

EMEA DC STATEMENT 17 OCTOBER 2018

The EMEA DC met on Tuesday 16 October 2018 to discuss completion of the determination of the value of the Fixed-Term Deposit Account option right¹ by the third party valuation agent appointed by the DC for this purpose. This valuation is relevant for the purposes of the settlement of 2014 Transactions referencing Novo Banco S.A. (the **Reference Entity** or **NB**) and for which the relevant Reference Obligation is the senior bond of NB with ISIN XS0772553037 (being the Standard Reference Obligation for NB for the Senior Level) (the **Senior SRO 2014 Transactions**).²

Capitalised terms used but not defined herein have the meaning specified in the 2014 ISDA Credit Derivatives Definitions (the **2014 Definitions**) or the ISDA Credit Derivatives Determinations Committee Rules (September 28, 2018 Version) (the **DC Rules**), as applicable.

Asset Package Valuation

The third party valuation agent determined the value of the Fixed-Term Deposit Account option right to be equal to 5.72% (expressed as % of the nominal amount of the Reference Obligation). Accordingly, the DC resolved that for purposes of Senior SRO 2014 Transactions:

- (a) the Asset Package in respect of the Reference Obligation consists of (i) the cash proceeds received by holders of the Reference Obligation pursuant to NB's tender offer/early redemption call right, (being 82.00% of principal plus 2.24% of accrued interest, in each case expressed as a % of the nominal amount of the Reference Obligation), plus (ii) the option right of beneficial holders to deposit such redemption proceeds (excluding accrued interest) into the Fixed-Term Deposit Accounts offered by NB (the **FTDA Option Right**);
- (b) the FTDA Option Right constitutes a Non-Transferable Instrument (as defined in Section 8.13 of the 2014 Definitions);³
- (c) the Asset Market Value (as defined in Section 8.15 of the 2014 Definitions) of the FTDA Option Right is equal to 5.72% (expressed as % of the nominal amount of the Reference Obligation);⁴ and
- (d) the value of the Asset Package is therefore 89.96% (expressed as % of the nominal amount of the Reference Obligation).

Deemed CDS Auction

Settlement of triggered Senior SRO 2014 Transactions will be effected by reference to a deemed Auction in accordance with the revised form of Auction Settlement Terms which the DC will publish shortly and pursuant to which the Auction Final Price will be deemed to be 89.96%. In the meantime, the DC wishes to provide information to market participants on its current intentions as to the timetable for the deemed Auction. **Note: The information set out below is subject to change but the DC felt it would be helpful to clarify its current expectations as to the timing and process.**

- (i) **Friday 26 October 2018:** publication of the Final List;
- (ii) **Tuesday 30 October 2018:** Exercise Cut-off Date applicable to Seller;⁵
- (iii) **Friday 2 November 2018:** Exercise Cut-off Date applicable to Buyer;⁶

¹ See [DC Statement of 15 December 2017](#) and [DC Statement of 18 October 2017](#) for further details.

² Referred to as the "Category 1 transactions" in the [DC Statement of 15 December 2017](#) and other prior DC statements.

³ See [DC Statement of 18 October 2017](#)

⁴ See Section 8.12(b)(v) of the 2014 Definitions.

⁵ Section 1.41(a)(i)(A) of the 2014 Definitions, being two Relevant City Business Days following the date of publication of the Final List.

- (iv) **Tuesday 6 November 2018**: Auction Date of deemed Auction; and
- (v) **Friday 9 November 2018**: Auction Settlement Date⁷.

⁶ Section 1.41(a)(i)(B) of the 2014 Definitions, being five Relevant City Business Days following the date of publication of the Final List.
⁷ This will be set out in Schedule 1 of the Auction Settlement Terms.