

Terms and Conditions of the Fixed-Term Deposit Accounts that the Bank will offer 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

15 August 2017

On 24 July 2017 Novo Banco S.A. (the “**Bank**”) announced separate invitations to holders of each series of Securities (i) to tender any and all of their Securities for purchase by the Bank for cash (the “**Offers**”) and (ii) to approve, by the relevant extraordinary resolution, certain modifications to the terms and conditions of each series of Securities (the “**Proposals**”), in each case, on the terms and subject to the conditions set out in the Tender Offer and Solicitation Memorandum and the Portuguese Offer Memorandum, each dated 24 July 2017.

For the avoidance of doubt, the fixed-term deposit accounts referred to in this announcement (the “Fixed-Term Deposit Accounts”) do not form, and should not be construed as forming, part of the terms of, or consideration for, the Offers or the Proposals.

Set out below are further details of the Fixed-Term Deposit Accounts that the Bank will offer 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:

ISIN that originated the cash to be deposited	Issuer/Guarantor	Description of Security that originated the cash to be deposited	Maturity of Fixed-Term Account	Interest Rate Offered (per annum)
XS0760009729	Novo Banco S.A., acting through its London branch	€200,000,000 Fixed Rate Notes due April 2019 (Series 7)	3 years	6.84 per cent.
XS0772553037	Novo Banco S.A., acting through its London branch	€750,000,000 Fixed Rate Notes due April 2019 (Series 10)	3 years	6.84 per cent.
XS0782021140	Novo Banco S.A., acting through its London branch	€450,000,000 Fixed Rate Notes due May 2019 (Series 12)	3 years	6.84 per cent.
XS0782220007	Novo Banco S.A., acting through its London branch	€450,000,000 Fixed Rate Notes due May 2019 (Series 13)	3 years	6.84 per cent.
XS0782220189	Novo Banco S.A., acting through its London branch	€450,000,000 Fixed Rate Notes due May 2019 (Series 14)	3 years	6.84 per cent.
XS0712907863	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€76,311,000 Credit Linked Notes Portugal due 2021 (Series 113)	4 years	2.96 per cent.
XS0723597398	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€29,841,000 Credit Linked Notes Portugal due 2021 (Series 114)	4 years	2.96 per cent.
XS0747759180	Novo Banco S.A., acting through its London branch	€225,000,000 Fixed Rate Notes due February 2022 (Series 3)	5 years	5.51 per cent.
XS0754592979	Novo Banco S.A., acting through its London branch	€300,000,000 Fixed Rate Notes due March 2022 (Series 6)	5 years	5.51 per cent.
XS0794405588	Novo Banco S.A., acting through its Luxembourg branch	U.S.\$200,000,000 Fixed Rate Notes due June 2022 (Series 2)	5 years	6.50 per cent.
XS0210172721	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€250,000,000 CMS Linked Notes due February 2035 (Series 40)	3 years	3.00 per cent.
XS0869315241	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due January 2043 (Series 3)	5 years	1.00 per cent.

ISIN that originated the cash to be deposited	Issuer/Guarantor	Description of Security that originated the cash to be deposited	Maturity of Fixed-Term Account	Interest Rate Offered (per annum)
XS0877741479	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due January 2043 (Series 4)	5 years	1.00 per cent.
XS0888530911	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due February 2043 (Series 5)	5 years	1.00 per cent.
XS0897950878	Novo Banco S.A., acting through its Luxembourg branch	€150,000,000 Fixed Rate Notes due March 2043 (Series 6)	5 years	1.00 per cent.
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)	5 years	1.00 per cent.
XS0442126925	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2040 (Series 60)	5 years	1.00 per cent.
XS0442127063	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2041 (Series 61)	5 years	1.00 per cent.
XS0442126842	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2042 (Series 59)	5 years	1.00 per cent.
XS0439763979	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2043 (Series 56)	5 years	1.00 per cent.
XS0439764191	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2044 (Series 57)	5 years	1.00 per cent.
XS0439639617	NB Finance Ltd./Novo Banco S.A., acting through its London branch	€300,000,000 Zero Coupon Notes due July 2045 (Series 58)	5 years	1.00 per cent.
XS1058257905	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due April 2046 (Series 20)	5 years	1.00 per cent.
XS1050206603	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due March 2047 (Series 17)	5 years	1.00 per cent.
XS1045114144	Novo Banco S.A., acting through its Luxembourg branch	€300,000,000 Zero Coupon Notes due March 2048 (Series 15)	5 years	1.00 per cent.
XS1053939978	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due April 2048 (Series 18)	5 years	1.00 per cent.
XS0972653132	Novo Banco S.A., acting through its Luxembourg branch	€300,000,000 Zero Coupon Notes due October 2048 (Series 7)	5 years	1.00 per cent.
XS1021154064	Novo Banco S.A., acting through its Luxembourg branch	€300,000,000 Zero Coupon Notes due January 2049 (Series 8)	5 years	1.00 per cent.
XS1023731034	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due January 2049 (Series 9)	5 years	1.00 per cent.
XS1028247259	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2049 (Series 10)	5 years	1.00 per cent.
XS1031115014	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2049 (Series 11)	5 years	1.00 per cent.

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XS1034421419	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2049 (Series 12)	5 years	1.00 per cent.
XS1048510611	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due March 2050 (Series 16)	5 years	1.00 per cent.
XS1038896426	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due February 2051 (Series 13)	5 years	1.00 per cent.
XS1042343308	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due March 2051 (Series 14)	5 years	1.00 per cent.
XS1055501974	Novo Banco S.A., acting through its Luxembourg branch	€400,000,000 Zero Coupon Notes due April 2052 (Series 19)	5 years	1.00 per cent.

The Fixed-Term Deposit Accounts are for a fixed maturity as set out above. Interest will only be payable at the end of the period specified under “Maturity of Fixed-Term Account” in the table above, and will be compounded annually. A depositor may withdraw a deposit in whole or in part at any time, but if a depositor withdraws any amounts prior to the end of the fixed period they will not be entitled to, and will forgo the benefit of, any accrued interest in respect of the amount withdrawn. The Fixed-Term Deposit Accounts will be available for eligible beneficial holders to deposit the amount corresponding to amounts received in respect of the Securities tendered or redeemed (excluding any accrued interest). A beneficial holder must deposit the full amount received in respect of the Securities of any series (excluding any accrued interest) in order to be eligible to make a deposit into a Fixed-Term Deposit Account for that series. Depending on the amount invested in such account and the nature of the depositor, any such deposit may not benefit, in whole or in part, from the Portuguese Deposit Guarantee Scheme. Beneficial holders should seek independent advice for further information in this regard.

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 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 for the Offers and the Proposals. 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 Sarmiento, 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. The full terms and conditions of the Fixed-Term Deposit Accounts will be made available to any beneficial holders who are interested in them and have also been separately published by the Bank and are available, for example, on the Bank's website.

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 (a minimum amount of 250 euros is the required amount to open a new sight account at the Bank) 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.

For the purposes of this announcement:

"Issuer early Redemption" means the provision under the relevant terms and conditions of each series of Securities, as amended pursuant to the relevant supplemental trust deed following any passing and implementation of the relevant extraordinary resolution, requiring the relevant issuer to redeem all, but not some only, of the Securities remaining (if any) on completion of the relevant Offer at the relevant early redemption amount together with any relevant accrued interest (if any).

"Portuguese Deposit Guarantee Scheme" means the deposit guarantee scheme in which the Bank participates which was created in 1992 with the approval of the banking law (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*) and which was amended in 2015 to implement the provisions of Directive 2014/49/EU on deposit guarantee schemes.

"Securities" means the securities listed in the table above.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT IMMEDIATELY YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

This announcement does not constitute an offer to buy or the solicitation of an offer to sell Securities in any circumstances in which such offer or solicitation is unlawful. The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions.