GROUP ACTIVITY AND RESULTS
2024 FINANCIAL YEAR

PRESS RELEASE

Portugal, 6 March 2025

"2024 was yet another an important milestone for novobanco, as it achieved an investment-grade rating and terminated the contingent capitalization agreement early. We can now explore opportunities in the capital markets with the ultimate goal of supporting Portuguese families and businesses throughout their lives. "

Mark Bourke, CEO

HIGHLIGHTS

SUSTAINABLE RESULTS

- **NII reached €1,179.4mn (2023: €1,142.6mn)** with **NIM of 2.79%** (2023: 2.75%; 3Q24: 2.71%; 4Q24: 2.77%), **despite lower YoY average Euribor in 2024** (6M Euribor; 2023: 3.69% vs 2024: 3.48%).
- **Fees totalled €323.0mn** (2023: €296.1mn; 4Q23: €79.0mn; 4Q24: €82.6mn), an increase of 9.1% YoY, supported by the strengthening of novobanco's franchise with a growing client base (+5.5% YoY) and the momentum on the execution of fee income initiatives, mainly on accounts and payments management.
- **Cost to Income ratio of 33.2%** (2023: 33.3%), reflecting the continuous focus on simplification and processes optimisation. Operating costs at €499.2mn (+4.2% YoY), including €8.6mn one-off impact from intangibles write-off and €3.6mn from relocation to the new headquarters. Net Operating Income increased to €1,063.5mn (2023: €963.1mn).
- In 4Q24, a **€62.7mn cost was recorded for the full closure of the CCA.**
- **The 2024 Cost of Risk declined to 33bps** (2023: 51bps) due to stronger asset quality and coverage ratios. Provisions for Other Assets and Contingencies increased to €91.5mn, mainly driven by non-recurrent (i) **€57.3mn in provisions for the transformation process** (strategic innovation and simplification program) and (ii) **€17.8mn from aggravated real estate taxes**.
- **Net income of €744.6mn (2023: €743.1mn).** The YoY increase was driven by a resilient and diversified business model, despite one-off impacts, and was further supported by strong corporate franchising, a low-risk mortgage portfolio, and high digital adoption.
- **Strong RoTE of 17.4%** on increasingly overcapitalised balance sheet with **CET1 FL at 20.8%**[1], **consequent capital generation (of +370bps)** and **Tangible book value of €4,940mn (+20.4% YTD)**.
- Executive Board of Directors will propose to the General Shareholders' Meeting, to be held on 21 March 2025, the **distribution of a dividend in the amount of €224.6mn, reflecting a 60% pay-out of 2H24 net income.**

DIVERSIFIED BUSINESS MODEL WITH STRONG DOMESTIC FRANCHISE

- **Total customer funds increased 6.7% YTD to €37.6bn** (Dec/23: €35.2bn)**, with deposits increasing 5.7% YTD to €29.8bn**. As of 31 December 2024, novobanco's liquidity position remained strong and a liquidity buffer of €16.9bn (Dec/23: €13.6bn). Loan to deposit ratio (LtD) stood at 82.9% (Dec/23: 81.2%), LCR increased to 164% (Dec/23: 163%) and NSFR was 117% (Dec/23: 118%).
- **Net Customer credit at €27.9bn (+3.6% YTD**), representing 65.9% of novobanco's total assets. Origination of loans to customers reached €5.3bn. **Overall loan market share of 10% as of Dec/24, reflecting the Bank's strong position in the Portuguese market.**
- **Non-performing loans** (NPL) presented a **YTD reduction of 23.7% to €864mn. Net NPL ratio decreased further to 0.1% (Dec/23: 0.7%)**, benefiting from both the decrease of the NPL ratio (Dec/24: 3.3% vs Dec/23: 4.4%) and the increase of the coverage level (Dec/24: 96.6% vs Dec/23: 84.3%).

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[1] Considers a dividend payout of 60% for 2H24 results subject to shareholders approval in the next AGM and the incorporation of results into the capital, excluding the incorporation of results into the capital, CET1 FL ratio as of Dec-24 would be 20.1%

MILESTONES IN 2024

In 2024, novobanco achieved significant milestones across key areas. Credit Ratings saw multiple upgrades, reflecting improved financial performance. Strategic Funding initiatives diversified resources and met regulatory targets early. In Sustainability, the Bank earned validation for its emission reduction goals. Asset quality continued to improve, on the regulatory side P2R was reduced and before year-end was agreed early termination of the CCA. Recognized for excellence, novobanco received notable awards, highlighting its market leadership and innovation.

- **Credit Ratings**

Feb-24: Fitch assigned a 'BBB-' LT rating to novobanco's senior preferred debt, reflecting improvements in business model, asset quality, profitability, capital buffers, and funding stability.

Mar-24: Moody's upgraded the long-term deposit rating to Baa1 with a "Positive" outlook.

Aug-24: Moody's upgraded senior unsecured debt to Baa3 (Investment Grade).

Sep-24: Morningstar DBRS raised the Long-Term Issuer rating to BBB, a two-notch improvement, with a Stable trend.

Nov-24: Moody's upgraded the Baseline Credit Assessment to baa3, the long-term deposit rating to A3, and the senior unsecured debt rating to Baa2, keeping a Positive outlook.

Dec-24: Fitch upgraded the Long-Term Issuer Default Rating to 'BBB' and the Viability Rating to 'bbb,' maintaining a Stable outlook.

- **Funding**

Feb-24:

Issued €500mn, 3-year AAA-rated Covered Bond with a 3.25% annual interest rate, oversubscribed 10x.

Issued €500mn, 4NC3 Senior Preferred bond (Ba1/BBB-), 3x oversubscribed, supporting early MREL compliance.

May-24: Secured €300mn through an EIB Covered Bond placement.

Sep-24: Issued €500mn, 4.5NC3.5 Senior Preferred note with a 3.50% annual coupon, being more than 3x oversubscribed.

- **Environmental and Sustainability Achievements**

Jul-24: Achieved SBTi validation for emission reduction targets, committing to a 54.2% reduction in Scope 1 and 2 GHG emissions by 2030.

- **NPL Portfolio Management**

Dec-24: Signed an agreement to sell €100mn of unsecured non-performing loans, reducing the Gross NPL Ratio to ~3.5%.

- **Regulatory Compliance and Agreements**

Dec-24:

ECB reduced the 2025 Pillar 2 requirement by 15bps to 2.70%, reflecting an improved risk profile.

Terminated the Contingent Capital Agreement early, resolving disputes with a €62.7mn cost and boosting capital ratios by 47bps.

- **Awards and Industry Recognition**

Apr-24: Named "Best Distributor, Portugal" by Structured Retail Products for consistent excellence in structured products.

Jun-24: Recognized by the Covered Bond Report Excellence Awards for the February €500mn covered bond issuance.

GROUP RESULTS

The most relevant aspects of 2024 include:

- Commercial banking income of €1,502.4mn (+4.4% YoY), driven by strong commercial activity despite the current decline in interest rates, supported by the successful implementation of strategic initiatives and a robust business model, leading to growth in both fee and financial margins;
- Operating costs totalled €499.2mn, increasing by 4.2% vs 2023 (includes €8.6mn intangibles write-off), and sustaining top performance in efficiency with 33.2% Commercial C/I ratio;
- A €62.7mn cost from the early termination of the CCA, with the receivables of €161.6mn and the liability of €98.9mn being extinguished;
- Risk profile improvement with provisions for customer credit recording a decrease of €45.9mn YoY, equivalent to 33bps Cost of Risk (vs 51bps in 2023);
- Provisions for other assets and contingencies increased by +€60.5mn, mainly due to €57.3mn provision for transformation process, as part of the innovation and simplification strategic program that the Bank has underway;
- Net Income of €744.6mn and RoTE at 17.4% (on an overcapitalised balance sheet; 20.8% CET1).

Income Statement (mn€)	31-Dec-23	31-Dec-24	Change	
			absolute	%
Net Interest Income	1,142.6	1,179.4	36.9	3.2%
+ Fees and Commissions	296.1	323.0	26.9	9.1%
= Commercial Banking Income	**1,438.7**	**1,502.4**	**63.7**	**4.4%**
+ Capital Markets Results	14.7	20.9	6.2	41.8%
+ Other Operating Results	-11.2	39.4	50.5	...
= Banking Income	**1,442.3**	**1,562.7**	**120.4**	**8.3%**
- Operating Costs	**479.2**	**499.2**	**20.0**	**4.2%**
= Net Operating Income	**963.1**	**1,063.5**	**100.4**	**10.4%**
+ CCA termination	-	-62.7	-62.7	...
- Net Impairments and Provisions	**173.8**	**188.4**	**14.5**	**8.4%**
Customer credit	142.8	96.9	-45.9	-32.2%
Other Assets and Contingencies	31.0	91.5	60.5	...
= Income before Taxes	**789.3**	**812.4**	**23.1**	**2.9%**
- Corporate Income Tax	5.8	30.5	24.7	...
- Special Tax on Banks	35.3	32.2	-3.1	-8.8%
= Income after Taxes	**748.2**	**749.7**	**1.5**	**0.2%**
- Non-Controlling Interests	5.1	5.1	0.0	0.2%
= Net Income for the period	**743.1**	**744.6**	**1.5**	**0.2%**

On a quarterly basis, the most relevant aspects include:

- Commercial banking income amounted to €375.7mn (+1.4% QoQ), with an increase of net interest income (+0.6%) and fees and commissions (+4.3%);
- Operating costs totalled €133.3mn (-4.5% vs 4Q23), with the maintenance of a high level of efficiency;
- A €62.7mn cost was recorded for the full closure of CCA;
- Stable risk profile, with the amount allocated to impairments for Customer Credit totaling €28.2mn.

Income Statement (mn€)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ change		YoY change	
									absolute	%	absolute	%
Net Interest Income	246.3	277.7	307.2	311.4	299.0	295.9	291.4	293.2	1.8	0.6%	-18.2	-5.9%
+ Fees and Commissions	68.9	76.4	71.8	79.0	75.0	86.2	79.2	82.6	3.4	4.3%	3.6	4.6%
= Commercial Banking Income	**315.3**	**354.1**	**378.9**	**390.4**	**374.0**	**382.1**	**370.6**	**375.7**	**5.2**	**1.4%**	**-14.6**	**-3.7%**
+ Market Results	5.8	22.2	11.3	-24.6	-3.5	-1.1	7.8	17.7	9.9	...	42.3	...
+ Other Operating Results	2.4	-7.4	19.5	-25.6	1.1	0.4	25.3	12.5	-12.8	-50.6%	38.2	...
= Banking Income	**323.5**	**368.9**	**409.7**	**340.2**	**371.6**	**381.4**	**403.7**	**406.0**	**2.3**	**0.6%**	**65.8**	**19.3%**
- Operating Costs	**111.9**	**113.2**	**114.5**	**139.6**	**119.0**	**123.7**	**123.2**	**133.3**	**10.2**	**8.3%**	**-6.2**	**-4.5%**
= Net Operating Income	**211.6**	**255.8**	**295.2**	**200.6**	**252.6**	**257.7**	**280.5**	**272.6**	**-7.9**	**-2.8%**	**72.1**	**35.9%**
+ CCA termination	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-62.7	-62.7	...	-62.7	...
- Net Impairments and Provisions	**27.7**	**28.3**	**25.8**	**92.1**	**27.9**	**59.9**	**19.9**	**80.6**	**60.7**	**...**	**-11.5**	**-12.4%**
Customer credit	30.0	28.6	26.2	58.1	24.4	28.8	15.4	28.2	12.7	82.5%	-29.9	-51.5%
Other Assets and Contingencies	-2.3	-0.3	-0.4	34.0	3.5	31.1	4.5	52.4	48.0	...	18.4	54.2%
= Income before Taxes	**183.9**	**227.5**	**269.4**	**108.5**	**224.7**	**197.8**	**260.6**	**129.3**	**-131.3**	**-50.4%**	**20.8**	**19.2%**
- Taxes	0.7	0.8	1.0	3.2	10.5	7.2	19.2	-6.4	-25.6	...	-9.6	...
- Special Tax on Banks	34.1	0.0	1.1	0.0	32.2	0.0	0.0	0.0	0.0	...	0.0	...
= Income after Taxes	**149.0**	**226.6**	**267.3**	**105.3**	**182.0**	**190.6**	**241.4**	**135.7**	**-105.7**	**-43.8%**	**30.4**	**28.9%**
- Non-controlling Interests	0.7	1.8	2.0	0.7	1.3	0.9	1.3	1.5	0.2	15.9%	0.8	...
= Net Income	**148.4**	**224.8**	**265.3**	**104.6**	**180.7**	**189.7**	**240.1**	**134.2**	**-105.9**	**-44.1%**	**29.6**	**28.3%**

Net income presents a positive evolution over the quarters of 2024 on a comparable basis, with the last quarter being limited by i) cost of €62.7mn from CCA termination, settling all outstanding disputes related to unpaid amounts; ii) provisions of €27.3mn for the transformation process, within the strategic innovation and simplification program; and iii) provision relating to property taxation introduced by the 2021 State Budget Law, and going forward to be subject to change of control, similar to what occurred in the last quarters of 2021, 2022 and 2023 (2021: €116mn; 2022: €57mn; 2023: €30mn €; 2024: €18mn).

NET INTEREST INCOME

Net Interest Income was €1,179.4mn (+€36.9mn YoY), benefiting from the balanced management of asset yields and financing costs, despite lower YoY average Euribor in 2024 (6M Euribor; 2023: 3.69% vs 2024: 3.48%).

Net Interest Income (NII) and Net Interest Margin (NIM) (mn€)	2023			2024		
	Average Balance	Avg. Rate	Income / Costs	Average Balance	Avg. Rate	Income / Costs
Interest Earning Assets	41,046	4.16%	1731.8	41,536	4.54%	1,917.1
Customer Credit	28,100	4.68%	1332.3	28,245	5.14%	1,475.6
Mortgage Loans	10,033	3.85%	391.2	9,926	4.55%	459.5
Consumer Loans and Others	1,486	7.00%	105.5	1,742	7.16%	126.8
Corporate Credit	16,581	4.97%	835.6	16,577	5.28%	889.3
Money Market Placements	4,536	3.12%	143.3	5,571	3.77%	213.8
Securities and Other Assets	8,409	3.00%	256.1	7,719	2.90%	227.7
Interest Earning Assets And Other	**41,046**	**4.16%**	**1,731.8**	**41,536**	**4.54%**	**1,917.1**
Interest Bearing Liabilities	37,649	1.53%	582.4	36,912	1.95%	732.3
Customer Deposits	28,982	0.82%	242.0	30,019	1.37%	417.2
Money Market Funding	7,265	3.23%	238.2	4,692	3.85%	183.6
Other Liabilities	1,402	7.19%	102.2	2,200	5.87%	131.4
Other Non-Interest Bearing Liabilities	3,397	-	0.0	4,624	-	0.0
Interest Bearing Liabilities And Other	**41,046**	**1.40%**	**582.4**	**41,536**	**1.73%**	**732.3**
NIM / NII (without stage 3 impairment adjustment)		**2.76%**	**1,149.4**		**2.81%**	**1,184.8**
Stage 3 impairment			-6.8			-5.4
NIM / NII		**2.75%**	**1,142.6**		**2.79%**	**1,179.4**
Euribor 6M - Average		3.69%			3.48%	

The average rate on assets increased by 38bps, from 4.16% in 2023 to 4.54%, driven mainly by the rate on customer credit which increased to 5.14% (+46bps YoY). The average balance of interest earning assets was €41.5bn (vs €41.0bn in 2023).

The average balance of customer deposits increased to €30.0bn, with an average remuneration rate of 1.37% (2023: 0.82%). The average balance of money market funding totalled €4.7bn, with an average rate of 3.85% (2023: 3.23%). The average interest rate for deposits in the month of December 2024 was 1.10% which compares with 1.26% in the month of September 2024.

The favourable evolution of asset yields (4.54%; 2023: 4.16%), more than offset the increase in liabilities interest rates (1.73%; 2023: 1.40%), with the overall Net interest margin increasing to 2.79% from 2.75% in 2023.

FEES AND COMMISSIONS

Fee income totalled €323.0mn, increasing 9.1% YoY (2023: €296.1mn), driven by the momentum on initiatives implemented in 2024, mainly on accounts and payments management, which offset headwinds from legislative changes on loan commissions. Accounts and payments management fees have been growing consistently throughout the quarters, reflecting the strength of novobanco's franchise, with higher volume of transactions, increased client base (+5.5% YoY) and new pricing, reaching €174.0mn (+24.8%; +€34.6mn YoY).

Fees and Commissions (mn€)	31-Dec-23	31-Dec-24	Change	
			absolute	%
Payments Management	139.4	174.0	34.6	24.8%
Commissions on Loans, Guarantees and Similar	77.8	72.0	-5.8	-7.4%
Asset Management and Bancassurance	62.3	64.2	1.9	3.0%
Advising, Servicing and Other	16.6	12.8	-3.8	-23.1%
Fees and Commissions Total	**296.1**	**323.0**	**26.9**	**9.1%**

CAPITAL MARKETS AND OTHER OPERATING RESULTS

The results of capital markets were positive at €20.9mm, reflecting gains and losses from the sale and revaluation of securities, foreign exchange results and hedging. As of 31 December 2024, fair value reserves of the securities portfolio amount to -€7.1mn (-€103.3mn in Dec/23).

Other operating results totalled +€39.4mn, which includes the contribution to the National Resolution Fund, gains from the recovery of overdue credit, real estate, tax recoveries and indirect taxes.

OPERATING COSTS

Operating costs at €499.2mn (+4.2% vs 2023). Staff costs were €270.4mn (+7.0% vs 2023), general and administrative expenses totalled €174.8mn (-4.4% vs 2023) and depreciation rose to €54.1mn (+24.1% vs 2023), including €8.6mn one-off impact from write-off of intangibles.

Commercial Cost to Income at 33.2% (2023: 33.3%), reflection of the continuous focus on simplification and processes optimization.

Operating Costs (mn€)	31-Dec-23	31-Dec-24	Change	
			absolute	%
Staff Costs	252.7	270.4	17.6	7.0%
General and Administrative Costs	182.9	174.8	-8.1	-4.4%
Depreciation	43.6	54.1	10.5	24.1%
Operating Costs Total	**479.2**	**499.2**	**20.0**	**4.2%**

As of 31 December 2024, novobanco Group had 4,195 employees (Dec/23: 4,209; -14 employees) and 290 branches.

NET IMPAIRMENTS AND PROVISIONS

In 2024, novobanco Group recorded net impairments and provisions of €188.4mn (+€14.5mn YoY). Customer credit cost of risk was 33bps (2023: 51bps and 9M24: 32bps), reflecting the strengthening of asset quality and consequent improvement of coverage ratios.

Provisions for other assets and contingencies increased to €91.5mn, mainly reflecting i) €57.3mn provision for transformation process as part of the Bank's innovation and simplification strategic program; ii) €17.8mn provision relating to property taxation introduced by the 2021 State Budget Law, and going forward to be subject to change of control (2023: €30.3mn), and; iii) other legal and business related contingencies.

Net Impairments and Provisions (mn€)	31-Dec-23	31-Dec-24	Change	
			absolute	%
Customer credit	142.8	96.9	-45.9	-32.2%
Other Assets and Contingencies	31.0	91.5	60.5	...
Transformation process	6.3	57.3	51.0	...
Aggravated real estate taxes	30.3	17.8	-12.4	-41.1%
Legal and other	-5.6	16.4	21.9	...
Net Impairments and Provisions Total	**173.8**	**188.4**	**14.5**	**8.4%**

At the end of 2024, the accumulated amount of additional impairment totalled €155mn, with an amount of €34mn having been allocated to the regulatory backstop, and the remaining €121mn are unallocated.

ACTIVITY, LIQUIDITY AND CAPITAL MANAGEMENT

CUSTOMER CREDIT

As a Portuguese universal Bank, novobanco's mission is to be the trusted Bank, which supports families and companies throughout their lives, underpinned by a robust and disciplined loan granting policy. This support has been transversal to all sectors, with a special focus on exporting SMEs and companies that incorporate innovation in their products, services or production systems, increasingly following a sustainability-oriented approach.

Customer Credit (mn€)	31-Dec-23	31-Dec-24	YTD Change	
			absolute	%
Corporate Loans	**13,819**	**13,891**	**72**	**0.5%**
Corporate Securities	**2,682**	**3,036**	**354**	**13.2%**
Individual Loans	**11,669**	**12,088**	**419**	**3.6%**
Residential Mortgage	10,058	10,158	100	1.0%
Other Loans	1,611	1,930	318	19.8%
Customer Credit (gross)	**28,171**	**29,015**	**844**	**3.0%**
Impairment	**1,196**	**1,076**	**-119**	**-10.0%**
Customer Credit (net)	**26,975**	**27,939**	**963**	**3.6%**

Gross Customer credit increased to €29.0bn (+3.0% YTD), of which corporate customers represented 58%, residential mortgage 35% and other loans to individuals 7%. During 2024, loan origination totalled €5.3bn (2023: €4.2bn), of which 63% corporate, 26% mortgage and 11% consumer and others.

As of 31 December 2024, the asset quality indicators are:

Asset Quality and Coverage Ratios (mn€)	31-Dec-23	31-Dec-24	YtD Change	
			absolute	%
Overdue Loans > 90 days	338	288	-50	-14.8%
Non-Performing Loans (NPL)	1,133	864	-269	-23.7%
Overdue Loans > 90 days / Customer Loans (gross)	1.3%	1.1%	-0.22	p.p.
Non-Performing Loans (NPL) Ratio	**4.4%**	**3.3%**	**-1.12**	**p.p.**
Credit provisions / Customer Loans	3.7%	3.2%	-0.5	p.p.
Coverage of Overdue Loans > 90 days	282.4%	289.9%	7.5	p.p.
Coverage of Non-Performing Loans	**84.3%**	**96.6%**	**12.4**	**p.p.**
Net Non-Performing Loans	**0.7%**	**0.1%**	**-0.6**	**p.p.**

Non-performing loans (NPL) decreased by 23.7% in 2024, standing at €864mn. The net NPL ratio decreased to 0.1% (Dec/23: 0.7%) with NPL ratio decreasing 112bps to 3.3% (Dec/23: 4.4%) and Coverage level increasing to 96.6% (Dec/23: 84.3%).

As at 31 December 2024, novobanco exposure to real estate was €291.5mn (excluding €23.7mn of non-recurrent assets classified as available for sale), decreasing 36.7% YTD and representing circa 0.7% of novobanco total assets.

SECURITIES – ALM Portfolio

The Asset and Liabilities Management (ALM) Portfolio, which is the main source of assets eligible for funding operations with the European Central Bank (ECB), amounted to €9.2bn. As of 31 December 2024, ALM portfolio represented 22% of total assets, of which 61% was accounted at amortised cost.

As of 31 December 2024, the securities accounted at amortised cost had unrealised mark-to-market losses of €59mn (net of hedges and taxes).

ALM portfolio (mn€)	31-Dec-23	31-Dec-24	YTD Change	
			absolute	relative
Portuguese sovereign debt	653	1,748	1,095	...
Other sovereign debt	4,260	5,370	1,110	26.1%
Bonds	1,587	2,033	446	28.1%
ALM portfolio Total (net of impairment)	**6,499**	**9,150**	**2,651**	**40.8%**

FUNDING

Total customer funds increased to €37.6bn (Dec/23: €35.2bn), of which deposits represent 79.2% of the activity funding. Backed by the solid franchise and strong client relationship, in the period, customer deposits increased by €1.6bn to €29.8bn (Dec/23: €28.1bn; +5.7%).

Total Funds (mn€)	31-Dec-23	31-Dec-24	YTD change	
			absolute	%
Deposits	28,140	29,754	1,614	5.7%
Other Customer Funds (1)	1,844	539	-1,305	-70.8%
Debt Securities	606	2,456	1,850	...
Subordinated Debt	502	502	0	0.0%
Sub -Total	**31,092**	**33,251**	**2,159**	**6.9%**
Off-Balance Sheet Funds	4,113	4,310	198	4.8%
Total Funds	**35,204**	**37,561**	**2,357**	**6.7%**

(1) Includes checks and pending payment instructions, Repos and other funds.

LIQUIDITY

As of 31 December 2024, the liquidity coverage ratio (LCR) stood at 164% (Dec/23: 163%) and the net stable funding ratio (NSFR) stood at 117% (Dec/23: 118%).

As for assets evolution, the credit portfolio (gross) stood at €29.0bn on 31 December 2024, with an increase of €0.8bn compared to the previous year, as well as the ALM securities portfolio that increased €2.7bn YoY to €9.2bn.

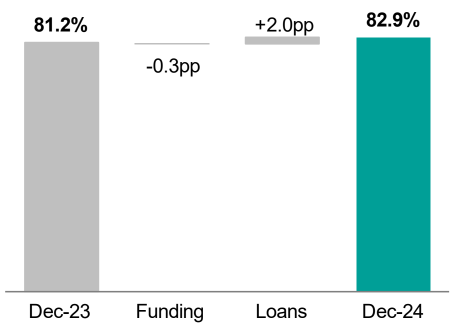
On 31 December 2024, customer deposits were €29.8bn (Dec/23: €28.1bn), an increase of €1.6bn YoY, with significant expression in 1Q24, which resulted mainly from the good performance of the corporate segment.

Regarding market funding, throughout 2024, the Bank placed a total of €1.8bn in covered bonds (€800mn) and senior debt with institutional investors (€1bn), leveraging favorable market conditions. These operations enabled the Bank to diversify and optimize its funding sources, strengthening its liquidity position and ratios. Additionally, senior debt issuances contributed to reinforcing the Bank's MREL ratio in anticipation of a possible normalization of its capital structure.

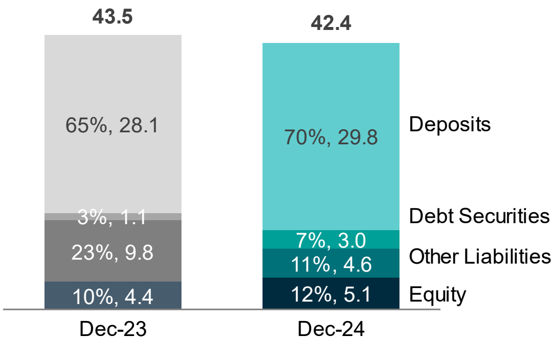
In 2024, the Bank has considerably reduced its repo financing, which at the end of 2024 stood at €1.3bn (Dec/23: €5.2bn), in medium/long-term operations. In December, the Bank also reimbursed the last tranche of TLTRO III, in the amount of €1.0bn.

On 31 December 2024, eligible assets for repo operations with the ECB net of a haircut increased by €2.7bn YoY, to €17.0bn, mainly explained by the increase in the securities portfolio. The available amount of assets eligible for rediscount with the ECB on 31 December 2024 was €14.0bn (net of haircuts), an increase of €6.9bn YoY. Additionally, novobanco also holds non-eligible HQLA assets for the ECB and deposits, which together with other assets, constitute the Bank's liquidity buffer, which on 31 December 2024 amounted to €16.9bn (Dec/23: €13.6bn), mainly composed of high-liquidity and quality assets (HQLA).

Loan to Deposit Ratio
(%)



Funding Structure
(%; € billion)



Supported by strong capital generation and issuance throughout the year, novobanco achieved a MREL of 31.5% of TREA as of 31 December 2024 (including 1H24 results and 2H24 net of accrued dividend, subject to shareholders approval in the next AGM and the incorporation of results into the capital; excluding the incorporation of results into the capital, MREL ratio as of Dec-24 would be 30.8%). As of December 2024, novobanco was already compliant with final binding MREL requirement.

MREL Requirements: (BdP notification; Jan-25; fully loaded; %)	From Jan/25 onwards	Dec/24[3]
TREA[1]	23.0%	
Combined Buffer	4.1%	
Total	**27.1%**	**31.5%**
LRE[2]	**5.90%**	**15.0%**

(1) TREA - Total Risk Exposure Amount

(2) LRE - Total Leverage Exposure

(3) Includes 1H24 results and 2H24 net of accrued dividend

CAPITAL

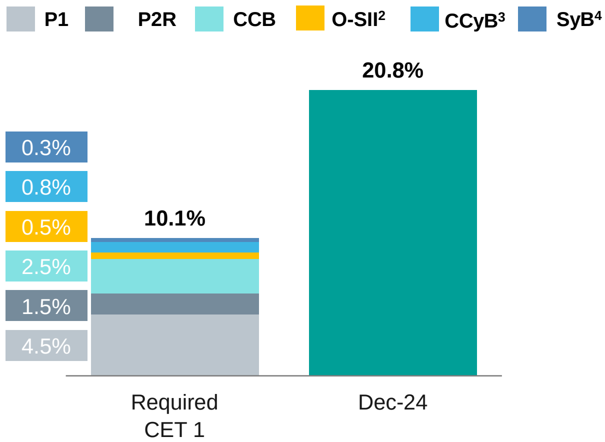
Backed by a strong financial performance, capital generation totalled c.+370bps, with fully loaded CET1 ratio increasing to 20.8% while the Total Capital ratio increased to 23.6%. The organic capital generation reflects the capital accretive business model with a solid top-line performance, efficient operations and disciplined capital allocation.

Capital ratios consider a dividend payout of 60% for 2H24 results subject to shareholders approval in the next AGM and the incorporation of results into the capital. Excluding the incorporation of results into the capital, fully loaded CET1 FL ratio as of Dec-24 would be 20.1% and Total Capital of 22.9%.

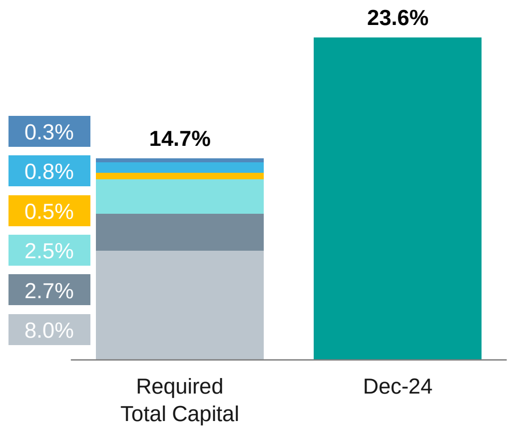
As of Dec-24, full implementation of CRR3 is expected to have a positive impact of +0.2pp in CET1 ratio.

Capital Ratios (CRD IV/CRR) (€mn)		31-Dec-23 (fully loaded)	31-Dec-24 (fully loaded)
Risk Weighted Assets	(A)	20,399	21,413
Own Funds			
Common Equity Tier 1	(B)	3,703	4,462
Tier 1	(C)	3,705	4,464
Total Own Funds	(D)	4,280	5,044
Common Equity Tier 1 Ratio	**(B/A)**	**18.2%**	**20.8%**
Tier 1 Ratio	**(C/A)**	**18.2%**	**20.8%**
Solvency Ratio	**(D/A)**	**21.0%**	**23.6%**
Leverage Ratio		**7.9%**	**9.9%**

CET 1
(fully loaded[1]; %)



Total Capital
(fully loaded[1]; %)



(1) The inclusion of positive results depends on an authorization from the ECB; (2) Phased regime for the introduction of a 0.5% O-SII reserve as a percentage of RWAs started on 1-Jul-24 with 50% of the reserve (0.25% of RWAs), and 100% of the reserve starting on 1st July 2025 (0.50% of RWAs); (3) Not fixed amount; includes Countercyclical capital buffer of 0.75% in Portugal taking effect from 1-Jan-26; (4) Not fixed amount; starting on 1-Oct-24, capital requirements include a buffer on exposures secured by residential real estate ~30bps;

CONTINGENT CAPITAL AGREEMENT

The CCA, established in October 2017, was a financial mechanism designed to ensure that, subject to certain conditions, the Bank maintained the agreed capital levels to support its operations during the restructuring phase.

Pursuant to the agreement reached on 9 December 2024, the Bank and the Resolution Fund have extinguished (i) all outstanding disputes relating to unpaid amounts under the CCA and (ii) existing payment obligations between the parties, not resulting from the agreement any financial flow. The agreement also determined the dissolution of the Monitoring Committee (a statutory consultative body provided for in the Bank's Statutes within the scope of the CCA), the extinction of limitations on the management of assets covered by the CCA and the extinction of the contractual prohibition on the distribution of dividends.

At the date of this agreement, the Bank had recorded receivables, under the CCA, of €161.6mn, and a liability towards the Resolution Fund in the amount of €98.9mn. Therefore, with the extinction of these amounts the Bank recorded a cost of €62.7mn in the accounts for the 2024 financial year and a c.47bps positive impact in Capital ratios.

SUBSEQUENT EVENTS

- On 7 January 2025, the General and Supervisory Board has resolved the dismissal, of Carlos Jorge Ferreira Brandão, with just cause, as a member of the Executive Board of Directors and Chief Risk Officer ("CRO"), with immediate effect;
- On 15 January 2025, novobanco issued Senior Preferred debt in the amount of €500mn, maturing on 22 January 2031 and with an early repayment option on 22 January 2030. These bonds were issued with an annual coupon of 3.375% in the first five years, and indexed to three-month Euribor plus 105bp;
- On 16 January, novobanco was notified by the Bank of Portugal of its new MREL requirements as determined by the Single Resolution Board. From January 2025 onwards, the requirement for own funds and eligible liabilities will be equivalent to a Total Risk Exposure Amount (TREA) of 23.04% plus the then applicable buffers, totalling 27.1%. The LRE (Leverage Ratio Exposure Requirement) was set at 5.90%. The MREL requirement decision, based on current legislation and subject to annual review by the supervisor, replaces the requirements previously set and disclosed on May 2, 2024. The revised requirements reflect a decrease, with TREA reduced from 24.01% to 23.04%;
- On 28 January 2025, novobanco issued a premium European Covered Bond in the amount of €500mn, with maturity on 4 February 2030 (soft bullet). The bonds, which are expected to be rated Aaa by Moodys, were issued with an annual fixed coupon of 2.75% and placed at mid-swaps plus 42 bps;
- On 11 February 2025, novobanco announced that Morningstar DBRS ceased rating novobanco, following the termination of the contractual agreement;
- On 13 February 2025, novobanco announced about shareholder's indication to initiate IPO procedures for the Bank's shares.

BUSINESS SEGMENTS

Novobanco Group activities are centred on the financial sector targeting corporate, institutional and private individual customers. Its decision centre is in Portugal, making the domestic territory its core market. The products and services rendered include deposit taking, granting of loans to corporate and private customers, investment fund management, broker and custodian services and the commercialization of life and non-life insurance products, among others.

When evaluating performance by business area, the Group considers the following Operating Segments: (1) Retail, which essentially includes the activity of private and small business clients; (2) Corporate, which includes the activity of other companies and institutions; and (3) Support Functions. Each segment integrates the novobanco structures that directly relate to it, as well as the units of the Group whose businesses are mainly related to the segments. The individual and independent monitoring of each operating unit of the Group is complemented, at the Executive Board of Directors of novobanco level, by the definition of specific strategies and commercial programs for each unit.

Retail

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

Corporate

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

Support Functions

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

€ million	Retail			SMEs and corporate			Support Functions			Total		
	FY 2023	FY 2024	▲ M€	FY 2023	FY 2024	▲ M€	FY 2023	FY 2024	▲ M€	FY 2023	FY 2024	▲ M€
Commercial Banking Income	845	941	96	643	584	-58	-49	-23	26	1,439	1,502	64
Banking Income	847	946	99	681	583	-98	-86	34	120	1,442	1,563	121
Operating Costs	318	330	11	99	108	9	62	61	-1	479	499	20
Net Operating Income	528	616	87	582	474	-107	-148	-27	121	963	1,063	101
CCA termination	0	0	0	0	0	0	0	-63	-63	0	-63	-63
Net Impairments and Provisions	54	43	-11	90	52	-38	30	93	64	174	188	15
Income before Taxes	**474**	**573**	**99**	**492**	**422**	**-70**	**-177**	**-183**	**-5**	**789**	**812**	**24**
Total Assets	14,614	14,947	334	13,942	14,470	528	14,945	12,996	-1,949	43,500	42,413	-1,087
Customer Credit (net)	13,425	13,781	356	13,534	14,141	607	17	17	0	26,975	27,939	963
Net Interest margin	3.02%	3.26%	0.24pp	3.89%	3.48%	-0.42pp	-0.40%	-0.19%	0.21pp	2.75%	2.79%	0.04pp
Commercial Cost to Income	37.7%	35.0%	-2.64pp	15.4%	18.6%	3.15pp	-	-	-	33.3%	33.2%	-0.08pp

RETAIL BANKING

Since 2021, novobanco's Retail segment has undergone significant adjustments to its service model, redefining its geographical presence and transforming the way services are delivered, aiming to strengthen and consolidate long-term relationships with its clients. Currently 277 branches have adopted the new Distribution Model, with 250 of them equipped with Virtual Teller Machines (VTM), providing advanced solutions for transaction management, forming an essential foundation for branch efficiency and customer satisfaction.

Aligned with its omnichannel strategy, novobanco has been implementing an innovative tool in its branches: the virtual assistant mIA. This solution, already piloted in 12 branches, addresses simple queries and redirects calls to the most suitable employee, reducing waiting times and improving customer experience. In addition to shortening the average service time, mIA aims to increase the NPS, balance workload among branches, and enhance satisfaction for both customers and employees.

The acquisition of new clients continues to show positive momentum, along with an increase in salary domiciliation (+14.6% YoY). This growth is supported by initiatives such as (i) a customer loyalty program aimed at strengthening and deepening commercial relationships; (ii) the Cross Segment program, which provides employees of companies with novobanco protocols access to preferential conditions on various products and services, covering around 300,000 employees across more than 25,000 client companies; and (iii) a program to reactivate inactive clients.

As a Bank dedicated to supporting families and businesses throughout their lives, novobanco has launched a transformation program to strengthen its position as an efficient and simple omnichannel Bank with a customer-centric focus. During this period, the Bank has expanded and accelerated its transformation efforts, focusing on improving customer journeys. This strategic shift is reflected in remarkable increases in customer satisfaction across various areas: the proportion of highly satisfied clients in the mortgage loan journey rose to 88.9% (+5.3pp compared to 2023); satisfaction with the personal loan experience remained high at 94.3% (+1.4pp compared to 2023), as did satisfaction with the salary account experience, which reached 84.7% (+1.0pp compared to 2023). Additionally, the overall quality of retail service maintained excellence levels (86.1%), and the performance of the Bank’s app also improved, reaching 84.1% (+0.7pp compared to the previous year).

In December, Loans to Clients (net) stood at €13.8mn (+2.7% YoY, including small businesses), with production growth offset by the level of repayments. In response to strong competition in the mortgage market, novobanco has created specific acquisition and retention offers, that positions the Bank’s offering as one of the most competitive, being expected to drive significant portfolio growth in the coming quarters. Furthermore, reflecting investments in new functionalities available through digital channels, the origination of other personal loans via digital channels increased by 25% compared to the previous year. By December 2024, the small business customer base grew by more than 4% YoY.

The offering of savings and investment solutions has been enhanced, notably with the introduction of new investment funds and the integration of sustainability preferences into the management model of the Investment Advisory Service, as well as the launch of the new Trading Pro Service in partnership with Saxo Bank. On the term deposit side, the Bank continues to offer competitive options with various terms and characteristics tailored to different savings objectives.

Digital channels and developments in the online commercial offering have played an increasingly important role in contributing to commercial results, representing a total of 31% (digital sales share) in 2024, with particular growth in Consumer Credit and Insurance products.

The Net interest margin grew to 3.26% (+24bp YoY), which, together with commercial activity, resulted in Commercial Banking Income of €941mn (+11% YoY). Operating costs increased by 3.6% vs the same period last year, to €330mn, leading to a Commercial Cost to Income ratio of 35.0% for the period (Dec/23: 37.7%).

In conclusion, the Retail segment achieved an Income Before Taxes of €573mn (+21% YoY; +€99mn), following commercial performance and a favorable interest rate environment.

CORPORATE BANKING

As a customer-focused Bank, novobanco stands out for its differentiated banking experience, grounded in partnership and proximity. For large companies, it offers two corporate hubs in Lisbon and Porto. The medium-sized companies segment is supported by 20 Business Centers and specialized teams, while more than 200 managers assist the Business segment through 290 branches across the country.

With an omnichannel approach, novobanco online businesses simplify the daily operations of companies, with a particular focus on treasury management functionalities. This digital platform, used by approximately 80% of active clients, reflects the Bank's commitment to modernity and convenience, supporting an 85% satisfaction rate.

Service excellence is maintained with a 93.8% satisfaction rate, contributing to an internal NPS of 42.6 (+6.8pp compared to the same period last year). Novobanco continues to enhance the customer experience, positioning itself as a trusted partner.

Novobanco continues to strengthen its commitment to Portuguese companies, highlighting:

- Strengthening market share in Factoring and Confirming: a 25% growth compared to the same period last year in accumulated turnover, with Factoring market share reaching 13.2% (Sep/24; +1.8pp vs Dec/23);
- Focus on Equipment Leasing, a key product for supporting investments: 74% YoY growth, with around €360mn in cumulative production in 2024, achieving a 15.8% market share;
- Support for corporate investments: offering sector-specific financing solutions, highlighting the InvestEU BPF Line, with approximately €200mn submitted to the Banking Portal and over €55mn contracted, based on information shared by Mutual Guarantee Societies;
- Proximity and specialization through a team of sector-specific specialists in Agriculture, Tourism, Real Estate, Payments, and Industry, aimed at developing tailored solutions for each sector's specific needs. As of December 2024, strategic sectors accounted for 55% of the corporate loan portfolio, including Real Estate (14%), Industry (11%) and Retail & Services (10%);
- Comprehensive credit offerings to finance clients' investment projects: Sustainable Tourism Support Line and Tourism Support Line, in partnership with *Banco Português de Fomento*, IFAP Wine Sector Line, EIB MidCaps Line, and renewal of the Qualification of Supply Support Line (LAQO) in partnership with *Turismo de Portugal*;
- Financing projects approved with European Funds: streamlined offerings under the PRR and Portugal 2030, including identifying application opportunities and financing approved projects through short-term incentive advances and external capital financing. A specialized team supports novobanco clients with tailored solutions to execute projects;
- Innovation in payment solutions: 15.1% market share in automatic payment terminal (POS) billing, offering innovative and competitive solutions to simplify client collections. Launch of SmartPOS, simplification of business deposits via VTM automatic machines, and a digital payments platform to optimize e-commerce collections;
- Recognition and support for the country's top companies: assisting 2,412 clients in applying for SME Leader status (15% market share) and supporting 319 clients in achieving the COTEC Innovative Status 2024 (30% market share).

Novobanco maintains a strong presence in the export sector, offering a wide range of products and specialized advice to support international trade, with around 60% of national exports coming from novobanco clients. This expertise is valued and recognized, resulting in a 19% market share, with novobanco being named the best trade finance Bank in Portugal for the 6th consecutive year by Global Finance magazine.

Novobanco holds a prominent position in supporting Portuguese businesses, with a market share of 18.0% in Medium Corporate and 12.2% in deposits from Non-Financial Corporations, reflecting companies' confidence in the Bank's strength.

As of December 2024, Credit to customers (net) totaled €14.1bn (+4% YoY). Reflecting the portfolio effect and risk appetite, Net Interest Margin was 3.48% (2023: 3.89%), which resulted in Commercial Banking Income of €584mn (-9% YoY). Operating costs increased to €108mn (+10% YoY). All in all, Income before Taxes totaled €422mn (-14% YoY; -€70mn).

Digital Transformation

In order to consolidate its position in the Portuguese banking market through digitalisation and innovation, novobanco has launched an ambitious global transformation programme. In 2024, the Bank adopted the Journey Led Organization model, launching pilot journeys to enhance customer experience and satisfaction. This model reorganises teams and processes around customer journeys, promoting agility, collaboration, and results-focused solutions tailored to customer needs.

The purpose of this transformation is to ensure that novobanco continues to support Portuguese families and companies by offering a fully integrated and personalised omnichannel experience, as well as capturing synergies for greater operational efficiency. Organised around the strategic pillars of 'Customer Centricity' and 'Simple and Efficient Banking', novobanco is committed to improving customer satisfaction and operational efficiency.

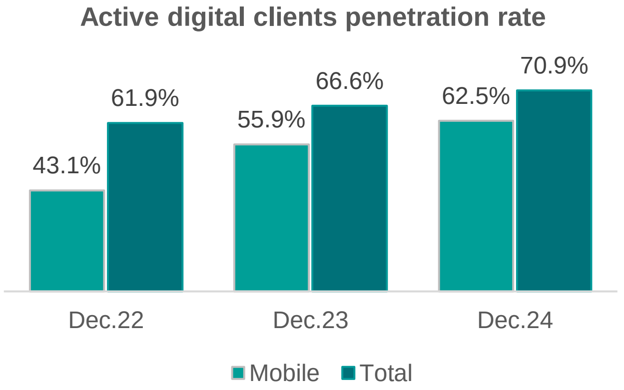
Work is structured into streams dedicated to Retail, Corporate, Customer Satisfaction and Operational Efficiency, ensuring clear and effective alignment with the bank's priorities. This multidisciplinary approach incorporates the Voice of the Customer and ensures consistent and relevant deliveries for all stakeholders.

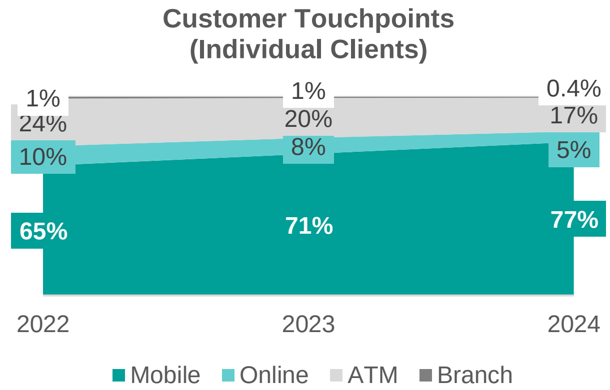
Key achievements in 2024 include:

- **Virtual Assistant mIA:** leveraging Generative AI to personalise customer support, managing calls, emails, and authenticated messages efficiently;
- **Digital Services:** high-value transfers above €15k via Digital Mobile Key and simplified online account opening;
- **Insurance and Loans:** fully digital subscriptions for auto and health insurance, enhanced personal loan processes up to €25k, and immediate credit approval;
- **Trading Pro Service:** a partnership with SAXO Bank enabling instant investments in stocks and ETFs, supported by portfolio analysis tools;
- **Smart POS and Credit Cards:** advanced credit card limit management and POS systems that integrate billing and automate check-out processes for merchants.

This transformation ensures novobanco continues to support Portuguese families and businesses with secure, practical, and innovative solutions. By aligning with customer needs and adopting cutting-edge technologies, the Bank strengthens its commitment to delivering high-quality services that make a difference.

The pursuit of this strategy has led to an increase in active digital customers, to 70.9% by Dec/24 (+4.3pp YoY; the number of digital customers increased by 12% YoY) and annual growth of 18% in the number of active mobile customers (63% of customers are mobile).





In 2024, 76% of the operations in retail segment can be carried out in self-service mode. This figure increases to 86% and 94% in the small businesses and medium-large companies' segments, respectively.

Consequently, there has been a continuous increase in sales made via digital channels increasing 68% YoY (excluding naturally high deposit sales) and representing 12% of total sales (+5.0pp YoY; 32% including deposits), including:

(i) Investment products: +155% in number of digital sales (+16pp in the share of product digital sales compared to the same period last year). This result was driven by the expansion of the online offering, specifically in Capitalization Insurance and Retirement Savings Plans (PPRs), improvements in the subscription process, and investment portfolio profitability analysis;

(ii) Personal loans increased by 25% compared to last year (+5pp in the share of product digital sales compared to the same period last year), representing a 34% increase in the subscribed volume and reflecting improvements in the customer journey and new products;

(iii) Insurance: +78% in number of digital sales (+5.5pp in the share of digital sales) as a result of new omnichannel solutions developed for non-life insurance, with new end-to-end solutions for auto, home, and health insurance subscriptions.

In 2024, 83% of private customers' contacts with novobanco were made through digital channels (+4pp YoY). Reinforcing the adoption of a ‘mobile digital first’ strategy, mobile continues to be the main means of contact for private customers, with annual interactions growing by 33%, measured in number of logins.

ECONOMIC ENVIRONMENT

Despite heightened geopolitical uncertainty, 2024 was marked by the resilience of global economic activity. In the main developed economies, the slowdown in activity reflected lower fiscal policy support and the lagged effects of policy interest rate hikes from 2022 to 2023, which pushed monetary policy into restrictive territory. In the U.S., GDP growth fell slightly from 2.9% to 2.8%, with economic activity supported by private consumption and the robust performance of the labor market. China's economy slowed from 5.2% to 4.5%. The Euro Area maintained a low annual growth rate of 0.7%, compared to 0.4% in 2023. This trend reflected varied performances within the region, with higher growth in peripheral countries benefiting from the expansion of services and tourism, contrasting with stagnation in Germany. The Euro Area's unemployment rate dropped from 6.5% to a historic low of 6.3% of the labour force. Despite some persistence in service prices, inflation fell in all major economies. In the U.S., the CPI dropped from 4.1% to 2.9%. In the Euro Area, inflation fell from 5.4% to 2.4%, or from 4.9% to 2.9% at the core level. The risk of the Middle East conflict spreading did not prevent a decline in oil prices (Brent), down 3.1% YoY in 4Q24, or 2.1% on an annual average.

Amid easing inflationary pressures, the U.S. Federal Reserve began a new cycle of policy interest rate cuts, lowering the federal funds target rate by 100 basis points in total, to 4.25%-4.5%, while signaling a more cautious stance on future cuts by year-end. In the Euro Area, the ECB lowered the deposit facility rate in four 25bps, to 3%. However, unlike the Fed, the ECB maintained a clear easing bias. The 3-month Euribor fell from 3.91% to 2.71% in 2024. Despite fluctuations, the yield on the 10-year Bund decreased from an annual high of 2.694% in May to 2.367%. The contrast between U.S. economic growth and greater pessimism about the Euro Area contributed to a 6.5% depreciation of the euro against the dollar, to EUR/USD 1.0349. Expectations of interest rate cuts, favorable corporate earnings, the attractiveness of the tech sector (particularly AI related), and investor optimism about potential new policy stimulus under a future Trump Administration contributed to new highs in U.S. equity indices. The S&P 500 and Nasdaq rose 23.3% and 28.6% over the year, respectively. In Europe, the Euro Stoxx 600 and DAX climbed 6% and 18.8%, while the CAC40 fell 2.2%, reflecting political and fiscal uncertainty in France.

The Portuguese economy continued to grow above the Euro Area average in 2024, at 1.9%. Activity benefited from the dynamism of private consumption, supported by a strong increase in real disposable income, reflecting employment and wage growth, as well as fiscal policy support. GDP growth was also driven by tourism activity and a recovery in goods exports, despite external demand net of imports maintaining a negative contribution. The annual average unemployment rate fell from 6.5% to 6.4% of the labour force, with employment growing 1.3% over the same period. Annual average inflation dropped from 4.3% to 2.4% (with the year-on-year reading closing the year at 3%). Housing prices rose 9.8% YoY in 3Q24, driven by persistent supply constraints. Expectations of surpluses in public and external accounts (respectively, 0.3%-0.6% and 3.6% of GDP for 2024) contributed to a narrowing of the spread between 10-year PGB and Bund yields to 48bps at year-end, after peaks of 84bps in January and 80bps in June. In March, S&P upgraded Portugal's sovereign rating to A- with a positive outlook. In September, Fitch improved the outlook for Portugal's A- rating from "stable" to "positive."

MAIN INDICATORS

Main Highlights	31-Dec-23	31-Dec-24
Activity (€mn)		
Net Assets	43 501	42 413
Customer Credit (gross)	28 171	29 015
Customer Deposits	28 140	29 754
Equity	4 422	5 079
Tangible book value	4 104	4 940
Solvency (fully loaded)(4)		
Common EquityTier I / Risk Weighted Assets	18.2%	20.8%
Tier I / Risk Weighted Assets	18.2%	20.8%
Total Capital / Risk Weighted Assets	21.0%	23.6%
Leverage Ratio	7.9%	9.9%
Liquidity (€mn)		
European Central Bank Funding (3)	-4,246	-1,344
Eligible Assets for Repo Operations (ECB and others), net of haircut	14 217	16 958
(Total Credit - Credit Provision) / Customer Deposits (2)	81%	83%
Liquidity Coverage Ratio (LCR)	163%	164%
Net Stable Funding Ratio (NSFR)	118%	117%
Asset Quality		
Overdue Loans > 90 days / Customer Loans (gross)	1.3%	1.1%
Non-Performing Loans (NPL) / Customer Loans	4.4%	3.3%
Credit Provision / Overdue Loans > 90 days	282.4%	289.9%
Credit Provision / Customer Loans (gross)	3.7%	3.2%
Cost of Risk (base points) (1)	51	33
Profitability		
Net Income for the Period (mn€)	743.1	744.6
Income before Taxes and Non-controlling interests / Average Net Assets (2)	1.8%	1.8%
Banking Income / Average Net Assets (2)	3.3%	3.5%
Income before Taxes and Non-controlling interests / Average Equity (2)	21.2%	18.6%
Return on Tangible Equity (RoTE)	20.4%	17.4%
Efficiency		
Operating Costs / Banking Income (2)	33.2%	31.9%
Operating Costs / Commercial Banking Income	33.3%	33.2%
Staff Costs / Banking Income (2)	17.5%	17.3%
Employees (No.)	**4,209**	**4,195**
Branch Network (No.)	**290**	**290**

(1) Customer credit cost of risk
(2) According to Banco de Portugal Instruction n. 16/2004, in its version in force
(3) Includes funds from and placements with the ESCB; positive = net borrowing; negative = net lending
(4) 2024 ratios include 1H24 results and 2H24 net of accrued dividend

FINANCIAL STATEMENT

NOVO BANCO, S.A.

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2024 AND 2023

thousands of Euros

	31.12.2024	31.12.2023
Interest Income	2 372 813	1 955 662
Interest Expenses	(1 193 369)	(813 078)
Net Interest Income	**1 179 444**	**1 142 584**
Dividend income	4 307	2 133
Fees and commissions income	364 406	339 061
Fees and commissions expenses	(45 488)	(44 746)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(3 658)	(58 055)
Gains or losses on financial assets and liabilities held for trading	9 793	4 418
Gains or losses on financial assets mandatorily at fair value through profit or loss	26 559	26 633
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	-	79
Gains or losses from hedge accounting	(20 746)	32 112
Exchange differences	14 892	24 369
Gains or losses on derecognition of non-financial assets	8 063	27 901
Other operating income	119 702	106 231
Other operating expenses	(199 177)	(124 054)
Operating Income	**1 458 096**	**1 478 666**
Administrative expenses	(445 112)	(435 577)
Staff expenses	(270 353)	(252 704)
Other administrative expenses	(174 759)	(182 873)
Cash contributions to resolution funds and deposit guarantee schemes	(6 466)	(78 481)
Depreciation	(54 073)	(43 588)
Provisions or reversal of provisions	(120 086)	(45 699)
Commitments and guarantees given	(23 762)	628
Other provisions	(96 323)	(46 327)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(73 222)	(141 893)
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	-	7 406
Impairment or reversal of impairment on non-financial assets	4 950	6 351
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	7 949	7 215
Profit or loss before tax from continuing operations	**772 036**	**754 400**
Tax expense or income related to profit or loss from continuing operations	(30 492)	(5 769)
Current tax	(22 205)	(15 134)
Deferred tax	(8 287)	9 365
Profit or loss after tax from continuing operations	**741 544**	**748 631**
Profit or loss from discontinued operations	8 187	(412)
Profit or loss for the period	**749 731**	**748 219**
Attributable to Shareholders of the parent	**744 592**	**743 088**
Attributable to non-controlling interests	5 139	5 131
	749 731	**748 219**

NOVO BANCO, S.A.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024 AND 2023

thousands of Euros

	31.12.2024	31.12.2023
ASSETS		
Cash, cash balances at central banks and other demand deposits	1 757 414	5 867 189
Financial assets held for trading	633 521	436 148
Financial assets mandatorily at fair value through profit or loss	248 533	264 912
Financial assets at fair value through other comprehensive income	3 148 305	838 523
Financial assets at amortised cost	33 564 672	32 452 537
Securities	8 384 115	7 870 536
Loans and advances to banks	36 523	47 940
Loans and advances to customers	25 144 034	24 534 061
Derivatives – Hedge accounting	682 256	683 063
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(53 048)	(83 498)
Investments in subsidiaries, joint ventures and associates	60 222	59 511
Tangible assets	680 381	757 549
Tangible fixed assets	416 554	363 754
Investment properties	263 827	393 795
Intangible assets	113 096	86 748
Tax assets	874 719	931 036
Current Tax Assets	27 106	29 376
Deferred Tax Assets	847 613	901 660
Other assets	671 925	1 117 258
Non-current assets and disposal groups classified as held for sale	31 049	89 814
Total Assets	**42 413 045**	**43 500 790**
LIABILITIES		
Financial liabilities held for trading	95 841	100 639
Financial liabilities measured at amortised cost	35 585 636	37 330 355
Deposits from central banks and other banks	1 772 496	5 745 326
(of which: repos)	1 054 686	3 867 053
Due to customers	30 293 382	29 984 273
(of which: repos)	260 124	1 366 382
Debt securities issued, Subordinated debt and liabilities associated to transferred assets	2 957 451	1 107 585
Other financial liabilities	562 307	493 171
Derivatives – Hedge accounting	161 383	124 729
Fair value changes of the hedged items in portfolio hedge of interest rate risk	81 539	62 049
Provisions	497 472	430 829
Tax liabilities	14 551	10 808
Current Tax liabilities	14 551	10 808
Other liabilities	885 179	1 005 846
Liabilities included in disposal groups classified as held for sale	12 277	13 107
Total Liabilities	**37 333 878**	**39 078 362**
EQUITY		
Capital	3 345 000	6 567 844
Accumulated other comprehensive income	(1 062 390)	(1 070 125)
Retained earnings	13 814	(8 577 074)
Other reserves	2 011 951	6 736 004
Profit or loss attributable to Shareholders of the parent	744 592	743 088
Minority interests (Non-controlling interests)	26 200	22 691
Total Equity	**5 079 168**	**4 422 428**
Total Liabilities And Equity	**42 413 045**	**43 500 790**

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GLOSSARY

INCOME STATEMENT

Fees and Commissions	Fee and commission income less fee and commission expenses
Commercial banking income	Net interest income and fees and commissions
Capital markets results	Dividend income, gains or losses on the derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains or losses on financial assets and liabilities held for trading, gains or losses on financial assets that must be accounted for at fair value through profit or loss, gains or losses on financial assets and liabilities accounted for at fair value through profit or loss, gains or losses from hedge accounting and exchange differences
Other operating results	Gains or losses on the derecognition of non-financial assets, Other operating income, Other operating expenses, Proportion of profits or losses from investments in subsidiaries and joint ventures and associates accounted for using the equity method
Banking Income	The sum of Net interest income, Fees and commissions, Capital markets results and Other operating 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 of financial assets not measured at fair value through profit or loss, Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates and Impairment or reversal of impairment of non-assets financial

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 non-tradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
Customer credit	Customer loans and debt securities associated with credit operations with clients, being Gross before impairments and Net after impairment
ALM portfolio	Securities booked in the Asset and Liability Management Portfolio, at fair value through profit or loss, mandatory at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost.
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 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 funds.

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 and impairment charges accounted in the period for credit and guarantees risk and debt securities associated with credit operations with clients with gross customer loans and debt securities associated with credit operations with clients.
Non-performing loans	Loans classified as in default according to internal definition – which is line with regulatory definition from article 178 of Capital Requirement Regulation –, i.e. (i) loans with material overdue amount for more than 90 consecutive days or (ii) loans identified as unlikely to pay, in accordance with qualitative criteria.
Non-performing loans ratio	Ratio calculated with non-performing loans / loans to customers (gross)
Non-performing loans coverage ratio	Ratio calculated between impairment on customer loans and 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 average Tangible Equity	Ratio of net income to average equity, excluding intangibles, CCA receivables and accrued dividend.

ABREVIATIONS	
€mn	million euros
€bn	billion euros
pp	percentage points
bps	basis points
QoQ	quarter-on-quarter
YoY	year-on-year
YTD	year-to-date
OCR	Overall Capital Requirements
P2G	Pillar 2 Guidance

Disclaimer

The totals and variations presented and the ratios were calculated on the basis of the values in euros and not those presented in the body of the report.

CONFERENCE CALL: 2024 FINANCIAL YEAR RESULTS

Date: **Thursday, 6 March 2025**
Time: **10:00 Lisbon/London**
Link: https://channel.royalcast.com/landingpage/novobancoen/20250306_1/

Phone: Portugal: +351 3 0880 2081 | UK: +44 (0) 33 0551 0200 | US: +1 786 697 3501
Password: Novo Banco

NOVO BANCO, SA I Campus do Novobanco
Avenida Doutor Mário Soares, Taguspark, Edifício 1, 2740-119 Porto Salvo
Share Capital: 3,345,000,000.30 Euros
NIPC: 513 204 016 **I** LEI: 5493009W2E2YDCXY6S81
Email: investidor@novobanco.pt **I** investor.relations@novobanco.pt **I Tel:** (+351) 21 883 95 95