REPORT & ACCOUNTS 2021

Bison Bank

REPORT
& ACCOUNTS
2021

Bison Bank

INDEX

01 Macroeconomic Framework 08

02 Business Activity 16

2.1 Wealth Management Services 17
2.2 Custody and Depository Banking Services 20
2.3 Investment Banking Services 21
2.4 Treasury 22

03 Support Areas 25

3.1 Human Resources 25
3.2 Information Systems 27
3.3 Other Support Activities 29

04 Control Activities 35

4.1 Risk 35
4.2 Compliance 37
4.3 Internal Audit 38

05 Analysis of Individual Accounts 41

5.1 Analysis of Individual Accounts 41
5.1.1 Main Highlights 41
5.1.2 Main Indicators of the Financial Statements 42
5.1.3 Main Solvency Indicators 43

06 Future Perspectives 45

07 Proposed Application of Results 48

08 Final Note 50

09 Financial Statements 54

10 Report on Corporate Governance 164

11 Other Information 213

Legal Certification of Accounts 217

Evaluation of the Supervisory Board on the Adequacy and Effectiveness of the Organizational Culture, Governance Systems and Internal Control 223

Report and Opinion of the Supervisory Board 229

MESSAGE FROM THE PRESIDENT OF THE EXECUTIVE COMMITTEE

Bian Fang
President of the Executive Committee

During 2021, the progress of the pandemic of COVID-19 and its subsequent variants continued to pose a huge test to all governments and industries around the world, which was naturally extended to Bison Bank. Despite the resulting impact on the ability to execute the business plan and particularly to generate the projected revenues, the Bank continued to successfully manage its operations, employees, customers, and stakeholders.

As in the previous year, in 2021 the Bank continued to work primarily off-site, and was able to continue to adapt and transform itself towards a flexible workforce in terms of mobility, while coping with an increase in business volume.

In addition, the Bank further accelerated the path of digital transformation, and the way customers are managed, with a view to broadening and getting closer to our customer base. Digital channels continued to be developed at a rapid pace, notably the Mobile Banking App and Home banking, which enhanced the digital engagement of customers on the Bank's platforms. As a result, by 2021 the Bank added hundreds of customers, from various regions of the world, mostly through remote channels, using these channels as the preferred way to interact with these customers daily.

In relation to business, in 2021 the depositary bank and custody services maintained their growth trajectory, with an increase in assets under management of 385 million euros, to 1365 million euros at the end of the year. According to the Custodian Bank service, the Bank works with 52 funds, from 17 management companies.

In the Custody service, in addition to activities related to the Custodian Bank, the Bank attracted over 1,000 international clients, from more than 80 countries, seeking investment in venture capital funds and private equity funds, under the Portuguese Golden Visa program.

Wealth Management and Investment Banking, which were particularly affected by the pandemic, continued their efforts to gradually increase assets under management and to provide cross-border advisory services in the areas of M&A and debt capital markets.

At the same time, the Bank has made further progress in establishing its B2B model, engaging in more than 30 strategic partnerships with institutions around the world, both financial and non-financial, paving the way for increased cross-border customers and business.

More recently, in December 2021, the Bank started a transformation process, encompassing the reorganization of the governance model and the composition of the management bodies for the current mandate started in January this year, as well as adjustments in the business approach and related structure, focusing its efforts basically on a B2B model supported by a selected set of current and new financial services with a strong digital impulse, for which the Bank considers it has clear competitive advantages and are profitable, already today or in the near future.

The planned strategic positioning of being more focused, digital and lean will allow the Bank to increase and consolidate its client base and business volume, stabilize operations and drive long-term growth gradually and consistently, just as a clear path to breakeven becomes effective in the coming years. To this end, the Bank relies on solid capital and liquidity positions - as of December 2021, the Bank achieved a Tier 1 Common equity ratio of 65.8%, LCR of 152.5% and NSFR of 175.5%.

Looking ahead to 2022, despite the high challenges posed by geopolitical uncertainties, I am confident that Bison Bank will maintain its path towards convergence towards profitability and sustainability.

01

MACROECONOMIC FRAMEWORK

INTERNATIONAL ECONOMIC ENVIRONMENT

The year 2021 was marked by the distribution of vaccines that allowed the health crisis caused by the outbreak of the Covid-19 virus to be dealt with, and allowed economies to reopen, and recover in some key countries to pre-pandemic levels. The process of reopening of the global economy is expected to have two phases, a first more mechanical one with growth stemming from the end of restrictions and increased private consumption, and a later one more dependent on sustained economic growth supported by fiscal stimulus and favorable monetary policy. Currently, the global recovery continues to progress, but has lost momentum. There are also imbalances in this recovery process. Parts of the global economy are recovering rapidly, while other regions are at risk of falling behind, particularly low-income countries where vaccination rates are lower, and there are companies in contact-intensive sectors where demand has not fully recovered. In addition, inflationary pressures have emerged in all economies early in the cycle, an unusual phenomenon. The momentum from the strong recovery after the reopening is waning in many countries, and there are gaps in the supply distribution chain, leading to increased raw material costs as one of the effects of the pandemic.

Despite this slowdown in the pace of recovery, global GDP should return to pre-pandemic readings. According to the IMF, the projection for world economic growth should be 5.9% in 2021. The developed economies should have an influence (+5.0% annual GDP growth), with the Euro Zone countries' aggregate recovering strongly (5.2%), especially France (6.7%), Italy (6.2%) and Spain (4.9%), while Germany, the Euro's main economy, should have a GDP growth of 2.7%. As for the United States, the world's largest economy, growth should stay at 5%. China, the world's second largest economy, and which managed to reverse the effects of the first wave as early as 2020, should show solid GDP growth of 8.1% in 2021. The emerging economies bloc should have closed the year with a GDP growth of 6.5%, a very solid reading when compared to the economies of the developed world.

World Key Economic Data, Outlook and Growth Projections

	Real GDP				Inflation PCI				Unemployment [1]				Government Gross Deb [2]			
(annual percent change, unless noted otherwise)	2020	2021 E	2022 P	2023 P	2020	2021 E	2022 P	2023 P	2020	2021 E	2022 P	2023 P	2020	2021 E	2022 P	2023 P
World Output	-3,1	5,9	4,4	3,8	2,7	4,8	3,4	3,2	-	-	-	-	-	-	-	-
Advanced Economies	-4,5	5,0	3,9	2,6	0,5	3,5	1,9	2,0	6,6	5,8	5,0	4,7	122,7	121,6	119,3	119,3
United States	-3,4	5,0	4,0	2,6	1,6	5,1	2,6	2,6	8,1	5,4	3,5	3,0	133,9	133,3	130,7	131,1
Euro Area	-6,3	5,2	3,9	2,5	-0,3	2,9	1,4	1,5	7,9	8,0	8,1	7,8	97,5	98,9	96,3	95,4
• Germany	-4,6	2,7	3,8	2,5	-0,7	4,0	1,2	1,6	3,8	3,7	3,6	3,5	69,1	72,5	69,8	68,0
• France	-8,0	6,7	3,5	1,8	-0,1	2,9	1,0	1,4	8,0	8,1	8,3	8,0	115,1	115,8	113,5	114,6
• Italy	-8,9	6,2	3,8	2,2	-0,3	1,7	1,8	1,2	9,3	10,3	11,6	11,4	155,8	154,8	150,4	149,4
• Spain	-10,8	4,9	5,8	3,8	-0,5	2,5	1,4	1,5	15,5	15,4	14,8	14,1	119,9	120,2	116,4	116,2
United Kingdom	-9,8	7,2	4,7	2,3	0,5	3,5	2,0	2,0	4,5	5,0	5,0	4,7	104,5	108,5	107,1	109,4
Japan	-4,6	1,6	3,3	1,8	-0,9	0,7	0,4	0,9	2,8	2,8	2,4	2,3	254,1	256,9	252,3	250,8
Emerging and Developing Economies	-2,1	6,5	4,8	4,7	4,4	5,8	4,6	4,2	-	-	-	-	63,1	63,4	64,8	65,9
Emerging and Developing Asia	-0,9	7,2	5,9	5,8	1,2	2,9	2,8	2,7	-	-	-	-	66,3	69,1	71,4	73,1
• China	2,3	8,1	4,8	5,2	-0,3	2,0	1,8	1,9	4,2	3,8	3,7	3,6	66,3	68,9	72,1	74,5
Emerging and Developing Europe	-2,0	6,5	3,5	2,9	6,4	8,5	6,5	5,9	-	-	-	-	38,7	37,3	37,3	37,3
• Russia	-3,0	4,5	2,8	2,1	4,9	5,8	4,3	4,0	5,8	4,9	4,6	4,6	19,3	17,9	17,9	17,7
Emerging and Developing Latin America	-7,0	6,8	2,4	2,6	6,3	9,7	6,9	5,5	-	-	-	-	77,7	72,7	73,3	73,9
• Brazil	-4,1	4,7	0,3	1,6	4,5	7,9	4,0	3,3	13,5	13,8	13,1	12,0	98,9	90,6	90,2	91,7

Source: IMF World Economic Outlook, January 2022.
[1] number of unemployed persons as a percentage of total labour force
[2] gross sovereign debt, calculated as a percentage of GDP

Inflation has become the main side effect of the strong growth recorded during this reopening phase and has assumed a key role in the discussions for 2022. Strong and less transitory inflationary pressures have emerged in all economies at an unusual stage, i.e. the early stage of the cycle, and labor shortages are emerging, this even though employment and hours worked readings have not yet fully recovered. Food and energy costs have also risen sharply, with impacts on low-income households being felt, as have prices in the durables sectors, where supply-side shortfalls are most concentrated. These factors have created uncertainty surrounding the economic outlook to 2022 and pose considerable monetary policy challenges.

According to the IMF, inflation in developed economies should have risen 3.5%, with the United States leading the increases (+5.1%) while in the Euro Zone the evolution of prices should have been more moderate (+2.9%). As for emerging economies, consumer prices should show a solid reading of 5.8%, also reflecting the significant disruptions on the supply side and commodity prices. However, it is possible that inflation will have peaked by the end of 2021 and then could evolve to levels consistent with underlying pressures from slowly rising labor costs and spare capacity around the world. Looking at the IMF projections and the global economy, annual consumer price inflation is expected to fall from 4.79% in 2021 to around 3.4% by the end of 2022 and to decline further to 3.25% in 2023. Employment and participation rates are expected to rise gradually through 2023, although differently across countries, with overall unemployment in developed countries falling to just over 4.7%, an expectation that would be in line with the pre-pandemic rate (4 ,8% in 2019).

Looking ahead, regarding the outlook for 2022, expectations point to some uncertainty in the first quarter of the year regarding the impact of bottlenecks and inflation on monetary policy, with the economy strengthening throughout the year, especially in the second half.
As demand patterns become more normalized, production capacity should expand, and more people will return to the employment market. This means that supply-side constraints and shortages may gradually ease over the course of the year, and global growth should have a more traditional pattern. The global recovery is projected by the IMF to continue, but with global GDP growth moderating over time, from 4.79% in 2021 to 3.44% in 2022 and 3.25% in 2023. The current global vaccination process is considered by the OECD, sufficient to allow the full removal of restrictions on cross-border activities by the end of 2022. Supportive macroeconomic policies, still accommodative financial conditions should help increase demand and accommodate the opposite impact of the gradual end of pandemic-related tax incentives.

The recovery is also expected to be uneven. Most advanced economies are expected to return to pre-pandemic output levels this year, but with higher debt and moderate underlying growth potential. Inflation is also likely to be higher than it was before the pandemic in many countries, although it will generally remain in line with central bank targets. A full recovery is likely in a small group of emerging economies, but in most it seems likely that output will still fall short of pre-pandemic levels, particularly in low-income countries.

Finally, there are some risks that remain around these projections. There are still possible new COVID-19 transmissible variants that could be of concern and could emerge, forcing new constraints and hitting growth prospects. Inflation could be more lasting than anticipated, and could also be a risk to growth, due to more persistent supply pressures than anticipated or a stronger and more sustained increase in energy costs, and could lead to adjustments in financial markets in anticipation of future monetary policy moves and, in the end, expose vulnerabilities that remain whether from higher levels of public debt, or higher asset valuations in some markets, or break the cycle of economic recovery that is still fragile in many regions. Finally, China could also disappoint if problems in the real estate sector and with energy supply persist or intensify, with adverse effects on other economies, especially exporters of raw materials and in Asia.

Geopolitics could also be a risk factor, especially with growing tensions in Europe on the Ukrainian-Russian border.

PORTUGAL'S ECONOMIC FRAMEWORK

The Portuguese economy (GDP) is expected to have recovered 4.9% in 2021, according to the January flash estimate from the National Statistics Institute (INE). This reading is in line with OECD expectations (4.8%) and reflects robust domestic demand that could still be sustained with the absorption of budgetary support from EU funds.

Portugal: Key Economic Data, Outlook and Growth projections

	2020	2021 E	2022 P	2023 P
(annual percent change, unless noted otherwise)	*Percentage changes, volume (2016 prices)*			
GDP : Percentage changes (2016 prices)	-8,4	4,8	5,8	2,8
• Private consumption	-7,1	4,5	4,6	1,9
• Government consumption	0,4	4,3	2,9	1,3
• Gross fixed capital formation	-2,7	5,7	8,1	8,5
• Final domestic demand	-5	4,7	5	3,1
• Total domestic demand	-5,5	4,9	4,9	3,1
• Exports of goods and services	-18,6	9,2	10,5	4,6
• Imports of goods and services	-12,1	9,2	8	5,3
• Net exports	-2,9	-0,2	0,8	-0,4
GDP deflator	1,9	0,9	1,4	1,2
Harmonised index of consumer prices	-0,1	0,8	1,7	1,1
Harmonised index of core inflation[1]	-0,2	0,1	1,6	1,1
Unemployment rate (% of labour force)	7	6,9	6,7	6,5
Household saving ratio, net (% of disposable income)	3,5	2,4	-1,1	-2
General government financial balance[2] (% of GDP)	-5,8	-4,3	-2,4	-1,6
General government gross debt (% of GDP)	157,5	155,7	150,6	148,2

Source: OECD Economic Outlook, December 2021
[1] Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.
[2] Based on national accounts definition.

While 2020 represented the most severe economic recession ever recorded, and significantly harsher than the last two recessions in 2009 (-3.1%), following the international financial crisis, and in 2012 (-4.1%), in 2021 Portugal's economy recovered more quickly than expected, especially in the second half of 2021, driven mainly by private consumption, and as more restrictive health measures began to be removed. The success of vaccination was a key factor in this, as the percentage of the Portuguese population of fully vaccinated people is over 85%, ranking it among the highest in the world. Both consumer confidence and retail sales data indicate a continued strong consumer recovery in the near term. Business confidence sentiment in the service sector continues to improve, while the tourism industry is also recovering, although the latter starting from very low levels. On the downside, industrial production has slowed moderately in recent months, while production costs have risen sharply largely due to energy prices and supply constraints, although this has not contributed much to consumer prices. Tourism, a key sector in Portugal, has recovered but is still below pre-covid levels, with the number of overnight stays in tourist accommodation establishments currently at 60% of the base 100 (2018) of this index. Also decisive for stabilization were defaults for Portuguese companies, which according to OECD figures reached 31% of total loans, which compares with the 6% average in the EU area.

Looking ahead, the economic recovery is expected to continue over the next two years, and increasingly driven by investment. In Portugal, the OECD expects the absorption of Next Generation EU programs to be rapid, as around 60% of the total amount has already been contracted. Consumption is expected to remain resilient in 2022 (+4.6%) and may be driven by the decline in the household savings ratio as epidemic-related uncertainty diminishes.

As regards the external side of the economy, exports are expected to remain somewhat subdued, reaching their pre-crisis level only in early 2023, as tourism is expected to remain affected by mobility restrictions between countries. Higher production costs, due to energy prices and supply constraints, are not expected to dampen inflation expectations, which remain subdued.

The employment market is expected to rise slowly, with the unemployment rate in 2022 falling from 6.9% (2021) to 6.7% and reaching 6.5% in 2023. This is explained by the fact that many jobs have been protected by job retention incentives, and companies have responded in turn by increasing working hours. Regarding the risks associated with 2022, one is related to business insolvencies that may be more than expected, damaging financial stability, and increasing unemployment. This could be followed by the impact of the end of the bank lending moratorium, as the percentage of businesses relying on the moratorium in Portugal was by far the highest among European countries. Finally, interest rate increases could curb consumer growth and disposable income in Portugal, as well as limit public spending due to the greater difficulties with a high level of government and corporate debt.

FRAMEWORK OF THE YEAR IN THE FINANCIAL MARKET

The reopening of the global economy, together with a very accommodative monetary policy and an unprecedented level of fiscal stimulus, supported the recovery of riskier asset classes throughout the year. Equity markets traded with an eye to the post-pandemic period and reached new highs as macro readings indicated that the effects caused by Covid-19 were being consistently contained as vaccine distribution progressed, suggesting that investors were anticipating a recovery in business activity and an eventual return of activity to more normal conditions.

As autumn turned into winter, 2021 ended with new debates: a new variation of the virus aided in the increase in cases of COVID-19, and inflation caused by supply-side bottlenecks brought fears of interest rate hikes by Central Banks above what was expected, especially in the United States. This delicate balancing act by monetary authorities, between protecting growth in the post-covid cycle, and controlling inflation levels is a topic that should be on the agenda for the first quarter of 2022.

Sumary of Finantial Markets Performances

Equity Markets	31.12.2021	2021
Global Equity (MSCI World Index - USD)	3077,13	14,4%
USA (S&P 500 Index)	4766,18	26,89%
Euro Area (Eurostoxx 50 Index)	4298,41	20,99%
Germany (Dax Index)	15884,86	15,79%
Portugal (PSI Index)	5521,86	12,73%
UK (FTSE 100 Index)	7384,54	14,30%
Japan (Topix Index)	1992,33	10,40%
Emerging (MSCI Emerging Markets Index)	1232,01	-4,59%
China (CSI 300 Index)	4940,37	-5,20%

Bonds and Fixed Income	31.12.2021	2021 (b.p)
US Treasury 2 years (yield)	0,73%	61
US Treasury 10 years (yield)	1,51%	59
German Bund 2 years (yield)	-0,64%	8
German Bund 10 years (yield)	-0,18%	39
China Gov. Bond 5 years (yield)	2,35%	-36
China Gov. Bond 10 years (yield)	2,77%	-38
Portuguese Gov. Bond 2 years (yield)	-0,66%	6
Portuguese Gov. Bond 10 years (yield)	0,46%	43
USD IG all sectors (OAS)	111,9	17
USD HY all sectors (OAS)	337,7	-42
EUR IG All Sectors (OAS)	41,4	11
EUR HY All sectors (OAS)	271,2	-18

FX and Commodities	31.12.2021	2021
Currencies		
Euro-USD	1,1370	-6,9%
Euro-GBP	0,8413	-5,9%
Euro-CHF	1,0375	-4,0%
Euro-JPY	130,9000	3,7%
China Renminbi spot	6,3561	-2,6%
Commodities		
Oil (WTI crude)	75,2100	55,0%
Natural Gas	3,7300	46,0%
Gold	1829,2000	-3,6%
Silver	23,3500	-11,8%

Source: Bloomberg

For investors, the year was characterized by a sharp rise in shares in developed markets. The North American market ended the year with an annual return of 26.9% for the S&P 500 index. The European Euro Stoxx index also performed very well (+20.99%), and the Portuguese stock market index PSI 20 rose 12.7% during the year. Emerging markets, as measured by the MSCI Emerging Markets Index contracted -4.59% for the year, and China's benchmark CSI 300 index posted a negative annual return of 5.2%, in a year marked by a crisis in the Chinese property market.
As for the Bond and Debt class, markets reflected an anticipation of the change in monetary policy, with yields on US Treasuries and German Bunds rising for both 2 and 10-year maturities. As for corporations, investment grade classes saw a widening of spreads both in euros (+11 bp) and US dollars (+17 bp), while the more speculative space (High Yield) registered an inverse movement, with spreads decreasing 42 b.ps for dollar issues, and 18 bp for euro issues.

In the foreign exchange market, the projected more aggressive change in monetary policy by the Fed supported a positive performance of the US dollar against its peers, with the euro-dollar exchange rate ending the year trading around the 1.13 levels, coming from the 1.22 levels of late 2020. In commodities, energy prices, such as Oil & Gas prices, largely benefited from the reopening and supply-side gaps in the supply chain, with WIT crude ending the year trading at USD 75.2 per barrel, up 55% from late 2020 levels. On the downside were precious metals, with gold losing 3.6% in 2021, driven by a more favorable backdrop for the global economy and a visible exit strategy for the health crisis.

02 BUSINESS ACTIVITY

2.1. WEALTH MANAGEMENT SERVICES

Bison Bank's Wealth Management services combine financial planning expertise with investment management knowledge, and a European execution platform for Individual and Institutional Clients, consisting of Discretionary Portfolio Management, Investment Consulting and Order Execution.

These investment services allow the Bank to position itself in the market as a major player with respect to the privileged interconnection between Europe and China, as well as other countries. Combining financial planning expertise with investment management knowledge, our clients benefit from a fully integrated service. The Bank's focus on the clients' complete financial situation allows us to choose the services that best suit their needs in terms of investment horizon, objectives and return expectations, and risk profile, combining the assessment of the financial situation, investment planning, and the monitoring and review of the selected portfolio or portfolios.

The investment framework is based on a global, unconstrained approach with high flexibility and diversification across asset classes. The Product Specialist is responsible for evaluating and selecting the best instruments and solutions for the different areas of the Bank. The decision process is based on three steps to build a diversified portfolio: quantitative analysis, qualitative analysis and technical analysis/trading. During 2021 a considerable effort was made with the aim of expanding the number of instruments and solutions available to better serve the needs of clients through Wealth Management services, highlighting, in addition to discretionary profiled portfolio management, an investment portfolio fully dedicated to ESG assets, specialization in Chinese stocks and bonds, development of a Playbook for investment consulting with several thematic ideas, and the structuring of partnerships performing the function of management mandate.

The discretionary portfolio management service is suitable for investors who do not have the availability, experience, or desire to actively manage their assets and wish to delegate this responsibility. It is a customized service that adjusts to the Clients' circumstances, investment objectives, risk profile and return expectations. Risk levels and asset allocation are continuously reviewed, monitored, and evaluated and approved by the Wealth Management Committee.

Investment Consulting is a service targeted at individuals and institutional clients. The idea generation process includes a global view of financial markets and proprietary analysis models for tactical investments, as well as long-term opportunities in different asset classes. The service perspective focuses on the "working with the investor" approach, accompanying clients through the three phases of the investment cycle: portfolio construction and implementation, portfolio monitoring and regular reevaluations, and investment planning. The Bank believes in the value of a sound investment strategy, and in the value of a disciplined approach to building, implementing, and monitoring each solution presented. Selected assets are continuously monitored and approved by the Wealth Management Committee.

The enrichment of the value proposition presented to high potential private customers, an important part of the commercial process, was materialized in a new offer of a wide range of differentiated Products and Services, where the diversification of investment alternatives increased the customer satisfaction level and positioned Bison Bank in the category of Wealth Management Bank.

The pandemic caused by Covid 19 remained the central issue during 2021, with most governments adopting intermittent restrictive measures. However, the gradual reopening of the world's major economies resulted in a mechanical recovery of the economy. These two factors led to imbalances between demand and supply, contributing to the sharp rise in inflation levels. In this context, investors favored risk assets, which rose sharply during 2021.

The balanced positioning of client portfolio allocations, based on economic recovery and guided by low return expectations in the bond asset class, allowed us to take advantage of market developments throughout the year. The performance of Customers' portfolios was very positive, ending the year with returns that outperformed the financial markets in the various asset classes.

Performance evolution of discretionary management strategies

Profiles	2019	2020	2021
Conservative	10,72%	2,14%	7,01%
Moderate	14,89%	2,12%	13,89%
Aggressive	18,88%	-0,33%	20,07%

The management models based on specific themes showed satisfactory results given the market context. Of note was the performance of the model exclusively exposed to China, in a challenging year in which several regulatory changes and instability related to the real estate sector conditioned financial markets.

Performance evolution of the thematic strategies

	2019	2020	2021
ESG Moderado	-	-	15,27%
China	23,42%	22,50%	8,27%

The commercial effort, combined with a broad offering of Products and Services, and a positive asset management performance has translated into an increase in the volume under management, which is expected to grow significantly and sustainably during 2022.

For experienced clients, the Bank offers an order execution service, an option that allows clients to take control of their investment strategies with a fully dedicated team to receive and transmit orders. The Bank offers clients global coverage with access to a wide range of investment opportunities in all major markets, investment options for different instruments, and the world's largest third party fund distribution network.

The Bank continues to expand its network of global and local strategic partners, which has enabled it to offer a wide range of services and financial instruments in a variety of markets worldwide, and to execute the most varied investment strategies of both private and institutional clients. The introduction of new technological means has also contributed to an improvement in operational efficiency. The increase in volumes traded has grown exponentially over 2021.

2.2. CUSTODY AND DEPOSITORY BANKING SERVICES

The strong market dynamics observed during the last year in Portugal, regarding the establishment of new Venture Capital Funds and SICAFI, was determinant for Bison Bank's commercial activity throughout 2021.

The bet made in recent years on the Custodian Bank service had a remarkable return in 2021, because not only Bison Bank saw its number of Institutional Customers and the number of Funds with this service increased, but also saw a significant growth in the number of Participants of these Funds, namely international investors interested in joining the Residence Permit Program for Investment Activity.

Bison Bank offers in the national market, to its Institutional Customers, Fund Management Companies in particular, the service of Custodian Bank for 20 years. Today, with more than 50 Funds, from 17 Partners, it continues to guide its activity based on the excellence of the Team and the experience of the Institution, allowing this line of business to be the engine of the Bank's commercial dynamics and one of the most important sources of income.

By privileging the rigor, exclusivity and personalized assistance to Management Companies, Bison Bank wants to be a reference partner to receive the Investors and Participants of the Funds managed by them, whether they are Institutional, Companies, Individuals, national or international.

With a long experience in asset custody, Bison Bank offers a wide range of services covering account opening, on-site and remote, local, and global custody, as well as payments, forex and cash management, aimed at Institutional Investors, Asset Management Companies, Funds, Brokers, Companies and Individuals, National and International.

The Business Development Department, focusing on a strategy of proximity and partnership with Portuguese and foreign Institutional Clients, as well as with Global Partners, managed to significantly increase its number of Clients, particularly International Investors (ARI), and today Bison Bank is proud to have Clients in over 80 countries, to whom it provides an excellent service.

Bison Bank works to be the reference Bank in the Funds market in Portugal and the first Bank for International Private Investors.

2.3. INVESTMENT BANKING SERVICES

Bison Bank offers financial advisory services to public and private companies, private equities, family offices, investment funds, and public sector entities in domestic and international transactions. We combine independent advice focused on maintaining long-term relationships with strong technical and industry expertise.

In the capital markets business area, we offer services in the equity and debt markets and act as intermediaries in identifying the most appropriate options for companies with financial needs through market access. We are able to assist clients in public offerings, private placements of bonds and structured products, and to place debt and equity instruments with institutional investors.

We offer financial advisory services for clients' strategic transactions at all stages of the process: from identifying investment opportunities, analyzing, evaluating and structuring the transaction to negotiating and closing the transaction. These services include MBO, MBI and M&A, as well as debt fundraising, asset disposals and debt restructuring or liability recomposition.

We advise our clients in the optimization of the balance sheet structure, to define a sustainable and adequate capital structure for the company's growth, through a potential purchase or sale of assets, as well as for a better definition of a multi-product strategy.
Based on relevant sectorial and regional knowledge, we provide our clients with independent valuation services of companies, business units, and investment projects, based on internationally recognized and accepted methods.

Bison Bank also provides paying agent services to a wide range of clients, adopting procedures in line with the best market practices. Our services enhance the security and efficiency of payments and provide greater convenience to issuers by providing structuring support, competent registration and processing of all required documentation, as well as offering safe custody of financial instruments.

Bison Bank is a member of Pandea Global M&A Network, with a coverage of over 20 countries, a regular member of V-Next, the platform for cross-border matchmaking of the Shenzhen Stock Exchange, and a partner of the Association of Family Offices in Asia as well as several other investment banks, asset managers, financial advisers and institutional investors, reference partners for Europe and Asia, thus ensuring a network with coverage of Asian, European, African, North and Latin American markets.

The Investment Banking area maintained its focus on identifying investment opportunities, of particular appeal to investors seeking cross-border transactions between Asia and Europe. Throughout 2021, notwithstanding the disruptive effects of COVID-19, the Investment Banking area increased its activity in Corporate Finance, namely in the origination and execution of M&A and Financial Advisory transactions, having supported a growing number of clients and partners through its financial advisory activity, covering a wide range of sectors such as information technology, renewable energies, financial services, food industry and tourism among others, developing a consistent portfolio of mandates and projects under management.

In 2021 Bison Bank received the Best New Investment Banking Brand for Western Europe award from Global Brands Magazine.

The Bank remains focused on its approach with national and international investors, with particular relevance for Iberian and Asian investors, especially in the following segments:

- Debt Capital Markets with public issues denominated in Euro and USD;
- M&A, through segmentation and execution of various deals, with a special focus on cross-border transactions;
- Debt Structuring, especially in syndicated loans, private issues, LBO debt, structured credit, and project finance solutions, managing all complementary advisory and providing integrated financial services tailored to the needs of each client.

2.4. TREASURY

In the global framework of the financial markets, the effect of the pandemic's impact continued, leading to continued instability in terms of forecasting the valuation trends of the main asset classes.

In macroeconomic terms, the resurgence of inflationary pressures was the fact of greatest record, in a context of rising commodity prices, especially in the energy segment, and rising transport costs. Long-term interest rates remained at lower levels compared to 2020, particularly in the euro zone, with the U.S. dollar rates having risen slightly and the currency appreciating accordingly.

Nevertheless, and in terms of expectations, 2021 was a year in which there was a slight return of confidence in global growth, and the consequent prospect of a change in the monetary policies of Central Banks, particularly the US Federal Reserve.

In 2021, Bison Bank, S.A. continued to demonstrate the ability to adapt its business model and liquidity management policy to a context strongly marked by the pandemic crisis, without this having compromised liquidity robustness.

In effect, while maintaining its strategy based on a liquidity structure with levels well above those required by applicable regulations, the Bank has promoted a reinvestment approach, always within the parameters established by the Bank in its Risk Appetite Statement and in the Liquidity Management Policy in force, which has made it possible to increase the referred to levels of investments combined with higher rates of return.

This strategic approach, allowed to substantially increase the values of the financial margin of the proprietary portfolio in the reference year, despite the context of negative rates in the Euro.

The Bank's base portfolio of securities increased from about €47 million at the end of 2020 to €64 million at the end of 2021.

In this domain, and in terms of the strategic approach to investment and liquidity management for the future, the Bank will not only continue to maintain and ensure a conservative and robust profile in terms of liquidity and risk exposure but will also maintain the central objective of providing the necessary support to the development of the business lines established in its business model and related to these areas.

In terms of the Funding base, the Bank maintains the forecast of not using the Capital Markets as a funding source in the near future.

In terms of customer resources, the Bank maintained a solid base, increasing the degree of diversification appropriate to its business model.

On December 31, 2021, the LCR (Liquidity Coverage Ratio) rose to 152.5% (236.6% in the same period) and the NSFR (Net Stable Funding Ratio) to 175.5% (134% at the end of 2020), substantially higher than the levels required by the applicable regulations, in line with the aforementioned risk profile.

03

SUPPORT AREAS

3.1. HUMAN RESOURCES

OUR EMPLOYEES

Bison Bank, as part of its corporate strategy of human capital management, has agreed to actively promote the development of all employees, thus contributing to their motivation and commitment and also to the sustainability of the Bank. The year 2021 was also a year of adaptation in the context of a pandemic, so it is still demanding in this area.

Bison Bank has promoted a wide range of digital content to support its teams remotely, namely on various topics such as Compliance and compliance with regulations, Data Security and IT Security, Health and Safety at Work, Personal Development, among others.

The performance management process aims to align individual performance with the Bank's strategy, defining clear objectives for all employees, always with a focus on developing skills and fostering a culture based on meritocracy and recognition. Evaluation continues to be carried out through a virtual evaluation tool, following the strategy of digitalization of HRD tools - academy, evaluation, and employee portal.

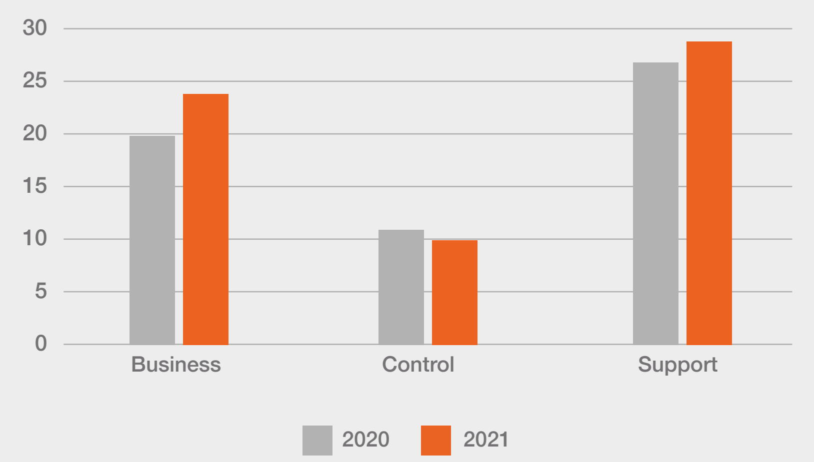
The internal mobility of employees is a practice that we value and encourage in the Bank, as we believe in the opportunities for internal growth, both in the allocation of resources to cross-cutting projects or to fill specific know-how needs. In 2021, there were 4 internal transfers.

EMPLOYEE OVERVIEW

The employee data presented refers to full-time employees, with open-ended and fixed-term contracts signed with the Bank in 2021.

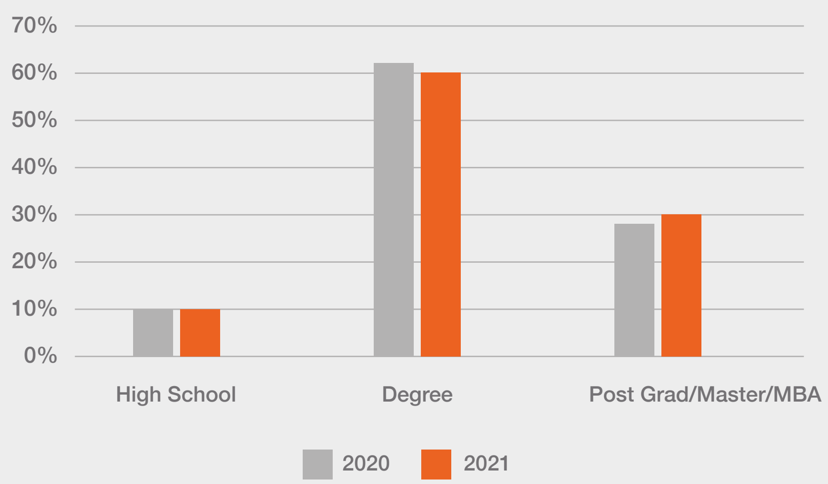
As of December 31, 2021, Bison Bank employed 63 employees, compared to 58 as of December 31, 2020.

Distribution of employees per activity areas (At at 31st December 2021)



In 2021, the Bank observed a slight increase in the business and support areas, which shows the investment made in human resources dedicated to the Bank's growth, with a slight decrease in the control areas.

Distribution of employees by academic qualifications (as of December 31, 2021)



In terms of academic qualifications, there was a slight decrease in the number of graduates but a higher increase in the number of post-graduates versus the number of employees with high school education, which reveals the focus on highly qualified and increasingly specialized professionals.

DIVERSITY AND INCLUSION

Bison Bank's goal is to promote a diverse workforce and an atmosphere that promotes inclusion, respect and support for all employees and helps to improve the performance of its activities by providing equal opportunities for recruitment, promotion and training to all employees.

The focus is on progressively reducing the gap between men and women within the company and creating a diverse environment.

3.2. INFORMATION SYSTEMS

In 2021, Bison Bank's Information Systems Directorate (ISD) contributed to the pursuit of some of Bison Bank's key strategic initiatives, of which we highlight:

- Increase the level of internal customer satisfaction. During 2021, DSI focused on increasing user productivity despite the Covid-19 pandemic situation by completing several projects in this area, namely:
  i) Optimization of Microsoft Office 365 cloud-based collaborative tools and security solutions based on multi-factor authentication and VPN for access to the Bank's systems, together with mobile hardware, to continue to provide the possibility of teleworking to all employees in COVID-19 confinement without any loss of productivity;
  ii) Implementation of improvements in the management information system to better support commercial activity;
  iii) Optimization of internal operational processes through workflow automation tools.
- Ensuring a robust and compliant internal control environment. In this area, steps continued to be taken to strengthen the performance, flexibility, resilience and security of Bison Bank's hardware, software, and communications, namely:
  - Following the migration of Bison Bank's infrastructure to a hybrid cloud (with advantages in terms of agility, scalability and mobility, as well as in terms of security and resilience, and also the reduction of operational risk and cost optimization), implementation of a Security

Operations Center (SOC), available 24x7, for immediate monitoring and reaction to security incidents, including real-time analysis of logs from all systems under surveillance;

- Reinforcement of external security audits, both in terms of assessing the Bank's security processes and conducting regular intrusion and vulnerability detection tests;
- Implementation of several new general security enhancements, as well as internal user awareness initiatives on the topic of security and cybersecurity.

- Improve the customer experience through online banking:

  i) Availability of a new specific access for companies in the Bank's digital channels;

  ii) Introduction of new products and services, namely payments to the State and services, and significant increase in the categories of digital documents available online;

- Improve customer experience through AML/FCT processes and other control functions:

  i) Implementation of several improvements in the legal reporting structure;

  ii) Increase the level of automation in AML/FCT processes;

  iii) Implementation of improvements in the management information made available to the control functions.

- Improve the customer experience through the Wealth Management and Payments areas:

  i) Implementation of several improvements and automatisms in the integration processes of core banking with the discretionary portfolio management and investment consulting solution;

  ii) Increase in the automation of flows related to payment systems, supporting the strong increase in transactions in the period, as a result of the Bank's activity.

3.3. OTHER SUPPORT ACTIVITIES

ACCOUNTING AND PLANNING

In 2021, the Department of Accounting and Planning (DCP) whose responsibilities have included the Procurement function since 2019, in addition to the usual activities carried out in the fields of accounting, planning and Procurement, highlights the following projects and initiatives developed:

- Follow up on the tax inspections carried out by the Tax Authority for the 2018 and 2019 fiscal years;
- Review of the controls associated to the fiscal and tax reporting and compliance mechanisms;
- Preparation and completion of Bison Bank's strategy and budget review for the four-year period 2021-2024, interacting with all business, support and control areas, comprehensively reviewed and approved by the Board of Directors;
- Development and execution of new reports, not previously required of the Bank, of extended scope and breadth and relevant in the context of the Bank's activity, and the situation of the COVID-19 pandemic crisis;
- Formalization of detailed procedures to the area, aiming at improving the internal control system.

OPERATIONS

The activity of the Operations Department grew significantly in 2021, as a result of the relevant increase in the customer base and associated operations, which corresponded to what was established in the Business Plan.

Thus, Bank Operations saw a 179% increase in the number of securities transactions, a 328% increase in the number of account openings and entities covered, and a 416% growth in the number of transfers and payments executed.

There has also been a substantial increase in the number of investment funds under Custodian Bank contract, as well as a great diversification in the type of funds and in the number of management companies involved in these processes.

By the year 2021 the number of investment funds has doubled, as have the types of funds. The number of management companies involved increased by 350%. At the end of the year the Bank launched its Centralized Securities Registration System, where 8 investment funds have already been centralized.

In this context, intense action was taken to adjust the available resources and associated tools, which demonstrated resilience and the ability to sustainably address the verified growth.

This effort was accompanied by the continued implementation of new projects and process adjustments, namely:

- Customer order and account opening process monitoring tool;
- A tool for managing requests for registration and execution of operations, with SLA and verification time measurement;

- Strengthening the Safeguarding of Customer Assets;
- Monitoring of financial variations, in order to maintain low levels of Operational Risk;
- Automation of the account opening process to improve efficiency (in progress);
- Implementation of the HUB tool for managing and controlling payments, with integration into the Bank's systems and national and international payment platforms. This tool allowed the management and automatic execution of the large increase in volume verified, with corresponding gains in efficiency and security.

The Operations Department was also actively involved in the development of new commercial products and services, including the definition of operational and regulatory requirements.

LEGAL SUPPORT

The Legal Department (DLE) is a high-level structure in the Bank's organizational hierarchy, reporting to the Executive Committee through the director responsible for this area.
The DLE is responsible for providing legal support, in all its aspects, to the Bank's banking and financial activities, particularly in the structuring, design and monitoring of the products and services made available.

During 2021, the DLE focused much of its activity on the following themes:

- Custodian bank (including centralized unit system)
- Investment Services
- M&A Operations
- Payment Services

COUNCIL SUPPORT

Project Management Officer
In 2021, and following the creation of the project management framework in 2020, a project management standard was created and implemented, providing clear guidelines for all project managers throughout the project cycle.
During the year all necessary training and support was provided to the project managers. The establishment of the strategy execution plan for global project management was carried out in the first quarter of the year. The alignment of the initiatives/projects with the framework of the Projects and Quality Committee was carried out and their evolution was analyzed bimonthly in this Committee, and the respective reports were sent to the Board of Directors.

To assess project performance in 2021, a project portfolio assessment was conducted on all 11 projects. Overall, the impact of the PMO was rated positive in the project evaluation.

Marketing and External Communication
The year 2021 was the year in which Bison Bank's digital presence and engagement increased significantly in the Bank's target markets. Six webinars were organized, more than 10 commercial/opinion articles were published in Portuguese Tier 1 media and 5 TV appearances were recorded.

Bison Bank's online channels, as well as the online events developed, had a remarkable impact in generating Customers and business opportunities, resulting in a significant contribution to the commercial departments. Six online campaigns were carried out during 2021:

i) Bison Premium Account,
ii) China Bond Fund,
iii) Discretionary Portfolio Management Services,
iv) Investment Advisory Services,
v) USD Term Deposits and vi) RMB Term Deposits.

During 2021, the Bank increased the number of associations it is partnered with, joining the Portuguese Chamber of Commerce and Industry of Rio de Janeiro, totaling 7 Associations and Chambers of Commerce in its partnership portfolio.

This was also the first year in which Bison Bank made a television promotion of its new institutional video, thus marking a historical moment for the institution.

Government and Secretarial Support
During 2021, the Governance area continued to support the meetings of the Bank's Functional Committees, participating in those meetings and preparing the respective minutes. It should be noted that a high number of meetings was maintained in 2021, with a total of 46 meetings, compared to 44 meetings held in 2020.
This area also continued to support, in close collaboration with the Company Secretary, the meetings of the governance committees, mainly the Risk and Compliance Committee, and occasionally the Nomination and Remuneration Committee, by participating in these meetings and preparing the respective minutes.
During 2021 the review and updating of the committees' terms of reference and the adoption of the digital minute book were also promoted.

In 2021, and in coordination with the Company Secretary, we continued to support the preparation and review of the minutes of the meetings of the corporate bodies, namely General Meetings, Executive Committee and Board of Directors (the last two reported quarterly to the Bank of Portugal).
It should be noted that several registrations of corporate events were also made with the Bank of Portugal, including changes relating to corporate bodies. The Bank's capital increase process was also finalized in conjunction with the Company Secretary.

During 2021, and to contribute to the improvement of the Bank's internal governance, the following tasks were performed, always in collaboration with the Company Secretary:

I. Implementation of the actions defined in the internal assessment and gap analysis prepared by Deloitte, regarding the new Bank of Portugal Notice no. 3/2020, on internal governance, including the preparation and review of various internal documents relating to the governing bodies, namely:

- Book of Organizational Structure, Macro-Structure and Portfolio Distribution,
- Regulations of the Board of Directors, the Executive Committee, the Risk and Compliance Committee, the Nomination and Remuneration Committee, and the Company Secretary,
- Remuneration Policy for Members of the Management and Supervisory Bodies, and Selection and Evaluation Policy for the suitability of members of the management and supervisory bodies and key function holders,
- Review of Rules and procedures about meetings of the governing bodies.

II. Study and monitoring of legislation on ESG issues and preparation of information presented at meetings of the Projects and Quality Committee, on the main issues and possible initiatives to be developed.

III. Follow-up of the digital signature process regarding the minute's books of the meetings of the corporate bodies.

During 2021, the Governance area continued to provide support in the process related to the Annual Management Report, ensuring the preparation of some of its chapters and in particular the Corporate Governance Report.

It also continued to provide input into reports and responses to supervisory bodies, auditors, and internal departments on matters related to corporate governance and internal organization.

The Governance Area also continued to ensure the coordination of the Secretariat Team.

Secretariat Team

The secretariat team continued throughout 2021 to support the management and supervisory bodies and the company secretary, supporting and ensuring, among other activities, the meetings held and their scheduling, the Bank's correspondence (received and sent) ensuring its registration, the Bank's reception service, telephone calls and other administrative services."

04

CONTROL ACTIVITIES

4.1. RISK

The Risk Department (DRI) is a high-level structure in Bison Bank's organizational hierarchy, reporting to the Executive Committee through the Risk Manager.

In addition, it maintains a very close relationship with the Audit Board, through regular specific meetings, and with the Risk and Compliance Committee, through bi-monthly meetings. Together with the Compliance Department and the Internal Audit Department, it establishes the Bank's Internal Control System.

During the year 2021, the Risk Department, in coordination with the Portfolio Manager, focused on the following activities:

- Development and updating of risk management policies to ensure alignment with the Bank's strategy and business objectives (updating of Risk Appetite Statement, limit policies, risk policy, etc.);
- Implementation of improvements in risk management information, based on complete and regular data, to assess risks in a timely manner and act accordingly. New controls have been implemented, notably for market risk (daily control of trading book limits and FRTB thresholds, and the monthly risk report has been reformulated to include new controls - The "Financial and Risk Report" includes information on all risks, compliance with internal and regulatory limits, in addition to ASR and Recovery Plan indicators, ICAAP results and Risk Control Self-Assessment - Summary table of identified risks;
- Elaboration and reporting, within the defined deadlines, of the prudential reports for which it is responsible, within its scope of activity, namely within the scope of Common Reporting (COREP OF; COREP LE, COREP LR, FRTB, LCR, NSFR and ALMM), IRRBB, ICAAP, etc.;
- Contribution to other external reports, such as ILAAP, Internal Control Report, Recovery Plan (contribution in the definition of stress scenarios and recovery measures and calculation of impacts on recovery indexes and indicators), Funding and Capital Plan, and Resolution Plan for Less Significant Institutions;
- Providing opinions and participating in various working groups in the development of new business activities and products;
- Regular monitoring of the implementation of mitigation measures identified in the scope of Risk Control Self-Assessment and Operational Risk;
- Implementation of mitigation measures related to internal control points under your responsibility;
- Implementation of the changes in the scope of COREP reporting arising from CCR2 (EBA taxonomy 3.0);
- Kick off and develop first phase of strategy initiative related to Risk Datamart and data quality.
- Promotion of risk awareness campaigns (conducted by email), addressing various risk issues.

4.2. COMPLIANCE

The Compliance Office (COD) is a high-level structure in Bison Bank's organizational hierarchy, reporting to the Executive Committee through the Chief Compliance Officer.

In addition, it maintains a very close relationship with the Audit Board, through regular specific meetings, and with the Risk and Compliance Committee, through bi-monthly meetings. Together with the Risk Department and the Internal Audit Department, it establishes the Bank's Internal Control System.

The Bank has an independent, permanent, and effective Compliance Function, responsible for monitoring compliance with the legal, regulatory, operational, ethical and conduct obligations and duties incumbent upon the Bank and its employees, including members of the Management Bodies.

During 2021, the COD focused essentially on the following main activities:

1. Implementation of the 2021 Compliance Plan;
2. Activities carried out within the scope of internal control;
3. Activities carried out in the field of anti-money laundering, terrorist financing and restrictive measures;
4. Activities carried out in the scope of financial intermediation operations, fighting market abuse and insider trading situations;

- Activities in the scope of control of actual or potential situations of Conflicts of Interest and operations with Related Parties;
- Activities within the scope of the Irregularities' Reporting Policy in articulation with the Supervisory Board;
- Project implementation activities in matters of:
  - General Data Protection Regulation (RGPD);
  - Foreign Account Tax Compliance Act (FATCA) and Common Report Standards (CRS),
  - Review of the Bank's Regulatory portfolio;
  - Identification of the Action Plan vis-à-vis the new Notice 3/2020 of the Bank of Portugal;
  - PBC/FT Tool Upgrade
- Activities developed within the scope of handling and managing complaints;

The COD has been actively working, in coordination with the Board of Directors, to adapt the Bank's compliance risk governance environment to the business strategy, while ensuring its alignment with new regulatory requirements.

4.3. INTERNAL AUDIT

The Internal Audit Department (IAD) is a high-level structure in Bison Bank's organizational hierarchy, with a hierarchical reporting line to the Chief Executive Officer (purely administrative reporting) and a functional reporting line to the Board of Directors and the Supervisory Board.

Together with the Risk Department and Compliance Department, it ensures the Bank's Internal Control System.

The Internal Audit Function is established in a unit of structure organically segregated from the activities it monitors and controls.

During 2021, IAD carried out its activities in accordance with the Multiannual Audit Plan, which was approved by the Board of Directors (with the prior opinion of the Supervisory Board), with a view to ensuring a comprehensive, risk-oriented examination of the Bank's activities, systems and processes, focusing essentially on the following activities.

- Preparation of the Multi-Annual Audit Plan (aligned with the business strategy and objectives, in order to ensure the monitoring of relevant risks);
- Development of audit work in accordance with the Multi-Year Audit Plan approved by the Board of Directors;
- Issuing recommendations based on the results of the audit work performed and as a result of the internal control deficiencies identified;
- Promotion of continuous follow-up of identified internal control deficiencies;
- Maintenance of the existing IT tools to support the activity related to the monitoring of internal control points;
- Monitoring the progress of the implementation of the Bank's Business Plan;
- Update / Review of organic statutes, internal documents, strategies and methodologies, and risk classification models;
- Reporting of relevant information on the activity developed and on the execution of the Pluriannual Auditing Plan to the Board of Directors and to the Supervisory Board.

IAD has been actively working on assessing the adequacy and effectiveness of the internal control system, monitoring the internal control deficiencies identified and implementing measures to correct them, to achieve improvements in the Bank's internal control culture.

05

ANALYSIS OF INDIVIDUAL ACCOUNTS

5.1. ANALYSIS OF INDIVIDUAL ACCOUNTS

5.1.1. MAIN HIGHLIGHTS

During 2021, the progress of COVID-19, with the appearance of new variants, continued to significantly affect the Bank's ability to execute its business plan and in particular to generate the projected revenues. This was particularly noticeable in Wealth Management and Investment Banking activities, which have a strong cross border component.

Nevertheless, excluding the non-ordinary event of the devaluation of the Discovery fund, the Bank maintained its 2020 loss level of €7 million, with operating income growing €0.5 million and structural costs under control (+0.3 million in personnel costs and other administrative expenses).

The Bank maintained its step-by-step approach, continuing to leverage different resources to stabilize operations and drive long-term growth, while maintaining its strategic objective of successfully completing the recovery process, reaching breakeven in the coming years.

The main strategy guidelines have been reinforced, and this will continue in the future, with greater intensity - focus on a B2B model supported by a selected set of financial services in which the Bank has a clear competitive advantage, use of digital means as the preferred channel, use of a simple structure, and preservation of high levels of capital and liquidity.

5.1.2. MAIN INDICATORS OF THE FINANCIAL STATEMENTS

As of December 31, 2021, the Bank has a balance sheet total of 184.1 million euros, representing an increase of about 73.7 million euros compared to December 31, 2020 that essentially relates to the following:

- Increase of 69.4 million euros in cash, cash balances at central banks and other demand deposits, as a result of the increase in deposits from securities and real estate investment funds, basically related to the activities of the Custodian Bank, as well as deposits from individuals related to the Golden Visa program, in the total amount of 83.8 million euros;
- Reduction of 2.4 million euros under the heading of Financial Assets at fair value through profit or loss, of which we highlight the Discovery fund whose balance sheet value, at December 31, 2021, amounted to 9.4 million euros;
- 17.5 million increase in Financial Assets at fair value through other comprehensive income;
- Reduction of 12.3 million euros under the heading of Other Assets resulting, essentially, from the capital increase of 13.3 million euros in January 2021.

In terms of the income statement, excluding the extraordinary event of devaluation of the Discovery fund by €3.6 million, recorded under gains/losses on financial assets carried at fair value through profit or loss, the Bank presents total Banking Income of €2.8 million, above the Bank's operating activity when compared to 2020 when Banking Income was €2.3 million, essentially justified through:

i) 0.1 million euros increase in net interest income;
ii) 1.1 million euros increase in fee and commission income, reflecting the performance of the custody and depositary bank service line;
iii) 0.3 million euros increase in fees and commissions;
iv) €0.5 million decrease in gains/losses on financial assets at fair value through profit or loss;
v) €0.5 million increase in foreign exchange differences (losses);
vi) €0.5 million decrease in other operating income and losses.

Finally, the heading staff costs amounted to €5.7 million, representing an increase of 3% compared to 2020 (+ €0.2 million), which is mainly due to the adjustments process occurred in 2021, in order to promote internal salary equity, and the heading other administrative expenses amounted to €2.9 million, representing an increase of 4% compared to 2020 (+ €0.1 million), thus reflecting the pattern of control of the main structural costs. The remaining costs, related to depreciation, provisions and impairments, were up €0.2 million.

As a result of these developments, excluding the effect of the extraordinary event of the devaluation of the Discovery fund, the Bank would present a loss of €7.0 million in 2021, in line with 2020.

The off-balance sheet elements of the balance sheet depend mainly on 2 services:

- Fund Custodian Bank Services, the value of the Funds amounts to €569.9 million as of December 31, 2021 (2020: €515.1 million),
- Securities Custody Services of €794.7 million as of December 31, 2021 (2020: €615.9 million), on behalf of the Bank's clients.

Deferred taxes again had no impact on Net Profit / Loss as the necessary approval of the transfer of tax losses by the competent tax authorities, following the acquisition by Bison Financial, is still pending at this date.

5.1.3. MAIN SOLVENCY INDICATORS

In 2021, the Bank maintained a solid level of capitalization, with a Tier 1 Common equity ratio of 65.8% at year end. This ratio resulted from the combination of a high Tier 1 Capital of €50.1 million, with a conservative risk-taking profile for the Bank - average risk-weighted assets (RWA) ratio of 41.5%. Additionally, as of December 31, 2021, liquidity ratios remained robust - LCR of 152.5% and NSFR of 175.5% - and substantially above regulatory minimums.

06

FUTURE PERSPECTIVES

The coronavirus pandemic outbreak, and its extension through new variants during the year 2021, influenced the implementation of the Bank's Strategic Plan objectives, in particular the execution of the business plan and the generation of the underlying revenue.

For 2022, given the current context of high geopolitical uncertainty, it is expected that, like most banks globally, Bison Bank will be faced with complex challenges, particularly in the business development process. Nevertheless, Bison Bank intends to continue the gradual process of stabilization of operations and enhancement of commercial activity, which will enable it to consistently converge towards the strategic goal of achieving breakeven in the coming years.

To strengthen the foundation to support the achievement of this strategic objective, at the end of 2021 the Bank initiated a transformation process, including the reorganization of the governance model and composition of the management bodies for the mandate started in January of this year, as well as adjustments to the commercial approach and underlying structure, focusing efforts on a B2B model based on a selected set of current and new financial services with a strong digital component, for which the Bank considers it has clear competitive advantages and that are profitable, already today or in the near future.

Thus, in 2022 the Bank intends to continue to make progress in the process of consolidating its B2B model, by establishing additional partnerships, in addition to the more than 30 currently in force. The Bank also intends to continue implementing its digital transformation plan as a means of increasing its customer base and business volume. In particular, the Bank intends to consolidate the digitalization process of its commercial channels, namely the mobile application Bison Mobile and Home banking, by improving the current functionalities and providing new ones, in order to improve the banking experience of its customers, both on-boarding and throughout the life of the commercial relationship.

In terms of business, by 2022 the Bank aims to have a more focused approach, particularly in the areas of depositary banking, for domestic institutional clients, and custody and execution, for private and institutional clients with an essentially international base. In addition, the Bank will provide services in the areas of investment consulting and investment banking, on a cross-border basis. Digital channels will be privileged in the development of the activity, supported by a simplified structure.

In summary, in 2022 Bison Bank intends to have a strategic positioning based on greater focus, digitalization and simplification, aiming to increase and consolidate its customer base and business volume, stabilize operations and drive long-term growth gradually and consistently, in order to materialize a clear path of convergence to breakeven in the coming years. To this end, the Bank relies on solid capital and liquidity positions.
The war in Ukraine is resulting in tragic loss of life and human suffering, as well as causing massive damage to Ukraine's physical infrastructure. It has sent a wave of over 1 million refugees into neighboring countries, and unprecedented sanctions have been announced against Russia.

Given the structure of Bison Bank's balance sheet, and with its assets consisting mainly of a portfolio of investment grade and highly liquid bonds and liquidity with top-tier financial institutions, we do not anticipate or have verified relevant impacts for the Bank resulting from the permanence of, and possible uncertainties associated with, the war between Russia and Ukraine, with regard to this indicator.

07

PROPOSED APPLICATION OF RESULTS

From the development of its business activity in 2021, Bison Bank originated a loss of 10,617,631.35 Euros (ten million, six hundred seventeen thousand, six hundred thirty-one Euros and thirty five cents).

The Board of Directors proposes, under the terms and for the purposes of paragraph b) of number 1 and number 2 of article 376 of the Code of Commercial Companies (Decree-Law 262/86, of September 2, Code of Commercial Companies), that this loss of 10,617,631.35 Euros be transferred to Retained Earnings.

08

FINAL NOTE

Following the corporate resolutions of July 29 and September 28, 2020, on the Company's capital increase to €195,198,370.00 and the making of the corresponding cash contributions on September 28, 2020 and **January 29, 2021**, it was resolved on January 29, 2021, by Bison Capital Financial Holdings (Hong Kong) Limited, as sole shareholder of Bison Bank, S.A., to amend article 4(1) (Share Capital) of the Company's Articles of Association, which now reads as follows: The share capital, fully subscribed and paid up is one hundred and ninety-five million, one hundred and ninety-eight thousand, three hundred and seventy Euros (€195,198,370.00).

On **March 8, 2021**, Bison Capital Financial Holdings (Hong Kong) Limited, as sole shareholder of Bison Bank, S.A. , resolved to approve, at the proposal of the Audit Committee, the new revised version of the Policy for selection and appointment of statutory auditors.

At a meeting of the Board of Directors held on **March 31, 2021**, and in view of the opinion of the Appointments and Remuneration Committee, it was resolved to appoint António Manuel Gouveia Ribeiro Henriques as Vice-Chairman of the Executive Committee for the remainder of the term of office.

At the General Assembly held on **May 13, 2021**, all the documents corresponding to the Bank's annual accounts for 2020 were submitted and approved, namely the Management Report, the Corporate Governance Report, the individual and consolidated financial statements and respective attached notes, as well as the corresponding Legal Certification of Accounts issued by the Statutory Auditor, the Audit Board's Report and Opinion, and also the new report provided for in article 60 of Bank of Portugal Notice no. 3/2020, issued by the Audit Board.

The Board of Directors' proposal for the appropriation of the year's results was also approved, and the sole shareholder approved a vote of praise and confidence in the Board of Directors and the Supervisory Board, in recognition of their work.
At this meeting it was resolved to approve, as proposed by the Nomination and Remuneration Committee: i) the revised and updated version of the remuneration policy for members of the management and supervisory bodies, and the new Remuneration Policy Implementation Report;
(ii) the revised and updated version of the policy for selection and evaluation on the suitability of members of the management and supervisory bodies and essential functions.

At a meeting of the Board of Directors held on December 22, 2021, it was made known the talks held between the sole shareholder and the Nomination and Remuneration Committee with a view to changing the corporate governance model (classical model) to the governance structure provided for in article 278(b) of the Companies Code (Anglo-Saxon model) with an Audit Committee integrated in the Board of Directors. With this new governance model, we intend to reinforce an effective and prudent management of the Company and a holistic supervision of all applicable risks, also ensuring greater efficiency and cohesion in management. This change is also intended to be in line with the best practices followed by most European banks.

In this context, and without prejudice to the necessary amendment to the bylaws to be decided in due course by the sole shareholder, it was decided to request, under the terms of article 34 of the General Regime of Credit Institutions and Financial Companies (DL 298/92 of December 31), due authorization from the Bank of Portugal for the new governance model that is intended to be implemented, which was in the meantime obtained and communicated by letter from the Bank of Portugal dated February 16, 2022.

At a meeting of the Board of Directors held on January 7, 2022, it was made known the termination of duties, effective December 31, 2021, of the Chairman of the Board of Directors Yang Lijun, the Vice-Chairman of the Board of Directors Evert Derks Drok, and the Executive Director Francisco Alexandre Valente de Oliveira.

It was also made known that the sole shareholder expressed its gratitude in writing for the work done by the outgoing directors, both in the development of the Bank's business and in the strengthening of its governance and internal control systems.

The composition of the Board of Directors was thus reduced to the minimum number required by the bylaws of 3 members and coinciding with the composition of the Executive Committee, namely Bian Fang, member of the Board of Directors and Chief Executive Officer, António Manuel Gouveia Ribeiro Henriques, member of the Board of Directors and Chief Executive Officer, and André Filipe Ventura Rendeiro, member of the Board of Directors and member of the Executive Committee, and it was decided that the meetings of the management body would continue to be held on a weekly basis, although within the scope of the Board of Directors and not of the Executive Committee whose functioning would be suspended during this transitory period until the appointment of the corporate bodies for the new term of office.
To mitigate the risk of the reduced composition of the Board of Directors and considering the future governance model the Supervisory Board has been invited to participate in the meetings of the Board of Directors.

Each of the undersigned members of the Board of Directors, as identified below, hereby declares, on their own individual responsibility, that, to the best of their knowledge, the management report, the annual accounts, the legal certification of accounts and other accounting documents required by law or regulation were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and results of Bison Bank, S. A. and that the management report faithfully sets out the evolution of the business, performance and position of Bison Bank, S. A. and contains a description of the main risks and uncertainties that it faces.A. and that the management report faithfully sets out the evolution of the business, performance and position of Bison Bank, S.A. and contains a description of the principal risks and uncertainties that it faces.

In concluding its report on the activities carried out during the 2021 fiscal year, the Board of Directors would like to thank the members of the Audit Committee, the Statutory Auditor, its employees and the supervisory authorities for their support and cooperation.

Lisbon, March 31st 2022
The Board of Directors

BIAN FANG
Member and Chief Executive Officer)

ANTÓNIO MANUEL GOUVEIA RIBEIRO HENRIQUES
(Member and Vice President of the Executive Committee)

ANDRÉ FILIPE VENTURA RENDEIRO
(Member)

09

FINANCIAL STATEMENTS

BISON BANK, S.A.

Balance Sheet as at 31 december 2021 and 2020

(Amounts expressed in thousands euros)

		31 . 12 . 2021			31 . 12 . 2020
	Notes	Gross Amount	Provisions, impairment and depreciations	Net Amount	Net Amount
Cash, cash balances at central banks and other demand deposits	3	108 039	-	108 039	38 563
Financial assets held for trading	4	2 394	-	2 394	159
Non-trading financial assets mandatorily at fair value through profit or loss	5	11 692	-	11 692	14 093
Financial assets at fair value through other comprehensive income	6	49 788	51	49 737	32 261
Financial assets at amortised cost	7	1 216	1 057	159	164
Investment property	9			-	-
Property, Plant and Equipment	8	3 001	2 073	928	1 511
Property, Plant and Equipment	9	9 509	8 903	606	720
Current tax assets	10	153	-	153	153
Deferred tax assets	11	153	-	153	163
Other assets	12	9 528	425	9 103	22 584
Total Assets		**195 474**	**12 509**	**182 966**	**110 371**
Financial liabilities held for trading	4			2	-
Deposits and Liabilities from other credit institutions	13			1 146	323
Deposits from other clients	13			123 822	39 999
Provisions	14			2 331	2 093
Current tax liabilities	10			5	11
Deferred tax liabilities	11				117
Other liabilities	15			5 002	6 053
Total Liabilities				**132 308**	**48 596**
Share Capital	16			195 198	195 198
Revaluation Reserves	16			(79)	342
Other reserves	16			(133 844)	(126 798)
Profit (Loss) for the year	16			(10 618)	(6 967)
Total Equity				**50 657**	**61 775**
Total Equity and Total Liabilities				**182 966**	**110 371**

The Certified Accountant

Board of Directors

BISON BANK, S.A.

Income Statement as at 31 december 2021 and 2020

(Amounts expressed in thousands Euros)

	Notes	31 . 12 . 2021	31 . 12 . 2020
Interest Income	17	653	507
Interest Expenses	17	(167)	(100)
Net Interest Income		**486**	**407**
Fee and commission income	18	2 468	1 338
(Fee and commission expense)	18	(529)	(268)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	19	(3 633)	466
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	19	423	421
Exchange differences, net	19	265	(260)
Other operating income, net	20	(294)	199
Total Operating Income, Net		**(814)**	**2 303**
Staff expenses	21	(5 749)	(5 578)
Other administrative expenses	22	(2 879)	(2 773)
Depreciation	10,11	(912)	(792)
Provisions or reversal of provisions	14	(239)	75
Impairment or reversal of impairment on financial assets	14	(19)	26
Impairment or reversal of impairment on non-financial assets	14	32	(217)
Profit or Loss before Tax from Continuing Operations		**(10 580)**	**(6 956)**
Taxes			
Current Taxes	10	(37)	(11)
Deferred Taxes	11	-	-
Profit (Loss) for the year		**(10 618)**	**(6 967)**
Average weighted number of ordinary issued shares	24	39 039 674	36 848 964
Earnings per share (Euro per share)		**(0,27)**	**(0,19)**

The Certified Accountant

Board of Directors

BISON BANK, S.A.

Comprehensive Income Statement as at 31 december 2021 and 2020

(Amounts expressed in thousands euros)

	Notes	2021	2020
Net Profit / (Loss) for the period	**16**	**(10 618)**	**(6 967)**
Items that will not be reclassified to profit or loss			
Gains/ (losses) at fair value on financial assets through other comprehensive income	6	-	-
Deferred income taxes	11	-	-
Items that may be reclassified to profit or loss			
Gains/ (losses) at fair value on financial assets through other comprehensive income	6	(623)	156
Deferred income taxes	11	122	(35)
Total Comprehensive Income, net of tax	**18**	**(11 118)**	**(6 846)**

The Certified Accountant

Board of Directors

BISON BANK, S.A.

Consolidated Statement of Changes In Equity as at 31 december 2021 and 2020

(Amounts expressed in thousands euros)

	Notes	Share Capital	Revaluation reserves (net od deferred taxes)	Other reserves and retained earnings	Net Profit / (Loss) for the period	Total Equity
Balances as at 31.12.2019		**176 198**	**222**	**(119 789)**	**(7 009)**	**49 622**
Application of net profit / (loss) from the previous period						
Transfer to other reserves and retained earnings	16	-	-	(7 009)	7 009	-
Share capital increase	16	19 000	-	-	-	19 000
Comprehensive income	16	-	121	-	(6 967)	(6 846)
Balances as at 31.12.2020		**195 198**	**343**	**(126 798)**	**(6 967)**	**61 775**
Application of net profit / (loss) from the previous period						
Transfer to other reserves and retained earnings	16	-	-	(6 967)	6 967	-
Share capital increase	16	-	-	-	-	-
Comprehensive income	16	-	(422)	(79)	(10 618)	(11 118)
Balances as at 31.12.2020		**195 198**	**(79)**	**(133 844)**	**(10 618)**	**50 657**

The Certified Accountant

Board of Directors

BISON BANK, S.A.

Statements of Cash Flows as at 31 december 2021 and 2020

(Amounts expressed in thousands Euros)

	31 . 12 . 21	31 . 12 . 20
OPERATING ACTIVITY		
Operating Income:		
Net profit/(loss) for the period	(10 618)	(6 967)
Credit Impairment	6	(38)
Impairment losses	7	228
Provisions for the period	239	(75)
Depreciations for the period	912	800
Tax appropriation for the period	37	11
Interests	(293)	(87)
Foreign exchange results	(265)	-
	(9 975)	**(6 128)**
Changes to Operating Assets and Liabilities:		
Changes to Operating Assets and Liabilities:	(1 082)	3
Increase/(Decrease) in Financial Assets held for trading	2 422	8 063
Increase/(Decrease) in Financial Assets at fair value through profit and loss	(17 190)	636
Financial assets at fair value through other comprehensive income	(5)	118
Increase/(Decrease) in financial assets at amortised cost	(2 120)	(5 920)
Increase/(Decrease) in Other Assets	84 631	9 929
Increase/(Decrease) in Deposits	(1 051)	(478)
Increase/(Decrease) in Other Liabilities	(150)	(119)
	65 455	**12 232**
Operating Cash Flows	**55 480**	**6 104**
INVESTING ACTIVITY		
Acquisition / Disposal of Tangible Assets	583	(134)
Acquisition / Disposal of Intangible Assets	114	(329)
Cash flows from investing activity	**697**	**(463)**
FINANCING ACTIVITY		
Share Capital Increase	13 300	5 700
Cash flows from financing activity	**13 300**	**5 700**
TOTAL	**69 477**	**11 341**
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	38 563	27 222
Cash and cash equivalents at the end of the period	108 039	38 563
	69 476	**11 341**
Balance sheet value of Cash and Cash Equivalents items as at 31 December		
On-demand deposits at Central Banks	90 962	965
On-demand deposits at Other Credit Institutions	17 077	37 597
	108 039	**38 562**

The Certified Accountant

Board of Directors

(Amounts expressed in thousands of Euros, except when indicated otherwise)

1. GENERAL INFORMATION

Bison Bank, SA ("Bank" or "Bison Bank"), formerly known as Banif - Banco de Investimento, S.A. until November 23, 2018. ("BBI"), resulted from the demerger, carried out on December 15, 2000, of Ascor Dealer - Sociedade Financeira de Corretagem, S.A. and which also resulted in the incorporation of a new brokerage company called Banif Ascor Sociedade Corretora, S.A.

On July 9, 2018, Bison Capital Financial Holdings (Hong Kong) Limited ("Bison Financial") acquired the entire share capital of the Bank, in the amount of 135,198 thousand Euros, from the former shareholder, Oitante, S.A. ("Oitante"), a vehicle created within the scope of the resolution measure decided by the Bank of Portugal for Banif - Banco Internacional do Funchal, S.A.

Bison Financial is a financial holding company based in Hong Kong, fully owned by Bison Capital Holding Company Limited.

On July 20, 2018, Bison Financial completed a capital increase of the Bank in the amount of €41,000 thousand to €176,198 thousand.

On July 29, 2020, a new capital increase was approved in the amount of 19,000 thousand Euros, bringing the total to 195,198 thousand Euros, being this the Bank's share capital on December 31, 2020. Bison Financial holds all the shares of the Bank.

The Bank's head office is at Rua Barata Salgueiro, R/C, in Lisbon, Portugal.

In January 2021, Bison Bank's Board of Directors approved a revision of its business plan, covering the period from 2021 to 2024.

The Board of Directors believes that the Bank has a solid foundation to carry out a sustained growth plan over the next four years, with the objective of making the Bank profitable.

As of December 31, 2019, the only entity over which Bison Bank exercised control was the fund Turirent - Closed-end Real Estate Investment Fund ("Turirent" or "Fund"), which was measured at fair value and classified under the caption "Non-trading financial assets mandatorily carried at fair value through profit or loss" (Note 5).

On August 26, 2020, the Bank sold in full its participation in the Turirent fund, registered with the CMVM under No. 965.

Turirent was the only asset that could be included in the Bank's consolidation perimeter for the purposes of financial and prudential reporting on a consolidated basis.
of the Fund's divestiture process, the reporting process for prudential and financial purposes was, as of August 2020 (inclusive), submitted to the regulators on an individual basis.

Considering the compliance with the International Financial Reporting Standards (IFRS), at the level of consolidated financial statements (IFRS10), the Bank will no longer present consolidated financial statements on December 31, 2021.

On March 31st, 2022, the Bank's Board of Directors reviewed and approved the Financial Statements and the Notes to the Financial Statements as of December 31, 2021, and globally approved the Management Report which, together with the Financial Statements, will be submitted to the Annual General Meeting of Shareholders for approval.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASES OF ACCOUNT PRESENTATION

The Bank's financial statements were prepared in accordance with IFRS, as adopted in the European Union, and in force on January 1, 2019, as established by Regulation (EC) No 1606/02 of the European Parliament and of the Council, of July 19, 2002, transposed into Portuguese law by Decree-Law No 35/2005 of February 17 and by Notice No 1/2005 of February 21 of the Bank of Portugal ("BoP"), which was revoked by BoP Notice No 5/2015 of December 30, 2015.

The Bank prepares financial statements in accordance with IFRS since January 1, 2016, as determined by the Bank of Portugal, through the provisions of Notice No. 5/2015 which established that, as of January 1, 2016, all institutions under its supervision should prepare financial statements on a consolidated basis and on an individual basis in accordance with International Financial Reporting Standards ("IAS/IFRS"), adopted by the European Union, replacing the Adjusted Accounting Standards established by the Bank of Portugal.

The financial statements are expressed in thousands of Euros, rounded to the nearest thousand. These financial statements have been prepared under the historical cost convention, except for financial assets and liabilities recorded at fair value, namely assets and liabilities held for trading (including derivatives), assets and liabilities at fair value through profit or loss or through other comprehensive income.

The main accounting policies used by the Bank are presented below.

2.2 COMPARATIVE INFORMATION

The accounting policies are consistent with those used in the preparation of the prior year's financial statements.

2.3 NEW STANDARDS AND INTERPRETATIONS APPLICABLE TO 2021

Summary of new standards, amendments, improvements published by IASB and interpretations published by IFRIC, according to the period in which they become effective, the nature of the changes and the potential impacts for the Bank.

1. impact of the adoption of the amendments to the standards that became effective on January 1, 2021:

Description	Change	Value Date
IFRS 16 - COVID-19 Related Rent Allowances This amendment to IFRS 16 shall not be included in this chapter if the entity has elected to early apply in 2020].	Application of exemption in the accounting of subsidies granted by lessors related to COVID-19, as modifications	June 1, 2020
IFRS 4 - Deferral of application of IFRS 9	End of the deferral of the start of application of IFRS 9 for entities with insurance activity, postponed to January 1, 2023	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of benchmark interest rates - phase 2	Additional exemptions related to the impacts of benchmark interest rate reform ("IBOR"), and especially the replacement of a benchmark interest rate with an alternative in traded financial instruments. Disclosure requirement about exposure to changes in benchmark interest rates	January 1, 2021

- **IFRS 16 (amendment), 'Leases - COVID-19 related rent subsidies':** This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether subsidies granted by lessors under COVID-19 qualify as 'modifications' when three criteria are met cumulatively: (i) the change in lease payments results in a revised consideration for the lease that is substantially equal to, or less than, the consideration immediately prior to the change; (ii) any reduction in lease payments only affects payments due on or before June 30, 2021; and (iii) there are no significant changes to other terms and conditions of the lease.
- Lessees that elect to apply this exemption account for the change in rental payments as variable lease payments in the period(s) in which the event or condition that triggers the payment reduction occurs. This change is applied retrospectively with the impacts reflected as an adjustment to retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the change.

- **IFRS 4 (amendment), 'Insurance contracts - Deferral of application of IFRS 9'.** This amendment refers to the temporary accounting consequences that result from the difference between the effective date of IFRS 9 - Financial Instruments and the future IFRS 17 - Insurance Contracts. In particular, the amendment made to IFRS 4 postpones until 2023 the expiry date of the temporary exemption from applying IFRS 9 in order to align the effective date of the latter with that of the new IFRS 17.

- **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) ', reform of reference interest rates - phase 2.** These amendments address issues that arise during the reform of a reference interest rate, including the replacement of a reference interest rate with an alternative one, allowing the adoption of exemptions such as: (i) changes in hedge designation and documentation; (ii) cumulative amounts in the cash flow hedge reserve; (iii) retrospective assessment of the effectiveness of a hedging relationship under IAS 39; (iv) changes in hedging relationships for groups of items; v) assumption that an alternative reference interest rate, designated as a risk component not contractually specified, is separately identifiable and qualifies as a hedged risk; and vi) update the effective interest rate, without recognizing gain or loss, for financial instruments measured at amortized cost with changes in contractual cash flows as a result of the IBOR reform, including leases that are indexed to an IBOR.

The adoption of these amendments, improvements and interpretations did not result in any impact on the Bank, or at the level of disclosures.

2. Published standards (new and amendments), whose application is mandatory for annual periods beginning on or after January 1, 2022, already endorsed by the European Union:

Description	Change	Value Date
7. IAS 16 - Income earned before start-up	Prohibiting the deduction of income obtained from the sale of items produced during the testing phase from the acquisition cost of tangible assets	January 1, 2022
8. IAS 37 - Onerous contracts - costs of fulfilling a contract	Clarification on the nature of the expenditures to be considered in determining whether a contract has become onerous	January 1, 2022
9. IFRS 3 - References to the Framework	Update to the references to the Conceptual Framework and clarification on the recording of provisions and contingent liabilities in a business combination	January 1, 2022
10. IFRS 16 - COVID-19 Related Rent Bonuses after June 30, 2021	Extension of the period of application of the exemption in the accounting of subsidies granted by lessors related to COVID-19, as modifications, until June 30, 2022	April 1, 2021
11. IFRS 17 - Insurance Contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features	January 1, 2023
12. IFRS 17 - Insurance Contracts (amendments)	Inclusion of changes to IFRS 17 in areas such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income Statement; and viii) disclosures	January 1, 2023
13. Improvement Cycle 2018 - 2020	Specific and one-off changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1, 2022

- **IAS 16 (amendment) 'Revenue earned before start-up'** (effective for annual periods beginning on or after 1 January 2022). Amendment to the accounting treatment given to the consideration obtained from the sale of products resulting from the production in test phase of tangible fixed assets, prohibiting its deduction from the acquisition cost of the assets. This amendment is applicable retrospectively, without restatement of comparatives.

- **IAS 37 (amendment) 'Onerous contracts - costs of fulfilling a contract'** (effective for annual periods beginning on or after January 1, 2022). This amendment specifies that in assessing whether a contract is onerous, only expenses directly related to the performance of the contract may be considered, such as incremental costs related to direct labor and materials and the allocation of other directly related expenses such as the allocation of depreciation costs of tangible assets used to perform the contract. This amendment should be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without restating the comparative. [include information on the estimated impact of the future adoption of this amendment on the Entity's financial statements].

- **IFRS 3 (amendment) 'References to the Framework' (effective for annual periods beginning on or after January 1, 2022).** This amendment updates the references to the Framework in the text of IFRS 3, with no changes being made to the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be adopted for contingent liabilities and liabilities under IAS 37 and IFRIC 21 and prohibits the recording of contingent assets of the acquiree in a business combination. This amendment is of prospective application.

- **IFRS 16 (amendment), 'Leases - Rental subsidies related to COVID-19 after June 30, 2021'** (effective for annual periods beginning on or after April 1, 2021). The amendment extends the application date of the amendment to IFRS 16 - 'Leases - COVID-19 related rent subsidies' from June 30, 2021, to June 30, 2022. The conditions of application of the practical expedient are maintained, being that: i) if the lessee is already applying the 2020 practical expedient, it must continue to apply it to all leases with similar characteristics, and under comparable conditions; and ii) if the lessee has not applied the practical expedient to the eligible 2020 rent subsidies, it cannot apply this extension to the 2020 amendment. This amendment is applied retrospectively with the impacts reflected as an adjustment to the opening balance of retained earnings for the annual reporting period in which the lessee first applies this amendment.

- **IFRS 17 (new), 'Insurance Contracts' (effective for annual periods beginning on or after January 1, 2023).** This new standard replaces IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 is based on the current measurement of technical liabilities, which are reassessed at each reporting date. The current measurement can be performed by applying the full model ("building block approach") or the simplified model ("premium allocation approach"). The full model is based on probability-weighted, risk-adjusted discounted cash flow scenarios and a contractual service margin, which represents the estimated future contract profit. Subsequent changes to the estimated cash flows are adjusted against the contractual service margin unless it becomes negative. IFRS 17 is retrospective with some exemptions at the transition date.

- **IFRS 17 (amendment), 'Insurance contracts'** (effective for annual periods beginning on or after January 1, 2023). This amendment includes specific changes in eight areas of IFRS 17, such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the statement of financial position; vii) recognition and measurement of the income statement; and viii) disclosures. This amendment also includes clarifications, which aim to simplify some of the requirements of this standard and streamline its implementation

- **Improvements to the standards 2018 - 2020** (to be applied in fiscal years beginning on or after January 1, 2022). This cycle of improvements amends the following standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

The Bank is still analyzing the impacts arising from future adoptions of these standards.

3. Standards (new and amendments) published, whose application is mandatory for annual periods beginning on or after January 1, 2022, that the European Union has not endorsed by December 31, 2021:

Description	Change	Effective Date
14. IAS 1 - Presentation of financial statements - Classification of liabilities	Classification of a liability as current or non-current, depending on the right an entity has to defer its payment. New definition of "settlement" of a liability	January 1, 2023
15. IAS 1 - Disclosure of accounting policies	Requirement to disclose material accounting policies, rather than significant accounting policies	January 1, 2023
16. IAS 8 - Disclosure of accounting estimates	Definition of accounting estimate. Clarification on the distinction between changes in accounting policies and changes in accounting estimates	January 1, 2023
17. IAS 12 - Deferred tax related to assets and liabilities associated with a single transaction	Requirement of deferred tax recognition on the recording of assets under right of use/lease liabilities and provisions for dismantling/related assets, when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences, as they are not relevant for tax purposes	January 1, 2023
18. IFRS 17 - Initial application of IFRS 17 and IFRS 9 - Comparative Information	This amendment allows the avoidance of temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented, when applying IFRS 17 for the first time. This amendment allows the application of an "overlay" in the classification of a financial asset for which the entity does not update the comparative information of IFRS 9.	January 1, 2023

- **IAS 1 (amendment), 'Presentation of financial statements - classification of liabilities'** (effective for annual periods beginning on or after January 1, 2023). This amendment is still subject to endorsement by the European Union. This amendment aims to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer its payment at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists but should not consider whether the entity will or will not exercise that right), or by events occurring after the reporting date, such as the breach of a covenant. This amendment also includes a new definition of "settlement" of a liability. This amendment has retrospective application.

- **IAS 1 (amendment), 'Disclosure of accounting policies'** (effective for annual periods beginning on or after January 1, 2023). This amendment is still subject to endorsement by the European Union. Amendment to the disclosure requirements for accounting policies based on the definition of 'material' rather than 'significant'. Information relating to an accounting policy is considered material if, in its absence, users of financial statements would not be able to understand other financial information included in those financial statements. Immaterial information about accounting policies need not be disclosed. IFRS Practice Statement 2, was also amended to clarify how the concept of "material" applies to the disclosure of accounting policies.

- **IAS 8 (amendment), 'Disclosure of accounting estimates'** (effective for annual periods beginning on or after January 1, 2023). This amendment is still subject to endorsement by the European Union. Introduction of the definition of accounting estimate and how it is distinguished from changes in accounting policies. Accounting estimates are now defined as monetary amounts subject to measurement uncertainty that are used to achieve the objective(s) of an accounting policy.

- **IAS 12 (amendment), 'Deferred tax related to assets and liabilities associated with a single transaction'** (effective for annual periods beginning on or after January 1, 2023). This amendment is still subject to endorsement by the European Union. IAS 12 now requires entities to recognize deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The subject transactions refer to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognized as part of the cost of the related asset, when at the date of initial recognition they are not relevant for tax purposes. These taxable differences are no longer subject to the exemption of initial recognition of deferred taxes. The cumulative effect of the initial application of this amendment is recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the earliest comparative period presented.

- **IFRS 17 (amendment), 'Initial application of IFRS 17 and IFRS 9 - Comparative Information'** (effective for annual periods beginning on or after January 1, 2023). This amendment is still subject to endorsement by the European Union. This amendment applies only to insurers on transition to IFRS 17 and permits the adoption of an "overlay" in the classification of a financial asset for which the entity does not apply retrospectively, under IFRS 9. This amendment aims to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, in the comparative information presented in the initial application of IFRS 17, providing: (i) the application financial asset to financial asset; (ii) the presentation of the comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified in accordance with IFRS 9.

The Bank is still analyzing the impacts arising from future adoptions of these standards.

2.4 USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements requires the preparation of estimates and assumptions by Management that affect the reported amounts of assets and liabilities, revenues and expenses, as well as contingent liabilities. In making these estimates, Management used its judgment, as well as the information available at the date of the financial statements. Consequently, actual future values may differ from the estimates made.

The situations where the use of estimates is most significant are as follows:

CONTINUITY OF OPERATIONS

The financial statements were prepared on a going concern basis, based on the arguments described in Chapter 06 - Future Prospects, of the Management Report and other notes to this Annex.

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT QUOTED IN ACTIVE MARKETS

When the fair value of financial instruments cannot be determined through quoted market prices (marked to market) in active markets, it is determined through the use of valuation techniques that include mathematical models (marked to model). The input data in these models is, whenever possible, observable market data, but when this is not possible, a degree of judgment is required to establish fair values, namely in terms of liquidity, correlation, and volatility.

In the specific case of the investment fund units held by the Bank, these are classified in level 3 of the fair value hierarchy and valued on the basis of the NAV ("Net Asset Value") disclosed by the respective management companies.

IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTIZED COST AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The determination of impairment losses for financial instruments involves judgments and estimates regarding the following aspects, among others:

Significant increase in credit risk

The impairment losses correspond to the expected losses in case of default in a time horizon of 12 months for stage 1 assets, and to the expected losses considering the probability of occurrence of a default event in some moment until the maturity date of the financial instrument for stage 2 and 3 assets. An asset is classified in stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank takes into consideration qualitative and quantitative, reasonable and sustainable information.

Definition of asset groups with common credit risk characteristics
When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that in the event of a change in credit risk characteristics, the segmentation of assets is reviewed. This review may result in the creation of new portfolios or the transfer of assets to existing portfolios that better reflect their credit risk characteristics.

Probability of default
The probability of default is a determining factor in measuring expected credit losses. The probability of default is an estimate of the probability of default over a given time period, which is calculated based on historical data, assumptions and expectations about future conditions.

In estimating expected credit losses, the Bank uses forward-looking information based on market data from issuers or similar instruments, Credit Default Swaps and market Yields, which include the aforementioned information.

Loss given default
The loss given default (LGD) rate corresponds to the percentage of debt which will not be recovered in the event of default by the client. The LGD calculation is made based on market information, considering the cash flows associated with the operations from the moment of default until its settlement or until the moment in which there are no relevant recovery expectations

PROFIT TAX
The Bank is subject to the payment of taxes on profits in Portugal. The determination of the overall amount of income taxes requires certain interpretations and estimates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes recognized in the period. The Portuguese Tax Authorities are entitled to review the Bank's calculation of its annual taxable earnings for a period of four years. As such, it is possible that there may be corrections to the taxable base, resulting mainly from differences in interpretation of the tax law. However, the Board of Directors is confident that there will be no material corrections to the income taxes recorded in the financial statements.

REAL ESTATE ASSET VALUATION
The valuation service is provided by external, independent companies, registered with the Securities Market Commission ("CMVM") and with qualifications, recognized competence, and professional experience, appropriate for the performance of their respective functions. The reports comply with the requirements established by the CMVM, BoP and Instituto de Seguros de Portugal, as well as with the criteria defined by the European Accounting Standards and the guidelines of International Institutions, such as RICS and TEGoVA. All reports are analyzed and validated by the internal technical structure.

The evaluation procedures presuppose the collection of rigorous information, either from updated documentation, or an inspection of the property and surrounding area, either with the municipal councils and other bodies, or in the analysis of the market, transactions, supply/demand ratio and development prospects. The treatment of this information, areas and uses and market values, allows the adoption of base values for the calculation, by application of the methods and their comparison.

The comparative market method is always used either directly or as a basis for development cash-flows, updated on the valuation date at rates that incorporate the project risk. The replacement cost method is also used directly in the valuation of properties in continued use and an indispensable contribution in the referred development scenarios.

The realizable value of these assets is dependent on the future evolution of the real estate market conditions.

RENTALS
In determining the lease term, the Board of Directors considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated).

The adoption of IFRS 16 has not, to date, been accompanied by any adaptation to tax legislation, particularly the IRC Code, in order to establish specific rules on the treatment to be given to accounting movements associated with the new accounting standard, which has been generating doubts of interpretation among taxpayers, particularly regarding the framework to be given to the depreciation of the new class of assets - right-of-use assets.

In light of the inexistence of a specific tax regime, the Bank has come to understand that the accounting movements associated with the adoption of IFRS 16 (especially depreciation of rights of use) must, in general terms, be considered relevant for tax purposes, as was the case under the previous accounting standard applicable to Leases (safeguarding the specific limitations set out in the IRC Code in relation to lease contracts of light passenger vehicles and the incidence of autonomous taxation, when applicable), and no differences (temporary or definitive) have arisen between taxation and accounting in this regard.

Following doubts raised by taxpayers regarding the tax implications of the application of IFRS 16, the Portuguese Tax and Customs Authority ("AT") has published Circular no. 7/2020 of August 13, disclosing its understanding on the tax implications of the new accounting standard.

According to the mentioned Circular, the AT considered, among other minor aspects, that the right-of-use assets to be recognized under lease agreements covered by the application of IFRS 16 should be considered an intangible asset subject to depreciation. Anyway, instead of considering that the tax amortization should follow the period of useful life of such intangible asset, i.e., the duration of the associated lease agreements, the AT considered that, since tax amortization rates for right of use assets are not exhaustively set forth in the tax legislation, the periods of useful life and the maximum and minimum rates applicable to the underlying assets of each right of use should be considered, according to tables I and II of the Regulatory Decree no. 25/2009, of 14 September.

The Bank disagrees with the understanding presented in Circular no. 7/2020 of August 13 regarding the tax framework to be given to the depreciation of right-of-use assets, since it may lead to temporary differences between accounting and taxation without adherence to a feasible economic or tax rationale, with particular relevance to cases where there are material differences between the duration of leases and the periods of useful life for tax purposes of the underlying assets (e.g., property leases).

According to the Bank, the understanding set out in Circular 7/2020 of 13 August, namely regarding the tax framework of the depreciation of right-of-use assets, will be under central revision by the AT. In this sense, the Bank awaits further developments on this matter, and will maintain its position on it for the time being.

2.5 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded based on the exchange rates contracted on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rate prevailing at the balance sheet date. Non-monetary items, which are valued at fair value, are translated based on the exchange rate in force on the last valuation date. Non-monetary items, which are held at historical cost, are held at the original exchange rate. Exchange differences arising on translation are recognized as gains or losses of the period in the income statement, except for those arising from non-monetary financial instruments classified as available for sale, which are recorded against a specific item of equity until the asset is sold.

2.6 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include domestic and foreign currency, in cash, demand deposits with central banks, demand deposits with other banks in the country and abroad and checks payable on other banks. Cash and cash equivalents are classified as amounts with maturities of up to 3 months and with a low risk of fair value fluctuation.

2.7. FINANCIAL INSTRUMENTS

2.7.1. INITIAL RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

The purchases of financial assets and the financial liabilities assumed that imply the delivery of assets in accordance with the deadlines established, by regulation or convention in the market, are recognized on the transaction date, i.e. the date on which the commitment to purchase or sell is made.

The classification of financial instruments at initial recognition depends on their characteristics and business model. All financial instruments are initially measured at fair value plus costs directly attributable to the purchase or issue, except in the case of assets and liabilities at fair value through profit or loss where such costs are recognized directly in profit or loss.

2.7.2. SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

The Bank classifies financial assets in accordance with the classification and measurement requirements of IFRS 9, in which financial instruments are classified based on the business models used to manage the respective financial instrument and the contractual characteristics of the respective cash flows (through a test called "SPPI - Solely Payments of Principal and Interest"). Three alternative business models are envisaged:

- A debt financial instrument that (i) is managed under a business model whose objective is to hold the financial assets in portfolio and receive all of its contractual cash flows and (2) has contractual cash flows at specified dates that correspond exclusively to the payment of principal and interest on the principal amount outstanding - should be measured at amortized cost, unless it is designated at fair value through profit or loss under the fair value option - "Hold to Collect".

- A debt financial instrument that (i) is managed under a business model whose objective is achieved either by receiving the contractual cash flows or by selling the financial assets and (2) contains contractual provisions that give rise to cash flows that correspond exclusively to the payment of principal and interest on the principal amount outstanding - shall be measured at fair value through other comprehensive income ("FVTOCI"), unless it is designated at fair value through profit or loss under the fair value option - "Hold to Collect & Sale".

- All other financial instruments that do not meet the criteria "Hold to Collect" or "Hold to Collect and Sell" should be measured at fair value through profit and loss ("FVPL").

The assessment of the business model to be considered requires judgment at the initial measurement date. As part of this assessment, the Bank considers quantitative factors (e.g., expected sales frequency and volume) and qualitative factors, such as how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's management.

In addition to considering the risks that affect the performance of the business model and the financial assets held within that business model, in particular, how those market and credit risks are managed, and how the managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or in contractual cash flows earned), this evaluation may result in the reclassification of assets to a "Hold to Collect" or "Hold to Collect and Sell" or other business model.

If the Bank holds a financial asset classified under a "Hold to Collect" or "Hold to Collect and Sell" business model, an assessment is required at initial recognition to determine whether the contractual cash flows of the financial asset meet the SPPI criteria on the recorded balance. Contractual cash flows that meet the SPPI criteria on the recorded balance must be consistent with a basic lending arrangement.

The interest in a basic lending arrangement corresponds to the value of money over time and the credit risk associated with the value of the balance recorded over a given period of time. It may also include consideration of other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) associated with holding the financial asset for a specified period of time; and a profit margin consistent with a basic lending arrangement.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss if they are held in the Held for Trading business model or if they do not meet the criteria for classification in the “Hold to Collect” or “Hold to Collect and Sell” models. Additionally, this category may include financial assets that meet the criteria for Hold to Collect or Hold to Collect and Sell, but where the financial asset does not meet the SPPI criteria, or where the Bank has determined the specific classification in this category.

Financial assets classified as financial assets at fair value through profit or loss are measured at fair value with realized and unrealized gains and losses recorded under net gains/(losses) from financial assets/liabilities at fair value through profit or loss. Interest on interest-bearing assets, such as commercial loans and debt securities, is presented under interest and similar income

Financial assets measured at fair value through profit or loss are recognized or derecognized on the trade date in the items specified below, the trade date being the date on which the Bank commits to purchase or sell the asset:

Financial assets held for trading – Financial assets are classified as held for trading if they were originated, acquired, or obtained principally for the purpose of sale or repurchase in the near future, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Trading assets include debt and equity securities, derivatives held for trading purposes and commercial loans.

Non-trading financial assets mandatorily carried at fair value through profit or loss – The Bank considers any financial asset that is not held for trading does not meet the criteria for classification under the “Hold to Collect” or “Hold to Collect and Sell” model in the “Other” business model and classifies it as non-trading financial assets mandatorily carried at fair value through profit or loss. This predominantly includes shares in companies that are held and managed based on fair value criteria. In addition, any financial asset that meets the criteria for classification in a “Hold to Collect” or “Hold to Collect and Sell” model but whose contractual cash flows do not meet the SPPI criteria is classified by the Bank as a Non-trading financial asset mandatorily carried at fair value through profit or loss.

Financial assets accounted for at fair value through profit or loss – Certain financial assets, which would be subsequently measured at amortized cost or fair value through other comprehensive income, may be recorded at fair value through profit or loss if this record eliminates or significantly reduces a measurement or recognition inconsistency. The possibility of using this option under IFRS 9 is limited.

Financial assets at fair value through other comprehensive income – A financial asset is classified and measured at fair value through other comprehensive income (“FVOCI”) if the financial asset is held in a “Hold to Collect” or “Hold to Collect and Sell” model, and if the contractual cash flows meet SPPI criteria, unless it is designated at fair value through profit or loss under the fair value option.

Under FVOCI, a financial asset is measured at fair value, with any changes recognized in Other Comprehensive Income (‘OCI’) and assessed for impairment in accordance with the credit loss model in IFRS 9. The foreign currency translation effect for assets recorded under FVOCI is recognized in profit or loss, as is the interest component, using the effective interest method. Premium amortization and discount accretion are recorded in interest income and interest expense. Realized gains and losses are recorded in net gains / (losses) on financial assets in FVOCI. Generally, the weighted average cost method is used to determine the cost of financial assets in FVOCI.

Financial assets classified as FVOCI are recognized or derecognized on the trade date, the trade date being the date on which the Bank commits to purchase or sell the asset.

Financial assets at amortized cost – A financial asset is classified and subsequently measured at amortized cost if the financial asset is held in a “Hold to Collect” model and the contractual cash flows meet the SPPI criteria.
Under this measurement category, the financial asset is measured at fair value upon initial recognition. Subsequently, the carrying amount is reduced for principal payments plus or minus accumulated amortization using the effective interest method.
The financial asset is assessed for impairment in accordance with the expected credit loss model under IFRS 9. Financial assets measured at amortized cost are recognized at the financial settlement date.
Financial assets at amortized cost predominantly include loans at amortized cost and other receivables presented under Other Assets.

2.7.3. MODIFICATION OF FINANCIAL ASSETS

Whenever the terms of a financial asset are renegotiated or modified and the modification does not result in derecognition, a gain or loss is recognized in the income statement, corresponding to the difference between the original contractual cash flows and the modified cash flows discounted at the original effective rate. The modified financial asset will continue to accrue interest in the original register account.

Commercial or non-credit related renegotiations, where there is no significant increase in the debtor’s credit risk since the origination of the contract and there is a readily exercisable right to early termination of the financial asset, result in derecognition of the original contract and recognition of a new financial asset based on the negotiated commercial terms.

For credit-related modifications (modifications due to a significant increase in credit risk since the origination of the contract) or where the debtor does not have the right of early termination, the Bank assesses whether the modified terms result in a significantly modified and consequently derecognized financial asset. This evaluation includes a quantitative assessment of the impact of the change in cash flows from the modification of the contractual terms and, additionally and whenever necessary, a qualitative assessment of the impact of the change in the contractual terms. Where such modifications are concluded not to be significant, the financial asset is not derecognized and is recorded as a modification as described above.

If the changes are found to be significant, the previous financial asset is derecognized and a new financial asset is recognized. Whenever a modification results in the recognition of a new financial asset, the date of the modification is the date of initial recognition of the new financial asset. The Bank recognizes a loss allowance based on 12-month expected credit losses at each financial statement preparation date.

However, if after a modification that results in derecognition of the original financial asset, there is evidence that the new financial asset is credit-impaired at initial recognition, the new financial asset should be recognized as a credit-impaired financial asset, originated, and initially classified in stage 3.

2.7.4. IMPAIRMENT OF FINANCIAL ASSETS

The impairment requirements of IFRS 9 apply to all credit exposures that are measured at amortized cost or FVOCI, off-balance sheet loan commitments, such as loan commitments and bank guarantees, and other assets. For the purpose of the impairment policy described below, these instruments are referred to as 'financial assets'.
The determination of impairment by reduction to the recoverable value is made based on the expected credit loss model according to which the impairment is recorded at the date of initial recognition of the financial asset, based on the expectations of potential credit losses at the time of initial recognition.

STEPWISE APPROACH TO DETERMINING EXPECTED CREDIT IMPAIRMENT LOSSES

IFRS 9 introduces a three-step ('stage') approach to impairment testing for financial assets that do not have credit losses at origination or purchase date. This approach can be summarized as follows:

- **Stage 1:** financial assets are classified as stage 1 whenever there is no significant increase in credit risk since the date of their initial recognition. For these assets, the expected loss of credit impairment resulting from default events occurring within 12 months after the reporting date must be recognized in income for the year;

- **Stage 2: i**ncorporates the financial assets in which there has been a significant increase in credit risk since the date of their initial recognition. For these financial assets, an expected credit loss ("ECL") calculation is performed, and lifetime expected credit impairment losses are recognized. However, interest will continue to be calculated on the gross amount of the asset. Impairment for credit losses is higher in this stage due to the increased credit risk and the impact of considering a longer period of time, compared to the 12 months considered in stage 1;

- **Stage 3:** the assets classified in this stage present, on the reporting date, objective evidence of impairment, as a result of one or more events that have already occurred and that result in a loss. In this case, the expected credit impairment loss during the expected residual life of the financial assets will be recognized in income for the year. Interest is calculated on the net value balance sheet of the assets.

SIGNIFICANT INCREASE IN CREDIT RISK

Under IFRS 9, for purposes of monitoring and assessing the significant increase in credit risk of a financial asset since initial recognition, the Bank considers reasonable and supported information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information based on the Bank's historical experience, credit risk assessment and forward-looking information (including macroeconomic factors). The assessment of significant credit deterioration is key in determining when to move from measuring a loss based on 12-month ECLs to a measurement based on ECLs over the life of the assets (i.e. transfer from stage 1 to stage 2).

The Bank's framework for determining whether there has been a significant increase in credit risk aligns with the internal Credit Risk Management ("CRM") process and covers process and rating related indicators (Note 25).

FINANCIAL ASSETS WITH CREDIT IMPAIRMENT ON STAGE 3

The Bank has aligned its definition of credit impairment under IFRS 9 for when a financial asset goes into default for regulatory purposes.

The determination of whether a financial asset is in default, and therefore stage 3, focuses exclusively on the risk of default, without considering the effects of credit risk mitigants such as collateral or guarantees.

Specifically, a financial asset is stage 3 credit impaired when:

- The Bank considers that the debtor is unlikely to pay its credit obligations to the Bank; or

- Contractual payments of principal or interest by the debtor are more than 90 days past due.

For financial assets classified as stage 3, the value of ECL contemplates the amount of loss the Bank estimates it will incur, and the estimation of ECLs is made on a case-by-case basis. This estimate includes the use of discounted cash flows that are adjusted for the different recovery scenarios.

Forecasts of forward-looking information and future economic conditions in calculating ECLs are also considered. Lifetime expected losses are estimated based on the probability-weighted present value of the difference between the contractual cash flows that are due to the Bank under the contract and the cash flows that the Bank expects to receive.

COLLATERAL AND GUARANTEES FOR FINANCIAL ASSETS CONSIDERED IN THE IMPAIRMENT ANALYSIS

IFRS 9 requires that the expected cash flows from collateral, guarantees and other credit risk mitigants are reflected in the ECL calculation. The main aspects to consider in relation to collateral and guarantees in this context are:

1. Eligibility of collateral, i.e. which collateral should be considered in the ECL calculation;
2. Collateral valuation, i.e. what collateral (liquidation) value should be used; and

3. Projection of the amount of collateral available over the life of a transaction.

2.7.5 SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be made by delivering cash or another financial asset, regardless of its legal form.

At the time of their initial recognition, financial liabilities are classified in one of the following categories: i) Financial liabilities held for trading or ii) Financial liabilities at amortized cost.

FINANCIAL LIABILITIES HELD FOR TRADING
In this item are classified liabilities issued with the objective of being repurchased in the short term, those that are part of a portfolio of identified financial instruments and for which there is evidence of a recent pattern of short-term profit taking or that meet the definition of a derivative (except in the case of a derivative classified as a hedge).

Derivative financial liabilities and short sales are recognized at fair value in the balance sheet. Gains and losses resulting from changes in the fair value of these instruments are recognized directly in the income statement.

FINANCIAL LIABILITIES AT AMORTIZED COST
In this item are classified the non-derivative financial liabilities, which include sale transactions with repurchase agreement, resources from credit institutions, resources from clients, and liabilities represented by securities.

These liabilities are recorded (i) initially at fair value plus incurred transaction costs and (ii) subsequently measured at amortized cost, based on the effective rate method.

Interest on financial liabilities at amortized cost is recognized under "Interest and costs paid" based on the effective interest rate method.

2.7.6. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS
A financial asset (or when applicable a part of a financial asset or part of a Bank of financial assets) is derecognized when:

- the rights to receive cash flows from the asset expire; or
- the rights to receive the cash flows have been transferred, or an obligation has been assumed to pay the cash flows receivable in full, without significant delay, to a third party under a pass-through arrangement; and
- The risks and rewards of the asset have been substantially transferred, or the risks and rewards have not been transferred or retained, but control over the asset has been transferred.

If the rights to receive cash flows have been transferred or a pass-through arrangement has been entered into, and not substantially all the risks and rewards of the asset have been transferred or retained, or control over the asset has been transferred, the financial asset is recognized to the extent of continued involvement, which is measured at the lower of the original value of the asset and the maximum amount of the payment that the Bank can be required to make.

When continuing involvement takes the form of a call option on the transferred asset, the extent of continuing involvement is the amount of the asset that can be repurchased, except in the case of a put option measurable at fair value, where the amount of continuing involvement is limited to the lower of the fair value of the asset and the exercise price of the option.

FINANCIAL LIABILITIES
A financial liability is derecognized when the underlying obligation expires or is cancelled. When an existing financial liability is replaced by another with the same counterparty on substantially different terms from those initially established, or the original terms are substantially altered, this replacement or alteration is treated as a derecognition of the original liability and the recognition of a new liability, and any difference between the respective amounts is recognized in the income statement. Reclassifications of financial liabilities are not permitted.

2.8 FAIR VALUE OF ASSETS AND LIABILITIES

The financial instruments recorded in the balance sheet at fair value were measured according to valuation techniques and assumptions, which correspond to different levels of fair value, according to the fair value hierarchy defined by IFRS 13 - Fair Value.

Level 1: This category includes, in addition to those admitted to trading on a regulated market, financial instruments valued based on prices/quotes in active markets.

Level 2: Financial instruments that are not traded in an active market or that are valued using valuation methodologies based on observable market data for financial instruments with identical or similar characteristics are considered level 2.

Level 3: Financial instruments are classified in level 3 whenever they do not meet the criteria to be classified as level 1 or level 2, or their value results from the use of unobservable market information, namely:

a) financial instruments not admitted to trading on a regulated market, which are valued using valuation models and there is no generally accepted consensus in the market on the criteria to be used, namely:

- evaluation based on the -harmonized funds, updated and disclosed by the respective management companies;
- valuation made on the basis of indicative prices disclosed by the entities participating in the issuance of certain financial instruments, with no active market; or,
- evaluation based on impairment tests, using performance indicators of the underlying operations (e.g., degree of protection by subordination to the tranches held, delinquency rates of the underlying assets, evolution of ratings, etc.).

b) financial instruments valued through indicative purchase prices based on theoretical valuation models, disclosed by specialized third party entities.

2.9 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale whenever it is determined that their balance sheet value will be recovered through sale. This condition is only met when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale transaction must take place within a maximum period of one year after classification in this item. An extension of the period during which the sale is required to be completed does not preclude an asset (or Bank for disposal) from being classified as held for sale if the delay is caused by events or circumstances beyond the Bank's control and the commitment to sell the asset is maintained.

The Bank records as non-current assets held for sale the financial investments that it intends and expects to sell in the short term (1 year). The Bank also records in this item properties received as repayment of own loans.

Assets recorded in this category are valued at the lower of cost and fair value, determined based on independent expert appraisals, less costs to be incurred on the sale, or based on their selling price already agreed with a third party. These assets are not amortized.

In cases where the assets classified in this category no longer meet the conditions for immediate sale, these assets are reclassified to the items applicable to their respective nature.

2.10 TANGIBLE FIXED ASSETS

The tangible fixed assets item includes buildings for own use, vehicles and other equipment.

Properties used by the Bank in the development of its activities are classified as property for the Bank's own use. Property for the Bank's own use is valued at historic cost, less subsequent depreciation.

The remaining tangible fixed assets are stated at cost, less subsequent depreciation and impairment losses. Repair and maintenance costs and other expenses associated with their use are recognized as costs when they occur.

Tangible fixed assets are depreciated on a straight-line basis according to their expected useful life, which is:

Real Estate [10 – 50] years
Vehicles [3 - 4] years
Other equipment [2 – 15] years

The depreciation of improvements built on third party property are depreciated at the lower of their useful life and the contractual occupation period estimated by the Board of Directors.
A tangible asset is derecognized when sold or when no future economic benefits can be expected from its use or sale. On the date of derecognition, the gain or loss calculated by the difference between the net sales value and the net book value is recognized in the income statement under "Other operating income".

2.11 INTANGIBLE ASSETS

Intangible assets, which correspond essentially to software, are recorded at acquisition cost, less accumulated amortization, and impairment losses. Amortizations are recorded on a straight-line basis over the estimated useful life of the assets, currently between 3 and 8 years.

Intangible assets may include amounts of capitalized internal expenses, namely with the internal development of software. For this purpose, expenses are capitalized only as from the moment when the conditions established in IAS 38 are met, namely the requirements inherent to the development phase.

A. INVESTMENT PROPERTY

Properties recorded under the category of investment properties are initially recognized at acquisition cost, including transaction costs, and are subsequently revalued at fair value. The appraisals are carried out by independent appraisers registered with the CMVM. The fair value of the investment properties reflects the market conditions on the balance sheet date (having underlined the best use that could be attributed to the property in the market), with the respective variations being recognised in the income statement for the year.

Investment properties are derecognized when they are disposed of or when future economic benefits are no longer expected from holding them. On disposal, the difference between the net disposal value and the carrying amount of the asset is recognized in the income statement in the period of the disposal.

B. RENTALS

At the inception date of each contract, the Bank assesses whether the scope of the contract corresponds to a lease or contains a lease. A lease is defined as a contract, or part of a contract, under which the right to control the use of an identifiable asset is granted for a specified period of time in exchange for consideration.

To determine whether a contract assigns the right to control the use of an identifiable asset for a certain period of time, the Bank assesses whether, during the period of use of the asset, it has cumulatively: i) the right to obtain substantially all the economic benefits derived from the use of the identifiable asset; and ii) the right to control the use of the identifiable asset.

Recognition

The Bank recognizes a right-of-use asset and a lease liability on the effective date of the lease agreement.

The asset under the right-of-use is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the effective date of the lease, plus any initial direct costs incurred, as well as an estimate of the costs of dismantling and removing the underlying asset (if applicable), less any incentives obtained.

Lease contracts may contain both lease and non-lease components. The Bank separates the service and lease components and accounts for them as a single lease component in determining lease liabilities.

The lease liability is initially recognized at the present value of the lease components of the unpaid rentals as of the effective date of the lease contract, discounted at the implicit interest rate, or in the case where this rate cannot be easily determined, using the Bank's incremental interest rate.

The lease payments included in the measurement of the lease liability are the fixed payments less any incentives receivable.

In determining the lease term, the Board of Directors considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Most extension options have not been included in the lease liability. The term is revised only if there is a significant event or a significant change in circumstances affecting this assessment that is within the control of the lessee.

The Bank has elected to record low value, short-term leases as expenses of the year when incurred, for the full term of the lease as provided for in the IFRS 16 application regime.

Subsequent measurement

Assets under right-of-use are measured according to the cost model with the recording of depreciation calculated on a straight-line basis until the end of the lease term, and are adjusted by the remeasurements of the lease liabilities.
Assets under right of use are tested for impairment whenever there are impairment indicators, according to IAS 36 - Impairment of Assets.
The lease liability is measured at amortized cost, using the effective interest method, and is remeasured when there are changes in future payments resulting from a change in the rate or index, as well as when changes occur in the lease contracts.

Modifications to the contract are considered to exist when the Bank negotiates with the lessor new conditions with respect to the scope and/or payments of the lease.

C. INCOME TAXES

The expenses or income recognized with taxes on income correspond to the sum of the expense or income recognized with current tax and the expense or income recognized with deferred tax.

The current tax is calculated based on the current tax rate.

The Bank records as deferred tax liabilities or assets the amounts relating to the recognition of taxes payable/recoverable in the future, arising from unused tax losses and taxable/deductible temporary differences, namely those related to provisions, revaluations of securities and derivatives only taxable upon realization, the taxation regime for responsibilities with pensions and other employee benefits and untaxed capital gains through reinvestment.

Deferred tax assets and liabilities are calculated and valued on an annual basis, using the tax rates expected to be in force on the date of reversal of temporary differences, which correspond to the rates approved or substantially approved on the balance sheet date. Deferred tax liabilities are always recorded, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which at the date of the transaction do not affect the accounting or tax result. Deferred tax assets are only recorded to the extent that it is probable that future taxable profits will be available against which they can be utilized.

It should be noted that the Bank has met the requirements for joining the special regime for converting deferred tax assets (special regime) into tax credits, provided for in Law 61/2014 of 26 August. Following this adhesion and the calculation of a negative net result in the 2015 financial year, the Bank believes that the conditions allowing it to convert the aforementioned deferred tax asset into a tax credit under the terms of article 6 of the special regime have been met.

Therefore, for the purposes indicated in the preceding paragraph, in 2016 the Bank converted deferred tax assets into tax credits in the amount of 442 thousand Euros, maintaining the amount of 313 thousand Euros in deferred tax assets, and simultaneously set up a special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 486 thousand Euros (Note 16).

As a result of the net loss for the year 2016, in 2017, the Bank converted deferred tax assets into tax credits amounting to 65 thousand Euros, maintaining the value of 248 thousand Euros in deferred tax assets, and simultaneously set up a special reserve in favor of the State in the amount of the tax credit increased by 10%, amounting to 71 thousand Euros (Note 16).
As a result of the negative net income for 2017, in 2018, the Bank converted deferred tax assets into tax credits in the amount of 55 thousand Euros, maintaining the amount of 183 thousand Euros in deferred tax assets, and simultaneously set up a special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 60 thousand Euros (Note 16).
As a result of the net loss incurred in 2018, in 2019 the Bank converted the deferred tax assets into a tax credit in the amount of 28 thousand Euros. Simultaneously, the Bank created a special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 30 thousand Euros (Note 16).

Considering the net loss incurred in 2019, the Bank converted, in 2020, deferred tax assets into tax credits in the amount of 20 thousand Euros. Simultaneously, the Bank created a special reserve in favor of the State in the amount of tax credit increased by 10%, in the amount of 23 thousand Euros (Note 16).

Considering the net loss incurred in the year 2020, the Bank proceeded, in 2021, to the conversion of deferred tax assets in tax credit amounting to 15 thousand Euros. Simultaneously, the Bank created a special reserve in favor of the State in the amount of tax credit increased by 10%, in the amount of 16 thousand Euros (Note 16).

The Bank has recorded the amount of 686 thousand Euros as of December 31, 2021 (Note 16).

The registration of the special reserve implies the simultaneous constitution of conversion rights allocated to the state.

In this context, the Bank issued 404,669 conversion rights in favor of the Portuguese State for 2015 and separately issued 83,109 and 70,162 conversion rights for 2016 and 2017. These rights were registered at Central de Valores Mobiliários/Interbolsa on December 11, 2017, and October 19, 2018, respectively.

In pursuance of the above, the Bank issued 19,134 conversion rights in 2020 for the year 2018 and 16,232 conversion rights in 2021 for the year 2019. These rights were registered at Central de Valores Mobiliários/Interbolsa on July 15, 2020, and March 19, 2021, respectively.
In continuation of the above, in 2021 the Bank issued 10,339 conversion rights for the year 2020. These rights were registered at the Central de Valores Mobiliários/Interbolsa on February 22, 2022.

Under the above-mentioned regime, such conversion rights correspond to securities that entitle the State to require the Bank to issue and deliver, free of charge, ordinary shares, following the share capital increase through the incorporation of the amount of the reserve. However, the Bank's shareholder is given the potestative right to acquire the conversion rights from the State, under the terms defined in Ordinance No. 293-A/2016, of November 18, amended by Ordinance No. 272/2017, of September 13.

In the event the shareholder does not exercise the right to acquire the conversion rights issued and assigned to the Portuguese State within the period established for such purpose, in the year in which the State exercises such rights, it will require the Bank to increase its capital by incorporating the amount of the special reserve and consequently issuing and delivering free of charge common shares representing the Bank's share capital.

Taxes on income (current or deferred) are reflected in the results for the year, except where the transactions giving rise to them have been reflected in other items of equity. In these situations, the corresponding tax is also reflected against equity, not affecting the result for the year.

D. PROVISIONS AND CONTINGENT LIABILITIES
A provision is set up when there is a present obligation (legal or constructive) resulting from past events where future outflow of resources is probable and can be reliably determined. The provision corresponds to the Bank's best estimate of any amounts that would need to be disbursed to settle the liability at the balance sheet date. If the time effect of the cost of money is significant, provisions are discounted using a pre-tax interest rate that reflects the specific risk of the liability. In these cases, the increase in the provision due to the passage of time is recognized in finance costs.

If the future expenditure of resources is not probable, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the possibility of their materialization is remote, except for contingent liabilities associated with the acquisition of businesses, which are recognized in accordance with the provisions of IFRS 3.

As part of the Bank's activities, financial guarantees and credit commitments are provided to third party entities, which as off-balance sheet items (see Note 23), and therefore contingent liabilities, may become credit exposures to be recorded in the Bank's balance sheet. The Bank assesses at each reporting date, the potential credit risk involved in these contracts in accordance with the ECL model (see Note 2.7.4) and whenever it estimates losses due to credit risk, it records the respective provision in the balance sheet.

Provisions for ongoing legal proceedings, except for ongoing tax proceedings with the AT on income tax, are recognized when the Bank estimates that it is more likely than not that it will have to pay the amounts in dispute.

E. RECOGNITION OF INCOME AND COSTS
In general, income and costs are recognized over the period of the operations in accordance with the accrual accounting principle, that is, they are recorded as they are generated, irrespective of the time at which they are collected or paid. Income is recognized to the extent that it is probable that economic benefits associated with the transaction will flow to the Bank and the amount of revenue can be reliably measured.

For financial instruments measured at amortized cost and for debt financial instruments classified as "Financial assets at fair value through other comprehensive income", interest is recognized using the effective rate method, which corresponds to the rate that exactly discounts all future cash receipts or payments through maturity, or until the next repricing date, to the net amount currently recorded for the financial asset or liability. When calculating the effective interest rate, future cash flows are estimated considering the contractual terms and considering all the other income or charges directly attributable to the contracts.

F. DIVIDEND RECOGNITION
Dividends are recognized when their receipt by the Bank is virtually certain, to the extent that they are already duly and formally approved for distribution by the competent bodies of the subsidiaries. Additionally, this treatment is not opposed by the BoP under the provisions of Circular 18/2004/DSB.

G. INCOME AND CHARGES FOR SERVICES AND COMMISSIONS
The Bank charges fees to its clients for the provision of a wide range of services. These include commissions for the continuous provision of services, for which clients are usually debited periodically, or commissions charged for performing a certain significant act.

Commissions charged for services provided over a specified period are recognized over the period of the service. Commissions related to the performance of a significant act are recognized when the act occurs.

Fees and charges associated with financial instruments are included in their effective interest rate.

H. EXERCISE SPECIALIZATION
The Bank follows the accrual accounting principle for most financial statement items. Thus, costs and income are recognized as they are generated, irrespective of the time of their payment or receipt.

3. CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS

The detail of the item is as follows:

	INDIVIDUAL	
	31 . 12 . 21	31 . 12 . 20
Cash	-	0
On-Demand Deposits with Bank of Portugal	90 962	965
	90 962	**965**
Other Demand Deposits		
In Portugal		
Currency EUR	12 209	30 584
Currency USD	2 670	5 199
Other currencies	92	101
Abroad		
Currency EUR	783	559
Currency USD	180	124
Currency GBP	3	2
Currency CHF	0	21
Other currencies	1 140	1 008
	17 077	**37 597**
	108 039	**38 563**

The item Cash Balances at Central Banks includes the deposits made with Banco de Portugal to satisfy the requirements of the Eurosystem's Minimum Reserve Requirements. The minimum reserve covers 1% of deposits and debt securities issued with a maturity of up to 2 years, excluding liabilities to other institutions subject to and not exempt from the same minimum reserve system and liabilities to the European Central Bank and National Central Banks participating in the euro.

The increase in cash and cash equivalents under the heading Cash Balances at Central Banks is directly related to the increase in demand customer deposits that occurred mainly in the last months of the year. These resources were invested in this register with the main objective of maintaining liquidity ratios at conservative risk levels and considering the absence of alternatives in money and capital markets, with compensatory returns and risk unattractive in view of the current interest rate environment in the euro market.

In 2020, a deposit was made in favor of the State relating to the receipt of the tax credit for the years 2015, 2016 and 2017, pursuant to article 6(8) of Ordinance No. 272/2017 of September 13 in the amount of 618 thousand euros (Note 12).

The amounts registered in this item are available for transaction.

4. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

This item is composed of Debt Instruments and Equity Instruments, which are all classified as held for trading, as presented:

Detail of the securities portfolio as of December 31, 2021, and 2020:

	31 . 12 . 21	31 . 12 . 20
Assets held for trading		
Debt Instruments		
Issued by Residents	154	159
Issued by Non-Residents	2 240	-
Capital Instruments		
Issued by Residents	-	-
	2 394	**159**
Liabilities held for trading		
Exchange Rate Contracts	2	-
	2	**-**

The caption "Debt Instruments" includes "TREASURY OBLIGATIONS 2.2 10/17/22" in the amount of 154 thousand Euros, which are pledged to the Investor Compensation System. As of December 31, 2021, the Bank is not using the intraday credit line.

As of December 31, 2021, the asset line "Debt Instruments" includes 2,240 thousand Euros referring to securities under discretionary management.

As of December 31, 2021, the item Liabilities held for trading includes the position referring to exchange rate futures contracts.

5. NON-NEGOTIABLE FINANCIAL ASSETS MANDATORILY ACCOUNTED FOR AT FAIR VALUE THROUGH PROFIT OR LOSS

The movements that occurred in the balance of this item in 2021 and 2020 are of the following nature:

	Balance Value
On 1st January 2021	**14 093**
Acquisitions	1 010
Sales	(13)
Fair Value Variation	(3 398)
On 31st December 2021	**11 692**

	Balance Value
On 1st January 2020	**22 156**
Acquisitions	177
Sales	(8 579)
Fair Value Variation	339
On 31st December 2020	**14 093**

On December 31, 2021, and 2020, this item presents the following detail:

	31 . 12 . 21	31 . 12 . 20
Equity Instruments	**11 692**	**14 093**
Issued by Residents	2 237	1 070
Issued by Non-residents	9 455	13 023
	11 692	**14 093**

The main assumptions used in the valuation of unlisted equity instruments are:

- **Fund Shares** - quotation based on the last NAV made available by the respective management company for the Up's acquired up to the date of this quotation; and
- **Securities received as payment in kind** - registration of 100% impairment on the balance sheet value if there are no prospects of recoverability. The prospects of recoverability are determined based on individual analyses promoted internally.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The movements occurring in the balance of this item in 2021 and 2020 are detailed as follows:

	Balance Sheet Value
On 1th January 2021	**32 261**
Acquisitions	50 343
Alienation - sale instruments	(30)
Alienation - debt instruments	(32 831)
Debt instruments fair value variation	(204)
Equity Instruments fair value variation	-
Accrued interest variation	128
Exchange Rate Effect	70
On 31st December 2021	**49 737**

	Balance Sheet Value
On 1st January 2020	**32 719**
Acquisitions	14 831
Alienation of Equity Instruments	-
Alienation of Debt Instruments	(15 600)
Debt Instruments Fair Value Variation	400
Equity Instruments Fair Value Variation	-
Accrued Interests Variation	(89)
On 31st December 2020	**32 261**

The variations relating to acquisitions and disposals, maintained the rationale underlying the portfolio in terms of a liquidity reserve portfolio, mostly composed of highly liquid and rated securities. In this sense, the transactions that took place were intended to take advantage of market opportunities, anticipating the pandemic crisis, and promoting investment under more favorable conditions, while maintaining the overall profile of the portfolio.

On December 31, 2021, and 2020, this item presents the following detail:

	31 . 12 . 21	31 . 12 . 20
Debt Instruments	**49 737**	**32 231**
Issued by Residents	27 506	17 241
Issued by Non-Residents	22 231	14 990
Equity Instruments	**-**	**30**
Issued by Residents	-	30
Issued by Non-Residents		
	49 737	**32 261**

The purchases registered in 2021 refer to the subscription of bonds issued by domestic and foreign private entities, with ratings between CCC+ - AAA-, and fixed and variable remuneration rates ranging from 0% - 4.75%.

7. FINANCIAL ASSETS AT AMORTIZED COST

As of December 31, 2021, and 2020, this item has the following composition:

	31 . 12 . 21	31 . 12 . 20
Domestic Loans		
Corporates		
Overdrafts and on demand deposits	162	175
	162	**175**
Ovedue Loans and Interests	1 054	1 053
	1 216	**1 227**
Securities Portfolio	-	-
	1 216	**1 227**
Impairment	(1 057)	(1 063)
	159	**164**

As of December 31, 2021, and 2020, the detail by maturity of the loans and overdue interest, in portfolio is as follows:

	Amount	
Tenor (months)	**31 . 12 . 2021**	**31 . 12 . 2020**
<= 03m	-	-
> 03m <= 06m	162	-
> 06m <= 09m	-	-
> 09m <= 12m	-	-
> 12m <= 15m	-	-
> 15m <= 18m	-	-
> 18m <= 24m	-	-
> 24m <= 30m	-	-
> 30m <= 36m	-	-
> 36m <= 48m	-	183
> 48m <= 60m	-	-
> 60m		869
No Maturity	1054	-
Total	**1 216**	**1052**

8. TANGIBLE FIXED ASSETS

The Bank's tangible fixed assets as of December 31, 2021, and 2020 are presented in the table below, by breakdown and movement during the year:

Description	31 . 12 . 2020			Movements ocurred in 2021				31 . 12 . 2021		
	Gross Amount	Amortization	Net Amount	Acquisitions	Abates: Gross Amount	Abates: Amortization	Amortization for the year	Gross Amount	Amortization	Net Amount
Other Tangible Assets										
Real Estate Properties										
Assets under financial lease	2 125	912	1 213	-	(17)	-	470	2 108	1 382	726
	2 125	**912**	**1 213**	**-**	**(17)**	**-**	**470**	**2 108**	**1 382**	**726**
Equipment										
Office furniture and material	280	264	16	-	-	-	-	280	264	16
Machinery and tools	16	16	0	1	-	-	1	17	17	-
IT equipment	194	173	22	10	-	-	16	204	189	15
Inner facilities	12	3	9	-	-	-	1	12	4	8
Transport equipment	20	20	0	-	-	-	-	20	20	-
Assets under financial lease - cars	337	104	233	5	(30)	(16)	77	312	165	147
Security Equipment	24	5	18	-	-	-	3	24	8	16
Other Equipment	24	24	0	-	-	-	-	24	24	-
	908	**610**	**298**	**16**	**(30)**	**(16)**	**98**	**893**	**691**	**202**
	3 033	**1 522**	**1 511**	**16**	**(47)**	**(16)**	**568**	**3 001**	**2 073**	**928**

The movement that occurred in the previous period was as follows:

Description	31 . 12 . 2019			Movements ocurred in 2020				31 . 12 . 2020		
	Gross Amount	Amortization	Net Amount	Acquisitions	Abates: Gross Amount	Abates: Amortization	Amortization for the year	Gross Amount	Amortization	Net Amount
Other Tangible Assets										
Real Estate Properties										
Real Estate Properties	2 081	437	1 644	44	-	-	475	2 125	912	1 213
	2 081	**437**	**1 644**	**44**	**-**	**-**	**475**	**2 125**	**912**	**1 213**
Equipment										
Office furniture and material	280	264	16	-	-	-	-	280	264	16
Machinery and tools	16	16	-	-	-	-	1	16	16	-
IT equipment	181	151	30	13	-	-	22	194	173	22
Inner facilities	12	2	10	-	-	-	1	12	3	9
Transport equipment	20	20	-	-	-	-	-	20	20	-
Assets under financial lease - cars	274	42	232	81	(14)	(4)	66	337	104	233
Security Equipment	23	2	21	-	-	-	3	24	5	18
Other Equipment	24	24	-	-	-	-	-	24	24	-
	831	**521**	**309**	**95**	**(14)**	**(4)**	**93**	**908**	**610**	**298**
	2 912	**959**	**1 953**	**139**	**(14)**	**(4)**	**568**	**3 033**	**1 522**	**1 511**

9. INTANGIBLE ASSETS

As of December 31, 2021, and 2020, the Bank's intangible assets are summarized as detailed below:

Description	31 . 12 . 2020			Movimentações em 2021		31 . 12 . 2021		
	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	9 278	8 558	720	231	344	9 509	8 903	606
	9 278	**8 558**	**720**	**231**	**344**	**9 509**	**8 903**	**606**

Description	31 . 12 . 2019			Movements ocurred in 2020		31 . 12 . 2020		
	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	8 949	8 335	614	329	223	9 278	8 558	720
	8 949	**8 335**	**614**	**329**	**223**	**9 278**	**8 558**	**720**

The acquisitions in 2021 and 2020 refer essentially to the investment made in the Bank's operational software and in the development of the home banking mobile application.

10. CURRENT TAX ASSETS AND LIABILITIES

As of December 31, 2021, and 2020, current tax assets and liabilities are summarized exclusively to Bison Bank, and are detailed as follows:

	31 . 12 . 2021	31 . 12 . 2020
Current Income Tax Assets		
Special Account Payment (pagamento especial por conta)	153	153
	153	**153**
Current Income Tax Liabilities		
Estimated Income Tax	(5)	(11)
	(5)	**(11)**
	148	**142**

The current taxes registered in the results of the fiscal year are explained according to the following table:

	31 . 12 . 2021	31 . 12 . 2020
Profit / (Losses) before Income Tax	**(10 580)**	**(6 956)**
Corporate Income Tax and other Income Taxes	(2 222)	(1 510)
Statutory Income Tax Rate	21,00%	21,00%
Additional Over Statutory Income Tax Rate	1,50%	1,50%
Autonomous Taxation	5	11
Banking Sector Tax	32	-
State surtax	-	-
Total Current Income Tax	**37**	**11**

11. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities recorded by the Bank as of December 31, 2021, and 2020 relate exclusively to Bison Bank and are summarized as follows:

	31 . 12 . 21	31 . 12 . 20
Deferred tax assets	153	163
Deferred tax liabilities	0	(117)
	153	46

DEFERRED TAX ASSETS

Regarding deferred tax assets, the amounts recorded are fully related to the Regime for conversion of deferred tax assets into tax credits under Portuguese law and can be summarized as follows.

On November 21, 2014, the Bank decided to join the special regime for the conversion of deferred tax assets ("special regime") that resulted from the non-deduction of expenses and negative equity changes with impairment losses on loans and post-employment or long-term employee benefits into tax credits, provided for in Law No. 61/2014 of August 26.

In this context, as a result of the Bank's negative net income in 2015, the Bank recorded a deferred tax asset amounting to 755 thousand Euros related to the balance of impairment losses on non-mortgage overdue loans constituted above the limits provided for in BoP Notice no. 3/95, an amount covered by the referred special regime.

Following the Bank's adhesion to the special regime and the calculation of a negative net result in the 2015 financial year, the Bank believes that the conditions allowing it to convert the aforementioned deferred tax asset into a tax credit under the terms of article 6 of the special regime have been met.

Thus, for the purposes indicated in the preceding paragraph, in 2016 the Bank converted deferred tax assets into a tax credit amounting to 442 thousand Euros, and simultaneously set up a special reserve in favor of the State in the amount of the tax credit, increased by 10%, amounting to 486 thousand Euros (Note 16). As of December 31, 2016, the Bank maintained the amount of 313 thousand Euros in deferred tax assets.

As a result of the net loss for the year 2016, in 2017, the Bank converted deferred tax assets into a tax credit amounting to 65 thousand Euros, and simultaneously set up a special reserve in favor of the State in the amount of the tax credit increased by 10%, amounting to 71 thousand Euros (Note 16). As of December 31, 2017, the Bank maintained the amount of 248 thousand Euros in deferred tax assets.
As a result of the negative net income for 2017, in 2018, the Bank converted deferred tax assets into tax credits in the amount of 55 thousand Euros, maintaining the amount of 183 thousand Euros in deferred tax assets, and simultaneously set up a special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 60 thousand Euros (Note 16).

As a result of the net loss incurred in 2018, in 2019 the Bank converted the deferred tax assets into a tax credit in the amount of 28 thousand Euros. Simultaneously, the Bank created a special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 30 thousand Euros (Note 16).

Considering the net loss incurred in 2019, the Bank converted, in 2020, deferred tax assets into tax credits in the amount of 20 thousand Euros. Simultaneously, the Bank created a special reserve in favor of the State in the amount of tax credit increased by 10%, in the amount of 22 thousand Euros (Note 16). The Bank maintains recorded the amount of 145 thousand Euros as of December 31, 2020.

Considering the net loss incurred in the year 2020, the Bank proceeded, in 2021, to the conversion of deferred tax assets in tax credit amounting to 15 thousand Euros. Simultaneously, the Bank created a special reserve in favor of the State in the amount of tax credit increased by 10%, in the amount of 16 thousand Euros (Note 16). The Bank has recorded the amount of 130 thousand Euros as of December 31, 2021.

The registration of the special reserve implies the simultaneous constitution of conversion rights allocated to the state.

In this context, the Bank issued 404,669 conversion rights in favor of the Portuguese State for 2015 and separately issued 83,109 and 70,162 conversion rights for 2016 and 2017. These rights were registered with Central de Valores Mobiliários/Interbolsa on December 11, 2017, and October 19, 2018, respectively. In pursuance of the above, the Bank issued 19,134 conversion rights in 2020 for the year 2018, and 16,232 conversion rights in 2021 for the year 2019. These rights were registered at Central de Valores Mobiliários/Interbolsa on July 15, 2020, and March 19, 2021, respectively.

In continuation of the above, in 2021 the Bank issued 10,339 conversion rights for the year 2020. These rights were registered at the Central de Valores Mobiliários/Interbolsa on February 22, 2022.

Under the above-mentioned regime, such conversion rights correspond to securities that entitle the State to require the Bank to issue and deliver, free of charge, ordinary shares, following the share capital increase through the incorporation of the amount of the reserve. However, the Bank's shareholder is given the potestative right to acquire the conversion rights from the State, under the terms defined in Ordinance No. 293-A/2016, of November 18, amended by Ordinance No. 272/2017, of September 13.

In the event the shareholder does not exercise the right to acquire the conversion rights issued and assigned to the Portuguese State within the period established for such purpose, in the year in which the State exercises such rights, it will require the Bank to increase its capital by incorporating the amount of the special reserve and consequently issuing and delivering free of charge common shares representing the Bank's share capital.

DEFERRED TAX LIABILITIES

As of December 31, 2021, and 2020, the deferred tax liabilities recorded are entirely related to the revaluation reserves of the own securities portfolio, classified as financial assets at fair value through other comprehensive income (Note 6).

TAX LOSSES

As provided for in article 52, no. 8 of the IRC code, an entity may lose the right to deduct tax losses ascertained in previous years if there is a change in the ownership of more than 50% of its share capital or majority voting rights.

With the resolution measure imposed on Banif, the entity that owned the Bank 100% until December 20, 2015, there was a change of more than 50% of the Bank's share capital.

Accordingly, the Bank filed an application for maintenance of tax losses ascertained between 2012 and 2014 within the legal deadline, pursuant to article 52, no. 12 of the IRC Code.

Following the acquisition of the Bank by Bison Financial, which was completed on July 9, 2018, and related to the Bank's entire capital, there was a further change of more than 50% of the Bank's share capital.

Again, and in this way, the Bank submitted an application for maintenance of tax losses for eligible reporting periods up to 2017, pursuant to article 52, no. 12, of the IRC Code.

Considering the inexistence of a substantiated expectation about the existence of future taxable profits, no deferred tax assets were recognized for tax losses.

In the table below we detail the tax losses and related potential deferred tax asset that the Bank has not prudently recorded in its December 31, 2021, financial statements:

Year	Reportable Tax Losses	Potential Deferred Taxes	Carry forward (Years)	Carry forward (Last Year)
2014	59 710	12 539	12	2026
2015	17 085	3 588	12	2027
2016	8 906	1 870	12	2028
2017	5 341	1 122	5	2022
2018	10 390	2 182	5	2023
2019	5 845	1 227	5	2024
2020	7 114	1 494	5	2025
	114 391	**24 853**		

12. OTHER ASSETS

On December 31, 2021, and 2020 this item had the following composition:

	31 . 12 . 21	31 . 12 . 20
Sundry Debtors		
Debtors	1 245	14 653
Margin Acoount	1 356	1 369
Tax Credit	302	491
Expenses with deferred charges	311	231
Other active transactions pending regularisation	6 314	6 296
	9 528	**23 040**
Impairment losses on other assets	(425)	(456)
	9 103	**22 584**

On December 31, 2021, in the item "Sundry Debtors" the following changes are highlighted

i) in "Debtors", which at December 31, 2020 includes the following amounts: i) amount referring to the capital increase subscribed on July 29, 2020 and not paid up as of December 31, 2020, in the amount of 13.300 thousand Euros, which was fully paid up on January 29, 2021; ii) commissions for providing the service of custodian bank of investment funds; and iii) constitution in favor of the State, in 2021, of a deposit relating to the receipt of the tax credit for the years 2015, 2016 and 2017, pursuant to article 6(8) of Ordinance 272/2017, of September 13 in the amount of 618 thousand Euros.

ii) in the item "Margin Account" which refers to values with Clearnet amounting to 1,355 thousand Euros, compared to 1,369 thousand Euros recorded at December 31, 2020;

iii) Under the item "Other receivables - Tax credits" the amount of 302 thousand Euros originates from, i) the recognition resulting from administrative claims relating to processes of DMR and Model 30, amounting to 43.5 thousand Euros, and ii) recognition of the tax credit amount of 35 thousand Euros, under the REAID, with the respective special reserve in favor of the state amounting to 16 thousand Euros (see Note 16). Additionally, are recorded under this item, the amounts receivable by the Bank, relating to the tax contingency, existing in Luson Carbon Fund / MCO2, and that refers to a time before the carve out, which under the Share Purchase and Sale Agreement constitutes a liability outside the sphere of Bison Bank, SA in the amount of 223 thousand Euros.

At December 31, 2021 and 2020, the amount of 6,290 thousand Euros is recorded under "Other receivables pending settlement", resulting from the Turirent sale process, which settlement will occur in two tranches of 3,145 thousand Euros each, with completion date in December 2022.

Impairment losses on other assets are essentially related to commissions, already due, referring to the provision of depositary banking services for investment funds, with balances of other debtors and with balances of other receivables to be settled whose expected receipt is measured according to the debtor's risk assessment (Note 14).

13. DEPOSITS AND RESOURCES FROM OTHER CREDIT INSTITUTIONS AND OTHER CLIENTS

This item has the following composition:

	31 . 12 . 2021	31 . 12 . 2020
From credit institutions in Portugal		
Short term deposits	694	273
Term deposits	-	-
	694	273
From credit institutions abroad		
Deposits	452	50
	1 146	323
Deposits		
Short term deposits	112 779	37 450
Term deposits	11 043	2 549
	123 822	39 999
	124 968	40 322

The time deposits as of December 31, 2021, have maturities between 1 and 36 months (December 31, 2020: maturities between 1 and 12 months) and a weighted average rate of return of 0.40 % (December 31, 2020: 0.94 %).

The increase between December 31, 2021, and 2020 is mostly related to demand deposits of investment funds, securities and real estate, and personal deposits.

14. IMPAIRMENT, PROVISIONS AND CONTINGENT LIABILITIES

The movement during the year was as follows:

Description	Balance as at 31.12.2020	Reinforce-ments	Applications and Others	Reinstate-ments	Exchange Rate Differences	Balance as at 31.12.2021
Assets						
Financial assets at fair value through other comprehensive income	36	135	(10)	(110)	0	51
Financial assets at amortised cost	1 063	4	(1)	(10)	-	1 057
Other assets	456	37	1	(69)	-	425
	1 556	176	(10)	(189)	0	1 533
Liabilities						
Guarantees and other commitments	2 093	-	-	-	-	2 093
Fiscal contingencies and other provisions	-	309		(70)	-	239
	2 093	309		(70)	-	2 331
	3 649	485	(10)	(259)	0	3 864

The reinforcement of tax contingencies and other provisions refers essentially to amounts associated with possible reimbursements of taxes to non-resident employees.

The provisions for guarantees and other loans refer to the estimated impairment under the application of the estimated credit loss model (see Note 2.7) on the off-balance sheet items presented in Note 23.

The movement in the previous fiscal year was:

Description	Balance as at 31.12.2019	Reinforce-ments	Applications and Others	Reinstate-ments	Exchange Rate Differences	Balance as at 31.12.2020
Assets						
Financial assets at fair value through other comprehensive income	25	265	-	(254)	-	36
Financial assets at amortised cost	1 101	6	-	(44)	-	1 063
Other assets	239	295	-	(77)	-	456
	1 365	566	-	(375)	-	1 556
Liabilities						
Guarantees and other commitments	2 102	-	-	(9)	-	2 093
Fiscal contingencies and other provisions	66	-	-	(66)	-	-
	2 168	-	-	(75)	-	2 093
	3 534	566	-	(450)	-	3 649

At December 31, 2021 and 2020, the impairments for guarantees provided correspond to the following nominal amounts recorded in off-balance sheet accounts (Note 23):

	31 . 12 . 21	31 . 12 . 20
Guarantees provided (of which)		
Financial Guarantees	1 050	1 050
Performance Guarantees	1 880	1 934
	2 930	2 984

CONTINGENT LIABILITIES ORIGINATED BY THE RESOLUTION FUND

The Resolution Fund is a legal person under public law with administrative and financial autonomy, created by Decree-Law no. 31-A/2012 of 10 February, which is governed by the General Regime of Credit Institutions and Financial Companies ("RGICSF") and its regulations and whose mission is to provide financial support to resolution measures applied by Banco de Portugal, as the national resolution authority, and to perform all other functions conferred by law within the scope of the execution of such measures.

The Bank, like most financial institutions operating in Portugal, is one of the institutions participating in the Resolution Fund, making contributions which result from the application of a rate defined annually by the Bank of Portugal, based essentially on the amount of its liabilities.

In 2021, the periodic contribution made by the Bank amounted to 16 thousand Euros (in 2020: 22 thousand Euros), calculated based on a contribution rate of 0.060% (in 2020: 0.060%).

RESOLUTION MEASURE OF BANCO ESPÍRITO SANTO, S.A. (BES)

As part of its responsibility as supervisor and resolution authority of the Portuguese financial sector, on 3 August 2014, the Bank of Portugal decided to apply to Banco Espírito Santo, S.A. ("BES") a resolution measure, under paragraph 5 and Article 145-G of the RGICSF, which consisted in the transfer of most of its activity to a transition bank, called Novo Banco, S.A. ("Novo Banco"), created especially for this purpose.

To pay up the share capital of Novo Banco, the Resolution Fund, as sole shareholder, made available 4,900 million euros, of which 365 million euros corresponded to own financial resources. A loan was also granted by a banking syndicate to the Resolution Fund, in the amount of 635 million euros, with the participation of each credit institution weighted according to several factors, including its size. The remaining amount (3,900 million euros) originated from a reimbursable loan granted by the Portuguese State.

Following the application of such resolution measure, on July 7, 2016, the Resolution Fund stated that it would analyze and assess the steps to be taken following the publication of the report on the results of the independent valuation exercise conducted to estimate the level of credit recovery for each class of creditors in the hypothetical scenario of a normal insolvency process of BES on August 3, 2014. Under the applicable law, if it is found that creditors whose claims have not been transferred to Novo Banco assume a higher loss than the one they would hypothetically have had if BES had entered into liquidation proceedings immediately before the resolution measure was applied, those creditors are entitled to receive the difference from the Resolution Fund.

On 31 March 2017, the Bank of Portugal announced that it had selected the Lone Star Fund for the purchase of Novo Banco, which was completed on 17 October 2017, through an injection by the new shareholder of €750 million, to be followed by a further capital injection of €250 million, to take place over a period of up to three years. With this transaction Novo Banco's status as a bridge bank ceased, with the Lone Star Fund now holding 75% of Novo Banco's share capital and the Resolution Fund the remaining 25%, although without the corresponding voting rights.

On February 26, 2018, the European Commission released the non-confidential version of the State aid approval decision underlying the sale process of Novo Banco, which contemplates a contingent capitalization mechanism under which the Resolution Fund may be called upon to make capital injections if certain conditions related to the performance of a restricted set of Novo Banco assets and the evolution of the bank's capital levels materialize.

This mechanism is triggered annually, based on the annual accounts of Novo Banco certified by the respective auditor, with the possibility of intra-annual calculations being foreseen only in the event of non-compliance by Novo Banco with prudential requirements. For the purposes of this mechanism, the differences in the valuation of assets (positive or negative) are considered in relation to their book value, net of impairments, recorded on 30 June 2016 (about 7.9 billion euros according to information provided by Novo Banco). Thus, economic losses or gains are considered, resulting, for example, from the sale of assets or the restructuring of loans, but also the impairments, or their reversal, recorded by Novo Banco, in accordance with the accounting standards, as well as the financing costs associated with maintaining the assets in Novo Banco's balance sheet.

Under this mechanism, own financial resources resulting from contributions paid directly or indirectly by the banking sector were used, complemented by a State loan in the amount of 430 million euros under the framework agreement between the Portuguese State and the Resolution Fund. According to information provided by Novo Banco, as at 31 December 2017, the net value of the assets covered by the perimeter of the contingent capitalization mechanism amounted to approximately 5.4 billion euros.

On May 6, 2019, the Resolution Fund made a payment of €1,149 million to Novo Banco with reference to the 2018 accounts, having used its own resources, resulting from contributions due, directly and indirectly by the banking sector, and resorted to a loan with the State in the amount of €850 million, which corresponds to the maximum annual funding limit agreed between the Resolution Fund and the State in October 2017.

In May 2020, the Resolution Fund made a payment of €1,035 million to Novo Banco with reference to the 2019 accounts, which resulted from the execution of the agreements entered into in 2017 as part of the sale of 75% of the Resolution Fund's stake in Novo Banco and respected all the procedures and limits defined therein and drew on a loan from the State in the amount of €850 million.

On May 31, 2021, the Resolution Fund entered into a new loan agreement for €475 million with a number of banks to meet the Fund's funding needs arising from its commitments to Novo Banco under the Contingent Capital Agreement.

This mechanism runs until December 31, 2025 (and may be extended until December 31, 2026) and is limited to an absolute maximum of 3,890 million euros.

BANIF - BANCO INTERNACIONAL DO FUNCHAL, S.A. RESOLUTION MEASURE (BANIF)

On 19 December 2015, the Board of Directors of Banco de Portugal decided to declare that Banif - Banco Internacional do Funchal, S.A. ("Banif") was "at risk or in a situation of insolvency" and to initiate an urgent resolution process of the institution in the form of partial or total sale of its activity, which materialized in the sale on 20 December 2015 to Banco Santander Totta S.A. ("Santander Totta") of Banif's rights and obligations, consisting of assets, liabilities, off-balance sheet items and assets under management for 150 million euros.

Most of the assets that were not sold were transferred to an asset management vehicle called Oitante, S.A. ("IO"), created specifically for this purpose, whose sole shareholder is the Resolution Fund. Oitante issued bonds representing debt in the amount of 746 million euros, with a guarantee provided by the Resolution Fund and a counter-guarantee by the Portuguese State.

This operation involved an estimated 2,255 million euros of public support aimed at covering future contingencies and was financed in 489 million euros by the Resolution Fund and 1,766 million euros directly by the Portuguese State.

On July 21, 2016, the Resolution Fund made a payment to the State, amounting to 163,120 thousand euros, as an early partial repayment of the resolution measure applied to Banif, allowing the outstanding amount to decrease from 489 million euros to 353 million euros.

At this date, the conclusions of the independent valuation exercise conducted to estimate the level of credit recovery for each class of creditors in the hypothetical scenario of a normal insolvency process for Banif on December 20, 2015 are not yet known.

As mentioned above for BES, if it turns out that creditors take on a higher loss than they would hypothetically have if Banif had gone into liquidation immediately before the resolution measure was applied, these creditors are entitled to receive the difference from the Resolution Fund.

LIABILITIES AND FUNDING OF THE RESOLUTION FUND

Following the resolution measures applied to BES and Banif and the agreement to sell Novo Banco to Lone Star, the Resolution Fund contracted the loans mentioned above and assumed liabilities and contingent liabilities arising from:

- effects of applying the principle that no creditor of the credit institution under resolution can take a greater loss than it would have taken if that institution had gone into liquidation;
- negative effects arising from the resolution process resulting in additional liabilities or contingencies for Novo Banco that have to be neutralized by the Resolution Fund;
- suits against the Resolution Fund;
- guarantee provided for the bonds issued by the Issuer. This guarantee is counter-guaranteed by the Portuguese State;
- contingent capitalization mechanism associated with the sale process of Novo Banco to Lone Star.

In order to preserve financial stability by promoting conditions that provide predictability and stability to the contribution to the Resolution Fund, the Portuguese Government reached an agreement with the European Commission to change the conditions of the financing granted by the Portuguese State and the participating banks to the Resolution Fund. To this end, an amendment was formalized to the financing contracts with the Resolution Fund, which introduced a set of changes to the repayment plans, remuneration rates, and other terms and conditions associated with these loans, so that they are in line with the Resolution Fund's ability to fully comply with its obligations based on its regular revenues, i.e. without the need for special contributions or any other type of extraordinary contribution to be charged to the banks participating in the Resolution Fund.

According to the Resolution Fund's press release of 31 March 2017, the review of the conditions of the funding provided by the Portuguese State and the participating banks aimed to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable burden for the banking sector. On the basis of this review, the Resolution Fund considered that the full payment of its liabilities, as well as the respective remuneration, was ensured, without the need to resort to special contributions or any other type of extraordinary contributions by the banking sector.

Notwithstanding the possibility under applicable law of levying special contributions, given the renegotiation of the terms of the loans granted to the Resolution Fund by the Portuguese State and a banking syndicate, and the public announcements made by the Resolution Fund and the Office of the Minister of Finance, these financial statements reflect the Board of Directors' expectation that no special contributions or any other type of extraordinary contributions will be required from the Bank to fund the Resolution Fund.

Any significant changes in this regard may have material implications for these financial statements.

15. OTHER LIABILITIES

At December 31, 2021 and 2020, this item has the following composition:

	31 . 12 . 21	31 . 12 . 20
Creditors and other resources	2 056	4 305
Financial Leases	725	1 390
Public sector	334	250
Other liabilities transactions pending regularisation	1 887	108
	5 002	**6 053**

As of December 31, 2021, the item Creditors and other resources includes the amount of 2,056 thousand, of which 870 thousand are related to the former Passive Management Fund, 671 thousand are related to personnel expenses, and 515 thousand are related to accrued costs from services rendered and suppliers.

The item Lease liabilities presents the balances resulting from the entry into force of IFRS 16 and the corresponding accounting of the lease contracts by the Bank, as lessee, and the residual maturities are presented in Note 25.

The item Public and Administrative Sector includes, essentially, the withholdings made on income, stamp tax and social security contributions.

Other liability transactions to be settled in the amount of 1,887 thousand Euros (108 thousand Euros in 2020) refer to transactions with customers, of which 1,792 thousand Euros refer to transactions pending settlement.

16. EQUITY

On December 31, 2021 and 2020, the equity items have the following breakdown:

	31 . 12 . 21	31 . 12 . 20
Share Capital	195 198	195 198
Securities Revaluation Reserves	(79)	343
Reserves and Retained Earnings		
Legal Reserve	3 300	3 300
Other Reserves	14 155	14 173
Rights issued and attributable to the Portuguese Government 2015 (REIAD) (Note 11)	486	486
Rights issued and attributable to the Portuguese Government 2016 (REIAD) (Note 11)	71	71
Rights issued and attributable to the Portuguese Government 2017 (REIAD) (Note 11)	60	60
Rights issued and attributable to the Portuguese Government 2018 (REIAD) (Note 11)	30	30
Rights issued and attributable to the Portuguese Government 2019 (REIAD) (Note 11)	23	23
Rights issued and attributable to the Portuguese Government 2020 (REIAD) (Note 11)	16	
Other transactions - IFRS 9 Adjustment	1 161	852
Retained Earnings	(153 150)	(145 794)
Net Profit / (Loss) for the year	(10 618)	(6 967)
	50 657	61 775

On July 9, 2018, Bison Financial acquired the entire share capital of the Bank, amounting to 135,198 thousand Euros and represented by 27,039,674 shares, with a par value of 5 Euros each, from the previous shareholder, Oitante.

On July 20, 2018, Bison Financial completed a share capital increase of €41,000 thousand to €176,198 thousand, with the consequent issuance of 8.20 million new shares with a par value of €5.00 each.

On July 29, 2020, Bison Financial resolved to increase the Bank's share capital by 19,000 thousand Euros to 195,198 thousand Euros, having issued 3.8 million new shares, with a nominal value of 5.00 Euros each.

On September 28, 2020, Bison Financial resolved that the capital increase be carried out in two moments:

- With immediate effect, the amount of 5,700 thousand Euros;
- Until the end of December 2020, the amount of 13,300 thousand Euros recorded at December 31, 2020 under Other assets (Note 12).

On January 29, 2021, Bison Financial resolved to amend Article 4.1 of the Bank's Articles of Association following the Bank's general meetings held on July 29 and September 28, 2020, at which it was resolved to increase the Bank's capital from 176,198 thousand Euros to 195,198 thousand Euros and the two cash contributions of 5,700 thousand Euros and 13,300 thousand Euros were made on September 28, 2020 and January 29, 2021 respectively.

Article 4.1 of the Bank's Statute reads as follows:
Article 4 (Capital Stock)
1. The share capital, fully subscribed and paid up, is one hundred and ninety-five million, one hundred and ninety-eight thousand, three hundred and seventy Euros (€195,198,370.00).

Balance as at 31 . 12 . 2019	222
Reserves emerging from the valuation at fair value of the financial assets	400
Reserves recognised in the profit and loss account from the disposal of assets	(275)
Reserves recognised in retained earnings from the disposal of assets	-
Reserves recognised through deferred taxes	(35)
Reserves recognised in the profit and loss account through impairment and effective rate adjustment	31
Balance as at 31 . 12 . 2020	**343**
Reserves emerging from the valuation at fair value of the financial assets	(204)
Reserves recognised in the profit and loss account from the disposal of assets	(423))
Reserves recognised in retained earnings from the disposal of assets	79
Reserves recognised through deferred taxes	122
Reserves recognised in the profit and loss account through impairment and effective rate adjustment	4
Balance as at 31 . 12 . 2021	**(79)**

The Bank meets the minimum capital requirements by showing a ratio of 65.8% Core Tier 1 and 65.8% in Total Core (in 2020, the ratio of Core Tier 1 was 80.6% and 80.6% in Total Core).

Revaluation reserves relate entirely to the portfolio of securities classified as financial assets at fair value through other comprehensive income.

17. INTEREST INCOME AND EXPENSES

This item has the following composition:

	2021	2020
Interest and similar income		
Interests on financial assets at amortised cost	30	45
Interests on financial assets held for trading	57	3
Interests on financial assets mandatorily at fair value through profit or loss and through other comprehensive income	566	459
	653	**507**
Interests and similar charges		
IFRS 16 interests	16	22
Interests on deposits from other clients	25	63
Interests on deposits and liabilities from other credit institutions	126	15
	167	**100**

18. INCOME FROM SERVICES AND COMMISSIONS

This item has the following composition:

	2021	2020
Commission Income		
Rendered Services of administration, custodian and securities deposit	370	276
Securities transactions	347	143
Guarantees provided	11	27
Other rendered services	1 112	71
Other received commissions	628	821
	2 468	**1 338**
Comission Expenses		
Banking Services provided by third parties	285	190
Securities transactions	196	23
Other comission expenses	48	55
	529	**268**

19. RESULTS ON FINANCIAL OPERATIONS

This item has the following composition:

	2021	2020
Gains on Financial Transactions		
Gains on other financial assets valued at fair value trough profit and loss	4	651
Gains on financial assets and liabilities held for trading	96	-
Gains on financial assets through other comprehensive income	577	275
Gains on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	146
Gains on foreign exchange differences	5 572	1 419
	6 248	2 492
Losses on Financial Transactions		
Losses on other financial assets valued at fair value trough profit and loss	3 476	185
Losses on financial assets and liabilities held for trading	256	-
Losses on financial assets and liabilities held for trading	154	-
Losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	1
Losses on foreign exchange differences	5 307	1 679
	9 193	1 865
Profit / (Loss) from assets and liabilities valued at fair value through profit and loss	**(3 633)**	**466**
Profit / (Loss) from derecognition of financial assets and liabilities not measured at fair value	**423**	**421**
Profit / (Loss) from foreign exchange differences	**265**	**(260)**

During 2021, the Bank recorded the devaluation of the Discovery Fund, in order to readjust the NAV in accordance with the average of the estimates provided by the bidders in the current sale process, in the amount of 3,600 thousand Euros, which is recorded in the income statement caption of financial assets and liabilities accounted at fair value through profit or loss.

20. OTHER OPERATING INCOME AND EXPENSES

This item has the following composition:

	2021	2020
Other operating income and revenue	174	266
Other operating charges ans expenses	(409)	(5)
Other charges	(59)	(62)
	(294)	**199**

21. PERSONNEL COSTS

This item has the following composition:

	2021	2020
Remuneration of management and supervisory board members	1 098	1 153
Remuneration of employees		
Remuneration of employees	2 432	2 325
Holiday and Christmas	483	471
Lunch allowance	106	100
Other additional remunerations	272	265
	3 293	3 161
Compulsory social security charges:		
Charges relating to remuneration	1 040	979
Charges with pension funds	90	77
Other social security charges	94	86
	1 224	1 142
Other personnel costs	135	122
	5 749	5 578

The increase in the personnel expenses item is essentially due to salary adjustments that occurred in 2021, in order to balance the salary equity between functions for some of the Bank's employees.

The Bank and its employees contribute to a defined contribution pension fund managed by Real Vida Pensões, granting its members individualized vested rights.

As of December 31, 2021, Bison Bank employed 61 employees, compared to 58 as of December 31, 2020.

22. OTHER ADMINISTRATIVE EXPENSES

This item has the following composition:

	2021	2020
IT	1 009	1 040
Retainers and fees	450	579
Information services	331	340
Consulting and external auditors	598	288
Rentals and leases	146	136
Other specialised services	51	107
Communications	64	63
Travel, accommodation and representation	44	57
Cleaning	36	38
Advertising and publications	49	37
Water, energy and fuel	36	34
Personnel training	32	27
Maintenance and Repair	12	14
Consumables	11	11
Legal, litigation and notary expenses	7	1
Insurance	1	1
Transportation	1	-
	2 879	2 773

The total fees invoiced by the Bank's Chartered Accountant for the years ended December 31, 2021, and 2020, included under Consulting and external auditors, are detailed as follows, by type of service provided:

	2021	2020
Statutory audits account	76	71
Other reliability assurance services:		
Required by law to the Statutory Auditor	24	28
Not required by law to the Statutory Auditor	10	16
	110	115

Note: Values do not include VAT

"Other assurance services" include fees related to: (i) the review of the Bank's internal control system, including that underlying the prevention of money laundering and terrorist financing; (ii) the review of procedures and measures relating to the safeguarding of client assets; and (iii) certification under the special regime applicable to deferred tax assets.

23. OFF-BALANCE SHEET LIABILITIES

The detail of off-balance sheet liabilities, with reference to December 31, 2021, and 2020, presents the following composition:

	31 . 12 . 21	31 . 12 . 20
Guarantees provided	2 930	2 984
Assets given as guarantee	228	231
Commitments to third parties (of which)		
Irrevocable Commitments	92	92
	3 250	**3 308**

The detail of the assets pledged as collateral to third parties not shown in the Financial Statements, with reference to December 31, 2021, and 2020, is as follows:

	31 . 12 . 21	31 . 12 . 20
Deposit Millennium BCP	1 500	1 500
Deposit Banco de Portugal	300	200
Deposit Clearnet	1 355	1 369
Portuguese Republic Bonds	228	159
	3 383	**3 228**

24. EARNINGS PER SHARE

As of December 31, 2021, and 2020, the basic and diluted earnings per share are as follows:

	2021	2020
Net Profit / (Loss) for the year expressed in euros	(10 617 631)	(6 967 420)
Weighted average number of issued ordinary shares	39 039 674	36 848 964
Basic earnings per share (expressed in euro per share)	(0,27)	(0,19)

25. RISKS FROM FINANCIAL AND NON-FINANCIAL INSTRUMENTS

25.1 RISK MANAGEMENT POLICIES AND MAIN RISKS

Risk management is conducted in accordance with strategies and policies defined by the Board of Directors ("BoD"), and the Board Member responsible for risk management ("CRO"). Daily risk management is delegated to the director responsible for daily risk management.

The risk management structure at Bison Bank considers an active involvement of the entire Bank, in particular:

- Board of Directors (BoD);
- Executive Committee (EC), responsible for implementing and maintaining a risk management system based on the governance, strategy and risk policies approved by the BD, after prior opinion from the Supervisory Board (FC);
- Functional Committees, such as the Asset and Liability (ALCO) and Risk Management Committee, Compliance Committee, and the Risk and Compliance Committee, a governance committee; and
- The Risk Department (RID), Compliance Department (COD), Internal Audit Department (IAD) and the FC).

The BoD is the body responsible for defining risk management policy. The EC, composed of the executive members of the board, is responsible for driving risk policies and executive decisions on risk management measures and actions. The Risk and Compliance Committee, a governance committee, which is composed of non-executive directors and members of the FC, is responsible for advising and supporting the BoD, in the exercise of its supervisory functions, in decision-making processes related to risk management, compliance and internal control.

In functional terms, Bison Bank's risk management and monitoring function is centralized in the Risk Department ("RID"), a unit independent from the risk origination departments, enjoying the necessary organic and functional autonomy, having access to all the activities and information necessary for the performance of its competencies. Its main function is to implement an integrated risk management system suited to the nature and risk profile of the Bank, through the development of practices that allow the identification, assessment, monitoring, and control of the different types of risk assumed and underlying the Bank's activity.

The RID assumes an active role in influencing the decision-making process, issuing analyses, opinions, guidelines and recommendations on operations involving risk taking, related parties, etc., ensuring regular reporting of information to the BoD, FC and Risk and Compliance Committee and to senior management and other relevant management personnel, with a view to understanding and monitoring the Bank's main risks.
The risk management system is supported by a set of principles outlined below and is aligned with the strategy, business model, risk appetite and supervisor guidelines, and meets the proportionality principle:

i) Direct involvement of the BoD;

ii) Permanent promotion of a strong risk culture, which should be present in all processes, particularly those involving strategic and business decision-making;

iii) Permanent adjustments to best practices and regulatory requirements;

iv) Implementation of a comprehensive risk management that incorporates all of the Bank's current or potential risks.

Risk management is carried out through three lines of defense in the Bank's organizational structure:
1st Line of Defense:
Business Departments (risk-takers);
2nd Line of Defense:
Independent Control Functions (Risk and Compliance);
3rd Line of Defense:
Internal Audit.

For more effective risk monitoring and decision-making by the BoD, two functional committees (advisory bodies) have been established:

- Asset and Liability (ALCO) and Risk Management Committee - held quarterly under the supervision of the DTE (Liability) and DRI (Risk Management). In general terms, it is responsible for analyzing the different risk exposures (early warning signals) and their adequacy in light of the risk framework, such as the RAS KRI, propose the adoption of mitigation/corrective measures, monitor and control all matters related to liquidity risk; and
- Compliance Committee - is held quarterly under the supervision of the COD. Its competencies include analysis and evaluation of situations related to money laundering and financing of terrorism, whenever their relevance or associated risk is significant, proposal of corrective and preventive measures for situations within the scope of the compliance function.

In addition to the functional committees, Bison Bank's overall risk framework and the monitoring of risk developments are also addressed to the Risk and Compliance Committee, a governance committee, which is responsible for advising and supporting the BoD in the exercise of its supervisory role.

Bison Bank has implemented an Internal Control System (ICS) that allows the Bank to adequately manage the risks arising from its business, considering its risk profile, risk appetite and tolerance.

The Bank has implemented processes to identify internal and external risks that, in relation to each risk category, may affect its ability to achieve its strategic objectives. In addition to the risks arising from its balance sheet exposure, as well as from guarantees and commitments assumed (financial risks), the system allows the identification of non-financial risks.

The identification of non-financial risks is based, among others, on the Risk Control Self-Assessment Process (RCSA) through which the units/departments of the Bank assess the risks to which they are exposed in the development of their activities. The main objective of the RCSA exercise, carried out annually, is to assess the Bank's risks (inherent and residual) in the development of its business, as well as the quality of the related controls.

In the development of its activity, the Bank seeks to mitigate the associated risks through specific policies that aim to limit exposure to the various risks, through continuous monitoring and control processes, as well as through the use of risk protection instruments. In the credit portfolio (inactive activity), the Bank has only real collateral (mortgage on real estate), which is registered in the computer system. The Bank has foreseen the possibility of using other risk mitigation/ protection measures, namely in the scope of foreign exchange risk and interest rate risk. For these instruments the Bank has a dedicated IT platform and exposures, when existing, are valued and controlled on a regular basis.

The Bank has opted for a conservative and holistic approach to risks, treating all risks to which it is exposed, as well as the risks contained in BoP Notice no. 3/2020 / Instruction no. 18/2020 as material/ relevant to the Bank.

Financial activity is carried out in a complex context, with significant and interconnected risks. In this sense and using a number of definitions provided by the BoP, the main risks to which the Bank is exposed are identified and characterized.

The Bank ensures that its management is carried out with solid and strong risk control. To this end, the Bank establishes regular reviews (periodic revisions of its risk management policies and procedures to reflect changes in regulations, markets, products, and best practices) and monitors procedures for its activities, as well as prudent risk exposure limits, defining the Risk Appetite Statement (RAS).

Given this framework, Bison Bank has implemented a risk management system, as well as the processes and measures to ensure that the defined risk limits are met, is adequate to ensure the correct development of the business strategy, given the profile and size of the Bank.

The Bank's risk management policies are based on a conservative approach, translating into robust capital and liquidity position ratios. A fundamental principle underlying the management and formulation of risk strategies is the understanding of the risks to which the institution is exposed and the implementation of a comprehensive risk appetite structure for the Bank.

	Rácios	Objetivo Interno	31 . 12 . 2021
Capital/Liquidity /Leverage	Total Capital Ratio - Regulatory (Pilar i)	>=20%	65,8%
	Total Own Funds	>=€20 M	50,1
	NSFR	>=110%	175,5%
	LCR	>=110%	152,5%
	Leverage Ratio	>=12,5%	27,3%

In this regard the Bank has defined the following principles in its RAS as the most relevant for the risk strategy:

- Ensuring adequate levels of solvency and liquidity: a) Maintaining the level of capital above regulatory requirements, in both normal and adverse scenarios; b) Ensuring a stable, solid and secure liquidity position capable of withstanding adverse events; and c) Maintaining a stable funding capacity and levels of liquidity buffers that allow the Balance Sheet structure to adapt to existing circumstances;

- Ensuring the adoption of sound risk management practices: a) Operating according to sound risk management principles, with an effective risk governance model and policies covering all the risks to which it is exposed, ensuring compliance with laws and regulations; b) Developing a strong risk management culture focused on preserving the Bank's solvency and funding capacity.

RID is responsible for monitoring the Bank's risk profile through the defined metrics and timely communication to the BD. Compliance with the RAS KRI, as well as regulatory ratios and internal limits, is carried out monthly in the "Finance & Risk Report", prepared by the RID and sent to the EB and the BoD for monitoring. This report is also analyzed by the Supervisory Board and the Risk and Compliance Committee.

The Bank has established a reporting structure that ensures the exhaustive monitoring of the various risks by the relevant areas and management bodies. Such monitoring follows a specific schedule:

- Monthly report to BoD ("Finance & Risk Report") that assesses, reviews and discusses the current risk situation, cases of limits/tolerances reached and individual metrics update;

- Quarterly/bi-weekly presentation to the Asset and Liability (ALCO) and Risk Management Committee and the Risk and Compliance Committee in order to review and discuss overall risk performance, assess status of metrics achieved, discussion of individual metrics, and ongoing verification of the effectiveness and adequacy of the RAS.

The risk management system in place, including risk reduction and hedging policies, as well as strategies and processes to control their effectiveness, aim to ensure that the risks to which the Bank is exposed remain at the level defined by the Board of Directors and that they do not significantly affect the Bank's financial situation, thus enabling the strategy to be properly implemented, the objectives to be met and the necessary measures to be taken.

In this sense, within the scope of the risk management system, the Bank acts to ensure, in a timely manner, the prevention of situations of default or potential default and the detection of these situations should they occur, so that it is possible to immediately adopt corrective measures to mitigate the risks.

In this context, the Bank approved the RAS, through which it defined the overall and specific objectives with regard to the risk profile and the degree of tolerance to risk, covering the categories of risk to which it is exposed, as well as the governance process in the event limits or tolerances are exceeded.

In short, the RAS provides for the permanent monitoring of risks, through all indicators and their limits established in the framework of the RAS. Regular monitoring of compliance with the RAS metrics and the tolerance limits enables BoD to control and have a proactive management of current or potential breaches of risk appetite.

The monitoring of compliance with the KRI (Key Risk Indicators) established in the RAS is updated monthly and is included in the "Finance & Risk Report", prepared by RID and sent to the EC and the BoD for monitoring. In short, RID as part of its regular duties, is responsible for monitoring the Bank's risk profile through the defined metrics and timely communication to the BoD, as well as to the Risk Committees.

REGULATORY CONTEXT - MAIN HIGHLIGHTS:

Throughout 2021, the Bank developed its activity in a difficult context, arising from the pandemic context. At the regulatory level, during 2021, the supervisory authorities took a series of measures.

Among them, we highlight the following:

1. The EBA has published, in March 2021, revised guidance on money laundering and terrorist financing (ML/FT) risk factors, taking into account changes to the EU ML/FT legal framework and addressing new risks;

2. The Sustainable Finance Disclosure Regulation (SFDR) on the disclosure of sustainability-related information in the financial services sector has come into force, improving the quantity and quality of information on sustainable investments and promoting responsible and sustainable investments;

3. In April, the European Commission published several legislative packages, namely: i) Delegated Acts on Climate Taxonomy (activities that contribute to the climate change mitigation and adaptation objectives); ii) Delegated Acts modifying MiFID II (Markets in Financial Instruments Directive), AIFMD (Alternative Investment Managers Directive), UCITS (Undertakings for the Collective Investment in Transferable Securities) and iii) the proposed Corporate sustainability reporting Directive;

4. Additionally, and in the digital sphere, the European Central Bank (ECB) has published a comprehensive analysis of its Public Consultation on the Digital Euro;

5. In June the ECB decided that banks may exclude exposures to central banks from the leverage ratio until March 31, 2022, as an exceptional measure, and is still evaluating the lifting of restrictions on bank dividend payments;

6. Also in June, the European Commission published Delegated Regulation (EU) No. 2021/923 - Criteria for defining management responsibilities, control functions, significant business units and significant impact on the risk profile of a business unit, and criteria for identifying staff members or categories whose professional activities have an impact on the institution's risk profile;

7. The guidelines on "Loan Origination and Monitoring" (EBA/GL/2020/06) came into force and a public consultation was launched on changes to the SREP processes, including, among others, money laundering and prevention issues and the large exposures regime;

8. The EBA published in July the Final Guidelines on internal governance, which clarified the importance of identifying, managing, and mitigating money laundering and terrorist financing risk for a sound internal governance system.

Still at the national level, the following circular letters/ Avios/Instructions/Law Decrees are also noteworthy:

9. CMVM Circular Letter of March 4, 2021 - Relationship with investors: opportunities for improvement in the evaluation of transactions by financial intermediaries;

10. Public consultation n.º 6/2020 - Bank of Portugal (BoP) - Report of the public consultation of the preliminary draft of the Banking Activity Code;

11. Decree Law No. 65/2021 Regulates the Legal Regime of Cyberspace Security and defines the obligations regarding cybersecurity certification;

12. The BoP published in November the Circular Letter no. CC/2021/00000056 informing that the EBA Guidelines on sound remuneration policies (EBA/GL/2021/04) have been revised, as well as the Circular Letter no. CC/2021/00000057 alerting to the revision of the EBA Guidelines on internal governance (EBA/GL/2021/05).

FINANCIAL RISKS

Credit Risk

Credit risk consists of the probability of the occurrence of negative impacts on results or capital, due to the inability of a counterparty to meet its financial commitments to the Bank, including possible restrictions on the transfer of payments from abroad. Credit risk manifests itself in the possibility of a negative variation in the economic value of a given instrument as a result of the deterioration in the counterparty's credit risk quality (e.g. external ratings). Credit risk is Bison Bank's primary financial risk.

In the Bank, the credit risk underlying the activity results, essentially, from its securities portfolio, mostly composed of bonds, the liquidity exposure to financial institutions and, to a small extent, the credit granted and guarantees provided to customers.

During the year, the Bank had no lending activity (as of December 31, 2021, the net customer loan portfolio as % of total assets was 0.09% versus 0.15% as of December 31, 2020).

Impairment

Credit risk ultimately materializes in the impairment losses realized by the Bank. These are best estimates of losses at the reference date and may or may not become actual losses.

The Bank recognizes impairment losses for financial assets measured at amortized cost and fair value through other comprehensive income, as well as for other exposures that have associated credit risk such as other debtors as well as off balance sheet exposures.

IFRS 9 stipulates that the concept of impairment is determined on the basis of expected losses, designating a set of classification and measurement criteria for expected losses arising from impairment of financial assets. Financial assets subject to impairment losses should be classified in different phases ("stages"), which depend on the change in credit risk from the date of initial recognition and not according to the credit risk at the reporting date:

- **Stage 1:** financial assets should be classified as stage 1 whenever there has been no significant increase in credit risk since the date of their initial recognition;

- **Stage 2:** includes financial assets where there has been a significant increase in credit risk since the date of initial recognition;

- **Stage 3:** the assets classified in this stage at the balance sheet date present objective evidence of impairment, as a consequence of one or more events that have already occurred, resulting in loss.

The measurement of expected losses is the result of the product between (i) the probability of default (PD) of the financial instrument, (ii) the loss given default (LGD) and (iii) the exposure at the default date (EAD), discounted, at the balance sheet date, using the effective interest rate of the contract.

As mentioned above, the main difference between the impairment measured for financial assets classified as stage 1 or stage 2 is the respective time horizon in the PD calculation. Expected losses for stage 1 financial assets are calculated using a 12-month PD, while stage 2 expected losses use a permanent PD. The calculation of expected loss for financial assets in stage 3 is performed based on the procedures for estimating impairment developed by management.

For externally rated borrowers, the Bank uses external information released by Moody's rating agency and other market data to determine impairment losses on debt instruments, such as Credit Default Swaps spreads or bond Yields.

For the small number of segments for which no historical data and/or loss experience is available, the Bank adopts a simplified measurement approach that may differ from that described above. More specifically, and with respect to the "Other assets" line item (derived from amounts billed), which in the case of Bison Bank is primarily depository banking service fee income, a simplified measurement approach has been chosen and a historical analysis has been conducted over the past 6 years to calculate the PD.

Loan impairment

Given the size and nature of exposures to loans to customers (most with 100% impairment - stage 3 - Individual analysis), the calculation of impairment losses is essentially performed on an individual basis, case by case, taking into consideration the specifics of each operation and the best estimate of the recoverable amount (loans and guarantees) at the valuation date, taking into account the guidelines of BoP Circular Letter no. 62/2018.

The individual impairment level stipulated for any one-off analysis of a transaction is calculated prudently. This approach takes into consideration the contract, the economic and financial situation of the client and the collateral received as security. The present value of the cash flows incorporated in the estimate of future recoverability that results from the application of these factors is updated at the contracted effective interest rate.

The best estimate of recoverable amounts is supported by observable and documented data, at the measurement date of the recoverable amount, regarding the client's ability to make payments or the need to resort to execution or receive payment in kind by way of guarantee. The present value of the cash flows is updated based on the estimated future recoverability resulting from the application of these factors.

The balance sheet value to be considered comprises all amounts recorded in the balance sheet for the loan in question, namely principal outstanding, accrued interest, and interest accrued. The estimated future cash flows included in the calculation refer to the contractual amounts of the loans, adjusted for any amounts that are not expected to be recovered and for the period of time over which such cash flows are expected to occur.

The Bank classifies as overdue loans the overdue installments of principal and accrued interest that continue to be due after their due date. Despite the immateriality of the loan portfolio, the Bank regularly assesses the evolution of impairment in its loan portfolio.

Given the current size and characteristics of the portfolio of loans and advances to customers and off-balance sheet exposures, the calculation of impairment losses is fundamentally carried out on an individual or case-by-case basis, taking into consideration the specifics of the operation and the best estimate of the recoverable amount (loans and guarantees) at the date of analysis.

The following indicators translate situations of significant increase in credit risk: (1) Credit with arrears in the payment of principal, interest, commissions or other expenses for more than 30 days; (2) Credit restructured due to financial difficulties of the debtor; (3) Credit whose debtor verifies at least two of the following criteria, when occurring after the initial recognition of the operation: (a) Registration of at least one credit in default in the CRC; (b) Presence in lists of check users that offer risk; (c) Debts to the Tax Administration, Social Security or employees, in default.

The objective criteria of impairment are the following: a) Credit overdue, in the Bank, for more than 90 days in payment of principal or interest, regardless of the amount owed; b) Credit in litigation; c) Customer insolvency; d) Credit restructured due to deterioration in the borrower's capacity for less than 1 year, whose restructured operation or operations that, at the time of restructuring, presented one of the events indicated above. The credits that present the above characteristics are referred to as credits in default.

The Bank does not consider a minimum materiality threshold, i.e. as long as they are more than 90 days overdue all operations are classified in default, subject to an individual analysis procedure. Additionally, if a client in default belongs to an economic group, all clients of this group will be classified with signs of impairment.

Subjective indicators of impairment are a set of indicators that when analyzed in an integrated manner or in subsets, may give rise to evidence of impairment. These indicators may be signs of impairment, or risk indicators.

Financial assets (bonds) and other assets
The expected loss concept of IFRS 9 also covers debt instruments measured at fair value through other comprehensive income, off-balance sheet exposures, other assets, financial guarantees and loan commitments not measured at fair value.

With respect to debt instruments measured at fair value through other comprehensive income, the identification and measurement of a significant increase in credit risk is based, among other criteria, on the analysis of the following variables: 1) Evolution of the rating (or loss of rating) of the security in relation to the acquisition date and the period elapsed; 2) Variation of the market price compared to the amortized cost; 3) Debt restructuring due to financial difficulties of the issuer; 3) Delays in the payment of interest and/or principal for more than 30 days. Among the default triggers, the following stand out: 1) Delays in principal and/or interest payments of over 90 days; 2) Securities with a rating equal to or lower than CCC+ (not POCI - Purchased Originated Credit Impaired); 3) Bankruptcy/insolvency of the issuer; 4) Debt of the issuer restructured due to financial difficulties.

Changes in the level of credit risk of debt instruments must take as a reference date the origination date (initial recognition vs. reporting date). Thus, migrations between the 3 tiers are triggered by relative changes in credit risk and not by credit risk at the reporting date.

The monitoring of issuers' ratings, as well as other relevant information for the calculation of impairment, is carried out on a regular basis (monthly), having as its main basis the information disclosed by Bloomberg.

FINANCIAL ASSETS BY ACCOUNTING ITEM

Bison Bank's credit risk analysis considered the securities portfolio, loans and advances to customers (including off-balance sheet liabilities), cash and deposits with credit institutions.

The financial assets, by balance sheet item, have the following exposure to credit risk as of December 31, 2021 and 2020:

(values expressed in thousand euros)

	31 . 12 . 2021				31 . 12 . 2020			
	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure [3]	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure [3]
Cash, cash balances at central banks and other demand deposits	108 039	0	0	108 039	38 563	0	0	38 563
Financial assets held for trading	2 394	0	0	2 394	159	0	0	159
Financial assets at fair value through other comprehensive income [4]	49 788	51	0	49 737	32 256	25	0	32 231
Debt Instruments	***49 788***	***51***	***0***	***49 737***	***32 256***	***25***	***0***	***32 231***
Financial assets at amortised cost	1 216	1 057	225	-66	1 227	1 063	234	-70
Loans and Advances	***1 216***	***1 057***	***225***	***-66***	***1 227***	***1 063***	***234***	***-70***
Other assets	9 528	425	0	9 103	23 040	456	0	22 584
Sub-Total	**170 965**	**1 533**	**225**	**169 208**	**95 245**	**1 545**	**234**	**93 466**
Guarantees provided and Commitments	2 930	2 093	0	837	2 984	2 093	0	892
Irrevocable Credit Lines	92	0	0	92	92	0	0	92
Sub-Total	**3 022**	**2 093**	**0**	**929**	**3 076**	**2 093**	**0**	**984**
Total Credit Risk Exposure	**173 988**	**3 626**	**225**	**170 137**	**98 321**	**3 638**	**234**	**94 450**

[1] **Gross Exposure:** Refers to the gross balance sheet value.
[2] **Collateral:** Value of the collateral associated with an operation limited to its net value.
[3] **Effective Exposure:** Refers to the gross exposure less impairment and the mitigation effect that is deemed as a reducer of the credit risk. It does not include sureties or other low value collateral.
[4] Excludes equity instruments

At December 31, 2021, the value of loans and advances to customers (legacy credit portfolio), net of impairment, amounted to about 159 thousand Euros (164 thousand Euros in 2020), remaining immaterial (0.09% of total net assets versus 0.15% in 2020) and was 86.9% covered by impairment, given the fact that these are mostly exposures that are in default at +90 days, in insolvency, PER, restructured, etc., a situation that has persisted for several years. On that date, the ratio of coverage by collateral stood at around 141.4% (real collateral - Mortgages).

With respect to off-balance sheet liabilities, at December 31, 2021, the total amount of 3,022 thousand Euros relates to guarantees provided by the Bank and other irrevocable commitments (at December 2020: 3,076 thousand Euros). Off-balance sheet liabilities also included at December 31, 2020 assets (debt securities) pledged as collateral in the amount of 228 thousand Euros, (at December 2020: 231 thousand Euros).

The credit risk underlying the Bank's activity also derives from investments in real estate assets (market risk, albeit indirect) through fund units (which also include an important concentration risk). These assets are measured in the item "financial assets at fair value through profit or loss - equity securities), subject to mark-to-market valuation.

During 2021, most securities were in stage 1. This is due, among other things, to the investment strategy being based on criteria of high liquidity of assets, most of which are classified as investment grade, duration of less than 5 years, etc. It should be noted that at December 31, 2021, public debt securities represented 11% (vs. 33% at December 31, 2020) of the total portfolio and 47% of the portfolio was composed of investment grade securities (vs. 80% at December 31, 2020).

In the ICAAP exercise, the Bank considers a proxy analysis to the IRB approach (internal ratings-based approach), recalculating the 12-month PD for debt securities. In the base scenario, for the PD estimate, the cumulative one-year default rates of the issuers obtained through Moody's Investors Service tables in the document "Sovereign Default and Recovery Rates" are used. The cumulative default rates of sovereign entities were used for sovereign debt securities, while the cumulative default rates of corporate issuers were used for non-sovereign debt securities.

In the adverse scenario the methodology used follows that described above for the baseline scenario, however, considering a conservative outlook and deteriorating macroeconomic scenario, a notch down in the rating of all debt securities is assumed.

Details of Debt Instruments - Impairment:

Fair value through other comprehensive income

(values expressed in thousand euros)

	31 . 12 . 2021				
Financial assets at fair value through other comprehensive incomel - Debt instruments	Stage 1	Stage 2	Stage 3	POCI (*)	Total
Gross Exposure	49 346	442	-	-	49 788
Investment Grade (IG)	23 051	442			23 493
Non Investment Grade (NIG)	7 638				7 638
Not Rated	18 658				18 658
Impaired	0	0	0	0	-
Impairment	50,61	0,03	-	-	50,64
Net Exposure	**49 296**	**442**	**-**	**-**	**49 737**

Amortized cost

(values expressed in thousand euros)

	31 . 12 . 2021				
Financial Assets measured at Amortized Cost	Stage 1	Stage 2	Stage 3	POCI (*)	Total
Gross Exposure	-	-	1 054	162	1 216
Not Impaired	-	-	-	-	-
Impaired	-	-	1 054	162	1 216
Impairment	-	-	1 054	3	1 057
Net Exposure	**-**	**-**	**-**	**159**	**159**

(*) Purchased or originated credit-impairment ('POCI') de ativos financeiros

With regard to credit quality, the table below shows the key ratios for Bison Bank as of December 31, 2021 and 2020:

Credit Quality	31 . 12 . 2021	31 . 12 . 2020
Total Impairment / Loans to customers	86,92%	86,64%
Restructured credit / Loans to customers	84,70%	84,33%
NPL >90 d /Loans to customers	86,70%	86,42%

Regarding the Bank's portfolio of loans and advances to customers, the practical impacts had in the process of identification and reporting of asset quality and accumulation of NPLs arising from the pandemic situation, were very small, given the situation and classification of existing loans in the portfolio. It should be noted that the Bank received only one application for public moratorium in June 2020 related to Evalesco's credit (EUR 162 thousand on December 31, 2021, vs EUR 167 thousand at December 31, 2020).

Regarding credit concentration risk, in addition to compliance with the regulatory limit in terms of Large Exposures (at 31 December 2021, the Bank complied with the limit for large exposures set out in Article 395 of Regulation (EC) No. 575/2013 - CRR), the Bank defines specific objectives for the control of credit concentration risk, which are reflected in the limits management policy, namely in the banking portfolio (Treasury Book) and in the Money Market counterparties, and materialized in metrics included in the RAS. In addition, other metrics relating to various types of credit concentration are regularly monitored, namely exposures to single name entities, exposure by sectors of activity, exposures by country (country risk) and exposures to credit institutions.

Regarding single-name concentration, the monitoring is performed based on the concept of "Economic group" and "Customer group" sets of related entities/ counterparties that represent a single entity from the credit risk perspective, as defined in art. 4 of the CRR.

Concentration of credit risk by activity sector:

As of December 31, 2021:

(values expressed in thousand euros)

	31 . 12 . 2021					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Services	4 387	3%	0	0%	4 387	3%
Construction	0	0%	0	0%	0	0%
Industry	10 451	6%	0	0%	10 451	6%
Public Sector	8 381	5%	0	0%	8 381	5%
Other sectors	22 879	13%	225	100%	22 654	14%
Financial institutions and insurance companies	123 658	72%	0	0%	123 658	72%
Private clients	0	0%	0	0%	0	0%
Total	**172 022**	**100%**	**225**	**100%**	**171 797**	**100%**

Notes:
[1] **Effective Exposure:** Refers to the Balance Sheet Net Exposure less the mitigation effect that is deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral.

The "Other sectors" item is mostly (99%) made up of securities items.

As of December 31, 2020:

(values expressed in thousand euros)

	31 . 12 . 2020					
	Net Balance Sheet Exposure		Collateral		Effective Exposure [1]	
Services	0	0%	0	0%	0	0%
Construction	0	0%	0	0%	0	0%
Industry	5 030	6%	0	0%	5 030	6%
Public Sector	10 843	13%	0	0%	10 843	13%
Other sectors	15 279	18%	234	100%	15 045	19%
Financial institutions and insurance companies	54 086	63%	0	0%	54 086	64%
Private clients	0	0%	0	0%	0	0%
Total	**85 239**	**100%**	**234**	**100%**	**85 005**	**100%**

Notes:
[1] **Effective Exposure:** Refers to the Balance Sheet Net Exposure less the mitigation effect that is deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item "Other Assets".

Concentration of credit risk by geographic region:

As of December 31, 2021:

(values expressed in thousand euros)

	31 . 12 . 2021					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	145 419	85%	225	100%	145 194	85%
Autonomous Regions	0	0%	0	0%	0	0%
European Union	14 266	8%	0	0%	14 266	8%
Latin America	0	0%	0	0%	0	0%
North America	2 623	2%	0	0%	2 623	2%
Rest of the World	9 715	6%	0	0%	9 715	6%
Total	**172 022**	**100%**	**225**	**100%**	**171 797**	**100%**

Notes:
[1] **Effective Exposure:** Refers to the Net Balance Exposure less the mitigation effect that is deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral.
It does not include the item "Other Assets".

As of December 31, 2020:

(values expressed in thousand euros)

	31 . 12 . 2020					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	68 469	80%	234	100%	68 236	80%
Autonomous Regions	0	0%	0	0%	0	0%
European Union	7 112	8%	0	0%	7 112	8%
Latin America	0	0%	0	0%	0	0%
North America	724	1%	0	0%	724	1%
Rest of the World	8 934	10%	0	0%	8 934	11%
Total	**85 239**	**100%**	**234**	**100%**	**85 005**	**100%**

Notes:
[1] **Effective Exposure:** Refers to the Net Balance Exposure less the mitigation effect that is deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral.
It does not include the item "Other Assets".

The following tables present the breakdown of all financial assets by credit quality, whose ratings are based on the mapping of external ratings attributed by the main international agencies Moody's, Fitch and S&P. The metric for assigning the rating followed the standard methodology of the Basel accord, choosing the worst of the two best ratings in case there are different ratings for the same asset. The positions in credit or securities that do not have an external rating attributed by any of the three main international agencies are classified as "Not Rated".

Among the exposures without external rating, in the total amount of 121.1 million Euros on December 31, 2021 (16.9 million in December 2020), the main component refers to "Cash and Deposits in ICs" which amounted to about 91.7 million Euros on that date (1.3 million in 2020), consisting mainly of amounts deposited with the Bank of Portugal.

Breakdown of financial assets by credit quality, by balance sheet item, as of December 31, 2021:

(values expressed in thousand euros)

31 . 12 . 2021	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Deposits and applications with Credit Institutions	2 002	0	14 349	91 689	108 039
Financial assets held for trading	824	848	722	0	2 394
Other financial assets at fair value through profit or loss	0	0	0	11 692	11 692
Financial assets available for sale	8 107	14 452	9 606	17 573	49 737
Loans and advances to clients	0	0	0	159	159
Derivatives	0	0	0	0	0
Total	**10 934**	**15 299**	**24 676**	**121 113**	**172 022**
In %	**6,4%**	**8,9%**	**14,3%**	**70,4%**	**100%**

Notes:
Net balance sheet exposure. It does not include the item "Other Assets".

As of December 31, 2020 it was as follows:

(values expressed in thousand euros)

31 . 12 . 2020	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Deposits and applications with Credit Institutions	24 468	0	12 778	1 317	38 563
Financial assets held for trading	0	159	0	0	159
Other financial assets at fair value through profit or loss	0	0	0	14 093	14 093
Financial assets available for sale	5 457	20 065	5 437	1 302	32 261
Loans and advances to clients	0	0	0	164	164
Derivatives	0	0	0	0	0
Total	**29 925**	**20 224**	**18 215**	**16 875**	**85 239**
In %	**35,1%**	**23,7%**	**21,4%**	**19,8%**	**100%**

Note:
Net balance sheet exposure. It does not include the item "Other Assets".

MARKET RISK

Market risk is defined as the probability of the occurrence of negative impacts on results or capital, due to unfavorable movements in the market price of instruments in the trading portfolio, caused, in particular, by fluctuations in interest rates, exchange rates, share prices or commodity prices. Market risk arises primarily from taking short-term positions in debt and equity securities, currencies, commodities, and derivatives.

Given the business areas in which it operates, the main market risks to which Bison Bank is subject are those resulting from changes in interest rates, exchange rates, and the market quotations underlying the securities.

At Bison Bank, market risk arises primarily from exposures in securities held in the trading portfolio ("Financial Assets Held for Trading"), as well as equity instruments - namely funds - accounted for in "Non-marketable financial assets mandatorily carried at fair value through profit or loss".

During 2021, the Bank has a trading portfolio (a portfolio consisting mainly of a debt security of Chinese companies) in the amount of 2,392 thousand Euros.

(values expressed in thousand euros)

	Portfolio Value		
	Total	Long Pos.	Short Pos.
31 . 12 . 2020	159	159	-
31 . 12 . 2021	2 392	2 394	(2)

	VaR - 10 dias		VaR - 1 dia	
	€m	%	€m	%
31 . 12 . 2020	n.a.	n.a.	n.a.	n.a.
31 . 12 . 2021	77,5	3,24%	24,5	1,03%

To support the activity of placing debt securities, in the primary market, namely debt of Chinese issuers, and to meet any firm borrowings that may occur, the Bank created in 2019 a specific portfolio for this purpose, however until December 31, 2021, the portfolio was not used.

The Bank has a policy of reducing market risk, based on several measures to mitigate this risk in order to reduce the potential negative impact of this risk from a residual risk perspective, in particular by defining limits on aggregate exposure and holding period.

The Bank's securities portfolio held for liquidity management purposes (bank debt securities portfolio) is exposed to interest rate and spread (credit) risk, i.e. potential decline in market value due to perceived changes in the credit quality of the issuers of the securities held in the portfolio. The portfolio position is managed independently by the Treasury Department (TED) in accordance with defined limits and is monitored on a regular basis by the IRO.

The Bank uses the Value-at-Risk (VaR) methodology as its main market risk indicator, estimating potential losses under adverse market conditions. The system chosen for this purpose, Bloomberg, permits analysis of portfolio risk broken down by various explanatory factors, and measurement of the correlation between assets, both at the top level and at the various levels of risk disaggregation. The IRO is responsible for monitoring the limits defined by the BD in relation to the VaR of the portfolios, as well as the respective calculation, using the historical model.

To calculate this risk metric, the Bank used the Bloomberg specialized software, and the VaR was calculated according to the historical model, for a 10-day and a 1-day horizon, with a 99% confidence interval, based on a 2-year observation period, in line with good international practices.

FOREIGN EXCHANGE RISK

Foreign Exchange (FX) Risk represents the fluctuations in value that assets denominated in foreign currency can suffer as a result of changes in exchange rates.

Limits are set to restrict open positions overnight, i.e. the net nominal value of assets and liabilities in each foreign currency. Currency exposure maximums are defined and, as such, so is the overall exposure limit. The TED is responsible for designing and implementing financial policies and managing structural risks in the balance sheet, such as foreign exchange risk.

The following table presents the foreign exchange position, by currency, as of December 31, 2021:

(values expressed in thousand euros)

Currency	Long Position	Short Position
USD	1 631	0
GBP	12	0
CHF	8	0
BRL	0	0
SEK	4	0
NOK	2	0
AUD	0	0
JPY	0	0
HKD	0	0
CNY	133	0
Others	0	0
CAD	0	0
PLN	0	0
Total	**1 790**	**0**

Note: Net Position.

As of December 31, 2020, it was as follows:

(values expressed in thousand euros)

Currency	Long Position	Short Position
USD	979	0
GBP	29	0
CHF	30	0
BRL	0	0
SEK	4	0
NOK	2	0
AUD	0	0
JPY	0	0
HKD	0	0
CNY	502	0
Others	0	0
CAD	0	0
PLN	0	0
Total	**1 548**	**0**

Note: Net Position.

As of December 31, 2021, the largest exposure corresponded to the USD currency with long positions of about 1,631 thousand Euros (91.1% of the total), followed by CNY (7.4% of the total), with 133 thousand Euros, the remaining currencies being insignificant.

It should be noted that the existing exchange rate risk comes mainly from the positions in foreign currency that result from the current activity.

INTEREST RATE RISK

Interest rate risk is defined as the probability of financial losses, in income or capital, arising from adverse movements in interest rates, considering the structure of the institution's balance sheet. This type of risk is assessed systematically and on a long-term basis. The assessment treats the exposures of the banking portfolio according to the repricing periods, in line with the best market practices and following the Basel and BoP recommendations (Instruction no. 3/2020 - IRRBB).

The interest rate risk of the banking book is measured using various measurement techniques that make it possible to analyze the Bank's positioning and risk situation and by analyzing the cumulative interest rate impacts of sensitive instruments on net income and net interest income, including:

1. **Static gap:** presents the contractual distribution of maturities and interest rate revaluation differences for the applicable balance sheet and/or off-balance sheet items, aggregated on a specific date, for global and monetary (EUR and USD) values. The gap analysis is based on a comparison of the values of assets and liabilities that are revalued or mature in the same period;

2. **Balance Sheet Economic Value:** is calculated as the sum of the net fair value of interest rate sensitive assets and liabilities in the Balance Sheet, the fair value of off-balance sheet items, and the net values of non-interest rate sensitive assets and liabilities;

3. **Sensitivity of economic value:** the economic value of balance sheet and off-balance sheet items is calculated from a parallel shock to the interest rate curve. The metric relating to interest rate risk subject to the limit mentioned in the RAS is based on the calculation of the impact on the net worth, measured as a percentage of equity, of the 200 basis points change in the EUR and USD yield curves, considering the time bands in accordance with Instruction no. 3/2020.

TED is responsible for implementing financial policies and managing structural risks in the balance sheet, such as interest rate risk. Interest rate risk hedging is ensured by contracting interest rate derivative financial instruments. The Bank does not have hedge accounting, so the instruments contracted only allow an interest rate risk management, without perfect matching between assets and liabilities.

The breakdown of financial assets and liabilities by interest rate reset periods at December 31, 2021 is as follows:

(values expressed in thousand euros)

	Residual Maturities									
31 . 12 . 2021	Non Sensitive	UP TO 3 months	3-6 months	6-12 months	1-3 years	3-5 years	5-10 years	>10 years	Total sensitive	Total
Assets										
Money market / liquidity	102 744	3 795	0	1 500	0	0	0	0	5 295	108 039
Loans	159	0	0	0	0	0	0	0	0	159
Debt Securities & Derivatives MtM	0	9 591	7 082	4 491	11 004	9 794	10 170	0	52 131	52 131
Shares & Funds	11 692	0	0	0	0	0	0	0	0	11 692
Leased assets	874	0	0	0	0	0	0	0	0	874
Other Assets	10 070	0	0	0	0	0	0	0	0	10 070
Total Assets	**125 539**	**13 386**	**7 082**	**5 991**	**11 004**	**9 794**	**10 170**	**0**	**57 426**	**182 966**
Liabilities										
Money market / Loro Accounts	1 146	0	0	0	0	0	0	0	0	1 146
Term Deposits	15	7 446	2 450	992	140	0	0	0	11 028	11 043
On-demand Deposits	112 779	0	0	0	0	0	0	0	0	112 779
Subordinated Debt	0	2	0	0	0	0	0	0	2	2
Lease liabilities	725	0	0	0	0	0	0	0	0	725
Other Liabilities	6 614	0	0	0	0	0	0	0	0	6 614
Equity	50 657	0	0	0	0	0	0	0	0	50 657
Total Liabilities + Equity	**171 936**	**7 448**	**2 450**	**992**	**140**	**0**	**0**	**0**	**11 030**	**182 966**
GAP	**(46 397)**	**5 938**	**4 632**	**4 999**	**10 864**	**9 794**	**10 170**	**0**	**46 397**	**0**
CUMULATIVE GAP	**-**	**5 938**	**10 570**	**15 569**	**26 433**	**36 227**	**46 397**	**46 397**	**-**	**-**

Note: Values net of Impairment.

At December 31, 2021, 69% of Bison Bank's assets and 93% of its liabilities and equity were non-sensitive to interest rate risk and unaffected by interest rate swings, by refixing ranges. As of December 31, 2020, 64% of Bison Bank's assets and 98% of its liabilities and equity were not sensitive to interest rate risk.

As of December 31, 2020, it was as follows:

(values expressed in thousand euros)

	Residual Maturities									
31 . 12 . 2020	**Non Sensitive**	**up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**5-10 years**	**>10 years**	**Total sensitive**	**Total**
Assets										
Money market / liquidity	30 894	6 169	0	1 500	0	0	0	0	7 669	38 563
Loans	164	0	0	0	0	0	0	0	0	164
Debt Securities & Derivatives MtM	0	8 544	4 443	821	5 781	10 604	2 197	0	32 389	32 389
Shares & Funds	14 123	0	0	0	0	0	0	0	0	14 123
Leased assets	1 451	0	0	0	0	0	0	0	0	1 451
Other Assets	23 682	0	0	0	0	0	0	0	0	23 682
Total Assets	**70 313**	**14 713**	**4 443**	**2 321**	**5 781**	**10 604**	**2 197**	**0**	**40 058**	**110 372**
Liabilities										
Money market / Loro Accounts	323	0	0	0	0	0	0	0	0	323
Term Deposits	13	1 054	996	349	150	0	0	0	2 549	2 562
On-demand Deposits	37 437	0	0	0	0	0	0	0	0	37 437
Subordinated Debt	0	0	0	0	0	0	0	0	0	0
Lease Liabilities	1 395	0	0	0	0	0	0	0	0	1 395
Other Liabilities	6 879	0	0	0	0	0	0	0	0	6 879
Equity	61 776	0	0	0	0	0	0	0	0	61 776
Total Liabilities + Equity	**107 822**	**1 054**	**996**	**349**	**150**	**0**	**0**	**0**	**2 549**	**110 372**
GAP	**(37 509)**	**13 659**	**3 446**	**1 971**	**5 631**	**10 604**	**2 197**	**0**	**37 509**	**0**
CUMULATIVE GAP	**-**	**13 659**	**17 105**	**19 077**	**24 708**	**35 312**	**37 509**	**37 509**	**-**	**0**

Note: Values net of Impairment.

The table below presents a sensitivity analysis of the interest rate risk of the banking portfolio, based on the maps reported to the supervisory entity. This analysis is based on the scenario of a standard shock of 200 basis points in the interest rate, and the respective impact on the Bank's net situation and annual financial margin.

31-12-2021

(values expressed in thousand euros)

Remaining Term	**Assets**	**Liabilities**	**Off-Balance Sheet**		**Position**
	(+)	**(-)**	**(+)**	**(-)**	**(+/-)**
OVERNIGHT	2 664	0	0	0	2 664
>1 day <=1 months	3 042	6 465	0	0	-3 423
> 1 and <= 3 months	7 681	981	0	0	6 699
> 3 and <= 6 months	6 864	2 450	0	0	4 414
> 6 and <= 9 months	4 076	901	0	0	3 175
> 9 and <= 12 months	1 761	91	0	0	1 670
> 12 months and <= 1.5 years	2 087	86	0	0	2 001
>1.5 and <= 2 years	0	42	0	0	-42
> 2 and <= 3 years	8 412	12	0	0	8 400
> 3 and <= 4 years	3 661	0	0	0	3 661
> 4 and <= 5 years	4 886	0	0	0	4 886
> 5 and <= 6 years	1 116	0	0	0	1 116
> 6 and <= 7 years	3 917	0	0	0	3 917
> 7 and <= 8 years	0	0	0	0	0
> 8 and <= 9 years	2 034	0	0	0	2 034
> 9 and <= 10 years	2 831	0	0	0	2 831
> 10 and <= 15 years	0	0	0	0	0
> 15 and <= 20 years	0	0	0	0	0
> 20 years	0	0	0	0	0
	55 033	11 028	0	0	

Net Worth	**Net Worth**	**Weighted exposure**	**-2 620**

(values expressed in thousand euros)

Remaining Term	Assets	Liabilities	Off-Balance Sheet		Position	Interest Margin
	(+)	(-)	(+)	(-)	(+/-)	Weighted exposure
OVERNIGHT	2 664	0	0	0	2 664	53
> spot and <= 1 month	3 042	6 465	0	0	-3 423	-68
> 1 and <= 2 months	6 386	153	0	0	6 233	107
> 2 and <= 3 months	1 295	828	0	0	466	8
> 3 and <= 4 months	5 423	30	0	0	5 393	77
> 4 and <= 5 months	498	1 976	0	0	-1 478	-19
> 5 and <= 6 months	943	444	0	0	499	6
> 6 and <= 7 months	0	13	0	0	-13	0
> 7 and <= 8 months	0	457	0	0	-457	-3
> 8 and <= 9 months	4 076	431	0	0	3 644	23
> 9 and <= 10 months	0	0	0	0	0	0
> 10 and <= 11 months	0	91	0	0	-91	0
> 11 and <= 12 months	1 761	0	0	0	1 761	3
	26 087	10 888	0	0		186

The sensitivity of net interest income, a measure more focused on the short term, and economic value are measures that complement each other and provide a global view of structural interest rate risk.

Sensitivity analysis of the impact of a 200 basis points variation in the interest rate curve by relevant currencies as of December 31, 2021 and 2020:

(values expressed in thousand euros)

		31 . 12 . 2021	31 . 12 . 2020
EUR	Impact on Net Worth	-2 533	-1 300
	Own Funds	50 124	47 871
	Impact on Own Funds, in %	**-5%**	**-3%**
	Impact on Net Interest Income, at 12 months	147	58
	Net Interest Income	486	407
	Impact on Net Interest Income annual, in %	**30%**	**14%**
USD	Impact on Net Worth	-179	-43
	Own Funds	56 770	58 743
	Impact on Own Funds, in %	**0%**	**0%**
	Impact on Net Interest Income, at 12 months	29	15
	Net Interest Income	550	500
	Impact on Net Interest Income annual, in %	**5%**	**3%**
TOTAL	Impact on Net Worth	-2 715	-1 343
	Own Funds	50 124	47 871
	Impact on Own Funds, in %	**-5%**	**-3%**
	Impact on Net Interest Income, at 12 months	192	74
	Net Interest Income	486	407
	Impact on Net Interest Income annual, in %	**39%**	**18%**

Interest rate risk is continuously monitored and controlled, and some mitigation measures are in place to reduce the potential negative impact, including contracting interest rate futures with defined limits.

LIQUIDITY RISK

Liquidity risk is defined as the probability of the occurrence of negative impacts resulting from the inability of the institution to immediately have at its disposal liquid funds to meet its financial obligations in a timely manner and if these are ensured under reasonable conditions. At the Bank, liquidity levels are adapted according to the amounts and terms of the commitments undertaken and the resources obtained, according to the identification of gaps.

Liquidity and funding management, together with capital management, is a crucial pillar to ensure Bison Bank's robustness and resilience. Accordingly, the Bank has defined as one of the general principles of the RAS that it intends to continue to ensure a sound, stable and secure liquidity position that is able to withstand adverse events and maintain a stable funding capacity and adequate levels of liquidity reserve to enable it to have a balance sheet structure that is adaptable to existing circumstances.
Liquidity management is the responsibility of the TED, which must ensure a stable and robust liquidity position by controlling any liquidity deficits and holding liquid assets, ensure compliance with specific indicators, limits and tolerances approved by the BoD, and monitor/anticipate possible changes that may affect the basic premises of the approved Liquidity Management Policy.

DRI acts as a joint body and supervisor of liquidity risk contributing to the definition of the strategy and implementation of policies and procedures for liquidity risk management, within a framework of compliance with applicable legal and regulatory standards, while ensuring consistency between the Liquidity Management Policy and the Bank's risk management exercises, such as the FCP (Funding and Capital Plan), Recovery Plan, ICAAP (Internal Capital Adequacy Self-Assessment Process) and ILAAP (Internal Liquidity Adequacy Self-Assessment Process), as well as monitoring and evaluating the effectiveness of the associated controls.

Within the scope of liquidity management and its control, several mitigation measures are defined to reduce the potential impact of liquidity risk, including the definition of tolerances and limits in accordance with the RAS, liquidity contingency measures, recovery plan and other regulatory requirements. For this purpose, the Bank establishes several internal metrics that are defined in the Liquidity Management Policy, such as:

1. Minimum liquidity reserves that establish a minimum ratio based on the volume of deposits calculated on a monthly average basis;

2. Compliance with the limits set for the LCR (regulatory and internal) - the objective of which is to promote short-term liquidity, ensuring that unencumbered, high-quality liquid assets are held to withstand a 30-day stress period;

3. Compliance with the limits established for the NSFR (regulatory and internal) - which promotes the sustainability of the Institution's financial structure over a longer time horizon, considering medium to long-term liquidity coverage.

In addition to the metrics already mentioned, other metrics that result from internal assumptions and requirements are considered under the Liquidity Management Policy, in line with the appetite limits established in the RAS, namely with regard to primary liquidity and structural liquidity.

As of December 31, 2021, the Bank had a robust liquidity position, which is reflected in the high Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

At the end of 2021, the available liquidity was mostly invested in a portfolio of investments, in UCIs, through the money market, as well as in the Bank of Portugal.

The following table shows the breakdown of the composition of liquid assets according to the criteria established for determining high quality liquid assets used to calculate the LCR ratio:

(values expressed in thousand euros)

	31 . 12 . 2021		31 . 12 . 2020		
	Market Value	Eligible Value	Market Value	Eligible Value	Δ
Level 1 Assets	98 393	98 393	11 415	11 415	86 978
Level 2A Assets	0	0	0	0	0
Level 2B Assets	15 488	7 744	2 774	1 387	14101
Total of High Quality Liquid Assets (HQLA)[1]	**113 881**	**106 137**	**14 189**	**12 802**	**101 080**

[1] HQLA (High Quality Liquid Assets) according to the criteria and calculation of the LCR ratio.
Note: Unaudited information. Prudential information.

The Bank maintained a robust liquidity structure throughout the year, ending the year with liquidity ratios, the LCR and NSFR, substantially above the regulatory minimums.

	31 . 12 . 2021	31 . 12 . 2020
LCR	**152,5%**	**236,6%**
Liquidity buffer	*106 137*	*12 802*
Net liquidity outflow	*69 609*	*5 411*
NSFR	**175,5%**	**134,0%**

Note: Unaudited information. Prudential information.

In addition to the regulatory and internal ratios, the Bank periodically performs internal and prospective assessment of liquidity, namely the preparation of the ILAAP exercise.

The breakdown of financial assets and liabilities by residual maturity as of December 31, 2021, is as follows:

(values expressed in thousand euros)

	Residual Maturities									
31 . 12 . 2021	**Non Sensitive**	**Up To 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**5-10 Years**	**> 10 Years**	**Total Interest Rate**	**Total**
Assets										
Money market / liquidity	102 744	3 795	0	1 500	0	0	0	0	5 295	108 039
Loans	159	0	0	0	0	0	0	0	0	159
Debt securities	0	6 594	7 177	5 283	12 514	10 394	10 170	0	52 131	52 131
Shares & Investment Funds	11 692	0	0	0	0	0	0	0	0	11 692
Leased assets	0	0	0	0	148	725	0	0	874	874
Other Assets	10 070	0	0	0	0	0	0	0	0	10 070
Total Assets	**124 666**	**10 389**	**7 177**	**6 783**	**12 662**	**11 119**	**10 170**	**0**	**58 300**	**182 966**
Liabilities										
Money market / Loro accounts	1 146	0	0	0	0	0	0	0	0	1 146
Term Deposits	15	7 446	2 450	992	140	0	0	0	11 028	11 043
On-demand Deposits	112 779	0	0	0	0	0	0	0	0	112 779
Subordinated Debt	0	2	0	0	0	0	0	0	2	2
Lease liabilities	0	0	0	0	154	571	0	0	725	725
Other Liabilities	6 614	0	0	0	0	0	0	0	0	6 614
Equity	50 657	0	0	0	0	0	0	0	0	50 657
Total Liabilities + Equity	**171 211**	**7 448**	**2 450**	**992**	**294**	**571**	**0**	**0**	**11 755**	**182 966**
GAP	**-46 545**	**2 941**	**4 727**	**5 791**	**12 368**	**10 548**	**10 170**	**0**	**46 545**	**0**
CUMULATIVE GAP		**2 941**	**7 668**	**13 459**	**25 827**	**36 375**	**46 545**	**46 545**	**0**	**0**

Note: Values net of Impairment.

The most significant liquidity gap is recorded in the "3-year range" and is managed through intervention on the liabilities side. Depending on the remaining value of Term Deposits, the Bank acts preventively through its Client Management area, promoting with its clients the renewal of term deposits.

As of December 31, 2020, it was as follows:

(values expressed in thousand euros)

	Residual Maturities									
31 . 12 . 2020	**Non Sensitive**	**up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**5-10 years**	**>10 years**	**Total Interest Rate**	**Total**
Assets										
Money market / liquidity	30 894	6 169	0	1 500	0	0	0	0	7 669	38 563
Loans	164	0	0	0	0	0	0	0	0	164
Debt securities	0	8 544	4 443	821	5 781	10 604	2 197	0	32 389	32 389
Shares & Investment Funds	14 123	0	0	0	0	0	0	0	0	14 123
Leased assets	0	0	0	0	0	1 451	0	0	1 451	1 451
Other Assets	23 682	0	0	0	0	0	0	0	0	23 682
Total Assets	**68 863**	**14 713**	**4 443**	**2 321**	**5 781**	**12 054**	**2 197**	**0**	**41 509**	**110 372**
Liabilities										
Money market / Loro accounts	323	0	0	0	0	0	0	0	0	323
Term Deposits	13	1 054	996	349	150	0	0	0	2 549	2 562
On-demand Deposits	37 437	0	0	0	0	0	0	0	0	37 437
Subordinated Debt	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	1 395	0	0	1 395	1 395
Other Liabilities	6 879	0	0	0	0	0	0	0	0	6 879
Equity	61 776	0	0	0	0	0	0	0	0	61 776
Total Liabilities + Equity	**106 427**	**1 054**	**996**	**349**	**150**	**1 395**	**0**	**0**	**3 944**	**110 372**
GAP	**(37 565)**	**13 659**	**3 446**	**1 971**	**5 631**	**10 660**	**2 197**	**0**	**37 565**	**0**
CUMULATIVE GAP		**13 659**	**17 105**	**19 077**	**24 708**	**35 368**	**37 565**	**37 565**	**0**	**0**

Note: Net Impairment values.

ASSET ONERATION

31 . 12 . 2021

(values expressed in thousand euros)

Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	**528**	**528**	**181 615**	**-**
Deposits and Applications with Credit Institutions	300	300	107 898	
Equity instruments			11 692	11 692
Debt securities	228	228	51 903	51 903
Other assets	-	-	10 121	-

(values expressed in thousand euros)

Collateral received	Fair value of encumbered collateral received or own debt securities issued	Fair value of encumbered collateral received or own debt securities issued
Collateral received by the reporting institution	-	-
Equity instruments	-	-
Debt securities	-	-
Other collateral received	-	-
Own debt securities issued other than own covered bonds or ABS	-	-

Encumbered assets, encumbered collateral received and matching liabilities	Matching liabilities, contingent liabilities and securities lent	Assets, collateral received and own debt securities issued than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	-	2 201

Note: Unaudited information. Prudential information.

31 . 12 . 2020

(values expressed in thousand euros)

Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	**431**	**431**	**107 953**	**-**
Deposits and Applications with Credit Institutions	200	200	38 526	-
Equity instruments	-	-	14 123	14 123
Debt securities	231	231	32 158	32 158
Other assets	-	-	23 146	-

(values expressed in thousand euros)

Collateral received	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	-	-
Equity instruments	-	-
Debt securities	-	-
Other collateral received	-	-
Own debt securities issued other than own covered bonds or ABS	-	-

Encumbered assets, encumbered collateral received and matching liabilities	Matching liabilities, contingent liabilities and securities lent	Assets, collateral received and own debt securities issued than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	-	2 218

Note: Unaudited information. Prudential information.

The Bank's encumbered assets relate to regulatory/prudential requirements, namely intra-day lending, the investor compensation scheme and the deposit guarantee fund. Total encumbered assets represent only 0.3% of total assets.

NON-FINANCIAL RISKS

Non-financial risks are essentially associated with failures of various kinds, namely of an operational nature (operational risk), inadequacy of information systems and technology (information technology risk, cybersecurity risk), misconduct, non-compliance with regulations (compliance risk), inadequate definition or implementation of strategic decisions (strategy risk), negative perception of public image (reputational risk), which may arise in the course of its business.

The measurement of non-financial risks is essentially based on the risk self-assessment exercise (Risk Control Self Assessment - RCSA) through which the various units/directions of the Bank assess the risks to which they are exposed in the course of their activities.

Aware of their importance, the Bank has defined in its RAS, a set of KPIs whose evolution is regularly monitored and disclosed to the BD, namely in the monthly "Finance & Risk Report".
With regard to operational risk, the Bank maintained its Contingency Plan for business continuity, to cope with the pandemic context of COVID-19, thus ensuring the safety of employees and customers, maintaining the operational capacity of the Bank. This implied the maintenance of intensive use of teleworking, with an impact on infrastructure and increased measures in the area of systems security, as well as the distribution of materials and protection and use of signage appropriate to the context.

During the year, several training courses were held in the area of non-financial risks, with specific training in Cybersecurity and Anti-Money Laundering.

25.2 CAPITAL RISK

Capital risk is the risk of lacking sufficient capital, either quantitatively or qualitatively, to meet its business objectives and regulatory requirements. Bison Bank has defined as one of its general principles of the ASR that it aims to maintain a level of capital above regulatory requirements in both normal and adverse scenarios. With this in mind the Bank has set targets for the total capital ratio (Pillar I) and total economic capital ratio (Pillar 2), for the Base and Adverse scenarios, to be maintained on an ongoing basis.

Capital risk control is part of the Bank's risk monitoring framework, which involves a number of exercises such as the annual budgeting exercise, funding and capital plan, capital adequacy, resolution plan, as well as monitoring, reporting and disclosure of capital data.

The Bank maintains adequate and robust capital levels, both in terms of regulatory capital and economic capital, and has internal management and control mechanisms that allow it to maintain a solid capital structure.

25.2.1 OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS

Prudential Ratios as of December 31, 2021 and 2020

(values expressed in thousand euros)

	31 . 12 . 2021	31 . 12 . 2020
As per the rules CRD IV / CRR phasing in		
Common Equity Tier 1 capital	50 124	47 871
Total Own Funds	50 124	47 871
Risk Weighted Assets (RWAs)	76 207	59 404
Common Equity Tier 1 Ratio	65,8%	80,6%
Total Ratio	65,8%	80,6%
Leverage Ratio	27,5%	48,5%
As per rules CRD IV / CRR fully implemented		
Common Equity Tier 1 capital	50 124	47 871
Total Own Funds	50 124	47 871
Risk Weighted Assets (RWAs)	76 207	59 404
Common Equity Tier 1 Ratio	65,8%	80,6%
Total Ratio	65,8%	80,6%
Leverage Ratio	27,5%	48,5%

Notes:
(1) Unaudited information. Prudential information.
(2) The Bank has not adopted the possibility of phasing the implementation impact and IFRS9 over own funds in accordance with the provisions of article 473-A of the CRR. The implementation of CRR 2.5 (reducing the weighting of loans to SMEs and infrastructure) had no impact on the ratio. The transitional prudential filter provided for in article 468 is not being applied for unrealized gains and losses on sovereign debt exposures valued at fair value through other comprehensive income (JVOCI), excluding financial assets in credit impairment;
(3) The leverage ratio is calculated between Tier 1 capital and the total value of the balance sheet assets and off-balance sheet items, not being subject to weighting coefficients as occurs in the calculation of risk-weighted assets.
Fonte: COREP.

The minimum capital requirements ("Pillar 1 requirements"), as set out in Article 92 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 ("CRR"), include a Core Tier 1 capital ratio ("CET 1") of 4.5%, a Tier 1 capital ratio ("Tier 1") of 6% and a Total capital ratio of 8%. Additionally and in accordance with the provisions of Bank of Portugal Notice no. 6/2016, a capital conservation reserve of 2.5% was established.

As of July 2021, Bison Bank is subject to a specific additional requirement determined under the annual Supervisory Review and Evaluation Process (SREP) conducted by the Bank of Portugal.

During the year, the Bank complied with the capital ratios to which it is subject.

At December 31, 2021, Common Equity Tier 1 (CET 1) capital calculated in accordance with the applicable CRD IV / CRR rules totaled 50.12 million Euros, corresponding to a CET 1 ratio of 65.8%. The decrease in the ratio compared to 2020, resulted both from the deterioration of Own Funds, affected by the loss recorded in the year, and from the increase in Total Risk Weighted Assets.

Bison Bank does not disclose capital ratios calculated on a basis other than that set out in Regulation (EU) No. 575/2013 (CRR) and there is no difference between accounting basis and prudential basis for calculation of the respective ratios.

By December 2021, the leverage ratio determined in the CRR/CRD regulations was well above the regulatory minimum of 3%.

Accounting detail of Own Funds on December 31, 2021 and 2020

(Montantes expressos em milhares de Euros)

	31 . 12 . 2021	31 . 12 . 2020
Own Funds		
Share Capital	195 198	181 898
Reserves and Retained Earnings	(133 844)	(126 798)
Net Income	(10 618)	(6 967)
Securities Revaluation Reserves	(79)	343
Deductions		
Intangible Assets	(470)	-558
Other Deductions: Prudent valuation on the Regulation 2016/101 of 26 October 2015	(64)	-47
Total Own Funds and Common Equity Tier 1 Capital	**50 124**	**47 871**

Note: Unaudited information. Prudential information.
Source: COREP.

Own Funds breakdown as of December 31, 2021 and 2020

(values expressed in thousand euros)

	31 . 12 . 2021	31 . 12 . 2020
OWN FUNDS	**50 124**	**47 871**
TIER 1 Capital	**50 124**	**47 871**
Common Equity Tier 1 Capital	**50 124**	**47 871**
Capital Instruments eligible as CET1 Capital	195 198	181 898
Paid up capital instruments	195 198	181 898
(-) Own CET1 instruments	-	-
Retained earnings	(144 462)	(133 765)
Previous years retained earnings	(133 844)	(126 798)
Profit or loss eligible	(10 618)	(6 967)
Accumulated other comprehensive income	-79	343
Other reserves	-	-
Minority interest given recognition in CET1 capital	-	-
Transitional adjustments due to additional minority interests	-	-
(-) Value adjustments due to the requirements for prudent valuation	(64)	(47)
(-) Other intangible assets	(470)	(558)
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	-
(-) Defined benefit pension fund assets	-	-
(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	-
(-) Amount exceeding the 15% threshold	-	
Other transitional adjustments to CET1 Capital		-
Additional Tier 1 Capital	**-**	**-**
Instruments issued by subsidiaries that are given recognition in AT1 Capital	-	-
Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by subsidiaries	-	-
Tier 2 Capital	**-**	**-**
Capital instruments and subordinated loans eligible as T2 Capital	-	-
Paid up capital instruments and subordinated loans	-	-
Instruments issued by subsidiaries that are given recognition in T2 Capital	-	-
Transitional adjustments due to additional recognition in T2 Capital of instruments issued by subsidiaries	-	-
(-) T2 instruments of financial sector entities where the institution has a significant investment	-	-
Other transitional adjustments to T2 Capital	-	-

Note: Unaudited information. Prudential information.
Source: COREP.

Internal Capital Adequacy Assessment

In compliance with the prudential requirements currently in force, the Bank performs a self-assessment exercise of internal capital adequacy (ICAAP) foreseen in Pillar 2 of Basel III and Instruction no. 3/2019, of the Bank of Portugal. The ICAAP is a fundamental part of Bison Bank's risk management, as it enables a direct assessment and determination of the internal capital levels underlying the Institution's risk profile, in the development of its business strategy (current and projected).

The objective of the ICAAP exercise is to contribute to the continuity of the Bank from a capital perspective (going concern), ensuring that it has sufficient capital to face its risks, absorb losses and continue, even during a prolonged adverse period - to define the levels of capital required to capture unexpected losses, considering a given confidence interval and time horizon. Through this exercise it is ensured that the risks to which the institutions are exposed (Pillar I and Pillar II risks) are assessed appropriately and that the institution's internal capital is in line with the risk profile established in the Bank's RAS.
The Bank takes a conservative approach to economic capital requirements, defining them as the maximum between regulatory and internal capital requirements, by risk category.
To quantify risks, the Bank develops a number of internal capital requirements methodologies that estimate the maximum potential loss over a one year period. Risks are quantified in terms of impact on the level of requirements, or on results in accordance with a set of methodologies developed.

As a result of this process, the Bank is provided with a global vision of the evolution of its own funds and of the internal requirements of Pillar II. Its resilience is also assessed in the Base and Adverse scenarios, thus fulfilling one of the main purposes of this process.

The ICAAP is the CA's responsibility, however it delegates the obligation of carrying out this process to the DRI. It is therefore the responsibility of the IRO to prepare and coordinate ICAAP reporting. The Bank has internally defined an organizational structure to support the ICAAP process with the following elements:

- RID;
- ALCO & Risk Management Committee - coordinated by DRI and the Treasury Department (TED);
- Direction of Accounting and Planning (APD);
- Audit Department (IAD);
- Executive Committee (EC);
- Risk and Compliance Committee.

The main objective of the ICAAP process is to determine the capital requirements for all the risks to which the institution is, or may be, subject in the development of its activity. Therefore, Pillar I risks (Credit Risk, Market Risk and Operational Risk) are considered, as well as concentration risk, interest rate risk, reputation risk, compliance risk, strategy risk, etc.

DRI is responsible for risk management, which includes, among others, the calculation and permanent monitoring of the institution's capital consumption, namely: a) define the risk levels that Bison Bank is willing to assume; identify, quantify and monitor the various risks assumed: b) calculate the capital consumption of the different risks to which the Bank is exposed in Pillar I; c) ensure the development and regulatory reporting of the ICAAP exercise.

The ALCO & Risk Management Committee, coordinated by the TED and RID, is responsible for monitoring global risk levels and defining the Internal Economic Capital model, which supports the ICAAP exercise. As regards ICAAP, it is responsible for presenting and analyzing the current and prospective capital position and proposing mitigation measures, when necessary.

Recovery Plan

Additionally, as an integral part of the capital management process, the Bank annually updates the Recovery Plan for its business and activities, through which a wide range of key indicators are defined, which are permanently monitored (on a monthly basis), enabling timely action whenever deviations exceed certain thresholds (defined in the Plan), and are reported in accordance with the defined governance. Responsibilities and specific measures to be taken are defined, namely in the occurrence of situations of capital and/or liquidity contingency, in order to anticipate the occurrence of possible crises.

The Recovery Plan thus establishes a decision protocol for crisis management, identifying predefined actions and strategies to respond to adverse events.

Own Funds Prudential Reserves

As determined by the BoP, the countercyclical buffer percentage applicable to credit exposures to the Portuguese non-financial private sector, in force in 2021, was 0% of the total amount of exposures. Therefore, Bison Bank's specific countercyclical buffer is 0% as the relevant credit exposures are located in the domestic territory.

Large Risk Limit

As at December 31, 2021, the Bank complied with the limit for large exposures set out in Article 395 of Regulation (EC) no. 575/2013, of 26 June 2013 (CRR).

26) FAIR VALUE OF THE SECURITIES PORTFOLIO AND OF OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments is estimated whenever possible by using quoted prices in an active market. A market is considered active and liquid when counterparties that are equally knowledgeable are acting and where transactions are carried out on a regular basis. For financial instruments in which there is no active market, due to lack of liquidity and absence of regular transactions, evaluation methods and techniques are used to estimate fair value. Financial instruments were classified by level in accordance with the hierarchy established in IFRS 13.

FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET AT FAIR VALUE

At December 31, 2021 and 2020 the detail of this item is as follows:

31 . 12 . 2021	Valuation Techniques - Market Value or Market Price			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	2 394	-	-	2 394
Non-trading financial assets mandatorily at fair value through profit or loss	-	1 037	10 655	11 692
Financial assets at fair value through other comprehensive income	39 274	10 463	-	49 737
Liabilities				
Financial liabilities held for trading	-	2	-	2

31 . 12 . 2020	Valuation Techniques			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	159	-	-	159
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	14 093	14 093
Financial assets at fair value through other comprehensive income	32 231	-	30	32 261
Liabilities				
Financial liabilities held for trading	-	-	-	-

In the construction of the above table, the fair value levels were used, according to the fair value hierarchy (see Note 2.8).

There are no changes, in relation to 2020, to the valuation criteria for financial assets classified as market analysis valuation technique. In the internal valuation models of trading financial instruments and at fair value through profit or loss, market interest rates are determined based on information disclosed by Bloomberg. The maturities up to one year refer to the market rates of the interbank money market, while those longer than one year are through the quotations of interest rate swaps. The interest rate curve obtained is further adjusted against the values of short-term interest rate futures. Interest rates for specific maturities are determined by interpolation methods. The same interest rate curves are also used in the projection of non-deterministic cash flows such as indexing factors.

In the specific case of the investment fund units held by the Bank, these are classified in level 3 of the fair value hierarchy and valued on the basis of the NAV ("Net Asset Value") disclosed by the respective management companies.

The interest rates used to calculate the interest rate curve with reference to December 31, 2021 and 2020, for EUR and USD currencies are as follows:

	EUR		USD	
Maturity	31 . 12 . 2021	31 . 12 . 2020	31 . 12 . 2021	31 . 12 . 2020
1 day	-0,505%	-0,523%	0,070%	-
7 days	-0,490%	-0,578%	0,080%	0,096%
1 month	-0,491%	-0,554%	0,084%	0,144%
2 months	-0,490%	-0,550%	0,087%	0,190%
3 months	-0,488%	-0,525%	0,118%	0,238%
6 months	-0,484%	-0,526%	0,223%	0,164%
1 year	-0,455%	-0,521%	0,425%	0,208%
2 years	-0,319%	-0,521%	0,764%	0,198%
3 years	-0,199%	-0,506%	0,973%	0,241%
4 years	-0,138%	-0,485%	1,069%	0,325%
5 years	-0,087%	-0,459%	1,128%	0,430%
6 years	-0,042%	-0,427%	-	0,545%
7 years	0,004%	-0,389%	1,223%	0,655%
8 years	0,056%	-0,349%	-	0,755%
9 years	0,117%	-0,306%	-	0,846%
10 years	0,176%	-0,261%	1,319%	0,925%
20 years	0,480%	0,006%	1,481%	1,317%
30 years	0,450%	-0,023%	1,453%	1,402%

FINANCIAL INSTRUMENTS AT COST OR AMORTIZED COST

At December 31, 2021 and 2020 the detail of this item is as follows:

31 . 12 . 2021	Balance Sheet Value	Fair Value
Cash, cash balances at central banks and other demand deposits	108 039	108 039
Financial assets at amortised cost	159	159
Other Assets	10 254	10 254
Deposits	(124 968)	(124 968)
Other liabilities	(5 002)	(5 002)

31 . 12 . 2020	Balance Sheet Value	Fair Value
Cash, cash balances at central banks and other demand deposits	38 563	38 563
Financial assets at amortised cost	164	164
Other Assets	22 584	22 584
Deposits	(40 322)	(40 322)
Other liabilities	(6 053)	(6 053)

For financial instruments recorded in the balance sheet at amortized cost, the Bank determines their fair value by using valuation techniques.

The fair value presented may not correspond to the realizable value of these financial instruments in a sale or liquidation scenario and was not determined with this objective. The amounts shown mainly represent highly liquid cash and cash with low residual maturities, not differing substantially from the amounts recorded in the balance sheet.

The valuation techniques used by the Bank seek to be based on the market conditions applicable to similar operations on the reference date of the financial statements, namely the value of the respective discounted cash flows based on the interest rates considered most appropriate.

For variable rate and very short term non-performing loans, it was considered that the balance sheet value corresponds to the best approximation of fair value.

27) BALANCES AND TRANSACTIONS WITH RELATED ENTITIES

Transactions with related parties are analyzed in accordance with the criteria applicable to third-party transactions and are conducted on an arm's length basis. These transactions are subject to the approval of the Board of Directors.

The figures presented below follow the following criteria:

- The balances as of December 31, 2021 and 2020 and the transactions that occurred in the years ending on those dates, referring to Key Management Personnel, refer to all the "Members of the Board of Directors and Supervisory Board" disclosed below, whether or not in office as of December 31, 2021 and 2020;

	31 . 12 . 2021	31 . 12 . 2020	31 . 12 . 2021	31 . 12 . 2020
	Key Management Staff		Shareholders	
Deposits	-	-	-	3 005
Other debtors (unpaid capital)	-	-	-	13 300
Interest Expenses	-	-	10	7
Fees and commissions income	-	-	-	-
Personnel Costs	1 155	1 433	-	-

The related parties are as follows:

KEY ELEMENTS OF MANAGEMENT AND THE SUPERVISORY BOARD:

Li Jun Yang- terminated December 31, 2021
Evert Derks Drok- terminated on December 31, 2021
Bian Fang
Francisco Alexandre Valente de Oliveira - terminated on December 31, 2021
André Filipe Ventura Rendeiro
António Manuel Gouveia Ribeiro Henriques
Issuf Ahmad
Ernesto Jorge de Macedo Lopes Ferreira
Ting Wang

BANK ENTITIES AFTER JULY 9, 2018
Bison Capital Holding Company Limited
Bison Capital Financial Holdings (Hong Kong) Limited
Banif US Real Estate
Art Invest
Turirent

BANK ENTITIES AFTER FEBRUARY 25, 2019
Bison Capital Holding Company Limited
Bison Capital Financial Holdings (Hong Kong) Limited
Banif US Real Estate
Turirent

BANK ENTITIES AFTER OCTOBER 13, 2019
Bison Capital Holding Company Limited
Bison Capital Financial Holdings (Hong Kong) Limited
Turirent

BANK ENTITIES AFTER AUGUST 26, 2020
Bison Capital Holding Company Limited
Bison Capital Financial Holdings (Hong Kong) Limited

28) EVENTS AFTER THE BALANCE SHEET DATE

The war in Ukraine is resulting in tragic loss of life and human suffering, as well as causing massive damage to Ukraine's physical infrastructure. It has sent a wave of over 1 million refugees into neighboring countries, and unprecedented sanctions have been announced against Russia.

The extent of the impact will depend on future developments, which cannot be reliably predicted, including the evolution of the conflict, the effectiveness of actions taken to mitigate it and the impact on the economies of the affected countries, the scope of social and economic policies and support being implemented.

Given the structure of Bison Bank's balance sheet, and with its assets consisting mainly of a portfolio of investment grade and highly liquid bonds and liquidity with top-tier financial institutions, we do not anticipate or have verified relevant impacts for the Bank resulting from the permanence of, and possible uncertainties associated with, the war between Russia and Ukraine, with regard to this indicator.

There were no other events that require adjustments and/or disclosures in these financial statements

10

REPORT ON CORPORATE GOVERNANCE

This report forms an integral part of the Report of the Board of Directors for the year 2021 of Bison Bank, S.A. (hereinafter referred to in this document as "Bison Bank", "Bank" or the "Company") and aims to disclose the corporate governance structure and practices adopted by Bison Bank.

This Corporate Governance information was prepared in accordance with the following provisions:

- Article 70.2 b) of the Portuguese Companies Code ("CSC").
- European Banking Authority (EBA) guidelines on internal governance and remuneration policy (EBA/GL/2021/05 and EBA/GL/2021/04, both dated July 2, 2021),
- General Regime of Credit Institutions and Financial Companies ("RGICSF") approved by Decree-Law no. 298/92, of December 31, as successively amended to date;
- Bank of Portugal Notice no. 03/2020 of July 1, 2020, which regulates the organizational culture, internal governance, internal control system and remuneration policies and practices of credit institutions and financial companies (namely Article 47).
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 (CRR 2), as successively amended to date (namely Article 450).
- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (CRD 5), as successively amended to date.

I. CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

I.1 GOVERNANCE STRUCTURE

The governance structure adopted by the Company has been the Latin Model (Reinforced), under the terms of paragraph a) of no. 1 of Article 278 of the CSC, which comprises a General Assembly, a Board of Directors (with powers delegated to an Executive Committee), a Supervisory Board and a Statutory Auditor.
In accordance with article 25 of the Company's Articles of Association, the Company also has a Company Secretary and respective Alternate.

At the end of 2021 it was decided to start the process of changing this governance model and to adopt for the new 2022-2024 term of office the governance structure provided for in article 278(b) of the Companies Code (Anglo-Saxon model) with an Audit Committee integrated in the Board of Directors.
With this new governance model, it is intended to reinforce an effective and prudent management of the Company and a holistic supervision of all applicable risks, also ensuring greater efficiency and cohesion in management.
This process is ongoing as of the date of this report.

I.2 GENERAL ASSEMBLY, COMPOSITION AND APPLICABLE RULES

I.2.1 IDENTIFICATION OF THE MEMBERS OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS AND INDICATION OF THE START AND END DATES OF THEIR RESPECTIVE TERMS OF OFFICE

The Board of the General Assembly is made up of a President and one or two Secretaries, as provided in Article 12(1) of the Company's Articles of Association,

The members of the General Assembly Board listed below were elected at the General Assembly on August 3, 2018, for the four-year term 2018-2021:

President: Luís Manuel Baptista Branco
Secretary: Afonso Maria Pita Negrão Cardoso de Menezes

I.2.2 REQUIREMENTS TO BE MET FOR THE PURPOSES OF PARTICIPATING IN THE GENERAL MEETING AND EXERCISING VOTING RIGHTS:

In accordance with the provisions of Article 15 of the Company's Articles of Association, shareholders who, according to the Law and the Articles of Association, are entitled to at least one vote, with each 100 (one hundred) shares corresponding to 1 (one) vote, have the right to attend, discuss, and vote at the General Assembly.

The participation and exercise of shareholders' voting rights in General Meetings depends on the confirmation of the registration in their name of shares that confer the right to at least one vote, up to 6 (six) days before the date set for the respective meeting.
Shareholders must keep the shares they hold registered or recorded in their name at least until the General Meeting is closed.
Transfers of Company shares made in the five (5) days preceding the meeting of each Assembly, on first call, are not considered for purposes of participation in the General Assembly.

I.2.3 INDICATION OF SHAREHOLDERS WITH SPECIAL RIGHTS AND DESCRIPTION OF THESE RIGHTS

There are, by reference to December 31, 2021, no shareholders with special rights.
Without prejudice to the above, it should be noted that the Bank's adherence to the special regime applicable to deferred tax assets, approved in the Annex to Law No. 61/2014 of 26 August 2014, and the constitution of a special reserve in the amount of the Bank's tax credits implies recognition of the constitution of conversion rights in favour of the Portuguese State. These conversion rights are registered and book-entry securities that entitle the Bank to request the Bank to increase the share capital by incorporating the said special reserve and, consequently, to issue and deliver free of charge ordinary shares representing its share capital in the percentage of the right exercised.

I.2.4 INDICATION OF OTHER STATUTORY RULES ON THE EXERCISE OF VOTING RIGHTS AT GENERAL MEETINGS, INCLUDING THE EXERCISE OF VOTING RIGHTS BY CORRESPONDENCE

The rules in the articles of association on the exercise of voting rights, particularly with regard to constitutive and decision-making quorums, follow the legal rules in the Companies Code, and there is identity between the statutory system (set out in Article 11 et seq. of the Company's Articles of Association) and the legal system (set out in Articles 383 and 386 of the Companies Code). There are no statutory rules on systems for equity rights.

Article 4(2) of the Company's Articles of Association establishes that the Company may issue any category of shares, namely preferred shares, redeemable or not, the redemption of which may be at par value plus the granting of a premium or not, by resolution of the competent body.
There are no statutory rules limiting the counting of voting rights.

Article 17(5) of the Company's Articles of Association provides and regulates the possibility for shareholders to exercise their voting rights by correspondence.

I.2.5 EXERCISING VOTING RIGHTS BY ELECTRONIC MEANS

The exercise of voting rights by electronic means is not foreseen.

I.2.6 POSSIBLE RESTRICTIONS ON VOTING RIGHTS

Notwithstanding the above, there are no restrictions on voting rights.

I.2.7 RULES APPLICABLE TO AMENDMENT OF THE ARTICLES OF ASSOCIATION

There are no specific rules, namely of a statutory nature, applicable to the amendment of the Articles of Association of the Company, being fully applicable the legal regime foreseen, namely in the CSC and in the RGICSF.

I.2.8 QUALIFYING HOLDINGS IN THE COMPANY'S CAPITAL

As of December 31, 2021, Bison Bank shares, totaling 39,039,674 shares, with a par value of €5 each, representing 100% of the Company's share capital, totaling €195,198,370.00, were held by the sole shareholder, Bison Capital Financial Holdings (Hong Kong) Limited.
As of the date of this Report, Bison Capital Financial Holdings (Hong Kong) Limited remains the sole shareholder of Bison Bank.

I.3 BOARD OF DIRECTORS

I.3.1 DEFINITION, COMPOSITION AND DESIGNATION

The administration of the Company is entrusted to a Board of Directors, composed of a minimum of three and a maximum of fifteen members, elected by the General Assembly, as provided in Article 18 of the Articles of Association and paragraph 1 of Article 391 of the CSC.

I.3.2 IDENTIFICATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND INDICATION OF THE START AND END DATES OF THEIR RESPECTIVE TERMS OF OFFICE

The composition of Bison Bank's Board of Directors during the year 2021 is described below, indicating the date of commencement and termination of office of each of the respective members:

- **Yang, Lijun who also uses Lijun Yang**
  Appointed by the sole shareholder on August 3, 2018 as a member of the Board of Directors of the Company for the term of office from 2018 to 2021, having commenced office on that date. On August 10, 2018, she was appointed by the Board of Directors as Chairman of this body. She ceased functions on December 31, 2021 by resignation (date coinciding with the end of the term of office).

- **Evert Derks Drok**
  Appointed by the sole shareholder on August 3, 2018 as a member of the Board of Directors for the term of office from 2018 to 2021, having commenced office on that date. On August 10, 2018, he was appointed Vice Chairman of this body. Ceased functions on December 31, 2021 due to resignation (date coinciding with the end of the term of office).

- **Bian Fang, who also uses Fang Bian**
  Appointed by the sole shareholder on April 26, 2019 as a member of the Board of Directors for the term of office from 2018 to 2021, having commenced office on that date. On May 3, 2019, he was appointed by the Board of Directors as Chairman of the Executive Committee. He remains in office as of the date of this Report.

- **Francisco Alexandre Valente de Oliveira**
  Appointed by the sole shareholder on August 3, 2018 as a member of the Board of Directors for the term of office from 2018 to 2021, having taken office on that date. He resigned on December 31, 2021 (coinciding with the end of the term of office).

- **António Manuel Gouveia Ribeiro Henriques**
  Appointed by the sole shareholder on December 5, 2018 as a member of the Board of Directors for the term of office from 2018 to 2021, having taken office on that date. On March 31, 2021 he was appointed by the Board of Directors as Vice Chairman of the Executive Committee. He remains in office as of the date of this Report.

- **André Filipe Ventura Rendeiro (Member)**
  Appointed by the sole shareholder on October 30, 2018, as a member of the Board of Directors for the term of office from 2018 to 2021, having begun his duties on November 19, 2018. He remains in office as of the date of this Report.

- **(vacant seat) - Pedro Manuel Ortigão Correia**
  appointed by the sole shareholder on August 3, 2018, as a member of the Board of Directors for the term 2018 to 2021 and terminated by resolution of the sole shareholder on October 15, 2019.

I.3.3 POWERS AND COMPETENCES OF THE MANAGEMENT BODY, PARTICULARLY WITH REGARD TO RESOLUTIONS TO INCREASE CAPITAL

The powers of the Board of Directors are set out in Article 20 of the Company's Articles of Association.
In accordance with the aforementioned statutory rule, the Board of Directors is responsible for ensuring the management of the company's business, and has exclusive and full powers to represent the company, having, for this purpose, the power to deliberate on any company matter that is not, by force of law or the company statutes, the exclusive competence of another body.

The possibility of increasing the Company's capital by deliberation of the Board of Directors (namely under the terms of Article 456 of the CSC) is not contemplated in the By-Laws.

The Board of Directors has a Regulation that establishes the guiding principles that sustain the performance of this body, its competencies, the basic rules that govern the way it is organized and operates, and the standards of conduct expected of its members.
The Regulations of the Board of Directors complement the relevant legal and statutory provisions and are available for consultation on the Company's website.

I.3.4 INFORMATION ON THE RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

In accordance with statutory rules, the Board of Directors is made up of a minimum of three and a maximum of fifteen directors, depending on what is decided in the General Assembly. Alternate directors may be elected up to a number equal to one third of the number of effective directors that may be elected (Article 18.1 and 2 of the Company's Articles of Association).
Also according to the statutory rules (Article 19, number 1), in the first meeting of each term of office, the Board of Directors will appoint, from among its members, its President and one or two Vice-Presidents.
The selection and evaluation of members to be proposed to the management body is regulated by the "Policy for Selecting and Evaluating the Suitability of the Members of the Management and Supervisory Bodies and of the Holders of Key Functions of Bison Bank S.A. "

As of the date of this Report, the Bank does not have a policy for recruiting members of the management body and a policy of diversification with regard to their selection.
However, in the above-mentioned Policy for Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and Key Function Members, reference is made to the individual and collective criteria for assessing the suitability of members of the corporate bodies, as well as to the fact that in the selection and assessment of members of the management and supervisory bodies, the diversity of personalities, qualifications, skills and technical and sectorial expertise required to perform the duties of the Bank's leaders, as well as diversity of gender, age and geographical origin, are actively promoted.

The Company's Articles of Association do not provide for any specific regime regarding the replacement of members of the Board of Directors, and this is therefore carried out in accordance with the terms set out in Article 393(3) of the CSC. There is no formalized policy of portfolio rotation on the Board of Directors.

I.3.5 INDICATION OF OTHER COMPANIES IN WHICH THE MEMBERS OF THE MANAGEMENT BODY HOLD CORPORATE POSITIONS

Yang Lijun, who also uses Lijun Yang (Chairman) -
As of December 31, 2021, in addition to the position held at Bison Bank, he held 1 more corporate position, as follows:

a) Director of Bison Capital Financial Holdings (Hong Kong) Limited.

Evert Derks Drok (Vice President)
As of December 31, 2021, in addition to his position with Bison Bank, he held 3 other corporate positions, as follows:

b) Member of the Supervisory Board of ABN AMRO Clearing Bank NV (NL);
c) Member of the Supervisory Board of The Greenery BV (NL);
d) Vice Chairman of the Supervisory Board of Commonwealth Bank (Europe) N.V. (NL)

Bian Fang (Member and Chief Executive Officer)
As of December 31, 2021, in addition to his position at Bison Bank, he held1 more corporate position:

e) Vice-President (Non-Executive Member) of the management body of Banco Moçambicano de Apoio aos Investimentos SA.

António Manuel Gouveia Ribeiro Henriques (Member and Vice-President of the Executive Committee)
With reference to December 31, 2021, he was not a member of any management or supervisory body of any company other than Bison Bank.

Francisco Alexandre Valente de Oliveira (Member)
As of December 31, 2021, he was not a member of any management or supervisory body of any company other than Bison Bank.

André Filipe Ventura Rendeiro (Member)
With reference to December 31, 2010, he was not a member of any management or supervisory body of any company other than Bison Bank.

I.3.6 NUMBER OF MEETINGS HELD AND ATTENDANCE RATE OF EACH MEMBER OF THE BOARD OF DIRECTORS AT MEETINGS HELD

In 2021, 20 meetings of the Company's Board of Directors were held, and minutes were drawn up for each of these meetings. The attendance of each member of the Audit Board, in relation to the meetings held, was as follows:

Board of Directors - Meetings held in 2021:

Member	No. of Attendances	Representation
Yang Lijun (Chairman)	20	-
Evert Derks Drok (Vice President)	20	-
Bian Fang (Member)	20	-
António Manuel Gouveia Ribeiro Henriques (Member)	20	-
Francisco Alexandre Valente de Oliveira (Member)	20	-
André Filipe Ventura Rendeiro (Member)	20	-

I.4 EXECUTIVE BOARD AND COMMITTEES

I.4.1 EXECUTIVE COMMITTEE

The day-to-day management of the Company is delegated to an Executive Committee, constituted within the Board of Directors, as per Article 22(1) of the Company's Articles of Association and Article 407(3) of the CSC.
The Executive Committee of Bison Bank was established by resolution of the Board of Directors on May 3, 2019.

I.4.1.2 COMPOSITION AND RULES APPLICABLE TO THE EXECUTIVE COMMITTEE

On May 3, 2019, when the Executive Committee was established, it was resolved by the Board of Directors that it would consist of 5 members, as indicated below:

- **Bian Fang (appointed Chief Executive Officer)**
  He remains in office at the date of this Report.

- **António Manuel Gouveia Ribeiro Henriques (executive member - appointed Deputy CEO on 31/03/2021)**
  He remains in office as of the date of this Report.

- **Francisco Alexandre Valente de Oliveira (executive member - ceased functions on December 31, 2021)**
  Date coinciding with the end of the term of office.

- **André Filipe Ventura Rendeiro (executive member)**
  Remains in office at the date of the present Report.

- **Pedro Manuel Ortigão Correia (executive member)**
  Ceased functions on October 15, 2019.

There are no specific provisions in the Articles of Association regarding the appointment or replacement of Executive Board members.

The Regulations of the Executive Committee, which establish how this body operates, are available for consultation on the Company's website.

I.4.1.3 NUMBER OF MEETINGS HELD AND ATTENDANCE RATE OF EACH EXECUTIVE COMMITTEE MEMBER TO MEETINGS HELD

In 2021, 38 meetings of the Executive Committee were held and minutes were drawn up for each of these meetings. The attendance of each member of the Executive Committee, in relation to the meetings held, was as follows:

Executive Committee - Meetings held in 2021:

Member	No. of Attendances	Representation
Bian Fang (Chief Executive Officer)	35	-
António Manuel Gouveia Ribeiro Henriques (Vice-Chairman of the Executive Committee)	38	-
Francisco Alexandre Valente de Oliveira	38	-
André Filipe Ventura Rendeiro	38	-

Note: All absences were considered properly justified.

I.4.2 EXISTING COMMITTEES AND MEETINGS HELD

- **GOVERNANCE COMMITTEES**

Considering the EBA guidelines on internal governance, the purpose of alignment with best governance practices and the objective of strengthening the organizational and governance structure of the Company, the Bank opted at the end of 2018 to have the following Governance Committees:

i) Nomination and Remuneration Committee
ii) Risk and Compliance Committee

These Governance Committees, which are better identified below, are specialized supervisory committees made up of non-executive members of the board of directors and members of the supervisory body, with objectives and operating methods duly regulated in the respective regulations.

i) Nomination and Remuneration Committee

The role of the Nominations and Compensation Committee is to advise and support the Board of Directors and the General Meeting on matters of appointments, appraisals and compensation of (i) members of the Board of Directors and the Supervisory Board, (ii) senior management, (iii) risk takers and the Bank's control functions, as well as (iv) other employees holding key positions or whose total compensation places them in the same compensation bracket as their predecessors (namely referred to in (i)), as defined by the Board of Directors.
The Nomination and Remuneration Committee has also the task of reviewing and monitoring internal policies regarding: i) the Remuneration of the members of the management and supervisory bodies; ii) the Selection and Evaluation of the Suitability of the Members of the Board of Directors and the Supervisory Board and of the Holders of Key Functions of the Bank and to ensure their full effectiveness; iii) the Prevention, Reporting and Resolution of Conflicts of Interest, including transactions with related parties of the Bank
These policies are available for consultation on the Bank's website.

On February 8, 2019, the Board of Directors appointed the following members to the Nomination and Compensation Committee:

- Yang Lijun
- Evert Derks Drok

The following member was appointed by the Supervisory Board:

- Issuf Ahmad (Chairman)

The first meeting of the Nomination and Remuneration Committee was held on February 8, 2019, at which Issuf Ahmad was appointed as Chairman of this Committee.

The Committee meets as often as its members deem necessary, and at least once a quarter, In 2021, 30 meetings of the Nomination and Remuneration Committee were held and minutes were taken of each of these meetings.

The Regulation of the Nomination and Remuneration Committee is available for consultation on the Bank's website.

ii) Risk and Compliance Committee

The mission of the Risk and Compliance Committee is to advise and support, in its supervisory role, the Board of Directors in decision-making processes related to risk management, compliance and internal control.

Its main objective is to contribute to the design and implementation in the Bank of an adequate risk management strategy, effective risk management systems and compliance and internal control, reporting regularly its findings and recommendations to the Board of Directors in the exercise of its supervisory function.

On February 8, 2019, the Board of Directors appointed the following members to serve on the Risk and Compliance Committee:

- Evert Derks Drok (President)
- Yang Lijun

The following member was appointed by the Supervisory Board:

- Ernesto Jorge de Macedo Lopes Ferreira

The first meeting of the Risk and Compliance Committee was held on February 15, 2019, at which Evert Derks Drok was appointed as Chairman of this Committee.

The Committee meets as often as its members deem necessary, and at least once a quarter, In 2021, 9 meetings of the Risk and Compliance Committee were held and minutes were taken of each of these meetings.

The Regulation of the Risk and Compliance Committee is available for consultation on the Bank's website,

- **FUNCTIONAL COMMITTEES**

As established in its internal procedures, the Bank has 7 functional committees, as identified below. These committees have specific objectives of supporting the management body and are subject to different operating rules, as defined in the respective internal regulations.

- **Asset and Liability and Risk Management Committee**
  An advisory committee, with a minimum periodicity of quarterly, oriented mainly to issues related to the Bank's liquidity and risk management.

- **Planning and Control Committee**
  A consultative committee, with a minimum periodicity of two months, essentially oriented towards monitoring monthly financial information and the execution of the Bank's budget .

- **Compliance Committee**
  An advisory committee, with a minimum periodicity of three months, essentially oriented towards monitoring the Bank's Compliance and internal control activities

- **Depository Banking Committee**
  A consultative committee, with a minimum periodicity of three months, essentially oriented towards monitoring the activity inherent to the function of depositary bank developed by the Bank

- **Commercial Committee**
  An advisory committee, with a minimum monthly attendance, essentially oriented towards monitoring the commercial activity developed by the Bank.

- **Wealth Management Committee**
  A deliberative committee, which meets at least once a month, focused essentially on monitoring the markets and the activity developed, including portfolio performance (discretionary management and investment consulting), approval of investment policies, objectives and strategies defined for client accounts, and the list of eligible assets for investment.

- **Projects and Quality Committee**
  An advisory committee, with a minimum periodicity of two months, essentially to monitor the projects developed by the Bank.

A total of 46 meetings of the functional committees were held in 2021, as listed below:

Functional Committees - Meetings held in 2021:

Committees	Number of Meetings
Asset and Liability and Risk Management Committee	5
Planning and Control Committee	12
Compliance Committee	4
Depositary Bank Function Committee	4
Commercial Committee	4
Wealth Management Committee	11
Projects and Quality Committee	6

I.5 SUPERVISORY BOARD

I.5.1 DEFINITION, COMPOSITION AND DESIGNATION

Supervision of the Company is entrusted to a Supervisory Board, composed of three effective members and one alternate member, elected by the General Assembly, as provided in Articles 23 and 24 of the Articles of Association and Article 415.1 of the CSC.

I.5.2 IDENTIFICATION OF THE MEMBERS OF THE AUDIT BOARD AND THE START AND END DATES OF THEIR TERMS OF OFFICE

The members of the Supervisory Board listed below were appointed by resolution of the sole shareholder dated August 21, 2018, for the period 2018 to 2021, in light of the individual and collective assessment reports made available by the Company and following authorization previously granted by the Bank of Portugal:

- **Issuf Ahmad** (Chairman)
- **Ernesto Jorge de Macedo Lopes Ferreira** (Member)
- **Wang, Ting** (Vowel)
- **Bu Fan** (Alternate - seat vacant)

The above-mentioned full members took office on August 21, 2018.

I.5.3 INFORMATION ON THE RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE AUDIT BOARD

Pursuant to Article 23.1 of the Articles of Association, the Supervisory Board must be made up of three effective members and a substitute, in compliance with the legally established incompatibility regime, and its members must have training and experience appropriate to the sector in which the Company operates.
The majority of its members, including its president, should be considered independent.
The independence requirement is intended to avoid the risk of the members of the supervisory body being subject to undue influence from other persons or entities, thus ensuring that these members can perform their duties with impartiality.

The President of the Supervisory Board is nominated by the General Assembly or indicated by the members of the Supervisory Board themselves (article 414-B of the CSC).

The Articles of Association do not specify the means for replacing members of the Supervisory Board, so such replacement will occur in accordance with the provisions of article 415 of the CSC.

The Supervisory Board has a Regulation that establishes the guiding principles of this body and the basic rules that govern the way it organizes and operates. These Regulations of the Supervisory Board are available for consultation on Bison Bank's website.

I.5.4 DUTIES THAT THE MEMBERS OF THE AUDIT BOARD CARRY OUT IN OTHER COMPANIES

Issuf Ahmad (Chairman) - With reference to December 31, 2021, he did not hold positions in corporate bodies of companies other than Bison Bank.

Ernesto Jorge de Macedo Lopes Ferreira (Member) With reference to December 31, 2021, he held positions in corporate bodies of companies other than Bison Bank, as follows

- Chairman of the General Meeting of Banif Imobiliária, SA;
- Chairman of the General Assembly of WIL - Projetos Turísticos, SA.
- Secretary of the General Assembly of Oitante, S.A;
- Member of the Audit Board of Profile - Sociedade Gestora de Organismos de Investimento Coletivo, S.A. (mandate suspended for personal reasons).

Wang Ting (Member) - As of December 31, 2021, he did not hold any positions in corporate bodies of companies other than Bison Bank.

I.5.5 REFERENCE TO THE FACT THAT THE SUPERVISORY BOARD ASSESSES THE EXTERNAL AUDITOR ON AN ANNUAL BASIS AND THE POSSIBILITY OF PROPOSING TO THE GENERAL MEETING ITS APPOINTMENT AND POSSIBLE DISMISSAL WITH DUE CAUSE

The Supervisory Board evaluates the external auditor on an annual basis and it is also the Supervisory Board's responsibility to select and recommend the appointment of the Bank's external auditor, i.e. the statutory audit firm, and possibly its dismissal at the General Assembly.

The Bank has a policy for the selection and appointment of statutory auditors and audit firms, and for the hiring of separate auditing services not prohibited to statutory auditors and audit firms, the latest revision of which was approved at the General Meeting of March 8, 2021.

I.5.6 REFERENCE TO THE FACT THAT THE ANNUAL REPORTS ON THE ACTIVITY CARRIED OUT BY THE SUPERVISORY BOARD INCLUDE A DESCRIPTION OF THE SUPERVISORY ACTIVITY CARRIED OUT, REFERRING TO ANY CONSTRAINTS DETECTED, AND THAT THEY ARE DISCLOSED ON THE COMPANY'S WEBSITE, TOGETHER WITH THE FINANCIAL STATEMENTS

The Annual Reports of the Supervisory Board include a description of the supervisory activity carried out, referring to any constraints detected (if any) and are disclosed on the Company's website, together with the financial statements.

I.5.7 NUMBER OF MEETINGS HELD AND ATTENDANCE RATE AT MEETINGS HELD, OF EACH MEMBER OF THE AUDIT BOARD

During 2021, 19 meetings of the Company's Supervisory Board took place. Minutes were prepared for each of these meetings.

The attendance of each member of the Supervisory Board, regarding the meetings held, was as follows:

Supervisory Board - Total of 19 meetings held in 2021

Member	Presences	Representation
Issuf Ahmad	19	-
Ernesto Jorge de Macedo Lopes Ferreira	19	-
Wang Ting	19	-

I. 6 COMPANY'S CHARTERED ACCOUNTANT

The Company has a firm of chartered accountants, pursuant to Article 413(1)(b) of the CSC, an entity designated by the General Assembly, upon proposal of the Audit Committee, in accordance with Article 24(1) of the Company's Articles of Association and Article 446(1) of the CSC.

As of the date of this Report, the Company's Chartered Accountant is the firm Pricewaterhouse Coopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda., registered in the Ordem dos Revisores Oficiais de Contas under no. 183 and registered in the CMVM under no. 20161485.

The Company's Statutory Auditor, identified above, was elected at the General Meeting of May 13, 2021, for the period 2020-2021, on the recommendation of the Supervisory Board, pursuant to Article 446(1) of the Portuguese Companies Code and in accordance with Article 24(1) of the Articles of Association.

I. 7 COMPANY SECRETARY

I. 7.1 IDENTIFICATION AND INDICATION OF THE START AND END DATE OF THE RESPECTIVE MANDATES

As provided in Article 25 of its Articles of Association, the Company has a Company Secretary and an Alternate Secretary, as identified below:
Company Secretary: Afonso Maria Pita Negrão Cardoso de Menezes
Substitute Company Secretary: Ângela Maria Simões Cardoso Seabra Lourenço

The above Company Secretary and respective Alternate were appointed by resolution of the Board of Directors dated August 10, 2018, for the four-year term 2018-2021, ending December 31, 2021.

I. 7.2 FRAMEWORK, INDICATION OF DESIGNATION RULES AND COMPETENCIES

The Company Secretary is a statutory body that supports the Board of Directors, other corporate bodies and shareholders. The Company Secretary and the respective Alternate are appointed by resolution of the Board of Directors for a term of office coinciding with their term of office, which may be renewed once or more times.

It is generally responsible for the duties arising from article 446-B of the CSC, and in particular for Secretarial duties at meetings of the corporate bodies, namely the Board of Directors and the Executive Committee, as well as the existing governance committees, and for drawing up the respective minutes and signing them jointly with the respective members.

The Company Secretary's Regulations are available for consultation on Bison Bank's website.

I. 7 INTERNAL CONTROL

I. 7.1 DESCRIPTION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY, NAMELY AS REGARDS THE FINANCIAL INFORMATION DISCLOSURE PROCESS

Bison Bank's management body establishes and maintains a system of internal control, translated into a set of strategies, policies, processes, systems and procedures with the objective of ensuring the medium and long-term sustainability of the institution and the prudent exercise of its activity, through:

- The fulfillment of the objectives established in the strategic planning, based on the efficient performance of operations, the efficient use of the institution's resources, and the safeguarding of its assets;

- The appropriate identification, evaluation, monitoring and control of the risks to which the institution is or may come to be exposed;

- The existence of complete, pertinent, reliable and timely financial and non-financial information;

- The adoption of sound accounting procedures;

- Compliance with the legislation, regulations and guidelines applicable to the institution's activity issued by the competent authorities, compliance with the institution's own internal regulations, as well as with professional and ethical standards and customs, rules of conduct and client relations.

The internal control system covers Bison Bank's entire structure, including the responsibilities and functions of the Board of Directors and the Supervisory Board, all its business segments, structural units, namely the internal control functions.
At Bison Bank, the Board of Directors has established the internal control system in accordance with EBA guidelines on internal governance (EBA/GL/2017/11), which is based on the three lines of defense model, ensuring distribution of distinct responsibilities for governance and risk management among the different functions that make up each of the lines, in detail:

- **First line:** business-generating units and related areas, which generate risk for the institution and which are primarily responsible for identifying, assessing, monitoring, and controlling the risks they incur;

- **Second line:** the support and control functions that include, namely, the risk management (Risk Management) and compliance (Compliance Management) functions, which interact with the first line functions with a view to properly identifying, assessing, monitoring and controlling the risks inherent to the activity carried out by the first line functions

- **Third line:** the internal audit function (Internal Audit Department), which performs independent, risk-oriented analysis.

To effectively achieve the defined objectives, the Bank's Board of Directors has established its internal control system based on the following organizational principles:

- **Adequate control environment** that includes permanent and effective internal control functions, with a status, authority and independence in the organizational structure, aimed at verifying, in their respective areas of competence, if the established strategies, policies, processes, systems and procedures are adequate, duly updated, correctly applied and effectively fulfilled.

The Board of Directors ensures the adoption of measures to enhance behavior in line with the organizational culture based on high ethical standards and the promotion of a control environment that appropriately values the Company's internal control. In this regard, the Board of Directors ensures that internal procedures are in place so that periodic independent evaluations are carried out and promoted regarding the conduct and values of the institution, which also include the conduct and values of the management body itself and its committees.

- **A solid risk management system** that allows the identification, evaluation, monitoring and control of all risks that may influence the strategy and objectives defined for the Bank, that ensures their effective compliance, and that allows the necessary actions to be taken to respond adequately and timely to unintended or expected deviations.

- **Efficient information and communication system** that ensures the collection, processing, filing and exchange of relevant, comprehensive and consistent data, within a timeframe and in a manner that enables the effective and timely performance of management and control of the activity and risks to which the institution is or may become exposed.

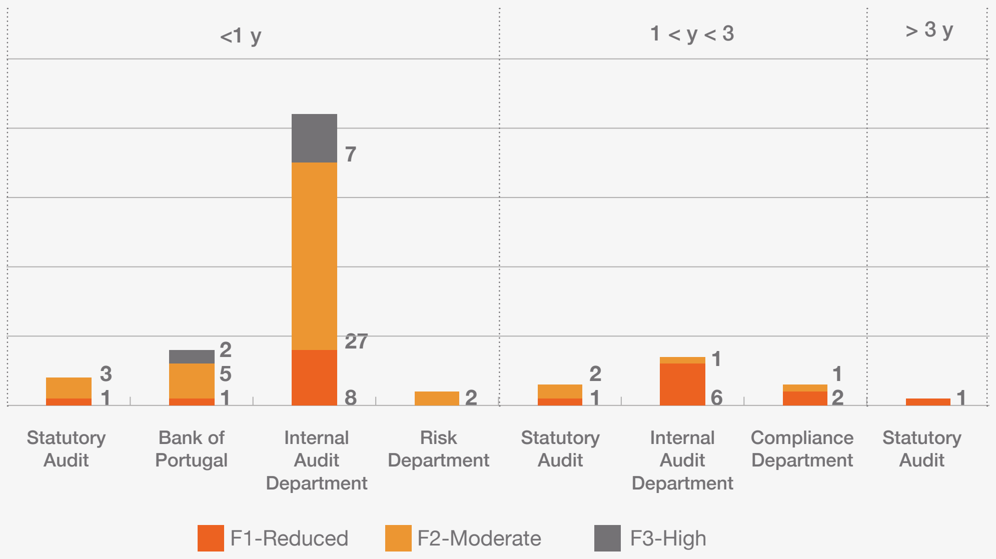
- **Effective monitoring process,** which ensures the adequacy and effectiveness of the internal control system over time and ensures, in particular, the identification and timely correction of any deficiencies.

The Board of Directors has been undertaking several initiatives in the context of the Bank's strategic planning, namely in the continuous improvement of the Internal Control environment. To this end, and following the entry into force of the new regulations, the Bank carried out during the last quarter of 2020 and early 2021 an internal assessment of the adequacy of Bank of Portugal Notice no. 3/2020 and Instruction 18/2020 with the support of an external consultant, in order to identify the degree of compliance with the requirements and plan the action plans necessary for their full compliance.

I.7.1.1 Internal Control Deficiencies

The process of monitoring and follow-up of internal control deficiencies, in addition to the ongoing objective of having the smallest possible number of deficiencies in light of the Bank's activity at any given time, has been focused on the swift resolution of deficiencies with a higher risk classification, while consolidating the central role of the Internal Control Functions in managing it. There is also the Bank's focus on resolving the oldest deficiencies, whose results are presented below in the item on open deficiencies detected in previous periods.

The chart below shows the detail on the total stock of outstanding deficiencies (#70)I, with reference to November 30, 2021, as provided in Notice no. 3/2020 of the Bank of Portugal and Regulation no. 9/2020 of CMVM.



Here are the main details of the information and respective evolution between March and November 2021 (reporting dates to the Bank of Portugal and CMVM):

Antiquity:

- 14 (20% of total) disabilities with seniority > 1 year (March’21: 17 (27% of total)), of which 1 disability with seniority > 3 years (March’21: 3)

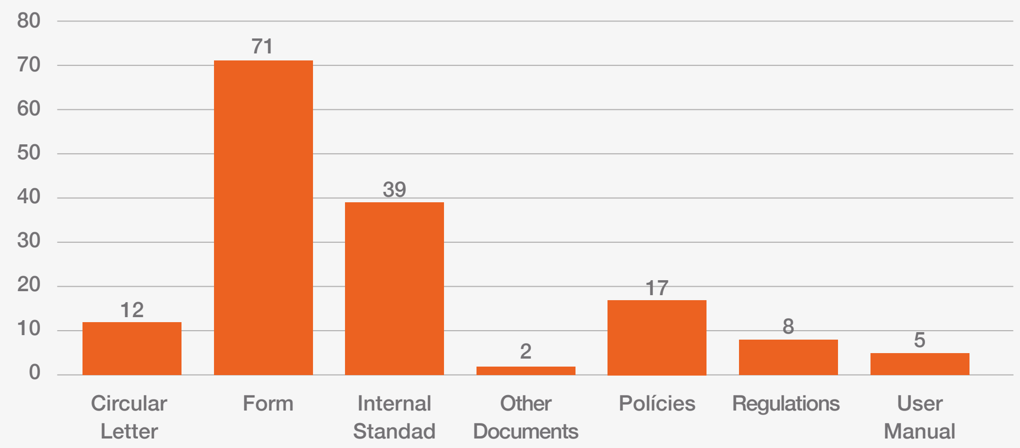
Source:

- Internal Control Functions: 54 deficiencies (March’21: 36)
- External Audit: 8 deficiencies (March’21: 16)
- Bank of Portugal: 8 deficiencies (March’21: 12)

Risk classification:

- F1 - Reduced: 20 deficiencies (March’21: 29)
- F2 - Moderate: 41 deficiencies (March’21: 33)
- F3 - High: 9 deficiencies (March’21: 2)
- F4 - Severe: 0 deficiencies (March’21: 0)

I.7.1.2 DOCUMENTS PUBLISHED IN 2021



The 154 documents identified in the table above were published (new and revised) during 2021 in the Internal Document Management System (DONE). The publication of most of these documents is the result not only of the completion of the massive revision project of the Bank’s Regulatory portfolio, but also of the implemented annual review procedure, based on the criticality of the respective documents.
Among the new/revised documents published in 2021, in addition to the policies and standards resulting from the draft General Data Protection Regulation (GDPR), the review of the Compliance documentation resulting from the assessment made to the Compliance Department in late 2020 should also be highlighted.

It is also worth highlighting, in terms of governance, the revision of the Regulations of the Executive Committee, the Board of Directors and the Supervisory Board, as well as the Policy for Selection and Appointment of the Statutory Auditor.
It should also be noted that, taking into consideration the new provisions of the new Bank of Portugal Notice no. 03/2020, the Board of Directors approved, in January 2021, revised and updated versions of the Regulations of the Board of Directors, the Executive Committee, the Risk and Compliance Committee and the Company Secretary, as well as a new document called the “Organizational Structure Book”, which aims to define and detail the Bank’s organizational structure.

Also noteworthy in this regard is the review of the documents relating to the control functions (Compliance, Risk and Audit), whose new regulations were approved by the Board of Directors in February 2021.

I. 7.2 RESPONSIBILITY OF THE MANAGEMENT BODY AND THE SUPERVISORY BODY FOR ESTABLISHING AND OPERATING THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS, AND FOR ASSESSING THEIR OPERATION AND ADJUSTMENT TO THE COMPANY'S NEEDS.

The Board of Directors and the Supervisory Board recognize the importance that the Risk Management and Internal Control Systems have for the organization, promoting human and technological conditions that result in a control environment proportional and appropriate to the risks of the activity.

The management bodies keep a regular and periodic follow-up on the evolution and mitigation of the deficiencies identified at the level of the Company's Internal Control System, following up and promoting regular meetings promoted with the Company's Departments for the identification, monitoring, quantification and management of risks, which allow them to take the necessary corrective measures for the proper functioning of the Company.
The Supervisory Board evaluates annually, through its own report, the effectiveness of the internal control system adjusted to the needs of the Company, recommending, when applicable, the improvements it considers pertinent.

In the scope of the new Bank of Portugal Notice no. 03/2020, namely according to articles 54 and 55 (paragraph b)), the board of directors approved on February 26, 2021 the self-assessment report on the adequacy and effectiveness of the organizational culture and the governance and internal control systems, which includes the following documents:

- Compliance function report
- Risk Function Report
- Internal Audit Function Report
- List of deficiencies (based on risks and general assessment reports)
- Evaluation by the board of directors of the adequacy and effectiveness of the organizational culture in force in the institution and its systems of governance and internal control
- Statement of the board of directors on the appropriateness of the classification of high-risk disabilities
- Deficiency rating validation report (issued by the Internal Audit Department)
- Internal Audit Multi Year Plan 2021 - 2023
- Evaluation by the Supervisory Board of the adequacy and effectiveness of the organizational culture in force in the institution and its governance and internal control systems
- Supervisory board statement on the appropriateness of the classification of high-risk impairments

This overall assessment concluded that the Bank has an appropriate organizational culture and properly implemented governance and internal control systems, which are duly adapted to the current dimension, nature and complexity of this institution's activity, generally complying with the requirements and guidelines defined in the referred Bank of Portugal Notice no. 3/2020.
Some action plans to be developed were also identified, in order to better ensure full compliance with the new regulatory requirements.
Additionally, in compliance with articles 8 and 10 of Bank of Portugal Instruction 18/2020, the board of directors also approved on December 22, 2021:

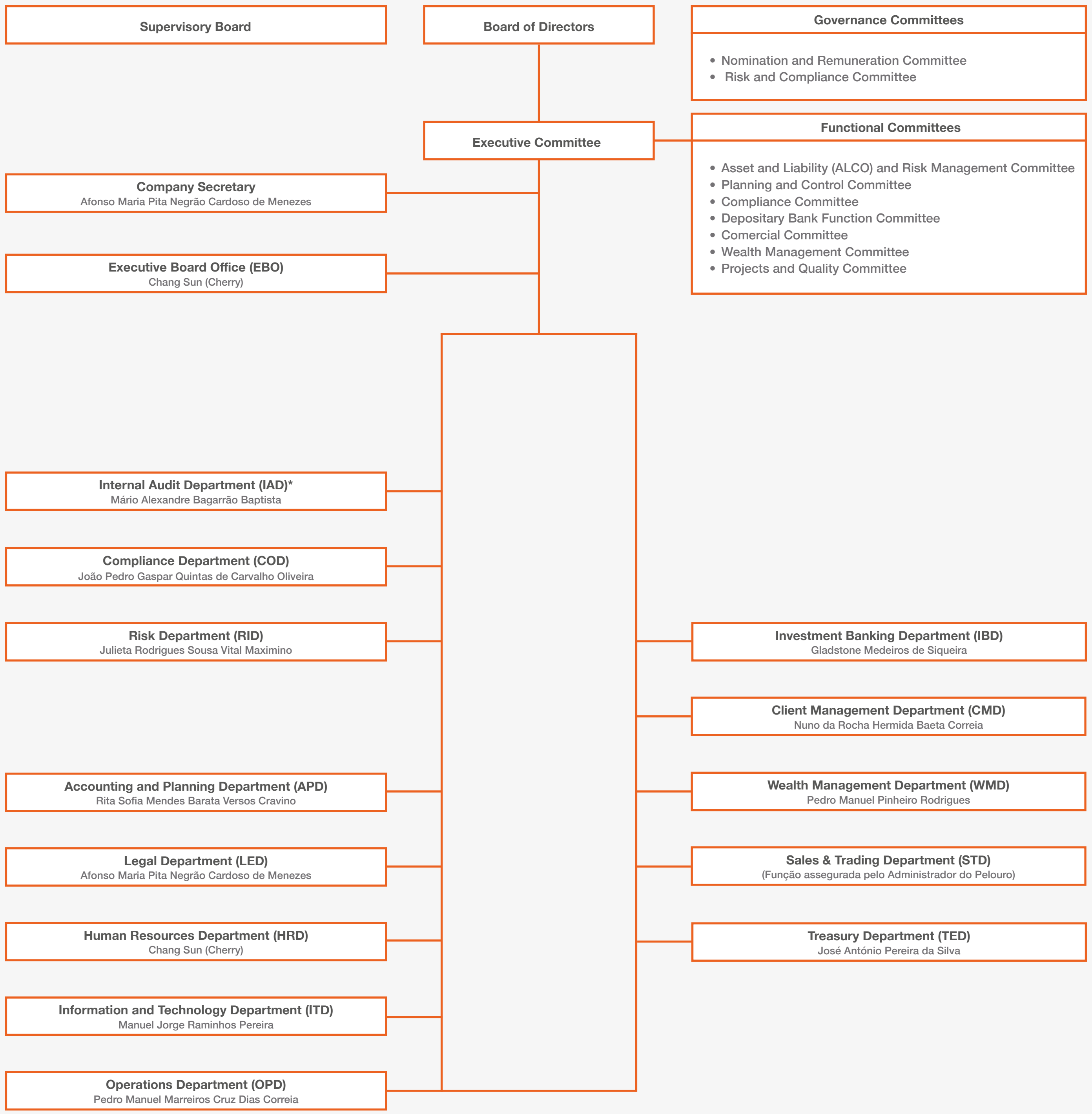
- Irregularity report / whistleblowing
- List of employees with material impact on the Company's risk profile

I.7.3 RESPONSIBILITY OF THE MANAGEMENT BODY AND THE SUPERVISORY BODY IN MATTERS OF INTERNAL GOVERNANCE

The management and supervisory bodies are responsible overall for ensuring the existence of an appropriate governance framework for the structure, activities and risks of the Company, and should regularly assess the efficiency and effectiveness, individually and collectively, of their activities and governance practices and procedures, as well as the functioning of the Committees. With regard to the existing committees and meetings held, reference is made to what is described in point I.4.2 above.
The internal governance framework and its execution are reviewed periodically, at least once a year, paying special attention to any changes in internal and external factors affecting the institution.
In 2021, this monitoring resulted in several changes to the administrative and operational structures that make up the Bank's macrostructure, with the latest changes being approved in October 2021, as shown below.

Macrostructure in effect on December 31, 2021:

Organisational Chart of the Bison Bank, S.A.



* The specifics of teh reporting lines are included in the standard - NOR_EOF_103

In 2021, continuity was given to the measures taken during 2020, relating to internal governance, highlighting the meetings of the Nomination and Remuneration and Risk and Compliance Committees, which result from the EBA guidelines on internal governance. These committees, composed of non-executive members of the Board of Directors and members of the Supervisory Board, are better described above in section I.4.2. of this report.

In 2021, the process of reviewing and updating internal regulatory procedures and documents was also continued, as detailed and reflected in the chart in section I.7.2 of this report.
As already mentioned in I.7.2 above and within the scope of the new Bank of Portugal Notice no. 03/2020, namely in accordance with articles 54 and 55 (b), the Board of Directors approved in February 2021 the self-assessment report on the adequacy and effectiveness of the organizational culture and governance and internal control systems.

I. 7.4 ESSENTIAL FUNCTION HOLDERS

Under Article 33-A of the General Regime of Credit Institutions and Financial Companies, credit institutions are required to identify the functions whose holders, not being members of the management or supervisory bodies, are involved in functions that result in significant influence over the management of the credit institution.
The functions referred to in the previous point include, as a minimum, those responsible for compliance, internal audit and risk management of the Bank.

I. 7.4.1 Compliance Function

The Compliance Office ("COD") is a high-level structure in Bison Bank's organizational hierarchy.

The Bank has a Compliance Function that is characterized as an independent, permanent and advisory function whose mission is to promote compliance with the legal, regulatory, operational, ethical and conduct obligations and duties applicable at all times to credit institutions, as well as to their governing bodies, directors and employees, within the institutional control and supervision environment defined by the competent regulatory authorities and by the legal regulations to which it is subject.

This function is carried out by the Compliance Department, which is an autonomous organic unit that reports hierarchically to the Executive Committee through its portfolio manager.

Additionally, it maintains a permanent line of communication with the Audit Board and the Risk and Compliance Committee, namely through bimonthly meetings with the objective of ensuring an adequate dissemination of information and discussion of relevant issues in the exercise of the Compliance Function activity.

The COD director is responsible for the compliance control function, coordinating the internal procedures for:

- prevention, detection, and reporting of financial crimes;

- coordination of the Bank's internal control system;
- Conflict of Interest and Related Party management;
- compliance with the Code of Conduct;
- analyzing new legislation and regulations, evaluating their impacts, and promoting compliance;
- analysis of situations and indications of violation or risk of non-compliance with legal obligations;
- Complaints management and treatment;
- compliance with the general data protection regulation.
- prevention and detection of market abuse and insider trading;
- responsible for regulatory compliance.

In order to achieve its objectives, the COD operates independently from the Board of Directors and other Organic Units, and cannot be denied access to information relevant to the proper performance of its duties.

The Compliance Function is a governance function responsible for:

- **Promoting a culture based on ethics:** The role of Compliance is to help management promote a corporate culture based on ethics;

- **Providing compliance solutions:** Compliance is responsible for providing expertise in managing and maintaining policies, practical guidance, training, controls, and processes related to compliance risks;

- **Providing assurance:** Compliance's role, as part of the second line of defense, encompasses assessing the impact of legal developments as well as ensuring that compliance risks within the scope of the function are properly identified, assessed, and managed.

The Compliance Risk Universe-based ecosystem defines a clear vision of the scope of the compliance function and increases the robustness of the internal control system.

Identification of the Person Responsible and Professional Background

Name:
João Pedro Gaspar Quintas de Carvalho Oliveira
Position:
Head of Compliance / Money Laundering Report Officer / Compliance Officer
Training and Professional Background: Degree in Engineering from Instituto Superior Técnico and Post-Graduation in Management for Executives from Universidade Católica Portuguesa. In terms of professional experience, he has worked for over 15 years in Compliance and Internal Control matters in the financial sector and has been the Chief Compliance Officer since August 20, 2019.

I. 7.4.2 Risk Management Function

The Risk Department ("DRI") is responsible for the day-to-day risk management function. Its main function is to develop and implement an integrated risk monitoring system that is appropriate to the nature of the risks the Institution faces and its risk profile, thereby ensuring that risk-taking remains within previously established risk tolerance ranges. Its mission is based on the following:

- To advise the Board of Directors (BoD) in the development of the Bank's risk policy/risk strategy in line with the Bank's strategic and business objectives, such as the Risk Appetite Statement (RAS), supporting management in achieving its objectives, independently assessing and overseeing risk management and controls - to help add value and improve management practices;

- Develop practices that enable the identification, assessment, monitoring and control of the different types of risk assumed and underlying the Bank's activity. It should ensure that all identified risks can be effectively monitored for adequate supervision of the Institution's risk profile and allow them to be compared with the strategic objectives and Risk Appetite/Risk Tolerance established;

- Propose and participate in the definition/ implementation of risk management policies, namely the Risk Management Policy and respective regulations, ensuring their coherence and alignment with the strategic risk objectives defined by the Board of Directors, in close coordination with the other bodies involved (management or business), ensuring a mapping of the various risks. Defining and proposing appropriate limits for the management of the different risks considered material, in close collaboration with the Business Areas;

- To provide information, analyze, and advise the management and supervisory bodies on decisions that involve the assumption of risks deemed relevant, thus supporting the risk management and decision-making processes;

- Influence the decision-making process by issuing analyses, opinions, guidelines, and recommendations on any operations that involve risk taking, actively participate in the various committees, and report regularly to the management bodies so that they can better understand and monitor the risks in question;

- To analyze beforehand operations with related parties and in matters of conflict of interests, identifying and adequately evaluating the inherent risks, actual or potential, to the Bank;

- To monitor the Bank's risk profile, checking to see if it remains aligned with the risk profile defined in the RAS and with the various limits defined in the other policies, making it possible to strengthen knowledge and management of overall risk exposure, through the preparation of periodic and timely reports with clear and comprehensive information;

- Report on a timely basis to the management and supervisory bodies the occurrence of actual non-compliances with the approved risk management policies, as well as any situation of potential non-compliance, reporting to the areas concerned, and recommending any mitigation measures that may include the activation of previously established measures;

- Prepare/coordinate the Internal Capital Adequacy Assessment - ICAAP and Internal Liquidity Adequacy Assessment - ILAAP) exercises, and collaborate in the preparation of other risk management exercises of the Bank (Funding and Capital Plan, Recovery Plan and Resolution Plan), aimed at assessing capital and liquidity levels under different scenarios to support adequate capital and liquidity planning and management;
- Ensure that risks are managed in accordance with the RAS defined and approved by the BD and promote, in particular with the Compliance Department, a strong risk culture throughout the Bank;
- Participate in the implementation of internal control measures that ensure compliance with the requirements and recommendations of the supervisory entities, with regard to risk management and reporting.

In functional terms, Bison Bank's risk management and monitoring is the responsibility of the IRO, a body that reports to the Board of Directors, through the Director with the respective portfolio (CRO), also maintaining a reporting line to the Supervisory Board. The Direction works independently from the functional areas that are subject to its evaluation and has all the hierarchical and functional autonomy indispensable for the performance of its functions.

The Risk Management function involves:

- Participate in the formulation of internal policies, guidelines and procedures and ensure that they are effectively implemented and that there is full compliance with the legal provisions that govern Bison Bank's activity, encouraging their compliance;
- Oversee and implement regulatory changes that are relevant to the department's functions and coordinate such changes with established policies and procedures;
- To design systematized policies and procedures that establish risk management criteria and global and specific objectives for all risk areas to which the Bank is exposed;
- Participate in the development of an integrated risk, asset and liability management (ALM) system, in close collaboration with the Treasury Department and the various Business Areas;
- Contribute to an efficient allocation of capital and available liquidity;
- Control the development of the various risks on an ongoing basis, as well as compliance with current policies, limits and applicable regulations;
- Establish a risk measurement process that ensures the integrity of risk measures;
- Carry out Operational Risk Management;
- Develop on a regular basis the Risk and Control Self-Assessment Process to evaluate the risk to which the Bank is exposed in the development of its activity;
- Calculate the capital consumption of the various risks to which the Bank is exposed under the Basel Accord (Pillar I and Pillar II);
- Monitor the Bank's risk profile, in accordance with the risk management policy and business objectives (strategic objectives and risk tolerance/ appetence), as defined by the BD;
- To independently monitor risk exposures, the institution's aggregate risk limits, verifying that these are aligned with the ASR, as well as compliance with risk limits for the various types of risk, particularly those defined in the "Limit Management Policy".

Identification of the Person Responsible and Professional Background:

Name:
Julieta Rodrigues de Sousa Vital Maximino
Position: Head of Risk
Julieta Vital Maximino has a degree in Management (Pre-Bologna) from Faculdade de Economia da Universidade do Porto, in 1995, with a specialization in economics and finance.
He has been in charge of the Risk Department (Head of Risk) since March 2017. Between April 2016 and March 2017 he was responsible for the Risk Department of Oitante, S.A. Between 2012 and 2015, he worked in the Global Risk Department of the former Banif Group, SA, specifically in the Strategic Risk Management Office, with the main function of coordinating the team responsible for calculating the group's credit risk capital requirements. Between 2002 and 2003 she worked in the Factoring Department of Millenniumbcp, as a technician of the Commercial Department. Started her professional activity in 1995, at Título - Sociedade Corretora, S.A (Finibanco Group) as Equity Research Analyst, where she worked until 2000.

I. 7.4.3 Internal Audit Function

The Internal Audit Department, responsible for the audit function, is one of the Bank's internal control bodies and its mission is to support the Board of Directors, the Executive Committee and the Audit Board in the pursuit of their objectives, through independent evaluation and monitoring of risk management, controls and internal governance, with a systematic and disciplined approach contributing to add value and improve the Bank's management.

The main duties of the position are as follows:

- Carry out, systematically and in accordance with the approved plan, audit actions with the objective of assessing the design and effectiveness of the risk management processes, namely whether: (i) the organizational objectives support and are aligned with the Institution's mission; (ii) the most relevant and significant risks are adequately identified and correctly assessed; (iii) appropriate responses to the identified risks are selected and implemented, which align (or seek to align) the Institution's risk profile with the respective risk appetite, defined by Senior Management; and (iv) relevant risk information is adequately captured and compiled and is communicated in a reliable and timely manner throughout the organization to enable an appropriate and timely response by Senior Management;

- Assess the degree of confidence, integrity and reliability of financial, operational, risk and information systems information;

- To evaluate the degree of compliance with the standards in force, namely those that have the greatest impact on the organization.

The Annual Audit Plan establishes the general guidelines for the development of the Department's work. The plan is prepared annually, and is revised every six months or whenever necessary. The time horizon of the plan is 3 years, and it takes into consideration:

- The status of the business and its associated risks (taking into account the potential risks of each area according to an internal risk assessment);

- The auditable universe and the resources available for the development of the work;

- The entire regulatory framework (including guidelines) and national and international professional standards for internal auditing;

- The evolution and evaluation of the results of previous years' audit work; and

- Monitoring the implementation of mitigation measures. proposals

Form, Flows and Periodicity of Hierarchical Reporting by the Internal Audit Department :

- The Internal Audit Department sends for the knowledge of all members of the Board of Directors and the Supervisory Board, the reports produced regarding the audit actions carried out (or any other information deemed relevant);

- The Internal Audit Department has a purely administrative report to the President of the Executive Committee and a functional report to the members of the Board of Directors and the Supervisory Board;

- All relevant risk situations identified in the auditing work, whether already concluded or still in progress, that by their nature and/or potential or real risk require special attention are communicated to the Board of Directors and the Supervisory Board;

- On a quarterly basis, the Internal Audit Division submits to the Bank's Board of Directors and Supervisory Board a report on the activities carried out, as well as the main internal control deficiencies identified by the function that are still to be implemented .

Identification of the Person Responsible and Professional Background

Name:
Mário Alexandre Bagarrão Baptista
Position: Head of Audit
Education and Professional Background: Degree in Accounting Sciences from Luzwell University (São Paulo- Brazil), MBA in Corporate Finance from the University of São Paulo (2004) and Executive MBA from AESE/IESE (2007-2009). He began his professional career in external auditing in Brazil in 1991 and remained until 2005 as Senior Manager (BDO and Nexia International). In Portugal, in 2005, he joined the Pestana Group as Assistant to the Board of Directors, exercising functions of control of investments in Africa. In May 2006 he joined the Bank with the mission of leading the internal audit functions, remaining there until 2012. From 2013 until 2015 he joined Profile - SGFIM SA (previously "Banif Gestão de Activos - SGFIM SA") as Financial Controller of the real estate investment funds. In July 2015 he moved to Banif Imobiliária, S.A., working in the area of control over real estate asset portfolios. In March 2017 he returned to the Bank as head of the Compliance Department until August 2018, when he resumed his duties as Director of Internal Audit.

I. 7.5 Conflict of Interest Policy applicable to the Bank and to the management and supervisory bodies

In 2021 and following the publication of Notice no. 3/2020 of the Bank of Portugal, the bank proceeded with the continuous review of the Conflict of Interest Policy in order to contemplate the new requirements on the matter, namely with regard to the issue of related parties, considering that the current policy also contemplates matters of financial intermediation, as well as operations with related parties.

The Company's interest in situations of potential conflict of interest vis-à-vis the interests of persons or entities with the possibility of influencing, directly or indirectly, its management or of benefiting from specific acts of that management continues to be safeguarded and it is determined that the financial statements and the documents for the provision of information to the market shall evidence the impacts that the existence of transactions with related parties may produce on the financial position and the results of the Company.

The Bank therefore keeps in force the rules applicable i) to the identification, treatment and internal reporting of transactions with related parties and ii) to the required action by the Bank's Relevant Persons who may be in a situation of conflict of interest.

The Bank's Policy for the Prevention and Management of Conflicts of Interest referred to above is essentially aimed at:

- Define rules and procedures to identify, prevent, manage and/or disclose Conflicts of Interest;

- To ensure compliance with legal and regulatory rules in force regarding the prevention and management of Conflicts of Interest;

- Enhance the knowledge and raise the awareness of Relevant Persons and Employees on Conflict of Interest issues; and

- Promote the fair treatment, in accordance with legal and regulatory criteria, of situations of Conflict of Interest that may arise

The Bank's Conflict of Interest Prevention and Management Policy is available for consultation on the bank's website.

I. 8 BUSINESS CONTINUITY PLAN

Bison Bank implements and maintains a business continuity management process to maximize its ability to provide services continuously and to limit losses in the event of a severe business interruption.
In this context, the Bank has established a specific independent business continuity function, with the following appointments: i) Coordinator of the Business Continuity Management System (BCMS) (1 employee of the Information Systems Department), ii) Security Officer (1 employee of the Human Resources Department) and iii) Security Officer (1 employee of

the Accounting and Planning Department - linked to facilities) Bison Bank uses two disaster recovery centers (dedicated to central system recovery and distributed systems recovery), employing state-of-the-art data replication technologies.

Bison Bank conducts regular disaster simulation exercises, with activation of the disaster recovery procedure and the alternative centers referred to, the most recent exercise having taken place on November 13, 2021, with extensive participation of the Bank's Divisions. All improvements as a result of points identified in the test reports carried out as part of this exercise were duly and implemented in a timely manner.

I.9 TRAINING ACTIONS

In 2021, and already with the online academy implemented - Bison Academy - the Bank continued to develop its training portfolio in a 100% online format to support its employees in remote work.

The total number of training hours in 2021 was 2,643, whose courses covered a number of different themes, promoted by external entities or through internal training, for example:

Mandatory Trainings
Markets and Financial Instruments Directive (MiFID II)

- Initial and update itinerary for information and investment consulting profiles
- Prevention of Money Laundering and Terrorist Financing - Initial and refresher training
- Detection of document tampering and identity theft through video conferencing
- Code of Conduct, Conflict of interests, Related parties and whisteblowing
- General Data Protection Regulation - RGPD
- Computer Security
- Hygiene and Safety at Work
- Foreign Account Tax Compliance Act (FATCA).

Customized training, namely in the technical areas in which the Bank's employees work, computer security training, advanced computer training, languages, personal development, health and safety at work, among others.

II. REMUNERATIONS

II.1 Information on the intervention by the General Meeting on matters concerning the Company's remuneration policy, particularly with regard to the Remuneration Policy for members of the management and supervisory bodies

Pursuant to Article 26(1) of the Company's Articles of Association, the remuneration of the members of the corporate bodies, with the exception of the fees of the Chartered Accountant, is set by the General Meeting, based on the proposals and recommendations submitted by the Nomination and Remuneration Committee, constituted pursuant to Article 115-H of the RGICSF.

The remuneration policy for members of the Bank's management and supervisory bodies is subject to annual review by the General Meeting, at the proposal of the aforementioned Appointments and Remuneration Committee.

It should also be noted that, upon a proposal from the Board of Directors, the General Assembly may decide to distribute profits to the Company's employees, in accordance with Article 26, number 4 of the Articles of Association.

It should be noted that, during the year 2021, the only resolution at the General Meeting on matters of remuneration took place at the General Meeting held on 13 May 2021, at which the sole shareholder approved the revised and updated version of the remuneration policy for members of the management and supervisory bodies, as proposed by the Appointments and Remuneration Committee. This revision was carried out pursuant to Articles 115-C, no. 4, and 115-D of the RGICSF.

The Policy in question has been published on the Company's website and can be found in the "Corporate Governance" area under "Regulations and Policies".

II. 2 Information on the intervention of the General Assembly in the approval of the main features of the retirement benefit system enjoyed by members of the management and supervisory bodies and other managers

The General Meeting may, at any time, grant the right to retirement and survivor's pensions or to complementary retirement and survivor's pensions, establishing the corresponding system for this purpose or delegating its powers to a Nomination and Remuneration Committee, as provided for in Article 26(6) of the Company's Articles of Association. This did not occur in the 2021 financial year.

II.3 Information in compliance with the provisions of Article 450 of Regulation (EU) No. 575/2013 - Remuneration of employees referred to in Article 115-C no. 2 a) b) c) d) and e) of the General Regime of Credit Institutions and Financial Companies:

Covered are members of the management and supervisory bodies, the heads of the first-tier bodies in the Company's structure, including employees who perform a professional activity that has an impact on the institution's risk profile, those who are part of the institution's management staff and perform duties in the audit, compliance and risk areas, and employees whose total remuneration places them in the same remuneration bracket as the above,

a. **the decision-making process used in setting the remuneration policy, as well as the number of meetings held by the main body that controls the remuneration during the year, including, if applicable, information on the remuneration committee and identification of the external consultants whose services were used to determine the remuneration policy**

In the decision process used to define the remuneration policies (i) of the Members of the Management and Supervisory Bodies and (ii) of the Bank's Employees, which includes staff whose professional activities have a significant impact on the Bank's risk profile, the services of any experts, consultants or external entities were not used, taking into consideration the practice followed by the institution and the practices followed in the financial sector and by other Portuguese banks operating in the domestic and international markets.

According to article 44 of Bank of Portugal Notice no. 03/2020 and article 115-C(6) of the RGICSF, the referred Remuneration Policies are subject to an internal, centralized and independent evaluation, at least annually, to be carried out by the Nomination and Remuneration Committee, duly identified in section I.4.2 a.of this Report.

The Remuneration Policy for the Members of the Bank's Management and Supervisory Bodies is defined taking into account the rules applicable to credit institutions in this area, with a view to creating incentives to ensure risk-taking that is compatible with the Bank's strategy, objectives, values and long-term interests, tolerance and risk culture, including measures to avoid conflicts of interest, as well as to ensure sound, prudent and effective risk management, without encouraging risk-taking above the level of risk tolerated by the Bank.
The aforementioned Remuneration Policy is materialized taking into consideration the activity, risk appetite, structure and size of the Bank, as well as market practices, basing its definition on objective, transparent, consistent and compatible criteria with the hierarchy of responsibilities and competences of those remunerated, also ensuring the application of the principles and rules provided for in the Bank's Policy for Prevention and Management of Conflicts of Interest.
The Nomination and Remuneration Committee is responsible for making informed and independent judgments on the remuneration policy and practices and the incentives created for the purpose of risk, capital and liquidity management, and is responsible for drafting, monitoring and periodically reviewing the Remuneration Policy on an annual basis and submitting it to the General Meeting for approval.

The information on the intervention by the General Meeting on the remuneration policy for members of the management and supervisory bodies is set out above in II.1.

With regard to the Bank's Employee Remuneration Policy, this is prepared by the Human Resources Department and approved by the Board of Directors, which periodically reviews the general principles of this policy and is responsible for monitoring its implementation.
This Policy is based on the remuneration practiced in the sector for similar functions, the system of objectives and incentives, annual performance evaluation, career progression elements and employee conduct reported by hierarchies or formal records, such as disciplinary events, critical incidents or acts of exceptional value.

b. information on how the remuneration policy in place adequately achieves the objectives of aligning the interests of members of the management body and employees with the long-term interests of the institution and discouraging excessive risk-taking. Link between staff remuneration and performance

With regard to the Remuneration Policy for members of the Bank's management and supervisory bodies, its main objectives are to allow the Bank to attract, motivate and retain high-level professionals of high potential, to align the interests of the members of the corporate bodies with those of the Company, the shareholders and other stakeholders, to stimulate and reward relevant individual contributions and good collective performance, to promote sound and prudent risk management and not encourage risk-taking above the level of risk tolerated by the Bank, namely in accordance with the Statement of Risk Appetite.
According to the aforementioned Remuneration Policy for members of the Bank's management and supervisory bodies, the performance assessment process for executive members of the management body must be carried out by the Appointments and Remuneration Committee and will be processed in a multi-year framework, based on long-term performance measurable through simple and objective indicators related to the Bank's sustained growth, added value for stakeholders, business risks (current and future), solvency, cost of capital, liquidity and efficiency. Accordingly, the measurement of performance used to calculate the variable component of remuneration must provide for adjustments considering the various types of risks, current and future, as well as the cost of capital and liquidity needed by the institution.

The Bank's Employee Remuneration Policy considers, among others, the following guiding principles:

- Consistency and alignment with the Bank's management and control of risks in order to avoid excessive exposure to them and potential conflicts of interest; - Consistency with the objectives, values and interests of the Bank and its Employees, as well as the interests of its customers and investors;

- Competitiveness, taking into consideration market practices and equity, where the remuneration practice must be based on uniform, consistent, fair, and balanced criteria, aiming to contribute to internal and external equity;

- Alignment with the best practices and recent trends in the financial sector, nationally and internationally, with the ultimate goal of discouraging exposure to excessive risks and promoting the continuity and sustainability of positive performance and results;

With regard to the Bank's employees, the body responsible for assessing the heads of the first-tier bodies in the Company structure is the management body itself, in the person of the heads of the respective departments. With regard to employees not included in the previous group, their assessment is carried out under the terms of the normal performance assessment process in force in the Company, by the respective hierarchies.

The variable component of remuneration aims to compensate performance for achieving the objectives outlined by the Bank, and is supported by the performance assessment system. This process is based on clear objectives and quantitative and qualitative criteria applied in proportion to the function of each employee.

c. The most important structural characteristics of the remuneration system, including information on the criteria used for performance evaluation and risk adjustment, the deferral policy and vesting criteria

- **Predetermined criteria for the evaluation of individual performance on which the right to a variable component of remuneration is based;**

In accordance with the Remuneration Policy for the Bank's management and supervisory bodies,

The total amount of the variable component of the remuneration shall be determined in accordance with the law by combining the assessment of the executive director's performance, which shall consider financial and non-financial, quantitative and qualitative criteria, and the performance of the structure unit of the executive director with the overall results of the institution that express the sustained growth of the Bank and the added value for stakeholders.
In case of attribution, the variable component of the remuneration will be paid once a year, without prejudice to the eventual deferment of the payment of part of its value.
The variable component of the remuneration aims to recognize and reward the contribution of the executive members of the management body, as well as their performance as a group, in the pursuit of predetermined qualitative and quantitative objectives (and defined annually by the General Assembly, based on the proposals and recommendations of the Nomination and Remuneration Committee), in line with the overall strategy of the Company and the group of companies to which it belongs, as well as the sustainable and risk-adjusted performance of the institution.
The Bank shall ensure that the variable component to be allocated does not limit its ability to strengthen its capital base and that all types of current and future risks are taken into consideration when granting it. Under the legal terms, no guaranteed variable remuneration may be granted, except when the appointment of a new member is at stake. In any case, such guaranteed variable remuneration may only apply to the first year of employment and will only be due if there is a solid and strong capital base in the Bank.

In accordance with the Bank's Employee Remuneration Policy, the attribution of a variable remuneration component to an employee always derives from a possible and discretionary decision of the Board of Directors and is based on an individual performance assessment process with pre-defined objective criteria. This does not confer or constitute any vested right, being up to the Board of Directors the decision to award variable remuneration and the determination of the amount allocated to the process.

- **Information on the deferment of payment of the variable component of the remuneration, mentioning the deferment period;**

According to the Remuneration Policy for the Bank's management and supervisory bodies, it is considered relevant that, as a principle, an alignment is established between the variable component and the long-term performance of the Company, as provided by law. To this extent, a deferral mechanism of at least 40% of the variable component of the remuneration (or 60% when the variable component of the remuneration is of a particularly high value), as provided for in Article 115-E of the RGICSF, shall apply for a minimum period of 3 to 5 years from the date established for the payment of the non-deferred part of the variable component of the remuneration, and which shall be duly aligned with the economic cycle, the nature of the Company's business, its risks and the activity carried out by the executive member in question. The variable component of remuneration subject to deferral shall be awarded on a pro-rata basis over the deferral period.

In accordance with the Bank's Employee Remuneration Policy, 60% of the variable component of the remuneration awarded will be paid in the current calendar year and 40% deferred for 2 years, to be paid in the following years in two equal parts.

- **How the payment of variable compensation is subject to the continued positive performance of the institution over the deferral period;**

The Remuneration Policy for the Bank's management and supervisory bodies establishes that, prior to making the payment of the deferred portion or acquiring the right to deferred payment instruments, a reassessment of performance must be made and, if necessary, an ex ante risk adjustment, i.e. an adjustment of the remuneration to possible adverse events in the future, to align the variable remuneration with the additional risks identified or materialized after the award,

The Bank's Employee Remuneration Policy stipulates that the variable remuneration must be paid through a model aligned with the performance assessment system and based on clear objectives and quantitative and qualitative criteria applied in proportion to each employee's position. According to this Policy, the payment of the amount corresponding to the variable component of the remuneration will take into account constraints associated with the Bank's results and budget and is subject to the following conditions: - Condition of maintenance/permanence in the Bank; - Non-application of applicable reduction ("malus") and reversion ("clawback") mechanisms; - other conditions that may be deemed appropriate.

d. Relative importance of the variable and fixed components of remuneration, as well as the maximum limits for each component; Ratios between fixed and variable remuneration

According to the Remuneration Policy of the Bank's management and supervisory bodies,
the fixed component of the remuneration shall constitute a sufficiently high proportion of the overall remuneration of the executive members of the management body, thus allowing adequate flexibility in setting the variable component, in strict compliance with the provisions of article 115-F of the RGICSF.
The fixed component of the remuneration may never exceed €250,000.00.
The variable component of the remuneration shall not be contractually stipulated and shall constitute, as a general rule, the smallest part of the overall remuneration and may reach, at most, 100% of the fixed component of the remuneration, unless otherwise approved by the General Meeting, upon proposal of the Nomination and Remuneration Committee in accordance with article 115-F of the RGICSF.

The Bank's employee policy establishes the concept of overall remuneration, consisting of fixed and variable compensation.
The fixed remuneration constitutes the significant part of the employees' overall compensation. Variable remuneration aims to reward performance and the

achievement of specific objectives by each employee. Fixed and variable remuneration represents >75% and <25% of total remuneration, respectively.
The definition of the annual amount of variable remuneration, made at the beginning of each year by the Board of Directors, will vary depending on the degree of compliance with the individual and collective objectives of the unit to which the employee belongs, in accordance with the objectives system and performance assessment model approved, the Company's overall results and the prospects for future development.
The variable remuneration is calculated based on predetermined criteria, with no incentive for excessive risk-taking. Its attribution depends on the discretionary decision of the Bank's management body, while ensuring that fixed remuneration continues to constitute the most relevant part of the overall remuneration.
For employees who exercise control functions, the variable component of the remuneration takes into account the specific objectives related to the functions they perform, and is not directly dependent on the performance of the business areas

e. Information about the performance criteria on which the rights to shares, options or the variable components of the compensation are based.

Given the absence of variable remuneration for 2021, the Bank has not had, nor planned to have, any share distribution plan for members of the management body or employees of the Bank in 2021.

The Remuneration Policy for the Bank's management and supervisory bodies states that the variable component of remuneration may include a portion in equity (share allocation plans or stock options) or other equivalent financial instruments. However, in view of the reality of the Portuguese capital market, and considering the Bank's organisation model, as well as its current situation, the remuneration policy for the executive members of the management body was not to contemplate the payment of part of the variable remuneration component in equity or other equivalent financial instruments, namely in the form of an option system on the shares representing the Company's capital.

The Bank's Employee Remuneration Policy does not provide for the allocation of variable remuneration in shares or options. The Bank's Employee Remuneration Policy stipulates that the variable component of remuneration will be paid in cash, and the Bank has the autonomy to decide to allocate part of this amount (maximum 50%) to other benefits for employees and within the tax regime permitted by the regulatory authorities.

f. Main parameters and fundamentals of variable component systems and other non-cash benefits

Taking into consideration the practice followed in other credit institutions of equivalent size, the executive members of the board of directors and the Bank's employees are granted benefits related to health systems specific to the banking sector and the use of communication, IT and other equipment associated with the performance of their duties.
The executive members of the management bodies also benefit from the pension scheme applicable to the company's employees in general under the same circumstances.

With regard to the Bank's employees, in addition to the performance bonus, whose terms of attribution were opportunely described in previous points, there are benefits provided to the Company's employees, foreseen in the Bank's Employee Remuneration Policy, which are as follows:

i. Medical Assistance Services (Health Insurance);
ii. Workplace accident insurance, under the terms of the law;
iii. Pension Fund, under the terms defined in the Articles of Incorporation.

It is also worth mentioning the approval in 2021 of an Internal Regulation on the possibility of the existence of an Employee Recognition Plan for the Bank, through internal initiatives (financial and non-financial, essentially symbolic and of low materiality), with a view to formally recognizing the efforts made by Employees. As mentioned above, the Bank's Employee Remuneration Policy also provides that the Bank may allocate part of the value of the variable component of the remuneration (maximum 50%) to other benefits for employees and within the tax regime permitted by the regulatory authorities.

- **Main characteristics of the complementary pension or early retirement schemes , with indication if they were subject to appreciation by the General Assembly;**

Three of the Bank's directors are or have been covered by Pension Funds that complement Social Security (André Filipe Ventura Rendeiro, Francisco Alexandre Valente de Oliveira , António Manuel Gouveia Ribeiro Henriques). These directors are participants in the Defined Contribution Plan of the Bank's Pension Fund managed by Real Vida Pensões - Sociedade Gestora de Fundos de Pensões, SA. This Fund is complementary to the Social Security. As their holdings in the Fund are identical to those of the other employees participating in the Fund, this matter was not put before the General Meeting.

- **Estimate of the value of relevant non-cash benefits considered as remuneration not covered in the previous situations;**

There are no other relevant non-cash benefits considered as remuneration.

- **Existence of mechanisms that prevent the use by the members of the management body of remuneration or liability insurance, or any other risk coverage mechanisms aimed at mitigating the risk alignment effects inherent to their remuneration modalities;**

No mechanisms have been defined for this purpose. However, in the Remuneration Policy for members of the management and supervisory bodies, it is stated that the members of the Executive Committee have not and shall not enter into hedging or risk transfer contracts for any deferred or non deferred component that may minimize the effects resulting from the alignment with the risk inherent in the established remuneration system, nor shall they resort to paying the variable remuneration component through special purpose vehicles or other methods with equivalent effect.

- **Remuneration of Non-Executive Directors and Supervisory Board Members - Reference to the inclusion of some variable component;**

The remuneration paid to non-executive directors and members of the Audit Committee did not include any variable component (understood as a component dependent on the performance of the Company).

In accordance with the remuneration policy for members of the Bank's management and supervisory bodies, the remuneration of non-executive members of the Board of Directors and the members of the Audit Board cannot include any component of a variable nature or whose value depends on or is related in any way to the performance of the Company.

II.7 DISCLOSURE OF QUANTITATIVE INFORMATION, IN COMPLIANCE WITH ARTICLE 450 OF REGULATION (EU) NO. 575/2013

i. Amounts of remuneration awarded during the financial year, split between fixed remuneration, including a description of the fixed components, and variable remuneration, and the number of beneficiaries;

a. Annual amount of gross remuneration earned in 2021 by the members of the Company's management and supervisory bodies:

(Amounts in Euros)

Board of Directors		Total Compensation	
Name	RF*	RE**	VR***
Fang Bian	226.286	23.855	0
António Henriques	181.790	3.158	0
Francisco Oliveira (4)	186.076	3.280	0
André Rendeiro	181.790	3.280	0
Non-Executives			
Lily Yang (4)	121.790	36.256	0
Evert Drok (4)	100.062	0	0
Total	997.794	69.829	0

(1) RF - Fixed Remuneration including Meal Allowance
(2) RE - Remuneration in Kind (Vehicle and Housing)
(3) VR - Variable Remuneration including Bonuses or Incentives
(4) Termination of term on December 31, 2021.

(Amounts in euros)

Supervisory Board		Total Compensation	
Name	RF*	RE**	VR***
Issuf Ahmad	67.500	0	0
Ernesto Ferreira	45.000	0	0
Ting Wang	45.000	0	0
Total	157.500	0	0

(*) RF - Fixed Remuneration
(**) RE - Remuneration in Kind
(***) RV - Variable Remuneration

- Amounts paid by other companies in a control or group relationship in 2021

There is no remuneration paid by other companies to members of the management or supervisory bodies in 2021.

b. Aggregate annual gross remuneration earned by employees, broken down by area of activity

Other Collaborators

(Amounts in euros)

Total Compensation 2021	Total
	3.202.807€

Note: The total number of beneficiaries in 2021 receiving fixed remuneration is 61, corresponding to the total number of employees in the Bank's structure in that year, excluding corporate bodies and unpaid long-term leave. With regard to the above amount, it includes income from dependent employment subject to taxation.

Other Collaborators

(Amounts in euros)

Overall Annual Figures	Remunerations Fixed*	Variable Salaries	Beneficiaries
Control Functions *(Compliance)*	228.709€	0.00	4
Control Functions (Risk Management)	211.490€	0.00	4
Control Functions (Audit)	135.018€	0.00	2
Business Areas	1.200.948€	0.00	23
Support Areas	1.426.642€	0,00	28

* Gross fixed remuneration including meal allowance, remuneration in kind (car)

c. Aggregate quantitative data on gross remuneration broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, excluding corporate bodies

Employees with significant impact on the institution's risk profile - Other Collaborators

(Amounts in euros)

Overall Annual Figures	Remunerations Fixed*	Variable Salaries	Beneficiaries
Control Areas (1)	€ 231.670,00	0.00	3
Business Areas (2)	€ 376.157,00	0,00	4
Support Areas (3)	€ 630.976,00	0,00	7

* Fixed remuneration including meal allowance, remuneration in kind (car)

(1) Includes top management of Compliance, Audit and Risk departments
(2) Includes senior management of Client Management, Wealth Management, Investment Banking, and Treasury departments
(3) Includes Top Management and other responsible members of the departments of Accounting and Planning, Human Resources, Operations, IT, Legal, Board Support Office

It should also be noted that an employee of the Bank's top management was paid an overall annual remuneration of around €170,790 as head of the Support Area of the Board Support Office , under a secondment contract.

ii. individuals with remuneration equal to or greater than EUR 1 million per financial year

There are no individuals in the Bank with remuneration of EUR 1 million or more per financial year.

iii. Amounts and forms of variable remuneration awarded, divided between cash remuneration, shares, share-linked instruments and other forms of remuneration, separating the part paid in advance and the deferred part

Answer undermined by the absence of variable compensation awarded.

iv. Amount of deferred compensation awarded in respect of prior performance periods, split between the amount to vest during the financial year and the amount to vest in subsequent years

Answer undermined by the absence of deferred variable compensation.

v. Amounts of deferred compensation to be earned during the fiscal year, paid during the fiscal year, and subject to reductions resulting from performance adjustments

Answer undermined by the absence of deferred variable compensation.

vi. Premiums under the guaranteed variable remuneration during the financial year and number of beneficiaries of these premiums

Answer undermined by the absence of guaranteed variable remuneration.

vii. Severance payments awarded in prior periods, which were paid during the financial year

There were no severance payments awarded in prior periods that were paid during fiscal year 2021.

viii. Amounts of severance payments awarded during the financial year, divided between those paid in advance and those deferred, the number of beneficiaries of these payments and the highest amount paid to a single beneficiary

No compensation was paid or is owed to members of the corporate bodies or employees for the termination of their duties during the 2021 fiscal year.

ix. Number of new hirings

There were 10 new hires in 2021, which includes open-ended and fixed-term contracts and probationary contracts.

x. Number of Collaborators

The table below shows the total number of Bison Bank employees as of December 31, 2021, by department:

DEPARTMENT	NUMBER	DEPARTMENT	NUMBER
Accounting and Planning	5	Information Systems	6
Customer Management	8	Legal	2
Compliance	4	Operations	7
Council Support Office	7	Risk	4
Human Resources	2	Sales & Trading	2
Internal Audit	2	Treasury	3
Investment Banking	6	Wealth Management	5

Total number of employees on 12/31/2021: (63 - which includes unpaid long-term leave).

xi, Information on how the institution benefits from the derogation set out in Article 94(3) of Directive 2013/36/EU.

The Bank does not benefit from the derogation set out in Article 94(3) of Directive 2013/36/EU.

II.8 Remuneration of the Chartered Accountant

Regarding the Company's supervisory structure, the total fees invoiced by the Statutory Auditor for the years ended December 31, 2021 and 2020, are detailed as follows, by type of service provided:

(values in thousands of euros)

	31 . 12 . 2021	31 . 12 . 2020
Statutory Audit	76	71
Other Reliability Assurance Services	34	42
Tax Consulting	-	-
	110	113

Note: Values do not include VAT.

In the item "Other reliability assurance services" are included the fees related to the review of the Bank's internal control system, including the one underlying the prevention of money laundering and financing of terrorism, the review of procedures and measures relating to the safeguarding of client assets and the certification under the special regime applicable to deferred tax assets.

11

OTHER INFORMATION

Information on shares and bonds provided for in article 447 of the Commercial Companies Code, with reference to December 31, 2021, including the movement of shares and bonds during the respective fiscal year.

BOARD OF DIRECTORS

Li Jun Yang (Chairman)
As of on December 31, 2021 did not hold, directly or through any related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

Evert Derks Drok (Vice President)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

Bian Fang (Member and Chief Executive Officer)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

António Manuel Gouveia Ribeiro Henriques (Member and Vice-President of the Executive Committee)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

Francisco Alexandre Valente de Oliveira (Member)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

André Filipe Ventura Rendeiro (Member)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

SUPERVISORY BOARD

Issuf Ahmad (Chairman)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

Ernesto Jorge de Macedo Lopes Ferreira (Member)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

Ting Wang (Vocal)
As of December 31, 2021, it did not hold, directly or through related entity(ies), any securities issued by the Bank (including shares and/or related financial instruments) and/or by companies in a controlling or group relationship with it.

SHAREHOLDERS LIST

List of Shareholders as of December 31, 2021

Shareholder	%
Bison Capital Financial Holdings (Hong Kong) Limited,	100%

Information on own shares pursuant to Article 324 of the Portuguese Companies Code

In the terms of paragraph 2 of Article 324 of the Commercial Companies Code, it is reported that there was no movement of treasury stock during the year, and the Company does not hold any treasury stock as of December 31, 2021.

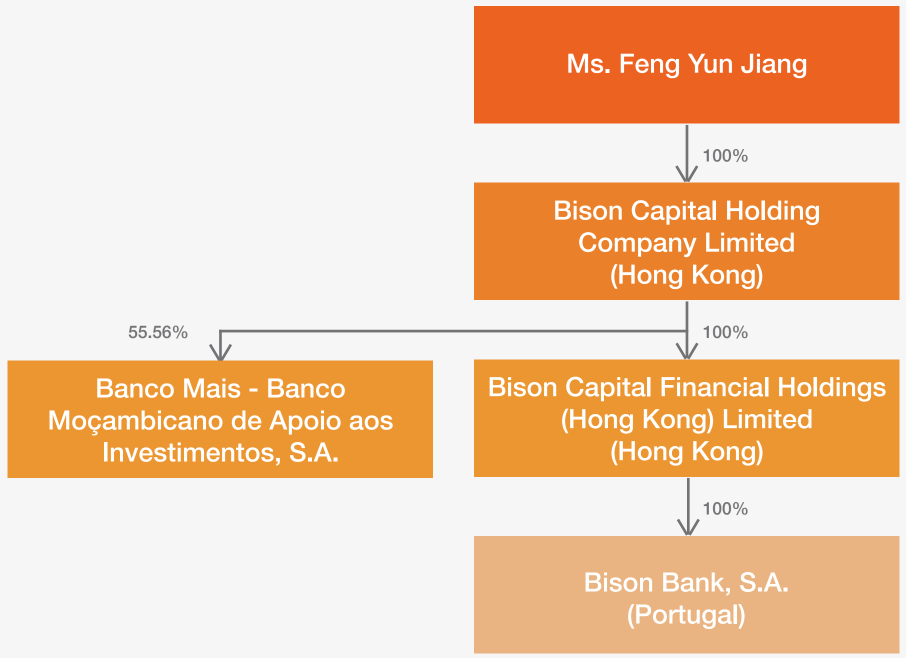
Information on shares and bonds of companies in the Bison Holding Group perimeter transacted and/or held during the 2021 fiscal year, by companies in the same perimeter.

The following is information about the shares and bonds of companies in the Bison Holding Group perimeter transacted and/or held during the year under review, by companies in the same Group.

BISON CAPITAL FINANCIAL HOLDINGS (HONG KONG)

	31 . 12 . 2020	Movements ocurred in the period			31 . 12 . 2021
	Amount	Operation	Date	Amount	Amount
Shares Bison Bank, S.A.	39 039 674	-	-	-	39 039 674
Pledge Bison Bank, S.A.	2 000 000	Pledge annulment	01-02-2021	2 000 000	-

Bison Bank, S.A. Stakes Diagram



12

LEGAL CERTIFICATION OF ACCOUNTS

pwc

Statutory Audit Report

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Bison Bank, S.A. (the Bank), which comprise the balance sheet as at 31 December 2021 (which shows total assets of Euros 182,966 thousand and total shareholders' equity of Euros 50,657 thousand including a net loss of Euros 10,618 thousand), the income statement, the comprehensive income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Bison Bank, S.A. as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law, we are independent of the Bank and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key Audit Matter	Summary of the Audit Approach
Fair value of financial instruments not listed in an active market – level 3 of the fair value hierarchy *Measurement of the fair value of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, and corresponding disclosures presented in accompanying notes 2.4, 2.7, 2.8, 5, 25 and 26 of the Bank's financial statements*	
Due to its relevance in the context of the Bank's financial statements and the associated degree of judgment, the fair value measurement of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, was considered a key audit matter for the purpose of our audit. As at 31 December 2021 the carrying amounts of those instruments amounted to Euros 11,692 thousand related to financial assets presented in the heading of “Non-trading financial assets mandatorily at fair value through profit or loss”, which are entirely composed by equity instruments. For financial instruments classified in level 3 of the fair value hierarchy, and when observable market data is not available, the determination of the fair value is made using valuation models based on cash flow discount techniques or indicative prices provided by counterparties, which involves a high degree of judgment in the definition of the assumptions and inputs to be used. Among the assets on the balance sheet as at 31 December 2021, classified in level 3 of the fair value hierarchy, the investment in the Discovery Portugal Real Estate Fund (“Discovery Fund”) stands out, with a fair value of 9,429 thousand euros on that date, determined based on the non-binding offers of the Discovery Fund, presented by potential investors under the scope of the current sale process in progress. In this context, changes in the assumptions and measurement techniques used by Management, combined with the fact that these are non-binding	The audit procedures undertaken included the identification and understanding of the key-controls implemented by the Bank underlying to the methodologies adopted and the selection and determination of the main assumptions used for the fair value estimation of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy. For a representative sample of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, our procedures also included (i) the understanding of the methodologies and the main assumptions used by the Bank to determine the fair value; (ii) the assessment of whether the methodologies used by the Bank are reasonable in the circumstances; (iii) the comparison of indicative prices provided by external counterparties with those used by the Bank to recognize the fair value of those financial instruments; and (iv) the analytical review of the fair value of those financial instruments, comparing it with the homologous period and with the latest financial information and the respective audit reports, whenever available. In the specific case of the Discovery Fund, our procedures also included obtaining (i) the non-binding offers presented by potential investors, (ii) the analysis of those proposals prepared by the financial advisor of the current process of sale in progress, and (iii) the analysis carried out by the Investment Banking Department, the Risk Department and the Accounting and Planning Department and presented at the meeting of the Bank's Executive Committee.

Key Audit Matter	Summary of the Audit Approach
offers, may give rise to material impacts on the determination of the fair value of the financial instruments recognized in the Bank's financial statements.	Our audit procedures also included a review of the disclosures related to the financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, included in the notes to the Bank’s financial statements, taking into account the applicable accounting standards.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Bank in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Management Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Bank’s ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Bank’s ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Bank’s financial information.

Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Management report is consistent with the financial statements.

Report on other legal and regulatory requirements

Management report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Management report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Bank, no material misstatements were identified.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Bison Bank, S.A. in the Shareholders' General Meeting held on 9 May 2014, to conclude the ongoing mandate until the end of 2014, having remained in functions until the current period. Our last appointment occurred by written decision of the sole shareholder dated 14 May 2020 for the period from 2020 to 2021;

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud;

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Bank's supervisory board on 1 April 2022; and

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014 and that we remain independent of the Bank in conducting our audit.

1 April 2022

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Cláudia Sofia Parente Gonçalves da Palma, ROC no 1853
Registered with the Portuguese Securities Market Commission under no. 20180003

(This is a translation, not to be signed)

13

EVALUATION OF THE SUPERVISORY BOARD ON THE ADEQUACY AND EFFECTIVENESS OF THE ORGANIZATIONAL CULTURE, GOVERNANCE SYSTEMS AND INTERNAL CONTROL

Bison Bank, S.A.'s Supervisory Board's assessment of the adequacy and effectiveness of the organizational culture in force at the Bank and its governance and internal control systems

INTRODUCTION

This document is presented for the purposes provided for in Article 60(1) of Banco de Portugal Notice No. 3/2020 ("Notice") and is part of the annual process of self-assessment of the adequacy and effectiveness of the organizational culture of Bison Bank, S.A. ('Bank') and its systems of government and internal control in accordance with the provisions of the Notice.

SUMMARY OF THE REPORT OF SELF-ASSESSMENT

We present in the following paragraphs a summary of the self-assessment report provided for in Article 55 of the Notice, which contains an assessment of the adequacy and effectiveness of the organizational culture in force in the Bank and its systems of government and internal control:

- The Supervisory Board (SB) monitored the management, operations, internal control functions and evolution of the Bank's business throughout the reference period, namely through regular meetings with holders of internal control functions and presence at the meetings of the Board of Directors (BoD) , access to all documentation produced by this Body and the Committees in which it delegated powers, access to management and prudential information on the Bank's activity and results and other relevant documentation and the contacts maintained with its officers, and all requested clarifications were obtained.

- During the reference period, the SB monitored the progress reports of the actions of mitigation of deficiencies and implementation of recommendations identified in the context of the exercise of internal control and by supervisors. Throughout the reference period, and with the aim of assessing the state of implementation of the measures defined to correct the deficiencies identified in previous periods, the SB closely monitored the implementation of the measures set out in the Bank's Internal Control System Report for the previous period.

- The SB valued the deficiencies identified by the Bank's internal control functions (Compliance, Risk Management, and Internal Audit) in the reference period, as well as its classification and action plans defined for its resolution, including the deadlines set for the implementation of those plans.

- The SB concluded that the deficiencies identified with the level of F3 – High (no F4 – Severe classification deficiencies were identified) and that its impacts are not likely to harm the organizational culture, the Bank's internal control and government systems, considering that:

  i. the deficiencies identified have measures, deadlines and those responsible for their implementation.
  ii. the follow-up of open deficiencies is based on a process of continuous monitoring by the BoD, on a quarterly basis, to ensure the timely correction of the situations identified in accordance with the Bank's internal government policy.
  iii. there is a methodology for classifying deficiencies; and
  iv. validation of the appropriate use of criteria and classification of deficiencies by the Internal Audit Function

- The SB also carried out continuous monitoring of national and community legislation and other regulations on the internal control system and mechanisms, as well as the entire process of preparing the Bank's self-assessment report, which included:

  i. Analysis and evaluation of the risk classification model defined in accordance with the provisions of the Notice.
  ii. Analysis of action plans determined to solve identified gaps and their prioritization, proposed actions and associated timings; and
  iii. Process of classification of the open recommendations of previous periods, as well as the recommendations identified in the reference period.

- At the date on which the information included in the Bank's self-assessment report is reported, 70 deficiencies were open, of which 54 are identified by the Internal Control Functions, which includes 1 deficiency related to compliance with the implementation plan of the Instruction 18/2020 and Notice 3/2020, 8 by the ROC and 8 by Banco de Portugal, there is no deficiencies classified with F4 - severe risk. Of the deficiencies identified, 9 have F3 - High Risk, 41 with F2 - Moderate Risk and 20 with F1 – Reduced Risk.

- The SB considers that, notwithstanding the deficiencies identified including the gaps identified in relation to the implementation of the Notice and those relating to previous periods, alternative control mechanisms or ongoing initiatives ensure adequate mitigation of the risks arising from such deficiencies.

- Specifically, regarding the quality of performance and adequate independence of the Bank's internal control functions, the SB has developed the following procedures:

  i. assessment of the activity reports prepared by the Bank's internal control functions in accordance with Article 55(c) of the Notice, about the assessment of the independence of functions
  ii. Analysis of the reports and recommendations issued and the interaction with the other operational areas of the Bank; and
  iii. Monitoring of the work carried out by the Bank's internal control functions, through interactions with the SB in the normal course of its activities.

MAIN CONCLUSIONS

Based on the activities developed and the evidence obtained, the SB evaluated, within the scope of the responsibilities assigned by law to the supervisory bodies and considering the current and potential impacts of the deficiencies that remain open, the adequacy and effectiveness of the organizational culture in force in the Bank and its systems of government and internal control.

- On the basis of the assessment referred in the preceding paragraph, and with the exception of the aspects mentioned in relation to 'Deficiencies', and the need to develop an additional set of procedures for adoption in full accordance with the provisions of Banco de Portugal Notice 3/2020, the SB conclude unanimously by the positive on the adequacy and effectiveness of the organizational culture in force in the Bank and its systems of government and internal control, in all material respects, in accordance with the requirements set out in the Notice.

- Except for the aspects mentioned in respect of 'Deficiencies', the SB conclude unanimously on the state of implementation of the measures defined in the reference period to correct the deficiencies identified, including the deficiencies in the Bank's internal control system and accounting system reported by the statutory auditor or in the context of other activities identified by other external entities, including supervisory authorities.

- We conclude on the quality of performance and adequate independence of the Bank's internal control functions. Bison Bank, S.A. has permanent and effective internal control functions, with a status, authority and independence in the organizational structure designed to verify, in the respective areas of competence, whether the strategies, policies, processes, systems and procedures established are adequate, properly updated, properly implemented, and effectively complied with. Internal control functions have direct access to the SB and the BoD and their support committees, thus ensuring the possibility of direct and immediate transmission of any information to those bodies without the prior intervention of third parties and, on the other hand, that they may request them directly to the internal control functions. During the reference period, the internal control functions also made available to those bodies all the information, when requested by them.

- In addition, we also conclude unanimously and positively on:

  i. the reliability, in the reference period, of the preparation of prudential and financial reporting processes, including those carried out by the Bank under the Commission's Implementing Regulation (EU) No 680/2014 of 16 April 2014.

  ii. The reliability of the information preparation processes disclosed to the public by the Bank under applicable legislation and regulations, including financial and prudential information.

  iii. The proper compliance, in the reference period, with all the duties of disclosure to the public, which result from applicable legislation and regulations and that comply with the matters provided for in the Notice.

Lisbon, 2022 March 31
The Supervisory Board

Wang Ting	Ernesto Lopes Ferreira	Issuf Ahmad

(This is a translation. Not to be signed.)

14

REPORT AND OPINION OF THE SUPERVISORY BOARD

REPORT AND OPINION OF THE SUPERVISORY BOARD - FISCAL YEAR 2021

INTRODUCTION

1. In compliance, namely, with the provisions of article 420, no. 1, paragraph g) of the Companies Code (CSC), the Supervisory Board (SB) of Bison Bank, S.A. (Bank) has prepared this report and opinion on the report, accounts and proposals presented by the Board of Directors (BoD) of the Bank for the year ended 31 December 2021, including on the supervisory activity performed by the SB during the same period.

2. The Board of Directors and the Supervisory Board were elected for the four-year term 2018-2021, and the re-election / election process of board and supervisory members for a new three-year term 2022-2024 is still ongoing.

   In 2021 there were two specialized committees, one for matters related to appointments and remuneration and the other to risk management and compliance, which are composed of non-executive members of the BD and completed by members of the Supervisory Board, being mostly independent and chaired by an independent member in order to ensure independence in the performance of these committees.

   In the last quarter of 2021 the Bank started a process to change its management and supervision structure, opting for the Anglo-Saxon model and reducing the total number of members to three executives and four non-executives for the Bank's management and supervision, three of which for the audit committee. On February 16, 2022, the Bank of Portugal authorized the statutory amendment to the management and supervision structure to the Anglo-Saxon model, comprising a board of directors, including an audit committee and a statutory auditor, under the terms and for the purposes of Article 34.1 f) of the Legal Framework of Credit Institutions and Financial Companies, approved by Decree-Law 298/92 of December 31 (RGICSF). In March 2022, the Bank´s new management and supervisory structure was submitted to the Bank of Portugal for authorization.

   The Bank's statutory audit firm - PricewaterhouseCoopers (SROC) was elected for the first time for the 2014 term and successively re-elected, first for the three-year term (2015-2017), then for two-year terms starting in 2018, making a total of eight years in office.

   The SB proposed the appointment of the SROC for another term of two years, 2022-2023, as stated in number 13 below.

ACTIVITY PERFORMED

3. In the course of its duties, the SB met nineteen (19) times in the period from January to December 2021.

   The SB meetings were also attended, by invitation and depending on the matters under discussion, by executive directors, SROC representatives and those responsible for control functions and other areas of the Bank. The SB maintained permanent communication with the Board of Directors members and the holders of control functions, and also attended several Board of Directors meetings. Through the portal for access to the BoD meetings, the SB was able to preview the agendas of the meetings and respective attached documentation, as well as the respective minutes, allowing a more effective approach to the topics under discussion at the BoD and to formulate the appropriate recommendations. In the exercise of the supervision of the functions of control and statutory audit, it met regularly with the directors of the risk, compliance and internal audit departments and with the representatives of the SROC.

4. The Chairman of the SB also chaired the Nominations and Remunerations Committee, which also includes two non-executive members of the BoD (the Chairman and the Vice-Chairman), and the independent member of the BoD under the legal and regulatory terms is also a member of the Risk and Compliance Committee.

5. On 05/06/2021, the Supervisory Board issued a report on its supervisory action during the 2020 financial year and an opinion on the management report, accounts and proposals presented by the Bank's Board of Directors for that year.

   The Supervisory Board also assessed the quality of the Bank's internal control system for the prevention of money laundering and financing of terrorism, having issued its opinion on May 28, 2009, with reference to the period between January 1 and December 31, 2020, which is part of the Report on the subject under the terms defined in BoP Instruction no. 5/2019, as amended by BoP Instruction no. 6/2020, and issued opinions on issues related to conflicts of interest and related parties.

6. With reference to the period between February 26th 2021 and November 30th 2021, the Supervisory Board issued a report assessing the adequacy and efficiency of the Bank's organizational culture and its governance and internal control systems, pursuant to the provisions of Bank of Portugal Notice no. 3/2020 and for the purposes set out in article 55 a) of the Notice.

   Also under the same Notice, the SB has prepared a summary of the evaluation report on the adequacy and effectiveness of the organizational culture in place in the Bank and its governance and internal control systems, which is disclosed in annex, in accordance with the provisions of article 60 of said Notice.

7. The SB also exercised its function of supervising the Bank's management, supervising and constructively challenging the Bank's management, particularly in matters related to risk management, internal control, compliance, internal governance, good accountability and internal audit, liaising with the non-executive members of the BoD, in accordance with the law and the regulatory standards and guidelines applicable to the banking sector.

8. The SB received from those responsible for the control functions, the respective plans and activity reports, as well as periodic reports on risk management, compliance and internal audit reports. The SB supervised the performance of the control functions, reviewing and discussing with the heads of the control departments and their collaborators the plans and periodic reports on the performance of risk management and compliance, as well as the independent internal audit exercise, making such observations and recommendations as it deemed appropriate.

9. The Bank has in place a system for the communication of irregularities, as per the document disclosed on its institutional website entitled "Whistleblowing Policy". The SB monitored the operation of this system, involving control departments. Detailed information on the communication of irregularities and concerns that may penalize the Bank is contained in an autonomous report, issued in accordance with the provisions of article 116-AA(7) of the RGICSF.

ASSESSMENT OF SROC INDEPENDENCE

10. In accordance with the provisions of internal regulations and national and community legal diplomas which regulate the exercise of the activity of statutory audit of Public Interest Entities, the SB supervised the independence of the SROC, which presented the SB with a statement confirming its independence and that of its collaborators involved in the statutory audit of the accounts regarding the examined entity - the Bank.

11. The SB previously approved other work performed by the SROC outside the scope of the statutory audit, through a duly reasoned proposal and subsequent assessment of the threats to independence arising from the performance of such work, taking into account the restrictive measures to safeguard independence provided for in the Statute of the Order of Statutory Auditors (OROC), approved by Law No. 140/2015, and in Regulation (EU) No. 537/204, of the European Parliament and of the Council of 16/04/2014 (European Audit Regulation).

12. With regard to rotation, the provisions of the European Regulation on Auditing and the OROC apply, as well as the "Policy on the Selection and Appointment of Chartered Accountants" approved by the Bank's General Meeting and disclosed on its institutional website. In accordance with this Policy: (i) the maximum period for the performance of statutory audit duties by the partner responsible for the direct guidance or execution of the

statutory audit is seven years, as of his first appointment, and he may be appointed again after a minimum period of three years has elapsed; (ii) the minimum initial period of the performance of statutory audit duties by the Bank's Statutory Auditor (ROC) is two years and the maximum period is ten years; (iii) after having been in office for the aforementioned maximum period, the Statutory Auditor may only be reappointed after a minimum period of four years has elapsed; (iv) deadlines will be counted from the first financial year covered by the contractual bond by which the Statutory Auditor was first appointed to conduct consecutive Statutory Audits of the Bank; (v) in the process of renewing the Statutory Auditor's mandate, the SB will take into account the results of the evaluation of his performance.

13. PricewaterhouseCoopers - Sociedade de Revisores Oficiais de Contas, Lda (PwC) was appointed Statutory Auditor by the respective General Meeting: for the first time, on May 9, 2014, for the year ended December 31 of that year; for the second time, at the general meeting of shareholders held on September 22, 2015, for the three-year period 2015-2017; for the third time, by unanimous written corporate resolution of October 30, 2018, for the two-year period 2018-2019; and for the fourth time, by unanimous written resolution of May 14, 2020, for the biennium 2020-2021, and has now been proposed by the SB for a final term of two years 2022-2023, considering the result of the assessment of the performance and the risk of threat to independence in the statutory audit of the Bank's accounts, as well as the maximum period of exercise of statutory audit of accounts of public interest entity allowed by the applicable regulatory provisions.

14. With regard to the rotation of the partner responsible for the statutory audit, none of the PwC partners assumed the responsibility of directly guiding or performing the statutory audit of the Bank's accounts for a period longer than seven years. The partner ROC Dr. José Manuel Henriques Bernardo was responsible for the statutory audit from 2014 to 2017 and the partner ROC Dr. Cláudia Sofia Parente Gonçalves da Palma, became responsible, as of mid-May 2018, for the statutory audit from 2018 onwards. From 2022 onwards, the rotation will cover the senior managers involved in the statutory audit of the Bank's accounts, pursuant to the provisions of article 54(7) of Law 140/2015, as amended by Law 99-A/2021 of 31 December.

APPRECIATION OF THE REPORT AND ACCOUNTS

15. The SB appreciated the Annual Report and Accounts presented by the Board of Directors, for the year ended December 31, 2021, which includes the Management Report, the financial statements and corresponding notes, the proposal for the appropriation of profit and the corporate governance report. The accounts for 2021 are presented only on an individual basis, due to the sale, on 08/26/2020, of the entire shareholding in the Turirent Fund.

    The SB reviewed the main accounting policies and changes made under IAS/IFRS, as well as the records and disclosures made in the preparation of the financial statements and other accounting instruments for the year ending December 31, 2021.

16. For the year ended December 31, 2021, the Bank recorded a negative net income of approximately €10.6 million, which was approximately €3.7 million higher than in 2020, essentially due to the devaluation of the stake in the Discovery Fund, in the amount of €3.6 million. However, the Bank maintains solid levels of capitalization and liquidity, with ratios at year end of Tier 1 Common equity of approximately 65.8% (81% in 2020) and LCR and NSFR of respectively 152.5% and 175.5% (237% and 134% in 2020).

    Net interest income increased slightly by about 80 thousand euros and net operating income fell by 3.1 million euros, influenced essentially by the combined effect of the negative variation of about 4 million euros in the measurement at fair value of financial assets, including a loss of 3.6 million euros in the adjustment of the stake in the Discovery Fund, and an increase of 1.1 million euros in commissions. Administrative expenses increased by about €0.2 million, from about €8.4 million in 2020 to about €8.6 million in 2020. In terms of provisions and depreciation, there is an increase of about €0.4 million. BoD outlined a strategy to reduce costs and maintain the growth trajectory of service revenues and commissions, focusing on break-even in 2024.

APPRECIATION OF THE LEGAL REVISION OF THE ACCOUNTS

17. The SB monitored the Statutory Audit of the Bank's accounts for the year ended December 31, 2021, and assessed the respective results, as well as the corresponding Statutory Audit Certificates, also paying attention to threats to the Statutory Auditor's independence.

18. The SAB also assessed the additional report to the supervisory body issued by the SROC on March 31, 2022, in compliance with the provisions of article 11 of the European Audit Regulation, as well as in paragraphs 1, 2 and 6 of article 24 (repealed by Law 99-A/2021, with effect from 01/01/2022) of the Audit Supervision Regime, approved by Law 148/2015, and in paragraph 1 of article 63 of the EOROC (also repealed by Law 99-A/2021, with effect from 01/01/2022). This Report arises from the audit by the SROC of the Bank's accounts for the year ended 31 December 2021, which covers a set of topics and information that in general was addressed in meetings with the SAB and in other documents considered by the SAB, namely accounting and financial matters within the scope of the statutory audit, verification and monitoring of the SROC's independence and additional services provided to the Bank.

19. As a relevant audit matter, the SROC identified the measurement and disclosures related to the fair value of financial instruments not quoted on an active market classified in level 3 of the fair value hierarchy, including the measurement of the stake in the Discovery Fund, as expressed in the legal certification of accounts. The stake in this Fund, classified as "Non-marketable financial assets mandatorily accounted for at fair value through profit or loss", whose fair value recognized in the balance sheet at December 31, 2021, amounts to €9,429 thousand (12.957 thousand euros at December 31, 2020), obtained based on the NAV determined according to the average of the estimates provided by the bidders in the current sale process in progress, in the amount of 3,600 thousand euros, which is recorded under the heading of results from financial assets and liabilities accounted for at fair value through profit or loss.

20. For the purposes of the provisions of article 452, paragraph 2 of the CSC, the SB hereby declares its agreement with the legal certification of the Bank's accounts for the year ended 31 December 2021, issued on 31 March 2022, which expresses an unreserved opinion on the financial statements. The SB also agrees with the relevant audit matters expressed in the aforementioned legal certification of accounts.

PROPOSAL FOR THE APPLICATION OF RESULTS

21. The Board of Directors proposes, under the terms and for the purposes of the provisions of articles 376(1)(b) and 376(2) of the CSC, that the net income for the year, in the negative amount of €10,617,631.35 (ten million, six hundred and seventeen thousand, six hundred and thirty-one euros and thirty-five cents), be transferred to the Retained Earnings account.

SUBSEQUENT EVENTS

22. We highlight the invasion of Ukraine by the Russian Federation, whose effects are still difficult to predict. In addition to the above, there were no other events that require adjustments and/or disclosures in the Bank's financial statements for the year ended December 31, 2021, as expressed in note 28 of the notes to the financial statements.

OPINION ON THE REPORT AND ACCOUNTS

23. As a result of the work carried out, the SB gives a favorable opinion on the approval of the 2021 Annual Report and Accounts, which includes the management report, financial statements and respective notes, as well as the Corporate Governance Report, for the year ending December 31, 2021, confirmed by the BoD.

    These financial statements were reviewed by the Board of Directors, whose meeting was attended by all members of the Board of Directors and the Supervisory Board, as well as representatives of the SROC that make up the Bank's audit team. At this meeting, the Supervisory Board presented the results of the statutory audit and explained how it contributed to the integrity of the process of preparing and disclosing financial information, as well as the role that the Supervisory Board played in this process.

24. Accordingly, taking into consideration the information received from the Board of Directors and other organs and departments of the Bank, and the conclusions of the Legal Certification of Accounts on the Financial Information, issued on March 31, 2022, we are of the opinion that the Bank's General Assembly should approve:
    a) The Annual Report and Accounts 2021, for the year ending December 31, 2021, which includes the management report, the financial statements and respective notes and the Corporate Governance Report, as well as the Report and Opinion of the Audit Board and the corresponding legal certification of accounts; and
    b) The Proposed Application of Results.

You must also proceed with the general appraisal of the Bank's management and supervision, pursuant to the provisions of article 376, no. 1, paragraph c) of the CSC, and the election of the members of the corporate bodies for the 2022-2024 term of office, after due authorization by the Bank of Portugal for the exercise of duties.

The SB expresses its gratitude to the Bank's employees, the members of the BoD, and the SROC team for all their cooperation in the performance of their duties, as well as for the attention given by the Bank of Portugal in the exercise of its supervisory function.

Lisbon, April 01, 2022

Issuf Ahmad, **President**	**Ernesto Ferreira,** **Member**	**Ting Wang,** **Vowel**

(This is a translation. Not to be signed.)

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