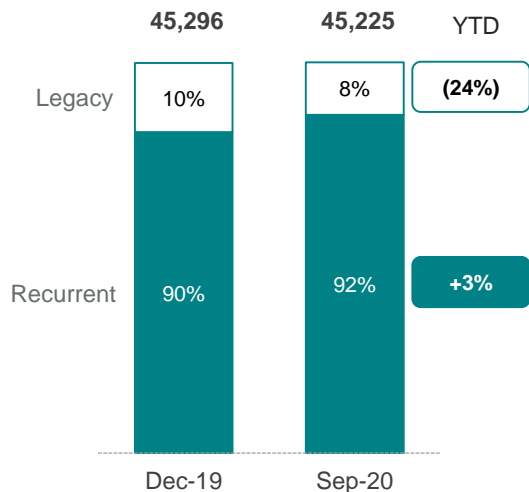
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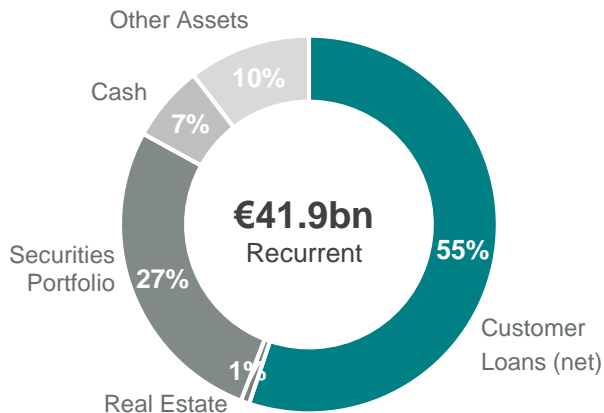
NOVO BANCO Activity

Successfully executing its restructuring process and deleveraging strategy...

Total Assets Evolution¹ (€mn)



Total Recurrent Assets by Type (€bn;%)



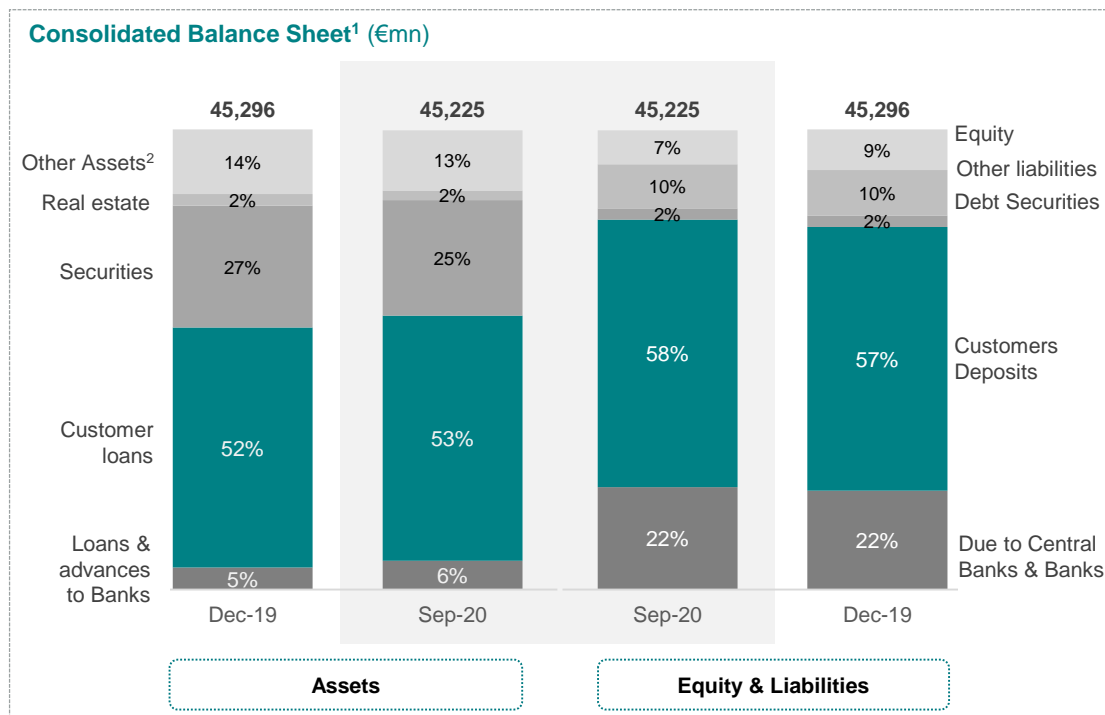
Total assets of €45.2bn as of Sep-20, of which Legacy accounts for 8% (-24% YTD) including CCA² assets and other non-strategic exposures.

The ongoing restructuring process in place allowed to reduce the exposure to non-strategic assets (YTD: Customer loans -16%; Real Estate -20%; Other assets -30%) and focus on the Recurrent activity.

As of Sep-20, 92% of total assets are from Recurrent business, which has increased its relevance over time (+3% YTD), with Recurrent Customer Loans +4.0% YTD.

NOVO BANCO Activity

...maintaining a solid Balance Sheet...



Highlights:

Recurrent Net customer loans increasing by +4.0% YTD and offset by a 16.3% decrease of Legacy net loans that includes a consolidated reduction of €504mn of non-performing loans.

Customer Deposits growing €358mn (+1.4% YTD), to €26.3bn.

Total Funds, including balance sheet customer funds (€27.9bn) and including off-balance sheet funds (+€4.2bn), amounted to €32.0bn (+0.9% YTD).

NOVO BANCO Activity

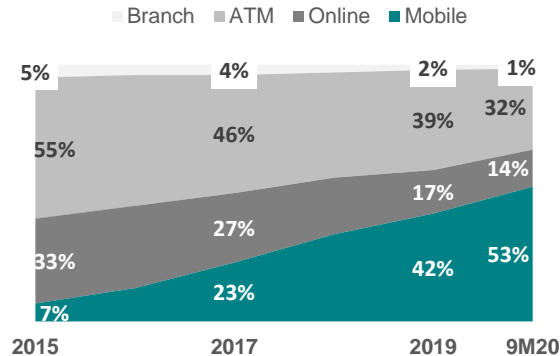
...while innovating customer experience in a disruptive environment...

3Q20 Key Developments

- **Remote account opening experience**, using both digital mobile key or video calls;
- **Improvements in the request for Covid credit lines** (process is more automated & directly through the NB website);
- Pilot: **deep aggregation of accounts, categorization of movements, initiation of payments**, financial calendar and events;
- Pilot: **new forms of validating paperless operations** for 13 types of operations with validation code, contributing to environmental sustainability and efficiency;
- Pilot: **NBnet and NBnetwork remote session sharing functionality**, after customer authorization, the employee and client can carry out operations together.

Client contact profile

(%)



NB smart app users
(active)

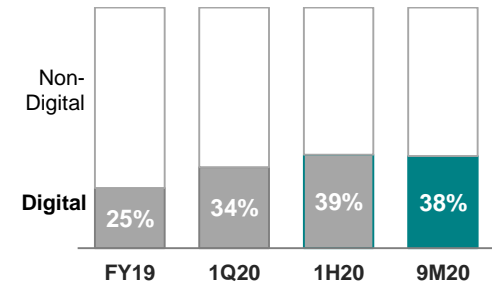
380 thousand users
+10% YoY

NB smart app score
(out of 5)

4.6 Google Play
4.7 Apple App Store

Digital Sales

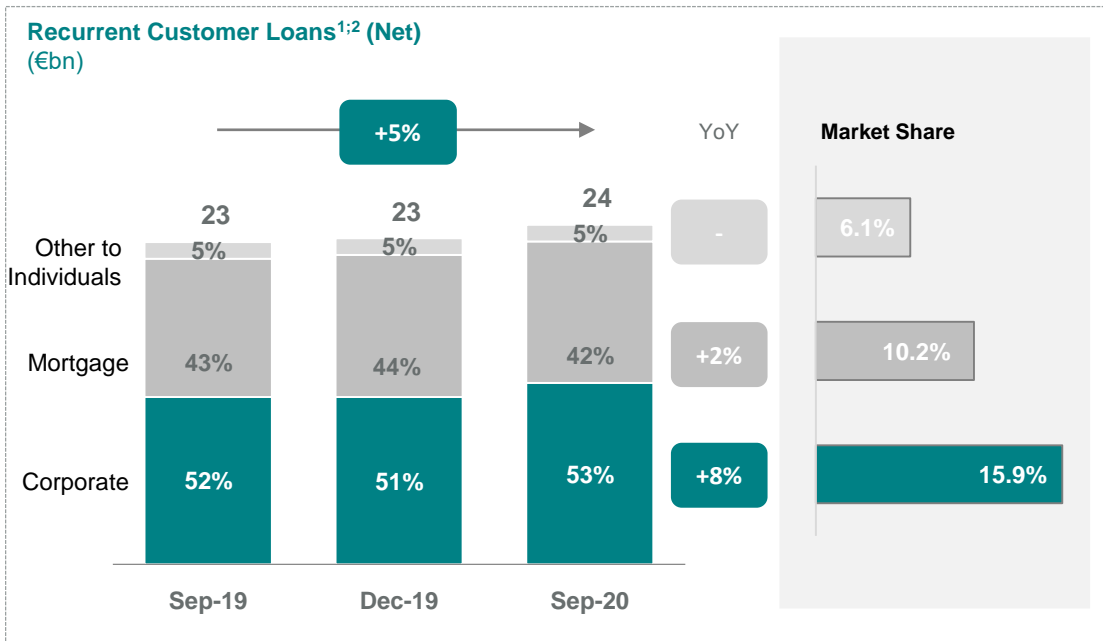
(Sales in units sold YTD, %)



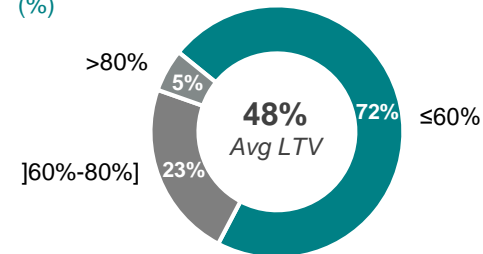
The increase in the weight of sales made through digital channels, highlights the growing importance of **NB smart app** relationship with customers.

NOVO BANCO Activity

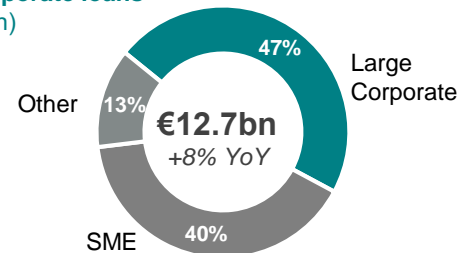
...to focus on its recurrent business and foster economic growth of corporates and households



LTV of Mortgage loans³ (%)



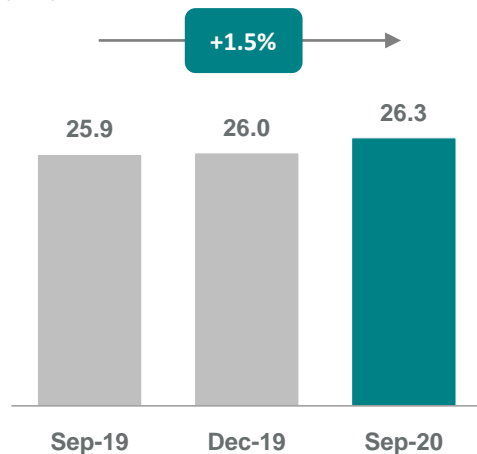
Corporate loans (€bn)



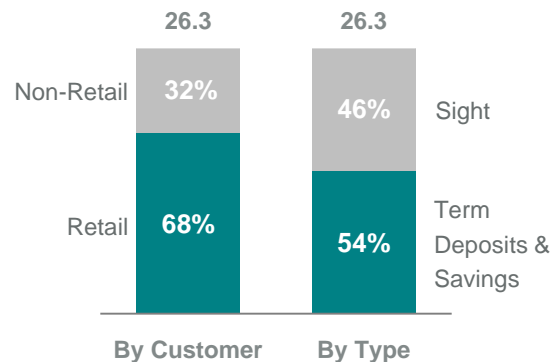
NOVO BANCO Activity

Customer Deposits +1.5% YoY...

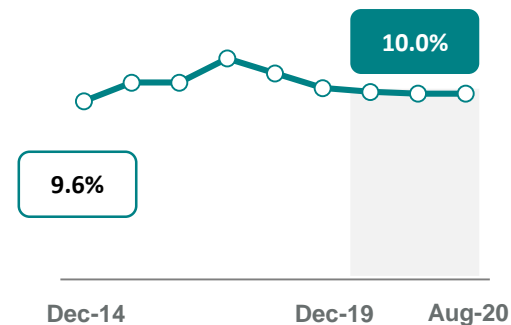
Customer Deposits¹
(€bn)



Customer Deposits Breakdown
(€bn; %)



Deposits Market Share Evolution²
(%; stock)



...denoting customers' confidence despite the lower pricing policy.

Recurrent Income Statement¹ (€mn)

	9M 2019	9M 2020	YoY Change €mn
Net Interest Income	341.0	372.8	31.8
+ Fees & Commissions	219.3	195.4	(23.9)
= Commercial Banking Income	560.3	568.2	7.9
+ Capital Markets Results	9.9	8.8	(1.0)
+ Other Operating Results	(5.8)	(20.1)	(14.4)
= Banking Income	564.4	556.9	(7.5)
- Operating Costs	320.4	311.7	(8.7)
= Net Operating Income	244.0	245.2	1.2
- Net Impairments & Provisions	118.2	140.5	22.3
- Corporate Tax & Special Tax	(14.5)	7.0	21.4
- Non-Controlling Interests	0.2	(0.6)	(0.8)
Net Income for the period	140.1	98.2	(41.9)

Highlights

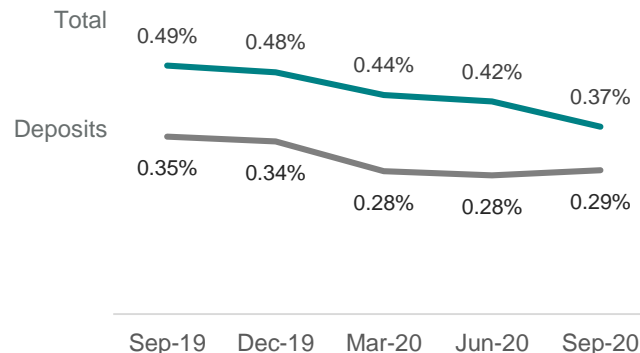
- Net Interest Income +€32mn YoY (+9.3%) given the increase in average volumes while maintaining pricing discipline;
- Commissions impacted by fees exemptions and lower commercial activity given Covid-19 repercussion in the economy;
- Commercial Banking Income +1.4% YoY, benefiting from NII evolution;
- Capital Markets in line YoY, recovering from 1Q20 losses related to interest rate swaps used in the hedging of sovereign debt securities;
- Other Operating Results of -€20.1mn, including €35mn of contributions to the resolution funds;
- Banking Income totalled €557mn;
- Operating Costs -€9mn YoY (-2.7%) reflecting continuous cost optimization measures;
- Net Impairments and Provisions² increasing by €22.3mn, leading to a Cost of Risk of 73bps;
- Corporate Income Tax and Special Tax on Banks amounted €7mn;
- **All in all, Net Income was positive by €98mn demonstrating NOVO BANCO's revenue generating capacity.**

NOVO BANCO Recurrent

NII increasing by +9.3% YoY while Commissions penalized by lower economic activity

Net Interest Income (NII) and Net Interest Margin (NIM)	9M19 Reported			9M20		
	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs
€ million; %						
Customer Loans	23,652	2.28%	410	22,863	2.16%	376
Money Market Placements	930	-0.02%	0	2,624	-0.06%	-1
FI Securities & Other Assets	10,145	1.16%	89	9,973	1.36%	103
Interest Earning Assets & Other	34,727	1.89%	499	35,460	1.77%	478
Interest Bearing Liabilities & Other	34,727	0.49%	130	35,460	0.37%	101
NIM / NII¹		1.37%	361		1.38%	373

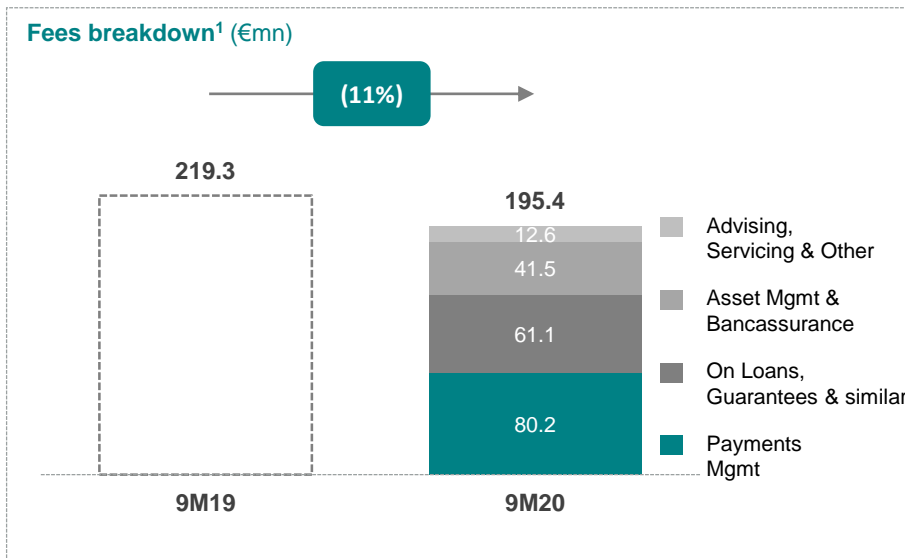
Funding Cost (%)



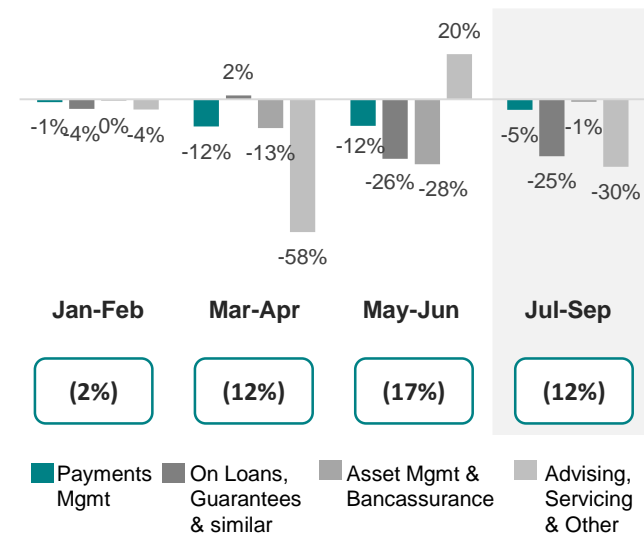
Net Interest Income evolution (+9.3% on a comparable basis, to €373mn) benefiting from the positive contribution of cost of funding optimization measures, the expansion of the loan volume, increase of the securities and other assets margin, and continued focus on pricing policy.

NOVO BANCO Recurrent

Lower YoY fees, however, 3Q YoY payments management and advising fees in a recovering trend



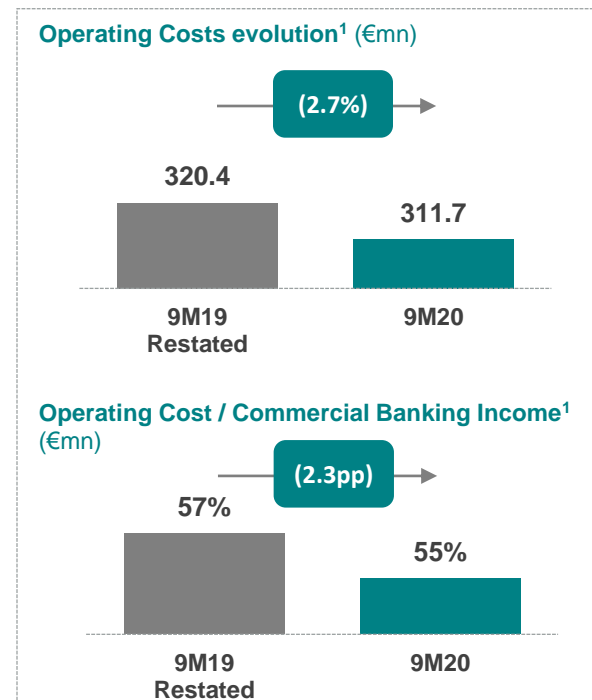
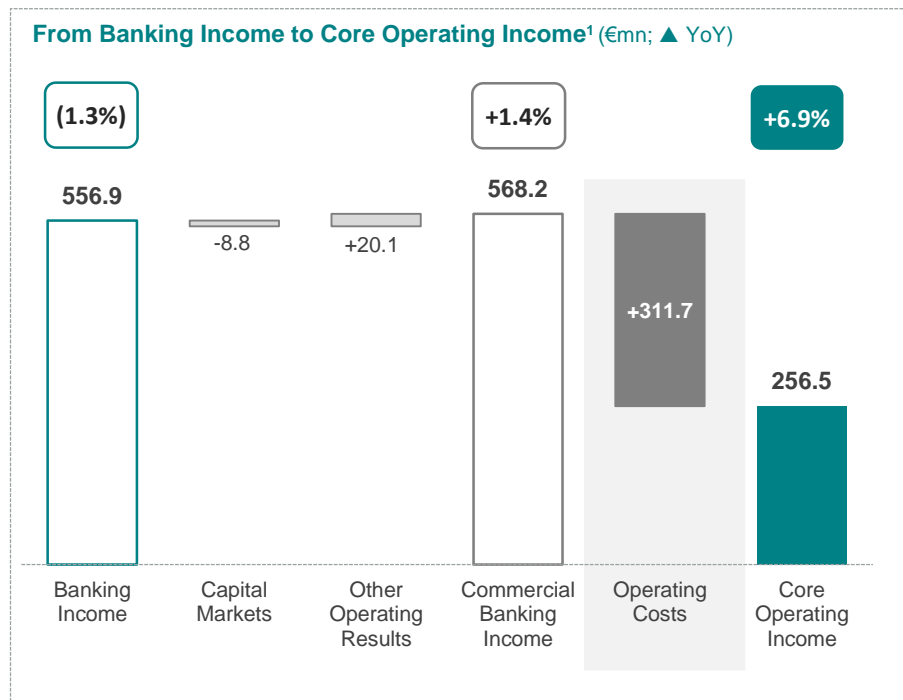
Consolidated Fees breakdown vs Previous Year¹
(€mn; period average)



Uniform performance across all product categories as a consequence of Covid-19. Given temporary exemptions, fees on loans, guarantees & similar and payment management are the most impacted, with the later recovering in the 3Q.

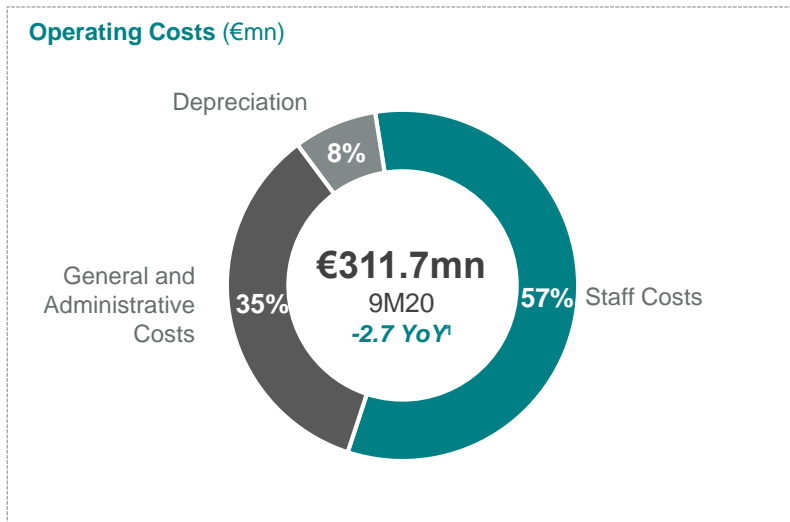
NOVO BANCO Recurrent

Core Operating Income +6.9%, from lower Operating Costs and higher Commercial Banking Income

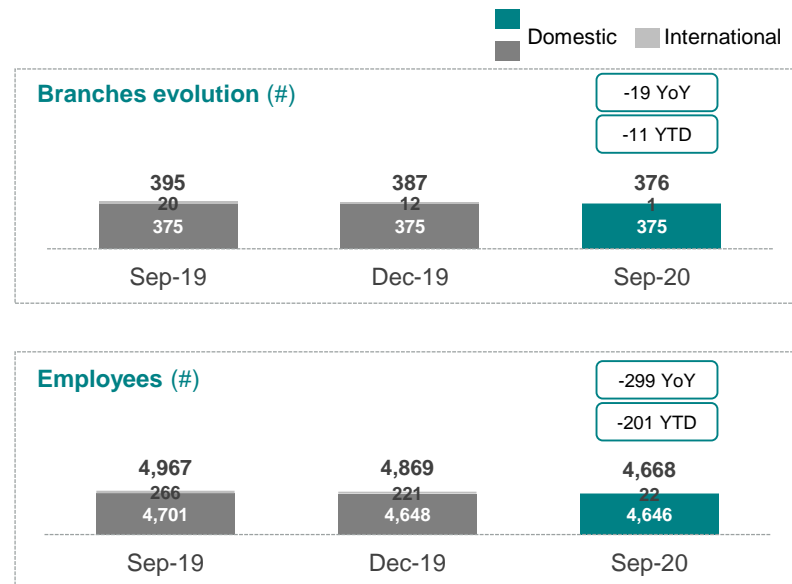


NOVO BANCO Recurrent

Operating costs decreasing 2.7% YoY, backed by cost structure optimization measures



- Operating costs decreasing 2.7% YoY, that notwithstanding the investment in the core business and in digital transformation, reflects the continued cost optimization focus.

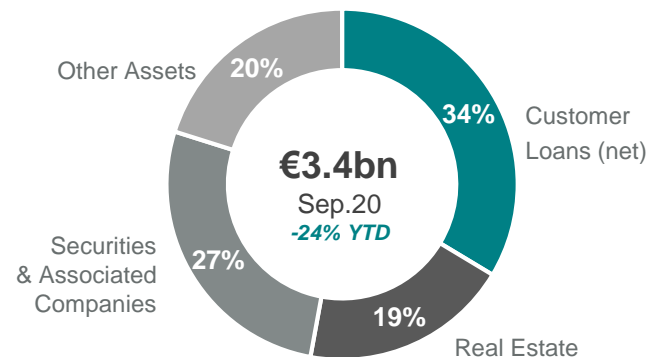


- In Sep-20, NOVO BANCO had 376 physical branches (-19 YoY; -11 YTD as a consequence of Spanish branch classification to discontinued operations) and 4,668 employees (-299 YoY).

Legacy Income Statement ¹(€mn)

	9M 2019	9M 2020	YoY change €mn
Net Interest Income	39.7	28.3	(11.5)
+ Fees & Commissions	2.2	1.1	(1.1)
= Commercial Banking Income	41.9	29.4	(12.6)
+ Capital Markets Results	(54.8)	(29.2)	25.6
+ Other Operating Results	(231.0)	(50.2)	180.8
= Banking Income	(243.9)	(50.1)	193.9
- Operating Costs	10.2	6.4	(3.9)
= Net Operating Income	(254.2)	(56.4)	197.7
+ Restructuring funds (indep. valuation)	-	(260.6)	(260.6)
- Net Impairments & Provisions	485.5	540.8	55.3
- Corporate Income Tax & Special Tax	(11.3)	(16.0)	(4.7)
- Non-Controlling Interests	(15.9)	(6.5)	9.4
Net Income for the period	(712.4)	(835.2)	(122.8)

Total Net Assets (€bn;%)



Legacy loss of €835m is explained by:

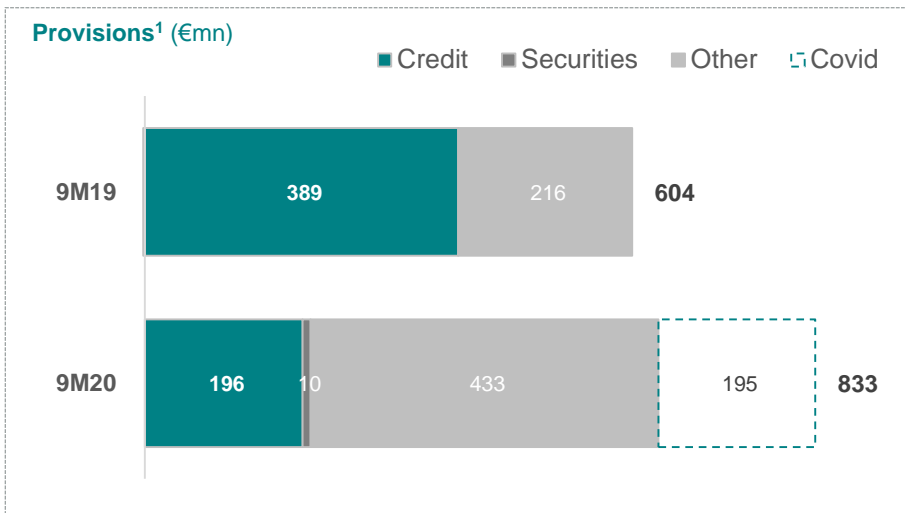
- independent valuation of restructuring funds (-€260.6mn);
- the provision for restructuring (€26.9mn); and
- discontinuation of the business in Spain, that together with higher credit risk², led to €455.0mn of impairments and provisions.

Consolidated Income Statement ¹ (€mn)	9M 2019			9M 2020			▲ % Consolidated
	Recurrent	Legacy	Consolidated	Recurrent	Legacy	Consolidated	
+ Net Interest Income	341.0	39.7	380.7	372.8	28.3	401.0	5.3%
+ Fees and Commissions	219.3	2.2	221.5	195.4	1.1	196.5	-11.3%
= Commercial Banking Income	560.3	41.9	602.2	568.2	29.4	597.6	-0.8%
+ Capital Markets Results & Oth. Operating Inc.	4.1	-285.9	-281.7	-11.3	-79.4	-90.7	-67.8%
- Operating Costs	320.4	10.2	330.7	311.7	6.4	318.1	-3.8%
= Net Operating Income	244.0	-254.2	-10.2	245.2	-56.4	188.7	-
+ Restructuring funds - independent valuation	0.0	0.0	0.0	0.0	-260.6	-260.6	-
- Net Impairments and Provisions	118.2	485.5	603.7	140.5	540.8	833.3	38.0%
of which Credit Impairments	116.0	273.4	389.4	129.6	101.6	383.3	-1.6%
- Tax & Non-Controlling Interests	-14.3	-27.2	-41.5	6.4	-22.5	-52.0	25.5%
= Net Income for the period	140.1	-712.4	-572.3	98.2	-835.2	-853.1	49.1%

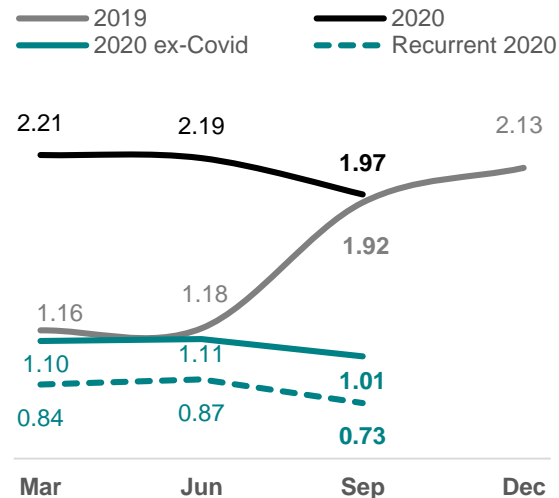
- **Core Operating Income² +1.9% YoY** resulting from an increase in the net interest income (+5.3%) given recurrent activity with focus on pricing discipline and a reduction of operating costs (-3.8%), that offset the lower commissioning, given Covid-19 impact.
- **Net Income of -€853mn**, justified by losses of (i) **€260.6mn** given the independent assessment of **restructuring funds**, (ii) **€727.7mn of impairments and provisions**, resulting from the discontinuation of the business in Spain and the higher credit risk³, with €187.2mn of additional impairment for credit risk arising from Covid-19 pandemic and (iii) **€26.9mn** increase in **provisions for restructuring**.

NOVO BANCO Consolidated

Higher YoY provisions reflecting discontinuation of Spanish business and Covid-19 provisions



Consolidated Cost of Risk (Credit; %)



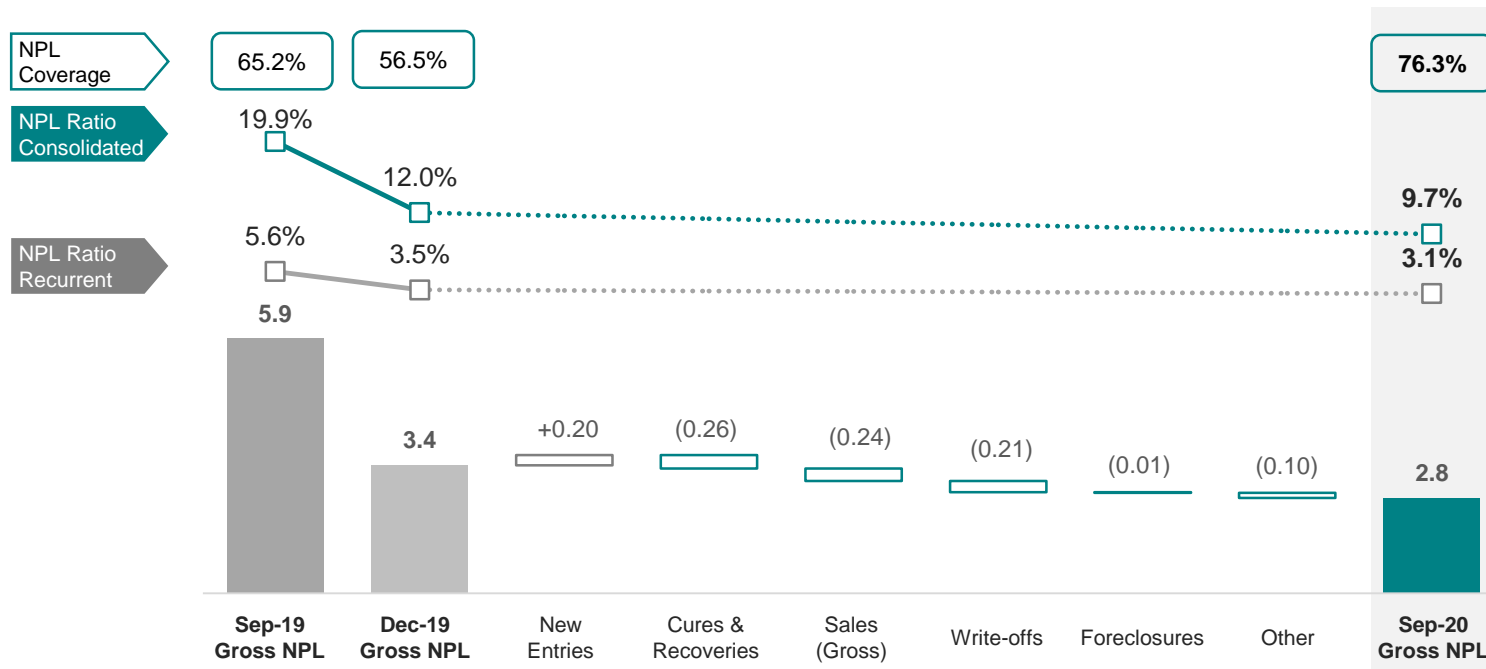
Provisions evolution include €195mn related to Covid-19 (of which €187mn related to credit risk and €152mn allocated on collective basis) as a result of economic slowdown and market volatility, along with discontinuation of the business in Spain, the higher risk ² and provisions for restructuring.

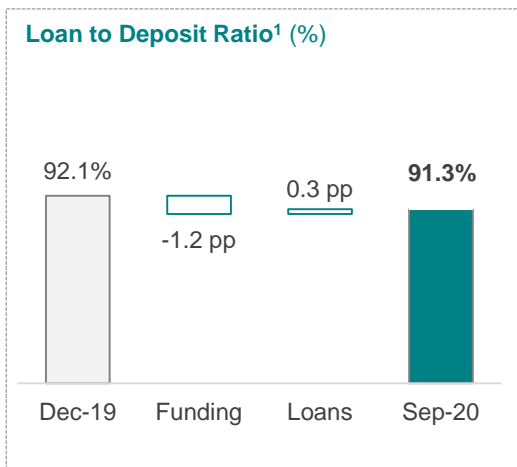
Excluding Covid-19, the Cost of Risk was lower YoY to 1.01%, reflecting the restructuring process and strategy execution.

NOVO BANCO Consolidated

Continuous reduction of NPL stock, reaching a single-digit NPL ratio

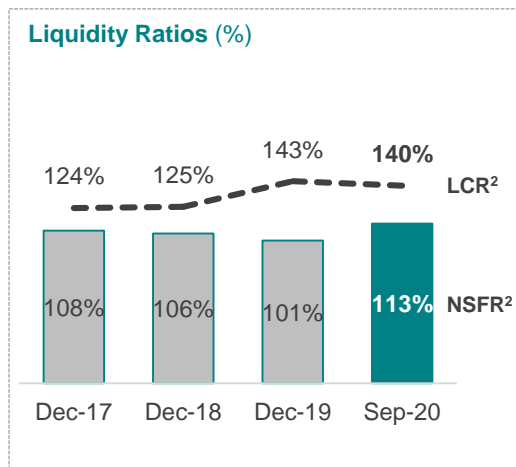
Non-performing Loans Evolution (%; €bn; Gross NPL¹)





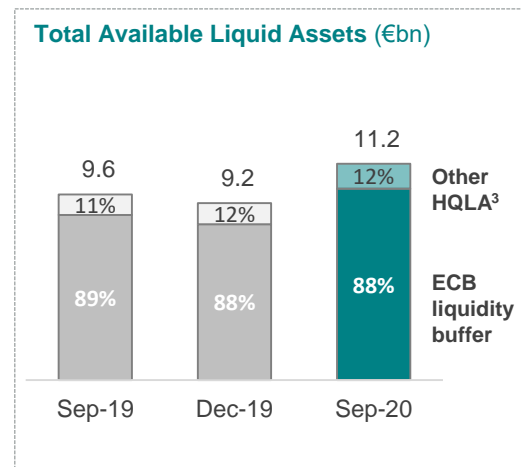
Explained by the growth of:

- **Customer deposits and other customer funds by €214mn** (to €26.7bn);
- **Net loan book by +2.2%.**



NOVO BANCO maintained a comfortable liquidity position, improved by a take-up of TLTRO III (€7.0bn).

As of Sep-20, Liquidity Coverage Ratio (LCR) was 140% and Net Stable Funding Ratio (NSFR) was 113%.



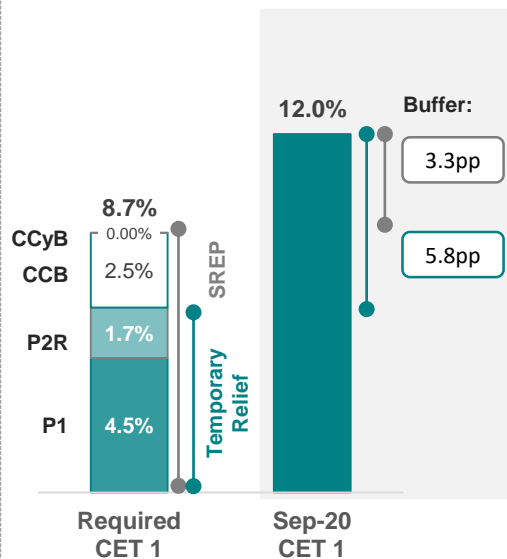
In Sep-20, the portfolio of **available liquid assets totalled €11.2bn**, compared with €9.2bn in Dec-19, of which 89% available for rediscount for the ECB.

NOVO BANCO Consolidated

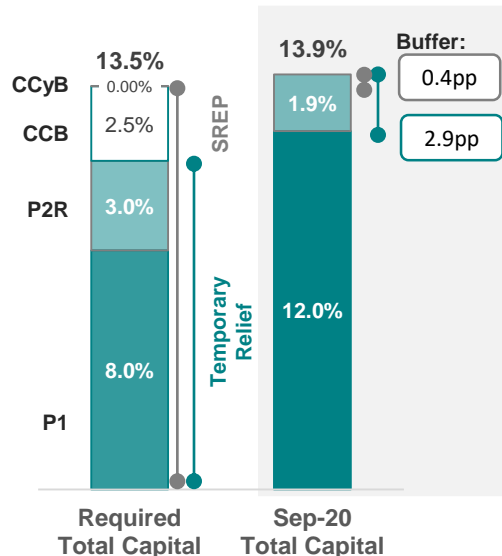
The Bank is adequately capitalised

Consolidated Capital Ratios¹ (phased-in; %)

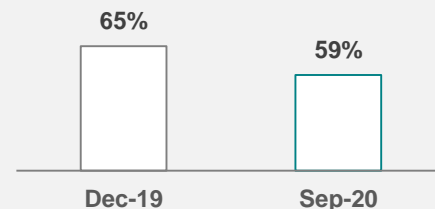
CET 1



Solvency Ratio



RWA Density (%)



As at Sep-20, estimated phase-in CET1 ratio is 12.0% and Total Capital ratio 13.9% (increasing vs 13.5% in Jun-20) benefitting from the decrease in RWA, including the SME supporting factor.

Agenda

1. Highlights
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5. Appendix

Moratorium

Concept

- accessible to corporates and individuals that submitted requests until Sep-20;

Legal moratorium:

- **possibility to suspend capital and/or interest** payments until **Mar-21** and **interest** until **Sep-21**;
- most impacted sectors have the option to suspend both capital and interest until Sep-21;
- available for corporates and individuals that comply with eligibility criteria;

Banking association moratorium:

- **possibility to suspend capital and/or interest** payments until Mar-21;
- example: includes moratorium for vehicles and real estate finance excluded from Legal moratorium;

NB Granted:

- **Sep-20: €7.1bn** (€4.8bn Corporate; €2.1bn Mortgage; €0.2bn Other loans to individuals); **~27% of total gross loan book.**

Credit Lines

Concept

- in place to mitigate the impacts of Covid-19 pandemia, the government issued a global credit line for corporates with a limit of €6.2bn;
- request period ended on Sep-20;
- approved lines can be used until Dec-20;
- credit lines are guaranteed by SGM (Sociedade de Garantia Mútua) and requests of additional personal or real guarantees is not possible;
- guarantees coverage: 80% for SME's and Mid Caps; 90% for Micro and Small Companies;

NB Granted:

- **Sep.20: ~€1.1bn granted** (of which ~85% used; ~71% SME, ~17% Large Corp; ~11% Small); **~4% of total gross loan book**

Covid-19

Supporting >40,400 clients with a total of ~€7.1bn moratorium granted

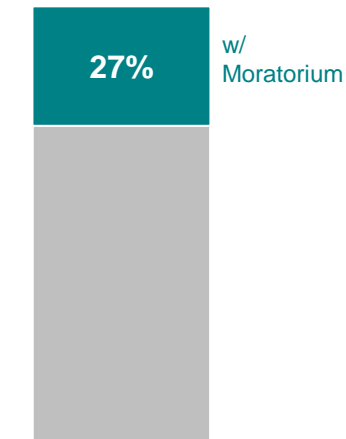
Loan Moratorium¹

(%; € bn)

% without Moratorium
% with Moratorium

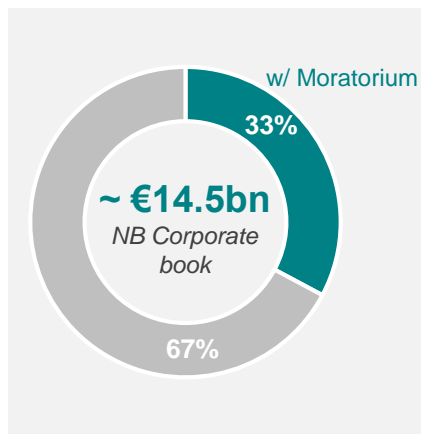
Moratorium

~ €25.9bn

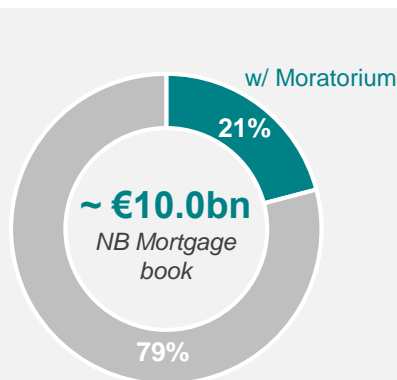


NB loan book

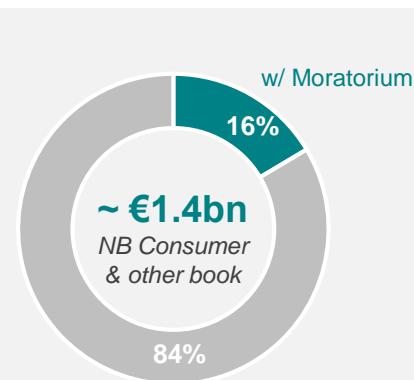
Corporate



Residential Mortgage



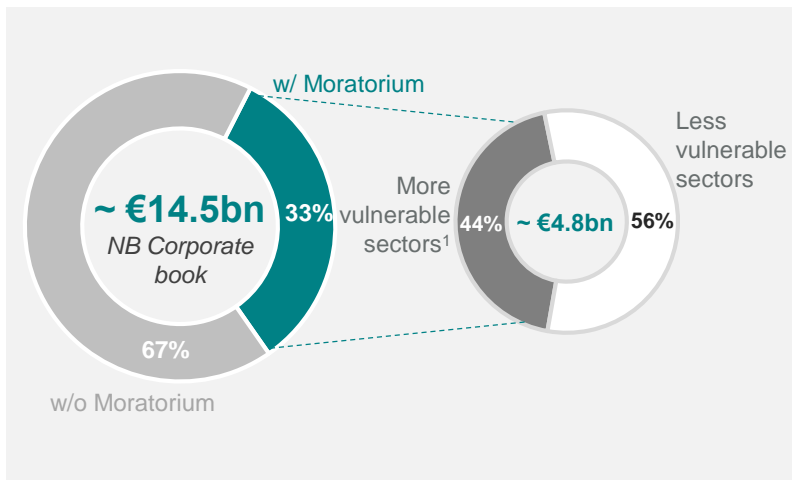
Other loans to individuals



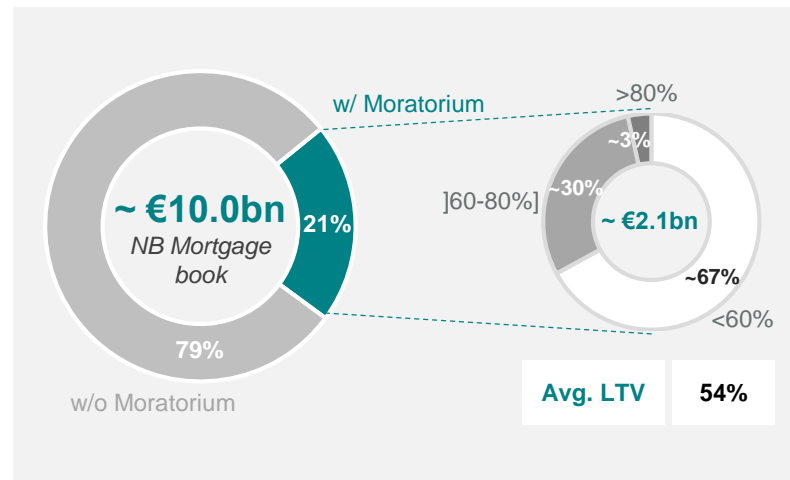
Covid-19

More vulnerable sectors with moratoria representing 14% of the corporate loan book...

Corporate Loan by Segment (%; € bn)



Residential Mortgage by Segment (%; € bn)



Avg. LTV **54%**

...and average LTV of residential mortgage with moratoria is 54%.

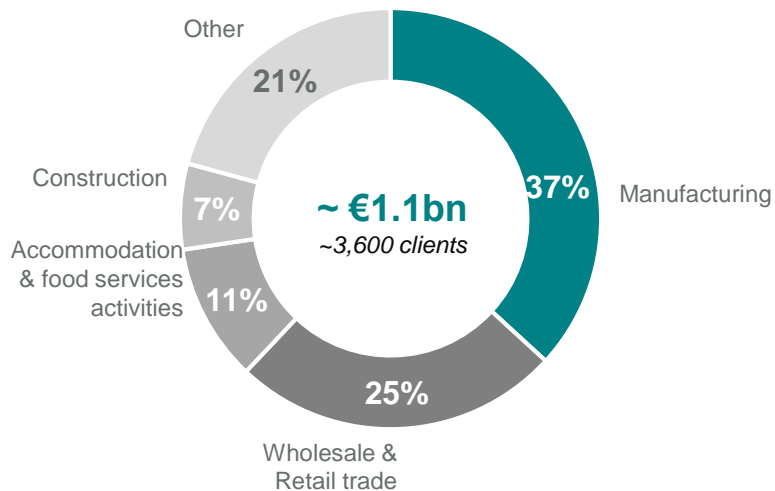
Covid-19

NB granted ~ €1.1bn of State guaranteed lines to support companies and businesses

Credit Lines

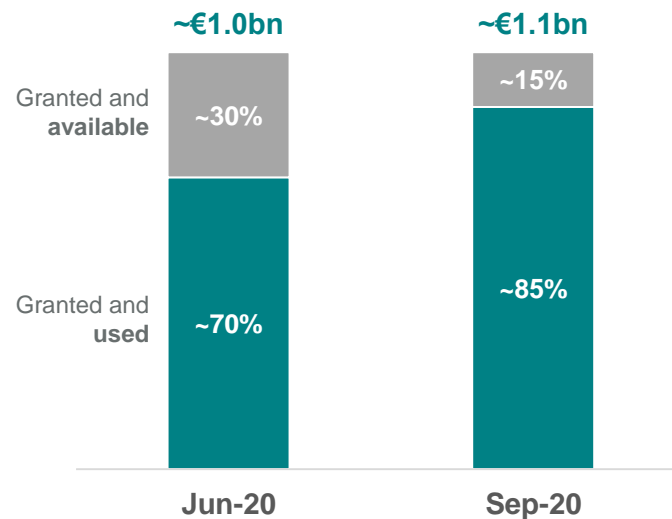
Covid-19 Credit Lines: approved by sector¹

(%; €bn)



Covid-19 Credit Lines: Used & Granted¹

(%; €mn)



To promote our clients' sustainable finances and minimize cliff effects with the end of moratoriums, NOVO BANCO leverage on the close relationship with customers embedded in a framework of operational elements:

IT Resources / Data Science

Enabler to efficient risk management:

- Identify borrowers whose financial soundness has been affected;
- Adapt systems;
- Monitor risks.

Reporting

A tool for critical strategic decisions:

- Covers all material risks;
- Providing early warning indicators.

Segmentation

Group together borrowers:

- Similar characteristics who require similar treatment;
- Design customized processes for each segment.

Strategy

Comprehensive strategy:

- To deal with the risks faced by borrowers;
- Short and medium term focus depending on borrowers situation and Bank risk appetite.

Operational Capacity & Expertise

Borrower engagement is key to:

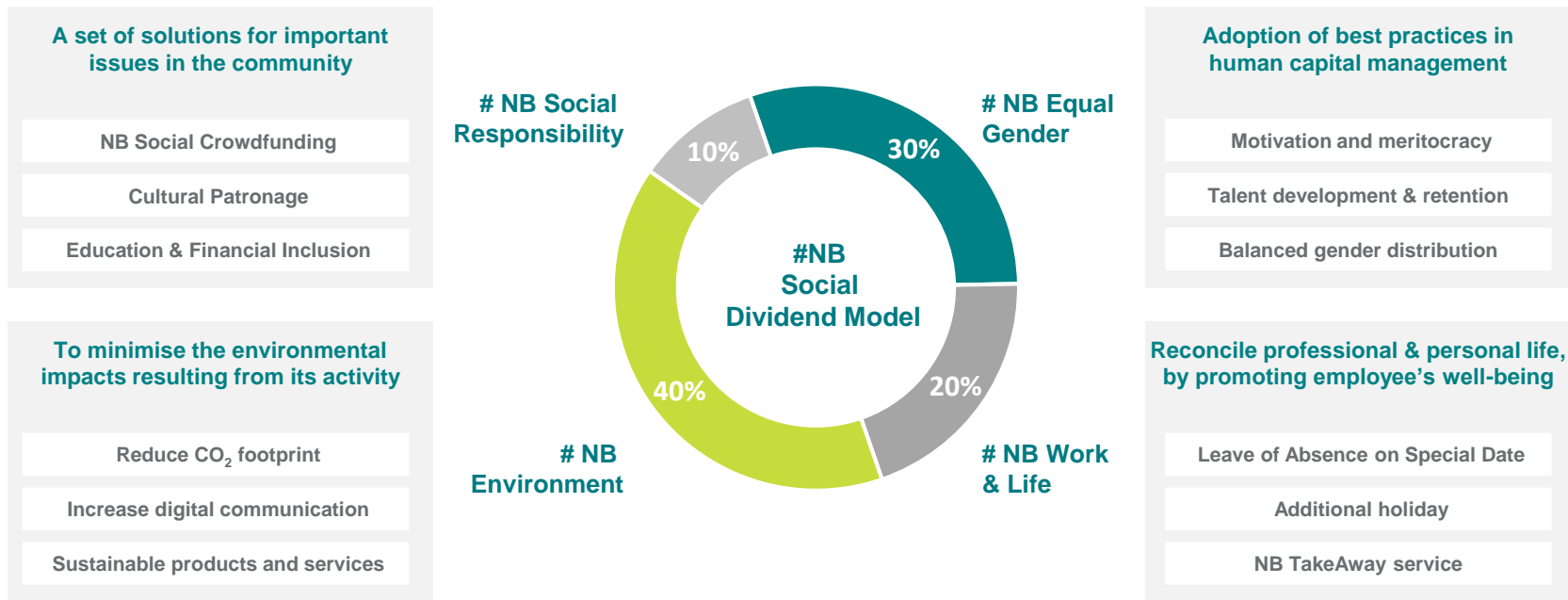
- Manage early arrears and restructuring facilities;
- Working out strategies to maintain the value of the firm and/or collateral value.

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 - ii. Financial Statements & Glossary

NOVO BANCO Social Dividend Model

The strategic plan is supported by a sustainability mind-set and social dividend model,...



NOVO BANCO's commitment to give back added value to society and its employees.

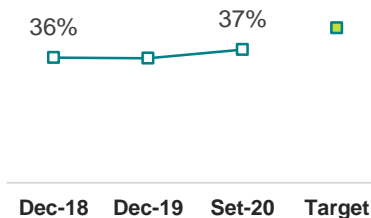
NOVO BANCO Social Dividend Model

...with 98% of the 2020 targets already achieved...

Social Dividend – Main indicators

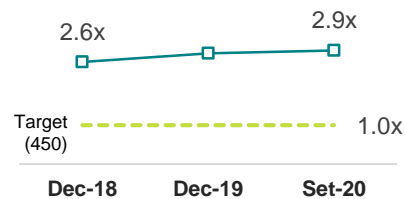
NB Equal Gender

% Women in leadership roles



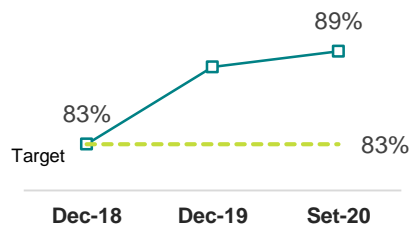
NB Work & Life

Early Friday/Late Monday (x vs target)



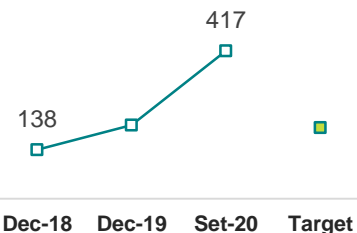
NB Environment

Digital Communications to Clients (%)



NB Social Responsibility

Cultural patronage (# thousand visitors)



Current indicators **9M20 vs 2018**

% Women in "First Line"	30%	↑
Global salary gap	11%	▬

% of target accomplished **9M20 vs 2018**

Special Day	>150%	↑
Home Office	>300%	↑
Additional vacations	53%	↑
Takeaway	>150%	↑

% of target accomplished **9M20 vs 2018**

CO ₂ Car emissions	70%	↑
Electricity consumption (GWh)	112%	↓
Paper consumption (million sheets)	87%	↓
% Waste Recycled	40%	▬

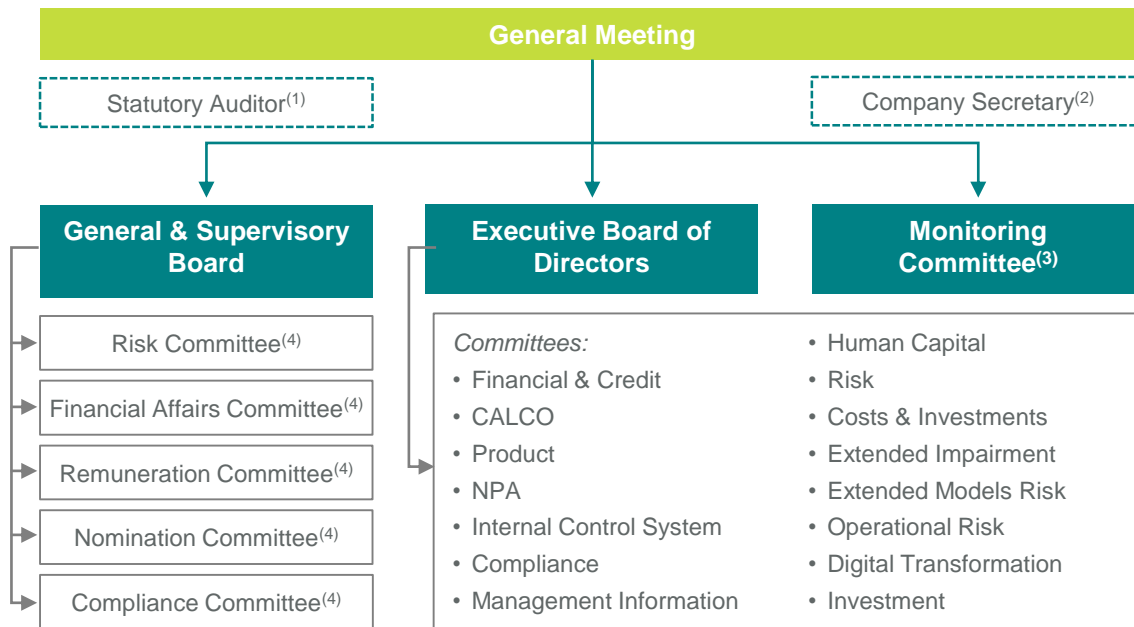
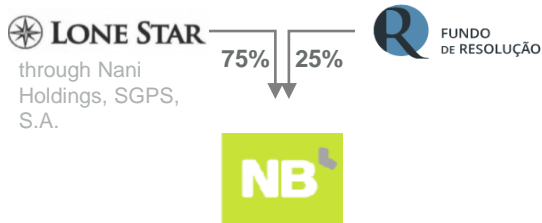
% of target accomplished **9M20 vs 2018**

NB Crowdfunding	73%	↑
Educational patronage	71%	↑

NOVO BANCO Governance - Corporate Bodies

...and a unique governance model within the Portuguese financial sector...

Shareholder Structure



(1) Elected by the General Meeting upon a proposal of the General and Supervisory Board; (2) 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. (3) 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; (4) 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.

NOVO BANCO Governance - Corporate Bodies

...with 6 out of the 10 GSB members being independent

General and Supervisory Board

4-years term: 2021 to 2024

Chairman

Byron Haynes ⁽¹⁾

Vice-chairman

Karl-Gerhard Eick ⁽¹⁾

GSB Members

Donald Quintin

Kambiz Nourbakhsh

Mark Coker

Benjamin Dickgiesser

John Herbert ⁽¹⁾

Robert A. Sherman ⁽¹⁾

Carla Antunes da Silva ⁽¹⁾

William Henry Newton ⁽¹⁾

Executive Board of Directors²

4-years term: 2021 to 2024

Chief Executive Officer

António Ramalho

Chief Commercial Officer (Retail)

Luis Ribeiro

Chief Legal and Compliance Officer

Luísa Soares da Silva

Chief Financial Officer

Mark Bourke

Chief Risk Officer

Rui Fontes

Chief Commercial Officer (Corporate)

Andrés Baltar Garcia

Monitoring Committee³

4-years term: 2017 to 2020

Chairman

José Rodrigues de Jesus

Members

José Bracinha Vieira

Miguel Roballo

To monitor the assets included in the Contingent Capitalization Agreement

Agenda

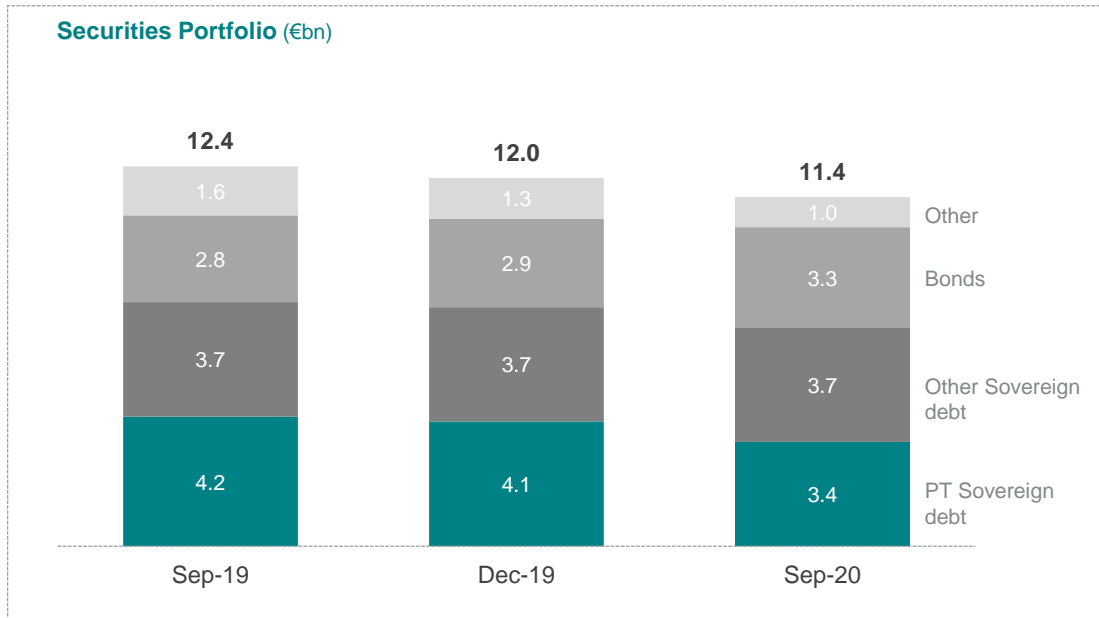
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NOVO BANCO Consolidated Balance Sheet

(€ thousands)	31 Dec.19 Reported	31 Dec.19 Restated	30 Sep.20
Cash, cash balances at central banks and other demand deposits	1,854,081	1,826,567	2,749,195
Financial assets held for trading	748,732	701,305	600,283
Financial assets mandatorily at fair value through profit or loss	1,314,742	1,311,922	1,063,153
Financial assets at fair value through profit or loss, or through other comprehensive income	8,849,896	8,815,946	7,961,102
Financial assets at amortised cost	27,141,460	25,542,491	26,372,378
Debt securities	1,622,545	1,622,545	2,221,862
Loans and advances to credit institutions	369,228	389,415	108,815
Loans and advances to customers	25,149,687	23,530,531	24,041,701
Derivatives – Hedge accounting	7,452	7,452	8,682
Fair value changes to the hedged items in portfolio hedge of interest rate risk	52,540	51,314	72,054
Investments in subsidiaries, joint ventures and associates	92,628	92,414	93,948
Tangible assets	889,152	879,517	758,816
Tangible fixed assets	188,408	178,773	168,621
Investment properties	700,744	700,744	590,195
Intangible assets	26,378	24,757	39,774
Tax assets	900,095	877,849	849,232
Current tax assets	1,628	885	236
Deferred tax assets	898,467	876,964	848,996
Other assets	3,378,492	3,302,122	2,880,737
Non-current assets and disposal groups classified as held for sale	40,255	1,862,247	1,775,826
Total Assets	45,295,903	45,295,903	45,225,180

	31 Dec.19 Reported	31 Dec.19 Restated	30 Sep.20
Financial liabilities held for trading	544,825	544,646	577,737
Financial liabilities designated at fair value through profit or loss	102,012	102,012	89,294
Financial liabilities measured at amortised cost	39,673,649	37,693,519	38,337,737
Due to banks	9,849,623	9,741,090	10,102,174
Due to customers	28,400,127	26,528,530	26,745,251
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,065,211	1,065,211	1,066,427
Other financial liabilities	358,688	358,688	423,885
Derivatives – Hedge accounting	7,452	58,855	8,682
Provisions	307,817	269,877	254,556
Tax liabilities	17,980	14,019	15,228
Current tax liabilities	11,873	7,912	10,398
Deferred tax liabilities	6,107	6,107	4,830
Other liabilities	586,066	547,554	538,592
Liabilities included in disposal groups classified as held for sale	1,942	2,062,664	1,980,077
Total Liabilities	41,293,146	41,293,146	41,872,461
Capital	5,900,000	5,900,000	5,900,000
Other comprehensive income – accumulated	-702,311	-702,311	-793,475
Retained earnings	-6,115,245	-6,115,245	-7,202,828
Other reserves	5,942,501	5,942,501	6,266,152
Profit or loss attributable to parent company shareholders	-1,058,812	-1,058,812	-853,115
Minority interests (Non-controlling interests)	36,624	36,624	35,985
Total Equity	4,002,757	4,002,757	3,352,719
Total Liabilities and Equity	45,295,903	45,295,903	45,225,180

NOVO BANCO Consolidated Securities Portfolio



- **As of Sep-20, the securities portfolio amounted to €11.4bn**, including €6.5bn of sovereign debt that is marked to market with changes in fair value booked in reserves.
- In Sep.20 the unrealized gains of this portfolio totaled €336mn (Dec.19: €331mn).

NOVO BANCO Consolidated Income Statement

(€ million)	9M 2019 Reported	9M 2019 Restated	9M 2020	3Q 2019 Reported	3Q 2019 Restated	3Q 2020
Net Interest Income	401.7	380.7	401.0	139.2	131.6	145.3
Fees and Commissions	229.5	221.5	196.5	77.2	74.6	65.1
Commercial Banking Income	631.2	602.2	597.6	216.4	206.2	210.4
Capital Markets Results	-44.3	-44.9	-20.3	-54.5	-55.0	15.4
Other Operating Results	-196.5	-236.8	-70.4	-93.2	-89.1	-12.5
Banking Income	390.5	320.5	506.8	68.8	62.1	213.3
Operating Costs	361.8	330.7	318.1	118.7	109.3	104.0
Staff Costs	-27.5	186.3	182.8	-160.9	62.5	61.7
General and Administrative Costs	-41.5	119.9	111.2	-134.1	37.8	34.1
Depreciation	-7.1	24.4	24.1	-24.2	9.0	8.1
Net Operating Income	28.7	-10.2	188.7	-49.9	-47.1	109.3
Restructuring funds - independent valuation	0.0	0.0	-260.6	0.0	0.0	0.0
Net Impairments and Provisions	640.9	603.7	833.3	125.9	130.2	489.7
Credit	456.2	389.4	383.3	289.6	231.2	102.3
Securities	-2.2	-2.1	17.5	2.4	2.5	16.3
Other Assets and Contingencies	186.9	216.4	432.5	-166.1	-103.5	371.1
Income before Taxes	-612.2	-613.8	-905.2	-175.9	-177.4	-380.4
Corporate Income Tax	-51.2	-52.9	-77.7	-1.9	-3.4	-82.3
Special Tax on Banks	27.1	27.1	32.8	-0.1	-0.1	5.3
Income after Taxes	-588.0	-588.0	-860.2	-173.9	-173.9	-303.4
Non-Controlling Interests	-15.7	-15.7	-7.1	-1.7	-1.7	-5.6
Net Income for the period	-572.3	-572.3	-853.1	-172.2	-172.2	-297.8

NOVO BANCO Separate

Sustainability metrics



	2019	9M 2020
Social Indicators		
Employees (#)	4,326	4,269
Training hours	200,545	108,752
Turnover ¹	4.7%	3.7%
Woman employment rate	52.5%	52.6%
Woman in leadership roles rate	36.1%	37.4%
Woman senior leaders' roles rate	31.3%	30.3%
Pay Gap (%)	9.6%	10.7%
Environmental Indicators		
ESG structured products issued (#; in period)	12	8
ESG structured products subscriptions (#; in period)	5,517	4,515
ESG structured products subscriptions (#; cumulative amount)	5,517	10,032
Clients who subscribed ESG structured products (#; in period)	4,953	4,303
Clients who subscribed ESG structured products (#; cumulative amount)	4,953	9,256
Total ESG structured products subscriptions (in period; € million)	55	106
Total ESG structured products subscriptions (cumulative; € million)	89	194
CO2 Emissions from electricity consumption (tCO2e)	5,828	4,176
Active digital customers (#; thousand)	566	592
Governance Indicators		
Account monitoring – alerts generated (#)	11,457	8,505
Communication to the authorities (#)	1,035	628
Account opening scoring Investigation (#)	3,705	2,248
Participation Entry scoring Investigation (#)	574	587
Account opening rejected with scoring Investigation (#)	48	70
Economic – Community Indicators		
Planned savings/"Poupança programada" (# of clients)	277,495	250,089
Planned savings/"Poupança programada" (€ million)	1,090	1,093
Minimum Banking Services Account (# of accounts)	8,491	9,481
Suppliers with sustainability scoring (#)	496	576
Very satisfied/satisfied clients with service quality (Retail; %)	97.0%	96.1%
Very satisfied/satisfied clients with service quality (SME; %)	99.3%	97.4%
Donations (€ million)	0.58	0.30
Direct economic value generated (€ million)	841	592
Economic value distributed (€ million)	412	258
Economic value retained (€ million)	429	334

Glossary (1/3)

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, 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 other comprehensive income and at amortised cost.
Due to customers Banco de Portugal Instruction n. 16/2004	Amounts 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	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.

Glossary (2/3)

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 risk 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, 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.

Glossary (3/3)

Designations & abbreviations	
NB	NOVO BANCO
NBG	NOVO BANCO Group
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 ₂ e	tonnes of carbon dioxide equivalent
RWA	Risk weighted assets



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