

NOVO BANCO^L



Institutional Presentation

October 2017

Agenda

1. Sale Process and Governance

2. General Overview and Business Model

3. 1H2017 Results

4. Summary

Appendix : Consolidated Balance Sheet and Income Statement

Main highlights of the sale process completed on 18 October 2017

**NEW
SHAREHOLDER
STRUCTURE**
(Share Capital:
€5,650 M)

 FUNDO DE RESOLUÇÃO

25%



LONE STAR

through Nani Holdings SGPS, S.A.
75%

FINANCIAL STRENGTH

 **LONE STAR**

€1,000 M of Capital Injection, of which €750 M on 18 October that will be followed by a further €250 M until the end of 2017

LME

Allowed the fulfilment of the objectives in terms of capital increase (Core Tier 1) and gross equivalent gains including interest savings in excess of **€500 M**

**CONTINGENT
CAPITAL
MECHANISM
(CCM)**

that ensures, for a period of 8 years, the capital injection necessary to achieve compliance with the mandatory CET1 ratio up to a maximum of **€3,890 M**

**DIVIDEND
RETENTION**

for a period of **8 years**

TIER 2 ISSUE

Plan to raise **€400 M** on the market issuing **Tier 2** capital instrument (expected in 2018)

Main highlights of the LME

The Tender Offers and Proposals

- **Cash Offer for 36 Senior Bond Issues of NOVO BANCO** acting through its branches in London and Luxembourg or its wholly-owned subsidiary NB Finance Ltd., with **Bond Maturities from 2019 to 2052, Nominal Value of €8.3bn** and Book Value of €3bn (Jun-17).
- **Proposals for Consent Solicitation** to approve the early redemption of each Series of Bonds.

Rationale for the Offers

- **The completion of a Liability Management Exercise** in respect of the senior bonds issued by **NOVO BANCO** and NB Finance **was a preceding condition of the closing of the sale process to LONE STAR**.
- LONE STAR and the Resolution Fund had agreed the Offers and the Proposals would satisfy the LME condition.

Dates

- **From 24 July** – Announcement of the Offers – to **2 October** – Expiration Deadline, with Settlement on **4 October**.

Minimum Participation Condition

- **Aggregate nominal amount** of the Bonds tendered and not validly withdrawn and in respect of which the Extraordinary Resolution has been passed should have been (in aggregate) equal to or be greater than **€6,276 M** (and include **at least €1,000 M of Bonds issued by NOVO BANCO, London branch**).
- Considering the result of the LME, **NOVO BANCO** has decided to **waive** this Condition.

Fixed Term Deposits

- **Fixed-Term Deposits** (not forming part of the Offer and Proposals) **were offered to the Bondholders that accepted the Tender Offer**. The maturity of the Fixed-Term Deposits (3 to 5 years) and the interest rate (1.00% to 6.84% per year) depended on each bond issue.

Completion

- The LME was completed on 4 October and resulted in **NOVO BANCO's** early repayment of **€4,743 M** (57%) of nominal amount of Senior Debt (€1,884 M issued by London Branch), corresponding to **€1,988 M** of cash payment (excluding interest and transaction costs).
- The transaction will allow the fulfilment of goals in terms of capital increase (CT1) and gross equivalent gains including interest savings **over €500 M**.

Governance - Overview of governing bodies

GENERAL AND SUPERVISORY BOARD

CHAIRMAN
BYRON HAYNES

VICE-CHAIRMAN
KARL-GERHARD EICK

GENERAL AND SUPERVISORY
BOARD MEMBERS
DONALD QUINTIN
KAMBIZ NOURBAKHS
MARK COKER
BENJAMIN DICKGIESSER
JOHN HERBERT
ROBERT A. SHERMAN

EXECUTIVE BOARD OF DIRECTORS

CEO
ANTÓNIO RAMALHO

CCO
(CORPORATE)
VÍTOR FERNANDES

CFO
JORGE CARDOSO

CCO
(INDIVIDUALS)
ISABEL FERREIRA

LEGAL AND
COMPLIANCE
LUÍSA SOARES DA
SILVA

CHIEF RISK OFFICER
RUI FONTES

COO
JOSÉ EDUARDO
BETTENCOURT

Overview of the Executive Board of Directors

Executive Board of Directors



António Manuel Palma Ramalho, CEO

- CEO since Aug-16
- Former CEO of Infraestruturas de Portugal
- Former Vice CEO of Millennium BCP
- Former Chairman of Unice
- Former Board Member of Santander Totta
- Former Board Member of Grupo Champalimaud banks (BPSM, BTA and CPP)
- 26 years of banking experience



Jorge Freire Cardoso

- CFO
- Board Member since Sep-14
- Formerly with Caixa Geral de Depósitos where he was a Member of the Board and of the Executive Committee
- Formerly CEO of Caixa - Banco de Investimento
- 21 years of banking experience



Luísa Soares da Silva

- Chief Legal and Compliance Officer
- Before joining Novo Banco, Luísa Soares da Silva practiced financial, banking, insurance and capital markets law in Morais Leitão, Galvão Teles, Soares da Silva & Associados (MLGTS), since 2001 as a Partner
- 26 years of experience of financial, banking, insurance and capital markets practice law.



José Eduardo Bettencourt

- Chief Operating Officer
- Prior to joining the team of Novo Banco Mr. Bettencourt held the position of Director at Golden Assets
- Formerly held various management positions at Santander Group. He was also President of Sporting Club of Portugal
- 21 years of experience in the financial sector



Vítor Fernandes

- Chief Commercial Officer (Corporate)
- Board Member since Sep-14
- Former Member of the Board of Millennium BCP and Caixa Geral de Depósitos
- Previously CEO of Fidelidade Mundial and Império Bonança insurance companies
- 24 years of experience in the financial sector



Isabel Ferreira

- Chief Commercial Officer (Retail)
- Before joining Novo Banco's board team Mrs. Ferreira was CEO and Deputy Chairman of the Board of Directors of Banco Best
- Created and launched Banco BEST in 2001 and became its CEO. Chairman of the Board of Directors of Grupo Novo Banco IT company
- Diverse management positions held at companies such as IBM and Montepio Geral



Rui Fontes

- Chief Risk Officer
- Formerly Head of risk of Novo Banco and of Banco Espírito Santo and former Head of Risk Models
- 21 years of banking experience

Agenda

1. **Sale Process and Governance**

2. **General Overview and Business Model**

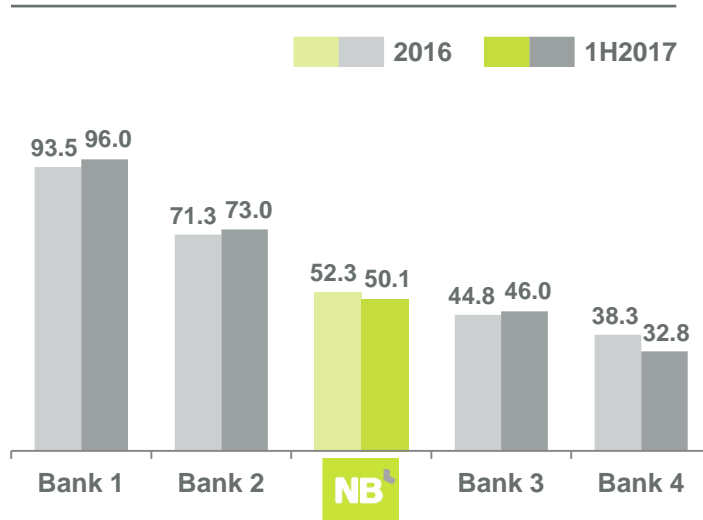
3. **1H2017 Results**

4. **Summary**

Appendix : Consolidated Balance Sheet and Income Statement

NOVO BANCO was created in Aug-14 after the resolution measure applied to BES. Sale of 75% to Lone Star took place on 18 October

Net Assets ¹ (Portuguese Banks, € billion)



NOVO BANCO is a reference institution in the Portuguese financial system, with over 1.3 million clients

Capital and shareholder structure



Share capital of **NOVO BANCO** amounts to €5.65 billion and is 75% held by Lone Star and 25% held by the Resolution Fund.

On 31 March 2017, BdP informed about the selection of Lone Star for the conclusion of the sale of **NOVO BANCO**. The closing of the sale operation was depending on obtaining the required regulatory authorizations (including by the ECB and the EC) and on the completion of a LME (launched on 24 July, completed on 2 October and with the settlement on the 4 October).

On 10 July the EC announced that it had approved under the EU Merger Regulation the planned acquisition of **NOVO BANCO** by Lone Star Funds.

On 11 October the EC approved under EU State aid rules the Portuguese aid for the sale of **NB**.

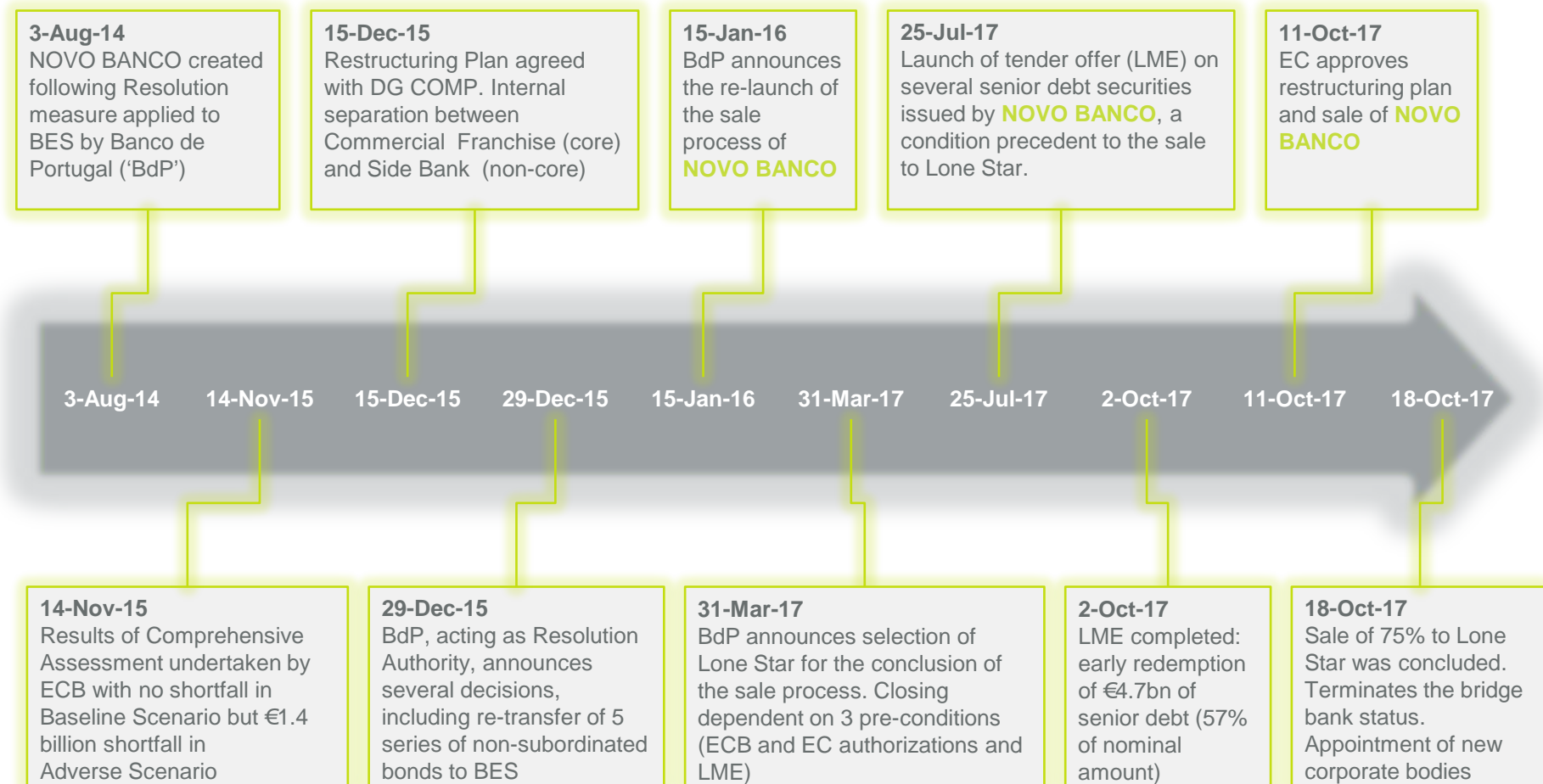
On 18 October 2017 the sale of 75% of **NOVO BANCO** to Lone Star was completed and Lone Star injected €750 M in capital.

¹ Source: 2Q2017 Results Press Releases (CGD, Millennium bcp, Santander Totta and BPI).

² The stake held by Lone Star in NOVO BANCO is held through Nani Holdings, SGPS, SA.

³ The Resolution Fund was created in 2012 and its primary goal is to provide financial support for the implementation of resolution measures determined by Banco de Portugal. The Resolution Fund is a public-law legal person with administrative and financial autonomy. It is operated within Banco de Portugal.

NOVO BANCO timeline



Strategic priorities up to now: leveraging key commercial strengths and orderly reduction of exposure to non-core assets

2014

2015

2016

2017

I Solving liquidity and funding constraints

II Managing the capital position

III Restoring profitability (Commercial Franchise)

IV Downsize non-core assets

I

- **Deleverage**
- **Improve liquidity and funding position** by strengthening the customer deposit base
- **Reduce non-performing asset base**

II

- **Manage regulatory capital position** through deleveraging
- **Sale of BESl**
- **Selected sales of real estate and equity stakes**
- **Optimisation of RWAs**

III

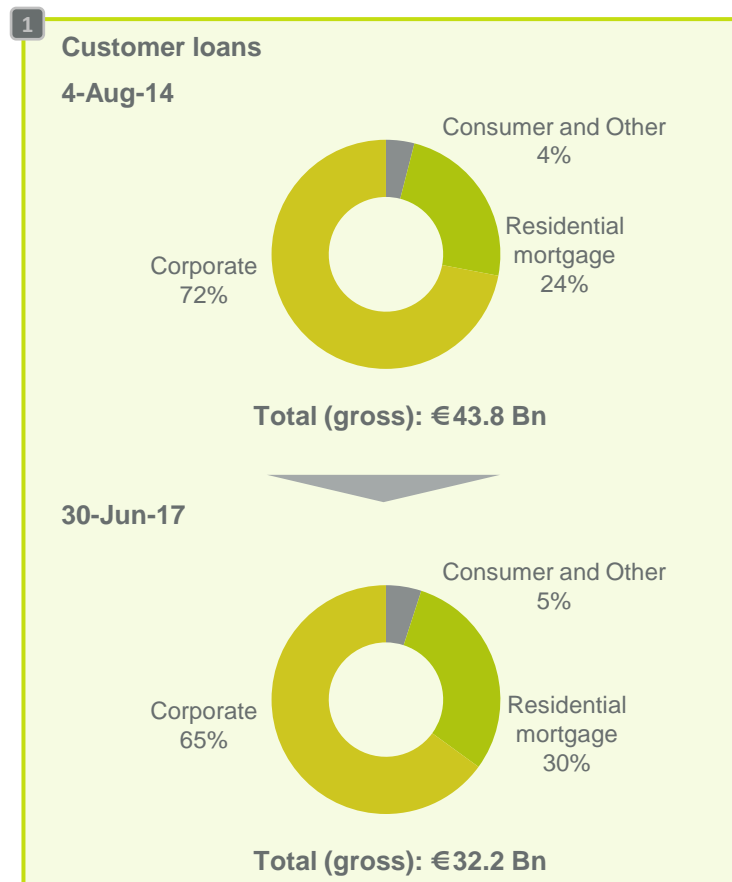
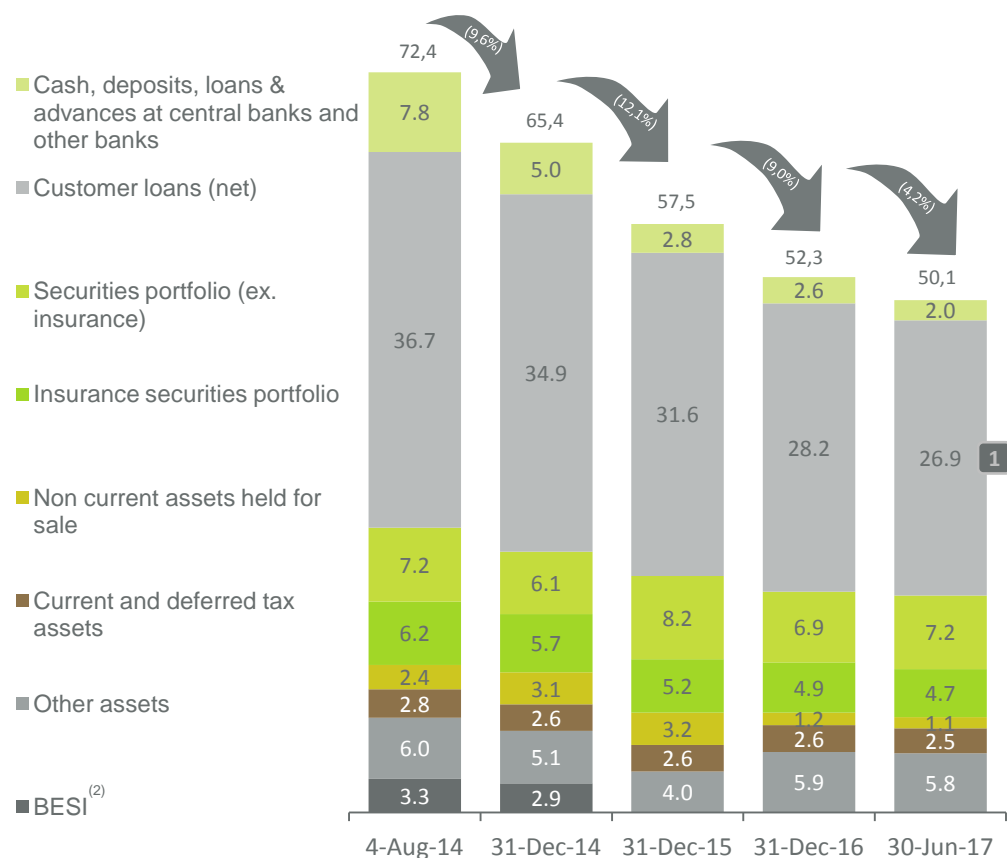
- **Focus on core business** with distinctive value proposition
- **Normalise funding costs**
- **Reduce operating costs** by simplifying the group structure and reducing footprint
- **Increase productivity** leveraging on digitalisation
- **Reduce cost of risk** and impairment charges by reviewing risk appetite and strengthening governance

IV

- **Wind-down or sell non-core international operations**
- **Accelerated sale of non-core assets** (real estate, equity stakes)
- **Recovery or sale of out-of-strategy credit portfolio**
- **Non Performing Loans of €10.3 billion** as of Jun-17, down from €11.3 billion as of Dec-16

Complete balance sheet refocus in traditional commercial banking

Asset side of the balance sheet (Net assets, € Bn) ⁽¹⁾

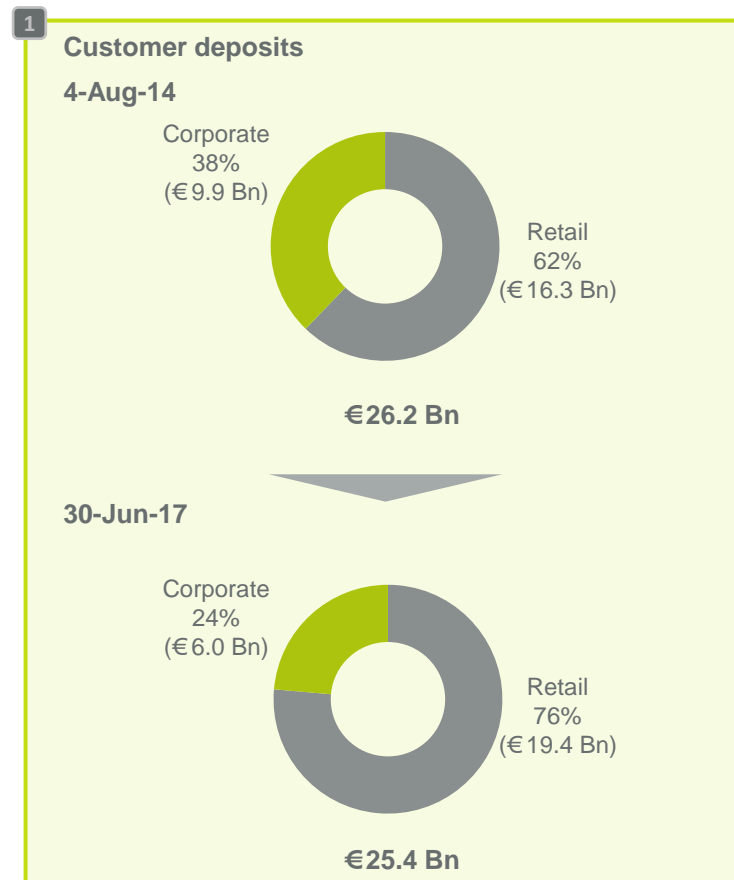
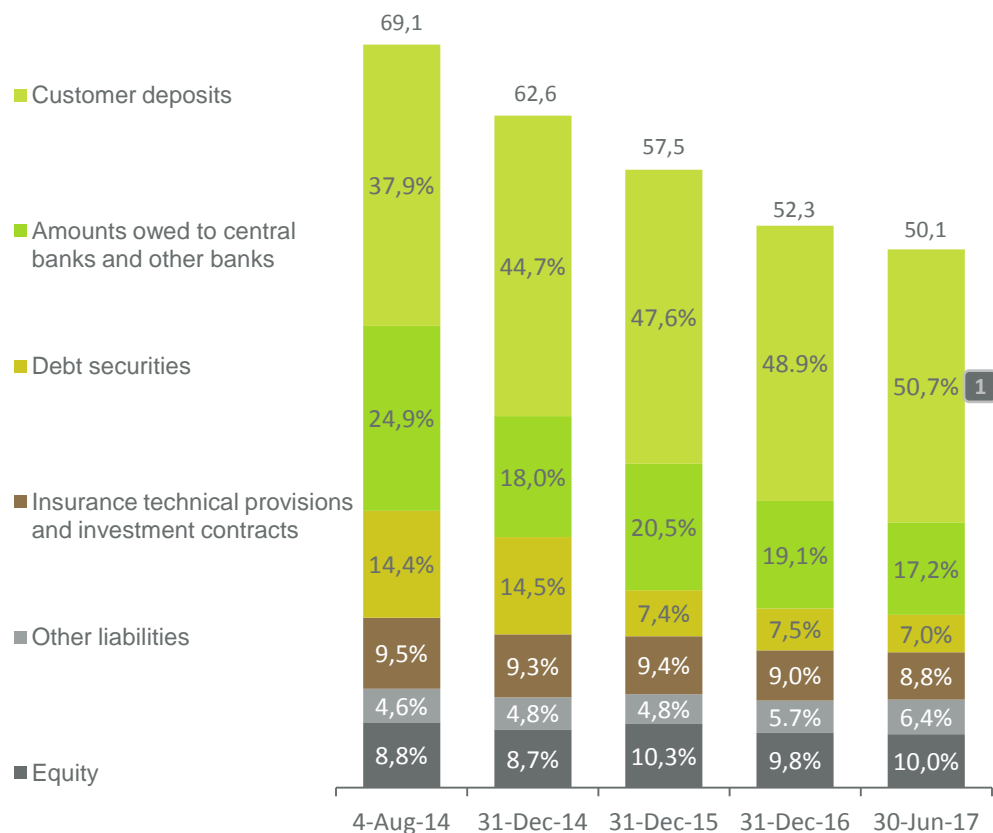


(1) Excluding BESI, net assets for Novo Banco would amount to €69.1bn and €62.6bn as of 4 August 2014 and 31 December 2014 respectively.

(2) Including consolidation adjustments; BESI on a standalone basis had total assets of €5.1bn and €4.4bn as of 4 August 2014 and 31 December 2014 respectively.

Accelerated deleveraging and funding mix improvement

Funding side of the balance sheet (€ Bn) ⁽¹⁾



(1) Excluding BESE in 4 August 2014 and 31 December 2014.

NOVO BANCO is a universal bank, with a wide offer and a well defined approach to each of its business segments

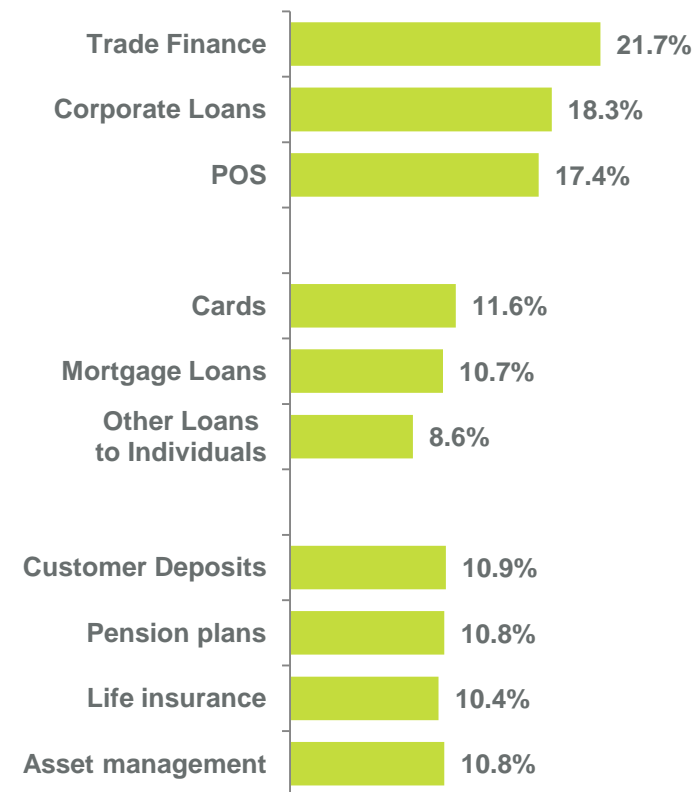
Business Segments



■ **NOVO BANCO** operates a diversified range of financial services.

Market Share in selected Business Lines ¹

Jul-17



NOVO BANCO is the reference bank in Portugal in Corporate Banking, in particular for SMEs

Business Segments

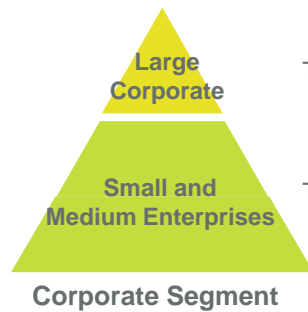


Corporate Banking



- **NOVO BANCO** has a market share of 18.3% in Corporate Loans and 21.7% in Trade Finance.
- **2 centres for large corporate and 21 corporate centres for SMEs** (including 1 centre in NB Açores), widespread throughout Portugal. Commitment to be a **reference partner for the corporate** clients daily activities.
- **To support the corporate segment across all industry sectors** placing a particular **focus on the exporting SMEs and those that incorporate innovation** in their products, services or production systems.
- **Innovative offer** with *Express Bill* (solution for payments and collections) and *Fine Trade* (tool that identifies export opportunities for corporate clients).

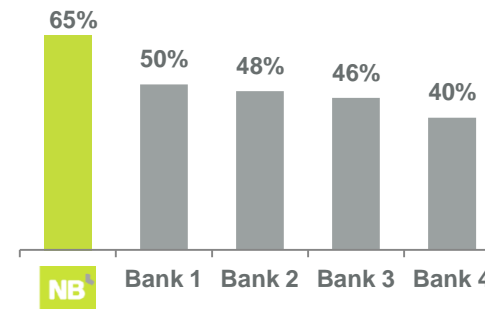
Sub-Segmentation (Corporate)



Turnover > €200M ²

Turnover ≥ €2,5 M and < €200M ²

Weight of Corporate Credit in Overall portfolio¹ (Portuguese Banks)



NOVO BANCO has a leading domestic Retail and Private Banking franchise, supported by a leading multi-channel platform

Business Segments



Large client base with more than 1.3 million clients



NB

Retail and Private Banking



- NOVO BANCO has a market share of 10.7% and 8.6% in Residential Mortgages and Other Loans to Individuals, respectively.
- The Bank has a specialized, diversified and distinct product offer to meet its private individuals, private banking and small business clients' needs.
- In addition to the strong branch network and the 12 private banking units, NOVO BANCO has a multi-channel approach through internet banking, phone banking, mobile banking (smartphone and tablet) .
- Banco BEST, a 100% subsidiary online commercial bank targetting affluent and private banking customers.

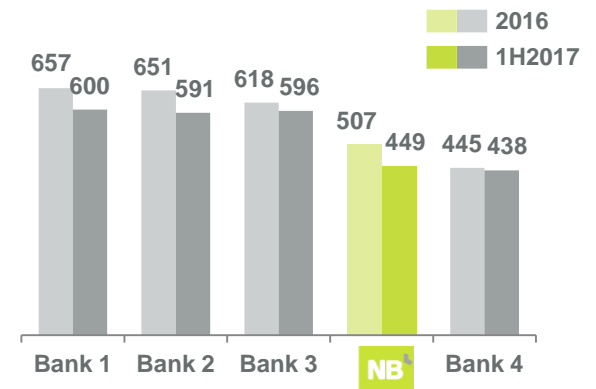
Sub-Segmentation (Retail)



Private Banking is also sub segmented in "Executive Professionals", "Entrepreneurs", "Traditional Family" and "Top Private".

Sub-segmentation leads to a more focused commercial approach

Retail Branches in Portugal



449 domestic branches (-62 in 1H2017) in line with the new business reality

NOVO BANCO

* Domestic Commercial Banking Includes Retail, Corporate and Institutional Clients and Private Banking.

Domestic Commercial Banking complemented by Asset Management, Life Insurance and Markets, with international presence to support NOVO BANCO clients

Business Segments



Asset Management



Insurance



Markets

International Commercial Banking

NOVO BANCO

Asset Management

- Carried out by GNB Gestão de Ativos (100% owned by **NOVO BANCO**).
- Wide product range covering mutual funds, real estate funds, pension funds, discretionary and wealth management services.
- Total AuM's as of Jun-17 of €10.8bn.

Life Insurance

- Carried out by GNB Seguros Vida (100% owned by **NOVO BANCO**), which provides life insurance products and retirement plans both in Portugal and Spain. On 3 August **NOVO BANCO** launched an organized process to sell up to 100% of GNB Seguros Vida.
- NOVO BANCO** also has a 25% stake in GNB Seguros, which focus its activity in Portugal with non-life products such as home, car and health insurance.

Markets

- Global financial management activity of the Group, whether of a strategic nature or as part of current trading activity.
- Issuance of debt and placement of funds in the financial markets;
- Investment and risk management of credit, interest rate, FX and equity instruments.

International Commercial Banking

- International presence to support **NOVO BANCO** clients.
- Business development focused in Spain (Jun-17 net assets of €2.9bn) and additional platform to support Iberian clients.

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Highlights

Funding and Liquidity

Capital

Results

4. **Summary**
Appendix : Consolidated Balance Sheet and Income Statement

Highlights

Results

- **NOVO BANCO Group Net Income in the 1H2017 was a loss of €290.3 million**, a decrease of 21.8% comparing with the 1H2016 (-€371.4 million), impacted by the still high provisioning level.
- **Positive net operating income** (before provisions and taxes) **of €171.5 million, up by 20.5% YoY**, underlines **NOVO BANCO Group's** income-generating capacity.
- **Fees and commissions performed well, contributing with €156.3 million** to the results.
- **Operating costs were reduced by €39.0 million YoY (-12.8%), to €265.2 million**, confirming the downward trend observed since the creation of **NOVO BANCO**.
- **Provision charge of €413.1 million, €163.6 million lower than in the 1H2016** (-28.4% YoY).

Income Statement (€ million)

	1H2016	1H2017	Change %
Net Interest Income	262.0	210.6	(19.6%)
+ Fees and Commissions	141.5	156.3	10.5%
= Commercial Banking Income	403.5	367.0	(9.1%)
+ Capital Markets and Other Results	43.0	69.6	61.9%
= Banking Income	446.5	436.6	(2.2%)
- Operating Costs	304.2	265.2	(12.8%)
= Net Operating Income	142.3	171.5	20.5%
(= Core Operating Income*)	99.3	101.8	2.5%
- Net Provisions	576.7	413.1	(28.4%)
= Income Before Taxes	(434.4)	(241.6)	44.4%
- Taxes and Non-controlling interest	(63.0)	48.7	-
= Net Income	(371.4)	(290.3)	21.8%

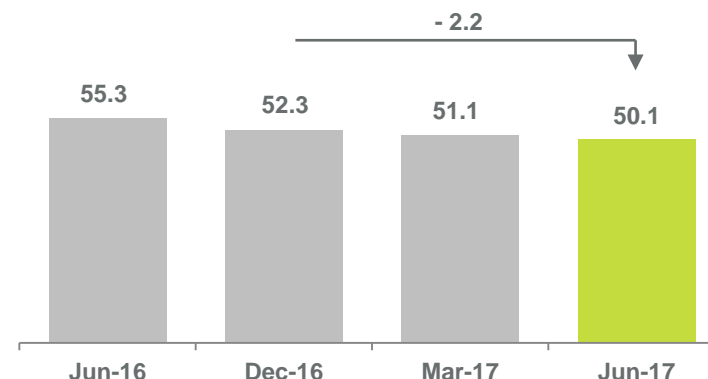
* Commercial Banking Income – Operating Costs

Highlights

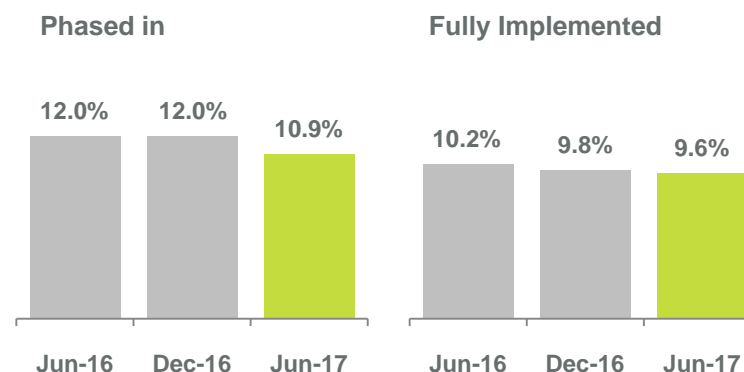
Activity and Capital

- **Gross Customer Loans** were down by **€1.3 billion in the 2Q2017**, in line with the deleveraging process still under way.
- **Customer deposits** increased by **€0.2 billion** relative to the 1Q2017, to **€25.4 billion**.
- **Loan to deposit ratio** improving to **106%**, from 110% in Mar-17.
- The **Non Performing Loans** stock reduced materially by **€0.9 billion to €10.4 billion in Jun-17** (€11.3 billion in Dec-16), with a coverage ratio of **51%** (Dec-2016: 49%). The **Non Performing Loans ratio** decreased **130 bps** in the first half of 2017 to 32.1%.
- **CET1 phased-in ratio of 10.9%** and CET1 under the full implementation regime at 9.6%.

Assets (€ billion)



CET1 Ratios



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Highlights

Funding and Liquidity

Capital

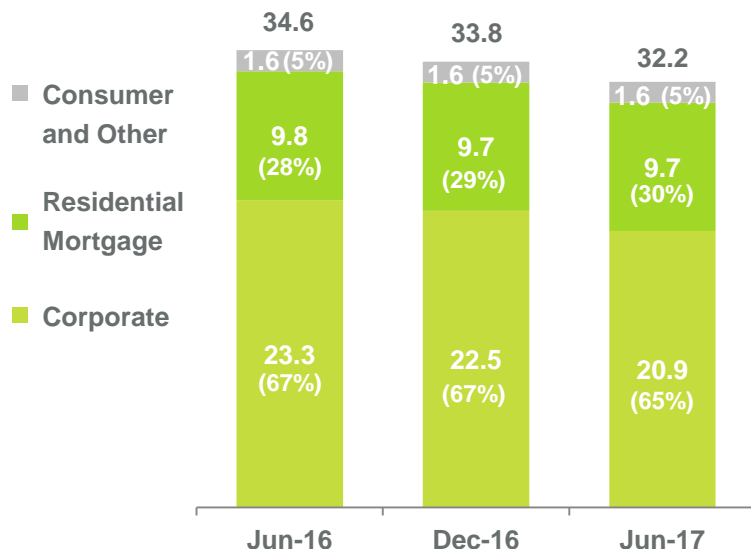
Results

4. **Summary**

Appendix : Consolidated Balance Sheet and Income Statement

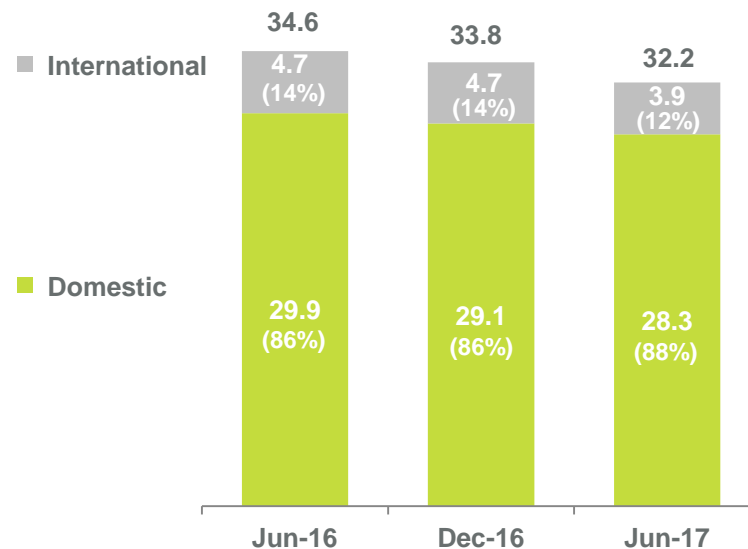
Decrease of Customer Loans in line with the balance sheet deleveraging process and a result of the selective lending policy

Loans per Segment (Gross, € billion)



- Customer loans were down by €1.3 billion in the 2Q2017 (-€2.4 billion YoY), which is in line with the deleveraging process still under way.
- Corporate loans represent 65% of total loan portfolio.

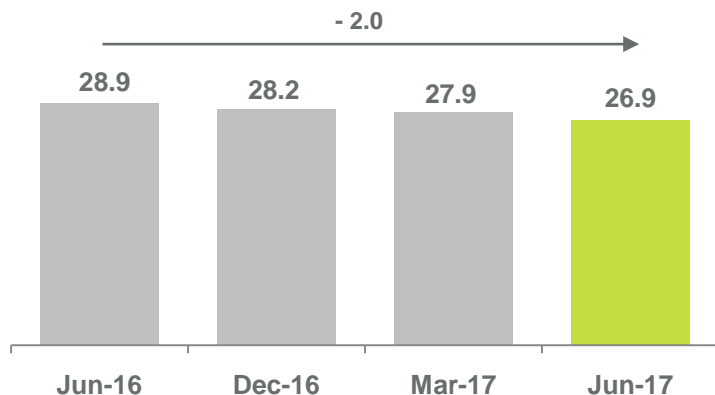
Loans per Geography (Gross, € billion)



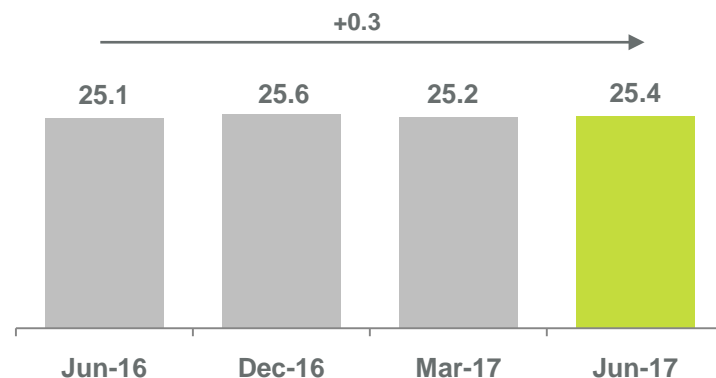
- Residential Mortgage Loans and Consumer Loans with strong growth in production (+35% and +60%, compared with 2016 average).
- Stock of Residential Mortgage Loans and Consumer and Other Loans to Individuals stable comparing with Jun-16.

Stability in Customer Deposits and positive evolution of the loan to deposit ratio to 106%

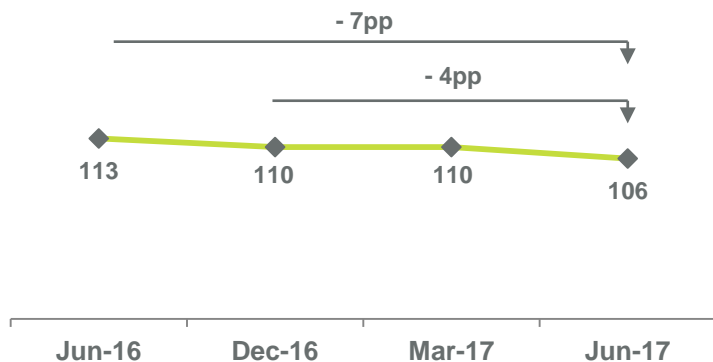
Net Loans (€ billion)



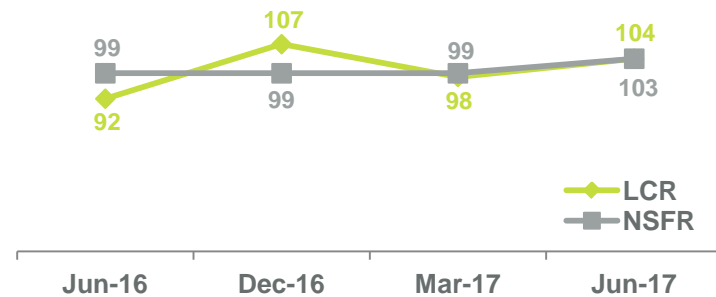
Customer Deposits (€ billion)



Loan to Deposit Ratio (%)

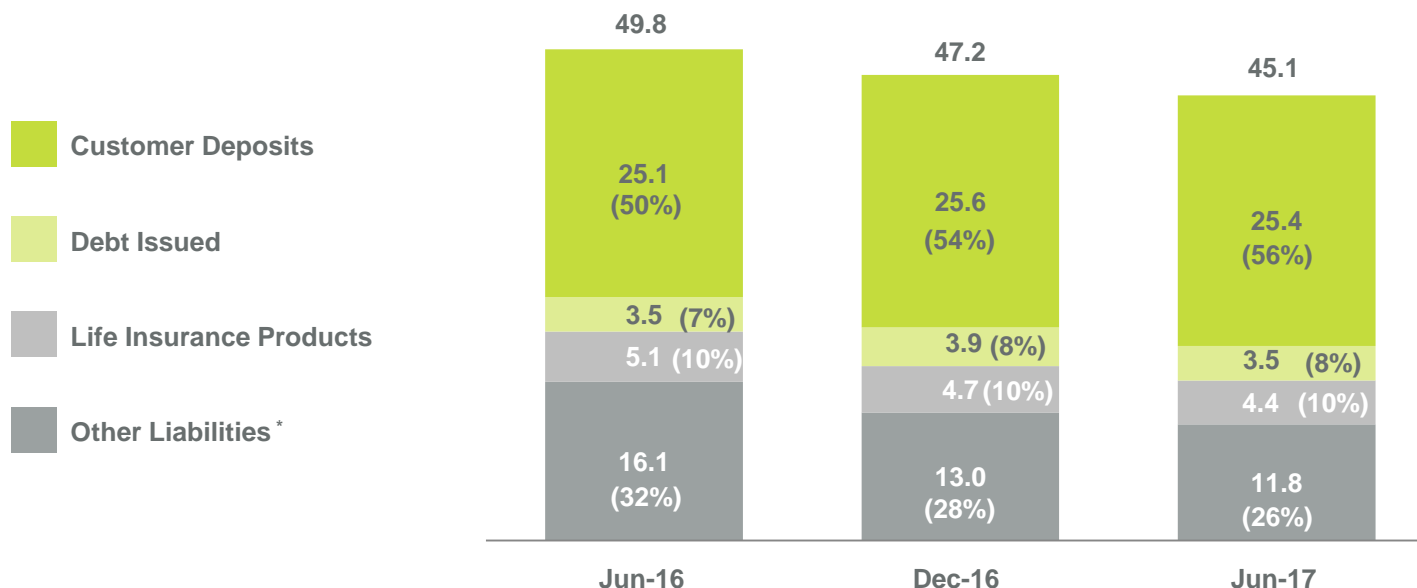


Liquidity Ratios (%)



Customer Deposits increase weight in funding structure (excluding Shareholders Equity)

Evolution of the funding structure (€ billion, as a % of Total Liabilities excluding Equity)



- Customer deposits increase its weight as the main funding source (56% vs 50% in Jun-2016).
- In Feb-2017 matured the last bond issuance guaranteed by the Portuguese Republic of €1,500 million (initial amount of the 3 debt issues: €3,500 million already cancelled and/or reimbursed).
- On 25 July the market was informed of the tender offer launched on several senior debt securities issued directly and indirectly by **NOVO BANCO**, with the objective of strengthening its equity and concluding the sale process to Lone Star announced on 31 March.

Decrease of net ESCB* funding in €0.3 billion in the 2Q2017, with stable eligible assets portfolio

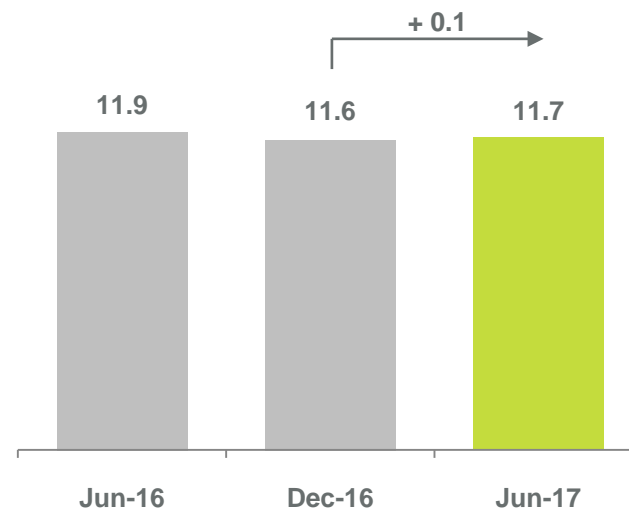
ESCB Funding (€ billion)

- Gross Central Banks Funding
- Net Central Banks Funding



- Net Funding with the ECB decreased by €0.3 billion in the 2Q2017 to €5.7 billion, €0.2 billion above Jun-16 figures.

Eligible Assets (net of haircut, € billion)



- Stability in the portfolio of assets available for rediscount with the ECB, net of haircut (+€0.1 billion in the semester).

Securities portfolio based in securities with lower risk and higher liquidity

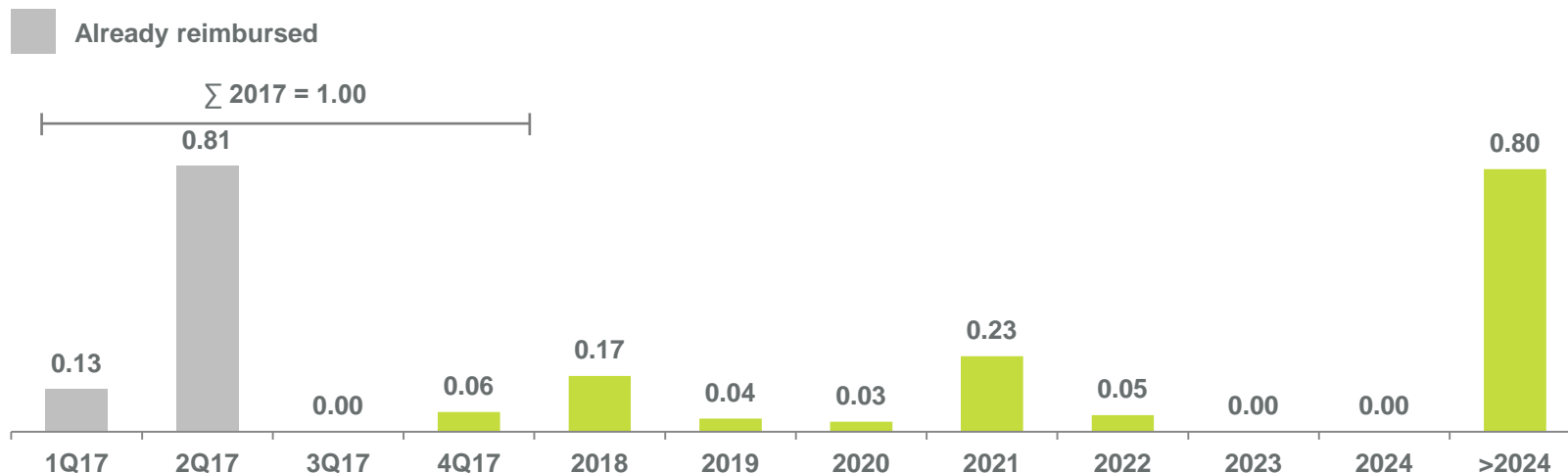
Evolution of Securities Portfolio (€ billion)



- Sovereign Bonds from Euro Zone countries account for 56% of total securities portfolio. Weight of Portuguese Sovereign Debt increased to 37% of total Securities Portfolio.
- Positive fair value reserve of €275 million (Dec-16: €151 million).

Planned wholesale MLT* funding reimbursements already considering the early repayments of the LME.

Wholesale MLT* Funding (€ billion)



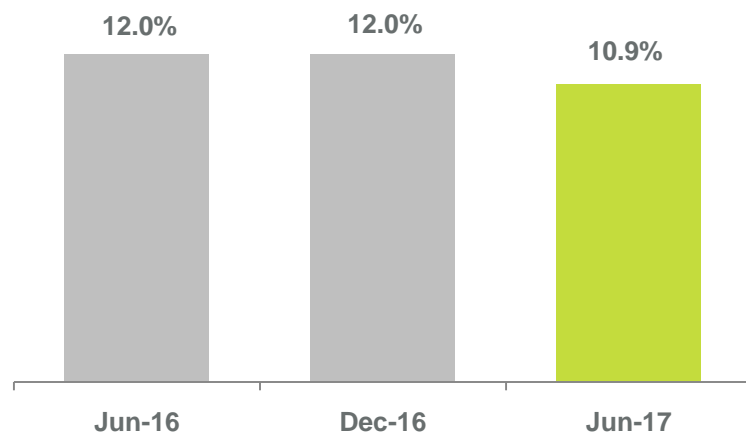
- €940 million of wholesale MLT funding were already reimbursed in the first half of the year (i.e. 94% of the total reimbursements planned for the year of around €1.0 billion).
- All the debt guaranteed by the Portuguese Republic was cancelled (€1.7 billion in Nov. and Dec. 2016) or repaid (€1.8 billion in Jan. and Feb. 2017).
- Following the Tender Offers concluded on 4 October, the wholesale MLT Funding of **NOVO BANCO** diminished significantly, particularly in 2019 and 2022 (decreases of €1.65bn and €0.31bn, respectively).

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CET1 phased-in ratio of 10.9% in Jun-2017

CET1 phased-in ratio evolution



Capital Ratios (phased-in)

BIS III (CRD IV / CRR)

€ million	Jun-16	Dec-16	Jun-17
Risk Weighted Assets (A)	36,105	33,627	31,968
Own Funds			
CET1 (B)	4,332	4,051	3,477
Tier1 (C)	4,332	4,051	3,477
Total (D)	4,343	4,051	3,537
CET1 phased-in Ratio (B/A)	12.0%	12.0%	10.9%
Tier1 Ratio (C/A)	12.0%	12.0%	10.9%
Solvency Ratio (D/A)	12.0%	12.0%	11.1%
CET1 fully implemented Ratio	10.2%	9.8%	9.6%

- CET1 phased-in ratio of 10.9% in Jun-17.
- CET1 fully implemented ratio of 9.6% in Jun-17.

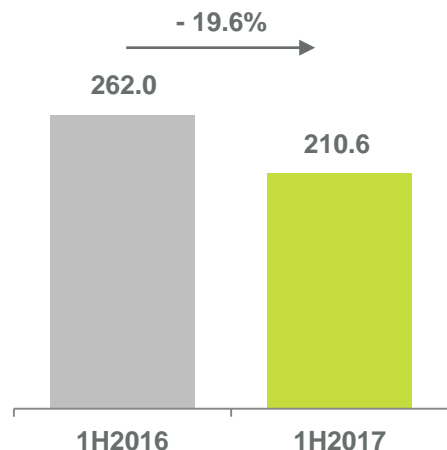
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Net Interest Income with a 19.6% YoY decrease, partially compensated by Fees and Commissions and Other Results

Net Interest Income

(NII, € million)



Net Interest Margin*

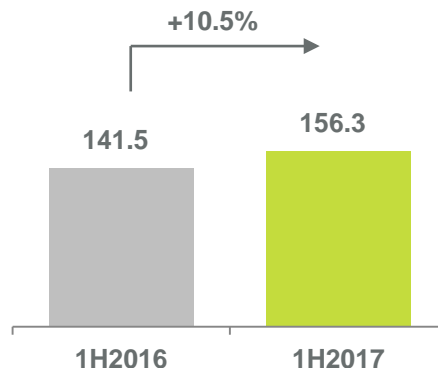
1.10%

0.95%

- NII contracted by 19.6% YoY, with the positive impact from a 17 bps reduction in the cost of liabilities (from 1.45% in Jun-16 to 1.28% in Jun-17) not sufficient to offset the reduction in the interest rate on assets (32bps).

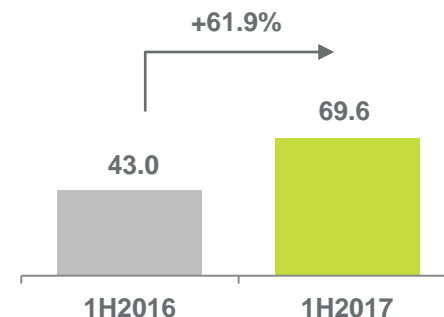
Fees and Commissions

(€ million)



- Fees and commissions increased 10.5% YoY, reflecting the reduction in the cost of bond issues guaranteed by the Republic of Portugal (€2.0 million in the 1H2017 vs €17.1M in the 1H2016).

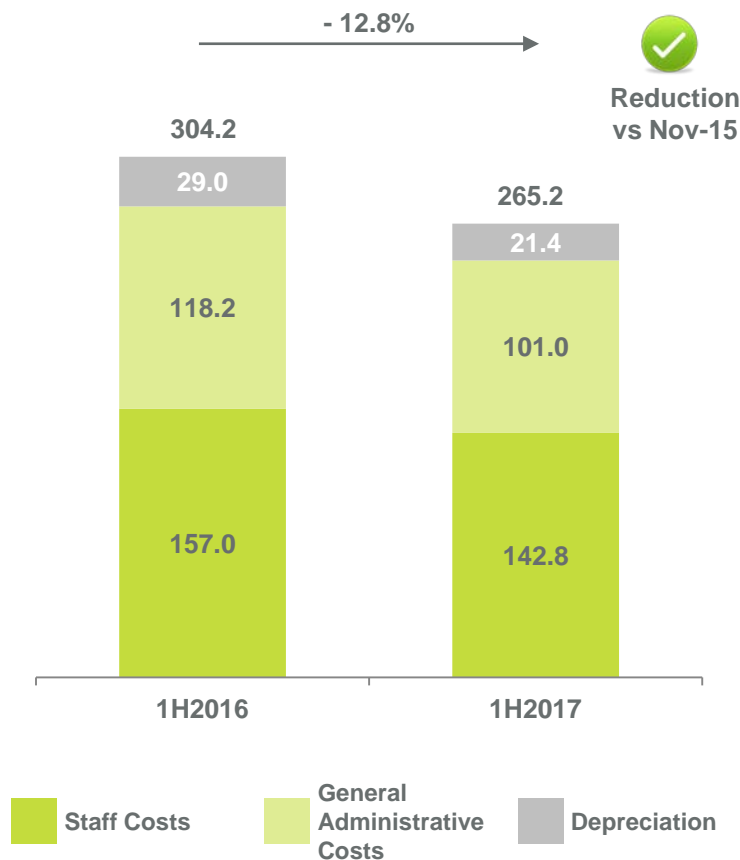
Capital Markets and Other Results (€ million)



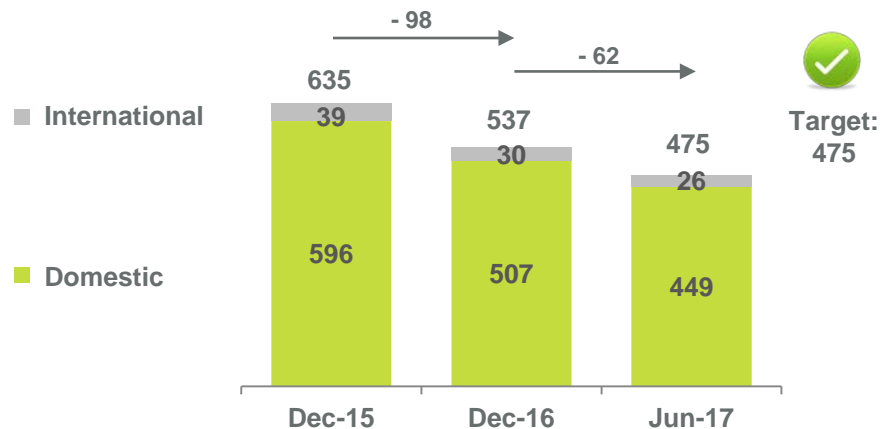
- Includes a capital gain of €103.1 million on the sale of a 75% stake in NB Ásia, sale of international credits (-€30.9 million) and contributions to the Single Resolution Fund and Portuguese Resolution Fund (-€27.5 million).

Operating Costs decreased by 12.8% in the 1H2017, reflecting the implementation of the restructuring measures

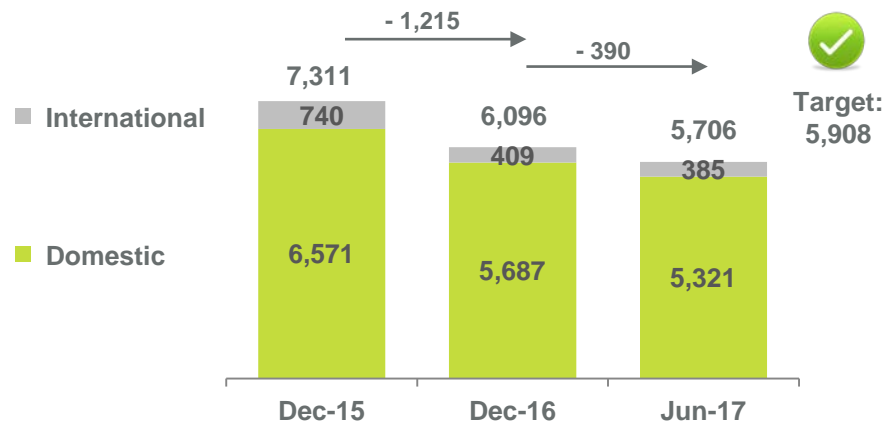
Operating Costs (€ million)



Branch Network



Employees



Net Operating Income grew by 20.5% YoY

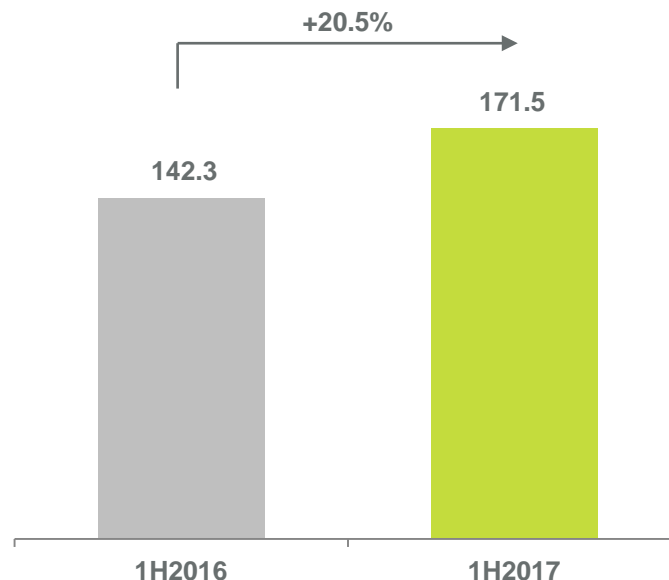
Core Operating Income

(Commercial Banking Income – Operating Costs, € million)



Net Operating Income

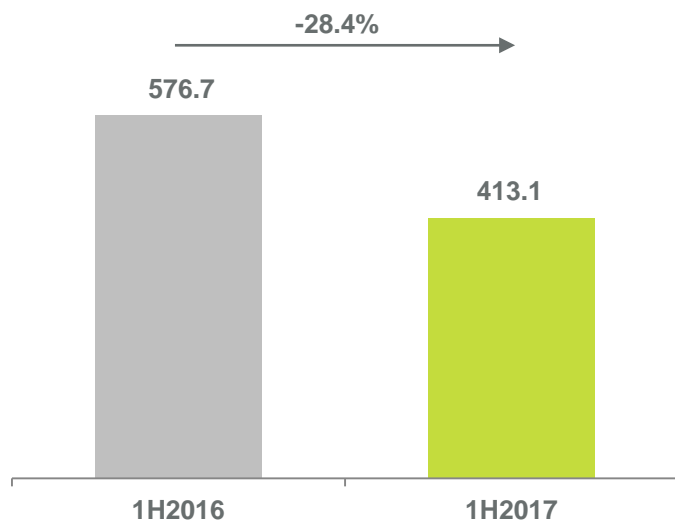
(Banking Income – Operating Costs, € million)



- Positive net operating income (before provisions and taxes) of €171.5 million, up by 20.5% YoY, underlines **NOVO BANCO Group**'s income-generating capacity.

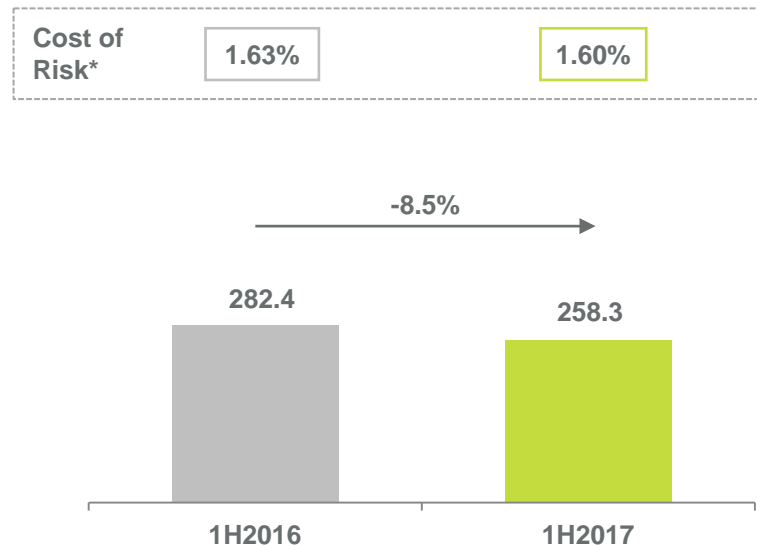
Provisions of €413.1 million in the 1H2017 (-28.4% YoY), with cost of risk of 160 bps

Total Provisions (€ million)



- Provision charge of €413.1 million (-28.4%), including €44.8 million for securities, €40.0 million for activities being discontinued and €39.1 million (1H2016: €109.6 million) for restructuring.

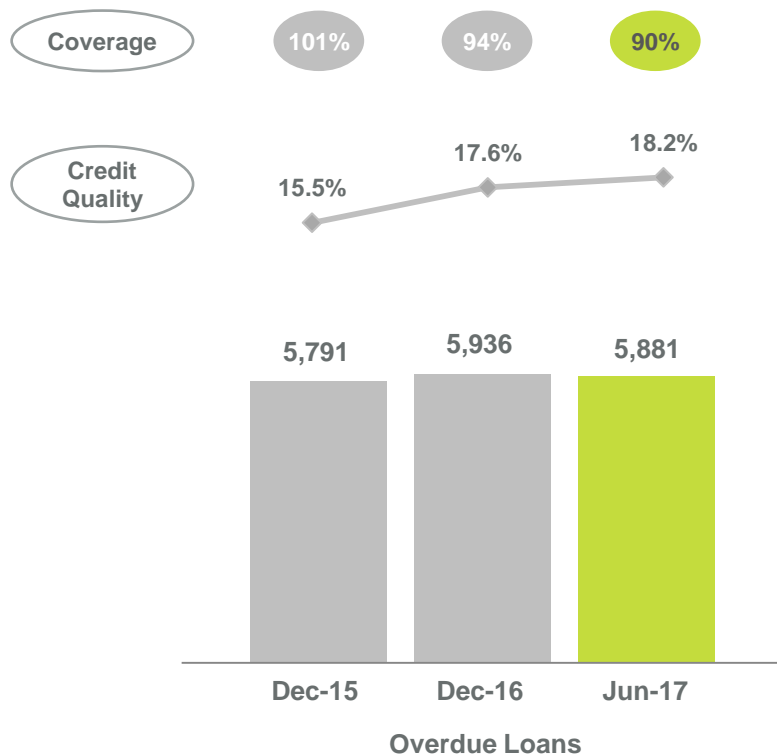
Credit Provisions (€ million)



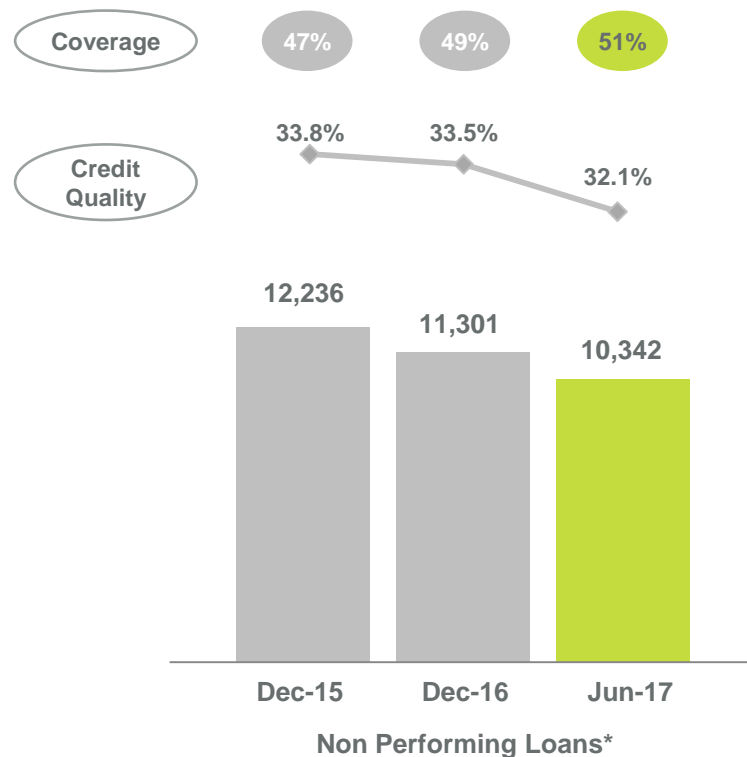
- Credit provision charge totalled €258.3 million (-8.5% YoY).
- Cost of risk of 160 bps (vs 163 bps in the 1H2016 and 199 bps in FY2016).

Credit Risk Indicators

Overdue Loans (€ million)



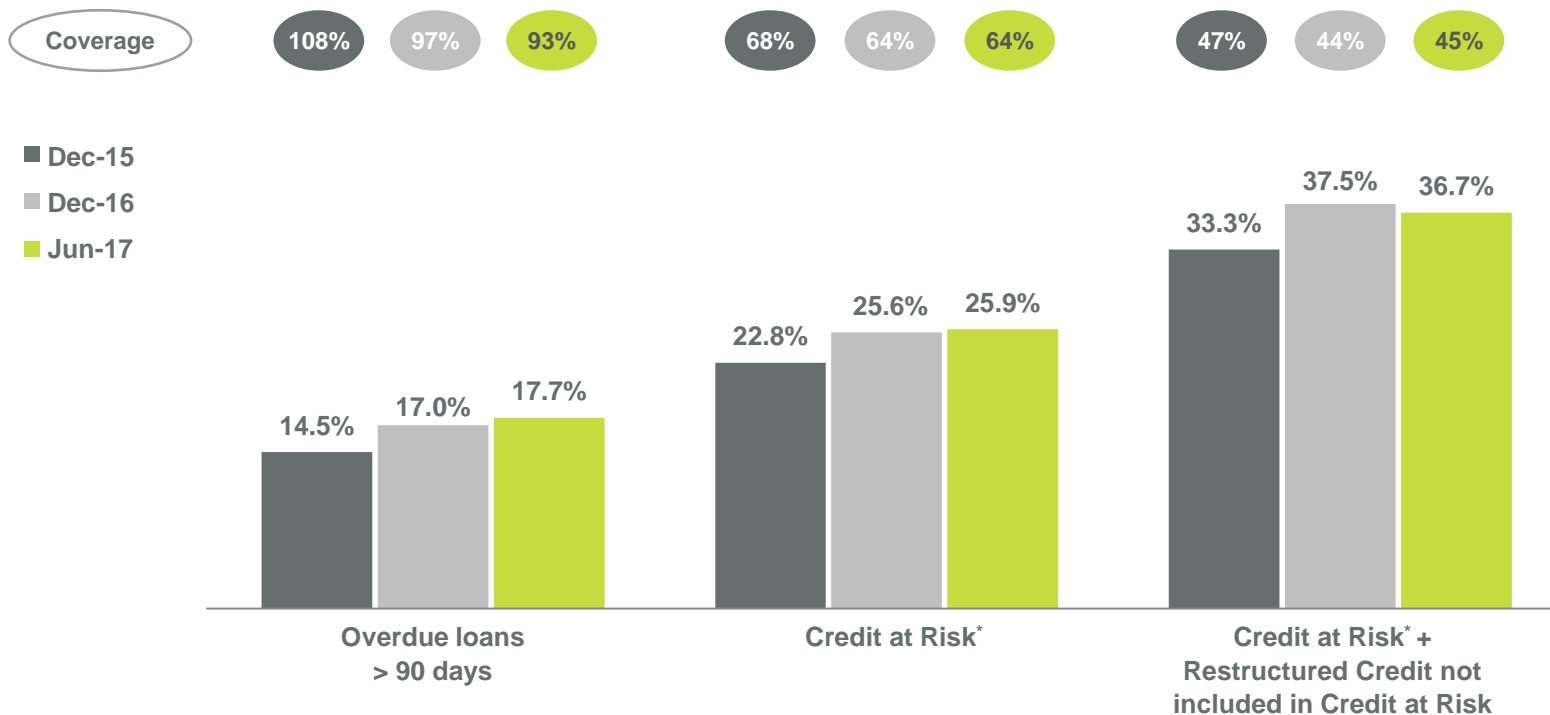
Non Performing Loans* (€ million)



- Non Performing Loans reduced materially by €0.9 billion to €10.4 billion in Jun-17 (€11.3 billion in Dec-16), with a coverage ratio of 51% (Dec-16: 49%). The Non Performing Loans ratio decreased 130 bps in the 1H2017 to 32.1%.

Credit Risk Indicators

Credit Quality and Coverage



- Credit at Risk ratio with a 30 bps increase in the 1H2017, although there was a reduction in the stock of Credit at Risk of 3.5% (-€0.3 billion) there was also a reduction of 4.5% in the total loan portfolio amount.

Agenda

1. **Sale Process and Governance**
2. **General Overview and Business Model**
3. **1H2017 Results**

4. **Summary**

Appendix : Consolidated Balance Sheet and Income Statement

NOVO BANCO is a reference Bank in Portugal

NOVO BANCO's Profile

Strong Business Model

- **NOVO BANCO** is a reference institution in the Portuguese financial sector, with net assets of €50.1 billion.
- **Reference bank in Corporate segment**, with 18.3% market share in Corporate Loans and 21.7% in Trade Finance.
- One of the **leading banks in Retail and Private Banking in Portugal**, backed by a segmented commercial approach and by a multi-channel strategy. 497 thousand frequent digital clients (+6% YoY), with the number of frequent users of the NB Smart App surpassing the 200 thousand mark (+19% YTD).

Indicators

- **Net Loans of €26.9 billion in Jun-17.**
- **Customer Deposits of €25.4 billion in Jun-17.**
- **Loan to Deposit ratio of 106% in Jun-17.**
- Capital ratios in Jun-17: **CET1 phased-in of 10.9%** and **CET1 fully implemented 9.6%.**

Awards in Several Areas

Best financial app (July 2017)
Apple Store
Google Play

App	Apple Store	Google Play	Average
NOVO BANCO	4.4	4.5	4.5
Bank B	3.5	4.2	4.1
Bank C	2.9	4.1	4.1
Bank D	3.3	4.1	4.0
Bank E	3.3	3.3	3.3



**Best Trade
 Finance Bank
 Award**



**Best Securities
 Services Provider
 Award**



Best Trade Bank in Portugal 2016
 Trade & Forfating Review



**Best Performance Distributor,
 Portugal**
 Structured Retail Products
 (Euromoney Group)

Agenda

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Appendix : Consolidated Balance Sheet and Income Statement

Consolidated Balance Sheet

(€ million)

31 Dec. 16 30 Jun. 17

Cash and deposits with central banks	1,469	813
Deposits with banks	371	322
Financial assets held for trading	657	634
Other financial assets at fair value through profit or loss	1,204	1,132
Available for sale financial assets	10,558	10,745
Loans and advances to banks	724	816
Loans and advances to customers	28,184	26,921
Derivatives held for risk management purposes	223	206
Non current assets held for sale	8	9
Non current assets held for sale: - discontinued operations	1,217	1,075
Investment properties	1,206	1,309
Other tangible assets	206	182
Intangible assets	45	39
Investments in associated companies	159	156
Current tax assets	31	25
Deferred tax assets	2,604	2,435
Technical reserves of reinsurance ceded	6	8
Other assets	3,460	3,259
Total Assets	52,333	50,085

31 Dec. 16 30 Jun. 17

Deposits from central banks	6,410	6,410
Financial liabilities held for trading	633	567
Deposits from banks	3,578	2,225
Due to customers	25,990	25,894
Debt securities issued	3,818	3,464
Derivatives held for risk management purposes	108	113
Investment contracts	3,396	3,187
Non current liabilities held for sale	2	3
Non current liabilities held for sale: - discontinued operations	749	759
Provisions	365	338
Technical reserves	1,334	1,253
Current tax liabilities	17	20
Deferred tax liabilities	19	17
Other subordinated debt	48	49
Other liabilities	719	832
Total Liabilities	47,185	45,130
Share capital	4,900	4,900
Revaluation reserves, other reserves and retained earnings	955	264
Net income for the period	(788)	(290)
Non-controlling interests	81	80
Total Equity	5,148	4,954
Total Liabilities + Equity	52,333	50,085

Consolidated Income Statement

(€ million)	1H2016*	1H2017
Net Interest Income	262.0	210.6
Dividend income	31.8	10.1
Fee and Commission income	189.1	189.6
Fee and Commission expense	(55.7)	(39.5)
Net gains / (losses) from financial assets at fair value through profit or loss	(28.4)	15.1
Net gains / (losses) from available-for-sale financial assets	76.1	49.8
Net gains / (losses) from foreign exchange revaluation	(8.7)	(5.1)
Net gains / (losses) from sale of other assets	(4.5)	(33.5)
Insurance earned premiums, net of reinsurance	22.1	28.3
Claims incurred, net of reinsurance	(95.8)	(126.1)
Change of the technical provision, net of reinsurance	65.6	90.5
Other operating income and expense	(37.6)	(60.9)
Operating Income	416.0	328.9
Staff costs	(157.0)	(142.8)
General and administrative costs	(118.2)	(101.0)
Depreciation and amortisation	(29.0)	(21.4)
Provisions and impairments	(576.7)	(413.1)
Sale of subsidiaries and associates	3.6	0.8
Results from associated companies consolidated by equity method	2.7	3.8
Income before taxes	(458.5)	(344.9)
Income tax		
Current	(6.3)	(5.9)
Deferred	98.2	(12.4)
Income from continuing activities	(366.6)	(363.2)
Income from discontinued activities	(12.8)	72.4
Net income for the period	(379.4)	(290.8)
Non-controlling interests	(8.0)	(0.4)
Net income attributable to the shareholders of the Bank	(371.4)	(290.3)

* Restated figures

Disclaimer

This document may include certain statements relating to the NOVO BANCO Group that are neither reported financial results nor other historical information. The statements, which may include targets, forecasts, projections, descriptions of anticipated cost savings, statements regarding the possible development or possible assumed future results of operations and any statement preceded by, followed by or that includes the words “believes”, “expects”, “aims”, “intends”, “may” or similar expressions or negatives thereof are or may constitute forward-looking statements.

By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. These factors include, but are not limited to, changes in economic conditions in individual countries in which the NOVO BANCO Group conducts its business, fiscal or other policies adopted by various governments and regulatory authorities of Portugal and other jurisdictions, levels of competition from other banks and financial services companies as well as future exchange rates and interest rates.

NOVO BANCO does not undertake any obligation to release publicly any revision to the forward-looking information included in this document to reflect events, circumstances or unanticipated events occurring after the date hereof and accepts no liability for any of such statements.

This document contains audited information for 1H2017.



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