

First Nations Bank of Canada

Remuneration for the fiscal year ended October 31, 2023

Key objectives and features of the Bank's remuneration include:

- The Board of Directors and/or Executive are responsible for the application of remuneration principles, practices and processes;
- The Bank's remuneration consists of fixed compensation (salary and employee benefits), variable compensation, deferred compensation and Directors' fees. Variable and deferred compensation is paid to certain personnel and is based on the achievement of pre-determined financial results.
- The Bank's key management personnel include all members of the Board of Directors and Executive who have the authority and responsibility for planning, executing and controlling the activities of the Bank.

The remuneration to key management personnel is set out below:

Remuneration for Fiscal Year 2023	Unrestricted	Deferred
Fixed remuneration		
Cash based	1,386,592	-
Share linked instrument	-	-
Other	-	-
Variable remuneration		
Cash based	530,106	-
Share linked instrument	168,859*	256,551**
Other	-	-

* LONG-TERM INCENTIVE PLAN

The Bank amended the Long-Term Incentive Plan (the "LTI" Plan) for its fiscal year ending October 31, 2019 to amend the long term incentive opportunities for the Senior Management Team ("SMT"). The previous Deferred Cash Incentive that all SMT members except the CEO participated in was eliminated, all SMT members were made eligible to receive Phantom Share Options ("PSOs") which were previously only awarded to the Chief Executive Officer, and Performance Share Units ("PSUs") were added to the plan for all members of the SMT. The purpose of these incentives is to align the interests of the SMT more closely with the interests of the shareholders by tying a portion of future compensation to the long-term performance of the Bank's shares and the operating performance of the Bank's business.

Performance Share Units (“PSUs”) grant SMT members a contractual right to participate in a performance amended, three year deferred, share value based incentive payments. The PSUs cliff vest at the end of three years, contingent on achievement of predetermined performance conditions over the three year performance period. The performance multiplier can range from 50% to 150% and includes consideration of business volume metrics as well as strategic accomplishments. Under the terms of the LTI Plan, SMT members will be annually issued, a certain number of PSUs based on their salary and the target compensation for this medium term incentive. Annually the number of unvested PSU’s, is amended to add the share equivalent of any dividends declared per share for the outstanding PSU’s. Vested PSU’s (original PSU grant plus dividend equivalents multiplied by the performance factor results) must be exercised at expiry by calling on the Bank to pay the share value of the common shares vested, based on the share valuation when exercised. PSUs awarded for fiscal 2023 are issued at a strike price of \$4.42 to vest and expire on October 31, 2026.

Phantom Share Options (“PSOs”) grant SMT members a contractual right to participate in the growth of the Bank’s common shares without actually receiving an equity interest in or stock of the Bank. Under the terms of the LTI Plan, SMT members will be issued, annually, a certain number of PSOs based on their salary and the target compensation for this long term incentive. The number of PSO’s granted for each SMT member is based on their target incentive divided by the Black Scholes Model current valuation of the option at the date of issue. Each PSO issued under the LTI Plan will vest 3 years after being granted and expires 7 years from the date granted. At the end of each fiscal year, the common shares of the Bank will be valued for the purposes of valuing outstanding and exercised PSO’s. Once a PSO has vested, SMT members may exercise such PSOs by calling on the Bank to pay the positive difference between the strike price of the common share of the Bank at the time the PSO was granted and the then current value of the common share of the Bank. PSOs awarded for fiscal 2023 are issued at a strike price of \$4.42 to vest on October 31, 2026 and may be exercised up to the expiration date of October 31, 2030.

** DIRECTORS’ DEFERRED SHARE UNIT PLAN

The Directors’ Deferred Share Unit Plan was approved effective November 1, 2021. The Board Remuneration Policy requires Directors to hold 2 times their annual director retainer in Deferred Share Units (DSU’s) within 5 years of joining the Board. Directors may elect to allocate from 0% to 100% of their total fees to DSU’s (subject to meeting the minimum holdings as noted above).