

Novo Banco S.A. announces Tender Offers and Proposals

24 July 2017

Novo Banco S.A. (the “**Bank**”) today announces the separate invitations to holders (the “**Securityholders**”) of each series of outstanding securities listed below (each a “**Series**” and together, the “**Securities**”) to whom it is lawful to send the Tender Offer and Solicitation Memorandum (as defined below) and to make such invitations under applicable laws:

- (i) to tender any and all of their Securities for purchase by the Bank for cash (such invitations, the “**Offers**” and each an “**Offer**”); and
- (ii) to approve, by the relevant Extraordinary Resolution, certain modifications to the terms and conditions of each Series of Securities (the “**Terms and Conditions**”) to provide for the relevant Issuer to redeem (the “**Issuer Early Redemption**”) all, but not some only, of such Series of Securities remaining (if any) on completion of the relevant Offer (the “**Proposal**” and together, the “**Proposals**”),

in each case, on the terms and subject to the conditions set out in the Tender Offer and Solicitation Memorandum dated 24 July 2017 (the “**Tender Offer and Solicitation Memorandum**”) and the Portuguese Offer Memorandum dated 24 July 2017 (the “**Portuguese Offer Memorandum**”) including, in the case of the Offers, the offer and distribution restrictions described below and set out more fully in the Tender Offer and Solicitation Memorandum and those set out in the Portuguese Offer Memorandum.

For the avoidance of doubt, Portuguese Retail Holders should view the Portuguese Offer Memorandum and should make any decision regarding the Offers and the Proposals only based on the Portuguese Offer Memorandum. None of the Dealer Managers has any role or responsibility in relation to, or liability for, the Offers and the Proposals as made through the Portuguese Offer Memorandum or as made by the Bank to Non-Eligible Securityholders through the Tender Offer and Solicitation Memorandum or otherwise. Securityholders who are not Eligible Securityholders should direct any question they may have about the Offers and/or the Proposals to the Bank.

Securityholders are advised to read carefully the Tender Offer and Solicitation Memorandum, including in particular the “Risk Factors” section and any documents incorporated by reference into the Tender Offer and Solicitation Memorandum, and Portuguese Retail Holders are advised to read carefully the Portuguese Offer Memorandum, for full details of the Offers and the Proposals and important information relating to the Bank.

Capitalised terms used in this announcement but not defined have the meanings given to them in the Tender Offer and Solicitation Memorandum.

ISIN	Issuer ⁽¹⁾ /Guarantor ⁽²⁾	Description of Security	Nominal Amount Outstanding ⁽³⁾	Amortised Face Amount Outstanding ⁽⁴⁾	Purchase Price/Early Redemption Amount ⁽⁵⁾
XS0760009729	Novo Banco S.A., acting through its London branch	€200,000,000 Fixed Rate Notes due April 2019 (Series 7)	€175,267,000	Not Applicable	82.00 per cent. of the nominal amount
XS0772553037	Novo Banco S.A., acting through its London branch	€750,000,000 Fixed Rate Notes due April 2019 (Series 10)	€592,919,000	Not Applicable	82.00 per cent. of the nominal amount
XS0782021140	Novo Banco S.A., acting through its London branch	€450,000,000 Fixed Rate Notes due May 2019 (Series 12)	€382,769,000	Not Applicable	82.00 per cent. of the nominal amount

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XS0782220007	Novo Banco S.A., acting through its London branch	€450,000,000 Fixed Rate Notes due May 2019 (Series 13)	€255,508,000	Not Applicable	82.00 per cent. of the nominal amount
XS0782220189	Novo Banco S.A., acting through its London branch	€450,000,000 Fixed Rate Notes due May 2019 (Series 14)	€240,665,000	Not Applicable	82.00 per cent. of the nominal amount
XS0712907863	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€76,311,000 Credit Linked Notes Portugal due 2021 (Series 113)	€14,239,000	Not Applicable	89.00 per cent. of the nominal amount
XS0723597398	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€29,841,000 Credit Linked Notes Portugal due 2021 (Series 114)	€14,415,000	Not Applicable	89.00 per cent. of the nominal amount
XS0747759180	Novo Banco S.A., acting through its London branch	€225,000,000 Fixed Rate Notes due February 2022 (Series 3)	€143,708,000	Not Applicable	76.75 per cent. of the nominal amount
XS0754592979	Novo Banco S.A., acting through its London branch	€300,000,000 Fixed Rate Notes due March 2022 (Series 6)	€93,060,000	Not Applicable	76.75 per cent. of the nominal amount
XS0794405588	Novo Banco S.A., acting through its Luxembourg branch	U.S.\$200,000,000 Fixed Rate Notes due June 2022 (Series 2)	U.S.\$83,808,000	Not Applicable	73.25 per cent. of the nominal amount
XS0210172721	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€250,000,000 CMS Linked Notes due February 2035 (Series 40)	€231,541,000	Not Applicable	67.00 per cent. of the nominal amount
XS0869315241	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due January 2043 (Series 3)	€87,765,000	Not Applicable	63.00 per cent. of the nominal amount
XS0877741479	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due January 2043 (Series 4)	€150,000,000	Not Applicable	63.00 per cent. of the nominal amount
XS0888530911	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due February 2043 (Series 5)	€132,760,000	Not Applicable	63.00 per cent. of the nominal amount
XS0897950878	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due March 2043 (Series 6)	€92,295,000	Not Applicable	63.00 per cent. of the nominal amount
XS0201209755	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€20,000,000 Zero Coupon Callable Notes due September 2029 (Series 37)	€20,000,000	€37,229,121	152.74 per cent. of the nominal amount
XS0442126925	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2040 (Series 60)	€61,987,000	€13,307,099	19.25 per cent. of the nominal amount
XS0442127063	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2041 (Series 61)	€91,953,000	€18,634,372	18.25 per cent. of the nominal amount

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XS0442126842	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2042 (Series 59)	€66,280,000	€12,664,410	16.50 per cent. of the nominal amount
XS0439763979	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2043 (Series 56)	€81,719,000	€13,676,953	15.75 per cent. of the nominal amount
XS0439764191	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2044 (Series 57)	€99,444,000	€15,656,513	14.75 per cent. of the nominal amount
XS0439639617	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2045 (Series 58)	€93,080,000	€13,804,510	14.25 per cent. of the nominal amount
XS1058257905	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due April 2046 (Series 20)	€363,015,000	€51,974,875	13.25 per cent. of the nominal amount
XS1050206603	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due March 2047 (Series 17)	€389,258,000	€52,262,979	12.25 per cent. of the nominal amount
XS1045114144	Novo Banco S.A., acting through its Luxembourg branch	€300,000,000 Zero Coupon Notes due March 2048 (Series 15)	€294,137,000	€37,012,080	11.75 per cent. of the nominal amount
XS1053939978	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due April 2048 (Series 18)	€373,788,000	€46,858,558	11.75 per cent. of the nominal amount
XS0972653132	Novo Banco S.A., acting through its Luxembourg branch	€300,000,000 Zero Coupon Notes due October 2048 (Series 7)	€300,000,000	€36,364,210	11.50 per cent. of the nominal amount
XS1021154064	Novo Banco S.A., acting through its Luxembourg branch	€300,000,000 Zero Coupon Notes due January 2049 (Series 8)	€284,361,000	€33,763,275	11.25 per cent. of the nominal amount
XS1023731034	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due January 2049 (Series 9)	€391,208,000	€46,354,883	11.25 per cent. of the nominal amount
XS1028247259	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2049 (Series 10)	€335,822,000	€39,776,136	11.25 per cent. of the nominal amount
XS1031115014	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2049 (Series 11)	€400,000,000	€47,315,353	11.25 per cent. of the nominal amount
XS1034421419	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2049 (Series 12)	€400,000,000	€47,253,147	11.25 per cent. of the nominal amount
XS1048510611	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due March 2050 (Series 16)	€391,208,000	€42,900,142	11.25 per cent. of the nominal amount
XS1038896426	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2051 (Series 13)	€381,782,000	€39,333,830	10.75 per cent. of the nominal amount

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XS1042343308	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due March 2051 (Series 14)	€397,656,000	€40,899,541	10.75 per cent. of the nominal amount
XS1055501974	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due April 2052 (Series 19)	€400,000,000	€38,211,919	9.75 per cent. of the nominal amount

⁽¹⁾ The Securities issued by NB Finance Ltd. were originally issued by BES Finance Ltd. Following the resolution measure applied to Banco Espírito Santo, S.A. on 3 August 2014, the holders of each Series of such Securities approved by extraordinary resolution the substitution of NB Finance Ltd. as issuer in place of BES Finance Ltd.

⁽²⁾ Where applicable. Only Series designated as issued by NB Finance Ltd. are guaranteed.

⁽³⁾ The nominal amount outstanding of the relevant Securities as at the date of this announcement. Securities of any Series which are held by or on behalf of the relevant Issuer, the Bank, any other subsidiary of the Bank, any holding company of the Bank or any other subsidiary of any such holding company, in each case as beneficial owner, are deemed not to be outstanding.

⁽⁴⁾ The outstanding amortised face amount of the relevant zero coupon Securities as at the date of this announcement. Securities of any Series which are held by or on behalf of the relevant Issuer, the Bank, any other subsidiary of the Bank, any holding company of the Bank or any other subsidiary of any such holding company, in each case as beneficial owner, are deemed not to be outstanding.

⁽⁵⁾ In addition to payment of the relevant Purchase Price or the relevant Early Redemption Amount, the Accrued Interest Payment (if any) will be paid on the Settlement Date in respect of Securities which have been accepted for purchase pursuant to the Offers or which are being redeemed pursuant to the Issuer Early Redemption, as applicable.

Offer Period; Offer Conditions

The Offers and the Proposals will commence at 8:00 a.m. (Lisbon/London time) on 25 July 2017. **Prior to this time, Tender Instructions and Voting-Only Instructions cannot be submitted.**

The Offers will expire at 6:00 p.m. (Lisbon/London time) on 2 October 2017 (the “**Expiration Deadline**”). In accordance with the provisions of the relevant Trust Deeds, the deadline for participation in the Proposal in respect of each Series of Securities will be 48 Hours prior to the relevant Meeting, which is earlier than the Expiration Deadline and could be as early as 9:00 a.m. (Lisbon/London time) on 6 September 2017. See “*Indicative Timetable*” below for further details.

The consummation of the Offers and the implementation of the Proposals is subject to satisfaction or waiver by the Bank of the Conditions. See “*Conditions to the Offers and the Proposals*” below for further details.

Rationale for the Offers and the Proposals

Background to, and rationale for, the Offers and the Proposals

The Bank was created on 3 August 2014, following the application of a resolution measure to BES by the Bank of Portugal (the “**Resolution Measure**”) under the Portuguese Banking Act. The Bank was established as a bridge bank to which the majority of the activities of BES, together with certain of its assets, liabilities, off-balance sheet items and assets under management, were transferred. Such liabilities included, among others, senior unsecured securities issued by BES and BES Finance Ltd. (as well as the guarantee provided by BES in relation to such securities) being, at the date hereof, the Securities. Further information on the Resolution Measure and related decisions of the Bank of Portugal can be accessed at: <https://www.bportugal.pt/en/page/deliberations-banco-de-portugal?mlid=1053>.

As part of the commitments submitted by the Portuguese Republic to the European Commission, it was initially agreed that the Bank would be sold by 3 August 2016 or else wound-down. On 4 December 2014, the sale

process of the Bank was announced. However, on 15 September 2015 the Bank of Portugal announced that the sale process was interrupted. At the end of 2015, the deadline of 3 August 2016 for the sale of the Bank was extended for one additional year by the European Commission (“**2015 State Aid Decision**”). As part of the 2015 State Aid Decision, which also included the maturity extension of Portuguese state guarantees on certain bonds, further commitments were agreed by the Portuguese Republic to the European Commission, including commitments concerning the strategic and operational reorganisation of the Bank. In January 2016, the Bank of Portugal announced that the sale process would be relaunched and, in March 2016, announced that strategic and market sale processes would be pursued simultaneously. On 31 March 2017, the Bank of Portugal announced that Lone Star had been selected to acquire 75% of the share capital of the Bank and that the Resolution Fund and Lone Star had signed contractual documents for the sale.

Under the terms of the sale and purchase agreement, Lone Star will inject €1 billion of capital into the Bank (comprising €750 million at the closing of the transaction and €250 million within the following 3 years) and acquire 75% of the share capital of the Bank and the Resolution Fund will retain 25% of the share capital of the Bank.

The agreed terms to the sale also include a contingent capital mechanism, under which the Resolution Fund is committed to make capital injections into the Bank of up to EUR 3,890 million maximum in the case of certain cumulative conditions being met. These conditions relate to the performance of a limited portfolio of assets of the Bank and the evolution of capitalisation levels of the Bank in the future.

The closing of the Lone Star transaction is dependent upon, among other conditions precedent, obtaining certain regulatory authorisations (including from the European Central Bank and the European Commission) and also on the completion of a liability management exercise in respect of the senior bonds issued by the Bank and NB Finance (namely, the Securities). The Offers and the Proposals are being made in order to satisfy such liability management exercise condition.

Lone Star and the Resolution Fund have agreed that the Offers and the Proposals will satisfy the liability management exercise condition precedent in the Lone Star sale and purchase agreement if the Minimum Participation Condition (as defined below) is satisfied, as further described in the description of the Offers in the Tender Offer and Solicitation Memorandum.

In addition, in light of the average expense relating to the Securities for the Bank and their maturity profile (the last maturity is in 2052), the repurchase and cancellation of the Securities is essential to ensure the future sustainability of the Bank. By way of example, in 2016, while debt securities of the Group (mostly comprising the Securities) represented less than 10% of the Bank’s interest-bearing liabilities, they represented more than 40% of the Bank’s total interest expense.

If the Offers and the Proposals do not complete, the investment in the Bank by Lone Star would not be concluded. While it is a condition to the Offers and the Proposals that the Resolution Fund and Lone Star confirm unconditionally to the Bank that all conditions precedent to the agreement entered into between the Resolution Fund and Lone Star for the sale and purchase of 75% of the share capital of the Bank have been satisfied or waived (or will, assuming that the Offers are consummated and the Proposals implemented, be immediately satisfied or waived) and that the sale of the shares of the Bank will be completed in the 10 Business Days following the Settlement Date, it is nevertheless possible that the Offers and the Proposals complete but that such sale and purchase does not. If the Lone Star transaction fails to complete, whether due to a failure to satisfy the Minimum Participation Condition or to meet one of the conditions precedent to such transaction or for any other reason, the Bank will not receive the capital injection contemplated under the terms of the Lone Star sale and purchase agreement, which is necessary to ensure compliance with the minimum regulatory capital requirements, nor benefit from the contingent capital mechanism agreed between the Resolution Fund and Lone

Star. Without a capital injection, the Bank will be unable to meet its minimum regulatory capital requirements and would be unable to operate as a going concern.

In the event that the Bank is no longer able to comply with its minimum regulatory capital requirements, the Bank and the Securities may be subject to actions adopted by the competent authorities within the Single Supervisory Mechanism and the Single Resolution Mechanism, including the Bank of Portugal. The outcome of any such action is uncertain but, among others, if the relevant resolution authorities determine that the conditions for resolution are met and to the extent legally possible, the Bank may be subject to one or several of the resolution measures available under the Portuguese Banking Act (which includes the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, and Regulation (EU) No 806/2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund). These measures include the bail-in tool, whereby the relevant resolution authorities may elect to convert the Securities into equity or may write down their nominal value. Subject to exceptions, the bail-in tool should be applied to each layer of creditors in the creditor hierarchy in the order of their ranking in insolvency. Since the Bank does not have any Tier 1 capital instruments other than its ordinary shares or any other subordinated debt which can absorb losses before the Securities, the holders of the Securities may be materially and adversely affected if the bail-in tool or other resolution measures are applied. The application of the bail-in tool or any other resolution measure to the Securities or the Bank may have a materially adverse effect on the value of the Securities and may result in a materially more adverse outcome for the holders of Securities than the terms of the Offers and the Proposals.

In addition, if the investment by Lone Star is not completed (either because the conditions precedent relating to the Offers and Proposals are not satisfied or because another condition precedent to the investment is not met or for any other reason) and if the deadline for the sale of the Bank is maintained, the commitment by the Portuguese Republic to the European Commission whereby a sale and purchase agreement relating to the sale of the Bank had to be signed by 3 August 2017 will not have been satisfied. Failure to carry out the sale to Lone Star in accordance with the commitments made by the Portuguese Republic to the European Commission could reintroduce the possibility of the winding down of the Bank.

As a result of the factors described above, holders of the Securities should consider carefully the possible material adverse impact on the Securities if the Offers and the Proposals are not completed or if the Lone Star transaction fails to complete. See “*Risk Factors and Other Considerations – If the Offers and the Proposals do not succeed, the Bank may be subject to resolution measures*” in the Tender Offer and Solicitation Memorandum.

Purchase Price of the Securities in the context of current market conditions

Since the application of the Resolution Measure to BES, as described in “*Background to, and rationale for, the Offers and the Proposals*” above, the secondary market prices of the Securities have been under pressure due to a number of factors, including, but not limited to, the status of the Bank as a bridge bank and all related implications as envisaged in the applicable legal framework (including the ability of the Portuguese resolution authority under the applicable legal framework to make changes to the perimeter of the assets and liabilities of the Bank), the decision by the Portuguese resolution authority to retransfer certain assets and liabilities from the Bank to BES after the Resolution Measure and related litigation challenging this decision, the existence of various legal proceedings relating to the decisions adopted within the context of the Resolution Measure and the decision by rating agencies to review or downgrade the rating of the Securities. As described above, the uncertainty of the Bank’s sale process and the possible consequences of a failure of the sale as well as the possible use of the bail-in tool or other resolution measures in connection with the Securities and the Bank have also contributed to such secondary market price pressure.

Conversely, the secondary market prices of the Securities may temporarily have risen in light of the prospects of the successful sale of the Bank to Lone Star and in the event investors' expectations as to the likelihood of the sale completing were to change (including based on expectations about the prospects of success for the Offers and Proposals), the secondary prices of the Securities could materially decrease.

In addition, the secondary markets for the Securities are characterised by low levels of liquidity. Trading volumes are limited and it should be noted that due to the illiquidity of the Securities, quoted prices observed by market participants could vary, depending on, inter alia, transaction sizes and trading platforms.

The secondary market prices for the Securities have been volatile over the 12 months prior to the date of this announcement, including due to the factors outlined above.

If the Offers and the Proposals are not successful, and the investment by Lone Star is not concluded, the holders of the Securities may face substantial losses in comparison to the current secondary market prices.

Conditions to the Offers and the Proposals

The consummation of the Offers and the implementation of the Proposals is subject to satisfaction or waiver by the Bank of the conditions that (a) the aggregate nominal amount of (i) the Securities which have been validly tendered and not validly withdrawn pursuant to the Offers and (ii) the Securities of each Series in respect of which the Extraordinary Resolution has been passed is in aggregate equal to or greater than €6,276,000,000, which amount must include at least €1,000,000,000 in aggregate nominal amount of Securities issued by Novo Banco S.A., London branch (the "**Minimum Participation Condition**") and (b) the Resolution Fund and Lone Star have unconditionally confirmed to the Bank that all conditions precedent to the agreement entered into between the Resolution Fund and Lone Star for the sale and purchase of 75% of the share capital of the Bank have been satisfied or waived (or will, assuming that the Offers are consummated and the Proposals implemented, be immediately satisfied or waived) and that the sale of the shares of the Bank will be completed in the 10 Business Days following the Settlement Date. See "*Further Information and Terms and Conditions – Conditions to the Offers and the Proposals*" in the Tender Offer and Solicitation Memorandum.

Details of the Offers

In order to participate in a relevant Offer, Securityholders must validly tender their Securities for purchase by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is submitted in accordance with the procedures set out in "*Procedures for Participating in the Offers and the Proposals*" in the Tender Offer and Solicitation Memorandum and received by the Tender Agent by 6:00 p.m. (Lisbon/London time) on 2 October 2017 (the "**Expiration Deadline**").

The Offers will commence at 8:00 a.m. (Lisbon/London time) on 25 July 2017. Prior to this time, Tender Instructions cannot be submitted.

The Bank will pay, on the Settlement Date, the relevant Purchase Price in respect of the Securities accepted by it for purchase pursuant to the relevant Offer plus the relevant Accrued Interest Payment (if any).

By tendering Securities of a Series in the relevant Offer prior to 48 Hours before the relevant Meeting in respect of such Series of Securities, Securityholders will automatically instruct the Principal Paying Agent to appoint one or more representatives of the Tender Agent as their proxy to vote in favour of the relevant Extraordinary Resolution at the relevant Meeting. It will not be possible to validly tender Securities in the relevant Offer without at the same time giving such instructions to the Principal Paying Agent. Securityholders are urged to ensure that they validly tender Securities by way of Tender Instructions such that they are received by the Tender Agent at or before 48 Hours prior to the relevant Meeting in order for their votes to count at the relevant Meeting.

To be eligible to receive the relevant Purchase Price, Securityholders who tender their relevant Securities must not attend, or seek to attend, the relevant Meeting in person or make any other arrangements to be represented at the relevant Meeting (other than by way of submitting Tender Instructions). Any Securityholder that separately appoints a proxy to vote at the relevant Meeting on its behalf or attends the relevant Meeting in person or makes other arrangements to be represented at the relevant Meeting (other than by way of submitting Tender Instructions) will not be eligible to receive the relevant Purchase Price, irrespective of whether such Securityholder has delivered a Tender Instruction or such other arrangements are made by the above deadlines.

Details of the Proposals

The Bank is inviting the holders of each Series of Securities to approve certain modifications to the Terms and Conditions to provide for the relevant Issuer to redeem (the “**Issuer Early Redemption**”) all, but not some only, of the relevant Series of Securities remaining (if any) on the Settlement Date, at an early redemption price equal to the relevant Purchase Price payable pursuant to the relevant Offer (the “**Early Redemption Amount**”) plus the Accrued Interest Payment (if any).

In order to participate in the relevant Proposal, a Voting-Only Instruction given by a Securityholder (or a Tender Instruction, as the case may be) must be received by the Tender Agent at least 48 Hours prior to the relevant Meeting. Securities can still be tendered after such time and before the Expiration Deadline, but such Tender Instructions will not be voted in relation to the relevant Proposals at the relevant Meeting.

Voting-Only Instructions cannot be submitted prior to 8:00 a.m. (Lisbon/London time) on 25 July 2017.

Securityholders should refer to the Notice and the relevant Further Details Documents(s) available on the website of the Bank at www.novobanco.pt and (in the case of the Notice only) on the website of the Luxembourg Stock Exchange at www.bourse.lu and the form of the relevant Supplemental Trust Deed(s) available for inspection via the Tender Agent and at the registered office of the Bank for full details of the manner in which the relevant Terms and Conditions will be modified as referred to above.

A notice convening the Meetings (the “**Notice**”), to be held on 8 September 2017 at the times as set out in the Notice, at Linklaters LLP, One Silk Street London, EC2Y 8HQ, United Kingdom has been delivered to the Clearing Systems for communication to beneficial owners of the Securities and will be published in the *Luxemburger Wort*, in each case in accordance with the relevant Terms and Conditions of the Securities and the relevant Meeting Provisions. The relevant Extraordinary Resolution to approve the relevant Proposal and its implementation in respect of each Series of Securities will be considered at the relevant Meeting and, if thought fit, passed. In respect of each Series of Securities, the quorum required for the Meeting to consider the Extraordinary Resolution is one or more Securityholders or proxies present and holding or representing in the aggregate not less than two-thirds of the nominal amount of the Securities of such Series for the time being outstanding. In the event such quorum is not present within 15 minutes (or such longer period not exceeding thirty minutes as the chairman of the Meeting may decide) from the time initially fixed for the Meeting, the Meeting may be adjourned in accordance with the provisions of the relevant Trust Deed. To be passed at the Meeting or any adjourned Meeting, the relevant Extraordinary Resolution requires a majority consisting of not less than three-fourths of the votes cast at such Meeting.

If passed, the relevant Extraordinary Resolution shall be binding on all relevant Securityholders of the relevant Series, whether present or not at the relevant Meeting and whether or not voting. The implementation, if passed, of the relevant Extraordinary Resolution is conditional on satisfaction or waiver of the Conditions. Prior to implementation, it is also necessary for the relevant Issuer, the Guarantor (if applicable) and the Trustee to execute the relevant Supplemental Trust Deed.

Securityholders should refer to the Notice and the relevant Further Details Document for full details of the procedures in relation to the relevant Meeting.

Fixed-Term Deposit Accounts

The Bank will offer fixed-term deposit accounts (the “**Fixed-Term Deposit Accounts**”) to beneficial holders of the Securities whose Securities are tendered and accepted for purchase pursuant to the Offers or redeemed pursuant to the Issuer Early Redemption. The Fixed-Term Deposit Accounts will be offered (i) by the Bank or (ii) if a beneficial holder holds such Securities through an account with a subsidiary of the Bank, by such subsidiary. The Fixed-Term Deposit Accounts will be available for such beneficial holders to deposit the amount corresponding to amounts received in respect of the Securities so tendered or redeemed (excluding any Accrued Interest). Each Fixed-Term Deposit Account will bear a specific fixed interest rate for a fixed term which will vary from 3 to 5 years. The interest rate and tenor of the relevant Fixed-Term Deposit Account will vary depending on the Series of Securities.

The Fixed-Term Deposit Accounts will only be available to beneficial holders whose Securities are tendered and accepted for purchase pursuant to the Offers or redeemed pursuant to the Issuer Early Redemption, as applicable. The Fixed-Term Deposit Accounts will not be available to any beneficial holders of the Securities if the Offers and the Proposals are not completed and will not be available to beneficial holders of the Securities in relation to Securities which are not purchased pursuant to the Offers or redeemed pursuant to the Issuer Early Redemption.

The Fixed-Term Deposit Accounts will be available for a period of two weeks after the Settlement Date. Any institutional beneficial holders of the Securities who are interested in the Fixed-Term Deposit Accounts should contact Novo Banco's Investor Relations (Mr. Luís Sarmento, Avenida da Liberdade, 195, 11º, 1250-142 Lisboa, Portugal, Tel: (+351) 21 359 73 90, Fax: (+351) 21 359 70 01, investidor@novobanco.pt). Any other beneficial holders of the Securities should contact the Bank through their account manager or through any Novo Banco agency or subsidiary or through NBdireto through the telephone number (+351) 707 24 73 65.

Beneficial holders of the Securities who are eligible to be offered Fixed-Term Deposit Accounts, and who are not clients of the Bank or relevant subsidiary of the Bank, as applicable, will be required to open a bank account and comply with the Bank's or relevant subsidiary's account opening policies and procedures (including the applicable “know your customer” requirements). In addition, all beneficial holders of the Securities who are eligible to be offered Fixed-Term Deposit Accounts will (unless the relevant Securities were held through an account with the Bank or subsidiary of the Bank) be required to provide evidence, in a form satisfactory to the Bank in its sole discretion, of its beneficial ownership of the Securities which were the subject of purchase pursuant to the Offers or the Issuer Early Redemption. Any beneficial holder of the Securities that does not so comply or provide such evidence, or to whom a Fixed-Term Deposit Account is otherwise not available under the laws of the applicable jurisdiction, will not be eligible to open a Fixed-Term Deposit Account.

None of the Dealer Managers has any role or responsibility in relation to, or liability for, the Bank offering the Fixed-Term Deposit Accounts to beneficial holders of the Securities, and none of the Dealer Managers or the Bank expresses any opinion or makes any representation as to the merits of depositing amounts received as a result of the repurchase of Securities in the Offers or the redemption of Securities pursuant to the Issuer Early Redemption.

Announcements

The Bank will, as soon as practicable:

- (i) after the Meetings are held, announce the results of the Meetings; and
- (ii) after the Expiration Deadline, announce (a) the results of the Offers, (b) if the Conditions are satisfied or waived, the acceptance by the Bank of valid tenders of Securities for purchase pursuant to the relevant Offer (including (if applicable) the announcement of the expected Settlement Date) and (c) if the

Conditions are satisfied or waived and one or more Extraordinary Resolution(s) are passed, the execution of the relevant Supplemental Trust Deed(s) and the date on which the relevant outstanding Securities not purchased pursuant to the Offers are to be redeemed pursuant to the relevant Issuer Early Redemption.

General

The settlement date for the Offers and the Issuer Early Redemption pursuant to the Proposals is expected (subject to, *inter alia*, satisfaction or waiver of the Conditions) to be 4 October 2017 (the “**Settlement Date**”).

Subject as provided in the Tender Offer and Solicitation Memorandum and subject to applicable law, the Settlement Date for the Offers and the Proposals may be earlier or later than this date. The Bank will confirm the final Settlement Date for the Offers and the Proposals at the same time as the announcement of the results of the Offers is made.

Under the Offers and the Proposals, all (i) Tender Instructions and (ii) Voting-Only Instructions will (subject to applicable law and the provisions of the Trust Deed) be revocable at any time up to five calendar days before the Expiration Deadline (that is, up to 6:00 p.m. (Lisbon/London time) on 27 September 2017) as described in “*Amendment and Termination – Revocation Rights*” in the Tender Offer and Solicitation Memorandum. The revocation of any Tender Instruction will not have an impact on the outcome of a Meeting which has already been held.

Indicative Timetable

The following table sets out the expected dates and times of the key events relating to the Offers and the Proposals. This is an indicative table and is subject to change.

Date and Time (where relevant) (all times are Lisbon/London time)	Event
24 July 2017	Announcement of the Offers and the Proposals
8:00 a.m. on 25 July 2017	Commencement of the Offers
From 9:00 a.m. on 6 September 2017 (48 Hours prior to the relevant Meeting)	Tender Instruction and Voting-Only Instruction Deadline to enable voting at the relevant Meeting
From 9:00 a.m. on 8 September 2017	Meetings - time of each Meeting as set out in the Notice
As soon as reasonably practicable after the Meetings	Announcement of (i) the results of the Meetings and (ii) any adjourned Meetings
6:00 p.m. on 27 September 2017	Revocation deadline for Tender Instructions
From 9:00 a.m on 27 September 2017 (48 Hours prior to the relevant adjourned Meeting)	Tender Instruction and Voting-Only Instruction Deadline to enable voting at the relevant adjourned Meeting
From 9:00 a.m. on 29 September 2017	Adjourned Meetings (if any)
As soon as reasonably practicable after the adjourned Meetings (if any)	Announcement of the results of the adjourned Meetings (if any)
6:00 p.m. on 2 October 2017	Expiration Deadline
As soon as reasonably practicable after the Expiration Deadline	Announcement of (i) the results of the Offers, (ii) if the Conditions are satisfied or waived the Bank’s acceptance of valid tenders of Securities for purchase pursuant to the relevant

Date and Time (where relevant) (all times are Lisbon/London time)	Event
	Offer and (iii) (if applicable) execution of the relevant Supplemental Trust Deed(s)
4 October 2017	Expected Settlement Date

Securityholders are advised to check with any bank, securities broker or other intermediary through which they hold Securities when such intermediary would require to receive instructions from a Securityholder in order for that Securityholder to be able to participate in, or (in the circumstances in which revocation is permitted) revoke their instruction to participate in, the Offers or the Proposals before the deadlines specified above. **The deadlines set by any such intermediary and each Clearing System for the submission of Tender Instructions and Voting-Only Instructions in respect of the Proposals will be earlier than the relevant deadlines above.**

Unless stated otherwise, announcements in connection with each Offer and each Proposal will be made (i) by publication on the website of the Bank at *www.novobanco.pt*, the CMVM at *www.cmvm.pt* and (in respect of Securities listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange at *www.bourse.lu*, (ii) by the delivery of notices to the Clearing Systems for communication to Direct Participants and (iii) in any other manner required by the Terms and Conditions. Any notice or announcement given to a Securityholder via the Clearing Systems will be deemed to have been duly given if it is delivered to the Clearing Systems. Such announcements may also be made on the relevant Reuters Insider Screen and by the issue of a press release to a Notifying News Service. The Bank may, at its discretion, also give notice by any other means it considers appropriate (other than any notice required to be given in accordance with the relevant Trust Deed and the terms of the relevant Securities). Copies of all such announcements, press releases and notices can also be obtained upon request from the Tender Agent.

Requests for information in relation to the Offers or the Proposals (as made to Eligible Securityholders through the Tender Offer and Solicitation Memorandum) should be directed to:

The Dealer Managers

(in respect of the Offers and the Proposals as made to Eligible Securityholders)

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Telephone: +44 20 7545 8011
Attention: Liability Management Group

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Telephone: +44 20 7134 2468
Attention: Liability Management
Email: emea_lm@jpmorgan.com

Mediobanca – Banca di Credito Finanziario S.p.A.

Piazzetta Enrico Cuccia, 1
20121 Milan
Italy

Telephone: +39 02 8829984
Attention: Liability Management FIG
Email:
MB_Liability_Management_FIG@mediobanca.com

Requests for information in relation to the Offers or the Proposals (as made to Non-Eligible Securityholders) should be directed to:

The Bank

Novo Banco S.A.

Av. da Liberdade, n.º 195
Lisbon
Portugal

Tel: +351 21 359 7390

Attention: Luis Sarmento, Investor Relations

Email: investidor@novobanco.pt

Copies of the Tender Offer and Solicitation Memorandum can be obtained from, and requests for information in relation to the procedures for tendering Securities and participating in the Offers and the Proposals (as made through the Tender Offer and Solicitation Memorandum), and the submission of a Tender Instruction or a Voting-Only Instruction should be directed to:

The Tender Agent

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

Telephone: + 44 20 7704 0880

Attention: Paul Kamminga / Arlind Bytyqi

Email: novobanco@lucid-is.com

Website: www.lucid-is.com/novobanco

DISCLAIMER This announcement must be read in conjunction with the Tender Offer and Solicitation Memorandum. This announcement and the Tender Offer and Solicitation Memorandum contain important information which should be read carefully before any decision is made with respect to the relevant Offer or the relevant Proposal. If any Securityholder is in any doubt as to the action it should take or is unsure of the impact of the implementation of the relevant Proposal or the relevant Extraordinary Resolution to be proposed at the relevant Meeting, it is recommended to seek its own financial and legal advice, including as to any tax and legal consequences, from its broker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Securities are held on its behalf by a broker, dealer, bank,

custodian, trust company or other nominee or intermediary must contact such entity if it wishes to tender Securities in the relevant Offer or otherwise participate in the relevant Proposal.

None of the Dealer Managers, the Tender Agent, the Bank, the Issuers, nor any director, officer, employee, agent or affiliate of any such person, is acting for any Securityholder, or will be responsible to any Securityholder for providing any protections which would be afforded to its clients or for providing advice in relation to the relevant Offer and/or the relevant Proposal, and accordingly none of the Dealer Managers, the Tender Agent, the Bank, the Issuer, nor any director, officer, employee, agent or affiliate of, any such person makes any recommendation whether Securityholders should tender Securities in the relevant Offer or otherwise participate in the relevant Proposal.

OFFER AND DISTRIBUTION RESTRICTIONS

Neither this announcement nor the Tender Offer and Solicitation Memorandum constitutes an offer to buy or the solicitation of an offer to sell Securities (and tenders of Securities for purchase pursuant to the Offers will not be accepted from Securityholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require any Offer to be made by a licensed broker or dealer and any Dealer Manager or any of its affiliates is such a licensed broker or dealer in any such jurisdiction, any such Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Bank in such jurisdiction (but only in respect of an Offer to any Eligible Securityholder).

The distribution of this announcement and/or the Tender Offer and Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer and Solicitation Memorandum comes are required by the Bank, the Issuers, the Dealer Managers, the Tender Agent and the Trustee to inform themselves about, and to observe, any such restrictions.

Italy

None of the Offers, this announcement, the Tender Offer and Solicitation Memorandum or any other documents or materials relating to the Offers have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian laws and regulations. The Offers are being carried out in the Republic of Italy (“**Italy**”) as exempted offers pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Accordingly, Securityholders or beneficial owners of the Securities that are located or resident in Italy can tender Securities for purchase pursuant to the Offers only through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Securities or the Offers.

United Kingdom

The communication of this announcement and the Tender Offer and Solicitation Memorandum by the Bank and any other documents or materials relating to the Offers is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to,

and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may only be communicated to (1) those persons who are existing members or creditors (including beneficial holders of the Securities) of the Bank or NB Finance Ltd. or other persons within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and (2) to any other persons to whom these documents and/or materials may lawfully be communicated.

Belgium

None of this announcement, the Tender Offer and Solicitation Memorandum or any other documents or materials relating to the Offers have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (*Autorité des services et marchés financiers / Autoriteit financiële diensten en markten*) and, accordingly, the Offers may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids (the “**Belgian Takeover Law**”) as amended or replaced from time to time. Accordingly, the Offers may not be advertised and the Offers will not be extended, and none of this announcement, the Tender Offer and Solicitation Memorandum nor any other documents or materials relating to the Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) “qualified investors” in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account or (ii) in any circumstances set out in Article 6, §4 of the Belgian Takeover Law. This announcement and the Tender Offer and Solicitation Memorandum have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offers. Accordingly, the information contained in this announcement and the Tender Offer and Solicitation Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

Portugal

None of this announcement, the Tender Offer and Solicitation Memorandum, the Offers or the Proposals have been approved by the CMVM.

In connection with the Offers and the Proposals, the Dealer Managers (i) have not directly or indirectly taken any action or offered, advertised, marketed, invited to sell or bought and will not directly or indirectly take any action, offer, advertise, market, invite to sell or buy any Securities; and (ii) have not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Tender Offer and Solicitation Memorandum or any other offering material relating to the Securities in Portugal, in circumstances which could qualify, in case of each of (i) and (ii), as a public offer in Portugal. This announcement and the Tender Offer and Solicitation Memorandum are only available in Portugal, and are addressed exclusively, to qualified investors, as defined in article 30 of the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-Law no. 486/99 of 13 November 1999 (as amended and restated from time to time) (the “**Portuguese Securities Code**”).