

Novo Banco, S.A. informs about issuance of subordinated debt

Novo Banco, SA (“novobanco” or the “Bank”) informs that it has today launched a 10.5NC5.5 Tier 2 bond in the amount of € 500 million, with maturity on 1 December 2033 and an early redemption option by the Bank at the end of 5 years. The notes were subscribed at 100% price and have an annual interest rate of 9.875% in the first 5 years, and 5 years mid-swaps plus a margin thereafter.

The Bank announced in the morning the intention to issue a new € 400 million Tier 2 issue, gathering strong interest from the market, with the book being 3 times oversubscribed. At the same time the Bank also announced a tender offer on its existing Tier 2 securities, allowing investors to roll their exposures. The new bond issue is intended as a replacement of the existing Tier 2 issued by the Bank back in July 2018. The positive backdrop allowed the Bank to tighten final pricing by 0.375% and upsize the new issue to € 500 million. The new Tier 2 has an issue spread 150bps lower than the existing Tier 2, being a strong evidence of the Bank’s successful trajectory over the past years. The transaction will be Capital and MREL accretive.

The Notes were placed entirely with institutional and professional investors following a roadshow on May 22 and 23, in which novobanco met more than 50 investors. The final allocation included investors from the United Kingdom (26%), France (21%), Sweden (10%), United States (10%), Spain (5%), German (5%), with asset managers accounting for more than 78%. Settlement will take place on 1 June 2023.

BofA Securities, Citigroup, Crédit Agricole CIB, Credit Suisse, J.P. Morgan and Société Générale acted jointly as Joint Lead Managers and Joint Bookrunners.

This announcement is made in accordance and for the purpose of article 29-Q, No. 3 of the Portuguese Securities Code and article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council.

Lisbon, 24 May 2023
Novo Banco, S.A.