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1 INTRODUCTION

1.1 Overview

The selection and appointment of statutory auditors and audit firms by public-interest entities, pursuant to Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006, and Law 148/2015 of 9 September, applicable to Bison Bank, S.A. ("Bank"), as well as the hiring of non-audit services that are not prohibited to its statutory auditors and audit firms or respective network, are governed by stringent European and national rules.

This document aims to accommodate the applicable aforesaid rules and define the Policy on Selection and Appointment of Statutory Auditors ("Policy") of Bison Bank, S.A.

1.2 Scope and Purpose

Statutory audits carried out by statutory auditors or audit firms are an important activity in the sound presentation of accounts, ensuring the confidence of the receivers of the financial information of the audited entities, namely, the investors, clients, suppliers and other stakeholders in the information expressed therein, through the issue of an opinion on whether the accounts are prepared in accordance with the applicable financial reporting standards, in all materially relevant aspects.

This Policy regulates the process of selection and appointment of statutory auditors or audit firms and the hiring of non-audit services that are not prohibited to them or their network, with a view to ensuring the audit quality, that the statutory auditors or audit firms conduct their work with independence, fairness and impartiality, in compliance with the national and Community rules and regulations applicable to the exercise of the profession and the role entrusted to audited entities classified as "public-interest entity", namely, in the supervision of independence.

The statutory auditor is responsible for the audit quality and the supervising body can actively contribute to provide greater confidence in the quality of the financial information.

1.3 Definitions

For the purposes of this Policy, the following definitions are applicable:

- **Bank:** Bison Bank, S.A.
- **Supervisory Board:** The Bank's supervising body, in accordance with the management and supervisory structure established in the Portuguese Companies Act and laid down in its Articles of Association.
- **Public-interest entities:** Entities qualified as such by Article 3 of the Legal Framework on Audit Supervision, approved by Law 148/2015 of 9 September, transposing Article 2 of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006.
- **EOROC:** Statute of the Portuguese Institute of Statutory Auditors, approved by Law 140/2015.
- **Statutory Auditor:** Statutory auditor and/or audit firm, indiscriminately.
- **Audit services:** Audit of the accounts, which entails examinations and other services related to the accounts of companies or other entities, conducted in accordance with the audit rules in force, comprising:
 - a) Statutory audit, carried out in compliance with legal or statutory provisions;

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- b) Voluntary audit, carried out in compliance with a contractual obligation;
 - c) Services related to those referred to in the previous subparagraphs for a specific or limited purpose or scope.
- **Prohibited non-audit services:** Services that, under the terms of Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and the EOROC, the statutory auditor carrying out the statutory audit of a public-interest entity or any member of the network to which this statutory auditor belongs cannot directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the European Union, and which are:
 - a) Tax services related to:
 - i. The preparation of tax returns;
 - ii. Payroll taxes;
 - iii. Customs duties;
 - iv. The identification of public subsidies and tax incentives, unless the support of the statutory auditor in respect of such services is required by law;
 - v. Support on matters of tax inspections by the tax authorities, unless the support of the statutory auditor in respect of such inspections is required by law;
 - vi. The calculation of direct and indirect taxes and deferred taxes;
 - vii. The provision of tax advice;
 - b) Services that involve playing any part in the management or decision-making of the audited entity;
 - c) Bookkeeping and preparation of accounting records and financial statements;
 - d) Payroll services;
 - e) Design and implementation of internal control or risk management procedures related to the preparation and/or control of financial information, or design and implementation of information technology systems used in the preparation of this information;
 - f) Valuation services, including valuations performed in connection with actuarial services or litigation support services;
 - g) Legal services with respect to:
 - i. The provision of general advice;
 - ii. Negotiating on behalf of the audited entity; and
 - iii. Acting in an advocacy role in the resolution of litigation;
 - h) Services related to the internal audit function of the audited entity;
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- i) Services associated to the financing, capital structure and allocation and investment strategy of the audited entity, except for the provision of assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
 - j) Promotion, dealing in or underwriting of shares in the audited entity;
 - k) Human resources services with respect to:
 - i. Management positions that could possibly exert significant influence on the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:
 - Selection of or search for candidates for these positions;
 - Undertaking of reference checks of candidates for these positions;
 - ii. The design of the organisation's structure; and
 - iii. Cost control.

The prohibition is applicable during the period between the start of the audited period and the issue of the audit report or the legal certification of the accounts and, in relation to the services referred to in subparagraphs e) and g) above, also during the financial year immediately preceding this period.

- **Non-audit services that are not prohibited:** Non-audit services that are not explicitly prohibited under the terms of Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014 and the EOROC (prohibited non-audit services as defined in this Policy) and can be provided by the statutory auditor or any member of their network to the audited public-interest entity, its parent company or the entities under its control, subject to prior approval of the audited entity's supervising body based on the appropriate assessment of threats to independence and the applied safeguards.
- **Contingent fee:** Fee for audit services calculated on a predetermined basis related to the results of a transaction or the results of the work carried out. The fee is not considered a conditional fee, if it is established by a court or competent authority.

2 LEGAL AND REGULATORY FRAMEWORK

The Policy aims to ensure compliance with and implementation of the following legal and regulatory provisions and guidelines:

- Directive 2006/43/EC of the European Parliament and of the Council, of 17 May 2006, as currently worded;
- Regulation (EU) No. 537/2014 of the European Parliament and of the Council, of 16 April 2014, on specific requirements regarding statutory audit of public-interest entities;
- Law 140/2015 of 7 September, which approves the new Statute of the Portuguese Institute of Statutory Auditors;
- Law 148/2015 of 9 September;
- Legal Framework on Audit Supervision, approved by Article 2 of Law 148/2015 of 9 September, attached to this law;

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- Portuguese Companies Act;
 - Banco de Portugal Notice 3/2020;
 - Banco de Portugal Circular Letter CC/2020/0000020;
 - Report issued by the International Organization of Securities Commissions (IOSCO) on “Good Practices for Audit Committees in Supporting Audit Quality”, of January 2019;

Joint Statement of the Portuguese Council of Financial Supervisors, composed of the national supervisors of the banking sector, insurance sector and securities market, on “the contribution of the supervising bodies of public-interest entities to audit quality”, of March 2020. The Bank has adopted the supervision structure established in the Companies Act, Article 413, number 1, subparagraph b), pursuant to which the Bank's supervision is entrusted to the Supervisory Board and to the Statutory Auditor. Article 420, number 2 of the same Act also determines that, under these circumstances, the Supervisory Board is also responsible for:

- a) Supervising the process of preparation and disclosure of financial information;
- b) Proposing the appointment of the statutory auditor to the General Meeting;
- c) Supervising the review of accounts of the company's financial statements;
- d) Supervising the independence of the statutory auditor, namely concerning the provision of additional services.

Pursuant to Article 3, subparagraph b) of the Legal Framework on Audit Supervision, Bison Bank is classified as a “public-interest entity”, due to being a credit institution, for the purposes of the aforesaid legal framework, Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014 and the Statute of the Portuguese Institute of Statutory Auditors, approved by Law 140/2015, namely regarding:

- a) Rotation of the statutory auditor;
 - b) Minimum and maximum terms of office;
 - c) Prohibition of providing particular services that could affect independence;
 - d) Limitation and conditions for providing non-audit services that are not prohibited;
 - e) Mitigation of financial dependence of the audited entity, by establishing limits to the weight of the fees received from that entity classified as being of public interest;
 - f) Assessment of threats to independence before accepting or continuing audit work;
 - g) Special duties of reporting irregularities or suspected occurrence of irregularities, including fraud with respect to the accounts of the audited entity, informing the latter and, in the absence of an investigation to the identified situation and appropriate measures to mitigate the risk of recurrence of these irregularities, informing the Portuguese Securities Market Commission (CMVM), without prejudice to all the other duties of disclosure or reporting;
 - h) Internal quality control before the issue of any document arising from the statutory audit;
 - i) Issue of an additional report addressed to the supervising body, pursuant to the Legal Framework on Audit Supervision;
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- j) Duty of immediate disclosure to the supervisory authorities of information that could imply: material breach of the legal, regulatory and administrative provisions; threat or specific doubts on the audited entity's capacity to pursue its activity as a going concern; issue of a qualified audit opinion on the accounts or impossibility of issuing a report;
 - k) Specific incompatibilities of conducting statutory audits at the public-interest entity due to performance by the statutory auditor or related party of duties as a member of a management or supervising body during the previous three years;
 - l) Impediment to the allocation by the statutory auditor of any statutory auditors or partners of audit firms that have been, during the previous four years, directors or senior management personnel with significant influence in the preparation of the accounts of the audited public-interest entity.

3 STATUTORY AUDIT SERVICES

3.1 General Principles

The Supervisory Board, as the Bank's supervising body, is responsible for supervising the services provided by the statutory auditor in the examination of individual and consolidated accounts, as well as the services provided in compliance with specific legislation or regulations involving audits.

3.2 Independence

In the scope of its duties regarding the provision of services by the statutory auditor, the Supervisory Board promotes the taking of appropriate measures to prevent, identify and resolve any threats to the independence of the statutory auditor, namely in situations of self-review, self-interest, advocacy, familiarity or trust or intimidation.

The statutory auditor must take the appropriate measures to ensure that, during the performance of their duties, their independence is not affected by existing or potential conflicts of interest nor commercial relations or other direct or indirect relations that involve them and their network, managers, auditors, employees, any other natural person whose services are at the disposal or under the control of the statutory auditor or any person directly or indirectly linked to the statutory auditor by a relationship of control.

The statutory auditor must have an appropriate safeguard system to deal with potential risks to their independence, and must report to the Supervisory Board any flaw or threat to their independence that they detect in this regard.

When applicable, the Bank's statutory auditor shall ensure the coherence of the requirements applicable to the auditors of the accounts of the group's components, in particular concerning their independence, indicating the requirements to be complied with for the purposes of carrying out the statutory audit of the consolidated accounts whenever they are more stringent in Portugal.

The statutory auditor must also:

- a) Confirm in writing to the Supervisory Board, before taking office and annually, before the preparation of the statutory audit, that the statutory auditor's partners and senior managers, as well as the other managers and personnel involved in the implementation of the work within the statutory audit are independent in relation to the Bank;
- b) Annually disclose to the Supervisory Board, before the preparation of the statutory audit, all the additional services provided to the Bank, when applicable, without prejudice to these services being subject to the Bank's prior approval; and

- c) Examine together with the Supervisory Board the threats to the statutory auditor's independence and the safeguards applied to mitigate these threats.

If the total fees received by the statutory auditor from the Bank in each of the last consecutive three financial years are more than 15% of the total fees received by the statutory auditor, or, if applicable, statutory auditor of the group that carries out the statutory audit, in each one of these financial years, the statutory auditor shall inform the Supervisory Board of this fact, and the two shall analyse the threats to the statutory auditor's independence and the safeguards applied to mitigate these threats.

Furthermore, if these fees continue to be more than 15% of the total fees received by the statutory auditor, or, if applicable, statutory auditor of the group that carries out the statutory audit, the Supervisory Board shall assess and decide, based on objective criteria, if the statutory auditor can continue to carry out the statutory audit for an additional period, which cannot exceed two years.

In this regard, the Supervisory Board shall assess whether the statutory audit must or must not be subject to a quality control review by another statutory auditor before the issue of the legal certification of the accounts.

The statutory auditor or, when applicable, the statutory auditor of the group, shall immediately inform the CMVM of these facts, the measures taken to safeguard their independence and the decisions of the Supervisory Board.

With respect to the fees paid for non-audit services that are not prohibited, the provisions in paragraph 3.5 of this Policy are applicable.

3.3 Audit Hiring and Monitoring Procedures

This section describes the procedures to be followed by the Bank in the hiring of the statutory auditor, and the duty of internal monitoring of the performance of their work.

3.3.1. Hiring of the Statutory Auditor

Unless related to the renewal of the term of office for statutory audit when the rotation established in point 3.3.3 does not apply, the statutory auditor selection and appointment process shall start at least 3 months in advance to ensure compliance with the provisions in the applicable legislation and regulations and in a manner ensuring the nonexistence of disruptions to activity. The selection process must be transparent and competitive, inviting a minimum of three eligible statutory auditors in terms of capacity to carry out quality audits, and should be primarily focused on audit quality.

The process of selection of the statutory auditor, with a view to their appointment by the General Meeting for the minimum period of two years, starts by initiative of the Supervisory Board, supported by the Bank's Accounting and Planning Department and, when necessary, the Legal Department, with the preparation of the market consultation/tender programme and its terms of reference, analysis of the proposals of the competitive bidders, scoring of the proposals according to the quality of the audit and fees. The Supervisory Board is responsible for leading the entire selection process in an independent manner, where the Management is not the sole responsible for establishing the audit fees.

In the event of a market consultation, the letter of invitation to submit a proposal must be addressed to the potential candidates, previously selected based on their capacity to implement the audit work with quality (which assumes proven experience in the provision of audit services in the financial sector), taking into account, in particular, the safeguarding of independence, the available resources and experience in the financial sector.

Terms of Reference

The terms of reference must take into account the following criteria: the integrity, professional ethics, independence of the statutory auditor and their team; their technical competence in conducting audits (including

knowledge of assessment of computer-based controls); previous experience, namely in the financial sector; the availability to carry out the work in a timely fashion, the necessary resources, broken down by professional categories; their internal organisation and internal quality control systems, including, when applicable, the degree of implementation of the established measures to overcome infringements of the legal rules and regulations relative to statutory audits; the fees and other charges. The fees must be reasonable and correspond to the nature, extent, depth and time necessary to carry out a service in accordance with the audit rules and regulations in force, without ever threatening the professional independence of the statutory auditor or the quality of their work, and must not be influenced or determined by the provision of additional services to the examined entity nor based on any type of contingency ("contingent fees"). The integrity, ethics, the nonexistence of conflicts of interest and low risk of affecting the statutory auditor's independence are basic criteria for acceptance of proposals. If there are threats to the independence, the type of safeguards that shall be applied by the statutory auditor to limit these threats must also be considered.

In the selection of the statutory auditor, a weighting of 30% shall be given to the fees and 70% to the appraisal of all the other criteria referred to above, pursuant to the table attached hereto.

Candidate statutory auditors must provide the Supervisory Board with a document that assures they comply with all the legal requirements to hold the position of statutory auditor and, furthermore, that their partners and senior managers, as well as the other managers and personnel involved in the implementation of the work within the statutory audit are independent in relation to the Bank, that there is no situation of incompatibility or impediment, as listed in the EOROC.

Moreover, the Supervisory Board must be given the documented assessment made by the statutory auditor, which includes the answers to the following questions, with respect to the statutory auditor:

- a) Whether the statutory auditor meets the legal requirements of independence;
- b) Whether there are threats to the statutory auditor's independence, and the safeguards applied to limit these threats;
- c) Whether the statutory auditor has competent human resources, time and all the other necessary resources to carry out the audit in an appropriate manner;
- d) In case of an audit firm, whether the representative partner and the partner responsible for the supervision or implementation of the audit work is approved as a statutory auditor in the Member State that requires statutory audit.

The document referred to above must also contain – or be accompanied by – a description of the statutory auditor's organisation, including:

- a) A summary of the policies, procedures and mode of operation of its internal quality control system;
- b) Foreseen measures to remedy any possible infringement of the legal rules related to the statutory audit, including those arising from Regulation (EU) No. 537/2014 of the European Parliament and of the Council, of 16 April 2014;
- c) Form of control of incompatibilities and impediments;
- d) Form of monitoring non-audit services;
- e) Form of monitoring the fees in relation to total fees, pursuant to the provisions in Article 77(1) and (3) of the EOROC;
- f) Process of appointment of the statutory auditor responsible for the internal quality control of the work;

- g) Form of monitoring the internal quality control of the work.

The following will be excluded:

- a) Statutory auditors that do not perform their activity on an exclusive basis (that are not simultaneously bound to a work that implies hierarchical subordination, outside the scope of the performance of duties as statutory auditors – see definition in EOROC, Article 49, number 3);
- b) Applicants that, directly or indirectly, provide services or establish significant commercial relations with the Bank or a company in a parent-subsidary or group relationship with the Bank (Companies Act, Article 414-A, 1, subparagraph e));
- c) Applicants that have performed duties as statutory auditor or audit firm of the Bank for the maximum permitted period of 4 previous years.

Applicants will also be excluded, if the statutory auditor or their network have provided the following non-audit services to the Bank in the immediately preceding year:

- a) Design and/or implementation of internal control or risk management procedures related to the preparation and/or control of financial information;
- b) Design and/or implementation of information technology systems used in the preparation of the financial information;
- c) Legal services, on general advisory matters, negotiation on behalf of the audited entity and representation duties in the settlement of disputes.

The application of a statutory auditor or audit firm will also be excluded if, during the period of 2 years prior to their appointment, the auditor or their network have:

- a) Regularly attended or participated in the accounting or in the preparation of the Bank's financial statements (individual or consolidated); or
- b) Intervened in the recruitment of managers responsible for the accounting or control areas of the Bank, its parent company or subsidiaries.

The Bank's General Meeting is responsible for appointing the statutory auditor, through the submission of proposals of two candidates by the Supervisory Board and duly justified expression of preference for one of them (including the assessment of fulfilment of the selection criteria).

In the proposal, the Supervisory Board must explicitly state that it is not subject to third-party influence or the imposition of any clause of a contract concluded between the Bank and a third party that limits the choice of the General Meeting to the implementation of the statutory audit of the Bank by certain categories or lists of statutory auditors.

It should be noted that such clauses are null and void. Nevertheless, the Bank must directly and immediately inform the CMVM of any attempt of third parties to impose such a contractual clause or in any other manner unduly influence the decision of the Bank's General Meeting on the selection of a statutory auditor.

3.3.2. Provision of the Audit Services

The contracts for provision of statutory audit services must cover specific measures that allow the Supervisory Board to monitor and assess the statutory auditor's independence and performance, implying acceptance of this Policy.

The scope, comprehensiveness and timeframe of implementation of the activities included in the audit services must be discussed and agreed with the respective service providers, with the involvement of the Supervisory Board, in order to ensure the indispensable conditions for the independence of the statutory auditor's action.

It is explicitly prohibited for any of the Bank's bodies to authorise the starting of audit work related to the examination of the accounts or any other additional services to be provided by the statutory auditor without the due inhouse approval supported by the existence of a formal proposal of this entity and supervision of the supervising body.

The statutory auditor must, in principle, provide audit services to the Bank and to all the companies under its control under the agreed terms, unless the local conditions, the size of these companies or legal and/or regulatory limitations oblige or advise procedures otherwise.

If, upon every period of renewal of the contract for provision of audit services, and in the event that the characteristics and volume of the services provided remain unchanged, there is an increase in the value of the fees charged above inflation, these increases must be formally justified by the statutory auditor and be taken into account when deciding on the statutory auditor's renewal.

3.3.3. Rotation of the Statutory Auditor

The rotation of audit team members and of the actual statutory auditor constitutes a mechanism to mitigate the risk of threat to independence.

For this reason, the statutory auditor must adopt an appropriate mechanism for the gradual rotation of the senior personnel involved in statutory audits which includes at least the persons registered as statutory auditors. The gradual rotation mechanism is applied in stages on an individual basis and not to the entire work team, and is proportional to the scale and complexity of the statutory auditor's activity.

The maximum period of performance of statutory audit duties by the partner responsible for the supervision or direct implementation of the statutory audit is seven years, counted from the first appointment, and can be reappointed after a minimum period of three years has elapsed.

The initial minimum period of performance of statutory audit duties of the statutory auditor is two years, and the maximum period is two or three terms of office, according to whether they are, respectively, of four or three years. The maximum period of each term of office is four years (Companies Code, Article 446, number 2). After the performance of duties for the aforesaid maximum period, the statutory auditor can only be reappointed after a minimum period of four years has elapsed.

The counting of the periods indicated above starts from the first financial year covered by the contractual binding through which the statutory auditor was appointed for the first time to implement the consecutive statutory audits of the Bank.

Nevertheless, the maximum period of performance of duties of the statutory auditor can be extended on an exceptional basis up to a maximum of 10 years, provided that this extension is approved by the Bank's General Meeting, under substantiated proposal of the Supervisory Board, explicitly weighing up the conditions of independence of the hired statutory auditor and the benefits and costs of the statutory auditor's replacement.

In order to facilitate a gradual transition, the previous statutory auditor must hand over a transfer dossier with the relevant information to the succeeding statutory auditor, namely access to the additional reports addressed to the supervising body and any information conveyed to the public supervision authority of statutory auditors in Portugal (CMVM), safeguarding the duties of confidentiality, conservation and data protection.

In the process of renewal of the statutory auditor's term of office, the Supervisory Board will take into account the findings of the assessment of the statutory auditor's performance, under the terms of paragraph 3.7 of this Policy.

3.3.4. Audit Monitoring

The Supervisory Board shall monitor the services provided by the statutory auditor, promoting, namely, the holding of meetings to ensure that it is well-informed of the development of the statutory auditor's work and provisional conclusions, and through the discussion/prior analysis of the draft audit reports and other related documents issued by the statutory auditor.

On the other hand, the Supervisory Board shall obtain information to assess the audit quality by monitoring the statutory audit, namely its implementation, taking into account any findings and conclusions of the CMVM as the competent authority for audit supervision.

The Supervisory Board shall inform the Board of Directors on the findings of the statutory audit and explain how it contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role performed by the Supervisory Board in this process. The members of the Supervisory Board shall maintain an attitude of professional scepticism in relation to the financial information subject to audit.

Furthermore, the Supervisory Board shall be responsible for verifying, monitoring and assessing the statutory auditor's independence under the legal terms, namely the verification of the written confirmation issued by the statutory auditor of their independence in performing duties at the Bank, and for discussing with the statutory auditor any threats to their independence and the safeguards applied to mitigate these threats.

Finally, the Supervisory Board shall be responsible for assessing the statutory auditor's performance, under the terms of paragraph 3.7 of this Policy.

The Supervisory Board must be given the necessary administrative and technical support for the effective performance of its duty to promote audit quality under the implementation of this Policy, where the Supervisory Board is the Bank's main representative in interaction with the statutory auditor.

3.4 Prohibited Services

The Bank's statutory auditor and any member of the network to which the statutory auditor belongs are prohibited from directly or indirectly providing the Bank or the entities under its control within the European Union with any prohibited non-audit services (see definition in paragraph 3.1 above) or any services that constitute a threat to the statutory auditor's independence. This prohibition is applicable:

- a) during the period between the beginning of the audited period and the issue of the legal certification of the accounts; and
- b) during the financial year immediately preceding the period referred to above in relation to services of design and implementation of internal control or risk management procedures related to the preparation and/or control of financial information, or design and implementation of information technology systems used in the preparation of this information, as well as legal services on general advisory matters, negotiation on behalf of the audited entity and representation duties in the settlement of disputes.

If a member of a network of the statutory auditor provides any prohibited non-audit services to an entity with registered office in a third country that is controlled by the Bank, the statutory auditor must assess whether their independence is compromised by this provision of services by the network member.

If they conclude that their independence will be affected, the statutory auditor must apply safeguards, when applicable, to mitigate the threats caused by this provision of services in a third country.

It should be noted that, in such a case, the statutory auditor can only continue to conduct the statutory audit of the Bank, if they are able to justify, through the documented assessment stipulated in paragraph 3.3.1 of this Policy, together with the legally established assessment of the fulfilment of the requirements for conducting the

statutory audit, that the aforesaid provision of services does not affect their professional judgement nor the audit report or legal certification of the accounts.

3.5 Hiring of Non-Audit Services that are Not Prohibited

The statutory auditor, and any member of their network, can only provide the Bank, its parent undertaking or its controlled undertakings with non-audit services that are not prohibited, as defined in this Policy, by prior and substantiated approval of the Supervisory Board. To this end, the statutory auditor must submit the necessary information for the Supervisory Board's appraisal of the process applied in the hiring, the suitability of these services and the threats to the statutory auditor's independence arising from the provision of these services and the safeguard measures applied.

The proposals for hiring non-audit services that are not prohibited, subject to authorisation of the Supervisory Board, must cover:

- a) The description of the services and justification for their hiring, and the procedures observed in their selection, namely whether it was based on public consultation or direct award, in the latter case indicating the motive of the proposed award of these services to the Bank's statutory auditor and not to another entity;
- b) In cases of tender/consultation, information on the conditions of the different proposals and the motive of the selection or, in cases of direct award, indication of the reasons justifying this decision;
- c) Statement of the statutory auditor detailing that the services do not threaten their independence, namely that they do not involve a situation of self-review or self-interest, or the applied measures to safeguard independence, and that the statutory auditor has the competent human resources, time and other necessary resources to carry out the contracted services;
- d) Fees payable for providing the services and draft contract or terms of the service provision;
- e) List of the contracts of the same service provider that have already been approved since the beginning of the contractual enforcement, detailed by date, nature of the service provided and its value.

If the statutory auditor provides non-audit services that are not prohibited to the Bank, its parent undertaking or its controlled undertakings during a period of three or more consecutive financial years, the fees received for the provision of non-audit services must not exceed 70% of the total value of the fees received by the statutory auditor and, if applicable, from its parent undertaking, its controlled undertakings pursuant to article 2(1)(a) of Decree-Law 158/2009 of 13 July, as amended by Decree-Law 98/2015 of 2 June, and from the consolidated accounts of this group of entities, in the last consecutive three financial years.

Nonetheless, for purposes of calculating the limit referred to above, non-audit services required by EU law or the Portuguese law (from the Bank's statutory auditor) are excluded and, additionally, statutory audit services must have been provided during this period of three or more consecutive financial years.

If and when applicable, the hiring proposals submitted by the Bank's subsidiaries must be accompanied by the opinion of the respective supervising body, if existent.

In the context of the process of hiring non-audit services that are not prohibited, the Supervisory Board may use external support or be advised, at its request, by the Internal Audit Department.

The statutory auditor must immediately inform the CMVM of the non-audit services they have been authorised to provide, as well as the respective grounds, and update the information made available whenever there is any relevant change of circumstances.

3.6 Annual Statutory Audit Report

The statutory auditor submits an additional report to the Supervisory Board, at the latest by the date of submission of the audit report or the legal certification of the accounts.

At the request of the statutory auditor or the Supervisory Board, the statutory auditor shall discuss with the Supervisory Board the fundamental issues arising from the statutory audit referred to in the additional report and, in particular, the indication and explanation of the judgements on the events or conditions identified during the audit that could raise significant doubts as to the Bank's capacity to continue as a going concern and the indication of whether they represent a material uncertainty. A summary should be given of all the guarantees, comfort letters, public intervention commitments and other support measures that should be considered in the appraisal of the business as a going concern.

At the request of the CMVM or the Supervisory Board, the statutory auditor shall immediately provide the additional report to the CMVM.

The additional report shall also be provided to supervisory and judicial authorities as requested under their powers and duties.

3.7 Performance Assessment

By the end of the month following that of the issue of the audit report or the legal certification of the accounts, the Supervisory Board will assess the performance of the statutory auditor, including the appraisal of their independence, and will be entitled to propose to the supervising body the statutory auditor's dismissal or termination of the contract for provision of their services whenever there are justifiable grounds for such.

The appraisal of the renewal of the term of office must include the assessment of performance in the previous term of office, taking into account the result of the monitoring of the statutory audit and the verification and monitoring of the statutory auditor's independence, as well as any findings and conclusions of the CMVM in its public supervision of statutory auditors, or of any administrative or judicial public entity, as well as the existence of any fact or situation of relevance in the assessment of the ethical or professional suitability of the statutory auditor.

4 CONTINUOUS TRAINING

The Board of Directors and Supervisory Board members who are responsible for the control (risk, compliance and internal audit) and accounting functions, as well as all who are involved in the process of selection and appointment of the statutory auditor and the hiring of non-audit services that are not prohibited by regulatory provisions applicable to the performance of audits in public-interest entities, shall attend, regularly and whenever there are relevant changes in the applicable legislation and regulations, training programmes on the matter and on the competences and responsibilities conferred by law, the applicable regulations and this Policy.

5 PREPARATION, APPROVAL, DISCLOSURE AND REVIEW

The first version of this Policy, which was approved by the General Meeting on 27/07/2020, pursuant to Banco de Portugal Circular Letter CC/2020/20, was prepared by the holders of legal and compliance functions, and revised by the internal audit function, followed by an opinion of the Supervisory Board.

The management and supervising bodies, under their legal competences, are responsible for ensuring that the Policy is disclosed internally to all the employees, as well as on the Bank's website.

The Supervisory Board performs a key role in the implementation of this Policy, in contributing to the audit quality by appropriate and consequent interaction with the auditors and promotion of the review of the Policy, if necessary.

The first review of the Policy was approved by the General Meeting on 08/03/2021, having been preceded by the appraisal of the Board of Directors and the opinion of the Supervisory Board, respectively on 08/03/2021 and 18/02/2021, thus invalidating the “Regulations for Provision of Services by the Statutory Auditor” established by the Supervisory Board in September 2016 and reviewed on 24 January 2018.

This Policy will be appraised annually, with adjustments made, if considered necessary. The Supervisory Board shall ensure that this Policy is implemented properly at the Bank and reviewed regularly.

ANNEX I – POLICY ON SELECTION AND APPOINTMENT OF STATUTORY AUDITORS AND AUDIT FIRMS –
 BISON BANK
 SELECTION CRITERIA

Mandatory Criteria:	Leads to exclusion	Compliance
<i>i. Content of the Proposal</i>	Proposal does not comply with the requirements described in the terms of reference.	
<i>ii. Integrity and Independence</i>	Whenever aspects are identified that threaten the integrity and independence of the statutory auditor/audit firm, and if there are no safeguard mechanisms to enable mitigating the identified threats.	
<i>iii. Quality Control System</i>	The existence of infringements of the legal rules related to statutory audits, including those arising from Regulation 537/2014.	

Qualitative Assessment (70%)	%	Aspects to be appraised	VALUATION
<i>i. Technical Competence</i>	5%	Technical competence of the statutory auditor/audit firm, including knowledge of assessment of computer-based controls	
<i>ii. Experience</i>	25%	Experience in the national, European and/or international financial sector	
<i>iii. Human Resources</i>	20%	Team allocated to the project. The time, broken down by professional categories, dedicated to the work to be conducted will also be assessed.	
<i>iv. Methodology</i>	5%	Workplan to ensure an appropriate coverage, with a description of the	

		audit approach and the methodology to be used	
<i>v. Quality Control System</i>	10%	Adequacy of the internal organisation of the statutory auditor/audit firm and their internal quality control system, implemented measures that enable preventing the infringement of the legal rules related to statutory audits	
<i>vi. Other Valuation Aspects</i>	5%	Technical quality of the proposal, among other aspects considered relevant	

<i>Economic Assessment (30%)</i>	%	Aspects to be appraised	
<i>i. Fees and Other Charges</i>	30%	Service Costs	
<i>Total Value</i>	100%		