2022

REPORT & ACCOUNTS

Bison Bank

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Message From the Chairman of the Board and the Chief Executive Officer

Bian Fang
Chairman
of the Board of Directors

António Henriques
Chief
Executive Officer

During 2022, Bison Bank achieved an important set of achievements despite an environment marked by high levels of geopolitical uncertainty, very high inflation and strong financial market volatility.

The business evolution proceeded in a very favorable and robust way, with the Bank continuing on the path of digital transformation and the way customers are managed, with a view to broadening and getting closer to our customer base.

This translated into a growth in business indicators and an improvement in net income.

In 2022, the new Governing Bodies, elected for the 2022 - 2025 mandate, took office and the Bank continued its internal reorganization efforts with a view to implementing a leaner and more efficient customer service structure.

Also during this year, the Bank set up a wholly-owned subsidiary, Bison Digital Assets, dedicated to the trading and custody of our clients' digital assets.

Making the evolution of the banking business more concrete, in 2022 the depositary bank and custody services maintained their growth trajectory, with an increase in assets under management of 190 million euros, to 1.684 million euros at the end of the year. According to the Custodian Bank service, the Bank works with 64 funds, from 21 management companies.

In the Custody service, in addition to activities related to the Custodian Bank, the Bank attracted over 400 international clients, from more than 90 countries, seeking investment in venture capital funds and private equity funds, under the Portuguese Golden Visa program.

Wealth Management and Investment Banking, which had been 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 60 strategic partnerships with institutions around the world, both financial and non-financial, paving the way for increased cross-border customers and business.

To set up a bridge between Europe and Asia is one of our competitive advantages.

The planned strategic positioning of being more focused, digital and lean will enable 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 - in December 2022, the Bank achieved a Tier 1 Common equity ratio of 37%, LCR of 141% and NSFR of 137%.

Looking forward to 2023, despite the high challenges posed by geopolitical uncertainties and the adverse macroeconomic environment, we are confident that Bison Bank will maintain its path towards convergence towards profitability and sustainability.

Macroeconomic Framework

01

Macroeconomic Context

The year 2022 was essentially marked by the geopolitical impact of the conflict in Ukraine, which helped trigger a significant increase in inflation, accentuating the effects of the process of reopening economies after the pandemic, especially in developed countries. The main world central banks, faced with high readings for inflation, began an inevitable cycle of rising key interest rates, ending more than a decade of extraordinarily low rates - as is the case of the European Central Bank.

Despite these setbacks, economic growth (real GDP) turned out to be surprisingly strong in Q3 2022 in several economies, including the United States (expected to have grown by 2% in 2022), the euro area (expected to have grown by 3.5% in 2022), and major emerging markets and developing economies, which are expected to have grown by about 3.9%, while China is expected to have grown by 3% last year, despite the relative impact on activity of the strong control measures on COVID-19. The world economy recorded economic growth of 3.4%.

The reasons for these increases were, in many cases, associated with the domestic economy. More resilient readings by private consumption and investment, coupled with effective fiscal stimulus measures to the economies. In Europe, a milder winter as well as effective reserve management allowed energy markets to adjust faster than expected to the shock of the Russia-Ukraine military conflict. On the supply side, there was also a progressive reduction of bottlenecks in the distribution chain, which together with a reduction in transport costs reduced price pressures and allowed for a recovery in previously bottlenecked sectors such as automobile production.

Portugal was not immune to the international price context, with inflation in 2022 exceeding double digits in some months of the last quarter of the year (October was 10.1%) when compared year-on-year to 2021, but the economy ended up recording quite resilient growth, with the national economy growing 6.7%, according to INE's flash estimate, released at the end of January. Domestic demand made a significant positive contribution to the annual variation in GDP, but less than in 2021, with an acceleration in private consumption and a slowdown in investment. Portugal's low exposure to Russian energy imports (about 10% of the gas consumed in Portugal, while in the EU this dependence is 46%), the high vaccination rates in the population (about 86% of the population in June, higher than the average of 63% in European Union countries), the return of national tourism to pre-pandemic values (2019), and the beginning of the implementation of European resilience funds that stimulated investment already in 2022, were factors that were relevant to counter the impact of the international context, and should continue to be for 2023.

World key economic data, outlook and growth projections

	Real GDP			Inflation PCI		
(annual percent change, unless noted otherwise)	2022 E	2023 P	2024 P	2022 E	2023 P	2024 P
World Output	3,4	2,9	3,1	8,8	6,5	4,1
Advanced Economies	2,7	1,2	1,4	7,2	4,4	2,4
United States	2,0	1,4	1,0	8,1	3,5	2,2
Euro Area	3,5	0,7	1,6	8,3	5,7	2,7
• Germany	1,9	0,1	1,4	8,5	7,2	3,5
• France	2,6	0,7	1,6	5,8	4,6	2,4
• Italy	3,9	0,6	0,9	8,7	5,2	1,7
• Spain	5,2	1,1	2,4	8,8	4,9	3,5
• Portugal	6,7	0,65	2,4	7,9	4,7	2,6
United Kingdom	4,1	-0,6	0,9	9,1	9,0	3,7
Japan	1,4	1,8	0,9	2,0	1,4	1,0
Emerging and Developing Economies	3,9	4,0	4,2	9,9	8,1	5,3
Emerging and Developing Asia	4,3	5,3	5,2	4,1	3,6	2,8
• China	3,0	5,2	4,5	2,2	2,2	1,9
Emerging and Developing Europe	0,7	1,5	2,6	27,8	19,4	10,0
• Russia	-2,2	0,3	2,1	13,8	5,0	4,0
Emerging and Developing America	3,9	1,8	2,1	14,1	11,4	8,1
• Brazil	3,1	1,2	1,5	9,4	4,7	3,9

Sources: INE, World Economic Outlook Database, FMI World Economic Outlook, January 2023
(1) Number of unemployed persons as a percentage of total labour force
(2) Gross sovereing debt, calculated as a percentage of GPD

Financial Markets

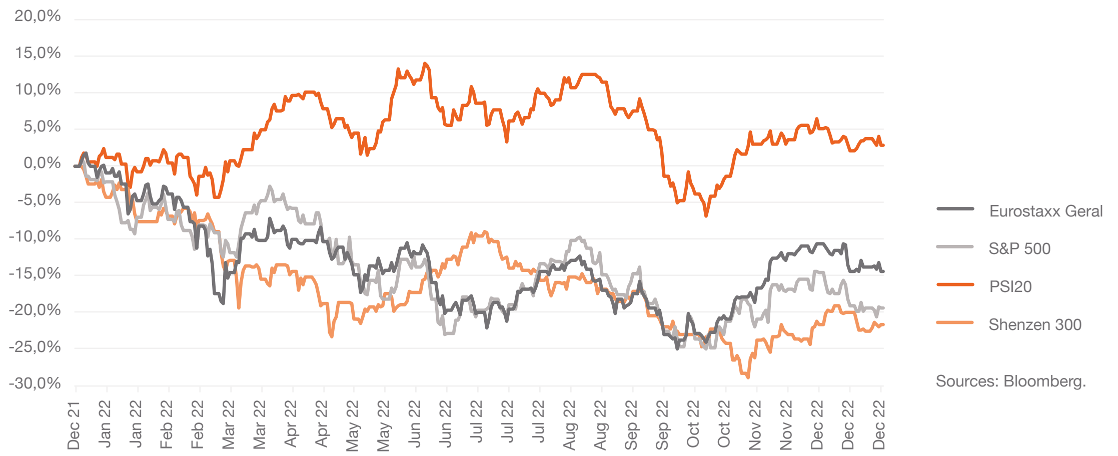
The year 2022 was a year of high volatility in the financial markets, marked mainly by the retreat from the consequences of the pandemic and the facing of the economic impact of the war in Ukraine, generating an escalation in commodity prices and causing supply-side turbulence in the energy markets.

In the 1st quarter, as the global COVID-19 vaccine programs were improving immunity to the pandemic, the reopening of the economies brought pressure on the distribution chain, and eventually triggered a sharp increase in inflation. Added to this effect were the consequences of the military conflict in Ukraine at the end of February. The increase in inflation globally promoted a global response from central banks, with the first interest rate increase of the year being carried out by the US Federal Reserve in March. The US dollar gained strength from higher interest rates and stood out over other currencies in a trend that lasted for most of the year. The financial and energy sectors saw support from rising interest rate revenues and soaring crude oil prices. Companies began to take employees back on their premises and the labor market began to contract. Already in the 2nd quarter, inflation clearly took center stage for investors and weighed on manufacturing and construction costs, while the prices of other raw materials began to rise in tandem with crude oil. The outlook for corporate and consumer liquidity became more expensive as borrowing costs soared.

Central banks in developed economies have begun to react to double-digit inflation readings by raising their key interest rates, following the Federal Reserve's more contractionary path. A robust labor market was the main ustification for the hikes by major central banks. Meanwhile, equity markets in the United States, Asia and Europe became more volatile as borrowing costs weighed on investor sentiment and public offerings were delayed or cancelled. In the 3rd quarter, in July, the European Central Bank (ECB) joined the Federal Reserve and the Bank of England in raising interest rates for the first time in 11 years. The ECB had been cautious not to harm the European Union's growth prospects at the same time as there is a war in Ukraine, but finally decided to do so in the face of a present escalating inflation.

During the last third of 2022, central bank policie in the EU, the UK and the US began to benefit from lower inflation. The Federal Reserve was firmly committed to its 2% inflation target, while recognizing the dangers of a recession. The central bank's interest rate increase in December was smaller than previous ones, partly reflecting downward pressure on inflation from crude oil prices. Global equities continued the rest of the year down, characterized by brief increases during earnings season and a general sense of caution as recession fears curbed risk appetite. Through four quarters of an inflation and interest rate changes, only two central banks remained relatively stable in terms of monetary policy: the Bank of Japan (BoJ) and the People's Bank of China (PBoC), after posting lower inflation readings than other countries.

Key stock markets index performance in 2022 (%)



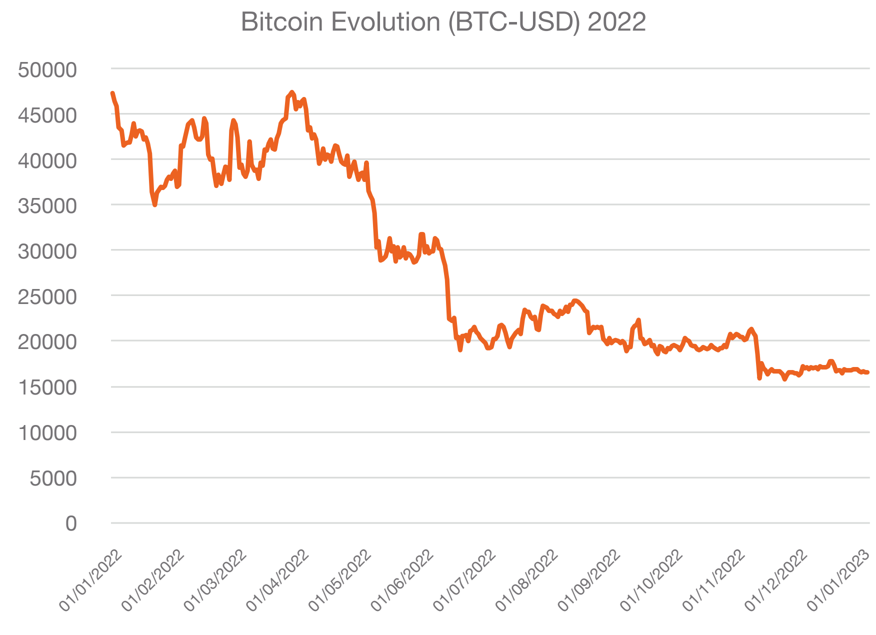
Sources: Bloomberg.

Digital Assets

The year 2022 was a difficult year for digital asset markets in general, driven primarily by over-promoted trends and unsustainable yielding DeFi (Decentralized Finance) products that led to a loss of nearly USD 1.5 trillion in the total market, with Bitcoin (BTC) and Ethereum (ETH) down 65% and 68% respectively for the year.

The sharp fall of the Luna ecosystem in May was the first pivotal moment marking the 2022 downtrend, with the depeg of stablecoin UST causing panic selling and sinking its price, as well as its native currency LUNA, by more than 95% in just a few days. Considered the biggest crypto crash ever, with an estimated loss of $60 billion, the resulting contagion quickly spread to other digital assets and crypto companies such as 3AC, Celsius, Voyager and BlockFi, due to their high exposure and leverage in LUNA or UST. The second major pivotal event of 2022 occurred later in November after a leak of a confidential document about FTX's balance sheet in the media led to mass withdrawals by panicked users trying to withdraw their funds from the platform due to rumors that the company Alameda Research was lending customer funds to FTX, which resulted in a bankruptcy filing within a few days, leaving an $8 billion hole and 5 million customers affected.

Despite the negativity in the digital asset markets, 2022 will forever be remembered as the year of Ethereum Merge, the project (finally) changed the consensus mechanism from proof-of-work to the less electricity-consuming proof-of-stake method, marking the end of Ether mining and reducing energy consumption by 99.95%.



Source: Yahoofinance, Bison Digital Assets

Source: Yahoofinance, Bison Digital Assets

Business Activity

02

This was a year marked by an adaptation to a new business framework for Bison Bank, S.A. ("Bank" or "Bison Bank"), with the Bank refocusing its approach, which is now more geared towards working on a business-to-business ("B2B") basis, and towards institutional and high-net-worth client segments. The Bank also assumed a business origination base from international clients, and also the synergies for the traditional business that can be derived from the new subsidiary Bison Digital Assets, S.A. ("Bison Digital Assets" or "Bison Digital"), 100% owned by the Bank and together with the Bank belonging to the Bison Bank Group ("Group").

The activity of the Client Management Department ("CMD") in 2022 was also influenced by the reorganization of Bison Bank. During most of the year, commercial activity was focused on consolidating the business of expanding the existing customer base through a series of initiatives mainly linked to depositary banking and custody services, as well as Bison Bank's strong vocation for opening accounts for international customers, based on the value added that the Bank continues to present to its partners for visa-gold (Golden-Visa) processes.

2.1. Execution and Wealth Management Services

Investment Consulting

The Wealth Management team ended 2022 with an increase in the number of investment advisory service accounts of 89.4% compared to 2021. In terms of volume under management, the Bank registered a 20% drop, very much in line with the market variation, both in the equity and debt markets. However, the Bank's revenues generated by the service, and due to the high volatility, increased by 5.5 times compared to 2021.

The Bank's focus for 2023 will be to continue to privilege the investment consulting service on the integrated financial situation of each client, prevailing the vision of a service that allows clients to choose the products that best meet their needs, in terms of risk profile, investment horizon, objectives and return expectations.

Order Execution Services

The year 2022 was marked by an increase of more than 20% in the volume of assets traded, compared to the same period in the previous year. The volume of business and clients, both private and institutional, generated commissions in the various asset classes, where the highest volume of transactions in ETFs and shares stands out. In commercial paper and bonds, other of the most traded assets, demand came from institutional clients and from investment in European and American companies.

Bison Bank's continuously growing customer base, from more than 90 countries, has required the area to adapt in order to offer a wider range of products and solutions to the customer and provide a professional service.

This process made it possible to make execution in the various markets and platforms wider and more efficient. The result was reflected throughout the year, in the improvement of net commissions charged, quite significant in the course of 2022.

2.2. Depositary Bank and Custody Services

Bison Bank has been reinforcing the bet (commitment?) made in the last few years, investing significantly in the area of Custody and Depositary Bank services.

The Bank offers the domestic market a service structured to satisfy and accommodate the nature, scale and specificities of the various types of investment vehicles, in an independent manner and without conflicts of interest. With an experience of more than 20 years, and providing depositary services to more than 60 Funds, the Bank favors rigor, exclusivity and a personalized follow-up to the management companies.

The 2022 fiscal year confirmed the growth trend in this business line, which has established itself as the engine for sustained growth in the Bank's commercial activity and a generator of returns that are becoming increasingly relevant.

This dynamic has led to significant growth levels, not only in the number of institutional clients, but also in the number of investment funds and participants in these funds, with special emphasis on international investors interested in joining the Residence Permit for Investment Activity Program ("ARI").

Bison Bank will continue to work to be the Depository Bank of reference in the national market and the first Bank for International Private Investors, to whom it offers a wide range of banking services whose excellence has enabled it to broaden its influence base to clients from over 90 countries.

2.3. Investment Banking Services

Bison Bank's investment banking services currently provide a suite of investment banking solutions that meet the needs of those seeking to raise capital, sell or buy businesses and/or assess the commercial value of a company. Bison Bank's investment banking services focus primarily on transactions that take place in Portugal, but may also serve as a link to Asia, due to the Bank's natural connection to this region. Finally, the unit also provides financial advisory services, namely in the development of business plans and application processes for operating licenses, public offerings and payer solutions.

Throughout 2022, the investment banking unit strengthened its activity, namely in the origination and execution of M&A and Financial Advisory (Debt & Equity fundraising), having supported a growing number of clients and partners, covering several sectors such as Real Estate (investment structures related to ARI - Golden Visa), financial services, tourism and sports among others. The investment banking services continue to develop a consistent portfolio of mandates and projects under management.

2.4. Treasury

In the global framework of financial markets, the impact of the conflict situation in Ukraine was the main note in the year 2022. The combination of the uncertainties caused by this situation with the still present effects of the pandemic, led to a substantial change in macroeconomic forecasts, even leading to an abrupt change in the monetary policies of the world's leading Central Banks.

Inflationary pressures were increasing throughout the year and in macroeconomic terms this was the fact with the greatest combined record implying the aforementioned action by Central Banks.

Interest rates have risen in a transversal way affecting all asset classes, and naturally to a greater extent fixed income assets.

The prices of raw materials, especially in the energy segment, were one of the main factors impacting on inflationary pressures, given the exponential rise in the face of the uncertainty of the war, as well as the context related to the distribution chains still conditioned by the period of global confinement caused by the pandemic. These levels reversed the trend from mid-2022 onwards, given the fear of a global slowdown in the economy as a consequence of the restrictive monetary policies imposed by the Central Banks.

In this context, there was a generalized rise in yields, with the exponential widening of credit spreads, as well as sovereign debt which soared in the Euro Zone, with a focus on German debt which recorded values above 2% in all maturities versus negative yields recorded in recent years. A similar movement, but even more pronounced, in US dollar yields, with this currency appreciating significantly against all major currencies, and especially against the Euro, breaking for the first time the historical level of parity.

Nevertheless, and in terms of comparison with initial expectations, 2022 was a year that saw global economic growth, reinforcing the idea of the resilience of the major economies in resisting global shocks, and 2023 will certainly be a key year for defining the trends of the major asset classes in the coming years.

In 2022, Bison Bank continued to demonstrate the effectiveness of its strategic approach and liquidity management policy, in a context strongly marked by geopolitical factors of high global impact, maintaining the levels of robustness of liquidity.

The Bank therefore maintained its strategic approach based on a liquidity structure with a profile in line with the parameters established by the Bank in its Risk Appetite Statement and the Liquidity Management Policy in place, which allowed for high levels of available liquidity.

This strategic approach allowed the Bank, in the face of fundamental changes in market conditions, namely the declining risk/return ratio in the debt markets, to increase its exposure and the net interest margin figures of the proprietary portfolio in the year under review.

The Bank's securities portfolio on an individual basis increased from about €64 million at the end of 2021 to €98 million at the end of 2022.

The Bank thus continues to maintain and ensure the conservative and robust profile in terms of liquidity and risk exposure, maintaining the central objective of providing the necessary support for the development of the business lines established in its business model and related to these areas.

In terms of its funding base, the Bank does not intend, in the near future, to resort to the Capital Markets as a source of funding, therefore maintaining its base of own resources and customer deposits. In the latter area, the Bank maintained a solid base, increasing the degree of diversification appropriate to its business model.

On December 31, 2022, the LCR (Liquidity Coverage Ratio) stood at 141% (147% in the same period) and the NSFR (Net Stable Funding Ratio) at 137% (201% at the end of 2021), substantially higher than required by the applicable regulations, in line with the aforementioned risk profile.

Support Areas

03

3.1. Human Resources

Our Employees

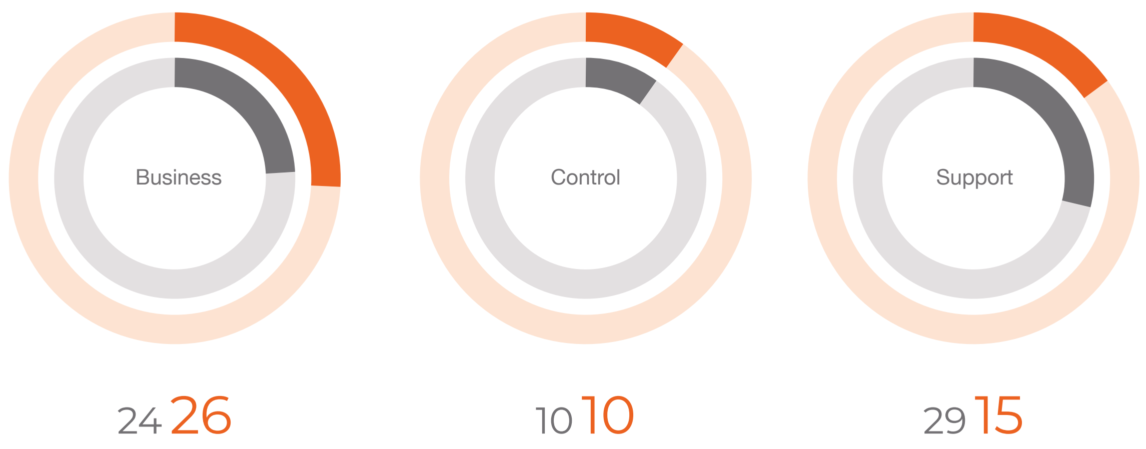
Bison Bank advocates, as part of its corporate strategy of human capital management, the agreement to actively promote the development of all employees, thus contributing to their motivation and commitment and to the sustainability of the Bank. The year 2022 was a year of reorganization and transformation of the Bank's internal macro-structure, in which this commitment was maintained.

Bison Bank promoted a wide range of contents, in digital form, to support its teams in person and remotely, on various subjects such as Compliance and regulatory compliance, Fraud Prevention, FATCA, Data security and IT security, and introduction to the topic of crypto-active assets. In-person training was also resumed, essentially with regard to leadership skills for senior managers.

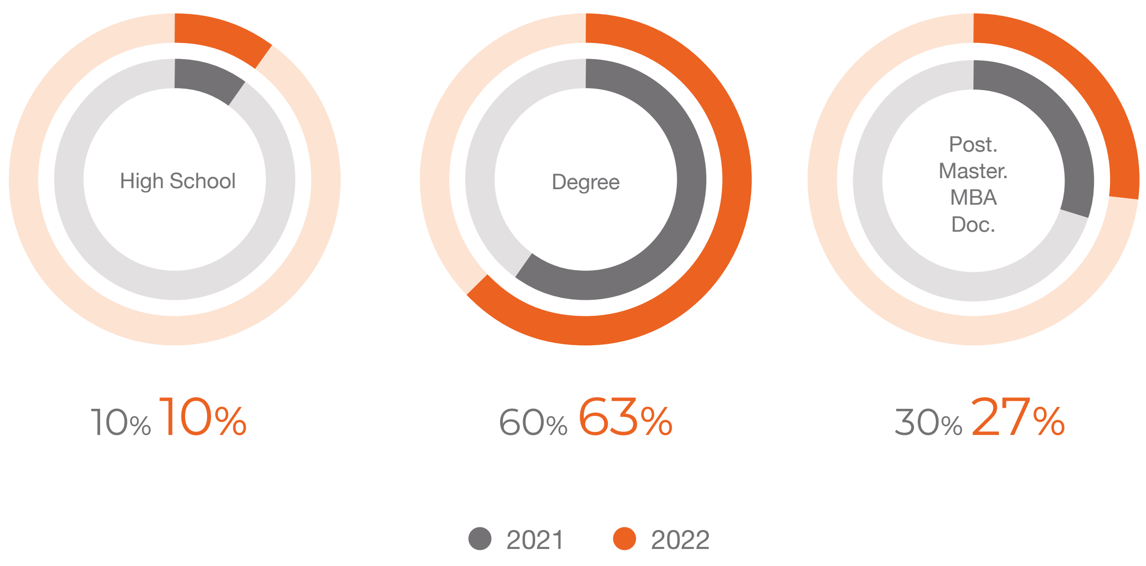
The performance management process aims to align individual performance with the Bank's strategy, defining clear objectives for all employees, always with a focus on developing skills and fostering a culture based on meritocracy and recognition. Evaluation continues to be carried out through a virtual evaluation tool, following the strategy of digitalization of the CPS 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 2022, there were 7 internal transfers.

Distribution of employees by area of activity (as of December 31, 2022)



Distribution of employees by academic qualifications (as of December 31, 2022)



Employee Overview

The employee figures presented refer to full-time employees, with open-ended and fixed-term contracts signed with the Bank in 2022.

As of December 31, 2022, Bison Bank employed 51 employees, compared to 63 as of December 31, 2021.

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

Since July 2022, the Information Systems Department (DSI) has functionally aggregated the responsibility of the Operations Department (OPD), under the new name of Technology and Operations Department ("TOD").

In 2022, the Board 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 2022, the TOD focused on increasing user productivity, despite the continuing Covid-19 pandemic situation, through several improvement 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 ensure the possibility of teleworking for all employees, without any loss of productivity;

ii. Implementation of additional improvements in the management information system for better support of 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:
  - i. 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;
  - ii. Continuation of external security audits, both in terms of assessing the Bank's security processes and conducting regular intrusion and vulnerability detection tests;
  - iii. 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. Development of the first phase of a new digital account opening process, with important gains in terms of administrative efficiency, reduced operational risk, and increased convenience for the client;
  - ii. Various measures to strengthen the security, monitoring and user-friendliness of the Bank's online platforms;
- Improve customer experience through AML/CTF processes and other control functions:
  - i. Implementation of several improvements in the legal reporting structure;
  - ii. Increased level of automation in AML/CTF 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. Increased automation of flows related to paymentsystems, supporting the strong increase in transactions in the period as a result of the Bank's activity.
  - ii. Developments within the migration of the Eurozone (Target) and SWIFT payment systems to the new ISO 20022 standard.

3.3. Other Support Activities

Accounting and Planning

Since July 2022, the Accounting and Planning Department ("APD") has functionally aggregated the responsibility of the Human Resources Department (DRH), in addition to the usual activities performed in the areas of accounting, planning and procurement, under the new name of People and Accounting Department ("PAD").

In the Accounting and Planning components, we highlight the following developed projects and initiatives:

- Follow-up of the tax inspections carried out by the Tax Authority for the fiscal years 2019 and 2020;
- Review of the controls associated to the fiscal and tax reporting and compliance mechanisms;
- Preparation and completion of the review of Bison Bank's strategy and budget for the three-year period 2023-2025, interacting with all business, support and control areas, comprehensively reviewed and approved by the Board of Directors;
- Development and production of new reports, not previously required of the Bank, with a broad and relevant scope in the context of the Bank's activity;
- Formalization of detailed procedures to the area, aiming at improving the internal control system.

The secretariat team continued throughout 2022 to support the management and supervisory bodies and the company secretary, 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.

PAD's Human Resources highlights were dully covered in chapter 3.1. above.

Operations

The Operations activity continued to grow significantly in 2022, as a result of the significant increase in the customer base and associated operations, which corresponded to what was established in the Business Plan.

Thus, the Bank's operations saw a 114% increase in the number of securities transactions, a 50% increase in the number of account openings and entities covered, and a 155% growth in the number of transfers and payments executed.

There continued to be a consistent increase in the number of investment funds under Custodian Bank contracts, as well as great diversification in the type of funds and in the number of management companies involved in these processes.

In 2022, the number of investment funds grew by 30%, with the types of funds continuing to be highly diversified. The number of management companies involved also continued to increase. The Bank's Centralized Securities Registration System, where 8 investment funds have already been centralized, continued its activity successfully.

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;

- Continued and audited strengthening of 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;
- Intense participation in the mandatory migration processes of the national community to the new Eurozone (Target) and Swift payment platforms, which will be integrated into a new architecture coordinated by the Eurosystem. This new reality will be fully certified by the International Standard ISO 20022.

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 and *Governance*

The Legal and Governance Department ("LGD") is a high-level structure in the Bank's organizational hierarchy, reporting to the Executive Committee through the director responsible for this area.

The LGD is responsible for providing legal support, in all its aspects, to the Bank's banking and financial activity, particularly in the structuring, design and monitoring of the products and services provided. On the other hand, the LGD is also responsible for providing support to the Board of Directors, Executive Committee, Governance Committees, Company Secretary and other statutory bodies, with regard to meetings held, respective minutes and documentation, as well as sundry corporate and internal governance matters.

During 2022, LGd focused much of its activity on the following themes:

- Custodian Bank
- New model of governance
- New Bank subsidiary

Control Activities

04

4.1. Risk

The Global Risk and Reporting Department ("RRD") is a high-level structure in Bison Bank's organizational hierarchy, reporting to the Executive Committee through the Chief Risk Officer ("CRO").

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

During the year 2022 the RRD, in coordination with the delegated Board Member focused on the following activities:

- Implementation of the 2022 Risk Activity Plan;
- Updating of risk management policies to ensure alignment with the Bank's strategy and business objectives, namely the Risk Appetite Statement, limit policies, etc;
- Implementation of further improvements to risk management information, based on comprehensive and regular data, to timely assess risks and act accordingly;
- Preparation and reporting 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, ILAAP etc.;
- Contribution to other external reports, Internal Control Report, Recovery Plan (contribution in the definition of stress scenarios recovery measures and calculation of impacts on recovery indexes and indicators), Funding and Capital Plan and Resolution Plan for the Less Significant Institutions;
- Issuing 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 the Risk Control Self-Assessment and Operational Risk;
- Implementation of mitigation measures related to internal control points under its responsibility;
- Implementation of the Risk Data Mart;
- Promotion of risk awareness campaigns (conducted by email), addressing various risk issues.

The RRD has been actively working, in coordination with the Board of Directors, on the implementation of a risk management system for the Bank that is appropriate to the business strategy and ensures alignment with regulatory requirements.

4.2. Compliance

The Compliance Department ("COD") is a high-level structure in Bison Bank's organizational hierarchy, reporting to the Executive Committee through the director responsible for this area.

In addition, it maintains close ties with the Audit Committee, through meetings that take place at most every two months, and with the Internal Control and Compliance Committee, through quarterly meetings. Together with the Global Risk and Reporting 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 and supervisory Bodies.

During 2022, the COD focused primarily on the following main activities:

- Implementation of the 2022 Compliance Plan;
- Activities carried out under the internal control system;
- Activities carried out in the field of prevention of money laundering, combating the financing of terrorism and restrictive measures;
- Activities carried out in the scope of financial intermediation operations, fighting market abuse and insider trading situations;
- Activities in the scope of controlling actual or potential situations of conflicts of interest and operations with related parties;
- Activities under the Irregularities' Reporting Policy, providing support to the Audit Committee;
- Project implementation activities in matters of:
    - i. Opening a digital account;
    - ii. Registration and opening of the subsidiary Bison Digital Assets;
    - iii. Review of the Bank's regulatory portfolio.
- Activities developed within the scope of handling and managing complaints;
- Activities within the scope of compliance with the delivery of mandatory reports to authorities / regulators.

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 Audit Committee.

Together with the Global Risk and Reporting Department and the 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 2022, the IAD carried out its activities in accordance with the Multiannual Audit Plan, which was approved by the Board of Directors (with prior opinion of the Audit Committee), 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 Audit Plan to the Board of Directors and the Audit Committee.

AID 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, in order to achieve improvements in the Bank's internal control culture.

Analysis of Individual Accounts

05

5.1. Analysis of Individual Accounts

5.1.1. Main Highlights

During the year 2022, geopolitical conflicts and instability related to interest rate and commodity volatility continued to trend with the focus on the economy and markets, and these effects were perceived as the main risk to economic growth, and their effects were naturally extended to Bison Bank as well.

The reorganization of Bison Bank's governance model (including the commissioning of the new management bodies and their members) and the organizational macro-structure has been fully completed.

A new business plan was finalized and approved in November 2022 that reflects the above considerations as well as the full operationalization of Bison Digital Assets, with the goal of reaching breakeven in the coming years.

Notwithstanding applicable to 2022 and 2021, the Bank has improved the loss level in 2022 to €6.5 million (2021: €10.6 million) with operating income growing by €3.4 millionand structural costs showing a relevant decrease (€ -0.8 million in staff costs and other administrative expenses).

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 Statemens

As of December 31, 2022, the Bank has a balance sheettotal of €188.7 million (2021: €183 million), which represents an increase of about €5.7 million compared to December 31, 2021, an increase primarily relatedto deposit-taking.

Besides the item "Cash, cash balances at central banks and other demand deposits", the portfolio of "Financial assets at fair value through comprehensive income" is the largest component of the Balance Sheet assets, representing about 52% of total assets (27% of total assets in 2021).

In terms of the income statement, and considering the extraordinary event of devaluation of the Discovery Portugal Real Estate Fund ("Discovery Fund") by approximately 1 million euros, recorded in gains/losses with financial assets accounted at fair value through profit and loss, the Bank presents total Banking Income of 2.6 million euros, above the Bank's operational activity in comparison to 2021 in which Banking Income was negative by 0.8 million euros, essentially justified through:

(i) a 0.9 million euro increase in net interest income, (ii) a 0.2 million euro decrease in service and commission income, (iii) a 0.2 million euro decrease in service and commission expenses, and (iv) a 0.4 million euro increase in other operating income and losses.

Finally, the item personnel costs amounted to 5.4 million euros, representing a reduction of 7% compared to 2021 (-0.4 million euros), which is essentially due to the adjustments process occurred in 2022, associated with the resizing of the management bodies and the collective dismissal process carried out during the year, and the other administrative expenses item amounted to 2.5 million euros, representing a reduction of 14% compared to 2021 (-0.4 million euros), thus reflecting the continued pattern of control of the main structural costs. The remaining costs, related with amortizations, provisions and depreciation, decreased by 39 thousand euros (about -4%).

As a result of the aforementioned evolution, excluding the effect of the extraordinary event of the devaluation of the Discovery Fund (1 million euros in 2022 and 3.6 million euros in 2021), the Bank showed a loss of 5.6 million euros in 2022, approximately 26% lower than in 2021 (7.0 million euros).

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 €725.9 million as of December 31, 2022 (2021: €569.9 million),
- Securities Custody Services of €815.0 million as of December 31, 2022 (2021: €794.7 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 2022, the Bank maintained a solid level of capitalization, with a Tier 1 Common equity ratio of 36.2% at year end. This ratio resulted from the combination of a high Tier 1 Capital of €39.5 million, with a conservative risk-taking profile for the Bank - average risk-weighted assets (RWA) ratio of 58.0%. Additionally, at December 31, 2022, liquidity ratios remained robust - LCR of 140.9% and NSFR of 137.8% - and substantially above regulatory minimums.

5.2. Analysis of the Consolidated Accounts

5.2.1. Perimeter of Consolidation

On May 20, 2022, it was resolved to incorporate a subsidiary of the Company, Bison Digital Assets, S.A. ("Bison Digital Assets" or "Bison Digital"), which was effectively incorporated on July 15, 2022, becoming the only entity over which Bison Bank exercised control during 2022.

Considering the compliance with international financial reporting standards (IFRS), at the level of consolidated financial statements (IFRS 10), the Bank presents consolidated financial statements as of December 31, 2022, considering the full consolidation method of Bison Digital Assets S.A..

5.2.2. Main Highlights

As of December 31, 2022, the consolidated balance sheet of Bison Bank is almost entirely coincident with the individual balance sheet, given the reduced activity of Bison Digital in the year at its inception. For this reason, there are no additional relevant comments to add to the above comments regarding the balance sheet on an individual basis, and the same applies to the income statement.

Future Perspectives

06

For 2023, 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 stabilizing its operations and enhancing its commercial activity, which will allow it to consistently converge towards the strategic goal of reaching break-even in the coming years.

In this way, the Bank will continue to make progress in the process of consolidating its B2B model, by establishing additional partnerships, in addition to the more than 60 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 Homebanking, 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, in 2023 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.

At the same time, the subsidiary Bison Digital Assets will continue to develop its digital assets trading and custody activity, providing a wider range of services to current clients and contributing to the expansion of the client base.

Finally, to reinforce that, notwithstanding the geo-political and macroeconomic context, Bison Bank, tending to the structure of its balance sheet, and with its assets consisting essentially of a portfolio of investment grade and highly liquid bonds and liquidity with top-tier financial institutions, does not anticipate relevant impacts from this.

Proposed Application of Results

07

From the development of its business activity in 2022, Bison Bank originated a loss of 6,538,197.73 Euros (six million, five hundred and thirty-eight, one hundred and ninety-seven Euros and seventy-three 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 6,538,197.73 Euros be transferred to Retained Earnings.

Final Note

08

On **January 3, 2022**, Bison Capital Financial Holdings (Hong Kong) Limited, as the Bank's sole shareholder, took notice of the termination of the functions of the Chairman of the Board of Directors, Yang Lijun, the Vice-Chairman of the Board of Directors, Evert Derks Drok, and the member of the Board of Directors, Francisco Alexandre Valente de Oliveira, effective December 31, 2021.

By resolution of the Board of Directors made on **January 7, 2022**, as a result of the cessation of duties of the members of the Board of Directors indicated above and the transitional period the Bank was in, it was decided that:

i. The Bank's management meetings would henceforth be held exclusively within the scope of the Board of Directors and not of the Executive Committee, whose operation would be suspended.

ii. The Board of Directors would inform the Supervisory Board in advance of the matters to be addressed at its meetings, so that it could evaluate its possible participation.

iii. The matters allocated to the Nomination and Remuneration Committee, whose operation would be suspended, would be assured by the Supervisory Board and the Board of Directors.

iv. The matters allocated to the Risk and Compliance Committee, whose operation would be suspended, would be ensured by the Board of Directors, without prejudice to the support of the Bank's functional committees.

At the General Meeting held on **April 1, 2022**, all the documents corresponding to the Bank's annual accounts for the year 2021 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 Supervisory Board's Report and Opinion, and the report provided for in article 60 of Bank of Portugal Notice no. 3/2020, issued by the Nomination and Remuneration Committee.

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 to the Board of Directors and the Supervisory Board, in recognition of their work.

At this meeting it was also decided to approve, as proposed by the Supervisory Board:

i. the revised and updated version of the compensation policy for members of the management and supervisory bodies and the new report on the implementation of the compensation policy;

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.

On **May 20, 2022**, at a meeting of the Board of Directors, it was decided to create a subsidiary of the Bank, Bison Digital Assets, S.A., which was effectively constituted on July 15, 2022.

On **July 7, 2022**, Bison Capital Financial Holdings (Hong Kong) Limited, as sole shareholder of the Bank, resolved:

i. As a result of the interactions with the Bank's corporate bodies, in particular with the Supervisory Board (given that the operation of the Nomination and Remuneration Committee was suspended), structure the administration and supervision of the Bank according to the Anglo-Saxon governance model.

ii. Amending the Bank's Articles of Association, as a result of the change in the governance model.

iii. Following the individual and collective evaluation reports made available by the Bank regarding the future members of the corporate bodies, and following authorization from the Bank of Portugal, appoint the new corporate bodies of the Bank for the 2022-2025 term of office, as follows:

a. General Assembly

- President: Paulo Herberto da Costa Ramos Martins
- Secretary: Afonso Maria Pita Negrão Cardoso de Menezes

b. Board of Directors

- Bian Fang
- António Manuel Gouveia Ribeiro Henriques
- André Filipe Ventura Rendeiro
- Eduardo Nuno de Sousa Feijóo Moradas
- Issuf Ahmad
- Wang Ting
- Luis Miguel Gonçalves Folhadela de Oliveira

c. Audit Committee

- Issuf Ahmad (Chairman)
- Wang Ting
- Luis Miguel Gonçalves Folhadela de Oliveira

On **July 11, 2022**, at a meeting of the Board of Directors, it was resolved as follows:

i. Appoint Bian Fang the Chairman of the Board of Directors.

ii. Constitute a new Executive Committee for the 2022-2025 term.

iii. To appoint António Manuel Gouveia Ribeiro Henriques as Chief Executive Officer.

iv. Define the areas of responsibility of the executive members of the Board of Directors.

v. Readjust the number of the Company's governance committees and functional committees as follows:

a. Governance Committee

- Nomination and Remuneration Committee

b. Functional Committees

- Asset and Liability Committee (ALCO) and Risk Management
- Business Development Committee
- Financial Planning and Control Committee
- Internal Control and Compliance Committee

On **September 26, 2022**, Bison Capital Financial Holdings (Hong Kong) Limited, as sole shareholder of the Bank, as proposed by the Audit Committee by letter dated September 20, 2022, resolved to appoint "PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.", registered at the Portuguese Institute of Statutory Auditors under number 183 and registered at the CMVM under number 20161485, as the Company's Statutory Auditor for the term of office 2022-2023 - at the end of this term of office the Statutory Auditor will reach the maximum number of ten years in the Bank, as a public interest entity.

Each of the members of the Board of Directors, as signatories of this document, identified below, declare, under 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, have been prepared in accordance with applicable accounting standards, giving a true and fair view of the Bank's assets and liabilities, financial position and results, and that the management report faithfully sets out the development of the Bank's business, performance and position and contains a description of the principal risks and uncertainties that it faces.

In concluding its report on the activities carried out during the 2022 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 31, 2023

The Board of Directors

Bian Fang
(Chairman of the Board of Directors and Non-Executive Member)

Antonio Manuel Gouveia Ribeiro Henriques
(Chief Executive Officer)

André Filipe Ventura Rendeiro
(Executive Member)

Eduardo Nuno de Sousa Feijóo Moradas
(Executive Member)

Issuf Ahmad
(Non Executive Member and Chairman of the Audit Committee)

Wang Ting
(Non-Executive Director and Member of the Audit Committee)

Luis Miguel Gonçalves Folhadela de Oliveira
(Non Executive Member and Member of the Audit Committee)

Consolidated and Individual Financial Statements

09

Bison Bank, S. A.

Consolidated and Individual Balance Sheet
as at 31 Deceber 2022 and 2021

(Amounts expressed in thousands euros)

		Consolidated				Individual			
		31-12-2022			31-12-2021	31-12-2022			31-12-2021
	Notes	Gross Amount	Provisions, impairment and depreciations	Net Amount	Net Amount	Gross Amount	Provisions, impairment and depreciations	Net Amount	Net Amount
Cash, cash balances at central banks and other demand deposits	5	71.933	-	71.933	108.039	71.929	-	71.929	108.039
Financial assets held for trading	6	168	-	168	2.394	168	-	168	2.394
Non-trading financial assets mandatorily at fair value through profit or loss	7	10.733	-	10.733	11.692	10.733	-	10.733	11.692
Financial assets at fair value through other comprehensive income	8	98.967	605	98.362	49.737	98.967	605	98.362	49.737
Financial assets at amortised cost	9	1.220	1.070	150	159	1.220	1.070	150	159
Property, plant and equipment	10	2.832	2.385	447	928	2.832	2.385	447	928
Intangible Assets	11	9.730	9.238	492	606	9.648	9.238	410	606
Investments in subsidiaries, joint ventures and associates	3	-	-	-	-	50	-	50	-
Current tax assets	12	106	-	106	153	106	-	106	153
Deferred tax assets	13	108	-	108	153	108	-	108	153
Other Assets	14	6.349	362	5.987	9.103	6.612	362	6.249	9.103
Total Assets		**202.146**	**13.660**	**188.486**	**182.966**	**202.373**	**13.660**	**188.713**	**182.966**
Financial liabilities held for trading	6			-	2			-	2
Deposits and liabilities from other credit institutions	15			1.312	1.146			1.312	1.146
Deposits from other clients	15			140.217	123.822			140.258	123.822
Provisions	16			2.191	2.331			2.191	2.331
Current tax liabilities	12			15	5			15	5
Deferred tax liabilities	13			14	-			14	-
Other liabilities	17			5.022	5.002			4.950	5.002
Total Liabilities				**148.771**	**132.308**			**148.740**	**132.308**
Share Capital	18			195.198	195.198			195.198	195.198
Revaluation Reserves	18			(4.225)	(79)			(4.225)	(79)
Other Reserves	18			(144.462)	(133.844)			(144.462)	(133.844)
Profit (Loss) for the year	18			(6.797)	(10.618)			(6 538)	(10 618)
Total Equity				**39.715**	**50.657**			**39.973**	**50.657**
Total Equity and Total Liabilities				**188.486**	**182.966**			**188.713**	**182.966**

The Certified Accountant

The Board of Directors

Bison Bank, S. A.

Consolidated and Individual Income Statement as at 31 December 2022 and 2021

(Amounts expressed in thousands euros)

		Consolidated		Individual	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021
	Notes				
Interest Income	19	1.667	653	1.667	653
Interest Expenses	19	(308)	(167)	(308)	(167)
Net Interest Income		**1 359**	**486**	**1 359**	**486**
Fee and commission income	20	2.266	2.468	2.264	2.468
(Fee and commission expense)	20	(373)	(529)	(372)	(529)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	21	(1.189)	(3.633)	(1.189)	(3.633)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	21	216	423	216	423
Exchange differences, net	21	206	265	205	265
Other ioeratung income, net	22	98	(294)	135	(294)
Total Operating Income, Net		**2 584**	**(814)**	**2.619**	**(814)**
Staff expenses	23	(5.567)	(5.749)	(5.373)	(5.749)
Other administrative expenses	24	(2.497)	(2.879)	(2.467)	(2.879)
Depreciation	10,11	(873)	(912)	(873)	(912)
Provisions or reversal of provisions	16	141	(239)	141	(239)
Impairment or reversal of impairment on financial assets	16	(567)	(19)	(567)	(19)
Impairment or reversal of impairment on non-financial assets	16	63	32	63	32
Profit or Loss before Tax from Continuing Operations		**(6.717)**	**(10.580)**	**(6.458)**	**(10.580)**
Taxes					
Current Taxes	12	(80)	(37)	(80)	(37)
Deferred Taxes	0	0	0	0	0
Loss for the year		**(6.767)**	**(10.618)**	**(6.538)**	**(10.618)**
Average weighted number of ordinary issued shares	**26**	**39.039.674**	**39.039.674**	**39.039.674**	**39.039.674**
Earnings per share (Euro per share)		**(0,17)**	**(0,27)**	**(0,17)**	**(0,27)**

The Certified Accountant

The Board of Directors

Bison Bank, S. A.

Consolidated and Individual Comprehensive Income Statement as at 31 December 2022 and 2021

(Amounts expressed in thousands euros)

		Consolidated		Individual	
		2022	2021	2022	2021
	Notes				
Net Profit / (Loss) for the period	**18**	**(6.797)**	**(10.618)**	**(6.538)**	**(10.618)**
Items that will not be reclassified to profit or loss					
Gains/ (losses) at fair value on financial assets through other comprehensive income	18	-	-	-	-
Deferred income taxes	18	-	-	-	-
Items that may be reclassified to profit or loss					
Gains/ (losses) at fair value on financial assets through other comprehensive income	18	(4.109)	(623)	(4.109)	(623)
Deferred income taxes	18	(37)	122	(37)	122
Total Comprehensive Loss, net of tax	**18**	**(10.943)**	**(11.118)**	**(10.684)**	**(11.118)**

The Certified Accountant

The Board of Directors

Bison Bank, S. A.

Consolidated Statement of Changes in Equity as at 31 December 2022 and 2021

(Amounts expressed in thousands euros)

	Notes	Share Capital	Revaluation reserves (net of deferred taxes)	Other reserves and retained earnings	Net Profit / (Loss) for the period	Total Equity
Balance as at 31-12-2020	**18**	**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	18	-	-	(6.967)	6.967	-
Comprehensive income	**18**	**-**	**(422)**	**(79)**	**(10.618)**	**(11.118)**
Balance as at 31-12-2021		**195.198**	**(79)**	**(133.844)**	**(10.618)**	**50.657**
Application of net profit / (loss) from the previous period						
Transfer to other reserves and retained earnings	18	-	-	(10.618)	10.618	-
Comprehensive income	**18**	**-**	**(4.146)**	**-**	**(6.797)**	**(10.943)**
Balance as at 31-12-2022		**195.198**	**(4.225)**	**(144.462)**	**(6.797)**	**39.715**

The Certified Accountant

The Board of Directors

Bison Bank, S. A.

Individual Statement of Changes in Equity
as at 31 December 2022 and 2021

(Amounts expressed in thousands euros)

	Notes	Share Capital	Revaluation reserves (net of deferred taxes)	Other reserves and retained earnings	Net Profit / (Loss) for the period	Total Equity
Balance as at 31-12-2020	**18**	**195.198**	**343**	**(126.798)**	**(6.967)**	**61.775**
Application of net profit / (loss) from the previous period	**18**					
Transfer to other reserves and retained earnings		-	-	(6.967)	6.967	-
Comprehensive income	**18**	**-**	**(422)**	**(79)**	**(10.618)**	**(11.118)**
Balance as at 31-12-2021		**195.198**	**(79)**	**(133.844)**	**(10.618)**	**50.657**
Application of net profit / (loss) from the previous period	**18**					
Transfer to other reserves and retained earnings		-	-	(10.618)	10.618	-
Comprehensive income	**18**	**-**	**(4.146)**	**-**	**(6.538)**	**(10.684)**
Balance as at 31-12-2022		**195.198**	**(4.225)**	**(144.462)**	**(6.538)**	**39.973**

The Certified Accountant

The Board of Directors

Bison Bank, S. A.

Consolidated and Individual Statements of Cash Flows
as at 31 December 2022 and 2021

(Amounts expressed in thousands euros)

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Operating activity				
Operating Income:				
Net profit/(loss) for the period	(6.797)	(10.618)	(6.538)	(10.618)
Credit Impairment	13	6	13	6
Impairment losses	491	7	491	7
Provisions for the period	(140)	239	(140)	239
Depreciations for the period	873	912	873	912
Tax appropriation for the period		37	-	37
Interests	(230)	(293)	(230)	(293)
Net Exchange	(206)	(265)	(205)	(265)
	(5.995)	**(9.976)**	**(5.736)**	**(9.976)**
Changes to Operating Assets and Liabilities:				
Increase / (Decrease) in Financial Assets held for trading	2.224	(1.082)	2.224	(1.082)
Increase / (Decrease) in Financial Assets at fair value through profit and loss	960	2 422	960	2 422
Financial assets at fair value through other comprehensive income	(52.733)	(17.190)	(52.733)	(17.190)
(Increase) / Decrease in financial assets available for sale	-		-	
Financial assets at fair value through other comprehensive income	9	(5)	9	(5)
Investment properties				
Increase /(Decrease) in Other Assets	3.117	(2.120)	2.854	(2.120)
Increase / (Decrease) in Deposits	16.562	84.631	16.602	84.631
Increase / (Decrease) in Other Financial Liabilities at fair value through profit or loss	-	-	-	-
Increase / (Decrease) in Other Subordinated Liabilities				
Increase/(Decrease) in Other Liabilities	20	(1.051)	(53)	(1.051)
Income taxes and others	104	(150)	104	(150)
Others	-		-	
	(29.736)	**(65.455)**	**(30.032)**	**65.455**
Operating Cash Flows	**(35.732)**	**55.479**	**(35.768)**	**55.479**
Investing Activity				
Acquisition / Disposal of Tangible Assets	(112)	583	(112)	583
Acquisition / Disposal of Intangible Assets	-			
Acquisition / Disposal of Investment Properties	(261)	114	(179)	114
Sale of Investment Properties	-		(50)	
Acquisition / Disposal of Financial Investments	-	-	-	-
Dividends received	-	-	-	-
Others	-	-	-	-
	(373)	**697**	**(342)**	**697**

The Certified Accountant

The Board of Directors

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

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Financing Activity				
Share Capital Increase	-	13.300	-	13.300
Cash flows from financing activity	-	13.300	-	13.300
Financing Activity				
Receipts relating to:				
Issuance of shares	-	-	-	-
Issuance of other equity instruments	-	-	-	-
Issuance of subordinated liabilities	-	-	-	-
Disposal of own shares	-	-	-	-
Others	-	-	-	-
Payments relating to:	-	-	-	-
Dividends distributed in the year	-	-	-	-
Interest paid on subordinated liabilities	-	-	-	-
Acquisition of issued liabilities	-	-	-	-
Capital reductions	-	-	-	-
Supplementary Payments	-	-	-	-
Others	-	-	-	-
Cash flows from financing activity	-	-	-	-
TOTAL	(36.106)	69.476	(36.110)	69.476
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period	108.039	38.563	108.039	38.563
Effect of exchange differences on cash items and cash equivalents				
Cash and cash equivalents at the end of the period	71.933	108.039	71.929	108.039
	(36.106)	69.476	(36.110)	69.476
Balance sheet value of Cash and Cash Equivalents items as at 31 December				
Cash	0	0	0	0
On-demand deposits at Central Banks	58.153	90.962	58.153	90.962
On-demand deposits at Other Credit Institutions	13.780	17.077	13.776	17.077
	71.933	108.039	71.933	108.039

The Certified Accountant

The Board of Directors

1. General Information

Bison Bank, SA ("Bank" or "Bison Bank"), previously known until November 23, 2018 as Banif - Banco de Investimento, S.A. ("BBI"), resulted from the demerger on December 15, 2000 of Ascor Dealer - Sociedade Financeira de Corretagem, S.A., 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 Bank's entire share capital of 135,198 thousand Euros from the former shareholder, Oitante, S.A. ("Oitante"), a vehicle established under the resolution measure resolved by the Bank of Portugal on Banif - Banco Internacional do Funchal, S.A.

Bison Financial is a financial holding company based in Hong Kong, wholly 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, 2022. 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 November 2022, Bison Bank's Board of Directors approved a revision of its business plan, covering the period from 2023 to 2025.

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

On May 20, 2022, a meeting of the Board of Directors resolved to incorporate a subsidiary of the Bank, Bison Digital Assets, S.A. ("Bison Digital Assets" or "Bison Digital"), which was effectively incorporated on July 15, 2022, which became the only entity over which Bison Bank exercises control and which is measured at fair value and classified under "Investments in subsidiaries, associates and joint ventures" (Note 3).

Considering the compliance with the International Financial Reporting Standards (IFRS), at the level of consolidated financial statements (IFRS 10), the Bank will present consolidated financial statements on December 31, 2022. As of December 31, 2021, the Bank was the only entity of the Group.

On March 31, 2023, the Bank's Board of Directors reviewed and approved the Individual and Consolidated Financial Statements and the Notes to the Financial Statements as of December 31, 2022, 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 Polices

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 ("BdP"), which was revoked by BdP 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 were prepared in accordance with the historical cost principle, with the exception of 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 Sstandards and interpretations applicable to fiscal year 2022

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.

i. Impact of the adoption of the amendments to the standards that became effective on January 1, 2022:

Description	Change	Value Date
IAS 16 — Income earned before start-up	Prohibition of deducting the income obtained from the sale of items produced during the testing phase from the acquisition cost of tangible fixed assets	January 1, 2022
IAS 37 — Onerous contracts — costs of fulfiling a contract	Clarification on the nature of the expenditures to be considered in determining whether a contract has become onerous	January 1, 2022
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
Improvement Cycle 2018 - 2020	Specific and one-off changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1, 2022

a. **IAS 16 (amendment) 'Revenue earned before start-up'.** 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 change is of retrospective application, without restatement of comparatives.

b. **IAS 37 (amendment) 'Onerous contracts - costs of fulfilling a contract'.** 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.

c. **IFRS 3 (amendment) 'References to the Framework'.** 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, regarding liabilities and contingent 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.

d. **Improvements to Standards 2018 – 2020.** This improvement cycle amends the following standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41

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

ii. Published Standards (new and amendments), whose application is mandatory for annual periods beginning on or after January 1, 2023, already endorsed by the European Union:

Description	Change	Value Date
IAS 1 - Disclosure of accounting policies	Requirement to disclose "material" accounting policies, rather than "significant" accounting policies	January 1, 2023
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
IFRS 17 - Insurance Contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features, in terms of aggregation, recognition, measurement, presentation and disclosure	January 1, 2023
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 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

a. **IAS 1 (amendment), 'Disclosure of accounting policies'** (effective for annual periods beginning on or after January 1, 2023). Amendment to the disclosure requirements of accounting policies based on the definition of 'material' rather than 'significant'. Information about 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" appliesto the disclosure of accounting policies.

b. **IAS 8 (amendment), 'Disclosure of Accounting Estimates'** (effective for annual periods beginning on or after January 1, 2023). 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.

c. **IFRS 17 (new and amendment), 'Insurance contracts'** (effective for annual periods beginning on or after January 1, 2023). This new standard replaces IFRS 4 and applies to all entities that issue insurance, reinsurance or investment contracts with discretionary participation features if they are also issuers of insurance contracts. Under IFRS 17 insurance contract issuers need to assess whether the policyholder may benefit from a particular service as part of a claim, or whether this service is independent of the claim/risk event and separate out the non-insurance component. Under IFRS 17, entities must identify portfolios of insurance contracts at initial recognition and divide them into at least the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not have a significant possibility of subsequently becoming onerous; and iii) remaining contracts in the portfolio. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty related to insurance contracts. IFRS 17 requires an entity to recognize income as it provides insurance services (rather than when it receives premiums) and to provide information about the insurance contract earnings it expects to recognize in the future. IFRS 17 provides three measurement methods for accounting for different types of insurance contracts: i) the General measurement model ("GMM"); ii) the Premium allocation approach ("PAA"); and iii) the Variable fee approach ("VFA"). IFRS 17 is retrospective with some exemptions at the transition date.

d. **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 applies only to insurance companies in the transition to IFRS 17 and allows 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 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 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.

e. **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). 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 temporary differences are not within the scope of the exemption of initial recognition of deferred taxes. This amendment is retrospective.

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

iii. Standards (new and amendments) published, whose application is mandatory for annual periods beginning on or after January 1, 2023, that the European Union has not yet endorsed:

Description	Change	Effective Date
IAS 1 - Non-current liabilities with covenants	Classification of a liability as current or non-current, depending on the right that an entity has to defer its payment beyond 12 months after the reporting date, when subject to covenants.	January 1, 2024
IAS 16 - Lease liabilities in sale and leaseback transactions	Accounting requirements for sale and leaseback transactions after the transaction date, when some or all of the lease payments are variable	January 1, 2024

a. **IAS 1 (amendment), 'Non-current liabilities with covenants'** (effective for annual periods beginning on or after January 1, 2024). This amendment is still subject to endorsementby the European Union. This amendment clarifies that liabilities are classified as current or non-current balances depending on the right that an entity has to defer their payment beyond 12 months after the reporting date. It also clarifies that covenants, which an entity is obliged to meet on or before the reporting date, affect the classification of a liability as current or non-current even if verification only occurs after the reporting date. When an entity classifies liabilities resulting from financing contracts as non-current and these liabilities are subject to covenants, it is required to disclose information that allows investors to assess the risk of these liabilities becoming repayable within 12 months, such as: a) the book value of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and circumstances indicating that the entity may have difficulties in complying with the covenants on the due dates. This amendment is retrospective.

b. **IFRS 16 (amendment), 'Lease liabilities in sale and leaseback transactions'** (effective for annual periods beginning on or after January 1, 2024). This amendment is still subject to endorsement by the European Union. Introduction. This amendment introduces guidance regarding the subsequent measurement of lease liabilities for sale and leaseback transactions that qualify as 'sales' under IFRS 15, with the greatest impact when some or all of the lease payments are variable lease payments that do not depend on an index or rate. In subsequently measuring lease liabilities, seller-lessees should determine "lease payments" and "revised lease payments" so that they will not recognize gains/(losses) on the right-of-use they retain. This amendment is retrospective.

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 Bank's 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 Appendix.

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. When 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 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.

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, in particular to 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 with regard to 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 relationto lease agreements 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 IFRS 16 should be considered an intangible asset subject to depreciation, the duration of the associated leasing contracts, the AT understood that, since tax amortization rates for right-of-use assets are not exhaustively provided for in the tax legislation, the periods of useful life and maximum and minimum rates applicable to the assets underlying each right-of-use should be considered, according to tables I and II of the Regulatory Decree no. 25/2009, of September 14.

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 with regard to 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 Euro, which is the Bank's functional currency, at the exchange rate prevailing at the balance sheet date. Non-monetary items, which are valued at fair value, are translated on the basis of 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 at fair value through profit or loss, 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

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 assents

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 the so-called "SPPI - Solely Payments of Principal and Interest" test). 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 or 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 under the fair value through profit or loss option — 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 the 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 recognised in Other Comprehensive Income ("OCI") and assessed for impairment in accordance with the credit loss model in IFRS 9 for debt instruments. The foreign currency translation effect for assets recorded under FVOCI isrecognized 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 amortizedcost 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 amortised 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.

— Step-by-step 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 summarised 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: incorporates 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 book value 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 27).

— 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:

i. Eligibility of collateral, i.e. which collateral should be considered in the ECL calculation;

ii. Collateral valuation, i.e. what collateral (liquidation) value should be used; and

iii. 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

This item classifies non-derivative financial liabilities, which include deposits and resources from other credit institutions, deposits from other clients, and other liabilities.

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 "Net Asset Value" of non-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 historical 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 set out in IAS 38 are met, namely the requirements inherent to the development phase.

2.12. 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.

2.13. 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.

2.14. 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 related to provisions and revaluations of securities.

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 that at the date of the transaction do not affect the accounting or tax result.

Deferred tax assets are only recorded to the extent that future taxable profits will probably allow their use.

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.

It should be noted that the Bank has met the requirements to join the Special Regime applicable to Deferred Tax Assets ("REAID" or "special regime"), provided for in Law No. 61/2014 of August 26, having recorded, following such adhesion a Deferred Tax Asset ("AID") eligible for the purposes of the regime in the total amount of 755 thousand Euros, which was recorded by reference to December 31, 2015.

Following this accession and the calculation of a negative net income in 2015, the Bank proceeded to partially convert the mentioned AID into tax credit under Article 6 of the special regime, amounting to 442 thousand Euros, maintaining the value of 313 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of the tax credit, increased by 10%, amounting to 486 thousand Euros (Note 18).

As a result of the negative net income determined in 2016, in 2017, the Bank proceeded with the new partial conversion of the AID into tax credit, amounting to 65 thousand Euros, maintaining the value of 248 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of the tax credit, increased by 10%, amounting to 71 thousand Euros (Note 18).

As a result of the negative net income determined in 2017, the Bank proceeded, in 2018, to a new partial conversion of the AID in tax credit, amounting to 55 thousand Euros, maintaining the value of 183 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of the tax credit, increased by 10%, amounting to 60 thousand Euros (Note 18).

As a result of the negative net income determined in 2018, the Bank proceeded, in 2019, to a new partial conversion of the AID in tax credit, amounting to 28 thousand Euros, maintaining the value of 166 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of the tax credit, increased by 10%, amounting to 30 thousand Euros (Note 18).

As a result of the negative net income determined in 2019, the Bank proceeded, in 2020, to a new partial conversion of the AID in tax credit in the amount of 20 thousand Euros, maintaining the value of 145 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of tax credit increased by 10%, amounting to 23 thousand Euros (Note 18).

As a result of the negative net income determined in the year 2020, the Bank proceeded, in 2021, to a new partialconversion of the AID in tax credit, amounting to 15 thousand Euros, maintaining the value of 130 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of tax credit increased by 10%, amounting to 16 thousand Euros (Note 18).

As a result of the negative net income determined in 2021, the Bank proceeded, in 2022, with a new partial conversion of deferred tax assets into tax credits, in the amount of 23 thousand Euros, maintaining, as at December 31, 2022, the amount of 108 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of the tax credit increased by 10%, in the amount of 25 thousand Euros (Note 18).

Within the scope of the continuous monitoring process of the REAID application, namely from an economic, fiscal, legal and regulatory point of view, the Bank understood that, with reference to December 2022, the positive impacts resulting from the regime would be marginal, not justifying the context costs underlying its monitoring and control.

In this sense, and considering that the REAID is an optional regime, the Bank has taken the considered option of renouncing it with reference to the tax period beginning on January 1, 2023.

To this end, and in compliance with the requirements set out in Law 61/2014 of 26 August, the Bank submitted an authorization request to the Bank of Portugal on 14 November 2022 (which was granted in due course) and subsequently, on 29 December 2022, presented a communication to the Minister of Finance, which formalized the process of waiver of the special regime, ensuring the cessation of its application with reference to the tax period beginning on 1 January 2023.

The waiver of the REAID with reference to the tax period 2023 will imply the full derecognition of the AID currently recorded in the accounts, in the amount of 108 thousand Euros (prior to this derecognition, this AID will be partially converted into a tax credit - see detail below) since, under the terms of no. 7 of article 2 of Law no. 61/2014 of 26 August 2014, the basis of the mentioned AID (currently 479 thousand Euros) must be fully deducted from the tax result that will be determined. Under article 2(7) of Law No. 61/2014 of 26 August, the basis of said AID (currently 479 thousand Euros) must be fully deducted from the tax result to be calculated in 2023.

Notwithstanding the above, in view of the operations for conversion of AID into tax credits carried out within the scope of the application of the regime, with reference to December 31, 2022, the Bank maintains in its accounts a special reserve in favor of the State in the total amount of 711 thousand Euros (Note 18). As provided in article 9 of Law No. 61/2014 of 26 August, the recording of special reserves under the REAID implies the simultaneous constitution of conversion rights attributed to the State.

Within this scope, and taking into account the special reserves created within the scope of the application of the regime, between 2015 and 2022, the Bank issued and assigned to the Portuguese State a total of 623,074 conversion rights, with a total value of 711 thousands of euros, which were duly registered with Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A - “Interbolsa”, as detailed below (these rights will not be affected by the waiver of the regime with reference to the 2023 tax period):

- 404,669 conversion rights for the 2015 fiscal year, with a unit value of €1.2013 (these rights were registered with Interbolsa on December 11, 2017);
- 83,109 conversion rights for the year 2016, with a unit value of €0.8570 (these rights were registered with Interbolsa on December 11, 2017);
- 70,162 conversion rights for the 2017 fiscal year, with a unit value of €0.8601 (these rights were registered with Interbolsa on October 19, 2018);
- 19,134 conversion rights for the 2018 fiscal year, with a unit value of €1.5860 (these rights were registered with Interbolsa on July 15, 2020);
- 16,232 conversion rights for the year 2019, with a unit value of 1.3891 Euros (these rights were registered with Interbolsa on March 19, 2021);
- 10,339 conversion rights for the year 2020, with a unit value of 1.5649 Euros (these rights were registered with Interbolsa on February 22, 2022);
- 19,429 conversion rights for the year 2021, with a unit value of 1.2794 Euros (these rights were registered at Interbolsa on February 28, 2023).

Considering the negative net income calculated in 2022, and without prejudice to the waiver of the application of the REAID with reference to the 2023 tax period, the Bank will also proceed with a final operation for the partial conversion of the currently existing AID (108 thousand euros) into a tax credit, the consequent recording of a new special reserve (corresponding to 110% of said tax credit) and the issue of new conversion rights to be attributed to the Portuguese State.

Under the REAID, the conversion rights referred to above 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 and Ordinance No. 60/2020, of March 5.

In the applicable cases, in which the shareholder does not exercise the right to acquire the conversion rights issued and assigned to the Portuguese State within the period established for this purpose, the State may then exercise these rights and require the Bank to increase its capital by incorporating the amount of the special reserve.

In any case, in this scenario (i.e., of non-exercise of the potestative right of acquisition by the shareholder) the Portuguese State, as an alternative to exercising the conversion rights and carrying out the capital increase operation, may freely dispose of them.

In this context, the Bank, in a concerted manner with the sole shareholder, has maintained regular contacts with the Directorate General of Treasury and Finance (“DGTF”), with a view to acquiring from this entity, in its own name, the conversion rights already constituted under the REAID, as well as those that will be constituted with reference to the year 2022 (the last year of application of the regime), and therefore it is not expected that the State will, through the exercise of such conversion rights, carry out any capital increase in the Bank.

2.15. 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 recognizedin 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 25), 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.

2.16. 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.

2.17. 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.

2.18. 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.

2.19. 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. Consolidation Perimeter

The entities considered for the consolidated information as of December 31, 2022, and 2021, are as follows:

	31-12-2022				
Entity	Consolidation %	Consolidation Method	Net Assets	Equity	Net Profit / (Loss)
Bison Bank, S. A.	100,00%	Full	188.713	39.973	(6.538)
Bison Digital Assets, S. A.	100,00%	Full	152	(209)	(259)
	31-12-2021				
Entity	Consolidation %	Consolidation Method	Net Assets	Equity	Net Profit / (Loss)
Bison Bank, S. A.	100%	Full	182.966	50.657	(10.618)

The financial information of Bison Digital Assets, S.A. is not audited at the date of approval of the Annual Report and Accounts by the Board of Directors.

On May 20, 2022, at a meeting of the Board of Directors, it was resolved to create a subsidiary of the Bank, Bison Digital Assets, S.A., which was effectively created on July 15, 2022, and which will be the only entity over which Bison Bank exercises control, and which is measured at fair value and classified under "Investments in subsidiaries, associates and joint ventures" in the Bank's individual statements.

Considering the compliance with international financial reporting standards (IFRS), at the level of consolidated financial statements (IFRS 10), the Bank presents consolidated financial statements as of December 31, 2022, including the results of Bison Digital Assets S.A.

4. Segment Reporting

Bison Bank is not an issuer of equity or debt securities traded on a public market, therefore it chose not to present information on the business segments, as permitted by IFRS 8.

5. Cash, Cash Balances at Central Banks and Other Demand Deposits

The item breaks down as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Cash	0	0	0	0
On-Demand Deposits with Bank of Portugal	58.153	90.962	58.153	90.962
	58.153	**90.962**	**58.153**	**90.962**
Other Demand Deposits				
In Portugal				
Currency EUR	3.908	12.209	3.908	12.209
Currency USD	7.572	2.670	7.572	2.670
Other Currencies	132	92	132	92
Abroad				
Currency EUR	1.020	783	1.016	783
Currency USD	14	180	14	180
Currency GBP	1	3	1	3
Currency CHF	0	0	0	0
Other Currencies	1.133	1.140	1.133	1.140
	13.780	**17.077**	**13.776**	**17.077**
	71.933	**108.039**	**71.929**	**108.039**

The item Cash Balances at Central Banks includes the deposits 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 reduction of cash and cash equivalents in the item Cash Balances at Central Banks is directly related to the reallocation of resources considering compensatory returns and risk in view of the current situation of interest rates in the markets.

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 14).

In 2022, a deposit was additionally made in favor of the State relating to the receipt of the tax credit for the years 2018 and 2019, pursuant to article 6(8) of Ordinance No. 272/2017 of September 13 in the amount of 53 thousand euros (Note 14).

The amounts recorded in this item are available for transaction except for the escrowed amounts as presented below:

	31-12-2022	31-12-2021
Millennium BCP Deposit	1.500	1.500
Banco de Portugal Deposit	500	300
	2.000	**1.800**

6. 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 (Consolidated and Individual).

	Consolidated	Individual
	31-12-2022	31-12-2021
Financial assets held for trading		
Debt Instruments		
Issued by Residents	-	154
Issued by Non-Residents	168	2.240
	168	**2.394**
Financial liabiities held for trading		
Exchange rates contracts	-	2
	-	**2**

The item "Debt Instruments" includes "PORTUGAL, REPUB/VAR BD 20250723", in the amount of 231 thousand Euros, which are pledged to the Investor Compensation System. As of December 31, 2022, the Bank is not using the intraday credit line.

In December 2021, the Bank received a notice of cessation of operations from the entity which managed a significant part of the portfolio of financial assets held for trading. In that same month, the Board of Directors, in articulation with the treasury department, the risk department and the people and accounting department, decided to sell part of the assets and transfer the remaining securities from the entity to the Bank.

Considering this external and observable factor and considering that these securities were traded in a market where the Bank is not actively present, it was decided by the Board of Directors to change the business model to "Hold to Collect and Sell", and thus reclassify these financial assets to financial assets at fair value through other comprehensive income. For the purposes of said reclassification, it was analyzed whether the contractual cash flows of the securities to be transferred met the SPPI criteria. Except for one security, which did not meet the SPPI criteria, in January 2022 the Bank reclassified the remaining securities with a total value of 1,199 thousand euros, and a total amount of interest of 10 thousand euros.

As of 31 December 2022, the fair value of the assets that remain on the Bank's balance sheet amounts to 1,011 thousand euros with a revaluation reserve of 55,108 euros, having generated a total interest in the year of 43 thousand euros.

As of December 31, 2022, the item Liabilities held for trading included the position referring to exchange rate futures contracts.

7. 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 2022 and 2021 are of the following nature:

	Consolidated / Individual
	Balance Value
On 1st January 2022	**11.692**
Acquisitions	71
Sales	(3)
Fair Value Variation	(1.027)
On 31st December 2022	**10.733**
On 1st January 2022	**14.093**
Acquisitions	1.010
Sales	(13)
Fair Value Variation	(3.398)
On 31st December 2022	**11.692**

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 UPs 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.

8. Financial Assets at Fair Value Through Ohter Comprehensive Income

The movements that occurred in the balance of this item in 2022 and 2021 are detailed as follows:

	Consolidated / Individual
	Balance Sheet Value
On 1th January 2022	**49.737**
Acquisitions	208.238
Alienation - sale instruments	-
Alienation - debt instruments	(155.387)
Debt instruments fair value variation	(4.393)
Equity Instruments fair value variation	-
Accrued interest variation	230
Exchange difference	(63)
On 31st December 2022	**98.362**
On 1st January 2021	**32.261**
Acquisitions	50.343
Alienation of Equity Instruments	(30)
Alienation of Debt Instruments	(32.831)
Debt Instruments Fair Value Variation	(204)
Equity Instruments Fair Value Variation	-
Accrued Interests Variation	128
Exchange difference	70
On 31st December 2021	**49.737**

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, promoting investment under more favorable conditions, while maintaining the overall profile of the portfolio.

At December 31, 2022 and 2021, this item had the following detail:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Debt Instruments		
Issued by Residents	47.020	27.506
Issued by Non-residents	51.342	22.231
	98.362	**49.737**

The acquisitions registered in 2022 refer to the subscription of bonds issued by governmental and private entities, national and foreign, with ratings between BB+ and AAA, and the fixed and variable remuneration rates oscillate between -0.04% and 7.30%.

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%.

9. Financial Assets as Amortized Cost

At December 31, 2022 and 2021, this item has the following composition at the consolidated and individual level:

	31-12-2022	31-12-2021
Domestic Loans		
Corporates		
Overdrafts and on demand deposits	162	162
	162	**162**
Ovedue Loands and Interest	1.058	1.054
	1.220	**1.216**
Impairment	(1.070)	(1.057)
	150	**159**

As of December 31, 2022, and 2021, the detail by maturity of the loans and overdue interest, in portfolio is as follows:

	Amount	
Tenor (months)	31-12-2022	31-12-2021
<= a 3m	-	-
> 03m <= 06m	-	162
> 06m <= 09m	-	-
> 09m <= 12m	-	-
> 12m <= 15m	-	-
> 15m <= 18m	161	-
> 18m <= 24m	-	-
> 24m <= 30m	-	-
> 30m <= 36m	-	-
> 36m <= 48m	-	-
> 48m <= 60m	-	-
> 60m	-	-
Without maturity	1.059	1.054
TOTAL	**1.220**	**1.216**

10. Tangible Fixed Assets

The Group's tangible fixed assets as of December 31, 2022, and 2021 are summarized in Bison Bank's tangible fixed assets, and their breakdown and movement during the year are shown in the following table:

	Consolidated / Individual									
	31-12-2021			Movements ocurred in 2022				31-12-2022		
				Acquisitions	Write-off		Amortization for the year			
Description	Gross Amount	Amortization	Net Amount		Gross Amount	Amortization		Gross Amount	Amortization	Net Amount
Other Tangible Assets										
Real Estate Properties										
Assets under financial lease	2.108	1.382	726	67	(164)	(159)	455	2.011	1.678	333
	2.108	**1.382**	**726**	**67**	**(164)**	**(159)**	**455**	**2.011**	**1.678**	**333**
Equipment										
Office furniture and material	280	264	16	-	-	-	4	280	268	12
Machinery and tools	17	17	0	3	-	-	-	20	17	3
IT equipment	204	189	15	17	-	-	13	221	202	19
Inner facilities	12	4	8	-	-	-	1	12	5	7
Transport equipment	20	20	0	-	(20)	(20)	-	-	-	-
Assets under financial lease - cars	312	165	147	-	(73)	(46)	61	239	180	59
Security Equipment	24	8	16	1	-	-	3	25	11	14
Other Equipment	24	24	-	-	-	-	-	24	24	-
	893	**691**	**202**	**21**	**(93)**	**(66)**	**82**	**821**	**707**	**114**
	3.001	**2.073**	**928**	**88**	**(257)**	**(225)**	**537**	**2.832**	**2.385**	**447**

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

	Consolidated / Individual									
	31-12-2020			Movements ocurred in 2022				31-12-2021		
Description	Gross Amount	Amortization	Net Amount	Acquisitions	Write-off Gross Amount	Write-off 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**

11. Intangible Assets

Movements in intangible assets in the years ended December 31, 2022 and 2021 were as follows:

	Consolidated							
	31-12-2021			Movements in 2022		31-12-2022		
Description	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	9.508	8.902	606	140	336	9.648	9.238	410
Projects in development (in progress)	-	-	-	82	-	82	-	82
	9.508	**8.902**	**606**	**222**	**336**	**9.730**	**9.238**	**492**
	31-12-2020			Movements in 2021		31-12-2021		
Intangible Assets								
Software	9.278	8.558	720	230	344	9.508	8.902	606
	9.278	**8.558**	**720**	**230**	**344**	**9.508**	**8.902**	**606**

	Individual							
	31-12-2021			Movements in 2022		31-12-2022		
Description	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	9.508	8.902	606	140	336	9.648	9.238	410
	9.508	**8.902**	**606**	**140**	**336**	**9.648**	**9.238**	**410**
	31-12-2020			Movements in 2021		31-12-2021		
Intangible Assets								
Software	9.278	8.558	720	230	344	9.508	8.902	606
	9.278	**8.558**	**720**	**230**	**344**	**9.508**	**8.902**	**606**

The acquisitions in 2022 and 2021 refer essentially to the investment made in the Bank's operational software and in the development of the homebanking mobile application.

12. Current Tax Assets and Liabilities

As of December 31, 2022, and 2021, current tax assets and liabilities are summarized exclusively to Bison Bank, and are detailed as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Current Income Tax Assets		
Special Account Payment ("Pagamento Especial por Conta")	106	153
	106	**153**
Current Income Tax Liabilities		
Estimated Income Tax	(15)	(5)
	(15)	**(5)**
	91	**148**

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

	Consolidated / Individual	
	31-12-2022	31-12-2021
Profit / (Losses) before Income Tax	**(6.717)**	**(10.580)**
Corporate Income Tax and other Income Taxes	(1.511)	(2.381)
Statutory Income Tax Rate	21,00%	21,00%
Additional over Statutory Income Tax Rate	1,50%	1,50%
Autonomous Taxation	15	5
Banking Sector Tax	65	32
	-	-
Banking Sector Tax	**80**	**37**

13. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities recorded by the Group as of December 31, 2022, and 2021 relate exclusively to Bison Bank and are summarized as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Deferred tax assets	108	153
Deferred tax liabilities	(14)	-
	93	**153**

Deferred tax Assets

Regarding deferred tax assets, the amounts registered refer to revaluation reserves of the security's own portfolio, classified as financial assets at fair value through other comprehensive income (Note 8), amounting to 1,021 thousand euros (23 thousand euros at December 31, 2021), and to amounts related to the Regime of conversion of deferred tax assets into tax credits, under Portuguese law, which 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 with post-employment or long-term employee benefits into tax credits, provided for in Law No. 61/2014 of August 26.

In this context, due to the Bank's negative net incomein 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 above the limits set out in BoP Notice no. 3/95, an amount covered by this special regime.

Following the Bank's adhesion to the special regime and the calculation of a negative net result in 2015, 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 18). 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 18). 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 18).

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 18).

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 18). The Bank has recorded the amount of 145 thousand Euros as of December 31, 2020.

As a result of the negative net income determined in the year 2020, the Bank proceeded, in 2021, to a new partial conversion of the AID in tax credit, amounting to 15 thousand Euros, maintaining the value of 130 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amount of tax credit increased by 10%, amounting to 16 thousand Euros (Note 18).

As a result of the negative net income determined in 2021, the Bank proceeded, in 2022, with a new partial conversion of deferred tax assets into tax credits, in the amount of 23 thousand Euros, maintaining, as at December 31, 2022, the amount of 108 thousand Euros in deferred tax assets and, simultaneously, constituted a special reserve in favor of the State in the amountof the tax credit increased by 10%, in the amount of 25 thousand Euros (Note 18).

Within the scope of the continuous monitoring process of the REAID application, namely from an economic, fiscal, legal and regulatory point of view, the Bank understood that, with reference to December 2022, the positive impacts resulting from the regime would be marginal, not justifying the context costs underlying its monitoring and control.

In this sense, and considering that the REAID is an optional regime, the Bank has taken the considered option of renouncing it with reference to the tax period beginning on January 1, 2023.

To this end, and in compliance with the requirements set out in Law 61/2014 of 26 August, the Bank submitted an authorization request to the Bank of Portugal on 14 November 2022 (which was granted in due course) and subsequently, on 29 December 2022, presented a communication to the Minister of Finance, which formalized the process of waiver of the special regime, ensuring the cessation of its application with reference to the tax period beginning on 1 January 2023.

The waiver of the REAID with reference to the tax period 2023 will imply the full derecognition of the AID currently recorded in the accounts, in the amount of 108 thousand Euros (prior to this derecognition, this AID will be partially converted into a tax credit - see detail below) since, under the terms of no. 7 of article 2 of Law no. 61/2014 of 26 August 2014, the basis of these AIDs (currently 479 thousand Euros) must be fully deducted from the tax result that will be determined. In accordance with article 2(7) of Law 61/2014 of 26 August, the basis of said AID (currently 479 thousand Euros) must be fully deducted from the tax result to be calculated in 2022.

Notwithstanding the above, in view of the operations for conversion of AID into tax credits carried out within the scope of the application of the regime, with reference to December 31, 2022, the Bank maintains in its accounts a special reserve in favor of the State in the total amount of 711 thousand Euros (Note 18). As provided for in article 9 of Law No. 61/2014 of 26 August, the registration of special reserves under the REAID implies the simultaneous constitution of conversion rights allocated to the State.

Within this scope, and taking into account the special reserves created within the scope of the application of the regime, between 2015 and 2022, the Bank issued and assigned to the Portuguese State a total of 623.074 conversion rights, with a total value of 711 thousands of euros, which were duly registered with Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A - “Interbolsa”, as detailed below (these rights will not be affected by the waiver of the regime with reference to the 2023 tax period):

- 404,669 conversion rights for the 2015 fiscal year, with a unit value of €1.2013 (these rights were registered with Interbolsa on December 11, 2017);
- 83,109 conversion rights for the year 2016, with a unit value of €0.8570 (these rights were registered with Interbolsa on December 11, 2017);
- 70,162 conversion rights for the 2017 fiscal year, with a unit value of €0.8601 (these rights were registered with Interbolsa on October 19, 2018);
- 19,134 conversion rights for the 2018 fiscal year, with a unit value of €1.5860 (these rights were registered with Interbolsa on July 15, 2020);
- 16,232 conversion rights for the year 2019, with a unit value of 1.3891 Euros (these rights were registered with Interbolsa on March 19, 2021);
- 10,339 conversion rights for the year 2020, with a unit value of 1.5649 Euros (these rights were registered with Interbolsa on February 22, 2022);
- 19,429 conversion rights for the year 2021, with a unit value of 1.2794 Euros (these rights were registered at Interbolsa on February 28, 2023).

Considering the negative net income calculated in 2022, and without prejudice to the waiver of the application of the REAID with reference to the 2023 tax period, the Bank will also proceed with a final operation for the partial conversion of the currently existing AID (108 thousand euros) into a tax credit, the consequent recording of a new special reserve (corresponding to 110% of said tax credit) and the issue of new conversion rights to be attributed to the Portuguese State.

Under the REAID, the conversion rights referred to above 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 potential 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 and Ordinance No. 60/2020, of March 5.

In the applicable cases, in which the shareholder does not exercise the right to acquire the conversion rights issued and assigned to the Portuguese State within the period established for this purpose, the State may then exercise these rights and require the Bank to increase its capital by incorporating the amount of the special reserve.

In any case, in this scenario (i.e., of non-exercise of the potential right of acquisition by the shareholder) the Portuguese State, as an alternative to exercising the conversion rights and carrying out the capital increase operation, may freely dispose of them.

In this context, the Bank, in a concerted manner with the sole shareholder, has maintained regular contacts with the General Directorate of Treasury and Finance (“DGTF”), with a view to acquiring from this entity, in its own name, the conversion rights already constituted under the REAID, as well as those that will be constituted with reference to the year 2022 (the last year of application of the regime), and therefore it is not expected that the State will, through the exercise of such conversion rights, carry out any capital increase in the Bank.

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 to maintain the tax losses for the 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, 2022, 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
2018	10.390	2.182	5	2023
2019	5.845	1.227	5	2024
2020	7.114	1.494	5	2025
2021	6.308	1.325	5	2026
	115.358	**24.225**		

14. Other Assets

On December 31, 2022, and 2021 this item had the following composition:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Sundry Debtors				
Debtors	1.517	1.245	1.742	1.245
Margin Acoount	1.338	1.356	1.338	1.356
Tax Credit	42	302	42	302
Expenses with deferred charges	267	311	241	311
Other active transactions pending regularisation	3.185	6.314	3.247	6.314
	6.349	**9.528**	**6.611**	**9.528**
Impairment losses on other assets	**(362)**	**(425)**	**(362)**	**(425)**
	5.987	**9.103**	**6.249**	**9.103**

On December 31, 2022, in the item "Sundry Debtors" the following changes are highlighted:

i. in the item "Debtors" in the amount of 1,742 thousand Euros, presents the inclusion at December 31, 2022 of the following amounts: i) commissions for the provision of depositary bank service for investment funds, amounting to 344 thousand Euros; and ii) constitution in favor of the State of a deposit relating to the receipt of tax credit for the years 2015, 2016, 2017, 2018 and 2019, pursuant to Article 6(8) of Ordinance No. 272/2017, of September 13 in the amount of 671 thousand Euros;

ii. in the item "Margin Account" which refers to values with Clearnet amounting to 1,338 thousand Euros, compared to 1,356 thousand Euros recorded at December 31, 2021;

iii. Under the item "Sundry debtors - Tax credits" the amount of 42 thousand Euros originates from, i) the recognition of the tax credit amount of 37 thousand Euros, under the REAID, having been constituted the respective special reserve in favor of the state in the amount of 25 thousand Euros (see Note 18). Additionally, there are recorded in this item, the receivables 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, S.A. in the amount of 5 thousand Euros, having been settled during the year 2022, the amount of 218 thousand Euros.

At December 31, 2022 and 2021, the amount of 3,145 thousand Euros (6,290 thousand Euros in 2021) is recorded under "Other receivables pending settlement", resulting from the Turirent sale process, whose settlement will occur in June 2023.

Impairment losses on other assets are essentially related to commissions, already due, referring to the provision of the depositary bank service 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 16).

15. Deposits and Resources From Other Credit Institutions and Other Clients

This item has the following composition:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
From credit institutions in Portugal				
Short term deposits	1.030	694	1.030	694
Term deposits	-	-	-	-
	1.030	**694**	**1.030**	**694**
From credit institutions abroad				
Deposits	282	452	283	452
	1.312	**1.146**	**1.312**	**1.146**
Deposits				
Short term deposits	113.269	112.779	113.309	112.779
Term depoisits	26.949	11.043	26.949	11.043
	140.217	**123.822**	**140.258**	**123.822**
	141.529	**124.968**	**141.570**	**124.968**

The term deposits as of December 31, 2022, have maturities between 1 and 24 months (December 31, 2021: maturities between 1 and 36 months) and a weighted average rate of return of 0.69% (December 31, 2021: 0.40 %).

The increase between December 31, 2022, and 2021 is mostly related to demand deposits of investment funds, securities and real estate, and personal deposits.

16. Impairment, Provisions and Contigent Liabilities

The movement during the year was as follows:

	Consolidated / Individual					
Description	Balance as at 31-12-2021	Reinforcements	Applications and Other	Reinstatements	Exchange Rate Differences	Balance as at 31-12-2022
Assets						
Financial assets at fair value through other comprehensive income	51	725	-	(171)	-	605
Financial assets at fair value through other comprehensive income	1.057	13	-	-	-	1.070
Other assets	425	24	-	(97)	-	362
	1.533	**772**	**-**	**(268)**	**-**	**2.037**
Liabilities						
Guarantees and other commitments	2.093	-	-	-	-	2.093
Fiscal contingencies and other provisions	239	-	-	(141)	-	98
	2.332	**-**	**-**	**(141)**	**-**	**2.191**
	3.865	**722**	**-**	**(409)**	**-**	**4.228**

The reversal of tax contingencies and other provisions refer 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 25.

The movement in the previous fiscal year was:

	Consolidated / Individual					
Description	Balance as at 31-12-2020	Reinforcements	Applications and Other	Reinstatements	Exchange Rate Differences	Balance as at 31-12-2021
Assets						
Financial assets at fair value through other comprehensive income	36	135	(10)	(110)	-	51
Financial assets at fair value through other comprehensive income	1.063	4	(1)	(10)	-	1.057
Other assets	456	37	1	(69)	-	425
	1.556	**176**	**(10)**	**(189)**	**-**	**1.533**
Liabilities						
Guarantees and other commitments	2.093	-	-	-	-	2.093
Fiscal contingencies and other provisions	-	309	-	(70)	-	239
	2.093	**309**	**-**	**(70)**	**-**	**2.332**
	3.649	**485**	**(10)**	**(259)**	**-**	**3.865**

As of December 31, 2022 and 2021, the impairments for guarantees provided correspond to the following nominal amounts recorded in off-balance sheet accounts (Note 25):

	Consolidated / Individual	
	31-12-2022	31-12-2021
Guarantees provided (of which)		
Financial Guarantees	1.051	1.050
Performance Guarantees	1.722	1.880
	2.773	**2.930**

Contingent Liabilities Originated from 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 2022, the periodic contribution made by the Bank amounted to 24 thousand Euros (in 2021: 16 thousand Euros), calculated based on a contribution rate of 0.057% (in 2021: 0.060%).

Banco Espírito Santo, S.A. (BES) resolution measure

As part of its responsibility as supervisor and resolution authority of the Portuguese financial sector, on August 3, 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 in the event that 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 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. (Banif) resolution measure

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. ("Oitante"), 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.

17. Other Liabilities

As of December 31, 2022, and 2021, this item has the following composition:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Creditors and other resources	1.709	2.056	1.709	2.056
Financial Leases	243	725	243	725
Public sector	211	334	211	334
Other liabilities transactions pending regularisation	2.859	1.887	2.787	1.887
	5.022	**5.002**	**4.950**	**5.002**

The item Creditors and other resources includes, as of December 31, 2022, the amount of 1,709 thousand Euros, of which 870 thousand Euros are related to the former Passive Management Fund, 556 thousand Euros with personnel expenses, 283 thousand Euros of accrued costs with services provided and suppliers.

The item Lease liabilities presents the balances resulting from the application of IFRS 16 and the corresponding accounting of the lease contracts by the Bank, as lessee, and the residual maturities are presented in Note 27.

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

Other liabilities in the amount of 2,786 thousand Euros (1,887 thousand Euros as of December 31, 2021) refer to transactions with customers, of which 2,326 thousand Euros refer to transactions pending settlement.

18. Equity

As of December 31, 2022, and 2021, equity items have the following breakdown:

	Consolidated	
	31-12-2022	31-12-2021
Share Capital	195.198	195.198
Securities Revaluation Reserves	(4 225)	(79)
Reserves and Retained Earnings		
Legal Reserve	3.300	3.300
Other Reserves	14.132	14.155
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	16
Rights issued and attributable to the Portuguese Government 2021 (REIAD) (Note 11)	25	-
Other transactions - IFRS 9 Adjustment	1.161	1.161
Retained Earnings	(163.768)	(153.150)
Net Profit / (Loss) for the year	**(6.797)**	**(10.618)**
	39.715	**50.657**

	Individual	
	31-12-2022	31-12-2021
Share Capital	195.198	195.198
Securities Revaluation Reserves	(4 225)	(79)
Reserves and Retained Earnings		
Legal Reserve	3.300	3.300
Other Reserves	14.132	14.155
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	16
Rights issued and attributable to the Portuguese Government 2021 (REIAD) (Note 11)	25	-
Other transactions - IFRS 9 Adjustment	1.161	1.161
Retained Earnings	(163.768)	(153.150)
Net Profit / (Loss) for the year	**(6.538)**	**(10.618)**
	39.973	**50.657**

The Bank meets the minimum capital requirements with a Core Tier 1 ratio of 36.8% and a Total Core ratio of 36.8% (in 2021, the Core Tier 1 ratio was 65.8% and the Total Core ratio 65.8%).

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

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)**
Reserves emerging from the valuation at fair value of the financial assets	(4.393)
Reserves recognised in the profit and loss account from the disposal of assets	(216)
Reserves recognised in retained earnings from the disposal of assets	0
Reserves recognised through deferred taxes	(37)
Reserves recognised in the profit and loss account through impairment and effective rate adjustment	500
Balance as at 31-12-2022	**(4.225)**

19. Interest Income and Expenses

This item has the following composition:

	Consolidated / Individual	
	2022	2021
Interest and similar income		
Interests on financial assets at amortised cost	368	30
Interests on financial assets held for trading	12	57
Interests on financial assets mandatorily at fair value through profit or loss and through other comprehensive income	1.287	566
	1.667	**653**
Interests and similar charges		
IFRS 16 interests	8	16
Interests on deposits from other clients	97	25
Interests on deposits and liabilities from other credit institutions	203	126
	308	**167**

20. Income From Services and Commissions

This item has the following composition:

	Consolidated		Individual	
	2022	2021	2022	2021
Commission Income				
Rendered Services of administration, custodian and securities deposit	546	370	546	370
Securities transactions	282	347	282	347
Cryptocurrencies transactions	2	-	-	-
Guarantees provided	3	11	3	11
Other rendered services	436	1.112	436	1.112
Other received commissions	997	628	997	628
	2.266	**2.468**	**2.264**	**2.468**
Comission Expenses				
Banking Services provided by third parties	151	285	150	285
Securities transactions	197	196	197	196
Other comission expenses	25	48	25	48
	373	**529**	**372**	**529**

21. Results on Financial Operations

This item has the following composition:

	Consolidated		Individual	
	2022	2021	2022	2021
Gains on Financial Transactions				
Gains on other financial assets valued at fair value trough profit and loss	-	4	-	4
Gains on financial assets and liabilities held for trading	168	96	168	96
Gains on financial assets through other comprehensive income	267	577	267	577
Gains on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	-	-	-
Gains on foreign exchange differences	2.822	5.572	2.821	5.572
	3.257	**6.248**	**3.256**	**6.248**
Losses on Financial Transactions				
Losses on other financial assets valued at fair value trough profit and loss	1.092	3.476	1.092	3.476
Losses on financial assets and liabilities held for trading	265	256	265	256
Losses on financial assets through other comprehensive income	50	154	50	154
Losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	-	-	-
Losses on foreign exchange differences	2.616	5.307	2.616	5.307
	4.023	**9.193**	**4.023**	**9.193**
Profit / (Loss) from assets and liabilities valued at fair value through profit and loss	**(1.190)**	**(3.633)**	**(1.189)**	**(3.633)**
Profit / (Loss) from derecognition of financial assets and liabilities not measured at fair value	**216**	**423**	**216**	**423**
Profit / (Loss) from foreign exchange differences	**206**	**265**	**205**	**265**

During the year 2022, the Bank recorded the devaluation of the Discovery Fund, in the amount of 971 thousand euros, which is recorded under the caption “Losses on other financial assets at fair value through profit or loss”.

22. Other Operating Income and Expenses

This item has the following composition:

	Consolidated		Individual	
	2022	2021	2022	2021
Other operating income and revenue	324	174	361	174
Other operating charges ans expenses	(129)	(409)	(129)	(409)
Other charges	(97)	(59)	(97)	(59)
	98	**(294)**	**135**	**(294)**

23. Personnel

This item has the following composition:

	Consolidated	
	2022	2021
Remuneration of management and supervisory board members	**856**	**1.098**
Remuneration of employees		
Remuneration of employees	2.327	2.432
Holiday and Christmas	485	483
Lunch allowance	98	106
Other additional remunerations	611	272
	3.521	**3.293**
Compulsory social security charges:		
Charges relating to remuneration	887	1.040
Charges with pension funds	76	90
Other social security charges	89	94
	1.052	**1.224**
Other personnel costs	**137**	**135**
	5.567	**5.749**

	Individual	
	2022	2021
Remuneration of management and supervisory board members	**856**	**1.098**
Remuneration of employees		
Remuneration of employees	2.208	2.432
Holiday and Christmas	455	483
Lunch allowance	95	106
Other additional remunerations	611	272
	3.369	**3.293**
Compulsory social security charges:		
Charges relating to remuneration	851	1.040
Charges with pension funds	72	90
Other social security charges	89	94
	1.013	**1.224**
Other personnel costs	**135**	**135**
	5.373	**5.749**

The increase in the personnel expenses item is essentially due to salary adjustments that occurred in 2022, 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, 2022, Bison Bank employed 51 employees, compared to 63 as of December 31, 2021.

24. Other Administrative Expenses

This item has the following composition:

	Consolidated		Individual	
	2022	2021	2022	2021
IT	1.072	1.009	1.062	1.009
Retainers and fees	187	450	187	450
Information services	308	331	308	331
Consulting and external auditors	390	598	390	598
Rentals and leases	147	146	147	146
Other specialised services	31	51	20	51
Communications	75	64	75	64
Travel, accommodation and representation	66	44	66	44
Cleaning	33	36	33	36
Advertising and publications	49	49	48	49
Water, energy and fuel	38	36	35	36
Personnel training	54	32	49	32
Maintenance and Repair	11	12	11	12
Consumables	11	11	11	11
Legal, litigation and notary expenses	21	7	21	7
Insurance	1	1	1	1
Transportation	-	1	-	1
Other administratives costs	3	-	3	-
	2.498	**2.879**	**2.468**	**2.879**

The total fees invoiced by the Bank's Statutory Auditor, and by companies belonging to the Statutory Auditor network for the years ended December 31, 2022, and 2021, included under consultants and external auditors, are detailed as follows, by type of service provided:

	2022	2021
Fees charged by the Statutory Auditor		
Statutory audits account - Bison Bank Consolidated and Individual	79	76
Statutory audits account - Bison Digital Assets	10	0
Other reliability assurance services:		
Required law to the Statutory Auditor	8	24
Not required by law to the Statutory Auditor	27	10
Fees charged by companies belonging to the Statutory Auditor network	**39**	**16**
	163	**126**

(Values do not include VAT)

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

25. Off-Blance Sheet Liabilities

The detail of off-balance sheet liabilities, with reference to December 31, 2022, and 2021, presents the following composition:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Guarantees provided	2.773	2.930
Assets given as guarantee	303	228
Commitments to third parties (of which)		
Irrevocable Commitments	263	92
Revocable Commitments	-	-
	3.340	**3.250**

The assets pledged as collateral, with reference to December 31, 2022 and 2021, are Portuguese Republic bonds.

26. Earnings Per Share

As of December 31, 2022, and 2021, the basic and diluted earnings per share are as follows:

	2022	2021
Net Profit / (Loss) for the year expressed in euros	(6.796.735)	(10.617.631)
Weighted average number of issued ordinary shares	39.039.674	39.039.674
Basic earnings per share (expressed in euro per share)	*(0,17)*	*(0,27)*

27. Risks From Financial and Non-Financial Instruments

27.1. Risk Management Policies and Main Risks

This note presents Bison Bank's financial and non-financial instrument risks on an individual basis, with the Board of Directors considering that Bison Digital Assets, S.A., in commencement of operations at the present reporting date, is not materially relevant for the purposes of this disclosure. Additionally, Bison Digital Assets, S.A. is not included in the consolidation perimeter on a prudential basis.

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 governance, strategy and risk policies approved by the BD, after prior opinion from the Audit Committee;
- Functional Committees, such as the Asset and Liability (ALCO) and Risk Management Committee, Internal Control and Compliance Committee; and
- The Global Risk and Reporting Department (RRD), the Compliance Department (COD), the Internal Audit Department (AID) and the Audit Committee

The BoD is the body responsible for defining risk management policy. The EC, composed of the executive members of the BoD, is responsible for conducting risk policies and for executive decisions on risk management measures and actions.

In functional terms, Bison Bank's risk management and monitoring function is centralized in the Global Risk and Reporting Department ("RRD"), 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.

RRD 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 and Audit Committee with a view to understand and monitor 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);

2st Line of Defense:
Independent Control Functions (Risk and Compliance);

3st Line of Defense:
Internal Audit.

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

- **Asset and *Liability* (ALCO) and *Risk Management Committee*** — is held quarterly under the supervision of the RRD. In general terms, it is responsible for analyzing the different risk exposures (early warning signs) and their suitability 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

- **Internal Control and Compliance Committee** — is held quarterly under the supervision of the COD. Its competencies include assessing and monitoring the effectiveness of the Bank's internal control systems and analyzing and evaluating proposals/measures (internal and external) to strengthen the internal control environment, as well as analyzing and evaluating situations related to money laundering and financing of terrorism, whenever their relevance or associated risk is significant.

In addition, the Bank has other specialized committees that also involve risk management issues, such as:

- **Planning and Control Committee** — meets monthly under the aegis of the People and Accounting Department (PAD). Its main competencies include monitoring and controlling the execution of the budget and the degree of compliance with the defined objectives, as well as analyzing the respective deviations in conjunction with the responsible areas.

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 a process of continuous monitoring and controls, 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 the Bank of Portugal Notice no. 3/2020 and 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 Bank of Portugal, 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 the 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 ratios and liquidity position. 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.

	Ratio	Internal Objective	31-12-2022	31-12-2021
Capital Liquidity Leverage	Total Capital Ratio – Regulatory (Pilar I)	>= 25%	36.2%	65.8%
	Total Own Funds	>= €20 M	39.5	50.1
	NSFR	>= 115%	137.8%	175.5%
	LCR	>= 115%	140.9%	152.5%
	Leverage Ratio	>= 12,5%	20.7%	27.5%

Note: Non-audited information. Individual.

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.

RRD is responsible for monitoring the Bank's risk profile through the defined metrics and timely communication to the BoD. Compliance with the RAS KRI, as well as regulatory ratios and internal limits is carried out monthly in the "Finance & Risk Report", prepared by RRD and sent to the EC and the BoD for monitoring.

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 the BoD ("Finance & Risk Report") that assesses, reviews and discusses the current risk situation, cases of limits/tolerances reached and individual metrics update;
- Quarterly presentation to the Asset and Liability (ALCO) and Risk Management 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 the BoD to control and have a proactive management of current or potential breaches of risk appetite.

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 RRD and sent to the EC and the BoD for monitoring. In short, the RRD 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:

At the regulatory level, during the year 2022, the supervisory authorities have taken a number of measures.

Among them, we highlight the following:

1. Commission Delegated Regulation (EU) 2022/629 of 12 January 2022 - OJEU L-117, 19-04-2022 amending the regulatory technical standards set out in Delegated Regulation (EU) 2017/583 with regard to the adaptation of the liquidity and trading percentile thresholds used to determine the instrument specific volume applicable to certain non-equity instruments;
2. Commission Delegated Regulation (EU) No 2022/786 of February 10, 2022 - OJEU L-141, 20-05-2022 amending Delegated Regulation (EU) 2015/61 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards the liquidity coverage requirement forcredit institutions;
3. The European Banking Authority (EBA) published on April 5, 2022 the final report on amending the regulatory technical standards on strong customer authentication and secure communication under the Payment Services Directive (PSD2);
4. Commission Delegated Regulation (EU) 2022/954 of 12 May 2022 - OJEU L-165 of 21-06-2022 amending the regulatory technical standards set out in Delegated Regulation (EU) No 183/2014 on prudential requirements for credit institutions and investment firms with respect to specifying the calculation of adjustments for specific and general credit risk;
5. Commission Delegated Regulation (EU) 2022/1622 of May 17, 2022 complements Regulation (EU) 575/2013 of the European Parliament and of the Council ("Regulation 575/2013") on prudential requirements for credit institutions with respect to regulatory technical standards for emerging markets and advanced economies;

6. On June 13 the European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) published the final report with draft regulatory technical standards (RTS) that propose to amend the Commission Delegated Regulation on risk mitigation techniques for over-the-counter (OTC) derivatives not cleared by a Central Clearing Counterparty (CCP) under the European Market Infrastructure Regulation (EMIR);
7. On June 30, the Basel Committee on Banking Supervision (BCBS) published a second public consultation on "Prudential treatment of cryptoasset exposures.".
8. On July 29, 2022, the EBA launched a public consultation, which ran until October 31, 2022, on its draft revised Guidelines on contributions from deposit guarantee schemes (DGS), which aim to strengthen the proportionality between a credit institution's risk and its contributions to the DGS and to streamline and simplify the original Guidelines;
9. Commission Delegated Regulation (EU) 2022/27 of September 27, 2021, "...amending Regulation (EU) No 236/2012 as regards the adjustment of the relevant threshold for reporting significant net short positions in shares" was published, and amending the current relevant reporting threshold (namely, a percentage equal to 0.2% of the issued share capital of the company in question and every 0.1% above that) to set it permanently at 0.1%;
10. The ESAs - EBA, ESMA and EIOPA - have issued an updated Supervisory Statement on the application of the Sustainable Finance Disclosure Regulation (SFDR). They have also published a Statement providing clarification on the draft Regulatory Technical Standards (RTS) issued under the SFDR, which include disclosure on financial products under the Taxonomy Regulation;
11. The EBA has launched a public consultation on the role of environmental risks in the prudential framework for credit institutions and investment firms;
12. ECB Opinions "...on a proposal for a regulation extending traceability requirements to cryptoactive transfers (CON/2021/37) 2022/C 68/02" and "...on a proposal for a regulation establishing harmonized rules on artificial intelligence (CON/2021/40)" were published;
13. The FSB has published a Report on assessing the risks of crypto-actives to financial stability, and the ESAs - EBA, ESMA and EIOPA - have warned consumers about the risks of crypto-actives;
14. Regulation (EU) 2022/2036 of the European Parliament and of the Council of October 19, 2022, amended Regulation (EU) 575/2013 and Directive 2014/59/EU with respect to the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for indirectly underwriting eligible instruments to meet the minimum requirement for own funds and eligible liabilities;
15. On October 20, the EBA published a final set of Guidelines and two final draft Regulatory Technical Standards (RTS) specifying the technical aspects of the revised framework that captures interest rate risks for positions in the banking book (IRRBB). These Guidelines will apply from June 30, 2023, except for the part on CSRBB, which will apply from December 31, 2023;
16. Commission Delegated Regulation (EU) 2022/2257 of August 11, 2022 Supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 by regulatory technical standards specifying the methods for calculating gross amounts for sudden default of exposures to debt or equity instruments and exposures to default risk arising from certain derivative instruments;
17. On November 15, 2022, the EBA launched a public consultation on its draft Guidelines addressed to institutions and resolution authorities on resolvability testing. The Guidelines aim to establish a framework to ensure that resolvability resources developed to meet the Resolvability and Transferability Guidelines are fit for purpose and effectively maintained;;
18. In December, the rectification of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No.575/2013 as regards the leverage ratio, net stable funding ratio, own funds requirements and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures and reporting and disclosure requirements, and Regulation (EU) 648/2012;
19. The ECB has published its opinions on proposed amendments to Regulation (EU) No 575/2013, one on prudential requirements for credit institutions and investment firms with respect to resolution and another on requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and output floor;
20. Corrigendum to Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No.575/2013 of the European Parliament and of the Council of 26 June 2013 as regards the leverage ratio, net stable funding ratio, own funds requirements and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures and reporting and disclosure requirements, and Regulation (EU) No 648/2012 the European Parliament and of the Council of 4 July 2012;
21. On 14 December 2022, the EBA published a consultation paper on its draft Guidelines on Overall Recovery Capacity (ORC) in recovery planning. The Guidelines aim to establish a consistent framework for the determination of ORC by institutions in their recovery plans and its assessment by competent authorities. The consultation runned until 14 March 2023; (effective from 1st January 2023)

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

The Bank of Portugal (BoP) published:

1. Instruction No. 1/2022 of January 10, 2022 amending Instruction No. 7/2012 of February 15, 2012, laying down temporary measures regarding the eligibility criteria for collateral for Eurosystem credit operations;
2. Circular Letter no. CC/2022/00000013, in February 2022, which discloses, in accordance with no. 9 of Instruction no. 18/2015, of January 15, 2016, the models for reporting the Funding and Capital Plans, the description of the macroeconomic and financial scenario and other guidelines necessary for the exercise and reporting by institutions with a reference date of December 31, 2021;
3. Instruction no. 4/2022 of February 28, 2022, which revokes Instructions no. 18/97, of February 17, 1997, and no. 14/2006, of October 20, 2006, with a view to simplifying and eliminating duplicate reporting, and consequently reducing the associated costs for the entities covered;
4. Instruction n.º 5/2022 of 09-03-2022, which discloses, for the 2nd quarter of 2022, the maximum rates to be practiced in consumer credit contracts under Decree-Law n.º 133/2009, of June 2, 2009;
5. Instruction No. 6/2022 of 09-03-2022 repealing Instruction No. 13/2020 of May 21, 2020 on reporting information on public moratorium and private moratoriums;
6. Instruction no. 7/2022 of 24-03-2022 regulating the duty to report to Banco de Portugal information on exposures subject to measures applied in response to the COVID-19 crisis, according to the guidelines of the European Banking Authority;

7. Decree Law No. 31/2022, of May 6, which establishes the legal framework for covered bonds, transposing Directive (EU) 2019/2162 on the issuance of covered bonds and the public supervision of such bonds, harmonizing the requirements for the issuance and supervision of covered bonds within the European Union that result from Directive (EU) 2021/2261;
8. Notice No. 1/2022 of June 6, 2022 (Official Gazette No. 109, Series II), which sets out the necessary aspects to ensure compliance with the duties to prevent money laundering and financing of terrorism, in the context of the activity of financial entities subject to supervision by the BoP, revoking Notice No. 2/2018 and Instruction No. 2/2021;
9. Instruction No. 10/2022 of 21-06-2022 amending Instruction No. 8/2018, having as object the revision of the Interbank Clearing System (SICOI) regulations, in order to accommodate the implementation, by EBA Clearing, of the new Continuous Gross Settlement mechanism;
10. 10. Circular Letter no. CC/2022/00000013, in July, informing, following the release of FATF communiqués (June 2022 plenary meeting), about the adoption of countermeasures proportional to the very high risk of money laundering and financing of terrorism, regarding the Democratic People's Republic of Korea (North Korea) and the Islamic Republic of Iran, and highlighting the publication of the "FATF Statement on the Russian Federation", dated June 17, 2022;
11. BoP Instruction no. 13/2022 of 05-08-2022 regulating the reporting of statistical information to the BoP for the compilation of securities portfolio statistics, also revoking, with effect from 31 January 2023, Bank of Portugal Instruction no. 31/2005;
12. BoP Instruction no. 15/2022 of September 28, 2022, which amends Instruction no. 7/2021, in the part concerning the instruction elements for authorization requests for the exercise of functions by members of the management and supervisory bodies, holders of essential control functions and managers of branches established in countries that are not Member States of the European Union, in particular the questionnaire requested for this purpose, available on the IMAS Portal;
13. The BoP issued guidance to the market on establishing business relationships through digital channels, while the CMVM warned about disclosing content about financial intermediaries' investment services on social networks or online channels;
14. At the macroprudential level, the countercyclical capital buffer applicable to credit exposures to the domestic non-financial private sector remained at 0% of the total amount of exposures;
15. Instruction no. 19/2022 Sets at 0.029% the base rate for determining the periodic contributions to the Resolution Fund in the year 2023;

The Securities Market Commission ("CMVM") published:

1. CMVM Regulation No. 5/2022, on "Prevention of money laundering and terrorist financing" (amending CMVM Regulation No. 2/2020).";
2. The CMVM and ASF reiterated the ESAs' warning about the risks associated with cryptoactive assets;
3. CMVM Regulation no. 2/2022, which establishes the form and content of the duties of communication to the CMVM, by the Central Securities Depositories ("CSD"), of information regarding settlement fails;

Other Publications:

4. Law No. 4/2022, which "Extends the declarative obligations of holders of political offices and senior public positions, amending Law No. 52/2019, of July 31;
5. Decree-Law No. 80-A/2022, of November 25, 2022, ("DL 80-A/2022") provides for a set of measures to mitigate the impact of the increase in interest rates on credit contracts for the acquisition or construction of permanent home ownership, covered by Decree-Law No. 74-A/2017, of June 23 ("DL 74-A/2017"), with an outstanding amount equal to or less than €300 thousand;
6. Law No. 23-A/2022, December 9 - Transposes Directive (EU) No. 2019/878 of the European Parliament and of the Council of 20 May 2019 on access to the banking business and prudential supervision, and Directive (EU) No. 2019/879 on the recovery and resolution of credit institutions and investment firms, amending the Legal Framework of Credit Institutions and Financial Companies, the Securities Code and related legislation;
7. Decree Law No. 23-A/2022, December 9 - Transposes Directive (EU) 2019/878 on access to banking activity and prudential supervision, and Directive (EU) 2019/879 on the recovery and resolution of credit institutions and investment firms, amending the Legal Framework for Credit Institutions and Financial Companies, the Securities Code, and related legislation.

Financial Risks

Credit Risk

Credit risk is 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, 2022, the net customer loan portfolio in percentage of total assets was 0.08% versus 0.09% as of December 31, 2021).

Impairment

Credit risk ultimately materializes in the impairment losses realized by the Bank. These are the 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' balances and off-balance 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 beena 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 standard 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 exposures, the Bank uses external information released by Moody's rating agency and other market data for the determination of 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.

— *Impairment of loans to clients*

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 account 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, past due principal and accrued interest. 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 instalments 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 performed 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 called 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.

— Impairment of other *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, 2022 and 2021;

At the Consolidated level:

	Consolidated				Individual			
	31-12-2022				31-12-2022			
	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure[3]	Gross Exposure[1]	Impairment	Collateral[2]	Effetive Exposure[3]
Cash, cash balance at central bakns and other demand deposits	71.933	0	0	71.933	71.929	0	0	71.929
Financial assets held for trading	168	0	0	168	168	0	0	168
Financial assets at fair value through other comprehensive income[4]	98.967	605	0	98.362	98.967	605	0	98.362
Debit instruments	98.967	605	0	98.362	98.967	605	0	98.362
Financial assets at amortised cost	1.220	1.070	224	(74)	1.220	1.070	224	(74)
Loans and advances	1.220	1.070	224	(74)	1.220	1.070	224	(74)
Other assets	6.349	362	0	5.986	6.611	362	0	6.249
Sub-Total	**178.637**	**2.037**	**224**	**176.375**	**178.895**	**2.037**	**224**	**176.634**
Garantees provided and commitments	2.773	2.093	0	680	2.773	2.093	0	680
Irrevocable credit lines	263	0	0	263	263	0	0	263
Sub-Total	**3.036**	**2.093**	**0**	**944**	**3.036**	**2.093**	**0**	**944**
TOTAL	**181.673**	**4.130**	**224**	**177.319**	**181.932**	**4.130**	**224**	**177.577**

(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. Its does include sureties or other low value collateral.
(4) Excludes equty intruments.

At the Individual level:

	31-12-2022				31-12-2021			
	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure[3]	Gross Exposure[1]	Impairment	Collateral[2]	Effetive Exposure[3]
Cash, cash balance at central bakns and other demand deposits	71.929	0	0	71.929	108.039	0	0	108.039
Financial assets held for trading	168	0	0	168	2.394	0	0	2.394
Financial assets at fair value through other comprehensive income[4]	98.967	605	0	98.362	49.788	51	0	49.737
Debit instruments	98.967	605	0	98.362	49.788	51	0	49.737
Financial assets at amortised cost	1.220	1.070	224	(74)	1.216	1.057	225	(66)
Loans and advances	1.220	1.070	224	(74)	1.216	1.057	225	(66)
Other assets	6.611	362	0	6.249	9.528	425	0	9.103
Sub-Total	**178.895**	**2.037**	**224**	**176.375**	**170.965**	**1.533**	**225**	**169.208**
Garantees provided and commitments	2.773	2.093	0	680	2.930	2.093	0	837
Irrevocable credit lines	263	0	0	263	92	0	0	92
Sub-Total	**3.036**	**2.093**	**0**	**944**	**3.022**	**2.093**	**0**	**929**
	181.932	**4.130**	**224**	**177.577**	**173.988**	**3.626**	**225**	**170.137**

(values expressed in thousand euros)

(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. Its does include sureties or other low value collateral.
(4) Excludes equty intruments.

At December 31, 2022, the value of loans and advances to customers (legacy credit portfolio), net of impairment, amounted to around 150 thousand euros (159 thousand euros in 2021), remaining immaterial (0.085% of total net assets versus 0.09% in 2021) and was 87.7% covered by impairment, given 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 149.5% (real collateral - Mortgages).

With respect to off-balance sheet liabilities, at December 31, 2022, the total amount of €2,970 thousand relates to guarantees provided by the Bank and other irrevocable commitments (at December 2021: €3,022 thousand). Off-balance sheet liabilities also included at December 31, 2022 assets (debt securities) pledged as collateral in the amount of €303 thousand (at December 31, 2021: €228 thousand).

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 caption "financial assets at fair value through profit or loss - equity securities), subject to mark-to-market valuation.

Details of Debt Instruments — Impairment

Fair value through other comprehensive income

	31-12-2022				
Financial assents at fair value through other comprehensive incomel - Debt instruments	Stage 1	Stage 2	Stage 3	POCI(*)	Total
Gross exposure	**95.783**	**3.184**	**-**	**-**	**98.967**
Investment grade (IG)	43.165	440	0	0	**43.605**
Non investment grade (NIG)	7.299	2.744	0	0	**10.043**
Not rated	45.319	-	0	0	**45.319**
Impaired	0	163	0	0	-
Impairment	**442**	**163**	**-**	**-**	**605**
Net Exposure	**95.341**	**3.022**	**-**	**-**	**98.363**

(values expressed in thousand euros)

	31-12-2021				
Financial assets at fair value through other comprehensive income — 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**

(values expressed in thousand euros)

In 2022, 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, mostly classified as investment grade, duration of less than 5 years, etc. It should be noted that on December 31, 2022, public debt securities represented 12.1% (vs. 11% on December 31, 2021) of the total portfolio and 44.1% of the portfolio was composed of investment grade securities (vs. 47% on December 31, 2021).

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 the onedescribed above for the baseline scenario; however, considering a conservative outlook and a worsening macroeconomic scenario, the rating notches on all debt securities are assumed to be lowered.

Amortized cost

	31-12-2022				
Financial Assents measured at Amortized Cost	Stage 1	Stage 2	Stage 3	POCI(*)	Total
Gross Exposure	**-**	**-**	**1.059**	**162**	**1,220**
Not Impaired	-	-	-	-	**-**
Impaired	-	-	1.059	162	**1.220**
Impairment	**-**	**-**	**1.059**	**11**	**1.070**
Net Exposure	**-**	**-**	**-**	**150**	**150**

	31-12-2021				
Financial Assents 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 orinated credit-impairment ("POCI") de ativos finaceiros

(values expressed in thousand euros)

With regard to credit quality, the table below shows the key ratios for Bison Bank as of December 31, 2022 and 2021:

	31-12-2022	31-12-2021
Credit Quality		
Total impairment / loans to customers	87,7%	86,9%
Restructured credit / loans to customers	84,4%	84,7%
NPL >90 d / loans to customers	86,76%	86,70%

Regarding credit concentration risk, in addition to compliance with the regulatory limit in terms of Large Exposures (at 31 December 2022, 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 materialised 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:

On December 31, 2022, at the Individual level:

	31-12-2022					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Services	21.173	12%	0	0	21.173	12%
Construction	0	0%	0	0	0	0%
Industry	21.081	12%	0	0	21.081	12%
Public Sector	11.924	7%	0	0	11.924	7%
Other Sectors	26.279	14%	224	100%	26.055	15%
Retail Sales	2.733	2%	0	0%	2.733	2%
Financial instrutions and insurance companies	98.152	54%	0	0%	98.152	54%
Private Clients	0	0%	0	0%	0	0%
Total	**181.343**	**100%**	**224**	**100%**	**181.117**	**100%**

Notes:
(values expressed in thousand euros)
(1) Effective Exposure: Refers to the Balance Sheet Net Exposure less the mitigation effect that is deeed an actual reducer of the credit risk.
It does not incluide sureties or other low value collateral.
It does not incluide the item "Other Assets".

The "Other sectors" item is mostly (99.4%) made up of securities items.

As of December 31, 2021:

	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%
Retail Sales	2.265	1%	0	0%	2.265	1%
Financial instrutions 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:
(values expressed in thousand euros)
(1) Effective Exposure: Refers to the Balance Sheet Net Exposure less the mitigation effect that is deeed an actual reducer of the credit risk.
It does not incluide sureties or other low value collateral.
It does not incluide the item "Other Assets".

Concentration of Credit Risk by Geographic Region:

On December 31, 2022, at the Individual level:

	31-12-2022					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	122.686	68%	224	100%	122.461	68%
European Union	39.557	22%	0	0%	39.557	22%
Latin America	0	0%	0	0%	0	0%
North America	10.971	6%	0	0%	10.971	6%
Rest of the World	8.128	4%	0	0%	8.128	4%
Rest of the Europe	0	0%	0	0%	0	0%
Total	**181.343**	**100%**	**224**	**100%**	**181.117**	**100%**

Notes:
(values expressed in thousand euros)
(1) Effective Exposure: Refers to the Balance Sheet Net Exposure less the mitigation effect that is deeed an actual reducer of the credit risk.
It does not incluide sureties or other low value collateral.
It does not incluide the item "Other Assets".

As of December 31, 2021:

	31-12-2021					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	145.419	85%	225	100%	145.194	85%
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%
Rest of the Europe	0	0%	0	0%	0	0%
Total	**172.022**	**100%**	**225**	**100%**	**171.797**	**100%**

Notes:
(values expressed in thousand euros)
(1) Effective Exposure: Refers to the Balance Sheet Net Exposure less the mitigation effect that is deeed an actual reducer of the credit risk.
It does not incluide sureties or other low value collateral.
It does not incluide 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 112.5 million Euros on December 31, 2022 (121.1 million in December 2021), the main component refers to “Cash and Deposits in ICs” which amounted to about 58.9 million Euros on that date (91.7 million in 2021), 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, 2022, at the Individual level:

	31-12-2022				
	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Deposits and applications with credit institutions	3.087	2.389	7.526	58.927	**71.929**
Financial assets held for trading	0	0	168	0	**168**
Other financial assets at fair value through profit or loss	0	0	0	10.733	**10.733**
Financial assents advances to sale	10.745	27,915	16.963	42.739	**98.362**
Loans and advances to clients	0	0	0	150	**150**
Total	**13.831**	**30.304**	**24.658**	**112.549**	**181.343**
In %	**7,6%**	**16,7%**	**13,6%**	**62,1%**	**100%**

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

(values expressed in thousand euros)

As of December 31, 2021 it was as follows:

	31-12-2021				
	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Disponiblidades e Aplicações em ICs	2.002	0	14.349	91.689	**108.039**
Ativos Financeiros Detidos Para Negociação	824	848	722	0	**2.394**
Ativos Finaceiros ao Justo Valor Através de Resultados	0	0	0	11.692	**11.692**
Ativos Financeiros Disponíveis Para Venda	8.107	14.452	9.606	17.573	**49.737**
Crédito a Clientes	0	0	0	159	**159**
Total	**10.934**	**15.299**	**24.676**	**121.113**	**172,022**
Em %	**6,4%**	**8,9%**	**14,3%**	**70,4%**	**100%**

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

(values expressed in thousand euros)

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.

Considering 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 2022, the Bank does not have an active trading portfolio (a portfolio consisting essentially of a government bond in the amount of €168 thousand euros), so there was no need for risk monitoring via daily VaR calculation of the portfolio.

	Portfolio Value		
	Total	Long Pos.	Short Pos.
31-12-2021	2.392	2.394	(2)
31-12-2022	168	168	-

(value expressed in thousand Euros)

To support the activity of placing debt securities, in the primary market, namely debt of Chinese issuers, and to meet any firm underwriting that may occur, the Bank created in 2019 a specific portfolio for this purpose, however until December 31, 2022, the portfolio was not used.

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 the defined limits and monitoring is performed on a regular basis by RRD.

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. RRD is responsible for monitoring the limits defined by the BoD 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 defined to restrict open positions overnight, i.e., the net nominal value of assets and liabilities in each foreign currency. Currency exposure ceilings are defined, as well as a global 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 shows the foreign exchange position by currency on December 31, 2022:

31-12-2022		
Currency	Long Position	Short Position
USD	721	0
GBP	11	0
CHF	8	0
BRL	0	0
SEK	4	0
NOK	2	0
AUD	0	0
JPY	0	0
HKD	0	0
CNY	372	0
Others	0	0
CAD	1	0
PLN	0	0
Total	**1,118**	**0**

Note: Net Position. (values expressed in thousand euros)

As of December 31, 2021, it was as follows:

31-12-2021		
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. (values expressed in thousand euros)

As of December 31, 2022, the largest exposure corresponded to the USD currency with long positions of about 721 thousand Euros (64.5% of the total), followed by CNY (33.2% of the total), with 372 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

The interest rate risk is defined as the probability of financiallosses, 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:

i. **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;

ii. **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;

iii. **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.

The 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, 2022 is as follows at the Individual level:

31-12-2022	Residual Maturities									
	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	4.402	64.707	0	2.821	0	0	0	0	**67.527**	**71.929**
Reverse Repos	0	0	0	0	0	0	0	0	**0**	**0**
Loans	150	0	0	0	0	0	0	0	**0**	**150**
Debt Securities & Derivatives MtM	0	35.135	15.721	3.368	20.428	15.075	8.804	0	**98.530**	**98.530**
Shares & Funds	10.733	0	0	0	0	0	0	0	**0**	**10.733**
Leased assets	0	0	0	0	0	0	0	0	**0**	**0**
Other assets	7.371	0	0	0	0	0	0	0	**0**	**7.371**
Total Assets	**22.656**	**99.842**	**15.721**	**6.188**	**20.428**	**15.075**	**8.804**	**0**	**166.057**	**188.713**
Liabilities										
Money market / Loro Accounts	1.312	0	0	0	0	0	0	0	**0**	**1.312**
Team Deposits	57	12.858	8.648	3.044	2.342	0	0	0	**26.892**	**26.949**
On-demand Deposits	113.309	0	0	0	0	0	0	0	**0**	**113.309**
Subordinated Debt	0	0	0	0	0	0	0	0	**0**	**0**
Lease Liabilities	0	0	0	0	0	0	0	0	**0**	**0**
Other Liabilities	7.170	0	0	0	0	0	0	0	**0**	**7.170**
Equity	39.973	0	0	0	0	0	0	0	**0**	**39.973**
Total Liabilities + Equity	**161.821**	**12.858**	**8.648**	**3.044**	**2.342**	**0**	**0**	**0**	**26.892**	**188.713**
GAP	**(139.165)**	**86.984**	**7.073**	**3.144**	**18.085**	**15.075**	**8.804**	**0**	**139.165**	**0**
Cumulative GAP	**-**	**86.98**	**94.057**	**97.202**	**115.287**	**130.362**	**139.165**	**139.165**	**-**	**-**

Note: Value net of impairment.

(Values expressed in thousand euros)

On December 31, 2022, 87.5% of Bison Bank's assets and 14.2% of its liabilities and equity were sensitive to interest rate risk, being affected by interest rate fluctuations, by refixing intervals, which translates into a significant change compared to 2021 (on December 31, 2021, 31% of assets and 7% of liabilities and equity were sensitive to interest rate risk), due to the amount invested with the Bank of Portugal, as well as the increase in the investment portfolio.

As of December 31, 2021, it was as follows:

31-12-2021	Residual Maturities									
	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 secyrities & 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	0	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**
Equility	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: Value net of impairment.

(Values expressed in thousand euros)

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.

Remaining Term	Assets	Liabilities	Off-Balance Sheet		Position
	(+)	(-)	(+)	(-)	(+/-)
Overnight	57.390	327	0	0	57.063
>1 Day <=1 Month	13.673	8.501	0	0	5.172
>1 And <=3 Month	24.450	4.050	0	0	20.400
>3 And <=6 Month	16.411	8.699	0	0	7.712
>6 And <=9 Month	4.073	1.506	0	0	2.567
>9 And <=12 Month	1.868	1.567	0	0	301
>12 Months And <=1,5 Years	6.011	1.095	0	0	4.916
>1,5 And<=2 Years	7.051	1.287	0	0	5.764
>2 And <=3Years	4.560	0	0	0	4.560
>3 And <=4 Years	11.965	0	0	0	11.965
>4 And <=5Years	4.701	0	0	0	4.701
>5 And <=6 Years	5.128	0	0	0	5.128
>6 And <=7 Years	19	0	0	0	19
>7 And <=8Years	2.019	0	0	0	2.019
>8 And <=9 Years	3.009	0	0	0	3.009
>9A nd <=10 Years	0	0	0	0	0
>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
	162.328	**27.032**	**0**	**0**	
	Net Worth:		Weighted Exposure		**-2.711**

(values expressed in thousand euros)

Remaining Term	Assets	Liabilities	Off-Balance Sheet		Position	Interest Margin
	(+)	(-)	(+)	(-)	(+/-)	Weighted Exposure
Overnight	57.390	327	0	0	57.063	1.130
> Sport And <=1 Months	13.673	8.501	0	0	5.172	96
>1 And <=2 Months	17.076	2.062	0	0	15.014	261
>2 And <=3 Months	7.374	1.988	0	0	5.385	87
>3 And <=4 Months	7.191	313	0	0	6.878	98
>4 And <=5 Months	605	455	0	0	150	2
>5 Months <=6 Months	8.615	7.931	0	0	683	6
>6 Months <=7Months	3.941	264	0	0	3.677	34
>7 Months <=8Months	95	80	0	0	15	0
>8 And <=9Months	36	1.162	0	0	(-1.126)	-6
>9 And <=10Months	123	1.515	0	0	(-1.392)	-5
>10 And <=11Months	230	32	0	0	198	1
>11 And <=12 Months	1.515	20	0	0	1.495	1
	117.864	**24.650**	**0**	**0**		**1.705**

(values expressed in thousand euros)

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 change in the interest rate curve by relevant currencies as of December 31, 2022 and 2021 at the Individual level:

		31-12-2022	31-12-2021
EUR	Impact on net worth	(2.531)	(2.533)
	Own funds	40.581	50.124
	Impact on own funds, in %	**-6%**	**-5%**
	Impact on net interest income, at 12 months	1.597	147
	Net interest income	1.359	486
	Impact on net interest income annual in %	**117%**	**30%**
USD	Impact on net worth	(177)	(179)
	Own funds	43.284	56.770
	Impact on own funds, in %	**0%**	**0%**
	Impact on net interest income, at 12 mounths	96	29
	Net interest income	1.450	550
	Impact on net interest income annual, in %	**7%**	**5%**
TOTAL	Impact on net worth	(2.711)	(2.715)
	Own funds	40.581	50.124
	Impact on own funds, in %	**-7%**	**-5%**
	Impact on net interest income, at 12 mounths	1.704	192
	Net interest income	1.359	486
	Impact on net interest income annual, in %	**125%**	**39%**

(values expressed in thousand euros)

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 institution's inability 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.

The RRD acts as a joint body and supervisor of liquidity risk contributing to the definition of the strategy and implementation of policies and procedures for the management of liquidity risk, 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, 2022, 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 2022, the available liquidity was mostly invested in an investment portfolio, in Banco de Portugal (liquidity provisions) as well as in UCIs

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:

	Individual				
	31-12-2022		31-12-2021		Δ
	Market Value	Eligible Value	Market Value	Eligible Value	
Level 1 Assets	69,304	69.304	98.393	98.393	(29.089)
Level 2A Assets	1.604	1.364	0	0	1.364
Level 2B Assets	7.034	3.517	15.488	7.744	(4.227)
Total of High Quality Liquid Assets (HQLA)[1]	**77.942**	**74.185**	**113.881**	**106.137**	**(31.952)**

(1) HQLA *(High Quality Liquid Assents)* according to the cirteria and calculation of the LCR ratio.
Note: Unaudited information. Prudencial Informacion.

(values expressed in thousand euros)

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.

	31-12-2022	31-12-2021
LCR	**140,9%**	**152,5%**
Liquidity buffer	74.185	106.137
Net liquidity outflow	52.667	69.609
NSFR	**137,8%**	**175,5%**

Note: Unaudited informacion. Prudential information.

(values expressed in thousand euros)

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, 2022, is as follows, at the Individual level:

31-12-2022		Residual Maturities								
	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	4.402	64.707	0	2.821	0	0	0	0	**67.527**	**71.929**
Loans	150	0	0	0	0	0	0	0	**0**	**150**
Debt secyrities & derivatives MtM	0	19.725	13.304	3.368	34.332	18.998	8.804	0	**98.530**	**98.530**
Shares & funds	10.733	0	0	0	0	0	0	0	**0**	**10.733**
Leased assets	0	0	0	0	0	0	0	0	**0**	**0**
Other assets	7.371	0	0	0	0	0	0	0	**0**	**7.371**
Total Assets	**22.656**	**84.432**	**13.304**	**6.188**	**34.332**	**18.998**	**8.804**	**0**	**166.057**	**188.713**
Liabilities										
Money market / loro accounts	1.312	0	0	0	0	0	0	0	**0**	**1.312**
Term deposits	57	12.858	8.648	3.044	2.342	0	0	0	**26.892**	**26.949**
On-demand deposits	113.309	0	0	0	0	0	0	0	**0**	**113.309**
Subordinated debt	0	0	0	0	0	0	0	0	**0**	**0**
Lease liabilities	0	0	0	0	0	0	0	0	**0**	**0**
Other liabilities	7.170	0	0	0	0	0	0	0	**0**	**7.170**
Equility	39.973	0	0	0	0	0	0	0	**0**	**39.973**
Total Liabilities + Equity	**161.821**	**12.858**	**8.648**	**3.044**	**2.342**	**0**	**0**	**0**	**26.892**	**188.713**
GAP	**(139,165)**	**71.574**	**4.656**	**3.144**	**31.990**	**18.998**	**8.804**	**0**	**139.165**	**0**
Cumulative GAP	**-**	**71.574**	**76.230**	**79.374**	**111.364**	**130.362**	**139.165**	**139.165**	**0**	**0**

Note: Values net of Impairment

(values expressed in thousand euros)

The most significant difference in liquidity is recorded in the “Up to 3 months” interval as a result of the amounts invested at Bank of Portugal. On the liabilities side, the Bank acts preventively through its Client Management area, promoting the renewal of term deposits with its clients.

As of December 31, 2021 it was as follows:

31-12-2021	Residual Maturities									
	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 secyrities & derivatives MtM	0	6.594	7.177	5.283	12.514	10.394	10.170	0	**52.131**	**52.131**
Shares & 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**
Equility	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

(values expressed in thousand euros)

Asset Encumbrance

	31-12-2022			
Assets	Currying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	803	803	185.901	
Deposits and Applications with credit institutions	500	500	71.579	
Equity instruments			10.733	10.733
Debt securities	303	303	98.227	98.227
Other assets			5.363	

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 own covered bonds or ABS	-	-

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

Note: Values net of impairment.

(values expressed in thousand euros)

	31-12-2021			
Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the the reporting institution	528	528	181.615	
Deposit 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	

Collateral received by the reporting institution	Fair value of encumbered collateral received or own debt securities issued	Fair value of collated received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	-	-
Equity intruments	-	-
Debt Securities	-	-
Other collateral received	-	-
Own debt securities issued other 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.

(value expressed in thousand euros)

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 0.4% 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 BoD, namely in the monthly "Finance & Risk Report".

With regard to operational risk, the Bank maintained its Contingency Plan for business continuity, thus ensuring the safety of employees and customers, while maintaining the Bank's operational capacity. The Bank maintained the use of teleworking on a partial basis, with an impact on infrastructure and increased measures in the area of systems security.

During the year, training courses were held in the area of non-financial risks, including specific training on Cybersecurity, Blockchain Foundation Training and Prevention of Money Laundering.

27.2. 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 RAS 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.

27.2.1. Own Funds and Capital and Leverage Ratios

Prudential Ratios as of December 31, 2022 and 2021, at the Individual level:

	31-12-2022	31-12-2021
As per the rules CRD IV / CRR phasing in		
Common Equity Tier 1 capital	39.546	50.124
Total Own Funds	39.546	50.124
Risk Weighted Assets (RWAs)	109.251	76.207
Common Equity Tier 1 Ratio	**36,2%**	**65,8%**
Total Ratio	**36,2%**	**65,8%**
Leverage Ratio	**20,7%**	**27,5%**
As per rules CRD IV / CRR fully implemented		
Common Equity Tier 1 Capital	39.546	50.124
Total Own Funds	39.546	50.124
Risk Weighted Assets (RWAs)	109.251	76.207
Common Equity Tier 1 Ratio	**36,2%**	**65,8%**
Total Ratio	**36,2%**	**65,8%**
Leverage Ratio	**20,7%**	**27,5%**

Notes: (1) *Unaudited information. Prudential informacion.*
(2) *The Bank has not adopted the possibility of phasing the implementation impact and IFRS9 over own funds in accordance with the provisions of articles 473-A og the CRR.*
The implementacion of CRR 2.5 (reducing the weighting of loans to SMEs and infrastructure) has 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 assent and off-balance sheet items, not being subject to weighting coefficients as occurs in the calculation of risk-weighted assents.*
Source: COREP.

(values expressed in thousand euros)

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, 2022, Common Equity Tier 1 (CET 1) capital calculated in accordance with the applicable CRD IV / CRR rules totaled 40.58 million Euros, corresponding to a CET 1 ratio of 36.2%. The decrease in the ratio compared to 2021, resulted both from the deterioration of Own Funds, affected by the loss recorded in the year and "accumulated other comprehensive income", 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.

As of December 2022, the leverage ratio determined in the CRR/CRD regulations stood at 21.2%, well above the regulatory minimum of 3%.

Accounting detail of the Own Funds on December 31, 2022 and 2021, at the Individual level:

	31-12-2022	31-12-2021
Own Funds		
Share Capital	195.198	195.198
Reserves and Retained Earning	(144.462)	(133.844)
Net Income	(6.538)	(10.618)
Securities Revaluation Reserves	(4.225)	(79)
Deductions	**0**	**0**
Intangible Assets	(318)	(470)
Other Deductions: Prudent valuation on the Regulation 2016/101 of 26/10/2025	(109)	(64)
Total Own Funds and Common Equity Tier 1 Capital	**39.546**	**50.124**

Note: Unaudited information. Prudential information.
Source: COREP_OF

(values expressed in thousand euros)

Own Funds breakdown as of December 31, 2022 and 2021, at the Individual level

	31-12-2022	31-12-2021
Own Funds	**39.546**	**50.124**
Tier 1 Capital	**39.546**	**50.124**
Common Equity Tier 1 Capital	**39.546**	**50.124**
Capital intruments eligible as CET1 Capital	195.198	195.198
Paid up capital instuments	195.198	195.198
(-) Own CET1 instruments	-	-
Retained earnings	(151.000)	(144.462)
Provious years retained earnings	(144.462)	(133.844)
Profit or loss eligible	(6.538)	(10.618)
Accumulated other comprehensive income	(4.225)	(79)
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	(109)	(64)
(-) Other intangible assets	(318)	(470)
(-) 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 issues by subsidiaries that are given recognition in AT1 Capital	-	-
Transitional adjustment 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		
Transitinal adjustments due to additional recognition in T2 capital of instuments issued by subsidiaries		
(-) T2 instruments of financial sector entities where the institution has a significant investment		
Other transitional adjustments to T2 Capital		

Nota: Informação não auditada. Informação prudencial.
Fonte: COREP_OF

(values expressed in thousand euros)

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

- RRD;
- ALCO & Risk Management Committee — coordinated by RRD;
- People and Accounting Department (PAD);
- Internal Audit Department (IDA);
- Executive Committee (EC).

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.

RRD 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 RRD, is responsible for monitoring global risk levels. In terms of 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 contingencies, aimed at anticipating 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 2022, 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, 2022, 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).

28. Fair Value of the Securities Portfolio and of 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, 2022 and 2021 the detail of this item is as follows:

Consolidated/Individual	Valuation Techniques			
	Market Value or Market Price			
31-12-2022	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	168	-	-	168
Non-trading financial assets mandatorily at fair value through profit or loss	-	2.275	8.458	10.733
Financial assets at fair value through other comprehensive income	41.307	57.054	-	98.362
Liabilities				
Financial liabilities held for trading	-	-	-	-

Consolidated/Individual	Valuation Techniques			
	Market Value or Market Price			
31-12-2021	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

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 2022, to the valuation criteria relative to financial assets that are 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 of 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, 2022 and 2021, for the currencies EUR and USD are as follows:

	EUR			USD		
Maturity	31-12-2022	31-12-2021	31-12-2020	31-12-2022	31-12-2021	31-12-2020
1Day	1,885%	- 0,505%	- 0,523%	4,318%	0,070%	n.a.
7 Days	1,872%	- 0,490%	- 0,578%	4,400%	0,080%	0,096%
1 Month	1,884%	- 0,491%	- 0,554%	4,392%	0,084%	0,144%
2 Months	n.a.	- 0,490%	- 0,550%	n.a.	0,087%	0,190%
3 Months	2,132%	- 0,488%	- 0,525%	4,767%	0,118%	0,238%
6 Months	2,693%	- 0,484%	- 0,526%	5,139%	0,223%	0,164%
1 Year	3,291%	- 0,455%	- 0,521%	5,482%	0,425%	0,208%
2 Years	3,395%	- 0,319%	- 0,521%	4,446%	0,764%	0,198%
3 Years	3,311%	-0,199%	- 0,506%	4,069%	0,973%	0,241%
4 Years	3,258%	-0,138%	- 0,485%	3,862%	1,069%	0,325%
5 Years	3,239%	-0,087%	- 0,459%	3,746%	1,128%	0,430%
6 Years	3,218%	-0,042%	- 0,427%	3,673%	n.a.	0,545%
7 Years	3,202%	0,004%	- 0,389%	3,624%	1,223%	0,655%
8 Years	3,197%	0,056%	- 0,349%	3,588%	n.a.	0,755%
9 Years	3,198%	0,117%	- 0,306%	3,567%	n.a.	0,846%
10 Years	3,203%	0,176%	- 0,261%	3,558%	1,319%	0,925%
20 Years	2,931%	0,480%	- 0,006%	3,551%	1,481%	1,317%
30 Years	2,533%	0,450%	- 0,023%	3,209%	1,453%	1,402%

Financial instruments at cost or amortized cost

At December 31, 2022 and 2021 the detail of this item is as follows:

	Consolidado	
31-12-2022	Balance Sheet Value	Fair Value
Cash. cash balances at central banks and other demand deposits	71.933	71.929
Financial assets at amortised cost	150	150
Other Assets	5.986	5.986
Deposits	(141.530)	(141.530)
Other Liabilities	(5.022)	(5.022)
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)

	Individual	
31-12-2022	Balance Sheet Value	Fair Value
Cash. cash balances at central banks and other demand deposits	71.929	71.929
Financial assets at amortised cost	150	150
Other Assets	6.249	6.249
Deposits	(141.570)	(141.570)
Other Liabilities	(4.949)	(4.949)
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)

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.

29. 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, 2022 and 2021 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, 2022 and 2021:

	31-12-2022	31-12-2021	31-12-2022	31-12-2021
	Key Management Personnel		Shareholders	
Interests	-	-	-	10
Personnel Costs	1.068	1.155	-	-

The related parties are as follows:

Key elements of management and the Supervisory Board:

- André Filipe Ventura Rendeiro
- António Manuel Gouveia Ribeiro Henriques
- Bian Fang
- Eduardo Nuno de Sousa Feijóo Moradas
  Took office on September 1, 2022
- Ernesto Jorge de Macedo Lopes Ferreira
  Left office on July 6, 2022
- Evert Derks Drok
  Left office on December 31, 2021
- Francisco Alexandre Valente de Oliveira
  Left office on December 31, 2021
- Issuf Ahmad
- Li Jun Yang
  Left office on December 31, 2021
- Luís Miguel Gonçalves Folhadela de Oliveira
  Took office on July 7, 2022
- Wang Ting

Bank Entities after August 26, 2020

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited

Bank Entities after July 15, 2022

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited
- Bison Digital Assets

30. Subsequent Events

The year 2022 was a year of high volatility, marked essentially by the withdrawal of the consequences of the pandemic and facing the economic impact of the continuing war in Ukraine, generating an escalation in commodity prices and causing supply-side turbulence in the energy markets.

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 on an individual and consolidated level, resulting from the permanence of, and possible uncertainties associated with, the war between Russia and Ukraine, with regard to this indicator.

In compliance with the requirements set out in Law 61/2014 of 26 August, the Bank submitted a request for authorization to waive the special deferred tax asset regime (REIAD) to the Bank of Portugal on 14 November 2022 (which was granted in due course) and subsequently, on 29 December 2022, presented a communication to the Minister of Finance in which it formalized the process of waiver of the special regime, ensuring the cessation of its application with reference to the tax period beginning on 1 January 2023.

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

Report on Corporate Governance

10

This report forms an integral part of the Report of the Board of Directors for the year 2022 of Bison Bank, S.A. (hereinafter referred to as "Bison Bank", "Bank" or the "Company") and is intended 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.
- A 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 26 June 2013 ("CRR 2"), as successively amended to date (namely Article 450).
- Directive 2013/36/EU of the European Parliament and of the Council of June 26, 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 underwent changes in 2022, previously authorized by the Bank of Portugal at the end of 2021 and implemented on July 7, 2022.

The governance structure changed from the previous Latin Model (Reinforced), under the terms of paragraph a) of no. 1 of Article 278 of the CSC, comprising a General Meeting, a Board of Directors (with powers delegated to an Executive Committee), a Supervisory Board and a Statutory Auditor, to the Anglo-Saxon Model, in accordance with Article 278(1)(b) of the CSC, comprising a General Meeting, a Board of Directors (with powers delegated to an Executive Committee), which includes an Audit Committee composed of non-executive members of the Board of Directors, 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.

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, as a result of the presence of the supervisory body within the Board of Directors.

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 following members of the General Assembly Board were elected at the General Assembly on July 7, 2022, for the four-year term 2022-2025:

President: Paulo Herberto da Costa Ramos Martins
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, 2022, no shareholders with special rights.

Without prejudice to the above, it should be noted that the Bank's adhesion to the special regime applicable to deferred tax assets, approved in the annex to Law no. 61/2014, of 26 August, implied the constitution of special reserves in the amount of the tax credits calculated by the under the regime and the constitution of conversion rights freely attributed to the Portuguese State.

These conversion rights are registered and book-entry securities that entitle the holder to request the Bank to increase the share capital by incorporating the aforementioned special reserve and, consequently, to issue and deliver free of charge common shares representing its share capital in the percentage of the right exercised.

In this context, the Bank, in a concerted manner with the sole shareholder, has maintained regular contacts with the Directorate General of Treasury and Finance ("DGTF"), with a view to acquiring from this entity, in its own name, the conversion rights already constituted under the REAID, as well as those that will be constituted with reference to the year 2022 (the last year of application of the regime), and therefore it is not expected that the State will, through the exercise of such conversion rights, carry out any capital increase in the Bank.

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 statutory rules on the exercise of voting rights, specifically with regard to constitutive and deliberating quorums, follow the legal regime of the CSC, and there is identity between the statutory regime (set out in Articles 10 and following of the Company's Articles of Association) and the legal regime (set out in Articles 383 and 386 of the CSC, for example). There are no statutory rules on systems for detaching rights with a patrimonial content.

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. Exercise of 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 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, which, in certain circumstances, foresees the prior authorization of the Bank of Portugal.

I.2.8. Qualifying Holdings in the Company's Capital

As of December 31, 2022, 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 six 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 terms of office

Following the change in the Company's governance model, the sole shareholder appointed the Board of Directors for the term of office from 2022 to 2025 by resolution passed on July 7, 2022. Until that resolution, the members of the Board of Directors appointed for the 2018 to 2021 term of office, who were in office as of January 1, 2022, remained in office.

All members of the Board of Directors appointed for the term from 2022 to 2025 who held office during 2022 are still in office at the date of this Report.

The composition of Bison Bank's Board of Directors that held office during the year 2022 is described below, with an indication of the date of commencement of office of each of the respective members in each of their terms 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. On July 7, 2022 he was reappointed by the sole shareholder as a member of the Board of Directors of the Company for the term of office from 2022 to 2025. On July 11, 2022, he was appointed by the Board of Directors as its Chairman.
- 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. On July 7, 2022 he was reappointed by the sole shareholder as a member of the Board of Directors of the Company for the term of office from 2022 to 2025. On July 11, 2022, he was appointed by the Board of Directors as Chairman of the Executive Committee.

- André Filipe Ventura Rendeiro — 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. On July 7, 2022, he was reappointed by the sole shareholder as member of the Company's Board of Directors for the term from 2022 to 2025.
- Eduardo Nuno de Sousa Feijóo Moradas — appointed by the sole shareholder on July 7, 2022, as a member of the Board of Directors for the term of office from 2022 to 2025, having begun work on September 1, 2022.
- Issuf Ahmad – appointed by the sole shareholder on July 7, 2022, as a member of the Board of Directors (and chairman of the Audit Committee) for the term of office from 2022 to 2025, having begun his duties on July 7, 2022.
- Wang Ting — appointed by the sole shareholder on July 7, 2022, as a member of the Board of Directors (and member of the Audit Committee) for the term of office from 2022 to 2025, having commenced office on July 7, 2022.
- Luís Miguel Gonçalves Folhadela de Oliveira — appointed by the sole shareholder on July 7, 2022, as a member of the Board of Directors (and member of the Audit Committee) for the term of office from 2022 to 2025, having begun his duties on July 7, 2022.

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's 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 six 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, paragraphs 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.

The selection and evaluation of members to be proposed to the management body is regulated by the "Policy of Selection and Evaluation of Suitability of members of the management and supervisory bodies and of holders of essential functions of Bison Bank S.A.".

The Bank does not have an autonomous recruitment policy for members of the management body and a diversification policy regarding their selection, although these matters are generically covered by the abovementioned Selection and Assessment Policy regarding the suitability of members of the management and supervisory bodies and holders of essential functions. In fact, the said Selection and Evaluation Policy refers to the individual and collective criteria for assessing the suitability of the members of the corporate bodies, as well as to the fact that, in the selection and evaluation of the members of the management and supervisory bodies, the diversity of personalities, qualifications, qualifications and technical and sectorial skills 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

Bian Fang
(Chairman of the Board of Directors) — With reference to December 31, 2022, in addition to the position held at Bison Bank, he held 1 more corporate position:

- Vice-President (Non-Executive Member) of the Board of Directors of Banco Moçambicano de Apoio aos Investimentos, S.A.

António Manuel Gouveia Ribeiro Henriques
(Chief Executive Officer) — With reference to December 31, 2022, in addition to the position held at Bison Bank, he held 1 more corporate position:

- Chairman of the Board of Directors (Executive Member) of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

André Filipe Ventura Rendeiro
(Executive Member) — With reference to December 31, 2022, In addition to the position held at Bison Bank, he held 1 more corporate position:

- Member of the Board of Directors (Executive Member) of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

Eduardo Nuno de Sousa Feijóo Moradas
(Executive Member) — With reference to December 31, 2022, in addition to the position held at Bison Bank, he held 1 more corporate position:

- Member of the Board of Directors (Executive Member) of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

Issuf Ahmad
(Non-Executive Member and Chairman of the Audit Committee) — As of December 31, 2022, in addition to his position at Bison Bank, he held 1 additional corporate position:

- Chairman of the Supervisory Board of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

Wang Ting
(Non-executive Director and Audit Committee Member) — As of December 31, 2022, in addition to his position with Bison Bank, she held 1 additional corporate position:

- Member of the Supervisory Board of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

Luís Miguel Gonçalves Folhadela de Oliveira
(Non-executive Director and member of the Audit Committee) — With reference to December 31, 2022, in addition to the position held at Bison Bank, he held 1 more corporate position:

- Member of the Supervisory Board of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

I.3.6. Number of meetings held and attendance rate of each member of the Board of Directors at meetings held

In 2022, a total of 45 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 Board of Directors, in relation to the meetings held, was as follows:

32 meetings held until the appointment of the members of the Board of Directors for the period 2022 to 2025, between January 1 and July 6, 2022:

Member	Nº of Attendances	Representation
Bian Fang (Member)	32	-
António Manuel Gouveia Ribeiro Henriques (Member)	32	-
André Filipe Ventura Rendeiro (Member)	32	-

13 meetings held since the appointment of the members of the Board of Directors for the period 2022 to 2025, effective July 7, 2022, inclusive:

Member	Nº of Attendances	Representation
Bian Fang (President)	13	-
António Manuel Gouveia Ribeiro Henriques (Member and Chief Executive Officer)	13	-
André Filipe Ventura Rendeiro (Member)	13	-
Eduardo Nuno de Sousa Feijóo Moradas (Member)	8*	-
Issuf Ahmad (Non-Executive Member and Chairman of the Audit Committee)	13	-
Wang Ting (Non-Executive Member)	13	-
Luís Miguel Gonçalves Folhadela de Oliveira (Non-Executive Voting Member)	13	-

* Having started on September 1, 2022, he has attended all meetings of the Board of Directors held since that date.

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.

Bison Bank's Executive Committee for the term of office 2022 to 2025 was established by resolution of the Board of Directors on July 11, 2022, although the first meeting only took place on September 5, 2022, after Eduardo Nuno de Sousa Feijóo Moradas took office.

By resolution of the Board of Directors taken on January 7, 2022, it was decided that, as a result of the termination of duties of Yang Lijun, Evert Derks Drok and Francisco Alexandre Valente de Oliveira, effective December 31, 2021, management meetings should take place within the Board of Directors, rather than within the Executive Committee that had been established in May 2019, which took place between January 1, 2022 and September 2, 2022.

I.4.1.1. Composition and rules applicable to the Executive Committee

On July 11, 2022, when the Executive Committee was established, the Board of Directors decided that it would be composed of 3 members, the executive members of the Board of Directors, all of whom were in office on the date of this Report, as shown below:

- António Manuel Gouveia Ribeiro Henriques (appointed Chief Executive Officer).
- André Filipe Ventura Rendeiro (executive member).
- Eduardo Nuno de Sousa Feijóo Moradas (executive member) — began his duties on September 1, 2022.

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.4.1.2. Number of meetings held and attendance rate of each Executive Committee member to meetings held

In 2022, 12 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:

Member	Nº of Attendances	Representation
António Manuel Gouveia Ribeiro Henriques (Chief Executive Officer)	12	-
André Filipe Ventura Rendeiro	12	-
Eduardo Nuno de Sousa Feijóo Moradas	12	-

I.4.2. Existing Committees and meetings held

a. 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:

— Nomination and Remuneration Committee

— Risk and Compliance Committee

With the change in the governance structure on July 7, 2022, and by resolution of the Board of Directors of July 11, 2022, the Bank now has only a Nomination and Remuneration Committee.

The Governance Committees 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 remuneration of (i) members of the Board of Directors and the Supervisory Board, (ii) senior management, (iii) risk takers and control functions of the Bank, and (iv) other employees holding key positions or whose total remuneration places them in the same remuneration 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 July 11, 2022, the Board of Directors appointed the following members to the Nomination and Remuneration Committee:

— Issuf Ahmad (Chairman)

— Fang Bian

— Luís Miguel Gonçalves Folhadela de Oliveira

The Committee meets as often as its members deem necessary, and at least once a quarter.

Between January 1, 2022 and July 7, 2022, by resolution of the Board of Directors passed on January 7, 2022, it was decided that as a result of the termination of the duties of Yang Lijun and Evert Derks Drok, members of the Nomination and Remuneration Committee, the matters allocated to this Committee, the operation of which would be suspended, would be provisionally handled by the Supervisory Board and the Board of Directors.

Within this framework, 2 meetings of the Nomination and Remuneration Committee were held in 2022 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 was 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 was to contribute to the design and implementation in the Bank of an appropriate risk management strategy, effective risk management and compliance and internal control systems, regularly reporting its findings and recommendations to the Board of Directors in the exercise of its supervisory function.

Between January 1, 2022 and July 7, 2022, by resolution of the Board of Directors taken on January 7, 2022, it was decided that, as a result of the termination of the duties of Evert Derks Drok, Chairman of the Risk and Compliance Committee, the matters allocated to this Committee, whose operation would be suspended, would be provisionally ensured by the Board of Directors, without prejudice to the support of the functional committees of the Company.

With the change in the governance structure that occurred on July 7, 2022, and by resolution of the Board of Directors on July 11, 2022, the Risk and Compliance Committee was abolished.

Thus, no meetings of the Risk and Compliance Committee were held in 2022.

b. Functional Committees

O The Bank, as established in its internal procedures, has functional committees that have specific objectives of supporting the management body and are subject to different operating rules, as defined in the respective internal regulations.

Under the governance structure in place until July 6, 2022, the Bank had 7 functional committees that are identified below.

— Asset and Liability and Risk Management Committee: A consultative 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: This is a consultative committee, which meets at least quarterly, and is essentially responsible for monitoring the Bank's compliance and internal control activities.

— Depository Bank Function Committee: A consultative committee, with a minimum periodicity of three months, essentially oriented towards monitoring the activity inherent to the Bank's function as a depositary bank.

— Commercial Committee: A consultative 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.

With the change in the governance structure that took place on July 7, 2022, and by resolution of the Board of Directors of July 11, 2022, the Bank now has four functional committees, as shown below:

— Asset and Liability Committee (ALCO) and Risk Management (kept) – Advisory Committee, with a minimum periodicity of quarterly, oriented mainly to issues related to liquidity management and risk management of the Bank.

— Business Development Committee: A consultative committee, with a minimum monthly attendance, essentially oriented towards monitoring the Bank's commercial activity.

— Financial Planning and Control Committee: An advisory committee, with a minimum periodicity of one month, oriented mainly to monitoring monthly and annual financial information and the execution of the Bank's budget.

— Internal Control and Compliance Committee: A consultative committee, with a minimum periodicity of three months, essentially oriented towards monitoring the activity of the Bank's Compliance and internal control areas.

In 2022 the following meetings were held:

Committees	N.º of Meetings
Asset and liability and risk managemet committee	3
Planning and control committee*	6
Financial planing and control committee	6
Compliance committee*	2
Internal control and compliance committee	1
Depositary bank funcion committee*	1
Commercial committee*	0
Wealth management committee*	6
Business development committee*	3
Projects and quality committee*	0

* Functional Committes terminated on or before July 6, 2022, being the relevant matters integrated into new committees.

I.5. Company's Supervisory Body

With the change in the governance structure that occurred in July 2022, two supervisory bodies coexisted during 2022: the Supervisory Board, under the Latin Model (Reinforced), from January 1 to July 6, 2022, and the Audit Committee, under the Anglo-Saxon Model, from July 7 to December 31, 2022.

I.5.1. I.5.1 Supervisory Board

I.5.1.1. Definition, composition and designation

From January 1 to July 6, 2022, the supervision of the Company was 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, in its version in force until July 6, 2022, and in paragraph 1 of Article 415 of the CSC.

I.5.1.2. 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, with the effective members having held office from August 21, 2018 until July 6, 2022:

— Issuf Ahmad (Chairman)

— Ernesto Jorge de Macedo Lopes Ferreira (Member)

— Wang Ting (Member)

— Bu Fan (Substitute)

I.5.1.3. Number of meetings held and attendance rate at meetings held, of each member of the Audit Board

During 2022, the Company's Supervisory Board held 14 meetings. 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 14 meetings held in 2022

Member	Presences	Representation
Issuf Ahmad	14	-
Ernesto Jorge de Macedo Lopes Ferreira	14	-
Wang Ting	14	-

I.5.2. Audit Committee

Since the change in the governance model on July 7, 2022, the supervision of the Company is currently entrusted to an Audit Committee, composed of a minimum of three effective members, one of which is its President, elected by the General Assembly from among the non-executive members of the Board of Directors, as provided in Article 23 of the Articles of Association and Article 423-B of the CSC.

I.5.2.1. Identification of the members of the Audit Committee and the starting and ending dates of their terms of office

The members of the Audit Committee indicated below were appointed by resolution of the sole shareholder on July 7, 2022, for the period from 2022 to 2025, 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)

— Wang Ting (Member)

— Luís Miguel Gonçalves Folhadela de Oliveira (Member)

The above members took office on July 7, 2022.

I.5.2.2. Information on the rules applicable to the appointment and replacement of members of the Audit Committee

Under Article 23(1) of the Bylaws, the Audit Committee must be composed of a minimum of three members, with due regard for 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 Chairman of the Audit Committee is appointed by the General Assembly or indicated by the members of the Audit Committee themselves (article 423-C of the CSC).

The Bylaws do not specify the means for replacing the members of the Audit Committee, and therefore such replacement will occur in accordance with the provisions of article 393, ex vi article 423-H, of the CSC.

The Audit Committee has a Regulation that establishes the guiding principles of this body and the basic rules governing the way it is organized and operates. These Audit Committee Regulations are available for consultation on Bison Bank's website.

I.5.2.3. Reference to the fact that the Audit Committee shall assess the external auditor on an annual basis and the possibility of proposing to the General Meeting his appointment and possible dismissal with due cause

The Audit Committee annually evaluates the external auditor and it is also the Audit Committee's responsibility to select and recommend the appointment of the Bank's external auditor, i.e., the Chartered Accountant Firm, and eventually its dismissal in 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.5.2.4. Reference to the fact that the annual reports on the activity carried out by the Audit Committee include a description of the supervisory activity carried out, mentioning any constraints detected and that they are disclosed on the company's website together with the financial statements

The Annual Reports of the Audit Committee 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.5.2.5. Number of meetings held and degree of attendance to meetings held, of each member of the Audit Committee

During the year 2022, 22 meetings of the Company's Audit Committee took place. For each of these meetings, the respective minutes were prepared.

The attendance of each member of the Audit Committee, regarding the meetings held, was as follows:

Audit Committee: Total of 22 meetings held in 2022

Member	Presences	Representation
Issuf Ahmad	22	-
Wang Ting	22	-
Luís Miguel Gonçalves Folhadela de Oliveira	22	-

I.5.3. Duties that the members of the Supervisory Body carry out in other companies

Issuf Ahmad (Chairman of the Supervisory Board until July 6, 2022; Chairman of the Audit Committee since July 7, 2022) — With reference to December 31, 2022, in addition to the position held at Bison Bank, he held 1 more corporate position::

- Chairman of the Supervisory Board of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

Ernesto Jorge de Macedo Lopes Ferreira (Member of the Supervisory Board, ended functions on July 6, 2022) - With reference to December 31, 2022, held functions 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.
- Chairman of the General Meeting of Profile - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.;
- Secretary of the General Assembly of Oitante, S.A;
- Member of the Supervisory Board of Banco Português de Gestão S.A.

Wang Ting (Member of the Supervisory Board until July 6, 2022; Member of the Audit Committee since July 7, 2022) — With reference to December 31, 2022, in addition to the position held in Bison Bank, she held 1 more corporate position:

- Member of the Supervisory Board of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

Luís Miguel Gonçalves Folhadela de Oliveira (Member of the Audit Committee since July 7, 2022) — With reference to December 31, 2022, in addition to the position held at Bison Bank, he held 1 more corporate position:

- Member of the Supervisory Board of Bison Digital Assets, S.A. (entity 100% owned by Bison Bank).

I.6. Company's Chartered Accountant

The Company has a firm of chartered accountants, under the terms of paragraph 1 of Article 446 of the CSC, an entity designated by the General Assembly, under proposal of the Audit Committee, in accordance with paragraph 1 of Article 24 of the Articles of Association and paragraph 1 of Article 446 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 Chartered Accountant, identified above, was elected at the General Meeting of September 26, 2022, for the period 2022-2023, on the recommendation of the Audit Committee, pursuant to Article 446(1) of the CSC 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, and with reference to the year 2022, the Company has a Company Secretary and an Alternate Secretary, as identified below:

- Company Secretary: Afonso Maria Pita Negrão Cardoso de Menezes — Appointed by resolution of the Board of Directors of August 10, 2018, for the four-year term 2018-2021. On July 11, 2022 he was reappointed by resolution of the Board of Directors for the four-year term 2022-2025.
- Alternate Company Secretary: Ângela Maria Simões Cardoso Seabra Lourenço — Appointed by resolution of the Board of Directors dated August 10, 2018, for the four-year term 2018-2021, having held office until July 10, 2022.
- Alternate Company Secretary: Ricardo Mateus Mimoso — Appointed by deliberation of the Board of Directors on July 11, 2022, for the four-year term 2022-2025.

I.7.2. Framework, Indication of designation rules and competencies

The Company Secretary is a statutory body supporting 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.

In general, it is responsible for the duties set forth in article 446-B of the CSC, and in particular for Secretarial duties at meetings of the corporate bodies, namely those of the Board of Directors and of the Executive Committee, 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.8. Internal Control

I.8.1 Description of the internal control and risk management systems implemented in the company, namely as regards the financial information disclosure process

The 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 Bank 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 Bank's resources and the safeguarding of its assets;
- The adequate identification, evaluation, monitoring and control of the risks to which the Bank is or may become 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 Bank's activity issued by the competent authorities, compliance with 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 Audit Committee, all its business segments, structural units, namely the internal control functions.

At Bison Bank, the Board of Directors has established the internal control system according to the EBA guidelines on internal governance (EBA/GL/2021/05), which is based on the three lines of defense model, ensuring the allocation of different 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 Bank 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 functions (Global Risk and Reporting Department) and the compliance functions (Compliance Department), 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 analyses.

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 the value of **behaviors aligned with the organizational culture** based on high standards of ethical requirements and the promotion of a control environment that properly values the internal control of the Company. In this regard, the Board of Directors ensures that internal procedures are in place so that periodic independent assessments of the Bank's conduct and values are carried out and promoted, which also cover the conduct and values of the Board itself and its committees.
- **A solid risk management system** 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 Bank 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.

— Information production and processing and information flows

The Bank's Board of Directors ensures that the Bank has adequate processes in place to obtain, produce and process information to support the decision-making of the board of directors and other members of senior management and the exercise of the functions of the supervisory body. To ensure that the available information comprises the described characteristics, the Bank has several mechanisms, among which we highlight the following:

- Existence of computer systems that ensure the registration, accounting and filing in a systematic way of all operations performed throughout the life cycle of the products;
- Policies and rules for database management, information backups, and information access control in terms of information systems and in terms of access to the Bank's facilities.
- Policies and processes for information quality management, with information reconciliation processes and minimum tolerance limits for deviations.
- Policies in case of events with disruptive effects on the business, such as business continuity plans and recovery plans;
- Transversal and continuous action of the Internal Control Functions (Global Risk and Reporting Department, Compliance Department and Internal Audit Department), within the scope of their competencies in the Bank's other processes, in order to ensure the adequacy of the information produced;
- Formalization of the procedures, systems and controls of the Bank's Internal Control System in internal rules and policies, in presentations supporting the main committees involved in risk management, in reports of the control functions and in the internal control report itself;
- Permanent updating of the Bank's Internal Control System, with all documents published showing the respective date of publication;
- Approval of all policies and norms of the Internal Control Functions by the Board of Directors after prior opinion of the Audit Committee.

In compliance with the provisions of point 7 of article 29 and point 4 of article 30 of Notice no. 3/2020, in order to ensure the adequacy of the processes for obtaining, producing and processing information implemented in the Bank and the compliance of the information flows instituted, the Board of Directors ensures the formalization of internal procedures that enshrine the carrying out of independent periodic assessments to be performed by an entity external to the Bank.

I.8.1.1. Internal Control Deficiencies

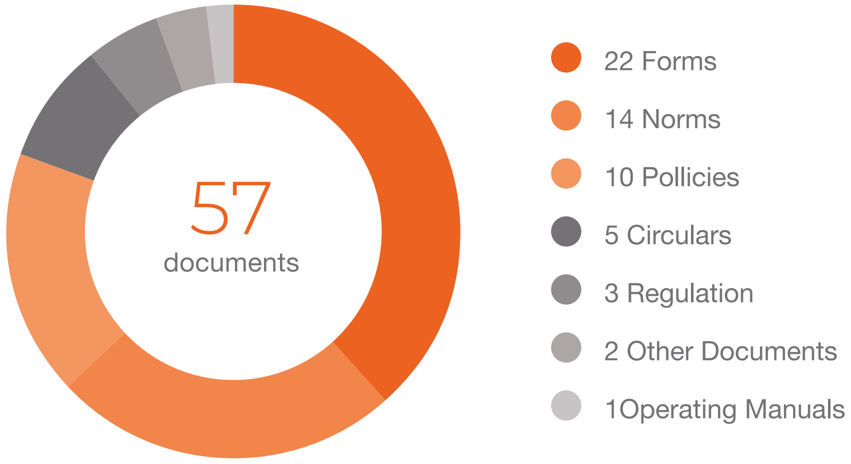
The process of monitoring and following up on internal control deficiencies, in addition to the continuous goal of having the smallest possible number of deficiencies in light of the Bank's activity at any given time, has been focused on the swift resolution of deficiencies with a higher risk classification and on the execution of action plans to close deficiencies within the established deadlines, while consolidating the central role of the Internal Control Functions in managing them. To this end, the Board of Directors ensures that the Internal Control Functions are granted the autonomy and independence, freedom and powers necessary for the proper performance of their duties, including access to all information necessary for the performance of their duties.

For this purpose it is verified that these functions:

- They are established in structural units that are distinct from the units that carry out activities that they have the duty to monitor and control;
- Organically they have autonomous and independent structural units;
- The persons responsible for the internal control functions belong to the Bank's senior management and have no other duties within the Bank, carrying out their functions independently. They are not subordinated to the executive member of the Board of Directors who is responsible for managing the activities that each internal control function monitors and controls;
- They have their own regulations and activity plans approved by the Board of Directors, after obtaining the prior opinion of the Audit Committee;
- They have direct access to the Board of Directors and the Audit Committee, and to the committee that support these bodies;
- They carry out their responsibilities independently, and the results of their evaluations are not conditioned or limited;
- They have adequate human, material, and technical resources for the effective performance of their responsibilities;
- They have adequate information systems with access to internal and external information needed to fulfill their responsibilities;
- They have full, free and unconditional access to all functions, activities and information of the Bank.

I.8.1.2. Documents Published in 2022

Document Portfolio Review 2022



The 57 documents identified in the table above were published (new and revised) during 2022 in the Document Management System (DONE). The publication of most of these documents is the result not only of the completion of the massive review project of the Bank's Regulatory portfolio, but also of the implemented annual review procedure, based on the criticality of the respective documents.

Considering the documentary relevance with respect to governance terms, the Bank ensured during the 2022 period the preparation and review of the following documents:

- Executive Committee Regulation
- Board of Directors Regulation
- Audit Committee Regulation
- Nomination and Remuneration Committee Regulation
- Terms of Reference for Functional Committees
- Remuneration Policy for Members of the Management and Supervisory Bodies
- PPolicy for Selecting and Assessing the Suitability of the Members of the Management and Supervisory Boards and Key Function Members
- Conflict of interest prevention and management policy
- Related Party Policy

I.8.2. Responsibility of the management body and the supervisory body in the creation and operation of internal control and risk management systems in the company, as well as in the assessment of their operation and adjustment to the company's needs.

The Board of Directors and the Audit Committee recognize the importance to the organization of the Risk Management and Internal Control Systems, 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 Company's adequate operation. In this regard, the Bank's Board of Directors ensures the implementation of a monitoring process, as described in article 31 of Bank of Portugal Notice no. 3/2020, in particular:

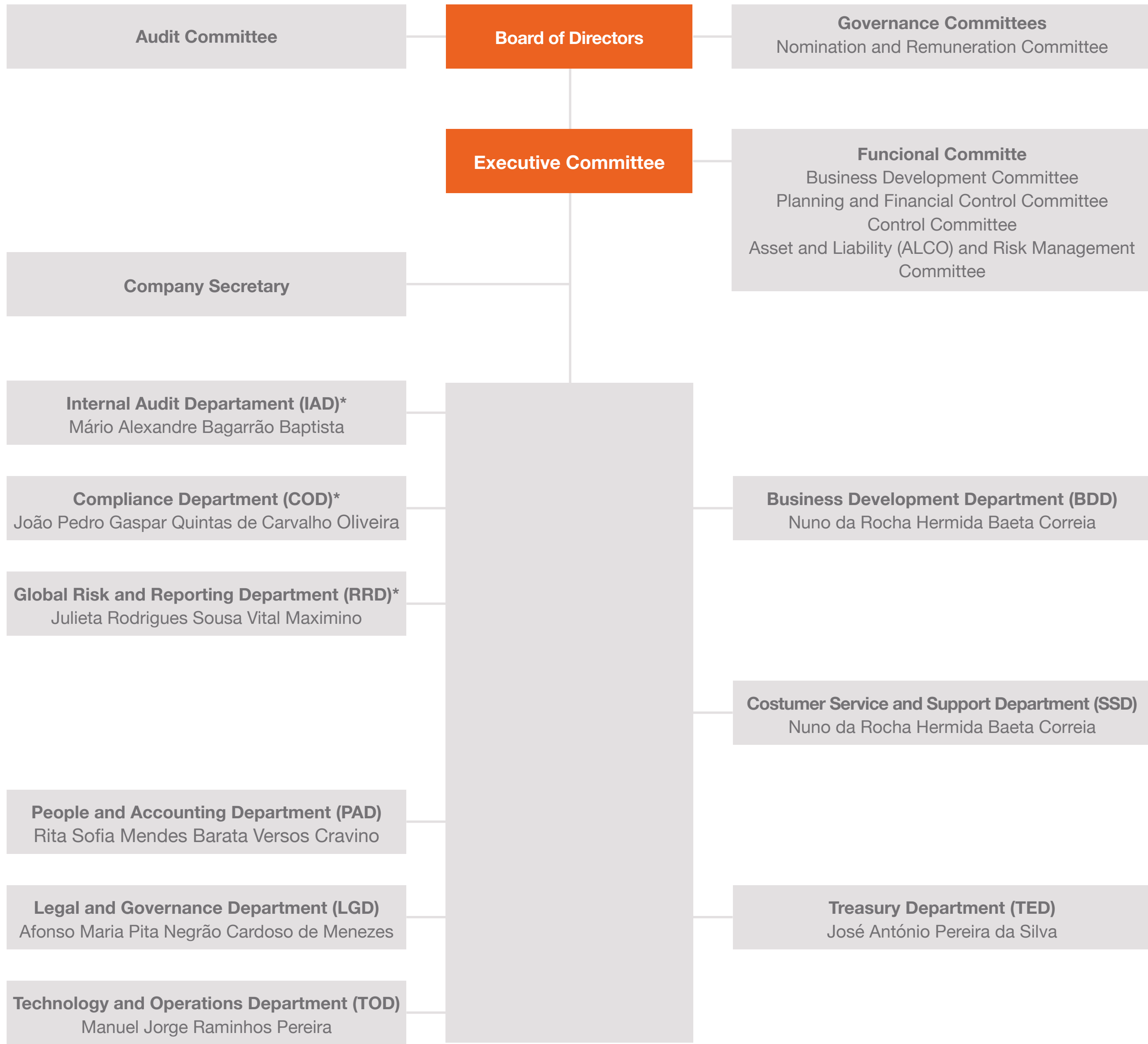
- Ongoing action by the Global Risk and Reporting and Compliance Departments, through control actions and assessments within the scope of their competencies, as detailed in the Function Regulations and the Organic and Functional Structure of the Departments. This action is duly approved in the respective activity plans of each department, duly presented and approved by the Board of Directors, after prior opinion of the Audit Committee;
- Permanent communication of the assessments and immediate reporting of identified non-compliances with the risk tolerance limits defined by the Control Functions to the Board of Directors and the Audit Committee;
- Execution of autonomous, specific, periodic or extraordinary evaluations, ensured by the Internal Audit Department within the framework of a Pluriannual Audit Plan duly presented to and approved by the Board of Directors and the Audit Committee;
- Existence of the Internal Control and Compliance Committee, to support the Management Body in the exercise of its supervisory function in decision processes related to risk management, compliance and internal control;
- Existence of the Nomination and Remuneration Committee, in order to advise and support the Board of Directors on matters of nominations, evaluations and remuneration;

In compliance with the provisions of article 55 of Bank of Portugal Notice no. 3/2020, the Board of Directors and the Audit Committee ensured that the respective annual assessment reports were issued, ensuring the assessment of the adequacy and effectiveness of the organizational culture in force at the Bank and its governance and internal control systems, including remuneration practices and policies and other matters dealt with in this Notice, having concluded on their adequacy and effectiveness based on sound and prudent management.

I.8.3. Responsibility of the management body and the supervisory body in matters of internal governance

The management and supervisory bodies are globally responsible for ensuring the existence of an appropriate governance framework for the structure, activities and risks of the Company, regularly assessing the efficiency and effectiveness, individually and collectively, of their activities and their governance practices and procedures, as well as the functioning of the Committees.

The internal governance framework and its implementation are reviewed periodically, at least annually, with special attention paid to any changes in internal and external factors affecting the Bank. This monitoring has resulted in several changes in the administrative and operational structures that comprise the Bank's macrostructure, resulting in the structure presented below:



I.8.4. Key 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, at a minimum, those responsible for compliance, internal audit and risk management of the credit institution.

At Bison Bank, these functions are as follows:

I.8.4.1. *Compliance* Function

The Compliance Department ("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 (EC) through its responsible EC member.

Additionally, it maintains a permanent line of communication with the Audit Committee and the Internal Control and Compliance Committee, namely through bimonthly meetings with the aim of ensuring an adequate dissemination of information and discussion of relevant issues in the exercise of the Compliance Function activity.

The Head of COD 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 that is 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.

<u>Identification of the Person Responsible and Professional Background</u>

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 17 years in Compliance and Internal Control matters in the financial sector and has been the Chief Compliance Officer since August 20, 2019.

I.8.4.2. Risk Management Function

The Global Risk and Reporting Department ("RRD") is responsible for the risk management function. Its main function is to develop and implement an integrated risk monitoring system appropriate to the nature of the risks the Institution faces, ensuring that risk-taking remains within previously established risk-tolerance intervals. The main duties of the function are as follows:

- Support the Board of Directors (BoD) in developing the Bank's risk policy/risk strategy, ensuring its consistency and alignment with its strategic and business objectives, namely: (i) Develop the Risk Appetite Statement (RAS), in a prudent manner, in articulation with the BoD member responsible, and with those responsible for other functional and business divisions;

  (ii) Propose, participate in the definition/implementation of risk management policies, namely the Risk Management Policy, and respective norms, in close articulation with the other Bodies involved (management or business), and ensuring a mapping of the various risks.
- Develop practices that enable the identification, assessment, monitoring and control of the different types of risk assumed and underlying the Bank's activity;
- To analyze and advise the management and supervisory bodies on decisions that involve the assumption of risks considered relevant and operations with a high-risk profile;
- Participate in the approval process for new products and services, providing input to ensure that the associated risks are adequately considered (more detail in the Sign off standard for products and services);
- 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 Appetite Statement and with the various limits defined in the other policies, making it possible to reinforce 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 risk exercises (namely Internal Capital Adequacy Assessment Process - ICAAP and Internal Liquidity Adequacy Assessment Process - ILAAP), and collaborate in the preparation of the Bank's various risk management exercises (Funding and Capital Plan, Recovery Plan and Resolution Plan), aimed at assessing the Bank's 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 BoD 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;
- 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;
- Prepare and submit the Regulatory Reports of its responsibility (namely in the scope of Common Reporting - COREP);
- Operational Risk Management.

In functional terms, Bison Bank's risk management and monitoring is the responsibility of the RRD, a body that reports to the Board of Directors through the Director responsible for this area (CRO), also maintaining a reporting line to the Audit Committee. The department works independently from the functional areas that are subject to its evaluation and has all the hierarchical and functional autonomy that is indispensable for the performance of its functions.

Identification of the Person Responsible and Professional Background:

Name: Julieta Rodrigues de Sousa Vital Maximino

Position: Head of Global Risk and Reporting / Head of Risk

Education and Professional Background:
Graduated in Management (Pre-Bologna) from the Faculty of Economics, University of Porto, in 1995, with a specialization in economics and finance.

He has been Head of Risk since March 2017. Between April 2016 and March 2017 he was head of 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. Between 2004 and 2010 he worked at the Bank as Senior Equity Analyst. Between 2002 and 2003 worked in the Factoring Department of Millenniumbcp, as a technician in the Commercial Department. Began her professional activity in 1995 at Título - Sociedade Corretora, S.A (Finibanco Group) as an analyst in the Equity Research department, where she worked until 2000.

I.8.4.3. Internal Audit Function

The Internal Audit Department ("IAD"), 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 Committee 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 IAD are as follows:

- Execute, systematically and according to the approved plan, audit actions with the objective of evaluating the design and effectiveness of the risk management processes, namely, if: (i) the organizational objectives support and are aligned with the Bank's mission; (ii) the most relevant and significant risks are adequately identified and properly assessed; (iii) appropriate responses to identified risks are selected and implemented, which align (or seek to align) the Bank'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 the Hierarchical Reporting of the Internal Audit Department:

- The Internal Audit Department sends to all members of the Board of Directors and the Audit Committee the reports produced on 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 Audit Committee;
- All relevant risk situations identified in the audit 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 to the Audit Committee;
- On a quarterly basis, the Internal Audit Department submits to the Board of Directors and the Audit Committee a report on its activities, 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 started his professional career in external auditing in Brazil in 1991, remaining there 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.9. Conflict of Interest Policy Applicable to the Bank and to the Management and Supervisory Bodies

In 2022, the bank proceeded with the regular review of the Conflict of Interest Policy in order to contemplate the new requirements on the matter, namely regarding 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 find themselves 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.10. 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 Technology and Operations Department), ii) Security Officer (1 employee of the People and Accounting Department) and iii) Security Officer (1 employee of the People and Accounting 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 mentioned, the most recent exercise having taken place on October 15, 2022, with extensive participation of the Bank's departments. All improvements resulting from points identified in the test reports carried out as part of this exercise were duly and timely implemented.

I.11. Training Actions

Bison Bank maintains its strategic initiative for the professional development of its human resources, taking into account the mandatory training and also the possibility of an attractive training offer in line with the best market practices.

The total number of training hours in 2022 was 1,821, whose courses covered a range of different topics, 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
- Computer Security and SWIFT Payments
- *F*oreign Account Tax Compliance Act (FATCA)
- Responsabilidades legais e estatutárias inerentes ao exercício das funções do Conselho de Administração e Comissão de Auditoria
- Legal and statutory responsibilities inherent to the exercise of the functions of the Board of Directors and Audit Committee
- Control Mechanisms and Code of Conduct
- Training on crypto assets, taxation, accounting and market regulation
- Initial Blockchain Foundation Training
- Certified Accounting: Consolidation of Accounts and Equity Method, Taxation of Assets - IMI, IMT and Stamp Tax and Closing of Accounts
- Basel IV - CRR/CRD V
- IFRS9
- Leadership Program for Upper Management

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 Appointments and Remuneration Committee, established 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 of Shareholders, at the proposal of the Board of Directors, based on the recommendations of the Nomination 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 2022, the only resolution at the General Meeting on remuneration matters took place at the General Meeting held on April 1, 2022, 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 Audit Board, given the impossibility of the Nomination and Remuneration Committee meeting regularly during the year 2022. 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. I 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 pensions or to complementary retirement and survivor 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 2022.

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 the 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 with an impact on the Bank's risk profile, those who are part of the Bank'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 Bank 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 performed by the Appointments and Remuneration Committee.

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.

This 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 skills 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 annually and submitting it for approval to the General Meeting.

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 People and Accounting 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.

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 referred Remuneration Policy of the members of the Bank's management and supervisory bodies, the performance assessment process of the executive members of the management body shall be ensured by the Nomination and Remuneration Committee and shall 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 risk management and control, in order to avoid excessive exposure to risks 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.

According to 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 deferral of the payment of the variable component of the remuneration, mentioning the deferral 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 4 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;

— Failure to apply reduction ("malus") and reversal ("clawback") mechanisms;

— Other conditions as 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

In accordance with the Remuneration Policy for 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, respectively, >75% and <25% of total remuneration.

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 2022, 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 2022.

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 share purchase 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 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 relating 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 directors and the members of the administrative bodies benefit from the attribution of a car for personal use.

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.

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.

<u>Main characteristics of the complementary pension or early retirement regimes, indicating if they were subject to appreciation by the General Assembly;</u>

Three of the Bank's directors are or were covered by Pension Funds complementary to Social Security (António Manuel Gouveia Ribeiro Henriques, André Filipe Ventura Rendeiro and Eduardo Nuno de Sousa Feijóo Moradas). These directors are participants in the Bank's Pension Fund Defined Contribution Plan 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 submitted for the consideration of the General Meeting.

<u>Estimate of the value of relevant non-cash benefits considered as remuneration not covered in the previous situations;</u>

In 2022, the value of relevant non-pecuniary benefits considered as remuneration was € 22,574, relating to remuneration in kind for the use of a car for personal use and housing support.

<u>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;</u>

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 Members of the Supervisory Body

Reference to the inclusion of some variable component;

The remuneration paid to non-executive directors and members of the Supervisory Body (Supervisory Board, until July 6, 2022, and Audit Committee, as of July 7, 2022) 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 members of the Supervisory Body may not 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.4. 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 2022 by members of the Company's management and supervisory bodies:

Up to and incluing July 6, 2022			
Board of Directors	Total Compensation		
Name	**RF (1)**	**RE (2)**	**RV (3)**
António Henriques	93.326	1.379	0
André Rendeiro	93.325	1.432	0
Fang Bian	116.448	11.577	0
Sub-Total	**303.099**	**14.388**	**0**
Supervisory Board			
Name	**RF (1)**	**RE (2)**	**RV (3)**
Issuf Ahmad	34.683	0	0
Ernesto Ferreira (4)	24.881	0	0
Wang Ting	23.123	0	0
Sub-Total	**82.687**	**0**	**0**
Total	**385.786**	**14.388**	**0**

(1) Fixed Remuneration including Meal Allowance
(2) Remuneration in Kind (Vehicle and Housing).
(3) Variable Compensation incluing Bosuses or Incentives
(4) End of mandate on 07/06/2022

As of July 7, 2022			
Board of Directors	Total Compensation		
Name	**RF (1)**	**RE (2)**	**RV (3)**
António Henriques	110.334	1.293	0
André Rendeiro	88.457	1.343	0
Eduardo Moradas (5)	67.336	559	
Sub-Total	**266.127**	**3.195**	**0**
Non-Executive Members			
Fang Bian	59.286	10.875	0
Audit Committee			
Issuf Ahmad	48.617	0	0
Wang Ting	32.817	0	0
Luís Gonçalves Folhadela (6)	32.698	0	0
SubTotal	**173.418**	**10.875**	**0**
Total	**439.545**	**14.070**	**0**

(5) Mandate begins 09/01/2022
(6) Mandate begins 07/07/2022

Amounts paid by other companies in a control or group relationship in 2022

There is no remuneration paid by other companies to members of the management or supervisory bodies in 2022.

b. Aggregate annual gross remuneration earned by employees, broken down by area of activity

Other Compensation	**Total**
Total Compensation 2022	**2.190.407€**

(Amounts in Euros)

Note: The total number of beneficiaries in 2022 receiving fixed remuneration is 49, 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.

Regarding Other Collaborators

Overall Annual Figures	Remunerations Fixed*	Variable Salaries	Beneficiaries
Control Functions (*Compliance*)	273.288 €	0.00	5
Control Functions (Risk Management)	171.136 €	0.00	3
Control Functions (Audit)	138.847 €	0.00	2
Business Areas	931.451 €	0.00	25
Support Areas	675.685 €	0.00	14

*Gross fixed remuneration incluing meal allowance and remuneration in kind (car) when applicable

(Amounts in Euros)

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

Regarding Other Collaborators

Overall Annual Figures	Remunerations Fixed*	Variable Salaries	Beneficiaries
Control Areas (1)	244.047 €2	0.00	3
Business Areas (2)	191.370 €2	0.00	2
Support Areas (3)	330.469 €	0.00	4

*Fixed remuneration including meal allowance, remuneration in kind (car)

(Amounts in Euros)

(1) Includes top management of the *Compliance*, Audit and Risk departments
(2) Includes top management of the *Business Development* and Tresury departments
(3) Includes top management and other responsible members of the People and Accounting, Technology and Operations, and Legal and *Governance* departments.

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 2022.

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

During 2022, a total amount of € 527,812 was paid to 14 employees as compensation for collective dismissal. The highest amount paid to a single beneficiary was € 97,489. No compensation was paid or is owed to members of governing bodies or employees as a result of termination of their duties during the year.

ix. Number of new hirings

There were 14 new hires in 2022, a number that includes open-ended, fixed-term, and probationary contracts.

x. Number of Collaborators

The table below shows the total number of Bison Bank employees as of December 31, 2022, by department:

Departament	Number
People & Accounting	6
Legal e Governance	2
Business Development	15
Compliance	5
Internal Audit	2
Technology & Operations	6
Treasury	2
Customer Service e Support	9
Global Risk & Reporting	3

Total number of employees on 12/31/2022: 51 (Includes long-term unpaid leave).

Total number of employees on 12/31/2022: 51 (includes long-term unpaid 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.5. 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, 2022 and 2021, are detailed as follows, by type of service provided:

	31-12-2022	31-12-2021
Statutory Audit	79	76
Other Realiability Assurane Services	42	34
Consulting	16	-
	137	**110**

Note: Values do not include VAT. (values it thousands of Euros)

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.

Other Information

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Information on shares and bonds provided for in Article 447 of the Companies Code, with reference to December 31, 2022, including the movement of shares and bonds during the respective fiscal year.

Board of Directors

Bian Fang (President)

As of December 31, 2022, 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 (Executive Member and Chief Executive Officer)

As of December 31, 2022, 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 (Executive Member)

As of December 31, 2022, 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.

Eduardo Nuno de Sousa Feijóo Moradas (Executive Member)

As of December 31, 2022, 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 Body

Issuf Ahmad (Chairman of the Audit Committee)

As of December 31, 2022, 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.

Wang Ting (Member of the Audit Committee)

As of December 31, 2022, 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.

Luís Miguel Gonçalves Folhadela de Oliveira (Member of the Audit Committee)

As of December 31, 2022, 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 of the Supervisory Board from January 1 to June 6, 2022)

As of December 31, 2022, 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, 2022

Shareholder	%
Bison Capital Financial Holdings (Hong Kong) Limited,	100%

Information on own shares pursuant to Article 324 of the Portuguese Companies Code

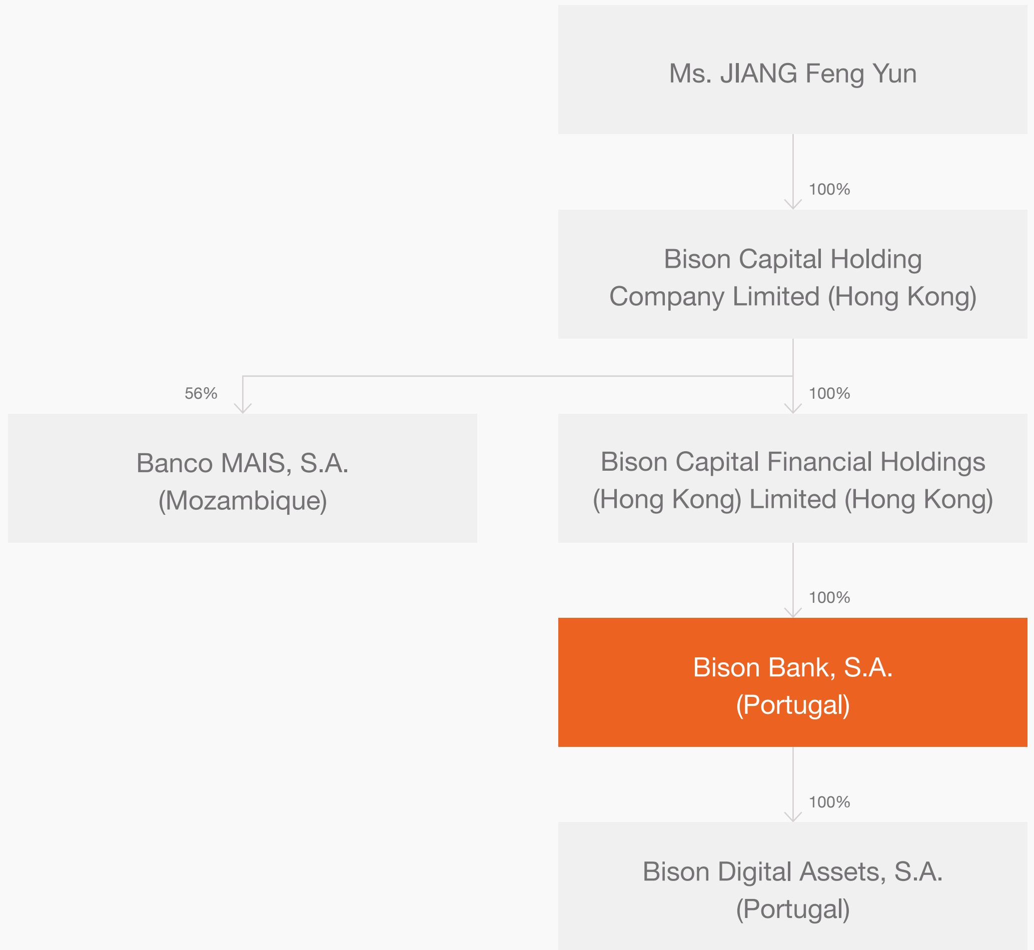
In the terms of the paragraph 2 of Article 324 of the Commercial Companies Code, it is reported that there was no movement of treasury stock during the year, and the Company does not hold any treasury stock as of December 31, 2022.

Information on shares and bonds of companies in the Bison Holding Group perimeter transacted and/or held during the 2022 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 traded and/or held during the year under review, by companies in the same Group.

	31-12-2021	Movements ocurred in the period			31-12-2022
	Quantity	Operation	Date	Quantity	Quantity
Bison Capital Financial Holdings S.A.					
Shares Bison Bank S.A.	39.039.674	-	-	-	39.039.674

Bison Bank, S.A. Stakes Diagram



Legal Certification of Accounts

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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 2022 (which shows total assets of Euros 188,713 thousand and total shareholders' equity of Euros 39,973 thousand including a net loss of Euros 6,538 thousand), the income statement, the income and 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 2022, 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.

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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 and disclosures related with the fair value of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, presented in accompanying notes 2.4, 2.7, 2.8, 7, 21, 27 and 28 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 2022 the carrying amounts of those instruments amounted to Euros 10,733 thousand 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 2022, 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 8,458 thousand euros on that date, determined based on the analysis carried out by the Bank of the non-binding proposal presented by a potential investor. In this context, changes in the assumptions and measurement techniques used by management, combined with the fact that this was a non-binding offer, as well as the possible impacts of the current adverse macroeconomic context and the evolution of the real estate market, may give rise to material impacts on the determination of the fair value of the financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, recognized in the Bank's financial statements.	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 the analysis carried out by (i) the investment banking area of the Business Development Department, (ii) the Global Risk and Reporting Department and (iii) the People and Accounting Department and presented at the meeting of the Bank's Executive Committee. 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.

Key Audit Matter	Summary of the Audit Approach
Impairment losses on debt instruments measured at fair value through other comprehensive income	
Measurement and disclosures related with the impairment losses booked on debt instruments measured at fair value through other comprehensive income, presented in notes 2.4, 2.7, 2.8, 8, 16, 27 and 28 of the Bank's financial statements	
The significant expression of debt instruments measured at fair value through other comprehensive income, as well as the corresponding credit impairment losses, whose determination requires the application of a complex set of assumptions and judgments by the Bank's management, regarding the identification of debt instruments with a significant increase in credit risk, or in default, including the corresponding amount of expected credit losses, justify that these constituted a key audit matter for the purpose of our audit. As at 31 December 2022, the gross amount of debt instruments classified as financial assets at fair value through other comprehensive income amounts to 98,967 thousand euros and the corresponding expected credit losses booked at that date amount to 605 thousand euros. The measurement of expected credit losses on debt instruments measured at fair value through other comprehensive income, as well as the respective significant increase in credit risk, or in default, are calculated by the Bank, mostly using information made available by external providers such as rating agencies, and/or market information from data providers. In this context, changes in assumptions, or in methodologies or in information made available by external providers used by the Bank, in the analysis and quantification of expected credit losses on debt instruments, may have a relevant impact in determining the amount of impairment losses calculated at each moment.	The audit procedures undertaken included the identification, understanding of the key-controls implemented by the Bank underlying to the approval, registration and monitoring of the credit risk of debt instruments measured at fair value through other comprehensive income, as well as the Bank's key-controls underlying the timely identification, recording and correct measurement of expected credit losses. Regarding the models used by the Bank, a set of specific procedures were developed with the aim of assessing whether the assumptions considered by management meet the requirements of IFRS 9, namely: (i) the understanding of the methodologies and main assumptions used by the Bank to determine the impairment losses; (ii) the assessment of whether the methodologies used by the Bank are reasonable in the circumstances; (iii) the analysis of the definition of default and the criteria applied in the classification of staging, on a sampling basis; (iv) the critical analysis of the main assumptions and sources of information used by the Bank in the calculation of risk parameters; and (v) the recalculation of expected credit losses. Our audit procedures also included a review of the disclosures on the debt instruments measured at fair value through other comprehensive income, as well as the corresponding impairment losses, included in the notes to the Bank's financial statements, taking into account the applicable accounting standards.

Responsibilities of management and audit committee 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 Directors' 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 audit committee 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 audit committee, 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 audit committee, 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 audit committee 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 Directors' report is consistent with the financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' 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 26 September 2022 for the period from 2022 to 2023;

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 audit committee on 5 April 2023; 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.

5 April 2023

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)

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 consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Bison Bank, S.A. (the Group), which comprise the consolidated balance sheet as at 31 December 2022 (which shows total assets of Euros 188,486 thousand and total shareholders' equity of Euros 39,715 thousand including a net loss of Euros 6,797 thousand), the consolidated income statement, the consolidated income and comprehensive income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Bison Bank, S.A. as at 31 December 2022, and their consolidated financial performance and their consolidated 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 consolidated financial statements" section below. In accordance with the law, we are independent of the entities that are included in the Group 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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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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 and disclosures related with the fair value of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, presented in accompanying notes 2.4, 2.7, 2.8, 7, 21, 27 and 28 of the Group's consolidated financial statements	
Due to its relevance in the context of the Group's consolidated 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 2022 the carrying amounts of those instruments amounted to Euros 10,733 thousand 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 2022, 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 8,458 thousand euros on that date, determined based on the analysis carried out by the Group of the non-binding proposal presented by a potential investor. In this context, changes in the assumptions and measurement techniques used by management, combined with the fact that this was a non-binding offer, as well as the possible impacts of the current adverse macroeconomic context and the evolution of the real estate market, may give rise to material impacts on the determination of the fair value of the financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy,	The audit procedures undertaken included the identification and understanding of the key-controls implemented by the Group 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 Group to determine the fair value; (ii) the assessment of whether the methodologies used by the Group are reasonable in the circumstances; (iii) the comparison of indicative prices provided by external counterparties with those used by the Group 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 the analysis carried out by (i) the investment banking area of the Business Development Department, (ii) the Global Risk and Reporting Department and (iii) the People and Accounting Department and presented at the meeting of the Bison Bank's Executive Committee. 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 Group's consolidated financial statements, taking into account the applicable accounting standards.

Key Audit Matter	Summary of the Audit Approach
recognized in the Group's consolidated financial statements.	
Impairment losses on debt instruments measured at fair value through other comprehensive income	
Measurement and disclosures related with the impairment losses booked on debt instruments measured at fair value through other comprehensive income, presented in notes 2.4, 2.7, 2.8, 8, 16, 27 and 28 of the Group's consolidated financial statements	
The significant expression of debt instruments measured at fair value through other comprehensive income, as well as the corresponding credit impairment losses, whose determination requires the application of a complex set of assumptions and judgments by the Group's management, regarding the identification of debt instruments with a significant increase in credit risk, or in default, including the corresponding amount of expected credit losses, justify that these constituted a key audit matter for the purpose of our audit. As at 31 December 2022, the gross amount of debt instruments classified as financial assets at fair value through other comprehensive income amounts to 98,967 thousand euros and the corresponding expected credit losses booked at that date amount to 605 thousand euros. The measurement of expected credit losses on debt instruments measured at fair value through other comprehensive income, as well as the respective significant increase in credit risk, or in default, are calculated by the Group, mostly using information made available by external providers such as rating agencies, and/or market information from data providers. In this context, changes in assumptions, or in methodologies or in information made available by external providers used by the Group, in the analysis and quantification of expected credit losses on debt instruments, may have a relevant impact in determining the amount of impairment losses calculated at each moment.	The audit procedures undertaken included the identification, understanding of the key-controls implemented by the Group underlying to the approval, registration and monitoring of the credit risk of debt instruments measured at fair value through other comprehensive income, as well as the Group's key-controls underlying the timely identification, recording and correct measurement of expected credit losses. Regarding the models used by the Group, a set of specific procedures were developed with the aim of assessing whether the assumptions considered by management meet the requirements of IFRS 9, namely: (i) the understanding of the methodologies and main assumptions used by the Group to determine the impairment losses; (ii) the assessment of whether the methodologies used by the Group are reasonable in the circumstances; (iii) the analysis of the definition of default and the criteria applied in the classification of staging, on a sampling basis; (iv) the critical analysis of the main assumptions and sources of information used by the Group in the calculation of risk parameters; and (v) the recalculation of expected credit losses. Our audit procedures also included a review of the disclosures on the debt instruments measured at fair value through other comprehensive income, as well as the corresponding impairment losses, included in the notes to the Group's consolidated financial statements, taking into account the applicable accounting standards.

Responsibilities of management and audit committee for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the consolidated cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' 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 consolidated 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 Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The audit committee is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the audit committee, 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;

h) of the matters we have communicated to those charged with governance, including the audit committee, we determine which one's were the most important in the audit of the consolidated 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

i) confirm to the audit committee 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 Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, 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 26 September 2022 for the period from 2022 to 2023;

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 consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated 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 Group's audit committee on 5 April 2023; 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 Group in conducting our audit.

5 April 2023

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)

Evaluation of the Audit Committee on the Adequacy and Effectiveness of the Organizational Culture, Governance Systems and Internal Control

13

Bison Bank, S.A. Audit Committee's assessment of the adequacy and effectiveness of the Bank's organizational culture and governance and internal control systems

Introduction

This document is presented for the purposes set forth in Article 60(1) of Notice no. 3/2020 of the Bank of Portugal ('Notice') and is part of the annual self-assessment process of the adequacy and effectiveness of Bison Bank, S.A.'s ('Bank') organizational culture and its governance and internal control systems pursuant to the Notice.

The Audit Committee ("AudC") took office in July 2022, following the change in the Bank's management and supervisory structure by resolution of July 7, 2022. Until this date the supervisory functions were exercised by the Supervisory Board ("SB").

Summary of the Self-Evalaution Report

The following is a summary of the self-assessment report required by Article 55 of the Notice, which contains the assessment of the adequacy and effectiveness of the organizational culture in place at the Bank and of its governance and internal control systems, with reference to the period from December 1, 2021 to November 30, 2022 ("reference period"):

- The Audit Committee and the Supervisory Board monitored, during their respective terms of office, the Bank's management, operations and business evolution over the reference period, in the course of their meetings, through participation in meetings of the Board of Directors ("BoD"), access to documentation produced by this body and by the Committees to which it delegated powers, access to management and prudential information on the Bank's activity and results and to other relevant documentation, and through contacts maintained with the heads of these bodies, having obtained all the clarifications requested.
- The AudC reviewed and discussed the work carried out by the Control Functions (Risk, Compliance and Internal Audit), in terms of the responsibilities assigned to them by the Bank's statutes and the Notice, namely:
  - Monitored the work of the Risk Management Function, having analyzed aspects related to the Bank's internal control and risk management system, in particular, and as part of the monitoring of the function, the half-yearly reports of the activity carried out, as well as the respective plan of activities, and other issues with possible impact on the Bank's internal control system;
  - Analyzed and discussed the work performed by the Compliance Function, including obtaining appropriate information on the deficiencies detected in the Bank's internal control and risk management system, on the assessment and grading of the respective risks, the measures adopted for their resolution and the respective status of implementation;
  - Monitored and supervised the planning of activities and the work carried out by the Internal Audit Function, taking care to safeguard its independence and effectiveness, being informed of the reports issued by the function, and ensuring compliance with the recommendations.
- In the reporting period, the Audit Committee and the Supervisory Board reviewed the progress reports on actions to mitigate deficiencies and to implement identified recommendations, and assessed the deficiencies identified by the Bank's internal control functions (Compliance, Wealth Management and Internal Audit) in the reporting period, as well as their graduation and the action plans defined for their resolution, including the deadlines defined for the implementation of these plans.
- The Audit Committee concluded that the identified deficiencies were adequately classified as F3 - High (no deficiency classified as F4 - Severe was detected by the Bank) and that their impacts are not likely to damage the organizational culture, governance and internal control systems of the Bank, considering that:
  - the identified deficiencies have measures, deadlines, and those responsible for their implementation;
  - the follow-up of open deficiencies is based on a continuous monitoring process by the BoD, on a quarterly basis, to ensure the timely correction of identified situations in accordance with the Bank's internal governance policy;
  - there is a methodology for classifying disabilities; and
  - validation of the proper use of the criteria and classification of deficiencies by the Internal Audit Function is performed.
- The Audit Committee also continuously monitored the legislation and other national and EU regulations relating to the internal control system and mechanisms, as well as the entire process of preparing the Bank's self-assessment report, which included:
  - Analysis and evaluation of the risk graduation model defined under the terms of the Notice;
  - Analysis of the action plans determined for the resolution of the gaps identified and respective prioritization, proposed actions and associated timings; and
  - Grading process of open recommendations from previous periods, as well as recommendations identified in the reporting period.
- As a result of the work carried out by the Bank's internal control functions, by the Statutory Auditor and the supervision process, a set of deficiencies was identified and expressed in the Bank's self-assessment report, prepared pursuant to Article 55 of the Notice and Article 2 of Instruction no. 18/2020 of the Bank of Portugal ("Instruction").There is no deficiency classified with risk grade F4 - Severe and, of the identified deficiencies, only one is classified as F3 - High, while the others are classified as F2 - Moderate and F1 - Reduced.
- A CAud considera que, não obstante as deficiências AudC considers that, notwithstanding the identified deficiencies, alternative control mechanisms or ongoing initiatives ensure adequate mitigation of the risks arising from such deficiencies.

Main Conclusion

- Based on the activities carried out and the evidence obtained, the Audit Committee assessed, within the scope of the responsibilities assigned by law to the supervisory bodies and weighing the current and potential impacts of the deficiencies that remain open, the adequacy and effectiveness of the organizational culture in place at the Bank and of its governance and internal control systems.
- Based on the assessment referred to in the previous paragraph, and except for the aspects mentioned in relation to "Deficiencies", and the need to develop an additional set of procedures for full adoption of the provisions of the Notice, we unanimously concluded that the adequacy and effectiveness of the organizational culture in place at the Bank and of its governance and internal control systems, in all materially relevant aspects, in accordance with the requirements defined in the Notice, are positive.
- With the exception of the aspects mentioned with respect to "Deficiencies", we unanimously concluded positively on the state of implementation of the measures defined in the reference period to correct the deficiencies detected, including the deficiencies in the Bank's internal control system and accounting system reported by the statutory auditor or within the scope of other activities carried out by the latter, or identified by other external entities, including supervisory authorities.
- We concluded on the quality of performance and adequate independence of the Bank's internal control functions, which have permanent and effective internal control functions, with a statute, authority, and independence in the organizational structure, aimed at verifying, in the respective areas of competence, if the established strategies, policies, processes, systems and procedures are adequate, duly updated, correctly applied and effectively complied with.
- The internal control functions have direct access to the Board of Audit and the Board of Directors and to the respective support committees, thus ensuring the possibility of direct and immediate transmission of any information to these bodies without the prior intervention of third parties and, on the other hand, that these may request it directly from the internal control functions.
- Additionally, we also concluded unanimously and positively on:

  i. The reliability, in the reference period, of prudential and financial reporting processes, including thosecarried out by the Bank under Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014;

  ii. The reliability of the preparation processes for information disclosed to the public by the Bank under applicable laws and regulations, including financial and prudential information; and

  iii. Proper compliance, in the reference period, with all the duties of public disclosure that result from applicable legislation and regulations and that relate to the matters set out in the Notice.

Lisbon, March 31, 2023

The Audit Committee

Wang Ting

Luis Gonçalves Folhadela

Issuf Ahmad

Report and Opinion of the Audit Committe

14

Report and Opinion of the Audit Committee — Fiscal Year 2022

Introduction

1. In compliance with the provisions of article 423-F, paragraph 1, g) of the Portuguese Companies Code ("CSC"), the Audit Committee ("Audit Committee") of Bison Bank, S.A. ("Bank") has prepared this report and opinion on the report, accounts and proposals presented by the Board of Directors ("BD") of the Bank for the year ended December 31, 2022, including on the supervisory activity carried out by the Audit Committee during the same year.

2. In 2022, there was a change in the Bank's management and supervision structure from the classic model (board of directors, supervisory board, and statutory auditor) to the Anglo-Saxon model of a board of directors, comprising an audit committee and a statutory auditor, under the terms of article 278, no. 1, paragraph b) of the CSC.

   The seven members of the BD, including three members who are part of the Audit Committee, were elected on July 7, 2022, for the four-year term 2022-2025. The BD is chaired by a non-executive member, and an executive committee of three members has been formed.

   Until the date of election of the members of the Board of Auditors, the Bank's supervisory function was exercised by the Fiscal Council ("FC"), composed of three members, mostly independent, including its chairman.

   Henceforth, when referring simultaneously to Audit Committee and FC it will refer to them as the "supervisory body".

   There is a specialized committee for matters related to appointments and remuneration, which is composed of non-executive members of the BD, mostly independent and chaired by an independent member in order to ensure independence in their performance.

   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, makinga total of nine years in office, with the last two-year term ending at the end of 2023.

Activity performed

3. In the exercise of supervisory functions, the Audit Committee met twenty-two times from July to December 2022, and the FC met fourteen times from January to July 2022.

   The meetings of the supervisory body were also attended, by invitation and depending on the matters under discussion, by executive directors, representatives of the SROC and those responsible for the control functions and other areas of the Bank. The Audit Committee maintained permanent communication with the members of the Bank's Executive Committee ("EC") and with the holders of control functions, and also attended several meetings of the Board of Directors. As the members of the Audit Committee are also (non-executive) members of the BD, their presence at BD meetings became a constant, with easier access to information relevant to the exercise of supervision and management challenge. In the exercise of thesupervision of the functions of control and statutory audit of accounts, it met regularly with the directors of the risk, compliance and internal audit departments and with the representatives of the SROC.

4. The President of the Audit Committee also chairs the Nominations and Remunerations Committee, which also includes two non-executive members of the Audit Committee, of which the president of this body and the member of the Audit Committee, independent under the legal and regulatory terms.

5. On April 1, 2022, the SAB issued a report on its supervisory action during 2021 and an opinion on the management report, accounts and proposals presented by the Bank's Board of Directors for the year.

   The SB also assessed the adequacy and effectiveness of the Bank's internal control system, within the specific scope of the prevention of money laundering and financing of terrorism, with reference to the period between January 1 and December 31, 2021, and issued its opinion thereon on March 29, 2022.

   The supervisory body has issued opinions on topics related to the revision of internal policies and regulations, accumulation of functions, conflicts of interest, and related parties.

6. With reference to the period from December 1, 2021 to November 30, 2022, the Audit Committee issued a report assessing the adequacy and effectiveness 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, Audit Committee has prepared a summary of the assessment report on the adequacy and effectiveness of the organizational culture in place at 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 Audit Committee also supervised the Bank's management, supervising and constructively challenging the Bank's executive management, particularly in matters related to the Bank's strategy, risk management, internal control, compliance, internal governance, good accountability and internal audit, liaising with the non-executive member of the Board of Directors who is not part of the Audit Committee, in accordance with the law and the regulatory standards and guidelines applicable to the banking sector.

8. The supervisory body received from the heads of the control functions the respective plans and activity reports, as well as periodic reports on risk management, compliance and internal audit reports. The Audit Committee supervised the performance of the control functions, reviewing and discussing with the heads of the control departments and their employees the plans and periodic reports on the performance of risk management and compliance, as well as the independent internal audit exercise, making observations and recommendations it deemed appropriate.

9. The Bank has a system in place for reporting irregularities, as per the document disclosed on its institutional website entitled "Whistleblowing Policy". The inspection body has monitored the operation of this system, involving control departments. The 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 paragraph 7 of Article 116-AA of the RGICSF.

Assessment of SROC independence

10. In accordance with the provisions of internal regulations and national and community legal diplomas that regulate the exercise of the activity of statutory auditing of Public Interest Entities' accounts, the supervisory body supervised the SROC's independence, and the SROC submitted to the Audit Committee a statement confirming its independence and that of the employees involved in the statutory auditing of the accounts in relation to the examined entity - the Bank.

11. The supervisory body previously approved separate audit services performed by the SROC and related entities, with the exception of that required by law (on safeguarding assets - CMVM requirement), by means of 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 (EOROC), 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). aprovado pela Lei nº. 140/2015, e no Regulamento (UE) nº. 537/204, do Parlamento Europeu e do Conselho de 16/04/2014 (Regulamento Europeu de Auditoria).

12. With regard to rotation, the provisions of the European Regulation on Auditing and the EOROC 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 abovementioned maximum period, the Statutory Auditor may only be reappointed after a minimum period of four years has elapsed; (iv) deadlines are counted as from the first financial year covered by the contractual bond by which the Statutory Auditor was first appointed to perform consecutive Statutory Audits of the Bank; (v) in the process of renewing the Statutory Auditor's mandate, the Audit Committee will take into account the results of the evaluation of his performance.

13. 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, and is currently serving its last two-year term 2022-2023,

thus completing, with the completion of the audit of the 2023 accounts, the maximum ten-year term permitted by applicable regulations.

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 Board of Auditors appraised the Annual Report and Accounts presented by the Board of Directors, for the year ended 31 December 2022, which includes the Management Report, financial statements and corresponding notes, proposal for the appropriation of profit and report on corporate governance. The accounts for 2022 are presented on an individual and consolidated basis only, integrating the subsidiary Bison Digital Asset, S.A., under the full control of the Bank. This company was incorporated on July 15, 2022, with the members of the Bank's Executive Committee as members of the Board of Directors, and still in the start-up phase in 2022.

    The Audit Committee assessed the main accounting policies and changes under IAS/IFRS, as well as the records and disclosures made in the preparation of the individual and consolidated financial statements and other accounting instruments for the year ending December 31, 2022.

16. For the year ended 31 December 2022, the Bank recorded a consolidated net loss of approximately 6.8 million euros (-6.5 million euros on an individual basis), which compares with the negative value of 10.6 million euros recorded in 2021, essentially due to the significant increase in net interest income (0,9 million) driven by the context of a sharp rise in interest rates, starting in the second half of the year, the lower impact of the devaluation of the stake in the Discovery Fund (3.6 million euros in 2021 and 1 million euros in 2022) and the containment of operating costs. However, the Bank maintains balanced capitalization and liquidity levels, with Tier 1 Common equity ratios at year end of around 36.2% (65.8% in 2021) and LCR and NSFR of 140.9% and 137.8% respectively (152.5% and 175.5% in 2021).

Appreciation of the legal revision of the accounts

17. The Audit Committee monitored the statutory audit of the Bank's accounts for the year ended December 31, 2022, and assessed the respective results, the matters that required greater attention from the auditors, as well as the Legal Certification of Accounts, also paying attention to safeguarding the independence of the statutory auditor.

18. The Audit Committee also assessed the additional report addressed to the Audit Committee, issued by the SROC on 03 April 2023, which explains the results of the statutory audit of the accounts, in compliance with the provisions of article 11 of the European Audit Regulation. Said Report arises from the audit by the SROC of the Bank's accounts for the year ended December 31, 2022, which covers a number of relevant topics and information in the scope of the audit of said accounts, which, in general, were discussed in meetings with the Audit Committee and in other documents considered by the Audit Committee, namely accounting and financial matters within the scope of the statutory audit, relevant audit matters, among those matters that required greater attention from the auditor, materiality, internal financial control system, continuity, compliance, valuation methods, provision of separate audit services by the SROC and related entities, and verification of the independence of the SROC.

19. As relevant audit matters, the SROC identified: 1) 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 carried at fair value through profit or loss", whose fair value recognized in the balance sheet at December 31, 2022, amounts to 8,458 thousand euros (9,429 thousand euros at December 31, 2021), obtained based on the analysis made to the non-binding acquisition proposal presented by a potential investor. 2) Impairment losses on debt instruments at fair value through other comprehensive income, which includes the measurement and disclosures related to impairment losses recorded for debt instruments at fair value through other comprehensive income, with emphasis on debt instruments classified as financial assets at fair value through other comprehensive income, amounting to 98,967 thousand euros as of December 31, 2022, and the respective expected credit losses recognized at that date, in the estimated amount of 605 thousand euros.

20. For the purposes of article 452.2 of the CSC, the Audit Committee expresses its agreement with the legal certifications of the individual and consolidated accounts of the Bank for the year ended December 31, 2022, issued on April 3, 20232, which express an unreserved opinion on the individual and consolidated financial statements. The Audit Committee also concurs with the relevant audit matters expressed in the aforementioned statutory audit certificates.

Proposal for the application of results

21. The Board of Directors proposes, under the terms and for the purposes of the provisions of article 376(1)(b) and (2) of the CSC, that the Net Income for the year, in the negative amount of €6,538,197.73 (Six million, five hundred and thirty-eight thousand, one hundred and ninety-seven euros and seventy-three cents), be transferred to the Retained Earnings account.

Subsequent Events

22. Reference should be made to the formalization with the Finance Minister of the process of waiver of the special deferred assets tax regime (REIAD), ensuring the cessation of its application with reference to the tax period beginning on 1 January 2023, and the announcement by the Portuguese government of the termination of the residence permit for investment, namely in risk capital funds, under the emergency program "More Housing" submitted for the approval of the Portuguese Parliament. In addition to the above, there were no other events requiring adjustments and/or disclosures in the Bank's financial statements for the year ended 31 December 2022, as stated in note 30 of the notes to the individual and consolidated financial statements.

Opinion on the Report and Accounts

23. As a result of the work carried out, the Audit Committee gives a favorable opinion on the approval of the Annual Report and Accounts 2022, which includes the management report, individual and consolidated financial statements and respective notes, as well as the Report on Corporate Governance, for the year ending December 31, 2022, confirmed by the Audit Committee.

    These financial statements were reviewed by the Board of Directors, whose meeting was attended by all Board members, including the Audit Committee members, as well as representatives of the SROC that make up the Bank's audit team. At this meeting, the Audit Committee 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 Audit Committee played in this process.

24. Accordingly, taking into consideration the information received from the Board of Directors and other bodies and managements of the Bank, and the conclusions contained in the Legal Certification of Accounts on individual and consolidated Financial Information issued on April 3, 2023, we are of the opinion that the Bank's General Assembly should approve:

    a. The Annual Report and Accounts 2022, for the year ending December 31, 2022, which includes the management report, the individual and consolidated financial statements and respective notes and the Corporate Governance Report, as well as the Audit Committee's Report and Opinion and the corresponding legal certification of the accounts; and

    b. The Proposed Application of Results.

    You must also make a general appraisal of the Bank's management and supervision, pursuant to the provisions of article 376.1(c) of the CSC and deliberate on the proposals for revision of the policies for selection and evaluation of suitability of members of the management and supervisory bodies and for remuneration, as well as on the report on implementation of the remuneration policy.

The Audit Committee would like to thank the Bank's employees, the members of the Board of Directors 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, March 31, 2023

Issuf Ahmad, President

Wang Ting, Vowel

Luís Gonçalves Folhadela, Member

Bison Bank

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