International Investment Bank S.A.

ANNUAL REPORT 2021

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A. KEY INDICATORS

	31.12.2021	31.12.2020	31.12.2019
ACTIVITY (thousands of CVE)			
Net Assets	30 013 984	19 588 642	15 211 770
Loans to customers (gross)	5 482 273	5 444 853	4 600 352
Funds	14 897 845	14 236 967	13 695 106
Financial Margin	521 729	464 087	259 365
Banking Income (BI)	725 463	514 896	316 993
Cash-Flow	444 249	210 876	67 230
Income for the Year	337 155	190 362	147 250
OPERATION			
Number of Employees	39	40	38
LIQUIDITY			
Funds at the Central Bank (tCVE)	830 406	702 301	2 555 769
Loan-to-Deposit Ratio (%) (1)	37	38	35
ASSET QUALITY (%)			
Default = Non-performing loan > 90 days/Loans to Customers (gross)	1,47	2,49	5,59
Impairment/ Non-performing loan > 90 days	125,25	60,55	63,82
Impairment/Loans to Customers	1,85	1,51	3,57
PRODUCTIVITY / EFFICIENCY			
Average Assets/Average Number of Employees (thCVE)	627 881	446 159	394 676
Cash Flow/Average Number of Employees (thCVE)	11 247	5 407	2 069
Structure Costs/Average Assets (%)	1,13	1,75	1,95
Cost-to-Income (%)	43,93	66,49	88,64

(1) Loan to deposit ratio is the ratio between loans to customers and customer funds

B. INCOME AND RETURN ON EQUITY

	31.12.2021	31.12.2020	31.12.2019
BALANCE SHEET (thousands CVE)			
Net Assets (AL)	30 013 984	19 588 642	15 211 770
Financial Assets (AF)	18 537 483	9 348 673	6 885 730
Equity (KP)	1 789 901	1 492 561	1 252 092
INCOME ACCOUNT (thousands CVE)			
Financial Income (RF)	521 729	464 087	259 365
+ Noninterest Income (NI)	203 733	50 809	57 628
= Banking Income (BI)	725 462	514 896	316 993
- Operating Costs (OC)	318 675	342 358	280 975
= Gross Income (GI)	406 787	172 538	36 019
- Provisions net of Reversals (PV)	(13 775)	(49 346)	(11 932)
= Income Before Taxes (IBT)	420 562	221 884	47 950
- Taxes (T)	83 408	31 523	(99 299)
= Net Income for the year (NI)	337 154	190 361	147 250
PROFITABILITY (%)			
Financial Margin (RF/AF)	2,81	4,96	3,77
Profit Margin (PB/AF)	3,91	5,51	4,60
- Relevance of Operating Costs (CO/AF)	1,72	3,66	4,08
- Relevance of Provisions (PV/AF)	(0,07)	(0,53)	(0,17)
= Return on Financial Assets (NI/AF)	1,82	2,04	2,14
x Relevance of Financial Assets (AF/AL)	62%	48%	45%
= Return on Assets "ROA" (RL/AL)	1,12	0,97	0,97
x Multiplier of Placements (AL/KP)	1677%	1312%	1215%
= Return on Equity "ROE" (RL/KP)	22,59	15,20	13,51

I. MANAGEMENT REPORT

1. MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

The year 2021 was once again marked by immense challenges, but also important achievements. In a context of great adversity, our team stood out for its work, translated into a significant performance. Our Customers and Suppliers, as well as all other Stakeholders, worked hard and with dedication to help our Institution carry out its activities in a period of unprecedented challenges. This added effort to which our people were called to contribute means that, at some point in time, we will once again be able to do what we love most, the way we love most. We will therefore continue to work to position ourselves as an important economic agent, with the ability to translate more and better value.

In order to overcome the moment, faced with a tenuous economic recovery, we remained faithful to the execution of the key variables of our strategic plan, which resulted in a balance sheet growth of 53%, through more efficient and diversified funding sources, enabling an asset structure with a higher risk-weighted return, reflected in a 41% increase in operating income, as a result of a 12% increase in net interest income and a 301% increase in noninterest income, with risk-weighted assets accounting for 19% of assets (2020: 26%). With regard to the loan portfolio, it is important to highlight the proactive management of the portfolio, which enabled differentiated monitoring of customers, a decisive factor in the recovery of non-performing loans (NPLs), whose proportionality stood at 1.49%.

With solvency and liquidity levels standing at 31% (CT1) and 276% (LCR), respectively, we sought to make the ownership structure accommodative, at the same time that this year ended with a 77% increase in net income, to CVE 337 million, the best result in the Institution's history.

Confident that better days lie ahead, we reiterate the commitment undertaken by the iibGroup to collaborate with the most important economic agents in Cabo Verde, standing by our People.

Sincerely!

The Board of Directors

2. THE BANK

International Investment Bank, S.A. (iibCV) started operating in the Cabo Verdean market in July 2010, as a financial subsidiary fully owned by Novo Banco, in Portugal.

On July 11, 2018, as part of its acquisition strategy, iibGroup Holding WLL ("iibGroup") acquired 90% of the Bank's capital, with Novo Banco remaining as a reference shareholder over the remaining capital, as well as a privileged institutional correspondent.

Currently made up of a team of young, motivated and distinguished professionals, iibCV has the ambition of becoming a leading bank in attracting talent, valuing human capital and in capturing and generating value arising from economic and financial flows from financial institutions, companies and individuals established between Cabo Verde and the West African region, with the global economy.

2.1. Share Capital and Shareholder Structure

International Investment Bank, S.A. (iibCV) has a share capital of CVE 1,433,000,000 (one billion, four hundred and thirty-three million escudos), represented by 1,433,000 shares, with a par value of CVE 1,000 (one thousand escudos) each.

The current composition of the shareholding structure of the institution is as follows:

Shareholder Structure

(amounts in escudos)

	No. of Shares	Amount	%
IIBG HOLDINGS WLL	1 289 700	1 289 700 000	90,00%
NOVO BANCO África, SGPS - S.A.	143 300	143 300 000	10,00%
TOTAL	**1 433 000**	**1 433 000 000**	**100%**

Note: Novo Banco Africa, SGPS - S.A. is 100% owned by Novo Banco, S.A. (Portugal)

2.2. Corporate Bodies

The by-laws of International Investment Bank (iibCV) provide for a corporate governance structure that includes a number of bodies with specific responsibilities, namely the General Meeting, Board of Directors, Executive Committee and Audit Committee. The composition of each body is, therefore, as follows:

General Assembly

Chairman

Syed Farhan Alikhan (until September)

José Luís Andrade (as of September)

Secretary

Dina Haikel

Board of Directors

The Board of Directors is composed of seven members, five permanent and two alternates.

Chairman

Sohail Sultan

Members

Francisco José Mairos Ferreira

José Alberto Monteiro Soares

Sérgio Miguel Alves Martinho

Syed Khurshid Husain

Filipe Pedro Martin Ferreira

Erda Gercek (as of April 30, 2021)

Executive Committee

The Executive Committee is composed of three members.

Chairman

Francisco José Mairos Ferreira

Members

José Alberto Monteiro Soares

Sérgio Miguel Alves Martinho

Fiscal Board

The Audit Committee is composed of five members, three permanent and two alternates.

Chairman

Ildo Adalberto Lima – Chairman

Members

Eunérlia Sousa Freitas

Nair Cecília Pereira da Silva

Alternates

Alexandre Elísio Moreno Ferreira Querido

Afrodite Leocádia de Sousa Reis Borges Monteiro

2.3. Management Structure

IibCV's operations are supported by eleven (11) departments, three of which are business areas that, across the board, deal with the daily management of each of the activities that make up its structure. Two strategically located branches support the Bank's entire network of customers, nationally and internationally.

Departments

Commercial	Mário Fernandes
Financial and Asset and Liability Management	Aïcha Correia
Human Capital	Leida Semedo
Global Risk	Elsa Almada
Information Technology	Hugo Rocha
Credit Recovery	Carla Melício
Accounting	Lenira Monteiro
Compliance	Karin Barros
Operations	Leila Carvalho
Internal Audit	Yudel do Rosário
Legal	Djasmin Ferreira
Praia Branch (Headquarters)	Nelson Leocádio
Sal Branch	Jânio Santos

2.4. Geographical Presence, Distribution Network and Premises

International Investment Bank (iibCV) is headquartered at Av. Cidade de Lisboa, in the capital city of Praia, where its central services and Headquarters Business unit are located. In addition to the business unit on Santiago Island, it also has a second unit on Sal Island.

2.5. Human Capital and Social Responsibility

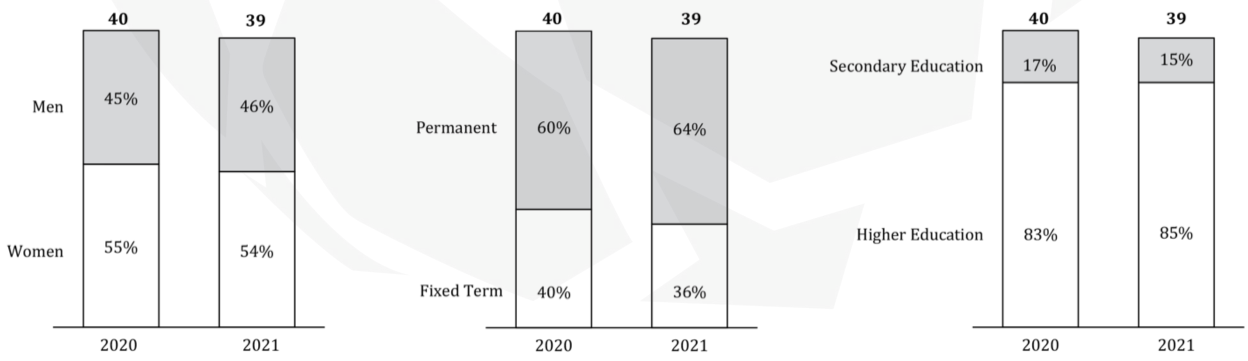
2.5.1. Human Capital

Human capital management is one of the fundamental pillars of iibCV's management, insofar as its employees, in various roles and levels of responsibility, are the critical factor for its success.

iibCV's primary goal is to be the best bank for its people and to have professionals who are committed and capable of providing the best service to society, customers and shareholders. Reflecting this approach, employees certified the Bank as the **Great Place to Work**, classifying the quality of the work environment as excellent. iibCV is a Bank that listens and gives voice to its employees, resulting in a collective feeling of Trust, Credibility, Impartiality, Respect, Camaraderie and Pride, which motivates everyone to make their contribution to achieving the proposed goals and to feel part of the solution.

In terms of Training and Development, more than 600 hours of training were given in 2021, both online and in person, benefiting all Departments and contributing to the development of the individual and collective skills of the Bank's employees.

Structure of Human Resources as at 12-31-2020 and 12-31-2021



2.5.2. Social Responsibility

Continuing its Social Responsibility Policy, in 2021 iibCV kept its focus on previously established areas of overall interest: Hygiene, Health and Well-being, Food, Training and Education, Environmental Responsibility and Business Ethics, with a record number of activities and contributions.

3. Economic Framework 2021

3.1. International Framework

According to the International Monetary Fund's ("IMF") forecasts, the Global economy entered 2022 on a weaker note than projected throughout 2021. The World Economy is expected to grow 5.9% and 4.4% in 2021 and 2022, respectively, incorporating anticipated effects of mobility restrictions, persistent value chain disruptions, increased tensions, and the emergence of armed conflicts and resulting inflationary pressures on energy and food commodities. In this context, the developed economies are expected to experience a considerable deceleration, from 3.9% to 2.6%, while emerging economies will maintain their pace at around 4.8% and 4.7%, in 2022 and 2023, respectively.

In the last quarter of 2021, the new covid-19 variant (Omicron) spread significantly, with some countries re-imposing restrictions and/or constraints on mobility, casting uncertainty about a potential return to normality. For its part, Russia's invasion of Ukraine entails additional factors of uncertainty, such as a structural decrease in the aggregate supply of energy commodities, fertilizers and basic foodstuffs. Increased volatility in the price of these commodities could impact the food security of smaller countries, with lower import capacity and more challenging geographical structures, like Cabo Verde. Thus, what seemed to reflect a potential context of transitory inflation, already shows fundamentals of high inflation that is more persistent than anticipated, with effects that could extend beyond the 2022 financial year. Inflation is therefore expected to remain high in the short term, averaging 3.9% in developed economies and 5.9% in emerging and developing economies in 2022, before starting to decline in 2023.

In this context of potentially tenuous real growth, economic agents will focus their attention on (i) Possible emergence of new covid-19 variants, which could prolong the effects of the pandemic and induce new economic disruptions; (ii) Additional disruptions in international supply chains; (iii) Volatility in the price level and uncertainty around inflation levels, the upward trend in interest rates and the impact that changes in the monetary policy of advanced economies could have on the financial stability and capital flows, currencies and tax structures of emerging markets and developing economies, given that debt levels have increased significantly in the last two years; and (iv) The climate emergency and its potential consequences.

3.2. National Framework

In 2021 Cabo Verde recorded an economic recovery of 7%, after a historic recession in 2020, equivalent to 14.8% of Gross Domestic Product. This resulted predominantly from a return, albeit tenuous by recent standards, in tourism and transportation.

According to IMF forecasts, the impetus for growth resumption seen in 2021 is expected to be followed by a slowdown to close to 4% in 2022, with the economy experiencing a substantial increase in inflation (close to 7%.) This reflects Cabo Verde's small island economy's exposure to external shocks caused by disruptions in transportation and logistics chains, energy and food commodity prices, as well as the effects of the climate emergency on global aggregate supply and the effects of extreme drought on the local economy.

In this context, public accounts deteriorated in 2021, with the deficit standing above CVE 14.37 billion, equivalent to 8.1% of estimated GDP. In turn, the size of the public debt will represent CVE 280.33 billion, equivalent to 157.1% of GDP, as a result of the implementation of automatic stabilizers and measures to mitigate the effects of the pandemic, which translated into social protection programs and the extension of fiscal and monetary policy measures. Such measures aimed at strengthening the national health system, containing the spread of the pandemic, ensuring comfortable levels of liquidity in the banking system, facilitating access to credit and easing payment of tax obligations.

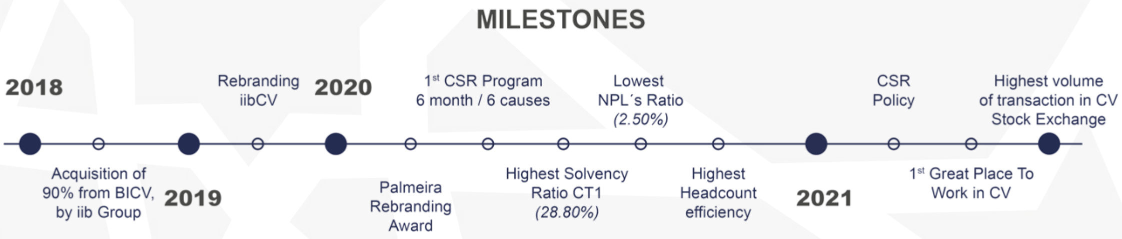
On the other hand, Net International Reserves (NIR) as at December 2021 correspond to EUR 622.8 million, after a substantial improvement in the last quarter of the year, representing a currency coverage of more than eight months of goods and services imports.

4. Commercial Activity

4.1. Business Strategy Model

By implementing an organizational culture based on continuous development, iibCV saw an improvement in the vast majority of the Key Activity Indicators, becoming a solid organization, one that is conveniently prepared to face the most demanding challenges, as well as economic, competitiveness and market constraints.

The implementation of the Bank’s strategy will continue to aim at efficiently addressing the challenging limitations prevailing in the surrounding context, with emphasis on continuously strengthening organizational capacities in terms of internal control and management; growing number of customers and resources in core business segments with the greatest competitive advantage; the quality of asset allocation with the Bank's consolidation as one of the economy's main incremental financiers; increasing and improving execution and processing capacity; increasing available liquidity levels and monitoring capital levels that are substantially different from comparable and regulatory minimum levels; continuing to make record investment in the training of our Human Capital; and, not least, continuing to contribute to the community we are a part of, through concrete actions that reflect our Social Responsibility Policy.



4.2. Commercial Activity

FY 2021 was a unique year for iibCV, in which it saw a significant growth in its balance sheet (+53%), with this growth not incorporating an increase (to be considered) in the value of risk-weighted assets, at the same time that it managed to significantly increase its operation’s profitability, as reflected in the 77% increase in net income (2021: CVE 337 million).

The efficiency (43.93%), profitability (22.59%) and solvency (30.62%) indicators reflect a deservedly solid operating structure, which embodies comfort, especially valued by our stakeholders, given the context of uncertainty and high perceived risk in the market.

The performance of the iibCV team translated into a 41% increase in operating income, through increased training in liability and asset management, using a holistic approach focused on generating adequate levels of risk-adjusted return, along with the development of business segments that aim to generate noninterest income. As a contributory variable, net interest income grew by 12%, but saw its proportionality compared to noninterest income reduce from 90% to 72% of operating income in 2020, as a result of efforts to diversify income sources.

With the volume of the loan portfolio remaining at around CVE 5.5 billion, there was a significant reduction in the non-performing loan (NPL) ratio (down to 1.49%), through a continuous proximity and customer behavior monitoring approach, along with a comfortable recognition of the 123.7% expected loss (impairment) of NPLs, which provides an accommodative structure in view of a potential deterioration of future macroeconomic conditions.

On the other hand, the Bank saw an increase in commercial dynamics during the year, with a 20% increase in the number of new customers and a 7% increase in its overall customer base.

With a focus on people, iibCV continued to invest strongly in training, with more than 600 hours taught, while at the same time reiterating its commitment to the community, formalizing its Social Responsibility Policy and the actions resulting from it, which is a crucial component of an institutional identity that is now inseparable from us.

Thus, 2021 was a year of unprecedented achievement of goals, reflecting the will, motivation and dynamism of our people to, through processes based on continuous improvement, build a solid bank, capable of generating more and better value for its customers and other stakeholders.

5. Credit Risk Analysis

5.1. Credit Portfolio and Impairment/Provisions

In FY 2021, the Bank carried out its activities while being conservative and monitoring credit risk appetite.

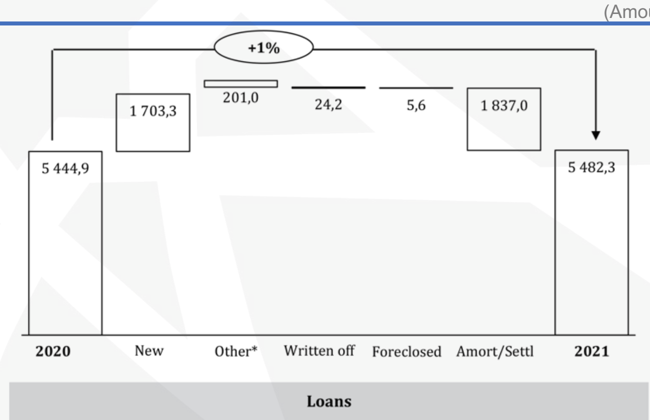
The Bank did not record any material change in the loan portfolio (2021 vs. 2020), despite giving out several short-term loans during the year.

	31.12.2021	31.12.2020	Change
Loans to Customers	5 482 273	5 444 853	1%
Companies	4 796 946	4 689 754	2%
Individuals	685 327	755 099	-9%
Off balance sheet	1 141 999	1 048 831	9%
Total	**6 624 272**	**6 493 684**	**2%**

The following graph shows the annual change in the loan portfolio, in terms of new contracts, late payment interest capitalized during 2021, total loans settled and the amount written off from the loan portfolio.

Developments in the loan portfolio, by disbursement, from 12/31/2020 to 12/31/2021

(Amounts in thousands of escudos)

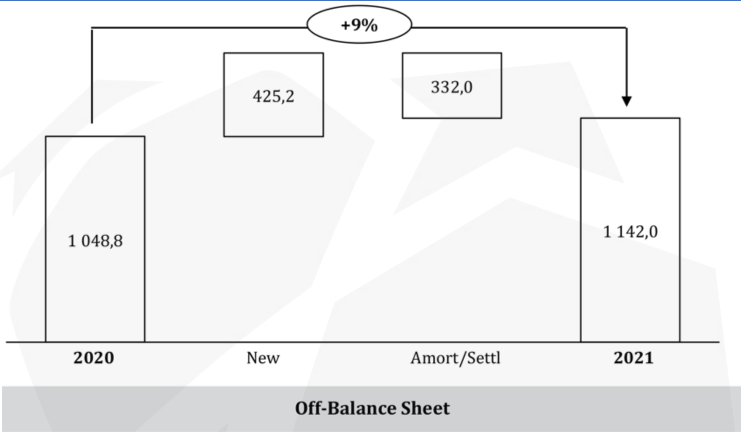


In compliance with the Regulatory Notice, the Bank wrote off loans totaling CVE 24.15 million, recognizing the effects on the impairment cost for the period.

The amount indicated as a reduction in the loan portfolio was largely due to good credit recovery and collection practices, which culminated in the timely amortization and early settlement of loans and negotiation of payment.

Developments in the loan portfolio, by subscription, from 12/31/2020 to 12/31/2021

(Amounts in thousands of escudos)



Off-balance sheet operations (bank guarantees and documentary credit) showed a change of 9%, due to new operations.

The table below shows the composition of the loan portfolio, by type of operation and by type of customer:

Credit portfolio distribution by type as of 12-31-2021 and 12-31-2020.

(Amounts in thousands of escudos)

	31.12.2021		31.12.2020		Change	
	Amount	%	Amount	%	Abs.	Rel.
COMPANIES	**4 796 946**	**87,50%**	**4 689 754**	**86,10%**	**107 192**	**2%**
Medium to Long Term Financing	3 913 945	71,40%	4 008 957	73,60%	-95 012	-2%
Short Term Financing	-	0,00%	898	0,00%	-898	-100%
Other	31 510	0,60%	29 007	0,50%	2 503	9%
INDIVIDUALS	**685 327**	**12,50%**	**755 099**	**13,90%**	**-69 772**	**-9%**
Mortgage Loans	642 399	11,70%	707 005	13,00%	-64 606	-9%
Consumer	42 928	0,80%	48 094	0,90%	-5 166	-11%
LOANS	**5 482 273**	**83%**	**5 444 853**	**84%**	**37 420**	**1%**
OFF-BALANCE SHEET	**1 141 999**	**17%**	**1 048 831**	**16%**	**93 167**	**9%**
Bank Guarantees	1 141 999	17%	1 048 831	16%	93 167	9%
TOTAL	**6 624 272**	**100%**	**6 493 684**	**100%**	**130 587**	**2%**

Overall, most of the loans were given to local economic agents, including state-owned companies, small, medium and large companies, individuals and employees, accounting for a total of 87% of the portfolio.

The main credit counterparties are companies in the Transportation and Communications sector, which together account for the equivalent of 73% of the total loan portfolio. Exposure to concentration and credit risk is mitigated by solid guarantee and collateral instruments.

Distribution of the Loan Portfolio, as at 12-31-2021 and 12-31-2020

(Amounts in thousands of escudos)

	31.12.2021		31.12.2020	
	Falling due	Overdue	Falling due	Overdue
By Segment	**5 400 496**	**81 777**	**5 308 556**	**136 297**
Companies	4 765 236	31 710	4 644 275	45 479
Individuals	635 260	50 067	664 281	90 818
By Activity Sector	**5 400 496**	**81 777**	**5 308 556**	**136 297**
Transportation and Communications	4 091 079	-	3 950 974	16 484
Housing	594 640	47 759	617 405	89 600
Hospitality and Food Service	341 755	-	316 332	-
Trade and Services	196 766	31 513	200 780	28 798
Industry	100 622	-	129 898	-
Consumption	40 620	2 308	46 876	1 218
Construction and Public Works	35 013	197	46 292	197
Medium and long term	5 376 494	49 842	4 664 306	98 625
Short-term	24 002	31 935	644 251	37 671
Loan impairment / Portfolio coverage	**101 156**	**1,85%**	**81 964**	**1,51%**

5.2. Credit Risk Analysis and Management

Credit Risk is the possibility of financial losses arising from default or deterioration in the credit quality of a customer or counterparty, in relation to contractual obligations established with the Bank as part of its credit activity.

Credit risk management is referenced in practices, processes and procedures to identify and measure the risks embedded in individual operations and based on the loan portfolio.

The Risk Management Department is responsible for the entire credit management cycle, including analysis of new operations, review of already granted loans, assessment of new products, monitoring of customers considered to be "high risk," timely identification of customers' financial difficulties, analysis of the impact of the economic environment on portfolio quality, and adequacy and control of guarantees received from customers, with a view to ensuring adequate and efficient decision-making and preserving loan portfolio quality.

In carrying out the risk control function, the Department ensures the operation of the following principles and determinations:

- Independence of the business areas and Board, especially with regard to analysis and issuance of risk opinions;
- Ensuring that all credit decisions follow a formal approval process;
- Ensuring compliance with Credit Policies and Powers;
- Ensuring the maintenance of the structure and functioning of Committees;
- Strengthening and implementing actions to improve risk control;
- Ensuring a solid, consistent and integrated risk culture in view of all existing risks, in all the Bank's activities; and
- Reporting information in a timely manner.

The Bank's Risk Governance model involves the participation of the members of the Board of Directors, in making decisions on credit operations. That is, any credit operation must be approved by the credit committee, in which the Executive Committee participates, and then by the other members of the Board of Directors, if applicable:

a) Credit Committee: responsible for approving loans and monitoring overdue loans;
b) Executive Committee: periodically monitors credit management activities;
c) Board of Directors: the highest credit decision-making body.

Decision-making on credit and maximum levels allowed for exposure to credit risk, including counterparty risk, for both the loan and trading/investment portfolios, are defined in the credit powers and risk appetite policies.

Risk is measured through quarterly reports, monitoring of compliance with the limits set and the highest risk concentrations, stress tests, and assessment of the impacts of adverse scenarios.

Annually, the Audit and Banking Supervision entities (Banco de Cabo Verde) carry out independent verification of the Banks' credit processes and Risk Management System, in accordance with international precepts and the regulatory body.

When assessing loan portfolio risk, iibCV examines the quality of counterparties' credit risk, the coverage/collateral of operations (debt recovery capacity), compliance with policies, powers and procedures for approving and contracting credit, credit information and report quality, customer exposure in the overall credit system, credit renegotiation terms, cost of impairment and capital, and qualitative customer information, among other indicators relevant to maintaining portfolio quality.

The Bank recorded a total of CVE 80.76 million (2020: CVE 135.37 million) in non-performing loans (more than 90 days in arrears), which resulted in a claims ratio of 1.47% (2020: 2.5%).

Age of non-performing loans

(Amounts in thousands of escudos)

Year	Amount	Accumulated %
Until 2016	67 658	84%
2019	8 414	10%
2020	4 690	6%
Total	**80 762**	**100%**

Of all non-performing loans, a significant majority is accommodated in the period before the covid-19 pandemic, that is, before 2020.

Time distribution of non-performing loans, by product, as at 12-31-2021

(Amounts in thousands of escudos)

	> 90 days <= 180 days		> 180 days <= 365days		> 365 days		Total	
	Loans	Impairment	Loans	Impairment	Loans	Impairment	Loans	Impairment
Corporate	-	-	-	-	31 487	29 347	31 487	29 347
Mortgage	-	-	-	-	46 967	6 409	46 967	6 409
Individual - Other	33	-	1 860	614	415	70	2 308	684
TOTAL	**33**	**-**	**1 860**	**614**	**78 869**	**35 827**	**80 762**	**36 441**

Together, mortgage loans (58%) and medium-long-term financing (39%) account for 97% of total non-performing loans. These loans have real guarantees, deposits and mortgages on real estate, with an average LTV ratio of 72%, and are being recovered through legal proceedings.

Time distribution of non-performing loans, by product, as at 12-31-2020

(Amounts in thousands of escudos)

	> 90 days <= 180 days		> 180 days <= 365days		> 365 days		Total	
	Loans	Impairment	Loans	Impairment	Loans	Impairment	Loans	Impairment
Corporate	-	-	-	-	45 479	44 594	45 479	44 594
Mortgage	4 528	45	9 538	95	75 138	8 342	89 204	8 483
Individual - Other	13	0,13	22	0,22	657	113	692	113
TOTAL	**4 541**	**45**	**9 560**	**96**	**121 274**	**53 049**	**135 376**	**53 190**
% Portfolio/Total Impairment	**0,08%**	**0,06%**	**0,20%**	**0,10%**	**2,20%**	**64,70%**	**2,50%**	**64,90%**

Following the instructions of Banco de Cabo Verde’s Circular Letter no. 195/2018, credit at risk includes loan agreements that are overdue for at least 30 days and restructured loans, which account for about 2.11% of the gross loan portfolio.

Loan portfolio at risk as at 12-31-2021 and 12-31-2020

(Amounts in thousands of escudos)

	Credit Default	Restructured Credit	Total Credit by Risk 2021	Credit by Risk 2020	Change 2021/2020
Corporate	31 487	13 940	48 387	58 740	-18%
Mortgage	46 967	24 265	92 860	97 508	-5%
Individual - Other	2 308	1 021	3 350	2 732	23%
Total	**80 762**	**39 226**	**144 597**	**158 981**	**-9%**
% Portfolio	**1,47%**	**0,72%**	**2,64%**	**2,92%**	**-0,28pp**

The 9% decrease in the amount of credit at risk was due to the reduction in the amounts of loans, both in default and restructured.

The overall loan portfolio showed a significant improvement in terms of quality and credit risk coverage, as evidenced by the indicators below.

Loan portfolio quality indicators as at 12-31-2021 and 12-31-2020

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020	Δ abs.	Δ %
Loans to customers (gross)	5 482 273	5 444 853	37 420	1%
Write-off loan	182 661	102 446	80 215	78%
Overdue loans (a+b)	81 777	136 297	-54 520	-40%
(a) Overdue Loans (>90dias)	80 762	135 376	-54 613	-40%
(b) Overdue Loans (<90dias)	1 015	921	94	10,20%
(c) Restructured credit*	35 049	23 606	11 443	48%
Credit at risk	144 597	158 981	-14 384	-9%
Impairment of loan portfolio	101 156	81 964	19 192	23%
Write-off loans/Loans to customers	3,33%	1,88%	1,45pp	
Overdue loans/Loans to customers	1,49%	2,50%	-1,01pp	
Overdue loans (>90dias)/Loans to customers	1,47%	2,49%	-1,01pp	
Credit at risk/Loans to customers	2,64%	2,92%	-0,28pp	
Portfolio impairment/Overdue loans	123,70%	60,14%	63,56pp	
Portfolio impairment/ Overdue loans (>90days)	125,25%	60,55%	64,71pp	
Portfolio impairment/ Credit at risk	69,96%	51,56%	18,40pp	
Loan coverage (Portfolio Imp. /Loans to customers)	1,85%	1,51%	0,34pp	

*Restructured loans included in non-performing loans

Every year, the Bank reviews the parameters and variables of the Impairment calculation model, which is computed based on IFRS 9 recommendations and reflected in costs, on a monthly basis, covering all credit and off-balance sheet operations (bank guarantees and documentary credit).

The Bank classifies credit operations based on default risk triggers, resulting in the segmentation of operations/customers into risk classes (Stage 1, Stage 2 and Stage 3).

As a result of management processes and credit policies, the Bank has classified around 95.7% of the total gross loan portfolio in the Performing risk class (*Stage* 1).

Assumptions for classification by Stages

(Amounts in thousands of escudos)

	Stage 1	Stage 2	Stage 3
Assumptions	Regular Loans	Restructured Loans Delays over30 days Blocked Accounts Returning / inhibiting the use of checks Others	Delays over 90 days Bankruptcy/Insolvency Execution of collateral Others
Credit Amount →	5 248 231	108 297	125 745
% portfolio →	95,7%	2,0%	2,3%

Breaking down the loan portfolio impairment by risk class indicates that Stage 3 customers, which account for only 2.3% of gross credit, generate 42% of total impairments.

Impairment in the overall loan portfolio as at 12-31-2021

(Amounts in thousands of escudos)

	Individual Analysis			Collective Analysis			Total		
	Credit	Impairment	Coverage	Credit	Impairment	Coverage	Credit	Impairment	Coverage
Credit Operations	**4 458 218**	**92 352**	**2,07%**	**1 024 055**	**8 804**	**0,86%**	**5 482 273**	**101 156**	**1,85%**
Stage 1	4 338 735	50 137	1,16%	909 496	6 824	0,75%	5 248 231	56 961	1,09%
Stage 2	52 737	1 363	2,58%	55 560	153	0,28%	108 297	1 516	1,40%
Stage 3	66 746	40 852	61,21%	58 999	1 826	3,10%	125 745	42 678	33,94%
Off-Balance	-	-	-	**1 141 999**	**3 156**	**0,28%**	**1 141 999**	**3 156**	**0,28%**
Stage 1	-	-	-	920 402	2 252	0,24%	920 402	2 252	0,24%
Stage 2	-	-	-	221 597	904	0,41%	221 597	904	0,41%
Stage 3	-	-	-	-	-	-	-	-	-
TOTAL	**4 458 218**	**92 352**	**2,07%**	**2 166 054**	**11 960**	**0,55%**	**6 624 272**	**104 312**	**1,57%**

Notwithstanding the substantial reduction in the overdue loan and credit at risk ratios, impairments increased by CVE 19 million, as the Bank increased the amount of expected loss for some customers, anticipating, with conservatism and prudence, potential adverse scenarios caused by the end of the moratorium and resumption of economic activities in a post-pandemic context.

Change in loan portfolio impairment as at 12-31-2021

(Amounts in thousands of escudos)

Segment	Impairment in 31.12.2020	Impairment in 31.12.2021			Variation
		Collective Analysis	Individual Analysis	Total	
Corporate	68 779	7 279	80 576	87 855	19 076
Individual - Others	13 185	1 525	11 776	13 300	116
	81 964	**8 804**	**92 352**	**101 156**	**19 192**

Minimum regulatory provisions are measured in accordance with Banco de Cabo Verde's procedures, as expressed in Notice no. 4/2006, which stipulates the parameters for determining the regulatory provision rates to be applied to each individual exposure.

m = months

Collateral Type	**Interval of arrears**				
Mortgage for own housing	0-6m	6-24m	24-48m	48-78m	>78m
Real Mortgage or not for investment	0-6m	6-15m	15-30m	30-60m	>60m
Real and personal	0-3m	3-6m	6-12m	12-24m	>24m
No collateral	0-1m	1-3m	3-6m	6-12m	>12m
Class by Risk	**A**	**B**	**C**	**D**	**E**
Rate of Provision	**1%**	**5%**	**25%**	**50%**	**100%**

The equivalent of 1.3% of the loan portfolio is classified in the default risk classes (C, D and E) and together they account for 99% of total regulatory provisions. Notwithstanding the age of default, these loans are covered by real guarantees (deposits and mortgages on real estate), awaiting judicial enforcement/recovery.

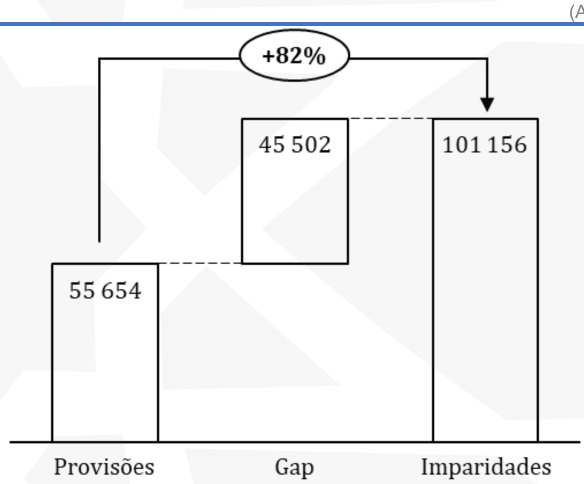
Distribution of loan portfolio and provisions by risk class, as at 12-31-2021

(Amounts in thousands of escudos)

Credit Operations	Amount of Credit	Risk Class and % Provisions			Provisions	Impairment	Difference - Impairment / Provisions
		A	B-C	D-E			
		1%	[5% -25%]	[50% -100%]			
M/L Term Financing	3 913 945	111	-	-	111	45 472	45 361
Mortgage Loans	642 399	560	1 395	21 681	23 636	11 133	(12 503)
Other credits	925 929	103	101	31 703	31 906	44 550	12 644
Total	**5 482 273**	**774**	**1 496**	**53 384**	**55 654**	**101 156**	**45 502**

Regulatory Provisions versus Impairment

(Amounts in thousands of escudos)



6. Analysis of Activities Evolution

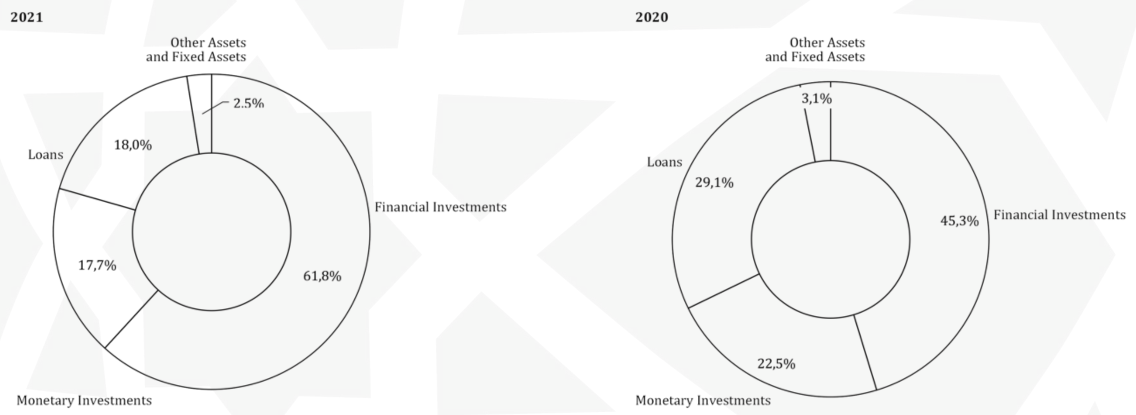
6.1. Ativity Summary

At the end of 2021, the balance sheet of iibCV reached an overall amount of CVE 30 billion, which is around 53% higher than the CVE 19.59 billion seen at the end of the previous year.

Financial assets and liabilities continue to be predominant in iibCV's balance sheet, with a relative weight in its composition, at the end of 2021: 80% (2020: 75%) and 93% (2020: 91%), respectively.

6.1.1. Assets

Asset Composition



As at December 31, 2021, gross investment in fixed assets amounted to CVE 597 million (2020: CVE 632 million), with accumulated amortization and impairments amounting to CVE 447 million escudos, equivalent to approximately 75% of the value of those same assets.

Overall, the Bank's net fixed assets account for approximately 1% of the total value of its net assets, reflecting, in addition to regular amortizations, the effect of impairment recorded in tangible (CVE 62 million) and intangible assets (CVE 16 million) to cover the risks associated with their valuation at market prices.

Investments in the domestic market, via the acquisition of Treasury securities and Interbank Market operations, are combined with investments made in the international market, namely through investments in financial institutions, which helps to mitigate the various risk categories (interest rate, foreign exchange and liquidity risks).

Remunerated Assets

(Amounts in thousands of escudos)

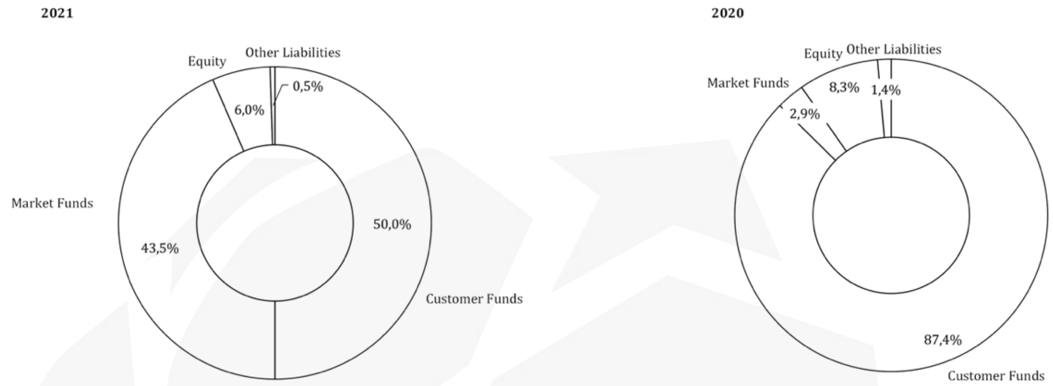
	31.12.2021	31.12.2020
Placemetns with other Financial Institutions	8 608 441	5 587 154
Very short term placements with Banco de Cabo Verde	1 320 000	1 250 000
Very short-term placements with Novo Banco	183 772	189 764
Gross Loan to Customers	5 482 273	5 444 853
Financial assets at fair value through other Comprehensive Income	8 328 865	2 227 618
Total Remunerated Assets (Interests Xxcluded)	**23 923 352**	**14 699 389**
Net Assets	**30 013 984**	**19 588 642**
Remunerated Assets/Net Assets	**80%**	**75%**

The portfolio of interest-bearing assets, or those generating income that can be determined on their contract date (fixed or variable rates) saw a 63% growth, with all the elements that compose it growing during 2021, reflecting the dynamics of the Bank’s activities during the year.

6.1.2. Liabilities

IibCV's liabilities are made up, for the most part, of customer funds, accounting for around 50% of total liabilities, a lower proportion than at the end of 2020 (73%), showing a diversification of funding sources.

Financing Structure



Market funds, made up of deposits of other financial institutions and central banks, grew substantially, accounting for 43% of total liabilities, compared to 18% at the end of 2020. In absolute terms, the funds of these customers totaled CVE 13 billion (2020: CVE 3.58 billion) at the end of 2021, a growth resulting from the new business model in progress.

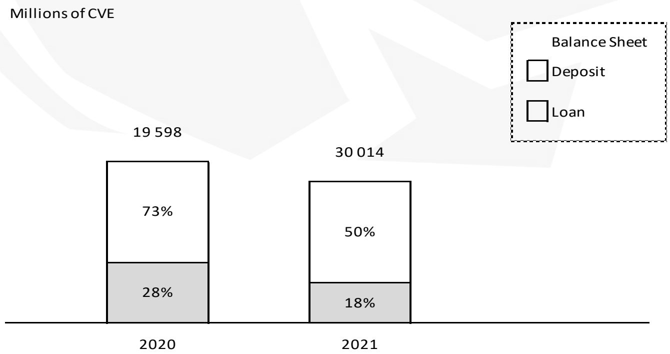
With regard to own funds, note that the Bank closed the year with a net worth of CVE 1.8 billion, equivalent to 6% of its financing structure, which is CVE 30 billion (2020: 8%).

Customer funds enjoyed a year-over-year growth of 5%, reaching an overall amount of CVE 14.89 billion.

Note that demand deposits increased by 15% compared to 2020, accounting for 67% of the overall deposit portfolio. On the other hand, the overall volume of time deposits decreased by 11%, a clear reflection of the global situation in 2021, with the persistent loss of income for households and companies.

Totaling CVE 7.51 billion, the funds of non-resident customers saw a slight decrease (-1%), while those of residents increased by 12%, with a balance of CVE 7.49 billion. The funds of emigrant customers, which totaled CVE 69 million, increased by 57%.

Customer Activity: Loans and Deposits in the Balance Sheet Structure



7. Net Income, Financial and Prudential Ratios

7.1. Net Income

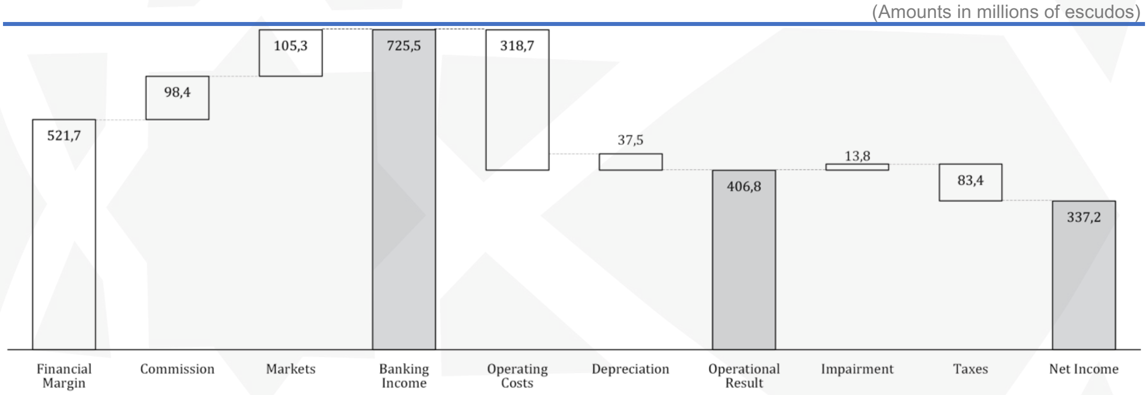
Due to the crisis generated by the Covid-19 pandemic, all sectors of the economy were restricted, having to reinvent themselves so that they could keep operating, in order to maintain jobs and contribute to a return to normality.

iibCV solidified its strategy of proximity and support to the national economy, always seeking to maintain a balance between the quality of its assets and meeting the needs of its customer base.

As a result, the Bank enjoyed significant growth in the vast majority of indicators, compared to the same period of the previous year. On this basis, the instantaneous net interest income indicator stood at 589 basis points (2020: 414 bp), as shown in the following graph:

Income Statement as at 12-31-2021

(Amounts in millions of escudos)



The financial result grew during the year, with the Bank reaching a value 12% above that achieved in the previous year, due to the fact that growth in interest income was higher than that in interest expense.

With an approach of proximity to the market, combined with improved fee and commission income, which grew 105% compared to 2020, Commercial Operating Income stood at CVE 620 million, reflecting a year-over-year growth of 23% (2020: CVE 505 million).

The trend in income from foreign currency transactions and other operating income was in line with the business development, with the former more than doubling their value.

Banking Income amounted to CVE 725 million in 2021, reflecting a substantial relative increase of around 41%.

Operating Income amounted to CVE 407 million (2020: negative CVE 173 million), demonstrating the Bank's ability to generate revenue from its direct activities that is above its operating costs, consolidating its sustainability.

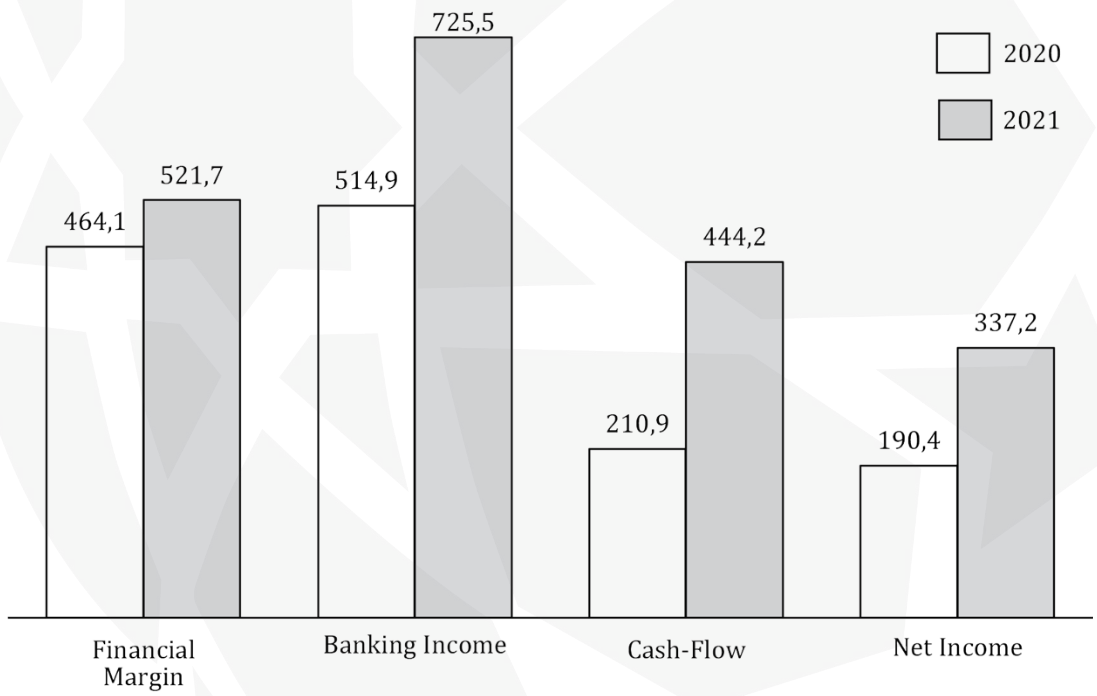
iibCV continues to invest in its employees, with this commitment being reflected in the increase in staff costs (+10%). Administrative expenses decreased by 17%, contributing to the decrease in overall operating costs.

Thus, operating costs stood at CVE 319 million, which is 7% lower than in 2020, with staff costs accounting for 36% (2020: 30%) and other administrative expenses 52% (2020: 58%). Depreciation and amortization for the year accounted for the remaining amount.

Net income for the year amounted to CVE 337 million (2020: CVE 190 million), having been directly impacted by the previously mentioned factors, with a growth of 77%.

Income Indicators as at 12-31-2021

(Amounts in millions of escudos)



7.2. Financial Ratios

The financial ratios achieved in 2021 are the result of the strategy implemented, which translated into a significant growth in activities, along with a higher risk-adjusted return.

Loan-to-Deposit Ratio

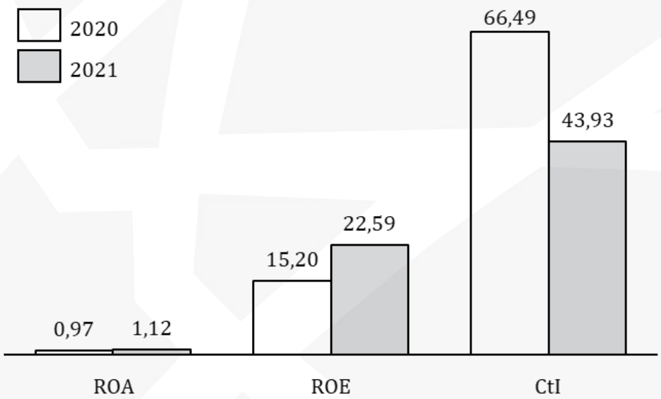
The loan-to-deposit ratio (LtD) was below the figure for the previous year, standing at 37%, as a result of the fact that growth in customer funds was above that in the loan portfolio.

Liquidity

The Bank's overall liquidity level is high, favoring the generation of short-term and lower credit risk exposures, especially with a view to supporting the specific needs of the stakeholders' value chain, contributing to the optimization of risk/return in the asset structure.

7.3. Performance Ratios

(Amounts as a percentage)



From an analysis of the financial ratios, there is a generalized improvement.

Return on Equity (ROE)

The average annual return on equity stood at 22.59% (2020: 15.20%), reflecting a higher net income than in the previous year.

Return on Assets (ROA)

The average annual return on assets was 1.12% (2020: 0.97%).

Cost-to-Income (CtI)

The ratio that measures the Bank's efficiency showed a significant improvement compared to the previous year, decreasing by 22.56 pp. and standing at 43.93% (2020: 66.49%).

7.4. Prudential Ratios

As supervisor and regulator of the national financial system, one of the missions of Banco de Cabo Verde (BCV) is to control financial institutions' risks, regulated in prudential notices and technical instructions whose adoption and implementation are mandatory.

The primary objective of iibCV is its economic and financial balance, achieving sustainable growth levels and contributing to financial system stability.

With that in mind, in addition to complying with all regulatory requirements, the Bank has been adopting and implementing a number of complementary requirements, with higher levels of demand, based on the international financial system and in line with the best and most recent practices.

Key Prudential Ratios

(Amounts in thousands of escudos)

	Min. Lim.	31.12.2021	31.12.2020	Variação
Own Funds	800 000	1 764 370	1 454 012	21,34%
Fixed Asset Coverage Ratio	100%	1195%	760%	434,98pp
Debt Securities	5%	50,97%	15,47%	35,50pp
Solvency Ratio	12%	30,62%	29%	1,86pp

Thus, as at December 31, 2021, the Bank's Equity stood at CVE 1.76 billion, in compliance with Notice no. 03/2007, dated November 19, which sets out the elements that serve as a basis for calculating Equity, remaining above the minimum required by Banco de Cabo Verde regulations and acting as a buffer for possible banking risks.

In the same vein, Solvency risk was fully covered by Equity, with coverage above 30% (2020: 29%), notably above the legal minimum required for commercial banks (12%), as regulated by Notice no. 04/2007, dated February 25, 2008.

With Equity at a comfortable level and a portfolio of net investment in tangible fixed assets of CVE 147 million (2020: CVE 191 million), the Bank has a fixed asset coverage ratio of 1,195% (2020: 760%). Notice no. 11/98, dated December 28, which regulates the limits of the relationship between equity and the net value of fixed assets, establishes that a bank's fixed assets must not exceed its equity, that is, that the ratio should not be less than 100%.

8. Final Notes

8.1. Declaration of conformity of Financial Reporting

The members of the Board of Directors of International Investment Bank, S.A., declare that:

- The financial statements of International Investment Bank, S.A. for the years ended December 31, 2021 and December 31, 2020 were prepared in accordance with International Financial Reporting Standards (IFRS), as set out by Banco de Cabo Verde (BCV) in Notice no. 2/2007, dated February 25, 2008;
- To the best of its knowledge, the financial statements referred to in the previous paragraph provide a true and fair view of the assets and liabilities, the financial situation and the results of International Investment Bank, in accordance with the aforementioned Standards, and were subject to approval at the Board of Directors' meeting held on April 26, 2022;
- The management report sets out the developments in the business, performance and financial position of International Investment Bank in FY 2021, and contains a description of the expected evolution of the company.
- On the date of approval of these Financial Statements, for the year ended December 31, 2021, an armed conflict was taking place in Ukrainian territory, whose contours and impacts on the economy, not measured on a global scale, will predictably reflect incremental inflation, via rising energy and raw material prices. Being a strong importer of goods and services, Cabo Verde will rationally import this same inflationary effect. These effects, as well as others that have not yet been identified, could affect the Cabo Verdean economy as a whole, namely by reducing the disposable income of the various economic agents, companies and households. The banking sector will also, predictably, be affected, with an expected increase in financing costs and credit claims. IibCV has adopted a conservative management, with a risk appetite adjusted to the current economic cycle, so that, to date, we do not expect any future impacts on the Bank's activity, in addition to those described above.
- Note also that the loan moratorium period established in Cabo Verde (following covid-19), as a measure to support economic agents, companies and individuals, will expire on March 31, 2022, so there may be future impacts on the economy and banking sector in Cabo Verde.
- IibCV has adopted a conservative management style, aimed at mitigating risks (having specifically adjusted the expected loss for a group of customers, as mentioned in this report). However, there may be effects (individual or combined) that are not measurable at this time and that could affect the banking sector as a whole.

8.2. Proposed Appropriation of Net Incomes

Pursuant to its statutory powers, the Board of Directors of International Investment Bank proposes to the General Meeting that the Income for the Year, profit amounting to CVE 337,154,654 (three hundred and thirty-seven million, one hundred and fifty-four thousand, six hundred and fifty-four escudos), be allocated as follows:

	31.12.2021	31.12.2020
Legal reserve (10%)	33 715	19 036
Other Reserves (90%)	303 439	171 326
Total	**337 155**	**190 362**

8.3. Acknowledgements

The Board of Directors of International Investment Bank, S.A. expresses its gratitude to its Customers for the trust and loyalty shown over more than 10 years of operations.

It takes this opportunity to say a special thank you to the Regulator, the Authorities in general, and its suppliers.

To our Employees, a special thank you for your resilience, total commitment, loyalty and dedication to the growth and proper functioning of our institution.

Praia, April 26, 2022

The Board of Directors of International Investment Bank

II. Financial Statements and Notes to the Accounts

1. Financial Statements

Income Statement for the Years Ended December 31, 2021 and 2020

(Amounts in thousands of escudos)

	Notas	31.12.2021	31.12.2020
Interest and similar income	5	688 195	558 838
Interest and similar expenses	6	(166 466)	(94 751)
Financial Margin		**521 729**	**464 087**
Fee and commission income	7	127 154	61 973
Fee and commission expense	7	(28 737)	(20 773)
Income from assets at fair value through profit or loss		48 883	3 342
Income from currency revaluation	8	11 416	313
Other operating income	9	45 017	5 954
Banking Income		**725 463**	**514 896**
Costs with personnel	10	(114 401)	(103 896)
Administrative costs	11	(166 813)	(200 124)
Depreciation and amortization	17 e 18	(37 461)	(38 338)
Provisions net of cancellations	23	34 781	15 528
Impairment of loans net of reversals and recoveries	16	(44 813)	(6 293)
Impairment of other financial assets net of reversals and recoveries	14	6 034	5 657
Impairment of other assets net of reversals and recoveries	17, 18 e 20	17 773	34 454
Income Before Taxes		**420 562**	**221 885**
Taxes		(83 408)	(31 523)
Current	19	(34 307)	(17 441)
Deferred	19	(49 100)	(14 081)
Income after Taxes		**337 155**	**190 362**
Income after minority interests		**337 155**	**190 362**

The notes are an integral part of these financial statements

The Executive Committee

The Certified Accountant

Statement of Comprehensive Income for the Years Ended December 31, 2021 and 2020

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Net income for the year	337 155	190 362
Other comprehensive income for the year after taxes	-	-
Changes in fair value, net of taxes	10 292	50 107
Total comprehensive income for the year	**347 447**	**240 469**

The notes are an integral part of these financial statements

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Balance sheet as at December 31, 2021 and 2020

(Amounts in thousands of escudos)

	Notas	31.12.2021	31.12.2020
Assets			
Cash and balances at central banks	12	927 672	776 173
Deposits with other credit institutions	13	4 381 809	3 252 030
Financial assets held for trading		901	3 342
Financial assets at fair value through other comprehensive income	14	8 410 372	2 307 816
Investments in credit institutions	15	10 126 210	7 040 857
Loans to customers (net)	16	5 402 222	5 374 048
Other tangible assets	17	174 574	191 382
Intangible assets	18	2 854	17 498
Current tax assets	19	646	10 049
Deferred tax assets	19	32 608	90 285
Other assets	20	554 116	525 162
Total Assets		**30 013 984**	**19 588 642**
Liabilities			
Funds with Central Banks	21	7 391 092	2 106 305
Funds with other credit institutions	21	5 658 571	1 472 341
Customer funds and other loans	22	15 012 278	14 294 324
Provisions	23	3 156	49 093
Current tax liabilities	19	34 307	16 795
Other Liabilities	24	124 680	157 223
Total Liabilities		**28 224 084**	**18 096 081**
Capital	25	1 433 000	1 433 000
Revaluation reserves	26	10 292	50 107
Other reserves and retained earnings	27	9 454	(180 908)
Net income		337 155	190 362
Total Equity		**1 789 901**	**1 492 561**
Total Equity and Liabilities		**30 013 984**	**19 588 642**

The notes are an integral part of these financial statements

The Executive Committee **The Certified Accountant**

Statement of Changes in Equity for the Years Ended December 31, 2021 and 2020

(Amounts in thousands of escudos)

	Capital	Other Reserves and Retained Earnings	Fair Value Reserve	Net Income for the Year	Total Equity
Balance as at January 01, 2020	**1 433 000**	**(328 158)**	**-**	**147 250**	**1 252 092**
Transfer of Previous Net Income:	-	147 250	-	(147 250)	-
Legal Reserve	-	14 725	-	(14 725)	-
Retained Earnings	-	132 525	-	(132 525)	-
Changes in Fair Value	-	-	64 350	-	64 350
Taxes Related to Fair Value Variation	-	-	(14 243)	-	(14 243)
Net Income for the Year	-	-	-	190 362	190 362
Balance as at December 31, 2020	**1 433 000**	**(180 908)**	**50 107**	**190 362**	**1 492 561**
Balance as at January 01, 2021	**1 433 000**	**(180 908)**	**-**	**190 362**	**1 442 454**
Transfer of Previous Net Income:	-	190 362	-	(190 362)	-
Legal Reserve	-	19 036	-	(19 036)	-
Retained Earnings	-	171 326	-	(171 326)	-
Changes in Fair Value	-	-	33 111	-	33 111
Taxes Related to Fair Value Variation	-	-	(22 819)	-	(22 819)
Net Income for the Year	-	-	-	337 155	337 155
Balance as at December 31, 2021	**1 433 000**	**9 454**	**10 292**	**337 155**	**1 789 901**

The notes are an integral part of these financial statements

The Executive Committee

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Statement of Cash Flows for the Years Ended December 31, 2021 and 2020

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Operating Activities		
Interest, commissions and other Income Received	792 518	588 325
Interest, commissions and other Costs Paid	(74 333)	(80 592)
Other operating payments and Receipts	33 859	3 601
Payments to employees and suppliers	(323 602)	(299 963)
Income Tax Payments	(7 392)	-
Net cash flow from operating income before changes in operating funds	421 050	211 371
(Increases) Decreases in operating assets		
Financial Assets at fair value through other Comprehensive Income	(6 099 589)	(1 286 226)
Placements with Credit Institutions	808 065	511 663
Loans to Customers	(78 423)	(968 836)
Other Assets	10 402	(333 708)
Increases (Decreases) in operating liabilities		
Funds of Central Banks and other Credit Institutions	9 421 345	3 131 857
Customer Funds	660 878	988 650
Other Liabilities	(37 637)	(25 286)
Net cash flow from operating activities	4 685 040	2 018 114
Investing Activities		
Acquisition of intangible assets	14 281	(1 153)
Acquisition of tangible assets	(5 710)	(11 171)
Cash flow from investing activities	8 571	(12 324)
Financing Activities		
Subscription of capital	-	-
Cash flow arising from financing activities	-	-
Net change in cash and cash equivalents	5 114 661	2 217 161
Cash and cash equivalents at the beginning of the period	10 260 995	8 040 180
Effects of exchange rate differences on cash and cash equivalents	60 299	3 654
Cash and cash equivalents at the end of the period	**15 435 955**	**10 260 995**
Cash and cash equivalents comprises:		
Cash	97 266	73 873
Balances at Central Banks	830 406	702 300
Placements and Deposits with other credit institutions(1)	14 508 282	9 484 822
Total	**15 435 955**	**10 260 995**

(1) Includes balances and investments with maturity up to three months

The notes are an integral part of these financial statements

The Executive Committee

The Certified Accountant

NOTE 1: Activity

International Investment Bank, S.A. (iibCV) is a commercial bank headquartered in Praia that was opened in July 2010, having started its operations in mid-August of the same year. It was previously called Banco Internacional de Cabo Verde, S.A.

The Bank's activities cover most areas of the banking sector, with a special focus on the markets for medium-sized and large companies.

Note that, until July 10, 2018, the Bank was part of the Novo Banco Group, which held 100% of its capital, and as of July 11, after completion of a sale process, it became 90% owned by the iib Group Holding WLL, with 10% remaining in the possession of the Novo Banco Group (through Novo Banco Africa SGPS, S.A.).

In July 2019, the Bank adopted a new name, becoming International Investment Bank (iibCV), currently operating through its Headquarters in Praia and the Business Unit on Sal Island.

NOTE 2: Basis of Presentation and Significant Accounting Policies

2.1. Basis for the Presentation

The Bank's financial statements, now presented, refer to December 31, 2021 and were prepared in accordance with the principles established in the International Financial Reporting Standards (IFRS) in force on December 31, 2021.

The IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and respective predecessor bodies.

The financial statements are stated in thousands of Cabo Verde Escudos, rounded to the nearest thousand. They were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, namely financial assets at fair value through other comprehensive income.

Preparing financial statements in accordance with IFRS requires the Bank to make judgments and estimates and use assumptions that affect the application of accounting policies and the amounts of income, costs, assets and liabilities. Changes to such assumptions or differences between these assumptions and reality may have an impact on current estimates and judgments. The areas that involve a higher level of judgment or complexity, or where significant assumptions and estimates are used to prepare the financial statements, are analyzed in Note 3.

These financial statements were approved at the Board of Directors' April 26, 2022 meeting and are pending approval by the General Meeting of Shareholders. However, the Board of Directors assumes that they will be approved without significant changes.

The accounting policies are consistent with those used in the preparation of the financial statements for the previous year.

2.2. Main Accounting Policies

a) Financial Assets and Liabilities

(i) Classification of Financial Assets

The Bank classifies its financial assets in one of the following valuation categories:

- Investments at amortized cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

The classification requirements for debt and equity instruments are presented as follows:

Debt instruments

Debt instruments are instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, public and private bonds and accounts receivable acquired from customers under non-recourse factoring agreements.

The classification and subsequent valuation of these instruments in the above categories is based on the following two elements:

- The Bank's business model for managing financial assets, and
- The contractual cash flow characteristics of financial assets.

A) Financial Assets at Amortized Cost

A financial asset is classified under “Financial assets at amortized cost” when the following conditions are cumulatively met:

- It is managed as a business model whose objective is to hold financial assets in order to receive contractual cash flows; and
- Contractual conditions give rise to cash flows on specific dates, which are solely payments of principal and interest on the outstanding principal amount.

The financial assets at amortized cost category includes “Investments in other credit institutions” and “Loans to Customers.”

B) Financial Assets at fair value through other Comprehensive Income

A financial asset is classified under “Financial assets at fair value through other comprehensive income” when the following conditions are cumulatively met:

• It is managed as a business model whose objective combines the receipt of contractual cash flows from financial assets and their sale; and

• Contractual conditions give rise to cash flows on specific dates, which are solely payments of principal and interest on the outstanding principal amount.

C) Financial Assets at fair value through profit or Loss

A financial asset is classified under "Financial assets at fair value through profit or loss" where, due to the Bank's business model or due to its contractual cash flow characteristics, it is not appropriate to classify the financial asset in any of the previous categories. On the transition date, in order to classify financial assets in this category, the Bank also considered whether it expects to recover the book value of the asset through its sale to a third party.

Also included in this portfolio are all instruments that meet any of the following characteristics:

• They originated or were acquired with the aim of transacting them in the short term;

• They are part of a group of identified and jointly managed financial instruments for which there is evidence of recent actions aimed at obtaining short-term gains;

• They are derivative instruments that do not comply with the definition of a financial guarantee contract nor have been designated as hedging instruments.

Assessment of the Business Model

The business model reflects the way the Bank manages its assets with a view to generating cash flows. Thus, it is important to understand whether the Bank's objective is only to receive the contractual cash flows from the assets (“Hold to collect”) or if it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets (“Hold to collect and sell”). If none of these situations apply (e.g., the financial assets are held for trading), then the financial assets are classified as part of “another” business model and recognized at fair value through profit or loss. Factors considered by the Bank when identifying the business model for a group of assets include past experience with respect to how cash flows are received, how asset performance is evaluated and reported to management, how risks are assessed and managed and how directors are paid.

Securities held for trading are held primarily for the purpose of being sold in the short term or form part of a portfolio of jointly managed financial instruments for which there is clear evidence of a recent pattern of short-term earnings. These securities are classified under “other” business models and recognized at fair value through profit or loss.

The assessment of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, taking into account the frequency, value, sales schedule in previous years, the reasons for the said sales and the expectations regarding future sales. Infrequent or insignificant sales, or sales close to the asset's maturity, and those motivated by an increase in the credit risk of financial assets or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual clause that may modify the schedule or amount of contractual cash flows (such as early amortization or extension of duration clauses), the Bank determines whether the cash flows that will be generated over the life of the instrument, due to the exercise of said contractual clause, are solely payments of principal and interest on the outstanding principal amount.

In the event that a financial asset envisages a periodic interest rate adjustment, but the frequency of this adjustment does not coincide with the term of the reference interest rate (for example, the interest rate is adjusted every three months), at the time of initial recognition, the Bank assesses that inconsistency in the interest component to determine whether the contractual cash flows represent solely payments of principal and interest on the outstanding principal amount.

Contractual conditions that, at the time of initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as settlement by the issuer) do not prevent their classification in the portfolios at amortized cost or at fair value through other comprehensive income.

SPPI Test

When the business model involves holding assets in order to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell these assets, the Bank assesses whether the cash flows from the financial instrument correspond solely to payments of principal and interest on outstanding principal (Solely Payments of Principal and Interest - “SPPI” - test). In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement. That is, interest includes only considerations relating to the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a basic loan agreement. When contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a simple loan agreement, the financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows correspond solely to payments of principal and interest on the outstanding principal (“SPPI” test).

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective. That is, they are instruments that do not contain a contractual obligation to pay and that show a residual interest in the issuer's net assets. An example of equity instruments is common stock.

Investments in equity instruments are an exception to the general valuation criteria described above. As a general rule, the Bank exercises the option to, on initial recognition, irrevocably designate under financial assets at fair value through other comprehensive income the investments in equity instruments which do not qualify as held for trading and which, in the event of not exercising the said option, would be classified as financial assets that must be accounted for at fair value through profit or loss. Impairment losses (and impairment reversals) are not recorded separately from other changes in fair value.

(ii) Classification of Financial Liabilities

An instrument is classified as a financial liability when there is a contractual obligation to settle it through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are derecognized when the underlying obligation is settled, expires or is cancelled. Non-derivative financial liabilities include funds from central banks and other credit institutions, customer funds and other borrowings.

The Bank designates, on their initial recognition, certain financial liabilities at fair value through profit or loss (Fair Value Option), provided that at least one of the following requirements is met:

- Financial liabilities are managed, valued and analyzed internally on the basis of their fair value;
- Derivative transactions are contracted in order to hedge these assets or liabilities economically, thus ensuring consistency in the valuation of assets or liabilities and derivatives (accounting mismatch); or
- Financial liabilities contain embedded derivatives.

(iii) Initial recognition and valuation of Financial Instruments

Upon initial recognition, all financial instruments will be recorded at fair value. For financial instruments that are not recorded at fair value through profit or loss, fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. For financial instruments at fair value through profit or loss, directly attributable transaction costs are recognized immediately in profit or loss.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issue or assumption of a financial liability, which would not have been incurred if the Bank had not made the transaction. They include, for example, commissions paid to intermediaries (such as developers) and mortgage formalization costs.

Financial assets are recognized in the balance sheet on the transaction date – the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal concept that determines that the transfer of rights takes place at a later date.

On initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity shall recognize this difference as follows:

- When the fair value is evidenced by the quotation of an equivalent asset or liability in an active market (i.e., level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss; and

- In other cases, the difference is deferred and the time of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognized through the settlement of the asset or liability.

(iv) Subsequent valuation of Financial Instruments

After their initial recognition, the Bank shall measure its financial assets at (i) amortized cost, at (ii) fair value through other comprehensive income or (iii) at fair value through profit or loss.

Receivables from commercial transactions that do not have a significant financing component and commercial credits and short-term debt instruments that are initially valued at the transaction price or outstanding principal, respectively, are valued at the referred value less impairment losses.

Immediately after initial recognition, an impairment for expected credit losses (ECL) is also recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in profit or loss when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

(v) Income and expenses of Financial Instruments

Income and expenses from financial instruments at amortized cost are recognized according to the following criteria:

i. Interest is recorded in profit or loss under "Interest and similar income" and "Interest and similar expense," using the effective interest rate of the transaction on the gross book value of the transaction (except for impaired assets where the interest rate is applied on the book value net of impairment).

ii. The remaining changes in value will be recognized in profit or loss as income or expense when the financial instrument is derecognized from the balance sheet under "Investment income at amortized cost," when it is reclassified, and for financial assets, when there are impairment losses or recovery gains, which are recorded under "Impairment for loans to customers net of reversals and recoveries," for loans to customers, or under "Impairment for other financial assets net of reversals and recoveries," for other financial assets.

Income and expenses from financial instruments at fair value through profit or loss are recognized in accordance with the following criteria:

i. Changes in fair value are recorded directly in profit or loss, separating the part attributable to the instrument's income, which is recorded as interest or as dividends according to their nature under "Interest and similar income" and "Income from equity instruments," respectively, from the rest, which is recorded as income from financial transactions under "Income from financial assets and liabilities valued at fair value through profit or loss."

ii. Interest on debt instruments is recorded in profit or loss under "Interest and similar income" and is calculated using the effective interest rate method.

Income and expenses from financial assets at fair value through other comprehensive income are recognized in accordance with the following criteria:

i. Interest or, when applicable, dividends are recognized in profit or loss under "Interest and similar income" and "Income from equity instruments," respectively. For interest, the procedure is the same as for assets at amortized cost.

ii. Exchange differences are recognized in profit or loss under "Foreign exchange gains and losses," for monetary financial assets, and in other comprehensive income, for non-monetary financial assets.

iii. For debt instruments, impairment losses or their recovery gains are recognized in profit or loss under "Impairment for other financial assets net of reversals and recoveries."

iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in income for the year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument valued at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to income for the period. On the other hand, when an equity instrument valued at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining in a reserve item.

(vi) Reclassifications between categories of Financial Instruments

Only if the Bank decided to change its business model for managing financial assets, would it reclassify all affected financial assets in accordance with the IFRS 9 requirements. This reclassification would be done prospectively from the reclassification date. According to IFRS 9, changes in the business model are expected to occur infrequently. Financial liabilities cannot be reclassified between portfolios.

(vii) Fair Value

The methodology for determining the fair value of securities used by the Bank is as follows:

- Average trading price on the calculation day or, when not available, the average trading price on the previous business day;

- Probable net realizable value obtained through the adoption of an internal valuation technique or model;

- Price of a similar financial instrument, taking into account, at least, the payment and maturity terms, the credit risk and the currency or index.

(viii) Change of Loans

Occasionally, the Bank renegotiates or modifies the contractual cash flows of loans to customers. In this case, the Bank assesses whether the new contractual terms are substantially different from the original terms. The Bank makes this analysis considering, among others, the following factors:

- Whether the debtor is in financial difficulty, whether the modification only reduces contractual cash flows to an amount that the debtor is expected to be able to pay;

- Whether any significant new term has been introduced, such as profit sharing or equity-based return, which substantially affects credit risk;

- Significant extension of contract maturity when the debtor is not in financial difficulty;

- Significant change in the interest rate;

- Changing the currency in which the credit was contracted; and

• Inclusion of a collateral, guarantee or other credit enhancement that significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purposes of calculating impairment, including for the purpose of assessing whether there has been a significant increase in credit risk. However, the Bank also assesses whether the new recognized financial asset is impaired on initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the originally agreed upon payments. Differences in the carrying amount are recognized in profit or loss, as a gain or loss from derecognition.

If the terms of the contract are not significantly different, the renegotiation or modification does not result in derecognition and the Bank recalculates the gross carrying amount based on the revised cash flows from the financial asset and recognizes a gain or loss from this modification in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired, originated or acquired financial assets).

(ix) Derecognition not Caused by a Change

Granted financial assets are derecognized when the cash flows associated with them are extinguished, collected or sold to third parties and (i) the Bank transfers substantially all the risks and rewards associated with owning the asset or (ii) the Bank does not transfer nor does it have substantially all of the risks and rewards associated with owning the asset and does not have control over the asset. Gains and losses obtained on the final sale of loans to Customers are recorded in Other operating income. These gains or losses correspond to the difference between the fixed sale value and the book value of these assets, net of impairment losses.

The Bank participates in transactions where it has the contractual right to receive cash flows from assets, but undertakes a contractual obligation to pay these cash flows to other entities and transfers substantially all the risks and rewards. These transactions result in the derecognition of the asset, if the Bank:

• Has no obligation to make payments, unless it receives equivalent amounts from the assets;

• Is prohibited from selling or pledging the assets; and

- Has an obligation to remit any cash flows it receives from assets without material delays.

The guarantees provided by the Bank (shares and bonds) through repurchase agreements and securities lending operations are not derecognized because the Bank substantially holds all the risks and rewards based on the pre-established repurchase price, thus the derecognition criteria do not apply.

Financial liabilities are derecognized when the underlying obligation is settled, expires or is cancelled.

(x) Write-off Policy

The Bank writes off financial assets, in part or in full, when it concludes that there is no reasonable expectation of receipt, leading to an extreme scenario of total impairment. The indicators that show that there is no reasonable expectation of receipt are (i) termination of operations and (ii) cases in which the recovery depends on the receipt of collateral, but in which the collateral value is so low that there is no reasonable expectation of recovering the asset in full.

The rules implemented for selecting loans that may be subject to write-offs are as follows:

- The loans cannot have an associated real guarantee;
- The loans must be fully closed (recorded in overdue loans in their entirety and with no outstanding debt);
- The loans cannot be branded as renegotiated overdue loans, or be involved in an active payment agreement.

(xi) Impairment of Financial Assets

Impairment losses are recognized for all financial assets, except for assets classified or designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income. Assets subject to impairment assessment include those belonging to the customer loan portfolio, debt instruments and investments and deposits in other credit institutions. Impairment losses are recorded in profit or loss, and are subsequently reversed through income if there is a reduction in the amount of the estimated loss in a subsequent year.

Off-balance sheet items, such as financial guarantees and unused loan commitments, are also subject to an impairment assessment.

Impairment is measured at each reporting date in accordance with the three-stage model for expected credit losses:

Stage 1 – From initial recognition and until there is a significant increase in credit risk, impairment is recognized in the amount of expected credit losses if the default occurs within 12 months of the reporting date.

Stage 2 – After a significant increase in credit risk compared to the date of initial recognition of the financial asset, impairment is recognized in the amount of expected credit losses for the remaining period of the financial asset.

Stage 3 – For financial assets considered to be credit impaired, impairment is recognized in the amount of expected credit losses for the remaining period of the financial asset.

Impairment losses are a probability-weighted estimate of reductions in the cash flow value resulting from default over time. For loan commitments, the estimated expected credit losses consider a part of the limit that is expected to be used during the period. For financial guarantees, credit loss estimates are based on expected payments under the contract of guarantee.

Increases and decreases in the amount of impairment losses attributable to acquisitions and new originations, derecognition or maturity, and remeasurements due to changes in the expected loss or transfer between stages are recognized in profit or loss.

Impairment losses represent an unbiased estimate of expected credit losses on financial assets at the balance sheet date. Judgment is considered when setting assumptions and estimates to calculate impairment, which may result in changes in the amount of provision for impairment losses from period to period.

Measurement of Expected Loan Losses

Expected credit losses are based on a set of possible outcomes and consider all reasonable and supportable information available, including historical credit loss experience and expected future cash flows. The measurement of expected credit losses is primarily the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. The main difference between the expected credit losses in Stage 1 and Stage 2 is the calculation timeframe.

The expected credit loss estimate is obtained for each specific exposure, with the relevant parameters being modeled on a collective basis considering a portfolio segmentation level that reflects the way the Bank manages its risks. The approaches were designed to maximize the use of available information that is reliable and supportable for each segment and that is collective in nature.

Expected credit losses are discounted to the reporting date using the effective interest rate.

Assessment of the Significant Increase of Credit Risk

Identifying a significant increase in credit risk requires significant judgment. Movements between Stage 1 and Stage 2 are based, whenever possible, on comparing the instrument's credit risk at the reporting date with the credit risk at the time of origination. The assessment generally covers the instrument, although it may consider information regarding the debtor.

This assessment is carried out at each reporting date, based on a set of qualitative and/or non-statistical quantitative indicators. Instruments that are overdue for more than 30 days are generally considered to have seen a significant increase in credit risk.

Preparing financial statements requires the Bank to make subjective estimates and judgments, and changes in these estimates may have an impact on the financial statements. These estimates are based on the best information available at the time the financial statements are prepared and take into account the uncertainties surrounding the impact of Covid-19 on the current economic environment.

Definition of Default

The definition of default was developed taking into account risk management processes, namely in the credit recovery component, as well as international best practices in this field. The definition of default may differ between segments and considers both qualitative and quantitative factors. Default criteria are applied to operations for individuals and to the debtor for corporate customers. Default will occur when there are more than 90 days of delay and/or when it is considered less likely that the debtor will fully comply with their obligations, for example due to capital being written off or multiple loan restructuring. The definition of default is applied consistently from period to period.

i) Individual analysis

The individual analysis focuses on all significant customers. Significant customers are identified using one of the following criteria:

- Customers with exposure above CVE 25,000,000;

- Customers with exposure above CVE 10,000,000 and other indicators of credit risk deterioration.

The individual analysis follows the following methodologies to measure expected loss for significant customers:

- Going concern – recovery estimates consider operating cash flows and the enforcement of guarantees;
- Gone concern – recovery estimates consider only the enforcement of guarantees.

ii) Collective analysis

Collective analysis focuses on the operations of non-significant customers.

For financial assets classified in Stage 1 and Stage 2, the measurement of expected losses is the result of the outcome between the financial instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD). For financial assets classified in Stage 3, the measurement of expected losses is the result of the outcome between LGD and EAD.

The PDs and LGDs used in the collective impairment model were obtained based on the Bank's knowledge of the Cabo Verdean financial sector, since the small number of operations does not allow the estimation of internal risk factors.

b) Accrual Basis

The Bank follows the accrual principle for most items in the financial statements, namely with regard to interest on loan and deposit operations that are recorded as they are generated, regardless of the time of payment or collection.

c) Foreign Exchange Transactions

Foreign currency transactions are recorded in accordance with the principles of the multi-currency system, with each transaction being recorded exclusively according to its currency.

Monetary assets and liabilities denominated in foreign currency are converted into escudos at the exchange rate prevailing on the balance sheet date. Exchange differences resulting from this conversion are recognized in profit or loss.

Non-monetary assets and liabilities recorded at historical cost and denominated in foreign currency are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are translated at the exchange rate prevailing on the date on which the fair value was determined. Conversions or amounts in foreign currency are converted into Cabo Verde Escudos and exchange differences are recognized in profit or loss.

On the date they are contracted, spot and forward foreign exchanges are immediately recorded in the foreign exchange position.

Whenever these transactions lead to changes in the net balances of different currencies, spot or forward exchange position accounts are moved, with the content and revaluation criteria being as follows:

i) Spot exchange position

The spot exchange position in each currency is given by the net balance of that currency's assets and liabilities, excluding the spot exchange position covered by forward currency swap transactions and adding the amounts of spot transactions awaiting settlement and forward transactions that mature in the two subsequent business days. The spot exchange position is revalued daily, based on the indicative exchange rates for the day published by Banco de Cabo Verde, giving rise to the movement of the exchange position account (domestic currency), against costs or income.

ii) Forward exchange position

The forward exchange position in each currency is given by the net balance of forward transactions awaiting settlement that are not covering the spot exchange position, excluding those maturing within the two subsequent business days.

All contracts relating to these transactions are revalued at forward exchange rates or, in their absence, by calculating them based on the interest rates of the respective currencies for the residual term of each transaction. The differences between the equivalents in escudos at the forward revaluation rates and the equivalents in escudos at the contracted rates represent the cost or reward of revaluating the forward exchange position, being recorded in a revaluation account of the exchange position against costs or income accounts.

d) Other Tangible Assets

Other tangible assets are valued at acquisition cost less their accumulated depreciation and impairment losses. Maintenance and repair expenses are recognized as a cost, in accordance with the accrual principle.

Depreciation is calculated using the straight-line method, at the following amortization rates that reflect the expected useful life of the assets:

	Number of Years
Own service properties	25
Furniture and equipment	4-8
Computer equipment	4
Machines and tools	5
Transport equipment	4
Interior facilities	8-10
Safety equipment	4-5

When there is an indication that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated, and an impairment loss must be recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The recoverable amount is determined as the highest between its net selling price and its value in use, with the latter being calculated based on the present value of estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

e) Intangible Assets

The costs incurred with the acquisition, production and development of software, as well as the additional expenses borne by the Bank for its implementation, are capitalized. These costs are amortized on a straight-line basis over the expected useful life of these assets, which is normally between 3 and 10 years.

All other charges related to IT services, which are not expected to generate future economic benefits beyond one year, are recorded as costs when incurred.

f) Employee Benefits

The Bank does not record any addition for vacation and vacation allowances in its financial statements, since it adopted the procedure of paying vacations and vacation allowances in the year in which the employees are hired. Thus, whenever a worker terminates his/her employment contract with the Bank, s/he is only paid the vacation and vacation allowance proportional to the months worked in the year in which s/he leaves.

g) Profit Tax

The Bank is subject to the tax system established in the Corporate Income Tax Code (Law no. 82/VIII/2015, dated January 7), at the rate of 22%, and a fire protection fee of 2% on the calculated tax, for an overall rate of 22.44% (2020: 22.44%). Income taxes comprise current taxes and deferred taxes.

Current taxes are those that are expected to be paid based on the taxable amount determined in accordance with the tax rules in force.

Deferred tax liabilities are recognized for all taxable temporary differences. However, deferred tax assets are recognized only to the extent that one expects future taxable profits capable of absorbing the differences and tax losses to be used in the future.

Income taxes are recognized in profit or loss, except when they relate to items that are recognized directly in equity, in which case they are also recorded against equity.

Tax losses calculated in a year are deducted from taxable income for one or more of the following three years.

h) Recognition of Interest

Income relating to interest on financial instruments measured at amortized cost and on available-for-sale financial assets are recognized under interest and similar income or interest and similar expense, using the effective interest method. Interest on financial assets and liabilities at fair value through profit or loss is also included under interest and similar income or interest and similar expense, respectively.

The effective interest rate is the rate that exactly discounts estimated future payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period for the net present balance sheet value of the financial asset or financial liability. The effective interest rate is established on initial recognition of financial assets and liabilities and is not subsequently revised.

In order to calculate the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument (e.g., advance payment options), while not considering any future credit losses. The calculation includes fees that are an integral part of the effective interest rate, transaction costs and all premiums and discounts directly related to the transaction. For financial assets or groups of similar financial assets for which impairment losses have been recognized, the interest recorded under interest and similar income is determined based on the interest rate used to measure the impairment loss.

i) Recognition of Services and Commissions

Fee and commission income is recognized as follows:

- Fee and commission income obtained in the performance of a significant act, such as commissions in loan syndication, are recognized in profit or loss when the significant act has been completed;

- Fee and commission income obtained as the services are provided are recognized in profit or loss in the year to which they refer;
- Fee and commission income that are an integral part of the effective interest rate of a financial instrument are recorded in profit or loss using the effective interest rate method.

j) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include amounts recorded in the balance sheet with a maturity of less than three months from the date of acquisition/contracting, including cash and balances at central banks and other credit institutions.

k) Equity

An instrument is classified as an equity instrument when there is no contractual obligation to settle it through the delivery of cash or another financial asset, regardless of its legal form, showing a residual interest in the assets of an entity after deducting all its liabilities.

All costs directly attributable to equity issuance are recorded against equity as a deduction from the issue value.

Distributions made on behalf of equity instruments are deducted from equity, as dividends, when declared.

l) Provisions

A provision is created when there is a present obligation (legal or constructive) resulting from past events, for which the future expenditure of funds is probable and this can be reliably measured. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability at the balance sheet date.

Provisions are measured at the present value of the estimated costs to pay the obligation, using a pre-tax interest rate, which reflects the market assessment for the discount period and for the risk of the provision in question.

Whenever one of the criteria is not met, or the existence of the obligation depends on the occurrence (or non-occurrence) of some future event, the Bank discloses this fact as a contingent liability, unless the assessment of the outflow of funds to pay it is considered remote. If future expenditure of funds is not probable, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the possibility of their realization is remote.

m) Properties Received in Lieu of Payment

In the course of its lending activities, the Bank runs the risk of not being able to have all its credit repaid. For loans with mortgage collateral, the Bank takes ownership of property and other assets to settle the loan.

Although it aims to immediately sell all foreclosed properties, the Bank records these properties in the balance sheet under "Other Assets" due to the fact that they remain in the portfolio for more than one year and consequently do not comply with the conditions laid down in IFRS 5 for recognition under "non-current assets held for sale." Upon initial recognition, these properties are recorded at the lower of their fair value, less expected sale costs, and the balance sheet value of the loan granted, subject to recovery. Subsequently, these assets are measured at the lower between their initial recognition value and fair value, less sale costs, and are not amortized. Unrealized losses on these assets, once determined, are recorded in profit or loss.

These properties are valued in accordance with one of the following methodologies, which are applied according to the property's specific situation:

i) Market Method

This method is based on transaction values of properties similar and comparable to the property under study, obtained through market research carried out in the area.

ii) Income Method

This method aims to estimate the value of the property, based on the capitalization of its net income, updated to the present time, using the discounted cash flow method.

iii) Cost Method

The Cost Approach is a criterion that breaks down the property value into its fundamental components: urban land value and urbanity value; construction value; and indirect cost value.

The appraisals are carried out by independent entities specialized in this type of service. The appraisal reports are analyzed internally, with assessment of the adequacy of the processes, comparing the properties' sale values with their reappraised values.

For this category of assets, the precepts defined by Banco de Cabo Verde through Notice no. 7/2015, dated December 24, are also observed.

n) **Leases**

IFRS 16 sets out the following requirements regarding the scope, classification/recognition and measurement of leases:

- From the lessor's perspective, leases continue to be classified as finance leases or operating leases;

- From the lessee's perspective, the standard establishes a single model for accounting for lease agreements, which results in the recognition of a right-of-use asset and a lease liability for all lease agreements, with the exception of leases with a term of less than 12 months or for leases that affect low-value assets, where the lessee may opt for the recognition exemption provided for in IFRS 16, in which case it must recognize the lease payments associated with these agreements as expenses.

The Bank chose not to apply this standard to short-term lease agreements, less than or equal to one year, for which the economic loss due to non-renewal of the agreement is not significant, and to lease agreements where the underlying asset has low value.

Lease Definition

The new lease definition entails a focus on controlling the identified asset. That is, an agreement constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e., substantially obtaining all the economic benefits of using it and the right to direct the use of that identified asset over a certain period of time, in exchange for consideration.

Impacts for the Lessee

IibCV recognizes all leases, with the exception of leases with a term of less than 12 months, for which the economic loss due to non-renewal of the agreement is not significant, or for leases of assets with a low unit value:

- A right-of-use asset, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable), less lease incentives received, termination penalties (if reasonably certain), as well as any estimates of costs to be borne by the lessee for dismantling and removing the underlying asset and/or restoring the site on which it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortization, according to the lease term of each agreement and to impairment tests);

- A lease liability, initially recorded at the net present value (NPV) of future lease cash flows, which includes:

- Fixed payments, less lease incentives receivable;
- Variable lease payments, which depend on an index or rate, measured initially and using the index or rate at the agreement start date;
- The amounts to be paid by the lessee as residual value guarantees;
- The price for exercising a purchase option, if the lessee is reasonably certain to exercise that option;
- Lease termination penalty payments, if the lease term reflects the exercise of an option to terminate the lease by the lessee.

Since the interest rate implicit in the lease cannot be easily determined (paragraph 26 of IFRS 16), lease payments are discounted at the lessee's incremental borrowing rate. For fixed-term agreements, this date is considered as the lease's end date, while for other open-ended agreements, the term in which it will be enforceable is assessed. When assessing the enforceability, particular agreement clauses are considered, as well as the economic impacts resulting from non-renewal of agreements.

Subsequently, it is measured as follows:

- By increasing its carrying amount to reflect the interest thereon;

- By decreasing its carrying amount to reflect lease payments;

- The carrying amount is remeasured to reflect any revaluations or changes to the lease, as well as to incorporate the review of in-substance fixed lease payments and the review of the lease term.

The Bank reassesses a lease liability and calculates the corresponding adjustment related to the right-of-use asset whenever:

- There is a change in the lease term or in the valuation of an option to purchase the underlying asset, with the lease liability being remeasured, discounting the revised lease payments and using a revised discount rate;

- There is a change in the amounts payable under a residual value guarantee or future lease payments resulting from a change in an index or rate used to determine those payments, with the lease liability being remeasured by discounting the revised lease payments, using an unchanged discount rate (unless the change in lease payments results from a change in variable interest rates, in which case a revised discount rate must be used);

- A lease agreement is amended, but that amendment is not accounted for as a separate lease, with the lease liability being remeasured by discounting the revised lease payments using a revised discount rate.

IibCV did not make any adjustments for the periods presented.

Right-of-use assets are depreciated/amortized from the effective date until the end of the useful life of the underlying asset or until the end of the lease term, whichever is earlier. If the lease transfers ownership of the underlying asset or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a purchase option, the right-of-use asset must be depreciated/amortized from the effective date until the end of the useful life of the underlying asset. Depreciation/amortization begins on the effective date of the lease.

Adopting the standard implies changes in the Bank's financial statements, namely:

- In the income statement:

i. Recording interest expense related to lease liabilities in Net Interest Income;
ii. Recording the amounts related to short-term lease agreements and lease agreements for low-value assets in Other administrative expenses; and
iii. Recording the cost of depreciating right-of-use assets in Amortizations.

- In the balance sheet:

i. Recording in Other tangible assets, through recognition of right-of-use assets; and
ii. Recording in Other liabilities, at the value of recognized lease liabilities.

NOTE 3: Key Estimates and Judgments used in the preparing Financial Statements

IFRS establish a number of accounting treatments and require the Board of Directors to make judgments and the necessary estimates to decide which accounting treatment is most appropriate. The main accounting estimates and judgments used by the Bank in applying accounting principles are discussed in this Note, with the objective of improving understanding on how their application affects the Bank's reported results and their disclosure. A comprehensive description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if a different treatment were chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements adequately present the Bank's financial position and the results of its operations in all materially relevant aspects.

3.1. Impairment losses in Financial Assets at Amortized Cost

Determining impairment losses for financial instruments involves judgments and estimates regarding the following aspects, among others:

a) Significant increase in credit risk:

Impairment losses correspond to expected losses in the event of a default within a 12-month period, for assets in Stage 1, and expected losses considering the probability of occurrence of a default event at some point up to the financial instrument's maturity date, for assets in Stage 2 and 3. An asset is classified in Stage 2 whenever there is a significant increase in its credit risk since its initial recognition.

When assessing the existence of a significant increase in credit risk, the Bank takes into account reasonable and sustainable qualitative and quantitative information.

b) Definition of asset groups with common credit risk characteristics:

When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, asset segmentation is reviewed. This review may result in the creation of new portfolios or transfer of assets to existing portfolios that better reflect their credit risk characteristics.

c) Probability of default:

The probability of default is a decisive factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given time period, the calculation of which is based on historical data, assumptions and expectations about future conditions, based on a benchmark.

d) Loss given default:

It corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, via cash flows generated by the customer's business or credit collateral. Loss given default is estimated based on, among other things, different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collateral associated with credit operations.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of impairment losses recognized and presented in Notes 14, 15 and 16, with a consequent impact on the Bank's results.

3.2. Profit Tax

The Bank is subject to Corporate Income Tax. Determining the overall amount of income tax (see Note 19) requires certain interpretations and estimates. There are a number of transactions and calculations for which determining the final amount of tax payable is uncertain during the normal business cycle.

Other interpretations and estimates could result in a different level of current and deferred income taxes recognized in the year.

The Tax Authorities have the power to review the Bank's calculation of taxable income, for a period of 3 years, in the event of tax losses carried forward. Thus, it is possible that there will be corrections to the taxable amount, mainly resulting from differences in the interpretation of tax legislation. However, the Bank's Board of Directors is convinced that there will be no significant corrections to the income taxes recorded in the financial statements.

3.3. Fair value of Financial Assets and Liabilities Valued at Fair Value

Fair value is based on market quotations, when available. Otherwise, it is determined based on the use of prices of recent, similar transactions made under market conditions or based on valuation methodologies, based on discounted future cash flow techniques considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a certain model could give rise to different financial results from those reported in Note 14.

NOTE 4: Segment Reporting

Considering that the Bank does not have equity or debt securities listed on the stock exchange, as part of paragraph 2 of IFRS 8 - Operating Segments, the Bank is exempt from presenting information on the segments.

NOTE 5: Interest and Similar Income

The breakdown of this caption is as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Interest on loans to customers	376 789	378 779
Interest on investments in financial in:	148 904	117 233
Interest on securities	150 238	62 623
Interest on balances at OCI	12 213	-
Other	51	203
TOTAL	**688 195**	**558 838**

The increase in interest is caused by the increase in activity and, consequently, by a greater diversification of income sources, essentially through investment in securities and a greater volume of investments in ICO.

NOTE 6: Interest and Similar Expenses

The breakdown of this caption is as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Interest on central bank funds	31 257	9 630
Interest on funds of other financial institut	-	-
Interbank money market interest	-	-
Interest on customer funds	134 359	84 415
Other	850	705
TOTAL	**166 466**	**94 751**

The increase in interest rates is mainly caused by the increase in the volume of time deposits.

NOTE 7: Income and Expenses from Services and Commissions

The breakdown of this caption is as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Income from services and commissions	**127 154**	**61 973**
Credit operations	48 598	20 060
Transfer of money	28 837	10 429
Miscellaneous commissions	27 136	7 714
Commission for setting up operations	11 085	3 379
Account management commission	5 873	3 263
Other commissions	10 178	1 072
Guarantees and sureties	21 322	22 710
Card management	1 262	1 060
Costs of services and commissions	**(28 737)**	**(20 773)**
Commission on market transactions	(12 421)	(7 656)
Credit card commissions	(10 530)	(9 856)
Other commissions	(5 786)	(3 260)
TOTAL	**98 417**	**41 200**

The increase in commissions is the result of the increase in activities, given the increase in the volume of operations and transactions carried out.

NOTE 8: Income from Foreign Exchange Revaluation

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Gains on foreign currency transactions		
Foreign currency	16 220	653
Losses on foreign currency transactions		
Foreign currency	(4 803)	(340)
TOTAL	**11 416**	**313**

This item includes income from the currency revaluation of monetary assets and liabilities denominated in foreign currency, in accordance with the accounting policy described in Note 2.2 c).

NOTE 9: Other Operative Results

This item is analyzed as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Other costs	**(6 027)**	**(2 238)**
Contribution to the Deposit Guarantee Fund	(3 000)	(3 000)
Direct and indirect taxes	(1 701)	(1 347)
Trade Finance Stamp Duty	-	-
Other	(1 326)	2 109
Other gains	**51 044**	**8 192**
Credit recovery	20 760	-
Reversal of accruals	11 519	-
Reversal of other provisions	11 156	-
Miscellaneous gains	6 792	4 712
TOTAL	**45 017**	**5 954**

NOTE 10: Staff Costs

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Compensation	85 962	83 592
Social charges	11 883	11 627
Other staff costs	16 556	8 677
TOTAL	**114 401**	**103 896**

The costs related to the compensation and other benefits paid to the Bank's Board of Directors and Audit Committee break down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Board of Directors	17 930	15 989
Audit Committee	1 680	1 680
TOTAL	**19 610**	**17 669**

During the year, five people left and four were hired, with a view to strengthening key areas of the Bank and putting the Bank's strategy into motion. Thus, the number of employees, by professional category, is analyzed as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Executive Committee	3	3
Management	11	11
Professional Staff	21	22
Administrative Staff	4	4
TOTAL	**39**	**40**

NOTE 11: General and Administrative Expenses

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Specialized IT Service	66 424	62 098
Miscellaneous specialized services	43 099	53 146
Fees (1)	17 590	40 098
Miscellaneous services (2)	13 530	8 122
Communications and forwarding charges	9 802	7 620
Other (3)	4 817	2 820
Miscellaneous third-party supplies	3 415	7 390
Travel, accommodation and representation	3 409	6 652
Rent from properties (4)	2 965	4 380
Advertising	1 185	6 709
Transportation of money	576	1 089
TOTAL	**166 813**	**200 124**

1) This item includes fees for Certified Auditors, amounting to CVE 5.95 million.
2) This item includes the following services: electricity and fuel, publications, hygiene, maintenance and repair, training and insurance.
3) This item includes legal, security and other costs (e.g., services related to condominiums).
4) The rents refer to the residences of the Executive Committee members.

NOTE 12: Cash and Deposits with Central Banks

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Cash	97 266	73 873
Balances at Banco de Cabo Verde	830 406	702 300
TOTAL	**927 672**	**776 173**

NOTE 13: Deposits at Other Credit Institutions

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Balances with credit institutions in the country		
Checks pending collection	-	185
Balances with credit institutions abroad		
TOTAL	**4 381 809**	**3 252 030**

Demand deposits with other credit institutions do not bear interest. Collectible checks correspond to checks drawn to customers of other banks, sent for clearing.

NOTE 14: Financial Assets at Fair Value through other Comprehensive Income

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Cabo Verde Treasury Bonds	7 592 723	2 138 746
Fair Value Reserve	101 688	63 469
Corporate Bonds	736 142	88 872
Impairment	(68 908)	(6 034)
TOTAL	**8 410 372**	**2 307 816**

The Treasury Bonds in the portfolio at the end of 2021 had a residual maturity of around 3 years (3.4 years) and bore interest at an annual rate of 3.241%. In 2020, the average residual maturity was less than 4 years (3.8 years) and they earned interest at the average annual rate of 3.651%.

NOTE 15: Investments in Credit Institutions

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Investments in financial institut	**8 608 441**	**5 362 691**
Investments in other financial i	8 608 441	5 362 691
Investments in financial institut	**1 503 772**	**1 664 227**
Very short term investments in	1 320 000	1 250 000
Short-term investments in Banc	183 772	189 764
Investments in other financial i	-	224 463
Interest on investments in othe	**14 260**	**13 939**
Impairment	**(264)**	**-**
TOTAL	**10 126 210**	**7 040 857**

The maturity schedule of investments in credit institutions, as at December 31, 2021 and 2020, is as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Up to 3 months	10 126 210	6 232 792
From 3 months to 1 year	-	808 065
TOTAL	**10 126 210**	**7 040 857**

As at December 31, 2021, investments in credit institutions bore interest at an average annual rate of 1.89%. As at December 31, 2020, portfolio investments bore interest at the average annual rate of 1.54%.

NOTE 16: Loans and Advances to Customers

This item breaks down as follows:

(Amounts in thousands of escudos)

Loans to Customers	**31.12.2021**	**31.12.2020**
By type of customer		
Companies	4 796 946	4 689 754
Individuals	685 327	755 099
	5 482 273	**5 444 853**
By maturity		
Medium and long term	5 426 336	4 762 931
Short term	55 937	681 922
	5 482 273	**5 444 853**
By Product		
Loans	3 913 945	4 038 863
Mortgage loans	642 399	707 005
Current account loans	845 284	646 589
Individual loans	23 041	31 620
Overdrafts on demand deposits	41 739	9 363
Individual Other	15 866	11 415
	5 482 273	**5 444 853**
Effect of Amortized Cost	(17 280)	(30 358)
Impairment	(101 156)	(81 964)
Loans Net of Impairment	**5 402 222**	**5 374 048**

As of this date, iibCV had CVE 2.83 billion of loans in moratorium. Note that 77% of this amount is fully covered by Government guarantee.

The gross credit exposure amount and impairment amount, by segment, in accordance with IFRS 9, as at December 31, 2021, is as follows:

(Amounts in thousands of escudos)

	Stage 1		Stage 2		Stage 3		Total	
Segment	**Exhibition**	**Impairment**	**Exhibition**	**Impairment**	**Exhibition**	**Impairment**	**Exhibition**	**Impairment**
Corporate	4 713 545	56 712	50 268	1 187	33 132	29 956	4 796 946	87 855
Individual - Housing	506 063	85	55 973	299	80 364	10 749	642 399	11 133
Individual - Others	28 623	165	2 056	29	12 249	1 973	42 928	2 167
	5 248 231	**56 961**	**108 297**	**1 516**	**125 745**	**42 678**	**5 482 273**	**101 156**

The gross credit exposure and impairment amount, by segment, in accordance with IFRS 9, as at December 31, 2020, is as follows:

	31.12.2020							
	Stage 1		Stage 2		Stage 3		Total	
Segment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Corporate	4 295 383	18 789	347 993	5 063	46 378	44 927	4 689 754	68 779
Individual - Housing	549 833	70	65 323	2 015	91 849	8 509	707 005	10 594
Individual - Others	30 014	171	6 004	226	12 076	2 194	48 094	2 591
	4 875 231	**19 030**	**419 320**	**7 304**	**150 303**	**55 630**	**5 444 853**	**81 964**

Overdue loans included in the loan portfolio as at December 31, 2021 and 2020 were as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Credit Overdue up to 90 days	1 015	921
Credit more than 90 days overdue	80 762	135 376
Total	**81 777**	**136 297**

In compliance with current regulations, the Bank identifies and marks loan agreements that were restructured due to the customer's financial difficulty, whenever there are changes to the terms and conditions of an agreement where the customer has defaulted or is expected to default on their financial obligation.

The restructured loan amounts as at December 31, 2021 and 2020 are as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Corporate	13 940	13 261
Housing	24 265	8 304
Individual - Others	1 021	2 040
Total	**39 226**	**23 605**

Gross customer loans and interest receivable, by maturity, excluding the amortized cost effect, as at December 31, 2021 and 2020, break down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Until 3 months	42 323	42 997
From 3 months to 1 year	20 043	648 457
From 1 to 5 years	1 235 796	531 802
More than 5 years	4 190 540	4 231 129
Undetermined term	31 955	31 985
TOTAL	**5 520 657**	**5 486 370**

As at December 31, 2021, the consumer loan portfolio was contracted at an average annual rate of 8.18% (December 31, 2020: 9.39%).

Changes in loan impairment losses in 2021 are presented as follows:

(Amounts in thousands of escudos)

	Stage 1	Stage 2	Stage 3	Total
31.12.2020	**19 030**	**7 304**	**55 630**	**81 964**
Appropriation	41 833	1 184	7 586	50 603
Replacement/(Reversal)	(3 901)	(6 972)	3 668	(7 206)
Use	-	-	(24 205)	(24 205)
31.12.2021	**56 961**	**1 516**	**42 678**	**101 156**

Changes in loan impairment losses in 2020 are presented as follows:

(Amounts in thousands of escudos)

	Stage 1	Stage 2	Stage 3	Total
31.12.2019	**45 981**	**2 731**	**115 531**	**164 242**
Appropriation	13 682	6 771	20 183	40 635
Replacement/(Reversal)	(40 633)	(2 197)	8 488	(34 342)
Other Movements	-	-	13 875	13 875
Use	-	-	(102 446)	(102 446)
31.12.2020	**19 030**	**7 304**	**55 630**	**81 964**

The amount recorded in "Other movements" refers to the impairment relating to interest on loans reinstated in the balance sheet, in accordance with IFRS 9, after having been canceled in previous periods.

Gross credit exposure and impairment amounts assessed individually and collectively, by sector and by segment, as at December 31, 2021, is as follows:

(Amounts in thousands of escudos)

	SECTOR											
	Construction		Industries		Trade		Services		Individual		Total	
Assessment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Individual	35 013	1 106	2 426	35	359 871	9 530	4 008 681	69 905	52 227	11 776	4 458 218	92 352
Collective	197	4	109 849	2 415	45 775	478	235 134	4 382	633 101	1 525	1 024 055	8 804
Total	**35 211**	**1 111**	**112 275**	**2 451**	**405 645**	**10 008**	**4 243 815**	**74 286**	**685 327**	**13 300**	**5 482 273**	**101 156**

The exposures related to the Transportation sector are, in their entirety, loans given to companies with ties to the Government, with the full support of the latter.

(Amounts in thousands of escudos)

	SEGMENT									
	Corporate		Construction and CRE		Housing		Individual		Total	
Assessment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Individual	4 370 978	79 470	35 013	1 106	42 443	10 426	9 783	1 350	4 458 218	92 352
Collective	390 757	7 274	197	4	599 956	707	33 145	818	1 024 055	8 804
Total	**4 761 735**	**65 942**	**35 211**	**1 111**	**642 399**	**11 133**	**42 928**	**2 167**	**5 482 273**	**101 156**

Gross credit exposure and impairment amounts assessed individually and collectively, by sector and by segment, as at December 31, 2020, is as follows:

(Amounts in thousands of escudos)

	SECTOR											
	Construction		Industries		Trade and Services		Transport & Communications		Individual		Total	
Assessment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Individual	-	-	-	-	380 181	33 171	3 552 126	22 665	45 017	11 860	3 977 324	67 696
Collective	46 489	222	138 451	2 597	157 175	2 275	415 332	7 850	710 082	1 324	1 467 529	14 268
Total	**46 489**	**222**	**138 451**	**2 597**	**537 356**	**35 446**	**3 967 458**	**30 515**	**755 099**	**13 185**	**5 444 853**	**81 964**

(Amounts in thousands of escudos)

	SEGMENT									
	Corporate		Construction and CRE		Housing		Individual		Total	
Assessment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Individual	3 932 307	55 823	-	-	32 294	9 457	12 723	2 340	3 977 324	67 620
Collective	710 958	12 737	46 489	220	674 711	1 137	35 371	251	1 467 529	14 344
Total	**4 643 265**	**68 560**	**46 489**	**220**	**707 005**	**10 594**	**48 094**	**2 591**	**5 444 853**	**81 964**

Loan portfolio by segment and by year of production, as at December 31, 2021, is as follows:

(Amounts in thousands of escudos)

Production Year	Corporate			Construction and CRE			Housing			Individual			Total		
	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Imparidade constituída	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted
2010	-	-	-	-	-	-	4	11 659	1	-	-	-	4	11 659	1
2011	1	35 379	96	-	-	-	5	35 225	8	-	-	-	6	70 604	104
2012	-	-	-	-	-	-	10	60 236	6	-	-	-	10	60 236	6
2013	-	-	-	-	-	-	7	34 904	21	-	-	-	7	34 904	21
2014	-	-	-	-	-	-	5	30 670	3	-	-	-	5	30 670	3
2015	1	35 714	675	-	-	-	85	299 461	6 528	-	-	-	86	335 175	7 203
2016	4	31 487	29 347	-	-	-	3	15 262	61	-	-	-	7	46 749	29 409
2017	6	46 892	800	-	-	-	1	3 945	6	4	1 674	59	11	52 512	866
2018	5	251 441	5 974	-	-	-	6	35 183	4	5	1 698	15	16	288 322	5 993
2019	7	616 723	6 808	2	35 211	1 111	2	14 655	8	10	17 243	1 958	21	683 832	9 885
2020	29	2 395 881	29 353	-	-	-	3	23 304	2	13	6 977	53	45	2 426 162	29 409
2021	19	1 348 218	13 692	-	-	-	10	77 895	4 483	17	15 335	82	46	1 441 449	18 257
Total	**72**	**4 761 735**	**86 744**	**2**	**35 211**	**1 111**	**141**	**642 399**	**11 133**	**49**	**42 928**	**2 167**	**264**	**5 482 273**	**101 156**

Loan portfolio by segment and by year of production, as at December 31, 2020, is as follows:

(Amounts in thousands of escudos)

Production Year	Corporate			Construction and CRE			Housing			Individual			Total		
	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted
2010	-	-	-	-	-	-	4	12 352	1	-	-	-	4	12 352	1
2011	1	42 455	115	-	-	-	5	37 238	100	-	-	-	6	79 693	214
2012	-	-	-	-	-	-	12	82 525	77	-	-	-	12	82 525	77
2013	-	-	-	-	-	-	9	43 837	129	-	-	-	9	43 837	129
2014	-	-	-	-	-	-	6	33 201	3	-	-	-	6	33 201	3
2015	3	85 658	15 579	-	-	-	104	379 380	8 413	-	-	-	107	465 037	23 992
2016	-	-	-	-	-	-	4	26 149	62	2	158	0	6	26 307	62
2017	7	92 283	1 605	-	-	-	2	16 325	1 731	5	3 627	43	14	112 234	3 380
2018	6	287 615	4 888	-	-	-	6	36 189	5	9	6 408	32	21	330 211	4 925
2019	14	1 893 651	4 128	1	46 489	220	2	15 563	11	14	21 560	2 165	31	1 977 263	6 524
2020	18	2 241 603	42 245	-	-	-	3	24 246	62	17	16 341	350	38	2 282 191	42 657
Total	**49**	**4 643 265**	**68 560**	**1**	**46 489**	**220**	**157**	**707 005**	**10 594**	**47**	**48 094**	**2 591**	**254**	**5 444 853**	**81 964**

Exposures and impairment by segment, as at December 31, 2021 and 2020, is as follows:

(Amounts in thousands of escudos)

Segment	Total Exposure 31.12.2021	Total Exposure – Days of Delay < 90 – Low Credit Risk	Total Exposure – Days of Delay < 90 – Significant increase in Credit Risk	Total Exposure – Sub-total	Total Exposure – Days of Delay > 90	Total Impairment 31.12.2021	Total Impairment 31.12.2021 – Days of Delay < 30	Total Impairment 31.12.2021 – Days of Delay 30 - 90	Total Impairment 31.12.2021 – Days of Delay > 90
Construction and CRE	35 211	35 013	-	35 013	197	1 111	-	-	4
Corporate	4 761 735	4 720 966	9 480	4 730 445	31 290	86 744	609	54	29 343
Housing	642 399	564 741	30 691	595 432	46 967	11 133	43	4 211	6 409
Individual	42 928	40 620	-	40 620	2 308	2 167	1 289	-	684
Total	**5 482 273**	**5 361 340**	**40 171**	**5 401 511**	**80 762**	**101 156**	**1 941**	**4 264**	**36 441**

(Amounts in thousands of escudos)

Segment	Exposure 31.12.2021 – Total Exposure	Exposure 31.12.2021 – Exposures with low credit risk	Exposure 31.12.2021 – From which Restructured	Exposure 31.12.2021 – Exposures with significant increase in Credit Risk	Exposure 31.12.2021 – From which Restructured	Exposure 31.12.2021 – Exposures in Impairment Situation	Exposure 31.12.2021 – From which Restructured	Impairment 31.12.2021 – Total Impairment	Impairment 31.12.2021 – Exposures with low credit risk	Impairment 31.12.2021 – Exposures with significant increase in Credit Risk	Impairment 31.12.2021 – Exposures in Impairment Situation
Construction and CRE	35 211	35 013	-	-	-	197	-	1 111	-	-	4
Corporate	4 761 735	4 720 966	7 420	9 480	6 520	31 290	-	86 744	609	54	29 343
Housing	642 399	564 741	15 202	30 691	4 885	46 967	4 178	11 133	43	4 211	6 409
Individual	42 928	40 620	1 021	-	-	2 308	-	2 167	1 289	-	684
Total	**5 482 273**	**5 361 340**	**23 644**	**40 171**	**11 405**	**80 762**	**4 178**	**101 156**	**1 941**	**4 264**	**36 441**

(Amounts in thousands of escudos)

Segment	Total Exposure 31.12.2020	Total Exposure 31.12.2020 – Days of Delay < 90 – Low Credit Risk	Days of Delay < 90 – Significant increase in Credit Risk	Sub-total	Days of Delay = 90	Days of Delay > 90	Total Impairment 31.12.2020	Total Impairment 31.12.2020 – Days of Delay < 30	Days of Delay 30 - 90	Days of Delay <= 90*	Days of Delay > 90
Construction and CRE	46 489	46 292	-	46 292	-	197	220	218	-	-	2
Corporate	4 643 265	4 597 983	-	4 597 983	-	45 282	68 560	23 967	-	-	44 592
Housing	707 005	601 897	15 903	617 800	-	89 204	10 594	2 064	48	-	8 483
Individual	48 094	36 043	11 359	47 402	-	692	2 591	397	2 081	-	113
Total	**5 444 853**	**5 282 215**	**27 262**	**5 309 477**	**-**	**135 376**	**81 964**	**26 645**	**2 129**	**-**	**53 190**

(Amounts in thousands of escudos)

Segment	Exposure 31.12.2020 – Total Exposure	Exposures with low credit risk	Of which Cured	From which Restructured	Exposures with significant increase in Credit Risk	From which Restructured	Exposures in Impairment Situation	From which Restructured	Impairment 31.12.2020 – Total Impairment	Exposures with low credit risk	Exposures with significant increase in Credit Risk	Exposures in Impairment Situation
Construction and CRE	46 489	46 292	-	-	-	-	197	-	220	218	-	2
Corporate	4 643 265	4 597 983	-	13 261	-	-	45 282	8 500	68 560	23 967	-	44 592
Housing	707 005	601 897	-	8 304	15 903	-	89 204	4 178	10 594	2 064	48	8 483
Individual	48 094	36 043	-	2 040	11 359	-	692	-	2 591	397	2 081	113
Total	**5 444 853**	**5 282 215**	**-**	**23 606**	**27 262**	**-**	**135 376**	**12 678**	**81 964**	**26 645**	**2 129**	**53 190**

As at December 31, 2021, the fair value of collateral underlying the loan portfolio, namely in the Corporate, Construction, Commercial Real Estate (CRE) and Other directly related activities (ORA) and housing segments are as follows:

(Amounts in thousands of escudos)

Fair Value	Corporate				Construction and CRE				Housing				Individual				Total			
	Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
< 0.5 MCVE	-	-	6	1 565	-	-	-	-	-	-	-	-	-	-	6	950	-	-	12	2 515
>= 0.5 MCVE e < 1 MCVE	-	-	1	800	-	-	-	-	-	-	-	-	-	-	3	2 323	-	-	4	3 123
>= 1 MCVE e < 5 MCVE	1	3 800	8	24 056	-	-	-	-	9	42 154	1	3 445	-	-	4	7 800	10	45 954	13	35 301
>= 5 MCVE e < 10 MCVE	-	-	-	-	-	-	-	-	80	654 600	-	-	-	-	-	-	80	654 600	-	-
>= 10 MCVE e < 20 MCVE	1	12 500	2	30 169	-	-	-	-	28	405 113	-	-	-	-	-	-	29	417 613	2	30 169
>= 20 MCVE e < 50 MCVE	2	60 000	1	46 994	-	-	-	-	12	337 300	-	-	-	-	-	-	14	397 300	1	46 994
>= 50 MCVE	2	545 494	-	-	1	128 300	-	-	-	-	-	-	-	-	-	-	3	673 794	-	-
Total	**6**	**621 794**	**18**	**103 584**	**1**	**128 300**	**-**	**-**	**129**	**1 439 167**	**1**	**3 445**	**-**	**-**	**13**	**11 073**	**136**	**2 189 261**	**32**	**118 102**

As at December 31, 2020, the fair value of collateral underlying the loan portfolio is as follows:

(Amounts in thousands of escudos)

Fair Value	Corporate				Construction and CRE				Housing				Individual				Total			
	Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral		Properties		Other Real Collateral	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
< 0.5 MCVE	-	-	1	220	-	-	-	-	-	-	-	-	-	-	5	1 211	-	-	6	1 431
>= 0.5 MCVE e < 1 MCVE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	2 738	-	-	3	2 738
>= 1 MCVE e < 5 MCVE	-	-	5	16 782	-	-	-	-	5	22 909	1	3 445	-	-	2	5 700	5	22 909	8	25 927
>= 5 MCVE e < 10 MCVE	-	-	-	-	-	-	-	-	93	750 380	-	-	-	-	1	10 000	93	750 380	1	10 000
>= 10 MCVE e < 20 MCVE	1	12 500	2	28 602	-	-	-	-	31	436 882	-	-	-	-	-	-	32	449 382	2	28 602
>= 20 MCVE e < 50 MCVE	3	111 480	2	84 056	-	-	-	-	14	381 248	-	-	-	-	-	-	17	492 727	2	84 056
>= 50 MCVE	2	545 494	3	1 828 819	1	113 300	-	-	-	-	-	-	-	-	-	-	3	658 794	3	1 828 819
Total	**6**	**669 473**	**13**	**1 958 479**	**1**	**113 300**	**-**	**-**	**143**	**1 591 419**	**1**	**3 445**	**-**	**-**	**11**	**19 648**	**150**	**2 374 192**	**25**	**1 981 573**

The guarantee coverage ratio for operations in the Corporate, Construction, CRE and Housing segments, as at December 31, 2021 and 2020, is as follows:

(Amounts in thousands of escudos)

	31.12.2021				
Segment/Ratio	Number of Properties	Exposures with low credit risk	Exposures with significant increase in Credit Risk	Exposures in Impairment Situation	Impairment
Construction and CRE					
< 100%	0	-	-	-	-
<= 125% e > 100%	0	-	-	-	-
<= 150% e > 125%	0	-	-	-	-
>= 150%	1	35 013	-	197	1 106
No Associated Collateral		-	-	-	4
Corporate					
< 100%	0	34 868	-	29 283	29 882
<= 125% e > 100%	0	1 976	-	-	-
<= 150% e > 125%	2	314 357	2 960	-	9 261
>= 150%	4	50 120	6 520	2 007	176
No Associated Collateral		4 319 645	-	-	47 426
Mortgage					
< 100%	5	27 816	-	13 295	6 065
<= 125% e > 100%	5	29 587	-	-	17
<= 150% e > 125%	10	53 934	14 385	4 504	4 207
>= 150%	108	453 404	16 306	29 168	844
No Associated Collateral		-	-	-	-
Individual					
< 100%		-	-	-	-
<= 125% e > 100%		4 400	-	-	7
<= 150% e > 125%		601	-	-	1
>= 150%	1	10 466	-	-	1 289
No Associated Collateral		25 152	-	2 308	870
Total	**136**	**5 361 340**	**40 171**	**80 762**	**101 156**

(Amounts in thousands of escudos)

Segment /Ratio	Number of Properties	Exposures with low credit risk	Exposures with significant increase in Credit Risk	Exposures in Impairment Situation	Impairment
	31.12.2020				
Construction and CRE					
< 100%	n.a.	-	-	-	-
<= 125% e > 100%	n.a.	-	-	-	-
<= 150% e > 125%	n.a.	-	-	-	-
>= 150%	1	46 292	-	197	218
No Associated Collateral		-	-	-	2
Corporate		-	-	-	-
< 100%	n.a.	1 282 007	-	26 951	30 511
<= 125% e > 100%	n.a.	2 429 811	-	-	8 421
<= 150% e > 125%	1	288 032	-	-	4 781
>= 150%	5	64 470	-	18 331	16 706
No Associated Collateral		533 664	-	-	8 140
Mortgage		-	-	-	-
< 100%	4	17 299	-	20 124	8 017
<= 125% e > 100%	5	29 948	-	7 580	90
<= 150% e > 125%	15	78 867	3 905	9 314	117
>= 150%	116	467 494	11 998	52 186	2 369
No Associated Collateral		8 289	-	-	1
Individual		-	-	-	-
< 100%	n.a.	2 941	-	-	17
<= 125% e > 100%	n.a.	604	-	-	4
<= 150% e > 125%	n.a.	1 042	-	-	58
>= 150%	1	16 135	11 359	-	29
No Associated Collateral		15 320	-	692	2 483
Total	**148**	**5 282 215**	**27 262**	**135 376**	**81 964**

NOTE 17: Other Tangible Assets

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Properties		
Buildings	212 827	212 551
Works in rented buildings	38 352	38 352
	251 178	**250 903**
Equipment		
Furniture and Supplies	42 890	41 933
IT equipment	28 675	27 335
Interior installations	17 061	16 953
Safety equipment	12 446	12 128
Machinery and tools	9 951	9 743
Transportation equipment	6 737	27 807
	117 760	**135 899**
Assets under operating lease		
Right-of-use assets	18 745	21 546
	18 745	**21 546**
Tangible assets in progress		
Equipment	140	-
Properties	463	451
	602	**451**
Depreciation	**-179 045**	**-174 257**
Impairment	**-34 667**	**-43 160**
TOTAL	**174 574**	**191 382**

The change in this item was as follows:

(Amounts in thousands of escudos)

	Balances as at 12.31.20				Changes in 2021						Balances as at 12.31.21			
	Gross value	Cumulative amortizations	Cumulative impairment	Net value	Acquisitions	Regularizations Value	Write-offs Value	Write-offs Amortiz.	Amortizations for the year	Impairment	Gross value	Cumulative amortizations	Cumulative impairment	Net value
Properties														
Buildings	212 551	55 684	43 160	113 708	275	-	-	-	11 022	(8 493)	212 827	66 706	34 667	111 454
Works in rented buildings	38 352	28 410	-	9 942	-		-	-	3 498	-	38 352	31 908	-	6 443
	250 903	**84 094**	**43 160**	**123 650**	**275**	**-**	**-**	**-**	**14 520**	**(8 493)**	**251 178**	**98 614**	**34 667**	**117 897**
Equipment														
Transportation Equipment	27 807	22 976	-	4 832	-	-	21 070	21 070	760	-	6 738	2 665	-	4 072
Furniture and supplies	41 933	26 400	-	15 533	957	-	-	-	3 306	-	42 890	29 706	-	13 183
IT equipment	27 335	17 883	-	9 452	1 340	-			3 294	-	28 675	21 177	-	7 498
Interior installations	16 953	10 377	-	6 576	108	-	-	-	1 644	-	17 061	12 021	-	5 039
Safety equipment	12 128	6 849	-	5 279	318	-	-	-	1 399	-	12 446	8 248	-	4 198
Machinery and tools	9 743	5 679	-	4 064	208	-	-	-	934	-	9 951	6 613	-	3 338
	135 899	**90 163**	**-**	**45 735**	**2 931**	**-**	**21 070**	**21 070**	**11 337**	**-**	**117 760**	**80 431**	**-**	**37 329**
Assets under operating lease														
Right-of-use assets	21 546	-	-	21 546	-	(2 801)	-	-		-	18 745	-	-	18 745
	21 546	**-**	**-**	**21 546**	**-**	**(2 801)**	**-**	**-**	**-**	**-**	**18 745**	**-**	**-**	**18 745**
Tangible assets in progress														
Equipment	-	-	-	-	140	-	-	-	-	-	140	-	-	140
Works on rented property	451	-	-	451	12	-	-	-	-	-	463	-	-	463
	451	**-**	**-**	**451**	**151**	**-**	**-**	**-**	**-**	**-**	**602**	**-**	**-**	**602**
	408 799	**174 257**	**43 160**	**191 382**	**3 357**	**(2 801)**	**21 070**	**21 070**	**25 858**	**(8 493)**	**388 286**	**179 045**	**34 667**	**174 574**

The change in this item in 2020 was as follows:

(Amounts in thousands of escudos)

	Balances as at 12.31.20				Changes in 2021							Balances as at 12.31.21			
								Abates							
	Gross Value	Cumulative Amortization	Cumulative Impairment	Net Value	Acquisitions	Transfers	Fixed Asset Value Adjustments	Fixed Assets Value	Amortiz.	Amortization for the Year	Impairment	Gross Value	Cumulative Amortization	Cumulative Impairment	Net Value
Properties															
Buildings	212441	44681	60624	107135	111					11003	(17465)	212551	55684	43160	113708
Works in rented Buildings	38375	24575		13800			(23)			3835		38352	28410		9942
	250816	**69256**	**60624**	**120936**	**0 111**		**(23)**			**14838**	**(17465)**	**250903**	**84094**	**43160**	**123650**
Equipment															
Transport Equipment	27807	22216		5591						760		27807	22976		4832
Furniture and supplies	39002	22803		16199	2931					3597		41933	26400		15533
IT Equipment	19791	15141		4650	7643			99	6	2747		27335	17883		9452
Interior Installations	16589	8698		7890	365					1679		16953	10377		6576
Safety Equipment	11719	5509		6221	408					1340		12128	6849		5279
Machinery and Tools	5380	5056		325	4363					623		9743	5679		4064
	120288	**79423**		**40865**	**15710**			**99**	**6**	**10747**		**135899**	**90163**		**45735**
Assets under Operating Lease															
Right-of-Use Assets	24132			24132			(2586)			2586		21546			21546
	24132			**24132**						**2586**		**21546**			**21546**
Tangible Assets in Progress															
Equipment	4814			4814		(4814)									
Works on rented Property	169			169	281							451			451
	4984			4984	281	(4814)						451			451
	400220	**148679**	**60624**	**190917**	**16102**	**(4814)**	**(23)**	**99**	**6**	**28170**	**(17465)**	**408799**	**174225**	**43160**	**191382**

NOTE 18: Intangible Assets

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Automatic information processing systems (software)	208,444	208,444
Intangible assets in progress	700	14 981
Amortization	-190,057	-181,041
Impairment	-16 233	-24 886
TOTAL	**2,854**	**17,498**

Intangible assets in progress represent the cost incurred with developments to improve the core system in use by the bank, in order to meet specific needs.

The change in this item, as at December 31, 2021, was as follows:

(Amounts in thousands of escudos)

Balances as at 12.31.20				Changes in 2021				Balances as at 12.31.21			
Gross Value	Cumulative Amortization	Cumulative Impairment	Net Value	Acquisitions	Transfers	Amortization for the Year	Impairment	Gross Value	Cumulative Amortization	Cumulative Impairment	Net Value
208 444	181 042	24 885	2 517			9 017	(8655)	208 444	190 060	16 230	2 154
14 981			14 981	(14281)				700			700
223 425	181 042	24 885	17 498	(14281)		9 017	(8655)	209 144	190 060	16 230	2 854

As at December 31, 2020, it was as follows:

(Amounts in thousands of escudos)

	Balances as at 12.31.19				Changes in 2020				Balances as at 12.31.20			
	Gross Value	Cumulative Amortization	Cumulative Impairment	Net Value	Acquisitions	Transfers	Amortization for the Year	Impairment	Gross Value	Cumulative Amortization	Cumulative Impairment	Net Value
Software	205673	170873	34800		2771		10168	(9914)	208444	181042	24885	2517
Software (in progress)	16599			16599	818	(2436)			14981			14981
	222272	170873	34800	16599	3589	(2436)	10168	(9914)	223425	181042	24885	17498

NOTE 19: Current and Deferred Tax Assets and Liabilities

The Bank is subject to the Corporate Income Tax (IRPC).

Current income tax is reflected in income for the year, except in cases where the transactions that gave rise to it have been reflected in other equity items. In these situations, the corresponding tax is also reflected against equity, not affecting the income for the year.

The current tax for the years ended December 31, 2021 and 2020 was calculated based on a rate of 22.44%, comprising a nominal rate of IRPC and Fire Protection Fee, in accordance with Law no. 82/ VIII/2014, dated January 8, 2015.

The Bank's IRPC self-assessment is subject to inspection and possible adjustment by the Tax Authorities, for a period of three years. Thus, possible additional tax assessments may take place, essentially due to different interpretations of tax legislation. However, the Bank's

Board of Directors is convinced that, in the context of its financial statements, there will be no additional charges of significant value.

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2021		31.12.2020	
Income Tax (IRPC) - estimate	646	34 307	-	16 795
Payment on account (1)	-	-	10 049	-
Overestimation	-	-	-	-
	Assets	**Liabilities**	**Assets**	**Liabilities**
Deferred tax assets	**(16 492)**	**337**	**10 049**	**16 795**
Income Tax (IRPC)	(16 492)	337	-	16 795
Payment on account	-	-	10 049	-

The tax rate reconciliation can be analyzed as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Income before tax	420 562	221 885
Tax Rate	22,44%	22,44%
Theoretical IRPC cost	**94 374**	**49 791**
Effect of non-deductible costs		
Amortization not accepted for tax pu	-	-
Other costs / deductions	(41 053)	(22 711)
Deductible tax losses	(26 660)	(13 540)
Current income tax for the year	26 660	13 540
Autonomous taxation	7 647	3 255
Income tax	**34 307**	**16 795**
Effective tax rate	**8,2%**	**7,6%**

Available tax losses can be used to cover future taxable income. Thus, the tax losses accumulated as at December 31, 2021, subject to confirmation by the Tax Authority, amounting to CVE 241 million, can be deducted from future taxable income up to 7 years after the year they were generated. In 2019, the Bank recognized deferred tax assets on reportable tax losses, given their foreseeable materialization as a benefit, which is supported by positive results in recent years and a business plan demonstrating the Bank's ability to use them.

(Amounts in thousands of escudos)

	Amount	
Tax loss for 2016	134 401	→ Deductible until 2023
Tax loss for 2017	22 145	→ Deductible until 2024
Tax loss for 2018	164 741	→ Deductible until 2025
Accumulated tax loss	**321 287**	

As explained above and considering the tax legislation in force in the country, negative results from previous years may be recovered through tax credit, within a period of up to 7 years, subsequent to the recognition of these losses, at the rate of 50% of the annual benefit.

Thus, and considering the predictability of recognizing future results, in FY 2019 iibCV recognized deferred tax assets relating to negative results recorded in previous years, namely between 2016 and 2018, and other temporary differences.

In 2021, the recognized deferred tax assets were partially used and temporary differences were recognized, resulting in the recording of deferred tax liabilities amounting to CVE 49 million.

Deferred tax assets are recorded as follows:

(Amounts in thousands of escudos)

	31.12.2021	Movements 2021		31.12.2020
		Recognized in Income	Recognized in Reserves	
Balance Sheet				
Deferred tax assets	32 608	-	-	90 285
Retained earnings	(90 285)	-	-	(118 608)
Reserves	24 215	-	24 215	14 242
Income				
Deferred tax liabilities	49 100	49 100	-	14 081
Deferred tax income	-	-	-	-

NOTE 20: Other Assets

The breakdown of this caption is as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Miscellaneous debtors		
Receivables	175 189	305 697
Assets acquired in own credit recov	157 540	154 121
Other balances	70 385	67 970
Other	890	113
Deferred charges		
Other administrative expenses	8 040	6 473
Other adjustment accounts	168 967	18 309
Impairment of Assets acquired in ow	(26 894)	(27 519)
TOTAL	**554 116**	**525 162**

The value of Assets acquired in recovery of own credit corresponds to the balance relating to foreclosed properties from 2016 to 2021. The latter are valued in accordance with the accounting policy described in Note 2.2 m).

The changes in the impairment of assets acquired in recovery of own credit are presented as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Initial Balance	27 519	34 595
Appropriations	-	704
Utilizations / Transfers	-	-
Reversals	(626)	(7 780)
Final Balance	**26 894**	**27 519**

The fair value and net book value of foreclosed properties, in 2021 and 2020, by asset type and by age, is presented in the following tables:

(Amounts in thousands of escudos)

Assets	31.12.2021				
	Number of Properties	Fair Value of Asset	Book Value	Impairment	Net Value
Constructed Building					
Housing	7	122 200	127 768	24 122	103 646
Land					
Urban	1	34 000	29 772	2 772	27 000
Total	8	156 200	157 540	26 894	130 646

(Amounts in thousands of escudos)

Assets	31.12.2020				
	Number of Properties	Fair Value of Asset	Book Value	Impairment	Net Value
Constructed Building					
Housing	7	119 791	124 349	27 093	97 256
Land					
Urban	1	34 000	29 772	3 739	26 032
Total	8	153 791	154 121	30 832	123 289

(Amounts in thousands of escudos)

Time elapsed since the foreclosure/execution	< 1 Year		>=1 year and < 2.5 years		>= 2.5 years and < 5 years		Total	
	Fair Value of Asset	Book Value	Fair Value of Asset	Book Value	Fair Value of Asset	Book Value	Fair Value of Asset	Book Value
Constructed Building								
Housing	9 400	7 452	36 000	35 317	76 800	85 000	122 200	127 768
Land								
Urban					34 000	29 772	34 000	29 722
Total	9 400	7 452	36 000	35 317	110 800	114 772	156 200	157 490

(Amounts in thousands of escudos)

Time elapsed since the foreclosure/execution	12.31.2020							
	< 1 Year		>=1 year and < 2.5 years		>= 2.5 years and < 5 years		Total	
	Fair Value of Asset	Book Value	Fair Value of Asset	Book Value	Fair Value of Asset	Book Value	Fair Value of Asset	Book Value
Constructed Building								
Housing	26 117	22 942	16 874	16 407	76 800	85 000	119 791	124 349
Land								
Urban					34 000	29 772	34 000	29 772
Total	26 117	22 942	16 874	16 407	110 800	114 772	153 791	154 121

NOTE 21: Deposits from Central Banks and Other Credit Institutions

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Central banks' funds	7 347 331	2 106 305
Funds of other credit institutions	5 652 660	1 472 341
Interest	49 672	9 631
TOTAL	**13 049 663**	**3 588 277**

NOTE 22: Customer Deposits and Other Loans

The breakdown of this caption is as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Deposits	14 897 845	14 236 968
Demand Deposits	9 981 314	8 707 016
Term Deposits	4 916 531	5 529 951
Interest	114 433	57 356
TOTAL	**15 012 278**	**14 294 324**

Customer Funds by maturity, as at December 31, 2021 and December 31, 2020, are as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Payable on sight	**0**	**0**
Payable on due date	**5 034 688**	**5 587 308**
Until 3 months	217 066	1 156 059
From 3 months to 1 year	1 004 897	1 833 713
From 1 to 5 years	3 812 725	2 597 535
TOTAL	**5 034 688**	**5 587 308**

Payable customer funds were contracted at an average annual rate of 2.38% (December 31, 2020: 2.24%).

NOTE 23: Provisions

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Provisions for commitments	3 156	37 937
Provisions for other liabilities and charges	-	11 156
Total	**3 156**	**49 093**

The changes in provisions are presented as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Opening Balance	49 093	64 621
Uses / Transfers	(46 813)	(40 620)
Appropriations	876	25 092
Final Balance	**3 156**	**49 093**

The portfolio guarantee coverage (see Note 28) is summarized as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Guarantees provided	1 141 999	1 048 831
Documentary Credits	-	-
TOTAL	**1 141 999**	**1 048 831**

NOTE 24: Other Liabilities

The breakdown of this caption is as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Charges Payable		
Administrative costs	53 781	105 893
IT Services	40 762	84 519
Audit and Consulting Services	8 312	15 079
Other Administrative Costs	4 708	6 295
Staff Costs	16 650	6 924
Lease Liabilities	19 610	22 180
Miscellaneous Creditors		
General Government Sector	10 490	8 469
Other Creditors	3 496	1 079
Transfers Issued to Offset	1 725	1 448
Other Adjustment Accounts	18 927	11 230
TOTAL	**124 680**	**157 223**

Lease liabilities represent the recognition of lease liabilities related to lease agreements, as a result of the adoption of IFRS 16.

NOTE 25: Share Capital

The Bank's share capital amounts to CVE 1.433 billion (equivalent to 1,433,000 shares) and is fully paid-up, being 90% held by iib Group Holding WLL and 10% by Novo Banco África SGPS, SA.

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Subscribed Capital	1 433 000	1 433 000
Of which Common Stock	1 433 000	1 433 000

NOTE 26: Revaluation Reserves

This item includes the revaluation of securities at fair value, as well as the revaluation of tangible assets, namely computer equipment, machines and tools. It also includes impairment of Securities, using the Other Comprehensive Income (OCI) method.

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Fair Value Reserves	32 230	63 469
Tax Effect	(22 819)	(14 243)
Revaluation Reserves	880	880
TOTAL	**10 292**	**50 107**

NOTE 27: Other Reserves and Retained Earnings

This item includes legal reserves (10%) and other reserves (90%), arising from the transfer of income from previous years, broken down as follows:

(Amounts in thousands of escudos)

	Legal Reserve	Other Reserves	Retained Earnings	Total
Balance as at December 31, 2019	**26 239**	**(236 814)**	**(117 583)**	**(328 158)**
Transfer of Income to Reserves	14 725	132 525	-	147 250
Other Movements	-	-	-	-
Balance as at December 31, 2020	**40 964**	**(104 289)**	**(117 583)**	**(180 908)**
Transfer of Income to Reserves	19 036	171 326	-	190 362
Other Movements	-	-	-	-
Balance as at December 31, 2021	**60 000**	**67 037**	**(117 583)**	**9 454**

The legal reserve can only be used to cover accumulated losses or to increase capital. The legislation applicable to the banking sector requires that the legal reserve be credited annually with at least 10% of annual net income, up to the amount of share capital.

NOTE 28: Contingent Liabilities and Commitments

Contingent liabilities and commitments related to the Bank's activities are recorded in off-balance sheet items and break down as follows:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Guarantees provided	1 141 999	1 048 831
Documentary Credits	-	-
TOTAL	**1 141 999**	**1 048 831**

NOTE 29: Related Parties Transactions

The amount of the Bank's transactions with related parties in the years ended December 31, 2021 and 2020, as well as the respective costs and income recognized in the year, is summarized as follows:

(Amounts in thousands of escudos)

	31.12.2021				31.12.2020			
	Assets	**Liabilities**	**Income**	**Costs**	**Assets**	**Liabilities**	**Income**	**Costs**
Shareholders								
NOVO BANCO, S.A.	2 348 190	-	258	-	3 061 395	-	4 125	-
IIBG	134 751	12 656	-	-	305 697	-		-
Other related parties								
IIB Djibouti	1 269 909	502	26 113	-	1 874 505	18 670	16 035	637
IIB Limited (Bahamas)	6 282 097	1 578 254	93 988	-	1 757 041	24 475	68 341	7 656
TOTAL	**10 034 947**	**1 591 412**	**120 359**	-	**6 998 638**	**43 145**	**88 501**	**8 293**

The assets on the balance sheet regarding related parties, included in the table above, essentially refer to deposits and investments in foreign currency in these entities, which bear interest at current market rates.

In addition, as at December 31, 2021, the Bank had a receivable of CVE 134.75 million, arising from payments on behalf of other entities of the group, which, on the date of approval of these financial statements, had already been fully settled.

NOTE 30: Fair Value of Financial Assets and Liabilities

The fair value of financial assets and liabilities measured at the Bank's fair value, as at December 31, 2021 and 31 December 2020, is as follows:

(Amounts in thousands of escudos)

	31.12.2021			
	Valued at Fair Value			
	Market Quotes (Level 1)	"Valuation models with observable market parameters/prices (Level 2)"	"Valuation models with non-observable market parameters (Level 3)"	Total fair value
Financial Assets at fair value through other comprehensive income				
Cabo Verde treasury bonds	-	7,674, 230	-	7,674, 230
Corporate bonds	-	736, 142	-	736, 142
	-	8,410, 372	-	8,410, 372

(Amounts in thousands of escudos)

	31.12.2020			
	Valued at Fair Value			
	Market Quotes (Level 1)	"Valuation models with observable market parameters/prices (Level 2)"	"Valuation models with non-observable market parameters (Level 3)"	Total fair value
Financial Assets at fair value through other comprehensive income				
Cabo Verde treasury bonds	-	2,218, 944	-	2,218, 944
Corporate bonds	-	88, 872	-	88, 872
	-	2,307, 816	-	2,307, 816

The Bank's assets and liabilities at fair value are valued according to the following hierarchy, in accordance with IFRS 13 – Fair Value Measurement:

Market quote values (level 1)

This category includes financial instruments with quotations available on official markets and those where there are entities that routinely disclose transaction prices for such instruments traded on liquid markets.

Methods of valuation with parameters/prices observable in the market (level 2)

This category includes financial instruments valued using internal models, namely discounted cash flow and option valuation models, which imply the use of estimates and require judgments that vary according to the complexity of the products being valued. Nevertheless, the Bank uses variables made available by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and price indices. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities, but whose markets have lower liquidity. Additionally, the Bank uses as observable market variables, those that result from transactions with similar instruments and that are recurring in the market.

Methods of valuation with non-observable parameters in the market (level 3)

This level includes valuations determined using internal valuation models or quotations provided by third parties, but whose parameters are not observable in the market. The foundations and assumptions for calculating fair value are in accordance with the principles of IFRS 13.

Financial Instruments at Amortized Cost

The following table presents an analysis of the categories of financial instruments recognized at amortized cost in the financial statements with reference to December 31, 2021 and December 31, 2020:

(Amounts in thousands of escudos)

	12.31.2021				
	Assets/Liabilities recorded at amortized cost	Market Quotes (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters/prices (Level 3)	Fair value total
Assets					
Cash and balances at central banks	927,672	-	927,672	-	927,672
Balances with other credit institutions	4,381,809	-	4,381,809	-	4,381,809
Investments in credit institutions	10,126,210	-	10,126,210	-	10,126,210
Loans to customers	5,402,222	-	-	5,402,222	5,402,222
	20,837,913	-	15,435,691	5,402,222	20,837,913
Liabilities					
Central banks' funds	7,391,092	-	-	7,391,092	7,391,092
Funds of other credit institutions	5,658,571	-	-	5,658,571	5,658,571
Customer funds and other loans	15,012,278	-	-	15,012,278	15,012,278
	28,061,940	-	-	28,061,940	28,061,940

(Amounts in thousands of escudos)

	12.31.2020				
	Assets/Liabilities recorded at amortized cost	Market Quotes (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters/prices (Level 3)	Fair value total
Assets					
Cash and balances at central banks	776, 173	-	776, 173	-	776, 173
Balances with other credit institutions	3,252, 030	-	3,252, 030	-	3,252, 030
Investments in credit institutions	7,040, 857	-	7,040, 857	-	7,040, 857
Loans to customers	5,374, 048	-	-	5,374, 048	5,374, 048
	16,443, 108	-	11,069, 060	5,374, 048	16,443, 108
Liabilities					
Central banks' funds	2,106, 305	-	-	2,106, 305	2,106, 305
Funds of other credit institutions	1,472, 341	-	-	1,472, 341	1,472, 341
Customer funds and other loans	14,294, 324	-	-	14,294, 324	14,294, 324
	17,872, 970	-	-	17,872, 970	17,872, 970

The main methodologies and assumptions used to estimate the fair value of financial assets and liabilities recorded in the balance sheet at amortized cost are analyzed as follows:

Cash and balances in central banks, Balances in other credit institutions and Investments in Credit Institutions

These are very short-term assets, so the balance sheet value is a reasonable estimate of their fair value.

Loans and Advances to customers

The fair value of loans to customers is estimated based on the updated expected cash flows from principal and interest, considering that the payments are made on the contractually stipulated dates. The expected future cash flows from homogeneous loan portfolios, such as mortgage loans, are estimated on a portfolio basis. The discount rates used are the current rates for similar loans, which have not changed significantly since the time the current agreements were signed.

Deposits from Central Bank and Deposits from other Credit Institutions

These are short-term liabilities, so the balance sheet value is a reasonable estimate of their fair value.

Customer Deposits and Other Loans

The fair value of these financial instruments is estimated based on the updated expected cash flows from principal and interest. The discount rate used reflects the rates applied on deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no material differences in their fair value.

NOTE 31: Management of Operating Risks

Given the uncertainties generated by the Covid-19 pandemic and the increased risks associated with banking, combined with the contraction of the economy, it has become challenging to effectively measure the Bank's risks, which directly impacted the granting of new loans, maintaining portfolio quality and, at the same time, managing to preserve the soundness and profitability of banking products.

The Risk Management Department, one of the Bank's main lines of defense, is responsible for identifying and monitoring the risks that threaten its activities, developing tools to measure them, establishing and monitoring exposure limits, in order to ensure adequate risk coverage and provide stakeholders with a comprehensive view of the institution's risk profile.

Risk Management activities are governed by principles aligned with the Bank's strategy and business model, namely the Department's independence from the Business Units, support for effective decision-making on the risks associated with activities and operations, always ensuring adequate risk control.

IibCV's Risk Management model is in line with international best practices and in harmony with the Board’s guidelines regarding exposure levels, taking into account the Regulator’s requirements and recommendations, as set out in Notice no. 02/2013.

The Bank is exposed to various risks arising from the use of financial instruments, which are analyzed below:

Credit Risk

Credit risk results from the probability of financial losses resulting from total or partial default by a customer or counterparty with respect to contractual obligations established with the Bank, as part of its credit activity, and is controlled by the Overall Risk Department, which is responsible for systematically monitoring all contracted operations, in conjunction with the other units of the Bank and Group.

This method helps to identify the main default triggers in a timely manner, enabling an adequate monitoring of the risk in the loan portfolio, given that the credit risk management function intervenes in all processes that involve this risk, namely by analyzing, approving and contracting credit operations; accounting of operations; monitoring loan agreements; identifying customers at risk (default); controlling and updating the amount of guarantees received; designing risk models; calculating provisions and portfolio impairment; producing and reporting credit data and statistics, culminating in the process of recovering overdue loans.

The loan portfolio is continuously monitored, emphasizing interaction between the teams involved throughout the successive stages of the credit process. This approach is reinforced by the introduction of successive improvements, both in terms of risk assessment and control methodologies and tools and in terms of procedures and decision circuits, in partnership with the Group.

The Bank's credit risk profile, namely with regard to the evolution of credit exposures and possible losses, is monitored periodically by a committee.

Regarding the Bank's maximum exposure to credit risk, the table below shows the position at the end of the year:

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Balances and investments in credit institutions	15 435 691	11 069 060
Financial assets held for trading	901	3 342
Financial assets at fair value through other comprehensive income	8 410 372	2 307 816
Loans and advances to customers	5 402 222	5 374 048
Other assets	327 397	172 542
Guarantees and sureties provided	1 141 999	1 048 831
TOTAL	**30 718 582**	**19 975 640**

For financial assets recognized in the balance sheet, the maximum exposure to credit risk is represented by the book value net of impairment. For off-balance sheet items, the maximum exposure for guarantees is the maximum amount that the Bank would have to pay if the guarantees were called. For loan commitments and other irrevocable loan-related commitments, the maximum exposure is the total amount of commitments undertaken.

In 2021, impairment by asset class was as follows:

(Amounts in thousands of escudos)

	Corporate (financing)	Mortgag e loans	Consumption	Total
Initial loan impairment	68 779	10 594	2 591	81 964
Addition/reversal in the period	36 230	7 466	(299)	43 397
Exchange differences and other	(17 154)	(7 051)	-	(24 205)
Final loan impairment	**87 855**	**11 009**	**2 292**	**101 156**

In 2020, impairment by asset class was as follows:

(Amounts in thousands of escudos)

	Corporate (financing)	Mortgage loans	Consumption	Total
Initial loan impairment	143 154	20 039	1 049	164 243
Addition/reversal in the period	(5 121)	9 877	1 537	6 293
Other changes	13 811	59	5	13 875
Exchange differences and other	(83 065)	(19 381)	-	(102 446)
Final loan impairment	**68 779**	**10 594**	**2 591**	**81 964**

As at December 31, 2021, the quality of the loan portfolio was as follows:

(Amounts in thousands of escudos)

	Corporate	Individuals Mortgage	Consumption	Total
Non-overdue Loans, with Impairment	3 623 460	595 432	39 504	4 258 397
Overdue Loans, with Impairment	1 173 486	46 967	3 424	1 223 876
Less than 30 days	1 141 999	-	1 115	1 143 114
91 to 180 days	-	-	33	33
181 to 360 days	-	-	1 860	1 860
More than 360 days	31 487	46 967	415	78 868
Total	**4 796 946**	**642 399**	**42 928**	**5 482 273**

As at December 31, 2020, the quality of the loan portfolio was as follows:

(Amounts in thousands of escudos)

	Corporate	Individuals Mortgage	Consumption	Total
Non-overdue Loans, with Impairment	3 595 444	617 800	46 889	4 260 134
Overdue Loans, with Impairment	1 094 310	89 204	1 205	1 184 720
Less than 30 days	1 048 831	-	513	1 049 344
91 to 180 days	-	4 528	13	4 541
181 to 360 days	-	9 538	22	9 560
More than 360 days	45 479	75 138	657	121 274
Total	**4 689 754**	**707 005**	**48 094**	**5 444 854**

Market Risk

Market risk encompasses three different risks (interest rate, liquidity and foreign exchange risk) and generally represents a possible loss resulting from an adverse change in the value of a financial instrument, such as changes in interest rates, exchange rates, share and commodity prices, volatility or credit spread.

Market risk management is integrated into balance sheet management, based on the risk appetite policy. This method is responsible for providing elements for setting balance sheet allocation and structuring policies, as well as for controlling liquidity and exposure to interest rate and foreign exchange risks.

Interest Rate Risk

Interest rate risk results from adverse movements in the interest rates of banking book items. Estimating exposure to interest rate risk implies the classification of all interest rate-sensitive asset, liability and off-balance sheet items, by repricing gap, in accordance with the Bank for International Settlements (BIS) methodology proposed by Banco de Cabo Verde. In addition to this calculation model, the Bank conducts a specific stress test, considering the assumption of massive mobilization of part of customer funds.

IibCV's interest rate risk level not very significant, so the hedging operations are carried out with a view to mitigating and controlling liquidity risk.

The Bank has a positive overall repricing gap, a favorable position for income, indicating that a positive change in interest rates would lead to an increase in net interest income.

Foreign Exchange Risk

Foreign exchange risk arises from changes in the exchange rates used to convert banking book items in foreign currency to the base currency (CVE). That is, it is associated with currencies with exchange rate volatility against the Cabo Verde escudo (CVE), particularly the US dollar (USD), whose value is more volatile and in relation to which the Bank has a positive matching. In terms of foreign exchange position, this means that it has a higher volume of exchange rate-sensitive assets than liabilities, making it more capable of hedging this risk.

The risk that the US Dollar (USD) represents is 100% hedged by foreign exchange trading (buying/selling foreign currency) with other financial institutions, in order to keep the foreign exchange position in that currency balanced or at minimum and low risk levels, giving the Bank an overall low risk profile with regard to foreign exchange exposure.

Liquidity Risk

Liquidity risk results from the institution's potential inability to finance assets, when the required liabilities are fulfilled on the due dates, and from the existence of potential difficulties in settling positions in the portfolio without incurring significant losses.

With regard to monitoring, deposit and loan concentration are continuously controlled and the loan-to-deposit (LtD) ratio is monitored, with the position of different currencies being calculated on a daily basis, which helps to permanently quantify and mitigate liquidity risk and foreign currency exposure.

The purpose of controlling liquidity levels is to maintain a level of available funds to meet short, medium and long-term financial needs, systematically seeking to assess overall exposure to liquidity risk, by preparing daily cash flow information which, in addition to identifying negative mismatches, helps to determine elements to hedge them in a timely manner.

The liquidity risk assessment revealed a high overall liquidity level (low risk), with a positive gap, which shows the Bank's solidity and ability to finance its activities. The overall 37% LtD confirms the Bank's level of available funds to fulfill its responsibilities.

The Bank currently has a significant portfolio of liquid or liquidable assets in the short-term, essentially concentrated in Investments in credit institutions (see Note 15), to cover the nature and duration of its liabilities.

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

(Amounts in thousands of escudos)

	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years or indefinite	Total
Assets	**16,173, 743**	**1,356, 696**	**8,202, 043**	**4,070, 820**	**29,803, 302**
Cash and balances at central banks	927, 672	-	-	-	**927, 672**
Balances with other credit institutions	4,381, 809	-	-	-	**4,381, 809**
Financial assets held for trading	901	-	-	-	**901**
Financial assets at fair value through other comprehensive income	80, 724	880, 340	7,047, 879	401, 428	**8,410, 372**
Investments in credit institutions	10,126, 210	-	-	-	**10,126, 210**
Loans to customers	656, 426	362, 940	1,154, 163	3,228, 691	**5,402, 222**
Other assets	-	113, 416	-	440, 700	**554, 116**
Liabilities	**4,071, 282**	**17,096, 338**	**154, 000**	**6,865, 000**	**28,186, 620**
Central banks' funds	44, 092	328, 000	154, 000	6,865, 000	**7,391, 092**
Funds of other credit institutions	3,902, 510	1,756, 061	-	-	**5,658, 571**
Customer funds and other loans	-	15,012, 278	-	-	**15,012, 278**
Other liabilities	124, 680	-	-	-	**124, 680**
Off-balance sheet guarantees	**241, 499**	**290, 258**	**610, 242**	**-**	**1,141, 999**
Spread / Gap	**11,860, 963**	**(16,029, 900)**	**7,437, 800**	**(2,794, 180)**	**474, 684**
Spread / Cumulative Gap	**11,860, 963**	**(4,168, 937)**	**3,268, 864**	**474, 684**	**-**

Despite the negative Gap in the longer intervals, there is an expectation, based on the historical behavior, of renewal of a significant part of the liabilities, namely customers' demand deposits.

As at December 31, 2020, the contractual residual maturities of the financial instruments were as follows:

(Amounts in thousands of escudos)

	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years or indefinite	Total
Assets	**11,201, 631**	**716, 530**	**2,507, 992**	**4,853, 275**	**19,279, 428**
Cash and balances at central banks	776, 173	-	-	-	**776, 173**
Balances with other credit institutions	3,252, 030	-	-	-	**3,252, 030**
Financial assets held for trading	3, 342	-	-	-	**3, 342**
Financial assets at fair value through other comprehensive income	86, 232	-	1,976, 190	245, 394	**2,307, 816**
Investments in credit institutions	7,040, 857	-	-	-	**7,040, 857**
Loans to customers	42, 997	648, 457	531, 802	4,150, 792	**5,374, 048**
Other assets	-	68, 073	-	457, 089	**525, 162**
Liabilities	**12,442, 884**	**-**	**5,587, 308**	**-**	**18,030, 192**
Central banks' funds	2,106, 305	-	-	-	**2,106, 305**
Funds of other credit institutions	1,472, 341	-	-	-	**1,472, 341**
Customer funds and other loans	8,707, 016	-	5,587, 308	-	**14,294, 324**
Other liabilities	157, 223	-	-	-	**157, 223**
Off-balance sheet guarantees	**124, 896**	**477, 261**	**446, 675**	**-**	**1,048, 831**
Spread / Gap	**(1,366, 149)**	**239, 269**	**(3,525, 991)**	**4,853, 275**	**200, 405**
Spread / Cumulative Gap	**(1,366, 149)**	**(1,126, 880)**	**(4,652, 870)**	**200, 405**	**-**

Operational Risk

Operational risk is defined as the probability of events occurring, with negative impacts on income or capital, resulting from the inadequacy or deficiency of procedures, information systems, people's behavior or external events, falling into the following types: operational, information systems, compliance and reputational.

Operational risk management is based on principles and strategies established by the Bank, on a code of conduct and on operational risk policies and standards, through the analysis of a catalog of processes, timely communication of risk events and consequent development of measures to improve the deficiencies detected.

As operational risk manager, the Overall Risk Department is responsible for identifying, assessing and reporting risk events, whether of internal or external origin and, in collaboration with the heads of other organizational units, develop and implement measures to improve processes and mitigate risk. The responsibility for controlling operational risk is shared among all the Bank's employees, so that they cooperate in monitoring and identifying risk factors and weaknesses in the processes of their respective units, reporting incidents to the Risk Department.

During the year just ended, there were low operational risk events, related to failures in the implementation of processes, with an immaterial financial impact on the Bank's income.

Additionally, improvements were made to the design of processes and procedures and the control of the main risk indicators became more efficient.

Capital Management and Solvency Ratio

The primary goal of the Bank's capital management is to ensure compliance with the institution's strategic capital adequacy objectives, respecting and enforcing the minimum capital requirements laid down by the supervisory authorities.

The Board of Directors is responsible for defining the strategy to be adopted with regard to capital management, being part of the overall definition of the Bank's objectives.

In prudential terms, the Bank is subject to supervision by Banco de Cabo Verde, which establishes the rules to be observed by the various institutions under its supervision. These rules determine a minimum equity ratio that institutions must comply with, in relation to the requirements demanded by the risks assumed, materialized through Notice no. 03/2007.

The Bank's capital elements are divided into Core Tier I, Tier II and Deductions, with the following composition:

- Capital considered as Core Tier I: This category essentially includes paid-up statutory capital, eligible reserves, retained earnings for the period, when certified, and non-controlling interests. Negative fair value reserves associated with shares or other equity instruments, the book value of amounts relating to intangible assets and, when applicable, insufficient provisions and negative income for the period are deducted.

- Tier I Capital (FPB): In addition to the amounts considered as Core Tier I, this category includes the amounts accepted by the transitional arrangements provided for in Notice no. 3/2007(5)(4), not yet recognized impact on core capital subject to transitional arrangements.

- Tier II Capital (FPC): It essentially incorporates subordinated debt eligible for positive fair value reserves associated with shares or other equity instruments. Shareholdings in financial institutions and insurance entities are deducted, as is the amount of expected losses for exposures, less the sums of value adjustments and existing provisions, resulting from the application of the IRB method for credit risk.

- Deductions (D): They essentially comprise the prudential amortization of foreclosed properties and the part that exceeds the credit risk concentration limits, as provided for in Notice no. 3/2007(12)(d).

Additionally, the composition of the capital base is subject to a set of limits. Thus, prudential rules establish that Tier II capital cannot exceed Tier I capital. In addition, certain components of Tier II capital (called Lower Tier II) cannot exceed 50% of Tier I capital.

(Amounts in thousands of escudos)

	31.12.2021	31.12.2020
Paid-up capital	1,433,000	1,433,000
Last year's positive results	190 362	147 250
Provisional positive results for the current year	337 155	190 362
SUM	**1 960 517**	**1 770 612**
Intangible Assets	-2 854	-17 498
Negative results carried forward from previous years	-180 908	-328 158
Insufficient funds	-	-2 679
SUM	**-183 762**	**-348 335**
CORE CAPITAL BEFORE THE APPLICATION OF THE TRANSITIONAL RULES	**1 776 755**	**1 422 277**
Transitional system provided for in paragraph 4 (5) of Notice no. 3/2007 - impact of the transition on core capital still to be recognized	-	-
ELIGIBLE CORE CAPITAL	**1 776 755**	**1 422 277**
Legal revaluation reserves of tangible fixed assets	-	-
Other revaluation reserves	15 999	31 735
ADDITIONAL EQUITY	**15 999**	**31 735**
EQUITY BEFORE DEDUCTIONS	**1 792 753**	**1 454 012**
Fixed assets received as repayment of own credit	-28 384	-
EQUITY FOR RISK CONCENTRATION CALCULATION	**1 764 370**	**1 454 012**
Part exceeding the risk concentration limits (paragraph 12 (d) of Notice no. 3/2007)	-	-
EQUITY	**1 764 370**	**1 454 012**
Risk Weighted Assets (including off-balance sheet)	5 761 417	5 055 678
Solvency Ratio	**30.6%**	**28.8%**

The Bank calculates the Solvency Ratio in accordance with the Banco de Cabo Verde Notice no. 4/2007, which defines the Solvency Ratio as a function of the ratio between equity and market risks (foreign exchange risk, operational risk credit risk), in order to monitor the adequacy between the amount of equity and the respective risks inherent to the Bank. Through this Notice, Banco de Cabo Verde establishes minimum solvency levels to be followed by the institutions subject to its supervision. Thus, Financial Institutions must achieve a Core Tier I Ratio of not less than 10%, calculated as follows:

$$Solvency\ Ratio = \frac{Equity}{(VARPRC + VAPRTC + VEAPRO)} \times 100$$

Where:

VAPRC – Value of credit risk-weighted assets, including off-balance sheet items, determined in accordance with Annex 1 of the Notice;

VAPRTC – Value of foreign exchange risk-weighted assets, calculated in accordance with Annex 2 of the Notice;

VEAPRO - Equivalent value in operational risk-weighted assets, calculated in accordance with Annex 3 of the Notice.

NOTE 32 – IFRS Disclosures - New Standards as at December 31, 2021

1. Impact of the adoption of new standards, amendments to standards and interpretations that became effective as at January 1, 2021

The following standards, interpretations, amendments and revisions endorsed by the European Union were mandatory for the first time in the year beginning on January 1, 2021:

a) IFRS 16 (amendment), 'Leases' - 'Covid-19-related rent concessions beyond June 30, 2021

On May 28, 2020, the amendment to IFRS 16 entitled 'Covid-19-related concessions' was issued, having introduced the following practical resolution: a lessee may choose not to assess whether a Covid-19-related rent concession is a lease change.

Lessees who choose to apply this resolution, account for the change to rent payments resulting from a Covid-19-related concession in the same way as they would account for a change that is not a lease change in accordance with IFRS 16.

Initially, the practical resolution applied to payments originally due by June 30, 2021. However, due to the prolonged impact of the pandemic, on March 31, 2021, it was extended to payments originally due by June 30, 2022. The change applies to annual reporting periods beginning on or after April 1, 2021.

In short, the practical resolution can be applied as long as the following criteria are met:

- the change in lease payments results in a revised lease consideration that is substantially equal to, or less than, the consideration immediately preceding the change;
- any reduction in lease payments only affects payments due on or before June 30, 2022; and
- there are no significant changes to other lease terms and conditions.

b) IFRS 4 (amendment), 'Insurance Contracts' - Deferred application of IFRS 9

This amendment refers to the temporary accounting consequences that result from the difference between the effective date of IFRS 9 – Financial Instruments and of the future IFRS 17 – Insurance Contracts. Specifically, the amendment made to IFRS 4 postpones the expiry date of the temporary exemption from the application of IFRS 9 until January 1, 2023, in order to align the effective date of the latter with that of the new IFRS 17.

The aforementioned temporary exemption is optional and only available to entities whose activities are predominantly related to insurance.

c) IFRS 9, IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendment), 'Interest rate benchmark reform - phase 2'

These amendments are part of phase 2 of the IASB's “IBOR reform” project and allow for exemptions related to reforming the benchmark for interest rates by an alternative interest rate [Risk Free Rate (RFR)]. The amendments include the following practical resolutions:

- A practical resolution that requires contractual changes or changes in cash flows that are directly required by the reform to be treated in the same way as a floating interest rate change, equivalent to a movement in the market interest rate;
- Allow changes required by the reform to be made to hedging designations and hedging documentation, without the hedging relationship being discontinued;
- Provide temporary operational relief to entities that have to comply with the separately identifiable requirement, when an RFR instrument is designated as a hedge for a risk component.

These standards and amendments had no material impact on the Entity's financial statements.

2. Standards, interpretations, amendments and revisions that come into effect in future years

The following standards, interpretations, amendments and revisions, mandatory in future financial years, had not been endorsed by the European Union at the date of approval of these financial statements:

a) **IFRS 3** (amendment), “References to the Conceptual Framework for Financial Reporting” (effective for annual periods beginning on or after January 1, 2022)

This amendment updates the references to the Conceptual Framework in the IFRS 3 text, with no changes having been made to the accounting requirements for business combinations.

It also clarifies the accounting treatment to be adopted for liabilities and contingent liabilities incurred separately versus those included in a business combination, under IAS 37 and IFRIC 21.

This amendment is to be applied prospectively.

b) **IAS 16** (amendment), ‘Proceeds before intended use’ (effective for annual periods beginning on or after 1 January 2022)

It clarifies the accounting treatment given to the consideration obtained from the sale of products that result from the test production of tangible fixed assets, prohibiting their deduction from assets' acquisition cost. The entity recognizes the income from the sale of such products and their production costs in profit or loss.

c) **IAS 37** (amendment), 'Onerous contracts – costs of fulfilling a contract' (effective for annual periods beginning on or after January 1, 2022)

This amendment specifies that, in assessing whether or not a contract is onerous, only expenses directly related to fulfilling the contract can be considered, such as incremental costs related to direct labor and materials and the allocation of other directly related expenses, such as the allocation of depreciation expenses for the tangible assets used to fulfill the contract.

General and administrative expenses do not directly relate to a contract and are excluded, unless they are explicitly charged to the counterparty in accordance with the contract.

This amendment shall apply to contracts which, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without the need to restate the comparatives.

d) **IFRS 1** (amendment), 'Subsidiary as a first-time adopter' - included in the annual improvements for the 2018-2020 cycle (effective for annual periods beginning on or after 1 January 2022)

This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities at the amounts included in the parent company's consolidated financial statements (assuming that no adjustment has been made during the consolidation process), the cumulative translation differences of all foreign transactions can be measured at the amounts that would be recorded in the consolidated financial statements, based on the parent company's date of transition to IFRS.

e) **IFRS 9** (amendment), 'Derecognition of financial liabilities - Fees and cost included in the 10 percent test' - included in the annual improvements for the 2018-2020 cycle (to be applied in years beginning on or after January 1, 2022).

This improvement clarifies which fees an entity should include when assessing whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that, as part of the derecognition tests on renegotiated liabilities, only fees paid or received between the debtor and creditor should be included, including fees paid or received by the debtor or creditor on behalf of the other.

f) **IAS 41** (amendment), 'Taxation in fair value measurements' - included in the annual improvements for the 2018-2020 cycle (effective for annual periods beginning on or after January 1, 2022)

This improvement eliminates the requirement to exclude tax cash flows when measuring the fair value of biological assets, ensuring consistency with the principles of IFRS 13 – Fair value.

g) **IFRS 17**, 'Insurance Contracts' (effective for annual periods beginning on or after January 1, 2023)

IFRS 17 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 to some guarantees and to some financial instruments with discretionary participation features. Broadly speaking, IFRS 17 provides an accounting model for insurance contracts that is more useful and more consistent for issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides an comprehensive model for insurance contracts, covering all relevant accounting aspects.

The Entity did not apply any of these standards in advance in the financial statements in the twelve-month period ended December 31, 2021. No significant impacts on the financial statements are expected as a result of their endorsement.

3. Standards, interpretations, amendments and revisions not yet adopted by the European Union:

The following standards, interpretations, amendments and revisions, mandatory in future financial years, had not been endorsed by the European Union at the date of approval of these financial statements:

a) **IAS 1** (amendment), '– Presentation of financial statements – Classification of liabilities as current and non-current'

This amendment seeks to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer their payment at the end of each reporting period.

Liability classification 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 such a right), or by events occurring after the reporting date, such as a breach of a covenant.

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

This amendment also includes a new definition of "settlement" of a liability and is to be applied retrospectively.

b) **IAS 8** (amendment) 'Definition of accounting estimates'

This amendment clarifies the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. In addition, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

c) **IAS 1** (amendment) 'Deferred tax related to assets and liabilities arising from a single transaction'

These amendments clarify that payments that settle a liability are tax deductible. However, it is a matter of professional judgment whether such deductions are attributable to the liability that is recognized in the financial statements or to the related asset. This is important in determining whether there are temporary differences in the initial recognition of the asset or liability.

According to these amendments, the initial recognition exemption is not applicable to transactions that give rise to equal taxable and deductible temporary differences. It is only applicable if the recognition of a lease asset and a lease liability give rise to taxable and deductible temporary differences that are not equal.

d) **IFRS 17** (amendment) 'Insurance contracts - 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.

This 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 in connection with non-contract activities under 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 on initial application of IFRS 9.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Entity in the twelve-month period ended December 31, 2021. No significant impacts on the financial statements are expected as a result of their endorsement.

NOTE 33 – Subsequent Events

On the date of approval of these Financial Statements for the year ended December 31, 2021, an armed conflict was taking place in Ukrainian territory, whose characteristics and impacts on the economy, not measured on a global scale, will predictably reflect incremental inflation, via rising energy and raw material prices. Being a strong importer of goods and services, Cabo Verde will rationally import this same inflationary effect. These effects, as well as others that have not yet been identified, could affect the Cabo Verdean economy as a whole, namely by reducing the disposable income of the various economic agents, companies and households. The banking sector will also, predictably, be affected, with an expected increase in financing costs and credit claims. IibCV has adopted a conservative management, with a risk appetite adjusted to the current economic cycle, so that, to date, we do not expect any future impacts on the Bank's activity, in addition to those described above.

Note also that the loan moratorium period established in Cabo Verde (following covid-19), as a measure to support economic agents, companies and individuals, will end on March 31, 2022, so there may be future impacts on the economy and banking sector in Cabo Verde. IibCV has adopted a conservative management, aimed at mitigating risks (having specifically adjusted the expected losses for a group of customers, as mentioned in this report). However, there may be effects (individual or combined) that are not measurable at the time and that could affect the banking sector as a whole.

Report and Opinion of the Audit Committee

Dear Shareholders

1 Pursuant to the law and our mandate, we hereby present the report on the supervisory activities performed by the Audit Committee and our opinion on the Management Report and the financial statements presented by the Board of Directors of International Investment Bank, SA with respect to the year ended December 31, 2021.

2 We monitored the Bank's activities to the extent we deemed adequate. We gained knowledge of the management practices of the Bank's Board of Directors. We checked the regularity of the accounting records and respective documentation, as well as the adequacy and effectiveness of the internal control system, risk management system, internal audit and compliance.

3 We also monitored the work performed by Ernst & Young Audit & Associados - SROC SA - Cabo Verde branch office.

4 As part of our duties we noticed that:

i) the Balance Sheet (which shows total assets worth CVE 30.013984 billion and total equity amounting to CVE 1.789901 billion, including net income of CVE 337.155 million) and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the corresponding notes allow an adequate understanding of the Bank's financial position, results, comprehensive income, changes in equity and cash flows;

ii) the accounting policies and valuation criteria adopted are appropriate;

iii) the Management Report is sufficiently clear as to business evolution and the Bank's position, highlighting the most significant aspects, respecting the legal and statutory requirements of the Company;

iv) the Proposal for Profit Appropriation does not conflict with the applicable legal and statutory provisions.

5 The Audit Committee took note of the Audit Report on the Financial Statements for FY 2021, issued without qualifications, with which we agree.

6 It also took note of the external auditors' report on minimum regulatory provisions.

7 Accordingly, taking into consideration the information received from the Board of Directors and Services and the findings of the Audit Report, we are of the opinion that the General Meeting should approve:

i) the Management Report;

ii) the financial statements and accompanying notes;

iii) the Proposal for Appropriation of Net Profit for FY 2021.

8 Finally, we wish to express our gratitude to the Board of Directors and all the Bank's employees with whom we had contact for their valuable collaboration.

April 26, 2022

The Audit Committee Chairman

____

Ildo Adalberto Lima

Member

____

Eunérlia Sousa Freitas

Member

____

Nair Cecília Silva

Ernst & Young Audit & Associados - SROC, S.A.
Cabo Verde Branch Office
Edifício Santa Maria – Complexo Atlântico Apartamento
305 – 3º andar
Avenida Cidade de Lisboa
Praia – Santiago
Tel: + 238 3561351

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of International Investment Bank, S.A. (iibCV), which comprise the balance sheet as at December 31, 2021 (showing total assets amounting to CVE (Cabo Verde escudos) 30.013984 billion and total equity of CVE 1.789901 billion thousand, including net income of CVE 337.155 million), the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of International Investment Bank, S.A. as at December 31, 2021, its financial performance and its cash flows for the year then ended, in accordance with accounting principles generally accepted in Cabo Verde for the banking sector.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section of this report. We are independent of iibCV, in accordance with the requirements of the Professional Association of Certified Accountants and Auditors' Code of Ethics, which was developed with respect for the principles and standards of the Code of Ethics for Professional Accountants and Auditors issued by the International Ethics Standards Board for Accountants and Auditors (IESBA), and we have fulfilled the other ethical responsibilities set forth in those requirements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters for the current year:

1. **Impairment for loans to customers**

Description of the most significant risks of material misstatement

As at December 31, 2021, iibCV has recorded accumulated impairment losses on the loan portfolio amounting to CVE 101.156 million, representing 2% of the loan amount.

The details on the impairment for loans to customers and the accounting policies, methodologies, concepts and assumptions used are disclosed in the notes to the financial statements (Notes 2, 16 and 31).

Impairment represents iibCV's Board of Directors's best estimate of the expected loss on customer loan exposures as at December 31, 2021. To calculate this estimate, the Board of Directors made assumptions, used mathematical models to calculate parameters, interpreted historical concepts and data, and designed an expected loss calculation model. For relevant exposures on an individual basis, impairment is determined based on the judgement of iibCV's credit risk assessment experts and knowledge of customers' reality and financial situation and the guarantees associated with the operations in question.

In addition to the complexity of the models for quantifying the loan portfolio's impairment losses, their use requires the processing of a significant volume of data, whose availability and quality may be constrained.

Additionally, the effects of the COVID-19 pandemic may not be fully overcome, nor fully materialized, and its full extent is still uncertain. The pandemic has reduced the predictability of economic evolution, meaning that determining the scenarios and weights used to calculate the expected loss on the customer loan portfolio is more uncertain, increasing the judgment inherent to the identification of debtors with a significant increase in credit risk. In this context, recording loan impairment should consider potential impacts on asset quality.

Given the level of subjectivity and complexity involved in estimating impairment, the use of alternative approaches, models or assumptions may have a material impact on the amount of the estimated impairment, which, together with the materiality of its amount, leads us to consider this issue as a relevant audit matter.

Summary of our response to the most significant risks of material misstatement

Our audit approach to impairment for loans to customers included a specific response, which translated into the design, and subsequent implementation, of audit procedures that included, namely:

► Understanding and evaluating the design of the internal control procedures in place when quantifying impairment losses for loans to customers;

► analytical review tests on trends in the balance of impairment for loans to customers, comparing it with the same period in the previous year and with expectations, notably the understanding of changes in the loan portfolio and in impairment assumptions and methodologies;

► selection of a sample of customers subject to individual impairment analysis to assess the assumptions used by the Board of Directors when quantifying impairment. This analysis included information on debtor's economic and financial situation and the collateral assessment reports, as well as inquiries to iibCV experts to understand the recovery strategy set and the assumptions used. We assessed the judgments made to reflect the impacts of the COVID-19 pandemic on individual debtors or sectors;

► with the support of our risk management experts, we tested the reasonableness of the parameters used in the collective impairment calculation, particularly:

(i) understanding the methodology formalized and approved by the Board of Directors and comparing it with the one actually used;

ii) assessing changes to the models to determine parameters to reflect the expected loss;

iii) analyzing the changes made to the risk parameters (PD, LGD and EAD) during the year;

(iv) following-up on corrective actions for previously identified deficiencies in the collective impairment model; and

(v) sample testing the classification of operations in stages 1, 2 and 3; and

(vi) assessing the reasonableness of the adjustments made, in particular those to address the additional judgment areas resulting from moratoriums, and assessing the management process associated with those adjustments.

► analysis of the disclosures included in the notes to the financial statements, based on the requirements of international financial reporting standards and accounting records.

Other Matters

We were appointed as Statutory Auditors of International Investment Bank, S.A. on August 19, 2021. The financial statements for the year ended December 31, 2020 were audited by another Statutory Audit Firm whose Auditor's Report, dated April 29, 2021, contained no qualifications or emphases.

Responsibilities of the Board of Directors and Audit Committee for the financial statements

The Board of Directors is responsible for preparing financial statements that truthfully and fairly present the financial position, the financial performance and the cash flows of iibCV, in accordance with the principles generally accepted in Cabo Verde for the banking sector and for the internal control that it deems necessary to enable the preparation of financial statements that are free from material misstatement due to fraud or error.

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

The Audit Committee is responsible for overseeing iibCV's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we make professional judgments and maintain professional skepticism during the audit and we also:

► identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control;

► obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of iibCV's internal control;

► assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

► conclude on the appropriateness of the Board of Directors' use of the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on iibCV's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures included in the financial statements or, if such disclosures are inadequate, to 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 iibCV to discontinue its activities; and

► evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit matters, including any significant internal control deficiencies identified during the audit.

OTHER INFORMATION

About the management report

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

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

In auditing the financial statements, our responsibility is to read the Management Report and, accordingly, 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 done on the other information we obtained prior to 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.

April 26, 2022
Ernst & Young Audit & Associados - SROC, S.A.
Cabo Verde Branch Office
Represented by:

Signed by: **Ana Rosa Ribeiro Salcedas Montes Pinto**
Identification Number: B108539023
Date: 2022/04/26 19:11:41 GMT Daylight Time

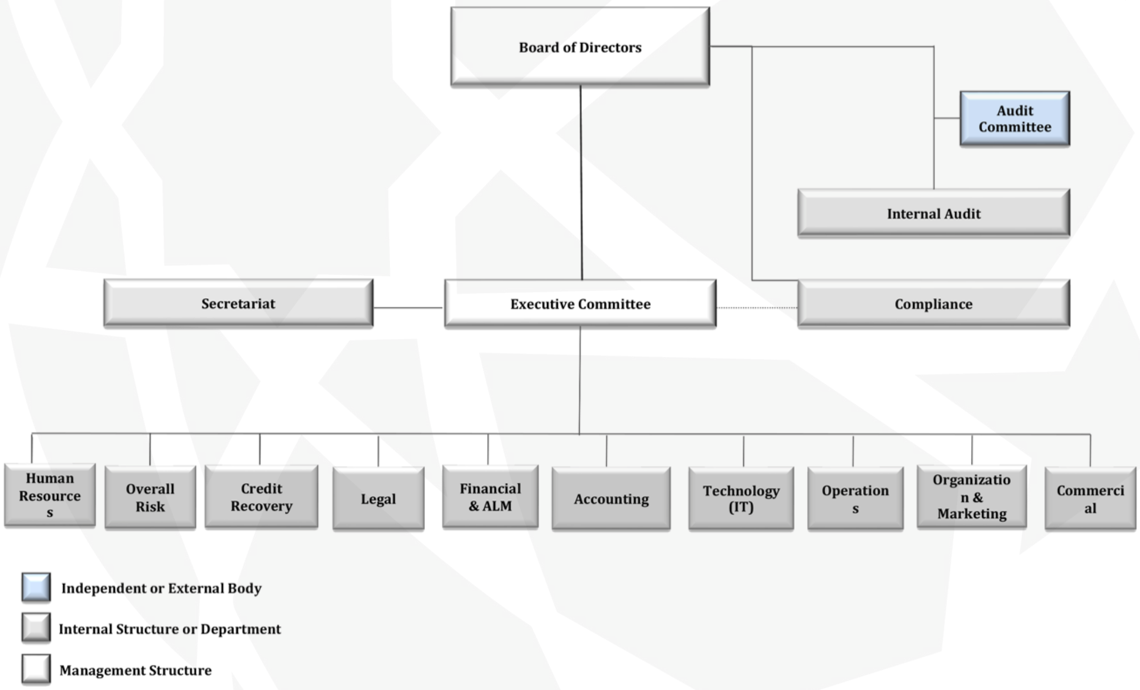
Ana Salcedas	Filipe Brás
Managing Director	Partner

1. Organizational and Governance Structure

The Bank's organizational structure is made up of a Board of Directors, consisting of seven permanent directors and an alternate, and an Executive Committee with three Directors, advised by a solid Internal Control System comprising three key areas: Overall Risk, Compliance and Internal Audit, in addition to the Audit Committee, which supervises the Institution's activities.

The Bank is organized into twelve areas, which ensure the institution's operation and compliance with the principles that prevail in the financial system, as shown in the figure below:

Organizational Chart 2021



2. Description of the function and responsibilities of each member of the Bank's Board of Directors board

At iibCV, a set of standards that establish policies, rules and procedures must be applied across all its units, subject to the adaptations that are necessary in each case, in view of the legal or regulatory specificities of each area concerned.

In this context, responsibilities are established for a number of the Bank's departments to, as part of their duties, foster across-the-board application of Internal Regulations that are in force or that may be adopted, in direct functional coordination with all the departments. Accordingly, regulations that are deemed applicable to the national regulatory system are created and/or updated, all of which are ratified by the Bank's Executive Committee.

The Executive Committee has broad powers in the Bank's daily management, in accordance with the Company's by-laws. Therefore, it may exercise a broad range of powers in terms of management and representation and perform all acts necessary or convenient for pursuing the activities included in the Bank's corporate purpose, with strategic management decisions being discussed and approved in this Committee.

The Executive Committee has the authority to appoint representatives with the powers it deems appropriate, including to act as substitutes.

3. Business Department

Like the other banks in the national financial system, iibCV has, since its creation, operated on a purely commercial basis, offering products and services to bank customers, namely individuals and companies.

3.1. Commercial

The Commercial Department is responsible for promoting commercial activities aimed at private and corporate customers, both nationally and internationally.

Entrusted with ensuring the necessary conditions for commercial activity growth, this department bases its strategy on excellence in selection, pricing and risk management, with high efficiency, with monitoring being based on the specialization of various segments and on attracting and generating value, always aiming at full customer satisfaction, on the one hand, and resource optimization, on the other.

Excellence is a constantly pursued goal, by being close and offering personalized service, seeking to adapt its products and services to the needs of customers and the market.

3.2. Finance & ALM

The Finance & ALM Department is responsible for developing and monitoring the Bank's financial management, as well as executing its financing plan, with its duties also including liquidity management and market and liquidity risk management.

It aims to diversify the Bank's business and broaden the customer base and the range of products and services offered, being responsible for the Bank's institutional relations, through the management and maintenance of the Correspondents and Business Partners network.

It constantly monitors the market, creating and updating products and prices, in accordance with key market variables and the Bank's objectives.

3.3. Credit Recovery

The Credit Recovery Department seeks to timely identify potential or actual default by customers to which iibCV has credit exposure, with a view to maximizing their recoverability, by implementing conventional and unconventional approaches. The department is also responsible for managing the Bank's available for sale real estate assets.

Prudent loan portfolio management combined with a strategic focus on diligent risk monitoring helped to maintain the downward trend in non-performing loans, which decreased from 2.49% to 1.47%, translating into a more accommodative scenario, in view of an adverse macroeconomic context that may be reflected in the coming years.

4. Internal Control and Risk Management System

The role of the Internal Control System (SCI) to organize and coordinate methods and measures that safeguard the Bank's assets and interests, promoting operational efficiency and ensuring reliability of accounting and financial information. Its systematization is essentially based on the performance of the three areas that comprise it: Risk, Compliance and Internal Audit.

4.1. Global Risk

The Overall Risk Department, one of the lines of defense and risk control, is responsible for monitoring the risks (credit, operational, market, liquidity and balance sheet interest rate) that threaten the Bank's activities, developing tools and methodologies to manage them, establishing and monitoring limits and issuing recommendations, with the aim of reducing the impact of risks on the Bank's income and capital.

In order to identify, assess and quantify the Bank's risk exposure and profile, qualitative and quantitative analyzes are carried out, including performance indicators, loan portfolio quality metrics, identification of risk events, execution of stress test scenarios, capital consumption, overdue loan recovery actions, and identification of potential risks that may affect the Bank's business plan and objectives.

Risk Management activities are carried out independently of the other units responsible for controlling and supervising risks, in accordance with the Banco de Cabo Verde recommendations (Notice no. 02/2013) and with the best and most recent international practices.

4.2. Compliance

As required by the regulations, the Compliance Function is an independent function whose mission is to promote compliance with legal, regulatory, operational, ethical and conduct obligations and duties that, at any time, are applicable to credit institutions and its governing bodies, directors and employees, as part of the institutional control and supervision environment laid out by the relevant regulatory authorities and by the legal regulations to which they are subject.

Being responsible for one of the Bank's control functions, this department cooperates with the other control functions (Overall Risk and Internal Audit) to monitor and evaluate the internal control procedures on anti-money laundering and counter financing of terrorism.

iibCV's Compliance is dedicated to the detection and prevention of activities that could constitute money laundering and terrorist financing, resulting directly from the knowledge of certain key elements related to the transactions and their respective counterparties.

For iibCV, the existence of a framework of values, principles and rules that guide its actions and the standards that establish the way it conducts business and carries out its activities is crucial. To this end, the Bank has implemented a Code of Conduct, a Conflict of Interest Policy and Policies for Preventing Money Laundering.

4.3. Internal Audit

The primary role of Internal Audit in the risk management process is to provide objective assurance about the effectiveness of the institution's risk management activities, helping to ensure that the main business risks are being managed properly and that the control system works effectively.

With regard to the Internal Audit function, the department carried out a number of activities during 2021, with the following standing out due to their relevance and impact on the Internal Audit Function (FAI):

- Enhancement of internal audit skills through internal and external trainings;
- Follow-up on internal control deficiencies and other audit issues, which include all internal control deficiencies, as part of the preparation of the 2021 Internal Control System Report (RSCI – 2021);
- Preparation of the Internal Audit Function Report, which was incorporated into the RSCI – 2021;
- Training on "Best Internal Control practices" for all iibCV employees.

The audits went beyond what was planned, aiming to assess the effectiveness of the organizational model, circuits and procedures and the internal control system implemented to carry out various activities of the departments and processes audited.

5. Business Support

All iibCV operations are supported by a range of integrated and cross-cutting functions and expertise whose mission is to ensure business execution, from upstream to downstream, ensuring the reliability of data and information.

Business Support is responsible for fulfilling customers' requests and for all interactions between customers and the Bank, unequivocally contributing to the pursuit of the Bank's results and, consequently, to its growth.

5.1. Information Technologies

The Information Technology Department (IT) has the mission of ensuring the proper functioning of the institution's technological equipment, IT tools, resources and services, as well as meeting emerging needs in terms of organizational systems, whether required by the regulator or from of the internal areas, and continuously improving the technological systems implemented, aiming at satisfying the needs for the normal performance of iibCV's activities.

In 2021, the department focused on improving internal processes, both at departmental and interdepartmental levels, collaborating in the implementation of new solutions and improvement of internal technological tools, to better serve customers.

5.2. Operations

The Operations Department is responsible for the operational part of the Bank's activities, for opening accounts and managing cards, transfers and other means of payment. It is also in charge of preparing and processing financing contracts, in different aspects, as well as the operationalization of customer investments.

Also in the context of the duties established in the Bank's management model, this department functions as a back office, dealing with operational tasks related to transactions and customer relations, making all commercial activities faster and safer.

The main objective of the Operations Department is to offer high excellence in operations execution, at the lowest cost, contributing to the overall growth of the Bank's business, its profitability and maintaining customer satisfaction and loyalty.

5.3. Accounting

The Accounting Department is responsible for preparing and disclosing iibCV’s individual financial statements, namely regulatory reports and reports to the Group.

It is also charged with handling tax obligations, including compliance with reporting obligations to customers and tax authorities, as well as establishing and coordinating contacts with external auditors and tax consultants.

It is the department's job to prepare the reconciliation of the financial movements generated by the transactions made, value such transactions and report the positions and results of the Bank's various portfolios on a monthly basis.

5.4. Legal

The Legal Department was created in 2021 with the aim of supporting the technical-legal coordination of all activities related to the Bank and all the processes that support such activities.

It provides legal advice internally, by issuing opinions and drafting contracts and other legal documents that serve as working instruments and the basis for decision-making.

It also works in collaboration with the Credit Recovery Department, taking pre-litigation action and defining the criteria and general guidelines related to it, providing support in the litigation phase.

6. Human Capital

The Human Capital Department follows the guidelines in iibCV's strategy, with the core mission of defining, developing and implementing overall Human Capital strategies and policies, in order to contribute to the motivation and high-performance standards of bank employees.

In view of the specific characteristics of Human Capital management, aiming to make the best use of skills and develop talent, and considering the need to ensure the consistency of policies and standards, the Department's role is to promote permanent interconnection with all the Bank's departments.

The Department's organization involves aligning the macro human resource processes (recruitment and selection, training and development, performance evaluation systems, remuneration and incentive systems, drafting employment contracts, controlling attendance and absenteeism, processing salaries and declaring associated tax obligations) with the Bank's core business, in order to maximize value creation.

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