novobanco

GROUP ACTIVITY AND RESULTS 1H 2025

PRESS RELEASE

Portugal, 31 July 2025

"The results for the first half of 2025 continue to demonstrate the strength and resilience of our business model. This half-year included an important milestone: the signing of a MoU for the sale of novobanco to BPCE, the second-largest bank in France and the fourth-largest in Europe. This agreement will allow novobanco to expand its presence and operational capacity, providing us with the resources to continue supporting Portuguese businesses and families. With this deal, we are not only increasing our financial strength but also strengthening our ability to offer innovative and personalized solutions to our clients."

Mark Bourke, CEO

HIGHLIGHTS

SUSTAINABLE RESULTS

- Commercial Banking Income reaching €737.8mn (1H24: €756.1mn; -2.4% YoY), with Net Interest Income (NII) reaching €558.8mn (1H24: €594.9mn) and Fees growing 11.1% YoY to €179.0mn (1H24: €161.2mn).
- NII performance reflects a 4.3% YoY increase in average Customer Credit and a Net Interest Margin (NIM) of 2.73% (2024: 2.79%; 1H24: 2.83%). In 1H25, the NIM benefited from a proactive hedging strategy, which offset the 152bps YoY decrease in the 6-month average Euribor (1H25: 2.32% vs 1H24: 3.84%).
- Fee income improved by 11.1% YoY, supported by the strengthening of novobanco's franchise and by the successful implementation of initiatives aimed at increasing commission income.
- Commercial Cost to Income ratio of 35.4% (1H24: 32.1%), reflecting a contained cost base through focus on simplification and processes optimization. Operating costs at €261.2mn (+4.6% vs 2024 average).
- Cost of Risk of -3bps in 1H25 (1H24: 38bps and 1Q25: 17bps), reflecting conservative underwriting approach and the continued strengthening of novobanco's asset quality.
- Net income of €434.9mn (1H24: €370.3mn; +17.4% YoY), driven by a resilient and diversified business model, supported by a strong corporate franchise, low-risk mortgage portfolio and high digital adoption.
- The Bank delivered a RoTE of 22.2% and a CET1 ratio of 16.8%. The Tangible book value reached €4,067mn (+24% YoY pro-forma for the capital reduction).

DIVERSIFIED BUSINESS MODEL WITH STRONG DOMESTIC FRANCHISE

- Total customer funds increased 8.0% YtD to €45.9bn (Dec/24: €42.5bn), driven by a resilient volume of customer deposits, which rose 4.1% YtD to €31.0bn, reaching a market share of 9.1% (May/25; +0.1pp YtD). As of 30 June 2025, novobanco's liquidity position remained strong with a buffer of €16.9bn (Dec/24: €16.9bn). Loan to deposit ratio (LtD) stood at 82.6% (Dec/24: 82.9%), LCR decreased to 154% (Dec/24: 164%) and NSFR was 116% (Dec/24: 117%).
- Sustainable business growth, supported by a strong retail franchise, led to net customer credit reaching €29.3bn (+5.0% YtD; +7.4% YoY). Credit origination reached €3.3bn, a 43.1% increase YoY. The overall market share stood at 9.3% (as of May/25, +0.1pp YtD), while the share in the mid-sized enterprises segment reached 18.2% (+0.2pp vs Dec/24), confirming the Bank's strong presence in the Portuguese market, particularly in the corporate segment. Novobanco was also recognised, for the 7th consecutive year, as the Best Trade Finance Bank in Portugal by Global Finance magazine.
- Non-performing loans (NPL) decreased by 1.1% YtD to €855mn. Net NPL ratio at 0.3% (Dec/24: 0.1%), from a lower gross NPL ratio (Jun/25: 3.2% vs Dec/24: 3.3%) and 91.6% coverage level (Dec/24: 96.6%).

novobanco

GROUP RESULTS

The most relevant aspects of the first half of 2025 include:

- Commercial banking income of €737.8mn (-2.4% 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, which resulted in a stable financial margin and fee income growth;
- Operating costs totalled €261.2mn (increase by +4.6% vs average of 2024) and sustaining top performance in efficiency with 35.4% Commercial C/I ratio;
- Risk profile improvement with provisions for customer credit recording a decrease of €58.5mn YoY, equivalent to -3bps Cost of Risk (vs 38bps in Jun/24);
- Provisions for other assets and contingencies totalled €16.4mn (€-18.1mn YoY);
- Net Income of €434.9mn and RoTE at 22.2% (16.8% CET1).

	Income Statement (mn€)	Jun-24	Jun-25	Change	
				absolute	%
	Net Interest Income	594.9	558.8	-36.1	-6.1%
+	Fees and Commissions	161.2	179.0	17.8	11.1%
=	**Commercial Banking Income**	**756.1**	**737.8**	**-18.3**	**-2.4%**
+	Capital Markets Results	-4.7	3.0	7.7	...
+	Other Operating Results	1.5	57.5	56.0	...
=	**Banking Income**	**753.0**	**798.3**	**45.4**	**6.0%**
-	**Operating Costs**	**242.7**	**261.2**	**18.5**	**7.6%**
=	**Net Operating Income**	**510.3**	**537.2**	**26.8**	**5.3%**
-	**Net Impairments and Provisions**	**87.8**	**11.1**	**-76.7**	**-87.3%**
	Customer credit	53.3	-5.2	-58.5	...
	Other Assets and Contingencies	34.5	16.4	-18.1	-52.5%
=	**Income before Taxes**	**422.5**	**526.0**	**103.5**	**24.5%**
-	Corporate Income Tax	17.7	61.8	44.1	...
-	Special Tax on Banks	32.2	26.9	-5.3	-16.5%
=	**Income after Taxes**	**372.6**	**437.4**	**64.7**	**17.4%**
-	Non-Controlling Interests	2.3	2.5	0.2	8.9%
=	**Net Income for the period**	**370.3**	**434.9**	**64.5**	**17.4%**

On a quarterly basis, the 2Q25 most relevant aspects include:

- Commercial Banking Income at €374.4mn (+3.0% vs 1Q25), driven by an increase of NII (+0.2% vs 1Q25) and of Fees and commissions (+12.4% vs 1Q25), supported by higher loan volumes and an expanding client base;
- Operating Costs at €135.9mn;
- Cost of Risk reduced to -23bps (2Q24: 40bps; 2024: 33bps), with impairments for Customer Credit totaling €-17.7mn, reflecting improved asset quality and a conservative underwriting approach;
- Net Income reached €257.7mn (2Q24: €189.7mn), underpinned by a diversified and low-risk business model with strong digital adoption.

	Income Statement (mn€)	1Q24	2Q24	3Q24	4Q24	1Q25	1Q25	QoQ change		YoY change	
								absolute	%	absolute	%
	Net Interest Income	299.0	295.9	291.4	293.2	279.1	279.7	0.6	0.2%	-16.2	-5.5%
+	Fees and Commissions	75.0	86.2	79.2	82.6	84.3	94.7	10.4	12.4%	8.6	9.9%
=	**Commercial Banking Income**	**374.0**	**382.1**	**370.6**	**375.7**	**363.4**	**374.4**	**11.0**	**3.0%**	**-7.7**	**-2.0%**
+	Market Results	-3.5	-1.1	7.8	17.7	0.0	3.0	3.0	...	4.1	368.5%
+	Other Operating Results	1.1	0.4	25.3	12.5	9.8	47.7	37.9	...	47.3	...
=	**Banking Income**	**371.6**	**381.4**	**403.7**	**406.0**	**373.2**	**425.1**	**51.9**	**13.9%**	**43.7**	**11.5%**
-	**Operating Costs**	**119.0**	**123.7**	**123.2**	**133.3**	**125.2**	**135.9**	**10.7**	**8.5%**	**12.2**	**9.9%**
=	**Net Operating Income**	**252.6**	**257.7**	**280.5**	**272.6**	**248.0**	**289.2**	**41.2**	**16.6%**	**31.5**	**12.2%**
+	CCA termination	0.0	0.0	0.0	-62.7	0.0	0.0	0.0	...	0.0	...
-	**Net Impairments and Provisions**	**27.9**	**59.9**	**19.9**	**80.6**	**12.3**	**-1.2**	**-13.5**	**...**	**-61.1**	**-102.0%**
	Customer credit	24.4	28.8	15.4	28.2	12.4	-17.7	-30.1	...	-46.5	-161.4%
	Other Assets and Contingencies	3.5	31.1	4.5	52.4	-0.1	16.5	16.6	...	-14.6	-46.9%
=	**Income before Taxes**	**224.7**	**197.8**	**260.6**	**129.3**	**235.6**	**290.4**	**54.7**	**23.2%**	**92.6**	**46.8%**
-	Taxes	10.5	7.2	19.2	-6.4	25.7	36.1	10.3	40.2%	28.9	401.8%
-	Special Tax on Banks	32.2	0.0	0.0	0.0	31.8	-4.9	-36.7	...	-4.9	...
=	**Income after Taxes**	**182.0**	**190.6**	**241.4**	**135.7**	**178.1**	**259.2**	**81.1**	**45.5%**	**68.6**	**36.0%**
-	Non-controlling Interests	1.3	0.9	1.3	1.5	0.9	1.6	0.6	66.9%	0.6	65.6%
=	**Net Income**	**180.7**	**189.7**	**240.1**	**134.2**	**177.2**	**257.7**	**80.4**	**45.4%**	**68.0**	**35.8%**

On a QoQ basis, 2Q25 net income increased by €80.4mn, considering that in the 1Q25 was included the Special Tax on Banks (€-31.8mn) and in the 2Q25 was included the recovery of the Additional Solidarity Contribution (+€25.6mn).

NET INTEREST INCOME

Net Interest Income was €558.8mn (€-36.1mn; -6.1% YoY), reflecting on one hand a 4.3% YoY increase in average Customer Loans and on the other hand a proactive hedging strategy which partially offset the 152bp YoY decline in the 6-month average Euribor (1H25: 2.32% vs 1H24: 3.84%), leading to a Net Interest Margin of 2.73% (2024: 2.79%; 1H24: 2.83%).

Net Interest Income (NII) and Net Interest Margin (NIM) (mn€)	Jun-24			2024			Jun-25		
	Average Balance	Avg. Rate	Income / Costs	Average Balance	Avg. Rate	Income / Costs	Average Balance	Avg. Rate	Income / Costs
Interest Earning Assets	41,564	4.75%	997.7	41,536	4.54%	1,917.1	40,702	3.99%	816.9
Customer Credit	28,063	5.31%	753.2	28,245	5.14%	1,475.6	29,265	4.32%	635.5
Mortgage Loans	9,935	4.74%	238.1	9,926	4.55%	459.5	10,241	3.72%	191.7
Consumer Loans and Others	1,675	7.32%	62.0	1,742	7.16%	126.8	2,025	6.64%	67.6
Corporate Credit	16,453	5.45%	453.2	16,577	5.28%	889.3	16,999	4.40%	376.1
Money Market Placements	6,116	3.98%	123.0	5,571	3.77%	213.8	2,296	2.37%	27.4
Securities ALM and Other Assets	7,384	3.25%	121.5	7,719	2.90%	227.7	9,141	3.35%	154.0
Interest Earning Assets	**41,564**	**4.75%**	**997.7**	**41,536**	**4.54%**	**1,917.1**	**40,702**	**3.99%**	**816.9**
Interest Bearing Liabilites	37,229	2.13%	400.5	36,912	1.95%	732.3	35,826	1.44%	258.5
Customer Deposits	30,218	1.55%	236.1	30,019	1.37%	417.2	30,449	1.00%	153.2
Money Market Funding	5,269	4.01%	106.7	4,692	3.85%	183.6	1,542	2.06%	16.0
Debt Issued and Subordinated Debt	1,742	6.55%	57.7	2,200	5.87%	131.4	3,835	4.63%	89.3
Other Non-Interest Bearing Liabilities	4,335	–	0.0	4,624	–	–	4,876	–	–
Interest Bearing Liabilites	**41,564**	**1.91%**	**400.5**	**41,536**	**1.73%**	**732.3**	**40,702**	**1.26%**	**258.5**
NIM / NII (without stage 3 impairment adjustment)		**2.84%**	**597.2**		**2.81%**	**1,184.8**		**2.73%**	**558.3**
Stage 3 impairment			-2.3			-5.4			0.5
NIM / NII		**2.83%**	**594.9**		**2.79%**	**1,179.4**		**2.73%**	**558.8**
Euribor 6M - Average		3.84%			3.48%			2.32%	

The average rate on assets decreased by -55bps, from 4.54% in 2024 to 3.99%, driven by customer credit repricing given rates environment, with average rate on customer credit decreasing to 4.32% (-82bps YoY). The average balance of interest earning assets was €40.7bn (vs €41.5bn in 2024).

The average balance of customer deposits increased to €30.4bn, with an average remuneration rate of 1.00% (1Q25: 1.07%; 2024: 1.37%).

Despite the unfavourable evolution of asset yields (3.99%; 2024: 4.54%), the decline in liabilities' interest rates (1.26%; 2024: 1.73%) supported the stabilisation of the overall Net Interest Margin, which remained broadly flat at 2.73% (2024: 2.79%).

FEES AND COMMISSIONS

Fee income totaled €179.0mn, increasing 11.1% YoY (1H24: €161.2mn), driven by the momentum on initiatives implemented in 2024. The increase was broad-based across all product lines, with particular emphasis on accounts and payments management fees (€90.8mn; +6.1%YoY), which have shown consistent growth over the quarters, reflecting novobanco's strong franchise.

Fees and Commissions (mn€)	Jun-24	Jun-25	Change	
			absolute	%
Payments Management	85.6	90.8	5.2	6.1%
Commissions on Loans, Guarantees and Similar	35.2	43.1	8.0	22.7%
Asset Management and Bancassurance	32.4	35.6	3.3	10.1%
Advising, Servicing and Other	8.1	9.4	1.3	16.4%
Fees and Commissions Total	**161.2**	**179.0**	**17.8**	**11.1%**

CAPITAL MARKETS AND OTHER OPERATING RESULTS

Capital markets results, which include gains and losses from the sale and revaluation of securities, foreign exchange results and hedging, totaled +€3.0mn. As of 30 June 2025, fair value reserves of the securities portfolio amount to €+19.7mn (Dec/24: €-7.1mn).

Other operating results totaled €+57.5mn (1H24: €1.5mn), which includes gains from the recovery of overdue credit, real estate, tax recoveries (namely from Additional Solidarity Contribution) and indirect taxes.

OPERATING COSTS

Operating costs totaled €261.2mn (increase by +4.6% vs average of 2024), of which Staff costs were €148.0mn (+9.5% vs average of 2024), general and administrative expenses were €90.0mn (+2.9% vs average of 2024) and depreciation was €23.2mn (-14,0% vs average of 2024), denoting the investments done in the simplification process.

Commercial Cost to Income ratio of 35.4% (1H24: 32.1%), reflecting a contained cost base through focus on simplification and processes optimization.

Operating Costs (mn€)	Jun-24	Jun-25	Change	
			absolute	%
Staff Costs	131.5	148.0	16.4	12.5%
General and Administrative Costs	88.5	90.0	1.5	1.7%
Depreciation	22.6	23.2	0.6	2.7%
Operating Costs Total	**242.7**	**261.2**	**18.5**	**7.6%**

As of 30 June 2025, novobanco Group had 4,132 employees (Dec/24: 4,195; -63 employees) and 291 branches (+1 vs Dec/24).

NET IMPAIRMENTS AND PROVISIONS

In the first half of 2025, novobanco Group recorded net impairments and provisions of €11.1mn (€-76.7mn YoY). Customer credit cost of risk was -3bps (1H24: 38bps and 1Q25: 17bps), reflecting conservative underwriting approach and the continued strengthening of novobanco's asset quality.

Net Impairments and Provisions (mn€)	Jun-24	Jun-25	Change	
			absolute	%
Customer credit	53.3	-5.2	-58.5	...
Other Assets and Contingencies	34.5	16.4	-18.1	-52.5%
Net Impairments and Provisions Total	**87.8**	**11.1**	**-76.7**	**-87.3%**

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€)	Jun-24	Dec-24	Jun-25	YtD Change	
				absolute	%
Corporate Loans	**13,690**	**13,891**	**14,378**	**487**	**3.5%**
Corporate Securities	**3,118**	**3,036**	**3,178**	**141**	**4.7%**
Individual Loans	**11,682**	**12,088**	**12,627**	**539**	**4.5%**
Residential Mortgage	9,949	10,158	10,511	353	3.5%
Other Loans	1,733	1,930	2,116	187	9.7%
Customer Credit (gross)	**28,490**	**29,015**	**30,182**	**1,167**	**4.0%**
Impairment	**1,170**	**1,076**	**833**	**-243**	**-22.6%**
Customer Credit (net)	**27,320**	**27,939**	**29,349**	**1,410**	**5.0%**

Gross Customer credit increased to €30.2bn (+4.0% YtD; +7.4% YoY), of which corporate customers represented 58%, residential mortgage 35% and other loans to individuals 7%. During the first half of 2025, loan origination totaled €3.3bn (1H24: €2.3bn), of which 62% corporate, 28% mortgage and 10% consumer and others.

The asset quality indicators are as follows:

Asset Quality and Coverage Ratios (mn€)	Jun-24	Dec-24	Jun-25	YtD Change	
				absolute	%
Overdue Loans > 90 days	308	288	319	31	10.7%
Non-Performing Loans (NPL)	1,034	864	855	-9	-1.1%
Overdue Loans > 90 days / Customer Loans (gross)	1.2%	1.1%	1.2%	0.1	p.p.
Non-Performing Loans (NPL) Ratio	**4.1%**	**3.3%**	**3.2%**	**-0.2**	**p.p.**
Credit provisions / Customer Loans	3.6%	3.2%	2.9%	-0.3	p.p.
Coverage of Overdue Loans > 90 days	296.9%	289.9%	245.6%	-44.4	p.p.
Coverage of Non-Performing Loans	**88.4%**	**96.6%**	**91.6%**	**-5.1**	**p.p.**
Net Non-Performing Loans	**0.5%**	**0.1%**	**0.3%**	**0.2**	**p.p.**

Non-performing loans (NPL) presented a YtD reduction of -1.1% to €855mn. The Net NPL ratio slightly increased to 0.3% (Dec/24: 0.1%), with the NPL coverage ratio decreasing marginally to 91.6% (Dec/24: 96.6%), despite a reduction in the gross NPL ratio to 3.2% (Dec/24: 3.3%).

As at 30 June 2025, novobanco exposure to real estate was €277.3mn (excludes €23.7mn of non-recurrent assets classified as available for sale), decreasing 4.9% YtD and representing circa 0.6% 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 €8.4bn. As of 30 June 2025, ALM portfolio represented 19% of total assets, of which 58% was accounted at amortised cost.

As of 30 June 2025, the securities accounted at amortised cost had unrealised mark-to-market losses of €80mn (net of hedges and taxes).

ALM portfolio (mn€)	Jun-24	Dec-24	Jun-25	YtD Change	
				absolute	relative
Portuguese sovereign debt	1,436	1,748	1,436	-312	-17.8%
Other sovereign debt	4,703	5,370	4,583	-787	-14.7%
Bonds	1,801	2,033	2,430	397	19.6%
ALM portfolio Total (net of impairment)	**7,941**	**9,150**	**8,449**	**-701**	**-7.7%**

FUNDING

Total customer funds increased to €45.9bn (Dec/24: €42.5bn), of which deposits represent 67.5% of the activity funding. Backed by the solid franchise and strong client relationship, in the period, customer deposits increased to €31.0bn (+6.4% YoY; +4.1% YtD).

Total Funds (mn€)	Jun-24	Dec-24	Jun-25	YtD change	
				absolute	%
Deposits	29,128	29,754	30,987	1,233	4.1%
Other Customer Funds (1)	1,511	539	722	182	33.8%
Debt Securities	1,910	2,456	3,951	1,495	60.9%
Subordinated Debt	526	502	526	25	4.9%
Customer funds	**33,075**	**33,251**	**36,186**	**2,935**	**8.8%**
Off-Balance Sheet Funds (2)	6,944	7,243	7,487	244	3.4%
Third party funds (3)	1,761	2,046	2,256	210	10.3%
Off-balance sheet and third party Funds	**8,705**	**9,288**	**9,742**	**454**	**4.9%**
Total Funds	**41,780**	**42,539**	**45,929**	**3,390**	**8.0%**

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

(2) includes Investment Funds, Pension Funds, Bancassurance and Discretionary Asset Management managed by GNBGA

(3) Includes assets acquired through BEST platform by novobanco customers (does not include distributed structured notes as well as stocks) and other third party funds by BEST

LIQUIDITY

In the first half of 2025, novobanco maintained a comfortable liquidity position, positively influenced by market funding activity and the solid performance of its commercial operations. As of 30 June 2025, novobanco's Liquidity Coverage Ratio (LCR) stood at 154% (Dec/24: 164%) and the Net Stable Funding Ratio (NSFR) was 116% (Dec/24: 117%), both comfortably above regulatory requirements.

In terms of commercial activity, during the first half of 2025, the gross credit book increased by €1.2bn to €30.2bn (Dec/24: €29.0bn), with positive contributions across all segments. Customer deposits rose by €1.2bn to €31.0bn (Dec/24: €29.8bn), mainly driven by strong performance in the corporate segment. On the other hand, the ALM portfolio decreased by €0.7bn during the period, primarily due to scheduled redemptions and some asset sales.

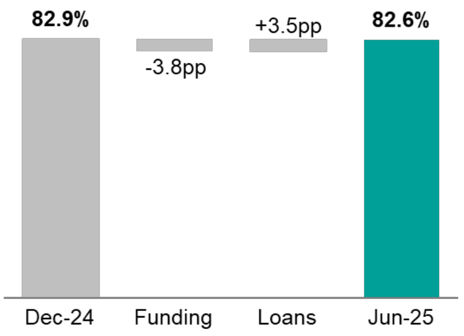
Regarding market funding, as in 2024, the Bank took advantage of favourable market conditions, issuing a total of €1.5bn in debt, namely: (i) a €500mn Senior Preferred issuance maturing on 22 January 2031, with a call option on 22 January 2030 (5 years), which attracted strong market interest; (ii) a €500mn Covered Bond issued in January, maturing on 4 February 2030 (soft bullet); and (iii) a new €500mn Covered Bond issued in May, maturing on 20 May 2029 (soft bullet). These issuances allowed the Bank to diversify and optimise its funding sources, with a positive impact on its liquidity position and ratios, and supported the Bank in prudently anticipating the €1.3bn capital reduction and profit distribution that took place in 2Q25.

In terms of MREL requirements, on 16 January 2025 the Bank announced that, from 1 January 2025, its new consolidated MREL targets would be equivalent to: (i) 23.04% of the total risk exposure amount (TREA), already including the expected applicable combined buffer requirement; and (ii) 5.90% of the leverage ratio exposure (LRE). This decision reflects a reduction in requirements from 24.01% to 23.04%. Additionally, the Bank reduced its interbank repo funding, which decreased by €0.2bn during the first half of the year to €1.1bn as of 30 June 2025 (Dec/24: €1.3bn).

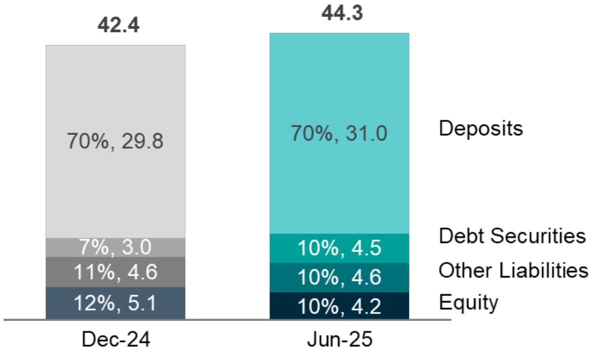
During the first half of the year, deposits with the ECB increased by €1.0bn compared to year-end, totalling €2.4bn as of 30 June 2025 (Dec/24: €1.3bn). As of that date, the Bank had no outstanding ECB funding, resulting in a net ECB funding position of €-2.4bn (ECB funding minus deposits with the Eurosystem), compared to €-1.3bn at year-end 2024, maintaining a net lender position.

As of 30 June 2025, the portfolio of eligible assets available for repo with the ECB stood at €16.8bn, a decrease of €0.2bn versus 31 December 2024. The amount of eligible unencumbered assets net of haircut totalled €13.0bn. In addition, novobanco holds non-eligible HQLA assets and ECB deposits, bringing the total liquidity buffer to €16.9bn, mostly composed of high-quality liquid assets.

Loan to Deposit Ratio
(%)



Funding Structure
(%; € billion)



Supported by strong capital generation and issuance throughout the year, novobanco achieved a MREL of 30.1% of TREA as of 30 June 2025 (proforma including 40% of 1H25 net income).

MREL (BdP notification; Jan-25; %)	Requirements: from Jan-25 onwards	Jun-25 (3)
TREA (1)	23.0 %	
Combined Buffer	4.1 %	
Total	**27.1 %**	**30.1 %**
LRE (2)	**5.9 %**	**13.7 %**

(1) TREA - Total Risk Exposure Amount
(2) LRE - Total Leverage Exposure
(3) Proforma considering 40% of 1H25 net income

CAPITAL

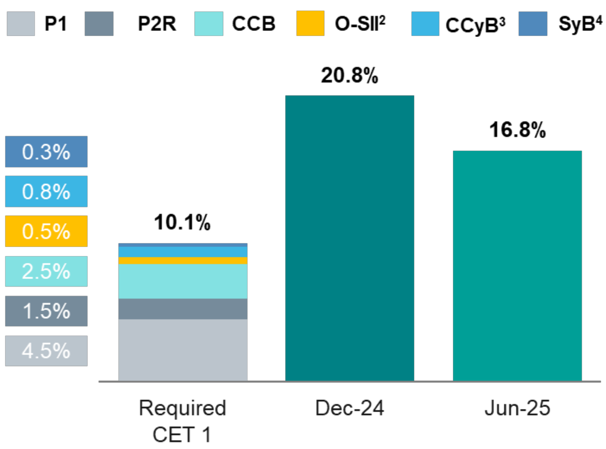
Backed by a strong financial performance and capital generation, with CET1 ratio of 16.8% and Total Capital ratio at 19.7%. The organic capital generation reflects the capital accretive business model with a solid top-line performance, efficient operations and disciplined capital allocation. In May 2025, the Bank executed a €1.1bn capital reduction, with the number of shares remaining unchanged and the amount corresponding to the reduction distributed to shareholders at a rate of €2.20 per share.

Capital Ratios (CRD IV/CRR) (€mn) *		Dec-24	Jun-25 (1)
Risk Weighted Assets	(A)	21,413	21,069
Own Funds			
Common Equity Tier 1	(B)	4,462	3,545
Tier 1	(C)	4,464	3,547
Total Own Funds	(D)	5,044	4,145
Common Equity Tier 1 Ratio	**(B/A)**	**20.8%**	**16.8 %**
Tier 1 Ratio	**(C/A)**	**20.8%**	**16.8 %**
Solvency Ratio	**(D/A)**	**23.6%**	**19.7 %**
Leverage Ratio		**9.9%**	**7.6 %**

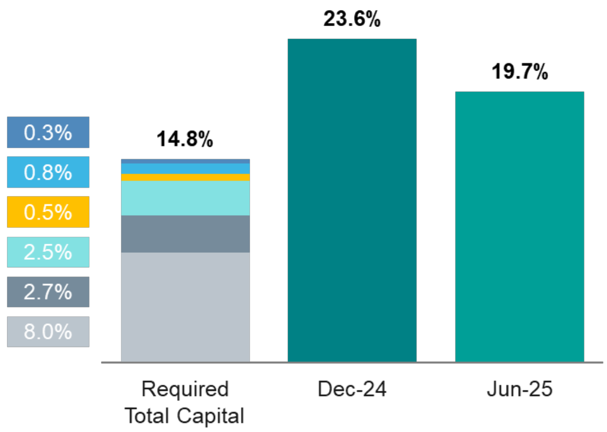
(1) Preliminary. Considers 40% of 1H25 net income

* For 2024, Fully-Loaded ratios are considered

CET 1 ratio[1]
(%)



Total Capital ratio[1]
(%)



(1) Considers a dividend payout of 60% for 1H25 results, subject to shareholders approval and the incorporation of results into the capital; (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;

novobanco

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 GNB GA. 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		
	Jun-24	Jun-25	Var M€	Jun-24	Jun-25	Var M€	Jun-24	Jun-25	Var M€	Jun-24	Jun-25	Var M€
Commercial Banking Income	478	436	-43	292	293	1	-14	9	23	756	738	-18
Banking Income	479	441	-38	293	314	21	-19	44	63	753	798	45
Operating Costs	163	157	-6	52	69	17	28	36	8	243	261	19
Net Operating Income	316	284	-32	242	245	4	-47	8	55	510	537	27
Net Impairments and Provisions	27	-8	-35	29	-10	-39	31	29	-2	88	11	-77
Income before Taxes	**289**	**292**	**3**	**212**	**255**	**43**	**-78**	**-21**	**58**	**423**	**526**	**103**
Total Assets	14,562	15,549	987	14,310	15,105	795	16,269	13,612	-2,657	45,141	44,267	-874
Customer Credit (net)	13,390	14,385	995	13,918	14,929	1,011	12	35	23	27,320	29,349	2,028
Net Interest margin	3.41%	2.86%	-0.55pp	3.42%	3.18%	-0.24pp	-0.30%	0.02%	0.32pp	2.83%	2.73%	-0.10pp
Commercial Cost to Income	34.0%	35.9%	1.90pp	17.7%	23.4%	5.73pp	–	–	–	32.1%	35.4%	3.31pp

RETAIL BANKING

Novobanco's Retail segment has undergone, since 2021, a significant adjustment to its service model, redefining its geographical footprint and changing the way services are delivered, with the aim of strengthening and consolidating long-term relationships with its customers. Currently, the branches are operating under the new Distribution Model, 251 of which are equipped with VTMs (Virtual Teller Machines) that offer advanced transaction management solutions, forming a key foundation for branch efficiency and customer satisfaction.

Aligned with its omnichannel strategy, novobanco has been rolling out an innovative tool across its branches: the virtual assistant mIA. In addition to independently resolving certain customer queries, mIA redirects calls between branches and the call centre depending on their nature. Following the rollout of this tool across branches, a chatbot is now being developed to answer the questions most frequently asked by customers. For redirection, the area or even the employee with the appropriate skills to resolve the customer's issue is considered, reducing waiting time and improving the customer experience. In addition to reducing the average service time, mIA aims to increase NPS, balance the workload between branches and increase the satisfaction of both customers and employees.

The acquisition of new customers continues to show positive momentum, alongside growth in salary domiciliation (+7.8% YoY), supported by initiatives such as: (i) a customer loyalty programme aimed at reinforcing and deepening commercial relationships; (ii) the Cross Segment programme, through which employees of companies partnered with novobanco have access to preferential terms on various bank products and services, covering around 300 thousand employees of over 25 thousand client companies; and (iii) a programme to reactivate inactive customers.

As a Bank committed to supporting families and businesses throughout their lives, novobanco launched a transformation programme designed to strengthen its position as an efficient and simple omnichannel bank focused on its clients. During the period, the Bank expanded and accelerated its transformation efforts, focusing on improving customer journeys. This strategic shift is reflected in high customer satisfaction scores across several areas: satisfaction with the personal loan experience remained high at 93.5% (in line with 2024), and satisfaction with salary account experience reached 87.5% (+2.9pp vs 2024). Overall quality of retail service maintained excellent levels (86.2%), while the performance of the Bank's app improved to 88.5% (+4.4pp vs the previous year).

As of Jun-25, Net Customer Loans stood at €14.4bn (-3.8% vs Dec/24; including small businesses), benefiting from the increase in loans origination. Given the highly competitive mortgage market, novobanco introduced targeted acquisition and retention offers that position the Bank's proposition as one of the most competitive, which is expected to drive solid portfolio growth in the coming quarters. Furthermore, reflecting the investment in new features available on digital channels, the origination of individual credit through digital channels increased by 34% YoY – a consistent growth trend in recent periods, with the share of individual credit origination via digital channels increasing by 4pp compared to 2024, reaching 29%. In 1H25, the small business customer base grew by 1.7% YtD, representing around 3.4% on an annualised basis if the current pace is maintained.

The Bank's savings and investment offering has been strengthened, particularly through the introduction of new investment funds and the integration of sustainability preferences into the investment advisory service model. The Trading Pro service, developed in partnership with Saxo Bank, is also part of this initiative. On the term deposit side, the Bank continues to offer competitive solutions with varied maturities and terms tailored to different savings goals.

Digital channels and developments in the commercial offering in the online environment have played an increasingly important role in contributing to commercial results, representing a total of c.31% (share of digital sales) in 2024, with emphasis on Individual Credit and Insurance. In the first semester of 2025, the cumulative performance of the digital channel reached a 40% share, signalling solid continued progress in digital performance.

Net Interest Margin decreased to 2.86% (-0.55bps YoY), with the interest rate impact being impact being minimized by the higher commercial activity (Net Customer Credit: +7.4% YoY), leading to Commercial Banking Income of €441mn (-8.0% YoY). Operating costs decreased by 3.8% YoY to €157mn, resulting in a Commercial Cost-to-Income ratio of 35.9% (1Q24: 34.0%).

In summary, the Retail segment reported a Profit Before Tax of €292mn (+1.1% vs 1H24), supported by strong commercial performance.

novobanco

CORPORATE BANKING

As a customer-centric Bank, novobanco stands out for its distinctive banking experience, built on partnership, knowledge, and proximity. For Large Corporates, it operates two corporate hubs in Lisbon and Oporto. The Mid-Cap segment is supported by 20 Business Centres and specialised teams, while over 200 relationship managers serve the Business segment through 290 branches across the country.

Adopting an omnichannel approach, novobanco online for businesses simplifies daily operations, particularly through cash management functionalities. This digital channel, used by around 80% of active clients, reflects the Bank's commitment to modernity and convenience, sustaining a satisfaction index of 80%. Service quality remains at an excellent standard, with 95.9% of clients being very satisfied, contributing to an internal Net Promoter Score (NPS) of 48.0 (+2.4pp YoY), driven by continuous efforts to improve the customer experience and strengthen novobanco's position as a trusted partner.

Novobanco continues to reinforce its commitment to Portuguese businesses, with key highlights including:

- Strengthening market share in Factoring and Confirming: +44% YoY growth in total invoiced volume, resulting in a Factoring market share of 17.3% (Mar-25; +5.0pp vs Mar-24), with a noteworthy 25.1% share in recourse factoring (Mar-25);
- Focus on Equipment Leasing as a key investment support product: 65% YoY growth, with c.€280mn in production in the first half of 2025, reaching a 24.6% market share (Mar-25; +9.3pp vs Mar-24);
- Support for corporate investment: providing sector-based financing solutions with mutual guarantee, notably the BPF InvestEU Line with over €200mn contracted, and the BPF Export Line, with over €100mn submitted through the Banking Portal in just two weeks;
- Proximity and sector specialisation: through a team of experts in Agriculture, Tourism, Real Estate, Payments, and Industry, delivering tailored solutions for the specific needs of each sector;
- Comprehensive credit offering, financing clients' investment projects: through the +Sustainable Tourism Support Line and the Tourism Support Line (in partnership with Banco Português de Fomento), the IFAP Wine Sector Line, the EIB MidCaps Line, and the renewal of the Offering Qualification Support Line (LAQO), in partnership with Turismo de Portugal;
- Financing for projects approved under EU Funds: a structured offering under the Recovery and Resilience Plan (PRR) and Portugal 2030, supporting the identification of funding opportunities and financing approved projects through short-term incentive advances and external capital funding. A dedicated team is available to support novobanco clients in executing their projects;
- Innovation in payment solutions: 14.8% market share in payment terminal (POS) turnover, through an innovative and competitive offering aimed at simplifying client collections. This includes the launch of SmartPOS, streamlined business deposits via VTM machines, and a digital payments platform to optimise e-commerce collections;
- Recognition and distinction of top-performing companies: supporting 2,179 clients in obtaining PME Líder 2024 status (16.3% market share) and 356 innovative companies in achieving COTEC Innovative status for 2025 (31% market share).

Novobanco also maintains a strong presence in the export sector, offering a comprehensive range of products and specialised advice to support international trade. Around 60% of national exports originate from novobanco clients. The Bank's expertise in this area is valued and recognised by the market, resulting in an 18% market share and being named, for the seventh consecutive year, Portugal's Best Trade Finance Bank by Global Finance magazine.

With a market share of 18.1% in the Mid-Cap segment (+0.1pp YtD), 15.9% in SMEs (+0.3pp YoY), and 12.9% in deposits from Non-Financial Corporations, novobanco holds a leading position in supporting the Portuguese corporate sector, reflecting the trust companies place in the Bank's strength and long-term outlook

As of June 2025, Credit to customers (net) totaled €14.9bn (+7.3% YoY). Reflecting the portfolio effect and risk appetite, Net Interest Margin was 3.18% (1H24: 3.42%), which resulted in Commercial Banking Income of €293mn (+0.5% YoY). Operating costs increased to €69mn (+33.0% YoY). All in all, Income before Taxes totaled €255mn (+20.2% YoY).

Digital Transformation

Novobanco continues to accelerate its transformation journey, positioning itself as a digitally enabled, customer-first institution. The Bank is pursuing a holistic transformation program focused on strengthening its role in the Portuguese economy by delivering a seamless omnichannel experience, grounded in operational excellence, technological innovation, and sustained value creation.

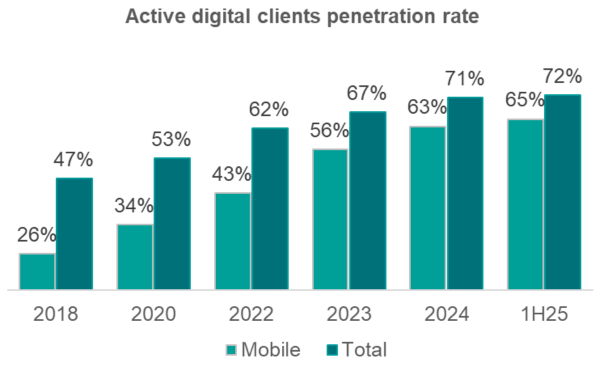
The Bank adopted the Journey Led Organization model, launching pilot journeys to improve customer experience. This approach reorganizes teams around customer needs, fostering agility, collaboration, and tailored solutions. It reinforces the Bank's role as a long-term partner, delivering relevant and personalized financial services while maximizing internal synergies.

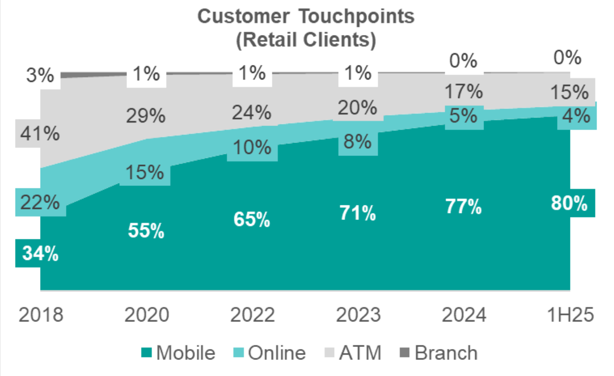
Key deliverables in the period include:

- Virtual Assistant mIA: rolled out across branches, the AI-powered assistant (developed with Talkdesk) enhances customer service via intelligent call routing, ID validation, and automated support for frequent queries, including video call functionality. Service now also covers Whatsapp voice and texts, thus continuously aligning with the needs and habits of our customers;
- Personal Loans: launched two new digital solutions – Immediate Credit (instant disbursement, even outside working hours) and 2 Clicks Credit (pre-approved offers with minimal interaction);
- Digital Savings Area: revamped the savings interface on app and online banking, improving UX, boosting satisfaction, and driving digital sales through more efficient end-to-end processes. New cashback program available through the app or homebanking, where novobanco clients can receive a cashback from purchases with debit or credit cards in hundreds of stores (fashion, restaurants, education or supermarkets);
- Corporate Credit Platform: full integration of the medium-to-long-term credit lifecycle into a single platform, enhancing speed, efficiency, and usability from origination to formalisation.

Leading to key achievements in the period:

- Digital Activation: novobanco has achieved remarkable growth in digital activation, with 71.6% of customers now digitally active, representing a 2.8pp YoY increase. The percentage of active mobile customers has grown by 5 pp YoY (12% increase in the number of active mobile clients). 91% of novobanco's digitally active clients are also active on mobile;
- Self-Service Operations: The bank has seen a significant shift towards self-service operations, with 80% of retail segment operations conducted through self-service channels (+3.9pp YTD). In the business and corporate segments, the figures are even higher, at 88% and 95% respectively, showcasing a scalable and efficient service model;
- Digital Sales Growth: Digital sales have increased by 41% YoY, with notable growth in Investment Funds (85%), credit cards (84%), life insurance (80%) and non-life insurance (58%). Digital share of life insurance products has increased by 17.5pp while that of deposits has increased by 16.7 pp and off-balance products by 13.3 pp reflecting both increased customer trust and improved digital journeys;
- Customer Touchpoints: 85% of customer interactions now occur through digital channels, driven by a 4pp YoY increase in mobile logins. This shift supports novobanco's "mobile- first" approach and reflects changing customer behaviour toward more convenient and accessible banking.





ECONOMIC ENVIRONMENT

Despite some resilience in global growth, the first quarter of 2025 was marked by a deterioration in confidence levels, particularly regarding the U.S. economy. The prospect of tariff introductions in the U.S. led to a worsening of growth expectations, as well as an increase in anticipated inflation within the U.S. economy. Between February and March, the U.S. gradually implemented tariffs on imports from China, Mexico, and Canada, as well as on imports of steel, aluminium, and automobiles, prompting retaliatory measures from other economies. The U.S. also suggested the introduction of reciprocal tariffs on most economies, which began to be implemented at the start of the 2Q25.

The heightened uncertainty surrounding the outlook for the U.S. economy caused the S&P 500 and Nasdaq stock indices to fall by 4.6% and 10.4%, respectively. The U.S. dollar index fell 3.9%. In contrast, markets were relatively more optimistic about the Euro Area, with expectations of greater fiscal policy support for growth, especially through increased defence and infrastructure spending—particularly in Germany. The Euro Stoxx 600 and DAX indices rose by 5.2% and 11.3%, respectively, over the quarter. The euro appreciated by 4.5% against the dollar, reaching EUR/USD 1.10.

In the U.S., due to the inflationary risks associated with tariffs, the Federal Reserve kept its policy interest rate unchanged at 4.25%-4.5%. In the Euro Area, GDP is estimated to have grown by around 0.2% QoQ in 1Q 2025, and the unemployment rate fell to a historic low of 6.1% of the labour force. Nevertheless, inflation eased from 2.5% to 2.2% YoY between January and March, and inflationary pressures linked to wages and unit profit margins moderated.

Following a downward revision of its growth projections for the Euro Area (to 0.9% in 2025), the ECB cut its key interest rates by 25 bps, bringing the deposit facility rate down to 2.5%. In April, it further reduced this rate to 2.25%, citing increased downside risks to the outlook. Over the first quarter, the 3-month Euribor fell from 2.714% to 2.336%. The 10-year Bund yield rose from 2.367% to 2.738%, reflecting expectations of a more expansionary fiscal policy in Germany.

The Portuguese economy is estimated to have grown by around 0.2% QoQ in 1Q25, or approximately 2.5% YoY. Private consumption likely moderated compared to the previous quarter, due to a slight decline in consumer confidence and a reduction in disposable income following a sharp rise at the end of 2024. These effects were offset by a stable unemployment rate (6.4% of the labour force in February, unchanged from December) and a decrease in inflation, from 2.5% to 1.9% YoY between January and March.

In response to the impact of U.S. tariffs, in April, the Portuguese Government introduced a €10bn support package to assist affected companies, primarily through initiatives led by *Banco Português de Fomento* (BPF). The package includes the expansion of the InvestEU BPF ensured credit line (€5.2bn), the launch of a new InvestPT BPF Export ensured credit line (€3.5bn) with partial grant conversion options, and an increase in export credit insurance capacity (€1.25bn) backed by the State. Additionally, a €200mn grant program under PT2030 was launched to promote internationalisation and the diversification of export markets. These measures aim to provide liquidity, protect employment, and encourage Portuguese companies to reduce dependence on U.S. demand by exploring alternative markets.

Growth in 1Q25 was likely supported by a stronger contribution from net external demand, with exports growing faster than imports. In February, loans to non-financial corporations recorded an annual growth rate of 1.2%, up from 0.5% in December 2024. Consumer and housing loans grew by 7% and 4.8%, respectively. The ratio of non-performing loans remained contained in all three segments—1.9%, 2.6%, and 0.3%, respectively. Public and external account surpluses (0.7% and 3.3% of GDP in 2024, respectively) supported a positive external perception of the Portuguese economy, despite the fall of the government in March and the calling of early elections in May.

In February, S&P upgraded Portugal's sovereign credit rating from A- to A, with a positive outlook. Despite a more risk-averse market environment, the spread between Portuguese government bond yields (PGBs) and the German Bund widened only slightly, from 48 to 52bps, remaining below that observed in other peripheral Euro Area economies.

novobanco

MAIN INDICATORS

	Jun-24	Dec-24	Jun-25
Activity (€mn)			
Net Assets	45,141	42,413	44,267
Customer Credit (gross)	28,490	29,015	30,182
Customer Deposits	29,128	29,754	30,987
Equity	4,672	5,079	4,224
Tangible book value	4,376	4,940	4,067
Solvency **			
Common EquityTier I / Risk Weighted Assets (4) *	19.9%	20.8%	16.8%
Tier I / Risk Weighted Assets (4) *	19.9%	20.8%	16.8%
Total Capital / Risk Weighted Assets (4) *	22.7%	23.6%	19.7%
Leverage Ratio (4) *	8.7%	9.9%	7.6%
Liquidity (€mn)			
European Central Bank Funding (3)	-4,675	-1,344	-2,358
Eligible Assets for Repo Operations (ECB and others), net of haircut	14,133	16,958	16,544
(Total Credit - Credit Provision) / Customer Deposits (2)	79%	83%	83%
Liquidity Coverage Ratio (LCR) (4)	198%	164%	154%
Net Stable Funding Ratio (NSFR) (4)	121%	117%	116%
Asset Quality			
Overdue Loans > 90 days / Customer Loans (gross)	1.2%	1.1%	1.2%
Non-Performing Loans (NPL) / Customer Loans	4.1%	3.3%	3.2%
Credit Provision / Overdue Loans > 90 days	296.9%	289.9%	245.6%
Credit Provision / Customer Loans (gross)	3.6%	3.2%	2.9%
Cost of Risk (base points) (1)	38	33	-3
Profitability			
Net Income for the Period (mn€)	370.3	744.6	434.9
Income before Taxes and Non-controlling interests / Average Net Assets (2)	1.8%	1.8%	1.1%
Banking Income / Average Net Assets (2)	3.4%	3.5%	3.7%
Income before Taxes and Non-controlling interests / Average Equity (2)	23.6%	17.8%	10.2%
Return on Tangible Equity (RoTE) *	17.4%	17.4%	22.2%
Efficiency			
Operating Costs / Banking Income (2)	32.2%	31.9%	32.7%
Operating Costs / Commercial Banking Income	32.1%	33.2%	35.4%
Staff Costs / Banking Income (2)	17.5%	17.3%	18.5%
Employees (No.)	**4,239**	**4,195**	**4,132**
Branch Network (No.)	**290**	**290**	**291**

(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) Preliminary

* Jun-25 includes 40% of 1H25 net income

** For 2024, Fully-Loaded ratios are considered

novobanco

FINANCIAL STATEMENTS

NOVO BANCO, S.A.
CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2025 AND 2024

thousands of Euros

	30.06.2025	30.06.2024
Interest Income	1,018,033	1,215,318
Interest Expenses	(459,230)	(620,390)
Net Interest Income	**558,803**	**594,928**
Dividend income	3,217	3,235
Fees and commissions income	200,895	181,417
Fees and commissions expenses	(22,952)	(22,798)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	19,620	229
Gains or losses on financial assets and liabilities held for trading	3,751	5,983
Gains or losses on financial assets mandatorily at fair value through profit or loss	1,380	368
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	68	(3)
Gains or losses from hedge accounting	(10,909)	(19,690)
Exchange differences	5,546	7,451
Gains or losses on derecognition of non-financial assets	2,165	838
Other operating income	60,514	28,933
Other operating expenses	(44,852)	(63,881)
Operating Income	**777,245**	**717,010**
Administrative expenses	(237,917)	(220,022)
Staff expenses	(147,963)	(131,549)
Other administrative expenses	(89,954)	(88,473)
Cash contributions to resolution funds and deposit guarantee schemes	(9,729)	(6,466)
Depreciation	(23,245)	(22,630)
Provisions or reversal of provisions	(11,680)	(48,170)
Commitments and guarantees given	4,774	(10,966)
Other provisions	(16,454)	(37,204)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(63)	(42,317)
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	–	1
Impairment or reversal of impairment on non-financial assets	595	2,686
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	3,933	3,989
Profit or loss before tax from continuing operations	**499,138**	**384,081**
Tax expense or income related to profit or loss from continuing operations	(61,778)	(17,708)
Current tax	(14,274)	(8,544)
Deferred tax	(47,504)	(9,164)
Profit or loss after tax from continuing operations	**437,361**	**366,373**
Profit or loss for the period	**437,361**	**372,627**
Attributable to Shareholders of the parent	**434,871**	**370,340**
Attributable to non-controlling interests	2,490	2,287
	437,361	**372,627**

NOVO BANCO, S.A.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2025 AND 31 DECEMBER 2024

thousands of Euros

	30.06.2025	31.12.2024
ASSETS		
Cash, cash balances at central banks and other demand deposits	2,695,875	1,757,414
Financial assets held for trading	542,671	633,521
Financial assets mandatorily at fair value through profit or loss	212,982	248,533
Financial assets at fair value through other comprehensive income	3,229,198	3,148,305
Financial assets at amortised cost	34,508,788	33,564,672
Securities	8,032,512	8,384,115
Loans and advances to banks	254,217	36,523
Loans and advances to customers	26,222,059	25,144,034
Derivatives – Hedge accounting	672,855	682,256
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(61,297)	(53,048)
Investments in subsidiaries, joint ventures and associates	60,556	60,222
Tangible assets	666,890	680,381
Tangible fixed assets	412,429	416,554
Investment properties	254,461	263,827
Intangible assets	130,808	113,096
Tax assets	814,938	874,719
Current Tax Assets	25,813	27,106
Deferred Tax Assets	789,125	847,613
Other assets	761,424	671,925
Non-current assets and disposal groups classified as held for sale	31,042	31,049
Total Assets	**44,266,729**	**42,413,045**
LIABILITIES		
Financial liabilities held for trading	88,813	95,841
Financial liabilities measured at amortised cost	38,371,239	35,585,636
Deposits from central banks and other banks	1,668,724	1,772,496
(of which: repos)	895,979	1,054,686
Due to customers	31,708,567	30,293,382
(of which: repos)	250,144	260,124
Debt securities issued, Subordinated debt and liabilities associated to transferred assets	4,477,492	2,957,451
Other financial liabilities	516,457	562,307
Derivatives – Hedge accounting	130,214	161,383
Fair value changes of the hedged items in portfolio hedge of interest rate risk	72,078	81,539
Provisions	466,665	497,472
Tax liabilities	17,655	14,551
Current Tax liabilities	17,655	14,551
Other liabilities	883,333	885,179
Liabilities included in disposal groups classified as held for sale	12,276	12,277
Total Liabilities	**40,042,271**	**37,333,878**
EQUITY		
Capital	2,245,000	3,345,000
Accumulated other comprehensive income	(1,027,858)	(1,062,390)
Retained earnings	13,814	13,814
Other reserves	2,531,817	2,011,951
Profit or loss attributable to Shareholders of the parent	434,871	744,592
Minority interests (Non-controlling interests)	26,813	26,200
Total Equity	**4,224,457**	**5,079,168**
Total Liabilities And Equity	**44,266,729**	**42,413,045**

novobanco

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 placed with clients and off- balance sheet customer and third party funds.
Off-Balance Sheet Funds and Third party funds	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management. Third-party resources are funds from the Group's clients invested in assets managed by entities outside the Group.
Loan to deposit ratio	Ratio of [gross loans - (accumulated provisions / impairment for credit)] to deposits and other 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 between impairment charges recorded in the year for loans to customers, guarantees and debt securities associated with credit operations, and the balance of gross loans to customers and debt securities associated with credit operations portfolio.
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 tangible equity	Ratio of net income to average equity and excluding intangibles.

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.

NOVO BANCO, SA I Campus do Novobanco

Avenida Doutor Mário Soares, Taguspark, Edifício 1, 2740-119 Porto Salvo

Share Capital: 2,245,000,000.00 Euros

NIPC: 513 204 016 **I** LEI: 5493009W2E2YDCXY6S81

Email: investidor@novobanco.pt **I** investor.relations@novobanco.pt **I Tel:** (+351) 21 883 95 95