Banco Interatlântico
Grupo Caixa Geral de Depósitos

ANNUAL REPORT AND ACCOUNTS 2022

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MANAGEMENT REPORT

INTRODUCTION

1.INTRODUCTION

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

The financial year 2022 ended with positive developments in Banco Interatlântico's main business indicators, thus strengthening its path of continuous improvement, increasingly contributing to improving the international image of the domestic financial system's indicators.

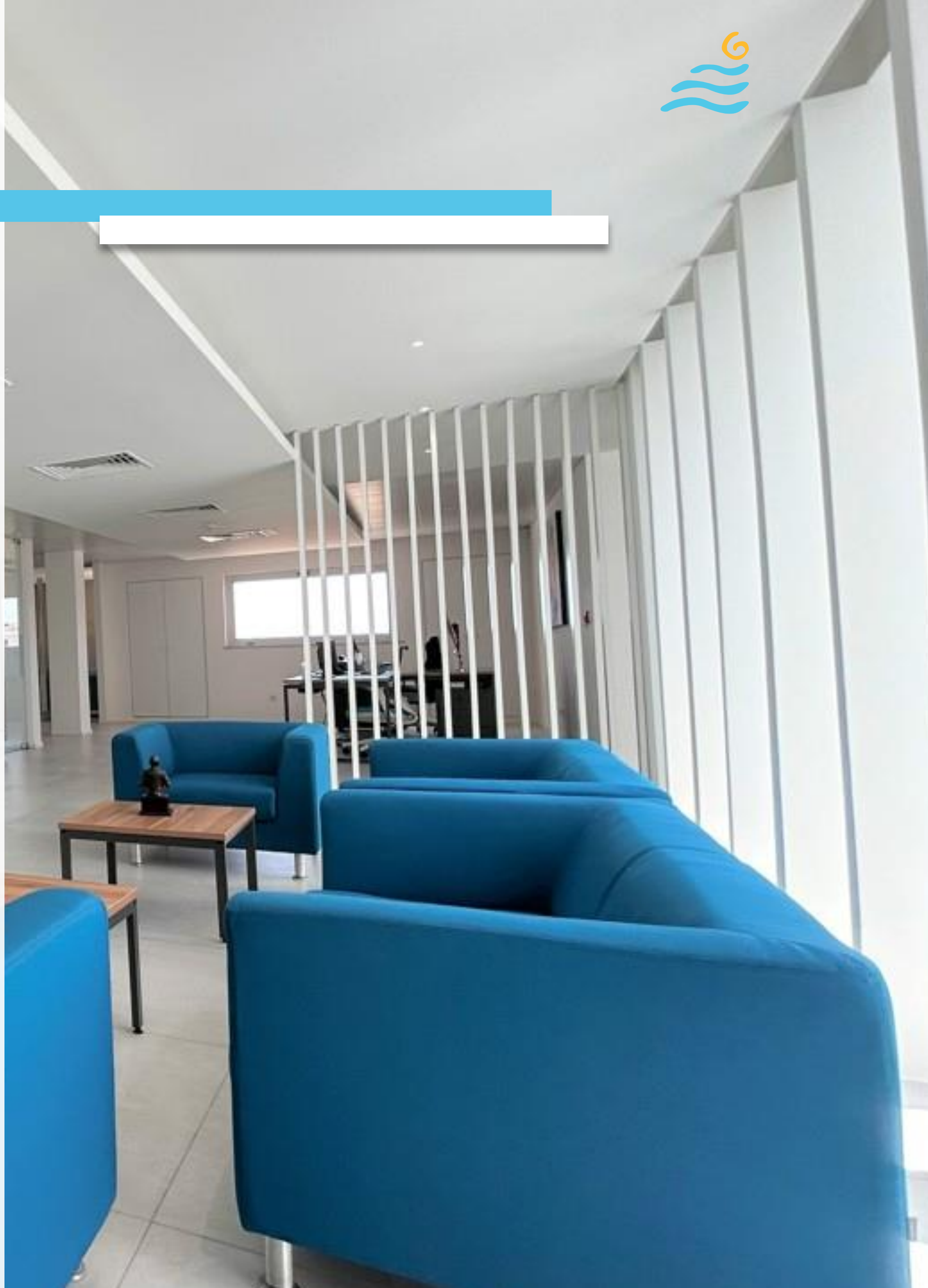
It is an important part of our mission to strengthen Banco Interatlântico as a pillar of sustainability and credibility in the domestic financial system, benefiting from our status as a subsidiary of the Caixa Geral de Depósitos Group and progressively achieving the benefits that integration into the CGD Group allows. First and foremost in terms of Governance, Environmental and Social concerns, Risk Management, and responsible business, leveraging whenever possible on the Caixa Group's unique international network.

Strict compliance with the rules of the Central Bank of Cape Verde is supplemented by compliance with the rules of Caixa Geral de Depósitos Group's supervisor, the European Central Bank, guaranteeing compliance standards with the best international practices.

This entire operating framework ensures the levels of service, organisational development and innovation that the Caixa Geral de Depósitos Group wants to ensure in Cape Verde and which are permanently materialised in the performance and development of Banco Interatlântico.

The Bank's main business indicators in 2022 demonstrate its capacity for continuous and solid improvement:

- Growth in the market share of deposits, the main indicator of confidence in a bank, and growth in the loan portfolio of more than 6%;
- Continuous decrease in overdue loans and our market share in this indicator, in sharp contrast to the financial system;



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

- Maintenance of NPE and NPL ratios below 4% and 5%, respectively;
- Sustained growth in our results, despite our efforts to mitigate credit risk and heavy investment in modernising the Bank and Customer Service;

The Bank's transformation is an effort to constantly improve, and innovation in the service we provide to our customers includes more and better solutions, in a movement that we have already perpetually internalised, in a reality as dynamic as the times we live in.

We have introduced new, more dynamic and up-to-date channels to the market and we are deeply changing customer service, with improvements that are continually reaching the market.

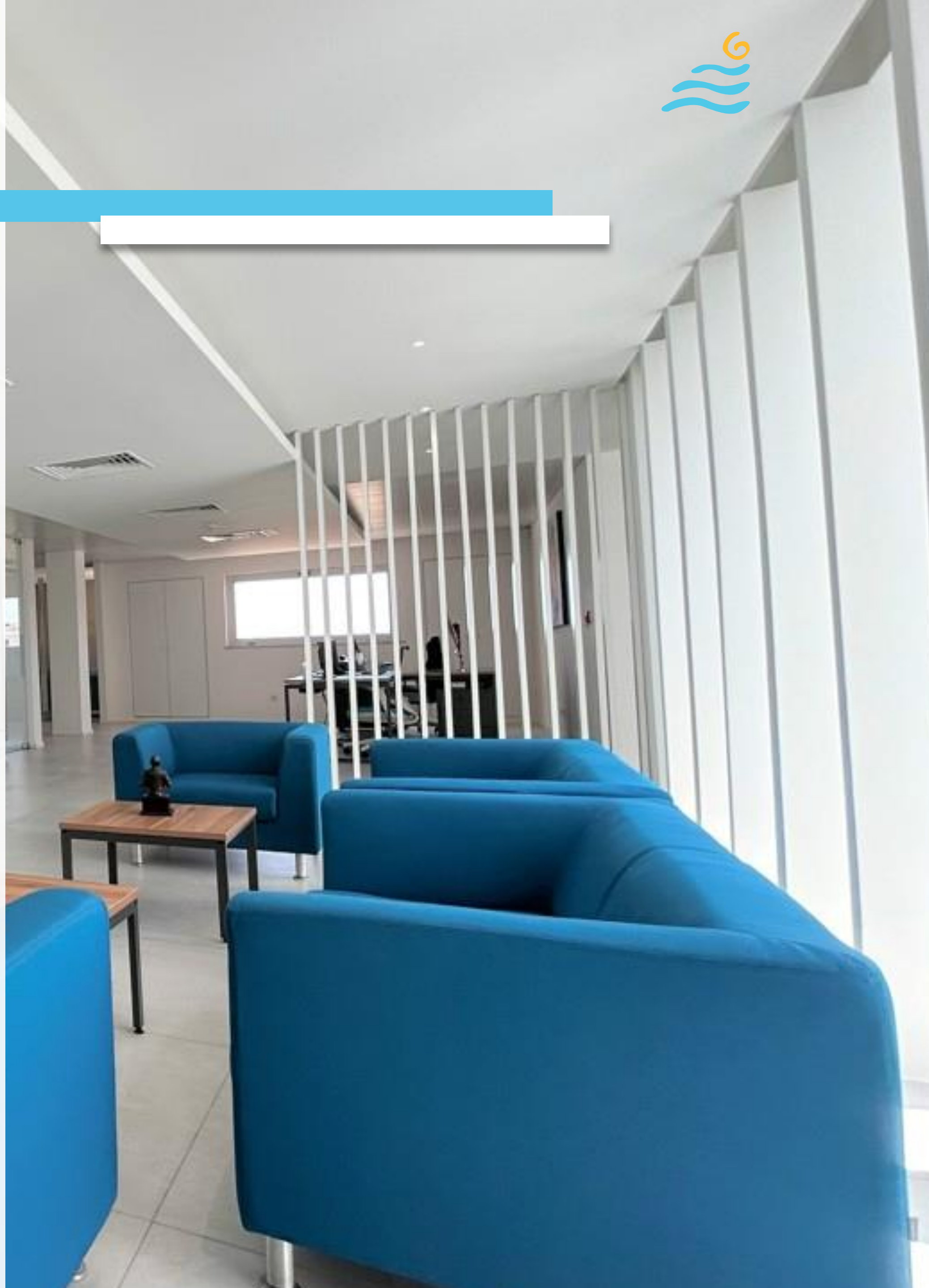
Our employees are to be thanked for the results they have achieved, for their commitment and dedication, and I express my gratitude to all of you for your service and the example you set.

We would like to thank our stakeholders for the professional work they carry out, how they accompany us and help us to improve, especially the Supervisor, whose exemplary professionalism ensures that we are constantly improving, with great solidity and confidence.

We thank our Customers for continuing to prefer us and our absolute commitment to serving you better and better.

The Chairman of the Board of Directors

Nuno Alexandre de Carvalho Martins



1. INTRODUCTION

FRAMEWORK OF THE EXECUTIVE COMMITTEE

Estimates of the evolution of Cape Verde's GDP suggest that by 2022 this indicator will have grown by approximately 17.7%, which represents a significant evolution for the country and reflects the economic recovery observed, particularly with the boost from the tourism sector, the main engine of the domestic economy and where foreign investment continues to be observed, confirming the country's growing credibility.

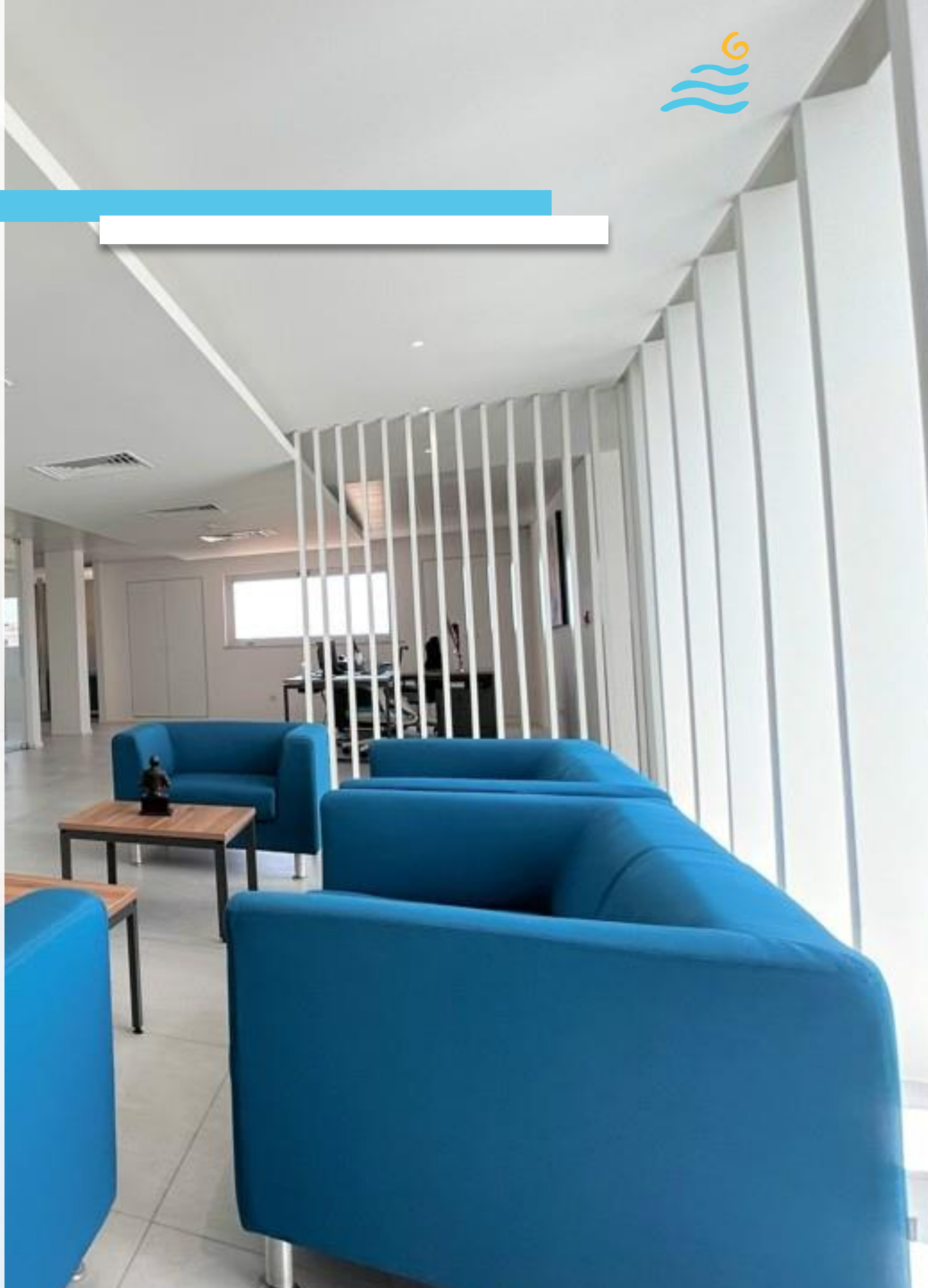
As a country dependent on foreign countries for basic needs, with insufficient production of essential goods for the domestic market, and where Portugal is the main source of imports, it is also dependent on them for economic development, with the tourism sector directly and indirectly accounting for more than 25% of annual GDP.

Banco Interatlântico, a subsidiary of Caixa Geral de Depósitos, kept pace with market growth in the main business indicators and continued its investment, modernisation and innovation processes with a view to continually improving its customer service.

In the last four months of the year, a new version of the Bank's website and a new internet banking service were launched, improving the customer experience and creating a platform that allows for continuous evolution. Also in the same four months, a new credit management system went into phased production, which will significantly improve the Bank's response capacity and the time it still takes us to respond to customer credit requests.

The main lines of business evolved favourably, with the stock of loans to families growing by approximately 12%, in a context in which the Bank reduced its stock of non-performing loans despite the fact that it was the year in which the moratoria were lifted, and a huge effort was made to recover and make businesses viable.

Source: First review under the extended credit facility arrangement—press release; and staff



FRAMEWORK OF THE EXECUTIVE COMMITTEE

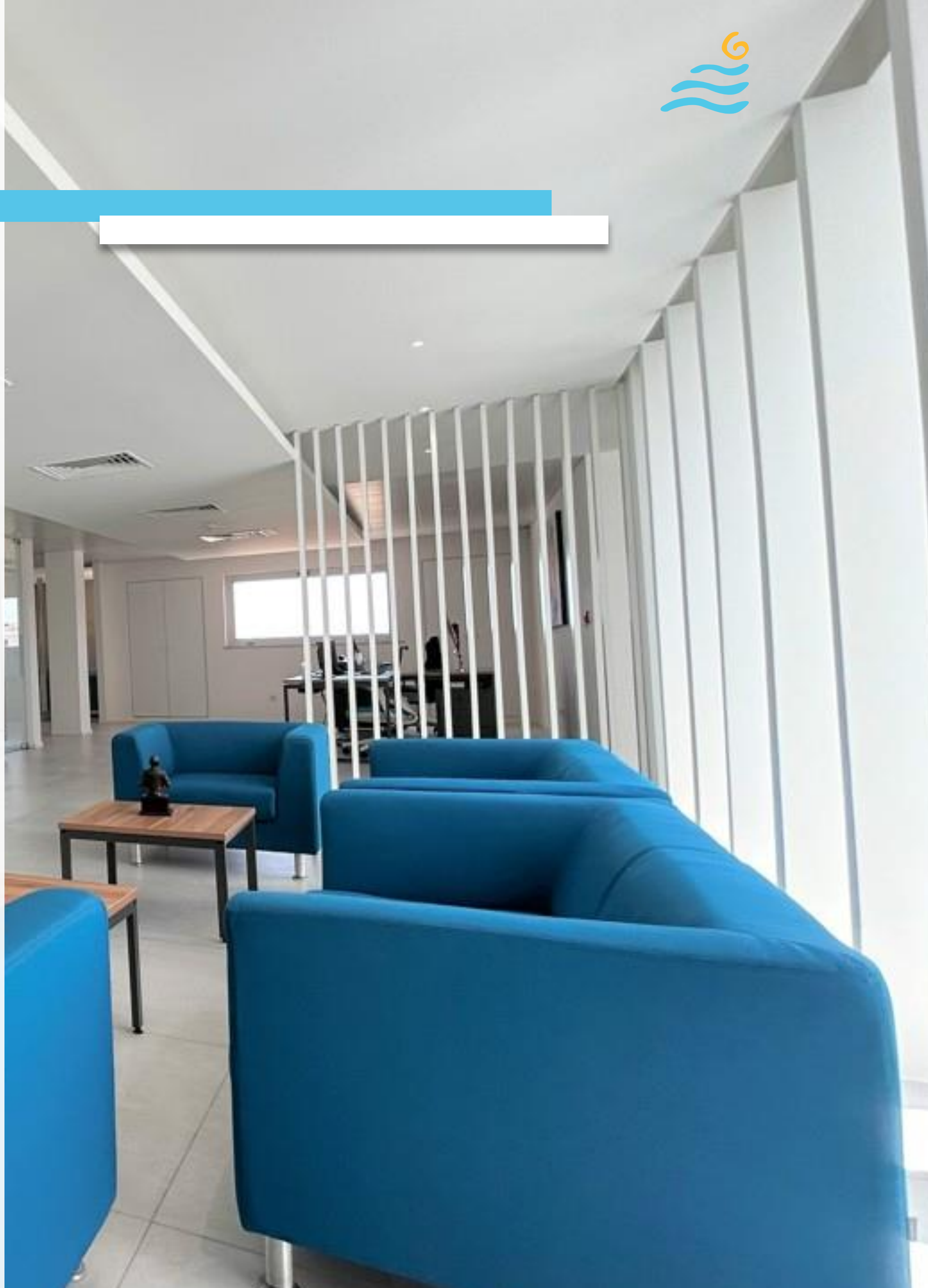
Gross loans grew by 6.3%, but without the effect of NPL reductions, would have grown by 7.4%. Deposits grew by 7.5%, above market growth. Net income grew by approximately 9%, despite the effect of the reinforcement of impairments and the constitution of NPE backstops aimed at mitigating loan risks.

The Bank has structuring projects underway to improve customer service capacity which have already made it possible to review and simplify processes and structure, improving time-to-cash and cost-to-serve. These projects will continue to bring innovation and improve customer service levels in 2023.

Banco Interatlântico was also honoured in 2022 with several international awards, of which the following stand out for their relevance:

- The Banker has awarded Banco Interatlântico 'Bank of the Year' for the fifth consecutive year, recognising the commitment and dedication of the Bank and its employees and their focus on clients and results.
- Pan Finance honoured Banco Interatlântico with the award 'Digital banking services of the year -Cape Verde 2022
- International Investor presented the bank with the prizes:
  - Best bank-Cape Verde 2022
  - Best sustainable bank- Cape Verde 2022.

As in previous years, the Bank maintained a careful policy of social and cultural responsibility, supporting a number of non-profit and cultural projects and institutions that are important to the country.



1. INTRODUCTION

MAIN BUSINESS INDICATORS IN 2022

28.091 M CVE	16.842 M CVE	24.087 M CVE	33.649	163	9
Total assets	Gross Loan	Resources (Customers)	Customers	Employees	Commercial units

High dynamism in commercial production

+17.37%
Housing Loans (YoY)

+7.46%
Customer Deposits (YoY)

Market shares:

11.69%
In loans

9.59%
In deposits

Improving Results

307.8 M CVE
Net Profit

+8.9%
(YoY)

Comfortable liquidity position

68.85%
Transformation Ratio

Improved risk and profitability indicators

-0.43 p.p.
Overdue loans ratio

-0.42 p.p.
Cost of Risk

+8.56 p.p.
% Commission Staff

+0.04 p.p.
% Commission Business Volume

2022

MAIN BUSINESS INDICATORS in 2022

Balance Sheet and Operating Indicators	31 Dec 22	31 Dec 21	Value	%	Notes
Net Assets	28,091	25,921	2,171	8.4%	
Cash and cash equivalents at Central Banks	3,800	3,011	789	26.2%	
Investments at Credit Institutions	35	31	4	11.6%	
Loans and advances to customers (Net)	21,290	20,154	1,136	5.6%	
Gross Securitised Loans	5,097	4,997	100	2.0%	
Gross Non-securitised Loans	16,842	15,841	1,002	6.3%	
of which: Overdue loans	825	843	-18	-2.2%	
Impairment	649	683	-34	-5.0%	
Customer deposits	23,916	22,256	1,660	7.5%	(8)
Equity	3,316	3,033	283	9.3%	
Overall Activity Income	1,199	1,167	32	2.7%	
Net Interest Income	921	921	0	0.03%	
Complementary Margin	278	246	31	12.7%	
Structural Costs	695	649	46	7.2%	
Impairments and Provisions	203	224	-21	-9.3%	
Operating Income	504	518	-15	-2.8%	
Net Income	308	283	25	8.9%	

Values in million CVE

Profitability and Efficiency	31 Dec 22	31 Dec 21	Change	Notes
Return on Assets (ROA)	1.11%	1.14%	0.0 p.p.	(1)
Return on Equity (ROE)	9.69%	9.77%	-0.1 p.p.	(1)
Overall Activity Income / Average Net Assets	4.30%	4.72%	-0.4 p.p.	(1)
Staff Costs / Overall Activity Income	25.58%	26.35%	-0.8 p.p.	
Cost to income	58.0%	55.6%	2.4 p.p.	
Net Fees / Turnover	0.29%	0.25%	0.04 p.p.	(2)
Net Fees / Staff Costs	38.73%	30.18%	8.6 p.p.	

(1) Equity to Average Net Assets (13 notes)

(2) Turnover = Average Gross Loans + Average Customer Deposits (13 notes)

(8) Does not include interest payable

MAIN BUSINESS INDICATORS in 2022

Credit quality and Hedging

Credit quality and Hedging	31 Dec 22	31 Dec 21	Change	
NPL (Non-performing Loans) ratio	4.82%	4.51%	0.3 p.p.	
Net NPL Ratio	2.75%	2.39%	0.4 p.p.	
NPE (Non-performing Exposure) ratio)	3.60%	3.30%	0.3 p.p.	
Net NPL Ratio	2.05%	1.73%	0.3 p.p.	
NPL Hedging	33.97%	48.89%	-14.9 p.p.	
NPE Hedging	33.79%	48.86%	-15.1 p.p.	
Credit Risk Cost	0.45%	0.88%	-0.4 p.p.	(4)
Overdue loans and interest/Gross Loans	4.90%	5.32%	-0.4 p.p.	(3)
BCV credit quality (Circular Series 'A' no. 150/DSE/2009)	2.45%	3.33%	-0.9 p.p.	(3)
Loan Impairment / Overdue loans and interest	72.79%	75.03%	-2.2 p.p.	(3)

(1) Equity to Average Net Assets (13 notes)
(2) Turnover = Average Gross Loans + Average Customer Deposits (13 notes)
(3) Non-securitised loans
(4) Net Loans Risk Cost (includes corporate bonds) of recoveries of write-offs and interest from previous years
(5) Net loans (including corporate bonds) / Customer deposits
(6) Provisional, waiting for approval by the BCV
(7) Includes 2 Executive Directors
(8) Does not include interest payable

Structural Ratios

Structural Ratios	31 Dec 22	31 Dec 21	Value	
Loans and advances to customers (Net) / Net Assets	57.82%	58.67%	-0.9 p.p.	(3)
Transformation Ratio (Net Loans / Deposits)	68.85%	69.49%	-0.6 p.p.	(5)

Solvency and Liquidity Ratios

Solvency and Liquidity Ratios	31 Dec 22	31 Dec 21	Value	
Solvency ratio	15.63%	16.37%	-0.7 p.p.	(6)
Liquidity Coverage Ratio (LCR)	147.80%	136.50%	11.3 p.p.	

Other Indicators

Other Indicators	31 Dec 22	31 Dec 21	Change	
No. of Employees	163	159	4	(7)
No. of Branches	9	9	0	
Employee per Branch	18.1	17.7	0	
(Loans+Deposits)/no. Employees	250	240	10	(3)
(Loans+Deposits)/no. Branches	4,529	4,233	296	(3)

MAIN EVENTS

2022

25 Mar

Governance Corporate Challenges in the era of Digital Governance and ESG

Believing in the importance of adopting sustainable practices in the financial sector, BI sponsored the conference whose main theme was ESG - From here to where?

27 Apr

World Economic Magazine honoured Banco Interatlântico with two awards:

- **Best Corporate Bank Cape Verde 2022**
- **Best Retail Bank Cape Verde 2022**

26 May

Global Banking & Finance Review honoured Banco Interatlântico with six awards:

- **Best Corporate Bank, Cape Verde**
- **Corporate Governance Bank, Cape Verde**
- **Best Corporate Social Responsibility Bank, Cape Verde**
- **Decade of Excellence for the Banking Group, Cape Verde**
- **Best Personal Bank, Cape Verde**
- **Best Retail Bank, Cape Verde**

01 Sep

New Website and Internet Banking

New Website and Internet Banking (for individuals and companies) go live

20 November

13th GEW- Global Entrepreneurship Week

Recognising the importance of this event for spreading entrepreneurial culture, promoting networking among entrepreneurs, businesspeople and institutions, and encouraging the creation of national networks to promote/support companies, BI sponsored the 13th edition of Global Entrepreneurship Week.

2023

30 Mar

NEW REGISTERED OFFICE

The move to the Bank's new premises took place in March

World Economic Magazine honoured Banco Interatlântico with two more awards:

- **Fastest Growing Private Bank Cape Verde 2022**
- **Best Trade Finance Bank Cape Verde 2022**

International Investor

honoured Banco Interatlântico with two awards:

- **Best bank-Cape Verde 2022**
- **Best sustainable bank- Cape Verde 2022**.

14 Dec

Pan Finance honoured Banco Interatlântico with the award **"Digital banking services of the year - Cape Verde 2022'**

The Banker has awarded Banco Interatlântico **'Bank of the Year'** for the fifth consecutive year, recognising the commitment and dedication of the Bank and its employees and their focus on clients and results.

30 Nov

Book launch of 'Temperos da Chef Ália - O Saber e os Sabores de Cabo Verde' (*The Knowledge and Flavours of Cape Verde*)

Recognising the importance of women's role in society, and acting under principles that safeguard equal opportunities, BI contributed to the launch of Chef Ália's cookbook;

WHO WE ARE

We are your BANK

The Bank of choice and leading in the affluent and upper affluent corporate and individual segments, which stands out for its solidity, trust and reputation, with a capacity for constant innovation and recognised for actions guided by a high ethical standard

MISSION AND VALUES

Vision

To be the bank of choice and leading in the corporate and institutional segment, as well as for upper-middle-income individuals, recognised for technological and product innovation and dynamism in the field of financial services, particularly in specialised credit and capital markets.

Mission

Consolidate itself as a Bank that provides a global, high-quality Financial Service, which stands out for its relevance and strong responsibility in contributing to high ethical standards, the country's economic development, increasing competitiveness, capacity for innovation and employee satisfaction.

Values

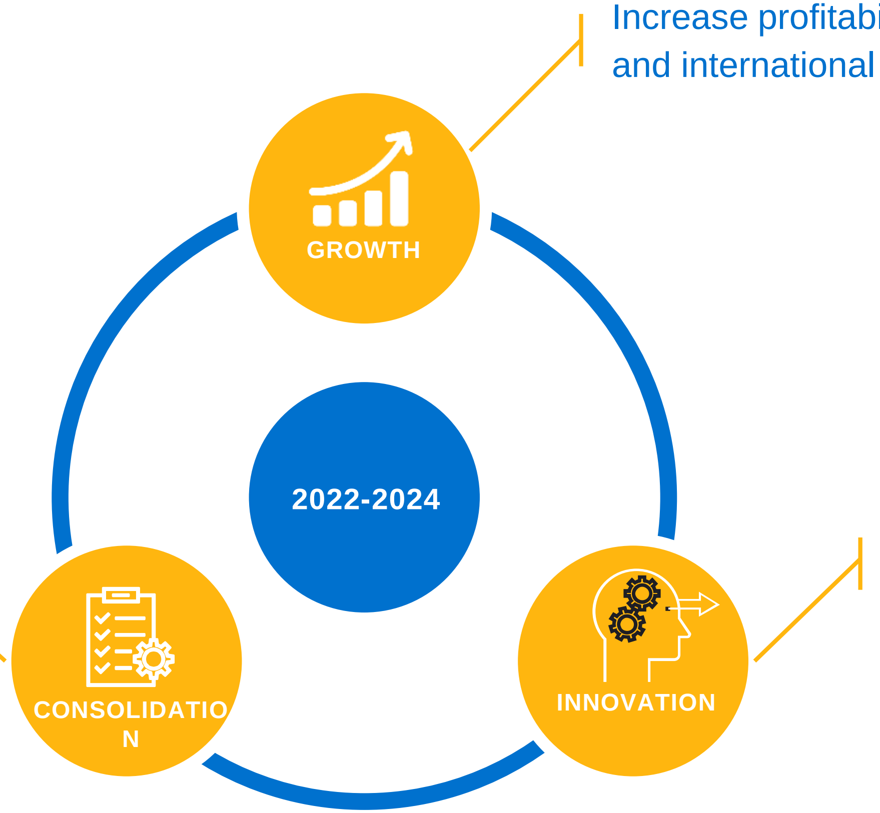
The activity and conduct of our employees are guided by the following fundamental values:

- Precision
- Transparency;
- Investment security;
- Organisational and personal responsibility
- Integrity
- Respect for entrusted interests

BUSINESS STRATEGY AND MODEL

The Bank is currently implementing an ambitious and challenging strategic plan for the 2022/2024 period, with the delivery of structuring projects guided by the following strategic vectors:

Increase profitability, market and customer share, and international business



Consolidation of risk mitigation and qualification of resources (human and technological)

Improve customer offer, channels and service

BUSINESS STRATEGY AND MODEL

Activity in 2022 was guided by the following strategic objectives:

MAINTAINING the sustainability and stability of the current income, in a context in which banking activities were impacted by the COVID19 pandemic and the war in Ukraine

COMPLETING the recovery of historic NPLs and minimising the risks of new NPLs

Continuously **PREPARING** the Bank for the growing recovery of the economy

CONSOLIDATING the progress made in improving the ability to respond to Customers, Stakeholders, Corporate and Supervisory Entities

Continuously **GEARING** the Organisation towards a business and customer service model:

Efficient > **Scalable** > **Innovative** > **Far-reaching**

BUSINESS STRATEGY AND MODEL

5 Structuring Projects, across the organisation, to implement the Strategy

- LEAN RETAIL NETWORK
- DYNAMIC SEGMENTATION
- DEVELOPING DIGITAL CHANNELS
- SUPPORT AND MARKETING
- INNOVATION

Focus on People, to increase responsibility and accountability and permanent, dedicated management monitoring

The **Ambitions for 2023 and 2022/2024 Strategy** belong to everyone in the organisation:

Growth - profitability, market and customer share, international business

Innovation - offer, channels and customer service

Consolidation of risk mitigation and qualification of resources (human and technological)

BUSINESS STRATEGY AND MODEL

Geographic Presence and Channels

To serve its Private, Business, Corporate and Institutional Customers, BI has nine commercial units on the main islands of the archipelago, one corporate customer office and one retail customer office.

This network liaises with the remote channels, which include homebanking services (Bin@Net Retail and Corporate Customers) and the mobile application (BI App), thus ensuring the provision of banking services and products to all Customers.

BI has been developing new technologies to improve the Customer experience in its relationship with the Bank, increasing its ability to analyse and respond to the needs of each individual and redesigning various processes to provide an increasingly innovative and multichannel offer.

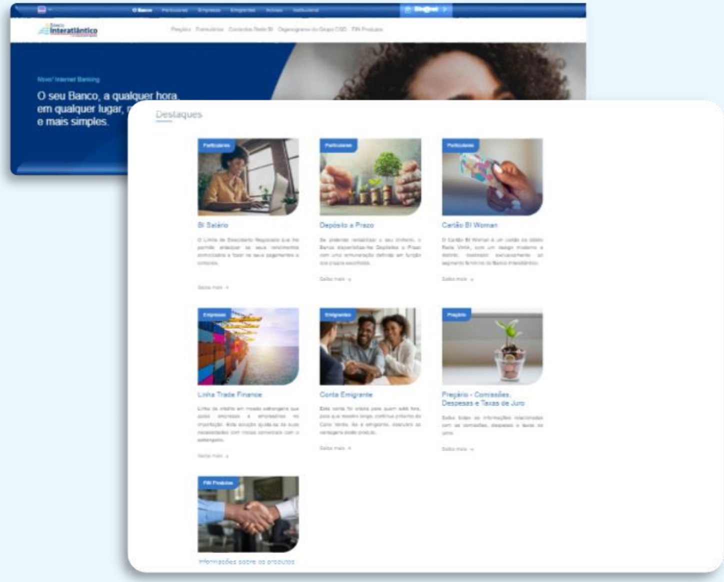
Banco Interatlântico's new Website and Internet Banking are already a reality, following a continuous innovation process that, with the same security and convenience, introduces added value for users, adds new features and greater functionality in their use.

BUSINESS STRATEGY AND MODEL

Innovation in Digital Channels

In 2022, continuing with its structuring projects, Banco Interatlântico made available to its customers, with the same level of security and convenience, a new website and new Internet Banking, with a modern and more appealing design, with new features and functionalities **to improve the Customer experience, efficiency and support for Commercial Managers to Better Serve Customers.**

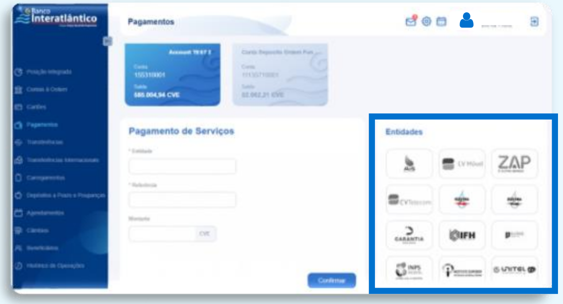
New Website



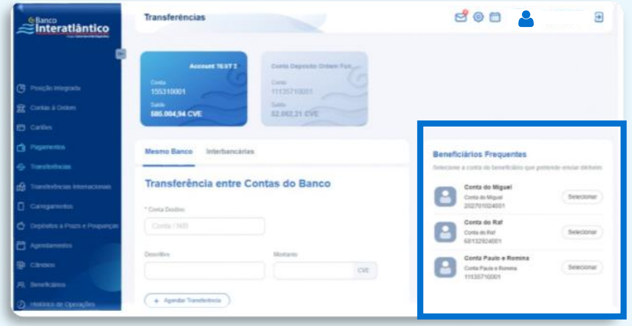
New Retail and Corporate Customer Internet Banking

Dashboard with integrated Position

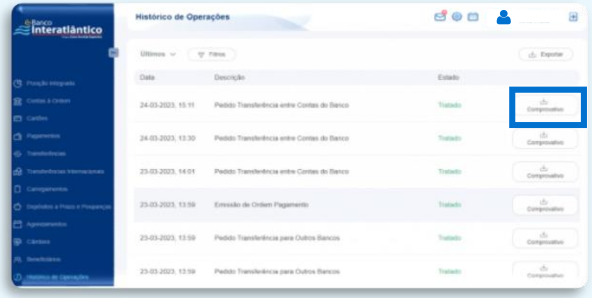
More user-friendly payment services



Easy access to the list of frequent beneficiaries



Easy movements proof extraction



BUSINESS STRATEGY AND MODEL

Positive and sustained evolution of means of payment

Positive developments in 2022 in remote banking and means of payment, in particular internet banking coverage for 47% of our customers and debit card coverage for 71% of active customers.

In terms of **ATMs**, the Bank's number remained stable, with 43 machines installed and a market share of 20.3% in 2022, occupying 2nd place in the domestic market. In terms of **POS**, the Bank recorded an increase of around 9% compared to 2021, maintaining its market share of around 14% and occupying 3rd place in the domestic market.

The **Internet Banking** channel once again saw an approximately 11% increase in active users, due not only to the increase in the customer portfolio, but also to the campaign to publicise the new Internet Banking service, involving both new and old customers.

The number of active Banco Interatlântico cards increased by 12.69% in 2022, maintaining the trend of the same period last year, totalling around 30,006 cards, of which 26,175 from Rede Vinti4 and 3,831 Visa cards.

With regard to the use of digital channels (BIn@net and BI Mobile) and cards, there was an increase in the number of transactions carried out in 2022, particularly in transactions such as transfers and payment for services, which demonstrates a strong growth in the use of digital channels for a number of transactions.

Main Business Indicators

26,000
REDE Vint4 Cards

3,800
VISA cards

+11% YoY
Regular users of **Digital Banking**

+12.69% YoY
Active Cards

+8% YoY
Internet Banking active contracts

43 Units
2nd position Market share
ATM

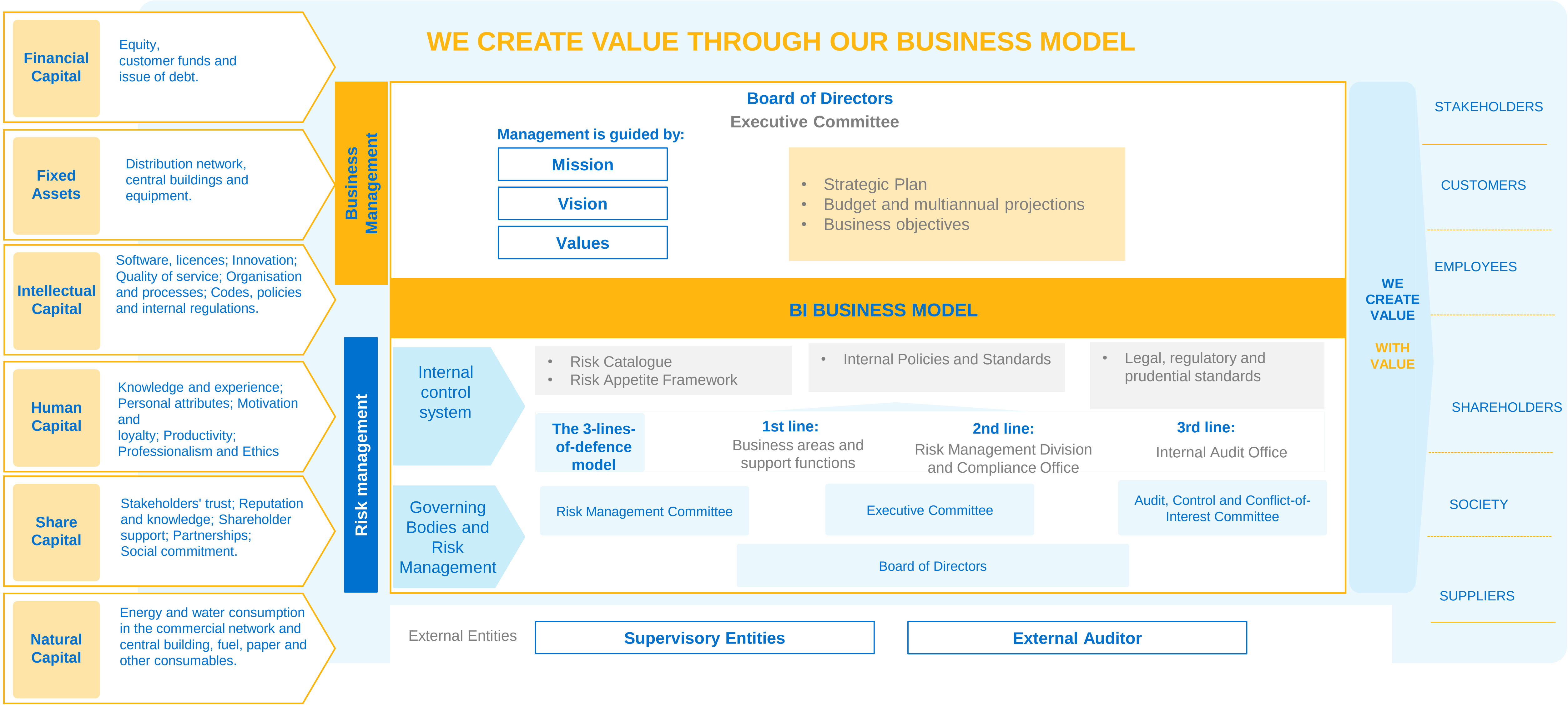
+9% YoY
POS

+80% Mobile Banking
+13% Rede Vint4
+7.9% Mobile Banking
YoY **Operations on our Channels**

+81% Mobile Banking
+34% Rede Vint4
-5.3% Mobile Banking
YoY **Transfers for OCIs**

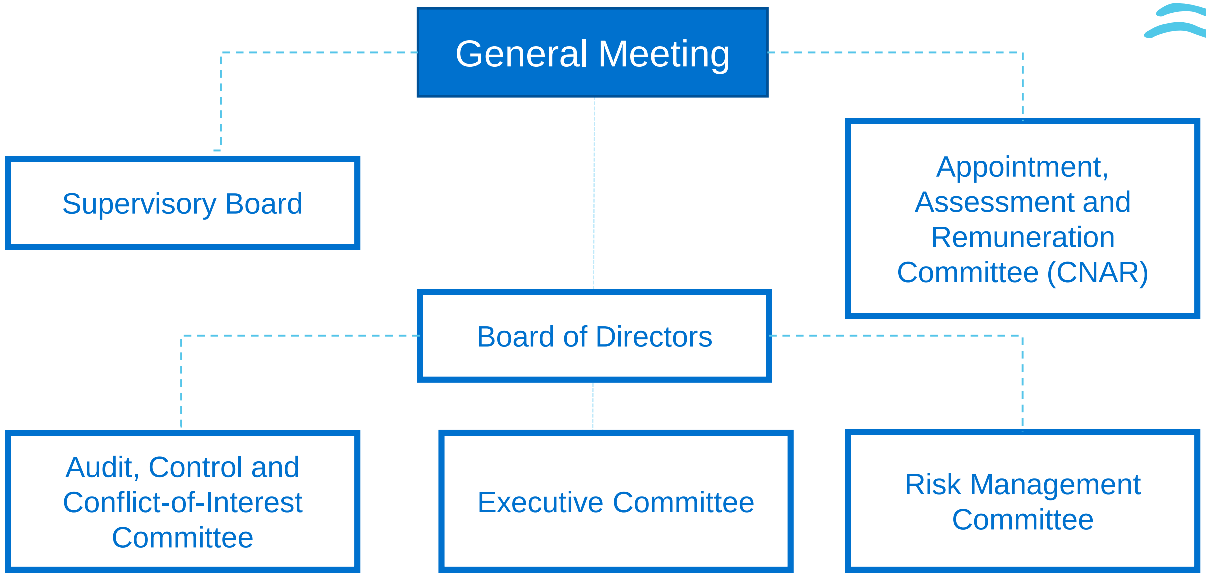
*In relation to the vint4 and Mobile network, all transfers are classified as Transfers to OCIs

VALUE CREATION MODEL



GOVERNANCE MODEL

Governance



The company's organisational structure is as set out in article 347 of the Commercial Companies Code, and its governing bodies are the General Meeting, the Board of Directors and the Supervisory Board.

The standard duration of governing bodies' terms is three years.

General Meeting

The General Meeting (AG) consists of a chairman and one or two secretaries, elected every three years.

The AG decides on matters specifically assigned to it by law or the Articles of Association, including the election of governing bodies, approval of the management report, accounts for the financial year, distribution of profits and capital increases.

Board of Directors

The Board of Directors (CA) consists in an odd number of members, at least five, one of whom being the Chairman and another Vice-Chairman, elected at a General Meeting by an absolute majority of votes. The activity of the Board of Directors is set out in the Regulations of the Board of Directors, which can be consulted on the BI website.

The Board of Directors meets quarterly or whenever convened by its Chairman. Minutes are drawn up of all meetings, recording the resolutions passed and the lists of attendees.

GOVERNANCE MODEL

Supervisory Board

The supervision of the Bank's corporate activity is a responsibility of the Supervisory Board, comprising a Chairman, two full members and an alternate member. The operating rules of the Supervisory Board can be consulted on Banco Interatlântico's website at www.bi.cv.

The Supervisory Board shall meet ordinarily at least once every three months and extraordinarily whenever convened by the Chairman, with minutes of the meeting being drawn up.

Audit, Control and Conflict-of-Interest Committee (CACI)

The CACI is responsible for monitoring the activity of the Executive Committee of the BI Board of Directors, ensuring compliance with legal and regulatory conditions, the Bank's Articles of Association and the rules issued by the supervisory authorities, the general policies, standards and practices established internally, as well as assessing and promoting the effectiveness and efficiency of the Internal Audit Function, ensuring direct functional reporting of this function, making a critical assessment of the Bank's Internal Control System and becoming aware of situations of conflict of interest and the management measures that are adopted.

Appointment, Assessment and Remuneration Committee (CNAR)

This body is responsible for updating and reviewing the Remuneration Policy, whenever deemed appropriate or necessary, in order to ensure compliance with its objectives and requirements.

The other responsibilities of this Committee are to propose to the General Meeting the remuneration amounts, as well as the fixed and variable components included therein, where applicable, as well as to issue an opinion on the performance evaluation of the Holders of Relevant Positions (HRP), for which purpose it may consult, if it so wishes, the Corporate HRP.

Risk Management Committee (CGR)

The CGR is responsible for supporting and advising the Board of Directors on BI risks' management, considering both its individual and consolidated perimeters, assessing and promoting the effectiveness of the Risk and Compliance Functions, monitoring the Bank's strategy and risk appetite, overseeing consistency across all major products and services offered to customers, monitoring the policies for managing all risks related to the Bank's activity, assessing and promoting the effectiveness and efficiency of BI's internal control processes and issuing opinions on the appointment of external consultants that the supervisory function decides to hire for advice or support.

As part of its powers, the CGR is chaired by the CRO of the CGD Group and additionally integrates two non-executive and independent Directors.

RISK MANAGEMENT

Governance Model for the Risk Management Function

BI's Risk Management Function (FGR) Officer is the *Chief Risk Officer* (CRO), a member of the Executive Committee of the Bank's Board of Directors, who reports to the CGD Group's Corporate FGR (FGR-CGD) and Corporate CRO (CRO-CGD).

The Chief Risk Officer is globally responsible for monitoring BI's risk management framework and, in particular, for ensuring the proper and effective functioning of the Risk Management Function. They are also responsible for informing and clarifying the members of the management and supervisory bodies about the risks incurred, BI's overall risk profile and the degree of compliance with the established risk tolerance levels.

The local Risk Management Function is led by the Head of Risk and is supported by a dedicated structure, the Risk Management Department (DGR), which covers the assessment and control of financial risks (credit, market, liquidity, balance sheet interest rate) and non-financial risks (strategy and business, operational, IT, and reputation) incurred by BI, establishing the principle of segregation of duties between the commercial areas and the risk management area. The local Risk Management Function is supported by and reports to the Corporate Risk Management Function.

The DGR is a first-level body within the organic structure of BI, with internal control functions and whose purpose is to protect BI's capital, namely by managing the solvency, credit, market, liquidity, balance sheet interest rate, operational and other non-financial risks incurred by the Bank, the inter-relationships among them and ensuring the coherent integration of their partial contributions.

It is also responsible for developing risk assessment models and carrying out stress testing exercises. The local DGR is supported by and reports its entirety and activity to the Corporate DGR.

The Head of Risk, who is also the Director of the DGR in the case of BI, is responsible, without prejudice to the other duties established by BI's internal regulations, for developing and leading a reference department, taking into account the provisions of the Legal Framework of Credit Institutions and Financial Companies (RGICSF), other applicable legal texts and international best practices and standards, with a view to guaranteeing the effectiveness and efficiency of the risk management system and contributing to the promotion and continuous improvement of a risk culture within BI, coherently, consistently and in line with the CGD Group's guidelines.

RISK MANAGEMENT

Global Risk Management in BI

Credit Risk

The Credit Risk management methodology is based on a cross-cutting and continuous approach for granting, monitoring and setting up impairments.

When granting credit, BI ensures compliance with the outlining of Credit Risk Appetite and the Credit Risk Management Policy, in terms of type of client, type of credit, value, exposure value, collateral and term, among others, respecting different levels of competence for approval, according to the mandatory limits set for issuing credit risk opinions.

The follow-up and monitoring process ensures that overdue loans are monitored and that recoveries are verified, producing a series of reports on overdue loans and recoveries, having developed a routine for producing management information that has enabled the various Business Units and the Overdue Loan Recovery Unit to be more efficient in their work.

When calculating impairments, financial assets classified at amortised cost (AC) and measured at fair value through other comprehensive income (FVTOCI) are taken into account, namely loans granted to companies and individuals including Provided Bank Guarantees, Revocable and Irrevocable Commitments and Revocable and Irrevocable Credit Lines, Securities and Investments at Credit Institutions.

Intra-group transactions are exempt from the calculation of loan impairment.

In the case of loans to companies, the total exposure per client is calculated, while in the case of loans to individuals, the treatment is carried out at transaction level and the exposure value of the respective transactions is not aggregated.

The most significant exposures are subject to an individual impairment analysis carried out by the client's Commercial Management Unit, by completing an Individual Analysis Form, which aims to determine the borrower's ability to service the debt, in line with regulatory and corporate guidelines.

For less significant exposures, or if the individual analysis results in a zero impairment rate, a collective or parametric analysis is considered, based on a breakdown of the portfolio into homogeneous risk sub-segments comprising assets with similar risk characteristics, according to specific criteria determined automatically or arising from the best knowledge of the exposure under consideration.

BI has implemented company rating models aimed primarily at rating the entire loan portfolio, adequately reflecting the credit risk of customers at any given time, enabling objective and differentiated treatment of customers/operations based on their risk profile and also supporting the periodic monitoring of the loan portfolio.

When analysing the credit risk of individuals, BI uses scoring models, which fulfil similar objectives.

In 2022, we highlight the implementation of the Credibox platform and the automation of scoring within it (in October), with a view to optimising the response time for credit requests, transparency in information and the management/monitoring of the risk profile of the Bank's loan portfolio.

RISK MANAGEMENT

Global Risk Management in BI

Market Risk

Market risk is of little relevance in the context of BI, given that there are not enough transactions to ensure liquidity and price formation in the financial market in which it operates.

In terms of Exchange Rate Risk, the existence of a fixed parity between the Cape Verde escudo and the Euro (CVE 110.265/1 EUR), resulting from the parity agreement between Cape Verde and the European Union, explains the fact that the Euro is not considered for the purpose of an exchange rate position in the regulations of the Bank of Cape Verde.

The Bank maintains a foreign exchange position whose limits were negotiated with CGD's Risk Management Division and subsequently approved by the Boards of Directors of CGD and BI. The foreign exchange position limits were determined on the basis of reported needs and the historical utilisation of the net position by currency, taking into account that all currencies have the same position (long or short). The limits were therefore set in the accounting currency for both long and short positions. The approved limits establish the level of losses, in terms of earnings or equity, that the institution is willing to take on through a system of exchange limits for the Group, for each institution and by currency. The exchange rate limits are outlined by the set of 'Value at Risk' (VaR) limits, total net open position and by currency, in the accounting currency, for the Group and for each Subsidiary and Branch.

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Balance Sheet Interest Rate Risk

Most of the credit operations contracted have a fixed rate, which implies the existence of interest rate risk, but which is minimised by natural hedging through liability operations and by the gradual implementation, in new operations with maturities longer than 5 years, of rates indexed to the Central Bank's Marginal Lending Rate.

Liquidity Risk

The Bank's liquidity management is monitored and measured based on the daily cash flow, whose policies and standards emanate from the Assets and Liabilities Committee, being systematically updated throughout the day, for the shortest period, and also covering longer periods.

Given the nature of the Cape Verdean market with structural surplus liquidity, BI being no exception, liquidity management does not entail significant risks.

The portfolio of public debt securities is an alternative to investing the Bank's liquidity, either in Bank of Cape Verde securities or in government securities. Public debt securities can, in turn, be transferred to the secondary market. Due to the ease with which Bank of Cape Verde can buy and sell foreign currency, it is also possible to invest surplus liquidity abroad.

With regard to the Liability Coverage Ratio reported monthly to Bank of Cape Verde, its value was always above the minimum regulatory parameters set throughout the year.

As a way of adequately managing liquidity risk, BI maintains with CGD a Trade Finance credit line for 5 million EUR and for Forex/Money Market operations: 1 million EUR short term (1 year).

RISK MANAGEMENT

Global Risk Management in BI

Operational Risk

As a member of the GCGD and in line with the Group's operational risk management, BI continued to promote the implementation of measures to strengthen operational risk management and to draw up an annual report with the most relevant information on the management of the various risks, including operational risk management and the Bank's operational risk profile.

It should be noted that the Operational Risk and Internal Control Committee (CROCI) monitors operational risk management on a monthly basis, presenting/discussing, among other topics, the appetite for operational risk.

Model Risk

BI model risk management is based on an integrated process comprising the following dimensions: (1) Identification, documentation and registration of models; (2) Classification of the risk level of models (risk tiering); (3) Internal governance of model development, implementation and monitoring; (4) Model validation; (5) Model risk monitoring and communication; (6) Use of external resources.

The GCGD's Model Validation Office (GVM) is responsible for proposing a methodology for assessing the inherent risk of BI models, based on a risk-tiering structure, for approval by the CGD's Model Validation Committee (CVM). The GVM, in cooperation with the DGR/CGD, is also responsible for preparing specific guidelines and recommendations on model management applicable to BI. BI, in turn, must verify the implementation of these guidelines and recommendations.

Other Non-financial Risks

BI's management of non-financial risks incorporates the following risk categories: strategy and business, information technology (IT) and reputation.

- Strategy and business risk: probability of negative impacts on results or capital arising from macroeconomic, geopolitical, business model, investment execution, bank and non-bank shareholdings and climate change risks;
- Information technology (IT) risk: probability of negative impacts on results or capital arising from losses due to change risk, data integrity, IT systems failure, access risk and IT systems delivery risk;
- Reputational risk: probability of negative impacts on results or capital arising from losses caused by the negative perception of the institution's public image (banking activity, bancassurance, asset management and confidential data protection risk).

BI's control and management of non-financial risks essentially involves identifying, assessing, measuring, monitoring, mitigating and reporting them, particularly as part of the Risk Taxonomy of the CGD Group.

ECONOMIC AND FINANCIAL CONTEXT

ECONOMIC AND FINANCIAL FRAMEWORK

Global Economy

The current macroeconomic context is one of uncertainty, with the global economy showing a sharper-than-expected slowdown during 2022.

The instability in Eastern Europe, especially since February 2022, has caused an unexpected reversal in the prospects for consolidating the economic recovery that began in 2021, leading international institutions to update their forecasts for the growth of the global economy downwards.

Among the unfavourable factors are the accentuation of disruptions in distribution chains with the increase in energy and raw material prices, which has led to persistently high inflation and the reinforcement of more restrictive monetary policies, higher financing costs and a reduction in available working force in several developed economies and the persistence of lockdowns in China due to the COVID Zero policy.

The temporary signs that, at the beginning of 2023, predicted the world economy could reach a soft landing - with falling inflation and stable growth - have receded in the face of stubbornly high inflation.

Although inflation fell as central banks raised interest rates and food and energy prices fell, underlying price pressures remained firm, which naturally impacts the labour market in the various economies.

The outlook for 2023 is one of weaker growth and negative risks.
The environment of high levels of inflation is expected to continue, albeit with a downward trend, and therefore maintaining a restrictive monetary policy on consumption and investment. Added to this are the risks associated with a possible worsening of the conflict in Ukraine, the possibility of energy rationing and an economic slowdown in China with repercussions on a global level.

IMF* forecasts point to inflation of 5.4% in 2022 for the advanced economies, higher than in 2021, and a slight reduction in 2023: 3.9%

The instability in Eastern Europe, especially since February 2022, has caused an unexpected reversal in the prospects for consolidating the economic recovery that began in 2021, leading international institutions to update their forecasts for the growth of the global economy downwards.

Inflation (%)	2021	2022	2023 P
Worldwide			
Advanced Economies			
USA	4.5	7	3.8
Eurozone	2.1	4.7	4.9
Japan	-0.2	0.3	3.8
Other advanced economies	3.6	5.5	2.9

*Source: Global Economic Outlook April 2023 - International Monetary Fund (IMF).

ECONOMIC AND FINANCIAL FRAMEWORK

Global Economy

The next two years are expected to see the slowest growth since 2001, excluding, of course, the global crisis of 2008 and the acute phase of the COVID-19 pandemic.

Thus, **the most recent macroeconomic forecasts for the world economy's GDP point to growth of just 3.4% for 2022 (lower than in 2021 by -2.9 p.p.) and 2.8% for 2023.**

GDP is expected to slow to 1.6% in 2023 for the US, 0.8% for the Eurozone, affected by the strict lockdowns associated with the zero COVID-19 policy and the paralyses and weaknesses of the property market.

During 2022, the focus of the Central Banks has been to combat the strongly inflationary trend

For the next five years, medium-term growth is expected to be the lowest in decades - annual growth of around 3%.

The need to control inflation was the focus of the main central banks in 2022, with the Federal Reserve kicking things off in March with a 25 pp increase in interest rates, a process that continued until the current levels of 4.25% - 4.50% (+50 bp in December). Later in July, on the other side of the Atlantic, the ECB made its first rate hike (+50 bp). This process, which in cumulative terms reached 250 bp, put an end to a period of around 6 years with zero or negative key rates.

At the end of the year, the deposit rate and the refinancing rate stood at 2.0% and 2.5% respectively. The ECB also introduced the Transmission Protection Instrument (TPI), a tool to be used by the European Central Bank (ECB) to contain risk premium imbalances within the Euro Area, through the purchase of public debt on the secondary market (with a residual maturity of between 1 and 10 years), or private debt (subject to some conditions).

The IMF report predicts that the **world economy will grow by around 3.4% in 2022,** while the downward trend in economic growth is expected to continue in 2023 at 2.8%

The supervisor expects to maintain the decision to increase benchmark rates as a result of the still high levels of inflation for 2023, albeit with a downward trend.

Real GDP growth in %	2021	2022	2023 P
Worldwide Product	6.3	3.4	2.8
Advanced Economies	5.4	2.7	1.3
USA	5.9	2.1	1.6
Eurozone	5.4	3.5	0.8
Germany	2.6	1.8	-0.1
France	6.8	2.6	0.7
Italy	7.0	3.7	0.7
Spain	5.5	5.5	1.5
Japan	2.1	1.1	1.3

*Source: International Monetary Fund (IMF) -April/23

ECONOMIC AND FINANCIAL FRAMEWORK

Domestic Economy

The external environment of the domestic economy in 2022 was marked by high inflation weighing on real disposable income of households, the progressive normalisation of monetary policy and increased uncertainty and low confidence among economic agents, thus determining a moderation in the growth of global economic activity and that of the country's main partners. This development was, however, partially offset by the lifting of restrictions related to the Covid-19 pandemic, a robust labour market and the strong recovery in tourism, especially in the southern countries of the Euro Area.

Despite the less favourable external environment, particularly from the country's main economic partners, **the performance of the domestic economy was positive, with GDP growing by 17.2% in the first half of the year compared to 2021**, driven by the positive knock-on effects of the recovery process from the pandemic crisis that began in 2021 with the reopening of the economy, as well as the strong recovery of the tourism sector.

'The number of tourists in 2022 surpassed the previous record of 819,308 tourists in 2019, before the covid-19 pandemic, and grew by 394% compared to 169,068 tourists in 2021.'

*Source: Report on the m*ovement of tourists in Cape Verde in 2022 - INE

According to the report on the Tourist Movement in Cape Verde in 2022, published by INE, the number of guests in 2022 surpassed the previous record of 819,308 tourists in 2019 (pre-pandemic year) and grew by 394% compared to 169,068 tourists in 2021.

The domestic economy has been recovering from a deep economic and financial crisis, resulting from the sharp drop in tourism demand (a sector that accounts for 25% of the country's GDP) since March 2020, essentially due to the Covid-19 pandemic.

For 2022, due to the impact of the war in Ukraine on the domestic economy, namely the sharp rise in prices, initial expectations pointed to GDP growth (volume) of around 8%, followed by more moderate growth of around 5% in 2023.

However, as a result of the strong growth seen in the last few quarters of the year, the forecasts have been reviewed.

According to the IMF report*, domestic economic activity increased by 15% in 2022, with *per capita* incomes surpassing pre-pandemic levels (2019). The economic recovery was accompanied by a reduction in poverty, despite the high inflation recorded during the year.

By 2023, real GDP growth is expected to reach 4.8% (and 3.8% in per capita terms).

According to INE data, Cape Verde ended 2022 with inflation of 7.9%.

**Country Report updated on 30 March 2023*

ECONOMIC AND FINANCIAL FRAMEWORK

Domestic Economy

In the medium term, private consumption, investment in tourism and the blue economy should support growth, according to the BCV's Monetary Policy report.

The outlook is subject to substantial downside risks stemming from uncertainties due to the war in Ukraine, mainly through inflation and its impact on private consumption, slow global growth, particularly in Europe, delayed structural reforms to manage fiscal risks, and climate shocks.

Inflation is expected to moderate in 2023 as global growth is moderating, raw material prices are becoming stable and supply bottlenecks are easing.

After a period of great difficulties with an impact on the domestic economy, caused by the pandemic crisis, the current challenges require a review and adjustment of monetary policy measures, based on the context of high inflationary pressures as well as the need to guarantee the sustainability of the exchange rate scheme in force.

Nonetheless, the central bank has decided, for the time being, on the stance of monetary policy based on a number of factors:

(i) In the first six months of the year, the domestic economy showed a recovery trend, with economic activity benefiting from the performance of the tourism sector, whose results far exceeded expectations;
(ii) Net international reserves are at a comfortable level, covering more than five months of imports of goods and services;
(iii) The context and specificities of the domestic economy

On the other hand, the BCV decided to adjust the Long-Term Financing Programme, through Monetary Financing Operations (OMF), in the following terms:

(i) extension of the programme until June 2023;
(ii) a reduction in the monthly allotment amount, from 1,300 to 1,000 million CVE, in order to adapt the programme to the conditions of demand from banking institutions;

Maintenance of the current accommodative monetary policy stance in 2022 and a tighter monetary policy in 2023

In 'Monetary Policy Report - Oct22'

(iii) maintaining the maximum maturity of 3 years for auctions, and 1 and 2 years for bilateral operations;
(iv) maintaining the list of assets eligible as collateral for OMF; and,
(v) maintaining the interest rate at 0.75%.

ECONOMIC AND FINANCIAL FRAMEWORK

Domestic Economy

With regard to the macro prudential sphere, the BCV has decided to amend the prudential flexibilisation measures taken as part of the exceptional and temporary measures in the context of the Covid-19 pandemic. It has thus established:

(i) the gradual recovery of the solvency ratio, for credit institutions with a ratio of less than 12%, in the following terms:

a) 10.5% until 31 December 2022;

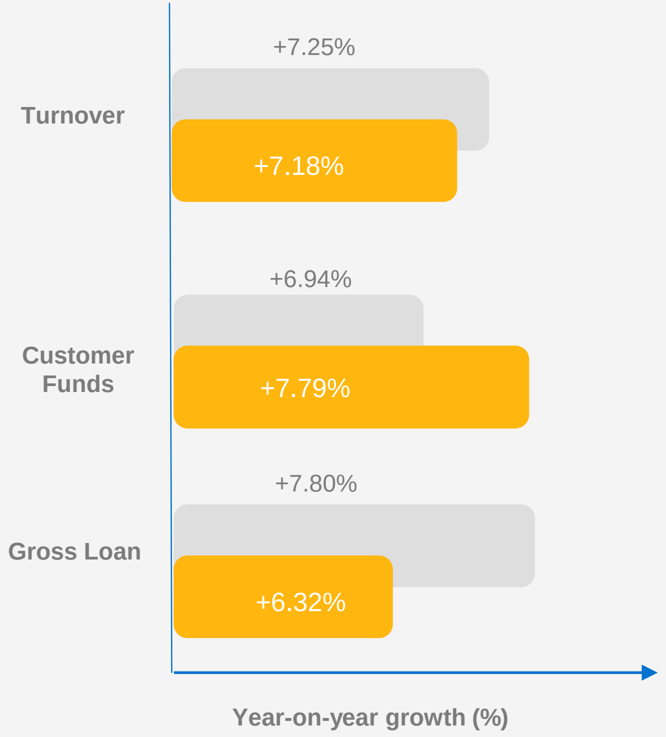
b) 11.25% until 31 December 2023;

c) 12% until 31 December 2024; and, (ii) the gradual resumption, from 1 October 2022, of the deduction of the value of the assets received as payment in kind.

THE BANK IN 2022.

COMMERCIAL BANKING

Competitive Positioning



Key:

Banco Interatlântico   National Banking System *

*Source Bank of Cape Verde December 2022 - Does not include Securities Credits (Public Debt Securities and Bonds issued by companies)
BI position December 2022/BCV position December 2022

Turnover

The turnover of the domestic banking system recorded a positive variation in 2022 compared to 2021, with Banco Interatlântico following this variation with **an increase of approximately 7.18%**.

Customer Funds

Total customer funds increased[1] in 2022 by +1,741 million CVE (7.79%) compared to December 2021, **a growth higher than the market's evolution**, reaching 24,087,000 CVE. Regarding the deposit portfolio, there was a positive evolution for both the non-sight and sight segments. The rate of return on non-sight deposits stood at 1.82% in December 2022 (Dec21 = 1.77%).

Gross Loan

In terms of **gross loans, the market recorded a positive variation, and Banco Interatlântico kept pace with this, with its market share standing at[2] 11.69%**. The volume of new loans granted in 2022 stood at 3,782 million CVE, representing an increase of 3% on the previous year, particularly in the private segment, which grew by 8% year-on-year.

(1) Includes the amounts disbursed each year (does not include increases in accounts in use; includes disbursements of tranches of credits contracted in previous years)
(2) Includes interest and other customer debts

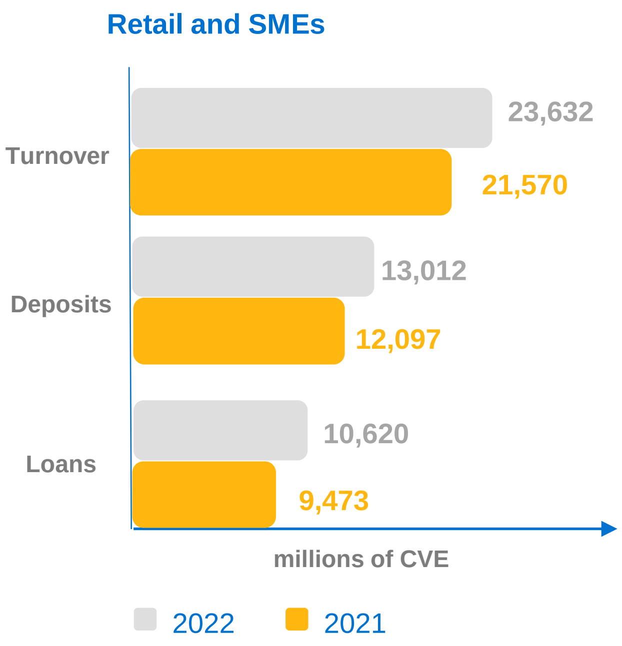
COMMERCIAL BANKING

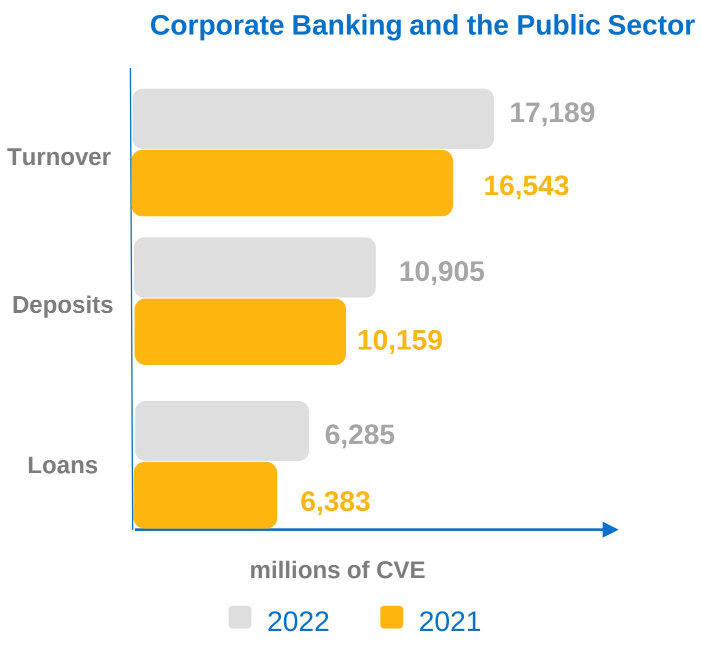
Competitive Positioning

Turnover

Turnover in **Retail Banking** totalled 23,632 million CVE in December 2022, an increase of 9.56% on the same period last year, with credit growth of 12.11%.

Corporate Banking and Public Sector turnover totalled 17,189 million CVE in 2022, an increase of 3.91% year-on-year, driven by growth in deposits (+7.34%)





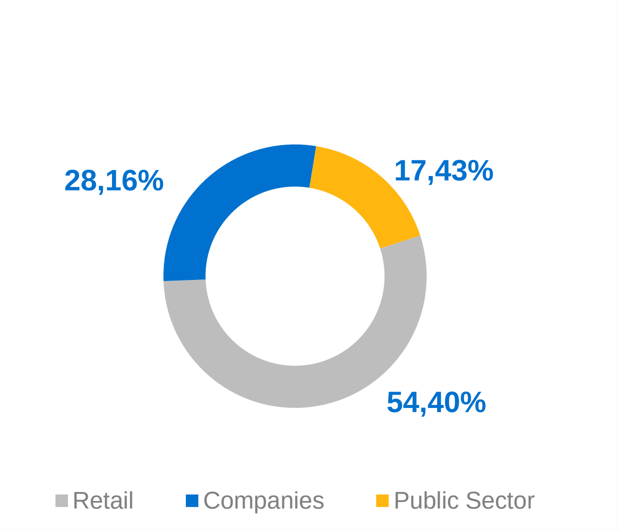
COMMERCIAL BANKING

Competitive Positioning

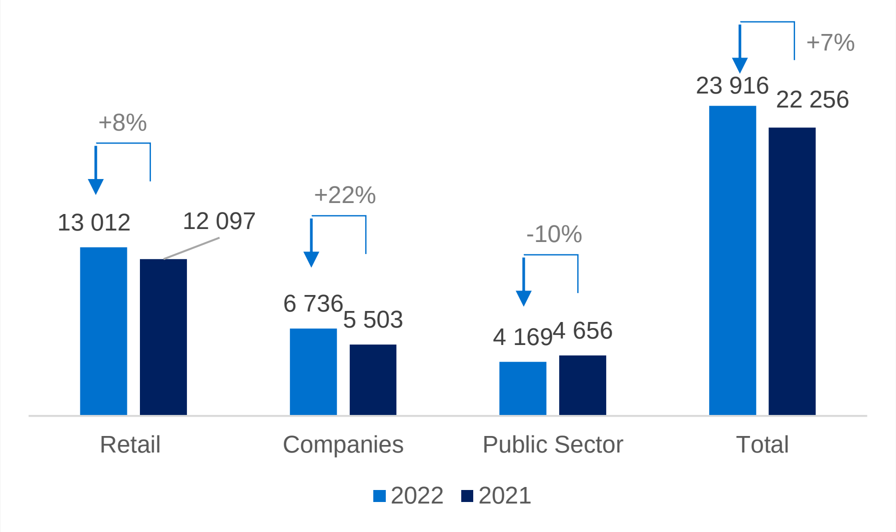
DEPOSITS

Customer deposits[(3)] totalled 23,916 million CVE, representing an increase of +1,660 million CVE **(+7.5%)** compared to December 2021, driven by sight deposits +8.1% (1,037 million CVE). This growth reflects, on the one hand, the expected economic recovery following the COVID 19 pandemic, and, on the other, the focus of commercial activity on retaining and attracting deposits.

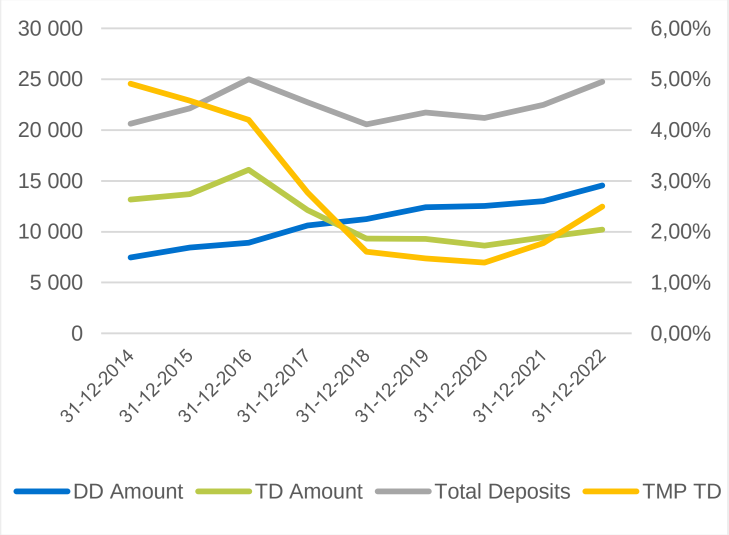
Distribution by Segment



Volume by Segment



Evolution of Deposits and TMP



Values in millions of CVE

(3) No Interest

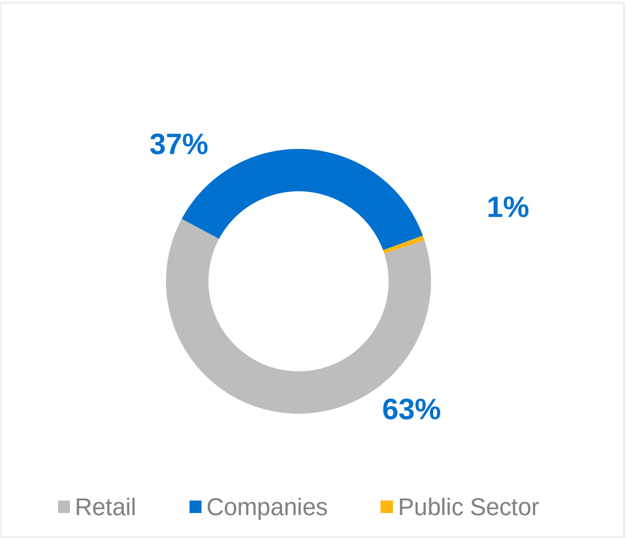
COMMERCIAL BANKING

Competitive Positioning

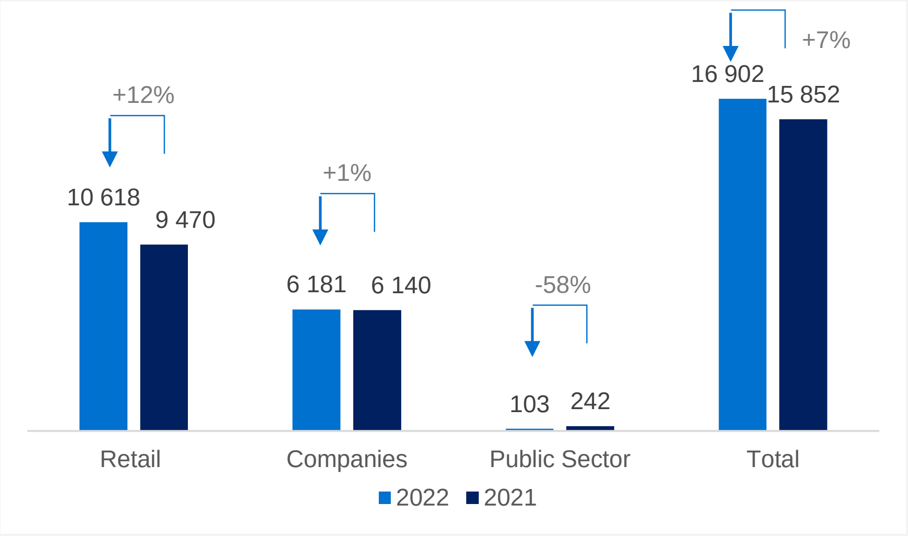
GROSS LOAN

Gross loans* totalled 16,842 million CVE in December 2022, an increase of +1,002 million CVE **(+6.3%)** compared to the same period last year, driven by the growth in maturing loans to individuals of 1,188 million (+13%), with a greater impact on mortgage loans (17.1%). Reduction in overdue loans of 18 million (-2.2%), as a result of the continued monitoring of the default portfolio. Excluding the effect of extraordinary settlements of overdue loans, gross loans would have grown by approximately 7.4%.

Distribution by Segment (volume)

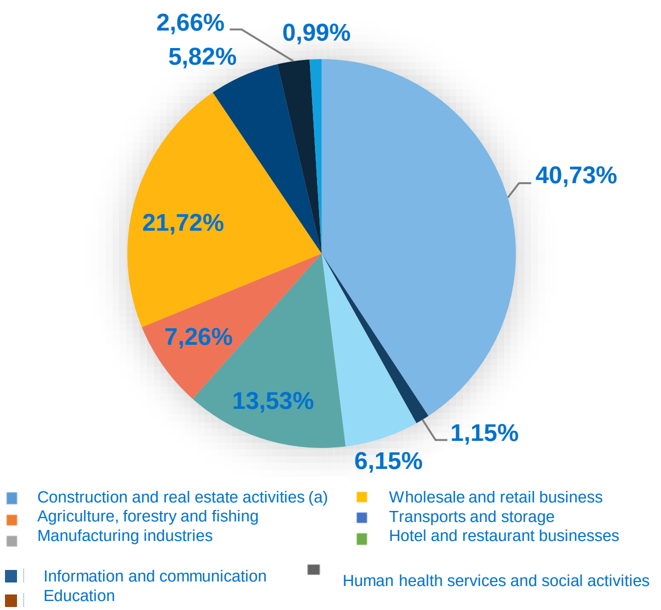


Volume by Segment



Values in millions of CVE

Loans by Activity Sector



* Not represented by securities, includes interest and deferred income

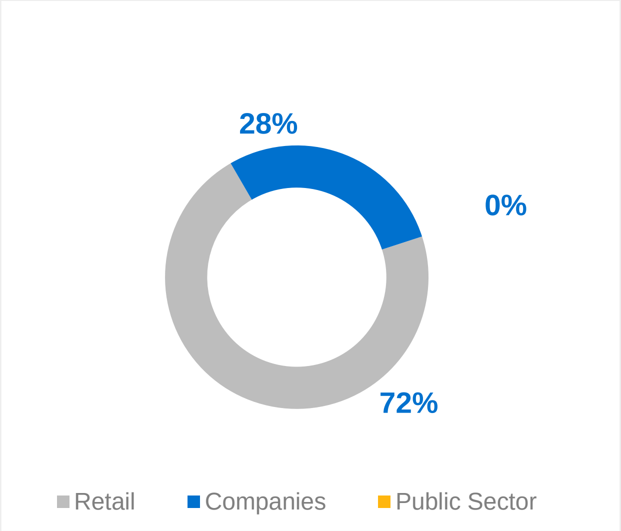
COMMERCIAL BANKING

Competitive Positioning

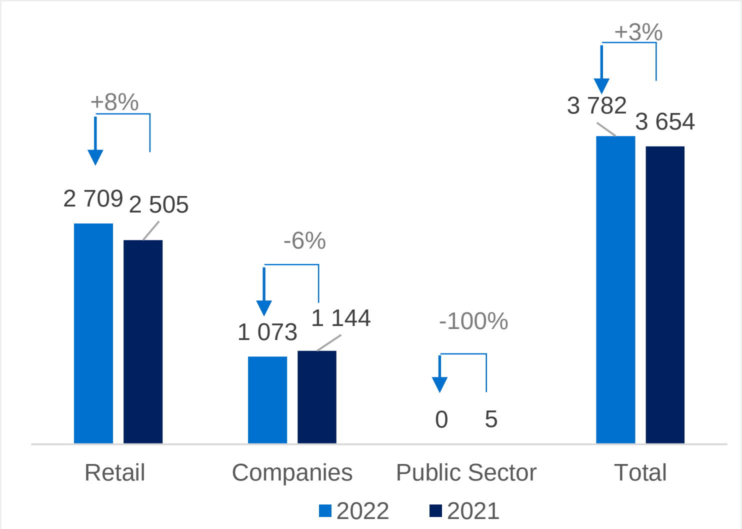
NEW LOANS GRANTED IN THE YEAR

Operations contracted in 2022[4] increased by 7% compared to the same period in the previous year, especially in the Retail customer segment, which grew by 7% compared to 2021. The Bank continued to channel the necessary efforts into reducing overdue loans, with a 2% reduction in the overdue portfolio in December 2022, with a reduction in defaults in the Retail customer segment of approximately 12%.

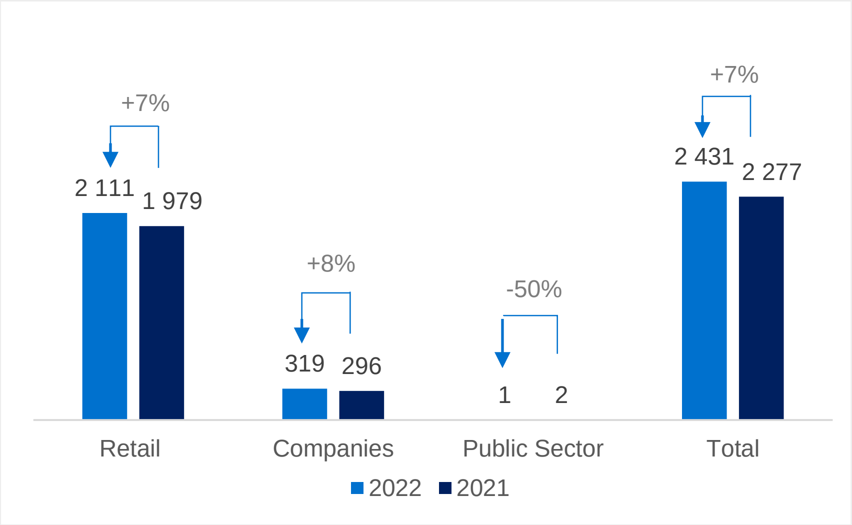
Distribution by Segment (volume)



Volume by Segment



No. of Operations Undertaken in the year



(4) Includes amounts disbursed each year (does not include increases in accounts in use; includes disbursements of tranches of credits contracted in previous years)

Values in millions of CVE

LOAN PORTFOLIO

Banco Interatlântico's maturing (gross) loan portfolio rose by 7.11% year-on-year, equivalent to 1,067 million CVE, standing at 16,080 million CVE.

Overdue loans and interest totalled 825,153,000 CVE, a decrease of -2.2% (-18,328,000 CVE) compared to December 2021, as a result of the Bank's efforts to resolve major defaults. The extension of the moratoria until the end of September 2022 also made it possible to contain the unfavourable evolution of overdue loans due to the current market situation.

Impairments on loans not represented by securities totalled 600,669,000 CVE, a negative variation of -5.1% (-32,201,000 CVE) compared to December 2021, mainly explained by the settlements that took place in the loan portfolio, despite the impairments recorded during the year as part of the NPL backstops. The hedgisng of impairments by overdue loans stood at 72.8%, a decrease of 2.2 p.p. compared to December 2021.

In net terms, loans not represented by securities rose by 6.8% to 16,241,483,000 CVE.

Credit quality and Hedging	31 Dec 22	31 Dec 21	Change	
NPL (Non-performing Loans) ratio	4.82%	4.51%	0.3 p.p.	
Net NPL Ratio	2.75%	2.39%	0.4 p.p.	
NPE (Non-performing Exposure) ratio)	3.60%	3.30%	0.3 p.p.	
Net NPL Ratio	2.05%	1.73%	0.3 p.p.	
NPL Hedging	33.97%	48.89%	-14.9 p.p.	
NPE Hedging	33.79%	48.86%	-15.1 p.p.	
Credit Risk Cost	0.45%	0.88%	-0.4 p.p.	(4)
Overdue loans and interest/Gross Loans	4.90%	5.32%	-0.4 p.p.	(3)
BCV credit quality (Circular Series 'A' no. 150/DSE/2009)	2.45%	3.33%	-0.9 p.p.	(3)
Loan Impairment / Overdue loans and interest	72.79%	75.03%	-2.2 p.p.	(3)

(3) Non-securitised loans
(4) Net Loans Risk Cost (includes corporate bonds) of recoveries of write-offs and interest from previous years

The 50 largest loan customers represented 26.2% of the total portfolio, reflecting a decrease in concentration of 2.30 p.p. year-on-year. The 50 largest NPL customers accounted for 94.1% of the total NPL portfolio.

The NPE and NPL ratios stood at 3.6% and 4.8%, with positive variations of 0.3 p.p. and 0.3 p.p., respectively.

LOAN PORTFOLIO

In the area of financial solidity, the Bank complied with all the prudential indicators required by Bank of Cape Verde, with all ratios above the legally required minimum. The solvency ratio as at 31 December was 15.63%, representing a decrease of -0.7 p.p.

SUSTAINABLE PROFITABILITY

Results and Profitability

Banco Interatlântico achieved **a net profit of 308 million CVE in 2022**, approximately 25 million CVE more than in 2021.

Total Operating Income increased by +2.71% (+32 million CVE) to 1,199 million CVE, driven by the effect of the increase in the complementary margin.

In December 2022, the **Net Interest Margin** increased slightly by +294 million CVE (+0.03%) compared to the same period last year, standing at 921 million CVE, essentially due to:

1. **An increase** of +38 million CVE (+3.5%) in interest and similar income compared to the same period last year:
    - The 6.0% increase in interest on loans (+48 million CVE), due to the increase in the volume of loans performing at +1,067 million CVE (+7.1%), overcoming the effect of the decrease in the price of the portfolio (the average annual remuneration in 2022 was 5.43%, 0.18 p.p less than in 2021);
    - The decrease in interest on debt securities in the amount of -14 million CVE (-6.3%), justified by the repayments of treasury bonds recorded during the year in the amount of -661 million CVE, with a weighted average rate of 5.777%, higher than the rate on new acquisitions;
    - The increase in interest on corporate bonds of +0.9 million CVE (+6.7%), resulting from new subscriptions during the year;

	Dec/22	Dec/21	Change
NET INTEREST INCOME	921	921	0.03%
Income from equity instruments	40	21	86.32%
Net Fees	119	93	27.97%
Income from financial assets available for sale	0	0	0%
Income from exchange revaluation	42	35	21.73%
Income from the disposal of other assets	4	1	-126.98%
Other operating income	73	97	-24.10%
NET OPERATING INCOME	1,199	1,167	2.71%
Staff Costs	307	307	-0.30%
General administrative expenditure	322	265	21.49%
Amortisation for the financial year	66	76	-12.70%
STRUCTURAL COSTS	695	649	7.16%
GROSS OPERATING INCOME	504	518	-2.85%
Impairments and Provisions	203	224	-9.28%
Income from associates	17	22	-19.61%
INCOME BEFORE TAXES	318	316	0.57%
Current Taxes	10	28	-64.70%
Deferred Taxes	0	5	-100.00%
INCOME AFTER TAXES	308	283	8.85%

SUSTAINABLE PROFITABILITY

Results and Profitability

- The 1,635% increase in interest on investments (+856,000 CVE), mainly due to the +622,000 CVE increase in interest on Visa investments and the +220,000 CVE increase in interest on very-short-term investments at the Central Bank.

2. **An increase in financial costs of** +37 million CVE (+26.0%) compared to the same period in the previous year, mainly due to an increase in the cost of non-current deposits of +32 million CVE (+23.1%), due to the effect of the increase in volume and the effect of the increase in price (average annual remuneration in 2022 was 1.79%, 0.24 p.p more than in 2021).

In terms of the **Complementary Margin**, there was an increase of 12.7% (+31 million CVE) compared to 2021, reaching 278,000 CVE, mainly due to the increase in commissioning and income from financial holdings.

Net commissions totalled 119 million CVE, an increase of +28.0% on the same period last year (+26 million CVE), due to:

- The increase in income from services and commissions totalling +42 million CVE (+34.7%), the result of the measures initiated in 2021, namely attracting new customers, without neglecting the positive impact of the gradual recovery of the economy;
- The increase in charges for services and commissions of +57.2% (+16 million CVE), explained essentially by the 55.5% increase in charges for VISA services (+11 million CVE).

	Dec/22	Dec/21	Change	Notes
PROFITABILITY AND EFFICIENCY RATIO				
Return on Assets (ROA)	1.11%	1.14%	0.0 p.p.	(1)
Return on Equity (ROE)	9.69%	9.77%	-0.1 p.p.	(1)
Overall Activity Income / Average Net Assets	4.29%	4.72%	-0.4 p.p.	(1)
Staff Costs / Overall Activity Income	25.66%	26.35%	-0.7 p.p.	
Cost to income	58.17%	55.58%	2.6 p.p.	
Net Fees / Turnover	0.29%	0.25%	0.04 p.p.	(2)
Net Fees / Staff Costs	38.73%	30.18%	8.6 p.p.	

(1) Equity to Average Net Assets (13 notes)
(2) Turnover = Average Gross Loans + Average Customer Deposits (13 notes)

SUSTAINABLE PROFITABILITY

Results and Profitability

Gross operating profit totalled 504 million CVE, a decrease of -2.8% (-15 million CVE) year-on-year.

Structural costs totalled 695 million CVE, an increase of +46 million CVE (+7.2%) compared to the same period last year, essentially due to the following variations:

- The decrease **in staff costs of** -0.9 million CVE (-0.3%), due to staff leaving in 2022;
- An increase of +57 million CVE (+21.5%) in **general administrative expenses**, due to:
  a) An increase of +18 Million mVE (+31.7%) in IT services costs, due to the implementation of strategic and regulatory projects;
  b) Increase in CIT and CIT insurance costs, totalling +18 million CVE, as a result of the resumption of activities (post-pandemic);
  c) An increase in water, energy and fuel costs of +9 million CVE (+47.4%), mainly due to the doubling of costs as a result of the delay in moving to the new headquarters;
- The decrease in **depreciation and amortisation** of -9.65 million CVE (-12.7%), essentially due to the costs associated with leased properties of -2,485,000 CVE, as part of the application of IFRS16, and the decrease in the costs of computer equipment and software o -4,884,000 CVE and -1,874,000 CVE, respectively, which have reached the maturity of their amortisation.

Net Impairments and Provisions totalled 203 million CVE, representing a lower constitution compared to December 2021 (-9.3%), justified by credit regularisations, surpassing the effect of the reinforcements made during the year as part of the NPL backstops.

Cost-to-income rose from 55.6% in December 2021 to 58.0% in December 2022, reflecting ongoing innovation and regulatory projects and duplication of facilities.

In terms of **Profitability**, ROE reached 9.7% and ROA 1.11%.

HUMAN CAPITAL

BI, in line with Caixa Geral de Depósitos, bases its conduct towards its employees on respect for:

- **D**iversity and
- **E**qual opportunities and
- **N**on-discrimination,

Its actions are also guided by full and strict compliance with the law and high ethical standards.

In relations with and among employees, any form of individual discrimination incompatible with the dignity of the person is forbidden, particularly in relation to origin, ethnicity, gender, sexual orientation, political opinion and/or religion, and it is a fundamental principle of the Bank to provide opportunities for equal access to work and professional promotion without any discrimination.

At the same time, BI promotes a working environment in which everyone can collaborate in detecting and reporting these unwanted practices, ensuring no retaliation and providing an enclosed channel for this purpose.

In the processes of hiring, selection and/or professional promotion, any form of discrimination is forbidden, and all those involved, regardless of their position, must act objectively and promote equal opportunities, with the sole purpose of identifying the candidates best suited to the profile and needs of the position and those most aligned with the Bank's culture and values.

All employees, especially those in managerial positions, must promote relationships based on respect for dignity, participation, fairness and mutual collaboration, contributing towards creating and maintaining a good working environment.

With regard to occupational risks, BI considers safety and health at work to be vital, with the permanent improvement of working conditions being a priority objective.
In compliance with the legislation in force, the Bank guarantees a
safe and healthy working environment to prevent accidents at work and occupational illnesses.

HUMAN CAPITAL

Main Business Indicators

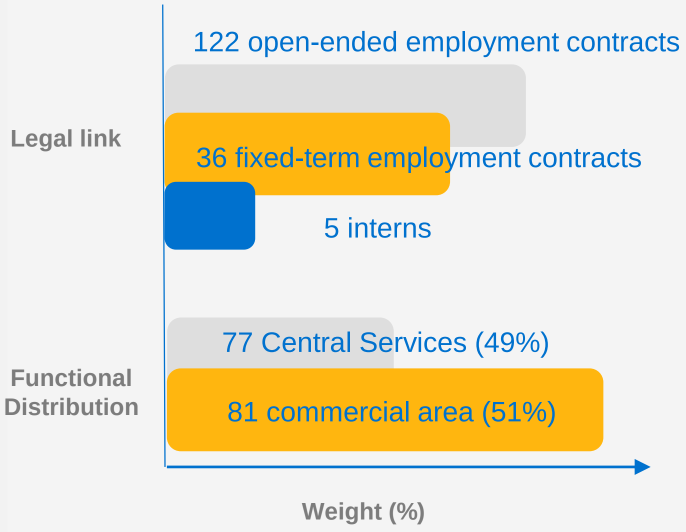
163 employees*

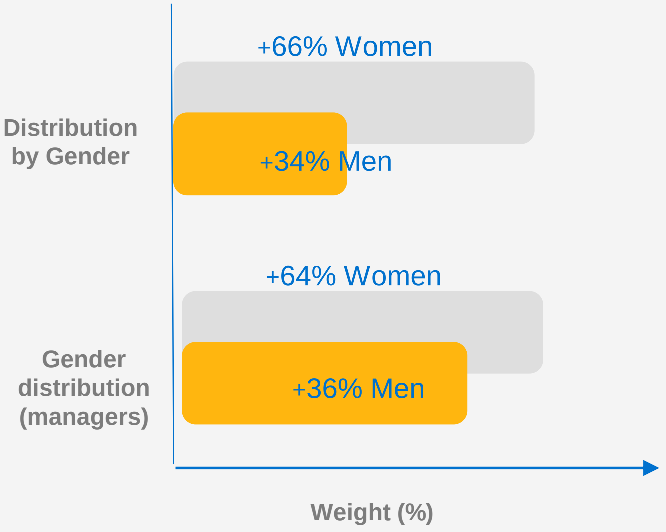
66% Women

39 years
Average age

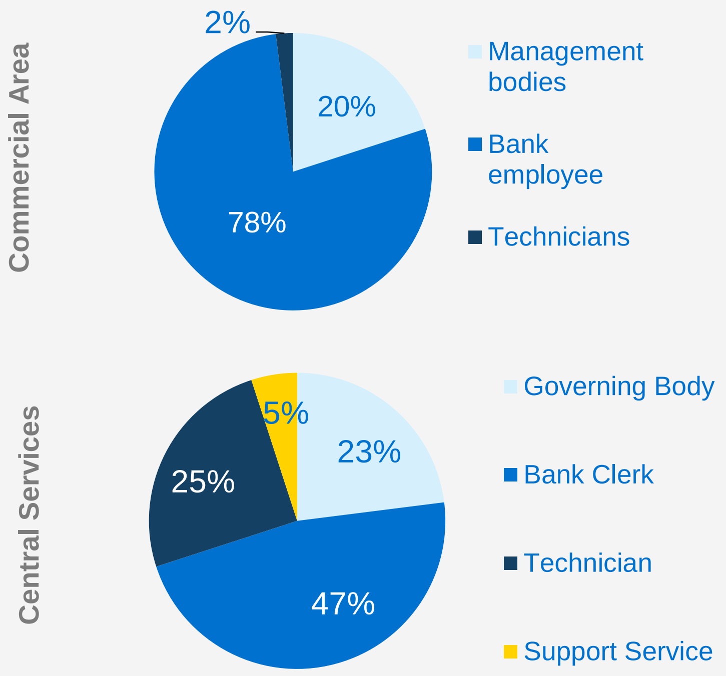
75% permanent

2796 hours of training





Functional Distribution



* One employee is on unpaid leave for holding an elected political office (Member of Parliament).

HUMAN CAPITAL

The Bank ended 2022 with a staff of 163 (66% of whom are women), an increase of 4 compared to 2021. Of the total, 2 are working for the Bank itself (Executive Committee) and another is on unpaid leave for elective political office (Member of Parliament).

Of the total workforce, 158 are employed under a labour contract and 05 benefit from a professional traineeship agreement. Of all the employees, 122 are permanent staff (9 more than in 2021) and the remaining 36 have fixed-term contracts (9 less than in the previous year).

In 2022 there was a change in the functional distribution, with the commercial area predominating, with 81 employees (51%). Of the total, 33 hold Management positions.

The average age of the Bank's employees is 39, most of them between 26 and 40.

With regard to seniority, 58% of the workforce, 91 employees, have more than 6 years' seniority and 75 of these have more than 10 years' seniority.

In terms of educational qualifications, there was a slight increase in the number of employees with higher education, standing at 110. The percentage of employees with basic education and a bachelor's degree also remained at 1% and 4%, respectively. Conversely, there was a slight reduction in the number of employees with Secondary Education to 40.

Distribution by Education

	2021		2022	
	Qty.	%	Qty.	%
Primary Education	3	2%	2	1%
Secondary education	43	27%	40	25%
Bachelor's Degree	6	4%	6	4%
Undergraduate Degree	97	61%	100	64%
Post-Graduate/Master's Degree	9	6%	10	6%
Total	**158**	**100%**	**158**	**100%**

HUMAN CAPITAL

Continued investment in employee training and development

Learning and training at BI is based on the dynamisation of a formal and informal model. Seventy-three training sessions were held during the year, equivalent to 2,796 hours, 69 of them remotely.

The training sessions covered 149 participants (corresponding to 94% of the total number of employees). With regard to the hours-per-employee indicator, there was an average of 17.70 hours in 2022. The training sessions held during the year were mainly aimed at training, disseminating and encouraging the risk management culture in the institution and were attended not only by staff with control functions (2nd and 3rd lines of defence), but also by staff from the support structure and networks.
Putting the sustainability policy into practice, training courses were also given on sustainable finance, and bank staff also took part in conferences and workshops on ESG and the SDGs.

The main training sessions held during the year are listed below:

Control Culture and Risk Management

- Internal Control and Internal Audit
- Risk Management and Organisational Conduct
- Code of Conduct, Internal Reporting System for Irregular Practices
- Operational Risk
- Risk Management - Credit Risk
- PBC/CFT
- NPL Management in Times of Crisis

Other relevant topics

- Leadership Training (DEEP)
- Loan Workflow
- *Sustainable Finance*
- IFRS9 for Banks
- Data Governance

Statistics Training

2021			2022		
No. of Actions	No. of Part.	Hours Train.	No. of Actions	No. of Part.	Hours Train.
77	140	3,660	73	149	2,796

4. BANCO INTERATLÂNTICO IN 2022

RECOGNITION AND REPUTATION

The Banker has awarded Banco Interatlântico 'Bank of the Year' for the **fifth consecutive year**, recognising the commitment and dedication of the Bank and its employees and their focus on clients and results.

Pan Finance honoured Banco Interatlântico with the award **“Digital banking services of the year -Cape Verde 2022”**

World Economic Magazine honoured Banco Interatlântico with four awards:

- **Fastest Growing Private Bank Cape Verde 2022**
- **Best Trade Finance Bank Cape Verde 2022**
- **Best Corporate Bank Cape Verde 2022**
- **Best Retail Bank Cape Verde 2022**

Global Banking & Finance Review honoured Banco Interatlântico with six awards:

- **Best Corporate Bank, Cape Verde**
- **Corporate Governance Bank, Cape Verde**
- **Best Corporate Social Responsibility Bank, Cape Verde**
- **Decade of Excellence for the Banking Group, Cape Verde**
- **Best Personal Bank, Cape Verde**
- **Best Retail Bank, Cape Verde**

International Investor honoured Banco Interatlântico with two awards:

- **BEST BANK-CAPE VERDE 2022**
- **BEST SUSTAINABLE BANK- CAPE VERDE 2022.**

These distinctions prove Banco Interatlântico's commitment to raising its service standards ever higher and reflect the preference and trust of our clients.

SOCIALLY RESPONSIBLE BANKING

5. SOCIALLY RESPONSIBLE BANKING

Banco Interatlântico has strengthened its commitment to the sustainable economic and social development of the community in which it operates.

This commitment is reflected in upright, responsible and sustainable behaviour; in a strong corporate and financial culture; in the pursuit of economic efficiency and secure value creation, guided by a long-term vision.

BI's activities as a 'Socially Responsible Bank' are therefore based on three pillars:

- Governance;
- Society;
- Environment.

GOVERNANCE

To guarantee the transparency, independence and good management of the Bank, by setting standards of behaviour that ensure strict social conduct.

BI has a governance model that seeks to replicate the best practices in the sector, within the applicable legal framework. Within the framework of governance, organisational responsibilities and standards of action are outlined that ensure strict social conduct and guarantee responsible commercialisation adapted to the needs of Customers.

This governance model includes a set of governance and conduct policies and codes of conduct that reflect the Bank's commitment to its Customers, Employees, Suppliers and Society in general.

Code of Conduct

BI has an up-to-date Code of Conduct that formalises and operationalises the management of ethics in the business context, which is in accordance with Bank of Cape Verde Notice no. 4/2017 of 7 September.

This Code enshrines principles of action (Article 10 - 'Independence of interests') and rules of professional conduct (Article 27 - 'Conflicts of interest') on situations of conflicts of interest that may occur in the course of their work, as well as a means of internal communication of irregular practices (Article 38 - 'Communication of Irregular Practices') that could become an effective mechanism for managing situations of conflicts of interest. It also establishes the duty of employees not to be involved in situations that are conducive to or may be associated with the phenomenon of corruption (Article 34 - 'Corruption').

This document is available for consultation at www.bi.cv

Policy for the Prevention of Corruption and Related Offences (PPCIC).

At BI, the prevention of corruption and related offences is regulated in a specific policy - Policy for Preventing Corruption and Related Infringements (PPCIC).

This Policy determines the guiding principles for detecting and preventing corruption practices and related offences, the potentially more vulnerable areas, describing the preventive measures to be taken up and the responsible entities, as well as the rules applied to the monitoring, assessment and update of the Policy itself.
We should also note that the PPCIC establishes that CGD must provide training to all its employees on issues related to the prevention of corruption and related offences.

GOVERNANCE

To guarantee the transparency, independence and good management of the Bank, by setting standards of behaviour that ensure strict social conduct.

Highlight 2022

The **Policy on Transactions with Related Parties** was issued as part of best corporate practices under the terms and for the purposes of Article 33 of Bank of Portugal Notice no. 3/2020, with material impact on BI as it is a CGD Group entity and does not affect the provisions of the Companies Code, the Financial Institutions Activity Act ('LAIF'), namely the respective articles 80 and 52, Notice no. 3/2019 article 16 of Bank of Cape Verde, the BI Code of Conduct and the BI Global Policy for the Prevention and Management of Conflicts of Interest, or any other internal regulations that provide for prohibitions, limitations or specificities in transactions involving Related Parties.

This policy sets out the criteria for classifying Related Parties, the processes for identifying and analysing transactions with Related Parties, as well as publicising and updating them. In addition, the standard for implementing this Policy stands out:

(i) identifies the procedures for identifying the Governing Bodies responsible for drawing up the list of related parties,

(ii) sets out the attribution of powers to request the information necessary to draw up the list of related parties, identifying the Structural Bodies that will have the information in question,

(iii) puts into practice the outlining of channels and procedures for exchanging information prior to the approval of transactions, thus making it possible to identify, in a timely manner, cases in which related parties are involved in transactions with BI,

(iv) and outlines the mechanism for confirming the adequacy of the internal and external publicising of the Policy on Transactions with Related Parties.

GOVERNANCE

To guarantee the transparency, independence and good management of the Bank, by setting standards of behaviour that ensure strict social conduct.

Reporting Irregularities

The adoption of an Internal System or Reporting Irregular Practices (SCIPI) at BI is in line with the guidelines issued by international and national authorities.

In 2016, the first internal regulations governing the reporting of irregular practices were approved and published, in line with the provisions of Article 74 of Law 62/VIII/2014 of 23 April. With the introduction of the new legal scheme, there is a need to review and amend the internal regulations to adopt the new rules.

Global Policy for the Prevention and Management of Conflicts of Interest

The Global Policy for the Prevention and Management of Conflicts of Interest (PGPGCI) outlines as situations of conflict of interest, whenever BI and/or its employees in the performance of their activities and/or duties, have their own interests that may interfere, or are likely to interfere, with the duties of loyalty, diligence, neutrality, independence of mind and respect for the interests entrusted to them and may result from situations of conflict between them, BI, its customers, its employees, shareholders, suppliers, and related parties.

It also establishes that the members of the Board of Directors and Supervisory Board must provide statements with regard to the holdings and property interests held, directly or indirectly, in BI or in companies in which they have stakes, the relationships they maintain with suppliers, customers, financial institutions, or any other business partners of BI.

GOVERNANCE

To guarantee the transparency, independence and good management of the Bank, by setting standards of behaviour that ensure strict social conduct.

Policy for the Prevention of Money Laundering and Terrorist Financing

The prevention of money laundering and the fight against terrorist financing are priority objectives for Banco Interatlântico, as they are indispensable factors in preserving its integrity and the trust placed in it by its clients and all those who deal with it on a daily basis.

This policy establishes the guidelines and procedures that ensure compliance with the legal and regulatory standards in force in Cape Verde and the corporate ones in the area of preventing money laundering and terrorist financing, namely the provisions of Laws no. 119/VIII/2016 and no. 120/VIII/2016, of 24 March, as well as the regulations of th Bank of Cape Verde on this matter, contained in Notice no. 05/2017 of 07 September 2017, also taking into account the requirements set out in Notice no. 04/2017 of the Bank of Cape Verde regarding the monitoring and evaluation of internal control procedures in the area of preventing money laundering and terrorist financing.

Product Governance, Approval and Monitoring Policy

The Product Governance, Approval and Monitoring Policy (PGAMP) establishes the principles, strategies, functions and internal processes for creating and/or distributing products on the market, with the aim of ensuring that:

1) It fits in with the strategy of Banco Interatlântico and CGD Group and respects the risk appetite outlined by the Board of Directors, and
2) The interests, objectives and characteristics of clients are taken into account, avoiding their potential detriment, as well as minimising potential conflicts of interest.

The PGAMP establishes the principles of action that guide the internal product approval process in compliance with the governance and monitoring guidelines, as well as the formal policy for the approval of New Products/Services, namely establishing the stages, roles and responsibilities that must be observed in the product approval process.

GOVERNANCE

To guarantee the transparency, independence and good management of the Bank, by setting standards of behaviour that ensure strict social conduct.

Standard on the Management and Handling of Complaints

Effectively managing and dealing with customer (or non-customer) complaints and suggestions is a privileged means of improving the quality of the service provided and reinforcing the image of Banco Interatlântico, S.A. in the market in which it operates.

A new vision of the role of complaints, as a privileged means of interaction with Banco Interatlântico, S.A., is the first step towards a sustained increase in the quality of the service provided, stimulating the adoption of more appropriate future procedures, with a view to mitigating inefficiencies and boosting operational efficiency.

ENVIRONMENT

Contribute to the progress and well-being of the community, especially its most vulnerable groups

Banco Interatlântico recognises that adopting sustainable development practices in its day-to-day management is an integral part of its mission:

- **The integration of environmental criteria** as determining factors in the creation of value and the sustainability of the business, supporting and strengthening the corporate strategy, brand and values;
- **Responsibility for preserving the environment** by managing and monitoring the direct and indirect impacts of its activities, products and services;
- **Promote stakeholder participation,** taking their expectations and values into account for decision-making processes.

ENVIRONMENT

Contribute to the progress and well-being of the community, especially its most vulnerable groups

In line with Caixa Geral de Depósitos' Environmental Policy, the Bank has made the following fundamental commitments

- adopting a proactive attitude and measures to prevent pollution and
- continuous improvement of environmental performance.

It is also part of the bank's commitment to:

- Outline and implement an Environmental Policy and actively involve employees in its implementation, in particular through environmental awareness-raising and training;
- Promote eco-efficiency in operations, minimise the consumption of materials, energy and other natural resources, and respect the waste management hierarchy;
- Outline and implement a Low-Carbon Programme in line with CGD's Climate Change strategy;
- Provide and promote financial products and services with a positive impact on the environment;
- Promote the incorporation of environmental criteria in the risk analysis of credit granting;
- Integrate environmental criteria into the process of selecting suppliers and subcontractors, assume the role of agent of change in the value chain, and collaborate with business clients and suppliers in managing risks and improving their environmental performance;
- Be an active part of society's response to environmental problems such as climate change, the scarcity of resources and the conservation of biodiversity, seeking to foster collaborations with partners who share the same values;
- Promote environmental literacy in society, namely by raising awareness and involving stakeholders, encouraging scientific research and disseminating good environmental and sustainability practices

SOCIETY

To base the management of the business, projects, products and services on respect for and protection of the environment, through business practices geared towards the rational, efficient and sustainable use of resources.

Recognising that involvement with society is one of the pillars that identifies its operations, and in line with CGD's Community Involvement Policy, the Bank aims at:

- Integrating society as a determining factor in the creation of value and the sustainability of the business, supporting and strengthening the strategy, brand and values;
- Responding to the needs of the community by guaranteeing principles of ethics, transparency, adherence to codes of conduct, respect for employees and continuous and committed support for social and cultural activities;
- Promoting best practices in responding to the challenges facing Portuguese society through three strategic axes: Social and Financial Inclusion; Education and Financial Literacy; and Support for the Social Economy.
- Promoting stakeholder participation, taking their expectations and values into account when making decisions.

This is a commitment made at the highest management level, which the Executive Committee has renewed over the years, aware that the sustainable development of the institution contributes to a better society.

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals in Cape Verde

The 17 Sustainable Development Goals (SDGs) represent the largest voluntary global commitment, formalised between 193 countries on five continents, and aim to improve the quality of life of the world's population in all aspects: social, environmental and economic, by 2030.

As a Small Island Developing State (SIDS), Cape Verde has been working towards reducing its vulnerabilities, building its resilience to climate change, thus bridging the geographical distances between its islands; reducing regional disparities, energy, water and transport costs; increasing its productivity; investing in its human capital; promoting the sustainable use and conservation of its natural resources - land and marine resources; and boosting its dynamic integration into the global economic system.

As a driver of economic growth, employment and innovation, the financial sector plays a critical role in contributing to the realisation of the 17 SDGs and their 169 targets, since it is banks that provide the largest share of financing to companies and investment projects in the various sectors of activity.

In this context, Banco Interatlântico promotes the incorporation of the SDGs into its activity and is committed to working actively towards sustainable, socially inclusive and environmentally responsible development in Cape Verde.

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Given the specificities of the financial sector, as well as the community in which it operates, and taking into account the material issues identified in the materiality analysis exercise, BI highlights nine priority SDGs, which are promoted in line with the CGD Group's Sustainability Strategy: no.s 1,5,8,10,11,13,14 and 16.

Notwithstanding the nine SDGs outlined above, the bank has been gearing its behaviour towards achieving the 17 sustainable development goals. To this end, and in line with SDG 17, it has established transparent and accountable partnerships aimed at supporting the pursuit of its sustainability strategy by bringing together synergies between partners from different areas of society.

Commitment to PEOPLE

- Banco Interatlântico fosters diversity and respect for human rights and directs its social action towards supporting projects aimed at alleviating poverty, promoting social inclusion and building fairer societies.
- For some years now, BI has sponsored institutions with a purpose aligned with the bank:
  - Cape Verde SOS Children's Villages;
  - Jardim Mini Black – Associação Black Panthers
  - Jardim Santa Teresinha – Paróquia Santíssimo Nome de Jesus

- For some years now, BI has been regularly supporting projects aimed at reducing social inequality, poverty and hunger:
  - Cape Verde SOS Children's Villages;
  - Jardim Mini Black – Associação Black Panthers
  - Jardim Santa Teresinha – Paróquia Santíssimo Nome de Jesus

- In order to promote the health and well-being of employees and their families, BI has signed several protocols with medical, dental and physiotherapy clinics;

- Banco Interatlântico operates under the principles of human capital management, safeguarding equal opportunities, decent working conditions and respect for human rights throughout the value chain;
- The Bank has adopted a Diversity Policy for CGD Group employees and members of the Management and Supervisory bodies;
- Credit line to support private sector takeover;
- Bonus protocol for renewable energy microproduction
- Credit line for Start Up Jovem
- Partial Credit Guarantee System Protocol
- For some years now, BI has been regularly supporting projects aimed at reducing social inequality, poverty and hunger:
  - Cape Verde SOS Children's Villages;
  - Jardim Mini Black – Associação Black Panthers
  - Jardim Santa Teresinha – Paróquia Santíssimo Nome de Jesus
  - Jardim Brincar e Crescer
  - Cape Verdean Foundation for School Social Action

- Employee training and development
- Internship programme: BI has signed a protocol with Jean Piaget University for curricular and/or professional internships.
- Sponsorship of the ISCEE International Conference
- Sponsorship of the Workshop Cape Verde in a rapidly changing financial world
- Sponsorship of the 13th edition of Global Entrepreneurship Week Cape Verde
- Sponsorship of the III Annual conference of certified accountants and auditors

5. SOCIALLY RESPONSIBLE BANKING

Commitment to SOCIETY

- The principles of equality and non-discrimination are structuring vectors of society. They are also increasingly relevant in the creation of value in a business organisation, as the fulfilment of a commitment towards civilisation and also as an element of the company's growth, efficiency, profitability and sustainability. In this context, BI recognises that the balance between women and men across the company's structure represents a significant evolution for its activity.
  - Adoption of the Diversity Policy for CGD Group employees and members of the Management and Supervisory bodies
  - BI has a total of 163 employees (including 5 trainees), 66% of whom are female.
  - In Dec 22, the Board of Directors was made up of 10 members, 4 of whom were female

BI is governed by an efficient governance model that integrates principles of integrity, ethics and transparency as fundamental values, as well as the adoption of anti-corruption practices.

- Code of Conduct
- Global Policy for the Prevention and Management of Conflicts of Interest
- Employee remuneration policy
- Remuneration Policy for members of the Management and Supervisory Bodies of Banco Interatlântico;
- Information Security
- Adoption of an Internal Reporting System for the Reporting of Irregular Practices (SCIPI)
- Transparency and non-financial reporting

- Sponsorship of the Workshop Cape Verde in a rapidly changing financial world
- Sponsorship of the 13th edition of Global Entrepreneurship Week Cape Verde
- Sponsorship of the 9th edition of the Sotavento Chamber of Commerce Business Gala
- Sponsorship of the III Annual conference of certified accountants and auditors

- Credit line for Start Up Jovem
- Innovation in digital channels
- Operational efficiency

- BI is committed to financing the transition to a low-carbon economy through products that promote a circular economy, decarbonisation and energy efficiency, fostering more inclusive, sustainable and resilient societies:
  - EIB Line;
  - Credit line to support the takeover of the private sector
  - Bonus protocol for renewable energy micro-production
  - Credit line for Start Up Jovem
  - Partial Credit Guarantee System Protocol

5. SOCIALLY RESPONSIBLE BANKING

Commitment to the PLANET

BI assumes its direct and indirect contribution to the fight against climate change, whether through financing, carbon reduction initiatives or improving the efficiency and climate resilience of its operations.

- Spreading a zero-waste culture:
  - Raising awareness among employees to reducing the use of paper and plastic,
  - Dematerialising physical processes, wherever possible
  - Implementing loan work-flow
  - Raising awareness to the rational use of energy

SUBSEQUENT EVENTS

6. SUBSEQUENT EVENTS

There were no confirmed events subsequent to 31 December 2022 that could be disclosed or that required adjustment

PROPOSED APPROPRIATION OF PROFITS

7. PROPOSED APPROPRIATION OF PROFITS

In 2022, Banco Interatlântico posted a net profit of 307,821,485 CVE.

The Board of Directors, having considered the indicators of the Risk Appetite Statement (RAS), as well as the principle of ensuring an additional capital buffer of 3 pp in relation to the regulatory solvency ratio, intends to recommend to the Shareholders the following proposal for the appropriation of profits:

- 10% for legal reserves, in the amount of CVE 30,782,149;
- 50% for the distribution of dividends, amounting to CVE 153,910,743 (equivalent to 55.5% of the net profit determined after the constitution of the legal reserve);
- 40% for the constitution of free reserves, amounting to CVE 123,128,594.

The Board of Directors believes that this proposal is appropriate, considering the positive evolution of the Bank's equity situation, the sustainability of net results and the improvement in asset quality, strengthening the Institution's own funds and ensuring the return on invested capital, which began in 2021 after several years of interruption and which is an essential indicator in any solid Institution.

Praia, 14th April 2023

Chairman of the Board of Directors
[signature]
Nuno Alexandre de Carvalho Martins

Vice-Chairman of the Board of Directors
[signature]
João Paulo Tudela Martins

Member of the Board of Directors
[signature]
Maria João Duarte Pacheco Novais

Member of the Board of Directors
[signature]
Maria Zenaida da Rocha Costa Neves Leite

Member of the Board of Directors
[signature]
Leonilda Rocha Semedo

Member of the Board of Directors
[signature]
Luís Manuel Monteiro Alves

Member of the Board of Directors and CEO
[signature]
Pedro Gomes Soares

Member of the Board of Directors
[signature]
Manuel Fernando Monteiro Pinto

Member of the Board of Directors
[signature]
João Manuel dos Santos Afonso Serra

Member of the Board of Directors
[signature]
Eurisanda Venulda Cardoso Tavares Rodrigues

Member of the Board of Directors
[signature]
Dirceu César Lopes do Rosário


FINANCIAL STATEMENTS
and NOTES

NOTES TO THE ACCOUNTS - December 2022

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FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2022 AND DECEMBER 2021

(Amounts expressed in thousands of Cape Verdean Escudos)

ASSETS	Notes	dec/22 Gross Assets	dec/22 Impairment and depreciation	dec/22 Net assets	dec/21 Net assets
Cash and cash equivalents at Central Banks	3	3,800,335	-	3,800,335	3,011,392
Cash equivalents at other credit institutions	4	335,466	-	335,466	432,037
Financial assets at fair value through other comprehensive income	5	386,919	-	386,919	389,593
Investments at credit institutions	6	34,735	-	34,735	31,119
Loans and advances to customers	7	21,939,392	(649,455)	21,289,937	20,154,043
Investment properties	8	49,024		49,024	
Other tangible assets	9	1,727,771	(908,713)	819,058	317,357
Intangible assets	10	298,387	(167,011)	131,375	121,752
Investments in subsidiaries, associates and joint ventures	11	126,004	-	126,004	118,588
Current tax assets	12	2,497	-	2,497	6,252
Deferred tax assets	12	-	-	-	-
Other assets	13	1,201,736	(85,643)	1,116,093	1,338,565

LIABILITIES AND EQUITY	Notes	dec/22	dec/21
Deposits from other credit institutions	14	259,842	236,990
Deposits from customers and other loans	15	24,087,344	22,345,862
Provisions	16	11,618	13,642
Current tax liabilities	12	9,905	28,057
Deferred tax liabilities	12	30,307	30,099
Other liabilities	18	376,019	232,730
		24,775,035	22,887,380
Equity	19	1,000,000	1,000,000
Share premiums	20	388	388
Fair-value reserves	20	104,752	104,034
Other reserves	20	1,903,446	1,646,115
Retained earnings	20	-	-
Net income for the year	20	307,821	282,781
Total Equity		3,316,407	3,033,318

[signature]

Management

[signature]

The Accounting Officer

BANCO INTERATLÂNTICO, S.A.R.L.

STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEARS

ENDED 31 DECEMBER 2022 AND DECEMBER 2021

(Amounts expressed in thousands of Cape Verdean Escudos)

	Notes	dec/22	dec/21
Interest and similar income	21	1,101,700	1,064,121
Interest and similar costs	22	(180,803)	(143,517)
NET INTEREST INCOME		920,897	920,604
Income from equity instruments	23	39,875	21,402
Income from services and fees	24	162,719	120,763
Expenses with services and fees	24	(43,973)	(27,973)
Income from exchange revaluation	25	42,278	34,731
Income from the disposal of other assets	26	3,582	923
Other operating income	27	73,262	96,521
NET OPERATING INCOME		1,198,640	1,166,970
Staff costs	28	(306,589)	(307,498)
General administrative expenditure	29	(322,163)	(265,172)
Depreciation and amortisation in the year	9 and 10	(66,305)	(75,955)
Provisions net of write-backs and cancellations	16	2,024	(286)
Impairment of other financial assets, net of reversals and recoveries	17	(166,918)	(219,513)
Impairment of other assets, net of reversals and recoveries	17	(38,359)	(4,258)
Income from associates and joint ventures	11	17,396	21,640
INCOME BEFORE TAXES		317,727	315,929
Taxes			
Current	12	(9,905)	(28,057)
Deferred	12	-	(5,091)
		(9,905)	(33,147)
INCOME AFTER TAXES		307,821	282,781
Average number of ordinary shares issued		100,000	100,000
Earnings per share (CVE)	30	3,078	2,828

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Management

The Accounting Officer

BANCO INTERATLÂNTICO, S.A.R.L.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022 AND DECEMBER 2021

(Amounts expressed in thousands of Cape Verdean Escudos)

				Other reserves and retained earnings					
	Equity	Share premiums	Revaluation reserves	Legal Reserve	Other reserves	Retained earnings	Total	Profit for the year	Total
Balance as at 31 December 2020	1,000,000	388	99,501	215,413	1,146,907	(0)	2,462,210	283,795	2,746,004
Distribution of profit for 2020:									
Incorporation into reserves and retained earnings				28,379	255,415	-	(283,795)		
Use of reserves					-	-	-		
Comprehensive income for the year	-	-	4,533	-	-	-	4,533	282,781	287,314
Balance as at 31 December 2021	1,000,000	388	104,034	243,792	1,402,322	(0)	2,750,536	282,781	3,033,318
Distribution of profit for 2021:									
Incorporation into reserves and retained earnings				28,278	229,053	-	(257,331)		
Dividend Distribution					-	-	-	(25,450)	(25,450)
Comprehensive income for the year	-	-	718	-	-	-	718	307,821	308,539
Balance as at 31 December 2022	1,000,000	388	104,752	272,070	1,631,375	- 0	3,008,585	307,821	3,316,407

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Management

The Accounting Officer

BANCO INTERATLÂNTICO, S.A.R.L.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED

AS AT 31 DECEMBER 2022 AND DECEMBER 2021

(Amounts expressed in thousands of Cape Verdean Escudos)

Changes in the fair value of F.A. at F.V. through Other Comprehensive Income	**Notes**	dec/22	dec/21
Variation in the financial year	20	925	5,844
Tax effect	20	(208)	(1,311)
Other comprehensive income		718	4,533
Net income for the year		307,821	282,781
Total comprehensive income for the financial year		308,539	287,314

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Management The Accounting Officer

BANCO INTERATLÂNTICO, S.A.R.L.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED

AS AT 31 DECEMBER 2022 AND DECEMBER 2021

(Amounts expressed in thousands of Cape Verdean Escudos)

	dec/22	dec/21
Cash flows from operating activities		
Interest and fees received	1,264,419	1,184,884
Interest and fees paid	(224,776)	(171,490)
Foreign exchange income	42,278	34,731
Payments to staff and suppliers	(628,752)	(572,670)
Other receipts / (payments) related to operating activities	76,845	97,444
Income tax payments	(19,211)	(27,862)
Operating results prior to changes in operating assets	510,802	545,036
(Increases) decreases in operating assets:		
Financial assets at fair value through other comprehensive income	3,600	-
Investments at credit institutions	(3,616)	(2,493)
Customer credit including treasury bonds	(1,357,838)	(1,216,105)
Other assets	187,945	(271,576)
	(1,169,910)	(1,490,174)
Increases (decreases) in operating liabilities:		
Deposits from Central Banks and other credit institutions	22,852	153,410
Customer funds	1,741,481	1,156,706
Other liabilities	143,290	47,872
	1,907,624	1,357,987
Net cash from operating activities	1,248,516	412,850
Cash flow from investment activities		
(Increases) decreases in investment assets:		
Intangible assets	(28,774)	(59,294)
Other tangible assets	(541,795)	(57,430)
Dividends received	39,875	21,402
Net cash from investment activities	(530,694)	(95,323)
Cash flows from financing activities		
Dividends distributed	(25,450)	-
Net cash from financing activities	(25,450)	-
Net increase (decrease) in cash and cash equivalents	692,372	317,527
Cash and cash equivalents at the beginning of the financial year	3,443,429	3,125,902
Cash and cash equivalents at the end of the financial year	4,135,801	3,443,429

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Management The Accounting Officer

NOTES TO THE FINANCIAL STATEMENTS

1. INTRODUCTION

Banco Interatlântico, S.A.R.L. (hereinafter referred to as BI or Bank) is a commercial bank, established in July 1999, which resulted from the integration of the net assets of the Caixa Geral de Depósitos, S.A. (CGD or CGD Group) branch in Cape Verde, through which all the rights and obligations held by the branch on 30 June 1999 were transferred to it.

The corporate object of the Bank is to carry out banking activities and credit functions in general, as well as to perform any financial or investment operations involving securities or shareholdings, provided that they are duly authorised.

The Bank's registered office is located in Praia, Republic of Cape Verde, and it has a network of nine branches, five of which are located on the island of Santiago, two on the island of Sal, one on the island of São Vicente, and the other on the island of Boavista.

All the amounts presented herein were rounded off to thousands of Escudos.

The financial statements as at 31 December 2022 were approved by the Board of Directors on 14 April 2023 and will be submitted for approval to the General Shareholders' Meeting, which has the power to amend them. The Board of Directors is confident that they will be approved without significant changes.

2. BASES OF PRESENTATION AND ACCOUNTING POLICIES

2.1. Bases for Presentation

The Bank's financial statements were prepared on a going concern basis, based on accounting books and records kept in accordance with the principles enshrined in the International Financial Reporting Standards (IFRS), pursuant to Notice 2/2007, of 19 November, issued by the Bank of Cape Verde.

In the context of this financial report, the accounting policies described in this note were applied consistently in all periods included in the financial statements, except for duly identified exceptions.

2.2 Accounting policies

2.2.1 - Changes in accounting policies.

During the Financial Year 2022, there were no voluntary changes in accounting policies compared to those considered when preparing the financial information for the previous year presented in the comparatives. There were also no amendments in judgements or estimates relating to previous years, nor were there any corrections of material errors.

2.2.2 – New regulations and interpretations applicable to the fiscal year

The following standards, interpretations, amendments or alterations issued by the IASB and endorsed by the European Union were adopted by Banco Interatlântico with effect from 1 January 2022:

- IFRS 3 (Amendments) - The amendments to the text of the standard comprise:

(i) Correction of the reference to the conceptual structure in the text of IFRS 3, with no amendments to the accounting requirements for business combinations.

The treatment of accounting to be adopted for liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business combination, is also clarified.

The amendment is of mandatory application in the financial years beginning on or after 1 January 2022, producing effect prospectively.

- IAS 16 (Amendments) - 'Property, plant and equipment' - The amendments made to the text of the standard clarify that any income obtained from the use of the asset up to its definitive installation in the location in which it will operate in accordance with the conditions set forth by management for its intended use cannot be deducted from the cost of acquisition. The entity recognises the income obtained from the sale of such products and the costs of their production directly in profit or loss.

These amendments are of mandatory application in financial years beginning on or after 1 January 2022, with mandatory retrospective application only for eligible assets that were installed in their intended location after the date of the first comparative period that is submitted.

- IAS 37 (Amendments) - 'Provisions, contingent liabilities and contingent assets' - The amendments made to the text of the standard specify the framework for eligible costs for classifying a contract as onerous. All costs that can be directly allocated to the fulfilment of contractual obligations must be taken into account for this purpose, and these may be incremental or by means of other types of allocation provided they are clearly identifiable.

These amendments are of mandatory application in financial years beginning on or after 1 January 2022, producing effect prospectively.

- IFRS 9 - Derecognition of financial liabilities - Fees to be included in the '10%' variation test (included in the annual improvements for the 2018-2020 cycle): The amendment clarifies which fees an entity should include when assessing whether the terms of a financial liability are substantially different from the terms of the original financial liability. Thus, as part of the derecognition tests carried out on renegotiated liabilities, only fees paid or received between the debtor and the creditor should be included, including fees paid or received by the debtor or the creditor on behalf of the other.

- IFRS 16 - Grants related to COVID-19 at the level of rents beyond 30 June 2021: on 28 May 2020, the amendment to IFRS 16 called 'Grants related to COVID-19' was issued, introducing the following practical expedient: a tenant may choose not to assess whether a Covid-19-related rent grant is a lease modification.

Lessees who choose to apply this expedient account for the amendment in rental payments resulting from a COVID-19-related grant in the same way as they account for a change that is not a lease modification in accordance with IFRS 16.

Initially, the practical expedient applied to payments originally due by 30 June 2021; however, due to the prolonged impact of the pandemic on 31 March 2021, it was extended to payments originally due by 30 June 2022.

These amendments are of mandatory application in financial years beginning on or after 1 January 2022.

The adoption of the above-mentioned standards, interpretations, amendments and revisions did not result in any equity impacts on the preparation of BI's financial statements for 2022.

2.2.3. New standards and interpretations applicable to future financial years

The following standards, interpretations, amendments and revisions, already endorsed by the European Union, are mandatory for Banco Interatlântico in future financial years:

- IAS 1 (Amendments) and IFRS Practice Statement 2 - The amendments to the text of the standard and of the Practice Statement aim to clarify the requirements that must be considered when assessing the accounting policies that must be disclosed, replacing the expression 'significant accounting policies' with 'material accounting policies'; illustrative examples are also introduced in order to demonstrate the application of the concept of materiality.

These amendments are of mandatory application in financial years beginning on or after 1 January 2023 and must be applied prospectively.

- IAS 8 (Amendments) - The amendments made to the text of the standard introduce distinctions regarding the presentation and disclosure of different types of changes made to the financial statements, introducing clarifications as to the treatment of accounting estimates, namely: i) measurement in concept of uncertainty, ii) difference between changes in accounting estimates and corrections of errors, iii) accounting for the effects of changes in accounting estimates.

These amendments are of mandatory application in financial years beginning on or after 1 January 2023 and apply to changes in estimates or accounting policies that occur after that date.

- IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction: the amendment clarifies that payments that settle a liability are tax deductible; however, it is a matter of professional judgement whether such deductions are attributable to the liability that is recognised in the financial statements or to the related asset. This is important for determining whether there are temporary differences in the initial recognition of assets or liabilities.

Therefore, the initial recognition exception does not apply to transactions that give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a leasing asset and a leasing liability gives rise to taxable and deductible temporary differences that are not the same.

These amendments are of mandatory application in financial years beginning on or after 1 January 2023.

The Entity did not apply any of these standards in advance in the financial statements for the twelve-month period ending 31 December 2022. No significant impacts are expected on the financial statements as a result of its application.

2.2.4. New regulations and interpretations have already been issued but are not yet mandatory

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not, until the date of approval of these financial statements, been adopted by the European Union:

- IAS 1 (Amendments) - Presentation of financial statements: this amendment aims to clarify the classification of liabilities as current or non-current balances according to the rights an entity has to defer payment at the end of each reporting period.

The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as the breach of a covenant.

However, if the right to defer settlement for at least twelve months is subject to the fulfilment of certain conditions after the balance sheet date, these criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current.

This amendment also includes a new definition of 'settlement' of a liability and applies retrospectively.

These amendments are of mandatory application in financial years beginning on or after 1 January 2024.

- Amendments to IFRS 16 - Lease liabilities in sale and leaseback transactions: this amendment specifies the requirements relating to the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a 'sale' in accordance with the principles of IFRS 15, with a focus on variable lease payments that do not depend on an index or a rate.

In the subsequent measurement, seller-lessees should determine 'lease payments' and 'revised lease payments'

When subsequently measuring lease liabilities, seller-lessees should determine 'lease payments' and 'revised lease payments' in such a way that they do not record any profit or loss related to the retained right of use. The application of these requirements does not prevent the seller-lessee from recognising, in the income statement, any profit or loss related to the partial or total 'sale', as required by paragraph 46(a) of IFRS 16.

This amendment is of retrospective application.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Entity in the twelve-month period ending 31 December 2022. No significant impacts are expected on the financial statements as a result of its application.

2.2.4. Most significant accounting policies used in preparing the financial statements

The most significant accounting policies used in preparing the financial statements were as follows:

a) Accrual basis

Expenses and income are recognised on an accrual basis and are recorded as they are generated, regardless of when they are paid or received.

b) Translation of balances and transactions in foreign currency

The items included in the Bank's financial statements are measured using the currency of the economic environment in which it operates (functional currency). The Bank's financial statements and the explanatory notes in this Appendix are presented in thousands of Cape Verdean Escudos ('mCve'), the Bank's functional and presentation currency, unless explicitly stated otherwise.

Assets and liabilities expressed in foreign currency are translated into Cape Verdean Escudos at the Bank's average exchange rate on the last business day of each month. Exchange differences resulting from currency translation are shown in the income for the year, except for those arising on non-monetary financial instruments, such as shares, classified as financial assets at fair value through other comprehensive income, which are recognised in equity until they are sold.

As at 31 December 2022 and 31 December 2021, the exchange rate of the Cape Verdean Escudo against the Euro stood at 1 Euro/110.265 Cape Verdean Escudos. On those same dates, the exchange rate against the US Dollar (USD) was as follows:

Conversion	Dec/2022	Dec/2021

USD/CVE	103,633	97,554

c) Financial assets and liabilities

Initial recognition of financial assets

The classification of financial assets depends on the entity's business model and the characteristics of the contractual cash flows of the financial instrument, except when the option to measure the financial instrument at fair value through profit and loss is applied.

BI classifies and measures a financial asset at amortised cost when it is included in a portfolio managed based on a business model whose objective is achieved through the receipt of all contractual cash flows and these can be considered as payments of principal and interest on the outstanding capital, as is the case of loans and advances to customers and investments in credit institutions.

On the other hand, BI classifies and measures a financial asset at fair value through other comprehensive income ('FVTOCI') when it is included in a portfolio managed based on a business model whose objective is achieved both through the receipt of contractual cash flows that are payments of principal and interest on outstanding capital and through sale. A financial asset is classified and measured at fair value through profit or loss ('FVTPL') when it is not classified and measured at amortised cost or FVTOCI. However, upon initial recognition, BI may irrevocably choose to classify and measure at FVTOCI an investment in an equity instrument (that is neither held for trading nor a contingent consideration recognised by the acquirer in a business combination to which IFRS 3 'Business Combinations' applies) that would otherwise be classified and measured at FVTPL.

To determine the business model used to manage a financial asset, BI outlines how it expects to derive cash flows from that financial asset. The business model is determined at a level that reflects how a group of financial assets is managed as a whole to achieve the specific objective of that business model, regardless of the plans for any particular financial asset. As the allocation to a business model is a fact and not an assertion, BI considers all the relevant information that allows concluding on the business model considered for managing its financial assets. In this context, BI takes into account:

- How the performance of the business model and the financial assets held under that business model are assessed and reported to BI management;
- The risks which affect the performance of the business model (and the financial assets held under that business model) and, in particular, how those risks are managed; and,
- How managers are compensated (for example, whether the compensation is based on the fair value of the assets under management or the contractual cash flows that are collected).

Therefore, as mentioned above, in determining the classification and measurement of financial assets as part of IFRS 9 - 'Financial Instruments', the Bank considers two criteria:

- The entity's business model for managing the financial asset; and,
- The characteristics of the contractual cash flows of the financial asset: solely payments of principal and interest (SPPI).

<u>Derecognition of financial assets</u>

A financial asset is derecognised when, and only when, the contractual right to receive cash flows expires or the financial asset is transferred and the transfer qualifies for derecognition. A financial asset is considered to be transferred if, and only if, the contractual rights to receive the cash flows of that financial asset are transferred, or if the contractual rights to receive cash flows are retained but BI has undertaken a contractual obligation to deliver those cash flows to one or more beneficiaries. If the contractual rights to receive cash flows are retained, BI treats the transaction as a transfer only if all of the following conditions are met: (i) BI has no obligation to pay amounts to the beneficiary except those received from the original asset; (ii) BI is prevented by the terms of the transfer agreement from selling the original asset; and, (iii) BI has the obligation to pay the cash flows received without material delay and is not allowed to reinvest these cash flows until they are paid.

When the contractual cash flows of a given financial asset are renegotiated or otherwise modified, and such renegotiation or modification does not result in the derecognition of the financial asset, BI shall recalculate the gross balance of the financial asset and recognise a gain or loss on the difference relative to the previous gross balance sheet value. The asset's new gross balance sheet value is determined as the current value of the renegotiated or modified cash flows discounted at the original effective asset rate (or at the adjusted interest rate in the case of credits acquired or originated with impairment) or, where applicable, the revised effective interest rate. Any costs or fees incurred are included in the new gross balance sheet value and amortised over the remaining life of the asset.

A scenario in which the change in contractual flows results in the derecognition of the financial asset has the following implications:

a) The need to carry out a new SPPI analysis in order to determine if the contractual conditions of the modified financial asset fall within the scope of SPPI;
b) The need to record the new financial asset at fair value at the time of initial recognition, recording any difference relative to the net book value of the previous asset in the income statement;

c) If the contractual changes were the result of the restructuring of an asset due to financial difficulties of the debtor, the new asset is considered POCI (Purchased or Originated Credit-Impaired financial assets) and impairment losses are always recognised based on PD lifetime; i.e., the new asset can never be classified as stage 1;
d) The amortised cost of the new asset shall be determined based on the expected cash flows;
e) The new financial asset that is recognised arising from a contractual modification of a financial asset previously marked as forbearance (in accordance with Commission Implementing Regulation (EU) 2015/227, of 9 January 2015, and in accordance with the internal policy established by BI) will continue to retain this marking, and the cure period restarts on the date of the last restructuring; and,
f) In the case of a financial asset originally classified as stage 3 for the purposes of the impairment model whose contractual modification leads to a derecognition, the new financial asset to be recognised shall continue to be classified as stage 3, and may, according to the triggers set forth by BI for the purposes of setting default, be subsequently classified as stage 2.

Reclassification of financial assets

If BI changes the financial asset management business model, which is expected to rarely and exceptionally take place, it reclassifies every affected financial asset, according to the requirements set forth under IFRS 9 - 'Financial instruments.' The reclassification is prospectively applied from the date when it becomes effective. According to IFRS 9 - 'Financial instruments', it is forbidden to reclassify equity instruments for which the fair value option has been included against other comprehensive income or for financial assets and liabilities classified at fair value as part of the fair-value option.

Fair Value

As mentioned above, financial assets recorded under 'Financial assets at fair value through other comprehensive income' and 'Financial assets at fair value through profit or loss' are valued at fair value.

The fair value of a financial instrument corresponds to the amount at which a financial asset or liability can be sold or settled between independent, informed parties, interested in concluding the transaction under normal market conditions.

The fair value of financial assets is determined by a BI body independent from the trading function, based on the following criteria:

- Closing market prices on the reporting date, for instruments traded on active markets;
- For debt instruments not traded on active markets (including unlisted or low-liquidity securities) the following methods and valuation techniques are used:

  i) Bid prices published by financial information media, namely Bloomberg and Reuters, including market prices available for recent transactions;

  ii) Bid prices obtained from financial institutions acting as market-makers; and,

  iii) Internal valuation models, which take into account market data that would be used to set a price for the financial instrument, reflecting market interest rates and volatility, as well as the liquidity and credit risk associated with the instrument.

Amortised Cost

Financial instruments held at amortised cost are initially recorded at fair value plus or minus any income or costs directly attributable to the transaction. Interest is recognised using the effective interest method.

In the case of impaired financial assets (Stage 3), interest is recognised based on the rate used to discount the future cash flows inherent in determining the impairment loss.

Financial liabilities

Financial liabilities are recorded on the contracting date at their respective fair value, minus costs directly attributable to the transaction. Financial liabilities are recorded under deposits from other credit institutions, deposits from customers and liabilities incurred with the payment of services rendered or the purchase of assets, falling under the line item 'Other liabilities.'

These financial liabilities are valued at amortised cost, and the interest, when applicable, is recognised in accordance with the effective rate method.

Recognition of income and costs

Interest is recognised on the basis of the effective rate method, which allows calculating the amortised cost and distribution of the interest over the period of the operations. The effective rate is the one that, when used to discount the estimated future cash flow associated with the financial instrument, enables its present value to be equal to the value of the financial instrument on the date of its initial recognition.

Overdue loans and capital and interest cancellations

Interest on overdue loans is cancelled one day after the due date of the operation or of the first overdue instalment. Unrecorded interest on the aforementioned loans is only recognised in the reporting period in which it is collected, under 'Interest and similar income.'

In accordance with the policies in force in the Bank, the entire outstanding principal of operations with overdue instalments is classified as overdue 30 days after maturity. Periodically, the Bank writes off loans considered to be uncollectible from assets by using the impairment that has been set up, after a specific analysis by the structural bodies in charge of monitoring and recovering loans and the approval of the Board of Directors. Potential recoveries of loans written off from assets are reflected in the Income Statement under Other Operating Income.

Impairment of financial assets

The impairment model in IFRS 9 - 'Financial instruments' is applicable to the following financial assets:

- All financial assets measured at amortised cost;
- Debt instruments measured at fair value against other comprehensive income (FVTOCI);
- Rights and obligations as referred to in IFRS 15 - 'Revenue from Contracts with Customers', where this standard refers the accounting to IFRS 9 - 'Financial Instruments';
- Assets reflecting the right to reimbursement of payments made by the entity when settling liabilities recognised under IAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'; and,
- Loan commitments granted (except those measured at fair value against profit or loss).

These financial assets are divided into 3 risk groups, depending on the significant degradation of credit risk:

- Stage 1 - Assets without significant credit risk degradation since their initial recognition;
- Stage 2 - Assets with significant credit risk degradation since their initial recognition; and,
- Stage 3 - Impaired assets (defaulting assets).

Depending on the operation's Stage, credit losses are estimated in accordance with the following criteria:

- Expected Losses at 12 months: expected loss resulting from a loss event occurring within 12 months after the calculation date, applicable to Stage 1 transactions; and,
- Expected Losses – Lifetime: expected loss corresponding to the difference between the contractual cash flows and the cash flows that the entity expects to receive until the maturity of the contract. That is, the expected loss results from all potential loss events up to maturity, and is applied to Stage 2 and Stage 3 transactions..

IFRS 9 - 'Financial Instruments' does not define a concept of default; however, BI, like CGD, applies the same definition of default used for internal credit risk management purposes, which incorporates the EBA recommendations set out in the 'Final Report on Guidelines on default definition (EBA-GL-2016-07)', issued on 28 September 2016.

Qualitative criteria were considered for transferring a financial asset to Stage 2, namely loans overdue for more than 30 days, loans restructured due to financial difficulties, and objective credit risk criteria captured in the customer monitoring process.

Specifically, the following events may be regarded as signs of impairment:

- Failure to comply with contractual clauses, including delays in payments of interest or principal;
- Record of default instances in the financial system;
- Existence of operations in progress resulting from loan restructuring processes or ongoing negotiations for loan restructuring processes;
- Difficulties in terms of the capacity of the partners and management, particularly in relation to the withdrawal of key partners or key management staff and differences of opinion between partners;
- Significant financial difficulties of the debtor or debt issuer;
- Existence of a high probability of the debtor or debt issuer declaring bankruptcy;
- Drop in the debtor's competitive position;
- Historical behaviour of collections that allows deducing that the nominal value will not be recovered in full.

The calculation of the expected loss is based on historical and current information, but should also incorporate forward-looking scenarios that are reliable, reasonable, bearable and available without excessive cost or effort).

Evidence of impairment is assessed for individually significant exposures and individually or collectively for exposures that are not individually significant. If it is determined that there is no objective evidence of impairment for a given exposure, whether significant or not, it is assessed collectively.

The Bank performs an individual analysis of all customers with liabilities greater than 40 million CVE.

Whenever signs of impairment on individually analysed assets are identified, the potential impairment loss corresponds to the difference between the current value of the future cash flows expected to be received (recoverable value), discounted based on the asset's original effective interest rate, and the amount entered on the balance sheet when the analysis was performed.

The assets that were not subject to specific analysis are included in a collective impairment analysis, after being classified for this purpose in homogeneous groups with similar risk characteristics (namely based on the characteristics of the counterparties and the type of loan). Future cash flows were estimated based on historical information regarding defaults and recoveries in assets with similar characteristics. For this purpose, the Bank established the following segments for its loan portfolio:

- Loans to companies
- Mortgage loans
- Guarantees provided
- Other loans to individuals
- Public Sector

In addition, assets assessed individually and for which no objective signs of impairment were identified were also subject to a collective impairment assessment, as described above.

The impairment losses calculated in the collective analysis incorporate the temporal effect of discounting the estimated receivable cash flows in each operation for the balance sheet date.

As part of the implementation of IFRS 9, the Bank outlined a methodological approach for calculating impairment for the CGD Group's sovereign debt portfolio (securitised and non-securitised loans). In summary, the assumptions of the Sovereign Debt Impairment Model are as follows:

- Applying external risk parameters (source: Moody's - probability of default (PD);
- For direct exposures to sovereign risk (treasury bonds and loans) and in Stage 1, the PD corresponding to the upgrade of one rating level applies, provided that external information with positive economic perspectives is observable and the rating Outlook is not negative;

- For indirect Stage-1 exposures to sovereign risk (State-backed exposures), the 12-month PD of the country's rating will be applied;
- For operations classified as Stage 2 and 3, the lifetime PD adjusted to the residual maturity of the external rating assigned to the State based on the accumulated default rates of a rating agency applies.
- Use of a 45% LGD (regulatory)

The amount of impairment that is calculated is recognised in costs, under 'Impairment of other financial assets, net of reversals and recoveries', and is shown in the balance sheet separately as a deduction from the amount of the loan to which it relates.

Financial assets at fair value through other comprehensive income are recorded at fair value, and changes in fair value are reflected directly in equity, under 'Fair value reserves'. At each objective reference date for impairment, accumulated capital losses already recognised in reserves are transferred to costs for the year as impairment losses, under 'Impairment of other financial assets, net of reversals and recoveries.'

Impairment losses in equity instruments cannot be reversed; hence, any potential capital gains arising after the recognition of impairment losses are reflected in 'Fair value reserves'. Should any additional capital losses be determined at a later date, impairment shall still be deemed to exist; therefore, such losses shall be reflected through profit or loss for the year. Impairment losses in debt instruments are reversible through profit or loss for the year, whenever the fair value of these instruments increases in the future, and provided that this increase is due to events occurring after the events that led to the recognition of impairment losses.

d) Non-current assets held for sale and groups of assets and liabilities to be sold

IFRS 5 - 'Non-current assets held for sale and discontinued operations' applies to isolated assets as well as to groups of assets to be disposed of, through sale or other means, aggregated in a single transaction, and also every liability directly associated with these assets which are transferred in the transaction (known as 'groups of assets and liabilities to be sold').

The sale is very likely to occur;

- The asset is available for immediate sale in its current state; and,
- The sale shall be expected to take place up to one year after the asset is classified under this line item.

e) Assets received through loan recoveries

IFRS 5 - 'Non-current assets held for sale and discontinued operations' applies to isolated assets as well as to groups of assets to be disposed of, through sale or other means, aggregated in a single transaction, and also every liability directly associated with these assets which are transferred in the transaction (known as 'groups of assets and liabilities to be sold').

They are classified as held for sale whenever it is expected that their balance sheet value will be recovered through sale and not through continued use, and the following requirements are fulfilled:

- The sale is very likely to occur;
- The asset is available for immediate sale in its current state; and,
- The sale shall be expected to take place up to one year after the asset is classified under this line item.

At BI, real estate properties and other assets put up for auction acquired through the recovery of overdue loans are recorded under Other Assets, considering that the sale is expected to occur within a period exceeding 12 months.

These assets are not amortised. Properties received through loan recoveries are periodically appraised. If the value of the appraisal, minus the estimated costs to be incurred with the sale of the property, is lower than the balance sheet value, impairment losses are recorded.

Accounting Policy for the Initial Recognition of Properties Received as Loan Repayment

Real estate properties and other assets put up for auction acquired through the recovery of overdue loans are valued upon initial recognition at the lower of the bid price and the balance sheet value, net of impairment, of the recovered loan(s) directly associated with them. The purpose of adopting this procedure is to ensure that there will be no reversals of impairments originally allocated to the loan, which, under the impairment model developed by the DGR in accordance with the requirements of IFRS 9 - 'Financial Instruments', will have taken into account the existence of this collateral.

Impairment Model

The impairment model for properties obtained through loan recovery is divided between properties analysed on an individual basis and those analysed using a collective model.

The calculation of impairment in real estate assets is determined on an individual basis for all properties with a gross book value equal to or greater than 2% of the Bank's Own Funds (calculated quarterly) and for properties with a lower gross book value, but with specific characteristics that justify an individual analysis.

Individual impairment is determined based on an individual analysis that values each property according to the commercial disinvestment strategy followed for that property, incorporating all available information about demand, supply and specific risks, namely licensing, investment needs, occupation statuses, lease contracts or others likely to influence the value of that property.

For the remaining real estate assets, impairment is determined based on a collective impairment model for the property:

• The collective model for determining the impairment of real estate assets is based on the determination of the recoverable value of each property, which corresponds to the acquisition value plus an adjustment factor, minus an estimated average time of sale; both parameters are determined according to the type of property and how long the property has been in the portfolio. The impairment value is the difference between the acquisition value and the recoverable value.

• This collective impairment model applies to all properties not covered by individual analysis, with the exception of properties with a promissory purchase and sale agreement (PPSA) or in the process of immediate sale (IS), whose recoverable value corresponds to the value negotiated for their sale.

Reversal of impairment losses recognised in previous periods is recorded whenever the sale occurs or when there is evidence that the impairment losses that were previously recognised no longer exist or have decreased. An impairment loss for an asset, recognised in previous periods, should be reversed if there is a change in the estimates used to determine the recoverable amount of the asset, since the last impairment loss was recognised.

With regard to the sale of assets put up for auction, these are written off from assets, and the respective result is determined on that date as the difference between the sale price and the respective balance sheet value adjusted for impairment.

For this purpose, whenever the net book value of the loan recovered through payment in kind or legal execution is lower than the respective transfer value of the property, the initial record of this asset will be reduced by the difference thus calculated.

Upon the sale of assets put up for auction, the assets are written off and the gains or losses are recorded against a reversal of impairment.

Fair-Value Hierarchy

The Bank's fair-value assets and liabilities are valued in accordance with the following fair-value hierarchy established in IFRS 13 - Fair-Value Measurement:

Quoted prices in active markets (level 1)

This category includes Financial Instruments with quoted prices available on official markets and those for which there are entities that usually disclose prices of transactions with these instruments traded on liquid markets.

Priority is given to prices observed in official markets; in cases where there is more than one official market, priority is given to the main market where these financial instruments are traded.

The Bank considers as market prices those disclosed by independent entities, assuming that they act in their own economic interest and that such prices are representative of the active market, using, whenever possible, prices provided by more than one entity (for a given asset and/or liability).

Valuation methods with observable market parameters/prices (level 2)

This category includes financial instruments valued using internal models, namely discounted cash flow models and option pricing models, which involve the use of estimates and require judgements that vary according to the complexity of the products that are being valued. Nevertheless, the Bank uses variables provided by the market as inputs in its models, such as interest rate curves, loan spreads, volatility and share price indexes. It also includes instruments whose appreciation is obtained through quotations disclosed by independent entities, but whose markets have a more reduced liquidity; and, Additionally, the Bank also uses as observable market variables those that result from transactions on similar instruments and that are observed with a certain recurrence in the market.

Valuation methods with non-observable market parameters (level 3)

This level includes valuations determined using internal valuation models or quoted prices provided by third parties, but where the parameters that are used are not observable in the market.

f) Investment Property

Investment properties are initially recognised at acquisition cost, including transaction costs, and are subsequently revalued at cost and subject to amortisation and an annual impairment test, based on valuations by external experts

h) Other tangible assets

They are recorded at acquisition cost, minus depreciation and accumulated impairment losses. Costs related to repair, maintenance and other expenses associated with their use are recognised as costs for the year, under 'General administrative costs'.

As at 31 December 2022, depreciation is calculated on a systematic basis over the estimated useful life of the asset, which corresponds to the period in which the asset is expected to be available for use, which is:

	Years of useful life	
	Purchased until 2014	Purchased from 2015 onwards
Properties for own use	50	33
Construction works in leased buildings	10	10
Equipment:		
Furniture and office supplies	12	8
Machinery and tools	5 - 6	5
Computer equipment	4	3 - 5
Indoor facilities	8	5
Transport material	4 - 5	4 - 5
Security equipment	5	5
Other equipment	6	8

Land is not subject to amortisation.

Expenses related to works and improvements in properties rented by the Bank under operating lease agreements are capitalised in this line item and depreciated, on average, over a period of 10 years.

Depreciation is recorded as costs for the year.

Periodic analyses are carried out to identify evidence of impairment in tangible assets, in accordance with IAS Standard 36 - 'Impairment of assets.' Whenever the net book value of tangible assets exceeds their recoverable value, an impairment loss is recognised with effect on profit and loss for the year, under 'Impairment of other assets, net of reversions and recoveries.' Impairment losses can be reversed and also have an impact on income, if there is a subsequent increase in the asset's recoverable value.

The calculation of depreciation takes into consideration an estimate of the residual value of the equipment, namely in the case of vehicles.

The Bank periodically assesses the adequacy of the estimated useful life of tangible assets.

i) Intangible assets

This line item essentially covers costs related to the acquisition, development or preparation of software used in the development of the Bank's activities.

Intangible assets are recorded at acquisition cost, minus amortisation and accumulated impairment losses.

Amortisation is recorded as costs for the year on a systematic basis over the estimated useful life of the assets, which corresponds to a period of 3 years.

Expenses related to software maintenance are stated as costs for the year in which they are incurred.

g) Investments in subsidiaries, associates and joint ventures

This line item includes shareholdings in companies over which the Bank has significant influence, but over whose management it does not exercise effective control ('associates'). Significant influence is presumed to exist whenever the Bank's stake ranges between 20% and 50% of the capital or voting rights, or if less than 20%, the Bank is part of the management body and has direct influence on the definition of relevant company policies.

These assets are recorded using the equity method. According to this method, stakes are initially valued at acquisition cost, which is subsequently adjusted based on the Bank's actual percentage of changes in equity (including profit and loss) of the associates.

Dividends are recorded in the year in which their distribution is decided.

h) Income taxes

As at 31 December 2022, the Bank is subject to Corporate Income Tax (IRPC Code) at a rate of 22%, and a fire tax of 2% on the calculated tax, which corresponds to an aggregate tax rate of 22.44% in accordance with Article 84 of Law 82/VIII/2015, of 8 January, which approves the Corporate Income Tax Code, with a revision of Art. 17 OE 2019) published on 31 December 2018.

Current taxes

Current tax is calculated based on the taxable profit for the year, which differs from the accounting result due to adjustments to the taxable income resulting from costs or income that are not relevant for tax purposes, or that will only be considered in other accounting periods.

Deferred taxes

Deferred taxes correspond to the impact on tax recoverable/payable in future periods arising from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base, used in determining the taxable profit.

Deferred tax liabilities are usually recorded for all taxable temporary differences, while deferred tax assets are only recognised up to the extent that it is probable that there will be future taxable profits enabling the use of the corresponding deductible tax differences or the reporting of tax losses. Additionally, deferred tax assets are not recognised if their recoverability may be questionable due to other circumstances, including issues regarding interpretation of the tax legislation in force.

Despite this, deferred taxes relating to temporary differences arising from the initial recognition of assets and liabilities in transactions that do not affect the accounting income or taxable profit are not recorded.

The main circumstances that give rise to temporary differences in the Bank correspond to the impact of the adoption of IFRS and the valuation of financial assets at fair value through other comprehensive income.

Deferred taxes are calculated based on the tax rates which are expected to be in force on the date of the reversal of the temporary differences, which correspond to the rates that are approved or substantially approved on the reporting date.

Income taxes (current or deferred) are reflected in profit or loss, except where the transactions that gave rise to them have been reflected in other equity line items (for example, in the case of the revaluation of financial assets at fair value through other comprehensive income). In these situations, the corresponding tax is also reflected against equity, not affecting the profit or loss for the year.

l) Provisions and contingent liabilities

A provision is constituted when there is a present liability (legal or constructive) arising from past events which are likely to imply the future disbursement of funds, and which may be reliably determined. The amount of the provision corresponds to the best estimate of the value to be disbursed in order to settle the liability as at the reporting date.

If the future disbursement of funds is not probable, this is classified as a contingent liability. Contingent liabilities are merely disclosed, unless the possibility of their materialisation is remote.

Provisions for other risks are intended to cover:

- Liabilities with guarantees provided and other off-balance sheet commitments, determined based on an analysis of the risk of the operations and the respective customers; and,

- Legal, tax, and other contingencies resulting from the Bank's activity.

In 2022, the Bank maintained its methodology for treating and recognising Legal Provisions, changed in 2020, calculating and reviewing them annually in accordance with the Bank's criterion of probability of payment/assumption of losses. Thus, the following was established: processes with: 1) Remote probability: 10%; 2) Intermediate probability: 25%; 3) Likely probability: 50% and 4) High probability: 75%.

J) Employee benefits

Liabilities related to employee benefits are recognised pursuant to the principles established under IAS 19 - 'Employee benefits'.

Short-term benefits, including productivity bonuses paid to employees for their performance, are reflected in 'Staff costs' in the period to which they relate, on an accrual basis.

k) Fees

Fees relating to credit operations, which essentially correspond to loan sign-up and management fees, are recognised by applying the effective rate method over the lifetime of the operations, regardless of when they are charged or paid.

Fees associated with guarantees provided, documentary credits and card annuities are deferred on a straight-line basis over the corresponding period.

Fees for services rendered are recognised as income over the period of provision of the services or on a one-off basis, if they correspond to consideration for the performance of a single act.

l) Amounts received in deposits

Deposited amounts, namely customer securities, are -recorded under off-balance sheet line items at their nominal value.

m) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise amounts recorded in the balance sheet with a maturity of less than three months from the date of acquisition/contracting and whose risk of change in value is immaterial, including cash, cash equivalents at Central Banks and other credit institutions.

n) Critical accounting estimates and most relevant judgemental aspects in the application of accounting policies

Upon application of the foregoing accounting policies, estimates on the part of the Bank's Board of Directors are required. The estimates with the greatest impact on the Bank's financial statements include those presented below.

i) Determining impairment losses on loans and advances

Impairment losses on loans and advances are determined in accordance with the methodology described in Note 2.2.4. c) - Impairment of financial assets. Therefore, the determination of impairment on individually analysed assets results from a specific assessment made by the Bank based on knowledge of its customers' circumstances and the guarantees associated with the operations in question.

The determination of impairment by collective analysis is based on historical parameters determined for comparable types of operations, taking into account default and recovery estimates.

The Bank considers that the impairment determined based on this method allows for an adequate reflection of the risk associated with its loan portfolio, taking into account the rules established by IFRS 9.

The Bank's loan portfolio includes relevant amounts of loans to companies in the real estate and construction sectors, including the financing of a number of projects related to the development of tourist resorts whose construction is currently suspended. For the purposes of determining individual impairment, the Bank considers its expectations of recovery taking into account the recovery measures in progress and the appraisals obtained for the guarantees underlying the loan operations. However, meeting the recovery expectations reflected in the impairment assigned by the Bank to the loan depends on the developments in the situation of the real estate market in Cape Verde and the results of concrete recovery measures in progress.

ii) Determining impairment losses on financial assets at fair value through other comprehensive income

In accordance with the valuation requirements for these assets, changes in fair value are recognised against other comprehensive income. Whenever, as a result of the analyses carried out (Note 2.2.4 c)), the existence of impairment is determined, the amount of the estimated loss is reclassified from other comprehensive income to costs for the period.

This assessment is carried out using information available on the market and includes the use of assumptions and judgements in its modelling, whose amendment could lead to different results. However, the Group believes that the impairment determined using this methodology adequately reflects the risk associated with these assets, taking into account the rules set out by IFRS 9 - 'Financial instruments'.

iii) *Valuation of financial instruments not traded on active markets*

In accordance with IFRS 9, the Bank values at fair value some instruments recorded as financial assets at fair value through other comprehensive income. The Bank uses valuation models and techniques to value financial instruments not traded on liquid markets. The valuations obtained correspond to the best estimate of the fair value of those instruments as at the balance sheet date (see note 5).

iv) *Property Valuation*

The valuation of properties recorded as '*Assets received through loan recoveries*' considers a number of judgemental assumptions that depend on the specific characteristics of each asset and the Bank's strategy for its sale. Assumptions about future events may not occur or, even if they do occur, the actual results may be different. For example, there may be changes in terms of real estate market expectations, relevant macroeconomic variables or in terms of the intrinsic characteristics of the property itself and its surrounding physical environment.

v) *Determining income taxes*

Income taxes (current and deferred) are determined by the Bank based on the rules set forth by the tax framework in force. However, in some situations, tax legislation may not be sufficiently clear and objective and may give rise to different interpretations. In these cases, the amounts that are recorded are the outcome of the best judgement of the bodies responsible for the Bank on the right framework for its operations, which may, however, be questioned by the Tax Authorities.

With the entry into force of the Corporate Income Tax Code (IRPC Code) on 1 January 2015, the Bank considered its interpretation of the changes imposed by the IRPC Code, namely regarding the deductibility of impairment costs for loans, considering that, for tax purposes, impairments calculated under IFRS 9 would be accepted, and the impact of the transition to the new Code. The Board of Directors is of the opinion that the criteria and assumptions that were adopted are in accordance with the current legislation and that any differences in interpretation would only give rise to reclassifications between current and deferred taxes, with no impact on the Bank's income and equity as at 31 December 2022 (see note 33).

o) Basic earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the Bank's shareholders by the weighted average number of ordinary shares outstanding, excluding the average number of own shares held by the Bank.

p) Operating segments

The Bank prepares segmental information for reporting purposes pertaining to the consolidated activity accounts of Caixa Geral de Depósitos, S.A. on an annual basis. The operating segments outlined for this report are as follows:

- Trading and sales – Comprises banking activity related to the management of its own securities portfolio, management of debt instruments issued, money and foreign exchange market operations, repo and brokerage operations. This segment includes investments, and cash and cash equivalents at other Credit Institutions.
- Commercial banking – Includes credit and fundraising activities aimed at large, small and medium-sized companies. This segment includes loans, current accounts, the financing of investment projects, the discounting of bills, factoring, securities and real estate leasing and the take-out of syndicated loans, as well as loans to the Public Sector.

- Retail banking - Comprises banking activity aimed at individuals, sole proprietors and micro-enterprises. This segment includes consumer loans, mortgage loans, credit cards and also deposits from individual customers, as well as international money transfers.

q) Equity

Ordinary shares are classified as equity when paid.

The unpaid portion of the capital is not subject to registration. Where applicable, costs inherent to the issue of new shares are shown in equity, as a deduction from capital inflows.

In the case of a capital increase, the share premium corresponds to the difference between the subscription value and the nominal value.

Supplementary capital contributions are recognised as Equity; when there is no set repayment term, they are not subject to interest, and comply with the other conditions for recognition under Equity line items.

r) Dividend distribution

The distribution of dividends is recognised as a liability in the Company's financial statements, in the period in which the dividends are approved at the General Meeting by the shareholder.

3. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This line item is broken down as follows:

	dec/22	dec/21
Cash		
. Domestic currency	221,996	266,728
. Foreign currency	730,017	402,203
Demand deposits with the Bank of Cape Verde		
. Domestic currency	2,848,322	2,342,461
	3,800,335	3,011,392

Demand deposits made at the Bank of Cape Verde aim to satisfy the Minimum Cash Equivalents (MCE) requirements. In accordance with the provisions of the Bank of Cape Verde, these cash equivalents correspond to 10% of the average effective liabilities in domestic and foreign currency, towards residents and emigrants.

The reserve requirements at 31 December 2022 and 31 December 2021 amounted to 1,899,074,000 CVE and 1,623,242,000 CVE, respectively. In December 2022 and 2021, these deposits were not remunerated.

In 2020, one of the measures to mitigate the impact of the coronavirus - Covid19 on the domestic economy was to reduce the Minimum Cash Equivalents coefficient by 300 basis points, from 13% to 10%, strongly encouraging banks to channel the released liquidity into loans to the economy, increasing loans to the economy by the same proportion in terms of new loan flows by the end of the year. This measure was maintained throughout the 2022 financial year.

4. CASH EQUIVALENTS AT OTHER CREDIT INSTITUTIONS

This line item is broken down as follows:

Cash equivalents at other credit institutions

	dec/22	dec/21
Demand deposits:		
Caixa Geral de Depósitos, S.A.	156,013	177,321
. With other foreign institutions	63,089	140,593
. With domestic institutions	315	315
	219,416	318,230
Cheques for collection:		
. Abroad	4,332	7,872
. Domestic	111,717	105,936
	116,050	113,808
	335,466	432,037

Cheques for collection correspond to cheques drawn on customers of other banks sent for clearing.

5. INANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2022 and 31 December 2021, the financial instruments classified as Financial assets at Fair Value through other Comprehensive Income is broken down as follows:

	2022						
Title	Acquisition value	% holding	Balance sheet amount (Net)	eimbursemer Equity	Fair Value Reserves	Deferred Taxes	Reserves Minus Taxes (Note 20)
Equity instruments measured at fair value							
Banco Comercial do Atlântico, S.A.	238,746	5.40%	300,021		71,285	(15,996)	55,289
Visa International Service Association	1,323	n.a.	58,434		57,111	(12,816)	44,295
A Promotora, Sociedade de Capital de Risco de Cabo Verde, S.A.R.L.	15,307	3.79%	11,793	3,600	86	(19)	66
Sociedade Cabo Verdiana de Tabacos, S.A.	10,096	0.65%	16,671		6,577	(1,476)	5,101
	265,471		386,919	3,600	135,059	(30,307)	104,752

	2021						
Title	Acquisition value	% holding	Balance sheet amount (Net)	eimbursemer Equity	Fair Value Reserves	Deferred Taxes	Reserves Minus Taxes (Note 20)
Equity instruments measured at fair value							
Banco Comercial do Atlântico, S.A.	238.746	5,40%	300.021		71.285	(15.996)	55.289
Visa International Service Association	1.323	n.d.	57.509		56.185	(12.608)	43.577
A Promotora, Sociedade de Capital de Risco de Cabo Verde, S.A.R.L.	15.307	3,79%	15.393		86	(1.476)	(1.390)
Sociedade Cabo Verdiana de Tabacos, S.A.	10.095	0,65%	16.671		6.577	(19)	6.558
	265.471		389.593		134.133	(30.099)	104.034

Equity instruments at fair value through other comprehensive income

In the 2022 accounts, the Bank maintained the 2021 valuations of Banco Comercial do Atlântico, S.A. shares.

With regard to 'Promotora, Sociedade de Capital de Risco de Cabo Verde, S.A.R.L., there was a reduction compared to 2021 due to the partial repayment of capital during 2022.

In turn, the value of Visa International Service Association was updated according to the share price on 31 December 2022.

With regard to the shareholding in Sociedade Cabo-verdiana de Tabacos, the bank maintained the number of shares and the valuation for 2021.

6. INVESTMENTS AT CREDIT INSTITUTIONS

This line item is broken down as follows:

Investments at Credit Institutions	dec/22	dec/21
Investments at foreign credit institutions		
Caixa Geral de Depositos	1,036	0
Other credit institutions	33,683	31,119
	34,720	31,119
Interest receivable	15	-
	34,735	31,119

As at 31 December 2020 and 31 December 2021, the balances of investments in other credit institutions, 34,735,000 CVE and 31,119,000 CVE, respectively, relate to the Visa guarantee, with the variation in 2022 compared to 2021 explained by a new investment with Caixa Geral de Depósitos and associated interest.

7. LOANS AND ADVANCES TO CUSTOMERS

This line item is broken down as follows:

		dec/22	dec/21
Short-term domestic loans:			
. Overdrafts in demand deposits		38,989	34,673
. Loans		23,746	21,515
. Commercial discounts		43,155	15,839
. Other loans		88,081	71,900
Medium- and long-term domestic loans:			
. Loans		13,598,370	12,564,191
. Loans in current account		1,031,740	1,091,770
Short-term foreign loans:			
. Commercial discounts			
. Overdrafts in demand deposits		614	1,200
. Other loans		-	60
Medium- and long-term foreign loans:			
. Loans		730,231	742,307
. Loans in current account		2,456	7,783
Loans to staff		522,415	461,472
Interest receivable		34,043	63,132
Fees and other deferred income		(96,843)	(78,740)
Overdue loan		825,153	843,481
Total non-securitised loans Gross	(A)	**16,842,152**	**15,840,584**
Impairment of non-securitised loans (Note 17)	(B)	(600,669)	(632,870)
Total non-securitised loans Net	D= (A-B)	**16,241,483**	**15,207,713**
Public Debt Securities		4,742,474	4,633,214
Bonds issued by Companies		299,287	303,606
Bonds issued by Companies overdue		-	-
Interest receivable		55,480	59,977
Total securitised loans Gross	(E)	**5,097,240**	**4,996,797**
Impairment of securitised loans (Note 17)	(F)	**(48,786)**	**(50,467)**
Total securitised loans Net	G= (E-F)	**5,048,454**	**4,946,330**
Total Loans and Advances to Customers Net	(H) = (D) + (G)	**21,289,937**	**20,154,043**

Total net loans as at 31 December 2021 amounted to 20,154,043,000 thousand CVE, at which time overdue loans totalled 843,481,000 CVE.

In 2022, following the efforts made over the last few years to recover loans, the Bank managed to resolve operations with a significant history of default, closing the year with a total of 825,153,000 CVE in overdue loans.

Part of these loans was settled by taking possession of the associated guarantees, resulting in the registration of three properties received through loan recovery and recognised under 'other assets' (Note 13).

As at 31 December 2022 and 31 December 2021, loans to employees were remunerated at reduced interest rates.

As at 31 December 2022 and 31 December 2021, Public Debt Securities include treasury bonds of the State of Cape Verde remunerated at a fixed interest rate. The average rate of return on these bonds in December 2022 was 4.1298% (2021: 4.54%). As at 31 December 2022 and 31 December 2021, the balance of the line item 'bonds issued by companies' reflects the value of bonds from domestic companies.

These bonds are broken down as follows:

Title		dec/22	dec/21
Public Debt Securities			
Treasury Bonds			
Nominal Value		4,742,474	4,633,214
Interest receivable		52,597	56,878
Impairment		(45,555)	(47,142)
	a)	4,749,516	4,642,950

Corporate Bonds	dec/22	dec/21
Electra - Empresa de Electricidade e Águas, S.A.R.L. - Instalment C	32,199	32,199
Electra - Empresa de Electricidade e Águas, S.A.R.L. - Instalment F	61,244	68,049
IFH - Imobiliária, Fundiária e Habitat, S.A. Series F Instalment I	3,000	9,000
IFH - Imobiliária, Fundiária e Habitat, S.A. Series F Instalment II	2,500	7,500
Sal City Council	3,000	4,000
Electra - Empresa de Electricidade e Águas, S.A.R.L. - Instalment E	100,000	100,000
ASA - Empresa Nacional de Aeroportos e Segurança Aérea, S.A. Series D	37,313	37,313
ANMCV - National Association of Cape Verdean Municipalities - Series A	36,436	45,545
A.C.E. PRRA_O - Domestic Joint Venture	23,594	-
Gross total	299,287	303,606
Impairment	3,231	3,325
Interest receivable	2,883	3,099
Gross total	298,938	303,380
Other loans and receivables - securitised a)+ b)	5,048,454	4,946,330

The bonds issued by Electra - Empresa de Eletricidade e Águas, S.A.R.L., IFH - Imobiliária, Fundiária e Habitat, S.A. and the Sal City Council are backed by the State of Cape Verde.

The variations in Bonds IFH - Imobiliária, Fundiária e Habitat, S.A. Series F Instalment I; IFH - Imobiliária, Fundiária e Habitat, S.A. Serie F Tranche II and Sal City Council; National Association of Cape Verdean Municipalities - Series A, and Domestic Joint Ventures are related to the partial amortisation of capital.

In the context of the pandemic, the bonds issued by Electra - Empresa de Eletricidade e Águas, S.A.R.L., IFH - Imobiliária, Fundiária e *Habitat* S.A, Series F, the maturity was changed from 6 years to 6 years and 6 months and the repayment of the 10^{th} coupon was deferred until the end of maturity.

The bonds A.C.E. PRRA_O - Domestic Joint Venture, 23,594,000 CVE were acquired in 2022, for a period of 5 years, at a fixed rate of 3.5%. The bonds will be guaranteed exclusively by consignment of receivables from the State / DGT (Directorate General of the Treasury). Partial amortisation corresponding to 10% of the initial value began on the 1st coupon.

The bonds issued by Cabo Verde Fast Ferry, S.A. and Sociedade de Gestão e Investimentos, Lda. are written off from assets.

As at 31 December 2022 and 31 December 2021, loans and advances to customers, excluding 'Securitised loans', accrued interest, fees and other deferred income, had the following structure by sector of activity, distinguishing between maturing and overdue loans:

	2022		
	Outstanding loans*	Overdue loans	Total
Public Administrative Sector	99,759	-	99,759
	99,759	-	99,759
Companies			
Agriculture, livestock farming, hunting and forestry	34,111	-	34,111
Fishing	32,632	3,788	36,420
Mining and quarrying industries	-	-	-
Mining and quarrying industries except for energy prod.	-	-	-
Manufacturing industries	369,898	5,978	375,876
Food, beverage and tobacco industries	249,228	5,909	255,137
Textile industry	18,796	70	18,866
Wood, cork and related products industries	700	-	700
Paper pulp, cardboard, and publishing and printing industries	-	-	-
Manufacturing of chemicals and synthetic or artificial fibers	26,657	-	26,657
Manufacturing of basic metals and metal products	12,874	-	12,874
Manufacturing of machinery and equipment	-	-	-
Furniture and mattress manufacture	46,126	0	46,126
Other manufacturing industries	15,517	-	15,517
Production and distribution of electricity, water and gas	54,276	3	54,278
Construction	543,552	210,431	753,983
Wholesale/retail trade, repair of cars, motorbikes, and personal and housel	770,781	56,607	827,388
Transport, storage and communications	422,382	21,514	443,895
Accommodation and catering (restaurants and other)	1,299,654	28,500	1,328,154
Information and communication activities	348,074	7,873	355,947
Real estate activities, rentals and service provision companies	1,546,980	190,168	1,737,149
Real estate activities	582,685	180,450	763,135
Other activities	964,295	9,718	974,013
Public administration, defence, and compulsory social security	-	-	-
Education	162,599	2	162,601
Health and social security	59,523	833	60,356
Other activities and collective, social and personal services	14,111	756	14,867
	5,658,571	526,453	6,185,024
Retail			
Housing	7,154,965	64,706	7,219,672
Other purposes	3,166,503	233,994	3,400,497
	10,321,468	298,701	10,620,169
	16,079,798	825,153	16,904,952

*The balances shown under maturing loans do not include accrued interest

	2021		
	Outstanding loans*	Overdue loans	Total
Public Administrative Sector			
	238 748	-	238 748
Companies	238 748	-	238 748
Agriculture, livestock farming, hunting and forestry			
Fishing	20 295	-	20 295
Mining and quarrying industries	4 251	78	4 329
Mining and quarrying industries except for energy prod.	-	-	-
Manufacturing industries	-	-	-
Food, beverage and tobacco industries	376 209	9 743	385 952
Textile industry	253 714	434	254 148
	15 357	114	15 470
Wood, cork and related products industries	-	-	-
Paper pulp, cardboard, and publishing and printing industries	-	-	-
Manufacturing of chemicals and synthetic or artificial fibers	26 567	-	26 567
Manufacturing of basic metals and metal products	13 868	-	13 868
Manufacturing of machinery and equipment	-	-	-
Furniture and mattress manufacture	51 129	9 195	60 323
Other manufacturing industries	15 575	-	15 575
Production and distribution of electricity, water and gas	66 001	19	66 019
Construction	574 248	195 797	770 045
Wholesale/retail trade, repair of cars, motorbikes, and personal and housel	723 016	9 286	732 302
Transport, storage and communications	398 817	36 643	435 460
Accommodation and catering (restaurants and other)	1 152 093	39 121	1 191 214
Information and communication activities	421 052	928	421 980
Real estate activities, rentals and service provision companies	1 657 830	211 923	1 869 753
Real estate activities	666 812	189 933	856 745
Other activities	991 018	21 989	1 013 007
Public administration, defence, and compulsory social security	-	-	-
Education	169 963	3	169 966
Health and social security	57 938	-	57 938
Other activities and collective, social and personal services	19 089	207	19 296
	5 640 800	503 748	6 144 548
Retail			
Housing	6 096 294	49 563	6 145 857
Other purposes	3 036 869	290 171	3 327 039
	9 133 163	339 733	9 472 896
	15 012 711	843 481	15 856 192

As at 31 December 2022 and 31 December 2021, loans and advances to customers, excluding 'Other loans and receivables - securitised', associated accrued interest and fees and other deferred income, had the following structure by sectors of activity:

Breakdown of exposures and impairment by segment

Segment	Total exposure	Exposure with low credit risk	of which recovered	of which restructured		Exposure with significant increase in credit risk	of which restructured		Impaired exposure	of which restructured	Total impairment	Exposures with low credit risk	Exposure with significant increase in risk	Impaired exposure
Companies (exc. Const and CRE)	4,609,234	3,433,680	0	15,057		993,409	37,808		182,145	25,648	180,088	48,937	83,318	47,834
Construction and CRE	1,592,562	672,238	0	0		571,529	46,469		348,794	14,835	242,829	6,075	70,562	166,192
Housing	7,623,319	7,208,561	0	13,170		307,350	39,679		107,408	23,750	32,699	9,135	7,133	16,431
Consumption and other ind.	3,017,124	2,470,626	0	8,138		281,330	94,109		265,169	76,139	145,054	29,494	25,726	89,834
Sec. Loans	5,097,240	5,097,240		0		0	0		0	0	48,786	48,786	0	0
Total	**21,939,479**	**18,882,346**	**0**	**36,365**	**0**	**2,153,618**	**218,066**	**0**	**903,515**	**140,372**	**649,455**	**142,426**	**186,738**	**320,290**

Segment	Total Exposure 31.12.2022	Delay < 90 days		Subtotal	Delay <=90* days	Delay > 90 days	Total Impairment 31.12.2022	Delay < 30 days	Delay between 30-90 days	Delay <=90* days	Delay > 90 days
		Low credit risk	Significant increase in credit risk								
Companies (exc. Const and CRE)	4,609,234	3,433,680	993,405	182,149	60,308	121,841 0	180,088 0	138,580	0	355	41,152
Construction and CRE	1,592,562	672,238	571,528	348,796	29,738	319,058 0	242,829 0	72,416	0	15,737	154,675
Housing	7,623,319	7,208,561	307,350	107,408	44,218	63,189 0	32,699 0	23,056	0	507	9,136
Consumption and other ind.	3,017,124	2,470,626	277,312	269,187	58,801	210,386 0	145,054 0	68,471	0	4,737	71,845
Sec. Loans	5,097,240	5,097,240	0	0	0	0	48,786	48,786	0	0	0
Total	**21,939,479** 0	**18,882,346** 0	**2,149,594** 0	**907,539** 0	**193,065** 0	**714,474** 0	**649,455** 0	**351,309** 0	**0** 0	**21,337** 0	**276,808**

Breakdown of the gross credit exposure and individual and collective impairment by segment

Segment	Sec. Loans		Companies (exc. Const and CRE)			Construction and CRE		Housing		Consumption and other ind.		Total	
	Exposure	Impairment	Exposure	Impairment		Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Assessment													
Individual	0	0	1,882,300	99,457	0	986,842	228,077	45,942	8,531	260,408	70,169	3,175,493	406,234
Collective	5,097,240	48,786	2,726,934	80,631	0	605,720	14,752	7,577,376	24,167	2,756,717	74,885	18,763,987	243,221
Total	**5,097,240**	**48,786**	**4,609,234**	**180,088**	**0**	**1,592,562**	**242,829**	**7,623,319**	**32,699**	**3,017,124**	**145,054**	**21,939,479**	**649,455**

The entire exposure to the 'Securitised Credit' segment is subject to collective assessment, based on the parent risk (securities issued by the State of Cape Verde or with the Cape Verde State Guarantee), which corresponds to an impairment of 48,786,000 Cve.

Breakdown of the gross credit exposure and individual and collective impairment by sector - excludes exposure of individuals

Assessment	G-Wholesale and retail trade		F-Construction		R-Artistic activities, performances, and recreational activities		I-Hotel and restaurant businesses		Q-Human health and social activities		C-Manufacturing industries		P-Education		H-Transports and storage	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Individual	182 436	13 589	424 908	122 005	0	0	765 645	73 820	0	0	100 610	662	137 670	452	1 648	543
Collective	635 144	17 766	356 437	10 655	13 902	367	565 248	12 852	60 267	1 601	301 852	12 962	69 728	1 172	440 838	20 192
Total	**817 580**	**31 355**	**781 345**	**132 660**	**13 902**	**367**	**1 330 893**	**86 672**	**60 267**	**1 601**	**402 463**	**13 624**	**207 397**	**1 624**	**442 486**	**20 735**

Assessment	H-Transports and storage		A-Agriculture, forestry and fishing		J-Information and communication		E-Water supply		L-Real estate activities		O-Public administration and defence, compulsory social security		S-Other services		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Individual	1,648	543	0	0	214,904	5,431	0	0	561,934	106,072	0	0	529,277	5,020	2,919,033	327,594
Collective	440,838	20,192	70,126	2,075	110,592	2,852	54,245	1,018	202,684	2,237	40,733	443	438,035	9,627	3,359,832	95,818
Total	**442,486**	**20,735**	**70,126**	**2,075**	**325,496**	**8,283**	**54,245**	**1,018**	**764,618**	**108,309**	**40,733**	**443**	**967,312**	**14,647**	**6,278,865**	**423,412**

Breakdown of the loan portfolio by segment and year of production

Year of production	Companies (exc. Const and CRE)			Construction and CRE			Housing			Consumption and other ind.			Total	
	Number of transactions	Amount	Impairment Recognised	Number of transactions	Amount	Impairment Recognised	Number of transactions	Amount	Impairment Recognised	Number of transactions	Amount	Impairment Recognised	Amount	Impairment Recognised
2009 and earlie	78 0	34,172	364	20	81,819	32,070	80	300,297	209	361	63,805	1,181	480,093	33,824
2010	15 1	18,539	53	4	364	0	24	109,782	1,535	72	5,475	63	134,160	1,652
2011	13 2	164,658	19,553	1	80,963	98	33	116,149	884	36	33,468	505	395,239	21,040
2012	7 3	5,999	19	1	1	0	25	94,235	1,641	36	16,414	23	116,649	1,682
2013	15 4	29,981	1,003	2	101	101	26	118,017	5,497	78	7,423	327	155,521	6,928
2014	15 5	171,790	1,605	6	10,404	486	35	178,946	544	45	13,735	149	374,875	2,784
2015	35 6	263,290	567	10	34,998	128	31	162,821	213	99	118,087	29,886	579,196	30,794
2016	71 7	1,546,141	19,791	19	248,388	59,220	38	192,495	165	118	104,677	5,852	2,091,700	85,029
2017	86 8	1,118,817	20,674	16	92,219	39,775	92	449,665	3,862	251	116,960	20,149	1,777,661	84,460
2018	104 9	1,151,724	22,896	15	194,925	43,703	137	778,457	3,777	370	157,890	5,002	2,282,995	75,378
2019	177 #	1,154,876	36,191	30	118,150	20,190	208	1,320,246	5,654	1,044	343,012	12,767	2,936,282	74,802
2020	150 #	1,419,633	45,392	25	188,322	5,357	140	866,803	1,165	493	369,051	16,320	2,843,808	68,235
2021	208 #	875,971	30,182	49	196,455	25,470	214	1,463,395	3,315	2,411	720,528	23,548	3,256,349	82,514
2022	404 #	1,745,276	30,569	78	351,063	16,242	218	1,472,011	4,238	2,072	946,600	29,283	4,514,950	80,332
Total	**1,378**	**9,700,867**	**228,861**	**276**	**1,598,169**	**242,841**	**1,301**	**7,623,319**	**32,699**	**7,486**	**3,017,124**	**145,054**	**21,939,479**	**649,455**

Breakdown of the restructured loan portfolio by restructuring measure applied

	31.12.2022											
	Exposure with low credit risk			Exposure with significant increase in risk			Impaired exposures			Total		
Measure	Number of transactions	Exposure	Impairment	Number of Transactions	Exposure	Impairment	Number of Transactions	Exposure	Impairment	Number of Transactions	Exposure	Impairment
Term extension	16	36,365	328	84	218,066	16,094 0	58	140,372	46,094	158	394,803	62,516
Grace period	0	0	0	0	0	0	0	0	0	0	0	0
Interest rate reduction	0	0	0	0	0	0	0	0	0	0	0	0
Total	**16**	**36,365**	**328**	**84**	**218,066**	**16,094**	**58**	**140,372**	**46,094**	**158**	**394,803**	**62,516**

Inflows and outflows in the restructured loan portfolio

	31.12.2022	31.12.2021 :
Opening balance of the restructured loan portfolio (gross of impairme	323,852	251,750
Loans restructured in the period	231,315	241,491
Accrued interest on the restructured portfolio	1,156	397
Settlement of restructured loans (partial or total)	-25,628	-123,332
Credits reclassified from restructured to 'normal'	-135,893	-46,056
Other		
Closing balance of the restructured loan portfolio (gross of impairmer	**394,803**	**323,852**

Breakdown of the Fair value of collateral underlying the Loan portfolio, of the Corporate, Construction, Housing segments

31/12/2022

ir Value	Companies (exc. Const and CRE)				Construction and CRE				Housing				TOTAL			
	Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
5 MCVE	0	0	218	1,098,470	0	0	39	412,580	0	0	290	1,882,456	0	0	547	3,39
0.5 MCVE and < 1 MCVE	0	0	145	56,205	0	0	18	4,733	2	1,426	1	2,620	0	1,426	164	6
1 MCVE and < 5 MCVE	21	41,991	333	426,376	8	8,501	34	34,782	282	847,541	5	7,329	29	898,033	372	46
5 MCVE and < 10 MCVE	35	112,581	56	204,930	10	30,957	7	25,540	479	2,533,772	1	5,251	45	2,677,310	64	23
10 MCVE and < 20 MCVE	44	276,448	26	150,456	10	93,372	5	17,690	196	1,722,735	1	3,205	54	2,092,555	32	17
20 MCVE and < 50 MCVE	46	688,383	10	29,745	13	179,789	1	19,794	42	614,512	0	0	59	1,482,684	11	4
50 MCVE	17	939,021	7	399,002	20	689,134	2	68,131	0	0	0	0	37	1,628,156	9	46
tal	**163**	**2,058,424**	**795**	**2,365,185**	**61**	**1,001,752**	**106**	**583,250**	**1,001**	**5,719,986**	**298**	**1,900,862**	**224**	**8,780,163**	**1,199**	**4,84**

Hedging Ratio by guarantee of operations in the Corporate (exc. Const. and CRE), Construction, CRE and OAR and Housing segments

		Segment / Ratio	Number of properties	Exposures with low credit risk	Exposures with significant increase in credit risk	Impaired exposures	Impairment	Exposure	Impairment
		Companies (exc. Const and C							
No associated collateral		No associated collateral	338	95,626	66,805	23,193	8,114	185,625	8,114
	1	>= 150%	372	1,093,420	327,862	99,603	60,157	1,520,893	60,157
	2	<= 150% and > 125%	104	605,879	20,740	5,547	13,743	632,167	13,743
	3	<= 125% and > 100%	233	937,107	126,320	39,325	40,618	1,102,752	40,618
	4	< 100%	294	701,639	451,682	14,476	57,456	1,167,797	57,456
		Construction and CRE							
No associated collateral		No associated collateral	94	1,341	4,313	1,906	1,110	7,560	1,110
	1	>= 150%	59	331,691	271,482	21,403	40,248	624,576	40,248
	2	<= 150% and > 125%	11	57,984	1,829	79,811	32,686	139,624	32,686
	3	<= 125% and > 100%	36	198,701	293,905	143,696	144,209	636,302	144,209
	4	< 100%	74	82,522	0	101,978	24,576	184,500	24,576
For house purchase		**Housing**							
No associated collateral		No associated collateral	2	2,471	0	0	12	2,471	12
	1	>= 150%	352	1,154,024	63,920	22,896	4,218	1,240,848	4,218
	2	<= 150% and > 125%	130	732,914	26,983	7,635	1,237	767,531	1,237
	3	<= 125% and > 100%	772	5,067,219	175,110	67,186	24,544	5,309,514	24,544
	4	< 100%	45	251,934	41,329	9,692	2,687	302,954	2,687
		TOTAL	2,916	11,314,480	1,872,288	638,347	455,615	13,825,115	455,615

8. INVESTMENT PROPERTIES

In 2022, 3 properties were reclassified from Adjudication/Payment in Kind to investment properties, due to a change in the Bank's strategy regarding their use, for which lease contracts were signed.

	Transfer Other Assets - Property in kind			Balances as at 31-12-2022
	Gross value	Expenses	Impairment losses	Gross Value*
Urban Property - Praia**	32,211	1,628	-	33,839
Commercial space (on the left ground floor of a 4-storey building, with fração (unit) A having a covered area of 146.58 m2)**	16,447	31	(3,320)	13,158
Car park on the left ground floor of a 4-storey building, fração (unit) E, one parking space, with area of 72.40 m2. **	2,534	5	(512)	2,027
	51,192	1,663	(3,831)	49,024

*Property transferred at net book value on the date of transfer

As at 31 December 2022, the properties classified as investment properties by the Bank are recorded at cost, with no depreciation value, considering that the transfer of other assets took place at the end of 2022 (at net book value on the date of transfer). The impairments recorded during the year for these properties are detailed in note 17.

9. OTHER TANGIBLE ASSETS

Changes in 'Other tangible assets' as at 31 December 2022 and 2021 were as follows:

	2022										
	Opening Balance			Write-offs			Impairment losses	Amort Settle-ment	Closing Balance		
Description	Gross balance	Accumulated mpairment and Depreciation	Additions	Gross Value	Impairment and Depreciation	Transfer Between assets	Impairment and for the year		Gross balance	Impairment an Impairment an Depreciation	Net value as at 31/12/2022
Properties for own use											
Land	14,357	-	-	-		-	-		14,357	-	14,357
Buildings	243,630	(83,577)	546	-		-	(5,487)		244,175	(89,064)	155,112
Other	11,456	(4,247)	-	-		-	(1,146)		11,456	(5,393)	6,063
Construction works in leased propertie	237,675	(232,172)	193	-		-	(2,005)		237,868	(234,177)	3,691
	507,119	(319,997)	739	-		-	(8,638)		507,857	(328,634)	179,223
Equipment											
Furniture and material	58,593	(50,707)	54	-		-	(1,704)	-	58,647	(52,411)	6,236
Machinery and tools	33,890	(29,815)	1,128	-		-	(1,689)	-	35,018	(31,503)	3,515
Computer equipment	349,760	(332,615)	6,686	(29,307)	29,307	1,823	(8,816)	701	328,962	(311,423)	17,540
Indoor facilities	15,880	(14,651)	60	(2,985)	2,985	-	(386)	-	12,955	(12,053)	902
Transport material	87,546	(51,151)	8,437	(8,765)	8,311	-	(7,165)	-	87,219	(50,004)	37,214
Security equipment	25,290	(22,956)	587	-	-	-	(729)	-	25,876	(23,685)	2,191
Other equipment	63,831	(55,828)	297	-	-	-	(2,173)	-	64,127	(58,001)	6,126
Other tangible assets	157	(157)	-	-	-	-	-		157	(157)	-
	634,946	(557,879)	17,248	(41,056)	40,602	1,823	(22,661)	701	612,961	(539,237)	73,725
Properties	57,586	(31,800)	24,836	(6,813)	6,813		(15,895)	-	75,609	(40,842)	34,766
Assets under Financial Lease*	57,586	(31,800)	24,836	(6,813)	6,813		(15,895)		75,609	(40,842)	34,766
Tangible assets in progress		-									
Expenses in leased buildings	-	-	-	-	-	-	-	-	-	-	-
For own use	24,394	-	464,641	-		-	-	-	489,035	-	489,035
Equipment	2,988	-	8,089		-	(1,823)	-	-	9,253	-	9,253
Assets	-	-	33,055					-	33,055	-	33,055
	27,382	-	505,785	-	-	(1,823)	-		531,344	-	531,344
	1,227,033	(909,675)	548,608	(47,869)	47,415	-	(47,154)	701	1,727,771	(908,713)	819,058

The changes in tangible assets are due to the acquisition of the head office building, including remodelling work; new equipment and furniture.

Similarly, the variations in financial leases are due to the lease of a new space for the Boa Vista branch.

Finally, and by the amendment of the contractual clauses (monthly renewal, replacing annual renewal) with an impact (exclusion) on the total number of properties included in this topic.

In 2022, various obsolete pieces of IT equipment were written off and three fully amortised vehicles were sold.

	2021													
	Opening Balance						Write-offs			Impairment reversal	Closing Balance			
Description	Gross balance	Accumulated Impairment and Depreciation	Impairment	Amort Settle-ment Assets	Amort Settle-ment -	Additions	Gross Value	Impairment and Depreciation	Transfer Between asset	Impairment and for the year	Gross balance	Accumulated Impairment and Depreciation	Impairment	Net value as at 31/12/2020
Properties for own use														
Land	14,257	-				-	-		-	-	14,257	-		14,257
Buildings	243,630	(57,935)	-			-	-		-	(5,470)	243,630	(63,405)	-	180,225
Other	11,456	(3,102)				-	-		-	(1,144)	11,456	(4,247)		7,209
Construction works in leased properties	237,675	(230,174)				-	-		-	(1,998)	237,675	(232,172)		5,503
	507,018	(291,210)	-	-		-	-		-	(8,616)	507,018	(299,825)	-	207,294
Equipment														
Furniture and material	58,281	(48,504)				311	-		-	(2,200)	58,593	(50,707)		7,886
Machinery and tools	32,056	(27,968)				1,034	-		-	(1,958)	33,090	(29,015)		4,075
Computer equipment	345,920	(318,915)				2,585	-		1,295	(13,706)	349,760	(332,615)		17,145
Indoor facilities	15,751	(16,281)				129	-		-	(370)	15,880	(16,651)		1,229
Transport material	75,993	(50,172)				16,840	(5,265)	5,188	-	(6,166)	87,546	(51,151)		36,396
Security equipment	25,290	(21,418)				-	-		-	(1,545)	25,290	(22,956)		2,334
Other equipment	62,590	(53,692)				1,240	-		-	(2,136)	63,831	(55,828)		8,003
Other tangible assets	157	(157)				-	-		-	-	157	(157)		-
	616,838	(535,052)	-	-		22,080	(5,265)	5,188	1,295	(27,975)	634,946	(557,879)	-	77,068
Properties	76,294	(52,529)		2,194	11,445	6,013	(27,625)	27,625		(18,349)	57,506	(31,008)		25,785
Assets under Financial Lease*	76,294	(52,529)	-	2,194	11,445	8,525	(27,625)	27,625		(18,349)	57,506	(31,008)	-	25,785
Tangible assets in progress		(20,172)									-	(20,172)		(20,172)
For own use	-	-				-	-	-	-	-	-	-		-
Expenses in leased buildings	988	-				23,406	-		-	-	24,394	-		24,394
Equipment	3,294					979		-	(1,295)	-	2,988	-		2,988
	4,282	(20,172)	-	-		24,485	-	-	(1,295)	-	27,382	(20,172)		7,210
	1,204,263	(899,003)	-	2,194	11,445	55,078	(32,890)	5,188	-	(54,930)	1,227,033	(909,675)	-	317,357

10. INTANGIBLE ASSETS

The movement in 'Intangible Assets' on 31 December 2021 and 31 December 2022 was as follows:

	Balances as at 31-12-2021				Balances as at 31-12-2022		
Description	Value value	Accumulated depreciation	Additions	Depreciation for the year	Gross value	Accumulated depreciation	Value Value
Software	269,613	(147,861)	28,774	(19,151)	298,387	(167,011)	131,375

Of the total intangible assets line item, the amount of 96,522,000 CVE in 2022 (and 93,496,000 CVE in 2021) was in progress at the balance sheet date.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2022 and 31 December 2021, this line item is broken down as follows:

			2022				
Entity	% holding	Acquisition cost	Balance sheet balance sheet	Date	Net assets	Profit / (Loss)	Equity Own
SISP - Sociedade Interbancária e Sistema de Pagamentos, S.A.R.L.	10%	10,000	126,004	31-08-2022(*)	1,764,376	175,875	1,260,038
			126,004				

(*) Provisional financial statements August 2022

			2021				
Entity	% holding	Acquisition cost	Balance sheet balance sheet	Date	Net assets	Profit / (Loss)	Equity Own
SISP - Sociedade Interbancária e Sistema de Pagamentos, S.A.R.L.	10%	10,000	118,588	31-12-2021 (*)	1,721,010	201,521	1,185,880
			118,588				

(*) Provisional Financial Statements December 2021

SISP - Sociedade Interbancária e Sistema de Pagamentos, S.A.R.L.

Bearing in mind that the Bank is part of SISP's management body, which, in the opinion of the Board of Directors, gives it significant influence over the institution's activity, the Bank has classified its holding in SISP as an Investment in Associates under IAS 28, despite the fact that this holding is only 10%.

	SISP
Balance as at 31 December 2020	96,948
Income from Associates	21,640
Dividends received	-
Balance as at 31 December 2021	118,588
Income from Associates	17,396
Dividends received	(9,980)
Balance as at 31 December 2022	126,004

12. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2022, the Bank is subject to Corporate Income Tax (IRPC Code) at a rate of 22%, and also to a fire tax of 2% on the calculated tax, which corresponds to an aggregate tax rate of 22.44%. We should note that the tax rate was changed in 2019, and decreased from 25% to 22%, in accordance with the State Budget Law.

The balances of income tax assets and liabilities as at 31 December 2022 and 31 December 2021 were as follows:

	dec/22	dec/21
Current tax assets		
. Payments on account and withholding taxes	2,497	6,252
Deferred tax assets		
. For temporary differences	-	-
Current tax liabilities		
. Current Taxas	9,905	28,057
Deferred tax liabilities		
. For temporary differences	30,307	30,099

The change in current tax assets corresponds to the fractional tax payments and the settlement of the 2021 autonomous taxation, paid in 2022.

The amount relating to current tax liabilities relates to taxes for FY 2022.

Changes in deferred taxes in 2022 and 2021 correspond to the calculation of the fair value of Financial Assets at Fair Value through other Comprehensive Income, using the aggregate tax rate of 22.44% in each of those years, respectively.

Taxable income is determined based on the income for the year before tax, adjusted by any costs and revenues that should not be considered for tax purposes, to which a rate of 22.44% is applied.

According to Article 59 of the IRPC Code, tax losses are reportable for a period of 7 years after they occur and may be deducted from taxable profits generated during that period, although subject to a maximum deduction of 50% of the income for the corresponding financial year.

	dez/22	dez/21
Income before taxes	317 727	315 929
To add	**22 672**	**57 748**
+ Corrections relating to previous tax periods (Art. 23(2) CIRPC)	6 229	
Depreciation and amortisation outside the terms provided for in the CIRPC		
Impairment losses - not accepted by insurance companies or banking institutions or exceeding legal limits	0	42 486
Sickness and personal accident insurance premiums, insurance costs	839	739
Single property tax, except properties whose purchase and sale are part of the real estate business	572	572
Increase of 30% of total expenses with light passenger vehicles	4 395	4 182
50% of costs with representation expenses	482	129
Corrections in cases of tax credits and withholding tax (Art. 69, 91 and 93 CIRPC)	10 155	9 641
Deductible	**299 228**	**250 776**
Annulment of the effects of the equity method	17 396	21 640
Reversal of impairment losses taxed in previous periods (Art. 29(1)(d), 39, 40, 41 and 42 CIRPC)	42 486	25 242
Accounting capital gains		781
Depreciation and amortisation taxed in previous periods	0	0
Tax benefits	3 198	2 440
Dividends	39 875	21 402
Interest on Bonds Issued by Stock Exchange Companies	196 273	179 271
Tax profit/loss	**41 170**	**122 901**
Use of Tax Loss	**0**	0
Applicable rate	22.0%	22.0%
Actual Rate	**3.12%**	**8.88%**
Tax for the financial year	9 058	27 038
Autonomous taxation	667	478
Fire Tax	181	541
	9 906	28 057
Deferred Tax		5 091

Under the General Tax Code, the tax authorities are entitled to review the Bank's tax status for a period of five years, which, due to different interpretations of tax legislation, may result in possible corrections to taxable income. In the opinion of the Bank's Board of Directors, it is not expected that any correction will be significant for the Bank's financial statements as at 31 December 2022.

The variation in Deferred Tax Liabilities is justified by the variation in the fair value calculation of the stakes that BI holds with Visa International.

13. OTHER ASSETS

This line item is broken down as follows:

	dez/22	dez/21
Debtors and other investments		
. Bonuses receivable from the State of Cape Verde	6,788	5,315
. Amounts receivable from the Group	-	-
. Other	38,384	38,995
Other assets		
. Artistic assets	2,086	2,086
Income receivable		
. Other	2,599	21,068
Deferred expenses		
. Other administrative costs	33,753	22,049
Other regularisation accounts		
. Cheques in transit		
. Other	4,251	15,346
Clearing - Sisp	16,348	
Clearing - Interbank		
Office Supplies	1,004	1,002
Disposal of properties yet to be regularised	62,000	
Cash/ATM failures	641	5,309
	167,855	111,170
Impairment of other assets (Note 17)	(6,873)	(11,713)
	160,982	99,457
Property Received in Pending Adjudication	66,622	
Impairment of Property Received in Pending Adjudication (Note 17)	(30,930)	
	35,693	-
Assets acquired in own credit recovery	967,258	1,397,751
Impairment of Assets acquired in own credit recovery (Note 17)	(47,840)	(158,643)
	919,418	1,239,108
	1,116,093	1,338,565

The balance under the line item 'Other debtors and other applications' relates, in part, to the amount receivable from BCA in respect of the contribution to expenses related to the acquisition of properties in kind under syndicated loans.

The balance of 62 million CVE recognised under 'Disposal of real estate pending settlement' corresponds to an amount pending settlement in the context of the sale of a real estate asset, the payment for which took place at the beginning of 2023.

The balance of 66,622,000 CVE under the heading 'Properties Received in Adjudication Pending Resolution' relates to three properties that are not yet in a situation where they can be sold. Impairments totalling 30.93 million CVE are associated with these properties.

As at 31 December 2022, the line item 'Assets acquired in recovery of own credit' showed a balance of 967,258,000 CVE and total impairment of 47,840,000 CVE The variation over the year was essentially due to:

- the sale of three properties;
- the reclassification of three properties to Investment Property, as shown in note 8. They were transferred at their net impairment value.
- three properties reclassified to the item 'Properties Received in Pending Adjudication' as they are not yet in a situation where they can be sold immediately.

- three properties recovered with a total value of 26,410,000 CVE, by means of an Adjudication. It is worth highlighting the internal application by BI, since 2020, of CGD's Accounting Policy for Initial Recognition of Properties Received as Loan Repayment, which came into force in October 2019, requiring the initial recognition of properties received as loan repayment to be measured by the lower of the bid value and the balance sheet value, net of impairment, of the loan(s) subject to recovery directly associated with them.

The line item Assets acquired through own credit recovery is broken down as follows:

	2022														
	Balances as at 31-12-2021						Impairment for the period		Transfers Period			Impairment	Balances as at 31-12-2022		
	Gross value	Accumulated	Net	Recoveries	Disposals	Other Expenses	Set-up	Impairment	Gross Value	Impairment	Use Impairment	Impairment (Note 17)	Gross value	Accumulated	Net
Palha Sé Plot															
House in Santa Maria Sal*	24 920	(9 454)	15 466	-	-	250	-	-	(25 170)	9 454	-	-	-	-	-
Palha Sé Plot	22 671	(9 935)	12 736	-	-	66	(3 022)	-	-		-	(3 022)	22 737	(12 958)	9 779
House in Praia*	15 808	(13 943)	1 865	-	-	50	-	-	(15 858)	13 943	-	-	-	-	-
Palmarejo Plot	257 188	(55 501)	201 687	-	(261 592)	7 217	(15 933)	5 675	-		65 042	(10 257)	2 813	(717)	2 096
House - São Vicente	19 487	(10 483)	9 004	-	-	62	-	-	-		-	-	19 550	(10 483)	9 067
Urban Property - Praia-Terra Branca*	10 876	(575)	10 301	-	-	719	-	-	(11 595)	575	-	-	-	-	-
Plot - Praia - Tira Chapeu Industrial	3 092	(1 493)	1 599	-	(3 092)	-	-	225	-		1 268	225	-	-	-
Plot - Praia - Cidadela	110 027	(48 361)	61 665	-	(110 090)	63	-	270	-		48 091	270	(0)	0	0
Semi-finished Property - Santa Maria	201 343	(4 659)	196 684	-	-	8 077	(8 067)	-	-		-	(8 067)	209 420	(12 726)	196 694
Urban Property - Praia**	32 211	-	32 211	-	-	1 628			(33 839)	-	-	-	-	-	-
Achada Grande Frente Building - Praia	90 914	-	90 914	-	-	2 008	(5 925)	-	-		-	(5 925)	92 922	(5 925)	86 997
Plot in Boavista Lacacamo	254 498	-	254 498	-	-	1 361			-		-	-	255 859	-	255 859
Urban Property in Maio - Morro	21 674	-	21 674	-	-	21			-		-	-	21 695	-	21 695
Tourist building - Praia de Chaves - Boavista	179 355	-	179 355	-	-	1 163			-		-	-	180 517	-	180 517
Commercial space (on the left ground floor of a 4-storey building, with fração (unit) A having a covered area of 146.58 m2)**	16 447	-	16 447	-	-	31	(3 320)		(16 478)	3 320	-	(3 320)	-	-	-
Car park on the left ground floor of a 4-storey building, fração (unit) E, one parking space, with area of 72.40 m2. **	2 534	-	2 534	-	-	5	(512)		(2 539)	512	-	(512)	-	-	-
Urban Property - Praia - Palmarejo	-	-	-	15 192	-	-	(792)	-	-		-	(792)	15 192	(792)	14 400
Urban Property - Praia - Achada São Felipe	-	-	-	6 556	-	-			-		-	-	6 556	-	6 556
Urban Property - Praia Cabral - Boavista	-	-	-	4 662	-	-			-		-	-	4 662	-	4 662
Various Office Equipment	20 860	-	20 860	-	-	-			-		-	-	20 860	-	20 860
	1 397 751	(158 644)	1 239 107	26 410	(374 774)	23 349	(37 570)	6 170	(105 478)	27 803	114 401	(31 400)	967 258	(47 840)	919 418

*Properties Reclassified Received in Pending Adjudication (see table below)

**Property reclassified to investment property - details in Note 8

	2021										
	Balance as at 31-12-2020						Use	Impairment reversal	Balances as at 31-12-2021		
	Gross value	Accumulated	Net	Recoveries	Disposals	Other	Impairment	(Note 17)	Gross value	Accumulated	Net
Palha Sé Plot	113,257	(4,016)	109,240	-	-	588		(223)	113,845	(4,240)	109,605
House in Santa Maria Sal	23,671	(8,244)	15,427	-	-	1,249		(1,210)	24,920	(9,454)	15,466
Palha Sé Plot	22,578	(9,528)	13,050	-	-	93		(408)	22,671	(9,935)	12,736
House in Praia	15,744	(13,861)	1,883	-	-	64		(82)	15,808	(13,943)	1,865
House in Chã de Monte Sossego	9,449	(4,649)	4,800	-	9,449	-	4,497	151	0	-	-
Palmarejo Plot	256,001	(55,501)	200,500	-	-	1,187		-	257,188	(55,501)	201,687
House - São Vicente	19,408	(10,482)	8,926	-	-	79		-	19,487	(10,482)	9,005
Urban Property - Praia - Terra Branca	10,819	(30)	10,789	-	-	57		(545)	10,876	(575)	10,301
Plot - Praia - Tira Chapeu Industrial	3,071	(1,384)	1,688	-	-	21		(109)	3,092	(1,493)	1,599
Plot - Praia - Cidadela	108,194	(47,445)	60,749	-	-	1,833		(916)	110,027	(48,361)	61,665
Semi-finished Property - Santa Maria	201,343	(3,743)	197,600	-	-	-		(916)	201,343	(4,659)	196,684
Urban Property - Praia	32,211	-	32,211	-	-	-		-	32,211	-	32,211
Achada Grande Frente Building - Praia	90,553	-	90,553	-	-	361		-	90,914	-	90,914
Plot in Boavista Lacacamo	254,401	-	254,401	-	-	97		-	254,498	-	254,498
Urban Property in Maio - Morro	21,651	-	21,651	-	-	23		-	21,674	-	21,674
Tourist building - Praia de Chaves - Boavista	-	-	-	179,355	-	-		-	179,355	-	179,355
Commercial space (on the left ground floor of a 4-storey b	-	-	-	16,447	-	-		-	16,447	-	16,447
Car park on the left ground floor of a 4-storey building, uni	-	-	-	2,534	-	-		-	2,534	-	2,534
Various Office Equipment	-	-	-	20,860	-	-		-	20,860	-	20,860
	1,182,352	(158,883)	1,023,469	219,196	9,449	5,652	4,497	(4,258)	1,397,751	(158,644)	1,239,107

Property reclassified to Property Received in Adjudication Pending Resolution:

	Transfer Other Assets - Property in kind				Balances as at 31-12-2022		
	Gross value	Other Expenses	Impairment losses (Note 17)	Impairment losses (Note 17)	Gross value	Accumulated	Net
House in Praia	15,808	50	(13,943)	-	15,858	(13,943)	1,915
Urban Property - Praia - Terra Branca	10,876	719	(575)	(2,312)	11,595	(2,887)	8,708
House in Ilha do Sal	-	-	-	-	14,000	-	14,000
House in Santa Maria Sal	24,920	250	(9,454)	(4,646)	25,170	(14,100)	11,070
	51,604	1,019	(23,971)	(6,958)	66,623	(30,930)	35,693

Breakdown of the fair value and net book value of properties received as payment in kind or by foreclosure, by type of asset and by seniority.

		31/12/2022		
Assets	Number of properties	Gross Value	Impairment	Net book value
Land	**6**	**417,579**	**17,914**	**399,665**
Urban	6	417,579	17,914	399,665
Rural	0	0	0	0
Buildings under development	**2**	**302,342**	**18,651**	**283,691**
Commercial	0	0	0	0
Housing	1	209,420	12,726	196,694
Other	1	92,922	5,925	86,997
Finished buildings	**5**	**226,477**	**11,275**	**215,202**
Commercial	2	19,854	792	19,062
Housing	**2**	26,106	10,483	15,623
Other	1	180,517	0	180,517
Total	13	946,398	47,840	898,557

Assets	No. of Equipment	Gross Value	Impairment	Net book value
Other Equipment	67	20,860	0	20,860

		31/12/2021		
Assets	Number of properties	Gross Value	Impairment	Net book value
Land	**9**	**782,995**	**119,530**	**663,465**
Urban	9	782,995	119,530	663,465
Buildings under development	**2**	**212,219**	**5,234**	**206,985**
Residential	2	212,219	5,234	206,985
Finished buildings	**8**	**381,676**	**33,880**	**347,796**
Residential/Commerce	8	381,676	33,880	347,796
Total	19	1,376,890	158,644	1,218,246

Assets	No. of Equipment	Gross Value	Impairment	Net book value
Other Equipment		**20,860**	**0**	**20,860**

Details of the net book value of properties received as payment in kind or foreclosure, by type of asset and by age on the balance sheet.

31/12/2022

Time elapsed since the Payment in Kind/Foreclc	< 1 Year	=> 1 Year and <= 2.5 Years	=> 2.5 Years and <= 5 Years	>= 5 years	Total
Land	**0**	**277,553**	**0**	**122,111**	**399,665**
Urban	0	277,553	0	122,111	399,665
Rural	0		0		0
Buildings under development	**0**	**86,997**	**196,694**	**0**	**283,691**
Commercial	0	0	0	0	0
Housing	0	0	196,694	0	196,694
Other	0	86,997	0	0	86,997
Finished buildings	**25,618**	**180,517**	**0**	**9,067**	**215,202**
Commercial	19,062	0	0	0	19,062
Housing	6,556	0	0	9,067	15,623
Other	0	180,517	0	0	180,517
Other	0	0	0	0	0
Total	25,618	545,068	196,694	131,178	898,557

Time elapsed since the Payment in Kind/Foreclc	< 1 Year	=> 1 Year and <= 2.5 Years	=> 2.5 Years and <= 5 Years	>= 5 years	Total
	0	**20,860**	**0**	**0**	**20,860**
Equipment	0	20,860	0	0	20,860

31/12/2021

Time elapsed since the Payment in Kind/Foreclc	< 1 Year	=> 1 Year and <= 2.5 Years	=> 2.5 Years and <= 5 Years	>= 5 years	Total
Land	0	389,291	0	393,704	761,321
Urban		389,291		393,704	761,321
Buildings under development	0	201,343	10,876	0	10,876
Housing	0	0	10,876	0	10,876
Commercial		201,343			
Finished buildings	198,336	123,125	19,487	40,728	602,159
Commercial	195,802	90,914	0	0	0
Housing	2,534	0	19,487	40,728	602,159
Total	221,730	713,759	30,364	434,432	1,397,751

14. RESOURCES FROM OTHER FINANCIAL INSTITUTIONS

This line item is broken down as follows:

	Value	
	dec/22	dec/21
Funds from domestic credit institutions	67,952	157,405
Resources of insurance companies	190,770	69,663
Other	-	-
	258,722	227,068
Funds from foreign credit institutions	0	9,910
	-	9,910
Interest payable	1,120	11
	259,842	236,990

The balances with the Paris Branch of Caixa Geral de Depósitos correspond to the use of a line, which originated from the Cape Verde Branch of Caixa Geral de Depósitos, later Banco Interatlântico. As from 2022, trade finance operations will be carried out with CGD Portugal. As at 31 December 2022, the line was not used.

15. DEPOSITS FROM CUSTOMERS AND OTHER LOANS

This line item is broken down as follows:

Deposits from customers and other loans

	dec/22	dec/21
Saving deposits:		
. Youth savings	2,768,025	2,627,684
Demand deposits		
. Of residents	9,721,700	9,190,529
. Of non-residents	2,772,965	2,195,535
. Of emigrants	1,393,734	1,464,473
	13,888,399	12,850,538
Term deposits		
. Of residents	5,449,101	5,179,891
. Of emigrants	1,130,031	998,676
. Of non-residents	680,681	599,327
	7,259,813	6,777,894
Other debits		
. Cheques and orders payable	61,464	24,857
	23,977,700	22,280,973
Interest payable	109,643	64,889
	24,087,344	22,345,862

As at 31 December 2022 and 31 December 2021, demand deposits were not remunerated.

16. PROVISIONS

As at 31 December 2021, the balance amounted to 13,642,000 CVE.

	2022					
	Balances as at 31/12/2021	Set-up	Impairment Annulment Restitution	net in income	Use	Balances as at 31/12/2022
Provisions - Guarantees and Commitments	6,538	10,227	(13,369)	3,396	-	3,396
Provisions - Lawsuits	7,104	1,605	(487)	8,222	-	8,222
Other Provisions	-		-	0	0	-
	13,642	11,832	(13,856)	11,618	0	11,618

	2021					
	Balances as at 31/12/2020	Set-up	Impairment Annulment Restitution	net in income	Use	Balances as at 31/12/2021
Provisions - Guarantees and Commitments	6,457	11,448	(11,367)	82	-	6,538
Provisions - Lawsuits	6,899	454	(250)	204	-	7,104
Other Provisions	-		-	0	0	-
	13,356	11,903	(11,617)	286	0	13,642

The balance as at 31 December 2022 under 'Provisions for risks and charges' amounts to 11,618,000 CVE

For recording purposes, the criterion used to review of the amount of the provision that was set up resulted from the probability of payment/assumption of loss by the Bank, considering processes with: 1) Remote probability: 10%; 2) Intermediate probability: 25%; 3) Likely probability: 50% and 4) High probability: 75%.

17. IMPAIRMENT

Changes in the Bank's impairment/provisions in 2022 and 2021 were as follows:

	2022						
				Recoveries			
Impairment	Balances as at 31/12/2021	Transfers year 2022	Appropriations income	Impairment annulment	Impairment Impairment	Settlement Uses	31/12/2022
Impairment of loans and advances to customers (Note 7)	683,338	-	599,132	(432,213)	166,918	(200,802)	649,455
	683,338	-	599,132	(432,213)	166,918	(200,802)	649,455
Investment properties (Note 8)	-	3,831	-	-	-	(3,831)	-
Impairment of other tangible assets (Note 9)	20,172	-	-	-	-	-	20,172
Other Debtors - Property Received in Adjudication pending Resolution (Note 13)	-	23,971	6,958	-	6,958	-	30,930
Impairment of other assets (Note 13)	11,713	-	-	-	-	(4,840)	6,873
Impairment of Assets received in own credit recovery (Note 13)	158,644	(27,803)	37,570	(6,170)	31,400	(114,401)	47,840
	190,529	-	44,529	(6,170)	38,359	(123,073)	105,814
	873,866	-	643,660	(438,383)	205,277	(323,874)	755,269

The impairment for the period is presented as shown in the table above, with a breakdown of the impairment value associated with real estate for each of the asset headings and impacts related to the transfers that took place in the period.

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18. OTHER LIABILITIES

This line item is broken down as follows:

	dec/22	dec/21
Miscellaneous creditors		
Miscellaneous creditors - By values pending sett	9,907	3,118
Public Administrative Sector		
. Withholding taxes	11,415	8,540
. Social Security	3,964	3,956
. Value-added tax	586	476
Miscellaneous funds		
. Escrow account	22,393	10,454
Billing on behalf of third parties	105	107
	48,369	26,651
Expenses payable		
Administrative costs	56,176	39,215
Outstanding holidays	16,106	15,840
Holiday allowance	9,678	9,924
Productivity Bonus	4,241	4,376
Medical Assistance - Appointments	50	50
Financial Leases		
Settlement Financial Leases	34,225	25,517
Interest Financial Leases	2,843	2,964
	123,318	97,886
Deferred income		
Of off-balance sheet operations	1,730	1,504
Annuities - cards	9,384	7,423
	11,113	8,927
Other regularisation accounts		
VISA cards	1,269	2,109
OL - ATM - Multibanco	28,396	11,750
Investment to Carry Out	2,439	-
Clearing - Interbank Transfers	160,357	83,461
Other regularisation accounts	758	1,947
	193,219	99,267
	376,019	232,730

In 2022, there will be an increase in liabilities of 143,290,000 CVE, essentially due to Other accruals and deferrals (increase of 93,952,000 CVE), which are due to an increase in the clearing balance - bank transfers of 76,896,000 CVE, and an increase in administrative costs of 16,961,000 CVE.

19. EQUITY

As at 31 December 2022 and 31 December 2021, the shareholding structure is as follows:

Equity as at 31-12-2022

Entity	Number of shares	%	Value
Caixa Geral de Depósitos, S.A.	81,687	81.69%	816,870
Adega, S.A.R.L.	6,732	6.73%	67,320
Rui Augusto Tavares Moreira Almeida Pinto	5,089	5.09%	50,890
Other	6,492	6.49%	64,920
	100,000	100.00%	1,000,000

The shareholder structure changed in 2022 compared to 2021, due to the acquisition of Empreitel Figueiredo's stake by Caixa Geral de Depósitos, S.A.

Equity as at 31-12-2021

Entity	Number of shares	%	Value
Caixa Geral de Depósitos, S.A.	70,000	70.00%	700,000
Empreitel Figueiredo, S.A.R.L.	11,687	11.69%	116,870
Adega, S.A.R.L.	6,732	6.73%	67,320
Rui Augusto Tavares Moreira Almeida Pinto	5,089	5.09%	50,890
Other	6,492	6.49%	64,920
	100,000	100.00%	1,000,000

20. RESERVES, RETAINED EARNING AND NET INCOME FOR THE FINANCIAL YEAR

As at 31 December 2022 and 31 December 2021, line items pertaining to reserves and retained earnings were broken down as follows:

	dec/22	dec/21
Share premiums	388	388
Fair-value reserves		
. Of financial assets at fair value through other comprehensive income (Note 5).	135,059	134,133
. Of deferred taxes (Note 12)	(30,307)	(30,099)
Other		
	104,752	104,034
Other reserves and retained earnings		
. Legal reserve	272,070	243,792
. Other reserves	1,631,375	1,402,322
. Retained earnings	-	-
	1,903,446	1,646,114
Net income for the year	307,821	282,781
	2,316,407	2,033,318

The variations in Legal Reserves, Other Reserves and Retained Earnings are explained by the incorporation of the income for FY 2021 as follows: 10% for the Legal Reserve; 81% for Other Reserves.

Fair-value reserves reflect potential capital gains and losses on financial assets at fair value through other Comprehensive Income, net of the corresponding tax effect.

As at 31 December 2022, the change in balances compared to December 2021 is due to potential Visa capital gains of 925,000 CVE, with a tax effect of 207,000 CVE. The fair value of Sociedade Cabo Verdiana de Tabacos, Banco Comercial do Atlântico and A Promotora did not change compared to 2021.

With regard to the Legal Reserve, pursuant to the legislation in force in Cape Verde (Law no. 62/VIII), a minimum of 10% of the annual net income must be used to reinforce this type of reserve. This reserve cannot be distributed except if the Bank is liquidated, but may be used to increase capital or to cover losses, once all other reserves have been used up.

21. INTEREST AND SIMILAR INCOME

This line item is broken down as follows:

	dec/22	dec/21
Interest on loans and advances to customers		
. Domestic loans	724,981	681,048
. Overdue loan	3,881	2,414
. Foreign loans	113,371	111,644
. Loans to staff	10,036	9,220
Debt securities		
Of domestic public issuers		
. Treasury Bonds	201,843	215,469
Of other residents	14,570	13,660
Interest on investments at credit institutions		
. Domestic	255	37
. Foreign	653	15
Fees received associated with amortised cost	32,109	30,613
	1,101,700	1,064,121

22. INTEREST AND SIMILAR COSTS

This line item is broken down as follows:

	dec/22	dec/21
Interest on deposits		
. Saving deposits		
Youth Savings	1,521	1,696
. Term deposits		
Of residents	121,743	95,161
Of emigrants	31,149	27,654
Of non-residents	15,810	13,731
Interest Financial Leases	2,843	2,964
Interest on loans		
. Of residents	2,295	74
. Of non-residents	50	48
Other interest and similar costs	4,013	2,177
Fees paid associated with amortised cost	1,378	12
	180,803	143,517

23. INCOME FROM EQUITY INSTRUMENTS

This line item corresponds solely to dividends received, and is broken down as follows:

	dec/22	dec/21
Income from assets available for sale:		
. Banco Comercial do Atlântico, S.A.	38,443	19,997
. Sociedade Caboverdiana de Tabacos, S.A.	1,294	1,294
. VISA International Service Association	139	111
	39,875	21,402

During 2022, Banco Comercial do Atlântico distributed dividends, with BI receiving the amount of 38,443,000 CVE.

24. INCOME AND COSTS RELATED TO SERVICES AND FEES

This line item is broken down as follows:

	dec/22	dec/21
Income from services and fees		
For operations on financial instruments	64,635	51,838
For services rendered		
. VISA Fees	39,191	32,791
. Annuities - Cards	18,461	13,743
. Credit operations	1,292	-
Fees		
. Cheque Issuance	3,264	-
. Sending a statement by Swift	158	158
. Cheque Return	35	27
. Declared Fees Confirm GP SWIFT	-	10
. Insurance	2,107	2,096
. Tax Collection	2,958	2,385
. INPS collection	316	393
. Management Inactive Accounts Collection	4,193	-
. Other Fees	17,536	10,119
	89,510	61,722
For guarantees provided		
. Guarantees and sureties	8,573	7,203
. Documentary credits		
	8,573	7,203
	162,719	120,763
Expenses with services and fees		
For guarantees received		
. Guarantees and Sureties	937	-
. Open documentary credits	-	-
For banking services rendered by third parties		
. VISA fees	29,533	18,996
EIB Line	572	-
. Other fees	12,931	8,977
	43,036	27,973
	43,973	27,973

25. INCOME FROM EXCHANGE REVALUATION

This line item is broken down as follows:

	dec/22			dec/21		
	Profit	Loss	Net	Profit	Loss	Net
Income in currencies	1,651,926	(1,626,853)	25,073	33,148	(9,702)	23,446
Income in banknotes and coins	35,228	(18,024)	17,204	14,714	(3,429)	11,285
	1,687,154	(1,644,876)	42,278	47,862	(13,131)	34,731

Income from Financial Operations totalled CVE 42.2 million, an increase of CVE 7.5 million (+22%) compared to 2021, mainly due to the revaluation of banknotes and coins, reflecting the increase in the circulation of foreign currency (foreign banknotes and coins) on the market as a result of the post-pandemic economic recovery.

26. INCOME FROM THE DISPOSAL OF OTHER ASSETS

As at 31 December 2022 and 31 December 2021, the balance of this line item corresponds to gains and losses on the sale of properties recorded under other assets

	dec/22	dec/21
Other Assets	3,582	923
	3,582	923

27. OTHER OPERATING INCOME

These line items are broken down as follows:

	dec/22	dec/21
Other operating income		
Miscellaneous services rendered:		
. Service fee	375	21,425
. Credit cards		
. OURS Expenses	18,191	16,964
Provision of Services - R24 - SISP	6,200	5,027
Swift expenses	12,451	-
Communication expenses	128	-
. Other	97	137
Expenses reimbursed	4	27
Credit recovery	91,334	82,751
IFRS 16	-	17,387
Other	4,054	2,523
	132,834	146,241
Other operating costs		
Other taxes	(12,838)	(12,471)
Donations and subscriptions	(2,609)	(2,243)
Contribution to Deposit Guarantee Fund	(1,032)	(1,042)
Earnings on OURS Expenses	(28,981)	(26,085)
Account Maintenance Expenses	(6,939)	(2,261)
Other	(7,172)	(5,617)
	(59,571)	(49,719)
	73,262	96,521

The variation in the recovery of credit written off from assets is essentially due to the recovery of credit from Boavista Betão Limitada, Herdeiros Edmundo Rodrigo Barbosa and recovery through court, Mini Centro Comercial Vitalina- Doce Vita; Sat Serv Activid Turisticas afins Lda and Samira Conceicao Silva Barros.

28. STAFF COSTS

This line item is broken down as follows:

	dec/22	dec/21
Employee remunerations	223,248	226,924
Remuneration of management and supervisory bodies	44,881	41,028
Mandatory social charges	31,358	32,051
Contractual indemnities	-	848
Other	7,103	6,647
	306,589	307,498

As at 31 December 2022 and 31 December 2021, the number of staff working for the Bank, distributed by the respective professional categories, was as follows:

	dec/22	dec/21
Management	2	2
Senior management	4	2
Coordinators	10	11
Managers	20	23
Administrative staff	119	116
Auxiliary staff	3	4
Interns	5	1
	163	159

As at 31 December 2022 and 31 December 2021, the figures above included 36 and 45 employees on fixed-term contracts, respectively.

29. GENERAL ADMINISTRATIVE EXPENDITURE

This line item is broken down as follows:

	dec/22	dec/21
Specialised services		
. Computer services	73,742	55,996
. Specialised services - SISP	39,556	31,576
. Security and surveillance	19,646	18,209
. Fees	3,416	3,570
. Cleaning services	11,481	11,237
. Advisory	-	-
. Consultancy	6,655	7,346
. Auditing services	7,801	13,113
. Other specialised services	20,806	17,778
Rents and leases	17,337	14,636
Water, energy and fuel	27,952	18,966
Advertising and publishing	11,015	8,212
Communication and shipping expenses	18,266	17,788
Printed material and consumables	12,748	12,785
Transportation	21,086	8,434
Insurance	17,152	11,289
Travel, accommodation and representation expenses	3,818	1,763
Maintenance and repair	5,781	5,714
Staff training	2,771	3,351
Other	1,135	3,409
	322,163	265,172

30. EARNINGS PER SHARE

	dec/22	dec/21
Income after taxes	307,821	282,781
Number of shares	100,000	100,000
Earnings per share (CVE)	3,078	2,828

31. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments associated with banking operations are recorded under off-balance sheet line items and are presented as follows:

	dec/22	dec/21
Possible liabilities		
. Guarantees and sureties provided	653,458	540,763
. Open documentary credits	-	-
	653,458	540,763
Deposit and safeguard of assets	7,059,229	6,206,642
	7,712,687	6,747,406

32. OPERATING SEGMENTS

The bank prepares segmental information for reporting purposes pertaining to the consolidated activity accounts of Caixa Geral de Depósitos, S.A. on an annual basis. The operating segments outlined for this report are as follows:

- **Trading and sales** - Comprises banking activity related to the management of its own securities portfolio, management of debt instruments issued, money and foreign exchange market operations, repo and brokerage operations. This segment includes investments, and cash and cash equivalents at other Credit Institutions;
- **Commercial banking** - Includes credit and fundraising activities aimed at large, small and medium-sized companies. This segment includes loans, current accounts, the financing of investment projects, the discounting of bills, factoring, securities and real estate leasing and the take-out of syndicated loans, as well as loans to the Public Sector.
- **Retail banking** - Comprises banking activity aimed at individuals, sole proprietors and micro-enterprises. This segment includes consumer loans, mortgage loans, credit cards and also deposits from individual customers, as well as international money transfers.

As at 31 December 2022 and 31 December 2021, the information relating to the Bank's operating segments can be summarised as follows:

	2022			
	Trading and sales	Commercial banking	Retail banking	Total
Interest and similar income	231,357	446,601	423,742	1,101,700
Interest and similar costs	(10,579)	(77,796)	(92,428)	(180,803)
NET INTEREST INCOME	220,778	368,805	331,314	920,897
Income from equity instruments	39,875	-	-	39,875
Income from services and fees	57,668	53,424	51,627	162,719
Expenses with services and fees	(42,464)	(690)	(820)	(43,973)
Income from financial assets available for sale	-	-	-	-
Income from exchange revaluation	-	21,694	20,584	42,278
Income from the disposal of other assets	(249)	-	-	(249)
Other operating income	-	33,482	39,780	73,262
NET OPERATING INCOME	275,608	476,716	442,485	1,194,809
Other costs and income				(886,988)
Net income for the year				**307,821**
Cash and cash equivalents at central banks	3,800,335	-	-	3,800,335
Cash equivalents at other credit institutions	335,466	-	-	335,466
Financial assets at fair value through other comprehensive income	386,919	-	-	386,919
Investments at credit institutions	34,735	-	-	34,735
Loans and advances to customers	-	10,924,548	10,365,390	21,289,937
Deposits from other credit institutions	259,842	-	-	259,842
Deposits from customers and other loans	-	11,008,396	13,078,948	24,087,344

	Trading and sales	Commercial banking	Retail banking	Total
		2021		
Interest and similar income	240,238	446,445	377,438	1,064,121
Interest and similar costs	(5,275)	(63,115)	(75,126)	(143,517)
NET INTEREST INCOME	234,962	383,329	302,312	920,604
Income from equity instruments	21,402	-	-	21,402
Income from services and fees	46,927	39,518	34,317	120,763
Expenses with services and fees	(27,973)	-	-	(27,973)
Income from financial assets available for sale	-	-	-	-
Income from exchange revaluation	-	18,820	15,911	34,731
Income from the disposal of other assets	923	-	-	923
Other operating income	-	44,068	52,454	96,521
NET OPERATING INCOME	276,241	485,735	404,994	1,166,970
Other costs and income				(884,189)
Net income for the year				**282,781**
Cash and cash equivalents at central banks	3,011,392	-	-	3,011,392
Cash equivalents at other credit institutions	432,037	-	-	432,037
Financial assets at fair value through other comprehensive income	389,593	-	-	389,593
Investments at credit institutions	31,119	-	-	31,119
Loans and advances to customers	-	10,921,054	9,232,989	20,154,043
Deposits from other credit institutions	236,990	-	-	236,990
Deposits from customers and other loans	-	10,202,206	12,143,656	22,345,862

33. RELATED ENTITIES

All entities controlled by the Caixa Geral de Depósitos, S.A. Group and its associated companies, as well as local shareholders and members of management bodies or related entities and relatives are considered to be entities related to the Bank.

As at 31 December 2022 and 31 December 2021, the Bank's financial statements include the following balances and transactions with related entities, excluding governing bodies.

	2022				
	Caixa Geral de Depósitos Group				
	CGD	Branch France	Banco Comercial do Atlântico	Promotora	SISP
Asset:					
Cash equivalents at other credit institutions	156,013	1,318	315	-	-
Investments at credit institutions	1,036	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	300,021	11,793	-
Loans and advances to customers	-	-	-	-	-
Impairment	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	-	-	-	-	126,004
Other assets	-	-	-	-	1,434
Liabilities:					
Deposits from other credit institutions	-	-	-	-	-
Deposits from customers and other loans	-	-	-	(68)	(205,677)
Other subordinated liabilities	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Off-balance sheet:					
Guarantees provided	-	-	-	-	-
Income:					
Interest and similar income	32	-	-	-	-
Income from equity instruments	-	-	-	-	-
Income from services and fees	-	-	-	-	57,652
Results financial Assets at fair value through other comprehensive income	-	-	38,443	-	(17,396)
Costs:					
Interest and similar costs	(47)	-	-	-	-
Expenses with services and fees	(4,494)	(127)	-	-	(3,543)
General administrative expenditure	(2,975)	-	-	-	(39,556)
Impairment of other assets, net of reversals and recoveries	-	-	-	-	-

	2021				
	Caixa Geral de Depósitos Group				
	CGD	Branch France	Banco Comercial do Atlântico	Promotora	SISP
Asset:					
Cash equivalents at other credit institutions	177,321	850	315	-	-
Investments at credit institutions	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	300,021	15,393	-
Loans and advances to customers	-	-	-	-	-
Impairment	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	-	-	-	-	118,588
Other assets	-	-	-	-	1,359
Liabilities:					
Deposits from other credit institutions	-	-	-	-	-
Deposits from customers and other loans	(9,912)	-	-	(72)	(120,090)
Other subordinated liabilities	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Off-balance sheet:					
Guarantees provided	-	-	-	-	-
Income:					
Interest and similar income	-	-	-	-	-
Income from equity instruments	-	-	-	-	-
Income from services and fees	-	-	-	-	46,534
Results financial Assets at fair value through other comprehensive income	-	-	19,997	66	21,640
Costs:					
Interest and similar costs	-	(47)	-	-	-
Expenses with services and fees	(1,059)	(120)	-	-	(1,956)
General administrative expenditure	-	-	-	-	(31,576)
Impairment of other assets, net of reversals and recoveries	-	-	-	-	-

Management Bodies

Transactions with related parties are generally carried out based on market values on the respective dates.

In 2022, the costs incurred relating with the remuneration (45,030,000 CVE) and other benefits granted to the members of the Bank's Board of Directors (12,104,000 CVE) amounted to 57,134,000 CVE (2020: 53,814,000 CVE).

As at 31 December 2022 and 31 December 2021, the amount of loans granted to members of the Board of Directors totalled 1,066,000 CVE and 1,366,000 CVE, respectively.

As at 31 December 2022, the value of investments made by members of the Board of Directors amounted to 14,936,000 CVE.

Shareholders

As at 31 December 2022, the amount of loans granted to shareholders totalled 45,223,000 CVE, and there were no applications from shareholders.

34. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Exchange Rate Risk

The existence of a fixed parity between the Cape Verdean Escudo and the Euro (110.265/1 Euro), resulting from the existing convertibility agreement between Cape Verde and Portugal, explains why the Euro is not considered for exchange rate position effect purposes in the regulations of the Bank of Cape Verde in force and under preparation.

The Bank maintains a neutral exchange position in US Dollars, and has virtually no position in other currencies, which only appear casually, in small tourism-related transactions.

Liquidity risk

The Bank's liquidity management is monitored and measured based on the daily cash flow, whose policies and standards emanate from the Assets and Liabilities Committee, being systematically updated throughout the day, for the shortest period, and also covering longer periods. Cash flow takes into account the unused balance of approved loans.

Given the nature of the Cape Verdean market with structural surplus liquidity, BI being no exception, liquidity management does not entail significant risks.

The public debt securities portfolio is an alternative to investing the Bank's liquidity, either in Bank of Cape Verde securities or in Cape Verde government securities. Public debt securities, in turn, can be transferred to the secondary market. Due to the ease of buying and selling foreign currency from the Bank of Cape Verde, we are also able to invest our surplus liquidity abroad.

As at 31 December 2022 and 2021, the contractual residual maturities of the financial instruments were as follows:

	2022								
	Contractual residual periods to maturity								
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	Up to 3 years	Up to 5 years	Up to 10 years	More than 10 years	Total
Assets									
Cash and cash equivalents at Central Banks	3,800,335	-	-	-	-	-	-	-	3,800,335
Cash equivalents at other credit institutions	335,466	-	-	-	-	-	-	-	335,466
Investments at credit institutions	-	-	-	1,052	-	-	33,683	-	34,735
Loans and advances to customers (gross balances)	1,031,434	459,228	644,511	649,154	3,453,048	2,164,425	4,893,836	8,643,757	21,939,392
	5,167,235	459,228	644,511	650,206	3,453,048	2,164,425	4,927,520	8,643,757	26,109,928
Liabilities									
Deposits from other credit institutions	(259,842)	-	-	-	-	-	-	-	(259,842)
Deposits from customers and other loans	(7,005,663)	(1,310,723)	(1,414,586)	(9,846,559)	(3,392,994)	(1,116,818)	-	-	(24,087,344)
	(7,265,505)	(1,310,723)	(1,414,586)	(9,846,559)	(3,392,994)	(1,116,818)	-	-	(24,347,186)
ALM (Assets - Liabilities)	(2,098,270)	(851,495)	(770,075)	(9,196,353)	60,053	1,047,607	4,927,520	8,643,757	1,762,743

	2021								
	Contractual residual periods to maturity								
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	Up to 3 years	Up to 5 years	Up to 10 years	More than 10 years	Total
Assets									
Cash and cash equivalents at Central Banks	3,011,392	-	-	-	-	-	-	-	3,011,392
Cash equivalents at other credit institutions	432,037	-	-	-	-	-	-	-	432,037
Investments at credit institutions	-	-	-	-	-	-	31,119	-	31,119
Loans and advances to customers (gross balances)	720,541	414,474	282,726	638,955	4,115,967	2,687,335	4,303,053	7,674,330	20,837,381
	4,163,970	414,474	282,726	638,955	4,115,967	2,687,335	4,334,172	7,674,330	24,311,929
Liabilities									
Deposits from other credit institutions	(227,078)	(9,912)	-	-	-	-	-	-	(236,990)
Deposits from customers and other loans	(6,967,034)	(1,105,080)	(1,153,459)	(9,211,201)	(2,190,901)	(1,718,188)	-	-	(22,345,862)
	(7,194,112)	(1,114,992)	(1,153,459)	(9,211,201)	(2,190,901)	(1,718,188)	-	-	(22,582,852)
ALM (Assets - Liabilities)	(3,030,141)	(700,518)	(870,733)	(8,572,246)	1,925,066	969,147	4,334,172	7,674,330	1,729,077

Interest rate risk

The majority of credit operations (approximately 64% of the volume) are at variable rates (and on an upward trend), the result of a strategy to reduce interest rate risk on the balance sheet which consisted and consists of replacing medium- and long-term operations at fixed rates with, in progressive implementation, new operations with maturities of more than 5 years, at rates indexed to the Central Bank's Liquidity Transfer Rate.

Interest rate risk is monitored on a monthly basis, assessing the EVE (Economic Value of equity at risk) at a variation of 50 basis points, as well as the impact on results of a variation of 50 basis points through the repricing gap. These two metrics are the basis for establishing the appetite for interest rate risk (the metrics appear on the RAS Dashboard and are monitored in forums such as the Assets and Liabilities Committee, the Risk Management Committee and the Board of Directors).

Market risk

Core Market Risk is of little relevance given the small size of the Cape Verde Stock Exchange and the fact that there are not enough transactions on the secondary market to ensure liquidity and price formation.

Exchange Rate Risk (Fx risk):

The existence of a fixed parity between the Cape Verde escudo and the Euro (CVE 110.265/1 EUR), resulting from the parity agreement between Cape Verde and the European Union, explains why the Euro is not considered for the purpose of the exchange rate position in the regulations of the Bank of Cape Verde.

The Bank maintains a foreign exchange position whose limits were negotiated with CGD's Risk Management Division (DGR) and subsequently approved by the Boards of Directors of CGD and BI. The currency position limits were determined on the basis of reported needs and the historical utilisation of the net position by currency, taking into account that all currencies have the same position (long or short). The limits have therefore been set in the accounting currency for both long and short positions. The approved limits set the level of losses, in terms of profit or equity, that the institution is willing to take on through a system of exchange rate limits for the Group, for each institution and by currency. Foreign exchange limits are determined by the set of Value at Risk (VaR) limits, total net open position and per currency, in the accounting currency, for BI.

The limits currently set for Banco Interatlântico are as follows:

Market Value (MV)	4,460,000,000
Market Value without Euro	60,000,000
VaR	2,800,000

MV limit (values in CVE)

CAD	8,100,000
CHF	20,000,000
DKK	3,000,000
EUR	4,400,000,000
GBP	20,000,000
JPY	3,000,000
NOK	3,000,000
SEK	3,000,000
USD	20,000,000

ZAR	120,000

Credit risk

The Risk Management Department (DGR) is responsible for proposing and implementing methodologies for determining collective and individual impairment, promoting the development of models in accordance with the standards in force, and ensuring that risk parameters are updated on an annual basis.

Also as part of credit risk, it monitors the quality of the new production loan portfolio in order to contribute to the continuous improvement of credit granting and recovery processes.

The aforementioned aspects are part of the definition of risk appetite, and there are established metrics and limits for this purpose (namely the NPE ratio, impairment hedging ratio and monitoring of the cost of risk) and are reported, in addition to the Chief Risk Officer (CRO), to different forums (the Assets and Liabilities Committee, the Risk Management Committee and the Board of Directors).

On an individual basis (operations and clients), the Credit Risk Office (GRC) issues risk opinions on proposals drawn up and/or put together by the commercial area, thus realising the separation of the two functions. It also monitors the corporate portfolio in order to identify and warn of potential risk situations.

Also with regards to the monitoring of the loan portfolio, the Litigation, Legal Support and Credit Recovery Office(URC), presents the status of overdue loans or loans in litigation, to enable the Executive Committee to make quick decisions.

<u>Maximum exposure to credit risk</u>

As at 31 December 2022 and 31 December 2021, the Bank's maximum exposure to credit risk (including balances contracted but unused) is broken down as follows:

	2022			
	Exposure Asset	Impairment	Collateral	Actual Exposure
Cash and cash equivalents	335,466	-	-	335,466
Investments at credit institutions	34,735	-	-	34,735
Loans and advances to customers	21,939,479	649,455	12,431,193	8,858,831
Other Assets	3,498,425	1,165,201	-	2,333,224
	25,808,106	1,814,656	12,431,193	11,562,256
Guarantees and sureties	653	3,396	653	0
Open documentary credits	-	-	-	-
Maximum Exposure	25,808,759	1,818,052	12,431,847	11,562,256

	2021			
	Exposure Asset	Impairment	Collateral	Actual Exposure
Cash and cash equivalents	432 037	-	-	432 037
Investments at credit institutions	31 119	-	-	31 119
Loans and advances to customers	20 837 381	683 338	12 431 193	7 722 849
Other Assets	3 135 496	171 356	-	2 964 140
	24 436 033	854 694	12 431 193	11 150 146
Guarantees and sureties	541	-	541	0
Open documentary credits	-	-	-	-
Maximum Exposure	24 436 574	854 694	12 431 734	11 150 146

Quality of loans and advances to customers

As at 31 December 2022 and 31 December 2021, the gross balance sheet value of loans and advances to customers, guarantees provided and documentary credits, excluding other loans and receivables - securitised and accrued interest, was broken down as follows:

825

	2022			
	Stage 1	Stage 2	Stage 3	Total
Loans to companies				
Outstanding	4,005,339	1,483,989	86,308	5,575,636
Overdue	890	80,950	444,631	526,471
	4,006,229	1,564,938	530,939	6,102,107
Mortgage loans				
Outstanding	7,208,008	307,195	35,774	7,550,978
Overdue	553	154	71,633	72,341
	7,208,561	307,350	107,408	7,623,319
Other loans				
Outstanding	2,468,082	273,664	48,949	2,790,695
Overdue	2,544	7,666	216,220	226,429
	2,470,626	281,330	265,169	3,017,125
Loans to the Public Sector				
Outstanding	99,689	0	0	99,689
Overdue	0	0	0	-
	99,689	0	0	99,689
Total outstanding loans	13,781,118	2,064,848	171,032	16,016,998
Total overdue loans	3,988	88,770	732,484	825,241
Total loans	13,785,106	2,153,618	903,515	16,842,239
Off-balance sheet				
Guarantees and documentary credits to companies	648,458	0	5,000	653,458
Total off-balance sheet	648,458	-	5,000	653,458

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	2021			
	1 STAGE Stage 1	2 STAGE Stage 2	3 STAGE Stage 3	Total
Loans to companies				
Outstanding	4.386.336	1.152.257	10.771	5.549.364
Overdue	2.505	2.197	499.043	503.745
	4.388.841	1.154.453	509.814	6.053.109
Mortgage loans				
Outstanding	6.171.279	287.651	19.801	6.478.731
Overdue	1.412	7.221	40.943	49.576
	6.172.690	294.872	60.745	6.528.307
Other loans				
Outstanding	2.473.808	246.356	9.544	2.729.708
Overdue	2.774	37.568	250.066	290.407
	2.476.582	283.924	259.610	3.020.116
Loans to the Public Sector				
Outstanding	239.300	0	0	239.300
Overdue	0	0	0	-
	239.300	0	0	239.300
Total outstanding loans	13.270.722	1.686.264	40.117	14.997.103
Total overdue loans	6.691	46.985	790.052	843.728
Total loans	13.277.414	1.733.248	830.169	15.840.831
Off-balance sheet				
Guarantees and documentary credits to companies	540.763	0	0	540.763
Total off-balance sheet	540.763	-	-	540.763

	2022				
	Companies	Retail - Housing	Retail - Other	Sector Public	Total
Not overdue and no individual impairment	**2,982,952**	**7,284,219**	**2,543,212**	**5,196,929**	**18,007,312**
Not overdue and no individual impairment	**2,375,175**	**7,481**	**79,149**	**0**	**2,461,805**
Overdue but no individual impairment	**250,013**	**293,157**	**213,505**	**0**	**756,675**
Less than 30 days	153,751	244,679	169,838	0	568,268
30 to 90 days	4,696	8,153	8,534	0	21,383
91 to 180 days	23,554	0	14,708	0	38,262
181 to 360 days	33,311	21,856	7,348	0	62,514
More than 360 days	34,700	18,470	13,077	0	66,246
Loans with individual impairment	**493,967**	**38,462**	**181,259**	**0**	**713,688**
Less than 30 days	71,947	15,598	2,039	0	89,583
30 to 90 days	72,687	0	3,967	0	76,654
91 to 180 days	0	0	0	0	0
181 to 360 days	26,993	0	3,703	0	30,696
More than 360 days	322,341	22,864	171,550	0	516,755
Total	**6,102,107**	**7,623,319**	**3,017,124**	**5,196,929**	**21,939,479**

	2021				
	Companies	Retail - Housing	Retail - Other	Sector Public	Total
Not overdue and no individual impairment	**5,426,885**	**6,202,674**	**2,562,361**	**5,236,097**	**19,428,017**
Not overdue and no individual impairment	**0**	**0**	**3,297**	0	**3,297**
Overdue but no individual impairment	**353,552**	**325,633**	**338,256**	**0**	**1,017,441**
Less than 30 days	126,039	277,842	190,743	0	594,624
30 to 90 days	2,236	7,061	13,340	0	22,637
91 to 180 days	21,124	8,817	2,092	0	32,033
181 to 360 days	6,172	11,417	5,490	0	23,078
More than 360 days	97,834	20,495	72,161	0	190,490
Loans with individual impairment	**272,672**	**0**	**116,201**	**0**	**388,873**
Less than 30 days	18	0	1,175	0	1,193
30 to 90 days	56	0	151	0	207
91 to 180 days	64	0	31,615	0	31,679
181 to 360 days	28	0	8	0	36
More than 360 days	372,654	0	137,682	0	510,336
Total	**6,053,109**	**6,528,307**	**3,020,116**	**5,236,097**	**20,837,628**

Overdue loans considered in this note include only the amounts relating to operations or instalments due and unpaid on the reference date.

In Note 7, 'Overdue loans' includes the total amount receivable relating to operations with overdue amounts.

As at 31 December 2022 and 31 December 2021, the balance sheet value of loans and advances to customers identified by the Bank whose terms have been subject to restructuring can be broken down as follows:

	2022			2021		
	Current Loan	Overdue Loan	Total	Current Loan	Overdue Loan	Total
Companies	106,344	33,473	139,817	82,987	18,245	101,232
Retail	202,663	52,322	254,986	182,010	40,611	222,621
	309,007	85,796	394,803	264,997	58,856	323,852

Fair Value

The fair value of financial assets measured at fair value of the Bank is as follows:

	2022 Measured at Fair Value			
	Market prices (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters (Level 3)	Total Fair Value
Financial assets at fair value through other comprehensive income	58 434	-	328 485	386 919 -
Financial assets	58 434	-	328 485	386 919

	2021			
	Measured at Fair Value			
	Market prices	Valuation models with observable market parameters/prices	Valuation models with non-observable market parameters	Total Fair Value
Financial assets at fair value through other comprehensive income	(Level 1)	(Level 2)	(Level 3)	
Shares	57 509	-	332 085	389 593
Financial assets	57 509	-	332 085	389 593

In 2022, there were no inflows or outflows in the financial asset portfolio, but only variations in fair value of financial assets measured at level 3 of the fair-value hierarchy of IFRS 13.

The VISA shares were valued based on their quoted market price, thus falling within valuation level 1 under IFRS 13.

The shares of Banco Comercial do Atlântico, S.A., A Promotora and Sociedade Cabo-verdiana de Tabacos were valued based on a valuation carried out by an independent external entity, using cash flow models, thus falling within valuation level 3 under IFRS 13.

Sensitivity Analysis
2022

Assets classified at Level 3	Valuation model	Variable under analysis	Balance sheet value	Unfavourable Scenario		Favourable Scenario	
				Variation	Impact	Variation	Impact
Financial assets available for sale							
Shares							
Banco Comercial do Atlântico	Cash flow discount model	Discount rate*	300 020.6	-50%	182,713	+50%	482,733
Sociedade Caboverdiana de Tabacos	Cash flow discount model	Discount rate	16 671.4	-50%	-100,637	+50%	199,384
A Promotora, Sociedade de Capital de Risco de Cabo Verde, S.A.R.L.	Cash flow discount model	Discount rate	11 792.7	-50%	-105,515	+50%	194,505
Total			328,485	0	-23,439		876,622

* 10.9% rate according to the BCA assessment

Sensitivity Analysis
2021

Assets classified at Level 3	Valuation model	Variable under analysis	Balance sheet value	Unfavourable Scenario		Favourable Scenario	
				Variation	Impact	Variation	Impact
Financial assets available for sale							
Shares							
Banco Comercial do Atlântico	Cash flow discount model	Discount rate*	300 020.6	-50%	182,713	+50%	482,733
Sociedade Caboverdiana de Tabacos	Cash flow discount model	Discount rate	16 671.4	-50%	-100,637	+50%	199,384
A Promotora, Sociedade de Capital de Risco de Cabo Verde, S.A.R.L.	Cash flow discount model	Discount rate	11 792.7	-50%	-105,515	+50%	194,505
Total			328,485	0	-23,439		876,622

* 10.9% rate according to the BCA assessment

The main methodologies and assumptions used in estimating the fair value of the financial assets and liabilities recorded in the balance sheet at amortised cost are analysed as follows:

	2022				
		Fair Value			
	Assets/liabilities recorded at amortised cost	Market prices (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters (Level 3)	Total fair value
Assets					
Cash and cash equivalents at Central Banks	3,800,335	-	3,800,335	-	3,800,335
Cash equivalents at other credit institutions	335,466	-	335,466	-	335,466
Financial assets at fair value through other comprehensive income **a)**	386,919	-	-	386,919	386,919
Investments at credit institutions	34,735	-	34,735	-	34,735
Loans and advances to customers	21,939,392	-	-	16,453,317	16,453,317
Other assets (real estate)	919,418	-	919,418	-	919,418
	27,416,265	-	5,089,954	16,840,235	21,930,190
Liabilities					
Deposits from other credit institutions	259,842	-		24,779	24,779
Deposits from customers and other loans	24,087,344	-	-	23,461,462	23,461,462
Other subordinated liabilities	-	-	-	-	-
	24,347,186	-	-	23,486,241	23,486,241

	2021				
		Fair Value			
	Assets/liabilities recorded at amortised cost	Market prices (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters (Level 3)	Total fair value
Assets					
Cash and cash equivalents at Central Banks	3,011,392	-	3,011,392	-	3,011,392
Cash equivalents at other credit institutions	432,037	-	432,037	-	432,037
Financial assets at fair value through other comprehensive income **a)**	389,593	-	-	389,593	389,593
Investments at credit institutions	31,119	-	31,119	-	31,119
Loans and advances to customers	20,837,381	-	-	15,262,983	15,262,983
Other assets (real estate)	1,239,108	-	1,239,108	-	1,239,108
	25,940,630	-	4,713,656	15,652,576	20,366,232
Liabilities					
Deposits from other credit institutions	236,990	-	-	22,768	22,768
Deposits from customers and other loans	22,345,862	-	-	21,900,115	21,900,115
Other subordinated liabilities	-	-	-	-	-
	22,582,852	-	-	21,922,883	21,922,883

a) Assets at acquisition cost, net of impairment. These assets refer to equity instruments issued by unlisted entities and for which no recent market transactions have been identified, nor is it possible to reliably estimate their fair value.

The following assumptions are used in determining the fair value:

- For cash balances and short-term investments in credit institutions, the balance sheet value corresponds to the fair value;
- The fair value of the remaining instruments was determined by the Bank based on discounted cash-flow models, taking into account the contractual conditions of the operations and using interest rates appropriate to the type of instrument, bearing in mind the rates applied to similar instruments issued or contracted near the end of the year.

Sensitivity Analysis - Interest Rate

As at 31 December 2022 and 31 December 2021, the impact on the fair value of financial instruments sensitive to the interest rate risk of parallel shifts in the benchmark interest rate curve by 50, 100 and 200 basis points (bps), respectively, can be observed in the following tables::

	2022					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Loans and advances to customers (gross	25,185,239	2,748,651	1,162,174	(937,769)	(1,727,303)	(3,000,871)
Total sensitive assets	25,185,239	2,748,651	1,162,174	(937,769)	(1,727,303)	(3,000,871)

	2021					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Loans and advances to customers (gross	24,042,696	4,598,884	1,721,462	(1,176,079)	(2,059,476)	(3,356,272)
Total sensitive assets	24,042,696	4,598,884	1,721,462	(1,176,079)	(2,059,476)	(3,356,272)

The impact of a 50-, 100- and 200-bp shift in the reference interest rate curves of sensitive assets and liabilities corresponds to the scenarios used internally by the management bodies to track and monitor exposure to interest rate risk.

The table below shows the effect on projected net operating income for 2022 and 2021, respectively, of a parallel shift in the reference interest rate curves by 50, 100 and 200 bps that index financial instruments sensitive to interest rate variations:

	2022					
	Net operating income projection					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
2022 Financial Year	(294,762)	(147,381)	(73,690)	73,690	147,381	294,762
Financial year 2021	(271,733)	(135,867)	(67,933)	67,933	135,867	271,733

	2021					
	Net operating income projection					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Financial year 2021	(271,733)	(135,867)	(67,933)	67,933	135,867	271,733
FY 2020	(242,133)	(121,067)	(60,533)	60,533	121,067	242,133

To calculate the impacts shown in the table above, the Bank considered that the interest rate-sensitive assets and liabilities in the balance sheet on the reference dates for the calculation would remain stable throughout 2022 and 2021, respectively, being subject to a renewal, whenever applicable, considering the market conditions in force on the referred renewal dates and the average spread of outstanding operations on 31 December 2022 and 31 December 2021.

We should note that the information contained in the tables above refers to a static scenario, not taking into account changes in the interest rate risk management strategy and policies that the Bank may adopt as a result of changes in reference interest rates.

Exchange Rate Risk

Breakdown of financial instruments by currency

As at 31 December 2022 and 31 December 2021, financial instruments were broken down by currency as follows:

	2022				
	Cape Verdean Escudos	Euros	US Dollars	Other	Total
Assets					
Cash and cash equivalents at Central Banks	3,070,319	701,067	11,361	17,590	3,800,335
Cash equivalents at other credit institutions	112,032	127,870	51,774	43,790	335,466
Financial assets at fair value through other comprehensive income	386,919	-	-	-	386,919
Investments at credit institutions	-	-	34,735	-	34,735
Loans and advances to customers (net)	20,836,617	453,320	-	-	21,289,937
Investments in subsidiaries, associates and joint ventures	126,004	-	-	-	126,004
Other assets	996,583	-	-	-	996,583
	25,528,473	1,282,257	97,870	61,379	26,969,979
Liabilities					
Deposits from Central Banks and other credit institutions	(221,709)	(36,774)	(1,358)	-	(259,842)
Deposits from customers and other loans	(23,661,407)	(301,738)	(101,208)	(22,991)	(24,087,344)
Other subordinated liabilities	-	-	-	-	-
Other liabilities	(427,850)	-	-	-	(427,850)
	(24,310,967)	(338,512)	(102,566)	(22,991)	(24,775,035)
Net exposure	1,217,506	943,745	(4,697)	38,389	2,194,943

	2021				
	Cape Verdean Escudos	Euros	US Dollars	Other	Total
Assets					
Cash and cash equivalents at Central Banks	2,609,189	374,426	11,858	15,919	3,011,392
Cash equivalents at other credit institutions	106,251	120,608	166,034	39,145	432,037
Financial assets at fair value through other comprehensive income	389,593	-	-	-	389,593
Investments at credit institutions	-	-	31,119	-	31,119
Loans and advances to customers (net)	19,680,659	473,384	-	-	20,154,043
Investments in subsidiaries, associates and joint ventures	118,588	-	-	-	118,588
Other assets	1,783,926	-	-	-	1,783,926
	24,688,205	968,418	209,011	55,064	25,920,698
Liabilities					
Deposits from Central Banks and other credit institutions	(105,110)	(66,445)	(65,434)	-	(236,990)
Deposits from customers and other loans	(21,919,119)	(260,148)	(143,062)	(23,533)	(22,345,862)
Other subordinated liabilities	-	-	-	-	-
Other liabilities	(22,959,178)	-	-	-	(22,959,178)
	(44,983,407)	(326,593)	(208,496)	(23,533)	(45,542,030)
Net exposure	(20,295,202)	641,824	515	31,531	(19,621,332)

Taking into account the fixed parity between the Cape Verdean Escudo and the Euro, exchange rate risk is mainly associated with the balances recorded in US Dollars (USD).

The following table shows the effect on assets and liabilities expressed in USD for 2022 and 2021, respectively, of a variation in exchange rates of 15%, 10% and 2%:

	Value in Thousand USD	Exchange 31-12-2022	Countervalue in Thousand CVE	Sensitivity Analysis 2022					
				-15%	-10%	-2%	2%	10%	15%
Assets									
Cash and cash equivalents at Central Banks	11.361	103.633	1.177.329	(176.599)	(117.733)	(23.547)	23.547	117.733	176.599
Cash equivalents at other credit institutions	51.774	103.633	5.365.480	(804.822)	(536.548)	(107.310)	107.310	536.548	804.822
Investments at credit institutions	34.735	103.633	3.599.710	(539.956)	(359.971)	(71.994)	71.994	359.971	539.956
			10.142.518	(1.521.378)	(1.014.252)	(202.850)	202.850	1.014.252	1.521.378
Liabilities									
Deposits from Central Banks and other credit institutions	1.358	103.633	140.778	(21.117)	(14.078)	(2.816)	2.816	14.078	21.117
Deposits from customers and other loans	101.208	103.633	10.488.484	(1.573.273)	(1.048.848)	(209.770)	209.770	1.048.848	1.573.273
			10.629.262	(1.594.389)	(1.062.926)	(212.586)	212.586	1.062.926	1.594.389

	Value in Thousand USD	Exchange 31-12-2021	Countervalue in Thousand CVE	Sensitivity Analysis 2021					
				-15%	-10%	-2%	2%	10%	15%
Assets									
Cash and cash equivalents at Central Banks	11.858	97.554	1.156.795	(173.519)	(115.680)	(23.136)	23.136	115.680	173.519
Cash equivalents at other credit institutions	166.034	97.554	16.197.281	(2.429.592)	(1.619.728)	(323.946)	323.946	1.619.728	2.429.592
Investments at credit institutions	31.119	97.554	3.035.783	(455.367)	(303.578)	(60.716)	60.716	303.578	455.367
			20.389.859	(3.058.479)	(2.038.986)	(407.797)	407.797	2.038.986	3.058.479
Liabilities									
Deposits from Central Banks and other credit institutions	65.434	97.554	6.383.348	(957.502)	(638.335)	(127.667)	127.667	638.335	957.502
Deposits from customers and other loans	143.062	97.554	13.956.270	(2.093.441)	(1.395.627)	(279.125)	279.125	1.395.627	2.093.441
			20.339.619	(3.050.943)	(2.033.962)	(406.792)	406.792	2.033.962	3.050.943

35. EQUITY MANAGEMENT

The Bank's capital management goals are guided by the following general principles:

- Complying with the regulatory requirements established by the Bank of Cape Verde;
- Generating an adequate return for the company, creating value for the shareholders and providing them with a return on the capital invested;
- Sustaining the development of the operations that the Bank is legally authorised to carry out, maintaining a solid capital structure, capable of responding to the growth of its activity and that is appropriate to the Institution's risk profile;
- Ensuring the Institution's reputation, by preserving the integrity of the operations carried out in the course of its activity.

In order to achieve the goals described above, the Bank plans its short- and medium-term capital needs with a view to financing its activity, mainly through self-financing and by attracting external resources. This planning is based on internal estimates of growth in balance sheet operations, and financing through other external resources is based mainly on the issue of subordinated debt, which is part of Ancillary Own Funds, within certain limits.

The activity of credit institutions in Cape Verde is regulated by Law No. 62/VIII/2014 and Law No. 61/VIII/2014, of 23 April, which set out the guiding principles and the regulatory framework of reference for the financial system. The aforementioned Law and complementary legal instruments cover several regulatory domains with influence on Equity, most notably the following:

- Determination that Own Funds can never be lower than the minimum Share Capital and that at least 10% of net profits in each financial year must be allocated to the Legal Reserves, up to the limit of the Share Capital;
- Notice No. 3/2015, of 12 May 2015, BO No. 25, establishes a mandatory minimum Share Capital of 800 Million Cape Verdean Escudos, generic authorisation Banks;
- Notice No. 1/2017, of 09 February, determines that, with regard to own funds, financial institutions must ensure a total capital adequacy ratio of total own funds of no less than 12% as one of their solvency indicators, which in practice corresponds to the need for Credit Institutions to allocate certain amounts of Capital to meet unexpected losses that may occur;
- The imposition of limits on risk concentration in relation to a customer or group of customers, through the introduction of percentages indexed to the value of Own Funds, which, in individual terms, are 20% for the Group itself and 25% for others. This measure favours portfolio diversification, given the risk of contamination that may exist in a given group in the event of default by one or more entities belonging to that group;

- Limits to stakes in other companies - other than other credit institutions, para-banking institutions, ancillary services companies, pension fund management companies, holding companies that only hold parts of the capital of the aforementioned companies and companies in the insurance sector, which must not exceed, if considered individually, 15% of the participating institution's Own Funds and 60% of these Funds, if qualifying holdings are considered as a whole (≥ 10% of the capital or voting rights of the participated entity).

Most of the prudential requirements and limits are based on the concept of Own Funds, which correspond to the minimum regulatory capital imposed by the regulator. Their regular and compulsory calculation is regulated in the domestic legislation by the publication of Notice 3/2007, of 19 December, of the Bank of Cape Verde. The quotient of its value by the amount corresponding to the so-called weighted risk positions is the solvency ratio, regulated by Notice 4/2007, of 25 February 2008, Notice 1/2017, of February 2017, of the Bank of Cape Verde, whose value must be, at least, equal to 12%.

To analyse and respond to compliance with the legal requirements imposed by Banking Supervision, the Bank has mechanisms to ensure coordination between its various internal departments, particularly with the Accounting, Financial and Risk Management areas.

The following table summarises the composition of the Bank's Regulatory Capital on 31 December 2022 and at the end of 2021 [assuming a possible distribution of 9% dividend, amounting to 25,450,334 CVE (equivalent to 10% of the net profit determined after setting up the legal reserve)];

Equity Management	December 2022	December 2021	Variation
Basic Own Funds	**3,050,742**	**2,782,082**	**268,660**
Share Capital	1,000,000	1,000,000	-
Reserves and Premiums	1,903,834	1,646,503	257,331
Net Income	307,819	257,331	50,488
Retained Earnings and others	(160,911)	(121,752)	(39,159)
Additional provisions	-	-	-
Ancillary Own Funds	**52,376**	**52,017**	**359**
Subordinated bonds	-	-	-
Deductions from Ancillary Own Funds	52,376	52,017	359
Deductions from Total Own Funds	**180,894**	**89,512**	**91,382**
Interests in Credit Institutions	59,935	89,512	(29,577)
Excessive risk concentration	-	-	-
Fixed assets received as reimbursement of own credit	120,958	-	120,958
Total Eligible Own Funds	**2,922,224**	**2,744,587**	**177,637**
Total Weighted Assets	**17,946,906**	**16,763,681**	**1,183,225**

Ratios	December 2022	December 2021	Variation (P.P)
Basic Own Funds	17.00%	16.60%	0.40
Ancillary Own Funds	0.29%	0.31%	-0.02
Deductions from Total Own Funds	-1.01%	-0.53%	-0.47
Solvency ratio	**16.28%**	**16.37%**	**-0.09**

In 2022 (2021), the Bank complied with all the capital requirements imposed by the Bank of Cape Verde (BCV).

As shown in the table above, the final value of Own Funds results from the sum of three major aggregates, and the amounts that were considered show some differences in relation to the values included in the balance sheet, reflecting the application of prudential filters by the regulator. Therefore:

(i) Basic Own Funds: Correspond to the Bank's most stable Capitals. Their main components and the values considered in Own Funds include:

- Share Capital, Reserves (except for Revaluation Reserves) and Retained Earnings, correspond, in full, to the book values;

- Income for the Year, which is included in Own Funds net of taxes and dividends to be paid to shareholders and only if it has been certified by an External Auditor;
- Deductions from Basic Own Funds, which correspond to several line items that the regulator deemed it necessary to be introduced, from a prudential point of view, as a correction factor.

(ii) Ancillary Own Funds: They comprise Subordinated Liabilities subject to approval by the Bank of Cape Verde. The value of these Ancillary Own Funds may not exceed that of the Basic Own Funds and is broken down as follows:

- Subordinated Debt, with a maturity of more than 5 years, considered up to the limit of 50% of Basic Own Funds;
- Positive Revaluation Reserves if made in accordance with the Law and authorised by the Bank of Cape Verde.

(iii) Deductions from Own Funds: This is a set of deductions resulting from the regulator's impositions, namely:

a) In cases where the Bank has a stake greater than 10% of a Credit institution's share capital, the total amount of that stake will be deducted; in the case of a stake lower than that percentage, only the part exceeding 10% of the own funds of the credit institution that holds them will be deducted.
b) Any exceeding of the limits established for the purpose of Major Risks, which, in the case of individual prudential elements, correspond to 20% of Own Funds for exposures to the Group itself and 25% for exposures to other Groups;
c) The net book value of non-financial assets received as repayment of own loans, calculated at an annual rate of 20% as from the moment when two years have elapsed since the date on which the non-financial assets in question were received, meanwhile in the transitional phase; the Bank of Cape Verde, with regard to real estate acquired through the repayment of

own loans, in the period between 2013 and 2016, extended the period of sale to five years, establishing that the net balance sheet value of these properties should be deducted from own funds, starting in 2018 with 45%, 55% in 2019, and so on until 2022

d) Possible surpluses in qualifying holdings (equal to or greater than 10%) in companies other than Financial or Insurance companies, whose amount is individually greater than 15% of Own Funds, or 60% of Own Funds in the case of the aggregate amount of this type of holdings.

In terms of Capital Requirements, weighted assets are ranked in 4 risk factors (0%, 20%, 50% and 100%), according to the nature of each asset and each counterparty, as well as any guarantees that may exist.

An identical treatment is adopted for off-balance sheet positions associated with guarantees provided and other potential commitments undertaken.

In 2008, operational risk was also introduced, giving rise to the need for institutions to calculate additional own funds requirements for covering it, based on 15% of the average Net Operating Income (when positive) of the last three years.

In terms of reporting frequency, institutions must calculate their own funds at least at the end of each month and inform the Bank of Cape Verde, by the tenth day of the following month, of the composition of their own funds and the respective solvency ratio.

Exceptional measures in the context of the Covid 19 pandemic - extension to 2022

In 2022, the Central Bank and the Government of Cape Verde maintained some of the exceptional measures implemented in 2020, to mitigate the impact of the coronavirus - Covid 19 on the domestic economy, most notably:

- The reduction of the leading rate by 125 basis points, from the current 1.5% to 0.25%. This reduction is intended to provoke a faster and deeper reaction in banking response actions, without compromising or causing insecurity in key funding segments of the credit institutions;
- The reduction of the marginal lending facility rate by 250 basis points, i.e. from 3% to 0.5%, was aimed, on the one hand, at maintaining the 'confidence' factor in the markets, by signalling to the banks the Central Bank's total willingness to provide funds in cases of stress or liquidity shortages. On the other hand, it aims at reducing active rates in the banking market, making the cost of loans cheaper and contributing to the release of funds by companies and families, by determining lower instalments and, therefore, an increase in their disposable income;
- The reduction of the standing liquidity-absorbing facility rate by 5 basis points, from 0.1% to 0.05%, in order to redirect bank resources towards lending to the economy. In other words, the aim is to discourage banks from investing in overnight deposits with the BCV, channelling liquidity into lending to the economy, where returns will be more attractive;
- The reduction of the Minimum Cash Equivalents (MCE) coefficient by 300 basis points, from 13% to 10%, strongly encouraging banks to channel the liquidity released into lending to the economy, increasing lending to the economy by the same proportion, in terms of new loan flows, by the end of 2020;
- The reduction of the rediscount rate by 450 basis points from the current 5.5% to 1%;
- Moratorium:
    - ✓ The moratorium for all customers (capital and interest) was extended until 31 March 2022;

- ✓ And it was extended until 30 September 2022 (capital only) for the sectors of activity most affected (e.g. tourism);
- Solvency Ratio
  - ✓ By 30 September 2022, ensure a total capital adequacy ratio of no less than 10%;
  - ✓ If, on 1 October 2022, the institutions have a total capital adequacy ratio of less than 12%, they must adjust this ratio to the level prescribed in Article 1(1) of Notice 1/2017 of 9 February, as follows: 10.5%, until 31 December 2022; 11.25% until 31 March 2023 and 12% until 31 December 2024.

- The deduction of goods received as payment in kind/adjudication from funds
  - ✓ The deadline for deducting from own funds the assets received in repayment of own credit by credit institutions during the years 2013 to 2016, whose impact on the adequacy ratio was felt in 2020, was extended until 30 September 2022.

  - ✓ The deduction of the net value of the assets received in repayment of own credit from the own funds whose impact on the capital adequacy ratio would have been felt in 2020, in the absence of the extension of the deadline under the terms of the previous paragraph, should have taken place as of 1 October 2022.
  - ✓ The deduction of the net value of the assets received in repayment of own credit from the own funds whose impact on the capital adequacy ratio would have been felt in 2021, in the absence of the extension of the deadline under the terms of paragraph 1 of this article, should take place as of 1 October 2023.

Operational Plan to deal with Distressed Debtors

On 31 December 2022, when the moratoria had expired, the BI monitoring framework consisted of the following:

- Moratoria cancelled

Type of entity	No. entities	No. transactions	Value CVE
Companies	248	314	3,341,786,738
Retail	398	489	1,119,843,619
Total	646	803	4,461,630,357

During the year, the Bank continued to monitor its 'Operational plan to deal with distressed debtors in the context of the coronavirus (COVID-19) pandemic', implemented in 2020, and whose main objective is to control the level of default, maintaining an NPL ratio in line with the BI RAS, by preparing BI with a proactive, structured and effective response against possible NPL and restructured flows, aiming at:

- Providing appropriate and timely solutions for customers deemed viable but who may be in financial crisis;
- Structuring proactive measures to minimise any potential negative effects associated with the end of the moratorium;
- Having a clear understanding of the risks it faces and developing an appropriate strategy, ensuring effective and timely handling of early warnings.

As a result of applying the methodology implemented by the Bank to periodically assess the risk level of customers with legal moratorium and credit lines, namely through the regular application of questionnaires or by direct assessment by the Executive Committee, BI has been reinforcing the levels of prudence for those with evidence of an increased risk of default.

Thus, as a result of close monitoring, in 2022, the year that marks the end of one of the main measures to support the economy by the government in agreement with the

Supervisor (the end of the moratoria to support the economy), there were no major changes in default levels.

36. SUBSEQUENT EVENTS

There were no confirmed events subsequent to 31 December 2022 that could be disclosed or that required adjustment

AUDIT REPORT AND REPORT AND OPINION OF THE SUPERVISORY BOARD

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Independent Auditor Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Banco Interatlântico, S.A.R.L. (the Bank), which comprise the balance sheet as at 31 December 2021 (showing a total of 25,920,698 thousand Cape Verde escudos (CVE) and a total equity of CVE 3,033,318 thousand, including a net profit of CVE 282,781 thousand), the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year ended on that date, and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements truthfully and fairly present, in all material respects, the financial position of Banco Interatlântico, S.A.R.L. as at 31 December 2021, and its financial performance and cash flows for the year then on that date, in accordance with the accounting principles generally accepted in Cape Verde for the banking sector.

Bases for the opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of this report. We are independent from the Bank, in accordance with the requirements of the Code of Ethics of the Professional Association of Certified Auditors and Accountants, which was prepared in compliance with the principles and standards of the Code of Ethics for Accountants and Auditors, issued by the International Ethics Standards Board for Accountants and Auditors (IESBA), and we have fulfilled the other ethical responsibilities set out in those requirements.

We are confident that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Relevant audit matters

Relevant audit matters are those that, in our professional judgement, were more important in our audit of the financial statements for the current year. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our opinion, and we do not provide a separate opinion on these matters.

The relevant audit matters for the current year are as follows:

1. **Impairment for loans and advances to customers**

Description of the most significant risks of material misstatement	Summary of our response to the most significant risks of material misstatement
As at 31 December 2021, the Bank has recorded accumulated impairment losses on the loans portfolio in the amount of CVE 683,338 thousand, representing 3.3% of the credit value. The details of impairment for loans and advances to customers and the accounting policies, methodologies, concepts and assumptions that were used are disclosed in the notes to the financial statements (Notes 2.2.4 c), 7 and 17).	Our audit approach to impairment for loans and advances to customers included (i) a comprehensive response with an impact on the way the audit was conducted and (ii) a specific response that resulted in the design, and subsequent execution, of audit procedures that included, namely: ► understanding, evaluating the design, and testing the operational effectiveness of internal control procedures

Description of the most significant risks of material misstatement	Summary of our response to the most significant risks of material misstatement
Impairment represents the Bank's management body's best estimate of the expected loss on exposures in loans and advances to customers with reference to 31 December 2021. To calculate this estimate, the management body established assumptions, used mathematical models to calculate parameters, interpreted concepts and historical data, and designed a model to calculate the expected loss. For individually relevant exposures, impairment is determined based on the judgement of the bank's specialists in assessing credit risk and knowledge of the reality and financial situation of the customers and the guarantees associated with the operations in question. In addition to the complexity of the models for quantifying impairment losses in the loans portfolio, their use entails processing a significant volume of data, whose availability and quality may be limited. Additionally, the effects of the Covid-19 pandemic may not be fully overcome, nor fully materialised, and their full extent is still unclear. The pandemic decreased the predictability of developments in the economy, so the determination of the scenarios and weightings used to calculate the expected loss in the loans and advances to customers portfolio is more uncertain, increasing the inherent judgement in identifying debtors with a significant increase in credit risk. In this context, its potential impacts on asset quality should be weighted when recognising the loan impairment. Note 35 presents the impacts of Covid-19 and the mitigation measures adopted by the Bank. In view of the degree of subjectivity and complexity involved in estimating impairment, using alternative approaches, models or assumptions can have a material impact on the value of the estimated impairment, which, together with the materiality of its value, leads us to consider this issue as a relevant audit matter.	existing in the process of quantification of impairment losses for loans and advances to customers; ► analytical review tests on the developments in the impairment balance for loans and advances to customers, comparing it with the same period of the previous year and with the expectations formed, of which we highlight the understanding of changes in the loans portfolio and changes in impairment assumptions and methodologies; ► selection of a sample of customers subject to individual impairment analysis to assess the assumptions used by the management body in quantifying impairment. This analysis included information on the economic and financial situation of the debtors and collateral valuation reports, as well as enquiries to the Bank's specialists in order to understand the recovery strategy that was defined and the assumptions that were used. We assessed the judgements considered to reflect the impacts of the Covid-19 pandemic on individual debtors or sectors; ► with the support of our risk management experts, we tested the reasonableness of the parameters used in the calculation of collective impairment, namely: i) understanding the methodology formalised and approved by the management body and comparing it with the one that was actually used; ii) examining changes to the models to determine parameters to reflect expected loss; iii) analysing changes made to risk parameters (DP, LGD and EAD) during the year; iv) following up on corrective measures for deficiencies previously identified in the collective impairment model; v) testing by sampling the classification of operations in stages 1, 2 and 3; and vi) assessing the reasonableness of the adjustments made, in particular those aimed at addressing additional areas of judgement resulting from the moratoria and examining the management process associated with those adjustments. ► analysing the disclosures included in the notes to the financial statements, based on the requirements of the international financial reporting standards and accounting records.

2. Impairment for properties received through loan recoveries

Description of the most significant risks of material misstatement	Summary of our response to the most significant risks of material misstatement
As at 31 December 2021, the accumulated impairment recorded for properties received through loan recoveries, recorded under Other Assets, amounts to CVE 158,643 thousand, representing 11% of the value of those assets (Notes 13 and 17). These impairment losses are determined according to the methodology described in Note 2.2.4 e). The Bank periodically asks external appraisers registered with the Bank of Cape Verde ('BCV') to appraise the properties received through loan recoveries. Impairment losses are recorded if the appraisal value, minus the estimated costs to be incurred with the sale of the property, is lower than the balance sheet value. The appraisal of properties takes into account a number of judgemental assumptions that depend on the specific characteristics of each asset and the Bank's strategy for its commercialisation. Assumptions about future events may not occur or, even if they do, actual results may differ. For example, there may be changes in real estate market expectations, relevant macroeconomic variables or the intrinsic characteristics of the property itself and its surrounding physical environment. Due to the Covid-19 pandemic, the uncertainty about the fair value estimate increased due to potential effects on (i) the volume and value of reference transactions involving similar and comparable assets, (ii) the extension of deadlines for the completion of real estate assets under construction, (iii) the cash flows arising from leased assets, (iv) the discount rates considered, (v) the ability to lease vacant assets, and (vi) the premium risk required by potential investors. We considered this matter to be relevant to the audit based on its materiality in the financial statements and on the fact that using different valuation techniques and assumptions can result in different fair value estimates.	Our audit approach to the impairment of properties received through loan recoveries included a specific response that resulted in the design, and subsequent execution, of audit procedures that included, namely: ► understanding the internal control procedures associated with the process of measuring properties received through loan recoveries; ► analytical review tests on the value of the properties included in 'Other assets', comparing it with the same period of the previous year and with the expectations formed, of which we highlight the understanding of the changes that occurred and changes in assumptions and methodologies; ► for a sample of properties, assessing the reasonableness of the methodology and assumptions used by the external valuation experts and confirming their registration with the BCV. For these properties, we analysed, where applicable, promissory purchase and sale agreements or binding offers received, and title certificates from the land registry office; and ► analysing the disclosures included in the financial statements, based on the requirements of the international financial reporting standards and accounting records.

Responsibilities of the management body and the supervisory body for the financial statements

The management body is responsible for preparing financial statements that present a true and fair view of the Bank's financial position, financial performance and cash flows in accordance with the principles generally accepted in Cape Verde for the banking sector, and for such internal control as it deems is necessary to enable the preparation of financial statements that are free from material misstatement due to fraud or error.

When preparing financial statements, the management body is responsible for assessing the Bank's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern assumption unless the management body intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

The supervisory body is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement where it exists. Misstatements may arise from fraud or error and are considered material if, individually or collectively, they can reasonably be expected to influence the economic decisions made by users based on these financial statements.

As part of an audit in accordance with the ISA, we make professional judgements and maintain professional scepticism during the audit, and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management body;
- conclude on the appropriateness of management body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our report to the related disclosures included in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Bank to discontinue its activities;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in order to achieve a fair presentation; and
- communicate with those in charge of governance, including the supervisory body, regarding, among other matters, the planned scope and schedule of the audit, and relevant audit matters including any significant deficiencies in internal control identified during the audit.

OTHER INFORMATION

On the management report

The management body is responsible for preparing other information. This other information comprises the Management Report, which does not include the financial statements, and our report thereon, which we obtained before the date of our report.

Our opinion on the financial statements does not cover the information contained in the Management Report and we do not express any kind of reliability assurance on that other information.

Within the scope of the audit of the financial statements, our responsibility is to read the Management Report and, consequently, consider whether the information contained therein is materially inconsistent with the financial statements, based on the knowledge we obtained during the audit, or appears to be materially misstated.

If, based on our analysis of the other information we obtained before the date of our report, we conclude that there is a material misstatement in the Management Report, we are required to report on that fact. We have nothing to report in this regard.

4 May 2022

Ernst & Young Audit & Associados - SROC, S.A. Cape
Verde Branch
Represented by:

Signed by : **Ana Rosa Ribeiro Salcedas Montes Pinto**
Identification Number: BI08539023
Date: 2022.05.04 09:55:49 GMT Daylight Time

CHAVE MÓVEL

Ana Salcedas
General
Manager/Partner

REPORT AND OPINION OF THE SUPERVISORY BOARD

2022 FINANCIAL YEAR

Dear Shareholders of Banco Interatlântico, SA

Report

Pursuant to the Commercial Companies Code and the Articles of Association of Banco Interatlântico, SA (Bank), the Supervisory Board submits its Report on the activity carried out in 2022, as well as its Opinion on the Report and Accounts for the year ended 31 December 2022 submitted by the Board of Directors. The members of the Supervisory Board were re-elected at the General Meeting of 8 March 2023.

On 16 February 2022, the Supervisory Board issued its activity report for the second half of 2021, which was sent to the Audit Committee of Caixa Geral de Depósitos (CGD) on the same date.

On 03 March 2022, the Supervisory Board participated in the meeting of the Board of Directors of Banco Interatlântico, providing the necessary input and participating with complete freedom and independence.

On 24 March 2022, the Supervisory Board issued its opinion on the Corporate Governance Report online.

On 26 April 2022, the Supervisory Board met and discussed the following issues: i. Closing of the accounts for 2021 and the accounts for March 2022; ii. Business plan for 2022; iii. Opinion on the Management Report and Annex 2021; iv. Opinion on the Bank's budget for 2022; v. Opinion on the Policy on Transactions with Related Parties; vi. Opinion on the FAI Activity Plan 2022-2024; vii. Opinion on the Revision of the FAI Regulations; viii. Opinion on the subcontracting of audits; ix. Record in the minutes of the telematic dispatches of 27 and 29 December 2021, 24 March 2022, its participation in the Board of Directors on 03 March 2022 and the activity report sent to CGD; x. Updating the Risk Management Plan for Corruption and Related Offences; xi. Audit reports issued up to the date of the meeting.

The meeting concluded on 27 April 2022, and the Supervisory Board took part in the Board of Directors' meeting on 26 April 2022 and met with the External Auditor on 27 April 2022.

The Supervisory Board took part in the General Meeting on 31 May 2022, which was held in a hybrid format, with the chairman attending the meeting in person.

On 19 July, the Supervisory Board issued an opinion on the renewal of a ceiling of bank guarantees at the request of the client Adega S.A.

On 21 July, the Supervisory Board took part in the meeting of the Board of Directors at which the accounts for the first half of 2022 were approved.

On 25 July, the Supervisory Board met and discussed the following issues: i. Monitoring the work on the 2022 AAR with the External Auditor, ii. Submitting of the accounts for the first half of the year; iii. Appreciation and approval of the report to the CGD Audit Committee on the first half of 2022; iv. The Council's multiannual activity plan for 2022-2024; v. Appraising the annual reports produced by the Compliance Function and the Internal Audit function; vi. Annual report on the implementation of BI's risk management plan for corruption and related offences; vii. Annual Evaluation Report of the Global Policy for the Prevention and Management of Conflicts of Interest 2021 and updating of the regulations; viii. Evaluation in 2023 of the Audit Function - ECB request; ix. Activity plan for the Compliance Function for 2022; x. Internal Audit Reports issued and the summary of activity of the Internal Audit Function; xi. Regulations on the Internal Reporting System for Irregular Practices; xii. BCV Specific Determination no. 05/2022 and situation report on IT risk.

On 19 October, the Supervisory Board took part in the Board of Directors' meeting, which examined the September accounts and the year-end estimate.

On 21 October, the Supervisory Board met and discussed the following issues: i. September accounts and year-end estimate; ii. Approval of the update to the Supervisory Board's Plan of Activities; iii. Approval of the update of its Activity Plan for 2022; iv. Approval of the revision of its Regulations and the correction to the Council's multiannual activity plan for 2022-2024; v. Opinion on the Code of Conduct; vi. Opinion on the Regulations of the Compliance Function; vii. Opinion on the Regulations of the Risk Management Function; viii. Opinion on the revision of the Bank's Organisational Structure; ix. Opinion on the Policy for the Prevention and Management of Conflicts of Interest; x. Monitoring work on the 2022 Self-Assessment Report; xi. Internal Audit Reports issued and FAI activity summaries; xii. Follow-up of internal control deficiencies - Q3/2022; xiii. Collecting suggestions for the BI's FAI activity plan; xiv. Monitoring Report for the second quarter of the Office of Compliance Function; xv. Activity Plan of the Office of Compliance Function for 2023; xvi. List of the Bank's related parties; xvii. Analysing and understanding BI's Risk Profile; xviii. Appreciate the 2021 Activity Report by the Risk Management Function; xix. Specific Determination no. 05/2022 of the BCV and the inspection carried out by the BCV.

On 15 December 2022, the Supervisory Board took part in the meeting of the Board of Directors, at which the November accounts were submitted.

On the same day, the Supervisory Board met and discussed the following issues: i. November accounts; ii. Review of the Bank's organisation chart; iii. Supervisory Board activity plan for 2023 and multi-annual plan for 2023-2025; iv. Annual Report on Internal Communication of Irregular Practices; v. Opinion on the Self-Assessment Report on the adequacy and effectiveness of the organisational culture and systems; vi. Status report on open deficiencies and estimated completion date by the end of the year; vii. Issued Internal Audit Reports and FAI Activity Summaries; viii. Review of the FAI Audit Plan; ix. Issuing opinions on the corporate standards of the Risk Management Function; x. Monitoring report for the third quarter of the Office of Compliance Function; xi. Activity Plan for the Offices of Compliance Function and Risk Management Function for 2023; xii. Annual statement on the Bank's Remuneration Policies; xiii. Recovery and Resolution Plans; xiv. Specific Determination no. 05/2022; xv. Customer Complaints Report.

Additionally, the Supervisory Board monitored the Bank's activity on a regular basis, checking, as often as deemed necessary, the variation of its assets and their financial situation, having analysed the accounting information that it was provided with.

A number of meetings that were deemed appropriate were also held, namely with the External Auditor, in order obtain the necessary assurance for the Opinion issued herein.

OPINION

The Supervisory Board analysed the Balance Sheet, the Profit-and-Loss Account, the Statement of Cash Flows, the Statement of Changes in Equity, the Statement of Comprehensive Income and the respective Appendix for FY 2022, which appropriately reflect the economic and financial situation of the Bank, as stated in the External Auditor's Report, which addresses the relevant audit matters, namely impairment losses on loans and advances to customers and the appraisal of properties received through credit recovery.

The Supervisory Board highlights the following indicators as the most important in the Bank's activity in 2002:

- Net assets reached the amount of 25,920,698,000 CVE, representing an increase in net assets of approximately 6,8% (+1,646,054,000 CVE), mainly justified by the following variations:
    - The increase in the net loan portfolio (+992,095,000 CVE, +5.2% VH), with non-securitised loans increasing by 1,013,715,000 CVE (+6.8%);
    - The increase in cash and cash equivalents (+317,527,000 CVE, +10.2% VH);
    - The increase in Other Assets (+262,318,000 CVE, +24.4% VH), mainly due to the values associated with properties received in credit recovery.
- On the liabilities side, customer deposits increased by approximately 5.4%, with demand deposits increasing by 3.0% and term deposits by 8.9%, driven by the economic recovery and initiatives implemented by the Bank to grow the portfolio;
- The transformation ratio stood at 69.5%, an increase of 1.8 p.p. on the previous year;
- Operating income increased by 10.1% (+106,806,000 CVE), due to a slight decrease in net interest income of 0.1% (-754,000 CVE) and an increase in complementary margin of 77.5% (+107,560,000 CVE);
- Overheads increased by 7.2% to 648,625,000 CVE, due to a greater upturn in activity in 2021 and the implementation of strategic projects previously postponed by the pandemic.
- The cost-to-income ratio went from 57.1% in December 2020 to 55.6% in December 2021, essentially due to the increase in operating income;
- Net income totalled 282,781,000 CVE, a slight decrease of 1,013,000 CVE (-0.4%) compared to December 2020.
- The Bank's solvency ratio stood at 16.4%, representing an increase of 0.4 p.p compared to 2020.

The Supervisory Board has been in constant contact with the Executive Board and the Bank's structures to monitor the evolution of the business and congratulates the Executive Board and all the employees on the considerable recovery in defaults, in the context of the pandemic, and on the recovery of the business in 2021.

In view of the above and bearing in mind that the Financial Statements allow an adequate understanding of the Bank's financial situation, that the accounting policies and valuation criteria comply with the International Financial Reporting Standards, that the Report of the Board of Directors is sufficiently clear about the activity carried out in 2022, and that the proposed appropriation of profits does not contravene the applicable legal and statutory provisions, the Supervisory Board is of the opinion that the General Shareholders' Meeting should:

a) Approve the Report of the Board of Directors and the Financial Statements for FY 2022, presented by the Board of Directors, and
b) Approve the proposed appropriation of profits, attached to this Opinion, underlining that priority is given to strengthening the Bank's solidity, preventing risks arising from the post-moratorium period that are yet unknown.

Lastly, the Supervisory Board would like to express its gratitude to the Executive Committee, the Bank's Services and the External Auditor for all the collaboration provided and the results achieved in 2022.

Cidade de Praia, 12 May 2023

CHAIRMAN OF THE SUPERVISORY BOARD

(José Liberato)

MEMBER OF THE SUPERVISORY BOARD

(José Mário de Sousa)

MEMBER OF THE SUPERVISORY BOARD

(Carlos Alberto Rodrigues)

Banco Interatlântico
Grupo Caixa Geral de Depósitos

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