

## **NOVO BANCO, S.A. informs on the sale of the Spanish branch business**

In accordance with and for the purposes of article 248 – A of the Portuguese Securities Code, NOVO BANCO, S.A. (“NOVO BANCO”, “the Bank”) hereby informs that following a competitive bidding process NOVO BANCO has signed an agreement with ABANCA CORPORACIÓN BANCARIA, S.A. for the sale of its Spanish branch business<sup>1</sup>. With this agreement, NOVO BANCO divests its retail, private banking and SME operations in Spain, including all 10 branches and employees.

NOVO BANCO has explored various strategic options with respect to its operations in Spain and decided to launch a sale process in May 2020. The Spanish activities were reclassified as discontinued operations in NOVO BANCO’s balance sheet as of 30 September 2020. The agreement represents the most suitable exit option for the Bank, while ensuring the maintenance of client service and offering attractive long-term prospects for both clients and employees in Spain.

The sale is consistent with the Bank’s medium-term plan in order to comply with the commitments set for 2021 undertaken by the Portuguese Republic with the European Commission in 2017 in the context of the sale of a shareholding of NOVO BANCO and will improve the Bank’s cost to income and return on equity ratios. The transaction is expected to:

- have a marginal impact on 2021 net income,
- strengthen the capital position with an expected circa 55 bps increase in Common Equity Tier 1 ratio, and
- have positive impact in liquidity ratios (both LCR and NSFR).

This transaction is an important milestone in NOVO BANCO’s strategy to divest its non-core assets and operations, in particular to reduce complexity and costs, and allows the Bank to pursue its strategy to redeploy resources to its core banking business in Portugal.

The completion of the transaction is subject to the respective authorities’ approvals, and closing is expected to occur in the second half of 2021.

Lisbon, 5 April 2021  
**NOVO BANCO, S.A.**

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<sup>1</sup> Post completion of the transaction, NOVO BANCO will retain certain assets and liabilities in Spain