
**REMUNERATION POLICY OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF BISON
BANK, S.A. ("BISON", "BANK" OR "COMPANY")****Whereas:**

- a) The Law 35/2018 of July 20, 2018 (which transposes into the Portuguese legal system the application of the Directive 2014/65/EU of the European Parliament and of the Council on the Markets in Financial Instruments ("MIFID II") and the Commission Delegated Directive (EU) 2017/593 of April 2016), makes reference, among other aspects, to the rules applicable to the payment or receipt of remuneration, commissions or any monetary or non-monetary benefits;
- b) Pursuant to the provisions of articles 1 and 2, no. 1 of Law 28/2009 of 19 June, as amended, the management body or remuneration commission of public interest entities shall *"every year, put a statement on the remuneration policy of the respective management and supervisory body members to the approval of the General Meeting"*;
- c) Pursuant to article 2, no. 4 of Law 28/2009 of 19 June, as amended, *"credit institutions and financial companies are bound by the remuneration policy rules set out in the Legal Framework of Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92 of 31 December"*;
- d) The Legal Framework of Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92 of 31 December, as later amended ("RGICSF" – *Regime Geral das Instituições de Crédito e Sociedades Financeiras*) sets out in article 115-C, no. 4, that *"the management body or remuneration committee, if there is one, shall put to the annual approval of the General Meeting the remuneration policy for the employees set out in no. 2, paragraph a)"*, (members of the management and supervisory bodies);
- e) The Bank of Portugal Notice 10/2011 of 29 December, article 5, no. 1 contains equivalent provisions;
- f) In terms of governance, at the time the present Policy was drafted, the Company was structured in compliance with art. 278, no.1, paragraph a) and art. 413, no. 1, paragraph b), both of the Portuguese Companies Code ("PCC") and was made up of the following corporate bodies: the General Meeting, the Board of Directors, the Supervisory Board and a Statutory Auditor;
- g) BISON's Articles of Association set out in article 26 thereof that *"the remuneration of members of corporate bodies and bodies set out in the bylaws are determined by the General Meeting or by a Remuneration Commission"*;
- h) Since the Commission has not been established pursuant to article 399 of the Commercial Companies Code, it remains the responsibility of the General Meeting to define these remunerations, based on the proposals and recommendations presented by the specialized remuneration committee established for the purpose and which hereinafter refers ("Nomination and Remuneration Committee");
- i) In order to duly comply with the organisational requirements set out in the RGICSF, in guidelines from European Banking Authority ("EBA") - guidelines on internal governance (EBA/GL/2017/11) and guidelines on sound remuneration policies (EBA/GL/2015/22) which are required for all credit institutions, as well as required by the Bank of Portugal Notice 10/2011, article 7 (1), due to fact that the Bank annual costs for the remuneration of the management and supervisory bodies exceeds the amount of € 1,000,000.00, the governance model referenced in the previous paragraph was reinforced, in particular through the creation of the Nomination and Remuneration Committee which is composed of three members, two appointed by the Board

of Directors from non-executive directors and one from the members of the Supervisory Board (previously appointed by this board) to which were attributed, among others, the powers set out in article 115-H of the RGICSF;

- j) The Nomination and Remuneration Committee, referred to in the previous paragraph, shall have powers regarding remuneration, including those set out in article 7 of the Bank of Portugal's Notice 10/2011 and article 115-H of the RGICSF;
- k) The provisions established under articles 115-E and 115°-F of RGICSF, concerning the variable remuneration and the ratio established between the fixed and variable remuneration regarding the employee's referred to in article 115-C no.2 of RGICSF; and
- l) The Remuneration Policy for management and supervisory body members shall be approved, for credit institutions, in the General Meeting;

The following remuneration policy for members of the BISON's management and supervisory bodies is submitted for approval by the Annual General Meeting:

I. General principles

The main goals of the present Remuneration Policy for BISON's management and supervisory bodies are to enable the Company to attract, motivate and retain high-level, high-potential professionals, to align the interests of corporate body members with those of the Company, shareholders and other stakeholders, to stimulate and reward relevant individual contributions and good collective performance, to promote sound and prudent risk management and discourage taking on risk greater than the risk level tolerated by the credit institution.

In particular, the present Remuneration Policy is intended to contribute to aligning management body member interests with the Company's long-term interests and discouraging the taking on excessive of risk through the measures described below:

- a) defining variable remuneration limits for Executive Committee members;
- b) providing the option for variable remuneration to be a percentage of the Company's net profit, up to 5 (five) percent;
- c) providing the option of deferring the variable remuneration of Executive Committee members;
- d) providing that Executive Committee members effectively perceive variable remuneration as dependent on attaining goals, the Company's profitability or on the Company's not regressing/negative performance, namely through variable remuneration reduction and reversal mechanisms;
- e) defining that corporate body members that carry out supervisory and control duties shall not receive variable remuneration.

BISON's Remuneration Policy combines bylaw principles with the mandatory legal and regulatory provisions referenced above.

In that regard, special attention shall be granted to:

- The provisions of article 26 of BISON's Articles of Association, under which:

"1. The remuneration of members of corporate bodies and bodies set out in the bylaws are determined by the General Meeting or by a Remunerations Commission made up of (...) members, elected (...) by the General Meeting.

2. The Remunerations Commission members cannot be a part of any other corporate body.

3. *The remuneration to be determined for the members of the Board of Directors may consist of a fixed component and a variable component to be defined in accordance with the remuneration policy.*

4. *The Board of Directors may propose, on a yearly basis, to the General Meeting, the distribution of profits to company staff and employees.*

5. *The General Meeting may resolve on an options' system over shares representing the capital stock of the company, to be acquired at the amount determined by the General Meeting and may or may not be associated with a put option, fixed or variable, predetermined.*

6. *The General Meeting may at any time grant the right to a retirement and survival pension or pensions supplements thereto, thereby establishing the respective regime or delegating powers to that effect to the Remunerations Commission."*

II. Definition and approval process for the remuneration policy

Under article 26 of BISON's Articles of Association, the remuneration of members of corporate bodies and bodies set out in the bylaws are determined by the General Meeting or by a Remuneration Commission to which the General Meeting delegates that power.

Pursuant to article 115-C, no. 4 of the RGICSF, "*The management body or the remuneration committee, if established, shall submit annually to the approval of the general meeting the remuneration policy concerning the staff mentioned in paragraph 2(a) above*", (namely members of the management and supervisory bodies).

The Nomination and Remuneration Committee has the powers on preparing resolutions on matters of remuneration, including those under article 7 of the Bank of Portugal's Notice 10/2011 and article 115-H of the RGICSF.

The present Policy and its implementation shall be reviewed annually by the General Meeting on a proposal from the Nomination and Remuneration Committee as set out in article 115-H of the RGICSF.

The Nomination and Remuneration Committee shall make informed and independent judgements on the remuneration policies and practices and on the incentives created on risk management.

III. Composition of Remuneration

a) Board of Directors

- Executive members of the management body

As a rule, the remuneration of the executive members of the Board of Directors can be made up of a fixed and a variable component, pursuant to article 8 of Bank of Portugal Notice 10/2011, including as regards the deferral of the variable component in order to structure it in line with sound risk management, the credit institution's long-term growth and geared towards the alignment of management body member interests with the Company's long-term interests.

The remuneration of the executive members of the Board of Directors will seek to competitively align remuneration with the dedication, qualification, quality, business know-how, work capacity, commitment and responsibilities required in carrying out their duties and, on the other hand, will seek to reconcile them with sustainable development, goals, values and long-term interests of BISON, its shareholders and clients.

i. Fixed Remuneration

The fixed remuneration component shall represent a sufficiently high portion of overall remuneration of the management body members', thereby ensuring appropriate flexibility in defining the variable component, in strict compliance with article 115-F of the RGICSF. The fixed remuneration component shall in no case exceed €250,000.00.

The fixed remuneration component shall remunerate Executive Committee members for the responsibilities inherent to their duties and their specific skills, namely relevant professional experience. This fixed remuneration component shall be determined pursuant to market practice for equivalent duties and shall be reviewed annually. There is no automatic adjustment mechanism for the referenced market practice.

The fixed remuneration component shall be paid 14 times a year.

ii. Variable Remuneration

The variable remuneration component can't be contractually ensured and, as a rule of thumb, shall be the least significant portion of overall remuneration: at most 100% of the fixed remuneration component, except if otherwise approved by the General Meeting on a proposal from the Nomination and Remuneration Committee pursuant to article 115-F of the RGICSF ; it shall be granted in light of the duties carried out by each member within the management bodies. The total amount of the variable remuneration component shall be determined, pursuant to the law, by combining the employee's performance assessment, which shall reflect financial and non-financial criteria, and his/her structural unit's performance as regards the credit institution's overall results, expressing a sustainable growth of the Bank and the value added to the stakeholders.

If applicable, the variable remuneration component shall be paid once a year, notwithstanding any possible partial deferral in payment thereof.

The variable remuneration component intends to remunerate the executive members of the - Board of Directors' contribution, as well as their collective performance, in attaining the pre-determined qualitative and quantitative goals (as annually defined by the General Meeting, based on the proposals and recommendations of the Nomination and Remuneration Committee), in line with the overall strategy of both the Company and the corporate group it is a part of, as well as with the sustainable performance adjusted to the credit institution's risk. Pursuant to article 115-E of the RGICSF, "(...) *credit institutions shall make sure that such elements do not limit the ability of the institution to strengthen its capital base and shall also take into account all types of current and future risks.*"

Pursuant to the law, no variable remuneration can be guaranteed, save in the appointment of a new member, and, in any event, that guaranteed variable remuneration can only apply to the first year in office and shall only become due if BISON has a strong and sound capital base.

A decision may also be made that the allocation of the variable remuneration component, if any, only be made, in whole or in part, once the annual audited accounts have been determined for the entire term of office of the respective corporate body member.

It is deemed relevant that, as a principle, the variable component be aligned with the Company's long-term performance, as provided for by law. In this regard, a deferral mechanism of at least 40% of the variable remuneration component (or 60% when the variable remuneration component is particularly high) shall apply, as set out in article 115-E of the RGICSF, for a minimum period of 3 to 5 years from the date defined for payment of the non-deferred portion of the variable remuneration component. It may also take into consideration the relative weight of the variable remuneration component and the seniority of the duties carried out. The deferred variable remuneration component shall be allocated *pro rata* throughout the deferral period.

Even without positive net profit for the year during the building up phase of the Bank – 2019-21, a variable amount of remuneration can be paid, according to the Nomination and Remuneration Committee proposal to the shareholders, based on the outcome of the actual net income for the year (“**actual net income**”) compared with the projected net income for the year (“**projected net income**”) as approved in the Bank's Business Plan and agreed Key Performance Indicators during each year of the mandate and evidence of much better performance. The total amount of the variable remuneration for all the executive members of the Board of Directors shall not exceed 15% of the improved net income for the year (15% of the difference between actual net income and projected net income).

In case of further negative result than planned, the Nomination and Remuneration Committee should evaluate the situation and propose to the shareholder the required resolution under these circumstances.

BISON shall implement a mechanism to limit variable remuneration whereby the deferred portion of that remuneration component, for the executive members of the Board of Directors considered as a whole and/or for Executive Committee members individually, not be paid when the company's profit, according to the annual audited accounts, is negative or when the performance, assessed according to financial and non-financial criteria, falls short of the defined goals. Furthermore and pursuant to the applicable law, the Company shall implement a set of mechanisms to reduce (“*Malus*”) and reverse (“*Clawback*”) the variable remuneration affecting either the deferred or the un-deferred portion thereof, allocated to the executive members of the Board of Directors as a whole and/or to Executive Committee members individually, in the event the credit institution's performance declines or is negative, pursuant to article 115-E of the RGICSF. These mechanisms will take into account, in particular, situations where the respective member *a)* participated in or was responsible for an action that led to significant losses for the credit institution; *b)* ceased to meet suitability and integrity criteria; *c)* participated in or was responsible for the selling of financial products or instruments to retail investors.

The application of reverse mechanism (“*Clawback*”) shall be subsidiary to the application of reduction mechanism (“*Malus*”). Reverse mechanism will only be applied when the application of the reduction mechanism proves to be insufficient for the impact that the event will have on the variable remuneration.

The period for applying both mechanisms in relation to any variable remuneration, shall be extended until the date on which the last cash payment or the delivery of financial instruments regarding said remuneration is made.

The decision on the adjustment measures under “*Malus*” or “*Clawback*” mechanisms should be adopted by the Nomination and Remuneration Committee based on the circumstances of the event.

Internal control shall be responsible for identifying the events that may trigger the “*Malus*” or “*ClawBack*” clauses.

The assessment process for the executive members of the Board of Directors shall be carried out on an annual basis by the Nomination and Remuneration Committee based on long-term performance measurable through simple and objective key indicators related to the sustainable growth of the Bank's, value for the *stakeholders*, solvability, liquidity and efficiency.

Under the law and Company's Articles of Association, the variable remuneration component may be made up of an equity portion (share allocation plans or stock option plans) or other equivalent financial instruments.

Given the reality of the Portuguese capital markets, and in light of Bank's organisational model, as well as its current situation, the management body's remuneration policy does not provide for the partial payment of the variable remuneration component with equity or other financial instruments.

Under article 115 – E, no.6, “*variable remuneration component, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the institution as a whole, and justified on the basis of the performance of the institution, the business unit and the individual concerned.*”

iii. Benefits

Namely considering the practices of other credit institutions of an equivalent size, the executive members of the Board of Directors are also granted the healthcare benefits characteristic of the banking sector, as well as the use of communication, IT and other equipment associated with the performance of their respective duties.

iv. Others

Given that the remuneration of members of the Board of Directors, in general, and of the Executive Committee, in particular, intends to compensate them for the activities they carry out in BISON directly and in companies related thereto or corporate bodies to which they have been appointed by the respective sole shareholder or in representation of BISON, all remuneration granted to members of management and supervisory bodies of Group BISON companies, in carrying out their respective duties, are taken into account when calculating the total remuneration of each one, in order to ensure, throughout the group, harmonised, balanced and coherent remuneration models and levels. It is each Board of Directors member duty and responsibility to give notice of any additional compensation granted thereto within the BISON Group.

Executive Committee members have not and shall not enter into any hedging or risk transfer contracts in relation to any deferred component that may minimise the effects of risk inherent to the remuneration scheme in place.

- Non-executive members

Given the provisions of article 9 of Bank of Portugal Notice 10/2011, non-executive members of BISON's Board of Directors, if they have not already been granted remuneration by any other entity in a controlling or group relationship, shall receive a fixed remuneration to compensate them for the dedication, qualification and responsibility required in order to carry out their duties. The remuneration of the non-executive members of the Board of Directors does not depend on nor is it in any way related to the Company's results.

- Supervisory Body

Given the provisions of article 9 of Bank of Portugal Notice 10/2011, the members of the Supervisory Body will be granted a fixed remuneration independent or unrelated, in every way, to the Company's results.

- Statutory Auditor

As regards the Audit Firm, the adopted policy is consistent with the fixed remuneration granted under a legally binding service agreement.

IV. Retirement pension and supplements

Pursuant to article 26, no. 6 of BISON's Articles of Association, “*the General Meeting may, at any time, grant the right to a retirement and survival pension or to pensions supplementary thereto, to*

corporate body members, while establishing the respective regime or delegating powers to that effect to the Remuneration Committee."

As at the present date, the corporate body responsible therefor has not passed a resolution granting corporate body members rights to retirement and survival pensions, or pensions supplementary to retirement and survival.

Executive members of the management bodies benefit from the pension plan applicable to all BISON employees in equal circumstances.

V. Implementation of the remuneration policy (article 115-C, no. 6, of the RGICSF)

In compliance with article 115-C, no. 6 of the RGICSF and article 7, no. 7 of Bank of Portugal Notice 10/2011, is considered that:

- a) the approved remuneration policy is deemed to have been appropriately implemented and to have fully complied with the defined principles, procedures and rules;
- b) the remuneration policy proposal presented in the present document is adequate to the respective size and internal organisation and to the nature, scope and complexity of its activities and is aligned with BISON's corporate interests, insofar as, among other aspects:
 - a. it promotes and is coherent with the sound and prudent management of risk and discourages risk-taking beyond BISON's tolerated risk level;
 - b. is compatible with the credit institution's corporate strategy, its goals, values and long-term interests;
 - c. clearly distinguishes between the criteria for determining the fixed remuneration component and the criteria for the variable component thereof.

VI. Other aspects

The Bank adopt the rule of no compensation or indemnification payment in case of dismissal of any member of the Management Board or termination of the mandate by mutual agreement, due to inadequate performance.

No compensation or indemnification was paid or is due to members of the management body due termination of their appointment during the last financial year.

The concrete fixed remuneration of the management and supervisory bodies is defined at the outset of each year by the General Meeting or by a Remuneration Commission appointed thereby, on a proposal from the Nomination and Remuneration Committee, considering the legal framework and approved remuneration policy. The variable remuneration of Executive Committee members is determined annually, based on their performance assessment thereof, the legal framework and approved remuneration policy.

This Remuneration Policy, after approval by the Bank's General Meeting, held on the 14th of May of 2020, on the proposal of the Nomination and Remuneration Committee, is disclosed on the in BISON's website (<http://www.bisonbank.com>) hence being available for consultation by any person.