



# Consolidated Results 1Q 2021

May 31, 2021  
Unaudited financial information

# Disclaimer

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## **Notes:**

- In Sep-20, NOVO BANCO classified the Spanish Branch as discontinued operations, in line with the strategy to discontinue the Spanish business. Thus, for comparison purposes, 1Q 2020 is presented pro-forma.*
- With the completion of the restructuring process in 2020, the 1Q21 results are disclosed only at consolidated level.*
- This document includes unaudited financial information.*

# Agenda

1. **Highlights**
2. Business Performance
3. Financial Results
4. Balance Sheet
5. Appendix

# 1Q performance demonstrates NB's value creation capacity following completion of restructuring process in 2020

**NOVO BANCO announces net profit of €70.7mn in the 1Q21 (vs -€179.1mn in 1Q20)** with the conclusion of the restructuring plan in 2020 leading to a profitability turn-around and Capital-accretive performance<sup>1</sup>, despite the current pandemic;

Significant improvement in **Cost-to-income ratio<sup>1</sup> (49%; -6pp YoY)**, despite the impact of lockdown on economic activity/fees, benefitting both from higher **Commercial banking income (+5.3% YoY; to €208.5mn)** and **lower Operating costs (-5.1% YoY; to €102.7mn)**.

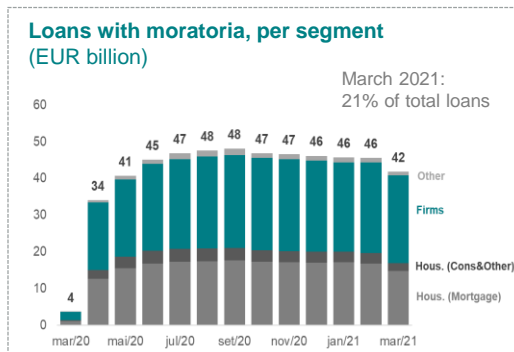
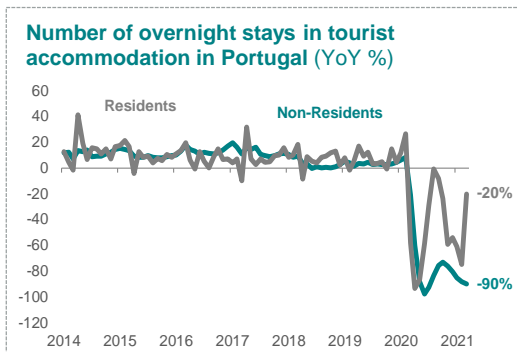
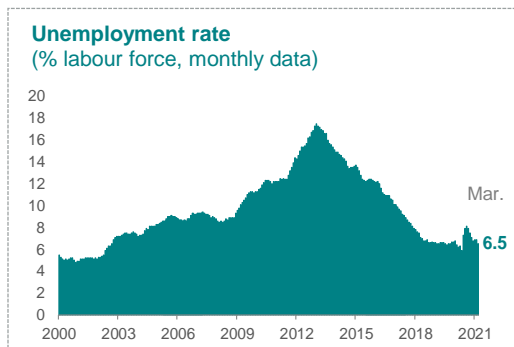
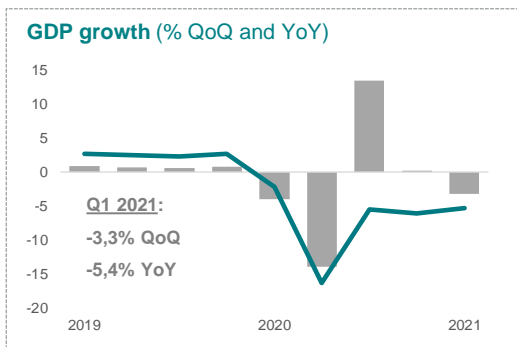
Continuously improvement in asset quality with **NPL ratio at 8.0%** (vs 8.9% in Dec-20), with the sale of the €210mn Wilkinson portfolio in the 1Q21 having a neutral P&L impact. **CoR of 88bps, above run-rate given exceptional charges** (incl. €22mn Covid related impairments);

**Net customer loans at €23.5bn, broadly stable YTD** (adj. for NPL disposal), and **deposits increasing by 0.5%**, reflecting the continued clients' confidence in NOVO BANCO and maintaining a comfortable liquidity position with **LCR at 140% and NSFR at 111%**.

**Sale of the Spanish operations** signed in the 1Q21 with conclusion (4Q21E) set to strengthen NB capital position, **with an expected ~55bps increase in CET1 ratio<sup>3</sup> (of 11.3% as of Mar-21)**.

# Macroeconomic Environment

## GDP fell 3.3% QoQ in 1Q21, with the impacts of a new lockdown



Restrictions led to another fall in activity in 1Q21. Policy measures mitigated the negative impacts of the pandemic.

A significant increase in Covid-19 cases forced a new lockdown from mid-January, with negative impacts on the economy. Households and firms were more resilient than during the first lockdown in 2020. Manufacturing and exports performed relatively well. But services – particularly tourism and hospitality – continued to be severely impacted.

The new lockdown delayed the recovery that has started in 3Q20. GDP fell 3.3% QoQ and 5.4% YoY in 1Q21, vs. +0.2% QoQ and -6.1% YoY in 4Q20. Both domestic and net external demand had a negative contribution to growth.

Measures to support businesses and the labour market (e.g., loan moratoria and guarantees, employment and income support) mitigated the economic impacts of the pandemic (e.g., on unemployment and disposable income). The unemployment rate fell from 6.9% to 6.5% of the labour force between January and March.

Fontes: INE, Bank of Portugal, NB DDAE-Research Económico.

# Macroeconomic Environment

## Lower Covid-19 cases, accelerating vaccination & policy stimulus supporting economic recover

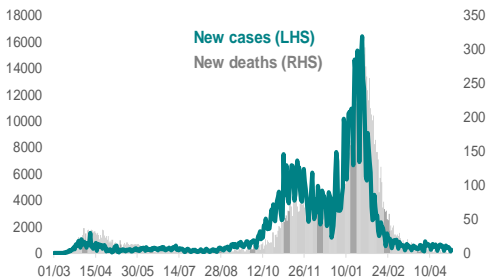
**Sharp fall in Covid-19 cases and rising confidence levels are pointing to a recovery.**

A sharp decline in the number of new Covid-19 cases – ahead of other Euro Area economies – and an acceleration in the vaccination drive allowed for a gradual reopening of the economy from the end of 1Q21. By May 3<sup>rd</sup>, 25% of the population had received at least one dose of the Covid-19 vaccine. The daily indicator of economic activity (from the Bank of Portugal) jumped on a 1-year YoY basis and is rising gradually on a 2-year YoY basis.

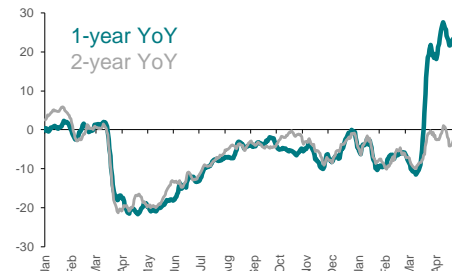
Expectations of a recovery in activity are also reflected in a rising trend in consumer and business confidence indicators, including a sharp increase in the services component.

Besides an improvement in the pandemic situation, a recovery in 2021-22 should be supported by the persistence of favourable financing conditions, and by the fiscal stimulus associated with the Recovery and Resilience Programme (€13.9bn in grants and €2.7bn in loans over 2021-26).

Number of Covid-19 cases in Portugal



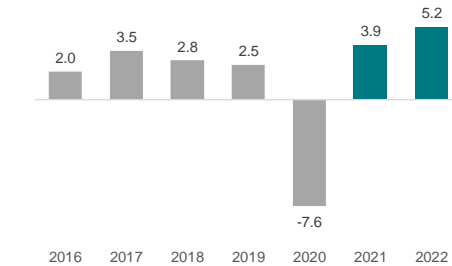
Daily indicator of economic activity (% YoY)



Indicators of production and consumption expectations (net balances)



Portugal annual GDP growth forecasts from the Bank of Portugal (%)



Fontes: Bank of Portugal, EC, Bloomberg, Worldometer, NB DDAE-Research Económico.

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- 2. Customer & Business Performance**
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# 1Q21 Customer & Business Performance

## First quarter of positive profitability...

### From Consolidated Income Before Tax to Underlying Recurrent Profitability (€mn)



Consolidated income before tax at €109mn up from -€151mn in 1Q20, with recent years restructuring efforts delivering already a profitability turn-around.

Underlying profitability (pre-tax) at €78mn propelled by increased Core operating income<sup>2</sup> (+18% YoY), even excluding positive markets results (€52.8mn<sup>3</sup>).

A solid business model delivering RoTE<sup>1</sup> at 4.9%, despite the highly challenging environment.

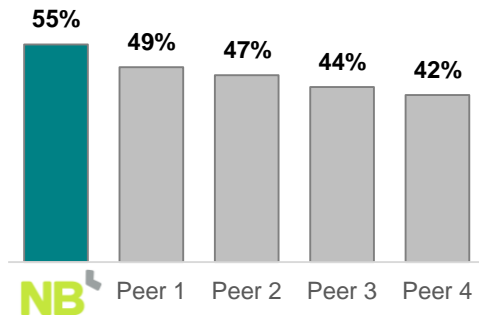


# 1Q21 Customer & Business Performance

...making NOVO BANCO well positioned to support sustainable domestic recovery

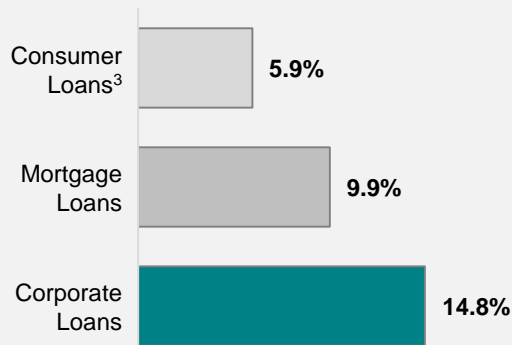
## Weight of Corporate Credit <sup>1</sup>

(vs Overall portfolio; %)



## Market share<sup>2</sup> by segment

(Mar-21; %)

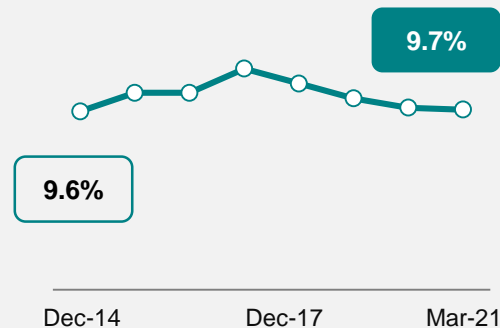


10.4%

Global market share<sup>2</sup>

## Deposits Market Share Evolution

(Mar-21; %; stock)



A leading player in the Corporate segment, helping clients to innovate, reinvent, export and transform great difficulties in great opportunities.

# 1Q21 Customer & Business Performance

## Successfully supporting customers and helping Portugal to prosper...

NB is committed to give back to society...

**€1.1bn**

(as of Mar-21)

Credit lines granted

**Portugal que faz**

conferences across the country to support small businesses

**89.6%**

(+2.9 pp YoY)

of NB suppliers are domestic suppliers

...promote sustainability practices...

**-27% YoY**

(to 847 tCO<sub>2</sub>e )

CO<sub>2</sub> emissions (electricity consumption)

**12,778**

(+47% YoY)

ESG structured products subscriptions (#; cumulative)

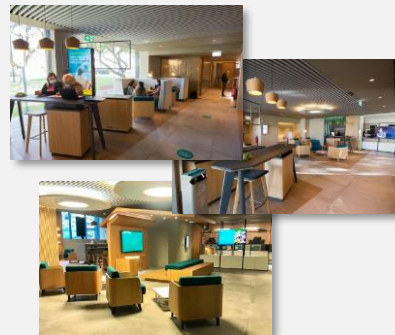
**54%**

(+1.1pp YoY)

women employment rate

...and provide a unique and integrated customer experience

New branches design to deliver an omnichannel customer experience, with client satisfaction increasing in renovated branches

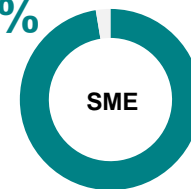


- 3 years nationwide investment programme of ~€120mn;
- Provide a second-to-none digital & self-service integrated

...customer maintaining high level of engagement

Customers satisfied/very satisfied (% by segment; Mar-21)

**97%**



SME

**96%**



Retail

# 1Q21 Customer & Business Performance

...while leveraging on high quality innovation and digital transformation



## Home Buying

- A **new experience**: from simulation to deed
- **Complete omnichannel experience**
- **Simpler, quicker & more transparent**
- **Ecologically sustainable**



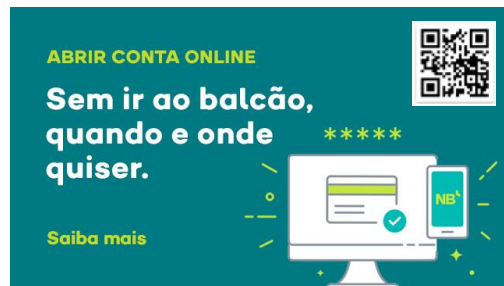
**+24%** # of deeds with processes originated online (YoY)

**~50%** of the proposals submitted online are new customers

**-35,000** liters of water with the elimination of paper<sup>1</sup>.

## Onboarding

- Account opening **remote solutions**
- Through **Digital Mobile Key/Video Call**
- An **all-inclusive and efficient** onboarding experience



**+55%** YoY in the number of accounts opened remotely

up to **80%** reduction of the average time to open an account

**-26,000** liters of water with the elimination of paper<sup>2</sup>.

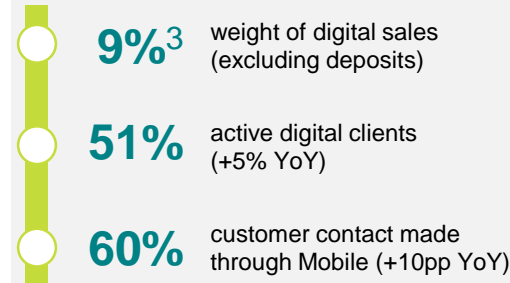
## Key 1Q21 Developments

### New Push notification OTPs



- **Improved customer experience** in transactions validation
- **Increased security**
- **Reduction in SMS costs**

### Key 1Q21 Metrics



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# 1Q21 Financial Results

## Positive net income for the first time despite the highly challenging environment

### Income Statement<sup>1</sup> (€mn)

	1Q 2020	1Q 2021	▲ YoY €mn
<b>1</b> Net Interest Income	130.2	145.7	+15.6
<b>2</b> + Fees & Commissions	67.9	62.8	-5.1
<b>= Commercial Banking Income</b>	<b>198.0</b>	<b>208.5</b>	<b>+10.5</b>
+ Capital Markets Results	(94.1)	52.8	+146.9
+ Other Operating Results	2.5	12.2	+9.7
<b>= Banking Income</b>	<b>106.5</b>	<b>273.5</b>	<b>+167.0</b>
<b>3</b> - Operating Costs	108.3	102.7	(5.5)
<b>= Net Operating Income</b>	<b>(1.7)</b>	<b>170.8</b>	<b>+172.5</b>
<b>4</b> - Net Impairments & Provisions	149.1	61.8	(87.3)
<b>= Income Before Tax</b>	<b>(150.9)</b>	<b>109.0</b>	<b>+259.9</b>
- Corporate Income Tax	0.6	4.2	+3.6
- Special Tax on Banks	27.5	32.8	+5.2
<b>= Income after Taxes</b>	<b>(179.0)</b>	<b>72.0</b>	<b>+251.0</b>
- Non-Controlling Interests	0.1	1.3	+1.2
<b>= Net Income for the period</b>	<b>(179.1)</b>	<b>70.7</b>	<b>+249.8</b>

### Highlights

- Net Interest Income (+€16mn; +12% YoY) benefitting from the higher interest margin given the significant progress in reducing the cost of funding with stable asset pricing;
- Commissions (-€5mn; -8% YoY) reflecting the lower number of transactions and lower banking economic activity in Portugal as a consequence of the pandemic situation;
- Capital Markets results of €53mn includes €27mn of hedging gains (partially offset the reduction in fair value reserves in the period) from the actively management of public and corporate HQLA debt;
- Operating Costs (-€6mn; -5% YoY) reflecting the commitment to further efficiency improvements and business recalibration;
- Core operating income at €106mn (+18% YoY) from higher commercial banking income (+5%) and lower operating costs (-5%);
- Provisions at €62mn (-€87mn YoY), includes €22mn Covid-19 related, leading to CoR of 53bps (adjusted by Covid-19);
- Net income of +€71mn (+€250mn YoY) supported by the restructuring process executed in recent years and driven by commercial activity performance.

# 1Q21 Financial Results

NII increasing by +12% YoY benefiting from cost of funding optimization measures

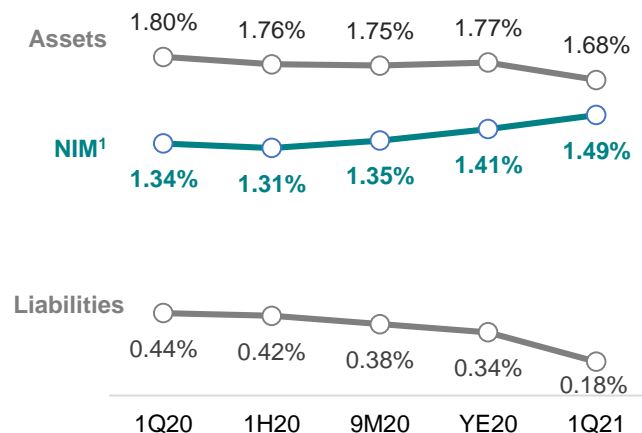
## 1 Consolidated: Net Interest Income (NII) and Net Interest Margin (NIM)

	Q1 2020 Reported <sup>1</sup>			Q1 2021		
	Avg. Balance	Avg. Rate	Income/ Costs	Avg. Balance	Avg. Rate	Income/ Costs
€ million; %						
Customer Loans	26 956	2.13%	145	25 092	2.05%	129
Corporate Lending	15 144	2.36%	90	13 789	2.37%	82
Mortgage Loans	10 252	1.22%	32	9 963	1.10%	27
Consumer Loans and Others	1 559	5.80%	23	1 340	5.86%	20
Money Market Placements	2 792	0.69%	5	3 467	0.24%	2
Securities and Other Assets	10 872	1.27%	35	10 589	1.25%	33
<b>Interest Earning Assets &amp; Other</b>	<b>40 620</b>	<b>1.80%</b>	<b>185</b>	<b>39 149</b>	<b>1.68%</b>	<b>164</b>
<b>Interest Bearing Liabilities &amp; Other</b>	<b>40 620</b>	<b>0.44%</b>	<b>45</b>	<b>39 149</b>	<b>0.18%</b>	<b>18</b>
<b>NIM / NII<sup>1</sup></b>		<b>1.34%</b>	<b>137</b>		<b>1.49%</b>	<b>146</b>

Lower average loan rate (-7bps YoY) given different asset mix (-4bps) and lower rates (-4bps).

The lower YoY balance reflects mainly the discontinuation of Spanish operations, and the sale of the Wilkinson portfolio, with the portfolio broadly stable on an adjusted basis.

## Net Interest Margin evolution (%)

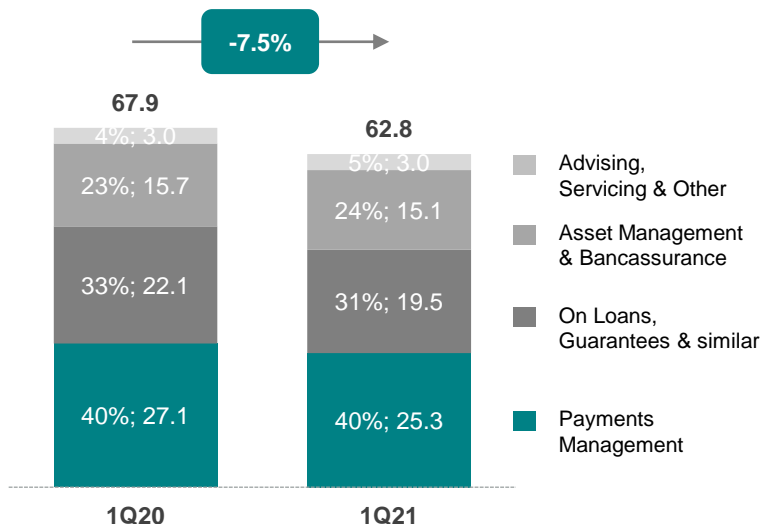


Net Interest Income evolution (+12% on a comparable basis, to €146mn) benefiting from 26bps reduction of the average liability rate, that offset the evolution of the average interest rate on assets (-12bps).

# 1Q21 Financial Results

Lower YoY fees (-€5mn; -7.5% YoY) reflecting the lock-down in the quarter...

## 2 Fees breakdown<sup>1</sup> (Consolidated; %; €mn)



**The asset management & bancassurance** (-€0.6mn; -3.8%) reflects the impact of capital markets on annual management fees.

**Commissions on Loans**, guarantees and similar performance (-€2.6mn, -11.8%) was driven by lower loan production due to lockdown restrictions on the economy.

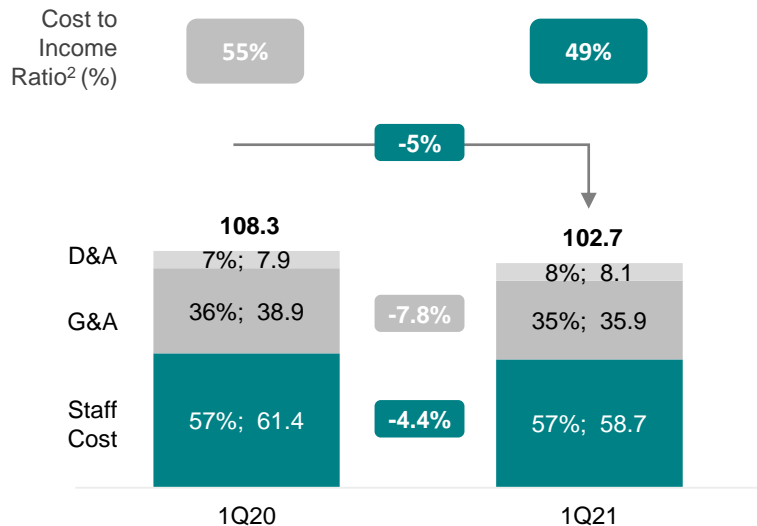
**Payments management** (-€1.9mn; -6.8%) mostly impacted by lower level of merchant transactions and payments while service accounts showed a steadier behaviour.

...with lower YoY number of transactions and new business.

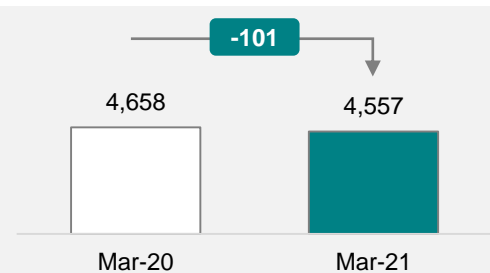
# 1Q21 Financial Results

Increased income generation allied with significant efficiency improvements

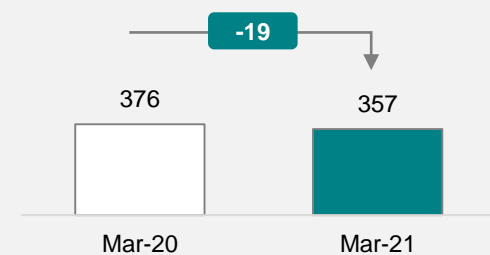
### 3 Consolidated Operating Costs<sup>1</sup> (%; €mn)



### Number of Employees<sup>1</sup>



### Number of Branches



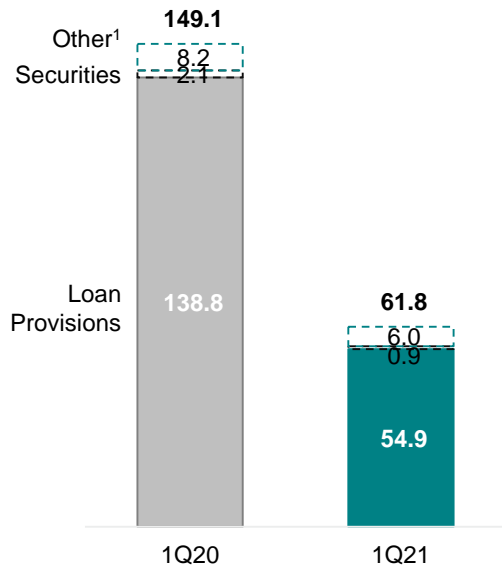
Implementation of cost optimization measures and ongoing recalibration, alongside investment in the future of the business.



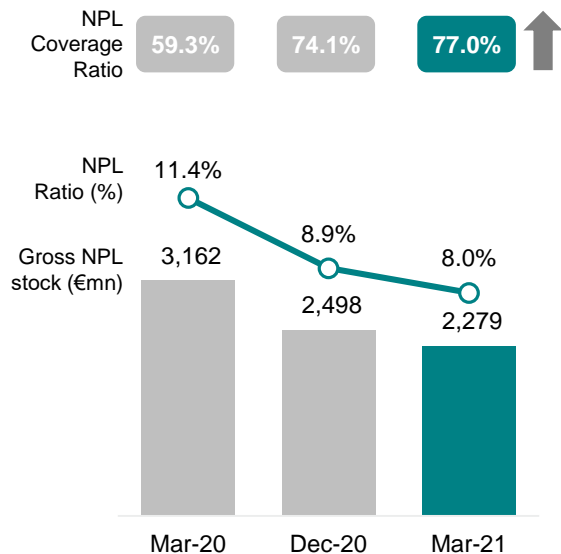
# 1Q21 Financial Results

## Cost of risk trending towards normalised levels despite exceptional charges in 1Q

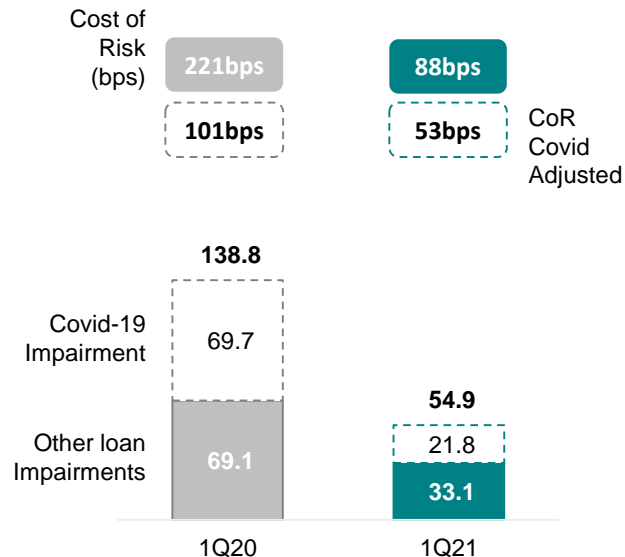
### 4 Impairment and Provisions (€mn; %)



### NPL and NPL Ratio evolution (€mn; %)



### Cost of Risk & Loan Impairments (€mn; bps)



(1) 1Q21 Other impairment and Provisions of €6.0mn includes an extraordinary tax contingency provision of €10mn

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# 1Q2021 Balance Sheet

## Maintaining a solid Balance Sheet

### Consolidated Balance Sheet (€mn)

Assets	Dec-20	Mar-21	▲ YtD	
			€mn	%
Loans and advances to banks	2,809	3,433	624	22.2%
<b>1</b> Customer loans	23,617	23,460	(157)	-0.7%
<b>2</b> Real estate	881	873	(8)	-0.9%
<b>3</b> Securities	11,367	11,244	(123)	-1.1%
Current and deferred tax assets <sup>1</sup>	775	807	31	4.0%
Other assets	4,946	5,038	92	1.9%
<b>Total Assets</b>	<b>44,396</b>	<b>44,854</b>	<b>459</b>	<b>1.0%</b>

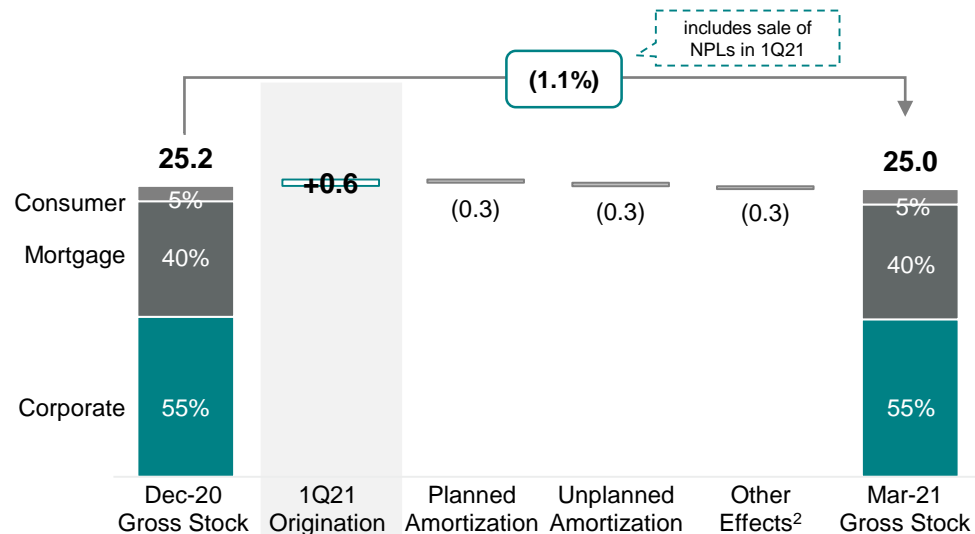
Liabilities & Equity	Dec-20	Mar-21	▲ YtD	
			€mn	%
Due to central banks and banks	10,103	10,507	404	4.0%
Customer deposits	26,093	26,234	141	0.5%
Debt securities	973	976	2	0.2%
Non-current liabilities held for sale	1,996	1,860	(136)	-6.8%
Other liabilities	2,083	2,073	(11)	-0.5%
<b>Total Liabilities</b>	<b>41,249</b>	<b>41,649</b>	<b>400</b>	<b>1.0%</b>
<b>Equity</b>	<b>3,147</b>	<b>3,205</b>	<b>58</b>	<b>1.9%</b>
<b>Total Liabilities and Equity</b>	<b>44,396</b>	<b>44,854</b>	<b>459</b>	<b>1.0%</b>

- **Net customer loans at €23.5bn, broadly stable** across corporate (adjusted for NPL disposal), mortgage and consumer books;
- **Customer Deposits growing €141mn (+0.5% YTD), to €26.2bn**, with retail representing 72% and term deposits and savings 54% (mix unchanged YTD);
- Total Funds, including balance sheet customer funds (€27.5bn; +€193mn) and off-balance sheet (€4.5bn; +€163mn), amounted to €32.0bn (+€356mn YTD).

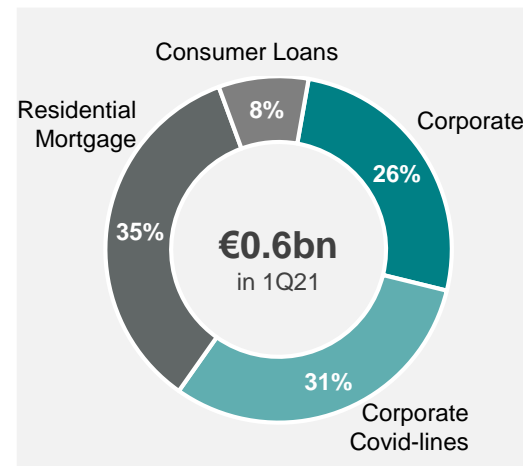
# 1Q2021 Balance Sheet – Customer Loans

## €0.6bn customer loans originated in the 1Q21...

1 Loans to Customers – Gross Book Value Evolution<sup>1</sup>  
(€bn; %)



Loans to Customers: Origination YTD  
(NB origination; €bn; %)



...with corporate segment at the core of its business model (57% of 1Q21 origination), leading to...

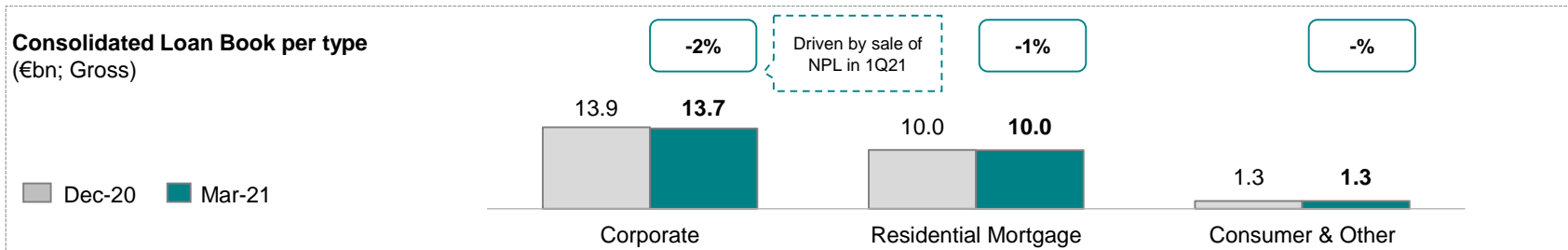
# 1Q2021 Balance Sheet – Customer Loans

...stable YTD net book volume at €23.5bn (adjusted by portfolio sale in the quarter)

## 1 Consolidated Loan Book Evolution (€mn)

	Dec-20			Mar-21			YTD		
	Gross Loans	Net Loans	Impairment	Gross Loans	Net Loans	Impairment	Gross Loans	Net Loans	Impairment
Corporate	13,873	12,528	1,345	13,657	12,420	1,237	-216	-108	-108
Mortgage	10,010	9,945	66	9,959	9,893	66	-51	-52	1
Consumer & Other	1,333	1,144	189	1,335	1,147	189	2	2	0
<b>Total</b>	<b>25,217</b>	<b>23,617</b>	<b>1,600</b>	<b>24,952</b>	<b>23,460</b>	<b>1,492</b>	<b>-265</b>	<b>-157</b>	<b>-108</b>

## Consolidated Loan Book per type (€bn; Gross)



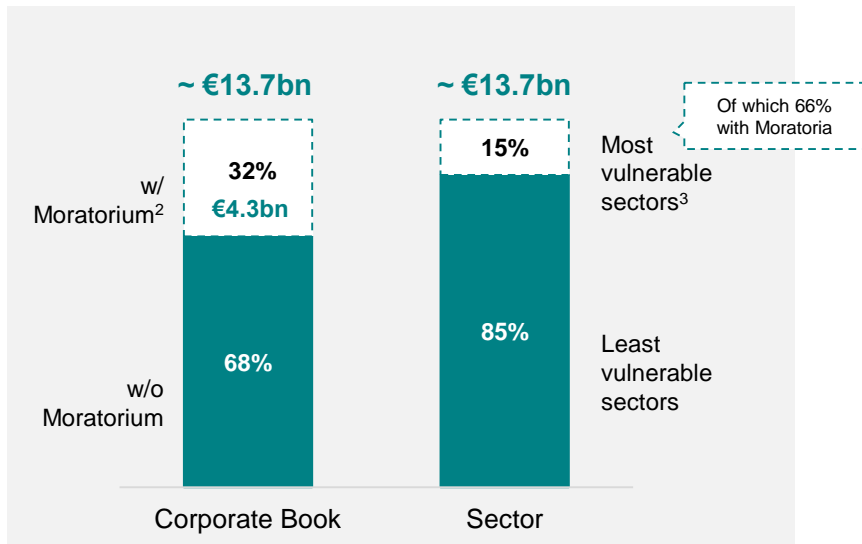
# 1Q2021 Balance Sheet – Customer Loans

€4.3bn of corporate loans and €2.1bn of mortgage loans under moratoria

1

## Moratoria - Corporate Loan<sup>1</sup> by Segment

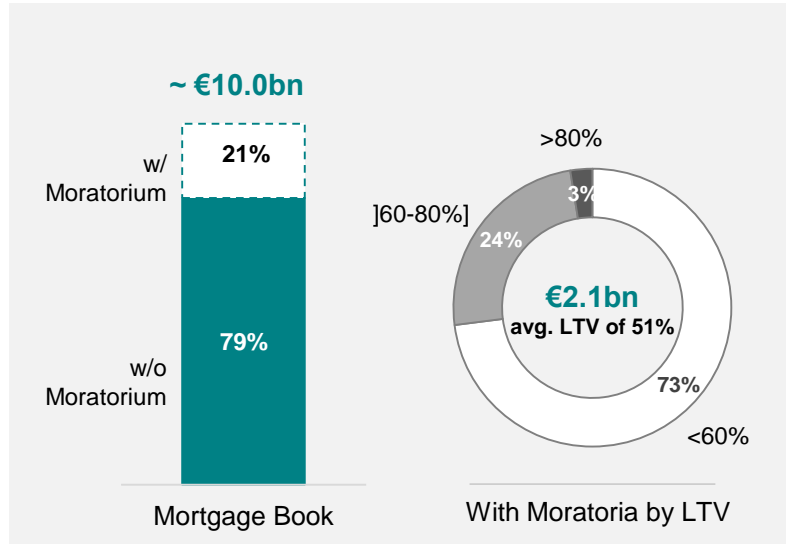
(%; €bn; Gross)



To minimize potential cliff effect of moratoria expiration, NB has segmented risks and is leveraging on close relationships with clients to anticipate support and provide sustainable options to clients.

## Moratoria – Mortgage Loan by Segment

(%)

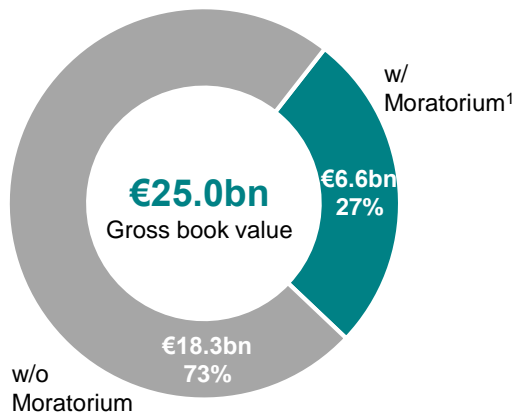


Conservative mortgage portfolio (avg. LTV ~46%) in a resilient residential real estate market.

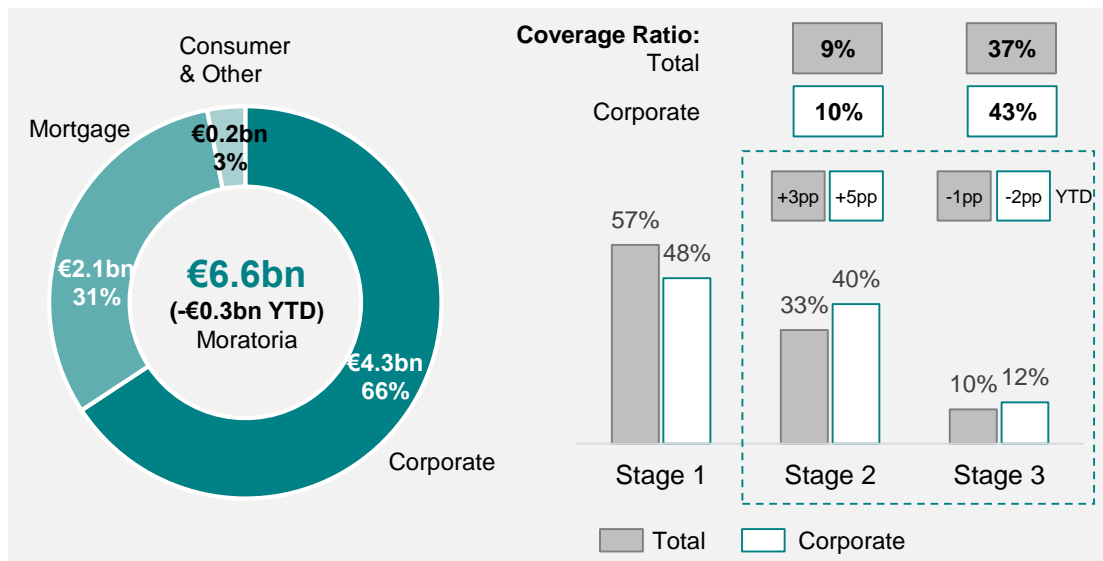
# 1Q2021 Balance Sheet – Customer Loans

€6.6bn of customer loans in moratoria (vs €6.9bn in Dec-20), representing 27% of GBV

## 1 Loan Moratoria at Mar-21 (%; €bn; Gross book value)



## Classification of loans in light of expected Covid-19 impact on borrowers

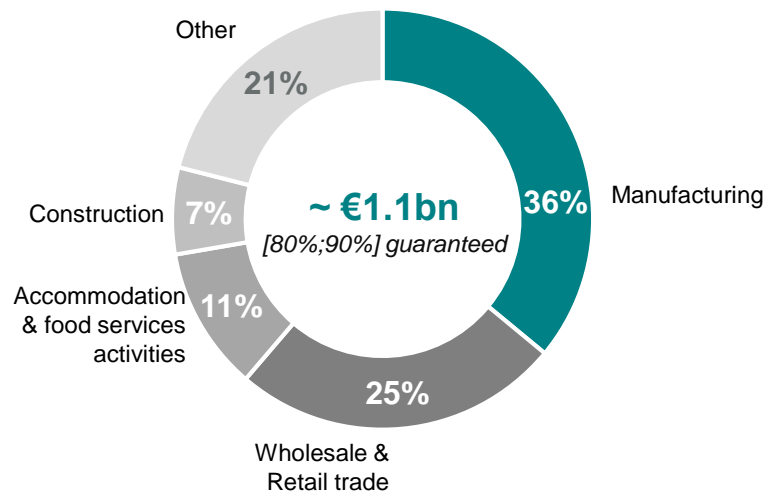


# 1Q2021 Balance Sheet – Customer Loans

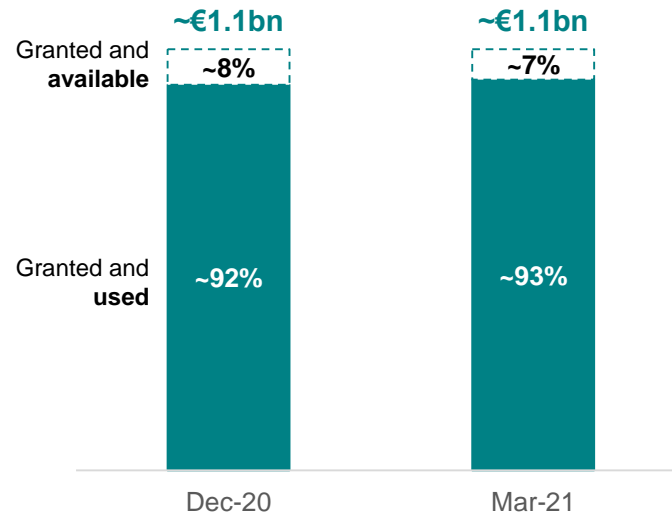
~ €1.1bn of State guaranteed lines granted to support companies and businesses

1

**Covid-19 Credit Lines: granted by sector<sup>1</sup>**  
(%; €bn)



**Covid-19 Credit Lines: Used & Granted<sup>1</sup>**  
(%; €bn)



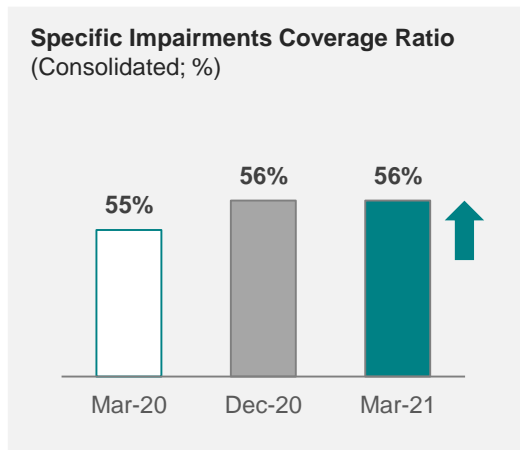
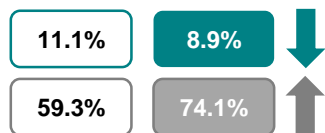


# 1Q2021 Balance Sheet – Customer Loans

Significant reduction of NPL stock as the Bank targets to achieve the EU average ratio

## 1 Non-performing Loans Evolution

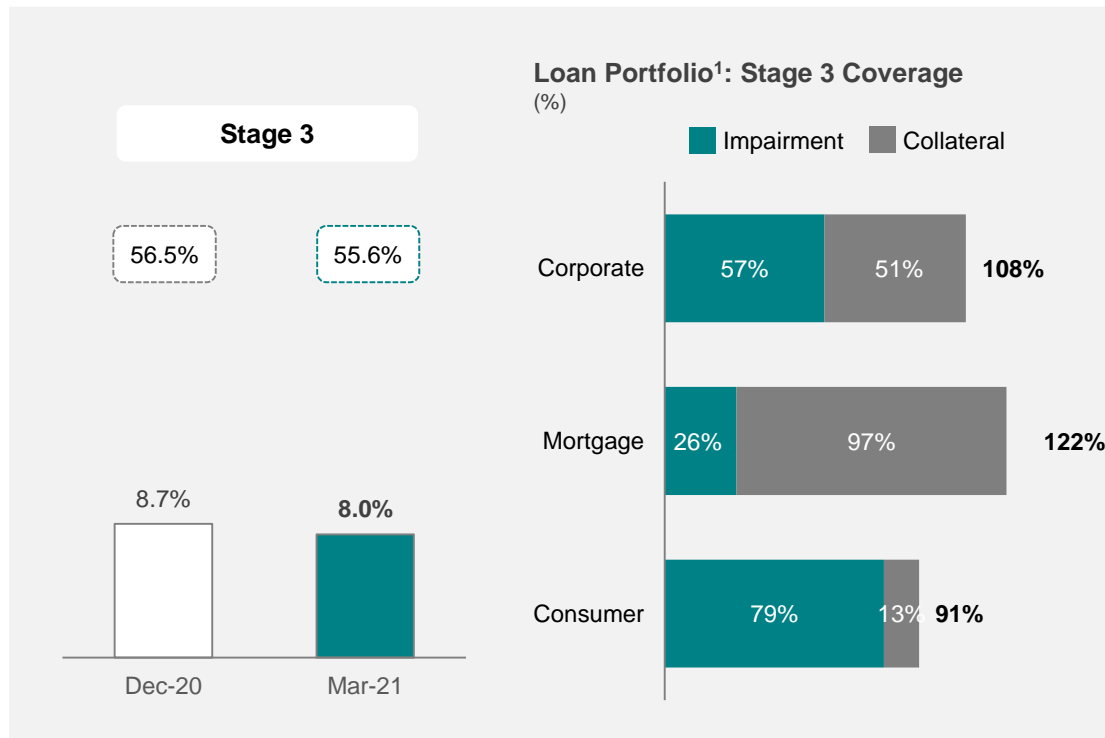
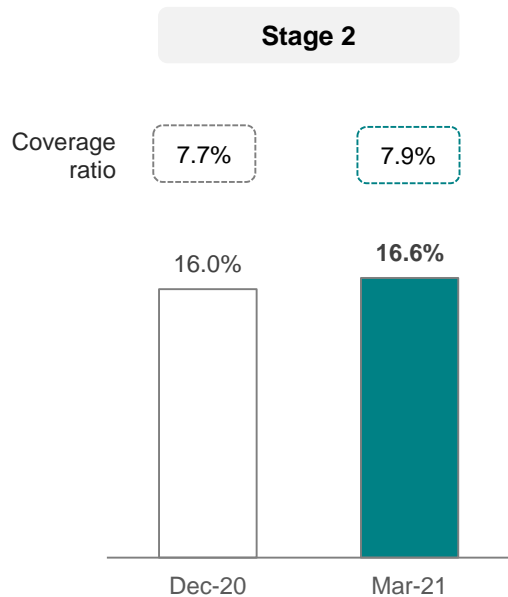
(%; €bn; Gross NPL<sup>1</sup>)



# 1Q2021 Balance Sheet - Consolidated

Leading coverage levels and best-in-class provisioning for expected Covid-19 losses

## 1 Loan Portfolio by Stages (Consolidated<sup>1</sup>; %)



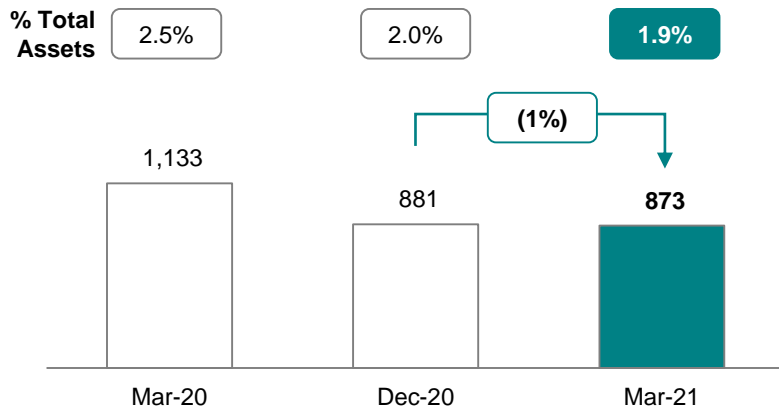
# 1Q2021 Balance Sheet – Real Estate

RE exposure of 1.9% total assets with coverage ratio of 54%

2

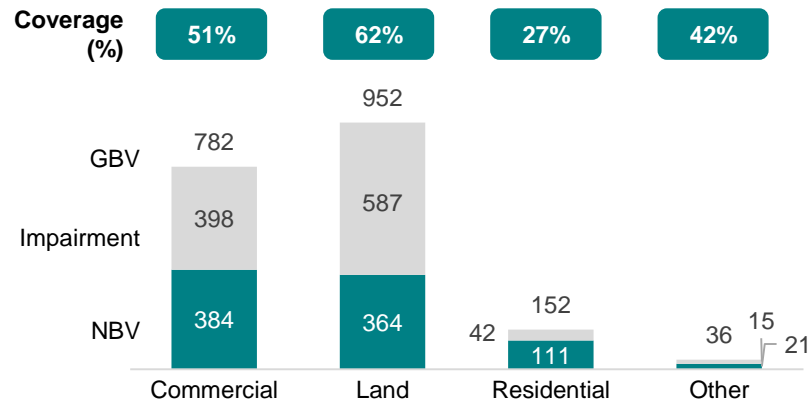
## Evolution of NB Real Estate Exposure

(Consolidated; €mn NBV)



## Real Estate Portfolio: Coverage by Asset Type

(Consolidated; €mn;%)



Clean-up of real estate exposure through sales and implementation of a best-in-class appraisal policy which resulted in release of capital to be re-deployed in the recurrent activity and a simplification of the business

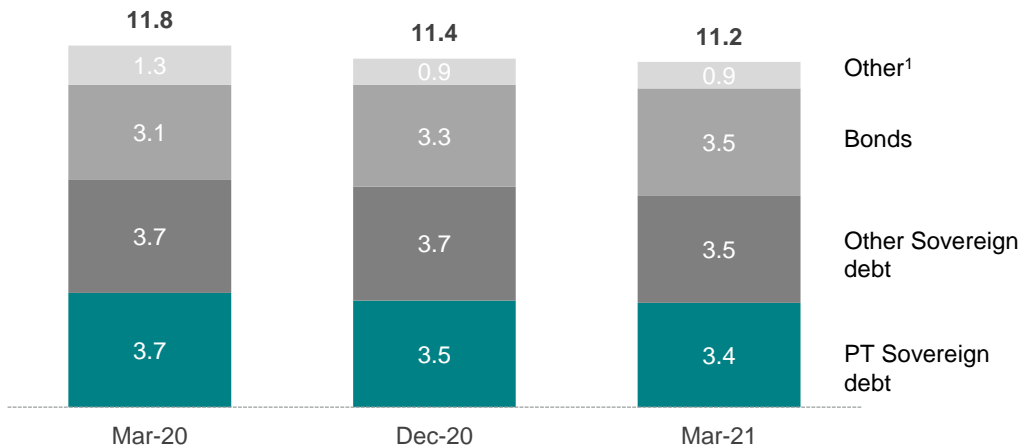
# 1Q2021 Balance Sheet – Securities

Conservative securities portfolio of €11.2bn mainly composed by sovereign debt

3

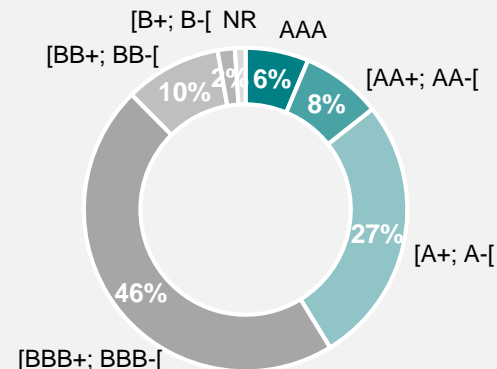
## Securities Portfolio: Breakdown

(€bn)



## Securities Portfolio: Ratings<sup>2</sup>

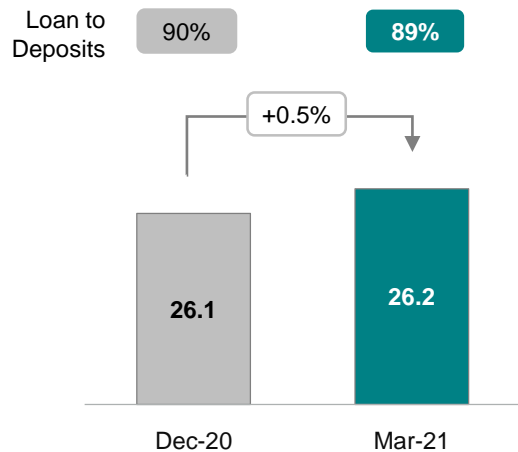
(Mar-21; €bn)



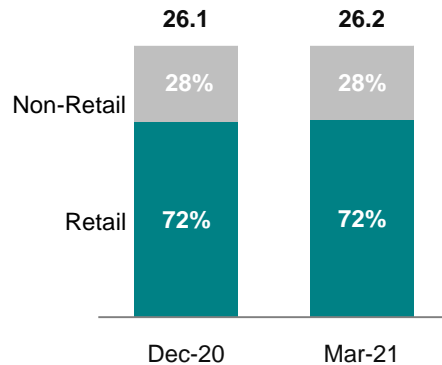
# 1Q2021 Balance Sheet – Deposits

Customer deposits +0.5% YTD with evolution reflecting customers' confidence...

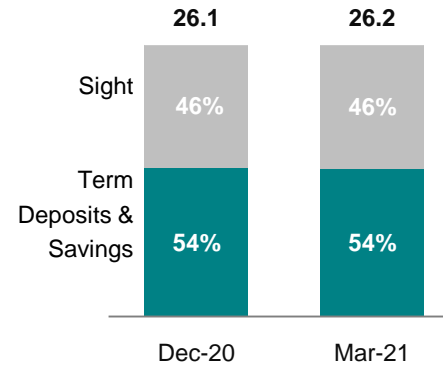
**Customer Deposits & Loan to Deposits**  
(%; €bn)



**Deposits Breakdown by Customer**  
(€bn; %)



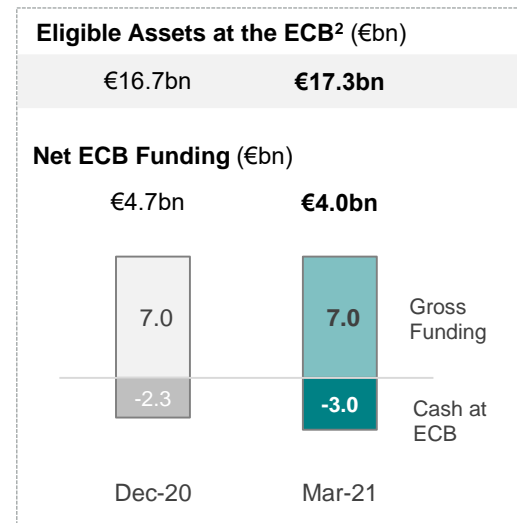
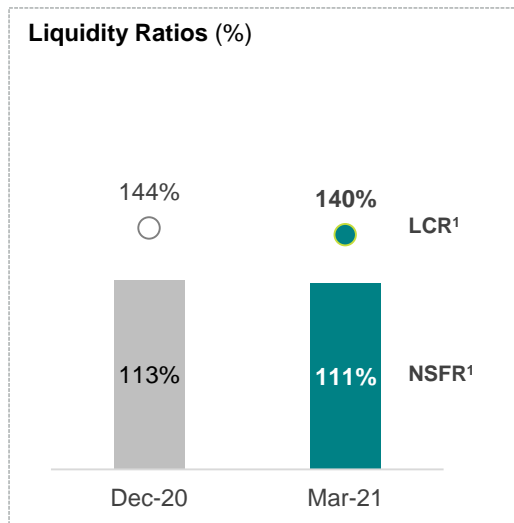
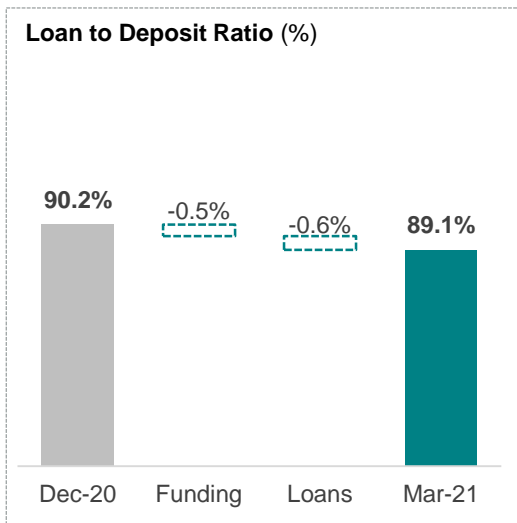
**Deposits Breakdown by Type**  
(€bn; %)



...despite the lower interest rates environment.

# 1Q2021 Balance Sheet – Liquidity Ratios

## Stable deposit base supporting strong liquidity position

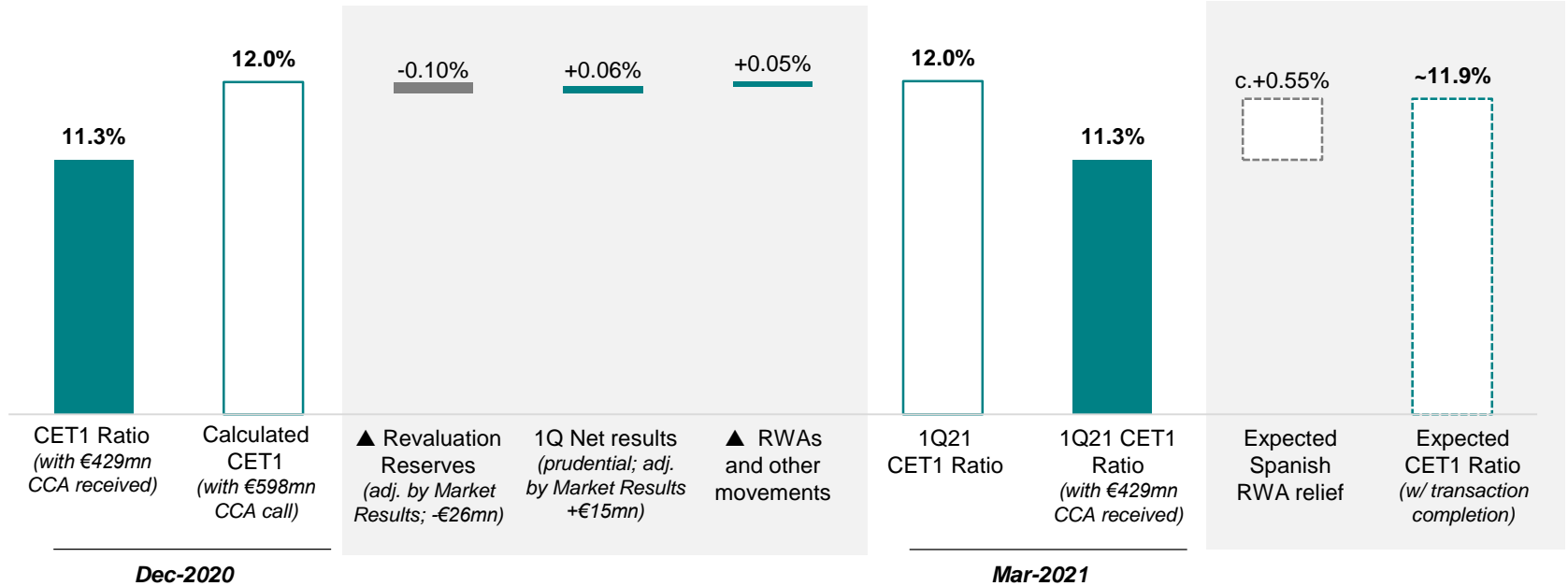


ECB eligible assets at €17.3bn, which together with other HQLA assets led to a liquidity buffer above €11.0bn, mostly composed by highly liquid assets (~80%).

# 1Q2021 Balance Sheet – Capital Ratio

1Q performance demonstrates NB's value creation with Net Results<sup>1</sup> being capital accretive...

## CET 1 Ratio Evolution<sup>1</sup> (%)

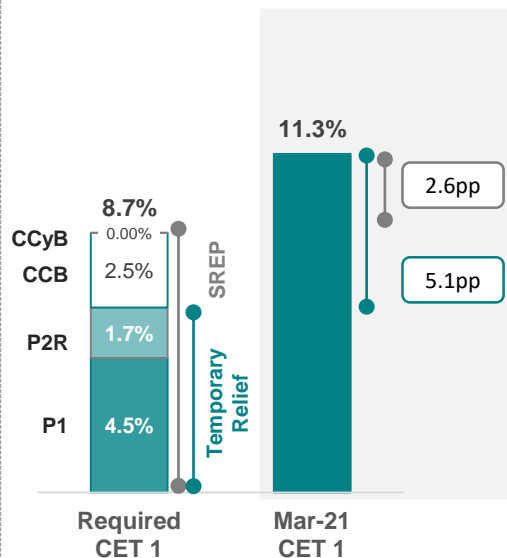


# 1Q2021 Balance Sheet – Capital Ratios

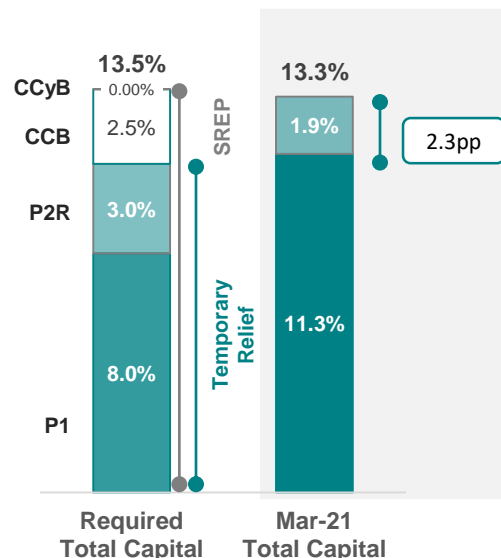
...and ratios above temporary relief capital requirement and significant improve in RWA

(Phased-in<sup>1</sup>; Preliminary; %)

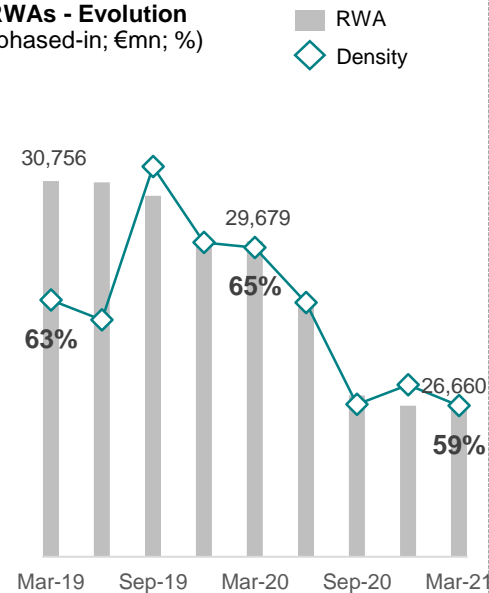
## CET 1



## Total Capital



## RWAs - Evolution (phased-in; €mn; %)





# Agenda

1. Highlights
2. Customer & Business Performance
3. Financial Results
4. Balance Sheet
- 5. Appendix**

# NOVO BANCO Consolidated Balance Sheet

<i>(€ thousands)</i>	<i>Dec-20</i>	<i>Mar-21</i>
Cash, cash balances at central banks and other demand deposits	2,695,459	3,357,904
Financial assets held for trading	655,273	489,487
Financial assets mandatorily at fair value through profit or loss	960,962	959,320
Financial assets at fair value through profit or loss, or through other comprehensive income	7,907,587	7,638,960
Financial assets at amortised cost	25,898,046	25,975,059
Debt securities	2,229,947	2,483,525
Loans and advances to credit institutions	113,795	75,221
Loans and advances to customers	23,554,304	23,416,313
Derivatives – Hedge accounting	12,972	18,320
Fair value changes to the hedged items in portfolio hedge of interest rate risk	63,859	42,608
Investments in subsidiaries, joint ventures and associates	93,630	90,179
Tangible assets	779,657	777,474
Tangible fixed assets	187,052	186,582
Investment properties	592,605	590,892
Intangible assets	48,833	49,312
Tax assets	775,498	806,771
Current tax assets	610	615
Deferred tax assets	774,888	806,156
Other assets	2,944,292	3,096,390
Non-current assets and disposal groups classified as held for sale	1,559,518	1,552,373
<b>Total Assets</b>	<b>44,395,586</b>	<b>44,854,157</b>

	<i>Dec-20</i>	<i>Mar-21</i>
Financial liabilities held for trading	554,791	451,486
Financial liabilities measured at amortised cost	37,808,767	38,473,926
Due to banks	10,102,896	10,507,047
Due to customers	26,322,060	26,512,807
Debt securities issued and subordinated debt and liabilities associated with transferred assets	1,017,928	1,020,343
Other financial liabilities	365,883	433,729
Derivatives – Hedge accounting	12,972	18,320
Provisions	384,382	365,055
Tax liabilities	14,324	13,981
Current tax liabilities	9,203	9,403
Deferred tax liabilities	5,121	4,578
Other liabilities	417,762	424,769
Liabilities included in disposal groups classified as held for sale	1,996,382	1,860,028
<b>Total Liabilities</b>	<b>41,248,951</b>	<b>41,649,287</b>
Capital	5,900,000	5,900,000
Other comprehensive income – accumulated	-823,420	-902,591
Retained earnings	-7,202,828	-8,577,074
Other reserves	6,570,153	6,681,273
Profit or loss attributable to parent company shareholders	-1,329,317	70,730
Minority interests (Non-controlling interests)	32,047	32,532
<b>Total Equity</b>	<b>3,146,635</b>	<b>3,204,870</b>
<b>Total Liabilities and Equity</b>	<b>44,395,586</b>	<b>44,854,157</b>

# NOVO BANCO Consolidated

## Customer Loans

€mn	Mar-20 Pro-forma	Dec-20	Mar-21	YTD ▲ Consolidated	
	Consolidated	Consolidated	Consolidated	€mn	%
<b>Loans and advances to banks (net)</b>	<b>23 380</b>	<b>23 617</b>	<b>23 460</b>	- 157	-0.7%
<b>Customer Loans (gross)</b>	<b>25 175</b>	<b>25 217</b>	<b>24 952</b>	- 265	-1.1%
Corporate	13 743	13 873	13 657	- 216	-1.6%
Residential Mortgage	10 071	10 010	9 959	- 51	-0.5%
Consumer finance and other	1 360	1 333	1 335	2	0.1%
<b>Non-Performing Loans (NPL)*</b>	<b>3 162</b>	<b>2 498</b>	<b>2 279</b>	- 219	-8.8%
<b>Impairment</b>	<b>1 795</b>	<b>1 600</b>	<b>1 492</b>	- 108	-6.7%
<b>NPL Ratio*</b>	<b>11.4%</b>	<b>8.9%</b>	<b>8.0%</b>	- 1p.p.	
<b>NPL coverage*</b>	<b>59.3%</b>	<b>74.1%</b>	<b>77.0%</b>	3p.p.	
<b>Specific impairment coverage ratio</b>	<b>55%</b>	<b>56%</b>	<b>56%</b>	-	
<b>Cost of Risk (bps)</b>	<b>221</b>	<b>208</b>	<b>88</b>	- 120	-57.7%
<b>Cost of Risk (bps) - Covid Adjusted</b>	<b>110</b>	<b>121</b>	<b>53</b>	- 68	-56.3%

\* Includes Deposits and Loans and advances to Banks and Customer Loans

# NOVO BANCO Consolidated - DTA

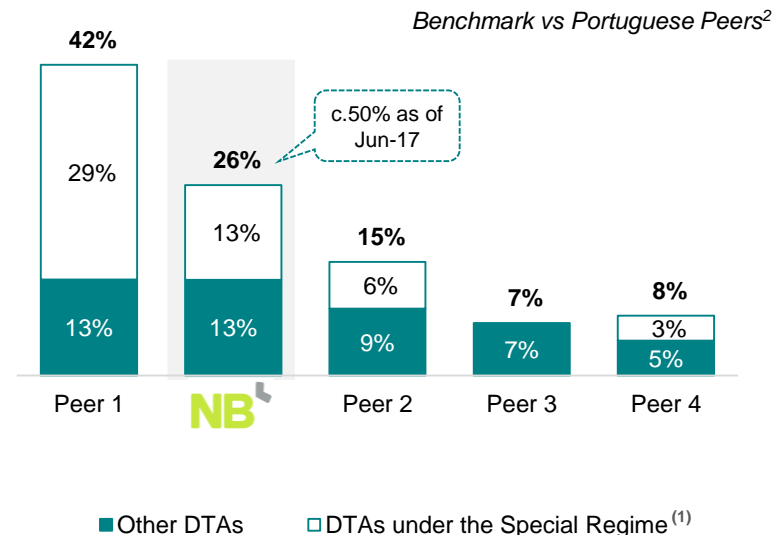
## Reduced exposure to DTAs relying on future profitability, with prudent recognition of tax losses

### Overview of Deferred Tax Assets

(€ Millions)	Dec-20	Mar-21
Timing-Difference DTAs – under Special Regime <sup>(1)</sup>	402	401
Timing-Difference DTAs – other	373	405
Tax Losses Carried Forward	-	-
<b>Total DTAs on Balance Sheet</b>	<b>775</b>	<b>806</b>

- Tax losses carried forward are recognised to the extent they are expected to be recovered with future taxable income;
- NB conservatively assesses the recoverability of tax losses carried forward considering its projected taxable income over a 5 year period

### Deferred Tax Assets as % of Equity



# NOVO BANCO Consolidated Capital Ratios

		mn€			
CAPITAL RATIOS (CRD IV/CRR)		31-Dec-20	31-Dec-20	31-Mar-21 *	31-Mar-21 *
		<i>(Phased-in)</i>	<i>(Fully loaded)</i>	<i>(Phased-in)</i>	<i>(Fully loaded)</i>
Risk Weighted Assets	(A)	26 719	26 411	26 660	26 384
Own Funds					
Common Equity Tier 1	(B)	3 029	2 638	3 022	2 668
Tier 1	(C)	3 030	2 638	3 023	2 670
Total Own Funds	(D)	3 541	3 150	3 536	3 183
<b>Common Equity Tier 1 Ratio</b>	<b>(B/A)</b>	<b>11.3%</b>	<b>10.0%</b>	<b>11.3%</b>	<b>10.1%</b>
Tier 1 Ratio	(C/A)	11.3%	10.0%	11.3%	10.1%
<b>Solvency Ratio</b>	<b>(D/A)</b>	<b>13.3%</b>	<b>11.9%</b>	<b>13.3%</b>	<b>12.1%</b>
Leverage Ratio		6.5%	5.7%	6.4%	5.7%

\* preliminary

NB and Fundo de Resolução have different positions regarding the implementation of IFRS9 from the phase-in to the fully-loaded regime, and so both parties have submitted the matter to arbitration, in accordance with the rules of the CCA, the impact of such implementation in the calculation of the amount due by Fundo de Resolução under the CCA for 2019 financial year. The arbitration proceeding is still pending, and the decision is expected in the 4Q2021.

NOVO BANCO requested the ECB's authorization to apply the transitional arrangements (IFRS 9 dynamic approach), subject to arbitration, in the context of NOVO BANCO and Fundo de Resolução having recognized another divergence regarding the application of such regime.

As in Dec-20, Mar-21 accounts contain an aggregate provision (€166mn) in relation to the discontinuation of Spanish operations. As there is a divergence between the parties, the Bank has deducted this effect from regulatory capital calculation.

# NOVO BANCO Consolidated

## Senior Unsecured Debt rated as Caa2 and B (high) by Moodys and DBRS

October 2020

MOODY'S	Long Term	Short Term
Baseline credit assessment (BCA)	caa1	
Adjusted baseline credit assessment (BCA)	caa1	
Counterparty risk rating	B1	NP
Counterparty risk assessment	B1 (cr)	NP (cr)
Deposits	B2 Outlook Stable	NP
Senior unsecured debt	Caa2 Outlook Stable	
Subordinated debt	Caa2	

April 2021

DBRS	Long Term	Short Term
Intrinsic assessment	B (high)	
Issuer rating	B (high) Trend Negative	R-4 Trend Stable
Deposits	BB (low) Trend Negative	R-4 Trend Stable
Debt	B (high) Trend Negative	R-4 Trend Stable
Critical obligations rating	BB (high) Trend Stable	R-3 Trend Stable
Subordinated Debt	B (low) Trend Negative	

# NOVO BANCO Consolidated Income Statement

(€ million)	1Q20 Pro-forma <sup>1</sup>	1Q21	▲ €mn	▲ %
Net Interest Income	130.2	145.7	+15.6	0.1
Fees and Commissions	67.9	62.8	(5.1)	(0.1)
<b>Commercial Banking Income</b>	<b>198.0</b>	<b>208.5</b>	<b>+10.5</b>	<b>0.1</b>
Capital Markets Results	(94.1)	52.8	+146.9	(1.6)
Other Operating Results	2.5	12.2	+9.7	3.8
<b>Banking Income</b>	<b>106.5</b>	<b>273.5</b>	<b>+167.0</b>	<b>1.6</b>
Operating Costs	108.3	102.7	(5.5)	(0.1)
Staff Costs	61.4	129.2	+67.8	1.1
General and Administrative Costs	38.9	83.5	+44.6	1.1
Depreciation	7.9	17.3	+9.4	1.2
<b>Net Operating Income</b>	<b>(1.7)</b>	<b>170.8</b>	<b>+172.5</b>	<b>(98.6)</b>
Net Impairments and Provisions	149.1	61.8	(87.3)	(0.6)
Credit	138.8	54.9	(84.0)	(0.6)
Securities	2.1	0.9	(1.2)	(0.6)
Other Assets and Contingencies	8.2	6.0	(2.2)	(0.3)
<b>Income before Taxes</b>	<b>(150.9)</b>	<b>109.0</b>	<b>+259.9</b>	<b>(1.7)</b>
Corporate Income Tax	0.6	4.2	+3.6	6.2
Special Tax on Banks	27.5	32.8	+5.2	0.2
<b>Income after Taxes</b>	<b>(179.0)</b>	<b>72.0</b>	<b>+251.0</b>	<b>(1.4)</b>
Non-Controlling Interests	0.1	1.3	+1.2	13.5
<b>Net Income for the period</b>	<b>(179.1)</b>	<b>70.7</b>	<b>249.8</b>	<b>(1.4)</b>

# NOVO BANCO Separate

## Sustainability metrics



	Mar-20	Mar-21
<b>Social Indicators</b>		
Employees (#)	4,342	4,292
Training hours	14,861	8,710
Turnover <sup>1</sup>	1.2%	0.7%
Woman employment rate	52.5	53.6
Woman in leadership roles rate	36.4	38.0
Woman senior leaders' roles rate	31.3	26.5
Pay Gap (%)	10.3	10.4
<b>Environmental Indicators</b>		
ESG structured products issued (#; in period)	4	1
ESG structured products subscriptions (#; in period)	1,940	923
ESG structured products subscriptions (#; cumulative amount)	8,675	12,778
Clients who subscribed ESG structured products (#; in period)	1,797	917
Clients who subscribed ESG structured products (#; cumulative amount)	7,425	10,143
Total ESG structured products subscriptions (in period; € million)	46	22
Total ESG structured products subscriptions (cumulative; € million)	197	290
CO2 Emissions from electricity consumption (tCO2e)	1,157	847
Active digital customers (#; thousand)	579	609
<b>Governance Indicators</b>		
Account monitoring – alerts generated (#)	3,235	3,086
Communication to the authorities (#)	255	220
Account opening scoring Investigation (#)	1,132	1,117
Participation Entry scoring Investigation (#)	206	408
Account opening rejected with scoring Investigation (#)	44	4
<b>Economic – Community Indicators</b>		
Planned savings/"Poupança programada" (# of clients)	278,202	200,702
Planned savings/"Poupança programada" (€ million)	1,122	976
Minimum Banking Services Account (# of accounts)	9,574	10,007
Suppliers with sustainability scoring (#)	552	599
Very satisfied/satisfied clients with service quality (Retail; %)	96.2	96.4
Very satisfied/satisfied clients with service quality (SME; %)	98.9	97.4
Donations (€ million)	0.2	0.1
Direct economic value generated (€ million)	203.6	203.5
Economic value distributed (€ million)	100.0	87.7
Economic value retained (€ million)	103.6	115.8



# Glossary (1/3)

<b>Income Statement</b>	
<b>Fees and commissions</b>	Fees and commissions income less fees and commissions expenses
<b>Commercial banking income</b>	Net interest income and fees and commissions
<b>Capital markets results</b>	Dividend income, gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains or losses on financial assets and liabilities held for trading, gains or losses on financial assets mandatorily at fair value through profit or loss, gains or losses on financial assets and liabilities designated at fair value through profit and loss, gains or losses from hedge accounting and exchange differences
<b>Other operating results</b>	Gains or losses on derecognition of non-financial assets, other operating income, other operating expenses, share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
<b>Banking income</b>	Net interest income, fees and commissions, capital markets result and other results
<b>Operating costs</b>	Staff costs, general and administrative expenses and depreciation and amortisation
<b>Net operating income</b>	Banking income - operating costs
<b>Provisions and impairments</b>	Provisions or reversal of provisions, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss, impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates and impairment or reversal of impairment on non-financial assets
<b>Balance Sheet / Liquidity</b>	
<b>Assets eligible as collateral for rediscount operations with the ECB</b>	The Eurosystem only grants credit against adequate collateral. This collateral consists of tradable financial securities and other types of assets such as nontradable assets and cash. The expression "eligible assets" is used for assets that are accepted as collateral by the Eurosystem.
<b>Securities portfolio</b>	Securities (bonds, shares and other variable-income securities) booked in the trading portfolios at fair value through profit or loss, mandatory at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost.
<b>Due to customers</b> Banco de Portugal Instruction n. 16/2004	Amounts booked under the following balance sheet accounting headings: [#400 - #34120 + #52020 + #53100].
<b>Net ECB funding</b>	Difference between the funding obtained from the European Central Bank (ECB) and the placements with the ECB.
<b>Total Customer Funds</b>	Deposits, other customer funds, debt securities placed with clients and off- balance sheet customer funds.
<b>Off-Balance Sheet Funds</b>	Off-balance sheet funds managed by Group companies, including mutual funds, real estate investment funds, pension funds, bancassurance, portfolio management and discretionary management.
<b>Loan to deposit ratio</b> Banco de Portugal Instruction n. 16/2004	Ratio of [gross loans - (accumulated provisions / impairment for credit)] to customer deposits.

## Glossary (2/3)

<b>Asset Quality and Coverage Ratios</b>	
<b>Overdue loans ratio</b>	Ratio of overdue loans to total credit.
<b>Overdue loans &gt; 90 days ratio</b>	Ratio of overdue loans > 90 days to total credit.
<b>Overdue loans coverage ratio</b>	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans.
<b>Overdue loans &gt; 90 days coverage ratio</b>	Ratio of accumulated impairment on customer loans (on balance sheet) to overdue loans > 90 days.
<b>Coverage ratio of customer loans</b>	Ratio of impairment on customer loans (on balance sheet) to gross customer loans.
<b>Cost of risk</b>	Ratio of credit risk impairment charges accounted in the period to gross customer loans.
<b>Non-performing loans</b>	Total balance of the contracts identified as: (i) in default (internal definition in line with article 178 of Capital Requirement Regulation, i.e., contracts with material overdue above 90 days and contracts identified as unlikely to pay, in accordance with qualitative criteria); and (ii) with specific impairment.
<b>Non-performing loans ratio</b>	Ratio of non-performing loans to the sum of total credit, deposits with banks and Loans and advances to banks
<b>Non-performing loans coverage ratio</b>	Ratio of impairment on customer loans and loans and advances to banks (on balance sheet) to non-performing loans.
<b>Efficiency and Profitability Ratios</b>	
<b>Efficiency (Staff costs / Banking income)</b> 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).
<b>Efficiency (Operating costs / Banking income)</b> 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).
<b>Profitability</b> 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.
<b>Return on average net assets</b> Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average net assets.
<b>Return on average equity</b> Banco de Portugal Instruction n. 16/2004	Ratio of income before tax and non-controlling interests to average equity.

## Glossary (3/3)

Designations & abbreviations	
<b>NB</b>	NOVO BANCO
<b>NBG</b>	NOVO BANCO Group
<b>YTD</b>	Year-to-date
<b>YoY</b>	Year-on-Year
<b>ECB</b>	European Central Bank
<b>QE</b>	Quantitative Easing
<b>CRD IV</b>	Capital Requirements Directive 2013
<b>CRR</b>	Capital Requirements Regulation
<b>NIM</b>	Net Interest Margin
<b>€, EUR</b>	euro
<b>€mn</b>	millions of euro
<b>€bn</b>	billions of euro
<b>€k</b>	thousands of euro
<b>bps</b>	basis points
<b>p.p.</b>	percentage points
<b>tCO<sub>2</sub>e</b>	tonnes of carbon dioxide equivalent
<b>RWA</b>	Risk weighted assets



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