

Annual Report | 2023

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INTRODUCTION

A modern office lounge area with a curved wall of vertical blinds and large windows. The room is furnished with blue armchairs and a wooden coffee table. A glass-walled office is visible in the background. The ceiling has recessed lighting and air vents. The floor is made of light-colored tiles. A blue horizontal bar is at the bottom left, and a white horizontal bar is below it.

1. INTRODUCTION



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

The year 2023 was particularly great for Banco Interatlântico and all of its employees.

We sustainably improved our main business indicators and support to the economy and our customers, further strengthening our reputation in Cape Verde's financial system.

We're always aiming to establish Banco Interatlântico as a pillar of sustainability and credibility in the national financial system, leveraging our status as a subsidiary of the Caixa Geral de Depósitos Group, and increasingly realising the benefits provided by our integration within the CGD Group.

We strive to be growingly closer to our customers, wherever and however they wish, benefiting from the Caixa Group's unique international network.

We are already the market benchmark in terms of Governance, Environmental and Social concerns, Risk Management and Responsible Business, as a result of the very demanding international rules to which we are subject, seeing as the European Central Bank is the supervisor of the Caixa Group. Alongside strict compliance with the rules of the Central Bank of Cape Verde, adherence to the best and most demanding international practices and standards strengthens the financial sector in Cape Verde and enhances the trust of all customers, both national and international.

This year, we inaugurated the new head office of Banco Interatlântico and introduced a new presentation across the Bank's branches, with a customer service model designed to deliver improved quality, faster service, and reduced waiting times, an approach we will continue to extend to all of the Bank's physical locations throughout 2024 and 2025.

Our working style has changed profoundly, as has the way we serve our customers, with a lot of simplification of procedures, offers and channels.



1. INTRODUCTION



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

We already offer our customers instant loan and an innovative internet banking service, together with a new online banking app for mobile phones launched in March 2024. This path of permanent innovation is, and will continue to be, one of our hallmarks within the market: always closer, always better.

With the steady evolution of the Bank's main business indicators in 2023, we highlight the following, which best demonstrate the Institution's capacity for continuous and solid improvement:

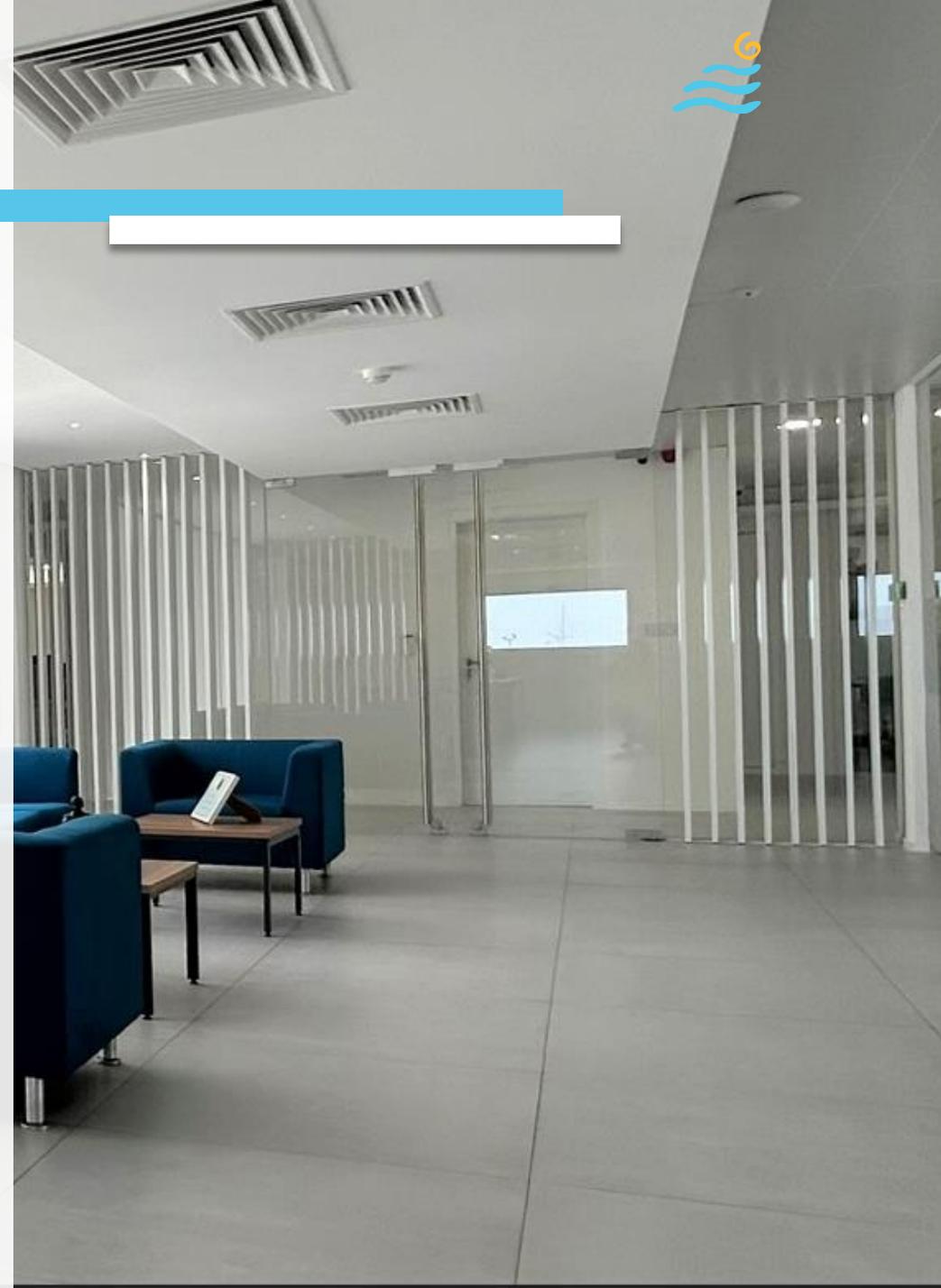
- Sustained growth in our results, supported by our efforts to mitigate credit risk and heavy investment in modernising the Bank and Customer Service;
- Growth in the market share of deposits, the main indicator of confidence in a bank, and growth in the loan portfolio of more than 3%;
- Continuous decrease in overdue loans and our market share in this indicator, in contrast with the financial system, with a default ratio (BCV) of 3.86%, and NPE and NPL ratios of 2.90% and 3.77% respectively;
-

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 and acknowledge our Customers for continuing to prefer us and the absolute commitment of our dedication and work.

Nuno Alexandre de Carvalho Martins
Chairman of the Board of Directors



1. INTRODUCTION



FRAMEWORK OF THE EXECUTIVE COMMITTEE

Estimates¹ of the evolution of Cape Verde's GDP point to this indicator standing at 5.1% in 2023 and 5.4% in 2024, representing a trajectory of sustained economic growth, driven essentially by the tourism sector which is recovering to pre-pandemic levels.

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

In 2023 the Bank launched a new, modern and intuitive internet banking platform, and established the first credit line for SMEs, worth 10 million euros, co-financed by the EIB. This line is a milestone in the market, as it is the first time that the EIB has accepted a bank in Cape Verde for an operation of this nature, which is an important reflection of Banco Interatlântico's solidity and governance.

The year also saw the inauguration of the Bank's new head office in the second quarter, refurbishing its main office, marking the beginning of a transformation in the customer service model, significantly enhancing service capacity and reducing waiting times.

In the last quarter of the year, the Bank launched an innovative consumer loan solution, enabling it to serve customers in less than an hour from the initial request to the disbursement of the operation. This pioneering process represents a substantial improvement in the customer service level, in a unique solution in Cape Verde.

Source 1: Monetary Policy Report, Bank of Cape Verde, April 2024





FRAMEWORK OF THE EXECUTIVE COMMITTEE

The main lines of business continued to evolve favourably, with loans to families increasing by 5.9%, in a context in which the Bank continued to reduce its stock of non-performing loans, now standing at 3.86%. This is the comparable criterion in the market, defined by the Central Bank and calculated by the other banks in the market. The international NPE and NPL indicators, which Banco Interatlântico calculates in accordance with international rules and which are audited, show the following, very favourable evolution:

CREDIT QUALITY AND HEDGING	31/12/2022	31/12/2023	Value
NPL (Non-performing Loans) ratio	4.82%	3.77%	-1.0 p.p
Net NPL Ratio	2.75%	2.28%	-0.5 p.p
NPE (Non-performing Exposure) ratio	3.60%	2.90%	-0.7 p.p.
Net NPL Ratio	2.05%	1.75%	-0.3 p.p
NPL Hedging	33.97%	41.03%	7.1 p.p
NPE Hedging	33.79%	40.81%	7.0 p.p
Credit Risk Cost	0.45%	0.40%	-0.05 p.p
Overdue loans and interest/Gross Loans	4.90%	3.86%	-1.0 p.p
BCV credit quality (Circular Series 'A' no. 150/DSE/2009)	2.45%	1.82%	-0.6 p.p.
Loan Impairment / Overdue loans and interest	72.79%	76.00%	3.2 p.p.



1. INTRODUCTION



FRAMEWORK OF THE EXECUTIVE COMMITTEE

Gross loans grew by 3.2%, but without the effect of NPL reductions, they would have grown by 4.2%. Deposits grew by 12.8%, above market growth. Net income grew by 29.1%, 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 standards in 2024.

Banco Interatlântico was also honoured in 2023, for the sixth consecutive year, with the '*Bank of the Year*' award by the Financial Times publication '*The Banker*'. This award recognises the solidity of the Bank's development and customer service, as well as the commitment and dedication of the Bank and its employees and their focus on customers and results.

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

The Executive Committee



1. INTRODUCTION



MAIN BUSINESS INDICATORS IN 2023

31,467 M CVE

Total assets

17,378 M CVE

Gross Loan

27,164 M CVE

Resources (Customers)

33,238

Customers

155

Employees

11

Commercial units

High dynamism in commercial production

+6.5%

Housing Loans (YoY)

+12.8%

Customer Deposits (YoY)

Market shares (*):

11.57%

In loans

10.41%

In deposits

Improving Results

397.4 M CVE

Net Profit

+29.1%

(YoY)

Comfortable liquidity position

63.07%

Transformation Ratio

Improved risk and profitability indicators

-1.00 p.p

Overdue loans ratio

-0.05 p.p

Cost of Risk

+0.06 p.p

% Commission Staff

+0.01 p.p

% Commission Business Volume

-1.8 p.p.

ROE

2023



(*) System Data for Dec 23



MAIN BUSINESS INDICATORS in 2023

Balance Sheet and Operating Indicators	31 Dec 22	31 Dec 23	Change	% Change	Notes
Net Assets	28,091,443	31,467,079	3,375,636	12.0%	
Cash and cash equivalents at Central Banks	3,800,335	3,544,588	-255,747	-6.7%	
Investments at Credit Institutions	34,735	3,373,705	3,338,970	9,612.7%	
Non-securitised Loans and Advances to Customers (Net)	16,241,483	16,868,385	626,902	3.9%	
Gross Non-securitised Loans	16,842,152	17,378,725	536,574	3.2%	
of which: Overdue loans	825,153	671,466	-153,688	-18.6%	
Impairment	600,669	510,341	-90,328	-15.0%	
Securitised Loans (Net)	5,048,454	4,703,746	-344,708	-6.8%	
Gross Securitised Loans	5,097,240	4,739,531	-357,709	-7.0%	
Impairment	48,786	35,785	-13,001	-26.6%	
Customer deposits	23,916,237	26,980,761	3,064,524	12.8%	(8)
Equity	3,316,407	3,663,218	346,811	10.5%	
Overall Activity Income	1,198,640	1,308,018	109,377	9.1%	
Net Interest Income	920,897	972,541	51,644	5.61%	
Complementary Margin	277,743	335,477	57,734	20.8%	
Structural Costs	695,057	735,856	40,799	5.9%	
Impairments and Provisions	203,253	205,585	2,332	1.1%	
Operating Income	503,584	572,162	68,578	13.6%	
Net Income	307,821	397,378	89,556	29.1%	

Amounts in Thousand CVE

Profitability and Efficiency

	31 Dec 22	31 Dec 23	Change	Notes
Return on Assets (ROA)	1.11%	1.38%	0.3 p.p.	(1)
Return on Equity (ROE)	9.69%	11.50%	-1.8 p.p.	(1)
Overall Activity Income / Average Net Assets	4.29%	4.54%	0.3 p.p.	(1)
Staff Costs / Overall Activity Income	25.66%	24.97%	-0.7 p.p.	
Cost to income	58.2%	56.3%	+1.9 p.p.	
Net Fees / Turnover	0.29%	0.31%	0.01 p.p.	(2)
Net Fees / Staff Costs	38.73%	39.35%	0.6 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 2023

Credit quality and Hedging

	31 Dec 22	31 Dec 23	Change	Notes
NPL (Non-performing Loans) ratio	4.82%	3.77%	-1.0 p.p	
Net NPL Ratio	2.75%	2.28%	-0.5 p.p	
NPE (<i>Non-performing Exposure</i>) Ratio)	3.60%	2.90%	-0.7 p.p.	
Net NPL Ratio	2.05%	1.75%	-0.3 p.p	
NPL Hedging	33.97%	41.03%	7.1 p.p	
NPE Hedging	33.79%	40.81%	7.0 p.p	
Credit Risk Cost	0.45%	0.40%	-0.05 p.p	(4)
Overdue loans and interest/Gross Loans	4.90%	3.86%	-1.0 p.p	(3)
BCV credit quality (Circular Series 'A' no. 150/DSE/2009)	2.45%	1.82%	-0.6 p.p.	(3)
Loan Impairment / Overdue loans and interest	72.79%	76.00%	3.2 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 and 3 interns

(8) Does not include interest payable

Structural Ratios

	31 Dec 22	31 Dec 23	Change	Notes
Loans and advances to customers (Net) / Net Assets	57.82%	53.61%	-4.2 p.p	(3)
Transformation Ratio (Net Loans / Deposits)	68.8%	63.07%	-5.8 p.p	(5)

Solvency and Liquidity Ratios

	31 Dec 22	31 Dec 23	Change	Notes
Solvency ratio	15.63%	16.75%	1.1 p.p	(6)
<i>Liquidity Coverage Ratio</i> (LCR)	147.8%	159.6%	11.8 p.p	

Other Indicators

	31 Dec 22	31 Dec 23	Change	Notes
No. of Employees	163	158	-3.1%	(7)
No. of Branches	9	9	0.0%	
Employee per Branch	18.1	17.6	-3.1%	
(Loans+Deposits)/no. Employees	250,051	280,756	12.3%	(3)
(Loans+Deposits)/no. Branches	4,528,710	4,928,832	8.8%	(3)

1. INTRODUCTION



MAIN EVENTS

2023

22.Mar



World Economic Magazine honoured Banco Interatlântico with two awards:

- **Best Digital Bank Cape Verde 2023**
- **Best Corporate Bank Cape Verde 2023**

24.Mar



Global Business Magazine honoured Banco Interatlântico with the award

'**Best Commercial Bank in Cape Verde 2023**':

30.Jun

NEW HEAD OFFICE and New Main Office

Inauguration of the New Head Office of Banco Interatlântico
Inauguration of the new Main Office

01.Jul

Celebrating 24 years of BI
Board meeting with all Bank employees and governing bodies

04.Jul

Drill
1st full evacuation drill of the new head office building, including the Civil Protection, the Fire Department and the National Police.

15.Sep

New products launching
BI offers its customers EIB's EUR 10 million credit line and instant disbursement consumer credit.



01.Dec

The Banker
awarded Banco Interatlântico, the '**Bank of the Year**' prize for the sixth consecutive year."

A wide-angle photograph of a modern office space. The room is bright and airy, featuring large windows on the left side that let in natural light. The office is furnished with white desks, black office chairs, and white cubicle dividers. The floor is a light-colored, polished material. The ceiling has recessed lighting and air vents. The overall atmosphere is clean and professional.

WHO WE ARE

2. 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



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.

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.

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

2. WHO WE ARE



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:



2. WHO WE ARE



BUSINESS STRATEGY AND MODEL





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 2024 and the 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)



2. WHO WE ARE

BUSINESS STRATEGY AND MODEL

Geographic Presence and Channels

To serve its Private, Business, Corporate and Institutional Clients, BI has nine branches on the main islands of the archipelago, one corporate customer office and one retail customer office, totalling 11 commercial units.

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.



2. WHO WE ARE



BUSINESS STRATEGY AND MODEL

Instant Credit

Banco Interatlântico has made a new consumer credit solution available to its customers, with disbursement in less than one hour from the request, a pioneering process that represents a substantial improvement in the customer service level, providing a unique solution in Cape Verde.

EIB Line

Banco Interatlântico has made a EUR 10 million credit line available to SMEs, co-financed by the European Investment Bank (EIB), making it the first and only bank in Cape Verde in which the EIB has agreed to contract an operation of this nature, which is an important reflection of Banco Interatlântico's Solidity and Governance Model.

Consumer credit



EIB Line

European Investment Bank

Banco Interatlântico
Grupo Caixa Geral de Depósitos

O Banco Interatlântico tem disponível
uma **linha de crédito** para a sua **Empresa**
Mais de 1 Milhão de contos
É a solução que a sua empresa precisava!

2. WHO WE ARE



BUSINESS STRATEGY AND MODEL

Payment methods evolution

The Cape Verdean financial system maintained its number of operating banks, with a total of 8 banks holding general authorisation.

In 2023, Banco Interatlântico maintained its commercial network on the country's main islands, with 9 branches and 2 offices.

Banco Interatlântico continues to provide customer support through remote channels, including helplines, social media, and email, while also offering services associated with remote channels such as ATMs and Internet Banking.

In 2023, it continued to focus on the convenience, quality and security of its services, highlighting the implementation of a queue management system using automatic tickets at the Achada Santo António and Plateau branches, which can be downloaded and managed by customers from anywhere as long as they have a device with Internet access.

Banco Interatlântico's ATM fleet remained at 43 machines in 2023, maintaining a market share of 25%.

Regarding POS terminals, Banco Interatlântico closed 2023 with 1,550 active POS devices, representing an increase of approximately 9% compared to 2022, positioning the Bank at a market share of around 15%.

Main Business Indicators



2. WHO WE ARE



BUSINESS STRATEGY AND MODEL

Payment methods evolution

The number of internet banking service users has already exceeded 24,300, a positive change of 9% compared to 2022.

We expanded our services available through Internet Banking by offering international transfer orders, aligning with the Bank's sustainability policy, which in this case specifically aims to reduce paper consumption across all Bank units.

Banco Interatlântico's active cards once again recorded a positive change, with the highlight being Visa Pay cards, which saw an increase of more than 30% compared to 2022, reaching almost 5,000 active cards. Vint4 network cards now total 27,807 units, and Visa credit cards account for more than 700 units.

The promotion of the Bank's non-face-to-face channels has delivered positive results, enhancing the quality and convenience for our customers while also aligning with Banco Interatlântico's Sustainability Policy. Notably, there was an increase of over 26% in service payments through Internet Banking compared to 2022, meaning that customers are fulfilling their commitments without needing to visit physical facilities, whilst also reducing the printing of invoices and receipts, as the service sends proof of payment directly to users' emails.

Main Business Indicators



2. WHO WE ARE



VALUE CREATION MODEL

WE CREATE VALUE THROUGH OUR BUSINESS MODEL

Financial Capital
Equity, customer funds and issue of debt.

Fixed Assets
Distribution network, central buildings and equipment.

Intellectual Capital
Software, licences; Innovation; Quality of service; Organisation and processes; Codes, policies and internal regulations.

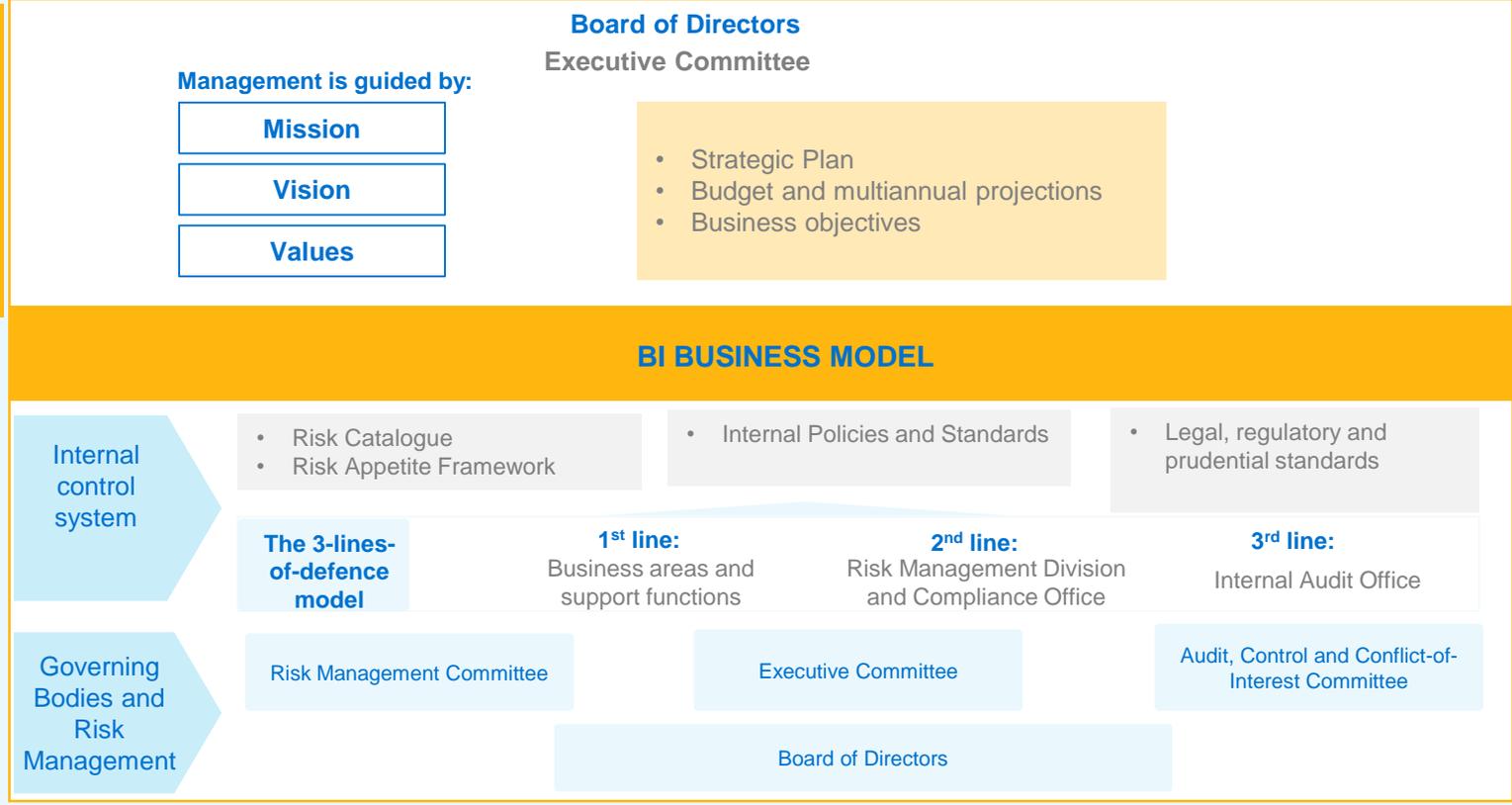
Human Capital
Knowledge and experience; Personal attributes; Motivation and loyalty; Productivity; Professionalism and Ethics

Share Capital
Stakeholders' trust; Reputation and knowledge; Shareholder support; Partnerships; Social commitment.

Natural Capital
Energy and water consumption in the commercial network and central building, fuel, paper and other consumables.

Business Management

Risk management



STAKEHOLDERS

CUSTOMERS

EMPLOYEES

WE CREATE VALUE WITH VALUE

SHAREHOLDERS

SOCIETY

SUPPLIERS

External Entities

Supervisory Entities

External Auditor



2. WHO WE ARE

GOVERNANCE MODEL

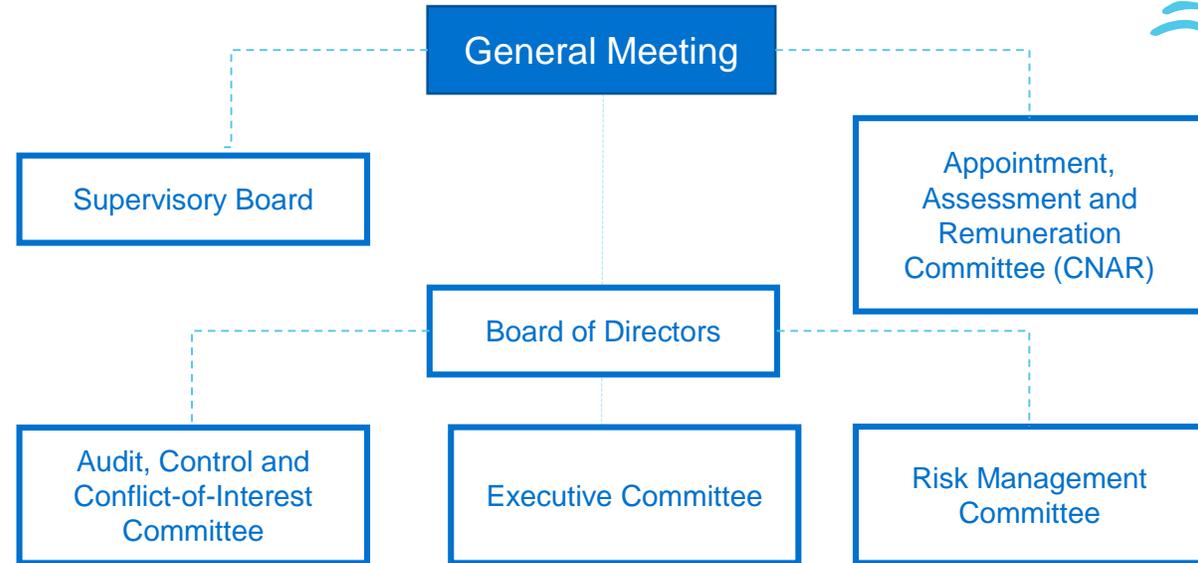
Governance

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 a secretary, elected every three years. The AG decides on matters specially 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.



2. WHO WE ARE

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.

2. WHO WE ARE



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.





2. WHO WE ARE

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 2023, we highlight the consolidation of the use of the Credibox platform and the automation of scoring within it, making it possible to optimise the response time for credit requests, transparency in information, and the management/monitoring of the risk profile of the Bank's credit portfolio.



2. WHO WE ARE

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.

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.



2. WHO WE ARE

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), reputation, and climate and environmental:

- 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).
- Climate and Environmental Risks (C&E): risks associated with the negative impacts on results or capital, arising from climate change and environmental degradation that affect systems (natural and human) and regions, which are sources of structural changes that affect economic activity.

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.

A modern office lounge area featuring several blue armchairs arranged around a low wooden coffee table. The room is characterized by large windows with vertical blinds, creating a bright and airy atmosphere. The ceiling has recessed lighting and air vents. A glass-walled office is visible in the background.

ECONOMIC AND FINANCIAL CONTEXT



3. ECONOMIC AND FINANCIAL CONTEXT



ECONOMIC AND FINANCIAL FRAMEWORK (*)

Global Economy

Global economic activity and that of the country's main partners are expected to slow down in 2023 and 2024 before recovering in 2025. With the strong economic rebound after the Covid-19 pandemic, the pace of growth in the global economy and in the country's main partners is expected to slow down in 2023 and 2024, reflecting, amongst other factors, the long-term consequences of the pandemic, the war between Russia and Ukraine, and growing geo-economic fragmentation, in addition to the impact of tighter monetary policies and financial conditions necessary to reduce inflation, and the withdrawal of budgetary support in a context of high debt and extreme climate events.

Despite the slowdown in the economy, the labour markets of the country's main partners and those hosting the Cape Verdean diaspora remained resilient, particularly in the Euro Area and the USA.

The country's main partners show a gradual decrease in inflation over the projection horizon.

Therefore, according to the International Monetary Fund (IMF) World Economic Outlook (WEO) of January 2024 projections, world gross domestic product (GDP) in volume is expected to grow by 3.1% in 2023 and 3.1% in 2024 (compared to 3.5% in 2022), with global divergences and more considerable changes in the growth trajectories of the leading economies, with upward revisions for the US and downward revisions for China and the Euro Area.¹⁰

Economies are expected to recover in 2025, particularly those of the country's main partners, with the improvement in real income due to declining inflation, alongside the prospect of stronger external demand and persistently low unemployment. However, growth will remain constrained by the impact of tighter monetary policies, adverse lending conditions, and the gradual withdrawal of budgetary support measures.

*Source: Monetary Policy Report Oct./2023 and April/2024.

IMF's report of October 2023 indicates a **global economic growth of around 3% in 2023 and 2.9% in 2024.**

The Central Bank expects to maintain its decision to increase reference rates, considering the need to converge and reduce the differential with Euro Area interest rates, limit the risk of capital flight from the country and ensure the fixed *peg* regime to the Euro, as well as the stability of the financial system.

GDP (% Change)	2022 ^P	2023 ^P	2024 ^P	2025 ^P
World Product in volume, change	3.5	3.1	3.1	3.2
Advanced Economies	2.6	1.6	1.5	1.8
USA	1.9	2.5	2.1	1.7
Euro Area	3.4	0.5	0.9	1.7
Germany	1.8	-0.3	0.5	1.6
France	2.5	0.8	1.0	1.7
Italy	3.7	0.7	0.7	1.1
Spain	5.8	2.4	1.5	2.1
United Kingdom	4.3	0.5	0.6	1.6
Japan	1.0	1.9	0.9	0.8
Emerging and Developing Economies	4.1	4.1	2.8	2.5
Brazil	3.0	3.1	1.7	1.9
Russia	-1.2	3.0	2.6	1.1
India	7.2	6.7	6.5	6.5
China	3.0	5.2	4.6	4.1
Sub-Saharan Africa	4.0	3.3	3.8	4.1



3. ECONOMIC AND FINANCIAL CONTEXT

ECONOMIC AND FINANCIAL FRAMEWORK (*)

Domestic Economy

The foreign context had an impact on the national economy's performance. **Gross domestic product in volume slowed down, growing by 5.8% in the first half of the year**, compared to 18.9% year-on-year. More restrained demand, slightly more restrictive lending criteria for companies and the moderation of foreign demand for tourism affected economic growth during the first half of the year. The slowdown in GDP growth extended to almost all activity sectors, with particular emphasis on tourism-related services.

Despite upward pressure on oil prices on the international market, **the inflation in Cape Verde continues to decrease**, reflecting the drop in energy prices and, to a lesser extent, food products, as well as downward base effects. In December 2023, the average change rate of the consumer price index stood at 3.7%, and the year-on-year change rate was 1.3%.

'The number of tourists in 2023 surpassed the previous record, recorded in 2022, and far exceeded the results before the pandemic, standing at 1,010,739 tourists'

Source: Report on the movement of tourists in Cape Verde in 2023 - INE

The current account balance deficit showed a more modest year-on-year improvement, mainly due to the slowdown in exports of tourist travel services and remittances from emigrants (which grew by 31.6% and 3%, respectively), the reduction in exports of air transport services (by 30%) and re-exports of fuel and supplies at national ports and airports (by 16.3%), as well as the increase in income from expatriate direct investment.

The increase of around 3,379 million escudos in the economy's net financing inflows, as a result of financing inflows in favour of the Treasury, mainly from the World Bank and the IMF, were sufficient to cover the economy's financing needs, resulting in an increase in reserve assets of around EUR 46 million. In this context, the stock of net foreign reserves in the first six months of the year made it possible to guarantee 6.2 months of imports of goods and services (six months year-on-year).

As a result of these developments, **the updated outlook from the Bank of Cape Verde points to the stabilisation of real growth in national economic activity, maintaining the same pace as in 2023**, due to: (i) the gradual fading of the positive spillover effects from the post-pandemic recovery process (with the lifting of restrictions and the reopening of the economy), which began in 2021 and peaked in 2022; (ii) a less favourable external environment, with lower dynamism among the country's main economic partners, impacting tourist demand, which is expected to become more moderate; (iii) the cumulative effects of inflation (despite declining, it remains at high levels); (iv) tighter financing conditions and more restrictive criteria applied by banks for approving new loans, particularly for businesses, with an impact on the demand for loans and, consequently, investment decisions; and (v) some uncertainty regarding energy supply and prices, as well as the confidence of economic agents, given recent concerns about insufficient oil supply following the decision by OPEC+ countries to reduce its production.

*Source: Monetary Policy Report Oct./2023.



3. ECONOMIC AND FINANCIAL CONTEXT

ECONOMIC AND FINANCIAL FRAMEWORK

Domestic Economy

GDP growth in volume should gradually recover in 2024 and 2025, with the improvement in real household incomes supported by declining inflation and by the increase in foreign tourism demand in line with the improvement in the economic prospects of the main partners. However, growth will continue to be constrained by the repercussions on the real economy of tighter lending supply conditions, leading to reduced lending demand and consequently affecting the consumption and investment decisions of economic agents, as well as the gradual withdrawal of budgetary support measures that were introduced to offset rising energy prices (in light of the expected decline in future energy prices in the international market).

Overall, annual growth of real GDP is expected to remain stable at 5.1% for 2024 and then increase to 5.4% in 2025.

Regarding the inflation rate, it followed a similar trend to that observed in most world economies, reaching 8% in 2022, the highest level over the past 20 years, reflecting the extension of persistent supply restrictions and the increase in energy prices and non-energy raw materials in the international market. However, in August 2023, benefiting from the decline in energy commodity prices and, to a lesser extent, food products on the international market, weak demand, as well as downward base effects, the average annual inflation rate decreased to 5.8%, while the year-on-year rate fell to 2.9%.

The inflation rate is expected to gradually decrease and reach levels consistent with the price stability target in 2025, supported by the anticipated decline in energy and non-energy commodity prices on the international market, the normalisation of global supply chains, a reduction in production cost pressure, and the impact of restrictive monetary policy and tighter lending (or financing) supply conditions in demand.

In this context, it is crucial to progressively align BCV's monetary policy with ECB's actions to narrow the interest rate differential, therefore reducing the risks of potential foreign currency outflows and ensuring the sustainability of the fixed peg exchange rate regime of the national currency to the euro, without neglecting the challenges associated with financial stability.

In 'Monetary Policy Report - Oct23'

As a result, the Central Bank increased the main reference rates in May 2024, with the following rates in force:

Rates	Previous (*)	In force (**)	Change
Key Interest Rate	1.25	1.50	25 b.p.
Marginal Lending Facility Rate	1.50	1.75	25 b.p.
Deposit Facility Rate	0.70	0.95	25 b.p.
MCE coefficient	10.00	10.00	0 b.p.
Rediscount Rate	2.50	2.75	25 b.p.

(*) November 2023
(**) May 2024

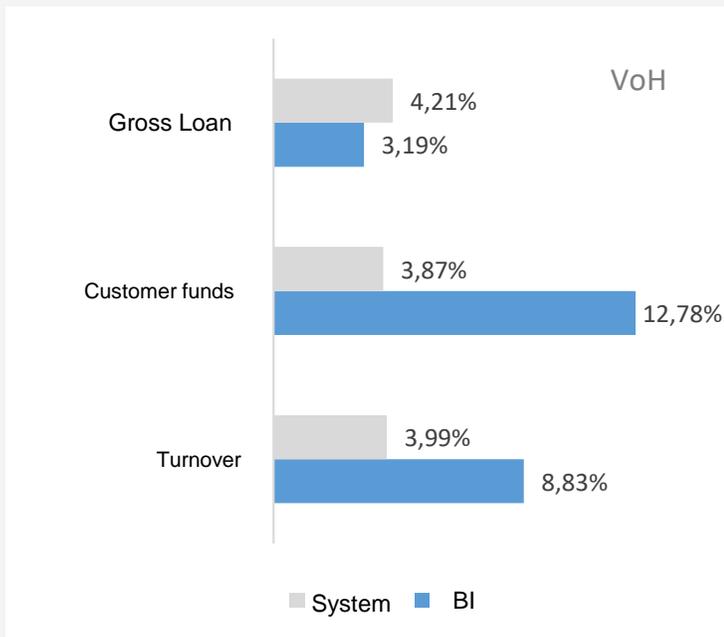


THE BANK IN 2023



COMMERCIAL BANKING

Competitive Positioning



Turnover



The turnover of the domestic banking system recorded a positive variation in 2023 compared to 2021 of **3.99%**, with Banco Interatlântico surpassing this variation with **an increase of approximately 8.83%**.

Customer Funds



Total customer funds increased in 2023 by CVE millions (12.78%) compared to December 2022, **a much higher growth than the market's evolution (3.87%)**, reaching CVE 27,075,000. Regarding the deposit portfolio, there was a positive evolution in demand deposits (+22.5%) and a slight decrease in non-demand deposits. The rate of return on non-demand deposits stood at 1.897% in December 2023 (Dec22 = 1.819%).

Gross loans and advances to customers



In terms of **gross loans, the market recorded a positive change of 4.21% and Banco Interatlântico of +3.19%**, with its market share standing at **11.57%**. Overdue loans fell by 18.6% in 2023, representing a default ratio of 3.86%, well below the System average (6.40%).

*Source Bank of Cape Verde December 2023 - Does not include Securities Credits (Public Debt Securities and Bonds issued by companies)

(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

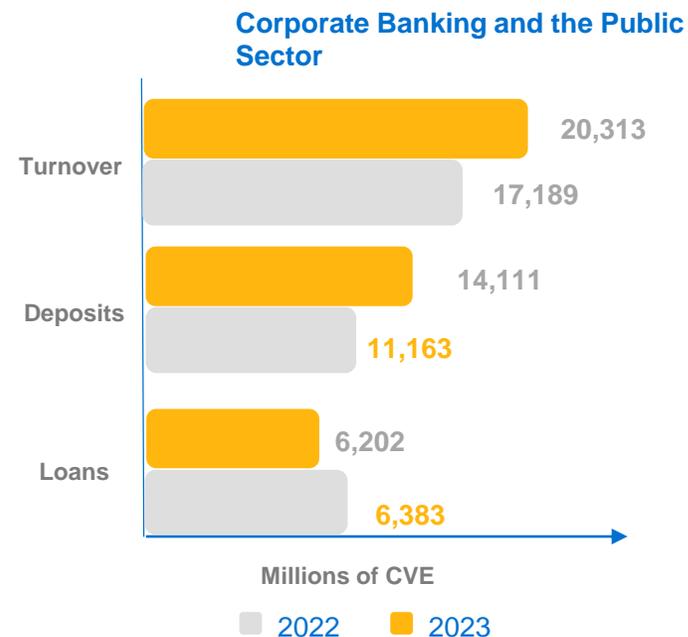
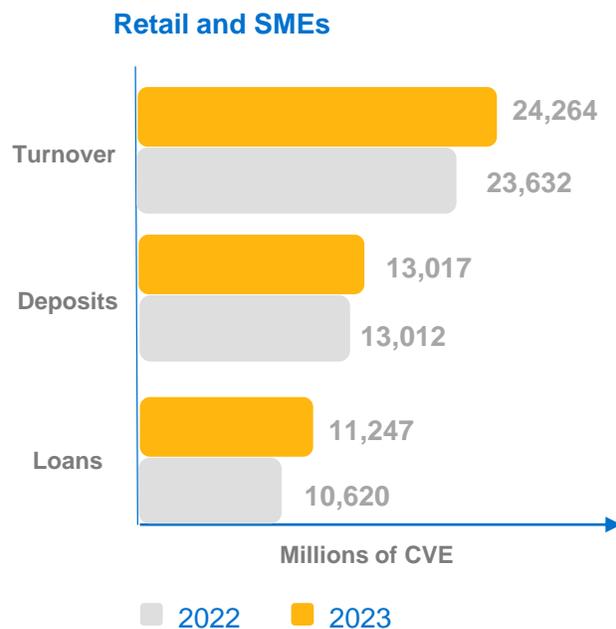
Competitive Positioning



Turnover

Turnover in Retail Banking totalled CVE 24,264 million in December 2023, an increase of 2.7% year-on-year, with credit growth of 5.9%.

Corporate Banking and Public Sector turnover totalled CVE 20,313 million in 2023, an increase of 18.2% year-on-year, driven by growth in deposits (+26.4%)



4. BANCO INTERATLANTICO IN 2023



LOAN PORTFOLIO

Banco Interatlântico's maturing (gross) loan portfolio rose by 4.3% year-on-year, equivalent to CVE 702,591,000, standing at CVE 16,782 million.

Overdue loans and interest totalled CVE 671.4 million, a decrease of -18.6% (CVE -153.7 million) compared to December 2022, as a result of the Bank's efforts to resolve major defaults.

Impairments on loans not represented by securities totalled CVE 510.3 million, a negative variation of -15.0% (CVE -90.3 million) compared to December 2022, 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 hedging of impairments by overdue loans stood at 76%, an increase of 3.2 p.p. compared to December 2022.

In net terms, loans not represented by securities rose by 3.9%, to CVE 16,868,000.

Credit quality and Hedging

	31 Dec 22	31 Dec 23	Change	Notes
NPL (Non-performing Loans) ratio	4.82%	3.77%	-1.0 p.p	
Net NPL Ratio	2.75%	2.28%	-0.5 p.p	
NPE (Non-performing Exposure) Ratio)	3.60%	2.90%	-0.7 p.p.	
Net NPL Ratio	2.05%	1.75%	-0.3 p.p	
NPL Hedging	33.97%	41.03%	7.1 p.p	
NPE Hedging	33.79%	40.81%	7.0 p.p	
Credit Risk Cost	0.45%	0.40%	-0.05 p.p	(4)
Overdue loans and interest/Gross Loans	4.90%	3.86%	-1.0 p.p	(3)
BCV credit quality (Circular Series 'A' no. 150/DSE/2009)	2.45%	1.82%	-0.6 p.p.	(3)
Loan Impairment / Overdue loans and interest	72.79%	76.00%	3.2 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 24.7% of the total portfolio, reflecting a decrease in concentration of 1.5 p.p. year on year. The 50 largest NPL customers accounted for 91.6% of the total NPL portfolio.

The NPE and NPL ratios stood at 2.9% and 3.8%, with negative variations of 0.7 pp and 1.0 pp, respectively.



4. BANCO INTERATLANTICO IN 2023

SUSTAINABLE PROFITABILITY

Results, Profitability and Solvency

Banco Interatlântico achieved a **net profit of CVE 397 million in 2023**, approximately CVE 89.6 million more than in 2022.

Total Operating Income increased by 9.1% (CVE +109 million) to CVE 1,308 million, driven by the effect of higher commissions, credit income and dividends received.

In December 2023, the **Net Interest Margin** increased slightly by CVE +51.6 million (+5.6%) year-on-year, standing at CVE 972.5 million, essentially due to:

- An increase** of CVE +63 million (+5.7%) in interest and similar income year-on-year:
 - The 6.3% increase in interest on loans (CVE +53 million), due to the increase in the performing loans volume at CVE +690 million (+4.3%) and the effect of the MPR increase by 0.05 p.p. in 2023;
 - The 2,344% increase in interest on CI investments (CVE +21.6 million), due to better management of liquidity surplus investments;
 - The decrease in interest on debt securities in the amount of CVE -17.1 million (-8.1%), justified by the repayments of treasury bonds recorded during the year, with a higher WAR than that of new acquisitions.
 - The increase in interest on deposits by 7.5% (CVE +12.7 million);

Values in thousands of CVE	Dec/22	Dec/23	Change
NET INTEREST INCOME	920,897	972,541	5.6%
Interest and Similar Income	1,101,700	1,164,252	5.7%
Interest and Similar Costs	180,803	191,711	6.0%
COMPLEMENTARY MARGIN	277,743	335,477	20.8%
Income from equity instruments	39,875	74,673	87.3%
Net Fees	118,745	128,527	8.2%
Income from exchange revaluation	42,278	49,204	16.4%
Income from the disposal of other assets	3,582	-486	-113.6%
Other operating income	73,262	83,558	14.1%
NET OPERATING INCOME	1,198,640	1,308,018	9.1%
Staff Costs	306,589	326,611	6.5%
General administrative expenditure	322,163	337,500	4.8%
Amortisation for the financial year	66,305	71,745	8.2%
STRUCTURAL COSTS	695,057	735,856	5.9%
GROSS OPERATING INCOME	503,584	572,162	13.6%
Impairments and Provisions	203,253	205,585	1.1%
Income from associates	17,396	60,787	249.4%
INCOME BEFORE TAXES	317,727	427,363	34.5%
Current Taxes	9,905	29,985	202.7%
Deferred Taxes	0	0	
INCOME AFTER TAXES	307,821	397,378	29.1%



4. BANCO INTERATLANTICO IN 2023

SUSTAINABLE PROFITABILITY

Results, Profitability and Solvency

2. Increase in financial costs CVE +11 million (+6.0%) year-on-year, essentially due to the 7.5% increase in interest on term deposits (CVE +12.7 million)

In terms of the **Complementary Margin**, there was an increase of 20.8% (CVE +57.7 million) compared to 2022, reaching CVE 335 thousand, mainly due to the evolution in commissioning and income from financial holdings.

Net commissions totalled CVE 128 million, a +8.2% increase year-on-year (CVE 9.8 million), due to:

- The increase in income from services and commissions totalling CVE +19.3 million (+11.9%);
- The increase in charges for services and commissions of +21.7% (CVE +9.5 million), explained essentially by the 26% increase in charges for VISA services (CVE +7.7 million).

	Dec/22	Dec/23	Change	Notes
PROFITABILITY AND EFFICIENCY RATIO				
Return on Assets (ROA)	1.11%	1.38%	0.3 p.p.	(1)
Return on Equity (ROE)	9.69%	11.50%	-1.8 p.p.	(1)
Overall Activity Income / Average Net Assets	4.29%	4.54%	0.3 p.p.	(1)
Staff Costs / Overall Activity Income	25.66%	24.97%	-0.7 p.p.	
<i>Cost to income</i>	58.2%	56.3%	+1.9 p.p.	
Net Fees / Turnover	0.29%	0.31%	0.01 p.p.	(2)
Net Fees / Staff Costs	38.73%	39.35%	0.6 p.p	

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

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



4. BANCO INTERATLANTICO IN 2023

SUSTAINABLE PROFITABILITY

Results, Profitability and Solvency

Gross operating profit totalled cve 572 million, an increase of 13.6% (cve +68.7 million) year-on-year.

Structural costs totalled CVE 736 million, registering an increase of CVE +40.8 million (+5.9%) year-on-year, essentially due to the following changes:

- The increase in **staff costs** of CVE 20 million (+6.5%), improving employee compensation and rewarding merit;
- The increase of CVE +15.3 million (+4.8%) in **general administrative expenses**, due to:
 - a) An increase of CVE +4.9 million (+6.6%) in IT services costs, due to the implementation of strategic and regulatory projects and the updating of contract prices;
 - b) An increase in CIT and CIT insurance costs, totalling CVE +4.1 million, as a result of increased activity;
 - c) Increase in training costs by CVE +2.3 million (+89%);
- The increase in **depreciation and amortisation** by CVE 5.4 million (+8.2%), mainly explained by the start of some strategic projects and the Bank's new head office.

Net Impairments and Provisions totalled CVE 206 million, representing a slight increase in the set-up compared to December 2022 (+1.1%).

Cost-to-income rose from 58.2% in December 2022 to 56.3% in December 2023, reflecting the improvement in operating efficiency and the increase in income.

In terms of **Profitability** ROE reached 11.50% and ROA 1.38%, representing positive changes of 1.8 p.p. and 0.3 p.p. compared to 2022, respectively.

In the **area of financial solidity**, the Bank complied with all the prudential indicators required by the Bank of Cape Verde, with all ratios above the legally required minimum. The solvency ratio as at 31 December was 16.75%, representing an increase of 1.1 p.p.



4. BANCO INTERATLANTICO IN 2023

HUMAN CAPITAL

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

- **Diversity and**
- **Equal opportunities and**
- **Non-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



155 employees*

67% Women

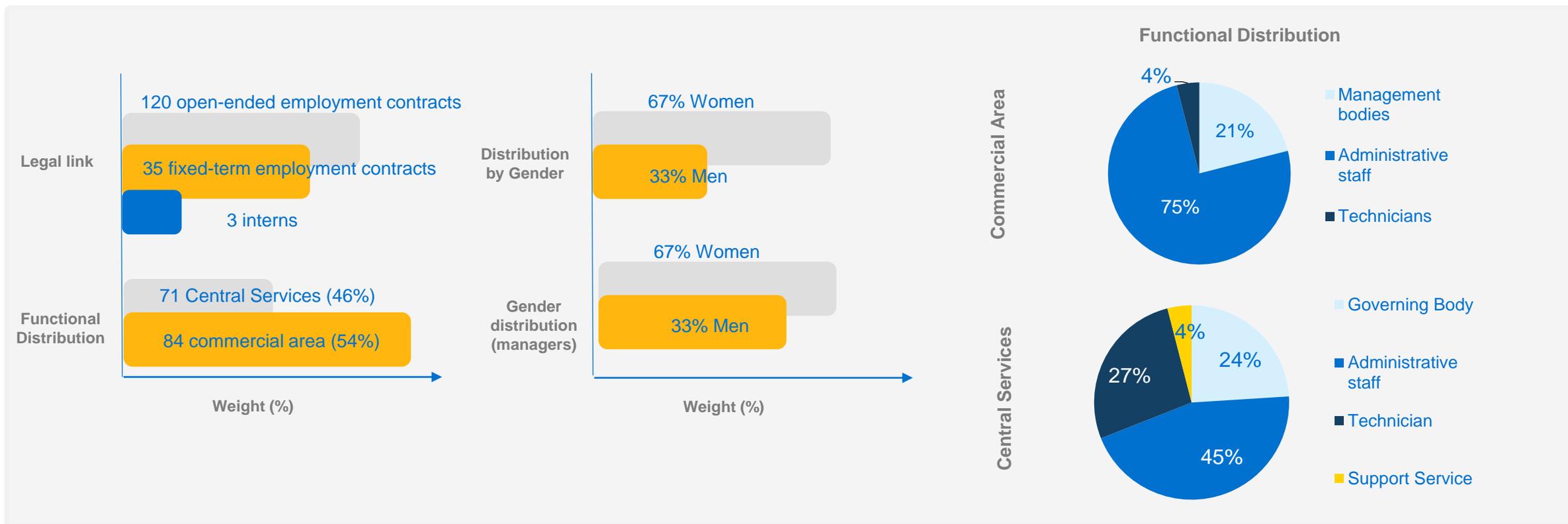
39 years
Average age



77% open-ended contracts



4,852 Hours of Training



* One employee is on unpaid leave due to serving in an elected political position (Member of Parliament), and another is on early retirement. In addition to these 155 employees, there are also 3 professional interns.



4. BANCO INTERATLANTICO IN 2023

HUMAN CAPITAL

The Bank ended 2023 with a staff of 155 (67% of whom are women), a decrease of 5 compared to 2022. Of the total, 2 are working for the Bank itself (Executive Committee), one is on unpaid leave for elective political office (Member of Parliament), and another is in early retirement.

Of all the employees, 120 have open-ended contracts (8 more than in the previous year), and the remaining 35 have fixed-term contracts (1 less than in 2022).

In 2023, the predominance of the functional distribution in the commercial area was maintained, with 84 employees (54%). 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, 59% of the workforce, 91 employees, have more than 6 years' seniority and 75 of these have more than 10 years' seniority.

Regarding qualifications, the number of employees with higher education decreased by two, totalling 108, due to the departure of two technicians.

Including the number of interns, the total staff amounted to 158, with 155 holding employment contracts and 3 under professional internship agreements.

Distribution by Education

	2022		2023	
	Qty.	%	Qty.	%
Primary Education	2	2%	2	1%
Secondary Education	40	25%	39	25%
Bachelor's Degree	6	4%	6	4%
Undergraduate Degree	100	64%	96	62%
Post-Graduate/Master's Degree	10	6%	12	8%
Total	158	100%	155	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. 76 training sessions were held during the year, equivalent to 4,852 hours, resuming in 2023 in-person training sessions without neglecting the continued emphasis on remote training.

The training sessions covered 152 participants (corresponding to 98% of the total number of employees). With regard to the hours per employee indicator, the average was 31.53 hours in 2023. Banco Interatlântico prioritised employee development through training courses designed to enhance both personal and professional skills, for all staff members. 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 SDG.

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

Personal and Professional Skills Development

- Work Organisation and Time Management
- Teamwork Challenges

- Leadership
- Team Management

Control Culture and Risk Management

- Internal Control
- Risk Management in Organisations and Internal Audit
- Risk Management and Organisational Conduct
- Internal Reporting System for Irregular Practices
- Operational Risk
- Risk Management - Credit Risk
- AML/CTF

Sustainability

- Strategic Sustainability Management (SSM) Course
- Financial Institution Corporate Governance
- Webinar Governance, Anti-corruption, SDG
- Corporate Governance: The Challenges and Opportunities for Cape Verde's Banking System and Economy

Other relevant topics

- Loan Workflow
- IFRS for Banks for Management
- IFRS9
- Cyber and Information Security Management

Statistics Training

2022			2023		
No. of Actions	No. of Part.	Hours Train.	No. of Actions	No. of Part.	Hours Train.
73	149	2,796	76	152	4,852



4. BANCO INTERATLANTICO IN 2023

RECOGNITION AND REPUTATION



The Banker has awarded Banco Interatlântico 'Bank of the Year' for the **sixth consecutive year**, recognising the commitment and dedication of the Bank and its employees to high-quality customer service.



World Economic Magazine

honoured Banco Interatlântico with two awards:

- **Best Digital Bank Cape Verde 2023**
- **Best Corporate Bank Cape Verde 2023**



Global Business Magazine honoured Banco Interatlântico with an award:

- **Best Commercial Bank in Cape Verde 2023**



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

Main sustainability milestones

2023 Highlights



155 employees



Employee diversity:
33% male and 67% female



4,852.25 hours of training.



No corruption incidents were reported.



The Bank's digital initiatives have led to a significant reduction in paper consumption.



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.





5. SOCIALLY RESPONSIBLE BANKING

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.



5. SOCIALLY RESPONSIBLE BANKING

GOVERNANCE



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

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.



5. SOCIALLY RESPONSIBLE BANKING

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.



5. SOCIALLY RESPONSIBLE BANKING

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 the 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.



5. SOCIALLY RESPONSIBLE BANKING

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.

Data Protection Policy

It sets out the principles, legal and regulatory rules, standards of conduct, and best practices observed by BI in the context of corporate procedures and national legislation, regarding personal data processing within the scope of its activities.



5. SOCIALLY RESPONSIBLE BANKING

GOVERNANCE



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

Remuneration policy for employees and members of the Management and Supervisory Bodies of BI

This Remuneration Policy applies to all BI Employees and seeks to contribute to the achievement of BI's long-term goals and values, taking into account its risk appetite, adopting sound and prudent remuneration practices, promoting sound and effective risk management as part of BI's business strategy and in line with the business strategy of the CGD Group.

In turn, the Remuneration Policy for the members of BI's Management and Supervisory Bodies establishes the principles, rules and procedures aimed at setting and implementing the criteria, frequency, and those responsible for assessing the performance of the members of BI's management and supervisory bodies.

Sustainability Policy

Defines the governance model, guiding principles and specific activities, as well as the main stakeholders and their respective responsibilities in managing BI's sustainability.

Defining a general framework for the development of sustainability management activities is essential for BI, providing guidelines for decision-making regarding business and processes that are in any way related to environmental, social, and governance matters.



5. SOCIALLY RESPONSIBLE BANKING

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.





5. SOCIALLY RESPONSIBLE BANKING

ENVIRONM



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





5. SOCIALLY RESPONSIBLE BANKING

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.





5. SOCIALLY RESPONSIBLE BANKING

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.



5. SOCIALLY RESPONSIBLE BANKING



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.





5. SOCIALLY RESPONSIBLE BANKING

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.
- Sponsorship of the purchase of 100 school kits for pupils from Grouping IV of the Pico Leão School, in the municipality of Ribeira Grande de Santiago;
- For some years now, BI has sponsored institutions with a purpose aligned with the Bank:
 - Cape Verde SOS Children's Villages;
 - Mini Black Garden - Black Panthers Association;
 - Santa Teresinha Garden - Santíssimo Nome de Jesus Parish;
 - Brincar e Crescer Garden.



- 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;
- Sponsorship of the 'Dexa Mininu Brinka' project - Espaço Gota D'Arte;
- Donation to the Espaço Gota d'Arte Association;
- Sponsorship of the purchase of 100 school kits for pupils from Grouping IV of the Pico Leão School, in the municipality of Ribeira Grande de Santiago;
- Support to the Kids Lab initiative;
- For some years now, BI has been regularly supporting projects aimed at reducing social inequality, poverty and hunger:
 - Cape Verde SOS Children's Villages;
 - Mini Black Garden - Black Panthers Association;
 - Santa Teresinha Garden - Santíssimo Nome de Jesus Parish;
 - Brincar e Crescer Garden.



- Donation to the Food Bank;
- For some years now, BI has been regularly supporting projects aimed at reducing social inequality, poverty and hunger:
 - Cape Verde SOS Children's Villages;
 - Mini Black Garden - Black Panthers Association;
 - Santa Teresinha Garden - Santíssimo Nome de Jesus Parish;
 - Brincar e Crescer Garden.



- 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.



- Employee training and development;
- Sponsorship of the book 'Uma Menina de Cristal e outras Crónicas' - Dina Salústio;
- Sponsorship of the Portuguese Olympics - Olavo Moniz Primary and Secondary School;
- Sponsorship of the children's financial education book 'Girafin e a moeda activadora de sonhos', by Evandra Neves;
- Sponsorship of the purchase of 100 school kits for pupils from Grouping IV of the Pico Leão School, in the municipality of Ribeira Grande de Santiago;
- Support to the Kids Lab initiative;

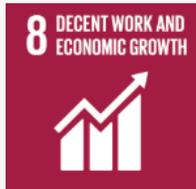


5. SOCIALLY RESPONSIBLE BANKING

Commitment to SOCIETY



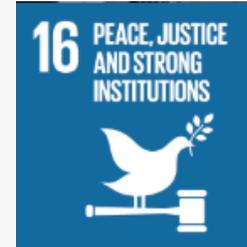
- The principles of equality and non-discrimination are structuring vectors of society. They are also increasingly relevant in the creation of value in a business organisation, as the fulfilment of a commitment towards civilisation and also as an element of the company's growth, efficiency, profitability 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.
 - In December 2023, BI had a total of 155 employees, 67% of whom were female.
 - In December 2023, the Board of Directors was made up of 11 members, 4 of whom were female.



- Sponsorship of the Corporate Governance Forum: Challenges and Opportunities for Cape Verde's Banking System and Economy;
- Sponsorship of the 3rd edition of the Cape Verde HR Forum;
- Sponsorship of the 1st edition of the Entrepreneurship and Business Promotion Fair.



- Innovation in digital channels
- Operational efficiency



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;
- Interatlantico
- Information Security
- Adoption of an Internal Reporting System for the Reporting of Irregular Practices (SCIPI)
- Transparency and non-financial reporting



- 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;
 - Sustainable BI - Renewable Energy Credit
 - Support for the Pedro Pires Institute's 10th anniversary celebrations, which included a tree-planting campaign;
 - Purchase of electric vehicles;
 - Installation of led light bulbs in the new Head Office and Main Office buildings;
 - Use of recycled toner cartridges



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;
 - Purchase of electric vehicles;
 - Installation of led light bulbs in the new Head Office and Main Office buildings;
 - Use of recycled toner cartridges;
 - Delivery of electronic waste to a certified entity for proper treatment;
 - Donation of furniture from the old head office to be reused and made available to organisations in need.



SUBSEQUENT EVENTS



6. SUBSEQUENT EVENTS

On 14 March 2024, the Portuguese Government approved the resolution selecting the proposal to acquire shares representing 59.82% (of which 5.4% held directly by Banco Interatlântico) of the share capital of Banco Comercial do Atlântico, S. A. presented by Coris Holding, S. A., approving the draft direct sale agreement.

GCGD's shareholding in BCA will be sold for a total price of CVE 7,774.91 million, around EUR 70,511 million (considering the EUR/CVE exchange rate of 110.265).



PROPOSED
APPROPRIATION OF
PROFITS





7. PROPOSED APPROPRIATION OF PROFITS

Banco Interatlântico continues to invest in improving its customer service, with a high level of social responsibility, ethics and commitment to the development of Cape Verde.

The Board of Directors, considering the commitment of Banco Interatlântico and the financial group it belongs to towards the country, intends to propose to the Shareholders that the Net Profits for 2023 be allocated to strengthening the Institution's Equity. The Board hopes that this commitment will continue in 2024, further enhancing the Institution's ability to support Cape Verde's economic development with increasing significance.

The proposed appropriation of profits for the financial year ended in 2023, which the Board of Directors submits to the consideration of the Shareholders, is as follows:

- 10% (ten per cent) for Legal reserve
- 85% to be allocated to Other reserves
- 5% for dividend distribution

Praia, 20 May 2024



FINANCIAL STATEMENTS
and NOTES



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BANCO INTERATLÂNTICO, S.A.R.L.

BALANCE SHEET AS AT 31 DECEMBER 2023 AND DECEMBER 2022

(Amounts expressed in thousands of Cape Verdean Escudos)

		Dec/23		Dec/22				Dec/23	Dec/22
ASSETS	Notes	Gross Assets	Impairment and amortisation	Net assets	Net assets	LIABILITIES AND EQUITY	Notes	Dec/23	Dec/22
Cash and cash equivalents at Central Banks	3	3,544,588	-	3,544,588	3,800,335	Deposits from other credit institutions	14	241,333	259,842
Cash and cash equivalents at other credit institutions	4	231,081	-	231,081	335,466	Deposits from customers and other loans	15	27,164,998	24,087,344
Financial assets at fair value through other comprehensive income	5	508,455	-	508,455	386,919	Provisions	16	12,812	11,618
Investments at credit institutions	6	3,373,705	-	3,373,705	34,735	Current tax liabilities	12	19,612	9,905
Loans and advances to customers	7	22,118,257	(546,126)	21,572,131	21,289,937	Deferred tax liabilities	12	60,207	30,307
Investment properties	8	137,989	(5,389)	132,600	49,024	Other liabilities	18	304,901	376,019
Other tangible assets	9	1,811,506	(925,549)	885,958	819,058			27,803,861	24,775,035
Intangible assets	10	309,452	(188,120)	121,332	131,375				
Investments in subsidiaries, associates and joint ventures	11	166,336	-	166,336	126,004	Equity	19	1,000,000	1,000,000
Current tax assets	12	5,413	-	5,413	2,497	Share premiums	20	388	388
Deferred tax assets	12	-	-	-	-	Fair-value reserves	20	208,095	104,752
Other assets	13	1,046,065	(120,585)	925,480	1,116,093	Other reserves	20	2,057,357	1,903,446
						Retained earnings	20	-	-
						Net income for the year	20	397,378	307,821
						Total Equity		3,663,218	3,316,407
Total Assets		33,252,848	(1,785,769)	31,467,079	28,091,443	Total Liabilities and Equity		31,467,079	28,091,443

Management

The accounting officer

Management Report and Accounts - 2023

Banco Interatlântico

BANCO INTERATLÁNTICO, S.A.R.L.

INCOME STATEMENT FOR THE FINANCIAL YEARS ENDED 31

DECEMBER 2023 AND DECEMBER 2022

(Amounts expressed in thousands of Cape Verdean Escudos)

	Notes	Dec/23	Dec/22
Interest and similar income	21	1,164,252	1,101,700
Interest and similar costs	22	(191,711)	(180,803)
NET INTEREST INCOME		972,541	920,897
Income from equity instruments	23	74,673	39,875
Income from services and fees	24	182,005	162,719
Expenses with services and fees	24	(53,478)	(43,973)
Income from exchange revaluation	25	49,204	42,278
Income from the disposal of other assets	26	(486)	3,582
Other operating income	27	83,558	73,262
NET OPERATING INCOME		1,308,018	1,198,640
Staff Costs	28	(326,611)	(306,589)
General administrative expenditure	29	(337,500)	(322,163)
Depreciation and amortisation in the year	9 and 10	(71,745)	(66,305)
Provisions net of write-backs and cancellations	16	1,194	2,024
Impairment of other financial assets, net of reversals and recoveries	17	(144,029)	(166,918)
Impairment of other assets, net of reversals and recoveries	17	(60,363)	(38,359)
Income from associates and joint ventures	11	60,787	17,396
INCOME BEFORE TAXES		427,363	317,727
Taxes			
Current	12	(29,985)	(9,905)
Deferred	12	-	-
Total Taxes		(29,985)	(9,905)
INCOME AFTER TAXES		397,378	307,821
Average number of ordinary shares issued		100,000	100,000
Earnings per share (CVE)	30	3,974	3,078

Management

The accounting officer

BANCO INTERATLÂNTICO, S.A.R.L.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED

AS AT 31 DECEMBER 2023 AND DECEMBER 2022

(Amounts expressed in thousands of Cape Verdean Escudos)

Amendments to the fair value of F. A. Fair Value through Other Comprehensive

Income	Notes	Dec/23	Dec/22
Other Comprehensive Income			
Items that will not be reclassified for the income statement:			
Variation in the financial year	20	133,243	925
Tax effect	20	(29,900)	(208)
Items that may be reclassified for the income statement			
		-	-
Other comprehensive income		103,343	718
Net income for the year		397,378	307,821
Total comprehensive income for the financial year		500,721	308,539

Management

The accounting officer

BANCO INTERATLÂNTICO, S.A.R.L.

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2023 AND DECEMBER 2022

(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	Net income for the year	Total Equity
Balances as at 31 December 2021	1,000,000	388	104,034	243,792	1,402,322	-	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)	(257,331)	
Dividend Distribution					-	-	0	(25,450)	(25,450)
Comprehensive income for the year	-	-	718	-	-	-	718		718
Net Income for The Year								307,821	307,821
Balances as at 31 December 2022	1,000,000	388	104,752	272,070	1,631,375	(0)	3,008,586	307,821	3,316,407
Distribution of profit for 2022:									
Incorporation into reserves and retained earnings				30,782	123,129	-	153,911	(153,911)	
Dividend Distribution					-	-	0	(153,911)	(153,911)
Comprehensive income for the year	-	-	103,343	-	-	-	103,343		103,343
Net Income for The Year								397,378	397,378
Balances as at 31 December 2023	1,000,000	388	208,095	302,853	1,754,504	(0)	3,265,840	397,378	3,663,218

Management

The accounting officer

Management Report and Accounts - 2023

Banco Interatlântico

BANCO INTERATLÂNTICO, S.A.R.L.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED

AS AT 31 DECEMBER 2023 AND DECEMBER 2022

(Amounts expressed in thousands of Cape Verdean Escudos)

	Dec/23	Dec/22
<u>Cash flows from operating activities</u>		
Interest and fees received	1,346,256	1,264,419
Interest and fees paid	(245,188)	(224,776)
Foreign exchange income	49,204	42,278
Payments to staff and suppliers	(664,111)	(628,752)
Other receipts / (payments) related to operating activities	83,073	76,845
Income tax payments	(23,195)	(19,211)
Operating results prior to changes in operating assets	546,040	510,802
(Increases) decreases in operating assets:		
Financial assets at fair value through other comprehensive income	11,204	3,600
Investments at credit institutions	(3,338,970)	(3,616)
Customer credit including treasury bonds	(493,790)	(1,357,838)
Other assets	134,144	187,945
	(3,687,412)	(1,169,910)
Increases (decreases) in operating liabilities:		
Deposits from Central Banks and other credit institutions	(18,510)	22,852
Customer funds	3,077,654	1,741,481
Other liabilities	(161,747)	143,290
	2,897,398	1,907,624
Net cash from operating activities	(243,975)	1,248,516
<u>Cash flows from investment activities</u>		
(Increases) decreases in investment assets:		
Intangible assets	18,470	(28,774)
Other tangible assets	(55,389)	(541,795)
Dividends received	74,673	39,875
Net cash from investment activities	37,754	(530,694)
<u>Cash flows from financing activities</u>		
Dividends distributed	(153,911)	(25,450)
Net cash from financing activities	(153,911)	(25,450)
Net increase (decrease) in cash and cash equivalents	(360,132)	692,372
Cash and cash equivalents at the beginning of the financial year	4,135,801	3,443,429

The Notes form an integral part of these financial statements

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 2023 were approved by the Board of Directors on 20 May 2024 and will be submitted for approval by 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.

In the 2023 financial year, there were no voluntary changes to the accounting policies compared to those considered when preparing the financial information year-on-year. 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 2023:

- IAS 1 - These amendments are intended to help an organisation in disclosing 'material' accounting policies, previously known as 'significant' policies. However, due to the lack of this concept in the IFRS standards, it was decided to replace it with the concept of 'materiality', a concept already familiar to financial statements users.

When assessing the materiality of accounting policies, the entity must consider not only the size of the transactions but also other events or conditions and their nature.

- IAS 8 - The amendment clarifies the distinction between an amendment in accounting estimate, an amendment in accounting policy and the correction of errors. It also clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

- IFRS 17: IFRS 17 replaces IFRS 4 and applies to all insurance contracts (i.e. life, non-life, direct insurance and reinsurance), regardless of the type of entity issuing them, as well as some guarantees and some financial instruments with discretionary participation characteristics. In general terms, IFRS 17 provides a more useful and consistent accounting model for insurance contract issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

- IAS 12 - IAS 12 now requires an entity to recognise deferred tax when its initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences.

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 particularly important when determining the existence of temporary differences in the initial recognition of assets or liabilities, as the initial recognition exception does not apply to transactions that give rise to equal taxable and deductible temporary differences.

The applicable transactions include the recording of (i) right-of-use assets and lease liabilities; (ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when at the date of initial recognition they are not relevant for tax purposes.

This amendment is of retrospective application.

- IFRS 17 (Amendment): Initial application of IFRS 17 and IFRS 9 - Comparative information

This amendment to IFRS 17 refers to the presentation of comparative information on financial assets in the initial application of IFRS 17.

The amendment adds a transition option that allows an entity to apply an overlay to the classification of a financial asset in the comparative period(s) presented in the initial application of IFRS 17. The overlay allows all financial assets, including those held with non-contract activities within the scope of IFRS 17, to be classified, instrument by instrument, in the comparative period(s) in a manner aligned with how the entity expects those assets to be classified in the initial application of IFRS 9.

The adoption of the above-mentioned standards, interpretations, amendments and revisions did not result in any material impacts on the preparation of BI's financial statements for 2023.

2.2.3. 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, until the date of approval of these financial statements, been endorsed by the European Union:

- IFRS 16 - This amendment to IFRS 16 introduces guidance on 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 greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate.

When subsequently measuring lease liabilities, seller-lessees should determine 'lease payments' and 'revised lease payments' in such a way that they do not record profit or loss related to the retained right of use.

This amendment is of retrospective application.

- IAS 1 - 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.

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 endorsed by the European Union and as such have not been applied by BI in the 2023 financial year.

- IAS 7 (Amendment): Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:

These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures aim to clarify the characteristics of supplier financing arrangements and introduce additional disclosure requirements when such agreements exist.

Disclosure requirements are intended to help financial statement users understand the effects of the supplier's financing arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.

The amendments come into force for the period beginning on or after 1 January 2024. Early adoption is permitted, but must be disclosed.

- IAS 21 (Amendment): The effects of amendments on exchange rates: Lack of exchangeability.

This amendment aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period.

The amendment specifies that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism in which an exchange operation creates enforceable rights and obligations.

If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would apply to the measurement date for

a similar transaction between market participants. The amendments also state that an entity can use an observable exchange rate without making any adjustment.

The amendments come into force for the period beginning on or after 1 January 2025. Early adoption is permitted, but the transition requirements applied must be disclosed.

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 2023 and 2022, 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/2023	Dec/2022
USD/CVE	99.213	103.633

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).

Derecognition of financial assets

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 44,000,

In terms of individual impairment analysis methodology, BI applies the following dimensions:

- *Going concern* approach (company in business and not expected to enter liquidation) - the debtor will continue to generate operating cash flows that can be used to repay the debt to all creditors. In addition, collateral can be considered to the extent that it does not influence operating cash flows;

- Gone concern approach (company in liquidation or at risk of entering liquidation) - the collateral is forfeited and the entity's operating cash flows cease

In the context of the customer's individual impairment analysis, the analysis is essentially focused on the following dimensions:

- Compliance with the contractual conditions agreed with the Bank;
- Assessment of the current and prospective economic and financial status;
- Perspectives on the evolution of the customer's activity;
- Verification of the existence of overdue loans and interest operations at the Bank and/or in the financial system;
- Adequate guarantees and collateral to mitigate the loans and advances granted;
- Analysis of historical information on customer payment behaviour.

In the case of significant exposure assessed individually in which no objective situations of impairment have been identified, a collective impairment is determined in accordance with the risk factors determined for loans with similar characteristics.

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.

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 (government bonds and credit) and in Stage 1, the PD of the current rating applies;
- 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

Properties received through credit recovery are fully subject to impairment analyses on an individual basis.

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.

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 2023, 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 up to 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

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 2023, 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% in accordance with Art. 84 of Law 82/VIII/2015, of 8 January, approving the Corporate Income Tax Code, as revised in Art. 17 SB 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.

1) 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 2023, 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% and (5) Certain: 100%.

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.

j) 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 2023 (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/23	Dec/22
Cash		
. Domestic currency	252,332	221,996
. Foreign currency	564,268	730,017
Demand deposits with the Bank of Cape Verde		
. Domestic currency	2,727,988	2,848,322
	3,544,588	3,800,335

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.

Minimum reserves on 31 December 2023 and 31 December 2022 amounted to CVE 2,012,064 million and CVE 1,899,074 million, respectively.

4. CASH AND CASH EQUIVALENTS AT OTHER CREDIT INSTITUTIONS

This line item is broken down as follows:

<i>Cash and cash equivalents at other credit institutions</i>	<u>Dec/23</u>	<u>Dec/22</u>
Demand deposits:		
· Caixa Geral de Depósitos, S.A.	43,590	156,013
· With other foreign institutions	79,721	63,089
· With domestic institutions	2,763	315
	<u>126,073</u>	<u>219,416</u>
Cheques for collection:		
· Abroad	5,581	4,332
· Domestic	99,427	111,717
	<u>105,008</u>	<u>116,050</u>
	<u>231,081</u>	<u>335,466</u>

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

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2023 and 31 December 2022, the financial instruments classified as Financial assets at Fair Value through other Comprehensive Income is broken down as follows:

2023							
<i>From financial assets at fair value through other comprehensive income</i>	Purchase	% of	Balance	Capital	Fair Value	Deferred	Reserves Deducted
Security	value	ownership	Sheet	Repayment	Reserve	Taxes (Note	from Tax (Note 20)
			Value (Net)		(Note 20)	20)	(Note 20)
Equity instruments at fair value							(Note 20)
Banco Comercial do Atlântico S.A.	238,746	5.40%	419,732		190,997	(42,860)	148,137
Visa International Service Association	1,323	n.a.	70,281		68,958	(15,474)	53,484
A Promotora, Sociedade de Capital de Risco de Cabo Verde, S.A.R.L.	15,307	3.79%	(0)	12,356			
Sociedade Cabo Verdiana Tabacos. S.A.	10,095	0.65%	18,442		8,347	(1,873)	6,474
	265,471		508,455	12,356	268,302	(60,207)	208,095
2022							
<i>From financial assets at fair value through other comprehensive income</i>	Purchase	% of	Balance	Capital	Fair-Value	Deferred	Reserves Deducted
Security	value	ownership	Sheet	Repayment	Reserves	Taxes	from Tax
			Value (Net)				(Note 20)
Equity instruments 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.	10,095	0.65%	16,671		6,577	(1,476)	5,101
	265,471		386,919	3,600	135,059	(30,307)	104,752

Equity instrument at fair value through other comprehensive income

The Bank updated Banco Comercial do Atlântico, S.A.'s fair value on 31/12/2023 considering its shareholding on that date and the sale price accepted and communicated by CGD in March 2024 in the amount of EUR 70,511 million, around CVE 7,774.91 million (note 36).

In 2017, the shareholders of Promotora decided to initiate the Voluntary Liquidation process of the company, given its low level of activity. This process formally began at the end of 2021, with the Shareholders' General Meeting passing a resolution empowering the Board of Directors to proceed with the process.

Banco Interatlântico held 3.79% of Promotora's shares, with an initial investment of CVE 15,307 million. In 2022, the first equity repayment was made, totalling CVE 3,600 million, and in 2023 two repayments were made, totalling CVE 12,356 million. Repayments totalled CVE 15,956 million.

In Promotora's total settlement, the Bank recorded a profit of CVE 503,000 million, as a result of the reimbursement received and the equity gain recorded.

In turn, the value of Visa International Service Association was updated according to the share price on 31 December 2023.

With regard to the shareholding in Sociedade Cabo-verdiana de Tabacos, the bank maintained the number of shares, with the change in the balance sheet value being explained by the update of its valuation in relation to 2022.

6. INVESTMENTS AT CREDIT INSTITUTIONS

This line item is broken down as follows:

<u><i>Investments at credit institutions</i></u>	<u>Dec/23</u>	<u>Dec/22</u>
Investments at foreign credit institutions		
Caixa Geral de Depósitos	3,338,918	1,036
Other credit institutions	33,950	33,683
	<u>3,372,868</u>	<u>34,720</u>
Interest receivable	837	15
	<u>3,373,705</u>	<u>34,735</u>

As at 31 December 2023 and 31 December 2022, the investment balances in other credit institutions were CVE 3,373,705 million and CVE 34,735 million, respectively. These amounts relate to the Visa deposit and short-term investments made with Caixa Geral de Depósitos (note 33), essentially overnight investments in EUR and USD, considering the best rates within the Eurozone

(average yields of 3.80% and 5.24% for investments in EUR and USD, respectively).

7. LOANS AND ADVANCES TO CUSTOMERS

This line item is broken down as follows:

		Dec/23	Dec/22
Short-term domestic loans:			
. Overdrafts in demand deposits		23,519	38,989
. Loans		19,106	23,746
. Commercial discounts		12,448	43,155
. Other loans		98,644	88,081
Medium- and long-term domestic loans:			
. Loans		14,329,719	13,598,370
. Loans in current account		1,104,366	1,031,740
Short-term foreign loans:			
. Commercial discounts			
. Housing			
. Overdrafts in demand deposits		1,514	614
. Other loans		-	-
Medium- and long-term foreign loans:			
. Loans		712,731	730,231
. Loans in current account		1,927	2,456
Loans to staff		478,415	522,415
Interest receivable		35,430	34,043
Fees and other deferred income		(110,559)	(96,843)
Overdue loan		671,466	825,153
Total non-securitised loans Gross	(A)	17,378,725	16,842,152
Impairment of non-securitised loans (Note 17)	(B)	(510,341)	(600,669)
Total non-securitised loans Net	D= (A-B)	16,868,385	16,241,483
Public Debt Securities		4,435,727	4,742,474
Bonds issued by Companies		255,362	299,287
Bonds issued by Companies overdue			
Interest receivable		48,442	55,480
Total securitised loans Gross	(E)	4,739,531	5,097,240
Impairment of securitised loans (Note 17)	(F)	(35,785)	(48,786)
Total securitised loans Net	G= (E-F)	4,703,746	5,048,454
Total Loans and Advances to Customers Net	(H) = (D) + (G)	21,572,131	21,289,937

Total net loans as at 31 December 2023 amounted to CVE 21,572,131 million, an increase of CVE +282,194 million compared to 2022 and recorded a value of CVE 671,466 million in overdue loans and interest, a decrease of CVE 153,688 million compared to the previous year, reflecting the write-offs during the year, in particular three loans with an overdue value of CVE 221,303 million and also the efforts made in 2023 to contain new overdue loans and recover the historical record.

A loan was settled by taking possession of the associated guarantee, resulting in the registration of a property received through loan recovery, recognised under 'other assets' (Note 13).

As at 31 December 2023 and 31 December 2022, Public Debt Securities include treasury bonds of the State of Cape Verde remunerated at a fixed interest rate. The average rate of return on those bonds in December 2023 was 3.7855% (2022: at 4.1613%), a reduction explained by the maturity in 2023 of a number of bonds that had higher rates than the bonds issued and subscribed during the year.

As at 31 December 2023 and 31 December 2022, 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:

Security	Dec/23	Dec/22
Public Debt Securities		
<u>Treasury Bonds</u>		
Nominal Value	4,435,727	4,742,474
Interest receivable	46,284	52,597
Impairment	(32,973)	(45,555)
	a)	
	4,449,038	4,749,516
<u>Corporate Bonds</u>		
	Dec/23	Dec/22
Electra - Empresa de Electricidade e Águas, S.A.R.L. - Tranche C	32,199	32,199
Electra - Empresa de Electricidade e Águas, S.A.R.L. - Tranche F	47,634	61,244
IFH - Imobiliária, Fundiária e Habitat, S.A. Series F Tranche I	-	3,000
IFH - Imobiliária, Fundiária e Habitat, S.A. Series F Tranche II	-	2,500
Sal City Council	-	3,000
Electra - Empresa de Electricidade e Águas, S.A.R.L. - Tranche E	100,000	100,000
ASA - Empresa Nacional de Aeroportos e Segurança Aérea, S.A. Series D	29,850	37,313
ANMCV - National Association of Cape Verdean Municipalities - Series A	27,327	36,436
A.C.E. PRRA_O - Agrupamento Complementar de Empresas	18,351	23,594
Gross total	255,362	299,287
Impairment	(2,812)	(3,231)
Interest receivable	2,159	2,883
Gross total	b) 254,709	298,938
Other loans and receivables - securitised a)+ b)	4,703,746	5,048,454

The bonds issued by Electra - Empresa de Eletricidade e Águas, S.A.R.L. are backed by the State of Cape Verde.

The changes recorded in the companies Electra - Empresa de Eletricidade e Águas, S.A.R.L., ASA - Empresa Nacional de Aeroportos e Segurança Aérea, S.A., ANMCV - Associação Nacional dos Municípios Cabo-Verdianos and A.C.E. PRRA_O - Agrupamento Complementar de Empresas are related to a partial Capital amortisation.

The bonds A.C.E. PRRA_O - Domestic Joint Venture, CVE 23,594 million 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).

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

As at 31 December 2023 and 31 December 2022, loans and advances to customers, excluding 'Securitized loans', accrued interest, fees and other deferred income, had the following structure by sector of activity, distinguishing between outstanding and overdue loans:

	2023		
	Outstanding loans*	Overdue Loan	Total
Public Administrative Sector	90,436	-	90,436
	90,436	-	90,436
Companies			
Agriculture, livestock farming, hunting and forestry	23,064	8,092	31,156
Fishing	30,999	-	30,999
Mining and quarrying industries	-	-	-
Mining and quarrying industries except for energy prod.	-	-	-
Manufacturing industries	387,973	5,394	393,366
Food, beverage and tobacco industries	239,131	978	240,108
Textile industry	16,994	16	17,010
Wood, cork and related products industries	-	-	-
Paper pulp, cardboard, and publishing and printing industries	25,851	4,184	30,035
Manufacturing of chemicals and synthetic or artificial fibers	46,277	-	46,277
Manufacturing of basic metals and metal products	41,010	-	41,010
Manufacturing of machinery and equipment	9,185	205	9,390
Furniture and mattress manufacture	-	-	-
Other manufacturing industries	9,525	10	9,535
Production and distribution of electricity, water and gas	71,787	-	71,787
Construction	545,612	90,670	636,281
Wholesale/retail trade, repair of cars, motorbikes, and personal and household goods	911,833	110,426	1,022,259
Transport, storage and communications	454,894	11,523	466,418
Accommodation and catering (restaurants and other)	1,214,540	11,745	1,226,285
Information and communication activities	416,191	1	416,193
Real estate activities, rentals and service provision companies	598,471	100,026	698,497
Real estate activities	598,471	100,026	698,497
Other activities	-	-	-
Public administration, defence, and compulsory social security	-	-	-
Education	211,982	176	212,158
Health and social security	49,534	754	50,288
Other activities and collective, social and personal services	847,861	10,447	858,308
	5,764,741	349,255	6,113,996
Retail			
Housing	8,272,866	84,245	8,357,111
Other purposes	2,654,347	237,966	2,892,312
	10,927,212	322,211	11,249,423
Total	16,782,389	671,466	17,453,855

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

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	2022		
	Outstanding		
	loans*	Overdue Loan	Total
Public Administrative Sector	99,759	-	99,759
Companies	99,759	-	99,759
Agriculture, livestock farming, hunting and forestry	34,111	-	34,111
Fishing	32,932	3,788	38,420
Mining and quarrying industries	-	-	-
Mining and quarrying industries except energy products	-	-	-
Manufacturing industries	399,898	5,978	375,876
Food, beverage and tobacco industries	249,228	5,909	255,137
Textile industry	18,789	70	18,896
Wood, cork and related products industries	780	-	700
Paper pulp, cardboard, and publishing and printing industries	-	-	-
Manufacturing of chemicals and synthetic or artificial fibers	26,957	-	29,957
Manufacturing of basic metals and metal products	12,874	-	12,874
Manufacturing of machinery and equipment	-	-	-
Furniture and mattress manufacture	49,129	0	48,126
Other manufacturing industries	15,517	-	15,517
Production and distribution of electricity, water and gas	54,279	3	54,278
Construction	543,552	210,431	753,983
Wholesale/retail trade, repair of cars, motorbikes, and personal and household goods	770,781	59,907	827,388
Transport, storage and communications	422,382	21,514	443,895
Accommodation and catering (restaurants and other)	1,299,954	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	190,188	1,737,149
Real estate activities	582,985	180,450	763,135
Other activities	994,295	9,718	974,013
Public administration, defence, and compulsory social security	-	-	-
Education	192,599	2	162,601
Health and social security	59,523	833	60,356
Other activities and collective, social and personal services	14,111	759	14,867
	<u>5,958,571</u>	<u>529,453</u>	<u>6,185,024</u>
Retail			
Housing	7,154,965	94,709	7,219,672
Other purposes	3,196,503	233,994	3,400,497
	<u>10,321,468</u>	<u>298,701</u>	<u>10,620,169</u>
	<u>19,079,798</u>	<u>825,153</u>	<u>16,904,952</u>

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

As at 31 December 2023 and 31 December 2022, 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 the exposures and impairment by segment (2023)

Segment	Exposure 31/12/2023							Impairment 31/12/2023				
	Total exposure	Exposure with low credit risk	of which recovered	of which restructured	Exposures with significant increase in credit risk	of which restructured	Impaired exposures	of which restructured	Total impairment	Exposures with low credit risk	Exposures with significant increase in risk	Impaired exposures
Companies (exc. Const and CRE)	2,935,309	2,281,898	869	9,694	554,289	258,901	99,122	13,026	135,743	42,436	57,236	36,070
Construction and CRE	3,193,321	2,124,036	0	28,908	810,219	395,441	259,066	100,439	181,679	25,839	80,269	75,570
Housing	8,440,936	7,977,172	14,099	23,346	271,658	36,675	192,107	9,264	62,453	4,505	3,259	54,689
Consumption and other ind.	2,809,169	2,373,246	7,573	5,366	215,907	47,118	220,017	126,110	130,466	25,436	22,903	82,128
Sec. Loans	4,739,531	4,739,531	0	0	0	0	0	0	35,785	35,785	0	0
Total	22,118,267	19,495,884	22,540	67,314	1,852,072	738,135	770,312	248,839	546,126	134,001	163,668	248,457

Segment	Total Exposure 31/12/2023	Delay < 90 days		Subtotal	Delay <=90* days	Delay > 90 days	Total Impairment 31/12/2023	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)	2,935,309	2,281,898	549,675	103,736	32,852	70,884	135,743	105,950	270	4,680	24,842
Construction and CRE	3,193,321	2,124,036	810,202	259,083	6,186	252,898	181,679	107,368	0	0	74,311
Housing	8,440,936	7,977,172	271,658	192,107	52,613	139,493	62,453	11,087	47	455	50,865
Consumption and other ind.	2,809,169	2,373,246	212,880	223,044	90,854	132,189	130,466	82,174	339	3,226	44,727
Sec. Loans	4,739,531	4,739,531	0	0	0	0	35,785	35,785	0	0	0
Total	22.118.267	19.495.884	1.844.414	777.970	182.505	595.465	546.126	342.364	656	8.361	194.745

	Companies (exc. Const and											
	Sec. Loans		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	31,473	4,108	89,893	21,238	0	0	0	0	121,366	25,345
Collective	4,739,531	35,785	2,903,837	131,635	3,103,428	160,441	8,440,936	62,453	2,809,169	130,466	21,996,902	520,781
Total	4,739,531	35,785	2,935,309	135,743	3,193,321	181,679	8,440,936	62,453	2,809,169	130,466	22,118,267	546,126

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

	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	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
	Assessment													
Individual	48,784	7,244	72,581	18,101	0	0	0	0	0	0	0	0	0	0
Collective	967,962	41,717	558,717	20,775	13,782	405	1,224,487	78,176	50,053	1,911	390,185	14,330	197,623	1,229
Total	1,016,747	48,961	631,299	38,875	13,782	405	1,224,487	78,176	50,053	1,911	390,185	14,330	197,623	1,229

	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
	Assessment															
Individual	0	0	0	0	0	0	0	0	0	0	0	0	0	0	121,366	25,345
Collective	461,060	17,559	61,745	4,265	414,222	10,066	71,275	1,655	695,616	86,616	87,934	1,292	809,671	12,081	6,004,332	292,076
Total	461,060	17,559	61,745	4,265	414,222	10,066	71,275	1,655	695,616	86,616	87,934	1,292	809,671	12,081	6,125,698	317,422

The entire exposure to the 'Securitized 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 CVE 48,786 million.

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
2010 and earlier	103	166,802	3,692	26	23,542	1,888	91	341,791	3,448	598	121,800	16,585	653,936	25,612
2011	15	161,458	8,980	4	176,210	13,298	30	96,549	237	79	29,508	1,574	463,726	24,089
2012	7	3,847	47	2	2,430	3	24	81,329	2,103	65	3,586	116	91,192	2,268
2013	19	40,244	3,851	2	21,589	173	24	93,129	59	109	11,550	302	166,512	4,385
2014	22	133,252	11,569	6	20,104	71	34	166,126	178	75	12,527	170	332,010	11,988
2015	41	1,618	108	16	83,710	3,413	29	223,572	39,220	134	43,476	268	352,377	43,010
2016	82	1,306,301	22,407	25	245,798	22,347	40	187,048	178	166	99,319	6,000	1,838,465	50,933
2017	81	1,032,553	21,231	29	203,690	4,509	91	408,462	5,096	260	67,115	2,353	1,711,820	33,188
2018	88	911,170	7,225	24	348,969	30,342	138	734,086	1,375	272	113,634	3,818	2,107,858	42,761
2019	141	300,944	8,357	51	511,586	28,822	212	1,253,586	2,436	741	219,217	9,329	2,285,333	48,944
2020	123	706,921	8,663	44	238,451	6,462	146	847,255	873	413	197,641	2,895	1,990,267	18,894
2021	158	504,753	23,476	68	497,289	51,360	224	1,451,621	4,140	1,821	470,834	32,098	2,924,496	111,074
2022	170	1,049,356	21,960	53	427,293	11,694	226	1,604,151	2,114	1,393	612,521	26,127	3,693,321	61,894
2023	196	1,355,622	29,962	57	392,661	7,296	142	952,232	995	1,347	806,440	28,833	3,506,955	67,086
Total	1,246	7,674,841	171,527	407	3,193,321	181,679	1,451	8,440,936	62,453	7,473	2,809,169	130,466	22,118,267	546,126

Breakdown of the restructured loan portfolio by restructuring measure applied

31/12/2023												
Measure	Exposure with low credit risk			Exposure with significant increase in risk			Impaired exposures			Total		
	Number of transactions	Exposure	Impairment	Number of Transactions	Exposure	Impairment	Number of Transactions	Exposure	Impairment	Number of Transactions	Exposure	Impairment
Term extension	29	67,314	529	67	738,135	80,285	79	248,839	83,111	175	1,054,288	163,925
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	29	67,314	529	67	738,135	80,285	79	248,839	83,111	175	1,054,288	163,925

Inflows and outflows in the restructured loan portfolio

	31/12/2023	31/12/2022
Opening balance of the restructured loan portfolio (gross of impairment)	394,803	323,852
Loans restructured in the period	820,123	231,315
Accrued interest on the restructured portfolio	-1,211	1,156
Settlement of restructured loans (partial or total)	-13,548	-25,628
Credits reclassified from restructured to 'normal'	-147,661	-135,893
Others	1,782	0
Closing balance of the restructured loan portfolio (gross of impairment)	1,054,288	394,803

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

Fair 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
0.5 MCVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
>= 0.5 MCVE and < 1 MCVE	0	0	0	0	0	0	0	0	4	1,509	0	0	4	1,509	0	0
>= 1 MCVE and < 5 MCVE	12	14,293	1	1,467	18	34,305	0	0	381	1,120,618	1	2,646	411	1,169,217	2	4,113
>= 5 MCVE and < 10 MCVE	10	40,907	1	310	37	152,714	0	0	659	3,513,628	14	77,088	706	3,707,249	15	77,399
>= 10 MCVE and < 20 MCVE	7	44,672	5	22,761	42	339,308	0	0	272	2,422,737	16	155,489	321	2,806,717	21	178,250
>= 20 MCVE and < 50 MCVE	5	68,892	1	3,794	63	975,122	0	0	64	910,986	0	0	132	1,955,000	1	3,794
>= 50 MCVE	4	339,552	1	32,668	37	1,464,866	0	0	2	38,216	1	74,089	43	1,842,634	2	106,757
Total	38	508,316	9	61,001	197	2,966,315	0	0	1,382	8,007,696	32	309,312	1,617	11,482,327	41	370,313

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

Segment / Ratio	31/12/2023						Total	
	Number of properties	Exposures with low credit risk	Exposures with significant increase in credit risk	Impaired exposures	Impairment	Exposure	Impairment	
Companies (exc. Const and CRE)								
No associated collateral	354	83,022	95,899	28,147	18,799	207,067	18,799	
>= 150%	0	0	0	0	0	0	0	
<= 150% and > 125%	77	149,269	20,896	4,816	9,020	174,981	9,020	
<= 125% and > 100%	189	427,811	235,847	34,907	49,469	698,566	49,469	
< 100%	586	1,621,796	201,647	31,253	58,455	1,854,696	58,455	
Construction and CRE								
No associated collateral	79	1,192	485	1,088	137	2,765	137	
>= 150%	0	0	0	0	0	0	0	
<= 150% and > 125%	18	159,108	0	0	1,821	159,108	1,821	
<= 125% and > 100%	75	811,918	353,740	111,287	92,173	1,276,946	92,173	
< 100%	235	1,151,818	455,994	146,692	87,548	1,754,503	87,548	
Housing								
No associated collateral	2	2,341	0	0	10	2,341	10	
>= 150%	0	0	0	0	0	0	0	
<= 150% and > 125%	161	898,506	52,491	7,620	1,051	958,617	1,051	
<= 125% and > 100%	846	5,633,307	155,857	71,213	13,911	5,860,376	13,911	
< 100%	442	1,443,017	63,310	113,274	47,481	1,619,601	47,481	
TOTAL	3,064	12,383,106	1,636,165	550,206	370,874	14,580,567	370,874	

8. INVESTMENT PROPERTIES

In 2023, a property was reclassified from credit recovery for investment properties (Edifício Achada Grande Frente - Praia), considering its rental. Nevertheless, the Bank's strategy regarding its future sale remains unchanged, as soon as offers are aligned with the conditions determined by management for sale.

	2023 - Investment Property														
	Balance as at 31/12/2022			Impairment for the period			Transfers			Impairment losses (Note 17)			Balance as at 31/12/2023		
	Gross value	Impairment	Net	Other Expenses	Set-up	Impairment	Gross Value	Impairment	Impairment	Use	Gross value	Impairment	Net		
Urban Property - Praia	33,839	-	33,839	329	-	-	-	-	-	-	34,167	-	34,167		
Commercial Space - Praia	13,158	-	13,158	163	(158)	-	-	-	-	(158)	13,321	(158)	13,163		
Property parking - Praia	2,027	-	2,027	27	(24)	-	-	-	-	(24)	2,054	(24)	2,030		
Achada Grande Frente Building - Praia	-	-	-	1,449	(5,206)	-	86,997	-	-	(5,206)	88,446	(5,206)	83,240		
	49,024	-	49,024	1,967	(5,389)	-	86,997	-	-	(5,389)	137,989	(5,389)	132,600		

As at 31 December 2023, the properties classified as investment properties by the Bank are recorded at cost, with an annual impairment review. 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 2023 and 2022 were as follows:

Description	Opening Balance				Write-offs					Settlement				Closing Balance			
	Gross balance	Impairments	Accumulated	Net value	Additions	Gross Value	Depreciation	Impairment	Transfer between assets	Amortisation	Impairment for the year	Amortisations gross balance		Gross balance	Accumulated depreciation	Impairments depreciation	Net value as at 31/12/2023
			depreciation							for the financial year							
Properties for own use																	
Land	14,357	-	-	14,357	-	(1,965)	-	-	40,518	-	-	-	-	52,911	-	-	52,911
Buildings	244,176	(20,172)	(68,893)	155,112	3,569	(18,522)	2,225	8,941	540,246	(12,239)	(1,146)	(824)	145	768,645	(78,761)	(12,377)	677,507
Others	11,456	-	5,393	6,063	-	-	-	-	-	(1,146)	-	-	-	11,456	(6,539)	-	4,918
Construction works in leased properties	237,868	-	(234,177)	3,691	-	-	-	-	-	(1,682)	-	-	-	237,868	(235,859)	-	2,008
	507,857	(20,172)	(308,463)	179,223	3,569	(20,487)	2,225	8,941	580,764	(15,066)	(1,146)	(824)	145	1,070,880	(321,159)	(12,377)	737,344
Equipment																	
Furniture and material	58,647	-	(52,411)	6,236	67	(1,483)	1,387	-	-	(1,499)	-	-	-	57,230	(52,523)	-	4,708
Machinery and tools	35,018	-	(31,503)	3,515	195	-	-	-	-	(1,407)	-	-	-	35,213	(32,910)	-	2,303
Computer equipment	328,962	-	(311,423)	17,540	1,541	(91)	91	-	9,475	(8,026)	-	-	-	339,888	(319,357)	-	20,530
Indoor facilities	12,955	-	(12,053)	902	-	-	-	-	-	(331)	-	-	-	12,955	(12,384)	-	572
Transport material	87,219	-	(50,004)	37,214	12,944	(10,685)	9,278	-	-	(8,285)	-	-	-	89,478	(49,012)	-	40,466
Security equipment	25,876	-	(23,685)	2,191	1,829	-	-	-	669	(1,198)	-	-	-	28,375	(24,884)	-	3,491
Other equipment	64,127	-	(58,001)	6,126	365	-	-	-	480	(1,750)	(228)	-	-	64,744	(59,751)	-	4,993
Other tangible assets	157	-	(157)	-	-	-	-	-	-	-	-	-	-	157	(157)	-	-
	612,961	-	(539,237)	73,725	16,941	(12,259)	10,756	-	10,624	(22,496)	-	(228)	-	628,040	(550,977)	-	77,063
Properties	75,609	-	(40,842)	34,766	13,881	(12,881)	12,881	-	-	(13,074)	-	-	-	76,610	(41,036)	-	35,574
Assets under Financial Lease	75,609	-	(40,842)	34,766	13,881	(12,881)	12,881	-	-	(13,074)	-	-	-	76,610	(41,036)	-	35,574
Tangible assets in progress																	
Expenses in leased buildings	-	-	-	-	21,579	-	-	-	(21,579)	-	-	-	-	-	-	-	-
For own use	489,035	-	-	489,035	56,940	-	-	-	(523,639)	-	-	-	-	22,336	-	-	22,336
Equipment	9,253	-	-	9,253	14,771	-	-	-	(10,624)	-	-	240	-	13,641	-	-	13,641
Assets	33,055	-	-	33,055	2,491	-	-	-	(35,546)	-	-	-	-	-	-	-	-
	531,344	-	-	531,344	95,782	-	-	-	(591,389)	-	-	240	-	35,977	-	-	35,977
	1,727,771	(20,172)	(888,542)	819,058	130,174	(45,626)	25,862	8,941	-	(50,636)	(1,146)	(813)	145	1,811,506	(913,171)	(12,377)	885,958

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Banco Interatlântico

2022

Description	Opening Balance								Closing Balance			
	Gross balance	Impairment and Accumulated depreciation		Write-offs		Transfer between assets	Impairment reversals		Amortisation Adjustment	Gross balance	Impairment and Net Worth as at	
		Additions	Gross Value	Depreciation	Depreciation for the year		Depreciation	31/12/2022				
Properties for own use												
. Land	14,357	-	-	-	-	-	-	-	-	14,357	-	14,357
. Buildings	243,630	(83,577)	546	-	-	-	(5,487)	-	-	244,176	(89,064)	155,112
. Others	11,456	(4,247)	-	-	-	-	(1,146)	-	-	11,456	5,393	6,063
Construction works in leased properties	237,675	(232,172)	193	-	-	-	(2,005)	-	-	237,868	(234,177)	3,691
	507,119	(319,997)	739	-	-	-	(8,638)	-	-	507,857	(3,286,341)	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)	1128	-	-	-	(1,689)	-	-	35,018	(31,503)	3,515
. Computer equipment	349,760	(332,615)	6,686	(28,307)	29,307	1,823	(8,816)	701	328,962	(311,423)	17,540	
. Indoor facilities	15,880	(14,651)	60	(2,885)	2,985	-	(386)	-	12,955	(12,053)	902	
. Transport material	87,546	(51,151)	8,437	(8,765)	8,311	-	(7,165)	-	87,218	(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)	-	
	634,846	(557,879)	17,248	(41,056)	40,602	1,823	(22,661)	701	612,861	(539,237)	73,725	
Properties	57,586	(31,800)	24,836	(6,813)	6,813	-	(15,855)	-	75,608	(408,421)	34,766	
Assets under Financial Lease	57,586	(31,800)	24,836	(6,813)	6,813	-	(15,855)	-	75,608	(408,421)	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	(9,087,131)	819,058	

The main changes in tangible assets are due to: i) the completion of Head Office Building construction works, the capitalisation of expenses and the start of its amortisation; ii) the purchase of electric vehicles as part of the ongoing replacement of the Bank's vehicle fleet; and iii) investments in security equipment for the Bank's buildings.

Variations in finance leases are due to the lease of a new space for the Achada Grande Frente branch and the amortisation of lease contracts in force.

The impairment recorded for losses on other tangible assets amounts to CVE 12,377 million (note 17).

In 2023, various items of furniture were written off following donations made by the Bank.

10. INTANGIBLE ASSETS

Changes in 'Intangible Assets' as at 31 December 2023 and 2022 were as follows:

Description	Saldos em 31-12-2022					Saldos em 31-12-2023			
	Balances as at 31/12/2022					Amortisation for the financial year	Balances as at 31/12/2023		
	Gross value	Accumulated amortisations	Additions	Permanent Transfers	Gross value		Accumulated amortisations	Net value	
Software	298,387	(167,011)	11,066	-	(21,109)	309,452	(188,120)	121,332	
of which: Fixed assets in progress	96,523	-	7,559	(5,468)	0	98,614	0	98,614	
of which: Capitalised fixed assets	201,864	(167,011)	3,507	5,468	(21,109)	210,838	(188,120)	22,718	

Description	Balances as at 31/12/2021					Amortisation for the financial year	Balances as at 31/12/2022		
	Gross value	Accumulated amortisations	Additions	Permanent Transfers	Gross value		Accumulated amortisations	Net value	
Software	269,613	(147,861)	28,774	-	(19,151)	298,387	(167,012)	131,375	
of which: Fixed assets in progress	93,496	-	8,210	(5,183)	0	96,523	0	96,523	
of which: Capitalised fixed assets	176,117	(147,861)	20,564	5,183	(19,151)	201,864	(167,012)	34,852	

Of the total intangible assets line item, the amount of CVE 98,614 million in 2023 (and CVE 96,522 million in 2022) was in progress at the balance sheet date.

As at 31 December 2023 and 2022, intangible assets in progress refer essentially to expenses incurred in the development of software applications that had not yet entered into operation as at those dates.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2023 and 31 December 2022, this line item is broken down as follows:

2023								
	% Shareholding	Purchase cost	Balance sheet		Date	Net assets	Profit/(Loss)	Equity
			value					
SISP - Sociedade Interbancária e Sistema de Pagamentos, S.A.R.L. (*)	9.52%	10,000	166,336		31/12/2023	2,611,769	416,001	1,746,526
			<u>166,336</u>					

(*) Audited financial statements for December 2023

2022								
	% Shareholding	Purchase cost	Balance sheet		Date	Net assets	Profit/(Loss)	Equity
			value					
SISP - Sociedade Interbancária e Sistema de Pagamentos, S.A.R.L.	10.00%	10,000	126,004		31/12/2022	1,764,376	175,875	1,260,038
			<u>126,004</u>					

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 9.52%.

The decrease in the Bank's shareholding, from 10% to 9.52%, is the result of the entry of a new shareholder in SISP's equity, Banco BAI CV.

	<u>SISP</u>
Balance as at 31 December 2020	<u>96,948</u>
Income from Associates	21,640
Dividends received	
Balance as at 31 December 2021	<u>118,588</u>
Income from Associates	17,396
Dividends received	(9,980)
Balance as at 31 December 2022	<u>126,004</u>
Income from Associates	60,787
Dividends received	(20,455)
Balance as at 31 December 2023	<u>166,336</u>

12. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2023, 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 2023 and 31 December 2022 were as follows:

<u>Income taxes</u>	Dec/23	Dec/22
<u>Current tax assets</u>	5,413	2,497
. Payments on account and withholding taxes		
<u>Deferred tax assets</u>	0	0
. For temporary differences		
<u>Current tax liabilities</u>	-19,612	-9,905
. Current Taxes		
<u>Deferred tax liabilities</u>	-60,207	-30,307
. For temporary differences		

The change in current tax assets corresponds to the fractional tax payments and the settlement of the 2022 autonomous taxation, paid in 2023.

The amount relating to current tax liabilities relates to taxes for financial year 2023.

Changes in deferred taxes in 2023 and 2022 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.

	Dec/23	Dec/22
Income before taxes	427,363	317,727
To add	49,797	22,672
+ Corrections relating to previous tax periods (Art. 23(2) CIRPC)	42,921	6,229
Depreciation and amortisation outside the terms provided for in the CIRPC		
IRPC, autonomous taxation, and any other taxes levied on profits (Art. 29(1)(e) of the CIRPC	0	0
Impairment losses - not accepted by insurance companies or banking institutions or exceeding legal limits	0	0
Sickness and personal accident insurance premiums, insurance costs		839
Single property tax, except properties whose purchase and sale are part of the real estate business	1,804	572
Increase of 30% of total expenses with light passenger vehicles	4,781	4,395
50% of costs with representation expenses	292	482
Corrections in cases of tax credits and withholding tax (Art. 69, 91 and 93 CIRPC)		10,155
Deductible	393,215	299,228
Annulment of the effects of the equity method	60,787	17,396
Reversal of impairment losses taxed in previous periods (Art. 29(1)(d), 39, 40, 41 and 42 CIRPC)	39,950	42,486
+ Corrections relating to previous tax periods (Art. 23(2) CIRPC)	7,128	
Accounting capital gains		
Depreciation and amortisation taxed in previous periods		0
Tax benefits	13,077	3,198
Dividends		39,875
Interest on Bonds Issued by Stock Exchange Companies	272,273	196,273
Tax profit/loss	83,945	41,170
Use of Tax Loss	0	0
Applicable rate	22.0%	22.0%
Actual Rate	7.02%	3.12%
Tax for the financial year	18,468	9,058
Levy in discharge taxation	10,519	0
Autonomous taxation	629	667
Fire Tax	369	181
	29,985	9,906

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 2023.

The variation in Deferred Tax Liabilities is justified by the variation in the fair value calculation of BI's shareholdings with Visa International and BCA.

13. OTHER ASSETS

This line item is broken down as follows:

	Dec/23	Dec/22
Debtors and other investments		
. Bonuses receivable from the State of Cape Verde	10,232	6,788
. Amounts receivable from the Group	-	-
. Other debtors	27,393	38,384
Other assets		
. Artistic assets	4,299	2,086
Income receivable		
. Others	3,296	2,599
Deferred expenses		
. Other administrative costs	32,719	33,753
Other regularisation accounts		
OURS expenses yet to be regularised		
. Others	6,310	
. Clearing - Sisp	8,345	4,251
. Interbank clearing	-	16,348
. Spot foreign exchange position	5,447	-
. Office Supplies	-	-
. Disposal of properties yet to be regularised	4,758	1,004
. Cash/ATM failures	-	62,000
	1,855	641
Total Other assets	<u>104,653</u>	<u>167,855</u>
Impairment of other assets (Note 17)	<u>(6,873)</u>	<u>(6,873)</u>
	<u>97,780</u>	<u>160,982</u>
Property Received in Adjudication		
	81,607	66,622
Impairment of Property Received in Adjudication (Note 17)	<u>(43,219)</u>	<u>(30,930)</u>
	<u>38,388</u>	<u>35,693</u>
Assets acquired in own credit recovery		
	859,806	967,258
Impairment of Assets acquired in own credit recovery (Note 17)	<u>(70,493)</u>	<u>(47,840)</u>
	<u>789,312</u>	<u>919,418</u>
	<u>925,480</u>	<u>1,116,093</u>

The balance under debtors and other investments, with other assets balances, fell by CVE 58,464 million mostly due to the settlement of the amount of real estate pending settlement in 2023, following the sale.

The balance of 81,607,000 CVE under the heading 'Properties Received in Adjudication Pending Resolution' relates to six properties that are not yet in a situation where they can be sold, with a change of CVE 14,718 million related to two properties recovered from asset write-offs (note 27). These real estate properties have associated impairments totalling CVE 43,219 million, with an increase of CVE 12,290 million compared to 2022, CVE 3,592 million associated with the real estate recovered in the year (note 17).

As at 31 December 2023, the line item 'Assets acquired in recovery of own credit' showed a balance of CVE 859,806 million and impairment of CVE 70,493 million. The variation over the year was essentially due to:

- The sale of two properties;
- The reclassification of a property to Investment Property, as shown in Note 8, the asset being transferred at its impairment net value.
- Three properties recovered with a total value of CVE 11,697 million by means of adjudication and reversal of asset write-offs. 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.

These real estate properties have associated impairments totalling CVE 70,493 million, with an increase of CVE 22,653 million compared to 2022, CVE 2,914 million associated with the real estate recovered in the year (note 17).

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

2023

	2023														
	Balance as at 31/12/2022			Impairment for the period					Transfers Period				Balance as at 31/12/2023		
	Gross value	Impairment	Net	Recoveries	Disposals	Others Expenses	Set-up	Impairment	Gross Value	Impairment	Use Impairment	Impairment losses (Note 17)	Gross value	Impairment	Net
Palha Sé Plot	114,475	(4,240)	110,236	-	-	464	(4,831)	-	-	-	(4,831)	114,939	(9,071)	105,868	
Palha Sé Plot	22,737	(12,958)	9,779	-	(22,817)	80	(1,609)	1,829	-	-	12,738	220	0	0	
Palmarejo Plot	2,813	(717)	2,096	-	-	103	(397)	-	-	-	(397)	2,916	(1,113)	1,803	
House - São Vicente	19,550	(10,483)	9,067	-	-	62	(4,304)	-	-	-	(4,304)	19,612	(14,787)	4,825	
Semi-finished Property - Santa Maria	209,420	(12,726)	196,694	-	-	1,837	(4,951)	-	-	-	(4,951)	211,256	(17,677)	193,579	
Achada Grande Frente Building - Praia**	92,922	(5,925)	86,997	-	-	-	-	(92,922)	5,925	-	-	-	-	-	
Plot in Boavista Lacacamo	255,859	-	255,859	-	-	7,265	(14,089)	-	-	0	(14,089)	263,124	(14,089)	249,035	
Urban Property in Maio - Morro	21,695	-	21,695	-	-	43	(56)	-	-	-	(56)	21,737	(56)	21,681	
Tourist building - Praia de Chaves - Boavista	180,517	-	180,517	-	-	1,867	(2,176)	-	-	-	(2,176)	182,385	(2,176)	180,209	
Urban Property - Praia - Palmarejo	15,192	(792)	14,400	-	(15,222)	30	(158)	729	-	222	570	(0)	-	(0)	
Urban Property - Praia - Achada São Felipe	6,556	-	6,556	-	-	22	(3,356)	-	-	-	(3,356)	6,578	(3,356)	3,222	
Urban Property - Praia Cabral - Boavista	4,662	-	4,662	-	-	39	(39)	-	-	-	(39)	4,701	(39)	4,662	
Urban Property - Fonte Meio - São Vicente	-	-	-	2,429	-	38	(66)	-	-	-	(66)	2,467	(66)	2,402	
Urban Property – consisting of two 2-bedroom apartments (T2) Boa Ventura Rabil – Boa V.	-	-	-	6,944	-	145	(1,218)	-	-	-	(1,218)	7,089	(1,218)	5,871	
Urban Plot in Rabil -Boavista - Morro (800 m²)	-	-	-	2,140	-	-	(1,630)	-	-	-	(1,630)	2,140	(1,630)	511	
Various Office Equipment	20,860	-	20,860	-	-	-	(5,215)	-	-	-	(5,215)	20,860	(5,215)	15,645	
	967,258	(47,840)	919,418	11,513	(38,039)	11,996	(44,095)	2,557	(92,922)	5,925	12,960	(41,538)	859,806	(70,493)	789,313

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

	Impairment for the period Transfers Period												Balance as at 31/12/2022		
	Balance as at 31/12/2021			Recoveries	Disposals	Others Expenses	Impairmen			Impairment losses			Gross value	Impairment	Net
	Gross value	Impairment	Net				Set-up	t	Gross Value	Impairment	Use Impairment	(Note 17)			
Palha Sé Plot	113,845	(4,240)	109,605	-	-	630	-	-	-	-	-	-	114,475	(4,240)	110,236
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 m ²)**	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 an area of 72.40 m ² . **	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

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

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

Property reclassified to Property Received in Adjudication Pending Resolution:

	2023 - Debtors															
	Balance as at 31/12/2022			Impairment for the period					Transfers		Use		Impairment	Balance as at 31/12/2023		
	Gross value	Impairment	Net	Recoveries	Disposals	Other Expenses	Set-up	Impairment	Gross Value	Impairment	Impairment	(Note 17)	Gross value	Impairment	Net	
Beach house - Fazenda - Praia	15,858	(13,943)	1,915	-	-	50	(643)	-	-	-	-	(643)	15,908	(14,586)	1,322	
Urban Property - Praia - Terra Branca	11,595	(2,887)	8,707	-	-	39	(1,076)	-	-	-	-	(1,076)	11,633	(3,963)	7,670	
Apartments and Commercial Space in Santa Maria Sal	25,170	(14,100)	11,070	-	-	177	(6,417)	-	-	-	-	(6,417)	25,347	(20,517)	4,830	
Urban Property - Praia - Terra Branca	14,000	-	14,000	-	-	-	(560)	-	-	-	-	(560)	14,000	(560)	13,440	
Urban Property - Achada São Filipe	-	-	-	8,095	-	300	(2,729)	-	-	-	-	(2,729)	8,395	(2,729)	5,666	
Urban Property - Santa Maria	-	-	-	6,230	-	93	(863)	-	-	-	-	(863)	6,323	(863)	5,460	
	66,622	(30,930)	35,693	14,325	-	660	(12,290)	-	-	-	-	(12,290)	81,607	(43,219)	38,388	

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.

31/12/2023

Assets	Number of properties	Gross Value	Impairment	Net book value
Land	4	383,119	25,903	357,217
Urban	4	383,119	25,903	357,217
Rural	0	0	0	0
Buildings under development	0	0	0	0
Commercial	0	0	0	0
Housing	0	0	0	0
Others	0	0	0	0
Finished buildings	8	455,826	39,375	416,451
Commercial	0	0	0	0
Housing	8	455,826	39,375	416,451
Others	0	0	0	0
Others	0	0	0	0
Total	12	838,945	65,278	773,667

Assets	No. of Equipment	Gross Value	Impairment	Net book value
Other Equipment	67	20,860	5,215	15,645

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
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
Others	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
Others	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

Ativo	Número de imóveis	31/12/2022		
		Valor Bruto	Imparidade	Valor contabilístico Líquido
Terreno	6	417 579	17 914	399 665
Urbano	6	417 579	17 914	399 665
Rural	0	0	0	0
Rural	0	0	0	0
Edifícios em desenvolvimento	2	302 342	18 651	283 691
Comerciais	0	0	0	0
Habitação	1	209 420	12 726	196 694
Outros	1	92 922	5 925	86 997
Edifícios construídos	5	226 477	11 275	215 202
Comerciais	2	19 854	792	19 062
Habitação	2	26 106	10 483	15 623
Outros	1	180 517	0	180 517
Total	13	946 398	47 840	898 557

Ativo	Nº de Equipamentos	Valor Bruto	Imparidade	Valor contabilístico Líquido
Outros Equipamentos	67	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.

Time elapsed since the Payment in Kind/Foreclosure	31/12/2023				Total
	< 1 Year	=> 1 Year and <= 2.5 Years	=> 2.5 Years and <= 5 Years	>= 5 years	
Land	511	0	249,035	107,671	357,217
Urban	511	0	249,035	107,671	357,217
Rural	0	0	0	0	0
Buildings under development	0	0	0	0	0
Commercial	0	0	0	0	0
Housing	0	0	0	0	0
Others	0	0	0	0	0
Finished buildings	8,273	7,884	395,469	4,825	416,451
Commercial	0	0	0	0	0
Housing	8,273	7,884	395,469	4,825	416,451
Others	0	0	0	0	0
Others	0	0	0	0	0
Total	8,783	7,884	644,505	112,496	773,667

Time elapsed since the Payment in Kind/Foreclosure	31/12/2023				Total
	< 1 Year	=> 1 Year and <= 2.5 Years	=> 2.5 Years and <= 5 Years	>= 5 years	
Other Equipment	0	15,645	0	0	15,645

31/12/2022

Time elapsed since the Payment in Kind/Foreclosure	=> 2.5 Years and <= 5				Total
	< 1 Year	=> 1 Year and <= 2.5 Years	Years	>= 5 years	
Land	0	277,553	0	122,111	399,665
Urban	0	277,553	0	122,111	399,665
Rural	0		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
Others	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
Others	0	180,517	0	0	180,517
Others	0	0	0	0	0
Total	25,618	545,068	196,694	131,178	898,557

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

14. RESOURCES FROM OTHER FINANCIAL INSTITUTIONS

This line item is broken down as follows:

	Value	
	Dec/23	Dec/22
Funds from domestic credit institutions	40,475	67,952
Resources of insurance companies	195,377	190,770
Others	-	-
	235,853	258,722
Funds from foreign credit institutions	4,241	-
	4,241	-
Interest payable	1,239	1,120
	241,333	259,842

The balances under Resources from Foreign Financial Institutions correspond to the use of CGD's Trade Finance Facility.

15. DEPOSITS FROM CUSTOMERS AND OTHER LOANS

This line item is broken down as follows:

	Dec/23	Dec/22
Saving deposits:		
. Youth savings	2,805,375	2,768,025
Demand deposits		
. Of residents	12,995,949	9,721,700
. Of non-residents	2,651,950	2,772,965
. Of emigrants	1,363,530	1,393,734
	<u>17,011,429</u>	<u>13,888,399</u>
Term deposits		
. Of residents	5,338,196	5,449,101
. Of emigrants	1,099,744	1,130,031
. Of non-residents	636,477	680,681
	<u>7,074,417</u>	<u>7,259,813</u>
Other debits		
. Other demand deposits	89,540	-
. Cheques and orders payable	17,091	61,464
	<u>26,997,852</u>	<u>23,977,700</u>
Interest payable	167,146	109,643
	<u>27,164,998</u>	<u>24,087,344</u>

As at 31 December 2023 and 31 December 2022, demand deposits were not remunerated.

16. PROVISIONS

As at 31 December 2023, the balance amounted to CVE 12,812 million.

	2023					Balances as at 31/12/2023
	Balances as at 31/12/2022	Set-up	Impairment		Balances as at 31/12/2023	
			Annulment Replacement	net in profit or loss		
Provisions - Guarantees and Commitments	3,396	4,187	(6,385)	1,198	-	1,198
Provisions - Lawsuits	8,222	6,098	(2,706)	11,614	-	11,614
Other Provisions	-	-	-	-	-	-
	11,618	10,285	(9,091)	12,812	-	12,812

	2022					Balances as at 31/12/2022
	Balances as at 31/12/2021	Set-up	Impairment		Balances as at 31/12/2022	
			Annulment Replacement	net in profit or loss		
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	-	-	-	-	-	-
	13,642	11,832	(13,856)	11,618	-	11,618

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% and (5) Certain: 100%.

17. IMPAIRMENT

Changes in the Bank's impairment/provisions in 2023 and 2022 were as follows:

Impairment	2023						31/12/2023
	Balances as at 31/12/2022	Transfers in the year 2023	Income appropriations	Recoveries Annulment of impairment	Net Impairment	Use Adjustment	
Impairment of loans and advances to customers (Note 7)							
Securitised loans	48,786	-	5,835	(18,836)	(13,001)	-	35,785
Non-securitised loans	600,669	-	866,584	(709,555)	157,030	(247,358)	510,341
	649,455	-	872,419	(728,390)	144,029	(247,358)	546,126
Investment properties (Note 8)	-	5,925	5,389	-	5,389	(5,925)	5,389
Impairment of other tangible assets (Note 9)	20,172	-	1,146	-	1,146	(8,941)	12,377
Other Debtors - Property Received in Adjudication pending Resolution (Note 13)	30,930	-	12,290	-	12,290	-	43,219
Impairment of other assets (Note 13)	6,873	-	-	-	-	-	6,873
Impairment of Assets received in own credit recovery (Note 13)	47,840	(5,925)	44,095	(2,557)	41,538	(12,960)	70,493
	105,814	-	62,920	(2,557)	60,363	(27,826)	138,351
	755,269	-	935,339	(730,947)	204,392	(275,184)	684,477

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.

18. OTHER LIABILITIES

This line item is broken down as follows:

<u>Other liabilities</u>	Dec/23	Dec/22
Miscellaneous creditors		
Miscellaneous creditors - By values pending settlement	3,945	9,907
Public Administrative Sector		
. Withholding taxes	9,834	11,415
. Social Security	4,139	3,964
. Value-added tax	1,210	586
Miscellaneous funds		
. Escrow account	28,760	22,393
Billing on behalf of third parties	2	105
	<u>47,890</u>	<u>48,369</u>
Expenses payable		
Administrative costs	63,228	56,176
Outstanding holidays	16,106	16,106
Holiday allowance	8,992	9,678
Productivity Bonus	6,080	4,241
Medical Assistance - Appointments	50	50
Financial Leases		
Settlement Financial Leases	32,214	34,225
Interest Financial Leases	3,331	2,843
	<u>130,002</u>	<u>123,318</u>
Deferred income		
Of off-balance sheet operations	1,079	1,730
Card annuities	10,255	9,384
	<u>11,334</u>	<u>(11,113)</u>
Other regularisation accounts		
VISA cards	512	1,269
OL - ATM - Multibanco	61,943	28,396
Investment to Carry Out	5,791	2,439
Clearing - Interbank Transfers	43,950	160,357
Other regularisation accounts	3,479	758
	<u>115,674</u>	<u>193,219</u>
	<u>304,901</u>	<u>376,019</u>

The balance under other liabilities fell by CVE 70,325 million, mostly due to the outflow of the balance of interbank transfer clearing recorded in 2022 and the variation in the OP - ATM - Multibanco.

19.EQUITY

As at 31 December 2023, the shareholding structure is as follows:

Entity	Number of transactions	%	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
Others	6,492	6.49%	64,920
	100,000	100.00%	1,000,000

There was no change in the shareholders structure in 2023 compared to 2022.

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

As at 31 December 2023 and 31 December 2022, line items pertaining to reserves and retained earnings were broken down as follows:

	Dec/23	Dec/22
Share premiums	388	388
Fair-value reserves		
. Of financial assets at fair value through other comprehensive income (Note 5).	268,302	135,059
. Of deferred taxes (Note 12)	(60,207)	(30,307)
Others		
	208,095	104,752
Other reserves and retained earnings		
. Legal reserve	302,853	272,070
. Other reserves	1,754,504	1,631,375
. Retained earnings	-	-
	2,057,357	1,903,446
Net income for the year	397,378	307,821
	2,663,218	2,316,407

The variations in Legal Reserves, Other Reserves and Retained Earnings are explained by the incorporation of the income for financial year 2022, as follows: 10% for Legal Reserves and 40% 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 2023, the change in balances compared to December 2022 is due to potential Visa and BCA capital gains (note 5).

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/23	Dec/22
Interest on loans and advances to customers		
. Domestic loans	774,438	724,981
. Overdue loan	6,818	3,881
. Foreign loans	113,086	113,371
. Loans to staff	11,365	10,036
Debt securities		
Of domestic public issuers		
. Treasury Bonds	184,744	201,843
Of other residents	13,360	14,570
Interest on investments at credit institutions		
. Domestic	948	255
. Foreign	21,253	653
Fees received associated with amortised cost	38,239	32,109
	<u>1,164,252</u>	<u>1,101,700</u>

As at 31 December 2023 and 31 December 2022, there was an increase in interest on investments in credit institutions, almost entirely associated with overnight transactions with CGD.

22. INTEREST AND SIMILAR COSTS

This line item is broken down as follows:

	Dec/23	Dec/22
Interest on deposits		
. Saving deposits		
Youth Savings	1,469	1,521
. Term deposits		
Of residents	132,199	121,743
Of emigrants	33,281	31,149
Of non-residents	15,983	15,810
Interest Financial Leases	3,331	2,843
Interest on loans		
. Of residents	2,751	2,295
. Of non-residents	196	50
Other interest and similar costs	1,236	4,013
Fees paid associated with amortised cost	1,263	1,378
	191,711	180,803

As at 31 December 2023 and 31 December 2022, the increase in interest on term deposits stands out, explained by the increase in deposits during 2023 compared to 2022, as well as by negotiations with customers aiming to retain deposits.

23. INCOME FROM EQUITY INSTRUMENTS

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

	Dec/23	Dec/22
Income from assets available for sale:		
Banco Comercial do Atlântico, S.A.	72,791	38,443
Sociedade Caboverdiana de Tabacos, S.A.	1,294	1,294
VISA International Service Association	85	139
. Promotora	503	-
	<u>74,673</u>	<u>39,875</u>

During 2023, Banco Comercial do Atlântico distributed dividends, with BI receiving the amount of CVE 72,791million.

24. INCOME AND COSTS RELATED TO SERVICES AND FEES

This line item is broken down as follows:

	Dec/23	Dec/22
<u>Income from services and fees</u>		
For operations on financial instruments	69,583	64,635
For services rendered		
. VISA Fees	43,510	39,191
. Card Annuities	22,360	18,461
. Credit operations	1,767	1,292
. Fees		
. Cheque Issuance	3,271	3,264
. Sending a statement by Swift	162	158
. Cheque Return	57	35
. Declared Fees Confirm GP SWIFT	-	-
. Insurance	2,699	2,107
. Tax Collection	3,421	2,958
. INPS collection	295	316
. Management Inactive Accounts Collection	4,023	4,193
. Other Fees	23,135	17,536
	<u>104,700</u>	<u>89,510</u>
For guarantees provided		
. Guarantees and sureties	7,721	8,573
. Documentary credits	-	-
	<u>7,721</u>	<u>8,573</u>
	<u>182,005</u>	<u>162,719</u>
<u>Expenses with services and fees</u>		
For guarantees received		
. Guarantees and Sureties	729	937
. Open documentary credits	-	-
For banking services rendered by third parties		
. VISA fees	37,216	29,533
EIB Line	1,984	572
. Other fees	13,549	12,931
	<u>52,749</u>	<u>43,036</u>
	<u>50,470</u>	<u>40,870</u>

25. INCOME FROM EXCHANGE REVALUATION

This line item is broken down as follows:

	Dec/23			Dec/22		
	Profit	Loss	Net	Profit	Loss	Net
Income in currencies	49,406	(15,727)	33,678	1,651,926	(1,626,853)	25,073
Income in banknotes and coins	25,958	(10,402)	15,556	35,228	(18,024)	17,204
	<u>75,364</u>	<u>(26,130)</u>	<u>49,234</u>	<u>1,687,154</u>	<u>(1,644,876)</u>	<u>42,278</u>

Income from Financial Operations totalled CVE 49.2 million, a CVE 7 million increase (+16%) compared to 2022, 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 economic growth.

26. INCOME FROM THE DISPOSAL OF OTHER ASSETS

As at 31 December 2023 and 31 December 2022, the balance of this line item corresponds to gains and losses on the sale of properties recorded under other assets

	<u>Dec/23</u>	<u>Dec/22</u>
Other Assets	(486)	3,582
	<u>(486)</u>	<u>3,582</u>
	<u>(486)</u>	<u>3 582</u>

27. OTHER OPERATING INCOME

These line items are broken down as follows:

	Dec/23	Dec/22
<u>Other operating income</u>		
Miscellaneous services rendered:		
. Service fee	253	375
. Credit cards		
. OURS Expenses	-	18,191
Provision of Services - R24 - SISP	6,884	6,200
Swift expenses	12,920	12,451
Communication expenses	128	128
. Others	73	97
Expenses reimbursed	2	4
Credit recovery	74,534	91,334
IFRS 16	-	-
Gains on non-financial assets	3,900	0
Others	7,663	4,054
	<u>106,356</u>	<u>132,834</u>
<u>Other operating costs</u>		
Other taxes	(3,707)	(12,838)
Donations and subscriptions	(2,267)	(2,609)
Contribution to Deposit Guarantee Fund	(1,075)	(1,032)
Earnings on OURS Expenses	(4,499)	(28,981)
Account Maintenance Expenses	(7,880)	(6,939)
Fair Value of Investment Property	-	-
IFRS 16	-37	
Others	(3,332)	(7,172)
	<u>(22,797)</u>	<u>(59,571)</u>
	<u>83,558</u>	<u>73,262</u>

The results associated with the recovery of credit written off from assets are essentially due to the recovery of a number of properties and the refinancing of credit previously written off from assets.

28. STAFF COSTS

This line item is broken down as follows:

	Dec/23	Dec/22
Employee remunerations	237,038	223,248
Remuneration of management and supervisory bodies	46,048	44,881
Mandatory social charges	33,598	31,358
Contractual indemnities	1,200	-
Others	8,726	7,103
	326,611	306,589

As at 31 December 2023 and 31 December 2022, the number of staff working for the Bank, distributed by the respective professional categories, was as follows:

	Dec/23	Dec/22
Management	2	2
Senior management	5	4
Coordinators	9	10
Managers	19	20
Administrative staff	117	119
Auxiliary staff	3	3
Interns	3	5
	158	163

As at 31 December 2023 and 31 December 2022, the figures above included 35 and 36 employees on fixed-term contracts, respectively.

29. GENERAL ADMINISTRATIVE EXPENDITURE

This line item is broken down as follows:

	Dec/23	Dec/22
Specialised services		
. Computer services	78,611	73,742
. Specialised services - SISP	40,447	39,556
. Security and surveillance	16,388	19,646
. Fees	4,693	3,416
. Cleaning services	10,423	11,481
. Advisory	297	-
. Consultancy	7,105	6,655
. Auditing services	18,028	7,801
. Other specialised services	23,813	20,806
Rents and leases	15,240	17,337
Water, energy and fuel	28,855	27,952
Advertising and publishing	11,497	11,015
Communication and shipping expenses	16,463	18,266
Printed material and consumables	7,515	12,748
Transportation	25,241	21,086
Insurance	18,019	17,152
Travel, accommodation and representation expenses	4,340	3,818
Maintenance and repair	4,415	5,781
Staff training	5,245	2,771
Others	866	1,135
	<u>337,500</u>	<u>322,164</u>

30. EARNINGS PER SHARE

	Dec/23	Dec/22
Income after taxes	397,378	307,821
Number of shares	100,000	100,000
Earnings per share (CVE)	3,974	3,078

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:

	dez/23 Dec/23	dez/22 Dec/22
<u>Possible liabilities</u>		
Guarantees and sureties provided	325,151	653,458
Open documentary credits	-	-
	<u>325,151</u>	<u>653,458</u>
Irrevocable commitments	1,148,189	1,143,358
Deposit and safeguard of assets	<u>10,464,246</u>	<u>7,059,229</u>
	<u>11,937,586</u>	<u>8,856,045</u>

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 2023 and 31 December 2022, the information relating to the Bank's operating segments can be summarised as follows:

	2023			
	Commercial			
	Trading and sales	banking	Retail Banking	Total
Interest and similar income	234,867	466,902	462,483	1,164,252
Interest and similar costs	(7,319)	(96,820)	(87,572)	(191,711)
NET INTEREST INCOME	227,548	370,082	374,911	972,541
Income from equity instruments	74,673	-	-	74,673
Income from services and fees	12,066	83,560	86,378	182,005
Expenses with services and fees	(52,749)	(380)	(349)	(53,478)
Income from financial assets available for sale	-	-	-	-
Income from exchange revaluation	-	24,194	25,010	49,204
Income from the disposal of other assets	(486)	-	-	(486)
Other operating income	-	40,412	43,146	83,558
NET OPERATING INCOME	261,051	517,869	529,097	1,308,018
Other costs and income				(910,640)
Net income for the year				397,378
Cash and cash equivalents at central banks	3,544,588	-	-	3,544,588
Cash and cash equivalents at other credit institutions	231,081	-	-	231,081
Financial assets at fair value through other comprehensive income	508,455	-	-	508,455
Investments at credit institutions	3,373,705	-	-	3,373,705
Loans and advances to customers	-	10,607,201	10,964,930	21,572,131
Deposits from other credit institutions	241,333	-	-	241,333
Deposits from customers and other loans	-	14,019,941	13,145,057	27,164,998

	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	57,608	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 and cash equivalents at other credit institutions	335,466			335,466
Financial assets at fair value through other income	386,919			386,919
Investments at credit institutions	34,735			34,735
Public debt securities				-
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
Other subordinated liabilities				

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 2023 and 31 December 2022, the Bank's financial statements include the following balances and transactions with related entities, excluding governing bodies.

2023

	Caixa Geral de Depósitos Group				
	France		Banco Comercial		
	CGD	Branch	do Atlântico	Promotora	SISP
Assets:					
Cash and cash equivalents at other credit institutions	84,548	26,593	2,763	-	-
Investments at credit institutions	3,338,918	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	419,732	(0)	-
Loans and advances to customers	-	-	-	-	-
Impairment	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	-	-	-	-	166,336
Other assets	-	-	-	-	1,700
Liabilities:					
Deposits from other credit institutions	(4,241)	-	-	-	-
Deposits from customers and other loans	-	-	-	-	(148,019)
Other subordinated liabilities	-	-	-	-	-
Other Liabilities	(240)	-	-	-	(3,383)
Off-balance sheet:					
Guarantees provided	136,092	-	-	-	-
Income:					
Interest and similar income	19,507	-	-	-	-
Income from equity instruments	-	-	(72,791)	(503)	-
Income from services and fees	-	-	-	-	65,871
Results financial Assets at fair value through other comprehensive income	-	-	72,791	503	(60,787)
Costs:					
Interest and similar costs	196	-	-	-	-
Expenses with services and fees	(5,872)	(150)	-	-	3,108
General administrative expenditure	(3,465)	-	-	-	47,558
Impairment of other assets, net of reversals and recoveries	-	-	-	-	(43,881)

	2022				
	Caixa Geral de Depósitos Group				
	Banco Comercial				
	CGD	France Branch	do Atlântico	Promotora	SISP
Assets:					
Cash and 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	-	-	-	-	-

Management Bodies

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

In 2023 the costs incurred with the remuneration (CVE 47,094 million) and other benefits granted to the members of the Bank's Board of Directors (CVE 10,040 million) totalled CVE 57,134 million.

As at 31 December 2023 and 2022, the value of loans granted to members of the Board of Directors totalled CVE 1,430 million and 1,066 million, respectively.

As at 31 December 2023, the value of investments made by members of the Board of Directors amounted to CVE 15,513 million.

Shareholders

As at 31 December 2023, the value of loans granted to shareholders reached CVE 8,393 million and financial investments reached CVE 126,000 million.

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 2023 and 2022, the contractual residual maturities of the financial instruments were as follows:

	2023								
	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	3,544,588	-	-	-	-	-	-	-	3,544,588
Cash and cash equivalents at other credit institutions	231,081	-	-	-	-	-	-	-	231,081
Investments at credit institutions	3,207,041	106,692	25,030	992	-	-	-	33,950	3,373,705
Loans and advances to customers (gross balances)	931,319	1,224,243	912,180	294,715	2,353,088	2,134,125	5,248,097	9,020,489	22,118,257
	7,914,030	1,330,935	937,211	295,707	2,353,088	2,134,125	5,248,097	9,054,439	29,267,632
Liabilities									
Deposits from other credit institutions	(241,333)	-	-	-	-	-	-	-	(241,333)
Deposits from customers and other loans	(9,287,356)	(1,132,616)	(1,345,878)	(12,278,862)	(2,992,859)	(127,427)	-	-	(27,164,998)
	(9,528,689)	(1,132,616)	(1,345,878)	(12,278,862)	(2,992,859)	(127,427)	-	-	(27,406,331)
ALM (Assets - Liabilities)	(1,614,659)	198,319	(408,667)	(11,983,155)	(639,770)	2,006,698	5,248,097	9,054,439	1,861,301

	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 and 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

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
Change	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 regard to the monitoring of the loan portfolio, the Litigation and Credit Recovery Office (GCR), presents the status of overdue loans or loans in litigation, to enable the Executive Committee to make quick decisions.

Maximum exposure to credit risk

As at 31 December 2023 and 31 December 2022, the Bank's maximum exposure to credit risk (including balances contracted but unused) is broken down as follows:

2023				
2023				
	<u>Exposure Asset</u>	<u>Impairment</u>	<u>Collateral</u>	<u>Actual Exposure</u>
Cash and cash equivalents	231,081	-	-	231,081
Investments at credit institutions	3,373,705	-	-	3,373,705
Loans and advances to customers	22,118,267	546,126	16,628,709	4,943,433
Other Assets	3,279,458	1,249,399	-	2,030,058
	<u>29,002,512</u>	<u>1,795,525</u>	<u>16,628,709</u>	<u>10,578,278</u>
Guarantees and sureties	1,473	0	1,473	0
Open documentary credits	-	-	-	-
Maximum Exposure	<u>29,003,985</u>	<u>1,795,525</u>	<u>16,630,182</u>	<u>10,578,278</u>
2022				
	<u>Exposure Asset</u>	<u>Impairment</u>	<u>Collateral</u>	<u>Actual Exposure</u>
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
	<u>25,808,106</u>	<u>1,814,656</u>	<u>12,431,193</u>	<u>11,562,256</u>
Guarantees and sureties	653	3,396	653	0
Open documentary credits	-	-	-	-
Maximum Exposure	<u>25,808,759</u>	<u>1,818,052</u>	<u>12,431,847</u>	<u>11,562,256</u>

Quality of loans and advances to customers

As at 31 December 2023 and 31 December 2022 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:

2023				
	Stage 1	Stage 2	Stage 3	Total
Loans to companies				
Outstanding	4,326,590	1,354,178	17,878	5,698,646
Overdue	12	6,269	340,672	346,953
	<u>4,326,602</u>	<u>1,360,447</u>	<u>358,550</u>	<u>6,045,599</u>
Mortgage loans				
Outstanding	8,023,875	264,126	39,168	8,327,169
Overdue	0	8,721	153,461	162,181
	<u>8,023,875</u>	<u>272,846</u>	<u>192,628</u>	<u>8,489,350</u>
Other loans				
Outstanding	2,386,434	199,318	80,386	2,666,139
Overdue	309	17,231	140,180	157,720
	<u>2,386,744</u>	<u>216,549</u>	<u>220,566</u>	<u>2,823,859</u>
Loans to the Public Sector				
Outstanding	90,436	0	0	90,436
Overdue	0	0	0	-
	<u>90,436</u>	<u>0</u>	<u>0</u>	<u>90,436</u>
Total outstanding loans	14,827,335	1,817,622	137,432	16,782,389
Total overdue loans	321	32,220	634,312	666,853
Total loans	<u>14,827,656</u>	<u>1,849,843</u>	<u>771,744</u>	<u>17,449,243</u>
Off-balance sheet				
Guarantees and documentary credits to companies	1,435,317	32,548	5,475	1,473,340
Total off-balance sheet	<u>1,435,317</u>	<u>32,548</u>	<u>5,475</u>	<u>1,473,340</u>
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
	<u>4,006,229</u>	<u>1,564,938</u>	<u>530,939</u>	<u>6,102,107</u>
Mortgage loans				
Outstanding	7,208,008	307,195	35,774	7,550,978
Overdue	553	154	71,633	72,341
	<u>7,208,561</u>	<u>307,350</u>	<u>107,408</u>	<u>7,623,319</u>
Other loans				
Outstanding	2,468,082	273,664	48,949	2,790,695
Overdue	2,544	7,666	216,220	226,429
	<u>2,470,626</u>	<u>281,330</u>	<u>265,169</u>	<u>3,017,125</u>
Loans to the Public Sector				
Outstanding	99,689	0	0	99,689
Overdue	0	0	0	-
	<u>99,689</u>	<u>0</u>	<u>0</u>	<u>99,689</u>
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	<u>13,785,106</u>	<u>2,153,618</u>	<u>903,515</u>	<u>16,842,239</u>
Off-balance sheet				
Guarantees and documentary credits to companies	648,458	0	5,000	653,458
Total off-balance sheet	<u>648,458</u>	<u>-</u>	<u>5,000</u>	<u>653,458</u>

Credit Quality					
2023					
	Companies	Retail - Housing	Retail - Other	Public Sector	Total
Not overdue and no individual impairment	5,691,534	8,279,032	2,651,650	4,829,885	21,452,100
Not overdue and no individual impairment	0	0	0	0	0
Overdue but no individual impairment	225,378	161,904	157,520	0	544,801
Less than 30 days	141	14,572	12,421	0	27,134
30 to 90 days	4,220	7,839	12,909	0	24,969
91 to 180 days	9,006	14,051	12,642	0	35,699
181 to 360 days	19,562	24,579	23,833	0	67,973
More than 360 days	192,449	100,864	95,714	0	389,027
Loans with individual impairment	121,366	0	0	0	121,366
Less than 30 days	0	0	0	0	0
30 to 90 days	18,600	0	0	0	18,600
91 to 180 days	0	0	0	0	0
181 to 360 days	30,184	0	0	0	30,184
More than 360 days	72,581	0	0	0	72,581
Total	6,038,277	8,440,936	2,809,169	4,829,885	22,118,267

Credit Quality					
2022					
	Companies	Retail - Housing	Retail - Other	Public Sector	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

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 2023 and 31 December 2022, 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:

	2023			2022		
	Current Loan	Overdue Loan	Total	Current Loan	Overdue Loan	Total
Companies	692,943	113,465	806,408	106,344	33,473	139,817
Retail	185,112	62,767	247,880	202,663	52,322	254,986
	878,055	176,233	1,054,288	309,007	85,796	394,803

Fair Value

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

	2023			
	Measured at Fair Value			
	Market prices	Valuation models with observable market parameters/prices	Valuation models with non-observable market parameters	Total Fair Value
	(Level 1)	(Level 2)	(Level 3)	
Financial assets at fair value through other comprehensive income	70,281	-	438,174	508,455
Financial assets	70,281	-	438,174	508,455

	2022			
	Measured at Fair Value			
	Market prices	Valuation models with observable market parameters/prices	Valuation models with non-observable market parameters	Total Fair Value
	(Level 1)	(Level 2)	(Level 3)	
Financial assets at fair value through other comprehensive income	53,434	-	328,485	386,919
Financial assets	53,434	-	328,485	386,919

The evolution of the financial assets portfolio reflects changes in the fair value of financial assets measured at level 3 of the fair value hierarchy of IFRS 13 and the full liquidation of Promotora.

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. 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.

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:

	2023				
	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
<i>Assets</i>					
Cash and cash equivalents at Central Banks	3,544,588	-	3,544,588	-	3,544,588
Cash and cash equivalents at other credit institutions	231,081	-	231,081	-	231,081
Financial assets at fair value through other comprehensive income	508,455	-	-	508,455	508,455
Investments at credit institutions	3,373,705	-	3,373,705	-	3,373,705
Loans and advances to customers	21,572,131	-	-	17,055,931	17,055,931
Other assets (real estate)	789,313	-	1,426,975	-	1,426,975
	30,019,273	-	8,576,350	17,564,386	26,140,736
<i>Liabilities</i>					
Deposits from other credit institutions	241,333	-	-	53,675	53,675
Deposits from customers and other loans	27,164,998	-	-	27,082,043	27,082,043
Other subordinated liabilities	-	-	-	-	-
	27,406,330	-	-	27,135,718	27,135,718

2022					
Fair Value					
Assets/liabilities recorded at	Market prices	Valuation models with		Total fair value	
		observable market parameters/prices	Valuation models with non-observable market parameters		
amortised cost	(Level 1)	(Level 2)	(Level 3)		
<i>Assets</i>					
Cash and cash equivalents at Central Banks	3,800,335	-	3,800,335	-	3,800,335
Cash and 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	21,930,189
<i>Liabilities</i>					
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

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 2023 and 31 December 2022, 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::

	2023					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Loans and advances to customers (gross balances)	6,616,524	2,601,421	1,178,094	(993,740)	(1,844,852)	(3,230,120)
Total sensitive assets	6,616,524	2,601,421	1,178,094	(993,740)	(1,844,852)	(3,230,120)

	2022					
	-200 bp	-100 bp	-50 bp	* 50 bp	+ 100 bp	+ 200 bp
Loans and advances to customers (gross balances)	12,129,316	2,748,651	1,162,174	(937,769)	(1,727,303)	(3,000,871)
Total sensitive assets	12,123,316	2,748,651	1,162,174	(4,937,769)	(1,727,303)	(3,000,871)

The impact of a 50-, 100- and 200-bps 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 2023 and 2022, 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:

	2023					
	Net operating income projection					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
2023 Financial Year	(287,190)	(143,595)	(71,797)	71,797	143,595	287,190
2022 Financial Year	(294,762)	(147,381)	(73,690)	73,690	147,381	294,762

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 2023 and 2022, 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 2023 and 31 December 2022.

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 2023 and 31 December 2022, financial instruments were broken down by currency as follows:

	2023				
	Cape Verdean				
	Escudos	Euros	US Dollars	Other	Total
<u>Assets</u>					
Cash and cash equivalents at Central Banks	2,980,320	545,762	8,499	10,007	3,544,588
Cash and cash equivalents at other credit institutions	102,190	73,133	20,162	35,596	231,081
Financial assets at fair value through other comprehensive income	508,455	-	-	-	508,455
Investments at credit institutions	-	3,274,233	99,473	-	3,373,705
Loans and advances to customers (net)	21,165,342	406,789	-	-	21,572,131
Investments in subsidiaries, associates and joint ventures	166,336	-	-	-	166,336
Other assets	2,118,047	-	-	-	2,070,783
	<u>27,040,689</u>	<u>4,299,917</u>	<u>128,134</u>	<u>45,603</u>	<u>31,467,079</u>
<u>Liabilities</u>					
Deposits from Central Banks and other credit institutions	(199,017)	(372)	(13)	(41,930)	(241,333)
Deposits from customers and other loans	(25,109,755)	(17,272)	(1,279)	(2,036,691)	(27,164,998)
Other subordinated liabilities	-	-	-	-	-
Other liabilities	(397,531)	-	-	-	(397,531)
	<u>(25,706,303)</u>	<u>(17,644)</u>	<u>(1,292)</u>	<u>(2,078,621)</u>	<u>(27,803,861)</u>
Net exposure	<u>1,334,386</u>	<u>4,282,273</u>	<u>126,842</u>	<u>(2,033,018)</u>	<u>3,663,218</u>

	2022				
	Cape Verdean				
	Escudos	Euros	US Dollars	Other	Total
<u>Assets</u>					
Cash and cash equivalents at Central Banks	3,070,319	701,067	11,361	17,590	3,800,335
Cash and 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
	<u>25,528,473</u>	<u>1,282,257</u>	<u>97,870</u>	<u>61,379</u>	<u>26,969,979</u>
<u>Liabilities</u>					
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)
	<u>(24,310,967)</u>	<u>(338,512)</u>	<u>(102,566)</u>	<u>(22,991)</u>	<u>(24,775,035)</u>
Net exposure	<u>1,217,506</u>	<u>943,745</u>	<u>(4,697)</u>	<u>38,389</u>	<u>2,194,943</u>

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 2023 and 2022, respectively, of a change in exchange rates of 15%, 10% and 2%:

Análise Sensibilidade 2023									
Sensitivity Analysis 2023									
	Value in Thousand USD	Exchange 31/12/2023	Countervalue in Thousand CVE	-15%	-10%	-2%	2%	10%	15%
Assets									
Cash and cash equivalents at Central Banks	86	99.213	8,499	(1,275)	(850)	(170)	170	850	1,275
Cash and cash equivalents at other credit institutions	203	99.213	20,162	(3,024)	(2,016)	(403)	403	2,016	3,024
Investments at credit institutions	1,003	99.213	99,473	(14,921)	(9,947)	(1,989)	1,989	9,947	14,921
			128,134	(19,220)	(12,813)	(2,563)	2,563	12,813	19,220
Liabilities									
Deposits from Central Banks and other credit institutions	(0)	99.213	-13	2	1	0	(0)	(1)	(2)
Sensitivity Analysis 2022									
	Value in Thousand USD	Exchange 31/12/2022	Countervalue in Thousand CVE	-15%	-10%	-2%	2%	10%	15%
Assets									
Cash and cash equivalents at Central Banks	110	103.633	11,361	(1,704)	(1,136)	(227)	227	1,136	1,704
Cash and cash equivalents at other credit institutions	500	103.633	51,774	(7,766)	(5,177)	(1,035)	1,035	5,177	7,766
Investments at credit institutions	335	103.633	34,735	(5,210)	(3,474)	(695)	695	3,474	5,210
			97,870	(14,680)	(9,787)	(1,957)	1,957	9,787	14,680
Liabilities									
Deposits from Central Banks and other credit institutions	(13)	103.633	-1,358	204	136	27	(27)	(136)	(204)
Deposits from customers and other loans	(977)	103.633	-101,208	15,181	10,121	2,024	(2,024)	(10,121)	(15,181)
			-102,566	15,385	10,257	2,051	(2,051)	(10,257)	(15,385)

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 ($\geq 10\%$ 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 as at 31 December 2023 and at the end of 2022, incorporating 95% of the net profit for 2023 (dividend distribution corresponding to 5% of the NR).

Equity Management	31/12/2022	31/12/2023
Basic Own Funds	2,926,370	3,313,922
Share Capital	1,000,000	1,000,000
Reserves and Premiums	1,903,834	2,057,745
Net Income	153,911	377,509
Intangible Assets	(131,375)	(121,332)
Retained Earnings		
Insufficient provisions		
Ancillary Own Funds	52,376	104,047
Subordinated bonds	-	-
Other revaluation reserves	52,376	104,047
Deductions from Total Own Funds	204,401	306,004
Financial Holdings > 10% (net value)	370,247	490,013
Deductions from Financial Holdings	72,373	148,216
Fixed assets received as reimbursement of own credit	132,028	157,787
Excessive risk concentration		
Total Eligible Own Funds	2,774,345	3,111,966
Total Weighted Assets (RWA)	17,744,837	18,577,991
Weighted assets	15,362,183	16,625,265
Weighted off-balance sheet	641,679	219,037
Exchange rate weighting	9,529	20,206
Operational Risk Weighting	1,731,447	1,713,483
Ratios	31/12/2022	31/12/2023
Basic Own Funds	16.49%	17.84%
Ancillary Own Funds	0.30%	0.56%
Solvency ratio	15.63%	16.75%

In 2023 (2022), 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.

36. SUBSEQUENT EVENTS

On 14 March 2024, the Portuguese Government approved the resolution selecting the proposal to acquire shares representing 59.82% (of which 5.4% held directly by Banco Interatlântico) of the share capital of Banco Comercial do Atlântico, S. A. presented by Coris Holding, S. A., approving the draft direct sale agreement.

GCGD's shareholding in BCA will be sold for a total price of CVE 7,774.91 million, around EUR 70,511 million (considering the EUR/CVE exchange rate of 110.265).



AUDIT REPORT AND REPORT AND
OPINION OF THE SUPERVISORY
BOARD

Independent Auditor's 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 of 31 December 2023 (showing a total of 31,467,079 Cape Verdean escudos (mCVE) and a total equity of 3,663,218 mCVE, including a net income of 397,378 mCVE), the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and the notes to the financial statements, which include material information on 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 2023 and its financial performance and cash flows for the year ended on that date, in accordance with the accounting principles generally accepted in Cape Verde for the banking sector.

Bases for the opinion

Our audit was carried out in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are described in the 'Auditor's responsibilities for the financial statements audit' 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 Auditors and Certified Accountants, which was drawn up 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 comply with the other ethical responsibilities set in those requirements.

We believe that the audit evidence we have obtained is sufficient and adequate to provide a basis for our opinion.

Relevant audit matters

Key audit matters are those that, in our professional judgement, were of most significance in the audit of the financial statements for the current year. These matters were considered in the context of the 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 described below:

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
<p>As at 31 December 2023, the Bank has recorded accumulated impairment losses on the loan portfolio in the amount of 546,126 mCVE, representing around 2.5% of the loan value.</p> <p>Details of the impairment on loans and advances to customers and the accounting policies, methodologies, concepts and assumptions used are disclosed in the notes to the financial statements (Notes 2.2.4 c). <i>Impairment of financial assets</i>, 7 and 17).</p>	<p>Our approach to auditing impairment on loans and advances to customers included a specific response that translated into the design, and subsequent implementation, of audit procedures that included, inter alia:</p> <ul style="list-style-type: none"> ▶ Understanding and assessing the design and testing the operating effectiveness of the internal control procedures in place for quantifying impairment losses on 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
<p>Impairment represents the best estimate of the Bank's management body on the expected loss on exposure to loans and advances to customers as at 31 December 2023. To calculate this estimate, the management body established assumptions, using mathematical models to calculate parameters, interpreted concepts and historical data, and devised a model for calculating the expected loss. For relevant exposure on an individual basis, impairment is determined based on the judgement of the Bank's specialists in assessing credit risk, the knowledge of its customers' circumstances and financial situation, and the guarantees associated with the operations in question.</p> <p>In addition to the complexity of the models used to quantify credit portfolio impairment losses, their use requires processing a significant volume of data, the availability and quality of which may be subject to limitations.</p> <p>Given the degree of subjectivity and complexity involved in assessing impairment, the use of alternative approaches, models or assumptions can have a material impact on the value of the estimated impairment, which in addition to the materiality of its value, leads us to consider this matter a key audit issue.</p>	<ul style="list-style-type: none"> ▶ analytical review tests on the developments in the balance of the impairment on loans and advances to customers, comparing it with the same period of the previous year and with the expectations that had been raised, most notably the understanding of the variations in the loan portfolio and changes in the 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 debtors' economic and financial situation and collateral appraisal reports, as well as inquiries with the Bank's specialists to understand the defined recovery strategy and the assumptions used; ▶ with the support of our risk management specialists, we tested the reasonableness of the parameters used in calculating collective impairment, most notably: <ul style="list-style-type: none"> i) understanding the methodology formalised and approved by the management body and comparing it with the one that was actually used; ii) assessing changes to the models for determining parameters to reflect the expected loss; iii) analysing changes made during the financial year to risk parameters (PD, LGD and EAD); iv) following up on previously identified deficiencies in the collective impairment model; v) performing the classification of operations sample test in <i>stages</i> 1, 2 and 3; and vi) assessing the reasonableness of the adjustments, in particular those made to respond to additional judgement areas and assessing the management process associated with those adjustments. ▶ analysing the disclosures included in the explanatory notes to the financial statements, based on the requirements of international financial reporting standards and accounting records.

2. Impairment for properties received through credit recovery and investment properties

Description of the most significant risks of material misstatement	Summary of our response to the most significant risks of material misstatement
<p>As at 31 December 2023, the items 'Other Assets - Properties received through credit recovery', 'Other Assets - Property received in pending adjudication' and 'Investment Properties' include the registration of properties in the amount of CVE 859,806 thousand, CVE 81,607 thousand and CVE 137,989 thousand, respectively, which together represent 3.2% of total gross assets.</p> <p>The accounting policies and details of these assets are disclosed in the notes to the financial statements (Notes 2.2.4 - e), 2.2.4 - f), 8, 13 and 17).</p> <p>Periodically, the Bank requests external experts registered with the Bank of Cape Verde ('BCV') to evaluate properties received through credit recovery. 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.</p> <p>Property appraisal considers a set 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.</p> <p>This matter was considered relevant to the audit based on its materiality in the financial statements and the fact that the use of different appraisal techniques and assumptions may lead to different fair value estimates.</p>	<p>Our approach to auditing impairment on real estate received through credit recovery included a specific response that translated into the design and subsequent implementation of audit procedures that included, inter alia:</p> <ul style="list-style-type: none"> ▶ understanding the internal control procedures in place for the appraisal of properties received through the recovery of loans granted and investment properties; ▶ analytical review tests on the value of the properties included in 'Other assets' and 'Investment properties', comparing them with the same period in the previous year and with the expectations that had been raised, most notably the understanding of the variations that occurred and changes in the impairment assumptions and methodologies; ▶ for a sample of properties, assessment of the reasonableness of the methodology and assumptions used by the external experts and confirmation of their registration with the BCV. For these properties, we analysed, where applicable, promissory purchase and sale contracts or binding offers received, and property registration certificates from the land registry; and ▶ we analysed the disclosures included in the financial statements, based on the requirements of international financial reporting standards and accounting records.

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

The management body is responsible for preparing financial statements that provide a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the principles generally accepted in Cape Verde for the banking sector, and for the internal control it deems necessary to enable the preparation of financial statements that are free from material misstatement, whether 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 it intends to liquidate the Bank or cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor in the auditing of the financial statements

Our responsibility consists of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue a report setting forth 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 when it exists. Misstatements may arise from fraud or error and are considered material if, alone or together, they can reasonably be expected to influence economic decisions of users taken based on those financial statements.

As part of an audit according to the ISA, we make professional judgements and maintain professional scepticism during the audit and also:

- ▶ identify and assess the risks of material misstatement of financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain sufficient and appropriate audit evidence 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 overriding internal control;
- ▶ obtain an understanding of the internal control relevant to the audit for the purpose of designing audit procedures that are appropriate under the circumstances, but not to express an opinion on the effectiveness of the Bank's internal control;
- ▶ assess the adequacy of the accounting policies used and the reasonableness of accounting estimates and corresponding disclosures made by the management body;
- ▶ conclude on whether the management's use of the going concern assumption was appropriate and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts about the Bank's ability to continue as a going concern. If we conclude that there is a material uncertainty, we must draw attention in our report to the related disclosures included in the financial statements or, if these disclosures are not appropriate, 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;
- ▶ assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether those financial statements represent the underlying transactions and events in a manner that achieves an appropriate presentation; and
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the scope and planned schedule of the audit, and relevant audit findings including any significant internal control deficiencies identified during the audit.

From the matters that we communicate to those charged with governance, including the supervisory body, we determine which were the most important in the audit of the current year's financial statements and which are the relevant audit matters. We describe these matters in our report, except when their public disclosure is prohibited by law or regulation.

OTHER INFORMATION

About 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 on them, and 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 type of assurance regarding the reliability of that other information.

As part of the audit to the financial statements, our responsibility is to read the Management Report and, as a result, consider whether the information contained therein is materially inconsistent with the financial statements, with the knowledge we obtained during the audit, or appears to be materially misstated.

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

28 May 2024

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

Signed by: **Ana Rosa Ribeiro Salcedas Montes
Pinto**

ID number: 08539023

Date: 28/05/2024 15:03:18+01'00'



Ana Salcedas
Managing Director/Partner



REPORT AND OPINION OF THE SUPERVISORY BOARD

FY 2023

Dear Shareholders of Banco Interatlântico, SA

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 2023, as well as its Opinion on the Report and Accounts for the year ended 31 December 2023 submitted by the Board of Directors.

The members of the Supervisory Board were re-elected at the General Meeting of 8 March 2023.

REPORT

On 13 February 2023, the Supervisory Board sent CGD's Chairman of the Audit Committee the Biannual Report in agreement between the two entities.

On 27 March 2023, the Supervisory Board issued its opinion on the Bank's Corporate Governance Report online.

On 12 April 2023, the Supervisory Board met with the External Auditor.

On 13 April 2023; the Supervisory Board met and discussed the following issues: i. Closing of the accounts for 2022 and the proposed appropriation of profits and accounts for March 2023; ii. Issuing Opinions: Management Report and Annex 2022, Bank's Budget for 2023: DGR Corporate Standards and Hiring of a service provider to carry out an internal audit, iii. Minutes of the online orders issued: iv. Internal Audit Report - 0075-01-2021-029 - Internal Governance Model - Internal Governance Bodies, v. Annual activity reports from the Compliance Function and the Risk Management Function vi. Policy for the Prevention of Corruption and Related Offences; vii. Internal Audit Reports Issued; viii. Employee Remuneration Policy (annual review).

On 14 April 2023, 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 12 May 2023, the Supervisory Board met and discussed the following topics: : i. Internal Audit Report - 0075-01-2021-02S9- Internal Governance Model - Internal Governance Bodies, ii. Issuing Opinions on the DGR's Corporate Standards. Also on this date, the Supervisory Board met with those responsible for the Bank's Control Functions, discussing the main issues of its activity and operation with them.

The Supervisory Board took part in the General Meeting on 12 May 2023, which was held in a hybrid format.

On 9 June 2023, the Supervisory Board took part in the meeting of the Board of Directors of Banco Interatlântico.



On 13 July 2023, the Supervisory Board met and discussed the following issues: i. Assessment of the Accounts for the first half of the year, ii. Assessment and approval of the report to the CGD Audit Committee in the first half of 2023; iii. Issuing Opinions on the DGR's Corporate Standards; iv. Quarterly Monitoring Report - Q1/2023 (Compliance Function), v. Annual Report on the Implementation of the Corruption and Related Offences Risk Management Plan; vi. Annual Report on the Assessment of the Global Policy for the Prevention and Management of Conflicts of Interest, vii. KYC and Beneficial Owners - Status report; viii. List of related parties approved for the Q2/2023 ix. FAI Activity Report 2022; x. Report on the disciplinary procedure ordered against employee Maria Idáisisa Martins; xi. Report on the Assessment of the Level of Compliance with Risk Management and Compliance - Visit of 2022-DC/CGD.

On 20 July 2013, the Supervisory Board took part in the meeting of the Board of Directors at which the accounts for the first half of 2023 were approved.

On 11 October 2023, the Supervisory Board met with the External Auditor in order to prepare the opinion of the Supervisory Board pursuant to Notice no. 3/2020 of the Bank of Portugal.

On 31 October 2023, the Supervisory Board took part in the meeting of the Board of Directors at which the accounts for the third quarter were approved.

On 07 November 2023, the Supervisory Board met and discussed the following issues: i. Assessment of the Accounts of the third quarter; ii. Revision of the Regulations of the Supervisory Board, IV. Issuing Opinions on the DGR's Corporate Standards; iv. Opinion on the FAI Activity Plan 2023-2025, Budget 2023 and Training Plan 2023; v. Amendment to the FAI Audit Plan 2023; vi. Internal Audit Reports Issued; vii. Quarterly Monitoring Report - Q2/2023 (Compliance); Function) viii. KYC and Beneficial Owners - Status report; ix. Code of Conduct Management Model x. Annual Compliance Report - 2022; xi. List of related parties approved for Q3/2023; xii. Recovery and Resolution Plan; xiii. BCV Specific Determination no. 02/2023; xiv. IT risk; xv. Inspection within the scope of Credit Risk - Portfolio of loans covered by moratoria and restructured operations; xvi. Record of the meeting with the External Auditor and participation in the meeting of the Board of Directors.

On 29 November 2023, the Supervisory Board met with the External Auditor as part of the work to prepare the Self-Assessment Report under Bank of Portugal Notice no. 3/2020.

On 04 December 2023, the Supervisory Board took part in the Board of Directors' meeting at which the October accounts were approved and the annual review of the Governance Model was carried out.

On 05 December 2023, the Supervisory Board met and discussed the following topics: i. October accounts; ii. Revision of the Regulations of the Supervisory Board; iii. Activity Plan of the Supervisory Board for 2024 and Multi-Year Plan for 2024-2026; iv. Issuing an Opinion on the Annual Assessment of the Governance Model; v. Issuing an 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. Internal Audit Reports Issued and FAI Activity Summaries; viii. Review of the FAI Audit Plan; ix. Issuing opinions on the corporate standards of the Risk Management Function; x. Issuing an Opinion on the Global Policy for the Prevention and Management of Conflicts of Interest; xi. Review of the Activity Plans of the Compliance Function Office and the Risk Management Function for 2024; xii. Quarterly Monitoring Report (Q3) for the



Compliance Function Office; xiii. List of related parties; xiv. Customer Complaints Report, xv BCV Specific Determination no. 02/2023; xvi. Record of letters received and online approval of separate audit services

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.

The meetings deemed appropriate were also held, namely with the External Auditor, in order to obtain the necessary assurance for the Opinion issued herein.

OPINION OF THE SUPERVISORY BOARD

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 2023, 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 relevant for the Bank's activity in 2023:

- Net assets reached the amount of CVE 31,457,079), representing an increase in net assets of approximately 12% (CVE +3,375,636), mainly justified by the following variations:
 - The increase in the net loans and advances to customers portfolio (CVE +626,902,000 +3.9% VH), with overdue loans decreasing by CVE 153,688,000 (-18.6%);
 - The decrease in the securitised credit portfolio, by CVE 357,709,000, due to the maturity of Cape Verde State Treasury Bonds. TBs account for 95% of securitised credit;
 - The increase in investments in CIs (CVE +3,338,970 +9.617% VH), consisting mainly of very short-term investments in CGD;
- On the liabilities side, customer funds increased by approximately 12.8% (CVE +3,064,524), with demand deposits increasing by 23.1% (CVE +3,212,570) and term deposits decreasing by 1.5% (CVE -148,046,000). The growth in deposits reflects the focus of commercial activity on retaining and attracting deposits;
- The transformation ratio stood at 63.1 %, down 5.8 p.p on the previous year;
- Net operating income increased by 9.5% (CVE +113,209,000): justified by the growth of the financial margin by 5.6% (CVE +51,644,000) and the complementary margin by +20.8% (CVE +57,717,000);
- Overheads increased by 5.9% to CVE 735,856,000, due to greater upturn in activity in 2023, the continued implementation of strategic projects and the increase in the salary scale.
- The cost-to-income ratio went from 58.2% in December 2022 to 56.3% in December 2023;
- Net profit totalled CVE 397,378,000, an increase of CVE 89,556,000 (+28.1%) on the previous year.
- The Bank's solvency ratio stood at 16.75%:
- The Supervisory Board found that the indicators in the RAS - Risk Appetite Statement, as well as the principle of ensuring an additional capital buffer of 3 pp in relation to the regulatory solvency ratio, are complied with;



- The Supervisory Board believes that the proposal to distribute a dividend of 5% of Net Income, before the mandatory legal reserve is set up, 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 that the distribution of dividends is an essential indicator of any solid Institution.

In constant contact with the Executive Committee and the Bank's structures, the Supervisory Board has monitored the evolution of the Bank's activity and congratulates the Executive Committee and all the employees on the results achieved in 2023.

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 comply with International Financial Reporting Standards, that the Report of the Board of Directors is sufficiently clear about the activity carried out in 2023 and that the proposed appropriation of profits is in accordance with the applicable legal and statutory provisions, and with the indicators of the RAS (Risk Appetite Statement) , 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 2023, presented by the Board of Directors, and
- b) Approve the proposed Appropriation of Profits, emphasising that it continues to improve the Bank's solidity, on the grounds mentioned above.

Lastly, the Supervisory Board would like to express its gratitude to the Executive Committee, the Bank's Services and the External Audit for all their co-operation and congratulate them on the results achieved in 2023.

Cidade da Praia. 23 May 2024

CHAIRMAN OF THE SUPERVISORY BOARD

(José Liberato)

MEMBER OF THE SUPERVISORY BOARD

(José Mário de Sousa)



MEMBER OF THE SUPERVISORY BOARD

(Carlos Alberto Rodrigues)

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