



MARKET DISCIPLINE REPORT

Disclosure of Information under the provisions of the
Part VIII of Regulation (EU) No 575/2013
of the European Parliament and of the Council

Bison Account, S.A.

2022

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INTRODUCTORY NOTE

This "2022 Market Discipline Report" falls within the scope of the reporting requirements under Pillar III of the capital agreement and complements the information provided in the 2022 Report and Accounts of Bison Account, S.A. (hereinafter also referred to as "Bank" or "Bison Account") regarding prudential information on risk management and capital and liquidity adequacy on an individual basis, namely with regard to the provision of detailed information on own funds, capital ratios, liquidity ratios, risk management and respective control and management processes, as well as governance system, remuneration policy.

This report incorporates the public disclosure requirements of Part VIII of Regulation (EU) No 575/2013 (CRR) of the European Parliament and of the Council of June 26, 2013 and by Commission Implementing Regulations (EU) 637/2021 of March 15, 2021, and 2453/2022, November 30, 2022, the purpose of which is to provide market participants with accurate and complete information on the risk profile of institutions.

Whenever applicable, the standard formats and guidelines issued by the EBA (Implementing Regulation (EU) 2021/637 of the Commission, dated March 15, 2021), transposed to the national legal system through Instructions no. 1/2017 and no. 11/2021, of the Bank of Portugal (BoP), were considered.

For the purposes of disclosure of this information, and under the terms of the legislation in force, it should be noted that Bison Account is not considered a global systemically important institution (G-SII) or other systemically important institution (O-SII).

Since part of the information in this document has already been presented in Bison Account, S.A.'s 2022 Annual Report and Accounts, whenever applicable, a reference to that document will be made.

The information presented refers to the end of the year 2022, on an individual basis, which corresponds to the prudential perimeter.

1. STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

This statement of responsibility issued by the Board of Directors (BoD) of Bison Account focuses on the 2022 Market Discipline Report, complying with the requirements described in the CRD /CRR.

The 2022 Market Discipline Report was prepared under Pillar III, in accordance with the regulations and legislation in force.

This report includes information relevant to the audited Financial Statements reported in the 2022 Annual Report, which was discussed and approved at the General Assembly held on April 20, 2023.

Regarding the information presented in this report, the BoD:

- Certifies that all procedures considered necessary for public disclosure of information were developed and that, to the best of its knowledge, all information is true and reliable;
- It considers the quality of all disclosed information to be adequate;
- It undertakes to disclose, on a timely basis, any significant changes occurring during the fiscal year subsequent to that to which this report refers;
- Declares that Bison Account has implemented an adequate Risk Management System (RMS), to ensure the correct development of the business strategy, considering the Bank's profile, size and complexity, including a risk appetite structure and processes and measures to ensure that the defined risk limits are complied with;
- In addition, the Bank has an Internal Control System (ICS) that allows it to adequately manage the risks arising from its business, considering its risk profile, namely risk appetite and tolerance.

The Bank's business strategy is based on a B2B model, targeting the areas of Custody, Asset Management, Investment Banking and Digital Assets. The target market is institutional and HNWI (High-net-worth individual) clients, particularly on an international basis, and is managed preferably through digital means.

Taking into consideration the business strategy described above, the Bank has defined in the Risk Appetite Statement (RAS) the following general principles as its main risk strategy:

The Bank must ensure adequate levels of solvency and liquidity, applying this principle as follows:

- a. Maintaining a level of capital with appropriate headroom vis-à-vis regulatory requirements, both in normal and adverse scenarios;
- b. Continue to ensure a stable, solid, and secure liquidity position capable of withstanding adverse events;
- c. Maintain stable funding capacity and adequate levels of liquidity cushions that allow the balance sheet structure to adapt to existing circumstances.

The Bank must ensure the adoption of good practices in risk management, applying this principle as follows:

- a. Operate according to sound risk management principles, with an effective risk governance model and policies, covering all risks to which it is exposed and ensuring compliance with legal and regulatory requirements;
- b. Develop a strong risk management culture with a focus on preserving the Bank's creditworthiness and lending capacity.

The main ratios for December 31, 2022, are shown below:

Board 1 - Key capital and liquidity ratios and figures for Bison Account

	Ratios	Internal Objective	31-12-22
Capital /Liquidity /Leverage	Total Capital Ratio - Regulatory (Pillar I)	>= 20%	36,2%
	Total Own Funds	>= €20 M	€39,5 M
	NSFR	>=110%	137,8%
	LCR	>=110%	140,9%
	Leverage Ratio	>= 12,5%	20,7%

The capital and liquidity ratios show values significantly above the regulatory limits for each indicator and the limits approved by the BoD under the RAS, reflecting solid capital and liquidity positions.

The Board of Directors

BIAN FANG (Chairman of the Board of Directors)

ISSUF AHMAD (Non-Executive Member and Chairman of the Audit Committee)

TING WANG (Non-executive Member)

LUIS MIGUEL GONÇALVES FOLHADELA DE OLIVEIRA (Non-executive Member)

ANTONIO MANUEL GOUVEIA RIBEIRO HENRIQUES (Chief Executive Officer)

ANDRE FILIPE VENTURA RENDEIRO (Executive Member)

EDUARDO NUNO DE SOUSA FEIJÓO MORADAS (Executive
Member)

2. SCOPE OF APPLICATION (article 436)

2.1 IDENTIFICATION OF THE Bison Account, SA ("Bank" or "Bison Account") is a limited liability company with head office at Rua Barata Salgueiro, 33, Piso 0, in Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the single registration and taxpayer number 502 261 722, with a share capital of EUR 195,198,370.00, and is registered with the Bank of Portugal under number 63 and with the Comissão do Mercado de Valores Mobiliários under number 170.

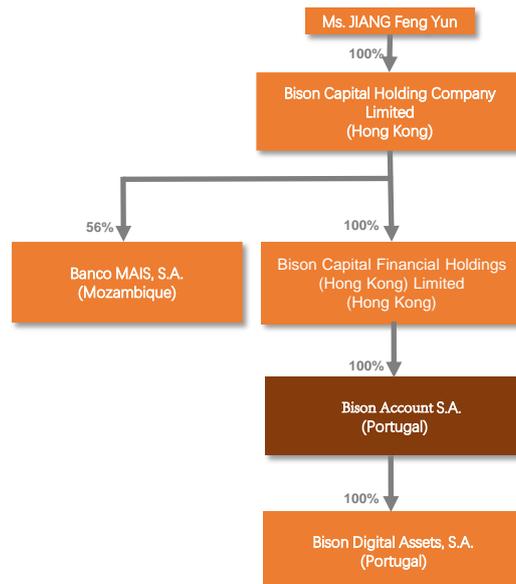
Bison Account resulted from the acquisition in mid-2018 by Bison Capital Financial Holdings (Hong Kong) Limited ("Bison Financial") of all the shares of Banif - Banco de Investimento, S.A., a financial institution based in Portugal and established in 2000.

As of December 31, 2022, Bison Account shares, totalling 39,039,674 shares, with a par value of €5 each, representing 100% of the Company's share capital of €195,198,370.00, were held by the sole shareholder, Bison Capital Financial Holdings (Hong Kong) Limited (Bison Financial).

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

The Bank's Articles of Association, Management Reports and Financial Statements, as well as the Corporate Governance Report, are available for public consultation at the Bank's head office and on its website at www.bisonbank.com.

Bison Account Shareholding Structure



2.2 BASIS AND PERIMETERS OF CONSOLIDATION FOR PRUDENTIAL ACCOUNTING PURPOSES

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. ("Bison Digital Assets", or "Bison Digital"), which was effectively constituted on July 15, 2022, becoming the only entity over which Bison Account exercises control and which is measured at fair value.

Bison Digital Assets, S.A. is excluded from consolidation for prudential purposes, being, however, considered by the equity method. Nevertheless, and in accordance with Bank of Portugal Notice no. 8/94, the Bank of Portugal may determine the inclusion of the company in the prudential consolidation perimeter, if and when it considers that such determination is more appropriate to the objectives recommended by supervision.

Thus, in December 2022, the difference between the consolidation perimeter for prudential purposes and the accounting consolidation perimeter is related to the treatment of Bison Digital Assets.

3. RISK MANAGEMENT POLICIES (article 435)

3.1 ADEQUACY OF RISK MANAGEMENT SYSTEMS

Bison Account seeks to develop its activity seeking to maintain a conservative risk profile, with comfortable capital and liquidity levels.

In order to achieve this objective, the Bank has implemented an appropriate Risk Management System (RMS) to ensure the correct development of the business strategy, considering the Bank's profile, size, and complexity, including a risk appetite structure and processes and measures to ensure that the defined risk limits are complied with.

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

The Risk Management Function is an integral part of the ICS, together with the Compliance and Internal Audit functions, contributing to a solid environment for controlling the risks inherent in the Bank's activity.

3.2 OVERALL RISK PROFILE AND ITS RELATION TO BUSINESS STRATEGY

Bison Account's risk management policies are based on a conservative approach, translating into solid capital ratios and liquidity position. A fundamental principle underlying the management and formulation of risk strategies is the identification and understanding of the risks to which the institution is exposed, and the implementation of a balanced risk appetite structure for the Bank, in light of the business model.

In this context, the Bank adopts appropriate risk management practices: a) operating in accordance with solid risk management principles, with an effective risk governance model and policies that cover 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 its financing capacity.

These practices aim to ensure the development of the strategy and business model based on a prudent risk profile.

From the point of view of strategy and business model, in 2022 the new Governing Bodies, elected for the 2022 - 2025 term, took office, and the Bank continued its internal reorganisation efforts with a view to implementing a leaner and more efficient customer service structure.

This year was marked by an adaptation of Bison Account's business framework, with the Bank refocusing its approach on a B2B logic, targeting institutional and high-income customer segments (High Net worth), essentially on an international basis. In this context, the Bank became involved in more than 60 strategic partnerships with institutions around the world, both financial and non-financial, paving the way for an increase in customers and cross-border business.

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

In terms of business lines, the Bank is focussed on the areas of Depository Banking, Custody, Asset Management, Investment Banking and Digital Assets, preferably using digital means in its relations with customers.

The strategic positioning of being more focused, digital, and lean aims to enable the Bank to increase and consolidate its customer base and business volume, stabilise operations and drive gradual and consistent growth, becoming stable over a short time horizon, based on a prudent risk profile, maintaining comfortable capital and liquidity levels.

Bison Account reviews and approves the risk strategy annually, ensuring that it is aligned with the planning and budgeting process. The definition of the risk strategy also incorporates the conclusions of the risk identification process, the capital and liquidity self-assessment processes (ICAAP and ILAAP). The risk strategy contemplates the acceptance of acceptable risks and promotes their appropriate management in order to achieve the Bank's strategic objectives.

The risk strategy is reviewed annually by updating the Risk Appetite Policy and the Risk Management Policy, which focus on the risks identified by the Bank and are approved by the Board of Directors at the proposal of the Global Risk and Reporting Department (DRR) and the opinion of the Audit Committee.

3.3 STRATEGIES, POLICIES AND PROCEDURES FOR RISK MANAGEMENT

The Bank has opted for a conservative and holistic approach to risks, treating all risks to which it is exposed, as well as the risks contained in BoP Notice 3/2020 and Instruction 18/2020 as material/relevant to the Bank.

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

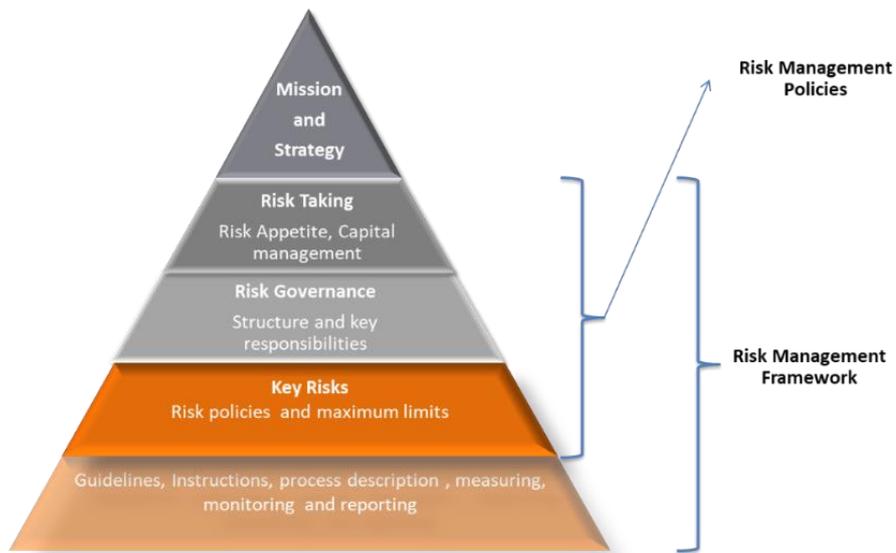
The Bank ensures that its management is carried out with solid and strong risk control. To this end, the Bank establishes regular reviews (periodic revisions of its risk management policies and procedures to reflect changes in regulations, markets, products, and best practices) and monitors the procedures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

Under the Risk Appetite Statement, the Bank regularly identifies and analyses the set of risks inherent to its activity, for which it establishes specific strategies, controls, metrics, and management limits.

The RMS is supported by a set of principles indicated below and is aligned with the strategy, business model, risk appetite and guidelines of the supervisor, and meets the proportionality principle: a) Direct involvement of the BoD; b) Permanent promotion of a strong risk culture, which should be present in all processes, particularly those involving strategic and business decision-making; c) Permanent adjustments to best practices and regulatory requirements; d) Implementation of a comprehensive risk management that incorporates all current or potential risks of the Bank.

The fundamental principles for risk management are implemented through policies, limits, operational guidelines/standards, as well as methodologies and tools for identifying and monitoring risks. Together, these form the structure of the Bank's risk management.

Risk Management Framework



The Risk Management System is supported by a set of documents covering specific issues, of which we would highlight: a) Risk Appetite Statement, b) Risk Management Policy, c) Individual policies for the management of risk categories to the extent of their materiality, such as the Risk and Control Self-Assessment Process Policy, the Limit Management Policies, the Liquidity Management Policy, the Liquidity Contingency Plan, the Operational Risk Policy, the ICAAP Policy, the ILAAP Policy, the Recovery Plan, the Funding and Capital Plan, etc. .

The Bank's regulatory framework is continually updated, particularly considering the legal and regulatory framework. Most of the rules that make up the internal regulatory framework are updated on the basis of a defined minimum periodicity, thus ensuring their permanent updating and an adequate governance model.

The risk management model respects internationally and nationally recognized and accepted principles and is in line with Bank of Portugal Notice 3/2020 and Instruction 18/2020, as well as the EBA's "Guidelines on Internal Governance under Directive".

Risk management is carried out through three lines of defence in the Bank's organizational structure: a) 1st Line of Defence; b) 2nd Line of Defence and c) 3rd Line of Defence (see chapter 3.4).

Under the Risk Appetite Framework and General Risk Policy, Bison Account identifies and regularly analyses the set of risks inherent to its activity, for which it establishes specific strategies, controls, metrics, and management limits:

a) 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 Account's primary financial risk.

In the Bank, the credit risk underlying the activity results essentially from its securities portfolio, essentially 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 as % of total assets was 0.08% versus 0.09% as of December 31, 2021).

b) Market Risk

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

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

At Bison Account, 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".

The Bank has a policy of reducing market risk, based on several measures to mitigate this risk in order to reduce its potential negative impact from a residual risk perspective, in particular by defining limits on aggregate exposure and holding period. In order to guarantee that the levels of risks incurred are in accordance with the objectives and levels of tolerance to risk, various limits have been defined, with a view to control and monitoring. Stop Loss and VaR metrics are also defined.

The Bank's securities portfolio held for liquidity management purposes (bank debt securities portfolio) is exposed to interest rate and *spread* (credit) risk, e.g. 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.

For further details see "Financial Risks - Market Risk" in chapter "25.1 Risk management policies and main risks" of the Annual Report and Accounts 2022 of Bison Account, S.A.

c) Exchange Risk

Foreign Exchange (FX) Risk represents the fluctuations in value that assets denominated in foreign currency may 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.

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

d) Interest Rate Risk

Interest rate risk is defined as the probability of financial losses, in income or capital, arising from adverse movements in interest rates, considering the structure of the Institution's Balance Sheet. This type of risk is assessed systematically and over the long term. 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 analyse the Bank's positioning and risk situation and by analysing the cumulative interest rate impacts of sensitive instruments on net income and net interest income, including:

- Static gap: presents the contractual distribution of maturity 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;
- 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;

- 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 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.

e) Liquidity Risk

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

Liquidity and funding management, together with capital management, is a crucial pillar to ensure Bison Account'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), ICAAP (Internal Capital Adequacy Self-Assessment Process) and ILAAP (Internal Liquidity Adequacy Self-Assessment Process), as well as monitoring and assessing 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:

- Minimum liquidity reserves that establish a minimum ratio based on the volume of deposits calculated on a monthly average basis;
- Compliance with the limits set for the LCR (Liquidity Coverage Ratio - regulatory and internal), whose objective is to promote short-term liquidity, ensuring the holding of unencumbered, high-quality liquid assets to withstand a 30-day stress period;
- Compliance with the limits established for the NSFR (Net Stable Funding Ratio - 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.

f) 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 defined in its RAS, a set of KRI whose evolution is regularly monitored and disclosed to the BoD, namely in the monthly "*Finance and Risk Report*", prepared by RRD.

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 in a partial regime, with an impact on infrastructure and increased measures in the area of systems security.

For monitoring operational risk there are established processes for reporting operational risk events associated with operational risks, information systems that include a description of it, as well as classification into four grades (severe, high, moderate, and low).

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

g) Capital Risk

Capital risk is the risk of lacking sufficient capital, either quantitatively or qualitatively, to meet its business objectives and regulatory requirements. Bison Account 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 II), 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.

Risk reporting and measurement systems

Bison Account has implemented an integrated set of processes that allow the identification, evaluation, monitoring and control of the different types of risk assumed and underlying the Bank's activity.

The Global Risk and Reporting Division (RRD) produces reports to monitor and control risk activities, evaluating their consistency with the Bank's risk appetite and approved risk limits, and disseminates them to risk-taking areas and management bodies to support the management process.

The monitoring and control reports are systematized as indicated below:

a) Credit Risk

Key Controls/Reports:

- The RRD supervises credit risk through the monthly "Finance and Risk Report", reports on the bank portfolio (Treasury Book control), which are sent by email and detail the changes in the Bank's holdings in real estate funds, and by a series of other controls described below;
- Given the immateriality of the portfolio of loans and advances to customers, no specific reports are produced for this exposure category. Even so, a global analysis of the evolution of this loan portfolio and other credit risk exposures is carried out periodically in the "Finance and Risk Report" as well as in the MIS of the People and Accounting Department;

- The credit risk inherent to the exposure of securities in the banking book is controlled through the preparation of specific reports that include an analysis of the portfolio in accordance with the approved limits, including the various dimensions, namely credit quality (based on external *ratings* attributed by the main international agencies) but also exposure limits to individual counterparties, sectors, and countries. Reporting includes, among others, an aggregate analysis of credit risk exposure, concentration of credit risk, changes in risk profile, exposures against portfolio risk limits. This analysis is sent by email to the area that manages the portfolio and is included in the "*Finance and Risk Report*";
- The RRD is responsible for monitoring credit risk and calculating impairments;
- Monitoring of credit risk, including real estate and concentration risk, is addressed in the ICAAP exercise. The result of the exercise and the half-yearly update are included in the monthly Risk report ("*Finance and Risk Report*");
- Compliance with the RAS objectives for credit risk including real estate and concentration risk is also monitored by RRD on a monthly basis and included in the "*Finance and Risk Report*";
- RRD calculates the individual and sectoral concentration indexes on an annual basis, in accordance with BoP Instruction no. 5/2011 (Herfindahl-Hirschman Index).

b) Market Risk

Key Controls/Reports:

- The RRD oversees these risks through the monthly "*Finance and Risk Report*", and by various other controls described below;
- The VaR of the Treasury Book is calculated bi-monthly, and a copy is sent by email to all members of the BoD. The body of the email includes an alert regarding compliance with the approved limits;
- RRD produces regular (monthly) exposure control tables - equity/fixed income portfolio - that provide an analysis by security type, business sector, geography, and capital consumption by security type;
- For the portfolio ("*Treasury Book*") there is a regular (monthly) reporting, checking the compliance with the limits defined for this portfolio;
- The ICAAP market risk results are included in the monthly *Finance and Risk Report*;
- The monitoring of compliance with the Market Risk limits in accordance with the objectives of the RAS is carried out monthly by the RRD and included in the "*Finance and Risk Report*".

c) Exchange Risk

Key Controls/Reports:

- The Bank systematically monitors its overall exposure to foreign exchange risk. There is a daily routine that calculates the foreign exchange position in the main currencies, which is sent by email to the RRD and TED before the start of each daily session. This encompasses spot positions arising mainly from transactions in the trading book, as well as changes in the Bank's results (potential or actual) resulting from conversions of each account in the Balance Sheet using the ECB exchange rate;
- The TED monitors the foreign currency position (spot and futures) and all foreign currency transactions. The daily control is carried out by the TED, based on the information provided by the Bank's core system about the spot position. When necessary and considered adequate in a risk management rationale, this risk is hedged on a regular basis, always within the limits defined by the BoD, through the use of instruments available for this purpose (for example: spots, forwards, swaps, CFDs);
- On a monthly basis, RRD monitors compliance with FX limits and sends this information to TED;
- The foreign exchange position is also dealt with in the ICAAP exercise. The results for the year and the half-yearly update are included in the monthly "Finance and Risk Report".

d) Interest Rate Risk

Key Controls/Reports:

The RRD oversees these risks through the monthly "Finance and Risk Report", and by various other controls described below;

- The RRD produces exposure control charts on a regular basis, which include the calculation of assets and liabilities by maturity dates, in global terms. In addition, an analysis is carried out by major currencies, highlighting potential misalignments in the repricing periods for assets and liabilities. This analysis is sent by email on a monthly basis and included in the "Finance and Risk Report";
- The sensitivity analysis of economic value and net interest income, based on a *standard* 200 basis point shock to the interest rate, is conducted monthly and is sent by email and included in the "Finance and Risk Report". It incorporates the assumptions of BoP Instruction no. 3/2020;
- Interest rate risk is also addressed within the ICAAP exercise. The result of the exercise and the half-yearly update are included in the monthly risk report ("Finance and Risk Report");
- Compliance with the objectives defined in the RAS for interest rate risk, as well as compliance with regulatory ratios, are monitored by RRD on a monthly basis ("Finance and Risk Report");

e) Liquidity Risk

Key Controls/Reports:

- TED oversees the intraday liquidity position and prepares daily liquidity projection maps that cover a range of possibilities of liquidity evolution scenarios and through an analysis of asset and liability maturities. These cover different development scenarios, including demobilization of PDs and outflows of DOs. *Stress* tests of the treasury position are carried out on a daily basis focusing on 3 different scenarios (Baseline, Conservative and *Stress*) to predict the evolution of the Bank's liquidity situation up to 12 months;
- The analysis of liquidity risk (liquidity ratios) is carried out on a monthly basis and is included in the "Finance and Risk Report";
- Additionally, liquidity projection tests are performed every six months over a 12-month time horizon, with stress scenarios of progressive severity (ILAAP scenario);
- For the control and management of daily liquidity, the TED monitors the balance of the Bank's account with the BoP in real time, accessing the system directly. The Technology and Operations Department (TOD) controls the balances of the other accounts (namely Clearstream and with ICO's) and reports them daily to the TED.
- The TED also monitors the concentration ratios of deposits (demand and time) as well as the total balance of accounts belonging to customers most exposed to Bison Account. Deposit concentration limits are also monitored by RRD on a monthly basis;
- Liquidity risk is also addressed in the ILAAP exercise on an annual basis (ILAAP report) as well as semi-annually;
- RRD calculates the regulatory liquidity ratios and periodically submits prudential reports (LCR, NSFR and ALMM) to the regulator;
- Compliance with the objectives of the ASR and regulatory liquidity risk ratios are monitored by RRD on a monthly basis.

f) Non-Financial Risks

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 its importance, the Bank defined in its RAS a set of KRIs whose evolution is regularly monitored and disclosed to the BoD, namely in the monthly "Finance and Risk Report".

The Bank maintains an updated database of Operational and Compliance risk events, which includes a record of any non-compliance, resolution times and mitigation measures implemented. The remaining risks are regularly controlled through verification of compliance with the objectives defined in the RAS.

3.4 STRUCTURE AND ORGANIZATION OF THE RELEVANT RISK MANAGEMENT UNIT

Risk management is conducted in accordance with strategies and policies defined by the 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 framework at **Bison Account** 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 BoD, after prior opinion from the Audit Committee;
- Functional Committees, such as the Asset and Liability (ALCO) and Risk Management Committee and the Internal Control and Compliance Committee; and
- The Global Risk and Reporting Department (RRD), the *Compliance Department* (COD), the Internal Audit Department (IAD) and the Audit Committee.

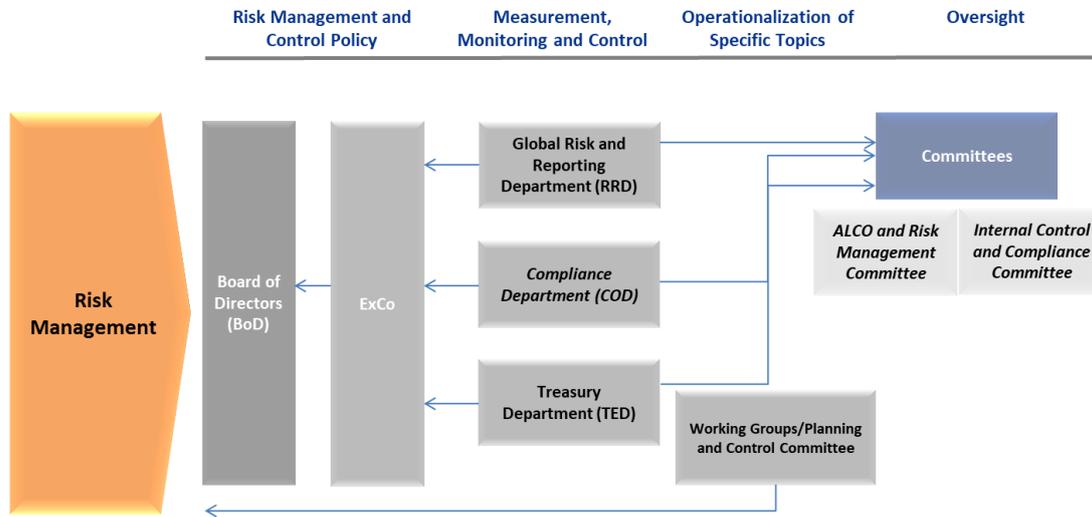
The BoD is the body responsible for defining risk management policy. The EC, composed of the executive members of the administration, is responsible for conducting risk policies and for executive decisions on risk management measures and actions.

In functional terms, **Bison Account's** risk management and monitoring function is centralized in the RRD, a unit independent from the risk origination departments, enjoying the necessary organic and functional autonomy, with access to all activities and information necessary for the performance of its competencies.

Its main function is to implement an integrated risk management system appropriate to the nature and risk profile of the Bank, through the development of practices that allow the identification, assessment, monitoring and control of 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, aimed at understanding, and monitoring the Bank's main risks.

Risk Management Governance Model



The risk management system (RMS) 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:

- Direct involvement of the BoD;
- Permanent promotion of a strong risk culture, which should be present in all processes, particularly those involving strategic and business decision-making;
- Permanent adjustments to best practices and regulatory requirements;
- Implementation of a comprehensive risk management system that incorporates all of the Bank's current or potential risks.

Risk management is carried out through three lines of defence in the Bank's organizational structure:

- 1st Line of Defence: Business Departments (*risk-takers*);
- 2nd Line of Defence: Independent Control Functions (Risk and Compliance);
- 3rd Line of Defence: 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 analysing 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 analysing and evaluating proposals/measures (internal and external) to strengthen the internal control environment, as well as analysing and evaluating situations related to money laundering and financing of terrorism, whenever their relevance or associated risk is significant.

and

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

- Financial Planning and Control Committee - meets monthly under the aegis of the Department of People and Accounting (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 analysing the respective deviations in conjunction with the responsible areas.

As far as the ALCO *and Risk Management* Committee is concerned, its mission is:

a) On the *Asset & Liability* side (ALCO):

- Analyse the evolution of the Bank's balance sheet in terms of capital and its main blocks of exposure to financial risks, including liquidity, credit, foreign exchange and interest rate;
- Analyse the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) models and their components and present and discuss the results;
- Assess the funding structure, according to the assumptions of the Bank's Business Plan, and manage and monitor the Bank's prospective liquidity position through scenario analysis;
- Discuss the credit risk framework and investment strategy for the Treasury Book framed within the Risk Appetite Statement and the Business Plan;
- Analyse the evolution of customer portfolio balances and potential impacts verified or expected on balance sheet management, namely in terms of deposits and available liquidity in these portfolios and their availability;

b) On the *Risk Management* side:

- Monitor the evolution of the Bank's risk profile and its adequacy with the risk profile defined under the Risk Appetite Statement and Recovery Plan, by following the evolution of the indicators defined (KPI) for the main risk categories, checking the alignment with the defined levels and monitoring the action plans designed to ensure compliance with the established risk limits;

- Monitor the evolution of regulatory ratios, namely Capital and Liquidity and Large Risks, analyse their prospective position and discuss measures, when necessary, to keep them within the approved targets;
- To evaluate the Risk Management Policy guidelines, including the Risk Appetite Statement, in particular whenever there is a relevant change in terms of the institution's business strategy/model or risk management policy, procedures or rules to be followed;
- Analyse and monitor the non-financial risks to which the Bank is exposed, including operational, reputational, compliance and strategic, as well as mitigation plans.

As far as the Control and Compliance Committee is concerned, its mission is:

- To evaluate and monitor the effectiveness of the Bank's Internal Control Systems and to analyse and evaluate proposals / measures (internal and external) aimed at strengthening the internal control environment;
- Monitor the Critical Projects, transversal to the Bank, with impact on the control areas;
- Analyse and assess situations related to money laundering and terrorist financing (ML/FT) whenever their relevance or the associated risk(s) are significant;
- Monitor operations with a high-risk profile, operations with related parties and/or with potential/actual conflicts of interest;
- Analyse and monitor the Complaints received, as well as the respective answers;
- Monitor the status of the Bank's assessment of compliance and conformity with laws, regulations, codes of conduct and established practices;
- Analysis of the exchange of correspondence with supervisory entities, including mandatory reports and assessment of compliance with the respective deadlines and evaluation of the main aspects arising therefrom;
- Monitor the relevant financial products and services offered to clients, as well as the Bank's business model and risk strategy, considering the assessment made of the risks associated with the financial products and services offered and the consistency between the prices assigned to these products and services and the profits obtained with them;
- To follow the evolution of issues associated with fraud (internal and external) and discuss the risk mitigation measures in this area, if applicable;
- Present changes in the Risk Appetite Statement, as well as materially relevant transactions in terms of the Bank's risk profile;

- To follow the evolution of Operational Risk events with "open" status and whose mitigation measures and deadlines have been defined;
- Monitoring ESG (Environmental, Social, and Governance) issues and the measures adopted or to be adopted by the Bank.

Bison Account has implemented an ICS that allows the Bank to adequately manage the risks arising from its business, considering its risk profile, risk appetite and risk 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.

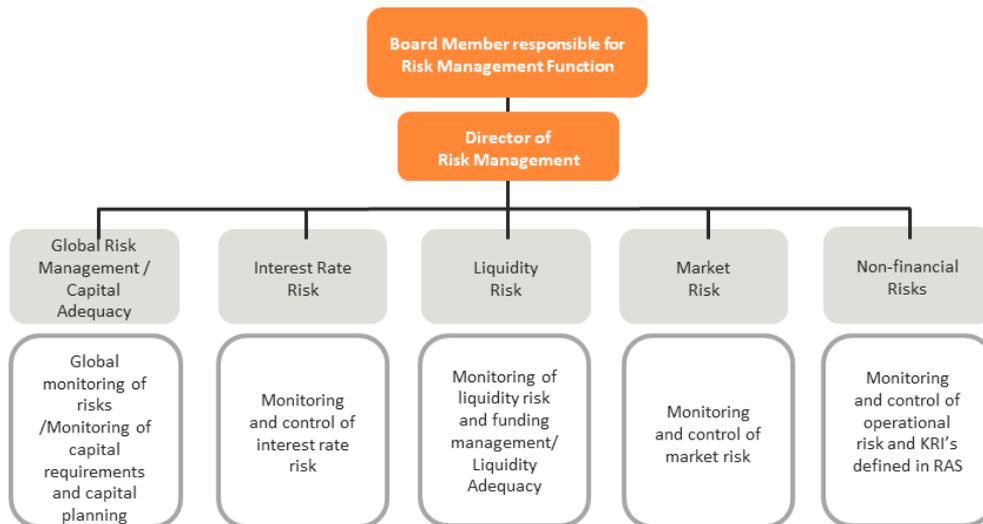
Risk Management Function

The Global Risk and Reporting Division ("RRD") is responsible for the day-to-day risk management function. Its mission is based on the following:

- Support the Board of Directors in the definition/drafting of the Institution's risk policies/risk strategy, ensuring its coherence and alignment with its strategic and business objectives, namely:
 - a) Develop the Risk Appetite Statement (RAS), in a prudent manner, in articulation with the responsible BoD member, and with the heads of other functional and business directorates;
 - b) Propose, participate in the definition/implementation of risk management policies, namely the Risk Management Policy, and respective regulations, in close articulation with the other bodies involved (management or business), and ensuring a mapping of the various risks.
- Develop practices that lead to the identification, assessment, monitoring and control of the different types of risks assumed and underlying the Bank's activity;
- To analyse 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 opinions to ensure that the associated risks are adequately considered;
- To analyse 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 non-compliance with the approved risk management policies, as well as any situation of potential non-compliance, reporting to the areas in question, 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;
- Develop the annual "Risk Control Self-Assessment" exercise;
- Prepare and submit the Regulatory Reports of its responsibility (namely in the scope of Common Reporting - COREP);
- To prepare and have the Board of Directors approve the annual plan of activity of the Global Risk and Reporting Department ("RRD"), after prior opinion from the Audit Committee.

Risk Management Governance Model



3.5 SCOPE, MEASUREMENT TECHNIQUES AND COVERAGE POLICIES FOR EACH SPECIFIC RISK CATEGORY

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.

a) Credit Risk

As mentioned above, the credit risk underlying the Bank's activity derives mainly from the securities portfolio, mostly comprised of bonds, liquidity exposure to financial institutions, and, to a small extent, from loans granted and guarantees provided to customers.

In order to mitigate credit risk, the Bank has defined a set of limits that are monitored on an ongoing basis and are part of the regular reporting to management and supervisory bodies.

b) Market Risk

During 2022, the Bank does not have an active *trading* portfolio (a portfolio essentially composed of a public debt security in the amount of 168 thousand euros), so there was no need for risk monitoring via daily VaR calculation of the portfolio. However, the Bank has a policy of reducing market risk, based on several measures to mitigate this risk in order to reduce the potential negative impact of the same in the perspective of residual risk, in particular the definition of exposure limits and holding period.

c) Exchange Risk

The foreign exchange position is monitored continuously, and the exchange rate risk is hedged regularly in order to ensure compliance with the limits defined by BoD in the RAS and Limits Policy, through the use of appropriate instruments (for example: spots).

d) 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 the management of interest rate risk, without perfect matching between assets and liabilities.

In terms of the FVOCI portfolio, mitigation is also ensured through the monitoring of the portfolio structure, by balancing investment grade (IG) exposures and non-investment grade (NIG) and *Not Rated* exposures. This diversification in terms of credit quality is also complemented, as much as possible, by the diversification by sectors of activity and by countries, as well as by geographic regions.

e) Liquidity Risk

The Bank, when defining its liquidity management policies, assumes a conservative posture in order to support the normal development of its activity, minimizing liquidity risk. The management of liquidity risk is the responsibility of the TED, with monitoring and control being carried out by the RRD.

f) Non-Financial Risks

The control and monitoring mechanisms established for Operational Risk aim to minimize operational risk events and related losses. They enable the continuous monitoring of events, and timely action to resolve them and introduce risk mitigation measures to avoid new occurrences of the same events and potential losses.

The Bank also aims to minimize the occurrence of Compliance breaches and related losses, through compliance with the laws, regulations, and directives applicable to the nature of its activities. Accordingly, the Bank closely monitors legislation and is permanently focused on strengthening the effectiveness of mitigation measures to prevent non-compliance. The Bank maintains an updated database of compliance risk events, which includes a record of any non-compliance, resolution times and mitigation measures implemented.

To monitor reputational risk, the Bank monitors its public image. Since there are no specific metrics that can be used to reliably measure reputation risk, the Bank has opted to monitor the news published in the press and assess possible negative impacts. In addition, the Bank closely tracks and follows the number of customer/counterparty complaints as a reputation metric.

With regard to Strategy/Business risk, it should be noted that the Bank pays special attention to the short- and medium-term planning of the activity and development of the business model. Under the RAS, the Bank established as indicators to be monitored the following profitability metrics: *Cost-to-income* ratio and Return on Equity (ROE), to be achieved in the medium term (after 2024), and deviation from budget of the accumulated Net Income.

The Financial Planning and Control Committee monitors the Bank's budget execution, monitors budget execution control and the levels of achievement of defined objectives, analyses deviations in conjunction with the heads of each area and proposes the adoption of mitigating/corrective measures, reviews the management information model and reports supporting budget monitoring, and proposes improvements tailored to the Bank's reality and the needs for further development of the analytical accounting model that may be identified.

With regard to the mitigation of governance risk, it should be noted that the Bank has internal control functions with status, authority, and independence in the organizational structure. The Bank has a reporting system that ensures the communication of information on risk management and internal control matters to the management and supervisory bodies. Additionally, risk, internal control and compliance policies are reviewed on a regular basis and are communicated to all Bank employees through a specific platform.

3.6 INFORMATION REGARDING THE GOVERNANCE SYSTEM

The governance structure adopted by the Company underwent changes in 2022, previously authorized by the Banco de Portugal at the end of 2021 and implemented on July 7, 2022.

The governance structure has changed from the previous Latin (Reinforced) Model, under the terms of paragraph a) of no. 1 of Article 278 of the of Article 278(1)(a) 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, under the terms of paragraph b) of no. 1 of Article 278 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.

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.

The composition of Bison Account's Board of Directors that held office during 2022 is described below:

- Bian Fang, who also uses Fang Bian (Chairman of the Board of Directors) - With reference to December 31, 2022, in addition to the position held at Bison Account, he held another 1 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 Account, 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 Account).
- André Filipe Ventura Rendeiro (Executive Member) - With reference to December 31, 2022, in addition to the position held at Bison Account, 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 Account).
- Eduardo Nuno de Sousa Feijóo Moradas (Executive Member) - With reference to December 31, 2022, in addition to the position held at Bison Account, 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 Account).
 - Issuf Ahmad (Non-Executive Member and Chairman of the Audit Committee) - As of December 31, 2022, in addition to his position at Bison Account, he held 1 additional corporate position:
 - Chairman of the Fiscal Council of Bison Digital Assets, S.A. (entity 100% owned by Bison Account).
 - Ting Wang (Non-Executive Director and Member of the Audit Committee) - As of December 31, 2022, in addition to his position with Bison Account, he held 1 additional corporate position:
 - Member of the Fiscal Council of Bison Digital Assets, S.A. (entity 100% owned by Bison Account).
 - 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 Account, he held 1 more corporate position:
 - Member of the Fiscal Council of Bison Digital Assets, S.A. (entity 100% owned by Bison Account)
- 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 on July 7, 2022, and by resolution of the Board of Directors of July 11, 2022, the Risk and Compliance Committee was discontinued. Thus, no meetings of the Risk and Compliance Committee were held in 2022.

Selection and Suitability Assessment Policy for members of the management and supervisory bodies and holders of essential functions referred to above, reference is made to the selection and suitability assessment process for members of the corporate bodies, the individual and collective assessment criteria, the bodies responsible for assessment and selection, as well as the fact that, in the selection and assessment, the diversity of personalities, qualifications, skills and technical and sectorial expertise required to perform the duties of the Bank's leaders, as well as diversity of gender, age and geographical origin, is actively promoted.

Notwithstanding the aforementioned, during 2023, the Bank will define and approve the Bank's recruitment policy, which will include, among other requirements, the recruitment process for members of the management body, with reference to the Selection and Evaluation Policy and the Succession Policy currently in force.

Several reports related to risk management and subsequent decision-making are submitted to the BoD on a monthly basis: "*Finance and Risk Report*" (prepared monthly by RRD, which includes information on all risks, compliance with internal and regulatory limits, as well as the ASR and Recovery Plan indicators), and a set of reports from other departments (PAD, TED, etc.) In this way, the Bank formalizes the results of risk assessment, monitoring and control in several daily, weekly, monthly, and quarterly reports.

The RRD systematically prepares the following reports on risk monitoring:

- *"Finance and Risk Report"* (monthly) - The report includes the evolution of all risks, and their compliance with the metrics defined in the RAS, regulatory minimums, Limits policies and recovery indicators, and other information such as: (i) any changes in equity and ratios; (ii) analysis of the evolution of the Bank's Balance Sheet structure and risk-weighted assets by risk type and an analysis, NII analysis, etc.;
- Evolution of Exposure Control - exposure control, for variable income and fixed income portfolios, which includes analyses by type of security, sector of activity, and geography;
- Limit control: limits of the portfolio managed by Treasury, MM limits, exchange limits, etc.
- 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.

In addition to the above, the TED also monitors the intra-day liquidity position and prepares daily liquidity graphs covering several possible liquidity evolution scenarios by analysing asset and liability maturities.

Regular monitoring of compliance with the RAS metrics and Recovery Plan indicators within the tolerance limits allows the BoD to control and proactively manage actual or potential non-compliance as defined in the Risk Appetite Statement. Notification of non-compliance is addressed to the ALCO & Risk Management Committee in the case of potential non-compliance and directly to the BoD in the case of actual non-compliance. For cases of imminent or actual non-compliance, a mitigation plan is drawn up in order to return to the agreed level. The approval of the mitigation plan for potential or actual defaults is the responsibility of the BoD.

In short, the monitoring/communication process implemented keeps the BoD informed about the adequacy of internal capital and the evolution of risks.

For more details about the reports produced, see chapter 3.3 for each of the risks.

4. OWN FUNDS (article 437)

Bison Account does not disclose own funds ratios calculated on a basis other than that provided for in Regulation (EU) no. 575/2013 (CRR) and there are no differences between accounting basis and prudential basis for calculation of the respective ratios. In prudential terms the Bank reports only on an Individual Basis.

4.1 RECONCILIATION OF OWN FUNDS ELEMENTS

Accounting detail of Own Funds on December 31, 2022:

Board 2 - Accounting Details of Own Funds

(values expressed in Thousand Euros)

	31-12-22	31-12-21
Own Funds		
Share Capital	195 198	195 198
Reserves and Retained Earnings	(144 462)	(133 844)
Net income	(6 538)	(10 618)
Securities Revaluation Reserves	(4 225)	(79)
Deductions		
Intangible Assets	(318)	(470)
Other Deductions: Prudent valuation on the Regulation 2016/101 of 26/10/2015	(109)	(64)
Total Own Funds and Common Equity Tier 1 Capital	39 546	50 124

Note: Prudential information.

Own Funds are calculated from the financial statements, taking as a starting point the accounting equity, and also considering the established in the prudential standards of Regulation (EU) 575/2013 - CRR.

Board 3 - EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

(values express in Thousand Euros)

		Balance sheet as presented in the published financial statements	As part of regulatory consolidation	Reference to CC1 model
		31-12-22	31-12-22	
Assets				
1	Cash, cash balances at central banks and other demand deposits	71,929	71,929	
2	Financial assets held for trading	168	168	
3	Non-trading financial assets mandatorily at fair value through profit or loss	10,733	10,733	
4	Financial assets at fair value through other comprehensive income	98,362	98,362	
	<i>of which:</i>			
	<i>Debt securities</i>	0	0	
5	Financial assets at amortized cost	150	150	
6	Investment properties	0	0	
7	Tangible assets	448	448	
8	Intangible assets	410	410	
	Investments in subsidiaries, associates and joint ventures	50	50	
9	Current tax assets	106	106	
10	Deferred tax assets	108	108	
11	Other assets	6,249	6,249	
Total Assets		188,713	188,713	
Liabilities				
12	Financial liabilities held for trading	0	0	
13	Deposits and resources of other credit institutions	1,312	1,312	
14	Deposits from other customers	140,258	140,258	
15	Provisions	2,191	2,191	
16	Current tax liabilities	15	15	
17	Deferred tax liabilities	14	14	
18	Other liabilities	4,949	4,949	
Total Liabilities		148,740	148,740	
Equity				
19	Capital	195,198	195,198	19
20	Revaluation reserves	-4,225	-4,225	20
21	Other reservations	-144,462	-144,462	21
22	Profit (loss) for the year	-6,538	-6,538	22
Total Equity		39,973	39,973	
Total Equity and Total Liabilities		188,713	188,713	

4.2 MAIN CHARACTERISTICS OF OWN FUNDS INSTRUMENTS

Own Funds, calculated in accordance with the regulatory rules in force, include Tier 1 Own Funds (*tier 1*), which comprise the main Tier 1 Own Funds (CET 1) and Tier 2 Own Funds (*tier 2*).

The following table shows the breakdown of own funds as of December 31, 2022:

Board 4 - EU CC1- Composition of regulatory own funds

(values express in thousand Euros)

31-12-2022		Amounts	Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation
Core Tier 1 capital (CET1) instruments and reserves			
1	Own funds instruments and related share premium accounts	195 198	19
	o.w: Instrument type 1	195 198	
	o.w: Instrument type 2	-	
	o.w: Instrument type 3	-	
2	Retained earnings	(144 462)	21
3	Accumulated other comprehensive income (and other reserves)	(4 225)	20
EU-3a	Funds for general banking risks	-	
4	Amount of deemed items referred to in Article 484 No. 3 of the CRR and related share premium accounts subject to phasing-out of CET1s	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Provisional earnings subject to independent review, net of any foreseeable charge or dividend	-	
6	Core Tier 1 capital (CET1) before regulatory adjustments	46 511	
Core Tier 1 capital (CET1): regulatory adjustments			
7	Additional value adjustments (negative value)	(109)	
8	Intangible assets (net of corresponding tax liability) (negative value)	(318)	8
9	Not applicable	-	
10	Deferred tax assets that depend on future profitability, excluding those arising from temporary differences (net of the corresponding tax liability, if the conditions set out in Article 38 No. 3 of the CRR are met) (negative value)	-	
11	Fair value reserves relating to gains or losses arising from cash flow hedges of financial instruments that are not measured at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in own funds resulting from securitized assets (negative value)	-	
14	Gains or losses on liabilities measured at fair value resulting from changes in the institution's own credit quality	-	
15	Assets of defined benefit pension funds (negative value)	-	
16	Direct and indirect holdings by the institution of its own CET1 instruments (negative value)	-	
17	Direct, indirect and synthetic holdings of CET1 instruments of financial sector entities that have reciprocal cross-holdings with the institution for the purpose of artificially inflating the institution's own funds (negative value)	-	
18	Direct, indirect and synthetic holdings by the institution of CET1 instruments of financial sector entities in which the institution does not have a significant investment (amount above the 10% threshold and net of eligible short positions) (negative value)	-	
19	Direct, indirect and synthetic holdings by the institution of CET1 instruments of financial sector entities in which the institution has a significant investment (amount above the 10% threshold and net of eligible short positions) (negative value)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following eligible items for a risk weight of 1250%, where the institution opts for the alternative of the deduction	-	
EU-20b	o.w: eligible detentions outside the financial sector (negative value)	-	
EU-20c	o.w: securitization positions (negative value)	-	
EU-20d	o.w: incomplete transactions (negative value)	-	
21	Deferred tax assets arising from temporary differences (amount above the 10% threshold, net of the corresponding tax liability, if the conditions of Article 38(3) of the CRR are met) (negative amount)	-	
22	Amount above the threshold of 17.65 % (negative value)	-	
23	o.w: direct and indirect holdings by the institution of CET1 instruments of financial sector entities in which the institution has a significant investment	-	
24	Not applicable	-	
25	o.w: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current year (negative value)	(6 538)	22
EU-25b	Foreseeable tax charges on CET1 items, except where the institution appropriately adjusts the amount of CET1 items to the extent that such tax charges reduce the extent to which these items can be used to hedge risks or losses (negative amount).	-	
26	Not applicable	-	
27	Deductions from eligible AT1 exceeding the institution's AT1 (negative value)	-	
27a	Other regulatory adjustments	-	
28	Total regulatory adjustments to core Tier 1 capital (CET1)	(6 966)	
29	Core Tier 1 capital (CET1)	39 546	
Additional own funds Tier 1 (AT1): Instruments			
30	Own funds instruments and related share premium accounts	-	
31	o.w: classified as own funds under the applicable accounting standards	-	
32	o.w: classified as liabilities under the applicable accounting standards	-	
33	Amount of deemed items referred to in Article 484(4) of the CRR and related share premium accounts subject to phase-out of TA1	-	
EU-33a	Amount of deemed items referred to in Article 494a(1) of the CRR subject to phasing out of TA1	-	
EU-33b	Amount of deemed items referred to in Article 494b(1) of the CRR subject to phasing out of TA1	-	
34	Tier 1 own funds considered included in consolidated AT1 (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	o.w: instruments issued by subsidiaries subject to phase-out	-	
36	Additional Tier 1 capital (AT1) before regulatory adjustments	-	

Additional Tier 1 capital (AT1): regulatory adjustments		
37	Direct and indirect holdings by the institution of its own TA1 instruments (negative value)	-
38	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities that have reciprocal cross-holdings with the institution with the aim of artificially inflating the institution's own funds (negative value)	-
39	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities in which the institution does not have a significant investment (amount above the 10% threshold and net of eligible short positions) (negative value)	-
40	Direct, indirect and synthetic holdings by the institution of AT1 instruments of financial sector entities in which the institution has a significant investment (net of eligible short positions) (negative value)	-
41	Not applicable	-
42	Deductions from eligible T2 exceeding the institution's T2 (negative value)	-
42a	Other regulatory adjustments to own funds AT1	-
43	Total regulatory adjustments to additional Tier 1 capital (AT1)	-
44	Additional Tier 1 capital (AT1)	-
45	Tier 1 own funds (T1 = CET1 + AT1)	39 546
Additional own funds Tier 2 (AT2): Instruments		
46	Own funds instruments and related share premium accounts	-
47	Amount of deemed elements referred to in Article 484(5) of the CRR and related eligible emission premiums subject to T2 phase-out as described in Article 486(4) of the CRR	-
EU-47a	Amount of deemed items referred to in Article 494a(2) of the CRR subject to T2 phase-out	-
EU-47b	Amount of deemed items referred to in Article 494b(2) of the CRR subject to T2 phase-out	-
48	Own funds instruments considered included in consolidated T2 own funds (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-
49	of which: instruments issued by subsidiaries subject to phase-out	-
50	Adjustments for credit risk	-
51	Tier 2 capital (T2) before regulatory adjustments	-
Additional Tier 2 capital (AT2): regulatory adjustments		
52	Direct, indirect and synthetic holdings by the institution of its own T2 instruments and subordinated loans (negative value)	-
53	Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities that have reciprocal cross-holdings with the institution with the aim of artificially inflating the institution's own funds (negative value)	-
54	Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities in which the institution does not have a significant investment (amount above the 10% threshold and net of eligible short positions) (negative value)	-
54a	Not applicable	-
55	Direct, indirect and synthetic holdings by the institution of T2 instruments and subordinated loans of financial sector entities in which the institution has a significant investment (net of eligible short positions) (negative amount)	-
56	Not applicable	-
EU-56a	Deductions from eligible liabilities that exceed the institution's eligible liabilities (negative value)	-
56b	Other regulatory adjustments to own funds T2	-
57	Total regulatory adjustments to Tier 2 capital (T2)	-
58	Tier 2 own funds (T2)	-
59	Total own funds (TC = T1 + T2)	39 546
60	Total amount of risk exposure	109 251
Capital ratios and requirements, including prudential reserves		
61	Tier 1 core capital	36%
62	Tier 1 own funds	36%
63	Total own funds	36%
64	Overall own funds requirements CET1 of the institution	10%
65	of which: prudential capital conservation buffer requirement	3%
66	of which: countercyclical prudential capital buffer requirement	0%
67	of which: prudential reserve requirement for systemic risk	0%
EU-67a	of which: prudential reserve requirement for global systemically important institutions (G-SIs) or other systemically important institutions (O-SIs)	0%
EU-67b	of which: requirement for additional own funds to address risks other than the risk of excessive leverage	3%
68	Core Tier 1 capital (as a percentage of the amount of risk exposure) available after meeting minimum capital requirements)	29%
69	Not applicable	-
70	Not applicable	-
71	Not applicable	-
Amounts below deduction thresholds (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities in which the institution does not have a significant investment (amount below the 10% threshold and net of eligible short positions).	-
73	Direct and indirect holdings by the institution of CET1 instruments of financial sector entities in which the institution has a significant investment (amount below the 17.65 % threshold and net of eligible short positions).	-
74	Not applicable	-
75	Deferred tax assets arising from temporary differences (amount below the 17.65 % threshold, net of the corresponding tax liability, if the conditions set out in Article 38(3) of the CRR are met)	-
Limits applicable to the inclusion of provisions in T2		
76	Adjustments for credit risk included in T2 related to exposures subject to the standardised approach (before application of the cap)	-
77	Ceiling for the inclusion of credit risk adjustments in T2 under the standardised approach	-
78	Adjustments for credit risk included in T2 related to exposures subject to the internal ratings approach (before application of the cap)	-
79	Ceiling for the inclusion of credit risk adjustments in T2 according to the internal ratings approach	-
Own funds instruments subject to phase-out provisions (applicable only between 1 January 2014 and 1 January 2022)		
80	Current cap for CET1 instruments subject to phase-out provisions	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current ceiling for AT1 instruments subject to phase-out provisions	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current ceiling for T2 instruments subject to phase-out provisions	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

Under current regulations, the minimum CET 1 ratio is 4.5%, the minimum Tier 1 capital ratio is 6% and the minimum total capital ratio is 8%. In addition to these minimum ratios, there is a capital conservation reserve, currently set at 2.5% of weighted assets.

The regulatory framework also provides for a countercyclical capital buffer of up to 2.5%. This may be imposed by national supervisors if they consider it justified to counteract excessive growth in credit activity in Portugal. During 2022, the Bank of Portugal decided not to impose any capital buffer against cyclical, establishing a percentage of 0% of total risk exposure. This decision is subject to be reviewed on a quarterly basis

Board 5 - Evolution of Capital Ratios

(values express in Thousand Euros)

	31-12-22	31-12-21
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
<i>Common Equity Tier 1 Ratio</i>	36.2%	65.8%
<i>Total Ratio</i>	36.2%	65.8%
As per the 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
<i>Common Equity Tier 1 Ratio</i>	36.2%	65.8%
<i>Total Ratio</i>	36.2%	65.8%

Notes:

(1) Prudential information.

(2) The Bank has not adopted the possibility of phasing the implementation impact and IFRS9 over own funds in accordance with the provisions of article 473-A of the CRR. The implementation of CRR 2.5 (reducing the weighting of loans to SMEs and infrastructure) had no impact on the ratio. The transitional prudential filter provided for in article 468 is not being applied for unrealized gains and losses on sovereign debt exposures valued at fair value through other comprehensive income (JVOCI), excluding financial assets in credit impairment;

On December 31, 2022, Common Equity Tier 1 (CET 1) capital calculated in accordance with the CRD/CCRRR rules applicable in 2022 totalled 39.55 million Euros, corresponding to a CET 1 ratio of 36.2%. The decrease in the ratio compared to 2021 resulted both from the degradation of Own Funds, affected by the loss recorded in the year and "accumulated other comprehensive income", and the increase in Total Risk Weighted Assets (RWAs).

5. INTERNAL CAPITAL ADEQUACY (article 438)

In compliance with the prudential requirements currently in force, the Bank performs annually the internal capital adequacy self-assessment exercise (ICAAP) foreseen in Pillar 2 of Basel III and Bank of Portugal Instruction no. 3/2019. The ICAAP is a fundamental part of Bison Account'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 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;
- Directorate of People and Accounting (PAD);
- Audit Department (IAD);
- 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 become, 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, Reputational Risk, *Compliance Risk*, Strategy Risk, etc.

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 has developed several methodologies for calculating internal capital requirements 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.

The table below summarizes the risks considered relevant to Bison and the calculation methodology applied to each of them:

Methodologies for risk quantification

Risk Types	Regulatory Capital - Pillar I	2022 - Pillar II Methodologies
1 Credit Risk	Standard Approach	Combined Models:
1.1 Debt Securities & Balances at OCl's	Standard Approach	Standard Approach Pillar 1 + add-on (Value-at-Risk Approach)
1.2 Real Estate Risk	Standard Approach	Maximum between Internal Rating-Based (IRB) Approach and Pillar I capital requirements for Debt Securities & Balances at OCl's and (12 month DP fine tuning)
1.3 Other Assets	Standard Approach	Standard Approach
1.4 Concentration Risk	-	Add-on on Credit Risk RWA - Single Name, Sector and Geographical credit concentration risk.
1.5 Credit Spread Risk	-	Sum (Market value-Estimated market value) for Debt Securities portfolio
2 Market Risk	Standard Approach	Standard Approach Pillar 1 + add on (FX - Value-at-Risk Approach)
3 Interest Rate Risk	-	Sensitivity analysis (Effect of changes in the interest rate on economic value + NII)
4 Operational Risk	Basic Indicator Approach (BIA)	Maximum between (BIA) and (Standard Approach + Operational Risk events Add-on)
5 Reputational Risk	-	Marketing costs + haircut % on commissions
6 Compliance Risk	-	% of BB' Equity in Banking Sector' Total Equity * Regulators Sancions Amounts + 2022 fine
7 Strategic / Business Risk	-	Haircut on the net operating income and NII of N+1

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.

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 Account 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 analysing the current and prospective capital position and proposing mitigation measures, when necessary.

Key Controls/Reports:

- The RRD supervises this risk through the monthly "Finance and Risk Report", and by several other controls described below;
- Monthly control of the evolution of the capital position developed by DRRD, with the support of the PAD in terms of own funds;

-
- The RRD monitors changes in own funds and solvency ratios. A monthly report details these changes and provides an analysis of the situation compared with regulatory minimum levels. The report also includes an analysis of changes in balance sheet structure and RWAs by risk type. This analysis supports the calculation/explanation of changes to RWAs and their impact on the Bank's solvency ratios;
 - RRD, in collaboration with the PAD in the Own Funds component, periodically calculates and submits prudential reports on the Bank's capital position (COREP OF) to the supervisory authorities;
 - Compliance with the capital ratios according to the RAS is monitored monthly;
 - The RRD, on a semi-annual basis, updates the quantification of key ICAAP risks, and reports the results to the Bank's senior management. The results are also addressed to the Asset and Liability Committee (ALCO) & Risk Management.

6. RISK WEIGHTED ASSETS / OWN FUNDS REQUIREMENTS (articles 438 / 444)

For the calculation of capital requirements, the Bank uses the standard method to calculate the amounts of credit risk-weighted positions in accordance with the prudential rules in force on the reference date. For operational risk, the Bank uses the basic indicator approach. For market risk, the standard approach is used for both the trading portfolio and foreign exchange exposure. Whenever necessary to determine capital requirements, 8% of the amounts of risk-weighted positions in accordance with Regulation (EU) no. 575/2013 (CRR) are considered.

Board 6 - EU OV1- Risk Weighted Assets Summary

(values express in Thousand Euros)

	31-12-22		31-12-21	
	RWAs	Minimum Capital Requirements	RWAs	Minimum Capital Requirements
Credit Risk (excluding CCR)				
of which: standardised approach	103 408	8 273	68 565	5 485
of which: Internal ratings based approach (IRB Basic)	-	-	-	-
of which: Internal ratings advanced approach (IRB Advanced)	-	-	-	-
of which: IRB actions according to the weighted method by simple risk or IMA (Internal Models Approach)	-	-	-	-
CCR	-	-	-	-
of which: market value (MtM)	-	-	-	-
of which: original method of exposure	-	-	-	-
of which: standardised approach	-	-	-	-
of which: Internal Model Approach	-	-	-	-
of which: total risk exposure for contributions to the Default Fund of a CCP	-	-	-	-
of which: Credit Valuation Adjustment	-	-	-	-
Settlement / Delivery Risk	-	-	-	-
Banking Book Securitisation Exposure (net)				
of which: IRB approach	-	-	-	-
of which: Supervisory Formula Method (SFM)	-	-	-	-
of which: Internal Model Approach	-	-	-	-
of which: Standardised approach	-	-	-	-
Market Risk				
of which: Standardised approach	1 334	107	3 671	294
of which: Internal Models Approach (IMA)	-	-	-	-
Grandes Exposições	-	-	-	-
Operational Risk				
of which: basic indicator aproach method	4 510	361	3 972	318
of which: standardised aproach	-	-	-	-
of which: advanced measurement approach method	-	-	-	-
Amounts inferior to the minimum threshold for deduction (subject to RW of 250%)	-	-	-	-
Total	109 251	8 740	76 207	6 097

Note: Prudential Information.

As of December 31, 2022, risk-weighted assets amounted to 109.3 million Euros and represented 58% of total net assets.

Credit risk constitutes the most expressive risk representing about 95% of risk-weighted assets. On December 31, 2022, the second most relevant was operational risk with 4% of the total and the last one was market risk representing only 1% of the total.

Board 7 - Capital Adequacy - Own Funds Requirements

(values expressed in Thousand Euros)

	31-12-22		31-12-21	
Own Funds Requirements	8 740	100%	6 097	100%
For Credit Risk, Counterparty Credit Risk and Free Deliveries	8 273	95%	5 485	90%
Standardised Approach	8 273	95%	5 485	90%
Standardised Approach exposure classes excluding securitisation positions	8 273	95%	5 485	90%
Central governments or central banks	-	0%	-	0%
Regional governments or local authorities	26	0%	13	0%
Public sector entities	-	0%	-	0%
Multilateral Development Banks	-	0%	-	0%
International Organisations	-	0%	-	0%
Institutions	1 706	20%	1 384	23%
Corporates	5 244	60%	2 629	43%
Retail Portfolio	10	0%	7	0%
Secured by mortgages on real estate property	-	0%	-	0%
Exposures in default	-	0%	-	0%
Items associated with particular high risks	-	0%	-	0%
Covered bonds	-	0%	-	0%
Claims on institutions and corporates with a short-term credit assessment	-	0%	-	0%
Collective investments undertakings (CIU)	1 154	13%	1 313	22%
Equity	-	0%	-	0%
Other Items	133	2%	140	2%
Securitisation Positions in the Standardised Approach (SA)	-	0%	-	0%
Internal Ratings Based Approach	-	0%	-	0%
Own Funds requirements for adjustment risk of credit valuation	-	0%	-	0%
Settlement / Delivery Risk	-	0%	-	0%
Own Funds requirements for position, foreign exchange and commodities risks	107	1%	294	5%
Standardised Approach	107	1%	294	5%
Debt Instruments	17	0%	150	2%
Equity Securities	-	0%	-	0%
Foreign exchange risks	89	1%	143	2%
Commodities risks	-	0%	-	0%
Internal Models Approach	-	0%	-	0%
Own Funds requirements for operational risk	361	4%	318	5%
Basic Indicator Approach	361	4%	318	5%
Standardised Approach	-	0%	-	0%
Advanced Measurement Approaches	-	0%	-	0%
Own Funds requirements related to large risk exposures in the trading book	-	0%	-	0%
Other Own Funds requirements	-	0%	-	0%

Note: Prudential information. As of 31 December 2022, and 2021, Bison Account did not have exposures in the portfolio related to securitizations.

For the purpose of determining the capital requirements for credit risk for the calculation of the prudential solvency ratio, Bison Account uses the standard method as set out in Part III, Title II, Chapter 2 of the CRR.

6.1 CREDIT RISK - EXPOSURES AND RISK-WEIGHTED POSITIONS

Bison Account uses the Standardised Approach for the calculation of risk-weighted assets for Credit Risk. Exposures considered for the purposes of calculating capital requirements for credit risk include exposures in the Banking Book recorded in balance sheet and off-balance sheet accounts, associated namely with investments in financial instruments, investments in credit institutions, the holding of other assets, loans and customers, as well as guarantees and commitments (Bison does not hold positions in securitizations or hedging derivatives). These exposures do not include those treated as part of the trading portfolio (treated as market risk).

Original positions are classified into regulatory risk classes according to the nature of the counterparty, to which specific weights are applied after adjustments are made, such as those related to provisions and value adjustments, as well as the application of CCFs (credit conversion factors), in the case of off-balance sheet exposures, and those resulting from risk mitigation, thus determining the value of risk-weighted assets.

Characterization of the positions at risk

Board 8 - Positions at Risk

(values expressed in Thousand Euros)

RISK CLASSES	On-balance-sheet amount		Off-balance-sheet amount		Securities Financing Transactions		Derivatives		Total Net Exposures	
	31-12-22	31-12-21	31-12-22	31-12-21	31-12-22	31-12-21	31-12-22	31-12-21	31-12-22	31-12-21
Central Governments or Central Banks	70 803	100 109	-	-	-	-	-	-	70 803	100 109
Regional Governments or Local Authorities	1 604	800	-	-	-	-	-	-	1 604	800
Public Sector Entities	-	-	-	-	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
International Organisations	-	-	-	-	-	-	-	-	-	-
Institutions	38 945	32 586	2	2	-	-	-	-	38 946	32 588
Corporates	64 231	32 863	801	787	-	-	-	-	65 031	33 650
Retail	29	15	141	141	-	-	-	-	170	156
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Collective Investment Undertakings	10 733	11 692	-	-	-	-	-	-	10 733	11 692
Equity exposures	-	-	-	-	-	-	-	-	-	-
Other exposures	1 790	1 900	-	-	-	-	-	-	1 790	1 900
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Total	188 134	179 966	944	929	-	-	-	-	189 078	180 895

Note: Prudential information. Exposure Net of Value Adjustments and Provisions.

Board 9 - Risk Weighted Positions (RWA)

(values expressed in Thousand Euros)

RISK CLASSES	On-balance-sheet amount		Off-balance-sheet amount		Securities Financing Transactions		Derivatives		Total RWA		RWA Density	
	31-12-22	31-12-21	31-12-22	31-12-21	31-12-22	31-12-21	31-12-22	31-12-21	31-12-22	31-12-21	31-12-22	31-12-21
Central Governments or Central Banks	-	-	-	-	-	-	-	-	-	-	0%	0%
Regional Governments or Local Authorities	321	160	-	-	-	-	-	-	321	160	20%	0%
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	0%	0%
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	0%	0%
International Organisations	-	-	-	-	-	-	-	-	-	-	0%	0%
Institutions	21 323	17 302	2	2	-	-	-	-	21 324	17 304	55%	53%
Corporates	65 179	32 628	369	229	-	-	-	-	65 548	32 858	101%	98%
Retail	22	11	106	81	-	-	-	-	128	92	75%	59%
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	0%	0%
Exposures in default	-	-	-	-	-	-	-	-	-	-	0%	0%
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	0%	0%
Covered bonds	-	-	-	-	-	-	-	-	-	-	0%	0%
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	0%	0%
Collective Investment Undertakings	14 424	16 407	-	-	-	-	-	-	14 424	16 407	134%	140%
Equity exposures	-	-	-	-	-	-	-	-	-	-	0%	0%
Other exposures	1 663	1 744	-	-	-	-	-	-	1 663	1 744	88%	92%
Securitisation positions	-	-	-	-	-	-	-	-	-	-	0%	0%
Total	102 931	68 253	477	312	-	-	-	-	103 408	68 585	54,7%	38%

This methodology implies a weighting of all of the Bank's exposures by a set of pre-defined weights, unless deducted from own funds. These weights, for some classes of assets, depend on the existence (or not) of external ratings and on the better or worse credit quality indicated by those ratings. The *ratings* used by the Bank to classify its assets for the purpose of obtaining risk weights, as stipulated in Part III, Title II, Chapter 2, Section 4 of the CRR, come from the Moody's, Standard & Poor's and *Fitch* rating agencies (see breakdown of financial assets by credit quality).

The exposure classes for which an ECAI (External Credit Assessment Institutions) is used are the corporate classes, central governments or central banks, institutions and collective investment undertakings (**article 444**).

For risk weighting purposes, exposures to debt securities are allocated to *ratings* assigned to the respective issues. If there are no specific ratings for the issues, the ratings attributed to their issuers, if any, are considered. Credit exposures which are not represented by debt securities are only rated by the respective issuers when they exist.

Board 10 - Exposures by *Rating Dec-22*

(values express in Thousand Euros)

RISK CLASSES	31-12-22				TOTAL NET EXPOSURES
	HIGH GRADE ¹	STANDARD GRADE ²	SUB-STANDARD GRADE ³	NOT RATED ⁴	
Central Governments or Central Banks	5 734	6 191	-	58 878	70 803
Regional Governments or Local Authorities	-	-	-	1 604	1 604
Public Sector Entities	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-
International Organisations	-	-	-	-	-
Institutions	4 586	19 155	12 013	3 193	38 946
Corporates	689	9 082	10 103	45 158	65 031
Retail	-	-	-	170	170
Secured by mortgages on immovable property	-	-	-	-	-
Exposures in default	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-
Covered bonds	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-
Collective Investment Undertakings	-	-	-	10 733	10 733
Equity exposures	-	-	-	-	-
Other exposures	-	-	-	1 790	1 790
Securitisation positions	-	-	-	-	-
Total	11 008	34 427	22 116	121 527	189 078

Note: Prudential information. Exposure Net of Value Adjustments and Provisions.

Board 11 - Exposures by *Rating Dec-21*

(values express in Thousand Euros)

RISK CLASSES	31-12-21				TOTAL NET EXPOSURES
	HIGH GRADE ¹	STANDARD GRADE ²	SUB-STANDARD GRADE ³	NOT RATED ⁴	
Central Governments or Central Banks	2 623	5 605	-	91 882	100 109
Regional Governments or Local Authorities	-	-	-	800	800
Public Sector Entities	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-
International Organisations	-	-	-	-	-
Institutions	5 262	7 381	16 734	3 211	32 588
Corporates	470	3 551	4 698	24 931	33 650
Retail	-	-	-	156	156
Secured by mortgages on immovable property	-	-	-	-	-
Exposures in default	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-
Covered bonds	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-
Collective Investment Undertakings	-	-	-	11 692	11 692
Equity exposures	-	-	-	-	-
Other exposures	-	-	-	1 900	1 900
Securitisation positions	-	-	-	-	-
Total	8 354	16 536	21 433	134 573	180 895

Note: Prudential information. Exposure Net of Value Adjustments and Provisions.

¹ Includes ratings ranging from AAA to A-

² Includes ratings ranging from BBB+ to BBB-

³ Includes ratings ranging from BB+ to D.

⁴ It has no assigned rating.

Board 12 - EU CR5 - CCR Exposures by exposure class and risk weighting Dec-22

(values expressed in Thousand Euros)

RISK CLASSES	31-12-22															Total	Of which unrated
	Risk Weight																
	0%	2%	4%	10%	20%	35%	60%	70%	75%	100%	150%	250%	370%	1250%	Others		
Central Governments or Central Banks	70 803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70 803	58 878
Regional Governments or Local Authorities	-	-	-	-	1 604	-	-	-	-	-	-	-	-	-	-	1 604	1 604
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	9 967	-	19 297	-	-	9 682	-	-	-	-	-	38 946	3 198
Corporates	-	-	-	-	-	-	689	-	-	61 758	2 585	-	-	-	-	65 031	45 158
Retail	-	-	-	-	-	-	-	-	170	-	-	-	-	-	-	170	170
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collective Investment Undertakings	-	-	-	-	-	-	-	-	-	1 200	8 458	-	-	-	1 075	10 733	10 733
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	118	-	-	-	0	-	-	-	33	1 837	-	-	-	-	-	1 790	1 790
TOTAL	70 921	-	-	-	11 571	-	18 988	-	204	74 278	11 042	-	-	-	1 075	188 078	121 827

Board 13 - EU CR5 - CCR Exposures by exposure class and risk weighting Dec-21

(values expressed in Thousand Euros)

RISK CLASSES	31-12-21															Total	Of which unrated
	Risk Weight																
	0%	2%	4%	10%	20%	35%	60%	70%	75%	100%	150%	250%	370%	1250%	Outras		
Central Governments or Central Banks	100 109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100 109	91 882
Regional Governments or Local Authorities	-	-	-	-	800	-	-	-	-	-	-	-	-	-	-	800	800
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	5 540	-	21 704	-	-	5 344	-	-	-	-	-	32 588	3 211
Corporates	-	-	-	-	-	-	470	-	-	33 180	0	-	-	-	-	33 650	24 931
Retail	-	-	-	-	-	-	-	-	156	-	-	-	-	-	-	156	156
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collective Investment Undertakings	-	-	-	-	-	-	-	-	-	2 264	9 429	-	-	-	0	11 692	11 692
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	154	-	-	-	2	-	-	-	0	1 744	-	-	-	-	-	1 900	1 900
TOTAL	100 263	-	-	-	6 342	-	22 174	-	156	42 532	9 429	-	-	-	0	180 895	134 573

Concentration of credit risk by activity sector:

Board 14 - Concentration of credit risk by activity sector

	31-12-22					
	Net Balance Sheet Exposure		Collateral		Effective Exposure ¹	
Services	21 173	12%	-	0%	21 173	12%
Construction	-	0%	-	0%	-	0%
Industry	21 081	12%	-	0%	21 081	12%
Public Sector	11 924	7%	-	0%	11 924	7%
Other Sectors	26 279	14%	224	100%	26 055	15%
Retail Sales	2 733	2%	-	0%	2 733	2%
Financial Institutions and Insurance Companies	98 152	54%	-	0%	98 152	54%
Private Clients	-	0%	-	0%	-	0%
Total	181 343	100%	224	100%	181 117	100%

Notes:

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

It does not include the item "Other Assets".

31-12-21							
	Net Balance Sheet Exposure		Collateral		Effective Exposure ¹		
Services	4 387	3%	-	0%	4 387	3%	
Construction	-	0%	-	0%	-	0%	
Industry	10 451	6%	-	0%	10 451	6%	
Public Sector	8 381	5%	-	0%	8 381	5%	
Other Sectors	22 879	13%	225	100%	22 654	13%	
Financial Institutions and Insurance Companies	123 658	72%	-	0%	123 658	72%	
Private Clients	-	0%	-	0%	-	0%	
Total	172 022	100%	225	100%	171 797	100%	

Notes:

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

It does not include the item "Other Assets".

Concentration of credit risk by geographic region:

Board 15 - Concentration of credit risk by geographic region

(values express in Thousand Euros)

31-12-22							
	Net Balance Sheet Exposure		Collateral		Effective Exposure ¹		
Mainland Portugal	122,686	68%	224	100%	122,461	68%	
European Union	39,557	22%	-	0%	39,557	22%	
Latin America	-	0%	-	0%	-	0%	
North America	10,971	6%	-	0%	10,971	6%	
Rest of the World	8,128	4%	-	0%	8,128	4%	
Rest of Europe	-	0%	-	0%	-	0%	
Total	181,343	100%	224	100%	181,117	100%	

Notes:

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

It does not include the item "Other Assets". Includes Equity Instruments

(values express in Thousand Euros)

31-12-21							
	Net Balance Sheet Exposure		Collateral		Effective Exposure ¹		
Mainland Portugal	145 419	85%	225	100%	145 194	85%	
European Union	14 266	8%	-	0%	14 266	8%	
Latin America	-	0%	-	0%	-	0%	
North America	2 623	2%	-	0%	2 623	2%	
Rest of the World	9 715	6%	-	0%	9 715	6%	
Rest of Europe	-	0%	-	0%	-	0%	
Total	172 022	100%	225	100%	171 797	100%	

Notes:

¹ **Effective Exposure:** Refers to the Balance Sheet Net Exposure less the mitigation effect that is deemed an actual reducer of the credit risk.

It does not include the item "Other Assets".

7. COUNTERPARTY CREDIT RISK (article 439)

Counterparty credit risk reflects the risk of default by counterparties before the final settlement of financial flows with respect to certain financial instrument contracts, namely derivative instruments, repurchase agreements, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions (as of December 31, 2022, the Bank does not have the above-mentioned types of instruments in its Banking portfolio).

Bison Account sets limits on credit risk exposures at the counterparty level as a way to reduce counterparty credit risk. The Bank also aims to diversify counterparties as a way to mitigate concentration risk. It seeks to mitigate credit risk through diversification of the loan portfolio - by geographical area, counterparties, and sectors of activity. To this end, the Bank has implemented a Limit Management Policy approved regularly by the Board of Directors, where counterparty limits are established, and monitoring processes are in place.

The Bank's derivatives portfolio consists solely of interest rate futures traded on a regulated market and accounted for in the trading portfolio.

8. PRUDENTIAL OWN FUNDS RESERVES (article 440)

The countercyclical capital buffer is an additional buffer made up of Common Equity Tier 1 capital, which aims to protect the banking sector in periods when cyclical systemic risk increases due to excessive credit growth. The 'institution-specific countercyclical buffer rate' is a weighted average of the countercyclical buffer rates applicable in the countries where the credit exposures of that institution are located.

It is the BoP's responsibility to define the value of the countercyclical reserve, measured in accordance with the amount of exposures at risk (between 0% and 2.5%). As decided by the BoP, the countercyclical reserve percentage applicable to credit exposures to the Portuguese non-financial private sector, in force in 2022, was 0% of the total amount of exposures at risk (<https://www.bportugal.pt/page/reserva-contraciclica>).

Board 16 - EU CCyB2 - Clearance of countercyclical reserve for own funds requirements

(values expressed in Thousand Euros)

	31-12-22	31-12-21
Total amount of exposures for determining the countercyclical capital buffer	103 408	68 565
Countercyclical capital buffer rate (institution-specific)	0,00%	0,00%
Countercyclical capital buffer (institution-specific)	0	0

9. INDICATORS OF OVERALL SYSTEMIC IMPORTANCE (article 441)

Not applicable.

10. ADJUSTMENTS FOR CREDIT RISK (article 442)

Description of the concepts of "overdue credit", "impaired credit" and "non-performing credit".

Overdue credit - the total outstanding amount of any credit operation with overdue instalments of principal or interest, i.e., which is not settled (principal and/or other receivables, namely interest and commissions) on its due date, or after the date on which the demand for its settlement has been formally presented to the client, regardless of collateral or its nature.

Impaired loans - The Bank has aligned its definition of credit-impaired assets under IFRS 9 to when a financial asset is in default for regulatory purposes. It should be noted that IFRS 9 does not provide an objective definition of *default*, however, it makes a rebuttable assumption that *default* occurs when an exposure is more than 90 days past due. The Bank has not rebutted this assumption. Thus, the determination of whether a financial asset is *credit impaired and therefore at stage 3* focuses exclusively on the risk of default, namely when: (1) contractual payments of principal or interest by the debtor are more than 90 days past due and (2) the Bank considers that it is unlikely that the debtor will pay its credit obligations to the Bank.

Non-performing loans (default) - Includes loans more than 90 days past due (corresponds to the total outstanding amount of loans with overdue instalments of principal or interest for a period of 90 days or more, i.e. whose repayment or payment of associated interest is overdue for a period of 90 days or more), Credit in litigation (subject to judicial recovery), Insolvent, and Credit restructured due to deterioration in the borrower's capacity less than 1 year ago, whose restructured operation or operations that, at the time of restructuring, presented one of the events indicated above.

A description of the approaches adopted by the Bank to determine specific and general credit risk adjustments

Credit risk is ultimately materialized 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 as well as off balance sheet exposures.

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

- Stage 1: financial assets should be classified as stage 1 whenever there has been no significant increase in credit risk since the date of their initial recognition;
- Stage 2: includes financial assets where there has been a significant increase in credit risk since the date of initial recognition;
- Stage 3: the assets classified in this stage at the balance sheet date present objective evidence of impairment, as a consequence of one or more events that have already occurred, resulting in loss.

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

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

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

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

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

Loan Impairment

Given the size and nature of exposures to loans to customers (most with 100% impairment - stage 3 - Individual analysis), the calculation of impairment losses is essentially performed on an individual basis, case by case, taking into 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 in BoP Circular Letter no. 62/2018.

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

The 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.

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

For further details on the impairment calculation process, see "Financial Risks - Credit Risk" in chapter "27.1 Risk management policies and major risks" of the 2022 Annual Report and Accounts of Bison Account, S.A.

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.

As shown in table 17 below, as of December 31, 2022, the exposures resulting from debt instruments measured at fair value through other comprehensive income are, in their entirety, in Stage 1 and Stage 2, with no overdue or defaulted loans.

Board 17 - Fair value through other comprehensive income

(values express in Thousand Euros)

31-12-22					
Financial assets at fair value through other comprehensive income - Debt Instruments	Stage 1	Stage 2	Stage 3	POCI (*)	Total
Gross Exposure	95 783	3 184	-	-	98 967
<i>Investment Grade (IG)</i>	43 165	440	-	-	43 605
<i>Non Investment Grade (NIG)</i>	7 299	2 744	-	-	10 043
<i>Not Rated</i>	45 319	-	-	-	45 319
<i>Impaired</i>	-	-	-	-	-
Impairment	442	163	-	-	605
Net Exposure	95 341	3 022	-	-	98 363

(*) Purchased or originated credit-impairment ('POCI') of financial assets.

As of December 31, 2022, all the exposures resulting from loans and advances to customers are overdue or in default (Stage 3 or POCI), as can be seen in Table 18. It should be noted that all the exposures are legacy since the activity of granting loans to customers is inactive. The values of these exposures and their respective impairment relate entirely to the geographical region of mainland Portugal.

Board 18 - Amortized Cost

(values express in Thousand Euros)

31-12-22					
Financial Assets Measured at amortized cost	Stage 1	Stage 2	Stage 3	POCI (*)	Total
Gross Exposure	-	-	1 059	162	1 220
<i>Not Impaired</i>	-	-	-	-	-
<i>Impaired</i>	-	-	1 059	162	1 220
Imparidade	-	-	1 059	11	1 070
Valor Líquido	-	-	-	150	150

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

As a result, the customer credit quality ratios as of December 31, 2022 are as shown in Table 19. As mentioned above, these exposures are entirely legacy since this activity is inactive.

Board 19 - Credit Quality of loans to Customers

Credit Quality	31-12-22	31-12-21
Total Impairment/Loans to Customers	87,7%	86,9%
Restructured Credit/Loans to Customers	84,4%	84,7%
NPL > 90 days/Loans to Customers	86,8%	86,7%

Off-balance sheet liabilities as of December 31, 2022, totalling 2,773 thousand euros, shown in Table 20, relate to guarantees provided by the Bank and other irrevocable commitments (as of December 2021: 3,022 thousand euros). Off-balance sheet liabilities also included assets (debt securities) pledged as collateral as of December 31, 2022, amounting to 303 thousand euros (as of December 2021: 228 thousand euros). The exposures overdue as of December 31, 2022, relate to loans to customers and off-balance sheet (Legacy exposures), in default as at the date of the Bank's acquisition in July 2018 (for more details see chapter 09 - Financial Statements of the 2022 Annual Report). All exposures and respective impairments relate to the geographical region of mainland Portugal.

Board 20 - Off-Balance Sheet Exposures

(values express in Thousand Euros)

31-12-22					
Off-balance sheet exposures	Stage 1	Stage 2	Stage 3	POCI (*)	Total
Gross Exposure	680	-	2 093	-	2 773
<i>Not Impaired</i>	48	-	-	-	48
<i>Impaired</i>	632	-	2 093	-	2 725
Impairment	0	-	2 093	-	2 093
Net Exposure	680	-	-	-	680

(*) Purchased or originated credit-impairment ('POCI') of financial assets.

The two tables below show an overall analysis of productive and non-productive exposures and their provisions, as well as the credit quality of exposures by risk class and instrument.

Board 21 - EU CR1- Productive and non-productive exposures and respective provisions

(values express in Thousand Euro)

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value resulting from credit risk and provisions						Accumulated Partial Write-Off	Collaterals and financial guarantees received		
	Productive exhibitions			Non-productive exhibitions			Productive exposures - Accumulated Impairment and provisions			Non-performing exposures - Accumulated Impairment, accumulated negative changes in fair value resulting from credit risk and provisions				About productive exhibitions	About non-productive exhibitions	
		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3				
Cash balances at central banks and other demand deposits	71 929	71 929	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	182	182	-	1 059	-	1 059	(11)	(11)	-	(1 059)	-	(1 059)	-	150	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial companies	182	182	-	190	-	190	(11)	(11)	-	(190)	-	(190)	-	150	-	-
Non-financial enterprises	-	-	-	868	-	868	-	-	-	(868)	-	(868)	-	-	-	-
- of which: SME	-	-	-	868	-	868	-	-	-	(868)	-	(868)	-	-	-	-
Families	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	98 988	95 782	3 184	-	-	-	(605)	(442)	(163)	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public administrations	13 538	13 538	-	-	-	-	(9)	(9)	-	-	-	-	-	-	-	-
Credit institutions	24 016	24 016	-	-	-	-	(191)	(191)	-	-	-	-	-	-	-	-
Other financial companies	989	530	440	-	-	-	(8)	(5)	(3)	-	-	-	-	-	-	-
Non-financial enterprises	60 443	57 699	2 744	-	-	-	(397)	(237)	(160)	-	-	-	-	-	-	-
Off-balance sheet exposures	680	680	-	2 093	-	2 093	0	-	-	2 093	-	2 093	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public administrations	-	-	-	910	-	910	-	-	-	910	-	910	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial companies	539	539	-	1 183	-	1 183	0	-	-	1 183	-	1 183	-	-	-	-
Non-financial enterprises	141	141	-	-	-	-	0	-	-	-	-	-	-	-	-	-
Families	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	171 737	168 653	3 184	3 162	-	3 162	(616)	(454)	(163)	1 034	-	1 034	-	150	-	-

Board 22 - EU CR1-A - Credit Quality of Exposures by Risk Class and Instrument

(values expressed in Thousand Euro)

	31-12-22						Net values (1+2-3-4)
	Gross carrying values of		Specific credit risk adjustment (3)	General credit risk adjustment (4)	Accumulated write-offs	Credit risk adjustment charges of the period	
	Defaulted exposures (1)	Non-defaulted exposures (2)					
Central Governments or Central Banks	-	70 812	-	9	-	70 803	
Regional Governments or Local Authorities	-	1 604	-	-	-	1 604	
Public Sector Entities	-	-	-	-	-	-	
Multilateral Development Banks	-	-	-	-	-	-	
International Organisations	-	-	-	-	-	-	
Institutions	-	39 137	-	191	-	38 946	
Corporates	-	65 520	-	489	-	65 031	
Retail	-	179	-	8	-	170	
Secured by mortgages on immovable property	-	-	-	-	-	-	
Exposures in default	3 152	-	-	3 152	-	-	
Items associated with particularly high risk	-	-	-	-	-	-	
Covered bonds	-	-	-	-	-	-	
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	
Collective Investment Undertakings	-	10 733	-	-	-	10 733	
Equity exposures	-	-	-	-	-	-	
Other exposures	-	4 456	-	2 666	-	1 790	
TOTAL	3 152	192 441	-	6 515	-	189 078	

11. ENCUMBERED AND UNENCUMBERED ASSETS (article 443)

The Bank's encumbered assets relate to regulatory/prudential requirements, namely intraday credit, the investor compensation scheme, and the deposit guarantee fund.

An encumbered asset is considered to be an asset that is explicitly or implicitly constituted as a guarantee or collateral, as for example in contracts for financing operations with collateral, exchange of collateral, or collateral constituted within the scope of clearing systems. Total encumbered assets represent only 0.2% of total assets.

Board 23 - Encumbered and unencumbered assets

31-12-22

(values expressed in Thousand Euros)

Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	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	-

31-12-21

(values expressed in Thousand Euros)

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

Board 24 - Asset Pledging - Real Estate Collateral and Pledging Sources

31-12-22

(values expressed in Thousand Euros)

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

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

Note: Prudential information.

31-12-21

(values expressed in Thousand Euros)

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

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

Note: Prudential information.

12. EXPOSURE TO MARKET RISK (article 445)

For market risk, the Standardised Approach is used for both the trading portfolio and foreign exchange exposure. Where necessary to determine capital requirements, 8% of the risk-weighted position amounts in accordance with Regulation (EU) no. 575/2013 (CRR) are considered.

Board 25 - Capital requirements for Market Risk

(values express in Thousand Euros)

	31-12-22	31-12-21
Own Funds Requirements = Σ(1 to 4)	107	294
1. Risk Position	17	150
1.1. Standardised Approach for the trading book (= 1.1.1.+ 1.1.2.)		
1.1.1. Debts Instruments	17	150
1.1.1.1. Specific Risk	13	126
1.1.1.2. General Risk	4	24
1.1.1.3. Additional requirements for options - Non-Delta Risk		
1.1.2. Equity	-	-
1.1.1.1. Specific Risk		
1.1.1.2. General Risk		
1.1.1.3. Additional requirements for options - Non-Delta Risk		
2. Foreign Exchange Risk	89	143
3. Commodity risk	-	-
4. Settlement / Delivery Risk	-	-

Note: Prudential Information.

Board 26 - EU MR1 - Market Risk under Standardized Approach

(values express in Thousand Euros)

	31-12-22		31-12-21	
	RWA	Capital requirements	RWA	Capital requirements
OUTRIGHT PRODUCTS	1,334	107	3,671	294
Interest rate risk (general and specific)	215	17	1,880	150
Equity risk (general and specific)	-	-	-	-
Foreign exchange risk	1,118	89	1,790	143
Commodity risk	-	-	-	-
OPTIONS	-	-	-	-
SECURITISATION (SPECIFIC RISK)	-	-	-	-
TOTAL	1,334	107	3,671	294

In the Standardized Approach, credit exposures are placed in regulatory risk classes according to their characteristics (e.g., type of counterparty, type of product).

13. OPERATIONAL RISK (article 446)

For operational risk, the Bank uses the basic indicator approach. The capital requirements according to this method are determined by the sum of the relevant indicator. This indicator is calculated by adding net interest income to operating income, to which a factor of 15% is applied to the average of the last three years in order to determine the value of the requirements.

Board 27 - EU OR1 - Basic Operational Risk Indicator

(values express in Thousand Euros)

Segments	Relevant Indicator			Own funds requirements	RWA amounts
	31-12-20	31-12-21	31-12-22		
Basic Indicator Approach (BIA)	1 321	2 532	3 363	361	4 510
Standardized Approach (STA) / Alternative Standard Approach (ASA)	-	-	-	-	-
Subject to STA:	-	-	-		
Subject to ASA:	-	-	-		
Advanced Measurement Approach (AMA)	-	-	-	-	-

Board 28 - Detail of the Basic Indicator Items

Income Statement	Item
(+) Interest income and similar income	79
(-) Interest charges and similar costs	66
(+) Income from shares and other variable/fixed income securities	82-821
(+) Commissions received	80+81
(-) Commissions paid	67+68
(+) Result from financial operations	[83-(831+833+834)]-[69-(691+693+694)]
(+) Other operating income	[84-(841+842+843)]

14. EXPOSURES IN SHARES NOT INCLUDED IN THE TRADING PORTFOLIO (article 447)

On December 31, 2022, the Bank held positions in Funds in the banking portfolio, mostly legacy assets of the Bank. The positions are initially recognized at fair value and subsequently measured at fair value in accordance with a hierarchy of valuation criteria (level 2 and level 3 - for further details see chapter 09 - Financial Statements - 2.8) Fair value of assets and liabilities; and 26) Fair value of the securities portfolio and other financial instruments).

These assets are measured under the caption "financial assets at fair value through profit or loss (FVTPL) - equity securities), with changes in value recognized as a separate element of equity - "Fair Value Reserves" - until they are sold.

Board 29 - Positions at Risk - Shares and Undertakings for Collective Investment (OIC)

(values express in Thousand Euros)

	Risk positions		Risk weighted assets	
	31-12-22	31-12-21	31-12-22	31-12-21
Funds	10 733	11 692	14 424	16 407
Financial participations	0	0	0	0
Other equities	0	0	0	0
TOTAL	10 733	11 692	14 424	16 407

15. EXPOSURE TO INTEREST RATE RISK IN THE BANKING PORTFOLIO (article 448)

The banking portfolio, in addition to the positions not included in the trading portfolio, includes investment portfolio securities, Cash and Deposits with Other Credit Institutions, as well as other operations of a commercial nature, etc.

Interest rate risk in the banking book (IRRBB) refers to the actual or potential risk to the Bank's capital or earnings arising from adverse movements in interest rates affecting the Bank's banking book position.

The main risk factor to which Bison is exposed results from the *mismatch of repricing* positions in the portfolio and the risk of variation in market interest rate levels. The risk is measured by analysing the temporal mismatch of the maturities of assets, liabilities, and fixed rate off-balance sheet instruments, through distribution by temporal buckets (gap risk).

Gap analysis is based on comparing the values of assets and liabilities that are revalued or mature in the same period. The Static gap presents the contractual distribution of maturity 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 values (at Bison Account EUR and USD are the most significant currencies).

Interest rate risk is regularly assessed through a process of sensitivity analysis, which reflects the potential loss in economic value resulting from adverse variations in interest rates. Variations in market interest rates also have an impact on net interest income in the medium and long term.

The economic value of the interest rate sensitive components of the balance sheet and off-balance sheet items is calculated from a total of 8 possible scenarios specified in BoP Instruction IRRBB no. 03/2020.

Therefore, the scenarios covered by the Bank are:

- Parallel shock up 200 bp;
- Parallel shock down 200 bp;
- Parallel rise in the interest rate, different spreads per currency;
- Parallel decline in the interest rate, different spreads per currency;

- Increasing steepness of the yield curve, which corresponds to decreases in short-term rates and increases in long-term rates (steepener shock);
- Decrease in the slope of the yield curve, which corresponds to an increase in short-term rates and a decrease in long-term rates (flattener shock);
- Short rate shock up;
- Short rates shock down.

The table below presents a sensitivity analysis of the interest rate risk of the banking portfolio, based on the IRRBB report. 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 net position and on the Bank's annual financial margin.

Sensitivity analysis of the impact of a 200-basis points variation in the interest rate curve by relevant currencies as of December 31, 2022 and 2021:

Board 30 - Sensitivity Analysis - Banking Portfolio Interest Rate Risk (+200bp)

(values express in Thousand Euros)

		31-12-22	31-12-21
EUR	Impact on Net Worth	-2 531	-2 533
	Own Funds	39 546	50 124
	Impact on Equity, in %	-6,4%	-5,1%
	Impact on Net Interest Income, 12 months	1 597	147
	Net interest income	1 359	486
	Impact on annual Net Interest Margin, in %	117,4%	30,2%
USD	Impact on Net Worth	-177	-179
	Shareholders' Funds	42 179	56 770
	Impact on Equity, in %	-0,4%	-0,3%
	Impact on Net interest income, 12 months	96	29
	Net interest income	1 450	550
	Impact on annual Net Interest Margin, in %	6,6%	5,3%
TOTAL	Impact on Net Worth	-2 711	-2 715
	Shareholders' Funds	39 546	50 124
	Impact on Equity, in %	-6,9%	-5,4%
	Impact on Net interest income, 12 months	1 704	192
	Net interest income	1 359	486
	Impact on annual net interest income, in %	125,3%	39,5%

Board 31 - Sensitivity Analysis on Economic Value

(values express in Thousand Euros)

		31-12-22	31-12-21
Impact on Net Worth	+200 pb	(2 711)	(2 715)
	-200 pb	3 028	3 115
% Own Funds	+200 pb	-6,86%	-5,42%
	-200 pb	6,04%	6,21%

For more details see the Report and Accounts - 27.1 - Risk management policies and main risks.

16. RISK ASSOCIATED WITH SECURITIZATION POSITIONS (article 449)

As of December 31, 2022, **Bison Account** had no asset securitization transactions.

17. REMUNERATION POLICY (article 450)

The information required under article 450 is available in the 2022 Annual Report and Accounts, in the Supplementary Information to the Annual Report and Accounts and in the respective Remuneration Policies, published on the Bank's website, under article 115-I, of the General Regime of Credit Institutions and Financial Companies, and this information is complemented by the information in this report.

The Remuneration Policy for the Members of the Bank's Management and Supervisory Bodies is defined taking into account the rules applicable to credit institutions in this area, with a view to creating incentives to ensure risk-taking that is compatible with the Bank's strategy, objectives, values and long-term interests, tolerance and risk culture, including measures to avoid conflicts of interest, as well as to ensure sound, prudent and effective risk management, without encouraging risk-taking above the level of risk tolerated by the Bank.

The Remuneration Policy is materialized taking into consideration the activity, risk appetite, structure and size of the Bank, as well as market practices, basing its definition on objective, transparent, consistent and compatible criteria with the hierarchy of responsibilities and competences of those remunerated, also ensuring the application of the principles and rules provided for in the Bank's Policy for Prevention and Management of Conflicts of Interest.

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, such as disciplinary events, critical incidents or acts of exceptional value.

In terms of governance structure, the Bank has a Nomination and Remuneration Committee whose mission is to advise and support the Board of Directors and the General Shareholders Meeting on matters of appointments, evaluation and remuneration of (i) the members of the Board of Directors and the Audit Committee, (ii) Senior Management (iii) those responsible for risk taking and control functions of the Bank (namely Risk, Audit and Compliance), as well as (iv) other employees holding key functions or whose total remuneration places them in the same remuneration bracket as the preceding employees (namely referred to in (i)), as defined by the Board of Directors.

The Nomination and Remuneration Committee also has the task of reviewing and monitoring internal policies regarding: i) the Remuneration of the members of the board of directors and the supervisory board; ii) the Selection and Assessment of the Suitability of the Members of the Board of Directors and the Supervisory Board and Key Employees of the Bank and to ensure their full effectiveness; iii) the Prevention, Communication and Resolution of Conflicts of Interest, to which the referred "Selection and Assessment Policy" makes reference. These policies are available for consultation on the Bank's website.

The Committee meets as often as its members deem necessary, and at least once a quarter. In 2022, 2 meetings of the Nomination and Remuneration Committee were held, and minutes were taken of each of these meetings.

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 Appointments and Remuneration Committee. This revision was carried out pursuant to Articles 115-C, no. 4, and 115-D of the RGICSF.

The Regulation of the Nomination and Remuneration Committee is available for consultation on the Bank's website and can be found in the "Corporate Governance" area, under "Regulations and Policies".

Board 32 - EU REM1 - Remuneration awarded for the financial year

(values express in Thousand Euros)

		Supervisory function of the Board of Directors	Management function of the Board of Directors	Other members of senior management	Other identified staff
1		3	4	8	1
2		196 819	656 970	713 966	51 920
3		196 819	628 512	700 851	51 920
4					
EU-4a	Fixed remuneration				
5					
EU-5x					
6					
7				28 458	13 115
8					
9					
10					
11	Variable remuneration				
12					
EU-13a					
EU-14a					
EU-13b					
EU-14b					
EU-14x					
EU-14y					
15					
16					
17	Total Remuneration (2 + 10)	196 819	656 970	713 966	51 920

Board 33 - EU REM2 - Special payments to staff whose professional activity has a significant impact on the risk profile of the institutions (identified staff)

(values express in Thousand Euros)

	Supervisory function of the Board of Directors	Management function of the Board of Directors	Other members of senior management	Other identified staff
Guaranteed variable remuneration awarded				
1	Guaranteed variable remuneration awarded - Number of staff members identified			
2	Awarded guaranteed variable remuneration - Total amount			
3	Of which awarded guaranteed variable remuneration paid during the financial year, which is not taken into account for the bonus ceiling			
Severance payments awarded in previous periods that were paid during the financial year				
4	Severance payments awarded in previous periods that were paid during the financial year - Number of staff members identified			
5	Severance payments awarded in previous periods that were paid during the financial year - Total amount			
Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of staff members identified			
7	Severance payments awarded during the financial year - Total amount			
8	Of which paid during the financial year			
9	Of which deferred			
10	Of which severance payments made during the financial year, which are taken into account for the bonus ceiling			
11	Of which highest payment that was awarded to a single person			
			2	1
			104 205,2	65 122,6
			104 205,2	65 122,6
			97 488,8	65 122,6

Board 34 - EU REM3 - Deferred compensation

(values express in Thousand Euros)

	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vesting in the financial year	Of which vesting in subsequent financial years	Amount of the performance-based adjustment applied in the financial year in respect of deferred remuneration that became vested in the financial year	Amount of performance-related adjustment applied in the financial year in respect of deferred remuneration that became vested in future performance years	Total amount of adjustment during the financial year due to implicit/explicit adjustments (i.e. changes in the value of deferred remuneration due to changes in instrument prices)	Total amount of deferred compensation awarded before the financial year actually paid in the financial year	Total amount of deferred compensation awarded for the previous performance period that has become vested but is subject to holding periods
1	Supervisory role of the management body								
2	Pecuniary								
3	Shares or equivalent property rights								
4	Instruments linked to shares or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	Management function of the administrative body								
8	Pecuniary								
9	Shares or equivalent property rights								
10	Instruments linked to shares or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other members of senior management								
14	Pecuniary								
15	Shares or equivalent property rights								
16	Instruments linked to shares or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified personnel								
20	Pecuniary								
21	Shares or equivalent property rights								
22	Instruments linked to shares or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	Total amount								

Board 35 - EU REM4 - Remuneration of EUR 1 million or more per year

(values express in Thousand Euros)

EUR		Identified staff members who are highly remunerated within the meaning of Article 450(l) of the CRR
1	1 000 000 to below 1 500 000	
2	1 500 000 to below 2 000 000	
3	2 000 000 to below 2 500 000	
4	2 500 000 to below 3 000 000	
5	3 000 000 to below 3 500 000	
6	3 500 000 to below 4 000 000	
7	4 000 000 to below 4 500 000	
8	4 500 000 to below 5 000 000	
9	5 000 000 to below 6 000 000	
10	6 000 000 to below 7 000 000	
11	7 000 000 to below 8 000 000	

The Bank does not have to individuals with remuneration equal to or exceeding 1 million euros per financial year, nor with deferred remuneration.

Board 36 - EU REM5 - Information on remuneration of staff whose professional activities have a material impact on the institutions' risk profile (identified staff)

		Remuneration of the Board of Directors			Activity Segments						Total
		Supervisory function of the Board of Directors	Management function of the Board of Directors	Total of the Board of Directors	Investment banking	Retail banking	Asset management	Business functions	Independent internal control functions	All the others	
1	Total number of staff members identified										16
2	o.w: members of the Board of Directors	3	4	7							
3	o.w: other members of senior management				1			1	3	4	
4	o.w: other identified staff										
5	Total remuneration of identified staff	196 819	656 970	853 789	102 867			88 306	244 047	330 666	
6	o.w: variable remuneration										
7	o.w: fixed remuneration	196 819	656 970	853 789	102 867			88 306	244 047	330 666	

18. LEVERAGE (article 451)

The leverage ratio is the ratio between capital (Tier 1 in the numerator) and total on- and off-balance sheet accounting exposure (total value of assets in the balance sheet and off-balance sheet exposures weighted by credit risk factors in the denominator). The ratio is calculated in accordance with the regulatory standards in force, namely the provisions of Regulation (EU) No 575/2013 (Article 429), updated by Delegated Regulation (EU) No 2015/62 of the European Commission of 10 October 2014 and in accordance with Implementing Regulation (EU) No 2016/200 of the European Commission of 15 February 2016.

The minimum reference level is 3% (minimum mandatory in Pillar 1), mandatory since January 1, 2018. This is a simple and transparent ratio that aims to limit excessive growth of the balance sheet in relation to available capital.

As of December 31, 2022, the value of the Bank's leverage ratio was 21% (versus 27% in December 2021) a value well above the regulatory minimum of 3%. The ratio is monitored on a quarterly basis.

Board 37 - Leverage Ratio

(values express in Thousand Euros)

	31-12-22	31-12-21
Own funds and Total exposure measure (phasing-in)		
Tier 1 capital	39,546	50,124
Total exposure for leverage ratio purposes	190,743	182,454
Leverage ratio	21%	27%
Choice of transitional arrangements and amount of derecognized fiduciary elements		
UE-23	Choice of transitional arrangements for the definition of the own funds measure	Transitional definition
UE-24	Amount of fiduciary elements derecognized in accordance with Article 429(11) of Regulation (EU) No 575/2013	No

Note: Prudential information..

(values express in Thousand Euros)

	CRR Leverage Ratio Exposures (31-12-22)
On-Balance Sheet Exposures (excluding derivatives and SFTs)	
On-Balance Sheet Items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	188 134
(Asset amounts deducted in determining Tier 1 capital)	(427)
Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	187 707
Risk exposures arising from Derivative Instruments	
Replacement cost associated with derivatives transactions	-
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	-
Exposure determined under Original Exposure Method	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
(Exempted CCP leg of client-cleared trade exposures)	-
Adjusted effective notional amount of written credit derivatives	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
Total derivatives exposures	-
SFT Exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
Counterparty credit risk exposure for SFT assets	-
Agent transaction exposures	-
1 (Exempted CCP leg of client-cleared SFT exposure)	-
Total securities financing transaction exposures	-
Off-Balance Sheet Exposures	
Off-balance sheet exposures in gross notional value	-
(Adjustments for conversion into credit equivalent)	-
Total of other off-balance sheet exposures	-
Exposures exempted in accordance with Article 429 (7) and (14) of Regulation (EU) No. 575/2013	
1	Intragroup exposures (solo basis) exempted in accordance with Article 429 (7) of Regulation (EU) No. 575/2013
2	Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No. 575/2013

Note: Prudential information.

19. LIQUIDITY REQUIREMENTS *(article 451 - A)*

Liquidity risk is assessed by calculating and analysing regulatory ratios - LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio), as well as other internal metrics that are regularly reviewed.

As this is a critical risk for the Bank, specific indicators were defined for monitoring it under the ASR, calculated monthly, with the respective limits and tolerances approved by the Board of Directors. The Bank has defined as one of the general principles of the RAS to ensure a solid, stable, and secure liquidity position (namely by holding liquid assets), capable of withstanding adverse events and maintaining a stable financing capacity and adequate levels of liquidity reserves that allow having a balance sheet structure adaptable to the existing circumstances.

The Bank has a conservative and robust profile in terms of liquidity and exposure to risk, with the central objective of providing the necessary support for the development of the business lines established in its business model.

On December 31, 2022, the LCR ratio stood at 140.9% (152.5% at the end of 2021) and the NSFR ratio at 137.8% (175.5% at the end of 2021), substantially higher than required by applicable regulations, in line with the aforementioned risk profile. On that date, the available liquidity was mostly invested in an investment portfolio, in OICs (Other Credit Institutions), through the money market, as well as in the Bank of Portugal (BoP).

In addition to the regulatory and internal ratios, the Bank periodically performs internal and prospective assessment of liquidity, namely through the Internal Liquidity Self-Assessment Process (ILAAP).

The ILAAP is an assessment of the adequacy of the institution's short-term liquidity position and stable funding structure and is an important part of the Bank's liquidity risk management framework. In the context of the ILAAP exercise, the Bank tests the integrity of its liquidity position through a set of stress scenarios and establishes contingency plans to address them.

Board 38 - EU LIQ1: Quantitative information on liquidity coverage ratio (LCR)

(values express in Thousand Euros)

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending (DD Month YYYY)	31-12-22	30-09-22	30-06-22	31-03-22	31-12-22	30-09-22	30-06-22	31-03-22
EU 1b	Number of data points used to calculate the averages	12	12	12	12	12	12	12	12
HIGH QUALITY LIQUID ASSETS									
1	Total high quality liquid assets (HQLA)					76 880	78 788	72 963	62 491
CASH - OUTPUTS									
2	Retail deposits and deposits of small business customers, o.w.	42 620	37 581	33 175	30 957	8 298	11 143	12 319	13 624
3	Stable deposits	17 833	12 792	9 518	7 779	892	640	476	389
4	Less stable deposits	13 919	12 769	12 028	10 012	1 392	1 277	1 203	1 001
5	Unsecured wholesale funding	65 603	63 657	58 649	48 995	56 917	53 946	49 583	41 419
6	Operational deposits (all counterparties) and deposits in cooperative bank networks	0	0	0	0	0	0	0	0
7	Non-operational deposits (all counterparties)	65 603	63 657	58 649	48 995	56 917	53 946	49 583	41 419
8	Unsecured debt	0	0	0	0	0	0	0	0
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	414	371	355	330	166	148	142	132
11	Outflows related to derivative exposures and other collateral requirements	0	0	0	0	0	0	0	0
12	Outflows related to funding loss on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	414	371	355	330	166	148	142	132
14	Other contractual funding obligations	3 473	3 512	3 538	3 538	2 865	2 904	2 930	2 930
15	Other contingent funding obligations	0	0	0	0	0	0	0	0
16	TOTAL CASH OUTFLOWS					68 245	68 142	64 974	58 105
CASH - INPUTS									
17	Secured borrowings (e.g. reverse repurchase agreements)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	17 637	18 684	19 664	20 418	17 637	18 684	19 664	20 418
19	Other cash inflows	6 905	4 098	833	0	6 905	4 098	833	0
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from operations in third countries where there are restrictions on transfer or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialized credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	24 542	22 782	20 497	20 418	24 542	22 782	20 497	20 418
EU-20a	Fully exempt entries	0	0	0	0	0	0	0	0
EU-20b	Entries subject to the 90 % ceiling	0	0	0	0	0	0	0	0
EU-20c	Inflows Subject to the 75 % ceiling	24 542	22 782	20 497	20 418	24 542	22 782	20 497	20 418
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY RESERVE					76 655	78 563	72 910	62 451
22	TOTAL NET CASH OUTFLOWS					44 240	45 897	45 141	38 826
23	COVERAGE RATIO					281%	279%	285%	248%

Board 39 - EU LIQ2: Net Stable Funding Ratio

(values express in Thousand Euros)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	from 6 months to < 1 year	≥ 1 year	
Elements of available stable funding (ASF)						
1	Own funds items and instruments	39 546	0	0	0	39 546
2	Own funds	39 546	0	0	0	39 546
3	Other own funds instruments		0	0	0	0
4	Retail deposits		66 104	2 144	93	63 691
5	Stable deposits		42 921	584	93	41 423
6	Less stable deposits		23 182	1 559	0	22 268
7	Wholesale funding		69 820	1 153	2 258	6 184
8	Operational deposits		0	0	0	0
9	Other wholesale funding		69 820	1 153	2 258	6 184
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	0	7 547	0	0	0
12	Derivative liabilities for the purposes of the NSFR	0				
13	All other liabilities and own funds instruments not included in previous categories		7 547	0	0	0
14 Total available stable funding (ASF)						109 421
Required stable funding elements (RSF)						
15	Total high-quality liquid assets (HQLA)					3 768
EU-15a	Assets encumbered by a residual maturity of one year or more that are part of a hedging pool		0	0	0	0
16	Deposits held with other financial institutions for operational purposes		0	0	0	0
17	Loans and income-producing securities:		39 529	6 235	47 206	58 644
18	Securities financing transactions with financial clients collateralized by productive HQLA Level 1, subject to a 0 % haircut.		0	0	0	0
19	Securities financing transactions with financial clients backed by other assets, productive, and loans and advances to financial institutions, productive		10 909	2 867	0	2 525
20	Loans to non-financial corporate clients, productive, loans to retail clients and small enterprises, productive, and loans to sovereign and public sector entities, productive, of which:		0	0	0	0
21	With a risk weight of 35 % or less under the Basel II Standardized Approach for credit risk		0	0	0	0
22	Mortgage loans on residential real estate, productive, of which:		0	0	0	0
23	With a risk weight of 35 % or less under the Basel II Standardized Approach for credit risk		0	0	0	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including listed equity securities and trade finance asset items		28 620	3 368	47 206	56 119
25	Interdependent assets		0	0	0	0
26	Other assets:		0	0	16 977	16 977
27	Physically traded commodities				0	0
28	Assets delivered as initial margin for derivative contracts and contributions to CCP protection funds		0	0	0	0
29	Derivative assets for the purposes of the NSFR		0			0
30	Derivative liabilities for NSFR purposes before deduction of variation margin delivered		0			0
31	All other assets not included in the previous categories		0	0	16 977	16 977
32	Off-balance sheet items		0	0	0	0
33 Total RSF						79 378
34 Net Stable Funding Ratio (%)						137,95%

20. USE OF THE IRB APPROACH FOR CREDIT RISK (article 452)

Not applicable.

21. USE OF RISK REDUCTION TECHNIQUES (article 453)

Within the scope of the loan 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.

As of December 31, 2022, the Bank has no transactions with derivative financial instruments as a way to mitigate credit risk.

Board 40 - EU CR4 - Standardized Approach - Credit exposures and CRM effects

31-12-22						
Risk Classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWA	RWA density
Central Governments or Central Banks	70 803	-	70 803	-	-	-
Regional Governments or Local Authorities	1 604	-	1 604	-	321	20,0%
Public Sector Entities						
Multilateral Development Banks						
International Organisations						
Institutions	38 945	2	38 945	2	21 324	54,8%
Corporates	64 231	801	64 231	369	65 548	101,5%
Retail	29	141	29	141	128	75,0%
Secured by mortgages on immovable property						
Exposures in default						
Items associated with particularly high risk						
Covered bonds						
Claims on institutions and corporates with a short-term credit assessment						
Collective Investment Undertakings	10 733	-	10 733	-	14 424	134,4%
Equity exposures						
Other exposures	1 790	-	1 790	-	1 663	92,9%
TOTAL	188 134	944	188 134	512	103 408	54,8%

The exposures before CCF and CRM correspond to the exposure net of the value of adjustments and provisions.

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 interest rate risk management, without perfect matching between assets and liabilities (recorded in the trading portfolio).

In the scope of interest rate risk, the distribution of assets and liabilities is systematically monitored in accordance with their refixing periods.

Board 41 - EU CR3: Overview of CRM techniques Disclosure of use of credit risk mitigation techniques

(values expressed in Thousand Euros)

		31-12-22				
		Unsecured	Secured	Secured by collateral	Secured by financial guarantees	Secured by credit derivatives
1	Loans and advances	71 929	150	150	-	-
2	Debt securities	98 362	-	-	-	
3	TOTAL OF RISK POSITIONS	170 290	150	150	-	-
4	<i>o.w. non-productive exposures</i>	-	-	-	-	-
EU-5	<i>o.w. in default situation</i>	-	-			

Securities of the trading book are not included.

Although the trading portfolio is of little importance, the Bank has a policy of reducing market risk, based on several measures to mitigate this risk in order to reduce its potential negative impact from a residual risk perspective, in particular by setting limits on aggregate exposure and holding period.

When necessary, the exchange rate risk that may approach the limits defined by BoD is regularly hedged through the use of adequate instruments (for example: spots, forwards, swaps).

In terms of operational risk, mitigation is carried out through the collection, analysis, and classification of operational risk events, ensuring that corrective actions are taken when appropriate. Additionally, the Risk and Control Self-Assessment exercise aims to identify and regularly assess operational risk throughout the Bank.

Bison Bank's liquidity risk mitigation techniques include: 1) monitoring and reporting processes for a set of liquidity risk metrics whose limits are set in the RAS, including prudential liquidity ratios for which a buffer above regulatory limits is established; 2) proactive liquidity and funding management with monthly projection of cash flows and liquid asset positions (performed by TED); 3) stress exercises performed on a monthly basis and under the ILAAP and Recovery Plan; 4) liquidity contingency plans.

22. IMPACT OF THE CONFLICT BETWEEN UKRAINE AND RUSSIA

The year 2022 was a year of high volatility, marked essentially by the retreat from the consequences of the pandemic and the economic impact of the continuing war in Ukraine, generating a surge 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 measures taken to mitigate it and the impact on the economies of the affected countries, the scope of social and economic policies, and the support being implemented.

Given the structure foreseen for **Bison Account's** balance sheet, and given that its assets are mostly comprised of a portfolio of investment grade and highly liquid bonds, and that the Bank has access to liquidity with top-tier financial institutions, we do not anticipate or see any relevant impacts for the Bank from the persistence and possible uncertainties associated with the war between Russia and Ukraine, as far as this indicator is concerned.

23. BASE INDICATORS

As of December 31, 2022, the Bank presents the following basic indicators with regard to financial statements and solvency:

Board 42 - EU KM1 - Baseline Indicators

(values express in Thousand Euros)

		31-12-2022	31-12-2021
	Available Own Funds (Amounts)		
1	Main Tier 1 Own Funds (CET1)	39 546	50 124
2	Tier 1 Own Funds	39 546	50 124
3	Total Own Funds	39 546	50 124
	Risk-weighted exposure amounts		
4	Total exposure amounts	109 251	76 207
	Equity Ratios (as a percentage of the risk-weighted exposure amount)		
5	Tire 1 principal equity ratio (%)	36,20%	65,77%
6	Tier 1 ratio (%)	36,20%	65,77%
7	Total equity ratio (%)	36,20%	65,77%
	Additional capital requirements to address risks other than excessive leverage risk (as a percentage of the risk-weighted exposure amount)		
EU 7a	Additional own funds requirements to address risks other than excessive leverage risk (%)	5,50%	5,50%
EU 7b	o.w.: to be met by CET1 own funds (percentage points)	3,09%	3,09%
EU 7c	o.w.: to be met by Tier 1 capital (percentage points)	4,13%	4,13%
EU 7d	Total own funds requirements SREP (%)	13,50%	13,50%
	Combined global own funds and capital buffer requirement (as a percentage of the risk-weighted exposure amount)		
8	Own funds conservation reserve	2,50%	2,50%
EU 8a	Conservation reserve arising from macro-prudential or systemic risks identified at the level of a Member State (%)	0,00%	0,00%
9	Institution-specific countercyclical capital buffer (%)	0,00%	0,00%
EU 9a	Reserve for systemic risk (%)	0,00%	0,00%
10	Reserve of institutions of global systemic importance (%)	0,00%	0,00%
EU 10a	Reserve of the other systemically important institutions (%)	0,00%	0,00%
11	Combined own funds reserve requirement (%)	2,50%	2,50%
EU 11a	Global own funds requirement (%)	16,00%	16,00%
12	CET1 available after meeting total capital requirements SREP (%)	29,07%	53,68%
	Leverage Ratio		
13	Total exposure measure	190 743,2	182 454,5
14	Leverage Ratio (%)	20,73%	27,47%
	Additional capital requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)		
EU 14a	Additional capital requirements to address the risk of excessive leverage (%)	0,00%	0,00%
EU 14b	o.w.: to be met by CET1 own funds (percentage points)	0,00%	0,00%
EU 14c	Total leverage ratio requirements SREP (%)	3,00%	3,00%
	Reserve requirement for leverage ratio and Global leverage ratio requirement (as a percentage of the total exposure measure)		
EU 14d	Reserve requirement for leverage ratio (%)	0,00%	0,00%
EU 14e	Global leverage ratio requirement (%)	3,00%	3,00%
	Liquidity Coverage Ratio		
15	Total High-Quality Liquid Assets (HQLA) (weighted value - average)	74 185,4	106 137,1
EU 16a	Cash outflows - Total weighted value	76 508,3	86 684,9
EU 16b	Cash inflows - Total weighted value	23 841,7	17 076,0
16	Total net cash outflows (adjusted value)	52 666,6	69 608,9
17	Liquidity Coverage Ratio (%)	140,9%	152,5%
	Net Stable Funding Ratio (NSFR)		
18	Total stable funding available	109 420,9	92 149,1
19	Total stable funding required	79 378,3	53 670,3
20	NSFR Ratio (%)	137,85%	171,69%

(values expressed in Thousand Euros)

	31-12-22	31-12-21	Var. % 22/21
BALANCE SHEET			
Total Assets	188 713	182 966	3,1%
Deposits and Liabilities from other credit institutions	1 312	1 146	14,5%
Deposits from other clients	140 258	123 822	13,3%
RESULTS			
Net Interest Income	1 359	487	179,1%
Net Operating Income (excluding non-recurring impacts) ^(*)	3 590	2 753	30,4%
Operating Costs	(7 840)	(8 628)	-9,1%
Loan impairment charges (net of recoveries)	(567)	(19)	2884,2%
o.w. Other impairments and provisions	63	32	96,9%
Net Income (excluding non-recurring impacts) ^(*)	(5 487)	(7 051)	-22,2%
PROFITABILITY AND EFFICIENCY			
Return on average total assets (ROA) (excluding non-recurring impacts) ^(*)	-2,9%	-3,9%	
Return on average shareholder's equity (RoE) (excluding non-recurring impacts) ^(*)	-12,8%	-13,3%	
Cost to income	341,1%	412,6%	
CREDIT QUALITY			
Total Impairment/Loans to Customers	87,7%	86,9%	
Restructured Credit/Loans to Customers	84,4%	84,7%	
NPL > 90 days/ Loans to Customers	86,8%	86,7%	

^(*) Impact of Discovery reassessment.