Annual Report 2025

Present in my future

novobanco

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Novo Banco, S.A.
Head Office: Campus do novobanco, Av. Doutor Mário Soares
2740-119 Porto Salvo – Portugal
Commercial and Tax identification number: 513 204 016
Share Capital of € 2 245 000 000.00, represented by 500,000,000 shares

(Audited financial information prepared in accordance with IFRS as adopted by the European Union)
(In accordance with the provisions of CMVM Regulation No. 1/2023)
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This document is the PDF/printed version of the Annual Report 2025 of Novo Banco S.A..
This version has been prepared for ease of use and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815).
The official ESEF reporting package is available on our website at:
www.novobanco.com/en/investors/financial-disclosures.html
In case of discrepancies between this version and the official ESEF package, the latter prevails.

Abbreviations and Acronyms.

ECB	European Central Bank
EBD	Executive Board of Directors
GSB	General and Supervisory Board
DGCOMP	Directorate-General | Competition
ESG	Environment, Sustainability and Governance
CCA	Contingent Capital Agreement
YTD	Year-to-date
YoY	Year-on-Year
NII	Net Interest Income
RGICSF	Regime Geral das Instituições de Crédito e Sociedades Financeiras Legal Framework of Credit Institutions and Financial Companies
LCR	Liquidity Coverage Ratio
€, EUR	euro
€mn	million euro
€bn	billion euro
bps	basis points
pp	percentage points

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.

Annual Report



CONTENT

Message from the Chairman of the General and Supervisory Board 5
CEO Talk with Mark Bourke 9

I. Management Report **12**
II.Consolidated financial statements **131**
III. Separate Financial Statements **264**
IV. Sustainability Disclosure **378**
V. Annex **612**
Auditor's Report on the Consolidation Financial Statements **613**
Auditor's Report on the Separate Financial Statements **621**
Evaluation Report **628**

Byron Haynes,

Chairman of the General
and Supervisory Board



Message from the Chairman of the General and Supervisory Board

Dear Stakeholders,

2025 has been an exceptional year for novobanco. We have delivered strong financial results, reinforced our market position, and advanced our transformation journey with a clear focus on innovation, resilience, and sustainability. These achievements reflect the dedication of our teams, the trust of our customers, and the strength of our strategic vision.

Financial Performance

Novobanco delivered strong financial results, exceeding all guidance targets and supported by a robust balance sheet. Our disciplined risk management and capital allocation enabled us to achieve sustainable profitability, even in a challenging macroeconomic environment.

Key achievements included record profitability, strengthened capital ratios, and €1.3bn in realised capital distributions to shareholders. We saw strong growth in credit (+7.8% YoY; net), funds (+11% YoY), deposits (+7.6% YoY), and active clients (+3.2% YoY) across our commercial segments, translating into healthy increases in net interest income and fee income. These results reflect the resilience of our capital-accretive business model, strong robust risk management practices and our commitment to generating value for shareholders.

Customer Impact

We placed the customer at the center of our transformation, redesigning key customer journeys end-to-end and deploying our omnichannel distribution model—digital, remote, and face-to-face - anchored on digital marketing, the performance hub, and mIA Connect, our new AI-powered virtual assistant. These initiatives reduced friction, accelerated service, and delivered more intuitive experiences for our clients.

Our Customer Net Promoter score (NPS) has increase by +10pp for Corporate and +4pp for Retail, while we continue focused on client first. For example, we simplified and digitized the personal finance journey, enabling faster approvals for consumer loans and mortgages. This drove strong growth reflected in outperforming overall market volume growth, with consumer loans online origination growing by approximately 60%, of which more than 35% now benefiting from immediate credit decisioning. Also, we enhanced the payments journey with smart card solutions and improved digital channels, making transactions faster and safer. As a result, the number of active credit cards increased by more than 5%, reinforcing our leadership in everyday banking services.

In the SME and large corporate segments, we deepened client relationships and expertise, simplified credit processes via end-to-end digitalisation, and grew business lines in factoring, confirming, and leasing. Our sector-focused approach delivered sustainable growth, with SME NPS at 55 and Customer Satisfaction score (CSAT) above 95%. As a result, we saw record levels of engagement and loyalty, driving sustainable growth across retail, SME, and corporate segments.

People & Culture

Our culture is our greatest differentiator and fastest lever for change. In 2025, we launched leadership development programs for over 600 managers, reinforced our Employee Value Proposition focused on improving employee experience, and embedded a values-driven culture that promotes ethical decision-making, accountability, continuous learning and risk awareness across all levels of the organization.

Initiatives included targeted leadership development for EBD members and 600 leaders, resulting in a 7% increase in engagement and participation rates above 90%. Our Employee Value Proposition focused on diversity and inclusion, driving a 20% increase in NPS and 38% women in leadership roles. To address equal-pay, measures have been implemented throughout the year, including the creation of the Diversity and Inclusion steering committee. Enterprise Performance Management was launched, cascading KPIs across the Group and aligning objectives at every level. These initiatives have driven higher engagement and alignment across the organization, supporting our transformation and long-term success.

Simplification & Efficiency

Simpler is safer, faster, and more cost-effective. We continued to streamline and optimize our processes, investing in end-to-end digitalization across major credit products and enhancing operational resilience.

We have transformed 50% of our operational processes which have enhanced our customer relationship NPS by making our processes simpler and removing reworks. . We now Straight Through Process (STP) over 80% of our account openings in branch.

For instance, the automation of onboarding and the rationalization of our product portfolio reduced manual interventions and improved client experience. End-to-end digitalization of enterprise lending and consumer finance platforms made us more efficient and improved customer experience, while significantly reducing complaints and backlogs, enabling us to respond to customers and the market with greater speed and clarity.

Digital & Data Maturity

We accelerated digital adoption and leveraged advanced analytics to unlock insights and personalize experiences, with strategic investments in cloud technologies and modern IT infrastructure. We increased digital adoption to 73% and increased digital sales by 45% by fusing human, technology and AI capabilities, backed by the deployment of 60 AI models.

In 2025, we launched smart card payment solutions, consumer finance and mortgage digital pricing capabilities, a market-leading investment trading platform, enhanced digital KYC onboarding, ESG online information, and improved omni-channel experiences. Data initiatives included AI-driven business cases, BCBS239 adherence, special data quality audits, and enhancements to data architecture and operations. These advances have positioned novobanco as a leader in digital banking and data-driven decision-making.

Resilience & Control

We must withstand shocks, recover quickly, and learn continuously. In 2025, we fortified operational resilience, strengthened our financial crime framework, and continued to uplift our risk culture—safeguarding our customers, our reputation, and our license to operate.

Integrity is non-negotiable. We concluded the implementation of DORA, established a dedicated Economic Crime and KYC department, implemented advanced monitoring tools, and engaged independent experts for comprehensive security assessments. Our risk management function has implemented new models to address evolving risks, including macroeconomic pressures and cybersecurity threats, and we achieved improved results in the ECB stress test and climate resilience assessment validating the sustainability of our business model.

Responsible Growth (ESG)

We grow responsibly and contribute meaningfully to society. Our commitment to sustainability remains unwavering, with significant investments in green financing and ESG initiatives.

We provided c.€1.7bn of green financing, including more than €1.2bn to support companies' transition and over €400mn in green mortgages, significantly surpassing the €2.0bn cumulative Green Production Target set for 2024-26. This performance enables us to raise our level of ambition for this period.

We supported a just and sustainable transition by further integrating climate risk management into our decisions, achieving all ESG key risk indicators, and advancing diversity and inclusion. Climate risk management is now fully integrated into our risk framework, ensuring that sustainability is embedded in lending decisions and long-term planning.

Novobanco has been distinguished as Most Sustainable Bank in Portugal at the 2025 International Banker Awards, a recognition of the bank's leading role in advancing sustainable finance in the Portuguese market. A recognition that also translates into novobanco's MSCI ESG rating of 'AA'.

Strong and Robust Balance Sheet

Novobanco maintained solid capital and liquidity throughout the year, exceeding all capital and MREL requirements. Year-end ratios stood at 17.4% CET1, 20,2 % Total Capital, and 30,7% MREL, substantially above regulatory requirements.

The Bank holds a stable deposit market share of 9.3%, a liquidity buffer over €17bn, and strong liquidity metrics (LCR 160%, NSFR 118%) with ECB funding of €-1.8bn.

Its capital-accretive model continued to be recognized in the 2025 SREP review, with P2R further reduced by 20bps to 2.50% for 2026 and improving the overall score—highlighting sustainable profitability and strengthened capital and liquidity adequacy.

Enhanced Risk Management

Throughout the year, the Bank maintained strong vigilance in managing diverse risks, including macroeconomic pressures, market volatility, geopolitical tensions, and operational threats such as cybersecurity. A new Target Operating Model was implemented strengthening risk management, particularly for non-financial risks.

In 2025, novobanco underwent the ECB's EU-wide stress test based on a static Dec/24 balance sheet. Despite the severe macroeconomic assumptions applied, results improved significantly versus 2023, with CET1 depletion under the adverse scenario less than half the prior exercise – reflecting enhanced capital strength and resilience. In addition, the Bank successfully completed climate stress tests and resilience assessments, achieving all ESG KPIs.

Governance Bodies

In early April 2025, the General and Supervisory Board (GSB) received regulatory approval for a new four-year mandate (2025–2028), maintaining its composition of nine members—six independent and three non-dependent—with a gender diversity ratio of 33% female / 67% male.

On March 26, 2025, the GSB appointed a seven-member Executive Board of Directors (EBD) for the same four-year mandate, subject to regulatory approval, which was obtained on August 25, 2025. The EBD includes two new members, Patricia Afonso Fonseca, Chief Legal, Compliance & Sustainability Officer and Carmen Gonçalves, Chief Risk Officer. Gender diversity within the EBD stands at 29% female / 71% male.

Governance Model

Throughout 2025, the GSB and its committees actively supervised and supported the EBD in executing the Bank's strategic goals and financial targets under the medium-term plan. For 2026, updated strategic objectives have been agreed upon, focusing on continued execution of the Strategic Program while maintaining prudent risk management amid ongoing economic and geopolitical challenges.

Strategic Transaction

On August 1, 2025, Groupe BPCE signed an agreement to acquire 75% of novobanco's share capital from Lone Star Funds. Subsequently, on October 29, 2025, agreements were signed to acquire the remaining 25% from the Portuguese State (11.5%) and the Portuguese Banks Resolution Fund (13.5%). This 100% acquisition is expected to close in the first half of 2026, marking the largest cross-border banking acquisition in the eurozone in the past decade. Groupe BPCE, Europe's fourth-largest banking group by capital, will make Portugal its second-largest market. The transaction fully aligns with novobanco's strategy to serve Portuguese families and businesses and will enable expanded service offerings, enhanced financing capabilities, and strengthened value creation.

This acquisition represents the culmination of novobanco's multi-year transformation and positions the Bank within one of Europe's strongest financial groups.

Acknowledgment

On behalf of the GSB, sincere gratitude is extended to all stakeholders—customers, shareholders, employees, and EBD members—for their trust, support, and dedication. Their collective efforts have enabled novobanco to outperform targets, achieve significant milestones, and complete its transformation into a robust and future-ready organization.

Looking Ahead

As we enter 2026, our ambition is clear: to be a future-ready Bank that combines financial strength with technological leadership, cultural excellence, operational resilience, and sustainable practices. Together, we will continue to innovate, grow, and create value for our customers and society.

Thank you for your trust and partnership.

Byron Haynes

Chairman of the General and Supervisory

Mark Bourke,

Chief Executive Officer



CEO Talk with Mark Bourke

Mark Bourke, Chief Executive Officer, highlights 2025 achievements and the prospects for the future of novobanco.

In 2025, novobanco announced its sale to BPCE, marking the conclusion of a transformation journey that began in 2017. Looking back over this period, how would you characterize novobanco's transformation from a restructuring phase to one of sustainable growth and profitability?

The journey from 2017 to 2025 represents a profound transformation of novobanco, both financially and strategically. When Lone Star became our shareholder, the priority was clear: to be focused on the Portuguese activity and a sustainable profitable bank. Over these eight years, we executed a deep restructuring of the balance sheet, significantly reduced non-performing assets, simplified the operating model and refocused the bank on its core mission of serving Portuguese families and companies.

This transformation was about building a sustainable future. We reshaped our business mix, invested decisively in digital capabilities, strengthened governance and risk management, and embedded a strong performance and accountability culture. As a result, novobanco today is a profitable, well-capitalised and efficient bank, consistently delivering returns above its cost of capital and ranking among the most efficient banks in Europe.

The agreement to sell novobanco to BPCE marks the natural conclusion of this cycle: a successful turnaround and transformation that restored value and positioned the bank for a new phase of growth.

What were the main operational and commercial highlights that defined the bank's performance in 2025?

In 2025, novobanco demonstrated the strength and maturity of its business model. Commercially, we continued to grow in line with or above the Portuguese market, with customer credit increasing by 7.8% YoY and deposits by 7.6%. We strengthened our franchise across retail, SMEs and corporates, gaining market share in key segments, particularly in corporate lending and export-oriented companies.

Operationally, the year was defined by discipline and execution. We maintained a best-in-class cost-to-income ratio of around 35%, reflecting years of simplification, digitalisation and process optimisation. Asset quality continued to improve, with the net NPL ratio remaining at very low levels, and cost of risk close to zero. Profitability remained robust, with net income of €828.1mn and RoTE of 21.6%, confirming the sustainability of our results even in volatile market conditions.

How did customer relationships and service delivery evolve throughout this cycle?

Placing the customer at the centre of everything we do has been one of the defining elements of our transformation. We have been redesigning key customer journeys end-to-end, adopting an omnichannel model that integrates digital, remote and physical interactions seamlessly.

In retail banking, this translated into simpler onboarding, faster credit decisions and a growing share of sales through digital channels. In the corporate segment, we strengthened our sector expertise, simplified credit processes and expanded value-added services, particularly for exporting companies. These efforts resulted in higher customer satisfaction and loyalty, reflected in sustained improvements in NPS and customer engagement indicators.

Today, novobanco is recognised as a trusted partner, combining proximity with increasingly digital and efficient service delivery.

What explains today's risk profile and the significant improvement in asset quality?

The improvement in our risk profile is the result of a conservative risk appetite and several years of disciplined execution. First, we addressed legacy issues by reducing the stock of non-performing loans to levels that are now among the lowest in the Portuguese banking system. Second, we implemented a conservative and consistent underwriting framework,

supported by enhanced data, analytics and governance.

Equally important was the simplification of the balance sheet and a clear focus on lower-risk, well-collateralised portfolios, such as residential mortgages, alongside a diversified and resilient corporate book. This approach allowed us to improve asset quality and consequently significantly reduce the cost of risk, to 8bps, maintaining strong coverage levels.

Delivering once again an outstanding capital generation in the year, above 400bps. How do you assess novobanco's capital strength and regulatory position entering 2026?

Novobanco enters this new phase from a position of clear strength. At the end of 2025, our CET1 ratio stood at 17,4%, well above regulatory requirements, even after significant capital distributions that took place in 2025. Liquidity metrics also remained very robust, with LCR and NSFR at 160% and 118%, comfortably above minimum thresholds.

This solid capital and liquidity position reflects strong organic capital generation, prudent capital allocation and the confidence of supervisors in the bank's risk profile and governance. It provides a strong foundation both for continued support to the Portuguese economy and for the next phase of novobanco's development under the ownership of the 4th largest banking group in Europe.

2025 was another year of strong financial performance for novobanco, reflecting not only revenue growth but also continued discipline on costs and execution. How did the bank further strengthen its efficiency, simplify its operating model and optimise its distribution network during the year?

Efficiency has been a core pillar of novobanco's strategy throughout the transformation cycle. Since 2017, we have made cumulative investments of approximately €765mn in technology, service, digital platforms and process automation, aimed at simplifying operations, strengthening control and improving service quality. These sustained investments, combined with disciplined cost management, translated in 2025 into further productivity gains and a structurally leaner and more efficient cost base.

Efficiency was also driven by a profound change in culture and ways of working. We adopted more agile, cross-functional models, strengthened accountability and embedded continuous improvement across the organisation. The move to the new novobanco Campus was a tangible expression of this cultural transformation, providing modern, collaborative and sustainable workspaces that foster innovation, teamwork and employee engagement.

At the same time, we optimised our branch network to reflect evolving customer behaviours, while continuing to invest in digital channels and remote service models. Internally, end-to-end process redesign and the increased use of data and technology reduced rework, improved control and enhanced operational resilience. The result is a simpler, more scalable operating model, well positioned to support sustainable growth in the years ahead.

How has novobanco supported companies and the Portuguese exporting sector during this period?

Supporting the real economy has always been central to novobanco's role. Throughout this cycle, we maintained a strong focus on SMEs and corporates, particularly those with an export orientation. In 2025, we continued to finance investment, working capital and international expansion, offering specialised products in trade finance, guarantees and structured solutions.

We also played an active role in supporting the sustainability transition of Portuguese companies, exceeding our green financing targets ahead of schedule. This combination of sector expertise, proximity and innovation reinforced our position as one of the leading banking partners for Portuguese businesses.

What progress has been made in sustainability and cultural transformation?

Sustainability and fostering a culture that nurtures our core organizational values, talent development and employee well-being are cornerstones of novobanco's strategy.

On the sustainability front, we continued to strengthen the integration of sustainability into our core activities, governance and risk management. The year marked a clear step forward in execution, simplifying processes and reinforcing our commitment to disciplined, transparent and value-driven ESG integration.

Our unwavering commitment to the transition towards a decarbonised economy is evidenced by, once again, exceeding our green financing targets, granting over €1,600mn of green credit to SME and families across the country – an increase of over 40% versus 2024. We will continue building on this commitment and are confident that we will more than double our green financing targets set out for the 2024 – 2026 period by the end 2026.

Another important milestone was the consolidation and publication of our Green Bond framework, that supports our ability to respond to client needs while ensuring alignment with market expectations.

Culturally, we invested significantly in people, leadership and skills. We fostered a performance-driven and inclusive culture, focused on accountability, continuous learning and ethical conduct. Engagement levels improved, and the bank strengthened its reputation as an attractive employer and a responsible corporate citizen.

Looking back, what were the key factors that made the sale of novobanco possible in 2025?

The sale of novobanco was made possible by the successful execution of a clear and consistent strategy over several years. Restoring profitability, strengthening capital, improving asset quality and building a resilient franchise were all essential. This achievement was made possible thanks to the hard work of our employees, whom I thank for their dedication.

Equally important was the credibility we rebuilt with regulators, investors, customers and employees. By delivering on our commitments and demonstrating that novobanco is a sustainable, well-governed and competitive bank, we created the conditions for a transaction that recognises the value generated during this transformation cycle.

As novobanco enters a new ownership phase, what are the strategic priorities for 2026 and beyond?

As we enter a new phase with BPCE, the strategic priorities are clear. First, to ensure continuity: continuing to serve Portuguese families and companies with the same commitment, proximity and responsibility. Second, to build on our strong foundations to grow sustainably, leveraging BPCE's scale, expertise and international capabilities.

This partnership opens new opportunities to innovate, deepen product offerings and further support the Portuguese economy. Novobanco starts this new chapter as a strong, profitable and trusted institution, ready to create long-term value for all stakeholders.

Mark Bourke

Chief Executive Officer



MANAGEMENT REPORT

1 Who we are **13**

1.1 novobanco 13
1.2 Organisation 27

2 Our strategy **35**

2.1 Business & Regulatory Environment 35
2.2 Strategic Pillars 42
2.3 Risk Management 54

3 Our performance **63**

3.1 Highlights 63
3.2 Novo Banco Group (Consolidated) 65
3.3 Business segments 71
3.4 novobanco individual 80

4 Our capital and liquidity **82**

4.1 Capital Ratios 82
4.2 Liquidity and Funding 83

5 Corporate governance **86**

5.1. Shareholder Structure 86
5.2 Corporate Bodies: Composition and Functioning 87
5.3 Internal Control System 93
5.4 Main Policies 96
5.5 Credit to Members of the Corporate Bodies 107
5.6 Remuneration of the Members of the Corporate Bodies and Identified Staff 108
5.7 Securities Held by Members of the Management and Supervisory Bodies 112
5.8 Non-Material Indirect Investment in novobanco 113

6 Consolidated Financial Statements and Final Notes **114**

6.1 Consolidated Financial Statements 114
6.2 Separate Financial Statements 116
6.3 Final Notes 118
6.4 Note of Recognition 119

who we are

1.1 novobanco

Novo Banco, S.A. (novobanco or "bank"), together with its subsidiaries and affiliates, which form the Novo Banco Group (group or novobanco Group), conducts its main activity in the Portuguese banking sector, in the corporate and retail segments, as well as in asset management.

Novobanco is the 4th largest bank operating in the national market, with 1.7mn customers, assets of €46.4bn and a 9.2% overall market share.

Operating through an omnichannel relationship model, novobanco offers a complete and convenient banking experience to its customers, including secure digital channels, complemented by the innovative proximity distribution model, with 289 branches and corporate centres covering the entire national territory.

With one of the most robust capital ratios, the bank has a loyal customer base with strong positioning in customer deposits and off-balance resources, which stands at more than €42.4bn, while guaranteeing the financing of the national economy, with support for families and companies, in more than €30.9bn of costumer credit granted.

With the aim of contributing towards the sustainable development of the Portuguese economy, families and businesses throughout all stages of life, novobanco draws on the professional experience of 4,081 professionals and strategic partners.



Mission

To be the trusted bank, supporting families and companies, throughout their lifetime.



Values

We put our Clients First

We put ourselves in our clients' shoes to engage and support their needs, wants, dreams and desires, and we invest in our people so they can deliver excellence.

We embrace Ethics & Inclusion

We act ethically at all times and do the right thing. We always respect one another and encourage people to be their true selves.

We act with Trust & Transparency

We are open and honest with one another - giving clear sight of decisions, the reasons for decisions, when we succeed, and when we fail.

We strive for Simplicity every day

We seek simplicity to bring clarity and efficiency to complex situations.

We Collaborate with each other

We work together seamlessly for shared success and take pride in our teamwork.

The Mission and Values guide and underpin everything novobanco does. It enables novobanco to build long-term value, invest in growth, focus on delivering a social dividend with a positive contribution to society and drive sustainable yields for shareholders.

A team of committed professionals ...

- 4,081 employees
- 18.7 average seniority
- 221 K training hours (2025)

and to turning difficulties into great opportunities...

- €30.9 bn Customer Credit (Gross)
- €6.7 bn Customer Credit origination (2025)
- €32.0 bn Deposits

to supporting families, and driving Portuguese companies to innovate, reinvent, export...

- 1.7 million clients
- 14 % further strengthening of leadership in corporate financing (market share)
- 73 % of active digital clients (+2pp)

to give back to community the support it has received.

- 315 young national talents trained (2018-25)
- 106 works of art lent to 40 museums across the country
- €2.8 bn of green investment originated in 2024-25

A case of success

Following the comprehensive restructuring process initiated in 2017, novobanco has successfully transformed its business model, balance sheet and operating performance. The Bank is now positioned as one of the most profitable banks in Europe, reflecting a disciplined execution of its strategic plan and a strengthened capital and risk profile.

In 2025, novobanco continued to outperform expectations, delivering sustained growth and further consolidating its position as a customer-focused institution. Today, the Bank stands as a trusted financial partner, committed to supporting families and businesses at every stage of their lives, while creating long-term value for all stakeholders.

This transformation culminated in the agreement for the sale of novobanco to BPCE (Banque Populaire Caisse d'Epargne), marking a new phase in the Bank's development and reinforcing the confidence of a leading European banking group in novobanco's solid performance and future potential.

Creating a customer centric bank with strong domestic franchise...

With a customer centric mindset, novobanco continues to deliver commercial growth, supported by a strengthened client base and increasing levels of satisfaction. The Bank has reinforced the confidence of its clients, reflected in solid growth in deposits and loans, actively supporting families and companies in their investment decisions.

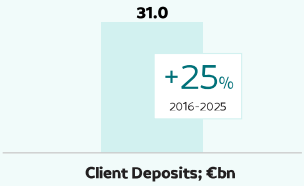


Actively serving a **growing client base**





Growing with the **confidence of our clients**



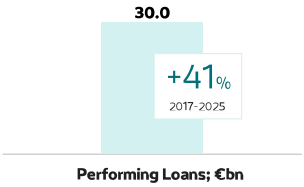


Client centricity **increasing client satisfaction**





Supporting investments of **families and companies**



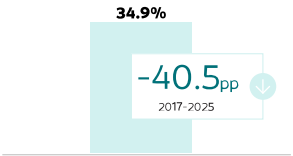
...backed by simple and efficient operations, while...

Novobanco has pursued a disciplined transformation focused on building a simpler and more efficient banking model, anchored in its domestic Portuguese market. By leveraging technology and data to enhance the client experience and streamline internal processes, and through sustained investment in a proximity-based network supported by an integrated omnichannel model, the Bank has strengthened productivity and long-term competitiveness. This structural turnaround is reflected in a significantly improved cost-to-income ratio, driven by automation, digital distribution and stronger revenue generation over the period.

Strong investment on IT, branches & headquarters

€765mn
2017-2025
Capex

Increased efficiency gains from automation, digital distribution and stronger revenue generation



...developing people and culture, and...

Throughout this journey, novobanco has sustained a consistent investment in young talent, strengthening its employer brand and reinforcing its commitment to developing the next generation of banking professionals. Through structured trainee programmes, digital upskilling initiatives and leadership development, the Bank continues to build critical capabilities while fostering strong engagement and retention. This long-term commitment reflects a culture of ambition, alignment and continuous growth.

Investing in employee development...

~45k
2017-2025
Training hours

...and through **new ways of working,**

- AI/Digital Training Programmes
- Work-life balance initiatives
- Health and well-being
- Leadership Programmes

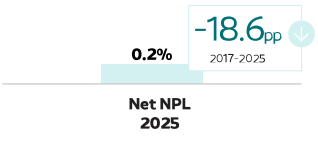
...while **developing a new generation** to shape the future

315
2018-2025
Young talent trained

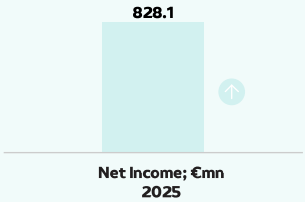
...delivering sustainable financial performance.

A successful transformation confirmed by a normalized access to international debt markets, supported by a 9-notch Moody's upgrade (2017-2025) and re-confirmed by oversubscribed issuances. A low risk balance sheet, reaching strong levels of profitability, solid capital rations and capital generation backed by consistent strategic execution.

Low risk balance sheet with closing the gap with EU banks

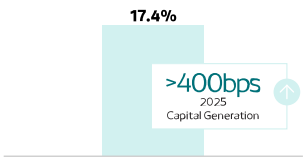


Increased Profitability from solid domestic business



Strong RoTE from trajectory of sustainable growth

Solid Capital Ratios backed by capital generation



An incredible turnaround, being ready to write a new chapter of growth, innovation and performance.

1.1.1 Business Model

Novobanco is a Portuguese universal bank that provides the full spectrum of financial products to individuals, corporate and institutional clients, serving the entire national territory, with a strong focus on servicing and supporting the Portuguese business community.

Novobanco's business model is based on two main commercial banking segments: i) corporate; and ii) retail. In both segments, novobanco seeks to anticipate and respond to the needs of its clients through its offer of innovative, effective and transparent banking products and services, based on high ethical and integrity standards and customer satisfaction assessment tools.



Corporate

An historic know-how of the sector

Investment solutions

- Medium and long-term credit
- Leasing and renting
- Guaranteed credit lines with EIB/ EIF and BPF
- Financing of projects supported by European Funds

Short term solutions

- Factoring and Confirming
- Current account and overdrafts
- IFAP credit lines to support the agricultural sector
- Anticipation of incentives in projects with European Funds

Sectorial Expertise

- Specialised sectorial teams, providing tailored solutions that meet the specific needs of each client and sector
- Specialised teams in EU Funds, Factoring, Confirming, Leasing, Renting, Trade Finance and Payments

Exports and imports

- Documentary credits and remittances
- External financing
- International factoring
- Forfaiting

Payments and cash management

- Payments: TPA, POS, SmartPOS, direct debits and digital payment gateway
- Payments and transfers
- Full range of cards (debit, credit and meal cards)
- NB Express Cash and VTM to simplify cash management

Employee benefits

- Cross-segment programme, with exclusive conditions for company employees
- Meal cards and credit cards
- Car solutions, with leasing and renting tailored to customers
- Occupational accidents, health and home multi-risk insurance

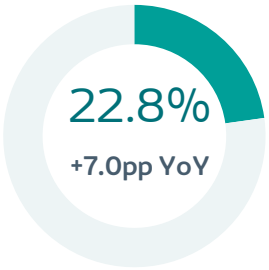
Market Shares



POS billing (Dec/25)



Corporate Deposits (Dec/25)



Leasing - Auto and Equipment (Sep/25)



Factoring (Sep/25)



Corporate Loans (Dec/25)



Loans to medium-sized companies (Dec/25)

Sources: novobanco with data from Portuguese Central Bank, APS, SIBS and IAPMEI.

Retail

The trusted bank that supports families and businesses throughout their lives

Accounts, cards & payments

- Accounts bundled for different needs; with online or in-person opening
- Cashback on all Bundle Accounts
- Strong authentication and security system

Housing

- For purchase, construction, renovation and transfer
- Online loan submission
- Special conditions for young people, non-residents and over 50s

Savings and investment

- Deposits & retirement accounts
- Investment Funds, Unit linked, structured deposits
- Discretionary management & advisory
- Trading platform: Trading Pro

Insurance

- Life Protection
- Health, home, car, dental and domestic workers insurance
- Personal accident and work accident protection

Small business

- Special small business accounts
- Cash and payments management solutions
- Multi-risk business insurance

Consumer finance

- Online simulation and submission, 7 days a week
- Credit insurance option with unemployment and life coverage
- Instant Credit available online

Market Shares



Overall Market Share



Mortgage Loans



Consumer Finance



Asset Management



Total Deposits



Total Loans

Sources: novobanco analysis with data from Banco de Portugal, APS, SIBS and IAPMEI. Data as of December 2025.

In addition to novobanco's branches, corporate and business centres, its business model is supported by the following subsidiaries:

novobanco DOS AÇORES

Novobanco dos Açores is the result of a strategic alliance between novobanco (57.5%) and Santa Casa da Misericórdia de Ponta Delgada (30.0%), which was joined by the Bensaude Group (10.0%) and thirteen other Santas Casas da Misericórdia from all the islands of the Azores archipelago (2.5%).

The regional operations of novobanco dos Açores are aligned with the Group's culture, with a mission to be the trusted bank that supports Azorean families and companies throughout their lives. Its strategy is underpinned by decisive competitive advantages, such as economic and financial strength, combined with a service-oriented culture in support of the population of the Azores, supported by extensive experience in the local market and a strong tradition of close customer relationships.

In 2025, novobanco dos Açores continued the second phase of its ambitious branch network renovation project, with the reopening of the Rabo de Peixe branch. With this milestone, the institution achieved a significant benchmark: approximately 83% of its branch network has now been renovated. This new branch model, aligned with novobanco's overall strategy, reflects a clear commitment to modernisation, functionality and customer proximity. The ongoing transformation is redefining the banking experience in the Autonomous Region of the Azores, placing customers at the centre of the activity and promoting a more contemporary and efficient approach.

In the last quarter of 2025, the procedures corresponding to the final phase of the novobanco dos Açores branch refurbishment project were initiated, with the opening of the new Ribeira Grande and Nordeste branches scheduled for 2026.

Within the framework of its sustainability strategy, novobanco dos Açores reaffirms its ambition to position itself as a reference entity in Environmental, Social and Governance (ESG) practices in the Autonomous Region of the Azores. In line with this commitment, a cooperation agreement was signed between novobanco, novobanco dos Açores and the University of the Azores, defining the terms of collaboration under the Academia das Artes Project. This initiative aims to foster the creation and enhancement of cultural and artistic projects, promoting a holistic and integrated vision of education. In an increasingly collaborative context, novobanco and novobanco dos Açores assume the responsibility of actively supporting stakeholders and the communities in which they operate, reinforcing their role as agents of sustainable and inclusive development. This commitment is under continuous development, and novobanco dos Açores intends to continue leveraging ongoing projects, as well as promoting new initiatives that foster culture, education and sustainability. Investment in innovative projects with social impact will remain a priority, ensuring that the institution contributes to a more balanced, inclusive and responsible future in the Autonomous Region of the Azores. In this context, novobanco dos Açores has also intensified its presence and participation in various social and cultural entities and events, in line with its responsibility as the only Regional Bank.

Novobanco dos Açores has also continued to strengthen its role as a strategic partner in the economic development of the Autonomous Region of the Azores, promoting a close and collaborative approach with regional and local entities. In this context, the agreement relating to Capital Participativo Açores II was formalised, a mechanism to support the capitalisation of Azorean companies, in which novobanco dos Açores is the sole participating banking institution.

For more information visit:
www.novobancodosacores.pt

Best Bank

Banco Best - Banco Eletrónico de Serviço Total, S.A. is a digital platform that provides the whole range of products and services of a universal bank and stands out for its strong technological nature and open architecture business model, based on national and international partnerships in the areas of Savings, Asset Management and Trading.

Banco Best operates in all segments of retail banking, providing a wide array of services ranging from banking solutions, savings, investments, credit, and day-to-day financial management.

Banco Best's business strategy is especially competitive when it comes to meeting the investment needs of a segment of individual clients who seek and value more innovative financial services, not restricted to the domestic market, more independent, diversified and sophisticated.

Banco Best's strong bet on innovation and dynamic management of a wide network of national and international partners has been key to assert its position as a digital Marketplace of investment solutions: the bank distributes around 6,000 products - Investment Funds, ETFs, Retirement Solutions, Capitalisation Insurance, Discretionary Management, etc. - managed by national and international financial entities.

Technology is part of Banco Best's DNA. The bank's digital channels - App and Website - give clients total autonomy in their relationship with the bank and a pleasant and effortless experience. Whether on the App or the website clients can, among others: open an account by video call or Digital Mobile Key, access information on the entire offer and use the different support tools, monitor market indicators and manage their portfolio - buy and sell, monitor returns -, perform multiple operations and fulfil general duties, such as updating personal data.

For detailed information on the activity of Banco Best, please visit: www.bancobest.pt

GNB Gestão de Ativos

GRUPO novobanco

GNB Gestão de Ativos is one of the country's most experienced asset management companies, and the quality of the management of its products and services has been recognised over the years at both national and international levels. GNB Gestão de Ativos offers financial products and services, including several types of funds - mutual funds, real estate funds and pension funds - as well as discretionary and portfolio management services. As of December 2025, GNB Gestão de Ativos had €8.3bn in assets under management.

For detailed information on the activities of GNB Gestão de Ativos, please visit: www.gnbga.pt

1.1.2 Main Events and Subsequent Events

Main Events

7/1/2025	**Governing Bodies announcement** The General and Supervisory Board of Novobanco has resolved the dismissal, with just cause of Carlos Jorge Ferreira Brandão, as a member of the Executive Board of Directors and Chief Risk Officer, with immediate effect.
15/1/2025	**Issuance of Senior Preferred Debt** Novobanco launched a new Senior Preferred transaction in an amount equal to €500mn, with maturity on 22 of January 2031 and an optional redemption date on 22 of January 2030 (5 years). The Notes were subscribed at a price of 99.589% and have an annual coupon of 3.375% in the first 5 years, resetting to 3-month Euribor plus a margin of 105 bps thereafter.
16/1/2025	**MREL requirements** Novobanco was notified by the Bank of Portugal of its MREL requirements, on a consolidated basis, as determined by the Single Resolution Board. The revised requirements reflect a decrease, with TREA reduced from 24.01% to 23.04%.
28/1/2025	**Issuance of European Covered Bonds (Premium)** Novobanco launched a premium European Covered Bond in the amount of €500mn, with maturity on 4 February 2030 (soft bullet). The bonds pay an annual fixed coupon of 2.5% and were placed at mid-swaps plus 36 bps.
11/2/2025	**Termination of rating assignment by Morningstar DBRS** Morningstar DBRS ceased rating novobanco as this date, following the termination of the contractual agreement.
13/2/2025	**Shareholder's indication to initiate IPO procedures for the Bank's shares** Novobanco received a formal indication from Nani Holdings S.à r.l, also communicated to the remaining shareholders, Fundo de Resolução and the Portuguese State, acting through Direção-Geral do Tesouro e Finanças, to initiate a public offering of shares of the Bank, pursuant to the provisions of the shareholder agreement.
6/3/2025	**2024 consolidated results** Novobanco reported a net income €745mn (2023: €743mn) driven by a resilient and diversified business model, despite one-off impacts, and was further supported by strong corporate franchising, a low-risk mortgage portfolio, and high digital adoption.

24/3/2025	**Dividend payment** Novobanco announced that the payment of dividends in the amount of €225mn, relating to the 2024 financial year, was approved at the General Shareholders' Meeting held on March 21, 2025.
26/3/2025	**Appointment of the Executive Board of Directors for a new mandate term** General and Supervisory Board approved, following the recommendation of the Nomination Committee of the GSB, the appointment of the Executive Board of Directors of novobanco for a new mandate (2025 - 2028).
7/4/2025	**Governing Bodies** The General and Supervisory Board has obtained regulatory approval (fit and proper) for a new 4-year mandate (2025–2028).
5/5/2025	**Share capital reduction** Novobanco announced that a share capital reduction of €1.100mn, aimed at releasing excess capital, was approved at the General Shareholders' Meeting held on May 5, 2025.
6/5/2025	**1Q25 consolidated results** Novobanco reported a net income €177mn (1Q24: €181mn), driven by a resilient and diversified business model, supported by a strong corporate franchise, low-risk mortgage portfolio and high digital adoption.
13/5/2025	**European Covered Bonds (Premium)** Novobanco launched a new Covered Bond in the amount of €500mn and maturity on 20 May 2029 (soft bullet). The bonds pay an annual fixed coupon of 2.5% and were placed at mid-swaps plus 36 bps.
20/5/2025	**Moody's rating upgrade while maintaining a Positive Outlook** Moody's Ratings has upgraded novobanco's Baseline Credit Assessment by one notch, to baa2 from baa3. Following this upgrade, novobanco's long-term deposit rating was also upgraded to A2 from A3, and its senior unsecured debt rating to Baa1 from Baa2, with the outlook remaining Positive.
13/6/2024	**Shareholder's communication regarding sale of its shares to BPCE** Novobanco major shareholder, Nani Holdings S.à r.l., signed a MoU for the sale of novobanco, to BPCE, for a cash consideration payable at closing which values 100% of the share capital at an estimated €6.4bn as of end 2025.
20/6/2025	**Rating actions following MoU for the sale its shares to BPCE**

	Moody's affirmed novobanco's ratings, including its senior unsecured debt rating at Baa1 (outlook positive). Additionally, Fitch has placed novobanco's "Long- and Short-Term Issuer Default Ratings of 'BBB' and 'F2', respectively, on Rating Watch Positive.
31/7/2025	**Business Transfer Agreement to acquire Unicre's consumer finance performing business** Novobanco signed a Business Transfer Agreement with Unicre to acquire Unicre's consumer finance performing business operated under the Unibanco brand.
1/8/2025	**Stronger results in 2025 EU-Wide stress test** Novobanco announced that it has been subject to the 2025 EU-wide stress test conducted by the European Central Bank (ECB) and has achieved significantly improved results compared to the 2023 stress test.
26/8/2025	**Governing Bodies announcement** Novobanco was notified of the European Central Bank's fit and proper decision regarding the members of the Executive Board of Directors for the 4-year mandate (2025–2028)
29/10/2025	**Signing of a SPA for the sale of novobanco to BPCE** Following the MoU signed on the 13th of June, the Ministry of Finance and the Resolution Fund signed an agreement with BPCE and Nani Holdings, the majority shareholder of novobanco, for the sale of their stakes held in novobanco.
3/11/2025	**Minimum Own Funds Requirements** Novobanco was notified by the European Central Bank of its minimum prudential requirements applicable in 2026.
28/11/2025	**Fitch's affirmation of its BBB rating and maintenance of Rating Watch Positive** Fitch Ratings affirmed novobanco's Long-Term Issuer Default Rating ("IDR") at 'BBB' and its Viability Rating at 'bbb', while maintaining the Rating Watch Positive on the Bank's IDRs and related ratings.

Subsequent Events

5/1/2026	**MREL Requirements** Novobanco was notified by the Bank of Portugal of its Minimum Requirement for own funds and Eligible Liabilities ("MREL") requirements, on a consolidated basis, as determined by the Single Resolution Board, with the requirement being 27.1%.

1.1.3 Awards & Recognitions

International Banker Awards
Best commercial & Most Sustainable bank in Portugal

Citywire Europe
Most Influential Selectors



Qorus-Infosys Finacle Banking Innovation Awards
Bronze winner in the Business Banking Innovation category

Observatory of Internal Communication in Portugal (OCI)
Innovation and Digital Transformation in Internal Communication, for the creation of Mia, our virtual assistant, inspired by the faces of our employees.

Best Strategy for Change Management and Transformation, for the communication and change management project of Campus do novobanco.

Wellbeing Awards
Best Wellbeing Program

Global Finance Magazine
Best Sub-custodian Bank

Consumers Choice
Novobanco's payroll account wins consumers' choice award

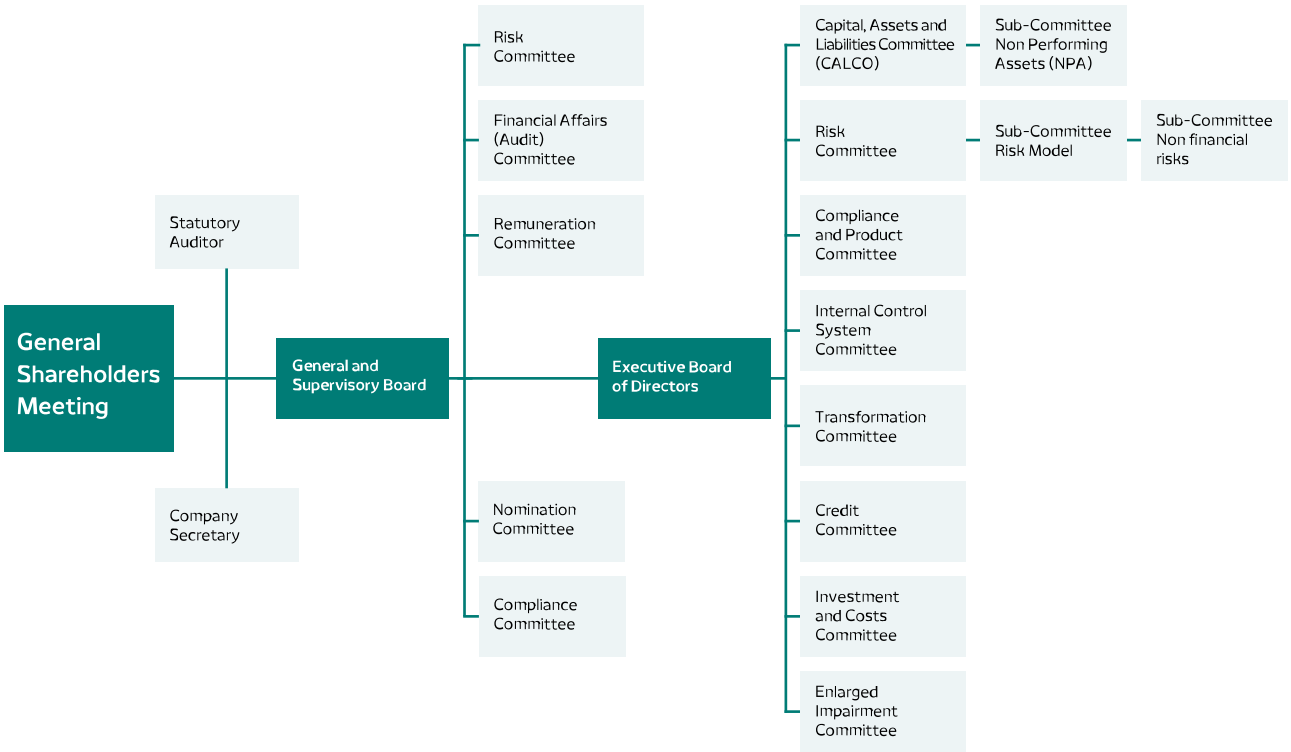
Global Finance Magazine
Best trade Finance Provider by Global Finance Magazine for the seventh consecutive year

1.2 Organisation

1.2.1 Governance Model

Novobanco management is settled in a governance model distinct from the relevant banks of the national financial system. On 18 October 2017 the bank altered its governance model to a dualistic structure, having a General and Supervisory Board (GSB) and an Executive Board of Directors (EBD).

The governance model assures the monitoring of the bank's activity, aiming to reach its strategic goals and has the following structure:



On 18 October 2017, a Contingent Capital Agreement ("CCA") was signed between novobanco and the Resolution Fund, following which the Monitoring Committee was constituted, an advisory body with statutory provision. Following the approval by the General Shareholder Meeting of the celebration of the CCA's Amendment and Termination Agreement, as well as the amendment of novobanco's Articles of Association, on 9 December 2024, the Monitoring Committee, in force until then, was extinguished, equally simplifying novobanco's governance model.

The General and Supervisory Board is responsible for overseeing, advising, and supervising the management of the bank and the Group's companies, as well as monitoring the activities of the Executive Board of Directors (EBD) regarding compliance with relevant regulatory requirements in banking operations. The GSB meets monthly and the GSB's Chairman and the EBD's Chairman communicate and dialogue on a regular basis. GSB's activity is supported by 5 (five) Committees, which have their own legally established powers and responsibilities, the Financial Affairs (Audit) Committee, the Risk Committee, the Compliance Committee, the Nomination Committee, and the Remuneration Committee. The Financial Affairs (Audit) Committee has the competencies laid down in the Portuguese Companies Code. These committees are chaired by independent members of the GSB, and their composition complies with the requirements set out in the applicable legislation, particularly regarding the majority of independent members (when applicable).

The responsibilities and competencies of GSB and the corresponding Committees are described in the law, in the Articles of Association and their regulations, including the supervision of all the matters related to risk management, compliance and internal audit, as well as providing consent to relevant matters to the bank.

The EBD is responsible for the management of the bank, the definition of the general policies and strategic goals, as well as to ensure the execution of the bank's activity, complying with the banking norms and good practices.

More information is available at Chapters 5.2.3) The General and Supervisory Board and 5.2.4) The Executive Board of Directors.

1.2.2 Organisational structure

On 31 December 2025, the composition of the Group's corporate and statutory bodies was as follows:

Board of the General meeting	Chairman: Fernando Augusto de Sousa Ferreira Pinto Vice-Chairwoman: Magdalena Ivanova Ilieva Secretary: Mário Nuno de Almeida Martins Adegas
Statutory Auditor	Ernst & Young, Audit & Associados – SROC, S.A., registered in the Portuguese Securities Market Commission ("CMVM") under number 20161480 and in the Portuguese Institute of Statutory Auditors ("OROC") under number 178, represented by Ricardo Nuno Lopes Pinto, registered in the CMVM under number 20161189 and in the OROC under number 1579.
Company Secretary	Mário Nuno de Almeida Martins Adegas Ana Rita Amaral Tabuada Fidalgo (Alternate Secretary)

General and Supervisory Board (GSB)

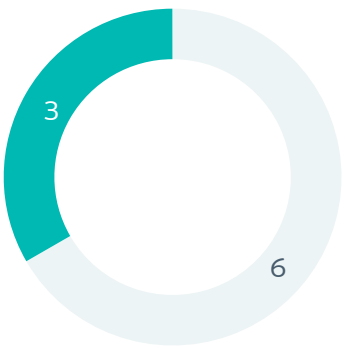
The Board is composed by 9 (nine) members and gathers, collectively, the diversity of qualifications, competencies, experience and sufficient availability to assure the fulfilling of the corresponding duties in all relevant areas of performance, as well as the diversity of gender, age, and geographic origin.[1]

Chairman	Vice-Chairman	Member	Name	M/F	Independent	Beginning of the current Mandate	End of current Mandate	GSB Committees: Financial Affairs (Audit) Committee	Risk Committee	Compliance Committee	Nomination Committee	Remuneration Committee
•			Byron James Macbean Haynes	M	•	21-03-2025	31-12-2028	•	•			P
	•		Karl-Gerhard Eick	M	•	21-03-2025	31-12-2028	P	•			•
		•	Kambiz Nourbakhsh	M		21-03-2025	31-12-2028	•	•			
		•	Mark Andrew Coker	M		21-03-2025	31-12-2028			•	•	
		•	Carla Antunes da Silva	F	•	21-03-2025	31-12-2028				•	
		•	William Henry Newton	M	•	21-03-2025	31-12-2028		P			
		•	Monika Wildner	F	•	21-03-2025	31-12-2028			P		
		•	Evgeniy Kazarez	M		21-03-2025	31-12-2028		•			•
		•	Susana Gomez Smith	F	•	07-04-2025	31-12-2028			•	P	

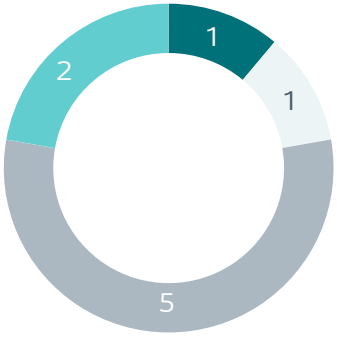
On 20 December 2024, the General Meeting of Shareholders approved a new four-year term of office for the period 2025-2028, comprising the current members of the General and Supervisory Board (GSB).

On 21 March 2025, the GSB obtained regulatory authorisation (fit and proper) for a new four-year term (2025–2028), with the above-mentioned composition. On 7 April 2025, the GSB member Susana Smith obtained regulatory authorisation (fit and proper) for the same term.

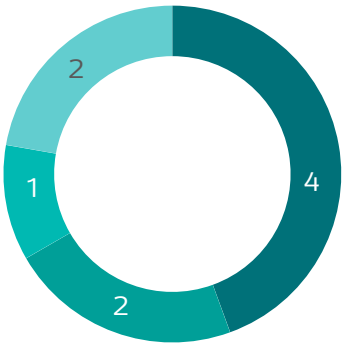
Gender



Age



Nationality



[1] On 31 December 2025

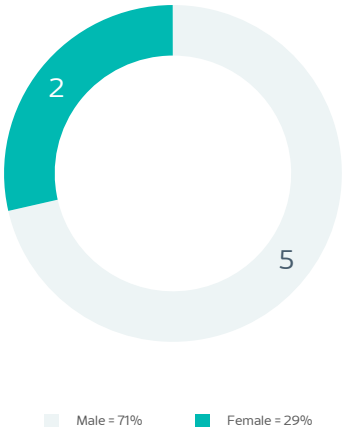
Executive Board of Directors (EBD)

As of the date of this report, the Executive Board is currently composed of 7 (seven) members, presenting diversity in different categories, including age and nationality.

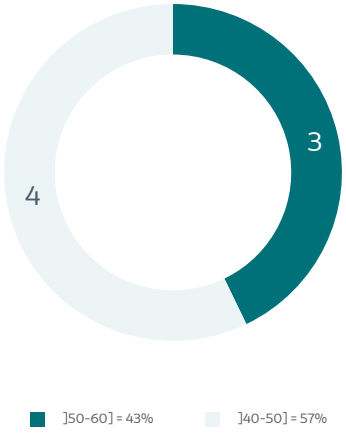
	Name	Function		M/F	Date of 1st appointment	End of the current mandate
	**Mark Bourke**	*Chief Executive Officer*	Appointed as CEO of novobanco in 2022, after holding the position of CFO for 3 years. 20+ years of experience as senior executive in financial institutions, namely as CEO in IFG Group and as CFO in AIB.	M	04-03-2019	31-12-2028
	**Benjamin Dickgiesser**	*Chief Financial Officer*	Appointed as CFO of novobanco in 2023; Previously member of novobanco's GSB since 2017. +15 years of experience in financial markets, worked in FIG IBD at Citigroup and at Lone Star (MD for Hudson Advisors Portugal) with non-executive board roles at novobanco and IKB Deutsche Industriebank.	M	01-10-2023	31-12-2028
	**Luís Ribeiro**	*Chief Commercial Officer (Corporate)*	Appointed CCOR in 2018 and CCOC in 2024. 25+ years of experience in the commercial area with novobanco, having previously assumed leadership for SMEs.	M	18-09-2018	31-12-2028
	**João Paixão Moreira**	*Chief Commercial Officer (Retail)*	Appointed CCOR in 2024. More than 15 years of experience as a Senior Partner at McKinsey advising financial institutions and with extensive experience helping banks transform their retail and commercial models.	M	19-09-2024	31-12-2028
	**Patrícia Afonso Fonseca**	*Chief Legal, Compliance & Sustainability Officer*	Appointed member of the EBD in 2025. Around 15 years of experience as a lawyer, 9 of which leading the Legal Department of novobanco during the banking resolution phase.	F	25-08-2025	31-12-2028
	**Carmen Garcia Gonçalves**	*Chief Risk Officer*	Appointed member of the EBD in 2025. Held several senior leadership roles, for over 17 years, at Lloyds Banking Group, including Head of Risk Management Framework at Lloyds Bank Corporate Markets and Head of the Compliance Risk Assessment Framework.	F	25-08-2025	31-12-2028
	**Rui Fontes**	*Chief Credit Officer*	Appointed CCO in 2022, after serving as CRO for 5 years. Deep institutional knowledge of novobanco and 20+ years of experience in risk management	M	06-04-2017	31-12-2028

On 26 March 2025, novobanco appointed Patrícia Afonso Fonseca as Chief Legal, Compliance and Sustainability Officer and Carmen Gonçalves as Chief Risk Officer.

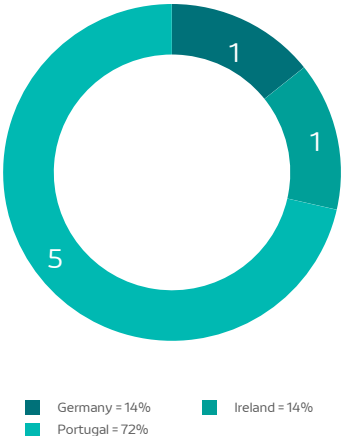
Gender



Age



Nationality





Novobanco has a Selection and Assessment Policy for Management and Supervisory Bodies and Key Function Holders, the purpose of which is to ensure that the members of these Bodies and Key Function Holders are suitable, at all times, to carry out their duties and, therefore, meet the necessary suitability requirements, as set out in the Policy and in the applicable legal and regulatory framework.

With regard to the collective assessment of the Management and Supervisory Bodies ("Bodies" or "Corporate Bodies"), as collegiate bodies it is important to assess and ensure that their composition meets diversity criteria, namely in terms of the qualifications and professional backgrounds, gender, age and geographical origin of their members. This diversity - considered here in its various dimensions - and its practical application will be ensured by the strategy defined by novobanco and the implementation of the measures defined for this purpose, thus guaranteeing that regulatory requirements and expectations in this area are met. The primary objective is to ensure a diversity of perspectives and experiences that fosters the sharing of opinions and their independence, allowing for sound and balanced decision-making by the members of these corporate bodies and the gradual increase of the under-represented gender in the corporate bodies concerned.

This Policy is complemented by the Succession Planning Policy, which incorporates the principles of diversity in the development of succession plans, and by the Diversity and Non-Discrimination Policy.

The above policies can be consulted on novobanco's institutional website: www.novobanco.com

With regard to gender diversity in the composition of the General and Supervisory Board ("GSB") and the Executive Board of Directors ("EBD"), and in compliance with the relevant legal requirements, the Selection and Assessment Policy for Management and Supervisory Bodies and Key Function Holders has set a target of at least 20% of the under-represented gender at the next renewal of the mandate of these bodies, i.e., in the 2025-2028. At the date of this report, the target has been reached and surpassed with regard to the composition of the Supervisory Board in the current term of office (9 members, 3 of whom are women).

Regarding the composition of the Executive Board of Directors, the body maintains for the new 2025–2028 term the number of 7 members, 2 of whom are women, thus achieving the objective.

Compared with the same period of the previous year, and taking the overall figures into account, gender diversity at the level of the GSB and EBD, taken together, recorded a positive evolution of 20%, reaching 31%. This corresponds to the objective set out in the Selection and Evaluation Policy for the Management and Supervisory Bodies and Holders of Key Functions, with particular emphasis on the leadership of two oversight committees by two female members.

Considering the objective defined in the Policy, the Gender Equality Plan was approved by novobanco in March 2023 and defines a set of measures and indicators that reflect (i) top management's commitment to applying diversity and gender equality criteria at novobanco and Group level, (ii) the definition of management indicators ('KPIs') which make it possible to assess alignment with the defined strategy on a regular basis, (iii) the implementation of processes for recruiting new employees and setting and reviewing salary conditions which take into account diversity criteria and promote equal pay; (iv) career development and promotion plans that promote gender diversity across the bank. In addition, novobanco incorporated into its governance model, especially at the level of the Nominations Committee, processes for monitoring compliance with the Gender Equality Plan and the individual measures set out therein.

With the purpose of achieving the representation objectives set out in the Policy, the following indicators have also been defined:

- Gender diversity in the overall composition of the governing bodies, which increased from 17.6% in 2023 to 31% in 2025;
- Equal pay indicators (equal pay for equal work), which have been showing a downward trend, although by the end of 2025 they stood at 5.2%, above the 5% target;
- Stable representativeness of women in leadership roles, at 38% in 2025, which shows the impact of strengthening women's leadership skills.[1]

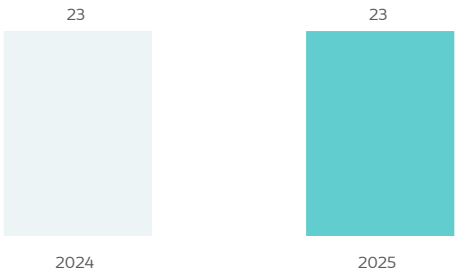
Gender diversity: GSB & EBD[2] (%)



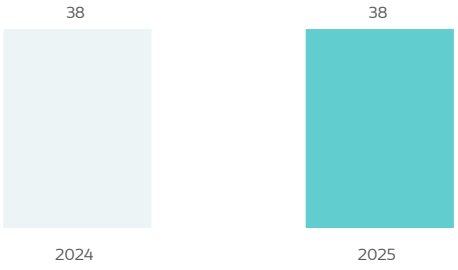
Equal pay[4] (%)



Women at top management level[3]: EBD and First level management (%)



% women in leadership[5] (%)



[1] These indicators refer only to novobanco and do not include Group novobanco data.
[2] These indicators refer only to novobanco and do not include Group novobanco data.
[3] These indicators refer only to novobanco and do not include Group novobanco data.
[4] These indicators refer only to novobanco and do not include Group novobanco data.
[5] These indicators refer only to novobanco and do not include Group novobanco data.

The Gender Equality Plan also includes a set of initiatives defined and adjusted in line with the strategic plan under the People and Culture pillar, contributing to the continuous improvement of the above mentioned indicators.

In 2025, novobanco approved a new Diversity and Non-Discrimination Policy, which constitutes a key pillar of its Diversity Strategy, currently being launched, with an initial focus on gender, but with the intention of deepening other dimensions in the future.

Employees

novobanco's strategic objectives reflect a high level of ambition, supported by clear alignment and by a strong understanding of the role and impact of each employee. This third pillar of our strategy assumes a critical dimension, as it is through the Employee Value Proposition (EVP) that we reinforce this alignment, translating the bank's value proposition into an experience that connects people to purpose, recognises their contribution and promotes continuous development. The EVP is therefore the driving force that ensures each person finds meaning in their journey and that the organisational culture becomes differentiating and competitive, deserving strong dedication from the management.

In this context, novobanco's strategy — aimed at ensuring clear distinction (i) in its value proposition for employees, (ii) in the development of internal talent, and (iii) in the promotion of organisational culture and values — is characterised by:

A strong ability to attract, develop and retain the best talent, striving to be a bank where everyone wants to work;

The valuing of diversity and respect for equity, including gender equity, ensuring an inclusive culture enriched by diverse profiles and career paths;

Promoting day-to-day practices supported by working methods aligned with international best practices, fostering collaboration, active participation and an environment that inspires productivity and innovation;

Encouraging innovation and idea generation as a lever to create sustainable value, strengthening the client experience and contributing to the development of the national economy;

A workplace that promotes employee well-being and health, reinforcing their engagement and commitment to the organisation;

A culture of continuous improvement and specialisation, promoting training programmes in key areas, including sustainability and digital transformation, to prepare employees for future challenges;

Living the novobanco values, ensuring they are promoted and practiced daily by everyone, strengthening our identity and organisational culture.

4 081 employees (-114 YoY)

46.6 average age (+0.2pp YoY)

18.7 average seniority

55.1% Female

44.9% Male

Further information is provided in the Management Report – 2.2) Strategic Pillars – Develop People and Culture and in the Sustainability Report – 3.4) Our Employees.

our strategy

2.1 Business & Regulatory Environment

2.1.1 Global economy

Despite high levels of uncertainty, driven in particular by the trade war initiated by the United States and by the armed conflicts in Ukraine and the Middle East, 2025 was marked by the resilience of the main economic regions, with global GDP growth easing only marginally, from 3.3% to 3.2%. The new US trade policy regime imposed tariffs of 15%–20% on most countries, as well as sectoral tariffs, including 50% on steel, aluminium and copper, 25% on automobiles (with exceptions), and 100% on certain pharmaceutical products. However, the actual impacts proved to be less adverse than expected. In many cases, the implementation of the tariffs was delayed and softened (namely through exemptions), helping to ensure that the costs effectively borne by US importers were lower than those publicly announced (the effective tariff rate is estimated at 14.1%, well below the average nominal tariff of 27.4%). In addition, the absence – in most cases – of retaliatory measures by the countries affected, together with the fact that importers and exporters partially absorbed the costs of the tariffs, also helped to mitigate their impact on economic activity. In 2025, global growth was also supported by falling energy prices.

Oil prices declined by 18.5% for Brent, to USD 60.9 per barrel, and by 19.9% for WTI, to USD 57.4 per barrel, reflecting conditions of excess supply in the market. Meanwhile, natural gas prices fell by 15.1% in the United States and by 42.4% in Europe. Despite some persistence of inflation in the main advanced economies, particularly in services, the favourable evolution of energy prices allowed for a deceleration in producer and consumer price indices. Against this backdrop, the major central banks eased the restrictive stance of monetary policy, bringing it closer to a neutral position. Last but not least, 2025 was marked by strong momentum in the information technology sectors, with particular emphasis on the sharp expansion of corporate investment in software, data-processing equipment and infrastructure linked to the development of Artificial Intelligence (AI). Taken together, these factors outweighed the uncertainty surrounding the various risks and geopolitical tensions.

In the United States, GDP growth slowed from 2.8% to 2.0%, with economic activity weighed down by the effects of tariffs, difficulties arising from a high cost of living (especially for middle- and lower-income consumers), and the cooling of the labour market. In the second half of the year, inflation as measured by the CPI fluctuated between 2.7% and 3.0%, with higher readings in food, housing and healthcare services. Average monthly job creation fell from 168,000 to 55,000, and the unemployment rate rose from 4.0% to 4.6%. Activity was further constrained by the longest government shutdown in US history (43 days, from early October to mid-November). Even so, the economy defied initial recession fears and proved resilient in 2025. Growth was driven mainly by high levels of investment in AI and by robust private consumption, particularly among higher-income consumers, more exposed to gains in the equity market. In this context, the Fed adopted a cautious stance and kept its policy rate unchanged until September, highlighting the solid performance of the economy, persistent inflation and the potential (and uncertain) effects of tariffs. However, signs of cooling in the labour market and some evidence of moderating inflation led the Fed to cut its policy rate in September, October and December, to 3.5%–3.75%.

China's GDP growth slowed from 5.0% to 4.8%, with the property sector still in recession, domestic demand weakened, and excess productive capacity pushing inflation towards zero or even negative territory. However, China benefited from a strong position in the trade war with the United States (e.g. advantages in rare earth reserves and an upward move in the industrial value chain, including IT/AI), forcing an initial trade agreement with the Trump administration that significantly eased the trade restrictions initially imposed. The renminbi appreciated by 4.5% against the US dollar in 2025, reflecting (in addition to the weakening of the dollar) a shift in the focus of Chinese economic policy towards boosting domestic consumption, easing the record trade surplus and promoting the use of the currency in international payments and foreign reserves.

In the euro area, annual GDP growth rose from 0.9% to 1.4% in 2025, exceeding expectations, while the unemployment rate increased only marginally, from 6.3% to 6.4% of the labour force. Economic sentiment remained constrained by geopolitical tensions (the conflicts in

Ukraine and the Middle East, Russia's "hybrid warfare", and the strategic disengagement of the United States) and by structural competitiveness problems, more evident in the context of the race between the United States and China for technological supremacy. Despite a recovery in output, industrial activity as a whole contracted for much of the year, with the effects of increased competition from Chinese exports (e.g. automobiles) standing out in particular. On the negative side, the spectre of a fiscal crisis in France continued to loom over the euro area, with difficulties in approving a budget leading to the fall of two governments, in September and October. Even so, growth in the euro area benefited from an acceleration in demand ahead of the entry into force of US tariffs. The absence of EU retaliation and the initial trade agreement reached between the two economies in the summer (even if imperfect) helped to reduce uncertainty and also supported growth. Sentiment in the euro area benefited from the expansionary fiscal stance adopted by the new government in Germany (in office since May 2025), which translated into a reform of the constitutional limits on the deficit and debt (the debt brake), allowing significant increases in defence spending, the announcement of a €500bn infrastructure investment fund, and tax relief for companies and households. It is also worth noting the favourable performance of the peripheral economies, benefiting in particular from the strong expansion of services (e.g. tourism) and employment, as well as more favourable financial conditions, in a context of positive developments in their public and external accounts.

Across the euro area as a whole, the decline in inflation from 2.5% to 2.0% supported consumers' purchasing power and allowed for the continuation of cuts in policy rates towards levels around neutral. Between January and June, the ECB cut its key policy rates by a total of 100 bps, bringing the deposit facility rate down to 2.0%.

In this context, the three-month Euribor fell from 2.71% to 2.03% in 2025. However, the yield on the 10-year Bund rose from 2.37% to 2.86%, reflecting Germany's adoption of an expansionary fiscal stance (with the prospect of increased debt issuance), the ECB's gradually more hawkish tone on monetary policy (which led markets to revise upwards their projections for the "terminal" policy rate), the continuation of the ECB's quantitative tightening policy (lower demand for bonds), and, towards the end of the year, the rise in the US 10-year Treasury yield. Over the course of 2025 as a whole, the yield on the 10-year US Treasury declined from 4.57% to 4.17%, albeit with an increase towards the end of the year from a low of 3.95%. After returning to a positive slope at the end of 2024, the yield curve – measured by the spread between 10-year and 2-year Treasuries – continued a mild steepening trend. Also noteworthy was the rise in the yield on 10-year Japanese government bonds, from 1.1% to close to 2.1% (the highest levels since 1999), driven by expectations of monetary policy normalisation by the Bank of Japan and concerns about the sustainability of Japan's public debt.

The differing outlook for interest rates in the United States and the euro area, the relatively stronger performance of European equity markets, and the trend towards reserve diversification away from the US dollar (partly reflecting a perception of greater unpredictability in US economic policy) contributed to the appreciation of the euro against the dollar (by 13.4%, to EUR/USD 1.175). In effective terms, the dollar depreciated by 9.4% in 2025.

The appeal of the AI theme, the resilience of economic activity and corporate earnings, and, towards the end of the year, expectations of policy rate cuts by the Fed supported positive sentiment in the equity markets. In the United States, the S&P 500 and Nasdaq indices reached new highs, rising by 16.4% and 20.4% respectively, driven mainly by the technology sector. In Europe, the DAX gained 23%; in Japan, the Nikkei rose by 26.2%; and in Brazil, the Bovespa advanced by 34%. The decline in the dollar, improving financing conditions, and the perception of greater credibility in monetary and fiscal policies benefited emerging market assets (a rise of 30.6% in the MSCI Emerging Markets index). Despite the favourable performance of equity and credit markets, gold and silver prices reached new highs in 2025, with annual gains of 64.6% and 148% respectively. This reflected the depreciation of the dollar, the decline in real interest rates, reserve diversification by central banks, and the persistence of several sources of geopolitical uncertainty.

Portuguese Economy

In Portugal, GDP grew by 2% in 2025, above the euro area average, after rising by 2.1% in 2024. Economic activity growth in 2025 reflected the favourable performance of both private consumption and investment, offsetting a negative contribution from net external demand, with imports expanding more strongly than exports.

In 2025, private consumption grew by 3.6% in real terms, after an increase of 3.0% in 2024, with spending on durable goods recording near double-digit growth rates. Services and non-durable goods (including food products) also exhibited a positive performance. The robust performance of private consumption mainly reflected the continuation of strong growth in real disposable income (around 3%), resulting from tax cuts, higher transfers received by households (in particular pensions), rising corporate and property income (dividends, rents and interest), and favourable labour market conditions. It should be noted that budgetary support for household income was reinforced mid-year with additional tax-cut measures (in August, with retroactive effect) and pension increases (an extraordinary payment in September).

The annual average unemployment rate fell from 6.4% to 6.2% of the labour force, with the increase in the active population (largely due to higher immigration) being absorbed by employment, which is estimated to have grown by around 2.2% in 2025. In November, the monthly unemployment rate stood at 5.7% of the labour force. Strong performance in services (especially tourism, transport and food), as well as in real estate and construction, contributed to the resilience of job creation. In general, companies continued to report labour shortages as a constraint on their activity. There was also a notable rising trend of employment in IT, consulting and technical services, supporting gains in both labour productivity and wages. In this context, and although slowing over the year, average gross monthly earnings per worker are estimated to have increased by around 7% in 2025, or around 4.5% in real terms (5.3% year-on-year in the third quarter, or 2.6% in real terms).

The annual average inflation rate fell slightly, from 2.4% to 2.3% in 2025. Year-on-year, price growth remained relatively stable, ending the year at 2.2%, with a 2.4% decline in the energy component and a 6% rise in unprocessed food prices. The diverging trend in the price of goods (year-on-year increase of around 1.2%) and services (around 3.5%) persisted. At the core level, year-on-year inflation closed the year at 2.1%.

Despite the robust performance of private consumption and the decline in interest rates, the sharp increase in disposable income supported the household saving rate, which remained relatively stable at around 12.5% of disposable income, i.e., above the historical average. This, in turn, translated into an expansion of bank deposits. In November, the annual average growth rate of household deposits reached 4.4%, while that of non-financial companies stood at 10.7%.

Investment in fixed assets maintained solid growth in 2025 (4.0% in real terms, after 4.2% in the previous year), supported by improved financing conditions and the execution of funds under the Recovery and Resilience Plan (by year-end, payments to beneficiaries accounted for close to 50% of the initial allocation). Loans to non-financial corporations recorded an annual average growth rate of 4.3% in November, compared with just 0.5% at the end of 2024 and 3.0% across the euro area.

Non-performing loan (NPL) ratios remained contained across all segments, reflecting a context of low unemployment and rising disposable income for both companies and households, as well as the macroprudential measures in place since 2018. In the third quarter of 2025, the NPL ratio stood at 2.3% of total loans, down from 2.6% a year earlier and from 2.4% at the end of 2024. For households, the NPL ratio fell from 2.3% to 2.1%, with readings of 1.0% in mortgage loans and 6.1% in consumer and other purpose loans. For non-financial corporations, the NPL ratio retreated from 4.2% to 3.8%.

Despite the continued buoyancy of tourism activity, which reached new highs in the number of guests and overnight stays, exports of goods and services slowed in 2025, with annual growth easing from 3.1% to 1.1%. Goods exports were weighed down by a challenging external environment, driven by uncertainty and the distortions caused by US tariffs, as well as by the anaemic performance of industrial activity in Europe. Also worth noting was the negative performance of fuel exports, which were weighed down in nominal terms by lower prices and, in volume terms, by occasional disruptions to refinery activity in Portugal. In services, external demand for tourism softened, reflecting a return to more normal growth rates after the exceptionally strong post-pandemic expansion. The contribution of net external demand to GDP growth was also weakened by the sharp increase in imports (5.3%, accelerating compared with the previous year), reflecting the strength of domestic demand.

Activity in the real estate sector remained dynamic in 2025, although with some signs of cooling in external demand. Housing prices rose by 17.7% year-on-year in the third quarter of 2025, accelerating compared with the previous

quarters, with the annual average increase reaching 15.7% in the first nine months of the year, which compares with 9.1% at the end of 2024. The number of transactions increased by 3.8% year-on-year in the third quarter of 2025, supported by the segment of buyers with tax residence in Portugal. Transactions by buyers with tax residence abroad fell by 16.4% year-on-year in the third quarter of 2025, with declines in both the EU and non-EU segments. Residential property price dynamics continued to reflect, above all, a context of limited supply, with new housing construction remaining well below historical levels, albeit showing a recovery trend. In November, construction costs for new housing increased by 4.5% year-on-year, with labour costs still rising by 8.7%. With a view to stimulating an increase in housing supply, a law was approved in 2025 allowing the reclassification of rural land as urban for residential purposes, and tax measures were announced to encourage the expansion of rental supply and the construction and sale of more affordable housing.

In 2025, the Portuguese economy continued to benefit from an improvement in external perception, driven by economic growth above the European average and by surpluses in both public and external accounts. The combined Current and Capital Account balance is estimated to have reached close to 3% of GDP, while the General Government balance posted a surplus of around 0.3%–0.4% of GDP. The estimate for the public debt ratio is a decline from 93.6% of GDP to around 88% of GDP.

Against this backdrop, in January the DBRS rating agency upgraded Portugal's sovereign rating from A to A(high), with a stable outlook, reaffirming this assessment in July. Similarly, in August S&P revised Portugal's rating from A to A+, with a stable outlook. In September, Fitch upgraded Portugal's rating from A- to A, while in November Moody's maintained Portugal's rating at A3 with a stable outlook. The spread between Portuguese 10-year government bond yields and the German benchmark narrowed from 48 to 30 basis points in 2025, compared with spreads of 43 basis points for Spain, 59 basis points for Greece, 70 basis points for Italy and 71 basis points for France.

Outlook 2026

In a baseline scenario, the global economy should continue to expand in 2026, supported by expansionary fiscal policies and the continuation of strong investment in AI. Monetary policy in the major economies is likely to move between neutral and accommodative stances. Oil prices are also expected to remain subdued. On an annual basis, global growth is projected to ease slightly to around 3%, below the pre-pandemic average. Slower growth in world trade is anticipated, as the effects of the tariffs introduced in 2025 become more visible. Uncertainty surrounding elevated geopolitical risks is also expected to weigh on growth. In this baseline scenario, the monetary policy easing cycle is likely to be approaching its end, with inflation showing some persistence (in the United States and the United Kingdom) or converging towards target (in the euro area).

In 2026, the US economy is expected to maintain growth close to 2%. Continued high levels of investment in AI, tax cuts and favourable financial conditions should support growth. On the other hand, some weakening of the labour market, more visible effects from tariffs, and a high cost of living — especially for middle- and lower-income households — are expected to constrain growth. Inflation is likely to remain relatively stable at around 2.8%, limiting the Fed's room for manoeuvre. However, the Fed may respond to signs of cooling in the labour market with two further policy rate cuts, from the current 3.5%–3.75%. Risks are skewed towards additional cuts, particularly in light of changes in the Fed's leadership and the composition of its monetary policy committee, which could adopt a more accommodative stance. In the euro area, GDP growth is expected to ease only slightly in 2026, from 1.4% to around 1.2%, thus remaining close to potential. Activity may be weighed down by more visible effects of tariffs (a negative demand shock and increased competition from Chinese exports), slower global trade, the restrictive impact of euro appreciation, and uncertainty generated by various geopolitical risks. From a more structural perspective, the euro area's performance will continue to be constrained by certain competitive disadvantages. On the positive side, euro area growth is expected to benefit from: (i) the lagged effects of ECB interest rate cuts, with monetary policy moving between neutral and slightly accommodative (in the central scenario, the ECB is expected to keep policy rates unchanged, although risks are skewed towards further cuts); (ii) a likely decline in inflation to levels slightly below 2%; and (iii) expectations of expansionary fiscal policies, particularly in Germany, with increased spending on defence and infrastructure.

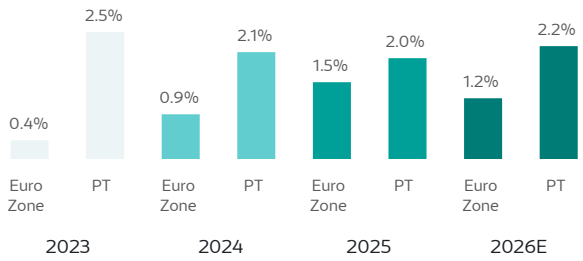
The main themes in 2026 will likely be AI and geopolitical uncertainty. Investment in AI could generate upside risk, stemming from the direct impact of investment on

spending and potential productivity gains. However, the sharp increase in leverage associated with these investments, with still-uncertain returns, represents a significant downside risk (particularly in private credit), as do the high levels of public debt in several economies. A scenario of stickier and higher-than-expected inflation, forcing major central banks – and the Fed in particular – to keep interest rates higher for longer, would constitute a significant risk. Less favourable financing conditions could lead to a market-driven repricing of assets, with the consequent penalisation of more vulnerable economies and companies. Geopolitical tensions between the US and China, the EU and Russia, and the US and the EU will warrant close monitoring, particularly in the context of the erosion of multilateral agreements and institutions. Geopolitical uncertainty may translate into delays in private consumption and investment decisions. However, it could also contribute to stronger public investment intentions, particularly in defence and in securing supply chains.

In 2026, the Portuguese economy is expected to grow by around 2.2%, following growth of 2.0% in 2025. Activity should be supported by: (i) an acceleration in the execution of RRP funds; (ii) an expansionary fiscal policy (not only in Portugal but also in Germany, with potential indirect effects on external demand for the Portuguese economy); (iii) a low level of unemployment (rising from 6.2% to 6.3% of the labour force); and (iv) the lagged effects of ECB policy rate cuts. Tourism activity is expected to show less dynamism after the peaks reached in 2025. The cyclical nature of tourism in the event of a slowdown in global activity, constraints on further employment growth, and potential difficulties in executing the RRP are risks to be considered. The annual average inflation rate is expected to decline from 2.3% to around 2.0%.

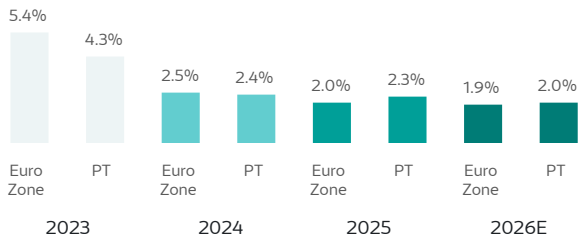
Annual GDP growth

(%)



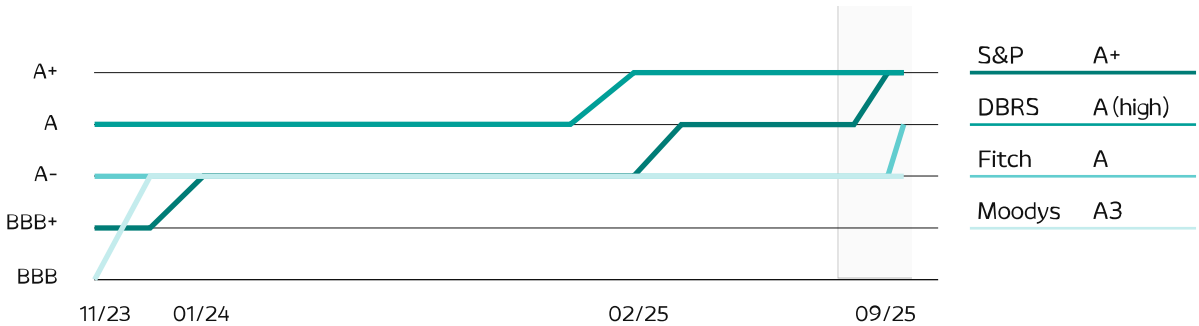
Inflation

(%)



Portuguese Economy - Rating Upgrades

With recent rating upgrades: S&P on August 2025 to A+ and Fitch on September 2025 to A



S&P	A+
DBRS	A (high)
Fitch	A
Moodys	A3

2.1.2 Regulatory Environment

2025 was marked by intense regulatory activity. For the banking sector, this translated into further prudential requirements - with the entry into force of the CRR3 package, as well as significant challenges in the area of risk management -, requiring financial institutions to strengthen internal governance systems, adapt technologically, and reinforce compliance mechanisms.

These challenges have a cross-cutting impact on the sector, in particular on the following areas:

- Digitalisation and Cybersecurity,
- Markets and Payments,
- Internal Governance and Sustainability,
- Financial Crime Prevention (AML/CFT), and
- Consumer Protection

Digitalisation and Cybersecurity

- DORA – applicable since January 2025: ICT governance through risk management, incident classification and reporting, resilience testing, and third-party management.
- AI Act – phased application until 2027, with operational impacts in terms of prohibitions, governance, and risk management systems. The Digital Omnibus, published in November 2025, introduced measures aimed at reducing compliance burdens and ensuring a more efficient and balanced transition.
- eIDAS 2 / EUDI Wallet – in 2025, the Commission adopted implementing acts and expanded the APTITUDE/WE BUILD pilot projects. Member States must make at least one wallet available by 2026 and ensure its broad acceptance by 2027.

Markets and Payments

- Retail Investment Strategy (RIS) – agreement on this legislative package, aimed at enhancing protection for retail investors, was reached in December 2025. Publication is pending.
- Savings & Investments Union (SIU) – March 2025: implementation of a strategy to channel savings into productive investment, including proposals on financial literacy, savings and investment accounts/packages, and tax simplification; aligned with the Draghi Report and the Competitiveness Compass.
- Instant payments (IPR) – phased implementation in the euro area: mandatory receiving since January 2025; mandatory sending and Verification of Payee (VoP) since October 2025.

Internal Governance and Sustainability

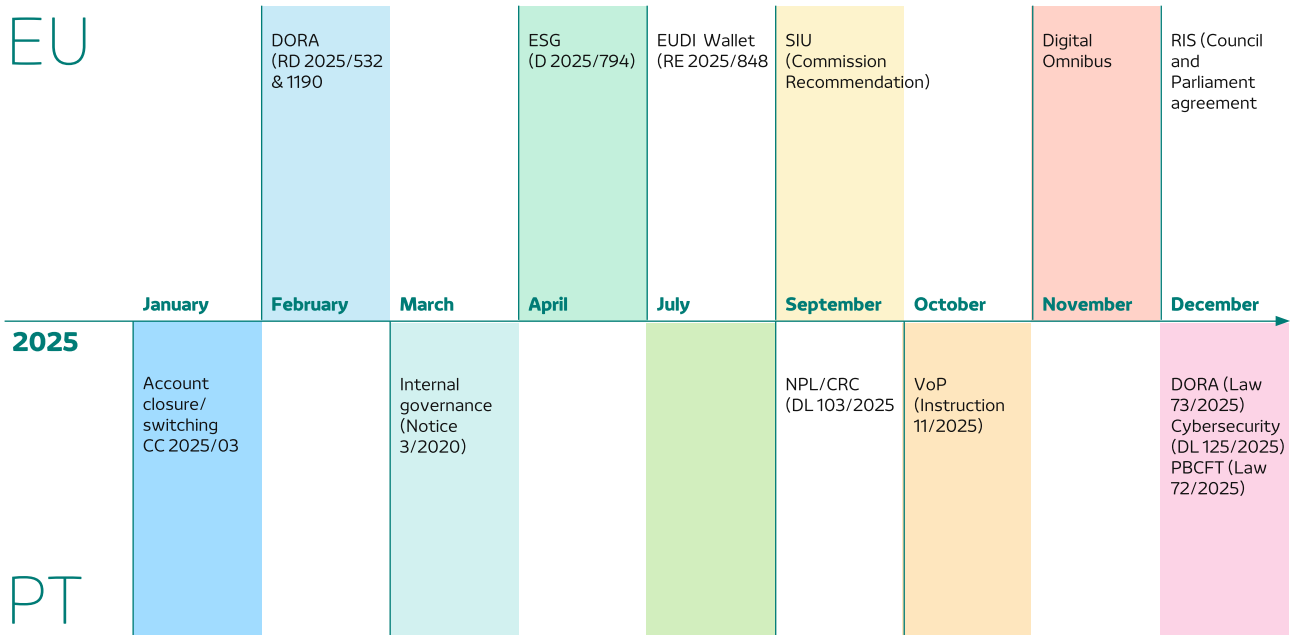
- CSRD/CSDDD – the "Stop-the-Clock" directive (April 2025) deferred CSRD reporting deadlines (Waves 2/3) by two years and postponed the transposition/application of the CSDDD by one year. Adjustments to scope (e.g. thresholds and exemptions) and to the timeline were confirmed, enabling more realistic planning and prioritisation.
- BoP – Notice 2/2025 (March 2025) – revision of Notice 3/2020: clarifies the responsibilities of the three lines of defence, requires multi-year training plans for management and supervisory bodies, and allows collaborative solutions in control functions (adjusting the model to size/risk).

Financial Crime Prevention (AML/CFT)

- Sanctions – Law 72/2025 (December 2025) transposes Directive 2024/1226, harmonising criminal offences and sanctions for breaches of EU restrictive measures (e.g. asset-freezing obligations; prohibition of offering funds/services; provision of false information).

Consumer Protection

- Credit Assignment and Servicing / Central Credit Register (CCR) – DL 103/2025 (09-25) establishes the New Legal Framework for the Management and Assignment of Bank Loans and approves the new CCR framework, strengthening debtor protection (neutrality of assignment, information duties) and updating reporting/consultation under BoP supervision.
- BoP – CC 2025/03: harmonises procedures for account closure and account switching, promoting consumer protection and greater efficiency, including the possibility of digital requests and defined response deadlines.



2.2 Strategic Pillars

Since the launch of its new brand and strategic plan, ("Fazer Futuro" in 2021), novobanco has implemented numerous initiatives and programmes to achieve its objectives. The discipline and focus on strategic execution allowed novobanco to achieve a solid financial performance that have driven consistent growth and capital accretion, despite the challenges of the macroeconomic context. Since the launch of its new brand and strategic plan, "Fazer Futuro" (Building the Future), in 2021, novobanco has been consolidating its sustained growth trajectory, based on disciplined execution and a clear strategic focus. In 2025, the bank successfully achieved its financial targets, reinforcing its position as a solid, profitable and resilient institution. This robust performance reflects the growing confidence of customers and markets, as well as the team's alignment with strategic objectives, enabling novobanco to continue to assert itself as a leading national bank, committed to supporting Portuguese families and businesses.

Novobanco's strategy is focused on each of its customers, providing them a simple and efficient experience, supported by a qualified and close team, thus contributing to an organisation with robust and sustainable results. Novobanco's strategic plan is structured around four pillars:

Strategic Pillars

1 Customer-centric bank	2 Simple and efficient operations	3 Developing people and culture	4 Developing sustainable performance
Reflecting evolving customer expectations through distinctive value propositions.	Simplifying the banking experience, through superior usage of technology and data.	Attracting and developing a team of skilled and fulfilled professionals that actively live the bank's values.	Delivering sustainable returns through disciplined risk, capital and funding management.
Leveraging digital and omnichannel approach as drivers of service and proximity.	Improving internal processes to upgrade productivity and efficiency.	Developing a dynamic collaborative culture in an environment adapted to the new ways of working.	Strengthening the integration of ESG across business to support sustainable growth and key stakeholders.



SDG's alignment

This strategy is designed to maximise the positive social and environmental impact of novobanco's activities. In this regard, the strategic pillars align with the Sustainable Development Goals (SDGs), prioritised following the last materiality assessment.

Customer-centric bank

Novobanco's daily routine is focused on responding in an exemplary manner to the needs of its customers, both individuals and companies, and this purpose is reflected in the first pillar of its strategy. At each moment, novobanco seeks to exceed the expectations of its customers and partners, through a distinctive value proposition that relies on digital and on the omnichannel approach as key levers of proximity and experience.

Serving customers with a full spectrum of channels with complementary roles

Omnichannel

Human



Branches & Business Centres

Function

Optimised network of multi-format and modular counters. Promoting collaboration between individuals and companies through shared spaces.



Partnership

Function

Partner network to promote and expand customer acquisition capabilities.

Remote



Contact Hub

Function

Simple servicing, remote customer support for self-served and sales channels and internal redirection to the most appropriate channel.



Remote RM & Mobile AC

Function

Increased provision of remote servicing services to customers and routing to the most efficient service channels.



Phygital Solutions

Function

Improving the customer experience through solutions for formalising contracts and sharing information, both in person and remotely, cementing the relationship of transparency and proximity with customers and the bank's omnichannel strategy.

Digital



PoS

Function

Collect payments and expand functionalities to enable value-added services.



A/VTMs

Function

Increase speed, convenience & cost-effectiveness in cash & cash equivalent transactions at branches.



Web and Mobile

Function

Speed and convenience for simple servicing and sales, capturing transactions and boost other channels.

Building a customer-centric operating model for sustainable performance

As customer expectations continue to evolve rapidly, driven by digitalisation, speed, and rising service standards across industries, novobanco is accelerating its transformation towards a more customer-centric, agile and accountable operating model. Focusing on delivering best-in-class customer experiences while reducing time-to-market and strengthening employee engagement requires moving beyond traditional, function-based structures.

In this context, and to support novobanco's strategic ambition, in 2025 began a gradual transition towards a Journey-Led Organization (JLO) model.

A Journey-Led Organization places end-to-end customer journeys at the core of how the bank is organised, governed and measured. Each priority journey is managed holistically, from customer need to fulfilment, with clear accountability, cross-functional collaboration and a strong focus on value creation for both customers and the bank, while strengthening risk management ownership.

By organising around journeys, novobanco aims to better align strategy, execution and customer outcomes, enabling faster delivery, greater consistency across channels, and more effective allocation of resources.

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This journey-led evolution is supported by:

- A simplified governance and prioritisation framework, driven by quarterly business review cycles and aligned through Objectives and Key Results (OKRs);
- An omnichannel distribution model - digital, remote and face-to-face - anchored on a digital marketing performance hub and on mIA Connect, the bank's AI-powered virtual assistant;
- A cultural shift towards empowered autonomy, accountability and continuous improvement.

The Journey-Led Organization was designed to deliver tangible and sustainable benefits across three dimensions:

- Customers: more intuitive, consistent and frictionless experiences across channels;
- The organisation: faster time-to-market, increased throughput and clearer accountability;
- People: higher engagement, stronger ownership and alignment.

This model is set to contribute directly to sustainable business performance, reinforcing novobanco's ability to respond to evolving customer needs while maintaining strong risk, compliance and capital discipline.

A gradual and disciplined implementation

The transition to a Journey-Led Organization is being implemented progressively and pragmatically, enabling novobanco to test, learn and refine the model before scaling.

In 2025, three pilot journeys—Payments, Consumer Finance, and Onboarding/KYC—were launched, selected for their strategic relevance, customer impact and strong cross-functional nature. These pilots provided a controlled environment to validate new ways of working, governance and performance management, while safeguarding operational stability.

Early results demonstrate tangible efficiency gains, improved customer experience and positive business outcomes. In Payments, delivery lead times were reduced by approximately 1.5x, accelerating time-to-market and supporting higher throughput, which translated into strong growth in payment volumes and an expanding base of active card clients. In Consumer Finance, delivery times were reduced by nearly 2x, enabling faster credit decisions and smoother customer journeys. This improvement drove increased consumer loan volumes and was reflected in higher customer

satisfaction, with CSAT increasing by 2pp to 93.9% in November.

In the Onboarding/KYC journey, the redesigned end-to-end process delivered material reductions in handling times and return rates, significantly improving both customer experience and operational efficiency, while maintaining strong compliance and risk standards.

Building a customer-centric operating model, with key objectives



Artificial Intelligence: strengthening customer centricity

At novobanco, artificial intelligence has become a transformative reality, delivering tangible impact for customers and the business. By the end of 2025, close to 60 AI-enabled use cases were live across the bank, supporting customer interactions and internal decision-making, and reinforcing the ambition to be a more agile, secure and future-ready institution. This progress is underpinned by a strong focus on capability building, with around 1,500 employees trained in the use of AI and generative AI, embedding innovation and digital fluency across the organisation.
Novobanco AI strategy is built around building better experiences for both customers and employees and focuses on: i) the democratisation of AI; ii) security and fraud prevention; iii) hyper-personalisation iv) automation to simplify and deliver frictionless experiences. Novobanco work within a Responsible AI framework, ensuring robust governance and strong data privacy and ethical safeguards.

AI is already enhancing customer experience in measurable ways by enabling faster response times, frictionless customer journeys and more contextual and relevant customer interactions across channels. In customer service, AI-supported solutions have increased queries answered by 15%, while the launch of a virtual assistant, mIA, has driven a 30pp uplift in client satisfaction compared with traditional service channels. These capabilities allow novobanco to

anticipate customer needs and deliver efficient, real-time support on the channel of choice.

Security remains a critical area of value creation. AI-driven models are strengthening customer authentication and fraud prevention, analysing multiple data points in real time to protect clients proactively. In financial crime prevention, the use of AI is expected to reduce investigation times by up to 75%, while improving detection rates and maintaining robust governance and data-privacy standards.

Automation and intelligent agents are also delivering significant efficiency gains. AI-enabled process optimisation has achieved improvements of up to 80% in response times in areas such as complaints management and regulatory/data responses, supporting faster resolution for customers while increasing operational resilience.

Looking ahead, novobanco will continue to expand the use of AI to deepen personalisation, enhance security and scale intelligent automation, including the rollout of 24/7 digital service capabilities. Powered by artificial intelligence, novobanco is strengthening its agility, reliability and customer focus, reinforcing the confidence that underpins our mission and creating sustainable value for customers and stakeholders.



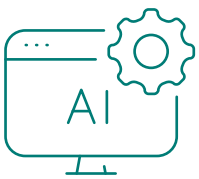
Democratisation



Security



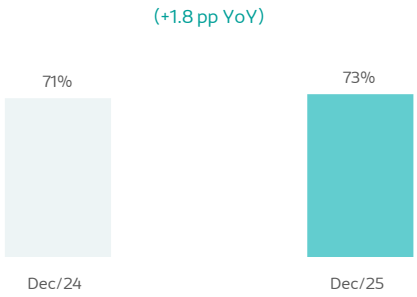
Hyper-personalisation



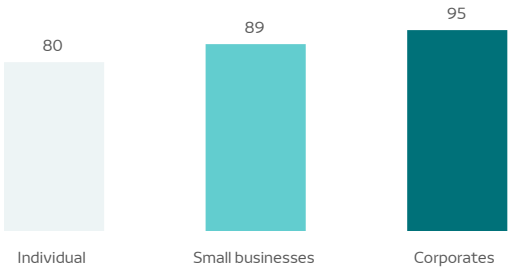
Automation

New channels, services and a personalised customer experience allowed a rapid rise in digital unlocking current and future potential:

Active digital Clients



Self-service transactions (%)



In the Corporate segment, novobanco's in-depth knowledge of the Portuguese business sector allows it to develop specialised approaches, which offer each sector of the economy, and in particular those that are key for national economic growth, a set of products and services suited to their challenges and needs, both for the domestic activity of companies and to support the internationalisation of the national economy. Alongside this vertical vision of the main sectors of the Portuguese economy, novobanco is also at the forefront when it comes to promoting the business sector's access to the main programmes aiming to revitalise the European economy.

This in-depth knowledge of the market, of its opportunities, but also of its expectations and challenges, positions novobanco as the natural financial partner for large, medium and small national companies.

With the aim of being the bank of choice and preferred partner for its corporate clients in the energy transition and supporting their sustainability journey, in 2025, novobanco continued to strengthen its sustainability-focused financing solutions and protocols with specialised partners to support its clients in planning and implementing their transition plans. The commitments made by the bank to reduce emissions from its financing and investment portfolio, as well as its commitments to accelerate the granting of green loans, in line with the objectives of the taxonomy, were essential milestones during 2025 and continue to highlight, in 2026, the strategic priority given to this dimension.

In the Retail segment, which serves families and small businesses, novobanco develops value propositions and solutions centred on these customers' needs at the most decisive moments of their professional or personal journeys, whether in consumer credit, mortgages, management of savings or means of payment, with a view to accelerating the growth of the customer base that has novobanco as its main financial partner.

To meet the demands of the energy transition, the bank continued to promote special pricing conditions for specific products, such as green mortgages, personal loans for renewable energy solutions, or for the purchase of electric and hybrid vehicles.

The concern for social and financial inclusion and the protection of segments of the population with lower financial literacy is also a priority for novobanco.This commitment is reflected in the Bank's response to one of the most significant challenges facing the Portuguese population: access to housing. In 2025, novobanco continued to offer senior citizens (over 50) and young people (up to 35) preferential mortgage

solutions, including the option of a mortgage guaranteed by the Portuguese State for young people.

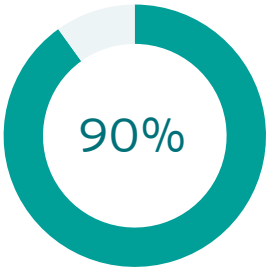
As part of its strategic plan, novobanco has been implementing an approach based on a principle of increasing the omnichannel approach, thus providing customers with a consistent and integrated experience through its multiple channels.

To effectively achieve these objectives, novobanco has been investing on a global transformation. The most visible faces of this reinvention are, on the one hand, the branch network, where novobanco has developed an innovative concept in the market that combines technology, proximity to the customer and openness to the community, and, on the other, digital, which has been a determining factor for the accelerated transformation of novobanco.

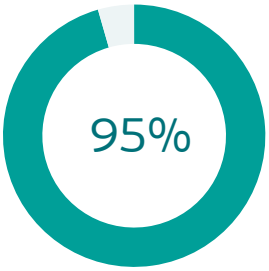
Finally, novobanco seeks to maximize its positive impact on society by promoting a social responsibility agenda, addressing issues such as inclusion and financial literacy, disseminating ESG knowledge, sponsoring sustainability research, and driving multiple inclusion initiatives in the most vulnerable segments of Portuguese society.

More information on ESG impact products is available in the Sustainability section – Chapters: 2 - Environmental Information; 3.2 - Social Information – Consumers and End Users.

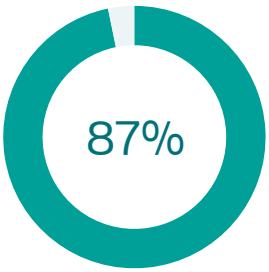
Customer satisfaction (Dec-25)



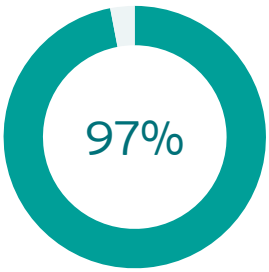
Channels - App
(n.d.)



Personal Loans
(+0.3pp YoY)



Total Retail
(+1pp YoY)



SMEs
(+2pp YoY)

Simple and efficient

To meet the characteristics of the current market, namely the high demands of customers and the challenges posed by new players driving the sector to evolve its operating model, the second pillar of novobanco's strategy focuses on accelerating its transformation into an organization that provides customers with a simple experience, requiring, for this purpose, increasingly higher levels of operational efficiency.

In this area, novobanco has focused on reengineering the most critical processes for customers, with a view to simplifying them and thus provide an experience that stands out in the sector, both through its simplicity and through the consistent improvement of service levels, in particular in loan granting processes, which are the most decisive for companies and families.

To this end, novobanco is implementing a far-reaching transformation programme of its IT and data governance functions (focused not only on the evolution of the infrastructure, platforms and tools that support the bank's operation, but also on the timely availability of relevant information to support process improvement), the scrupulous reformulation of the bank's operating model, the permanent optimisation of the models that support decision-making and, naturally, the regulatory commitments and requirements to which the banking sector is subject.

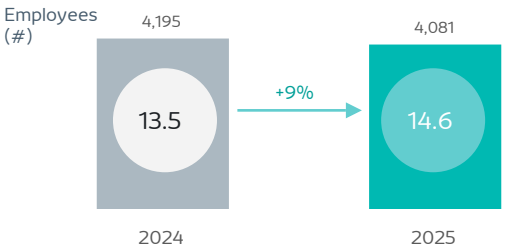
Cost to Income Ratio[1] (%)



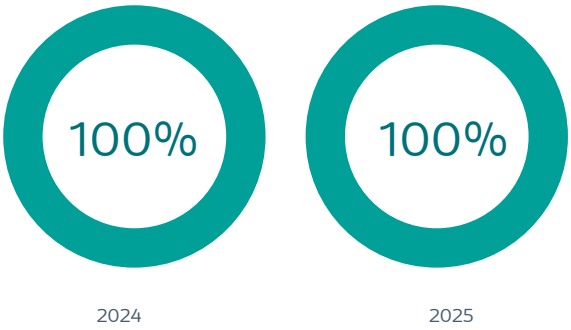
CO2 emissions (scope 1 & 2)



Average Business Volume per Employee[2] (€mn)



Electricity from green certification:



In its effort to increase efficiency and improve its carbon footprint, the bank has set ambitious targets for reducing GHG (Greenhouse Gas) emissions in its own operations. Since 2021, novobanco has reduced its GHG emissions by 61%, exceeding its publicly stated commitment to reduce emissions by 54% by 2030. At the same time, the installation of 400 solar panels at its new corporate headquarters, the electrification of its vehicle fleet, and the installation of electric charging points are three of the other levers that will enable the bank to significantly increase its energy efficiency and reduce its environmental footprint. In addition, novobanco remains committed to ensuring that its sustainability standards are met throughout its supply chain, having established guidelines and a monitoring framework to safeguard the compliance of its suppliers.

Artificial Intelligence: enabling simplicity and efficiency

Artificial intelligence is a key enabler of novobanco's ambition to operate in a simpler, faster and more efficient way. By embedding AI across core processes, the bank is reducing complexity, accelerating decision-making and improving execution discipline. AI-supported automation and intelligent agents have delivered efficiency gains of up to 80% in selected operational and service processes, including complaints handling and regulatory responses, significantly reducing cycle times and manual effort.

In parallel, AI has enabled faster delivery across customer journeys, supporting shorter time-to-market and higher throughput while maintaining strong risk and compliance standards. Through the continued expansion of intelligent automation and agent-led processes, novobanco is building a more streamlined operating model, freeing capacity to focus on higher-value activities.

[1] Defined as Operating Cost divided by Commercial Banking Income; Commercial Banking Income being equal to Net Interest Margin plus Fees and Commissions;
[2] Considers average stock of Net Customer Loans and Deposits, divided by average number employees in the period;

People and culture

The strategic objectives of novobanco contain a high level of ambition, based on perfect alignment and total clarity within the organisation about the role and contribution of each employee to achieving them. This third pillar of novobanco's strategy is, therefore, a critical dimension and requires a high level of dedication from the bank's management.

In this regard, novobanco's strategy aims to ensure a clear distinction (i) in the value proposition for its employees, (ii) in the development of internal talent, and (iii) in the promotion of organizational culture and values. With these dimensions in mind, novobanco seeks to position itself as an organization characterized by:

- A strong capacity to attract, develop and retain the best talent in the sector;
- A concern with the principle of gender equity and with the importance of being able to count on diversified profiles and backgrounds;
- A daily routine supported on working methods aligned with the best international trends, both in terms of participation and collaboration practices and in terms of the working environment;
- The promotion of innovation and the generation of ideas by the organisation itself, for the benefit of customers and the national economy;
- The experiencing of values and of an organisational culture that translates and permanently reinforces these characteristics;
- A workplace that fosters and promotes employee well-being and health, building a strong sense of employee engagement;
- A culture of continued self-improvement and expertise, by promoting employee training programmes in key topics, including sustainability;
- Embodying novobanco's values, they are promoted and practised daily by everyone.

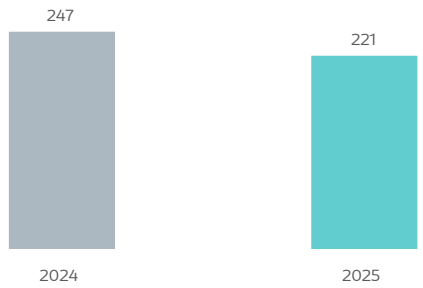
Human Skills	**Human Skills were strengthened through programs and initiatives that promoted authentic leadership, collaboration and personal development, reinforcing novobanco's culture and values.**
B300 Leadership programme	• Hands-on workshops and self-paced content • > 300 Employees • +7,700 training hours
Teambuildings	• To strengthen novobanco's collaboration, purpose and values, through diversified experiences and solidarity actions aligned with ESG principles. • 2,100 employees • +11,900 hours

Technological Skills	**Digital Skills have been driven by upskilling and technology adoption programs that have accelerated digital transformation, increased productivity, and fostered an innovation-driven mindset.**
Copilot Adoption and Training Program	• Immersive copilot chat and copilot 365 sessions with case studies • AI Hackaton • > 1,700 employees
Ser Digital Programme	• Promote digital transformation in the organizational context, and innovation-driven mindset • 2 Masterclasses of Digital Mindset Awareness • ~200 employees

Staff Turnover (%)



Training hours (thousands)



Equal Pay Gap (%) (novobanco Group)



More information is available in the Sustainability disclosure – Chapter 7: People and Culture Development.



Developing sustainable performance

The fourth pillar of novobanco's strategy is driven by the bank's resolve that its financial performance be characterised by its sustainability, by the robustness and quality of its balance sheet and by adequate solvency levels.

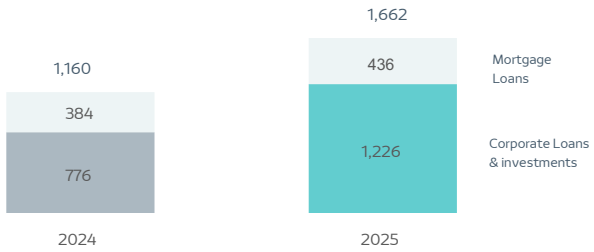
This provides the framework into which the entire programme for integrating ESG (Environmental, Social and Governance) issues into the organisation is set, which includes (i) implementing the ESG operating model and training the organisation, (ii) adapting the offer of products and services, (iii) transforming investment and risk management policies, among other dimensions. novobanco considers ESG as an opportunity for the financial sector to contribute to the important transition objectives of the world economy, which justifies the importance it dedicates to this dimension.

The sustainability of novobanco's performance is also materially helped by the optimised management of capital and the bank's various sources of funding, as well as the improvement of risk management processes associated with its activity.

In order to achieve this goal, novobanco's strategic plan incorporates various programmes aimed at strengthening the quality of credit decisions, including boosting their automation, improving pricing models and measuring risk-adjusted profitability and capital consumption (economic and regulatory), sophisticating alert systems to monitor the life of credit operations and continually improving internal models (IRB).

The combination of these dimensions gives the bank confidence that its ambitious medium-term objectives will continue to be met, thus enabling it to establish itself as a clear benchmark in the European financial sector, with consistent growth based on a robust financial profile that provides high and sustainable levels of profitability.

Green Investments (production; €mn)



Note to chart: 2025 production of green financing/investments to companies and new housing loans in 2025 (1H) with A+, A, B energy certification (Financing Policy).

The €2.0bn cumulative Green Production Target for 2024–26 was achieved ahead of schedule (2025: €2.8bn), enabling the Bank to raise the level of ambition for this period.

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Consistent strategy execution with outperformance of 2025 outlook

	2025	Medium Term		2025 execution	
Customer Credit Growth	~3% CAGR		Continued growth of the business	+7.8%	✓
Commercial Banking Income	~€1.4bn	>€1.5bn	Average 6M Euribor: 2025: ~2%, Medium term: ~2%	€1 451mn	✓
Cost to Income Ratio[1]	~35%	~32%	Strong focus on cost efficiency	34.9%	✓
Cost of Risk	~20-30 bps		Strengthened asset quality	8bps	✓
CET1 Ratio		13.0%-13.5%[2]	Robust capital position Room to optimise capital	-	
ROTE[3]	>20%		Based on 13.25% CET1 ratio	21.6%	✓
Distribution Policy	60% target ordinary dividend payout[4] + special dividends / share buybacks to optimise deployment of surplus capital		>€2.2bn available capital[5] for distribution over the next 3-years	-	

A domestic business focused on growth and value-added products and services, with a simple and low-risk balance sheet and efficient operations, delivering solid profitability.

Note: Shareholder remuneration forecast subject to successful execution of the medium term plan and the evolution of the expected risk environment. Targets and estimates are based on current information but may change due to external factors such as economic, regulatory or market conditions.

(1) Excludes potential IPO related costs equivalent to c.5pp in cost to income in 2025; If excluding extraordinary costs related to the sale process, actual 2025 ratio stood at 33.9%

(2) Assuming around 300bps MDA buffer;

(3) Ratio of net income (after AT1 coupon) to average monthly equity based on 13.25% CET1 FL ratio, excluding intangibles and accrued dividend. Guidance was excluding potential IPO costs;

(4) Upper end of 40-60% range under dividend policy, subject to conditions;

(5) Excludes €225mn of dividend for 2H24 and €1.1bn capital reduction occurred in 2025;

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2.3 Risk Management

Main Risks and Uncertainties in 2026

In 2025, novobanco continued to post solid financial results , reflecting the adoption of a prudent strategy in conducting its business, taking into account the difficult macroeconomic environment, particularly with regard to the resulting volatility in financial markets and concerns about constraints in distribution chains arising from growing geopolitical tension, namely the continuing armed conflict in Eastern Europe and the Middle East, political tension between Latin America (particularly Venezuela) and the US, international tensions in terms of trade between the US and China and in military terms in the Indo-Pacific, as well as the challenges associated with digital transformation and the consequent increase in operational risk.

In 2026, the activity of novobanco and the rest of the banking sector will be influenced by a combination of various risks, in addition to those identified as material and relevant in the Risk Management Function chapter, and uncertainties, of which the following stand out:

(1) **Legal and regulatory risks**

The dynamic regulatory environment of the financial sector in its various areas translates into an increasingly challenging task for institutions regarding the timely compliance with new legal and regulatory requirements and the inherent adjustment of relevant internal procedures. In this context, the following are particularly noteworthy due to their growing importance:

- The integration of ESG (Environmental, Social, and Governance) impacts, risks, and opportunities into the business and the associated disclosure duties: Given the current context of integrating ESG factors into prudential and behavioural measures applicable to banking activities, such as the ESG reporting requirements in Pillar 3 - Market Discipline and climate stress tests, as well as the European sustainable finance agenda, and the highly complex disclosure duties brought by the CSRD directive and the European Taxonomy regulation, or even the preparation for additional requirements that will be brought by the European directive on Corporate Sustainability Due Diligence, the ESG regulatory environment remains particularly demanding and challenging. Financial institutions continue to face significant information gaps from the companies they finance, making risk assessment and regulatory compliance processes more complex and challenging, and also feeding a relative uncertainty regarding the speed of the transition process to a carbon-neutral economy and the rules to be observed. Therefore, it is anticipated that the regulatory agenda of supervisory authorities will continue to be particularly intense in this area, which will require institutions to assess their resilience to different climate change and energy transition scenarios, implement necessary measures to mitigate any risks that may be identified in this context, and reposition their strategies to promote ESG objectives across the board.

- The reinforcement of the legal and regulatory framework for preventing, detecting and combating financial crime arising, for example, from the AML Package, including the European Union's ongoing review of Directive 2015/849, and the regulatory requirements in terms of due diligence, implementation of robust transactional analysis models, Decree-Law 109/2021, among others, the application of restrictive measures arising from sanctions and embargoes, with the consequent impact on the bank's internal processes. On the other hand, the new European PBC/CFT supervisory authority (AMLA) will require close monitoring;

- The evolution of the real estate market in the coming years is a factor of uncertainty, with the possibility of a price correction in the coming years, after more than a decade of price increases.

- Operational challenges in implementation and the expected impact on capital resulting from uncertainty about the date of application of the new methodological approach for calculating regulatory market risk capital (Fundamental Review Trading Book: FRTB);

- The capital requirements (SREP), the various OSI (On Site Inspections) that the bank will be subject to from the European Central Bank (ECB), the stress

tests on Liquidity Risk, the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements, as well as those anticipated in terms of cybersecurity, and the various guidelines from the European Banking Authority (EBA) and ECB on these matters.

(2) **Digital Transformation Risks**

Technological innovation and digitalisation initiatives, incorporating AI models, have become a priority for the banking sector, both for the benefits they bring to customer service (customer experience) and for the benefits they bring to internal efficiency processes.

While the benefits of digitalisation are undeniable, it also poses significant risks to banks, such as an increase in cyber-attacks (boosted, for example, by current geopolitical tensions), the inappropriate collection of personal data and fraud perpetrated through digital channels. As a result, banks will have to maintain operational resilience plans that allow them to anticipate these situations as far as possible, which in turn means constantly monitoring technological developments with the aim of increasing protection capabilities and mitigating cybersecurity risks.

In addition, 2025 saw a fast rise in the commercialisation of products based on artificial intelligence, and this trend is expected to continue in 2026. Although it is extremely difficult to predict all of its implications, this could lead to significant opportunities for efficiency gains and more sophisticated marketing strategies.

In 2026, it is therefore expected not only that this risk associated with digital transformation and the more significant adoption of AI models will persist, but that it may even be amplified, given the continuous technological development initiatives underway. Of particular relevance is the European legislative framework – the Digital Operational Resilience Act (DORA) – which aims to strengthen the digital operational resilience of entities operating in the financial sector by requiring the development and maintenance of robust ICT capabilities, in order to prevent and mitigate cyber threats in the financial sector that seek to exploit vulnerabilities in IT systems. This framework entails the ongoing effort to reinforce processes and ensure the remediation of ICT service provider contracts.

(3) **Risks of using Artificial Intelligence**

Due to the novelty and complexity of Artificial Intelligence (AI), risk management and internal governance practices will have to continue to evolve in 2026, keeping pace not only with the progression of the technology, but also with its Legal and Regulatory framework, which is itself under development.

Novobanco is aware that AI systems involve great opportunities but also various risks, such as the undesired perpetuation of inappropriate historical patterns, or risks of opacity (the technical formula underlying the algorithm and the decisions made may not have the necessary clarity).

Strong risk management and internal governance on this topic will continue to be fundamental if significant advantages are to be prudently realised without errors, preserving the trust that stakeholders place in the safe use of AI systems by novobanco, the financial system in which it operates, and society in general.

(4) **Service Provider Risks**

Linked to the technological innovation processes, we should also highlight is the growing importance of managing and controlling the risks inherent in the service providers contracted by the Group, in particular the challenges for the institutions, namely in terms of compliance with the legal and regulatory framework of reference, reporting duties, monitoring and assessing the risk of services, particularly IT, as well as of outsourced functions.

(5) **Geopolitical and market risks**

- At a global level, there are still concerns that the geopolitical fragmentation caused by the current conflicts in the Middle East and Eastern Europe could have an even more negative impact on trade, technology and people flows, leading to market uncertainty and volatility.

- The European macroeconomic situation, resulting from the uncertainty generated by the impact of US trade and strategic policies, is a factor of instability in commercial and strategic terms;

- A positive cycle in financial markets is expected to continue in 2026, supported by stable monetary policies and moderate economic growth. On the other hand, the main market risks identified are increased volatility and challenges arising from persistent inflation and geopolitical tensions, as well as the concentration risk arising from the predominance and dependence on the technology sector and artificial intelligence, and the growing competition for stable deposits.

- Misinformation and digital manipulation, as well as the increasing sophistication of cyberattacks or potential technological disruption due to the evolution of AI, can have a negative impact on institutions and markets.

- The credit risk arising from the increase in financing costs and the deterioration of the macroeconomic situation are factors that could lead to the materialisation of this risk for both companies and individuals.

(6) **Other Risks**

- Reputational, legal and compliance risks, especially when leading to litigation, either arising from the Group's current activity or from legacy issues;

- The risks associated with fraud, cybersecurity, and compliance will continue in 2026 to require the ongoing evolution of management practices and internal governance, in a context marked by increasingly sophisticated digital threats, heightened regulatory demands, and growing operational complexity. Novobanco recognizes that these risks have significant impacts, ranging from process weaknesses that may enable fraudulent activities to technological vulnerabilities that could compromise the integrity and availability of systems, as well as the need for strict compliance with legal and regulatory requirements, including anti-money laundering and counter-terrorist financing obligations.

- Risks arising from the activities of novobanco and the Group's entities;

- Broadly, the increase in regulatory reporting requirements, resulting in greater demands in terms of data collection, data quality verification and the safeguarding of data under personal data protection legislation.

- The remaining factors linked to the various types of risk described in this chapter.

In short, the risks anticipated for 2026 will be significant, given the context of uncertainty resulting from the increase of geopolitical tensions, a slowdown in economic activity and the prospect of interest rates levels, to which novobanco is obviously not immune.

Novobanco develops its Risk Management function with the ultimate objective of internalising a risk culture and pre-empting the materialisation of risks across all levels of the organisation.



Risk Management Framework

The definition of a risk management framework with standards, patterns, objectives and responsibilities assigned to all areas of novobanco Group, permits to implement the business strategy in compliance of the established risk appetite.

Supporting the Board in effective risk management and in the development of a strong risk culture, this framework defines:

- the main risks faced by the novobanco Group, as well as those to which it may be exposed;
- creating and monitoring risk appetite statements and requirements;
- the functions with responsibility for risks management; the governance structures and risk management and control committees;
- the interconnection between the various management procedures;
- the production of transversal risk reports in a timely manner.

1	**Governance**	Risk management and control committees Definition of Policies and roles and responsibilities
2	**Risk appetite statement**	Definition of the level of risk that the Group is willing to take on
3	**Risk culture**	Risk culture embedded at the various levels of the organisation making all employees accountable for risk management and control
4	**Risk categories**	Shared holistic vision of the Credit, Market, Liquidity and Operational Risk classes as well as of emerging risks
5	**Risk tools**	Stress testing, limits policy, model validation, quantification and evaluation methodologies
6	**3 lines of defence**	The pillar for effective and seamless risk management at the various levels of the Group

The Group's risks are controlled and managed through Specialised Committees which, in line with the decisions of the Executive Board of Directors, play an important role in risk management and control.

Detailed information on the Committees that support the Risk Management Framework is described in point 5.2. Governing Bodies: Composition and Functioning.

The Risk Culture at novobanco Group

Risk is inherent to the banking business.As such, the novobanco Group is naturally exposed to various categories of risk arising from external and internal factors, and which arise according to the characteristics of the markets in which the bank operates and the activities it carries out.

Novobanco Group considers that Risk Management is a key pillar for sustained value creation over time.

The Group's Risk management and control is therefore grounded on the following assumptions:

- Universality through application throughout the novobanco Group. Premise that all employees are risk managers within the scope of their activities, ensuring that the risks taken do not exceed the risk appetite.
- The integration of a risk culture through a holistic approach. This holistic vision encompasses all stages of risk management—identification, assessment, monitoring, and control—as well as all types of financial risks, including credit, liquidity, market, interest rate, and banking book credit spread risks, capital risks, and non-financial risks, including credit spread risk in the banking book (CSRBB).
- Independence of the control functions from the risk-taking units, complying with the 3 Lines of Defence Model, in order to achieve the objective of adequately detecting, measuring, monitoring and controlling the materially relevant risks to which the novobanco Group is exposed.
- Forward Looking approach to identifying risk exposures in order to manage them within the framework of the defined risk appetite, allowing for a dynamic view of risks;

- Continuous improvement in the quality and timeliness of the information used to monitor and manage risks.

A strong risk culture in the organisation is an essential factor for effective control of the various exposures to risk. This culture is reflected in the involvement and performance of all employees in the organisation, through their diligent, proactive and consistent compliance with the regulations, code of conduct, values, and risk appetite defined for all activities, businesses, segments and risk exposures.

To this end, the timely identification of risk sources as well as risk-based mitigation and control actions are fundamental. A continuous effort in training, awareness raising, and communication is equally important to allow seamless adjustment to any arising situations.

'Tone from the top' and 'accountability' are understood to be fundamental levers for a responsible and transversal risk management culture in the organisation. There are secure channels for detection and consequent action whenever misalignment is detected at any hierarchical level.

3 Lines of Defence Principle	1st line of defence	2nd line of defence	3rd line of defence
		Global Risk Department Compliance Department	Internal Audit Department
Novo Banco Group	Business areas		
Function	Maximise return adjusted to risk	Control	• Independent review; • Ensures adequacy of policies and processes; • Ensures correct implementation of policies and processes.
Limitation	Takes risk according to Risk Appetite	Does not take risk	
Mission	• Accurate and timely identification of risks; • Make sure that risk remains within defined limits; • Measure, monitor, report.		

Risk Management Function

The risk management function is organised in such a way as to allow effective management of the risks considered relevant and material by the novobanco Group - those to which top management pays special attention and which may impact the achievement of the objectives defined by the bank -, as well as risks considered as emerging - those where little is known about their components, and whose impact may occur over a longer time horizon.



The risks identified as relevant and material are quantified, namely within the scope of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process(ILAAP), the most relevant of which are the following:

(1) credit risk, which includes default, counterparty, sovereign and concentration risk;

(2) liquidity risk;

(3) market risk in the trading book and banking book, which includes interest rate risk (IRRBB), equities risk, credit spread risk in the banking book (CSRBB), volatility risk, real estate risk and pension fund risk;

(4) non-financial risks, which include operational risk, information and communication risk, compliance risk, security risk and reputational risk;

(5) and business risk.

The management of risks is considered vital for novobanco Group

The Global Risk Department (DRG) assumes the Risk Management Function which is vital for the development of the novobanco Group's activity. The Department consists of specialised teams that guarantee the supervision of the Group's various financial institutions, activities, and businesses, and is independent of the business units.

It defines holistic principles for risk management and control, in close coordination with the remaining 2nd line units of novobanco Group, with Conformity Function, and with the Internal Audit Department.

All materially relevant risks are reported to the Executive and Supervisory bodies (as applicable, EBD, GSB, Risk Committees and specialised committees), which are responsible for supervising, monitoring, assessing, and defining the Risk Appetite and control principles implemented.

The Head of novobanco Group's Risk Management Function is the Head of the DRG, who reports to the Chief Risk Officer, a member of the Executive Board of Directors. To ensure the most effective articulation with the Risk Management Department, a local Head of the Risk Function was appointed in each relevant entity of the novobanco Group, who ensures continuous monitoring of the financial and non-financial risks to which these entities are exposed.

The DRG acts either directly or as coordinator, in articulation with the units in charge of the local Risk Management Function.

The Risk Appetite framework defines:



This framework aims to ensure that the strategy of maximising value for the Client – one of the relevant stakeholders, along with employees, shareholders and the community - is executed, protecting the strength of the organisation through rational and solid risk management and control.

One of the key aspects of risk management and control is the definition of Risk Appetite statements for the Group's relevant exposures and their monitoring through risk limits differentiated into 3 levels (depending on their materiality), by their interconnection with the main strategic metrics, resulting in a specific escalation process, namely for the metrics with the greatest materiality through timely

communication to the General Supervisory Board, and always with prior information to the Executive Board of Directors, as a guarantee of effective supervision of the monitoring of the risk appetite.

The General and Supervisory Board monitors and ensures the effectiveness of the management conducted by the risk function, its action plan and budget, as well as its reports and relations with external auditors and supervisory authorities. It also monitors the current and future global risk appetite, the risk strategy in place, and the effectiveness of novobanco Group's risk management system and internal control system.

Moreover, it is responsible for giving consent to the Executive Board of Directors' proposals on various matters, namely the definition of the Risk Appetite Framework, the Risk Appetite Statements and the corresponding limits. The Executive Board of Directors is responsible for approving the Risk Framework, the Risk Policies and the related methodologies and procedures for identifying, assessing, monitoring and controlling risks.

The identification and assessment of the risks to which the Group is exposed must take into account the established business strategy and planning. Strategic planning, capital adequacy and resolution exercises are therefore carried out with the active participation of the Risk Management Function.

A robust and efficient risk management is also the result of prospective analysis and ongoing monitoring of risk exposures, creating a specific risk tolerance framework that allows the 1st Line of Defence to perform its activities as risk-taker and relevant participant in risk management.

The Risk Appetite Statement (RAS) and Risk Appetite Limits (RAL) defined and approved by the General and Supervisory Board and the Executive Board of Directors cover financial and non-financial risks, the various business lines and regulatory limits. The definition of these limits is the responsibility of the Risk Management Function, which liaises with the other relevant stakeholders in the management and control of specific risk exposures. The Market Discipline Report encompasses further details on RAS and RAL.

Risk appetite is monitored by the Risk Committee of the Executive Board of Directors and General and Supervisory Board. Risk management and control is also supported by various specialised committees.

The processes and methodologies for identifying, evaluating and measuring risks are differentiated according to risk categories and are continually aligned with current regulations and best practices.

Detailed information on risk management tools and their exposure can be found in the Market Discipline Report.

Liquidity



Management processes	Risk appetite	Main areas of focus in 2026
• Based on the assessment of liquidity outflows from contractual and contingent positions in normal or stressed situations, the management and control of this risk consists of, on the one hand, determining the size of the liquidity pool available at any given time and, on the other hand, planning stable sources of funding in the medium and long term.	• Solid liquidity position; • Funding of medium and long-term assets through stable liabilities; • Withstanding liquidity stresses for a minimum period of 12 months; • Compliance at all times with the limits imposed by the legislation in force.	• Maintaining and evolving the risk monitoring and management processes, ensuring the timely detection of shifts in the risk profile and the Bank's alignment with the established risk appetite; • Developing and maintaining internal models and stress testing exercises (Stress testing Framework)and ILAAP that allow liquidity risk to be measured and controlled. • To be continuously updated on the regulatory framework.

Credit



Management processes	Risk appetite	Main areas of focus in 2026
• Use of internal risk identification, assessment and quantification system; • Internal processes for rating and scoring allocation by type of portfolio; • Definition of Risk Appetite by portfolio; • Credit powers that force the escalation of riskier operations; • Ongoing monitoring in specialised forum.	• Risk appetite with stable origination criteria.	• Contribution to strengthen the bank's operational capacity to manage credit exposures in a context of higher interest rates than in previous periods, instability in the energy and commodity markets, and disruptions in the distribution chains. Focus on the early identification of financial deterioration indicators and definition of strategies for timely intervention with viable debtors requiring support measures to maintain their debt service capabilities; • Reinforcement of remote service models and creation and development of automated credit assessment and decision tools; • Strengthening the continuous monitoring processes of the various credit portfolios.

Market and IRRBB & CSRBB



Management processes	Risk appetite	Main areas of focus in 2026
• An expert team (DRG) within centralises the management and control of the group's market and interest rate and spread credit risk in the banking book (IRRBB/CSRBB), in line with the regulations and risk good practices.	• Monitoring of net interest income, market investments and balance sheet interest rate risk through predefined risk appetite rules.	• Processes for ongoing monitoring of market and IRRBB risks within the boundaries of the established risk appetite, allowing to assess the impact of changes in market factors, such as volatility and interest rates and credit spreads; • Development and maintenance of internal models and stress testing exercises (stresstesting framework) to measure and control market and IRRBB risks, as well as calculating the impact of market shocks within the scope of regulatory exercises (Short Term Exercise, EBA Stresstesting) and regulatory capital reporting of market risk (alternative standardised approach) within the scope of the Fundamental Review of the Trading Book (FRTB); • Keeping updated at all times with regard to the regulatory framework, and in particular the new EBA guidelines on IRRBB and the new regulatory capital requirements of market risk (FRTB).

Non Financial



Management processes	Risk appetite	Main areas of focus in 2026
• Definition of Non-Financial Risk Management and Control Framework and Specific Risk Policies; • In this context, the specific Governance Models for Model Risk, Fraud Risk, ICT and Security Risk, Reputation Risk, Third Party Risk stand out, with management processes in place that are continually strengthened to guarantee control of risk exposures and fulfilment of the respective risk appetite. • Compliance function is crucial in the definition of other specific risk policies, in terms of Compliance Risk.	• The risk appetite encompasses the various categories (Operational, ICT and Security, Compliance and Reputation) of risk and reflects the infeasibility of eliminating it from a cost-benefit perspective; • Risk appetite aligned with novobanco Group's high ethical and conduct standards, which implies zero tolerance for inadequate conduct.	• Strengthening compliance with the risk appetite defined across the Group. • Reinforcement of the risk culture, particularly in the first line of defence, to guarantee action and decisions in line with the strategy and risk appetite at the various levels of the organisation, promoting more robust risk control; • Strengthening of compliance risk control processes, particularly in the areas of financial crime; • Maintain and strengthen the Fraud Risk framework in the face of the increasing sophistication of fraud types, particularly in customer onboarding, credit granting, payment services, cyber and technological risk, by enriching prevention mechanisms; • Model risk is a relevant and increasingly dynamic area for risk management, as the bank creates solutions based on data and artificial intelligence. Effective management of this risk is therefore essential to guarantee the integrity of decisions and the sustainability of the business; • Strengthening the oversight of service providers, particularly ICT, ensuring the Group's operational resilience; • Keeping up to date with the regulatory framework.

ESG



Management processes	Risk appetite	Main areas of focus in 2026
• Undertaken through the joint approach of specialised teams from the Global Risk Department and GESG, which define the guidelines to be followed for any new business and for monitoring existing positions, in order to measure and mitigate novobanco exposure, in particular to transition and nature related risks; • In addition, it is supported by methodologies to assess and monitor the risk factors, which, consistently with the applicable regulations, allow novobanco to monitor the evolution of the risk profile of balance sheet positions.	• Application of exclusion principles and minimum safeguards, namely for activities with higher ESG risks (environmental, social and governance) within the bank risk appetite; • Definition of global goals and guidelines to steer new credit production according to ESG assessment criteria and aligned with the bank's Prudential Transition Plan; • Implementation of global risk assessment methodologies, at the level of the credit portfolio, to identify and monitor the evolution of the main ESG risks on the balance sheet; • Implementation of ESG risk analysis processes at the level of credit granting, defining their impact on decision; • Monitoring the novobanco's ESG risk through a KRI dashboard.	• Strengthen the current framework for monitoring ESG risk analysis at the credit granting level, assessing the quality of the results obtained. • Continue to reassess, on an annual basis, the identification of "sensitive sectors" to ESG risk, as well as the methodologies applied in their identification. • Continue to strengthen the management of physical risk associated with novobanco's properties or properties provided as collateral under financing arrangements. • Strengthen ESG risk methodologies and their integration with business operations, particularly regarding the dimension of nature-related risks.

our performance

3.1 Highlights

Sustainable results

- Novobanco once again delivered strong results, exceeding its 2025 guidance. On the bottom line, Net income reached €828.1mn (2024: €744.6mn), driven by a diversified business model, prudent risk management and robust franchising of novobanco brand.
- RoTE of 21.6% (vs >20% guidance) and a CET1 ratio of 17.4%. Tangible Book Value reached €4,426mn (+15% vs 2024, pro forma for the €1.1bn capital reduction and considering a payout of 60% of the 2025 net profit).
- Commercial Banking Income of €1,450.7mn (2024: €1,502.4mn; -3.4% YoY), outperforming the ~€1.4bn guidance, with Net Interest Income (NII) reaching €1,097.1mn (2024: €1,179.4mn) and Fees growing 9.5% YoY to €353.6mn.
- NII performance reflects a 5.4% YoY increase in average Customer Credit and a Net Interest Margin (NIM) of 2.62% (2024: 2.79%). In the period, the NIM benefited from a proactive hedging strategy, which partially offset the 128bps YoY decrease in the 6-month average Euribor (2025: 2.20% vs 2024: 3.48%).
- Commissions increased by 9.5% YoY, supported by the business momentum and the execution of initiatives to increase commission revenues, visible across all categories.
- Commercial Cost to Income ratio of 34.9% (2024: 33.2%), excluding extraordinary costs related to the sale process, the ratio stood at 33.9% (vs ~35% guidance). Operating Costs totalled €506.6 million (+1.5% vs 2024).
- Cost of Risk of 8bps in 2025 (2024: 33bps), outperforming the ~20-30bps guidance, reflecting conservative underwriting approach and the continued strengthening of novobanco's asset quality.

Diversified business model with strong domestic franchise

- Total customer funds increased 10.6% YtD to €47.0bn (Dec/24: €42.5bn), driven by a resilient volume of customer deposits, which rose 7.6% YtD to €32.0bn, reaching a market share of 9.3% (Dec/25; +0.3pp YtD). As of 31 December 2025, novobanco's liquidity position remained strong with a buffer of €17.4bn (Dec/24: €16.9bn). Loan to deposit ratio (LtD) stood at 83.9% (Dec/24: 82.9%), LCR was 160% (Dec/24: 164%) and NSFR 118% (Dec/24: 117%).
- Sustainable business growth supported by a strong retail franchise, leading to net customer credit of €30.1bn (+7.8% YtD; vs ~3% guidance). Credit origination reached record levels of €6.7bn (+26.1% YoY), with the €2.0bn cumulative Green Production Target for 2024–26 achieved ahead of schedule, enabling the Bank to raise the level of ambition for this period.
- The overall market share stood at 9.2% (as of Dec/25, stable YtD), while the share in the mid-sized enterprises segment reached 18.1% (+0.1pp vs Dec/24), confirming the Bank's strong presence in the Portuguese market, particularly in the corporate segment.
- Non-performing loans (NPL) decreased to €810.0mn (-6.3% vs Dec/24). Net NPL ratio stood at a low level of 0.2% (Dec/24: 0.1%) and NPL ratio at 2.9% (Dec/24: 3.3%), with a 91.9% coverage level (Dec/24: 96.6%).

Main Highlights	2025	2024
Activity (€mn)		
Net Assets	46,446	42,413
Customer Credit (gross)	30,914	29,015
Customer Deposits	32,024	29,754
Equity	4,617	5,079
Tangible book value	4,426	4,940
Solvency (4)		
Common EquityTier I / Risk Weighted Assets	17.4 %	20.8 %
Tier I / Risk Weighted Assets	17.4 %	20.8 %
Total Capital / Risk Weighted Assets	20.2 %	23.6 %
Leverage Ratio	7.0 %	9.9 %
Liquidity (€mn)		
European Central Bank Funding (3)	-1,790	-1,344
Eligible Assets for Repo Operations (ECB and others), net of haircut	18,640	16,958
(Total Credit - Credit Provision) / Customer Deposits (2)	84 %	83 %
Liquidity Coverage Ratio (LCR)	160 %	164 %
Net Stable Funding Ratio (NSFR)	118 %	117 %
Asset Quality		
Overdue Loans > 90 days / Customer Loans (gross)	1.1 %	1.1 %
Non-Performing Loans (NPL) / Customer Loans	2.9 %	3.3 %
Credit Provision / Overdue Loans > 90 days	237.0 %	289.9 %
Credit Provision / Customer Loans (gross)	2.7 %	3.2 %
Cost of Risk (base points) (1)	8	33
Profitability		
Net Income for the Period (mn€)	828.1	744.6
Income before Taxes and Non-controlling interests / Average Net Assets (2)	2.1 %	1.8 %
Banking Income / Average Net Assets (2)	3.5 %	3.5 %
Income before Taxes and Non-controlling interests / Average Equity (2)	21.4 %	17.8 %
Return on Tangible Equity (RoTE)	21.6 %	17.4 %
Efficiency		
Operating Costs / Banking Income (2)	32.3 %	31.9 %
Operating Costs / Commercial Banking Income	34.9 %	33.2 %
Staff Costs / Banking Income (2)	18.2 %	17.3 %
Employees (No.)	4,081	4,195
Branch Network (No.)	289	290

(1) Customer credit cost of risk

(2) According to Banco de Portugal Instruction n. 16/2004, in its version in force

(3) Includes funds from and placements with the ESCB; positive = net borrowing; negative = net lending

(4) 2024 pro forma ratios include 1H24 net income and 2H24 net income deducted of the accumulated dividend.

3.2 Novo Banco Group (Consolidated)

3.2.1 Results

The most relevant aspects of 2025 include:

- Net Income of €828.1mn (+11.2% YoY) and RoTE at 21.6%;
- Commercial banking income of €1,450.7mn (-3.4% YoY), driven by the evolution of net interest income, which was impacted by the current context of decreasing interest rates, and by the good performance of commercial activity as well as the implementation of strategic initiatives, which led to growth in commissions;
- Operating costs totalled €506.6mn (+1.5% vs 2024) with Commercial C/I ratio at 34.9% (33.9% excluding extraordinary costs related to the sale process);
- Risk profile improvement with provisions for customer credit recording a decrease of €71.8mn YoY, equivalent to 8bps Cost of Risk (vs 33bps in 2024);
- Provisions for other assets and contingencies totalled €104.8mn (€+13.3mn YoY).

In 2024, a cost of €62.7mn was recorded for the full closure of the CCA.

	Income Statement (mn€)	2025	2024	Change	
				absolute	%
	Net Interest Income	1,097.1	1,179.4	-82.3	(7.0)%
+	Fees and Commissions	353.6	323.0	30.6	9.5 %
=	**Commercial Banking Income**	**1,450.7**	**1,502.4**	**-51.7**	**(3.4)%**
+	Capital Markets Results	42.2	20.9	21.3	...
+	Other Operating Results	76.9	39.4	37.5	95.3 %
=	**Banking Income**	**1,569.9**	**1,562.7**	**7.2**	**0.5 %**
–	Operating Costs	506.6	499.2	7.4	1.5 %
=	**Net Operating Income**	**1,063.3**	**1,063.5**	**-0.2**	**– %**
+	**CCA termination**	**0.0**	**-62.7**	**62.7**	**100.0 %**
–	**Net Impairments and Provisions**	**129.8**	**188.4**	**-58.5**	**(31.1)%**
	Customer credit	25.0	96.9	-71.8	(74.2)%
	Other Assets and Contingencies	104.8	91.5	13.3	14.6 %
=	**Income before Taxes**	**933.5**	**812.4**	**121.1**	**14.9 %**
–	Corporate Income Tax	73.8	30.5	43.3	...
–	Special Tax on Banks	26.9	32.2	-5.3	(16.5)%
=	**Income after Taxes**	**832.8**	**749.7**	**83.1**	**11.1 %**
–	Non-Controlling Interests	4.7	5.1	-0.4	(7.6)%
=	**Net Income for the period**	**828.1**	**744.6**	**83.5**	**11.2 %**

Net interest income

Net Interest Income was €1,097.1mn (€(82.3)mn; -7.0% YoY), reflecting on one hand a 5.4% YoY increase in average Customer Credit and, on the other hand, the proactive hedging strategy which partially offset the 128bp YoY decline in the 6-month average Euribor (2025: 2.20% vs 2024: 3.48%), leading to a Net Interest Margin of 2.62% (2024: 2.79%).

Net Interest Income (NII) and Net Interest Margin (NIM) (mn€)	2025			2024		
	Average Balance	Avg. Rate	Income / Costs	Average Balance	Avg. Rate	Income / Costs
Interest Earning Assets	41,379	3.81 %	1,599	41,536	4.54 %	1,917
Customer Credit	29,776	4.04 %	1,220	28,245	5.14 %	1,476
Mortgage Loans	10,435	3.43	363	9,926	4.55 %	460
Consumer Loans and Others	2,120	6.35 %	136	1,742	7.16 %	127
Corporate Credit	17,221	4.13 %	720	16,577	5.28 %	889
Money Market Placements	2,785	2.09 %	59	5,571	3.77 %	214
Securities and Other Assets	8,818	3.58 %	320	7,719	2.90 %	228
Interest Earning Assets And Other	41,379	3.81 %	1,599	41,536	4.54 %	1,917
Interest Bearing Liabilities	36,819	1.34 %	499	36,912	1.95 %	732
Customer Deposits	30,877	0.89 %	278	30,019	1.37 %	417
Money Market Funding	1,808	1.84 %	34	4,692	3.85 %	184
Debt Issued and Subordinated Debt	4,134	4.46 %	187	2,200	5.87 %	131
Other Non-Interest Bearing Liabilities	4,560	– %	–	4,624	– %	–
Interest Bearing Liabilities And Other	41,379	1.19 %	499	41,536	1.73 %	732
NIM / NII		2.62 %	1,100		2.81 %	1,185
Stage 3 impairment			(2)			(5)
NIM / NII		**2.62 %**	**1,097**		**2.79 %**	**1,179**
Euribor 6M - Average		2.20 %			3.48 %	

The average rate on assets decreased by 73bps, from 4.54% in 2024 to 3.81%, driven by customer credit repricing on the back of current rates environment, with average rate on customer credit decreasing to 4.04% (-110bps YoY). The average balance of interest earning assets was €41.4bn (vs €41.5bn in 2024).

The average balance of customer deposits increased to €30.9bn (+2.9% YoY), with an average remuneration rate of 0.89% (2024: 1.37%).

The unfavourable evolution of asset yields (3.81%; 2024: 4.54%) and the decline in liabilities' interest rates (1.19%; 2024: 1.73%) led to the overall Net Interest Margin at 2.62% (2024: 2.79%).

Fees and commissions

Fee income totalled €353.6mn, increasing 9.5% YoY (2024: €323.0mn), driven by the business momentum and initiatives implemented in 2024. The increase was broad-based across all product lines, with particular emphasis on accounts and payments management fees (€184.6mn; +6.1%YoY) and commissions on loans (€85.9mn; +19.3% YoY), which have shown consistent growth over the quarters, reflecting novobanco's strong franchise.

Fees and Commissions (mn€)	2025	2024	Change	
			absolute	%
Payments Management	184.6	174.0	10.6	6.1 %
Commissions on Loans, Guarantees and Similar	85.9	72.0	13.9	19.3 %
Asset Management and Bancassurance	67.9	64.2	3.7	5.8 %
Advising, Servicing and Other	15.1	12.8	2.4	18.7 %
Fees and Commissions Total	**353.6**	**323.0**	**30.6**	**9.5 %**

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 €+42.2mn. As of 31 December 2025, fair value reserves of the securities portfolio amount to €+32.0mn (Dec/24: €-7.1mn).

Other operating results totaled €+76.9mn (2024: €+39.4mn), reflecting gains from the recovery of overdue credit, tax recoveries (namely from the Additional Solidarity Contribution) and real estate.

Operating costs

Operating costs totaled €+506.6mn (1.5% vs 2024), of which Staff costs were €+286.4mn (+5.9% vs 2024), general and administrative expenses were €+170.5mn (-2.4% vs 2024) and depreciation was €+49.7mn (-8.2% vs 2024), denoting the investments done in the simplification process.

Commercial Cost to Income ratio of 34.9% (2024: 33.2%), reflecting a contained cost base through focus on simplification and processes optimization. Excluding extraordinary costs related to the sale process, the ratio stood at 33.9%.

Operating Costs (mn€)	2025	2024	Change	
			absolute	%
Staff Costs	286.4	270.4	16.0	6
General and Administrative Costs	170.5	174.8	(4.2)	-2
Depreciation	49.7	54.1	(4.4)	-8
Operating Costs Total	**506.6**	**499.2**	**7.4**	**1**

As of 31 December 2025, novobanco Group had 4,081 employees (Dec/24: 4,195; -114 employees) and 289 branches (-1 vs Dec/24).

Net impairments and provisions

In 2025, novobanco Group recorded net impairments and provisions of €129.8mn (€-58.5mn YoY). Customer credit cost of risk was 8bps (2024: 33bps), reflecting conservative underwriting approach and the continued strengthening of novobanco's asset quality.

Provisions for other assets and contingencies reached €104.8mn, which includes a provision of €15.3mn related to property taxation introduced by the 2021 State Budget Law and subject to change of control going forward (2024: €17.8mn), as well as other legal and business-related contingencies.

Net Impairments and Provisions (mn€)	2025	2024	Change	
			absolute	%
Customer credit	25.0	96.9	(71.8)	-74.2 %
Other Assets and Contingencies	104.8	91.5	13.3	14.6 %
Net Impairments and Provisions Total	**129.8**	**188.4**	**(58.5)**	**(31.1)%**



3.2.2 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€)	2025	2024	YTD Change	
			absolute	%
Corporate Loans	**14,602**	**13,891**	**711**	**5.1 %**
Corporate Securities	**3,031**	**3,036**	**(5)**	**(0.2)%**
Individual Loans	**13,280**	**12,088**	**1,192**	**9.9 %**
Residential Mortgage	10,966	10,158	807	7.9 %
Other Loans	2,315	1,930	385	20.0 %
Customer Credit (gross)	**30,914**	**29,015**	**1,899**	**6.5 %**
Impairment	809	1,076	(268)	(24.9)%
Customer Credit (net)	**30,105**	**27,939**	**2,166**	**7.8 %**

Gross Customer credit increased to €30.9bn (+6.5% YtD), of which corporate customers represented 57%, residential mortgage 35% and other loans to individuals 7%. During 2025, loan origination totalled a record level of €6.7bn (2024: €5.3bn), of which 60% corporate, 29% mortgage and 11% consumer and others. The €2.0bn cumulative Green Production Target for 2024–26 was achieved ahead of schedule (2025: €2.8bn), enabling novobanco to raise the level of ambition for this period.

The asset quality indicators are as follows:

Asset Quality and Coverage Ratios (mn€)	2025	2024	YtD Change	
			absolute	%
Overdue Loans > 90 days	314	288	26	9.0 %
Non-Performing Loans (NPL)	810	864	(54)	(6.3)%
Overdue Loans > 90 days / Customer Loans (gross)	1.1%	1.1%	–	p.p.
Non-Performing Loans (NPL) Ratio	**2.9%**	**3.3%**	**(0.4)**	**p.p.**
Credit provisions / Customer Loans	2.7%	3.2%	(0.5)	p.p.
Coverage of Overdue Loans > 90 days	237.0%	289.9%	(53.0)	p.p.
Coverage of Non-Performing Loans	**91.9%**	**96.6%**	**(4.8)**	**p.p.**
Net Non-Performing Loans	**0.2%**	**0.1%**	**0.1**	**p.p.**

Non-performing loans (NPL) decreased to €810mn (-6.3% vs Dec/24). Net NPL ratio at 0.2% (Dec/24: 0.1%) and NPL ratio at 2.9% (Dec/24: 3.3%), with a 91.9% coverage level (Dec/24: 96.6%).
As at 31 December 2025, novobanco exposure to real estate was €273.3mn (excludes €26.1mn of non-recurrent assets classified as available for sale), decreasing 6.3% 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 €8.5bn. As of 31 December 2025, ALM portfolio represented 18% of total assets, of which 58% was accounted at amortised cost.

As of 31 December 2025, the securities accounted at amortised cost had unrealised mark-to-market losses of €76mn (net of hedges and taxes).

ALM portfolio (mn€)	2025	2024	YTD Change	
			absolute	relative
Portuguese sovereign debt	1,130	1,748	(618)	(35.4)%
Other sovereign debt	4,639	5,370	(731)	(13.6)%
Bonds	2,768	2,033	735	36.2 %
ALM portfolio Total (net of impairment)	**8,537**	**9,150**	**(614)**	**(6.7)%**

Funding

Total customer funds increased to €47.0bn (Dec/24: €42.5bn), of which deposits represent 68.1% of the activity funding. Backed by the solid franchise and strong client relationship, in the period, customer deposits increased to €32.0bn (+7.6% YtD).

Total Funds (mn€)	2025	2024	YTD change	
			absolute	%
Deposits	32,024	29,754	2,270	7.6 %
Other Customer Funds (1)	287	539	(252)	(46.8)%
Debt Securities	3,898	2,456	1,442	58.7 %
Subordinated Debt	502	502	–	– %
Sub -Total	**36,711**	**33,251**	**3,460**	**10.4 %**
Off-Balance Sheet Funds (2)	7,863	7,243	621	8.6 %
Third party funds (3)	2,468	2,046	422	20.6 %
Off-balance sheet and third party Funds	**10,331**	**9,288**	**1,043**	**11.2 %**
Total Funds	**47,042**	**42,539**	**4,502**	**10.6 %**

(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

3.3 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 main 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 function. 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 private customers and small businesses, along with the fully consolidated operating subsidiaries novobanco Açores, best and GNB Gestão de Ativos. 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 private 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 corporate centres across the country. 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 exporter activity.

Support functions

This area does not correspond to an operational segment in the true sense of the concept, it is 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		
	2025	2024	Var €mn	2025	2024	Var €mn	2025	2024	Var €mn	2025	2024	Var €mn
Commercial Banking Income	831	941	(110)	551	584	(33)	68	(23)	91	1,451	1,502	(52)
Banking Income	831	946	(115)	621	583	39	118	34	84	1,570	1,563	7
Operating Costs	309	330	(21)	141	108	32	56	61	(5)	507	499	7
Net Operating Income	521	616	(94)	480	474	6	61	(27)	88	1,063	1,063	–
CCA termination	–	–	–	–	–	–	–	(63)	63	–	(63)	63
Net Impairments and Provisions	12	43	(31)	18	52	(34)	100	93	7	130	188	(59)
Income before Taxes	**510**	**573**	**(47)**	**462**	**422**	**41**	**(39)**	**(183)**	**144**	**933**	**812**	**121**
Total Assets	16,315	14,947	1,368	15,029	14,470	560	15,102	12,996	2,106	46,446	42,413	4,033
Customer Credit (net)	15,230	13,781	1,449	14,861	14,141	720	14	17	(2)	30,105	27,939	2,166
Net Interest margin	2.64 %	3.26 %	-0.62pp	2.92 %	3.48 %	-0.56pp	0.46%	-0.19%	0.64pp	2.62 %	2.79 %	-0.17pp
Commercial Cost to Income	37.2 %	35.0 %	2.15pp	25.6 %	18.6 %	7.02pp	–	–	–	34.9 %	33.2 %	1.69pp

Retail banking

Since 2021, novobanco's retail segment has undergone a period of significant adjustment to its service model, redefining its geographical presence and transforming the way services are delivered, with the aim of strengthening and consolidating long-term relationships with its clients. Branches currently operate under the new Distribution Model, of which 240 are equipped with Virtual Teller Machines (VTM), providing advanced transaction management solutions that constitute an essential foundation for branch efficiency and customer satisfaction.

Aligned with its omnichannel strategy, novobanco has been implementing an innovative tool across its branches: the virtual assistant mIA. In addition to answering certain customer queries, mIA redirects calls between branches and the call centre, depending on the nature of the request. Following the completion of its rollout across all branches, a chatbot is currently under development to address the most frequently asked customer questions. Call redirection takes into account the relevant area or even the specific employee with the appropriate expertise to resolve the customer's request, reducing waiting times and improving the overall customer experience. In addition to shortening average handling time, mIA aims to increase NPS, balance workload across branches and enhance satisfaction for both customers and employees.

The acquisition of new clients continues to show positive momentum, alongside growth in salary domiciliation (+7.7% vs Dec/24). This performance is supported by initiatives such as (i) a customer loyalty programme aimed at strengthening and deepening commercial relationships; (ii) the Cross Segment programme, through which employees of companies with protocols with novobanco gain access to preferential conditions across a range of the bank's products and services, covering around 300,000 employees from more than 20,000 client companies; and (iii) a programme to reactivate inactive clients.

As a bank dedicated to supporting families and businesses throughout their lives, novobanco has launched a transformation programme designed to strengthen its position as an efficient and simple omnichannel bank with a strong customer focus. During the period, the bank expanded and accelerated its transformation efforts, concentrating on improving customer journeys. This strategic shift is reflected in high levels of customer satisfaction across several areas: (i) satisfaction with the personal loan experience remained high at 93.1%; (ii) satisfaction with the salary/current account experience reached 83.9%; (iii) the overall quality of retail service maintained excellent levels at 86.3%; and (iv) the performance of the bank's app also improved significantly, reaching 89.7% (+5.6pp YoY).

In December 2025, loans to clients (net) increased to €15.2bn (+10.5% vs Dec/24; including small businesses), reflecting increased production. In the context of strong competition in the mortgage market, novobanco has developed specific acquisition and retention offers that position the bank's proposition as one of the most competitive, which is expected to strongly support portfolio growth in the coming quarters.

Investment in new products available through digital channels translated into strong results. In 2025, personal loan sales via digital channels increased by 36% compared to 2024. Online account openings rose by more than 38%, while digital sales of credit cards and life insurance recorded extraordinary growth of around 200%.

In 2025, the small business customer base grew by 3.2% compared to December 2024.

The offering of savings and investment solutions has continued to be strengthened, notably through the introduction of new investment funds and the integration of sustainability preferences into the management model of the investment advisory service, as well as the Trading Pro service. On the term deposit side, the bank continues to maintain a competitive offering, with a range of maturities and features tailored to different savings objectives.

The reinforcement of digital channels, combined with the development of digital marketing capabilities and the evolution of the online commercial offering, has played a decisive role in improving commercial performance. In 2025, digital sales accounted for 52% of total sales, consolidating their relevance to the business. Compared to the previous year, performance

improved markedly: the share of digital sales increased by more than 20 percentage points, while growth in contract volumes exceeded 90%.

Net Interest Margin decreased to 2.64% (-0.62bps YoY), with the interest rate impact being minimized by the higher commercial activity (Net Customer Credit: +10.5% YoY), leading to Commercial Banking Income of €831mn (-11,7% YoY). Operating costs decreased by 6.3% YoY to €309mn, resulting in a Commercial Cost-to-Income ratio of 37.2% (2024: 35.0%).

In summary, the Retail segment reported a Profit Before Tax of €510mn (-8.2% vs 2024), supported by strong commercial performance.

Corporate banking

As a customer-centric bank, novobanco stands out for its differentiated banking experience, built on partnership, expertise, and proximity. For large companies, novobanco offers two corporate hubs in Lisbon and Porto. The medium-sized companies segment is supported by more than 80 dedicated managers, while over 200 managers assist the small business segment through 289 branches across the country.

With an omnichannel approach, novobanco online empresas simplifies companies' daily operations, with a particular focus on treasury management functionalities. This channel, used by 80% of active clients, reflects the bank's commitment to modernity and convenience, introducing new digital services in factoring and confirming.

Service excellence is a key pillar, with 96.9% of clients highly satisfied, contributing to an internal NPS of 58.6 (+16.0pp compared to the same period last year). Continuous investment in improving customer experience and process simplification reinforces novobanco's position as a trusted partner.

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

- *Strengthening market share in factoring and confirming*: +34% YoY growth in accumulated turnover (Dec/25), resulting in factoring market share rising to 16.6% (Sep/25; +3.3pp vs. Sep/24), with factoring with recourse reaching 22.3% market share (Sep/25);
- *Focus on equipment leasing, a key product for supporting investment*: 41% YoY growth, with over €500mn in cumulative production by Dec/25, achieving leadership with a 22.8% market share (Sep/25; +7.0pp vs. Sep/24);
- *Support for corporate investment:* offering sector-specific financing solutions with mutual guarantees, highlighting the BPF InvestEU Line with around €300mn contracted and the BPF Export Line with over €270mn contracted, supporting exporting companies in exploring new markets;
- *Proximity and specialization:* through a team of sector-specific specialists in agriculture, tourism, real estate, payments, and EU funds, developing tailored solutions for each sector's needs;
- *Comprehensive credit offerings to finance clients' investment projects*: Turismo + Sustentável Support Line and Apoio ao Turismo Support Line (in partnership with *Banco Português de Fomento*), IFAP Short-Term Line, IFAP Aid Advance Line, EIB MidCaps Line, PDR 2020 Treasury Line, and renewal of the Apoio à Qualificação da Oferta Line (LAQO 2024) in partnership with *Turismo de Portugal*;
- *Leadership in the* Apoio à Qualificação da Oferta *Line* (LAQO 2024): 25.4% market share in the number of projects financed and 31.4% of investment (Dec/25), in partnership with Turismo de Portugal;
- *Financing projects approved with European funds:* streamlined offerings under PRR and Portugal 2030, including identifying application opportunities and financing approved projects through short-term incentive advances and external capital financing. A specialized team supports novobanco clients with tailored solutions to execute projects;
- *Innovation in payment solutions:* 15.1% market share (Dec/25) in automatic payment terminal (POS) billing, offering innovative and competitive solutions to simplify client collections. Launch of SmartPOS, simplification of business deposits via VTM

automatic machines, and a digital payments platform to optimize e-commerce collections;

- *Recognition and support for the country's top companies:* assisting 2,612 companies in applying for SME Leader status 2025 (15% market share) and supporting 356 innovative companies in achieving COTEC Innovative status 2025 (31% market share).

Novobanco maintains a strong presence in the export sector, offering a wide range of products and specialised advice to support international trade, with around 65% of national exports coming from novobanco clients. This expertise is valued and recognised by the market, resulting in an 18.8% market share (Dec/25), with novobanco being named the best trade finance bank in Portugal for the 8th consecutive year by Global Finance magazine.

With a market share of 18.1% in medium-sized companies (+0.1pp vs. Dec/24), 15.7% in SMEs (stable YoY), and 13.5% in deposits from non-financial corporations, novobanco holds a leading position in supporting the Portuguese business sector, reflecting companies' confidence in the bank's strength and future.

As of December 2025, Credit to customers (net) totaled €14.9bn (+5.1% YoY). Reflecting the portfolio effect and risk appetite, Net Interest Margin was 2.92% (Dec-24: 3.48%), which resulted in Commercial Banking Income of €551mn (-5.7% YoY). Operating costs increased to €141mn (+29.9% YoY). All in all, Income before Taxes totaled €462mn (+9.6% YoY).

Digital transformation

Novobanco continues to accelerate its transformation journey, positioning itself as a digitally enabled, customer-centric institution. The Bank is pursuing a holistic transformation programme focused on strengthening its role in the Portuguese economy, 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 enhance the customer experience. This approach reorganises teams around customer needs, fostering agility, collaboration and tailored solutions. It therefore reinforces the Bank's role as a long-term partner, delivering relevant and personalised financial services while maximising internal synergies.

Key deliverables during the period include:

• Virtual Assistant mIA: rolled out across branches, the AI-powered assistant (developed with Talkdesk) enhances customer service through intelligent call routing, identity validation and automated support for recurring requests, including video call functionality. The service was also extended to voice and text messages via WhatsApp, continuously aligning with customers' habits and needs;

• Personal Loans: launch of two new digital solutions — Immediate Credit (instant fund disbursement, even outside banking hours) and 2 Clicks Credit (pre-approved offers with minimal interaction);

• Mortgages: optimisation of the mortgage process through an enhanced customer journey, reducing operational burden in branches and improving SLAs and overall customer satisfaction. During the period, the Bank also launched a cashback campaign;

• Digital Channels: new cashback programme available on the app and homebanking, allowing novobanco customers to receive refunds on purchases made with debit or credit cards at hundreds of merchants (fashion, restaurants, education, supermarkets, among others);

• Digital Savings Area: redesign of the app and homebanking interface, increasing customer satisfaction and boosting digital sales, contributing to end-to-end process efficiency;

• Trading Pro: new trading platform offering access to diversified investment opportunities in equities and ETFs across domestic and international markets, promoting simplicity and efficiency through direct account access and a dedicated support line;

• Corporate Credit Platform: full integration of the medium- and long-term credit lifecycle into a single platform, enhancing speed, efficiency and usability from origination to formalisation;

• Payments: the Bank continued to strengthen its payments ecosystem through targeted initiatives that simplify processes, enhance customer control and expand digital capabilities — supporting both individual and corporate clients with more efficient and reliable solutions, including (i) Smart POS for customers in the hospitality sector, (ii) the Pay TPA project, and (iii) increased limits for payments to public entities.

Contributing to the following achievements:

• Digital Activation: novobanco achieved strong growth in digital activation, with 73% of customers now digitally active, representing a 1.7pp increase compared to the same period last year. The percentage of active mobile customers grew by 7.0pp year-on-year (a 12% increase in the number of active mobile customers). 97% of digitally active customers also use the mobile channel;

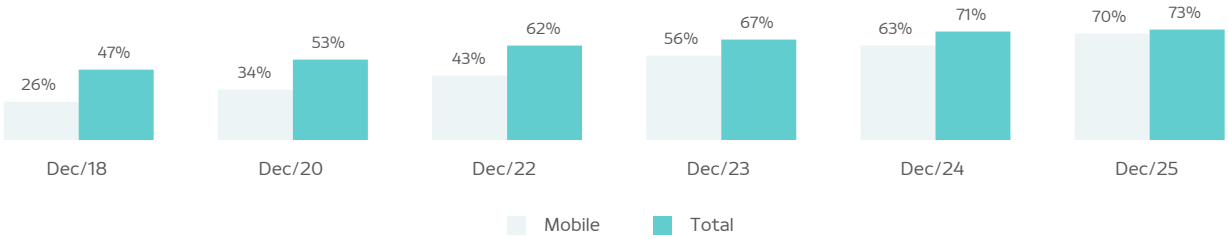
• Self-Service Operations: a significant migration towards self-service operations was recorded, with more than 80% of retail segment transactions conducted through these channels (+6.2pp vs. the same period last year). In the business and corporate segments, the figures reached 89% and 95%, respectively, demonstrating a scalable and efficient service model;

• Customer Touchpoints: 85% of customer interactions now take place through digital channels, driven by a 4pp year-on-year increase in mobile logins. This evolution reinforces novobanco's mobile-first approach and reflects a shift in customer behaviour towards more convenient and accessible banking.

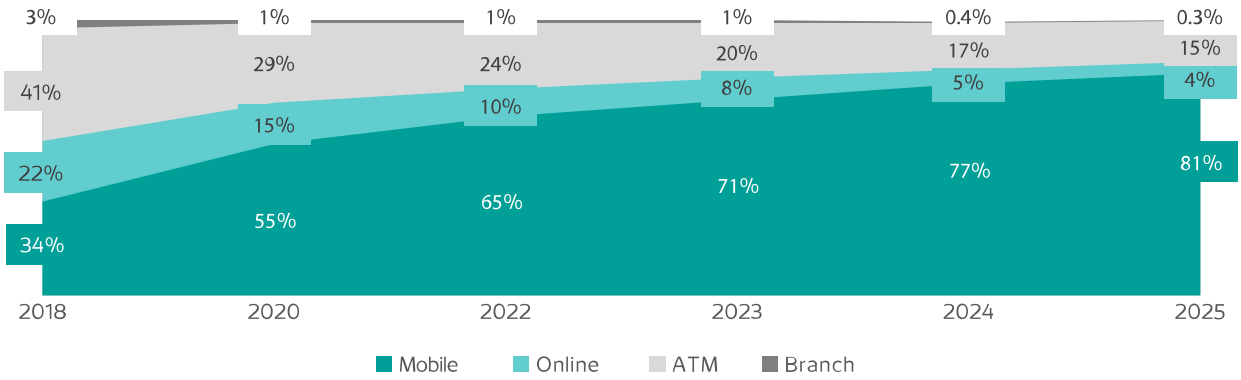
Digital sales

Credit cards	Insurance	Personal loans	Total sales
+197.9%	+66%	+36%	+265%
YoY	YoY	YoY	YoY
21.3% of segment sales +13pp YoY	61% of segment sales +37.3pp YoY	28% of segment sales +3.1pp YoY	

Active digital clients penetration rate



Customer Touchpoints

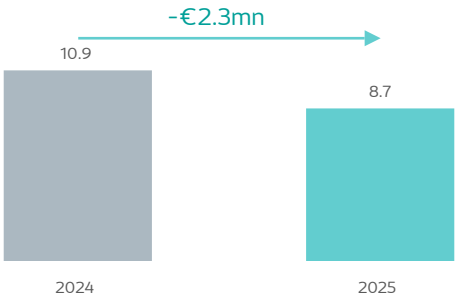




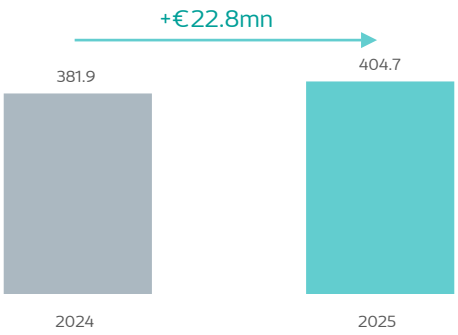
novobanco dos Açores

In 2025, novobanco dos Açores continued to foster close relationships with its retail, corporate and institutional clients, seeking to respond to their needs and to contribute to the prosperity of the Azorean economy. The activity carried out in 2025 allowed for continued growth of the client base.

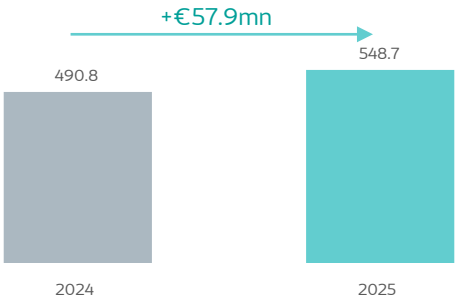
Net Interest Income (€mn)



Customer Loans (€mn)



Evolution of Deposits (€mn)



In 2025, the net income reached €8.7mn, a decrease of €2.3mn YoY. This performance was driven by the declining interest-rate environment, which led to a reduction in the financial margin, from 2.71% in 2024 to 2.35% in 2025, as well as by the increase in the other administrative expenses.

Novobanco dos Açores achieved a commercial banking income of €21.0mn (-€1.9mn YoY), pressured by the declining interest rates environment, partially mitigated by the business activity's positive growth, namely in credit and fees (+6.1% YoY).

In 2025, the assets increased by €14.9mn (+2.2%), reaching €697.4mn, supported by the growth in gross customer loans, which increased by €22.8mn (+6.0%) to €404.7mn.

As of December 2025, overdue loans totalled €1.4mn, corresponding to an overdue loan ratio of 0.4%. Non-performing loans (NPL) decreased by 16.9% YoY, to €12.5mn, resulting in an NPL ratio of 3.1%.

Customer deposits totalled €548.7mn by the end of 2025, representing an increase of 11.8% YoY.

Novobanco dos Açores was able to record a strong capacity for organic capital generation during 2025, which enabled the early redemption, without replacement, of the last issuance of senior non-preferred debt eligible for MREL, while maintaining compliance with regulatory requirements. This development reflects the Bank's financial robustness and the effectiveness of its capital structure.

In terms of profitability, the year 2025 was also marked by the achievement of a Return on Tangible Equity (RoTE) of 15.1%.

Banco Best - Banco Electrónico de Serviço Total, S.A.

With €2.6bn in Customer Resources at the end of 2025, compared with €2.3bn at the end of the previous year, and with the majority of this amount (73%) invested in off-balance-sheet products, Banco Best recorded a favourable evolution of +13% in this indicator in 2025, benefiting both from its ability to attract high-value clients and from the general appreciation observed in international financial markets during the year.

The digital marketing strategy for customer acquisition across different channels contributed to attracting 5,101 new clients, with 61% of accounts opened digitally, 46% of which via videoconference or Digital Mobile Key.

The internal customer satisfaction survey carried out in 2025 showed that 92.5% of respondents are satisfied or very satisfied with Best, and a consumer association selected Banco Best, for the third consecutive year, as the best Bank for Investing.

Regarding Net Income, the Bank achieved a positive result of €4.6m in 2025, below the figure recorded in 2024. This decrease is mainly explained by the combined impact on net interest income of the decline in the general level of interest rates and the change in the Bank's funding and equity structure, implemented in the second half of the previous year.

Conversely, the result benefited from the increase in Net Client Fees originating from Best's core activity, which grew 5% compared to 2024. Regarding operating costs, these remained within the expected budget.

On the Balance Sheet, it is worth noting the investment in Banks (mainly novobanco) and in Securities, totalling €672m. Overdue loans and interest maintained a low level of €314k, with the overdue loan ratio in Customer Credit stabilised at 0.34%. This performance results from a prudent risk policy based on granting credit collateralised by financial assets.

Benefiting from the active risk-control policy in place within GNB, Provisions recorded a net positive amount of €650k in 2025, reflecting a favourable variation compared to the previous year.

2025 highlights

- Distinctions: Best was recognised by DECO PROTeste as the "Best Bank for Investing", standing out for its broad investment fund offering, fee-free current account, high customer satisfaction and competitive pricing. Additionally, it achieved 1st place in the Investment Funds category and 2nd place in the overall ranking of the "Best Bank" study. The corporate account was also distinguished as a "Right Choice" ("Escolha Acertada") among the best current accounts for condominium management, reinforcing competitiveness in the corporate segment.

- Campaigns and Offers: The 24th anniversary campaign was launched, aimed at both new and existing Clients, offering access to preferential conditions. As part of World Savings Day, financial literacy initiatives were promoted, including a digital campaign and a Best Investment Session focused on Retirement. In credit, the bank updated rates across several product lines, positioning itself among the most competitive offerings in the market.

- Investment Solutions: Funds, PPR and Structured Products: The investment offering was strengthened with the launch of a new PPR with equity ETFs (GNB Global Equities Opportunities), new international funds — BNP Paribas, Nordea and Ethenea — and with defined-maturity funds.

- Trading Activity: The trading platform recorded significant growth, with increases of over 50% in equities and ETF trading, 78% in FX options, and 11% in assets under management (AUM), demonstrating greater dynamism and demand from Clients.

GNB Gestão de Ativos

Assets under management at year-end 2025 amounted to €8.3bn, reflecting a 7.3% increase compared to December 2024, driven by positive net subscriptions as well as the positive performance of financial markets throughout the year. Mutual funds were the main driver of the company's assets under management growth, reaching €1,424mn by the end of 2025, representing an increase of 45.5% compared to year-end 2024.

Within the mutual funds segment, GNB GA was responsible for capturing 8.5% of the variation in the national market since the beginning of the year (data as of Nov-25), allowing it to expand its market share to 5.4% (Dec-24: 4.7%), reaching the highest level of the past 10 years.

In 2025, GNB GA remained focused on strengthening its commercial activity, particularly through support to distribution networks and direct clients, as well as through the organisation of events in Lisbon and Porto for managers and clients. These initiatives resulted in consistently positive net subscriptions. Highlights during 2025 included the launch of two defined-maturity bond funds (GNB Obrigações 25–27 and GNB Obrigações 25–28), an equity-based PPR fund (GNB PPR Global Equities Opportunities), expanding its offering in this segment, and a USD-denominated bond fund (GNB Obrigações USD 2027). Together with the continued promotion of GNB Capital, these initiatives generated a total of €365mn in net subscriptions in 2025.

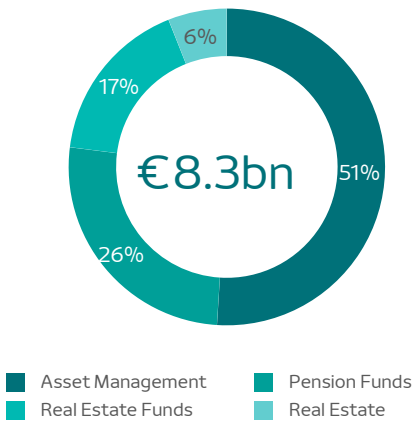
In addition to its focus on business growth, GNB GA also remained committed to the execution of its strategy of resource optimisation and efficiency, enabling the company to achieve a net result higher than that recorded in the previous three financial years, along with a significant improvement in its operational efficiency ratio.

In 2025, GNB GA reported Banking Income of €21.6mn, representing a 14.8% increase compared to 2024. This performance reflects growth in net management fees (mainly driven by the increase in assets under management), net interest income, and performance fees, which reached €1.1mn by year-end (2024: €0.6mn), clearly evidencing the strong performance of the asset management team.

Combining this effect with a 13.0% reduction in operating costs compared to the same period last year, GNB GA achieved a significant increase of 78.1% in Operating Income in 2025, reaching €10.2mn (2024: €5.7mn).

At year-end 2025, GNB GA reported a Cost-to-Income ratio of 53% (2024: 69%) and a Net Result of €8.7mn, representing an increase of €4.8mn compared to the same period last year.

GNB GA - Assets under Management (December 2025)



3.4 novobanco individual

3.4.1 Results

In the 2025 financial year, novobanco posted a positive result of €859.4mn, which compares with the 2024 result of €790.7mn.

Commercial banking income amounted to €1,399.1mn (-2.9% vs 2024), with a decrease in net interest income (-6.2%) and an increase in fees and commissions (+9.7%).

Results from financial operations totalled €95.7mn, compared to €50.1mn in the same period last year. Other operating income totalled €58.4mn (2024: +€36.7mn).

Operating costs totalled €484.8mn, a year-on-year increase of 2.3% (-0.8% excluding extraordinary costs related to the sale process) .

The operating result was positive at €1,068.3mn (+1.5% compared to 2024), and impairments and provisions totalled €117.7mn.

Also noteworthy was the cost of €62.7mn in 2024, resulting from the termination of the contingent capitalisation agreement.

	Income Statement (mn€)	2025	2024	Change	
				absolute	%
	Net Interest Income	1,068	1,139	(70)	(6.2)%
+	Fees and Commissions	331	301	29	9.7 %
=	**Commercial Banking Income**	**1,399**	**1,440**	**(41)**	**(2.9)%**
+	Capital Markets Results	96	50	46	90.9 %
+	Other Operating Results	58	37	22	59.0 %
=	**Banking Income**	**1,553**	**1,527**	**26**	**1.7 %**
–	Operating Costs	485	474	11	2.3 %
=	**Net Operating Income**	**1,068**	**1,053**	**15**	**1.5 %**
+	**CCA termination**	**–**	**(63)**	**63**	**100.0 %**
–	**Net Impairments and Provisions**	**118**	**155**	**(37)**	**(23.9)%**
	Customer credit	27	95	(68)	(71.5)%
	Other Assets and Contingencies	91	60	31	51.8 %
=	**Income before Taxes**	**951**	**835**	**115**	**13.8 %**
–	Corporate Income Tax	65	13	52	...
–	Special Tax on Banks	26	32	(5)	(16.6)%
=	**Income after Taxes**	**859**	**791**	**69**	**8.7 %**
=	**Net Income for the period**	**859**	**791**	**69**	**8.7 %**

3.4.2 Activity

In 2025, novobanco developed its activity under the same guidelines referred for novobanco group.

Ativity evolution (mn€)	2025	2024	YTD Change	
			absolute	%
Assets	**45,847**	**42,069**	**3,778**	**9.0 %**
Customer Credit (gross)	**29,624**	**27,666**	**1,959**	**7.1 %**
Loans to individuals	**14,431**	**13,739**	**693**	**5.0 %**
Residential Mortgage	3,025	3,036	(11)	(0.4)%
Other Loans	12,167	10,891	1,277	11.7 %
Loans to corporate customers	**9,976**	**9,079**	**897**	**9.9 %**
Corporate Securities	**2,191**	**1,812**	**380**	**20.9 %**
On Balance Sheet Funds	**35,738**	**32,415**	**3,323**	**10.3 %**
Deposits	31,070	28,944	2,126	7.3 %
Other Customers Funds (1)	275	529	(254)	(48.0)%
Debt Securities	3,891	2,441	1,450	59.4 %
Subordinated Debt	502	502	–	– %

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

On 31 December 2025, deposits totalled €31.1bn, an increase of 7.3% compared to 31 December 2024 (€28.9bn).

Loans to customers (gross) totalled €29,624mn (up 7.1% on Dec/24), reflecting novobanco's commitment to Portuguese companies and the domestic market, reinforcing treasury support products, providing support lines with a financial guarantee by Banco Português de Fomento, financing lines with an EIF/EIB guarantee to support companies' liquidity and investment, sectoral financing lines, among others.

Asset Quality and Coverage Ratios (mn€)	2025	2024	YtD Change	
			absolute	%
Overdue Loans > 90 days	315	288	27	9.4 %
Non-Performing Loans (NPL)	789	838	(49)	(5.8)%
Overdue Loans > 90 days / Customer Loans (gross)	1.2 %	1.2 %	0.0	p.p.
Non-Performing Loans (NPL) Ratio	**3.0 %**	**3.4 %**	**(0.4)**	**p.p.**
Credit provisions / Customer Loans	2.7 %	3.3 %	(0.6)	p.p.
Coverage of Overdue Loans > 90 days	231.1 %	283.6 %	(52.4)	p.p.
Coverage of Non-Performing Loans	**92.2 %**	**97.4 %**	**(5.2)**	**p.p.**

In 2025, inflows of non-performing loans decreased, which, combined with recovery activity, contributed to the continued decrease in the amount of non-performing loans and, consequently, to the reduction in the NPL ratio to 3.0% (2024: 3.4%). In 2025, NPL coverage by impairments stood at 92.2% (-5.2 p.p. compared to Dec/24).

our capital and liquidity

4.1 Capital Ratios

Backed by a strong financial performance and capital generation (above 400bps), as of December 2025, CET1 ratio totalled 17.4% and Total Capital ratio reached 20.2% (with incorporation of 40% of the 2025 Net Income). Considering incorporation of 100% of the 2025 Net Income, CET1 would be 19.9% and Total Capital 22.70%.

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)		2025 (2) (4)	2025 (2) (3)	2024 (1)
Risk Weighted Assets (CRD IV/CRR)	(A)	20,224	20,224	21,413
Own Funds				
Common Equity Tier 1	(B)	3,521	4,018	4,311
Tier 1	(C)	3,522	4,019	4,313
Total Own Funds	(D)	4,094	4,591	4,894
Common Equity Tier 1 Ratio	**(B/A)**	**17.4 %**	**19.9 %**	**20.1 %**
Tier 1 Ratio	**(C/A)**	**17.4 %**	**19.9 %**	**20.1 %**
Solvency Ratio	**(D/A)**	**20.2 %**	**22.7 %**	**22.9 %**
Leverage Ratio		7.0 %	8.0 %	9.6 %

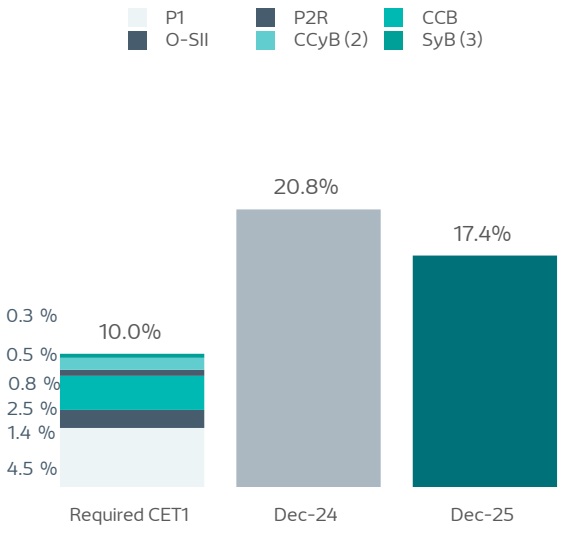
(1) 2024 ratios includes 1H24 net income and 2H24 net income deducted of accumulated dividend.

(2) Preliminary

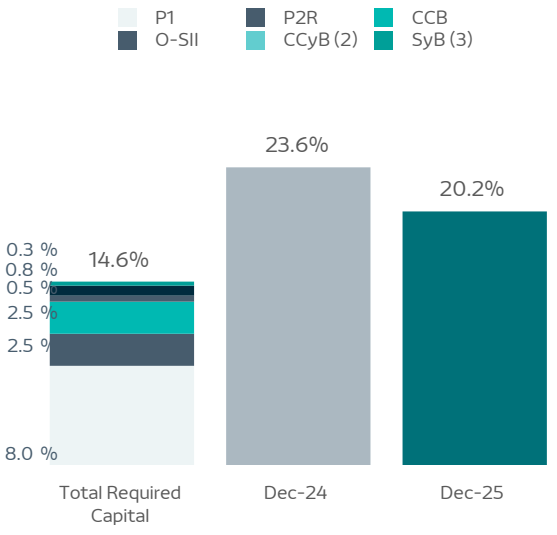
(3) 2025 ratios pro-forma for incorporation of 100% of 2025 net income.

(4) 2025 ratios include 40% of 2025 net income.

CET 1 Ratio[1]
(%)



Total Capital[1]
(%)



(1) Considers the incorporation of 40% of 2025 results, subject to shareholders approval and the incorporation of results into the capital; (2) Not fixed amount, includes Countercyclical capital buffer of 0.75% in Portugal taking effect from 1-Jan-26; (3) Not fixed amount, starting on 1-Oct-24, capital requirements include a buffer on exposures secured by residential real estate ~30bps;

4.2 Liquidity and Funding

Liquidity Management

Novobanco manages liquidity in accordance with all the regulatory requirements and its own management principles, guaranteeing that all responsibilities are met, whether in normal market conditions or under stress conditions. These include, among others, the ECB´s legal reserves, liquidity ratios (LCR and NSFR), maintenance of adequate levels of liquid assets, the definition of funding transfer pricing (FTP) framework and establishment of an offer of financial products that results in diversification of the funding sources.

Short-term liquidity is monitored through daily mismatch reports, prepared in accordance with pre-established guidelines and internally defined metrics, which allows the bank to make early detection of any signals of crisis with potential impacts on the bank, namely through idiosyncratic risk, contagion risk (due to market tensions) or the risk of repercussions of an economic crisis on the bank. The report monitors the evolution of the liquidity position, including eligible assets and liquidity buffers, main cash inflows and outflows, deposits' evolution, medium- and long-term funding, central banks funding, the evolution of the treasury gap (net interbank deposits), as well as several early warning indicators established for the purpose.

This process ensures an ongoing and active role in liquidity risk management and risk assessment from the EBD and also allows the bank to take immediate action if needed. In addition, the liquidity position is also daily reported to the Joint Supervisory Team.

In terms of structural liquidity, novobanco manages its activity and funding sources in order to achieve funding stability and cost optimization avoiding, to the extent possible, undesirable liquidity risks. The structural liquidity of the bank is analysed in detail on the Capital and Asset Liability Committee ("CALCO"), which meets on a monthly basis. Among others, CALCO analyses and discusses the bank's liquidity position, and performs a comprehensive analysis of the liquidity risk and its evolution, with a special focus on current liquidity buffers and generation/maintenance of eligible assets for rediscount with the ECB and respective impacts on the liquidity ratios.

The funding policy of Group novobanco is one of the major components of the bank's liquidity risk management, which stresses the diversification of funding sources by instruments, investors and maturities. Given the commercial nature of the balance sheet, novobanco's strategy has, since its inception, largely relied on boosting customer deposits as its major source of funding, which have proven to be quite stable throughout the years.

Additionally, the bank prepares a monthly liquidity report (for more details see chapter 2.3. Risk Management), considering, not only the effective maturity but also the behavioural maturity of the various products, which allows for evaluation of the structural mismatches by time bucket. Based on this information and the bank's medium-term plan, the annual activity funding plan is prepared considering the established budget targets. This plan, which is regularly reviewed, favours, as much as possible, stable funding instruments.

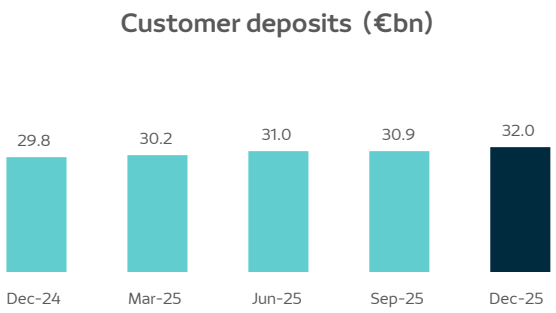
The bank also has in place a contingency liquidity plan, which comprises a set of measures that, if triggered, would allow the bank to manage and/or minimize the effects of a severe liquidity crisis. These measures aim to address additional liquidity needs and boost the resilience of novobanco in a potential stress situation.

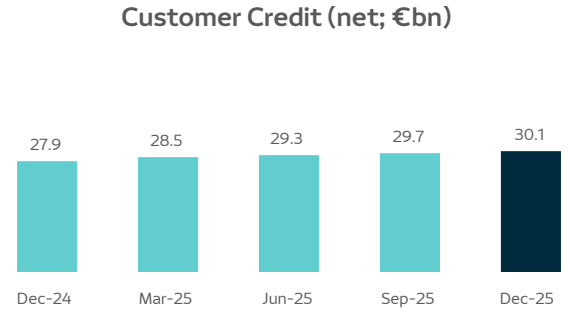
Finally, the bank also performs, on an annual basis, an Internal Liquidity Adequacy Assessment Process or ILAAP, which evaluates the liquidity position of the bank in a normal and stressful scenario. The results of this process, which is approved by the EBD, must be sent to the regulatory authorities, and concluded that the bank's funding and liquidity structure and internal processes are solid and that the bank could withstand a stress scenario.

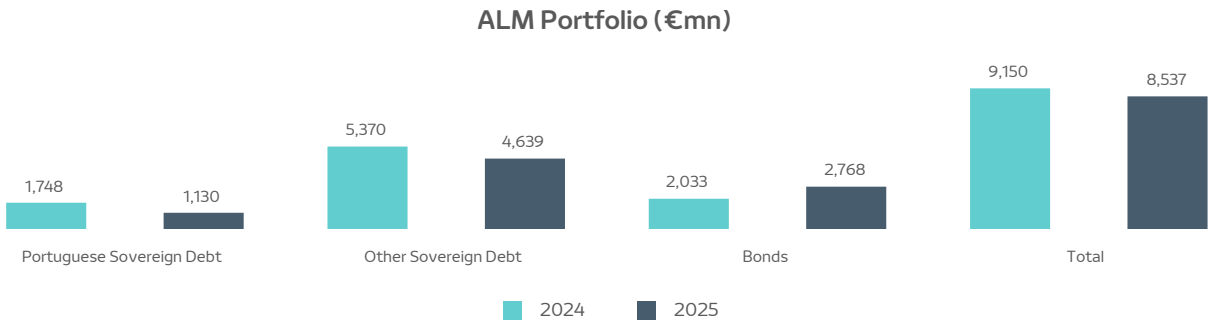
Funding Structure and Liquidity in 2025

In 2025, novobanco maintained a comfortable liquidity position, positively influenced by market funding activity and the solid performance of its commercial operations. As of 31 December 2025, novobanco's Liquidity Coverage Ratio (LCR) stood at 160% (Dec/24: 164%) and the Net Stable Funding Ratio (NSFR) was 118% (Dec/24: 117%), both comfortably above regulatory requirements.

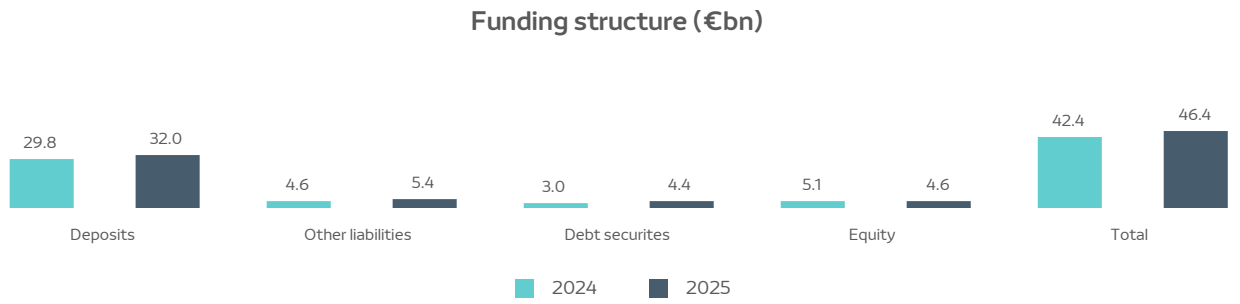
In terms of commercial activity, as of 31 December 2025, customer credit (gross) increased by €1.9bn to €30.9bn (Dec/24: €29.0bn), with favorable performance across all segments, while customer deposits rose by €2.3bn to €32.0bn (Dec/24: €29.8bn), mainly driven by strong performance in the corporate segment. On the other hand, the ALM portfolio decreased by €0.6bn during the period, primarily due to scheduled redemptions and some asset sales.







Regarding market funding, similar to what occurred in 2024, the Bank took advantage of favourable market conditions and issued €1.5bn in debt, namely: (i) a senior preferred debt issuance of €500mn maturing on 22 January 2031, with an early redemption option by the Bank on 22 January 2030 (5 years), which attracted strong market interest; (ii) a €500mn covered bond issuance in January, maturing on 4 February 2030 (soft bullet); and (iii) a new €500mn covered bond issuance in May, maturing on 20 May 2029 (soft bullet). These issuances allowed the Bank to diversify and optimize its funding sources, positively impacting the Bank's liquidity position and ratios, following the €1.3bn capital reduction and dividend distribution that occurred in the second quarter of 2025.



Additionally, since the beginning of the year, the Bank entered in collateral switch operations through repo format that amounted €2.2bn.

During 2025, deposits at the ECB increased by €0.4bn, totalling €1.8bn as of 31 December 2025 (Dec/24: €1.3bn). As of 31 December 2025, novobanco had no ECB funding, and therefore net ECB funding (ECB funding minus deposits at European Central Banks) increased to €-1.8bn (Dec/24: €-1.3bn), maintaining its net funding position.

As of 31 December 2025, the portfolio of eligible assets available for rediscount as collateral with the European Central Bank stood at €18.6bn, representing an increase of €1.7bn compared to 31 December 2024. The amount of eligible assets available for rediscount with the ECB totalled €14.0bn (net of haircut). In addition to the above, novobanco holds HQLA assets not eligible with the ECB and deposits at the ECB, resulting in a total liquidity buffer of €17.4bn, mostly composed of high-quality liquid assets.

In terms of MREL requirements, on 5 January 2026, the Bank announced that, as of 31 December 2025, its new consolidated MREL requirements would be equivalent to: (i) 23.09% of total risk-weighted assets (TREA), plus the then-applicable combined capital buffer requirement (Dec/25: 4.1%; including countercyclical capital buffer of 0.75% in Portugal taking effect from 1-Jan-26); (ii) 5.90% of the leverage ratio exposure (LRE). This decision reflects an increase in TREA requirements from 23.04% to 23.09%, reflecting the benefit of the P2R decrease but impacted by the increase in the Systemic Buffer (considered for MREL under the MCC - Market Confidence Charge).

Supported by strong capital generation and issuance throughout the year, novobanco achieved a MREL of 30.7% of TREA as of 31 December 2025 (proforma including 40% of 2025 net income).

MREL (BdP notification; Jan-25; %)	Requirements: from Dec-25 onwards	Dec-25 (3)
TREA (1)	23.1 %	
Combined Buffer	4.1 %	
Total	**27.15 %**	**30.7 %**
LRE (2)	**5.9 %**	**12.3 %**

(1) TREA - Total Risk Exposure Amount; Dec-25 requirement as announced on January 2026

(2) LRE - Total Leverage Exposure

(3) Proforma considering 40% of 2025 net income

corporate governance

5.1. Shareholder Structure

5.1.1. Qualified holdings in the share capital of novobanco

At the Extraordinary General Meeting held on 5 May 2025, it was resolved to reduce the share capital of novobanco by €1,100,000,000.30 (one thousand one hundred million and thirty cents), to the amount of €2,245,000,000.00 (two thousand two hundred and forty-five million), represented by 500,000,000 (five hundred million) nominative shares in book-entry form, with no nominal value and fully subscribed and paid up. The share capital reduction was intended to release excess capital, without the extinction of shares and with the corresponding amount reflected in the book value, and the amount corresponding to the reduction was distributed to the Bank's shareholders.

Qualified holdings in novobanco's share capital as at the date of this report:

Shareholder	Number of shares	% of share capital
Nani Holdings S.à.r.l *	375 000 000	75.00 %
Resolution Fund	67 692 083	13.54 %
Directorate General for the Treasury and Finance	57 307 917	11.46 %

* Formerly Nani Holdings, SGPS, S.A.; following its transfer of registered seat from Portugal to Luxembourg by way of legal continuation in 2023

5.1.2. Equity holders with special rights

There are no shareholders with special rights.

5.1.3. Restrictions on voting rights

Due to the commitments undertaken by the Portuguese State before the European Commission in the context of the approval, in 2017 of the sale of a 75% shareholding in the share capital of novobanco under the European Union State aid rules, the Resolution Fund, as shareholder, must refrain – even after the end of the restructuring period – from exercising its non-property rights, including the right to vote.

5.2 Corporate Bodies: Composition and Functioning

5.2.1 Composition and functioning of the management and supervisory bodies and changes in the Company's Articles of Association

Under the terms of the Company's Articles of Association, the corporate and statutory bodies of novobanco are the General Shareholders Meeting, the General and Supervisory Board (GSB), the Executive Board of Directors (EBD), the Statutory Auditor, and the Company Secretary. The members of the corporate bodies are elected for four-year term of office, except for the Statutory Auditor, whose mandate has a minimum duration of two years and a maximum of four years, and they may be re-elected once or more than once.

Also, according to the Articles of Association, the members of the Board of the General Shareholders Meeting and the GSB are elected by the General Shareholders Meeting. The General Shareholders Meeting also has the powers to appoint and replace the bank's Statutory Auditor, acting upon a proposal of the GSB, based on a proposal of the Financial Affairs (Audit) Committee.

The members of the Executive Board of Directors are appointed by the General and Supervisory Board.

The Company Secretary and the Alternate Secretary are appointed by the Executive Board of Directors, upon consultation with the General and Supervisory Board.

5.2.2 Amendments to the Articles of Association

Changes to novobanco's Articles of Association are the responsibility of the General Shareholders Meeting.

In March 2025, an amendment was made to novobanco's Articles of Association in order to adjust the wording of paragraph 3 of Article 26 (Financial Year and Appropriations of Profits) and to align the Portuguese version with the English version.

Additionally, in May 2025, an amendment to novobanco's Articles of Association was enacted with regard to Article 4 (Share Capital and Shares), reflecting the reduction of the share capital, which became €2,245,000,000.00 (two billion, two hundred and forty-five million), while remaining represented by 500,000,000 (five hundred million) shares.

5.2.3 General and Supervisory Board (GSB)

The General and Supervisory Board (GSB) is the supervisory body of novobanco and its members are elected by the General Shareholders Meeting.

On 20 December 2024, the General Meeting of novobanco appointed the General and Supervisory Board for the 2025–2028 term of office, which, as at the date of preparation of this Report, is composed of 9 (nine) members, 6 (six) of whom are independent."

As at 31 December 2025, the Committees of the GSB had the following composition:

Chairman (C)	Vice-President	Member	Name	M/F	Independent	Start of the 1st mandate	Start of current mandate	End of current mandate	GSB Committees				
									Financial Affairs	Risk	Compliance	Nominations	Remunerations
•			Byron James Macbean Haynes	M	•	18-10-2017	21-03-2025	31-12-2028	•	•			C
	•		Karl-Gerhard Eick	M	•	18-10-2017	21-03-2025	31-12-2028	C	•			•
		•	Kambiz Nourbakhsh	M		18-10-2017	21-03-2025	31-12-2028	•	•			
		•	Mark Andrew Coker	M		18-10-2017	21-03-2025	31-12-2028			•	•	
		•	Carla Antunes da Silva	F	•	06-06-2018	21-03-2025	31-12-2028				•	
		•	William Henry Newton	M	•	29-04-2021	21-03-2025	31-12-2028		C			
		•	Monika Wildner	F	•	21-06-2023	21-03-2025	31-12-2028			C		
		•	Evgeniy Kazarez	M		30-10-2023	21-03-2025	31-12-2028		•			•
		•	Susana Gomez Smith	F	•	31-05-2024	07-04-2025	31-12-2028			•	C	

On 21 March 2025, the General and Supervisory Board obtained regulatory (fit and proper) authorisation for a new four-year term (2025–2028), with the composition referred to above.[1]

The GSB meets monthly, or whenever necessary, and has the functions entrusted by law, the bank's Articles of Association, and its internal regulation, including the ultimate and overall responsibility for supervising the bank and implementing governance systems that ensure effective and prudent management, supervising all matters relating to risk management, compliance and internal audit. Its main function is to regularly advise and supervise the Executive Board of Directors in the management of the bank and the companies of novobanco Group, particularly regarding compliance with regulatory requirements relating to banking activity.

Additionally, the GSB has specific powers to elect the members of the Executive Board of Directors and responsibilities for approving certain matters established in the Articles of Association, namely with regard to the approval of (i) credit, risk and accounting policies, (ii) business plan, budget and activity plan, (iii) change of registered address, and closure or changes to representation structures abroad, (iv) capital expenditure, debt or refinancing, disposals or acquisitions, creation of liens or granting of loans above certain limits and within certain conditions and (v) hiring of employees with annual remuneration above certain thresholds.

The Chairman of the GSB and the Chief Executive Officer maintain regular dialogue and communication between them.

In its activity, the GSB is directly supported by 5 (five) Committees: Financial Affairs (Audit) Committee, Risk Committee, Compliance Committee, Nomination Committee, and Remuneration Committee, which have their own legally established powers and responsibilities and others delegated by the General and Supervisory Board.

These Committees are composed of at least 3 (three) members of the GSB, the majority of whom must be independent, including its Chairman. The members of the Executive Board of Directors that are responsible for the areas covered by the activities of these Committees can participate in their meetings.

The committees work in close collaboration with each other and coordinate their activities, maintaining a fluid and ongoing dialogue with the GSB, to which they report on their activity and decisions taken.

[1] Except for Susana Smith, whose regulatory authorization to perform duties was granted on 7 April 2025.

In general terms, and among others that may be delegated to them by the GSB, the Committees have the following powers and responsibilities:

Financial Affairs (Audit) Committee

The Financial Affairs (Audit) Committee advises and supports the GSB in the fulfilment of its responsibilities with regard to overseeing the effectiveness of the bank's internal control, risk management and internal audit systems, monitoring and supervising the financial performance of the bank and other financial entities included in the prudential consolidation perimeter, the accounting policies and reporting processes, and monitoring the statutory auditor's activity. In particular, it has the powers and duties set out in Article 441(1)(f) to (o) by virtue of Article 444(2) of the Portuguese Companies Code.

Risk Committee

The Risk Committee advises and supports the GSB in monitoring the bank's current and future global risk appetite and risk strategy, supervising the implementation by the bank's senior management of the risk prevention model, as well as the effectiveness of the internal control system and risk management system of the bank and the financial companies included in its prudential consolidation perimeter.

The Committee also has the powers and duties laid down by law, the applicable regulations and its internal regulation, which include, among others, supervising the implementation of capital and liquidity management strategies, assessing and approving materially relevant lending operations, and monitoring compliance with credit and risk policies.

Compliance Committee

The Compliance Committee advises and supports the GSB, including with regard to the bank's financial subsidiaries, in monitoring the bank's compliance and anti-money laundering and terrorist financing matters, including, but not limited to, compliance by the bank (including its employees and corporate bodies) with legal and regulatory requirements as well as its relevant policies and processes related to those matters, and its policies on business conduct and ethics, conflicts of interest, related-party transactions, market abuse, anti-bribery and anti-corruption, as well as in monitoring compliance risk.

Nomination Committee

The Nomination Committee supports the GSB in overseeing the Executive Board of Directors in its role of ensuring that appointment policies are consistent and well-integrated in the bank and its financial subsidiaries, namely by identifying and recommending candidates to fill positions on the GSB and Executive Board of Directors and key function holder positions, setting objectives for the promotion of the under-represented gender as well as ensuring the means to achieve them, drawing up and monitoring succession plans, reviewing the Selection and Evaluation Policy for Members of the Management and Supervisory Bodies and Key Function Holders and monitoring its application, annually assessing the knowledge, skills and experience of each member of the GSB and Executive Board of Directors, among other duties assigned to it under the terms of the law, applicable regulations and its internal regulation.

Remuneration Committee

The Remuneration Committee advises and supports the GSB in defining and establishing appropriate, consistent and well-integrated remuneration structures for the bank, including its financial subsidiaries, in monitoring and implementing remuneration policies, and in defining variable remuneration on the basis of established criteria, taking into account the long-term interests of shareholders, investors and relevant stakeholders.

The company documents and main regulations can be accessed at www.novobanco.com > About us > Policies and corporate documents > Company Documents:

https://www.novobanco.com/us/en/about-us/policies-and-corporate-documents.html

5.2.4. Executive Board of Directors (EBD)

The Executive Board of Directors (EBD) is the corporate body responsible for managing the bank. Under the terms of the law and the Articles of Association, and respecting the powers of the other corporate bodies, it is responsible for defining the bank's and the Group's general policies and strategic objectives, in compliance with banking standards and good practices. The EBD meets whenever necessary and at least once a week.

The EBD has no powers to resolve on capital increases, or on the issuance of securities convertible into shares or securities granting subscription rights, such decisions being the exclusive responsibility of the General Shareholders Meeting and requiring the prior opinion of the GSB.

The members of the Executive Board of Directors (EBD) are appointed by the General and Supervisory Board, which is also responsible for appointing the Chair of the EBD (CEO).

During 2025, the composition of novobanco's Executive Board of Directors (EBD) underwent one change, on 7 January 2025, concerning the dismissal of Carlos Brandão from his position as member of the EBD and CRO, with just cause and with immediate effect.

In March 2025, the Nomination Committee of the GSB recommended to the GSB the appointment of the members of the EBD for the new 2025–2028 term of office, with the following composition, which remained unchanged as at 31 December 2025:

- Mark George Bourke - Chief Executive Officer ("CEO")
- Benjamin Friedrich Dickgiesser - Chief Financial Officer ("CFO")
- Luís Miguel Alves Ribeiro - Chief Commercial Officer (Corporate) ("CCOC")
- João José Martín Moreno da Paixão Moreira – Chief Commercial Officer Retail ("CCOR")
- Patrícia Afonso Fonseca - Chief Legal, Compliance & Sustainability Officer ("CLCSO")
- Carmen Garcia Gonçalves - Chief Risk Officer ("CRO")
- Rui Miguel Dias Ribeiro Fontes - Chief Credit Officer ("CCO")

On 25 August 2025, the ECB issued its decision of no objection to the appointment of Patrícia Afonso Fonseca and Carmen Gonçalves and to the renewal of the remaining members of the EBD.

Committees of the Executive Board of Directors

Under the terms of its internal regulation, the EBD may approve the establishment of Committees to oversee certain specific matters of the bank's activity, define and approve their powers and duties, appoint their members, and establish their rules of procedure.

In this context, the EBD has established Committees to deal with specific matters or areas of activity, with powers delegated by the EBD to take decisions in accordance with the defined rules, and Sub-Committees established under the Committees, with powers delegated by the respective Committee, with participants who may or may not be different from those of the respective Committees, without prejudice to other internal discussion forums of an advisory and/or monitoring nature on specific topics.

As at 31 December 2025 the Committees of the EBD had the following composition:

Committee	Main responsibilities	Composition
Capital, Assets and Liabilities Committee	Responsible for defining the balance sheet management principles/policies, namely with regard to capital, product pricing (assets and liabilities), maximum product volumes, market risks (interest rate, liquidity and foreign exchange) and for monitoring their impacts at the novobanco Group level. The ALCO Committee must also monitor the crisis indicators (Early Warning Indicators) related to the Recovery Plan, as well as those related to Liquidity, proposing mitigation measures and, if necessary, triggering the recovery plan and/or the liquidity contingency plan.	Chairperson: **Benjamin Friedrich Dickgiesser (CFO)** Members: Mark George Bourke (CEO), Rui Fontes (CCO), Luís Ribeiro (CCOC), João Paixão Moreira (CCOR), Carmen Gonçalves(CRO)
Risk Committee	Responsible for issuing an opinion on, approving, under delegation of powers from the Executive Board of Directors, and monitoring novobanco Group's policies and risk levels. In this context, it is responsible for monitoring the evolution of novobanco Group's integrated risk profile, and for analysing and proposing methodologies, policies, procedures and instruments to assess all types of risk, namely credit, market, liquidity, IRRBB, non-financial, and ESG.	Chairperson: **Carmen Garcia Gonçalves (CRO)** Members: Mark Bourke (CEO), Benjamin Dickgiesser (CFO), Rui Fontes (CCO), Luís Ribeiro (CCOC), João Paixão Moreira (CCOR), Patrícia Afonso Fonseca (CLCSO).
Credit Committee	Responsible for deciding the main credit operations in which the novobanco Group participates, based on the risk policies defined by and implemented in novobanco Group.	Chairperson: **Rui Miguel Dias Ribeiro Fontes (CCO)** Members: Carmen Gonçalves (CRO) (3), Luís Ribeiro (CCOC).
Internal Control System Committee	The Committee monitors all issues related to novobanco Group's Internal Control System, without prejudice to the responsibilities attributed in this regard to the EBD, Risk Committee, Operational Risk Subcommittee and Compliance and Product Committee. This committee is responsible, among others, for the overall monitoring of internal control deficiencies, analysing the control environment quality indicators and proposing improvements, and monitoring Quality Assurance activities.	Chairperson: **Carmen Garcia Gonçalves (CRO)** Members: Mark Bourke (CEO), Patrícia Afonso Fonseca (CLCSO)
Compliance and Product Committee	Responsible for the approval, from a compliance perspective, of products and services to be produced and/or distributed by the bank, issuing an opinion on all of them as part of the product "sign-off" process, as well as monitoring issues relating to compliance control, regulatory control and the promotion of the fulfilment of legal obligations, among others.	Chairperson: **Patrícia Afonso Fonseca (CLCSO)** Members: Mark Bourke (CEO), Luís Ribeiro (CCOC), João Paixão Moreira (CCOR), Carmen Garcia Gonçalves (CRO)
Transformation Committee	The Transformation Committee is responsible for developing novobancos' strategic objectives for digital transformation, efficiency and simplification of operations.	Chairperson: **Mark George Bourke (CEO)** Members: Benjamin Dickgiesser (CFO), Rui Fontes (CCO), Luís Ribeiro (CCOC), João Paixão Moreira (CCOR), Patrícia Afonso Fonseca (CLCSO) (3), Carmen Garcia Gonçalves (CRO) (3).
Investment and Costs Committee	Responsible for approving the execution of expenditure, within the limits of its defined remit. Its objectives include defining the annual spending plan and reviewing the procurement strategy.	By delegation of the EBD, decision making by the CCI(1) is joint between the COO and the Head of DPGC(2)
Extended Impairment Committee	Responsible for defining the amount of impairment to be allocated to each Client taking into account novobanco's exposure to the client or group of clients.	Chairperson: **Carmen Garcia Gonçalves (CRO)** Members: Benjamin Dickgiesser (CFO), Rui Fontes (CCO), Luís Ribeiro (CCOC)

(1) CCI: Investment and Costs Committee.
(2) DPGC: Planning and Management Department.

The EBD has also established three (3) Sub-Committees - the Non-Performing Assets (NPA) Sub-Committee, the Model Risk Extended Sub-Committee and the Non-Financial Risks Sub-Committee - and various Steering Committees, such as for the areas of Retail, Corporate, Human Capital, IT and Data, Investment and Activity Monitoring, and Sustainability (ESG).

5.2.5 Statutory Auditor

The Statutory Auditor and Alternate Statutory Auditor are elected and removed by the General Shareholders Meeting, under a proposal of the Financial Affairs (Audit) Committee, and they have the powers and responsibilities provided for in the law.

The current term runs from 2025 to 2027, as approved at the General Shareholders' Meeting held on 21 March 2025.



5.3 Internal Control System

Definition and Objectives

The Internal Control System of novobanco's Group is integral to the running of the organisation, combining strategies, policies, processes, systems and procedures to ensure the medium- and long-term sustainability of the institution and the prudent exercise of its activity.

An appropriate and effective Internal Control System is key for the organisation to ensure:

- the fulfilment of the objectives set out in strategic planning, through the efficient execution of operations, the thoughtful use of the institution's resources and the safeguarding of its assets;
- the proper identification, assessment, monitoring and control of the risks to which the institution is or may come to be exposed;
- the existence of comprehensive, relevant, reliable, and timely financial and non-financial information;
- the adoption of solid accounting principles; and
- compliance with the legislation, regulations and guidelines applicable to the institution's activity, issued by the competent authorities, with the institution's own internal regulations, and with professional and ethical standards and practices and with rules on conduct and relationship with clients.

Internal Control concerns to all the members of the Institution's management and supervisory bodies and employees, who perform their duties in accordance with internal policies and standards of ethics, integrity and professionalism, and with the responsibilities assigned to the structural units and all business areas, outsourced activities and product distribution channels. Each employee has a role to play as well as duties and responsibilities, which contribute to ensure the efficiency and effectiveness of Internal Control.

The EBD has ultimate and overall responsibility for the institution, and defines, supervises and promotes the implementation of an adequate Internal Control System with a clear organisational structure and independent risk management, compliance and audit functions.

For its part, the GSB is responsible for ensuring that the EBD establishes and maintains adequate, independent and effective Internal Control System, in compliance with the law, regulations and internal policies.

novobanco Group's Internal Control System is consistently implemented across all the financial entities of the Group over which it exercises management control, without prejudice to additional requirements of the applicable legislation and specificities of the functions involved in the System.

General Principles

In order to effectively achieve the defined objectives, novobanco Group's Internal Control System is based on the following principles:

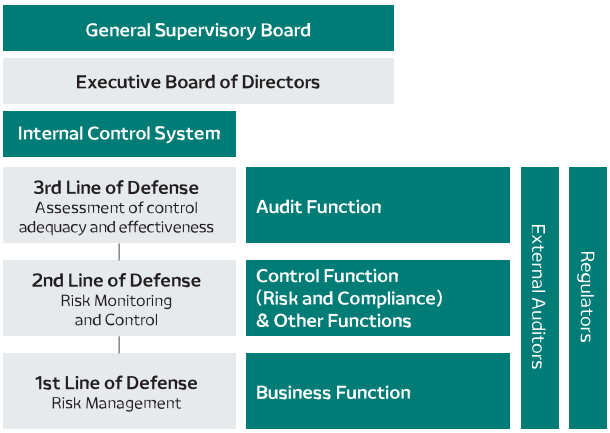
- An appropriate control environment that reflects the importance attached by novobanco Group to the Internal Control System, whose organisation is supported by a three lines of defence model that defines the levels of responsibility in terms of governance and risk management for the different functions that make up each line, including permanent, independent and effective internal control functions; a robust risk management system designed to identify, assess, monitor and control all risks that may affect the strategy, risk appetite and objectives of the novobanco Group;
- Efficient information and communication system that ensures the timely collection, processing and exchange of relevant, reliable, complete, comprehensive and consistent information to enable effective and timely management and control of the activity and the inherent risks;
- Effective monitoring process, implemented to ensure the adequacy and effectiveness of the Internal Control System over time, ensuring in particular the timely identification of any deficiencies and opportunities for improvement

allowing to strengthen the Internal Control System, and triggering corrective action.

Under novobanco Group's Internal Control System, policies, processes, procedures, systems and controls are formalised in internal standards, process catalogues, internal control manuals, presentations supporting the main committees involved in the management of risk, information and communication, control function reports, and the Annual Self-Assessment Report itself.

3 Lines of Defence Model

The Internal Control System is supported by the 3 lines of defence model, which defines and distinguishes the levels of intervention and responsibility in risk management and control implementation to ensure the overall adequacy and effectiveness of Internal Control System across the organisation.



The 1st line of defence is ensured by the organisational units that assume and manage the risk of their activities, of the IT processes and systems they sponsor, and of the outsourced activities under their responsibility, on a daily basis and within pre-established limits set by the EBD.

These units are responsible for the identification, assessment and control of risks in the activities under their scope of action and framed within the defined levels of risk tolerance, on an ongoing basis. It is up to them to implement mechanisms to ensure that the assumed risks are timely reported to the internal control functions. Implementing, maintaining and executing effective internal controls and conducting established control procedures is also their responsibility.

The mission of the 2nd line of defence is to keep the bank within its risk limits by controlling, measuring and monitoring risks and reporting any deviations from the applicable risk policies. This line of defence comprises the "Risk Management" and "Compliance" Internal Control Functions, the first performed by the Global Risk Department and the Compliance Department, complemented by activities carried out by other departments of the bank (e.g. Accounting, Consolidation and Information Department, Chief Information Security Officer).

It defines risk management and control policies, methodologies and tools, functionally supervises and monitors the effectiveness of the 1st Line, controls legal and regulatory compliance, and reports to the bank's management and supervisory bodies as well as to the relevant external authorities, where applicable.

The 3rd line of defence is held by the Internal Audit Department, and its mission is to make an independent and risk-based assessment of the adequacy and effectiveness of the entity's organisational culture and its governance and internal control systems.

To ensure its necessary independence, the internal audit function:

- Reports functionally to the Financial Affairs (Audit) Committee of the General and Supervisory Board and hierarchically (i.e. daily operations) to the Chief Executive Officer (CEO);
- Performs its activity in accordance with a pre-established plan and a risk-based approach. This plan is approved by the General and Supervisory Board; and
- Cannot have any kind of responsibility or authority over the design, implementation and execution of the control procedures which it audits.

The EBD may request information and opinions from the internal audit function, namely in matters of risk, internal control and compliance.

Additionally, and as external participant in the defence of the Internal Control System (4th line of defence):

- the Statutory Auditor acts as an additional line of defence, given its duties, which are essentially to supervise the accounts, including the Self-Assessment Report;

- the Supervision Authorities (ECB, BoP, CMVM, ASF, CNPD, CSSF) act as the last line of defence, monitoring and promoting compliance with prudential rules at financial level and at the level of people, incentives schemes, governance structures, systems and processes. The intervention of the Supervision Authorities does not exempt the institution from its responsibility of ensuring sound and prudent management and compliance with the prudential rules.

This line of defence external to the organisation promotes a strong risk culture as well as a more efficient risk management within the parameters institutionally defined for the purpose. In this context, these entities contribute in the following manner: (i) they provide guidelines/recommendations and supervise the governance of the organisation, namely through detailed assessments and regular interaction with the EBD and senior management and (ii) they request improvements and remediation measures, when and if necessary.

Independence of the Control Functions

The independence of the control functions is ensured through implementation of the following mechanisms:

- Internal authority: the control functions are established at an appropriate hierarchical level and report hierarchically to the EBD and functionally to the GSB and respective committees, regularly participating in the meetings of these bodies;

- Head of function: the person responsible for the control function does not carry out activities in business or support areas that are subject to control;

- Human Resources: the employees allocated to these functions only perform control functions and are independent from the negotiation and support units that they supervise and control. However, they are not isolated from them, and are familiar with their activity. The control functions have an adequate number of qualified staff (both in the bank and in its subsidiaries and branch);

- Remuneration: the remuneration of employees in control functions is not linked to the results of the activities they supervise and control, nor does it otherwise compromise their objectivity;

- Technical resources and organisation: the functions have adequate technical resources at their disposal and are organisationally independent from each other;

- Scope: the novobanco's supervisory functions develop activities of supervision and liaise with the supervisory functions of its subsidiaries and branch.

5.4 Main Policies

For novobanco Group, the legal framework that regulates its activities is decisive for its actions, but equally important is the framework of values, principles and good practices that guide its conduct and establish the standards that govern the manner in which the Group performs its activities. The existence and application of the Code of Conduct, the Conflicts of Interest Policy, the Whistleblowing Policy and the Anti-Bribery and Corruption Policy are of particular importance across the novobanco Group.

Additionally, but no less relevant, the scrutiny and transparency requirements set out in the Related-Party Transactions Policy, the strict application of the Law and of the Policies on the Prevention, Detection and Combat of Financial Crime, the care and transparency towards clients and investors resulting from the Investor Protection and Market Transparency Policies, and the sound and prudent management ensured by the Remuneration Policies for the Management and Supervisory Bodies and for Employees, collectively demonstrate the importance that novobanco attaches to a strong culture of compliance.

The novobanco Group's commitment focuses on the prevention, detection, reporting and management of situations that may involve conduct risks or irregular conduct, in line with principles of integrity, honesty, diligence, competence, transparency and fairness.

Code of Conduct

Novobanco Group's Code of Conduct, revised and updated in 2025, sets out the essential principles of conduct that guide the Group, aiming to communicate the key principles that must govern the activities of novobanco Group's entities, to promote ethical behaviour among management and employees in alignment with the Group's Mission and Values, to foster respect for and compliance with all applicable laws and regulations, to set out the Group's commitments towards its stakeholders, and to promote a transparent framework for the relationships between novobanco Group, its employees and external stakeholders.

It applies to all the members of the administrative and supervisory bodies of the entities of novobanco Group, to the employees of novobanco and to the novobanco Group entities. The Code of Conduct is also applicable to subcontracting suppliers of goods and services if such is contractually and mandatorily laid down according to defined conditions in the Risk Policy of Subcontracting Service Providers.

The Code of Conduct is available at novobanco's website, in Portuguese and English, at www.novobanco.com > About us > Policies and corporate documents > Company Documents

https://www.novobanco.com/us/en/about-us/policies-and-corporate-documents.html

The Compliance Department, in coordination with the Human Resources Department, is responsible for monitoring the application of the Code of Conduct at novobanco and clarifying its content and application to employees.

In 2025, in the novobanco Group, as a consequence of non-compliance with internal norms at the exercise of their functions, there were 7 (seven) employees with applied sanctions, namely: 4 (four) dismissals without any severance pay or compensation, 2 (two) suspensions without retribution and loss of seniority sanctions and 1 (one) registered reprehension.

Conflicts of Interest Policy

The Conflicts of Interest Policy sets out the rules for identifying, managing and monitoring potential conflicts of interest arising in the various activities of novobanco and the novobanco Group, as well as those involving its corporate bodies and employees and, where ultimately necessary, even its suppliers and subcontractors. It ensures compliance with the applicable legal and regulatory provisions and seeks to guarantee the registration, assessment, possible mitigation or, as a last resort, the abstention from acting by the Group, the bank and its agents whenever a potential conflict-of-interest situation is identified.

The Conflicts of Interest Policy is available at novobanco's website, in Portuguese and English, at www.novobanco.com > About us > Policies and corporate documents > Company Documents

https://www.novobanco.com/us/en/about-us/policies-and-corporate-documents.html

Related-Party Transactions Policy

Novobanco's Related-Party Transactions Policy sets out the rules aimed at identifying its Related Parties and the transactions carried out between novobanco and such Related Parties, in compliance with the applicable legal and regulatory provisions, namely Bank of Portugal Notice No. 3/2020, the European Banking Authority Guidelines (EBA/GL/2021/05 of 2 July) and Articles 85 and 109 of the Legal Framework of Credit Institutions and Financial Companies (RGICSF).

Certain assessments and approvals are mandatory prior to the conclusion of transactions (loan granting, placement or subscription of securities, real estate operations, acquisition or disposal of equity interests, or other contractual relationships).

Specifically, proposals for Related-Party Transactions must be submitted for prior analysis and opinion by the Global Risk Department, the Compliance Department, and by the GSB or a committee of this body acting under delegated powers, and subsequently approved by two-thirds of the members of the EBD.

The Related-Party Transactions Policy is available at novobanco's website, in Portuguese and English, at www.novobanco.com > About us > Policies and corporate documents > Company Documents

https://www.novobanco.com/us/en/about-us/policies-and-corporate-documents.html

During 2025, transactions involving credit, the provision of services and other contractual arrangements were approved with 15 (fifteen) Related Parties. Credit transactions, including extensions and renewals of limits, carried out with individuals and entities that, as at 31 December 2025, were Related Parties of novobanco, amounted to a total of €682 million.

Article 85 of the RGICSF establishes that credit institutions may not grant credit, in any form or modality, including the provision of guarantees, to members of their management or supervisory bodies, their family members, and companies or other legal entities directly or indirectly controlled by them. However, paragraph 8 of Article 85 allows credit to be granted to companies or other legal entities not covered by paragraph 1, in which such persons are managers or hold qualifying holdings. Accordingly, the Compliance Department issued compliance opinions on two credit transactions under Article 85(8), which subsequently received the favourable opinion and consent of the GSB or a committee acting under delegated powers, the approval of the Executive Board of Directors, and finally ratification by the GSB.

In turn, Article 109 of the RGICSF allows, subject to certain limits, the granting of credit to qualifying shareholders or to entities directly or indirectly controlled by them or in a group relationship with them. During 2025, novobanco did not enter into any credit transactions with qualifying shareholders under this legal provision.

Whistleblowing Policy

Novobanco remains firmly committed to promoting a culture of compliance, which also encompasses the reporting of improper or irregular conduct that violates the law, regulations, good practices or the bank's internal policies.

The Whistleblowing Policy, which was last updated in 2025, governs, through specific, independent and autonomous channels, the reporting of irregularities by the bank's employees, as well as by service providers or any third parties. Its objectives are to preserve the bank's reputation, effectively protect its assets and those of its Clients, and to prevent or detect at an early stage any irregularities that may be committed.

This Policy also ensures compliance with the RGICSF, Bank of Portugal Notice No. 3/2020, the Portuguese Securities Code, Law No. 83/2017 of 18 August on anti-money laundering and counter-terrorist financing ("AML/CFT"), and Law No. 93/2021 of 20 December, which establishes the general regime for the protection of whistleblowers, as amended.

Irregularity reports may be submitted through the following channels:

- Reports from employees and members of the corporate bodies are submitted through the "Somos novobanco" intranet platform;
- All other individuals may submit reports through any of the following channels, at their discretion:

a) Letter addressed to the Head of Compliance, sent to Campus do Novobanco, Avenida Doutor Mário Soares, Taguspark, Edifício 1, Piso 2, Ala C, 2740-119 Porto Salvo;

b) Form available at www.novobanco.pt;

c) E-mail to: irregularidades@novobanco.pt;

d) Verbally, in a meeting scheduled through the above channels.

A whistleblower submitting a written report may choose to do so anonymously or to identify themselves; in the latter case, they may request that their identity not be disclosed to those within the institution involved in handling and analysing the report.

The Compliance Department, in coordination with the Compliance Committee of the GSB, is the organizational unit responsible for monitoring the implementation of this Policy and ensuring that the procedure for analysing and handling reports is properly carried out and that appropriate measures are effectively adopted.

In 2025, 14 (fourteen) irregularity reports were received, of which 2 (two) resulted in sanctions being applied, and 1 (one) case remained ongoing.

The Whistleblowing Policy is available at novobanco's website, in Portuguese and English, at www.novobanco.com > About us > Policies and corporate documents > Company Documents

https://www.novobanco.com/us/en/about-us/policies-and-corporate-documents.html

Anti-Bribery and Anti-Corruption Policy

Bribery and corruption represent one of the greatest challenges facing modern societies, and preventing, detecting and combating them requires the combined efforts of all sectors of society, including the banking sector, which plays an important role in promoting a culture of public integrity.

Preventing, detecting and combating bribery and corruption is a responsibility shared by all, requiring the development of new preventive duties and methodologies across organisations and public and private entities. The Anti-Bribery and Corruption Policy, approved by the Compliance Committee of the GSB and by the EBD, aims to prevent and mitigate the risk of bribery, corruption and related practices, reaffirming novobanco's commitment to building a more integrity-driven society.

In 2025, and to ensure that its activities are carried out in accordance with the applicable legal frameworks, always with the underlying objective of combating corruption, novobanco Group made approximately 1,423 communications to judicial authorities and collaborated with more than 7.7 thousand responses to such authorities.

The Anti-Bribery and Anti-Corruption Policy is available at novobanco's website, in Portuguese and English, at www.novobanco.com > About us > Policies and corporate documents > Company Documents

https://www.novobanco.com/us/en/about-us/policies-and-corporate-documents.html

Policy on the Prevention of Money Laundering and Terrorism Financing

A bank's ability to prevent, detect and combat activities that may constitute money laundering and terrorist financing derives directly from its knowledge of its clients, counterparties and their transactions.

The novobanco Group, through its Compliance Department, acts to ensure the conditions that enable the bank to prevent, detect and combat the risk of the bank or the Group being used as a vehicle for money-laundering or terrorist-financing activities, through the implementation of appropriate policies, procedures and controls, taking into account the material exposure of these risks within the financial system.

Aware of the challenge inherent in this control and preventive activity, the novobanco Group conducts an ongoing reassessment of the risks arising from its business model, operations and geographies, seeking to identify vulnerabilities and areas of greater exposure in order to ensure the existence of appropriate methods to control and mitigate money-laundering and terrorist-financing risks. The ability to prevent and, ultimately, detect and combat activities that may constitute such crimes derives directly from the bank's knowledge of its clients, counterparties and their transactions, particularly at the following stages:

- Opening of a contract or changes to the ownership of an existing contract (KYC – Know Your Customer), i.e., ensuring the verifiable identification of owners, representatives and beneficial owners;
- Monitoring of transactional activity (KYT – Know Your Transaction), namely identifying atypical situations both proactively and through client contact after detection;
- Analysis of counterparty risk in investment and divestment operations, and of transaction flows and source of funds, under the terms of the law.

To this end, the novobanco Group uses IT tools with internationally recognised performance, complementing the experience of its human capital, and has developed assessment models that ensure that enhanced scrutiny is applied where it is most needed.

In compliance with regulatory obligations, the novobanco Group delivers training on the prevention of money laundering and terrorist financing to all employees (commercial and central structures, including senior management and members of the management and supervisory bodies). Training may be delivered remotely or in person, the latter mainly for new employees, to equip them with the skills needed to support the control functions in mitigating the risks associated with their duties.

In 2025, novobanco maintained its training programme on the prevention of money laundering and terrorism financing, providing 4,465.8 hours of online training (including 504 hours for senior management).

Training is a fundamental tool enabling employees to correctly identify potential money-laundering or terrorist-financing situations and is also crucial for ensuring compliance with the bank's legal and regulatory obligations.

The prevention of money laundering and terrorist financing is one of the cornerstones of trust in the financial system and will continue to merit particular and ongoing operational and strategic attention.

The bank's Policies on the Prevention of Money Laundering and Terrorist Financing are available at novobanco's website, in Portuguese and English, at About novobanco > Governance > Compliance > Policies on the Prevention of Money Laundering and Terrorist Financing.

https://www.novobanco.pt/english/about-novobanco/governance/compliance

Policies on the Investor Protection and Market Transparency

The entry into force of Directive 2014/65/EU of 15 May 2014 on markets in financial instruments ("MiFID II"), together with the related regulations, in January 2018, covers all persons and entities operating in the financial markets and aims to reinforce investor protection and to increase the transparency and quality of the functioning of financial markets and the services provided. In addition, national legislation on financial intermediation activities (in particular the Portuguese Securities Code) and on insurance mediation activities (notably Law No. 7/2019 of 16 January) provides the fundamental reference framework for fair and transparent conduct by financial market operators, including the novobanco Group.

In view of the international trend towards strengthening the duties of financial intermediaries regarding transparency, lawfulness, completeness of information, diligence and investor protection, novobanco has adopted best practices in product and service governance, ensuring the prior assessment and subsequent monitoring of its offering, with the Compliance Department holding extended responsibilities in this area.

In compliance with the legal framework, novobanco has approved its standards and policies arising from these regulations and discloses them in a dedicated area of its website, at novobanco > Investimento > Temas úteis > Informação ao Investidor.

https://www.novobanco.pt/particulares/investimento/informacao-investidor

The most relevant policies and procedures in this area are summarised below:

Recording and registration of communications

Novobanco is required to record and retain all communications with Clients and potential Clients relating to the services, activities and transactions it carries out, in accordance with applicable legal and regulatory requirements.

Client classification

Novobanco classifies its Clients for the purpose of transactions in financial instruments into one of three categories: retail, professional or eligible counterparty. These classifications determine the level of protection provided to the investor, with retail clients benefiting from the highest level of protection, reflecting their comparatively lower knowledge and experience.

Suitability assessment

To ensure the suitability of financial instruments or investment services for a Client's investment profile, novobanco requests Clients and potential Clients to complete investor profiling questionnaires. These questionnaires aim to obtain a complete and detailed understanding of their investment experience and knowledge, financial situation (including capacity to bear losses), investment objectives, risk tolerance and ESG preferences. The information required depends on the investment service in question and enables the bank to assess whether a given product or service is suitable for the Client's specific circumstances.

Safeguard of Customer Assets

Under the Portuguese Securities Code, financial intermediaries must adopt procedures and measures to ensure a clear distinction between their own assets and those belonging to their Clients, in all acts performed and in all accounting and transactional records, so that any insolvency, recovery or reorganisation of the intermediary does not affect transactions carried out on behalf of Clients. Financial instruments belonging to Clients may not be used by the intermediary, or by third parties, without the Client's express consent. Novobanco has procedures in place to ensure compliance with these rules.

Product offer screening process

Novobanco has procedures governing the design, approval, distribution and monitoring of the products and services it offers. These procedures include the scrutiny of new offerings, incentive schemes and internal campaigns, as well as the continuous monitoring of existing offerings.

Advertising screening process

Novobanco also has procedures governing the development, approval, updating and monitoring of commercial advertising materials.

Remuneration Policies for the Management and Supervisory Bodies and Staff Members

Novobanco's Remuneration Policies were prepared in accordance with the legislation in force, in particular the RGICSF, Banco de Portugal Notice No. 3/2020 and the EBA Guidelines 2021/04 on sound remuneration policies, as well as other related legislation. These Policies reflect the guiding principles of meritocracy and transparency and take into account (i) long-term objectives, strategy and interests, (ii) the corporate nature and structure, (iii) corporate culture and values, (iv) the risk strategy and culture, including environmental, social and governance risk factors, (v) the long-term interests of shareholders, (vi) the prevention of conflicts of interest, and (vii) the bank's prudential concern not to assume excessive risks.

Pursuant to the RGICSF, Banco de Portugal Notice No. 3/2020 and the disclosure requirements set out therein regarding remuneration policies, the Remuneration Committee carried out an annual assessment of the implementation of the remuneration policies, practices and processes. The Remuneration Committee acknowledged the changes introduced to strengthen novobanco's remuneration practices and ensure compliance with the applicable regulation.

With regard to the revision of the remuneration policies applicable to the Management and Supervisory Bodies and to Employees, this review was conducted by the Remuneration Committee, with the participation of the departments considered relevant to the exercise (e.g., Human Capital, Legal Affairs, Compliance and Risk), thereby ensuring full alignment of the practices in place with the applicable regulatory requirements. Following this review, several amendments were introduced, namely:

- The inclusion of a section on Retention Plans, covering the applicable rules and payment methods;
- Alignment between the budget for the Commercial Incentives Programme and the budget approved by the Remuneration Committee;
- Editorial adjustments aimed at ensuring greater clarity, precision and consistency throughout the Policy.

After approving these amendments, the Remuneration Committee considers that the Remuneration Policies are appropriate to novobanco's current situation and that the incentives defined for the members of the Executive Board of Directors and for the various categories of Employees, as well as their structure, are aligned with the long-term objectives of the institution and of its stakeholders.

The report prepared by the Remuneration Committee will be submitted to the General and Supervisory Board, the General Shareholders' Meeting and the Executive Board of Directors, which shall ensure the implementation of any measures identified.

Description of the Remuneration Policy for the Management and Supervisory Bodies and Key Function Holders

Competencies for Policy Approval. The approval of the Remuneration Policy for the Management and Supervisory Bodies is the responsibility of the General Shareholders' Meeting, upon proposal of the Remuneration Committee of the General and Supervisory Board, which is also responsible, among other duties, for:

- Deciding on the remuneration to be awarded to the members of the Executive Board of Directors and to the Heads of the Control Functions, as well as defining and assessing their respective KPIs;
- Defining and approving the budget for the total variable remuneration of novobanco Group, based, among other factors, on the operational results of the year and on ex-ante risk-adjustment criteria aligned with the bank's risk appetite;

- Verifying whether the existing remuneration policies are up to date and, if necessary, proposing appropriate amendments;

- Assessing the mechanisms and systems implemented to ensure that remuneration systems are consistent with sound and effective risk management, and assessing the criteria used to define remuneration and ex-post risk adjustment based on actual risk outcomes (Malus or Clawback).

General and Supervisory Board. Only the independent members of the General and Supervisory Board receive remuneration from novobanco, approved by the General Shareholders' Meeting; such remuneration is solely fixed and paid 12 times per year.

Executive Board of Directors. The remuneration of the Executive Board of Directors includes a fixed and a variable component. Fixed remuneration is established according to the complexity, level of responsibility and skills required for the role, and is paid 14 times per year. The variable component is discretionary and based on an individual and collective performance assessment, taking into account quantitative and qualitative criteria. These criteria are defined by the Remuneration Committee, communicated in due course to the members of the Executive Board of Directors, and aligned with the long-term objectives of the institution.

The following criteria are also considered in the process of awarding variable remuneration:

- It may only be granted if it does not jeopardise the bank's ability to maintain a sound capital base, if the bank has achieved positive operational performance, and provided the allocation is consistent with sound and effective risk-management practices;

- It is capped at 100% of annual fixed remuneration, or up to 200% if pre-approved by the General Shareholders' Meeting;

- It is awarded within a multi-year framework and deferred over a period of five years from the award year, with 50% vesting in the first year and 10% vesting in each of the subsequent five years. In situations of particularly high variable remuneration (above €1 million), only 40% will vest in the first year;

- 50% of the variable remuneration is awarded in the form of "Remuneration Units" with a nominal value of €1 each, whose terms and conditions of allocation, vesting and payment are defined in the Remuneration Units Regulation, and are subject to a 12-month retention period. The value of each Remuneration Unit at the time of payment is determined by the Remuneration Committee, based on the bank's financial indicators, prior to any settlement of deferred amounts;

- Any severance amounts relating to the termination of mandate must be defined by the Remuneration Committee and must comply with all requirements applicable to variable remuneration, including deferral periods and maximum ratios relative to fixed remuneration.

Aside from any contractual commitment agreed at hiring as a sign-on bonus, no other form of guaranteed variable remuneration may be granted.

Amounts paid or deferred, regardless of whether they constitute vested rights, are subject to ex-post risk adjustment mechanisms, including Malus and/or Clawback.

With respect to other benefits and allowances, such as health insurance, housing allowance or mobile phone, the bank's internal policies apply.

Description of the Remuneration Policy for Employees and Key Function Holders

Competencies for Policy Approval. The approval of the Employee Remuneration Policy is the responsibility of the Executive Board of Directors, upon proposal of the Remuneration Committee.

Identified Staff

Selection of Identified Staff. The Bank's Employee Remuneration Policy includes specific chapters

applicable to employees who have, or may have, a material impact on novobanco's risk profile and who are therefore classified as Identified Staff, in accordance with the provisions of the Policy.

The control functions actively participate in this process, both in identifying roles and business units that impact the bank's risk profile and in ensuring regulatory compliance through the application of the quantitative and qualitative criteria set out in the policy and in the applicable regulations.

The list of Identified Staff is reported annually to Banco de Portugal, pursuant to Instruction No. 18/2020 of Banco de Portugal.

Compensation Components. Fixed remuneration must reflect the competence, experience and responsibility inherent to the role performed and must not depend on performance. The allocation and the annual amount of variable remuneration for Identified Staff depend on the decision of the Remuneration Committee and the Executive Board of Directors. When variable remuneration is awarded, it is determined based on an individual and collective performance assessment (at both business-unit and bank level), and must observe the following principles:

- Performance is assessed using quantitative and qualitative criteria, and through financial and non-financial indicators;
- The performance assessment and variable-remuneration award period must be multi-year, implying that a substantial portion of the amount awarded is deferred to take into account economic cycles, risk management and to promote retention of Identified Staff. Under novobanco's Remuneration Policies, variable remuneration for Senior Management (which includes part of the Identified Staff) must be deferred over a period of 5 years from the award year, with 60% vesting in the year of the award and 8% in each of the following 5 years. For the remaining Identified Staff, the deferral period is 4 years, with 60% vesting in the year of the award and 10% in each of the following 4 years;
- Variable remuneration may be exempt from deferral if the award does not exceed €50,000 and does not represent more than one third of the employee's total annual remuneration;
- The awarded amount is capped at 100% of annual fixed remuneration, or up to 200% if pre-approved by the General Shareholders' Meeting;
- 50% of the variable remuneration is awarded in the form of "Remuneration Units" of €1 each, whose terms and conditions of attribution, vesting and payment are set out in the Remuneration Units Regulation, and subject to a 12-month retention period. The value of each Remuneration Unit at the time of payment is determined by the Remuneration Committee, based on the bank's financial indicators, prior to settlement of any deferred amounts;
- Aside from commitments agreed in the hiring process as a sign-on bonus or retention bonus under an approved Retention Programme, no other form of variable remuneration may be guaranteed;
- Variable remuneration amounts, whether paid or deferred, irrespective of vesting, are subject to ex-post risk-adjustment mechanisms, including Malus and/or Clawback, as set out in the Remuneration Policy.

Disclosure of Remuneration

Refer to point 5.6 Remuneration of the Members of the Corporate Bodies and Identified Staff.

Policy for Selection and Evaluation of the Management and Supervisory Bodies and Key Function Holders

Novobanco has a Policy for the Selection and Evaluation of the Management and Supervisory Bodies and Key Function Holders ("the Policy"), thereby complying with the applicable legal and regulatory framework and ensuring the implementation of the internal governance requirements applicable to significant financial institutions.

The Policy aims to ensure that individuals appointed to positions in the Management and Supervisory Bodies and to Key Functions (namely the heads of the Risk, Audit and Compliance functions, the AML Compliance Officer, branch general managers, other directors whose functions involve the assumption of risks, i. e., the Chief Operating Officer, e Head of the Credit Area, the Head of Operational Resilience (CISO), and the heads of Treasury and Marketing meet, both at the time of their appointment and throughout the performance of their duties, all applicable fit-and-proper criteria. The assessment of suitability encompasses the ability to ensure, on an ongoing basis, the sound and prudent management of the institution, based on the following requirements: i) experience; (ii) reputation; (iii) absence of conflicts of interest and independence; iv) availability, v) collective adequacy (not applicable to key function holders).

The Policy was approved by the General Shareholders Meeting in 15 December 2025, under the proposal of the Nomination Committee of the General and Supervisory Board, being previously approved by the General and Supervisory Board and the Executive Board of Directors.

Succession Planning Policy

The Succession Planning Policy sets out the process through which novobanco ensures the appropriate transition and continuity of the activity of its Management and Supervisory Bodies and of the Holders of Key Functions, as defined in the "Policy for the Selection and Evaluation of the Management and Supervisory Bodies and Holders of Key Functions of novobanco". To this end, the Management and Supervisory Bodies are responsible for identifying and ensuring the Bank's organisational needs.

In order to pursue its Strategic Succession Planning, the Bank will establish a methodology to:

a) Periodically identify all holders of key functions who perform tasks with a significant influence on the Bank's management;

b) Identify credible and reliable internal and external candidates to fill the defined positions in the event of a possible short- or medium-term succession, in order to meet the Bank's challenges and ensure business continuity;

c) Reduce the risk of being adversely affected by an unplanned vacancy in senior leadership;

d) Address any requests raised by stakeholders regarding a robust and well-planned approach to a Succession Planning process that ensures business continuity (as also required by the ECB);

e) Maximise the likelihood of success of a newly appointed candidate through a structured onboarding process;

f) Conduct an annual talent review to identify key talent, potential development needs and potential gaps in the available talent pool;

g) Comply with the regulatory requirements of the authorities. Without prejudice to any additional requirements established under this Policy, the procedure for the selection and assessment of candidates must comply with the principles set out in the "Policy for the Selection and Evaluation of the Management and Supervisory Bodies and Holders of Key Functions of novobanco".

As part of Strategic Succession Planning, the profile of each position subject to succession covers six dimensions: (i) areas of responsibility and committees; (ii) key responsibilities; (iii) qualifications; (iv) technical and behavioural competencies; and (v) professional experience and career path.

Policy for the Selection and Evaluation of novobanco's Statutory Auditor and the Contracting of Non-prohibited Non-audit Services

Novobanco revised and approved in 2025, the Policy for the Selection and Evaluation of novobanco's Statutory Auditor and the Contracting of Non-prohibited Non-audit Services, thereby complying with the applicable regulatory framework. This Policy was reviewed and approved by the Financial Affairs (Audit) Committee of the General and Supervisory Board, by the General and Supervisory Board itself, and by the General Shareholders' Meeting.

The Policy applies to the selection, appointment and assessment of novobanco's Statutory Auditor, and aims to ensure that the Statutory Auditor meets the necessary requirements of suitability (competence and reputation), professional experience, independence and availability, taking into account the nature, scale and complexity of novobanco's activities and those of its financial subsidiaries, as well as the responsibilities associated with the specific tasks to be performed.

To this end, the Policy defines the assessment criteria, establishes the obligation to monitor the Statutory Auditor's activity, and sets out the internal responsibilities and procedures to be followed in this context.

In addition, the Policy defines the criteria and procedures applicable when contracting non-audit services from the Statutory Auditor, specifying which services are permitted and which are prohibited.

In 2025, under this Policy, the assessment of the Statutory Auditor (ROC) for the 2021–2024 term was carried out, with a view to their reappointment for the 2025–2027 term.

Dividend Distribution Policy

Novobanco's dividend distribution policy sets out the principles, conditions and framework governing the decision-making process regarding the distribution of dividends to shareholders. As a general rule, distributions to shareholders are made in the form of dividends arising from the results of the financial year and are subject to approval by the General Shareholders' Meeting, based on a proposal from the Executive Board of Directors (EBD), or to approval by the latter in the case of interim dividends.

The dividend distribution policy establishes a level of ordinary dividend distribution between 40% and 60% of consolidated net profit, provided that the principles defined in the Policy, the applicable regulatory requirements, management buffers and the restrictions arising from company law, as well as the recommendations of the competent Regulatory Authorities, are respected.

Setting the level of ordinary dividend remuneration between 40% and 60% of consolidated net profit seeks to strike a balance between ensuring an adequate minimum return for shareholders and maintaining a sustainable, capital-generating business model aligned with the bank's strategy and the creation of long-term value. In addition to ordinary dividends, the bank may consider other forms of shareholder remuneration, such as special dividends or share buybacks, with the aim of optimising the use of accumulated surplus capital, always subject to the conditions set out in the Policy.

This Policy was approved in January 2025.

Sustainability Policy

The Sustainability Policy defines the novobanco Group's (hereinafter "novobanco") sustainability positioning, identifying its commitments and guiding principles for the material topics within the environmental, social and governance (ESG) dimensions.

In this context, novobanco adopts a two-level approach:

- in its banking activity, managing ESG risks in its business and supporting clients in their sustainability journey by financing investments

aimed at energy transition, promoting the circular economy and a low-carbon economy, as well as investments with environmental and social considerations, and responding to clients seeking financial products with ESG characteristics for their financial assets; and

- in its internal management, minimising ESG risks across its operations, people and the planet. Through this approach, novobanco establishes the important ambition of becoming a reference entity in ESG in Portugal.

Sustainability issues are at the forefront of the global agenda. Global warming and ecosystem destruction are defining challenges of our time and, at the current pace, climate change will lead to irreversible losses in nature and biodiversity, rising sea levels and increasingly frequent extreme weather events. This scenario is further aggravated by additional geopolitical, social and economic pressures and challenges.

Novobanco recognises the important role of the financial sector in the current context, requiring the adoption of a structured approach to address environmental and social challenges in the transition towards a sustainable and low-carbon economy, while simultaneously responding to the increasing regulation of the financial sector, which represents both opportunities and drivers of change through an effective and ambitious strategy.

In this regard, novobanco has voluntarily assumed significant sustainability/ESG commitments that go beyond its legal obligations and embody its role in society and the impact of its relationship with stakeholders, particularly clients and employees.

Anchored in these commitments, novobanco will support its clients — individuals and companies — in transitioning to a more sustainable and low-carbon economy, while simultaneously generating a positive impact on society and contributing to socially sustainable and inclusive growth. novobanco incorporates ESG impacts, risks and opportunities into its strategy and business model, ensuring compliance with applicable legislation and regulation, including directives stemming from the European Green Deal and the commitments assumed by the European Union under the Paris Agreement.

The Bank's strategy and how it incorporates ESG-related impacts, risks and opportunities can be consulted in Annex 1 of this document. novobanco's Sustainability Policy and the commitments and guiding principles therein apply to all novobanco activities, products and services in Portugal, as well as to all its suppliers and third parties with whom it interacts.

Novobanco's Sustainability Policy aims to ensure the pursuit of the following commitments:

• Mapping key ESG impacts, risks and opportunities;

• Integrating sustainability and ESG topics, alongside risk factors, into the Group's strategy, namely the business model and risk management;

• Implementing a culture and conduct that foster the transition towards a sustainable economic and social development model, encouraging responsible growth, job creation, valuing people and respecting the environment, including promoting sustainable financing and integrating environmental considerations into the product and service offering;

• Ensuring sound governance and management of material ESG issues at all levels of the business;

• Providing rigorous and transparent sustainability-related activity reporting, informing the Group's position to internal and external stakeholders;

• Maintaining adherence to national and international sustainability initiatives;

• Upholding the existing Supplier Relationship Principles.

Each of the commitments listed above is supported and operationalised by corresponding guiding principles.

5.5 Credit to Members of the Corporate Bodies

At 31 December 2025 the outstanding amount of loans granted to persons and entities falling under the provisions of article 85 of the RGICSF is presented below:

Denomination	Amount (euros)
Members of the Management and Supervisory Bodies at 31st de December de 2025	
Executive Board of Directors	
Closely related person	111,428.77
Member of the Executive Board of Directors	58,264.97
Member of the Executive Board of Directors	411,772.52
General and Supervisory Board	
Closely related person or entity	137,681.16
Closely related person or entity	75,418,955.17
Entity where a member of the Executive Board of Directors Holds a management position	
Closely related entity (LOCARENT)	192,301,994.51
Closely related entity (SIBS)	6,875,000.00
Closely related entity (NBA)	1,294,560.00
Closely related entity (UNICRE)	84,000,000.00

The amounts owed by members of the Executive Board of Directors and by persons closely related to a member of the Executive Board of Directors refer to types of mortgage credit contracted prior to their respective appointments.

Credit granted to persons or entities closely related to the members of the General and Supervisory Board refers to corporate credit facilities.

Possible balances on individuals' credit cards are not considered when these have 100% repayment arrangements that do not exceed the individual's gross monthly salary.

The credit amounts relating to entities managed by members of the Executive Board of Directors refer to corporate credit facilities, bank guarantees and bond loans.

For the purposes of Article 109(7) of the RGICSF, it is hereby disclosed that as at 31 December 2025 there was no credit granted to holders, directly or indirectly, of qualifying holdings.

5.6 Remuneration of the Members of the Corporate Bodies and Identified Staff

Corporate Bodies

		Fixed and Variable Remuneration 2025				
Amount (euros)	Role	Salary	Other post-Employment benefits [1]	Other Allowances [2]	Variable Remuneration award 2025	Total
Executive Board of Directors		**2,970,944.00**	**39,092.00**	**780,547.00**	**3,666,000.00**	**7,456,583.00**
Mark George Bourke [3]	CEO	830,000.00	0.00	300,000.00	1,130,000.00	2,260,000.00
Benjamin Dickgiesser	Member EBD	600,000.00	0.00	170,000.00	770,000.00	1,540,000.00
Luis Miguel Alves Ribeiro	Member EBD	430,000.00	21,158.00	74,388.00	425,000.00	950,546.00
João José Martin Moreno Paixão Moreira [6]	Member EBD	500,000.00	0.00	25,000.00	500,000.00	1,025,000.00
Patrícia Afonso Fonseca [4]	Member EBD	107,086.00	1,661.00	99,937.00	255,000.00	463,684.00
Carmen Garcia Gonçalves [4]	Member EBD	107,343.00	1,454.00	60,072.00	255,000.00	423,869.00
Rui Miguel Dias Ribeiro Fontes	Member EBD	390,000.00	14,819.00	51,150.00	331,000.00	786,989.00
Mandate Terminated During 2025						
Carlos Jorge Ferreira Brandão [5]	Member EBD	6,515.00	0.00	0.00	0.00	6,515.00
General and Supervisory Board		**1,577,000.00**	**0.00**	**100,000.00**	**0.00**	**1,677,000.00**
Byron James Macbean Haynes	Chairman GSB	600,000.00	0.00	100,000.00	0.00	700,000.00
Karl-Gerhard Eick	Vice-Chairman GSB	348,000.00	0.00	0.00	0.00	348,000.00
Kambiz Nourbakhsh	Member GSB	0.00	0.00	0.00	0.00	0.00
Mark Coker	Member GSB	0.00	0.00	0.00	0.00	0.00
Carla Alexandra Severino Antunes Da Silva	Member GSB	101,000.00	0.00	0.00	0.00	101,000.00
William Henry Newton	Member GSB	300,000.00	0.00	0.00	0.00	300,000.00
Monika Wildner	Member GSB	106,000.00	0.00	0.00	0.00	106,000.00
Evgeniy Kazarez	Member GSB	0.00	0.00	0.00	0.00	0.00
Susana Maria Morgado Gomez Smith	Member GSB	122,000.00	0.00	0.00	0.00	122,000.00

(1) Defined Contribution Pension Plan (eligible as employee prior from being nominated to EBD)

(2) Other allowances (including Expat allowance, other benefits).

(3) Annual salary includes 130.000,00€ regarding the performance of interim duties.

(4) Member of EBD since 25 August 2025. Between 1 January and 24 August 2025, received remuneration as an employee.

(5) Member of the EBD until 7 January 2025.

(6) Other benefits include health insurance paid directly by the Bank.

In 2025, no payments were made to the members of the corporate bodies of novobanco by other companies in the group.

For the year 2025, the Variable Remuneration awarded to the members of the Executive Board of Directors amounted to €3 666 000,00. These bonuses were based on the individual and collective performance of each member, evaluated by the Remuneration Committee, and will have a payment schedule as detailed below, complying with the deferral criteria applicable to the 2025 Variable Remuneration.

			Variable Remuneration awarded 2025 - payments schedule						
Amount (euros)	Role	Total [1]	2026	2027	2028	2029	2030	2031	2032
Executive Board of Directors	**Role**	**3,666,000.00**	**847,250.00**	**1,044,400.00**	**394,300.00**	**394,300.00**	**394,300.00**	**394,300.00**	**197,150.00**
Mark George Bourke	CEO	1,130,000.00	226,000.00	293,800.00	135,600.00	135,600.00	135,600.00	135,600.00	67,800.00
Benjamin Dickgiesser	Member EBD	770,000.00	192,500.00	231,000.00	77,000.00	77,000.00	77,000.00	77,000.00	38,500.00
Luis Miguel Alves Ribeiro	Member EBD	425,000.00	106,250.00	127,500.00	42,500.00	42,500.00	42,500.00	42,500.00	21,250.00
João José Martin Moreno Paixão Moreira	Member EBD	500,000.00	125,000.00	150,000.00	50,000.00	50,000.00	50,000.00	50,000.00	25,000.00
Patrícia Afonso Fonseca	Member EBD	255,000.00	51,000.00	66,300.00	30,600.00	30,600.00	30,600.00	30,600.00	15,300.00
Carmen Garcia Gonçalves	Member EBD	255,000.00	63,750.00	76,500.00	25,500.00	25,500.00	25,500.00	25,500.00	12,750.00
Rui Miguel Dias Ribeiro Fontes	Member EBD	331,000.00	82,750.00	99,300.00	33,100.00	33,100.00	33,100.00	33,100.00	16,550.00

(1) 50% to be paid as Remuneration Units with 12 months retention period

In accordance with the Remuneration Policies, Variable Remuneration bonuses are capped at 100% of each member's Annual Fixed Remuneration, with 50% of the bonus paid in cash and 50% paid in Remuneration Units. The value of the Remuneration Units on the grant date is €1 (one euro), and their value is subsequently reassessed by the Remuneration Committee at the time of payment. In accordance with the Remuneration Units Regulations, at the time of payment, the value of the Remuneration Units may only be adjusted downwards in relation to the value defined on the grant date.

It should be noted that in 2025, the EBD members received various portions of Variable Remuneration (including cash and remuneration units) that were deferred from previous performance periods, as shown in the following table:

			Variable Remuneration - Paid in 2025			
Amount (euros)	Role	Total Paid	2024	2023	2022	2021
Executive Board of Directors		**1 154 498**	**772,500.00**	**131,581.00**	**118,750.00**	**131,667.00**
Mark George Bourke	CEO	375,833.00	220,000.00	48,750.00	48,750.00	58,333.00
Benjamin Dickgiesser	Member EBD	187,831.00	177,500.00	10,331.00	0.00	0.00
Luis Miguel Alves Ribeiro	Member EBD	276,667.00	165,000.00	38,125.00	36,875.00	36,667.00
João José Martin Moreno Paixão Moreira	Member EBD	62,500.00	62,500.00	0.00	0.00	0.00
Patrícia Afonso Fonseca	Member EBD	0.00	0.00	0.00	0.00	0.00
Carmen Garcia Gonçalves	Member EBD	0.00	0.00	0.00	0.00	0.00
Rui Miguel Dias Ribeiro Fontes	Member EBD	251,667.00	147,500.00	34,375.00	33,125.00	36,667.00

The following deferred variable remuneration amounts (including cash instalments and remuneration units) are pending future payment.

Amount (euros)	Role	Total Deferred Remuneration	Variable Remuneration - Deferred[1] 2026	2027	2028	2029
Executive Board of Directors		**1,404,743.00**	**443,456.00**	**443,456.00**	**324,706.00**	**193,125.00**
Mark George Bourke	CEO	463,750.00	152,500.00	152,500.00	103,750.00	55,000.00
Benjamin Dickgiesser	Member EBD	208,493.00	54,706.00	54,706.00	54,706.00	44,375.00
Luis Miguel Alves Ribeiro	Member EBD	353,125.00	116,250.00	116,250.00	79,375.00	41,250.00
João José Martin Moreno Paixão Moreira	Member EBD	62,500.00	15,625.00	15,625.00	15,625.00	15,625.00
Patrícia Afonso Fonseca	Member EBD	0.00	0.00	0.00	0.00	0.00
Carmen Garcia Gonçalves	Member EBD	0.00	0.00	0.00	0.00	0.00
Rui Miguel Dias Ribeiro Fontes	Member EBD	316,875.00	104,375.00	104,375.00	71,250.00	36,875.00

(1) Does not include Variable Remuneration awarded for 2025 performance

Finally, it is also relevant to report that, following the dismissal, with just cause, of Carlos Brandão as a member of the EBD, by the GSB, on 7 January 2025, and his subsequent termination of duties as an employee of novobanco on 6 May 2025, the Remuneration Committee carried out an assessment regarding the application of the risk-adjustment mechanisms (Malus & Clawback) set out in the Remuneration Policy.

Based on this assessment, and in accordance with the criteria set out in the Malus and Clawback framework, the Remuneration Committee decided to apply the ex-post risk-mitigation mechanisms provided for in the Remuneration Policy, with full reduction (Malus) of the deferred variable remuneration, as well as the relevant Clawback of the variable remuneration previously paid during his tenure as a member of the EBD.

> Other benefits and compensation and non-cash benefits.

Nothing to report.

> Compensation paid or due to former members of the Executive Board of Directors in relation to early contract termination in the reporting year.

Nothing to report.

> Plans for the attribution of shares or stock options.

Nothing to report.

Identified Staff

As part of the annual procedures set out in the Remuneration Policy, the list of Identified Staff was updated with contributions from the risk and compliance functions, approved by the Executive Board of Directors, and reviewed and approved by the Remuneration Committee. A group of 59 employees was classified as belonging to the "Identified Staff" category, of which 35 form part of "Senior Management" and 24 belong to the group of "Other Identified Staff." The table below presents the Fixed and Variable Remuneration of Identified Staff for 2025.

Variable Remuneration for 2025 will be paid and subject to deferral in accordance with the Remuneration Policy updated in 2025, with 50% awarded in cash and 50% in Remuneration Units. These amounts are subject to ex-post adjustments as set out in the Remuneration Policy. There are 19 Identified Staff whose variable remuneration does not exceed

€50,000 and represents less than one third of their total annual remuneration; accordingly, as defined in the Remuneration Policy, they are exempt from the deferral requirement and receive their entire bonus in the year it is awarded.

The tables below present the total remuneration of Identified Staff for 2025 and the payment schedule for 2025 Variable Remuneration.

	# Identified Staff	Fixed and Variable Remuneration 2025				
Amount (euros)		Salary	Other post-Employment benefits [1]	Other Allowances [2]	Variable Remuneration award 2025	Total
Total	**59**	**8,807,425.00**	**241,975.00**	**3,544,044.00**	**5,376,705.00**	**17,970,149.00**
Commercial	9	1,189,251.00	65,811.00	413,851.00	763,500.00	2,432,413.00
Control	3	674,278.00	2,415.00	139,365.00	252,755.00	1,068,812.00
Support	47	6,943,897.00	173,749.00	2,990,828.00	4,360,450.00	14,468,924.00

(1) Defined Contribution Pension Plan

(2) Other Allowances (lunch and other allowances).

	# Identified Staff	Variable Remuneration awarded 2025 - payments schedule						
Amount (euros)		Total [1]	2026	2027	2028	2029	2030	2031
Total	**59**	**5,376,705.00**	**1,882,743.00**	**1,646,395.00**	**419,395.00**	**419,395.00**	**419,395.00**	**189,842.00**
Commercial	9	763,500.00	261,250.00	243,950.00	57,400.00	57,400.00	57,400.00	28,700.00
Control	3	252,755.00	87,027.00	80,497.00	18,940.00	18,940.00	18,940.00	9,470.00
Support	47	4,360,450.00	1,534,467.00	1,321,949.00	343,054.00	343,054.00	343,054.00	151,672.00

(1) 50% to be paid as Remuneration Units

Deferred amounts paid in 2025 related to performances from previous years.

	# Identified Staff	Variable Remuneration - Paid in 2025			
Amount (euros)		Total Paid	2024	2023	2022
Total	**59**	**3,712,350.00**	**3,067,436.00**	**360,205.00**	**284,710.00**
Commercial	9	563,257.00	440,163.00	65,944.00	57,149.00
Control	3	202,697.00	158,000.00	22,600.00	22,097.00
Support	47	2,946,396.00	2,469,273.00	271,661.00	205,463.00

Amounts related to performances from previous years that will be paid in the future.

	# Identified Staff	Variable Remuneration - Deferred [1]			
Amount (euros)		Total Deferred Remuneration	2026	2027	2028	2029
Total	**59**	**3,233,248.00**	**1,040,718.00**	**1,040,718.00**	**756,009.00**	**395,803.00**
Commercial	9	578,573.00	189,704.00	189,704.00	132,555.00	66,611.00
Control	3	199,995.00	66,697.00	66,697.00	44,600.00	22,000.00
Support	47	2,454,680.00	784,317.00	784,317.00	578,854.00	307,193.00

(1) Does not include Variable Remuneration awarded for 2025 performance

During 2025, one identified employee ceased duties at the Bank, and a severance payment of €123,000 was agreed, to be paid in accordance with the deferral periods and the remaining applicable conditions set out in the Remuneration Policy.

Retention Plan: "Shaping the Future - 2022 Edition"

The Shaping the Future Programme had its first attribution in 2022 and, in 2025, the fulfilment of the condition of the Accrual Period (3 years of service) of its first edition was confirmed. In January 2025, these awards were approved by the Remuneration Committee for all employees included in the first edition, as all remained in service in the Bank.

These amounts are considered variable remuneration and, as such, are subject to retention and deferral periods, as detailed in the applicable regulatory framework. Additionally, they are split between cash (50%) and remuneration units (50%).

	# Identified Staff	Variable Remuneration awarded 2025 (Shaping the Future) - payments schedule			
Amount (euros)		Total	2025	2026	2027
Total	**6**	**942,630.00**	**565,578.00**	**188,526.00**	**188,526.00**
Commercial	2	316,210.00	189,726.00	63,242.00	63,242.00
Control	0	0.00	0.00	0.00	0.00
Support	4	626,420.00	375,852.00	125,284.00	125,284.00

5.7 Securities Held by Members of the Management and Supervisory Bodies

As of 31 December 2025 and in financial year 2025, the members of the Corporate Bodies of novobanco did not hold any securities issued by novobanco or by companies in a control or group relationship with novobanco.

Additionally, no acquisitions, disposals or transmissions of securities issued by novobanco or by companies in a control or group relationship with novobanco were carried out in this period by members of the Corporate Bodies.

5.8 Non-Material Indirect Investment in novobanco

Some of the members of the EBD and of the GSB acquired, using their own funds, shares in an indirect investment structure in novobanco, which had been set up (and is controlled) by LSF Nani GP, LLP, which owns indirectly a 75% interest in novobanco. This indirect investment represents a stake of significantly less than 1% in novobanco and has no financial impact on the bank, or in the exercise of the functions, suitability and independence of the aforesaid members, taking into account the reduced weight of the investment. as a percentage of the share capital, and also for each individual concerned. Non-material indirect investments in novobanco have been disclosed in previous annual financial statements of novobanco and reported to the relevant supervisory authorities and to the Chief Compliance Officer of novobanco. In addition, certain staff members also had the opportunity to make a non-material indirect investment in novobanco using their own funds, under the same terms referred to above.

consolidated financial statements and final notes

6.1 Consolidated Financial Statements

Consolidated income statement as at 31 December 2025 and 2024

(thousands of Euros)

	2025	2024
Interest Income	1,982,420	2,372,813
Interest Expenses	(885,290)	(1,193,369)
Net Interest Income	**1,097,130**	**1,179,444**
Dividend income	4,984	4,307
Fees and comission income	396,126	364,406
Fees and comission expenses	(44,660)	(45,488)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	22,536	(3,658)
Gains or losses on financial assets and liabilities held for trading	11,224	9,793
Gains or losses on financial assets mandatorily at fair value through profit or loss	36,681	26,559
Gains or losses from hedge accounting	(19,799)	(20,746)
Exchange differences	8,116	14,892
Gains or losses on derecognition of non-financial assets	982	8,063
Other operating income	96,264	119,702
Other operating expenses	(67,360)	(199,177)
Operating Income	**1,542,293**	**1,458,096**
Administrative expenses	(456,906)	(445,112)
Staff expenses	*(286,393)*	*(270,353)*
Other administrative expenses	*(170,513)*	*(174,759)*
Contributions to resolution funds and deposit guarantee	(9,729)	(6,466)
Depreciation	(49,660)	(54,073)
Provisions or reversal of provisions	(110,718)	(120,086)
Commitments and guarantees given	*(4,984)*	*(23,762)*
Other provisions	*(105,734)*	*(96,323)*
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(20,743)	(73,222)
Impairment or reversal of impairment on non-financial assets	1,612	4,950
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	10,729	7,949
Profit or loss before tax from continuing operations	**906,877**	**772,036**
Tax expense or income related to profit or loss from continuing operations	(73,758)	(30,492)
Current tax	*(22,989)*	*(22,205)*
Deferred tax	*(50,769)*	*(8,287)*
Profit or loss after tax from continuing operations	**833,119**	**741,544**
Profit or loss before tax from discontinued operations	(285)	8,187
Profit or loss for the year	**832,834**	**749,731**
Attributable to Shareholders of the parent	828,085	744,592
Attributable to non-controlling interests	4,749	5,139
	832,834	**749,731**

The Certificated Accountant

Executive Board of Directors

Consolidated balance sheet as at 31 December 2025 and 2024

(thousands of Euros)

	2025	2024
ASSETS	**46,446,445**	**42,413,045**
Cash, cash balances at central banks and other demand deposits	2,169,209	1,757,414
Financial assets held for trading	206,024	633,521
Financial assets mandatorily at fair value through profit or loss	225,426	248,533
Financial assets at fair value through other comprehensive income	3,621,033	3,148,305
Financial assets at amortised cost	37,347,223	33,564,672
Securities	7,920,427	8,384,115
Loans and advances to banks	2,324,006	36,523
(of which: reverse repurchase agreement)	2,239,413	–
Loans and advances to customers	27,102,790	25,144,034
Derivatives – Hedge accounting	617,528	682,256
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(74,013)	(53,048)
Investments in subsidiaries, joint ventures and associates	67,822	60,222
Tangible assets	672,990	680,381
Tangible fixed assets	417,302	416,554
Investment properties	255,688	263,827
Intangible assets	161,484	113,096
Tax assets	818,158	874,719
Current Tax Assets	7,959	27,106
Deferred Tax Assets	810,200	847,613
Other assets	581,017	671,925
Non-current assets and disposal groups classified as held for sale	32,546	31,049
LIABILITIES	**41,829,639**	**37,333,878**
Financial liabilities held for trading	64,595	95,841
Financial liabilities measured at amortised cost	40,262,839	35,585,636
Deposits from banks	3,029,353	1,772,496
(of which: repurchase agreement)	2,239,390	1,054,686
Due to customers	32,310,857	30,293,382
(of which: repurchase agreement)	–	260,124
Debt securities issued, Subordinated debt and liabilities associated to transferred assets	4,399,774	2,957,451
Other financial liabilities	522,854	562,307
Derivatives – Hedge accounting	151,791	161,383
Fair value changes of the hedged items in portfolio hedge of interest rate risk	20,822	81,539
Provisions	532,208	497,472
Tax liabilities	15,739	14,551
Current Tax liabilities	15,739	14,551
Other liabilities	769,230	885,179
Liabilities included in disposal groups classified as held for sale	12,416	12,277
EQUITY	**4,616,807**	**5,079,168**
Capital	2,245,000	3,345,000
Accumulated other comprehensive income	(1,031,801)	(1,062,390)
Retained earnings	13,814	13,814
Other reserves	2,532,235	2,011,951
Profit or loss attributable to Shareholders of the parent	828,085	744,592
Minority interests (Non-controlling interests)	29,473	26,200
TOTAL LIABILITIES AND EQUITY	**46,446,445**	**42,413,045**

The Certificated Accountant

Executive Board of Directors

6.2 Separate Financial Statements

Separate income statement as at 31 December 2025 and 2024

(thousands of Euros)

	2025	2024
Interest Income	1,966,152	2,355,594
Interest Expenses	(897,660)	(1,216,737)
Net Interest Income	**1,068,492**	**1,138,857**
Dividend income	79,620	30,862
Fees and comission income	362,231	330,548
Fees and comission expenses	(39,712)	(37,793)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	22,376	(4,996)
Gains or losses on financial assets and liabilities held for trading	12,173	9,886
Gains or losses on financial assets mandatorily at fair value through profit or loss	14,569	28,417
Gains or losses from hedge accounting	(19,347)	(20,880)
Exchange differences	7,709	15,689
Gains or losses on derecognition of non-financial assets	(262)	10,098
Other operating income	89,178	101,307
Other operating expenses	(60,700)	(162,816)
Operating Income	**1,536,396**	**1,439,178**
Administrative expenses	(431,691)	(419,067)
Staff expenses	(269,523)	(252,774)
Other administrative expenses	(162,168)	(166,294)
Contributions to resolution funds and deposit guarantee	(9,509)	(6,329)
Depreciation	(53,135)	(55,077)
Provisions or reversal of provisions	(56,013)	(109,164)
Commitments and guarantees given	(4,958)	(23,635)
Other provisions	(51,054)	(85,528)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(22,804)	(71,567)
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	(39,722)	23,141
Impairment or reversal of impairment on non-financial assets	796	2,800
Profit or loss before tax from continuing operations	**924,317**	**803,915**
Tax expense or income related to profit or loss from continuing operations	(64,944)	(13,228)
Current tax	(14,709)	(5,228)
Deferred tax	(50,235)	(8,000)
Profit or loss after tax from continuing operations	**859,373**	**790,687**
Profit or loss for the year	**859,373**	**790,687**
Attributable to Shareholders of the parent	859,373	790,687
	859,373	**790,687**

The Certificated Accountant

Executive Board of Directors

Separate balance sheet as at 31 December 2025 and 2024

(thousands of Euros)

	2025	2024
ASSETS	**45,846,570**	**42,068,890**
Cash, cash balances at central banks and other demand deposits	2,061,747	1,604,833
Financial assets held for trading	206,029	633,299
Financial assets mandatorily at fair value through profit or loss	1,108,004	1,150,504
Financial assets at fair value through other comprehensive income	3,505,293	3,074,810
Financial assets at amortised cost	36,210,171	32,591,564
Securities	7,999,577	8,639,161
Loans and advances to banks	2,374,936	138,875
Loans and advances to customers	25,835,659	23,813,529
Derivatives – Hedge accounting	617,532	682,487
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(74,077)	(53,562)
Investments in subsidiaries, joint ventures and associates	199,842	241,263
Tangible assets	338,928	336,422
Tangible fixed assets	338,928	336,422
Intangible assets	159,980	112,631
Tax assets	812,430	870,231
Current Tax Assets	4,683	25,790
Deferred Tax Assets	807,747	844,441
Other assets	682,667	806,779
Non-current assets and disposal groups classified as held for sale	18,023	17,629
LIABILITIES	**41,554,947**	**37,339,568**
Financial liabilities held for trading	64,538	95,603
Financial liabilities measured at amortised cost	40,035,287	35,600,565
Deposits from banks	3,779,813	2,640,019
(of which: repurchase agreement)	2,239,390	1,054,686
Due to customers	31,344,905	29,472,648
(of which: repurchase agreement)	–	260,124
Debt securities issued, Subordinated debt and liabilities associated to transferred assets	4,393,118	2,942,472
Other financial liabilities	517,451	545,427
Derivatives – Hedge accounting	151,956	161,684
Fair value changes of the hedged items in portfolio hedge of interest rate risk	20,822	81,539
Provisions	474,162	489,698
Tax liabilities	12,369	4,505
Current Tax liabilities	12,369	4,505
Other liabilities	795,813	905,974
EQUITY	**4,291,624**	**4,729,322**
Capital	2,245,000	3,345,000
Accumulated other comprehensive income	(959,341)	(986,820)
Retained earnings	13,814	13,814
Other reserves	2,132,777	1,566,641
Profit or loss attributable to Shareholders of the parent	859,373	790,687
TOTAL LIABILITIES AND EQUITY	**45,846,570**	**42,068,890**

The Certificated Accountant

Executive Board of Directors

6.3 Final Notes

6.3.1 Declaration of Conformity with the Financial Information Reported

In accordance with Article 29.º-G of the Portuguese Securities Code ("Código dos Valores Mobiliários"), the members of the Executive Board of Directors of Novo Banco, S.A., identified below by name, declare that:

(1) the separate and consolidated financial statements of novobanco for the year ended 31 December 2025 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union;

(2) to the best of their knowledge, the financial statements referred in item (1) give a true and fair view of the assets and liabilities, financial position and results of novobanco and the novobanco Group, in accordance with the said Standards;

(3) the management report faithfully describes the business development, performance and financial position of novobanco and the novobanco Group for the year ending 31 December 2025 and contains a description of the main risks and uncertainties they face.

The separate and consolidated financial statements were approved at the Executive Board meeting held on 29 January 2026.

6.3.2 Proposal for the distribution of novobanco results

In light of the transaction for the sale of the entire share capital of Novo Banco, S.A. to BPCE, agreed by the shareholders in 2025 and still subject to authorization by the regulatory authorities, the dividend distribution policy will not be applicable to the financial year ended on 31 December 2025.

Accordingly, pursuant to Article 66(5)(f) and for the purposes of Article 376(1)(b) of the Portuguese Companies Code, as well as in accordance with Article 11(b) and Article 26 of the Statutes of the Bank's Articles of Association, novobanco's Executive Board of Directors proposes, for approval by the General Meeting, that the net profit for the 2025 financial year, totalling 859,373,403.79 euros, calculated in the individual accounts, be distributed as follows:

(1) 85,937,340.38 euros to reinforce the Legal Reserve, under the terms of article 97 of the RGICSF; and

(2) 773,436,063.41 euros to Other reserves and retained earnings.

6.4 Note of Recognition

The General and Supervisory Board and the Executive Board of Directors hereby express their recognition for the loyalty, trust and involvement with the bank of its clients and employees, as well as for the collaboration of the Governmental, Supervision and Resolution Authorities and the European Commission.

Lisbon, 4 March 2026

The Executive Board of Directors

Mark George Bourke

Benjamin Dickgiesser

Luís Miguel Alves Ribeiro

João Paixão Moreira

Patrícia Afonso Fonseca

Carmen Garcia Gonçalves

Rui Miguel Dias Ribeiro Fontes



Alternative performance measures

The European Securities and Markets Authority (ESMA) issued on 5 October 2015 a set of guidelines on the disclosure of Alternative Performance Measures (APM) by issuers of securities (ESMA/2015/1415), of compulsory application from 03 July 2016.

The novobanco Group uses a set of indicators in the analysis of its financial performance that can be classified as Alternative Performance Measures, in accordance with the referred ESMA guidelines.

In compliance with the ESMA guidelines, we present hereunder (i) the reconciliation of the Consolidated Income Statement and (ii) the Alternative Performance Measures:

I – Reconciliation of the Income Statement

Reconciliation between the Official Consolidated Income Statement and the Management Consolidated Income Statement used by novobanco's management as a work tool in the analysis of the Group's performance:



Official Income Statement		Management Income Statement				
		Net Interest Income	Fees and Commissions	Commercial Banking Income	Market Results	Other Operating Results
		1,097,130	**353,607**	**1,450,737**	**42,247**	**76,901**
Interest Income	1,982,420	1,982,420				
Interest Expenses	(885,290)	(885 290)				
Net Interest Income	**1,097,130**					
Dividend income	4,984				4,984	
Fee and comission income	396,126		396,126			
Fee and comission expenses	(44,660)		(44 660)			
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	22,536				6,130	16,406
Gains or losses on financial assets and liabilities held for trading	11,224				11,224	
Gains or losses on financial assets mandatorily at fair value through profit or loss	36,681				36,681	
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	68				68	
Gains or losses from hedge accounting	(19,799)				(19 799)	
Exchange differences	8,116				8,116	
Gains or losses on derecognition of non-financial assets	982					982
Other operating income	96,264		2,141		1,860	92,263
Other operating expenses	(67,360)				(7 018)	(33 464)
Operating Income	**1,542,293**					
Administrative expenses						
Staff expenses	(286,393)					
Other administrative expenses	(170,513)					
Contributions to resolution funds and deposit guarantee schemes	(9,729)					(9 729)
Depreciation	(49,660)					
Provisions or reversal of provisions						
Commitments and guarantees given	(4,984)					
Other provisions	(105,734)					
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(20,743)					
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	0					
Impairment or reversal of impairment on non-financial assets	1,612					
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	10,729					10,729
Profit or loss before tax from continuing operations	**906,877**					
Tax expense or income related to profit or loss from continuing operations						
Current tax	(22,989)					
Deferred tax	(50,769)					
Profit or loss after tax from continuing operations	**833,119**					
Profit or loss from discontinued operations	(285)					(285)
Profit or loss for the period	**832,834**					
Attributable to Shareholders of the parent	**828,085**					
Attributable to non-controlling interests	4,749					
	832,834					

Official Income Statement	Management Income Statement					
	Banking Income	Operating Costs	Staff Costs	General and Administrative Costs	Depreciation	Net Operating Income
	1,569,885	**(506,566)**	**(286,393)**	**(170,513)**	**(49,660)**	**1,063,319**
Interest Income						
Interest Expenses						
Net Interest Income						
Dividend income						
Fee and comission income						
Fee and comission expenses						
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						
Exchange differences						
Gains or losses on derecognition of non-financial assets						
Other operating income						
Other operating expenses						
Operating Income						
Administrative expenses						
Staff expenses			(286 393)			
Other administrative expenses				(170 513)		
Contributions to resolution funds and deposit guarantee schemes						
Depreciation					(49 660)	
Provisions or reversal of provisions						
Commitments and guarantees given						
Other 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						
Impairment or reversal of impairment on non-financial assets						
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method						
Profit or loss before tax from continuing operations						
Tax expense or income related to profit or loss from continuing operations						
Current tax						
Deferred tax						
Profit or loss after tax from continuing operations						
Profit or loss from discontinued operations						
Profit or loss for the period						
Attributable to Shareholders of the parent						
Attributable to non-controlling interests						

Official Income Statement	Management Income Statement				
	Net Impairments and Provisions	Credit Impairment	Other Assets and Contingencies Provisions	Income before Taxes	Taxes
	(129,849)	**(25,034)**	**(104,815)**	**933,470**	**(73,758)**
Interest Income					
Interest Expenses					
Net Interest Income					
Dividend income					
Fee and comission income					
Fee and comission expenses					
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					
Exchange differences					
Gains or losses on derecognition of non-financial assets					
Other operating income					
Other operating expenses					
Operating Income					
Administrative expenses					
Staff expenses					
Other administrative expenses					
Contributions to resolution funds and deposit guarantee schemes					
Depreciation					
Provisions or reversal of provisions					
Commitments and guarantees given		(4 984)			
Other provisions			(105 734)		
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss		(20 050)	(693)		
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates					
Impairment or reversal of impairment on non-financial assets			1,612		
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method					
Profit or loss before tax from continuing operations					
Tax expense or income related to profit or loss from continuing operations					
Current tax					(22 989)
Deferred tax					(50 769)
Profit or loss after tax from continuing operations					
Profit or loss from discontinued operations					
Profit or loss for the period					
Attributable to Shareholders of the parent					
Attributable to non-controlling interests					

Official Income Statement	Management Income Statement			
	Special Tax on Banks	Income after Taxes	Non-controlling Interests	Net Income
	(26,878)	**832,834**	**4,749**	**828,085**
Interest Income				
Interest Expenses				
Net Interest Income				
Dividend income				
Fee and comission income				
Fee and comission expenses				
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				
Exchange differences				
Gains or losses on derecognition of non-financial assets				
Other operating income				
Other operating expenses	(26 878)			
Operating Income				
Administrative expenses				
Staff expenses				
Other administrative expenses				
Contributions to resolution funds and deposit guarantee schemes				
Depreciation				
Provisions or reversal of provisions				
Commitments and guarantees given				
Other 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				
Impairment or reversal of impairment on non-financial assets				
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method				
Profit or loss before tax from continuing operations				
Tax expense or income related to profit or loss from continuing operations				
Current tax				
Deferred tax				
Profit or loss after tax from continuing operations				
Profit or loss from discontinued operations				
Profit or loss for the period				
Attributable to Shareholders of the parent				
Attributable to non-controlling interests			4,749	

II –Alternative performance measures

Information on the Alternative Performance Measures (definition, calculation method and scope):

Income statement

Designation	Definition	Calculation Basis	Reconciliation with the Financial Statements[2]
Fees and Commissions	Indicator of results of financial activity directly related to services provided to clients Historical financial performance indicator	Fee and commission income less fee and commission expenses	(IS): Fee and commission income and Fee and commission expenses
Commercial banking income	Indicator of the results of commercial activity most directly related to customers Historical financial performance indicator		
Capital markets results	Indicator of results of activity in the financial markets Historical financial performance indicator indicator	Results from trading hedging operations, assets at fair value through other comprehensive income and at amortized cost	(IS): 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	Indicator of other diverse results, not directly related to activity with customers and markets Historical financial performance	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	(IS): 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 equivalence method
Banking Income	Financial activity results indicator Historical financial performance indicator	Net interest income + Fees and commissions + Capital markets results + Other operating results	

[2] IS: Income Statement Item; BS: Balance Sheet Item

Operating costs	Indicator of structural costs that support commercial activity and whose analysis allows to assess the trajectory of progression of costs Indicator of historical financial performance	Personnel expenses + Other administrative expenses + Depreciation	(IS): Personnel expenses, Other administrative expenses and Depreciation
Operational result	Indicator of results of financial activity less costs and before impairment. Measures the extent to which the income generated covers / exceeds operating costs Historical financial performance indicator	Banking income - Operating costs	
Provisions, net of replacement / Impairments	Indicator of net reinforcements of impairments made in the year Historical financial performance indicator	Provisions or reversal of provisions + Impairment or reversal 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 + Impairment or reversal of impairment of non-financial assets	(IS): 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

Designation	Definition	Calculation Basis	Reconciliation with the Financial Statements [3]
Assets eligible for rediscount transactions with the ECB	Trading financial securities or other types of assets, such as non-marketable assets or cash, accepted as collateral by the ECB in financing operations Indicator of historical financial performance	n.a.	n.a.
Customer credit	Customer loans and debt securities associated with credit operations with clients, being Gross before impairments and Net after impairment	n.a.	n.a.
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.	n.a.	n.a.

[3] IS: Income Statement Item; BS: Balance Sheet Item

Customer deposits Instruction No 16/2004 of Banco de Portugal	Indicator of the asset's financing capacity Historical financial performance indicator	Set of amounts entered in the following general ledges accounting items: [#400 - #34120 + #52020 + #53100]	(BS): Customer resources
Net financing from the ECB	Indicator that reflects the net amount that was obtained from the ECB to finance the activity Historical financial performance indicator	Difference between the amount of financing obtained from the ECB and investments in the ECB	(BS): Applications at the ECB and Resources from the ECB
Customer funds	Indicator of the asset's financing capacity Historical financial performance indicator	Deposits + Other customer funds + Debt securities placed on customers	(BS): Customer funds, Debt securities issued, subordinated liabilities and Liabilities associated with transferred assets
Off-balance funds	Indicator of off-balance sheet customer funds Historical financial performance indicator	Off-balance sheet resources managed by Group companies, which include real estate and investment funds, pension funds, banking insurance, portfolio management and discretionary management	
Total customer funds	Indicator of customer resources registered on the balance sheet and off balance sheet Historical financial performance indicator	Deposits + Other customer resources + Issued bonds + Subordinated liabilities + Disintermediation resources	(BS): Customer resources, Liabilities represented by securities, subordinated liabilities and Liabilities associated with transferred assets
Commercial gap	Indicator that measures the need / excess of financing in absolute value of the commercial area Historical financial performance indicator	Difference between customer deposits and net credit	(BS): Net customer loans and customer deposits
Liquidity gap	Indicator that allows assessing the need /excess liquidity accumulated up to 1 year, in each cumulative scale of residual maturity. Historical financial performance indicator.	Difference between [(Net assets - volatile liabilities)]	
Loans to Deposit Ratio Instruction No 16/2004 of Banco de Portugal	Indicator of the relationship between the financing of the activity and the funds raised from customers Historical financial performance indicator	Ratio between [(total credit - accumulated impairment for credit) and deposits customer]	(BS): Net customer loans and customer deposits

Asset quality and coverage ratios

Designation	Definition	Calculation Basis	Reconciliation with the Financial Statements [4]
Overdue loans ratio	Loans quality indicator, showing the proportion of the gross loan portfolio that is in default Historical financial performance indicator	Ratio between overdue loans and total loans	(BS): Overdue loans, that is, loans with instalments of capital and interest in default and loans to customers, gross
Ratio of loans overdue for more than 90 days	Loans quality indicator, reflects the proportion of the gross loan portfolio that has been in default for more than 90 days. Historical financial performance indicator.	Ratio between loans overdue for more than 90 days and total loans	(BS): Loans overdue for more than 90 days, that is, loans with instalments of capital and interest in default for more than 90 days and loans to customers, gross
Non-performing loans ratio	Loans portfolio quality indicator, reflects the proportion of the gross loans portfolio including cash and deposits with credit institutions that are in a non-performing situation. Historical financial performance indicator.	Ratio between the total balance of loans agreements with customers and cash equivalents and investments in credit institutions identified as: (i) being in default (internal definition in line with Article 178 of the Capital Requirements Regulation, that is, contracts with higher material defaults) 90 days and contracts identified as unlikely to pay, according to qualitative criteria; and (ii) having specific impairment and total loans	(BS). Loans identified as non-productive loans and Gross customer loans
Forborne ratio Instruction No 32/2013 of Banco de Portugal	Loans quality indicator, reflects the proportion of the gross loan portfolio that was restructured. Historical financial performance indicator.	Ratio between forborne and total loans	(BS). Loans identified as restructured due to financial difficulties of the customer and loans to customers gross
Overdue loans coverage	Indicator of the ability to absorb potential losses related to loans default Historical financial performance indicator.	Ratio between balance sheet impairments for loans to customers and the amount of overdue loans	(BS): Provisions for loans and overdue loans to customers
Coverage of loans overdue for more than 90 days	Indicator of the ability to absorb potential losses related to loans default for more than 90 days. Historical financial performance indicator.	Ratio between balance sheet impairments for loans to customers and loans overdue for more than 90 days	(BS): Provisions for loans and loans to customers overdue by more than 90 days

[4] IS: Income Statement Item; BS: Balance Sheet Item

Non-performing loans coverage	Indicator of the capacity to absorb potential losses related to non-performing loans. Indicator of historical financial performance	Ratio of balance sheet impairments for loans to customers to non-performing loans	(BAL): Credit provisions and Non-performing loans
Coverage of loans to clients	Indicator of the capacity to absorb potential losses related to clients loans. Indicator of historical financial performance	Ratio of balance sheet impairments for loans to customers and gross clients loans	(BAL): Credit provisions and Gross clients loans
Cost of Risk	Measure of the cost recognised in the year to cover the credit default risk of the customer credit portfolio.	Ratio between the impairment charges recorded during the period for customer credit risk and the gross customer credit risk balance.	(DR): Reinforcement of provisions for loans, guarantees, and related customer credit debt during the year (BAL): Gross loans to customer loans and customer credit related

Efficiency and profitability ratio

Designation	Definition	Calculation Basis	Reconciliation with the Financial Statements [5]
Efficiency I Instruction No 16/2004 of Banco de Portugal	Expresses the proportion of income necessary to cover the staff costs incurred. The lower the value of the indicator, the higher the level of efficiency of the organization's human resources. Historical financial performance indicator.	Ratio between staff expenses and banking income	(IS): Staff expenses
Efficiency II Instruction No 16/2004 of Banco de Portugal	Expresses the proportion of income necessary to cover operating costs incurred. The lower the value of the indicator, the greater the level of efficiency of the organization. Historical income financial performance indicator.	Ratio between [administrative expenses and depreciation] and banking income	(IS): Operating costs include Staff expenses, Other administrative expenses and Depreciation
Commercial Cost to Income	It expresses the proportion of income necessary to face the operating costs incurred and allows to measure the progression of efficiency levels. The lower the value of the indicator, the greater the level of efficiency of the organization. Historical financial performance indicator.	Ratio between operating costs and commercial banking income	

[5] IS: Income Statement Item; BS: Balance Sheet Item

Profitability Instruction No 16/2004 of Banco de Portugal	Expresses the banking income (in %) generated by the asset, in the period and provides an analysis of the capacity to generate income per unit of assets used. Indicator of historical financial performance.	Ratio between banking income and average net assets	(BS): Active; the calculation of the average net asset includes, in addition to the values at the ends of the period under analysis, the values recorded in each of the months in the interval considered.
Return on average net assets Instruction No 16/2004 of Banco de Portugal	Expresses the income (in %) generated by the asset, in the period and provides an analysis of the capacity to generate results per unit of assets used. Indicator of historical financial performance.	Ratio between profits or losses of continuing operations before taxes and average net assets.	(IS): Profit or loss from continuing operations before taxes (BS): Assets; the calculation of the average net asset includes, in addition to the values at the ends of the period under analysis, the values recorded in each of the months in the interval considered
Return on average Equity Instruction No 16/2004 of Banco de Portugal	Expresses the income (in %) generated by equity in the period and provides information on the efficiency with which capital is used to generate results. Indicator of historical financial performance.	Ratio between profits or losses of continuing operations before taxes and average equity.	(IS): Profit or loss from continuing operations before taxes (BS): Equity; the calculation of average equity includes, in addition to the values at the ends of the period under analysis, the values recorded in each of the months in the interval considered.
Return on average Tangible Equity (RoTE)	Expresses the income (in %) generated by tangible equity, in the period and provides information on the efficiency with which capital is used to generate results	Ratio between net profit and average equity deducted from intangible assets, the amount receivable from the contingent capitalization mechanism (CCA) and net of accrued dividend.	(DR): Results attributable to shareholders of the parent company (net of accrued dividend) (BAL): Shareholders equity; the calculation of average equity includes, in addition to the values at the extremes of the period under analysis, the values recorded in each of the months in the range considered. Intangible assets and the amount receivable from CCA are excluded.



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
Interest Income	10	1,982,420	2,372,813
Interest Expenses	10	(885,290)	(1,193,369)
Net Interest Income		**1,097,130**	**1,179,444**
Dividend income	12	4,984	4,307
Fees and comission income	11	396,126	364,406
Fees and comission expenses	11	(44,660)	(45,488)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	12	22,536	(3,658)
Gains or losses on financial assets and liabilities held for trading	12	11,224	9,793
Gains or losses on financial assets mandatorily at fair value through profit or loss	12	36,681	26,559
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	12	68	–
Gains or losses from hedge accounting	12	(19,799)	(20,746)
Exchange differences	12	8,116	14,892
Gains or losses on derecognition of non-financial assets	13	982	8,063
Other operating income	14	96,264	119,702
Other operating expenses	14	(67,360)	(199,177)
Operating Income		**1,542,293**	**1,458,096**
Administrative expenses		(456,906)	(445,112)
Staff expenses	15	*(286,393)*	*(270,353)*
Other administrative expenses	17	*(170,513)*	*(174,759)*
Contributions to resolution funds and deposit guarantee	18	(9,729)	(6,466)
Depreciation	25, 27	(49,660)	(54,073)
Provisions or reversal of provisions	19	(110,718)	(120,086)
Commitments and guarantees given		*(4,984)*	*(23,762)*
Other provisions		*(105,734)*	*(96,323)*
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	19	(20,743)	(73,222)
Impairment or reversal of impairment on non-financial assets	19	1,612	4,950
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	24	10,729	7,949
Profit or loss before tax from continuing operations		**906,877**	**772,036**
Tax expense or income related to profit or loss from continuing operations		(73,758)	(30,492)
Current tax		*(22,989)*	*(22,205)*
Deferred tax		*(50,769)*	*(8,287)*
Profit or loss after tax from continuing operations		**833,119**	**741,544**
Profit or loss before tax from discontinued operations	30	(285)	8,187
Profit or loss for the year		**832,834**	**749,731**
Attributable to Shareholders of the parent		828,085	744,592
Attributable to non-controlling interests	35	4,749	5,139
		832,834	**749,731**
Weighted average number of ordinary shares outstanding (thousands)		500,000	500,000
Basic earnings per share (in Euros)		1.66	1.49
Diluted earnings per share (in Euros)		1.66	1.49
Basic earnings per share of continuing activities (in Euros)		1.66	1.47
Diluted earnings per share of continuing activities (in Euros)		1.66	1.47

The accompanying explanatory notes are an integral part of these consolidated financial statements

Consolidated statement of Comprehensive Income for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
Net profit / (loss) for the exercise		**832,834**	**749,731**
Other comprehensive income/(loss)			
Items that will not be reclassified to results		**52,496**	**(40,878)**
Actuarial gains / (losses) on defined benefit plans	a)	51,131	(35,873)
Other comprehensive income from associates accounted for using the equity method	a)	623	301
Fair value changes of equity instruments measured at fair value through other comprehensive income		742	(5,306)
Items that may be reclassified to results		**(21,906)**	**48,612**
Foreign exchange differences	a)	139	(87)
Cash flow hedge	a)	(49,787)	38,989
Financial assets at fair value through other comprehensive income		27,741	9,711
Total other comprehensive income/(loss) for the exercise		**863,423**	**757,465**
Attributable to non-controlling interest	a)	4,749	5,139
Attributable to Shareholders of the Parent		**858,675**	**752,326**

a) See Statement of Changes in the Consolidated Equity

The accompanying explanatory notes are an integral part of these consolidated financial statements

Consolidated Balance Sheet as at 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
ASSETS		**46,446,445**	**42,413,045**
Cash, cash balances at central banks and other demand deposits	20	2,169,209	1,757,414
Financial assets held for trading	21	206,024	633,521
Financial assets mandatorily at fair value through profit or loss	22	225,426	248,533
Financial assets at fair value through other comprehensive income	22	3,621,033	3,148,305
Financial assets at amortised cost	22	37,347,223	33,564,672
Securities		7,920,427	8,384,115
Loans and advances to banks		2,324,006	36,523
(of which: reverse repurchase agreement)		2,239,413	–
Loans and advances to customers		27,102,790	25,144,034
Derivatives – Hedge accounting	23	617,528	682,256
Fair value changes of the hedged items in portfolio hedge of interest rate risk	23	(74,013)	(53,048)
Investments in subsidiaries, joint ventures and associates	24	67,822	60,222
Tangible assets		672,990	680,381
Tangible fixed assets	25	417,302	416,554
Investment properties	26	255,688	263,827
Intangible assets	27	161,484	113,096
Tax assets	28	818,158	874,719
Current Tax Assets		7,959	27,106
Deferred Tax Assets		810,200	847,613
Other assets	29	581,017	671,925
Non-current assets and disposal groups classified as held for sale	30	32,546	31,049
LIABILITIES		**41,829,639**	**37,333,878**
Financial liabilities held for trading	21	64,595	95,841
Financial liabilities measured at amortised cost	31	40,262,839	35,585,636
Deposits from banks		3,029,353	1,772,496
(of which: repurchase agreement)		2,239,390	1,054,686
Due to customers		32,310,857	30,293,382
(of which: repurchase agreement)		–	260,124
Debt securities issued, Subordinated debt and liabilities associated to transferred assets		4,399,774	2,957,451
Other financial liabilities		522,854	562,307
Derivatives – Hedge accounting	23	151,791	161,383
Fair value changes of the hedged items in portfolio hedge of interest rate risk	23	20,822	81,539
Provisions	32	532,208	497,472
Tax liabilities	28	15,739	14,551
Current Tax liabilities		15,739	14,551
Other liabilities	33	769,230	885,179
Liabilities included in disposal groups classified as held for sale	30	12,416	12,277
EQUITY		**4,616,807**	**5,079,168**
Capital	34	2,245,000	3,345,000
Accumulated other comprehensive income	35	(1,031,801)	(1,062,390)
Retained earnings	35	13,814	13,814
Other reserves	35	2,532,235	2,011,951
Profit or loss attributable to Shareholders of the parent		828,085	744,592
Minority interests (Non-controlling interests)	35	29,473	26,200
TOTAL LIABILITIES AND EQUITY		**46,446,445**	**42,413,045**

The accompanying explanatory notes are an integral part of these consolidated financial statements

Consolidated Statement of changes in Equity for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	Capital	Other Comprehensive Income	Retained earnings	Other reserves	Net profit/(loss) for the exercise attributable to shareholders of the Bank	Non-controlling interests		Total
							Other Comprehensive Income	Other	
Balance as at 31 December 2023		**6,567,844**	**(1,070,125)**	**(8,577,074)**	**6,736,004**	**743,088**	**(5,068)**	**27,759**	**4,422,428**
Capital increase by incorporation of special reserve for deferred taxes	34	128,673	–	–	(128,673)	–	–	–	–
Capital reduction to cover losses and reinforce the legal reserve	34	(3,351,517)	–	2,870,295	481,222	–	–	–	–
Other increase / (Decrease) in Equity		**–**	**1**	**5,720,593**	**(5,076,602)**	**(743,088)**	**–**	**(1,630)**	**(100,726)**
Incorporation in retained earnings of net profit / (loss) of the previous year		–	–	720,594	22,494	(743,088)	–	–	–
Contingent Capital Mechanism Reserve	35	–	–	–	(29,586)	–	–	–	(29,586)
Relocation of free reserves		–	–	5,000,000	(5,000,000)	–	–	–	–
Other movements (1)		–	1	(1)	(69,510)	–	–	(1,630)	(71,140)
Total comprehensive income for the year		**–**	**7,734**	**–**	**–**	**744,592**	**5,139**	**–**	**757,465**
Changes in fair value, net of tax	35	–	65,629	–	–	–	–	–	65,629
Foreign exchange differences, net of tax		–	(87)	–	–	–	–	–	(87)
Remeasurement of defined benefit plans, net of tax	16	–	(35,873)	–	–	–	–	–	(35,873)
Other comprehensive income appropriated from associated companies		–	301	–	–	–	–	–	301
Impairment reserves of securities at fair value through OCI	35	–	204	–	–	–	–	–	204
Sales reserves of securities at fair value through OCI	35	–	(61,428)	–	–	–	–	–	(61,428)
Cash flow hedge reserves		–	38,989	–	–	–	–	–	38,989
Net income of the exercise		–	–	–	–	744,592	5,139	–	749,731
Balance as at 31 December 2024		**3,345,000**	**(1,062,390)**	**13,814**	**2,011,951**	**744,592**	**71**	**26,129**	**5,079,168**
Capital reduction	34	(1,100,000)	–	–	–	–	–	–	(1,100,000)
Other increase / (Decrease) in Equity		**–**	**–**	**–**	**520,284**	**(744,592)**	**–**	**(1,476)**	**(225,784)**
Incorporation in retained earnings of net profit / (loss) of the previous year		–	–	–	744,592	(744,592)	–	–	–
Dividends (2)		–	–	–	(224,551)	–	–	(2,324)	(226,875)
Other movements		–	–	–	243	–	–	847	1,090
Total comprehensive income for the year		**–**	**30,589**	**–**	**–**	**828,085**	**4,749**	**–**	**863,423**
Changes in fair value, net of tax	35	–	28,011	–	–	–	–	–	28,011
Foreign exchange differences, net of tax		–	139	–	–	–	–	–	139
Remeasurement of defined benefit plans, net of tax	16	–	51,131	–	–	–	–	–	51,131
Other comprehensive income appropriated from associated companies		–	623	–	–	–	–	–	623
Impairment reserves of securities at fair value through OCI	35	–	158	–	–	–	–	–	158
Sales reserves of securities at fair value through OCI	35	–	314	–	–	–	–	–	314
Cash flow hedge reserves		–	(49,787)	–	–	–	–	–	(49,787)
Net income of the exercise		–	–	–	–	828,085	4,749	–	832,834
Balance as at 31 December 2025		**2,245,000**	**(1,031,801)**	**13,814**	**2,532,235**	**828,085**	**4,820**	**24,653**	**4,616,807**

(1) Includes 67,839 thousand euros related to the change of NPV calculation methodology for hedged items (see Note 23)

(2) corresponds to a dividend per share of 0.45 euros; variation in non-controlling interests concerns dividends from novobanco Açores

The accompanying explanatory notes are an integral part of these consolidated financial statements

Consolidated Cash Flows Statement for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
Cash flows from operating activities		**1,008,131**	**943,351**
Interest received		1,986,512	2,351,629
Interest paid		(875,337)	(1,200,414)
Fees and commissions received		396,126	364,406
Fees and commissions paid		(44,660)	(45,488)
Recoveries on loans previously written off		27,898	23,655
Contributions to the pension fund		(32,929)	–
Contributions to resolution funds and deposit guarantee		(9,729)	(6,466)
Cash payments to employees and suppliers		(439,750)	(543,970)
Changes in operating assets and liabilities:			
Deposits with / from Central Banks		(21,697)	(975,498)
Financial assets mandatorily at fair value through profit or loss		77,418	46,475
Financial assets designated at fair value through profit or loss		387,745	(213,124)
Financial assets at fair value through other comprehensive income		(577,888)	(2,214,480)
Financial assets at amortised cost		(3,595,104)	(1,114,850)
Debt securities		*645,471*	*(426,646)*
Loans and advances to banks		*(2,283,580)*	*11,432*
Loans and advances to customers		*(1,956,994)*	*(699,636)*
Financial liabilities at amortised cost		3,313,543	(2,051,132)
Deposits from banks		*1,256,563*	*(2,359,498)*
Due to customers		*2,056,980*	*308,366*
Derivatives - Hedge accounting		15,385	26,500
Other operating assets and liabilities		(198,420)	(337,185)
Net cash from operating activities before corporate income tax		**409,114**	**(5,889,942)**
Corporate income taxes paid		(34,555)	8,522
Net cash from operating activities		**374,559**	**(5,881,420)**
Cash flows from investing activities			
Acquisition of investments in subsidiaries and associated companies		(20)	–
Sale of investments in subsidiaries and associated companies		–	10,960
Dividends received		4,984	4,307
Acquisition of investment properties		(38)	–
Sale of investment properties		24,921	110,512
Acquisition of tangible fixed assets		(27,952)	(73,723)
Sale of tangible fixed assets		757	–
Acquisition of intangible assets		(65,063)	(46,182)
Net cash from investing activities		**(62,410)**	**5,875**
Cash flows from financing activities			
Capital reimbursement		(1,100,000)	–
Issuance of bonds and other debt securities		1,500,000	1,800,000
Reimbursement of bonds and other debt securities		(97,832)	(40,949)
Dividens paid from ordinary shares		(224,551)	–
Net cash from financing activities		**77,617**	**1,759,051**
Net changes in cash and cash equivalents		**389,766**	**(4,116,494)**
Cash and cash equivalents at the beginning of the period		**1,461,692**	**5,578,186**
Net changes in cash and cash equivalents		389,766	(4,116,494)
Cash and cash equivalents at the end of the period		**1,851,458**	**1,461,692**
Cash and cash equivalents include:			
Cash	20	179,301	183,824
Deposits with Central Banks	20	1,789,757	1,343,628
(of which, Mandatory cash and cash equivalents)		(317,751)	(295,722)
Deposits with banks	20	200,151	229,962
Total		**1,851,458**	**1,461,692**

The accompanying explanatory notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements as at 31 December 2025

(Amounts expressed in thousand of euros, unless otherwise stated)

Note 1 - Activity and Structure of the Group

Novo Banco, S.A. is the parent company and the main entity of the novobanco financial Group and LSF Nani Investments S.à r.l. is the parent company of the Nani Holdings SGPS, S.A.. Novo Banco, S.A. is focused on the banking activity, having been incorporated on the 3 August 2014.

On 18 October 2017, Nani Holdings S.à r.l., a company belonging to the North American group Lone Star (formerly Nani Holdings, SGPS, S.A., following its transfer of registered seat from Portugal to Luxembourg by way of legal continuation in 2024), acquired a majority stake (75%) of Novo Banco, S.A share capital through two share capital increases in the amount of 750 million euros and 250 million euros, in October and December, respectively.

The financial statements of novobanco are consolidated by Nani Holdings S.à.r.l., with its headquarters at Rue des Mérovingiens 7A, Bertrange, Luxembourg. LSF Nani Investments S.à.r.l., headquartered in Luxembourg, is the parent company of the Group.

On 13 June 2025, novobanco announced that its majority shareholder, Nani Holdings S.à r.l., had signed a Memorandum of Understanding for the sale of its shareholding to BPCE for an amount equivalent to a valuation of approximately 6.4 billion euros by the end of 2025, representing 100% of the share capital. During October 2025, the minority shareholders, the Resolution Fund and the Directorate-General of the Treasury and Finance, joined the sale operation. The transaction is estimated to be completed during the first half of 2026.

Novo Banco, S.A. has its registered office in Avenida Doutor Mário Soares, Taguspark, Edifício 1, Porto Salvo, Portugal.

Novobanco Group (hereinafter also designated as Group or novobanco Group) has a retail network comprising 289 branches in Portugal and abroad (31 December 2024: 290 branches), including a branch in Luxembourg and 1 representative office in Spain (31 December 2024: 1 representative office in Spain).

As at 31 December 2025, the Group companies in which the Bank has a direct or indirect holding higher or equal to 20%, over which the Bank exercises control or significant influence, and that were included in the consolidation perimeter, are presented below.

	Year incorporated	Year acquired	Registered office	Activity	Share-holding %	Consolidation method
NOVO BANCO, SA	**2014**	**–**	**Portugal**	**Banking**		
Novo Banco dos Açores, SA (novobanco Açores)	2002	2002	Portugal	Banking	57.53%	Full consolidation
BEST - Banco Electrónico de Serviço Total, SA (BEST)	2001	2001	Portugal	Electronic banking	100%	Full consolidation
NB África, SGPS, SA	2009	2009	Portugal	Holding company	100%	Full consolidation
GNB - Gestão de Ativos, SGOIC, S.A. (GNB GA)	**1987**	**1987**	**Portugal**	**Holding company**	**100%**	**Full consolidation**
GNB - Sociedade Gestora de Fundos de Pensões, SA	1989	1989	Portugal	Pensions fund management	100%	Full consolidation
ES Tech Ventures, S.G.P.S., SA (ESTV)	**2000**	**2000**	**Portugal**	**Holding company**	**100%**	**Full consolidation**
Yunit Serviços, SA	2000	2000	Portugal	Internet site management	33.33%	Equity method
GNB Concessões, SGPS, SA (GNB CONCESSÕES)	2002	2003	Portugal	Holding company	100%	Full consolidation
Espírito Santo Representações, Ltda. (ESREP)	1996	1996	Brazil	Representation services	100%	Full consolidation
Aroleri, SLU	2021	2021	Spain	Real estate promotion	100%	Full consolidation
Righthour, SA	2013	2013	Portugal	Services provider	100%	Full consolidation
Fundo de Gestão de Património Imobiliário - FUNGEPI - Novo Banco	1997	2012	Portugal	Real Estate Investment Fund	100%	Full consolidation
Prediloc Capital – Fundo Especial de Investimento Imobiliário Fechado	2006	2012	Portugal	Real Estate Investment Fund	100%	Full consolidation
NB Branches - Fundo Especial de Investimento Imobiliário Fechado	2006	2019	Portugal	Real Estate Investment Fund	100%	Full consolidation
JCN - IP - Investimentos Imobiliários e Participações, SA	1995	2012	Portugal	Real estate development	100%	Full consolidation
Promofundo - Fundo Especial de Investimento Imobiliário Fechado	2008	2018	Portugal	Real Estate Investment Fund	100%	Full consolidation
Locarent - Companhia Portuguesa de Aluguer de Viaturas, SA (LOCARENT)	2003	2003	Portugal	Renting	50,00% b)	Equity method
UNICRE - Instituição Financeira de Crédito, SA	1974	2010	Portugal	Credit finance company	17,5% a)	Equity method
Edenred Portugal, SA	1984	2013	Portugal	Services provider	50,00% b)	Equity method
Multipessoal Recursos Humanos - SGPS, S.A	1993	1993	Portugal	Holding company	22.52%	Equity method
Lusitano Mortgages No.6 plc c)	2007	2007	Ireland	Special Purpose Entity	100%	Full consolidation
Lusitano Mortgages No.7 plc c)	2008	2008	Ireland	Special Purpose Entity	100%	Full consolidation

a) The percentage presented above reflects the Group's economic interest. These entities were included in the consolidated balance sheet via the equity method as the Group exercises significant influence over their activities

b) Entities consolidated under the equity method as the voting rights grant control to the other shareholders

c) Entities established under securitization operations, recorded in the consolidated financial statements in accordance with the Group's ongoing involvement in these operations, determined based on the percentage held of equity pieces of the respective vehicles (see Note 39)

During 2025, the main changes in novobanco Group's structure were as follows:

- In January 2025, GNB Concessões acquired a 40% stake in Lineafinis Investimentos, SGPS, SA for 20 thousand euros;
- In May 2025 NB Finance was liquidated;
- In October 2025, NB Arrendamento Fund was liquidated;
- In December 2025, Herdade da Boina was liquidated.

The most significant changes in the Novobanco Group structure during the fiscal year 2024 were as follows:

- In July 2024, a partial reimbursement of participation units in NB Património Fund held by novobanco was carried out, amounting to 95,000 thousand euros;
- In September 2024, a capital increase of Promofundo FEIIF fund was executed, fully subscribed by novobanco, in the amount of 1,500 thousand euros;
- In October 2024, a redemption of participation units in NB Arrendamento and Fungepi funds was carried out, amounting to 1,400 thousand euros and 117 203 thousand euros, respectively;
- In October 2024, Imogestão Fund was liquidated;
- In November 2024, Greenwoods was liquidated;
- In November 2024, the stake held in Benagil was divested, resulting in a gain of 392 thousand euros;
- In November 2024, a capital increase of NB Branches Fund was executed, in the amount of 8,000 thousand euros;
- In November 2024, a capital increase of Fungepi Fund was carried out in the amount of 47,270 thousand euros, through a contribution in kind from Fimes Oriente and NB Património funds;
- In November 2024, GNB International Management was liquidated;
- In December 2024, Imoinvestimento, Fimes Oriente, NB Património, and Amoreiras Funds were liquidated.

Novobanco holds in its balance mandatory convertible securities (VMOC) from two entities, obtained through credit recovery, measured at the fair value which was estimated to be nil. The extension of the conversion of these VMOC into shares ended during the month of December 2021. The Group contests this conversion, having addressed to the issuers, letters of formal notice for payment of the payable amounts. Although the Court of First Instance issued an unfavorable decision, novobanco appealed to the Court of Appeal. The Supreme Court of Justice, in a decision issued in November 2025, admitted the appeal filed by the Bank, essentially based on the legal relevance and the need to reassess the qualification of the conversion of the VMOCs, and will now assess the merits of the appeal. Therefore, the process remains pending before the Supreme Court of Justice, and a final decision has not yet been reached. Apart from this legal process, novobanco has no involvement in the management or any member of the corporate bodies of the companies, and therefore they are not included in the consolidation perimeter of the Group.

During 2025 and 2024, the movements relating to acquisitions, sales and other investments and repayments in subsidiaries and associated companies are detailed as follows:

(thousands of Euros)

	2025						
	Acquisitions			Reductions			Gain / (losses) in sales / liquidations
	Aquisition Value	Other investments (a)	Total	Sale Value	Other Refunds (a)	Total	
Associated companies	**20**	**–**	**20**	**–**	**–**	**–**	**–**
Lineafinis	20	–	20	–	–	–	–
	20	**–**	**20**	**–**	**–**	**–**	**–**

(a) Increases / decreases in capital, supplementary provisions, supplies, financial instrument exchange operations and company formations

(thousands of Euros)

	2024						
	Acquisitions			Reductions			Gain / (losses) in sales / liquidations
	Aquisition Value	Other investments (a)	Total	Sale Value	Other Refunds (a)	Total	
Subsidiaries companies	**–**	**56,770**	**56,770**	**10,960**	**(213,603)**	**(202,643)**	**392**
Benagil	–	–	–	10,960	–	10,960	392
NB Património	–	–	–	–	(95,000)	(95,000)	–
Promofundo	–	1,500	1,500	–	–	–	–
NB Arrendamento	–	–	–	–	(1,400)	(1,400)	–
Fungepi	–	47,270	47,270	–	(117,203)	(117,203)	–
NB Branches	–	8,000	8,000	–	–	–	–
	–	**56,770**	**56,770**	**10,960**	**(213,603)**	**(202,643)**	**392**

(a) Increases / decreases in capital, supplementary provisions, supplies, financial instrument exchange operations and company formations

The subsidiaries classified under IFRS 5 as non-current assets held for sale and discontinued operations, are detailed in Note 30.

Note 2 - Basis of Presentation

The consolidated financial statements of novobanco are presented as of 31 December 2025, expressed in thousands of euros, rounded to the nearest thousand. 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. The accounting policies used by the Group in the preparation are consistent with those used in the preparation of the financial statements as of 31 December 2024. The changes to the most relevant accounting policies are described in Note 5.

The consolidated financial statements of novobanco have been prepared under the assumption of continuity of operations from the accounting records and following the historical cost convention, except for the assets and liabilities accounted at fair value, namely derivative financial instruments, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and hedged assets and liabilities, in respect of their hedged component.

The consolidated financial statements as at 31 December 2025 were approved at the Executive Board of Directors' meeting held on 29 January 2026 and will be submitted to the Annual General Meeting of Shareholders, which has the power to decide to change them. However, it is Executive Board of Directors conviction that these consolidated financial statements will be approved without changes.

Note 3 - Statement of Compliance

The consolidated financial statements of novobanco have been prepared in accordance with accounting standards provided in International Financial Reporting Standards (IFRS) as adopted in the European Union in force on 31 December 2025, under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and Notice no. 5/2015 of Bank of Portugal.

IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRS-IC) and its predecessor body the Standing Interpretations Committee (SIC).

Note 4 - Presentation of Financial Statements

The Group presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line caption.

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non current) is presented in Note 42 - Risk Management.

Note 5 - Changes in Accounting Policies

In the preparation of its financial statements with reference to 31 December 2025, the Group did not early adopt any new standard, interpretation or amendment issued, not yet in force.

Note 6 - Principles of Consolidation

These consolidated financial statements comprise the assets, liabilities, income, expenses, other comprehensive income, and cash flows of novobanco and of its subsidiaries (Group or novobanco Group) and the results attributable to the Group relating to shareholdings in associated companies.

These accounting policies have been consistently applied to all the Group companies during the financial years covered by these consolidated financial statements.

Subsidiaries

Subsidiaries are entities (including investment funds and securitization vehicles) over which the Group exercises control. The Group controls an entity when it is exposed, or has rights, to the variability of the return deriving from its involvement with that entity and could affect these variable returns through the power it held over the relevant activities of the entity. As provided in IFRS 10, the Group analyses the objective and the structuring of how an entity's operations are developed when assessing its control over such entity. Subsidiaries are fully consolidated from the date on which control over their activities is transferred to the Group and until the date that control ceases. Holdings of third parties in these entities are presented in the caption non-controlling interests, except for open investment funds in which these values are presented in the caption Other liabilities, due to the contractual obligation to redeem upon the investor's request or due to its limited life that requires the delivery of values to the remaining participants.

The accumulated losses of a subsidiary are attributed proportionally to non-controlling interests even if this results in the recognition of non-controlling interests of a negative value.

Associated companies

Associated companies are those entities which the Group has significant influence over the company's financial and operating policies, but not its control. Generally, when the Group owns more than 20% of the voting rights but less than 50%, it is presumed to have a significant influence. Even if the Group owns less than 20% of the voting rights, it can still have a significant influence through its participation in the management of the associated company or its representation in its executive Management bodies.

Investments in associated companies are recorded in the consolidated financial statements of the Bank using the equity method of accounting from the date on which significant influence is attained by the Group until the date that significant influence ceases. The carrying value of the investments in associated companies includes the value of the respective goodwill determined at the acquisition date and is presented net of impairment losses. The Group carries out impairment tests on its investments in associated companies, as described in note 7.22.

When the Group's share of losses of an associated company equals or exceeds its interest in the associated company, including any medium and long-term interest, the Group ceases to recognise its share of additional losses, except when it has a legal or constructive obligation to cover those losses or has made payments on behalf of the associated company.

Gains or losses on disposals of shares in associated companies are recognised in the income statement even if those disposals do not result in the loss of significant influence. Dividends attributed by associated companies reduce the balance sheet value recognised by the Group.

Structured Entities (SE)

The Group consolidates using the full consolidation method, certain special purpose entities, created specifically to accomplish a narrow and well-defined objective, when the substance of the relationship with those entities indicates that they are controlled by the Group, irrespective of the percentage of the equity held.

The evaluation of the existence of control is made based on the criteria established by IFRS 10 – Consolidated Financial Statements, according to which a SE is controlled if (i) the Group is exposed or has rights to its results; and (ii) the Group has the power to affect the SE's results through the control it exercises over them.

Investment funds managed by the Group

As part of its asset management activity, the Group manages investment funds on behalf of the holders of the participation units. The financial statements of these funds are not consolidated by the Group except in the cases where control is exercised over their activity, according to the criteria established by IFRS 10.

Goodwill

Goodwill represents the difference between the consideration transferred and the fair value of the Group's share of identifiable net assets, liabilities and contingent liabilities acquired.

Business combinations occurring after 31 December 2009 were accounted for using the purchase method. The consideration paid includes the fair values: i) of the assets transferred, ii) of the liabilities towards the previous shareholders, and iii) of the equity instruments issued.

The Group measures goodwill as the difference between the fair value of the consideration transferred including the fair value of any non-controlling interest previously held, and the fair value attributable to the assets acquired and the liabilities assumed, and any equity instruments issued. The fair values are determined at the acquisition date. The costs directly attributable to the acquisition are expended during the period.

As of the acquisition date, the non-controlling interests are measured at their proportional interest in the fair value of the net identifiable assets acquired and liabilities assumed. As a result, the goodwill recognised in these consolidated financial statements corresponds solely to the portion attributable to the shareholders of the Bank.

Positive goodwill is recognised as an asset at its cost and is not amortised. Goodwill relating to the acquisition of associated companies is included in the carrying book value of the investments in those associated companies, determined using the equity method. Negative goodwill is recognised directly in the income statement, the period the business combination occurs.

For business combinations that are not completed at the end of the reporting period, the Group estimates the provisional amounts of assets and liabilities to be included in the consolidated financial statements, including the related goodwill. During the measurement period, which does not exceed one year from the acquisition date, the provisional amounts recognised will be retrospectively adjusted to reflect new information obtained, including the recognition of additional assets or liabilities.

Goodwill is tested for impairment annually as described in note 7.22.

Transactions with non-controlling interests

Acquisitions of non-controlling interests that do not result in a change in control over a subsidiary are accounted for as transactions with shareholders and, therefore, no additional goodwill is recognised as a result of such transactions. Any difference between the acquisition cost and the carrying book value of the non-controlling interest acquired is recognised directly in reserves. Similarly, gains or losses arising from sale of non-controlling interests that do not result in a loss of control over a subsidiary, are always recorded against reserves.

Balances and transactions eliminated with consolidation

Intercompany balances and transactions, including any unrealised gains and losses on transactions between Group companies, are eliminated in preparing the consolidated financial statements unless the unrealised losses provide evidence of an impairment loss that should be recognised in the consolidated financial statements.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions reveal evidence of impairment.

Note 7 - Material Accounting Policies

7.1 Foreign currency operations

7.1.1 Functional and reporting currency

The financial statements of each of the Group's subsidiaries and associated companies are prepared using their functional currency, which is defined as the currency of the primary economic environment in which that entity operates. The Group's consolidated financial statements are presented in Euro, which is novobanco's functional currency.

7.1.2 Transactions and balances

Transactions conducted in foreign currency are converted into euros at the exchange rate effective on the date of the transaction.

Monetary assets and liabilities expressed in foreign currency are converted to euros using the exchange rate effective on the balance sheet date. The exchange differences resulting from this conversion are recognised in profits and are presented in the income statement under the item exchange differences.

Non-monetary assets and liabilities denominated in foreign currency and valued at historical cost are converted to euros using the exchange rate applied on the initial recognition. Those that are valued at fair value use the exchange rate in effect on the date the fair value was determined. The resulting exchange differences are recognised in profits except for differences related to shares classified as financial assets at fair value through other comprehensive income, which are recorded in comprehensive income and presented on the comprehensive income statement.

7.2 Recognition of interest income/expense

Interest income and expense is recognised in the income statement under interest and similar income and interest expense and similar charges for all financial instruments measured at amortised cost and for all financial assets at fair value through other comprehensive income, using the effective interest rate method.

The effective interest rate is the rate that discounts the estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the carrying amount of the financial asset or liability. The effective interest rate is calculated at inception and is not subsequently revised, except in respect of financial assets and liabilities with a variable interest rate. In this case, the effective interest rate is periodically revised, taking into consideration the impact of the change in the interest rate of reference on the estimated future cash flows.

When calculating the effective interest rate, the Group estimates the cash flows considering all the contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all the commissions that are an integral part of the effective interest rate, transaction costs and all other related premiums or discounts.

Interest and similar income include interest from financial assets for which are impaired. The interest from financial assets classified as Stage 3 are determined based on the effective interest rate method applied to the net book value. When the asset is no longer classified as Stage 3, the interest is calculated based on the gross book value. Interest arising on financial assets and liabilities at fair value through profit or loss is also included under interest and similar income or interest expense and similar charges, as appropriate.

For derivative financial instruments, the interest component in the change in fair value of derivative financial instruments classified as fair value hedge and fair value option is recognised under interest income or interest expense. For other derivatives, the interest component inherent in the fair value change will not be separated and will be classified under the income statement of assets and liabilities held for trading (see note 7.5).

7.3 Fee and commission income recognition

Fees and commissions income is recognised as revenue from customer contracts to the extent that performance obligations are met:

- Fees and commissions that are earned on the execution of a significant act, such as loan syndication fees, are recognised as income when the significant act has been completed;
- Fees and commissions earned over the period during which the services are provided are recognised as income in the financial year in which the services are provided;
- Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recognised as income using the effective interest rate method, as described in note 7.2.

7.4 Financial instruments - Classification and initial measurement

7.4.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and amounts owed to customers, are initially recognised on the trade date, that is, the date on which the Group becomes party to the contractual provisions of the instrument. This includes regular trades, that is, purchases or sales of financial assets that require delivery of assets within the time period generally established by regulation or convention in the market. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises amounts owed to customers when funds are transferred to the Group.

7.4.2 Initial recognition of financial instruments

The classification of financial instruments upon initial recognition depends on their contractual terms and the business model for managing the instruments, as described in note 7.6. Financial instruments are initially measured at their fair value plus or minus transaction costs (as defined in Note 7.5), except in the case of financial assets and liabilities measured at fair value through results, for which transaction costs are directly recognised in results. Amounts receivable from customers are measured at the transaction price. When the fair value of financial instruments upon initial recognition differs from the transaction price, the Group recognises Day 1 profits, as described below.

7.4.3 Day one profit

When the transaction price of the instrument differs from the fair value at the initial recognition date and the fair value is based on a valuation technique using only data observable in market transactions, the Group recognises the difference between the transaction price and the fair value in net trading income. In cases where the fair value is based on models for which some of the data are not observable, the difference between the transaction price and fair value is deferred. The deferred value is recognized in profit or loss when there are changes to the model factors (including time), the remaining value is only recognised in profit and loss when the data become observable, or when the instrument is derecognized.

The Group recognises in results the earnings from the intermediation margin (day one profit), mainly generated in the intermediation of derivative and foreign exchange financial products, since the fair value of these instruments, on the date of their initial recognition and subsequently, is determined only based on variables observable in the market and reflects the Group's access to the wholesale financial market.

7.4.4 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the contractual terms of the asset, measured at:

- Amortised cost, as explained in note 7.6.1;
- Fair value through other comprehensive income, as explained in notes 7.6.1, 7.6.2 and 7.6.3;
- Fair value through profit or loss, as explained in note 7.6.4;
- Mandatory measured at fair value through profit or loss, as explained in note 7.6.4.

The Group classifies and measures its trading derivatives portfolio in the trading portfolio, as explained in Note 7.6.5. The Group may designate financial instruments in the fair value through profit or loss portfolio, if this eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 7.6.6.

Financial liabilities are measured at amortised cost, except for loan commitments and financial guarantees or trading portfolio liabilities which are measured at fair value.

7.5 Fair value of financial assets and liabilities

The fair value of quoted financial assets is determined based on the closing quote (bid-price), the price of the last transaction executed, or the value of the last known quote (bid). In the absence of a quote, the Group estimates the fair value using (i) valuation methodologies, such as using prices from recent transactions, similar and carried out in market conditions, discounted cash flow techniques and custom option valuation models to reflect the peculiarities and circumstances of the instrument and (ii) valuation assumptions based on market information.

For assets included in level 3 of the fair value hierarchy whose quotation is provided by a third party using unobservable market parameters, the Group proceeds, when applicable, to a detailed analysis of the historical performance and liquidity of these assets. Following this analysis, as well as additional internal or external evaluations, adjustments may be made to the provided quotation to determine the fair value of these assets.

Following is a brief description of the type of assets and liabilities included in each level of the hierarchy and the corresponding method of valuation:

Quoted market prices (level 1)

This category includes Financial Instruments with quotations available in active markets and those for which there are entities that regularly disclose transaction prices for these instruments traded in liquid markets. The fair value of quoted financial assets is determined based on the closing price (bid price), the price of the last transaction carried out, or the value of the last known bid.

Priority in the prices used is given to those observed in official markets, in cases where there is more than one official market the option falls on the principal market where these financial instruments are traded.

The Group considers market prices those disclosed by independent entities, assuming that these act for their own economic benefit and that such prices are representative of the active market, using, whenever possible, prices supplied by more than one entity (for a specific asset and/or liability). In the revaluation process of Financial Instruments, the Group analyses the different prices in order to select the one that appears most representative for the instrument under analysis. Additionally, prices from recent transactions on similar financial instruments are used as inputs, where they exist, and are subsequently compared with those provided by the aforementioned entities in order to better substantiate the Group's choice for a given price.

Valuation models based on observable market parameters / prices (level 2)

In this category, financial instruments valued using internal models are considered, particularly models of discounted cash flows and option valuations, which involve the use of estimates and require judgements that vary according to the complexity of the products being valued. Nevertheless, the Group uses variables provided by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and indices on quotes. It also includes instruments whose valuation is obtained through quotes disclosed by independent entities, but whose markets have lower liquidity. Additionally, the Group also uses as observable market variables those resulting from transactions on similar instruments and that are observed with a certain recurrence in the market.

Valuation models based on unobservable market parameters (level 3)

This level includes valuations determined using internal valuation models or quotes provided by third parties, but when at least one of the parameters used is not market-observable. The bases and assumptions for calculating fair value are in accordance with the principles of IFRS 13.

For assets included in the fair value hierarchy level 3 , whose valuation is provided by a third party using parameters not observable in the market, the Group, where applicable, conducts a detailed analysis of the historical performance and liquidity of these assets. Based on this analysis, as well as on additional internal or external assessments, adjustments may be applied to the valuation provided to determine the fair value of these assets.

Note 40 discloses the Group's financial assets and liabilities, segregated by different fair value hierarchies, with a description of the valuation techniques used.

7.6 Financial Assets and Liabilities

The Group classifies financial assets at the time of their acquisition based on the considered business model and the characteristics of the contractual cash flows of these assets. This classification determines how the asset is measured after its initial recognition:

- Amortised cost: if it is held within a business model with the objective to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest (SPPI - solely payments of principal and interest);
- Fair value through other comprehensive income: if it is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows fall under the scope of SPPI. In addition, upon initial recognition, the Group may choose to classify irrevocably equity instruments in the fair value through other comprehensive income portfolio being the changes in the fair value recognised in comprehensive income;
- Mandatorily measured at fair value through profit or loss: all cases not within the scope of SPPI;
- Measured at fair value through profit or loss: other financial instruments not included in the business models described above. If these assets are acquired for the purpose of trading in the short term, they are classified as held for trading.

7.6.1 Financial assets at amortised cost

In accordance with IFRS9 - Financial Instruments, for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it is required that:

(i) the contractual clauses must give rise to cash flows that correspond only to payments of principal and interest (SPPI – Solely Payments of Principal and Interest). For the purposes of the SPPI test, the principal is the fair value of the financial asset at the time of initial recognition. Contractual flows that are SPPI are consistent with a basic loan agreement. Initial contractual clauses that introduce exposure to risks or volatility of contractual cash flows that are not

related to a basic loan agreement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are only repayments relating to principal and interest calculated on the amount of principal owed. In these cases, financial assets must be measured at fair value mandatorily through profit or loss;

(ii) The business model of the financial asset is to receive only the contractual cash flows until maturity (asset at amortised cost). The evaluation of the financial asset's business models is crucial for its classification. The Group determines the business models by groups of financial assets according to how they are managed to achieve a certain business objective. The Group's business models determine whether cash flows will be generated through the receipt of only contractual cash flows, the sale of financial assets or both. At the initial recognition of a financial asset, the Group determines whether it forms part of an existing business model or whether it reflects a new business model. The Group reassesses its business models in each reporting period, in order to determine whether changes have occurred in the business models since the last reporting period.

The above requirements do not apply to lease receivables, which meet the criteria set out in IFRS 16 - Leases.

Financial assets that are subsequently measured at amortised cost are subject to impairment calculation, as explained in note 7.12.

Financial assets at amortised cost are initially recorded at acquisition value, subsequently they are measured at amortised cost based on the effective interest rate. The interest, calculated at the effective interest rate, is recognized in the income statement.

7.6.2 Debt instruments with fair value changes in other comprehensive income

The Group classifies debt instruments with fair value changes in other comprehensive income when the following conditions are met:

- The financial asset is held within a business model which objective is achieved through the receipt of contractual cash flows and the sale of financial assets; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely principal repayments and interest payments on the amount of capital owed.

Debt instruments thus classified are subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income until the assets are derecognised, at which point the accumulated amount of potential gains and losses recorded in other comprehensive income is transferred to profit or loss under the heading of gains or losses on financial assets and liabilities measured at fair value through profit or loss. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same way as for financial assets measured at amortised cost as explained in Note 7.2.

The expected credit loss calculation is explained in Note 7.12.

7.6.3 Equity instruments with fair value changes in other comprehensive income

After initial recognition, the Group irrevocably classifies financial equity instruments with fair value changes in other comprehensive income when they are classified as equity instruments according to IAS 32 and are not held for trading. This designation is determined on a case-by-case basis.

Profits and losses on these financial instruments are never recycled to results. Dividends are recognized in profit or loss as dividend income when the right to payment has been established, except when the Group benefits from such income as a recovery of part of the cost of the instrument, in which case these gains are recorded in other comprehensive income.

Equity instruments with fair value changes in other comprehensive income are not subject to impairment.

7.6.4 Financial assets recorded at fair value through profit or loss

An asset recorded at fair value through profit or loss has the following characteristics:

- the contractual cash flows are not SPPI (mandatory at fair value through profit or loss); and/or
- it is held in a business model that does not aim solely to obtain contractual cash flows or to obtain contractual cash flows and sale; or,
- it is designated at fair value through profit or loss, as a result of the application of the fair value option.

7.6.5 Assets and Liabilities Held for Trading

The Group classifies financial assets or financial liabilities as held for trading when they have been acquired or issued mainly for the purpose of making a short-term profit through trading activities or are part of a portfolio of jointly managed financial assets for which there is recent evidence of realization of short-term profits.

Assets and liabilities held for trading are recorded and evaluated on the balance sheet at fair value. Changes in fair value are recognized in financial operations results. Interest income or expense and dividends are recorded in the same line item according to the terms of the contract or when the right to payment has been established.

Included in this portfolio are debt securities, shares, short positions, and loans to customers that have been primarily acquired for the purpose of sale or repurchase in the short term.

7.6.6 Derivative Financial Instruments and Hedge Accounting

Classification

The Group classifies its derivatives portfolio into (i) hedging derivatives and (ii) trading derivatives, which include, in addition to the derivatives contracted for the purpose of making profits, the derivatives contracted for the purpose of economically hedging certain assets and liabilities designated at fair value through profit or loss, but which have not been classified as hedging (fair value option).

Recognition and Measurement

Derivative financial instruments are recognized on their trading date (trade date), at their fair value. Subsequently, the fair value of derivative financial instruments is remeasured on a regular basis, with the gains or losses resulting from such revaluation recorded directly in the results of the year, except for hedging derivatives. The recognition of fair value changes of hedging derivatives depends on the nature of the risk covered and the hedging model used.

Derivatives traded on organized markets, namely futures and some options contracts, are recorded as trading and are revalued at the expense of results. Margin accounts are recorded in Other assets and Other liabilities (see Notes 29 and 33) and include the minimum collateral required for open positions.

Hedge Accounting

- Classification Criteria

The derivative financial instruments used for hedging purposes can be classified for accounting purposes as hedging instruments as long as they cumulatively fulfil the following conditions:

(i) The hedging instruments and the hedged items are eligible for hedging;

(ii) At the date of the commencement of the transaction, the hedging relationship is identified and formally documented, including the identification of the hedged item, the hedging instrument, the nature of the hedged risk, and the evaluation of hedge effectiveness;

(iii) There is an economic relationship between the hedged item and the hedging instrument;

(iv) The effect of the credit risk does not dominate the changes in value that result from this economic relationship;

(v) The effectiveness of the hedge can be reliably measured both at the inception of the transaction and throughout its life.

In cases where the Group uses macro hedging, the accounting is carried out according to IAS 39, using the option provided for in IFRS 9, with the Group performing prospective tests at the start date of the hedging relationship, where applicable, and retrospective tests used to confirm, at each balance sheet date, the effectiveness of hedging relationships, demonstrating that changes in the fair value of the hedging instrument are covered by changes in the fair value of the hedged item in the portion attributed to the hedged risk. Any identified ineffectiveness is recognized in results as it occurs, in gains or losses of hedge accounting. In the specific case of fair value hedging of interest rate risk for the deposit portfolio, the IAS 39 carve-out exception was adopted for the application of macro hedging to core deposits.

The use of derivatives is in line with the Group's risk management strategy and objectives.

- Fair Value Hedging

In a fair value hedging operation of an asset or liability, the balance sheet value of that asset or liability is adjusted of reflect changes in its fair value attributable to the covered risk. Changes in the fair value of the hedging derivatives are recognized in results, along with changes in the fair value of the hedged assets or liabilities, attributable to the hedged

risk. In cases where the hedged item is an equity instrument designated at fair value through other comprehensive income, changes in the fair value of the hedging instruments are also recognized in other comprehensive income.

If the hedge no longer meets the effectiveness requirement, but the risk management objective remains, the Group may adjust the hedge to meet eligibility criteria (rebalancing).

If the hedge no longer meets the criteria required for hedge accounting, the derivative financial instrument is transferred to the trading portfolio, and hedge accounting is discontinued prospectively. If the hedged asset or liability corresponds to a fixed-income instrument, the revaluation adjustment is amortised in results until maturity by the effective interest rate method, in all other cases, the impacts are recognised directly in profit or loss.

- Cash Flow Hedge

In a hedge operation of the exposure to variability of highly probable future cash flows (cash flow hedge), the effective portion of changes in the fair value of the hedging derivative is recognized in the cash flow hedge reserve. The value of this reserve is transferred to the results in the periods in which the expected cash flows of the hedged item affect results. The ineffective portion of the hedge is recorded in results.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria required for hedge accounting, the changes in the fair value of the derivative accumulated in reserves are recognized in results when the hedged operation also affects results. If it is foreseeable that the hedged operation will not be carried out, the amounts still recorded in equity are immediately recognized in results, and the hedging instrument is transferred to the trading portfolio.

7.6.7 Financial Liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be made by the delivery of cash or another financial asset, regardless of its legal form. Financial liabilities are derecognized when the underlying obligation is settled, expires, or is cancelled.

Non-derivative financial liabilities include resources from credit institutions and clients, loans, liabilities represented by securities, other subordinated liabilities, and short sales.

These financial liabilities are recorded (i) initially at their fair value minus the transaction costs incurred and (ii) subsequently at amortised cost, based on the effective interest method, with the exception of short sales and financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

The Group designates certain financial liabilities at fair value through profit or loss at their initial recognition when:

- such a designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability is part of a group of financial assets or liabilities or both, which is managed and assessed on a fair value basis, according to the Group's risk management or investment strategy; or
- such financial liabilities contain embedded derivatives, and IFRS 9 allows the entire hybrid contract to be designated at fair value through profit or loss.

The structured products issued by the Group – with the exception of the structured products in which the embedded derivatives were bifurcated and recorded separately and revalued at fair value – always fall under one of the above situations and follow the valuation method of financial liabilities at fair value through profit or loss.

If the Group repurchases debt securities issued, these are derecognised from the balance sheet and the difference between the carrying book value of the liability and its acquisition cost is recognised in the income statement.

7.6.8 Financial guarantees and performance guarantees

Financial Guarantees

Financial guarantees are considered to be contracts that require the issuer to make payments to compensate the holder for losses incurred from defaults on the contractual terms of debt instruments, namely the payment of the respective capital and/or interest.

Issued financial guarantees are initially recognized at their fair value. Subsequently, these guarantees are measured at the greater of (i) the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee

contract, measured at the balance sheet date. Any variation in the value of the obligation associated with issued financial guarantees is recognized in results.

Financial guarantees issued by the Group usually have a defined maturity and a periodic fee charged in advance, which varies depending on counterparty risk, amount and contract period. On this basis, the fair value of the guarantees on the date of initial recognition is approximately equivalent to the value of the initial commission received, considering that the agreed conditions are market-based. Thus, the value recognized at the date of contracting equals the amount of the initial commission received, which is recognized in results in the period to which it refers. Subsequent commissions are recognized in results in the period to which they refer.

Performance Guarantees

Performance guarantees are contracts that result in compensation of a party if there is non-compliance with the defined contractual obligation. Performance guarantees are initially recognized at fair value, which is normally evidenced by the value of commissions received during the contract's duration. If the defined contractual obligation is not fulfilled, the Group has the right of recourse against the main debtor of the guarantee, with the amounts recognized in Loans to customers after payment of compensation to the beneficiary of the guarantee. As the right of return is embedded in the performance guarantee, and therefore part of the same unit of account, the Group considers that it does not assume insurance risk, but only financial (credit) risk on the main debtor, and, in this sense, treats these guarantees as financial instruments.

7.7 Reclassification of Financial Assets and Liabilities

The Group does not reclassify financial assets after initial recognition, except in the extraordinary circumstances set out in IFRS 9, which leads to the financial assets included in that model being reclassified, and the classification and measurement requirements relating to the new category being applied prospectively from that date.

Reclassifications between categories of liabilities are not permitted.

7.8 Modification of Financial Assets and Liabilities

The activity of commercial renegotiation of financial assets is one of the tools that the Group has available and that it regularly uses in the management and recovery of these instruments. Therefore, the Group understands that the assessment to determine whether these renegotiations result in the derecognition of financial assets should be exceptional and case-by-case, taking into account the identification of the operations in question by professional judgment and the materiality of the same.

In these situations, the Group carries out an assessment to determine whether modifications result in the derecognition of that financial asset. For financial assets, this assessment is based on qualitative factors. When assessing whether or not to derecognize a loan to a customer, the Group considers, among others, the following factors:

- Change in the currency of the loan;
- Introduction of a capital feature;
- Change in the counterparty;
- The modification is such that the instrument does not pass the SPPI test.

If the modification does not result in substantially different cash flows, as defined above, it will not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the Group records a modification gain or loss, to the extent that a loss for impairment has not yet been recorded. The Group's accounting policy regarding forborne loans is presented in Note 7.10.

When the modification of the terms of an existing financial liability is not classified as substantial and therefore does not result in derecognition, the amortised cost of the financial liability is recalculated by calculating the present value of the estimated future contractual cash flows that are discounted based on the original effective interest rate of the financial liability. Any resulting difference is recognized immediately in the result. The Group accounts for the substantial modification of the terms of an existing liability or part thereof as an extinction of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the present value of the cash flows according to the new terms, including any fee paid net of any fees received, and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The difference between the balance sheet value of the original liability and the value of the new liability is recorded in income statement.

7.9 Derecognition

Financial assets are derecognized from the balance sheet when (i) the Group's contractual rights to their respective cash flows have expired, (ii) the Group has transferred substantially all the risks and benefits associated with their holding, or (iii) notwithstanding that the Group has retained some, but not substantially all the risks and benefits associated with their holding, control over the assets has been transferred. When a transaction measured at fair value through other comprehensive income is derecognized, the previously recognized accumulated gain or loss in other comprehensive income is reclassified to results. Specifically, for equity instruments, the previously recognized accumulated gain or loss in other equity is not reclassified to results, being transferred between equity items.

Specifically for customer loans, at the time of sale the difference between the sale price and the balance sheet value should be 100% provisioned, with the derecognition of the sold credit being made by counterpart of the funds/assets received and consequent use of balance sheet impairment.

7.10 Forborne modified loans

In the context of credit recovery, the Group can do modifications to the original terms of contracts in response to the borrower's financial difficulties, rather than taking possession or otherwise demanding the collection of collateral. The Group considers a loan to be restructured when such modifications occur as a result of the customer's current or expected financial difficulties, and the Group would not have agreed to them if the borrower were financially sound. Indicators of financial difficulty include contractual defaults or other warning signs identified by the Global Risk Department and described in the applicable regulations. Changes may involve extending payment agreements and/or agreeing to new loan conditions. If the modifications are substantial, the loan is derecognized, as explained in Note 7.9. Once the terms have been renegotiated without resulting in derecognition of the loan, any reduction in the recoverable amount is measured using the original effective interest rate calculated before the modification of the terms. Additionally, the Group reassesses whether there has been a significant increase in credit risk, as demonstrated in Note 42, and whether the assets should be classified as Stage 3.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is classified as a Stage 3 restructured asset with impairment. Once an asset has been classified as restructured, it will remain restructured for a minimum period of 24 months. For the loan to cease being reclassified in this category, the customer must comply with the following criteria:

- All its financing must be considered performing;
- The two-year curing period has occurred and the loan is now considered performing;
- Regular payments of more than an insignificant amount of capital or interest have been made for at least half the curing period;
- The customer has no contract that is more than 30 days overdue.

7.11 Offseting of Financial Instruments

Financial assets and liabilities are presented on the balance sheet at their net value when there is an enforceable legal right to offset the recognized amounts and there is an intention to settle them at their net value or realize the asset and settle the liability simultaneously. The enforceable legal right cannot be contingent on future events and must be enforceable during the normal course of the Group business as well as in the event of default, bankruptcy or insolvency of the Group or the counterparty.

7.12 Impairment of Financial Assets

Impairment principles

The Group recognizes impairment for expected credit losses ("ECLs") for the following debt instruments that are not measured at fair value through profit or loss:

- Loans and Advances to Customers;
- Financial and performance guarantees;
- Import Documentary Credit;
- Confirmed Export Documentary Credit;
- Undrawn loan commitments;
- Money Market exposures;
- Securities Portfolio.

Equity instruments are not subject to impairment according to IFRS 9.

Debt instruments classified in amortised cost or fair value through other comprehensive income are considered within the scope of impairment calculations.

Identified impairment losses are recorded against results and are subsequently reversed by results if, in a subsequent period, the amount of the estimated loss decreases.

Impairment is based on expected credit losses for 12 months provided there is no significant deterioration in credit risk since origination. In the event of a significant increase in credit risk since origination, expected credit losses consider the remaining life of the asset, that is, they consider the remaining maturity of this asset.

Expected credit losses for 12 months represent the portion of expected credit losses up to the maturity of the asset resulting from default events on an instrument occurring within the 12 months following the balance sheet date. Expected credit losses can be calculated individually or collectively, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to assess, at the end of each reporting period, whether the credit risk of a financial instrument has increased significantly since initial recognition, considering the change in the risk of default that occurs over the remaining life of the financial asset.

Based on the above process, the Group aggregates exposures by stage as described below:

- Stage 1: includes all exposures without indication of significant credit risk deterioration since its origination, and without active default status. For these exposures, impairment is recognized as a 12-month expected loss;
- Stage 2: includes all exposures where a significant credit risk deterioration was identified. For these exposures, impairment is recognized at the current value of expected losses accrued until maturity. This universe also includes exposures in the quarantine period, that is, exposures that have recently ceased to have indications of significant credit risk deterioration;
- Stage 3: includes all exposures classified as default - according to the internal definition of the Group which is aligned with the regulatory[6] definition. This definition includes, cumulatively:
    - Exposures with substantial default for more than 90 consecutive days;
    - Exposures that, not having a substantial default for more than 90 consecutive days, are classified as "Unlikely to pay".

Details of assets for each stage, and details of the criteria, are disclosed in Note 40.

Collective impairment calculation

For the measurement of impairment on a collective basis, exposures are segmented based on similar credit risk characteristics according to the risk assessment defined by the Group. For each of these homogeneous risk segments, risk factors are estimated that are applied in the context of the impairment calculation.

For the purposes of determining collective impairment, the risk factors considered in each risk segment must reflect, in accordance with IFRS regulation, prospective information. Additionally, the impairment calculation must also reflect the consideration of multiple scenarios, with the final impairment resulting from the sum of the amounts determined in each scenario, weighted by the respective associated probability.

The calculation of the expected loss always involves the consideration of:

- Probability of default (PD) - this risk factor is an estimate of the probability of default within a certain time period. The default can only occur at a certain point in the period evaluated, if the credit line has not previously been derecognized and is still on the balance sheet;
- Loss given default (LGD) - this risk factor is an estimate of the loss that arises if the default happens at a certain moment. It is based on the difference between contractual cash flows and those that the Group estimates to receive, including the execution of collaterals or other contractual changes that become an integral part of the loan and do not meet the criteria to be recognized separately;
- Exposure (EAD) – it represents the notional amount of exposure on the reporting date and this amount is considered for the purposes of the basis of incidence for the calculation of collective impairment. In the case of off-balance

[6] EBA/GL/2016/07: Guidelines on the application of the definition of default under Article 178 of Regulation (EU) no. 575/2013

sheet exposures, a credit conversion factor (CCF) is applied to the notional amount of the exposure. This factor represents the probability of off-balance sheet exposures converting into on-balance sheet exposures;

- When an exposure is classified in stage 2, it is considered, for impairment calculation purposes, that the exposure evolves according to the contracted capital and interest repayment schedule, or in the absence of this information, that the disbursement occurs at maturity.

The details of the impairment calculation are presented as follows:

- Stage 1: impairment represents the expected loss resulting from default events on a financial instrument that may occur within a term of 12 months after the balance sheet date. Risk factors - PD and LGD – consider the 12-month horizon and are applied to the value of the exposure. This calculation is carried out by the scenario, since each considered scenario has specific risk factors - PD and LGD;
- Stage 2: impairment represents the current value of the sum of expected losses until the maturity of the exposure. Expected losses are calculated on the projected exposure at each moment of the debt amortization, according to the exposure amortization plan, and these expected losses are discounted at the original effective rate of the contract to obtain their current value, as of the reporting date. As mentioned above, this determination is done by scenario since different risk factors are considered for each scenario;
- Stage 3: this calculation applies to non-productive exposures, where impairment corresponds to the difference between the amount outstanding and the current value of the expected recoveries for this exposure, given its characteristics. To determine the current value of the expected recoveries, the original effective rate of the contract is also used;
- As previously mentioned, POCI are financial assets originated or purchased with impairment at initial recognition;
- Irrevocable commitments and letters of credit: as previously mentioned, given the off-balance sheet nature of irrevocable commitments, the Group estimates on these contracts the respective amount that it expects to be converted into an on-balance sheet amount (credit). In this way, the estimated conversion factor for this type of exposure is applied to its notional value and the respective result is taken into account as the basis for incidence for the calculation of collective impairment;
- For credit cards and revolving lines that include an irrevocable commitment, the impairment is calculated and deducted from the asset. For irrevocable commitments and letters of credit, the impairment is recognized in Provisions in liabilities.

Impairment for debt instruments measured at fair value through other comprehensive income does not reduce the balance sheet value of these financial assets, which remains at fair value. In this way, an amount equal to the provision that would arise if the assets were measured at amortised cost is recognized in other comprehensive income as an accumulated reduction in recoverable value, with a corresponding debit to the result. The accumulated loss recognized in other comprehensive income is recycled to results upon derecognition of the assets.

Individual impairment analysis process

The Individual Credit Analysis comprises a staging analysis and an analysis of quantification of individual impairment. The staging analysis is carried out for borrowers previously classified in stage 1 and stage 2 and aims to assess the adequacy of the stage assigned with additional information obtained on an individual basis. The analysis of quantification of individual impairment aims to determine the most appropriate impairment rate for each credit customer, regardless of the amount resulting from the Collective Impairment Model. Customers who have been targeted for Individual Analysis, but for whom an objective impairment loss has not been considered, are once again included in the Collective Impairment Model. The Individual Analysis of selected customers is carried out based on information provided by the Commercial Structures regarding the classification of the customer/Group, historical and forecast cash flows (when available) and existing collateral.

7.13 Valuation of collateral and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to obtain collateral whenever possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indexes.

7.14 Foreclosed properties and non current assets held for sale

In the scope of its loan granting activity, the Group incurs in the risk of the borrower failing to repay all the amounts due. In case of loans and advances with mortgage collateral, the Group executes these and receives real estate properties resulting from foreclosure. Due to the provisions of the General Law on Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" (RGICSF)), banks are prevented, unless authorised by Bank of Portugal, from acquiring real estate property that is not essential to their installation and daily operations and the pursuit of their object (No. 1 of article 112 of RGICSF), being able to acquire, however, real estate property in exchange for loans granted by same. These real estate property must be sold within 2 years, period which may, based on reasonable grounds, be extended by Bank of Portugal, on the conditions to be determined by this Authority (article 114 of RGICSF).

Although the Group aims to sell all properties received in lieu of payment or through the execution of guarantees immediately, the Group classifies these properties as Other assets (and to Investment properties, in the case of assets held by investment funds or leased properties), due to their stay in the portfolio being longer than 12 months, and they are initially recognized at the lower of their fair value less expected sale costs and the balance of the granted credit object of recovery. Subsequently, these assets are measured at the lower of the initial recognition value and fair value less sales costs and are not amortised. For the properties registered in the balance sheet of novobanco and the other credit institutions that make up the Group's consolidation perimeter, the immediate sale value is considered as its fair value. For properties held by investment funds, in accordance with Law no. 16/2015, of 24 February , its fair value is considered as the simple arithmetic average of two appraisals performed by independent experts, determined in accordance with the best price that could be obtained if it were put up for sale, under normal market conditions, at the time of the appraisals, which is reviewed with a minimum annual periodicity or, in the case of open collective investment organisms, with the redemption frequency if less than that, and whenever there are acquisitions or sales or significant changes in the value of the property. The market value of the properties for which a purchase and sale promise contract has been signed corresponds to the value of this contract.

The valuations of real estate received for credit recovery are performed using one of the following methodologies, applied according to the specific situation of the asset:

(i) The Market Method

The Market Method references transaction values of similar properties comparable to the property being studied obtained through market prospecting in the area.

(ii) Income Method

This method aims to estimate the value of the property from the capitalization of its net income, updated for the present time, using the discounted cash flow method.

(iii) Cost Method

The Cost Method aims to reflect the amount currently required to replace the asset in present conditions, breaking down the property value into its fundamental components: Value of Urban Land and Urbanity; Construction Value; and Value of Indirect Costs.

Valuations carried out are performed by independent entities specialised in these services. The valuation reports are analysed internally, namely comparing the sales values with the revalued amounts of the assets so as to assess the parameters and process adequacy with the market evolution.

Additionally, since these are assets whose fair value level in the hierarchy of IFRS 13 mostly corresponds to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Group proceeds to analysis on the assumptions used, which may imply additional adjustments to their fair value, supported by additional internal or external valuations.

For assets of greater relevance, the challenge of the appraisals that serve as a basis for the valuation of the real estate assets is carried out by a specialised area of the Group that is independent of this valuation process, in accordance with an annual work plan previously approved by the Executive Board of Directors.

Non-current assets or disposal groups (groups of assets to be disposed of together and the related liabilities that include at least one non-current asset) are classified as held for sale when their carrying values will be recovered mainly through a sale transaction (including those acquired exclusively with a view to their subsequent disposal), the assets or disposal groups are available for immediate sale and the sale is highly probable (within the period of one year).

Immediately before the initial classification as held for sale, the measurement of the non-current assets (or of all the assets and liabilities in a disposal group) is brought up to date in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are remeasured at the lower of their carrying value and fair value less costs to sell.

Where the carrying value of non-current assets corresponds to fair value less costs to sell, the fair value level of the IFRS 13 hierarchy corresponds mostly to Level 3.

Assets / liabilities of subsidiaries acquired for resale purposes reflect, essentially, assets and liabilities of subsidiaries acquired by the Group in the scope of loan restructuring operations, for which the Group's objective is their subsequent disposal within one year. Since these acquisitions arise from loan restructuring operations, they are recognised at their fair value, and any differences between their fair values and those of the extinguished loans following the acquisitions, are recognised as impairment losses on loans and advances to customers. On the acquisition of an entity meeting the subsidiary criteria and for which the Group's objective is its resale, it is consolidated in accordance with the applicable procedures adopted by the Group and its assets and liabilities are measured at fair value at the acquisition date. However, in these specific cases, the assets are classified as non-current assets held for sale and the liabilities are classified as non-current liabilities held for sale. Consequently, and at the first consolidation date, the net value of the assets and liabilities of the subsidiary reflects their fair value determined at the acquisition date (which results from the loan restructuring operation).

These subsidiaries are consolidated until their effective sale. At each balance sheet date, the net carrying book value of their assets and liabilities is compared with their fair value, less costs to sell, and impairment losses are recognised when necessary.Assets and liabilities relating to discontinued operations are recorded in accordance with the valuation policies applicable to each category of assets and liabilities, as set down in IFRS 5, according to the IAS/IFRS applicable to the respective assets and liabilities.

For purposes of determining the fair value of subsidiaries held for resale, the Group adopts the following methodologies:

- for subsidiaries which assets comprise fundamentally real estate, their fair value is determined with reference to the value of those assets, which is based on valuations performed by independent specialised entities;
- for the remaining entities, their fair value is determined based on the discounted cash flow methodology, using assumptions consistent with the business risks of each of the subsidiaries under valuation. If these subsidiaries cease to comply with the conditions necessary to be recorded as non-current assets held for sale in accordance with IFRS 5, their assets and liabilities are fully consolidated in the respective asset and liability captions, in accordance with that provided for in Note 30.

Further information regarding the valuation of foreclosed properties and the methodologies used is disclosed in the Note 40.

7.15 Investment properties

The Group classifies as investment properties those properties held for rental or capital appreciation or both. Investment properties are initially recognized at acquisition cost, including directly related transaction costs, and subsequently at their fair value. Changes in fair value determined at each balance sheet date are recognized in results, in the headings of Other operating income or Other operating expenses, based on periodic evaluations carried out by independent entities specialized in this type of service. Investment properties are not subject to amortization.

Given that these are assets whose fair value level in the IFRS 13 hierarchy corresponds mostly to level 3, the subjectivity of some assumptions used in evaluations, and the fact that there are external indications with alternative values, the Group conducts internal analysis on the assumptions used in the evaluations of these assets which may imply additional adjustments to their fair value, supported by additional internal or external evaluations.

Transfers to and from the heading Investment properties can occur whenever there is a change in the use of the property. When transferring investment properties to own-use properties, the estimated cost, for accounting recognition, is the fair value at the date of the change of use. If an own-use property is classified as an investment property, the Group records this asset in accordance with the policy applicable to own-use properties, until the date of its transfer to investment properties and at fair value subsequently, with the difference in valuation determined at the date of transfer recognized in revaluation reserves. If a property is transferred from Other assets to Investment properties, any difference between the fair value of the asset on that date and the previously recorded amount is recognized as a result of the year.

Subsequent related expenditures are capitalized when it is likely that the Group will obtain future economic benefits in excess of the level of performance initially estimated.

The capital gains and losses determined on the disposal of investment properties resulting from the difference between the realization value and the carrying amount are recognized in results for the year under the headings of Other operating income or Other operating expenses. All costs and income generated with investment properties are also

recognized in the results for the year under the headings of Other operating income or Other operating expenses, in addition to the changes in fair value previously mentioned.

The Investment Properties recorded arise solely from non-banking activities (Investment Funds and Real Estate Companies).

7.16 Write-offs

A write-off is defined as the derecognition of a financial asset from the Group's balance sheet, which should only occur when:

a) There are no reasonable prospects for credit recovery, from an economic perspective, given that the Group has already made the appropriate collection efforts. In particular, the following criteria must generally be met cumulatively:

- The due date of the part of the loan to be written off (total or partial) would have been required, i.e. the loans must be registered (total or partial) in overdue credit. Exceptions to this requirement are (i) debt restructurings/ forgiveness carried out within the scope of extrajudicial agreements, PER and Insolvencies, in which part of the loan may remain alive and the remainder of the debt may be written off by judicial/extrajudicial decision and (ii) situations in which despite the contract not being overdue in its entirety, the Group believes it is facing a scenario of total or partial loss;
- Collection efforts considered adequate would have been developed (and relevant and adequate evidence gathered);
- The expectations of loan recovery are very low, and it is necessary that the amount to be written off (whether it is a total or partial write-off of the debt) is fully covered by impairment and under the management of the central credit recovery application. It is necessary to ensure that the value to be written off the asset is fully covered by impairment (set up at least in the month prior to the write-off).

b) As a result of the individual analysis, and regardless of whether the contract is in compliance or in default, it is concluded that there is a partial or total irrecoverable amount of the exposure, that is, an undisputed amount of loss that may be derived:

- from the absence of expectation of recovery beyond the execution of the collateral;
- from the absence of prospects for recovery through the execution of existing collaterals as a result of the circumstances of the legal process initiated, or the vicissitudes that may affect the ability to execute certain collateral;
- from the high uncertainty underlying the amounts to be recovered, considering the time that has already elapsed since the last observed payment and/or the long period that will still elapse until the next payment due;
- considering the situation of the debtor and the existence of sufficient assets to meet the debt;
- considering past experience in similar recovery processes.

c) It is considered more economical to sell the credit to a third party. At the time of sale, the difference between the sale price and its carrying amount must be fully covered by impairment, and at the time of sale, the derecognition of the sold credit will be made against the funds/assets received, with the consequent use of impairment on the balance sheet if facing a loss scenario. On a gain scenario in the sale of a contract, it means that the sale price is higher than the net carrying amount, and in that case, exists one of the following situations: i) the impairment recognized will be fully reversed, and even so, it will record a profit in the Group's accounts with no use of impairment; ii) the impairment recognized will be fully reversed without recording a profit in the Group's accounts – there is no use of impairment; iii) the impairment recognized will be partially reversed – there is a use of impairment.

Subsequent payments received after the write-off must be recognised as subsequent write-off recoveries in other operating income.

7.17 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and its equivalents include the amounts recorded in the balance sheet with a maturity of less than three months from the date of acquisition/contract, and whose risk of value variation is immaterial, including cash, cash balances at central banks and other sight deposits. Cash and cash equivalents exclude mandatory deposits made with Central Banks.

7.18 Assets sold with repurchase agreements, securities loaned and short sales

Securities sold with a repurchase agreement (repos) at a fixed price or at a price that equals the sale price plus an interest inherent in the term of the operation are not derecognized from the balance sheet. The corresponding liability is accounted for in amounts payable to other credit institutions or customers, as appropriate. The difference between the

sale price and the repurchase price is treated as an interest and is deferred during the life of the agreement, through the effective rate method.

Securities purchased with a resale agreement (reverse repos) at a fixed price or a price that equals the purchase price plus an interest inherent in the term of the operation are not recognized in the balance sheet, with the purchase price being recorded as loans to other credit institutions or customers, as appropriate. The difference between the purchase price and the resale price is treated as an interest and is deferred during the life of the agreement, through the effective rate method.

Securities transferred through loan agreements are not derecognized from the balance sheet, being classified and valued in accordance with the accounting policy referred to in Note 7.4. Securities received through loan agreements are not recognized in the balance sheet.

Securities acquired through a reverse repos agreement, if sold to a third party, constitute short sales that represent securities sold that are not part of the Group's assets. They are recorded as a financial trading liability at the fair value of the assets that are to be returned under the resale agreement. The gains and losses resulting from the change in their fair value are directly recognized in results in the line of Gains or losses on financial assets and liabilities held for trading.

7.19 Property, plant and equipment

The Group's tangible fixed assets are valued at cost less accumulated depreciation and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the goods.

Subsequent costs for tangible fixed assets are recognized only if they are likely to result in future economic benefits for the Group. All maintenance and repair expenses are recognized as cost, in accordance with the accrual basis principle.

Land is not depreciated. The depreciation of tangible fixed assets is calculated using the straight-line method, at the following depreciation rates that reflect their estimated useful lives:

	Number of years
Own-use properties	35 to 50
Improvements in rented buildings	20
IT equipment	4 to 5
Furniture and fixtures	4 to 10
Interior installations	5 to 10
Security equipment	4 to 10
Machines and tools	4 to 10
Transportation material	4
Other equipment	5

The useful lives and residual values of property, plant and equipment are reviewed at each reporting date.

When there is an indication that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated, and an impairment loss should be recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement and are reversed in subsequent reporting periods when the reasons that led to their initial recognition cease to exist. For this purpose, the new depreciated amount will not exceed the one that would have been accounted for if no impairment losses had been attributed to the asset, considering the depreciations that it would have occurred.

The recoverable amount is determined as the higher one between its fair value less the costs of sale and its value in use, and this is calculated based on the current value of estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

On the date of derecognition of a tangible asset, the gain or loss calculated by the difference between the fair value less the costs of sale and the book net value is recognized in Other operating income or Other operating expenses.

7.20 Leases

Lease definition

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

As a lessee, the Group rents various assets, including real estate, vehicles and IT equipment. The Group recognizes an asset for the right to use the leased asset and a lease liability for the obligation to pay rents.

The Group does not recognize right-of-use assets and lease liabilities for short-term leases, whose lease term is 12 months or less, and leases of low-value assets (e.g. computer equipment), with an individual new value less than 5 thousand euros. The Group recognizes lease payments associated with these leases as expenses on a straight-line basis over the lease term, under "Other administrative expenses - Rents and leases".

The Group presents right-of-use assets that do not fit the definition of investment property in "tangible fixed assets", in the same line of items where it presents the underlying assets of the same nature that it owns. Right-of-use assets that fit the definition of investment property are presented as investment property. These assets are measured at cost less accumulated depreciation and impairment, and are amortised on a straight-line basis over the lesser of the lease term or the life of the asset. The cost corresponds to the value of the recognized lease liability, incurred direct costs, and less any incentive received for the lease.

The Group presents lease liabilities in "Other liabilities" in the financial position statement. The lease liability is determined by the present value of the rents to be paid during the lease term. Rents include fixed amounts, variable amounts that depend on an interest rate, amounts to be paid regarding guarantees on the residual value of the asset. Any options are also included if they are reasonably expected to be exercised.

Variable amounts that do not depend on a rate are recognized as a cost in the period to which they relate. During the lease period, the lease liability increases by the interest count and decreases by the rent payment. The value of the lease liability is changed if the lease terms change (such as the term or the value of the index) or if the assessment of the exercise of the purchase option of the asset changes.

As lessor

Finance leases

Operations in which the risks and benefits inherent to the ownership of an asset are substantially transferred to the lessee are classified as finance leases. Lease finance contracts are recorded in the balance sheet as credits granted for the equivalent value of the net investment made in the leased assets, along with any estimated non-guaranteed residual value. Interest included in the rents charged to customers is recorded as income while capital amortizations, also included in the rents, are deducted from the value of credit granted to customers. The recognition of interests reflects a constant periodic return rate on the remaining net investment of the lessor.

Operating leases

All lease operations that do not fit the definition of finance lease are classified as operating leases. Receipts related to these contracts are recognized on a straight-line basis over the lease term and recorded in Other operating income.

7.21 Intangible Assets

The costs incurred with the acquisition, production and development of software are capitalised, as are additional costs incurred by the Group to implement said software. These costs are amortised on a straight-line basis over their expected useful lives, which usually range between 3 and 6 years. Exceptionally, these may be extended whenever it is verified that the useful life of the asset is demonstrably longer.

Costs directly related to the development of computer applications, from which it is expected to generate future economic benefits beyond one year, are recognized and recorded as intangible assets.

All remaining costs associated with information technology services are recognised as an expense as incurred.

7.22 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows beyond the fifth year (perpetuity).

Impairment losses of continuing operations are recognized in the income statement in expense categories consistent with the function of the impaired asset, except for assets previously revalued through other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. An impairment loss earlier recognized is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

7.23 Employee Benefits

Pensions

Resulting from the signing of the Collective Labor Agreement (ACT) and subsequent changes resulting from the 3 tripartite agreements, as referred to in Note 16, pension funds and other mechanisms have been established in order to ensure the coverage of responsibilities assumed for old-age pensions, disability, survival and also for medical care.

The coverage of responsibilities is ensured, for the majority of the Group's companies, through pension funds managed by GNB - Sociedade Gestora de Fundos de Pensões, SA, a subsidiary of the Group.

The pension plans existing in the Group correspond to defined benefit plans, because they define the criteria for determining the value of the pension that an employee will receive during retirement, usually depending on one or more factors such as age, years of service and remuneration.

The retirement pension liabilities are calculated semi-annually, on 31 December and 30 June of each year, for each plan individually, using the Projected Unit Credit Method, being annually reviewed by qualified independent actuaries. The discount rate used in this calculation is determined with reference to market rates associated with high-quality corporate bonds, denominated in euros and with a maturity similar to the expiry date of the plan's liabilities.

The Group determines the net interest income / expense for the period incurred with the pension plan by multiplying the plan's net assets / liabilities (liabilities net of the fair value of the fund's assets) by the discount rate used to measure the retirement pension liabilities referred to above. On that basis, the net interest income / expense was determined based on the interest cost on the retirement pension liabilities net of the expected return on the funds' assets, both calculated using the discount rate applied in the determination of the retirement pension liabilities.

Re-measurement gains and losses, namely (i) actuarial gains and losses arising due to differences between actuarial assumptions used and real values verified (experience adjustments) and changes in actuarial assumptions and (ii) gains and losses arising due to the difference between the expected return on the fund's assets and the actual investment returns, are recognised under the caption other comprehensive income.

The Group recognizes in its income statement a net total amount that includes (i) current service costs, (ii) net interest income / expense with the pension fund, (iii) the effect of early retirement, (iv) past service costs, and (v) the effect of settlements or curtailments occurring during the period. The net interest income / expense with the pension plan is recognised as interest income or interest expense, depending on its nature. Early retirement costs correspond to increases in liabilities due to employees retiring before turning 65 (normal retirement age foreseen in the ACTV) and which forms the basis of the actuarial calculation of pension fund liabilities. Whenever the possibility of the early retirement provided for in the pension fund regulation is invoked, the responsibilities of same must be incremented by

the value of the actuarial calculation of the liabilities corresponding to the period between the early retirement and the employee turning 65.

The Group makes payments to the fund to ensure its solvency, with the minimum levels set by the Bank of Portugal as follows: (i) full financing at the end of each year of actuarial responsibilities for pensions in payment and (ii) financing at a minimum level of 95% of the actuarial value of past service responsibilities of active personnel.

The Group assesses the recoverability of any excess of the fund in relation to pension liabilities, based on the expectation of reduction in future necessary contributions.

Health-care Benefits

The Group provides to its banking employees health-care benefits through a specific Social-Medical Assistance Service. This Social-Medical Assistance Service (SAMS) is an autonomous entity which is managed by the respective Union. SAMS provides its beneficiaries services and/or contributions with medical assistance expenses, diagnostics, medication, hospitalization, and surgeries, in accordance with its funding availability and internal regulations.

Arising from the signature of the new Collective Labour Agreement (ACT) on 5 July 2016, published in Labour Bulletin (*Boletim do Trabalho*) no. 29, of 8 August 2016, the Group's contributions to SAMS, correspond to a monthly fixed amount (as per Annex VI of the new ACT) for each employee, 14 times a year, recorded on a monthly basis in personnel costs, while the component to be paid by the employee is discounted monthly in the processing of salary, against the caption Amounts payable (SAMS).

The calculation and recognition of the Group's liability with post-retirement health-care benefits is similar to the calculation and recognition of the pension liability described above. These benefits are covered by the Pension Fund, which presently covers all liabilities with pensions and health-care benefits (defined benefit plan).

Career Bonus

The ACT provides for the payment by the Group of a career bonus, due at the time immediately prior to the employee's retirement if he retires at the Group's service, corresponding to 1.5 of his salary at the time of payment.

These long-term service bonuses were accounted for by the Group in accordance with IAS 19, as other long-term employee benefits. The Group's liability with these long-term service bonuses were periodically estimated by the Group using the Projected Unit Credit Method. The actuarial assumptions used were based on expectations as to future salary increases and mortality tables. The discount rate used in this calculation was determined using the methodology described for retirement pensions. In each period, the increase in the liability for long-term service bonuses, including actuarial gains and losses and past service costs, was charged to the income statement, in Staff Expenses.

Employees' variable remuneration and other obligations

The Group recognises under costs the short-term benefits paid to employees who were at its services in the respective accounting period.

- Profit-sharing and bonus plans

The Group recognises the cost expected with profit-sharing pay-outs and bonuses when it has a present, legal or constructive, obligation to make such payments as a result of past events and can make a reliable estimate of the obligation.

- Obligations with holidays, holidays subsidy and Christmas subsidy

In accordance with the legislation in force in Portugal, employees are annually entitled to one month of holidays and one month of holidays subsidy, this being a right acquired in the year prior to their payment. In addition, employees are annually entitled to one month of Christmas subsidy, which right is acquired throughout the year and settled during the month of December of each calendar year. Hence, these liabilities are recorded in the period in which the employees acquire the right to same, regardless of the date of their respective payment.

7.24 Provisions and Contingent Liabilities

Provisions are recognised when: (i) the Group has a current legal or constructive obligation, (ii) it is probable that its settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Provisions related to legal cases opposing the Group to third parties, are constituted according to internal risk assessments made by Management, with the support and advice of its internal or external legal advisors.

When the effect of the passage of time (discounting) is material, the provision corresponds to the net present value of the expected future payments, discounted at an appropriate rate considering the risk associated with the obligation. In these cases, the increase in the provision due to the passage of time is recognised in financial expenses.

Restructuring provisions are recognised when the Group has approved a formal, detailed restructuring plan and such restructuring has either commenced or has been publicly announced.

A provision for onerous contracts is recognised when the benefits expected to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligation under the contract. This provision is measured at the present value of the lower of the estimated cost of terminating the contract and the estimated net costs of continuing the contract.

If a future outflow of funds is not probable, this situation reflects a contingent liability. Contingent liabilities are always disclosed, except when the likelihood of their occurrence is remote. Disclosure of contingent liabilities is detailed in Note 36.

7.25 Contingent Assets

Contingent assets are not recognized in the financial statements but are disclosed when it is probable that there will be a future economic inflow of resources.

7.26 Income taxes

Novobanco and its subsidiaries are subject to the tax regime consigned in the *Código do Imposto sobre o Rendimento das Pessoas Coletivas* (IRC Code).

Corporate income tax comprises current tax and deferred tax.

Corporate income tax is recognised in the income statement except to the extent that it relates to captions recognised directly under comprehensive income, in which case it is recognised under equity. Corporate income tax recognised directly in comprehensive income relating to fair value remeasurement of financial assets at fair value through other comprehensive income and cash flow hedges is subsequently recognised in the income statement when the gains or losses giving rise to said income tax are also recognised in the income statement.

Current taxes

Current tax is the tax expected to be paid on the taxable profit for the year, calculated using tax rules and tax rates enacted or substantively enacted in each jurisdiction and any adjustments to prior period taxes. The tax is recognised in each financial reporting period based on management estimates as regards the average effective tax rate foreseen for the entire fiscal exercise.

Current tax is calculated based on taxable income for the period, which differs from the accounting result due to adjustments resulting from expenses or income not relevant for tax purposes or which will only be considered in subsequent exercises.

Deferred taxes

Deferred tax is calculated on timing differences arising between the carrying book values of assets and liabilities for financial reporting purposes and their respective tax base and is calculated using the tax rates enacted or substantively enacted at the balance sheet date in each jurisdiction and that are expected to apply when the timing differences are reversed.

Deferred tax liabilities are recognised for all taxable timing differences except for: i) goodwill non-deductible for tax purposes; ii) differences arising on the initial recognition of assets and liabilities that neither affect the accounting not taxable profit; iii) that do not result from a business combination, and iv) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the Group does not control the timing of the reversal of the timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible timing differences can be offset. Deferred tax liabilities are always accounted for, regardless of the performance of the Group.

The taxable profit or tax loss determined by the Group can be adjusted by the Portuguese Tax Authorities within a period of four years, except in the case of any deduction or use of tax credit, in which the expiry period is the exercise of that right. The Executive Board of Directors considers that any corrections, resulting mainly from differences in the interpretation of tax legislation, will not have a materially relevant effect on the financial statements.

Law no. 24-D/2022, of 30 December (State Budget Law for 2023) introduced changes in terms of the carry forward of tax losses. A period for carrying forward tax losses is no longer foreseen. On the other hand, the annual limit of the deduction to taxable income is reduced to 65%. This change applies to the deduction of losses from taxable profits in taxable periods beginning on or after 1 January 2023, as well as to tax losses assessed in taxable periods prior to 1 January 2023.

The removal of the time limitation on tax losses does not apply to those ascertained in tax periods prior to 1 January 2023, in which one of the situations provided for in no. 1 of the Article 6 of the Special Regime applicable to Deferred Tax Assets (READ), approved as an annex to Law no. 61/2014, of 26 August (conversion of deferred tax assets into tax credits), applying to tax losses ascertained in these tax periods the deduction period in force on 31 December 2022.

This change does not affect the application of paragraph 2 of article 11 of Law no. 27-A/2020, of 24 July (which allows an increase of 10 percentage points in the deduction of taxable income when dealing with tax losses ascertained in 2020 and 2021).

The Group offsets deferred tax assets and liabilities whenever (i) it has the legally enforceable right to offset current tax assets and current tax liabilities; and (ii) they relate to corporate income taxes levied by the same Taxation Authority, on the same tax entity or different taxable entities that intent to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

DAC6

The obligation to report to the Tax and Customs Authority ("AT") internal or cross-border mechanisms of tax relevance has emerged in the context of Law no. 26/2020, of 21 July ("Law no. 26/2020"), which transposes Council Directive (EU) 2018/822 of 25 May 2018 ("DAC6") into Portuguese law. The DAC6 aims to discourage the use of potentially aggressive tax planning mechanisms by imposing reporting obligations to the Tax Authorities of the different Member States of the European Union. In addition, it aims to provide tax administrations and national legislators with information that will help combat aggressive tax planning.

Novobanco, with the collaboration of tax consultants, has implemented measures that allow for the identification of operations subject to reporting to tax authorities. These measures focus mainly on a primary analysis conducted by business areas and a second-line analysis conducted by novobanco's tax area. The Bank's own operations are analysed by novobanco's tax area and validated by the Compliance Department.

BEPS - Pilar II

In October 2021, as part of the Erosion of the Tax Base and Profit Shifting project ("BEPS 2.0 - Base Erosion and Profit Shifting 2.0") of the Organization for Economic Cooperation and Development ("OECD"), about 137 members of the OECD/G20, representing 90% of the world's GDP, reached an agreement for a reform of the international tax system, through which a general framework for a commonly designated "Pillar II" global minimum tax regime was approved.

In this regard, Pillar II of BEPS 2.0, enshrined in Council Directive (EU) 2022/2523 of 15 December 2022, established a global minimum tax level of 15% for major multinational companies and large domestic groups, which could result in the payment of an additional tax, and it was transposed into the national legal framework through Law no. 41/2024, in 8 November.

Novobanco Group has been identifying the potential impacts associated with the implementation of Pillar II rules, having found that it meets the eligibility criteria for the application of the Pillar II rules, namely by presenting consolidated annual incomes exceeding 750 million euros in two out of the last four financial years.

Notwithstanding, that special rule stipulates that the additional tax due is zero in the reference jurisdiction for large national groups and multinational enterprise groups that are in an initial stage of their international activity, which implies (in the case of multinational enterprise groups) that, in each tax year: (i) they include constituent entities located in no more than six jurisdictions and (ii) the sum of the net book value of tangible assets of all their constituent entities, excluding those located in the reference jurisdiction, does not exceed 50 million euros.

Additionally, said standard provides for the possibility of applying the exclusion rule for five years after the start of the first fiscal year in which the group comes under the Pillar II rules. However, it must be ascertained annually whether the above requirements are met.

In this regard, according to the analysis carried out, novobanco Group for 2024 and 2025 meets the requirements for the application of the exclusion rule for multinational enterprise groups in the initial stage of their international activity, not foreseeing material impacts during the period when such exclusion rule is applied.

7.27 Dividends

Novobanco's shareholders' distribution policy defines the principles, conditions and framework governing the decision-making process with regard to the dividends distribution to shareholders. Distribution to shareholders is, as a rule, made in the form of dividends arising from the results of the financial year, and is subject to approval by the General Shareholders' Meeting, based on a proposal from the Executive Board of Directors (EBD), or approval by the latter in the case of interim dividends.

The shareholders' distribution policy defines a level of distribution of ordinary dividends of between 40% and 60% of the consolidated net profit, provided that it respects the principles defined in the Policy, regulatory requirements, management buffers and restrictions resulting from company law, as well as the recommendations of the competent regulatory authorities.

Setting the ordinary dividend remuneration at between 40% and 60% of the consolidated net profit strikes a balance between guaranteeing an adequate minimum remuneration for shareholders, ensuring the maintenance of a sustainable, capital-generating business model in line with the Bank's strategy and the creation of long-term value. In addition to ordinary dividends, the Bank may consider other forms of shareholders' remuneration, such as special dividends or share buybacks to optimize the deployment of surplus capital accrued by the Bank, subject always to the conditions set out in the Policy.

7.28 Recently issued accounting standards and interpretations

The recently issued accounting standards and interpretations, which have not yet come into force and which the Group has not yet applied in the preparation of its financial statements, can be analysed as follows:

Standards, interpretations, amendments and revisions that came into effect in the financial year

The following standards, interpretations, amendments and revisions endorsed by the European Union are mandatorily applied for the first time in the financial year beginning on 1 January 2025:

Standard / Interpretation	Description
Amendments to IAS 21 - The Effects of Changes in Exchange Rates: Lack of Interchangeability	This amendment aims to clarify how to assess the interchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period. The specific change that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism in which an exchange transaction creates enforceable rights, obligations. If a currency cannot be exchanged for another currency, an entity shall estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would be applicable, on the measurement date, for a similar transaction between market participants. The amendments also state that an entity may use an observable exchange rate without making any adjustment. The changes take effect in the period starting on or after 1 January 2025. Early adoption is allowed, but the transition requirements applied must be disclosed.

These standards and changes had no material impact on the Group's financial statements.

Standards, interpretations, amendments and revisions that will come into force in future exercises

The following standards, interpretations, amendments and revisions, with mandatory application in future exercises, had been adopted ("endorsed") by the European Union as of the approval date of these financial statements:

Standard / Interpretation	Applicable in the European Union for exercises beginning in or after	Description
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1/1/2026	These changes are essentially the result of the draft revision of IFRS 9 Financial Instruments (Post Implementation Review – PIR IFRS 9) and clarify the following aspects relating to financial instruments: • It clarifies that a financial liability is derecognised on the "settlement date", i.e. when the related obligation is settled, cancelled, expires or the liability otherwise qualifies for derecognition. However, the possibility is introduced for an entity to choose to adopt an accounting policy that allows a financial liability to be derecognised that is settled through a payment system before the settlement date, provided that certain conditions are met; • It clarifies how an entity should assess the contractual cash flow characteristics of financial assets that include variables related to environmental, social and governance (ESG) factors and other similar contingent characteristics; • It requires additional disclosures for financial assets and liabilities subject to a contingent event (including ESG variables) and equity instruments rated at fair value through other comprehensive income. The changes take effect in the period starting on or after 1 January 2026. Early adoption is permitted. This amendment is retrospective. However, an entity is not required to restate the comparative period, and the potential impacts of the application of this change are recognised in income carried forward in the year in which the change is applicable.

Amendments to IFRS 9 and IFRS 7 – Contracts negotiated with reference to electricity generated from renewable sources	1/1/2026	The amendments refer specifically to renewable energy purchase agreements whose source of production is dependent on nature, so that supply cannot be guaranteed at specific times or volumes. In this sense, these amendments clarify the application of "own use" requirements in power purchase agreements, as well as the fact that it is allowed to apply hedge accounting when such contracts are used as hedging instruments. The changes are effective for annual periods beginning on 1 January 2026, with early application permitted, except for the hedge accounting guidance which shall be applied prospectively to new hedging relationships, so designated on or after the initial application date.
Annual Improvements to IFRS (Volume 11)	1/1/2026	Cyclically, improvements are introduced that aim to clarify and simplify the application of international regulations, through small changes considered non-urgent. The main changes included in this volume concern: • IFRS 1 (Hedge Accounting in the First Adoption of IFRS Standards): This amendment aims to update the cross-references in paragraphs B5 and B6 of IFRS 1 First Time Adoption of International Financial Reporting Standards, to the coverage accounting eligibility criteria in IFRS 9 for paragraphs 6.4.1(a), (b) and (c); • IFRS 7 (Gain or Loss on Derecognition): This amendment aims to update the language relating to unobservable market data included in paragraph B38 of IFRS 7 Financial Instruments: Disclosures, as well as to add references to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement; • IFRS 7 (Implementation Guidance): Several paragraphs relating to the IFRS 7 implementation guidance have been amended for consistency and clarity; • IFRS 9 (Derecognition of Lease Liabilities): This amendment clarifies that when a financial liability is extinguished in accordance with IFRS 9, the lessee must apply paragraph 3.3.3 of IFRS 9 and recognise the gain or loss that results from such derecognition; • IFRS 9 (Transaction price): With this amendment, the reference to "transaction price" in paragraph 5.1.3 of IFRS 9 is replaced by "amount determined by the application of IFRS 15"; • IFRS 10 (Determination of 'de facto' agent): Amendment made to paragraph B74 of IFRS 10, which clarifies that the relationship described in that paragraph is only one example of several possible between the investor and other parties acting as de facto agents. The purpose of this change is to remove the inconsistency with the requirement in paragraph B73 that an entity should use its judgement in assessing other parties may act as 'de facto' agents; • IAS 7 (Cost method): Replacement of the term "cost method" with "at cost" in paragraph 37 of IAS 7 after the deletion of the definition of "cost method". Changes are effective for annual periods beginning 1 January 2026, with early application allowed.

The Group has not proceeded with the early application of any of these standards in the financial statements for the fiscal year ended 31 December 2025. No significant impacts are estimated on the financial statements as a result of their adoption.

Standards, interpretations, amendments and revisions not yet adopted by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future exercises, had not been adopted ("endorsed") by the European Union as of the approval date of these financial statements:

Standard / Interpretation	Description
IFRS 18 – Presentation and Disclosure in Financial Statements	IFRS 18 replaces IAS 1 Presentation of Financial Statements and comes in response to requests from investors seeking information regarding financial performance. With the introduction of the new IFRS 18 requirements, investors will have access to more transparent and comparable information on the financial performance of companies, thus aiming at better investment decisions. IFRS 18 essentially introduces three sets of new requirements to improve the disclosure of financial performance: • Income statement comparability: IFRS 18 introduces three defined categories for income and expenses – operating, investments, and financing – to improve the structure of the income statement and requires all companies to provide new defined subtotals, including operating income. The new structure and the new subtotals will give investors a consistent starting point for analyzing the performance of companies, making it easier to compare them; • Transparency of performance measures defined by Management: IFRS 18 requires the disclosure of additional information on the company's specific performance indicators related to the income statement, called performance measures defined by Management; • Aggregation and disaggregation of items in financial statements: IFRS 18 sets out guidance on how income statement items should be aggregated. IFRS 18 enters into force for the financial year starting on or after 1 January 2027 and its application is retrospective. Early adoption is allowed as long as the option is disclosed.

IFRS 19 – Subsidiaries not subject to public financial reporting: Disclosures	IFRS 19 allows eligible entities to prepare financial statements in IFRS with lower disclosure requirements than those required by IFRS, while maintaining the obligation to apply all IFRS measurement and recognition requirements. The reduction in disclosures defined by IFRS 19 covers most IFRS standards. Entities are considered eligible that: (i) are subsidiaries of a group that prepares consolidated financial statements in IFRS for public provision; and (ii) they are not subject to the obligation to provide public financial information, because they do not have listed debt or equity securities, are not in the process of being listed, nor do they have as their main activity the safekeeping of assets on a fiduciary basis. IFRS 19 enters into force for financial years starting on or after 1 January 2027 and its application is optional. Early application is permitted. Entities that adopt early shall disclose and align the disclosures in the comparative period with those in the current period.
Amendments to IAS 21 – Conversion to a Hyperinflationary Presentation Currency	These amendments aim to clarify the method of converting financial statements from a non-hyperinflationary currency to a hyperinflationary currency. The changes are relevant only for entities whose presentation currency is that of a hyperinflationary economy and whose own functional currency, or that of their foreign operations, is that of a non-hyperinflationary economy. Generally, the amendments require that all amounts (including comparatives) be translated from a functional currency that is that of a non-hyperinflationary economy to a presentation currency that is that of a hyperinflationary economy, using the closing rate on the date of the most recent statement of financial position. Changes are effective for annual periods beginning 1 January 2027, with early application allowed.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, have not been applied by the Group for the year ended 31 December 2025. No significant impacts are estimated on the financial statements as a result of their adoption.

Note 8 - Main Accounting Estimates and Judgements used in the preparation of the Financial Statements

Considering that the current accounting framework requires applying judgements and calculating estimates involving some degree of subjectivity, the use of different parameters or judgements based on different evidence may result in different estimates. The main accounting estimates and judgments used in applying the accounting principles by the Group are discussed in this Note in order to improve the understanding of how their application affects the reported results of the Group and its disclosure.

The relevant judgments made by management in the application of the Group's accounting policies and the main sources of uncertainty in the estimates were the same as those described in the last reporting of the Financial Statements.

8.1 Impairment of financial assets at amortised cost and at fair value through other comprehensive income

The critical judgements with greater impact on the recognised impairment values for the financial assets at amortised cost and at fair value through other comprehensive income are the following:

- Assessment of the business model: the measurement and classification of financial assets depends on the results of SPPI test and on the business model setting. The Group determines its business model based on how it manages the financial assets and its business objectives. The Group monitors if the business model classification is appropriate based on the analysis on the anticipated derecognition of the assets at amortised cost or at fair value through other comprehensive income, assessing if it is necessary to prospectively apply any changes;
- Significant increase on the credit risk: as mentioned on the Note 7.12, the determination of the transfer of an asset from stage 1 to stage 2 with the purpose of determining the respective impairment is made based on the judgement that, in accordance to the Group management, constitutes a significant increase on credit risk;
- Classification of default: novobanco Group's internal definition of exposure in default is broadly in line with the regulatory definition in Article 178 of CRR/CRD IV. This regulation defines qualitative criteria for assessing the default classification – unlikely to pay -, which are replicated in the internal definition implemented by novobanco Group and which result in performing judgements when assessing the high probability that the borrower does not fulfil its obligations within the conditions agreed with novobanco Group. This concept is covered in more detail below;
- Definition of groups of financial assets with similar credit risk characteristics: when the expected credit losses are measured through collective model, the financial instruments are aggregated based on the same risk characteristics. The Group monitors the credit risk characteristics in order to assure the correct reclassification of the assets, in cases of changes on the credit risk characteristics;
- Models and assumptions: the Group uses several models and assumptions on the measurement of the expected credit losses. The judgement is applied on the identification of the more appropriate model for each type of asset as well as in the determination of the assumptions used in these models, including the assumptions related to the main credit risk drivers. In addition, in compliance with the IFRS9 regulation that clarifies the need for the impairment result to consider multiple scenarios, a methodology for incorporating different scenarios into the risk parameters

was implemented. Thus, the calculation of collective impairment considers several scenarios with a specific weighting, based on the internal methodology defined about scenarios - definition of multiple perspectives of macroeconomic evolution, with probability of relevant occurrence;

- Accounting of Impairment management overlays, with a governance process based on the Extended Impairment Committee, which defines the impairment amounts needed to address identified risks or new emerging risks not yet materialized in the impairment determined by the collective model.

8.2 Fair value of derivative financial instruments and other financial assets and financial liabilities at fair value

Fair value is based on listed market prices when available; otherwise, fair value is determined based on similar recent arm's length transaction prices or using valuation methodologies, based on the net present value of estimated future cash flows taking into consideration market conditions, the time value, the yield curve and volatility factors, in accordance with IFRS 13 - Fair Value Measurement. The Group uses several models and assumption in measuring the fair value of financial assets. Judgement is applied on the identification of the more appropriate model for each type of asset as well as in the determination of the assumptions used in these models, including the assumptions related with the main credit risk drivers.

Consequently, the use of a different methodology or different assumptions or judgements in applying a particular model could have produced different financial results, summarised in Note 40.

8.3 Corporate income taxes

The Group is subject to corporate income tax in numerous jurisdictions. Certain interpretations and estimates are required in determining the overall corporate income tax amount. Different interpretations and estimates could result in a different level of income tax, current and deferred, being recognised in the period and evidenced in Note 28.

This aspect assumes additional relevance for effects of the analysis of the recoverability of deferred taxes, while the Group considers forecasts of futures taxable profits based on a group of assumptions, including the estimate of income before taxes, adjustments to the taxable income and its interpretation of fiscal legislation. This way, the recoverability of deferred taxes depends on the concretization of the strategy of the Executive Board of Directors, namely in the capacity to generate the estimated taxable results and its interpretation of fiscal legislation.

The Tax Authorities have the power to review the Group's calculation of the tax base for a period of four years, except in the case of any deduction or use of tax credits or tax loss deductions, where the expiry date is that of the exercise of that right. It is therefore possible that there may be corrections to the tax base, mainly as a result of differences in the interpretation of tax legislation. However, novobanco's Executive Board of Directors is convinced that there will be no significant corrections to the taxes on profits recorded in the financial statements.

8.4 Pensions and other employee benefits

The determination of the retirement pension liabilities presented in Note 16 requires the use of assumptions and estimates, including the use of actuarial tables, assumptions regarding the growth of pensions, salaries and discounts rates (which are determined based on the market rates associated with high quality corporate bond, denominated in the same currency in which the benefits will be paid and with a maturity similar to the expiry date of the plan's obligations). These assumptions are based on the expectations of the novobanco Group for the period during which the liabilities will be settled as well as other factors that may impact the costs and liabilities of the pension plan.

Changes in these assumptions could materially affect the amounts determined.

8.5 Provisions and Contingent liabilities

The recognition of provisions involves a significant degree of complex judgment, namely identifying whether there is a present obligation and estimating the probability and timing, as well as quantifying the outflows that may arise from past events. When events are at an early stage, judgments and estimates can be difficult to quantify due to the high degree of uncertainty involved. The Executive Board of Directors monitors these matters as they develop to regularly reassess whether the provisions should be recognised. However, it is often not feasible to make estimates, even when events are already at a more advanced stage, due to existing uncertainties.

Complexity of such issues often requires expert professional advice in determining estimates, particularly in terms of legal and regulatory issues. The amount of recognised provisions may also be sensitive to the assumptions used, which may result in a variety of potential results that require judgment in order to determine a level of provision that is considered appropriate in view of the event in question.

8.6 Investment properties, Foreclosed assets and Non-current assets held for sale

Investment properties are initially recognised at cost, including directly related transaction costs and subsequently at fair value. Foreclosed assets and Non-current assets held for sale are measured at the lower of the net book value and the fair value less costs to sell.

The fair value of these assets is determined based on valuations conducted by independent entities specialised in this type of service, using the market, income or cost methods, as defined in Notes 7.14 and 7.15. The valuation reports are analysed internally, namely comparing the sales values with the revalued values of the properties, to keep the valuation parameters and processes updated to the market evolution.

The use of alternative methodologies and different assumptions may result in a different level of fair value with respective impact on the recognised balance sheet value.

8.7 Entities included in the consolidation perimeter

For the determination of the entities to be included in the consolidation perimeter, the Group evaluates the extent to which (i) it is exposed, or has rights, to the variability of the return from its involvement with this entity, and (ii) it can seize that return through of its power. In this analysis, the Group also considers shareholder agreements that may exist and that result in the power to take decisions that impact the management of the entity's activity. The decision that an entity should be consolidated by the Group requires the use of judgments to determine to what extent the Group is exposed to the variability of an entity's return and has the power to seize that return. In using this judgment, the Group analyses assumptions and estimates. Thus, other assumptions and estimates could lead to a different consolidation perimeter, with a direct impact on the balance sheet.

8.8 Lease Contract Term

The Group has applied judgment to determine the lease term of certain agreements, in which it acts as lessee, and which include renewal and termination options. The Group determines the lease term as the non-cancellable lease term, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if reasonably certain not to be exercised. This assessment will have an impact on the lease term, which will significantly affect the amount of the lease liabilities and recognised right-of-use assets.

The Group has the option, namely in real estate lease agreements, to lease assets for additional periods from 1 month to 20 years. The Group applies judgment in assessing whether it is reasonably right to exercise the renewal option. That is, it considers all the relevant factors that create an economic incentive for renewal.

Note 9 - Segment Reporting

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 main 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. Additionally, the Group makes short, medium and long-term investments in the financial and currency exchange markets with the objective of taking advantage of price changes or to get returns on its available financial resources.

For this purpose, as at 31 December 2025, the Group has novobanco as its main operating unit – with 271 branches in Portugal (31 December 2024: 272 branches), with a branch in Luxembourg and 1 representation office in Spain (31 December 2024: 2 representation offices, 1 in Switzerland and 1 in Spain), with novobanco Açores (12 branches), Banco BEST (5 branches), GNB GA, amongst other companies.

When evaluating performance by business area, the Group considers the following Operating Segments: (1) Retail, which essentially includes the activity of private customers and small businesses; (2) SMEs and Corporate, which includes the activity of other companies and institutions; and (3) Corporate Structure and Support Units. Each segment includes the directly dedicated structures of the novobanco, as well as the Group units with which the activity is most closely identified. The individual and isolated monitoring of each operating unit is complemented, at the level of novobanco's Executive Board of Directors, by the definition of strategies and commercial plans specific to each unit.

9.1 Description of the operating segments

Each of the operating segments includes the following activities, products, customers and Group structures, aggregated by criteria of risk, market / geography and nature of the products and services:

Retail

This Segment includes retail banking with individual customers and small businesses developed on a national territory based on the branch distribution network, investment centres and other channels. The financial information of the segment relates to, among other products and services, home loans, consumer credit, small business financing, deposits, insurance products for individuals and companies, account and payment means management and the placement services of investment funds, retirement plans and other savings products and services, including the buying and selling of securities and their custody.

SMEs and Corporate

This segment includes activities with medium and large companies, through a commercial structure dedicated to this segment made up of 20 Business Centres. It also includes business with domestic and foreign institutional investors. The Group holds a significant presence in this segment, as a result of its know-how in supporting the development of the national business, focused on companies of low risk, with an innovative nature and export orientation.

Corporate Structure and Support Units

This area does not correspond to an operational segment in the true sense of the concept, it is an aggregation of transversal corporate structures, which ensure the basic functions of global management of the Group, such as those related to the Administration and Supervision bodies, Treasury, Compliance, Planning, Accounting, Risk Control, Communication, Internal Audit, Human Resources, among others. Strategic decisions with cross-sectional impact throughout the Group are recognized in this segment.

9.2 Criteria for the allocation of activities and results to the operating segments

The financial information presented for each segment was prepared in accordance with the criteria followed in the preparation of the internal information that is analysed by the Executive Board of Directors of the Group, as required by IFRS.

The accounting policies applied in the preparation of the financial information related to the operating segments are consistent with those used in the preparation of these consolidated financial statements, which are described in Note 7, with the adoption of the following additional principles:

Measurement of the profit or loss of the segments

The Group uses net income / (loss) before taxes as the measure of the profit or loss for purposes of evaluating the performance of each operating segment.

Autonomous operating units

As mentioned above, each autonomous operating unit (foreign branches, subsidiaries and associated companies) is evaluated separately, as each of these units is considered an investment centre. Additionally, based on the characteristics of the primary business developed by these units, they are fully integrated into one of the Operating Segments, i.e. their assets, liabilities, income and expenses.

Novobanco's structures dedicated to the Segment

Novobanco's activity, given its characteristics, can be allocated to most of its operating segments and is, therefore, accordingly disaggregated.

For purposes of allocating the financial information, the following principles are used:

(1) The origin of the operation, i.e. the operation is allocated to the same segment that the commercial structure that originated it integrates;

(2) The allocation of a commercial margin to mass-products, defined at top management level when the products are launched;

(3) For non-mass products, the allocation of a margin directly negotiated by the commercial structures with customers;

(4) The allocation of corporate structure and support unit direct costs to the remaining segments;

(5) The allocation of indirect costs (central and support services), determined based on specific drivers;

(6) The allocation of credit risk, determined in accordance with the impairment model;

(7) The allocation of the total accounting equity according to the regulatory capital requirements determined for each segment.

The transactions between the legally autonomous units of the Group are made at market prices; the price for services rendered between the structures of each unit, namely the price established for internal funding between units, is determined using the margins process referred to above (which varies in accordance with the strategic relevance of the product and the equilibrium of the structures' funding and lending functions); the remaining internal transactions are allocated to the segments, without any margin for the supplier; the strategic decisions and/or of an exceptional nature are analysed on a case-by-case basis, with the income and/or costs being generally allocated to the Support Functions segment.

The interest rate risk, currency risk, liquidity risk and others, excluding credit risk, are included in the Financial Department, which mission it is to undertake the Group's financial management, and which activity and results are included in the Support Functions segment.

Interest and similar income/expense

Since the Group's activities are exclusively carried out in the financial sector, the income reflects, fundamentally, the difference between interest received on assets and interest paid on liabilities. This situation and the fact that the segment evaluation is based on margins previously negotiated or determined for each product, leads to the presentation of the results from the intermediation activity, as permitted by IFRS 8, paragraph 23, at the net value of interest, under the designation "Net interest income/expense".

Investments presented using the equity method

Investments in associated companies presented under the equity method are included in the Support Functions segment, in the case of novobanco's associated companies. For other associated companies of the Group, these entities are included in the segment to which they relate.

Non-current assets

Non-current assets, according to IFRS 8, include Tangible assets, Intangible assets and Non-current assets held for sale. novobanco includes these assets in the Support Functions segment, with the non-current assets held by the remaining subsidiaries being allocated to the segment in which these subsidiaries primarily develop their business.

Corporate income tax

Corporate income tax is part of the Group's net income that, for purposes of monitoring the performance of the Operating Segments, by the Executive Board of Directors, does not affect the evaluation of most of the Operating Segments. In the tables presented below the deferred tax recognised in net income for the year are included in the Corporate Centre. Deferred tax assets and liabilities are included in the Support Functions segment.

Domestic and International Areas

In presenting the financial information by geographical areas, the operating units that make up the International Area are the branches of novobanco in Luxembourg, the units located internationally of GNB GA and Ijar Leasing Algérie, as discontinued operations.

The financial and economic elements related to the international area are those consistent with the financial statements of such units, with the respective consolidation adjustments and eliminations.

The segment reporting is presented as follows:

(thousands of Euros)

	2025			
	Retail	SMEs and corporate	Support functions	Total
Net interest income	592,978	452,471	51,681	1,097,130
Net fees and commissions	238,280	98,635	14,551	351,466
Commercial banking income	**831,258**	**551,106**	**66,232**	**1,448,596**
Other operating results (excluding banking sector contribution and solidarity surcharge)	(626)	70,266	50,935	120,575
Contributions to resolution and deposit guarantee funds	–	–	9,729	9,729
Operating expenses	309,195	140,922	56,449	506,566
Provisions / Impairment	11,626	18,033	100,190	129,849
Net gains / (losses) from investments in subsidiaries, joint ventures and associated companies registered by the equity method	–	–	10,729	10,729
Profits or losses from continuing operational units before taxes and interests that are not controlling (excluding banking sector contribution and solidarity surcharge)	**509,811**	**462,417**	**(38,472)**	**933,755**
Banking sector contribution and solidarity surcharge	592	–	26,286	26,878
Profit / (loss) from continued operations before taxes and non-controlling interests	**509,219**	**462,417**	**(64,758)**	**906,877**
Expenses or revenues with taxes	5,871	8,400	59,487	73,758
Profit / (loss) of discontinued operations	–	–	(285)	(285)
Net Profit / (loss) for the period attributable to non-controlling interests	4,749	–	–	4,749
Net Profit / (loss) for the period attributable to Shareholders of the parent	**498,599**	**454,017**	**(124,531)**	**828,085**
Intersegment operating income (1)	(19,556)	50,449	(22,734)	8,159
Total Net Assets	**16,314,766**	**15,029,446**	**15,102,233**	**46,446,445**
Loans to customers	15,223,497	11,900,407	14,438	27,138,342
Total Liabilities	**22,951,530**	**10,089,646**	**8,788,463**	**41,829,639**
Investments in associated companies	**–**	**–**	**67,822**	**67,822**
Investments in tangible fixed assets	**2,742**	**–**	**25,210**	**27,952**
Investments in intangible assets	**1,100**	**–**	**63,963**	**65,063**
Investments in investment properties	**–**	**–**	**38**	**38**
Investments in other assets - real estate properties	**–**	**–**	**2,180**	**2,180**

(1) Intersegment operating income refers essentially to interest (net interest income)

(thousands of Euros)

	2024			
	Retail	SMEs and corporate	Support functions	Total
Net interest income	710,680	498,525	(29,761)	1,179,444
Net fees and commissions	230,266	85,897	2,755	318,918
Commercial banking income	**940,946**	**584,422**	**(27,006)**	**1,498,362**
Other operating results (excluding banking sector contribution and solidarity surcharge)	4,590	(1,656)	(11,017)	(8,083)
Contributions to resolution and deposit guarantee funds	–	–	6,466	6,466
Operating expenses	329,776	108,442	60,967	499,185
Provisions / Impairment	42,650	52,462	93,246	188,358
Net gains / (losses) from investments in subsidiaries, joint ventures and associated companies registered by the equity method	–	–	7,949	7,949
Profits or losses from continuing operational units before taxes and interests that are not controlling (excluding banking sector contribution and solidarity surcharge)	**573,110**	**421,863**	**(190,754)**	**804,219**
Banking sector contribution and solidarity surcharge	662	–	31,521	32,183
Profit / (loss) from continued operations before taxes and non-controlling interests	**572,448**	**421,863**	**(222,275)**	**772,036**
Expenses or revenues with taxes	9,086	–	21,406	30,492
Profit / (loss) of discontinued operations	–	–	8,187	8,187
Net Profit / (loss) for the period attributable to non-controlling interests	5,139	–	–	5,139
Net Profit / (loss) for the period attributable to Shareholders of the parent	**558,223**	**421,863**	**(235,494)**	**744,592**
Intersegment operating income (1)	30,644	(70,604)	48,065	8,105
Total Net Assets	**14,947,225**	**14,469,639**	**12,996,181**	**42,413,045**
Loans to customers	13,780,958	11,346,240	16,836	25,144,034
Total Liabilities	**22,116,882**	**8,932,129**	**6,284,867**	**37,333,878**
Investments in associated companies	**–**	**–**	**60,222**	**60,222**
Investments in tangible fixed assets	**6,288**	**41**	**67,393**	**73,722**
Investments in intangible assets	**181**	**–**	**46,001**	**46,182**
Investments in investment properties	**–**	**–**	**386**	**386**
Investments in other assets - real estate properties	**149**	**–**	**2,050**	**2,199**

(1) Intersegment operating income refers essentially to interest (net interest income)

The geographical information of the different business units of the Group is as follows:

(thousands of Euros)

	2025					
	Portugal	Spain	Luxembourg	Brazil	Other	Total
Net profit / (loss) for the period attributable to Shareholders of the parent	798,391	123	29,856	(285)	–	828,085
(of which: rel. to discontinued units)	–	–	–	(285)	–	(285)
Total income	4,873,763	282	251,273	–	–	5,125,318
Intersegment operating income	(42,290)	–	50,449	–	–	8,159
Net assets	42,674,663	5,918	3,759,441	2,997	3,426	46,446,445
(of which: rel. to discontinued units)	26,123	–	–	2,997	3,426	32,546
Investments in associated companies	67,822	–	–	–	–	67,822
Investments in tangible fixed assets	27,952	–	–	–	–	27,952
Investments in intangible assets	65,063	–	–	–	–	65,063
Investments in investment properties	38	–	–	–	–	38
Investments in other assets - real estate properties	2,078	102	–	–	–	2,180
Profits / (losses) of continuing operating units before taxes and non-controlling interests	855,615	114	51,433	(285)	–	906,877
Turnover (a) (b)	2,526,298	282	204,896	–	–	2,731,476
Number of employees (a)	4,068	2	11	–	–	4,081

(a) Financial information presented according to art. 2 of DL no. 157/2014

(b) Turnover corresponds to the sum of the following items in the consolidated operating account: interest income, dividend income, fee and commission income, gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss 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 carried at fair value through profit or loss hedge accounting losses, exchange differences, gains or losses on derecognition of non-financial assets, other operating operating income and proportion of profits or losses on investments in subsidiaries, joint ventures and associates accounted for under the equity method.

(thousands of Euros)

	2024					
	Portugal	Spain	Luxembourg	Brazil	Other	Total
Net profit / (loss) for the period attributable to Shareholders of the parent	708,238	53	35,109	1,192	–	744,592
(of which: rel. to discontinued units)	6,222	–	–	1,965	–	8,187
Total income	5,294,658	412	278,147	1,965	–	5,575,182
Intersegment operating income	78,709	–	(70,604)	–	–	8,105
Net assets	39,156,307	5,843	3,243,557	3,012	4,326	42,413,045
(of which: rel. to discontinued units)	23,711	–	–	3,012	4,326	31,049
Investments in associated companies	60,222	–	–	–	–	60,222
Investments in tangible fixed assets	73,681	–	41	–	–	73,722
Investments in intangible assets	46,182	–	–	–	–	46,182
Investments in investment properties	386	–	–	–	–	386
Investments in other assets - real estate properties	2,199	–	–	–	–	2,199
Profits / (losses) of continuing operating units before taxes and non-controlling interests	722,067	53	48,724	1,192	–	772,036
Turnover (a) (b)	2,686,226	412	218,257	–	–	2,904,895
Number of employees (a)	4,182	2	11	–	–	4,195

(a) Financial information presented according to art. 2 of DL no. 157/2014

(b) Turnover corresponds to the sum of the following items in the consolidated operating account: interest income, dividend income, fee and commission income, gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss 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 carried at fair value through profit or loss hedge accounting losses, exchange differences, gains or losses on derecognition of non-financial assets, other operating operating income and proportion of profits or losses on investments in subsidiaries, joint ventures and associates accounted for under the equity method.

Note 10 - Net Interest Income

The breakdown of this caption as of 31 December 2025 and 2024 is as follows:

(thousands of Euros)

	2025	2024
Interest Income	**1,982,420**	**2,372,813**
Amortised cost (*)	1,397,314	1,804,463
Interest from loans and advances	1,117,728	1,353,775
(of which: financial leasing operations)	*29,381*	*35,586*
(of which: repurchase agreement)	*8*	–
Interest from deposits with and loans and advances to banks	59,092	213,821
(of which: repurchase agreement)	*10,276*	*33*
Interest from securities	217,578	231,110
Other interest and similar income	2,917	5,757
Fair value through other comprehensive income (*)	106,006	58,179
Interest from securities	106,006	58,179
Income/expenses from negative interest rates (*)	622	1,249
Interest from derivatives	622	1,249
Held for trading	11,358	17,206
Interest from securities	11,358	17,206
Mandatorily at fair value through profit or loss	399	1,037
Interest from securities	399	1,037
Fair value through profit or loss	466,720	490,679
Interest from loans and advances	27	–
Interest from derivatives	466,693	490,679
Interest Expenses	**885,290**	**1,193,369**
Amortised cost (*)	527,720	766,718
Interest on debt securities issued	137,214	81,839
Interest on amounts due to customers	290,637	438,309
(of which, repurchase agreement)	*7,131*	*41,492*
Interest on deposits from Central Banks and other banks	33,782	183,633
(of which, repurchase agreement)	*25,174*	*134,973*
Interest on subordinated liabilities	49,603	49,581
Other interest and similar expenses	16,484	13,356
From negative interest rates (*)	44	52
Interest on deposits from Central Banks and other banks	3	10
Interest on derivatives	41	41
From assets / liabilities at fair value through profit or loss	357,526	426,599
Interest on derivatives	357,526	426,599
	1,097,130	**1,179,444**

(*) Calculated by the effective interest method.

Average rates of financial assets and liabilities

The table below presents the average interest rates for the major categories of the Group's financial assets and liabilities, as at 31 December 2025 and 2024, as well as their respective average balances and the interest of the fiscal year:

(thousands of Euros)

	2025			2024		
	Average balance	Interest	Average interest rate	Average balance	Interest	Average interest rate
Money Market Placements	2,785,206	59,059	2.09 %	5,571,416	213,783	3.77 %
Loans to customers	26,763,317	1,105,978	4.08 %	25,316,429	1,342,863	5.22 %
Securities and other	11,830,034	431,162	3.59 %	10,647,981	355,087	3.28 %
Interest Earning Assets And Other	**41,378,557**	**1,596,200**	**3.80 %**	**41,535,826**	**1,911,733**	**4.53 %**
Money Market Funding	1,807,745	33,783	1.84 %	4,692,321	183,633	3.85 %
Customer Deposits	30,876,885	278,471	0.89 %	30,019,445	417,236	1.37 %
Debt issued and other	4,134,104	186,816	4.46 %	2,200,355	131,420	5.87 %
Other Non-Interest Bearing Liabilities	4,559,824	–	–	4,623,705	–	–
Interest Earning Liabilities And Other	**41,378,557**	**499,070**	**1.19 %**	**41,535,826**	**732,289**	**1.73 %**
Net interest margin		**1,097,130**	**2.62 %**		**1,179,444**	**2.79 %**

Note 11 - Fee and Commission Income and Fee and Commission Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Fees and commissions income	**396,126**	**364,406**
From banking services	312,912	281,738
Cards	58,893	54,570
Management of Means of Payment	153,286	142,632
Asset Management	39,432	37,686
Credit operations	61,301	46,851
From guarantees provided	29,046	30,234
From transaction of securities	14,189	12,588
From commitments to third parties	2,265	2,760
Bancassurance	30,025	29,068
Other fee and commission income	7,690	8,017
Fees and commissions expenses	**44,660**	**45,488**
With banking services rendered by third parties	28,079	28,603
Cards	8,175	8,982
Management of Means of Payment	16,353	14,235
Asset Management	1,518	2,538
Credit operations	2,034	2,847
With guarantees received	2,404	2,228
With transaction of securities	4,831	5,158
Other fee and commission income	9,346	9,499
	351,466	**318,918**

Note 12 - Results of financial operations

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Dividend income	**4,984**	**4,307**
From financial assets mandatorily measured at fair value through profit or loss	1,432	752
Shares	25	41
Participation Units	1,407	712
From financial assets measured at fair value through other comprehensive income	3,552	3,555
Shares	3,552	3,555
Gains or losses on financial assets and liabilities not measured at fair value through profit or loss	**22,536**	**(3,658)**
From financial assets at fair value through other comprehensive income	6,069	(7,213)
Bonds and other fixed income securities - Issued by government and public entities	5,505	(2,442)
Bonds and other fixed income securities - Issued by other entities	543	(4,771)
Other variable income securities	22	–
From financial assets and liabilities at amortized cost	16,467	3,555
Bonds and other fixed income securities - Issued by government and public entities	7	(2,184)
Bonds and other fixed income securities - Issued by other entities	54	(1,283)
Loans	16,406	7,022
Gains or losses on financial assets and liabilities held for trading	**11,224**	**9,793**
Bonds and other fixed income securities - Issued by government and public entities	(96)	1,076
Bonds and other fixed income securities - Issued by other entities	198	142
Financial Derivatives	11,123	8,575
Foreign exchange rate contracts	742	1,266
Interest rate contracts	7,425	4,993
Equity / Index contracts	2,430	1,399
Other	526	918
Gains or losses on financial assets mandatorily measured at fair value through profit or loss	**36,681**	**26,559**
Bonds and other fixed income securities - Issued by other entities	947	1,544
Shares	259	6,620
Other variable income securities	(1,548)	18,395
Loans and advances to customers	37,023	–
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	**68**	**–**
Bonds and other fixed income securities - Issued by other entities	68	–
Gains or losses from hedge accounting	**(19,799)**	**(20,746)**
Fair value changes of hedging instruments		
Interest rate contracts	(8,406)	(95,633)
Fair value changes of hedging item attributable to hedged risk	(11,393)	74,887
Foreign exchange revaluation	**8,116**	**14,892**
	63,811	**31,147**

As at 31 December 2025, profits from the intermediation margin (day one profit) recognized in the results, which are essentially related to foreign exchange operations, amounted to approximately 4,004 thousand euros (31 December 2024: 3,508 thousand euros).

During 2025, a revaluation of loans to customers mandatorily measured at fair value through profit or loss was carried out, with an impact of 36.5 million euros.

Gains or losses from hedge accounting

Gains or losses from hedge accounting include fair value variations of the hedging instrument (derivative) and fair value changes of the hedged item attributable to the hedged risk. In the event that hedging operations are early terminated, a compensation payment/receipt may occur, which is recorded in Other operating expenses/Other operating income.

Note 13 - Gains or Losses on Derecognition of Non-Financial Assets

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Real estate properties	860	9,058
Equipment	(40)	(1,183)
Other	163	188
	982	**8,063**

Note 14 - Other Operating Income and Other Operating Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Other operating income	**96,264**	**119,702**
Gains / (losses) on recoveries of loans	27,898	23,655
Income of Funds and real estate companies	2,901	7,959
Gains on the acquisition of debt issued by the Group (see Note 31)	–	1
Gains on investment properties revaluation (see Note 26)	7,098	12,866
Other income	58,366	75,221
Other operating expenses	**(67,360)**	**(199,177)**
Losses on repurchase of Group debt securities (see Note 31)	(1)	(2)
Direct and indirect taxes	(5,257)	(4,886)
Contribution on the banking sector	(26,878)	(27,232)
Solidarity additional	–	(4,951)
Membership fees and donations	(1,718)	(1,599)
Costs of real estate funds and companies	(2,092)	(7,334)
Charges to supervisory entities	(2,370)	(2,566)
Losses on investments properties revaluation (see Note 26)	(2,782)	(37,749)
Other expenses	(26,262)	(112,859)
Other operating income / (expenses)	**28,904**	**(79,475)**

Other income includes, as of 31 December 2025, an amount of 26.1 million euros related to the recovery of the Additional Banking Solidarity Contribution, following the case law of the Constitutional Court, which declared that contribution unconstitutional. As of 31 December 2024, includes an amount of 60.6 million euros related with corporate income tax refund arising from the execution of the decision issued in the context of the judicial challenge proceedings concerning the 2005 corporate income tax. The decision issued in these proceedings led to an increase in the Group's tax loss carryforward balance, which could be deducted in the 2006 tax year, thus resulting in a refund in that year.

As of 31 December 2024, Other expenses includes an expense of 62.7 million euros related to the CCA termination, as described in Note 35.

Note 15 - Staff Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Wages and salaries	222,912	207,750
Remuneration	222,508	207,033
Long-term service / Career bonuses (see Note 16)	403	717
Mandatory social security charges	54,223	52,555
Costs with post-employment benefits (see Note 16)	264	591
Other costs	8,993	9,458
	286,393	**270,353**

As at 31 December 2025 and 2024, the number of novobanco Group employees breakdown is as follows:

	2025	2024
novobanco employees	3,827	3,931
Employees of the Group's subsidiaries	254	264
Total employees of the Group	**4,081**	**4,195**

By professional category, the number of novobanco Group employees breakdown is as follows:

	2025	2024
Senior management functions	490	491
Middle management positions	359	356
Specific positions	2,327	2,282
Administrative and other functions	905	1,066
	4,081	**4,195**

Note 16 - Employee Benefits

Pension and health-care benefits

As mentioned in accounting policy 7.23, the Group has undertaken to provide its employees, or their families, with cash benefits for old-age retirement, disability and survivors' pensions and other liabilities such as *Serviço de Assistência Médico-Social* (SAMS), managed by the Union.

For employees hired until 31 December 2008, the retirement pension and the disability, survival and death pensions consecrated under the ACT, as well as the liabilities for health-care benefits (SAMS), are covered by a closed pension fund, managed by GNB – Sociedade Gestora de Fundos de Pensões, S.A.

Protection of employees in the event of maternity, paternity and adoption, as well as old age, is covered by the General Social Security Regime, given that with the publication of Decree-Law no. 1-A/2011, of 3 January, all banking employees who were beneficiaries of Caixa de Abono de Família dos Empregados Bancários (CAFEB) were integrated in the General Social Security Regime as from 1 January 2011.

Employees hired after 31 December 2008 are covered by the Portuguese General Social Security Regime.

Retirement pensions of banking employees integrated in the General Social Security Regime within the scope of the 2nd tripartite agreement continue to be calculated in accordance with the provisions of the ACT and other conventions; however, banking employees are entitled to receive a pension under the General Regime that considers the number of years of contributions under that regime. The Banks are responsible for the difference between the pension determined in accordance with the provisions of the ACT and that which the banking employees are entitled to receive from the General Social Security Regime.

The contribution rate is 26.6%, 23.6% paid by the employer and 3% paid by the employees on the behalf of CAFEB, abolished by said Decree-law. In consequence of this change, pension entitlements of active employees are to be covered on the terms defined under the General Social Security Regime, for the length of their employment between 1 January 2011 and their retirement date. The differential required to make up the pension guaranteed under the ACT is paid by the Banks.

At the end of financial year 2011 and pursuant to the 3rd tripartite agreement, it was decided to transfer, definitively and irreversibly, to the General Social Security Regime all the banks' liabilities with pensions in payment to retirees and pensioners that were in that condition as of 31 December 2011 at constant values (0% discount rate) for the component foreseen in the *Instrumento de Regulação Coletiva de Trabalho* (IRCT) applicable to banking employees, including the eventualities of death, disability and survival. The liabilities relating to the updating of pension amounts, pension benefits other than those to be borne by Social Security, health-care contributions to SAMS, death allowances and deferred survivor's pensions will remain under the banks' responsibility, with the corresponding funding being met through the respective pension funds.

The agreement further established that the financial institutions' pension fund assets relating to the part allocated to the satisfaction responsibilities for those pensions, be transferred to the State.

As at 31 December 2024, in the Group's liabilities, the item Provisions recorded the amount of 8.8 million euros related to net liabilities, which, according to the resolution of the Board of Directors of the Bank of Portugal dated 3 August 2014, were not transferred to novobanco. The liabilities pertain to retirement and survivor pensions and their respective

supplements for the administrators of BES that were not transferred to novobanco. For the quantification of the amounts of the assets of the Pension Fund allocated to those liabilities (undivided part), the existing assets as of 3 August 2014, were separated proportionally to the liabilities calculated as of that date. It is worth noting that the assets of the undivided part were not allocated to any liability of novobanco until the final court decision regarding the application of Article 402. Considering the courts decisions already known regarding the application of the limit in Article 402, novobanco released the provision during the 2025 financial year.

On 1 June 2016, an amendment was made to Fundo de Pensões NB´s constitutive contract, where the complementary plan became a defined contribution instead of a defined benefit plan. Considering this, and in accordance with IAS 19, this plan´s responsibilities and assets are net of the amounts presented for the defined benefit plans. On 31 December 2025, the amount of 1,901 thousand euros was recorded in Personnel Costs related to the defined contribution plan (31 December 2024: 706 thousand euros).

During 2021, two changes were made to the Pension Fund:

- Inclusion of Social Security Pension – Pensioners

Until 2020, the methodology applied considered pensions in payment by the Pension Fund for the calculation of liabilities with pensioners. In 2021, this methodology was changed for pensioners who started a pension after 2011, and do not have a Social Security pension. For this group of pensioners with age below the normal retirement age of the General Social Security Regime (RGSS), the liability arising from a Social Security pension, to be paid from the normal retirement age of the RGSS, was deducted. As for pensioners over the normal retirement age of the RGSS, the liability arising from a Social Security pension, to be paid from the moment of assessment, was deducted.

- Inclusion of acquired rights (Clause 98 ACT)

In 2021, liabilities with former employees who left novobanco Group after 2011, and who can claim rights to the Pension Fund under Clause 98 of the ACT, were included.

The responsibilities and coverage levels of the Group, calculated according to the accounting policy defined in Note 7.23 - Employee Benefits, reportable as at 31 December 2025 and 2024 are presented as follows:

(thousands of Euros)

	2025	2024
Liabilities		
Retirement pension liabilities at beginning of the exercise	**1,630,653**	**1,596,810**
Current service cost	264	591
Interest cost	56,077	53,516
Plan participants' contribution	2,853	2,824
Contributions from other entities	191	184
Actuarial (gains) / losses in the exercise:		
- Changes in financial assumptions	(119,590)	(19,740)
- Experience adjustments (gains) / losses	63,262	70,229
Pensions paid by the fund / transfers and once-off bonuses	(101,906)	(93,989)
Early retirement	33,380	20,227
Retirement pension liabilities at end of the exercise	**1,565,183**	**1,630,653**
Of which:		
Pensioners	1,231,966	1,233,436
Employees	333,218	397,217
Pension Funds		
Fair value of fund assets at the beginning of the exercise	**1,590,239**	**1,615,514**
Net return from the fund	46,727	65,890
- Share of the net interest on the assets	51,251	51,355
- Return on assets excluding net interest	(4,524)	14,535
Group contributions	32,929	–
Employee contributions	2,853	2,824
Pensions paid by the fund / transfers and one-off bonuses	(101,906)	(93,989)
Fund balance at the end of the exercise	**1,570,842**	**1,590,239**
Net assets / (liabilities) in the balance sheet (see Notes 29 and 33)		
At the beginning of the exercise	**(40,414)**	**18,704**
Cost during the exercise	(5,090)	(2,752)
Actuarial gains / (losses) recognized in other comprehensive income	51,131	(35,873)
Contributions made in the exercise	32,929	–
Other	(32,900)	(20,494)
At the end of the exercise	**5,657**	**(40,414)**
Accumulated actuarial losses recognized in other comprehensive income		
Accumulated actuarial losses recognized in other comprehensive income at the beginning of the exercise	**760,683**	**724,811**
Actuarial (gains) / losses in the exercise:		
- Changes in assumptions		
- Financial assumptions	(119,590)	(19,740)
- Plan assets return (excluding net of interests) and experience adjustments gains / losses	67,785	55,694
Other	673	(83)
Accumulated actuarial losses recognized in other comprehensive income at the end of the exercise	**709,551**	**760,683**
Pension Funds participants	**12,324**	**12,377**
Employees	4,024	4,155
Pensioners and survivors	7,193	7,119
Participants under clause 98	1,107	1,103

Regarding the net liabilities on the Balance Sheet as at 31 December 2024, the Group made the necessary contribution at the beginning of 2025.

The pension funds' assets are presented as follows:

(thousands of Euros)

	2025			2024		
	Listed	Unlisted	Total	Listed	Unlisted	Total
Equity instruments	–	218,623	218,623	545	146,416	146,961
Debt instruments	921,551	–	921,551	1,021,452	–	1,021,452
Investment funds	147,566	41,006	188,572	124,381	52,096	176,477
Structured debt	–	–	–	3	–	3
Derivatives	–	–	–	–	8	8
Real estate properties	–	233,909	233,909	–	228,430	228,430
Cash and cash equivalents	–	8,187	8,187	–	16,908	16,908
Total	**1,069,117**	**501,725**	**1,570,842**	**1,146,380**	**443,859**	**1,590,239**

The assets of the pension funds used by the Group or representing securities issued by entities of the Group are detailed as follows:

(thousands of Euros)

	2025	2024
Cash and cash equivalents	3,320	5,497
Real estate	42,030	42,689
Total	**45,350**	**48,186**

The main actuarial assumptions used in the calculation of pension and health benefit liabilities are the same and are presented as follows:

	2025		2024	
	Assumptions	Actual	Assumptions	Actual
Actuarial Assumptions				
Projected rate of return on plan assets	4.20%	3.04%	3.55%	4.15%
Discount rate	4.20%	–	3.55%	–
Pension increase rate	0.75%	2.40%	0.75%	2.73%
Salary increase rate	1.00%	3.90%	1.00%	4.36%
Mortality table men	TV 88/90		TV 88/90	
Mortality table women	TV 88/90-3 years		TV 88/90-3 years	

Disability decrements are not considered in the calculation of liabilities. The determination of the discount rate as at 31 December 2025 and 2024 was based on: (i) the evolution in the main indexes related to high quality corporate bonds and (ii) the duration of the liabilities.

As at 31 December 2025 and 2024, the sensitivity analysis to a variation of 0.25% in the rate of assumptions used and a year in the mortality table results in the following variations in the present value of the liabilities for past services:

(thousands of Euros)

Assumptions	Change in the amount of liabilities due to the change:			
	2025		2024	
	of +0.25% in the rate used	of -0.25% in the rate used	of +0.25% in the rate used	of -0.25% in the rate used
Discount rate	(41,662)	43,687	(47,172)	49,612
Salary increase rate	6,893	(6,688)	8,850	(8,574)
Pension increase rate	42,753	(40,963)	47,006	(44,970)
	+1 year (a)	-1 year (b)	+1 year (a)	-1 year (b)
Mortality table	(47,518)	47,068	(51,351)	51,087

(a) reduction of 1 year on average life expectancy

(a) increase of 1 year on average life expectancy

The costs of retirement pensions and health benefits for the years as at 31 December 2025 and 2024 may be applied as follows:

(thousands of Euros)

	2025	2024
Current service cost (a)	264	591
Net interest	4,826	2,161
Post-employment benefits costs	**5,090**	**2,752**

(a) recorded in Staff expenses (see Note 15)

In 2025, the value of early retirements was 33.4 million euros (31 December 2024: 20.2 million euros), that are part of the Group's restructuring process and, as such,were recognised against the use of the restructuring provision (see Note 32).

The average duration of the defined benefit plan liabilities is approximately 11 years (31 December 2024: approximately 12 years)

Career Bonuses

At 31 December 2025 the liabilities assumed by the Group amounted to 6,717 thousand euros, corresponding to the past service liabilities of career bonuses, as described in Note 7.23 - Employee Benefits (31 December 2024: 6,984 thousand euros) (see Note 33).

At 31 December 2025 a cost of 403 thousand of euros was recorded for career bonuses (31 December 2024: 717 thousand euros) (see Note 15).

Note 17 - Other Administrative Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Rentals	899	3,295
Advertising	8,643	7,006
Communication	11,310	11,193
Maintenance and repairs expenses	6,146	7,464
Travelling and representation	3,752	3,481
Transportation of valuables	3,155	3,046
Insurance	3,311	3,860
IT services	56,263	55,411
Independent work	2,260	1,239
Electronic payment systems	18,594	16,826
Legal costs	4,087	5,226
Consultancy and audit fees	24,157	27,496
Water, energy and fuel	3,153	2,950
Consumables	1,641	1,612
Other costs	23,143	24,654
	170,513	**174,759**

Other costs item includes, among others, specialised services for security and surveillance, information, training costs and various external supplies.

Rents and leases item includes, as at 31 December 2025 an amount of 592 thousand euros related to short-term operating lease contracts (31 December 2024: 639 thousand euros), as described in note 7.20.

The fees billed during the years of 2025 and 2024 by the statutory audit firm, in accordance with the provisions of article 508-F in the Commercial Companies Code, are detailed as follows:

(thousands of Euros)

	2025	2024
Statutory audit of annual accounts	2,091	2,070
Other reliability assurance services	2,104	1,728
Total value of billable services	**4,194**	**3,798**

In addition to the audit/legal review of the accounts, in the 2025 financial year the auditor provided the following non-audit services, related to audit services or classified as assurance services:

- Limited review of Novo Banco S.A. quarterly and half-yearly Condensed Interim Consolidated and Individual Financial Statements;
- Independent review of the non-financial information report - sustainability report;
- Support for the supervisory body in issuing the self-assessment report, under the terms of article 55(a) of *Banco de Portugal* Notice no. 3/2020;
- Half-yearly impairment reports (Bank of Portugal Instruction no. 5/2013);
- External Auditor's report on procedures for safeguarding customer assets (Article 304-C of the *Código de Valores Mobiliários*);
- Support for the supervisory body in issuing a report on the money laundering prevention process (*Banco de Portugal* Notice no. 1/2022);
- Verification of the application of the special deferred tax regime;
- Review of the information reported by novobanco leading to the calculation of the contribution to be made to the Single Resolution Fund;
- Report on Bank loans pledged as collateral for monetary policy operations (MOI);
- Special audit regarding pricing on mortgage loans;
- Carrying out specific procedures within the scope of novobanco's potential Initial Public Offering (IPO).

Note 18 - Contributions to Resolution and Deposit Guarantee Schemes

As at 31 December 2025 and 2024 this caption is presented as follows:

(thousands of Euros)

	2025	2024
Contribution to the National Resolution Fund	9,618	6,356
Contribution to the Deposit Guarantee Fund	112	111
	9,729	**6,466**

In April 2025, the Single Resolution Fund (SRF) announced that the annual contribution for the fiscal year 2025 would not be charged (similar to what happened in 2024), as the financial resources of the SRF reached, as at 31 December 2024, the target level of 1% of covered deposits held in Member States participating in the Single Resolution Mechanism.

Additionally, the Group has irrevocable commitments amounting to 20,143 thousand euros related with contributions to the Single Resolution Fund, resulting from the option to make part of the annual contributions through a collateral deposit (31 December 2024: 20,143 thousand euros).

Note 19 - Impairment

(thousands of Euros)

	2025	2024
Provisions or reversal of provisions (see Note 32)	**110,718**	**120,086**
Provisions for guarantees and commitments	4,984	23,762
Other provisions	105,734	96,323
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss (see Note 22)	**20,743**	**73,222**
Securities at fair value through other comprehensive income	209	276
Securities at amortised cost	15,609	7,231
Loans and advances to banks	271	(118)
Loans and advances to customers	4,654	65,833
Impairment or reversal of impairment on non-financial assets	**(1,612)**	**(4,950)**
Non-current assets and disposal groups classified as held for sale (see Note 30)	(973)	(53)
Tangible fixed assets (see Note 25)	(1,901)	(1,274)
Other assets (see Note 29)	1,261	(3,623)
	129,849	**188,358**

Note 20 - Cash, Cash Balances at Central Banks and Other Demand Deposits

This caption as at 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025	2024
Cash	**179,301**	**183,824**
Demand deposits with Central Banks	**1,789,757**	**1,343,628**
Bank of Portugal	1,680,036	1,314,587
Other Central Banks	109,721	29,041
Deposits in other domestic credit institutions	**28,401**	**46,912**
Repayable on demand	7,694	8,874
Uncollected checks	20,706	38,038
Deposits with banks abroad	**171,751**	**183,049**
Repayable on demand	129,582	150,831
Other deposits	42,169	32,218
	2,169,209	**1,757,414**

The caption Demand Deposits with Bank of Portugal includes mandatory deposits to comply with the minimum legal cash reserve in an amount of 317.8 million euros (31 December 2024: 295.7 million euros) which aim to satisfy the legal requirements regarding the constitution of minimum cash reserve. According to the European Central Bank Regulation (EU) No. 1358/2011, of 14 December 2011, minimum cash reserve of demand deposits with Bank of Portugal are interest-bearing and correspond to 1% of the deposits and debt certificates maturing in less than 2 years, after excluding from these the deposits of institutions subject to the European System of Central Banks minimum reserve. As of 31 December 2025 and 2024, the average interest rate on these deposits was null.

Compliance with minimum cash reserve, for a given observation period, is monitored taking into account the average amount of the deposits with Bank of Portugal over said period. The balance of the account with Bank of Portugal as of 31 December 2025 was included in the observation period running from 23 December 2025 to 10 February 2026.

Checks to be collected from credit institutions in the country and abroad were sent for collection on the first business days following the reference dates.

Note 21 - Financial Assets and Liabilities Held for Trading

This item as of 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025	2024
Financial assets held for trading	**206,024**	**633,521**
Bonds and other fixed income securities - Issued by government and public entities	126,280	521,191
Derivatives held for trading with positive fair value	79,744	112,330
Financial liabilities held for trading	**64,595**	**95,841**
Derivatives held for trading with negative fair value	64,595	95,841

Securities held for trading

The details of securities held for trading by fair value hierarchy are presented in Note 40.

Derivatives

Derivatives as at 31 December 2025 and 2024 are presented as follows:

(thousands of Euros)

	2025				2024			
	Notional		Fair value		Notional		Fair value	
	Buy	Sell	Asset	Liability	Buy	Sell	Asset	Liability
TRADING DERIVATIVES			**79,744**	**64,595**			**112,330**	**95,841**
Exchange rate contracts			**8,653**	**6,405**			**14,469**	**14,058**
Forward	317,976	316,907	4,932	3,779	412,589	411,520	9,667	9,363
Currency Swaps	381,397	382,442	1,159	1,044	387,990	387,044	1,019	912
Currency Options	87,660	86,660	2,562	1,581	158,680	158,680	3,784	3,784
Interest rate contracts			**67,510**	**54,965**			**93,435**	**77,369**
Interest Rate Swaps	3,042,541	3,042,541	59,272	47,445	3,270,986	3,270,986	82,364	67,225
Interest Rate Caps & Floors	414,596	472,185	8,238	7,520	398,782	475,710	11,070	10,143
Interest Rate Futures a)	10,000	–	–	–	–	–	–	–
Equity / Index contracts			**3,581**	**3,225**			**4,261**	**4,261**
Equity / Index Options	98,314	85,548	3,581	3,225	141,536	141,536	4,261	4,261
Commodities Contracts			**–**	**–**			**165**	**153**
Commodities Swaps	–	–	–	–	3,150	3,150	165	153

a) Derivatives traded on organized markets, whose market value is settled daily against the margin account (see Note 29 and 33)

In the year 2025 the Group recognised a loss of 362 thousand euros related to the CVA of derivative instruments (31 December 2024: gain of 322 thousand euros). The method of determining the CVA is explained in note 40.

Note 22 - Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss, at Fair Value Through Other Comprehensive Income and at Amortised Cost

These items as at 31 December 2025 and 2024 are presented as follows:

(thousands of Euros)

	2025				
	Mandatorily at fair value through profit and loss	Fair value through other comprehensive income	Amortised cost (1)	Fair value changes (2)	Total
Securities	189,874	3,621,033	7,920,427	–	11,731,335
Loans and advances to banks	–	–	2,324,006	–	2,324,006
Loans and advances to customers	35,552	–	27,102,790	(74,013)	27,064,329
	225,426	**3,621,033**	**37,347,223**	**(74,013)**	**41,119,669**

(1) Includes fair value adjustments resulting from micro-hedging of interest rate risk (see Note 23)

(2) Fair value changes of the elements covered by the interest rate hedge portfolio (see Note 23)

(thousands of Euros)

	2024				
	Mandatorily at fair value through profit and loss	Fair value through other comprehensive income	Amortised cost (1)	Fair value changes (2)	Total
Securities	248,533	3,148,305	8,384,115	–	11,780,953
Loans and advances to banks	–	–	36,523	–	36,523
Loans and advances to customers	–	–	25,144,034	(53,048)	25,090,987
	248,533	**3,148,305**	**33,564,672**	**(53,048)**	**36,908,463**

(1) Includes fair value adjustments resulting from micro-hedging of interest rate risk (see Note 23)

(2) Fair value changes of the elements covered by the interest rate hedge portfolio (see Note 23)

22.1 Securities

The detail of the Securities portfolio as at 31 December 2025 and 2024 is detailed as follows:

(thousands of Euros)

	2025	2024
Securities mandatorily at fair value through profit or loss	**189,874**	**248,533**
Bonds and other fixed income securities - From other issuers	91	12,983
Shares	143,208	145,747
Other securities with variable income	46,575	89,804
Securities at fair value through other comprehensive income	**3,621,033**	**3,148,305**
Bonds and other fixed income securities - From public issuers	1,940,620	2,326,683
Bonds and other fixed income securities - From other issuers	1,536,324	720,658
Shares	139,529	100,964
Other securities with variable income	4,561	–
Securities at amortised cost	**7,920,427**	**8,384,115**
Bonds and other fixed income securities - From public issuers	3,818,654	4,424,633
Bonds and other fixed income securities - From other issuers	4,167,598	4,201,635
Impairment	(65,825)	(242,152)
	11,731,335	**11,780,953**

Investments in restructuring funds on the Group's balance sheet are accounted for in shares and other variable income securities mandatorily accounted for at fair value through profit or loss, according to the accounting policy described in Note 7.6.4, based on net book value reported by the Management Companies, adjusted relative to information, analyses or independent valuations considered necessary to determine its fair value, responding to guidelines from the Central Bank of Europe. Being "level 3" assets according to the IFRS 13 fair value hierarchy (quotes provided by third parties whose parameters used are mostly not observable in the market), the detail of the valuation methodology is described in Note 40.

The detail of the securities at fair value through other comprehensive income as at 31 December 2025 and 2024 is as follows:

(thousands of Euros)

	Cost (1)	Fair value reserve		Fair value reserve transferred to profit and loss (2)	Balance sheet value	Impairment reserves
		Positive	Negative			
Bonds and other fixed income securities - From public issuers	1,957,645	31,250	(7,630)	(40,645)	1,940,620	(212)
Residents	389,171	15,944	(6,772)	(27,587)	370,756	(48)
Non residents	1,568,474	15,306	(858)	(13,058)	1,569,864	(165)
Bonds and other fixed income securities - From other issuers	1,546,202	8,620	(12,975)	(5,523)	1,536,324	(386)
Shares	127,417	61,151	(48,595)	(445)	139,529	–
Other securities with variable income	4,453	110	(3)	–	4,561	–
Balance as at 31 December 2025	**3,635,717**	**101,131**	**(69,202)**	**(46,613)**	**3,621,033**	**(598)**

(1) Acquisition cost referring to shares and other equity instruments and amortized cost for debt securities.

(2) In the context of fair value hedge operations (see Note 23)

(thousands of Euros)

	Cost (1)	Fair value reserve		Fair value reserve transferred to profit and loss (2)	Balance sheet value	Impairment reserves
		Positive	Negative			
Bonds and other fixed income securities - From public issuers	2,322,844	5,115	(17,033)	15,757	2,326,683	(189)
Residents	734,035	592	(12,343)	11,524	733,808	(72)
Non residents	1,588,809	4,523	(4,690)	4,232	1,592,875	(117)
Bonds and other fixed income securities - From other issuers	734,200	4,540	(12,190)	(5,893)	720,658	(251)
Shares	88,120	64,773	(51,929)	–	100,964	–
Other securities with variable income	3	–	(3)	–	–	–
Balance as at 31 December 2024	**3,145,167**	**74,428**	**(81,154)**	**9,864**	**3,148,305**	**(440)**

(1) Acquisition cost referring to shares and other equity instruments and amortized cost for debt securities.

(2) In the context of fair value hedge operations (see Note 23)

During 2025, the Group sold 3,143.5 million euros of financial instruments classified at fair value through other comprehensive income (31 December 2024: 1,165.7 million euros), with a gain of 6.1 million euros (31 December 2024: a loss of 7.2 million euros) recorded in the Income Statement, from the sale of debt instruments and a gain of 0.3 million

euros that were transferred from revaluation reserves to sales-associated reserves (31 December 2024: 0 million euros), from the sale of equity instruments.

The transfers between stages occurred in the portfolio of securities at fair value through other comprehensive income and amortised cost during the years of 2025 and 2024 are presented as follows:

(thousands of Euros)

	2025					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Bonds and other fixed income securities						
Credit institutions	–	6,049	–	–	–	–
Other financial corporations	5,030	36,622	–	–	–	–
From other issuers	61,605	13,720	–	–	–	–
	66,635	**56,391**	**–**	**–**	**–**	**–**

(thousands of Euros)

	2024					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Bonds and other fixed income securities						
From other issuers	245,437	9,409	14,593	–	–	–
	245,437	**9,409**	**14,593**	**–**	**–**	**–**

The movements occurred in the impairment reserves in the securities at fair value through other comprehensive income are presented as follows:

(thousands of Euros)

	Impairment movement of securities at fair value through other comprehensive income			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 31 December 2023	**238**	**–**	**1**	**239**
Increases due to changes in credit risk	829	–	–	829
Decreases due to changes in credit risk	(553)	–	–	(553)
Utilization during the period	(82)	–	–	(82)
Other movements	7	–	–	7
Balance as at 31 December 2024	**439**	**–**	**1**	**440**
Transfers to stage 1	8	(8)	–	–
Increases due to changes in credit risk	815	8	–	823
Decreases due to changes in credit risk	(614)	–	–	(614)
Utilization during the period	(30)	–	–	(30)
Other movements	(22)	–	–	(22)
Balance as at 31 December 2025	**597**	**–**	**1**	**598**

The movements occurred in the impairment losses in the securities at amortised cost are presented as follows:

(thousands of Euros)

	Impairment movement of securities at amortised cost			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 31 December 2023	**3,608**	**1,767**	**318,937**	**324,312**
Transfers to stage 1	820	(820)	–	–
Transfers to stage 2	(307)	307	–	–
Transfers to stage 3	–	(1,257)	1,257	–
Increases due to changes in credit risk	8,645	28,866	898,278	935,789
Decreases due to changes in credit risk	(8,418)	(24,377)	(895,762)	(928,558)
Utilization during the period	(47)	(466)	(88,881)	(89,394)
Other movements	(44)	48	–	4
Balance as at 31 December 2024	**4,256**	**4,067**	**233,829**	**242,152**
Transfers to stage 1	2,892	(2,892)	–	–
Transfers to stage 2	(1,079)	1,079	–	–
Increases due to changes in credit risk	13,248	12,000	215,534	240,782
Decreases due to changes in credit risk	(14,284)	(8,146)	(202,742)	(225,173)
Utilization during the period	(5)	–	(191,927)	(191,932)
Other movements	(21)	17	–	(4)
Balance as at 31 December 2025	**5,007**	**6,124**	**54,694**	**65,825**

In accordance with the accounting policy described in Note 7.12, the Group regularly assesses whether there is objective evidence of impairment in its portfolio of financial assets at fair value through other comprehensive income following the judgement criteria described in Note 8.1.

The detail of the securities portfolio by fair value hierarchy is presented in Note 40.

The securities in the portfolio given as collateral by the Group are presented in Note 36.

22.2 Loans and advances to Banks

The detail of Loans and advances to Banks as at 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025	2024
Loans and advances to banks	**2,324,828**	**37,087**
Deposits	930	1,885
Loans	84,485	35,202
Repurchase agreement	2,239,413	–
Past due	**–**	**–**
	2,324,828	**37,087**
Impairment losses	**(822)**	**(564)**
	2,324,006	**36,523**

The increase during 2025 in repurchase agreement transactions refers to collateral switch transactions executed within the scope of collateral management in the form of resale agreement transactions (accounted under loans and advances to banks) and repurchase agreement transactions (recorded under deposits from banks), which allowed the Group to improve its liquidity buffer and, consequently, its LCR liquidity ratio.

All loans and advances to Banks are accounted under the amortised cost portfolio.

Changes in impairment losses on loans and advances to banks are presented as follows:

(thousands of Euros)

	Loans and advances to credit institutions			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 31 December 2023	**107**	**180**	**427**	**714**
Transfers to stage 2	(12)	12	–	–
Increases due to changes in credit risk	52	243	–	295
Decreases due to changes in credit risk	(70)	(342)	–	(412)
Other movements	(2)	(37)	6	(33)
Balance as at 31 December 2024	**75**	**56**	**433**	**564**
Transfers to stage 2	(1)	1	–	–
Increases due to changes in credit risk	375	25	–	400
Decreases due to changes in credit risk	(87)	(43)	–	(129)
Other movements	–	(2)	(10)	(12)
Balance as at 31 December 2025	**363**	**37**	**423**	**822**

22.3 Loans and advances to customers

The detail of the Loans and advance to customers as at 31 December 2025 and 2024 is detailed as follows:

(thousands of Euros)

	2025	2024
Loans and advances - Corporate	**14,318,632**	**13,605,712**
Current account loans	1,111,570	1,200,591
Loans	11,035,063	10,424,264
Discounted bills	54,000	78,406
Factoring	1,226,737	1,145,623
Overdrafts	15,808	10,353
Financial leases	852,922	723,247
Other loans and advances	22,532	23,228
Loans and advances - Households	**13,213,008**	**12,043,435**
Residential Mortgage loans	10,956,187	10,149,212
Credit for consumption and other	2,256,820	1,894,223
Overdue loans and advances and interests	**350,740**	**329,894**
Under 90 days	36,787	42,241
Over 90 days	313,953	287,653
	27,882,379	**25,979,041**
Impairment losses	(744,037)	(835,007)
	27,138,342	**25,144,034**
Fair value changes of the hedged items in portfolio hedge of interest rate risk (See Note 23)	**(74,013)**	**(53,048)**
Residential Mortgage loans	(74,013)	(53,048)
	27,064,329	**25,090,987**

As at 31 December 2025 there are operations mandatorily at fair value through profit or loss, with a nominal value of 202,104 thousand euros and a fair value of 35,552 thousand euros (31 December 2024: 13,197 thousand euros and 0 thousand euros, respectively). The fair value change of these credits are recorded in the heading Gains or losses on financial assets mandatorily accounted at fair value through profit or loss, in the income statement (see Note 12).

At 31 December 2025 the value of customer loans (net of impairment) includes the amount of 780.5 million euros (31 December 2024: 874.0 million euros), related to securitization operations that, according to the accounting policy mentioned in Note 6, are consolidated by the Group (see Notes 1 and 39). The liabilities associated with these securitisation operations were recognised as Liabilities represented by securities (see Note 31).

At 31 December 2025, the item customer loans includes 8,453.3 million euros of mortgage loans related to the issuance of mortgage bonds (31 December 2024: 7,609.9 million euros) (see Note 31).

At 31 December 2025, the value of interest and fees recorded in the balance sheet for credit operations amounts to 90,853 thousand euros (31 December 2024: 80,654 thousand euros).

The movements occurred in the capital amounts of loans and advances of the years 2025 and 2024 are presented as follows:

(thousands of Euros)

	Movement in loans and advances to customers			
	Corporate loans	Mortgage Loans	Consumption and other	Total
Balance at 31 December 2023	**13,819,410**	**10,058,031**	**1,611,145**	**25,488,586**
New production	3,342,170	1,380,680	552,354	5,275,204
Scheduled refunds	(2,379,498)	(276,794)	(176,198)	(2,832,490)
Unscheduled refunds	(882,696)	(942,012)	(135,844)	(1,960,552)
Write off	(83,491)	(697)	(22,241)	(106,429)
Other movements	75,081	(60,737)	100,379	114,723
Balance at 31 December 2024	**13,890,976**	**10,158,470**	**1,929,595**	**25,979,041**
New production	3,962,104	1,940,709	749,371	6,652,184
Scheduled refunds	(2,373,987)	(349,206)	(213,464)	(2,936,658)
Unscheduled refunds	(875,470)	(746,541)	(177,327)	(1,799,338)
Write off	(68,782)	(551)	(11,362)	(80,695)
Other movements	67,099	(37,316)	38,061	67,845
Balance as at 31 December 2025	**14,601,941**	**10,965,565**	**2,314,874**	**27,882,379**

The transfers between stages that occurred in credit during the years of 2025 and 2024 are presented as follows:

(thousands of Euros)

	2025					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Loans						
Corporate loans	2,073,640	1,754,115	223,535	76,398	27,778	–
Consumption and other	1,753,954	1,616,013	135,687	98,140	1,625	725
	3,827,594	**3,370,128**	**359,222**	**174,538**	**29,403**	**725**

(thousands of Euros)

	2024					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Loans						
Corporate loans	1,206,051	1,054,373	108,624	118,795	15,352	–
Consumption and other	1,323,840	1,253,191	125,057	61,698	3,190	639
	2,529,891	**2,307,564**	**233,681**	**180,493**	**18,542**	**639**

The movements occurred in the impairment losses of loans and advances are presented as follows:

(thousands of Euros)

	Impairment movements of loans and advances to customers			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 31 December 2023	**63,410**	**334,630**	**556,485**	**954,525**
Transfers to stage 1	97,707	(97,490)	(217)	–
Transfers to stage 2	(30,232)	67,991	(37,759)	–
Transfers to stage 3	(190)	(57,195)	57,385	–
Financial assets derecognized	–	(29)	(79,599)	(79,628)
Increases due to changes in credit risk	13,669	94,915	183,856	292,439
Decreases due to changes in credit risk	(86,954)	(72,277)	(67,375)	(226,606)
Utilization during the period	–	(6)	(106,423)	(106,429)
Other movements	(253)	34,321	(33,363)	705
Balance as at 31 December 2024	**57,158**	**304,859**	**472,990**	**835,007**
Transfers to stage 1	96,514	(96,517)	3	–
Transfers to stage 2	(24,655)	39,944	(15,289)	–
Transfers to stage 3	(265)	(26,651)	26,916	–
Financial assets derecognized	–	(12)	(14,296)	(14,308)
Increases due to changes in credit risk	33,632	76,324	134,526	244,482
Decreases due to changes in credit risk	(92,891)	(96,879)	(50,057)	(239,828)
Utilization during the period	–	(77)	(80,618)	(80,695)
Other movements	6,641	(5,084)	(2,178)	(621)
Balance as at 31 December 2025	**76,134**	**195,907**	**471,996**	**744,037**

The distribution of credit by type of rate is as follows:

(thousands of Euros)

	2025	2024
Fixed rate	6,458,100	4,765,866
Variable rate	21,350,266	21,160,127
	27,808,366	**25,925,993**

The lease loans, by residual terms, is presented as follows:

(thousands of Euros)

	2025	2024
Rents and residual amounts	**927,752**	**797,455**
Up to 1 year	350,925	299,054
1 to 5 years	481,543	415,208
More than 5 years	95,284	83,193
Interest	**64,334**	**66,556**
Up to 1 year	23,755	26,344
1 to 5 years	36,432	38,230
More than 5 years	4,147	1,982
Capital	**863,418**	**730,900**
Up to 1 year	327,170	272,710
1 to 5 years	445,111	376,978
More than 5 years	91,137	81,212
Impairment	**(44,214)**	**(50,647)**
	819,204	**680,253**

As at 31 December 2025 and 2024, the detail of the gross exposure value of loans and individually and collectively assessed impairment, by segment was as follows:

(thousands of Euros)

	2025					
	Individual Evaluation(1)		Collective Evaluation(2)		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Corporate	**505,700**	**309,533**	**14,096,241**	**270,134**	**14,601,941**	**579,667**
Stage 1	–	–	12,077,647	61,217	12,077,647	61,217
Stage 2	–	–	1,949,170	161,427	1,949,170	161,427
Stage 3	505,700	309,533	69,424	47,490	575,124	357,023
Mortgage loans	**1,098**	**184**	**10,890,453**	**54,768**	**10,891,551**	**54,951**
Stage 1	–	–	10,140,130	7,709	10,140,130	7,709
Stage 2	–	–	630,430	19,535	630,430	19,535
Stage 3	1,098	184	119,893	27,524	120,991	27,708
Consumption and other	**30,831**	**29,863**	**2,284,043**	**79,555**	**2,314,874**	**109,418**
Stage 1	–	–	1,917,034	7,207	1,917,034	7,207
Stage 2	–	–	283,957	14,944	283,957	14,944
Stage 3	30,831	29,863	83,052	57,404	113,883	87,267
Total	**537,629**	**339,580**	**27,270,737**	**404,457**	**27,808,366**	**744,037**

(1) Loans whose final impairment has been determined and approved by the Impairment Committee

(2) Loans whose final impairment has been determined in accordance with the calculation rules of the collective impairment model

(thousands of Euros)

	2024					
	Individual Evaluation(1)		Collective Evaluation(2)		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Corporate	**575,993**	**336,175**	**13,314,984**	**316,948**	**13,890,977**	**653,123**
Stage 1	–	–	10,964,258	40,387	10,964,258	40,387
Stage 2	–	–	2,291,514	242,140	2,291,514	242,140
Stage 3	575,993	336,175	59,212	34,421	635,205	370,596
Mortgage loans	**–**	**–**	**10,105,422**	**69,527**	**10,105,422**	**69,527**
Stage 1	–	–	9,273,841	3,600	9,273,841	3,600
Stage 2	–	–	701,334	34,885	701,334	34,885
Stage 3	–	–	130,247	31,042	130,247	31,042
Consumption and other	**42,435**	**41,010**	**1,887,160**	**71,347**	**1,929,595**	**112,357**
Stage 1	–	–	1,520,411	13,692	1,520,411	13,692
Stage 2	–	–	310,508	27,833	310,508	27,833
Stage 3	42,435	41,010	56,241	29,822	98,676	70,832
Total	**618,428**	**377,185**	**25,307,565**	**457,822**	**25,925,993**	**835,007**

(1) Loans whose final impairment has been determined and approved by the Impairment Committee

(2) Loans whose final impairment has been determined in accordance with the calculation rules of the collective impairment model

In the case of credits analysed by the Impairment Committee for which the impairment determined automatically by the Impairment Model was not changed, they are included and presented in the "Collective assessment".

As at 31 December 2025 and 2024, the detail of the gross exposure value of loans and individually and collectively assessed impairment, by geography was as follows:

(thousands of Euros)

	2025					
	Individual evaluation*		Colective Evaluation**		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Portugal	441,138	280,321	22,010,306	366,897	22,451,444	647,218
Spain	496	496	1,485,100	8,234	1,485,596	8,730
United Kingdom	–	–	552,238	9,105	552,238	9,105
France	3,315	818	539,943	3,475	543,258	4,293
Switzerland	–	–	244,086	2,045	244,086	2,045
Luxembourg	39,927	23,318	386,247	2,135	426,174	25,453
Others	52,753	34,627	2,052,817	12,566	2,105,570	47,193
Total	**537,629**	**339,580**	**27,270,737**	**404,457**	**27,808,366**	**744,037**

* Loans whose impairment results from individual analysis (defined and approved by the Impairment Committee)

** Loans whose impairment was evaluated collectively and determined automatically by the Impairment Model.

(thousands of Euros)

	2024					
	Individual evaluation*		Colective Evaluation**		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Portugal	525,965	308,822	20,722,828	408,057	21,248,793	716,879
Spain	3,510	3,510	1,350,627	13,128	1,354,137	16,638
United Kingdom	–	–	440,756	3,050	440,756	3,050
France	–	–	576,651	5,870	576,651	5,870
Switzerland	–	–	241,340	2,043	241,340	2,043
Luxembourg	–	–	338,221	4,428	338,221	4,428
Others	88,953	64,853	1,637,142	21,246	1,726,095	86,099
Total	**618,428**	**377,185**	**25,307,565**	**457,822**	**25,925,993**	**835,007**

* Loans whose impairment results from individual analysis (defined and approved by the Impairment Committee)

** Loans whose impairment was evaluated collectively and determined automatically by the Impairment Model.

As at 31 December 2025 and 2024, the detail of the gross exposure value of loans and impairment by segment was as follows:

(thousands of Euros)

	2025						
	Performing			Non-Performing			
	Performing or Delay < 30 days	Delay > 30 days	Total	Days late		Total	Total
				<= 90 days	> 90 days		
Gross Value	**26,941,450**	**56,919**	**26,998,369**	**364,991**	**445,006**	**809,997**	**27,808,366**
Corporate	14,019,150	7,667	14,026,817	285,130	289,994	575,124	14,601,941
Mortgage Loans	10,728,430	35,725	10,764,155	55,316	72,080	127,396	10,891,551
Consumption and other	2,193,870	13,527	2,207,397	24,546	82,931	107,477	2,314,874
Impairment	**268,728**	**3,379**	**272,107**	**211,268**	**260,662**	**471,930**	**744,037**
Corporate	222,232	411	222,643	184,616	172,408	357,024	579,667
Mortgage Loans	22,551	1,848	24,399	11,870	18,683	30,553	54,951
Consumption and other	23,945	1,120	25,065	14,782	69,571	84,353	109,418
Net Value	**26,672,722**	**53,540**	**26,726,262**	**153,724**	**184,343**	**338,067**	**27,064,329**

(thousands of Euros)

	2024						
	Performing			Non-Performing			
	Performing or Delay < 30 days	Delay > 30 days	Total	Days late		Total	Total
				<= 90 days	> 90 days		
Gross Value	**25,002,333**	**59,532**	**25,061,865**	**435,842**	**428,286**	**864,128**	**25,925,993**
Corporate	13,249,200	6,573	13,255,773	342,953	292,251	635,204	13,890,977
Mortgage Loans	9,931,897	42,017	9,973,914	61,220	70,288	131,508	10,105,422
Consumption and other	1,821,237	10,942	1,832,179	31,669	65,747	97,416	1,929,595
Impairment	**358,381**	**4,478**	**362,859**	**238,142**	**234,006**	**472,148**	**835,007**
Corporate	281,998	528	282,526	201,481	169,116	370,597	**653123**
Mortgage Loans	36,161	2,246	38,407	14,784	16,336	31,120	69,527
Consumption and other	40,222	1,704	41,926	21,877	48,554	70,431	112,357
Net Value	**24,643,953**	**55,054**	**24,699,007**	**197,700**	**194,280**	**391,980**	**25,090,987**

As at 31 December 2025 and 2024,the detail of the credit portfolio by segment and by reference year was as follows:

(thousands of Euros)

	2025											
	Corporate			Mortgage			Consumption and other			Total		
Reference year	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
2011 and previous	993,518	603,723	45,711	97,852	2,907,389	17,289	336,014	140,996	4,598	1,427,384	3,652,108	67,598
2012	1,194	74,830	8,721	1,280	47,488	455	27,581	11,496	286	30,055	133,814	9,462
2013	1,173	134,169	17,003	1,677	78,148	420	24,613	10,683	509	27,463	223,000	17,932
2014	931	84,784	17,286	1,122	55,417	580	22,935	17,597	947	24,988	157,798	18,813
2015	1,404	245,253	20,239	1,817	98,477	458	26,078	14,451	3,719	29,299	358,181	24,416
2016	1,314	193,912	18,006	3,872	222,833	1,200	37,863	42,949	21,646	43,049	459,694	40,852
2017	1,953	291,365	14,336	5,849	394,442	2,244	38,270	31,338	5,002	46,072	717,145	21,582
2018	2,626	430,128	31,652	6,351	502,689	2,077	42,391	41,478	1,472	51,368	974,295	35,201
2019	3,804	597,474	34,496	6,505	544,669	2,705	47,152	64,255	2,745	57,461	1,206,398	39,946
2020	5,274	512,406	14,972	4,963	445,052	2,388	32,700	65,533	2,217	42,937	1,022,991	19,577
2021	3,882	880,956	33,345	5,713	593,420	3,764	49,221	99,881	4,412	58,816	1,574,257	41,521
2022	7,947	2,018,170	66,592	7,211	872,991	5,128	77,167	183,688	10,216	92,325	3,074,849	81,936
2023	9,379	1,485,319	40,043	8,712	1,066,536	5,697	124,258	306,193	21,440	142,349	2,858,048	67,180
2024	10,510	2,743,780	58,388	8,745	1,225,377	4,359	136,230	500,365	18,782	155,485	4,469,522	81,529
2025	14,904	4,305,672	158,877	10,969	1,836,623	6,187	169,053	783,971	11,427	194,926	6,926,266	176,492
Total	**1,059,813**	**14,601,941**	**579,667**	**172,638**	**10,891,551**	**54,951**	**1,191,526**	**2,314,874**	**109,418**	**2,423,977**	**27,808,366**	**744,037**

(thousands of Euros)

	2024											
	Corporate			Mortgage			Consumption and other			Total		
Reference year	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
2010 and previous	921,795	751,120	59,599	103,455	3,145,320	20,499	330,093	142,138	14,616	1,355,343	4,038,578	94,714
2011	853	46,648	1,562	3,059	135,499	848	24,975	16,290	374	28,887	198,437	2,784
2012	1,055	91,286	11,151	1,389	53,329	567	30,245	12,099	474	32,689	156,714	12,192
2013	1,164	187,799	28,412	1,824	88,854	623	26,885	11,784	455	29,873	288,437	29,490
2014	969	100,333	20,061	1,223	62,946	808	25,427	18,246	1,159	27,619	181,525	22,028
2015	1,379	366,158	41,282	1,998	111,399	633	29,460	15,037	4,386	32,837	492,594	46,301
2016	1,513	258,994	33,601	4,232	252,061	1,625	42,566	47,745	24,193	48,311	558,800	59,419
2017	2,546	385,082	23,256	6,391	447,063	3,081	42,541	34,935	5,338	51,478	867,080	31,675
2018	3,434	596,391	43,612	7,006	575,118	2,911	49,302	52,436	2,087	59,742	1,223,945	48,610
2019	5,013	853,763	73,044	7,162	620,146	3,364	54,481	87,994	3,628	66,656	1,561,903	80,036
2020	6,815	811,273	15,179	5,439	502,184	2,889	38,204	86,169	2,467	50,458	1,399,626	20,535
2021	5,562	1,236,569	20,796	6,292	667,260	4,397	56,659	137,728	5,212	68,513	2,041,557	30,405
2022	9,472	2,762,275	78,108	7,999	977,879	5,059	87,942	246,108	11,275	105,413	3,986,262	94,442
2023	10,631	1,927,424	64,706	9,600	1,190,877	4,072	141,459	392,478	18,261	161,690	3,510,779	87,039
2024	14,933	3,515,862	138,754	8,917	1,275,487	18,151	147,882	628,408	18,432	171,732	5,419,756	175,337
Total	**987,134**	**13,890,977**	**653,123**	**175,986**	**10,105,422**	**69,527**	**1,128,121**	**1,929,595**	**112,357**	**2,291,241**	**25,925,993**	**835,007**

Collaterals

In order to mitigate credit risk, loan operations have associated guarantees, namely mortgages or pledges. The fair value of these guarantees is determined at the time of granting the credit, being revaluated periodically. The gross value of the loans and the respective fair value of the collaterals, limited to the value of the associated loan, is presented below:

(thousands of Euros)

	2025				2024			
	Loans Value	Impairment	Net Value	Fair value of collateral	Loans Value	Impairment	Net Value	Fair value of collateral
Mortgage Loans	**10,891,551**	**(54,951)**	**10,836,599**	**10,810,312**	**10,105,422**	**(69,527)**	**10,035,895**	**10,024,853**
Stage 1								
Mortgages	9,678,730	(7,140)	9,671,591	9,658,699	8,855,235	(3,050)	8,852,185	8,847,864
Pledges	429,557	(192)	429,365	421,924	376,739	(92)	376,647	368,748
Uncollateralized	31,843	(377)	31,465	–	41,867	(458)	41,409	–
Stage 2								
Mortgages	597,973	(16,461)	581,512	596,798	652,491	(17,014)	635,477	651,271
Pledges	15,015	(433)	14,582	14,503	30,181	(622)	29,560	29,418
Uncollateralized	17,442	(2,641)	14,801	199	18,661	(17,249)	1,411	–
Stage 3								
Mortgages	117,594	(26,248)	91,346	116,651	124,340	(28,728)	95,612	123,797
Pledges	1,736	(388)	1,349	1,538	3,965	(1,181)	2,784	3,754
Uncollateralized	1,661	(1,072)	589	–	1,943	(1,132)	810	–
Total								
Mortgages	10,394,297	(49,849)	10,344,448	10,372,148	9,632,066	(48,793)	9,583,274	9,622,933
Pledges	446,308	(1,013)	445,296	437,965	410,886	(1,895)	408,990	401,920
Uncollateralized	50,945	(4 089)	46,855	199	62,470	(18,839)	43,631	–
Consumption and other	**2,314,874**	**(109,418)**	**2,205,456**	**1,170,270**	**1,929,595**	**(112,357)**	**1,817,238**	**866,568**
Stage 1								
Mortgages	866,075	(884)	865,191	862,391	571,351	(374)	570,976	569,456
Pledges	169,638	(187)	169,451	166,476	178,411	(720)	177,690	175,323
Uncollateralized	881,321	(6,136)	875,185	–	770,650	(12,598)	758,050	–
Stage 2								
Mortgages	111,271	(3,185)	108,086	110,992	86,940	(2,551)	84,389	86,667
Pledges	13,308	(229)	13,079	12,703	14,941	(1,122)	13,819	14,776
Uncollateralized	159,378	(11,530)	147,848	–	208,627	(24,160)	184,468	–
Stage 3								
Mortgages	14,412	(4,903)	9,509	13,820	12,483	(4,505)	7,978	12,274
Pledges	26,168	(25,928)	240	3,888	27,242	(26,745)	497	8,071
Uncollateralized	73,303	(56,436)	16,867	–	58,951	(39,582)	19,369	–
Total								
Mortgages	991,757	(8,972)	982,786	987,203	670,774	(7,430)	663,344	668,397
Pledges	209,114	(26,344)	182,770	183,068	220,594	(28,587)	192,006	198,171
Uncollateralized	1,114,003	(74,102)	1,039,900	–	1,038,228	(76,340)	961,888	–
Corporate loans	**14,601,941**	**(579,667)**	**14,022,274**	**4,034,784**	**13,890,976**	**(653,123)**	**13,237,853**	**3,994,492**
Stage 1								
Mortgages	3,056,025	(17,216)	3,038,809	2,436,876	3,019,650	(12,800)	3,006,850	2,288,606
Pledges	1,734,733	(6,137)	1,728,596	687,490	1,583,589	(3,909)	1,579,680	607,198
Uncollateralized	7,286,890	(37,863)	7,249,026	–	6,361,020	(23,678)	6,337,344	–
Stage 2								
Mortgages	614,205	(36,090)	578,115	507,086	659,208	(56,090)	603,119	548,061
Pledges	273,347	(18,574)	254,773	160,521	534,203	(60,286)	473,917	261,834
Uncollateralized	1,061,618	(106,763)	954,855	–	1,098,102	(125,764)	972,338	–
Stage 3								
Mortgages	160,178	(90,638)	69,539	131,081	299,230	(129,288)	169,942	231,034
Pledges	162,407	(78,222)	84,185	111,729	92,282	(53,973)	38,309	57,760
Uncollateralized	252,539	(188,163)	64,376	–	243,692	(187,335)	56,356	–
Total								
Mortgages	3,830,407	(143,945)	3,686,463	3,075,043	3,978,088	(198,178)	3,779,910	3,067,701
Pledges	2,170,487	(102,933)	2,067,554	959,741	2,210,074	(118,168)	2,091,906	926,791
Uncollateralized	8,601,047	(332,789)	8,268,258	–	7,702,814	(336,777)	7,366,036	–
Total	**27,808,366**	**(744,037)**	**27,064,329**	**16,015,366**	**25,925,993**	**(835,007)**	**25,090,987**	**14,885,913**

The difference between the value of the loan and the fair value of the collateral represents the total credit exposure that exceeds the value of the collateral, with this value not being impacted by collaterals with a fair value higher than the loan to which they are associated.

The detail of the collaterals – mortgages is presented as follows:

(thousands of Euros)

Collateral ranges a)	2025							
	Mortgage loans		Consumption and other		Corporate loans		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
less than 0.5M€	165,691	9,593,260	18,818	924,698	7,291	432,507	191,800	10,950,465
greater than 0.5M€ and less than 1.0M€	813	525,970	67	36,822	1,348	216,162	2,228	778,953
greater than 1.0M€ and less than 5.0M€	181	268,223	15	25,682	8,504	667,115	8,700	961,020
greater than 5.0M€ and less than 10.0M€	3	12,245	–	–	2,663	528,625	2,666	540,870
greater than 10.0M€ and less than 20.0M€	–	–	–	–	657	530,930	657	530,930
greater than 20.0M€ and less than 50.0M€	–	–	–	–	820	453,406	820	453,406
greater than 50M€	–	–	–	–	195	246,298	195	246,298
	166,688	**10,399,698**	**18,900**	**987,203**	**21,478**	**3,075,043**	**207,066**	**14,461,944**

a) The allocation by intervals was carried out based on the total value of collateral per loan contract

(thousands of Euros)

Collateral ranges a)	2024							
	Mortgage loans		Consumption and other		Corporate loans		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
less than 0.5M€	168,660	9,136,186	15,278	630,227	11,132	445,259	195,070	10,211,672
greater than 0.5M€ and less than 1.0M€	556	362,434	46	24,108	1,516	211,080	2,118	597,622
greater than 1.0M€ and less than 5.0M€	115	174,612	8	14,061	6,531	638,320	6,654	826,993
greater than 5.0M€ and less than 10.0M€	–	–	–	–	2,218	559,905	2,218	559,905
greater than 10.0M€ and less than 20.0M€	–	–	–	–	292	465,159	292	465,159
greater than 20.0M€ and less than 50.0M€	–	–	–	–	2,277	436,378	2,277	436,378
greater than 50M€	–	–	–	–	1,666	311,600	1,666	311,600
	169,331	**9,673,232**	**15,332**	**668,397**	**25,632**	**3,067,701**	**210,295**	**13,409,329**

a) The allocation by intervals was carried out based on the total value of collateral per loan contract

The values of collaterals - mortgages, presented above, represent the maximum coverage value of the covered assets, that is, they compete up to the gross value of the individual covered credits.

In assessing the risk of an operation or set of operations, the elements of credit risk mitigation associated with them are taken into account, in accordance with internal rules and procedures.

Relevant collateral is essentially the following:

- Real estate, where the value considered is the corresponding to the last available assessment;
- Financial pledges, where the value considered corresponds to the quotation of the last day of the month, if it is a listed security, or the value of the pledge, if it is cash.

Accepting collateral as a guarantee for credit operations refers to the need to define and implement techniques to mitigate the risks to which said collateral is exposed. Thus, and as an approach to this matter, the Group has established a set of procedures applicable to collateral (particularly financial and real estate), which cover, among others, the volatility of the collateral value, its liquidity and an indication of the recovery rates associated with each type of collateral.

The internal credit power rules thus have a specific chapter on this point, "Acceptance of collateral - techniques to mitigate the risks to which collateral is exposed, namely liquidity and volatility risks".

The revaluation process of real estate is carried out by appraisers registered with the CMVM, based on the valuation methods described in Note 8.6.

Restructured Loans

The Group identifies and marks restructured loan contracts due to the customer's financial difficulties whenever there are changes to the terms and conditions of a contract in which the customer has defaulted, that is, it is foreseeable that it will default, with a financial obligation. It is considered that there is a change to the terms and conditions of the contract when:

(1) there are contractual changes in favour of the client, such as extension of term, introduction of grace periods, reduction of rate or partial debt forgiveness;

(2) there is the contracting of a new credit operation to settle the existing debt (total or partial); or

(3) the new terms of the contract are more favourable than those applied to other clients with the same risk profile

Unmarking of a restructured loan due to the customer's financial difficulties can only occur after a minimum period of two years from the date of restructuring, provided that the following conditions are cumulatively verified:

(1) regular payment of principal and interest;

(2) the customer has no matured principal or interest; and

(3) there has been no debt restructuring mechanisms by the client during this period.

The values of loans restructured due to the client's financial difficulties on 31 December 2025 and 2024 are the following:

(thousands of Euros)

	2025	2024
Corporate Loans	503,707	771,861
Mortgage Loans	173,898	181,259
Consumption and other	39,476	51,520
Total	**717,082**	**1,004,640**

Loans marked as restructured due to financial difficulties include loans that are currently performing, classified in stage 2, and that are in the curing period.

The detail of the restructuring measures applied to restructured credits at 31 December 2025 and 2024 is:

(thousands of Euros)

	2025								
	Performing			Non Performing			Total		
Issue	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Forgiveness of capital or interest	29	38,417	1,936	30	16,138	14,186	59	54,555	16,122
Assets received for partial credit settlement	17	871	69	10	6,249	6,034	27	7,120	6,103
Interest capitalization	16	3,314	164	116	32,251	25,784	132	35,565	25,948
New loan for total or partial settlement of existing debt	836	89,700	8,494	552	90,133	65,469	1,388	179,833	73,963
Extension of repayment term	1,137	128,580	10,290	353	81,657	43,536	1,490	210,237	53,826
Introduction of grace period for capital or interest	752	43,549	732	98	32,013	20,690	850	75,562	21,422
Reduction of interest rates	342	55,177	3,816	29	12,356	9,221	371	67,533	13,037
Change of lease payment plan	377	22,961	830	865	26,954	10,378	1,242	49,915	11,208
Change in the periodicity of interest payments	2	73	1	3	319	280	5	392	281
Others	1,080	31,090	457	206	5,280	2,594	1,286	36,370	3,051
Total	**4,588**	**413,732**	**26,789**	**2,262**	**303,350**	**198,172**	**6,850**	**717,082**	**224,961**

(thousands of Euros)

	2024								
	Performing			Non Performing			Total		
Issue	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Forgiveness of capital or interest	37	44,377	3,716	34	29,715	23,268	71	74,092	26,984
Assets received for partial credit settlement	22	969	152	4	6,304	5,542	26	7,273	5,694
Interest capitalization	16	4,083	321	99	25,344	22,063	115	29,427	22,384
New loan for total or partial settlement of existing debt	886	134,869	10,884	429	60,075	42,108	1,315	194,944	52,992
Extension of repayment term	1,299	201,003	30,172	442	204,142	76,935	1,741	405,145	107,107
Introduction of grace period for capital or interest	869	98,098	8,366	106	25,645	15,126	975	123,743	23,492
Reduction of interest rates	374	62,818	4,205	51	22,085	12,461	425	84,903	16,666
Change of lease payment plan	262	20,560	1,100	568	19,368	6,943	830	39,928	8,043
Change in the periodicity of interest payments	4	2,034	194	3	388	377	7	2,422	571
Others	1,251	35,644	511	243	7,119	2,701	1,494	42,763	3,212
Total	**5,020**	**604,455**	**59,621**	**1,979**	**400,185**	**207,524**	**6,999**	**1,004,640**	**267,145**

The movement of restructured credits during the years 2025 and 2024 was as follow:

(thousands of Euros)

	2025	2024
Initial Balance	**1,004,640**	**1,287,851**
Restructured loans in the period	240,500	298,250
Reclassified loans to "normal"	(219,742)	(161,579)
Written off loans	(23,915)	(54,379)
Others	(284,401)	(365,503)
Ending Balance	**717,082**	**1,004,640**

Note 23 - Derivatives - Hedge Accounting and Fair Value Variation of Hedged Items

As at 31 December 2025 and 2024, the fair value of hedging derivatives on the balance sheet is presented as follows:

(thousands of Euros)

	2025	2024
Hedge derivatives	**465,737**	**520,873**
Assets	617,528	682,256
Liabilities	(151,791)	(161,383)
Fair value component of the assets and liabilities hedged for interest rate risk	**(173,477)**	**(29,241)**
Financial assets at amortised cost	**(142,161)**	**(120,644)**
Securities	(68,147)	(67,596)
Loans and advances to customers	(74,013)	(53,048)
Financial assets at fair value through other comprehensive income	**(46,613)**	**9,864**
Securities (*)	(46,613)	9,864
Financial Liabilities	**15,296**	**81,539**
Due to customers	20,822	81,539
Debt issued and subordinated debt	(5,525)	–

* Amount recorded in fair value reserves transferred to results

The fair value changes associated with the above-described assets and liabilities and their respective derivatives are recorded in the financial year's results under the heading Gains or losses from hedge accounting (see Note 12).

The Group proceeds with the calculation of the "Credit Valuation Adjustment" (CVA) for derivative instruments according to the methodology described in Note 40 - Fair Value of Financial Assets and Liabilities.

Fair value hedging

The fair value hedge operations as at 31 December 2025 and 2024 are presented as follows:

(thousands of Euros)

2025							
Derivative	Hedged item	Hedged risk	Notional	Fair value of derivatives (2)	Change in fair value of derivative in period	Fair value component of hedged item (1)	Change in fair value component of hedged item in the period (1)
Interest Rate Swap	Securities at amortized cost	Interest rate	3,297,851	136,842	(20,769)	(68,147)	(551)
Interest Rate Swap/ CIRS	Loans and advances to customers	Interest rate and exchange rate	1,584,417	75,149	25,458	(74,013)	(21,053)
Interest Rate Swap	Securities at fair value through other comprehensive income	Interest rate	505,000	46,777	56,268	(46,613)	(56,031)
Interest Rate Swap	Due to customers	Interest rate	4,100,000	43,897	(60,483)	20,822	60,717
Interest Rate Swap	Debt securities issued	Interest rate	1,500,000	13,286	(5,767)	(5,525)	5,525
			10,987,268	**315,951**	**(5,293)**	**(173,477)**	**(11,393)**

1) Attributable to the hedged risk. The component of the securities at the amortized cost is recorded together with the balance sheet value of the securities

(2) Includes accrued interest

(thousands of Euros)

2024							
Derivative	Hedged item	Hedged risk	Notional	Fair value of derivatives (2)	Change in fair value of derivative in period	Fair value component of hedged item (1)	Change in fair value component of hedged item in the period (1)
Interest Rate Swap	Securities at amortized cost	Interest rate	3,229,250	168,382	(80,981)	(67,596)	57,604
Interest Rate Swap/ CIRS	Loans and advances to customers	Interest rate and exchange rate	1,567,272	56,084	(27,640)	(53,048)	30,450
Interest Rate Swap	Securities at fair value through other comprehensive income	Interest rate	505,000	(7,371)	(15,976)	9,864	16,200
Interest Rate Swap	Due to customers	Interest rate	3,500,000	94,974	21,977	81,539	(19,490)
Interest Rate Swap	Debt securities issued	Interest rate	–	–	9,998	–	(9,877)
			8,801,522	**312,069**	**(92,622)**	**(29,241)**	**74,887**

1) Attributable to the hedged risk. The component of the securities at the amortized cost is recorded together with the balance sheet value of the securities

(2) Includes accrued interest

As at 31 December 2025, the ineffective portion of fair value hedge operations, which resulted in a loss of 16.7 million euros, was recorded in net income (31 December 2024: a loss of 17.9 million euros). The Group periodically carries out effectiveness tests of existing hedge relationships.

During the year 2024, the Group changed the method of calculating the fair value of covered bonds, considering the market interest rate at the date of the hedge designation. With this calculation methodology, the fair value component of the swap related to the upfront fee is recorded over the life of the hedging derivatives, subject to market changes, rather than in a linear manner. This adjustment had an impact of 67,839 thousand euros recorded in Other reserves.

Cash flow hedging

(thousands of euros)

2025					
Hedged item	Asset book value	Notional (1)	Derivate book value	Cash flow hedge reserve	Ineffectiveness value - recorded in net income
Loans to customers	6,413,000	7,999,000	149,786	73,321	(3,113)
	6,413,000	**7,999,000**	**149,786**	**73,321**	**(3,113)**

(1) includes 1,586 million euros of forward starts IRS

(thousands of euros)

2024					
Hedged item	Asset book value	Notional (1)	Derivate book value	Cash flow hedge reserve	Ineffectiveness value - recorded in net income
Loans to customers	6,667,000	8,338,000	208,804	146,933	(3,011)
	6,667,000	**8,338,000**	**208,804**	**146,933**	**(3,011)**

(1) includes 1,671 million euros of forward starts IRS

Note 24 - Investments in Subsidiaries, Joint Ventures and Associates

Investments in subsidiaries, joint ventures and associates are presented as follows:

(thousands of Euros)

	Participation cost		Economic interest		Gross Book Value		Impairment		Net Book Value		Profit / (loss) attributable to the Group	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
LOCARENT	2,967	2,967	50.00 %	50.00 %	27,409	25,395	–	–	27,409	25,395	3,048	2,516
EDENRED	4,984	4,984	50.00 %	50.00 %	5,948	5,612	–	–	5,948	5,612	3,714	3,377
UNICRE a)	11,497	11,497	17.50 %	17.50 %	33,112	28,207	–	–	33,112	28,207	3,823	2,107
Other	2,135	2,115			1,353	1,009	–	–	1,353	1,008	143	(51)
	21,583	**21,563**			**67,822**	**60,223**	**–**	**–**	**67,822**	**60,222**	**10,729**	**7,949**

a) Despite the Group's economic interest being less than 20%, this entity was included in the consolidated balance sheet using the equity method since the Group exercises significant influence over its activities.

The financial data related to the most relevant associate companies are presented in the following table:

(thousands of Euros)

	Assets		Liabilities		Equity		Income		Profit / (loss) for the period	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
LOCARENT	481,977	428,925	427,780	378,761	54,197	50,164	53,120	47,585	6,096	5,033
EDENRED	151,401	130,083	133,282	112,637	18,119	17,446	24,120	21,548	7,427	6,754
UNICRE a)	581,770	504,323	392,576	343,141	189,194	161,182	229,363	141,335	21,846	12,038

Note: Data adjusted for consolidation purposes

a) Despite the Group's economic interest being less than 20%, this entity was included in the consolidated balance sheet using the equity method since the Group exercises significant influence over its activities.

The movement verified in this line item for the years ended at 31 December 2025 and 2024 is as follow:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**60,222**	**59,511**
Acquisitions and additional investments (see Note 1)	20	–
Share of profits / (losses) of associated companies	10,729	7,949
Fair value reserves of investments in associated companies	623	300
Dividends received	(6,969)	(7,111)
Foreign exchange differences and other	3,198	(427)
Balance at the end of the exercise	**67,822**	**60,222**

Note 25 - Property, Plant and Equipment

This caption at 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025	2024
Real estate properties	**368,919**	**361,466**
For own use	313,601	286,566
Improvement in leasehold properties	55,318	74,900
Equipment	**175,086**	**171,660**
Computer equipment	120,881	118,123
Fixtures	15,025	15,024
Furniture	30,448	29,920
Security equipment	825	761
Transport equipment	7,777	7,723
Right of use assets	129	108
Other	1	1
Assets under right of use	**105,343**	**90,443**
Real estate properties	68,486	53,943
Equipment	36,857	36,500
Work in progress	**5,144**	**8,585**
Improvements in leasehold properties	124	3,909
Real estate properties	4,762	4,418
Others	258	258
	654,491	**632,154**
Accumulated impairment	**(7,221)**	**(9,175)**
Accumulated depreciation	**(229,969)**	**(206,425)**
	417,302	**416,554**

The movement in this line caption was as follows:

(thousands of Euros)

	Real Estate Properties	Equipment	Right of Use Assets	Work in Progress	Total
Acquisition Cost					
Balance as at 31 December 2023	**276,994**	**227,463**	**84,626**	**63,067**	**652,150**
Acquisitions	4,319	14,585	29,245	25,574	73,722
Disposals/write-offs	(13,021)	(70,438)	(23,427)	–	(106,886)
Transfers (a)	80,009	47	–	(80,055)	–
Foreign exchange differences and other	13,166	2	–	–	13,168
Balance as at 31 December 2024	**361,466**	**171,660**	**90,443**	**8,585**	**632,154**
Acquisitions	1,984	10,318	13,368	2,282	27,952
Disposals/write-offs	(252)	(6,897)	(3,525)	–	(10,674)
Transfers	5,722	–	–	(5,722)	–
Foreign exchange differences and other	–	5	5,057	(1)	5,060
Balance as at 31 December 2025	**368,919**	**175,086**	**105,343**	**5,144**	**654,491**
Depreciation					
Balance as at 31 December 2023	**66,964**	**173,345**	**37,638**	**–**	**277,947**
Depreciation	7,461	13,555	13,221	–	34,238
Disposals/write-offs	(14,410)	(70,414)	(22,591)	–	(107,415)
Foreign exchange differences and other	1,303	352	1	–	1,655
Balance as at 31 December 2024	**61,318**	**116,838**	**28,269**	**–**	**206,425**
Depreciation	5,319	14,034	13,700	–	33,053
Disposals/write-offs	(252)	(6,858)	(2,807)	–	(9,918)
Foreign exchange differences and other	(580)	(86)	1,074	–	408
Balance as at 31 December 2025	**65,805**	**123,927**	**40,236**	**–**	**229,969**
Impairment					
Balance as at 31 December 2023	**10,449**	**–**	**–**	**–**	**10,449**
Reversal of impairment losses	(1,274)	–	–	–	(1,274)
Balance as at 31 December 2024	**9,175**	**–**	**–**	**–**	**9,175**
Reversal of impairment losses	(1,901)	–	–	–	(1,901)
Foreign exchange differences and other	(53)	–	–	–	(53)
Balance as at 31 December 2025	**7,221**	**–**	**–**	**–**	**7,221**
Net book value at 31 December 2025	**295,893**	**51,159**	**65,106**	**5,144**	**417,302**
Net book value at 31 December 2024	**290,973**	**54,822**	**62,174**	**8,585**	**416,554**

(a) Includes 67,525 thousand euros relating to the new headquarters, which were transferred from work in progress to fixed assets, and 7,834 thousand euros of real estate under the New Distribution Model.

In 2023, Work in progress included the amount of 46,848 euros related to the construction of the new building for the Bank's headquarters. During 2024, novobanco concluded the process of moving to the new headquarters located in the novobanco Campus, Taguspark, Oeiras, proceeding with the transfer of work in progress to real estate properties.

Note 26 - Investment Properties

The movement in the investment properties caption is presented as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**263,827**	**393,795**
Acquisitions	38	386
Disposals	(13,668)	(95,985)
Improvements	625	3,645
Changes in fair value	4,316	(24,883)
Other	549	(13,131)
Balance at the end of the exercise	**255,688**	**263,827**

According to the accounting policy described in Note 7.15, the carrying value of investment properties corresponds to their fair value as determined by a registered and independent appraiser with recognized professional qualifications and experience in the respective category and location of the property. For determining the fair value of these assets, generally accepted criteria and methodologies are used, including analyses by the income method and the market method, corresponding to level 3 of the fair value hierarchy (see Note 40).

Investment properties are a group of assets held by Real Estate Funds and Companies and include commercial properties leased to third parties to generate income or properties for capital appreciation. Most of the rental contracts do not have a specific term, allowing the tenant to cancel them at any time. However, for a small portion of these commercial properties leased to third parties, there is a non-cancellation clause of approximately 10 years initially. Subsequent rents are negotiated with the tenant.

During 2025, the increase in the fair value of investment properties, amounting to 4.3 million euros (31 December 2024: decrease of 24.9 million euros) (see Note 14), and the rents registered in the lease of investment properties, amounting to 1.9 million euros (31 December 2024: 5.5 million euros), are recorded in Other operating income and expenses.

Disposals carried out during 2025, with a carrying amount of 13,668 thousand euros, resulted in a gain of 897 thousand euros, recognized under Gains or losses on derecognition of non-financial assets (31 December 2024: carrying amount of 95,985 thousand euros and a loss of 3,167 thousand euros) (see Note 13).

Note 27 - Intangible Assets

This caption at 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025	2024
Goodwill	13,907	13,907
Impairment losses	(13,907)	(13,907)
Other intangible assets	**161,484**	**113,096**
Internally developed	**2,383**	**69,394**
Software - Automatic data processing system	2,383	69,394
Acquired from third parties	**138,815**	**431,482**
Software - Automatic data processing system	138,815	431,482
Work in progress	**84,758**	**33,285**
Impairment losses	(18)	(18)
Accumulated amortization	**(64,454)**	**(421,047)**
	161,484	**113,096**

The increase in work in progress reflects the investment made in improving processes and IT systems.

The movement in this caption was as follows:

(thousands of Euros)

	Goodwill	Software	Work in progress	Total
Acquisition cost				
Balance as at 31 December 2023	**13,907**	**481,674**	**18,140**	**513,721**
Acquisitions				
Acquired from third parties	–	1,189	44,993	46,182
Disposals / write-offs	–	(11,836)	–	(11,836)
Transfers	–	29,848	(29,848)	–
Foreign exchange differences and other	–	1	–	1
Balance as at 31 December 2024	**13,907**	**500,876**	**33,285**	**548,068**
Acquisitions				
Acquired from third parties	–	2,089	62,974	65,063
Disposals / write-offs	–	(373,199)	–	(373,199)
Transfers	–	11,433	(11,473)	(40)
Balance as at 31 December 2025	**13,907**	**141,199**	**84,758**	**239,863**
Amortizations				
Balance as at 31 December 2023	**–**	**413,048**	**–**	**413,048**
Amortization for the period	–	19,835	–	19,835
Disposals / write-offs	–	(11,836)	–	(11,836)
Balance as at 31 December 2024	**–**	**421,047**	**–**	**421,047**
Amortization for the period	–	16,606	–	16,606
Disposals / write-offs	–	(373,199)	–	(373,199)
Balance as at 31 December 2025	**–**	**64,454**	**–**	**64,454**
Impairment				
Balance as at 31 December 2023	**13,907**	**18**	**–**	**13,925**
Balance as at 31 December 2024	**13,907**	**18**	**–**	**13,925**
Balance as at 31 December 2025	**13,907**	**18**	**–**	**13,925**
Net balance at 31 December 2025	**–**	**76,726**	**84,758**	**161,484**
Net balance at 31 December 2024	**–**	**79,811**	**33,285**	**113,096**

Goodwill is recorded in accordance with the accounting policy described in Note 6, and is presented as follows:

(thousands of Euros)

	2025	2024
Subsidiaries	**13,907**	**13,907**
Righthour	13,526	13,526
GNB Concessões	381	381
Impairment losses	**(13,907)**	**(13,907)**
Righthour	(13,526)	(13,526)
GNB Concessões	(381)	(381)
	–	**–**

Note 28 - Taxes

The tax assets and liabilities recognized in the balance sheet as at 31 December 2025 and 2024 can be presented as follows:

(thousands of Euros)

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Current tax	**7,959**	**15,739**	**27,106**	**14,551**
Corporate tax recoverable	7,592	15,635	2,141	14,090
Other	367	104	24,965	461
Deferred tax	**810,200**	**–**	**847,613**	**–**
	818,158	**15,739**	**874,719**	**14,551**

The deferred tax assets and liabilities recognized in balance as at 31 December 2025 and 2024 are detailed as follows:

(thousands of Euros)

	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
Financial instruments	149,416	197,864	(56,926)	(75,736)	92,490	122,128
Loan impairment (not covered by the special regime)	81,222	160,625	–	–	81,222	160,625
Loan impairment (covered by the special regime)	144,978	287,388	–	–	144,978	287,388
Other tangible assets	–	–	(4)	(4)	(4)	(4)
Provisions	88,701	110,419	–	–	88,701	110,419
Long-term benefits for employees	39,585	38,575	–	–	39,585	38,575
Seniority bonuses	20	23	–	–	20	23
Others	951	1,147	–	–	951	1,147
Tax losses carried forward	362,256	127,312	–	–	362,256	127,312
Deferred tax asset / (liability)	**867,130**	**923,353**	**(56,930)**	**(75,740)**	**810,200**	**847,613**
Asset / liability set-off for deferred tax purposes	(56,930)	(75,740)	56,930	75,740	–	–
Net Deferred tax asset / (liability)	**810,200**	**847,613**	**–**	**–**	**810,200**	**847,613**

As at 31 December 2025 the deferred tax related to the majority of temporary differences was calculated based on an aggregate rate of 27.6% (31 December 2024: 30%), resulting from the sum of the general IRC rate, in accordance with Law no. 64/2025, dated 7 November (19%), the Municipal Tax rate of 1.5% and an average State Tax rate of 7.1%. Regarding deferred taxes on tax losses, the rate is 17.3%.

In 4 September 2019, Law no. 98/2019 was published, which amended the IRC Code in terms of the tax treatment of impairments of credit institutions, creating rules applicable to impairment losses recorded in the tax periods that began prior to 1 January 2019, which are not yet fiscally accepted. This law established a period of adaptation for the aforementioned tax regime, which allows taxpayers in the five tax periods starting on or after 1 January 2019, to continue applying the tax regime in force before the publication of this law, except if they exercise "opt in" by the end of October of each tax period of the adaptation regime. Upon the completion of the aforementioned transitional period, novobanco Group began to adopt the regime outlined in the law described above.

However, the tax impairment stock under the previous regime (i.e., until 31 December 2023) will continue to record a deferred tax asset until it is fully reversed, as per Article 3 of Law no. 98/2019.

Starting from 1 January 2024, the Group opted to apply the tax regime provided for in Article 54-A of the Corporate Income Tax Code (*Código do IRC*) concerning the accounts of the Branch in Luxembourg, so that, from that date, the profits and losses of the Branch no longer have tax relevance in Portugal. In this regard, the Group began to include in its accounts the deferred tax assets and liabilities recorded in the accounts of the Luxembourg Branch in accordance with the tax legislation of that jurisdiction.

As at 31 December 2025 and 2024, the Group recorded deferred tax assets associated with impairments not accepted for tax purposes for credit operations, which have already been written off, considering the expectation that these will contribute to a taxable profit in the periods taxation in which the conditions required for tax deductibility are met. As of 31 December 2025, the amounts held by novobanco referring to this situation amount to approximately 46 million euros (31 December 2024: 44 million euros).

The changes occurred in the deferred tax captions are as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**847,613**	**901,660**
Recognised in the income statement	(50,769)	(8,287)
Recognised in fair value reserves	13,392	(45,672)
Foreign exchange differences and other	(37)	(88)
Balance at the end of the exercise (Assets / (Liabilities))	**810,200**	**847,613**

The tax recognized in the income statement and reserves for the years of 2025 and 2024 had the following origins:

(thousands of Euros)

	2025		2024	
	Recognised in the income statement	Recognised in reserves	Recognised in the income statement	Recognised in reserves
Financial instruments	43,030	(13,392)	(125,098)	45,672
Impairment losses on loans and advances to customers	221,812	–	129,387	–
Other tangible assets	–	–	(10)	–
Provisions	21,718	–	(8,180)	–
Long-term benefits for employees	(1,010)	–	6,419	–
Others	163	–	(425)	–
Tax losses carried forward	(234,944)	–	6,194	–
Deferred taxes	**50,769**	**(13,392)**	**8,287**	**45,672**
Current taxes	**22,989**	**–**	**22,205**	**–**
Total tax recognised (income) / (expense)	**73,758**	**(13,392)**	**30,492**	**45,672**

The reconciliation of the tax rate, regarding the amount recognized in results, can be presented as follows:

(thousands of Euros)

	2025		2024	
	%	Value	%	Value
Income before tax		**906,592**		**780,223**
Tax rate of novobanco	20.0		21.0	
Income tax calculated based on the tax rate of novobanco		**181,318**		**163,847**
Tax-exempt dividends	–	(129)	–	(113)
Impairment on investments in subsidiaries or associated companies subject to Participation Exemption	0.9	7,856	(1.7)	(13,518)
Rate differential on the generation / reversal of timing differences	7.9	71,390	5.3	41,288
Profits / losses in units with a more favorable tax regime	–	–	(0.5)	(4,111)
Taxes of Bank Branches and tax withheld abroad	1.0	8,959	1.7	13,615
Impairment and provisions for loans	–	–	(2.6)	(20,064)
Impairment and fair value adjustments on securities	–	–	(15.8)	(123,530)
Provisions for other risks, costs and contingencies	0.5	4,508	(0.7)	(5,239)
Employees long term benefits	–	–	0.6	4,587
Contribution and Solidarity additional contribution over the Banking Sector	0.6	5,376	0.9	6,758
Deferred taxes on tax losses from previous years	(32.3)	(293,000)	–	–
Capital gains/losses on asset sales	–	–	(7.9)	(61,403)
Elimination of profits and losses of a permanent establishment located outside Portuguese territory	(1.1)	(10,287)	(1.3)	(10,232)
Effect of changing the IRC rate	10.9	98,526	4.1	31,746
Other	(0.1)	(759)	0.9	6,860
Total income recognised	**8.1**	**73,758**	**3.9**	**30,492**

Deferred tax assets recoverability analysis

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be used. The Group assessed the recoverability of its deferred taxes on the balance sheet based on the expectation of future taxable profits until 2030, considering that 5 years is a reasonable period for projecting future results. The recovery of deferred tax assets covered by the Special Regime applicable to Deferred Tax Assets is not dependent on the generation of future taxable profits.

The assessment of the recoverability of the deferred tax assets is made annually. With reference to 31 December 2025, this exercise was made based on the latest draft version of the business plan ("MTP") for the period of 2026-2028 and a stress scenario exercise.

In evaluating the expected generation of future taxable results in Portugal for the purposes of the recovery exercise above, the following effects were taken into account:

- In addition to detailed estimates until 2028, pre-tax results from 2028 are maintained;
- Interest rate benchmarks aligned with the macroeconomic outlook for the three-year period 2026-2028 and the ECB's monetary policy decisions;

- Evolution of commercial banking income based on the projected evolution of interest rate benchmarks, combined with the prospect of growth in trading volumes, as well as the development of new projects at the level of commissions generated from payment methods and asset management;
- Evolution of operating costs, based on the simplification plan and increased process efficiency, particularly the focus on the digital component, offset by the necessary investments in this area;
- Provisions for credit impairments in line with the evolution of the Bank's activity and supported by macroeconomic projections, taking into account in particular the effort made in recent years in provisioning the credit portfolio and the progressive convergence towards gradually normalized risk costs.

Depending on the analysis mentioned above, as at 31 December 2025, the Group has recognised deferred tax assets associated with tax losses in the balance sheet in the amount of 362 million euros (31 December 2024: 127 million euros).

Additionally, the amount of unrecognized deferred taxes related to tax losses, by expiry date, is as follows:

(thousands of Euros)

	2025	2024
No expiry date	**483,718**	**874,292**
With expiry date	**366,238**	**422,284**
2025	77,628	87,936
2026	114,411	132,543
2029	139,950	162,129
2032	34,249	39,677
	849,955	**1,296,576**

Special Regime applicable to deferred tax assets

In 2014, novobanco and certain Group entities joined the special regime applicable to deferred tax assets, after approval by the Shareholders General Meeting.

The Special Regime applicable to deferred tax assets, approved by Law no. 61/2014, of 26 August , covers deferred tax assets that resulted from the non-deduction of expenses and negative asset variations related to impairment losses on credits and post-employment or long-term worker benefits.

The amendments to the above-mentioned regime, introduced by Law no. 23/2016, of 19 August , limited the temporal application of the above-mentioned expenses and negative asset changes, accounted for in tax periods that start on or after 1 January 2016, as well as the deferred taxes associated with them. Thus, the deferred taxes covered by this special regime correspond only to the expenses and negative asset changes determined until 31 December 2015.

The deferred tax assets covered by the above-mentioned regime are convertible into tax credits when the taxpayer registers a negative net result in the respective tax period, or in case of liquidation by voluntary dissolution or insolvency declared by court judgment.

Upon conversion into a tax credit (which is not due to liquidation or insolvency), a special reserve should be created by the value of the respective tax credit increased by 10%. The exercise of conversion rights results in an increase in the taxpayer's capital by incorporating the special reserve and issuing new ordinary shares. This special reserve cannot be distributed.

As a result of Law no. 61/2014, the amount of deferred tax assets to be converted into tax credits and the creation of the special reserve must be certified by an official auditor and confirmed by the Tax and Customs Authority, within the procedures for reviewing the determination of the taxable amount relating to the relevant tax periods.

Note 29 - Other Assets

The caption of Other Assets as at 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025	2024
Collateral deposits placed	160,126	216,851
Derivative products	*125,257*	*140,408*
Collateral CLEARNET and VISA	*18,792*	*38,946*
Collateral deposits relating to reinsurance operations	*16,077*	*32,747*
Other collateral deposits b)	*–*	*4,750*
Recoverable government subsidies on mortgage loans	31,401	26,549
Public sector	80,218	94,667
Other debtors	226,182	299,036
Supplies, ancillary services and supplements	*45,761*	*71,397*
Sale of non-performing loans	*3,139*	*27,668*
Sale of real estate	*26,722*	*49,911*
Sale of restructuring funds	*11,483*	*24,621*
Others	*139,076*	*125,439*
Income receivable	32,281	49,619
Deferred costs	10,267	8,952
Retirement pensions and health benefits	5,657	–
Precious metals, numismatics, medal collection and other liquid assets	10,028	10,470
Real estate properties a)	29,003	50,954
Equipment a)	1,121	1,547
Other assets	47,806	22,344
	634,089	**780,989**
Impairment losses	**(53,072)**	**(109,064)**
Real estate properties a)	(11,438)	(23,316)
Equipment a)	(1,067)	(979)
Other debtors - Shareholder loans, supplementary capital contributions	(13,651)	(39,347)
Other	(26,916)	(45,422)
	581,017	**671,925**

a) Real estate properties and equipment received in settlement of loans

b) Includes the amount of 4.5 millions of euros in the escrow account related to the sale of the Headquarters

Collateral deposits includes, among others, the deposits made by the Group as a surety to contract derivative products in an organized market (margin accounts) and over-the-counter market (Credit Support Annex – CSA). The CSA take the form of a collateral agreement established between two parties that negotiate over-the-counter derivatives among themselves, with the main objective to provide protection against credit risk, establishing a set of rules regarding collateral. Derivative transactions are regulated by the International Swaps and Derivatives Association (ISDA) and have a minimum risk margin that can change according to the parties ratings.

The reduction observed during 2025 in the Public Sector Administration item includes approximately 249.8 million euros related to the conversion into capital of the rights resulting from the Special Regime Applicable to Deferred Tax Assets, as detailed in Note 34.

The item properties and equipment refer to assets received by credit recovery and discontinued facilities, for which the Group aims to sell them immediately.

The Group has implemented a plan aimed at the immediate sale of real estate registered in other assets, continuing to develop all efforts to carry out the established disposal program, highlighted by:

- the existence of a website specifically dedicated to the sale of properties;
- the development and participation in real estate events both in the country and abroad;
- the signing of protocols with various real estate intermediaries; and
- the promotion of regular auctions. Please note that the Group, despite maintaining the intention to sell these properties, regularly requests the Bank of Portugal under Article 114 of RGICSF, the extension of the property holding period acquired in reimbursement of its own credit.

During 2025, an impairment reversal of 2.2 million euros was recorded for the properties in the portfolio (31 December 2024: impairment reversal of 1.1 million euros).

The changes occurred in impairment losses are presented as follows:

(thousands of Euros)

	2025	2024
Balance at the beggining of the exercise	**109,064**	**181,639**
Dotation for the exercise	5,142	7,046
Utilisation during the exercise	(59,753)	(65,716)
Reversals for the exercise	(3,880)	(10,669)
Foreign exchange differences and other	2,500	(3,236)
Balance at the end of the exercise	**53,072**	**109,064**

The changes occurred in real estate properties were as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**50,954**	**114,379**
Additions	2,180	2,199
Disposals	(23,851)	(64,676)
Other movements	(280)	(948)
Balance at the end of the exercise	**29,003**	**50,954**

At 31 December 2025 and 2024 there were no discontinued facilities included under Real estate properties item.

Note 30 - Non-current Assets and Groups Held for Sale and Liabilities Included in Groups Held for Sale

The detail of Non-current Assets and Liabilities classified as held for sale as at 31 December 2025 and 2024, net of consolidation adjustments, is as follows:

(thousands of Euros)

	2025			2024		
	Assets	Liabilities	Net Income	Assets	Liabilities	Net Income
Non-current assets and liabilities disposal groups classified as held for sale	**51,576**	**12,416**	**(285)**	**53,999**	**12,277**	**8,187**
Económico FI	–	–	–	3,060	–	–
Greendraive	793	467	–	740	458	–
Barrosinha/Compagris	38,736	11,397	–	38,136	11,397	–
Lineas	–	–	–	–	–	6,222
Ijar Leasing	9,051	–	–	9,051	–	–
Imbassaí	2,997	551	(285)	3,012	422	1,965
Impairment losses	**(19,031)**	**–**	**–**	**(22,950)**	**–**	**–**
Barrosinha/Compagris	(12,613)	–	–	(14,425)	–	–
Económico FI	–	–	–	(3,060)	–	–
Greendraive	(793)	–	–	(740)	–	–
Ijar Leasing	(5,624)	–	–	(4,725)	–	–
	32,546	**12,416**	**(285)**	**31,049**	**12,277**	**8,187**

The impairment movement for Non-current Assets and Liabilities held for sale classified as held for sale is presented as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**22,950**	**23,003**
Charges / (Reversals)	(973)	(53)
Foreign exchange differences and other	(2,946)	–
Balance at the end of the exercise	**19,031**	**22,950**

Compagris and Barrosinha

In December 2022, following the completion of the Restructuring Funds sale process, novobanco acquired 100% of the share capital of Compagris and Barrosinha. Since the Group plans to sell these assets, they were classified as discontinued operations and an organized sale process is currently underway.

Lineas

In December 2023, following the signing of a purchase and sale agreement for Lineas, this investment was reclassified from investments in associates to discontinued operations. In May 2024, after obtaining the necessary approvals from the competent authorities, the sale process was completed, resulting in a positive impact on the period's income of 6,254 thousand euros.

Note 31 - Financial Liabilities at amortised cost

This caption as at 31 December 2025 and 2024, is presented as follows:

(thousands of Euros)

	2025			2024		
	Measured at amortised cost	Fair value changes (*)	Total	Measured at amortised cost	Fair value changes (*)	Total
Deposits from banks	3,029,353	–	3,029,353	1,772,496	–	1,772,496
Due to customers	32,310,857	20,822	32,331,679	30,293,382	81,539	30,374,921
Debt securities issued, subordinated debt and liabilities associated to transferred assets	4,399,774	–	4,399,774	2,957,451	–	2,957,451
Other financial liabilities	522,854	–	522,854	562,307	–	562,307
	40,262,839	**20,822**	**40,283,660**	**35,585,636**	**81,539**	**35,667,175**

* Variation in the fair value of the items covered by the interest rate hedging portfolio

31.1 Resources from central Banks and other credit institutions

The balance of Resources from Central Banks and other credit institutions is composed, as to its nature, as follows:

(thousands of Euros)

	2025	2024
Deposits from Central Banks	**392**	**60**
From the European System of Central Banks	392	60
Deposits	392	60
Deposits from Other credit institutions	**3,028,961**	**1,772,436**
Loans	300,181	337,846
Deposits	445,634	341,720
Repurchase agreements	2,239,390	1,054,686
Other funds	43,756	38,185
	3,029,353	**1,772,496**

Repurchase agreements operations corresponds to the sale of securities with purchasing agreement (repos), recorded in accordance with the accounting policy mentioned in Note 7.18.

31.2 Due to customers

The balance of Due to customers is composed, as to its nature, as follows:

(thousands of Euros)

	2025	2024
Demand deposits	**12,764,457**	**12,224,295**
Corporate and other entities	6,803,224	6,648,464
Households	5,961,233	5,575,830
Term deposits	**19,259,556**	**17,529,998**
Corporate and other entities	7,586,447	5,808,202
Households	11,673,109	11,721,796
Other funds	**286,844**	**539,090**
Repurchase agreement	–	260,124
Other	286,844	278,966
	32,310,857	**30,293,382**
Fair value changes of the hedged items in portfolio hedge of interest rate risk (see Note 23)	**20,822**	**81,539**
	32,331,679	**30,374,921**

31.3 Debt securities issued, Subordinated Liabilities and Financial Liabilities associated with transferred assets

This caption breaks down as follows:

(thousands of Euros)

	2025	2024
Debt securities issued	**3,897,827**	**2,455,732**
Euro Medium Term Notes (EMTN)	2,063,971	1,623,958
Bonds	6,656	14,980
Covered Bonds	1,827,200	816,794
Subordinated debt	**501,947**	**501,720**
Euro Medium Term Notes (EMTN)	501,947	501,720
	4,399,774	**2,957,451**

The main characteristics of debt securities and subordinated liabilities as at 31 December 2025 and 2024 are as follows:

(thousands of Euros)

Entity	ISIN	Description	Currency	Issue date	Unit price (€)	Maturity		Interest rate	Market	Book value	
										2025	2024
Covered Bonds											
novobanco	PTNOBEOE0018	NB 2016 SR.5	EUR	2016	100.00	2028		Euribor 3M + 0.43%	XLIS	301,084	301,454
novobanco	PTNOBFOM0009	NB 3,75% 03/27	EUR	2024	100.00	2027		Fixed rate 3.25%	XLIS	514,573	515,340
novobanco	PTNOBOOM0008	NB 2,5% 05/29	EUR	2025	100.00	2030		Fixed rate 2.5%	XLIS	508,756	–
novobanco	PTNOBPOM0007	NB 2.75% 02/31	EUR	2025	100.00	2029		Fixed rate 2.75%	XLIS	502,787	–
Bonds											
Lusitano Mortgage nº 6	XS0312981649	Lusitano Mortgage nr 6- Classe A	EUR	2007	0.03	2026	a)	Euribor 3M + 0.40%	XDUB	5,154	13,477
Lusitano Mortgage nº 6	XS0312982290	Lusitano Mortgage nr 6- Classe B	EUR	2007	1.00	2035	a)	Euribor 3M + 0.60%	XDUB	1,502	1,502
Euro Medium Term Notes											
novobanco	PTNOBKOM0002	NB 5.5% 30/12/24	EUR	2022	100.00	2025		Fixed rate 5.5%	XDUB	–	99,972
novobanco	PTNOBIOM0006	NOVO BANCO SA 4.25% 3/28 0BRG.	EUR	2024	100.00	2028		Fixed rate 4.25%	XDUB	519,721	520,730
novobanco	PTNOBMOM0000	NOVO BANCO SA 3.5% 09/03/29 OBRG.	EUR	2024	100.00	2028		Fixed rate 3.5%	XDUB	513,206	503,901
novobanco	PTNOBNOM0009	NB 3.375% 01/31	EUR	2025	100.00	2031		Fixed rate 3.75%	XDUB	511,904	–
novobanco Luxembourg	XS0869315241	BES Luxembourg 3.5% 02/01/43	EUR	2013	1.00	2043		Fixed rate 3.5%	XLUX	45,276	44,596
novobanco Luxembourg	XS0877741479	BES Luxembourg 3.5% 23/01/43	EUR	2013	1.00	2043		Fixed rate 3.5%	XLUX	102,390	101,219
novobanco Luxembourg	XS0888530911	BES Luxembourg 3.5% 19/02/2043	EUR	2013	1.00	2043		Fixed rate 3.5%	XLUX	67,604	66,598
novobanco Luxembourg	XS0897950878	BES Luxembourg 3.5% 18/03/2043	EUR	2013	1.00	2043		Fixed rate 3.5%	XLUX	49,626	48,922
novobanco Luxembourg	XS0972653132	BES Luxembourg ZC	EUR	2013	1.00	2048		Zero coupon	XLUX	42,899	40,331
novobanco Luxembourg	XS1031115014	Banco Esp San Lux ZC 12/02/49	EUR	2014	1.00	2049		Zero coupon	XLUX	53,229	49,829
novobanco Luxembourg	XS1034421419	Banco Esp San Lux ZC 19/02/49	EUR	2014	1.00	2049		Zero coupon	XLUX	14,824	13,869
novobanco Luxembourg	XS1038896426	Banco Esp San Lux ZC 27/02/51	EUR	2014	1.00	2051		Zero coupon	XLUX	20,378	19,058
novobanco Luxembourg	XS1042343308	BES Luxembourg ZC 06/03/2051	EUR	2014	1.00	2051		Zero coupon	XLUX	14,337	13,408
novobanco Luxembourg	XS1053939978	BES Luxembourg ZC 03/04/48	EUR	2014	1.00	2048		Zero coupon	XLUX	49,491	46,177
novobanco Luxembourg	XS1055501974	BES Luxembourg ZC 09/04/52	EUR	2014	1.00	2052		Zero coupon	XLUX	47,135	44,193
novobanco Luxembourg	XS1058257905	BES Luxembourg ZC 16/04/46	EUR	2014	1.00	2046		Zero coupon	XLUX	9,494	8,860
novobanco Luxembourg	XS0439764191	EMTN 57	EUR	2024	1.00	2044		Zero coupon	XLUX	2,457	2,293
Subordinated debt											
novobanco	PTNOBLOM0001	NB 9.875% 01/12/33	EUR	2023	100.00	2033		9.875%	XDUB	501,947	501,720
										4,399,774	**2,957,451**

a) Date of the next call option

The movement occurred in the years of 2025 and 2024 in debt securities issued, subordinated liabilities and financial liabilities associated with transferred assets was as follows:

(thousands of Euros)

	Debt securities issued				Subordinated Liabilities			Financial liabilities associated to transferred assets	TOTAL
	Euro Medium Term Notes (EMTN)	Bonds	Covered Bonds	Total	Euro Medium Term Notes (EMTN)	Bonds	Total	Asset lending operations	
Balance as at 31 December 2023	**586,254**	**19,831**	**–**	**606,085**	**501,500**	**–**	**501,500**	**–**	**1,107,585**
Issues	1,000,000	35,000	500,000	1,535,000	–	–	–	–	1,535,000
Reimbursements	–	(4,833)	–	(4,833)	–	–	–	–	(4,833)
Net purchases	(558)	(35,000)	–	(35,558)	–	–	–	–	(35,558)
Other movements	38,261	(18)	316,794	355,037	220	–	220	–	355,257
Balance as at 31 December 2024	**1,623,958**	**14,980**	**816,794**	**2,455,732**	**501,720**	**–**	**501,720**	**–**	**2,957,451**
Issues	500,000	–	1,000,000	1,500,000	–	–	–	–	1,500,000
Reimbursements	(99,927)	–	–	(99,927)	–	–	–	–	(99,927)
Net purchases	(1)	(8,310)	–	2,096	–	–	–	–	2,096
Other movements	39,941	(14)	10,406	39,927	228	–	228	–	40,155
Balance as at 31 December 2025	**2,063,971**	**6,656**	**1,827,200**	**3,897,827**	**501,947**	**–**	**501,947**	**–**	**4,399,774**

a) Other movements include accrued interest on the balance sheet, corrections for hedging operations, corrections of fair value and exchange rate variations.

The Group did not report any defaults on capital or interest regarding its issued debt for the financial years 2025 and 2024.

The main changes in debt securities and subordinated liabilities were as follows:

1) In 2025:

- In January, 500 million euros issued in senior preferred debt, maturing on 22 January 2031 and an optional redemption date on 22 of January 2030 (five years), with an annual interest rate of 3.375% for the first five years, after which the rate will be 3-month Euribor plus 105bps;
- In February, 500 million euros issued in covered bonds, maturing on 4 February 2030 (soft bullet), with an annual interest rate of 2.75%;
- In May of 500 million euros issued in covered bonds, maturing on 20 May 2029 (soft bullet), with an annual interest rate of 2.5%;
- In December, there was an anticipated redemption of senior preferred notes of 100 million euros;

2) In 2024:

- In March, 500 million euros issued in covered bonds, maturing on 1 March 2027, with an annual interest rate of 3.25%, fully placed in the market;
- Also in March, 500 million euros issued in senior preferred debt, with an annual interest rate of 4.25%, fully placed in the market;
- Issued in May of new financing line with the European Investment Bank (EIB) and executed the placement of 300 million euros in BEI Covered Bonds, issued in 2016 and fully repurchased;
- In September, 500 million euros issued in senior preferred debt, with an annual interest rate of 3.5% for the first three and a half years, after which the rate will be the 3-month Euribor plus 100bps. This issuance was fully placed in the market.

Under the Mortgage Bond Issuance Program, which has a maximum amount of Euro 10,000 million, the Group made issuances at 31 December 2025 totalling 7,000 million euros (31 December 2024: 6,000 million euros), and these issuances were fully repurchased by the Group. The characteristics of the outstanding debt issues as of 31 December 2025 and 2024 are as follows:

(thousands of Euros)

Designation	Issue date	Maturity date	Interest payment	Interest Rate	Market	Rating		Nominal Value	Carrying Book value	
						Moody's	DBRS		2025	2024
NB 2015 SR.1	7/10/2015	7/10/2025	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	1,000,000	–	–
NB 2015 SR.2	7/10/2015	7/10/2024	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	1,000,000	–	–
NB 2015 SR.3	7/10/2015	7/10/2027	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	1,000,000	–	–
NB 2015 SR.4	7/10/2015	7/10/2028	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	700,000	–	–
NB 2015 SR.5	22/12/2016	7/5/2028	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	500,000	301,084	301,454
NB 2019 SR.6	10/12/2019	10/6/2029	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	750,000	–	–
NB 2019 SR.7	10/12/2019	10/12/2024	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	550,000	–	–
NB 3.25% 03/27	1/3/2024	1/3/2027	Annualy	Fixed Rate 3.25%	XLIS	Aaa	NR	500,000	514,573	515,340
NB 2.5% 05/29	20/5/2025	20/5/2029	Annualy	Fixed Rate 2.5%	XLIS	Aaa	NR	500,000	502,787	–
NB 2.75% 02/30	4/2/2025	4/2/2030	Annualy	Fixed Rate 2.75%	XLIS	Aaa	NR	500,000	508,756	–
								7,000,000	**1,827,200**	**816,794**

These covered bonds are guaranteed by a cover asset pool, comprising mortgage and other assets, segregated in novobanco accounts as autonomous assets and over which the holders of the relevant covered debt securities have a special creditor privilege. The conditions of the covered debt securities issues are framed in Decree-Law No. 59/2006, and in Notices no. 5, 6 and 8 and Instruction no. 13/2006 of Bank of Portugal. As of 31 December 2025 , the assets that collateralize these covered debt securities amount to 8,453.3 million euros (31 December 2024: 7,609.9 million euros) (see Note 22).

Note 32 - Provisions

At 31 December 2025 and 2024, the Provisions caption presents the following movements:

(thousands of Euros)

	Restructuring provision	Provision for guarantees and commitments	Other Provisions	Total
Balance as at 31 December 2023	**6,776**	**83,980**	**340,073**	**430,829**
Charges / (Reversals)	57,295	23,762	39,028	120,086
Utilizations	(28,826)	–	(12,929)	(41,755)
Exchange differences and others	336	271	(12,295)	(11,687)
Balance as at 31 December 2024	**35,581**	**108,014**	**353,877**	**497,472**
Charges / (Reversals)	11,900	4,984	93,834	110,718
Utilizations	(44,069)	–	(31,071)	(75,140)
Exchange differences and others	(86)	(542)	(214)	(842)
Balance as at 31 December 2025	**3,326**	**112,456**	**416,426**	**532,208**

To meet the financial needs of its customers, the Group assumes various irrevocable commitments and contingent liabilities, which consist of financial guarantees, letters of credit and other credit commitments, which may require payment by the Group, on behalf of the customers, in the event of specific contractual events. Despite these commitments not being recorded in assets, they have credit risk and are, therefore, part of the Group overall risk exposure.

Regarding provisions for guarantees and commitments, the movement is detailed as follows:

(thousands of Euros)

	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**7,023**	**7,239**	**69,718**	**83,980**
Transfers to stage 1	5,801	(5,801)	–	–
Transfers to stage 2	(4,864)	5,091	(227)	–
Transfers to stage 3	–	(67)	67	–
Increases due to changes in credit risk	4,037	11,994	23,981	40,011
Decreases due to changes in credit risk	(5,023)	(2,527)	(8,698)	(16,249)
Other movements	2	15	254	271
Balance as at 31 December 2024	**6,976**	**15,943**	**85,095**	**108,014**
Transfers to stage 1	2,476	(2,473)	(3)	–
Transfers to stage 2	(1,231)	1,776	(545)	–
Transfers to stage 3	(12)	(110)	122	–
Increases due to changes in credit risk	3,855	10,938	21,591	36,383
Decreases due to changes in credit risk	(6,698)	(11,632)	(13,070)	(31,399)
Other movements	1,270	(574)	(1,239)	(542)
Balance as at 31 December 2025	**6,636**	**13,869**	**91,951**	**112,456**

The transfers between stages that occurred in guarantees and commitments during the years of 2025 and 2024 are presented as follows:

(thousands of Euros)

2025	Capitals					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Commitments and financial guarantees given	316,398	233,747	7,762	6,966	3,176	–

(thousands of Euros)

2024	Capitals					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Commitments and financial guarantees given	132,011	105,843	757	311	5	–

As of 31 December 2025, provision for restructuring in the balance sheet amounts to 3.3 million euros, and during 2024 and 2025, a net reinforcement of 57.3 million euros and 11.9 million euros under the strategic simplification program currently underway at the Group. At the same time, 28.8 million euros and 44.1 million euros were used, respectively.

The Other provisions, which amount to 416.4 million euros (31 December 2024: 353.9 million euros), aim to cover certain identified contingencies, arising from the Group's activity, the most relevant of which are as follows:

- Contingencies associated with ongoing processes related to tax matters, for which the Group maintains provisions of 18.4 million euros (31 December 2024: 20.0 million euros);
- Contingencies associated with legal procedures amounting to 15.5 million euros (31 December 2024: 15.3 million euros);
- Contingencies associated with sales processes in the amount of 9.9 million euros (31 December 2024: 20.0 million euros);
- Provision in the amount of 19.5 million euros (31 December 2024: 19.5 million euros) to address potential impacts that may arise from a specific fraud situation in Spain;
- The State Budget Law for 2021 ("LOE 21"), amended the rules of the Property Transfer Tax ("IMT") and the Municipal Property Tax ("IMI"), with the broadening of the incidence scope of the increased IMI and IMT rate, and loss of exemptions, for properties held by taxpayers who are directly or indirectly controlled by an entity subject to a more beneficial tax regime, listed in an order approved by the Minister of Finance. In 31 December 2025, the calculation of the application of the increased IMI rates to all properties in the direct and indirect ownership of the novobanco Group amounts to approximately 239.5 million euros (31 December 2024: 223.0 million euros);

- The remaining value of 113.8 million euros (31 December 2024: 56.2 million euros), is intended to cover losses arising from the Group's activity, such as fraud, theft and robbery, regulatory matters and other contingencies.

Note 33 - Other liabilities

The caption Other liabilities as at 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025	2024
Public sector	33,847	41,544
Creditors for supply of goods	84,343	80,340
Margin Accounts Derivative instruments	469,964	517,253
Other creditors	37,178	47,028
Career bonuses	6,717	6,984
Pension and health benefits	–	40,414
Other accrued expenses	90,189	104,567
Deferred income	1,770	1,607
Foreign exchange transactions pending settlement	1,092	227
Other transactions to be settled	44,130	45,214
	769,230	**885,179**

At 31 December 2025, the item Creditors for supply of goods includes 68,690 thousand euros related to creditors of assets under the right of use, within the framework of IFRS 16 (31 December 2024: 65,510 thousand euros), whose maturity terms are presented as follows:

(thousands of Euros)

	2025	2024
Up to 3 months	12	323
From 3 months to 1 year	3,078	1,086
From 1 to 5 years	34,273	34,425
More than 5 years	31,327	29,675
	68,690	**65,510**

Note 34 - Share Capital

34.1 Ordinary shares

At 31 December 2025, the share capital of the Bank, amounting to 2,245,000,000.00 euros, is represented by 500,000,000 registered shares with no par value and is fully subscribed and paid up by the following shareholders (31 December 2024: share capital of 3,345,000,000.30 euros, is represented by 500,000,000 registered shares):

	% Capital	
	2025	2024
Nani Holdings, S.à.r.l	75.00 %	75.00 %
Resolution Fund (1)	13.54 %	13.54 %
Directorate General for the Treasury and Finance	11.46 %	11.46 %
	100.00 %	**100.00 %**

(1) Under the commitments made between the Portuguese State and the European Commission, the Resolution Fund is inhibited from exercising its voting rights.

Following the Extraordinary General Meeting held on 7 June 2024, a decision was made to reorganize the capital of novobanco, reducing the share capital to 3,345,000,000.30 euros, represented by 500,000,000 shares (December 2023: share capital of 6,567,843,862.91 euros represented by 11,611,327,275 shares), through the following steps:

(1) Reallocation of other reserves, as a result of their reallocation in the approved accounts for 2023, in the amount of 5,000,000,000.00 euros to absorb negative retained earnings;

(2) Reduction of share capital by 3,351,516,580.00 euros, from 6,567,843,862.91 euros to 3,216,327,282.91 euros, to cover negative retained earnings of 2,870,294,596.73 euros and to reinforce legal reserves by 481,221,983.27 euros;

(3) Increase in share capital, in accordance with the special regime for deferred tax assets, in the amount of 128,672,717.39 euros, raising the share capital from 3,216,327,282.91 euros to 3,345,000,000.30 euros, following the conversion of the conversion rights granted to the State for the year ending 31 December 2020, fully subscribed by the Resolution Fund, with this increase being made through the incorporation of the special reserve created with respect to the deferred tax assets underlying it.

Following the General Meeting held on 5 May 2025, a reduction in share capital in the amount of 1.1 billion euros was approved, bringing the share capital to 2,245,000,000.00 euros, with the number of shares remaining unchanged.

As mentioned in Note 28, novobanco adhered to the Special Regime Applicable to Deferred Tax Assets approved by Law No. 61/2014, of 26 August. This regime applies to deferred tax assets resulting from the non-deduction, for Corporate Income Tax purposes, of expenses and negative net worth changes that were recorded up to 31 December 2015 with impairment losses on credits and post-employment benefits or long-term employee benefits. The mentioned regime provides that deferred tax assets may be converted into tax credits when the taxpayer records a negative annual net result.

The conversion of eligible deferred tax assets into tax credits is made according to the proportion between the amount of that net result and the total equity at an individual level. The special reserve is established in the same amount as the approved tax credit, increased by 10%. This special reserve is constituted in counterpart of the originating reserve and is intended to be incorporated into the share capital.

Note 35 - Other Comprehensive Income Accumulated, Retained Earnings, Other Reserves and Non-controlling Interests

The other comprehensive accumulated income, retained earnings, and other reserves of the Group are detailed as follows as at 31 December 2025 and 2024:

(thousands of Euros)

	2025	2024
Other accumulated comprehensive income	(1,031,801)	(1,062,390)
Retained earnings	13,814	13,814
Other reserves	2,532,235	2,011,951
Legal reserve	722,334	643,265
Other reserves	1,809,901	1,368,686
	1,514,249	**963,375**

35.1 Accumulated other Comprehensive Income

The movements in accumulated other comprehensive income were as follows:

(thousands of Euros)

	Other accumulated comprehensive income							
	Impairment reserves	Credit risk reserves	Sales reserves	Fair value reserves	Cash flow hedge reserves	Other changes in other comprehensive income	Actuarial deviations (net of taxes)	Total
Balance as at 31 December 2023	**234**	**9,214**	**(328,258)**	**(74,823)**	**63,863**	**(15,735)**	**(724,620)**	**(1,070,125)**
Actuarial deviations	–	–	–	–	–	–	(35,873)	(35,873)
Fair value changes, net of taxes	–	–	–	65,629	–	–	–	65,629
Foreign exchange differences	–	–	–	–	–	(87)	–	(87)
Impairment reserves of securities at fair value through other comprehensive income	204	–	–	–	–	–	–	204
Reserves of sales of securities at fair value through other comprehensive income	–	–	(61,428)	–	–	–	–	(61,428)
Other comprehensive income of associated companies	–	–	–	301	–	–	–	301
Cash flow hedge, net of tax	–	–	–	–	38,989	–	–	38,989
Other movements	1	–	–	–	–	–	–	1
Balance as at 31 December 2024	**439**	**9,214**	**(389,686)**	**(8,893)**	**102,852**	**(15,822)**	**(760,493)**	**(1,062,390)**
Actuarial deviations	–	–	–	–	–	–	51,131	51,131
Fair value changes, net of taxes	–	–	–	28,011	–	–	–	28,011
Foreign exchange differences	–	–	–	–	–	139	–	139
Impairment reserves of securities at fair value through other comprehensive income	158	–	–	–	–	–	–	158
Reserves of sales of securities at fair value through other comprehensive income	–	–	314	–	–	–	–	314
Other comprehensive income of associated companies	–	–	–	623	–	–	–	623
Cash flow hedge, net of tax	–	–	–	–	(49,787)	–	–	(49,787)
Balance as at 31 December 2025	**596**	**9,214**	**(389,373)**	**19,741**	**53,066**	**(15,684)**	**(709,362)**	**(1,031,801)**

Fair Value Reserves

The fair value reserves represent the amount of the unrealised gains and losses arising from the securities portfolio classified as at a fair value through other comprehensive income, net of impairment losses. The amount of this reserve is shown net of deferred taxes.

The changes occurred in the fair value reserves, net of deferred taxes and impairment losses may be analysed as follows:

(thousands of Euros)

	2025			2024		
	Fair value reserves			Fair value reserves		
	Financial assets at fair value through other comprehensive income	Deferred tax reserves	Total fair value reserves	Financial assets at fair value through other comprehensive income	Deferred tax reserves	Total fair value reserves
Balance at the beginning of the exercise	**(7,093)**	**(1,800)**	**(8,893)**	**(103,308)**	**28,485**	**(74,823)**
Changes in fair value	44,641	–	44,641	36,348	–	36,348
Foreign exchange differences	(105)	–	(105)	49,878	–	49,878
Disposals in the exercise	(5,470)	–	(5,470)	14,657	–	14,657
Impairment in the exercise	–	–	–	(4,668)	–	(4,668)
Deferred taxes recognized in the exercise in reserves	–	(10,433)	(10,433)	–	(30,285)	(30,285)
Balance at the end of the exercise	**31,974**	**(12,233)**	**19,741**	**(7,093)**	**(1,800)**	**(8,893)**

The fair value reserve can be explained as follows:

(thousands of Euros)

	2025	2024
Amortised cost of financial assets at fair value through other comprehensive income	3,635,717	3,145,167
Market value of financial assets at fair value through other comprehensive income	3,621,033	3,148,305
Unrealised gains / (losses) recognized in fair value reserve	**(14,684)**	**3,138**
Fair value reserve transferred to Results (1)	(46,613)	9,864
Potential gains / (losses) recognized in the fair value reserve	31,929	(6,726)
Fair value reserves from equity method	1,338	715
Non-controlling Interests	(1,293)	(1,082)
Total fair value reserve	**31,974**	**(7,093)**
Deferred Taxes	(12,233)	(1,800)
Fair value reserve attributable to shareholders of the Bank	**19,741**	**(8,893)**

(1) In the context of fair value hedge operations (see Note 23)

The movement in cash flow hedge reserves is presented as follows:

	2025			2024		
	Cash flow hedge reserves	Deferred tax reserves	Total cash flow hedge reserves	Cash flow hedge reserves	Deferred tax reserves	Total cash flow hedge reserves
Balance at the beginning of the exercise	**146,932**	**(44,080)**	**102,852**	**92,557**	**(28,693)**	**63,864**
Change in fair value of hedged item recognized in other comprehensive income	(76,724)	–	(76,724)	51,364	–	51,364
Reclassification from other comprehensive income to net income	3,114	–	3,114	3,011	–	3,011
Deferred taxes	–	23,825	23,825	–	(15,387)	(15,387)
Balance at the end of the exercise	**73,321**	**(20,255)**	**53,066**	**146,932**	**(44,080)**	**102,852**

35.2 Other reserves

Legal reserve

The legal reserve can only be used to cover accumulated losses or to increase capital. Portuguese legislation applicable to the banking sector (Article 97 of Decree-Law no. 298/92, of 31 December) requires that the legal reserve must be reinforced annually with at least 10% of the net profit, up to a limit equal to the value of share capital or the sum of free reserves and retained earnings, whichever is higher.

The change in the legal reserve for the 2024 financial year arise from the resolution of the General Meeting held on 7 June 2024, as referred to in Note 34.

Special reserve

As referred to in Note 28, the special reserve was established as a result of novobanco's adherence to the Special Regime applicable to Deferred Tax Assets approved by Law no. 61/2014, of 26 August, which implied the conversion of eligible deferred tax assets into tax credits and the simultaneous constitution of a special reserve.

Following the determination of a negative net result for the financial years 2015 to 2020, with reference to the eligible deferred tax assets at the closing dates of these years, as a result of the application of the aforementioned special regime applicable to deferred tax assets, novobanco accounted a special reserve, in the same amount as the determined tax credit, increased by 10%. As at 31 December 2024, there is no balance related to the special reserve, as it was fully incorporated into the share capital (31 December 2023: 128,673 thousand euros).

Contingent capital agreement

The Contingent Capitalization Agreement was created under the conditions agreed upon in the sale process of novobanco in 2017, according to which, if the capital ratios fell below a certain threshold and, cumulatively, losses were recorded in a defined asset portfolio, the Resolution Fund would make a payment corresponding to the lesser of the recorded losses and the amount necessary to restore the capital ratios to the relevant level, up to a maximum limit of 3,890 million euros. The capital corresponded to a previously defined perimeter of assets, with an initial net accounting value of approximately 7.9 billion euros.

Under the agreement of Contingent Capitalization Agreement early termination reached on 9 December 2024, the Bank and the Resolution Fund settled (i) all pending disputes related to unpaid amounts under the Contingent Capitalization Agreement and (ii) the existing payment obligations between the parties, resulting in no financial flow from the agreement. The agreement also determined the dissolution of the Monitoring Committee (an advisory statutory body provided for in the Bank's Statutes under the Contingent Capitalization Agreement), the removal of restrictions on the management of the assets covered by the Agreement, and the termination of the contractual prohibition on the distribution of dividends.

At the time of the agreement, the Bank had accounted receivables under this Agreement amounting to 161.6 million euros and a liability to the Resolution Fund of 98.9 million euros. The Bank recorded a cost of 62.7 million euros in the 2024 accounts resulting from this agreement (see Note 14).

35.3 Non-controlling Interests

The details of the Non-controlling Interests for each subsidiary are as follows:

(thousands of Euros)

	2025			2024		
	Balance sheet	Income statement	% Non-controlling interests	Balance sheet	Income statement	% Non-controlling interests
novobanco Açores	30,642	4,749	42.47 %	27,369	5,139	42.47 %
Other	(1,169)	–		(1,169)	–	
	29,473	**4,749**		**26,200**	**5,139**	

a) Non-controlling interests relating to Open real estate investment funds are recorded as Other liabilities (see Note 33)

The movement of non-controlling interests can be presented as follows:

(thousands of Euros)

	2025	2024
Non-controlling interests at the beginning of the exercise	**26,200**	**22,691**
Dividends distributed	(2,323)	(2,244)
Changes in fair value reserves	211	598
Others	636	16
Net profit / (loss) for the exercise	4,749	5,139
Non-controlling interests at the end of the exercise	**29,473**	**26,200**

Note 36 - Contingent Liabilities and Commitments

In addition to the derivative financial instruments, the balances relating to off-balance accounts as of 31 December 2025 and 2024, are the following:

(thousands of Euros)

	2025	2024
Contingent liabilities	**11,430,962**	**13,119,248**
Guarantees and standby letters	2,188,044	2,340,577
Financial assets pledged as collateral	8,973,019	10,526,429
Open documentary credits	188,704	148,539
Other	81,194	103,702
Commitments	**7,434,988**	**6,338,927**
Revocable commitments	6,877,069	5,833,555
Irrevocable commitments	557,919	505,372

Guarantees and standby letters provided are banking operations that do not result in a mobilization of funds by the Group.

At 31 December 2025, the item financial assets pledged as collateral includes:

- The market value of financial assets at the European Central Bank collateral pool, to be used as collateral to obtain funding in the context of liquidity lending operations, amounting to 8.5 billion euros (31 December 2024: 10.0 billion euros), of which 1.0 billion euros are encumbered (31 December 2024: 0.6 billion euros);
- Securities given as collateral to the Securities Market Commission, in the context of the Investor Compensation System, amounting to 10.3 million euros (31 December 2024: 10.3 million euros);
- Securities given as collateral to the European Investment Bank amounting to 334.8 million euros (31 December 2024: 401.4 million euros);
- Securities given as collateral in the context of derivatives trading with a central counterparty amounting to 156.0 million euros (31 December 2024: 132.0 million euros);
- Deposits provided as collateral to guarantee the responsibilities assumed by issuing guarantees in the amount of 78.5 million euros (31 December 2024: 76.2 million euros).

The above-mentioned financial assets pledged as collateral are recorded in the various asset categories of the Group balance sheet and may be executed in the event the Group does not fulfil its obligations under the terms and conditions of the contracts celebrated. The increase in the value of securities pledged as collateral to the European Investment Bank is related to the reinforcement of the collateral due to changes in the minimum required amounts.

Documentary credits are irrevocable commitments made by the Group, on behalf of its customers, to pay or order to pay a certain amount to a supplier of goods or services, within a determined period, upon the presentation of documentation of the expedition of goods or rendering of the services. The condition of irrevocable derives from the fact that they may not be cancelled neither changed without the agreement of all involved parties.

Revocable and irrevocable commitments represent contractual agreements to extend credit to customers of the Group (e.g., undrawn credit lines), which are, generally, contracted for fixed periods of time or with other expiration conditions and, usually, require the payment of a fee. Almost all credit commitments in force require that customers continue meeting certain conditions that were verified at the time the credit was contracted.

Despite the characteristics of these contingent liabilities and commitments, these operations require a previous rigorous risk assessment of the solvency of the customer and of its business, similarly to any other commercial operation. When necessary, the Group requires the collateralization of these transactions. Since it is expected that the majority of these operations will mature without any funds having been drawn, these amounts do not necessarily represent future cash outflows.

Additionally, liabilities recorded in off-balance sheet captions related to banking services provided are as follows:

(thousands of Euros)

	2025	2024
Deposit and custody of securities and other items	41,030,958	39,069,381
Values received for collection	232,591	184,948
Securitized loans under management (servicing)	321,261	366,487
Other responsibilities related with banking services	450,252	941,967
	42,035,061	**40,562,783**

36.1 Relevant litigation

For the purposes of contingent liabilities, and notwithstanding the information contained in these notes to the accounts, particularly regarding the compliance of the provisions policy with the resolution measure and subsequent decisions by the Bank of Portugal (and criteria for the apportioning of responsibilities and contingencies arising therefrom), it is also necessary to identify the following disputes whose effects or impacts on the financial statements of novobanco Group are, at the present date, insusceptible to determine or quantify:

(i) Legal actions brought following the signing of the share capital purchase agreement of novobanco, signed between the Resolution Fund and Lone Star on 31 March 2017, relating to the terms of the sale, in particular the administrative action brought by Banco Comercial Português, S.A. against the Resolution Fund, in which novobanco is not a party and, within the scope of which, according to the public disclosure of privileged information made by BCP on the CMVM website on 1 September 2017, a legal assessment of the contingent capitalization obligation assumed by the Resolution Fund is requested under the scope of the Contingent Capitalization Mechanism.

(ii) Arbitration proceedings initiated in April 2025 by Haitong International Holdings Limited, in which compensation of 154 million euros is claimed for alleged breach of contract (failure to disclose information) during the sale of BESI in September 2015. Novobanco believes that, at this stage and given the information available, there is a remote probability of success for Haitong's claim and, for this reason, considers that the recording of any provision is not justified;

(iii) Legal action initiated in May 2025 by FNBC Invest, Lda., seeking compensation in the amount of 10,087,404,548.07 euros (relating to an alleged bank transfer of 5 billion euros, which was allegedly received in an account at novobanco and retained by the latter, and resulting damages), based on facts and documents whose falsity had already been criminally reported by novobanco to the authorities in December 2022. Given the manifest falsity of the documents allegedly supporting the legal action, the probability of success of FNBC's claim is nil and, for this reason, the recording of any provision is not justified;

(iv) Legal action brought against novobanco relating to the repurchase, in 2019, of two credit securitization transactions from 2003/2004, amounting to 24 million euros, for the alleged early repayment of the credits to the detriment of the investors. From the detailed analysis carried out on the information and documentation contained in the proceedings, as well as based on the analysis of the Bank's lawyers in this action, it is concluded that there is no probability of loss that would justify the establishment of any provision.

Resolution Fund

Resolution Fund is a public legal entity with administrative and financial autonomy, created by Decree-Law no. 31-A/2012, of 10 February, which is governed by the RGICSF and by its internal regulation, whose mission is to provide financial support for the resolution measures implemented by Bank of Portugal, whilst national resolution authority, and to carry out all the other functions conferred by law in the scope of the execution of such measures.

The Bank, like most financial institutions operating in Portugal, is one of the institutions participating in the Resolution Fund, making contributions that result from the application of a rate defined annually by Bank of Portugal based essentially on the amount of its liabilities. As at 31 December 2025, periodic contribution made by the Group amounted to 9,618 thousand euros (31 December 2024: 6,356 thousand euros).

Within the scope of its responsibility as a supervisory and resolution authority, Bank of Portugal, on 3 August 2014, decided to apply a resolution measure to BES, pursuant to no. 5 of article 145-G of the General Regime of Institutions Credit and Financial Companies (RGICSF), which consisted of transferring most of its activity to novobanco, created especially for this purpose, with the capitalization being ensured by the Resolution Fund.

For the realization of novobanco's share capital, the Resolution Fund made available 4,900 million euros, of which 365 million euros corresponded to its own financial resources. A loan from a banking syndicate was also granted to the Resolution Fund, in the amount of 635 million euros, with the participation of each credit institution being weighted

according to several factors, including the respective size. The remaining amount (3,900 million euros) originated from a loan granted by the Portuguese State.

In December 2015, national authorities decided to sell most of the assets and liabilities associated with the activity of *Banif - Banco Internacional do Funchal, S.A.* (BANIF) to *Banco Santander Totta, S.A.* (Santander Totta), for 150 million euros, also in the scope of the application of a resolution measure. In the context of this resolution measure, the assets of Banif identified as problematic were transferred to an asset management vehicle, created for the purpose – *Oitante, S.A.*. This operation involved public support estimated at 2,255 million euros, which aimed to cover future contingencies, financed at 489 million euros by the Resolution Fund and 1,766 million euros directly by the Portuguese State.

The situation of serious financial imbalance in which BES was in 2014 and BANIF in 2015, which justified the application of resolution measures, created uncertainties related to the risk of litigation involving the Resolution Fund, which is significant, as well as with the risk of an eventual insufficiency of resources to ensure the fulfilment of the liabilities, in particular the short-term repayment of the borrowings.

It was in this context that, in the second half of 2016, the Portuguese Government reached an agreement with the European Commission to change the terms of the financing granted by the Portuguese State and by the banks participating in Resolution Fund to preserve its financial stability, through the promotion of conditions that endow predictability and stability of the contributory efforts to Resolution Fund. To this end, an addendum to the financing agreements with Resolution Fund was formalised, which introduced a number of changes to the repayment schedule, remuneration rates and other terms and conditions associated with said loans such that these are adjusted to Resolution Fund's ability to fully meet its obligations based on its regular revenues, that is, without the need to charge the banks participating in Resolution Fund for special contributions or any other extraordinary contribution.

According to the statement of the Resolution Fund of 21 March 2017, issued following an earlier statement of 28 September 2016 and the statement of the Ministry of Finance issued on the same date, the revision of the conditions of financing granted by the State Portuguese and participating banks aimed to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of its liabilities is ensured, as well as the respective remuneration, without the need for recourse to special contributions or any other type of extraordinary contributions by the banking sector.

On 31 March 2017, Bank of Portugal announced that it had selected Lone Star Fund to purchase novobanco, a transaction completed on 18 October 2017, with an injection of 750 million euros. This was followed by an additional capital injection of 250 million euros on 21 December 2017, resulting in Lone Star Fund holding 75% of novobanco's share capital and the Resolution Fund the remaining 25%. The approved conditions included a contingent capitalization mechanism, up to an absolute maximum of 3,890 million euros, and a compensation mechanism for novobanco should certain conditions be met, should it be found liable for any liability by a final court decision that does not recognize or is contrary to the resolution measure applied by the Bank of Portugal or the scope of novobanco's assets and liabilities.

Notwithstanding the possibility under the applicable legislation for the collection of special contributions, in light of the renegotiation of the conditions of the loans granted to Resolution Fund by the Portuguese State and by a syndicate of banks, and of the public press releases made by the Resolution Fund and the Office of the Finance Minister stating that this possibility is not to be used, the present financial statements reflect the expectation of the Board of Directors that the Bank will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and BANIF, as well as the Contingent Capital Agreement and the Compensation Mechanism referred to in the previous paragraphs.

In December 2024, novobanco, the Resolution Fund and Nani Holdings reached an agreement for the early termination of the Contingent Capitalization Agreement, whose contractual maturity was scheduled for December 2025.

Under the terms of the agreement reached, novobanco and the Resolution Fund extinguish all outstanding disputes relating to amounts not paid under the CCA and extinguish existing payment obligations between the parties, with no financial flow resulting from the agreement.

The end of the CCA also determines:

- The dissolution of the Monitoring Committee, a statutory advisory body provided for in the Bank's Articles of Association under the CCA;
- The extinction of the limitations on the management of the assets covered by the CCA; and
- The extinction of the contractual ban on the distribution of dividends.

Any changes regarding special contributions, or any other type of extraordinary contributions from the banking sector, and the application of these mechanisms, may have significant implications for the Group's financial statements.

Note 37 - Disintermediation

According to the current legislation, the managing companies, together with the depositary bank, are jointly liable to the fund's participants for non-compliance with the obligations undertaken under the law and the rules of the managed funds.

As at 31 December 2025 and 2024, the value of disintermediation resources managed by the Group companies is analysed as follows:

(thousands of Euros)

	2025	2024
Investment funds	1,699,248	1,283,262
Real estate investment funds	46,439	42,485
Pension funds	2,181,962	2,272,141
Bancassurance	3,215,668	2,932,141
Discretionary management	719,989	712,541
	7,863,307	**7,242,569**

The values included in these items are valued at fair value determined on the balance sheet date.

Note 38 - Related Parties Balances and Transaction

The group of entities considered to be related parties by novobanco in accordance with the IAS 24 definitions, are:

(i) key management personnel (members of the Executive Board of Directors and members of the General Supervisory Board of novobanco);

(ii) people or entities with a family, legal or business relationship with key management personnel;

(iii) people or entities with a family, legal or business relationship with shareholders;

(iv) shareholders holding direct or indirect stakes equal to or exceeding 2% of the share capital or voting rights of novobanco;

(v) subsidiaries consolidated for accounting purposes under the full consolidation method;

(vi) associated companies, that is, companies over which novobanco Group has significantly influence on the company's financial and operational polices, despite not having control;

(vii) entities under joint control of novobanco (joint ventures).

During the financial year 2025 the following transactions were carried out with the identified Related Parties as at 31 December 2025 (loans and other transactions):

Credit Operations:

Entities / Individuals	Category	Transaction	Amount (euros)
EDENRED - Portugal S.A.	Entities for which there is a relationship of economic interdependence (3.)	Direct Debits Limits (RCE)	1,000,000
		Credit Card Limits	24,000
Compagris - Companhia de Agricultura e Serviços S.A.	Persons or entities whose relationship with the institution potentially influences their management (4.)	Renewal/extension of the maturity of shareholder loans (shareholder advances)	72,526,044
Key Function Holder	Persons or entities whose relationship with the institution potentially influences their management (4.)	Mortgage loan	150,000
LOCARENT - Companhia Portuguesa Aluguer Viaturas S.A.	Entity dominated by members of the Administration / Supervision (2.) Entities for which there is a relationship of economic interdependence (3.)	Trading Room Deals (RCE)	10,500,000
		Credit Card Limits	10,000
		Credit Facilities	2,500,000
		Direct Debits Limits (RCE)	8,000,000
		Leasing	108,250,000
		Leasing Green Loan - ESG Rules	40,000,000
MUDUM Companhia de Seguros S.A.	Persons or entities whose relationship with the institution potentially influences their management (4.)	Direct Debits Limits (RCE)	8,545,000
MULTIPESSOAL - Recursos Humanos SGPS S.A.	Entities for which there is a relationship of economic interdependence (3.)	Short-Term Credit Facility	3,613,874
		Credit Card Limits	110,000
		Bank Guarantee Limit	1,750,000
		Leasing limit	7,200,000
Member of the Executive Board of Directors	Members of the Executive Board of Directors and Supervisory bodies and related persons (1.)	Credit Card Limits (increase)	12,500
Member of the General and Supervisory Board	Members of the Executive Board of Directors and Supervisory bodies and related persons (1.)	Credit Card Limits (increase)	25,000
NACIONAL CONTA – Contabilidade, Consultadoria e Administração, Lda.	Entity dominated by members of the Administration / Supervision (2.)	Current-Account Loan Account	100,000
		Credit Card Limits	1,000
Novobanco Group (BEST, NB Açores and NB Finance)	Entities for which there is a relationship of economic interdependence (3.)	Interbank Limits (Trading Room Deals)	353,600,000
UNICRE - Instituição de Financeira de Crédito S.A.	Entity dominated by members of the Administration / Supervision (2.) Entities for which there is a relationship of economic interdependence (3.)	Short-Term Credit Facility (including the waiver of the arrangement fee)	64,000,000

1. Notice 3/2020, art. 33 - 3 b), 2. Notice 3/2020, art. 33 - 3 c), 3. Notice 3/2020, art. 33 - 3 d) and 4. Notice 3/2020, art. 33 - 3 e)

Services rendered and other signed contracts:

Entities / Individuals	Category	Service	Amount (euros)
BEST e GNB GA	Entities for which there is a relationship of economic interdependence (3.)	Partial Campus Lease Agreement to Banco BEST and GNB GA	na
GNB GA SGOIC S.A.	Entities for which there is a relationship of economic interdependence	Service Agreement for the Registration and Custody of Financial Instruments	na
		Custody Agreement – 'NBA Closed Pension Fund'	
		Lease Agreement for the Castilho 26 Building with the NB Pension Fund	
		Distribution (Commercialization) Agreement with the Collective Investment Scheme (GNB GA)	
Nani Holdings S.à r.l.	Shareholders and other persons and entities provided for in art. 109 of the RGICSF (1.)	Indemnity letter for the benefit of the Bank for dividends tax retention purposes	na
		Fourth Addendum to the Intra-Group Agreement with LSF NANI / NANI HOLDINGS / NB	na
Unicre - Cartão Internacional de Crédito S.A.	Entity dominated by members of the Administration / Supervision (2.) Entities for which there is a relationship of economic interdependence (3.)	Asset Purchase – Unibanco	na

1. Notice 3/2020, art. 33 - 3 a), 2. Notice 3/2020, art. 33 - 3 d) and 3. Notice 3/2020, art. 33 - 3 e)

The Group balances with related parties as at 31 December 2025 and 2024, as well as the respective recognized costs and revenues, are summarized as follows:

(thousands of Euros)

	2025					2024				
	Assets	Liabilities	Guarantees	Income	Expenses	Assets	Liabilities	Guarantees	Income	Expenses
Shareholders	**–**	**55**	**–**	**1,226**	**9,618**	**–**	**162**	**–**	**491**	**69,092**
NANI HOLDINGS	–	55	–	540	–	–	162	–	491	–
FUNDO DE RESOLUÇÃO	–	–	–	686	9,618	–	–	–	–	69,092
Associated companies	**278,926**	**147,431**	**304**	**4,833**	**8,031**	**232,317**	**134,848**	**415**	**4,129**	**8,200**
LINEAS	–	–	–	–	–	–	–	–	–	15
LOCARENT	192,442	712	–	77	5,768	194,900	2,543	–	20	5,814
UNICRE	84,466	1	–	1,817	–	35,406	19	–	1,622	–
MULTIPESSOAL	2,016	86	242	–	–	2,009	366	353	–	–
EDENRED	2	146,632	62	2,940	2,264	2	131,920	62	2,487	2,371
Other	**75,830**	**5,125**	**–**	**3,754**	**4,720**	**82,638**	**2,925**	**–**	**–**	**4,665**
HUDSON ADVISORS PORTUGAL	–	–	–	–	4,720	–	–	–	–	4,665
Others (*)	75,830	5,125	–	3,754	–	82,638	2,925	–	–	–

(*) Companies indirectly related to members of the Board

In June 2018, a contract was signed between NANI HOLDINGS, SGPS, S.A. (currently Nani Holdings S.à.r.l.), LSF NANI INVESTMENTS S.à.r.l. and novobanco, for the provision of services to support the preparation of consolidated information and regulatory reports.

The balance sheet assets related to associate companies included in the table above mainly refer to credit granted, supplies or debt securities acquired in the context of the Group's activity. The liabilities essentially refer to bank deposits taken.

The guarantees related to associated companies included in the above table essentially refer to guarantees provided.

Transactions with Related Parties were carried out under market conditions (at arm's length), in similar terms and conditions when compared to others signed with unrelated parties, and when this has not occurred, such exceptions were justified in terms of the Bank's Policy on Transactions with Related Parties. Every year, novobanco, together with consultants, analyses and prepares the Transfer Pricing Dossier, which contains information that shows that transactions with related parties respect the principle of Full Competition, which is delivered to the Tax and Customs Authority within the legal deadline.

All loans granted to related entities are included in the impairment model and are subject to determination of impairment in the same way as commercial l granted by the Group. The assets applied with related entities accrue

interest at rates varying between 0% and 4,53% (the rates indicated correspond to the rates applied according to the original currency of the asset).

The costs of remuneration and other benefits awarded to the Key Management Personnel of novobanco in 2025 and 2024 are presented as follows:

(thousands of Euros)

	2025			2024		
	Executive Board of Directors	General and Supervisory Board	Total	Executive Board of Directors	General and Supervisory Board	Total
Short-term employment benefits	5,603	1,919	7,522	4,035	1,580	5,615
Post-employment benefits	7	–	7	3	–	3
	5,610	**1,919**	**7,529**	**4,038**	**1,580**	**5,618**

In 2025 and 2024, the amount of variable remunerations for the Management Bodies amounted to 3,213 thousand euros and 1,958 thousand euros, respectively, which constitutes remunerations that are not vested rights of the members until after the end of the restructuring period, its payment is subject to deferment and verification of certain conditions. Additionally, in 2024, costs of 300 thousand euros were accounted as sign-on bonuses resulting from the appointment of a new Executive Director, and costs of 375 thousand euros were accounted as compensation for the termination of mandates of two Executive Directors.

As at 31 December 2025 and 2024, the value of loans granted and deposits of members of novobanco Key Management Personnel were as follows:

Loans granted

(1) to members of the Executive Board of Directors and their direct relatives was 581 thousand euros (31 December 2024: 241 thousand euros);

(2) members of the General and Supervisory Board and their direct relatives had no loans responsibilities (31 December 2024: had no loans responsibilities).

Deposits

(1) of members of the Executive Board of Directors and their direct relatives was 1,786 thousand euros (31 December 2024: 2,900 thousand euros);

(2) of members of the General and Supervisory Board and their direct relatives was 698 thousand euros (31 December 2024: 732 thousand euros).

Note 39 - Securitisation of Assets

As at 31 December 2025 and 2024, the outstanding securitisation transactions made by the Group were as follows:

(thousands of Euros)

Issue	Start Date	Original Amount	Current amount		Securitized Asset
			2025	2024	
Lusitano Mortgages No.4 plc	September 2005	1,200,000	119,523	138,282	Mortgage Loans (general regime)
Lusitano Mortgages No.5 plc	September 2006	1,400,000	201,737	228,205	Mortgage Loans (general regime)
Lusitano Mortgages No.6 plc	July 2007	1,100,000	196,769	219,774	Mortgage Loans (general regime)
Lusitano Mortgages No.7 plc	September 2008	1,900,000	588,124	659,470	Mortgage Loans (general regime)

According to the consolidation rules established in IFRS 10, Lusitano Mortgages No.6 plc and Lusitano Mortgages No. 7 plc have been fully consolidated from the date of their formation (see Note 1). We present below the main impacts of the consolidation of these entities on the Group's accounts:

(thousands of Euros)

	2025	2024
Cash, cash balances at central banks and other demand deposits	67,995	109,981
Loans and advances (net of impairment)	780,479	873,989
Debt securities issued (a)	9,560	14,981

(a) see Note 31

Additionally, Lusitano Mortgages No. 4 plc and Lusitano Mortgages No. 5 plc are not consolidated as they do not fall within the rules defined by IFRS 10, mainly because the Group's retained interest is residual.

The main characteristics of these operations, referring to 31 December 2025 and 2024, are presented as follows:

(thousands of Euros)

2025														
Issue	Bonds issued	Initial nominal value	Current nominal value	Interest held by the Group (Nominal value)	Interest held by the Group (Book value)	Maturity date	Initial rating of the bonds				Current rating of the bonds			
							Fitch	Moody's	S&P	DBRS	Fitch	Moody's	S&P	DBRS
Lusitano Mortgages No.4 plc	Class A	1,134,000	88,342	–	–	December-48	AAA	Aaa	AAA	-	A+	Aaa	AAA	-
	Class B	22,800	5,848	–	–	December-48	AA	Aa2	AA	-	A+	Aaa	AAA	-
	Class C	19,200	4,924	–	–	December-48	A+	A1	A+	-	A+	Aa2	AA+	-
	Class D	24,000	6,155	–	–	December-48	BBB+	Baa1	BBB-	-	BBB+	Ba2	BBB+	-
	Class E	10,200	5,100	–	–	December-48	NA	-	NA	-	-	-	-	-
Lusitano Mortgages No.5 plc	Class A	1,323,000	146,511	–	–	December-59	AAA	Aaa	AAA	-	AAA	Aaa	AAA	-
	Class B	26,600	11,992	–	–	December-59	AA	Aa2	AA	-	AA-	Aa1	AAA	-
	Class C	22,400	10,099	–	–	December-59	A	A1	A	-	A	Baa1	A	-
	Class D	28,000	12,623	–	–	December-59	BBB+	Baa2	BBB	-	BB	Caa2	B	-
	Class E	11,900	5,950	–	–	December-59	N/A	-	N/A	-	-	-	-	-
Lusitano Mortgages No.6 plc	Class A	943,250	32,660	27,511	26,204	March-60	AAA	Aaa	AAA	-	AAA	Aaa	AAA	-
	Class B	65,450	65,450	63,950	62,812	March-60	AA	Aa3	AA	-	AAA	Aaa	AA	-
	Class C	41,800	41,800	41,800	39,629	March-60	A	A3	A	-	AA+	Aaa	AA-	-
	Class D	17,600	17,600	17,600	16,816	March-60	BBB	Baa3	BBB	-	CCC	Baa3	BBB+	-
	Class E	31,900	31,900	31,900	27,760	March-60	BB	-	BB	-	CC	-	CCC	-
	Class F	22,000	22,000	22,000	–	March-60	-	-	-	-	-	-	-	-
Lusitano Mortgages No.7 plc	Class A	1,425,000	114,296	114,295	108,113	October-64	-	-	AAA	AAA	-	-	AAA	AAA
	Class B	294,500	294,500	294,500	279,467	October-64	-	-	BBB-	-	-	-	AAA	-
	Class C	180,500	180,500	180,500	89,600	October-64	-	-	-	-	-	-	-	-
	Class D	57,000	36,472	36,472	10,370	October-64	-	-	-	-	-	-	-	-

(thousands of Euros)

2024														
Issue	Bonds issued	Initial nominal value	Current nominal value	Interest held by the Group (Nominal value)	Interest held by the Group (Book value)	Maturity date	Initial rating of the bonds				Current rating of the bonds			
							Fitch	Moody's	S&P	DBRS	Fitch	Moody's	S&P	DBRS
Lusitano Mortgages No.4 plc	Class A	1,134,000	119,530	–	–	December-48	AAA	Aaa	AAA	-	AA-	Aaa	AAA	-
	Class B	22,800	7,912	–	–	December-48	AA	Aa2	AA	-	A-	Aaa	AAA	-
	Class C	19,200	6,663	–	–	December-48	A+	A1	A+	-	BB+	Aa2	AA+	-
	Class D	24,000	8,329	–	–	December-48	BBB+	Baa1	BBB-	-	B+	Ba2	BBB+	-
	Class E	10,200	5,100	–	–	December-48	NA	-	NA	-	-	-	-	-
Lusitano Mortgages No.5 plc	Class A	1,323,000	187,704	–	–	December-59	AAA	Aaa	AAA	-	AAA	Aaa	AAA	-
	Class B	26,600	15,364	–	–	December-59	AA	Aa2	AA	-	A+	Aa1	AAA	-
	Class C	22,400	12,938	–	–	December-59	A	A1	A	-	BBB+	Baa1	A	-
	Class D	28,000	16,173	–	–	December-59	BBB+	Baa2	BBB	-	CCC	Caa2	B	-
	Class E	11,900	5,950	–	–	December-59	N/A	-	N/A	-	-	-	-	-
Lusitano Mortgages No.6 plc	Class A	943,250	85,375	71,917	69,999	March-60	AAA	Aaa	AAA	-	AAA	Aaa	A	-
	Class B	65,450	65,450	63,950	61,274	March-60	AA	Aa3	AA	-	AAA	Aaa	A	-
	Class C	41,800	41,800	41,800	38,286	March-60	A	A3	A	-	AA+	Aaa	A	-
	Class D	17,600	17,600	17,600	14,849	March-60	BBB	Baa3	BBB	-	CCC	Baa3	BB	-
	Class E	31,900	31,900	31,900	23,713	March-60	BB	-	BB	-	CC	-	D	-
	Class F	22,000	22,000	22,000	–	March-60	-	-	-	-	-	-	-	-
Lusitano Mortgages No.7 plc	Class A	1,425,000	187,704	187,704	178,771	October-64	-	-	AAA	AAA	-	-	AAA	AAA
	Class B	294,500	294,500	294,500	270,293	October-64	-	-	BBB-	-	-	-	AAA	-
	Class C	180,500	180,500	180,500	82,801	October-64	-	-	-	-	-	-	-	-
	Class D	57,000	40,789	40,789	–	October-64	-	-	-	-	-	-	-	-

In December 2022 novobanco contracted a loan risk transfer operation from a corporate loan portfolio amounting 1 billion euros through synthetic securitisation, with maturity date as of February 2031 (and the possibility of call option in September 2025). Given the nature of this transaction, there was no derecognition of the balance sheet claims, and the guarantee received was recorded, updated according to activation triggers defined in the contract. During 2025, the aforementioned synthetic operation was terminated.

Note 40 - Fair Value of Financial Assets and Liabilities

The governance model of the valuation of the Group financial instruments is defined in internal regulations, which establish the policies and procedures to be followed in the identification and valuation of financial instruments, the control procedures, and the definition of the responsibilities of the parties involved in this process.

40.1 Assets and liabilities at fair value

The fair value of quoted financial assets is determined based on the closing quote (bid-price), the price of the last transaction carried out, or the value of the last known quote (bid). In the absence of a quote, the Group estimates fair value using:

(i) valuation methodologies, such as using prices for recent transactions, which are similar and carried out under market conditions, techniques for discounted cash flows and customised option valuation models to reflect the peculiarities and circumstances of the instrument; and

(ii) valuation assumptions based on market information.

For assets included in fair value hierarchy 3, whose quote is provided by a third party using parameters not observable in the market, the Group proceeds, when applicable, to a detailed analysis of the historical performance and liquidity of these assets, which may imply an additional adjustment to its fair value, as well as from additional internal or external evaluations.

The valuation models used by the type of instrument are as follows:

Money market operations and loans and advances to customers

Fair value is determined by the discounted cash flows method, with future cash flow being discounted considering the currency yield curve plus the credit risk of the entity contractually liquidating that flow.

Commercial paper and loans to customers

Fair value is determined by discounting future cash flows considering the currency yield curve plus the credit risk of the issuer determined in the issuance program.

Debt instruments (bonds) with liquidity

The independent selection valuation methodology is used based on observations available on Bloomberg, designated as 'Best Price', where all the valuations available are requested, but only previously validated sources considered as input, with the model excluding prices due to seniority and outlier prices. In the specific case of the Portuguese sovereign debt, and due to the market making activity and the materiality of the Group's positions, the CBBT source valuations are always considered (the CBBT is a composite of valuations prepared by Bloomberg, which considers the average of executable prices with high liquidity).

Debt instruments (bonds) with reduced liquidity

The models considered for the valuation of reduced liquidity bonds without observable market valuations are determined taking into account the information available on the issuer and the instrument, with the following models being considered: (i) discounted cash flows - cash flows are discounted considering the interest rate risk, credit risk of the issuer and any other risks underlying to the instrument; or (ii) valuations made available by external counterparties, when it is impossible to determine the fair value of the instrument, with the selection always falling on reliable sources with reputed credibility in the market and impartiality in the valuation of the instruments being analysed.

Convertible bonds

The cash flows are discounted considering the interest rate risk, the issuer's credit risk and any other risks that may be associated with the instrument, increased by the net present value (NPV) of the convertibility options embedded in the instrument.

Shares and quoted funds

For quoted market products, the quotation on the respective stock exchange is considered.

Unlisted Shares

the valuation is carried out using external valuations made of the companies in which the shareholding is held. In the event the request for an external valuation is not justified due to the immateriality of this position in the balance sheet, the position is revalued considering the book value of the entity.

Unlisted funds

The valuation provided by the fund management company is considered, which takes into account assumptions not observable in the market. In case of capital calls after the reference date of the last valuation provided, the valuation is recalculated considering the capital calls subsequent to the reference date to the value that they have been made, until a new valuation is provided by the manager that incorporates the capital calls made. It should be noted that although the valuations provided by the fund managers are accepted, whenever it applies according to the fund regulations, the Bank requests the legal certification of accounts issued by independent auditors, in order to obtain the necessary additional comfort to the information provided by the manager. In addition, and for the major assets held by real estate investment funds, and according to an annual work plan previously approved by the Executive Board of Directors, a challenge process is carried out to the valuations of these assets, which consists of a detailed technical analysis of the key assumptions considered in the valuations. This process may result that new valuations may be necessary and adjusts the fair value of these assets.

In the specific case of the Restructuring Funds Discovery and Aquarius ("Evaluated Assets"), they were the subject of a detailed valuation carried out during 2024 by an independent external international entity ("Appraiser"), which hired renowned real estate valuation companies to determine the fair value of real estate assets that represent a significant part of the funds' portfolio.

The estimated fair value of the Evaluated Assets requires a multistage approach, taking into consideration the following: (i) the fair value of the assets invested by each fund (the "Underlying Assets"); (ii) the nature of the respective Fund's interest in each of the Underlying Assets; (iii) other assets and liabilities in the Fund's balance sheet; (iv) the nature of novobanco's interest in each of the funds; and (v) the consideration of any applicable discounts or premiums. The fair value of the Underlying Assets was estimated using the three valuation approaches (market, income, and cost), depending, among other things, on the specific nature of each asset, its development status, available information, and the date of the initial investment. The other assets and liabilities on the fund's balance sheet would usually be valued using the cost approach, with potential market-based adjustments, and the consideration of discounts and premiums, usually assessed using market data and benchmarks.

The Underlying Assets are mainly divided into Non-Real Estate Assets and Real Estate Assets (which can, in turn, be subdivided into Hotels and Other Real Estate Assets). For Non-Real Estate Assets, the Valuator considered the market approach based essentially on Market Multiples for comparable assets and considering the historical performance of each asset. For real estate assets, the valuator used the market approach or the income approach, depending on the status of each asset. In the case of hotels, the main value-determining assumptions considered were the average room rate, occupancy rate, GOP margin, EBITDA margin, Capex needs, and discount rate. Regarding Other Real Estate Assets, the main value determining assumptions were the sale prices, construction costs, timeline (both in development and in sales), and Discount Rates. Each of the assumptions described above, used in the valuation of real estate assets, were determined on an asset-by-asset basis (total of 52 large assets subdivided into a total of more than 300 assets), depending on the status of the asset, historical performance of the asset, location and market competitors.

Regarding the information on quantitative indicators underlying the fair value measurements of the Restructuring Funds, the following is presented:

Assumption	Hotels			Real Estate under development			Real Estate			Agriculture properties		
	Min	Average	Max	Min	Average	Max	Min	Average	Max	Min	Average	Max
Bedroom average rate (€)	60	201	1,000	115	176	300	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Occupancy rate %	40 %	62 %	77 %	45 %	60 %	70 %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
€/square meter	n.a.	n.a.	n.a.	90	3,687	6,610	600	2,898	5,000	n.a.	n.a.	n.a.
€/Ha	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,920	13,504	25,450
Discount rate	8.6 %	9.5 %	10.6 %	8.3 %	9.2 %	10.8 %	5.5 %	8.4 %	12.0 %	n.a.	n.a.	n.a.
Valuation methodology	Market approach Income approach			Market approach Income approach			Market approach Income approach			Market approach Income approach		

Notes:

(1) All the above assumptions were calculated based on the averages of the values considered by external evaluators per valued property.
(2) The average presented was calculated at the property-weighted average in the sum of the value of the underlying assets by category presented.

(3) Hotel - Includes hotels and apart hotels currently in operation (Hotels in development or project are incorporated in Real Estate in Development together with their respective property).

(4) €/m2 considering the gross construction area.

In addition, the additional assumptions considered in the fair value measurement of the financial holdings held in the restructuring funds are presented below:

Type of Fund	Discount based on P/BV observable market data
Real estate and Tourism/Other	14.5%

Derivative instruments

If traded on organized markets, valuations are observable in the market; otherwise, they are valued using standard models with observable market variables, highlighting:

- Foreign exchange options: these are valued through the front office system, which considers models such as Garman-Kohlhagen, Binomial, Black&Scholes, Levy, or Vanna-Volga;
- Interest rate swaps and foreign exchange swaps: these instruments are valued through the front office system, where the cash flows from the fixed leg of the instrument are discounted from the yield curve of the respective currency, and the cash flows from the variable leg are projected considering the forward curve and discounted also considering both the discount factors and forward rates from the yield curve of the respective currency;
- Credit Default Swaps (CDS): both legs of the CDS are composed of cash flows contingent on the credit risk of the underlying asset and are therefore valued using market credit spreads;
- Futures and Options: the Group trades these products on an organised market, but also has the possibility to trade them on the OTC market. For futures and options traded on an organised market, the valuations are observable in the market, with the valuation being received daily through the broker selected for these products. For futures and options traded on the OTC market and depending on the type of product and the underlying asset type, discrete time (binominal) or continuous time (Black & Scholes) models may be used.

The Group calculates the "Credit Valuation Adjustment" (CVA) for derivative instruments according to the following methodology:

(1) Portfolio perspective - the calculation of the CVA results from the application, to the aggregated exposure of each counterparty, of an expected loss and a recovery rate, considering the estimated average duration for each exposure;

(2) Individual perspective - it is based on the calculation of the exposure using stochastic methods (Expected Positive Exposure) that translates into the calculation of the expected fair value exposure that each derivative should assume in the remaining lifetime. Subsequently, an expected loss and a recovery rate are applied to the determined exposure.

The Group does not register "Debt Valuation Adjustment" (DVA), as the exposure potentially subject to DVA is controlled on a monthly basis and has assumed immaterial values. DVA represents the market value of the Group's own credit risk of a certain negative exposure to a counterparty, reflecting a prudent perspective of application of this regulation.

Investment properties

Their fair value is determined based on periodic evaluations carried out by independent entities specializing in this type of service, however, given the subjectivity of some assumptions used in the evaluations, the Group performs internal analyses on the assumptions used which could imply additional adjustments to its fair value, supported by additional internal or external evaluations (see accounting policy in Note 7.15). The market value of the properties for which a sale and purchase agreement has been signed corresponds to the value of that agreement.

The validation of the valuation of financial instruments is carried out by an independent area, which validates the models used and the prices attributed. More specifically, this area is responsible for carrying out the independent verification of prices for market price valuations (mark-to-market), for model-based valuations (mark-to-model) it validates the models used and changes to them, whenever they exist. For prices provided by external entities, the validation consists of confirming the use of correct prices.

The balance sheet value of the financial assets and liabilities and non-financial assets (investment properties) measured at fair value of the Group is as follows:

(thousands of Euros)

	At Fair Value			
	Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	Total Fair Value
	(Level 1)	(Level 2)	(Level 3)	
31 December 2025				
Financial assets held for trading	**126,280**	**79,744**	**–**	**206,024**
Securities held for trading - Bonds issued by public entities	126,280	–	–	126,280
Bonds issued by public entities	126,280	–	–	126,280
Derivatives held for trading	–	79,744	–	79,744
Exchange rate	–	8,653	–	8,653
Interest rate	–	67,510	–	67,510
Other	–	3,581	–	3,581
Financial assets mandatorily at fair value through profit or loss - securities	**1,757**	**8,202**	**215,468**	**225,426**
Securities mandatorily at fair value through profit or loss	1,757	8,202	179,916	189,874
Bonds issued by other entities	91	–	–	91
Shares	1,666	–	141,542	143,208
Other variable income securities	–	8,202	38,374	46,575
Credit	–	–	35,552	35,552
Financial assets at fair value through other comprehensive income	**2,946,083**	**511,162**	**163,788**	**3,621,033**
Bonds issued by public entities	1,852,856	87,764	–	1,940,620
Bonds issued by other entities	1,088,638	420,417	27,269	1,536,324
Shares	28	2,981	136,520	139,529
Other variable income securities	4,561	–	–	4,561
Derivatives - Hedge Accounting - interest rate	**–**	**617,528**	**–**	**617,528**
Interest rate	–	617,528	–	617,528
Investment properties	**–**	**–**	**255,688**	**255,688**
Assets at fair value	**3,074,119**	**1,216,635**	**634,945**	**4,925,699**
Financial liabilities held for trading - Derivatives	**–**	**63,642**	**953**	**64,595**
Derivatives	–	63,642	953	64,595
Exchange rate	–	6,405	–	6,405
Interest rate	–	54,012	953	54,965
Other	–	3,225	–	3,225
Derivatives - Hedge Accounting - Interest rate contracts	**–**	**151,791**	**–**	**151,791**
Interest rate	–	151,791	–	151,791
Liabilities at fair value	**–**	**215,433**	**953**	**216,385**

(thousands of Euros)

	At Fair Value			
	Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	Total Fair Value
	(Level 1)	(Level 2)	(Level 3)	
31 December 2024				
Financial assets held for trading	**521,191**	**112,330**	**–**	**633,521**
Securities held for trading - Bonds issued by public entities	521,191	–	–	521,191
Bonds issued by public entities	521,191	–	–	521,191
Derivatives held for trading	–	112,330	–	112,330
Exchange rate	–	14,469	–	14,469
Interest rate	–	93,435	–	93,435
Other	–	4,426	–	4,426
Financial assets mandatorily at fair value through profit or loss - securities	**17,137**	**17,064**	**214,333**	**248,533**
Securities mandatorily at fair value through profit or loss	17,137	17,064	214,333	248,533
Bonds issued by other entities	12,931	50	1	12,983
Shares	4,205	–	141,542	145,747
Other variable income securities	–	17,013	72,790	89,804
Financial assets at fair value through other comprehensive income	**3,026,873**	**28,314**	**93,117**	**3,148,305**
Bonds issued by public entities	2,326,683	–	–	2,326,683
Bonds issued by other entities	700,165	20,493	–	720,658
Shares	26	7,821	93,117	100,964
Derivatives - Hedge Accounting - interest rate	**–**	**682,256**	**–**	**682,256**
Interest rate	–	682,256	–	682,256
Investment properties	**–**	**–**	**263,827**	**263,827**
Assets at fair value	**3,565,201**	**839,964**	**571,277**	**4,976,442**
Financial liabilities held for trading - Derivatives	**–**	**94,711**	**1,130**	**95,841**
Derivatives	–	94,711	1,130	95,841
Exchange rate	–	14,058	–	14,058
Interest rate	–	76,239	1,130	77,369
Other	–	4,414	–	4,414
Derivatives - Hedge Accounting - Interest rate contracts	**–**	**161,383**	**–**	**161,383**
Interest rate	–	161,383	–	161,383
Liabilities at fair value	**–**	**256,093**	**1,130**	**257,223**

The changes occurred in financial assets and financial liabilities valued based on unobservable market information (level 3 of the fair value hierarchy) during the exercises 2025 and 2024, can be analysed as follows:

(thousands of Euros)

	2025							
	Financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Investment properties	Total assets	Financial liabilities held for trading	Total liabilities
	Securities	Loans					Derivatives held for trading	
Balance as at 31 December 2024	**214,333**	**–**	**–**	**93,117**	**263,827**	**571,277**	**1,130**	**1,130**
Acquisitions	922	–	–	99,657	38	100,617	–	–
Maturities	(50)	–	–	(18,585)	–	(18,635)	–	–
Settlements	(13,905)	–	–	(6,250)	–	(20,154)	–	–
Transfers in	50	–	–	142,368	–	142,418	–	–
Transfers out	–	–	–	(135,492)	–	(135,492)	–	–
Disposals	–	–	–	–	(13,668)	(13,668)	–	–
Changes in value	(21,435)	35,552	–	(11,027)	4,942	8,032	(177)	(177)
Other movements	–	–	–	–	549	549	–	–
Balance as at 31 December 2025	**179,916**	**35,552**	**–**	**163,788**	**255,688**	**634,944**	**953**	**953**

(thousands of Euros)

	2024							
	Financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Investment properties	Total assets	Financial liabilities held for trading	Total liabilities
	Securities	Loans					Derivatives held for trading	
Balance as at 31 December 2023	**225,978**	**–**	**–**	**68,759**	**393,795**	**688,532**	**1,650**	**1,650**
Acquisitions	302	–	–	2,508	386	3,196	–	–
Maturities	(11,594)	–	–	–	–	(11,594)	–	–
Settlements	(9,027)	–	–	15,766	–	6,739	–	–
Disposals	–	–	–	–	(95,985)	(95,985)	–	–
Changes in value	8,674	–	–	6,084	(21,238)	(6,481)	(520)	(520)
Other movements	–	–	–	–	(13,131)	(13,131)	–	–
Balance as at 31 December 2024	**214,333**	**–**	**–**	**93,117**	**263,827**	**571,277**	**1,130**	**1,130**

The transfers between fair value hierarchy that occurred in the portfolio of securities during 2025 is presented as follows:

(thousands of Euros)

	2025					
	Transfers between FVH 1 and 2		Transfers between FVH 2 and 3		Transfers between FVH 1 and 3	
	To FVH 2 from FVH 1	To FVH 1 from FVH 2	To FVH 3 from FVH 2	To FVH 2 from FVH 3	To FVH 3 from FVH 1	To FVH 1 from FVH 3
Securities mandatorily at fair value through profit or loss	13,390	–	50	–	–	–
Securities at fair value through other comprehensive income	478,247	167,228	–	135,492	142,368	–
Securities at amortised cost	1,176,378	405,980	156,789	50,201	–	–
	1,668,015	**573,208**	**156,839**	**185,692**	**142,368**	**–**

In the financial year of 2024 there were no significant transfers of value between the different levels of the fair value hierarchy.

Potential gains and losses of financial instruments and investment properties classified at level 3 of fair value hierarchy are recorded in income for the year or revaluation reserves, according to the respective accounting policy of the assets. The amounts calculated as at 31 December 2025 and 2024 were as follows:

(thousands of Euros)

	2025			2024		
	Recognised in reserves	Recognised in net income	Total	Recognised in reserves	Recognised in net income	Total
Derivatives held for trading	–	177	177	–	521	521
Financial assets mandatorily at fair value through profit or loss	–	(21,395)	(21,395)	–	8,331	8,331
Financial assets at fair value through other comprehensive income	(4,823)	–	(4,823)	61,933	–	61,933
Investment properties	–	4,316	4,316	–	(24,883)	(24,883)
	(4,823)	**(16,902)**	**(21,725)**	**61,933**	**(16,031)**	**45,902**

The following table presents, for financial assets included in level 3 of the fair value hierarchy, the main valuation methods used and the impact of the change in the main variables used in their valuation, when applicable:

(millions of Euros)

Assets classified under level 3	2025						
	Valuation Model	Variable analysed	Book value	Unfavorable scenario		Favorable scenario	
				Change	Impact	Change	Impact
Financial assets mandatorily at fair value through profit or loss			**215.5**		**(15.2)**		**10.9**
Shares			141.5		(8.8)		8.8
	Valuation of the management company (adjusted)	(b)	141.5	-6,2%	(8.8)	+6,2%	8.8
Other variable income securities			38.4		(4.3)		2.1
	Valuation of the management company (adjusted)	(b)	33.6	-6,2%	(2.1)	+6,2%	2.1
	Valuation of the management company	(c)	4.8		–		–
Loans	Discounted cash flows Model	(d)	35.6	-6,1%	(2.2)	– %	–
Financial assets at fair value through other comprehensive income			**163.8**		**(11.0)**		**13.0**
Bonds issued by other entities	Discount rate	(a)	27.3	-1,0%	(1)	1,0%	–
Shares			136.5		(10.4)		12.6
	Discounted cash flows	Renewable Energy Tariff	16.2	-6,5%	(1.1)	+2,7%	0.4
	Discounted cash flows	CoE & Dividend Yield	55.1	-17,0%	(9.4)	+22,0%	12.1
	Others	(a)	65.2		–		–
Total			**379.3**		**(26.2)**		**23.9**

(a) No sensitivity analysis was carried out for these categories as these include securities of an individually immaterial value.

(b) For the sensitivity analysis carried out on the valuation of the Restructuring Funds, taking into account the valuation methodologies applied, a variation of +10% and -10% was considered in the fair value of the main real estate assets of each Fund, which leads to an impact of +6.2% and -6.2% in the fair value of the restructuring funds.

(c) In the specific case of units valued according to the quotation provided by the respective management company, it is not reasonable to analyze the impact of the change in variables underlying the determination of the quotation by that entity

(d) Sensitivity scenarios were analysed, namely 1 and 2 years delays in the expected cash flow schedules for the Angola and Mozambique operations. These scenarios lead to a -1,3 million euros (-3,4%) and 2,2 million euros (-6,1%) impact on the fair value, respectively.

(millions of Euros)

Assets classified under level 3	Valuation Model	Variable analysed	2024 Book value	Unfavorable scenario Change	Unfavorable scenario Impact	Favorable scenario Change	Favorable scenario Impact
Financial assets mandatorily at fair value through profit or loss			**214.3**		**(13.0)**		**13.0**
Shares			141.5		(8.8)		8.8
	Valuation of the management company (adjusted)	(b)	141.5	- 6,2 %	(8.8)	+ 6,2 %	8.8
Other variable income securities			72.8		(4.2)		4.2
	Valuation of the management company (adjusted)	(b)	67.9	- 6,2 %	(4.2)	+ 6,2 %	4.2
	Valuation of the management company	(c)	4.7		–		–
Financial assets at fair value through other comprehensive income			**93.1**		**(10.4)**		**12.6**
Shares			93.1		(10.4)		12.6
	Discounted cash flows	Renewable Energy Tariff	16.6	- 6,5 %	(1.1)	+ 2,7 %	0.4
	Discounted cash flows	CoE & Dividend Yield	55.1	- 17,0 %	(9.4)	+ 22,0 %	12.1
	Others	(a)	21.4		–		–
Total			**307.4**		**(23.4)**		**25.6**

(a) No sensitivity analysis was carried out for these categories as these include securities of an individually immaterial value.

(b) For the sensitivity analysis carried out on the valuation of the Restructuring Funds, taking into account the valuation methodologies applied, a variation of +10% and -10% was considered in the fair value of the main real estate assets of each Fund, which leads to an impact of +6.2% and -6.2% in the fair value of the restructuring funds.

(c) In the specific case of units valued according to the quotation provided by the respective management company, it is not reasonable to analyze the impact of the change in variables underlying the determination of the quotation by that entity

The main parameters used as at 31 December 2025 and 2024 in the valuation models were as follows:

Interest Rate Curves

The short-term rates presented reflect benchmark interest rates for the money market, whilst those presented for the long-term represent the interest rate swap quotations for the respective periods:

(%)

	2025			2024		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	1.9760	3.6350	3.7350	3.0077	4.2850	4.7300
1 month	1.9390	3.7250	3.8600	2.8450	4.4050	5.0100
3 months	2.0260	3.7950	4.0150	2.7140	4.4350	4.9050
6 months	2.1070	3.8150	3.9700	2.5680	4.4550	4.8500
9 months	2.1746	3.7950	4.0250	2.5146	4.4750	4.8200
1 year	2.2430	3.6920	3.7914	2.4600	4.4300	4.6874
3 years	2.3795	3.5870	3.7774	2.1940	4.3230	4.3951
5 years	2.5690	3.6710	3.8992	2.2410	4.3130	4.2863
7 years	2.7281	3.8470	4.0315	2.2940	4.2980	4.2607
10 years	2.9240	4.0410	4.2325	2.3590	4.3425	4.3073
15 years	3.1420	4.2990	4.4855	2.4190	4.3740	4.4288
20 years	3.2371	4.1980	4.6194	2.3610	4.3880	4.4842
25 years	3.2550	4.4440	4.6744	2.2570	4.2780	4.4865
30 years	3.2450	4.3890	4.6816	2.1540	4.2051	4.4575

Credit Spreads

The credit spreads used by the Group in the valuation of credit derivatives are those disclosed on a daily basis by Markit, representing observations pertaining to around 85 renowned international financial entities.

The evolution of the main indexes, understood as being representative of the credit spread behaviour in the market during the year, is presented as follows:

(basis points)

Index	Series	1 year	3 years	5 years	7 years	10 years
31 December 2025						
CDX USD Main	**45**	–	29.85	49.84	70.45	90.23
iTraxx Eur Main	**44**	13.75	35.24	57.65	77.48	97.75
iTraxx Eur Senior Financial	**44**	–	–	63.78	–	–
31 December 2024						
CDX USD Main	**43**	–	29.85	49.84	70.45	90.23
iTraxx Eur Main	**42**	13.75	35.24	57.65	77.48	97.75
iTraxx Eur Senior Financial	**42**	–	–	63.78	–	–

Interest Rate Volatility

The values presented below refer to the implicit volatilities (at the money) used for the valuation of interest rate options:

(%)

	2025			2024		
	EUR	USD	GBP	EUR	USD	GBP
1 year	21.57	48.90	34.10	66.88	67.60	66.00
3 years	52.01	71.90	59.10	84.08	101.20	99.80
5 years	61.88	77.50	68.70	86.99	104.40	106.00
7 years	65.78	80.10	73.70	86.35	104.00	106.30
10 years	68.21	81.70	78.40	84.13	102.10	104.00
15 years	68.67	82.50	81.90	79.90	97.70	100.20

Foreign Exchange Rates and Volatility

Presented below are the foreign exchange rates (European Central Bank) at the balance sheet date and the implicit volatilities (at the money) for the main currencies used in the derivatives valuation:

Foreign exchange rate	2025	2024	Volatility (%)				
			1 month	3 months	6 months	9 months	1 year
EUR/USD	1.1750	1.0389	5.28	5.58	5.84	6.05	6.20
EUR/GBP	0.8726	0.8292	3.64	4.17	4.55	4.80	4.97
EUR/CHF	0.9314	0.9412	3.65	4.17	4.59	4.87	5.05
EUR/NOK	11.8430	11.7950	6.25	6.74	7.16	7.42	7.67
EUR/PLN	4.2210	4.2750	3.99	4.35	4.72	4.98	5.13
EUR/RUB	117.2010	117.2010	19.89	25.83	29.45	31.33	32.01
EUR/BRL	6.4364	6.4253	12.53	14.99	13.97	14.88	16.65
EUR/TRY	50.4838	36.7372	11.00	14.51	17.18	18.85	19.93

Regarding exchange rates, the Group uses the spot rate observed in the market at the time of valuation in its valuation models.

Quotation Indexes

The table below presents the evolution of the main market equity indexes and their respective volatilities, used in the valuation of equity derivatives:

	Quotation			Historical volatility		Implicit volatility
	2025	2024	Variation %	1 month	3 months	
DJ Euro Stoxx 50	5,791	4,896	18.29 %	8.50	11.48	–
PSI 20	8,264	6,377	29.58 %	10.38	12.03	–
IBEX 35	17,308	11,595	49.27 %	9.23	12.08	–
FTSE 100	9,931	8,173	21.51 %	7.50	8.54	10.47
DAX	24,490	19,909	23.01 %	11.13	12.70	12.82
S&P 500	6,846	5,882	16.39 %	11.23	11.53	12.70
BOVESPA	161,125	120,283	33.95 %	19.53	13.97	16.23

40.2 Assets and liabilities at Amortised Cost

Cash and deposits with Central Banks, Deposits with banks and Loans and advances to credit institutions and Deposits from Central Banks

Considering the short-term nature of these financial instruments, their carrying book value is a reasonable estimate of their fair value.

Securities at amortised cost

The fair value of securities recorded at fair value is estimated according to the methodologies used for the valuation of securities recorded at fair value, as described at the beginning of the current Note.

Loans and advances to customers

The fair value of loans and advances to customers is estimated based on the discounted expected future cash flows of principal and interest, assuming that the instalments are paid on the dates contractually defined. The expected future cash flows from portfolios of loans with similar credit risk characteristics, such as residential mortgage loans, are estimated collectively on a portfolio basis. The discount rates used by the Group are the current interest rates used for loans with similar characteristics.

Deposits from credit institutions

The fair value of deposits from Central Banks and Deposits from credit institutions is estimated based on the discounted expected future cash flows of principal and interest.

Due to customers

The fair value of these financial instruments is estimated based on the updating of expected capital and interest cash flows. The discount rate used is the one that reflects the rates practised for deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

Debt securities issued, Subordinated debt and liabilities associated to transferred assets

The fair value of these instruments is based on quoted market prices, when available. When not available, the Group estimates their fair value by discounting their expected future cash flows of principal and interest.

Other financial liabilities

These liabilities are short-term and therefore the book value is a reasonable estimate of their fair value.

The fair value of financial assets and liabilities recorded in the balance sheet at amortized cost is analysed as follows, having been estimated based on the main methodologies and assumptions described below:

(thousands of Euros)

		Fair Value			
	Assets / liabilities recorded at amortised cost	Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	Total fair value
		(Level 1)	(Level 2)	(Level 3)	
31 December 2025					
Cash, cash balances at central bank and other demand deposits	2,169,209	–	2,169,209	–	2,169,209
Financial assets at amortised cost					
Debt securities	7,920,427	5,598,859	705,658	1,507,056	7,811,573
Loans and advances to banks	2,324,006	–	2,324,006	–	2,324,006
Loans and advances to customers	27,102,790	–	–	27,206,784	27,206,784
Financial assets	**39,516,432**	**5,598,859**	**5,198,873**	**28,713,840**	**39,511,571**
Financial liabilities measured at amortised cost					
Deposits from banks	3,029,353	–	3,029,353	–	3,029,353
Due to customers	32,310,857	–	–	32,310,857	32,310,857
Debt securities issued, subordinated debt and liabilities associated to transferred assets	4,399,774	3,939,959	861,548	–	4,801,506
Other financial liabilities	522,854	–	–	522,854	522,854
Financial liabilities	**40,262,839**	**3,939,959**	**3,890,901**	**32,833,712**	**40,664,571**

(thousands of Euros)

		Fair Value			
	Assets / liabilities recorded at amortised cost	Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	Total fair value
		(Level 1)	(Level 2)	(Level 3)	
31 December 2024					
Cash, cash balances at central bank and other demand deposits	1,757,414	–	1,757,414	–	1,757,414
Financial assets at amortised cost					
Debt securities	8,384,115	6,814,940	165,194	1,317,720	8,297,854
Loans and advances to banks	36,523	–	36,523	–	36,523
Loans and advances to customers	25,144,034	–	–	25,278,604	25,278,604
Financial assets	**35,322,087**	**6,814,940**	**1,959,131**	**26,596,325**	**35,370,395**
Financial liabilities measured at amortised cost					
Deposits from banks	1,772,496	–	1,772,496	–	1,772,496
Due to customers	30,293,382	–	–	30,293,382	30,293,382
Debt securities issued, subordinated debt and liabilities associated to transferred assets	2,957,451	3,348,247	–	14,828	3,363,075
Other financial liabilities	562,307	–	–	562,307	562,307
Financial liabilities	**35,585,636**	**3,348,247**	**1,772,496**	**30,870,517**	**35,991,260**

Note 41 -Transfer of Assets

In the context of the restructuring process of the Portuguese real estate sector, several initiatives were launched to create financial, operational, and management conditions that could revitalize that sector. In this regard, the Government, in close connection with companies and the financial sector, including the former BES, encouraged the creation of societies and specialized funds that, through concentration, aggregation, merger, and integrated management operations, would allow the attainment of the synergies needed for the recovery of the companies. With these objectives in mind, companies (parent companies) were established, with a minority participation of the Originating Bank, which in turn came to hold almost all of the capital of certain subsidiaries (subsidiaries of these parent companies) with the aim of acquiring certain real estate bank loans.

A set of operations for the transfer of financial assets (namely customer credit) to those last entities (subsidiaries of the parent companies) was carried out. These entities are responsible for managing the assets received as collateral that, after the transfer of credits, aim to implement a plan to enhance them. Almost all of the financial assets transferred in these operations were derecognized from the Group's balance sheet, as the substantial share of the risks and benefits associated with them, as well as their control, was transferred to the aforementioned third-party entities.

The aforementioned acquiring entities have a specific management structure, completely autonomous from the lending banks, which is selected at the time of their constitution and has the main responsibilities of:

- define the purpose of the entity;
- manage and exclusively and independently manage the acquired assets, determine the objectives and investment policy and the manner of conduct of the management and business of the entity.

The acquiring entities are financed, predominantly, through the issuance of senior capital instruments that are fully subscribed by the parent companies. The value of the capital represented by senior securities equals the fair value of the transferred asset, determined by a negotiation process based on evaluations made by both parties. These securities are remunerated at an interest rate that reflects the risk of the company holding the assets. Additionally, financing can be supplemented by banks subscribing to junior capital instruments by the difference between the book value of the transferred credits and the fair value that was based on the valuation of the senior security. These junior instruments, when subscribed by the Group, will entitle to a contingent positive value, if the value of the transferred assets exceeds the amount of senior instalments plus their remuneration, and is usually limited to a maximum of 25% of the total value resulting from senior securities and junior securities issued.

Considering that these junior securities reflect a differential valuation of the transferred assets, based on evaluations made by independent entities and a negotiation process between the parties, they are fully provisioned in the Group's balance sheet.

Thus, following the asset transfer operations, the Group subscribed:

- capital-senior instruments, representing the capital of the parent companies in which the cash flows that will allow their recovery come from a wide range of assets transferred by the various Banks. These securities are recorded in the portfolios of financial assets necessarily at fair value through the results being evaluated at market, with valuation regularly disclosed by the mentioned companies whose accounts are audited at the end of each year;
- junior instruments, issued by the companies that acquire the credits that are being fully provisioned as they reflect the best estimate of the impairment of the transferred financial assets.

From these subscriptions by the novobanco Group resulted a clearly minority position in the capital of the mentioned entities.

In this context, not having control but remaining with some risk and benefit, the Group novobanco, under the terms of IFRS 9 3.2.7, conducted an analysis of the exposure to variability of risks and benefits in the transferred assets, before and after the operation, concluding that it did not retain a substantial part of the risks and benefits. Additionally, and considering that it also does not have control, it proceeded under the terms of IFRS 9 3.2.6c, (i) to the recognition of the transferred assets and (ii) to the recognition of the assets received as consideration, as shown in the following table:

(thousands of Euros)

	Amounts at transfer date							
	Amounts of the assets transferred			Securities subscribed				
	Net assets transferred	Transfer amount	Result of the transfer	Shares (Senior securities)	Junior securities	Total	Impairment	Book value
Fundo Recuperação Turismo, FCR	293,187	293,187	–	256,892	34,906	291,798	(34,906)	256,892
FLIT SICAV	336,896	337,981	1,085	325,527	23,247	348,773	(23,247)	325,527
Discovery Portugal Real Estate Fund	227,155	218,609	(8,546)	211,780	–	211,780	–	211,780
Fundo Vallis Construction Sector	98,981	98,981	–	98,349	25,181	123,529	(25,181)	98,349
Fundo Recuperação, FCR	200,019	204,317	4,299	164,078	36,182	200,261	(23,000)	177,261
Fundo Reestruturação Empresarial	73,225	73,225	–	103,481	–	103,481	–	103,481
Fundo Aquarius	144,830	143,770	(1,060)	145,435	–	145,435	–	145,435
	1,374,292	**1,370,070**	**(4,222)**	**1,305,541**	**119,516**	**1,425,057**	**(106,333)**	**1,318,724**

During 2022, as part of the Crow project, the Group proceeded to sell all the participation units of the Tourism Recovery Fund and the FLIT SICAV, and to partially sell the participation units of the Recovery Fund FCR, so as at 31 December

2025, the Group's total exposure in securities related to credit transfer operations amounted to a value of 175.1 million euros (31 December 2024: 209.5 million euros). The details are as follows:

(thousands of Euros)

	2025				2024			
	Securities			Unrealised Subscribed Capital	Securities			Unrealised Subscribed Capital
	Participation units subscribed (no.)	Book value	Fund Nav *		Participation units subscribed (no.)	Book value	Fund Nav	
Discovery Portugal Real Estate Fund	259,527	141,542	257,996	3,950	259,527	141,542	276,274	3,950
Fundo Recuperação, FCR	–	–	–	–	162,149	14,681	22,794	–
Fundo Aquarius	97,867	33,594	107,322	7,982	121,522	53,247	123,031	15,280
	357,394	**175,136**	**365,318**	**11,932**	**543,198**	**209,469**	**422,100**	**19,230**

* quotation for 30 June 2025

Note 42 - Risk Management

The "Institutional" area of Novo Banco, S.A.'s website presents information for the investor, particularly the Market Discipline Report of Novo Banco, S.A., which aims to comply with the obligation to publicly disclose information as set out in Part VIII of Regulation No. 575/2013 of the European Parliament and the Council of 26 June 2013 (CRR) and the guidelines issued by the EBA, incorporated into the Portuguese regulatory framework through Bank of Portugal's Instruction 5/2018.

In cases where the information from this Annual Report supports the information in the Market Discipline Report, this information is identified through references to this Report, systematized in the Annex of the Market Discipline Report.

42.1 Framework

Risk is implicit in banking business and, as such, the novobanco Group is naturally exposed to various categories of risks that arise from external and internal factors, and which emerge depending on the characteristics of the markets in which the Bank operates and the activities it carries out.

The Group’s Risk management and control is therefore grounded on the following assumptions:

- Universality through application throughout the novobanco Group;
- The integration of a risk culture through a holistic approach;
- Independence of the control functions from the risk-taking units, complying with the 3 Lines of Defence Model;
- Forward Looking approach to identifying risk exposures in order to manage them within the framework of the defined risk appetite, allowing for a dynamic view of risks;
- Continuous improvement in the quality and timeliness of the information used to monitor and manage risks.

42.2 Governance and Risk management structure

Risk Management, being vital for the development of novobanco Group's activity, is centralized in the Risk Management Function, assumed by the Global Risk Department (DRG), which defines in a holistic way the principles of risk management and control, in close coordination with the other 2nd line units of the novobanco Group, as well as with the Internal Audit Department.

All materially relevant risks are reported to the respective Management and Supervisory Bodies (EBD, GSB and both Risk Committees and specialized Committees), which assume the responsibility to supervise, monitor, evaluate and define the Risk Appetite and the control principles implemented.

The person responsible for the Risk Management Function of the novobanco Group is the head of the DRG. In order to guarantee greater efficiency in coordination with the DRG, a local Risk Function Manager was appointed for each relevant entity of the novobanco Group. The intervention of the DRG is direct or of coordination in alignment with the units that assume the local Risk Management Function.

Risks identified as relevant and material are quantified through the Internal Capital Adequacy Assessment Process (ICAAP), with the most relevant being:

- credit risk that includes default, counterparty and concentration
- market risk;

- liquidity risk;
- information and communication and Security, compliance risk, and reputational risk, and
- business risk.

We highlight ESG (Environmental, Social and Governance) risk - particularly the subcategories of climate and environmental risk and other environmental risks - as risks of increasing relevance, and whose impact is estimated to be materialized in the medium and long term (that is, over a horizon longer than the other risk categories).

ESG risk is part of the Group's risk management framework, in close coordination between the DRG and the ESG Office, which contributes with specific knowledge for the identification of climate and environmental risk factors and social risk factors.

Thus, it is formally defined in novobanco's risk taxonomy as exposure to adverse events resulting from inadequacies or failures in procedures, systems or policies related to the environment (adaptation or mitigation of climate change, sustainable use and protection of water or marine resources, transition to a circular economy, waste prevention and recycling, pollution control and protection of ecosystems) and natural resources (Biodiversity), Social (equality, social cohesion, social integration, labour relations) and Governance (adequate management structures, labour relations, employee remuneration and tax obligations compliance).

The assessment of the materiality of its impacts is analysed cross-sectionally, as ESG factors are intrinsically present in the other risk categories provided for in the Group's risk taxonomy.

In this regard, we highlight the factors that have received greater specialization from the Group, in terms of its risk assessment and control methodologies and their integration into business processes:

- Climate transition risks: defined as the impacts associated with the transition to a low-carbon economy. In other words, these risks are caused by legislation/regulation, technology, and market changes resulting from the requirements associated with climate change. Depending on each economic sector's (and each company's) response to the need for transition, different scenarios (and severities of transition risk factors) can be envisioned, and as a result, different risks and risk levels can be identified and assessed.
- Physical risks: defined as the impacts associated with the physical effects of climate change. These risks can result from factors that arise based on an extreme event - acute risk - or through a medium or long-term factor - chronic risk (for example, the negative effect that global warming, resulting from the continuous increase in temperatures, can have on the productive cycles of some sectors). Physical risks can have as a consequence internal financial impacts (damage to own assets) or external financial impacts (disruption of the productive cycles of customers/ counterparts or the impact on the Group's real estate collaterals).

Next are the main guidelines for managing the risks identified above:

- Credit risk: the management and control of this type of risk are supported by the use of an internal system for identifying, assessing and quantifying risks, as well as internal rating and scoring processes for the portfolios and their continuous monitoring in specific decision-making forums;
- Market risk: there is a specialized team that centralizes the management and control of market risk and the Group's balance sheet interest rate risk (IRRBB), aligned with regulation and good risk practices;
- Liquidity risk: based on the measurement of liquidity outflows from contractual and contingent positions in normal or in stress situations, the management and control of this risk consists, on the one hand, in determining the size of the liquidity pool available at any given time, and on the other hand in planning, in the medium and long term, stable financing sources;
- non-financial risks: the management of this risk is based on the definition of a framework for the management and control of non-financial risks and specific policies; and on the compliance function and the Information Security Office playing a relevant role in the definition of other specific risk policies.

42.3 Credit risk

Credit risk arises from the possibility of financial loss due to customer or counterparty defaults on contractual obligations established with the Group as part of its credit activity. Credit risk is primarily present in traditional banking products - loans, guarantees, and other contingent liabilities and derivatives. In credit default swaps (CDS), the net exposure between selling and buying protection positions on each entity underlying the operations constitutes credit risk for the novobanco Group. CDS are recorded at their fair value as per the accounting policy described in Note 7.6.6.

Continuous management of credit portfolios is carried out, favouring interaction between the various teams involved in risk management throughout the successive phases of the credit process. This approach is complemented by introducing continuous improvements in both risk assessment and control methodologies and tools, as well as decision-making procedures and circuits.

Monitoring the Group's credit risk profile, particularly in terms of the evolution of credit exposures and monitoring of credit losses, is carried out on a regular basis in the Risk Committees of the Executive Board of Directors and the General and Supervisory Board.

Main events in the financial year 2025

The cost of risk during 2025 amounted to 25 million euros, below the amount recorded in 2024, confirming a controlled and adequate level of credit risk, based on consistent performance of the loan portfolio across all portfolios, with low levels of claims as well as continuous improvement in the average quality of the portfolio, both through the reduction of the portfolio of non-performing exposures and also the reduction of the portfolio in stage 2.

During 2025, we highlight the following as the main non-recurring events in terms of impairment policy:

- Update of risk parameters resulting from new IFRS9 models developed for the calculation of impairment;
- Strengthening of the model and governance for the constitution of management decision impairments (impairment management overlays);
- Review and supplementation of evidence in the Stage 2 classification.

Regarding the new IFRS 9 models developed and mentioned in the first point, we note that they reflect a comprehensive review of the risk parameter estimation models applied in the collective impairment model and promoted a restoration of impairments in most segments.

With respect to the second point mentioned above (impairment management overlays) the process and governance associated with quantifying the amount of impairment set up to address identified risks or new emerging risks not yet materialized in the impairment determined by the collective model was strengthened and formalized. The impairment amounts associated with each overlay are defined and approved by the Extended Impairment Committee and are reviewed quarterly, as is the need to establish new overlays. The total amount associated with impairment management overlays increased during 2025, with the accumulated amount of impairment related to management overlays totaling 167 million euros as of 31 December 2025, distributed among the following risks:

- Expectation of worsening market conditions;
- Full coverage for impairments on long-term non-performing corporate loans;
- Risk of Refinancing Corporate Loans in Stage 2;
- Transition from Stage 1 to Stage 2 of corporate loans with potential pre-watchlist classification;
- Risk of Refinancing of Guarantees Provided in Stage 2;
- Severity associated with the Large Corporate segment.

Finally, regarding the review and supplementation of indicators in the Stage 2 classification, we highlight:

- full review of the risk classification based on the Early Warning Signals system, which led to the implementation of the Stage 2 indicator through the Watchlist classification. This criterion replaced the case-by-case markings previously made as a result of risk monitoring processes;

- supplementation of the Stage 2 indicator for loans overdue by more than 30 days with the additional criterion of default exceeding 30 days according to the definition of default.

The climate and environmental risk component

The ESG risk materiality analysis seeks to identify the impact that this risk will have on other risks, particularly credit risk, since it is the main risk faced by novobanco. Taking into account its activities and strategic objectives, in order to monitor the credit risk of the portfolio from an ESG perspective, several Risk Appetite metrics and Risk Indicators have been created, which are monitored on a monthly basis, seeking to analyse the evolution of the portfolio's risk and anticipate any adverse impacts on credit risk resulting from factors associated with climate and environmental risk.

From a portfolio perspective, the assessment of credit risk in sectors relevant to climate risk policy is used by the novobanco to prioritize, assess and monitor transition risk, with a focus on negatively affected sectors or those with an

uncertain impact, in other words, these sectors who will need to bear a greater transition effort. This methodology takes into account the following factors: direct and indirect contribution to GHG emissions (greenhouse gas, such as the production and distribution of fossil fuels or renewable energies), relevance to climate policy (such as the sensitivity of the cost structure to regulatory or fiscal changes based on GHG emissions) and importance in the energy value chain (production, use, consumption).

In this respect, novobanco is developing its transition plan with the aim of reducing its indirect carbon footprint, reducing the risk of its portfolio and contributing to meeting the Paris objectives. In 2023, targets for reducing financed GHG emissions were approved under the Science Based Targets Initiative (SBTi).In 2024, additional targets for financed GHG emissions were approved for two new sectors: Chemicals and Fossil Energy, based on the trajectories defined by the International Energy Agency. Additionally, strategies were defined for aligning the portfolio in each of the sectors. Throughout 2025, the previously established objectives were maintained and monitored.

In order to allow for a top-down analysis, novobanco uses uses an internally developed sectoral ESG scoring system, that allows for the identification of clients who will be the target of credit risk analysis from an ESG perspective, by prioritizing the sectors with the greatest concerns in terms of climate risk, namely the sectors classified in the ESG scoring with high and severe risk. novobanco is developing specific guidelines adapted to the risks that each relevant sector faces or will face.

To ensure that novobanco has access to its clients' ESG information, new contractual provisions have been introduced in credit agreements regarding the provision of non-financial information by clients, minimum social and governance safeguards, as well as sectoral provisions for sectors subject to minimum financing safeguards, where applicable. For reference, the sectors subject to exclusion or minimum safeguards are described in the novobanco's Financing Principles - Sector/activity exclusions and minimum safeguards.

During 2025, special emphasis was also placed on obtaining Energy Performance Certificates (EPC) for real estate guarantees already in the bank's portfolio. For new operations, regardless of the purpose and type of property, the energy certificate is mandatory.

42.3.1 Exposure to credit risk

Next, the information related to the novobanco Group's maximum exposure to credit risk is presented:

(thousands of Euros)

	2025			2024		
	Gross value	Impairment	Net Value	Gross value	Impairment	Net Value
Deposits with and loans and advances to banks	2,524,979	(822)	2,524,157	267,049	(564)	266,485
Derivatives held for trading and fair value option derivatives	79,744	–	79,744	112,330	–	112,330
Securities held for trading	126,280	–	126,280	521,191	–	521,191
Securities mandatorily at fair value through profit or loss	91	–	91	12,983	–	12,983
Securities at fair value through other comprehensive income	3,476,944	(598)	3,476,346	3,047,341	(440)	3,046,901
Securities at amortised cost	7,986,252	(65,825)	7,920,427	8,626,268	(242,152)	8,384,116
Loans and advances to customers	27,808,366	(744,037)	27,064,329	25,925,993	(835,007)	25,090,987
Derivatives - hedge accounting	617,528	–	617,528	682,256	–	682,256
Other assets	289,864	(40,566)	249,298	524,160	(84,769)	439,391
Guarantees and standby letters provided	2,188,044	(102,809)	2,085,235	2,340,577	(83,664)	2,256,913
Documentary credits	188,704	–	188,704	148,539	–	148,539
Revocable and irrevocable commitments	7,434,988	(9,646)	7,425,342	6,338,927	(8,831)	6,330,096
	52,721,784	**(964,304)**	**51,757,480**	**48,547,614**	**(1,255,426)**	**47,292,188**

For financial assets recognized in the Balance Sheet, the maximum exposure to credit risk is represented by the net book value of impairment. For off-balance-sheet items, the maximum exposure of guarantees is the maximum amount the Group would have to pay if the guarantees were executed, and for loan commitments and other irrevocable credit-related commitments, it is the total amount of commitments assumed

Impairment is calculated on a collective or individual basis according to the accounting policy defined in Note 7.12. In cases where the value of collateral, after applying haircuts (differentiated by collateral type), equals or exceeds exposure, individual impairment may be null. Thus, the novobanco Group has no overdue financial assets for which it has not performed an analysis regarding its recovery and subsequent recognition of the respective impairment when verified.

42.3.2 Scenarization in impairment models

As prescribed in IFRS 9 regulation, the Group's impairment calculation reflects different macroeconomic evolution expectations, that is, it incorporates multiple scenarios. To incorporate the effects of future macroeconomic behaviour on loss estimates, macroeconomic forward-looking estimates are included in some of the risk parameters used for impairment calculation. Accordingly, different possible scenarios are considered, which result in the same number of impairment outcomes.

In this context, the process of defining macroeconomic scenarios considers the following principles:

- Representative scenarios that capture existing non linearities (e.g., a base scenario, a scenario with more favourable macroeconomic prospects, and a scenario with less favourable macroeconomic prospects);
- The base scenario is consistent with the inputs used in other exercises in the Group, as it uses the same methodology that the Group uses in internal and regulatory planning exercises for impairment calculation purposes;
- Alternative scenarios to the base scenario incorporate a favourable and an adverse scenario;
- The correlation between projected variables is realistic with the economic reality (e.g., if GDP is increasing, it is expected that unemployment is decreasing).

The exercise of constructing central and alternative macroeconomic scenarios for the Portuguese economy is based on a combination of econometric forecasts, information on forecasts from other external institutions, and the exercise of subjective expert judgement.

In the first component, GDP growth is estimated through estimates for the growth of expenditure components, reaching GDP through the identity GDP = Consumption + Investment + Exports - Imports. The chosen econometric specifications are those that, after testing different alternatives, generate the best result.

The econometric estimates thus obtained are then weighted with forecasts from external institutions, according to the principle that the combination of different projections tends to be more accurate than a single forecast (the risk of errors and biases associated with specific methods and variables is minimized).

Forecasts for prices (consumption and real estate) and unemployment follow a similar methodology: own forecasts from an estimated model, weighted with forecasts from external institutions, if these are available. In a base scenario, the projections for interest rates start from market expectations (provided by Bloomberg), with possible adjustments according to the principles defined above, if considered appropriate (weighting by expert judgment and forecasts from external institutions). The alternative scenarios are based on the historical observation of deviations from the trend in the behaviour of GDP (expansion and contraction cycles), the reference of EBA recommendations for extreme adverse scenarios, the stylized facts of economic cycles, with regard to expenditure components, prices, unemployment, etc., and estimates.

Thus, when revising/updating the scenarios, the respective probabilities are also reviewed. Once the scenarios are updated, the values of the risk parameters are updated for later consideration in the context of the Impairment calculation. The eventual final impairment will result from the sum of the impairment value of each scenario, weighted by its respective probability of execution.

Currently, 3 scenarios are considered for the calculation of impairment on a collective basis: base case, downside case (or adverse) and an upside case.The impairment calculation is equivalent to considering the scenarios described below:

A – Base Scenario, with a relative weight of 77%

	Unit	2026	2027	2028
PIB	Real growth %	2.2	1.7	1.9
Private Consumption	Real growth %	2.0	2.0	2.2
Public Expenditure	Real growth %	1.3	1.0	0.6
Investment	Real growth %	5.3	0.6	3.2
Exports	Real growth %	2.2	2.8	3.6
Imports	Real growth %	2.8	2.3	3.2
Internal Demand	Real growth %	2.6	1.5	2.1
Prices		–	–	–
CPI	%	1.9	2.0	2.0
Real Estate (Residential)	%	6.8	6.3	6.5
Real Estate (Commercial)	%	3.0	3.0	3.2
Equity prices (incremental change)	%	–	–	–
Unemployment	% workforce	6.3	6.3	6.4
Euribor (annual average)				
3-months	%	1.96	2.06	2.27
6-months	%	1.96	2.09	2.30
12-months	%	1.99	2.16	2.36
Sovereign yields (average)				
Bund 10Y	%	2.74	2.91	3.08
PGB 10Y	%	3.18	3.44	3.69
PGB 2Y	%	2.01	2.29	2.69
10Y PGB-Bund spread				
Annual average	bps	44	53	62
10Y-2Y PGB Spread				
Annual average	bps	117	115	100

The base macroeconomic scenario considers GDP growth of 2.2% in 2026, 1.7% in 2027, and 1.9% in 2028, supported by stronger growth in investment and exports, as well as resilient consumption. Unemployment and inflation remain stable and low. Short-term interest rates are expected to stabilize in 2026–27, before a slight increase in 2028.

B – Less favourable / stress scenario, with a relative weight of 5%

	Unit	2026	2027	2028
PIB	Real growth %	(1.8)	(4.3)	(0.3)
Private Consumption	Real growth %	(3.6)	(4.2)	(0.5)
Public Expenditure	Real growth %	(3.7)	(2.6)	(2.2)
Investment	Real growth %	(12.5)	(17.5)	(3.2)
Exports	Real growth %	(0.6)	(8.3)	3.6
Imports	Real growth %	(8.2)	(13.2)	1.7
Internal Demand	Real growth %	(5.5)	(6.5)	(1.3)
Prices				
CPI	%	3.8	1.4	1.4
Real Estate (Residential)	%	(5.4)	(13.8)	(7.7)
Real Estate (Commercial)	%	(7.0)	(16.6)	(10.7)
Equity prices (incremental change)	%	(50.0)	4.0	4.0
Unemployment	% workforce	9.2	12.4	12.9
Euribor (annual average)				
3-months	%	3.13	2.80	1.55
6-months	%	3.10	2.74	1.53
12-months	%	3.05	2.69	1.51
Sovereign yields (average)				
Bund 10Y	%	3.99	3.45	3.35
PGB 10Y	%	5.29	4.55	4.25
PGB 2Y	%	4.90	4.25	3.75
10Y PGB-Bund spread				
Annual average	bps	130	110	90
10Y-2Y PGB Spread				
Annual average	bps	39	30	50

The stress scenario assumes an escalation of geopolitical tensions, resulting in severe disruptions to supply chains. An initial inflationary shock leads to tighter financial conditions and a significant contraction in activity, which then pushes inflation and interest rates substantially lower. Portugal's GDP falls by 1.8% in 2026, 4.3% in 2027, and 0.3% in 2028.

C – More favourable scenario, with a relative weight of 18%

	Unit	2026	2027	2028
PIB	Real growth %	3.3	2.9	2.7
Private Consumption	Real growth %	2.3	2.6	3.5
Public Expenditure	Real growth %	0.1	0.5	2.1
Investment	Real growth %	9.2	5.2	3.3
Exports	Real growth %	6.4	4.6	4.0
Imports	Real growth %	6.6	4.4	5.1
Internal Demand	Real growth %	3.4	2.8	3.2
Prices				
CPI	%	2.7	2.8	2.5
Real Estate (Residential)	%	7.8	7.4	7.2
Real Estate (Commercial)	%	2.8	2.6	2.5
Equity prices (incremental change)	%	23.0	21.0	6.0
Unemployment	% workforce	6.1	5.9	5.7
Euribor (annual average)				
3-months	%	2.69	3.45	3.58
6-months	%	2.73	3.53	3.63
12-months	%	2.73	3.56	3.66
Sovereign yields (average)				
Bund 10Y	%	2.88	3.30	3.70
PGB 10Y	%	3.25	3.63	3.98
PGB 2Y	%	2.10	2.40	2.70
10Y PGB-Bund spread				
Annual average	bps	38	33	28
10Y-2Y PGB Spread				
Annual average	bps	116	123	128

The favorable scenario assumes materially better economic performance compared to the base scenario. Productivity gains, trade truces, supportive fiscal policies, and lower geopolitical risks contribute to stronger growth in the global and Portuguese economies, with only a moderate increase in inflation. Unemployment decreases. The ECB deposit interest rate rises to 3.5%. The spread differential of 10-year Treasury bonds for Portugal narrows compared to those for Germany.

42.3.3 Impairment models

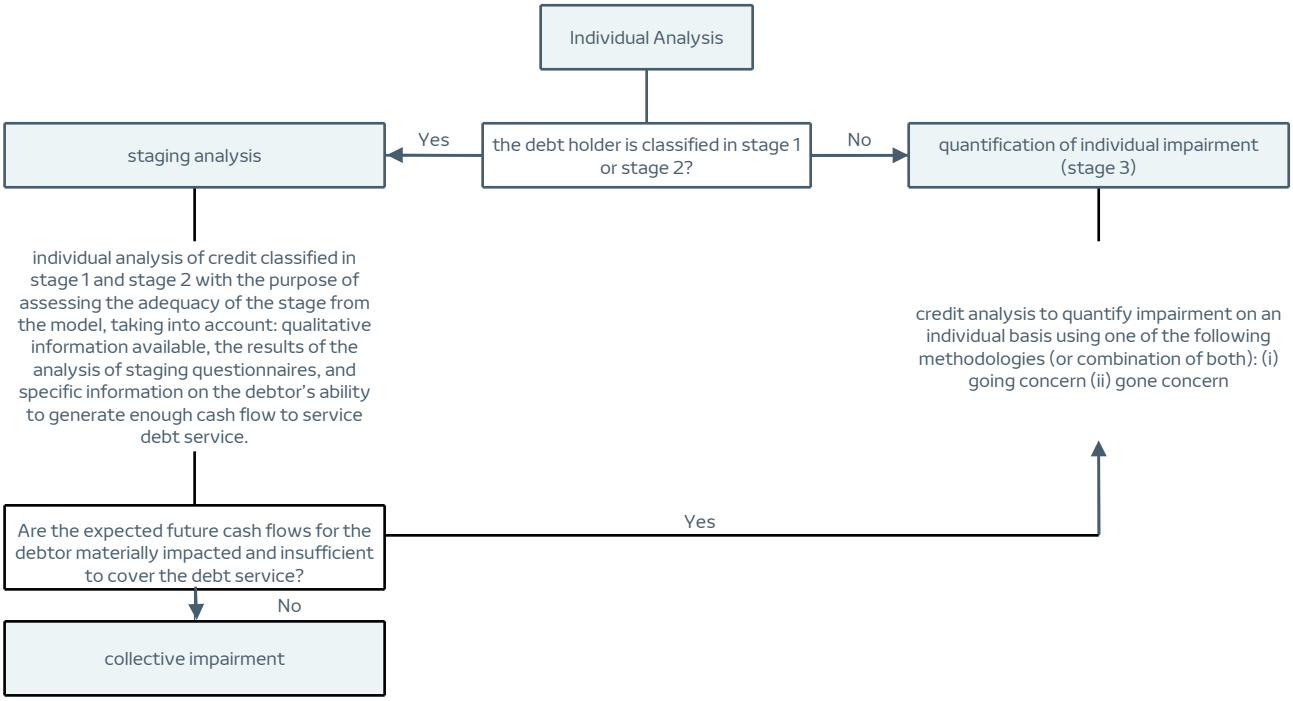
42.3.3.1 Individual Credit Analysis

The Individual Impairment Analysis aims to determine the most appropriate impairment rate for individually significant clients, regardless of the value resulting from the Collective Impairment Model. The identification of individually significant customers is carried out based on the criteria defined in the standard.

The Individual Analysis of individually significant clients is carried out based on the information provided by the Commercial Structures and DRCE (Corporate Credit Recovery Department) regarding the client/Group framework, historical cash flows (wherever possible, at least 3 years) and forecasts (when available) and existing collateral.

In the analysis of quantifying impairment on an individual basis, possible scenarios are established for credit recovery, either through the continuity of the client's business, through the giving/execution of collateral or through the sale of the credit, weighted by the respective probability of occurrence. If the analysis results in no specific impairment being necessary, the impairment will be determined by collective analysis, that is, by the collective impairment model.

The scheme below illustrates the individual credit analysis to be carried out to conclude on the classification in terms of staging of debtors:



Selection Criteria

The Group considers as the target of an Individual Impairment Analysis process, the clients who:

- Register exposure in stage 3 and liability equal to or greater than 1 million euros per Economic Group;
- Are identified by the Committee itself based on another justified criterion (e.g. sector of activity);
- In the past, they have been assigned specific impairment;
- In the event of any new evidence that may have repercussions on the calculation of impairment, they are proposed for analysis by one of the participants of the Impairment Committee or by another Body/Forum, namely GARC.

The identification of customers targeted for Individual Analysis will be updated monthly, in order to take into account any changes that may occur throughout the year.

Quantification of Impairment on an Individual Basis

The impairment calculation on an individual basis may take into account different recovery strategies, which must include different possible scenarios, weighted by the respective probability of occurrence, and they must include information on past and current events and forecasts of future economic conditions (forward scenarios -looking).

It is understood that there are two methods of estimating the amount to be recovered by the Bank:

- Going Concern approach ("business continuity" method): estimation of cash flows through the client's activity;
- Gone Concern approach ("cessation of activity" method): presupposes the cessation of the Client's activity, whereby the recoverable value is determined based on scenarios of execution/granting of guarantees provided, the Client's liquidation/insolvency and/or of the respective guarantors/guarantors, and/or the sale of credits to third parties.

Going Concern

This scenario involves a situation of recovery of outstanding amounts through the cash flows generated by the client's business.

The going concern scenario is considered to be applicable when:

- There is updated and reliable financial information about the debtor so that it is possible to reliably estimate the future cash flows that will be channelled to fulfil the debt service (e.g.: financial information aged less than or equal to 1 year and/or reports audits that do not recurrently present reservations);

- The available information suggests that the debtor will have the capacity to generate cash flows from its operational activities.

This analysis can be conducted using the following approaches:

- "Discounted Cash Flow" approach supported by a reliable business plan and adjusted to the expectations of the evolution of the debtor's activity;
- "Two-step Discounted Cash Flow" - approach supported by a Discounted Cash Flow (Step 1), complemented with a Terminal value (Step 2);
- "Steady state" in the absence of a reliable business plan, the latest available financial statements may be used, and the Group must make any adjustments it deems necessary to determine the operational cash flow that will be generated to cover debt service.

Gone Concern

In the gone concern approach, the recovery of amounts owed will be materialized through a scenario of payment in kind and/or the execution of collateral allocated to the credit granted. This approach therefore considers the scenario of cessation of the company's activity and the preparation of estimates of the flows that result from the execution and sale of collateral allocated to credit.

The consideration of a scenario of donation or execution of collateral must, in a first phase, take into account the eligibility of the collateral for recovery of the amounts owed, i.e., the verification that the asset meets the necessary conditions to be considered for consideration. effects of calculating the recoverable value (e.g.: registration of mortgages, lack of seizure of assets, among others). By way of example, if another creditor has a preferential mortgage on the collateral that is greater than the recoverable value of the asset, then the Group should not consider any amount recoverable from that collateral.

Subsequently, the recoverable value must be determined in accordance with the rules described in Circular Letter no. CC/2018/0000062, particularly with regard to the deadlines for receiving collateral, sales costs, maintenance costs, haircuts to be applied in accordance with the age of the evaluation, among others.

42.3.3.2 Collective analysis adjustments to the automatic result of the model

After processing the calculation of collective impairment and validating the consistency of the results obtained, all situations that may require an adjustment to the calculated impairment value are evaluated. These adjustments are reflected, where possible, directly in the exposures and are assigned a specific validity period. At the end of this period, the necessity for adjustment is re-evaluated and its renewal, alteration and/or extinction are decided.

When this is not possible, the determined impairment value is accounted for without being allocated to specific exposures. For this purpose, each amount must have associated the stage and type of credit to which it refers. Considering the temporary nature of the impairment constituted without allocation as a principle, the impairment amounts constituted in this way will, as soon as conditions allow, be fully distributed among the exposures in which their allocation is determined.

In terms of governance model, both the adjustments in specific exposures and the impairment amounts constituted in non-allocated form must be validated and supported by an approval from a competent body - the Expanded Impairment Committee.

42.3.4 Credit risk monitoring

42.3.4.1 Internal rating models for corporate, institutional and equity portfolios

Regarding rating models for corporate portfolios, different approaches are adopted depending on the size and sector of activity of the clients. Specific models adapted to project finance, acquisition finance, object finance, commodity finance and construction financing operations are also used.

A synthesis table is presented below pertaining to the types of risk models adopted in the internal assignment of risk ratings:

Segmentation Criteria	Model Type	Description
Sector, Size, Product • Large Companies • Financial Institutions • Municipalities • Institutional • Local and Regional Administrations • Real Estate (Investment/ Development) • *Acquisition Finance* • *Project Finance* • *Object Finance* • *Commodity Finance*	Template	Ratings assigned by teams of analysts, using sector-specific models (templates) and financial and qualitative information.
Medium sized companies	Semi-automatic	Rating model based on financial, qualitative, and behavioural information, validated by analysts.
Small companies Start-Ups and Sole Proprietors	Automatic	Rating model based on financial, qualitative, and behavioural information. Rating model based on qualitative and behavioural information.



The Bank has Rating Models for the following segments: Start-ups; Sole Proprietors (ENIs); Small Businesses; Medium Businesses; Large Businesses; Real Estate and Rental Real Estate; Large Business Holding; Financial Institutions; Municipalities and Institutions; Countries; Project Finance; Object Finance, Commodity and Acquisition Finance; Financial Holding.

The segments for which rating assignment models are not available are:

- Insurance and Pension Funds;
- Churches, political parties and non-profit associations with turnover less than 500 thousands euros.

As far as rating models for corporate portfolios are concerned, different approaches are adopted depending on the size and sector of activity of the clients. Specific models adapted to project finance, acquisition finance, object finance, commodity finance and construction finance operations are also used.

Regarding the credit portfolios of large companies (turnover of more than 50 million euros), Financial Institutions, Institutions, Local and Regional Administrations and Specialized Loans - namely Project Finance; Object Finance, Commodity and Acquisition Finance - the risk ratings are proposed by structures from the Underwritting Credit Department (DUW) and validated by the Rating Desk of the Credit Department from novobanco. These structures consist of specialized technical staff. The proposal and validation of internal risk ratings by these teams to these risk segments, classified as low default portfolios, is based on the use of "expert-based" rating models (templates) that are based on qualitative and quantitative variables, closely correlated with the sector or sectors of activity in which the customers under analysis operate. With the exception of rating assignment to specialized loans, the methodology used by the Rating Desk is also governed by a risk analysis at the level of the maximum consolidation perimeter and by the identification of the status of each company participating in the respective economic group. The internal risk ratings are validated daily in a Rating Committee composed of members of the Rating Department's Directorate and the various specialized teams.

For the medium business segment (companies with a turnover of more than 1.25 million euros and less than 50 million euros, with the exception of companies in some sectors classified with specific risk segments, such as the real estate development sector), statistical rating models are used, combining financial data with qualitative and behavioural information. The publication of risk ratings, however, requires the execution of a prior validation process that is carried out by a technical team of risk analysts, who also take into account behavioural variables. In addition to rating assignment, these teams also elaborate rating reports, provided for in internal regulations, according to the current responsibilities/rating client binomial.

For the business segment (companies with a turnover of less than 1.25 million euros), statistical scoring models are also used, which have, in addition to financial and qualitative information, behavioural variables of the companies and the partner(s) in the calculation of risk ratings.

Scoring models specifically aimed at quantifying the risk of start-ups (companies established less than 2 years ago and with a turnover of less than 25 million euros in the first year of activity) and sole proprietors (ENI) are also implemented. These clients, along with small-sized businesses, depending on the exposure value, are included in the regulatory retail portfolios.

Finally, for companies in the real estate sector (companies dedicated to real estate promotion and investment activity, in particular small and medium-sized companies), given their specificities, their respective ratings are assigned by a specialized central team, relying on the use of specific models that combine the use of quantitative and technical variables (real estate valuations carried out by specialized offices), as well as qualitative and behavioural variables.

As for the risk positions equivalent to equities held by the novobanco Group, directly or indirectly through the holding of investment funds, as well as advances and accessory benefits, all included in the equity risk class for the purpose of calculating risk-weighted assets, are classified in various risk segments according to the characteristics of their issuers or borrowers, following the segmentation criteria presented earlier. These segmentation criteria determine the type of rating model to be applied to the issuers of the stocks (or borrowers of the advances / accessory benefits) and, therefore, to them.

42.3.4.2 Relationships between internal and external ratings

The assignment of internal rating to entities with an assigned external rating is done using the Market Template available in the Rating Calculation application. The Market Template gathers the external ratings that have been assigned to a particular entity by rating agencies Standard & Poor's (S&P), Moody's and Fitch.

Specifically, the S&P's external rating provision feature - XpressFeed, feeds the External Ratings application daily, which in turn allows the external ratings published by these agencies for a specific entity to be filled in the Market Template. External ratings assigned by Moody's and Fitch are not automatically obtained, and must be manually entered in the Market Template, after consulting the respective websites.

The internal rating results, in the vast majority of cases, from the equivalent S&P external rating and, in rare cases, from the equivalent S&P external rating plus an internal adjustment, which must always be accompanied by explanatory comments drafted by the analyst.

Note that the equivalent S&P external rating is obtained by correlating the available external ratings with the rating scales of the aforementioned financial rating agencies. The internal ratings produced by the Market Template and that have had adjustments have to be approved and validated.

The following table shows the correspondence between the external ratings S&P, Moody's and Fitch and the equivalent S&P external rating:

S&P	Moody's	Fitch	External rating equivalent to S&P	Aggregation classes of rating*
AAA	Aaa	AAA	AAA	Prime Grade
AA+	Aa1	AA+	AA+	High grade
AA	Aa2	AA	AA	
AA-	Aa3	AA-	AA-	
A+	A1	A+	A+	Upper medium grade
A	A2	A	A	
A-	A3	A-	A-	
BBB+	Baa1	BBB+	BBB+	Lower medium grade
BBB	Baa2	BBB	BBB	
BBB-	Baa3	BBB-	BBB-	
BB+	Ba1	BB+	BB+	Non investment grade speculative
BB	Ba2	BB	BB	
BB-	Ba3	BB-	BB-	
B+	B1	B+	B+	Highly speculative
B	B2	B	B	
B-	B3	B-	B-	
CCC+	Caa1	CCC+	CCC+	Other
CCC	Caa2	CCC	CCC	
CCC-	Caa3	CCC-	Lower than CCC	
CC	Ca	CC		
SD	C	C		
D		RD/D		

* For disclosure purposes in explanatory notes

42.3.4.3 Internal scoring models for individuals' portfolios

Regarding scoring models for individuals' portfolios, the novobanco Group has origination/concession and behavioural scoring models (applied to operations with a seniority greater than 6 months).

These models are automatic, based on statistical models developed with internal information, considering sociodemographic information, loan characteristics, behavioural information and automatic penalties (in case there are warning signs). In the case of behavioural models, information about the rest of the loans of the contract holders is also considered.

The Group is authorized by the Bank of Portugal to use internal models in calculating regulatory capital requirements for the main individual portfolios: Mortgage and Individual Credit. Additionally, it has origination and behavioural scoring for Credit Card products, Overdrafts and Loan Accounts, which it uses for the purpose of design and monitoring of credit quality although these are not IRB portfolios.

42.3.4.4 Other specific disclosures

Forward Looking Models

Collective impairment models incorporate forward looking information through macroeconomic models, which estimate the evolution of risk parameters through the evolution of macroeconomic variables.

Regarding the PD model, the forward looking adjustment is carried out for the segments of Large and Medium-sized Companies, Small Companies and Start-ups, Home Credit and Other Consumer Credit. For LGD models, there is a specific macroeconomic adjustment for the Mortgage, Consumer and Corporate Credit segments.

The aforementioned models are based on the historical series of defaults and, on the other hand by the historical series of the main macroeconomic variables (GDP, inflation, interest rate, unemployment rate and property prices), having been used quarterly historical data since 2010. The definition of the final models depends on the economic sense and their statistical performance.

42.3.5 Delinquency

The following table shows the assets that are impaired, overdue but not impaired, and neither overdue nor impaired:

(thousands of euros)

	2025					
	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total exposure	Impairment	Net exposure
Deposits with and loans and advances to banks	2,524,979	–	–	2,524,979	(822)	2,524,157
Securities held for trading	126,280	–	–	126,280	–	126,280
Bonds issued by public entities	126,280	–	–	126,280	–	126,280
Securities mandatorily at fair value through profit or loss	91	–	–	91	–	91
Bonds issued by other entities	91	–	–	91	–	91
Securities at fair value through other comprehensive income	3,456,451	–	20,493	3,476,944	(598)	3,476,346
Bonds issued by public entities	1,940,620	–	–	1,940,620	(212)	1,940,408
Bonds issued by other entities	1,515,831	–	20,493	1,536,324	(386)	1,535,938
Securities at amortised cost	7,888,878	–	97,374	7,986,252	(65,825)	7,920,427
Bonds issued by public entities	3,818,654	–	–	3,818,654	(540)	3,818,114
Bonds issued by other entities	4,070,224	–	97,374	4,167,598	(65,285)	4,102,313
Loans and advances to customers	26,986,154	12,215	809,997	27,808,366	(744,037)	27,064,329

(thousands of euros)

	2024					
	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total exposure	Impairment	Net exposure
Deposits with and loans and advances to banks	267,049	–	–	267,049	(564)	266,485
Securities held for trading	521,191	–	–	521,191	–	521,191
Bonds issued by public entities	521,191	–	–	521,191	–	521,191
Securities mandatorily at fair value through profit or loss	12,983	–	–	12,983	–	12,983
Bonds issued by other entities	12,983	–	–	12,983	–	12,983
Securities at fair value through other comprehensive income	3,026,848	–	20,493	3,047,341	(440)	3,046,900
Bonds issued by public entities	2,326,683	–	–	2,326,683	(189)	2,326,493
Bonds issued by other entities	700,165	–	20,493	720,658	(251)	720,407
Securities at amortised cost	8,292,334	–	333,933	8,626,267	(242,152)	8,384,115
Bonds issued by public entities	4,424,633	–	–	4,424,633	(462)	4,424,170
Bonds issued by other entities	3,867,701	–	333,933	4,201,635	(241,690)	3,959,945
Loans and advances to customers	25,052,152	9,714	864,127	25,925,993	(835,007)	25,090,987

Impaired exposures correspond to (i) exposures with objective evidence of loss ("Exposure in default", according to the internal definition of default - which corresponds to Stage 3); and (ii) exposures classified as having specific impairment after individual impairment assessment.

Exposures classified as not impaired refer to (i) all exposures that show no signs of significant deterioration in credit risk - exposures classified in Stage 1; (ii) exposures that, showing signs of significant deterioration in credit risk, have no objective evidence of loss nor specific impairment after individual impairment assessment.

The following table presents assets that are impaired or overdue but not impaired, disaggregated by their maturity or age (if they are overdue):

(thousands of euros)

	2025					
	Securities Portfolio - Debt instruments		Deposits with and loans and advances to banks		Loans and advances to customers	
	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired
Overdue	**–**	**27,284**	**–**	**–**	**12,215**	**338,525**
Up to 3 months	–	–	–	–	10,801	25,612
From 3 months to 1 year	–	–	–	–	783	79,754
From 1 to 3 years	–	6,791	–	–	231	154,318
From 3 to 5 years	–	–	–	–	328	44,953
More than 5 years	–	20,493	–	–	72	33,888
Falling due	**–**	**90,583**	**–**	**–**	**–**	**471,472**
Up to 3 months	–	84,552	–	–	–	22,803
From 3 months to 1 year	–	–	–	–	–	76,653
From 1 to 3 years	–	6,031	–	–	–	117,871
From 3 to 5 years	–	–	–	–	–	55,798
More than 5 years	–	–	–	–	–	198,347
	–	**117,867**	**–**	**–**	**12,215**	**809,997**

(thousands of euros)

	2024					
	Securities Portfolio - Debt instruments		Deposits with and loans and advances to banks		Loans and advances to customers	
	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired
Overdue	**–**	**27,284**	**–**	**–**	**9,714**	**320,180**
Up to 3 months	–	–	–	–	8,513	32,679
From 3 months to 1 year	–	6,791	–	–	806	89,348
From 1 to 3 years	–	–	–	–	288	114,757
From 3 to 5 years	–	–	–	–	47	40,425
More than 5 years	–	20,493	–	–	60	42,971
Falling due	**–**	**327,142**	**–**	**–**	**–**	**543,947**
Up to 3 months	–	–	–	–	–	11,650
From 3 months to 1 year	–	312,495	–	–	–	98,531
From 1 to 3 years	–	–	–	–	–	82,213
From 3 to 5 years	–	14,648	–	–	–	192,194
More than 5 years	–	–	–	–	–	159,359
	–	**354,426**	**–**	**–**	**9,714**	**864,127**

The following table presents the assets that are impaired or overdue, but not impaired, disaggregated by their respective impairment Stage:

(thousands of Euros)

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Securities at fair value through other comprehensive income	–	–	20,493	20,493	–	–	20,493	20,493
Securities at amortised cost	–	–	97,374	97,374	–	–	333,933	333,933
Loans and advances to customers	5,144	7,071	809,997	822,212	4,187	5,527	864,127	873,841
	5,144	**7,071**	**927,864**	**940,079**	**4,187**	**5,527**	**1,218,553**	**1,228,267**

Distribution of credit risk by rating level

Regarding assets that are neither overdue nor impaired, the distribution by rating level is presented below. For debt instruments, the rating assigned by the Rating Agencies is considered, for customer credit and availabilities and applications in credit institutions, internal rating and scoring models are used, with which a risk rating is assigned, which is reviewed periodically. For the purposes of presenting the information, the ratings have been aggregated into five major risk groups, with "others" including exposures without a rating.

(thousands of Euros)

	2025					
	Prime +High grade	Upper Medium Grade	Lower Medium grade	Non Investment Grade Speculative + Highly speculative	Others	Total
Deposits with and loans and advances to banks	2,037	2,389,129	1,507	85,347	46,959	2,524,979
Securities held for trading	–	126,280	–	–	–	126,280
Bonds issued by public entities	–	126,280	–	–	–	126,280
Securities mandatorily at fair value through profit or loss	–	–	–	–	91	91
Bonds issued by other entities	–	–	–	–	91	91
Securities at fair value through other comprehensive income	1,060,094	1,403,801	207,900	–	784,656	3,456,451
Bonds issued by public entities	950,595	977,583	12,443	–	–	1,940,620
Bonds issued by other entities	109,500	426,218	195,457	–	784,656	1,515,831
Securities at amortised cost	1,243,529	2,717,751	1,934,032	463,685	1,529,881	7,888,878
Bonds issued by public entities	1,209,394	2,238,001	313,749	–	57,510	3,818,654
Bonds issued by other entities	34,135	479,749	1,620,283	463,685	1,472,372	4,070,224
Loans and advances to customers	7,379,450	7,290,032	2,520,742	8,843,839	952,092	26,986,154

(thousands of Euros)

	2024					
	Prime +High grade	Upper Medium Grade	Lower Medium grade	Non Investment Grade Speculative + Highly speculative	Others	Total
Deposits with and loans and advances to banks	819	156,707	1,042	36,457	72,024	267,049
Securities held for trading	60,447	460,744	–	–	–	521,191
Bonds issued by public entities	60,447	460,744	–	–	–	521,191
Securities mandatorily at fair value through profit or loss	–	–	–	–	12,983	12,983
Bonds issued by other entities	–	–	–	–	12,983	12,983
Securities at fair value through other comprehensive income	1,008,297	1,508,115	158,164	18,125	334,146	3,026,848
Bonds issued by public entities	1,008,297	1,317,713	673	–	–	2,326,683
Bonds issued by other entities	–	190,402	157,491	18,125	334,146	700,165
Securities at amortised cost	2,157,270	2,443,249	1,634,650	690,340	1,366,824	8,292,334
Bonds issued by public entities	2,121,865	1,897,009	399,696	–	6,062	4,424,633
Bonds issued by other entities	35,405	546,240	1,234,954	690,340	1,360,762	3,867,701
Loans and advances to customers	6,546,493	6,743,502	2,578,185	8,253,280	930,692	25,052,152

42.3.6 Concentration of credit risk

The breakdown by business sectors at 31 December 2025 and 2024 is presented as follows:

(thousands of Euros)

	2025											
	Loans to customers		Securities held for trading	Derivatives held for trading and economic hedging	Securities mandatorily at fair value through profit or loss	Derivatives - Hedge accounting	Securities at fair value through other comprehensive income		Securities at amortised cost		Guarantees and standby letters provided	
	Gross Value	Impairment					Gross Value	Impairment	Gross Value	Impairment	Gross Value	Impairment
Agriculture, Forestry and Fishing	314,858	(19,659)	–	–	–	–	8,363	–	–	–	7,536	(115)
Extractive Industries	63,012	(9,111)	–	–	–	–	20,737	(10)	32,252	(15)	8,183	(508)
Food, Beverage and Tobacco Industries	631,332	(19,171)	–	7,134	–	–	–	–	88,982	(308)	16,885	(185)
Textiles and Clothing	317,820	(19,897)	–	118	–	–	–	–	51,189	(126)	5,634	(3,263)
Tanneries and Footwear	59,050	(3,926)	–	–	–	–	–	–	–	–	1,245	(175)
Wood and Cork	130,963	(5,066)	–	–	–	–	–	–	14,074	(4,535)	10,884	(77)
Paper and Graphic Industries	106,711	(2,209)	–	2	–	–	–	–	75,460	(229)	3,997	(63)
Oil Refining	7,067	(39)	–	–	–	–	–	–	26,406	(3)	15,557	(1)
Chemical and Rubber Product	286,301	(12,053)	–	86	–	–	6,005	(2)	287,673	(178)	7,942	(567)
Non-Metallic Mineral Products	144,724	(2,361)	–	22	–	–	11,968	(8)	149,766	(122)	9,630	(331)
Basic Metallurgical Industries and metal products	305,140	(15,854)	–	360	–	–	670	–	84,188	(4,255)	37,621	(482)
Manufacture of Machines, Equipment and Electrical Appliances	168,352	(4,141)	–	292	–	–	78,543	(29)	175,275	(66)	25,839	(7,425)
Manufacture of Transport Materials	139,814	(3,841)	–	–	–	–	–	–	107,566	(118)	17,531	(23)
Other Manufacturing Industries	166,585	(14,077)	–	–	–	–	–	–	14,566	(3)	14,562	(1,230)
Electricity, Gas and Water	364,238	(2,428)	–	3,832	–	–	–	–	236,540	(219)	38,078	(137)
Construction and Public Works	1,160,928	(54,717)	–	9,571	–	–	6,540	(2)	29,894	(502)	923,036	(54,865)
Wholesale and Retail Trade	1,618,545	(67,207)	–	4,262	–	–	–	–	162,575	(461)	191,015	(5,096)
Tourism	1,064,097	(38,207)	–	943	–	–	12,554	(4)	–	–	50,440	(705)
Transport and Communications	888,313	(37,963)	–	7,228	–	–	–	–	373,254	(889)	266,133	(3,761)
Financial Activities	1,263,888	(38,780)	–	40,837	189,663	617,528	1,284,404	(292)	745,323	(287)	150,648	(6,494)
Real Estate Activities	2,005,957	(81,903)	–	3,952	–	–	34,062	(15)	227,416	(43,450)	85,296	(1,803)
Services Provided to Companies	2,211,514	(88,007)	–	861	211	–	120,462	(13)	739,277	(8,257)	222,041	(14,211)
Administration and Public Services	648,447	(9,834)	126,280	–	–	–	1,940,620	(212)	3,748,505	(547)	20,717	(162)
Other collective service activities	437,347	(28,760)	–	–	–	–	19,970	(7)	188,916	(121)	41,969	(905)
Mortgage loans	10,891,551	(54,951)	–	–	–	–	–	–	–	–	–	–
Consumption and other	2,314,874	(109,418)	–	–	–	–	–	–	–	–	–	–
Others	96,939	(456)	–	244	–	–	76,134	(3)	427,155	(1,134)	15,625	(226)
TOTAL	**27,808,366**	**(744,037)**	**126,280**	**79,744**	**189,874**	**617,528**	**3,621,033**	**(598)**	**7,986,252**	**(65,825)**	**2,188,044**	**(102,809)**

(thousands of Euros)

	2024											
	Loans to customers		Securities held for trading	Derivatives held for trading and economic hedging	Securities mandatorily at fair value through profit or loss	Derivatives - Hedge accounting	Securities at fair value through other comprehensive income		Securities at amortised cost		Guarantees and standby letters provided	
	Gross Value	Impairment					Gross Value	Impairment	Gross Value	Impairment	Gross Value	Impairment
Agriculture, Forestry and Fishing	304,152	(13,903)	–	1	–	–	–	–	–	–	7,638	(57)
Extractive Industries	56,865	(6,670)	–	–	–	–	–	–	–	–	8,595	(646)
Food, Beverage and Tobacco Industries	582,886	(18,109)	–	9,944	–	–	20,065	(3)	88,665	(1,346)	25,483	(94)
Textiles and Clothing	329,768	(12,057)	–	310	–	–	–	–	53,387	(108)	6,950	(2,474)
Tanneries and Footwear	51,905	(1,713)	–	9	–	–	–	–	5,027	–	1,317	(161)
Wood and Cork	95,415	(2,321)	–	466	–	–	–	–	34,822	(4,385)	9,294	(78)
Paper and Graphic Industries	102,097	(2,379)	–	1,025	–	–	–	–	34,346	(72)	4,934	(25)
Oil Refining	13,933	(8,497)	–	–	–	–	14,462	(2)	37,414	(10)	11,604	(1)
Chemical and Rubber Product	361,312	(11,508)	–	110	–	–	–	–	281,318	(142)	9,705	(370)
Non-Metallic Mineral Products	135,721	(2,903)	–	362	–	–	–	–	120,885	(44)	8,316	(311)
Basic Metallurgical Industries and metal products	282,798	(16,547)	–	779	–	–	552	–	103,972	(651)	47,454	(454)
Manufacture of Machines, Equipment and Electrical Appliances	173,086	(5,580)	–	338	–	–	35,255	(11)	225,265	(44)	22,997	(4,551)
Manufacture of Transport Materials	199,411	(2,217)	–	–	–	–	–	–	122,102	(78)	16,053	(26)
Other Manufacturing Industries	149,261	(3,355)	–	–	–	–	–	–	14,523	(4)	16,110	(1,264)
Electricity, Gas and Water	365,394	(2,443)	–	5,004	–	–	–	–	220,512	(188)	36,192	(55)
Construction and Public Works	1,005,123	(42,777)	–	14,302	–	–	7,650	(17)	222,584	(139,173)	827,468	(33,854)
Wholesale and Retail Trade	1,487,623	(64,487)	–	3,087	–	–	18,125	(6)	142,790	(472)	185,854	(5,998)
Tourism	1,097,647	(58,197)	–	1,134	–	–	185	–	–	–	44,943	(707)
Transport and Communications	834,374	(35,970)	–	12,256	–	–	–	–	366,569	(352)	393,445	(2,737)
Financial Activities	1,147,173	(57,340)	–	51,365	248,321	682,256	508,710	(110)	809,770	(525)	167,323	(6,547)
Real Estate Activities	2,033,220	(115,889)	–	10,539	–	–	38,700	(80)	241,424	(83,993)	99,807	(3,460)
Services Provided to Companies	1,881,052	(108,990)	–	1,298	212	–	129,812	(9)	866,241	(9,118)	312,395	(18,314)
Administration and Public Services	642,660	(24,676)	521,191	–	–	–	2,326,683	(189)	4,442,039	(474)	21,545	(116)
Other collective service activities	407,912	(31,081)	–	–	1	–	24,551	(12)	173,656	(969)	40,073	(1,049)
Mortgage loans	10,105,422	(69,527)	–	–	–	–	–	–	–	–	–	–
Consumption and other	1,929,595	(112,357)	–	–	–	–	–	–	–	–	–	–
Others	150,185	(3,516)	–	1	–	–	23,556	(1)	18,956	(6)	15,081	(316)
TOTAL	**25,925,993**	**(835,007)**	**521,191**	**112,330**	**248,533**	**682,256**	**3,148,305**	**(440)**	**8,626,267**	**(242,152)**	**2,340,577**	**(83,664)**

42.4 Market risk

Market Risk generally represents potential losses resulting from an adverse change in the value of a financial instrument as a result of variations in interest rates, exchange rates, stock prices, commodity prices, volatility, and credit spread.

Market risk management is integrated with balance sheet management through the CALCO (Capital Asset and Liability Committee) structure established at the highest level of the institution. This body is responsible for defining balance sheet allocation and structuring policies as well as controlling exposure to interest rate, exchange rate, and liquidity risks.

In terms of market risk, the main element of risk measurement consists of estimating potential losses under adverse market conditions, for which the Value at Risk (VaR) methodology is used. The novobanco Group uses a VaR using Monte Carlo simulation, with a 99% confidence interval and an investment period of 10 days. Volatilities and correlations are historical based on a one-year observation period. As a complement to VaR, stress-testing scenarios have been developed to assess the impacts of potential losses greater than those considered in the VaR measurement.

(thousands of Euros)

	2025				2024			
	December	Annual average	Maximum	Minimum	December	Annual average	Maximum	Minimum
Foreign exchange risk	235	498	1,025	235	577	387	579	254
Interest rate risk	1,518	1,835	6,543	229	1,195	2,196	5,462	765
Shares and commodities	77	190	337	77	–	–	–	–
Volatility	21	441	3,709	15	16	230	1,160	1
Credit spread	537	607	1,612	148	450	1,032	3,180	244
Diversification effect	(773)	(1,535)	(6,154)	(381)	(745)	(841)	(2,477)	(5)
Total	**1,615**	**2,035**	**7,072**	**323**	**1,493**	**3,004**	**7,905**	**1,259**

Novobanco Group presents a value at risk (VaR) of 1,615 thousand euros (31 December 2024: 1,493 thousand euros) for its trading positions.

42.4.1 Interest rate risk

Novobanco Group measures the interest rate risk of the banking portfolio both from an economic value perspective and from a net interest margin and results perspective.

The methodology for calculating the interest rate risk of the banking portfolio includes all positions of instruments sensitive to interest rate risk, including capital, interest and commercial margins, excluding all own funds instruments. All financial products that do not have an associated interest remuneration are considered insensitive to interest rates (shares and funds, other assets – including fixed assets – and other liabilities).

Regarding the impact on economic value, its impact is calculated both through the regulatory shocks prescribed in the EBA guidelines (EBA/GL/2022/14) and European Union Delegated Regulation 2024/856, and through VaR metrics. The methodology assumes a run-off balance. The sensitivity of economic value is also measured based on the sensitivity to a 1bp change in interest rates (through the Key Rate Duration metric). Several historical or other scenarios are also considered, such as scenarios identified within the scope of the EBA stress testing exercises.

Regarding the impact on the net interest margin, this is based on a constant balance, using forward rates as a basis, maintaining the characteristics of the operations in terms of volume, price and maturity whenever they mature or are amortized. Sensitivities on the net interest margin are calculated for a period of up to 3 years.

In addition to regulatory shock scenarios (+/-200bp), other internal interest rate shock scenarios are also considered, such as +/- 100bp, +/- 50bp, +/- 1bp or constant rate scenarios as net interest margin sensitivity metrics.

The impact on economic value and on net interest margin and results corresponds to the difference between the results obtained for a base scenario and an interest rate shock scenario.

Interest rate risk exposure is calculated for the entire novobanco Group and for each institution of the Group individually considered. For internal control purposes, these calculations are performed monthly. At the regulatory level, the calculation and reporting is carried out on a quarterly basis, within the framework of the STE (Short-Term Exercise) and the COREP (Common Reporting Framework).

Novobanco Group has implemented an interest rate risk stress testing approach based on three pillars, applied both to the impact on economic value and on the financial margin: interest rate shock scenarios, sensitivity analyses and additional interest rate shocks, and reverse stress testing and other scenarios.

The interest rate risk control framework allows novobanco Group to monitor and measure the impact of different interest rate scenarios, both from an economic value perspective and from a net interest margin perspective, altering and adapting its risk profile in line with the defined risk management strategy.

At the end of 2025, from an economic value perspective, the risk exposure stems essentially from the fixed-rate investment portfolio (partially offset by its hedging with derivatives), long-term fixed-rate debt issued (partially covered by long-term bonds), variable-rate mortgage lending with derivatives (cash-flow hedging), as well as demand deposit hedging with derivatives, resulting in an overall exposure profile to rising interest rates.

From a financial margin perspective, novobanco Group's risk profile stems primarily from its variable-rate mortgage and medium/long-term corporate loan portfolios, and from a liability structure that is essentially fixed-rate (term deposits and long-term issues). The hedging strategies implemented on variable-rate mortgages and demand deposits have allowed for the protection of the net interest margin against scenarios of falling interest rates.

The balance sheet interest rate risk exposure, based on the Bank for International Settlements (BIS) methodology, classifying all asset, liability, and off-balance sheet items not belonging to the trading portfolio into repricing tiers, is presented as follows:

(thousands of Euros)

	2025					
	Sensitive amounts	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years
Assets		**19,867,135**	**5,608,955**	**3,626,938**	**9,716,159**	**5,026,422**
Loans to and deposits with banks	4,486,451	3,225,364	240,049	745	1,020,229	64
Loans and advances to customers	27,261,944	15,211,736	4,428,847	2,783,616	4,025,075	812,669
Securities	11,916,803	1,305,013	940,059	787,187	4,670,854	4,213,689
Other assets	180,410	125,021	–	55,389	–	–
Liabilities		**13,625,644**	**4,618,673**	**5,412,753**	**11,247,065**	**6,874,361**
Deposits from banks	3,005,087	1,478,709	239,202	62,176	1,225,000	–
Due to customers	32,297,974	11,467,107	4,033,002	5,065,206	6,443,197	5,289,462
Debt securities issued	5,381,547	7,506	299,915	–	3,489,228	1,584,899
Other liabilities	1,093,887	672,322	46,555	285,371	89,640	–
Balance sheet GAP (Assets - Liabilities)	2,067,113	6,241,491	990,278	(1,785,811)	(1,530,906)	(1,847,939)
Off-Balance sheet	–	(6,484,205)	(655,213)	408,690	5,480,815	1,249,914
Structural GAP	**2,067,113**	**(242,715)**	**335,065**	**(1,377,122)**	**3,949,909**	**(598,025)**
Accumulated GAP		**(242,715)**	**92,350**	**(1,284,771)**	**2,665,138**	**2,067,113**

(thousands of Euros)

	2024					
	Sensitive amounts	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years
Assets		**17,881,896**	**6,101,579**	**3,105,307**	**7,575,767**	**4,781,066**
Loans to and deposits with banks	1,796,266	1,775,175	50	768	20,208	65
Loans and advances to customers	25,443,567	14,446,863	4,412,853	2,674,077	2,982,495	927,278
Securities	11,988,105	1,519,059	1,688,676	353,584	4,573,064	3,853,723
Other assets	217,677	140,799	–	76,878	–	–
Liabilities	**–**	**13,977,233**	**5,024,002**	**4,126,263**	**7,509,911**	**6,473,458**
Deposits from banks	1,764,936	1,531,584	6,752	1,601	225,000	–
Due to customers	30,247,661	11,731,010	4,674,071	3,741,056	5,202,656	4,898,867
Debt securities issued	3,991,446	17,514	300,000	99,593	1,999,749	1,574,591
Other liabilities	1,106,823	697,125	43,179	284,013	82,506	–
Balance sheet GAP (Assets - Liabilities)	2,334,748	3,904,663	1,077,577	(1,020,956)	65,856	(1,692,392)
Off-Balance sheet	–	(5,155,993)	(47,492)	(134,678)	2,459,212	2,878,951
Structural GAP	**2,334,748**	**(1,251,330)**	**1,030,084**	**(1,155,634)**	**2,525,068**	**1,186,559**
Accumulated GAP		**(1,251,330)**	**(221,246)**	**(1,376,879)**	**1,148,189**	**2,334,748**

Sensitivity analyses are carried out for the interest rate risk of the banking portfolio based on an approximation to the duration model, with various scenarios of shift of the yield curve being carried out in all interest rate brackets.

(thousands of Euros)

	2025					
	Parallel increase of 200 pb	Parallel decrease of 200 pb	Short Rate Shock Up	Short Rate Shock Down	Steepener shock	Flattener shock
As at 31 December	(164,408)	65,967	(218,782)	116,905	67,164	(166,698)
Financial year average	(196,684)	96,082	(197,633)	106,588	52,057	(142,836)
Financial year maximum	(164,408)	139,506	(178,843)	121,681	67,164	(130,316)
Financial year minimum	(269,439)	65,967	(228,574)	95,860	45,918	(166,698)

(thousands of Euros)

	2024					
	Parallel increase of 200 pb	Parallel decrease of 200 pb	Short Rate Shock Up	Short Rate Shock Down	Steepener shock	Flattener shock
As at 31 December	(205,309)	106,400	(202,866)	108,524	55,182	(149,688)
Financial year average	(170,518)	93,358	(156,603)	84,619	40,488	(112,235)
Financial year maximum	(69,785)	133,216	(110,085)	108,524	56,370	(53,208)
Financial year minimum	(238,140)	36,222	(202,866)	60,279	10,443	(149,688)

42.4.2 Foreign exchange risk

Regarding currency risk, the distribution of assets and liabilities, as at 31 December 2025 and 2024 by currency, is analysed as follows:

(thousands of Euros)

		2025			2024		
		Spot	Forward	Net exposure	Spot	Forward	Net exposure
USD	UNITED STATES DOLLAR	(96,267)	97,280	1,013	(343,139)	343,559	421
GBP	BRITISH POUND	(19,218)	19,539	321	(25,899)	27,582	1,683
BRL	BRAZILIAN REAL	749	–	749	752	–	752
MOP	MACAO PATACA	65	–	65	77	–	77
JPY	JAPANESE YEN	(2,710)	2,064	(646)	(1,142)	705	(437)
CHF	SWISS FRANC	(5,011)	6,764	1,753	(6,742)	7,979	1,237
SEK	SWEDISH KRONE	(5,200)	5,849	649	(6,462)	6,554	92
NOK	NORWEGIAN KRONE	29,600	(28,469)	1,131	27,301	(26,460)	841
CAD	CANADIAN DOLLAR	(22,447)	25,267	2,820	(21,077)	23,548	2,472
ZAR	SOUTH AFRICAN RAND	220	(648)	(428)	688	(1,221)	(533)
AUD	AUSTRALIAN DOLLAR	8,851	(8,475)	376	9,425	(8,645)	780
VEB	VENEZUELAN BOLIVAR	2	–	2	2	–	2
PLN	ZLOTY	(287)	129	(158)	(1,471)	2,329	858
MAD	MOROCCAN DIRHAN	(1,170)	1,368	198	(1,209)	1,401	192
MXN	MEXICAN PESO	(154)	289	135	70	(165)	(94)
AOA	ANGOLAN KWANZA	(11)	–	(11)	(13)	–	(13)
CVE	CAPE VERDEAN ESCUDOS	(114)	–	(114)	(208)	–	(208)
HKD	HONG-KONG DOLAR	(61)	–	(61)	(369)	967	598
CZK	CZECH KORUNA	(221)	454	233	(185)	381	196
DZD	ALGERIAN DINAR	7,061	–	7,061	7,823	–	7,823
CNY	YUAN REN-MIN-BI	2	261	263	93	(673)	(579)
	OTHER	(861)	614	(247)	(802)	2,317	1,514
		(107,182)	**122,286**	**15,104**	**(362,487)**	**380,160**	**17,673**

Note: asset / (liability)

42.5 Liquidity risk

Liquidity risk is the current or future risk that arises from an institution's inability to meet its obligations as they fall due, without incurring substantial losses.

Liquidity risk can be subdivided into two types:

- Asset liquidity (market liquidity risk) - consists in the impossibility of selling a certain type of asset due to a lack of liquidity in the market, which results in the widening of the bid/offer spread or the application of a haircut to the market value;
- Funding (funding liquidity risk) - consists in the impossibility of financing assets in the market and/or refinancing maturing debt, within the desired terms and currency. This impossibility can be reflected through a sharp increase in financing costs or the requirement of collateral to obtain funds. The difficulty of (re)financing can lead to the sale of assets, even if incurring significant losses. The risk of (re)financing should be minimized through appropriate diversification of financing sources and maturities.

Banks are subject to liquidity risk inherent in their maturity transformation business (long-term lenders and short-term depositors), making prudent liquidity risk management crucial.

As of 31 December 2025, the amount of the portfolio of assets eligible for rediscount operations with the ECB, after haircuts, amounted to 18.6 billion euros (31 December 2024: 16.9 billion euros). This amount includes exposure to Portuguese public debt in the approximate total amount of 1.2 billion euros (31 December 2024: 1.9 billion euros).

As at 31 December 2025 and 2024, the main liquidity indicators is as follows:

(millions of Euros)

	2025	2024
Net funding from the ECB (1)	(1,785)	(1,346)
Eligible Assets for repo operations (ECB) net of haircut	18,640	16,958
Used collateral	4,648	2,915
Liquidity Buffer (2)	17,387	16,914
Loans to deposit ratio (3)	83.9 %	82.9 %
Liquidity Coverage Ratio (LCR)	160 %	164 %
Net Stable Funding Ratio (NSFR)	118 %	117 %

(1) Includes ESCB deposits with and funding; a positive value corresponds to funding; a negative value corresponds to a deposit with

(2) Corresponds to eligible assets portfolio adding HQLA securities non elegible for ECB, deducted of the used collateral

(3) (Total Loans - Accumulated Impairment on Loans)/ Customer Deposits

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) are included in regulatory legislation, and the LCR aims to promote the resilience of Banks to short-term liquidity risk, ensuring that they hold high quality liquid assets, sufficient to survive a severe stress scenario, for a period of 30 days, while the NSFR aims to ensure that Banks maintain stable funding for their assets and off-balance sheet operations, for a period of one year. In accordance with current regulatory legislation, the novobanco Group is required to comply with a minimum regulatory limit of 100% in both ratios (LCR and NSFR).

In accordance with the applicable regulatory legislation, novobanco is required to comply with a minimum regulatory limit of 100% for both ratios (LCR and NSFR).

Despite annual growth in customer loans of 1.9 billion euros, dividend distributions of 1.3 billion euros in April and June 2025 (the latter of 1.1 billion euros via capital reduction), and the repayment of 1.3 billion euros in collateralized funding since December 2024, the Group improved its liquidity position mainly due to growth of 2.3 billion euros in customer deposits, the issuance of two covered bonds and one senior bond totalling 1.5 billion euros. Novobanco Group's liquidity ratios remained stable and at comfortable levels, having decreased by 4pp compared to the previous year (31 December 2025: 160%; 31 December 2024: 164%), with the average LCR for the 12 months of 2025 at 152% (31 December 2024: 191%). The NSFR, in turn, stood at 118% on 31 December 2025, representing an improvement of 1pp compared to the previous year.

In the novobanco Group, liquidity is managed in a centralized manner at the Headquarters for the prudential consolidated group, with analysis and decision-making based on reports that allow not only to identify negative mismatches but to perform dynamic coverage of them. In accordance with the rules of the ITS (Implementing Technical Standards), the calculation of the net contractual deficit and the rebalancing capacity (counterbalancing capacity) is made for the end of 2025 and 2024:

(thousands of Euros)

	2025						
	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months year	More than 12 months
OUTPUT							
Liabilities from issued securities (if not treated as retail deposits)	4,205,211	2,247	21,702	75,173	16,406	4,243	4,085,441
Liabilities from guaranteed lending operations and operations associated to financial markets	2,568,312	76,518	290,407	676,872	805,344	42,293	676,878
Behavioral outputs from deposits	33,262,433	306,383	45,780	130,232	162,286	308,189	32,309,564
Exchange swaps and derivatives	401,553	11,683	60,990	97,911	66,505	34,840	129,624
Other output	643,592	–	–	–	20,143	49,375	574,074
Total Output	**41,081,101**	**396,831**	**418,878**	**980,188**	**1,070,684**	**438,939**	**37,775,581**
INPUT							
Secured lending operations and operations associated to financial markets	2,269,928	76,523	290,462	676,985	805,493	5,116	415,349
Behavioral inputs from loans and advances	30,733,813	42,399	64,732	173,318	257,859	516,004	29,679,501
Exchange swaps and derivatives	430,245	12,294	61,642	98,603	70,131	39,380	148,194
Own portfolio securities to mature and other entries	12,132,944	95,304	426,829	456,125	546,173	786,562	9,821,951
Total Input	**45,566,930**	**226,521**	**843,664**	**1,405,031**	**1,679,656**	**1,347,063**	**40,064,995**
Net contractual deficit	4,485,829	(170,310)	424,786	424,843	608,972	908,123	2,289,414
Accumulated net contractual deficit		**(170,310)**	**254,476**	**679,319**	**1,288,291**	**2,196,414**	**4,485,829**

CAPACITY TO READJUSTMENT	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	More than 1 year
Cash	179,301	–	–	–	–	–	–
Deployable reserves from the central bank	1,471,655	–	–	–	–	–	–
Negotiable and non-negotiable assets eligible for the central bank	14,091,915	1,805	(12,343)	(151,627)	(399,983)	(1,116,074)	(12,413,693)
Authorized and unused facilities received	2,969,194	(10,767)	(50,296)	(181,954)	(188,990)	(200,660)	(2,336,527)
Net change in rebalancing capacity	–	(8,962)	(62,638)	(333,581)	(588,974)	(1,316,734)	(14,750,220)
Accumulated capacity to readjustment	**18,712,065**	**18,703,104**	**18,640,465**	**18,306,884**	**17,717,911**	**16,401,176**	**1,650,956**

(thousands of Euros)

	2024						
	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	More than 1 year
OUTPUT							
Liabilities from issued securities (if not treated as retail deposits)	2,674,710	2,247	4,593	52,542	5,184	109,971	2,500,172
Liabilities from guaranteed lending operations and operations associated to financial markets	1,697,840	–	477,609	9,933	611,688	298,610	300,000
Behavioral outputs from deposits	30,852,939	287,239	55,573	106,097	121,033	229,887	30,053,109
Exchange swaps and derivatives	495,371	4,080	36,863	249,479	54,745	43,718	106,485
Other output	692,973	17	–	–	20,143	49,364	623,449
Total Output	**36,413,832**	**293,584**	**574,638**	**418,051**	**812,793**	**731,551**	**33,583,215**
INPUT							
Behavioral inputs from loans and advances	28,279,967	58,073	59,225	158,767	236,899	474,569	27,292,435
Exchange swaps and derivatives	547,984	4,803	36,811	250,984	56,441	48,347	150,597
Own portfolio securities to mature and other entries	12,455,874	218,376	421,965	713,926	1,293,262	456,065	9,352,279
Total Input	**41,283,825**	**281,252**	**518,001**	**1,123,676**	**1,586,602**	**978,981**	**36,795,312**
Net contractual deficit	4,869,993	(12,331)	(56,637)	705,626	773,809	247,430	3,212,096
Accumulated net contractual deficit		**(12,331)**	**(68,969)**	**636,657**	**1,410,466**	**1,657,896**	**4,869,993**

CAPACITY TO READJUSTMENT	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	More than 1 year
Cash	183,824	–	–	–	–	–	–
Deployable reserves from the central bank	1,047,305	–	–	–	–	–	–
Negotiable and non-negotiable assets eligible for the central bank	13,460,196	–	316,259	(530,412)	(485,619)	(986,584)	(11,773,840)
Authorized and unused facilities received	3,664,269	(14,112)	(58,312)	(246,270)	(334,388)	(317,889)	(2,693,298)
Net change in rebalancing capacity	–	(14,112)	257,947	(776,682)	(820,007)	(1,304,473)	(14,467,138)
Accumulated capacity to readjustment	**18,355,594**	**18,341,482**	**18,599,429**	**17,822,747**	**17,002,740**	**15,698,267**	**1,231,129**

The liquidity position in 2025 improved by 539 million euros, moving from a one-year accumulated net contractual surplus of 1,658 million euros at the end of 2024 to a one-year accumulated net contractual surplus of 2,196 million euros as at 31 December 2025.

The counterbalancing capacity at one year at the end of 2025 was 16,401 million euros, 703 million euros upper than the value recorded at the end of 2024 (15,698 million euros). This increase is mainly due to the increase in funding at the ECB (+424 million euros) and the increase in assets with maturities of more than 1 year.

In order to anticipate possible negative impacts, internal liquidity stress scenarios are created that represent the types of crisis that may occur, based on idiosyncratic scenarios (characterized by a loss of confidence in the Bank) and market scenarios and combined scenarios.

Assets and Liabilities - Maturities

As at 31 December 2025 and 2024, assets and liabilities by maturity dates is as follows:

(thousands of Euros)

	2025					
	Up to 3 months	From 3 months to one year	From one to five years	More than five years	Undetermined duration / Overdue loans	Total
Financial Assets	**3,943,212**	**3,072,446**	**13,819,289**	**21,234,346**	**684,612**	**42,753,905**
Financial Assets held for trading	**19,641**	**5,073**	**13,519**	**167,791**	**–**	**206,024**
Securities	12,955	–	3,910	109,415	–	126,280
Trading derivatives	6,686	5,073	9,609	58,376	–	79,744
Financial assets mandatorily measured at fair value through profit or loss	**91**	**–**	**–**	**35,552**	**189,783**	**225,426**
Securities	91	–	–	–	189,783	189,874
Loans to Customers	–	–	–	35,552	–	35,552
Financial assets mandatorily measured at fair value through other comprehensive income	**184,275**	**528,816**	**900,221**	**1,863,632**	**144,089**	**3,621,033**
Securities	184,275	528,816	900,221	1,863,632	144,089	3,621,033
Financial assets mandatorily measured at amortized cost	**3,731,519**	**2,505,465**	**12,558,185**	**18,937,985**	**350,740**	**38,083,894**
Securities	940,352	560,684	4,183,491	2,301,725	–	7,986,252
Loans and advances to Banks	1,028,454	208,715	1,086,790	869	–	2,324,828
(of which: Operations with repurchase agreement)	1,036,975	200,114	1,002,324	–	–	2,239,413
Loans to Customers	1,762,714	1,736,066	7,287,903	16,635,391	350,740	27,772,814
Derivatives - Hedge Accounting	**7,686**	**33,092**	**347,364**	**229,386**	**–**	**617,528**
Financial Liabilities	**24,569,538**	**8,009,016**	**5,702,716**	**1,695,921**	**–**	**39,977,191**
Financial Liabilities held for trading	**6,071**	**4,561**	**12,349**	**41,614**	**–**	**64,595**
Trading derivatives	6,071	4,561	12,349	41,614	–	64,595
Financial liabilities measured at amortised cost	**24,556,427**	**7,994,078**	**5,608,868**	**1,601,432**	**–**	**39,760,806**
Deposits from central banks	392	–	–	–	–	392
Deposits from other credit institutions	1,424,359	302,082	1,302,520	–	–	3,028,961
(of which: Operations with repurchase agreement)	1,036,937	200,114	1,002,339	–	–	2,239,390
Due to Customers	23,126,521	7,691,996	1,446,222	66,939	–	32,331,679
Debt issued	5,154	–	2,860,127	1,032,546	–	3,897,827
Subordinated liabilities	–	–	–	501,947	–	501,947
Derivatives - Hedge Accounting	**7,041**	**10,377**	**81,498**	**52,875**	**–**	**151,791**
Notional	**2,277,547**	**4,791,656**	**26,391,091**	**13,251,007**	**–**	**46,711,300**
Trading derivatives	**1,410,347**	**762,214**	**2,215,616**	**4,350,589**	**–**	**8,738,766**
Notional Purchase	710,558	387,608	1,100,702	2,153,615	–	4,352,483
Notional Sale	699,789	374,605	1,114,914	2,196,974	–	4,386,283
Derivatives - Hedge Accounting	**867,200**	**4,029,442**	**24,175,475**	**8,900,420**	**–**	**37,972,537**
Notional Purchase	433,600	2,014,721	12,087,737	4,450,210	–	18,986,268
Notional Sale	433,600	2,014,721	12,087,737	4,450,210	–	18,986,268

(thousands of Euros)

	2024					
	Up to 3 months	From 3 months to one year	From one to five years	More than five years	Undetermined duration / Overdue loans	Total
Financial Assets	**3,128,438**	**3,635,222**	**12,638,465**	**19,233,428**	**666,409**	**39,301,962**
Financial Assets held for trading	**190,861**	**301,415**	**25,219**	**116,025**	**–**	**633,521**
Securities	184,085	291,771	9,977	35,358	–	521,191
Trading derivatives	6,776	9,644	15,242	80,668	–	112,330
Financial assets mandatorily measured at fair value through profit or loss	**91**	**50**	**1**	**12,840**	**235,551**	**248,533**
Securities	91	50	1	12,840	235,551	248,533
Financial assets mandatorily measured at fair value through other comprehensive income	**269,962**	**514,741**	**1,103,655**	**1,158,983**	**100,964**	**3,148,305**
Securities	269,962	514,741	1,103,655	1,158,983	100,964	3,148,305
Financial assets mandatorily measured at amortized cost	2,667,173	2,815,982	11,092,015	17,684,282	329,894	34,589,347
Securities	967,613	1,031,614	4,079,486	2,547,554	–	8,626,267
Loans and advances to Banks	–	3,354	32,863	869	–	37,087
Loans to Customers	1,699,560	1,781,014	6,979,667	15,135,859	329,894	25,925,993
Derivatives - Hedge Accounting	**351**	**3,033**	**417,575**	**261,297**	**–**	**682,256**
Financial Liabilities	**23,501,108**	**7,843,331**	**2,828,839**	**1,188,814**	**–**	**35,362,092**
Financial Liabilities held for trading	**7,799**	**9,682**	**17,712**	**60,647**	**–**	**95,841**
Trading derivatives	7,799	9,682	17,712	60,647	–	95,841
Financial liabilities measured at amortised cost	**23,493,308**	**7,831,987**	**2,710,060**	**1,069,515**	**–**	**35,104,869**
Deposits from central banks	60	–	–	–	–	60
Deposits from other credit institutions	823,790	610,801	337,845	–	–	1,772,436
(of which: Operations with repurchase agreement)	452,279	602,407	–	–	–	1,054,686
Due to Customers	22,655,980	7,221,186	430,816	66,939	–	30,374,921
(of which: Operations with repurchase agreement)	9,905	250,219	–	–	–	260,124
Debt issued	13,477	–	1,941,398	500,856	–	2,455,732
Subordinated liabilities	–	–	–	501,720	–	501,720
Derivatives - Hedge Accounting	**1**	**1,662**	**101,067**	**58,652**	**–**	**161,383**
Notional	**1,644,429**	**1,419,895**	**24,104,207**	**16,732,852**	**–**	**43,901,382**
Trading derivatives	**1,606,494**	**731,616**	**2,643,150**	**4,641,077**	**–**	**9,622,338**
Notional Purchase	804,326	365,736	1,314,103	2,289,548	–	4,773,713
Notional Sale	802,168	365,880	1,329,047	2,351,530	–	4,848,625
Derivatives - Hedge Accounting	**37,934**	**688,279**	**21,461,057**	**12,091,775**	**–**	**34,279,044**
Notional Purchase	18,967	344,139	10,730,528	6,045,887	–	17,139,522
Notional Sale	18,967	344,139	10,730,528	6,045,887	–	17,139,522

42.6 Encumbered and unencumbered assets

The following is information on encumbered and unencumbered assets, as defined by Instruction No. 28/2014 from the Bank of Portugal (we underline that this information is prepared in a prudential perspective, the consolidation perimeter of which differs from the consolidation perimeter of the financial statements presented):

(thousands of Euros)

	2025			
Assets	Book value of encumbered assets	Fair value of encumbered assets	Book value of unencumbered assets	Fair value of unencumbered assets
Equity instruments	–	–	700,573	700,573
Debt securities	1,045,648	1,045,648	10,478,094	10,478,094
Other assets	4,053,482	n/a	30,211,920	n/a
Assets of the institution	**5,099,130**	**n/a**	**41,390,587**	**n/a**

(thousands of Euros)

	2024			
Assets	Book value of encumbered assets	Fair value of encumbered assets	Book value of unencumbered assets	Fair value of unencumbered assets
Equity instruments	–	–	747,832	747,832
Debt securities	567,419	567,419	11,398,210	11,398,210
Other assets	2,551,275	n/a	27,225,294	n/a
Assets of the institution	**3,118,694**	**n/a**	**39,371,336**	**n/a**

(thousands of Euros)

Encumbered assets, encumbered collateral received and associated liabilities	2025		2024	
	Associated liabilities, contingent liabilities and securities loaned	Assets, collateral received and own debt securities issued other than encumbered own covered bonds or ABS	Associated liabilities, contingent liabilities and securities loaned	Assets, collateral received and own debt securities issued other than encumbered own covered bonds or ABS
Carrying book value of the selected financial liabilities	4,909,631	5,099,130	2,741,307	3,118,694

Encumbered assets are primarily represented by loans and securities used in financing operations with the ECB, repo operations, mortgage bond issues, and securitizations. There are also assets given as collateral to cover the Bank's counterparty risk in derivative operations.

42.7 Operational risk

Operational risk generally refers to the probability of occurrence of events with negative impacts, on results or capital, arising from the inadequacy or deficiency of procedures and information systems, the behaviour of people, or triggered by external events, including legal risks. Therefore, operational risk is understood as the sum of the following risks: operational, information systems, compliance, and reputation risks.

For operational risk management, a system was developed and implemented aimed at ensuring the standardization, systematization, and recurrence of activities of identification, monitoring, control, and mitigation of this risk. This system is supported by an organizational structure, integrated into the Global Risk Department exclusively dedicated to this task, as well as by Operational Risk Management Representatives appointed by each of the departments, branches, and subsidiaries considered relevant, who are responsible for compliance with the established procedures and the daily management of this risk in their areas of competence.

42.8 Capital Management and Solvency Ratio

The main objective of capital management is to ensure compliance with the strategic objectives of the novobanco Group in terms of capital adequacy, complying with and enforcing the rules for calculating risk-weighted assets and own funds and ensuring compliance with the solvency and leverage levels defined by the supervisory authorities, namely by the European Central Bank (ECB) - the entity directly responsible for the supervision of the novobanco Group - and the Bank of Portugal, and the risk appetite set internally for capital metrics.

The Executive Board of Directors is responsible for defining the strategy to be adopted in terms of capital management, which is integrated into the global objective definition of the novobanco Group.

The capital ratios of the novobanco Group are calculated based on the rules set out in Directive 2013/36/EU and Regulation (EU) No 575/2013 (CRR), which define the criteria for access to credit institutions and investment firms and determine the prudential requirements to be observed by these entities, particularly with regard to the calculation of the aforementioned ratios.

The novobanco Group is authorized to use the approach based on the use of internal models in the determination of risk-weighted credit assets (Internal Ratings Based or IRB method). More specifically, the IRB method is applied to the institution, company, and retail risk classes of the novobanco Group. The equity risk class, securitization positions, positions in the form of investment fund shares, and non-credit obligations are always treated by the IRB method regardless of the entities of the novobanco Group in which the respective risk positions are registered. The standard method is used in the calculation of risk-weighted market and operational assets.

The regulatory capital elements considered in the determination of solvency ratios are divided into Tier 1 common equity (or Common Equity Tier I or CET I), additional Tier 1 capital (or Additional Tier I) which, when added to CET I, constitutes Tier 1 funds, and Tier 2 funds (or Tier II) which, when added to Tier I, constitute total own funds.

The novobanco Group's total own funds consist of CET I elements, Tier I elements and Tier II elements.

Complementary information on the evolution and composition of the novobanco Group's capital ratios can be found in the Group's Market Discipline Document (point 3. Capital Adequacy).

The following table presents a summary of own funds, risk-weighted assets, and capital ratios of novobanco Group for 31 December 2025 and 2024:

(millions of Euros)

		2025	2024 (fully loaded) (3)	2024 (phased in)
Realised ordinary share capital, issue premiums and own shares		2,245	3,345	3,345
Reserves and Retained earnings		1,499	948	948
Net income for the year attributable to shareholders of the Bank		828	745	745
Non-controlling interests (minorities)		29	26	26
A - Equity (prudential perspective)		**4,601**	**5,064**	**5,064**
Net result of the financial year attributable to the Bank's shareholders not eligible		(497)	(375)	(375)
Non-controlling interests (minorities)		(17)	(12)	(12)
Adjustments of additional valuation		(5)	(5)	(5)
Transitional period to IFRS9		–	–	34
Goodwill and other intangibles		(102)	(59)	(59)
Cash flow hedge		(53)	(103)	(103)
Pension fund assets with defined benefits		(8)	(6)	(6)
Deferred tax assets and shareholdings in financial companies		(362)	(127)	(127)
Other (1)		(35)	(64)	(64)
B - Regulatory adjustments to equity		**(1,081)**	**(752)**	**(719)**
C - Own principal funds level 1 - CET I (A+B)		**3,521**	**4,311**	**4,345**
Other eligible instruments for additional Tier 1		2	2	2
D - Additional own funds Level 1 - Additional Tier 1		**2**	**2**	**2**
E - Level 1 own funds - Tier I (C+D)		**3,522**	**4,313**	**4,347**
Subordinated liabilities eligible for Tier II		502	502	502
Other elements eligible for Tier II		70	79	79
F - Level 2 own funds - Tier II		**572**	**581**	**581**
G - Eligible own funds (E+F)		**4,094**	**4,894**	**4,928**
Credit risk		17,736	19,092	19,114
Market risk		66	62	62
Operational risk		2,422	2,259	2,259
H - Risk Weighted Assets		**20,224**	**21,413**	**21,435**
Solvability ratio				
CET I ratio	**(C/H)**	**17.4 %**	**20.1 %**	**20.3 %**
Tier I ratio	**(E/H)**	**17.4 %**	**20.1 %**	**20.3 %**
Solvability ratio	**(G/H)**	**20.2 %**	**22.9 %**	**23.0 %**
Leverage ratio (2)		**7.0 %**	**9.6 %**	**9.6 %**

(1) Includes the adjustments relating to the backstop CRR and the deduction relating to real estate acquired in credit repayment, as provided for in Bank of Portugal Circular Letter CC/2024/00000050.

(2) The leverage ratio results from dividing Tier 1 by the exposure measure calculated under the CRR.

(3) Capital and leverage ratios not considering effects related with transitional period; for 31 December 2024 excludes net income of 2nd half

Note 43 - NPL Disclosures

Following the recommendations of the European Banking Authority as set out in the document EBA/GL/2018/10, credit institutions must publish a set of information related to Non- Performing Exposures (NPE), restructured loans, and assets received in lieu, according to a standardized format, which is presented below (it is underlined that this information is prepared from a prudential perspective, the consolidation perimeter of which differs from the consolidation perimeter of the condensed interim financial statements presented):

43.1 Credit quality of forborne exposures

(thousands of Euros)

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on nonperforming exposures with forbearance measures
		Total	Of which defaulted	Of which subject to impairment				
Loans and advances	413,732	303,350	303,350	303,350	(26,789)	(198,172)	398,745	91,576
Other financial corporations	27,617	22,642	22,642	22,642	(417)	(21,906)	24,573	736
Non-financial corporations	231,120	222,328	222,328	222,328	(23,646)	(145,440)	203,450	65,663
Households	154,994	58,380	58,380	58,380	(2,726)	(30,826)	170,722	25,177
Loan commitments given	1,010	3,079	3,079	3,079	–	–	–	–
Total	**414,741**	**306,429**	**306,429**	**306,429**	**(26,789)**	**(198,172)**	**398,745**	**91,576**

43.2 Credit quality of performing and non-performing exposures by days past due

(thousands of Euros)

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
	Total	Not past due or past due < =30 days	Past due > 30 days <=90 days	Total	Unlikely to pay that are not past due or are past due <=90 days	Past due > 90 days <=180 days	Past due > 180 days <=1 year	Past due > 1 year <= 2 years	Past due > 2 years <=5 years	Past due > 5 years <=7 years	Past due > 7 years	Of which defaulted
Cash in Central Banks	**1,989,741**	**1,989,741**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans and advances	**29,397,211**	**29,340,292**	**56,919**	**809,997**	**364,991**	**59,132**	**89,795**	**126,150**	**120,317**	**9,480**	**40,131**	**809,997**
General governments	452,416	452,380	37	5	–	–	4	–	–	–	–	5
Credit institutions	2,324,828	2,324,828	–	–	–	–	–	–	–	–	–	–
Other financial corporations	1,731,823	1,731,771	52	48,033	32,185	1	2,248	7,253	391	–	5,955	48,033
Non-financial corporations	11,842,578	11,834,999	7,578	527,087	252,945	35,229	48,147	63,331	89,149	8,182	30,104	527,087
Of which SMEs	6,578,750	6,571,975	6,775	380,097	146,282	19,373	47,613	56,146	75,277	7,809	27,597	380,097
Households	13,045,566	12,996,314	49,252	234,873	79,862	23,902	39,395	55,565	30,778	1,298	4,072	234,873
Debt securities	**11,367,621**	**11,367,621**	**–**	**122,569**	**90,583**	**–**	**–**	**6,882**	**–**	**2,658**	**22,446**	**122,569**
General governments	5,776,299	5,776,299	–	–	–	–	–	–	–	–	–	–
Credit institutions	1,263,347	1,263,347	–	–	–	–	–	–	–	–	–	–
Other financial corporations	1,377,116	1,377,116	–	25,104	–	–	–	–	–	2,658	22,446	25,104
Non-financial corporations	2,950,860	2,950,860	–	97,465	90,583	–	–	6,882	–	–	–	97,465
Off-balance-sheet exposures	**9,531,444**	**–**	**–**	**367,233**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**367,233**
General governments	88,564	–	–	–	–	–	–	–	–	–	–	–
Credit institutions	451,403	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations	376,572	–	–	6,563	–	–	–	–	–	–	–	6,563
Non-financial corporations	7,087,448	–	–	353,125	–	–	–	–	–	–	–	353,125
Households	1,527,459	–	–	7,545	–	–	–	–	–	–	–	7,545
Total	**52,286,017**	**42,697,654**	**56,919**	**1,299,798**	**455,574**	**59,132**	**89,795**	**133,032**	**120,317**	**12,138**	**62,577**	**1,299,798**

Productive and non-productive exposures and respective provisions

(thousands of Euros)

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Total	Of which, Stage 1	Of which, Stage 2	Total	Of which, Stage 2	Of which, Stage 3			
Cash in Central Banks	**1,989,741**	**1,989,741**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans and advances	**29,397,211**	**26,533,468**	**2,863,742**	**809,997**	**–**	**774,445**	**(272,929)**	**(77,002)**	**(195,927)**	**(471,930)**	**–**	**(471,930)**	**(446,640)**	**16,061,605**	**287,658**
General governments	452,416	372,208	80,208	5	–	5	(3,598)	(580)	(3,018)	(2)	–	(2)	–	23,368	–
Credit institutions	2,324,828	2,324,643	185	–	–	–	(822)	(801)	(21)	–	–	–	–	–	–
Other financial corporations	1,731,823	1,608,764	123,058	48,033	–	48,033	(13,603)	(5,835)	(7,768)	(42,503)	–	(42,503)	(174,969)	517,336	3,860
Non-financial corporations	11,842,578	10,096,674	1,745,903	527,087	–	491,535	(205,442)	(54,801)	(150,641)	(314,519)	–	(314,519)	(175,221)	3,669,866	183,063
Of which SMEs	6,578,750	5,599,946	978,804	380,097	–	380,097	(89,806)	(28,727)	(61,079)	(238,325)	–	(238,325)	(159,820)	2,590,137	119,796
Households	13,045,566	12,131,178	914,388	234,873	–	234,873	(49,463)	(14,984)	(34,479)	(114,907)	–	(114,907)	(96,450)	11,851,036	100,735
Debt securities	**11,367,621**	**11,290,814**	**76,807**	**122,569**	**–**	**122,477**	**(11,729)**	**(5,605)**	**(6,124)**	**(54,694)**	**–**	**(54,694)**	**–**	**–**	**–**
General governments	5,776,299	5,776,299	–	–	–	–	(752)	(752)	–	–	–	–	–	–	–
Credit institutions	1,263,347	1,263,347	–	–	–	–	(393)	(393)	–	–	–	–	–	–	–
Other financial corporations	1,377,116	1,372,070	5,045	25,104	–	25,104	(1,670)	(1,493)	(178)	–	–	–	–	–	–
Non-financial corporations	2,950,860	2,879,098	71,762	97,465	–	97,374	(8,913)	(2,967)	(5,947)	(54,694)	–	(54,694)	–	–	–
Off-balance-sheet exposures	**9,531,444**	**8,432,440**	**1,099,004**	**367,233**	**–**	**367,233**	**(20,495)**	**(6,635)**	**(13,859)**	**(91,963)**	**–**	**(91,963)**	**–**	**244,502**	**9,133**
General governments	88,564	84,002	4,562	–	–	–	(18)	(8)	(10)	–	–	–	–	2,118	–
Credit institutions	451,403	428,305	23,098	–	–	–	(835)	(67)	(768)	–	–	–	–	40,486	–
Other financial corporations	376,572	373,752	2,820	6,563	–	6,563	(82)	(66)	(16)	(6,485)	–	(6,485)	–	7,380	–
Non-financial corporations	7,087,448	6,146,741	940,707	353,125	–	353,125	(16,184)	(3,556)	(12,628)	(84,462)	–	(84,462)	–	180,584	9,063
Households	1,527,459	1,399,641	127,818	7,545	–	7,545	(3,376)	(2,939)	(437)	(1,016)	–	(1,016)	–	13,934	70
Total	**52,286,017**	**48,246,463**	**4,039,554**	**1,299,798**	**–**	**1,264,155**	**(305,153)**	**(89,242)**	**(215,910)**	**(618,587)**	**–**	**(618,587)**	**(446,640)**	**16,306,108**	**296,792**

Quality of non-performing exposures by geography

(thousands of Euros)

	Gross carrying amount/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	Of which non-performing		Of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**41,697,397**	**932,565**	**932,565**	**41,661,754**	**(811,282)**	**–**	**–**
Portugal	25,485,695	798,683	798,683	25,450,143	(706,138)	–	–
Other countries	16,211,702	133,882	133,882	16,211,611	(105,144)	–	–
Off-balance-sheet exposures	**9,898,677**	**367,233**	**367,233**	**–**	**–**	**112,458**	**–**
Portugal	9,372,592	366,808	366,808	–	–	110,826	–
Other countries	526,085	424	424	–	–	1,631	–
Total	**51,596,074**	**1,299,798**	**1,299,798**	**41,661,754**	**(811,282)**	**112,458**	**–**

Credit quality of loans and advances by activity sector

(thousands of Euros)

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	294,400	18,274	18,274	294,400	(16,365)	–
Mining and quarrying	63,715	5,323	5,323	63,715	(8,083)	–
Manufacturing	2,423,245	107,456	107,456	2,423,245	(89,023)	–
Electricity, gas, steam and air conditioning supply	361,476	416	416	361,476	(2,126)	–
Water supply	201,508	114	114	201,508	(2,987)	–
Construction	1,164,979	49,451	49,451	1,164,978	(46,260)	–
Wholesale and retail trade	1,642,369	55,385	55,385	1,642,368	(58,180)	–
Transport and storage	681,250	16,166	16,166	681,249	(23,168)	–
Accommodation and food service activities	1,046,770	12,824	12,824	1,046,770	(31,162)	–
Information and communication	283,058	1,943	1,943	283,058	(11,043)	–
Financial and insurance activities	595,270	1,279	1,279	595,270	(5,389)	–
Real estate activities	1,856,143	115,733	115,733	1,856,141	(67,714)	–
Professional, scientific and technical activities	751,362	103,681	103,681	715,810	(43,768)	–
Administrative and support service activities	405,479	3,644	3,644	405,479	(7,193)	–
Public administration and defence, compulsory social security	47	–	–	47	–	–
Education	83,969	564	564	83,969	(1,323)	–
Human health services and social work activities	215,604	8,013	8,013	215,604	(7,326)	–
Arts, entertainment and recreation	111,385	11,313	11,313	111,385	(11,809)	–
Other services	187,636	15,509	15,509	187,641	(87,041)	–
Total	**12,369,665**	**527,087**	**527,087**	**12,334,112**	**(519,961)**	**–**

Assessment of collateral - loans and advances

(thousands of Euros)

	Loans and advances											
	Performing			Non-performing								
						Of which, past due > 90 dias						
	Total - Performing	Not overdue or overdue < =30 days	Of which past due > 30 days <=90 days	Total - Non Performing	Unlikely to pay that are not past due or are past due <= 90 days	Total past due > 90 days	Of which past due >90 days <= 180 days	Of which: past due > 180 days <= 1 year	Of which: past due > 1 years <= 2 years	Of which: past due > 2 years <= 5 years	Of which: past due > 5 years <=7 years	Of which: past due > 7 years
Gross carrying amount	**29,397,211**	**29,340,292**	**56,919**	**809,997**	**364,991**	**445,006**	**59,132**	**89,795**	**126,150**	**120,317**	**9,480**	**40,131**
Of which secured	18,009,574	17,967,244	42,330	508,818	241,693	267,125	40,043	45,708	58,785	83,713	9,081	29,795
Of which secured with immovable property	15,038,352	14,998,324	40,027	313,328	110,384	202,945	17,108	28,139	46,220	77,691	8,581	25,206
Of which instruments with LTV higher than 60% and lower or equal to 80%	2,725,915	–	–	39,647	8,385	31,261	–	–	–	–	–	–
Of which instruments with LTV higher than 80% and lower or equal to 100%	347,736	–	–	44,364	9,676	34,688	–	–	–	–	–	–
Of which instruments with LTV higher than 100%	349,147	–	–	60,121	25,314	34,808	–	–	–	–	–	–
Accumulated impairment for secured assets	**(115,998)**	**(113,889)**	**(2,109)**	**(206,905)**	**(97,344)**	**(109,561)**	**(11,005)**	**(14,828)**	**(15,009)**	**(45,669)**	**(6,954)**	**(16,097)**
Collateral												
Of which value capped at the value of exposure	16,001,997	15,962,019	39,979	269,271	135,578	133,692	19,775	21,672	40,158	36,911	1,478	13,699
Of which immovable property	14,145,232	14,107,381	37,850	185,948	68,328	117,620	13,037	20,747	34,970	35,195	1,409	12,262
Of which value above the cap	37,070,723	37,016,425	54,298	2,077,284	1,597,416	479,867	36,863	48,765	92,348	118,267	18,072	165,552
Of which immovable property	20,519,715	20,466,024	53,691	479,192	208,898	270,294	34,919	43,550	60,391	79,806	11,068	40,561
Financial guarantees received	**59,608**	**59,507**	**101**	**18,388**	**5,877**	**12,511**	**1,763**	**6,474**	**3,526**	**748**	**–**	**–**
Accumulated partial write-off	**(18)**	**–**	**(18)**	**(446,622)**	**(87)**	**(446,536)**	**(187)**	**–**	**(5,625)**	**(178,584)**	**(2,331)**	**(259,810)**

Changes in the stock of non-performing loans and advances

(thousands of Euros)

	Gross carrying amount
Initial stock of non-performing loans and advances	**864,127**
Inflows to non-performing portfolios	370,569
Outflows from non-performing portfolios	(424,699)
Outflow to performing portfolio	(77,078)
Outflow due to loan repayment, partial or total	(221,017)
Outflow due to taking possession of collateral	(1,003)
Outflow due to sale of instruments	(27,893)
Outflow due to write-off	(71,992)
Outflow due to other situations	(25,717)
Final stock of non-performing loans and advances	**809,997**

Collateral obtained by taking possession and execution processes

(thousands of Euros)

	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Other than PP&E	**107,133**	**(20,967)**
Residential immovable property	13,316	(1,825)
Commercial Immovable property	7,250	(2,381)
Movable property (auto, shipping, etc.)	1,121	(1,067)
Equity and debt instruments	58,053	(9,568)
Other	27,394	(6,127)
Total	**107,133**	**(20,967)**

Collateral obtained by taking possession and execution processes – distribution by age

(thousands of Euros)

	Debt balance reduction		Total collateral obtained by taking possession									
					Foreclosed <=2 years		Foreclosed > 2 years <=5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
	Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
Collateral obtained by taking possession other than that classified as PP&E	106,747	–	107,133	(20,967)	46,601	(196)	3,770	(347)	56,762	(20,425)	–	–
Residential immovable property	12,934	–	13,316	(1,825)	1,487	(38)	246	(111)	11,583	(1,676)	–	–
Commercial immovable property	7,246	–	7,250	(2,381)	1,114	(79)	1,944	(169)	4,192	(2,132)	–	–
Movable property (auto, shipping, etc.)	1,121	–	1,121	(1,067)	78	(78)	67	(67)	976	(922)	–	–
Equity and debt instruments	58,053	–	58,053	(9,568)	43,922	–	1,514	–	12,617	(9,568)	–	–
Other	27,394	–	27,394	(6,127)	–	–	–	–	27,394	(6,127)	–	–
Total	**106,747**	**–**	**107,133**	**(20,967)**	**46,601**	**(196)**	**3,770**	**(347)**	**56,762**	**(20,425)**	**–**	**–**

Note 44 - Provision of Insurance or Reinsurance Mediation Service

As at 31 December 2025 and 2024, the remunerations resulting from the rendering of insurance or reinsurance mediation service have the following composition:

(thousands of Euros)

	2025	2024
Life Insurance	**18,692**	**19,325**
Unit Link and other life commissions	738	671
Credit protection insurance (life)	234	708
Traditional Products	17,720	17,946
Non-Life Insurance	**11,333**	**9,743**
Insurance for individuals	10,428	8,432
Corporate insurance	–	177
Credit protection insurance (non-life)	905	1,135
	30,025	**29,068**

Note: the yields shown are net of periodizations

The Group does not collect insurance premiums on behalf of Insurers, nor does it move funds related to insurance contracts. Therefore, there are no other assets, liabilities, income, or expenses to report, related to the insurance mediation activity carried out by the Group, in addition to those already disclosed.

Note 45 - Subsequent Events

- At the end of January, Portugal experienced severe weather events, including Storm Kristin, which are estimated to have a potential macroeconomic impact of approximately 5 to 6 billion euros. In response, the Portuguese Government implemented several support measures for the affected regions, including credit lines and temporary moratoria. As of the date of this report, no detailed assessment of the economic impacts was yet available.

SEPARATE FINANCIAL STATEMENTS



Separate Income Statement for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
Interest Income	8	1,966,152	2,355,594
Interest Expenses	8	(897,660)	(1,216,737)
Net Interest Income		**1,068,492**	**1,138,857**
Dividend income	10	79,620	30,862
Fees and comission income	9	362,231	330,548
Fees and comission expenses	9	(39,712)	(37,793)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	10	22,376	(4,996)
Gains or losses on financial assets and liabilities held for trading	10	12,173	9,886
Gains or losses on financial assets mandatorily at fair value through profit or loss	10	14,569	28,417
Gains or losses on financial assets and liabilities designated at fair value through profit and loss		68	–
Gains or losses from hedge accounting	10	(19,347)	(20,880)
Exchange differences	10	7,709	15,689
Gains or losses on derecognition of non-financial assets	11	(262)	10,098
Other operating income	12	89,178	101,307
Other operating expenses	12	(60,700)	(162,816)
Operating Income		**1,536,396**	**1,439,178**
Administrative expenses		(431,691)	(419,067)
Staff expenses	13	(269,523)	(252,774)
Other administrative expenses	15	(162,168)	(166,294)
Contributions to resolution funds and deposit guarantee	16	(9,509)	(6,329)
Depreciation	23, 24	(53,135)	(55,077)
Provisions or reversal of provisions	17	(56,013)	(109,164)
Commitments and guarantees given		(4,958)	(23,635)
Other provisions		(51,054)	(85,528)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	17	(22,804)	(71,567)
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	17	(39,722)	23,141
Impairment or reversal of impairment on non-financial assets	17	796	2,800
Profit or loss before tax from continuing operations		**924,317**	**803,915**
Tax expense or income related to profit or loss from continuing operations	25	(64,944)	(13,228)
Current tax		(14,709)	(5,228)
Deferred tax		(50,235)	(8,000)
Profit or loss after tax from continuing operations		**859,373**	**790,687**
Weighted average number of ordinary shares outstanding (thousands)		500,000	500,000
Basic earnings per share (in Euros)		1.72	1.58
Diluted earnings per share (in Euros)		1.72	1.58
Basic earnings per share of continuing activities (in Euros)		1.72	1.58
Diluted earnings per share of continuing activities (in Euros)		1.72	1.58

The accompanying explanatory notes are an integral part of these individual financial statements

Separate statement of comprehensive income for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
Net profit / (loss) for the exercise		**859,373**	**790,687**
Other comprehensive income/(loss)			
Items that will not be reclassified to results		**49,904**	**(40,982)**
Actuarial gains / (losses) on defined benefit plans	a)	49,210	(34,440)
Fair value changes of equity instruments measured at fair value through other comprehensive income		694	(6,541)
Items that may be reclassified to results		**(22,424)**	**47,820**
Cash flow hedge	a)	(49,787)	38,989
Financial assets at fair value through other comprehensive income		27,362	8,831
Total other comprehensive income/(loss) for the exercise		**886,853**	**797,525**

a) See Statement of Changes in Equity

The accompanying explanatory notes are an integral part of these individual financial statements

Separate balance sheet as at 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
ASSETS		**45,846,570**	**42,068,890**
Cash, cash balances at central banks and other demand deposits	18	2,061,747	1,604,833
Financial assets held for trading	19	206,029	633,299
Financial assets mandatorily at fair value through profit or loss	20	1,108,004	1,150,504
Financial assets at fair value through other comprehensive income	20	3,505,293	3,074,810
Financial assets at amortised cost	20	36,210,171	32,591,564
Securities		7,999,577	8,639,161
Loans and advances to banks		2,374,936	138,875
(of which: reverse repurchase agreement)		2,239,413	–
Loans and advances to customers		25,835,659	23,813,529
Derivatives – Hedge accounting	21	617,532	682,487
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	(74,077)	(53,562)
Investments in subsidiaries, joint ventures and associates	22	199,842	241,263
Tangible assets		338,928	336,422
Tangible fixed assets	23	338,928	336,422
Intangible assets	24	159,980	112,631
Tax assets	25	812,430	870,231
Current Tax Assets		4,683	25,790
Deferred Tax Assets		807,747	844,441
Other assets	26	682,667	806,779
Non-current assets and disposal groups classified as held for sale	27	18,023	17,629
LIABILITIES		**41,554,947**	**37,339,568**
Financial liabilities held for trading	19	64,538	95,603
Financial liabilities measured at amortised cost	28	40,035,287	35,600,565
Deposits from banks		3,779,813	2,640,019
(of which: repurchase agreement)		2,239,390	1,054,686
Due to customers		31,344,905	29,472,648
(of which: repurchase agreement)		–	260,124
Debt securities issued, Subordinated debt and liabilities associated to transferred assets		4,393,118	2,942,472
Other financial liabilities		517,451	545,427
Derivatives – Hedge accounting	21	151,956	161,684
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	20,822	81,539
Provisions	29	474,162	489,698
Tax liabilities	25	12,369	4,505
Current Tax liabilities		12,369	4,505
Other liabilities	30	795,813	905,974
EQUITY		**4,291,624**	**4,729,322**
Capital	31	2,245,000	3,345,000
Accumulated other comprehensive income	32	(959,341)	(986,820)
Retained earnings	32	13,814	13,814
Other reserves	32	2,132,777	1,566,641
Profit or loss attributable to Shareholders of the parent		859,373	790,687
TOTAL LIABILITIES AND EQUITY		**45,846,570**	**42,068,890**

The accompanying explanatory notes are an integral part of these individual financial statements

Separate statement of changes in equity for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	Capital	Other Comprehensive Income	Retained earnings	Other reserves	Net income of the exercise	Total
Balance as at 31 December 2023		**6,567,844**	**(993,658)**	**(8,577,074)**	**6,231,450**	**800,660**	**4,029,222**
Capital increase by incorporation of special reserve for deferred taxes	31	128,673	–	–	(128,673)	–	–
Capital reduction to cover losses and reinforce the legal reserve	31	(3,351,517)	–	2,870,295	481,222	–	–
Other increase / (Decrease) in Equity		**–**	**(1)**	**5,720,593**	**(5,017,358)**	**(800,660)**	**(97,425)**
Incorporation in retained earnings of net profit / (loss) of the previous year		–	–	720,594	80,066	(800,660)	–
Reallocation of free reserves	31	–	–	5,000,000	(5,000,000)	–	–
Contingent Capital Agreement Reserve	32	–	–	–	(29,586)	–	(29,586)
Other movements (1)		–	(1)	(1)	(67,838)	–	(67,839)
Total comprehensive income for the year		**–**	**6,838**	**–**	**–**	**790,687**	**797,525**
Changes in fair value, net of tax	32	–	63,506	–	–	–	63,506
Remeasurement of defined benefit plans, net of tax	14	–	(34,440)	–	–	–	(34,440)
Impairment reserves of securities at fair value through OCI	32	–	212	–	–	–	212
Sales reserves of securities at fair value through OCI	32	–	(61,428)	–	–	–	(61,428)
Cash flow hedge reserves		–	38,989	–	–	–	38,989
Net income of the exercise		–	–	–	–	790,687	790,687
Balance as at 31 December 2024		**3,345,000**	**(986,820)**	**13,814**	**1,566,641**	**790,687**	**4,729,322**
Capital reduction	31	(1,100,000)	–	–	–	–	(1,100,000)
Other increase / (Decrease) in Equity		**–**	**–**	**–**	**566,136**	**(790,687)**	**(224,551)**
Incorporation in retained earnings of net profit / (loss) of the previous year		–	–	–	790,687	(790,687)	–
Dividends (2)	32	–	–	–	(224,551)	–	(224,551)
Total comprehensive income for the year		**–**	**27,480**	**–**	**–**	**859,373**	**886,853**
Changes in fair value, net of tax	32	–	27,569	–	–	–	27,569
Remeasurement of defined benefit plans, net of tax	14	–	49,210	–	–	–	49,210
Impairment reserves of securities at fair value through OCI	32	–	154	–	–	–	154
Sales reserves of securities at fair value through OCI	32	–	334	–	–	–	334
Cash flow hedge reserves		–	(49,787)	–	–	–	(49,787)
Net income of the exercise		–	–	–	–	859,373	859,373
Balance as at 31 December 2025		**2,245,000**	**(959,341)**	**13,814**	**2,132,777**	**859,373**	**4,291,624**

(1) Includes 67,839 thousands euros related to changes in NPV calculation methodology for hedged items (see Note 21)

(2) corresponds to a dividend per share oh 0.45 euro

The accompanying explanatory notes are an integral part of these individual financial statements

Separate Cash flow statement for the years ended 31 December 2025 and 2024

(thousands of Euros)

	Notes	2025	2024
Cash flows from operating activities		**939,370**	**854,331**
Interest received		1,970,326	2,334,286
Interest paid		(888,547)	(1,225,563)
Fees and commissions received		362,231	330,548
Fees and commissions paid		(39,712)	(37,793)
Recoveries on loans previously written off		27,241	23,179
Contributions to the pension fund		(32,929)	–
Contributions to resolution funds and deposit guarantee		(9,509)	(6,329)
Cash payments to employees and suppliers		(449,733)	(563,997)
Changes in operating assets and liabilities:			
Deposits with / from Central Banks		(21,697)	(1,106,810)
Financial assets mandatorily at fair value through profit or loss		55,642	326,899
Financial assets designated at fair value through profit or loss		389,099	(212,952)
Financial assets at fair value through other comprehensive income		(534,050)	(2,243,690)
Financial assets at amortised cost		(3,430,939)	(1,196,358)
Debt securities		*823,424*	*(346,576)*
Loans and advances to banks		*(2,234,370)*	*(12,981)*
Loans and advances to customers		*(2,019,992)*	*(836,802)*
Financial liabilities at amortised cost		3,053,214	(2,558,954)
Deposits from banks		*1,142,258*	*(2,838,223)*
Due to customers		*1,910,956*	*279,269*
Derivatives - Hedge accounting		15,025	26,602
Other operating assets and liabilities		(76,115)	260,119
Net cash from operating activities before corporate income tax		**389,550**	**(5,850,814)**
Corporate income taxes paid		(15,043)	(6,852)
Net cash from operating activities		**374,506**	**(5,857,666)**
Cash flows from investing activities			
Dividends received		79,620	30,862
Acquisition of tangible fixed assets		(31,308)	(77,199)
Sale of tangible fixed assets		509	6,078
Acquisition of intangible assets		(63,963)	(46,002)
Net cash from investing activities		**(15,142)**	**(86,261)**
Cash flows from financing activities			
Capital reimbursement		(1,100,000)	–
Issuance of bonds and other debt securities		1,500,000	1,800,000
Reimbursement of bonds and other debt securities		(99,928)	(558)
Dividens paid from ordinary shares		(224,551)	–
Net cash from financing activities		**75,521**	**1,799,442**
Net changes in cash and cash equivalents		**434,886**	**(4,144,485)**
Cash and cash equivalents at the beginning of the period		**1,309,111**	**5,453,596**
Effects from foreign exchange in cash and cash equivalents		–	–
Net changes in cash and cash equivalents		434,886	(4,144,485)
Cash and cash equivalents at the end of the period		**1,743,997**	**1,309,111**
Cash and cash equivalents include:			
Cash	18	171,619	176,446
Deposits with Central Banks	18	1,789,757	1,343,628
(of which, Mandatory cash and cash equivalents)		(317,751)	(295,722)
Deposits with banks	18	100,372	84,759
Total		**1,743,997**	**1,309,111**

The accompanying explanatory notes are an integral part of these individual financial statements

Notes to the Separate Financial Statements as of 31 December 2025

(Amounts expressed in thousands of euros, except when otherwise indicated)

Note 1 - Activity

Novo Banco, S.A. is the parent company and the main entity of the novobanco financial Group and LSF Nani Investments S.à r.l. is the parent company of the Nani Holdings SGPS, S.A.. Novo Banco, S.A. is focused on the banking activity, having been incorporated on the 3 August 2014.

On 18 October 2017, Nani Holdings S.à r.l., a company belonging to the North American group Lone Star (formerly Nani Holdings, SGPS, S.A., following its transfer of registered seat from Portugal to Luxembourg by way of legal continuation in 2024), acquired a majority stake (75%) of Novo Banco, S.A share capital through two share capital increases in the amount of 750 million euros and 250 million euros, in October and December, respectively.

The financial statements of novobanco are consolidated by Nani Holdings S.à.r.l., with its headquarters at Rue des Mérovingiens 7A, Bertrange, Luxembourg. LSF Nani Investments S.à.r.l., headquartered in Luxembourg, is the parent company of the Group.

On 13 June 2025, novobanco announced that its majority shareholder, Nani Holdings S.à r.l., had signed a Memorandum of Understanding for the sale of its shareholding to BPCE for an amount equivalent to a valuation of approximately 6.4 billion euros by the end of 2025, representing 100% of the share capital. During October 2025, the minority shareholders, the Resolution Fund and the Directorate-General of the Treasury and Finance, joined the sale operation. The transaction is estimated to be completed during the first half of 2026.

Novo Banco, S.A. has its registered office in Avenida Doutor Mário Soares, Taguspark, Edifício 1, Porto Salvo, Portugal.

Novobanco has a retail network comprising 272 branches in Portugal and abroad (31 December 2024: 273 branches), including a branch in Luxembourg and 1 representative office in Spain (31 December 2024: 1 representative office in Spain).

Note 2 - Basis of Presentation

The separate financial statements of novobanco are presented as at 31 December 2025 , expressed in thousands of euros, rounded to the nearest thousand. 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. The accounting policies used by the Bank in the preparation are consistent with those used in the preparation of the financial statements as of 31 December 2024. The changes to the most relevant accounting policies are described in Note 5.

The separate financial statements of novobanco have been prepared under the assumption of continuity of operations from the accounting records and following the historical cost convention, except for the assets and liabilities accounted at fair value, namely derivative financial instruments, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and hedged assets and liabilities, in respect of their hedged component.

The separate financial statements as at 31 December 2025 were approved at the Executive Board of Directors' meeting held on 29 January 2026 and will be submitted to the Annual General Meeting of Shareholders, which has the power to decide to change them. However, it is Executive Board of Directors' conviction that these financial statements will be approved without changes.

Note 3 - Statement of Compliance

The separate financial statements of novobanco have been prepared in accordance with accounting standards provided for in International Financial Reporting Standards (IFRS) as adopted in the European Union in force on 31 December 2025, under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and Notice no. 5/2015 of Bank of Portugal.

IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRS-IC) and its predecessor body the Standing Interpretations Committee (SIC)

Note 4 - Presentation of Financial Statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line caption.

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 37 - Risk Management.

Note 5 - Changes in Accounting Policies

In the preparation of its financial statements with reference to 31 December 2025, the Bank did not early adopt any new standard, interpretation or amendment issued, but not yet in force.

Note 6 - Material Accounting Policies

6.1 Foreign currency operations

6.1.1 Functional and reporting currency

The Bank's separate financial statements are presented in Euro, which is novobanco functional currency.

6.1.2 Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the item exchange differences.

Non-monetary assets and liabilities recorded at historical cost, denominated in foreign currency, are translated using the exchange rate prevailing at the initial recognition. Non-monetary assets and liabilities, denominated in foreign currency, that are stated at fair value are translated into Euro at the foreign exchange rates ruling at the dates the fair value was determined. The resulting exchange differences are accounted for in the income statement, except if related to equity instruments classified as financial assets at fair value through other comprehensive income, which are recorded in comprehensive income.

6.2 Recognition of interest income/expense

Interest income and expense is recognised in the income statement under interest and similar income and interest expense and similar charges for all financial instruments measured at amortised cost and for all financial assets at fair value through other comprehensive income, using the effective interest rate method.

The effective interest rate is the rate that discounts the estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net book value of the financial asset or liability. The effective interest rate is calculated at inception and is not subsequently revised, except in respect of financial assets and liabilities with a variable interest rate. In this case, the effective interest rate is periodically revised, taking into consideration the impact of the change in the interest rate of reference on the estimated future cash flows.

When calculating the effective interest rate, the Bank estimates the cash flows considering all the contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all the commissions that are an integral part of the effective interest rate, transaction costs and all other related premiums or discounts.

Interest and similar income include interest from financial assets for which were recognised impairment. The interest from financial assets classified as Stage 3 are determined based on the effective interest rate method applied to the net book value. When the asset is no longer classified as Stage 3, the interest is calculated based on the gross book value. Interest arising on financial assets and liabilities at fair value through profit or loss is also included under interest and similar income or interest expense and similar charges, as appropriate.

For derivative financial instruments, the interest component in the change in fair value of derivative financial instruments classified as fair value hedge and fair value option is recognised under interest income or interest expense. For other derivatives, the interest component inherent in the fair value change will not be separated and will be classified under the income statement of assets and liabilities held for trading (see Note 6.5).

6.3 Fee and commission income recognition

Fees and commissions income are recognised as revenue from customer contracts to the extent that performance obligations are met:

- Fees and commissions that are earned on the execution of a significant act, such as loan syndication fees, are recognised as income when the significant act has been completed;
- Fees and commissions earned over the period during which the services are provided are recognised as income in the financial year in which the services are provided;
- Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recognised as income using the effective interest rate method, as described in note 6.2.

6.4 Financial instruments - Classification and initial measurement

6.4.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, that is, the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, that is, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

6.4.2 Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in 6.6. Financial instruments are initially measured at their fair value plus or minus transaction costs (as defined in Note 6.5), except in the case of financial assets and liabilities measured at fair value through results, for which transaction costs are directly recognised in results. Amounts receivable from customers are measured at the transaction price. When the fair value of financial instruments upon initial recognition differs from the transaction price, the Group recognises Day 1 profits, as described below.

6.4.3 Day one profit

When the transaction price of the instrument differs from the fair value at the initial recognition date and the fair value is based on a valuation technique using only data observable in market transactions, the Bank recognises the difference between the transaction price and the fair value in net trading income. In cases where the fair value is based on models for which some of the data are not observable, the difference between the transaction price and fair value is deferred. The deferred value is recognized in profit or loss when there are changes to the model factors (including time), the remaining value is only recognised in profit and loss when the data become observable, or when the instrument is derecognized.

The Bank recognises in results the earnings from the intermediation margin (day one profit), mainly generated in the intermediation of derivative and foreign exchange financial products, since the fair value of these instruments, on the date of their initial recognition and subsequently, is determined only based on variables observable in the market and reflects the Bank's access to the wholesale financial market.

6.4.4 Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the contractual terms of the asset, measured at:

- Amortised cost, as explained in Note 6.6.1;
- Fair Value of through Other Comprehensive Income, as explained in Notes 6.6.1, 6.6.2 and 6.6.3;
- Fair Value Through Profit or Loss, as set out in Note 6.6.4;
- Mandatorily measured at fair value through profit or loss, as set out in Note 6.6.4.

The Bank classifies and measures its derivative and trading portfolio in the trading portfolio, as explained in Note 6.6.5. The Bank may designate financial instruments in the fair value through profit or loss portfolio, if this eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 6.6.6.

Financial liabilities are measured at amortised cost, except for loan commitments and financial guarantees or trading portfolio liabilities which are measured at fair value.

6.5 Fair value of financial assets and liabilities

The fair value of listed financial assets is determined based on the closing price (bid-price), the price of the last transaction made or the value of the last known price (bid). In the absence of quotation, the Bank estimates fair value using (i) valuation methodologies, such as the use of prices for recent transactions, similar and carried out in market conditions, discounted cash flow techniques and customised option valuation models in order to reflect the particularities and circumstances of the instrument and (ii) valuation assumptions based on market information.

For the assets included in the level 3 of fair value hierarchy, whose quotation is provided by a third-party using parameters not observable in the market, the Bank proceeds, when applicable, to a detailed analysis of the historical and liquidity of these assets. Following this analysis, as well as additional internal or external evaluations, adjustments may be made to the provided quotation to determine the fair value of these assets.

The following is a brief description of the type of assets and liabilities included in each level of the hierarchy and the corresponding form of valuation:

Quoted market prices (level 1)

This category includes Financial Instruments with quotations available in active markets and those for which there are entities that regularly disclose transaction prices for these instruments traded in liquid markets. The fair value of quoted financial assets is determined based on the closing price (bid price), the price of the last transaction carried out, or the value of the last known bid.

The priority in terms of which price is used is given to those observed on official markets; where there is more than one official market the choice falls on the principal market on which those instruments are traded.

The Bank considers market prices those disclosed by independent entities, assuming that these act for their own economic benefit and that such prices are representative of the active market, using, whenever possible, prices supplied by more than one entity (for a specific asset and/or liability). In the revaluation process of Financial Instruments, the Bank analyses the different prices in order to select the one that appears most representative for the instrument under analysis. Additionally, prices from recent transactions on similar financial instruments are used as inputs, where they exist, and are subsequently compared with those provided by the aforementioned entities in order to better substantiate the Bank's choice for a given price.

Valuation models based on observable market parameters / prices (level 2)

In this category, financial instruments valued using internal models are considered, particularly models of discounted cash flows and option valuations, which involve the use of estimates and require judgements that vary according to the complexity of the products being valued. Nevertheless, the Bank uses variables provided by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and indices on quotes. It also includes instruments whose valuation is obtained through quotes disclosed by independent entities, but whose markets have lower liquidity. Additionally, the Bank also uses as observable market variables those resulting from transactions on similar instruments and that are observed with a certain recurrence in the market.

Valuation models based on unobservable market parameters (level 3)

This level includes valuations determined using internal valuation models or quotes provided by third parties, but when at least one of the parameters used is not market-observable. The bases and assumptions for calculating fair value are in accordance with the principles of IFRS 13.

For assets included in the fair value hierarchy level 3 , whose valuation is provided by a third party using parameters not observable in the market, the Group, where applicable, conducts a detailed analysis of the historical performance and liquidity of these assets. Based on this analysis, as well as on additional internal or external assessments, adjustments may be applied to the valuation provided to determine the fair value of these assets.

Note 36 discloses the Bank's financial assets and liabilities, segregated by different fair value hierarchies, with a description of the valuation techniques used.

6.6 Financial Assets and Liabilities

The Bank classifies financial assets at the time of their acquisition based on the considered business model and the characteristics of the contractual cash flows of these assets. This classification determines how the asset is measured after its initial recognition:

- Amortised cost: if it is held within a business model with the objective to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest (SPPI - solely payments of principal and interest);
- Fair value through other comprehensive income: if it is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows fall under the scope of SPPI. In addition, upon initial recognition, the Bank may choose to classify irrevocably equity instruments in the fair value through other comprehensive income portfolio being the changes in the fair value recognised in comprehensive income;
- Mandatorily measured at fair value through profit or loss: all cases not within the scope of SPPI;
- Measured at fair value through profit or loss: other financial instruments not included in the business models described above. If these assets are acquired for the purpose of trading in the short term, they are classified as held for trading.

6.6.1 Financial assets at amortised cost

In accordance with IFRS 9 - Financial Instruments, for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it is necessary that:

(i) The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI - solely payments of principal and interest) on the principal amount outstanding. Principal, for the purposes of this test is defined as the fair value of the financial asset at initial recognition. The contractual terms that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in stocks or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at fair value through profit or loss;

(ii) The business model of the financial asset is to receive only the contractual cash flows until maturity (asset at amortised cost). The evaluation of the financial asset's business models is crucial for its classification. The Bank determines the business models by groups of financial assets according to how they are managed to achieve a certain business objective. The Bank's business models determine whether cash flows will be generated through the receipt of only contractual cash flows, the sale of financial assets or both. At the initial recognition of a financial asset, the Bank determines whether it forms part of an existing business model or whether it reflects a new business model. The Bank reassesses its business models in each reporting period, in order to determine whether changes have occurred in the business models since the last reporting period.

The above requirements do not apply to lease receivables, which meet the criteria defined in IFRS 16 – Leases.

Financial assets that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment calculation, as explained in Note 6.12.

Financial assets at amortised cost are initially recorded at acquisition value, subsequently they are measured at amortised cost based on the effective interest rate. The interest, calculated at the effective interest rate, is recognized in the income statement.

6.6.2 Debt instruments with fair value changes in other comprehensive income

The Bank classifies debt instruments with fair value changes in other comprehensive income when both of the following conditions are met:

- The financial asset is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise to, on specific dates, cash flows that are solely payments of principal and interests on the principal amount outstanding.

Debt instruments thus classified are subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income until the assets are derecognised, at which point the accumulated amount of potential gains and losses recorded in other comprehensive income is transferred to profit or loss under the

heading of gains or losses on financial assets and liabilities measured at fair value through profit or loss. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same way as for financial assets measured at amortised cost as explained in Note 6.2.

The expected credit loss calculation is explained in Note 6.12.

6.6.3 Equity instruments with fair value changes in other comprehensive income

After initial recognition, the Group irrevocably classifies financial equity instruments with fair value changes in other comprehensive income when they are classified as equity instruments according to IAS 32 and are not held for trading. This designation is determined on a case-by-case basis..

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income.

Equity instruments measured at fair value through other comprehensive income are not subject to an impairment assessment.

6.6.4 Financial assets recorded at fair value through profit or loss

Financial assets measured at fair value through profit or loss present the following characteristics:

- contractual cash flows are not SPPI (mandatorily measured at fair value through profit or loss); and/or
- it is held within a business model which objective is neither to obtain only contractual cash flows or to obtain contractual cash flows and sale; or
- it is designated at fair value through profit or loss as a result of applying the fair value option.

6.6.5 Assets and Liabilities Held for Trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been acquired or issued mainly for the purpose of making a short-term profit through trading activities or are part of a portfolio of jointly managed financial assets for which there is recent evidence of realization of short-term profits.

Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

6.6.6 Derivative Financial Instruments and Hedge Accounting

Classification

The Bank classifies its derivative portfolio into (i) fair value hedge and (ii) trading derivatives, which include, in addition to the trading book, other derivatives contracted for the purpose of hedging certain assets and liabilities designated at fair value through profit or loss but not classified as hedging (fair value option).

Recognition and measurement

Derivative financial instruments are initially recognised at their fair value on the date the derivative contract is entered into (trade date). Subsequent to initial recognition, the fair value of derivative financial instruments is remeasured on a regular basis and the resulting gains or losses on remeasurement are recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses arising on the derivatives designated as hedging instruments depends on the nature of the risk being hedged and the hedge model used.

Derivatives traded on organised markets, namely futures and some options contracts, are recorded as trading derivatives and their fair value changes are recorded against the income statement. The margin accounts are included under other assets and other liabilities (see Notes 26 and 30) and comprise the minimum collateral mandatory for open positions.

Hedge accounting

- Classification criteria

Derivative financial instruments used for hedging purposes may be classified in the accounts as hedging instruments provided the following criteria are cumulatively met:

(i) Hedging instruments and hedged captions are eligible for the hedge relationship;

(ii) At the inception of the hedge, the hedge relationship is identified and documented, including identification of the hedged caption and hedging instrument and evaluation of the effectiveness of the hedge;

(iii) There is an economic relationship between the hedged caption and the hedging instrument;

(iv) The effect of credit risk does not dominate the changes in value that result from this economic relationship;

(v) The effectiveness of the hedge can be reliably measured, both at the inception of the hedge and on an ongoing basis.

For the cases in which the Bank uses macro hedging, accounting is performed in accordance with IAS 39 (using the policy choice permitted under IFRS 9), with the Bank carrying out prospective tests on the hedge relationship start date, when applicable, and retrospective tests in order to confirm, on each balance sheet date, the effectiveness of hedging relationships, demonstrating that changes in the fair value of the hedging instrument are covered by changes in the fair value of the hedged caption in the portion attributed to the hedged risk. Any ineffectiveness found is recognised in the income statement when it occurs in gains or losses of hedge accounting. In the specific case of fair value hedging of interest rate risk for the deposit portfolio, the IAS 39 carve-out exception was adopted for the application of macro hedging to core deposits.

The use of derivatives is framed in the Bank's risk management strategy and objectives.

- Fair Value Hedge

In a fair value hedging operation, the carrying value of the hedged asset or liability, determined in accordance with the respective accounting policy, is adjusted to reflect the changes in its fair value attributable to the risk being hedged. Changes in the fair value of the derivatives that are designated as hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the risk hedged. In cases where the hedging instrument covers an equity instrument designated at fair value through other comprehensive income, changes in fair value are also recognised in other comprehensive income.

If the hedge no longer meets the effectiveness requirement, but the objective of risk management stays the same, the Bank may adjust the hedging operation in order to meet the eligibility criteria (rebalancing).

IIf the hedge no longer meets the criteria required for hedge accounting, the derivative financial instrument is transferred to the trading portfolio, and hedge accounting is discontinued prospectively. If the hedged asset or liability corresponds to a fixed-income instrument, the revaluation adjustment is amortised in results until maturity by the effective interest rate method, in all other cases, the impacts are recognised directly in profit or loss.

- Cash flow hedge

In a hedge operation of the exposure to variability of highly probable future cash flows (cash flow hedge), the effective portion of changes in the fair value of the hedging derivative is recognized in the cash flow hedge reserve. The value of this reserve is transferred to the results in the periods in which the expected cash flows of the hedged item affect results. The ineffective portion of the hedge is recorded in results.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria required for hedge accounting, the changes in the fair value of the derivative accumulated in reserves are recognized in results when the hedged operation also affects results. If it is foreseeable that the hedged operation will not be carried out, the amounts still recorded in equity are immediately recognized in results, and the hedging instrument is transferred to the trading portfolio.

6.6.7 Financial Liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, regardless of its legal form. Financial liabilities are derecognised when the underlying obligation is liquidated, expires or is cancelled.

Non-derivatives financial liabilities include deposits from banks and customers, loans, debt securities, subordinated debt and short sales.

These financial liabilities are recognised (i) initially, at fair value less transaction costs and (ii) subsequently, at amortised cost, using the effective interest rate method, except for short sales and financial liabilities designated at fair value through profit or loss, which are measured at fair value.

The Bank designates, at inception, certain financial liabilities at fair value through profit or loss when:

- It eliminates or significantly reduces, a measurement or recognition inconsistency (accounting mismatch) that would otherwise occur;
- The financial liability is part of a portfolio of financial assets or financial liabilities or both, managed and evaluated on a fair value basis, according with the Bank's risk management or investment strategy; or
- These financial liabilities contain embedded derivatives and IFRS 9 allows to designate the entire hybrid contract at fair value through profit and loss.

The structured products issued by the Bank – except for the structured products for which the embedded derivatives were separated, recorded separately, and revalued at fair value - are classified under the fair value through profit or loss category because they always meet one of the above-mentioned conditions.

If the Bank repurchases debt securities issued, these are derecognised from the balance sheet and the difference between the carrying book value of the liability and its acquisition cost is recognised in the income statement.

6.6.8 Financial guarantees and performance guarantees

Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss due to non-compliance with the contractual terms of a debt instrument, namely the payment of principal and/ or interest.

Issued financial guarantees are initially recognized at their fair value. Subsequently, these guarantees are measured at the greater of (i) the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any variation in the value of the obligation associated with issued financial guarantees is recognized in results.

Financial guarantee contracts issued by the Bank normally have a stated maturity date and a periodic fee, usually paid in advance, which varies in function of the counterpart risk, the amount and the time period of the contract. On this basis, the fair value of the financial guarantee contracts issued by the Bank, at the inception date, is approximately equal to the initial fee received, considering that the conditions agreed to are market conditions. Hence, the amount recognised at the contract date is equal to the amount of the commission initially received, which is recognised in the income statement over the period to which it relates. Subsequent fees are recognised in the income statement in the period to which they relate.

Performance guarantees

Performance guarantees are contracts that result in compensation of a party if there is non-compliance with the defined contractual obligation. Performance guarantees are initially recognized at fair value, which is normally evidenced by the value of commissions received during the contract's duration. If the defined contractual obligation is not fulfilled, the Bank has the right of recourse against the main debtor of the guarantee, with the amounts recognized in Loans to customers after payment of compensation to the beneficiary of the guarantee.

As the right of return is embedded in the performance guarantee, and therefore part of the same unit of account, the Bank considers that it does not assume insurance risk, but only financial (credit) risk on the main debtor, and, in this sense, treats these guarantees as financial instruments.

6.7 Reclassification of Financial Assets and Liabilities

The Bank does not reclassify financial assets after initial recognition, except in the extraordinary circumstances set out in IFRS 9, which leads to the financial assets included in that model being reclassified, and the classification and measurement requirements relating to the new category being applied prospectively from that date.

Reclassifications between liability categories are not permitted.

6.8 Modification of Financial Assets and Liabilities

The activity of commercial renegotiation of financial assets is one of the tools that the Bank has available and regularly uses in the management and recovery of these instruments. Accordingly, the Bank believes that the assessment of

whether these renegotiations result in the derecognition of financial assets should be exceptional and case-by-case, taking into account the identification of the transactions in question by professional judgment and their materiality.

In these situations, the Bank carries out an assessment to determine whether modifications result in the derecognition of that financial asset. For financial assets, this assessment is based on qualitative factors. When assessing whether or not to derecognize a loan to a customer, the Bank considers, among others, the following factor:

- Change in loan currency;
- Introduction of an equity feature;
- Change in counterparty;
- Whether the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, as set out above, then it does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded. The Bank's accounting policy in respect of forborne loans is set out in note 6.10.

When the modification of the terms of an existing financial liability is not judged to be substantial and, consequently, does not result in derecognition, the amortised cost of the financial liability is recalculated by computing the present value of estimated future contractual cash flows that are discounted at the financial liability's original effective interest rate. Any resulting difference is recognised immediately in the income statement. The Bank accounts for a substantial modification of the terms of an existing liability or part thereof as an extinguishment of the original financial liability and the recognition of a new liability. The terms are assumed to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The difference between the carrying value of the original liability and the value of the new liability is recorded in income statement.

6.9 Derecognition

Financial assets are derecognised from the balance sheet when (i) the Bank's contractual rights relating to the respective cash flows have expired, (ii) the Bank has substantially transferred all the risks and benefits associated with its ownership, or (iii) despite the Bank having withholding part, but not substantially all of the risks and benefits associated with its ownership, control over the assets has been transferred. When an operation measured at fair value through other comprehensive income is derecognised, the accumulated gain or loss previously recognised in other comprehensive income is reclassified to results. In the specific case of equity instruments, the accumulated gain or loss previously recognised in other equity is not reclassified to profit or loss, being transferred between equity captions.

In the specific case of loans to customers, at the time of sale, the difference between the sale value and the book value must be 100% provisioned, and at the time of the sale, the credit sold will be derecognised against the funds / assets received. and consequent use of impairment on the balance sheet.

6.10 Forborne modified loans

In the context of credit recovery, the Bank can do modifications to the original terms of contracts in response to the borrower's financial difficulties, rather than taking possession or otherwise demanding the collection of collateral. The Bank considers a loan to be restructured when such modifications occur as a result of the customer's current or expected financial difficulties, and the Bank would not have agreed to them if the borrower were financially sound. Indicators of financial difficulty include contractual defaults or other warning signs identified by the Global Risk Department and described in the applicable regulations. Forbearance may involve extending the payment arrangements and/or the agreement of new loan conditions. If modifications are substantial, the loan is derecognised, as explained in Note 6.8. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original effective interest rate as calculated before the modification of terms. The Bank also reassesses whether there has been a significant increase in credit risk, as set out in Note 37 and whether the assets should be classified as Stage 3.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is classified as a Stage 3 restructured asset with impairment. Once an asset has been classified as restructured, it will remain restructured for a minimum period of 24 months. For the loan to cease being reclassified in this category, the customer must comply with the following criteria:

- All its financing must be considered performing;

- The two-year curing period has occurred and the loan is now considered performing;
- Regular payments of more than an insignificant amount of capital or interest have been made for at least half the curing period;
- The customer has no contract that is more than 30 days overdue.

6.11 Offseting of Financial Instruments

Financial assets and liabilities are presented on the balance sheet at their net value when there is an enforceable legal right to offset the recognized amounts and there is an intention to settle them at their net value or realize the asset and settle the liability simultaneously. The enforceable legal right cannot be contingent on future events and must be enforceable during the normal course of the Bank business as well as in the event of default, bankruptcy or insolvency of the Bank or the counterparty.

6.12 Impairment of Financial Assets

Impairment principles

The Bank record impairment allowance for expected credit losses ("ECLs") for the following debt instruments that are not measured at fair value through profit or loss:

- Loans and advances to customers;
- Financial and performance guarantees;
- Import documentary credits;
- Confirmed export documentary credits;
- Undrawn loan commitments;
- Money market exposures;
- Securities portfolio.

Equity instruments are not subject to impairment under IFRS 9.

Debt instruments at amortised cost or at fair value through other comprehensive income are in the scope of the impairment calculation.

Identified impairment losses are recorded against results and are subsequently reversed by results if, in a subsequent period, the amount of the estimated loss decreases.

Impairment is based on expected credit losses for 12 months provided there is no significant deterioration in credit risk since origination. In the event of a significant increase in credit risk since origination, expected credit losses consider the remaining life of the asset, that is, they consider the remaining maturity of this asset.

Expected credit losses for 12 months represent the portion of expected credit losses up to the maturity of the asset resulting from default events on an instrument occurring within the 12 months following the balance sheet date. Expected credit losses can be calculated individually or collectively, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to assess, at the end of each reporting period, whether the credit risk of a financial instrument has increased significantly since initial recognition, considering the change in the risk of default that occurs over the remaining life of the financial asset.

Based on the above process, the Group aggregates exposures by stage as described below:

- Stage 1: includes all exposures without indication of significant credit risk deterioration since its origination, and without active default status. For these exposures, impairment is recognized as a 12-month expected loss;
- Stage 2: includes all exposures where a significant credit risk deterioration was identified. For these exposures, impairment is recognized at the current value of expected losses accrued until maturity. This universe also includes exposures in the quarantine period, that is, exposures that have recently ceased to have indications of significant credit risk deterioration;
- Stage 3: includes all exposures classified as default - according to the internal definition of the Group which is aligned with the regulatory[7] definition. This definition includes, cumulatively:

[7] EBA/GL/2016/07: Guidelines on the application of the definition of default under Article 178 of Regulation (EU) no. 575/2013

- Exposures with substantial default for more than 90 consecutive days;
- Exposures that, not having a substantial default for more than 90 consecutive days, are classified as "Unlikely to pay".

Details of assets for each stage, and details of the criteria, are disclosed in Note 36.

Collective impairment calculation

For the measurement of impairment on a collective basis, exposures are segmented based on similar credit risk characteristics according to the risk assessment defined by the Bank. For each of these homogeneous risk segments, risk factors are estimated that are applied in the context of the impairment calculation.

For the purposes of determining collective impairment, the risk factors considered in each risk segment must reflect, in accordance with IFRS regulation, prospective information. Additionally, the impairment calculation must also reflect the consideration of multiple scenarios, with the final impairment resulting from the sum of the amounts determined in each scenario, weighted by the respective associated probability.

The calculation of the expected loss always involves the consideration of:

- Probability of default (PD) - this risk factor is an estimate of the probability of default within a certain time period. The default can only occur at a certain point in the period evaluated, if the credit line has not previously been derecognized and is still on the balance sheet;
- Severity (LGD) - this risk factor is an estimate of the loss that arises if the default happens at a certain moment. It is based on the difference between contractual cash flows and those that the Group estimates to receive, including the execution of collaterals or other contractual changes that become an integral part of the loan and do not meet the criteria to be recognized separately;
- Exposure – it represents the notional amount of exposure on the reporting date and this amount is considered for the purposes of the basis of incidence for the calculation of collective impairment. In the case of off-balance sheet exposures, a credit conversion factor (CCF) is applied to the notional amount of the exposure. This factor represents the probability of off-balance sheet exposures converting into on-balance sheet exposures;
- When an exposure is classified in stage 2, it is considered, for impairment calculation purposes, that the exposure evolves according to the contracted capital and interest repayment schedule, or in the absence of this information, that the disbursement occurs at maturity.

The details of the impairment calculation are presented as follows:

- Stage 1: this calculation applies to productive exposures that show no active indication of significant credit risk deterioration compared to origination. Impairment represents the expected loss resulting from default events on a financial instrument that may occur within a term of 12 months after the balance sheet date. Risk factors - PD and LGD – consider the 12-month horizon and are applied to the value of the exposure. This calculation is carried out by the scenario, since each considered scenario has specific risk factors - PD and LGD;
- Stage 2: this calculation applies to productive exposures that show an indication of a significant increase in credit risk since origination. Impairment represents the current value of the sum of expected losses until the maturity of the exposure. Expected losses are calculated on the projected exposure at each moment of the debt amortization, according to the exposure amortization plan, and these expected losses are discounted at the original effective rate of the contract to obtain their current value, as of the reporting date. As mentioned above, this determination is done by scenario since different risk factors are considered for each scenario;
- Stage 3: this calculation applies to non-productive exposures, where impairment corresponds to the difference between the amount outstanding and the current value of the expected recoveries for this exposure, given its characteristics. To determine the current value of the expected recoveries, the original effective rate of the contract is also used;
- As previously mentioned, POCI are financial assets originated or purchased with impairment at initial recognition;
- Irrevocable commitments and letters of credit: as previously mentioned, given the off-balance sheet nature of irrevocable commitments, the Bank estimates on these contracts the respective amount that it expects to be converted into an on-balance sheet amount (credit). In this way, the estimated conversion factor for this type of exposure is applied to its notional value and the respective result is taken into account as the basis for incidence for the calculation of collective impairment;
- For credit cards and revolving lines that include an irrevocable commitment, the impairment is calculated and deducted from the asset. For irrevocable commitments and letters of credit, the impairment is recognized in Provisions in liabilities.

Impairment for debt instruments measured at fair value through other comprehensive income does not reduce the balance sheet value of these financial assets, which remains at fair value. In this way, an amount equal to the provision that would arise if the assets were measured at amortised cost is recognized in other comprehensive income as an accumulated reduction in recoverable value, with a corresponding debit to the result. The accumulated loss recognized in other comprehensive income is recycled to results upon derecognition of the assets.

Individual impairment analysis process

The Individual Credit Analysis comprises a staging analysis and an individual impairment quantification analysis. The staging analysis is performed for debtors previously classified as stage 1 and stage 2, with the purpose of evaluating the adequacy of the assigned stage with additional information obtained on an individual basis. The individual impairment quantification analysis aims to determine the most appropriate impairment rate for each credit customer, regardless of the amount resulting from the Collective Impairment Model. Clients that have been subject to Individual Analysis, but for which an objective impairment loss was not considered, are again included in the Collective Impairment Model. The Individual Analysis of the selected clients is carried out based on the information provided by the Commercial Structures regarding the client / Bank's framework, historical and forecast cash flows (when available) and existing collateral.

6.13 Valuation of collateral and financial guarantees

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indexes.

6.14 Foreclosed properties and non current assets held for sale

In the scope of its loan granting activity, the Bank incurs in the risk of the borrower failing to repay all the amounts due. In case of loans and advances with mortgage collateral, the Bank executes these and receives real estate properties resulting from foreclosure. Due to the provisions of the General Law on Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" (RGICSF)), banks are prevented, unless authorised by Bank of Portugal, from acquiring real estate property that is not essential to their installation and daily operations and the pursuit of their object (no. 1 of article 112 of RGICSF), being able to acquire, however, real estate property in exchange for loans granted by same. These real estate property must be sold within 2 years, period which may, based on reasonable grounds, be extended by Bank of Portugal, on the conditions to be determined by this Authority (article 114 of RGICSF).

Although the Bank aims to sell all properties received in lieu of payment or through the execution of guarantees immediately, the Bank classifies these properties as Other assets , due to their stay in the portfolio being longer than 12 months, and they are initially recognized at the lower of their fair value less expected sale costs and the balance of the granted credit object of recovery. Subsequently, these assets are measured at the lower of the initial recognition value and fair value less sales costs and are not amortised. For the properties accounted in the balance sheet of novobanco, the immediate sale value is considered as its fair value.

The valuations of real estate received for credit recovery are performed using one of the following methodologies, applied according to the specific situation of the asset:

(i) The Market Method

The Market Method references transaction values of similar properties comparable to the property being studied obtained through market prospecting in the area.

(ii) Income Method

This method aims to estimate the value of the property from the capitalization of its net income, updated for the present time, using the discounted cash flow method.

(iii) Cost Method

The Cost Method aims to reflect the amount currently required to replace the asset in present conditions, breaking down the property value into its fundamental components: Value of Urban Land and Urbanity; Construction Value; and Value of Indirect Costs.

Valuations carried out are performed by independent entities specialised in these services. The valuation reports are analysed internally, namely comparing the sales values with the revalued amounts of the assets so as to assess the parameters and process adequacy with the market evolution.

Additionally, since these are assets whose fair value level in the hierarchy of IFRS 13 mostly corresponds to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Bank proceeds to analysis on the assumptions used, which may imply additional adjustments to their fair value, supported by additional internal or external valuations.

For assets of greater relevance, the challenge of the appraisals that serve as a basis for the valuation of the real estate assets is carried out by a specialised area of the Bank that is independent of this valuation process, in accordance with an annual work plan previously approved by the Executive Board of Directors.

Non-current assets or disposal groups (groups of assets to be disposed of together and the related liabilities that include at least one non-current asset) are classified as held for sale when their carrying values will be recovered mainly through a sale transaction (including those acquired exclusively with a view to their subsequent disposal), the assets or disposal groups are available for immediate sale and the sale is highly probable (within the period of one year).

Immediately before the initial classification as held for sale, the measurement of the non-current assets (or of all the assets and liabilities in a disposal group) is brought up to date in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are remeasured at the lower of their carrying value and fair value less costs to sell. Where the carrying value of non-current assets corresponds to fair value less costs to sell, the fair value level of the IFRS 13 hierarchy corresponds mostly to Level 3.

Further information regarding the valuation of foreclosed properties and the methodologies used is disclosed in the Note 36.

6.15 Write-offs

The write-off is defined as the derecognition of a financial asset from the Bank's balance sheet, which should only occur when:

a) There are no reasonable prospects for credit recovery, from an economic perspective, given that the Group has already made the appropriate collection efforts. In particular, the following criteria must generally be met cumulatively:

- The due date of the part of the loan to be written off (total or partial) would have been required, i.e. the loans must be registered (total or partial) in overdue credit. Exceptions to this requirement are (i) debt restructurings/ forgiveness carried out within the scope of extrajudicial agreements, PER and Insolvencies, in which part of the loan may remain alive and the remainder of the debt may be written off by judicial/extrajudicial decision and (ii) situations in which despite the contract not being overdue in its entirety, the Bank believes it is facing a scenario of total or partial loss;
- Collection efforts considered adequate would have been developed (and relevant and adequate evidence gathered);
- The expectations of loan recovery are very low, and it is necessary that the amount to be written off (whether it is a total or partial write-off of the debt) is fully covered by impairment and under the management of the central credit recovery application. It is necessary to ensure that the value to be written off the asset is fully covered by impairment (set up at least in the month prior to the write-off).

b) As a result of the individual analysis, and regardless of whether the contract is in compliance or in default, it is concluded that there is a partial or total irrecoverable amount of the exposure, that is, an undisputed amount of loss that may be derived:

- from the absence of expectation of recovery beyond the execution of the collateral;
- from the absence of prospects for recovery through the execution of existing collaterals as a result of the circumstances of the legal process initiated, or the vicissitudes that may affect the ability to execute certain collateral;
- from the high uncertainty underlying the amounts to be recovered, considering the time that has already elapsed since the last observed payment and/or the long period that will still elapse until the next payment due;
- considering the situation of the debtor and the existence of sufficient assets to meet the debt;
- considering past experience in similar recovery processes.

c) It is considered more economical to sell the credit to a third party. At the time of sale, the difference between the sale price and its carrying amount must be fully covered by impairment, and at the time of sale, the derecognition of

the sold credit will be made against the funds/assets received, with the consequent use of impairment on the balance sheet if facing a loss scenario. On a gain scenario in the sale of a contract, it means that the sale price is higher than the net carrying amount, and in that case, exists one of the following situations: i) the impairment recognized will be fully reversed, and even so, it will record a profit in the Bank's accounts with no use of impairment; ii) the impairment recognized will be fully reversed without recording a profit in the Bank's accounts – there is no use of impairment; iii) the impairment recognized will be partially reversed – there is a use of impairment.

Subsequent payments received after the write-off must be recognised as subsequent write-off recoveries at other operating income.

6.16 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with a maturity of less than three month from the date of acquisition / contracting and whose risk of change in value is immaterial, including cash, deposits with Central Banks and deposits with other credit institutions. Cash and cash equivalents exclude restricted balances with Central Banks.

6.17 Assets sold with repurchase agreements, securities loaned and short sales

Securities sold subject to repurchase agreements (repos) at a fixed price or at a price that corresponds to the sales price plus a lender's return are not derecognised from the balance sheet. The corresponding liability is included under amounts due to banks or to customers, as appropriate. The difference between the sale and repurchase price is treated as interest and deferred over the life of the agreement, using the effective interest rate method.

Securities purchased with a resale agreement (reverse repos) at a fixed price or a price that equals the purchase price plus an interest inherent in the term of the operation are not recognized in the balance sheet, with the purchase price being recorded as loans to other credit institutions or customers, as appropriate. The difference between the purchase price and the resale price is treated as an interest and is deferred during the life of the agreement, through the effective rate method.

Securities transferred through loan agreements are not derecognized from the balance sheet, being classified and valued in accordance with the accounting policy referred to in Note 6.4. Securities received through loan agreements are not recognized in the balance sheet.

Securities acquired through a reverse repos agreement, if sold to a third party, constitute short sales that represent securities sold that are not part of the Bank's assets. They are recorded as a financial trading liability at the fair value of the assets that are to be returned under the resale agreement. The gains and losses resulting from the change in their fair value are directly recognized in results in the line of Gains or losses on financial assets and liabilities held for trading.

6.18 Property, plant and equipment

The Bank's tangible fixed assets are measured at cost less accumulated depreciation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs with tangible fixed assets are only recognised when it is probable that future economic benefits associated with them will flow to the Bank. All repair and maintenance costs are charged to the income statement during the exercise in which they are incurred, on the accrual basis.

Land is not depreciated. The depreciation of tangible fixed assets is calculated using the straight-line method, at the following depreciation rates that reflect their estimated useful lives:

	Number of years
Own-use properties	35 to 50
Improvements in rented buildings	20
IT equipment	4 to 5
Furniture and fixtures	4 to 10
Interior installations	5 to 10
Security equipment	4 to 10
Machines and tools	4 to 10
Transportation material	4
Other equipment	5

The useful lives and residual values of the tangible fixed assets are reviewed at each reporting date.

When there is an indication that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated, and an impairment loss should be recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement and are reversed in subsequent reporting periods when the reasons that led to their initial recognition cease to exist. For this purpose, the new depreciated amount will not exceed the one that would have been accounted for if no impairment losses had been attributed to the asset, considering the depreciations that it would have occurred.

The recoverable amount is determined as the higher of its net selling price and its value in use, which is based on the net present value of the estimated future cash flows arising from the continued use and ultimate disposal of the asset at the end of its useful life.

On the date of the derecognition of a tangible fixed asset, the gain or loss determined as the difference between the net selling price and the net carrying book value is recognised under the caption Other operating income or Other operating expenses.

6.19 Leases

Lease Definition

The Bank assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

As a lessee, the Bank leases various assets, including real estate, vehicles and IT equipment. The Bank recognizes an asset for the right to use the leased asset and a lease liability for the obligation to pay rents..

The Bank does not recognize right-of-use assets and lease liabilities for short-term leases, whose lease term is 12 months or less, and leases of low-value assets (e.g. computer equipment), with an individual new value less than 5 thousand euros. The Bank recognizes lease payments associated with these leases as expenses on a straight-line basis over the lease term, under "Other administrative expenses - Rents and leases".

The Bank presents right-of-use assets as "tangible fixed assets", in the same line of items where it presents the underlying assets of the same nature that it owns. These assets are measured at cost less accumulated depreciation and impairment, and are amortised on a straight-line basis over the lesser of the lease term or the life of the asset. The cost corresponds to the value of the recognized lease liability, incurred direct costs, and less any lease incentive received.

The Bank presents lease liabilities in "Other liabilities" in the financial position statement. The lease liability is determined by the present value of the rents to be paid during the lease term. Rents include fixed amounts, variable amounts that depend on an interest rate, amounts to be paid regarding guarantees on the residual value of the asset. Any options are also included if they are reasonably expected to be exercised.

Variable amounts that do not depend on a rate are recognized as a cost in the period to which they relate. During the lease period, the lease liability increases by the interest count and decreases by the rent payment. The value of the lease liability is changed if the lease terms change (such as the term or the value of the index) or if the assessment of the exercise of the purchase option of the asset changes.

As Lessor

Financial leases

Transactions in which the risks and benefits inherent in the ownership of an asset are substantially transferred to the lessee are classified as finance leases. Financial leasing contracts are recorded in the balance sheet as credits granted for an amount equivalent to the net investment made in the leased assets, together with any estimated non-guaranteed residual value. Interest included in rents charged to customers is recorded as income while capital amortizations, also included in rents, are deducted from the amount of credit granted to customers. The recognition of interest reflects a constant periodic rate of return on the lessor's remaining net investment.

Operating leases

All lease transactions that do not fall under the definition of finance lease are classified as operating leases. Revenues relating to these contracts are recognised on a straight-line basis over the lease term and recorded in Other operating income.

6.20 Intangible Assets

The costs incurred with the acquisition, production and development of software are capitalised, as are additional costs incurred by the Bank to implement said software. These costs are amortised on a straight-line basis over their expected useful lives, which usually range between 3 and 6 years. Exceptionally, these may be extended whenever it is verified that the useful life of the asset is demonstrably longer.

Costs that are directly associated with the development of specific software applications, that will probably generate economic benefits beyond one exercise, are recognised and recorded as intangible assets.

All remaining costs associated with information technology services are recognised as an expense as incurred.

6.21 Impairment of Non-Financial Assets

The Bank assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash generating unit fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount ate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Bank bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Bank's cash generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year (perpetuity).

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for assets previously revalued through other comprehensive income. For such assets, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the assets or cash generating unit recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior exercises. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

6.22 Employee Benefits

Pensions

Pursuant to the signature of the Collective Labour Agreement ("Acordo Coletivo de Trabalho" (ACT)) for the banking sector and its subsequent amendments resulting from the 3 tripartite agreements described in Note 14, pension funds and other mechanisms were set up to cover liabilities assumed with pensions on retirement, disability, survival and health-care benefits.

The coverage of responsibilities is assured by pension funds managed by GNB - Sociedade Gestora de Fundos de Pensões, SA, subsidiary of the novobanco Group.

The pension plans of the Bank are defined benefit plans, as they establish the criteria to determine the pension benefit to be received by employees during retirement, usually dependent on one or more factors such as age, years of service and salary level.

The retirement pension liabilities are calculated semi-annually, in 31 December and 30 June of each year, for each plan individually, using the Projected Unit Credit Method, being annually reviewed by qualified independent actuaries. The discount rate used in this calculation is determined with reference to market rates associated with high-quality corporate bonds, denominated in euros and with a maturity similar to the expiry date of the plan's liabilities.

The Bank determines the net interest income/expense for the period incurred with the pension plan by multiplying the plan's net assets / liabilities (liabilities net of the fair value of the fund's assets) by the discount rate used to measure the retirement pension liabilities referred to above. On that basis, the net interest income/expense was determined based on the interest cost on the retirement pension liabilities net of the expected return on the funds' assets, both calculated using the discount rate applied in the determination of the retirement pension liabilities.

Re-measurement gains and losses, namely (i) actuarial gains and losses arising due to differences between actuarial assumptions used and real values verified (experience adjustments) and changes in actuarial assumptions and (ii) gains and losses arising due to the difference between the expected return on the fund's assets and the actual investment returns, are recognised under the caption other comprehensive income.

The Bank recognises as a cost in the income statement a net total amount that includes (i) current service costs, (ii) net interest income / expense with the pension fund, (iii) the effect of early retirement, (iv) past service costs, and (v) the effect of settlements or curtailments occurring during the period. The net interest income / expense with the pension plan is recognised as interest income or interest expense, depending on its nature. Early retirement costs correspond to increases in liabilities due to employees retiring before turning 65 (normal retirement age foreseen in the ACTV) and which forms the basis of the actuarial calculation of pension fund liabilities. Whenever the possibility of the early retirement provided for in the pension fund regulation is invoked, the responsibilities of same must be incremented by the value of the actuarial calculation of the liabilities corresponding to the period between the early retirement and the employee turning 65.

The Bank makes payments to the fund to ensure its solvency, with the minimum levels set by the Bank of Portugal as follows: (i) full financing at the end of each year of actuarial responsibilities for pensions in payment and (ii) financing at a minimum level of 95% of the actuarial value of past service responsibilities of active personnel.

The Bank assesses the recoverability of any excess in a fund regarding the retirement pension liabilities, based on the expectation of reductions in future contributions.

Health-care benefits

The Bank provides to its banking employees health-care benefits through a specific Social-Medical Assistance Service. This Social-Medical Assistance Service (SAMS) is an autonomous entity which is managed by the respective Union. SAMS provides its beneficiaries with services and/or contributions on medical assistance expenses, auxiliary diagnostic means, medication, hospital admissions and surgical interventions, in accordance with its financial resources and internal regulations.

Arising from the signature of the new Collective Labour Agreement (ACT) on 5 July 2016, published in Labour Bulletin (*Boletim do Trabalho*) No. 29, of 8 August 2016, the Bank's contributions to SAMS, correspond to a monthly fixed amount (as per Annex VI of the new ACT) for each employee, 14 times a year, recorded on a monthly basis in staff costs, while the component to be paid by the employee is discounted monthly in the processing of salary, against the caption Amounts payable (SAMS).

The calculation and recognition of the Bank's liability with post-retirement health-care benefits is similar to the calculation and recognition of the pension liability described above. These benefits are covered by the Pension Fund, which presently covers all liabilities with pensions and health-care benefits (defined benefit plan).

Career bonus

The ACT provides for the payment by the Bank of a career bonus, due at the time immediately prior to the employee's retirement if he retires at the Bank's service, corresponding to 1.5 of his salary at the time of payment.

These long-term service bonuses were accounted for by the Bank in accordance with IAS 19, as other long-term employee benefits. The Bank's liability with these long-term service bonuses were periodically estimated by the Bank using the Projected Unit Credit Method. The actuarial assumptions used were based on expectations as to future salary increases and mortality tables. The discount rate used in this calculation was determined using the methodology described for retirement pensions. In each period, the increase in the liability for long-term service bonuses, including actuarial gains and losses and past service costs, was charged to the income statement, in Staff Expenses.

Employees' variable remuneration and other obligations

The Bank recognises under costs the short-term benefits paid to employees who were at its services in the respective accounting period.

- **Profit-sharing and bonus plans**

The Bank recognises the cost expected with profit-sharing pay-outs and bonuses when it has a present, legal or constructive, obligation to make such payments as a result of past events and can make a reliable estimate of the obligation.

- **Obligations with holidays, holiday subsidy and Christmas subsidy**

In accordance with the legislation in force in Portugal, employees are annually entitled to one month of holidays and one month of holiday subsidy, this being a right acquired in the year prior to their payment. In addition, employees are annually entitled to one month of Christmas subsidy, which right is acquired throughout the year and settled during the month of December of each exercise. Hence, these liabilities are recorded in the period in which the employees acquire the right to same, regardless of the date of their respective payment.

6.23 Provisions and Contingent Liabilities

Provisions are recognised when: (i) the Bank has a current legal or constructive obligation, (ii) it is probable that its settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Provisions related to legal cases opposing the Bank to third parties, are constituted according to internal risk assessments made by Management, with the support and advice of its legal advisors, both internal and external.

When the effect the discounting is material, the provision corresponds to the net present value of the expected future payments, discounted at an appropriate rate considering the risk associated with the obligation. In these cases, the increase in the provision due to the passage of time is recognised in financial expenses.

Restructuring provisions are recognised when the Bank has approved a formal, detailed restructuring plan and such restructuring has either commenced or has been publicly announced.

A provision for onerous contracts is recognised when the benefits expected to be derived by the Bank from a contract are lower than the unavoidable costs of meeting its obligation under the contract. This provision is measured at the present value of the lower of the estimated cost of terminating the contract and the estimated net costs of continuing the contract.

If a future outflow of funds is not probable, this situation reflects a contingent liability. Contingent liabilities are always disclosed, except when the likelihood of their occurrence is remote. Disclosure of contingent liabilities is detailed in Note 33.

6.24 Contingent Assets

Contingent assets are not recognised in the financial statements, being disclosed when it is probable that there will be a future economic inflow of resources.

6.25 Income taxes

Novobanco is subject to the tax regime consigned in the *Código do Imposto sobre o Rendimento das Pessoas Coletivas* (IRC Code).

Corporate income tax comprises current tax and deferred tax.

Corporate income tax is recognised in the income statement except to the extent that it relates to captions recognised directly under comprehensive income, in which case it is recognised under equity. Corporate income tax recognised directly in comprehensive income relating to fair value remeasurement of financial assets at fair value through other comprehensive income and cash flow hedges is subsequently recognised in the income statement when the gains or losses giving rise to said income tax are also recognised in the income statement.

Current tax

Current tax is the tax expected to be paid on the taxable profit for the year, calculated using tax rules and tax rates enacted or substantively enacted in each jurisdiction and any adjustments to prior period taxes. The tax is recognised in each financial reporting period based on management estimates as regards the average effective tax rate foreseen for the entire fiscal exercise.

Current tax is calculated based on taxable income for the period, which differs from the accounting result due to adjustments resulting from expenses or income not relevant for tax purposes or which will only be considered in subsequent exercises.

Deferred tax

Deferred tax is calculated on timing differences arising between the carrying book values of assets and liabilities for financial reporting purposes and their respective tax basis and is calculated using the tax rates enacted or substantively enacted at the balance sheet date in each jurisdiction and that are expected to apply when the timing differences are reversed.

Deferred tax liabilities are recognised for all taxable timing differences except for: i) goodwill non-deductible for tax purposes; ii) differences arising on the initial recognition of assets and liabilities that neither affect the accounting nor taxable profit; iii) that do not result from a business combination, and iv) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the Bank does not control the timing of the reversal of the timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible timing differences can be offset. Deferred tax liabilities are always accounted for, regardless of the performance of the Bank.

The taxable profit or tax loss determined by the Bank can be adjusted by the Portuguese Tax Authorities within a period of four years, except in the case of any deduction or use of tax credit, in which the expiry period is the exercise of that right. The Executive Board of Directors considers that any corrections, resulting mainly from differences in the interpretation of tax legislation, will not have a materially relevant effect on the financial statements.

Law 24-D/2022, of 30 December (State Budget Law for 2023) introduced changes in terms of the carry forward of tax losses. A period for carrying forward tax losses is no longer foreseen. On the other hand, the annual limit of the deduction to taxable income is reduced to 65%. This change applies to the deduction of losses from taxable profits in taxable periods beginning on or after 1 January 2023, as well as to tax losses assessed in taxable periods prior to 1 January 2023.

The elimination of the time limitation on tax losses does not apply to those ascertained in tax periods prior to 1 January 2023, in which one of the situations provided for in no. 1 of the Article 6 of the Special Regime applicable to Deferred Tax Assets (READ), approved as an annexe to Law no. 61/2014, of 26 August (conversion of deferred tax assets into tax credits), applying to tax losses ascertained in these tax periods the deduction period in force on 31 December 2022.

This change does not affect the application of paragraph 2 of article 11 of Law 27-A/2020, of 24 July (which allows an increase of 10 percentage points in the deduction of taxable income when dealing with tax losses ascertained in 2020 and 2021).

The Bank offsets deferred tax assets and liabilities whenever (i) it has the legally enforceable right to offset current tax assets and current tax liabilities; and (ii) they relate to corporate income taxes levied by the same Taxation Authority, on the same tax entity or different taxable entities that intent to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

DAC6

The obligation to report to the Tax and Customs Authority ("AT") internal or cross-border mechanisms of tax relevance has emerged in the context of Law no. 26/2020, of 21 July ("Law no. 26/2020"), which transposes Council Directive (EU) 2018/822 of 25 May , 2018 ("DAC6") into Portuguese law. The DAC6 aims to discourage the use of potentially aggressive tax planning mechanisms by imposing reporting obligations to the Tax Authorities of the different Member States of the European Union. In addition, it aims to provide tax administrations and national legislators with information that will help combat aggressive tax planning.

Novobanco, with the collaboration of tax consultants, has implemented measures that allow for the identification of operations subject to reporting to tax authorities. These measures focus mainly on a primary analysis conducted by business areas and a second-line analysis conducted by Novobanco's tax area. The Bank's own operations are analysed by Novobanco's tax area and validated by the Compliance Department.

BEPS - Pilar II

In October 2021, as part of the Erosion of the Tax Base and Profit Shifting project ("BEPS 2.0 - Base Erosion and Profit Shifting 2.0") of the Organization for Economic Cooperation and Development ("OECD"), about 137 members of the

OECD/G20, representing 90% of the world's GDP, reached an agreement for a reform of the international tax system, through which a general framework for a commonly designated "Pillar II" global minimum tax regime was approved.

In this regard, Pillar II of BEPS 2.0, enshrined in Council Directive (EU) 2022/2523 of 15 December 2022, established a global minimum tax level of 15% for major multinational companies and large domestic groups, which could result in the payment of an additional tax, and it was transposed into the national legal framework through Law no. 41/2024, in 8 November.

Novobanco has been identifying the potential impacts associated with the implementation of Pillar II rules, having found that it meets the eligibility criteria for the application of the Pillar II rules, namely by presenting consolidated annual incomes exceeding 750 million euros in two out of the last four financial years.

However, both the Directive and the preliminary draft establish an exclusion rule for the application of the Income InclusionRule ("IIR") and the Undertaxed Payments Rule ("UTPR") for large national groups and multinational enterprise groups in the initial stage of international activity.

Notwithstanding, that special rule stipulates that the additional tax due is zero in the reference jurisdiction for large national groups and multinational enterprise groups that are in an initial stage of their international activity, which implies (in the case of multinational enterprise groups) that, in each tax year: (i) they include constituent entities located in no more than six jurisdictions and (ii) the sum of the net book value of tangible assets of all their constituent entities, excluding those located in the reference jurisdiction, does not exceed 50 million euros.

Additionally, said standard provides for the possibility of applying the exclusion rule for five years after the start of the first fiscal year in which the group comes under the Pillar II rules. However, it must be ascertained annually whether the above requirements are met.

In this regard, according to the analysis carried out, Novobanco Group in 2024 and 2025 meets the requirements for the application of the exclusion rule for multinational enterprise groups in the initial stage of their international activity, not foreseeing material impacts during the period when such exclusion rule is applied.

6.26 Dividends

Novobanco's shareholders' distribution policy defines the principles, conditions and framework governing the decision-making process with regard to the dividends distribution to shareholders. Distribution to shareholders is, as a rule, made in the form of dividends arising from the results of the financial year, and is subject to approval by the General Shareholders' Meeting, based on a proposal from the Executive Board of Directors (EBD), or approval by the latter in the case of interim dividends.

The shareholders' distribution policy defines a level of distribution of ordinary dividends of between 40% and 60% of the consolidated net profit, provided that it respects the principles defined in the Policy, regulatory requirements, management buffers and restrictions resulting from company law, as well as the recommendations of the competent regulatory authorities.

Setting the ordinary dividend remuneration at between 40% and 60% of the consolidated net profit strikes a balance between guaranteeing an adequate minimum remuneration for shareholders, ensuring the maintenance of a sustainable, capital-generating business model in line with the Bank's strategy and the creation of long-term value. In addition to ordinary dividends, the Bank may consider other forms of shareholders' remuneration, such as special dividends or share buybacks to optimize the deployment of surplus capital accrued by the Bank, subject always to the conditions set out in the Policy.

6.27 Recently issued accounting standards and interpretations

The recently issued accounting standards and interpretations, which have not yet come into force and which the Group has not yet applied in the preparation of its financial statements, can be analysed as follows:

Standards, interpretations, amendments and revisions that came into effect in the financial year

The following norms, interpretations, amendments, and revisions adopted ("endorsed") by the European Union have mandatory application for the first time in the exercise beginning 1 January 2025:

Standard / Interpretation	Description
Amendments to IAS 21 - The Effects of Changes in Exchange Rates: Lack of Interchangeability	This amendment aims to clarify how to assess the interchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period. The specific change that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism in which an exchange transaction creates enforceable rights, obligations. If a currency cannot be exchanged for another currency, an entity shall estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would be applicable, on the measurement date, for a similar transaction between market participants. The amendments also state that an entity may use an observable exchange rate without making any adjustment. The changes take effect in the period starting on or after 1 January 2025. Early adoption is allowed, but the transition requirements applied must be disclosed.

These standards and changes had no material impact on the Bank's financial statements.

Standards, interpretations, amendments and revisions that will come into force in future exercises

The following standards, interpretations, amendments and revisions, with mandatory application in future exercises, had been adopted ("endorsed") by the European Union as of the approval date of these financial statements:

Standard / Interpretation	Applicable in the European Union for exercises beginning in or after	Description
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1/1/2026	These changes are essentially the result of the draft revision of IFRS 9 Financial Instruments (Post Implementation Review – PIR IFRS 9) and clarify the following aspects relating to financial instruments: • It clarifies that a financial liability is derecognised on the "settlement date", i.e. when the related obligation is settled, cancelled, expires or the liability otherwise qualifies for derecognition. However, the possibility is introduced for an entity to choose to adopt an accounting policy that allows a financial liability to be derecognised that is settled through a payment system before the settlement date, provided that certain conditions are met; • It clarifies how an entity should assess the contractual cash flow characteristics of financial assets that include variables related to environmental, social and governance (ESG) factors and other similar contingent characteristics; • It requires additional disclosures for financial assets and liabilities subject to a contingent event (including ESG variables) and equity instruments rated at fair value through other comprehensive income. The changes take effect in the period starting on or after 1 January 2026. Early adoption is permitted. This amendment is retrospective. However, an entity is not required to restate the comparative period, and the potential impacts of the application of this change are recognised in income carried forward in the year in which the change is applicable.
Amendments to IFRS 9 and IFRS 7 – Contracts negotiated with reference to electricity generated from renewable sources	1/1/2026	The amendments refer specifically to renewable energy purchase agreements whose source of production is dependent on nature, so that supply cannot be guaranteed at specific times or volumes. In this sense, these amendments clarify the application of "own use" requirements in power purchase agreements, as well as the fact that it is allowed to apply hedge accounting when such contracts are used as hedging instruments. The changes are effective for annual periods beginning on 1 January 2026, with early application permitted, except for the hedge accounting guidance which shall be applied prospectively to new hedging relationships, so designated on or after the initial application date.
Annual Improvements to IFRS (Volume 11)	1/1/2026	Cyclically, improvements are introduced that aim to clarify and simplify the application of international regulations, through small changes considered non-urgent. The main changes included in this volume concern: • IFRS 1 (Hedge Accounting in the First Adoption of IFRS Standards): This amendment aims to update the cross-references in paragraphs B5 and B6 of IFRS 1 First Time Adoption of International Financial Reporting Standards, to the coverage accounting eligibility criteria in IFRS 9 for paragraphs 6.4.1(a), (b) and (c); • IFRS 7 (Gain or Loss on Derecognition): This amendment aims to update the language relating to unobservable market data included in paragraph B38 of IFRS 7 Financial Instruments: Disclosures, as well as to add references to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement; • IFRS 7 (Implementation Guidance): Several paragraphs relating to the IFRS 7 implementation guidance have been amended for consistency and clarity; • IFRS 9 (Derecognition of Lease Liabilities): This amendment clarifies that when a financial liability is extinguished in accordance with IFRS 9, the lessee must apply paragraph 3.3.3 of IFRS 9 and recognise the gain or loss that results from such derecognition; • IFRS 9 (Transaction price): With this amendment, the reference to "transaction price" in paragraph 5.1.3 of IFRS 9 is replaced by "amount determined by the application of IFRS 15"; • IFRS 10 (Determination of 'de facto' agent): Amendment made to paragraph B74 of IFRS 10, which clarifies that the relationship described in that paragraph is only one example of several possible between the investor and other parties acting as de facto agents. The purpose of this change is to remove the inconsistency with the requirement in paragraph B73 that an entity should use its judgement in assessing other parties may act as 'de facto' agents; • IAS 7 (Cost method): Replacement of the term "cost method" with "at cost" in paragraph 37 of IAS 7 after the deletion of the definition of "cost method". Changes are effective for annual periods beginning 1 January 2026, with early application allowed.

The Bank has not proceeded with the early application of any of these standards in the financial statements for the fiscal year ended 31 December 2025. No significant impacts are estimated on the financial statements as a result of their adoption.

Standards, interpretations, amendments and revisions not yet adopted by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future fiscal years, had not been adopted ("endorsed") by the European Union as of the approval date of these financial statements:

Standard / Interpretation	Description
IFRS 18 – Presentation and Disclosure in Financial Statements	IFRS 18 replaces IAS 1 Presentation of Financial Statements and comes in response to requests from investors seeking information regarding financial performance. With the introduction of the new IFRS 18 requirements, investors will have access to more transparent and comparable information on the financial performance of companies, thus aiming at better investment decisions. IFRS 18 essentially introduces three sets of new requirements to improve the disclosure of financial performance: • Income statement comparability: IFRS 18 introduces three defined categories for income and expenses – operating, investments, and financing – to improve the structure of the income statement and requires all companies to provide new defined subtotals, including operating income. The new structure and the new subtotals will give investors a consistent starting point for analyzing the performance of companies, making it easier to compare them; • Transparency of performance measures defined by Management: IFRS 18 requires the disclosure of additional information on the company's specific performance indicators related to the income statement, called performance measures defined by Management; • Aggregation and disaggregation of items in financial statements: IFRS 18 sets out guidance on how income statement items should be aggregated. IFRS 18 enters into force for the financial year starting on or after 1 January 2027 and its application is retrospective. Early adoption is allowed as long as the option is disclosed.
IFRS 19 – Subsidiaries not subject to public financial reporting: Disclosures	IFRS 19 allows eligible entities to prepare financial statements in IFRS with lower disclosure requirements than those required by IFRS, while maintaining the obligation to apply all IFRS measurement and recognition requirements. The reduction in disclosures defined by IFRS 19 covers most IFRS standards. Entities are considered eligible that: (i) are subsidiaries of a group that prepares consolidated financial statements in IFRS for public provision; and (ii) they are not subject to the obligation to provide public financial information, because they do not have listed debt or equity securities, are not in the process of being listed, nor do they have as their main activity the safekeeping of assets on a fiduciary basis. IFRS 19 enters into force for financial years starting on or after 1 January 2027 and its application is optional. Early application is permitted. Entities that adopt early shall disclose and align the disclosures in the comparative period with those in the current period.
Amendments to IAS 21 – Conversion to a Hyperinflationary Presentation Currency	These amendments aim to clarify the method of converting financial statements from a non-hyperinflationary currency to a hyperinflationary currency. The changes are relevant only for entities whose presentation currency is that of a hyperinflationary economy and whose own functional currency, or that of their foreign operations, is that of a non-hyperinflationary economy. Generally, the amendments require that all amounts (including comparatives) be translated from a functional currency that is that of a non-hyperinflationary economy to a presentation currency that is that of a hyperinflationary economy, using the closing rate on the date of the most recent statement of financial position. Changes are effective for annual periods beginning 1 January 2027, with early application allowed.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, have not been applied by the Group for the year ended on 31 December 2025. No significant impacts are estimated on the financial statements as a result of their adoption.

Note 7 - Main Accounting Estimates and Judgements used in the preparation of the Financial Statements

Considering that the current accounting framework requires applying judgements and calculating estimates involving some degree of subjectivity, the use of different parameters or judgements based on different evidence may result in different estimates. The main accounting estimates and judgments used in applying the accounting principles by the Bank are discussed in this Note in order to improve the understanding of how their application affects the reported results of the Bank and its disclosure.

The relevant judgments made by management in the application of the Bank's accounting policies and the main sources of uncertainty in the estimates were the same as those described in the last reporting of the Financial Statements.

7.1 Impairment of financial assets at amortised cost and at fair value through other comprehensive income

The critical judgements with greater impact on the recognised impairment values for the financial assets at amortised cost and at fair value through other comprehensive income are the following:

- Assessment of the business model: the measurement and classification of financial assets depends on the results of SPPI test and on the business model setting. The Bank determines its business model based on how it manages the financial assets and its business objectives. The Bank monitors if the business model classification is appropriate based on the analysis on the anticipated derecognition of the assets at amortised cost or at fair value through other comprehensive income, assessing if it is necessary to prospectively apply any changes;
- Significant increase on the credit risk: as mentioned on the Note 6.12, the determination of the transfer of an asset from stage 1 to stage 2 with the purpose of determining the respective impairment is made based on the judgement that, in accordance to the Bank management, constitutes a significant increase on credit risk;

- Classification of default: novobanco internal definition of exposure in default is broadly in line with the regulatory definition in Article 178 of CRR/CRD IV. This regulation defines qualitative criteria for assessing the default classification – unlikely to pay -, which are replicated in the internal definition implemented by novobanco and which result in performing judgements when assessing the high probability that the borrower does not fulfil its obligations within the conditions agreed with novobanco. This concept is covered in more detail below;
- Definition of groups of financial assets with similar credit risk characteristics: when the expected credit losses are measured through collective model, the financial instruments are aggregated based on the same risk characteristics. The Group monitors the credit risk characteristics in order to assure the correct reclassification of the assets, in cases of changes on the credit risk characteristics;
- Models and assumptions: The Bank uses several models and assumptions on the measurement of the expected credit losses. The judgement is applied on the identification of the more appropriate model for each type of asset as well as in the determination of the assumptions used in these models, including the assumptions related to the main credit risk drivers. In addition, in compliance with the IFRS9 regulation that clarifies the need for the impairment result to consider multiple scenarios, a methodology for incorporating different scenarios into the risk parameters was implemented. Thus, the calculation of collective impairment considers several scenarios with a specific weighting, based on the internal methodology defined about scenarios - definition of multiple perspectives of macroeconomic evolution, with probability of relevant occurrence;
- Accounting of Impairment management overlays, with a governance process based on the Extended Impairment Committee, which defines the impairment amounts needed to address identified risks or new emerging risks not yet materialized in the impairment determined by the collective model.

7.2 Fair value of derivative financial instruments and other financial assets and financial liabilities at fair value

Fair value is based on listed market prices when available; otherwise, fair value is determined based on similar recent arm's length transaction prices or using valuation methodologies, based on the net present value of estimated future cash flows taking into consideration market conditions, the time value, the yield curve and volatility factors, in accordance with IFRS 13 - Fair Value Measurement. The Bank uses several models and assumption in measuring the fair value of financial assets. Judgement is applied on the identification of the more appropriate model for each type of asset as well as in the determination of the assumptions used in these models, including the assumptions related with the main credit risk drivers.

Consequently, the use of a different methodology or different assumptions or judgements in applying a particular model could have produced different financial results, summarised in Note 36.

7.3 Corporate income taxes

The Bank is subject to corporate income tax in numerous jurisdictions. Certain interpretations and estimates are required in determining the overall corporate income tax amount. Different interpretations and estimates could result in a different level of income tax, current and deferred, being recognised in the period and evidenced in Note 25.

This aspect assumes additional relevance for effects of the analysis of the recoverability of deferred taxes, while the Bank considers forecasts of futures taxable profits based on a group of assumptions, including the estimate of income before taxes, adjustments to the taxable income and its interpretation of fiscal legislation. This way, the recoverability of deferred taxes depends on the concretization of the strategy of the Executive Board of Directors, namely in the capacity to generate the estimated taxable results and its interpretation of fiscal legislation.

The Tax Authorities have the power to review the Bank's calculation of the tax base for a period of four years, except in the case of any deduction or use of tax credits or tax loss deductions, where the expiry date is that of the exercise of that right. It is therefore possible that there may be corrections to the tax base, mainly as a result of differences in the interpretation of tax legislation. However, novobanco's Executive Board of Directors is convinced that there will be no significant corrections to the taxes on profits recorded in the financial statements.

7.4 Pensions and other employee benefits

The determination of the retirement pension liabilities presented in Note 14 requires the use of assumptions and estimates, including the use of actuarial tables, assumptions regarding the growth of pensions, salaries and discounts rates (which are determined based on the market rates associated with high quality corporate bond, denominated in the same currency in which the benefits will be paid and with a maturity similar to the expiry date of the plan's obligations). These assumptions are based on the expectations of the novobanco for the period during which the liabilities will be settled as well as other factors that may impact the costs and liabilities of the pension plan.

Changes in these assumptions could materially affect the amounts determined.

7.5 Provisions and Contingent liabilities

The recognition of provisions involves a significant degree of complex judgment, namely identifying whether there is a present obligation and estimating the probability and timing, as well as quantifying the outflows that may arise from past events. When events are at an early stage, judgments and estimates can be difficult to quantify due to the high degree of uncertainty involved. The Executive Board of Directors monitors these matters as they develop to regularly reassess whether the provisions should be recognised. However, it is often not feasible to make estimates, even when events are already at a more advanced stage, due to existing uncertainties.

Complexity of such issues often requires expert professional advice in determining estimates, particularly in terms of legal and regulatory issues. The amount of recognised provisions may also be sensitive to the assumptions used, which may result in a variety of potential results that require judgment in order to determine a level of provision that is considered appropriate in view of the event in question.

7.6 Foreclosed assets and Non-current assets held for sale

Foreclosed assets and Non-current assets held for sale are measured at the lower of the net book value and the fair value less costs to sell.

The fair value of these assets is determined based on valuations conducted by independent entities specialised in this type of service, using the market, income or cost methods, as defined in Note 6.14. The valuation reports are analysed internally, namely comparing the sales values with the revalued values of the properties, to keep the valuation parameters and processes updated to the market evolution.

The use of alternative methodologies and different assumptions may result in a different level of fair value with respective impact on the recognised balance sheet value.

7.7 Lease Contract Term

The Bank has applied judgment to determine the lease term of certain agreements, in which it acts as lessee, and which include renewal and termination options. The Bank determines the lease term as the non-cancellable lease term, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if reasonably certain not to be exercised. This assessment will have an impact on the lease term, which will significantly affect the amount of the lease liabilities and recognised right-of-use assets.

The Bank has the option, namely in real estate lease agreements, to lease assets for additional periods from 1 month to 20 years. The Bank applies judgment in assessing whether it is reasonably right to exercise the renewal option. That is, it considers all the relevant factors that create an economic incentive for renewal.

Note 8 - Net Interest Income

The breakdown of this caption as at 31 December 2025 and 2024 is as follows:

(thousands of Euros)

	2025	2024
Interest Income	**1,966,152**	**2,355,594**
Amortised cost (*)	1,358,753	1,754,433
Interest from loans and advances	1,070,287	1,285,016
(of which: financial leasing operations)	*29,381*	*35,586*
(of which: repurchase agreement)	*8*	*–*
Interest from deposits with and loans and advances to banks	58,490	213,969
(of which: repurchase agreement)	*10,276*	*33*
Interest from securities	227,059	249,691
Other interest and similar income	2,917	5,757
Fair value through other comprehensive income (*)	104,201	57,963
Interest from securities	104,201	57,963
Income/expenses from negative interest rates (*)	622	1,249
Interest from derivatives	622	1,249
Held for trading	11,358	17,206
Interest from securities	11,358	17,206
Mandatorily at fair value through profit or loss	23,966	34,266
Interest from securities	23,966	34,266
Fair value through profit or loss	467,252	490,477
Interest from loans and advances	27	–
Interest from derivatives	467,224	490,477
Interest Expenses	**897,660**	**1,216,737**
Amortised cost (*)	539,505	790,086
Interest on debt securities issued	136,938	81,003
Interest on amounts due to customers	281,198	427,014
(of which, repurchase agreement)	*7,131*	*41,492*
Interest on deposits from Central Banks and other banks	55,389	219,250
(of which, repurchase agreement)	*25,174*	*134,973*
Interest on subordinated liabilities	49,603	49,581
Other interest and similar expenses	16,377	13,238
From negative interest rates (*)	44	52
Interest on deposits from Central Banks and other banks	3	10
Interest on derivatives	41	41
From assets / liabilities at fair value through profit or loss	358,111	426,599
Interest on derivatives	358,111	426,599
	1,068,492	**1,138,857**

(*) Calculated by the effective interest method

Average rates of financial assets and liabilities

The following table presents the average interest rates for the main categories of the Bank's financial assets and liabilities, as at 31 December 2025 and 2024, as well as the respective average balance and interest for the year:

(thousands of Euros)

	2025			2024		
	Average balance	Interest	Average interest rate	Average balance	Interest	Average interest rate
Money Market Placements	2,762,441	154,136	5.50 %	5,534,540	213,959	3.80 %
Loans to customers	25,456,426	1,058,733	4.10 %	23,890,939	1,274,266	5.25 %
Securities and other	12,373,238	366,584	2.92 %	11,349,639	406,408	3.52 %
Interest Earning Assets And Other	**40,592,105**	**1,579,453**	**3.84 %**	**40,775,118**	**1,894,633**	**4.57 %**
Money Market Funding	2,635,507	55,389	2.07 %	5,566,661	219,251	3.87 %
Customer Deposits	29,965,675	269,032	0.89 %	29,272,594	405,941	1.36 %
Debt issued and other	4,124,507	186,540	4.46 %	2,181,346	130,584	5.89 %
Other Non-Interest Bearing Liabilities	3,866,416	–	–	3,754,517	–	–
Interest Earning Liabilities And Other	**40,592,105**	**510,961**	**1.24 %**	**40,775,118**	**755,776**	**1.82 %**
Net interest margin		**1,068,492**	**2.60 %**		**1,138,857**	**2.75 %**

Note 9 - Fee and Commission Income and Fee and Commission Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Fees and commissions income	**362,231**	**330,548**
From banking services	284,047	252,479
Cards	57,017	52,743
Management of Means of Payment	150,348	139,607
Asset Management	16,370	14,186
Credit operations	60,313	45,943
From guarantees provided	28,750	30,062
From transaction of securities	11,703	10,283
From commitments to third parties	2,265	2,758
Bancassurance	28,790	27,953
Other fee and commission income	6,676	7,014
Fees and commissions expenses	**39,712**	**37,793**
With banking services rendered by third parties	26,008	25,463
Cards	7,962	8,736
Management of Means of Payment	15,958	13,876
Asset Management	29	20
Credit operations	2,059	2,831
With guarantees received	2,404	2,228
With transaction of securities	4,644	4,884
Other fee and commission income	6,656	5,218
	322,520	**292,756**

Note 10 - Results of financial operations

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Dividend income	**79,620**	**30,862**
From financial assets mandatorily measured at fair value through profit or loss	1,429	747
Shares	22	36
Participation Units	1,407	712
From financial assets measured at fair value through other comprehensive income	3,201	3,174
Shares	3,201	3,174
From investments in associates using a method other than the equivalence method	74,991	26,940
Gains or losses on financial assets and liabilities not measured at fair value through profit or loss	**22,376**	**(4,996)**
From financial assets at fair value through other comprehensive income	5,909	(7,213)
Bonds and other fixed income securities - Issued by government and public entities	5,406	(2,442)
Bonds and other fixed income securities - Issued by other entities	502	(4,771)
From financial assets and liabilities at amortized cost	16,467	2,216
Bonds and other fixed income securities - Issued by government and public entities	7	(2,185)
Bonds and other fixed income securities - Issued by other entities	54	(1,283)
Loans	16,407	5,684
Gains or losses on financial assets and liabilities held for trading	**12,173**	**9,886**
Bonds and other fixed income securities - Issued by government and public entities	(96)	1,076
Bonds and other fixed income securities - Issued by other entities	198	142
Financial Derivatives	12,071	8,668
Foreign exchange rate contracts	973	822
Interest rate contracts	8,195	5,581
Equity / Index contracts	2,377	1,347
Other	526	918
Gains or losses on financial assets mandatorily measured at fair value through profit or loss	**14,569**	**28,417**
Bonds and other fixed income securities - Issued by other entities	21,514	33,712
Shares	248	6,513
Other variable income securities	(44,216)	(11,809)
Loans and advances to customers	37,023	–
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	**68**	**–**
Bonds and other fixed income securities - Issued by other entities	68	–
Gains or losses from hedge accounting	**(19,347)**	**(20,880)**
Fair value changes of hedging instruments		
Interest rate contracts	(8,492)	(95,518)
Fair value changes of hedging item attributable to hedged risk	(10,855)	74,638
Foreign exchange revaluation	**7,709**	**15,689**
	117,168	**58,977**

As at 31 December 2025, gains recognized in results from the brokerage margin (day one profit), which are essentially related to foreign exchange transactions, amounted to approximately 3,958 thousand euros (31 December 2024: 3,442 thousand euros).

During 2025, a revaluation of loans to customers mandatorily measured at fair value through profit or loss was carried out, with an impact of 36.5 million euros.

Gains or losses from hedge accounting

Gains or losses on hedge accounting include changes in fair value of the hedging instrument (derivative) and changes in fair value of the hedged caption attributable to the hedged risk. In the case where the hedge operations are early terminated, here may occur the payment/receipt of compensation, which is recorded in Other operating expenses/ Other operating income.

Note 11 - Gains or Losses on Derecognition of Non-Financial Assets

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Real estate properties	(292)	11,892
Equipment	(40)	(1,183)
Other	70	(611)
	(262)	**10,098**

Note 12 - Other Operating Income and Other Operating Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Other operating income	**89,178**	**101,307**
Gains / (losses) on recoveries of loans	27,241	23,179
Other income	61,937	78,129
Other operating expenses	**(60,700)**	**(162,816)**
Direct and indirect taxes	(4,300)	(3,449)
Contribution on the banking sector	(26,286)	(26,672)
Solidarity additional	–	(4,849)
Membership fees and donations	(1,627)	(1,527)
Charges to supervisory entities	(2,240)	(2,377)
Contractual indemnities (SPV)	–	(414)
Other expenses	(26,247)	(123,528)
Other operating income / (expenses)	**28,478**	**(61,509)**

Other income includes, as of 31 December 2025, an amount of 25.6 million euros related to the recovery of the Additional Banking Solidarity Contribution, following the case law of the Constitutional Court, which declared that contribution unconstitutional. As of 31 December 2024, includes an amount of 60.6 million euros related with corporate income tax refund arising from the execution of the decision issued in the context of the judicial challenge proceedings concerning the 2005 corporate income tax. The decision issued in these proceedings led to an increase in the Bank's tax loss carryforward balance, which could be deducted in the 2006 tax year, thus resulting in a refund in that year.

As of 31 December 2024, Other expenses includes an expense of 62.7 million euros related to the CCA termination, as described in Note 32.

Note 13 - Staff Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Wages and salaries	209,598	194,053
Remuneration	209,209	193,350
Long-term service / Career bonuses (see Note 14)	389	703
Mandatory social security charges	51,037	49,305
Costs with post-employment benefits (see Note 14)	179	521
Other costs	8,709	8,894
	269,523	**252,774**

As at 31 December 2025 and 2024, the number of employees of the Bank, considering the staff and the term contracted, presents the following breakdown by professional category:

	2025	2024
Senior management functions	442	443
Middle management positions	338	335
Specific positions	2,186	2,133
Administrative and other functions	861	1,020
	3,827	**3,931**

Note 14 - Employee Benefits

Pension and health-care benefits

As mentioned in accounting policy 6.22, the Bank has undertaken to provide its employees, or their families, with cash benefits for old-age retirement, disability and survivors' pensions and other liabilities such as a *Serviço de Assistência Médico-Social* (SAMS), managed by the Union.

For employees hired until 31 December 2008, the retirement pension and the disability, survival and death pensions consecrated under the ACT, as well as the liabilities for health-care benefits (SAMS), are covered by a closed pension fund, managed by GNB – Sociedade Gestora de Fundos de Pensões, S.A..

Protection of employees in the event of maternity, paternity and adoption, as well as old age, is covered by the General Social Security Regime, given that with the publication of Decree-Law No. 1-A/2011, of 3 January, all banking employees who were beneficiaries of *Caixa de Abono de Família dos Empregados Bancários* (CAFEB) were integrated in the General Social Security Regime as from 1 January 2011.

Employees hired after 31 December 2008 are covered by the Portuguese General Social Security Regime.

Retirement pensions of banking employees integrated in the General Social Security Regime within the scope of the 2nd tripartite agreement continue to be calculated in accordance with the provisions of the ACT and other conventions; however, banking employees are entitled to receive a pension under the General Regime that considers the number of years of contributions under that regime. The Banks are responsible for the difference between the pension determined in accordance with the provisions of the ACT and that which the banking employees are entitled to receive from the Collective Bargaining Agreement.

The contribution rate is 26.6%, 23.6% paid by the employer and 3% paid by the employees on the behalf of CAFEB, abolished by said Decree-law. In consequence of this change, pension entitlements of active employees are to be covered on the terms defined under the General Social Security Regime, for the length of their employment between 1 January 2011 and their retirement date. The differential required to make up the pension guaranteed under the ACT is paid by the Banks, being now responsible for the difference required for the pension guaranteed under the terms of the Collective Labor Agreement.

At the end of financial year 2011 and pursuant to the 3rd tripartite agreement, it was decided to transfer, definitively and irreversibly, to the General Social Security Regime all the banks' liabilities with pensions in payment to retirees and pensioners that were in that condition as of 31 December 2011 at constant values (0% discount rate) for the component foreseen in the *Instrumento de Regulação Coletiva de Trabalho* (IRCT) applicable to banking employees, including the eventualities of death, disability and survival. The liabilities relating to the updating of pension amounts, pension benefits other than those to be borne by Social Security, health-care contributions to SAMS, death allowances

and deferred survivor's pensions will remain under the banks' responsibility, with the corresponding funding being met through the respective pension funds.

The agreement further established that the financial institutions' pension fund assets relating to the part allocated to the satisfaction responsibilities for those pensions, be transferred to the State.

As at 31 December 2024, in the Bank's liabilities, the item Provisions recorded the amount of 8.8 million euros related to net liabilities, which, according to the resolution of the Board of Directors of the Bank of Portugal dated 3 August 2014, were not transferred to novobanco. The liabilities pertain to retirement and survivor pensions and their respective supplements for the administrators of BES that were not transferred to novobanco. For the quantification of the amounts of the assets of the Pension Fund allocated to those liabilities (undivided part), the existing assets as of 3 August 2014, were separated proportionally to the liabilities calculated as of that date. It is worth noting that the assets of the undivided part were not allocated to any liability of novobanco until the final court decision regarding the application of Article 402. Considering the courts decisions already known regarding the application of the limit in Article 402, novobanco released the provision during the 2025 financial year.

On 1 June 2016, an amendment was made to Fundo de Pensões NB´s constitutive contract, where the complementary plan became a defined contribution instead of a defined benefit plan. Considering this, and in accordance with IAS 19, this plan´s responsibilities and assets are net of the amounts presented for the defined benefit plans. On 31 December 2025, the amount of 1,851 thousand euros was recorded in Staff Costs related to the defined contribution plan (31 December 2024: 693 thousand euros)

During 2021, two changes were made to the Pension Fund:

- Inclusion of Social Security Pension – Pensioners

Until 2020, the methodology applied considered pensions in payment by the Pension Fund for the calculation of liabilities with pensioners. In 2021, this methodology was changed for pensioners who started a pension after 2011, and do not have a Social Security pension. For this group of pensioners with age below the normal retirement age of the General Social Security Regime (RGSS), the liability arising from a Social Security pension, to be paid from the normal retirement age of the RGSS, was deducted. As for pensioners over the normal retirement age of the RGSS, the liability arising from a Social Security pension, to be paid from the moment of assessment, was deducted.

- Inclusion of acquired rights (Clause 98 ACT)

In 2021, liabilities with former employees who left novobanco after 2011, and who can claim rights to the Pension Fund under Clause 98 of the ACT, were included.

The Bank's liabilities and coverage levels, calculated in accordance with the accounting policy defined in Note 6.22 Employee Benefits, reportable as of 31 December 2025 and 2024 are analysed as follows:

(thousands of Euros)

	2025	2024
Liabilities		
Retirement pension liabilities at beginning of the exercise	**1,596,975**	**1,565,293**
Current service cost	179	521
Interest cost	54,911	52,405
Plan participants' contribution	2,803	2,770
Contributions from other entities	185	179
Actuarial (gains) / losses in the exercise:		
- Changes in financial assumptions	(116,795)	(19,312)
- Experience adjustments (gains) / losses	62,161	67,491
Pensions paid by the fund / transfers and once-off bonuses	(100,370)	(92,600)
Social Security and clause 98	33,380	20,227
Retirement pension liabilities at end of the exercise	**1,533,429**	**1,596,975**
Of which:		
Pensioners	1,216,392	1,216,004
Employees	317,037	380,971
Pension Funds		
Fair value of fund assets at the beginning of the exercise	**1,551,166**	**1,577,466**
Net return from the fund	44,576	63,529
- Share of the net interest on the assets	50,001	49,791
- Return on assets excluding net interest	(5,425)	13,739
Group contributions	32,929	–
Employee contributions	2,803	2,770
Pensions paid by the fund / transfers and one-off bonuses	(100,370)	(92,600)
Fund balance at the end of the exercise	**1,531,104**	**1,551,166**
Net assets / (liabilities) in the balance sheet (see Notes 26 and 30)		
At the beginning of the exercise	**(45,809)**	**12,173**
Cost during the exercise	(5,088)	(3,136)
Actuarial gains / (losses) recognized in other comprehensive income	49,210	(34,440)
Contributions made in the exercise	32,929	–
Other	(33,566)	(20,406)
At the end of the exercise	**(2,325)**	**(45,809)**
Accumulated actuarial losses recognized in other comprehensive income	**746,484**	**712,044**
Actuarial (gains) / losses in the exercise:		
- Changes in assumptions		
- Financial assumptions	(116,795)	(19,312)
- Plan assets return (excluding net of interests) and experience adjustments gains / losses	67,586	53,753
Accumulated actuarial losses recognized in other comprehensive income at the end of the exercise	**697,275**	**746,484**
Pension Funds participants	**12,079**	**12,112**
Employees	3,886	3,993
Pensioners and survivors	7,108	7,039
Participants under clause 98	1,085	1,080

Regarding the net liabilities on the Balance Sheet as at 31 December 2024, the Bank made the necessary contribution at the beginning of 2025.

The pension funds' assets can be analysed as follows:

(thousands of Euros)

	2025			2024		
	Listed	Unlisted	Total	Listed	Unlisted	Total
Equity instruments	–	218,623	218,623	–	146,416	146,416
Debt instruments	905,754	–	905,754	1,004,504	–	1,004,504
Investment funds	127,954	37,724	165,678	108,210	48,105	156,315
Real estate properties	–	233,909	233,909	–	228,430	228,430
Cash and cash equivalents	–	7,139	7,139	–	15,500	15,500
Total	**1,033,708**	**497,396**	**1,531,104**	**1,112,714**	**438,452**	**1,551,166**

Pension fund assets used by the Bank or representative of securities issued by the Bank are detailed as follows:

(thousands of Euros)

	2025	2024
Cash and cash equivalents	3,316	5,497
Real estate	42,030	42,689
Total	**45,346**	**48,186**

The key actuarial assumptions used to calculate retirement pension and health-care liabilities are identical and are as follows:

	2025		2024	
	Assumptions	Actual	Assumptions	Actual
Actuarial Assumptions				
Projected rate of return on plan assets	4.20 %	3.04 %	3.55 %	4.15 %
Discount rate	4.20 %	–	3.55 %	–
Pension increase rate	0.75 %	2.40 %	0.75 %	2.73 %
Salary increase rate	1.00 %	3.90 %	1.00 %	4.36 %
Mortality table men	TV 88/90		TV 88/90	
Mortality table women	TV 88/90-3 years		TV 88/90-3 years	

Disability decreases are not considered in the calculation of the liabilities. The determination of the discount rate as of 31 December 2025 and 2024 was based on: (i) the evolution of the main indices for high quality corporate bonds and (ii) the duration of the liabilities.

As of 31 December 2025 and 2024, the sensitivity analysis to a 0.25% change in the assumptions rate used and one year in the mortality table results in the following changes in the current value of liabilities determined for past services:

(thousands of Euros)

Assumptions	Change in the amount of liabilities due to the change:			
	2025		2024	
	of +0.25% in the rate used	of -0.25% in the rate used	of +0.25% in the rate used	of -0.25% in the rate used
Discount rate	(41,174)	43,176	(46,615)	49,027
Salary increase rate	6,815	(6,612)	8,758	(8,485)
Pension increase rate	42,209	(40,439)	46,393	(44,380)
	+1 year (a)	-1 year (b)	+1 year (a)	-1 year (b)
Mortality table	(46,969)	46,528	(50,758)	50,499

(a) reduction of 1 year on average life expectancy

(a) increase of 1 year on average life expectancy

The costs of retirement pensions and health benefits for the exercises ended 31 December 2025 and 2024 can be analysed as follows:

(thousands of Euros)

	2025	2024
Current service cost (a)	179	521
Net interest	4,910	2,615
Post-employment benefits costs	**5,088**	**3,136**

(a) recorded in Staff expenses (see Note 14)

In 2025, the value of early retirements amounted to 33.4 million euros (31 December 2024: 20.2 million euros), that are part of the Bank's restructuring process and, as such, were recognised against the use of the restructuring provision (see Note 29).

The average duration of the defined benefit plan liabilities is approximately 11 years (as of 31 December 2024: approximately 12 years).

Career Bonuses

As of 31 December 2025,the liabilities assumed by the Bank amounted to 6,545 thousand euros, corresponding to the past service liabilities of career bonuses, as described in Note 6.22 Employee Benefits (31 December 2024: 6,812 thousand euros) (see Note 30).

As of 31 December 2025 costs of 389 thousand euros were recognized for career premiums (31 December 2024: 703 thousand euros) (see Note 13).

Note 15 - Other Administrative Expenses

The breakdown of this caption is as follows:

(thousands of Euros)

	2025	2024
Rentals	4,903	6,939
Advertising	7,985	6,340
Communication	8,512	8,505
Maintenance and repairs expenses	5,944	7,173
Travelling and representation	3,563	3,251
Transportation of valuables	2,923	2,828
Insurance	3,159	3,716
IT services	53,087	52,106
Independent work	2,048	1,037
Electronic payment systems	17,163	15,547
Legal costs	3,813	4,988
Consultancy and audit fees	23,255	26,582
Water, energy and fuel	2,947	2,772
Consumables	1,554	1,515
Other costs	21,312	22,996
	162,168	**166,294**

The caption Other costs includes, amongst others, specialized service costs incurred with security and surveillance, information services, training and sundry external supplies.

As of 31 December 2025, rental costs include an amount of 592 thousand euros related to short-term operating lease contracts (31 December 2024: 639 thousand euros), as described in note 6.19.

The fees invoiced during the exercises 2025 and 2024 by the Statutory Audit Firm, according to that laid down in article 508-F of the Portuguese Companies Code (*Código das Sociedades Comerciais*), have the following:

(thousands of Euros)

	2025	2024
Statutory audit of annual accounts	1,909	1,759
Other reliability assurance services	2,023	1,665
Total value of billable services	**3,932**	**3,424**

In addition to the audit/legal review of the accounts, in the 2024 financial year the auditor provided the following non-audit services, related to audit services or classified as assurance services:

- Limited review of Novo Banco S.A. quarterly and half-yearly Condensed Interim Consolidated and Individual Financial Statements;
- Independent review of the non-financial information report - sustainability report;
- Support for the supervisory body in issuing the self-assessment report, under the terms of article 55(a) of *Banco de Portugal* Notice no. 3/2020;
- Half-yearly impairment reports (Bank of Portugal Instruction no. 5/2013);
- External Auditor's report on procedures for safeguarding customer assets (Article 304-C of the *Código de Valores Mobiliários*);
- Support for the supervisory body in issuing a report on the money laundering prevention process (*Banco de Portugal* Notice no. 1/2022);
- Verification of the application of the special deferred tax regime;
- Review of the information reported by novobanco leading to the calculation of the contribution to be made to the Single Resolution Fund;
- Report on Bank loans pledged as collateral for monetary policy operations (MOI);
- Special audit regarding pricing on mortgage loans;
- Carrying out specific procedures within the scope of novobanco's potential Initial Public Offering (IPO).

Note 16 - Contributions to Resolution and Deposit Guarantee Schemes

As of 31 December 2025 and 2024 , this caption is analysed as follows:

(thousands of Euros)

	2025	2024
Contribution to the National Resolution Fund	9,403	6,224
Contribution to the Deposit Guarantee Fund	106	105
	9,509	**6,329**

In April 2025, the Single Resolution Fund (SRF) announced that the annual contribution for the financial year 2024 would not be charged, as the financial resources of the SRF reached, as at 31 December 2023, the target level of 1% of covered deposits held in Member States participating in the Single Resolution Mechanism.

Additionally, the Bank has irrevocable commitments amounting to 20,143 thousand euros related with contributions to the single Resolution Fund, resulting from the option to make part of the annual contributions through a collateral deposit (31 December 2024: 20,143 thousand euros).

Note 17 - Impairment

As of 31 December 2025 and 2024, this caption is analysed as follows:

	2025	2024
Provisions or reversal of provisions (see Note 29)	**56,013**	**109,164**
Provisions for guarantees and commitments	4,958	23,635
Other provisions	51,054	85,528
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss (see Note 20)	**22,804**	**71,567**
Securities at fair value through other comprehensive income	206	287
Securities at amortised cost	15,586	7,225
Loans and advances to banks	269	(105)
Loans and advances to customers	6,745	64,161
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates (see Note 22)	**39,722**	**(23,141)**
Impairment or reversal of impairment on non-financial assets	**(796)**	**(2,800)**
Non-current assets and disposal groups classified as held for sale (see Note 27)	(444)	–
Tangible fixed assets (see Note 23)	(1,752)	(1,163)
Other assets (see Note 26)	1,399	(1,636)
	117,744	**154,790**

Note 18 - Cash, Cash Balances at Central Banks and Other Demand Deposits

As of 31 December 2025 and 2024, this caption is analysed as follows:

(thousands of Euros)

	2025	2024
Cash	**171,619**	**176,446**
Demand deposits with Central Banks	**1,789,757**	**1,343,628**
Bank of Portugal	1,680,036	1,314,587
Other Central Banks	109,721	29,041
Deposits in other domestic credit institutions	**34,824**	**46,621**
Repayable on demand	14,660	8,908
Uncollected checks	20,165	37,712
Deposits with banks abroad	**65,547**	**38,138**
Repayable on demand	55,905	35,523
Other deposits	9,642	2,616
	2,061,747	**1,604,833**

The caption Demand Deposits with Bank of Portugal includes mandatory deposits to comply with the minimum legal cash reserve in an amount of 305.2 million euros (31 December 2024: 284.0 million euros) which aim to satisfy the legal

requirements regarding the constitution of minimum cash reserve. According to the European Central Bank Regulation (EU) No. 1358/2011, of 14 December 2011, minimum cash reserve of demand deposits with Bank of Portugal are interest-bearing and correspond to 1% of the deposits and debt certificates maturing in less than 2 years, after excluding from these the deposits of institutions subject to the European System of Central Banks minimum reserve. As of 31 December 2025 and 2024, the average interest rate on these deposits was null.

Compliance with minimum cash reserve, for a given observation period, is monitored taking into account the average amount of the deposits with Bank of Portugal over said period. The balance of the account with Bank of Portugal as of 31 December 2025 was included in the observation period running from 23 December 2025 to 10 February 2026.

Checks to be collected on credit institutions at home and abroad were sent for collection within the first business days following the reference dates.

Note 19 - Financial Assets and Liabilities Held for Trading

This item as of 31 December 2025 and 2024 is analysed as follows:

(thousands of Euros)

	2025	2024
Financial assets held for trading	**206,029**	**633,299**
Bonds and other fixed income securities - Issued by government and public entities	126,280	521,191
Derivatives held for trading with positive fair value	79,749	112,108
Financial liabilities held for trading	**64,538**	**95,603**
Derivatives held for trading with negative fair value	64,538	95,603

Securities held for trading

The detail of the securities held for trading by fair value hierarchy is described in Note 36.

Derivatives

As of 31 December 2025 and 2024, this caption is analysed as follows:

(thousands of Euros)

	2025				2024			
	Notional		Fair value		Notional		Fair value	
	Buy	Sell	Asset	Liability	Buy	Sell	Asset	Liability
TRADING DERIVATIVES			**79,749**	**64,538**			**112,108**	**95,603**
Exchange rate contracts			**8,653**	**6,405**			**14,238**	**14,058**
Forward	317,976	316,907	4,932	3,779	390,065	389,318	9,210	9,146
Currency Swaps	381,397	382,442	1,159	1,044	410,514	409,249	1,244	1,128
Currency Options	87,660	86,660	2,562	1,581	158,680	158,680	3,784	3,784
Interest rate contracts			**67,572**	**54,965**			**93,491**	**77,178**
Interest Rate Swaps	2,856,696	2,856,696	59,334	47,445	2,986,348	2,986,348	82,421	67,034
Interest Rate Caps & Floors	414,596	472,185	8,238	7,520	398,782	475,710	11,070	10,143
Interest Rate Futures a)	10,000	–	–	–	–	–	–	–
Equity / Index contracts			**3,524**	**3,168**			**4,214**	**4,214**
Equity / Index Options	98,314	85,548	3,524	3,168	141,536	141,536	4,214	4,214
Contracts on risk of default			**–**	**–**			**–**	**–**
Commodities Contracts			**–**	**–**			**165**	**153**
Commodities Swaps	–	–	–	–	3,150	3,150	165	153

a) Derivatives traded on organized markets, whose market value is settled daily against the margin account (see Note 26 and 30)

During 2025 the Bank recognised a loss of 362 thousand euros related to the CVA of derivative instruments (31 December 2024: gain of 321 thousand euros). The way of determining the CVA is explained in Note 36.

Note 20 - Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss, at Fair Value Through Other Comprehensive Income and at Amortised Cost

As of 31 December 2025 and 2024 this caption is analysed as follows:

(thousands of Euros)

	2025				
	Mandatorily at fair value through profit and loss	Fair value through other comprehensive income	Amortised cost (1)	Fair value changes (2)	Total
Securities	1,072,452	3,505,293	7,999,577	–	12,577,322
Loans and advances to banks	–	–	2,374,936	–	2,374,936
Loans and advances to customers	35,552	–	25,835,659	(74,077)	25,797,134
	1,108,004	**3,505,293**	**36,210,171**	**(74,077)**	**40,749,392**

(1) Includes fair value adjustments resulting from micro-hedging of interest rate risk (see Note 21)

(2) Fair value changes of the elements covered by the interest rate hedge portfolio (see Note 21)

(thousands of Euros)

	2024				
	Mandatorily at fair value through profit and loss	Fair value through other comprehensive income	Amortised cost (1)	Fair value changes (2)	Total
Securities	1,150,504	3,074,810	8,639,161	–	12,864,474
Loans and advances to banks	–	–	138,875	–	138,875
Loans and advances to customers	–	–	23,813,529	(53,562)	23,759,967
	1,150,504	**3,074,810**	**32,591,564**	**(53,562)**	**36,763,316**

(1) Includes fair value adjustments resulting from micro-hedging of interest rate risk (see Note 21)

(2) Fair value changes of the elements covered by the interest rate hedge portfolio (see Note 21)

20.1 Securities

As of 31 December 2025 and 2024 the detail of securities portfolio is as follows:

(thousands of Euros)

	2025	2024
Securities mandatorily at fair value through profit or loss	**1,072,452**	**1,150,504**
Bonds and other fixed income securities - From other issuers	516,175	504,197
Shares	143,001	145,226
Other securities with variable income	413,275	501,081
Securities at fair value through other comprehensive income	**3,505,293**	**3,074,810**
Bonds and other fixed income securities - From public issuers	1,858,553	2,268,606
Bonds and other fixed income securities - From other issuers	1,520,135	718,624
Shares	126,605	87,580
Securities at amortised cost	**7,999,577**	**8,639,161**
Bonds and other fixed income securities - From public issuers	3,740,470	4,399,828
Bonds and other fixed income securities - From other issuers	4,324,932	4,481,509
Impairment	(65,825)	(242,176)
	12,577,322	**12,864,474**

Investments in restructuring funds on the Bank's balance sheet are accounted for in shares and other variable income securities mandatorily accounted for at fair value through profit or loss, according to the accounting policy described in Note 6.6.4, based on net book value reported by the Management Companies, adjusted relative to information, analyses or independent valuations considered necessary to determine its fair value, responding to guidelines from the European Central Bank. These are classified as "level 3" assets according to the IFRS 13 fair value hierarchy (quotes provided by third parties whose parameters used are mostly not observable in the market), the detail of the valuation methodology is described in Note 36.

As of 31 December 2025 and 2024, the detail of the fair value securities through other comprehensive income is as follows:

(thousands of Euros)

	Cost (1)	Fair value reserve		Fair value reserve transferred to profit and loss (2)	Balance sheet value	Impairment reserves
		Positive	Negative			
Bonds and other fixed income securities - From public issuers	1,868,807	31,175	(785)	(40,645)	1,858,553	(197)
Residents	325,910	15,924	(6)	(27,587)	314,241	(39)
Non residents	1,542,897	15,251	(779)	(13,058)	1,544,312	(158)
Bonds and other fixed income securities - From other issuers	1,529,985	8,582	(12,909)	(5,523)	1,520,135	(380)
Shares	110,483	53,941	(37,375)	(445)	126,605	–
Other securities with variable income	3	–	(3)	–	–	–
Balance as at 31 December 2025	**3,509,278**	**93,699**	**(51,071)**	**(46,613)**	**3,505,293**	**(577)**

(1) Acquisition cost referring to shares and other equity instruments and amortized cost for debt securities.

(2) In the context of fair value hedge operations (see Note 21)

(thousands of Euros)

	Cost (1)	Fair value reserve		Fair value reserve transferred to profit and loss (2)	Balance sheet value	Impairment reserves
		Positive	Negative			
Bonds and other fixed income securities - From public issuers	2,257,114	5,110	(9,374)	15,757	2,268,606	(180)
Residents	677,128	587	(4,903)	11,524	684,336	(64)
Non residents	1,579,986	4,523	(4,471)	4,232	1,584,270	(116)
Bonds and other fixed income securities - From other issuers	732,173	4,520	(12,177)	(5,893)	718,624	(243)
Shares	70,881	57,408	(40,709)	–	87,580	–
Other securities with variable income	3	–	(3)	–	–	–
Balance as at 31 December 2024	**3,060,170**	**67,038**	**(62,262)**	**9,864**	**3,074,810**	**(423)**

(1) Acquisition cost referring to shares and other equity instruments and amortized cost for debt securities.

(2) In the context of fair value hedge operations (see Note 21)

During 2025, the Bank sold 3,003.0 million euros of financial instruments classified at fair value through other comprehensive income (31 December 2024: 1,164.8 million euros), with a gain of 5.9 million euros (31 December 2024: a loss of 7.2 million euros), recorded in the income statement, from the sale of debt instruments and a gain of 0.3 million euros that were transferred from revaluation reserves to sales-related reserves (31 December 2024: a loss of 61.4 million euros), from the sale of equity instruments.

The transfers between stages that occurred in the portfolio of securities at fair value through other comprehensive income and amortised cost during thee 2025 and 2024 financial years are presented as follows:

(thousands of Euros)

	2025					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Bonds and other fixed income securities						
Other financial corporations	5,030	35,601	–	–	–	–
From other issuers	61,605	13,720	–	–	–	–
	66,635	**49,321**	**–**	**–**	**–**	**–**

(thousands of Euros)

	2024					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Bonds and other fixed income securities						
From other issuers	245,437	9,409	14,593	–	–	–
	245,437	**9,409**	**14,593**	**–**	**–**	**–**

Changes occurring in impairment reserves in securities at fair value through other comprehensive income are presented as follows:

(thousands of Euros)

	Impairment movement of securities at fair value through other comprehensive income			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**211**	**–**	**–**	**211**
Increases due to changes in credit risk	804	–	–	804
Decreases due to changes in credit risk	(518)	–	–	(518)
Utilization during the period	(82)	–	–	(82)
Other movements	7	–	–	7
Balance as at 31 December 2024	**423**	**–**	**–**	**423**
Increases due to changes in credit risk	676	–	–	676
Decreases due to changes in credit risk	(471)	–	–	(471)
Utilization during the period	(30)	–	–	(30)
Other movements	(22)	–	–	(22)
Balance as at 31 December 2025	**577**	**–**	**–**	**577**

Movements occurring in impairment reserves in securities at fair value through other comprehensive income are presented as follows:

(thousands of Euros)

	Impairment movement of securities at amortised cost			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**3,640**	**1,767**	**318,937**	**324,344**
Transfers to stage 1	820	(820)	–	–
Transfers to stage 2	(307)	307	–	–
Transfers to stage 3	–	(1,257)	1,257	–
Increases due to changes in credit risk	8,641	28,866	898,278	935,786
Decreases due to changes in credit risk	(8,421)	(24,377)	(895,762)	(928,561)
Utilization during the period	(47)	(466)	(88,881)	(89,394)
Other movements	(46)	48	–	2
Balance as at 31 December 2024	**4,280**	**4,067**	**233,829**	**242,176**
Transfers to stage 1	2,892	(2,892)	–	–
Transfers to stage 2	(1,079)	1,079	–	–
Increases due to changes in credit risk	13,234	12,000	215,534	240,768
Decreases due to changes in credit risk	(14,294)	(8,146)	(202,742)	(225,183)
Utilization during the period	(5)	–	(191,927)	(191,932)
Other movements	(21)	17	–	(4)
Balance as at 31 December 2025	**5,007**	**6,124**	**54,694**	**65,825**

In accordance with the accounting policy mentioned on Note 6.12, the Bank regularly evaluate if there is any objective evidence of impairment in its securities portfolio at a fair value through other comprehensive income based on the judgement criteria mentioned on Note 7.1.

The detail of the securities portfolio by fair value hierarchy is presented in Note 36.

The securities portfolio pledged by the Bank are analysed in Note 33.

20.2 Loans and advances to Banks

As of 31 December 2025 and 2024 , the applications in Loans and advances to Banks are detailed as follows:

(thousands of Euros)

	2024	2023
Loans and advances to banks	**2,375,724**	**139,403**
Deposits	51,826	103,972
Loans	84,485	35,432
Repurchase agreement	2,239,413	–
	2,375,724	**139,403**
Impairment losses	**(788)**	**(529)**
	2,374,936	**138,875**

The increase during 2025 in repurchase agreement transactions refers to collateral switch transactions executed within the scope of collateral management in the form of resale agreement transactions (accounted under loans and advances to banks) and repurchase agreement transactions (recorded under deposits from banks), which allowed the Bank to improve its liquidity buffer and, consequently, its LCR liquidity ratio.

The applications in credit institutions are all recorded in the amortised cost portfolio.

The movements that occurred with impairment losses on loans and applications in credit institutions are presented as follows:

(thousands of Euros)

	Loans and advances to credit institutions			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**60**	**180**	**427**	**667**
Transfers to stage 2	(12)	12	–	–
Increases due to changes in credit risk	45	243	–	287
Decreases due to changes in credit risk	(51)	(342)	–	(393)
Other movements	(12)	(25)	4	(33)
Balance as at 31 December 2024	**30**	**68**	**431**	**529**
Transfers to stage 2	(1)	1	–	–
Increases due to changes in credit risk	347	24	–	371
Decreases due to changes in credit risk	(55)	(48)	–	(102)
Other movements	1	(2)	(8)	(10)
Balance as at 31 December 2025	**322**	**43**	**423**	**788**

20.3 Loans and advances to customers

As of 31 December 2025 and 2024 , the detail of loans to customers is presented as follows:

(thousands of Euros)

	2024	2023
Loans and advances - Corporate	**14,144,449**	**13,452,513**
Current account loans	1,064,020	1,157,793
Loans	10,909,705	10,315,443
Discounted bills	53,814	77,601
Factoring	1,225,832	1,145,029
Overdrafts	15,799	10,348
Financial leases	852,922	723,247
Other loans and advances	22,357	23,052
Loans and advances - Households	**12,101,738**	**10,847,908**
Residential Mortgage loans	9,967,900	9,070,852
Credit for consumption and other	2,133,838	1,777,056
Overdue loans and advances and interests	**352,570**	**329,151**
Under 90 days	36,572	41,939
Over 90 days	315,999	287,211
	26,598,757	**24,629,571**
Impairment losses	(727,547)	(816,042)
	25,871,211	**23,813,529**
Fair value changes of the hedged items in portfolio hedge of interest rate risk (See Note 21)	**(74,077)**	**(53,562)**
Residential Mortgage loans	(74,077)	(53,562)
	25,797,134	**23,759,967**

As of 31 December 2025, there are transactions mandatorily at fair value through results, with a nominal value of 202,104 thousand euros and a fair value of Euro 35,552 thousand (31 December 2024: 13,197 thousand euros and 0 thousand euros, respectively). The fair value change of these credits are recorded in the heading Gains or losses on financial assets mandatorily accounted at fair value through profit or loss, in the income statement (see Note 10).

As of 31 December 2025, the caption of loans to customers includes 8,453.3 million euros (31 December 2024: 7,609.9 million euros) of mortgage loan affecting the issue of mortgage bonds (see Note 28).

As of 31 December 2025, the value of the interest and fees recorded in the balance sheet related to credit operations amounts to 87,899 thousand euros (31 December 2024: 76,881 thousand euros).

As of 31 December 2025 and 2024 , the transfers between stages that occurred in loans is as follows:

(thousands of Euros)

	2025					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Loans						
Corporate loans	2,033,056	1,720,299	222,486	76,363	27,777	–
Consumption and other	1,706,452	1,566,356	131,264	94,178	1,037	–
	3,739,508	**3,286,655**	**353,750**	**170,541**	**28,814**	**–**

(thousands of Euros)

	2024					
	Transfers between Stage 1 and 2		Transfers between Stage 2 and 3		Transfers between Stage 1 and 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Loans						
Corporate loans	1,189,547	1,038,281	108,491	118,753	15,350	–
Consumption and other	1,274,969	1,201,150	117,845	59,654	1,904	–
	2,464,516	**2,239,431**	**226,336**	**178,407**	**17,254**	**–**

The movements occurred in the impairment losses of loans and advances are presented as follows:

(thousands of Euros)

	Impairment movements of loans and advances to customers			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**62,126**	**330,215**	**543,650**	**935,991**
Transfers to stage 1	95,178	(95,176)	(2)	–
Transfers to stage 2	(29,812)	66,212	(36,400)	–
Transfers to stage 3	(189)	(56,863)	57,052	–
Financial assets derecognized	–	(27)	(79,321)	(79,348)
Increases due to changes in credit risk	13,325	91,302	179,855	284,482
Decreases due to changes in credit risk	(82,230)	(71,768)	(66,323)	(220,321)
Utilization during the period	–	(6)	(105,711)	(105,717)
Other movements	(2,265)	37,165	(33,944)	955
Balance as at 31 December 2024	**56,133**	**301,054**	**458,855**	**816,042**
Transfers to stage 1	95,470	(95,465)	(4)	–
Transfers to stage 2	(24,308)	39,460	(15,152)	–
Transfers to stage 3	(187)	(26,145)	26,332	–
Financial assets derecognized	–	(5)	(14,294)	(14,299)
Increases due to changes in credit risk	33,055	73,758	133,090	239,902
Decreases due to changes in credit risk	(89,394)	(95,737)	(48,027)	(233,158)
Utilization during the period	–	(77)	(80,077)	(80,154)
Other movements	3,935	(3,555)	(1,167)	(787)
Balance as at 31 December 2025	**74,703**	**193,287**	**459,556**	**727,547**

Loans to customers distribution by type of rate is as follows:

(thousands of Euros)

	2025	2024
Fixed rate	6,318,104	4,643,658
Variable rate	20,206,577	19,932,352
	26,524,681	**24,576,010**

An analysis of finance lease loans, by residual maturity period, is presented as follows:

(thousands of Euros)

	2025	2024
Rents and residual amounts	**927,752**	**797,455**
Up to 1 year	350,925	299,054
1 to 5 years	481,543	415,208
More than 5 years	95,284	83,193
Interest	**64,334**	**66,556**
Up to 1 year	23,755	26,344
1 to 5 years	36,432	38,230
More than 5 years	4,147	1,982
Capital	**863,418**	**730,900**
Up to 1 year	327,170	272,710
1 to 5 years	445,111	376,978
More than 5 years	91,137	81,212
Impairment	**(44,214)**	**(50,647)**
	819,204	**680,253**

As of 31 December 2025 and 2024, the detail of the gross credit exposure value and impairment assessed individually and collectively, by segment, was as follows:

(thousands of Euros)

	2025					
	Individual Evaluation(1)		Collective Evaluation(2)		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Corporate	**499,998**	**302,929**	**13,931,280**	**267,722**	**14,431,277**	**570,651**
Stage 1	–	–	11,935,276	60,525	11,935,276	60,525
Stage 2	–	–	1,927,748	160,606	1,927,748	160,606
Stage 3	499,998	302,929	68,256	46,591	568,253	349,520
Mortgage loans	**1,098**	**184**	**9,901,163**	**48,984**	**9,902,261**	**49,167**
Stage 1	–	–	9,230,242	7,230	9,230,242	7,230
Stage 2	–	–	564,159	18,308	564,159	18,308
Stage 3	1,098	184	106,762	23,445	107,860	23,629
Consumption and other	**30,831**	**29,863**	**2,160,311**	**77,865**	**2,191,143**	**107,728**
Stage 1	–	–	1,806,225	6,936	1,806,225	6,936
Stage 2	–	–	272,195	14,374	272,195	14,374
Stage 3	30,831	29,863	81,891	56,555	112,722	86,418
Total	**531,927**	**332,976**	**25,992,754**	**394,570**	**26,524,681**	**727,547**

(1) Loans whose final impairment has been determined and approved by the Impairment Committee

(2) Loans whose final impairment has been determined in accordance with the calculation rules of the collective impairment model

(thousands of Euros)

	2024					
	Individual Evaluation(1)		Collective Evaluation(2)		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Corporate	**568,147**	**329,204**	**13,170,583**	**314,181**	**13,738,730**	**643,385**
Stage 1	–	–	10,848,297	40,110	10,848,297	40,110
Stage 2	–	–	2,264,592	240,996	2,264,592	240,996
Stage 3	568,147	329,204	57,695	33,075	625,842	362,279
Mortgage loans	**–**	**–**	**9,025,642**	**62,340**	**9,025,642**	**62,340**
Stage 1	–	–	8,291,278	3,287	8,291,278	3,287
Stage 2	–	–	620,132	32,981	620,132	32,981
Stage 3	–	–	114,232	26,072	114,232	26,072
Consumption and other	**42,435**	**41,010**	**1,769,202**	**69,307**	**1,811,637**	**110,317**
Stage 1	–	–	1,416,275	13,261	1,416,275	13,261
Stage 2	–	–	297,814	27,077	297,814	27,077
Stage 3	42,435	41,010	55,113	28,969	97,548	69,979
Total	**610,582**	**370,214**	**23,965,427**	**445,828**	**24,576,010**	**816,042**

(1) Loans whose final impairment has been determined and approved by the Impairment Committee

(2) Loans whose final impairment has been determined in accordance with the calculation rules of the collective impairment model

In the case of loans analysed by the Impairment Committee for which the impairment determined automatically by the Impairment Model was not changed, they are included and presented in the "Collective Assessment".

As of 31 December 2025 and 2024, the detail of the gross loans exposure value and impairment assessed individually and collectively, by geography, was as follows:

(thousands of Euros)

	2025					
	Individual evaluation*		Colective Evaluation**		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Portugal	435,435	273,717	20,768,445	357,234	21,203,880	630,951
Spain	496	496	1,483,881	8,225	1,484,377	8,721
United Kingdom	–	–	545,206	9,085	545,206	9,085
France	3,315	818	535,550	3,438	538,865	4,256
Switzerland	–	–	236,602	1,983	236,602	1,983
Luxembourg	39,927	23,318	384,002	2,116	423,929	25,434
Others	52,754	34,627	2,039,068	12,489	2,091,822	47,117
Total	**531,927**	**332,976**	**25,992,754**	**394,570**	**26,524,681**	**727,547**

* Loans whose impairment results from individual analysis (defined and approved by the Impairment Committee)

** Loans whose impairment was evaluated collectively and determined automatically by the Impairment Model.

(thousands of Euros)

	2024					
	Individual evaluation*		Colective Evaluation**		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Portugal	518,120	301,851	19,421,999	396,313	19,940,119	698,164
Spain	3,510	3,510	1,349,038	13,125	1,352,548	16,635
United Kingdom	–	–	568,667	5,825	568,667	5,825
France	–	–	435,858	3,040	435,858	3,040
Switzerland	–	–	233,267	1,984	233,267	1,984
Luxembourg	–	–	335,931	4,392	335,931	4,392
Others	88,952	64,853	1,620,667	21,149	1,709,620	86,002
Total	**610,582**	**370,214**	**23,965,427**	**445,828**	**24,576,010**	**816,042**

* Loans whose impairment results from individual analysis (defined and approved by the Impairment Committee)

** Loans whose impairment was evaluated collectively and determined automatically by the Impairment Model.

As of 31 December 2025 and 2024,the detail of the gross credit exposure value and impairment by segment was as follows:

(thousands of Euros)

	2025						
	Performing			Non-Performing			
	Performing or past due < 30 days	Past due > 30 days	Total	Days past due		Total	Total
				<= 90 days	> 90 days		
Gross Value	**25,682,707**	**53,138**	**25,735,846**	**348,560**	**440,275**	**788,835**	**26,524,681**
Corporate	13,855,368	7,656	13,863,024	275,702	292,552	568,253	14,431,277
Mortgage Loans	9,755,609	32,131	9,787,740	48,706	65,815	114,521	9,902,261
Consumption and other	2,071,731	13,351	2,085,082	24,152	81,909	106,061	2,191,143
Impairment	**264,805**	**3,242**	**268,047**	**200,793**	**258,706**	**459,499**	**727,547**
Corporate	220,721	410	221,131	175,930	173,590	349,520	570,651
Mortgage Loans	20,632	1,718	22,351	10,278	16,539	26,817	49,167
Consumption and other	23,452	1,114	24,566	14,585	68,577	83,162	107,728
Net Value	**25,417,902**	**49,896**	**25,467,798**	**147,767**	**181,569**	**329,336**	**25,797,134**

(thousands of Euros)

	2024						
	Performing			Non-Performing			
	Performing or past due < 30 days	Past due > 30 days	Total	Days past due		Total	Total
				<= 90 days	> 90 days		
Gross Value	**23,683,844**	**54,544**	**23,738,388**	**418,647**	**418,975**	**837,622**	**24,576,010**
Corporate	13,106,316	6,573	13,112,889	333,621	292,221	625,842	13,738,730
Mortgage Loans	8,871,272	37,141	8,908,413	53,580	63,650	117,229	9,025,642
Consumption and other	1,706,255	10,831	1,717,086	31,446	63,105	94,551	1,811,637
Impairment	**353,803**	**4,224**	**358,027**	**228,149**	**229,866**	**458,015**	**816,042**
Corporate	280,578	528	281,107	193,633	168,646	362,279	643,385
Mortgage Loans	32,916	2,014	34,930	12,706	14,704	27,410	62,340
Consumption and other	40,309	1,682	41,991	21,811	46,515	68,326	110,317
Net Value	**23,330,041**	**50,320**	**23,380,361**	**190,497**	**189,109**	**379,607**	**23,759,967**

As of 31 December 2025 and 2024, the detail of the credit portfolio by segment and by reference year was as follows:

(thousands of Euros)

Reference year	2025											
	Corporate			Mortgage			Consumption and other			Total		
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
2010 and previous	8,098	551,319	44,140	73,553	1,926,678	11,341	1,241,986	121,959	2,286	1,323,637	2,599,956	57,767
2011	1,056	46,688	1,649	2,674	115,272	497	20,697	12,323	268	24,427	174,283	2,414
2012	1,164	74,800	8,714	1,236	45,985	453	25,888	10,189	270	28,288	130,974	9,437
2013	1,125	133,602	17,232	1,626	76,390	409	22,922	9,635	468	25,673	219,627	18,109
2014	887	77,320	17,129	1,091	54,051	580	21,639	10,829	708	23,617	142,200	18,417
2015	1,352	235,761	14,534	1,761	95,670	455	25,084	11,166	3,773	28,197	342,597	18,762
2016	1,274	192,868	17,580	3,795	218,757	1,197	36,987	39,430	22,043	42,056	451,055	40,820
2017	1,889	287,104	14,179	5,731	386,505	2,209	37,286	24,567	5,047	44,906	698,176	21,435
2018	2,535	425,803	31,559	6,182	492,098	2,068	41,269	36,549	1,429	49,986	954,450	35,056
2019	3,693	589,336	34,385	6,370	535,440	2,694	45,874	58,184	2,757	55,937	1,182,960	39,836
2020	5,047	505,990	14,872	4,815	434,926	2,368	31,449	51,418	2,198	41,311	992,334	19,438
2021	3,731	869,056	33,197	5,564	580,621	3,749	47,697	91,103	4,421	56,992	1,540,780	41,367
2022	7,850	1,999,931	66,084	7,063	860,048	5,006	75,557	176,364	10,251	90,470	3,036,343	81,341
2023	9,273	1,475,963	39,298	8,570	1,053,100	5,671	122,539	295,984	21,655	140,382	2,825,047	66,624
2024	10,369	2,714,441	57,842	8,607	1,211,410	4,328	134,177	479,753	18,982	153,153	4,405,604	81,152
2025	14,684	4,251,295	158,257	10,790	1,815,310	6,142	166,812	761,690	11,172	192,286	6,828,295	175,572
Total	**74,027**	**14,431,277**	**570,651**	**149,428**	**9,902,261**	**49,167**	**2,097,863**	**2,191,143**	**107,728**	**2,321,318**	**26,524,681**	**727,547**

(thousands of Euros)

Reference year	2024											
	Corporate			Mortgage			Consumption and other			Total		
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
2010 and previous	6,716	743,183	56,196	80,323	2,183,591	13,820	1,188,056	137,559	15,462	1,275,095	3,064,334	85,478
2011	842	46,544	1,560	2,928	129,010	765	22,632	13,133	348	26,402	188,687	2,673
2012	1,023	91,032	11,057	1,341	51,683	565	28,439	11,023	443	30,803	153,738	12,065
2013	1,105	186,785	28,500	1,769	86,957	589	25,039	10,401	387	27,913	284,143	29,476
2014	917	91,348	19,917	1,190	61,491	808	24,057	11,009	761	26,164	163,848	21,486
2015	1,320	356,177	36,152	1,936	108,291	619	28,383	11,892	4,308	31,639	476,360	41,079
2016	1,457	255,843	33,337	4,148	247,170	1,624	41,618	43,502	23,834	47,223	546,515	58,795
2017	2,466	377,167	23,286	6,266	438,328	3,056	41,455	28,341	5,228	50,187	843,836	31,570
2018	3,319	591,733	43,497	6,823	563,475	2,891	48,055	46,851	2,017	58,197	1,202,059	48,405
2019	4,880	842,844	72,823	7,022	610,419	3,352	53,044	80,423	3,473	64,946	1,533,686	79,648
2020	6,549	801,093	15,147	5,279	490,923	2,868	36,777	70,810	2,336	48,605	1,362,826	20,351
2021	5,399	1,222,250	20,755	6,131	652,826	4,369	55,003	125,906	4,993	66,533	2,000,982	30,117
2022	9,357	2,739,107	77,926	7,838	963,195	4,939	86,246	238,500	10,989	103,441	3,940,802	93,854
2023	10,501	1,913,951	64,634	9,445	1,175,921	4,039	139,597	380,335	17,811	159,543	3,470,207	86,484
2024	14,667	3,479,673	138,598	8,777	1,262,362	18,036	145,625	601,952	17,927	169,069	5,343,987	174,561
Total	**70,518**	**13,738,730**	**643,385**	**151,216**	**9,025,642**	**62,340**	**1,964,026**	**1,811,637**	**110,317**	**2,185,760**	**24,576,010**	**816,042**

The values presented include, in addition to all new operations for the reference year, renewals, interventions, and restructurings of operations originated in previous years, including the period prior to the establishment of novobanco.

In order to mitigate credit risk, loan operations have associated guarantees, namely mortgages or pledges. The fair value of these guarantees is determined at the time of granting the credit, being revaluated periodically. The gross value of the loans and the respective fair value of the collaterals, limited to the value of the associated loan, is presented below:

(thousands of Euros)

	2025				2024			
	Loans Value	Impairment	Net Value	Fair value of collateral	Loans Value	Impairment	Net Value	Fair value of collateral
Mortgage Loans	**9,902,261**	**(49,167)**	**9,853,094**	**9,829,637**	**9,025,642**	**(62,340)**	**8,963,302**	**8,954,753**
Stage 1								
Mortgages	8,790,789	(6,687)	8,784,102	8,771,907	7,902,638	(2,755)	7,899,883	7,896,300
Pawns	412,913	(186)	412,727	405,664	353,120	(85)	353,035	345,492
Uncollateralized	26,540	(357)	26,183	–	35,520	(447)	35,073	–
Stage 2								
Mortgages	533,697	(15,356)	518,341	532,639	578,882	(15,435)	563,446	577,809
Pawns	14,142	(417)	13,725	13,818	23,656	(501)	23,155	23,085
Uncollateralized	16,319	(2,535)	13,785	–	17,594	(17,045)	549	–
Stage 3								
Mortgages	104,927	(22,572)	82,355	104,071	109,479	(24,318)	85,161	108,934
Pawns	1,736	(388)	1,349	1,538	3,345	(989)	2,356	3,134
Uncollateralized	1,197	(670)	527	–	1,408	(766)	643	–
Total								
Mortgages	9,429,413	(44,615)	9,384,798	9,408,617	8,590,999	(42,508)	8,548,491	8,583,043
Pawns	428,791	(991)	427,800	421,020	380,121	(1,575)	378,546	371,710
Uncollateralized	44,057	(3,561)	40,495	–	54,523	(18,258)	36,265	–
Consumption and other	**2,191,143**	**(107,728)**	**2,083,415**	**1,111,141**	**1,811,637**	**(110,317)**	**1,701,320**	**806,635**
Stage 1								
Mortgages	846,035	(834)	845,201	843,855	558,012	(365)	557,647	556,366
Pawns	133,247	(115)	133,131	131,661	133,976	(601)	133,375	133,090
Uncollateralized	826,944	(5,986)	820,958	–	724,288	(12,295)	711,992	–
Stage 2								
Mortgages	107,462	(2,983)	104,479	107,310	83,754	(2,325)	81,429	83,677
Pawns	10,979	(127)	10,852	10,902	13,600	(1,079)	12,520	13,468
Uncollateralized	153,754	(11,264)	142,490	–	200,460	(23,673)	176,788	–
Stage 3								
Mortgages	14,286	(4,859)	9,427	13,693	12,348	(4,385)	7,963	12,179
Pawns	25,999	(25,760)	240	3,720	27,025	(26,535)	491	7,855
Uncollateralized	72,436	(55,800)	16,637	–	58,174	(39,059)	19,115	–
Total								
Mortgages	967,783	(8,676)	959,107	964,858	654,113	(7,075)	647,039	652,222
Pawns	170,225	(26,002)	144,223	146,282	174,601	(28,215)	146,386	154,413
Uncollateralized	1,053,135	(73,050)	980,085	–	982,923	(75,027)	907,895	–
Corporate loans	**14,431,277**	**(570,651)**	**13,860,626**	**3,985,509**	**13,738,730**	**(643,385)**	**13,095,345**	**3,952,768**
Stage 1								
Mortgages	3,033,467	(17,084)	3,016,383	2,419,742	2,997,968	(12,716)	2,985,253	2,275,233
Pawns	1,717,285	(6,082)	1,711,203	670,493	1,574,165	(3,882)	1,570,283	598,333
Uncollateralized	7,184,524	(37,359)	7,147,165	–	6,276,164	(23,513)	6,252,651	–
Stage 2								
Mortgages	610,156	(35,834)	574,323	503,381	654,548	(55,795)	598,753	543,930
Pawns	266,770	(18,485)	248,285	154,208	525,314	(60,125)	465,189	253,505
Uncollateralized	1,050,822	(106,287)	944,535	–	1,084,730	(125,077)	959,653	–
Stage 3								
Mortgages	151,767	(82,681)	69,086	125,967	288,599	(120,828)	167,770	224,038
Pawns	162,214	(78,152)	84,062	111,719	91,996	(53,937)	38,059	57,729
Uncollateralized	254,272	(188,687)	65,585	–	245,247	(187,513)	57,734	–
Total								
Mortgages	3,795,390	(135,599)	3,659,791	3,049,089	3,941,115	(189,339)	3,751,776	3,043,201
Pawns	2,146,268	(102,719)	2,043,549	936,420	2,191,475	(117,944)	2,073,531	909,567
Uncollateralized	8,489,618	(332,333)	8,157,285	–	7,606,140	(336,103)	7,270,037	–
Total	**26,524,681**	**(727,547)**	**25,797,134**	**14,926,287**	**24,576,010**	**(816,042)**	**23,759,967**	**13,714,156**

The difference between the value of the loan and the fair value of the collateral represents the total credit exposure that exceeds the value of the collateral, with this value not being impacted by collaterals with a fair value higher than the loan to which they are associated.

The detail of the collaterals - mortgages is presented as follows:

(thousands of Euros)

Collateral ranges a)	2025							
	Mortgage loans		Consumption and other		Corporate loans		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
less than 0.5M€	142,798	8,630,575	18,384	903,712	7,112	420,507	168,294	9,954,794
greater than 0.5M€ and less than 1.0M€	812	525,334	63	35,464	1,334	212,716	2,209	773,514
greater than 1.0M€ and less than 5.0M€	181	268,223	15	25,682	8,475	656,606	8,671	950,511
greater than 5.0M€ and less than 10.0M€	3	12,245	–	–	2,663	528,625	2,666	540,870
greater than 10.0M€ and less than 20.0M€	–	–	–	–	657	530,930	657	530,930
greater than 20.0M€ and less than 50.0M€	–	–	–	–	820	453,406	820	453,406
greater than 50M€	–	–	–	–	195	246,298	195	246,298
	143,794	**9,436,377**	**18,462**	**964,858**	**21,256**	**3,049,089**	**183,512**	**13,450,325**

a) The allocation by intervals was carried out based on the total value of collateral per loan contract

(thousands of Euros)

Collateral ranges a)	2024							
	Mortgage loans		Consumption and other		Corporate loans		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
less than 0.5M€	144,547	8,096,573	14,917	614,885	10,888	434,039	170,352	9,145,497
greater than 0.5M€ and less than 1.0M€	556	362,434	43	23,275	1,502	207,904	2,101	593,613
greater than 1.0M€ and less than 5.0M€	115	174,612	8	14,061	6,497	631,434	6,620	820,107
greater than 5.0M€ and less than 10.0M€	–	–	–	–	2,218	559,905	2,218	559,905
greater than 10.0M€ and less than 20.0M€	–	–	–	–	292	465,159	292	465,159
greater than 20.0M€ and less than 50.0M€	–	–	–	–	2,277	436,378	2,277	436,378
greater than 50M€	–	–	–	–	1,666	308,383	1,666	308,383
	145,218	**8,633,619**	**14,968**	**652,222**	**25,340**	**3,043,201**	**185,526**	**12,329,042**

a) The allocation by intervals was carried out based on the total value of collateral per loan contract

The values of collaterals - mortgages, presented above, represent the maximum coverage value of the covered assets, that is, they compete up to the gross value of the individual covered credits.

In assessing the risk of an operation or set of operations, the elements of credit risk mitigation associated with them are taken into account, in accordance with internal rules and procedures.

Relevant collateral is essentially the following:

- Real estate, where the value considered is the corresponding to the last available assessment;
- Financial pledges, where the value considered corresponds to the quotation of the last day of the month, if it is a listed security, or the value of the pledge, if it is cash.

Accepting collateral as a guarantee for credit operations refers to the need to define and implement techniques to mitigate the risks to which said collateral is exposed. Thus, and as an approach to this matter, the Group has established a set of procedures applicable to collateral (particularly financial and real estate), which cover, among others, the volatility of the collateral value, its liquidity and an indication of the recovery rates associated with each type of collateral.

The internal norms of credit powers thus have a specific chapter on this point, "Acceptance of collaterals - techniques for mitigating the risks to which collaterals are exposed, namely liquidity and volatility risks.".

The process of re-evaluating real estate is carried out by appraisers registered with the CMVM, based on the evaluation methods described in Note 7.6.

Restructured Loans

The Bank identifies and marks restructured loan contracts due to the customer's financial difficulties whenever there are changes to the terms and conditions of a contract in which the customer has defaulted, that is, it is foreseeable that it will default, with a financial obligation. It is considered that there is a change to the terms and conditions of the contract when:

(1) there are contractual changes in favour of the client, such as extension of term, introduction of grace periods, reduction of rate or partial debt forgiveness;

(2) there is the contracting of a new credit operation to settle the existing debt (total or partial); or

(3) the new terms of the contract are more favourable than those applied to other clients with the same risk profile.

Unmarking of a restructured loan due to the customer's financial difficulties can only occur after a minimum period of two years from the date of restructuring, provided that the following conditions are cumulatively verified:

(1) regular payment of principal and interest;

(2) the customer has no matured principal or interest; and

(3) there has been no debt restructuring mechanisms by the client during this period.

The values of loans restructured due to the client's financial difficulties on 31 December 2025 and 2024 are the following:

(thousands of Euros)

	2025	2024
Corporate Loans	498,389	764,501
Mortgage Loans	156,071	161,228
Consumption and other	38,389	50,076
Total	**692,848**	**975,805**

Loans marked as restructured due to financial difficulties include loans that are currently performing, classified in stage 2, and that are in the curing period.

The detail of the restructuring measures applied to the restructured credits as of 31 December 2025 and 2024 is analysed as follows:

(thousands of Euros)

Issue	2025								
	Performing			Non Performing			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Forgiveness of capital or interest	29	38,417	1,936	27	10,669	8,930	56	49,086	10,866
Assets received for partial credit settlement	17	871	69	9	3,675	3,548	26	4,546	3,617
Interest capitalization	16	3,314	164	116	32,251	25,784	132	35,565	25,948
New loan for total or partial settlement of existing debt	811	89,270	8,484	535	89,872	65,242	1,346	179,142	73,726
Extension of repayment term	1,129	128,386	10,284	348	81,598	43,507	1,477	209,984	53,791
Introduction of grace period for capital or interest	743	43,138	728	94	31,644	20,469	837	74,782	21,197
Reduction of interest rates	341	55,148	3,816	28	12,318	9,183	369	67,466	12,999
Change of lease payment plan	371	22,863	826	856	26,681	10,319	1,227	49,544	11,145
Change in the periodicity of interest payments	2	73	1	3	319	280	5	392	281
Others	1,062	15,498	243	205	6,843	3,903	1,267	22,341	4,146
Total	**4,521**	**396,978**	**26,551**	**2,221**	**295,870**	**191,165**	**6,742**	**692,848**	**217,716**

(thousands of Euros)

Issue	2024								
	Performing			Non Performing			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Forgiveness of capital or interest	37	44,377	3,716	31	24,113	18,440	68	68,490	22,156
Assets received for partial credit settlement	22	969	152	3	3,690	3,244	25	4,659	3,396
Interest capitalization	16	4,083	321	99	25,344	22,063	115	29,427	22,384
New loan for total or partial settlement of existing debt	848	134,452	10,871	414	58,399	41,351	1,262	192,851	52,222
Extension of repayment term	1,291	200,787	30,168	437	204,687	77,749	1,728	405,474	107,917
Introduction of grace period for capital or interest	857	97,443	8,361	102	25,297	14,943	959	122,740	23,304
Reduction of interest rates	373	62,789	4,205	50	22,041	12,417	423	84,830	16,622
Change of lease payment plan	257	20,417	1,095	566	19,361	6,939	823	39,778	8,034
Change in the periodicity of interest payments	3	2,034	194	3	388	377	6	2,422	571
Others	1,229	18,176	246	239	6,958	2,543	1,468	25,134	2,789
Total	**4,933**	**585,527**	**59,329**	**1,944**	**390,278**	**200,066**	**6,877**	**975,805**	**259,395**

Note 21 - Derivatives - Hedge Accounting and Fair Value Variation of Hedged Items

As of 31 December 2025 and 2024, the fair value of the hedging derivatives in the balance sheet is analysed as follows:

(thousands of Euros)

	2025	2024
Hedge derivatives	**465,576**	**520,803**
Assets	617,532	682,487
Liabilities	(151,956)	(161,684)
Fair value component of the assets and liabilities hedged for interest rate risk	**(173,540)**	**(29,755)**
Financial assets at amortised cost	**(142,224)**	**(121,158)**
Securities	(68,147)	(67,596)
Loans and advances to customers	(74,077)	(53,562)
Financial assets at fair value through other comprehensive income	**(46,613)**	**9,864**
Securities (*)	(46,613)	9,864
Financial Liabilities	**15,296**	**81,539**
Due to customers	20,822	81,539
Debt issued and subordinated debt	(5,525)	–

* Amount recorded in fair value reserves transferred to results

Changes in the fair value of the hedged assets and liabilities mentioned above and of the respective hedging derivatives are recognised in the income statement in the caption Gains and losses from hedge accounting (see Note 10).

The Bank calculates the "Credit Valuation Adjustment" (CVA) for derivative instruments in accordance with the methodology described in Note - Fair Value of Financial Assets and Liabilities.

Fair value hedging

As of 31 December 2025 and 2024 , fair value hedging operations may be analysed as follows:

(thousands of Euros)

			2025				
Derivative	Hedged item	Hedged risk	Notional	Fair value of derivatives (2)	Change in fair value of derivative in period	Fair value component of hedged item (1)	Change in fair value component of hedged item in the period (1)
Interest Rate Swap/ CIRS	Loans and advances to customers	Interest rate and exchange rate	1,588,060	74,988	25,372	(74,077)	(20,515)
Interest Rate Swap	Debt securities issued	Interest rate	1,500,000	13,286	(5,767)	(5,525)	5,525
Interest Rate Swap	Securities at amortized cost	Interest rate	3,297,851	136,842	(20,769)	(68,147)	(551)
Interest Rate Swap	Securities at fair value through other comprehensive income	Interest rate	505,000	46,777	56,268	(46,613)	(56,031)
Interest Rate Swap	Due to customers	Interest rate	4,100,000	43,897	(60,483)	20,822	60,717
			10,990,911	**315,790**	**(5,379)**	**(173,540)**	**(10,855)**

1) Attributable to the hedged risk. The component of the securities at the amortized cost is recorded together with the balance sheet value of the securities

(2) Includes accrued interest

(thousands of Euros)

2024							
Derivative	Hedged item	Hedged risk	Notional	Fair value of derivatives (2)	Change in fair value of derivative in period	Fair value component of hedged item (1)	Change in fair value component of hedged item in the period (1)
Interest Rate Swap/ CIRS	Loans and advances to customers	Interest rate and exchange rate	1,599,234	56,014	(27,524)	(53,562)	30,201
Interest Rate Swap	Due to credit institutions	Interest rate	–	–	9,998	–	(9,877)
Interest Rate Swap	Securities at amortized cost	Interest rate	3,229,250	168,382	(80,982)	(67,596)	57,604
Interest Rate Swap	Securities at fair value through other comprehensive income	Interest rate	505,000	(7,371)	(15,976)	9,864	16,200
Interest Rate Swap	Due to customers	Interest rate	3,500,000	94,974	21,977	81,539	(19,490)
			8,833,484	**311,999**	**(92,507)**	**(29,755)**	**74,638**

1) Attributable to the hedged risk. The component of the securities at the amortized cost is recorded together with the balance sheet value of the securities

(2) Includes accrued interest

As of 31 December 2025, the ineffective part of the fair value hedging operations, which resulted in a loss of 16.2 million euros, was recorded in net income (31 December 2024: a loss of 17.9 million euros). The Bank periodically conducts tests of the effectiveness of existing hedging relationships.

As of 31 December 2025 and 2024, the cash flow hedging operations can be analysed as follows:

(thousands of euros)

2025					
Hedged item	Asset book value	Notional (1)	Derivate book value	Cash flow hedge reserve	Ineffectiveness value - recorded in results
Loans to customers	6,413,000	7,999,000	149,786	73,321	(3,113)
	6,413,000	**7,999,000**	**149,786**	**73,321**	**(3,113)**

(1) includes 1,586 million euros of forward starts IRS

(thousands of euros)

2024					
Hedged item	Asset book value	Notional (1)	Derivate book value	Cash flow hedge reserve	Ineffectiveness value - recorded in results
Loans to customers	6,667,000	8,338,000	208,804	146,933	(3,011)
	6,667,000	**8,338,000**	**208,804**	**146,933**	**(3,011)**

(1) includes 1,671 million euros of forward starts IRS

Note 22 - Investments in Subsidiaries, Joint Ventures and Associates

Investments in subsidiaries, joint ventures and associates are presented as follows:

(thousands of euros)

	2025						2024					
	Number of shares	Equity share	Nominal value (euros)	Participation cost	Impairment	Net book Value	Number of shares	Equity share	Nominal value (euros)	Participation cost	Impairment	Net book Value
novobanco dos Açores	2,144,404	57.53 %	5.00	10,309	–	10,309	2,144,404	57.53 %	5.00	10,309	–	10,309
NB Finance	–	– %	–	–	–	–	100,000	100.00 %	1.00	1,700	–	1,700
BEST	29,999,904	100.00 %	1.00	47,818	(2,409)	45,409	29,999,904	100.00 %	1.00	47,818	–	47,818
ES Tech Ventures	71,500,000	100.00 %	1.00	71,500	(10,137)	61,363	71,500,000	100.00 %	1.00	71,500	(27,824)	43,676
GNB GA	600,000	100.00 %	5.00	86,720	(55,000)	31,720	600,000	100.00 %	5.00	86,720	–	86,720
GNB Concessões	942,306	98.97 %	5.00	20,602	–	20,602	942,306	98.97 %	5.00	20,602	–	20,602
ES Representações	49,995	99.99 %	0.18	8	(8)	–	49,995	99.99 %	0.18	8	(8)	–
Locarent	525,000	50.00 %	5.00	2,967	–	2,967	525,000	50.00 %	5.00	2,967	–	2,967
NB África	13,300,000	100.00 %	5.00	66,500	(55,514)	10,986	13,300,000	100.00 %	5.00	66,500	(55,514)	10,986
Unicre	350,029	17.50 %	5.00	11,497	–	11,497	350,029	17.50 %	5.00	11,497	–	11,497
Edenred Portugal	101,477,601	50.00 %	0.01	4,984	–	4,984	101,477,601	50.00 %	0.01	4,984	–	4,984
Multipessoal	20,000	22.52 %	5.00	100	(100)	–	20,000	22.52 %	5.00	100	(100)	–
Aroleri	3,500	100.00 %	1.00	4	–	4	3,500	100.00 %	1.00	4	–	4
Righthour	10,000	100.00 %	1.00	–	–	–	10,000	100.00 %	1.00	–	–	–
				323,009	**(123,167)**	**199,842**				**324,709**	**(83,445)**	**241,263**

The changes in impairment losses for investments in associates are presented as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**83,445**	**113,634**
Increases	57,409	–
Utilizations	–	(7,048)
Reversals	(17,687)	(23,141)
Balance at the end of the exercise	**123,167**	**83,445**

Note 23 - Property, Plant and Equipment

This caption as of 31 December 2025 and 2024 is analysed as follows:

(thousands of Euros)

	2025	2024
Real estate properties	**228,730**	**221,685**
For own use	134,824	135,180
Improvement in leasehold properties	93,906	86,505
Equipment	**155,969**	**152,628**
Computer equipment	114,243	111,714
Fixtures	7,855	7,799
Furniture	26,377	25,744
Security equipment	280	219
Transport equipment	7,085	7,044
Right of use assets	129	108
Assets under right of use	**154,090**	**132,540**
Real estate properties	120,302	99,303
Equipment	33,788	33,237
Work in progress	**897**	**4,323**
Improvements in leasehold properties	102	3,891
Real estate properties	537	174
Others	258	258
	539,686	**511,176**
Accumulated impairment	**(6,446)**	**(8,198)**
Accumulated depreciation	**(194,312)**	**(166,555)**
	338,928	**336,423**

The changes in this caption were as follows:

(thousands of Euros)

	Real Estate Properties	Equipment	Right of Use Assets	Work in Progress	Total
Acquisition Cost					
Balance as at 31 December 2023	**160,215**	**209,208**	**134,083**	**54,971**	**558,477**
Acquisitions	4,176	13,324	34,964	24,735	77,199
Disposals/write-offs (a)	(18,049)	(69,942)	(36,508)	–	(124,499)
Transfers (b)	75,342	41	–	(75,383)	–
Foreign exchange differences and other	1	(4)	1	–	(2)
Balance as at 31 December 2024	**221,685**	**152,628**	**132,540**	**4,323**	**511,175**
Acquisitions	1,882	10,001	17,662	1,763	31,308
Disposals/write-offs	(26)	(6,659)	(2,870)	–	(9,555)
Transfers	5,189	–	–	(5,189)	–
Foreign exchange differences and other	–	–	6,758	–	6,758
Balance as at 31 December 2025	**228,730**	**155,969**	**154,090**	**897**	**539,686**
Depreciation					
Balance as at 31 December 2023	**38,255**	**156,773**	**53,846**	**–**	**248,874**
Depreciation	6,217	13,061	16,001	–	35,278
Disposals/write-offs (a)	(14,198)	(69,889)	(34,334)	–	(118,421)
Foreign exchange differences and other	421	403	–	–	824
Balance as at 31 December 2024	**30,693**	**100,348**	**35,513**	**–**	**166,555**
Depreciation	6,905	13,468	16,217	–	36,590
Disposals/write-offs	(26)	(6,656)	(2,365)	–	(9,046)
Foreign exchange differences and other	–	–	212	–	212
Balance as at 31 December 2025	**37,573**	**107,159**	**49,578**	**–**	**194,312**
Impairment					
Balance as at 31 December 2023	**9,361**	**–**	**–**	**–**	**9,361**
Reversal of impairment losses	(1,163)	–	–	–	(1,163)
Balance as at 31 December 2024	**8,198**	**–**	**–**	**–**	**8,198**
Reversal of impairment losses	(1,752)	–	–	–	(1,752)
Balance as at 31 December 2025	**6,446**	**–**	**–**	**–**	**6,446**
Net book value at 31 December 2025	**184,710**	**48,810**	**104,513**	**897**	**338,928**
Net book value at 31 December 2024	**182,793**	**52,280**	**97,027**	**4,323**	**336,422**

(a) Includes 5,050 thousand euros of fixed assets (real estate and equipment) and 1,192 thousand euros of accumulated depreciation sold to NB Branches.

(b) Includes 67,525 thousand euros of fixed assets relating to the transfer of work in progress to the Campus project (novobanco's new headquarters located in Taguspark)

In 2023, the Work in progress heading included the amount of 46,848 euros related to the construction of the new building for the Bank's headquarters. During 2024, novobanco concluded the process of moving to the new headquarters located in the novobanco Campus, Taguspark, Oeiras, proceeding with the transfer of work in progress to real estate properties.

Note 24 - Intangible Assets

This caption as of 31 December 2025 and 2024, is analysed as follows:

(thousands of Euros)

	2025	2024
Internally developed	**1,787**	**65,255**
Software - Automatic data processing system	1,787	65,255
Acquired from third parties	**134,776**	**423,699**
Software - Automatic data processing system	134,776	423,699
Work in progress	**83,597**	**33,050**
Accumulated amortization	**(60,180)**	**(409,374)**
	159,980	**112,631**

The increase in work in progress reflects the investment made in improving processes and IT systems.

Internally generated intangible assets include expenses incurred by the Bank's units specialising in the implementation of IT solutions that will bring future economic benefits (see Note 6.20).

The changes in this caption were as follows:

(thousands of Euros)

	Software	Work in progress	Total
Acquisition cost			
Balance as at 31 December 2023	**469,780**	**17,958**	**487,738**
Acquisitions			
Acquired from third parties	1,062	44,940	46,002
Disposals / write-offs	(11,736)	–	(11,736)
Transfers	29,848	(29,848)	–
Balance as at 31 December 2024	**488,954**	**33,050**	**522,005**
Acquisitions			
Acquired from third parties	2,005	61,958	63,963
Disposals / write-offs	(365,739)	–	(365,739)
Transfers	11,343	(11,383)	(40)
Foreign exchange differences and other	–	(28)	(28)
Balance as at 31 December 2025	**136,563**	**83,597**	**220,160**
Amortizations			
Balance as at 31 December 2023	**401,311**	**–**	**401,311**
Amortization for the period	19,798	–	19,798
Disposals / write-offs	(11,736)	–	(11,736)
Balance as at 31 December 2024	**409,374**	**–**	**409,374**
Amortization for the period	16,545	–	16,545
Disposals / write-offs	(365,739)	–	(365,739)
Balance as at 31 December 2025	**60,180**	**–**	**60,180**
Net book value at 31 December 2025	**76,383**	**83,597**	**159,980**
Net book value at 31 December 2024	**79,580**	**33,050**	**112,631**

Note 25 - Taxes

The deferred tax assets and liabilities recognised in the balance sheet as of 31 December 2025 and 2024 may be analysed as follow:

(thousands of Euros)

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Current tax	**4,683**	**12,369**	**25,790**	**4,505**
Corporate tax recoverable	4,325	12,265	789	4,044
Other	358	104	25,000	461
Deferred tax	807,747	–	844,441	–
	812,430	**12,369**	**870,231**	**4,505**

The deferred tax assets and liabilities recognised in the balance sheet as of 31 December 2025 and 2024 are as follows:

(thousands of Euros)

	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
Financial instruments	147,788	195,987	(55,244)	(73,990)	92,544	121,997
Loan impairment (not covered by the special regime)	80,491	159,822	–	–	80,491	159,822
Loan impairment (covered by the special regime)	144,852	287,243	–	–	144,852	287,243
Other tangible assets	–	–	(4)	(4)	(4)	(4)
Provisions	88,128	109,876	–	–	88,128	109,876
Long-term benefits for employees	39,480	38,195	–	–	39,480	38,195
Tax losses carried forward	362,256	127,312	–	–	362,256	127,312
Deferred tax asset / (liability)	**862,994**	**918,435**	**(55,247)**	**(73,994)**	**807,747**	**844,441**
Asset / liability set-off for deferred tax purposes	(55,247)	(73,994)	55,247	73,994	–	–
Net Deferred tax asset / (liability)	**807,747**	**844,441**	**–**	**–**	**807,747**	**844,441**

As of 31 December 2025, other deferred tax related to temporary differences was determined based on an aggregate rate of 27.6% (31 December 2024: 30%), resulting from the sum of the general IRC rate, in accordance with Law No. 64/2025, of 7 November (19%), the Municipal Surcharge of 1.5% and an average rate of State Surcharge of 7.1%. Regarding deferred taxes on tax losses, the rate is 17.3%.

As of 1 January 2024, the Bank chose to apply the tax regime provided for in Article 54-A of the Corporate Income Tax (IRC) Code concerning the accounts of the Luxembourg Branch. As of that date, the profits and losses of the Branch no longer have tax relevance in Portugal. In this regard, the Bank began to include in its accounts the deferred tax assets and liabilities recorded in the accounts of the Luxembourg Branch, in accordance with the tax legislation of that jurisdiction.

On 4 September 2019, Law no. 98/2019 was published, which amended the IRC Code on the tax treatment of credit institutions' impairments, creating rules applicable to impairment losses recorded in the tax periods beginning before 1 January 2019, not yet accepted for tax purposes. This Law established a transition period for the aforementioned tax regime, which allows taxpayers in the five tax periods beginning on or after 1 January , 2019, to continue to apply the tax regime in force before publication of this law, except if they perform the exercise of opt in until the end of October of each tax period of the adaptation regime Upon the completion of the aforementioned transitional period, the novobanco began to adopt the regime outlined in the law described above.

However, the tax impairment stock under the previous regime (i.e., until 31 December 2023) will continue to record a deferred tax asset until it is fully reversed, as per Article 3 of Law no. 98/2019.

As at 31 December 2025 and 2024, the Bank recorded deferred tax assets associated with impairments not accepted for tax purposes for credit operations, which have already been written off, considering the expectation that these will contribute to a taxable profit in the periods taxation in which the conditions required for tax deductibility are met. As of 31 December 2025, the amounts held by novobanco referring to this situation amount to approximately 46 million euros (31 December 2024: 44 million euros).

The changes occurred in the deferred tax captions are as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**844,441**	**897,381**
Recognised in the income statement	(50,235)	(8,000)
Recognised in fair value reserves	13,541	(44,940)
Balance at the end of the exercise (Assets / (Liabilities))	**807,747**	**844,441**

The current and deferred taxes recognised in the income statement and in reserves, in 2025 and 2024, had the following origins:

(thousands of Euros)

	2025		2024	
	Recognised in the income statement	Recognised in reserves	Recognised in the income statement	Recognised in reserves
Financial instruments	42,994	(13,541)	(125,278)	44,940
Impairment losses on loans and advances to customers	221,723	–	129,267	–
Other tangible assets	–	–	(10)	–
Provisions	21,748	–	(8,057)	–
Long-term benefits for employees	(1,284)	–	6,391	–
Tax losses carried forward	(234,945)	–	5,688	–
Deferred taxes	**50,235**	**(13,541)**	**8,000**	**44,940**
Current taxes	**14,709**	**–**	**5,228**	**–**
Total tax recognised (income) / (expense)	**64,944**	**(13,541)**	**13,228**	**44,940**

The reconciliation of the corporate income tax rate, for the portion recognised in the income statement, may be analysed as follows:

(thousands of Euros)

	2025		2024	
	%	Value	%	Value
Income before tax		**924,317**		**803,915**
Tax rate of novobanco	20.0		21.0	
Income tax calculated based on the tax rate of novobanco		**184,863**		**168,822**
Tax-exempt dividends	(1.6)	(15,127)	(0.7)	(5,771)
Impairment on investments in subsidiaries or associated companies subject to Participation Exemption	0.8	7,856	(1.7)	(13,518)
Taxes of Bank Branches and tax withheld abroad	1.0	8,959	1.7	13,615
Rate differential on the generation / reversal of timing differences	7.7	71,390	5.1	41,288
Impairment and provisions for loans	–	–	(2.5)	(20,064)
Impairment and fair value adjustments on securities	–	–	(15.8)	(127,344)
Provisions for other risks, costs and contingencies	0.5	4,508	(0.7)	(5,239)
Employees long term benefits	–	–	0.6	4,587
Contribution and Solidarity additional contribution over the Banking Sector	0.6	5,257	0.8	6,619
Deferred taxes on tax losses from previous years	(31.7)	(293,000)	0.0	–
Capital gains/losses on asset sales	–	–	(7.6)	(61,403)
Elimination of profits and losses of a permanent establishment located outside Portuguese territory	(1.1)	(10,287)	(1.3)	(10,232)
Effect of changing the IRC rate	10.7	98,526	3.9	31,746
Other	0.2	1,998	(1.2)	(9,879)
Total income recognised	**7.0**	**64,944**	**1.6**	**13,228**

Deferred tax assets recoverability analysis

Deferred tax assets are recognised to the extent they are expected to be recovered with future taxable income. The Bank has evaluated the recoverability of the deferred tax assets considering its expectations of future taxable profits until 2030, considering that 5 years is a reasonable period for projecting future results. The recoverability of deferred tax assets covered by the Special Regime applicable to Deferred Tax Assets is not dependent on the generation of future taxable income.

The assessment of the recoverability of the deferred tax assets is made annually. With reference to 31 December 2025, this exercise was made based on the latest draft version of the business plan ("MTP") for the period of 2026-2028 and a stress scenario exercise.

In evaluating the expected generation of future taxable results in Portugal for the purposes of the recovery exercise above, the following effects were taken into account:

- In addition to detailed estimates until 2028, pre-tax results from 2028 are maintained;
- Interest rate benchmarks aligned with the macroeconomic outlook for the three-year period 2026-2028 and the ECB's monetary policy decisions;
- Evolution of commercial banking income based on the projected evolution of interest rate benchmarks, combined with the prospect of growth in trading volumes, as well as the development of new projects at the level of commissions generated from payment methods and asset management;
- Evolution of operating costs, based on the simplification plan and increased process efficiency, particularly the focus on the digital component, offset by the necessary investments in this area;
- Provisions for credit impairments in line with the evolution of the Bank's activity and supported by macroeconomic projections, taking into account in particular the effort made in recent years in provisioning the credit portfolio and the progressive convergence towards gradually normalized risk costs.

Depending on the analysis mentioned above, as of 31 December 2025 the Bank has recognized deferred tax assets associated with tax losses in the balance sheet amounting to 362 million euros (31 December 2024: 127 million euros).

Additionally, the amount of unrecognized deferred taxes related to tax losses, by year of expiry, is as follows:

(thousands of Euros)

	2025	2024
No expiry date	**483,718**	**874,292**
With expiry date	**366,238**	**422,284**
2025	77,628	87,936
2026	114,411	132,543
2029	139,950	162,129
2033	34,249	39,677
	849,955	**1,296,576**

Special Regime applicable to deferred tax assets

During 2014, novobanco joined the Special Regime applicable to deferred tax assets, after approval by the Shareholders General Meeting.

The Special Regime applicable to deferred tax assets, approved by Law no. 61/2014, of 26 August , covers deferred tax assets that resulted from the non-deduction of expenses and negative asset variations related to impairment losses on credits and post-employment or long-term worker benefits.

The amendments to the above-mentioned regime, introduced by Law no. 23/2016, of 19 August , limited the temporal application of the above-mentioned expenses and negative asset changes, accounted for in tax periods that start on or after 1 January 2016, as well as the deferred taxes associated with them. Thus, the deferred taxes covered by this special regime correspond only to the expenses and negative asset changes determined until 31 December 2015.

The deferred tax assets covered by the above-mentioned regime are convertible into tax credits when the taxpayer registers a negative net result in the respective tax period, or in case of liquidation by voluntary dissolution or insolvency declared by court judgment.

Upon conversion into a tax credit (which is not due to liquidation or insolvency), a special reserve should be created by the value of the respective tax credit increased by 10%. The exercise of conversion rights results in an increase in the taxpayer's capital by incorporating the special reserve and issuing new ordinary shares. This special reserve cannot be distributed.

As a result of Law no. 61/2014, the amount of deferred tax assets to be converted into tax credits and the creation of the special reserve must be certified by an official auditor and confirmed by the Tax and Customs Authority, within the procedures for reviewing the determination of the taxable amount relating to the relevant tax periods.

Note 26 - Other Assets

As of 31 December 2025 and 2024, the caption other assets is analysed as follows:

(thousands of Euros)

	2025	2024
Collateral deposits placed	160,126	216,601
Derivative products	*125,257*	*140,408*
Collateral CLEARNET and VISA	*18,792*	*38,946*
Collateral deposits relating to reinsurance operations	*16,077*	*32,747*
Other collateral deposits b)	–	*4,500*
Recoverable government subsidies on mortgage loans	30,527	25,783
Public sector	72,861	90,694
Other debtors	354,463	425,152
Supplies, ancillary services and supplements	*180,285*	*205,971*
Sale of non-performing loans	*3,139*	*27,668*
Sale of real estate	*26,722*	*49,911*
Sale of restructuring funds	*11,483*	*23,113*
Others	*132,834*	*118,489*
Income receivable	34,536	49,217
Deferred costs	8,993	7,894
Precious metals, numismatics, medal collection and other liquid assets	9,983	10,425
Real estate properties a)	20,151	41,194
Equipment a)	1,121	1,547
Securities transactions pending settlement	–	33,000
Other assets	34,879	8,730
	727,640	**910,236**
Impairment losses	**(44,973)**	**(103,457)**
Real estate properties a)	(4,004)	(15,849)
Equipment a)	(1,067)	(979)
Other debtors - Shareholder loans, supplementary capital contributions	(21,993)	(47,689)
Other	(17,909)	(38,941)
	682,667	**806,779**

a) Real estate properties and equipment received in settlement of loans

b) Includes the amount of 4.5 millions of euros in the escrow account related to the sale of the Headquarters

Collateral deposits placed includes, amongst others, deposits made by the Bank as collateral in order to celebrate certain derivative contracts on organised markets (margin accounts) and on over the counter markets (Credit Support Annex – CSA). The CSA take the form of a collateral agreement established between two parties that negotiate over-the-counter derivatives among themselves, with the main objective to provide protection against credit risk, establishing a set of rules regarding collateral. Derivative transactions are regulated by the International Swaps and Derivatives Association (ISDA) and have a minimum risk margin that can change according to the parties ratings.

Securities transactions to be settled reflect transactions carried out with securities, registered on the trade date, which were awaiting settlement.

The item properties and equipment refer to assets received for credit recovery and discontinued facilities, for which the Bank aims to sell them immediately.

The Bank has implemented a plan aimed at the immediate sale of real estate registered in other assets, continuing to develop all efforts to carry out the established disposal program, highlighted by:

- the existence of a website specifically dedicated to the sale of properties;
- the development and participation in real estate events both in the country and abroad;
- the signing of protocols with various real estate intermediaries; and
- the promotion of regular auctions. Please note that the Bank, despite maintaining the intention to sell these properties, regularly requests the Bank of Portugal under Article 114 of RGICSF, the extension of the property holding period acquired in reimbursement of its own credit.

During 2025, an impairment reversal of 2.2 million euros was recorded for the properties in the portfolio (31 December 2024: reversal of 1.2 million euros).

The changes occurred in impairment losses are presented as follows:

(thousands of Euros)

	2025	2024
Balance at the beggining of the exercise	**103,457**	**164,294**
Dotation for the exercise	5,090	7,006
Utilisation during the exercise	(59,732)	(59,496)
Reversals for the exercise	(3,691)	(8,642)
Foreign exchange differences and other	(151)	296
Balance at the end of the exercise	**44,973**	**103,457**

The changes occurred in real estate properties were as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	**41,194**	**102,090**
Additions	2,078	2,050
Disposals	(22,941)	(62,767)
Other movements	(179)	(179)
Balance at the end of the exercise	**20,151**	**41,194**

As of 31 December 2025 and 2024, there were no discontinued facilities included under Real estate properties item.

Note 27 - Non-current Assets and Groups Held for Sale and Liabilities Included in Groups Held for Sale

This caption on 31 December 2025 and 2024, is analysed as follows:

(thousands of Euros)

	2025	2024
Non-current assets and liabilities disposal groups classified as held for sale	**40,089**	**40,139**
Compagris	19,737	19,137
Barrosinha	7,473	7,473
Greendraive	50	50
Ijar Leasing Algerie	12,829	13,479
Impairment losses	**(22,066)**	**(22,510)**
Compagris	(12,613)	(14,425)
Greendraive	(50)	(50)
Ijar Leasing Algerie	(9,403)	(8,035)
	18,023	**17,629**

The movement for Non-current Assets and Liabilities held for sale classified as held for sale is presented as follows:

(thousands of Euros)

	2025	2024
Balance at the beginning of the exercise	22,510	22,510
Charges / (Reversals)	(444)	–
Balance at the end of the exercise	**22,066**	**22,510**

Compagris and Barrosinha

In December 2022, following the completion of the Restructuring Funds sale process, novobanco acquired 100% of the share capital of Compagris and Barrosinha. Since the Bank plans to sell these assets, they were classified as discontinued operations and an organized sale process is currently underway.

Nota 28 - Financial Liabilities at amortised cost

This caption as of 31 December 2025 and 2024 is analysed as follows:

(thousands of Euros)

	2025			2024		
	Measured at amortised cost	Fair value changes (*)	Total	Measured at amortised cost	Fair value changes (*)	Total
Deposits from banks	3,779,813	–	3,779,813	2,640,019	–	2,640,019
Due to customers	31,344,905	20,822	31,365,727	29,472,648	81,539	29,554,187
Debt securities issued, subordinated debt and liabilities associated to transferred assets	4,393,118	–	4,393,118	2,942,472	–	2,942,472
Other financial liabilities	517,451	–	517,451	545,427	–	545,427
	40,035,287	**20,822**	**40,056,108**	**35,600,565**	**81,539**	**35,682,104**

* Variation in the fair value of the items covered by the interest rate hedging portfolio

28.1 Resources from central Banks and other credit institutions

The balance of Deposits from Central Banks and other credit institutions is composed, as to its nature, as follows:

(thousands of Euros)

	2025	2024
Deposits from Central Banks	**392**	**60**
From the European System of Central Banks	392	60
Deposits	392	60
Deposits from Other credit institutions	**3,779,421**	**2,639,959**
Loans	300,181	337,845
Deposits	1,223,826	1,233,049
Repurchase agreements	2,239,390	1,054,686
Other funds	16,024	14,378
	3,779,813	**2,640,019**

Repurchase agreements operations corresponds to the sale of securities with purchasing agreement (repos), recorded in accordance with the accounting policy mentioned in Note 6.17.

28.2 Due to customers

The balance of Deposits due to costumers is composed, as to its nature, as follows:

(thousands of Euros)

	2025	2024
Demand deposits	**12,400,194**	**11,970,747**
Corporate and other entities	6,916,950	6,843,043
Households	5,483,244	5,127,704
Term deposits	**18,669,770**	**16,972,865**
Corporate and other entities	7,474,555	5,781,736
Households	11,195,215	11,191,129
Other funds	**274,940**	**529,036**
Repurchase agreement	–	260,124
Other	274,940	268,912
	31,344,905	**29,472,648**
Fair value changes of the hedged items in portfolio hedge of interest rate risk (see Note 21)	**20,822**	**81,539**
	31,365,727	**29,554,187**

28.3 Debt securities issued, Subordinated Liabilities and Financial Liabilities associated with transferred assets

This caption breaks down as follows:

(thousands of Euros)

	2025	2024
Debt securities issued	**3,891,171**	**2,440,752**
Euro Medium Term Notes (EMTN)	2,063,971	1,623,958
Covered Bonds	1,827,200	816,794
Subordinated debt	**501,947**	**501,720**
Euro Medium Term Notes (EMTN)	501,947	501,720
	4,393,118	**2,942,472**

The main characteristics of debt securities and subordinated liabilities as at 31 December 2025 and 2024 are as follows:

(thousands of Euros)

Entity	ISIN	Description	Currency	Issue date	Unit price (€)	Maturity	Interest rate	Market	Book value	
									2025	2024
Covered Bonds										
novobanco	PTNOBEOE0018	NB 2016 SR.5	EUR	2016	100.00	2028	Euribor 3M + 0,43%	XLIS	301,084	301,454
novobanco	PTNOBFOM0009	NB 3,25% 03/27	EUR	2024	100.00	2027	Fixed rate 3.25%	XLIS	514,573	515,340
novobanco	PTNOBPOM0007	NB 2,5% 05/29	EUR	2025	100.00	2029	Taxa Fixa 2,5%	XLIS	502,787	–
novobanco	PTNOBOOM0008	NB 2.75% 02/31	EUR	2025	100.00	2030	Taxa Fixa 2,75%	XLIS	508,756	–
Euro Medium Term Notes										
novobanco	PTNOBKOM0002	NB 5.5% 12/24	EUR	2022	100.00	2025	Fixed rate 5.5%	XDUB	–	99,972
novobanco	PTNOBIOM0006	NB 4.25% 03/28	EUR	2024	100.00	2028	Fixed rate 4.25%	XDUB	519,721	520,730
novobanco	PTNOBMOM0000	NB 3.5% 03/29	EUR	2024	100.00	2028	Taxa Fixa 3,5%	XDUB	513,206	503,901
novobanco	PTNOBNOM0009	NB 3.375% 01/31	EUR	2025	100.00	2031	Fixed rate 3.375%	XDUB	511,904	–
novobanco Luxembourg	XS0869315241	BES Luxembourg 3.5% 02/01/43	EUR	2013	1.00	2043	Fixed rate 3.5%	XLUX	45,276	44,596
novobanco Luxembourg	XS0877741479	BES Luxembourg 3.5% 23/01/43	EUR	2013	1.00	2043	Fixed rate 3.5%	XLUX	102,390	101,219
novobanco Luxembourg	XS0888530911	BES Luxembourg 3.5% 19/02/2043	EUR	2013	1.00	2043	Fixed rate 3.5%	XLUX	67,604	66,598
novobanco Luxembourg	XS0897950878	BES Luxembourg 3.5% 18/03/2043	EUR	2013	1.00	2043	Fixed rate 3.5%	XLUX	49,626	48,922
novobanco Luxembourg	XS0972653132	BES Luxembourg ZC	EUR	2013	1.00	2048	Zero coupon	XLUX	42,899	40,331
novobanco Luxembourg	XS1031115014	Banco Esp San Lux ZC 12/02/49	EUR	2014	1.00	2049	Zero coupon	XLUX	53,229	49,829
novobanco Luxembourg	XS1034421419	Banco Esp San Lux ZC 19/02/49	EUR	2014	1.00	2049	Zero coupon	XLUX	14,824	13,869
novobanco Luxembourg	XS1038896426	Banco Esp San Lux ZC 27/02/51	EUR	2014	1.00	2051	Zero coupon	XLUX	20,378	19,058
novobanco Luxembourg	XS1042343308	BES Luxembourg ZC 06/03/2051	EUR	2014	1.00	2051	Zero coupon	XLUX	14,337	13,408
novobanco Luxembourg	XS1053939978	BES Luxembourg ZC 03/04/48	EUR	2014	1.00	2048	Zero coupon	XLUX	49,491	46,177
novobanco Luxembourg	XS1055501974	BES Luxembourg ZC 09/04/52	EUR	2014	1.00	2052	Zero coupon	XLUX	47,135	44,193
novobanco Luxembourg	XS1058257905	BES Luxembourg ZC 16/04/46	EUR	2014	1.00	2046	Zero coupon	XLUX	9,494	8,860
novobanco Luxembourg	XS0439764191	EMTN 57	EUR	2024	1.00	2044	Zero coupon	XLUX	2,457	2,293
Subordinated debt										
novobanco	PTNOBLOM0001	NB 9.875% 01/12/33	EUR	2023	100.00	2033	9.875%	XDUB	501,947	501,720
									4,393,118	**2,942,472**

The movement occurred in the years of 2025 and 2024 in debt securities issued, subordinated liabilities and financial liabilities associated with transferred assets was as follows:

(thousands of Euros)

	Debt securities				Subordinated Liabilities			Financial liabilities associated to transferred assets	TOTAL
	Euro Medium Term Notes (EMTN)	Bonds	Covered Bonds	Total	Euro Medium Term Notes (EMTN)	Bonds	Total	Asset lending operations	
Balance as at 31 December 2023	**584,159**	**–**	**–**	**584,159**	**501,500**	**–**	**501,500**	**–**	**1,085,659**
Issues	1,000,000	–	500,000	1,500,000	–	–	–	–	1,500,000
Net purchases	(558)	–	–	(558)	–	–	–	–	(558)
Other movements a)	40,356	–	316,794	357,150	220	–	220	–	357,370
Balance as at 31 December 2024	**1,623,958**	**–**	**816,794**	**2,440,752**	**501,720**	**–**	**501,720**	**–**	**2,942,472**
Issues	500,000	–	1,000,000	1,500,000	–	–	–	–	1,500,000
Reimbursements	(99,928)	–	–	(99,928)	–	–	–	–	(99,928)
Net purchases	(1)	–	–	(1)	–	–	–	–	(1)
Other movements a)	39,942	–	10,406	50,348	228	–	228	–	50,575
Balance as at 31 December 2025	**2,063,971**	**–**	**1,827,200**	**3,891,171**	**501,947**	**–**	**501,947**	**–**	**4,393,118**

a) Other movements include accrued interest on the balance sheet, corrections for hedging operations, corrections of fair value and exchange rate variations.

The Bank did not report any defaults on capital or interest regarding its issued debt for the financial years 2025 and 2024.

1) In 2025:

- In January, 500 million euros issued in senior preferred debt, maturing on 22 January 2031 and an optional redemption date on 22 of January 2030 (five years), with an annual interest rate of 3.375% for the first five years, after which the rate will be 3-month Euribor plus 105bps;
- In February, 500 million euros issued in covered bonds, maturing on 4 February 2030 (soft bullet), with an annual interest rate of 2.75%;
- In May of 500 million euros issued in covered bonds, maturing on 20 May 2029 (soft bullet), with an annual interest rate of 2.5%;
- In December, there was an anticipated redemption of senior preferred notes of 100 million euros;

2) In 2024:

- In March, 500 million euros issued in covered bonds, maturing on 1 March 2027, with an annual interest rate of 3.25%, fully placed in the market;
- Also in March, 500 million euros issued in senior preferred debt, with an annual interest rate of 4.25%, fully placed in the market;
- Issued in May of new financing line with the European Investment Bank (EIB) and executed the placement of 300 million euros in BEI Covered Bonds, issued in 2016 and fully repurchased;
- In September, 500 million euros issued in senior preferred debt, with an annual interest rate of 3.5% for the first three and a half years, after which the rate will be the 3-month Euribor plus 100bps. This issuance was fully placed in the market.

Under the Mortgage Bond Issuance Program, which has a maximum amount of Euro 10,000 million, the Bank made issuances at 31 December 2025 totalling 7,000 million euros (31 December 2024: 6,000 million euros). The characteristics of the outstanding debt issues as of 31 December 2025 and 2024 are as follows:

(thousands of Euros)

Designation	Issue date	Maturity date	Interest payment	Interest Rate	Market	Rating		Nominal Value	Carrying Book value	
						Moody's	DBRS		2025	2024
NB 2015 SR.1	7/10/2015	7/10/2030	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	1,000,000	–	–
NB 2015 SR.2	7/10/2015	7/10/2027	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	1,000,000	–	–
NB 2015 SR.3	7/10/2015	7/10/2027	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	1,000,000	–	–
NB 2015 SR.4	7/10/2015	7/10/2028	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	700,000	–	–
NB 2015 SR.5	22/12/2016	7/5/2028	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	500,000	301,084	301,454
NB 2019 SR.6	10/12/2019	10/6/2029	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	750,000	–	–
NB 2019 SR.7	10/12/2019	10/12/2026	Quaterly	Euribor 3 Months + 0.25%	XLIS	Aaa	NR	550,000	–	–
NB 3.25% 03/27	1/3/2024	1/3/2027	Annualy	Fixed Rate 3.25%	XLIS	Aaa	NR	500,000	514,573	515,340
NB 2.5% 05/29	20/5/2025	20/5/2029	Annualy	Fixed Rate 2.5%	XLIS	Aaa	NR	500,000	502,787	–
NB 2.75% 02/30	4/2/2025	4/2/2030	Annualy	Fixed Rate 2.75%	XLIS	Aaa	NR	500,000	508,756	–
								7,000,000	**1,827,200**	**816,794**

These covered bonds are guaranteed by a cover asset pool, comprising mortgage and other assets, segregated in novobanco accounts as autonomous assets and over which the holders of the relevant covered debt securities have a special creditor privilege. The conditions of the covered debt securities issues are framed in Decree-Law No. 59/2006, and in Notices No. 5, 6 and 8 and Instruction no. 13/2006 of Bank of Portugal. As of 31 December 2025 , the assets that collateralize these covered debt securities amount to 8,453.3 million euros (31 December 2024: 7,609.9 million euros) (see Note 20).

Nota 29 - Provisions

As of 31 December 2025 and 2024, the caption Provisions presents the following changes:

(thousands of Euros)

	Restructuring provision	Provision for guarantees and commitments	Other Provisions	Total
Balance as at 31 December 2023	**6,776**	**83,733**	**330,034**	**420,543**
Charges / (Reversals)	55,545	23,635	29,983	109,164
Utilizations	(28,826)	–	(11,455)	(40,282)
Exchange differences and others	–	272	1	273
Balance as at 31 December 2024	**33,495**	**107,640**	**348,562**	**489,698**
Charges / (Reversals)	11,900	4,958	39,154	56,013
Utilizations	(43,589)	–	(27,417)	(71,006)
Exchange differences and others	–	(542)	–	(542)
Balance as at 31 December 2025	**1,806**	**112,056**	**360,300**	**474,162**

To meet the financial needs of its customers, the Bank assumes various irrevocable commitments and contingent liabilities, which consist of financial guarantees, letters of credit and other credit commitments, which may require payment by the Bank, on behalf of the customers, in the event of specific contractual events. Despite these commitments not being recorded in assets, they have credit risk and are, therefore, part of the Bank overall risk exposure.

Regarding provisions for guarantees and commitments, the movement is detailed as follows:

(thousands of Euros)

	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**6,885**	**7,108**	**69,740**	**83,733**
Transfers to stage 1	5,654	(5,654)	–	–
Transfers to stage 2	(4,707)	4,933	(227)	–
Transfers to stage 3	–	(67)	67	–
Increases due to changes in credit risk	3,997	11,932	23,963	39,891
Decreases due to changes in credit risk	(4,993)	(2,461)	(8,802)	(16,256)
Other movements	4	14	253	272
Balance as at 31 December 2024	**6,840**	**15,806**	**84,994**	**107,640**
Changes in impairment	2,434	(2,431)	(3)	–
Transfers to stage 1	(1,213)	1,758	(545)	–
Transfers to stage 2	(12)	(110)	122	–
Increases due to changes in credit risk	3,812	10,774	21,524	36,111
Decreases due to changes in credit risk	(6,594)	(11,524)	(13,034)	(31,153)
Other movements	1,232	(537)	(1,238)	(542)
Balance as at 31 December 2025	**6,499**	**13,737**	**91,820**	**112,056**

The transfers between stages that occurred in guarantees and commitments during the years of 2025 and 2024 are presented as follows:

(thousands of Euros)

2025	Capitals					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Commitments and financial guarantees given	315,472	232,330	7,747	6,966	3,176	–

(thousands of Euros)

2024	Capitals					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Commitments and financial guarantees given	296,158	230,843	5,508	1,709	225	–

As of 31 December 2025, provision for restructuring in the balance sheet amounts to 1.8 million euros, and during 2024 and 2025, a net reinforcement of 55.5 million euros and 11.9 million euros under the strategic simplification program currently underway at the Bank. At the same time, 28.8 million euros and 43.6 million euros were used, respectively.

Other provisions amounting to Euro 360.3 million (31 December 2024: 348.6 million euros), are intended to cover certain identified contingencies related to the Bank's activities, the most relevant being:

- Contingencies associated with ongoing processes related to tax matters, for which the Bank maintains provisions of 17.0 million euros (31 December 2024: 19.2 million euros);
- Contingencies associated with legal proceedings amounting to 8.4 million euros (31 December 2024: 9.0 million euros);
- Contingencies associated with sales processes in the amount of 9.4 million euros (31 December 2024: 14.8 million euros);
- Provision in the amount of 19.5 million euros (31 December 2023: 19.5 million euros) to address potential impacts that may arise from a specific fraud situation in Spain;
- The State Budget Law for 2021 ("LOE 21"), amended the rules of the Property Transfer Tax ("IMT") and the Municipal Property Tax ("IMI"), with the broadening of the incidence scope of the increased IMI and IMT rate, and loss of exemptions, for properties held by taxpayers who are directly or indirectly controlled by an entity subject to a more beneficial tax regime, listed in an order approved by the Minister of Finance. As of this date, the calculation of the application of the increased IMI rates to all properties in the direct and indirect ownership of the novobanco Group amounts to approximately 184.4 million euros as of 31 December 2025 (31 December 2024: 221.6 million euros);
- The remaining amount, of approximately 121.6 million euros (31 December 2024: 64.5 million euros), is intended to cover losses arising from the Bank's activity, such as fraud, theft and robberies, regulatory matters and other contingencies.

Note 30 - Other liabilities

As of 31 December 2025 and 2024 , the caption other liabilities are analysed as follows:

(thousands of Euros)

	2025	2024
Public sector	32,329	39,734
Creditors for supply of goods	123,923	114,803
Margin Accounts Derivative instruments	469,964	517,253
Other creditors	38,823	46,310
Career bonuses	6,545	6,812
Pension and health benefits	2,325	45,809
Other accrued expenses	84,610	97,889
Deferred income	1,399	1,162
Foreign exchange transactions pending settlement	1,092	–
Other transactions to be settled	34,803	36,203
	795,813	**905,974**

As of 31 December 2025, the caption Creditors for supply of goods includes 108,929 thousand euros related to creditors of assets under the right of use, within the framework of IFRS 16 (31 December 2024: 100,513 thousand euros), whose maturity terms are presented as follows:

(thousands of Euros)

	2025	2024
Up to 3 months	12	323
From 3 months to 1 year	3,078	1,029
From 1 to 5 years	33,866	35,728
More than 5 years	71,974	63,432
	108,929	**100,513**

Note 31 - Share Capital

31.1 Ordinary shares

As of 31 December 2025 , the Bank's share capital of 2,245,000,000.00 euros is represented by 500,000,000 registered shares with no par value and is fully subscribed and paid up by the following shareholders (31 December 2024: share capital of 3,345,000,000.30 euros represented by 500,000,000 registered shares)

	% Capital	
	2025	2024
Nani Holdings, S.à.r.l	75.00 %	75.00 %
Resolution Fund (1)	13.54 %	13.54 %
Directorate General for the Treasury and Finance	11.46 %	11.46 %
	100.00 %	**100.00 %**

(1) Under the commitments made between the Portuguese State and the European Commission, the Resolution Fund is inhibited from exercising its voting rights.

Following the Extraordinary General Meeting held on 7 June 2024, a decision was made to reorganize the capital of novobanco, reducing the share capital to 2,245,000,000.00 euros, represented by 500,000,000 shares (December 2024: share capital of 3,345,000,000.30 euros represented by 500,000,000 shares), through the following steps:

(1) Reallocation of other reserves, as a result of their reallocation in the approved accounts for 2023, in the amount of 5,000,000,000.00 euros to absorb negative retained earnings;

(2) Reduction of share capital by 3,351,516,580.00 euros, from 6,567,843,862.91 euros to 3,216,327,282.91 euros, to cover negative retained earnings of 2,870,294,596.73 euros and to reinforce legal reserves by 481,221,983.27 euros;

(3) Increase in share capital, in accordance with the special regime for deferred tax assets, in the amount of 128,672,717.39 euros, raising the share capital from 3,216,327,282.91 euros to 3,345,000,000.30 euros, following the conversion of the conversion rights granted to the State for the year ending 31 December 2020, fully subscribed by the Resolution Fund, with this increase being made through the incorporation of the special reserve created with respect to the deferred tax assets underlying it.

Following the General Meeting held on 5 May 2025, a reduction in share capital in the amount of 1.1 billion euros was approved, bringing the share capital to 2,245,000,000.00 euros, with the number of shares remaining unchanged.

As mentioned in Note 28, novobanco adhered to the Special Regime Applicable to Deferred Tax Assets approved by Law no. 61/2014, of 26 August. This regime applies to deferred tax assets resulting from the non-deduction, for Corporate Income Tax purposes, of expenses and negative net worth changes that were recorded up to 31 December 2015 with impairment losses on credits and post-employment benefits or long-term employee benefits. The mentioned regime provides that deferred tax assets may be converted into tax credits when the taxpayer records a negative annual net result.

The conversion of eligible deferred tax assets into tax credits is made according to the proportion between the amount of that net result and the total equity at an individual level. The special reserve is established in the same amount as the approved tax credit, increased by 10%. This special reserve is constituted in counterpart of the originating reserve and is intended to be incorporated into the share capital.

Note 32 - Other Comprehensive Income Accumulated, Retained Earnings and Other Reserves

As at 31 December 2025 and 2024, the accumulated other comprehensive income, retained earnings and other reserves present the following detail:

	(thousands of Euros)	
	2025	2024
Other accumulated comprehensive income	(959,341)	(986,820)
Retained earnings	13,814	13,814
Other reserves	2,132,777	1,566,641
Legal reserve	722,334	643,265
Other reserves	1,410,443	923,376
	1,187,250	**593,635**

32.1 Accumulated other Comprehensive Income

The changes in Other accumulated comprehensive income were as follows:

(thousands of Euros)

	Other accumulated comprehensive income						Total
	Impairment reserves	Credit risk reserves	Sales reserves	Fair value reserves	Cash flow hedge reserves	Actuarial deviations (net of taxes)	
Balance as at 31 December 2023	**211**	**9,214**	**(293,988)**	**(60,914)**	**63,863**	**(712,044)**	**(993,658)**
Actuarial deviations	–	–	–	–	–	(34,440)	(34,440)
Fair value changes, net of taxes	–	–	–	63,506	–	–	63,506
Impairment reserves of securities at fair value through other comprehensive income	212	–	–	–	–	–	212
Reserves of sales of securities at fair value through other comprehensive income	–	–	(61,428)	–	–	–	(61,428)
Cash flow hedge, net of tax	–	–	–	–	38,989	–	38,989
Balance as at 31 December 2024	**423**	**9,214**	**(355,416)**	**2,591**	**102,852**	**(746,484)**	**(986,820)**
Actuarial deviations	–	–	–	–	–	49,210	49,210
Fair value changes, net of taxes	–	–	–	27,569	–	–	27,569
Impairment reserves of securities at fair value through other comprehensive income	154	–	–	–	–	–	154
Reserves of sales of securities at fair value through other comprehensive income	–	–	334	–	–	–	334
Cash flow hedge, net of tax	–	–	–	–	(49,787)	–	(49,787)
Balance as at 31 December 2025	**577**	**9,214**	**(355,083)**	**30,160**	**53,066**	**(697,275)**	**(959,341)**

Fair value reserve

The fair value reserves represent the amount of the unrealised gains and losses arising from the securities portfolio classified as at a fair value through other comprehensive income, net of impairment losses. The amount of this reserve is shown net of deferred taxes.

The changes occurred in the fair value reserves, net of deferred taxes and impairment losses may be analysed as follows:

(thousands of Euros)

	2025			2024		
	Fair value reserves			Fair value reserves		
	Financial assets at fair value through other comprehensive income	Deferred tax reserves	Total fair value reserves	Financial assets at fair value through other comprehensive income	Deferred tax reserves	Total fair value reserves
Balance at the beginning of the exercise	**4,776**	**(2,185)**	**2,591**	**(88,282)**	**27,368**	**(60,914)**
Changes in fair value	43,416	–	43,416	(13,406)	–	(13,406)
Foreign exchange differences	(105)	–	(105)	49,878	–	49,878
Disposals in the exercise	(5,459)	–	(5,459)	61,254	–	61,254
Impairment in the exercise	–	–	–	(4,668)	–	(4,668)
Deferred taxes recognized in the exercise in reserves	–	(10,284)	(10,284)	–	(29,553)	(29,553)
Balance at the end of the exercise	**42,628**	**(12,468)**	**30,160**	**4,776**	**(2,185)**	**2,591**

The fair value reserves are analysed as follows:

(thousands of Euros)

	2025	2024
Amortised cost of financial assets at fair value through other comprehensive income	3,509,278	3,060,170
Market value of financial assets at fair value through other comprehensive income	3,505,293	3,074,810
Unrealised gains / (losses) recognized in fair value reserve	**(3,985)**	**14,640**
Fair value reserve transferred to Results (1)	(46,613)	9,864
Potential gains / (losses) recognized in the fair value reserve	42,628	4,776
Deferred Taxes	(12,468)	(2,185)
Fair value reserve attributable to shareholders of the Bank	**30,160**	**2,591**

(1) In the context of fair value hedge operations (see Note 21)

The movements in cash flow hedge reserves are presented as follows:

	2025			2024		
	Cash flow hedge reserves	Deferred tax reserves	Total cash flow hedge reserves	Cash flow hedge reserves	Deferred tax reserves	Total cash flow hedge reserves
Balance at the beginning of the exercise	**146,932**	**(44,080)**	**102,852**	**92,557**	**(28,693)**	**63,864**
Change in fair value of hedged item recognized in other comprehensive income	(76,724)	–	(76,724)	51,364	–	51,364
Reclassification from other comprehensive income to net income	3,114	–	3,114	3,011	–	3,011
Deferred taxes	–	23,825	23,825	–	(15,387)	(15,387)
Balance at the end of the exercise	**73,321**	**(20,255)**	**53,066**	**146,932**	**(44,080)**	**102,852**

32.2 Other reserves

Legal Reserve

The legal reserve can only be used to cover accumulated losses or to increase capital. Portuguese legislation applicable to the banking sector (Article 97 of Decree-Law no. 298/92, of 31 December) requires that the legal reserve must be reinforced annually with at least 10% of the net profit, up to a limit equal to the value of share capital or the sum of free reserves and retained earnings, whichever is higher.

The change in the legal reserve for the 2024 financial year arise from the resolution of the General Meeting held on 7 June 2024, as referred to in Note 31.

Special reserve

As mentioned in Note 25, the special reserve was established as a result of novobanco's adherence to the Special Regime applicable to Deferred Tax Assets approved by Law no. 61/2014, of 26 August, which implied the conversion of eligible deferred tax assets into tax credits and the simultaneous constitution of a special reserve.

Following the determination of a negative net result for the financial years 2015 to 2020, with reference to the eligible deferred tax assets at the closing dates of these years, as a result of the application of the aforementioned special regime applicable to deferred tax assets, novobanco accounted a special reserve, in the same amount as the determined tax credit, increased by 10%. As at 31 December 2024, there is no balance related to the special reserve, as it was fully incorporated into the share capital (31 December 2023: 128,673 thousand euros).

Contingent capitalization mechanism

The Contingent Capitalization Agreement was created under the conditions agreed upon in the sale process of novobanco in 2017, according to which, if the capital ratios fell below a certain threshold and, cumulatively, losses were recorded in a defined asset portfolio, the Resolution Fund would make a payment corresponding to the lesser of the recorded losses and the amount necessary to restore the capital ratios to the relevant level, up to a maximum limit of 3,890 million euros. The capital corresponded to a previously defined perimeter of assets, with an initial net accounting value of approximately 7.9 billion euros.

Under the agreement of Contingent Capitalization Agreement early termination reached on 9 December 2024, the Bank and the Resolution Fund settled (i) all pending disputes related to unpaid amounts under the Contingent Capitalization Agreement and (ii) the existing payment obligations between the parties, resulting in no financial flow from the agreement. The agreement also determined the dissolution of the Monitoring Committee (an advisory statutory body provided for in the Bank's Statutes under the Contingent Capitalization Agreement), the removal of restrictions on the management of the assets covered by the Agreement, and the termination of the contractual prohibition on the distribution of dividends.

At the time of the agreement, the Bank had accounted receivables under this Agreement amounting to 161.6 million euros and a liability to the Resolution Fund of 98.9 million euros. The Bank recorded a cost of 62.7 million euros in the 2024 accounts resulting from this agreement (see Note 12).

Note 33 - Contingent Liabilities and Commitments

In addition to the derivative financial instruments, the balances relating to off-balance accounts as of 31 December 2025 and 2024, are the following:

(thousands of Euros)

	2025	2024
Contingent liabilities	**11,461,562**	**13,202,311**
Guarantees and standby letters	2,178,169	2,332,436
Financial assets pledged as collateral	9,013,494	10,617,633
Open documentary credits	188,704	148,539
Other	81,194	103,702
Commitments	**7,419,581**	**6,355,545**
Revocable commitments	6,863,726	5,851,936
Irrevocable commitments	555,855	503,609

Guarantees and standby letters provided are banking operations that do not result in a mobilization of funds by the Bank.

As of 31 December 2025, the item financial assets pledged as collateral includes:

- The market value of financial assets at the European Central Bank collateral pool, to be used as collateral to obtain funding in the context of liquidity lending operations, amounting to 8.5 billion euros (31 December 2024: 10.0 billion euros), of which 1.0 billion euros are encumbered (31 December 2024: 0.6 billion euros);
- Securities given as collateral to the Securities Market Commission, in the context of the Investor Compensation System, amounting to 9.3 million euros (31 December 2024: 9.4 million euros);
- Securities given as collateral to the European Investment Bank amounting to 334.8 million euros (31 December 2024: 401.4 million euros);
- Securities given as collateral in the context of derivatives trading with a central counterparty amounting to 156.0 million euros (31 December 2024: 132.0 million euros);
- Deposits provided as collateral to guarantee the responsibilities assumed by issuing guarantees in the amount of 78.5 million euros (31 December 2024: 76.2 million euros).

The above-mentioned financial assets pledged as collateral are recorded in the various asset categories of the Bank balance sheet and may be executed in the event the Bank does not fulfil its obligations under the terms and conditions of the contracts celebrated. The increase in the value of securities pledged as collateral to the European Investment Bank is related to the reinforcement of the collateral due to changes in the minimum required amounts.

Documentary credits are irrevocable commitments made by the Bank, on behalf of its customers, to pay or order to pay a certain amount to a supplier of goods or services, within a determined period, upon the presentation of documentation of the expedition of goods or rendering of the services. The condition of irrevocable derives from the fact that they may not be cancelled neither changed without the agreement of all involved parties.

Revocable and irrevocable commitments represent contractual agreements to extend credit to customers of the Bank (e.g., undrawn credit lines), which are, generally, contracted for fixed periods of time or with other expiration conditions and, usually, require the payment of a fee. Almost all credit commitments in force require that customers continue meeting certain conditions that were verified at the time the credit was contracted.

Despite the characteristics of these contingent liabilities and commitments, these operations require a previous rigorous risk assessment of the solvency of the customer and of its business, similarly to any other commercial operation. When necessary, the Bank requires the collateralization of these transactions. Since it is expected that the majority of these operations will mature without any funds having been drawn, these amounts do not necessarily represent future cash outflows.

Additionally, liabilities recorded in off-balance sheet captions related to banking services provided are as follows:

(thousands of Euros)

	2025	2024
Deposit and custody of securities and other items	40,672,236	39,024,509
Values received for collection	232,591	185,194
Securitized loans under management (servicing)	1,119,931	1,259,061
Other responsibilities related with banking services	940,141	989,491
	42,964,899	**41,458,255**

33.1 Relevant litigation

For the purposes of contingent liabilities, and without prejudice to the information contained in these notes to the accounts, namely with regard to the conformity of the policy of setting up provisions with the resolution measure and subsequent decisions of Bank of Portugal (and criteria for the allocation of responsibilities and contingencies arising therefrom), it is also necessary to identify the following disputes whose effects or impacts on the financial statements of novobanco are, at the present date, insusceptible to determine or quantify:

(i) Legal actions brought following the signing of the share capital purchase agreement of novobanco, signed between the Resolution Fund and Lone Star on 31 March 2017, relating to the terms of the sale, in particular the administrative action brought by Banco Comercial Português, S.A. against the Resolution Fund, in which novobanco is not a party and, within the scope of which, according to the public disclosure of privileged information made by BCP on the CMVM website on 1 September 2017, a legal assessment of the contingent capitalization obligation assumed by the Resolution Fund is requested under the scope of the Contingent Capitalization Mechanism.

(ii) Arbitration proceedings initiated in April 2025 by Haitong International Holdings Limited, in which compensation of 154 million euros is claimed for alleged breach of contract (failure to disclose information) during the sale of BESI in September 2015. Novobanco believes that, at this stage and given the information available, there is a remote probability of success for Haitong's claim and, for this reason, considers that the recording of any provision is not justified;

(iii) Legal action initiated in May 2025 by FNBC Invest, Lda., seeking compensation in the amount of 10,087,404,548.07 euros (relating to an alleged bank transfer of 5 billion euros, which was allegedly received in an account at novobanco and retained by the latter, and resulting damages), based on facts and documents whose falsity had already been criminally reported by novobanco to the authorities in December 2022. Given the manifest falsity of the documents allegedly supporting the legal action, the probability of success of FNBC's claim is nil and, for this reason, the recording of any provision is not justified;

(iv) Legal action brought against novobanco relating to the repurchase, in 2019, of two credit securitization transactions from 2003/2004, amounting to 24 million euros, for the alleged early repayment of the credits to the detriment of the investors. From the detailed analysis carried out on the information and documentation contained in the proceedings, as well as based on the analysis of the Bank's lawyers in this action, it is concluded that there is no probability of loss that would justify the establishment of any provision.

Resolution Fund

Resolution Fund is a public legal entity with administrative and financial autonomy, created by Decree-Law no. 31-A/2012, of 10 February, which is governed by the RGICSF and by its internal regulation, whose mission is to provide financial support for the resolution measures implemented by Bank of Portugal, whilst national resolution authority, and to carry out all the other functions conferred by law in the scope of the execution of such measures.

The Bank, like most financial institutions operating in Portugal, is one of the institutions participating in the Resolution Fund, making contributions that result from the application of a rate defined annually by Bank of Portugal based essentially on the amount of its liabilities. As at 31 December 2025, periodic contribution made by the Bank amounted to 9,403 thousand euros (31 December 2024: 6,224 thousand euros).

Within the scope of its responsibility as a supervisory and resolution authority, Bank of Portugal, on 3 August 2014, decided to apply a resolution measure to BES, pursuant to no. 5 of article 145-G of the General Regime of Institutions Credit and Financial Companies (RGICSF), which consisted of transferring most of its activity to novobanco, created especially for this purpose, with the capitalization being ensured by the Resolution Fund.

For the realization of novobanco's share capital, the Resolution Fund made available 4,900 million euros, of which 365 million euros corresponded to its own financial resources. A loan from a banking syndicate was also granted to the Resolution Fund, in the amount of 635 million euros, with the participation of each credit institution being weighted

according to several factors, including the respective size. The remaining amount (3,900 million euros) originated from a loan granted by the Portuguese State.

In December 2015, national authorities decided to sell most of the assets and liabilities associated with the activity of *Banif - Banco Internacional do Funchal, S.A.* (BANIF) to *Banco Santander Totta, S.A.* (Santander Totta), for 150 million euros, also in the scope of the application of a resolution measure. In the context of this resolution measure, the assets of Banif identified as problematic were transferred to an asset management vehicle, created for the purpose – *Oitante, S.A.*. This operation involved public support estimated at 2,255 million euros, which aimed to cover future contingencies, financed at 489 million euros by the Resolution Fund and 1,766 million euros directly by the Portuguese State.

The situation of serious financial imbalance in which BES was in 2014 and BANIF in 2015, which justified the application of resolution measures, created uncertainties related to the risk of litigation involving the Resolution Fund, which is significant, as well as with the risk of an eventual insufficiency of resources to ensure the fulfilment of the liabilities, in particular the short-term repayment of the borrowings.

It was in this context that, in the second half of 2016, the Portuguese Government reached an agreement with the European Commission to change the terms of the financing granted by the Portuguese State and by the banks participating in Resolution Fund to preserve its financial stability, through the promotion of conditions that endow predictability and stability of the contributory efforts to Resolution Fund. To this end, an addendum to the financing agreements with Resolution Fund was formalised, which introduced a number of changes to the repayment schedule, remuneration rates and other terms and conditions associated with said loans such that these are adjusted to Resolution Fund's ability to fully meet its obligations based on its regular revenues, that is, without the need to charge the banks participating in Resolution Fund for special contributions or any other extraordinary contribution.

According to the statement of the Resolution Fund of 21 March 2017, issued following an earlier statement of 28 September 2016 and the statement of the Ministry of Finance issued on the same date, the revision of the conditions of financing granted by the State Portuguese and participating banks aimed to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of its liabilities is ensured, as well as the respective remuneration, without the need for recourse to special contributions or any other type of extraordinary contributions by the banking sector.

On 31 March 2017, Bank of Portugal announced that it had selected Lone Star Fund to purchase novobanco, a transaction completed on 18 October 2017, with an injection of 750 million euros. This was followed by an additional capital injection of 250 million euros on 21 December 2017, resulting in Lone Star Fund holding 75% of novobanco's share capital and the Resolution Fund the remaining 25%. The approved conditions included a contingent capitalization mechanism, up to an absolute maximum of 3,890 million euros, and a compensation mechanism for novobanco should certain conditions be met, should it be found liable for any liability by a final court decision that does not recognize or is contrary to the resolution measure applied by the Bank of Portugal or the scope of novobanco's assets and liabilities.

Notwithstanding the possibility under the applicable legislation for the collection of special contributions, in light of the renegotiation of the conditions of the loans granted to Resolution Fund by the Portuguese State and by a syndicate of banks, and of the public press releases made by the Resolution Fund and the Office of the Finance Minister stating that this possibility is not to be used, the present financial statements reflect the expectation of the Board of Directors that the Bank will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and BANIF, as well as the Contingent Capital Agreement and the Compensation Mechanism referred to in the previous paragraphs.

In December 2024, novobanco, the Resolution Fund and Nani Holdings reached an agreement for the early termination of the Contingent Capitalization Agreement, whose contractual maturity was scheduled for December 2025.

Under the terms of the agreement reached, novobanco and the Resolution Fund extinguish all outstanding disputes relating to amounts not paid under the CCA and extinguish existing payment obligations between the parties, with no financial flow resulting from the agreement.

The end of the CCA also determines:

- The dissolution of the Monitoring Committee, a statutory advisory body provided for in the Bank's Articles of Association under the CCA;
- The extinction of the limitations on the management of the assets covered by the CCA; and
- The extinction of the contractual ban on the distribution of dividends.

Any changes regarding special contributions, or any other type of extraordinary contributions from the banking sector, and the application of these mechanisms, may have significant implications for the Bank's financial statements.

Note 34 - Related Parties Balances and Transaction

The group of entities considered to be related parties by novobanco in accordance with the IAS 24 definitions, are:

(i) key management personnel (members of the Executive Board of Directors and members of the General Supervisory Board of novobanco);

(ii) people or entities with a family, legal or business relationship with key management personnel;

(iii) people or entities with a family, legal or business relationship with shareholders;

(iv) shareholders holding direct or indirect stakes equal to or exceeding 2% of the share capital or voting rights of novobanco;

(v) subsidiaries consolidated for accounting purposes under the full consolidation method;

(vi) associated companies, that is, companies over which novobanco has significantly influence on the company's financial and operational polices, despite not having control; and

(vii) entities under joint control of novobanco (joint ventures).

During the financial year 2025 the following transactions were carried out with the identified Related Parties as at 31 December 2025 (loans and other transactions):

Credit Operations:

Entities / Individuals	Category	Transaction	Amount (euros)
EDENRED - Portugal S.A.	Entities for which there is a relationship of economic interdependence (3.)	Direct Debits Limits (RCE)	1,000,000
		Credit Card Limits	24,000
Compagris - Companhia de Agricultura e Serviços S.A.	Persons or entities whose relationship with the institution potentially influences their management (4.)	Renewal/extension of the maturity of shareholder loans (shareholder advances)	72,526,044
		Mortgage loan	150,000
LOCARENT - Companhia Portuguesa Aluguer Viaturas S.A.	Entity dominated by members of the Administration / Supervision (2.) Entities for which there is a relationship of economic interdependence (3.)	Trading Room Deals (RCE)	10,500,000
		Credit Card Limits	10,000
		Credit Facilities	2,500,000
		Direct Debits Limits (RCE)	8,000,000
		Leasing	108,250,000
		Leasing Green Loan - ESG Rules	40,000,000
MUDUM Companhia de Seguros S.A.	Persons or entities whose relationship with the institution potentially influences their management (4.)	Direct Debits Limits (RCE)	8,545,000
MULTIPESSOAL - Recursos Humanos SGPS S.A.	Entities for which there is a relationship of economic interdependence (3.)	Short-Term Credit Facility	3,613,874
		Credit Card Limits	110,000
		Bank Guarantee Limit	1,750,000
		Leasing limit	7,200,000
Member of the Executive Board of Directors	Members of the Executive Board of Directors and Supervisory bodies and related persons (1.)	Credit Card Limits (increase)	12,500
		Credit Card Limits (increase)	25,000
NACIONAL CONTA – Contabilidade, Consultadoria e Administração, Lda.	Entity dominated by members of the Administration / Supervision (2.)	Current-Account Loan Account	100,000
		Credit Card Limits	1,000
Novobanco Group (BEST, NB Açores and NB Finance)	Entities for which there is a relationship of economic interdependence (3.)	Interbank Limits (Trading Room Deals) Commercial Limits	353,600,000
UNICRE - Instituição de Financeira de Crédito S.A.	Entity dominated by members of the Administration / Supervision (2.) Entities for which there is a relationship of economic interdependence (3.)	Short-Term Credit Facility (including the waiver of the arrangement fee)	64,000,000

Services rendered and other signed contracts:

Entities / Individuals	Category	Service	Amount (euros)
BEST e GNB GA	Entities for which there is a relationship of economic interdependence (3.)	Partial Campus Lease Agreement to Banco BEST and GNB GA	na
GNB GA SGOIC S.A.	Entities for which there is a relationship of economic interdependence (3.)	Service Agreement for the Registration and Custody of Financial Instruments	na
		Custody Agreement – 'NBA Closed Pension Fund'	
		Lease Agreement for the Castilho 26 Building with the NB Pension Fund	
		Distribution (Commercialization) Agreement with the Collective Investment Scheme (GNB GA)	
Nani Holdings S.à r.l.	Shareholders and other persons and entities provided for in art. 109 of the RGICSF (1.)	Indemnity letter for the benefit of the Bank for dividends tax retention purposes	na
		Fourth Addendum to the Intra-Group Agreement with LSF NANI / NANI HOLDINGS / NB	na
Unicre - Cartão Internacional de Crédito S.A.	Entity dominated by members of the Administration / Supervision (2.) Entities for which there is a relationship of economic interdependence (3.)	Asset Purchase – Unibanco	na

1. Notice 3/2020, art. 33 - 3 a), 2. Notice 3/2020, art. 33 - 3 d) and 3. Notice 3/2020, art. 33 - 3 e)

The Bank balances with related parties as at 31 December 2025 and 2024, as well as the respective recognized costs and revenues, are summarized as follows:

(thousands of Euros)

	2025					2024				
	Assets	Liabilities	Guarantees	Income	Expenses	Assets	Liabilities	Guarantees	Income	Expenses
Shareholders	**–**	**55**	**–**	**1,226**	**9,403**	**–**	**162**	**–**	**491**	**68,960**
NANI HOLDINGS	–	55	–	540	–	–	162	–	491	–
FUNDO DE RESOLUÇÃO	–	–	–	686	9,403	–	–	–	–	68,960
Subsidiary companies	**894,280**	**1,068,450**	**7,920**	**49,262**	**31,909**	**1,034,305**	**1,235,632**	**9,419**	**17,075**	**49,856**
GNB CONCESSÕES	83,473	116,708	–	–	–	83,473	113,313	–	–	–
GNB GA	1,089	11,089	532	1,702	4	1,074	80,035	1,993	1,988	6
ES TECH VENTURES	46,732	97,596	–	224	–	46,732	98,560	–	234	–
BEST	41,439	583,218	–	9,141	17,318	40,258	647,489	37	7,856	28,315
novobanco AÇORES	59,517	195,275	1,295	5,299	6,205	110,274	242,034	1,295	5,525	9,207
SPE-LM6	173,253	399	–	10,433	–	208,252	551	–	264	–
SPE-LM7	477,674	1,053	–	22,304	–	533,130	1,152	–	755	–
NB ÁFRICA	–	11,053	–	–	–	–	11,076	–	–	–
FUNGEPI	–	29,850	5,987	73	577	–	27,713	1,314	95	1,857
IMOINVESTIMENTO	–	–	–	–	–	–	–	–	4	4
PREDILOC	–	13,418	–	18	141	–	3,579	–	19	64
IMOGESTÃO	–	–	–	–	–	–	–	–	–	17
NB PATRIMÓNIO	–	–	–	–	–	–	–	–	–	1,605
AMOREIRAS	–	–	–	–	–	–	–	4,674	–	589
FIMES ORIENTE	–	–	–	–	–	–	–	–	51	210
NB ARRENDAMENTO	–	–	–	–	14	–	1,149	–	–	14
NB FINANCE	–	–	–	–	–	–	4,902	–	–	97
GREENWOODS	–	–	–	–	–	–	–	–	–	124
HERDADE DA BOINA	–	–	–	–	–	–	308	–	–	–
PROMOFUNDO	–	617	–	20	13	–	1,351	–	–	8
GREENDRAIVE	6,840	–	106	–	–	6,850	53	106	–	–
FIVE STARS	–	8,174	–	46	7,638	–	2,367	–	284	7,739
AROLERI	4,262	–	–	–	–	4,262	–	–	–	–
Associated companies	**278,926**	**119,866**	**242**	**4,833**	**7,523**	**232,317**	**124,385**	**353**	**4,129**	**7,858**
LINEAS	–	–	–	–	–	–	–	–	–	15
LOCARENT	192,442	712	–	77	5,768	194,900	2,543	–	20	5,758
UNICRE	84,466	1	–	1,817	–	35,406	19	–	1,622	–
MULTIPESSOAL	2,016	86	242	–	–	2,009	366	353	–	–
OUTRAS	2	119,067	–	2,940	1,756	2	121,457	–	2,487	2,085
Other	**75,830**	**5,125**	**–**	**3,754**	**4,720**	**82,638**	**2,925**	**–**	**–**	**4,665**
HUDSON ADVISORS PORTUGAL	–	–	–	–	4,720	–	–	–	–	4,665
Others (*)	75,830	5,125	–	3,754	–	82,638	2,925	–	–	–

(*) Companies indirectly related to members of the Board

In June 2018, a contract was signed between NANI HOLDINGS, SGPS, S.A. (currently Nani Holdings S.à.r.l.), LSF NANI INVESTMENTS S.à.r.l. and Novobanco, for the provision of support services to the preparation of consolidated information and regulatory reports.

The assets on the balance sheet related to associated companies included in the table above refer mainly to loans and advances, and shareholder loans granted or debt securities acquired in the scope of the Bank's activity. The liabilities relate mainly to bank deposits taken.

The guarantees relating to associated undertakings included in the table above mainly refer to guarantees provided.

Related party transactions were carried out at arm's length, under similar terms and conditions, when compared with others carried out with unrelated parties, and when these conditions were not verified, those exceptions were substantiated in accordance with the Bank's Related Party Transactions Policy. Every year, novobanco, together with consultants, analyses and prepares the Transfer Pricing Dossier, which contains information that shows that transactions with related parties respect the principle of Full Competition, which is delivered to the Tax and Customs Authority within the legal deadline.

All loans granted to related entities are included in the impairment model and are subject to determination of impairment in the same way as commercial loans granted by the Bank. The assets applied with related entities accrue interest at rates varying between 0% and 4,53% (the rates indicated correspond to the rates applied according to the original currency of the asset).

The costs with remunerations and other benefits granted to Key Management Personnel of novobanco in 2025 and 2024 are presented as follows:

(thousands of Euros)

	2025			2024		
	Executive Board of Directors	General and Supervisory Board	Total	Executive Board of Directors	General and Supervisory Board	Total
Short-term employment benefits	5,603	1,919	7,522	4,035	1,580	5,615
Post-employment benefits	7	–	7	3	–	3
	5,610	**1,919**	**7,529**	**4,038**	**1,580**	**5,618**

In 2025 and 2024, the amount of variable remunerations for the Management Bodies amounted to 3,213 thousand euros and 1,958 thousand euros, respectively, which constitutes remunerations that are not vested rights of the members until after the end of the restructuring period, its payment is subject to deferment and verification of certain conditions. Additionally, in 2024, costs of 300 thousand euros were registered as sign-on bonuses resulting from the appointment of a new Executive Director, and costs of 375 thousand euros were registered as compensation for the termination of mandates of two Executive Directors.

As of 31 December 2025 and 2024, the value of loans and deposits of members of novobanco Key Management Personnel were as follows:

Loans granted

(1) to members of the Executive Board of Directors and their direct relatives was 581 thousand euros (31 December 2024: 241 thousand euros); e

(2) members of the General and Supervisory Board and their direct relatives had no loans responsibilities (31 December 2024: had no loans responsibilities).

Deposits

(1) of members of the Executive Board of Directors and their direct relatives was 1,786 thousand euros (31 December 2024: 2,900 thousand euros); and

(2) members of the General and Supervisory Board and their direct relatives was 698 thousand euros (31 December 2024: 732 thousand euros).

Note 35 - Securitisation of Assets

As of 31 December 2025 and 2024, the outstanding securitisation transactions made by the Bank were as follows:

(thousands of Euros)

Issue	Start Date	Original Amount	Current amount		Securitized Asset
			2025	2024	
Lusitano Mortgages No.4 plc	September 2005	1,200,000	119,523	138,282	Mortgage Loans (general regime)
Lusitano Mortgages No.5 plc	September 2006	1,400,000	201,737	228,205	Mortgage Loans (general regime)
Lusitano Mortgages No.6 plc	July 2007	1,100,000	196,769	219,774	Mortgage Loans (general regime)
Lusitano Mortgages No.7 plc	September 2008	1,900,000	588,124	659,470	Mortgage Loans (general regime)

The main characteristics of these operations, as of 31 December 2025 and 2024, are presented as follows:

(thousands of Euros)

2025

Issue	Bonds issued	Initial nominal value	Current nominal value	Interest held by the Bank (Nominal value)	Interest held by the Bank (Book value)	Maturity date	Initial rating of the bonds				Current rating of the bonds			
							Fitch	Moody's	S&P	DBRS	Fitch	Moody's	S&P	DBRS
Lusitano Mortgages No.4 plc	Class A	1,134,000	88,342	–	–	December-48	AAA	Aaa	AAA	-	A+	Aaa	AAA	-
	Class B	22,800	5,848	–	–	December-48	AA	Aa2	AA	-	A+	Aaa	AAA	-
	Class C	19,200	4,924	–	–	December-48	A+	A1	A+	-	A+	Aa2	AA+	-
	Class D	24,000	6,155	–	–	December-48	BBB+	Baa1	BBB-	-	BBB+	Ba2	BBB+	-
	Class E	10,200	5,100	–	–	December-48	NA	-	NA	-	-	-	-	-
Lusitano Mortgages No.5 plc	Class A	1,323,000	146,511	–	–	December-59	AAA	Aaa	AAA	-	AAA	Aaa	AAA	-
	Class B	26,600	11,992	–	–	December-59	AA	Aa2	AA	-	AA-	Aa1	AAA	-
	Class C	22,400	10,099	–	–	December-59	A	A1	A	-	A	Baa1	A	-
	Class D	28,000	12,623	–	–	December-59	BBB+	Baa2	BBB	-	BB	Caa2	B	-
	Class E	11,900	5,950	–	–	December-59	N/A	-	N/A	-	-	-	-	-
Lusitano Mortgages No.6 plc	Class A	943,250	32,660	27,511	26,204	March-60	AAA	Aaa	AAA	-	AAA	Aaa	AAA	-
	Class B	65,450	65,450	63,950	62,812	March-60	AA	Aa3	AA	-	AAA	Aaa	AA	-
	Class C	41,800	41,800	41,800	39,629	March-60	A	A3	A	-	AA+	Aaa	AA-	-
	Class D	17,600	17,600	17,600	16,816	March-60	BBB	Baa3	BBB	-	CCC	Baa3	BBB+	-
	Class E	31,900	31,900	31,900	27,760	March-60	BB	-	BB	-	CC	-	CCC	-
	Class F	22,000	22,000	–	–	March-60	-	-	-	-	-	-	-	-
Lusitano Mortgages No.7 plc	Class A	1,425,000	114,296	114,295	108,113	October-64	-	-	AAA	AAA	-	-	AAA	AAA
	Class B	294,500	294,500	294,500	279,467	October-64	-	-	BBB-	-	-	-	AAA	-
	Class C	180,500	180,500	180,500	89,600	October-64	-	-	-	-	-	-	-	-
	Class D	57,000	36,472	–	–	October-64	-	-	-	-	-	-	-	-

(thousands of Euros)

2024

Issue	Bonds issued	Initial nominal value	Current nominal value	Interest held by the Bank (Nominal value)	Interest held by the Bank (Book value)	Maturity date	Initial rating of the bonds				Current rating of the bonds			
							Fitch	Moody's	S&P	DBRS	Fitch	Moody's	S&P	DBRS
Lusitano Mortgages No.4 plc	Class A	1,134,000	119,530	–	–	December-48	AAA	Aaa	AAA	-	AA-	Aaa	AAA	-
	Class B	22,800	7,912	–	–	December-48	AA	Aa2	AA	-	A-	Aaa	AAA	-
	Class C	19,200	6,663	–	–	December-48	A+	A1	A+	-	BB+	Aa2	AA+	-
	Class D	24,000	8,329	–	–	December-48	BBB+	Baa1	BBB-	-	B+	Ba2	BBB+	-
	Class E	10,200	5,100	–	–	December-48	NA	-	NA	-	-	-	-	-
Lusitano Mortgages No.5 plc	Class A	1,323,000	187,704	–	–	December-59	AAA	Aaa	AAA	-	AAA	Aaa	AAA	-
	Class B	26,600	15,364	–	–	December-59	AA	Aa2	AA	-	A+	Aa1	AAA	-
	Class C	22,400	12,938	–	–	December-59	A	A1	A	-	BBB+	Baa1	A	-
	Class D	28,000	16,173	–	–	December-59	BBB+	Baa2	BBB	-	CCC	Caa2	B	-
	Class E	11,900	5,950	–	–	December-59	N/A	-	N/A	-	-	-	-	-
Lusitano Mortgages No.6 plc	Class A	943,250	85,375	71,917	69,999	March-60	AAA	Aaa	AAA	-	AAA	Aaa	A	-
	Class B	65,450	65,450	63,950	61,274	March-60	AA	Aa3	AA	-	AAA	Aaa	A	-
	Class C	41,800	41,800	41,800	38,286	March-60	A	A3	A	-	AA+	Aaa	A	-
	Class D	17,600	17,600	17,600	14,849	March-60	BBB	Baa3	BBB	-	CCC	Baa3	BB	-
	Class E	31,900	31,900	31,900	23,713	March-60	BB	-	BB	-	CC	-	D	-
	Class F	22,000	22,000	–	–	March-60	-	-	-	-	-	-	-	-
Lusitano Mortgages No.7 plc	Class A	1,425,000	187,704	187,704	178,771	October-64	-	-	AAA	AAA	-	-	AAA	AAA
	Class B	294,500	294,500	294,500	270,293	October-64	-	-	BBB-	-	-	-	AAA	-
	Class C	180,500	180,500	180,500	82,801	October-64	-	-	-	-	-	-	-	-
	Class D	57,000	40,789	–	–	October-64	-	-	-	-	-	-	-	-

In December 2022 novobanco contracted a loan risk transfer operation from a corporate loan portfolio amounting 1 billion euros through synthetic securitisation, with maturity date as of February 2031 (and the possibility of call option in

September 2025). Given the nature of this transaction, there was no derecognition of the balance sheet claims, and the guarantee received was recorded, updated according to activation triggers defined in the contract. During 2025, the aforementioned synthetic operation was terminated.

Note 36 - Fair Value of Financial Assets and Liabilities

The governance model of the valuation of the Bank financial instruments is defined in internal regulations, which establish the policies and procedures to be followed in the identification and valuation of financial instruments, the control procedures, and the definition of the responsibilities of the parties involved in this process.

36.1 Assets and liabilities at fair value

The fair value of listed financial assets is determined based on the closing price (bid-price), the price of the last transaction made or the value of the last known price (bid). In the absence of a quotation, the Bank estimates fair value using:

(i) valuation methodologies, such as the use of recent transaction prices, similar and carried out under market conditions, discounted cash flow techniques and customised option valuation models in order to reflect the particularities and circumstances of the instrument; and

(ii) valuation assumptions based on market information.

For assets included in the fair value hierarchy 3, whose quotation is provided by a third-party using parameters that are not observable in the market, the Bank proceeds, when applicable, to a detailed analysis of the historical performance and liquidity of these assets, which may imply an additional adjustment to its fair value, as well as from additional internal or external evaluations.

The valuation models used by type of instrument are as follows:

Money market operations and loans and advances to customers

Fair value is determined by the discounted cash flows method, with future cash flow being discounted considering the currency yield curve plus the credit risk of the entity contractually liquidating that flow.

Commercial paper and loans to customers

Fair value is determined by discounting future cash flows considering the currency yield curve plus the credit risk of the issuer determined in the issuance program.

Debt instruments (bonds) with liquidity

The independent selection valuation methodology is used based on observations available on Bloomberg, designated as 'Best Price', where all the valuations available are requested, but only previously validated sources considered as input, with the model excluding prices due to seniority and outlier prices. In the specific case of the Portuguese sovereign debt, and due to the market making activity and the materiality of the Bank's positions, the CBBT source valuations are always considered (the CBBT is a composite of valuations prepared by Bloomberg, which considers the average of executable prices with high liquidity).

Debt instruments (bonds) with reduced liquidity

The models considered for the valuation of reduced liquidity bonds without observable market valuations are determined taking into account the information available on the issuer and the instrument, with the following models being considered: (i) discounted cash flows - cash flows are discounted considering the interest rate risk, credit risk of the issuer and any other risks underlying to the instrument; or (ii) valuations made available by external counterparties, when it is impossible to determine the fair value of the instrument, with the selection always falling on reliable sources with reputed credibility in the market and impartiality in the valuation of the instruments being analysed.

Convertible bonds

The cash flows are discounted considering the interest rate risk, the issuer's credit risk and any other risks that may be associated with the instrument, increased by the net present value (NPV) of the convertibility options embedded in the instrument.

Shares and quoted funds

For quoted market products, the quotation on the respective stock exchange is considered.

Unlisted Shares

the valuation is carried out using external valuations made of the companies in which the shareholding is held. In the event the request for an external valuation is not justified due to the immateriality of this position in the balance sheet, the position is revalued considering the book value of the entity.

Unlisted funds

The valuation provided by the fund management company is considered, which takes into account assumptions not observable in the market. In case of capital calls after the reference date of the last valuation provided, the valuation is recalculated considering the capital calls subsequent to the reference date to the value that they have been made, until a new valuation is provided by the manager that incorporates the capital calls made. It should be noted that although the valuations provided by the fund managers are accepted, whenever it applies according to the fund regulations, the Bank requests the legal certification of accounts issued by independent auditors, in order to obtain the necessary additional comfort to the information provided by the manager. In addition, and for the major assets held by real estate investment funds, and according to an annual work plan previously approved by the Executive Board of Directors, a challenge process is carried out to the valuations of these assets, which consists of a detailed technical analysis of the key assumptions considered in the valuations. This process may result that new valuations may be necessary and adjusts the fair value of these assets.

In the specific case of the Restructuring Funds Discovery and Aquarius ("Evaluated Assets"), they were the subject of a detailed valuation carried out during 2024 by an independent external international entity ("Appraiser"), which hired renowned real estate valuation companies to determine the fair value of real estate assets that represent a significant part of the funds' portfolio.

The estimated fair value of the Evaluated Assets requires a multistage approach, taking into consideration the following: (i) the fair value of the assets invested by each fund (the "Underlying Assets"); (ii) the nature of the respective Fund's interest in each of the Underlying Assets; (iii) other assets and liabilities in the Fund's balance sheet; (iv) the nature of novobanco's interest in each of the funds; and (v) the consideration of any applicable discounts or premiums. The fair value of the Underlying Assets was estimated using the three valuation approaches (market, income, and cost), depending, among other things, on the specific nature of each asset, its development status, available information, and the date of the initial investment. The other assets and liabilities on the fund's balance sheet would usually be valued using the cost approach, with potential market-based adjustments, and the consideration of discounts and premiums, usually assessed using market data and benchmarks.

The Underlying Assets are mainly divided into Non-Real Estate Assets and Real Estate Assets (which can, in turn, be subdivided into Hotels and Other Real Estate Assets). For Non-Real Estate Assets, the Valuator considered the market approach based essentially on Market Multiples for comparable assets and considering the historical performance of each asset. For real estate assets, the valuator used the market approach or the income approach, depending on the status of each asset. In the case of hotels, the main value-determining assumptions considered were the average room rate, occupancy rate, GOP margin, EBITDA margin, Capex needs, and discount rate. Regarding Other Real Estate Assets, the main value determining assumptions were the sale prices, construction costs, timeline (both in development and in sales), and Discount Rates. Each of the assumptions described above, used in the valuation of real estate assets, were determined on an asset-by-asset basis (total of 52 large assets subdivided into a total of more than 300 assets), depending on the status of the asset, historical performance of the asset, location and market competitors.

Regarding the information on quantitative indicators underlying the fair value measurements of the Restructuring Funds, the following is presented:

Assumption	Hotels			Real Estate under development			Real Estate			Agriculture properties		
	Min	Average	Max	Min	Average	Max	Min	Average	Max	Min	Average	Max
Bedroom average rate (€)	60	201	1,000	115	176	300	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Occupancy rate %	40 %	62 %	77 %	45 %	60 %	70 %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
€/square meter	n.a.	n.a.	n.a.	90	3,687	6,610	600	2,898	5,000	n.a.	n.a.	n.a.
€/Ha	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,920	13,504	25,450
Discount rate	8.6 %	9.5 %	10.6 %	8.3 %	9.2 %	10.8 %	5.5 %	8.4 %	12.0 %	n.a.	n.a.	n.a.
Valuation methodology	Market approach Income approach			Market approach Income approach			Market approach Income approach			Market approach Income approach		

Notes:

(1) All the above assumptions were calculated based on the averages of the values considered by external evaluators per valued property.
(2) The average presented was calculated at the property-weighted average in the sum of the value of the underlying assets by category presented.

(3) Hotel - Includes hotels and apart hotels currently in operation (Hotels in development or project are incorporated in Real Estate in Development together with their respective property).

(4) €/m2 considering the gross construction area.

In addition, the additional assumptions considered in the fair value measurement of the financial holdings held in the restructuring funds are presented below:

Type of Fund	Discount based on P/BV observable market data
Real estate and Tourism	14.50%

Derivative instruments

If traded on organized markets, valuations are observable in the market; otherwise, they are valued using standard models with observable market variables, highlighting:

- Foreign exchange options: these are valued through the front office system, which considers models such as Garman-Kohlhagen, Binomial, Black&Scholes, Levy, or Vanna-Volga;
- Interest rate swaps and foreign exchange swaps: these instruments are valued through the front office system, where the cash flows from the fixed leg of the instrument are discounted from the yield curve of the respective currency, and the cash flows from the variable leg are projected considering the forward curve and discounted also considering both the discount factors and forward rates from the yield curve of the respective currency;
- Credit Default Swaps (CDS): both legs of the CDS are composed of cash flows contingent on the credit risk of the underlying asset and are therefore valued using market credit spreads;
- Futures and Options: the Bank trades these products on an organised market, but also has the possibility to trade them on the OTC market. For futures and options traded on an organised market, the valuations are observable in the market, with the valuation being received daily through the broker selected for these products. For futures and options traded on the OTC market and depending on the type of product and the underlying asset type, discrete time (binominal) or continuous time (Black & Scholes) models may be used.

The Bank calculates the Credit Valuation Adjustment (CVA) for derivative instruments in accordance with the following methodology:

(1) Portfolio perspective - the calculation of the CVA results from the application, to the aggregated exposure of each counterparty, of an expected loss and a recovery rate, considering the estimated average duration for each exposure;

(2) Individual perspective - it is based on the calculation of the exposure using stochastic methods (Expected Positive Exposure) that translates into the calculation of the expected fair value exposure that each derivative should assume in the remaining lifetime. Subsequently, an expected loss and a recovery rate are applied to the determined exposure.

The Bank does not register "Debt Valuation Adjustment" (DVA), as the exposure potentially subject to DVA is controlled on a monthly basis and has assumed immaterial values. DVA represents the market value of the Banks' own credit risk of a certain negative exposure to a counterparty, reflecting a prudent perspective of application of this regulation.

The validation of the valuation of financial instruments is carried out by an independent area, which validates the models used and the prices attributed. More specifically, this area is responsible for carrying out the independent verification of prices for market price valuations (mark-to-market), for model-based valuations (mark-to-model) it validates the models used and changes to them, whenever they exist. For prices provided by external entities, the validation consists of confirming the use of correct prices.

The balance sheet value of the financial assets and liabilities and non-financial assets measured at fair value of the Bank is as follows:

(thousands of Euros)

	At Fair Value			
	Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	Total Fair Value
	(Level 1)	(Level 2)	(Level 3)	
31 December 2025				
Financial assets held for trading	**126,280**	**79,749**	**–**	**206,029**
Securities held for trading - Bonds issued by public entities	126,280	–	–	126,280
Bonds issued by public entities	126,280	–	–	126,280
Derivatives held for trading	–	79,749	–	79,749
Exchange rate	–	8,653	–	8,653
Interest rate	–	67,572	–	67,572
Other	–	3,524	–	3,524
Financial assets mandatorily at fair value through profit or loss - securities	**1,550**	**390,110**	**716,344**	**1,108,004**
Securities mandatorily at fair value through profit or loss	1,550	390,110	680,792	1,072,452
Bonds issued by other entities	91	381,908	134,176	516,175
Shares	1,459	–	141,542	143,001
Other variable income securities	–	8,202	405,074	413,275
Credit	–	–	35,552	35,552
Financial assets at fair value through other comprehensive income	**2,844,292**	**509,051**	**151,950**	**3,505,293**
Bonds issued by public entities	1,771,814	86,739	–	1,858,553
Bonds issued by other entities	1,072,450	420,417	27,269	1,520,135
Shares	28	1,895	124,682	126,605
Derivatives - Hedge Accounting - interest rate	**–**	**617,532**	**–**	**617,532**
Interest rate	–	617,532	–	617,532
Assets at fair value	**2,972,122**	**1,596,442**	**868,294**	**5,436,858**
Financial liabilities held for trading - Derivatives	**–**	**63,585**	**953**	**64,538**
Derivatives	–	63,585	953	64,538
Exchange rate	–	6,405	–	6,405
Interest rate	–	54,012	953	54,965
Other	–	3,168	–	3,168
Derivatives - Hedge Accounting - Interest rate contracts	**–**	**151,956**	**–**	**151,956**
Interest rate	–	151,956	–	151,956
Liabilities at fair value	**–**	**215,541**	**953**	**216,494**

(thousands of Euros)

	At Fair Value			
	Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	Total Fair Value
	(Level 1)	(Level 2)	(Level 3)	
31 December 2024				
Financial assets held for trading	**521,191**	**112,108**	**–**	**633,299**
Securities held for trading - Bonds issued by public entities	521,191	–	–	521,191
Bonds issued by public entities	521,191	–	–	521,191
Derivatives held for trading	–	112,108	–	112,108
Exchange rate	–	14,238	–	14,238
Interest rate	–	93,491	–	93,491
Other	–	4,379	–	4,379
Financial assets mandatorily at fair value through profit or loss - securities	**16,615**	**17,064**	**1,116,825**	**1,150,504**
Securities mandatorily at fair value through profit or loss	16,615	17,064	1,116,825	1,150,504
Bonds issued by other entities	12,931	50	491,216	504,197
Shares	3,684	–	141,542	145,226
Other variable income securities	–	17,013	484,068	501,081
Financial assets at fair value through other comprehensive income	**2,966,763**	**26,841**	**81,206**	**3,074,810**
Bonds issued by public entities	2,268,606	–	–	2,268,606
Bonds issued by other entities	698,131	20,493	–	718,624
Shares	26	6,348	81,206	87,580
Derivatives - Hedge Accounting - interest rate	**–**	**682,487**	**–**	**682,487**
Interest rate	–	682,487	–	682,487
Assets at fair value	**3,504,569**	**838,500**	**1,198,031**	**5,541,100**
Financial liabilities held for trading - Derivatives	**–**	**94,473**	**1,130**	**95,603**
Derivatives	–	94,473	1,130	95,603
Exchange rate	–	14,058	–	14,058
Interest rate	–	76,048	1,130	77,178
Other	–	4,367	–	4,367
Derivatives - Hedge Accounting - Interest rate contracts	**–**	**161,684**	**–**	**161,684**
Interest rate	–	161,684	–	161,684
Liabilities at fair value	**–**	**256,157**	**1,130**	**257,287**

The changes occurred in financial assets and financial liabilities valued based on non-observable market information (level 3 of the fair value hierarchy) during the exercises 2025 and 2024, can be analysed as follows:

(thousands of Euros)

	2025						
	Financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total assets	Financial liabilities held for trading	Total liabilities
	Securities	Loans				Derivatives held for trading	
Balance as at 31 December 2024	**1,116,825**	**–**	**–**	**81,206**	**1,198,031**	**1,130**	**1,130**
Acquisitions	922	–	–	99,476	100,398	–	–
Maturities	(50)	–	–	(18,585)	(18,635)	–	–
Settlements	(15,854)	–	–	(6,151)	(22,005)	–	–
Transfers in	99,950	–	–	142,368	242,318	–	–
Transfers out	(470,485)	–	–	(135,492)	(605,977)	–	–
Changes in value	(50,516)	35,552	–	(10,872)	(25,836)	(177)	(177)
Balance as at 31 December 2025	**680,792**	**35,552**	**–**	**151,950**	**868,294**	**953**	**953**

(thousands of Euros)

	2024						
	Financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total assets	Financial liabilities held for trading	Total liabilities
	Securities	Loans				Derivatives held for trading	
Balance as at 31 December 2023	**1,396,605**	**–**	**–**	**58,917**	**1,455,522**	**1,650**	**1,650**
Acquisitions	235,596	–	–	2,448	238,044	–	–
Maturities	(524,883)	–	–	–	(524,883)	–	–
Settlements	(9,039)	–	–	15,772	6,734	–	–
Changes in value	18,546	–	–	4,068	22,614	(520)	(520)
Balance as at 31 December 2024	**1,116,825**	**–**	**–**	**81,206**	**1,198,031**	**1,130**	**1,130**

The transfers between fair value hierarchy that occurred in the portfolio of securities during 2025 is presented as follows:

(thousands of Euros)

	2025					
	Transfers between FVH 1 and 2		Transfers between FVH 2 and 3		Transfers between FVH 1 and 3	
	To FVH 2 from FVH 1	To FVH 1 from FVH 2	To FVH 3 from FVH 2	To FVH 2 from FVH 3	To FVH 3 from FVH 1	To FVH 1 from FVH 3
Securities mandatorily at fair value through profit or loss	13,390	–	99,950	470,485	–	–
Securities at fair value through other comprehensive income	478,247	167,228	–	135,492	142,368	–
Securities at amortised cost	1,168,292	405,980	161,887	231,475	–	–
	1,659,929	**573,208**	**261,838**	**837,452**	**142,368**	**–**

In the financial year of 2024 there were no significant transfers of value between the different levels of the fair value hierarchy.

Potential gains and losses of financial instruments and investment properties classified at level 3 of fair value hierarchy are recorded in income for the year or revaluation reserves, according to the respective accounting policy of the assets. The amounts calculated as at 31 December 2025 and 2024 were as follows:

(thousands of Euros)

	2025			2024		
	Recognised in reserves	Recognised in net income	Total	Recognised in reserves	Recognised in net income	Total
Derivatives held for trading	–	177	177	–	521	521
Financial assets mandatorily at fair value through profit or loss	–	(52,667)	(52,667)	–	12,951	12,951
Financial assets at fair value through other comprehensive income	(4,668)	–	(4,668)	59,918	–	59,918
	(4,668)	**(52,489)**	**(57,157)**	**59,918**	**13,471**	**73,389**

The following table presents, for financial assets included in level 3 of the fair value hierarchy, the main valuation methods used and the impact of changing the main variables used in their valuation, when applicable:

(millions of Euros)

Assets classified under level 3	2025						
	Valuation Model	Variable analysed	Book value	Unfavorable scenario		Favorable scenario	
				Change	Impact	Change	Impact
Financial assets mandatorily at fair value through profit or loss			**716.3**		**(30.1)**		**26.3**
Bonds issued by other entities			134.2		(14.9)		15.5
	Discounted cash flows Model	Discount rate	134.2	- 1,0 %	(14.9)	+ 1,0 %	15.5
Shares			141.5		(8.8)		8.8
	Valuation of the management company (adjusted)	(b)	141.5	- 6,2 %	(8.8)	+ 6,2 %	8.8
Other variable income securities			405.1		(4.3)		2.1
	Valuation of the management company (adjusted)	(b)	33.6	- 6,2 %	(2.1)	+ 6,2 %	2.1
	Valuation of the management company	(c)	371.4		–		–
	Others	(a)	0.1				
Loans		(d)	35.6	-6,1%	(2.2)	0	–
Financial assets at fair value through other comprehensive income			**152.0**		**(9.7)**		**11.7**
Bonds issued by other entities			27.3		(0.6)		0.5
	Discounted cash flows Model	Discount rate	27.3	- 1,0 %	(0.6)	+ 1,0 %	0.5
Shares			124.7		(9.1)		11.3
	Discounted cash flows	Renewable Energy Tariff	9.6	- 6,5 %	(0.6)	+ 2,7 %	0.3
	Discounted cash flows	CoE & Dividend Yield	50.0	- 17,0 %	(8.5)	+ 22,0 %	11.0
	Others	(a)	65.1		–		–
Total			**868.3**		**(39.8)**		**38.0**

(a) No sensitivity analysis was carried out for these categories as these include securities of an individually immaterial value.

(b) For the sensitivity analysis carried out on the valuation of the Restructuring Funds, taking into account the valuation methodologies applied, a variation of +10% and -10% was considered in the fair value of the main real estate assets of each Fund, which leads to an impact of +6.2% and -6.2% in the fair value of the restructuring funds.

(c) In the specific case of units valued according to the quotation provided by the respective management company, it is not reasonable to analyze the impact of the change in variables underlying the determination of the quotation by that entity

(d) Sensitivity scenarios were analysed, namely 1 and 2 years delays in the expected cash flow schedules for the Angola and Mozambique operations. These scenarios lead to a -1,3 million euros (-3,4%) and 2,2 million euros (-6,1%) impact on the fair value, respectively.

(millions of Euros)

Assets classified under level 3	Valuation Model	Variable analysed	2024 Book value	Unfavorable scenario Change	Unfavorable scenario Impact	Favorable scenario Change	Favorable scenario Impact
Financial assets mandatorily at fair value through profit or loss			**1,116.8**		**(41.6)**		**44.3**
Bonds issued by other entities			134.2		(14.9)		15.5
	Discounted cash flows Model	Discount rate	491.2	- 1,0 %	(28.7)	+ 1,0 %	31.3
Shares			141.5		(8.8)		8.8
	Valuation of the management company (adjusted)	(b)	141.5	- 6,2 %	(8.8)	+ 6,2 %	8.8
Other variable income securities			405.1		(4.3)		2.1
	Valuation of the management company (adjusted)	(b)	33.6	- 6,2 %	(2.1)	+ 6,2 %	2.1
	Valuation of the management company	(c)	371.4		–		–
Loans		(d)	35.6	-6,1%	(2.2)	0	–
Financial assets at fair value through other comprehensive income			**152.0**		**(9.7)**		**11.7**
Shares			124.7		(9.1)		11.3
	Discounted cash flows	Renewable Energy Tariff	9.6	- 6,5 %	(0.6)	+ 2,7 %	0.3
	Discounted cash flows	CoE & Dividend Yield	50.0	- 17,0 %	(8.5)	+ 22,0 %	11.0
	Others	(a)	65.1		–		–
Total			**1,198.0**		**(50.8)**		**55.5**

(a) No sensitivity analysis was carried out for these categories as these include securities of an individually immaterial value.

(b) For the sensitivity analysis carried out on the valuation of the Restructuring Funds, taking into account the valuation methodologies applied, a variation of +10% and -10% was considered in the fair value of the main real estate assets of each Fund, which leads to an impact of +6.2% and -6.2% in the fair value of the restructuring funds.

(c) In the specific case of units valued according to the quotation provided by the respective management company, it is not reasonable to analyze the impact of the change in variables underlying the determination of the quotation by that entity

The main parameters used as at 31 December 2025 and 2024 in the valuation models were as follows:

Interest rate curves

The short-term rates presented reflect benchmark interest rates for the money market, whilst those presented for the long-term represent the interest rate swap quotations for the respective periods:

(%)

	2025			2024		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	1.9760	3.6350	3.7350	3.0077	4.2850	4.7300
1 month	1.9390	3.7250	3.8600	2.8450	4.4050	5.0100
3 months	2.0260	3.7950	4.0150	2.7140	4.4350	4.9050
6 months	2.1070	3.8150	3.9700	2.5680	4.4550	4.8500
9 months	2.1746	3.7950	4.0250	2.5146	4.4750	4.8200
1 year	2.2430	3.6920	3.7914	2.4600	4.4300	4.6874
3 years	2.3795	3.5870	3.7774	2.1940	4.3230	4.3951
5 years	2.5690	3.6710	3.8992	2.2410	4.3130	4.2863
7 years	2.7281	3.8470	4.0315	2.2940	4.2980	4.2607
10 years	2.9240	4.0410	4.2325	2.3590	4.3425	4.3073
15 years	3.1420	4.2990	4.4855	2.4190	4.3740	4.4288
20 years	3.2371	4.1980	4.6194	2.3610	4.3880	4.4842
25 years	3.2550	4.4440	4.6744	2.2570	4.2780	4.4865
30 years	3.2450	4.3890	4.6816	2.1540	4.2051	4.4575

Credit Spreads

The credit spreads used by the Bank in the valuation of credit derivatives are those disclosed on a daily basis by Markit, representing observations pertaining to around 85 renowned international financial entities.

The evolution of the main indexes, understood as being representative of the credit spread behaviour in the market during the year, is presented as follows:

(basis points)

Index	Series	1 year	3 years	5 years	7 years	10 years
31 December 2025						
CDX USD Main	**45**	–	29.69	50.01	69.59	89.36
iTraxx Eur Main	**44**	7.67	27.07	50.66	70.15	91.65
iTraxx Eur Senior Financial	**44**	–	–	54.34	–	–
31 December 2024						
CDX USD Main	**43**	–	29.85	49.84	70.45	90.23
iTraxx Eur Main	**42**	13.75	35.24	57.65	77.48	97.75
iTraxx Eur Senior Financial	**42**	–	–	63.78	–	–

Interest Rate Volatility

The values presented below refer to the implicit volatilities (at the money) used for the valuation of interest rate options:

(%)

	2025			2024		
	EUR	USD	GBP	EUR	USD	GBP
1 year	21.57	48.90	34.10	66.88	67.60	66.00
3 years	52.01	71.90	59.10	84.08	101.20	99.80
5 years	61.88	77.50	68.70	86.99	104.40	106.00
7 years	65.78	80.10	73.70	86.35	104.00	106.30
10 years	68.21	81.70	78.40	84.13	102.10	104.00
15 years	68.67	82.50	81.90	79.90	97.70	100.20

Foreign Exchange Rates and Volatility

Presented below are the foreign exchange rates (European Central Bank) at the balance sheet date and the implicit volatilities (at the money) for the main currencies used in the derivatives valuation:

Foreign exchange rate	2025	2024	Volatility (%)				
			1 month	3 months	6 months	9 months	1 year
EUR/USD	1.1750	1.0389	5.2750	5.5830	5.8350	6.0500	6.1980
EUR/GBP	0.8726	0.8292	3.6400	4.1700	4.5500	4.8000	4.9700
EUR/CHF	0.9314	0.9412	3.6500	4.1700	4.5900	4.8700	5.0500
EUR/NOK	11.8430	11.7950	6.2500	6.7400	7.1550	7.4200	7.6700
EUR/PLN	4.2210	4.2750	3.9900	4.3500	4.7200	4.9800	5.1300
EUR/RUB	117.2010	117.2010	19.8900	25.8300	29.4500	31.3300	32.0100
EUR/BRL	6.4364	6.4253	12.5300	14.9900	13.9700	14.8750	16.6500
EUR/TRY	50.4838	36.7372	11.0000	14.5100	17.1800	18.8500	19.9300

Regarding exchange rates, the Bank uses the spot rate observed in the market at the time of valuation in its valuation models.

Quotation Indexes

The table below presents the evolution of the main market equity indexes and their respective volatilities, used in the valuation of equity derivatives:

	Quotation			Historical volatility		Implicit volatility
	2025	2024	Variation %	1 month	3 months	
DJ Euro Stoxx 50	5,791	4,896	18.29%	8.50	11.48	–
PSI 20	8,264	6,377	29.58%	10.38	12.03	–
IBEX 35	17,308	11,595	49.27%	9.23	12.08	–
FTSE 100	9,931	8,173	21.51%	7.50	8.54	10.47
DAX	24,490	19,909	23.01%	11.13	12.70	12.82
S&P 500	6,846	5,882	16.39%	11.23	11.53	12.70
BOVESPA	161,125	120,283	33.95%	19.53	13.97	16.23

36.2 Assets and liabilities at Amortised Cost

Cash and deposits with Central Banks, Deposits with banks and Loans and advances to credit institutions and Deposits from Central Banks

Considering the short-term nature of these financial instruments, their carrying book value is a reasonable estimate of their fair value.

Securities at amortised cost

The fair value of securities recorded at fair value is estimated according to the methodologies used for the valuation of securities recorded at fair value, as described at the beginning of the current Note.

Loans and advances to customers

The fair value of loans and advances to customers is estimated based on the discounted expected future cash flows of principal and interest, assuming that the instalments are paid on the dates contractually defined. The expected future cash flows from portfolios of loans with similar credit risk characteristics, such as residential mortgage loans, are estimated collectively on a portfolio basis. The discount rates used by the Bank are the current interest rates used for loans with similar characteristics.

Deposits from credit institutions

The fair value of deposits from Central Banks and Deposits from credit institutions is estimated based on the discounted expected future cash flows of principal and interest.

Due to customers

The fair value of these financial instruments is estimated based on the updating of expected capital and interest cash flows. The discount rate used is the one that reflects the rates practised for deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

Debt securities issued, Subordinated debt and liabilities associated to transferred assets

The fair value of these instruments is based on quoted market prices, when available. When not available, the Bank estimates their fair value by discounting their expected future cash flows of principal and interest.

Other financial liabilities

These liabilities are short-term and therefore the book value is a reasonable estimate of their fair value.

The fair value of financial assets and liabilities recorded in the balance sheet at amortized cost is analysed as follows, having been estimated based on the main methodologies and assumptions described below:

(thousands of Euros)

		Fair Value			
	Assets / liabilities recorded at amortised cost	Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	Total fair value
		(Level 1)	(Level 2)	(Level 3)	
31 December 2025					
Cash, cash balances at central bank and other demand deposits	2,061,747	–	2,061,747	–	2,061,747
Financial assets at amortised cost					
Debt securities	7,999,577	5,515,911	876,907	1,507,056	7,899,874
Loans and advances to banks	2,374,936	–	2,374,936	–	2,374,936
Loans and advances to customers	25,835,659	–	–	25,933,248	25,933,248
Financial assets	**38,271,919**	**5,515,911**	**5,313,590**	**27,440,304**	**38,269,804**
Financial liabilities measured at amortised cost					
Deposits from banks	3,779,813	–	3,779,813	–	3,779,813
Due to customers	31,344,905	–	–	31,344,905	31,344,905
Debt securities issued, subordinated debt and liabilities associated to transferred assets	4,393,118	4,794,896	–	–	4,794,896
Other financial liabilities	517,451	–	–	517,451	517,451
Financial liabilities	**40,035,287**	**4,794,896**	**3,779,813**	**31,862,356**	**40,437,064**

(thousands of Euros)

	Assets / liabilities recorded at amortised cost	Fair Value			Total fair value
		Quoted market prices	Valuation models based on observable market parameters	Valuation models based on unobservable market parameters	
		(Level 1)	(Level 2)	(Level 3)	
31 December 2024					
Cash, cash balances at central bank and other demand deposits	1,604,833	–	1,604,833	–	1,604,833
Financial assets at amortised cost					
Debt securities	8,639,161	6,779,428	208,693	1,576,052	8,564,173
Loans and advances to banks	138,875	–	138,875	–	138,875
Loans and advances to customers	23,813,529	–	–	23,936,247	23,936,247
Financial assets	**34,196,397**	**6,779,428**	**1,952,401**	**25,512,298**	**34,244,128**
Financial liabilities measured at amortised cost					
Deposits from banks	2,640,019	–	2,640,019	–	2,640,019
Due to customers	29,472,648	–	–	29,472,648	29,472,648
Debt securities issued, subordinated debt and liabilities associated to transferred assets	2,942,472	3,348,247	–	–	3,348,247
Other financial liabilities	545,427	–	–	545,427	545,427
Financial liabilities	**35,600,565**	**3,348,247**	**2,640,019**	**30,018,075**	**36,006,341**

Note 37 - Risk Management

The institutional area of Novo Banco, S.A.'s website (www.novobanco.pt) presents the information directed to investors, namely, Novo Banco, S.A. Market Discipline Report which addresses the public disclosure obligations as defined in Part VIII of the Regulation no. 575/2013 of the European Parliament and the Council at 26 of July 2013 (CRR) and EBA guidelines transposed to the Portuguese legislation through the Instruction no. 5/2018 the Bank of Portugal.

In the case where the information of the present annual report supports the information in the Market Discipline report, this information is identified through references to this report as systematised in the Annex of the Market Discipline Report.

37.1 Framework

Risk is implicit in the banking business and as such novobanco is naturally exposed to several categories of risks arising from external and internal factors, and which arise according to the characteristics of the markets in which the Bank operates and the activities it undertakes.

The Bank's Risk management and control is therefore grounded on the following assumptions:

- Universality through application throughout the novobanco Group;
- The integration of a risk culture through a holistic approach;
- Independence of the control functions from the risk-taking units, complying with the 3 Lines of Defence Model;
- Forward Looking approach to identifying risk exposures in order to manage them within the framework of the defined risk appetite, allowing for a dynamic view of risks;
- Continuous improvement in the quality and timeliness of the information used to monitor and manage risks.

37.2 Governance and Risk management structure

Risk Management, being vital for the development of novobanco Group's activity, is centralized in the Risk Management Function, assumed by the Global Risk Department (DRG), which defines in a holistic way the principles of risk management and control, in close coordination with the other 2nd line units of the novobanco Group, as well as with the Internal Audit Department.

All materially relevant risks are reported to the respective Management and Supervisory Bodies (EBD, GSB and both Risk Committees and specialised Committees), which assume responsibility for supervising, monitoring, assessing, and defining the Risk Appetite and the control principles implemented.

The person responsible for the Risk Management Function of the novobanco Group is the head of the DRG. In order to guarantee greater efficiency in coordination with the DRG, a local Risk Function Manager was appointed for each

relevant entity of the novobanco Group. The intervention of the DRG is direct or of coordination in alignment with the units that assume the local Risk Management Function.

The risks identified as relevant and material are quantified as part of the Internal Capital Adequacy Self-Assessment (ICAAP) exercise, the most relevant of which are:

- credit risk that includes default, counterparty and concentration
- market risk;
- liquidity risk;
- information and communication and Security, compliance risk, and reputational risk, and
- business risk.

We highlight ESG (Environmental, Social and Governance) risk - particularly the subcategories of climate and environmental risk and other environmental risks - as risks of increasing relevance, and whose impact is estimated to be materialized in the medium and long term (that is, over a horizon longer than the other risk categories).

ESG risk is part of the Bank's risk management framework, in close articulation between the DRG and the ESG Office, which contributes specific knowledge to the identification of climate and environmental risk factors and social risk factors.

Thus, it is formally defined in the taxonomy of risks of novobanco as the exposure to unfavourable events resulting from inadequacy or failures in procedures, systems or policies related to the environment (adaptation to or mitigation of climate change, sustainable use and protection of water or marine resources, transition to the circular economy, waste prevention and recycling, pollution control and ecosystem protection) and natural resources (Biodiversity), Social (equality, social cohesion, social integration, labour relations) and Governance (adequate management structures, labour relations, employee compensation and tax compliance).

The assessment of the materiality of its impacts is analysed cross-sectionally, as ESG factors are intrinsically present in the other risk categories provided for in the Bank risk taxonomy.

In this regard, we highlight the factors that have received greater specialization from the Bank, in terms of its risk assessment and control methodologies and their integration into business processes:

- Climate transition risks: defined as the impacts associated with the transition to a low-carbon economy. In other words, these risks are caused by legislation/regulation, technology and market changes resulting from the requirements associated with climate change. Depending on the response of each economic sector (and each company in particular) to the need for transition, different scenarios (and severities of transition risk factors) can be projected and, as a result, different risks and risk levels can be identified and assessed;
- Physical risks: defined as the impacts associated with the physical effects of climate change. These risks may result from factors arising from an extreme event - severe risk - or through a medium or long-term factor - chronic risk (for example, the negative effect that global warming, resulting from the continuous rise in temperatures, may have on the production cycles of some sectors). Physical risks may result in internal financial impacts (damage to own assets) or external financial impacts (disruption of the production cycles of clients/counterparties or the impact on the Bank's real estate collateral).

Next are the main guidelines for managing the risks identified above:

- credit risk: the management and control of this type of risk is supported using an internal system of risk identification, assessment and quantification, as well as internal processes for attributing ratings and scorings to portfolios and their continuous monitoring in specific decision forums;
- market risk: existence of a specialised team that centralises the management and control of market risk and balance sheet interest rate risk (IRRBB) of the Bank, in line with the regulations and good risk practices;
- liquidity risk: based on the measurement of liquidity outflows from contractual and contingent positions in normal or stressed situations, the management and control of this risk consists, on the one hand, in determining the size of the pool of liquidity available at each moment, and on the other hand, in planning for medium and long term stable financing sources;
- non-financial risks: the management of this risk is based on the definition of a framework for the management and control of non-financial risks and specific policies; and on the compliance function and the Information Security Office playing a relevant role in the definition of other specific risk policies.

37.3 Credit risk

Credit risk results from the possibility of financial losses arising from the default of the client or counterparty in relation to the contractual obligations established with the Bank within the scope of its credit activity. Credit risk is essentially present in traditional banking products - loans, guarantees and other contingent liabilities and derivatives. In credit default swaps (CDS), the net exposure between protection seller and buyer positions on each entity underlying the transactions, constitutes credit risk for novobanco. CDS are recorded at their fair value in accordance with the accounting policy described in Note 6.6.6.

A permanent management of credit portfolios is carried out, which privileges the interaction between the various teams involved in risk management throughout the successive stages of the life of the credit process. This approach is complemented by the introduction of continuous improvements both in the level of methodologies and tools for risk assessment and control, as well as in the level of decision-making procedures and circuits.

The monitoring of the Bank's credit risk profile, regarding the evolution of credit exposures and monitoring of credit losses, is carried out regularly on the Risk Committees of the Executive Board of Directors and the General and Supervisory Board.

Main events in the financial year 2025

The cost of risk during 2025 amounted to 27 million euros, below the amount recorded in 2024, confirming a controlled and adequate level of credit risk, based on consistent performance of the loan portfolio across all portfolios, with low levels of claims as well as continuous improvement in the average quality of the portfolio, both through the reduction of the portfolio of non-performing exposures and also the reduction of the portfolio in stage 2.

During 2025, we highlight the following as the main non-recurring events in terms of impairment policy:

- Update of risk parameters resulting from new IFRS9 models developed for the calculation of impairment;
- Strengthening of the model and governance for the constitution of management decision impairments (impairment management overlays);
- Review and supplementation of evidence in the Stage 2 classification.

Regarding the new IFRS 9 models developed and mentioned in the first point, we note that they reflect a comprehensive review of the risk parameter estimation models applied in the collective impairment model and promoted a restoration of impairments in most segments.

With respect to the second point mentioned above (impairment management overlays) the process and governance associated with quantifying the amount of impairment set up to address identified risks or new emerging risks not yet materialized in the impairment determined by the collective model was strengthened and formalized. The impairment amounts associated with each overlay are defined and approved by the Extended Impairment Committee and are reviewed quarterly, as is the need to establish new overlays. The total amount associated with impairment management overlays increased during 2025, with the accumulated amount of impairment related to management overlays totaling 167 million euros as of 31 December 2025, distributed among the following risks:

- Expectation of worsening market conditions;
- Full coverage for impairments on long-term non-performing corporate loans;
- Risk of Refinancing Corporate Loans in Stage 2;
- Transition from Stage 1 to Stage 2 of corporate loans with potential pre-watchlist classification;
- Risk of Refinancing of Guarantees Provided in Stage 2;
- Severity associated with the Large Corporate segment.

Finally, regarding the review and supplementation of indicators in the Stage 2 classification, we highlight:

- full review of the risk classification based on the Early Warning Signals system, which led to the implementation of the Stage 2 indicator through the Watchlist classification. This criterion replaced the case-by-case markings previously made as a result of risk monitoring processes;

- supplementation of the Stage 2 indicator for loans overdue by more than 30 days with the additional criterion of default exceeding 30 days according to the definition of default.

The climate and environmental risk component

The ESG risk materiality analysis seeks to identify the impact that this risk will have on other risks, particularly credit risk, since it is the main risk faced by novobanco. In order to monitor the portfolio's credit risk from an ESG perspective, various metrics (KRI) were created which are monitored on a monthly basis, seeking to analyse the evolution of the portfolio's risk and anticipate any adverse impacts on credit risk resulting from factors associated with climate and environmental risk.

From a portfolio perspective, the assessment of credit risk in sectors relevant to climate risk policy is used by the novobanco to prioritize, assess and monitor transition risk, with a focus on negatively affected sectors or those with an uncertain impact. This methodology takes into account the following factors: direct and indirect contribution to GHG emissions (greenhouse gas, such as the production and distribution of fossil fuels or renewable energies), relevance to climate policy (such as the sensitivity of the cost structure to regulatory or fiscal changes based on GHG emissions) and importance in the energy value chain (production, use, consumption).

In this respect, novobanco is developing its transition plan with the aim of reducing its indirect carbon footprint, reducing the risk of its portfolio and contributing to meeting the Paris objectives. In 2023, targets for reducing financed GHG emissions were approved under the Science Based Targets Initiative (SBTi). In 2024, additional targets for financed GHG emissions were approved for two new sectors: Chemicals and Fossil Energy, based on the trajectories defined by the International Energy Agency. Additionally, strategies were defined for aligning the portfolio in each of these sectors. Throughout 2025, the previously established objectives were maintained and monitored.

In order to allow for a top-down analysis, novobanco has developed an ESG sectoral scoring system that allows for the identification of clients who will be the target of credit risk analysis from an ESG perspective, by prioritizing the sectors with the greatest concerns in terms of climate risk, namely the sectors classified in the ESG scoring with high and severe risk. Novobanco is developing specific guidelines adapted to the risks that each relevant sector faces or will face.

To ensure that novobanco has access to its clients ESG information, new contractual provisions have been introduced in credit agreements regarding the provision of non-financial information by clients, minimum social and governance safeguards, as well as sectoral provisions for sectors subject to minimum financing safeguards, where applicable. For reference, the sectors subject to exclusion or minimum safeguards are described in the novobanco's Financing Principles - Sector/activity exclusions and minimum safeguards.

During 2025, the effort to obtain Energy Performance Certificates (EPC) for existing real estate guarantees in the Bank's portfolio was maintained. For new transactions, regardless of the purpose and type of property, the energy certificate is mandatory.

37.3.1 Exposure to credit risk

Novobanco maximum credit risk exposure is analysed as follows:

(thousands of Euros)

	2025			2024		
	Gross value	Impairment	Net Value	Gross value	Impairment	Net Value
Deposits with and loans and advances to banks	2,476,095	(788)	2,475,307	224,162	(529)	223,633
Derivatives held for trading and fair value option derivatives	79,749	–	79,749	112,108	–	112,108
Securities held for trading	126,280	–	126,280	521,191	–	521,191
Securities mandatorily at fair value through profit or loss	516,175	–	516,175	504,197	–	504,197
Securities at fair value through other comprehensive income	3,378,689	(577)	3,378,112	2,987,230	(423)	2,986,807
Securities at amortised cost	8,065,402	(65,825)	7,999,577	8,881,337	(242,176)	8,639,161
Loans and advances to customers	26,524,681	(727,547)	25,797,134	24,576,010	(816,042)	23,759,967
Derivatives - hedge accounting	617,532	–	617,532	682,487	–	682,487
Other assets	419,525	(39,902)	379,623	557,263	(86,629)	470,634
Guarantees and standby letters provided	2,178,169	(102,601)	2,075,568	2,347,433	(74,665)	2,272,768
Documentary credits	188,704	–	188,704	148,539	–	148,539
Revocable and irrevocable commitments	7,419,581	(9,455)	7,410,126	6,355,545	(8,613)	6,346,932
	51,990,582	**(946,695)**	**51,043,887**	**47,897,502**	**(1,229,077)**	**46,668,424**

For financial assets in the balance sheet, the maximum exposure to credit risk is represented by the accounting book value, net of impairment. For the off-balance sheet elements, the maximum exposure of the guarantees is the maximum amount that the Bank would have to pay if the guarantees were executed. For loan commitments and other credit-related commitments of an irrevocable nature, the maximum exposure is the total amount of the commitments assumed.

The Bank calculates impairment, on a collective or individual basis in accordance with the accounting policy as described in Note 6.12. In the cases where the value of the collateral, net of haircuts (considering the type of collateral), equals or

exceeds the exposure, the individual impairment may be nil. Hence, novobanco does not have any overdue financial assets for which it has not performed a review regarding their recoverability and the subsequent impairment recognition, when necessary.

37.3.2 Scenarization in impairment models

As proposed in IFRS 9 regulations, the Bank's calculation of impairment reflects different expectations of macroeconomic evolution, that is, it incorporates multiple scenarios. To incorporate the effects of future macroeconomic behaviour in the loss estimates, forward looking macroeconomic estimates are included in some of the risk parameters used in the impairment calculation. In effect, different possible scenarios are considered which give rise to the same number of impairment results.

In this context, the process of defining the macroeconomic scenarios considers the following principles:

- Representative scenarios that capture existing non-linearities (e.g., a base case scenario, a scenario with a more favourable macroeconomic outlook and a scenario with a less favourable macroeconomic outlook);
- The base case scenario is consistent with inputs used in other exercises in the Bank, since the same methodology is used for the impairment calculation as the Bank uses in internal and regulatory planning exercises;
- The alternative scenarios to the base case do not reflect extreme scenarios;
- The correlation between the projected variables is realistic with the economic reality (e.g., if GDP is increasing, unemployment is expected to be decreasing).

The exercise of building the base and alternative macroeconomic scenarios for the Portuguese economy is based on a combination of econometric forecasts, information on forecasts from other external institutions and application of subjective expert judgment.

In the first component, GDP growth is estimated through estimates for the growth of expenditure components, obtaining GDP through the formula GDP = Consumption + Investment + Exports - Imports. The econometric specifications chosen are those that, after testing different alternatives, generate the best result.

The econometric estimates thus obtained are then weighted with forecasts from external institutions, according to the principle that the combination of different projections tends to be more accurate than just a forecast (the risk of errors and bias associated with specific methods and variables is minimised).

The forecasts for prices (consume and real estate) and unemployment follow a similar methodology: own forecasts based on an estimated model, weighted with forecasts from external institutions, if available. In a base scenario, the projections for interest rates start from market expectations (provided by Bloomberg), with possible adjustments in accordance with the principles defined above, if considered appropriate (weighting by expert judgment and forecasts from external institutions). The alternative scenarios are based on the historical observation of deviations from the trend in GDP behaviour (cost and contraction cycles), the reference of EBA recommendations for extreme adverse scenarios, the stylised facts of economic cycles, with respect to the components of expenditure, prices, unemployment, etc. and estimates.

Thus, when revising / updating the scenarios, the respective probabilities of execution are also reviewed. Once the scenarios are updated, the values of the risk parameters are updated for later consideration in the scope of the Impairment calculation. The final impairment calculated will thus result from the sum of the impairment value of each scenario, weighted by the respective probability of execution.

Currently, 3 scenarios are considered for the calculation of impairment on a collective basis: base case, downside case (or adverse) and an upside case.The impairment calculation is equivalent to considering the scenarios described below:

A – Base Scenario, with a relative weight of 77%

	Unit	2026	2027	2028
PIB	Real growth %	2.2	1.7	1.9
Private Consumption	Real growth %	2.0	2.0	2.2
Public Expenditure	Real growth %	1.3	1.0	0.6
Investment	Real growth %	5.3	0.6	3.2
Exports	Real growth %	2.2	2.8	3.6
Imports	Real growth %	2.8	2.3	3.2
Internal Demand	Real growth %	2.6	1.5	2.1
Prices		–	–	–
CPI	%	1.9	2.0	2.0
Real Estate (Residential)	%	6.8	6.3	6.5
Real Estate (Commercial)	%	3.0	3.0	3.2
Equity prices (incremental change)	%	–	–	–
Unemployment	% workforce	6.3	6.3	6.4
Euribor (annual average)				
3-months	%	1.96	2.06	2.27
6-months	%	1.96	2.09	2.30
12-months	%	1.99	2.16	2.36
Sovereign yields (average)				
Bund 10Y	%	2.74	2.91	3.08
PGB 10Y	%	3.18	3.44	3.69
PGB 2Y	%	2.01	2.29	2.69
10Y PGB-Bund spread				
Annual average	bps	44	53	62
10Y-2Y PGB Spread				
Annual average	bps	117	115	100

The base macroeconomic scenario considers GDP growth of 2.2% in 2026, 1.7% in 2027, and 1.9% in 2028, supported by stronger growth in investment and exports, as well as resilient consumption. Unemployment and inflation remain stable and low. Short-term interest rates are expected to stabilize in 2026–27, before a slight increase in 2028.

B – Less favourable / stress scenario, with a relative weight of 5%

	Unit	2026	2027	2028
PIB	Real growth %	(1.8)	(4.3)	(0.3)
Private Consumption	Real growth %	(3.6)	(4.2)	(0.5)
Public Expenditure	Real growth %	(3.7)	(2.6)	(2.2)
Investment	Real growth %	(12.5)	(17.5)	(3.2)
Exports	Real growth %	(0.6)	(8.3)	3.6
Imports	Real growth %	(8.2)	(13.2)	1.7
Internal Demand	Real growth %	(5.5)	(6.5)	(1.3)
Prices				
CPI	%	3.8	1.4	1.4
Real Estate (Residential)	%	(5.4)	(13.8)	(7.7)
Real Estate (Commercial)	%	(7.0)	(16.6)	(10.7)
Equity prices (incremental change)	%	(50.0)	4.0	4.0
Unemployment	% workforce	9.2	12.4	12.9
Euribor (annual average)				
3-months	%	3.13	2.80	1.55
6-months	%	3.10	2.74	1.53
12-months	%	3.05	2.69	1.51
Sovereign yields (average)				
Bund 10Y	%	3.99	3.45	3.35
PGB 10Y	%	5.29	4.55	4.25
PGB 2Y	%	4.90	4.25	3.75
10Y PGB-Bund spread				
Annual average	bps	130	110	90
10Y-2Y PGB Spread				
Annual average	bps	39	30	50

The stress scenario assumes an escalation of geopolitical tensions, resulting in severe disruptions to supply chains. An initial inflationary shock leads to tighter financial conditions and a significant contraction in activity, which then pushes inflation and interest rates substantially lower. Portugal's GDP falls by 1.8% in 2026, 4.3% in 2027, and 0.3% in 2028.

C – More favourable scenario, with a relative weight of 18%

	Unit	2026	2027	2028
PIB	Real growth %	3.3	2.9	2.7
Private Consumption	Real growth %	2.3	2.6	3.5
Public Expenditure	Real growth %	0.1	0.5	2.1
Investment	Real growth %	9.2	5.2	3.3
Exports	Real growth %	6.4	4.6	4.0
Imports	Real growth %	6.6	4.4	5.1
Internal Demand	Real growth %	3.4	2.8	3.2
Prices				
CPI	%	2.7	2.8	2.5
Real Estate (Residential)	%	7.8	7.4	7.2
Real Estate (Commercial)	%	2.8	2.6	2.5
Equity prices (incremental change)	%	23.0	21.0	6.0
Unemployment	% workforce	6.1	5.9	5.7
Euribor (annual average)				
3-months	%	2.69	3.45	3.58
6-months	%	2.73	3.53	3.63
12-months	%	2.73	3.56	3.66
Sovereign yields (average)				
Bund 10Y	%	2.88	3.30	3.70
PGB 10Y	%	3.25	3.63	3.98
PGB 2Y	%	2.10	2.40	2.70
10Y PGB-Bund spread				
Annual average	bps	38	33	28
10Y-2Y PGB Spread				
Annual average	bps	116	123	128

The favorable scenario assumes materially better economic performance compared to the base scenario. Productivity gains, trade truces, supportive fiscal policies, and lower geopolitical risks contribute to stronger growth in the global and Portuguese economies, with only a moderate increase in inflation. Unemployment decreases. The ECB deposit interest rate rises to 3.5%. The spread differential of 10-year Treasury bonds for Portugal narrows compared to those for Germany.

37.3.3 Impairment models

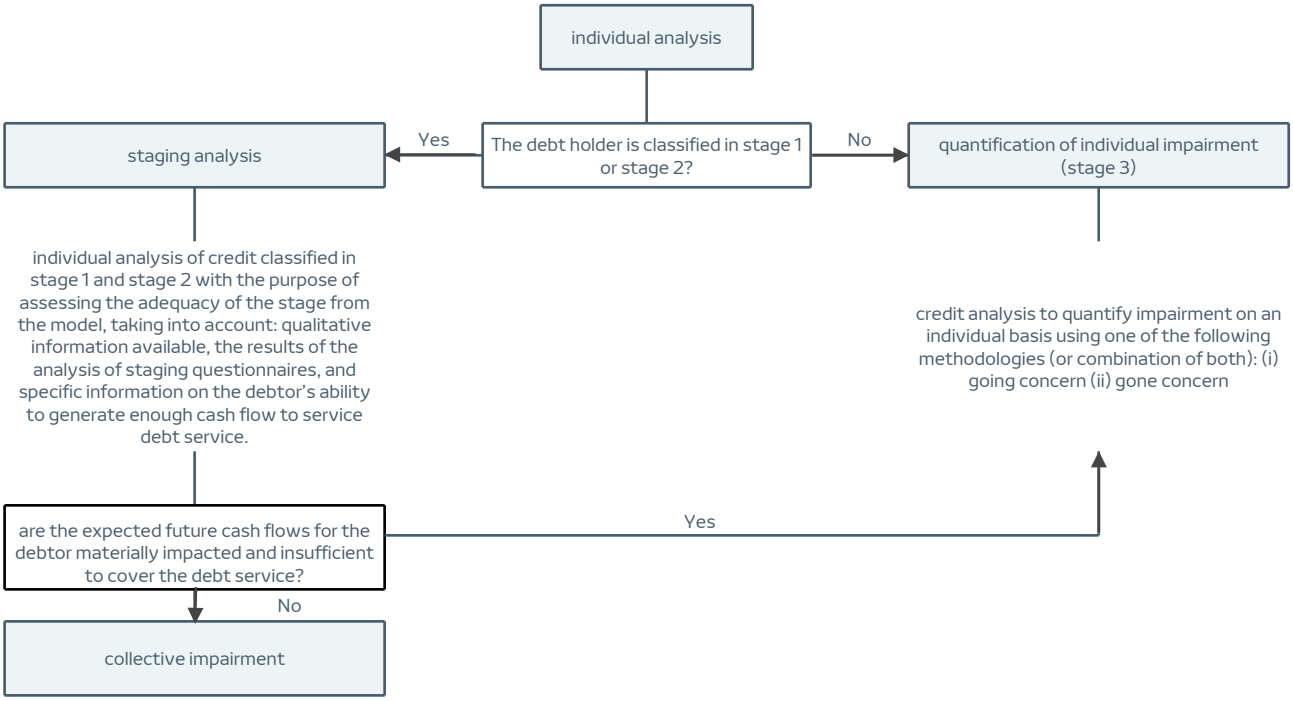
37.3.3.1 Individual Credit Analysis

The Individual Impairment Analysis aims to determine the most appropriate impairment rate for individually significant clients, regardless of the value resulting from the Collective Impairment Model. The identification of individually significant customers is carried out based on the criteria defined in the standard.

The Individual Analysis of individually significant clients is carried out based on the information provided by the Commercial Structures and DRCE (Corporate Credit Recovery Department) regarding the client/Group framework, historical cash flows (wherever possible, at least 3 years) and forecasts (when available) and existing collateral.

In the analysis of quantifying impairment on an individual basis, possible scenarios are established for credit recovery, either through the continuity of the client's business, through the giving/execution of collateral or through the sale of the credit, weighted by the respective probability of occurrence. If the analysis results in no specific impairment being necessary, the impairment will be determined by collective analysis, that is, by the collective impairment model.

The scheme below is illustrative of the individual credit analysis to be carried out for the purpose of concluding on the classification in terms of staging of debtors.



Selection Criteria

The Group considers as the target of an Individual Analysis process (staging analysis and, when applicable, individual impairment quantification), customers who:

- Register exposure in stage 3 and liability equal to or greater than 1 million euros per Economic Group;
- Are identified by the Committee itself based on another justified criterion (e.g. sector of activity);
- In the past, they have been assigned specific impairment;
- In the event of any new evidence that may have repercussions on the calculation of impairment, they are proposed for analysis by one of the participants of the Impairment Committee or by another Body/Forum, namely GARC.

The identification of customers targeted for Individual Analysis will be updated monthly, in order to take into account any changes that may occur throughout the year.

Quantification of Impairment on an Individual Basis

The impairment calculation on an individual basis may take into account different recovery strategies, which must include different possible scenarios, weighted by the respective probability of occurrence, and they must include information on past and current events and forecasts of future economic conditions (forward scenarios -looking).

It is understood that there are two methods of estimating the amount to be recovered by the Bank:

- Going Concern approach ("business continuity" method): estimation of cash flows through the client's activity;
- Gone Concern approach ("cessation of activity" method): presupposes the cessation of the Client's activity, whereby the recoverable value is determined based on scenarios of execution/granting of guarantees provided, the Client's liquidation/insolvency and/or of the respective guarantors/guarantors, and/or the sale of credits to third parties.

Going Concern

This scenario involves a situation of recovery of outstanding amounts through the cash flows generated by the client's business.

The going concern scenario is considered to be applicable when:

- There is updated and reliable financial information about the debtor so that it is possible to reliably estimate the future cash flows that will be channelled to fulfil the debt service (e.g.: financial information aged less than or equal to 1 year and/or reports audits that do not recurrently present reservations);
- The available information suggests that the debtor will have the capacity to generate cash flows from its operational activities.

This analysis can be carried out using the following approaches:

- "Discounted Cash Flow" - approach supported by a reliable business plan and adjusted to the expectations of the evolution of the debtor's activity;
- "Two-step Discounted Cash Flow" - approach supported by a Discounted Cash Flow (Step 1), complemented with a Terminal value (Step 2);
- "Steady state" - in the absence of a reliable business plan, the latest available financial statements may be used, and the Group must make any adjustments it deems necessary to determine the operational cash flow that will be generated to cover debt service.

Gone Concern

In the gone concern approach, the recovery of amounts owed will be materialized through a scenario of payment in kind and/or the execution of collateral allocated to the credit granted. This approach therefore considers the scenario of cessation of the company's activity and the preparation of estimates of the flows that result from the execution and sale of collateral allocated to credit.

The consideration of a scenario of donation or execution of collateral must, in a first phase, take into account the eligibility of the collateral for recovery of the amounts owed, i.e., the verification that the asset meets the necessary conditions to be considered for consideration. effects of calculating the recoverable value (e.g.: registration of mortgages, lack of seizure of assets, among others). By way of example, if another creditor has a preferential mortgage on the collateral that is greater than the recoverable value of the asset, then the Group should not consider any amount recoverable from that collateral.

Subsequently, the recoverable value must be determined in accordance with the rules described in Circular Letter no. CC/2018/0000062, particularly with regard to the deadlines for receiving collateral, sales costs, maintenance costs, haircuts to be applied in accordance with the age of the evaluation, among others.

37.3.3.2 Collective analysis adjustments to the automatic result of the model

After processing the automatic impairment calculation and validating the consistency of the results obtained, all situations that may need an adjustment to the calculated impairment value are assessed. These adjustments are reflected, whenever possible, directly in the exposures.

When this is not possible, the calculated impairment value is recorded without being allocated to specific exposures and, for that purpose, the stage and the type of credit to which it refers are associated. Having the prerogative to ensure that all impairment is allocated to specific exposures, these impairment amounts initially constituted in the unallocated form will, once conditions exist, be fully distributed over the exposures in which their allocation is determined.

In terms of the governance model, both adjustments to specific exposures and impairment amounts constituted in the unallocated form must be validated and supported by an approval by a competent body, which, as a rule, will be the Extended Impairment Committee.

37.3.4 Credit risk monitoring

37.3.4.1 Internal rating models for corporate, institutional and equity portfolios

Regarding the rating models for corporate portfolios, different approaches are adopted depending on the size and sector of activity of the clients. Specific models are also used, adapted to loan operations of project finance, acquisition finance, object finance, commodity finance and real estate development finance.

Below is a summary table on the types of risk models adopted in the internal assignment of credit ratings:

Segmentation Criteria	Model Type	Description
Sector, Size, Product • Large Companies • Financial Institutions • Municipalities • Institutional • Local and Regional Administrations • Real Estate (Investment/ Development) • *Acquisition Finance* • *Project Finance* • *Object Finance* • *Commodity Finance*	Template	Ratings assigned by teams of analysts, using sector-specific models (templates) and financial and qualitative information.
Medium sized companies	Semi-automatic	Rating model based on financial, qualitative, and behavioural information, validated by analysts.
Small companies Start-Ups and Sole Proprietors	Automatic	Rating model based on financial, qualitative, and behavioural information. Rating model based on qualitative and behavioural information.



The Bank's Rating Department has a Rating Model for the following segments: Start-ups; Individual Business Owners (ENIs); Small Businesses; Medium Businesses; Large Companies; Real Estate and Rental Real Estate; Large Business Holding; Financial Institutions; Municipalities and Institutions; Countries; Project Finance; Object, Commodity and Acquisition Finance; Financial Holding.

The segments for which rating models are not available are:

- Insurance and Pension Funds;
- Churches, political parties and non-profit associations with turnover less than 500 thousands euros.

As far as rating models for corporate portfolios are concerned, different approaches are adopted depending on the size and sector of activity of the clients. Specific models adapted to project finance, acquisition finance, object finance, commodity finance and construction finance operations are also used.

Regarding the credit portfolios of large companies (turnover of more than 50 million euros), Financial Institutions, Institutions, Local and Regional Administrations and Specialized Loans - namely Project Finance; Object Finance, Commodity and Acquisition Finance - the risk ratings are proposed by structures from the Underwritting Credit Department (DUW) and validated by the Rating Desk of the Credit Department from novobanco. These structures consist of specialized technical staff. The proposal and validation of internal risk ratings by these teams to these risk segments, classified as low default portfolios, is based on the use of "expert-based" rating models (templates) that are based on qualitative and quantitative variables, closely correlated with the sector or sectors of activity in which the customers under analysis operate. With the exception of rating assignment to specialized loans, the methodology used by the Rating Desk is also governed by a risk analysis at the level of the maximum consolidation perimeter and by the identification of the status of each company participating in the respective economic group. The internal risk ratings are validated daily in a Rating Committee composed of members of the Rating Department's Directorate and the various specialized teams.

For the medium business segment (companies with a turnover of more than 1.25 million euros and less than 50 million euros, with the exception of companies in some sectors classified with specific risk segments, such as the real estate development sector), statistical rating models are used, combining financial data with qualitative and behavioural information. The publication of risk ratings, however, requires the execution of a prior validation process that is carried out by a technical team of risk analysts, who also take into account behavioural variables. In addition to rating assignment, these teams also elaborate rating reports, provided for in internal regulations, according to the current responsibilities/rating client binomial.

For the business segment (companies with a turnover of less than 1.25 million euros), statistical scoring models are also used, which have, in addition to financial and qualitative information, behavioural variables of the companies and the partner(s) in the calculation of risk ratings.

Scoring models specifically aimed at quantifying the risk of start-ups (companies established less than 2 years ago and with a turnover of less than 25 million euros in the first year of activity) and sole proprietors (ENI) are also implemented. These clients, along with small-sized businesses, depending on the exposure value, are included in the regulatory retail portfolios.

Finally, for companies in the real estate sector (companies dedicated to real estate promotion and investment activity, in particular small and medium-sized companies), given their specificities, their respective ratings are assigned by a specialized central team, relying on the use of specific models that combine the use of quantitative and technical variables (real estate valuations carried out by specialized offices), as well as qualitative and behavioural variables.

As for the risk positions equivalent to equities held by the novobanco, directly or indirectly through the holding of investment funds, as well as advances and accessory benefits, all included in the equity risk class for the purpose of calculating risk-weighted assets, are classified in various risk segments according to the characteristics of their issuers or borrowers, following the segmentation criteria presented earlier. These segmentation criteria determine the type of rating model to be applied to the issuers of the stocks (or borrowers of the advances / accessory benefits) and, therefore, to them.

37.3.4.2 Relationships between internal and external ratings

The assignment of an internal rating to entities with an external rating is made through the Markets Template available in the Rating Calculation application. The Markets Template gathers the external ratings that were assigned to a specific entity by the rating agencies Standard & Poor's (S&P), Moody's and Fitch.

Specifically, the functionality of providing external ratings from S&P - XpressFeed feeds the application of External Ratings daily, which allows the external ratings published by these agencies for a given entity to be filled in the Markets Template.

The external ratings assigned by Moody's and Fitch are not obtained automatically, having to be entered manually in the Markets Template, after consulting the respective websites.

The internal rating results, in the majority of situations, from the S&P equivalent external rating and, in exceptional situations, from the S&P equivalent external rating plus an internal adjustment, which must always be accompanied by justifying comments prepared by the analyst.

It should be noted that the S&P equivalent external rating is obtained by making a correspondence between the available external ratings and the rating scale of the referred financial rating agencies. The internal ratings produced by the Markets Template, and which have had adjustments must be mandatorily approved and validated by the Rating Committee.

The table below shows the correspondence between the external ratings S&P, Moody's and Fitch and the equivalent external rating S&P:

S&P	Moody's	Fitch	External rating equivalent to S&P	Aggregation classes of rating*
AAA	Aaa	AAA	AAA	Prime Grade
AA+	Aa1	AA+	AA+	High grade
AA	Aa2	AA	AA	
AA-	Aa3	AA-	AA-	
A+	A1	A+	A+	Upper medium grade
A	A2	A	A	
A-	A3	A-	A-	
BBB+	Baa1	BBB+	BBB+	Lower medium grade
BBB	Baa2	BBB	BBB	
BBB-	Baa3	BBB-	BBB-	
BB+	Ba1	BB+	BB+	Non investment grade speculative
BB	Ba2	BB	BB	
BB-	Ba3	BB-	BB-	
B+	B1	B+	B+	Highly speculative
B	B2	B	B	
B-	B3	B-	B-	
CCC+	Caa1	CCC+	CCC+	Other
CCC	Caa2	CCC	CCC	
CCC-	Caa3	CCC-	Lower than CCC	
CC	Ca	CC		
SD	C	C		
D		RD/D		

* For disclosure purposes in explanatory notes

37.3.4.3 Internal scoring models for individuals' portfolios

Regarding scoring models for individual portfolios, NB has origination / concession and behavioural scoring models (applied to operations older than 6 months).

These models are automatic, based on statistical models developed with internal information, considering socio-demographic information, loan characteristics, behavioural information and automatic penalties (if there are warning signs). In the case of behavioural models, information on the remaining loans of the contract holders is also considered.

The Bank is authorised by Bank of Portugal to use internal models in the calculation of regulatory capital requirements for the main portfolios of individuals: Mortgage Loans and Individual Loans. In addition, it has origination and behavioural scoring for the Credit Card, Overdraft and Loan Accounts products, which it uses for the purposes of designing and monitoring credit quality, however, not being IRB portfolios.

37.3.4.4 Other specific disclosures

Forward Looking Models

Collective impairment models incorporate forward looking information through macroeconomic models, which estimate the evolution of risk parameters through the evolution of macroeconomic variables.

Regarding the PD model, the forward looking adjustment is carried out for the segments of Large and Medium-sized Companies, Small Companies and Start-ups, Home Credit and Other Consumer Credit. For LGD models, there is a specific macroeconomic adjustment for the Housing, Consumer and Corporate Credit segments.

The aforementioned models are based on the historical series of defaults and, on the other hand by the historical series of the main macroeconomic variables (GDP, inflation, interest rate, unemployment rate and property prices), having been used quarterly historical data since 2010. The definition of the final models depends on the economic sense and their statistical performance.

37.3.5 Delinquency

The table below displays the assets impaired, or overdue but not impaired:

(thousands of euros)

	2025					
	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total exposure	Impairment	Net exposure
Deposits with and loans and advances to banks	2,476,095	–	–	2,476,095	(788)	2,475,307
Securities held for trading	126,280	–	–	126,280	–	126,280
Bonds issued by public entities	126,280	–	–	126,280	–	126,280
Securities mandatorily at fair value through profit or loss	516,175	–	–	516,175	–	516,175
Bonds issued by other entities	516,175	–	–	516,175	–	516,175
Securities at fair value through other comprehensive income	3,358,196	–	20,493	3,378,689	(577)	3,378,112
Bonds issued by public entities	1,858,553	–	–	1,858,553	(197)	1,858,357
Bonds issued by other entities	1,499,642	–	20,493	1,520,135	(380)	1,519,755
Securities at amortised cost	7,968,029	–	97,374	8,065,402	(65,825)	7,999,577
Bonds issued by public entities	3,740,470	–	–	3,740,470	(529)	3,739,941
Bonds issued by other entities	4,227,559	–	97,374	4,324,932	(65,297)	4,259,636
Loans and advances to customers	25,723,002	12,844	788,835	26,524,681	(727,547)	25,797,134

(thousands of euros)

	2024					
	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total exposure	Impairment	Net exposure
Deposits with and loans and advances to banks	224,162	–	–	224,162	(529)	223,633
Securities held for trading	521,191	–	–	521,191	–	521,191
Bonds issued by public entities	521,191	–	–	521,191	–	521,191
Securities mandatorily at fair value through profit or loss	504,197	–	–	504,197	–	504,197
Bonds issued by other entities	504,197	–	–	504,197	–	504,197
Securities at fair value through other comprehensive income	2,966,737	–	20,493	2,987,230	(423)	2,986,807
Bonds issued by public entities	2,268,606	–	–	2,268,606	(180)	2,268,426
Bonds issued by other entities	698,131	–	20,493	718,624	(243)	718,381
Securities at amortised cost	8,547,404	–	333,933	8,881,337	(242,176)	8,639,161
Bonds issued by public entities	4,399,828	–	–	4,399,828	(460)	4,399,368
Bonds issued by other entities	4,147,575	–	333,933	4,481,509	(241,716)	4,239,793
Loans and advances to customers	23,728,000	10,388	837,622	24,576,010	(816,042)	23,759,967

Impaired exposures correspond to (i) exposures with objective evidence of loss ("Exposure in default", according to the internal definition of default - which corresponds to Stage 3); and (ii) exposures classified as having specific impairment after individual impairment assessment.

The exposures classified as not having impairment relate to (i) all exposures that do not show signs of significant deterioration in credit risk - exposures classified in Stage 1; (ii) exposures that, showing signs of significant deterioration in credit risk, have no objective evidence of loss or specific impairment after an individual assessment of impairment.

The following table presents the assets that are impaired or overdue but not impaired, split by their respective maturity or ageing (when overdue):

(thousands of euros)

	2025					
	Securities Portfolio - Debt instruments		Deposits with and loans and advances to banks		Loans and advances to customers	
	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired
Overdue	**–**	**27,284**	**–**	**–**	**12,844**	**339,727**
Up to 3 months	–	–	–	–	11,445	25,574
From 3 months to 1 year	–	6,791	–	–	773	79,518
From 1 to 3 years	–	–	–	–	230	153,433
From 3 to 5 years	–	–	–	–	327	47,875
More than 5 years	–	20,493	–	–	69	33,327
Falling due	**–**	**90,583**	**–**	**–**	**–**	**449,108**
Up to 3 months	–	–	–	–	–	22,758
From 3 months to 1 year	–	–	–	–	–	74,450
From 1 to 3 years	–	84,552	–	–	–	115,544
From 3 to 5 years	–	6,031	–	–	–	54,855
More than 5 years	–	–	–	–	–	181,501
	–	**117,867**	**–**	**–**	**12,844**	**788,835**

(thousands of euros)

	2024					
	Securities Portfolio - Debt instruments		Deposits with and loans and advances to banks		Loans and advances to customers	
	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired	Overdue but not impaired	Impaired
Overdue	**–**	**27,284**	**–**	**–**	**10,388**	**318,763**
Up to 3 months	–	–	–	–	9,211	32,510
From 3 months to 1 year	–	6,791	–	–	788	89,005
From 1 to 3 years	–	–	–	–	286	113,903
From 3 to 5 years	–	–	–	–	46	41,759
More than 5 years	–	20,493	–	–	57	41,586
Falling due	**–**	**327,142**	**–**	**–**	**–**	**518,859**
Up to 3 months	–	–	–	–	–	11,650
From 3 months to 1 year	–	312,495	–	–	–	94,201
From 1 to 3 years	–	–	–	–	–	80,335
From 3 to 5 years	–	14,648	–	–	–	191,115
More than 5 years	–	–	–	–	–	141,558
	–	**354,426**	**–**	**–**	**10,388**	**837,622**

The following table shows the assets impaired or overdue but not impaired, broken down by the respective impairment Stage:

(thousands of Euros)

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Securities at fair value through other comprehensive income	–	–	20,493	20,493	–	–	20,493	20,493
Securities at amortised cost	–	–	97,374	97,374	–	–	333,933	333,933
Loans and advances to customers	5,127	7,717	788,835	801,679	4,159	6,229	837,622	848,010
	5,127	**7,717**	**906,702**	**919,546**	**4,159**	**6,229**	**1,192,048**	**1,202,436**

Distribution of credit risk by rating level

Regarding assets that are neither past due nor impaired, the distribution by rating grade is presented below. For the debt instruments, the rating assigned by the Rating Agencies is taken into account, for the credit to clients and cash and deposits with credit institutions, the internal rating and scoring models are used, that assign a risk rating, which is

periodically reviewed. For the purposes of presenting the information, the ratings have been aggregated into five major risk groups, with the last group including the unrated exposures.

(thousands of Euros)

	2025					
	Prime +High grade	Upper Medium Grade	Lower Medium grade	Non Investment Grade Speculative + Highly speculative	Others	Total
Deposits with and loans and advances to banks	2,037	2,285,426	1,253	84,987	102,392	2,476,095
Securities held for trading	–	126,280	–	–	–	126,280
Bonds issued by public entities	–	126,280	–	–	–	126,280
Securities mandatorily at fair value through profit or loss	–	–	–	–	516,175	516,175
Bonds issued by other entities	–	–	–	–	516,175	516,175
Securities at fair value through other comprehensive income	1,060,094	1,329,147	190,380	–	778,575	3,358,196
Bonds issued by public entities	950,595	907,959	–	–	–	1,858,553
Bonds issued by other entities	109,500	421,188	190,380	–	778,575	1,499,642
Securities at amortised cost	1,209,757	2,679,773	1,921,525	463,685	1,693,288	7,968,029
Bonds issued by public entities	1,175,623	2,202,045	311,355	–	51,447	3,740,470
Bonds issued by other entities	34,135	477,728	1,610,170	463,685	1,641,841	4,227,559
Loans and advances to customers	6,731,994	6,904,498	2,398,560	8,770,836	917,114	25,723,002

(thousands of Euros)

	2024					
	Prime +High grade	Upper Medium Grade	Lower Medium grade	Non Investment Grade Speculative + Highly speculative	Others	Total
Deposits with and loans and advances to banks	819	14,521	895	36,078	171,849	224,162
Securities held for trading	60,447	460,744	–	–	–	521,191
Bonds issued by public entities	60,447	460,744	–	–	–	521,191
Securities mandatorily at fair value through profit or loss	–	–	–	–	504,197	504,197
Bonds issued by other entities	–	–	–	–	504,197	504,197
Securities at fair value through other comprehensive income	1,003,508	1,454,458	157,491	18,125	333,154	2,966,737
Bonds issued by public entities	1,003,508	1,265,098	–	–	–	2,268,606
Bonds issued by other entities	–	189,360	157,491	18,125	333,154	698,131
Securities at amortised cost	2,154,382	2,428,377	1,622,553	690,340	1,651,752	8,547,404
Bonds issued by public entities	2,118,977	1,884,160	396,691	–	–	4,399,828
Bonds issued by other entities	35,405	544,217	1,225,862	690,340	1,651,752	4,147,575
Loans and advances to customers	5,885,272	6,312,204	2,442,690	8,188,263	899,571	23,728,000

37.3.6 Concentration of credit risk

The analysis of risk exposure by sector of activity, on 31 December 2025 and 2024, is presented as follows:

(thousands of Euros)

	2025											
	Loans to customers		Securities held for trading	Derivatives held for trading and economic hedging	Securities mandatorily at fair value through profit or loss	Derivatives - Hedge accounting	Securities at fair value through other comprehensive income		Securities at amortised cost		Guarantees and standby letters provided	
	Gross Value	Impairment					Gross Value	Impairment	Gross Value	Impairment	Gross Value	Impairment
Agriculture, Forestry and Fishing	293,683	(19,124)	–	–	–	–	8,363	–	–	–	7,485	(115)
Extractive Industries	63,012	(9,111)	–	–	–	–	20,737	(10)	32,252	(15)	8,051	(485)
Food, Beverage and Tobacco Industries	623,071	(19,129)	–	7,134	–	–	–	–	87,974	(308)	16,882	(185)
Textiles and Clothing	316,891	(19,892)	–	118	–	–	–	–	51,189	(126)	5,634	(3,263)
Tanneries and Footwear	59,050	(3,926)	–	–	–	–	–	–	–	–	1,245	(175)
Wood and Cork	130,611	(5,063)	–	–	–	–	–	–	14,074	(4,535)	10,884	(77)
Paper and Graphic Industries	106,464	(2,208)	–	2	–	–	–	–	75,460	(229)	3,997	(63)
Oil Refining	7,067	(39)	–	–	–	–	–	–	26,406	(3)	15,557	(1)
Chemical and Rubber Product	285,906	(12,051)	–	86	–	–	6,005	(2)	287,673	(178)	7,942	(567)
Non-Metallic Mineral Products	144,598	(2,336)	–	22	–	–	11,968	(8)	148,764	(122)	9,609	(329)
Basic Metallurgical Industries and metal products	304,589	(15,850)	–	360	–	–	670	–	84,188	(4,255)	37,621	(482)
Manufacture of Machines, Equipment and Electrical Appliances	168,350	(4,141)	–	292	–	–	75,524	(28)	171,186	(65)	25,815	(7,425)
Manufacture of Transport Materials	139,800	(3,841)	–	–	–	–	–	–	106,554	(118)	17,520	(23)
Other Manufacturing Industries	166,215	(14,077)	–	–	–	–	–	–	14,566	(3)	14,562	(1,230)
Electricity, Gas and Water	353,694	(2,423)	–	3,832	–	–	–	–	236,540	(219)	37,572	(136)
Construction and Public Works	1,156,191	(54,200)	–	9,571	–	–	6,540	(2)	29,894	(502)	920,192	(54,782)
Wholesale and Retail Trade	1,589,359	(58,732)	–	4,262	–	–	–	–	159,561	(460)	186,951	(5,035)
Tourism	1,048,586	(37,710)	–	943	–	–	10,500	(4)	–	–	50,278	(703)
Transport and Communications	874,157	(37,791)	–	7,228	–	–	–	–	373,254	(889)	262,360	(3,743)
Financial Activities	1,263,749	(38,779)	–	40,842	1,072,241	617,532	1,268,635	(289)	913,799	(304)	153,462	(6,499)
Real Estate Activities	1,994,670	(81,798)	–	3,952	–	–	34,062	(15)	227,416	(43,450)	84,750	(1,795)
Services Provided to Companies	2,200,364	(89,591)	–	861	211	–	108,783	(13)	739,277	(8,257)	222,295	(14,210)
Administration and Public Services	622,678	(9,761)	126,280	–	–	–	1,858,553	(197)	3,670,320	(535)	20,324	(162)
Other collective service activities	421,858	(28,628)	–	–	–	–	18,977	(7)	187,899	(121)	41,979	(911)
Mortgage loans	9,902,261	(49,167)	–	–	–	–	–	–	–	–	–	–
Consumption and other	2,191,143	(107,728)	–	–	–	–	–	–	–	–	–	–
Others	96,664	(451)	–	244	–	–	75,975	(3)	427,155	(1,134)	15,199	(205)
TOTAL	**26,524,681**	**(727,547)**	**126,280**	**79,749**	**1,072,452**	**617,532**	**3,505,293**	**(577)**	**8,065,402**	**(65,825)**	**2,178,169**	**(102,601)**

(thousands of Euros)

	2024											
	Loans to customers		Securities held for trading	Derivatives held for trading and economic hedging	Securities mandatorily at fair value through profit or loss	Derivatives - Hedge accounting	Securities at fair value through other comprehensive income		Securities at amortised cost		Guarantees and standby letters provided	
	Gross Value	Impairment					Gross Value	Impairment	Gross Value	Impairment	Gross Value	Impairment
Agriculture, Forestry and Fishing	285,984	(13,578)	–	1	–	–	–	–	–	–	7,633	(58)
Extractive Industries	56,865	(6,670)	–	–	–	–	–	–	–	–	8,464	(624)
Food, Beverage and Tobacco Industries	578,151	(18,079)	–	9,944	–	–	20,065	(3)	87,657	(1,345)	25,471	(94)
Textiles and Clothing	328,747	(12,052)	–	311	–	–	–	–	53,387	(108)	6,950	(2,474)
Tanneries and Footwear	51,905	(1,713)	–	8	–	–	–	–	5,027	–	1,317	(161)
Wood and Cork	94,985	(2,319)	–	464	–	–	–	–	34,822	(4,385)	9,294	(78)
Paper and Graphic Industries	101,827	(2,378)	–	1,024	–	–	–	–	34,346	(72)	4,934	(25)
Oil Refining	13,933	(8,497)	–	–	–	–	14,462	(2)	37,414	(10)	11,604	(1)
Chemical and Rubber Product	359,614	(11,499)	–	109	–	–	–	–	281,318	(142)	9,705	(370)
Non-Metallic Mineral Products	135,149	(2,555)	–	363	–	–	–	–	119,883	(44)	8,262	(304)
Basic Metallurgical Industries and metal products	282,252	(16,543)	–	777	–	–	552	–	103,972	(651)	47,454	(454)
Manufacture of Machines, Equipment and Electrical Appliances	172,914	(5,574)	–	337	–	–	35,255	(11)	223,250	(43)	22,973	(4,550)
Manufacture of Transport Materials	199,388	(2,217)	–	–	–	–	–	–	121,088	(78)	16,039	(26)
Other Manufacturing Industries	149,034	(3,354)	–	–	–	–	–	–	14,523	(4)	16,110	(1,264)
Electricity, Gas and Water	358,205	(2,441)	–	5,004	–	–	–	–	220,512	(188)	35,707	(50)
Construction and Public Works	1,000,215	(41,465)	–	14,301	–	–	7,650	(17)	222,584	(139,173)	824,988	(49,444)
Wholesale and Retail Trade	1,459,507	(56,506)	–	3,077	–	–	18,125	(6)	139,784	(471)	181,733	(5,917)
Tourism	1,077,000	(57,924)	–	1,134	–	–	185	–	–	–	44,778	(705)
Transport and Communications	825,957	(35,962)	–	12,256	–	–	–	–	366,569	(352)	389,688	(2,721)
Financial Activities	1,147,003	(57,339)	–	51,158	1,150,292	682,487	507,160	(110)	1,098,709	(554)	170,174	(6,550)
Real Estate Activities	2,023,380	(115,496)	–	10,535	–	–	38,700	(80)	241,424	(83,993)	99,153	(3,413)
Services Provided to Companies	1,879,584	(110,408)	–	1,305	212	–	116,936	(9)	866,241	(9,118)	314,098	(18,311)
Administration and Public Services	609,425	(24,362)	521,191	–	–	–	2,268,606	(180)	4,417,234	(471)	21,152	(116)
Other collective service activities	398,030	(30,958)	–	–	–	–	23,558	(4)	172,637	(969)	40,083	(1,056)
Mortgage loans	9,025,642	(62,340)	–	–	–	–	–	–	–	–	–	–
Consumption and other	1,811,637	(110,317)	–	–	–	–	–	–	–	–	–	–
Others	149,676	(3,498)	–	–	–	–	23,556	(1)	18,956	(6)	14,673	(264)
TOTAL	**24,576,010**	**(816,042)**	**521,191**	**112,108**	**1,150,504**	**682,487**	**3,074,810**	**(423)**	**8,881,337**	**(242,176)**	**2,332,436**	**(99,027)**

37.4 Market risk

Market Risk represents the potential loss resulting from an adverse change in the value of a financial instrument due to fluctuations in interest rates, foreign exchange rates, equity prices, commodity prices, volatility and credit spread.

Market risk management is integrated with the balance sheet management through the CALCO (Capital Asset and Liability Committee) structure, being this risk monitored by the Risk Committee.

In terms of market risk, the main element of risk measurement consists of estimating potential losses under adverse market conditions, for which the Value at Risk (VaR) methodology is used. Novobanco uses a VaR using Monte Carlo simulation, with a 99% confidence interval and an investment period of 10 days. Volatilities and correlations are historical based on a one-year observation period. As a complement to VaR, stress-testing scenarios have been developed to assess the impacts of potential losses greater than those considered in the VaR measurement.

(thousands of Euros)

	2025				2024			
	December	Annual average	Maximum	Minimum	December	Annual average	Maximum	Minimum
Exchange risk	213	476	938	207	552	357	552	232
Interest rate risk	1,518	1,835	6,543	229	1,195	2,196	5,462	765
Shares and commodities	77	190	337	77	–	–	–	–
Volatility	21	441	3,709	15	16	230	1,160	1
Credit spread	537	607	1,612	148	450	1,032	3,180	244
Diversification effect	(776)	(1,516)	(6,087)	(354)	(736)	(821)	(2,458)	(3)
Total	**1,589**	**2,032**	**7,052**	**322**	**1,478**	**2,994**	**7,897**	**1,239**

Novobanco has a VaR of 1,589 thousand euros (31 December 2024: 1,478 thousand euros) in respect of its trading positions.

37.4.1 Interest rate risk

Novobanco measures the interest rate risk of the banking portfolio both from an economic value perspective and from a net interest margin and results perspective.

The methodology for calculating the interest rate risk of the banking portfolio includes all positions of instruments sensitive to interest rate risk, including capital, interest and commercial margins, excluding all own funds instruments. All financial products that do not have an associated interest remuneration are considered insensitive to interest rates (shares and funds, other assets – including fixed assets – and other liabilities).

Regarding the impact on economic value, its impact is calculated both through the regulatory shocks prescribed in the EBA guidelines (EBA/GL/2022/14) and European Union Delegated Regulation 2024/856, and through VaR metrics. The methodology assumes a run-off balance. The sensitivity of economic value is also measured based on the sensitivity to a 1bp change in interest rates (through the Key Rate Duration metric). Several historical or other scenarios are also considered, such as scenarios identified within the scope of the EBA stress testing exercises.

Regarding the impact on the net interest margin, this is based on a constant balance, using forward rates as a basis, maintaining the characteristics of the operations in terms of volume, price and maturity whenever they mature or are amortized. Sensitivities on the net interest margin are calculated for a period of up to 3 years.

In addition to regulatory shock scenarios (+/-200bp), other internal interest rate shock scenarios are also considered, such as +/- 100bp, +/- 50bp, +/- 1bp or constant rate scenarios as net interest margin sensitivity metrics.

The impact on economic value and on net interest margin and results corresponds to the difference between the results obtained for a base scenario and an interest rate shock scenario.

For internal control purposes, interest rate risk exposure is calculated monthly. At the regulatory level, the calculation and reporting is carried out on a quarterly basis, within the framework of the STE (Short-Term Exercise) and the COREP (Common Reporting Framework).

Novobanco has implemented an interest rate risk stress testing approach based on three pillars, applied both to the impact on economic value and on the financial margin: interest rate shock scenarios, sensitivity analyses and additional interest rate shocks, and reverse stress testing and other scenarios.

The interest rate risk control framework allows novobanco to monitor and measure the impact of different interest rate scenarios, both from an economic value perspective and from a net interest margin perspective, altering and adapting its risk profile in line with the defined risk management strategy.

At the end of 2025, from an economic value perspective, the risk exposure stems essentially from the fixed-rate investment portfolio (partially offset by its hedging with derivatives), long-term fixed-rate debt issued (partially

covered by long-term bonds), variable-rate mortgage lending with derivatives (cash-flow hedging), as well as demand deposit hedging with derivatives, resulting in an overall exposure profile to rising interest rates.

From a financial margin perspective, novobanco's risk profile stems primarily from its variable-rate mortgage and medium/long-term corporate loan portfolios, and from a liability structure that is essentially fixed-rate (term deposits and long-term issues). The hedging strategies implemented on variable-rate mortgages and demand deposits have allowed for the protection of the net interest margin against scenarios of falling interest rates.

The balance sheet interest rate risk exposure, based on the Bank for International Settlements (BIS) methodology, classifying all asset, liability, and off-balance sheet items not belonging to the trading portfolio into repricing tiers, is presented as follows:

(thousands of Euros)

	2025					
	Sensitive amounts	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years
Assets		**19,707,202**	**5,341,334**	**3,538,514**	**9,593,246**	**4,897,835**
Loans to and deposits with banks	4,434,173	3,122,623	290,049	745	1,020,692	64
Loans and advances to customers	25,953,550	14,341,240	4,136,627	2,721,924	3,967,025	786,735
Securities	12,530,604	2,118,319	914,658	781,062	4,605,529	4,111,037
Other assets	159,804	125,021	–	34,783	–	–
Liabilities		**13,786,576**	**4,508,699**	**5,393,464**	**10,806,495**	**7,009,398**
Deposits from banks	3,754,298	1,872,576	298,333	223,389	1,360,000	–
Due to customers	31,274,564	11,242,575	3,864,693	4,873,590	5,869,068	5,424,637
Debt securities issued	5,374,123	–	299,997	–	3,489,365	1,584,761
Other liabilities	1,101,648	671,425	45,676	296,485	88,062	–
Balance sheet GAP (Assets - Liabilities)	1,573,498	5,920,626	832,631	(1,854,947)	(1,213,249)	(2,111,563)
Off-Balance sheet	–	(6,487,768)	(655,133)	408,847	5,482,093	1,251,961
Structural GAP	**1,573,498**	**(567,142)**	**177,497**	**(1,446,099)**	**4,268,844**	**(859,602)**
Accumulated GAP		**(567,142)**	**(389,645)**	**(1,835,744)**	**2,433,100**	**1,573,498**

(thousands of Euros)

	2024					
	Sensitive amounts	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years
Assets		**17,761,898**	**5,858,983**	**3,029,760**	**7,496,341**	**4,739,287**
Loans to and deposits with banks	1,741,395	1,619,971	100,050	768	20,541	65
Loans and advances to customers	24,109,622	13,549,256	4,098,637	2,613,499	2,947,268	900,962
Securities	12,817,575	2,451,872	1,660,297	338,614	4,528,532	3,838,260
Other assets	217,677	140,799	–	76,878	–	–
Liabilities		**14,466,252**	**4,994,876**	**4,133,009**	**7,279,573**	**6,223,180**
Deposits from banks	2,624,648	2,126,153	147,252	125,243	226,000	–
Due to customers	29,395,680	11,643,839	4,505,121	3,625,267	4,972,397	4,649,057
Debt securities issued	3,974,123	–	300,000	99,978	2,000,022	1,574,123
Other liabilities	1,102,440	696,261	42,503	282,522	81,154	–
Balance sheet GAP (Assets - Liabilities)	1,789,378	3,295,646	864,108	(1,103,250)	216,768	(1,483,893)
Off-Balance sheet	–	(5,168,625)	(56,663)	(134,519)	2,472,988	2,886,818
Structural GAP	**1,789,378**	**(1,872,979)**	**807,445**	**(1,237,768)**	**2,689,756**	**1,402,924**
Accumulated GAP		**(1,872,979)**	**(1,065,534)**	**(2,303,302)**	**386,454**	**1,789,378**

Sensitivity analyses are carried out for the interest rate risk of the banking portfolio based on an approximation to the duration model, with various scenarios of shift of the yield curve being carried out in all interest rate brackets.

(thousands of Euros)

	2025					
	Parallel increase of 200 pb	Parallel decrease of 200 pb	Short Rate Shock Up	Short Rate Shock Down	Steepener shock	Flattener shock
As at 31 December	(153,370)	69,834	(214,505)	114,678	67,726	(163,119)
Financial year average	(200,831)	111,621	(197,817)	106,775	50,567	(136,955)
Financial year maximum	(153,370)	160,860	(179,717)	121,514	67,726	(120,937)
Financial year minimum	(281,858)	69,834	(228,000)	96,433	40,444	(163,119)

(thousands of Euros)

	2024					
	Parallel increase of 200 pb	Parallel decrease of 200 pb	Short Rate Shock Up	Short Rate Shock Down	Steepener shock	Flattener shock
As at 31 December	(224,767)	139,280	(205,257)	109,950	50,482	(140,965)
Financial year average	(177,869)	117,739	(155,945)	84,388	37,098	(103,886)
Financial year maximum	(91,844)	156,170	(106,497)	109,950	51,599	(47,966)
Financial year minimum	(245,655)	73,503	(205,257)	58,493	8,973	(140,965)

37.4.2 Foreign exchange risk

Regarding currency risk, the distribution of assets and liabilities, as at 31 December 2025 and 2024 by currency, is analysed as follows:

(thousands of Euros)

		2025			2024		
		Spot	Forward	Net exposure	Spot	Forward	Net exposure
USD	UNITED STATES DOLLAR	(97,512)	97,280	(232)	(344,058)	343,559	(499)
GBP	BRITISH POUND	(19,826)	19,539	(287)	(26,214)	27,582	1,368
BRL	BRAZILIAN REAL	749	–	749	752	–	752
DKK	DANISH KRONE	597	(716)	(119)	429	(650)	(222)
JPY	JAPANESE YEN	(2,737)	2,064	(673)	(1,244)	705	(539)
CHF	SWISS FRANC	(5,090)	6,764	1,674	(6,840)	7,979	1,139
SEK	SWEDISH KRONE	(5,235)	5,849	614	(6,504)	6,554	50
NOK	NORWEGIAN KRONE	29,563	(28,469)	1,094	27,259	(26,460)	799
CAD	CANADIAN DOLLAR	(22,871)	25,267	2,396	(21,358)	23,548	2,190
ZAR	SOUTH AFRICAN RAND	220	(648)	(428)	688	(1,221)	(533)
AUD	AUSTRALIAN DOLLAR	8,795	(8,475)	320	9,420	(8,645)	775
VEB	VENEZUELAN BOLIVAR	2	–	2	2	–	2
MOP	MACAO PATACA	63	–	63	74	–	74
MAD	MOROCCAN DIRHAN	(1,170)	1,368	198	(1,209)	1,401	192
MXN	MEXICAN PESO	(158)	289	131	69	(165)	(96)
AOA	ANGOLAN KWANZA	(11)	–	(11)	(13)	–	(13)
PLN	ZLOTY	(310)	129	(181)	(1,487)	2,329	842
CZK	CZECH KORUNA	(221)	454	233	(185)	381	196
DZD	ALGERIAN DINAR	7,061	–	7,061	7,823	–	7,823
CNY	YUAN REN-MIN-BI	(3)	261	258	65	(673)	(607)
	OTHER	(1,662)	1,330	(332)	(1,823)	3,934	2,110
		(109,756)	**122,286**	**12,530**	**(364,355)**	**380,160**	**15,804**

Note: asset / (liability)

37.5 Liquidity risk

Liquidity risk is the current or future risk that arises from an institution's inability to meet its obligations as they fall due, without incurring substantial losses.

Liquidity risk can be subdivided into two types:

- Asset liquidity (market liquidity risk) - consists in the impossibility of selling a certain type of asset due to a lack of liquidity in the market, which results in the widening of the bid/offer spread or the application of a haircut to the market value;
- Funding (funding liquidity risk) - consists in the impossibility of financing assets in the market and/or refinancing maturing debt, within the desired terms and currency. This impossibility can be reflected through a sharp increase in financing costs or the requirement of collateral to obtain funds. The difficulty of (re)financing can lead to the sale of assets, even if incurring significant losses. The risk of (re)financing should be minimized through appropriate diversification of financing sources and maturities.

Banks are subject to liquidity risk inherent in their maturity transformation business (long-term lenders and short-term depositors), making prudent liquidity risk management crucial.

As of 31 December 2025, the amount of the portfolio of assets eligible for rediscount operations with the ECB, after haircuts, amounted to 18.6 billion euros (31 December 2024: 16.9 billion euros). This amount includes exposure to Portuguese public debt in the approximate total amount of 1.2 billion euros (31 December 2024: 1.8 billion euros).

As at 31 December 2025 and 2024, the main liquidity indicators is as follows:

(millions of Euros)

	2025	2024
Gross funding from the ECB	–	–
Net funding from the ECB (1)	(1,785)	(1,346)
Eligible Assets for repo operations (ECB) net of haircut	18,486	16,879
Used collateral	4,639	2,905
Liquidity Buffer (2)	17,239	16,835
Loans to deposit ratio (3)	83 %	81 %
Liquidity Coverage Ratio (LCR)	152 %	152 %
Net Stable Funding Ratio (NSFR)	116 %	114 %

(1) Includes ESCB deposits with and funding; a positive value corresponds to funding; a negative value corresponds to a deposit with

(2) Corresponds to eligible assets portfolio adding HQLA securities non elegible for ECB, deducted of the used collateral

(3) (Total Loans - Accumulated Impairment on Loans)/ Customer Deposits

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) are included in regulatory legislation, and the LCR aims to promote the resilience of Banks to short-term liquidity risk, ensuring that they hold high quality liquid assets, sufficient to survive a severe stress scenario, for a period of 30 days, while the NSFR aims to ensure that Banks maintain stable funding for their assets and off-balance sheet operations, for a period of one year. In accordance with current regulatory legislation, novobanco is required to comply with a minimum regulatory limit of 100% in both ratios (LCR and NSFR).

In accordance with the applicable regulatory legislation, novobanco Group is required to comply with a minimum regulatory limit of 100% for both ratios (LCR and NSFR).

Despite annual growth in customer loans of 1.6 billion euros, dividend distributions of 1.3 billion euros in April and June 2025 (the latter of 1.1 billion euros via capital reduction), and the repayment of 1.3 billion euros in collateralized funding since December 2024, the Bank improved its liquidity position mainly due to growth of 2.1 billion euros in customer deposits, the issuance of two covered bonds and one senior bond totaling 1.5 billion euros. Novobanco's liquidity ratios remained stable and at comfortable levels compared to the previous year (Dec 2025: 152%; Dec 2024: 152%). The NSFR, in turn, stood at 116% on 31 December 2025, representing an improvement of 2pp compared to the previous year.

In novobanco, liquidity is managed in a centralized manner at the Headquarters for the prudential consolidated perimeter, with analysis and decision-making based on reports that allow not only to identify negative mismatches but to perform dynamic coverage of them. In accordance with the rules of the ITS (Implementing Technical Standards), the calculation of the net contractual deficit and the rebalancing capacity (counterbalancing capacity) is made for the end of 2025 and 2024:

(thousands of Euros)

	2025						
	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months year	More than 12 months
OUTPUT							
Liabilities from issued securities (if not treated as retail deposits)	4,197,566	2,247	21,702	75,131	16,361	4,150	4,077,975
Liabilities from guaranteed lending operations and operations associated to financial markets	2,568,312	76,518	290,407	676,872	805,344	42,293	676,878
Behavioral outputs from deposits	33,006,650	230,731	50,891	143,861	182,730	349,076	32,049,361
Exchange swaps and derivatives	402,133	11,692	60,992	97,926	66,522	34,889	130,112
Other output	623,449	–	–	–	–	49,375	574,074
Total Output	**40,798,110**	**321,189**	**423,992**	**993,790**	**1,070,958**	**479,782**	**37,508,400**
INPUT							
Secured lending operations and operations associated to financial markets	2,269,928	76,523	290,462	676,985	805,493	5,116	415,349
Behavioral inputs from loans and advances	29,246,501	22,453	61,269	163,330	244,144	490,139	28,265,166
Exchange swaps and derivatives	430,618	12,300	61,646	98,626	70,157	39,406	148,483
Own portfolio securities to mature and other entries	12,731,439	95,304	416,863	458,031	543,752	789,661	10,427,827
Total Input	**44,678,486**	**206,580**	**830,239**	**1,396,972**	**1,663,547**	**1,324,323**	**39,256,824**
Net contractual deficit	3,880,375	(114,609)	406,248	403,182	592,589	844,541	1,748,425
Accumulated net contractual deficit		**(114,609)**	**291,639**	**694,821**	**1,287,410**	**2,131,950**	**3,880,375**

CAPACITY TO READJUSTMENT	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months year	More than 12 months
Cash	171,619	–	–	–	–	–	–
Deployable reserves from the central bank	1,471,655	–	–	–	–	–	–
Negotiable and non-negotiable assets eligible for the central bank	14,068,982	1,805	(12,343)	(151,627)	(399,983)	(1,110,058)	(12,396,776)
Authorized and unused facilities received	2,969,194	(10,767)	(50,296)	(181,954)	(188,990)	(200,660)	(2,336,527)
Net change in rebalancing capacity		(8,962)	(62,638)	(333,581)	(588,974)	(1,310,718)	(14,733,303)
Accumulated capacity to readjustment	**18,681,449**	**18,672,488**	**18,609,849**	**18,276,268**	**17,687,295**	**16,376,577**	**1,643,274**

(thousands of Euros)

	2024						
	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months year	More than 12 months
OUTPUT							
Liabilities from issued securities (if not treated as retail deposits)	2,657,449	2,247	4,593	52,399	5,057	109,728	2,483,425
Liabilities from guaranteed lending operations and operations associated to financial markets	1,697,840	–	477,609	9,933	611,688	298,610	300,000
Behavioral outputs from deposits	30,862,199	216,682	60,434	119,061	140,479	268,752	30,056,792
Exchange swaps and derivatives	476,040	3,892	36,427	227,216	54,381	43,760	110,363
Other output	692,973	17	–	–	20,143	49,364	623,449
Total Output	**36,386,502**	**222,839**	**579,064**	**408,608**	**831,748**	**770,214**	**33,574,029**
INPUT							
Behavioral inputs from loans and advances	26,740,213	46,267	55,862	148,912	219,658	446,888	25,822,625
Exchange swaps and derivatives	526,830	3,776	36,533	227,972	56,298	48,338	153,913
Own portfolio securities to mature and other entries	13,294,340	251,376	425,528	717,363	1,281,095	466,445	10,152,533
Total Input	**40,561,383**	**301,419**	**517,923**	**1,094,246**	**1,557,052**	**961,672**	**36,129,071**
Net contractual deficit	4,174,881	78,580	(61,141)	685,638	725,304	191,458	2,555,043
Accumulated net contractual deficit		**78,580**	**17,439**	**703,077**	**1,428,381**	**1,619,839**	**4,174,881**

CAPACITY TO READJUSTMENT	Total	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months year	More than 12 months
Cash	176,446	–	–	–	–	–	–
Deployable reserves from the central bank	1,047,305	–	–	–	–	–	–
Negotiable and non-negotiable assets eligible for the central bank	13,624,437	–	318,257	(530,412)	(466,974)	(983,711)	(11,961,596)
Authorized and unused facilities received	3,664,269	(14,112)	(58,312)	(246,270)	(334,388)	(317,889)	(2,693,298)
Net change in rebalancing capacity		(14,112)	259,945	(776,682)	(801,362)	(1,301,601)	(14,654,894)
Accumulated capacity to readjustment	**18,512,457**	**18,498,345**	**18,758,289**	**17,981,608**	**17,180,245**	**15,878,645**	**1,223,751**

The liquidity position in 2025 improved by 512 million euros, moving from a one-year accumulated net contractual surplus of 1,620 million euros at the end of 2024 to a one-year accumulated net contractual surplus of 2,132 million euros as of 31 December 2025.

At the end of 2025, the one-year counterbalancing capacity stood at 16,377 million euros, 498 million euros upper than the value recorded at the end of 2024 (15,879 million euros).

In order to anticipate possible negative impacts, internal liquidity stress scenarios are created that represent the types of crisis that may occur, based on idiosyncratic scenarios (characterized by a loss of confidence in the Bank) and market scenarios and combined scenarios.

Assets and Liabilities - Maturities

As at 31 December, 2025 and 2024, assets and liabilities by maturity dates is as follows:

(thousands of Euros)

	2025					
	Up to 3 months	From 3 months to one year	From one to five years	More than five years	Undetermined duration / Overdue loans	Total
Financial Assets	**3,862,048**	**3,046,486**	**13,745,230**	**20,677,898**	**1,035,451**	**42,367,113**
Financial Assets held for trading	**19,646**	**5,068**	**13,538**	**167,778**	**–**	**206,029**
Securities	12,955	–	3,910	109,415	–	126,280
Trading derivatives	6,691	5,068	9,628	58,363	–	79,749
Financial assets mandatorily measured at fair value through profit or loss	**91**	**–**	**–**	**551,636**	**556,277**	**1,108,004**
Securities	91	–	–	516,084	556,277	1,072,452
Loans to Customers	–	–	–	35,552	–	35,552
Financial assets mandatorily measured at fair value through other comprehensive income	**168,164**	**519,281**	**863,869**	**1,827,374**	**126,605**	**3,505,293**
Securities	168,164	519,281	863,869	1,827,374	126,605	3,505,293
Financial assets mandatorily measured at amortized cost	**3,666,461**	**2,489,045**	**12,520,459**	**17,901,720**	**352,570**	**36,930,255**
Securities	940,694	559,689	4,201,440	2,363,579	–	8,065,402
Loans and advances to Banks	1,037,055	250,534	1,087,266	869	–	2,375,724
(of which: Operations with repurchase agreement)	1,036,975	200,114	1,002,324	–	–	2,239,413
Loans to Customers	1,688,713	1,678,822	7,231,753	15,537,272	352,570	26,489,129
Derivatives - Hedge Accounting	**7,686**	**33,092**	**347,364**	**229,390**	**–**	**617,532**
Financial Liabilities	**24,228,604**	**8,019,469**	**5,812,495**	**1,694,419**	**–**	**39,754,987**
Financial Liabilities held for trading	**6,070**	**4,535**	**12,320**	**41,614**	**–**	**64,538**
Trading derivatives	6,070	4,535	12,320	41,614	–	64,538
Financial liabilities measured at amortised cost	**24,215,494**	**8,004,557**	**5,718,677**	**1,599,930**	**–**	**39,538,658**
Deposits from central banks	392	–	–	–	–	392
Deposits from other credit institutions	1,817,185	523,763	1,438,473	–	–	3,779,421
(of which: Operations with repurchase agreement)	1,036,937	200,114	1,002,339	–	–	2,239,390
Due to Customers	22,397,917	7,480,794	1,420,077	66,939	–	31,365,727
Debt issued	–	–	2,860,127	1,031,044	–	3,891,171
Subordinated liabilities	–	–	–	501,947	–	501,947
Derivatives - Hedge Accounting	**7,041**	**10,377**	**81,498**	**52,875**	**–**	**151,791**
Notional	**2,277,987**	**4,793,149**	**26,393,037**	**12,875,437**	**–**	**46,339,610**
Trading derivatives	**1,410,787**	**763,707**	**2,217,562**	**3,975,019**	**–**	**8,367,075**
Notional Purchase	710,779	388,355	1,101,675	1,965,830	–	4,166,638
Notional Sale	700,009	375,352	1,115,887	2,009,189	–	4,200,437
Derivatives - Hedge Accounting	**867,200**	**4,029,442**	**24,175,475**	**8,900,418**	**–**	**37,972,535**
Notional Purchase	433,600	2,014,721	12,087,737	4,450,209	–	18,986,267
Notional Sale	433,600	2,014,721	12,087,737	4,450,209	–	18,986,267

(*) Net fair value

(thousands of Euros)

	2024					
	Up to 3 months	From 3 months to one year	From one to five years	More than five years	Undetermined duration / Overdue loans	Total
Financial Assets	**3,060,442**	**3,655,623**	**12,590,102**	**18,768,644**	**1,063,038**	**39,137,849**
Financial Assets held for trading	**190,631**	**301,415**	**25,227**	**116,025**	**–**	**633,299**
Securities	184,085	291,771	9,977	35,358	–	521,191
Trading derivatives	6,547	9,644	15,250	80,668	–	112,108
Derivatives economic hedge						–
Financial assets mandatorily measured at fair value through profit or loss	**91**	**50**	**–**	**504,056**	**646,307**	**1,150,504**
Securities	91	50	–	504,056	646,307	1,150,504
Loans to Customers						
Securities						–
Loans to Customers						–
Financial assets mandatorily measured at fair value through other comprehensive income	**269,456**	**509,965**	**1,077,948**	**1,129,861**	**87,580**	**3,074,810**
Securities	269,456	509,965	1,077,948	1,129,861	87,580	3,074,810
Financial assets mandatorily measured at amortized cost	**2,599,913**	**2,841,159**	**11,069,340**	**16,757,186**	**329,151**	**33,596,750**
Securities	967,616	1,014,904	4,105,481	2,793,335	–	8,881,337
Loans and advances to Banks	166	102,856	35,512	869	–	139,403
(of which: Operations with repurchase agreement)						–
Loans to Customers	1,632,131	1,723,399	6,928,347	13,962,982	329,151	24,576,010
Derivatives - Hedge Accounting	**351**	**3,033**	**417,587**	**261,516**	**–**	**682,487**
Financial Liabilities	**23,489,319**	**7,902,285**	**2,814,939**	**1,187,421**	**–**	**35,393,964**
Financial Liabilities held for trading	**7,797**	**9,672**	**17,677**	**60,456**	**–**	**95,603**
Trading derivatives	7,797	9,672	17,677	60,456	–	95,603
Financial liabilities measured at amortised cost	**23,481,521**	**7,890,950**	**2,696,194**	**1,068,012**	**–**	**35,136,677**
Deposits from central banks	60	–	–	–	–	60
Deposits from other credit institutions	1,422,988	878,115	338,856	–	–	2,639,959
(of which: Operations with repurchase agreement)	452,279	602,407	–	–	–	1,054,686
Due to Customers	22,058,473	7,012,835	415,940	66,939	–	29,554,187
(of which: Operations with repurchase agreement)	9,905	250,219	–	–	–	260,124
Debt issued	–	–	1,941,398	499,353	–	2,440,752
Subordinated liabilities	–	–	–	501,720	–	501,720
Derivatives - Hedge Accounting	**1**	**1,662**	**101,068**	**58,952**	**–**	**161,684**
Notional	**1,644,738**	**1,420,859**	**24,130,904**	**16,199,533**	**–**	**43,396,033**
Trading derivatives	**1,606,804**	**732,580**	**2,644,847**	**4,068,834**	**–**	**9,053,065**
Notional Purchase	804,479	366,218	1,314,952	2,003,426	–	4,489,075
Notional Sale	802,325	366,362	1,329,895	2,065,408	–	4,563,990
Derivatives - Hedge Accounting	**37,934**	**688,279**	**21,486,057**	**12,130,698**	**–**	**34,342,968**
Notional Purchase	18,967	344,139	10,743,028	6,065,349	–	17,171,484
Notional Sale	18,967	344,139	10,743,028	6,065,349	–	17,171,484

(*) Net fair value

37.6 Operational risk

Operational risk generally translates into the probability of the occurrence of events with negative impacts, in the results or in the capital, resulting from the inadequacy or deficiency of procedures and information systems, the behaviour of people or motivated by external events, including legal risks. Thus, operational risk is understood as the calculation of the following risks: operational, information systems, compliance and reputation.

For the management of operational risk, a system was developed and implemented to ensure the uniformity, systematisation and recurrence of the activities for the identification, monitoring, control and mitigation of this risk. This system is supported by an organizational structure, integrated in the Global Risk Department exclusively dedicated to this task, as well as by Operational Risk Management Representatives designated by each of the departments, branches and subsidiaries considered relevant, which are responsible for complying with the procedures. and the day-to-day management of this Risk in its areas of competence.

37.7 Capital Management and Solvency Ratio

The main objective of the capital management is to ensure compliance with the novobanco's strategic objectives in terms of capital adequacy, respecting and enforcing the requirements for calculating risk-weighted assets and own funds and ensuring compliance with the levels of solvency and leverage defined by the supervisory entities, in particular

by the European Central Bank (ECB) – the entity directly responsible for the supervision of novobanco - and by the Bank of Portugal, and internally stipulated risk appetite for capital metrics.

The definition of the strategy for capital adequacy management rests with the Executive Board of Directors and is integrated in the global definition of novobanco's objectives.

The capital ratios of novobanco are calculated based on the rules defined in Directive 2013/36/EU and Regulation (EU) no. 575/2013 (CRR) that define the criteria for the access to the credit institution and investment company activity and determine the prudential requirements to be observed by those same entities, to the calculation of the ratios mentioned above.

Novobanco is authorised to apply the Internal Ratings-Based Approach (IRB) for the calculation of risk weighted assets by credit risk. In particular, the IRB method is applied to the exposure classes of institutions, corporate and retail of novobanco Portugal. The equity' risk classes, the positions taken in the form of securitization, the positions taken in the form of participation units in investment funds, and the elements that are not credit obligations are always handled by the IRB method regardless of novobanco's entities in which the respective exposures are recorded. The standard method is used in the determination of risk weighted assets by market and operational risks.

The regulatory capital components considered in the determination of solvency ratios are divided into own funds of level 1 (common equity Tier I or CET I), additional own funds of level 1 (additional Tier I) which combined with the CET I constitute the own funds of level I (Tier I), and own funds of level 2 (or Tier II) which added to the Tier I represent the total own funds.

The total own funds of novobanco are composed by elements of CET I and Tier II.

Supplementary information on the evolution and composition of Novobanco capital ratios can be found in the Group's Market Discipline Document (section 3. Capital Adequacy).

The summary of own funds, risk weighted assets and capital ratios capital of novobanco as of 31 December 2025 and 2024 are presented in the following table:

(millions of Euros)

		2025	2024 (fully loaded) (3)	2024 (phased in)
Realised ordinary share capital, issue premiums and own shares		2,245	3,345	3,345
Reserves and Retained earnings		1,187	594	594
Net income for the year attributable to shareholders of the Bank		859	791	791
Non-controlling interests (minorities)		–	–	–
A - Equity (prudential perspective)		**4,292**	**4,729**	**4,729**
Net result of the financial year attributable to the Bank's shareholders not eligible		(497)	(395)	(395)
Adjustments of additional valuation		(6)	(6)	(6)
Transitional period to IFRS9		–	–	33
Goodwill and other intangibles		(100)	(57)	(57)
Cash Flow Hedge		(53)	(103)	(103)
Pension fund assets with defined benefits		–	(12)	(12)
Deferred tax assets and shareholdings in financial companies		(362)	(157)	(154)
Other (1)		(35)	(64)	(64)
B - Regulatory adjustments to equity		**(1,053)**	**(782)**	**(746)**
C - Own principal funds level 1 - CET I (A+B)		**3,239**	**3,947**	**3,983**
D - Additional own funds Level 1 - Additional Tier 1		**–**	**–**	**–**
E - Level 1 own funds - Tier I (C+D)		**3,239**	**3,947**	**3,983**
Subordinated liabilities eligible for Tier II		502	502	502
Other elements eligible for Tier II		70	79	79
F - Level 2 own funds - Tier II		**572**	**581**	**581**
G - Eligible own funds (E+F)		**3,811**	**4,528**	**4,564**
Credit risk		17,856	19,253	19,282
Market risk		66	62	62
Operational risk		2,429	2,176	2,176
H - Risk Weighted Assets		**20,351**	**21,491**	**21,520**
Solvability ratio				
CET I ratio	**(C/H)**	**15.9 %**	**18.4 %**	**18.5 %**
Tier I ratio	**(E/H)**	**15.9 %**	**18.4 %**	**18.5 %**
Solvability ratio	**(G/H)**	**18.7 %**	**21.1 %**	**21.2 %**
Leverage ratio (2)		**6.5 %**	**8.8 %**	**8.9 %**

(1) Includes the adjustments relating to the backstop CRR and the deduction relating to real estate acquired in credit repayment, as provided for in Bank of Portugal Circular Letter CC/2024/00000050.

(2) The leverage ratio results from dividing Tier 1 by the exposure measure calculated under the CRR.

(3) Capital and leverage ratios not considering effects related with transitional period; for 31 December 2024 excludes net income of 2nd half

Note 38 - Provision of Insurance or Reinsurance Mediation Service

As at 31 December 2025 and 2024, the remunerations resulting from the rendering of insurance or reinsurance mediation service have the following composition:

(thousands of Euros)

	2025	2024
Life Insurance	**17,667**	**18,386**
Unit Link and other life commissions	738	671
Credit protection insurance (life)	223	694
Traditional Products	16,706	17,021
Non-Life Insurance	**11,124**	**9,567**
Insurance for individuals	10,249	8,280
Corporate insurance	–	177
Credit protection insurance (non-life)	874	1,111
	28,790	**27,953**

Note: the yields shown are net of periodizations

The Bank does not collect insurance premiums on behest insurers, nor does it move funds related to insurance contracts. Thus, there is no other asset, liability, income or charge to be reported, related to the insurance mediation activity carried out by the Bank, other than those already disclosed.

Note 39 - Subsequent Events

- At the end of January, Portugal experienced severe weather events, including Storm Kristin, which are estimated to have a potential macroeconomic impact of approximately 5 to 6 billion euros. In response, the Portuguese Government implemented several support measures for the affected regions, including credit lines and temporary moratoria. As of the date of this report, no detailed assessment of the economic impacts was yet available.

Sustainability Disclosure

novobanco



SUSTAINABILITY DISCLOSURE

Message from the Chief Legal, Compliance and Sustainability Officer **381**

Main highlights **382**

1 General Information **382**

1.1 General disclosures 383
1.2 Governance 384
1.3 Strategy 391
1.4 Management of impacts, risks, and opportunities - Disclosures about the materiality assessment process 407

2 Environmental Information **409**

2.1 Disclosures under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) 409
2.2 Climate Change 414
2.3 Other relevant environmental information (non material) 458

3 Social Information **460**

3.1 Own workforce 460
3.2 Consumers and end-users 498
3.3 Other relevant social information (non material) - Community engagement 518

4 Governance Information **523**

4.1 Objective 523
4.2 Interaction with other ESRS 523
4.3 Governance 523
4.4 Management of impacts, risks, and opportunities 525
4.5 Metrics and Targets 535

5 Appendices to the Sustainability Disclosure **537**

5.1 Disclosures under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) – Detailed reporting tables 537
5.2 Methodological Notes 600
5.3 Other required information 604

6 Independent limited assurance report on the reliability of the sustainability report **608**

Patrícia Afonso Fonseca,

Chief Legal, Compliance and Sustainability Officer



Message

In 2025, we continued to strengthen the integration of sustainability into our core activities, governance and risk management. The year marked a clear step forward in execution, simplifying processes for ESG risks and opportunities' assessment in our business, and reinforcing our commitment to disciplined, transparent and value-driven ESG integration.

A central milestone was the consolidation of our sustainable finance framework. During the year, we published our Green Bond framework, strengthening the consistency and credibility of how we identify and manage green and sustainable financing. This framework supports our ability to respond to client needs while ensuring alignment with regulatory standards and market expectations.

Climate action remained a priority, not only did we largely surpass our yearly green financing targets, but we are strongly on track to more than double our 2024 – 2026 cumulative green financing commitment. We strengthened our transition plan, aligned with supervisory recommendations, and implemented a structured monitoring model to track our financed emissions targets that enables regular oversight of climate performance and contributes to the strong performance observed on sectorial financed emissions reduction against our 2026 targets.

Progress was also made in embedding ESG into risk management. ESG factors are now fully integrated into credit analysis and monitoring processes, supported by robust governance through the ESG Steering. We completed strengthened climate stress testing exercises aligned with supervisory expectations, enhancing our understanding of physical and transition risks and reinforcing the resilience of our balance sheet.

As a recognition of the bank's leading role in advancing sustainable finance in the Portuguese market, novobanco has been distinguished as Most Sustainable Bank in Portugal at the 2025 International Banker Awards,. A recognition that also translates into novobanco's MSCI ESG rating of 'AA'.

Beyond environmental and risk dimensions, we maintained our commitment to social impact through consolidated partnerships with recognised institutions, supporting initiatives in social inclusion, volunteering and financial, digital and ESG literacy.

In 2025, we reinforced our Employee Value Proposition and Employee well-being program, placing a strong emphasis on diversity, inclusion and equal opportunity as well as on fostering a workplace where everyone can thrive. This translated into a 20% improvement in employee Net Promoter Score, strengthened alignment, engagement and trust across the organisation, supporting novobanco's transformation and long-term sustainability. Our focus and results have been recognized by WorkWell – Corporate Wellness with the 2025 'Best Wellbeing Program' award for large companies.

These achievements reflect our ongoing focus on embedding sustainability into decision-making, strengthening resilience and supporting long-term value creation.

We remain committed to disciplined execution and transparency, ensuring that ESG considerations continue to reinforce novobanco's financial performance and positive impact on the communities we serve.

Patrícia Afonso Fonseca

Chief Legal, Compliance & Sustainability Officer

Main highlights

2025 was a year of strengthening ongoing measures and programs, as well as a year of continued transformation.

- Focus remained on advancing ESG risk management, enhancing green financing, integrating ESG factors into the credit process, and progressing the Bank's transition plan.
- Stakeholder engagement was deepened through public initiatives to promote ESG awareness and culture.

Our ESG Journey 2025

January to March

- Publication of novobanco's Sustainability Disclosure, aligned with the CSRD, and accompanied by an independent limited assurance report.
- Approval of a new and enhanced Social Impact Strategy, and the start of its implementation based on three main pillars: Literacy (financial, digital and ESG); Social Inclusion; and Arts and Culture.
- Launch of the series "*Zona de Impacto Global – Pensar o ESG*" featuring debates on topics such as housing, social inclusion, innovation, and the green industrial transition, running from March to November, consolidating literacy and outreach efforts in partnership with the newspaper *Económico*.

April to June

- Launch of the Green Bond Framework, establishing the foundation for future green bond issuances and ensuring transparent allocation and impact reporting.
- Expansion of green credit offerings through lines of credit from the European Investment Bank (EIB), complemented by training for commercial teams and the use of EIB eligibility platforms.
- Publication of novobanco's updated performance in the Novobanco Climate Decarbonisation Roadmap compared to the established targets.

July to September

- Implementation of ESG risk assessment for corporate counterparties at novobanco Açores, strengthening coverage and consistency across the Group.
- Approval and launch of the new Gender Strategy, reinforcing commitments to equality, inclusion, and representation in leadership roles.

October to December

- novobanco was recognized as the Most Sustainable Bank in Portugal by the International Banker Awards 2025.
- Co-promotion, with communication partner PT50/ PTGreen, of the Green Finance conference on opportunities and challenges for the green transition.
- Completion of the comprehensive internal Climate Stress Test framework and finalization of the implementation of ESG risk management tools for counterparties, including integration with the national ESG platform from SIBS.
- Approval of the Bank's Prudential Transition Plan, aligned with the ESG risk management framework, detailing objectives, metrics, and governance for portfolio transition and risk management.
- Christmas campaign in partnership with employees and social media followers, with donations collected and matched by the bank, which were donated to the Portuguese League Against Cancer.

2026 will be a year of consolidating the initiatives launched, with greater integration of ESG factors—including nature-related and physical risks.

Integrating novobanco into the BPCE group's climate strategy is also a central objective for the year.

1.1 General disclosures

1.1.1 Disclosure Requirement

[ESRS 2 BP-1; GRI 2-1, 2-2]

This report outlines how the novobanco Group approaches sustainability in managing its activities, engaging with employees and customers. In 2024, the bank transitioned from the Global Reporting Initiative (GRI) reporting model to the Corporate Sustainability Reporting Directive (CSRD), which guides the preparation of this report. However, as in 2024, in its 2025 disclosure the bank continues to respond to GRI indicators on topics that are material or relevant to the bank's activities, as well as to the recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD), whenever applicable and possible. This report also meets the legal requirements introduced by Decree-Law No. 89/2017, of July 28, and is, under Article 508-G of the Commercial Companies Code, the Non-Financial Statement of the novobanco Group.

Ernst & Young, Audit & Associados, SROC, SA conducted a limited assurance review of the Sustainability Disclosure, assessing whether the disclosures comply with the ESRS (European Sustainability Reporting Standards). The disclosures were deemed adequate, as stated in the independent report at the end of the Sustainability Disclosure.

The 2025 Sustainability Report covers the novobanco Group – novobanco, novobanco dos Açores, Banco Best, and GNBGA. The scope of the report is the same to that is considered by the general Annual Report and Accounts. The reporting period is from January 1 to December 31, 2025, with an annual reporting frequency. Comparison values with 2024 and 2023 are presented.

1.1.2 Disclosures Regarding Specific Circumstances

[ESRS 2 BP-2; GRI 2-4]

The 2025 Sustainability Disclosure details the performance of the last three years within the novobanco Group. Whenever there are specific reporting changes due to changes in calculation methodology or new information, this is noted in the report with a clear indication of the reason for the change.

The chapter, "Appendix - Methodological Notes" includes a detailed description of the calculation methods for the data presented in the report.

The novobanco Group applies other European legislation and regulations required for the banking sector in its information disclosure, particularly in the Climate Materiality Assessment and the Application of the European Taxonomy for Sustainable Activities. The bank also maintained the identification of the SDGs (Sustainable Development Goals) associated with the material themes identified through the Double Materiality analysis and that are considered in the strategic pillars of novobanco.

Significant changes that occurred during the reporting period at the level of management, supervision, and key elements of the governance model are described in the section on Corporate Governance of the Management Report.

1.2 Governance

1.2.1 Role of the administration, management and supervisory bodies

[ESRS 2 - GOV-1; GRI 2-9, 2-12, 2-13, 2-17]

For the novobanco Group, it is crucial to conduct its activities with the firm purpose of contributing to the entire ecosystem in which it operates. This requires a robust governance model, supported by policies and principles of ethics and transparency that ensure effective and prudent management.

The data relating to the composition and functioning of the governing bodies of the novobanco Group are described in chapters 1.2.2 Organisational structure and 5.2 Corporate Bodies of the Management Report - namely the executive and non-executive members, biographies and relevant experience of the members of the governing bodies, gender and independence.

In accordance with Article 54 of the Portuguese Republic Constitution (CRP), the novobanco Group has a National Workers' Commission (CNT). The CNT meets monthly with the Human Capital Directorate and periodically with the executive administration bodies to exercise its relevant functions – namely the defence of workers' professional rights and interests and other powers subordinated to the referred article of the CRP.

The corporate governance bodies, including the management and supervisory committees, are described in the Corporate Governance report, explicitly detailing their general responsibilities, controls, and procedures, and listing the policies that support the aforementioned.

The Executive Board of Directors is responsible for approving the Double Materiality analysis and confirming the identification of Impacts, Risks, and Opportunities of the novobanco Group. The Annual Report and the Sustainability Report are approved by the Executive Board of Directors and the General and Supervisory Board.

The Chairman of the Executive Board of Directors and other members of the Executive Board of Directors and the General and Supervisory Board who are part of the Sustainability Steering, based on objectives defined for 2026 and 2030, control and approve the management of sustainability on a monthly basis.

These objectives are monitored through an action plan and coordination of teams appointed for the progress of the sustainability objectives. The models and respective procedures ensure the alignment of sustainability actions across the different operations of the Bank, through the coordination of initiatives with the representatives appointed in each operation.

Regarding the specific objectives and indicators of second-line Impacts, Risks, and Opportunities (outside the control framework of the Sustainability Steering), they are monitored by the Departments responsible for their management within the bank's organization.

The competencies of the members of the Executive Board of Directors belonging to the Sustainability Steering are described in the mentioned chapter on Organisational Structure, with information on competencies in sustainability topics. It should be noted that i) novobanco annually evaluates the adequacy of the Administration and Supervision Bodies and Holders of Essential Functions, within the scope of the Nominations Committee and; ii) all members of the Executive Board of Directors and the General and Supervisory Board received training on ESG topics, with new members receiving specific training at onboarding, and the regular planning of new training sessions.

Within these competencies, we also identify the alignment of knowledge with material Impacts, Risks, and Opportunities topics in the Corporate Governance chapter (Section 5.2: Corporate Bodies – Composition and Functioning).

Governance Mode

The existence of an effective governance structure is fundamental to ensuring the successful execution of the strategy. At novobanco, sustainability-related issues are managed according by the Sustainability Governance Model, which allows the bank to identify and review risks and opportunities related to the topic, with clearly defined responsibilities, ensuring an effective response to climate issues.

The novobanco Group recognizes that advancing sustainability requires solid governance and an organizational model that ensures the success of its implementation, ensuring accountability, mobilization, and alignment at all levels of the organization. Under this premise, and to ensure adequate coordination of the topic, the Group proceeded in 2022 to review its sustainability governance structure, that is reflected in the following bodies:

- The **Executive Board of Directors**, the management of ESG risks, including climate and environment risks, is directly conducted by the Executive Board of Directors (EBD), which participates directly in its definition and implementation, and is supervised by the General and Supervisory Board (CGS).
- The **Sustainability Steering**, created in 2021, it defines the Group's strategy and positioning, monitors its implementation, and promotes efficient decision-making regarding sustainability issues and the management of ESG risks, including climate and environmental risks.

Responsibilities of the Sustainability Steering

Given the rapid pace of transformation in all matters of Sustainability, ESG, and Climate and Environmental Risks, this monthly forum promotes efficient decision-making and the preparation of management and supervisory decisions on all sustainability-related issues. It adds the environmental, social, and governance dimensions to the traditional economic dimension, ensuring:

- *The definition of strategy, positioning, and action plans related to sustainability topics and their alignment with the action plans of the different operations and business areas of the Group.*
- *The integration of ESG issues in all business lines and activities, with delegated decision-making and approval powers on matters included in the ESG and Climate and Environmental risk implementation plans.*
- *The monitoring of the development and implementation of the defined action plan and initiatives.*
- *The coordination of teams appointed to support the implementation of the ESG action plan.*
- *The assessment of the initiatives' impact and main indicators' performance against the defined ambition.*
- *The coordination of the liaison with all relevant stakeholders and the reporting on performance through the different internal and external communication channels.*

- The **Sustainability Steering** includes participation from various companies within the novobanco Group and relevant departments for integrating ESG into the bank's various activities. It is supported by a specialized team responsible for coordinating the ESG approach of the novobanco Group, the ESG Office, and the Global Risk Department. This Steering meets monthly and includes four executive board members responsible for Sustainability, Risk, Credit, and Corporate Segment. Quarterly, it also includes the presence of the CEO and a member of the General Supervisory Board. In 2024, the ESG Steering Committee met 11 times to ensure the integration of ESG topics into all business lines and activities.

- The **ESG Office** is the structure exclusively dedicated to ESG topics within the novobanco Group, with the mission of promoting the integration of sustainability principles into the organization's strategy and activities. It simultaneously supports business and risk management, collaborating in the development of products and commercial initiatives as well as in the development of methodologies and risk controls. Overall, it is responsible for coordinating the bank's ESG strategy, executing various internal initiatives, and advising the management and supervisory bodies on any ESG-related matters.

- novobanco also implemented a **PMO – ESG Project Management Office** – to support the ESG Office and all departments and teams involved during the strategic plan transformation phase. The goal is to increase capacity and delivery pace during the transformation period and expand organizational commitment.

<table>
<tr><td rowspan="3">Board</td><td colspan="3">General Supervisory Board
Supervises strategy, positioning and plans for the Global Sustainability Framework.</td></tr>
<tr><td colspan="3">Executive Board of Directors
Decides on global sustainability framework, strategy and positioning.</td></tr>
<tr><td>Sustainability Steering
Defines strategy. positioning and guidelines; discusses and approves matters related to the ESG and C&E risks, monitors risks and implementation plan</td><td>Risk Committee
Discusses and approves risk management framework, policies, monitoring metrics and analysis.</td><td>Other Committees
Product and services offer, Data requirements and architecture, among others.</td></tr>
<tr><td rowspan="3">Management</td><td>ESG Office
Coordinates strategy, positioning and implementation plans to integrate ESG principles in the bank's organization and activity.</td><td>Global Risk Function
Develops C&E risks assessment and management frameworks and methodologies.</td><td>Other Functions
Marketing, Operational, Compliance, Data, ...</td></tr>
<tr><td colspan="3">ESG PMO
Supports ESG Office and remaining Teams in accelerating transformation</td></tr>
<tr><td colspan="3">Initiative Leaders & Teams
Implement ESG and C&E risks related initiatives</td></tr>
</table>

The governance and organization model for integrating ESG topics into the business and managing material IROs is transversal to the entire organization and based on two fundamental principles:

(1) Identify all existing activities that are affected or changed by the ESG program, as well as additional activities expected to be created.

(2) Formalize an operational model, leveraged on existing structures, with the assignment of roles and responsibilities to the different structures of the Group throughout its ESG journey.

The **Sustainability Policy** of the novobanco Group, publicly available, includes the guiding principles of ESG performance within the group and the commitments to integrate sustainability into the business model. Additional information can be consulted on the Corporate Governance chapter 5.4 Main Policies (Sustainability Policy).

Chapters 2 (Environmental Information), 3 (Social Information), and 4 (Governance Information) address the group's relevant policies. All policies related to the bank's sustainability practices are available on the novobanco institutional website[1].



[1] https://www.novobanco.pt/sustainability/sustainable-business/our-approach and also in the Corporate Governance chapter of the Management Report, and in https://www.novobanco.pt/grupo-novobanco/sobre-nos/lideranca/documentos-societarios-e-principais-regulamentos#tabs-bdd7534b9e-item-1041f8f707-tab

1.2.2 Information provided and sustainability issues addressed by the company's management, direction, and supervisory bodies

[ESRS 2 GOV-2; GRI 2-9, 2-12, 2-13 e 2-20]

The identification of impacts, risks, and opportunities informs the definition of strategy for the bank, being considered as source information for the strategy and design of the medium-term plan of the novobanco Group, monitored monthly at the level of sustainability KPIs, and the social dividend of novobanco, by the Sustainability Steering. This identification is carried out through the Double Materiality exercise, conducted at least bi-annually (every 2 years).

The approval of the bank's strategy, indicators, and goals, particularly in terms of Sustainability, is carried out in alignment with the Double Materiality analysis and the identified Impacts, Risks, and Opportunities. The approval of the analysis results is the responsibility of the EBD.

The approval of the novobanco Group's sustainability management program is carried out by the Sustainability Steering, with complementary approvals ensured in specialized committees (e.g., Transformation Committee) or EBD whenever necessary. The performance indicators of the program are the responsibility of the same Steering, with the Social Dividend of novobanco (the main commitment in terms of sustainability) additionally approved by the EBD and publicly reported on a quarterly basis.

Chapter 2 of the Management Report - Our Strategy identifies how the considerations resulting from the Double Materiality analysis, particularly in Impacts, Risks, and Opportunities, are integrated into the bank's strategy pillars.

Chapter 5 of the Management Report (5.2 Corporate Bodies) addresses the specific responsibilities of the management bodies, reinforcing this description in Chapter 1.2.2 Organisational Structure , as well as with the description in the current Sustainability Disclosure chapter, regarding the sustainability governance bodies of the novobanco Group.

Also, in Chapter 2.3 Risk Management of the Management Report, it is identified how financial and other non-financial risks are integrated at the bank level, particularly the Risk Management Framework. For ESG-related risks, we reinforce this description in the ESRS - E1 - Climate Change report.

The list of Impacts, Risks, and Opportunities identified as material for the novobanco Group can be found in the section of this Chapter 1.3.3. Material impacts, risks, and opportunities and their interaction with the strategy and business model.

1.2.3 Integration of sustainability performance in incentive schemes

[ESRS 2 GOV-3; GRI 2-19]

The model for awarding variable incentives to the bank's employees is systematized in the publicly accessible documents "Remuneration Policy for the management and supervisory bodies" and "Remuneration Policy for employees" – these are established under Article 115-C of the General Regime of Credit Institutions and Financial Companies, in addition to considering other applicable regulations and legislation, as identified in the same policy.

In the same policy, the main performance evaluation factors are listed. These include the risk strategy and culture, considering environmental, social, and governance (ESG) risk factors.

Thus, the performance evaluation and variable remuneration of the management team integrate these ESG indicators, in the performance evaluation of the members of the EBD, such as metrics for reducing GHG emissions, the production of green credit, and the pursuit of the ESG risk agenda of novobanco, among others. Some of these indicators are part of the Social Dividend model and the goals disclosed in Chapter 2.2 Climate Change of this Disclosure. Each member of the EBD has performance indicators defined according to their responsibilities.

Chapter 5 of the Management Report - Corporate Governance presents the distribution of remuneration among the different components, namely the variable remuneration component.

The performance evaluation model of the departments also includes ESG indicators at the corporate level and, whenever applicable, specific ESG indicators for the department.

The Remuneration Policy for Employees of novobanco and any changes to it are subject to approval by the Executive Board of Directors, following a proposal from the Remuneration Committee, and subject to approval by the General and Supervisory Board.

The Remuneration Committee, as described in the policy, must carry out an annual central and independent process of evaluating the policy.

1.2.4 Statement of Due Diligence

[ESRS 2 GOV-4; GRI 2-23]

The novobanco Group recognizes the importance of sustainable business management, encompassing the entire value chain. In its ESG journey, suppliers play a crucial role, ensuring a set of tools that allow the relationship with this group of stakeholders to be based on environmental, social, and governance criteria.

The elements related to the process inherent to the duty of care are presented in the Sustainability Policy and Principles of Relationship with Suppliers of the novobanco Group, and other Corporate Documents and Main Regulations, namely the Code of Conduct and the Human Rights Policy.[1]

For detailed information about suppliers, please refer to the section related to Chapter 4 Business Conduct of this Disclosure.

The following table shows the integration of the core elements of due diligence on the Sustainability Disclosure, referencing the section where these elements are detailed.

Core elements of due diligence	Section in Disclosure
Embedding due diligence in governance, strategy and business model	*1.1 Governance* *1.3.1 Strategy, Business Model and Value Chain*
Engaging with affected stakeholders in all key steps of the due diligence process	*1.3.2 Interests and views of stakeholders* *1.4.1 Description of the process for identifying and evaluating material impacts, risks, and opportunities*
Identifying and assessing adverse impacts	*1.3.3 Material impacts, risks, and opportunities and their interaction with the strategy and business model* *2.2.6.1. Processes to identify and assess material climate-related impacts, risks and opportunities* *3.1 Own workforce* *3.2 Consumers and end-users* *4 Governance information*
Taking actions to address those adverse impacts	*1.3.3 Impacts, risks, and material opportunities and their interaction with the strategy and business model* *2.2 Climate Change* *3.1 Own workforce* *3.2 Consumers and end-users* *4 Governance information*
Tracking the effectiveness of these efforts and communicating them	*1.3.1 Strategy, Business Model and Value Chain* *2.2.7. Metrics and Targets* *3.1.6 Metrics and Targets* *3.2.5 Metrics and targets* *4.5 Metrics and Targets*

[1] https://www.novobanco.pt/grupo-novobanco/sobre-nos/lideranca/documentos-societarios-e-principais-regulamentos

1.2.5 Risk management and internal controls over sustainability reporting

[ESRS 2 GOV-5]

Sustainability reporting carries operational risks such as missing information, inaccuracies, errors, or system failures. These risks may arise from internal process flaws, poor data quality, human mistakes, or external factors. To address them, the bank has integrated sustainability reporting controls into its existing risk management framework for financial reporting.

Each disclosure requirement is prepared by one or more employees with relevant expertise, using data from HR, credit, finance, or external partners. The Sustainability Reporting group prepared and reviewed each disclosure for accuracy and completeness. This group was responsible for compiling the overall sustainability disclosure and supported the double materiality assessment.

To improve efficiency and minimize risks, the bank uses IT systems to manage reporting, documentation, and internal controls for all data points from the double materiality assessment. The Sustainability Reporting group regularly updated the ESG Steering and EBD on risk assessments and report preparation.

In 2024, the double materiality assessment was reviewed, with the sustainability consultant and auditor both providing recommendations on the statement's format, structure, and disclosure requirements before issuing their assurance reports.

In 2025, the double materiality assessment was once again reviewed through thematic workshops and an external analysis of material topics for the national banking sector and European peers. This review is presented in the section dedicated to the presentation of the results of the Double Materiality exercise.



1.3 Strategy

1.3.1 Strategy, Business Model and Value Chain

[ESRS 2 SBM-1; GRI 2-6, 2-7, 2-22]

The novobanco Group has the mission of being the trusted partner that supports families and businesses throughout their lives. With this focus on the customer and society, it would be insufficient to adopt only a financial perspective to identify the most material topics for the bank.

Aware of the role to be played in the context of combating climate change, novobanco has developed initiatives to adopt a structured, ambitious, and effective approach to address environmental, social, and governance (ESG) challenges in the transition to a sustainable and low-carbon economy and an inclusive and fair society.

The current strategy of novobanco is integrated into the bank's ambition in all these dimensions and across its value chain. Thus, the ESG vision is integrated into all pillars of the bank's business model: (i) in its relationship with the customer and society, in the context of supporting the transition and promoting socio-economic development, (ii) in the environmental and social performance of its own operations, (iii) in the practices of development, inclusion, and promotion of the well-being of its employees, and (iv) in a sustainability strategy that enhances an effective governance model and a correct economic integration of all risks, including climate and environmental risks.

Information about the strategy, business model, markets, segments, products, and services of the novobanco Group is disclosed in chapters 1 - Who we are and 2 - Strategic Pillars of the Management Report. Information regarding the employees of the novobanco Group is detailed in chapter 3.1 Own workforce of this Disclosure. Information regarding novobanco's products and services related to sustainability is also detailed in chapters 2.2 Climate Change and 3.2 Consumers and end-users of this Disclosure.

Our strategic pillars

The strategic approach of novobanco is based on four pillars, which support its competitive positioning. During the current fiscal year, the integration between the bank's strategy and its actions in terms of environmental, social, and governance (ESG) reinforcement was strengthened.

Each of the bank's strategic pillars is aligned with its ESG vision and priority SDGs:

- Elevate the bank's customer-centric approach with differentiated value propositions, leveraging a digital and omnichannel approach, and reinforcing its role in supporting the energy transition needs of its clients.
- Provide simple and efficient operations that improve the banking experience and ensure a more sustainable environmental and social footprint.
- Develop people and culture by actively attracting and cultivating a team of qualified professionals who are a reference for the bank's core values, including the goals of inclusion, diversity, and enhancing the well-being of all employees.
- Ensure sustainable performance in terms of risk management and the reinforcement of ESG components integration into the business, including climate and environmental risk.

The following figure integrates the specific sustainability objectives in each of the business strategy pillars.

Strategic Pillars

1 Customer-centric Bank

Support our clients transition and maximize positive impact on society and environment

- Develop an energy transition linked business strategy in the Corporate and Retail segments, namely by enhancing green investment policies and targets, as well as products and services.
- Implement and monitor plans to reduce scope 3 financed GHG emissions through sector-specific targets to reduce emissions intensity, in line with the Paris Agreement targets.
- Continue to develop the ESG offering in the investment and financial advisory strategy for clients.
- Promote stakeholder engagement and the Bank's corporate social responsibility strategy

2 Simple and efficient operations

Improve efficiency, enable own transition, ensure systems readiness for ESG

- To improve the environmental efficiency of novobanco's operations.
- Reduce scope 1 and 2 own emissions (and scope 3, excluding financed emissions, whose objectives are set under the "Customer-centric bank" pillar).
- Strengthen suppliers' ESG performance.
- Continue strengthening the adaptation of IT and information management systems to ESG requirements.

3 Development of people and culture

Strengthen capabilities, inclusiveness, diversity and the engagement of our people

- Promote diversity and a culture of inclusion among novobanco employees.
- Strengthen training and development actions for employees.
- Promote initiatives to reinforce the culture, engagement, and well-being of employees.

4 Developing sustainable performance

Build a robust ESG governance & risk management framework

- Implement the operating model for ESG management of the bank, building a robust governance model.
- Continue the implementation of the ESG risk management structure, particularly in the management of climate and nature risks, and including it in critical processes such as credit and client onboarding.
- Ensure the operationalization and implementation of the Prudential Transition Plan



The commitments of novobanco

Based on this integrated vision of the ESG policy and the strategic action pillars, novobanco proposes to review its current commitments, identifying new objectives to be achieved by 2026 and 2030 in terms of its environmental, social, and governance performance. This information is found in the following section, including novobanco's goals, commitments and its current performance.

novobanco's performance in "Green Production" demonstrates its commitment to the transition of the Portuguese economy. Having already achieved the goal set for 2026, the bank is currently reviewing upward this target, in alignment with the update of its business plans for the different segments.

1 Customer-centric Bank

Green production[1]

Target 2026
2000 M€

2822

ESG investments products[5]

Target 2026
60% of investment products

68%

2 Simple and efficient operations

Own emissions[2]

Target 2030
-54% vs 2021

-54%

Renewables Energy[6]

Target 2026
100%

100%

3 Development of people and culture

Equal pay[3]

Target 2026
Maximum of 5%

5%

Employee engagement[7]

Target 2026
At least 75%

66%

4 Developing sustainable performance

GHG emissions reduction targets[4]

Target 2026
100% Target by sector

182%

Women in management[8]

Target 2026
At least 40%

38%

1 .Loans and investments considered within the framework of the novobanco green financing and investment classification policy;

2.GHG emissions from Scope 1 and 2, following the market-based method. A significant adverse impact resulted from the update of the emission metrics applicable to hybrid vehicles. Excluding this methodological effect, emissions would have registered a 61% reduction compared to 2021;

3Gender pay disparity adjusted for role;

4. Achieving the GHG emissions intensity reduction targets set for Electricity Production, Cement, Chemicals, Fossil Fuels, and Commercial Mortgages, calculated as % of the reduction target for 2026 (or "pathway" for sectors with SBTi targets for 2030). The objective for 2025 is to achieve 50% of the total reduction target for 2026 GHG. The global target is calculated as the weighted average of sector-specific targets and their weight in the portfolio;

5.% of investment products (Funds, Capitalization Insurances, Structured Products (including deposits)) with ESG characteristics/concerns – Articles 8 and 9 SFDR;

6.Share of renewable sources in total electricity consumption;

7.Employee engagement level assessed through the Pulse survey;

8 Senior leadership (Board of directors and first-line directors).

Target set is met Target is on track

Approach to ESG risks

This section also presents the vision of the approach to ESG risks, the profiles of these risks, and the planned measures to strengthen the risk approach. In chapter 2.2.6.1, you can find the format of the Climate and Nature related risk analyses, carried out together with the other ESG risk dimensions, which can also be consulted in novobanco's public Market Discipline reports.

The Risk Management Function (Global Risk Department) is responsible for global risk processes, which include monitoring and assessing risks, ensuring the development of policies, methodologies, and necessary information for this purpose.

The management of ESG risks is integrated into the novobanco Group's overall sustainability framework, which includes the following elements:

- A transversal sustainability strategy, which establishes objectives, goals, and actions for business areas, internal governance, internal control and risk management, internal activities (e.g., own operations), and internal and external reporting.
- A public positioning, materialized by the ESG policies and guiding principles of the bank's activity, as well as the commitments made, in which novobanco discloses its objectives and main sustainability practices, highlighting:

(i) Reduction of direct or financed GHG emissions, aligned with the global goals of the Paris Agreement;

(ii) Strengthening the use of 'sustainable finance' instruments, particularly through commercial offerings and own investment policies, channelling direct financial support for the transition of the Portuguese economy (e.g., green financing and investment policy);

(iii) Adequate management of climate transition risks, systematically identifying and controlling their main factors;

- A governance and operational structure specifically adapted for this strategy, ensuring that internal teams have specialized knowledge and work plans directed towards achieving novobanco's objectives.

Developments in the risk management system, in the ESG risk component, address three primary objectives:

(i) Compliance with regulatory requirements, particularly those concerning the disclosure of non-financial information on sustainability strategy and ESG risk management, with a special focus on climate and environmental risks;

(ii) Effective alignment with regulatory and supervisory expectations in this area, highlighting the implementation of the European Central Bank (ECB) Guide on climate and environmental risk management (C&E);

(iii) Implementation of enhanced procedures for ESG risk management, adapted to the activity of the novobanco Group, with emphasis on:

a) Assessment and quantification of the materiality of these risks;

b) Global monitoring routines of ESG risk exposure;

c) Integration of specific controls for ESG risk factors into the business, leading to the origination and monitoring of risk exposures – including the necessary procedures for the operationalization of the European Taxonomy for sustainable activities;

d) Implementation of risk assessment practices, considering sensitivity analysis or scenario analysis methodologies.

ESG Risk Profile

The definition of ESG risks concerns situations of potential negative impacts arising from the current or future effects of risk factors present in clients and counterparties or in the bank's assets and liabilities. Since 2020, these risks have been part of the internal taxonomy of the novobanco Group, with a focus on the component of climate change (and its impacts on traditional risk categories).

The following risk components are assessed:

- A climate and nature related risks component (C&N risk): related to the quality and functioning of the environment and natural systems, including elements related to climate change, biodiversity, pollution, and waste management, to the extent that these elements can affect the performance or financial value of the novobanco Group's counterparties, clients, and assets.
- A social component: related to social rights, well-being, and the general interest of society and communities, including factors such as equality, health, inclusion, labour relations, occupational hygiene and safety, human capital, and community development.
- A governance component: related to aspects of internal governance, including management and supervisory bodies, internal organization, remuneration policies, internal control, tax practices, conduct, and transparency.

Each of these components is individually recognized and assessed for their impacts on other risk categories, with a primary focus on external factors: that is, internal factors are currently recognized and controlled by already established processes (examples: internal factors related to social aspects are managed and controlled by the reputational risk management policy; internal factors related to governance aspects are controlled by compliance policies; internal factors related to physical risk are recognized and controlled by business continuity policies and practices).



Our next objectives in the context of climate and environmental risk management

Our ESG strategy includes the following main activities by thematic area:

Areas	Strategic Guidelines	Our Next Challenges
Business Strategy	• Understand and quantify the impact of climate and environmental risks on the business environment in which novobanco operates, in the short, medium, and long term, so that novobanco can make informed, consistent, and strategic decisions. • Strengthen the integration of climate and environmental risks that affect the business environment in the short, medium, or long term, namely nature related risks	• Evaluate and monitor the business environment in which novobanco operates in terms of products and services and strengthen the Bank's offer directed at the clients' climate transition journey. • Identify risks arising from climate change and environmental degradation at the level of key sectors, geographic areas, and related to products and services – that is, strengthen sectoral policies. • Monitor key performance indicators (KPIs) at the business line level (cascading down). • Determine which climate-related and other risks affect the business strategy in the short, medium, and long term, for example, by using scenario analysis and stress testing. • Implement the initiatives set out in novobanco's Prudential Transition Plan.
Governance and Risk Appetite	• Consider climate and environmental risks when developing business strategy and objectives. • Formal model for managing climate risks. • Existence of an appetite for climate and nature related risks.	• Continuously strengthen the presence of climate and nature related risks in the risk appetite policy (RAF/RAS). • Continue to develop appropriate key risk indicators and establish appropriate limits to effectively manage climate and nature related risks. • Build effective control over institutions' exposures and responses to climate and environmental risks. • Continue to strengthen the collection and evaluate the Bank's portfolio concerning taxonomy (reporting in Sustainability Disclosures).
Risk Management	• Incorporate climate and nature related risks into risk management, with the aim of monitoring and mitigating over sufficiently long horizons. • Continuously monitor the effect of climate change and environmental factors on current market risk positions.	• Continue to improve the assessment of risk materiality, including a holistic and well-documented view of the impact of climate and nature related risks on existing risk categories. • Strengthen the characterization of our portfolios to refine the results of the materiality assessment of climate and nature-related risks. • Implement an enhanced approach to risk identification/ assessment and the development of risk methodologies, with methodological definitions and ESG scoring results for client classification (segmentation model). • Strengthen risk mitigation measures concerning C&N risks. • Adopt a strategic approach to measuring and mitigating climate and environmental risks according to the risk appetite strategy, and adapt policies and procedures, risk limits, and risk control.

Areas	Strategic Guidelines	Our Next Challenges
Credit Risk Management	• Consider climate and environmental risks at all relevant stages of the credit granting process and portfolio risk monitoring, including the pricing impacts already defined.	• Continue strengthening the integration of C&E risks in the financing origination framework, already currently carried out for most transactions, with impacts at the pricing level defined. • Strengthen the integration of physical climate-related risks into collateral assessments and credit risk. • Advance ESG risk assessment models and alignment classification with the European Taxonomy, at both the counterparty and transaction levels. • Continue the development of integrated risk methodologies, based on which integration procedures and the decision-making framework will be adjusted to incorporate C&E risks.
Operational Risk Management	• Consider the possible adverse impacts of climate and environmental events on business continuity and also impacting reputational risks.	• Evaluate the impact of physical risks on operations in general, including the ability to recover quickly and continue providing services. • Ensure that remuneration policies and practices encourage behaviors consistent with the climate and environmental (risk) approach, as well as with the commitments voluntarily assumed by the institution. • Identify sources of climate-related liability risks and/or litigation related to its own activities, conduct an assessment of these risks, and adopt mitigation measures in case of identified risks.
Quantification Methodologies and Stress Tests	• Ensure the full integration of climate risks into the stress testing framework.	• Consolidate the methodologies defined under the climate stress testing framework. • Improve the quality of input information for the methodologies. • Monitor the results achieved and their impact on the analyses of business model resilience and the Group's ESG strategy.
	• Integrate methodologies for quantifying climate risks into adequacy exercises.	• Strengthen the ICAAP exercise by integrating climate risk drivers and scenarios
Prudential Transition Plan	• Ensure compliance with the commitments and objectives that underpin the novobanco Group's transition strategy, supported by the initiatives described in the Prudential Transition Plan.	• Monitor the quantitative metrics that support the Plan's initiatives. • Adjust the Plan according to the evolution of the Group's approach and the best practices observed in the market.

1.3.2 Interests and views of stakeholders

[ESRS 2 SBM-2; GRI 2-12, 2-29]

To build and maintain a constant relationship with stakeholders and integrate their concerns and expectations, the bank provides a wide range of communication channels. The definition of the business strategy of the novobanco Group is intrinsically related to a collaborative and proactive approach with all its stakeholders, with a special focus on the 7 main stakeholders - customers, employees, regulatory entities, investors, suppliers, media, and the community. In addition to the various recurring interactions identified, the group also regularly assesses the materiality of ESG topics.

Stakeholder and communication channels	
Employees *For more information please consult section 3.1.4.1 (ESRS S1 SBM-2)*	• *Anonymous or personalised feedback via surveys and meetings* • *360º feedback to leadership* • *Ser novobanco intranet, internal social network, and human resources portal* • *Human resources business partner* • *Executive leadership visits (throughout the territory)* • *Quarterly forums with all employees* • *Annual meeting and other thematic meetings, workshops, briefing sessions, and webinars* • *Meetings with the national workers' committee and unions* • *Anonymous whistleblowing channel*
Customers *For more information please consult section 3.2.3.1 (ESRS S4 SBM-2)*	• *Request for personalized feedback, online and by phone* • *Formal system for filing complaints* • *Network of Branches, Business Centers, and Regional Directorates* • *Website and social networks (novobanco Cultura, Facebook novobanco, and LinkedIn)* • *Events, e.g., ESG Talks, Sustainability for SMEs*
Regulatory Entities and Investors	• *Provision of mandatory and voluntary information* • *Request for feedback by phone, online, and in person* • *Investor Relations team* • *Regular meetings with investors* • *Quarterly results presentation - Investor website*
Suppliers	• *Contacts established through a specific website (novobanco Group Supplier Portal), coordinating the exchange of information via email, phone, and in person*
Media	• *Provision of information in person, by phone, and online* • *Press conferences* • *Quarterly results presentation* • *Sharing of specialized knowledge through social networks and media (radio, newspapers, television)*
Community	• *Continuous dialogue in person, by phone, and online with Associations, IPSS, social and environmental NGOs - Corporate Social Responsibility initiatives* • *Participation in conferences* • *Website and social networks (novobanco Cultura, LinkedIn, Instagram, and Facebook novobanco)*

Double Materiality

In 2023, novobanco conducted a new materiality analysis based on a "double" materiality perspective[1]. The approach identified how sustainability topics affect the performance, position, and development of novobanco (the 'outside-in' perspective – financial materiality); and the impact of novobanco on people and the environment (the 'inside-out' perspective – impact materiality).

Since the business strategy of the novobanco Group is intrinsically related to a collaborative and proactive approach with all its stakeholders, a comprehensive stakeholder consultation exercise was conducted for the new materiality analysis.

For this purpose, all groups or individuals affected by the Group through its activities, products, and services, and who, in turn, can also affect the Group's ability to achieve its objectives, were considered relevant stakeholders for novobanco. Based on this definition, 11 main stakeholder groups were identified and involved in the process: customers, employees, suppliers, partners, the scientific community, IPSS, NGOs, media, unions, shareholders, and regulatory entities.

The identification and prioritization of topics and impacts on the organization were based on a process that included trend analysis and stakeholder consultation through questionnaires and discussion workshops.

This analysis ensured the inclusion of topics relevant to the entire value chain of the bank, with significant information collected from stakeholders, for example, in upstream (e.g., suppliers) and downstream (e.g., customers) components.

In 2024, the Bank updated this analysis in line with the CSRD directive, particularly in the ESRS 1 reporting standard regarding section 3 "Double materiality as a basis for sustainability information disclosure." This update was the basis for identifying Impacts, Risks, and Opportunities, and assessing their materiality.

In 2025, the double materiality assessment was once again reviewed through thematic workshops and an external analysis of material topics for the national banking sector and European peers. The review model was decided taking into account the agreement reached with BPCE and the impact this has on the expectation regarding the entry of relevant stakeholders for the Group (new investors).

Based on this process, 32 topics of material relevance to novobanco were identified, as detailed in chapters 1.2.2 Information provided and sustainability issues and 1.3.3 Material impacts, risks, and opportunities of this Disclosure.

In light of this analysis and the identification of the most material topics for novobanco, it was confirmed that the selection of the Sustainable Development Goals (SDGs) adopted by the bank as priorities for defining its strategy would be maintained.

The SDGs were selected based on the relevance of their targets to the material Impacts, Risks, and Opportunities identified by the bank. The most relevant targets within the identified SDGs are presented in this section.

[1] Analysis prepared according to NFRD requirements

SDG and relevant targets



Ensure inclusive, quality, and equitable education, and promote lifelong learning opportunities for all

- 4.3 Ensure **equal access for all women and men** to affordable and quality technical, vocational and tertiary education, including university
- 4.4 Substantially increase the number of young people who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



Ensure access to affordable, reliable, sustainable and modern energy for all

- 7.2 By 2030, increase substantially the **share of renewable energy** in the global energy mix
- 7.3 By 2030, **double the global rate of improvement in energy efficiency**



Promote sustained, inclusive and sustainable economic growth, full & productive employment and decent work for all

- 8.2 (...) **higher economic productivity** through diversification, technological upgrading and innovation (...)
- 8.5 achieve full (...) **employment and decent work for all women and men**, (...) and **equal pay** (...)
- 8.10 (...) encourage and **expand access to banking**, insurance and financial services for all



Reduce Inequality within and among countries

- 10.2 (...) promote the **social, economic and political inclusion of all**, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- 10.5 Improve the **regulation and monitoring of global financial markets and institutions** and strengthen the implementation of such regulations



Take urgent action to combat climate change and its impacts

- 13.1 Strengthen **resilience and adaptive capacity** to climate -related hazards and natural disasters in all countries
- 13.2 Integrate **climate change measures** into national policies, strategies and **planning**



Promote peaceful societies (...), provide access to justice, build effective, accountable and inclusive institutions

- 16.4 Reduce **illicit financial and arms flows**, (...) recovery of stolen assets and combat all forms of organized crime
- 16.5 Substantially **reduce corruption and bribery** in all their forms
- 16.6 Develop effective, **accountable and transparent institutions** at all levels

Impact Materiality

The analysis of the impact of the novobanco Group's activities on society identified impacts associated with the themes of Climate Change (Adaptation, Mitigation, and Energy Transition); Own Workforce (Working Conditions, Equality in Treatment and Opportunities, and Housing); Consumers and End Users (topics related to privacy and access to information, consumer safety regarding the use of services, and social inclusion); and Business Conduct, in various topics reinforcing corporate governance activities.

Financial Materiality

At the level of Risks and Opportunities, topics associated with Climate Change (Adaptation and Mitigation), Own Workforce (Working Conditions, Equality in Treatment and Opportunities), End Consumers (data privacy and non-discrimination), and Business Conduct were identified.

This analysis was aligned with the practice already implemented in the bank for analyzing climate and environmental risks, in accordance with the guidelines of the European Banking Authority and the supervisory expectations of the European Central Bank, also presented in this report.

Participation of management and supervisory bodies in the process

The results of the stakeholder consultation, in addition to including the views of the various members of the Executive Board of Directors, also involve the review of the consolidated results, discussed and approved in the Sustainability Steering and an Executive Board of Directors.

The Chairman of the Executive Board of Directors and other members of the Executive Board of Directors and the General Supervisory Board are part of the Sustainability Steering. Based on objectives defined for short, medium and long-range (2030), they control and approve the management of sustainability on a monthly basis.

These objectives are monitored through an action plan and coordination of teams appointed for the progress of the sustainable business model. The models and respective procedures ensure the alignment of sustainability actions across the Bank's different operations, through the coordination of initiatives with the representatives appointed in each operation.



1.3.3 Impacts, risks, and material opportunities and their interaction with the strategy and business model

[ESRS 2 SBM-3; GRI 3-2, 3-3]

In this chapter we present the analysis of the impacts, risks, and material opportunities of the novobanco group. This analysis was carried out according to established standards and organized by specific themes. novobanco's goal is to provide a comprehensive and contextualized view of how these factors integrate into the bank's strategy and business model.

Topic: Climate Changes

IRO Description	Characterization				
Adaptation to Climate Changes					
Financing projects and companies that promote adaptation to climate change, such as resilient infrastructures and renewable energies, allows the bank to support the transition to a sustainable economy	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Real	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impacto: Relações comerciais, financiamento a cliente				
	Referência: consultar capítulo 2.2. Alterações climáticas				
Hurricanes, floods, and other extreme weather events related to climate change that have the potential to cause delays in mortgage payments, loan defaults, a decrease in asset value, and other negative financial impacts.	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: consult section on climate and environment risks (in referred chapter)				
	Reference: in chapter 2.2. Climate changes				
Mitigation to Climate Changes					
By financing projects and companies that promote sustainable practices, the bank contributes to environmental protection and the development of a low-carbon economy	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Efeitos financeiros: consultar secção análise de riscos climáticos e ambientais				
	Referência: consultar capítulo 2.2. Alterações climáticas				
Operations that generate GHG emissions, such as the use of heating/cooling in buildings, increase the institution's environmental footprint	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Real	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Own activities				
	Reference: in chapter 2.2. Climate changes				
The transition to a low-carbon economy can have a significant impact on borrowers in energy-intensive sectors or those with high CO2 emissions, leading to increased compliance costs, reduced solvency, restricted access to capital, decreased competitiveness, or reputational damage	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: consult section on climate and environment risks (in referred chapter)				
	Reference: in chapter 2.2. Climate changes				

IRO Description	Characterization				
Energy					
Financing projects aimed at improving energy efficiency, both in companies and in residential sectors, helps reduce overall energy consumption and carbon emissions. In addition, it contributes to the sustainability and competitiveness of the financed companies	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: consult section on climate and environment risks (in referred chapter)				
	Reference: in chapter 2.2. Climate changes				

Topic: Own workforce

IRO Description	Characterization				
Working conditions					
Opportunities for feedback and open dialogue channels support career development of employees, increase satisfaction and retention, and improve the bank employer brand, reinforcing its talent attraction	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified, but topic is taken as part of the bank values				
	Reference: in chapter 3.1. Own workforce				
Creating conditions that foster work-life balance and strengthen health and safety measures enhances employee well-being, which in turn boosts satisfaction and productivity	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified, but topic is taken as part of the bank values				
	Reference: in chapter 3.1. Own workforce				
Equal treatment and opportunities for all					
Pay inequality accentuates gender differences, currently affecting mainly female employees.	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Real	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Own activities				
	Reference: in chapter 3.1. Own workforce				
Disparities in compensation for similar roles, including gender disparities, can cause employee disengagement	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified as bank as zero appetite for this risk				
	Reference: in chapter 3.1. Own workforce				
Providing actions and initiatives that promote the development of employees' skills can contribute to their personal enrichment and professional growth	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Own activities				
	Reference: in chapter 3.1. Own workforce				
Hiring people with disabilities, combined with adapting spaces to promote accessibility, contributes to equal opportunities, especially in access to employment, reducing dependence on social assistance for this group	**Type**	Impact	Risk	Opportunity	
	Value Chain	Upstream	Own operations	Downstream	
	Horizon	Real	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Own activities				
	Reference: in chapter 3.1. Own workforce				

IRO Description	Characterization				
The implementation of policies that promote equal pay for work of equal value contributes to a fairer work environment, enhances employee satisfaction, and improves the organization's reputation as an inclusive and socially responsible employer	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified, but topic is taken as part of the bank values				
	Reference: in chapter 3.1. Own workforce				
Failure to build a safe workplace can lead to incidents of harassment, violence, or unequal treatment, resulting in legal proceedings, financial compensation payments, and reputational damage, and higher staff turnover	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified as bank as zero appetite for this risk				
	Reference: in chapter 3.1. Own workforce				
Other					
Facilitating special credit conditions, particularly for access to adequate housing, promotes improvements in workers' quality of life, impacting their health, safety, and well-being	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Real	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity, financing to customers (own-employees)				
	Reference: in chapter 3.1. Own workforce				

Topic: Consumers and end-users

IRO Description	Characterization				
Information and personal safety of consumers and end users					
The absence of robust information protection systems, combined with the evolution of threats and cybersecurity technologies, increases the risk of data loss or disclosure, including personally identifiable information, compromising customer privacy and potentially causing material damage	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity, safety and quality of service provided to customers				
	Reference: in chapter 3.2 Consumers and end-users				
The lack of clear and accurate information about risks involved in investments or financial products can lead to poorly informed decision-making, with negative financial repercussions.	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity, safety and quality of service provided to customers				
	Reference: in chapter 3.2 Consumers and end-users				
Incidents involving personal data security can result in a loss of customer trust, reputational and financial damage, including legal proceedings	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified as bank as zero appetite for this risk				
	Reference: in chapter 3.2 Consumers and end-users				
Social inclusion of consumers and end users and responsible marketing					
Inclusive products and services that meet the needs of different customer groups, regardless of age or income, promote the democratization of access to banking services, helping to reduce inequalities	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity and quality of service provided to customers				
	Reference: in chapter 3.2 Consumers and end-users				

IRO Description	Characterization				
Offering services adjusted to low-income or highly indebted consumers contributes positively to society	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Real	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity, financial inclusion and quality of service provided to customers				
	Reference: in chapter 3.2 Consumers and end-users				
The development of initiatives, products, and services aimed at consumer segments with low financial and/or digital literacy promotes their security and financial education	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity, financial inclusion and quality of service provided to customers				
	Reference: in chapter 3.2 Consumers and end-users				
Improper marketing practices can lead to harmful decision-making by customers	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity and quality of service and information provided to customers				
	Reference: in chapter 3.2 Consumers and end-users				
Remuneration schemes and incentive policies that prioritize the sale of products or services may encourage business practices that are not in the best interest of customers, such as irresponsible marketing practices	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Commercial activity and quality of service provided to customers				
	Reference: in chapter 3.2 Consumers and end-users				
Digital tools and channels that are accessible, both in terms of usability and language, to ensure that all consumers, regardless of their financial literacy, can access and understand banking information, can represent an opportunity for business expansion	**Type**	Impact		Risk	Opportunity
	Value Chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified, but digitalization is a strategic objective				
	Reference: in chapter 3.2 Consumers and end-users				

Topic: Business conduct

IRO Description	Characterization				
Corporate culture					
Promoting an ethical culture and integrity in interactions with employees, suppliers, clients, and other stakeholders, while promptly identifying and addressing intentional or accidental breaches of the Code of Conduct—such as discrimination, harassment or conflicts of interests – helps prevent significant harm to various stakeholders	**Type**	Impact		Risk	Opportunity
	Value chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Own activities				
	Reference: in chapter 4. Business Conduct Information				
The business model of banking institutions relies on the unwavering protection of customers' interests, fostering trust and long-term loyalty. Failure to prevent conflicts of interest and negligence can result in significant negative financial impacts, such as legal sanctions and reputational damage	**Type**	Impact		Risk	Opportunity
	Value chain	Upstream		Own operations	Downstream
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified as bank as zero appetite for this risk				
	Reference: in chapter 4. Business Conduct Information				

IRO Description	Characterization				
Failure to comply with complex regulations and disclosure requirements, including insider trading, antitrust, and market manipulation, can lead to a decrease in stakeholder trust, a reduction in revenues, and an increase in losses due to legal proceedings.	**Type**	Impact	Risk	Opportunity	
	Value chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified as bank as zero appetite for this risk				
	Reference: in chapter 4. Business Conduct Information				
Whistleblowers' protection					
The absence of appropriate channels for reporting ethical concerns and inadequate management of complaints (for example, ensuring confidentiality, anonymity and due process) contributes to the perpetuation of unethical behaviour, which can have negative repercussions for both victims and whistleblowers	**Type**	Impact	Risk	Opportunity	
	Value chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Own activities				
	Reference: in chapter 4. Business Conduct Information				
Management of relationships with suppliers					
Establishing and complying with ESG standards in commercial relationships with suppliers, as set out in the Supplier relationships principles, supports the promotion of good social and environmental practices in the market	**Type**	Impact	Risk	Opportunity	
	Value chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: Acquisition of products and services to suppliers				
	Reference: in chapter 4 Governance Information				
Reputational risk in the event of the bank being called into question for negative ESG impacts caused by its suppliers and service providers	**Type**	Impact	Risk	Opportunity	
	Value chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified as bank as zero appetite for this risk				
	Reference: in chapter 4 Governance Information				
Bribery & Corruption					
A Improper management and inadequate models for identifying and preventing financial crime (including corruption, bribery, and the financing of criminal activities and terrorism) can harm clients and foster an environment of criminality and insecurity in society	**Type**	Impact	Risk	Opportunity	
	Value chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Impact: own activities				
	Reference: in chapter 4 Governance Information				
Incidents of corruption and bribery can have a devastating impact on a bank's reputation. Trust is one of the most valuable assets for a financial institution, and any association with bribery or corruption can lead to the loss of customers, investors, and partners	**Type**	Impact	Risk	Opportunity	
	Value chain	Upstream	Own operations	Downstream	
	Horizon	Potential	Short-term	Medium-term	Long-term
	Strategy	Pillar 1	Pillar 2	Pillar 3	Pillar 4
	Financial impacts: economic value not quantified as bank as zero appetite for this risk				
	Reference: in chapter 4 Governance Information				

1.4 Management of impacts, risks, and opportunities - Disclosures about the materiality assessment process

1.4.1 Description of the process for identifying and evaluating material impacts, risks, and opportunities

[ESRS 2 IRO-1; GRI 3-1]

During the review process of the double materiality analysis in 2025, novobanco identified the main material Impacts, Risks, and Opportunities (IROs) according to the ESRS standards.

To carry out this effort, the involvement of relevant stakeholders was essential, as described in chapter 1.3.2 Interests and viewpoints of stakeholders section of this Disclosure.

The methodology used during the process was structured in the following steps:

- **Identification of IROs** - Based on an analysis of novobanco's context, potential impacts, risks, and opportunities (IROs) were considered for all ESRS themes, sub-themes, and sub-sub-themes. Additionally, novobanco considered the interests and viewpoints of key stakeholders and internal experts, who validated the potential IROs, ensured compliance with ESRS requirements, and consistency with previous material themes.

- **Evaluation of IROs** - Subsequently, an evaluation of the different IROs was carried out by internal experts, identifying the leaders of the organization across different thematic areas to obtain an assessment considering the criteria defined in the ESRS. The topics were also structured by location in the value chain and the positive or negative nature of their occurrence. For the evaluation of the severity of the impact materiality component, the scale of impacts on adverse or beneficial outcomes, the scope of the impact at the target level, and the irreversibility of the damages caused were considered. For the evaluation of the magnitude of the financial materiality component, the scale was normalized to ensure consistency with the bank's operational risk analysis regarding non-financial risks.

- **Result consolidation** - In the next step, a central consolidation of the obtained results was carried out to ensure consistency in the interpretation of severity and probability of occurrence. It was also at this stage that the definition of thresholds was consolidated. For the interpretation of material IROs, thresholds were defined for impact materiality and financial materiality, considering the limits from which the IROs were critical for novobanco's business. These results were again reviewed by the key stakeholder group, namely the business leaders of the thematic areas addressed within the novobanco Group.

- **Calibration** - Challenging the obtained results, novobanco conducted a review of the critical IROs based on benchmark analyses and sectoral references. Additionally, it aligned these results with material non-financial risks, as well as the analysis of climate and environmental risks, in accordance with the guidelines of the European Banking Authority and the supervisory expectations of the European Central Bank. In 2025, as previously described, a reassessment and synthesis of the material IROs was carried out.

- **Approval of material IROs** - Finally, the identification of material IROs was discussed and approved by the EBD, and these are presented and detailed in this same Sustainability Statement.

1.4.2 Disclosure requirements covered by the company's sustainability statement

[ESRS 2 IRO-2; GRI 3-1]

Chapter 5 "Methodological Notes" lists the disclosure requirements reported by novobanco and the table with the data points arising from other EU legislation, listed in Appendix B of ESRS 2.

During the double materiality analysis, a set of themes highlighted in the ESRS were not identified as themes and standards where the novobanco Group identifies material Impacts, Risks, and Opportunities. Below is the list of standards considered non-material for reporting and a justification for their exclusion.

ESRS E2 - Pollution: The internal activity of the novobanco Group has very limited impacts, due to its nature, in terms of pollution. The financing activity may have some impact, given the "universal" nature of the bank's portfolio, which is not focused on heavy industry, and the limited information published by existing counterparts. Considering the practices of leading banks in financing the industry in identifying material themes, the novobanco Group opted not to report at this stage.

ESRS E3 - Water and marine resources: Directly, the novobanco Group does not have a material impact on the use of water and marine resources, due to the nature of its economic activity. Its financing activity may have some impact, given the universal nature of the existing portfolio (very limited exposure to the theme), the limited information published by existing counterparts, and the practices of leading banks in identifying material themes. Therefore, novobanco opts not to report at this stage.

ESRS E4 - Biodiversity and ecosystems: The novobanco Group does not have a direct material adverse impact on biodiversity and ecosystems. Its financing activity may have some impact, given the universal nature of the existing portfolio (limited concentration in particularly exposed sectors) and the limitation of data published by existing counterparts. Considering the practices of leading banks in identifying material themes, novobanco opts not to report at this stage.

ESRS E5 - Resource use and circular economy: The internal activity of the novobanco Group has a limited impact on resource use. The bank has specific initiatives, previously reported, to reduce the most material consumptions (e.g., paper) and circularity projects for its physical products (e.g., recycling of financial cards). However, the materiality of Impacts, Risks, and Opportunities is not "equivalent" to the bank's impact on other themes. The financing activity may become more material in the future, as information and the regulatory framework on counterparts are strengthened, but at present, it did not exceed the defined thresholds for impact and financial materiality.

ESRS S2 - Workers in the value chain: Materiality was not identified at the level of Impacts, Risks, and Opportunities of the themes associated with this standard. The novobanco Group has limited risks and impacts at the level of its value chain, given the nature of the services and goods acquired, typically specialized functions with high technological content, and the geographical locations of its suppliers, Portugal and OECD countries that have signed and comply with human and labor rights conventions. Similarly, the novobanco Group internalizes the regular functions of banking activity, not having an outsourcing strategy for the bank's regular functions.

ESRS S3 - Affected communities: Materiality was not identified at the level of Impacts, Risks, and Opportunities of the themes associated with this standard. The bank's direct activity has a limited impact on the community. In the services provided and in the financing activity, there may be more material Impacts, Risks, and Opportunities, but no topics were identified in themes that exceed the defined thresholds for the novobanco Group for the applicability of the standard.

environmental information

2.1 Disclosures under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

The novobanco Group recognises the centrality of the European Taxonomy for the integration of sustainability objectives into its business and, simultaneously, for improving the assessment and management of its clients' transition risk factors. Hence the risk management and control approaches are steered by the global aim of ensuring alignment with the Taxonomy criteria, promoting consistency between internal management procedures and the regulatory and prudential framework for sustainable banking activity.

EU Taxonomy Information Disclosure Principles

The EU taxonomy is a system for classifying activities that make a substantial contribution to the environment and sustainability. Article 3 of the EU Taxonomy Regulation 2020/852 sets out the criteria that an economic activity must meet in order to be considered environmentally sustainable.

These criteria include: a) making a substantial contribution to one or more of the EU's six environmental objectives; b) without causing significant harm (DNSH - Do No Significant Harm) to the EU's other five environmental objectives, and c) simultaneously complying with minimum social and governance safeguards, and complying with the technical selection criteria for the EU's environmental objectives. novobanco has been developing its internal procedures for the purposes of complying with the obligations, application and reporting, of the Taxonomy criteria, which include:

- Collection of information, throughout the credit granting processes, on the characteristics of customers, their activities and the guarantees received;
- Collection of market information characterizing the positions taken into the investment portfolio;
- Participation in national solutions with the aim of increasing the effectiveness of data collection with the quality and detail required for the purposes of the Taxonomy Regulation;
- Conducting internal analyses and applying methodologies to achieve the classification of sustainable and, to allow the Bank's management to monitor (on a monthly basis) the (sustainable) performance of customers and the guarantees received.

For this purpose, the provisions of the Regulation, its Delegated Acts, and subsequent interpretations published by the European Commission (and/or platform for sustainable finance) are taken into account, considering all currently regulated environmental objectives:

- Climate change mitigation;
- Climate change adaptation;
- Sustainable protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems..

In the following sections, the novobanco Group complies with the information disclosure obligations of the Taxonomy Regulation (with detailed taxonomy information in Chapter 5.1), based on the requirements of the Delegated Act - which complements Article 8 of the Taxonomy Regulation - Delegated Act 2021/2178, consolidated version as of 1 January 2024.

The preparation of Taxonomy information is based on the prudential perimeter of the novobanco Group, which complies with the reporting for supervisory purposes of financial institutions, as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Commission Implementing Regulation (EU) 2021/451 (FINREP).

Substantial contribution to EU environmental objectives

Novobanco supports a range of activities that make a substantial contribution to the EU's environmental objectives, namely by financing large companies that are subject to the Non-Financial Reporting Directive (NFRD) and already public presented their information in line with the taxonomy.

The bank also contributes to this alignment by financing energy-efficient housing (construction, acquisition or renovation) and low-carbon emission cars that meet the applicable criteria in terms of their contribution to climate change mitigation, climate change adaptation, water and marine resources, circular economy, pollution, or biodiversity and ecosystems.

Do No Significant Harm (DNSH)

Counterparties with economically sustainable activities cannot significantly harm any of the six objectives (DNSH criterion). Fulfilment of this requirement is assessed on the basis of the taxonomy reports published by the companies themselves.

Financing for the acquisition of residential real estate is assessed based on the properties' exposure to physical climate risks, considering for alignment purposes only exposures without material exposure to those risks and which, consequently, do not require a detailed adaptation plan.

In the case of car financing, the limited data available on the recyclability of vehicles and their performance in terms of air and noise emissions does not allow an analysis of the alignment for this segment.

Minimum Safeguards

A requirement in the assessment of the environmental sustainability of economic activities is compliance with the minimum safeguards set out in Article 18 of the EU Taxonomy Regulation (Regulation EU 2020/852.

The purpose of the minimum safeguards established in the EU Taxonomy Regulation is that economic activities defined as and considered sustainable must a) respect human rights, including labour rights, b) not engage in corrupt practices and not commit tax offences, c) fair competion rules.

novobanco includes a specific clause in its loan agreements with companies whereby these undertake to conduct their business and carry out their activities in accordance with sound and prudent management criteria and in compliance with the laws, regulations and standards applicable to their sector of activity, including the Fundamental Principles and Rights at Work established by the International Labour Organisation and the International Bill of Human Rights, without resorting to forced or child labour or any form of inhuman treatment or threat thereof.

With regard to mortgages and car loans, and taking into account the guidelines for assessing the alignment of these activities, compliance with the minimum safeguards depends on information from third parties, namely the producers and/or suppliers of the products and/or services contracted by the direct counterparty; in this sense, and in the absence of the necessary information, it is not possible to confirm compliance with these criteria and, consequently, the alignment of the activities with the Taxonomy Regulation.

Description of compliance with Regulation (EU) 2020/852 within the framework of the financial company's business strategy, product design processes, and engagement with clients and counterparties:

As described in the previous chapters, the novobanco Group has been implementing a comprehensive sustainability strategy, which includes the operational implementation of the European Taxonomy, focusing on the following elements:

- Updating Taxonomy KPIs semi-annually in accordance with Pillar 3 requirements;
- Definition of an internal concept of 'green investment', which is operationalised through the validation of technical conditions (of the operation and/or the client's activity) based on the criteria of the European Taxonomy, thus allowing the determination of the eligibility of new business for

the purpose of compliance with minimum annual green production values (which already guide commercial operations);

- Consideration of the objectives and criteria of the European Taxonomy in the design of new products and financing solutions;
- Definition of operational requirements for the implementation of the Taxonomy in credit and investment granting processes, including: a) establishment of principles for the segmentation of clients and operations, aiming for better definition of information to be collected; b) controls to be carried out on the information provided by clients; and c) adaptation of the information system for the collection and maintenance of Taxonomy indicators;
- Development of methodologies for the adoption of processes for assessing the climate & environmental risks of the Bank's clients and counterparties, which depend on information collected from clients;;
- Application the European Taxonomy requirements in the characterisation of collateral (real estate) received in granted financing;
- Establishment of practices for monitoring and disclosing legal and regulatory changes, aimed at adopting the expected developments of the European Taxonomy.

Limitations on Data

Public information or information provided directly by counterparties is required to assess the alignment and eligibility of activities to the taxonomy. However, due to the limited number of companies required to disclose non-financial information, the amount of information available is limited and that which is available mainly relates to data prior to the reference date of this report (2024). The alignment ratios used are based on publicly disclosed information from counterparties, provided by external information providers.

At the same time, the lack of robust evidence to verify the alignment of loans with specific purposes ("use of proceeds"), and in particular to validate the DNSH (do no significant harm) criteria and minimum social safeguards, makes it impossible to fully verify the alignment of the relevant loans with the Taxonomy.

In terms of the energy certification of real estate collateral, i.e. the Energy Performance Certificates (EPC), the Bank has several initiatives underway to obtain the EPC, namely in older credit operations (i.e., carried out at a stage when the mechanisms for the collection and digital characterization of EPCs were not yet implemented).



Taxonomy KPIs

Total green assets ratio (GAR) presents the quantification of the amount of financial assets that correspond to activities aligned with the taxonomy in proportion to total assets.

The numerator includes financial assets of financial and non-financial companies subject to non-financial reporting requirements (NFRD), as well, as households, local governments financing and collateral obtained by taking possession (either residential and commercial immovable properties).

The denominator includes the same exposures as the numerator plus other asset classes required by the Taxonomy Regulation (exposures to companies not covered by the NFRD, derivatives, on demand interbank loans, cash and cash-related assets and other assets). Excluded from GAR denominator are sovereign debt, central banks and trading book.

The detailed Taxonomy reporting tables, in accordance with Delegated Acts Annex VI and Annex XII, are presented in Appendix 5.1.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets	KPI Turnover	KPI CAPEX	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	293	0.73 %	0.93 %	85.03 %	38.26 %	14.97 %
	Eligible stock over GAR Assets	12,297	30.64 %	30.9 %			
Additional KPIs	GAR (flow)	36	0.4 %	0.51 %	100 %	40.92 %	– %
	Financial guarantees	10	0.45 %	1.63 %			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

*** % of assets covered by the KPI over bank´s total assets.

***** Total environmentally sustainable assets for KPI based on CAPEX is 547 Mn€.



Voluntary Disclosures under Regulation (EU) 2020/852

As described in the previous sections, novobanco used only actual information, published by its counterparties, for the purposes of determining the level of alignment of its financing and investments with the Taxonomy criteria.

Nevertheless, it is considered that exposure to the mortgage portfolio may, on a voluntary basis, have a representation of its potential alignment with the European Taxonomy using the best available (and real) information relating to novobanco's real estate collateral (and for which the Bank collects, records and maintains its information).

In these terms, and for better transparency in the provision of information to the market, novobanco has determined the following potential alignment of its mortgage portfolio.

Million Euros	31 December 2025
Households exposures	13 280
Of which mortgage credit	11 330
Aligned exposure	171
Of which motor vehicle loans	28
Aligned exposure	3

The potential alignment values presented above allow to increase the consolidated GAR% of novobanco (presented in the previous sections) by 0.43% (i.e., corresponding to a potential GAR% of 1.17% in the case of Turnover vision, and a potential GAR% of 1.36% in the case of CAPEX).

For the estimation above, the following methodology was used:

- Verification of substantial contribution: the substantial contribution to the climate change mitigation objective was assessed based on the year of construction of the property and its EPC level (according to the technical criteria of activity 7.7). For buildings constructed before 31 December 2020, only those with an EPC rating above "B" (inclusive) were considered; for buildings constructed after this date, it was not possible to ensure their alignment due to the information requirements inherent to meeting the technical criteria of activity. Regarding motor vehicle loans, the substantial contribution to the climate change mitigation objective was considered verified for electric vehicles and hybrid vehicles (with direct emissions below 50 gCO2/km), in line with the technical criteria of activity 6.5.
- Verification of DNSH criteria: compliance with the DNSH criteria related to climate change adaptation was assessed based on an evaluation of the exposure of real estate collateral to physical climate risks, selected from those contemplated in the risk matrix of Section 2 of Appendix A of the Taxonomy Regulation. This analysis only considered the exposure of the collateral to acute physical risks (specifically, fires, floods, and landslides), if relevant in the respective territory; chronic risks were not considered as their impact on the integrity of real estate collateral is neither direct nor immediate, making it impossible to conclude on the materiality of these risks for this type of infrastructure. The alignment estimate was informed by the risk level of each collateral i.e., properties with an assessed high or severe exposure to at least one of the considered risks were excluded (classified as non-aligned). For motor vehicle loans, the Bank was unable to estimate alignment with the applicable DNSH criteria; therefore, the alignment opinion is only based on substancial contribution verification.



2.2 Climate Change

ESRS E1

2.2.1 Objective

The aim of this chapter is to ensure disclosures that will enable users of the Sustainability Disclosure to understand:

(1) How novobanco affects the issue of climate change, in terms of material positive and negative impacts, real and potential;

(2) Past, current, and future efforts by novobanco in terms of mitigation, in line with the Paris Agreement (or any updated international agreement on climate change) with the aim of limiting global warming to 1.5°C;

(3) The plans and capability of novobanco to adapt its strategic business model(s) in line with the transition to a sustainable economy and contribute to limiting global warming to 1.5°C;

(4) Any other actions undertaken by novobanco and the outcome of these actions in preventing, mitigating, or rectifying real or potential negative impacts and addressing risks and opportunities;

(5) The nature, type, and extent of material risks and opportunities identified by novobanco arising from the impacts and dependencies of the company on climate change and how the company manages them; and

(6) The short, medium, and long-term effects of risks and opportunities arising from the impacts and dependencies of the company on climate change.

This chapter takes into account the requirements of related EU legislation and regulation and covers the disclosure requirements related to the following sustainability issues: “Climate change mitigation” and “Climate change adaptation”. It also covers issues related to energy, insofar as they are relevant to climate change.

2.2.2 Interactions with other ESRS

This chapter should be read in conjunction with chapter 1. General disclosures. Impacts on people that may arise from the transition to a climate-neutral economy may also be covered by chapter 3.1. Own workforce and chapter 3.2 Consumers and end users.

2.2.3 General disclosures

Disclosures regarding Climate Change should also consider the content presented in chapter 1 of this Sustainability Disclosure, concerning Governance, Strategy, and Management of impacts, risks, and opportunities.

In 2025, with regard to Climate Change, novobanco has focused greatly on managing the impact of physical and transition risks on its business, specifically in credit provision, including:

- Monitoring of novobanco's carbon footprint reduction commitments – "novobanco Carbon Reduction Commitments" –which include greenhouse gas (GHG) emission reduction targets for its own operations (scopes 1 and 2), as well as for its financing and investment portfolio (scope 3, category 15);
- Strengthening the processes for integrating ESG risk assessment in the credit provision process, carried out by the bank's first line of defence, the commercial areas, in collaboration with other departments of the bank;
- Significant improvement in the quality of real information available for the assessment of the climate and environmental risks of the real estate collateral portfolio, particularly through energy efficiency certificates and the information they contain;
- Increase in the origination of green lending at novobanco, with a particular emphasis on the corporate segment. The multi-annual and strategic

objective of green investment is driven by cascading these objectives down to the level of the corporate client manager and through price differentiation for classified green operations.

This action also demonstrates the strategic priority given by novobanco to support the transition of the Portuguese economy.

2.2.4 Governance

2.2.4.1 Integration of sustainability-related performance into incentive schemes

[ESRS E1 GOV-3; GRI 2-18]

The performance evaluation and variable remuneration of the management team at novobanco include ESG indicators in the performance assessment of the Executive Committee members, as mentioned in section 1.2.3 of this Disclosure, which relates to the integration of sustainability performance into incentive schemes.

Every year, these indicators and targets are reviewed and approved by the General Supervisory Board. In 2024 these KPIs did not have an approved minimum weight in total performance appraisal KPIs, however in 2025 a minimum weight of 25% was defined for the set of KPIs related to ESG, customer experience and satisfaction(NPS), people and culture, SREP and internal control, which remains in place for 2026.

These indicators are part of novobanco Group's ESG targets (or are levers to achieve them), which are disclosed in section 1.3.1 on Strategy, Business Model and Value Chain.

The performance evaluation model for departments also includes ESG indicators at the corporate level and, where applicable, department-specific ESG indicators.

Lastly, the objectives and incentives model for the commercial networks of large, medium, and small enterprises also includes objectives for financing the transition of clients within their portfolios.

2.2.5 Strategy

2.2.5.1 Transition plan for climate change mitigation

[ESRS E1-1; GRI 2-22, GRI FS11]

Novobanco plays an active role in supporting the energy transition of the Portuguese economy and society, and has defined and communicated GHG emission reduction targets that are compatible with the Paris Agreement.

Novobanco's Transition Plan and its commitments have been approved by its Board of Directors. The Transition Plan is embedded in novobanco's strategy and also in the bank's Financial Plan, specifically within the Medium Term Plan, particularly regarding green financing and investment targets. The Sustainability Steering, whose governance model can be found in section 1.2.1 of this Disclosure, is responsible for monitoring their progress, informing the Executive Committee of any corrective measures, beyond what was strategically planned to achieve carbon intensity reduction goals. The Steering is also responsible for streamlining the decision-making process to ensure effective management of the transformation plan.

As a bank, we are not excluded from EU benchmarks aligned with the Paris Agreement. These indices are financial benchmarks designed to help align investments and financing with the goals of the Paris Agreement on climate change, aimed at selecting only the components that contribute to achieving the goal of limiting the global temperature rise to 1.5°C above pre-industrial levels.

Alignment strategy with the Paris Agreement objectives

The novobanco Group recognises the business opportunities related to financing a low GHG emission economy, while also establishing enhanced controls for exposures facing significant transition challenges. In this context, business objectives (and risk control measures) are set based on the key variables for financing a low carbon intensity economy, with a focus on:

- Adopting sectoral policies (including exclusion and conditional approaches) for sectors with a significant impact on the achievement of the Paris Agreement objectives;
- Definition of general objectives for new green production, which guide commercial and financial action, and are also supported by the structuring of 'green' or sustainability-related products;
- Implementation of metrics for regular monitoring of the alignment of the Group's business portfolios, including the quantification of financed GHG emissions (i.e., scope 3 - category 15) and the use of alignment estimates with the European Taxonomy for sustainable activities;
- Setting sectoral targets based on the SBTi methodology, also communicated externally at the Pillar 3 level.

In 2019, novobanco formalised its commitment to the Business Ambition for 1.5ºC by becoming a signatory to the Science Based Targets (SBTi). The SBTi targets of Novo Banco, SA covered 34% of total credit to clients (December 2023).

Novobanco's carbon footprint reduction targets are science-based (SBTs) and allow the Bank to accelerate the transformation and alignment of its loan and investment portfolios with the level of ambition required by science, in line with the goals of the Paris Agreement to limit global warming to 1.5°C.

In June 2024, novobanco received SBTi approval for its carbon reduction targets for our own activities (Scopes 1 and 2) and for the financing and investment portfolios within the scope of the target (scope 3, category 15), namely, electricity production, cement manufacturing, commercial real estate (including funds).

To follow through on this ambition, novobanco has identified strategic lines of action essential to meeting climate change mitigation objectives:

- Reducing the carbon footprint of its own operations – operating within a business model that minimises direct environmental impact by reducing consumption and CO2 emissions, and implementing measures to achieve this;
- Reducing the carbon footprint of its credit and investment portfolio – encompassing the evaluation of ESG risk in credit operations, assessing the compliance of minimum safeguards by clients (namely, exclusion and minimum safeguards policies in the granting of loans and investments of the own portfolio), monitoring their performance against specific sectors with benchmark parameters, as well as the potential impact of certain financing operations on annual carbon emissions reduction targets;
- Financing the energy transition – supporting its customers through loans whose purpose is aligned with the environmental objectives of the European taxonomy and the European Energy Programmes objectives, through financial products and services, and ESG literacy programmes.

We are developing several actions to fulfil our Transition Plan, driving decarbonisation, which can be highlighted at two levels:

In the activities of novobanco:

For its own activities, novobanco is minimising ESG risks for people and the planet by reducing the environmental footprint of its daily operations and raising awareness among its employees about the importance of this issue. The following actions are being taken:

- Ensuring that all electricity in our facilities is sourced from renewable energy;
- Reducing electricity consumption by implementing energy efficiency measures;
- Increasing the self-consumption of electricity from renewable sources by installing photovoltaic panels in novobanco's facilities;
- Increasing the percentage of low-emission vehicles (electric/hybrid) in the bank's fleet and providing employees with access to charging stations;
- Promoting and providing employees with travel options to work that produce lower emission levels.

In Financing Activities:

For its banking activities, novobanco is supporting customers on their path to sustainability by financing and supporting investment aimed at the energy transition, promoting a low-carbon economy and production, and offering customers investment, products and services that take environmental concerns into account, including:

- Implementing a comprehensive ESG risk management policy that outlines approaches to managing each ESG risk exposure;
- Adapting the risk management framework to assess and quantify ESG risks;
- Screening financing and investments in line with an exclusion policy and minimum safeguards, as well as sectoral analysis of the client or financing operation;
- Integrating ESG classification, relating to the company's intensity factors and targets, into risk assessment and decision-making processes to support the alignment of commercial financing and investment in its portfolio;
- Engaging with clients on their current and future transition plans to gather information related to their decarbonisation strategy, GHG emission levels, and targets, in order to collaborate with customers on financial products supporting their energy transition;
- Leveraging novobanco's green financing policy to support customers in the transition process, supported by partnerships that can collaborate with our customers and provide specific support in certain services.

For more details, please consult the "novobanco's Carbon Reduction Commitments" document on the bank's website at novobanco/sustainability/sustainable-business/our-commitments: Novobanco's Carbon Reduction Commitments.

It is also worth mentioning that novobanco signed the "Commitment Charter for Sustainable Finance" in Portugal, which aims to promote sustainable investment practices in the country, with the objective of accelerating the transition process to a carbon-neutral economy by 2050.

To implement novobanco's Transition Plan, various measures have been developed and investments made (Capital Expenditure and Operational Expenditure). For the year 2025, the amounts associated with the main initiatives and projects developed during the year in this context can be quantified as shown in the table below:

(Note: novobanco has not assessed the alignment of these expenditures with the criteria of the European Taxonomy, only confirming their contribution to climate change mitigation and adaptation through GHG emission reductions).



Measure	Details of the Measure	Monetary Amount in 2025
Reduction of own emissions - Vehicle fleet of novobanco	Increase in the limit assigned for electric/hybrid cars, encouraging employees to choose these vehicles. In all employee segments, there was the option to choose a hybrid or electric vehicle	€2.09 mn
Reduction of own emissions - Electric chargers at novobanco Campus (installation and electricity consumption	Installation of 153 parking spaces with the possibility of charging electric/hybrid vehicles and an internal use app for managing the charging	
Reduction of own emissions - Photovoltaic panels at novobanco Campus	The bank's new corporate headquarters is equipped with 397 solar panels for self-consumption with an installed capacity of 190Kw, which allow the bank to save on its electricity bill and avoid the emission of approximately 6.6 tonnes of CO2, compared with energy consumption produced from fossil sources	
Execution of the Transition Plan - Studies and Consultancy support	Support for the implementation of novobanco's ESG Programme, namely, emission reduction targets, evolution of quantification models, monitoring and management of ESG risks, and incorporation of ESG assessment in financing operations	
Sources of ESG Information	Costs with access to external platforms, information services and databases with ESG risk information	
Adaptation of data management systems and IT systems for product management and client management to ESG needs	Development of new tools and adaptation of data management tools and product management applications to support the evolution of ESG topic integration requirements in the business	
Adaptation of risk management models to ESG needs	Incorporation of ESG risk assessment in corporate financing operations	

The progress made by novobanco in 2025 in pursuing its Transition Plan is remarkable, highlighting:

- Development of the monitoring of our SBTi carbon footprint reduction targets, both at the data level and within credit and investment decision-making processes;
- Internal publication of our Prudential Transition Plan, which details the strategy, governance, metrics, targets, and processes that the bank implements to identify, manage, and mitigate climate- and nature-related risks, ensuring the alignment of the business model with sustainability objectives — in response to the EBA guidelines on ESG risks and to the supervisory expectations of the ECB and the Bank of Portugal within the scope of the SREP assessment;
- Development of methodologies for integrating ESG assessment into the analysis of financing operations, with its incorporation into credit decisions;
- Achievement of a strong boost in green financing and investment, whose value increased by around 43% in 2025 compared to 2024;
- Increase in the collection of ESG-related information from clients, as well as information on collateralized properties and other collateral associated with client loans.

2.2.5.2 Material impacts, risks, and opportunities and their interaction with strategy and business model

[ESRS E1 - SBM-3; GRI 201-2]

From the analysis conducted by the Bank on the materiality of impacts, risks, and opportunities (IROs), 8 IROs associated with Climate Change were identified as material. Their integration into the Bank's strategy and business model, the definition of action plans, policies, metrics, and targets to address them is systematised by novobanco in two main action lines: management of IROs relating to emissions from the financing and investment portfolio, and management of IROs relating to emissions from the Bank's own operations.

The material Impacts, Risks, and Opportunities related to emissions from the financing and investment portfolio are:

Adaptation to Climate Changes		
Financing projects and companies that promote adaptation to climate change, such as resilient infrastructures and renewable energies, allows the bank to support the transition to a sustainable economy.	⊕	⊖
	Ⓡ	Ⓞ
Hurricanes, floods, and other extreme weather events related to climate change that have the potential to cause delays in mortgage payments, loan defaults, a decrease in asset value, and other negative financial impacts. (1)	⊕	⊖
	Ⓡ	Ⓞ
Mitigation to Climate Changes		
By financing projects and companies that promote sustainable practices, the bank contributes to environmental protection and the development of a low-carbon economy.	⊕	⊖
	Ⓡ	Ⓞ
The transition to a low-carbon economy can have a significant impact on borrowers in energy-intensive sectors or those with high CO2 emissions, leading to increased compliance costs, reduced solvency, restricted access to capital, decreased competitiveness, or reputational damage. (2)	⊕	⊖
	Ⓡ	Ⓞ
Energy		
Financing projects aimed at improving energy efficiency, both in companies and in residential sectors, helps reduce overall energy consumption and carbon emissions. In addition, it contributes to the sustainability and competitiveness of the financed companies	⊕	⊖
	Ⓡ	Ⓞ

⊕ Positive Impact ⊖ Negative Impact Ⓞ Opportunity Ⓡ Risk

(1) Physical risk. (2) Transition risk.

Novobanco addressed these impacts and risks through the definition and implementation of a robust and transformational ESG risk management programme, both in terms of risk assessment and management models, and in terms of the commercial approach and range of products and services available to clients. The following actions are highlighted as some of the most relevant to address transition risks:

- Development of the Green Financing Policy and creation of KPIs in commercial areas, focusing on directing financing towards energy transition and alignment with the objectives of the European Taxonomy;
- Provision by novobanco of dedicated financing products and partnerships with specialised external entities, through the signing of protocols, to support clients in the transition journey by providing specific expertise in sustainability domains (energy certification of properties, footprint calculation, publication of Sustainability Reports);
- Promotion of the SIBS ESG portal as the standard platform for ESG data reporting by Portuguese companies, facilitating regulatory compliance and the structured sharing of information with the banking sector;
- Inclusion of ESG risk analysis in the risk assessment when granting credit to companies;
- Setting targets to reduce the carbon intensity of the financing and investment portfolio, particularly for the most greenhouse gas emission-intensive sectors, according to science-based methods;
- Financial literacy programs promoted by novobanco, such as the "Zona de Impacto Global" conference series, where pressing ESG topics are addressed from a business perspective, which we believe help our clients adapt to market changes and maintain competitiveness in a rapidly evolving sector.

Regarding the collaterals of the financing in the Bank's portfolio, several measures have been developed to monitor and manage the exposure to physical risks of these collaterals, as well as to assess transition risks, namely:

- Requirement to submit an energy certificate in new financing operations for the construction, acquisition or renovation of a real estate asset, incorporation of ESG risk analysis in the credit decision, as well as regular monitoring of the coverage level of the portfolio and the flow of new collaterals with energy certificates;
- Setting targets to reduce the footprint of the commercial mortgage portfolio and biannual assessment of the compliance level;
- Development of methodologies and processes for extracting EPC level information on the collaterals of the portfolio in stock (Adene, API);
- Mapping and detailed monitoring of physical risks to which the collaterals are exposed, identifying mitigation and adaptation measures to these risks whenever possible;
- Analysis of the insurance coverage of novobanco's collateral.



The material impacts, risks, and opportunities related to emissions from the Bank's own operations are as follows:

Mitigation to Climate Changes		
Operations that generate GHG emissions, such as the use of heating/cooling in buildings, increase the institution's environmental footprint	⊕	⊖
	Ⓡ	Ⓞ

⊕ Positive Impact ⊖ Negative Impact Ⓞ Opportunity Ⓡ Risk

In this context, the following actions are applied consistently and continuously in the way the bank manages its operations and facilities:

- Ensure that all electricity in our facilities is sourced from renewable sources;
- Reduce electricity consumption by implementing energy efficiency measures such as maximising thermal insulation in the campus building, installing efficient HVAC systems, efficient lighting with LED lights, motion sensors, timers, etc;
- Increase self-consumption of electricity from renewable sources by installing photovoltaic panels at Novobanco facilities;
- Increase the percentage of low-emission vehicles (electric/hybrid) in the bank's fleet and provide employees with access to charging stations;
- Promote and offer employees low-emission travel options for commuting to work.

The measures listed above, both for the investment and financing portfolio and for the bank's own operations, illustrate, in a non-exhaustive manner, the main levers used by Novobanco to:

- Maximise its positive impact in supporting the climate transition, thereby increasing the resilience of the Portuguese economy to climate change;
- Minimise its negative impact on climate change and increase the resilience of the bank's operations to physical risks.

In the following chapter – 2.2.6 Management of Risks and Opportunities – the climate scenarios considered for the identification and quantification of the material risks and impacts mentioned above are presented, as well as the models implemented by Novobanco for identifying, assessing, and managing these risks.

2.2.6. Management of Impacts, Risks, and Opportunities

2.2.6.1. Description of the processes to identify and assess material climate-related impacts, risks and opportunities

[ESRS E1 IRO-1; GRI 305-1, 201-2]

Climate Materiality Assessment

In 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) to address concerns around insufficient disclosure of climate-related risks and opportunities. In June 2017, the TCFD released its final recommendations, which aim to support companies and organisations to disclose climate-related risks and opportunities effectively and clearly, promoting transparency for investors and the public.In 2023, the FSB asked the IFRS Foundation to take on the monitoring of companies' climate-related disclosures, ensuring continuity with the framework developed by the TCFD, whose recommendations were fully incorporated into IFRS S2 Climate-related Disclosures. Nevertheless, organizations may continue to use the TCFD recommendations for their climate-related reporting.

We are aware of the importance of using this approach and believe that following these reporting recommendations will make climate information clearer and easier to compare and contribute to promote more sustainable business strategies. An added benefit is that we approach climate-related issues not only as risks but also as opportunities and consider these two aspects in our business strategy. This year we integrated this approach in the report rather than in a separate document.

In the table below we briefly disclose our approach on the four TCFD theme areas: governance, strategy, risk management, and metrics and targets.



Theme area	novobanco approach (summary)	Stated int this disclosure
Governance novobanco's governance around climate-related risks and opportunities.	Climate-related issues are managed in accordance with the Sustainability Governance model, led directly by the Executive Board of Directors and overseen by the General and Supervisory Board. Every month we hold a Sustainability Steering, with the participation of Executive Board members and multidisciplinary teams, responsible for coordinating the ESG approach at novobanco	
	a)Describe management's oversight of climate-related risks and opportunities	Chapter 1.2.1
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Chapter 1.2.2
Strategy To analyse the actual and potential impacts of climaterelated risks and opportunities on novobanco's business, strategy and financial planning	novobanco develops its activities with the firm objective of making a positive contribution to the entire ecosystem in which it operates. Based on the Sustainability Policy, novobanco assumes a clear position of developing a sustainable business that wants to contribute to the transition to a low-carbon economy. To this end, we have subscribed to the "Business Ambition for 1.5ºC" initiative, which aims to define scientific targets for reducing novobanco's GHG emissions. We also signed the "Letter of Commitment for Sustainable Finance in Portugal", which aims to contribute to the promotion of sustainable investment practices in the country. The SBTI Platform is in the process of assessing the Science Based Targets submission for commitments to reduce the portfolio's carbon footprint. The Sustainability Governance model allows novobanco to integrate physical and transition climate risks into its risk management models, as well as to leverage opportunities associated with climate change.	
	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Chapters 2.2.5 e 2.2.6
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Chapter 2.2.5
	c) Describe the resilience of the Organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Chapter 2.2.4
Risk Management The processes used by novobanco to identify, assess and manage climate-related risks	The Bank has been gradually incorporating environmental and climate risks into its business model in order to effectively meet regulatory and supervisory requirements and reduce the negative impact arising from its activity. The Risk Management framework is centralised in the Risk Management Function and is composed of the Global Risk Department and the Rating Department.	
	a) Describe the organisation's processes for identifying and assessing climate-related risks .	Chapter 2.2.6
	b) Describe the organisation's processes for managing climate-related risks.	Chapter 2.2.6

	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Chapter 2.2.6
Metrics an targets Metrics and targets used to assess and manage relevant climate-related risks and opportunities	A set of climate-related metrics and targets established in novobanco's ESG strategy are defined and are disclosed. The Bank has endorsed the Science Based Target Initiative (SBTi) with the objective of reducing its own as well as financed GHG emissions and contributing to a low-carbon economy in the long-term. The metrics and progress made are disclosed on a semi-annual basis.	
	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Chapter 2.2.7
	b) Disclose GHG emissions (Scopes 1, 2, and 3) and the related risks.	Chapter 2.2.7
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Chapter 2.2.7

Climate related risks

Climate change, which can have significant impacts on business models and the economy as a whole, is one of the greatest threats currently faced by society. When considering the impact of climate on the activities of financial institutions, a dual materiality perspective is commonly adopted:

a) on the one hand, there are impacts arising from a financial and indirect logic - in other words, the materialisation of climate-related risks in the performance of our clients and counterparties.

Climate risks in financial materiality

The risks stemming from climate change mainly encompass physical risks, such as extreme weather phenomena (storms, droughts, floods), and transition risks, which arise from the effort to adapt economic activities to more circular models with lower carbon footprints.

Generally speaking, these risks affect financial institutions primarily through their impact on the its activity and its facilities, as well as, of their clients' and counterparties' activities and facilities: physical risks can cause damage to companies' production assets, disruption of operations or even loss of revenue due to disruption of supply chains. Transition risks can affect the value of financial assets directly (e.g., assets related to fossil fuel energy) or indirectly, through the effort and cost of the adaptation required from companies. At the same time, climate change-related opportunities can be relevant. For instance, supporting the transition of companies or the development of infrastructures that are more resilient to physical risks can give rise to new products and services or even lead to increased turnover. While we know we are only at the beginning of this journey, we aim to support our clients in managing their own climate-related risks and opportunities by providing them sustainable financial solutions and the necessary guidance on the path to a low-carbon and more circular economy.

novobanco seeks to understand and manage climate-related risks and opportunities through their identification and the assessment of their impact on its loan and investment portfolio.

From a strategic discussion perspective, the bank adopts a systematic vision (as shown in the table below and described in the next section) of climate risks, which allows discussing their implications for business strategy and planning the best response to them. On the other hand, we have adopted a more granular approach to the management and control of these risks, using more detailed definitions (e.g., internal taxonomy) that allow for a comprehensive assessment of climate risk factors in the other financial and non-financial risk categories.

Typologies of physical risk	Horizon
Acute risks Caused by one-off events such as droughts, floods and storms.	C L
Chronical risk Risks caused by gradual changes in climate patterns such as rising temperature and sea levels, increased pressure on water resources, loss of biodiversity, or changes in land use.	C L

Typologies of transition	Horizonte
Public policy, legislation and regulation Regulation increasingly impacts the responsibility of banks to include sustainability criteria in their products and services.	C M L
Technological The need to incorporate new technologies into production processes may affect competitiveness and production costs	C M L
Market Shifts in supply and demand for products and services as the effects of climate change become increasingly mainstream.	C M L
Reputational Perception by clients, stakeholders and society at large of the Bank's approach to ESG factors and their integration into the business.	C M L

C Short-tern M Medium term L Long -term

Strategic analysis of main climate risks

The table below describes how we analysed the main ESG risks in terms of their potential impact on the Bank's strategy, business and activity, and the most significant measures we have adopted (or are in the process of adopting) in order to prevent or mitigate the risks and challenges identified.

Risk identification and assessment

ESG risks represent the potential negative impacts deriving from the current or future effects of possible ESG risk factors implicit in clients and counterparties or in the Bank's assets and liabilities. The impacts of ESG risks are usually transmitted through ´traditional' financial and non-financial risk categories. The integration of ESG risks within the taxonomy means that this category of risk, consistently with the other risks, is subject to processes of identification and materiality assessment. Once the materiality of these risks has been established, the standard formal management and monitoring processes are applied. The internal taxonomy comprises the following components where ESG risk factors are described as follows:

- Climate and environmental risks: the main component of ESG risk, it concerns the quality and functioning of the environment and natural systems, including factors relating to climate change, biodiversity, pollution and waste management;
- Social risks: relate to social rights and the general well-being and interests of society and communities, and include factors such as equality, health, inclusion, labour relations, health and safety at work, human capital and communities' development;
- Governance risks: relate to aspects of internal governance, including the management and supervisory bodies, internal organisation, remuneration policies, internal control, tax practices, conduct and transparency.

Each of these components is individually recognised and assessed as to its impacts on the other risk categories, with a particular focus on a) factors with an external origin; and b) climate and environmental-related factors.

The growing relevance of nature-related and environmental risks is acknowledged, given their potential impact on the Institution's risk profile. The model and the approach used to assess these risks are currently under review, incorporating the most recent developments and the good practices communicated by the ECB with regard to the identification, measurement and integration of these risks into the risk management processes.

The internal impacts of risk factors are largely recognised and controlled under the risk management framework already established for the other risk categories: e.g., factors relating to the Bank's governance risks are managed under novobanco's governance and internal control model and compliance management, and the impacts of physical risk factors on the Bank's activity and facilities are managed under the business continuity management framework.

Risk materiality

novobanco conducts its risk identification and assessment exercise on an annual basis. In this exercise, all the relevant risks for banking activity are analysed and their materiality is assessed through specific methodologies (considering the probability of occurrence and the significance of their impacts), with the following objectives:

- To determine the relationship/integration rationale between ESG risks and the Bank's other risk categories;
- To justify, in a qualitative manner, the material (or immaterial) impact of ESG risk factors, informing, for example, the internal climate stress test, the climate resilient analysis, and the ICAAP;
- To identify which risk categories and factors should be specifically managed and controlled in the framework of risk appetite and strategy.

Those risks which prove to be material are subsequently subject to formal quantification, management/control and regular monitoring procedures. ESG risks are integrated in this exercise through recognition that their factors impact 'traditional' risk categories, using the following approach:

- Matrices of ESG risk factors and metrics: the metrics are based on the components and factors previously described, and, whenever possible, adjusted according to business area and/or portfolio. The metrics permit to make an objective assessment of the relevance of the Bank's exposure and, when applicable, to determine the scenario for the respective risk factor.
- Cross-cutting mapping of ESG risk factors and metrics for traditional risk categories: ESG risks are recognised as having the potential to materialise through the impact (or increase in risk) revealed in financial and non-financial risk categories.
- Risk materiality assessment scale, integrated into the (traditional) risk categories, to rank the potential for materialisation (present and long-term) of the risk factors.

Materiality assessment results

This exercise, whose results are summarised here, incorporates risk management and control methodologies. For instance, the materiality assessment for credit risk within the credit segmentation model (ESG) determines the prioritisation of customers for information gathering and additional risk analysis.

Due to the impact of transition and physical risk factors, ESG risks particularly affect credit and strategy risk.

The adaptation effort of some industry sectors to which the Bank is exposed is reckoned to be particularly significant in the medium and long term, impacting the creditworthiness of these companies. On the other hand, the impact of physical risks on companies' activities (impact on business continuity) may be relevant due to the lack of mitigation measures.

For the same reasons and given the weight of the most exposed sectors in the Bank's results, it was concluded that ESG risks have a relevant impact on strategy risk.

Climate scenarios

novobanco recognises that the characteristics of climate and environmental risks advise that their assessment, management, and monitoring take into

consideration the potential scenarios for the evolution of their factors and the timeframe for their materialisation.

The impact dynamics of transition and physical risk factors is dependent on the success of the implementation of policies and legislative proposals currently under execution (or still under discussion): for example, their success may lead to higher transition risk (due to economic activity adaptation or conversion efforts) and lower physical risk (through the ability to control the increase in global temperature).

In 2025, for the assessment of climate risks, the scenarios stipulated by the NGFS:

- Orderly transition - net-zero 2050 scenario: global warming is limited at up to 1.5º C through stringent climate policies, allowing to reach net-zero status in 2050;
- Disorderly transition - disorderly scenario: Nationally Determined Contributions (NDCs) are maintained until 2030 and transition efforts are accelerated from them onwards. The level of global warming stays at 2°C;
- Warmer world – current policies: this scenario simulates the greatest impacts from physical risks, assuming that only currently known policies are implemented.

Based on the chosen scenarios, novobanco assesses different timeframes (short, medium and long term) for the materialisation of risks, in a forward-looking perspective: by utilising projections of risk variables and metrics outlined in the scenarios, the bank assesses the evolving dynamics of risks over time. The year 2030 was selected as the reference year for the assessment of the materiality of the risks. The year 2030 was selected for the materiality assessment for the following reasons:

- It is a public policy milestone at European level;
- It provides a sufficiently long time horizon to assess the manifestation of risks but is still close enough to determine management measures with predictable effects and, to that extent, normally included in the Bank's planning and management processes;
- The year 2030 will be the timeframe considered for the establishment of plans and metrics for the Bank's balance sheet alignment/ transition.

Use of climate scenarios by type of risk

As far as possible, the assessment of ESG risks (and in particular of climate and environmental risks), adopts a forward-looking approach that acknowledges the dynamic nature of risk factors and consequently the varying resulting risk assessments. In the identification and assessment of the materiality of risks, novobanco considers climate scenarios for the components of a) transition risk; b) physical risk.

For the environmental (or nature-related), social, governance and greenwashing risk components, only the characteristics and outcomes of the exposure as of the reference date are considered (there is no scenario-based component).

The Transition Risk assessment is underpinned by a sectoral approach that takes into account the expected impact of carbon prices, energy price volatility and technology investments - driven by energy transition efforts - on the profit margin of companies in each sector.

The transition score covers a total of 79 sectors across agriculture, extractive industries, manufacturing and services, and considers the expected impact of upcoming carbon, energy and investment costs on a company's profit margin - the climate shock - taking into account the following component risk factors:

- Portfolio GHG intensity - carbon shock: The carbon shock component represents the carbon price cost based on the Scope 1 GHG emission-intensity of the activities covered by the ETS, as it reflects the portfolio's GHG intensity risk.
- Portfolio energy intensity - energy shock: The energy shock component represents the cost of energy prices based on the intensity of energy consumption (by type of energy: primary and

secondary); it reflects the portfolio's energy intensity risk.

- Green investments in the portfolio - investment shock: The investment shock component represents the cost of green investments (CAPEX) based on the total distance to the Taxonomy requirements; it reflects the risk of portfolio misalignment with the Taxonomy.

The Physical Risk model is based on the integration of 4 components:

- Risk, Exposure, Vulnerabilities and Future Scenarios. The Risk component represents the intensity and/or frequency of each climatic hazard in a specific location, and was calculated for several different types: Floods (river, urban and coastal), Extreme Heat, Landslides, Water Scarcity and Wildfires; in addition to these, the Earthquake and Tsunami risks were also considered;
- The Exposure component represents the location of the client's headquarters, specifically its parish;
- The Vulnerability component represents the inherent susceptibility of a specific location and sectoral land use (agroforestry, industry, urban areas and tourism) to the consequences of a climate hazard;
- The Future Scenarios component represents how the Exposure may change according to three different climate scenarios for 2050 (NetZero 2050, Delayed Transition and Current Policies)

Transition risk additional methodologies

As a complement to the analysis of GHG emissions, we use additional classifications of our corporate loan book and monitor KRIs in our Sustainability Steering, namely:

- Monitoring of the concentration of the credit portfolio, both stock and new production, by the internal ESG risk score;
- The percentage of exposure to the Top 20 most carbon intensive companies;
- Monitoring of the concentration of the credit portfolio based on the EPC information.

Integration of risks

Our 'transition finance' model

Our climate risk management strategy assumes that we will maintain business and lending relationships with sectors and companies facing relevant transition challenges. novobanco has consistently shown a leading role in supporting the Portuguese business community. Therefore, our approach is centred on providing direct support to facilitate our clients' transition. To this end, we consider it essential to know and assess the challenges that climate and energy transition will pose to the companies we finance. On the basis of this assessment, we intend to:

a) strengthen our offer of products and services by adapting them to the specific transition or conversion needs of each company;

b) Identify the potential impact of these challenges on each company's finances;

c) partner with specialists in the different areas of sustainability that can help our clients make the necessary investments to integrate sustainability into their strategy.

We anticipate that the companies that better prepare for their transition will demonstrate enhanced capabilities for operational and financial performance. This should be acknowledged in terms of their access to financing and the associated conditions. novobanco intends to reward this reduction in uncertainty and better performance through the access conditions to finance, and has already introduced price advantages for some products linked to sustainability. Conversely, the identification of ESG challenges that are not compatible with the evaluation of the viability and financial capability of the company and the Bank's clients, may lead to decisions to restrict financing or to increase prices.

In this way, novobanco embraces a balance sheet transition/ alignment strategy based on the transition trend observed among its customers, which will be promoted, whenever possible, by the offer of products and services.

Methodologies for balance sheet alignment

As part of its strategic planning, novobanco has been developing methodologies since the end of 2021 that will allow it to set objectives to progressively align its balance sheet.

Firstly, we recognised the need for methodologies that would provide us with an encompassing view of climate and ESG risks within our portfolios, such as through the scoring model.

Next, we proceeded with the development of methodologies that would allow us to conduct an effective risk assessment based on information collected from our clients and the specific characteristics of each company (including its performance and strategic planning) - the ESG corridor.

Finally, the implementation of this approach should allow us to identify priority clients and operations for our transition finance model: that is, clients with good financial capability and viability but facing, now or in the future, relevant transition challenges.

The implementation of these components follows the structure outlined below, which is driven by:

a) the alignment targets to be adopted (such as emissions or other factors pertaining to risk reduction or mitigation);

b) sectoral financing policies and strategies;

c) the Bank's strategic priorities (commercial and internal organisation)

The integrated operation of the model

The ESG segmentation matrix is calibrated based on balance sheet alignment objectives and risk appetite - all corporate clients are subject to ESG scoring, The Bank has made progress in integrating ESG risk assessment and quantification into credit management:

a) ESG scoring ratings;

b) ESG information collected from clients;

c) minimum safeguards in place for financing.

Since 2024, novobanco implemented a plan to extend the integration of ESG risk assessment into credit risk assessment to a) all new transactions of medium and long-term companies in sectors with higher ESG risk; b) relevant financial materiality; c) for all new operations aimed at real estate financing; d) short term and renovation loans for clients with relevant credit exposure; and e) financial market own investments.

This model guarantees the inclusion of an ESG risk assessment in the credit analysis for all operations that meet these criteria. The assessments are supported by sector guidelines and ESG data specific to the client and the credit transaction, with the level of detail depending on the sector's sensitivity to ESG risk. Some sectors are identified as more sensitive and therefore require greater scrutiny.

novobanco is also accelerating the collection of data for disclosure and portfolio risk management purposes, in order to maximise coverage of the largest exposures in those that are covered by decarbonization commitments or that contribute substantially to the Bank's carbon footprint. This data collection effort will leverage publicly available data as well as client engagement, and should allow for an increase in the weight of real data in the 2025 disclosures, as well, as the climate stress test and climate resilience analysis performed this year.

The Portuguese banking sector created a unified platform to gather ESG risk data from commercial clients. In 2025, novobanco integrated this platform into credit analysis and decision-making, making it a valuable resource for managing and disclosing C&N risks.

Monitoring of Climate risks

novobanco designed its Risk Appetite and Credit Risk strategy based on a medium and long-term perspective, while ensuring that short-term effects are anticipated and mitigated. This strategy and the indicators that support it are incorporated in the Bank's RAF-RAS. The analysis of the main climate risks related metrics is reported on a monthly basis to novobanco's management bodies. KRIs that monitor various risk indices are also presented on a monthly basis in the Sustainability Steering, such as

- Exposure to climate-sensitive sectors, following the internal ESG score model;
- Exposures collateralised by residential and commercial properties with the worst energy performance certificates (EPC);
- Production of green finance and investment;
- High ESG risk exposure to acute physical risks according to the internal scoring model.

It should also be said that both the risk strategy and the risk appetite serve as guidance for the Bank's incentives system and remuneration policies, ensuring alignment with key risk metrics and corresponding objectives. Currently, the remuneration policy of novobanco's management body includes assessment metrics for the Bank's ESG performance.

2.2.6.2 Policies related to Climate Change Mitigation and Adaptation

[ESRS E1-2; GRI 3-3]

novobanco has adopted several policies to manage the impacts, risks, and material opportunities related to the mitigation and adaptation in the context of climate change.

The material impacts, risks, and opportunities (IROs) related to the financing portfolio, concerning the sub-themes of Climate Change Adaptation, Climate Change Mitigation, and Energy, are addressed in the following Policies (identified in the table):

- Policy for Classification of Green Financing/ Investments;;
- Principles for Financing and Investment – Excluded and Conditional Sectors of Activity and Projects;
- Sustainability Policy;
- Policy for Integration of Sustainability Risks;
- Risk Policies: ESG Risk Policy, Risk Appetite Framework, Risk Appetite Policy, and Credit Risk Policies.

Concerning the material impacts on own operations and the material IRO of Climate Change Mitigation, we highlight the Sustainability Policies and the Environmental Statement.

These policies are approved by the Executive Board of Directors (CAE), and their implementation is monitored by the structures responsible for promoting their application within the strategy and activities of the novobanco Group, with direct reporting to the board member overseeing the respective area, and they are published on the bank's website and/or in the novobanco's internal regulations (available in the intranet).

Policy name	Description of the policy and addressed topics
Green Financing/Investments Classification Policy	Policy that establishes the classification for financing and investments aimed at supporting business activities that significantly contribute to at least one of the European Taxonomy objectives. The business areas request the ESG Office's validation for the internal "green" classification, which will be reflected in the SOI (Objectives and Incentives System) of the business areas
Financing and Investment Principles – Excluded and Conditioned Sectors and Projects	Principles that establish that the bank does not finance nor invest in companies that, namely, do not comply with the ILO Principles and Rights, nor in sectors and activities that are excluded from financing (excluded from the Risk Appetite and Credit Risk Policies). It also presents the sectors and activities with conditional financing and the checks to be validated in the credit approval process.
Sustainability Policy	Defines the sustainability positioning of the novobanco Group, identifying within its material topics across the environmental, social, and governance (ESG) dimensions its commitments and guiding principles
Sustainability Risk Integration Policy	Policy that establishes the processes dedicated to identifying and managing sustainability risks, at the level of Investment Advisory Activities; Portfolio Management Activities; and Management Activities of Other Credit Institutions.
ESG Risk Policy	Policy that observes the applicable prudential regulation, namely the ECB's expectations, and considers internationally recognised practices in managing the considered risks. It establishes the management and control framework for each of novobanco Group's risks, including a) the procedures through which they are regularly identified, assessed/quantified, monitored, and controlled; and b) the responsibilities for carrying out these activities.
Risk Appetite Framework	The "Risk Appetite Model" is an element of risk management and includes the ESG risk. Risk appetite represents the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It encompasses a risk appetite statement, risk limits, and a summary of the roles and responsibilities of those overseeing the implementation and monitoring of the Risk Appetite.
Risk Appetite Policy and Credit Risk Policies	Define the general principles and rules that should govern the analysis and decision of credit operations, including the commitment to the development of its activity and business, guided by sustainable behaviours

Among the aforementioned policies, we highlight:

(1) Green Financing and Investment Classification Policy

One of novobanco's sustainability commitments is "green" financing and investment, which is based on financing the transition of its clients.

Achieving sustainable performance is supported by strengthening the integration of ESG into the business, making the direct and active support of clients in their transition to more sustainable business models a strategic priority.

Financing and investments aimed at supporting activities, both business and personal, that contribute to environmental sustainability and the Sustainable Development Goals are considered eligible for green financing classification by novobanco, provided they are compatible with at least one of the objectives of the European Taxonomy, namely a) climate change mitigation; or b) climate change adaptation. Also considered are financing of proven energy efficiency and financing for renewable energies.

We list some of the activities that fit within the novobanco policy::

Actvity	Description	SDG
Agriculture, forestry, fishing and animal production	• Sustainable agriculture • Forest and nature conservation • Sustainable livestock and aquaculture	
Energy	• Production of energy from renewable sources • Production of energy through cogeneration • Storage and distribution of renewable energies	
Water, waste treatment	• Sustainable waste management and recycling • Sustainable water supply and wastewater treatment	
Industry	• Production of renewable energy technologies • Products and services that enable energy savings in industrial processes • Production of energy-efficient equipment for buildings	
Real Estate	• Construction, purchase of green buildings • Improvement works for green buildings • Sustainable installations, such as energy-efficient heating and air conditioning	
Transport	• Sustainable land transport • Sustainable water transport • Sustainable transport infrastructure	
Information and Communication Technologies	• Solutions that reduce CO2 emissions • Technology and software that enable energy savings	
Other Climate Mitigation and Adaptation Activities	• Reduction, prevention, and removal of CO2 emissions • Biodiversity projects	

In summary, the application of the policy considers:

Financing of companies

- *"Green Corridor" for commercial operations considered aligned with the European Taxonomy.*

Operations without the need to define a specific purpose for financing in companies with activity classified in CAEs (Classification of Economic Activities) or BICS (Bloomberg Industry Classification System) that, according to internal analysis, have an activity predominantly aligned with the European Taxonomy

- *Financing with use of proceeds*

Transactions in the form of Project Finance, Green Bonds or Loans, and Sustainability Bonds are considered, with conditions evaluated on a case-by-case basis, supported by technical information such as Green or Sustainability Bond Frameworks and Second Party Opinions (SPO).

Also considered are loans under the Sustainability Credit Line (whose purpose must be aligned with at least 70% of the total financed amount with one of the environmental objectives of the EU Taxonomy), the Decarbonisation and Circular Economy Credit Line, the Sustainable Urban Mobility Line, the Sustainable Investment Line, and the +Sustainable Tourism Line (all operations validated by the Banco Português de Fomento are accepted). Financings that are aligned with the European Investment Bank's definition of green are also considered, with the verification of this alignment carried out through the Green Checker Tool.

- *Financing for general purpose*

Operations in the form of Commercial Paper, Sustainability-Linked Bonds (SLB), and Sustainability-Linked Loans (SLL) of companies or projects whose activity is eligible to be considered sustainable according to the European Taxonomy are considered.

If the financing is not assigned one of the above classifications, but the company has maturity on the ESG topic and alignment with the European Taxonomy, the financing is evaluated as green, with conditions assessed based on the collection of technical information supporting the operation from an independent area/function from the originating business area.

- *Real Estate Financing*

Operations for the construction, renovation, or acquisition of properties that have obtained (or are projected to obtain through the construction or renovation project) an energy certification of B or higher, or obtain LEED "Gold", BREEAM "Excellent", or BREAM "Very Good" certification, provided that in the latter case, they also achieve a minimum score of 70% in the Energy category, are considered

Financing for Individuals

- *Mortgage Loans*

Operations for acquiring, constructing, or renovating properties that have obtained (or projected to obtain through the construction or renovation project) an energy certification of B or higher are considered.

- *Personal Loans*

Car loans for acquiring electric or hybrid vehicles, as well as personal loans for purchasing renewable energy production equipment, are considered.

The analysis of information (at the level of the operation or product) and the respective conclusion for classifying financing as green results, in all cases, from a dedicated analysis conducted by an area independent of the originating/business unit. The model and criteria for classifying green financing and investment of novobanco are approved by the Bank's executive management, with the Sustainability Steering monitoring the evolution of the amount of new green operations monthly and ensuring compliance with the objectives set for the same, both globally and in detail by the commercial areas (and other characteristics – e.g., price and risk conditions).

(2) Financing Principles – Excluded and Conditional Sectors

Considering sustainable development as a fundamental aspect of healthy economic management, as established in the Group's Sustainability Policy, and intending to conduct its activities in compliance with the taxonomy defined by the European Union for the

financial sector and aligned with the principles of the United Nations (UN) Global Compact, the Universal Declaration of Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the main conventions of the International Labour Organization (ILO), novobanco excludes and conditions some sectors and projects from its financing and investment activities. The exclusions and conditions are outlined in the internal policies of Risk Appetite and Credit Risk.

This principles aim to:

(1) Promote ethical and transparent business conduct to create long-term value;

(2) Integrate environmental, social, and governance principles into the business, established from the definition of material topics and Sustainable Development Goals (SDGs);

(3) Applying the commitments undertaken by integrating them into the marketing of their financial products or company obligations as sustainable investments.

We consider the following excluded from financing

- Companies that in any way conduct their activities guided by behaviours repudiated by the novobanco Group or fail to comply with the Fundamental Principles and Rights at Work established by the International Labour Organisation and the International Charter of Human Rights, including forced labour, child labour, or any kind of inhumane treatment or threat of such treatment.
- Mining projects and energy production from coal;
- Production or commercialisation of armaments and ammunition (unless associated with national defence);
- Production or commercialisation of chemical, nuclear, biological or mass destruction weapons;
- Activities associated with prostitution or businesses based on pornography;
- Projects for the extraction and international trade of wild species of exotic fauna and flora that are threatened or endangered;
- Any activity associated with piracy.

In order to reduce the indirect environmental and social negative impacts resulting from its activity and progressively contribute to a sustainable economy, the novobanco Group conditions financing and investment to the following projects in sectors that may have high negative impacts. These projects are subject to additional analysis of the potential impacts in question, namely:

- Production and commercialization of defence material: Restriction on the production and commercialization of defence material to companies and countries with controversial, autocratic regimes and those limited by national legislation and international conventions;
- Production and commercialization of chemical products and substances: Restriction on customers and projects involving the production of hazardous chemical substances that are restricted by national legislation and international conventions;
- Extraction of Oil and Raw Gas: Restrictions on operations resulting from projects or extension of oil and gas extraction projects under the following conditions:
    - Production from unconventional sources;
    - Located in World Heritage areas and protected areas of Categories I to IV of the IUCN (International Union for Conservation of Nature).
- Nuclear energy production: Restrictions on operations and projects related to nuclear energy production that do not comply with the Convention on Nuclear Safety;
- Extraction of metals and minerals with high environmental and social impact: Restrictions on operations or projects for the extraction, processing and commercialization of minerals:
    - Extracted in Conflict-Affected and High-Risk Areas;
    - Rough diamonds from producing countries involved in conflicts and without certification by the Kimberley Process (license for the activity of importing and exporting rough diamonds);
- Extraction and commercialization of timber: Restrictions on operations or projects for the extraction and commercialization of timber from tropical and native forests that have a negative environmental impact:

- Illegally exploited wood;
- Wood from forests being converted into plantations or non-forest use
- Wood from forests where high conservation values are threatened by deforestation activities;
- Forest products of categories considered unacceptable by the Forest Stewardship Council (FSC).

These policies (with the exception of Risk Appetite Framework and Risk Appetite Policy and Credit Risk Policies – internal documents) are available on the novobanco's website at:

- Novobanco/sustainability/sustainable business/our approach and policies - Our Approach | novobanco
- Novobanco/sustainability/sustainable business/ sustainability and investment - Sustainability and Investment | novobanco

2.2.6.3 Actions and resources in relation to climate change policies

[ESRS E1-3; GRI 305-5, GRI FS 11]

Several actions have been taken by novobanco in the context of mitigating and adapting to Climate Change and in the context of Energy, both concerning its value chain and its own operations

This point has already been partly addressed and described in Section 2.2.5.2 Impacts, risks and material opportunities and their interaction with strategy and business model. Below are some key measures from the Bank's action plan:

Measures and Action Plans to address the systems

A) Adaptation and Mitigation of Climate Change and Energy - Financing and Investment portfolio

Novobanco is confident that the measures and action plans presented presented below contribute for the objectives of reducing financed emissions (scope 3 - category 15), namely the sectoral emission reduction targets set for 2026 and 2030, as presented in chapter 2.2.7.1 A) Goals and Metrics. As of December 2025, the degree of compliance with the targets set for 2026 was 182%, compared to the base year of 2023.

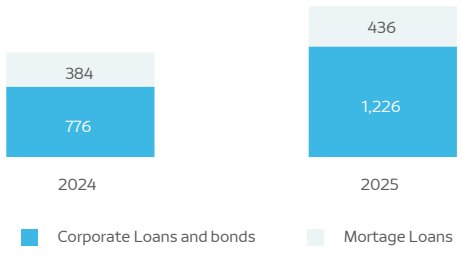
Through green financing, novobanco shows strong support for businesses in their energy transition process by financing projects that promote climate change adaptation and mitigation, such as the production and use of renewable energy, projects that promote sustainable practices in industry or the transport sector, which are emissions-intensive, or projects aimed at improving the energy efficiency of buildings, thus helping to reduce overall energy consumption and carbon emissions.

To boost and monitor green financing, the following actions stand out:

- Development of processes for identifying and marking green financing contracts, whenever possible automated, which allow daily monitoring and tracking of green credit production values;
- Incorporation of the green financing variable into the objectives and incentives of the commercial area for medium and large enterprises.

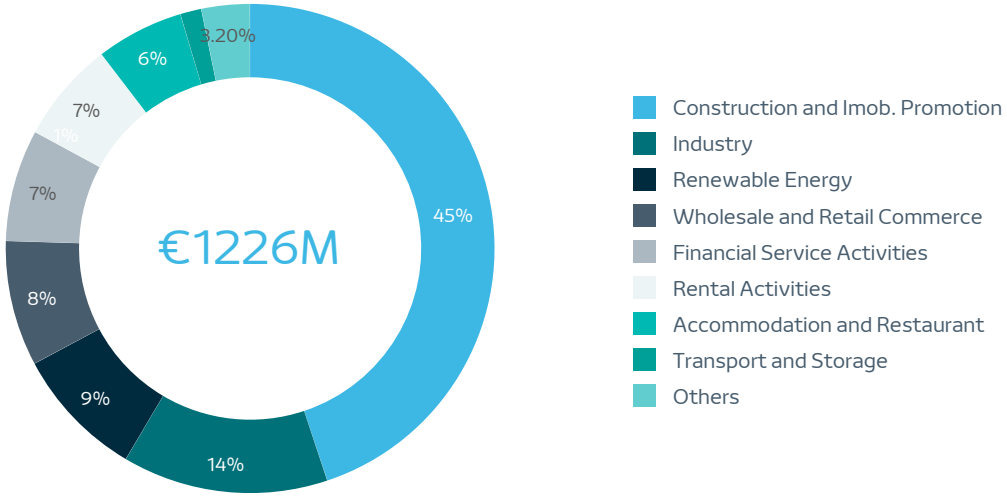
In the year 2025, novobanco's green financing production amounted to €1,662 mn, showing strong growth and dynamism, having already surpassed the target of €2bn in cumulative production from 2024 to 2026 (this amount reached €2.8bn).

Green Financing and Investment Production novobanco SA (million euros)



Note to the graph: credit and investment production that occurred during the year.

Production of Green Financing/Investment in 2025 by sector of activity



Product and Service ESG Offerings for Companies

Novobanco has been investing heavily in understanding and assessing the challenges that the climate and energy transition poses to businesses. As part of this strategy, it supports its clients in:

- Strengthening the product and service offerings aligned with the specific transition or conversion needs of each company; and
- Identifying the financial impacts that these challenges may bring to companies.

The following Sustainable Financing products and services stand out:

a) Financing under the EIB/EIF Lines, the Decarbonisation and Circular Economy Line, and the Sustainability Line, which in 2025 registered a value of approximately €64,9mn.

b) Green leasing for electric or hybrid vehicles, as well as equipment leasing, which amounted to approximately €105.8 mn, aimed at transport companies, vehicle rental companies, and also for company fleets. In the equipment leasing segment, industrial equipment and energy efficiency improvement equipment stand out.

In financing for large companies, sustainability-linked loans and Sustainability-Linked CP programme stand out, as well as leasings and construction or energy efficiency improvement projects that allowed for increases in the energy certificate of the property, amounting to more than €319 mn.

In this context, the following products stand out:

Sustainability Line	Credit line of credit from novobanco aimed at supporting companies in their energy transition to a low-carbon economy and/or companies that are eligible under the Taxonomy Regulation (EU) 2020/852 of the European Parliament and Council, intended for SMEs	**€44,8mn**
Line for Decarbonization and Circular Economy	Credit Line from BP Fomento aimed at facilitating access to financing for implementing sustainable projects, including, namely, i) innovative and efficient equipment; ii) investment in renewable sources for self-consumption in the production process or in circular strategies for any phase of the product/service lifecycle	**€8,9mn**
EIB MIDCAPS credit Line	EIB agreed credit line aimed at supporting investment and working capital for mid-cap companies, with a focus on innovation and the adoption of more sustainable production models.	**€11,2mn**

SME consultancy services

Novobanco also offers a consultancy service to its business clients aimed at supporting their energy transition process. To this end, it has established partnerships within the ESG framework with various specialist companies in diverse areas such as carbon footprint diagnosis and calculation, sustainability strategy definition, decarbonisation solutions, certification projects, among others.

For details on the partnerships, available at: Sustainability>Sustainable Business>: Sustainable Offer | novobanco.

Commitments to reduce financed GHG emissions: Science Based Targets and Pillar III - Market Discipline

The commitments to reduce the carbon footprint in novobanco's financing and investment portfolio covered a total of €9.00bn as of December 2025, 30% of its client financing portfolio. The bank set sectoral targets for the cement, electricity production, chemicals, fossil fuels, commercial mortgages and held real estate investment funds sectors, as well as targets for the remaining credit (large companies) and investment portfolio.

Meeting the defined targets will require novobanco to prioritise financing its clients' transition efforts, understanding their decarbonisation plans. It will also require regular monitoring and tracking of the portfolio's intensity against the defined targets.

The key actions to be developed for 2026 will focus particularly on the sectors where the bank has set sectoral targets, those that are more greenhouse-gas-intensive, and in which the bank has greater credit exposure:

- Strengthen dialogue with clients, reinforcing the collection of ESG data such as GHG emissions resulting from their activities and Energy Performance Certificates (EPCs) of collateral;
- Understanding clients' Transition Plans and their decarbonization commitments, investments, and required financial support;
- Promote green financing and expand the range of products and external partnerships that can support clients in carrying out their energy transition;
- Deepen differentiated pricing models, rewarding green financing;
- Continue to develop monitoring tools that enable effective portfolio management;
- Continue to promote ESG literacy among the Portuguese economic fabric.

Empowering and raising awareness within the business community

Novobanco is an active agent within its ecosystem, with a particular focus on boosting the economy and supporting the communities it serves. In this regard, it promotes and participates annually in various sustainability promotion initiatives, including sectoral and/or regional initiatives, in the joint search for solutions or strategies that promote social and financial well-being, responsible growth, job creation, people enhancement and respect for the environment.

In 2025, to reinforce its role as a reference financial partner for Portuguese SMEs, as well as a promoter of economic, environmental and social sustainability, novobanco maintained support within the protocols with the Nova School of Business and Economics (Nova SBE):

- Novobanco Chair in ESG - a chair focused on research and training in the field of Finance, with a strong emphasis on ESG topics, including research on the impact of sustainable investment on pollution reduction.

- Founding member of the Voice Leadership programme – a programme aimed at modernising and increasing the competitiveness of Portuguese SMEs by empowering their decision-makers. By 2026, this programme will empower the managers and decision-makers of around 5,000 companies with management tools and routines that help improve their competitiveness and future growth, combining innovative theoretical and practical management training with personalised mentoring.

This partnership underscores novobanco's commitment to addressing economic challenges, from sustainability and environmental responsibility to leadership and innovation.

It is also worth highlighting the "Global Impact Zone" initiative, a novobanco conference series dedicated to sustainability, co-organized with Jornal Económico. Its purpose is to discuss sustainability across strategic sectors of the economy, bringing together Entities, Companies, and Organizations from across the country and from the most important national and regional economic sectors.

"Zona de Impacto Global – Pensar o ESG": Ordenamento do Território, in March, at the Faculdade de Arquitetura da Universidade de Lisboa	"Zona de Impacto Global – Pensar o ESG": O Elixir da Juventude, in May, at Católica Lisbon School of Business & Economics	"Zona de Impacto Global – Pensar o ESG": Inovação e Transição na Indústria, in October, at Técnico Innovation Center	"Zona de Impacto Global – Pensar o ESG": Reprogramar a Economia: Inovação, Inclusão e Impacto, in November, at Escola 42 Lisboa
Academics, university professionals, and business leaders gathered to discuss the impact of ESG on public policies and the private sector.	The importance of older adults for society and for companies was discussed, as well as the challenges they face in an increasingly digital world.	It was discussed how companies can adapt to market changes and ensure competitiveness in a rapidly evolving sector.	The debate also highlighted the importance of older adults for society and for businesses, as well as the challenges they face in an increasingly digital world.

Offering ESG Products and Services for Individuals

Adapting to and mitigating climate change is a challenge for society as a whole, not just for businesses. In 2025, 18% of mortgages generated in novobanco's retail individual clients' segments related to properties with energy certificates (EPC) of B or above and 13% of total credit auto was for financing the acquisition of electric or hybrid vehicles. In this regard, novobanco offers its individual clients products that address both their financing needs, by strengthening its green or transition financing offer, as well as their savings and investment needs and preferences, enabling them to invest with sustainability objectives through the provision of investment products and services with ESG criteria.

Financing

Mortgage novobanco ECO (M€)	Personal Loan - Hybrid and Electric Vehicles (M€)	Renewable Energy Loans (M€)
An environmentally friendly offer that allows the customer to benefit from a reduction in the interest rate when purchasing a property with an energy certification of A+, A, or B	New and used car loans for the purchase of vehicles that fall under green mobility (plug-in, electric hybrids, and non-electric hybrids), with a 1% reduction in the price strategy of the Personal Loan line	Offer with an environmental aspect that allows the customer to purchase any renewable energy production product at a more attractive rate

Carbon Neutral accounts 18.25 and 26.31

The novobanco youth accounts, 18.25 and 26.31, are low carbon emission accounts because they are online and because the unavoidable emissions are neutralised, following the PAS 2050:2008 methodology which analyses the life cycle of products and services - (e)mission neutral certified® - that is, the bank estimates and neutralises the CO_2 emissions arising from the use of these accounts, both by the bank's activity and by customers (e.g. by using computers to access home banking, ATM use and cards, among others).

In 2025, the emissions neutralized for these accounts were equivalent to several alternative scenarios, namely:

- The consumption of 343 barrels of oil
- 230 round trips from Lisbon to Rome, in a medium vehicle (VW Golf type) powered by petrol;
- The volume of 33 hot air balloons;
- The annual carbon dioxide sequestration of 5.6 hectares of pine forest

In 2025, the 148.3 tonnes of carbon emissions associated with all 18.31, 18.25 and 26.31 accounts were neutralized through support to the "Kamuthi" project, by cancelling the resulting carbon credits. The Kamuthi Project is a photovoltaic solar park that replaces electricity generation from coal-fired power plants in Tamil Nadu, India.
In addition to reducing carbon emissions in electricity production, this project also generates social and economic benefits for local communities, creating 285 jobs for people from villages near the solar park.

novobanco
167 thousand accounts (13 thousands new accounts in 2025)
300.6M€

novobanco do Açores
4.96 thousand accounts (420 new accounts in 2025)
7.5M€

ESG Factors in Investment Advisory Services

The advisory service model provided by novobanco to its individual clients has been enhanced with new ESG and sustainability dimensions, supported by a change in the asset selection model that, in addition to the analysis of ESG risks, includes an analysis of the exclusions or constraints on investments for each fund. Thus, in the search for the most suitable financial products for each client, these new attributes are considered to meet the preferences expressed through the Sustainability Preferences Questionnaire.

Investment funds with ESG characteristics or sustainability objectives now represent almost 80% of registered UCITS. However, there are still many producers who do not disclose the values that allow for alignment with client preferences. Despite this, with the existing data, novobanco can meet the preferences expressed by its clients, presenting an appropriate proposal, except for clients who want a high level of exposure to the Taxonomy, as this information is not yet available for the vast majority of financial instruments.

Funds with ESG characteristics or objectives

In 2025, the Group offered over 2.5 K funds with ESG characteristics or objectives, with investments made by its clients. The Group follows the European Sustainable Finance Directive (SFDR) for the classification of these funds into two categories:

- Article 8 SFDR – funds that invest in companies that have environmental, social, and governance considerations;
- Article 9 SFDR - funds that aim for sustainable investment with environmental, social, and governance considerations.

The novobanco Group offers ESG investment funds from entities external to the Group as well as funds from GNB Gestão de Ativos (GNBGA), a company owned by the group. Through GNBGA, the Group offers its participants 9 funds that promote environmental and social characteristics (Article 8 SFDR):

- 7 Open-end Mutual Funds (GNB Momentum Sustainable, GNB Active Strategy ESG, GNB Conservative, GNB Balanced, GNB Dynamic, GNB Capital Plus, GNB Income Plus), with €451M in management, representing 32% of the national mutual funds managed by GNBGA;
- 2 Open-end Pension Funds (Multireforma Equities and PPR Vintage Sustainable) with €70M in management, representing 19% of the open-end pension funds managed.

In 2025, the investment made by clients in the funds resulted in the following performance:

	Article 8	Article 9
Novobanco	241 funds with an investment of €1593.4 mn, accounting for 47.3% of the total distributed fund portfolio.	16 funds with an investment of €37.2 mn, accounting for 1.1% of the total distributed fund portfolio.
Banco Best	2138 funds with an investment of €614.3 mn, accounting for 70.0% of the total distributed fund portfolio. 118 ETFs with an investment of €9.3 mn.	118 funds with an investment of €15.4 mn, accounting for 1.8% of the total distributed fund portfolio. 5 ETFs with an investment of €0.05 mn.
novobanco dos Açores	6 funds with an investment of €0.9 mn, accounting for 25.0% of the total distributed fund portfolio.	—

B) Mitigation of Climate Change in novobanco's own operations

The measures and action plans presented below have enabled the achievement of the emission reduction targets for their own operations, scope 1 and 2, set for 2030 and presented in chapter 2.2.7.1 B) Goals and Metrics.

As of December 2025, the novobanco group had already achieved a 54% reduction in its scope 1 and 2 emissions compared to the year 2021, which aligns with the target set for 2030.

Given the positive performance achieved, novobanco will reassess, during 2026, the capacity to make its 2030 target more ambitious and will maintain its focus on deepening the measures that have been implemented, which we highlight in 2025:

- Electricity consumption of the Group's facilities is entirely from renewable sources;
- Reduction of electricity consumption by implementing energy efficiency measures already described in section 2.2.5.2 of this report;;
- Increase in self-consumption of electricity from renewable sources through the installation of photovoltaic panels at the novobanco Campus;
- Increase in the percentage of low-emission vehicles (electric/hybrid) in the bank's fleet, and provision of charging stations for employees. In 2025, the share of electric and hybrid vehicles in the bank's fleet reached 45% (compared to 25% in 2023);
- Promotion and provision to employees of forms of travel to and from work that produce lower emission levels.

2.2.7. Metrics and Targets

2.2.7.1. Targets related to climate change mitigation and adaptation

[ESRS E1-4; GRI 305-5]

Goals to address Subthemes

A) Adaptation to Climate Change, Mitigation of Climate Change, and Energy – Financing and Investment portfolio

During 2025, regarding the definition of carbon intensity reduction targets, we highlight:

- Increase in the interconnection between commercial and investment areas and the ESG Office in new exposures and/or the strengthening of exposures in more intensive sectors where the bank has sectoral targets for reducing carbon intensity;
- Strengthening metrics, methodologies, and the applicability of integrating ESG risks into the credit risk assessments of clients.

Novobanco's commitment to SBTi – Business Ambition aligns with the Paris Agreement to limit global temperature rise to 1.5ºC above pre-industrial levels. With this commitment, novobanco has submitted its targets and a transition and decarbonisation plan for its financing and investment portfolio, as well as its own emissions, which has been communicated to the market and is presented on novobanco's website.

For more details, please consult:

Sustainability<our commitments<sustainable business | novobanco

Our commitments: https://sciencebasedtargets.org/resources/files/Target-language-and-summary_Novo-Banco-S.A.pdf

Fore more information concerning the SBT'i'si: https://sciencebasedtargets.org/

Novobanco has the following targets for its Financing portfolio (Scope 3 – Category 15), applied to credit exposures of Novo Banco, SA, in large companies (excluding financial companies) and for medium and long-term financing or investments for which we detail its scope and methodology:

Cement Manufacturing

Novo Banco, SA commits to reduce CO2 emissions from the cement sector in its corporate loan and bond portfolio exposure by 23% per tonne of cementitious product by 2030, from a 2021 base year. The following scope was considered:

- Medium Long-Term Exposure and Large Companies in 2021 in CAE (Economic Activity Classification) 23510, and SGPS of this sector, associated with cement manufacturing, in the financing and investment portfolio;
- Calculation of the target for 2030, with SBTi methodology, considering the fixed market share option in the SBTi's Sectoral Decarbonisation Approach (SDA);
- Values reported by companies for Scope 1 and Scope 2 emissions and respective cement production (tonnes).

Electricity Production

Novo Banco, SA commits to reduce CO2 emissions from the electricity production sector in its project finance, corporate bond and loan portfolio by 74% per kWh by 2030, from a 2021 base year. The following scope was considered:

- Medium Long-Term Exposure and Large Companies in the base year of 2021 in CAE (Economic Activity Classification) associated with electricity production: 35111, 35112, 35113, or commercial activity mainly in this segment, in the financing and investment portfolio;
- Calculation of the target for 2030, with SBTi methodology, considering the fixed market share option in the SBTi's Sectoral Decarbonisation Approach (SDA);

- Values reported by companies for Scope 1 emissions and respective electricity production (GWh).

Commercial real estate and Commercial real estate Funds

Novo Banco, SA commits to reduce CO2 emissions from the commercial real estate sector and Commercial Real Estate Funds (listed) in its financing and investment portfolio to companies by 68% per square meter by 2030, from a 2021 base year. The following scope was considered:

- For commercial mortgages: Debt exposure in novobanco segments of Real Estate Development and Real Estate Development – Income. In the case of funds, the portfolio of novobanco commercial real estate funds;
- It covers real estate collateral, excluding properties under construction and land;
- For the calculation of the target for 2030, the bank applied the SBTi methodology, considering the fixed market share option in the SBTi's Sectoral Decarbonisation Approach (SDA);
- Considered the type of property and its energy certificate and calculated the financed Scope 1 and 2 emissions (based on its Energy Performance Certificate, property type, and PCAF emission factors) as well as the respective financed areas (mostly estimated by the type of property, location of the property, and a).

Chemicals

Novo Banco, SA commits to reduce CO2 emissions from the basic Chemicals sector in its corporate bond and loan portfolio by 1% per tonne of chemical production by 2027, from a 2023 base year. This commitment was established in Pillar 3 and presents its target until 2026.

The following scope was considered:

- Medium- and long-term exposure and Large companies to companies with activity related to the production of basic chemicals products (NACE 201);
- For the calculation of the 2027 target, the bank considered the trajectory of the International Energy Agency (IEA) for the sector;
- Financed Scope 1 and 2 emissions of the covered companies and respective financed chemicals manufactured (tonnes of chemicals). In cases where actual information was not available, the sectoral intensity of the IEA was considered.

Fossil Fuels

Novo Banco, SA commits to reduce CO2 emissions from the fossil fuel combustion sector within its corporate bond and loan portfolio by 4% per GJ of manufactured energy product by 2027, from a 2023 base year.

This commitment was established in Pillar 3 and presents its target until 2027. The following scope was considered.

- Medium- and long-term exposure and Large companies to companies with activities related to the extraction and refining of fossil fuels (NACE 0610, 0620, 0892, 0910, 1920, and holding companies significantly involved in these activities;
- For the calculation of the 2027 target, the bank considered the trajectory of the International Energy Agency (IEA) for the sector, as well as the climate commitments of the covered companies;
- Financed emissions of scopes 1 and 2 were considered, as well as scope 3 (category 11, use of sold products) of the covered companies, along with the respective financed manufactured energy products (GJ);

In summary, we present the following sectoral targets:

Sector	Methodology	Base year	Baseline Intensity	Intensity in 2025	Target Reduction	Intensity target	Target year
Power Generation	Relative Reduction/ SBTi/SDA	2021	0,228 tonCO2eq/MWh	0,099 tonCO2eq/MWh	**-74%**	0,06 tonCO2eq/MWh	**2030**
Cement	Relative Reduction/ SBTi/SDA	2021	0,629 tonCO2eq/ton cimento	0,63 tonCO2eq/ton	**-23%**	0,487 tonCO2eq/ton	**2030**
Commercial Real Estate (CRE)	Relative Reduction/ SBTi/SDA	2021	0,032 tonCO2eq/ m2	0,016 tonCO2eq/m2	**-68%**	0,01 tonCO2eq/m2	**2030**
CRE Funds	Relative Reduction/ SBTi/SDA	2021	0,04 tonCO2eq/ m2	0,016 tonCO2eq/m2	**-68%**	0,013 tonCO2eq/m2	**2030**
Fossil Fuels Combustion	Relative Reduction/ IEA	2023	0,070 tonCO2eq/ Gj	0,071 tonCO2eq/Gj	**-4%**	0,067 tonCO2eq/Gj	**2027**
Chemicals	Relative Reduction/ IEA	2023	1,417 tonCO2eq/ton Quím. Primários	1,427 tonCO2eq/ton	**-1%**	1,412 tonCO2eq/ton	**2027**

The evolution of carbon intensity for the electricity generation and commercial real estate (mortgage) sectors exceeded, in 2025, the target trajectory established by novobanco. However, the evolution of carbon intensity in the cement, chemicals and fossil fuels sectors fell short of the target. In the case of the cement and fossil fuel sectors, publicly available information and data collected directly from clients provided evidence supporting the possibility of meeting the 2030 target.

Regarding the chemicals sector, novobanco acknowledges that its current performance is not aligned with the defined decarbonisation pathway, mainly due to the lack of real reported data from companies, which requires the use of global sectoral estimates. In 2025, the International Energy Agency (IEA) updated the decarbonisation pathway for the chemicals sector, maintaining the percentage reduction effort but reflecting the delay in emissions reductions, resulting in higher carbon intensity values both at the starting point and for 2030. In parallel, the Portuguese Chemical, Petrochemical and Refining Association (APQuímica) published the sector's decarbonisation roadmap for Portugal, with emission-reduction scenarios for 2030 and 2050. In light of these developments, novobanco will analyse potential improvements to the metric and trajectory defined for this sector, in order to align the assessment with information consistently reported by companies and with updated reference targets.

To monitor sectoral targets, a KPI for the reduction of the financing portfolio's footprint was established, defined by novobanco and approved in the ESG Steering Committee. The indicator is monitored semi-annually, along with the update of novobanco's sectoral commitments to reduce the carbon footprint (SBT and Pillar 3). It is an average of the five sectoral commitments to reduce carbon intensity percentage, weighted by the exposure of each sector in the portfolio, with reference to 2023 - the first year common to all decarbonisation targets, from which a joint monitoring of the targets is possible:

Targets level of achievement	Cement tonCO2eq/ton cement	Electricity generation tonCO2eq/MWh	CRE and CRE Funds tonCO2eq/m2	Fossil Fuels tonCO2es/Gj	Chemicals tonCO2eq/ton PC
2025 Objective			50%		
2025 Real (weight in 2025)	23% (3%)	252% (18%)	201% (69%)	(19)% (7%)	(37)% (2%)
2025 Performance			182%		

KPI rules

2025 Performance: average % compliance in December *2025* of the carbon intensity target for 2026 vs. 2023 (weighted by the exposure weight of each sector)
2025 Objective: target % compliance with the carbon intensity target for 2026 vs. 2023

Novobanco has also set global targets for the remaining portfolio within the framework of the SBT's commitment both for the credit portfolio and the investment portfolio, as follows:

Long-term financing to companies (more than 1 year).

In addition to the sectoral decarbonization targets for the financed portfolio presented in the previous chapter, novobanco also has targets for the financed portfolio (with scope criteria defined by the SBTi). Novo Banco S.A. commits to improving the temperature score of its financing portfolio for scope 1 and 2 by value invested, within the other long-term corporate loan portfolio, from 3,04°C in 2021 to 2,47°C by 2028.

Novo Banco S.A. commits to improving the temperature score of its financing portfolio for scope 1, 2 and 3 by value invested, within the other long-term corporate loan portfolio, from 3,16°C in 2021 to 2,55°C by 2028.

- The target considers the amount of financing not covered by individual or sectoral targets (except for exposure to fossil fuel companies, which is fully covered in this target);
- For the calculation of the 2028 target, the bank applied the SBTi Temperature Classification methodology;
- GHG emissions from covered companies as well as their carbon reduction targets and science-based commitments are considered.

Listed equities and bonds (own portfolio)

Novo Banco S.A. commits to improve the temperature score of its Scope 1 and 2 portfolio temperature score by invested value, within the listed equity and corporate bonds portfolio, from 2,27°C in 2021 to 1,99°C by 2028.

Novo Banco S.A. commits to improve its financed Scope 1, 2 and 3 portfolio temperature score by invested value, within the listed equity and corporate bonds portfolio, from 2,62°C in 2021 to 2,21°C by 2028.

The objective considers the amount of financing not covered by individual or sectoral targets (except for exposure to fossil fuel companies, which is entirely covered in this target, and also chemical sector), covering the portfolio of shares and bonds (namely, ordinary shares, preference shares, corporate bonds, exchange-traded funds, excluding unlisted instruments, commercial paper, and sovereign debt securities).

- For the calculation of the 2028 target, the bank applied the SBTi Temperature Rating methodology
- Greenhouse gas emissions from covered companies, as well as their carbon reduction targets and science-based commitments, are considered.

The global targets defined are presented in the table below.

Setor	Metric	Base Year	Scope	Temperature Base	Reduction Target	Temperature Target	Target Year
Corporate Loans (CLoan Portfolio)	Absolute Reduction/ Temperature Tool[4]	2021	S1+S2:	3,04°C	**-19%**	2,47°C	**2028**
			S1+S2+S3:	3,16°C	**-19%**	2,55°C	
Listed Equities & Bonds (Own Portfolio)	Absolute Reduction/ Temperature Tool[4]	2021	S1+S2:	2,27°C	**-12%**	1,99°C	**2028**
			S1+S2+S3:	2,62°C	**-16%**	2,21°C	



B) Climate Change Mitigation - Bank Activity

In 2024 we increased the reduction target for scope 1 and 2 emissions from the activity of Novo Banco, SA., kept in 2025, a commitment that is also part of our SBTi targets. Thus, by 2030 we aim to reduce scope 1 and 2 emissions by 54% compared to 2021.

The ESG commitments assumed by the group were reflected in the vehicle policy, promoting and enhancing the choice of green vehicles (electric or plug-in hybrids), with the following measures:

- Maximum price limits for electric or plug-in hybrid vehicles 10% higher than the values for combustion vehicles;
- Predominantly including electric and plug-in hybrid options in the list of protocol vehicles. These objectives have already led to an improvement in novobanco's fleet composition during 2025, with electric and hybrid vehicles representing 45% of the total fleet.

The improvement in novobanco's fleet composition is the main factor behind the reduction in scope 1 emissions. Existing home-office (remote work) policies at novobanco, as well as improvements in green mobility solutions for employees, have prevented an increase in scope 3 CO2 emissions.

2.2.7.2 Energy Consumption and Mix

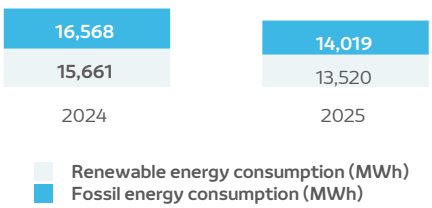
[ESRS E1-5; GRI 302-1]

Following the option taken by the novobanco Group (novobanco, GNBGA, and Banco Best) in November 2021 regarding the consumption of green energy (from renewable sources) at our facilities, in 2025, all electricity consumed by the novobanco Group came from renewable energies.

The percentage of renewable energy amounted to 49% of the total energy consumption of the novobanco Group.

The bank, in its branch network and headquarters, has control processes for lighting, ventilation, and air conditioning components. With more modern equipment, it optimises the preventive maintenance process and the monitoring and control of anomalies and alarms. The timers on the installed presence/ movement sensors and the adjustment of the air conditioning set point and the operating hours of the exterior signage also allow energy savings. In 2025, with novobanco Campus, there was a reduction in energy consumption with the maintenance of the percentage of renewable sources (49%).

Energy consumption (MWh)



Total energy consumption - Activities in low climate impact sectors

	2025	2024	2023	25 vs 24
Fossil energy consumption (MWh)	**14019**	**16568**	**16384**	**(15)%**
Nuclear energy consumption (MWh)	**0**	**0**	**0**	
Renewable energy consumption (MWh)	**13520**	**15661**	**12875**	**(14)%**
Fuels from renewable sources (MWh)	0	0	0	
Electricity, heat, steam, and cooling purchased or acquired from renewable sources (MWh)	13355	15661	12875	(15)%
Renewable energy generated by the organization (MWh)	165	0	0	
Total energy consumption (MWh)	**27539**	**32229**	**29259**	**(15)%**
Percentage of fossil sources in total energy consumption (%)	51 %	51 %	56 %	-0,1 p.p.
Percentage of nuclear energy sources in total energy consumption (%)	– %	– %	– %	0 p.p.
Percentage of renewable energy sources in total energy consumption (%)	49 %	49 %	44 %	0,1 p.p.

Total energy consumption - All Activities

	2025	2024	2023	25 vs 24
Fossil energy consumption from all activities (MWh)	14019	16568	16384	(15)%
Nuclear energy consumption from all activities (MWh)	0	0	0	
Total renewable energy consumption from all activities (MWh)	13520	15661	12875	(14)%
Total energy consumption from all activities (MWh)	**27539**	**32229**	**29259**	**(15)%**

2.2.7.3. Gross Scopes 1, 2, 3 and Total GHG emissions (AR 48)

[ESRS E1-6, GRI 305-1, 305-2, 305-3, 305-4]

The Bank's CO2 Emissions	2025	2024	2023	25 vs 24
Direct Emissions - Scope 1 - [A]	3499	3184	3675	10 %
Emissions from stationary combustion (tCO2e) - non EU ETS	29	6	13	383 %
Emissions from mobile combustion (tCO2e)	3470	3178	3584	9 %
Fugitive emissions (tCO2e)	0	0	79	
Indirect Emissions - Scope 2	0	0	1146	
Emissions from the electricity purchased (market based method)	0	0	1146	
Emissions from the electricity purchased (location based method) - [B]	1400	2486	2248	(44)%
Total Scope 1 and 2 emissions - market based method - [C]	3499	3184	4821	10 %
Indirect Emissions - Scope 3 (excluding category 15) *	6391	8615	9826	(26)%
1) Purchase of goods and services (tCO2e)	1889	2042	2565	(7)%
2) Purchase of capital goods (tCO2e)	665	2377	3118	(72)%
5) Wasted generated in operations (tCO2e)	22	15	13	47 %
6) Business travel (tCO2e)	617	727	521	(15)%
7) Employee commuting (tCO2e)	3198	3454	3609	(7)%
15) Indirect Emissions - Scope 3 - Investments and corporate loans (scope 1 and 2, market based method)	1764617	1927723	1742611	(8)%
15) Indirect Emissions - Scope 3 - Investments and corporate loans (scope 3)	4117974	4753516	796677	(13)%
Total Indirect Emissions - Scope 3 (including Category 15 investments and corporate loans - Scope 1 and 2) [D]	1771008	1936338	1752437	(9)%
Total Emissions (scope 1, 2 e 3) - market based method * - [C]+ [D]	1774507	1939522	1757258	(9)%
Total Emissions (scope 1, 2 e 3) - location based method ** - [A]+[B]+[D]	1775907	1942008	1758360	(9)%

Please consult methodological notes in Chapter 5 of this Disclosure; The years 2025 and 2024 include the investment portfolio , which was not considered in 2023, resulting in significant variations; The year 2023 was recalculated (compared to the values presented in the 2023 report) for comparability of the base of credits considered (in the present report, non-financial companies are considered); *For the calculation of scope 3 emissions (excluding Investment Category), only the categories most material to novobanco's activity were considered; x**Given the high volatility and reduced maturity of reporting scope 3 emissions by financed companies, the total presented does not include these emissions (which are identified on an individual line); *** Within Scope 3 emissions, Category 15, Scope 2 emissions were calculated using the market-based method.

In 2025, scope 1 emissions increased mainly due to the update of emission metrics for hybrid vehicles by +55%, resulting from the most recent National Emissions Inventory from the Portuguese Environment Agency (APA). Despite this adverse factor, the continued electrification of the fleet, with electric and hybrid vehicles currently at 45%, and investments in improving air conditioning systems at the bank's facilities, particularly at the novobanco campus, helped to mitigate the overall increase in emissions. If the increase in the emission metric for hybrid vehicles were disregarded, scope 1 emissions would have been reduced by 6% compared to 2024. Additionally Scope 1 and 2 emissions would have decreased 61% vs 2021.

With regard to scope 2 emissions, using the market-based method, these have remained at the same level as the previous year, due to the ongoing procurement of green electricity by the bank. It is also worth noting a reduction in energy consumption compared to 2024, a year in which there was an increase in energy use during the process of moving novobanco's headquarters to its new campus facilities. In 2025, this simultaneous energy consumption at the former and current headquarters no longer occurred. This report also includes information on self-generation of photovoltaic electricity at the novobanco campus.

The report presents new estimates of scope 3 emissions for categories 1 (Purchases of goods and services) and 2 (Capital goods). In 2024, novobanco only reported emissions related to the consumption and treatment of water, paper, and cloud computing services. In 2025, the reporting began to include all emissions from these two categories and, for comparison purposes, data for 2024 and 2023, calculated using a similar methodological approach, were included. In this way, the values for scope 3 emissions for these two years have been updated.

The emission factors for commuting by private vehicle were updated with data published by the APA in 2025. The calculation methodology is detailed in section 5.2 of the annex.

Transition risk and financed emissions

Transition risk and financed emissions novobanco acknowledges the direct correlation between the GHG emissions level of its counterparties and their transition risk: all else being equal, companies with higher GHG emission intensity tend to have greater adaptation or transition needs. Hence, without disregarding other methodologies for assessing transition risk, we monitor the emissions from the portfolio of companies that we finance (i.e., our scope 3 emissions, category 15 - investments). Whenever feasible, we try to obtain information reported by our clients. Where not available, we adopt estimation-based approaches.

The methodology we employ for measuring emissions is based on the "Partnership for Carbon Accounting Financials" (PCAF) global standard for the accounting and disclosure of GHG emissions financed through loans and investments.

To calculate emissions, we apply an allocation factor to the GHG emission values of counterparties (actual or estimated) in order to determine the share that novobanco must report due to its financing of the company's activity.

In summary: novobanco GHG emissions = company GHG emissions x allocation factor.

novobanco adopted the following PCAF data quality hierarchy to calculate the emissions of counterparties (scopes 1, 2, 3, where available):

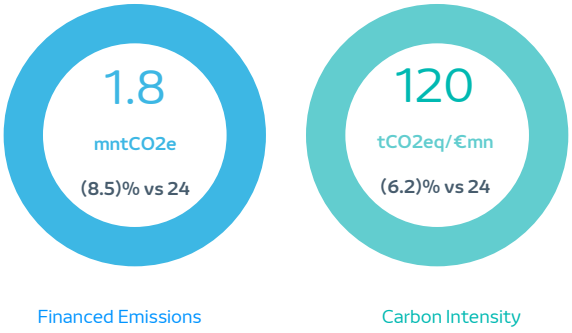
- Score 1 and 2: counterparty emissions calculated on the basis of audited emissions (score 1) and unaudited emissions (score2) reported by the counterparties, incorporating financial information obtained from the IES (Simplified Business Information) , the companies' annual reports, and from Bloomberg;
- Score 4: this score incorporates financial information from the companies, to which sectoral carbon intensity ratios (tCO2/Mn€ revenues) applied at the level of the company's Economic Activity Class (80 sectoral divisions applied);
- Score 5: lowest data quality level, with sectoral carbon intensity ratios (tCO2/Mn€ assets) applied at the level of the company's Economic Activity Class (80 sectoral divisions applied).

The scope 1 and 2 emissions related to loans to companies and investment portfolio, amounted in 2025 to 1.8 mn tonnes of CO2 e, covering approximately 90% of corporate loans and investment portfolio

(considering, in the credit portfolio, the financing granted to non-financial corporations).

The scope 3 emissions reported by the financed companies are 4.1 mn tons of CO2e ,which are not considered in the figure below due to their high volatility and the limited maturity of companies' reporting of these emissions.

Financed Emissions (scope 1 and 2) and carbon intensity, of the corporate credit and investment portfolios, 2025



The decrease in absolute Scope 1, 2 and 3 emissions is mainly due to a general reduction in the sectoral emission factors used in the estimated intensities. For Scope 1 emissions, it results from the reduction of sectoral emissions (sources: Eurostat, INE). For Scope 2 emissions, the decrease is mainly explained by the emission factor of the electricity grid (sources: APREN, DGEG). The Scope 3 emissions estimates use emission factors based on benchmarks that depend on Scope 1 and 2 emissions. It should also be noted that the emission factors refer to 2024 data when available; otherwise, 2023 data is used.

In this way, the carbon intensity of novobanco's investment and credit corporate portfolio, considering scope 1 and 2 emissions, amounts to 120 tCO2e per million euros, reflecting a reduction of 6% compared to the year 2024. Adding scope 3, this intensity rises to 401 tCO2e.[2]

It should also be noted that, considering the credit portfolio, there was an increase in the use of actual data (Scope 1) based on information disclosed by companies, which represented 10% of the credit exposure (9% in 2024). In the investment portfolio, this share of actual data in terms of credit exposure reached 57%.

Overall, the PCAF score (scope 1 and 2) of 2025 of the corporate credit portfolio is 4.1 , and 2.3 in the investment portfolio, reflecting the use of higher quality information, highlighting the availability of more actual data for consultation, namely via Bloomberg.

Financed Emissions	*Investment and Corporate Credit Portfolio 2025*	*Investment and Corporate Credit Portfolio 2024*
Outstanding Exposure of financed emissions (Mn€)	14,656.6	15,014.4
Total Emissions S1 (tCO2)	1,648,411	1,775,886
Total Emissions S2 (tCO2)	116,206	151,837
Total Emissions S1+S2 (tCO2)	**1,764,617**	**1,927,723**
Carbon Intensity S1+S2 (tCO2/Mn€)	**120**	**128**
Total Emissions S3 (tCO2)	4,117,974	4,753,516
Total Emissions S1+S2+S3 (tCO2)	5,882,591	6,681,239
Carbon intensity S1+S2+S3 (tCO2/Mn€)	401	445

Novobanco recognises the significant improvement in the availability and quality of GHG emissions information reported by companies and believes that this improvement will continue to accelerate in the

[2] In the denominator: exposure amount with emissions calculation – non-financial corporate credit and investment portfolio: €14.7bn.

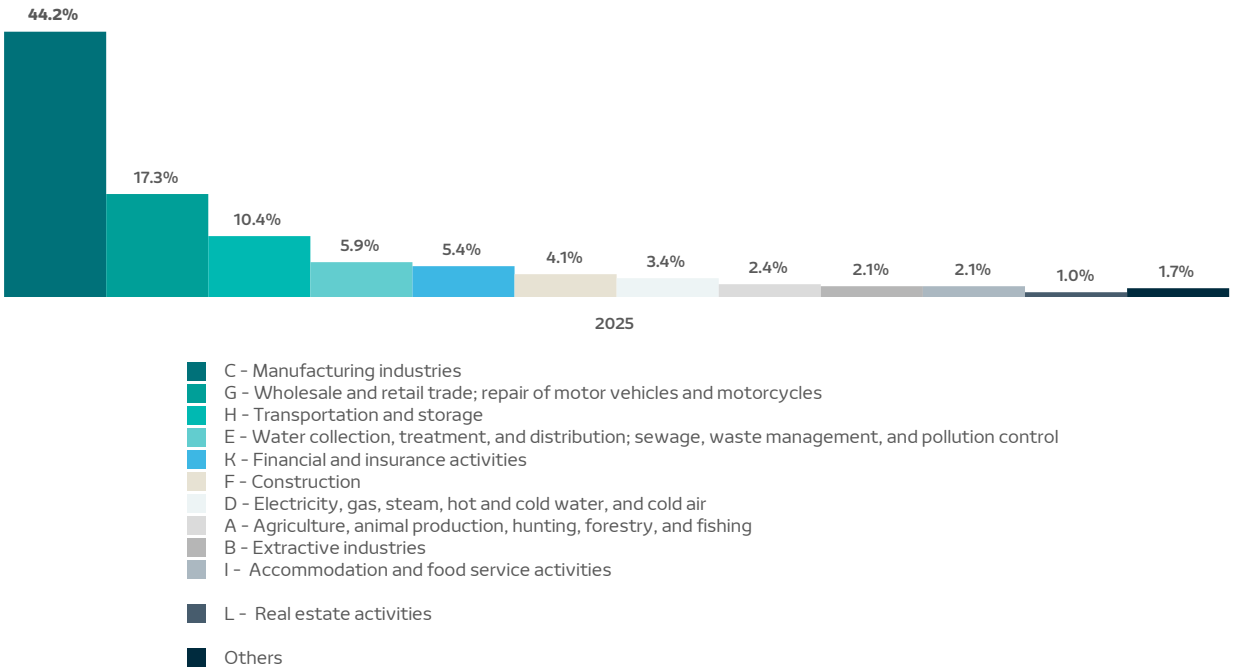
coming years, not only as a result of legal and/or regulatory reporting requirements applicable to an increasing number of companies, but above all as a result of the development and evolution of transition plans and monitoring practices by an increasing number of companies operating in the market.

novobanco thus reinforces its commitment to continuous monitoring and disclosure of financed emissions data, as well as improving the quality and scope of data collected, which is essential for the implementation of its transition strategy.

Financed emissions in the portfolio are heavily concentrated in three carbon-intensive sectors that account for 72% of total emissions, representing 41% of the debt amount of the analyzed portfolio:

- C - Manufacturing;
- G - Whole sale and retail trade; and
- H - Transport and storage.

Distribution of sectoral contribution to the carbon footprint (credit portfolio), Financed Emissions (corporate credit and investment portfolio), 2025



1 Calculation based on a best-effort approach, excluding companies from the sectors K, O, T, U, respectively, Financial and insurance activities, Public Administration and Defence; Mandatory Social Security,Activities of Households,Activities of International Organizations.

2.2.7.4. GHG removals and GHG mitigation projects financed through carbon credits *[ESRS E1-7]*

Novobanco does not consider GHG removal projects through carbon credits in calculating its footprint, nor as a potential action to achieve net zero emission targets

2.2.7.5. Internal carbon pricing

[ESRS E1-8]

Novobanco does not apply internal carbon pricing regimes.

2.2.7.6 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

[ESRS E1-9]

Prudential disclosure on climate and environmental risks (Pillar 3)

Since 2023, novobanco has been publishing qualitative and quantitative information on the management of ESG risks, in response to the ESG disclosure requirements defined by the EBA under Pillar 3 and incorporated into the European prudential framework by Regulation (EU) 2024/1623, published on 19 June 2024.

While the qualitative disclosures address the risk management procedures implemented to deal with environmental, social and governance dimensions, the quantitative Pillar 3 disclosure requirements focus on the impact of climate factors on the banking balance sheet and business, ranging from transition challenges in the main sectors financed by novobanco to its exposure to physical risks. Pillar 3 also establishes a transition planning obligation through the disclosure of 3-year decarbonisation targets for sectors with a strategic role in the transition of the economy.

Below we present the main results of the ESG Pillar 3 disclosure, focusing on novobanco's exposure to transition and physical risks, both through corporate financing and collateralised financing, in line with the semi-annual disclosure with reference date 30 June 2025, except for Template 3, with reference date 31 December 2024.

The table below includes essential information on exposures to non-financial corporates, included within the perimeter of banking book exposures, operating in sectors that contribute most significantly to climate change. novobanco's exposure is largely concentrated in these sectors (73%). However, exposure to companies excluded from Paris Agreement Benchmarks (PABs) is limited (2%). With regard to the financed carbon footprint, the lack of actual GHG emissions data from companies is noteworthy, resulting in significant reliance on estimates and proxy approaches.

Template 1: Credit quality of exposures by sector, emissions and residual maturity

Metric	Amount or Volume	Percentage of total
Exposure to sectors that significantly contribute to climate change (€ million)	11,103	73 %
Of which: Excluded from EU Paris-aligned benchmarks (€ million)	246	2 %
Financed GHG emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) in sectors that significantly contribute to climate change (tonnes CO_2 eq)	4,179,476	91 %
Percentage of gross carrying amount characterised based on company-specific GHG emissions disclosures	– %	15 %

The table below refers to the energy efficiency of loans secured by residential and commercial real estate, as well as assets obtained through credit recovery. Collateral properties are concentrated in efficiency levels C and D (total of 24%), which are representative of higher/lower transition risk relative to European building renovation targets. novobanco has been making efforts to collect EPCs for its real estate collateral, ensuring correct classification of all new inflows and seeking to increase coverage for properties financed in the past.

Template 2: Energy efficiency of real estate collateral

Energy class	Commercial real estate loans (€m)	Residential real estate loans (€m)	Repossessed collateral (€m)
A	158.24	684.10	0.00
B	526.65	746.93	0.00
C	316.54	1,377.61	0.00
D	34.20	1,295.92	0.00
E	12.16	719.54	0.00
F	12.77	324.88	0.00
G	2.09	4.72	0.00
Without energy efficiency label	1,134.30	5,107.83	27.39
Of which: with estimated energy efficiency level	0.00	0.00	0.00

novobanco monitors and assesses the alignment of its most relevant portfolios, from a business model perspective, with the objectives of the Paris Agreement and the sectoral pathways of the International Energy Agency (IEA). These efforts, focused on strategic sectors for novobanco, began with the approval of SBTi targets and have supported the Bank's transition discussion and planning. The description of novobanco's decarbonisation commitments can be consulted in section 2.2.7. Metrics and Targets.

Template 3: Indicator of potential transition risk related to climate change - Alignment metrics

Sector	NACE sectors (minimum)	Gross carrying amount (€m)	Covered by decarbonisation commitment
Energy	3511	339	Yes
Fossil fuel combustion	610, 19201, 19203	132	Yes
Automotive	2910	96	No
Aviation	5110	94	No
Maritime transport	5020	44	No
Cement, clinker and lime production	2351	88	Yes
Iron and steel, coke and metal ore production	2410, 2442	11	No
Chemicals	20110, 20120, 20130, 20141, 20142, 20143, 20144, 20152, 20160	79	Yes
Additional sectors: Commercial Real Estate – Loans	--	1065	Yes
Additional sectors: Commercial Real Estate – Investment Funds	--	408	Yes

The table below presents exposures subject to acute and chronic physical risks, including sectoral exposures, exposures collateralised by real estate, and assets obtained through credit recovery. These risks arise from factors originating in severe (acute) events or medium- and long-term climatic factors (chronic), assessed within novobanco's materiality assessment exercise (section 2.2.6. Management of Impacts, Risks, and Opportunities). Considering the highest risk levels, 79% of novobanco's corporate portfolio is exposed to physical risks; loans collateralised by residential and commercial real estate show exposure levels of 97% and 95%, respectively.

Template 5: Exposures subject to physical risk

Sector	Gross carrying amount (€m)	Sensitive to chronic events	Sensitive to acute events	Sensitive to chronic and acute events
A – Agriculture, forestry and fishing	326	244	258	190
B – Extractive industries	100	46	60	46
C – Manufacturing	3,737	1,926	2,704	1,914
D – Electricity, gas, steam and air conditioning	564	95	350	95
E – Water supply, waste management and remediation	200	63	200	63
F – Construction	1,376	690	1,167	688
G – Wholesale and retail trade	1,862	994	1,606	988
H – Transport and storage	918	396	733	396
I – Accommodation and food services	2,021	783	1,637	757
L – Real estate activities	11,605	6,723	11,250	6,693
Residential mortgage loans	2,209	1,127	2,058	1,089
Commercial mortgage loans	27	20	5	18
Repossessed collateral	918	396	733	396

Materiality assessment of climate risks

As described in section 2.2.6.1, novobanco conducts its ESG risk materiality assessment annually, with particular focus on transition and physical risks, analysed using internal models. This assessment allows novobanco to identify risk factors with the greatest potential impact on traditional financial risks, guiding subsequent monitoring and mitigation processes.

Below are the main results of the climate risk materiality assessment (reference date November 2025).

Transition risks

Exposure to transition risks – corporate segment

The assessment of transition risks in the corporate segment follows a sectoral classification approach based on the financial impact of transition factors on gross operating surplus, projected for the medium and long term (2030 and 2040, respectively), under an orderly transition scenario aligned with the Paris Agreement objectives (Net Zero 2050).

Metrics	Medium term (2030)
Exposure at risk (€m)	6.953
Exposure at risk (% of total)	45 %

Exposure to transition risks – real estate collateral

Transition risk in real estate collateral is determined according to the energy efficiency level of the property and its compatibility with the 2030 objectives of the European Energy Performance of Buildings Directive for existing buildings. The lower the efficiency, the greater the effort and investment required to meet minimum requirements entering into force in the medium term.

Metrics	Medium term (2030)
Exposure at risk (€m)	3.613
Exposure at risk (% of total)	32 %

Physical risks

Exposure to physical risks – corporate segment

The assessment of physical risks in the corporate segment considers exposure and vulnerability to chronic and acute factors, based on information from ANEPC. novobanco currently uses the location of the company's headquarters, acknowledging that this may bias results and the true materiality of these risks for client activity. However, the exposure-at-risk assessment follows a conservative approach by considering the worst risk level among those assessed.

Metrics	Baseline scenario
Exposure at risk (€m)	6.378
Exposure at risk (% of total)	41 %

Distribution of corporate financing by NUTS 3

The exposure of novobanco is mainly concentrated in regions "Grande Lisboa" and "Área Metropolitana do Porto", representing 38% and 14% of the total portfolio, respectively. Regarding physical risks in the short/medium term, risk is concentrated in the same two regions (31% and 14%).

Region	NUTS 3	Exposure in millions €	Exposure at risk in millions €
			Baseline scenario
	Alto Minho	86	45
	Cávado	431	427
	Ave	567	548
	Área Metropolitana do Porto	1,600	1,549
	Alto Tâmega e Barroso	32	2
	Tâmega e Sousa	213	135
	Douro	88	20
Norte	Terras de Trás-os-Montes	198	2
	Região de Aveiro	320	172
	Região de Coimbra	259	49
	Região de Leiria	466	297
	Viseu Dão Lafões	324	106
	Beira Baixa	15	3
Centro	Beiras e Serra da Estrela	84	20
Península de Setúbal	Península de Setúbal	306	96
Grande Lisboa	Grande Lisboa	4,339	3,506
	Oeste	259	122
	Médio Tejo	178	65
Oeste e Vale do Tejo	Lezíria do Tejo	235	37
	Alentejo Litoral	55	0
	Baixo Alentejo	153	0
	Alto Alentejo	52	0
Alentejo	Alentejo Central	86	0
Algarve	Algarve	482	36
Região Autónoma dos Açores	Região Autónoma dos Açores	207	0
Região Autónoma da Madeira	Região Autónoma da Madeira	270	268

Exposure to physical risks – real estate collateral

The assessment of physical risks in real estate collateral considers exposure to acute risk factors. As with the corporate portfolio approach, exposure at risk is assessed conservatively by considering the worst risk level among evaluated events.

Metrics	Baseline scenario
Exposure at risk (€m)	9.533
Exposure at risk (% of total)	64 %

Distribution of immovable properties by NUTS 3

Taking into account the location of real estate collateral, novobanco's exposure is mainly concentrated in regions "Grande Lisboa" and "Área Metropolitana do Porto", representing 33% and 14% of the total portfolio, respectively. With regard to exposure to acute physical risks in the short/medium term, the most exposed collateral is located in same two regions (27% and 14%, respectively).

Region	NUTS 3	Exposure in millions €	Exposure at risk in millions €
			Baseline scenario
Norte	Alto Minho	232	146
	Cávado	411	402
	Ave	490	451
	Área Metropolitana do Porto	2,054	2,003
	Alto Tâmega e Barroso	40	11
	Tâmega e Sousa	272	205
	Douro	135	27
	Terras de Trás-os-Montes	60	9
Centro	Região de Aveiro	297	195
	Região de Coimbra	321	90
	Região de Leiria	349	215
	Viseu Dão Lafões	155	24
	Beira Baixa	42	5
	Beiras e Serra da Estrela	135	20
Península de Setúbal	Península de Setúbal	1,493	681
Grande Lisboa	Grande Lisboa	4,932	4,046
Oeste e Vale do Tejo	Oeste	569	269
	Médio Tejo	230	54
	Lezíria do Tejo	306	45
Alentejo	Alentejo Litoral	160	0
	Baixo Alentejo	164	0
	Alto Alentejo	95	1
	Alentejo Central	164	1
Algarve	Algarve	923	163
Região Autónoma dos Açores	Região Autónoma dos Açores	269	0
Região Autónoma da Madeira	Região Autónoma da Madeira	445	445

Financial implications of climate risks

In 2025, novobanco structured its Climate Scenario Analysis (CSA) framework, which is now an integral part of its climate risk management toolkit. The objective is to quantify the effects of climate risk factors on traditional risk categories, particularly those where a material concentration of climate risk has been identified based on the materiality assessment.

Its development followed supervisory guidance and recommendations, as well as the requirements proposed in the EBA Guidelines on Climate Scenario Analysis (EBA/GL/2025/02), currently under public consultation and expected to apply from 2026/2027.

The CSA aims to provide an overall understanding of financial impacts arising from climate and environmental factors, while also enabling integration into other quantification exercises (namely ICAAP). For this purpose, different time horizons were adopted:

- Short term (1–3 years): quantified impacts up to 2027, serving as direct input to ICAAP. These estimates constitute the climate stress test.
- Medium to long term (3–6 years): incremental impacts quantified from 2027 to 2030, supporting management understanding and monitoring of climate risks and addressing part of the climate resilience analysis.
- Long term (6 to over 15 years): incremental impacts quantified from 2030 to 2040, determining the final range of potential climate impacts relevant to the Bank's business model and strategy, concluding the climate resilience exercise.

Methodological principles

The CSA is supported by a set of short- and medium-term climate scenarios developed by the NGFS, representing the individual and combined impact dynamics of transition and physical risks:

- Highway to Paris: an orderly transition scenario supported by technological progress, economic growth, prioritisation of green sectors, and reinvestment of environmental tax revenues into green investment.
- Sudden Wake-Up Call: an abrupt transition scenario triggered by sudden policy changes, shifts in market sentiment, and a rapid increase in carbon prices, leading to sudden asset revaluation and financial instability.
- Disasters and Policy Stagnation: a scenario of economic and productivity disruption caused by physical risk events, with global spillover effects through trade and financial channels.

These scenarios are central to the climate stress test and underpin the narratives used in the climate resilience analysis, enriched by novobanco's decarbonisation and sustainable finance commitments.

Key conclusions

The quantification exercises led to the following conclusions:

- In the short term, considering the impacts projected up to 2027, the impact of physical risks exceeds that of transition risks. However, neither risk category shows sufficient materiality relative to the Bank's capital and liquidity position.
- In the medium to long term, both categories of climate risk intensify, but their magnitude remains residual when compared with the Bank's surplus capital and liquidity position.

novobanco regularly monitors these impacts, ensuring that they remain at residual levels and exhibit stable trends.

2.3 Other relevant environmental information (non material)

Novobanco has as one of its strategic pillars the objective of ensuring simple and efficient operations for its customers, providing a better banking experience, and ensuring greater sustainability in its activities.

To this end, the bank, as previously mentioned, has made several commitments in the past, such as significantly reducing its own emissions by 2030 (-54% vs 2021).

This is a consistent and persistent practice that we intend to apply in the day-to-day business of the bank.

Environmental Impact

The material impacts on the novobanco Group's workforce, resulting from the transition plans adopted to reduce environmental impacts and achieve greener and climate-neutral operations, played a fundamental role in the design and construction of the new headquarters - novobanco Campus. With the move to the novobanco Campus headquarters, several measures were implemented to enable employees to reduce negative environmental impacts and carry out their operations in a more environmentally friendly manner. The building was constructed with LEED and WELL certification, ensuring high standards of sustainability and well-being, respectively. Among the LEED certification initiatives are:

(1) Photovoltaic Panels

Allowing employees' functions to be operated with carbon-neutral energy, produced and consumed by the bank, enabling the goal of using 100% renewable energy, reducing the purchase of green electricity from the group's supplier.

(2) Recycling

Use of recyclable materials in construction components .

(3) Recycling points

All kitchens and dining areas are equipped with recycling points so that waste is placed in the appropriate location and properly treated.

(4) Print Corners

A space configuration that allow for more sustainable behaviour, with printing done by presenting the employee's card, thus encouraging the printing of only necessary documents. In the print corners, there are closed containers that should be used for placing all paper, whether it is more confidential documents to be destroyed or not, thus ensuring the correct disposal of this waste, i.e., recycling.

(5) Eco Car Wash Service

An ecological service provided by EcoCarWash, which, in addition to not using water, is very functional.

(6) BUSUP service

A mobility service with greater geographical coverage. With various routes to and from the novobanco Campus. This collective transport guarantees a reserved seat (pre-booked) and leads to a carbon footprint (CO2 emissions) of those using BUSUP about four times lower than that of those using a car.

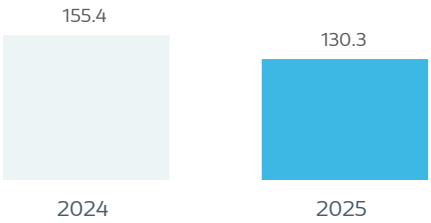
The environmental impact of novobanco is not limited to its actions to mitigate or adapt to climate change. In this context, the bank also prioritises minimising and circularising resource consumption, highlighting the reduction of water, paper, and other consumables, and implementing circular economy measures in the management of consumables and waste.

Paper

Despite the implementation of the dematerialisation of a substantial portion of business processes and formalisation through digital signature in the commercial network, which contribute to a culture more oriented towards a "paperless" environment, as well as, in 2025, the practice at the novobanco Campus of employees only printing with the registration of their card and a significant reduction in the number of printers (located

in print corners), paper consumption amounted to 130.31 tons, representing a decrease of 16% compared to 2024.

Paper consumption (ton)



Recycling and Circular Economy

Novobanco is aware that waste treatment is an essential process for the environment and that it has a direct relationship with the preservation of natural resources.

In this regard, we have continued our recycling processes, specifically for expired or unusable bank cards, paper, cardboard, batteries, and toners.

The amount of paper and cardboard sent for recycling decreased in the same proportion as the reduction in paper consumption of 16% compared to 2024, but we continue to have reinforced processes in this collection.

In 2022, the Bank began the process of recycling its bank cards. The card treatment process involves collecting and destroying expired customer bank cards, which are then sent for recycling to Extruplás, which uses them to manufacture urban furniture, significantly reducing the environmental impact that would be associated with this waste if treated otherwise. In 2025, the Bank sent around 3 tons of bank cards to Extruplás for recycling, giving new life to the plastic.

In 2023, novobanco also began the gradual replacement of all traditional PVC bank cards with re-PVC cards, i.e., made from recycled plastic from regionally collected industrial waste.

We send expired bank cards for recycling to be used in the production of urban furniture. We stopped providing single-use disposable plastic cups, packaging, cutlery and straws, using instead paper cups and cutlery made from recycled and/or biodegradable materials.

In the context of reducing the direct impact on the environment, the Group maintained the practice of not using single-use plastics, providing employees with alternatives made of paper, recyclable wood, or other compostable materials.

Water

Water consumption amounted to 72,114m³, which translated into an increase of 54% compared to 2024. This increase, despite various consumption control measures in the bank's different facilities, particularly the use of flow-reducing and timer taps on the Campus, is justified by the planting phase and the beginning of the vegetative cycle of the new green spaces in this facility, coinciding with the summer period.

social information

3.1 Own workforce

ESRS S1

3.1.1 Objective

The objective of this chapter is to specify the disclosure requirements that will enable users of this Sustainability Disclosure to understand the material impacts of novobanco on its own workforce, as well as the related material risks and opportunities.

To achieve this objective, the general approach adopted by novobanco to identify and manage the material, real and/or potential impacts on its workforce is also presented, taking into account social factors or issues, including those related to human rights:

- Working conditions, including job security; working hours and work times; adequate wages; social dialogue; freedom of association, existence of workers' committees and rights to information; consultation and participation of workers, collective bargaining, including the company's workforce covered by collective agreements; work-life balance; and health and safety;
- Equal treatment and opportunities for all, including: gender equality and equal pay for equal work; training and skills development; employment and inclusion of people with disabilities; measures against violence and harassment in the workplace; and diversity;
- Other work-related rights, including the prevention and elimination of child and forced labour; access to adequate housing conditions; and the protection of privacy and personal data.

This chapter covers novobanco's own workforce, which is understood to include workers who are in an employment relationship with the company ("salaried workers").

This chapter does not cover workers in novobanco's upstream or downstream value chain; these categories of workers are covered by ESRS S2, Value Chain Workers, which was not considered Material for novobanco and is therefore not reported.

The objective of this chapter is also to enable users to understand the extent to which novobanco aligns with and respects international and European instruments and conventions on human rights, including the International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the ILO's core conventions, the United Nations Convention on the Rights of Persons with Disabilities, the European Convention on Human Rights, the revised European Social Charter, the Charter of Fundamental Rights of the European Union, the EU policy priorities set out in the European Pillar of Social Rights, and EU legislation, including the EU labour laws.

3.1.2 Interaction with other ESRS

This chapter should be read in conjunction with Chapter 1. General Disclosures and Chapter 3.2 Consumers and End Users.

3.1.3 General disclosures

The development of employees and the promotion of an inclusive and collaborative culture constitute one of the four pillars of the novobanco Group's strategy. This pillar operates on three main priorities: building an inclusive culture based on values, the employee value proposition, and talent development. Each of these priorities aims to attract and retain the best professionals, as well as foster an inclusive culture that allows employees to reach their full potential.

Currently, with a total of 4,081 employees (permanent and fixed-term contracts), the novobanco Group reaffirms its commitment to providing a work environment that promotes personal and professional growth, with an emphasis on diversity and inclusion.

An experienced and specialized team



4081
Employees

Employees who act with professionalism, rigour, and continuous dedication

Striving for diversity and gender equity





Global	55%	45%
Leadership Roles	38%	62%

On the path toward equity, we create real opportunities for every person to develop their full potential

Developing and integrating Young Talent

Number of impacted young talent



315
Trainees (2018-25)

High retention levels across early talent programs, reflecting strong engagement and employability

The novobanco Group is aware that good results come from an organizational culture that promotes and values diversity as a strategic lever for transformation, innovation, and growth. By fostering an inclusive environment, the novobanco Group allows its employees to fully realize their potential, making the "People and Culture" pillar one of the fundamental pillars of the group's strategic plan, which is based on solid governance policies and guiding principles.

For more information on the mission and values of the novobanco Group, see Chapter 1. "Who are we" in the Management Report.

To create a cohesive and productive work environment, the following material themes have been identified, which guide the group's actions:

(1) Working Conditions and Fair Remuneration

a) Adequate Wages;
b) Gender Equality and Equal Pay for Work of Equal Value;
c) Working hours.

(2) Work-Life Balance

a) work life balance
b) Training and Skills Development

(3) Safety and Well-being in the Workplace

a) Measures to prevent and combat violence and harassment at work;
b) Social Dialogue;
c) Freedom of Association and Collective Bargaining.

(4) Inclusion and Diversity

a) Employment and Inclusion of People with Disabilities.
b) Adequate Housing: Ensuring the well-being of employees, including support to ensure adequate housing conditions.

(5) Other Employees Rights

a) Adequate Housing: Ensuring the well-being of employees, including support to ensure adequate housing conditions.

3.1.4 Strategy

3.1.4.1 Interests and views of stakeholders

[ESRS S1 SBM-2]

The success of the initiatives developed depends on active listening and the integration of stakeholders' expectations into the bank's strategy. Transparency, continuous dialogue, and the implementation of policies that meet the needs of employees are fundamental to strengthening the strategy, promoting the development of a solid organizational culture based on values and an attractive value proposition for employees.

novobanco has various channels to interact with its employees, ensuring constant communication and feedback collection, either personalized or anonymous. These channels help listen to and address needs, with continuous communication on important topics, risks, and opportunities being clear and transparent. Through internal channels such as intranet, workshops, virtual roadshows, meetings, and briefing sessions, employees stay updated, aligned with strategic priorities, and aware of the impacts, risks, and opportunities arising from the group's activities.

Objectives and initiatives are monitored and evaluated to ensure actions align with stakeholders' expectations and defined goals. The implementation of these objectives, the management of impacts, risks, and associated opportunities are shared with employees so that everyone can actively collaborate in managing the bank. Transparency in this process reinforces internal trust, motivates employee engagement, and contributes to the bank's continued success.

Dialogue channels

Employees

- Anonymous or personalised feedback via surveys and meetings
- 360º feedback to leadership
- Ser novobanco intranet, internal social network, and human resources portal
- Human resources business partner
- Executive leadership visits (throughout the territory)
- Quarterly forums with all employees
- Annual meeting and other thematic meetings, workshops, briefing sessions, and webinars
- Meetings with the national workers' committee and unions
- Anonymous whistleblowing channel

The dialogue channels are available to employees and are an essential tool in the bank's strategy for transparent and effective communication, ensuring that employees' expectations and needs are continuously heard and, whenever possible, accommodated.

3.1.4.2 Material Impacts, Risks, and Opportunities and their Interaction with Strategy and Business Model

[ESRS S1 SBM-3]

The strategic approach of novobanco, in which material impacts, risks, and opportunities (IRO) are integrated, is continuously analysed and directly related to its business model. The identification and management of IRO are fundamental for management aligned with sustainability criteria, including respect for human rights, gender equality.

The interaction between the material ESG topics and the Group's strategy is ensured through continuous monitoring of the material topics and their respective indicators, guiding strategic decisions and ensuring the achievement of medium- and long-term targets.

Based on the double materiality assessment, 9 material sub-themes were identified, whose initiatives are monitored and evaluated to ensure alignment with stakeholder expectations and with the established targets. No child labour risks or forced labour incidents were identified. The implementation of these objectives, as well as the management of the associated material impacts, risks and opportunities (IROs), is shared with employees, promoting their active participation in the management of the bank.

Among the identified material themes, the following IRO stand out.



Equal treatment and opportunities for all		
Pay inequality accentuates gender differences, currently affecting mainly female employees	⊕	⊖
	R	O
Disparities in compensation for similar roles, including gender disparities, can cause employee disengagement	⊕	⊖
	R	O
Failure to build a safe workplace can lead to incidents of harassment, violence, or unequal treatment, resulting in legal proceedings, financial compensation payments, and reputational damage, and higher staff turnover	⊕	⊖
	R	O
The implementation of policies that promote equal pay for work of equal value contributes to a fairer work environment, enhances employee satisfaction, and improves the organization's reputation as an inclusive and socially responsible employer	⊕	⊖
	O	O
Other worker rights		
Facilitating special credit conditions, particularly for access to adequate housing, promotes improvements in workers' quality of life, impacting their health, safety, and well-being	⊕	⊖
	R	O

⊕ Positive Impact ⊖ Negative Impact O Opportunity R Risk

The implementation of practices that promote equality and offer better working conditions is essential for the strategy and business model of the Group, consolidating a culture aligned with the best global trends and ensuring long-term sustainability and competitiveness, mitigating the impacts and risks arising from the themes defined as material.

Impact on strategy and business model:

- Valuing diversity and respect for equity, including gender, with a concern for having diverse profiles and backgrounds;
- Work methods aligned with the best international trends, both in terms of participation and collaboration, as well as in terms of environment and workspace;
- Promoting and fostering the well-being and health of employees, building a strong sense of employee engagement;
- Implementing practices and programs that promote equal pay for work of equal value and equal career progression;
- Promoting benefits that contribute to adequate housing and to the financial well-being of employees, increasing their job satisfaction, enabling the attraction and retention of talent

Working conditions

Opportunities for feedback and open dialogue channels support career development of employees, increase satisfaction and retention, and improve the bank employer brand, reinforcing its talent attraction

⊕	⊖
R	O

⊕ Positive Impact ⊖ Negative Impact O Opportunity R Risk

Continuous and constructive social dialogue is fundamental to the Group's strategy and business model, as it establishes an effective communication channel between the organization and its employees, promoting collaboration, transparency, and adaptation to changes in a balanced and participatory manner.This initiative directly contributes to strengthening novobanco's ability to attract talent by reinforcing its position as an employer of reference. This initiative directly contributes to strengthening novobanco's ability to attract talent by reinforcing its position as an employer of reference.

Impact on strategy and business model:

- Ensure the participation of employees and their representatives in the discussions about the bank's strategic objectives and projects, incorporating their contributions and guaranteeing perfect alignment, total clarity and an understanding of each employee's role and impact. This alignment is the essential lever for innovation and the creation of sustainable value.

Working conditions

Creating conditions that foster work-life balance and strengthen health and safety measures enhances employee well-being, which in turn boosts satisfaction and productivity

⊕	⊖
R	O

⊕ Positive Impact ⊖ Negative Impact O Opportunity R Risk

The balance between professional and private life and a fixed, full-time work schedule are essential components of the group's strategy and business model, as they promote not only employee well-being but also contribute to their productivity, strengthening the cultural commitment to align personal needs with the group's objectives.This balance promotes employee well-being and contributes to their productivity, reinforcing the cultural commitment to align individual needs with the Group's overall objectives.

Impact on strategy and business model:

- Definition of the 5+ programme, a well-being programme that improves the reconciliation between professional and personal life, integrating a set of initiatives aimed at contributing to employee satisfaction and talent management and retention.
- Implementation of a hybrid work model that combines, mainly in the central areas of novobanco, remote work with in-person work and allows the definition of work schedules adapted to the needs of each employee. These are important tools to positively impact employee satisfaction and engagement, consequently having a positive impact on productivity.

Equal treatment and opportunities for all		
Providing actions and initiatives that promote the development of employees' skills can contribute to their personal enrichment and professional growth	⊕	⊖
	Ⓡ	Ⓞ

⊕ Positive Impact ⊖ Negative Impact Ⓞ Opportunity Ⓡ Risk

Continuous training ensures that employees have access to learning and development opportunities that enhance their skills, promoting personal and professional growth within the organisation, aligning them with the best practices and innovations in the sector.

Impact on strategy and business model:

- Fostering not only professional development but also the promotion of other forms of learning that employees consider relevant to their personal and professional growth, contributing to the development of internal talent and the creation of a continuous learning organisational culture.
- Promoting innovation and idea generation within the organisation, benefiting customers and the national economy
- Spreading a culture of continuous self-development and specialisation, promoting employee training programmes on key topics, including sustainability.

Equal treatment and opportunities for all		
Hiring people with disabilities, combined with adapting spaces to promote accessibility, contributes to equal opportunities, especially in access to employment, reducing dependence on social assistance for this group	⊕	⊖
	Ⓡ	Ⓞ

⊕ Positive Impact ⊖ Negative Impact Ⓞ Opportunity Ⓡ Risk

The inclusion of people with disabilities is an important factor in the Group's workplace environment, promoting diversity and equity while enriching the organisational culture. By offering employment opportunities and developing inclusive practices, the Group not only contributes to social responsibility but also creates a more innovative, collaborative, and resilient environment. For this inclusion to take place, the Group must ensure appropriate working conditions, such as the adaptation of physical spaces and digital tools, with a strong focus on accessibility.

Impact on strategy and business model:

- Valuing a diverse workforce by promoting an inclusive and accessible environment that integrates different identities and ensures respect for human rights in the workplace, with the aim of creating a fairer, more equitable and enriching space for all.

For more information on the Strategic Pillar People and Culture, see chapter 2.2 Strategic Pillars in the Management Report.

3.1.5 Management of Impacts, Risks, and Opportunities

3.1.5.1 Policies related to own workforce

[ESRS S1-1; GRI 2-23, 2-25, 2-29, 401 3-3, 402 3-3, 403 3-3, 403-1, 404 3-3, 404-2, 405 3-3, 406 3-3, 407 3-3, 408 3-3, 409 3-3]

novobanco adopts a comprehensive set of policies and guidelines aimed at creating the best work environment for its 4,081 employees. These policies are fundamental to strengthening the organizational culture, managing the impacts, risks, and opportunities arising from its activities, and ensuring that each employee is treated with dignity, respect, and in accordance with human rights.

To manage the social impacts, risks, and opportunities related to its employees, the following policies stand out:

Diversity and Non-Discrimination Policy

Novobanco promotes a Diversity and Non-Discrimination Policy aimed at ensuring that all employees, regardless of gender, age, ethnicity, or any other personal characteristic, have equal access to employment opportunities, professional development, and benefits. In this way, and as established in the Treaty of Rome and the Treaty of the European Community, the relationship with its employees and its recruitment practices follow the following principles:

- Prohibition of discriminatory practices based on gender, race, colour, creed, socioeconomic conditions, or sexual orientation;
- Adequate working conditions for employees with disabilities;
- Prevention and control of practices that may lead to discrimination situations.

Updated in 2025, the Diversity and Non-Discrimination Policy significantly broadened the scope of the former Equal Opportunities in Career Policy, shifting from a focus centred on recruitment and preventing discriminatory practices to a more comprehensive approach that integrates multiple dimensions of diversity, equity and inclusion. This update, aligned with international standards and principles, reinforces novobanco's commitment to fostering an inclusive environment that values different profiles, cultures and experiences, ensuring that all employees have fair and equitable conditions to develop their full potential.

Human Rights Policy:

The Human Rights Policy, also updated in 2025, was expanded in scope — previously focused solely on employees — and now also covers suppliers and service providers. The update also broadened the range of topics addressed, reflecting the bank's commitment to key international principles of respect for and protection of human rights. This policy covers the safeguarding of human life; safety and health, the elimination of all forms of forced labour; the prohibition of child labour, freedom of association, equality, and non-discrimination, preventing differential treatment based on ethnic or social origin, gender, sexual orientation, age, religion, marital status, disability, political orientation, opinion, nationality, or trade union association. novobanco continuously works to ensure that its operations, products, and services respect the human rights of all its employees and stakeholders..

Safety, Health, and Well-being Policy

In 2025, the bank approves and adopts a new Safety, Health and Well-Being Policy, which materializes the bank's strategy in this area, transparently communicating to everyone the responsibilities and opportunities they have within this scope.

This Policy aims to foster a culture of safety, health and well-being at work, in order to minimise the risk of accidents and illnesses among employees, customers and suppliers, and is based on the following guidelines::

- Scrupulously comply with all relevant legislative and regulatory provisions regarding the environment, safety, and health at work;
- Monitor the indicators for health and well-being of employees;

- Assess the risks related to the function and working conditions;
- Ensure a safe and healthy working environment for its employees by eliminating or minimizing the risks that may result from the operation of its activity;
- Promote training and information for employees about the inherent risks of work, raising awareness of compliance with work safety standards;
- Ensure the safety of employees, clients, and visitors in their interaction with the bank;
- Act preventively in potential risk situations and proactively when an occurrence impacts the safety or health of employees;
- Inform and disseminate this policy responsibly and transparently to all stakeholders
- Promote literacy on these topics in order to equip employees with the knowledge that enables them to make conscious and responsible choices, as well as to encourage healthy behaviours
- Communicate and disseminate this policy responsibly and transparently to all stakeholders

This policy and its practices were established in accordance with the current legislation:

- Law No. 102/2009, of September 10: regulates the legal regime for the promotion and prevention of Safety and Health at Work
- Law No. 7/2009, of February 12: approves the revision of the Labour Code (general principles regarding Safety and Health at Work)
- Law No. 3/2014, of January 28: proceeds with the second amendment to Law No. 102/2009, of September 10, which approves the legal regime for the promotion of safety and health at work

Code of Conduct:

The novobanco Code of Conduct, updated in 2024, establishes the conduct and behaviour principles that guide the actions of all employees and the administration. This code is focused on promoting integrity and responsible behaviour, both in the work environment and in external interactions. All employees are encouraged to follow the guidelines established in the Code of Conduct, with the aim of preventing any practices of corruption, fraud, or other behaviours harmful to the organisation and society. The update of this document reinforces the commitment to the protection and promotion of human rights, highlighting principles such as equal opportunities, non-discrimination, and inclusion. These values, which were already present in the bank's Equal Opportunities and Human Rights policies, have now been more emphatically integrated into the Code of Conduct, repudiating not only any form of harassment or discrimination in the workplace but also repudiating and punishing practices such as moral and sexual harassment and discrimination.

Volunteering Policy:

novobanco has extended its volunteering policy to all group companies, allowing all employees to dedicate 1 day per year to volunteering. In this way, the group strengthens the involvement of its employees in community support actions that contribute to addressing important socio-economic and environmental issues in the communities where it is present.

Remuneration Policies:

novobanco adopts a fair and competitive remuneration policy, which aims to ensure that the salaries and benefits offered are adequate to the market and reflect the skills and responsibilities of each employee. The remuneration policy covers both the bank's employees and its administration, detailing the salary structure and the criteria used to define the remuneration for both employees and management bodies.

The Code of Conduct and remaining policies mentioned do not merely comply with the legislation, norms, and regulations in force; they are also guided by international ethical principles that ensure an environment of respect, equity, and inclusion for all:

- Principles of the United Nations Global Compact;

- Universal Declaration of Human Rights;
- Guidelines of the Organisation for Economic Co-operation and Development (OECD) for Multinational Enterprises;
- Core Conventions of the International Labour Organization (ILO) .

The policies are underpinned by specific procedures to ensure their effective implementation of equality, diversity, and inclusion. To prevent, mitigate, and correct any form of discrimination, the bank maintains a set of preventive measures, such as training available on diversity and mutual respect, as well as confidential channels for reporting discriminatory or inappropriate behaviour. When any situation of discrimination or harassment is identified, the group adopts a rigorous approach, with appropriate investigations and corrective actions in accordance with the Code of Conduct. The group also promotes diversity and inclusion through initiatives such as inclusive recruitment, support programs for underrepresented groups, ensuring that all employees have equal opportunities and an inclusive work environment.

In alignment with the commitment to transparency and with the aim of ensuring compliance with established policies, it is the responsibility of the Human Capital Department of novobanco to define and implement policies related to human resources.

The topics related to Human Rights, concerning the bank's own workforce, are the responsibility of the Human Capital Department, as well as other labour issues. This department reports directly to the Executive Board of Directors, specifically to the CEO of novobanco.

For more information on novobanco's policies, please refer to Chapter 2.2.6.2 Policies related to mitigating and adapting to climate change in this Disclosure and Chapter 5.4 Our Policies in the Management Report or on the sustainability website > Sustainable Business > Our Approach and Policies.

3.1.5.2 Processes for engaging with own workers and workers' representatives about impacts

[ESRS S1-2; GRI 3-3]

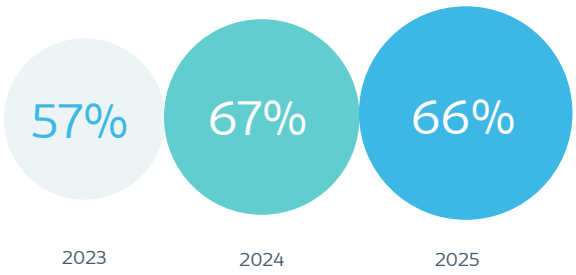
The novobanco Group continued its commitment to cultural transformation, aiming to create a more inclusive environment where all employees can learn, grow, and reach their potential. In this context, the bank maintained its openness to dialogue, allowing participation to be anonymous or identified through different channels and dialogue processes, encouraging all employees to feel comfortable expressing their opinions or reporting behaviours.

All employees and their representatives have access to appropriate channels to express their concerns, ideas, and suggestions, ensuring the group maintains continuous and transparent dialogue with its employees through various internal communication channels, such as the intranet, meetings, emails, and alerts, using their feedback. Its effectiveness is evidenced by how their opinions are heard and considered in strategic decisions, as well as the ability to respond promptly to concerns and adapt to identified needs. The group conducts regular evaluations to measure employee satisfaction with the implemented initiatives, including internal communication and the work environment, integrating these evaluations with employee representation structures, specifically the workers' committee.

The evaluation of the results of the agreements and decisions made during the dialogues includes the analysis of various indicators, among which the result of the engagement survey (Pulse) stands out, which has shown positive progress.

The framework used in Pulse considers results above 65% as positive.

Pulse - Employees' Engagement Rate



Dialogue Channels

- *Ser novobanco* –novobanco's intranet, focused on promoting interaction and proximity with its employees. Through this channel, the bank reinforces its identity, offers useful content quickly and efficiently, keeping employees informed about news, policies, procedure guides, regulations, and more. With daily publications, it facilitates access to important information.
- *Whispli* – A platform to safely report inappropriate behaviour, or to disclose situations or activities that do not comply with the values that guide novobanco. It is a whistleblowing channel that enables the exchange of messages between the whistleblower and the teams responsible for handling and investigating the case, even if anonymity has been chosen. The whistleblower can receive information about the status of the report and follow the entire process, ensuring greater transparency. The platform also includes a detailed audit trail that records all actions and communications, which cannot be deleted or tampered with.
- *"Your voice matters"* - Forms that give employees a voice to share improvement suggestions, ideas or comments. Aimed at enhancing communication and collaboration between teams, it ensures that everyone, without exception, can share suggestions, ideas or comments with the Human Capital Department team.
- *Engage* - the bank's internal social network, created to facilitate communication, engagement, and collaboration among employees. Through this platform, employees can share ideas, interact in real-time, discuss projects, ask questions, and stay updated on group news, promoting a more connected and participatory organizational culture. The Engage network is thus a valuable channel to strengthen the bond between teams and optimize dialogue processes
- *Pulse -* a semi-annual analysis of the organizational climate of the novobanco Group to measure the levels of engagement, motivation, and satisfaction of its employees. In 2025, the results show a decrease of 1 percentage point (1 p.p.) compared to the previous survey and the goal set for the period. In 2025, the engagement level was 65% in the fist measurement, closing at 66%. Even more meritorious is the fact that these results were achieved with the participation of 91% of employees, reflecting confidence in this dialogue channel.
- *Performance Evaluation Model* -The performance evaluation is a process through which the novobanco Group seeks to measure, analyse, and improve the performance of its employees, teams, and the organization as a whole. Being a transversal system available to everyone through the "My Portal" platform, it is also a motivation tool, as it is based on a management model by objectives, starting from the definition of corporate objectives to the definition of departmental objectives, which, in a cascading mechanism, are broken down into individual objectives. Additionally, all employees are also individually evaluated on a set of behavioural competencies, perfectly aligned with the values of the novobanco Group. The added value of performance evaluation, among other benefits, lies in how it encourages continuous feedback and dialogue, promotes the identification of strengths and areas for improvement inherent to performance, and allows recognizing efforts and encouraging development, as well as ensuring alignment among everyone in the organization, both vertically and horizontally.
- *Meetings with the Workers' Committee and Unions* - monthly meetings between the workers'

committee and the Human Capital Department, with the regular participation of the bank's CEO, to strengthen institutional dialogue and align labour strategies. novobanco also concludes agreements with all representative unions in the sector.

The group ensures the clear and accessible dissemination of the existence of these channels to its employees through various means, such as the institutional website, intranet, and other internal channels. The group also ensures the availability of these communication tools in the work environment, facilitating access to important information for all employees. This procedure ensures that employees are informed about the company's initiatives and can interact efficiently, promoting an environment of transparency and engagement.

At an external level, and as part of its commitment to human rights and gender equality, the Group also actively participates in meetings, conferences and workshops organised by entities of which it is a member, such as Quorus, GRACE, BCSD, Global Compact, IGEN, among others, contributing to global dialogue and the sharing of challenges and opportunities.

The familiarity with internal dialogue channels is evaluated based on the frequency and effectiveness of their use by employees in their daily lives.

3.1.5.3 Processes to remediate negative impacts and channels for own workers to raise concerns

[ESRS S1-3; GRI 2-26, 403-2]

The novobanco Group is committed to adopting a proactive and responsible approach to managing negative impacts, including those related to human rights, strengthening its actions based on ethical principles and national and international regulations. Supported by established policies and dialogue channels, the Group has implemented a range of measures to prevent, mitigate and remedy any adverse impacts, including those related to human rights within its working environment.

IIn this context, and in order to address negative impacts, the Group carries out assessments that involve both employees and their representatives. Before implementing any process, the Group ensures clear communication, consulting all parties involved. The effectiveness of the measures is evaluated based on the indicators established for each topic and on the feedback collected..

Whenever novobanco identifies a negative impact, corrective measures are adopted to resolve or minimize the impacts fairly, implementing measures to mitigate the damages.

To reinforce the prevention of risky behaviours and ensure operational integrity, novobanco implemented, in 2025, the periodic feature “What if it were me? My conduct matters.” This initiative aims to raise awareness and encourage reflection on each employee’s actions and decisions, and how they affect their work, their teams, and the bank’s processes as a whole. It reinforces the idea that everyone is responsible for their behaviour, and that individual conduct has an impact on the business and the bank’s culture, making it essential to act correctly.

The feature is issued regularly and supports employees in:

- identifying inappropriate behaviours and understanding their consequences;
- preventing critical errors with potential impact on the business or on customer relationships;
- strengthening individual responsibility in promoting an ethical and trustworthy work environment;
- fostering continuous improvement by encouraging the ability to proactively identify and correct failures.

This contribution enables action primarily on behavioural and cultural factors which, when identified early, reduce the likelihood of infractions and reinforce a culture of integrity and accountability.

A) Equality in treatment and opportunities for all themes

Measures to Prevent and Combat Violence and Harassment in the Workplace

TTo prevent incidents of harassment, violence or unequal treatment in the workplace, as well as any associated risks — including legal proceedings, financial compensation and reputational impacts — novobanco has implemented a set of prevention and reporting mechanisms. Among these, the Whispli channel stands out, complementing the pre-existing whistleblowing channels, as described in section 3.1.5.2 Processes for engaging with the workforce and workers' representatives on the impacts covered in this Sustainability Disclosure. The Whispli channel is exclusively available to employees, while the remaining reporting channels are accessible to all group stakeholders. These mechanisms reinforce the bank's commitment to ensuring a safe, transparent environment that enables the free expression of concerns. All employees who become aware of behaviours or situations that are not aligned with novobanco's values may report them through the Whispli platform. This tool enables the secure submission of messages and files, ensuring complete anonymity and preventing any tracking of IP addresses.

The system also allows for secure, bidirectional, and confidential communication between the whistleblower and the team responsible for case analysis, regardless of whether the report is submitted anonymously or not. Reports are handled in accordance with novobanco's Irregularities Policy, updated in 2025, ensuring full compliance with applicable legal and regulatory requirements, as well as the protection of all parties involved.

In order to ensure the adequacy of the implemented processes and that all employees are aware of the available channels and procedures for reporting situations of abuse, harassment or violence, in 2025 total of 2,072 hours of training on whistleblowing and on the Whispli platform were delivered to 1,662 employees. Additionally, the topic of whistleblowing is also addressed in the Code of Conduct training provided to new employees and to all employees whenever an update to the Code takes place.

In 2024, novobanco launched the 'Culture Barometer', an initiative designed to assess employees' perceptions of the Group's culture and conduct. Throughout the year 2025, 2 editions were conducted with a 32% response rate (412 respondents out of 1,302 surveys launched). Two of the dimensions evaluated refer to the effectiveness of the mechanisms for reporting and denouncing violations of the code of conduct, as well as the commitment of novobanco's people to act in accordance with the said code of conduct. In both questions, the participants' responses reveal a very positive sentiment with an average rating of 9/10.

The reporting of a complaint goes through different phases, namely:

Creation of the Complaint

In the Whispli message box, a username and password are defined. This message box functions as a chat, and it is through this that communications are made, with the complainant receiving feedback on the progress of the complaint within a maximum of seven days from the complaint.

Evaluation

Complaints are subject to analysis and evaluation by a restricted team from the Compliance Department, always in coordination with the Compliance Committee of the General and Supervisory Board, to assess whether there are sufficient grounds for an investigation. If so, the next phase begins.

Investigation

This ensures the necessary steps to obtain evidence. The complainant receives a final response within two weeks after the investigation is completed, and this response must be sent within three months from the receipt of the complaint. If an employee is involved in the complaint, confidential treatment of all information and data related to the employees involved is guaranteed and ensured, complying with the provisions of Notice 3/2020 of the Bank of Portugal, with the reported irregularities being transmitted to the hierarchical level above those involved in the report if,

after the necessary steps to obtain evidence, the wrongful conduct is verified.

Sanction

If it is concluded that a complaint is substantiated, the evaluation of applicable sanctions will follow.

If the complaint is made through an external channel, the process is handled similarly and in full compliance with the banks Whistleblowing Communication Policy.

Gender Equality and Equal Pay for Work of Equal Value

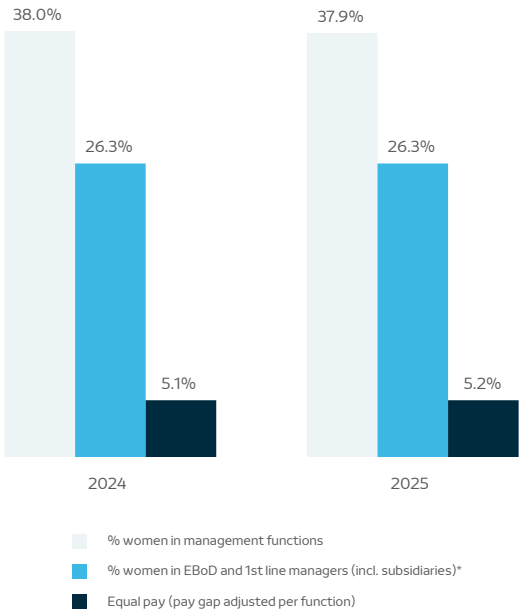
To control risks and minimize negative impacts related to gender equality and equal pay for work of equal value, the group has implemented a Diversity and Non-Discrimination Policy, complemented by an indicator called equal pay. With the aim of reducing the under-representation of women in management positions and decreasing wage inequalities between genders, based on professional categories, various measures have been implemented, including:

- a Diversity and Non-Discrimination Policy: ensuring that all employees, regardless of gender, have the same opportunities for professional development and career progression.
- Pulse Survey: Inclusion of questions to assess employee satisfaction with transparency and wage equity in the organization.
- Awareness and Training on Gender Equality and Equal Pay: Availability of awareness-raising actions to increase awareness of the importance of equal pay for all employees, regardless of professional category, as well as for the group's leadership.
- Eligibility Criteria for Promotions and Progressions: definition of clear and objective criteria in promotion and progression proposals, ensuring that the impact on the wage gap and career progression is monitored, mitigating inequalities of the underrepresented gender.

These initiatives aim to ensure a process that enables a fairer and more balanced work environment, contributing to the reduction of wage inequalities and promoting sustainable progress in gender equality. In 2025 the equal pay indicator stood at 5.2%, compared to 5.1% in 2024, . The unadjusted gender disparity, (excluding the executive management bodies) increased to 20.2% compared to 18.8% in 2024.

The effectiveness of these measures is regularly evaluated in the Human Capital Steering and monitored in the ESG steering, based on metrics such as equal pay assessment, percentage of women in management positions, percentage of women in senior positions (first line of management, Executive Board of Directors, and General Supervisory Board), and employee engagement with the bank through the Pulse survey.

Underrepresented gender in management functions (%)



Employment and Inclusion of People with Disabilities

Hiring people with some form of disability not only contributes to reducing unemployment in this group but also helps decrease dependence on social assistance, generating a positive impact on society as a whole. By ensuring inclusion and offering job opportunities, the novobanco Group promotes equity in the labour market, providing greater diversity in its team. The first step to adapting a work environment for people with disabilities

is to identify the specific needs of each employee. Being aware of this fact, the infrastructures of the new novobanco Campus headquarters and branches were designed to meet accessibility needs. For this purpose, ramps, handrails, elevators, and adapted restrooms were included in the new facilities and the renovation of existing ones. Regarding signage, care was taken to ensure it is clear and visible, using colour contrasts and Braille text when necessary. The group also provides the use of assistive technology such as screen reading software, adapted keyboards, and magnification devices to facilitate the daily tasks of employees who need them. An accessible communication platform, such as captioned videoconferencing, is also essential to ensure that everyone can actively participate in meetings and discussions. The bank's internship program already includes a quota of internships for people with disabilities. This action is part of a broader set of social well-being and diversity initiatives, among which the partnership with Associação Salvador stands out. In 2025, the Crossability Corporate activity was carried out, through which employees had the opportunity to experience the challenges faced by people with reduced mobility in their daily lives.

B) Working Conditions themes

Adequate wages

Only with an adequate salary (DR S1-10) can the bank ensure that its employees meet their needs and those of their families, thus ensuring a fair and sustainable work environment.

The novobanco Group aligns its remuneration with the salary table of the Collective Labour Agreement, with the fixed remuneration of the novobanco Group, except for Banco Best, aligned with the Collective Labour Agreement (ACT), thus determined by pre-established levels in this agreement. In 2024, under the established agreement, and after an annual negotiation process between financial sector entities and the respective unions, a 3% salary increase was agreed upon. The salary negotiation process, supported by dialogue from all parties, aims to ensure that all sector employees receive fair remuneration.

Based on the ACT table, the group defined that hiring a new employee cannot be done below a value of € 1,213.59

In 2025, for professional categories representative of its workforce, the minimum salary applied within the Group was €1,214, to which a meal allowance is added, corresponding to a value 1.39 times higher than the national minimum wage.

In addition to fixed remuneration, the group also has a variable component associated with performance evaluation. In this sense, the novobanco Group prioritizes direct and personal dialogue, promoting an environment where hierarchies are always open to listening to their employees, ensuring an efficient and transparent communication channel for salary evaluation.

Novobanco is currently evaluating new measures, including the revision of Promotion and Career Policies, with the aim of continuing to invest in clear performance evaluation and promotion processes based on objective criteria, to ensure that salary increases are fair and equitable.

Safety, Health and Well-Being

Each year, two surveys are launched to assess and gather suggestions and/or concerns from employees regarding Occupational Safety, Health and Well-Being: the OSH Employee Consultation (carried out at the beginning of each year, typically in January) and the Psychosocial Risk Assessment (usually conducted in November). These two instruments are essential for defining action plans and risk-mitigation strategies in these areas.

Work-life balance

The move to the Campus, which took place in 2024 and 2025, enabled the Group to continue providing a more modern, inclusive and safe working environment, where employees can fully develop. This transition also reinforces the commitment to innovation, excellence and employee well-being, creating the ideal conditions to achieve strategic objectives and promote sustainable growth.

Novobanco continues to invest in measures that enhance the employee experience, promoting flexible

working hours, hybrid work where compatible with the role, and other work-life balance measures that support a healthy balance.

In 2025, the bank continued working towards obtaining WELL certification, which promotes the physical and mental well-being of employees by providing more suitable spaces and more dignified working conditions for all Group employees. The space was designed to encourage interaction and collaboration among all employees.

With around 650 seats in collaborative areas, 105 meeting rooms and 1,639 workstations, the environment was carefully designed to ensure constant proximity to natural light sources and visibility of internal and external green areas, promoting a healthier and more productive workplace

Among the main features of the space, the following stand out:

- Ergonomic desks and chairs, ensuring the comfort and well-being of employees;
- Relaxation spaces, to promote the balance between work and rest;
- Air quality sensors, a process that is underway to ensure environmental quality;
- Water dispensers every 30 meters, encouraging constant hydration;
- Green spaces and areas dedicated to physical activity, to promote an active and healthy lifestyle;
- Campus canteen, with meat/fish/vegetarian menus and on-the-spot menus, always with nutritional traffic light information that makes meal choices clearer and more conscious, promoting healthier and more balanced eating;
- Takeaway service available for lunch and dinner, offering a quick and convenient solution
- Coffee-shop and Bar offering an appealing selection of light meals, breakfast options, snacks and refreshments, in a welcoming environment that supports restorative breaks and balance throughout the workday

Distinctive Features of the novobanco Campus

Busup – private collective transport service	Flexible working hours	Hybrid work	Clinical services
CTT Locky delivery service	Parking with free electric chargers	Car wash	Canteen and coffe-shop
Green spaces and Community Garden	Gym and padel court	Convenience 5+ Services	Yoga, Dance and other Group Activities

To ensure the remediation of material negative impacts that may affect its employees, novobanco implements corrective measures aimed at mitigating or resolving these impacts effectively and fairly. Whenever applicable, the bank also seeks to provide appropriate compensation to the employees involved, ensuring that the process is conducted with transparency, fairness, and in compliance with internal policies and legal requirements.

The effectiveness of the implemented measures is evaluated through direct consultations with employees about their opinions and needs related to the new workspace.

Training and Skills Development

To avoid negative impacts from its activities, novobanco annually provides training in cybersecurity, privacy, and information protection. Training on anti-corruption, bribery prevention, money laundering, and

terrorism financing is also regularly updated to prevent and more easily correct any negative impacts. ESG training is also highlighted, as it not only helps mitigate possible negative impacts of the bank's activities but also contributes to developing greater maturity in climate risk management and the reskilling and upskilling of employees.

The novobanco Group evaluates the effectiveness of the established measures through the evaluation of employee procedures that prevent cyberattacks and indicators of marketing products with environmental and social criteria.

3.1.5.4. Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

[ESRS S1-4; GRI 2-24, 3-3, 203-2, 401 3-3, 402 3-3, 403 3-3, 404 3-3, 405 3-3, 406 3-3, 407 3-3, 408 3-3, 409 3-3]

To manage its material themes, the Group has adopted various measures, always focusing on transparency and dialogue, enhancing its positive impacts and opportunities while mitigating its risks. In 2025, the administration bodies, including the General Supervisory Board and the Executive Board of Directors, communicated and shared directly with employees, at different moments and stages of the Group's journey, some of these measures through face-to-face meetings or live broadcasts. Employees thus have the opportunity to express their concerns orally and in writing, either through the CEO Teams channel.

Among the implemented measures for impacts, risks, and opportunities (IRO), the following stand out:

A) Equality in treatment and opportunities for all themes

Training and Skills Development

Training and skills development – Academia novobanco, a learning ecosystem: a strategic pillar of a continuous learning culture.

Novobanco is undergoing a phase of transformation and strategic repositioning, with a strong focus on digitalization, artificial intelligence and automation, centred on the customer and developed in partnership with technological leaders. Training plays a strategic role in ensuring adaptability, compliance and competitiveness, being essential for empowering teams for new operational models, supporting cultural change and the adoption of new technologies.

The ambition of the Academy is to empower employees with critical skills for current and future challenges, promoting excellence, compliance, and innovation, while embedding a strong risk culture throughout the organization.

To fulfil our mission of creating a culture of continuous learning, where each employee takes responsibility for their career, develops their full potential and contributes with excellence to our Mission, we are building a robust and inclusive Learning Ecosystem.

The novobanco Learning Ecosystem is a dynamic network of people, resources, and technology that collaborate to provide relevant, accessible, and effective learning experiences, at the right time and for the right need, fostering a culture of growth and innovation.

Skills and Training Portfolio

At the novobanco Academy, we promote learning aligned with three macro areas of skills that support excellence, innovation, and prepare the future of the banking sector.

In 2024, the Group promoted a total of more than 247,000 hours of training, an average of 59 hours of training per employee, with the main programs highlighted:

- **Essential Skills,** which underpin performance and efficiency at work and ensure a strong risk culture, such as business conduct and ethics, fraud prevention, risk management, operational resilience,

ESG, and other function-oriented capabilities aligned with the needs of each business area..

- **Human Skills,** including interpersonal skills, collaboration, empathy, coaching, and leadership.
- **Technological Skills, i**ncluding proficiency in digital technologies, Microsoft tools, digital literacy, AI, cybersecurity, analytics, and digital banking.

The Training Portfolio includes a diverse offering that covers Mandatory Programs (Compliance Program, Operational Resilience, Continuous Training, and Specific Programs such as ESG), a strong emphasis on Leadership Programs (B300 and B300+), and a significant focus on Digital Literacy and AI topics. In 2025, we delivered more 1,218 courses, 221,499 hours of training and 4,056 employees developed new skills.

More than 221 thousand hours of training, an average of 54 hours per employee

Core Skills

Mandatory Training Plan

- Fixed Program
- Compliance Program
- Operational Resilience Program
- Specific Programs

Human Skills

Leadership Programs

- P50 Leadership Program
- B300 Leadership Program
- B300+ Leadership Program

Tech Skills

Digital Culture Program

- Copilot Adoption Program
- SER Digital Program

Onboarding

- Branch School
- Initial Program
- Induction Program

Dedicated

- Control Functions
- MOAF*

Tailor Made

- mIA Connect
- Client Onboarding

Teambuildings

Catalog

Self - Paced

Microsoft Learn | Microsoft 365 | Linkedin Learning (Top Courses) | GoFluent | Coursera

*Members of Management and Supervisory Bodies

Essential Skills — Mandatory Training Plan 2025

The definition of a mandatory training plan within the bank is essential to ensure regulatory compliance, reinforce the risk and compliance culture, develop critical skills, and guarantee that all employees are prepared to meet legal requirements and the transformations of the financial sector. In 2025, 4,028 employees received training with more than 150,463 training hours completed. The Training Plan is organized in a simpler and more structured way, divided into Training Programs composed of various learning modules that were made available throughout the year.

- **Permanent Program**, a continuous training program that includes modules such as the Markets in

Financial Instruments Directive (MiFID), Insurance Distribution Directive (IDD), Mortgage Credit Lending (CCH), and Euro Banknotes/Coins.

- **Operational Resilience Program** aims to strengthen the bank's digital and operational resilience by promoting robust practices in risk management, security, and business continuity. The modules included in this program are the Digital Operational Resilience Regulation (DORA), Data Governance and Quality, GDPR, Information Security, and Business Continuity.

- **Compliance Program** aims to ensure that the institution operates ethically, transparently, and in full compliance with all legal and regulatory requirements, preventing financial and reputational risks. This year, the program included modules on Anti-Money Laundering and Counter-Terrorist Financing and Sanctions (AML/CFT); and Conflicts of Interest and the Prevention and Detection of Bribery and Corruption.

- Specific Programs consist of mandatory or recommended topics that do not fall under any of the previous programs, such as Fundamentals of Artificial Intelligence, Mortgage Credit, Health and Safety at Work (H&S), and ESG.

Novobanco is strengthening its commitment to ESG Training by integrating it into the mandatory plan for all employees, focusing on understanding climate and regulatory risks, the importance of transition plans, the financial benefits of sustainability, and the relationship between ESG and financial viability. In 2025 more than 8,914 thousand hours of training took place.

Around 259 participants from commercial areas also took part in the Green Financing – EIB Green Checker Tool training, aimed at understanding and applying the eligibility criteria of the European Investment Bank (EIB) within the scope of green financing.

Training was also delivered for this target audience on ESG Risk Assessment – Concepts and Tools, aimed at acquiring essential knowledge to integrate ESG risks into credit analysis and risk management.

Human Skills — Leadership Program

The group has developed a set of leadership training programs.

- B300 Leadership Program — with the objective of preparing its middle management to lead in a constantly evolving sector, strengthening competencies and promoting a culture focused on people development and sustainability. The learning journey is modular and combines Core Modules—addressing the three dimensions of authentic leadership: leading oneself, the team, and the organization—with practical workshops and self-paced content, ensuring flexibility and continuous learning. The curriculum includes topics such as growth mindset, ethical leadership, agile methodologies, impactful communication, and inclusion, supported by diagnostic tools and individual development plans.

- **Collaborative Projects and Sustainability** — An essential component of the B300 Program is the set of collaborative projects designed to apply skills in concrete initiatives aligned with ESG principles. These projects strengthen empathy, responsibility, and long-term thinking, generating real impact on society and the environment. Examples include social inclusion activities with Academia Semear, biodiversity restoration with Montis, beach clean-ups with Oeiras Community Valley, SDG awareness initiatives with AMI, and support to families through the Food Bank against hunger. Through these initiatives, novobanco develops conscious and committed leaders, reinforcing its role in creating shared value and promoting sustainability. The first edition of the Program involved 238 employees focused on personal and collective development, completing a total of 782 training hours during 2025.

- **Programa de Liderança** B300+ — In 2025, novobanco launched the second edition of the Leadership Program, continuing its commitment to developing authentic leaders. This edition is currently in its first phase, focused on diagnosis and individual planning, which includes a 360º assessment to promote self-awareness and identify areas for development. Based on the results, each

participant designs their Personal Development Plan (PDP), to be implemented throughout 2026, ensuring a growth trajectory aligned with the organization's values and strategic objectives.

Technological Skills — Copilot Adoption and Enablement Program

The adoption of generative artificial intelligence at novobanco, through Microsoft Copilot, represents a strategic milestone in the modernization of our processes, with the goal of boosting productivity and fostering innovation.

This digital transformation journey, centred on generative AI, not only redefines the way the bank operates, but also prepares it to respond with agility and effectiveness to the challenges of an increasingly dynamic and competitive corporate environment.

The Copilot Adoption and Enablement Program was designed to accelerate this digital transformation, increase productivity, and foster innovation through the integration of Microsoft Copilot. This program focused on immersive initiatives with the Learning Champions community; explored practical use cases across different business areas; and implemented a comprehensive enablement plan with hands-on workshops on Copilot Chat and Copilot 365, at both basic and advanced levels, aimed at sharing functionalities, demonstrating practical use cases, and addressing all questions—contributing to a smoother integration of Copilot into daily work routines. Training was provided to around 1,400 employees. Additionally, many other initiatives were developed with a focus on integrating AI into the daily workflow, enabling greater efficiency and enhancing individual productivity.

The AI Hackathon, integrated into the AI Day, aimed to create intelligent agents in Copilot without the need for code, in order to increase day-to-day productivity. These practical sessions, led by specialists from both novobanco and partner organizations, brought together around 200 participants from central and commercial areas. Participants gained hands-on experience and became ambassadors of innovation, inspiring new forms of collaboration.

Ser Digital Program - Launched in 2025 and continuing in 2026, the Ser Digital Program was designed to promote digital transformation within the organizational context, equipping employees to use Office 365 tools more effectively and to develop an innovation-oriented mindset. Its main objectives are to raise awareness of the importance of digital skills, strengthen technological literacy, and foster a collaborative culture adapted to the challenges of hybrid work environments. The aim is for each participant to gain greater process agility, improve productivity, and contribute to more informed and intelligent decision-making.

The structure of the program was based on a diagnostic assessment carried out across the entire novobanco Group, which made it possible to map the tools most frequently used by employees, identify those that can most effectively enhance their work, pinpoint challenges, and gather insights to guide the program. This was followed by the Digital Mindset Awareness masterclasses, aimed at strengthening a digital mindset and introducing the Microsoft 365 ecosystem. In 2025, 2 master classes were delivered, with the participation of around 200 people.

Still in 2025, but starting in 2026, numerous thematic workshops will be launched, organized into digital development clusters, with practical sessions on productivity and organization; collaboration and teamwork; automation and efficiency; and data analysis & reporting.

With this integrated approach, the Ser Digital Program aims to foster growth in technological literacy, encouraging the adoption of digital practices that enhance efficiency, individual productivity, and collaboration.

Onboarding – Programa Balcão Escola

The Balcão Escola aims to train employees from the commercial network and promote the exchange of experience with colleagues from central areas through internships in bank branches/Balcão Escola. This training program offers employees the opportunity to develop essential commercial skills; learn, through on-the-job methodology, the Bank's Risk and Compliance culture; and apply in practice the knowledge required to perform their role. In 2025, we trained more than 105 participants.

Dedicated Programs

Training Plan for Members of the Management and Supervisory Bodies – A Training Plan developed in accordance with Banco de Portugal Notice No. 3/2020, updated by Notice No. 2/2025, ensuring that all members of the management and supervisory bodies maintain and strengthen the knowledge, skills, and competencies essential for the effective performance of their duties. The plan is biennial, reviewed annually, and aims to promote the continuous development of technical and behavioural competencies relevant to risk management and compliance, addressing regulatory updates, emerging risks, and the institution's strategic priorities."

Taylor Made Programs

The mIA Connect is an omnichannel platform that represents an evolution in the way we communicate with clients, enabling a more efficient and balanced service by integrating all remote channels (telephone, PC, videoconference, WhatsApp) in an effective manner.

In addition to online training consisting of a platform introduction session and a follow-up clarification session, an e-learning module was also made available to provide a step-by-step explanation of how to use the new platform, from accessing the application to the topics that mIA can handle autonomously. A total of 1,756 employees completed the training.

Team buildings

In 2025, the teambuilding initiatives carried out at novobanco played a strategic role in promoting cohesion, skills development, and the reinforcement of the organization's values.

The more than 51 initiatives held throughout the year covered a wide variety of formats, ranging from immersive experiences, investigation games, outdoor challenges, practical workshops, and cultural activities – all designed to strengthen collaboration and integration among Employees

Among the most developed competencies were effective communication, empathy, leadership, creativity, resilience, and the ability to work as a team.

One of the major highlights of the year was the increase in socially-oriented initiatives, which reinforced novobanco's social commitment and were fully aligned with ESG principles. These experiences not only promoted mutual support and ethical awareness but also strengthened values of sustainability and inclusion, thereby creating a positive impact in the community.

A total of 37 Departments carried out Teambuilding initiatives, with 51 activities implemented, amounting to a total duration of 11960.5 hours and involving more than 2092 employees.

In summary, 2025 was a year in which team moments created experiences that went far beyond social gatherings: they were opportunities to learn, grow, and collectively contribute to a greater purpose.

Learning Communities

To build a culture of continuous learning, it is essential to involve the learning communities in active collaboration with the novobanco Academy, both internally and externally.



The **Learning Partners** are integrated into the Academy team and play a fundamental role in promoting a culture of continuous learning and ensuring that training initiatives are aligned with the organization's strategic objectives.

The **Learning Champions** play an active role within their business areas and, in partnership with the Learning Partners, serve as the active voice of the new learning culture based on a Growth Mindset.

The **Content Sponsors** play a decisive role in promoting a strong risk-management culture. Their involvement ensures that learning initiatives are aligned with the organization's strategic objectives.

The **HR Business Partners** are responsible for promoting a high-performance culture, enhancing employee

engagement, developing talent, and driving organizational change, namely by reinforcing a culture of continuous learning.

The **External Partnerships** are essential to fostering innovation, building a pipeline of qualified talent, and promoting continuous learning within the organization. In 2025, we strengthened our partnerships with leading universities and business schools across different geographic regions, offering special conditions for employees wishing to invest in their development. A total of 6 partnerships were established during the year.

Technology

The consolidation of Technology adoption in learning enables an innovative training experience designed to empower employees and promote their engagement and continuous development. This initiative provides the opportunity to explore topics aligned with individual interests and other areas of knowledge, enhancing progression in their current roles and preparing them for Reskilling and Upskilling processes.

The novobanco Academy strengthens its strategic position through a training plan integrated into Viva Learning. This platform embeds learning into the work environment, enabling: the development of professional skills; the recommendation of content from different platforms; and the centralization and optimization of resources, promoting a culture of continuous learning accessible across multiple devices.

To ensure a comprehensive experience, the novobanco provide a complete self-learning library from Microsoft (Microsoft Learn and Microsoft 365), specific LinkedIn Learning courses, the goFLUENT online language school, and we are strengthening our internal training offer from the novobanco Academy, in addition to the mandatory training plan.

In 2025 1,559 learners completed training across the various learning platforms, totalling 11,721 hours of training. Notably, the goFLUENT platform saw particularly high engagement, with more than 1,325 participating actively.

B) Working Conditions Themes

Adequate salaries

Employment and Inclusion of People with Disabilities

Since 2021 the Group has established that no employee may earn less than one thousand euros. In 2025 the minimum salary paid was 1,213.59 euros. As part of its gender equality programme, the bank has been progressively reducing the gender pay gap.

The novobanco Group believes that fair compensation for the dedication and effort of its employees goes beyond an adequate salary. To recognise and value each person's commitment, the Group has developed an employee value proposition that encompasses benefits, development opportunities, and a work environment that promotes well-being and continuous growth. This proposition is designed to ensure that all employees feel motivated, recognised, and supported in their personal and professional development.

Recognizing that its success depends directly on the talent and well-being of its employees, in 2024 the Group finalized a new Employee Value Proposition (EVP), thereby reinforcing its commitment to creating a stimulating, inclusive work environment focused on both professional and personal development. The implementation of the new novobanco EVP has been progressive throughout 2024 and 2025, supported by regular communication sessions with employees.

The new EVP was carefully developed by a dedicated working group that sought to design solutions addressing the needs and expectations of all employees, regardless of their role. This involved identifying existing benefits as well as new measures and opportunities for improvement, aligning them with the ambition to provide the best possible conditions for employees. The EVP aims not only to attract and retain top talent, but also to ensure that each employee feels valued, respected, and motivated to contribute to the bank's continued growth.

The novobanco EVP offers a broad set of benefits and includes several measures that promote a balance between career development and personal and family life. It is structured around four key areas:

Recognition and benefits	Opportunities	Experience	Talent
Being recognized for merit through compensation, the annual awards program, and the benefits to which employees are entitled	Having opportunities to grow and advance in their careers through training, career path development, and feedback channels	Experiencing work in a distinctive workplace where we work more collaboratively and agilely, with comprehensive work-life balance policies	Working with people who respect and inspire us, developing talent inclusively and cohesively through internships and trainee programs, leadership development programs, and team moments

Recognition and Benefits

- Banking products – a better offer of banking products for all employees, from mortgage loans to deposits, and access to the most competitive offers in the price list of various products, including personal loans, mortgage loans, among others.

Mortgage Loans

Mortgage Loan (Banking ACT)	Acquisition of a primary residence, land and construction, renovation works, transfer or settlement of shares related to a permanent primary home. Interest rate: 65% of the ECB reference rate.
Management Staff Loan	CHPP Supplement or secondary home loan for the same purposes defined for CHPP-ACT. Rate: 12-month Euribor 'flat' (0% spread).

Personal Loans

Standard Loan	Financing for acquisition of non-electric vehicles or other equipments, renovation works, or other purposes subject to case-by-case analysis.
Green Loan	Financing for the acquisition of electric vehicles (incl. bicycles), solar panels or other green purposes subject to case-by-case analysis
Care Loan (Health + Education)	Financing of Health and Education expenses of the employee's household
Social Loan	Financing for situations of financial difficulties/unforeseen and urgent expenses

- Awards - Ser Awards that recognize and celebrate employees, teams, and projects that embody the bank's mission, values, and excellence.
- Variable remuneration model - A new variable remuneration model for 2024 (to be paid in 2025), with updated bonus targets, associated with the bank's performance.
- Flexible benefits - A program that allows each employee to choose the benefits that are most suitable for their lifestyle, life stage, and preferences. Flexibility in benefits is not just a matter of convenience; it is a strategy that values the individuality of each employee.

Opportunities

- New training platforms, with a varied offer of courses to deepen essential skills and knowledge for professional and personal development, including a new training academy, innovation and talent labs, and partnerships with universities
- A transparent career plan, designed based on skills, allowing employees to grow in the bank adaptively.

Experience

- Special leave days – Employee's birthday, afternoon of the birthday of children/stepchildren up to 18 years old (including the 18th birthday), afternoon of the birthday of parents from 65 years old, first day of school of the 1st and 5th year of schooling of children/stepchildren, afternoon of Holy Thursday, two days close to Christmas and New Year,
- Purchase of up to 5 more vacation days
- Benefit from half days off – Enjoy Friday afternoon or Monday morning, compensating with additional work on the remaining days of the week
- Remote work – team rotation, differentiated, distinct, and flexible management of employees
- Takeaway services – A service that meets the needs of reconciliation and well-being of employees for breakfast, lunch, snacks, and dinner.

Measures to reconcile professional and personal life

Leave on special dates (Employee's birthday; children's birthdays; first day of school in school years)	Takeaway meals
Early Friday or Late Monday	Purchase of vacation days
Hybrid and Flexible Work	Volunteer leave

- Support for employees' children, early childhood allowance, scholarship, support for children and young people with special needs.
- Support for retirees through continuous support initiatives, ensuring that retired employees can maintain a close relationship with the bank, benefiting from special conditions and support in their new life phase.
- Allowances under the Banking Collective Labour Agreement (ACT) include the Natality Allowance (granted upon the birth of a child), the Child Allowance (paid monthly until the age of six), and the Study Allowance (paid quarterly until the completion of schooling or up to 24 years of age).
- Christmas gift of €50 for a dependent child or stepchild up to 17 years of age
- Support for retirees is provided through continuous assistance initiatives, ensuring that former employees can maintain a close relationship with the bank while benefiting from special conditions and guidance as they enter this new stage of life.

Benefits

Education support for children of active employees	Support for retirees
Special conditions on bank commercial offer	Clinical services with various medical specialties
Christmas hamper	Christmas presents for employees and their children and dependent stepchildren

Talent

- A training program for the New Leadership Model aimed at all Coordinating Directors and their second lines.
- Team moments that strengthen collaboration, cohesion, and a sense of belonging, as well as opportunities for sharing and integration

The bank thus reflects its commitment to creating a work environment that respects and values employees' personal needs, ensuring more balance, support, and quality of life.

Employee Health and Well-Being

As a reinforcement of our commitment to caring for the Health and Well-Being of all employees of the novobanco Group, in 2024 significant improvements were implemented in medical services through a new Occupational Health Protocol, new benefits in Curative Medicine, and measures that increase convenience in accessing these services.

Occupational Health

At the level of occupational health, a standardized diagnostic exam package was introduced for all employees, maintaining only age- and gender-based differentiation, and carried out in two phases (when applicable):

- Basic Package: consisting of clinical analyses, biometrics, ophthalmological screening, audiogram, spirometry (under implementation), and a simple ECG.
- Extra Package: consisting of additional exams to be performed, when applicable and in accordance with defined clinical guidelines, which includes a wide range of exams such as stress-test ECG, echocardiography, mammography, among others.

Curative Medicine

Curative Medicine is a complementary service offering to Occupational Health and Safety, prioritizing the health and well-being of employees.

Employees and retirees of the novobanco Group have free access, through the novobanco Clinics (Campus and Porto), to medical appointments and nursing services, either in person or online.

In 2025, we also implemented measures that strengthen this benefit provided to Employees and Retirees:

- Expansion of mental health consultations (psychiatry and psychology), ensuring greater accessibility and specialized support.
- Introduction of physiotherapy as a new specialty, reinforcing the commitment to physical health and well-being.
- Implementation of the smoking cessation program, supporting employees in adopting healthier habits.

5+ Program



Novobanco believes that taking care of people starts at home. That is why the 5+ program was created — an initiative designed to promote physical and mental health, well-being, and balance throughout the entire journey of our employees. This program is part of the Employee Well-Being and Experience area within the Human Capital Department and is aligned with its mission: to be the trusted bank that supports families and companies throughout their lives. Just as each employee cares for their clients, the bank also wants to care for those who make everything happen — our employees.

The 5+ program operates across eight dimensions of well-being: physical, mental, emotional, social, financial, family, intellectual, and professional, offering initiatives that range from talks, workshops, and webinars to yoga, mindfulness, activities for children, charity walks, and convenience services.

The innovative aspect of the 5+ program lies in its holistic approach to well-being, integrating physical, mental, emotional, social, financial, family, intellectual, and professional health.

Organizations increasingly recognize their responsibility to care for the physical and emotional well-being of their employees, and at novobanco, the 5+ program has, over the years, promoted initiatives that balance personal and professional life, help employees navigate the challenges of new ways of working, and reinforce that people are the organization's most valuable asset.

Recognition

Novobanco was awarded the 'Best Wellbeing Program' prize at the 2025 edition of the Wellbeing Awards, in the category of companies with more than 1,000 employees.

This recognition celebrates novobanco's ongoing commitment to the well-being of its employees, which—through the 5+ program and in collaboration with the bank's various teams—has been a fundamental pillar in creating a healthy, balanced, and people-centered work environment.

It is the result of a journey the bank has been pursuing with dedication and with the involvement of all employees.

- **2023**: We were awarded the title of 'Best Engagement and Communication', which highlighted our ability to engage and communicate with employees effectively and inspiringly.
- **2024**: We were among the top three finalists in the well-being category, reinforcing the positive impact of our initiatives and the recognition we have earned within the sector.
- **2025**: "The victory in the 'Best Wellbeing Program' category confirms our positioning as an organization that values and cares for its human capital.

The recognitions achieved highlight the bank's strong commitment to implementing measures that promote a better work–life balance for employees, resulting in higher satisfaction, reduced absenteeism, and enhanced overall well-being.

The commitment to creating a balanced work environment that prioritizes employee support and quality of life is a core part of the Group's strategy.

Gender equality and equal pay

Promoting gender equality and pay equity is a fundamental pillar of novobanco's strategy. The lack of parity represents significant risks for employee motivation, retention, and satisfaction, with direct impacts on organizational climate and reputation.

Therefore, the bank ensures fair remuneration policies and equal opportunities, which are monitored and reported monthly to the Sustainability Steering Committee and the Human Capital Steering Committee.

Despite the cultural shift promoted across the Group and the implementation of procedures and strategies to attract and retain more women in leadership positions, the percentage of women in management roles recorded a slight decrease of 0,1 p.p. em 2025. However, the absolute number of women in management positions remained stable and, in other professional categories such as 'Specialist' and 'Administrative' roles, an increase in female representation was observed. These results show that, although challenges persist in the distribution of women across top-level positions, the Group's commitment to gender equality has generated progress across several dimensions of the organization.

How we embrace equal opportunities and gender equality

Defining a policy of non-discrimination, gender equality and equal opportunities	Definition of gender equality and gender pay gap reduction targets	Convergence towards balanced gender distribution in senior management	Implementing practices to reconcile personal, family and professional life	Hiring the underrepresented gender

Working Hours

The hybrid work model adopted by the bank in its central departments, following a consultation with employees, combines the flexibility of remote work with the interaction provided by on-site work in the Group's buildings. This model was strengthened with the relocation of the headquarters to the novobanco Campus, allowing employees to work from home part of the week while keeping the possibility of being in the office for collaborative activities, meetings, and events.

The implementation of this practice has proven positive, as it enables employees to adjust their working hours and locations to their personal and professional needs, contributing to higher satisfaction—measured by the Pulse survey—and to a better work-life balance.

To mitigate challenges such as reduced social interaction and difficulty in separating work from personal life, the bank has implemented measures that promote collaboration on in-office days, including opportunities for teamwork, idea sharing, and strengthening team bonds.

The effectiveness of the measures implemented is assessed based on adherence to hybrid work models and team agreements, as well as the percentage of employees working remotely/home office and the percentage of employees with flexible working hours

Social Dialogue and Freedom of Association and Collective Bargaining

At the novobanco Group, social dialogue is essential for building a healthy, transparent, and fair working environment, reflecting the Group's commitment to inclusion and to respecting employees' rights. Freedom of association is considered a fundamental right, and any restriction of this right compromises the negotiation of better salary conditions and benefits, resulting in inadequate practices and worsening internal inequalities.

Collective bargaining, through conventions and agreements covering a significant number of employees, is a crucial process for the continuous improvement of working conditions. At Grupo Novobanco, we strive to ensure that workers are properly represented and that their voices are heard, promoting transparency and fairness in wage decisions and the benefits offered. Additionally, the creation of works councils and the fulfilment of the rights to information, consultation, and participation strengthen the relationship between employer and employees, ensuring that all employees can express their opinions and contribute to the company's development in a collaborative and inclusive manner. Monthly meetings with the Workers' Committee take place with the CEO and the Human Capital Department's Management to evaluate issues affecting employees, seeking solutions for impacts that may be concerning them.

C) Other employees' rights themes

Adequate housing

Novobanco actively seeks to improve the well-being of its employees by providing a range of benefits that contribute to enhancing their quality of life in various dimensions, representing financial balance, one of the dimensions of life that most significantly impacts the holistic well-being of the individual.

In this regard, the group considers that access to adequate and dignified housing is crucial for promoting the quality of life of Grupo novobanco employees, impacting their financial well-being and, consequently, their overall security and well-being. In 2025, in line with the CHPP-ACT regime (Mortgage Loans - Collective Labour Agreement), 254 contracts were signed, amounting to €36.1M.

Volunteering

In 2025, novobanco strengthened its commitment to social impact through its corporate volunteering program, engaging 332 colaboradores in 28 initiatives carried out in partnership with 9 social economy organizations. In total, approximately 1,500 volunteer hours were dedicated throughout the year.

These actions generated measurable impact in the community, strengthening the bank's closeness with society and promoting an internal culture grounded in solidarity, responsibility, and active citizenship. The volunteering program is thus consolidated as a pillar of novobanco's social strategy, contributing to employee engagement and sense of purpose.

3.1.6 Metrics and Targets

3.1.6.1 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

[ESRS S1-5; GRI 3-3, 401 3-3, 402 3-3, 403 3-3, 404 3-3, 405 3-3, 406 3-3, 407 3-3, 408 3-3, 409 3-3]

To assess progress and ensure the effectiveness of the actions implemented on its material topics, Grupo novobanco has established a monitoring plan based on metrics and targets, most of which are monitored monthly. The targets are defined based on contextual analyses and the reality of the group, taking into account internal challenges and opportunities for improvement. The target-setting process also incorporates the input and contributions of the teams responsible for each topic, fostering an environment of engagement and active participation. These teams are likewise involved in the monitoring and follow-up of the performance of the associated metrics, ensuring continuous and rigorous evaluation of progress.

Whenever necessary, the group makes adjustments to actions and strategies to align objectives with emerging market needs and employee expectations, ensuring that the targets are realistic and achievable. This continuous process of monitoring and review not only ensures that actions are being effectively implemented but also strengthens Grupo novobanco's transparency and commitment to constant improvement in all aspects of employee management.

The values underlying the group's employees refer to the end of the reporting period, namely December 2025.

Metrics and targets defined to address the topics:

Workplace violence and harassment, Gender equality and equal pay for work of equal value, Adequate wages and Adequate housing

Metric	Performance 2025	Target 2027
Factor of superiority of the minimum wage at Novo Banco compared to the national minimum wage	1.39	–
Equal pay (%)	5.2 %	≤ 5 %
Women in leadership roles (%)	37.9 %	≥ 40 %
Employees with Mortgage Loans (Collective Labor Agreement) (%)	–	–

Social Dialogue

Metric	Performance 2025	Target 2027
Employees' Engagement Rates (%)	66	≥ 75

Work-life balance and Working hours

Metric	Performance 2025	Target 2025
Home office (%) - Central areas	41.9 %	–
Home office (%) - Commercial areas	3.4 %	–
Workers with a full-time permanent contract (%)	96 %	–
Workers who participated in the 5+ program * (%)	35.3 %	–

*% of employees who have participated in at least 2 initiatives of the program per year. The program focuses on promoting work-life balance, mental and physical health, and healthy living.

Training and development of skills

Metric	Performance 2025	Target 2027
Training hours (#)	221,499	≥ 250000

Employment and inclusion of people with disabilities

Metric	Performance 2025	Target 2027
Employees with disabilities (%)	2.6	–

Freedom of association, Consultation and participation of workers, and Collective bargaining

Metric	Performance 2025	Target 2027
Employees covered by collective bargaining agreements (%)	97.8	–
Unionized employees (%)	93.5	–

Employees from Luxembourg and Spain were not considered for this calculation.

3.1.6.2 Characteristics of the salaried employees

[ESRS S1-6; GRI 2-7, 401-1, 405-1]

The 2025 Sustainability Disclosure covers the scope of the novobanco Group (novobanco, novobanco dos Açores, Banco Best, and novobanco Asset Management Group). The information regarding the employees reported in this report aligns with the scope of the Annual Report, meaning it includes permanent employees, fixed-term contracts, and seconded employees, as of December 31, 2025.

Grupo novobanco has already achieved gender parity in its workforce, reflecting its commitment to equal opportunities and promoting a more inclusive and diverse work environment. The number of women in the organization has been increasing annually, demonstrating the success of initiatives to promote gender equity, representing 55% of the group's workforce.

Workers per gender

	2025	2024	2023	25 vs 24
Men	1,832	1,904	1,926	(3.8)%
Women	2,249	2,291	2,283	(1.8)%
Other	0	0	0	-
Not communicated	0	0	0	-
Total	4,081	4,195	4,209	(2.7)%

Workers per geographical location

Country	2025	2024	2023	25 vs 24
Portugal (#)	4,068	4,182	4,190	(2.7)%
Spain (#)	2	2	3	– %
Switzerland (#)	0	0	3	
Luxembourg (#)	11	11	13	– %
Others (#)	0	0	0	-
Total (#)	4,081	4,195	4,209	(2.7)%

The bank knows that employees who participate in high-quality integration and training programs develop their professional careers more quickly, which is why it considers it a priority to continuously evaluate the career paths of its employees. This positioning contributes to maintaining job satisfaction, reducing turnover, and enabling employees to progress within the organization, exploring new opportunities, thus promoting talent attraction.

Turnover rate

	2025	2024	2023	25 vs 24
Employees who left the company during the reporting period* (#)	343	273	207	25.6 %
Total employees in the beginning of the period* (#)	4,195	4,209	4,090	(0.3)%
Turnover rate* (%)	8.4 %	6.5 %	4.9 %	1,9 p.p.

* Permanent Employees and Fixed-Term Contracts

Distribution of workers by gender and by region

					2025
Employee information by gender	Women	Men	Other	Not communicated	Total
Number of employees	2,249	1,832	0	0	4,081
Number of permanent employees*	2,152	1,786	0	0	3,938
Number of temporary employees**	97	46	0	0	143
Non-guaranteed working hours of employees (#)	0	0	0	0	0
Number of full-time employees	2,248	1,832	0	0	4,080
Number of part-time employee	1	0	0	0	1

*Permanent employees and fixed-term contracts

**Temporary workers, service providers, and interns

						2025
Employee information by region	Portugal	Spain	Switzerland	Luxembourg	Others	Total
Number of employees	4,068	2	0	11	0	4,081
Number of permanent employees	3,925	2	0	11	0	3,938
Number of temporary employees	143	0	0	0	0	143
Non-guaranteed working hours of employees (#)	0	0	0	0	0	0
Number of full-time employees	4,067	2	0	11	0	4,080
Number of part-time employees	1	0	0	0	0	1

The 2025 Sustainability Disclosure covers the scope of the novobanco Group (novobanco, novobanco dos Açores, Banco Best, and novobanco Asset Management Group). The information regarding the employees reported in this report aligns with the scope of the Annual Report, meaning it includes permanent employees, fixed-term contracts, and seconded employees. Employees with other types of work contracts—temporary workers, service providers, and interns, totalling 143 people—represent only 4% of the total workforce of the Group in 2025.This information is presented exclusively in this table.

2024

Employee information by gender	Women	Men	Other	Not communicated	Total
Number of employees	2,291	1,904	0	0	4,195
Number of permanent employees*	2,174	1,837	0	0	4,011
Number of temporary employees**	117	67	0	0	184
Non-guaranteed working hours of employees (#)	0	0	0	0	0
Number of employees	2,291	1,904	0	0	4,195
Number of full-time employees	2,290	1,904	0	0	4,194
Number of part-time employee	1	0	0	0	1

2024

Employee information by region	Portugal	Spain	Switzerland	Luxembourg	Others	Total
Number of employees	4,182	2	0	11	0	4,195
Number of permanent employees	3,998	2	0	11		4,011
Number of temporary employees	184	0	0	0	0	184
Non-guaranteed working hours of employees (#)	0	0	0	0	0	0
Number of full-time employees	4,181	2	0	11	0	4,194
Number of part-time employees	1	0	0	0	0	1

2023

Employee information by gender	Women	Men	Other	Not communicated	Total
Number of employees	2,283	1,926	0	0	4,209
Number of permanent employees	2,188	1,858	0	0	4,046
Number of temporary employees	95	68	0	0	163
Non-guaranteed working hours of employees (#)	0	0	0	0	0
Number of employees	2,283	1,926	0	0	4,209
Number of full-time employees	2,282	1,926	0	0	4,208
Number of part-time employees	1	0	0	0	1

2023

Employee information by region	Portugal	Spain	Switzerland	Luxembourg	Others	Total
Number of employees	4,190	3	3	13	0	4,209
Number of permanent employees	4,027	3	3	13	0	4,046
Number of temporary employees	163	0	0	0	0	163
Non-guaranteed working hours of employees (#)	0	0	0	0	0	0
Number of employees	4,190	3	3	13	0	4,209
Number of full-time employees	4,189	3	3	13	0	4,208
Number of part-time employees	1	0	0	0	0	1

3.1.6.3 Characteristics of non-employee workers in the own workforce

[ESRS S1-7; GRI 2-8]

The 2025 Sustainability Report covers the scope of Grupo novobanco (novobanco, novobanco dos Açores, Banco Best, and Grupo novobanco Gestão de Ativos). The information regarding employees reported in this report has the same scope as the Annual Report and Accounts, i.e., it includes permanent employees, fixed-term contracts, and seconded employees. There are no employees with other types of employment contracts — such as temporary workers or service providers, therefore representing in 2025, 0% of the group's total workforce.

	2025	2024	2023	25 vs 24
Self-employed workers (#)	0	0	0	–
Workers provided by companies primarily engaged in labor activities (#)	0	5	13	(100)%
Others (#)	0	0	0	–
Total (#)	0	5	13	(100)%

3.1.6.4 Coverage of collective bargaining and social dialogue

[ESRS S1-8; GRI 2-30]

The relationship between novobanco and the unions and the National Workers' Committee (CNT) is built on an open communication channel, aiming to anticipate and resolve issues proactively, with the objective of defending labour rights, improving working conditions, and mediating any conflicts or concerns between the bank and its employees. Over the years, the group has actively promoted and participated in various initiatives to strengthen this dialogue. An example of this is the monthly meetings between the CEO of novobanco, the human capital management, and the CNT, where employees' labour concerns and issues are discussed. O Grupo novobanco has 97.8% of its employees covered by collective bargaining agreements and 93.5% of employees unionized. Employees from Luxembourg and Spain were not considered for this calculation. Banco BEST employees are not covered by a collective bargaining instrument, with their framework being governed by Ordinance No. 182/2018, of June 22. This ordinance regulates the working conditions of administrative workers not covered by specific collective regulation.

Grupo novobanco has 11 Employees performing functions in the European Economic Area, specifically in Luxembourg, with no employees located outside this area. All employees are hired locally and are therefore not covered by the national Collective Bargaining Agreements. Of the total workforce in Luxembourg, 7 have a local Employment Agreement (ACT local), 2 are unionised with a local trade union.

3.1.6.5 Diversity metrics

[ESRS S1-9; GRI 405-1]

Gender and Age of employees

	2025	2024	2023	25 vs 24
Senior leadership				
Total	490	491	481	(0.2)%
Men(#)	305	305	295	– %
Men (%)	7.5 %	7.3 %	7 %	0,2 p.p.
Women (#)	185	186	186	(0.5)%
Women (%)	4.5 %	4.4 %	4.4 %	0,1 p.p.
Other	0	0	0	-

Not declared	0	0	0	-
< 30 years old	0	1	1	(100.0)%
30 t 50 years old	216	230	242	(6.1)%
> 50 years old	274	260	238	5.4 %
Leadership				
Total	359	356	373	0.8 %
Men(#)	186	193	205	(3.6)%
Men (%)	4.6 %	4.6 %	4.9 %	0 p.p.
Women (#)	173	163	168	6.1 %
Women (%)	4.2 %	3.9 %	4 %	0,3 p.p.
Other	0	0	0	-
Not declared	0	0	0	-
< 30 years old	0	0	0	-
30 t 50 years old	214	216	244	(0.9)%
> 50 years old	145	140	129	3.6 %
Technical				
Total	2,327	2,282	2,265	2.0 %
Men(#)	1,022	1,006	1,003	1.6 %
Men (%)	25 %	24 %	23.8 %	1 p.p.
Women (#)	1,305	1,276	1,262	2.3 %
Women (%)	32 %	30.4 %	30 %	1,6 p.p.
Other	0	0	0	-
Not declared	0	0	0	-
< 30 years old	188	162	145	16.0 %
30 t 50 years old	1,319	1,373	1,456	(3.9)%
> 50 years old	820	747	664	9.8 %
Administrative				
Total	896	1,058	1,083	(15.3)%
Men(#)	310	392	416	(20.9)%
Men (%)	7.6 %	9.3 %	9.9 %	-1,7 p.p.
Women (#)	586	666	667	(12.0)%
Women (%)	14.4 %	15.9 %	15.8 %	-1,5 p.p.
Other	0	0	0	-
Not declared	0	0	0	-
< 30 years old	117	141	143	(17.0)%
30 t 50 years old	432	515	562	(16.1)%
> 50 years old	347	402	378	(13.7)%
Assistance				
Total	9	8	7	12.5 %
Men(#)	9	7	7	28.6 %
Men (%)	0.2 %	0.2 %	0.2 %	0 p.p.
Women (#)	0	0	0	-
Women (%)	– %	– %	– %	0 p.p.
Other	0	0	0	-
Not declared	0	0	0	-
< 30 years old	0	0	0	-
30 t 50 years old	2	4	4	(50.0)%
> 50 years old	7	4	3	75.0 %

The topic of gender equality, opportunities, and inclusion remains a strategic priority on Grupo novobanco's agenda, with the bank developing a specific plan to mitigate the inequalities it faces. The group continues to lay the foundations

for long-term sustainability, with measures promoting inclusion and equality, with a priority focus on decision-making and management positions.

The bank has been promoting the rejuvenation of its workforce, which has resulted in a reduction in the average age of its employees, currently standing at 46.6 years. This renewal reflects the company's commitment to attracting and retaining young talent, ensuring a dynamic and innovative environment.

3.1.6.6 Adequate wages

[ESRS S1-10; GRI 202-1]

Only with adequate wages can the bank ensure that its employees meet their needs and those of their families, thus ensuring a fair and sustainable working environment. Group novobanco bases its remuneration on the salary table of the Collective Labour Agreement. Based on this table, the bank has defined that the hiring of a new employee cannot be done below level 6, which has a value of €1213.59. In 2025, for the representative professional categories of its workforce, the group's minimum wage was €1213.59, 1.39 times higher than the national minimum wage.

3.1.6.7 Social protection

[ESRS S1-11; GRI 401-2]

All salaried workers are covered by social protection against income loss due to significant life events, such as illness, death, work accidents, unemployment, and parental leave.

Currently, novobanco adopts three Social Security regimes: the regime depending on the date of admission to the institution, the regime defined by the Collective Labour Agreement (ACT) signed by the bank, and the General Social Security Regime. Employees not covered by the ACT belong to the General Social Security Regime. Employees of the Luxembourg branch benefit from the Collective Agreement for Banking Workers 24-26 of the Luxembourg Financial Sector.

The bank also offers a Pension Fund, which includes mandatory contributions from the Banking Sector ACT, including salary components and legal deductions, as well as optional options such as the Union Assistance Fund and the Complementary Health Fund, according to employees' choices.

3.1.6.8 People with disabilities

[ESRS S1-12; GRI 405-1]

People with disabilities(%)

Gender	2025	2024	2023	25 vs 24
Men (#)	34	45	46	(24.4)%
Women (#)	71	74	75	(4.1)%
Other (#)	0	0	0	-
Not declared (#)	0	0	0	-
Men (%)	0.8 %	1.1 %	1.09 %	-0,3 p.p.
Women (%)	1.7 %	1.76 %	1.78 %	-0,1 p.p.
Other (%)	– %	– %	– %	0 p.p.
Not declared (%)	– %	– %	– %	0 p.p.
Total employees with disabilities (%)	2.6 %	2.8 %	2.9 %	-0,2 p.p.
Total salaried employees (#)	4,081	4,195	4,209	(2.7)%

Integrates all employees who have a verified disability through a multi-purpose certificate.

3.1.6.9 Training and skills development metrics

[ESRS S1-13; GRI 404-1, 404-3]

Average number of training hours by gender

Salaried employees	2025	2024	2023	25 vs 24
Men (#)	52	56	40	(7.1)%
Women (#)	56	61	40	(8.2)%
Other (#)	0	0	0	-
Not declared (#)	0	0	0	-
Total	54	59	40	(8.5)%

Average number of training hours by job category

Job category	2025	2024	2023	25 vs 24
Senior Leadership (#)	52	32	41	62.5 %
Leadership (#)	61	86	43	(29.1)%
Technical (#)	48	51	34	(6.7)%
Administrative (#)	70	81	52	(13.6)%
Assistance (#)	8	2	4	295.0 %

Performance evaluation by gender (%)

Salaried employees	2025	2024	2023	25 vs 24
Men (#)	1,696	1,757	1,671	(3.5)%
Women (#)	2,044	2,079	1,966	(1.7)%
Other (#)	0	0	0	-
Not declared (#)	0	0	0	-
Men (%)	92.6 %	92.3 %	86.8 %	0,3 p.p.
Women (%)	90.9 %	90.7 %	86.1 %	0,2 p.p.
Other (%)	– %	– %	– %	0 p.p.
Not declared (%)	– %	– %	– %	0 p.p.
Total salaried employees Men	1832	1,904	1,926	(3.8)%
Total salaried employees Women	2,249	2,291	2,283	(1.8)%
Total salaried employees other	0	0	0	-
Total salaried employees not declared	0	0	0	-

Performance evaluation by professional category (%)

Job category	2025	2024	2023	25 vs 24
Senior Leadership(#)	472	466	421	1.3 %
Leadership (#)	351	352	363	(0.3)%
Technical (#)	2,143	2,091	1,968	2.5 %
Administrative (#)	767	920	878	(16.6)%
Assistance ((#)	7	7	7	– %
Senior Leadership (%)	96.3 %	96.9 %	87.5 %	-0,6 p.p.
Leadership (%)	97.8 %	94.4 %	93.6 %	3,4 p.p.
Technical (%)	92.1 %	92.3 %	90.7 %	-0,2 p.p.
Administrative (%)	85.6 %	84.9 %	84.1 %	0,7 p.p.
Assistance (%)	77.8 %	100 %	100 %	-22,2 p.p.
Total	3,740	3,836	3,637	(2.5)%

3.1.6.10 Health and safety metrics

[ESRS S1-14; GRI 403-8, 403-9, 403-10]

Salaried employees	2025	2024	2023	25 vs 24
Employees covered by the company's health and safety management system (%)	100	100	100	0 p.p.
Deaths due to work-related injuries (#)	–	–	–	-
Deaths due to work-related health issues (#)	–	–	–	-
Work-related accidents that are recordable (#)	47	39	38	20.5 %
Hours worked by direct labor (thousands)	7,445	7,633	7,637	(2.5)%
Recordable work-related accident rate	6.3	5.1	5.0	1,2 p.p.
Cases of work-related health issues (#)	18	16	9	12.5 %
Days lost due to work-related injuries and deaths (#)	330.6	619	858	(46.6)%
Hours of absenteeism	231,457	257,080	279,711	(10.0)%

Occupational Hygiene, Health, and Safety	2025	2024	2023	25 vs 24
Anual				
Cardiovascular screenings (#)	2,753	2,539	2,920	8.4 %
Mammograms/breast echocardiograms (#)	138	271	300	(49.1)%
PSA tests (#)	773	756	716	2.2 %
Visual screenings (#)	2,667	2,607	2,645	2.3 %
Check up Executive (#)	n.a.	350	354	-
Safety audits of facilities (#)	180	168	164	7.1 %
Ergonomic assessments conducted (#)	30	14	19	114.3 %
Identification of experts and risk assessment of activities (IPAR) (#)	59	105	152	(43.8)%
Thermal environment assessments (#)	17	0	0	-
Indoor air quality assessments (#)	0	1	0	(100.0)%
Lighting assessments (#)	32	157	144	(79.6)%
Investigation of workplace accident causes (#)	18	18	14	– %
Investigation of occupational disease causes (#)	8	4	10	100.0 %
Preparation/Follow-up of Integrated Action Plan (#)	179	168	161	6.5 %
Risk assessment and listing of work equipment (#)	0	44	151	(100.0)%
Total	6,854	7,203	7,750	(4.8)%

3.1.6.11 Work-life balance metrics

[ESRS S1-15; GRI 401-3]

% of salaried workers with rights to family care leave

Gender	2025	2024	2023	25 vs 24
Men (%)	100 %	100 %	100 %	0 p.p.
Men (#)	1,832	1,904	1,926	(3.8)%
Women (%)	100 %	100 %	100 %	0 p.p.
Women (#)	2,249	2,291	2,283	(1.8)%
Other (#)	0	0	0	-
Not declared (#)	0	0	0	-
Total	4,081	4,195	4,209	(2.7)%

% of salaried workers who enjoyed family care leave

Gender	2025	2024	2023	25 vs 24
Men (%)	2.7 %	2.4 %	3.3 %	0,3 p.p.
Men (#)	49	45	63	8.9 %
Women (%)	2.6 %	2.7 %	3.6 %	-0,1 p.p.
Women (#)	59	62	83	(4.8)%
Other (#)	0	0	0	-
Not declared (#)	0	0	0	-
Total (#)	108	107	146	0.9 %
Total (%)	2.6 %	2.6 %	3.5 %	0 p.p.

The values presented refer to maternity and paternity leaves as shown in the table below.

Maternity/Paternity Leave	2025		2024		2023		25 vs 24	
	M	F	M	F	M	F	M	F
Employees who benefited from maternity/paternity leave (#)	49	59	45	62	63	83	8.9 %	(4.8)%
Employees who returned to work after maternity/paternity leave (#)	46	36	44	41	62	55	4.5 %	(12.2)%
Employees who returned to work after maternity/paternity leave and are still employed after 12 months of work	–	–	42	57	59	74	(100.0)%	(100.0)%
Return to work rate (%)	94 %	61 %	98 %	66 %	98 %	66 %	-4 p.p.	-5 p.p.
Retention rate after 12 months of work* (%)	– %	– %	93 %	92 %	94 %	89 %	-93 p.p.	-92 p.p.

M - Men F -Female

Retention rate for 2025 available in 2026

3.1.6.12 Compensation metrics (pay gap and total compensation)

[ESRS S1-16; GRI 1-21, 405-2]

Pay gap (%)	2025	2024	2023	25 vs 24
Non adjusted pay gap (incl.managing bodies)[1]	22.5	21.4	23.1	1,1 p.p.
Non adjusted pay gap (excl. managing bodies)[1]	20.2	18.8	18.3	1,4 p.p.

[1](Average wage Men - Average wage Women)/ Average wage Men x 100

Total remuneration (%)	2025	2024	2023	25 vs 24
Annual total remuneration ratio of the highest-paid individual to the median annual total remuneration of all salaried employees	38.7	29.2	23.3	9,5 p.p.

Ratio of women's total remuneration to men's total remuneration per employee category (%)	2025	2024	2023	25 vs 24
Senior leadership	17	12	13	5 p.p.
Leadership	5	5	4	0 p.p.
Technical	9	10	10	-1 p.p.
Administrative	11	9	8	2 p.p.
Assistance	–	–	–	0 p.p.
Total	20	19	19	1 p.p.

For the calculation of the average remuneration of employees, employees from Luxembourg and Spain were excluded. The salary ratio was recalculated in line with the methodology for (unadjusted) gender pay disparity, in accordance with ESRS S1-16 AR.98.For details on the calculation formulas and criteria used, please refer to Chapter 5.2 – Methodological Notes."

For more information, please refer to the Remuneration Policies in the chapter 5.4 Corporate Governance.

The information presented below is considered by the novobanco Group as key for monitoring and acting on the minimisation of gender pay inequalities, and is therefore reported here, although its disclosure is not required under the CSRD directive.

Gender Equality (Underrepresented Gender) %	2025	2024	2023	25 vs 24
Board of Directors and 1st line Senior Leadership (underrepresented gender) (%)	26.3	27.3	27.5	-1 p.p
Senior leadership and leadership (%)	37.9	37.9	38.7	0 p.p
Equal pay indicator (%)	5.2	5.1	5.4	0,1 p.p
Total pay gap (%)	20.2	19.1	18.9	1,1 p.p

In 2025, under the Collective Labor Agreement, there was a salary increase of 3.0%, with the average salary variation being –%.

3.1.6.13 Incidents, complaints and severe human rights impacts

[ESRS S1-17; GRI 2-27; 406-1]

In 2025, Group novobanco did not record any serious incidents related to human rights concerning its workforce. The group is committed to respecting and promoting the fundamental rights of its employees, and, in accordance with the principles established by the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises, ensures that its practices are aligned with these standards.

Novobanco continues to monitor data and adopt proactive measures to ensure that all its processes comply with the highest standards of respect for human rights.

3.2 Consumers and end-users

ESRS S4

3.2.1 Objective

The objective of this chapter is to specify disclosure requirements that enable users of this Sustainability Disclosure to understand the significant impacts on consumers and end-users related to novobanco's own operations and value chain, particularly through its products or services, business relationships, and related material risks and opportunities, including:

- How novobanco affects the consumers and/or end-users of its products and/or services (referred to in this Disclosure also as clients), in terms of significant positive and negative impacts, real or potential;
- Any actions taken, as well as their outcomes, to prevent, mitigate, or remedy real or potential negative impacts, and to address risks and opportunities;
- Any actions taken, as well as their outcomes, to prevent, mitigate, or remedy real or potential negative impacts, and to address risks and opportunities.

To achieve this objective, the general approach adopted to identify and manage material, real, and potential impacts on consumers and/or end-users related to novobanco's products and/or services is presented in relation to:

- Impacts related to information on clients [e.g., privacy, freedom of expression, and access to (quality) information];
- Personal safety of consumers and/or end-users (e.g., health and safety, personal security);
- Social inclusion of consumers and/or end-users (e.g., non-discrimination, access to products and services, and responsible business practices).

This chapter also addresses how material impacts on consumers and/or end-users can create material risks or opportunities for novobanco. For example, negative impacts on the reputation of the Group's products and/or services can be detrimental to its business performance, while trust in the products and/or services can bring business benefits, such as increased sales or an expanded future customer base.

3.2.2 Interaction with other ESRS

This chapter should be read in conjunction with chapters 1. General Disclosures, 2.2.6.3 Actions and resources related to climate change policies, and 3.1 Own workforce of this Sustainability Disclosure.

3.2.3 Strategy

Novobanco's mission is to be the trusted partner that supports families and businesses throughout their lives. With this focus on the customer and society, it would be insufficient to adopt only a financial perspective to identify the most material topics for the bank. Aware of its role in combating climate change, novobanco has developed initiatives to adopt a structured, ambitious, and effective approach to address environmental, social, and governance (ESG) challenges in the transition to a sustainable, low-carbon economy and an inclusive and just society.

Novobanco's current strategy is integrated into the bank's ambition in all these dimensions. Thus, the ESG vision is integrated into all pillars of the bank's business model: (i) in its relationship with the customer and society, in the context of supporting the transition and promoting socio-economic development, (ii) in the environmental and social performance of its own operations, (iii) in the practices of development, inclusion, and promotion of employee well-being, and (iv) in a sustainability strategy that enhances an effective governance model and a proper economic integration of all risks, including climate and environmental risks.

From the process of double materiality analysis of impacts, risks, and opportunities carried out by the bank in 2023 and 2024, three material sub-themes were identified:

- Impacts related to information for consumers and/or end-users;
- Personal safety of consumers and/or end-users;
- Social inclusion of consumers and/or end-users.

These themes reflect the impacts, risks, and opportunities of the activities that novobanco addresses as fundamental to ensuring that the bank effectively meets the needs of its customers, respecting principles of ethics, safety, and inclusion.

The group recognizes that consumers and end-users are essential stakeholders and are at the center of its operations, ensuring their rights, interests, and viewpoints at all stages of their lives. This ensures not only respect for human rights but also the protection of customers' personal data, transparency in the communication of products and services, and the promotion of an accessible banking experience for all, regardless of their socio-economic conditions or capabilities.

Integrating customers' interests and rights into the bank's activities not only contributes to greater trust and loyalty but also strengthens the group's market position, promoting a safe, transparent, and inclusive experience. These principles are fundamental to ensuring long-term sustainability and growth, aligning customers' needs with the group's business and governance practices.

3.2.3.1 Views, interests, rights and expectations of stakeholders

[ESRS S4 SBM-2; GRI 2-29]

Novobanco recognizes that the interests, viewpoints, and rights of its customers are central elements in defining and executing its strategy and business model. Therefore, it continuously and systematically integrates customers' needs and expectations into its business approach, ensuring that their experience and rights are always prioritized.

To this end, Grupo novobanco adopts various practices to identify and collect feedback, interests, and concerns from this group of stakeholders, including satisfaction surveys, direct feedback, behavior analysis through various dialogue channels – such as online and telephone service, in-person at its branch network and business centers, as well as through the complaint submission system, website, social media, and conferences. Based on the information collected, the bank adjusts its service and product offerings, ensuring that the solutions meet customers' needs.

Novobanco's strategy prioritizes offering innovative and accessible banking solutions with a truly customer-centric approach. The group's commitment is to be present at all stages of its customers' lives, offering not only products and services that accompany their different needs but also a safe, simple, and personalized banking experience, ensuring excellence in every interaction and solution.

Grupo Novo Banco ensures that all customers, regardless of race, color, or any other characteristic, are treated with equality and respect, without any form of exclusion. The business model and product offerings are continuously adapted based on listening to customers' needs, always seeking the best way to serve them and offering innovative and inclusive solutions, including for economically or socially more vulnerable customers.

3.2.3.2 Interaction between material impacts, risks and opportunities and the strategy and business models

[ESRS S4 SBM-3]

Information impacts and personal safety of consumers and end users		
The absence of robust information protection systems, combined with the evolution of threats and cybersecurity technologies, increases the risk of data loss or disclosure, including personally identifiable information, compromising customer privacy and potentially causing material damage	⊕	⊖
	R	O
Incidents involving personal data security can result in a loss of customer trust, reputational and financial damage, including legal proceedings	⊕	⊖
	R	O

⊕ Positive Impact ⊖ Negative Impact O Opportunity R Risk

The implementation of practices that ensure customers' privacy and security is fundamental to the group's strategy and business model, consolidating a culture aligned with the best global trends and ensuring a service that mitigates the impacts and risks associated with the identified material topics.

Impact on Strategy and Business Model:

A robust framework to address cybersecurity risks and a strong governance model and data protection policies are essential to reinforce customer trust and increase their level of satisfaction and engagement with the bank.

For novobanco, it is therefore strategic and a priority to mitigate cybersecurity threats with continuous investments in data protection technology. Failures in adapting the bank to new threats could compromise the security of customer data and, consequently, its reputation in the financial market.

Thus, the group promotes technological innovation combined with excellent service, providing its customers with unique advantages, securely preventing the improper capture of personal data and fraud in digital channels. Integrated into the technological innovation processes is the growing relevance of managing and controlling the risks associated with service providers contracted by the group. Recognizing this issue, novobanco Group is especially rigorous in all its subcontracting processes, requiring its partners to have robust cybersecurity and data protection methods, in line with the best market practices and current regulations. The group continuously monitors and evaluates service risks, with an emphasis on ICT areas and related functions.

Social inclusion of consumers and/or end users		
Digital tools and channels that are accessible, both in terms of usability and language, to ensure that all consumers, regardless of their financial literacy, can access and understand banking information, can represent an opportunity for business expansion		
	R	O
Inclusive products and services that meet the needs of different customer groups, regardless of age or income, promote the democratization of access to banking services, helping to reduce inequalities	+	
	R	O
The development of initiatives, products, and services aimed at consumer segments with low financial and/or digital literacy promotes their security and financial education	+	
	R	O
Offering services adjusted to low-income or highly indebted consumers contributes positively to society	+	
	R	O

(+) Positive Impact (−) Negative Impact (O) Opportunity (R) Risk

The concern for social and financial inclusion and the protection of segments of the population with lower financial literacy is also a priority for novobanco. Through services accessible to all segments, novobanco contributes to reducing inequalities and reinforces its commitment to the healthy and sustainable financial management of its clients, while simultaneously offering an opportunity for business expansion.

Impact on Strategy and Business Model:

Contributing to the financial inclusion of the communities it serves is an essential part of novobanco's mission. To this end, novobanco:

- It offers accessible solutions aimed at clients with different levels of financial literacy, attracting new clients and expanding its reach to segments of the population previously excluded or having difficulties using conventional banking services;
- It continuously improves access to its services through technological advancements focused on experience, simplicity, and ease of use, as well as financial and digital education, contributing to the reduction of banking exclusion;
- It develops value propositions and solutions centred on the needs of clients at the most critical moments of their professional or personal journeys, whether in credit, savings or daily management;
- It offers inclusive products ranging from micro-savings solutions to housing credit solutions with preferential conditions for older consumers (over 50 years) and younger consumers (up to 35 years), including the option of credit guaranteed by the Portuguese State for young people;
- It maximises social impact and promotes equal opportunities in Portuguese society through inclusion initiatives, financial literacy, ESG education, and support for research and projects aimed at the most vulnerable segments of Portuguese society. These initiatives are described in the chapters 3.2.4.4 e 3.3.1 of this disclosure.

Responsible marketing		
Inadequate marketing practices can lead customers to make harmful decisions	⊕ R	⊖ O
Remuneration structures and incentive policies that prioritize the sale of products or services may promote business practices that are not in the best interest of customers, such as irresponsible marketing practices.	⊕ R	⊖ O
Information impacts for consumers and end users		
The lack of clear and accurate information about risks involved in investments or financial products can lead to poorly informed decision-making, with negative financial repercussions.	⊕ R	⊖ O

⊕ Positive Impact ⊖ Negative Impact Ⓞ Opportunity Ⓡ Risk

The lack of clear information about financial risks and improper marketing practices can lead to poorly informed decisions, resulting in losses for customers.

Impact on Strategy and Business Model:

Providing insufficient or inadequate information or offering products not suited to the client's profile can decrease customer satisfaction, generate complaints, and consequently impact novobanco's commercial activity. To address these potential impacts, the group acts on several fronts, namely through:

- Continuous training for its employees, ensuring they have the appropriate knowledge to perform their roles and understand their information duties so they can convey information simply and clearly, provide documentation with essential characteristics, functionality, risks, and costs of products, and clarify any doubts about the economic and market context or applicable taxation so that any client, regardless of their literacy level, can identify if they have sufficient knowledge to understand the product and make appropriate decisions;
- Building a policies and procedures framework and a model of objectives and incentives that protect the client from aggressive commercial practices or improper marketing practices;
- Scrupulously complying with all banking activity legislation and regulations related to client protection, conflict of interest mitigation, information provision duties, and transparency.

The Bank, in the reporting year, was not aware of any cases of non-compliance with the UN Guiding Principles, the ILO Declaration or the OECD Guidelines involving consumers or end users.

For more information on the strategic pillar "Customer-Centric Bank," please refer to chapter 2.2 Strategic Pillars in the Management Report.

3.2.4 Management of impacts, risks and opportunities

3.2.4.1 Policies related to consumers and end-users

[ESRS S4-1; GRI 2-23, 2-25, 406 3-3, 416 3-3, 417 3-3, 418 3-3]

With the aim of ensuring a simple, secure, and transparent experience that meets the actual financial needs of customers, novobanco's activities are governed by a series of internal policies and guidelines that support the management of impacts, risks, and opportunities associated with its customers. These policies, developed in compliance with applicable laws and regulations, guide the relationship with customers and apply to all employees and daily operations. The responsibility for drafting these policies is ensured by the by the Operational Resilience Department and the Marketing Departments for Individuals and Companies, which report directly to the Executive Board of Directors.

The compliance control of obligations related to personal data protection is ensured by the Data Protection Officer (DPO) in each of the entities of novobanco Group.

The IT and Cybersecurity functions are aligned with corporate risk management policies, with the Chief Information Officer (CIO) and the Chief Information Security Officer (CISO) reporting directly to the Executive Board of Directors.

The compliance control of obligations related to personal data protection is ensured by the Data Protection Officer (DPO) in each of the entities of the novobanco Group.

The applicable policies include: Information Security Policies, Personal Data Protection Policy, Product Design, Approval, and Distribution Standard, and Savings and Investment Business Policy.

The novobanco policies are available on the intranet for all employees and are also accessible to other relevant stakeholders, including clients and suppliers and other stakeholders, through the institutional website.

Information Security Policies

The security of customer information is one of the Group's top priorities. To ensure data protection and the trust of all involved, the policy establishes clear guidelines for the handling and storage of information. The Information Security Policy has been approved by top management and covers essential areas to ensure information protection, being reviewed annually or whenever there are significant changes, ensuring that the content is always up to date.

Novobanco has defined its regulatory framework for information security based on legal and regulatory obligations and best practices applicable to information security, such as the ISO/IEC 27001 standard (Information Security Management Systems).

The General Information Security Policy aims to:

- Establish global Information Security guidelines for all entities of novobanco Group;
- Contribute to maintaining the trust of customers, employees, shareholders, business partners, and regulatory entities in novobanco's Group ability to protect the information under its responsibility;
- Ensure that information assets are protected from unauthorized use, disclosure, alteration, or destruction processes, consistent with their importance and sensitivity.
- Guarantee an effective response capability to potential information security incidents, minimizing the financial, reputational, and operational impact, and comply with the legal and regulatory obligations of each entity of novobanco Group regarding this matter.

Personal Data Protection Policy

Data protection is not limited to compliance with the General Data Protection Regulation (GDPR); it also encompasses ethical considerations in the use of data, aiming to benefit individuals and society. In this regard, the bank adopts a policy that complements the provisions for the protection and processing of personal data set out in the contracts established with its clients and the information provided to clients through various channels and other policies and regulations established

to ensure the protection of personal data. This policy follows fundamental principles, including:

- **Lawfulness:** Personal data will only be processed when at least one of the legal conditions for processing is met, such as the consent of the data subject, the contractual relationship, compliance with legal obligations, or the legitimate interest of the bank or third parties;
- **Minimisation and Retention Limitation:** Only personal data that is necessary and appropriate for specific purposes will be processed, and its retention will only occur for the time necessary to achieve these purposes;
- **Transparency:** Data subjects will be informed clearly and transparently about the main characteristics of the processing, including the purposes and possible transfers to third parties;
- **Need for Access:** Access to personal data will be restricted exclusively to employees, collaborators, and partners who need this information to perform their duties.

This approach ensures not only legal compliance but also a commitment to ethics and the protection of individuals' rights at all stages of personal data processing, benefiting not only clients and employees but also society as a whole, in line with the bank's strategy regarding integrity and respect for ethics in its daily operations.

Product Design, Approval, and Distribution Standard

The suitability of the products and services distributed by novobanco to the needs of its customers. The Product Design, Approval, and Distribution Standard is the internal regulation at novobanco that ensures this objective, defining the set of rules and procedures for the design, approval of any innovation in products and services, and their monitoring. It aims to ensure the protection of the customer's best interest, the fair exchange of value between the bank and the customer, and the mitigation of operational risks, among others, through the definition of procedures to: i) understand and continuously test all the characteristics of the distributed products and provided services; ii) identify, assess, and mitigate the risks involving each product and service in their various dimensions.

Savings and Investment Business Policy

Novobanco strives for fair and equitable treatment of clients, adhering to the best practices in the sector. It has defined and communicated, both internally and externally, its policies for preventing conflicts of interest, which clearly and objectively indicate the precedence of clients' interests over the bank's interests and the necessity of not favouring certain clients over others. The principle of the bank's Business Policy aims to:

- Protect investors, particularly the most vulnerable;
- Maximise transparency in the information provided and in its operations;
- Respect the target market of financial products and instruments.

The Bank was not aware of any cases of non-compliance with the UN Guiding Principles, the ILO Declaration or the OECD Guidelines involving consumers or end users.

3.2.4.2 Processes for engaging with consumers and end-users about impacts

[ESRS S4-2; GRI 2-29, 3-3, 406 3-3, 416 3-3, 417 3-3, 418 3-3]

The day-to-day operations of novobanco are focused on meeting the needs of its customers at all stages of their lives, with this purpose being the first pillar of its strategy.

Novobanco is aware that financial institutions have a crucial role to play in responding to their customers' daily needs. And because customers are not all the same, the bank favours a differentiated approach to provide the best experience for each of them, offering suitable products and services, thereby reinforcing the trust they have placed in the bank.

Channels for dialogue

Clients

Request by phone, online and in person;

Formal system for filing complaints;

Branch Network, Corporate Centres and Regional Divisions;

Social Networks (novobanco Cultura, novobanco; Facebook and Linkdin); Events, such as novobanco Summit.

With the aim of offering the best experience to its customers, the Customer Voice Diagnostic model is based on several pillars that seek to bring their voice into the organisation, allowing for a better understanding of their needs and satisfaction throughout their lifecycle, identifying opportunities for improvement. The information resulting from this listening and monitoring model is shared with the Group's commercial structures and central areas, enabling a set of actions to be triggered with the aim of improving the customers' experience with the Group in its various aspects, as well as defining an appropriate offer of products and services.

The Customer Voice Diagnostic Model, in terms of satisfaction surveys, is based on three types of KPIs:

- **Relational NPS (Net Promoter Score)[1]:** measures customer loyalty to the novobanco brand based on their experience throughout their entire customer lifecycle. To this end, a survey is conducted with all individual and corporate clients to identify the drivers of NPS and their respective causes, allowing for the prioritisation of improvement actions;
- **Customer Satisfaction with Experience (CSAT)[2]:** measures customer satisfaction with their experience across different journeys, including interactions at branches and through digital and telephone channels. With the aim of identifying satisfaction drivers and improvement actions, the Group conducts several surveys to monitor the customer experience with the service provided across all commercial structures of the bank and all customer segments. Customer feedback is also collected 24 hours after a branch visit. Real-time satisfaction surveys are also conducted for digital channels across various dimensions (available functionalities, ease of use, security, visual appeal) and compared with competitors;
- **NPS Benchmark:** Measures customer loyalty to the brand based on experiences with the organisation, compared to competitors. Monthly monitoring of the Benchmark NPS of individual clients (BASEF Banca and CSI developed by Marktest) and corporate clients (Financial Services Barometer developed by DATA E) is carried out;
- Additionally, there is a customised mystery client programme aimed at identifying service weaknesses and training needs. It is conducted annually based on critical themes and current needs;
- Specific studies are occasionally carried out using different methodologies, depending on the critical themes of the moment. The information resulting from the VoC Model is shared with the bank's commercial structures and journey teams, allowing for a set of initiatives to be triggered with the aim of

[1] NPS (Net Promoter Score) - Loyalty metric, based on the likelihood of the customer recommending the bank to friends and family/business partners
[2] CSAT – Metric based on satisfaction with the experience (% of very satisfied customers).

improving the customer experience with the bank in its various aspects;

- The effectiveness of the Customer Voice Diagnostic model is evaluated by monitoring the main customer satisfaction and loyalty indicators: Relational NPS, Benchmark NPS, CSAT with Service, CSAT with digital channels and CSAT with key journeys.

For more information on the effectiveness of the targets, see chapter 3.2.5 Metrics and Targets of this Disclosure.



Voice of the Client (VoC) Diagnostic Model



Service quality
Experience monitoring surveys of customers with the service provided in all commercial structures of the bank and all the segments. In 2023 we will start installing feedback from customers 24 hours after visiting a branch.



Moments of truth
Continuous monitoring of customer experience, immediately following key moments in the banking relationship, aiming to identify opportunities for improvement that meet customer expectations and needs.



Digital channels
Study of customer satisfaction with digital channels across various dimensions (available features, ease of use, security, and visual appeal) and a comparison with competitors. Real-time collection of customer feedback on the use of the various features of the bank's digital channels and website.



Quality indicator
Quality indicator of commercial areas that reflects the quality of service and other elements that impact the customer experience.



External surveys
Benchmark NPS* monthly monitoring of private customers (BASEF Banca and CSI developed by Marktest) and from clients company (Financial Services Barometer developed by DATA E).



Ad hoc surveys
Specific studies using different methodologies, depending on the themes critics of the moment.



Mystery client
Customized program with the aim of identify service weaknesses and need for training. Performed annually depending on the critical themes and needs of the time.



Relational study
Survey carried out with all private clients with the aim of measuring their loyalty based on all the experiences lived throughout its life cycle. The results identified key drivers of satisfaction and their root causes, enabling prioritized improvement actions.



Improvement
Sharing the information resulting from the VoC Model with the bank's commercial structures and improvement teams, allowing trigger a set of actions that aim to improve customers' experience with the bank in its various aspects.

* NPS (Net Promoter Score) - Loyalty metric, based on the probability of the customer recommending the bank to friends and family/business partners based on the experiences they have had during their customer lifecycle

The Customer Experience and Satisfaction Office represents the voice of the customer. It has the operational responsibility to ensure that dialogue with the customer occurs effectively and that the results obtained serve to guide the strategic approach, directly influencing how services are delivered and improved.

At novobanco, the monthly steering meetings for individuals and corporate and commercial clients' segments , with the presence of the Chief Commercial Officer of Retail or Companies (CCOR/CCOC) and a monthly frequency, are also fundamental processes to understand the concerns and expectations of customers, both in the individual and corporate customer segments. These activity monitoring mechanisms allow for tracking customer needs, continuously developing and adjusting the value proposition for each segment. By anticipating issues and evaluating customer feedback, the bank responds more effectively to the impacts, risks, and opportunities arising from its activities, improving the experience and satisfaction of its customers. This continuous monitoring thus helps to strengthen the relationship with customers.

The Chief Commercial Officer (CCO), in close collaboration with the Customer Experience and Satisfaction Office, ensures that customer needs and expectations are incorporated into the strategy, ensuring that all areas of the Group are aligned to provide the best experience and satisfaction.

In 2025, more than 70 thousand responses were collected from satisfaction surveys conducted with individual and corporate clients. Creating a value proposition that enables an appropriate response to clients is novobanco's purpose. In this context, one of the essential pillars of its strategic positioning is to be a customer-centric bank, constantly seeking to understand their needs at different stages of their lives, actively listening to what they have to say through various available channels, and thus continuing to provide an offer of products and services that best meet their expectations.

Individual Clients

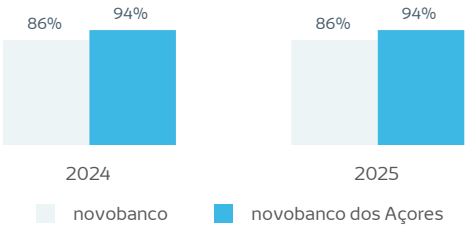
The individual customer segment continues its path of innovation, progressively developing and promoting omnichannel capabilities associated with its Contact Hub, largely based on digital transformation, aiming to provide customers with maximum convenience in a context of trust and relationship

In 2025, the individual customer segment received approximately 69 thousand responses to surveys.

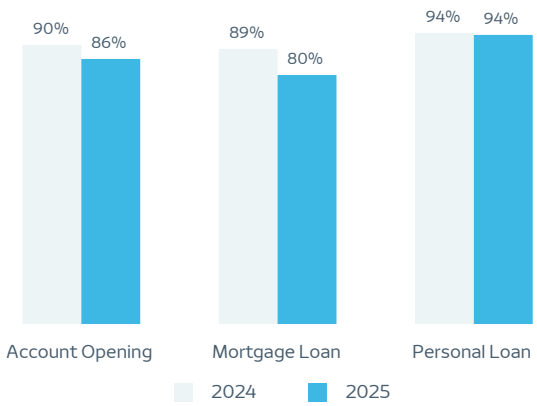
About 86% of novobanco customers and 94% of novobanco dos Açores customers are very satisfied with the quality of service provided to them. In 2025, the opinions of more than 3 thousand customers were also collected regarding their experience with the key moments of truth in their relationship with novobanco, particularly account opening, mortgage credit, and personal credit.

Always underlying this are: i) the suitability of products and services to customer needs, which directly results from the regular listening process, ii) new market trends, and iii) regulatory requirements. Grupo novobanco has been reformulating its offer to progressively reinforce and respond to environmental, social, and ethical considerations

Very Satisfied Customers I Retail (%)



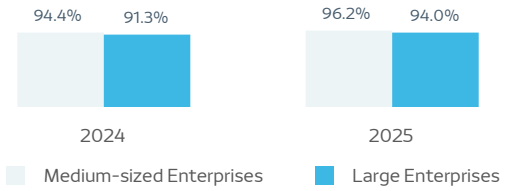
Moments of Truth novobanco I satisfaction with the process (%)



Corporate and commercial Customers

Creating a value proposition for the Corporate segment that is innovative, competitive, and profitable, in order to reinforce novobanco as the reference bank for companies in Portugal, continues to be one of the group's priorities, and the voice of the customer is a fundamental contribution to achieving this objective. In 2025, approximately 1.6 thousand responses were collected from satisfaction surveys in corporate banking. The results show a significant increase in customer satisfaction, with 96% of Medium Enterprise clients and 94% of Large Enterprise clients are very satisfied with the service.stating they are very satisfied with the service provided. In 2025 , 1.8 thousand additional surveys were conducted following credit origination, reinforcing the ongoing monitoring of the customer experience of credit.

Very satisfied customers I Corporate (%)



3.2.4.3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

[ESRS S4-3; GRI 2-25, 2-26, 418-1]

Digital banking has enabled greater and faster access to financial services and products. Bank customers are increasingly using the internet and the novobanco app for their financial transactions, which in December 2025 amounted to approximately 1,160 million daily accesses. Thus, to manage the financial life and daily activities of its customers, novobanco ensures that its bank is always available, with all the convenience and security, providing a wide range of tools and information to both its customers and employees to keep the online bank always safe and protected.

Novobanco values three fundamental aspects to build a trusting relationship with its customers: information security, data privacy, and customer experience. To this end, it ensures data protection, respects the confidentiality of information, and continuously works to provide efficient, personalised, and excellent service, with the aim of increasing customer satisfaction and trust, as well as minimising any negative impacts that may arise.

Information Security and Privacy

The management of Information Security/Technology (IT) risk is aligned with corporate risk management policies and practices, with reporting lines established to relevant management bodies in accordance with novobanco's three lines of defence model. Specific workflows are defined to manage cyber risk as part of non-financial operational risk.

The IT and Cybersecurity functions are aligned with corporate risk management policies, and activities related to information security and cybersecurity are reported monthly to the Non-Financial Risk Committee.

novobanco conducts technological and security risk analyses on its systems, with particular attention to payment processes and systems. The principle of "Security by Default" is applied in the planning and implementation of controls in projects involving significant environmental changes.

To address customer concerns regarding the security and privacy of their data, the bank adopts a continuous improvement approach to information protection, implementing rigorous practices:

- The novobanco **Security Operations Centre** (SOC) operates continuously 24x7x365. The information systems of the novobanco Group are regularly tested by specialised cybersecurity companies.
- **Regular internal and external evaluations and audits** are conducted by independent entities,

including annual Red Teaming exercises, the Cyber Resilience Stress Test 2024, among others.

- Regular **incident response simulations**, such as ransomware attacks, are conducted. The results of these simulations contribute to the improvement and updating of procedures.

- **Identity Management and Access Control:** novobanco has a logical access management policy that regulates the management of user accounts, including privileged accounts based on the principles of least privilege and segregation of duties. This type of policy helps ensure the security of novobanco's systems, minimising risks associated with improper or outdated access. Additionally, physical access to buildings and data centres is restricted to authorised personnel, and all access is logged and subject to additional security controls whenever necessary. Remote access is controlled with multi-factor authentication (MFA) and VPNs. Sessions are automatically terminated after prolonged inactivity.

- **Incident Management and Cyber Threat Response:** novobanco has an incident management plan and an incident management team composed of specialists with specific training, responsible for analysing and containing incidents, including cyber-attacks and data breaches.

- **Vulnerability and Update Management:** the bank uses tools to identify vulnerabilities in its systems, conducting regular analyses and whenever significant new threats are identified. Critical vulnerabilities must be fixed within the maximum approved timeframe, and progress reports are reviewed monthly by the Non-Financial Risk Committee. Additionally, regarding software updates, novobanco maintains a structured update management process. This process ensures the existence of productive and non-productive environments, with the respective segregation of access, allowing for safe testing and subsequent deployment of new updates to the end user.

- **Innovation and Technological Improvement:** The bank continuously invests not only in advanced cybersecurity technologies, including AI-based solutions for threat detection and customised systems to meet specific needs, but also in advanced SIEM (Security Information and Event Management) monitoring tools that identify anomalous activities. Access and event logs are analysed in real-time, triggering automatic alerts for suspicious activities. All activity logs are stored in accordance with regulatory and security requirements.

- novobanco also uses **cybersecurity rating tools to evaluate its critical business suppliers and partners**, with whom it establishes service levels and confidentiality agreements that include relevant clauses regarding information security and data privacy. Key suppliers are regularly monitored to ensure they maintain the required security levels.

- The bank's preparation to ensure the security of its customers also involves **community collaboration** through active participation in security forums and networks, where information on cybersecurity and new threats is shared. The bank is a member of the National Cybersecurity Incident Response Network (CSIRT) and actively participates in forums of the Portuguese Banking Association and the Bank of Portugal. Additionally, the bank has participated in the national CIBER PERSEU exercise, conducted by the Portuguese Army, with the aim of continuously testing and improving our ability to respond to cyberattacks.

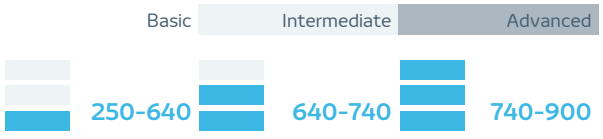
Novobanco also has insurance coverage for cyber risks in the event of a cyber incident.

We are always attentive	We use cutting-edge technology	We have double security and disposable codes
24 hours a day to monitor all transactions and identify suspicious activities	We use SHA256RSA SSL technology for information/communication encryption	Online banking and credit card transactions have exclusive guarantees to protect you against fraud, providing peace of mind

To ensure customer trust, the security of online channels, and to minimise potential negative impacts, novobanco regularly publishes content and alerts about new forms of online fraud to raise customer awareness for careful use of digital means. It also monitors the publication of new suspicious websites and takes necessary actions to block malicious content with the competent authorities.

One of the tools novobanco uses to assess its exposure to cybersecurity risk is the bitsight tool, which allows for market comparison. In this context, novobanco has set a reference for its activity to ensure an "Advanced" score - equal to or greater than 740.

Bitsight scores



It is also noteworthy that in the financial sector and in terms of security, the bank maintained, in 2025, a performance above the average, which was around 760.

The novobanco Group promotes continuous training actions with the aim of reinforcing the fundamental role that all employees play in preventing cybersecurity risks, highlighting:

- Annual and mandatory training that covers various topics, which can be applied in both professional and personal contexts, thus contributing to greater global security and resilience in cyberspace.
- Specialised training for technical teams and cyber incident management;
- Practical workshops to identify and respond to cyber threats, such as phishing;
- Conducting internal phishing simulations with the aim of raising employee awareness for identifying and reporting fraudulent emails.

At novobanco, the privacy and protection of its customers' personal data and other data subjects are also fundamental. In this regard, the principles of confidentiality ensured in the privacy policy are upheld.

novobanco is determined to respect the fundamental principles of personal data protection, complying with the applicable legislation on personal data processing. To this end, it has implemented technical and organisational measures that ensure an adequate level of protection for personal data, based on international best practices. These measures encompass a set of fundamental principles in all domains of information security, such as confidentiality, integrity, availability, authenticity, non-repudiation, and privacy.

novobanco has made available on www.novobanco.pt a Privacy Policy and a document with detailed information about the use and protection of personal data, the reasons for processing it, the rights of data subjects, and how these rights can be exercised with novobanco.

More information can be found at https://www.novobanco.pt/politicas-privacidade

In 2025, novobanco carried out various awareness and training actions to ensure Personal Data Protection.

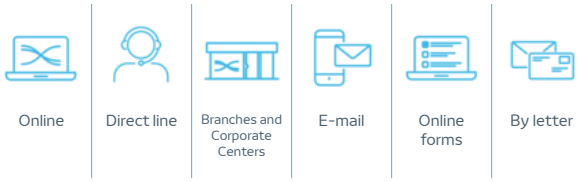
Customer Experience

The bank aims to establish and ensure a constructive dialogue with its customers, seeking, whenever possible, to immediately resolve any issues raised by the customer. However, if the customer remains dissatisfied or the problem does not have an immediate solution, and since it is fundamental for the bank that any errors or problems are resolved quickly and professionally, various channels are made available for customers to register their dissatisfaction.

Upon receiving the complaint, the bank undertakes the necessary steps to ascertain and evaluate the facts alleged by the customer, impartially and carefully analysing the available information and documents, in collaboration with the internal areas responsible for supporting the offer of products and services related to the complaint. These steps allow the bank to assess the reason for the customer's dissatisfaction, identify the underlying causes, and contribute to the continuous improvement of the commercial relationship with the bank, as well as to the control and monitoring of the corrective measures adopted. In 2025, the complaint rate per thousand customers was 0.6.

The bank provides various channels for submitting complaints:

Channels for submitting complaints



The channels available to customers are not only presented in account opening contracts and, in accordance with the law, in branches and business centres, but also on the bank's website.

Complaints received by novobanco are monitored and handled with principles of fairness, rigour, diligence, and transparency. A record of each complaint is maintained, and a complete process is constituted from its analysis, decision, and response. In more complex situations, the bank keeps the customer informed of the status of the complaint.

3.2.4.4 Targets, measures and approaches to manage material negative impacts, advance positive impacts, and manage material risks and opportunities

[ESRS S4-4, S4-5, S4-6; GRI 2-24, 2-25, 3-3, 406 3-3, 416 3-3, 416-2, 417 3-3, 417-2, 417-3, 418 3-3, 418-1]

Access to (quality) information and Responsible marketing practices

The lack of transparency in customer information or its incorrect disclosure can lead to customer dissatisfaction and complaints. novobanco adopts several investor protection measures, including:

- Providing customers with all pre-contractual and post-contractual documentation with essential characteristics, operation, risks, and costs of the products;
- Training employees at branches to clearly and simply convey these characteristics, as well as clarify any doubts about the economic and market context or applicable taxation, so that any customer, regardless of their literacy level, can identify if they have sufficient knowledge to understand the product, its operation, and risks, and make an informed decision;
- Implementing a mystery shopper process that evaluates and helps ensure that novobanco's commercial network correctly informs the customer about the conditions of the products it distributes and complies with legal information duties;
- Providing pre-contractual information about the products and services it distributes on the website and at branches, as well as informative content and frequently asked questions about products and services and financial concepts that support the community it serves in promoting financial literacy and making informed decisions;
- Ensuring that all marketing and advertising campaigns are subject to an evaluation process focused on consumer protection and compliance with legal and regulatory requirements by relevant

second-line defence functions (e.g., Compliance, Legal, or Non-Financial Risks);

- Ensuring a system of objectives and incentives that protects the customer from improper commercial practices includes, in the case of investment products, the obligation not to highlight advantages without equally emphasising the risks; the obligation of transparency regarding costs; the obligation to only recommend products that are suitable for the investor's profile; and the obligation to use accessible and non-technical language, among others.

Financial Inclusion

The suitability of products to customer needs also involves integrating social considerations. novobanco adjusts its products to the new realities of customers by providing products and services tailored to their needs, regardless of age, race, or financial condition. All products contribute to an inclusion strategy, ensuring that each customer has access to appropriate financial solutions, promoting equal opportunities and contributing to the financial well-being of all.

Regarding savings products, the bank offers solutions that encourage and facilitate responsible financial management. The bank provides options that allow for the growth of wealth, always focusing on promoting financial inclusion and ensuring that everyone, regardless of their profile, has access to tools to save and improve their financial stability.

This approach allows for the provision of a regular savings solutions suite, which includes namely three products:

Product	Description	Performance 2025
Scheduled Savings	Allows saving from 10 euros/month by subscribing to a monthly delivery plan, in which customers set the amount and the time of the month to save, allowing them to adjust the savings to their respective family budget.	172,4 M€ 83 thousand subscribers
Micro Savings	Enables any customer to start saving small amounts by rounding up the debits corresponding to their daily expenses, with the rounding amount going to a savings account (examples: mortgage payment, personal loan payment, insurance premium, direct debits, among others).	7,6 M€ 37,1 thousand subscribers
novobanco App Goal Savings	Exclusive products for customers who subscribe to the novobanco App and Banco Best, where each customer sets their savings goals (how much they want to save and in how much time), with the path to achieving the goal defined by the apps.	41,2 M€ 36,5 thousand subscribers

Change in the reporting scope of the programmed savings scheme in 2025

In 2025, through these savings solutions, novobanco customers saved a total of 221.207 M€.

Basic Banking Services Account

This account allows for a broader provision of financial services and consequently greater social inclusion. It provides customers with a current account with a debit card and access to account transactions through ATMs in the European Union, direct channels, and bank branches.

It has an annual maintenance fee that cannot exceed the equivalent of 1% of the social support index value at any given time. This product is intended for:

- Individuals who do not hold any other current deposit account at any institution or who hold a single current deposit account to be converted into a basic banking services account;
- Individuals who hold other current deposit accounts but wish to open a basic banking services account where one of the account holders is over 65 years old or dependent on third parties.

novobanco Group held 16.4 thousand Basic Banking Services Accounts.

Youth and Senior Segment

novobanco also offers a diverse range of financial products tailored to all ages, with specific solutions for each stage of life. For those aged 50 and over, the bank provides a 55+ mortgage or insurance specifically aimed at this age group. For the younger segment, novobanco also offers a dedicated mortgage offer and financial products for savings and daily management specifically designed for young people, so they can start their financial journey with more confidence and support. Each product is designed to align with the specific needs of each life stage, ensuring a personalised and advantageous banking experience.

Support to families and individuals

For novobanco, customer support also involves developing measures to prevent and regularise situations of loan payment delays, developing its action plan for default risk centred on finding the most suitable solutions for the different situations presented by customers and in coordination with them.

In this context and for the regularisation of default situations, a set of possibilities is made available to customers, both short and medium-term, which include different strategies and approaches, from the implementation of payment agreements to debt renegotiation.

From the first signs of financial difficulties, customers have at their disposal the bank's in-person, digital, and telephone channels to clarify their doubts and request the bank's support.

Customers with loans at risk of default or in arrears on their instalments can also obtain additional information about the regimes related to credit contract defaults on the Banking Customer Portal (http://clientebancario.bportugal.pt), on the "Todos Contam" portal (www.todoscontam.pt), as well as advice and support from RACE, free of charge (www.consumidor.gov.pt).

novobanco also maintains a communication channel with the Portuguese Consumer Protection Association – DECO, for receiving support requests made by novobanco customers through that channel.

Accessibility

Accessibility can be one of the main factors of social and financial exclusion. Therefore, to always be present, the bank has taken all necessary steps to ensure that its customers can access financial services when digital is not an option.

To this end, and for those who have more difficulty moving around, the bank, through its Social Well-Being program and with the aim of developing a set of practices aimed at building a more inclusive society, has renovated and equipped, in most cases and whenever possible, its network of branches of the new distribution model (NMD) with ramps and stairlifts. Most of the NMD branch network has thus implemented accessibility for people with reduced mobility.

To also ensure the financial inclusion of all its customers and accessibility to financial services, the novobanco

Group has 271 branches and 13 extensions In Portugal, of which 51 are in low-density population areas.

Financial and Digital Literacy

To keep up with the rapid pace of digitalisation in society and the need for financial literacy development, it is a priority for novobanco not only to ensure a complete and innovative offering of digital financial services but also to promote and educate for the correct and safe use of these channels in daily financial management.

With a special focus on the customer and the people who use digital channels every day to interact with financial services, novobanco has continued its financial education programme based on two pillars: Digital Literacy and Savings and Personal Finance.

Digital Literacy
Digital Wellbeing

Digital security is one of our priorities, and to improve the digital skills of people using financial services on a daily basis, we developed a digital literacy programme with the Portuguese Banking Association (APB) and its members. This programme enabled 600 participants,in the year of its launch, to acquire basic digital skills from a user perspective, contributing to the safe use of digital channels. At the same time, we share basic rules for the safe use of our digital channels.

Futuro em dia (The future, up to date)

Under the motto "Your finances the way they should be. Simple.", novobanco offers the Futuro em Dia platform, which has established itself as a reference in promoting financial literacy in Portugal. It stands as a true ally for those who wish to manage their finances and ensure a more peaceful and secure future, regardless of the stage of life they are in.

Through this platform, both the bank's customers and society in general have access to a wide range of resources, tips and tools that enable them to optimise their financial management in a simple, accessible and efficient way, contributing to greater financial empowerment of the population.

novobanco aims not only to promote greater financial stability but also to make the financial system simpler and more understandable.

In this context, it has been strengthening tools that can help people manage their budget, set goals to achieve their financial objectives, and save regularly. Through practical guides that provide information to help people improve their understanding of products, investment concepts, and financial risks, contributing to the financial well-being of customers and their families, and through literacy programmes with external partnerships.

Financial Literacy
Financial Wellbeing

Balancing and planning your personal finances depends not only on your income and savings, but also on how you organise your personal budget. To help customers make informed key decisions for the present and the future, we have prepared a series of tips and simplified financial concepts to make it easier to manage personal finances

Whether it is a young person seeking financial independence, couples planning their retirement, or individuals concerned about financial security in the face of unforeseen events, Futuro em Dia provides content tailored to the specific needs of each stage of life, reinforcing its role as an instrument of financial education and awareness.

Through Futuro em Dia, customers can learn how to build solid savings, invest in an informed and secure manner, and maximise their income. With clear, practical and transparent information, financial decisions become grounded in accurate data, making it easier to achieve defined financial goals. For those seeking a more stable and conscious financial future, Futuro em Dia positions itself as a fundamental tool to turn financial goals into reality.

For more information, visit https://www.novobanco.pt/futuro-em-dia

No Banco da Minha Escola (On the school bench)

In 2025, the bank once again partnered with the Portuguese Banking Association (APB) through the Financial Education Project – 'O Banco da Minha Escola', which aims to create more informed generations capable of making conscious decisions in the future.

This initiative, which brings together members of the APB, impacts schools from the north to the south of the country and is directed at 3rd-cycle and secondary students during the 2024/2025 school year.

During the2024/2025 school year, novobanco employees conducted financial literacy sessions in 7 schools across the country, including one in Funchal. In the 2025/2026 school year, sessions were held in 5 schools. Over these two school years, a total of 1,589 students were reached.

Topics covered in the sessions

- **Planning and Managing the Family Budget**
    - understanding what income and expenses are, how to create a budget, and how to manage a budget balance.
- **Financial System - Banking Products and Services**
    - deepening knowledge about the functioning of the financial system and some essential banking products, such as credit, deposits, payment methods, and insurance.
- **Online Security**
    - identifying different types of online fraud and adopting the most appropriate and safe behaviours to prevent them

We brought financial literacy to 1, 589 people, promoting greater confidence and financial autonomy.

Digital Literacy

With the aim of improving the population's digital knowledge, the bank partnered with the Financial Education Project – the Digital Literacy Programme of the Portuguese Banking Association (APB), 'Everything you need to know about online banking'. Through this programme, the bank aims to:

- Develop a set of basic digital skills from the user's perspective;
- Raise awareness of the importance of adopting more informed and safer financial behaviours;
- Contribute to the target population's ability to use digital channels;
- Promote the increase of Digital and Financial Literacy levels in Portugal.

During the reporting period, novobanco was not aware of any serious issues related to human rights, nor of any incidents involving consumers and/or end users.

3.2.5 Metrics and targets

Related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

[ESRS S4-5; GRI 406-3, 416-3, 417 3-3, 418-3]

With the commitment to continuously monitor the defined objectives and ensure an effective response to customers, the Bank has established clear metrics that it monitors to guarantee stability and excellence in every customer interaction. The focus is on providing a service supported by a robust operational framework that minimises and controls cybersecurity and data protection risks, while ensuring the transparency, simplicity and completeness of the information provided. This strengthens the trust customers place in the Bank and promotes ongoing satisfaction and loyalty. In this context, novobanco has defined a set of metrics to monitor the identified sub-topics, which are presented in the tables below. Given the nature of these metrics, the Bank has not established quantitative targets; their monitoring is framed within a continuous improvement model centred on the evolution of performance compared with the previous period.

The following metrics have been defined to monitor the identified sub-themes:

Privacy, Information security and personal safety of consumers and end-users

Metric	Performance 2025
Information Security Training Hours	3,401
Bitsight score	760

Non discrimination

Metric	Performance 2025
Customers very satisfied with novobanco online (%)	77.8
Customers very satisfied with novobanco App (%)	89.9
Customers very satisfied with novobanco direct line (%)	n.a.
Customers very satisfied with novobanco online companies (%)	73.8

Metric (thousands)	Performance 2025
Accounts of Minimum Banking Services Account (#)	16,400
Microsavings accounts (#)	37,100
novobanco APP target savings (#)	36,500

Access to (quality) information and Responsible business practices

Metric	Performance 2025
Training hours on housing credit information duties (#)	940
Training hours on insurance information duties (#)	37,360
Training hours on MiFID information duties (#)	79,079

Access to products and services and protection of the segments of the community with lower literacy

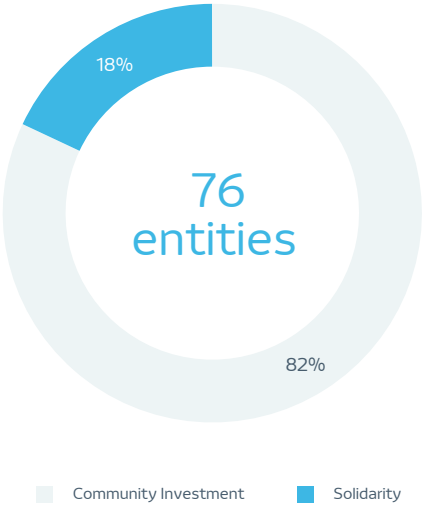
Metric	Performance 2025
Participants in financial literacy sessions (#)	1.544
Pageviews of the financial literacy website (#)	246,717

3.3 Other relevant social information (non material) - Community engagement

Being part of society means actively participating in it and developing initiatives that help overcome social, emotional, and cultural deficiencies, regardless of their cause. The bank's contribution to the social well-being of the community in which it operates, aiming to reduce inequalities and respond to new opportunities for progress, is an integral part of the challenge assumed by the bank in its corporate social responsibility strategy.

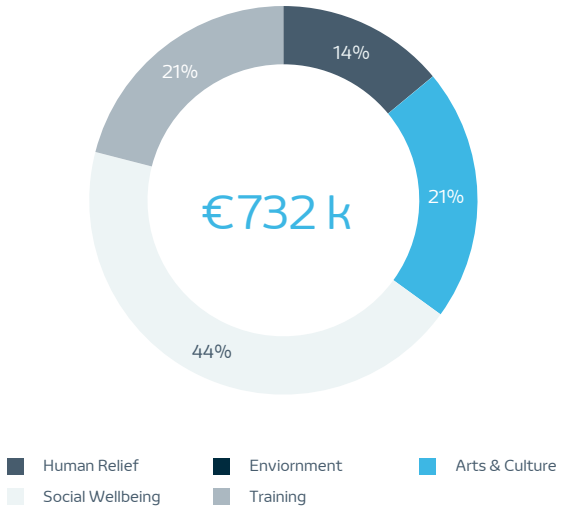
This commitment is part of the bank's corporate social responsibility strategy, which is reflected in concrete and transformative actions. novobanco's activities are thus guided by three fundamental pillars, based on its material social themes: inclusion, literacy, and culture. Through these areas, the bank seeks to positively impact society, promoting the inclusion of all, encouraging financial education, and fostering cultural development, thereby creating a solid foundation for collective growth and well-being.

Donation by motivation (%)



In 2025, and based on a sustainable attitude aimed at supporting the creation of solutions for important issues in the community where it operates, the novobanco Group donated more than €732 thousands to different entities with the following distribution:

Donations by area (%)



3.3.1 Literacy

Junior Achievement Portugal

In 2025, he bank renewed its partnership with Junior Achievement Portugal (JAP). As one of the largest and most impactful non-governmental organisations (NGOs) in the world dedicated to youth development, JAP offers practical and immersive learning across several areas, including career readiness, financial health, entrepreneurship, Science, Technology, Engineering and Mathematics (STEM), and sustainability. It stands out as one of the few organisations capable of shaping a better future for the next generation of innovators, entrepreneurs and leaders.During the 2024/2025 school year, novobanco volunteers contributed 133 hours of volunteer work, impacting 224 students across 10 schools in different regions of the country.

Entrepreneurs for Social Inclusion (EPIS)

The bank also renewed its partnership with EPIS, an association dedicated to promoting the academic success of children and young people in Portugal, with particular focus on emigrant, refugee, rural, fishing and inland communities. Its mission is to serve as a national reference in the development, incubation and implementation of new methodologies aimed at improving academic success, the quality of education and training systems, as well as youth employability and professional inclusion.

The bank supported a scholarship programme that enabled three additional students to enter and remain in university.

Leaders gang project

As partners of Mentes Empreendedoras, the bank supports the Leaders Gang project, an initiative aimed at developing essential life skills in young adults by providing meaningful moments of learning and inspiration. Many of these young people come from rural areas and, at times, from less advantaged social and economic backgrounds. In 2025 the bank brought together around 25 university students, aged between 20 and 21, with the aim of fostering leadership and innovation. The participating students highlighted the relevance of the topics covered and the opportunity to interact with professionals from the banking sector.

Miles program

In 2025 the partnership with the Manuel Violante Foundation to support the MILES Programme — a professionalisation initiative aimed at third-sector institutions — was continued. The programme's objective is to deepen the management capabilities of third-sector organisations, transforming them into agents of change capable of addressing current challenges and planning for the future.

APCEF - Associação **para a Educação, Cultura e Formação**

The partnership established with APCEF, aimed at granting scholarships to children from Colégio Laura Vicuña, located in Vendas Novas — an area of low population density and where many families face low-income conditions — supports students who would otherwise be unable to continue their education at this school. Through this partnership, five children were given the opportunity to continue their studies at this educational institution.

3.3.2 Diversity, equity and inclusion

Supporting organisations that work in areas such as promoting diversity, equity, and inclusion (DEI), combating poverty, social exclusion, among others, is the goal of novobanco's positive social impact programme.

APAV – Portuguese Association for Victim Support

APAV and novobanco signed a Patronage Protocol that reinforces the commitment of both institutions to the protection, safety and dignity of victims of crime and violence.

Under this protocol, novobanco provides a donation that supports the sustainability of 24 Victim Support Offices across the country. These offices are the entry point for thousands of people who seek help every year — places where victims of crime receive listening, guidance and specialised support, always with confidentiality, professionalism and empathy.

The protocol also includes additional support that covers the annual operation of one APAV Shelter Home in 2025. These homes offer refuge and protection to women and children who are victims of violence, providing not only safety but also a space for rebuilding and hope.

This contribution represents an important reinforcement that enables APAV to continue delivering its work with the quality and rigor that victims deserve, ensuring the continuity of an essential service to the community.

Associação Salvador

novobanco is a patron of Associação Salvador, an organisation dedicated to promoting the integration of people with reduced mobility into society and improving their quality of life. Through this support, the bank

contributes to initiatives that facilitate the accessibility and inclusion of these individuals, ensuring they can actively participate in daily life with more independence and well-being. This partnership reflects novobanco's social responsibility and its commitment to promoting a fairer and more equal society.

As part of this collaboration, in 2025, employees took part in Associação Salvador's Corporate Crossability activity – an immersive experience that challenged them to use a wheelchair and experience firsthand the mobility barriers and difficulties faced daily by many people. This initiative helped strengthen internal awareness and deepen understanding of the importance of accessibility and inclusion.

Impact beyond sport

novobanco reinforces its commitment to social inclusion and equal opportunities by supporting the Inclusão Social | Basquete dos Belenenses project.

This initiative uses sport as a tool to integrate children and young people from vulnerable contexts, promoting values such as respect, teamwork, discipline and resilience.

Through this support, novobanco helps ensure that more young people have access to sports and educational programmes, creating a safe and positive environment where they can develop personal and social skills essential for their future.

3.3.3 Social Support

Novobanco maintains a firm commitment to social support, acting responsibly and in solidarity during moments that require immediate response and real impact. Through partnerships with leading organisations, the bank helps protect communities, support vulnerable populations and strengthen the country's resilience, promoting solutions that ensure safety, dignity and well-being.

Summer Wildfires 2025

In 2025, novobanco once again provided essential humanitarian support following the wildfires that affected the northern and central regions of the country. In this context, the bank made a financial contribution to the Portuguese Red Cross emergency fund, aimed at supporting victims and addressing the most urgent needs caused by the fires that struck these communities.

Christmas initiative 2024

The Christmas festivities at Grupo Novobanco begin with the traditional solidarity action chosen by the employees. This year, the action was dedicated to Associação Crescer Ser, with the Solidarity Pharmacy project. Employee donations enabled the medical treatment of children and young people who, after leaving Hospital D. Estefânia, still needed medical care. To reinforce the help, the bank doubled the amount contributed by its employees, allowing for the acquisition of more material than initially planned.

The Christmas campaign also involved the bank's followers on social media. For each "like", the bank donated €1 and equally doubled that amount, increasing the impact of the solidarity action. Thus, Grupo Novobanco once again managed to unite employees and the community to support an important cause and provide a more charitable Christmas.

In 2024, as part of its commitment to social responsibility and support for local communities, each Regional Directorate and Business Centre of the bank selected a Private Social Solidarity Institution (IPSS) in their region to receive a donation. This was another gesture that reflects the appreciation of the essential work carried out by these institutions for those most in need

3.3.4 Cultural Patronage

novobanco Cultura brings together all its collections and initiatives under a single concept, with the mission of reflecting the commitment to preserve, promote, and share our significant cultural and artistic heritage.

novobanco Painting Collection

Established in 2017 from a dispersed set of works of different origins and periods, the novobanco Painting Collection brings together over a hundred works by Portuguese and foreign painters from the 16th to the 20th century. Currently, 106 works from the collection are incorporated into 40 national museums, covering

the entire national territory and autonomous regions. It constitutes one of the most impactful initiatives in promoting the paintings of nationally and internationally significant authors in the country's museums, especially in areas outside major urban centres.

This incorporation project is part of the protocol established between novobanco and the Portuguese State, through the Ministry of Culture, thus ensuring the permanence of the works in the country, their sharing, and availability to the public.

Photography Promotion

With 1,084 works by 304 artists from 38 nationalities, the novobanco Photography Collection includes all the major names in the national and international art scene. It is one of the most important photography collections in the world, being one of the most awarded and prominent collections in the global art panorama, ranking among the top 80 corporate collections in the world.

Several works from the collection were featured in national and international exhibitions, including the exhibition 'Moments of Humanity', which in 2025 was on display at the exhibition space in Marquês de Pombal, in Lisbon. Fifteen works by eight internationally renowned artists were selected for this show. The Photography Collection continued its mission of bringing contemporary photography into the bank's branch network, showcasing author photography that reflects the diversity of regional narratives across the country. Additionally, for the new multi-purpose cultural space, the 'Castilho Headquarters Branch' in Lisbon, the Collection presented Exhibition #1, curated around the bank's values and focused on supporting the needs, aspirations and dreams of people, clients and families, through a human-centred lens.

Maintaining its strategic partnership with Lisbon Design Week – an annual cultural event in Lisbon dedicated to contemporary design and craftsmanship – the bank produced and presented an exhibition from the Photography Collection, placing it in dialogue with design pieces.

In partnership with Universidade Nova SBE at the Carcavelos campus, the photography sharing project initiated in 2018 was renewed. This initiative promotes national culture and reinforces novobanco's commitment to families and businesses, in alignment with Nova SBE's mission to develop talent and knowledge. In 2025, novobanco's photography collection presented three large-format works by Vik Muniz, portraying iconic figures of Portuguese and international culture: Fernando Pessoa, Amália Rodrigues and Álvaro Siza Vieira. These artworks are part of the Portuguese project with this artist, "A Terra e a Gente," impacting more than 8,000 students, university members and staff.

For the eighth consecutive year, the Photography Collection was included in the official programme of the international ARCO Lisboa fair, offering numerous guided visits to the collection and the exhibition for art professionals, national and international collectors, artists and the general public.

The novobanco Photography Collection is a founding member of IACCCA (International Association of Corporate Collections of Contemporary Art), a non-profit organisation that functions as an international network of curators and managers of corporate contemporary art collections. IACCCA brings together more than 60 corporate collections worldwide, collectively comprising 188,707 artworks. Each member collection is independently managed by its respective organisation (including banks, insurance companies and energy corporations).

The novobanco Photography Collection acts as a cultural catalyst, expanding access to culture and strengthening social well-being. One of the key highlights of the year was the publication of the Collection's Catalogue Raisonné, which brings together all the works currently included in the collection, with the aim of sharing and promoting this cultural heritage.

Another highlight was the publication of the Collection's catalogue raisonné, which includes all the works that are currently part of the Photography Collection, with the purpose of sharing and promoting its cultural heritage.

In 2025, novobanco and the Serralves Foundation resumed the long-standing partnership that led to the creation of the novobanco Revelação Photography Prize, the most important contemporary photography award in Portugal. Following its relaunch in 2024 with a renewed format, the 17th edition of novobanco Revelação – an initiative that aims to encourage artistic creation among young talents dedicated to photography – presented, at the Serralves Museum, the work of the winning Brazilian artist, Helena Ramos. Titled A vida das Abelhas, the exhibition comprised 138 colour and black-and-white photographs and marked the artist's first solo presentation in Portugal.

A monographic edition was also published, bringing together critical essays and an extensive selection of the artist's images. This book forms part of an editorial series dedicated to all artists distinguished by the prize, contributing to the ongoing dialogue on contemporary photography and its role in current artistic practices. This exhibition, inaugurated in October 2025, will remain on display at the Serralves Museum until 5 April 2026.

At The 18th edition of this award was held under the theme 'What Unites Us', showcasing images that reveal the gestures that build communities: a shared embrace, a knowing glance, hands intertwined, neighbours supporting one another, families reinventing themselves, or even strangers becoming allies. The winning and finalist photographs, a total of 30 images, were presented in an exhibition inaugurated in November 2025, at the novobanco branch in Lisbon. This edition registered the participation of 153 candidates and a total of 424 submitted photographs.

Founded in 1994, Associação CAIS is a non-profit social solidarity organisation dedicated to improving the living conditions of people at risk of social exclusion. Through capacity-building, training and labour-market integration programmes, it promotes dignity, autonomy and employability among its beneficiaries.

Numismatics Collection

It is one of the largest and most complete collections of Portuguese numismatics. Consisting of about 13,000 coins, all minted in territories that are or were Portuguese, from a pre-national period to the establishment of the Republic, this collection allows one to traverse the entire history of Portugal, depicting, through money, our formation as a people, culture, and nation over a period of more than 2,000 years.

Library of Humanistic Studies

With around 1100 works of Ancient Books, including 8 incunabula, approximately 90 works printed by the humanist Aldo Manuzio and his successors, and 600 titles printed in the 16th century. The remaining bibliography of about 8600 titles supports the study of classical texts and their themes. It is deposited at the Faculty of Arts of the University of Lisbon (FLUL).

In November, the University of Lisbon's School of Arts and Humanities opened an exhibition of 94 rare sixteenth-century Aldine books. At the event, Professor Vanda Anastácio presented "A Love Story with Books", published with the support of novobanco. The exhibition reinforces the commitment to preserving and sharing culture within the academic community.

In 2025, an exhibition of the 94 sixteenth-century Aldine antique books—true treasures of the Library of Humanistic Studies—was inaugurated at the School of Arts and Humanities of the University of Lisbon. A book about the Library's collection, written by Professor Vanda Anastácio and titled "A Love Story with Books", was also published with the support of novobanco and presented at this event, revealing Pina Martins' relationship with his library and with the book as a symbolic object of humanism.

The exhibition of this set of rare books in the central atrium of the School of Arts and Humanities reinforces the shared commitment to continue preserving and sharing culture with the scientific and educational community.



governance information

4.1 Objective

The objective of this chapter is to ensure disclosures that will allow users of this document to understand novobanco's strategy, approach, processes, and procedures, as well as its performance regarding business conduct.

This chapter focuses on the following matters, collectively referred to as "business conduct or business conduct issues:

- Business ethics and corporate culture, particularly the prevention, detection, and combat of financial crime, as well as whistleblower protection;
- Management of relationships with suppliers, including payment practices, especially concerning payment delays to small and medium-sized companies.
- Activities undertaken and commitments made related to the exercise of its political influence, including its lobbying activities.

4.2 Interaction with other ESRS

The content of this chapter should be read in conjunction with chapter 1 – General disclosures.

4.3 Governance

4.3.1 The role of the administrative, supervisory and management bodies

[ESRS G1 - GOV-1; GRI 2-9, 2-12]

This chapter should be read in conjunction with chapter 5 of the Management Report, which describes the Corporate Governance of novobanco, as well as chapter 1.2.1 General disclosures - The role of management bodies of this Sustainability Disclosure, which details the governance model for sustainability and ESG issues.

Ensuring the highest standards of ethics and business conduct is a priority for novobanco, which recognises that large companies also act as role models for the rest of the market.

In this sense, novobanco has implemented a robust business conduct governance framework, managed by the EBoD and supervised by the GSB, based on:

- A Compliance Committee, which advises and supports the GSB in monitoring the bank's compliance and financial crime management issues, including but not limited to the bank's (including its employees and social bodies) compliance with legal and regulatory requirements as well as its relevant policies and processes related to those matters, in monitoring the policies related to business conduct and ethics, conflicts of interest, related party transactions, market abuse, money laundering and terrorist financing, anti-bribery and anti-corruption, as well as the monitoring of compliance risk;
- An Internal Control System supported by the three lines of defence model, which defines and distinguishes the levels of intervention and responsibility in risk management and control, aiming at the overall adequacy and effectiveness of the Internal Control System in the organisation;
- The Internal Audit Department, the third line of defence, whose mission is to assess (independently and risk-based) the adequacy and effectiveness of the institution's organisational culture and its governance and internal control systems. To ensure the necessary independence, the internal audit function reports functionally to the Financial Matters Committee (Audit) (the "Audit Committee") of the General and Supervisory Board and administratively (i.e., daily operations) to the Chief Executive Officer (CEO).

- A set of policies, approved by the Executive Board of Directors, establish the framework of values, principles, and best practices that guide actions and set the standards that govern how the group conducts its activities. These include, among others, the existence and application of the Code of Conduct, the Conflict of Interest Policy, the Whistleblowing Policy, the Anti-Bribery and Anti-Corruption Policy, the Prevention, Detection, and Combat of Financial Crime Policy, and the Related Party Transactions Policy, which collectively demonstrate the importance that novobanco places on the compliance culture dimension (more information in Chapter 5.4 of the Management Report - Main Policies)

The commitment of the novobanco Group focuses on the prevention, detection, reporting, and management of situations that pose conduct risks or irregular conduct according to principles of integrity, honesty, diligence, competence, transparency, and impartiality. .

For more information about the Corporate Bodies, please consult chapter 1.2.1 Governance in this Disclosure and chapters 1.2.1 Governance Model, 1.2.2 Organisational structure and 5.2 Corporate Bodies composition and functioning in the Management Report.



4.4 Management of impacts, risks, and opportunities

The management of impacts, risks, and opportunities in the banking sector requires a robust and integrated approach, where corporate culture plays a central role. The business model of the novobanco Group is no exception, as the construction of this model heavily depends on building trust and loyalty among customers and other stakeholders.

The business model of the Novobanco Group is therefore based on trust and the loyalty of its customers and other stakeholders, and is founded on five core values:

- Put clients first;
- Embrace ethics & inclusion;
- Act with Trust & Transparency;
- Strive for Simplicity every day;
- Collaborate with each other;

In the evaluation of the impacts, risks, and opportunities associated with its business conduct, the bank considers not only the applicable legislation but also the best market practices, ensuring a comprehensive, compelling, and trustworthy banking experience for all its stakeholders.

For more information on the identification and evaluation process of the IROs, please refer to Chapter 1.4.3. Management of Impacts, Risks, and Opportunities – Disclosures on the Materiality Assessment Process, in this Disclosure.

Corporate culture		
Promoting an ethical culture and integrity in interactions with employees, suppliers, clients, and other stakeholders, while promptly identifying and addressing intentional or accidental breaches of the Code of Conduct—such as discrimination, harassment or conflicts of interests — helps prevent significant harm to various stakeholders	⊕	⊖
	Ⓡ	Ⓞ
The business model of banking institutions relies on the unwavering protection of customers' interests, fostering trust and long-term loyalty. Failure to prevent conflicts of interest and negligence can result in significant negative financial impacts, such as legal sanctions and reputational damage	⊕	⊖
	Ⓡ	Ⓞ
Failure to comply with complex regulations and disclosure requirements, including insider trading, antitrust, and market manipulation, can lead to a decrease in stakeholder trust, a reduction in revenues, and an increase in losses due to legal proceedings.	⊕	⊖
	Ⓡ	Ⓞ

⊕ Positive Impact ⊖ Negative Impact Ⓞ Opportunity Ⓡ Risk

Failures to avoid conflicts of interest and negligence can result in significant negative financial impacts, such as legal sanctions and reputational damage. Promoting an ethical culture that ensures integrity in dealings with customers, suppliers, and other stakeholders is essential to mitigate these risks and create opportunities for sustainable growth. In this regard, identifying and resolving violations, whether intentional or accidental, such as harassment or discrimination, is fundamental to avoid harm to employees, suppliers, and customers. Gaps in this process can result in

significant impacts on the morale and well-being of the involved parties, affecting the trust and sustainability of the relationship with the Group's stakeholders. Therefore, it is imperative for the Group to develop solid governance mechanisms to minimise risks and explore opportunities ethically and responsibly.

Bribery & Corruption		
A Improper management and inadequate models for identifying and preventing financial crime (including corruption, bribery, and the financing of criminal activities and terrorism) can harm clients and foster an environment of criminality and insecurity in society	⊕	⊖
	R	O
Incidents of corruption and bribery can have a devastating impact on a bank's reputation. Trust is one of the most valuable assets for a financial institution, and any association with bribery or corruption can lead to the loss of customers, investors, and partners	⊕	⊖
	R	O

⊕ Positive Impact ⊖ Negative Impact O Opportunity R Risk

To minimise negative impacts and risks, robust internal control mechanisms have been instituted, providing the group with greater capacity to prevent incidents of corruption, bribery, or other related infractions, which could otherwise result in financial losses and revenue reduction, including:

- Training;
- Employee surveys;
- Whistleblowing channels.

For more information, consult the chapter 5.4 Main Policies of the Management Report and the novobanco Group website

Whistleblowers' protection		
The absence of appropriate channels for reporting ethical concerns and inadequate management of complaints (for example, ensuring confidentiality, anonymity and due process) contributes to the perpetuation of unethical behaviour, which can have negative repercussions for both victims and whistleblowers	⊕	⊖
	R	O

⊕ Positive Impact ⊖ Negative Impact O Opportunity R Risk

Whistleblower protection is a fundamental component in risk management and maintaining the trust of the group's stakeholders. Non-compliance with regulations and disclosure requirements, such as laws related to insider trading, anti-trust practices, and market manipulation, can result in a significant decrease in stakeholder trust, as well as a reduction in revenues and an increase in financial losses.

An additional impact is the inadequate management of whistleblowing, particularly concerning the confidentiality and anonymity of whistleblowers. Inadequate protection can have severe negative repercussions for both whistleblowers and the group, affecting its reputation and integrity. The lack of appropriate channels to communicate ethical issues facilitates and contributes to the perpetuation of unethical behaviours, which can have negative repercussions for the affected parties, harming the group's organisational culture and the trust of its stakeholders.

Management of relationships with suppliers		
Establishing and complying with ESG standards in commercial relationships with suppliers, as set out in the Supplier relationships principles, supports the promotion of good social and environmental practices in the market	⊕	⊖
	R	O
Reputational risk in the event of the bank being called into question for negative ESG impacts caused by its suppliers and service providers	⊕	⊖
	R	O

⊕ Positive Impact ⊖ Negative Impact O Opportunity R Risk

Management of supplier relationships, including payment practices, is crucial to ensure compliance with ethical and regulatory standards. Adopting transparent and responsible business practices, aligned with the Supplier Principles and the group's Code of Conduct, is fundamental to minimising risks and strengthening trust in the bank's daily management. Increasing compliance with ESG (environmental, social, and governance) standards in commercial relationships with suppliers generates significant positive impacts, such as strengthening long-term partnerships that contribute to promoting sustainable and ethical practices throughout the entire value chain.

In parallel, the occurrence of incidents involving suppliers, including those classified as critical suppliers, may generate reputational risks for the bank itself, which are mitigated through robust due-diligence processes applied during procurement and throughout supplier relationship management. In section 4.4.2, the Group describes these same supplier management processes.



4.4.1 Corporate culture and business conduct policies

[ESRS G1-1; GRI 2-16, 2-23, 2-24, 2-26, 205 3-3]

For novobanco, it is crucial to conduct its activities with the firm purpose of positively contributing to the entire ecosystem in which it operates. This requires a robust governance model, supported by policies and principles of ethics and transparency that ensure effective and prudent management.

Thus, the group's business conduct is based on various interconnected policies, aiming not only at ethical conduct but also at valuing people and respecting the environment, including promoting sustainable financing and incorporating environmental aspects into the product and service offerings. These policies are approved by the Executive Board of Directors (BoD), and their implementation is monitored by the structures responsible for promoting their application in the strategy and activities of the novobanco Group, with direct reporting to the administrator responsible for the respective area.

Code of Conduct

As an essential tool to ensure the appropriate management of material impacts, risks and opportunities related to corporate culture, ethics, integrity, trust and regulatory compliance, novobanco has a Code of Conduct that enshrines the essential principles of conduct guiding behaviours and decisions at all organisational levels for the entire Group, specifically aiming to:

- Disclose the main principles by which the novobanco Group companies and their activities should be governed;
- Promote ethical conduct among leaders and employees, aligned with the Mission and Values of the novobanco Group;
- Promote respect and compliance with all applicable legislation and regulations;
- Make known its commitments to stakeholders and promote transparent relations between the novobanco Group and its employees with external parties.

This Code, updated in 2024, is an actionable document that provides guiding principles for decision-making and examples of correct and incorrect actions. The novobanco Group promotes periodic and independent evaluations, conducted by an external entity, regarding the conduct and values of the group, which also cover the conduct and values of the Management and Supervisory Bodies and their respective Committees, on a biennial basis.

The effectiveness of the Code of Conduct and other policies that enable good business conduct, along with the procedures that complement them, include the creation of internal whistleblowing channels and audits conducted by specialised teams, ensuring compliance with internal regulations, local and international laws, promoting an organisational culture of integrity and transparency, as well as promoting independent audits of conduct and culture.The Code of Conduct is made available through institutional channels accessible to all stakeholders, reinforcing the commitment to transparency and accountability. In case of incidents, the group commits to taking necessary corrective measures, which may include disciplinary actions, always in accordance with the principles of justice and impartiality.

Whistleblowing Communications

To mitigate the potential negative impacts arising from the absence of appropriate channels to report improper situations and ethical concerns, novobanco has implemented dedicated whistleblowing channels, employee feedback mechanisms, and robust training programmes.

- Whispli –A platform for reporting irregularities by employees or members of the novobanco Group's social bodies. Available through the group's intranet to all employees. After the report, whether anonymous or not, only authorised and specially designated persons can access the communications, receive and handle the report. The platform complies with the requirements of Law 93/2021 of December 20, which establishes the General Regime for the Protection of

Whistleblowers (Law 93/2021) in transposition of Directive (EU) 2019/1937 of the European Parliament and the Council. This platform is communicated to employees through the internal system of norms and procedures, as well as through news published on the intranet "Ser novobanco" To be novobanco).

- External whistleblowing channels (email, mail, online form) – Channels for reporting irregularities by people external to the organisation. The Whistleblowing Communication Policy is communicated to employees through the internal system of norms and procedures, as well as through news published on the intranet "Ser novobanco" and externally through the group's institutional website.

All employees receive periodic training, with the last one occurring in 2024. Whenever appropriate, the teams responsible for handling reports of irregularities receive training from external entities, both on the legal framework of Law No. 93/2021 and on ethics-related topics.

In compliance with this law, which results from the transposition of Directive (EU) 2019/1937 of the European Parliament and the Council establishing the General Regime for the Protection of Whistleblowers, novobanco's Whistleblowing Communication Policy provides that communications made cannot, by themselves, serve as the basis for initiating any disciplinary, civil, or criminal proceedings against the author of the report, except if, after investigation, it is concluded that they were deliberate and manifestly unfounded. In particular, novobanco Group employees who report irregularities cannot be subject to retaliation, discrimination, or other unfair treatment. It should be noted that novobanco Group's Whistleblowing Communication Policy covers any infractions occurring within the group in the areas of combating corruption and related offences, as well as serious indications of violation of the values and ethical standards defined in novobanco's code of conduct.

Novobanco has other clearly defined internal rules for the training of its employees, which include training on the Code of Conduct and other behaviour-related policies, such as the Conflicts of Interest Policy and the Related-Party Transactions Policy, among others, which can be consulted in the Management Report.Training related to these policies takes place every two years, or annually if relevant changes are made to their content. Additionally, communications are made on "Ser novobanco", the group's intranet, where the principles of conduct and novobanco's Mission, Values, and Behavioural Guidelines are also disclosed.

Whenever a situation is not confirmed as true or does not occur as expected, compensating for a negative impact of the policies can take various forms, such as apologies, financial or non-financial compensation, preventive measures to avoid harm, such as injunctions or guarantees of non-repetition, punitive sanctions (criminal or administrative, such as fines), as well as restitution, restoration, and rehabilitation. In 2025, 7 infractions were identified, resulting in 7 sanctions, including recorded reprimand, loss of vacation days, warning, dismissal without compensation, and suspension with loss of pay and seniority.

To consult the policies that ensure compliance with the ESG strategy and objectives, refer to chapter 2.2.6.2 of this Disclosure. Other business conduct policies can be consulted in the Management Report 5.4 Main Policies and novobanco's Group website > About us > Leadership and governance > Compliance.

4.4.2 Management of relationships with suppliers

[ESRS G1-2; GRI 204 3-3, 308 3-3, 308-1, 414 3-3, 414-1]

The novobanco Group recognises the importance of sustainable business management, encompassing the entire value chain. In its ESG journey, suppliers play a crucial role, ensuring that the relationship with this group of stakeholders is based on environmental, social, and governance criteria.

As a significant buyer in the market, and recognising the positive impact that this role can have in increasing overall market adoption of ESG objectives, novobanco establishes a relationship model with its suppliers

based on commitments to good practices and internationally recognised principles, acknowledging the relevance of the economic, environmental, and social impacts generated by this group of stakeholders.

The model is structured around two main axes:

(1) Code of Conduct: This determines that the process of evaluating and selecting suppliers is carried out rigorously, following the highest standards of transparency and ethics;

(2) Supplier Relationship Principles: These are aligned with the OECD guidelines for multinational enterprises, the United Nations Global Compact, the Universal Declaration of Human Rights, and the Fundamental Principles and Rights at Work of the International Labour Organisation. They describe the minimum requirements for both suppliers and the bank regarding business practices, occupational health and safety, ethics, and environmental management. The principles guiding the selection of suppliers include:

a) Impartiality: Equal treatment without privileges or favouritism, aiming to avoid conflicts of interest;
b) Transparency: Adequate provision of information;
c) Quality and Efficiency: Selection of the best suppliers based on quality and efficiency standards.

Dialogue channels



The suppliers of the novobanco Group are invited to subscribe to these principles, committing to adopt rigorous conduct, especially regarding the environment, employment conditions, and ethics. In this context, the Supplier Relationship Principles, revisited and reinforced in 2022 with the introduction of the group's Sustainability Policy, remain in force, expecting all suppliers to follow and act according to what is established in both documents.

More information about the Supplier Relationship Principles can be found on novobanco's sustainability website > Sustainable Business > Our Approach and Policies.

A responsible, coherent, and consistent attitude in the selection of suppliers begins with the full availability to receive all presentations from various entities wishing to provide services or supply goods to the Group. For this purpose, the Supplier Portal (https://fornecedores.novobanco.pt) is available. It is a privileged channel for the presentation and registration of this group of stakeholders, whether current or potential. In 2025 the total number of suppliers was around 3,105 compared to about 3,260 in 2024.

The information about registered entities, in addition to constituting the first sourcing base in market consultation processes, also allows for more agile and effective recognition of the characteristics and competencies of suppliers in the technical and commercial evaluation process of competing proposals.

The quality of this information promotes the selection of the best proposals, highlighting the suppliers most capable of meeting the needs and requirements associated with the acquisition of goods/services. The coverage rate in terms of suppliers with annual billing exceeding 10 thousand euros and with completed or in-process registration (pre-registered) was, as of December 31, 2025, 96% compared to 95%% in 2024.

For a more careful selection of this group of stakeholders and based on the information provided, novobanco calculates a "sustainability score," which considers ethical, labour, occupational health and safety, and environmental aspects, including certifications if available (ISO, 14001, 45001, ISO 2700, ISO 50001, ISO 9001, among others) and aspects related to the suppliers' Sustainability and Environmental Policies.

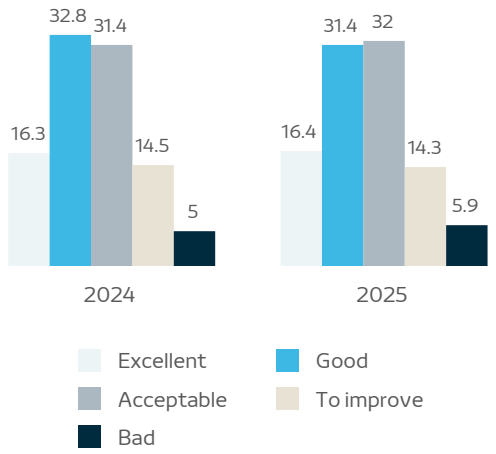
This scoring is also part of the technical evaluation of suppliers carried out by the Group's purchasing structures, being one of the criteria/elements considered and weighted in the overall classification.

Suppliers with completed registration and sustainability evaluation on the Supplier Portal represented, as of December 31, 2025, about 253 million euros in billing to the novobanco Group, that is, about 90% of the billing, highlighting the following sectors of activity:

Main industry sectors of novobanco Group's suppliers (%)	2025	2024	2023
IT services	32.9	32.1	25.2
Consulting and auditing	14.3	18.3	23.9
Electronic payment system	10.6	9.4	8.1
Communications and dispatch	5.2	5.1	3.1
Maintenance and repairs	3.7	3.6	4.4
Legal expenses	3.6	3.0	5.3
Advertising and publications	4.9	3.8	3.2
Others	24.8	24.7	27.0

In 2025, 16.4% of registered suppliers had an Excellent score, in line with the results of the previous year (16.3%). Cumulatively, about 80% of suppliers have a positive score (Reasonable, Good, or Excellent).

Sustainability scoring (%)

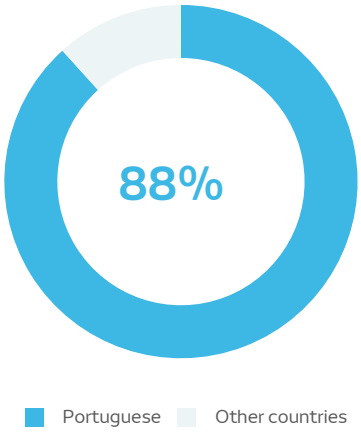


In 2025, the bank became a partner and maintained its adherence to the APCADEC Code of Ethics – Portuguese Association of Purchasing and Supply, which is a member of the IFPSM – International Federation of Purchasing and Supply Management (http://www.ifpsm.org). This code of ethics summarises the values and behaviours that the Association intends to promote among its members, their organisations, and the entire Purchasing community in Portugal. The existence of this Code of Ethics reinforces a stance of professionalism and transparency in our business fabric, leading to a reduction in financial, operational, and reputational risks for organisations, in which the bank sees itself.

Maintaining a professional relationship with suppliers also implies responsible action, ensuring payment terms of 30 days, in line with market best practices, and compliance with them, ensuring even the availability of their current account simply and free of charge, at any time, through the supplier's login on the Portal.

Most of the novobanco Group's suppliers are national, representing about 88% of the total. The group's five main international suppliers come from the United States, Spain, Ireland, Great Britain, Belgium.

Distribution of suppliers per geographical location



4.4.3 Prevention, Detection, and Combat of Corruption and Bribery

[ESRS G1-3; GRI 2-13, 2-16, 2-26, 205 3-3, 205-1, 205-2]

Novobanco, considering its activity, pays special attention to the prevention and detection of corruption, treating it with the necessary seriousness and rigour to ensure integrity and trust in its activities and operations.

By "corruption and related offences" are meant the crimes of corruption, improper receipt and offer of advantage, embezzlement, economic participation in business, extortion, abuse of power, malfeasance, influence peddling, money laundering or fraud in obtaining or diverting subsidy, grant or credit, as provided for in the Penal Code, in its current wording, in Law no. 34/87, of 16 July, in its current wording, in the Military Justice Code, approved in annex to Law no. 100/2003, of 15 November, in Law no. 50/2007, of 31 August, in its current wording, in Law no. 20/2008, of 21 April, in its current wording, and in Decree-Law no. 28/84, of 20 January, in its current wording.

The Group, recognising that this topic can give rise to material potential risks and negative impacts, has a policy specifically dedicated to the prevention and detection of corruption, which aims to ensure ethical and transparent business conduct, aligned with the highest standards of integrity, adopting a firm stance against any form of corruption, bribery, or illicit practices that could compromise its reputation and the trust of its customers, partners, and regulators. To achieve this objective, the policy covers the following principles and guidelines:

Prohibition of Bribery and Corruption: The group strictly prohibits any form of bribery or illicit payment, whether directly or through intermediaries, to public officials, customers, suppliers, or other parties, in exchange for business advantages or other benefits. A breach of the principles and rules of this policy constitutes a violation of the employee's duties, which may result in the application of disciplinary sanctions, in accordance with the law, including dismissal without indemnity or compensation. Additional, the application of disciplinary sanctions does not affect the possible cooperation of the novobanco Group with judicial authorities regarding facts that may constitute criminal or administrative offences.

Training: In 2025, as part of the mandatory training plan for all employees of the novobanco Group, the training on Prevention, detection and combat of bribery and corruption is included. This training highlights the importance of preventing corruption and related offences within medium and large private companies, one of the main challenges for modern companies in contributing to a fairer society.

Additional internal awareness initiatives were carried out in the context of combating and preventing corruption and bribery, with the aim of strengthening employees' ability to identify and mitigate potentially illicit practices, as well as raising awareness of the possible application of associated sanctions. Furthermore, several newsletters and internal communications were developed, dedicated to internal controls for the prevention of bribery and corruption, covering topics such as suppliers and subcontractors, sponsorships and donations, and the acceptance and reporting of gifts.

In total, in 2025, there were 5.725 hours of training related to bribery and corruption , as well as 4.466 hours training on the prevention and combat of money laundering and terrorist financing. Of these, 706 hours of training were completed by the management staff.

novobanco recognizes that certain roles may be particularly exposed to risks of corruption and bribery, especially those involving processes with significant outflows of funds or assets from the organization, with particular emphasis on the following: i) Procurement of Goods and Services;; ii)Donations to Third-Party Entities; iii) Sponsorships; iv) Human Resources Management; v)Management of Own Assets and vi) Credit Management and Restructuring.

Given the nature of banking activity and the cross-cutting exposure to integrity risks, all novobanco employees are covered by this training, and the bank aims to ensure a 100% participation rate, in line with its institutional commitment to preventing and combating corruption and bribery.

The novobanco therefore adopts a zero-tolerance approach to bribery and corruption risks. Accordingly, and in line with the legal and regulatory framework governing its activity, all novobanco employees are required to undergo this internal training every year.

In 2025, more than 96.4%% of employees completed this training. The deadline for completing the training has been extended until the end of February 2026,so that all employees are able to complete it successfully.

Hours of training in prevention, detection and combat to corruption, bribery and related crimes

Board of Directors*	Management Team	Employees	Total
68	706	5019	5793

*EBoD novobanco and other companies of the group

Whistleblowing Channels: The group maintains secure and confidential whistleblowing channels, where any suspicion of corruption or violation of internal policies can be reported anonymously, as described in chapter 4.4.1 of this Sustainability Disclosure. Reports are investigated rigorously, independently, and objectively, with corrective actions taken when necessary.

Due Diligence and Risk Assessment:The group adopts due diligence practices to assess the risks of corruption and bribery associated with new business partners, customers, and operations in sensitive markets. For effective corruption prevention, a comprehensive process has been implemented in which the novobanco Group Compliance Committee supports and advises the General and Supervisory Board (GSB), including its financial subsidiaries, in monitoring compliance and financial crime management issues. Financial crime management covers all employees and social bodies and aims to ensure compliance with legal and regulatory requirements, as well as the group's internal policies and processes. Among the main policies involved are those on conduct and ethics, conflicts of interest, related party transactions, money laundering and terrorist financing, market abuse, anti-bribery and anti-corruption, as well as compliance risk monitoring, among others.

Compliance with Legislation: he policy ensures compliance with all local and international anti-corruption laws and regulations, including the United States Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and other applicable regulations.

Transparency in Transactions: The group implements strict internal controls to ensure accurate and transparent scrutiny of all transactions.

Prevention of Money Laundering and Terrorist Financing: The bank's anti-corruption policy is closely linked to efforts to prevent money laundering. The bank adopts a robust system for monitoring and evaluating suspicious transactions, ensuring that financial resources are not used to cover illicit activities, including corruption, which also has its own policy.

Internal Control: The responsibility of all members of the management and supervisory bodies and group employees. Each employee plays a role, with duties and responsibilities, that contribute to ensuring the

efficiency and effectiveness of Internal Control. The Executive Board of Directors (EBoD) assumes the ultimate and overall responsibility of the Group. It defines, supervises, and is responsible for the application of an adequate Internal Control System, with a clear organisational structure and independent and efficient functions in risk management, compliance, and audit. The Internal Control System is supported by the three lines of defence model, clearly defining the levels of intervention and responsibility in risk management and control execution, to ensure overall adequacy and effectiveness:

a) The first line of defence is performed by the organisational units that assume and manage the risks of their activities, processes, and IT systems for which they are responsible daily, and the outsourcing activities under their responsibility, within the limits established by the EBoD.

b) The second line of defence aims to keep the bank within its risk limits through control, measurement, and monitoring of risks and reporting deviations from the current risk policies. It consists of the "Risk Management" and "Compliance" Control Functions, performed respectively by the Global Risk Department and the Compliance Department, complemented by activities performed in other departments of the bank (e.g., Accounting and Financial Information Department). The second line of defence also defines the policies, methodologies, and risk management and control tools and monitors the effectiveness of the first line, controls legal and regulatory compliance, and communicates to the bank's management and supervisory bodies, as well as to external competent authorities, whenever applicable.

c) The third line of defence is performed by the Internal Audit Department and aims to asses, independently and risk-based, the adequacy and effectiveness of the entity's organisational culture and its governance and internal control systems. The independence of control functions is ensured through the implementation of various mechanisms.

Communication: The novobanco Group communicates its policies through various channels, such as the intranet and internal regulations. Externally, the Group communicates its policies on its website, providing various external stakeholders with different channels for reporting irregularities, ensuring confidentiality, transparency, and commitment to ethical and responsible practices.

Whistleblowing channels



Based on an integrated view of compliance risk, the novobanco EBoD has designated the Head of Anti-Financial Crime as the AML/CFT Compliance Officer responsible for preventing corruption, bribery, and related offences, who is responsible for executing, controlling, and reviewing the Plan. The AML/CFT Compliance Officer is part of the DCOMPL structure and reports hierarchically and functionally to the Head of Compliance (HoC). Notwithstanding the specific competencies and responsibilities of the AML/CFT Compliance Officer, all recipients of the Plan have a duty to promote the values reflected in it and to adopt a preventive attitude regarding acts that may constitute the crime of corruption, bribery, and related offences. The GSB, EBoD, and HoC provide the AML/CFT Compliance Officer with the necessary conditions for the execution, control, and review of the Plan to ensure proactive risk management and prevention

The bank's anti-corruption and anti-bribery policies are thus an essential component to ensure an integral and reliable banking activity, promoting the protection of the interests of all involved parties. By following these strict guidelines, the bank commits to acting ethically, respecting the highest standards of conduct, and contributing to the development of a more transparent and fair financial market.

For more information on Bribery and Corruption, consult the Management Report in chapters 5.3 - Internal Control System and 5.4 Main Policies.

4.5 Metrics and Targets

4.5.1 Metrics related with Business Conduct material IROs

To evaluate and monitor the material sub-themes underlying the Group's business conduct, various metrics have been defined, ensuring that each aspect is accurately monitored and aligned with novobanco's values and strategic objectives.

Corporate Culture

Metric	Performance 2025
Violations of internal regulations and procedures with the initiation of disciplinary proceedings (#)	7

Bribery and corruption

Metric	Performance 2025
Training hours on prevention of corruption and bribery (employees without EBoD) (#)	5,724.5

Whistleblower protection

Metric	Performance 2025
Internal and external whistleblowing reports (#)	14

Relationships with suppliers

Metric	Performance 2025	Target 2027
Payment term (days)	19.69	< 30

4.5.2 Incidents of corruption or bribery

[ESRS G1-4; GRI 2-27, 205-3]

In 2025, the novobanco Group was not aware of any incidents related to bribery and corruption, nor were any sanctions applied in this regard.

4.5.3 Political Influence and Lobbying Activities

[ESRS G1-5; GRI 415 3-3, 415-1]

The novobanco Group does not make political contributions in Portugal, the European Union, or Third Countries, in compliance with the provisions of Decree-Law No. 19/2003 of June 20, nor does it participate in lobbying activities.

novobanco is a participant in banking sector associations through its membership in sector associations, organisations, and entities relevant to the financial sector, with the aim of contributing to the development of the sector and positively influencing the guidelines that impact this market, such as the Portuguese Banking Association, BCSD Portugal, among others.

novobanco supports Private Social Solidarity Institutions (IPSS) and other entities through donations, volunteering, and sponsorships. These supports are analysed with rigorous criteria, within the framework of the Anti-Bribery and Anti-Corruption Policy, and are subject to an evaluation and approval process, according to quantitative thresholds, by the Compliance Officers of each Group unit. No support is provided with underlying political or religious motivations.

Signatory

Corporate citizenship initiative which had its origin, in 2000, in a proposal by the then UN Secretary-General, Kofi Annan.It is based on ten fundamental Principles,
in the areas of human rights, labour practices, environmental protection and anti-corruption, and aims to promote businesses' public and voluntary
commitment to endorse these principles.

Member

Non-profit association that brings together and represents more than 90 leading companies in Portugal, which are actively committed to the transition to sustainability.

Organisations for Equality Forum, created in 2013, comprises 69 organisations committed to reinforcing and highlighting their organisational culture of social responsibility, incorporating, in their strategies and management models, the principles of equality between women and men at work.

Global Compact accelerator programme, which supports companies in setting ambitious targets for women's representation and leadership in senior management.

The Inclusive Community Forum (ICF) is a Nova SBE initiative dedicated to the lives of people with disabilities and the promotion of a more inclusive community.

Non-profit business association, which works in the areas of Social Responsibility and Sustainability. It is part of the European network of CSR Europe, a leader in sustainability and corporate responsibility, supporting industrial sectors and companies at a global level in the transformation and search for solutions for sustainable growth..

Qorus is a non-profit organization that has been a pillar of the financial sector for over 50 years, bringing together companies committed to governance, ethics, and sustainability. Its goal is to promote digital transformation and improve the performance of its members through collaboration and knowledge exchange.

Associate

Main entity representing the Portuguese banking sector, it was created in 1984 to strengthen the financial system and
contribute to the development of a more solid banking sector.

Portuguese Association of Investment and Pension Funds and Asset Management Firms, which represents the interests of Mutual Funds management, Real Estate Funds management, Pension Funds Management and Asset Management, viewing a more efficient defence of these activities.

The Portuguese Quality Association is a non-profit organisation, founded in 1969, that aims to promote and disseminate theoretical and practical knowledge in the field of Quality and Excellence in Portugal.

National Customer Satisfaction Index is a system for measuring the quality of goods and services available in the national market, through customer satisfaction surveys.

Association that promotes a corporate culture that places the mental health of employees as a strategic priority for companies in Portugal, through raising awareness and training their leaders.

Subscriber

Document presented by the United Nations Global Compact, which has as its main objective to achieve the transition to a low-carbon economy and to avoid the overheating of the atmosphere.

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Letter of Commitment to Sustainable Finance in Portugal, which aims to contribute to the promotion of sustainable investment practices.

4.5.4 Payment Practices

[ESRS G1-6]

Maintaining a professional relationship with suppliers requires responsible action, including strict compliance with payment deadlines, setting them at 30 days, in line with market best practices. To ensure this compliance, the bank ensures transparency by making the current account available simply and free of charge, at any time, through the supplier's login on the Portal.

In 2025, the average payment term was 20 days, compared to 27 days recorded in 2024. To ensure that payments do not exceed 30 days, an automatic alert is issued to invoice approvers after 15 days without approval, regardless of the company's size.

In 2025, no fines were applied due to delays in payments to suppliers. The group makes a point of strictly complying with the established deadlines, ensuring that payments are made as agreed.

appendices to the sustainability disclosure

5.1 Disclosures under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) – Detailed reporting tables

1. Assets for the calculation of GAR based on Turnover

Disclosure 2025

Million EUR	Total gross carrying amount	Climate Change Mitigation (CCM)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	22,075	12,130	238	–	25	108
Financial undertakings	4,609	87	3	–	1	1
Credit institutions	3,210	22	2	–	–	–
Loans and advances	2,241	–	–	–	–	–
Debt securities, including UoP	969	22	2	–	–	–
Equity instruments	–	–	–		–	–
Other financial corporations	1,399	65	1	–	1	1
of which investment firms	352	–	–	–	–	–
Loans and advances	–	–	–	–	–	–
Debt securities, including UoP	246	–	–	–	–	–
Equity instruments	106	–	–		–	–
of which management companies	1,047	65	1	–	1	1
Loans and advances	216	1	–	–	–	–
Debt securities, including UoP	497	59	1	–	1	1
Equity instruments	334	5	–		–	–
of which insurance undertakings	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–
Equity instruments	–	–	–		–	–
Non-financial undertakings	3,007	352	235	–	24	107
Loans and advances	1,250	66	61	–	–	4
Debt securities, including UoP	1,757	286	174	–	24	103
Equity instruments	–	–	–		–	–
Households	13,280	11,691	–	–	–	–
of which loans collateralised by residential immovable property	11,333	11,333				
of which building renovation loans	330	330				
of which motor vehicle loans	28	28				
Local governments financing	1,157					
Housing financing	–					
Other local government financing	1,157					
Collateral obtained by taking possession: residential and commercial immovable properties	21					
Assets excluded from the numerator for GAR calculation (covered in the denominator)	18,063					
Financial and Non-financial undertakings	15,217					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,665					
Loans and advances	10,879					
of which loans collateralised by commercial immovable property	3,301					
of which building renovation loans	4,017					
Debt securities	740					
Equity instruments	47					
Non-EU country counterparties not subject to NFRD disclosure obligations	3,552					
Loans and advances	1,853					
Debt securities	1,485					
Equity instruments	214					

Derivatives	544					
On demand interbank loans	200					
Cash and cash-related assets	179					
Other assets (e.g. goodwill, commodities etc.)	1,922					
Total GAR assets	40.138	12.13	0.238	–	0.025	0.108
Assets not covered for GAR calculation	7,067					
Central governments and Supranational issuers	5,071					
Central banks exposure	1,790					
Trading book	206					
Total assets	47,205					
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations						
Financial guarantees	2,275	44	10	–	–	8
Assets under management	7,863					
Of which debt securities						
Of which equity instruments						

Million EUR	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	78	26	–	–	–	–	–	–
Financial undertakings	63	19	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	63	19	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	63	19	–	–	–	–	–	–
Loans and advances	3	–	–	–	–	–	–	–
Debt securities, including UoP	32	19	–	–	–	–	–	–
Equity instruments	27	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	15	7	–	–	–	–	–	–
Loans and advances	7	3	–	–	–	–	–	–
Debt securities, including UoP	7	4	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Households	–	–	–	–				
of which loans collateralised by residential immovable property								
of which building renovation loans								
of which motor vehicle loans								
Local governments financing								
Housing financing								
Other local government financing								
Collateral obtained by taking possession: residential and commercial immovable properties								
Assets excluded from the numerator for GAR calculation (covered in the denominator)								
Financial and Non-financial undertakings								
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								

of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								
Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	78	26	–	–	–	–	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets								
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	48	1	–	–	–	–	–	–
Assets under management								
Of which debt securities								
Of which equity instruments								

Million EUR	**Circular economy (CE)**				**Pollution (PPC)**			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	78	29	–	1	12	1	–	–
Financial undertakings	4	–	–	–	2	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	4	–	–	–	2	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	4	–	–	–	2	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	4	–	–	–	2	–	–	–
Equity instruments	–	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	74	28	–	1	10	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	74	28	–	1	10	–	–	–
Equity instruments	–	–		–	–	–		–
Households	–	–	–	–				
of which loans collateralised by residential immovable property								
of which building renovation loans								
of which motor vehicle loans								
Local governments financing								

Housing financing								
Other local government financing								
Collateral obtained by taking possession: residential and commercial immovable properties								
Assets excluded from the numerator for GAR calculation (covered in the denominator)								
Financial and Non-financial undertakings								
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								
of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								
Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	78	29	–	1	12	1	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets								
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	–	–	–	–	–	–	–	–
Assets under management								
Of which debt securities								
Of which equity instruments								

Million EUR	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which specialised lending	Of which enabling			Of which Use of Proceeds	Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator									
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	12,297	293	–	25	109
Financial undertakings	–	–	–	–	156	23	–	1	1
Credit institutions	–	–	–	–	22	2	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	22	2	–	–	–
Equity instruments	–	–		–	–	–		–	–
Other financial corporations	–	–	–	–	134	21	–	1	1
of which investment firms	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
of which management companies	–	–	–	–	134	21	–	1	1
Loans and advances	–	–	–	–	4	–	–	–	–
Debt securities, including UoP	–	–	–	–	98	21	–	1	1
Equity instruments	–	–		–	32	–		–	–
of which insurance undertakings	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–

Non-financial undertakings	–	–	–	–	450	271	–	24	108
Loans and advances	–	–	–	–	73	64	–	–	4
Debt securities, including UoP	–	–	–	–	377	207	–	24	104
Equity instruments	–	–		–	–	–		–	–
Households					11,691	–	–	–	–
of which loans collateralised by residential immovable property					11,333	–	–	–	–
of which building renovation loans					330	–	–	–	–
of which motor vehicle loans					28	–		–	–
Local governments financing									
Housing financing									
Other local government financing									
Collateral obtained by taking possession: residential and commercial immovable properties									
Assets excluded from the numerator for GAR calculation (covered in the denominator)									
Financial and Non-financial undertakings									
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations									
Loans and advances									
of which loans collateralised by commercial immovable property									
of which building renovation loans									
Debt securities									
Equity instruments									
Non-EU country counterparties not subject to NFRD disclosure obligations									
Loans and advances									
Debt securities									
Equity instruments									
Derivatives									
On demand interbank loans									
Cash and cash-related assets									
Other assets (e.g. goodwill, commodities etc.)									
Total GAR assets	–	–	–	–	12,297	293	–	25	109
Assets not covered for GAR calculation									
Central governments and Supranational issuers									
Central banks exposure									
Trading book									
Total assets									
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations									
Financial guarantees	–	–	–	–	92	10	–	–	8
Assets under management									
Of which debt securities									
Of which equity instruments									

1. Assets for the calculation of GAR based on Turnover

Disclosure 2024

Million EUR	Total gross carrying amount	Climate Change Mitigation (CCM)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	18,340	10,844	118	–	3	35
Financial undertakings	3,569	42	2	–	–	–
Credit institutions	693	42	2	–	–	–
Loans and advances	36	–	–	–	–	–
Debt securities, including UoP	657	42	2	–	–	–
Equity instruments	1	–	–		–	–
Other financial corporations	2,876	–	–	–	–	–
of which investment firms	1,818	–	–	–	–	–
Loans and advances	723	–	–	–	–	–
Debt securities, including UoP	444	–	–	–	–	–
Equity instruments	650	–	–		–	–
of which management companies	1,057	–	–	–	–	–
Loans and advances	583	–	–	–	–	–
Debt securities, including UoP	401	–	–	–	–	–
Equity instruments	74	–	–		–	–
of which insurance undertakings	1	–	–	–	–	–
Loans and advances	1	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–
Equity instruments	–	–	–		–	–
Non-financial undertakings	2,203	216	116	–	3	35
Loans and advances	557	33	54	–	–	1
Debt securities, including UoP	1,641	183	62	–	3	33
Equity instruments	5	–	–		–	–
Households	12,088	10,586	–	–	–	–
of which loans collateralised by residential immovable property	10,282	10,282	–	–	–	–
of which building renovation loans	300	300	–	–	–	–
of which motor vehicle loans	79	4	–	–	–	–
Local governments financing	440	–	–	–	–	–
Housing financing	–	–	–	–	–	–
Other local government financing	440	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	41	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	16,506	–	–	–	–	–
Financial and Non-financial undertakings	13,467					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,933					
Loans and advances	11,211					
of which loans collateralised by commercial immovable property	2,945					
of which building renovation loans	–					
Debt securities	708					
Equity instruments	15					
Non-EU country counterparties not subject to NFRD disclosure obligations	1,534					
Loans and advances	441					
Debt securities	1,088					
Equity instruments	4					
Derivatives	629					
On demand interbank loans	230					
Cash and cash-related assets	184					
Other assets (e.g. goodwill, commodities etc.)	1,996					
Total GAR assets	34,846	10,844	118	–	3	35
Assets not covered for GAR calculation	8,650					

Central governments and Supranational issuers	6,672					
Central banks exposure	1,344					
Trading book	634					
Total assets	43,495	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations						
Financial guarantees	927	21	2	–	–	–
Assets under management	4,310	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–

Million EUR	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	84	26	–	3	–	–	–	–
Financial undertakings	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	83	26	–	3	–	–	–	–
Loans and advances	59	20	–	–	–	–	–	–
Debt securities, including UoP	24	5	–	3	–	–	–	–
Equity instruments	–	–		–	–	–		–
Households	–	–	–	–				
of which loans collateralised by residential immovable property	–	–	–	–				
of which building renovation loans	–	–	–	–				
of which motor vehicle loans								
Local governments financing	–	–	–	–	–	–	–	–
Housing financing	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	–	–	–	–	–	–	–	–
Financial and Non-financial undertakings								
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								
of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								

Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	84.00	26.00	–	3.00	–	–	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	14	1	–	–	–	–	–	–
Assets under management	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–

Million EUR	**Circular economy (CE)**				**Pollution (PPC)**			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9	1	–	1	–	–	–	–
Financial undertakings	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	9	1	–	1	–	–	–	–
Loans and advances	8	–	–	–	–	–	–	–
Debt securities, including UoP	1	1	–	1	–	–	–	–
Equity instruments	–	–		–	–	–		–
Households	–	–	–	–				
of which loans collateralised by residential immovable property	–	–	–	–				
of which building renovation loans	–	–	–	–				
of which motor vehicle loans								
Local governments financing	–	–	–	–	–	–	–	–
Housing financing	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	–	–	–	–	–	–	–	–
Financial and Non-financial undertakings								

SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								
of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								
Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	9	1	–	1	–	–	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	5	–	–	–	–	–	–	–
Assets under management	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–

Million EUR	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which specialised lending	Of which enabling			Of which Use of Proceeds	Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator									
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	10,936	144	–	3	38
Financial undertakings	–	–	–	–	42	2	–	–	–
Credit institutions	–	–	–	–	42	2	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	42	2	–	–	–
Equity instruments	–	–		–	–	–		–	–
Other financial corporations	–	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
of which management companies	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
of which insurance undertakings	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
Non-financial undertakings	–	–	–	–	308	142	–	3	38
Loans and advances	–	–	–	–	100	74	–	–	2
Debt securities, including UoP	–	–	–	–	208	68	–	3	37
Equity instruments	–	–		–	–	–		–	–
Households					10,586	–	–	–	–
of which loans collateralised by residential immovable property					10,282	–	–	–	–

of which building renovation loans					300	–	–	–	–
of which motor vehicle loans					4	–	–	–	–
Local governments financing	–	–	–	–	–	–	–	–	–
Housing financing	–	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	–	–	–	–	–	–	–	–	–
Financial and Non-financial undertakings									
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations									
Loans and advances									
of which loans collateralised by commercial immovable property									
of which building renovation loans									
Debt securities									
Equity instruments									
Non-EU country counterparties not subject to NFRD disclosure obligations									
Loans and advances									
Debt securities									
Equity instruments									
Derivatives									
On demand interbank loans									
Cash and cash-related assets									
Other assets (e.g. goodwill, commodities etc.)									
Total GAR assets	–	–	–	–	10,936	144	–	3	38
Assets not covered for GAR calculation									
Central governments and Supranational issuers									
Central banks exposure									
Trading book									
Total assets	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations									
Financial guarantees	–	–	–	–	40	4	–	–	–
Assets under management	–	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–	–

1. Assets for the calculation of GAR, based on CAPEX

Disclosure 2025

Million EUR	Total gross carrying amount	Climate Change Mitigation (CCM)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	22,075	12,272	328	–	30	142
Financial undertakings	4,609	96	2	–	–	–
Credit institutions	3,210	23	2	–	–	–
Loans and advances	2,241	–	–	–	–	–
Debt securities, including UoP	969	23	2	–	–	–
Equity instruments	–	–	–		–	–
Other financial corporations	1,399	73	–	–	–	–
of which investment firms	352	–	–	–	–	–
Loans and advances	–	–	–	–	–	–
Debt securities, including UoP	246	–	–	–	–	–
Equity instruments	106	–	–		–	–
of which management companies	1,047	73	–	–	–	–
Loans and advances	216	–	–	–	–	–
Debt securities, including UoP	497	71	–	–	–	–
Equity instruments	334	2	–		–	–
of which insurance undertakings	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–
Equity instruments	–	–	–		–	–
Non-financial undertakings	3,007	485	325	–	30	142
Loans and advances	1,250	71	68	–	–	–
Debt securities, including UoP	1,757	415	258	–	30	142
Equity instruments	–	–	–		–	–
Households	13,280	11,691	–	–	–	–
of which loans collateralised by residential immovable property	11,333	11,333				
of which building renovation loans	330	330				
of which motor vehicle loans	28	28				
Local governments financing	1,157					
Housing financing	–					
Other local government financing	1,157					
Collateral obtained by taking possession: residential and commercial immovable properties	21					
Assets excluded from the numerator for GAR calculation (covered in the denominator)	18,063					
Financial and Non-financial undertakings	15,217					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,665					
Loans and advances	10,879					
of which loans collateralised by commercial immovable property	11,665					
of which building renovation loans	4,017					
Debt securities	740					
Equity instruments	47					
Non-EU country counterparties not subject to NFRD disclosure obligations	3,552					
Loans and advances	1,853					
Debt securities	1,485					
Equity instruments	214					
Derivatives	544					
On demand interbank loans	200					
Cash and cash-related assets	179					
Other assets (e.g. goodwill, commodities etc.)	1,922					
Total GAR assets	40,138	12,272	328	–	30	142
Assets not covered for GAR calculation	7,067					

Central governments and Supranational issuers	5,071						
Central banks exposure	1,790						
Trading book	206						
Total assets	47,205						
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations							
Financial guarantees	2,275	41	35	–	–	27	
Assets under management	7,863						
Of which debt securities							
Of which equity instruments							

Million EUR	**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	56	15	–	4	–	–	–	–
Financial undertakings	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	56	15	–	4	–	–	–	–
Loans and advances	11	8	–	–	–	–	–	–
Debt securities, including UoP	45	7	–	4	–	–	–	–
Equity instruments	–	–		–	–	–		–
Households	–	–	–	–				
of which loans collateralised by residential immovable property								
of which building renovation loans								
of which motor vehicle loans								
Local governments financing								
Housing financing								
Other local government financing								
Collateral obtained by taking possession: residential and commercial immovable properties								
Assets excluded from the numerator for GAR calculation (covered in the denominator)								
Financial and Non-financial undertakings								
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								
of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								

Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	56	15	–	4	–	–	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets								
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	30	2	–	–	–	–	–	–
Assets under management								
Of which debt securities								
Of which equity instruments								

Million EUR	**Circular economy (CE)**				**Pollution (PPC)**			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66	29	–	6	7	–	–	–
Financial undertakings	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	66	29	–	6	7	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	66	29	–	6	7	–	–	–
Equity instruments	–	–		–	–	–		–
Households	–	–	–	–				
of which loans collateralised by residential immovable property								
of which building renovation loans								
of which motor vehicle loans								
Local governments financing								
Housing financing								
Other local government financing								
Collateral obtained by taking possession: residential and commercial immovable properties								
Assets excluded from the numerator for GAR calculation (covered in the denominator)								
Financial and Non-financial undertakings								

SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								
of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								
Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	66	29	–	6	7	–	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets								
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	–	–	–	–	–	–	–	–
Assets under management								
Of which debt securities								
Of which equity instruments								

Million EUR	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which specialised lending	Of which enabling			Of which Use of Proceeds	Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator									
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	12,402	372	–	30	152
Financial undertakings	–	–	–	–	96	2	–	–	–
Credit institutions	–	–	–	–	23	2	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	23	2	–	–	–
Equity instruments	–	–		–	–	–		–	–
Other financial corporations	–	–		–	73	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
of which management companies	–	–	–	–	73	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	71	–	–	–	–
Equity instruments	–	–		–	2	–		–	–
of which insurance undertakings	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
Non-financial undertakings	–	–	–	–	615	370	–	30	152
Loans and advances	–	–	–	–	82	76	–	–	–
Debt securities, including UoP	–	–	–	–	533	295	–	30	152
Equity instruments	–	–		–	–	–		–	–
Households					11,691	–	–	–	–
of which loans collateralised by residential immovable property					11,333	–	–	–	–

of which building renovation loans					330	–	–	–	–
of which motor vehicle loans					28	–		–	–
Local governments financing									
Housing financing									
Other local government financing									
Collateral obtained by taking possession: residential and commercial immovable properties									
Assets excluded from the numerator for GAR calculation (covered in the denominator)									
Financial and Non-financial undertakings									
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations									
Loans and advances									
of which loans collateralised by commercial immovable property									
of which building renovation loans									
Debt securities									
Equity instruments									
Non-EU country counterparties not subject to NFRD disclosure obligations									
Loans and advances									
Debt securities									
Equity instruments									
Derivatives									
On demand interbank loans									
Cash and cash-related assets									
Other assets (e.g. goodwill, commodities etc.)									
Total GAR assets	–	–	–	–	12.402	0.372	–	0.03	0.152
Assets not covered for GAR calculation									
Central governments and Supranational issuers									
Central banks exposure									
Trading book									
Total assets									
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations									
Financial guarantees	–	–	–	–	71	37	–	–	27
Assets under management									
Of which debt securities									
Of which equity instruments									

1. Assets for the calculation of GAR, based on CAPEX

Disclosure 2024

Million EUR	Total gross carrying amount	Climate Change Mitigation (CCM)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	18,340	11,054	173	–	18	56
Financial undertakings	3,569	46	2	–	–	–
Credit institutions	693	46	2	–	–	–
Loans and advances	36	–	–	–	–	–
Debt securities, including UoP	657	46	2	–	–	–
Equity instruments	1	–	–		–	–
Other financial corporations	2,876	–	–	–	–	–
of which investment firms	1,818	–	–	–	–	–
Loans and advances	723	–	–	–	–	–
Debt securities, including UoP	444	–	–	–	–	–
Equity instruments	650	–	–		–	–
of which management companies	1,057	–	–	–	–	–
Loans and advances	583	–	–	–	–	–
Debt securities, including UoP	401	–	–	–	–	–
Equity instruments	74	–	–		–	–
of which insurance undertakings	1	–	–	–	–	–
Loans and advances	1	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–
Equity instruments	–	–	–		–	–
Non-financial undertakings	2,203	422	171	–	18	56
Loans and advances	557	140	54	–	–	5
Debt securities, including UoP	1,641	282	117	–	18	51
Equity instruments	5	–	–		–	–
Households	12,088	10,586	–	–	–	–
of which loans collateralised by residential immovable property	10,282	10,282	–	–	–	–
of which building renovation loans	300	300	–	–	–	–
of which motor vehicle loans	79	4	–	–	–	–
Local governments financing	440	–	–	–	–	–
Housing financing	–	–	–	–	–	–
Other local government financing	440	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	41	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	16,506	–	–	–	–	–
Financial and Non-financial undertakings	13,467					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,933					
Loans and advances	11,211					
of which loans collateralised by commercial immovable property	2,945					
of which building renovation loans	–					
Debt securities	708					
Equity instruments	15					
Non-EU country counterparties not subject to NFRD disclosure obligations	1,534					
Loans and advances	441					
Debt securities	1,088					
Equity instruments	4					
Derivatives	629					
On demand interbank loans	230					
Cash and cash-related assets	184					
Other assets (e.g. goodwill, commodities etc.)	1,996					
Total GAR assets	34,846	11,054	173	–	18	56
Assets not covered for GAR calculation	8,650					

Central governments and Supranational issuers	6,672					
Central banks exposure	1,344					
Trading book	634					
Total assets	43,495	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations						
Financial guarantees	927	91	29	–	–	2
Assets under management	4,310	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–

Million EUR	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	162	56	–	3	–	–	–	–
Financial undertakings	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	162	56	–	3	–	–	–	–
Loans and advances	86	50	–	–	–	–	–	–
Debt securities, including UoP	77	6	–	3	–	–	–	–
Equity instruments	–	–		–	–	–		–
Households	–	–	–	–				
of which loans collateralised by residential immovable property	–	–	–	–				
of which building renovation loans	–	–	–	–				
of which motor vehicle loans								
Local governments financing	–	–	–	–	–	–	–	–
Housing financing	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	–	–	–	–	–	–	–	–
Financial and Non-financial undertakings								
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								
of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								

Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	162	56	–	3	–	–	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	19	7	–	–	–	–	–	–
Assets under management	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–

Million EUR	**Circular economy (CE)**				**Pollution (PPC)**			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	11	–	–	–	–	–	–	–
Financial undertakings	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Other financial corporations	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which management companies	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
of which insurance undertakings	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Non-financial undertakings	11	–	–	–	–	–	–	–
Loans and advances	11	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–
Households								
of which loans collateralised by residential immovable property								
of which building renovation loans								
of which motor vehicle loans								
Local governments financing	–	–	–	–	–	–	–	–
Housing financing	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	–	–	–	–	–	–	–	–
Financial and Non-financial undertakings								

SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations								
Loans and advances								
of which loans collateralised by commercial immovable property								
of which building renovation loans								
Debt securities								
Equity instruments								
Non-EU country counterparties not subject to NFRD disclosure obligations								
Loans and advances								
Debt securities								
Equity instruments								
Derivatives								
On demand interbank loans								
Cash and cash-related assets								
Other assets (e.g. goodwill, commodities etc.)								
Total GAR assets	11	–	–	–	–	–	–	–
Assets not covered for GAR calculation								
Central governments and Supranational issuers								
Central banks exposure								
Trading book								
Total assets	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations								
Financial guarantees	7	–	–	–	–	–	–	–
Assets under management	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–

Million EUR	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which specialised lending	Of which enabling			Of which Use of Proceeds	Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator									
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–	–	–	–	11,228	229	–	18	60
Financial undertakings	–	–	–	–	46	2	–	–	–
Credit institutions	–	–	–	–	46	2	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	46	2	–	–	–
Equity instruments	–	–		–	–	–		–	–
Other financial corporations	–	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
of which management companies	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
of which insurance undertakings	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–
Equity instruments	–	–		–	–	–		–	–
Non-financial undertakings	–	–	–	–	596	227	–	18	60
Loans and advances	–	–	–	–	237	104	–	–	5
Debt securities, including UoP	–	–	–	–	359	123	–	18	54
Equity instruments	–	–		–	–	–		–	–
Households					10,586	–	–	–	–
of which loans collateralised by residential immovable property					10,282	–	–	–	–

of which building renovation loans					300	–	–	–	–
of which motor vehicle loans					4	–	–	–	–
Local governments financing	–	–	–	–	–	–	–	–	–
Housing financing	–	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–
Assets excluded from the numerator for GAR calculation (covered in the denominator)	–	–	–	–	–	–	–	–	–
Financial and Non-financial undertakings									
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations									
Loans and advances									
of which loans collateralised by commercial immovable property									
of which building renovation loans									
Debt securities									
Equity instruments									
Non-EU country counterparties not subject to NFRD disclosure obligations									
Loans and advances									
Debt securities									
Equity instruments									
Derivatives									
On demand interbank loans									
Cash and cash-related assets									
Other assets (e.g. goodwill, commodities etc.)									
Total GAR assets	–	–	–	–	11,228	229	–	18	60
Assets not covered for GAR calculation									
Central governments and Supranational issuers									
Central banks exposure									
Trading book									
Total assets	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations									
Financial guarantees	–	–	–	–	116	37	–	–	2
Assets under management	–	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–	–

2. GAR sector information based on Turnover

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)
1712 - Manufacture of paper and paperboard	1	1			–	–		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	–	–			–	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	1	1			–	–		
2059 - Manufacture of other chemical products	–	–			–	–		
2110 - Manufacture of basic pharmaceutical products	–	–			–	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	22	11			–	–		
2351 - Manufacture of cement	10	–			–	–		
2511 - Manufacture of metal structures and parts of structures	1	1			1	1		
2611 - Manufacture of electronic components	5	–			–	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	3	–			–	–		
2711 - Manufacture of electric motors, generators and transformers	6	3			–	–		
2740 - Manufacture of lighting equipment and electric lamps	7	1			–	–		
2892 - Manufacture of machinery for mining, quarrying and construction	13	3			–	–		
2932 - Manufacture of other parts and accessories for motor vehicles	7	7			–	–		
3020 - Manufacture of railway locomotives and rolling stock	4	6			–	–		
3511 - Production of electricity from non-renewable sources	52	48			2	–		
3512 - Transmission of electricity	63	63			–	–		
4211 - Construction of roads and motorways	1	–			4	–		
4222 - Construction of utility projects for electricity and telecommunications	11	10			–	–		
4399 - Other specialised construction activities	–	–			2	2		
4686 - Wholesale of other intermediate products	–	–			–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	2	–			1	–		
5020 - Sea and coastal freight water transport	17	1			–	–		
5310 - Postal activities under universal service obligation	42	15			–	–		
6020 - Television programming, broadcasting and video distribution activities	–	–			–	–		
6110 - Wired, wireless, and satellite telecommunication activities	1	1			4	4		
6290 - Other activities auxiliary to insurance and pension funding	–	–			–	–		
6820 - Rental and operating of own or leased real estate	24	6			–	–		
7010 - Activities of head offices	55	54			–	–		
7211 - Research and experimental development on biotechnology	–	–			–	–		
8299 - Other business support service activities n.e.c.	–	–			–	–		
8622 - Medical specialists activities	–	–			–	–		
9609 - Other personal service activities n.e.c.	–	–			–	–		

Breakdown by sector - NACE 4 digits level (code and label)	Water and marine resources (WTR)				Circular economy (CE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)
1712 - Manufacture of paper and paperboard	–	–			–	–		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	–	–			–	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	–	–			–	–		
2059 - Manufacture of other chemical products	–	–			–	–		
2110 - Manufacture of basic pharmaceutical products	–	–			–	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	–	–			–	–		
2351 - Manufacture of cement	–	–			–	–		
2511 - Manufacture of metal structures and parts of structures	–	–			–	–		
2611 - Manufacture of electronic components	–	–			–	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	–	–			12	1		
2711 - Manufacture of electric motors, generators and transformers	–	–			5	–		
2740 - Manufacture of lighting equipment and electric lamps	–	–			8	–		
2892 - Manufacture of machinery for mining, quarrying and construction	–	–			–	–		
2932 - Manufacture of other parts and accessories for motor vehicles	–	–			1	–		
3020 - Manufacture of railway locomotives and rolling stock	–	–			–	–		
3511 - Production of electricity from non-renewable sources	–	–			–	–		
3512 - Transmission of electricity	–	–			–	–		
4211 - Construction of roads and motorways	–	–			–	–		
4222 - Construction of utility projects for electricity and telecommunications	–	–			–	–		
4399 - Other specialised construction activities	–	–			–	–		
4686 - Wholesale of other intermediate products	–	–			–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	–	–			2	1		
5020 - Sea and coastal freight water transport	–	–			–	–		
5310 - Postal activities under universal service obligation	–	–			–	–		
6020 - Television programming, broadcasting and video distribution activities	–	–			–	–		
6110 - Wired, wireless, and satellite telecommunication activities	–	–			2	–		
6290 - Other activities auxiliary to insurance and pension funding	–	–			10	–		
6820 - Rental and operating of own or leased real estate	–	–			–	–		
7010 - Activities of head offices	–	–			–	–		
7211 - Research and experimental development on biotechnology	–	–			–	–		
8299 - Other business support service activities n.e.c.	–	–			34	27		
8622 - Medical specialists activities	–	–			–	–		
9609 - Other personal service activities n.e.c.	–	–			1	–		

Breakdown by sector - NACE 4 digits level (code and label)	Pollution (PCC)				Biodiversity and Ecosystems (BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (PCC)	Mn EUR	Of which environmentally sustainable (PCC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)
1712 - Manufacture of paper and paperboard	–	–			–	–		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	–	–			–	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	–	–			–	–		
2059 - Manufacture of other chemical products	1	–			–	–		
2110 - Manufacture of basic pharmaceutical products	2	–			–	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	–	–			–	–		
2351 - Manufacture of cement	–	–			–	–		
2511 - Manufacture of metal structures and parts of structures	–	–			–	–		
2611 - Manufacture of electronic components	–	–			–	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	–	–			–	–		
2711 - Manufacture of electric motors, generators and transformers	–	–			–	–		
2740 - Manufacture of lighting equipment and electric lamps	–	–			–	–		
2892 - Manufacture of machinery for mining, quarrying and construction	–	–			–	–		
2932 - Manufacture of other parts and accessories for motor vehicles	–	–			–	–		
3020 - Manufacture of railway locomotives and rolling stock	–	–			–	–		
3511 - Production of electricity from non-renewable sources	–	–			–	–		
3512 - Transmission of electricity	–	–			–	–		
4211 - Construction of roads and motorways	–	–			–	–		
4222 - Construction of utility projects for electricity and telecommunications	–	–			–	–		
4399 - Other specialised construction activities	–	–			–	–		
4686 - Wholesale of other intermediate products	–	–			–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	–	–			–	–		
5020 - Sea and coastal freight water transport	–	–			–	–		
5310 - Postal activities under universal service obligation	–	–			–	–		
6020 - Television programming, broadcasting and video distribution activities	–	–			–	–		
6110 - Wired, wireless, and satellite telecommunication activities	–	–			–	–		
6290 - Other activities auxiliary to insurance and pension funding	–	–			–	–		
6820 - Rental and operating of own or leased real estate	–	–			–	–		
7010 - Activities of head offices	–	–			–	–		
7211 - Research and experimental development on biotechnology	5	–			–	–		
8299 - Other business support service activities n.e.c.	–	–			–	–		
8622 - Medical specialists activities	3	–			–	–		
9609 - Other personal service activities n.e.c.	–	–			–	–		

Breakdown by sector - NACE 4 digits level (code and label)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1712 - Manufacture of paper and paperboard	1	1		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	1	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	1	1		
2059 - Manufacture of other chemical products	1	–		
2110 - Manufacture of basic pharmaceutical products	2	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	22	11		
2351 - Manufacture of cement	10	–		
2511 - Manufacture of metal structures and parts of structures	1	1		
2611 - Manufacture of electronic components	5	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	15	1		
2711 - Manufacture of electric motors, generators and transformers	11	3		
2740 - Manufacture of lighting equipment and electric lamps	15	1		
2892 - Manufacture of machinery for mining, quarrying and construction	13	3		
2932 - Manufacture of other parts and accessories for motor vehicles	8	7		
3020 - Manufacture of railway locomotives and rolling stock	4	6		
3511 - Production of electricity from non-renewable sources	55	48		
3512 - Transmission of electricity	63	63		
4211 - Construction of roads and motorways	6	–		
4222 - Construction of utility projects for electricity and telecommunications	11	10		
4399 - Other specialised construction activities	2	2		
4686 - Wholesale of other intermediate products	–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	4	1		
5020 - Sea and coastal freight water transport	17	1		
5310 - Postal activities under universal service obligation	42	15		
6020 - Television programming, broadcasting and video distribution activities	–	–		
6110 - Wired, wireless, and satellite telecommunication activities	7	5		
6290 - Other activities auxiliary to insurance and pension funding	10	–		
6820 - Rental and operating of own or leased real estate	24	6		
7010 - Activities of head offices	55	54		
7211 - Research and experimental development on biotechnology	5	–		
8299 - Other business support service activities n.e.c.	34	27		
8622 - Medical specialists activities	3	–		
9609 - Other personal service activities n.e.c.	1	–		

2. GAR sector information, based on CAPEX

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)
0610 - Extraction of crude petroleum	–	–			–	–		
1712 - Manufacture of paper and paperboard	1	1			1	–		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	1	–			–	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	19	19			–	–		
2059 - Manufacture of other chemical products	6	–			–	–		
2110 - Manufacture of basic pharmaceutical products	–	–			–	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	24	12			11	–		
2229 - Manufacture of other plastic products	–	–			–	–		
2313 - Manufacture of hollow glass	9	8			1	–		
2351 - Manufacture of cement	9	3			–	–		
2511 - Manufacture of metal structures and parts of structures	5	5			5	5		
2611 - Manufacture of electronic components	6	–			–	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	5	1			–	–		
2711 - Manufacture of electric motors, generators and transformers	7	3			–	–		
2740 - Manufacture of lighting equipment and electric lamps	7	3			–	–		
2892 - Manufacture of machinery for mining, quarrying and construction	10	2			–	–		
2932 - Manufacture of other parts and accessories for motor vehicles	7	7			–	–		
3020 - Manufacture of railway locomotives and rolling stock	4	1			–	–		
3250 - Manufacture of medical and dental instruments and supplies	6	–			–	–		
3511 - Production of electricity from non-renewable sources	66	59			7	2		
3512 - Transmission of electricity	64	64			–	–		
4211 - Construction of roads and motorways	2	–			4	–		
4222 - Construction of utility projects for electricity and telecommunications	20	20			–	–		
4399 - Other specialised construction activities	–	–			2	2		
4686 - Wholesale of other intermediate products	–	–			–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	37	5			19	3		
4777 - Retail sale of watches and jewellery	14	–			2	–		
5020 - Sea and coastal freight water transport	16	4			–	–		
5310 - Postal activities under universal service obligation	33	23			–	–		
5920 - Sound recording and music publishing activities	1	–			–	–		
6020 - Television programming, broadcasting and video distribution activities	–	–			–	–		
6110 - Wired, wireless, and satellite telecommunication activities	1	–			2	2		
6290 - Other activities auxiliary to insurance and pension funding	–	–			–	–		
6820 - Rental and operating of own or leased real estate	23	11			–	–		
7010 - Activities of head offices	71	71			–	–		
7211 - Research and experimental development on biotechnology	–	–			–	–		
8299 - Other business support service activities n.e.c.	2	2			–	–		
8622 - Medical specialists activities	3	–			–	–		
9200 - Gambling and betting activities	–	–			–	–		
9609 - Other personal service activities n.e.c.	1	–			–	–		

Breakdown by sector - NACE 4 digits level (code and label)	Water and marine resources (WTR)				Circular economy (CE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)
0610 - Extraction of crude petroleum	–	–			–	–		
1712 - Manufacture of paper and paperboard	–	–			–	–		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	–	–			1	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	–	–			–	–		
2059 - Manufacture of other chemical products	–	–			–	–		
2110 - Manufacture of basic pharmaceutical products	–	–			–	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	–	–			–	–		
2229 - Manufacture of other plastic products	–	–			–	–		
2313 - Manufacture of hollow glass	–	–			–	–		
2351 - Manufacture of cement	–	–			–	–		
2511 - Manufacture of metal structures and parts of structures	–	–			–	–		
2611 - Manufacture of electronic components	–	–			–	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	–	–			3	–		
2711 - Manufacture of electric motors, generators and transformers	–	–			2	–		
2740 - Manufacture of lighting equipment and electric lamps	–	–			3	–		
2892 - Manufacture of machinery for mining, quarrying and construction	–	–			–	–		
2932 - Manufacture of other parts and accessories for motor vehicles	–	–			–	–		
3020 - Manufacture of railway locomotives and rolling stock	–	–			–	–		
3250 - Manufacture of medical and dental instruments and supplies	–	–			–	–		
3511 - Production of electricity from non-renewable sources	–	–			–	–		
3512 - Transmission of electricity	–	–			–	–		
4211 - Construction of roads and motorways	–	–			–	–		
4222 - Construction of utility projects for electricity and telecommunications	–	–			–	–		
4399 - Other specialised construction activities	–	–			–	–		
4686 - Wholesale of other intermediate products	–	–			–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	–	–			3	–		
4777 - Retail sale of watches and jewellery	–	–			1	–		
5020 - Sea and coastal freight water transport	–	–			–	–		
5310 - Postal activities under universal service obligation	–	–			–	–		
5920 - Sound recording and music publishing activities	–	–			–	–		
6020 - Television programming, broadcasting and video distribution activities	–	–			–	–		
6110 - Wired, wireless, and satellite telecommunication activities	–	–			12	–		
6290 - Other activities auxiliary to insurance and pension funding	–	–			6	–		
6820 - Rental and operating of own or leased real estate	–	–			–	–		
7010 - Activities of head offices	–	–			–	–		
7211 - Research and experimental development on biotechnology	–	–			–	–		
8299 - Other business support service activities n.e.c.	–	–			34	29		
8622 - Medical specialists activities	–	–			1	–		
9200 - Gambling and betting activities	–	–			–	–		
9609 - Other personal service activities n.e.c.	–	–			–	–		

Breakdown by sector - NACE 4 digits level (code and label)	Pollution (PCC)				Biodiversity and Ecosystems (BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (PCC)	Mn EUR	Of which environmentally sustainable (PCC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)
0610 - Extraction of crude petroleum	–	–			–	–		
1712 - Manufacture of paper and paperboard	–	–			–	–		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	–	–			–	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	–	–			–	–		
2059 - Manufacture of other chemical products	–	–			–	–		
2110 - Manufacture of basic pharmaceutical products	–	–			–	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	–	–			–	–		
2229 - Manufacture of other plastic products	–	–			–	–		
2313 - Manufacture of hollow glass	–	–			–	–		
2351 - Manufacture of cement	–	–			–	–		
2511 - Manufacture of metal structures and parts of structures	–	–			–	–		
2611 - Manufacture of electronic components	–	–			–	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	–	–			–	–		
2711 - Manufacture of electric motors, generators and transformers	–	–			–	–		
2740 - Manufacture of lighting equipment and electric lamps	–	–			–	–		
2892 - Manufacture of machinery for mining, quarrying and construction	–	–			–	–		
2932 - Manufacture of other parts and accessories for motor vehicles	–	–			–	–		
3020 - Manufacture of railway locomotives and rolling stock	–	–			–	–		
3250 - Manufacture of medical and dental instruments and supplies	–	–			–	–		
3511 - Production of electricity from non-renewable sources	–	–			–	–		
3512 - Transmission of electricity	–	–			–	–		
4211 - Construction of roads and motorways	–	–			–	–		
4222 - Construction of utility projects for electricity and telecommunications	–	–			–	–		
4399 - Other specialised construction activities	–	–			–	–		
4686 - Wholesale of other intermediate products	–	–			–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	–	–			–	–		
4777 - Retail sale of watches and jewellery	–	–			–	–		
5020 - Sea and coastal freight water transport	–	–			–	–		
5310 - Postal activities under universal service obligation	–	–			–	–		
5920 - Sound recording and music publishing activities	–	–			–	–		
6020 - Television programming, broadcasting and video distribution activities	–	–			–	–		
6110 - Wired, wireless, and satellite telecommunication activities	–	–			–	–		
6290 - Other activities auxiliary to insurance and pension funding	–	–			–	–		
6820 - Rental and operating of own or leased real estate	–	–			–	–		
7010 - Activities of head offices	–	–			–	–		
7211 - Research and experimental development on biotechnology	5	–			–	–		
8299 - Other business support service activities n.e.c.	–	–			–	–		
8622 - Medical specialists activities	1	–			–	–		
9200 - Gambling and betting activities	–	–			–	–		
9609 - Other personal service activities n.e.c.	–	–			–	–		

Breakdown by sector - NACE 4 digits level (code and label)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
0610 - Extraction of crude petroleum	–	–		
1712 - Manufacture of paper and paperboard	2	1		
1721 - Manufacture of corrugated paper, paperboard and containers of paper and paperboard	2	–		
1920 - Manufacture of refined petroleum products and fossil fuel products	19	19		
2059 - Manufacture of other chemical products	6	–		
2110 - Manufacture of basic pharmaceutical products	1	–		
2211 - Manufacture, retreading and rebuilding of rubber tyres and manufacture of tubes	35	12		
2229 - Manufacture of other plastic products	–	–		
2313 - Manufacture of hollow glass	11	8		
2351 - Manufacture of cement	9	3		
2511 - Manufacture of metal structures and parts of structures	11	11		
2611 - Manufacture of electronic components	6	–		
2651 - Manufacture of instruments and appliances for measuring, testing and navigation	9	2		
2711 - Manufacture of electric motors, generators and transformers	9	3		
2740 - Manufacture of lighting equipment and electric lamps	10	3		
2892 - Manufacture of machinery for mining, quarrying and construction	10	2		
2932 - Manufacture of other parts and accessories for motor vehicles	7	7		
3020 - Manufacture of railway locomotives and rolling stock	4	1		
3250 - Manufacture of medical and dental instruments and supplies	6	–		
3511 - Production of electricity from non-renewable sources	72	62		
3512 - Transmission of electricity	64	64		
4211 - Construction of roads and motorways	5	–		
4222 - Construction of utility projects for electricity and telecommunications	20	20		
4399 - Other specialised construction activities	2	2		
4686 - Wholesale of other intermediate products	–	–		
4711 - Non-specialised retail sale of predominately food, beverages or tobacco	59	8		
4777 - Retail sale of watches and jewellery	17	–		
5020 - Sea and coastal freight water transport	16	4		
5310 - Postal activities under universal service obligation	33	23		
5920 - Sound recording and music publishing activities	1	–		
6020 - Television programming, broadcasting and video distribution activities	–	–		
6110 - Wired, wireless, and satellite telecommunication activities	14	2		
6290 - Other activities auxiliary to insurance and pension funding	7	–		
6820 - Rental and operating of own or leased real estate	23	11		
7010 - Activities of head offices	72	71		
7211 - Research and experimental development on biotechnology	5	–		
8299 - Other business support service activities n.e.c.	36	31		
8622 - Medical specialists activities	5	–		
9200 - Gambling and betting activities	1	–		
9609 - Other personal service activities n.e.c.	2	–		

3. GAR KPI stock based on Turnover

Disclosure 2025

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	54.9 %	1.1 %	– %	0.1 %	0.5 %
Financial undertakings	1.9 %	0.1 %	– %	– %	– %
Credit institutions	0.7 %	0.1 %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	2.3 %	0.2 %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Other financial corporations	4.6 %	0.1 %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which management companies	6.2 %	0.1 %	– %	0.1 %	0.1 %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Non-financial corporations	11.7 %	7.8 %	– %	0.8 %	3.6 %
Loans and advances	5.3 %	4.9 %	– %	– %	0.3 %
Debt securities, including UoP	16.3 %	9.9 %	– %	1.4 %	5.9 %
Equity instruments	– %	– %		– %	– %
Households	88 %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	100 %	– %	– %	– %	– %
of which building renovation loans	100 %	– %	– %	– %	– %
of which motor vehicle loans	100 %	– %	– %	– %	– %
Local governments financing	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %
Total GAR assets	30.2 %	0.6 %	– %	0.1 %	0.3 %

% (compared to total covered assets in the denominator)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.4 %	0.1 %	– %	– %	– %	– %	– %	– %
Financial undertakings	1.4 %	0.4 %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	4.5 %	1.3 %	– %	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	6.0 %	1.8 %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	0.5 %	0.2 %	– %	– %	– %	– %	– %	– %
Loans and advances	0.6 %	0.2 %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	0.4 %	0.2 %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	0.2 %	0.1 %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Circular economy (CE)				Pollution (PPC)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR – Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.4 %	0.1 %	– %	– %	0.1 %	– %	– %	– %
Financial undertakings	0.1 %	– %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	0.3 %	– %	– %	– %	0.1 %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	0.4 %	– %	– %	– %	0.1 %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	2.4 %	0.9 %	– %	– %	0.3 %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	4.2 %	1.6 %	– %	0.1 %	0.6 %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	0.2 %	0.1 %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Of which environmentally sustainable (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	55.7 %	1.3 %	– %	0.1 %	0.5 %	46.8 %
Financial undertakings	– %	– %	– %	– %	3.4 %	0.5 %	– %	– %	– %	9.8 %
Credit institutions	– %	– %	– %	– %	0.7 %	0.1 %	– %	– %	– %	6.8 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	4.7 %
Debt securities, including UoP	– %	– %	– %	– %	2.3 %	0.2 %	– %	– %	– %	2.1 %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Other financial corporations	– %	– %	– %	– %	9.5 %	1.5 %	– %	– %	0.1 %	3.0 %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.7 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which management companies	– %	– %	– %	– %	12.7 %	2.0 %	– %	0.1 %	0.1 %	2.2 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	15.0 %	9.0 %	– %	0.8 %	3.6 %	6.4 %
Loans and advances	– %	– %	– %	– %	5.9 %	5.1 %	– %	– %	0.3 %	2.6 %
Debt securities, including UoP	– %	– %	– %	– %	21.4 %	11.8 %	– %	1.4 %	5.9 %	3.7 %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Households					88.0 %	– %	– %	– %	– %	28.1 %
of which loans collateralised by residential immovable property					100.0 %	– %	– %	– %	– %	24.0 %
of which building renovation loans					100.0 %	– %	– %	– %	– %	0.7 %
of which motor vehicle loans					100.0 %	– %	– %	– %	– %	0.1 %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	2.5 %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	2.5 %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	30.6 %	0.7 %	– %	0.1 %	0.3 %	85.0 %

3. GAR KPI stock based on Turnover

Disclosure 2024

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	59.1 %	0.6 %	– %	– %	0.2 %
Financial undertakings	1.2 %	– %	– %	– %	– %
Credit institutions	6.1 %	0.2 %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	6.5 %	0.3 %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Other financial corporations	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which management companies	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Non-financial corporations	9.8 %	5.3 %	– %	0.1 %	1.6 %
Loans and advances	5.9 %	9.7 %	– %	– %	0.2 %
Debt securities, including UoP	11.1 %	3.8 %	– %	0.2 %	2.0 %
Equity instruments	– %	– %		– %	– %
Households	87.6 %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	100.0 %	– %	– %	– %	– %
of which building renovation loans	100.0 %	– %	– %	– %	– %
of which motor vehicle loans	5.0 %				
Local governments financing	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %
Total GAR assets	31.1 %	0.3 %	– %	– %	0.1 %

% (compared to total covered assets in the denominator)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.5 %	0.1 %	– %	– %	– %	– %	– %	– %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	3.8 %	1.2 %	– %	0.1 %	– %	– %	– %	– %
Loans and advances	10.6 %	3.7 %	– %	0.1 %	– %	– %	– %	– %
Debt securities, including UoP	1.5 %	0.3 %	– %	0.2 %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	0.2 %	0.1 %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Circular economy (CE)				Pollution (PPC)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR – Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	– %	– %	– %	– %
Financial undertakings	– %	– %		– %	– %	– %		– %
Credit institutions	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	– %	– %		– %	– %	– %		– %
of which investment firms	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Of which environmentally sustainable (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	59.6 %	0.8 %	– %	– %	0.2 %	42.2 %
Financial undertakings	– %	– %	– %	– %	1.2 %	– %	– %	– %	– %	8.2 %
Credit institutions	– %	– %	– %	– %	6.1 %	0.2 %	– %	– %	– %	1.6 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.1 %
Debt securities, including UoP	– %	– %	– %	– %	6.5 %	0.3 %	– %	– %	– %	1.5 %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Other financial corporations	– %	– %		– %	– %	– %	– %	– %	– %	6.6 %
of which investment firms	– %	– %		– %	– %	– %	– %	– %	– %	4.2 %
Loans and advances	– %	– %		– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %		– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which management companies	– %	– %		– %	– %	– %	– %	– %	– %	2.4 %
Loans and advances	– %	– %		– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %		– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which insurance undertakings	– %	– %		– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %		– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %		– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	14.0 %	6.5 %	– %	0.1 %	1.7 %	5.1 %
Loans and advances	– %	– %	– %	– %	18.0 %	13.3 %	– %	– %	0.3 %	1.3 %
Debt securities, including UoP	– %	– %	– %	– %	12.7 %	4.2 %	– %	0.2 %	2.2 %	3.8 %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Households					87.6 %	– %	– %	– %	– %	23.8 %
of which loans collateralised by residential immovable property					100.0 %	– %	– %	– %	– %	
of which building renovation loans					100.0 %	– %	– %	– %	– %	0.7 %
of which motor vehicle loans					5.0 %	– %	– %	– %	– %	0.2 %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	1.0 %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %	– %	1.0 %
Total GAR assets	– %	– %	– %	– %	31.4 %	0.4 %	– %	– %	0.1 %	80.1 %

3. GAR KPI stock based on CAPEX

Disclosure 2025

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	55.6 %	1.5 %	– %	0.1 %	0.6 %
Financial undertakings	2.1 %	– %	– %	– %	– %
Credit institutions	0.7 %	0.1 %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	2.3 %	0.2 %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Other financial corporations	5.2 %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which management companies	7.0 %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Non-financial corporations	16.1 %	10.8 %	– %	1.0 %	4.7 %
Loans and advances	5.7 %	5.4 %	– %	– %	– %
Debt securities, including UoP	23.6 %	14.7 %	– %	1.7 %	8.1 %
Equity instruments	– %	– %		– %	– %
Households	88.0 %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	100.0 %	– %	– %	– %	– %
of which building renovation loans	100.0 %	– %	– %	– %	– %
of which motor vehicle loans	100.0 %	– %	– %	– %	– %
Local governments financing	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %
Total GAR assets	30.6 %	0.8 %	– %	0.1 %	0.4 %

% (compared to total covered assets in the denominator)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.3 %	0.1 %	– %	– %	– %	– %	– %	– %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	1.9 %	0.5 %	– %	0.1 %	– %	– %	– %	– %
Loans and advances	0.9 %	0.6 %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	2.6 %	0.4 %	– %	0.2 %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	0.1 %	– %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Circular economy (CE)				Pollution (PPC)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR – Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.3 %	0.1 %	– %	– %	– %	– %	– %	– %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	2.2 %	1.0 %	– %	0.2 %	0.2 %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	3.8 %	1.7 %	– %	0.3 %	0.4 %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	0.2 %	0.1 %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Of which environmentally sustainable (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	56.2 %	1.7 %	– %	0.1 %	0.7 %	46.8 %
Financial undertakings	– %	– %	– %	– %	2.1 %	– %	– %	– %	– %	9.8 %
Credit institutions	– %	– %	– %	– %	0.7 %	0.1 %	– %	– %	– %	6.8 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	4.7 %
Debt securities, including UoP	– %	– %	– %	– %	2.3 %	0.2 %	– %	– %	– %	2.1 %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Other financial corporations	– %	– %	– %	– %	5.2 %	– %	– %	– %	– %	3.0 %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.7 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which management companies	– %	– %	– %	– %	7.0 %	– %	– %	– %	– %	2.2 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	20.5 %	12.3 %	– %	1.0 %	5.1 %	6.4 %
Loans and advances	– %	– %	– %	– %	6.6 %	6.0 %	– %	– %	– %	2.6 %
Debt securities, including UoP	– %	– %	– %	– %	30.3 %	16.8 %	– %	1.7 %	8.6 %	3.7 %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Households					88.0 %	– %	– %	– %	– %	28.1 %
of which loans collateralised by residential immovable property					100.0 %	– %	– %	– %	– %	24.0 %
of which building renovation loans					100.0 %	– %	– %	– %	– %	0.7 %
of which motor vehicle loans					100.0 %	– %	– %	– %	– %	0.1 %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	2.5 %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	2.5 %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	30.9 %	0.9 %	– %	0.1 %	0.4 %	85.0 %

3. GAR KPI stock based on CAPEX

Disclosure 2024

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	60.3 %	0.9 %	– %	0.1 %	0.3 %
Financial undertakings	1.3 %	0.1 %	– %	– %	– %
Credit institutions	6.6 %	0.3 %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	7.0 %	0.3 %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Other financial corporations	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which management companies	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %
Non-financial corporations	19.2 %	7.8 %	– %	0.8 %	2.5 %
Loans and advances	25.2 %	9.6 %	– %	– %	0.9 %
Debt securities, including UoP	17.2 %	7.2 %	– %	1.1 %	3.1 %
Equity instruments	0.2 %	– %		– %	– %
Households	87.6 %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	100.0 %	– %	– %	– %	– %
of which building renovation loans	100.0 %	– %	– %	– %	– %
of which motor vehicle loans	5.0 %	– %	– %	– %	– %
Local governments financing	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %
Total GAR assets	31.1 %	0.5 %	– %	– %	0.1 %

% (compared to total covered assets in the denominator)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.9 %	0.3 %		– %	– %	– %		– %
Financial undertakings	– %	– %		– %	– %	– %		– %
Credit institutions	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	– %	– %		– %	– %	– %		– %
of which investment firms	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %		– %	– %	– %		– %
Loans and advances	– %	– %		– %	– %	– %		– %
Debt securities, including UoP	– %	– %		– %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	7.4 %	2.5 %		0.2 %	– %	– %		– %
Loans and advances	15.4 %	9.0 %		0.1 %	– %	– %		– %
Debt securities, including UoP	4.7 %	0.3 %		0.2 %	– %	– %		– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	0.5 %	0.2 %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Circular economy (CE)				Pollution (PPC)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR – Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.1 %	– %		– %	– %	– %	– %	– %
Financial undertakings	– %	– %		– %	– %	– %	– %	– %
Credit institutions	– %	– %		– %	– %	– %	– %	– %
Loans and advances	– %	– %		– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %		– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Other financial corporations	– %	– %		– %	– %	– %	– %	– %
of which investment firms	– %	– %		– %	– %	– %	– %	– %
Loans and advances	– %	– %		– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %		– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which management companies	– %	– %		– %	– %	– %	– %	– %
Loans and advances	– %	– %		– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %		– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
of which insurance undertakings	– %	– %		– %	– %	– %	– %	– %
Loans and advances	– %	– %		– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %		– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Non-financial corporations	0.5 %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	2.0 %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	– %	– %	– %	– %

% (compared to total covered assets in the denominator)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Of which environmentally sustainable (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	61.2 %	1.2 %	– %	0.1 %	0.3 %	42.2 %
Financial undertakings	– %	– %	– %	– %	1.3 %	0.1 %	– %	– %	– %	8.2 %
Credit institutions	– %	– %	– %	– %	6.6 %	0.3 %	– %	– %	– %	1.6 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.1 %
Debt securities, including UoP	– %	– %	– %	– %	7.0 %	0.3 %	– %	– %	– %	1.5 %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %	– %	6.6 %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	4.2 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	2.4 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	27.1 %	10.3 %	– %	0.8 %	2.7 %	5.1 %
Loans and advances	– %	– %	– %	– %	42.5 %	18.7 %	– %	– %	0.9 %	1.3 %
Debt securities, including UoP	– %	– %	– %	– %	21.9 %	7.5 %	– %	1.1 %	3.3 %	3.8 %
Equity instruments	– %	– %		– %	0.2 %	– %		– %	– %	– %
Households					87.6 %	– %	– %	– %	– %	27.8 %
of which loans collateralised by residential immovable property					100.0 %	– %	– %	– %	– %	23.6 %
of which building renovation loans					100.0 %	– %	– %	– %	– %	0.7 %
of which motor vehicle loans					5.0 %	– %	– %	– %	– %	0.2 %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	1.0 %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	1.0 %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.1 %
Total GAR assets	– %	– %	– %	– %	32.2 %	0.6 %	– %	– %	0.1 %	80.1 %

4. GAR KPI flow based on Turnover

Disclosure 2025

% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	40.8 %	0.6 %	– %	– %	– %
Financial undertakings	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
Non-financial corporations	8.1 %	8.0 %	– %	– %	0.5 %
Loans and advances	8.1 %	8.0 %	– %	– %	0.5 %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
Households	82.8 %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	100.0 %	– %	– %	– %	– %
of which building renovation loans	100.0 %	– %	– %	– %	– %
of which motor vehicle loans	100.0 %	– %	– %	– %	– %
Local governments financing	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %
Total GAR assets	24.3 %	0.4 %	– %	– %	– %

% (compared to flow of total eligible assets)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.1 %	– %	– %	– %	– %	– %	– %	– %
Financial undertakings	– %	– %	– %	– %	– %	– %		– %
Credit institutions	– %	– %	– %	– %	– %	– %		– %
Loans and advances	– %	– %	– %	– %	– %	– %		– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %	– %		– %
of which investment firms	– %	– %	– %	– %	– %	– %		– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %	– %		– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Non-financial corporations	1.0 %	0.6 %	– %	– %	– %	– %	– %	– %
Loans and advances	1.0 %	0.6 %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties								
Total GAR assets	– %	– %	– %	– %	– %	– %	– %	– %

% (compared to flow of total eligible assets)	Circular economy (CE)				Pollution (PPC)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	– %	– %	– %	– %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Households	– %	– %	– %	– %				
of which loans collateralised by residential immovable property	– %	– %	– %	– %				
of which building renovation loans	– %	– %	– %	– %				
of which motor vehicle loans								
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	– %	– %	– %	– %

% (compared to flow of total eligible assets)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Of which environmentally sustainable (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	40.8 %	0.7 %	– %	– %	– %	59.6 %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	25.3 %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %	– %	24.7 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	24.7 %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.6 %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.6 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	9.0 %	8.6 %	– %	– %	0.5 %	4.7 %
Loans and advances	– %	– %	– %	– %	9.0 %	8.6 %	– %	– %	0.5 %	4.7 %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Households					82.8 %	– %	– %	– %	– %	28.9 %
of which loans collateralised by residential immovable property					100.0 %	– %	– %	– %	– %	23.5 %
of which building renovation loans					100.0 %	– %	– %	– %	– %	0.3 %
of which motor vehicle loans					100.0 %	– %	– %	– %	– %	0.1 %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.7 %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.7 %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	24.3 %	0.4 %	– %	– %	– %	100.0 %

4. GAR KPI flow based on CAPEX

Disclosure 2025

% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	40.9 %	0.7 %		– %	– %
Financial undertakings	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
Non-financial corporations	9.3 %	9.2 %	– %	– %	– %
Loans and advances	9.3 %	9.2 %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %
Households	82.8 %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	100.0 %	– %	– %	– %	– %
of which building renovation loans	100.0 %	– %	– %	– %	– %
of which motor vehicle loans	100.0 %	– %	– %	– %	– %
Local governments financing	– %	– %	– %	– %	– %
Housing financing		– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties					
Total GAR assets	24.1 %	0.4 %	– %	– %	– %

% (compared to flow of total eligible assets)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.2 %	0.1 %		– %	– %	– %		– %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Non-financial corporations	2.0 %	1.8 %	– %	– %	– %	– %	– %	– %
Loans and advances	2.0 %	1.8 %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Households	– %	– %	– %	– %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	– %	– %	– %	– %	– %	– %	– %	– %
of which building renovation loans	– %	– %	– %	– %	– %	– %	– %	– %
of which motor vehicle loans	– %	– %	– %	– %	– %	– %	– %	– %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	0.1 %	0.1 %	– %	– %	– %	– %	– %	– %

% (compared to flow of total eligible assets)	Circular economy (CE)				Pollution (PPC)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %		– %	– %	– %		– %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %
Households	– %	– %	– %	– %	– %	– %	– %	– %
of which loans collateralised by residential immovable property	– %	– %	– %	– %	– %	– %	– %	– %
of which building renovation loans	– %	– %	– %	– %	– %	– %	– %	– %
of which motor vehicle loans	– %	– %	– %	– %	– %	– %	– %	– %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	– %	– %	– %	– %

% (compared to flow of total eligible assets)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Of which environmentally sustainable (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %		– %	41.0 %	0.9 %		– %	– %	59.1 %
Financial undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	25.1 %
Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %	– %	24.5 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	24.5 %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.6 %
of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.6 %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Non-financial corporations	– %	– %	– %	– %	11.4 %	11.0 %	– %	– %	– %	4.6 %
Loans and advances	– %	– %	– %	– %	11.4 %	11.0 %	– %	– %	– %	4.6 %
Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Equity instruments	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Households	– %	– %	– %	– %	82.8 %	– %	– %	– %	– %	28.7 %
of which loans collateralised by residential immovable property	– %	– %	– %	– %	100.0 %	– %	– %	– %	– %	23.3 %
of which building renovation loans	– %	– %	– %	– %	100.0 %	– %	– %	– %	– %	0.3 %
of which motor vehicle loans	– %	– %	– %	– %	100.0 %	– %	– %	– %	– %	0.1 %
Local governments financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.7 %
Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.7 %
Collateral obtained by taking possession: residential and commercial immovable properties	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
Total GAR assets	– %	– %	– %	– %	24.2 %	0.5 %	– %	– %	– %	100.0 %

5. KPI off-balance-sheet stock exposures based on Turnover

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	1.92 %	0.42 %	–	–	0.36 %
Assets under management (AuM KPI)	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	2.13 %	0.03 %	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Circular economy (CE)				Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	–	–	–	–	4.05 %	0.45 %	–	–	0.36 %
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–

5. KPI off-balance-sheet stock exposures based on CAPEX

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	1.80 %	1.53 %	–	–	1.18 %
Assets under management (AuM KPI)	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	1.31 %	0.10 %	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Circular economy (CE)				Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	0.01 %	–	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	–	–	–	–	3.12 %	1.63 %	–	–	1.19 %
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–

5. ICD extra-balance sheet exposures of flows, based on Turnover

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	1.45 %	0.03 %	–	–	0.02 %
Assets under management (AuM KPI)	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	0.08 %	0.08 %	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Circular economy (CE)				Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	–	–	–	–	1.53 %	0.10 %	–	–	0.02 %
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–

5. ICD extra-balance sheet exposures of flows, based on CAPEX

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	1.45 %	0.03 %	–	–	0.02
Assets under management (AuM KPI)	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	0.08 %	0.08 %	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Circular economy (CE)				Pollution (PPC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–

% (compared to total eligible off-balance sheet assets)	Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	–	–	–	–	1.53 %	0.10 %	–	–	0.02
Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–

1. Nuclear energy and fossil-gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**No**
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**Yes**
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**Yes**
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**Yes**
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**Yes**
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**No**

2. Taxonomy-aligned economic activities (denominator) based on Turnover

Row	Economic activities based on KPI Turnover (€ millions)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,100	8 %	2,100	8.9 %	–	–
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	24,200	92 %	21,600	91.1 %	2,600	100 %
8	Total green asset ratio, Turnover	26,400	0.7 %	23,800	0.6 %	2,600	0.1 %

2. Taxonomy-aligned economic activities (denominator) based on CAPEX

Row	Economic activities based on KPI CAPEX (€ millions)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	5.5	1.6	5.5	1.7	–	–
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	15.1	4.4 %	14.9	4.5 %	20	1.2
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	322.1	94 %	307.2	93.8 %	15	98.8 %
8	Total green asset ratio, CAPEX	342.7	0.9 %	327.5	0.8 %	15.1	–

3. Economic activities aligned with the Taxonomy (numerator) based on Turnover

Row	Economic activities based on KPI Turnover (€ millions)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KP	3,800	14.6 %	3,800	16.2 %	–	–
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	22,500	85.4 %	19,900	83.8 %	2,600	100 %
8	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the total green asset ratio based on turnover	26,400	100 %	23,800	90.1 %	2,600	9.9 %

3. Economic activities aligned with the Taxonomy (numerator) based on CAPEX.

Row	Economic activities based on KPI CAPEX (€ millions)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	8.6	2.5	8.6	2.6	–	–
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	25.9	7.5 %	25.1	7.7 %	80	5.2
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	308.2	89.9 %	293.8	89.7 %	14.3	94.8 %
8	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the total green asset ratio based on CAPEX	342.7	100 %	327.5	95.6 %	15.1	4.4 %

4. Economic activities eligible but not aligned with the Taxonomy - Turnover

Row	Economic activities based on KPI Turnover (€ millions)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	20	0.2 %	20	0.2 %	–	–
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	11,923	99.8 %	11,871	99.8 %	52	100 %
8	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the eligible ratio based on turnover	11,943	97.8 %	11,892	97.4 %	52	0.4 %

4. Economic activities eligible but not aligned with the Taxonomy - CAPEX

Row	Economic activities eligible but not aligned with the Taxonomy based on KPI CAPEX (€ millions)	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	9.5	0.1 %	9.5	0.1 %	–	–
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.5	– %	0.5	– %	–	–
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	11,975.8	99.9 %	11,934	99.9 %	41.3	100 %
8	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the eligible ratio based on CAPEX	11,985.8	97.2 %	11,944.4	96.9 %	41.3	0.3 %

5. Non-eligible economic activities with Taxonomy based on Turnover

Row	Economic activities based on KPI Turnover € millions	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KP	–	–
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	40,135	100 %
8	Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI (non-eligible ratio turnover	40,138	100 %

5. Non-eligible economic activities with CAPEX-based Taxonomy

Row	Economic activities based on KPI CAPEX € millions	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	21.9	0.1 %
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.8	– %
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	40,115.1	99.9 %
8	Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI (non-eligible ratio turnover	40,137.8	100 %

5.2 Methodological Notes

Environmental information E1	
Electricity	Amount calculated directly from EDP records and billing and remaining suppliers
Generators diesel	Diesel consumption in 2025 is an estimate based on the number of hours generators were operating
Water	Estimate based on real water consumption in 100% of the central buildings and 48% of the branches
CO2 Emissions Scope 1	When calculating emissions from energy consumption, the following formula was used: • Emission = Consumption X * Emission factor (FE)X • It also includes the following emission factors and parameters used to • calculate Greenhouse Gas (GHG) emissions: • - Diesel (generators): 43.07 GJ • Light car, gasoline, engine capacity < 1,400 cm3 - 0.163 kg CO2e/km • (Source: APA – NID 2025) • Light car, gasoline, engine capacity ≥ 1,400 and < 2,000 cm3 - 0.194 kg • CO2e/km (Source: APA – NID 2025) • Light car, gasoline, engine capacity ≥ 2000 cm3 - 0.227 kg CO2e/km • (Source: APA – NID 2025) • Light car, diesel, engine capacity < 2,000 cm3 - 0.175 kg CO2e/km • (Source: APA – NID 2025) • Light car, diesel, engine capacity ≥ 2,000 cm3 - 0.175 kg CO2e/km • (Source: APA – NID 2025) • Hybrid Car - 0.218 kg CO2e/km (Source: APA – NID 2025)
CO2 Emissions Scope 2	When calculating emissions from energy consumption, the following formula was used: • Emission = Consumption X * Emission factor (FE)X • It also includes the following emission factors and parameters used in • calculating GHG emissions: • Mainland electricity production – market based method - 0 kg CO2e/kWh (Source: EDP Green Energy Certification) • Mainland electricity production – location based method - 0.092 kg CO2e/kWh (Source: APA 2025, energy mix 2023) • Electricity production on the island of Madeira – location and market method - 0.511 kg CO2e/kWh (Source: APA 2025, energy mix 2023) • Electricity production on the island of the Azores – location and market method - 0.452 kg CO2e/kWh (Source: APA 2025, energy mix 2023)

Environmental information E1	
CO2 Emissions Scope 3	In the calculation, emissions resulting from employees' work-related travel, home-to-work-home (CTC) travel, are included, using the following formula: Emission = Trip (km) X * Emission Factor (FEX) It also includes the following emission factors and parameters used in the calculation of GHG emissions: • Diesel Car - 0.175 kg CO2e/km (Source: APA - NID 2025) • Gasoline Car - 0.163 kg CO2e/km (Source: APA - NID 2025) • LPG Car - 0.195 kg CO2e/km (Source: APA - NIR 2020) • Hybrid Car - 0.218 kg CO2e/km (Source: APA - NID 2025) • Electric Car - 0.015 kg CO2e/km (18 kW/100 km consumption) (Source: APREN 2024, referring to 2023) • Bus - 0.103 kg CO2e/km (Source: DEFRA 2020); 1.420 kg CO2e/km (Source: STCP 2011) and 0.115 kg CO2e/km (Source: Carris 2019) • Metro - 0.0467 kg CO2e/km (Source: Metro Lisboa 2016) and 0.040 kg CO2e/km (Source: Metro do Porto 2018) • Train - 0.0157 kg CO2e/km (Source: CP 2019) and 0.021 kg CO2e/km (Source: Fertagus 2013/2014) • Boat - 0.190 kg CO2e/km (Source: Transtejo+Soflusa, 2014) • Motorcycle (gasoline) - 0.129 kg CO2e/km (Source: APA - NIR 2020) • Motorcycle (electric) - 0.015 kg CO2e/km (9 kW/100 km consumption) (Source: APREN 2020) • Airplane Emission = Flight (km) X * FEX * Take-off Factor * RFI2 It also includes the following emission factors and parameters used in the calculation of GHG emissions: • Domestic Flight FE CO2 - 0.17147 kg CO2e/km (Source: GHG Protocol: Emission Factors from Cross-Sector Tools 2017) • Short-Haul Flight FE CO2 - 0.09700 kg CO2e/km (Source: GHG Protocol: Emission Factors from Cross-Sector Tools 2017) • Long-Haul Flight FE CO2 - 0.11319 kg CO2e/km (Source: GHG Protocol: Emission Factors from Cross-Sector Tools 2017) • Domestic Flight FE CH4 - 0.00011 kg CO2e/km (Source: DEFRA 2020) • Short-Haul Flight FE CH4 - 0.00001 kg CO2e/km (Source: DEFRA 2020) • Long-Haul Flight FE CH4 - 0.00001 kg CO2e/km (Source: DEFRA 2020) • Domestic Flight FE N2O - 0.00121 kg CO2e/km (Source: DEFRA 2020) • Short-Haul Flight FE N2O - 0.00077 kg CO2e/km (Source: DEFRA 2020) • Long-Haul Flight FE N2O - 0.00095 kg CO2e/km (Source: DEFRA 2020) • Take-off Factor - 109% (Source: DEFRA/IPCC 1999) • RFI - 1.9% (Source: DEFRA/IPCC 1999) It also includes the following emission factors and parameters used in the calculation of GHG emissions from wastewater treatment: 0.0019 kg CH4/day (the day corresponds to 8 hours, and the working days of employees in 2020 were considered), with the following factors: • Global Warming Potential (GWP) CO2 - 1 • GWP CH4 - 28 • GWP N2O - 265 It also includes the following emission factors for the calculation of emissions associated with paper consumption, paper treatment sent for recycling, and water consumption: • Paper Lifecycle - 0.2 t CO2e/t paper consumed (Source: Navigator, Annual Report 2023) • Paper Recycling - 0.0213 kg CO2e/kg of paper sent for recycling (Source: DEFRA 2020) • Water Consumption - 0.265 kg CO2e/m^3 of water extracted (Source: EPAL 2017) It also includes the calculation of GHG emissions associated with purchased goods and services and capital goods, which incorporates the following information sources and parameters: publicly available information (sustainability reports, supplier-disclosed data) and internal modelling. Emissions were estimated using carbon-intensity factors ($tCO_2e/M€$) applied to procurement spend, relying on supplier-specific data for key suppliers when available, and proportional extrapolation for the remaining supplier base.

Environmental information E1	
Category 15 - companies (credit and investment portfolio)	For the calculation of emissions in category 15 related to corporate financing, the following methodology was used: • Target scope for calculation: Non-Financial Corporation for the financing portfolio and "corporate bonds," some positions in the following types of covered bonds, perpetual bonds, equity shares for the investment portfolio; • Real data from companies regarding scope 1, 2, and 3 emissions and financial data reported by companies, Bloomberg data were collected; • When real emission data were not obtained, for scope 1 and 2: emission factors for scope 1 and 2 based on information from INE (assets, sales, and emissions), DGEG (energy consumption), APREN (electric grid emission factor), and Eurostat (emissions) for the years 2023 and 2022 were used; • For sectors with the greatest exposure of novobanco, Emission Factors (EF) based on benchmark (% scope 3 emissions relative to total emissions) were used. In other sectors, the EF used in the calculation of the previous year's footprint, in the ECB "Fit-for-55" climate scenario analysis exercise, which is based on an estimated assessment methodology of some categories of scope 3, were used; • In cases where real data information was not available: sectoral emission factors from PCAF were used: assets (PCAF 5) and sales (PCAF 4), for scope 1, 2, and 3.

Social information- S1	
Average training hours per gender	Total number of training hours per gender/Total number of employees in each gender
Average training hours per professional category	Total number of training hours per professional category/Total number of employees in each category
Remuneration Ratio	Average remuneration ratio between women and men, by job category – ((average remuneration of men in the job category - average remuneration of women in the job category) / average remuneration of men in the job category) × 100.
Equal Pay	The salary differential by function is determined using a weighting methodology that takes into account the proportion of employees in each function.
Staff turnover	Total number of exits during the reporting period (voluntary resignations, dismissals, retirement, death in service, etc.) / Total number of employees at the end of the period.
Accident Rate	Number of accidents at work/Hours worked*1000000
Return to Work Rate	Employees who returned to work after paternity/maternity leave and remain employed after 12 months, based on returns in the reporting year.
Recordable work-related accident rate	Number of hours worked by the company's own workforce / Recordable work-related accidents × 1,000,000
Absenteeism rate	Number of absenteeism hours / Hours worked by the company's own workforce
Senior leadership	Department and team management and coordination, with responsibilities and activities at the most strategic level, directly linked with top management. Function that operates at the level of planning, managing, supervising, and monitoring the business objectives. Defines and monitors the execution of an annual budget and decides over measures to mitigate deviations. Defines and delegates objectives to lower levels and monitors their achievement.
Leadership	Works in the planning, coordination and execution of the team's daily activities and projects. Guarantees the implementation of decisions made by management. Manages work teams and ensures good and efficient interpersonal relationships.
Technical	Operationalizes technical knowledge in an area of expertise. Has a breadth of knowledge about their area of professional activity and adjacent functional activities. Supervises activities of a more technical and operational nature, as well as verifying the correct execution of related tasks performed by others.

Administrative	Performs tasks related to the Bank's general business hours. Processes and archives information, respecting archive rules and procedures. Completes and checks documentation to support the Bank's operational and daily activities, as well as assisting and directing, by telephone or in person, internal and external people to the company, depending on the type of information or service required.
Assistance	Participates in the preparation of daily tasks of a very operational nature, carrying out the necessary activities, under guidance. Performs routine operations and checks the general condition of facilities and equipment, ensuring their maintenance and conservation.

Social information - S4	
Customer service	The weight of customers very satisfied with the service is measured by the % of responses of 8 to 10 on a scale of 1 to 10
Branches located in low density areas	Number of branches located in the 165 low-density municipalities identified by Deliberation 55/2015 of the Interministerial Commission for Coordination, Portugal 2020
Global satisfaction	The weight of very satisfied customers with the Bank corresponds to the % of responses from 8 to 10 on a scale of 1 to 10.
Complaint rate per 1000 active clients	Complaint rate per 1000 active clients
Net Promoter Score	The Net Promoter Score is calculated based on the recommendation intention, as the difference between the % of promoters and the % of detractors
Very Satisfied Clients	The weight of very satisfied clients is measured by the % of responses of 8 to 10 on a scale of 1 to 10

Governance information	
Sustainability Scoring	Calculated based on information collected through the registration form completed by suppliers on the Novobanco Group's Supplier Portal, based on a set of criteria in the following dimensions and with the respective weighting: Labour and Governance – 40%; Occupational health and safety– 30% and Environment – 30%

5.3 Other required information

List of requirements disclosed, following the result of the materiality assessment *[from ESRS2 IRO-2]*

ESRS	Requirement	Description	Page
ESRS 2	**BP-1**	Disclosure Requirement	383
ESRS 2	**BP-2**	Disclosures Regarding Specific Circumstances	383
ESRS 2	**GOV-1**	Role of the administrative, management and supervisory bodies	384
ESRS 2	**GOV-2**	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	388
ESRS 2	**GOV-3**	Integration of sustainability performance in incentive schemes	388
ESRS 2	**GOV-4**	Statement on due diligence	389
ESRS 2	**GOV-5**	Risk management and internal controls over sustainability reporting	390
ESRS 2	**SBM-1**	Strategy, Business Model and Value Chain	391
ESRS 2	**SBM-2**	Interests and views of stakeholders	398
ESRS 2	**SBM-3**	Material impacts, risks and opportunities and their interaction with strategy and business model	402
ESRS 2	**IRO-1**	Description of the processes to identify and assess material impacts, risks and opportunities	407
ESRS 2	**IRO-2**	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	408
ESRS E1	**E1-1**	Transition plan for climate change mitigation	415
ESRS E1	**E1-2**	Policies related to climate change mitigation and adaptation	430
ESRS E1	**E1-3**	Actions and resources in relation to climate change policies	435
ESRS E1	**E1-4**	Targets related to climate change mitigation and adaptation	441
ESRS E1	**E1-5**	Energy consumption and mix	446
ESRS E1	**E1-6**	Gross Scopes 1, 2, 3 and Total GHG emissions	447
ESRS E1	**E1-7**	GHG removals and GHG mitigation projects financed through carbon credits	450
ESRS E1	**E1-8**	Internal carbon pricing	451
ESRS E1	**E1-9 (*)**	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	451
ESRS E1	**GOV-3**	Integration of sustainability-related performance in incentive schemes	415
ESRS E1	**IRO-1**	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	422
ESRS E1	**SBM-3**	Material impacts, risks and opportunities and their interaction with strategy and business model	419
ESRS S1	**S1-1**	Policies related to own workforce	467
ESRS S1	**S1-2**	Processes for engaging with own workforce and workers' representatives about impacts	469
ESRS S1	**S1-3**	Processes to remediate negative impacts and channels for own workers to raise concerns	471
ESRS S1	**S1-4**	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	476
ESRS S1	**S1-5**	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	487
ESRS S1	**S1-6**	Characteristics of the undertaking's employees	488
ESRS S1	**S1-7**	Characteristics of non-employee workers in the undertaking's own workforce	491

ESRS	Requirement	Description	Page
ESRS S1	**S1-8**	Collective bargaining coverage and social dialogue	491
ESRS S1	**S1-9**	Diversity metrics	491
ESRS S1	**S1-10**	Adequate wages	493
ESRS S1	**S1-11**	Social protection	493
ESRS S1	**S1-12**	Persons with disabilities	493
ESRS S1	**S1-13**	Training and skills development metrics	494
ESRS S1	**S1-14**	Health and safety metrics	495
ESRS S1	**S1-15**	Work-life balance metrics	496
ESRS S1	**S1-16**	Remuneration metrics (pay gap and total remuneration)	497
ESRS S1	**S1-17**	Incidents, complaints and severe human rights impacts	497
ESRS S1	**SBM-2**	Interests and views of stakeholders	462
ESRS S1	**SBM-3**	Material impacts, risks and opportunities and their interaction with strategy and business model	463
ESRS S4	**S4-1**	Policies related to consumers and end-users	503
ESRS S4	**S4-2**	Processes for engaging with consumers and end-users about impacts	505
ESRS S4	**S4-3**	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	509
ESRS S4	**S4-4**	Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	512
ESRS S4	**S4-5**	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	516
ESRS S4	**SBM-2**	Interests and views of stakeholders	499
ESRS S4	**SBM-3**	Material impacts, risks and opportunities and their interaction with strategy and business model	500
ESRS G1	**G1-1**	Business conduct policies and corporate culture	528
ESRS G1	**G1-2**	Management of relationships with suppliers	529
ESRS G1	**G1-3**	Prevention and detection of corruption and bribery	532
ESRS G1	**G1-4**	Incidents of corruption or bribery	535
ESRS G1	**G1-5**	Political influence and lobbying activities	535
ESRS G1	**G1-6**	Payment practices	536
ESRS G1	**GOV-1**	The role of the administrative, management and supervisory bodies	523

(*) The omission of quantitative information at the E1-9 level results from the use of the phased-in provisions in accordance with Appendix C of ESRS 1

List of data-points in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement	Data Point	SFDR	Pillar 3	Benchmark regulation	EU Climate Law	Page
ESRS 2 GOV-1 21 (d)	Board's gender diversity	X		X		28
ESRS 2 GOV-1 21 (e)	Percentage of board members who are independent			X		28
ESRS 2 GOV-4 30	Statement on due diligence	X				389
ESRS 2 SBM-1 40 (d) i	Involvement in activities related to fossil fuel activities	X	X	X	X	428
ESRS 2 SBM-1 40 (d) ii	Involvement in activities related to chemical production	X		X		431
ESRS 2 SBM-1 40 (d) iii	Involvement in activities related to controversial weapons	X		X		431
ESRS 2 SBM-1 40 (d) iv	Involvement in activities related to cultivation and production of tobacco			X		Not material
ESRS E1-1 14	Transition plan to reach climate neutrality by 2050				X	415
ESRS E1-1 16 (g)	Undertakings excluded from Paris-aligned Benchmarks		X	X		Not material
ESRS E1-4 34	GHG emission reduction targets	X	X	X		441
ESRS E1-5 38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	X				Not material
ESRS E1-5 37	Energy consumption and mix	X				446
ESRS E1-5 40 to 43	Energy intensity associated with activities in high climate impact sectors	X				Not material
ESRS E1-6 44	Gross Scope 1, 2, 3 and Total GHG emissions	X	X	X		447
ESRS E1-6 53 to 55	Gross GHG emissions intensity	X	X	X		447
ESRS E1-7 56	GHG removals and carbon credits				X	Not material
ESRS E1-9 66	Exposure of the benchmark portfolio to climate-related physical risks			X		451
ESRS E1-9 66 (a) 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk Location of significant assets at material physical risk		X			Not material
ESRS E1-9 67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		X			451
ESRS E1-9 69	Degree of exposure of the portfolio to climate-related opportunities			X		Not material

Disclosure Requirement	Data Point	SFDR	Pillar 3	Benchmark regulation	EU Climate Law	Page
ESRS 2- SBM3 - S1 14 (f)	Risk of incidents of forced labour	X				Not material
ESRS 2- SBM3 - S1 14 (g)	Risk of incidents of child labour	X				Not material
ESRS S1-1 20	Human rights policy commitments	X				467
ESRS S1-1 21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			X		467
ESRS S1-1 22	Processes and measures for preventing trafficking in human beings	X				Not material
ESRS S1-1 23	Workplace accident prevention policy or management system	X				467
ESRS S1-3 32 (c)	Grievance/complaints handling mechanisms	X				471
ESRS S1-14 88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	X		X		495
ESRS S1-14 88 (e)	Number of days lost to injuries, accidents, fatalities or illness	X				495
ESRS S1-16 97 (a)	Unadjusted gender pay gap	X		X		497
ESRS S1-16 97 (b)	Excessive CEO pay ratio	X				497
ESRS S1-17 103 (a)	Incidents of discrimination	X				497
ESRS S1-17 104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	X		X		Not material
ESRS S4-1 16	Policies related to consumers and end-users	X				503
ESRS S4-1 17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		Not material
ESRS S4-4 35	Human rights issues and incidents	X				Not material
ESRS G1-1 10 (b)	United Nations Convention against Corruption	X				528
ESRS G1-1 10 (d)	Protection of whistle-blowers	X				528
ESRS G1-4 24 (a)	Fines for violation of anti-corruption and anti-bribery laws	X		X		535
ESRS G1-4 24 (b)	Standards of anti-corruption and anti-bribery	X				535

independent limited assurance report on the reliability of the sustainability report

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Independent Limited Assurance Report on the Consolidated Sustainability Reporting

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

To the Management
Novo Banco, S.A.

Limited assurance conclusion

We have conducted a limited Assurance engagement on the Consolidated Sustainability Reporting of Novo Banco, S.A. (the "Group") included in section "Sustainability Disclosure" of the Management Report (the "Consolidated Sustainability Reporting"), as at 31 December 2025 and for the period from 1 January to 31 December 2025.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Reporting is not prepared, in all material respects, in compliance with:

- The European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported on the Consolidated Sustainability Reporting (the "Process") is in accordance with the description set out in note 1.4.1 Description of the process for identifying and evaluating material impacts, risks and opportunities; and
- The disclosures laid down in Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation") included in subsection 2.1 Disclosures under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) within the section 2. Environmental Information of the Consolidated Sustainability Reporting.

Basis for conclusion

Our limited assurance engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) standards are further described in section "Responsibilities of the Auditor".

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Quality and Independence

We apply the International Standard on Quality Management ISQM 1, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA) and of the *Ordem dos Revisores Oficiais de Contas*' Code of ethics

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Responsibilities of the Management for the Consolidated Sustainability Reporting

Management of the Group is responsible for designing, implementing and maintaining a Process to identify the information reported in the Consolidated Sustainability Reporting in accordance with the ESRS and for disclosing this Process in note 1.4.1 Description of the process for identifying and evaluating material impacts, risks and opportunities of the Consolidated Sustainability Reporting. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- The selection and adoption of methods and making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for:

- The preparation of the Consolidated Sustainability Reporting in compliance with the ESRS;
- The preparation of the disclosures in subsection 2.1 Disclosures under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) within the section 2. Environmental Information of the Consolidated Sustainability Reporting, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Consolidated Sustainability Reporting that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates about sustainability disclosures that are reasonable in the circumstances.

Inherent limitations in preparing the Consolidated Sustainability Reporting

In reporting forward-looking information in accordance with ESRS, Management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Auditor

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Reporting is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economics decisions of users taken on the basis of the Consolidated Sustainability Reporting as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Consolidated Sustainability Reporting, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in note 1.4.1 Description of the process for identifying and evaluating material impacts, risks and opportunities.

Our other responsibilities in respect of the Consolidated Sustainability Reporting include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Reporting but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Consolidated Sustainability Reporting where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Reporting.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Consolidated Sustainability Reporting.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by Management; and
  - reviewing the Group's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note 1.4.1 Description of the process for identifying and evaluating material impacts, risks and opportunities.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Reporting, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Consolidated Sustainability Reporting by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Reporting, but not for the purpose of expressing a conclusion about the effectiveness of the Group's internal control;
- Evaluated whether material information identified by the Process is included in the Consolidated Sustainability Reporting;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Reporting is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected disclosures in the Consolidated Sustainability Reporting;

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- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Consolidated Sustainability Reporting
- Obtained evidence on the methods, assumptions and data used on developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Reporting.

Lisboa, 4 March 2026

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
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ANNEX

Auditor's Report on the Consolidation Financial Statements 613
Auditor's Report on the Separate Financial Statements 621
Evaluation Report 628

auditor's report on the consolidation financial statements

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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Novo Banco S.A. (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2025 (showing a total of 46,446,445 thousand euros and a total equity of 4,616,807 thousand euros, including a net profit for the year attributable to shareholders of the parent company of 828,085 thousand euros), and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Novo Banco, S.A. as at 31 December 2025, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. **Impairment for loans and advances to customers**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Note 22.3, the item Credit to customers includes accumulated impairment losses in the amount of 744,037 thousand euros, and a customer credit impairment loss of 4,654 thousand euros was recognised during the year in the impairments line or reversal of impairments of financial assets not measured at fair value through profit or loss, as mentioned in Note 19. The details of the impairment for credit to customers and the accounting policies,	Our audit approach included, among others, the execution of the following procedures: - obtaining an understanding, appraisal of the design and testing of the operational effectiveness of the existing internal control procedures in the process of quantifying impairment losses for credit to customers; - carrying out analytical review tests on the evolution of the impairment balance for loans to customers, comparing it with the same period of the previous year

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Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
methodologies, concepts and assumptions used are disclosed in the Notes to the financial statements 7.12, 8.1, 19, 22.3 and 42.3. For the calculation of this estimate on the impairment loss of the loan portfolio to customers, the management body made relevant judgments such as the assessment of the business model, the assessment of the significant increase in credit risk, the classification of defaulted exposures, the definition of a group of assets with similar credit risk characteristics and the use of models and parameters. For material exposures on an individual basis, impairment is determined based on the judgments of the Group's experts in assessing credit risk. In addition to the complexity of the models, their use requires the processing of a significant volume of data that can raise questions about their quality and availability. Given the degree of subjectivity and complexity involved, the use of alternative approaches, models or assumptions may have a material impact on the estimated impairment value, which makes us consider this topic as a relevant audit matter.	and with the expectations formed considering the variations in credit exposures; - selection of a sample of debtors subject to individual impairment analysis to analyse the assumptions used by the management body in quantifying impairment. This analysis included information on business models, the economic and financial situation of the debtors and the collateral valuation reports. Interview with the Group's experts in order to obtain an understanding of the recovery strategy defined and the assumptions used; - obtaining an understanding and appreciation of the design of the expected loss calculation model, testing the calculation, comparing the information used in the model with source data, through the reconciliations prepared by the Group, analysis of the assumptions used to fill gaps in the data, comparison of the parameters used with the results of the estimation models and comparison of the results of the models with the values recorded in the financial statements; - test of the reasonableness of the parameters used in the calculation of impairment, highlighting the following procedures performed: i) understanding of the methodology formalized and approved by the management body and comparison with the one actually used; ii) understanding of changes to the models used by the Group to determine the parameters used in calculating the expected loss and the results in the parameters; iii) testing, for the Group's customer loan portfolio, of the application of the rules for assessing the significant increase in credit risk and, on a sampling basis, the validation of this classification; iv) inquiries to the Group's experts responsible for the models and inspection of internal audit and regulatory reports; and v) Analysis of the work of the validation and internal audit areas related to collective impairment models. - the analysis of the methodology and assumptions used by the Bank in determining adjustments to the model, the review of supporting documentation, relevant recalculations and regular discussions with the Risk Department to validate the reasonableness of the estimates made. - Analysis of the impact reflected in the financial statements related to credit sales operations that occurred in previous years;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	- reading of the minutes of the Impairment Committee, the extended Impairment Committee and the Credit Risk Monitoring Group; and - review of the disclosures included in the notes to the financial statements, based on the requirements of international financial reporting standards and accounting records.

2. Instrumentos financeiros e propriedades de investimento mensurados ao justo valor e classificados no Nível 3 ao abrigo da IFRS 13

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Note 40.1, the Group holds financial assets in the amount of 379,256 thousand euros and investment properties in the amount of 255,688 thousand euros, measured at fair value using valuation techniques that incorporate variables that are not observable in the market (Level 3 in the context of IFRS 13 - "Fair value measurement"). The valuation of these financial instruments and investment properties is inherently subjective, in assets classified as level 3, given that these financial instruments and investment properties are valued based on approaches, models and assumptions or through quotations provided by external entities or experts, which include unobservable market parameters. In addition, uncertainty about the estimation of the fair value of investment properties and financial instruments that have underlying real estate assets due to the potential effects of (i) on the volume and value of reference transactions of similar and comparable assets, (ii) on the extension of the deadlines to complete real estate assets under construction, (iii) on cash flows from leased property; (iv) the discount rates considered, (v) the ability to lease unoccupied assets and (vi) the premium risk required by potential investors. Given the degree of subjectivity and complexity involved, especially in a rapidly changing macroeconomic context, the use of alternative approaches, models or assumptions may have a material impact on the valuation of these assets, which makes us consider this topic as a relevant audit matter.	Our response to the risk of material misstatement included, inter alia, the following procedures: - Understanding of the internal control procedures in place in the process of valuing financial instruments not traded in an active market; - Carrying out analytical review tests on the value of financial instruments and real estate, comparing it with the same period of the previous year and with the expectations formed, from which the understanding of the variations that occurred and changes in assumptions and methodologies should be highlighted; - Regarding the internal models used, we highlight the following procedures carried out: i) understanding of the methodologies used in the valuation of these financial instruments; (ii) for a sample of financial instruments, analysis of the data used in the models; and (iii) on a sampling basis, recalculation of fair value; - For restructuring funds and closed-end funds, our analysis was based on the latest available financial information and/or the latest NAV (Net Asset value) provided by the management companies, as well as the analyses carried out by the Bank on the valuation techniques of the assets that make up the portfolio of these funds, with the involvement of EY's internal experts in the valuation of securities and real estate assets; - For a sample of financial instruments, test the reasonableness of the material assumptions used and the appropriateness of the selected method in the context of IFRS 13 and the characteristics/situation of the asset; - inquiries to the management body about the status of the planned sale operations and, where applicable, examination of the binding offers received, comparing the proposed value with the estimated fair value;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	- For a sample of properties, test the reasonableness of the methodology and assumptions included in the valuations carried out by external valuers registered with the CMVM. For these properties, inspection of any promissory contracts of purchase and sale and certificates of content from the land registry office; and - Review of the disclosures in the Annex to the financial statements relating thereto, based on the requirements of international financial reporting standards and accounting records.

3. Provisions and Disclosure of Contingent Liabilities

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of December 31, 2025, Provisions includes provisions for restructuring and other provisions in the amount of 419,752 thousand euros, as disclosed in Note 32 to the consolidated financial statements. The Group is involved in various judicial and administrative proceedings that may result in significant obligations. The determination of the provisions to be recognised involves a significant degree of judgement on the part of the Bank, namely in assessing the likelihood of outflows and estimating the amounts involved. In addition, in the Notes to the consolidated financial statements, we disclose contingent liabilities (Note 36) that may represent a possible obligation for the Group arising from past events. The occurrence of these obligations is dependent on one or more future events that are not entirely under the control of the Group. The accounting policies for the recognition of provisions or the disclosure of contingent liabilities are described in note 7.24 and the main estimates and assumptions in note 8.5. The assessment of risks and assumptions is a matter for the management body to judge and requires complex analysis using internal and external legal advisors hired by the Group. Given the relevance of these provisions and contingencies for the Group, we consider this topic to be a relevant audit matter.	Our audit approach included, among others, the execution of the following procedures: - reading of the minutes of the Group's management body, correspondence with regulators and the Resolution Fund; - analysis of responses to external confirmation requests made to the Group's legal advisers and inquiries to management and legal advisers about the Group's provisions and contingent liabilities; - inquiries to the Bank's Legal Directorate on the progress of significant cases; - inspection of the Resolution Fund's documentation, in particular the 2024 report and accounts and the Resolution Fund's communications; - involvement of EY's internal experts in research to monitor and analyze ongoing investigations; and - analysis of the disclosures contained in the Notes to the consolidated financial statements in relation to this matter, based on the requirements of international financial reporting standards.

4. Pension liabilities

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Explanatory Note 16, retirement pension liabilities amount to 1,565,183 thousand euros, with a net actuarial gain on liabilities of 56,328 thousand euros due to gains on the change in financial assumptions (119,590 thousand euros) and experience losses (63,262 thousand euros) recognised in other comprehensive income. The accounting policies for the recognition of the Pension Fund and the disclosures are found in the Notes to the financial statements (Notes 7.23, 8.4 and 16). The discount rate used in the calculation of pension liabilities is determined on the basis of market rates associated with high-quality corporate bond issues, denominated in the currency in which the benefits will be paid and with a maturity similar to the date of expiry of the plan obligations. The estimation of pension liabilities requires the use of actuarial assumptions which, if they were different from those assumed by the management body, could result in a materially different value. For this reason, we consider this topic as a relevant audit matter.	Our audit approach included, among others, the execution of the following procedures: - analysis of the note and actuarial report with reference to December 31, 2025 prepared by the actuary; - meetings with key Group personnel in order to gain an understanding of the assumptions considered; - assessment of the reasonableness of the assumptions considered on 31 December 2025, namely the discount rate, mortality tables, wage and pension growth assumptions, with the involvement of our actuarial specialists; and - review of the disclosures included in the notes to the financial statements, based on the requirements of international financial reporting standards and accounting records.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, the Corporate Governance Report and the Non-financial statement in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures we took to eliminate those matters or the related safeguards we applied.

Our responsibility also includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code regarding corporate governance, as well as verifying that the Non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

As mentioned in article 451, Nr. 7 of the Commercial Companies Code, this opinion is not applicable to the Non-financial statement included in the Management Report.

On the Corporate Governance Report

Pursuant to article 451, nr. 4 of the Commercial Companies Code, in our opinion, the "Corporate Governance" chapter included in the Management Report includes the information required to the Group to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of nr.1 of the said article.

On the Non-financial statement

Pursuant to article 451, nr. 6 of the Commercial Companies Code, we inform that the Group prepared the Sustainability Report separated from the Management Report, which includes the Non-financial statement, as required in article 66-B of the Commercial Companies Code, being the same disclosed together with Management Report.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of Novo Banco, S.A. (Group's Parent Entity) for the first time in the shareholders' general meeting held on 21 December 2017 for a mandate from 2018 to 2020. We were reappointed in the shareholders' general meeting held on 22 October 2020 for a second mandate from 2021 to 2024;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group on this date; and
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

European Single Electronic Format (ESEF)

The accompanying consolidated financial statements of Novo Banco, S.A. for the year ended 31 December 2024 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide (GAT 20) on report in ESEF and included, among others:

- gaining understanding of the financial reporting process, including the submission of the annual report in valid XHTML format; and
- the identification and evaluation of the risks of material distortion associated with the marking-up of the information of the financial statements, in XBRL format using iXBRL technology. This evaluation was based on the understanding of the process implemented by the Group to mark-up the information.

In our opinion, the accompanying consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Lisbon, March 4, 2026

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Ricardo Nuno Lopes Pinto - ROC nr. 1579
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auditor's report on the separate financial statements

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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Novo Banco, S.A. (the Bank), which comprise the Separate Balance Sheet as at 31 December 2025 (showing a total of 45,846,570 thousand euros and a total equity of 4,291,624 thousand euros, including a net profit for the year of 859,373 thousand euros), the Separate Income Statement, the Separate Statement of Comprehensive Income, the Separate Statement of Changes in Equity and the Separate Cash Flow Statement for the year then ended, and the Notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Novo Banco, S.A. as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Bank in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Impairment for loans and advances to customers

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Note 20.3, the account Credit to customers includes accumulated impairment losses in the amount of 727,547 thousand euros, and a loss due to impairment of customer credit of 6,745 thousand euros was recognised during the year in the impairments of financial assets not measured at fair value through results, as mentioned in Note 17. The details of the impairment for credit to customers and the accounting policies, methodologies, concepts and	Our audit approach included, among others, the execution of the following procedures: - Gaining an understanding, design assessment and testing of the operational effectiveness of the existing internal control procedures in the process of quantifying impairment losses for customer credit; - carrying out analytical review tests on the evolution of the impairment balance for loans to customers, comparing it with the same period of the previous year

Sociedade Anónima - Capital Social 1.440.000 euros - Inscrição nº 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 968 283 - C. R. Comercial de Lisboa sob o mesmo número
A member firm of Ernst & Young Global Limited

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
assumptions used are disclosed in the Notes to the Financial Statements 6.12, 7.1, 17, 20.3 and 37.3. For the calculation of this estimate on the impairment loss of the loan portfolio to customers, management made relevant judgments such as the assessment of the business model, the assessment of the significant increase in credit risk, the classification of defaulted exposures, the definition of a group of assets with similar credit risk characteristics and the use of models and parameters. For material exposures on an individual basis, impairment is determined based on the Bank's expert judgments in assessing credit risk. In addition to the complexity of the models, their use requires the processing of a significant volume of data that can raise questions about their quality and availability. Given the degree of subjectivity and complexity involved, the use of alternative approaches, models or assumptions may have a material impact on the value of the estimated impairment, which makes us consider this topic as a relevant audit matter.	and with the expectations formed considering the variations in credit exposures; - selection of a sample of debtors subject to individual impairment analysis to analyse the assumptions used by the management body in quantifying impairment. This analysis included information on business models, the economic and financial situation of the debtors and the collateral valuation reports. Interview with Bank experts in order to gain an understanding of the recovery strategy defined and the assumptions used; - obtaining an understanding and appreciation of the design of the expected loss calculation model, testing the calculation, comparing the information used in the model with source data, through the reconciliations prepared by the Bank, analysis of the assumptions used to fill gaps in the data, comparison of the parameters used with the results of the estimation models and comparison of the results of the models with the values recorded in the financial statements; - test of the reasonableness of the parameters used in the calculation of the impairment, highlighting the following procedures performed: i) understanding of the methodology formalized and approved by the management body and comparison with the one actually used; ii) understanding of changes to the models used by the Bank to determine the parameters used in calculating the expected loss and the results in the parameters; iii) testing, for the Bank's customer loan portfolio, of the application of the rules for assessing the significant increase in credit risk and, on a sampling basis, the validation of this classification; iv) interviews with Bank experts responsible for the models and inspection of internal audit reports and regulators; and v) Analysis of the work of the validation and internal audit areas related to collective impairment models. - the analysis of the methodology and assumptions used by the Bank in determining adjustments to the model, the review of supporting documentation, relevant recalculations and regular discussions with the Risk Department to validate the reasonableness of the estimates made; - Analysis of the impact reflected in the financial statements related to credit sales operations that occurred in previous years;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	- reading of the minutes of the Impairment Committee, the extended Impairment Committee and the Credit Risk Monitoring Group; and - review of the disclosures included in the Notes to the Financial Statements, based on the requirements of International Financial Reporting Standards and accounting records.

2. Financial instruments measured at fair value and classified at Level 3 under IFRS 13

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Note 36, the Bank holds financial assets in the amount of 868,294 thousand euros, measured at fair value using valuation techniques that incorporate variables not observable in the market (Level 3 in the context of IFRS 13 - "Fair value measurement"). The valuation of these financial instruments is inherently subjective, in assets classified as level 3, given that these financial instruments are valued based on approaches, models and assumptions or through quotations provided by external entities or experts, which include unobservable market parameters. In addition, uncertainty about the fair value estimation of instruments that have underlying real estate assets due to the potential effects of (i) the volume and value of reference transactions of similar and comparable assets, (ii) the extension of the deadlines to complete real estate assets under construction, (iii) the cash flows from leased property, (iv) the discount rates considered, (v) the ability to lease vacant assets and (vi) the premium risk required by potential investors. Given the degree of subjectivity and complexity involved, especially in a rapidly changing macroeconomic context, the use of alternative approaches, models or assumptions may have a material impact on the valuation of these assets, which makes us consider this topic as a relevant audit matter.	Our response to the risk of material misstatement included, inter alia, the following procedures: - Understanding of the internal control procedures in place in the process of valuing financial instruments not traded in an active market; - Carrying out analytical review tests on the value of financial instruments and real estate, comparing it with the same period of the previous year and with the expectations formed, from which the understanding of the variations that occurred and changes in assumptions and methodologies should be highlighted; - Regarding the internal models used, we highlight the following procedures carried out: i) understanding of the methodologies used in the valuation of these financial instruments; (ii) for a sample of financial instruments, analysis of the data used in the models; and (iii) on a sampling basis recalculation of fair value; - For restructuring funds and closed-end funds, our analysis was based on the latest available financial information and/or the latest NAV (*Net Asset value*) provided by the management companies, as well as the analyses carried out by the Bank on the valuation techniques of the assets that make up the portfolio of these funds, with the involvement of EY's internal experts in the valuation of securities and real estate assets; - For a sample of financial instruments, test the reasonableness of the material assumptions used and the appropriateness of the selected method in the context of IFRS 13 and the characteristics/situation of the asset; - Inquiries to the management body on the status of the planned sale operations and, where applicable, examination of the binding offers received, comparing the proposed value with the estimated fair value; - For a sample of properties included in real estate investment funds, test the reasonableness of the

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	methodology and assumptions included in the valuations carried out by external appraisers registered with the CMVM. For these properties, inspection of any promissory contracts of purchase and sale and certificates of content from the land registry office; e - Analysis of the disclosures in the Notes to the financial statements relating to this matter, based on the requirements of international financial reporting standards and accounting records.

3. Provision and Disclosure of Contingent Liabilities

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of December 31, 2025, Provisions includes provisions for restructuring and other provisions in the amount of 362,106 thousand euros, as disclosed in Note 29 to the financial statements. The Bank is involved in a number of judicial and administrative proceedings that may result in significant liabilities. The determination of the provisions to be recognised involves a significant degree of judgement on the part of the Bank, namely in assessing the likelihood of outflows and estimating the amounts involved. In addition, the Notes to the Financial Statements disclose contingent liabilities (Explanatory Note 33) that may represent a possible obligation for the Bank arising from past events. The occurrence of these obligations is dependent on one or more future events which are not entirely under the control of the Bank. The accounting policies for the recognition of provisions or disclosure of contingent liabilities are described in Note 6,23 and the main estimates and assumptions in 7.5. The assessment of risks and assumptions is a matter for the management body to judge, which requires complex analysis using internal and external legal advisors hired by the Bank. Given the relevance of these provisions and contingencies for the Bank, we consider this topic to be a relevant audit matter.	Our audit approach included, among others, the execution of the following procedures: - reading of the minutes of the Bank's management body, correspondence with regulators and the Resolution Fund; - review of responses to external confirmation requests made to the Bank's legal advisers and inquiries to management and legal advisers about the Bank's provisions and contingent liabilities; - inquiries to the Bank's Legal Directorate on the progress of significant cases; - inspection of the Resolution Fund's documentation, in particular the 2024 report and accounts and the Resolution Fund's communications; - involvement of EY's internal experts in research to monitor and analyze ongoing investigations; e review of the disclosures contained in the Notes to the Financial Statements in relation to this matter, based on the requirements of international financial reporting standards.

4. Pension liabilities

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Explanatory Note 14, retirement pension liabilities amount to 1,533,429 thousand euros, with a net actuarial gain on liabilities of 54,634 thousand euros due to gains on the change in financial assumptions (116,795 thousand euros) and experience losses (62,161 thousand euros) recognised in other comprehensive income. The accounting policies for the recognition of the Pension Fund and the disclosures can be found in the Notes to the financial statements (Notes 6.22, 7.4 and 14). The discount rate used in the calculation of pension liabilities is determined on the basis of market rates associated with high-quality corporate bond issues, denominated in the currency in which the benefits will be paid and with a maturity similar to the date of expiry of the plan obligations. The estimation of pension liabilities requires the use of actuarial assumptions which, if they were different from those assumed by the management body, could result in a materially different value. For this reason, we consider this topic as a relevant audit matter.	Our audit approach included, among others, the execution of the following procedures: - analysis of the note and actuarial report with reference to December 31, 2025 prepared by the actuary; - meetings with key Bank personnel in order to gain an understanding of the assumptions considered; - assessment of the reasonableness of the assumptions considered on 31 December 2025, namely the discount rate, mortality tables, wage and pension growth assumptions, with the involvement of our actuarial specialists; e - review of the disclosures included in the Notes to the Financial Statements, based on the requirements of International Financial Reporting Standards and accounting records.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Bank´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, the Corporate Governance Report and the Non-financial statement in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Bank's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Bank´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures we took to eliminate those matters or the related safeguards we applied.

Our responsibility also includes the verification of the consistency of the Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code regarding corporate governance, as well as verifying that the Non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Bank, we have not identified any material misstatement.

As mentioned in article 451. Nr. 7 of the Commercial Companies Code, this opinion is not applicable to the Non-financial statement included in the Management Report.

On the Corporate Governance Report

Pursuant to article 451, nr. 4 of the Commercial Companies Code, in our opinion, the "Corporate Governance" chapter included in the Management Report includes the information required to the Bank to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of nr.1 of the said article.

On the Non-financial statement

Pursuant to article 451, nr. 6 of the Commercial Companies Code, we inform that the Bank prepared the Sustainability Report separated from the Management Report, which includes the Non-financial statement, as required in article 66-B of the Commercial Companies Code, being the same disclosed together with Management Report.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Bank for the first time in the shareholders' general meeting held on 21 December 2017 for a mandate from 2018 to 2020. We were reappointed in the shareholders' general meeting held on 22 October 2020 for a second mandate from 2021 to 2024;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Bank on this date; and
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Bank in conducting the audit.

European Single Electronic Format (ESEF)

The accompanying financial statements of the Bank for the year ended 31 December 2024 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide (GAT 20) on report in ESEF and included, among others gaining understanding of the financial reporting process, including the submission of the annual report in valid XHTML format.

Evaluation report from the General and Supervisory Board

Assessment report of the Supervisory Body of Novo Banco, S.A. on the adequacy, effectiveness, consistency and integration of the organisational culture and of the governance and internal control systems in force within the Novo Banco Group, pursuant to Article 58(1) and (4)(a) and (c) of Bank of Portugal Notice no. 3/2020, in conjunction with Article 4(1)(e) of Bank of Portugal Instruction no. 18/2020 (consolidated versions).

1. Introduction

This assessment report (hereinafter the "Report") is submitted pursuant to Article 58(1) and (4)(a) and (c) of Bank of Portugal Notice no. 3/2020 (the "Notice"), in conjunction with Article 4(1)(e) of Bank of Portugal Instruction no. 18/2020 (the "Instruction"), both as amended, within the scope of the annual reporting process on the assessment of the adequacy, effectiveness, consistency and integration of the organisational culture and of the governance and internal control systems in force within the Novo Banco Group (the "Group"), with reference to the period from 1 December 2024 to 30 September 2025 (the "Reference Period").

2. Responsibilities

The management and supervisory bodies of the Group's parent company ("novobanco") are responsible, within their respective remits, for ensuring that the Group has an organisational culture grounded in high ethical standards which, cumulatively: (i) fosters an integrated risk culture covering all areas of the Group's activity and ensuring the identification, assessment, monitoring and control of the risks to which the Group is or may become exposed; (ii) promotes responsible and prudent professional conduct to be observed by all employees and by all members of the management and supervisory bodies of every entity within the Group in the performance of their duties, guided by the high ethical standards set out in the Group's own code of conduct; and (iii) contributes to strengthening the Group's internal and external levels of trust and reputation, including in its relationships with clients, investors, supervisory authorities and third parties.

It is also the responsibility of novobanco's management and supervisory bodies to ensure that the Group's organisational culture and its governance and internal control systems - including remuneration practices and policies and the other matters addressed in the Notice - are adequate and effective, and promote sound and prudent management, and to ensure that the Group assesses the adequacy, effectiveness, consistency and integration of its organisational culture and of its governance and internal control systems, preparing an annual report with the results of this assessment. In particular, the General and Supervisory Board (the "GSB") is responsible for issuing this assessment, prepared from a Group-wide perspective in accordance with the Notice, and which forms an integral part of the Report.

The GSB performs the functions set out in its Regulations and carries out its activity in accordance with the applicable laws and the Articles of Association of novobanco, including the responsibility for the regular supervision of the Executive Board of Directors ("EBD") in the management of novobanco and the Group entities, and for the implementation of governance systems that ensure their effective and prudent management.

It provides constant monitoring and assessment of the Group's performance, especially in regard to the Group's strategy and general policies, its commercial structure and the decisions deemed strategic owing to the sum or risk involved or their special nature, including compliance with capital requirements.

The GSB holds ultimate responsibility for approving and supervising the implementation of an adequate and effective governance and internal control framework that includes a clear organisational structure and independent and efficient risk management, compliance and audit internal functions, endowed with sufficient authority, status and resources to perform their duties and ensure compliance with regulatory requirements.

The GSB has established the following special committees, each with its own remit and responsibilities, operating at Group level: Financial Affairs (Audit) Committee, Risk Committee, Nominations Committee, Remuneration Committee and Compliance Committee. The Risk Committee advises and supports the GSB in monitoring the Group's current and future overall risk appetite and risk strategy, overseeing senior management's implementation of the risk prevention framework, as well as the effectiveness of the Group's Internal Control System (ICS) and risk-management system. The Financial Affairs (Audit) Committee advises and supports the GSB in carrying out its responsibilities regarding the oversight of the effectiveness of the Group's ICS, risk management and internal audit. The Compliance Committee advises and supports the GSB in monitoring the Group's compliance matters. Its duties include monitoring compliance with legal and regulatory requirements, as well as with the Group's internal policies, processes, rules and decisions in the compliance areas such as, without limitation, anti-money laundering and counter-terrorist financing, market abuse, securities-related compliance, insider-information abuse, product governance, the preparation, analysis and monitoring of lists and transactions, KYC procedures, anti-corruption and anti-bribery regulation, whistleblowing, conflicts of interest, related-party transactions and complaints monitoring. Additionally, and when requested, it supports the Risk Committee in monitoring and analysing materially relevant legal and reputational risks, providing advice to the EBD by raising its awareness of the importance of these risks (for example through the Code of Conduct, the Conflicts of Interest Policy and other compliance policies of the Bank). The Risk Committee, the Financial Affairs (Audit) Committee and the Compliance Committee coordinate their activities and work together on a regular basis and, when necessary, on an ad hoc basis, to ensure the timely and adequate exchange of information required to identify and assess all risks relevant to the performance of their duties.

The GSB considers itself equipped with the knowledge, skills and experience required to perform its supervisory role and to assess and oversee the EBD and the Group.

The Group's ICS forms an integral part of the organisation's functioning and brings together strategies, policies, processes, systems and procedures, with the aim of ensuring its medium- and long-term sustainability and the prudent conduct of its activity.

At the regulatory level, consistency between the ICSs of the Subsidiaries and Branch and that of the parent company is reflected in Standard NG0001/2017 – Internal Control System of the Group, which sets out the guiding principles of the ICS in compliance with the General Framework for Credit Institutions and Financial Companies ("RGICSF"), the Notice, the recommendations issued by the Basel Committee on Banking Supervision in the "Framework for Internal Control Systems in Banking Organisations", and the "Guidelines on Internal Governance" (EBA/GL/2021/05) published by the European Banking Authority (EBA).

The ICS is adopted consistently across all Group financial entities where management control exists, without prejudice to any additional requirements imposed by the legislation and regulations specifically applicable to them.

Additionally, Policy PL0008/2022 – Internal Governance Policy of the novobanco Group sets out novobanco's internal governance model and its integration within the novobanco Group, providing a comprehensive and consistent framework when read together and comprehensively with the other internal rules on the internal governance system.

The effectiveness of the Group's ICS is achieved through the application of the following principles:

a) Adequate control environment:

This reflects the importance the Group places on the ICS, whose organisation is supported by a three-lines-of-defence model, which defines the levels of responsibility for governance and risk management across the functions within each line, including permanent, independent and effective Internal Control functions. The first line of defence is responsible for continuously identifying, assessing and controlling risks within the scope of its activities and within the defined risk-

tolerance limits, as well as for implementing, maintaining and performing effective internal controls and adopting the established control procedures. The second line of defence ensures that risks remain within the defined limits by controlling, measuring and monitoring risks and reporting any deviations from the risk policies in force. It is composed of the Internal Control, Risk Management and Compliance functions, complemented by activities carried out by other departments within novobanco. Additionally, it defines risk management and control policies, methodologies and tools, and performs functional supervision and monitoring of the effectiveness of the first line. It also controls legal and regulatory compliance and reports to the management and supervisory bodies, as well as to the relevant external authorities, whenever applicable. The third line of defence is responsible for independently assessing, on a risk-based approach, the adequacy and effectiveness of the organisational culture and of the governance and internal control systems. To ensure the necessary independence, the internal audit function reports functionally to the Financial Affairs (Audit) Committee of the GSB and administratively (i.e., for day-to-day operations) to the Chief Executive Officer (CEO). Its activities are carried out in accordance with a pre-established plan and risk-based approach, approved by the GSB. Within the framework of the fourth line of defence, externally and independently from the Group, the External Auditor provides an additional layer of defence, primarily in accounting certification and in reviewing the internal controls underlying financial reporting. Additionally, for the purposes of the Annual Self-Assessment Report (ASR), the supervisory body makes use of the services of the Statutory Auditor in accordance with Article 56(3) of the Notice. The Regulators act as the ultimate line of defence, monitoring and promoting compliance with prudential rules at financial level and at the level of people, incentives schemes, governance structures, systems and processes. It is also worth noting that, during the Reference Period, the JST participated in certain meetings of the supervisory body, strengthening the coordination between this body and prudential supervision.

b) Robust risk management system: designed to identify, assess, monitor and control all risks that may affect the Group's strategy, risk appetite and objectives.

c) Efficient information and communication system: ensures the collection, processing and exchange of relevant, reliable, complete, comprehensive, consistent and timely information, enabling effective and timely management and control of activities and the associated risks.

d) Effective monitoring process: carried out to ensure the suitability and effectiveness of the ICS over time, namely by guaranteeing the timely identification of any deficiencies and triggering corrective actions that allow the ICS to be strengthened. As an example of the monitoring carried out, the Internal Control and Regulatory Affairs Department ("DCIAR"), as part of its duties, submits to the GSB on a quarterly basis detailed Group-level information on "ongoing" deficiencies and those "older than three years", on the degree of implementation of the measures defined to correct the identified deficiencies, on the time taken to implement corrective measures, and on the deficiencies whose corrective measures are considered "implemented" but are still awaiting validation by the respective detector, with the aim of providing timely and integrated insight and, where deemed appropriate, enabling swift and effective action.

3. Procedures carried out

To fulfil and reinforce our responsibilities regarding organisational culture and the governance and internal control systems, we carried out several activities described below.

We maintained regular interactions with the EBD of novobanco. For this purpose, we took part in meetings with members of the EBD to clarify matters in various forums. During the Reference Period, the GSB held ten meetings, where all of its members were always present or represented. Members of the Audit Committee, those responsible for novobanco's internal control functions, and other senior managers also took part in these meetings to discuss specific items on the agenda.

In the meetings of the GSB Committees, we were presented with the situation of the Group as a whole, including matters relevant to the Subsidiaries, which enables us to assess the control environment established at Group level. Members of the Audit Committee and the heads of the Internal Audit, Risk Management, and Compliance control functions took part in these meetings.

We met regularly with the heads of novobanco's Risk Management, Compliance, and Internal Audit functions with responsibilities at Group level and reviewed their annual activity reports. Within the scope of each control function's responsibilities, these reports enabled us to assess, namely, the conclusions of: i) the evaluation of the institution's overall risk profile in terms of its organisational culture and governance and internal control systems; ii) the evaluation of the institution's overall compliance risk profile, with detail on the exposure the institution is or may be subject to; and iii) the overall evaluation of the adequacy and effectiveness, as a whole, of the institution's organisational culture and its governance and internal control systems, as well as the performance of the management and supervisory bodies and their supporting committees.

We reviewed the report on the validation of the classification of deficiencies in line with the methodology in Annex II of Instruction 18/2020, issued by the head of the internal audit function for each Group entity (novobanco, novobanco dos Açores, and Best). Furthermore, on a monthly basis, a progress report on the evolution of the deficiency inventory was submitted to the Financial Affairs (Audit) Committee. This report included the most significant updates regarding deficiencies and, consequently, entailed a review of the risk classifications assigned to each deficiency.

We also reviewed the Self-Assessment Reports of the Control Functions, issued from both the Group perspective and that of each entity. We assessed the quality of their performance and their declaration of independence, and we inquired about the existence of any fact or circumstance that could affect that independence, namely: i) through the analysis of the potential impact of the deficiencies identified for each control function, ii) through confirmation of the absence of conflicts of interest, iii) by confirming that the remuneration policy and rules did not pose a risk, iv) through the skills and preparedness of the teams of each control function, v) through unrestricted access to all relevant information and bodies, and vi) through the communication and reporting channels in place.

We reviewed the audit plan for 2024 and 2025 and the results of the respective actions carried out, as reflected in the reports issued during the Reference Period.

We assessed the multi-annual internal audit action plan and the indication of the date of the most recent audit performed for each structural unit of novobanco, with explicit confirmation that all structural units and business areas of the institution are included in the plan.

We met with the Group's Statutory Auditor and analysed the content of: the latest Statutory Audit Report and the Additional Report to the Supervisory Body issued on 5 March 2025; the Impairment Report issued on 30 April 2025; the Limited Review opinions relative to 31 March and 30 June 2025; and the Factual Findings Report issued by Ernst & Young – Audit & Associados, S.A., including the tests performed on the follow-up of the deficiencies. We assessed the content of the communication of significant internal control deficiencies concerning the Group, sent by the Statutory Auditor on 28 October 2025.

We read the Group Report and the individual reports of the Subsidiaries, including the deficiencies identified in them and the defined implementation plans, and we reviewed their stage of completion.

From a Group perspective, we duly took into account the control actions carried out by internal areas or external entities at GNB Gestão de Ativos, SGOIC, S.A. (GNB GA, 100% owned) and supervised by the CMVM, noting that during the Reference Period no materially relevant deficiencies (F3 or F4) were identified or are pending detector validation that could negatively affect the Group's risk management or internal control systems.

We confirmed that, for the most relevant processes, Policies are defined, approved and implemented across the Group Entities, with processes and controls generally applied across the board, but adjusted as appropriate. We questioned the heads of departments to confirm that procedures were consistently applied in the Group's most relevant Subsidiaries.

We confirmed that the Group has processes and controls in place that ensure the collection of relevant information from the Subsidiaries for the consolidation process, including accounting information and other supporting data.

We met with the supervisory bodies of the most relevant Subsidiaries and inquired about the main developments during the reference period that had an impact on the ICS and about the implementation of the supervisory body's activity plan, and jointly identified potential concerns and/or deficiencies detected in each Entity's existing processes.

We took note of the deficiencies identified in each Subsidiary, as well as their severity, and of the plans defined by the responsible departments to ensure their mitigation, including the deficiencies identified and for which novobanco is responsible for implementing the corresponding mitigation measure but which nonetheless have an impact on novobanco dos Açores and Best due to having been identified in shared services. This approach ensures that all identified weaknesses are monitored by the Group, strengthening the robustness of the risk-management and internal-control systems.

We assessed the consistency between the ICSs of the subsidiaries, drawing on the conclusions from our discussions with the supervisory bodies of the most relevant Subsidiaries, the review of their assessment reports, and all other procedures carried out and previously described.

4. Assessment of the implementation status of the measures defined during the Reference Period:

The Group has been gauging its conduct and culture mainly through two measurement mechanisms - the Culture Barometer and the Pulse - both of which have shown a steadily improving positive sentiment regarding culture and conduct. They have also helped identify opportunities for improvement and action plans to strengthen the cultural transformation programme currently in place. We were informed on 27/12/2024 of the conclusions of the assessment of the Group's conduct and values - and those of each of its Entities, as well as their boards of directors, supervisory bodies and supporting committees - carried out by an independent external entity (PwC), with the aim of understanding the evolution of the Group's conduct and culture and ensuring an independent assessment of their adequacy. This assessment concluded that "the conduct and culture of novobanco, as well as those of its management body, supervisory body and respective supporting committees, are broadly aligned with market practices, and namely with the expectations of the EBA and the FSB, allowing us to conclude that they are 'adequate', while identifying areas for reflection relating to: "Tone from the Top", "Accountability", "Effective Communication", and "Incentives and Training", to be considered with a view to further strengthening and aligning novobanco's and the Group's conduct and culture with industry best practices and regulatory standards.

In this context, the Cultural Transformation Plan for 2025 was designed to consolidate the work carried out in 2024 and incorporate initiatives addressing the reflection points identified by PwC, such as:

a) Strengthening the integration of the Risk Culture across the organisation;

(i) Improving communication of the Risk Appetite Framework through internal newsletters, intranet updates and regular inter-departmental meetings, ensuring alignment across all teams;

(ii) Enhancing the existing Risk Culture training model, with support from the departments, reinforcing the ongoing commitment to fostering a strongly risk-aware organisational environment;

(iii) Including Ethics and Conduct modules in the B300 Leadership Development Programmes (for middle management); and

(iv) Adopting a streamlining initiative aimed at reviewing and simplifying internal regulations, improving their clarity, ensuring that updates are communicated through multiple channels, and establishing feedback mechanisms for continuous improvement;

b) Intensifying the promotion of a culture of Transparency and Fairness by:

(i) Creating a Conduct Committee to analyse negative situations and inappropriate behaviours not only from a disciplinary angle but also with a focus on learning and prevention. The creation of the Conduct Committee was approved on 06/05/2025 by the EBD, as a consultative body aimed at promoting a culture of ethics and transparency;

(ii) Reviewing employee remuneration to include, among other aspects, the alignment between incentives, conduct and culture (completed in the 4th quarter of 2024);

(iii) Creating a Consequence Management Framework to make the criteria for applying sanctions - disciplinary or otherwise - more explicit, including malus and clawback mechanisms; and

(iv) Introducing penalties on bonuses and incentives starting from the 2024 cycle when mandatory training is not completed by employees (applied in the 1st quarter of 2025 for incentives and in April 2025 for bonuses).

c) Fostering Internal Communication and Cross-Department Collaboration:

(i) Pulse roadshows across the bank to enhance two-way information sharing (both cross-functional and at the organisation-wide level);

(ii) Bonus roadshows across the bank to clearly and transparently explain the rules governing the award of bonuses in 2025;

(iii) 2025 Team Building Programme to strengthen internal information sharing and cooperation; and

(iv) Ambassador Communities: Shapers, Learning Champions. The development and promotion of communities of change managers and facilitators within the organisation is a key challenger fostering internal communication, information sharing and cooperation.

Regarding the Plan for compliance with BCBS 239 and the ECB Guide on RDARR, we verified that the plan for BCBS 239 compliance is progressing as scheduled, which we confirmed both through the plan's monitoring KPI and through the assessment of the external auditor that is certifying the remediation of the deficiencies identified in the Bank of Portugal's Special Data Quality Audit (SDQA). The plan was broadened in 2025, in coordination with the supervisor, to ensure it incorporates the resolution of the deficiencies identified in the SDQA as well as the indications arising from the RDARR. We further note the progress in implementing the new data platform (DA2), which is central to meeting the BCBS 239 principles by design.

We noted, therefore, that there has been substantial progress in meeting the BCBS 239 requirements and principles. We also highlight the continued development of the organisation's data community, a key element in ensuring an effective and sustainable response to the cross-cutting challenges of data governance.

We note that during the reference period of this report significant changes were made to novobanco's organisational structure, aimed at strengthening internal control through functional specialisation, continuous process improvement and the promotion of a culture of innovation and customer focus. As part of the FCC Transformation, the Department for Combating Economic Crime ("DCCE") was created to centralise and optimise operational activities, as part of the strategic initiative to reinforce the comprehensive Three Lines of Defence (3LoD) model across all processes and teams involved in combating economic crime. The Operational Resilience Department ("DRO") was created to consolidate the organisation's capabilities to withstand, respond to, and recover from adverse events, such as cyberattacks, technological failures - including data privacy breaches -, natural disasters, and other operational threats.

As part of the organisational changes, it should also be noted that a transformation project of novobanco's risk management function is underway, supported by a specialised external consultancy. This initiative, scheduled for completion by the end of 2025, aims to structurally reorganise the risk function, making it more efficient, robust, and aligned with best practices in the financial sector.

The transformation programme's main objectives are to evolve the risk function by strengthening capabilities and skills across people, processes, and systems, and to promote a more strategic and forward-looking approach to risk management, generating value-added insights. The project also aims to optimise the structure and operational model of the function, implement automation capabilities in risk analysis and calculation to enable flexible scenario management, and develop a risk and IT architecture tailored to the organisation's needs, supporting proactive risk management. It also includes strengthening risk monitoring and reporting processes, as well as enhancing internal oversight and challenge through the clear definition of roles and responsibilities within the risk management function. The new organisational model promotes function simplification and clarification of responsibilities, reinforcing alignment with regulatory requirements and international best practices.

5. Inherent limitations

The General and Supervisory Board is aware of the inherent limitations of any ICS which, irrespective of its level of adequacy and effectiveness, can only provide management and supervision with reasonable assurance regarding the achievement of objectives related to organisational culture, governance systems and internal control, as well as the other matters covered by the Notice. Additionally, the existence of an appropriate ICS underpinning financial and prudential reporting is not, on its own, sufficient to guarantee the reliability of the financial and prudential information disclosed. In fact, there is a whole set of upstream processes across the Group's various business and support areas where an appropriate ICS is essential to ensure the reliability of the information provided to the financial and prudential reporting area. Thus, given the inherent limitations of even the most robust ICSs, irregularities, fraud or errors may occur without being detected.

Considering the natural dynamics of any ICS, the conclusions presented should not be used to make any projection for future periods regarding the degree of implementation of that system, as changes may occur in the processes and controls in place.

The assessment of the impact of deficiencies is an estimate made by the EBD and follows the criteria established within the Group and the classification process defined according to the established criteria and assumptions. Given the judgements involved in defining the criteria, assumptions and impact assessments, different classifications could be assigned to the deficiencies if different criteria were applied or different assumptions adopted. Similarly, an assessment

carried out at another date on the same deficiency may lead to different conclusions, and the impact of a deficiency may materialise in a way that differs from that initially estimated.

6. Conclusions

During the Reference Period, the pace of implementation of mitigation measures by the responsible areas of the novobanco Group is considered to have been appropriate to the defined action plans, with a total of 367 deficiencies corrected (including those pending detector validation), 206 of which had been reported in the 2024 SAR. Regarding the deficiencies corrected during the Reference Period, we note the positive developments in the following indicators:

- Greater efficiency in implementing very high-risk deficiencies (F4): There has been a reduction in the average implementation time for very high-risk deficiencies (F4), from 13.3 months (moving average in the previous reference period) to 10.5 months (moving average in the Reference Period), representing a 21% improvement. For the remaining risk levels, no material changes were observed.

- Correction of deficiencies: There is a slight improvement in the monthly average number of implementations compared with the previous reference period, reflecting continued effort and steady progress in the action plans - particularly relevant in a Reference Period marked by extraordinary challenges.

Additionally, it is important to note the positive developments in indicators characterising the stock of open control deficiencies as at 30 September for the novobanco Group as a whole, namely:

- Seniority: Deficiencies less than 1 year old make up the majority of the stock, representing approximately 75% of the total. Deficiencies older than 3 years represent 4.4% of the total stock of open items, showing a marginal increase compared with the previous period (1.6 p.p.). Deficiencies older than 3 years amount to a total of 14, of which 5 are classified as F3 and 2 as F4. It should be noted that these 7 deficiencies have been set a future correction date, and their mitigation plans are currently underway.

- Extensions to the original deadline: During the Reference Period, there was a reduction of approximately 4.5 p.p. in deadline extensions associated with open deficiencies, compared with the extensions authorised in 2024.

- Reopening of deficiencies by the Detectors: Compared with the previous reference period, there is an improvement in this indicator, from 8.5% to 5.3% of the total open stock, reflecting the strengthening of the Quality Assurance process.

There is a difference between the stock of open deficiencies reported in the 2025 SAR (320) and those reported in the previous period (284). This reflects a change in the internal processes for recording and monitoring deficiencies, as the total number of deficiencies in the SAR now includes situations that were previously monitored separately. Based on the information provided, we conclude that there has been no deterioration in the adequacy and effectiveness of the governance and internal control systems, since the increase in the stock of deficiencies reflects a centralisation of records rather than a real increase compared with the previous period.

Additionally, the reduction from 10 to 4 control deficiencies identified in control actions and classified as Very High Risk (F4) should be highlighted. Of these 4 deficiencies, 3 relate to the novobanco Group and 1 to novobanco.

For each of these deficiencies, a mitigation plan and a proposed implementation timetable were presented to the supervisory body. Considering the importance of this matter within the Group, these deficiencies are being monitored by the internal structures, in particular the control functions and the EBD, and will be periodically reviewed by the GSB and its committees regarding their implementation status.

Taking into account the activities carried out and the findings described above, and except for the potential impact of the more severe and long-standing deficiencies, without prejudice to the continued implementation of the new requirements of the Notice and with reasonable assurance regarding the materially relevant aspects:

- In our opinion, the Group's organisational culture and ICS are adequate and effective as at 30 September 2025.
- The external and independent assessment of the Group's conduct and values, as well as those of each of its Entities, concluded that they are adequate, and the eight identified reflection points should be further developed to strengthen alignment with the sector's best practices and the regulatory benchmarks for conduct and culture applicable to the Group and each of its Entities.
- As a result of the quarterly monitoring carried out during the Reference Period, it is considered that the compliance plan with the BCBS239 principles has progressed in line with the previously defined timeline. This progress has been confirmed by the positive assessment of the external auditor responsible for certifying the deficiencies identified under the Special Data Quality Audit (SDQA), conducted by the Bank of Portugal, demonstrating the novobanco Group's commitment to the robustness and reliability of its information management processes.
- The external and independent assessment of the novobanco Group's Internal Audit Function, aimed at evaluating its adequacy and effectiveness against the Bank of Portugal Notice No. 3/2020, the EBA Guidelines on Internal Governance, and the international standards of the Institute of Internal Auditors (IIA Global Standards), showed a high level of compliance with the applicable frameworks, with only one improvement opportunity identified, related to strengthening the function's strategic vision.
- We positively assessed the implementation status of the measures defined from 1 December 2024 to 30 September 2025 to address the deficiencies detected and identified in the Report, confirming the efforts to implement mitigation measures during the period and the positive developments observed in terms of: i) extensions to the initially defined deadlines; ii) reopening of deficiencies by the respective detector; and iii) efficiency in the implementation of very high-risk deficiencies (F4).
- We declare that we have reviewed and monitored the identified deficiencies and that the classification assigned to deficiencies rated F3 "High" or F4 "Very High" is appropriate.
- We consider that the monitoring of the ICS, while still having room for improvement, provides a comprehensive and integrated view of internal control deficiencies to be mitigated at any given time, allowing continuous oversight of all open recommendations recorded in the internal systems and serving as an indicator of the Group's commitment to a robust control environment and its proactive approach to risk management and the ICS.
- In our opinion, the internal control functions are performed with adequate quality, and their independence was considered to be demonstrated. During the Reference Period, the internal control functions did not outsource operational tasks to external entities, relying instead on independent and specialised consultancy service contracts to ensure, in particular, the incorporation of industry best practices;
- The processes for preparing prudential and financial reports were, to the extent we were able to assess in the course of our responsibilities and activities carried out, reliable during the Reference Period.
- The processes for preparing the information disclosed to the public by the Group under applicable laws and regulations, including financial and prudential information, were, to the extent we were able to assess in the course of our responsibilities and activities carried out, reliable during the Reference Period;

- The public disclosure obligations arising from applicable laws and regulations, and relating to the matters covered by the Notice, were, to the extent we were able to assess in the course of our responsibilities and activities carried out, adequately fulfilled during the Reference Period;
- The ICS of the Subsidiaries and Branch are, to the extent we were able to assess in the course of our responsibilities and the activities carried out and detailed, consistent with that of the parent company.
- The Group has no foreign subsidiaries or offshore establishments with remuneration policies, as these Entities do not pay remuneration to any members of governing bodies or employees.

7. Other considerations

This assessment report is issued solely for the information of the EBD of Novo Banco, S.A. and for submission to the Bank of Portugal under the Notice, as an integral part of the Report, and for other reporting and disclosure obligations. It may not be used for any other purpose, read independently of the context of the Report, or presented to third parties without our prior written consent.

Porto Salvo, 28 October 2025

The General and Supervisory Board of Novo Banco, S.A.

Report of the General and Supervisory Board and Opinion of the Financial Affairs (Audit) Committee on the Management Report and on the Individual and Consolidated Financial Statements of Novo Banco, S.A. for the year ended 31 December 2025

Pursuant to the mandate the General and Supervisory Board ("GSB") has been given and in compliance with the provisions of paragraphs h) and q) of paragraph 1 of article 441 and article 444 of the Portuguese Companies Code and the Articles of Association of Novo Banco, S.A. ("novobanco"), the GSB is required to issue the Annual Report on the activity developed and the Financial Affairs (Audit) Committee is required to issue an opinion on the Management Report on the individual and consolidated financial statements of novobanco, which comprise the individual and consolidated income statement and individual and consolidated statement of comprehensive income, individual and consolidated balance sheet, individual and consolidated statement of changes in equity and individual and consolidated statement of cash flows and the respective Annexes, as well as on the proposed application of results, presented by the Executive Board of Directors ("EBD") of novobanco, for the year ended on 31 December 2025.

1. Report of the General and Supervisory Board for the year 2025

1.1. Composition and scope

Following the appointment of the current members of the GSB on December 20, 2024, at a General Shareholders meeting, the corresponding fit and proper process was completed in April, 2025.

In accordance with the applicable law, novobanco's articles of association and best practices, at the date of this Annual Report, six of the nine members who comprise the GSB, including the Chairman, are independent.

The GSB has the powers foreseen by law, by the articles of association and by its own internal regulation, in particular the supervision of the EBD's management of the Bank and Group companies and the supervision of all matters related to risk management, compliance and internal audit.

The activity of the GSB is directly supported by 5 (five) Committees, some of them mandatory pursuant to applicable law, to which some of its powers have been delegated, namely, the Financial Affairs (Audit) Committee, the Risk Committee, the Compliance Committee, the Nomination Committee and the Remuneration Committee, as provided for in Articles 6 and 16 of the articles of association of novobanco, and in the GSB Terms of Reference ("ToR").

These Committees are chaired and composed by members of the GSB, respecting the legal and regulatory composition requirements, and can have the presence of EBD members or other managers responsible for the areas covered by the activities of these Committees.

The GSB meets on a monthly basis, with the exception of August, and whenever is deemed necessary.

1.2. Activity undertaken in 2025

General and Supervisory Board

During the year 2025, the GSB held 15 meetings, where the several matters discussed, analysed and approved are identified in the agendas prepared for each meeting and are detailed in the respective minutes. In addition to all the matters related with the legal responsibilities of the GSB, these matters included, amongst others, the individual and consolidated financial statements of novobanco for the year ended 31 December 2024 and the consolidated financial statements for the six months period ended 30 June 2025, as well as the financial results for the first and third quarters of 2025, the 2025-2027 Strategic and Medium Term-Plans, the NPA (non-performing assets) Plan for 2025-2027, the strategy and risk appetite for 2025, the status of Bank rating agencies reviews, the approval and/or monitoring of the

sale of assets by novobanco, the monitoring of strategic M&A and partnership, the external communication strategy, the monitoring of the activity of the Internal Audit Department, the approval of the Annual Internal Audit Plan for 2026, the monitoring of the main legal and regulatory processes involving the Bank, including arbitration processes, updates on the implementation of the Human Capital agenda, including the People and Culture program and decisions taken by the GSB Committees.

Throughout the year, the GSB was informed about the Group's operating results, the evolution of the retail, corporate, treasury and digital businesses, the capital and liquidity position of novobanco, as well as about the regular forecasts (capital and results - including the Capital Reduction application) for the end of the 2024 financial year and Group's Impairment Report. In addition, within its responsibility for the oversight of the institution and for the implementation of governance and internal control arrangements that ensure effective and prudent management, the GSB has analysed and approved the changes made to the internal policies of novobanco, including the Conflict of Interest Policy, Policy on Transactions with Related Parties, Policy for Reporting Irregularities (Whistleblowing), Anti-Bribery and Anti-Corruption Policy, General Management of Financial Crime Risk Policies, as well as amendments to the Policy for Selection and Evaluation of the novobanco Group Statutory Auditor and Contracting of Non-Prohibited Non-Audit Services, Remuneration Policies for Management, Supervisory Bodies and Staff, Policy for Selection and Assessment of novobanco' Management and Supervisory Bodies and Key Function Holders, the Succession Planning Policy, as well as carried out a regular review and approved amendments to the GSB and GSB Committees' Terms of Reference.

Regarding organizational culture, the GSB oversaw and monitored the implementation of the measures defined by the EBD to address the reflection points identified by PwC concerning the culture and conduct of novobanco. The GSB also monitored the progress of the Strategic Alignment and Cultural Transformation Program during 2025, including developments related to the implementation of the "Journey-Led Organization" program.

At the end of the 2025 financial year, and within its responsibility for the supervision and oversight over the internal governance and control functions, the GSB concluded its assessment report on the adequacy and effectiveness of the organizational culture in force in the novobanco Group and the governance and internal control framework with reference to the period from 1 December 2024 up to 30 September 2025, assessing the Self-Assessment Reports of the Risk, Audit and Compliance Functions, in accordance with paragraphs b), c) and d) of Article 58 of Notice no. 3/2020 of the Bank of Portugal, with the changes introduced by the Notice No. 2/2025 of the Bank of Portugal, in which the GSB recognized the deficiencies detected by the EBD, approved the respective mitigation plans and proposed implementation deadlines for each of them. These deficiencies included 5 classified as F3 - High Risk and 2 classified as F4 - Severe.

The GSB, through its Chairman, maintained an open and regular communication with supervisory and regulatory entities. It participated in the Supervisory Dialogue with the ECB regarding the 2025 SREP, monitored targets of the 'minimum requirement for own funds and eligible liabilities' (MREL) set by the SRB (Single Resolution Board) and approved the measures implemented to achieve these targets, reviewed and approved the ICAAP and ILAAP for 2025, as well as the Liquidity and Capital Plans. It also closely monitored the progress of the implementation of the ESG Strategy, including its governance model. Additionally, it monitored the exercises conducted by the ECB, such as the EU-wide Stress Test. In the exercise of its functions, the GSB was regularly notified on regulatory changes and material correspondence exchanged between novobanco and the regulators.

The GSB also approved the 2025 Recovery Plan, the IRB Renovation Strategy and Operational Plan, the AML Annual Report 2025, and monitored the SREP Supervisory Dialogue 2025.

During the year, the GSB was updated on main topics and initiatives discussed at the Compliance Committee, including transactions with related parties, activities of the Compliance Department and compliance and regulatory matters including Bank inspections and the implementation and execution of Project Dora.

During 2025, the GSB approved, upon the recommendation of the Nominations Committee, the appointment of the Executive Board of Directors, including two new EBD members, for the mandate 2025 to 2028, whose fit and proper process was completed on August 25, 2025.

The GSB also reviewed and approved its activity plan for 2026, as well as that of its Committees.

Actions and initiatives developed by the Bank were also evaluated and regularly discussed by the GSB in the context of the challenging macroeconomic environment; the contagion effects of increased volatility in financial markets resulting from geopolitical conflicts; the heightened levels of operational risk, including those arising from cyberattacks and outsourcing; and the greater emphasis on emerging risks, such as climate and environmental risks.

In the context of normalizing the bank's shareholding structure and its long-term strategic positioning, during the year 2025, the GSB monitored the development of the public offering process of the Bank's shares ("IPO"), announced to the market on February 13, as well as, in parallel, the preparatory work for a potential alternative direct sale process. The latter materialized with the announcement to the market, on June 13, of the signing of a Memorandum of Understanding between Nani Holdings, S.à.r.l and BPCE, S.A., aimed at the sale of the share held by the majority shareholder. Subsequently, on October 29, 2025, the remaining shareholders – the Resolution Fund and the Portuguese State – formalized their adherence to the Sales Agreement previously concluded between Nani and BPCE.

During the year 2025, the GSB and EBD members attended several training sessions. In particular, the IT and Cybersecurity Training Program continued to be in place, aimed at strengthening knowledge of information technologies and enhancing the skills and experience of board members in this area. The GSB also acknowledged the training plan for members of the management and supervisory bodies, in compliance with the internal governance requirements established in Bank of Portugal Notice No. 3/2020, as amended by Bank of Portugal Notice No. 2/2025, ensuring that all members maintain and enhance the knowledge, skills, and competencies necessary to effectively perform their duties, in line with regulatory expectations and best practices in the banking sector.

Within the scope of its competencies and for the purpose of performing its functions and carrying out the analyses and checks to which it is obliged, the GSB requested, and obtained, documentation and clarification of the multiple questions raised, with full collaboration from Banks' internal structures and internal control functions' heads and staff.

The agreement for the early termination of the Contingent Capitalization Mechanism, reached on December 9, 2024, between the Bank and the Resolution Fund, lifted the contractual prohibition on distributing dividends. Following this development, novobanco's dividend distribution policy was approved in January 2025, establishing the principles, conditions, and framework guiding decision-making on shareholder dividend payments. At the General Shareholders' Meeting held on March 21, 2025, the payment of €225 million in dividends relating to the 2024 financial year was approved. Subsequently, and following the GSB's approval, a share capital reduction of €1,100,000,000.30 to release excess capital was approved at the General Shareholders' Meeting on May 5, 2025.

The CEO, CFO and CRO attended GSB meetings as invited guests and whenever necessary other EBD members and/or senior staff members of the departments involved were called to present and discuss specific topics included in the agendas.

Financial Affairs (Audit) Committee

The Financial Affairs (Audit) Committee held 14 meetings during 2025 and focused its activity on assessing the Bank's financial statements and the Statutory Auditor's reports regarding the individual and consolidated financial statements of novobanco for the year ended 31 December 2024 and the consolidated financial statements for the six months

period ended 30 June 2025, as well as the financial results for the first and third quarters of 2025. Additionally, it ensured the supervision and monitoring of the Internal Audit (IA) activity, as well as fulfilling the duties assigned to this Committee under the Portuguese Companies Code.

The oversight activity included, among others, the discussion and analysis of IA monthly update reports (covering topics such as the implementation of the agreed plan and related findings, follow-up on outstanding issues and issues related to IA resources and practices), and the assessment of the Internal Audit Annual Activity Execution Report for 2025, and the approval of the Internal Audit Plan for 2026 (including the multi-annual plan).

During 2025, the Financial Affairs (Audit) Committee monitored the review process with the Rating Agencies, the RaRoc metrics; on-going M&A and Partnerships projects, the assets divestment by the Bank, as well as the Bank's share capital reorganization operations, including capital reductions, aimed at optimizing the Bank's capital structure.

Throughout 2025, the Financial Affairs (Audit) Committee also monitored the evolution of novobanco's capital ratios, as well as the progress of other relevant initiatives, including the review process of RWA (Risk Weighted Assets), the management process of MREL requirements, the RaRoc levels, and the activities of the Valuation Unit. Additionally, the Committee monitored the development of the activities and performance of novobanco's subsidiaries and branches and followed the evaluation of equity investments, including in restructuring funds, included in the 2025-2027 Divestment Plan.

The Committee monitored, on a continued basis, the independence and the work of the external auditor, including the supervision and approval of other additional services provided to novobanco's Group by the auditor.

The meeting agendas included updates on the regulatory aspects of the Bank's activity, the follow-up of the 2024-2026 Medium-Term Plan (as well as the preparation of the 2026-2028 Medium-Term Plan) and the evaluation process for supervisory purposes (SREP) for 2025.

The Committee also followed the IT strategy, Data Governance and Data Quality, complying with BCBS239 principles, which are regularly reported to the ECB and Bank of Portugal, and the 2025 Recovery Plan.

During the year, the Financial Affairs (Audit) Committee undertook detailed business reviews of the main business segments: (1) Treasury & Capital Markets; (2) Retail & Small Business; and (3) Corporates & SME, including the progress and status of digital transformation. In addition, there were regular updates as to the performance of NB's Pension Fund and the approval of the new governance structure introduced for the monitoring and review of NB's Pension Fund's Assets and Liabilities. Specific reviews of the costs execution also took place.

The Financial Affairs Committee monitored the internal control systems during the year and concluded the annual review of the evaluation of the Internal Audit function, in accordance with Notice 3/2020 of the Bank of Portugal, with the changes introduced by Notice No. 2/2025.

The members of the Financial Affairs (Audit) Committee met with the Supervisory Boards of the Subsidiaries, namely, Banco BEST, novobanco dos Açores, and GNB Gestão de Ativos, Sociedade Gestora de Organismos de Investimento Coletivo (GNB SGOIC) and GNB Sociedade Gestora de Fundos de Pensões), having discussed the matters proposed by these Supervisory Boards (Audit Committees).

A review of the Selection, Appointment, and Evaluation of the Statutory Auditor Policy of the novobanco Group, and the contracting of Non-Prohibited Non-Audit Services was made following a principle of good internal governance of regular update of Bank's internal regulations. The revised policy, approved by the Committee in September, was approved by the General Shareholder's Meeting held in December.

Additionally, as a body involved in the process of selecting and appointing the statutory auditor and contracting non-prohibited services, the Committee on Financial Affairs (Audit) Committee assessed the annual assessment of the independence, qualification, and efficiency of the Statutory Auditor, aimed at supporting the GSB in its evaluation process. Committee members met individually with the Statutory Auditor and the Head of Internal Audit, without the presence of the EBD members, ensuring the necessary independence in the review of the matters under consideration.

During 2025, the Financial Affairs (Audit) Committee provided support to the GSB in the implementation of key corporate actions. Following the lifting of the contractual prohibition on distributing dividends, the Committee supported the GSB throughout the process leading to the approval of novobanco's dividend distribution policy in January 2025. The Committee also assisted the GSB in the analysis and decision-making process in relation to the €1,100,000,000.30 share capital reduction aimed at releasing excess capital, which was subsequently approved at the General Shareholders' Meeting held on May 5, 2025.

At the end of 2025, in the context of the ongoing sale process of the Bank to the BPCE Group and considering the indication received from the auditor regarding the need to safeguard against potential future conflicts of interest in the provision of audit services, the Financial Affairs (Audit) Committee approved the initiation of a selection process for a new auditor for the novobanco Group. This procedure was triggered under point 6 of the novobanco Group's Policy for the Selection, Appointment, and Evaluation of the Statutory Auditor and the Engagement of Non-Prohibited Services Distinct from Audit.

Risk Committee

The Risk Committee held 15 meetings during 2025. In addition to approving proposals from the EBD for loans to individual customers or groups of associated clients, in accordance with its Regulation, it assessed and discussed the strategy, risk appetite and limits for 2025, in accordance with the Medium-Term Plan for 2025-2027, the NPA Plan for 2025-2027 and monitored the main initiatives and activities in 2025 relating to the challenging macro-economic environment; the contagion effects of increased financial market volatility impact arising from geopolitical conflicts; to the heightened levels of operational risk including cyber-attacks and outsourcing; and the increased focus on emerging risks like climate and environmental risk. Other topics discussed and reviewed by the Risk Committee included the main monthly risk indicators (credit risk, market risk and non-financial risks), detailed portfolios, products and sector exposure analyses, non-financial risks, including cyber risks and outsourcing risks and the credit provisions and impairments contained in the financial statements for the 2024 financial year, as well as the approval of the Risk Activity Plan for 2026.

The Bank's non-performing loans portfolio (NPL) was also monitored and benchmarked against the portfolios of peer institutions and the reference indicators of the European Banking Authority (EBA). The risk governance model was also reviewed in 2025 and closely monitored by the Risk Committee.

The agendas of the meetings regularly included reports on the regulatory aspects relating to the risks faced by the Bank, particularly in the context of the IRB Plan, especially on LGD (loss given default), IRRBB (interest rate risk of the banking book) and the review of the risks inherent to the challenging macro-economic environment, the analysis of economic groups with high exposure to impacted sectors and the conclusions of the SREP. The calculation of the Bank's risk-bearing capacity was also a frequent topic at the Risk Committee meetings. Other regulatory risk matters were also discussed and analysed throughout the year, including the results of the OSI (On-Site Inspections) carried out in 2025.

Additionally, the Risk Committee approved the ICAAP and ILAAP exercises, the exercises conducted by the ECB, the "EU-wide Stress Test" and the ECB's Strategy for updating IRB models and the respective Operational Plan, the RWA Project, the Early Warning System ("EWS") Project, and the Implementation of the Credit and Risk Transformation Plan.

The Committee also monitored the IT strategy, Data Governance and Data Quality complying with BCBS239 principles, which are regularly reported to the ECB and Bank of Portugal, and the OSI to Digital Transformation, and the Credit Quality Review (CRE), as well as the review of internal models for retail and corporate credit risk ('IMI').

The Risk Committee acknowledged the risk opinion endorsing the bonus-pool criteria, ensuring alignment with key regulatory requirements (capital and MREL targets), risk-adjusted metrics (RWAs and ICAAP buffers), and performance indicators (staff costs, pre-tax income, net results, ROE, and Return on RWAs).

At the end of the year, the Risk Committee reviewed the assessment of risk management activities, in accordance with the Notice No. 3/2020 of Bank of Portugal, as amended by Notice No. 2/2025 of Bank of Portugal, including the Annual Self-Assessment Report (RAA).

The Head of the Risk Function, the CEO, the CFO, the CCO and the CRO attended the meetings as guests, whenever necessary.

Compliance Committee

The Compliance Committee held 8 meetings during 2025, monitoring and deciding on governance, regulatory, and legal issues related to the Bank's Compliance activity and analysing and discussing the Bank's regulatory compliance matters. Within the scope of these meetings, it analyzed and discussed the implementation of regulatory compliance and internal control matters, including those related to the Notice No. 3/2020 of Bank of Portugal, as amended by the Notice No. 2/2025 of Bank of Portugal, and the EBA Guidelines in the areas of internal control and compliance, as well as legislation regarding financial crime (including the prevention of money laundering, combating bribery and corruption, and market abuse), legislation on personal data protection, whistleblowing, other legal and regulatory matters, and other ongoing relevant projects, such as the APIC project (Permanent Update of Client Information), while also monitoring the fulfillment of the activity plan of the Compliance Department. The Committee also analysed and discussed topics related to transactions with related parties and conflicts of interest, compliance matters relating to subsidiaries and the Luxembourg Branch, including local inspections and audits on AML topics and the remediation plan that encompassed the transfer of legacy accounts from Luxembourg to Lisbon, as well as regularly monitoring of the most relevant fines and sanctions applied to novobanco.

During the year, the Committee monitored the Whistle-blowing platform ("Whispli") launched in 2023, across the novobanco Group, as part of the Strategic Alignment and Culture Transformation program and internal processes were revised, enhanced and reinforced. Annual review and amendment of compliance related policies were also completed during the year including Conflict of Interest Policy, Policy on Transactions with Related Parties, Policy for Reporting Irregularities (Whistleblowing), Anti-Bribery and Anti-Corruption Policy, General Policy for Financial Crime Risk Management,

The Compliance Committee regularly monitored the enhancement of the Target Operating Model enhancement of financial crime with focus on KYC / KYT and correspondents' banking.

The Compliance Committee acknowledged the favourable compliance opinion on the bonus pool, based on the criteria defined in 2024, including the natural update of the eligible population and the salary developments agreed under the Collective Workers Agreement, which were deemed to represent a sustainable evolution.

At the end of 2025, the Compliance Committee reviewed the assessment of compliance management activities, in accordance with the Notice No. 3/2020 of Bank of Portugal, as amended by Notice No. 2/2025, including the Annual Self-Assessment Report (RAA), and approved the Activity Plan of the Compliance Department for 2026.

Nomination Committee

The Nomination Committee held 7 meetings during 2025. The Fit and Proper Officer supported the Nomination Committee on the assessment (individual and collective) of the adequacy and suitability of the members of the Executive Board of Directors of novobanco for the mandate 2025 to 2028, including the recommendation to the GSB in the appointment of two new members to the EBD, and of the members of the Board of Directors of the subsidiaries novobanco dos Açores, Banco BEST, GNB – SGOIC and GNB FP and of the Group's Key functions holders.

During 2025, Fit and Proper processes were also submitted to competent supervisory authorities regarding certain members of the management bodies of novobanco, as well as for the management bodies of novobanco dos Açores, Banco BEST and GNB SGOIC, and GNB FP. Fit and proper processes were also actioned in the 2nd half of the year with respect to new appointments for Key Function Holders in certain control functions.

Additionally, the Nominations Committee discussed, reviewed, and approved the new organizational structure of the EBD with updated roles and responsibilities, following the approval of the new mandate. It also reviewed novobanco's Succession Plan and monitored the implementation of the measures defined by the EBD to address the points for consideration identified by PwC regarding novobanco's culture and conduct.

On gender diversity, an Action Plan the Nominations Committee acknowledged the implementation, execution, and the updating of the Plan's objectives, following an assessment carried out by the supervisory entities. The Nominations Committee monitors the implementation and execution of this plan, which is submitted at the end of each year to the GSB for monitoring and evaluation.

The Nomination Committee approved the Training Plan for the members of the management and supervisory bodies, in compliance with the internal governance requirements set out in Notice No. 3/2020 of Bank of Portugal, as amended by Notice No. 2/2025 of Bank of Portugal, ensuring that all members maintain and enhance the knowledge, skills, and competencies necessary to effectively perform their duties, in line with regulatory expectations and best practices in the banking sector.

In the last quarter of the year, the Nomination Committee acknowledged the resignation of the Compliance Officer and approved a new selection process for the position.

The performance and potential of top management at novobanco was also analysed, together with the HR's reviews conducted with each of the members of the EBD in respect of each of their departments.

Remuneration Committee

The Remuneration Committee held 10 meetings during the year 2025. At these meetings, the Committee monitored the implementation of the remuneration policies concerning the management and supervisory bodies and the staff and adopted a set of decisions related to the variable component of the remuneration for the EBD and Identified Staff for the year 2024, following the review and performance assessment of novobanco and novobanco´s top management.

Additionally, the Remuneration Committee set and approved the main individual and collective performance indicators for the EBD members for the year 2025, based on the approved budget for that year and approved the 2024's EBD KPI results. The Remuneration Committee acknowledged and confirmed the List of Identified Staff for year 2025 following a recommendation of the EBD. It also approved the budget for 2025 variable remuneration and the amounts allocated to the Identified Staff and EBD members (subject to the rules in the respective policy).

The Remuneration Committee approved the annual review of the remuneration policies for the management and supervisory bodies and employees. It also approved the selection of employees under the Shaping the Future Program for 2025, as well as Role Based Allowances compensation for selected staff members during 2025.

At the end of 2025, the Remuneration Committee completed the independent internal analysis, as provided for in Notice No. 3/2020 of the Bank of Portugal, with the amendments introduced by Notice No. 2/2025, aimed at verifying the compliance of the Bank's remuneration processes and policies to be submitted to the General Shareholders Meeting, to the Executive Board of Directors, and to the General and Supervisory Board.

The functions of the Remuneration Committee were carried out with the support and participation of the Bank's relevant internal areas, as well as the control functions.

1.3. Interactions with the Statutory Auditor

The GSB and the Financial Affairs (Audit) Committee held several working meetings throughout the year with the Statutory Auditor, Ernst & Young Audit & Associados - SROC, S.A., both within the scope of the audit of the individual and consolidated financial statements for the year ended on December 31, 2025, as well as within the scope of regular monitoring and discussion of the most relevant aspects arising from the evaluation of internal control.

Within the scope of the existing articulation with the Statutory Auditor, the GSB obtained the necessary and sufficient clarifications to the questions raised within the scope of its functions and, in particular to the following aspects:

- The completeness and adequacy of the accounting records and documents that support them;
- The existence of goods or values belonging to novobanco's Group or received in guarantee, deposit or other title; and
- If the accounting policies and valuation criteria adopted lead to an adequate representation of the assets and of the results of novobanco.

The GSB analysed all matters contained in the Auditor's Reports on the individual and consolidated financial statements issued by the Statutory Auditor for the year ended 31 December 2025, having obtained from the auditors all clarifications necessary for their understanding, in particular on the relevant audit matters included therein:

- Impairment for loans and advances to customers;
- Financial instruments measured at fair value and classified as level 3 under IFRS 13;
- Restructuring provisions;
- Restructuring funds valuation;
- Pension funds liabilities valuation;
- Measurement of real estate obtained through credit foreclosure;
- NPA sale transactions;
- Contingency on property tax;
- Disclosure of other contingent liabilities;
- Financial Disclosure matters; and
- Internal control matters, in particular compliance with Notice 3/2020 of Bank of Portugal, with the amendments introduced by the Notice No. 2/2025 of Bank of Portugal.

All these matters were monitored by the GSB and its Committees, which, on these matters, were kept informed by the EBD, by the internal control functions, by the relevant Departments and by the external auditors.

In preparation of the accounts of the financial year, the GSB analysed the management report as well as other documents submitted by the EBD, having proceeded to verifications, and obtaining the clarifications deemed necessary, which comply with the applicable legal and accounting requirements.

The accounts were audited by the audit firm Ernst & Young Audit & Associados SROC, S.A., which issued the Audit Report on the financial information for the year ended 31 December 2025 on 4 March 2026, without qualifications nor emphasis of matter, to which the GSB expresses its agreement.

The GSB reviewed the Additional Report to the Supervisory Board issued by the Statutory Auditor on the same date, which corresponds in substance to the matters that have been discussed during the year, and for which they have obtained all the necessary clarifications.

2. Opinion of the Financial Affairs (Audit) Committee on the Management Report and the individual and consolidated financial statements

Within the scope of our functions, and in accordance with article 444, number 2, of the Portuguese Companies Code, the GSB verified that:

(a) the individual and consolidated balance sheet, the individual and consolidated income statement and the individual and consolidated statement of comprehensive income, the demonstration of changes in individual and consolidated equity, the individual and consolidated cash flow statement and the corresponding Annex, allow a proper understanding of the asset, liabilities and the individual and consolidated financial position of novobanco, its individual and consolidated results of changes in equity and the individual and consolidated cash flows;

(b) the accounting policies and valuation criteria adopted are appropriate;

(c) the management report is sufficiently clear as to the evolution of the business and the situation of the Bank and all the subsidiaries included in the consolidation, highlighting the most significant aspects, as well as a description of the main risks and uncertainties that the Bank faces;

(d) the proposed application of results does not contradict the legal and statutory provisions applicable; and

(e) pursuant to paragraph 5 of article 420 of the Portuguese Companies Code, applicable by reference to article 441, paragraph 2, the information on corporate governance includes the elements required under the terms of article 29-H, no. 5 of the Securities Code and other applicable legislation.

Therefore, the Financial Affairs (Audit) Committee issues a favourable opinion to:

(a) the management report as well as the individual and consolidated financial statements for the year of 2025, presented by the Executive Board of Directors, including the proposed application of results, and the proposal of distribution of dividends, submitted by the EBD in its Management Report;

(b) the Audit Report on the consolidated and individual financial statements of the Bank issued by EY for 2025.

Finally, the General and Supervisory Board would like to express its appreciation to the Executive Board of Directors, to the managers in charge of the various areas of the Bank and to the remaining employees, as well as to the auditors, and to the members of the management and supervisory bodies of the subsidiaries and the Branches, for the cooperation and the support in the completion of its work.

Porto Salvo, 4 March 2026

General and Supervisory Board and the Financial Affairs (Audit) Committee

Byron James Macbean Haynes

Chairman of the General and Supervisory Board and member of the Financial Affairs (Audit) Committee

Karl-Gerhard Eick

Vice-Chairman of the General and Supervisory Board and Chairman of the Financial Affairs (Audit) Committee

Kambiz Nourbakhsh

Member of the General and Supervisory Board and member of the Financial Affairs (Audit) Committee

Mark Andrew Coker

Member of the General and Supervisory Board

Carla Antunes da Silva

Member of the General and Supervisory Board

William Henry Newton

Member of the General and Supervisory Board

Monika Helene Wildner

Member of the General and Supervisory Board

Evgeniy Kazarez

Member of the General and Supervisory Board

Susana Smith

Member of the General and Supervisory Board

novobanco