

NB: These draft Auction Settlement Terms should be read in conjunction with the DC Statements published on 15 December 2017 and 26 January 2018.

DRAFT 26 JANUARY 2018

IMPORTANT NOTES:

- (1) The scope of Auction Covered Transactions for the purposes of these Credit Derivatives Auction Settlement Terms is limited solely to ~~any~~ triggered senior 2014 Transactions¹ referencing Novo Banco S.A. and for which the relevant Reference Obligation is the senior bond of Novo Banco S.A. with ISIN XS0772553037 (being the Standard Reference Obligation for Novo Banco S.A. for the Senior Level) (the "Senior SRO 2014 Transactions") and which have a Scheduled Termination Date on or prior to 6 February 2035 and are either Buyer-exercised or Seller M(M)R Trades. All other Senior SRO 2014 Transactions shall not constitute Auction Covered Transactions for these purposes unless Buyers have validly exercised the Movement Option (and otherwise will be subject to the Fallback Settlement Method).
- (2) An actual Auction will not be held for such Auction Covered Transactions on the Auction Date (~~1~~27 November 2018) and instead an Auction will be deemed to have been held on such Auction Date and the Auction Final Price in respect thereof will be deemed to be ~~1~~percent. 89.96 per cent (being the cash value of the Asset Package in respect of the Reference Obligation for the Auction Covered Transactions).



~~International Swaps and Derivatives Association, Inc.~~

2018 NOVO BANCO S.A. 2014 SENIOR SRO CREDIT DERIVATIVES AUCTION SETTLEMENT TERMS

published on ~~1~~27 November 16, 2018

by DC Administration Services, Inc. ("DCAS") on behalf of the International Swaps and Derivatives Association, Inc.¹

Any capitalized term used but not defined in these 2018 Novo Banco S.A. 2014 Senior SRO Credit Derivatives Auction Settlement Terms (these "**Credit Derivatives Auction Settlement Terms**") shall have the meaning given to the relevant capitalized term in (a) the 2014 ISDA Credit Derivatives Definitions (the "**2014 Definitions**") (as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**")) or (b) the Credit Derivatives Determinations Committees Rules, as amended from time to time and as most recently published by the DC Secretary on behalf of ISDA on its Website as of the date hereof (the "**Rules**"), as applicable. In the event of any inconsistency between the 2014 Definitions and these Credit Derivatives Auction Settlement Terms, these Credit Derivatives Auction Settlement Terms shall govern.

For purposes of Article VI (Terms Relating to Auction Settlement) of the 2014 Definitions, ~~ISDA~~the DC Secretary has published these Credit Derivatives Auction Settlement Terms on behalf of ISDA to enable parties to Auction Covered Transactions to settle such Auction Covered Transactions based upon an Auction Final Price determined according to an auction procedure (an "**Auction**") on the terms set out below.

¹ DCAS has been appointed by ISDA as the DC Secretary pursuant to the Rules. These Credit Derivatives Auction Settlement Terms are published on behalf of ISDA by the DC Secretary on the Website pursuant to the requirement of Section 6.7 of the 2014 Definitions.

1 **Deemed Auction and Publication of Auction Final Price**

- (a) An actual Auction will not be held on the Auction Date and instead an Auction will be deemed to be held on the Auction Date and the Auction Final Price in respect thereof will be deemed to be ~~[8.2% plus any accrued interest (expressed as % of the nominal amount of the NB Senior SRO) received by holders of the NB Senior SRO pursuant to the tender offer/early redemption call right plus the value of the Fixed Term Deposit Account option right (expressed as a % of the nominal amount of the NB Senior SRO) offered by NB]~~ 89.96 per cent.
- (b) Each Administrator will publish the Auction Final Price on its website at or prior to 3:00 p.m. Relevant City Time on the Auction Date.

2 **Fixed Rate Accrual Amendments**

The provisions of the relevant documentation that govern the accrual of Fixed Rates and the payment of Fixed Amounts under each Auction Covered Transaction shall be amended in accordance with the terms of Schedule 2 to these Credit Derivatives Auction Settlement Terms.

3 **Limitations on Liability of Administrators**

Each Auction Party agrees that neither Administrator will be liable to any party for any form of damages, whether direct, indirect, special or consequential, arising in connection with the performance of the relevant Administrator's duties under the auction procedures contemplated by these Credit Derivatives Auction Settlement Terms, and agrees to waive any claim that may arise against either Administrator in connection with the performance of the relevant Administrator's duties under these auction procedures, except in the case of fraud or wilful misconduct on the part of the relevant Administrator.

4 **Limitations on Liability of DC Parties, ISDA, the DC Secretary and its Advisors**

Each Auction Party agrees that (a) no DC Party, ISDA nor any third-party professional hired by the DC Secretary and/or ISDA in connection with the determination of the Asset Market Value of any Asset forming part of the relevant Asset Package will be liable to any party for any form of damages, whether direct, indirect, special or consequential, arising as a result of the finalisation of such determination or the publication of an Auction Final Price (or any other result of the procedures contemplated by these Credit Derivatives Auction Settlement Terms), and agrees to waive any claim that may arise against any DC Party, ISDA or third-party professional hired by the DC Secretary and/or ISDA in connection with the determination of the Asset Market Value of any Asset forming party of the relevant Asset Package, in each case except in the case of fraud or wilful misconduct on the part of such ~~DC Party party~~ and (b) none of ISDA, the DC Secretary, its advisors (including, without limitation, any third-party professional hired by ~~ISDA in its capacity as the~~ DC Secretary and/or ISDA in connection with the determination of the Asset Market Value of any Asset forming part of the relevant Asset Package), or any DC Party will be liable to any party for any form of damages, whether direct, indirect, special or consequential, arising in connection with ~~the inclusion or exclusion of any obligation in or from the Final List~~ these Credit Derivatives Auction Settlement Terms, and, without limiting any otherwise applicable waivers, each Auction Party agrees to waive any claim that may arise against any such party in connection with the development of ~~such Final List~~ these Credit Derivatives Auction Settlement Terms, except in the case of fraud or wilful misconduct on the part of such party.

5 **Governing Law**

These Credit Derivatives Auction Settlement Terms and any non-contractual obligations arising out of them will be governed by and construed in accordance with English law.

6 **Definitions**

Each of the following terms, when used in these Credit Derivatives Auction Settlement Terms, including in any of the amendments to the 2014 Definitions provided for by these Credit Derivatives Auction Settlement Terms, shall have the meaning given to the relevant term below:

"2014 Definitions" has the meaning set forth in the introduction to these Credit Derivatives Auction Settlement Terms.

"Administrators" means both Markit Group Limited and the Relevant Creditex Entity, acting together, or such other entities as may be appointed to perform the role of the Administrators by [the DC Secretary on behalf of](#) ISDA from time to time.

"Affected Portion" means, in respect of an Auction Covered Transaction, the portion of such Auction Covered Transaction (or, in respect of a Single Name Swaption or Portfolio Swaption, the portion of the related Underlying CDS) attributable to the Affected Reference Entity.

"Affected Reference Entity" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Auction" has the meaning set forth in the introduction to these Credit Derivatives Auction Settlement Terms.

"Auction Covered Transaction" means a Covered Swaption Transaction or a Covered Non-Swaption Transaction, as applicable.

"Auction Date" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Auction Final Price" means the price, if any, determined to be the Auction Final Price pursuant to Section 1 of these Credit Derivatives Auction Settlement Terms (expressed as a percentage, in increments equal to the Relevant Pricing Increment, of the outstanding principal balance, rather than the face amount, of Deliverable Obligations).

"Auction Final Price Determination Date" means the Auction Date.

"Auction-Linked Cash Settled Transaction" means any Credit Derivative Transaction (other than (a) an Auction Covered Transaction, (b) any of the Credit Derivative Transactions specified in (b) through (f) (inclusive) of the definition of Excluded Non-Index Transaction in this Section 6 of these Credit Derivatives Auction Settlement Terms or (c) any of the Credit Derivative Transactions specified in the definition of Excluded Index Transaction in this Section 6 of these Credit Derivatives Auction Settlement Terms), (A) all or any portion of which is linked to the Affected Reference Entity and (B) for which the parties thereto have agreed that settlement will occur by payment of an amount calculated by reference to the Auction Final Price.

"Auction Party" means any party to an Auction Covered Transaction or any party to an Auction-Linked Cash Settled Transaction.

"Auction Settlement Date" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Relevant City.

"Covered Non-Swaption Transaction" means a Credit Derivative Transaction that is not an Excluded Index Transaction or an Excluded Non-Index Transaction, and for which:

- (a) the Affected Reference Entity is a Reference Entity;
- (b) "Auction Settlement" is the applicable Settlement Method;
- (c) an Event Determination Date has occurred with respect to the Affected Reference Entity on or prior to the Business Day immediately preceding the Auction Final Price Determination Date as a result of the Relevant Credit Event;
- (d) the Deliverable Obligation Provisions are identical to one set of the Deliverable Obligation Terms determined by the relevant Convened DC to be applicable to the Auction; and
- (e) in circumstances where the Auction is held to settle Credit Derivative Transactions with respect to which a Restructuring has occurred and for which a Designated Range of Scheduled Termination Dates is applicable, either (i) the Scheduled Termination Date falls within the Designated Range of Scheduled Termination Dates (provided that (A) in circumstances where the Event Determination Date has occurred pursuant to delivery by Seller of a Credit Event Notice where "Mod R" or "Mod Mod R" is specified in the related Confirmation as being applicable to the Affected Reference Entity (other than in circumstances where Section 3.31(a) or 3.32(a) of the 2014 Definitions is amended so as to be applicable in circumstances where a Credit Event Notice is delivered by Seller, such as in a Recovery Lock Credit Derivative Transaction (each such trade, a **"Seller M(M)R Trade"**)) or (B) in circumstances where neither "Mod R" nor "Mod Mod R" is specified in the related Confirmation as being applicable to the Affected Reference Entity, the Scheduled Termination Date will be deemed to fall within the Final Maturity Bucket) or (ii) one of the parties has elected for the Credit Derivative Transaction to be covered by these Credit Derivatives Auction Settlement Terms by valid exercise of the Movement Option.

"Covered Portfolio Swaption" means a Portfolio Swaption for which:

- (a) the Affected Reference Entity is a Reference Entity under the Underlying CDS;
- (b) "Auction Settlement" is the applicable Settlement Method under the Underlying CDS;
- (c) the Swaption Trade Date is on or prior to the Auction Final Price Determination Date;
- (d) the Expiration Date is after the Auction Final Price Determination Date;
- (e) the Deliverable Obligation Provisions in the Underlying CDS are identical to one set of the Deliverable Obligation Terms determined by the relevant Convened DC to be applicable to the Auction; and
- (f) in circumstances where the Auction is held to settle Credit Derivative Transactions with respect to which a Restructuring has occurred and for which a Designated Range of Scheduled Termination Dates is applicable, either (i) the Scheduled Termination Date in the Underlying CDS falls within the Designated Range of Scheduled Termination Dates (provided that (A) in circumstances where the Event Determination Date has occurred pursuant to delivery by Seller of a Credit Event Notice where "Mod R" or "Mod Mod R" is specified in the related Confirmation as being applicable to the Affected Reference Entity (other than Seller M(M)R Trades) or (B) in circumstances where neither "Mod R" nor "Mod Mod R" is specified in the related Confirmation as being applicable to the Affected Reference Entity, the Scheduled Termination Date will be deemed to fall within the Final

Maturity Bucket) or (ii) one of the parties has elected for the Underlying CDS to be covered by these Credit Derivatives Auction Settlement Terms by valid exercise of the Movement Option.

"Covered Single Name Swaption" means a Single Name Swaption for which:

- (a) the Affected Reference Entity is a Reference Entity under the Underlying CDS;
- (b) "Auction Settlement" is the applicable Settlement Method under the Underlying CDS;
- (c) the Swaption Trade Date is on or prior to the Event Determination Date;
- (d) the Expiration Date is on or after the date of the occurrence of the Relevant Credit Event as specified in the relevant DC Resolution;
- (e) the Deliverable Obligation Provisions in the Underlying CDS are identical to one set of the Deliverable Obligation Terms determined by the relevant Convened DC to be applicable to the Auction; and
- (f) in circumstances where the Auction is held to settle Credit Derivative Transactions with respect to which a Restructuring has occurred and for which a Designated Range of Scheduled Termination Dates is applicable, either (i) the Scheduled Termination Date in the Underlying CDS falls within the Designated Range of Scheduled Termination Dates (provided that (A) in circumstances where the Event Determination Date has occurred pursuant to delivery by Seller of a Credit Event Notice where "Mod R" or "Mod Mod R" is specified in the related Confirmation as being applicable to the Affected Reference Entity (other than Seller M(M)R Trades) or (B) in circumstances where neither "Mod R" nor "Mod Mod R" is specified in the related Confirmation as being applicable to the Affected Reference Entity, the Scheduled Termination Date will be deemed to fall within the Final Maturity Bucket) or (ii) one of the parties has elected for the Underlying CDS to be covered by these Credit Derivatives Auction Settlement Terms by valid exercise of the Movement Option.

"Covered Swaption Transaction" means either a Covered Single Name Swaption or a Covered Portfolio Swaption, as applicable.

"Credit Derivative Transaction" means any credit derivative transaction that incorporates the 2014 Definitions.

"Credit Derivatives Auction Settlement Terms" has the meaning set forth in the introduction to these Credit Derivatives Auction Settlement Terms.

"Credit Event Resolution Request Date" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Deliverable Obligation(s)" means each of the obligations set out on the Final List published by ~~ISDA on its~~ [the DC Secretary on the](#) Website with respect to these Credit Derivatives Auction Settlement Terms.

"Deliverable Obligation Provisions" means, with respect to a Credit Derivative Transaction, the provisions therein that set forth the criteria for establishing what obligations may constitute Deliverable Obligations plus any additional restrictions as set out in Section 3.31 or 3.32 of the 2014 Definitions or the provisions therein that set forth the criteria for establishing what obligations may be valued to determine a Final Price, as applicable.

"Deliverable Obligation Terms" means any set of Deliverable Obligation Terms determined by the relevant Convened DC and set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Designated Range of Scheduled Termination Dates" means the range of dates, if any, as specified in Schedule 1 to these Credit Derivatives Auction Settlement Terms (provided that each such Designated Range of Scheduled Termination Dates so specified shall be construed to appear in a separate Schedule 1 to a separate set of Credit Derivatives Auction Settlement Terms).

"Excluded Index Transaction" means any back-to-back Credit Derivative Transaction between any two of Citigroup Global Markets Limited, Credit Suisse First Boston International, Deutsche Bank AG, Goldman Sachs International, JP Morgan Chase Bank, Merrill Lynch International, Morgan Stanley Capital Services Inc. and UBS AG London Branch relating to trust certificates linked to any Dow Jones CDX.NA.HY Index or CDX.NA.HY Index.

"Excluded Non-Index Transaction" means (a) any Credit Derivative Transaction (i) that references one or more Reference Entities that are substantially identical to the Reference Entity or Reference Entities, as applicable, referenced with respect to any series of credit-linked notes, trust certificates or other similar instruments and (ii) the documentation for which expressly states that the final price is linked to such credit linked notes, trust certificates or other similar instruments, as applicable, (b) any Reference Obligation Only Transaction, (c) any Loan Only Transaction, (d) any Preferred CDS Transaction, (e) any Fixed Recovery Transaction and (f) any Credit Derivative Transaction that (i) by its terms expressly states that the provisions relating to settlement therein shall not be amended or modified by any Credit Derivatives Auction Settlement Terms or any documentation with respect to an auction published by ISDA [or the DC Secretary on behalf of ISDA](#) and (ii) would, but for such express terms, be an Auction Covered Transaction.

"Final List" means the final list of Deliverable Obligations published by ~~ISDA on its~~ [the DC Secretary on the](#) Website with respect to these Credit Derivatives Auction Settlement Terms entitled "Deemed Auction in respect of 2014 Transactions (senior SRO transactions only)".

"Final Maturity Bucket" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Fixed Recovery Transaction" means a Credit Derivative Transaction in respect of which the Final Price or final settlement amount is pre-determined and specified in the relevant documentation.

"Governing Master Agreement" means, with respect to an Auction Covered Transaction or an Auction-Linked Cash Settled Transaction, the ISDA Master Agreement or other form of similar master agreement, if any, governing such Auction Covered Transaction or Auction-Linked Cash Settled Transaction, as applicable, and of which such Auction Covered Transaction or Auction-Linked Cash Settled Transaction, as applicable, forms part, whether executed by the parties thereto or incorporated by reference in the confirmation relating to such Auction Covered Transaction or Auction-Linked Cash Settled Transaction, as applicable; provided, however, that if no ISDA Master Agreement or other form of similar agreement exists with respect to an Auction Covered Transaction or an Auction-Linked Cash Settled Transaction, as applicable, the term "Governing Master Agreement" shall mean the ISDA Master Agreement or other form of similar agreement, if any, governing any Credit Derivative Transaction between the parties, whether executed by the parties thereto or incorporated by reference in the confirmation relating to such Credit Derivative Transaction.

"ISDA" has the meaning set forth in the introduction to these Credit Derivatives Auction Settlement Terms.

"ISDA Master Agreement" means any of the following: (a) the 2002 ISDA Master Agreement; (b) the 1992 ISDA Master Agreement (Multicurrency – Cross Border); and (c) the 1992 ISDA Master Agreement (Local Currency – Single Jurisdiction).

"Loan Only Transaction" means a Credit Derivative Transaction in respect of which "Loan" is specified as the only Deliverable Obligation Category or a Credit Derivative Transaction pursuant to which the Reference Obligations (which are required to be Loans) and certain other Loans (or Borrowed Money obligations other than Bonds) are the only Deliverable Obligations.

"Notice of Physical Settlement Date" means the first Business Day following the Auction Final Price Determination Date.

"Nth to Default Transaction" means a Credit Derivative Transaction that references more than one Reference Entity pursuant to which Cash Settlement Amounts or Physical Settlement Amounts, as applicable, will only be paid to Buyer after the Conditions to Settlement have been satisfied in respect of any of the relevant Reference Entities that is the nth Reference Entity in respect of which an Event Determination Date has occurred, where "n" is a number specified for such purpose in the documentation in respect of the relevant Credit Derivative Transaction.

"Permissible Deliverable Obligation(s)" means, if applicable, each of the obligations specified as such by ~~ISDA on its~~ the DC Secretary on the Website with respect to these Credit Derivatives Auction Settlement Terms.

"Portfolio Swaption" means any unexercised option to enter into a Credit Derivative Transaction that is an Auction Covered Transaction (other than another Portfolio Swaption) that references more than one Reference Entity.

"Preferred CDS Transaction" means a Credit Derivative Transaction that references preferred securities or similar hybrid securities as Reference Obligations or Deliverable Obligations and which contains specific provisions pertaining thereto.

"Recovery Lock Transaction" means a Credit Derivative Transaction in respect of which the Reference Price is specified in the relevant documentation as a price less than 100 percent. and for which either Buyer or Seller can deliver a Notice of Physical Settlement.

"Reference Auction Obligation" means the obligation of the Affected Reference Entity by reference to which the Not Subordinated Deliverable Obligation Characteristic, if applicable, will be assessed, which obligation shall be the obligation specified as such in Schedule 1 to these Credit Derivatives Auction Settlement Terms or, if no such obligation is so specified, any unsubordinated Borrowed Money obligation of the Affected Reference Entity.

"Reference Obligation Only Transaction" means (a) a Credit Derivative Transaction in respect of which Physical Settlement is the applicable Settlement Method and "Reference Obligation Only" is specified as the Deliverable Obligation Category or (b) a Credit Derivative Transaction in respect of which Cash Settlement is the applicable Settlement Method and the relevant Confirmation specifies only one or more specifically identified Reference Obligations.

"Relevant Credit Event" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Relevant Creditex Entity" means (a) with respect to a Relevant Transaction Type included in the Americas, Creditex Securities Corporation and (b) with respect to a Relevant Transaction Type included in any other Region, Creditex Brokerage LLP.

"Relevant Pricing Increment" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Relevant Transaction Type" has the meaning set forth in Schedule 1 to these Credit Derivatives Auction Settlement Terms.

"Rules" has the meaning set forth in the introduction to these Credit Derivatives Auction Settlement

Terms.

"Seller M(M)R Trade" has the meaning set forth in the definition of Covered Non-Swaption Transaction.

"Single Name Swaption" means any unexercised option to enter into a Credit Derivative Transaction that is a Covered Non-Swaption Transaction that references not more than one Reference Entity.

"Underlying CDS" means, with respect to a Single Name Swaption or Portfolio Swaption, the underlying Credit Derivative Transaction to which the relevant option relates, provided that such underlying Credit Derivative Transaction is not an Excluded Index Transaction or an Excluded Non-Index Transaction.

"Website" means the website of the DC Secretary, from time to time, that the DC Secretary uses for the purposes of satisfying its publication and notification obligations under the Rules² (provided that if the Website is unavailable for any reason, another comparable media outlet may be used by the DC Secretary as a replacement for purposes of publication of information that the DC Secretary is required to publish in accordance with the Rules); such Website being the successor to www.isda.org for the purposes of communications relating to the activities of the Credit Derivatives Determinations Committees.

² At the time of publication of these Credit Derivatives Auction Settlement Terms, the Website is available at: www.cdsdeterminationscommittees.org.

Schedule 1

2018 Novo Banco S.A. Credit Event Auction-Specific Terms

This Schedule 1 sets out the following auction-specific terms applicable to these Credit Derivatives Auction Settlement Terms:

"**Affected Reference Entity**" means Novo Banco S.A.

"**Auction Date**" means ~~27~~ 27 November 2018.

"**Auction Settlement Date**" means the later of (a) the date that is three Business Days following the Auction Final Price Determination Date and (b) ~~27~~ 30 November 2018.

"**Credit Event Resolution Request Date**" means 4 October 2017.

"**Deliverable Obligation Terms**" means:

Deliverable Obligation Category	Deliverable Obligation Characteristics
Bond or Loan	Not Subordinated Specified Currency Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer

and for which the "Reference Obligation" is the bond ~~specified~~ on the Final List with ISIN XS0772553037.

"**Designated Range of Scheduled Termination Dates**" ~~is not applicable~~ means the following range of Scheduled Termination Dates: 4 October 2017 to 6 February 2035 (inclusive) (Buyer exercised trades or Seller M(M)R Trades only).

For the avoidance of doubt, an Auction will not be held in respect of the following range of Scheduled Termination Dates:

(a) on or after 7 February 2035 (Buyer-exercised or Seller M(M)R Trades only); and

(b) all Seller-exercised trades (other than Seller M(M)R Trades) (the "Seller Bucket").

and, in each case, the relevant triggered transactions will be subject to the Fallback Settlement Method unless Buyer has validly exercised the Movement Option.

"**Final Maturity Bucket**" is ~~not applicable~~ the Seller Bucket.

"**Reference Auction Obligation**" means the bond specified on the Final List with ISIN XS0772553037.

"**Relevant Credit Event**" means the Restructuring that is the subject of DC Issue 2017100401.

"**Relevant Pricing Increment**" means one-eighth of one ~~percent~~ per cent.

"**Relevant Transaction Type(s)**" means Standard European Financial Corporate and European Financial Corporate.

Schedule 2

2018 Novo Banco S.A. Credit Event Fixed Rate Accrual Amendments

The provisions of the relevant documentation that govern the accrual of Fixed Rates and the payment of Fixed Amounts under each specified category of Auction Covered Transaction following an Event Determination Date with respect to the Affected Reference Entity shall be amended as follows:

- (a) **Single name CDS transactions.** The documentation relating to each Auction Covered Transaction that references only the Affected Reference Entity (other than a Single Name Swaption) is amended as follows:

Notwithstanding anything to the contrary in the documentation governing the Auction Covered Transaction:

- (i) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) before the Auction Settlement Date (such date, the "**Accrual Reference Date**"):
 - (A) the Fixed Rate on the Auction Covered Transaction shall accrue to but excluding the final Fixed Rate Payer Payment Date (the "**Final Fixed Rate Payer Payment Date**") which occurs (or would have occurred but for the Credit Event) in the period from but excluding the Credit Event Resolution Request Date to but excluding the Accrual Reference Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) for purposes of determining the payment due on each Fixed Rate Payer Payment Date occurring (or which would have occurred but for the Credit Event) in such period; and
 - (B) a rebate of such Fixed Rate accrual on the Auction Covered Transaction for the period from but excluding the Credit Event Resolution Request Date to but excluding the Final Fixed Rate Payer Payment Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) will be paid by Seller to Buyer on the Accrual Reference Date; or
- (ii) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) on or after the Accrual Reference Date: (A) the Fixed Rate on the Auction Covered Transaction shall accrue to and including the Credit Event Resolution Request Date; and (B) the resulting Fixed Amount in respect of the Affected Reference Entity shall be paid on the Accrual Reference Date, with no rebate.

- (b) **Untranching transactions.** The documentation relating to each Auction Covered Transaction that is an untranching transaction is amended as follows:

Notwithstanding anything to the contrary in the documentation governing the Auction Covered Transaction:

- (i) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) before the Auction Settlement Date (such date, the "**Accrual Reference Date**"):
 - (A) the Fixed Rate on the Auction Covered Transaction or the Affected Portion thereof, as applicable, shall accrue to but excluding the final Fixed Rate Payer Payment Date (the "**Final Fixed Rate Payer Payment Date**") which

occurs (or would have occurred but for the Credit Event) in the period from but excluding the Credit Event Resolution Request Date to but excluding the Accrual Reference Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) for purposes of determining the payment due on each Fixed Rate Payer Payment Date occurring (or which would have occurred but for the Credit Event) in such period; and

- (B) a rebate of such Fixed Rate accrual on the Auction Covered Transaction or the Affected Portion thereof, as applicable, for the period from but excluding the Credit Event Resolution Request Date to but excluding the Final Fixed Rate Payer Payment Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) will be paid by Seller to Buyer on the Accrual Reference Date; or
- (ii) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) on or after the Accrual Reference Date: (A) the Fixed Rate on the Auction Covered Transaction or the Affected Portion thereof, as applicable, shall accrue to and including the Credit Event Resolution Request Date; and (B) the resulting Fixed Amount in respect of the Affected Reference Entity shall be paid on the Accrual Reference Date, with no rebate.

- (c) **Tranched transactions.** The documentation relating to each Auction Covered Transaction that is a tranched transaction is amended as follows:

Notwithstanding anything to the contrary in the documentation governing the Auction Covered Transaction:

- (i) if the first Fixed Rate Payer Payment Date after the Credit Event Resolution Request Date occurs (or would have occurred but for the Credit Event) before the Auction Settlement Date (such date, the "**Accrual Reference Date**"):
 - (A) the Fixed Rate shall accrue as if no Credit Event had occurred with respect to the Affected Reference Entity to but excluding the final Fixed Rate Payer Payment Date (the "**Final Fixed Rate Payer Payment Date**") which occurs (or would have occurred but for the Credit Event) in the period from but excluding the Credit Event Resolution Request Date to but excluding the Accrual Reference Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) for purposes of determining the payment due on each Fixed Rate Payer Payment Date occurring (or which would have occurred but for the Credit Event) in such period; and
 - (B) without duplication of any rebate payable under the documentation governing such Auction Covered Transaction, a rebate of such Fixed Rate accrual on the Affected Portion equal to the reduction in the Outstanding Swap Notional Amount for the Incurred Loss Amount, if any, and/or Incurred Recovery Amount, if any, with respect to the Affected Reference Entity for the period (if any) from and including the calendar day immediately following the Credit Event Resolution Request Date to but excluding such Final Fixed Rate Payer Payment Date (or, if such Final Fixed Rate Payer Payment Date is the Scheduled Termination Date, to and including such Scheduled Termination Date) will be paid by Seller to Buyer on the Accrual Reference Date; or

- (ii) if no Fixed Rate Payer Payment Date occurs (or would have occurred but for the Credit Event) in the period from but excluding the Credit Event Resolution Request Date to but excluding the Accrual Reference Date:
 - (A) the Fixed Rate shall accrue as if an Event Determination Date with respect to the Affected Reference Entity had occurred on the Credit Event Resolution Request Date;
 - (B) a Fixed Amount accrual in respect of the reduction in the Outstanding Swap Notional Amount for the Incurred Loss Amount, if any, and/or Incurred Recovery Amount, if any, with respect to the Affected Portion for the relevant Fixed Rate Payer Calculation Period through and including the Credit Event Resolution Request Date shall be paid on the Accrual Reference Date; and
 - (C) the Fixed Amount accrual payable on such Fixed Rate Payer Payment Date shall be calculated as if the Outstanding Swap Notional Amount were reduced by the Incurred Loss Amount, if any, and/or the Incurred Recovery Amount, if any, with respect to the Affected Reference Entity on the first day of the relevant Fixed Rate Payer Calculation Period, with no rebate.

Notwithstanding anything to the contrary in the relevant documentation, the Cash Settlement Amount (if any) in respect of the Affected Portion shall be payable on the Auction Settlement Date determined pursuant to these Credit Derivatives Auction Settlement Terms.

For the purposes of this Schedule 2, "Outstanding Swap Notional Amount", "Incurred Loss Amount" and "Incurred Recovery Amount" have the meanings specified in the relevant forms published by CDS IndexCo LLC, Markit North America, Inc., or any predecessor or successor thereto (or, if the relevant tranching transaction is documented under another form of documentation, meanings analogous thereto, to the extent applicable).

- (d) **Recovery Lock Transactions.** The documentation relating to each Auction Covered Transaction that is a Recovery Lock Transaction is amended as follows:

Notwithstanding anything to the contrary in the documentation, the final Fixed Rate Payer Calculation Period in respect of the Fixed Amount payable in respect of the Affected Reference Entity shall end on, and include, the Credit Event Resolution Request Date and the resulting Fixed Amount shall be paid on the Auction Settlement Date.

- (e) **Nth to Default Transactions.** The documentation relating to each Auction Covered Transaction that is an Nth to Default Transaction is amended as follows:

Notwithstanding anything to the contrary in the documentation, the final Fixed Rate Payer Calculation Period in respect of the Fixed Amount payable in respect of the Affected Reference Entity shall end on, and include, the Credit Event Resolution Request Date and the resulting Fixed Amount shall be paid on the Auction Settlement Date.

- (f) **Portfolio Swaptions.** The documentation relating to each Auction Covered Transaction that is a Portfolio Swaption is amended to provide that: (x) no Accrued Amount in respect of the Affected Portion will be deducted from the Strike Adjustment Amount ("Accrued Amount" and "Strike Adjustment Amount" having the meanings specified in the relevant Swaption template (Master Confirmation as Underlying) published by CDS IndexCo LLC, Markit North America, Inc., or any predecessor or successor thereto, or, if the relevant Portfolio Swaption is documented under another form of documentation, meanings analogous thereto, to the extent applicable); and (y) the related Underlying CDS is deemed to be amended as follows:

Notwithstanding anything to the contrary in the documentation for the relevant Portfolio Swaption or the documentation for the underlying credit default swap:

- (i) if the Portfolio Swaption is effectively exercised on or prior to the third Business Day prior to the Auction Settlement Date (such date, the "**Accrual Reference Date**"): (A) the seller of protection in the underlying transaction will pay to the buyer of protection in the underlying transaction, on the third business day after the day on which such Portfolio Swaption is effectively exercised, the Fixed Amount in respect of the Affected Reference Entity (as defined in the documentation for the underlying credit default swap transaction) for the Fixed Rate Payer Calculation Period beginning on the Fixed Rate Payer Payment Date for the underlying transaction immediately prior to the date on which the Portfolio Swaption is effectively exercised and ending on, and including, the Credit Event Resolution Request Date; and (B) the buyer of protection in the underlying transaction will not pay to the seller in such underlying transaction any Fixed Amount in respect of the Affected Reference Entity; and
- (ii) if the Portfolio Swaption is effectively exercised after the third Business Day prior to the Accrual Reference Date, neither party will pay to the other any Fixed Amount in respect of the Affected Reference Entity.

Comparison Details	
Title	pdfDocs compareDocs Comparison Results
Date & Time	16/11/2018 11:02:34
Comparison Time	2.56 seconds
compareDocs version	v4.2.306.1

Sources	
Original Document	[#29068909] [v8] Novo Banco - DRAFT ASTs (2014 CDD Senior SRO only)
Modified Document	[#29068909] [v17] Novo Banco - DRAFT ASTs (2014 CDD Senior SRO only)

Comparison Statistics	
Insertions	26
Deletions	7
Changes	19
Moves	0
TOTAL CHANGES	52

Word Rendering Set Markup Options	
Name	Standard
<u>Insertions</u>	
Deletions	
<u>Moves</u> / Moves	
Inserted cells	
Deleted cells	
Merged cells	
Formatting	Color only.
Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after Saving	General	Always
Report Type	Word	Formatting
Character Level	Word	True
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Show Track Changes Toolbar	Word	False
Show Reviewing Pane	Word	False
Update Automatic Links at Open	Word	False
Summary Report	Word	End
Include Change Detail Report	Word	Separate
Document View	Word	Print
Remove Personal Information	Word	False
Flatten Field Codes	Word	True