international investment bank, S. A.

Annual Report 2022

Your Bank, Your Future

O seu Banco, O seu Futuro

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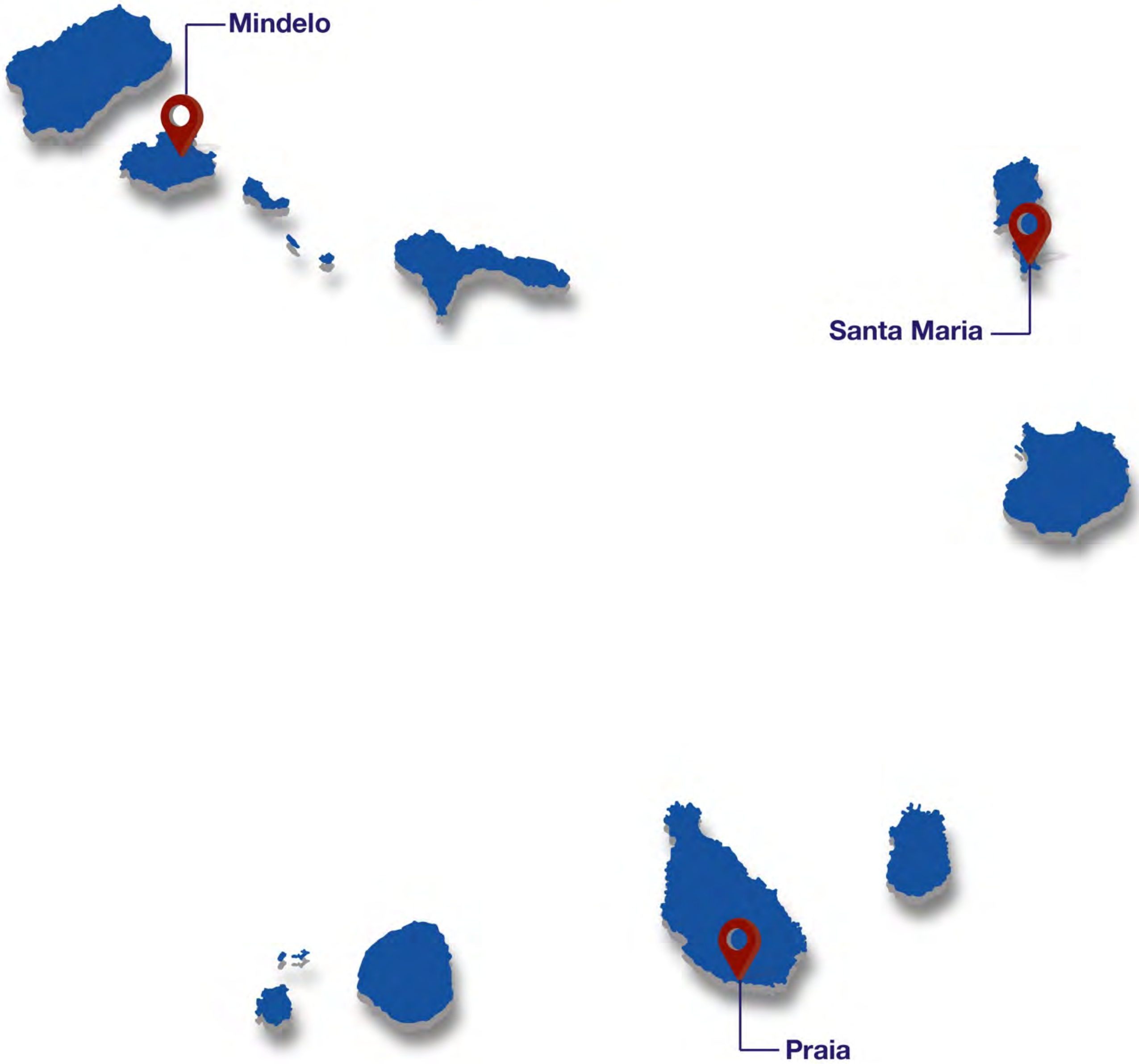
Our Presence



Purpose

To help people achieve their ambitions

Our Purpose is derived from our Brand Essence.
It represents our ambitions and aspirations.
It inspires us to do what we do and how we do it.

Brand Essence

Transforming Lives

Our Values

Partnership

Partnership means we collaborate and with that comes success. All our relationships are mutually beneficial, giving a sense of ownership, responsibility and accountability to stand by what we do.

Innovation

With knowledge comes innovation. We believe that any problem has a solution and this can be reached through logic and reason. Our diverse workforce generates organic creativity, leading to innovation in our product and service offerings.

Commitment

We are bound to our employees, our customers and our stakeholders. We believe that with commitment comes excellence, steering us towards the best possible outcome in any scenario.

Management Team


Aïcha Correia
Head of Finance & ALM


Leida Semedo
Head of Human Capital


Elsa Almada
Head of Risk

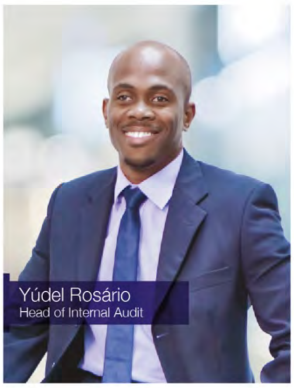

Hugo Rocha
Head of IT


Carla Melício
Head of Recovery - REO


Lenira Monteiro
Head of Accounting


Karin Barros
Head of Compliance


Leila Carvalho
Head of Operations


Yúdel Rosário
Head of Internal Audit


Djasmin Ferreira
Head of Legal


Nelson Leocádio
Head of Marketing


Giselle Tolentino
Head of Corporate South

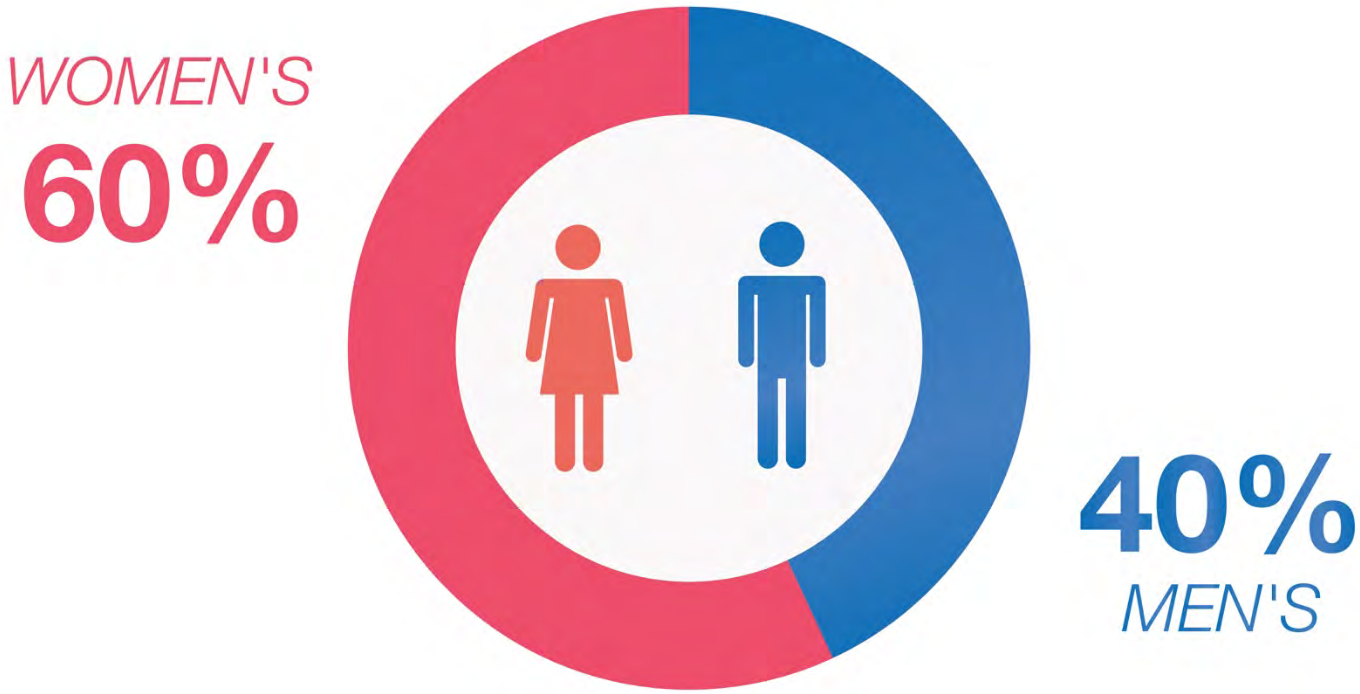

Félix Gomes
Head of Private


Jailson Frederico
Head of the Praia Branch


Naldina Lima
Head of the Sal Branch


Marlene Silva
Relationship Manager

Gender Diversity



"We have inculcated a culture of diversity and inclusion. Our female representation is currently at 60% and we are making a concerted effort to improve our diversity ratio."

Company Info

Administration and contact details as at 31 December 2021

Shareholders:	iibGroup Holdings Novo Banco, S.A.
Directors:	Francisco Ferreira - CEO José Soares - COO Sérgio Martinho - CFO
Registered Office:	Av. Cidade de Lisboa, C.P. 35, Praia - Santiago Cabo Verde
Auditors:	Ernst & Young Audit & Associates - SROC, S.A. Branch in Cape Verde Santa Maria Building - Atlantic Complex Apartment 305 - 3rd floor Avenida Cidade de Lisboa - Praia - Santiago

A. Key Indicators

	31.12.2022	31.12.2021	30.12.2020
ACTIVITY (thousands of CVE)			
Net Assets	36 778 787	30 013 984	19 588 642
Customer loans (gross)	7 317 373	5 482 273	5 444 853
Funds (1)	17 822 555	14 897 845	14 236 967
Net Interest Income	637 827	521 729	464 087
Banking Income (BI)	786 299	725 463	514 896
Cash-Flow	492 675	444 249	210 876
Income for the Year	433 140	337 155	190 362
OPERATION			
Number of Employees	43	39	40
LIQUIDITY			
Funds at the Central Bank (tCVE)	612 091	830 406	702 301
Loan-to-deposit ratio (%) (2)	41	37	38
ASSET QUALITY (%)			
Loss ratio = Overdue loans > 90 days/Customer loans (gross)	1,03	1,47	2,49
Impairment/Overdue loans > 90 days	122,01	125,25	60,55
Impairment/Customer loans	1,25	1,85	1,51
PRODUCTIVITY / EFFICIENCY			
Average Assets/Average Number of Employees (tCVE)	814 546	627 881	446 159
Cash Flow/Average number of employees (tCVE)	12 016	11 247	5 407
Structure Costs/Average Assets (%)	0,88	1,13	1,75
Cost-to-Income (%)	42,39	43,93	66,49

(1) Os Recursos de clientes incluem as Responsabilidades representadas por títulos
(2) O Rácio de transformação é dado pela relação entre o crédito a clientes e os recursos de clientes

B. Results and Proftitability

	31.12.2022	31.12.2021	30.12.2020
BALANCE SHEET (thousands of CVE)			
Net Assets (NA)	36 778 787	30 013 984	19 588 642
Financial Assets (FA)	27 380 446	18 537 483	9 348 673
Equity (E)	2 243 531	1 789 901	1 492 561
OPERATING ACCOUNT (thousands of CVE)			
Net Interest Income (NII)	637 827	521 729	464 087
+ Noninterest Income (NI)	148 472	203 733	50 809
= Banking Income (BI)	786 299	725 462	514 896
- Operating Costs (OC)	333 276	318 675	342 358
= Gross Income (GI)	453 023	406 787	172 538
- Provisions net of Reversals (PV)	(33 867)	(13 775)	(49 346)
= Income Before Taxes (IBT)	486 890	420 562	221 884
- Taxes (T)	(53 750)	(83 408)	31 523
= Net Income for the year (NI)	433 140	337 154	190 361
PROFITABILITY (%)			
Net Interest Income (RF/FA)	2,33	2,81	4,96
Business Margin (BI/FA)	2,87	3,91	5,51
- Relevance of Operating Costs (OC/FA)	1,22	1,72	3,66
- Relevance of Provisions (PV/FA)	(0,12)	(0,07)	(0,53)
= Return on Financial Assets (NI/FA)	1,97	2,72	2,04
x Relevance of Financial Assets (FA/NA)	74%	62%	48%
= Return on Assets "ROA" (NI/NA)	1,18	1,12	0,97
x Investment Multiplier (NA/E)	1639%	1677%	1312%
= Return on Equity "ROE" (NA/E)	24,20	22,59	15,20

I. Management Report

1 Message from the Board of Directors

Dear Customers, Employees and other Stakeholders,

The year 2022 has ended and with it emerged the cumulative results of a strategy designed for a three-year period (2020-2022).

The strategy developed and subsequently implemented was based on a corporate identity and common work culture, reflected in a substantive change in the governance model, adopting a fluid organizational structure that tends to be horizontal rather than traditional and hierarchical, based on open communication premisses that support transparent and participatory management forums.

With the shared ambition of being the international bank that knows Cabo Verde best, we began carrying out our activities adopting a "from where we are to the world" perspective, never ceasing to recognize that what distinguishes us is the superior training and uniqueness of our Human Capital, which, through relevant training, development and employee protection programs has, throughout this period, contributed decisively to the implementation of a bank "By People for People" which each day seeks to "Be Different, to make a Difference."

In the midst of great adversity, our team asserted itself through its work and dedication, dedicating itself to helping our Institution, our Customers and Suppliers, as well as all other Stakeholders, to pursue their activities in a period of unprecedented challenges. The team developed, improved its skills, acquired knowledge and experience, and therefore wanted to become a major economic agent, with the ability to do "what has not yet been done" and thus be able to deliver more and better value.

This determination on the part of our team strongly characterizes the 2022 fiscal year!

In 2022, despite the effects of the war in Ukraine, based on our strategic plan and the will to innovate, we continued to grow, with a 23% increase in total assets (2021: 53% and 2020: 29%). This growth was supported by an even more stable and diversified funding structure, with an asset composition able to offer a higher risk-adjusted return, both in absolute and relative terms, through a net income of CVE 435 million, which is particularly important as it is backed by comfortable solvency and liquidity levels, which stood at 36% (CT1) and 315% (LCR). This fiscal year was, therefore, the best ever in the organization’s history!

Regarding the loan portfolio, the Bank maintained its prudent position in terms of lending, as well as follow-up and monitoring, which are characterized by a proactive management of the portfolio, which is expected to continue to ensure a personalized customer monitoring, a decisive factor in recovering non-performing loans (NPLs), whose weight stood at 1.03%.

In a quest for continuous improvement, we implemented the new Sustainability and Social Responsibility Policy, where we align our principles and values with the United Nations' ("UN") Sustainable Development Goals. In this evolutionary process, we also began to incorporate these principles into the creation and development of our products and services, becoming the first institution in Cabo Verde to create an Indexed Time Deposit, whose structure subsequently led to the issue of a Social Bond, where, in both cases, part of the proceeds were used to finance the noble cause undertaken by the SOS Children's Villages Cabo Verde.

During this three-year period, through relevant cooperation with the most diverse and honorable institutions, which, having principles and values that are compatible with ours, are dedicated to such excellent causes, we have been able to touch approximately 54,500 lives.

We also asserted ourselves as the most active player in the capital markets, with significant presence in the primary and secondary markets, being the most relevant private issuer, having issued a Social Bond, "iib Solidarity Indexed Bond," a Subordinated Bond, "iib Subordinated Participation Bond," the first derivative issued in Cabo Verde, "Credit Linked Notes - iib PRAE - Program for Restructuring and Supporting the Economy," and the largest ever issue in a single series, "iib 3S Senior Bond".

Subsequently, in March 2023, we issued the first Blue Bonds in Cabo Verde, called "iib Marine and Ocean-based Blue Bonds," with the participation of the United Nations Development Program ("UNDP") and the Joint SDG Fund, which marks a new stage in our evolutionary process, aimed at contributing directly to economic development, aligned with international guidelines and best practice.

Confident that the best that we have to offer is yet to be done, we reiterate our commitment to remain here, to serve Cabo Verde, we extend to you our warmest regards.

Thank you very much!

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

O 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 institution's shareholder structure is as follows:

Shareholder Structure

(Amounts in thousands of 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 África, SGPS - S.A. is 100% owned by Novo Banco, S.A. (Portugal)

2.2 Governing 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 Meeting

Chairman

José Luís Andrade

Secretary

Dina Haikel

Board of Directors

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

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

Executive Committee

The Executive Committee is composed of three members.

Chairman

Francisco José Mairos Ferreira

Members

José Alberto Monteiro Soares

Sérgio Miguel Alves Martinho

Audit Committee

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

Chairman

Ildo Adalberto Lima – Presidente

Members

Eunérlia Sousa Freitas

Nair Cecília Pereira da Silva

Alternates

Alexandre Elísio Moreno Ferreira Querido

Afrodite Leocádia de Sousa Reis Borges Monteiro

2.3 Organizational 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 and a service station support the Bank's entire network of customers, nationally and internationally.

Central Services Departments

Financial & Asset and Liability Management	Aïcha Correia
Human Capital	Leida Semedo
Overall Risk	Elsa Almada
Information Technology	Hugo Rocha
Credit Recovery	Carla Melício
Accounting	Lenira Monteiro
Compliance	Karin Barros
Operations	Leila Carvalho
Internal Audit	Yúdel do Rosário
Legal	Djasmin Ferreira
Marketing	Nelson Leocádio

Commercial Department

Corporate South	Giselle Tolentino
Corporate North	Naldina Lima
Private	Félix Gomes
Praia Branch	Jailson Frederico
Sal Branch	Naldina Lima
Mindelo Service Station	Marlene Silva

2.4 Geographical Presence, Distribution Network and Facilities

International Investment Bank (iibCV) has its registered office at Av. Cidade de Lisboa, Praia, the country's capital, where its central services and Head Office unit are located. In addition to the business unit on Santiago Island, it also has a second unit on Sal Island.

The Bank now also operates physically in São Vicente, with the adoption of the concept of Service Stations, focusing on intensifying the Bank's presence in the country and disseminating the offer of unique products and services that iibCV has in its portfolio.

2.5 Human Capital and Social Responsibility

2.5.1 Human Capital

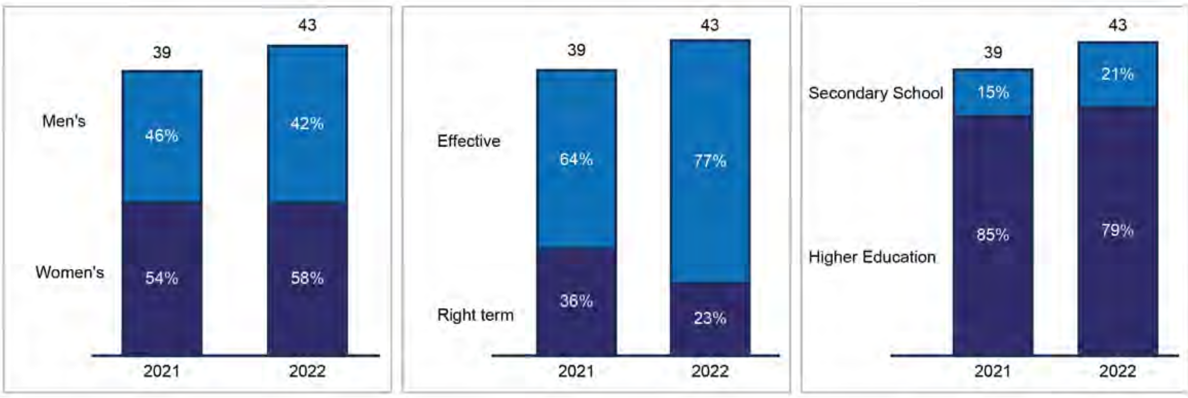
Human capital management is one of the fundamental pillars of iibCV's management, insofar as its employees, in various roles and levels of responsibility, are the critical factor for its success.

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 have, for the second consecutive year, 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.

The Bank obtained this certification with a score of 93% (2021: 85%), using international banking and insurance companies with 20 to 50 employees as a benchmark.

In terms of Training and Development, more than 800 hours of training were given in 2022 (2021: 600 hours), both online and in person, benefiting all Departments and contributing to the development of the individual and collective skills of the Bank's employees.

Human Resources Structure as at 12-31-2021 and 12-31-2022



2.5.2 Sustainability and Social Responsibility

The Sustainability and Social Responsibility Policy was initiated in 2020, under the motto "6 months, 6 causes," with the direct participation of employees in determining and indicating social projects to be benefited.

The pillars of action in 2022 were Health, Education, and the Environment, with an investment of about CVE 10,000,000 (ten million escudos).

Committed to being ever closer to the community, the Board of Directors approved the allocation of 2.5% of the 2022 net income to the social responsibility budget for 2023.

Details of the activities carried out during FY 2022 were presented in the Sustainability Report for the year.

3 Economic Environment 2022

3.1. International Environment

In early 2023, the International Monetary Fund ("IMF") revised upwards the Global economy's growth prospects, from the previous 2.9% to 3.1%, still below the figures seen in 2022 (3.4%), which continues to reflect a slowdown in the growth rate. Notwithstanding this slowdown, the risk of a global recession seems to remain mitigated because, despite the war in Ukraine and the significant increase in interest rates by Central Banks, especially reflected in the two largest world economic blocks, there was an unexpected global improvement in the economic environment, catalyzed by the reopening of the Chinese economy.

In this context, the greatest uncertainty lies in price developments, with the IMF forecasting that inflation will enter a period of moderate growth. Prices are expected to continue to rise, but at a slower rate, after two years of significant increases that reflected a too rapid return of demand against a fragmented supply, due to the breakdown of value chains associated with production, logistics and transportation during the period related to the spread of the Covid-19 pandemic, as well as the additional impact of the war in Ukraine on energy commodities and cereals. Thus, as regards global inflation, the IMF expects it to decline from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still higher than before the pandemic, when the inflation rate was around 3.5%.

In this context, adverse risks have likely moderated given the expectation that demand may provide sufficient basis for growth and be complemented by a faster than expected decline in inflation, in a process that allows trade and services to absorb the gains associated with a generalized price increase.

Among the risks to be monitored in 2023, the IMF describes three predominant factors, namely the possibility that China will again face a severe outbreak of Covid-19, an intensification of the war in Ukraine, and a global liquidity shortage that constrains access to funding or that funding is not available at adequate levels, which would exacerbate conditions for states, companies, and households in weaker regions.

In addition to the risks pointed out by the IMF, there is mounting anxiety in the global financial market, arising from the impact that the increase in interest rates may have on banks' balance sheets, as a consequence of an increase in non-performing loans and a marked devaluation of fixed-rate credit assets held by financial institutions. These fears may have a significant impact on the liquidity available in the money market and affect banks' ability to finance themselves in the international market in the short term, with potential contagion within the Global financial market. The problems seen in early 2023 in the balance sheets of Silicon Valley Bank, UBS and, more recently, Deutsche Bank, are uncertainty factors to be considered, in view of a possible unconventional intervention by regulators, to avoid potential damage over time, thus restricting the normal functioning of markets.

In turn, the slowdown in the global economy in 2023, projected by the IMF, reflects a weaker performance of advanced economies, which are expected to grow 1.2% and 1.4% in 2023 and 2024, respectively, an improvement over the previous year, but still lower than last year's projections for the period. Among developed economies, the US is expected to grow 1.4% and 1% in 2023 and 2024, respectively. In turn, the Euro Zone is expected to grow 0.7% and 1.6% in the same period.
Having reopened its economy faster than expected, China is expected to grow 5.2% in 2023 instead of 4.4% as forecast in October, with the 4.5% expansion expected for 2024 remaining unchanged.

3.2. Domestic Environment

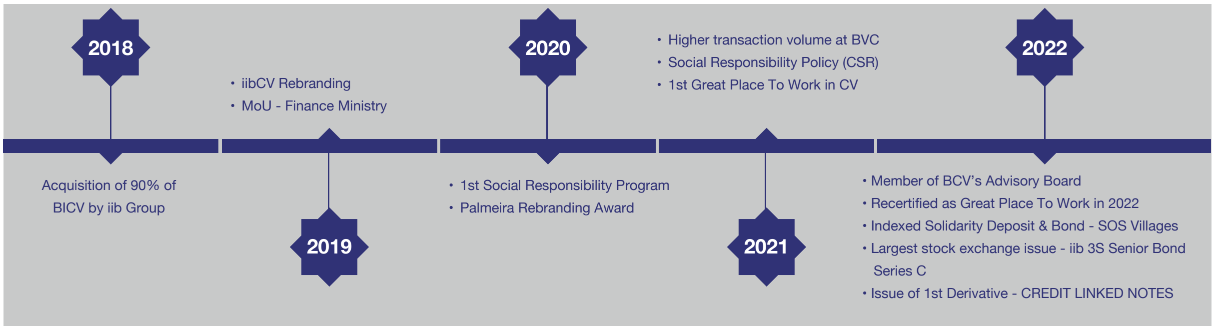
According to the World Bank, Cabo Verde's economy is projected to grow 4% in 2022, a slowdown from 2021 (+7%), in a yet to be completed recovery cycle related to the 14.8% drop in GDP recorded in 2020, as a result of measures to mitigate the spread of Covid-19.
Additionally, the conflict in Ukraine and the extended period of extreme drought in the country entail a particularly relevant impact on the price of goods, which is expected to be around 7.5% in 2022, making Cabo Verde an especially fragile economy when faced with external shocks, such as imported inflation, which represents a major concern, given the effects on the price of products that make up the basic consumer basket, which will worsen food insecurity in the country.
It is important to acknowledge that, in this context, the ability of Cabo Verde's Central Bank to affect general prices by increasing interest rates is limited and the impact of such a measure on consumption and investment, which the country needs so much, could be counterproductive, leading Cabo Verde to a period of stagflation, where reduced consumption and investment, caused by increased interest rates, could lead to increased unemployment, with inflation remaining high, as the effect of price increases is imported and not resulting from local consumption and investment being above aggregate supply.
In turn, recent economic growth has been led by the emerging, but still not very relevant, manufacturing sector and, particularly, construction, which are developing on the back of rising private consumption and, more significantly, public consumption and investment.
Thus, the tax deficit is expected to reach 9% of GDP in 2022, driven by the increase in current spending due to the response package to mitigate the impact of the war in Ukraine. The public debt-to-GDP ratio is expected to improve from 147.7% in 2022 to 141.1% in 2024.
In the medium term, private consumption, tourism investment and the blue economy are expected to support growth. The outlook is subject to substantial downside risks from climate shocks, new Covid-19 variants and increased global uncertainty due to the war in Ukraine.

4. Summary of Activities

4.1. Business Strategy and 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 strategy undertaken will continue to aim at efficiently addressing the challenging limitations prevailing in the surrounding context, with emphasis on continuously strengthening organizational capabilities 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 funders; 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 Sustainability and Social Responsibility Policy.



4.2. Summary of Activities

FY 2022 was a unique year for iibCV, in which it enjoyed a remarkable growth in its balance sheet (+23%), with this growth not having incorporated an increase (to be considered) in the value of risk-weighted assets, while it was possible to increase operating income significantly, reflected in the 29% increase in net income (2022: CVE 435 million).

The efficiency (42.64%), profitability (24.28%), and solvency (35.9%) indicators reflect a meritoriously solid operating structure, which embodies comfort, especially appreciated by our stakeholders, given the uncertainty and high perceived risk in the market.

The performance of the iibCV team translated into an 8% increase in banking 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 contributing variable, net interest income grew by 22% and saw its share compared to noninterest income increase from 72% of banking income in 2021 to 82%, showing solid revenue sources.

The loan portfolio volume reached CVE 7.32 billion, with the non-performing loan (NPL) ratio falling significantly to 1.03%, through a continuous proximity and customer behavior monitoring approach, along with a comfortable recognition of the 121.84% expected loss (impairment) of NPLs, which provides an accommodative framework in view of a potential deterioration of future macroeconomic conditions.

With a focus on people, iibCV remained strongly committed to training, with more than 800 hours taught, while at the same time reiterating its commitment to the community, formalizing its Sustainability and 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, 2022 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. Loan Portfolio

In FY 2022, the Bank carried out its activities while being conservative and monitoring credit risk appetite.

The Bank recorded a significant change in the loan portfolio (2022 vs. 2021), having signed important agreements, giving out short-term loans during the year.

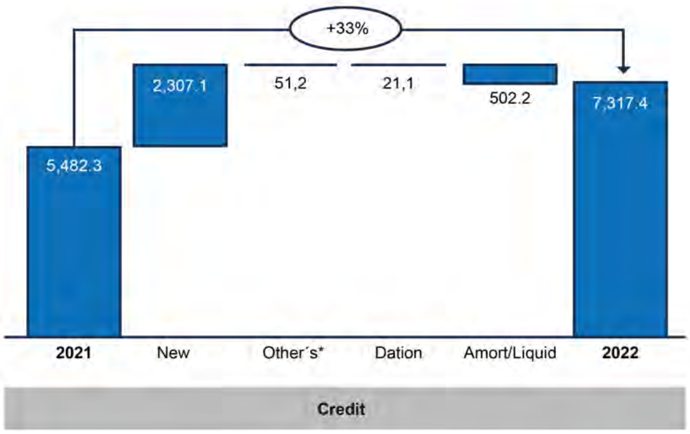
(Amounts in thousands of escudos)

	31.12.2022	31.12.2021	Change
Customer loans	7 317 373	5 482 273	33%
Corporate	6 717 780	4 796 946	40%
Individuals	599 593	685 327	(13%)
Off balance sheet	1 053 213	1 141 999	(8%)
Total	**8 370 586**	**6 624 272**	**26%**

The following graph shows the annual change in the loan portfolio, in terms of new agreements, late payment interest capitalized during 2022, total loans settled and the amount written off from the loan portfolio.

Developments in the loan portfolio, by disbursement, from 12/31/2021 to 12/31/2022

(Amounts in thousands of escudos)

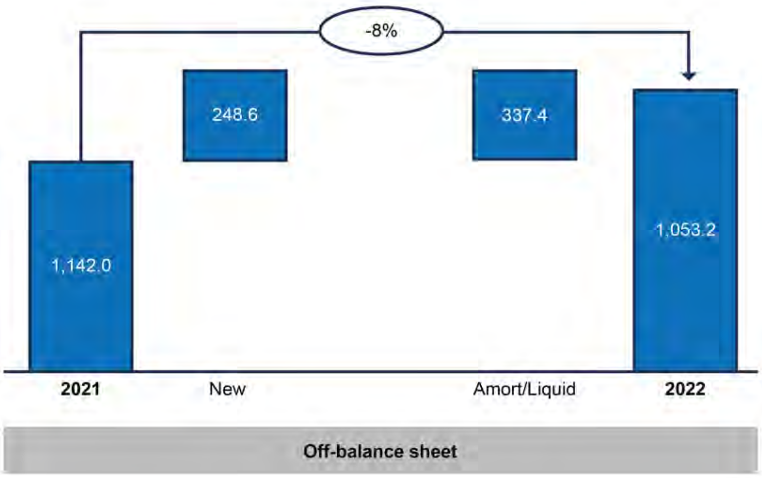


In compliance with the regulatory notice, the Bank wrote off loans totaling CVE 21.1 million, recognizing the effects on the impairment cost for the period.

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 foreclosed assets.

Developments in the loan portfolio, by subscription, from 12/31/2021 to 12/31/2022

(Amounts in thousands of escudos)



Off-balance sheet operations (bank guarantees and documentary credit) showed an 8% decrease, due to the fact that there was a larger volume of settlements than new operations.

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

Portfolio distribution by type of operation as of 31-12-2022 and 31-12-2021.

(Amounts in thousands of escudos)

	31.12.2022		31.12.2021		Change	
	Amount	%	Amount	%	Abs.	Rel.
CORPORATE	**6 717 780**	**91,8%**	**4 796 946**	**87,5%**	**1 920 835**	**40%**
Medium to Long Term Financing	5 162 857	70,6%	3 913 945	71,4%	1 248 912	32%
Short Term Financing	1 181 416	16,1%	-	0,0%	1 181 417	-
Pledged Current Account/Overdraft	339 359	4,6%	851 491	15,5%	(512 132)	-60%
Other	34 148	0,5%	31 510	0,6%	2 638	8%
INDIVIDUALS	**599 593**	**8,2%**	**685 327**	**12,5%**	**(85 735)**	**-13%**
Mortgage Loans	555 878	7,6%	642 399	11,7%	(86 521)	-13%
Consumer	43 715	0,6%	42 928	0,8%	787	2%
LOANS	**7 317 373**	**87%**	**5 482 273**	**83%**	**1 835 100**	**33%**
OFF-BALANCE SHEET	**1 053 213**	**13%**	**1 141 999**	**17%**	**(88 786)**	**-8%**
Bank Guarantees	1 037 415	12%	1 141 999	17%	(104 584)	-9%
Documentary Credit	15 798	0,2%	-	-	15 798	-
TOTAL	**8 370 586**	**100%**	**6 624 272**	**100%**	**1 746 315**	**26%**

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 77% of the portfolio.

The main credit counterparties are companies in the Transportation and Communications sector, which together account for the equivalent of 72% of the total loan portfolio. Exposure to concentration and credit risk is mitigated by solid guarantee and collateral instruments.

Loan Portfolio Distribution as at 12-31-2022 and 12-31-2021

(Amounts in thousands of escudos)

	31.12.2022		31.12.2021	
	Falling due	Overdue	Falling due	Overdue
By Segment	7 242 214	75 159	5 400 496	81 777
Corporate	6 676 188	41 592	4 765 236	31 710
Individuals	566 026	33 567	635 260	50 067
General Government Sector	-	-	-	-
By Activity Sector	7 242 214	75 159	5 400 496	81 777
Transportation and Communications	5 267 162	-	4 091 079	-
Housing	522 636	33 242	594 640	47 759
Hospitality and Food Service	334 855	555	341 755	-
Trade and Services	824 194	40 839	196 766	31 513
Industry	209 156	-	100 622	-
Consumption	43 391	324	40 620	2 308
Construction and Public Works	40 822	197	35 013	197
By Maturity	7 242 214	75 159	5 400 496	81 777
Medium and long term	6 057 716	40 842	5 376 494	49 842
Short-term	1 184 499	34 316	24 002	31 935
Loan impairment / Portfolio coverage	91 576	1,25%	101 156	1,85%

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 lending activities.

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;
- Enhancing 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;
- Reporting information in a timely manner; and
- Providing training in order to disseminate the risk identification and prevention culture to all areas of the Bank.

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 established 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 75.06 million (2021: 80.76 million) in non-performing loans (more than 90 days in arrears), which resulted in a non-performing loan ratio of 1.03% (2021: 1.47%).

Age of non-performing loans

(Amounts in thousands of escudos)

Year	Amount	% Accumulated
Up to 2019	52 770	70%
2020	7 006	9%
2021	7 217	10%
2022	8 073	11%
Total	**75 067**	**100%**

A significant majority of non-performing loans falls within the period prior to the Covid-19 pandemic, i.e. prior to 2020.

Time distribution of non-performing loans, by product, as at 12-31-2022

(Amounts in thousands of escudos)

	> 90 days <= 180 days		> 180 days <= 365		> 365 days		TOTAL	
	Loans	Impairment	Loans	Impairment	Loans	Impairment	Loans	Impairment
Corporate	-	-	8 063	821	33 437	30 315	41 500	31 137
Mortgage	-	-	-	-	33 242	356	33 242	356
Consumer	-	-	-	-	324	4	324	4
TOTAL	**-**	**-**	**8 063**	**821**	**67 004**	**30 676**	**75 067**	**31 497**

Together, mortgage loans (44%) and medium-long-term financing (55%) account for 99% of total non-performing loans. These loans have real guarantees, deposits and mortgages on real estate, with an average LTV ratio of 57%, and are being recovered through legal proceedings.

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

(Amounts in thousands of escudos)

	> 90 days <= 180 days		> 180 days <= 365		> 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
Consumer	33	-	1 860	614	415	70	2 308	684
TOTAL	**33**	**-**	**1 860**	**614**	**78 869**	**35 827**	**80 762**	**36 441**

According to 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 1.27% of the gross loan portfolio.

Loan portfolio at risk as at 12-31-2022 and 12-31-2021

(Amounts in thousands of escudos)

	Non-performing loans	Restructured loans	Credit at risk 2022	Credit at risk 2021	Variation 2022/2021
Corporate	41 500	7 508	43 055	48 387	(11%)
Mortgage	33 242	18 376	47 440	92 860	(49%)
Consumer	324	1 785	2 110	3 350	(37%)
Total 75 067 27 669			**92 606**	**144 597**	**(36%)**
% Global Portfolio	**1,03%**	**0,38%**	**1,27%**	**2,64%**	**(1,37pp)**

The 36% 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 12-31-2022 and 12-31-2021

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021	Δ abs.	Δ %
Customer loans (gross)	7 317 373	5 482 273	1 835 100	33%
Loans written off from assets (in the year)	193 462	182 661	10 801	6%
Overdue loans (a+b)	75 159	81 777	(6 618)	(8%)
(a) Overdue loans (>90days)	75 057	80 762	(5 705)	(7%)
(b) Overdue loans (<90days)	102	1 015	(913)	(89,90%)
(c) Restructured loans*	27 669	35 049	(7 380)	(21%)
At risk loans	92 606	144 597	(51 991)	(36%)
Loan portfolio impairment	91 576	101 156	(9 579)	(9%)
Written off loans/ Customer loans	2,64%	3,33%	(0,69pp)	
Overdue loans/Customer loans	1,03%	1,49%	(0,46pp)	
Overdue loans (>90days)/Customer loans	1,03%	1,47%	(0,45pp)	
At-risk loans/Customer loans	1,27%	2,64%	(1,37pp)	
Portfolio impairment / Overdue credit	121,84%	123,70%	(1,85pp)	
Portfolio impairment / Overdue loans (>90days)	122,01%	125,25%	(3,24pp)	
Impairment of the portfolio/Credit at risk	98,89%	69,96%	28,93pp	
Portfolio Coverage (Portfolio Impairment/Customer Credit)	1,25%	1,85%	(0,59pp)	

* 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 credit management processes and policies, the Bank has classified around 97.8% of the total gross loan portfolio in the Performing risk class *(Stage 1)*.

The loans classified as Stage 1 correspond to customers in compliance with payment plans, whose economic analysis does not reflect credit risk degradation in relation to when they were initially granted (initial lending date compared to the current economic analysis).

Assumptions for classification by Stages

(Amounts in thousands of escudos)

	Stage 1	Stage 2	Stage 3
Assumptions	Regular Loans	Restructured loans Overdue for more than 30 days Blocked accounts DeReturn / check usage blocked Other	Overdue for more than 90 days Bankruptcy/insolvency Collateral enforcement Other
Amount of loans →	**7 153 093**	**58 578**	**105 702**
% of portfolio →	**97,80%**	**0,80%**	**1,40%**

Breaking down the loan portfolio impairment by risk class indicates that Stage 3 customers, which account for 1.4% of gross loans, generate 36% of total impairments.

Impairment in the overall loan portfolio as at 12-31-2022

(Amounts in thousands of escudos)

	Individual analysis			Collective analysis			Total		
	Credit	Impairment	Coverage	Credit	Impairment	Coverage	Credit	Impairment	Coverage
Credit operations	**4 598 327**	**73 675**	**1,60%**	**2 719 046**	**17 901**	**0,66%**	**7 317 373**	**91 576**	**1,25%**
Stage 1	4 517 685	41 288	0,91%	2 635 408	16 432	0,62%	7 153 093	57 720	0,81%
Stage 2	41 193	980	2,38%	17 385	71	0,41%	58 578	1 051	1,79%
Stage 3	39 449	31 407	79,61%	66 253	1 398	2,11%	105 702	32 805	31,04%
Off-balance sheet	**15 798**	**25**	**0,16%**	**1 037 415**	**2 238**	**0,22%**	**1 053 213**	**2 263**	**0,21%**
Stage 1	15 798	25	0,16%	828 096	1 513	0,18%	843 895	1 538	0,18%
Stage 2	-	-	-	209 319	724	0,35%	209 319	724	0,35%
Stage 3	-	-	-	-	-	-	-	-	-
TOTAL	**4 614 125**	**73 700**	**1,60%**	**3 756 461**	**20 139**	**0,54%**	**8 370 586**	**93 839**	**1,12%**

Along with a substantial reduction in the overdue loans and credit at risk ratios, impairments decrease by CVE 9.6 million, substantially due to the total settlement of some non-performing loan exposures.

Change in loan portfolio impairment as at 12-31-2022

(Amounts in thousands of escudos)

Segment	Impairment as at 31.12.2021	Impairment as at 31.12.2022 Collective Analysis	Individual Analysis	Total	Change
Corporate	87 855	16 916	72 317	89 232	1 377
Individuals	13 300	985	1 359	2 344	(10 956)
	101 156	**17 901**	**73 675**	**91 576**	**(9 579)**

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

Guarantee Type	Delay range				
Mortgage for owner-occupied 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 guarantee	0-1m	1-3m	3-6m	6-12m	>12m
Risk Class	**A**	**B**	**C**	**D**	**E**
Rate Provision	**1%**	**5%**	**25%**	**50%**	**100%**

The equivalent of 0.85% of the loan portfolio is classified in the default risk classes (C, D and E) and together they account for 91.3% 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.

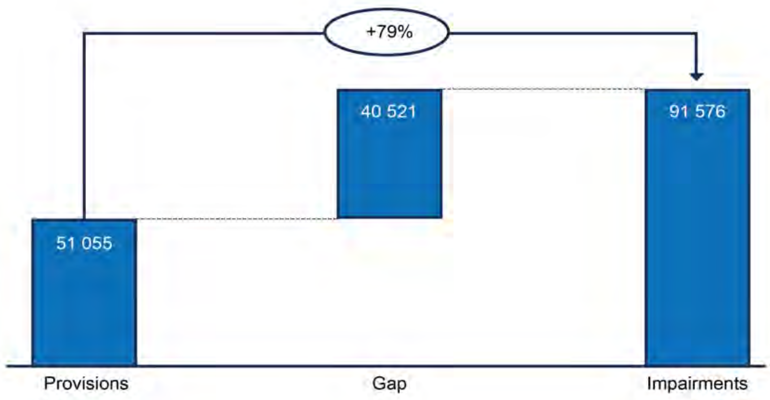
Distribution of loan portfolio and provisions by risk class, as at 12-31-2022

(Amounts in thousands of escudos)

Credit operations	Loan amount	Risk Class and % Provisions A 1%	B-C [5% -25%]	D-E [50% -100%]	Total provisions	Total impairment	Difference Between Impairment and Provisions
M/L Term Financing	5 162 857	3 239	676	-	3 915	44 578	40 664
Mortgage loans	555 878	438	3 154	9 706	13 298	871	(12 427)
Other loans	1 598 638	91	158	33 594	33 843	46 127	12 284
Total	**7 317 373**	**3 768**	**3 987**	**43 300**	**51 055**	**91 576**	**40 521**

Regulatory Provisions versus Impairment

(Amounts in thousands of escudos)



6. Analysis of Developments in Activities

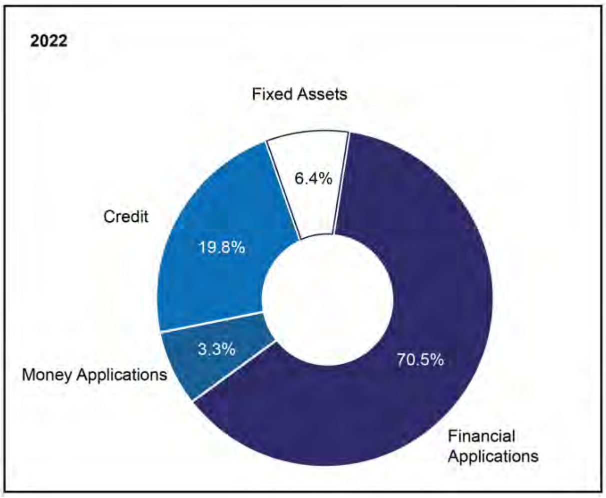
6.1. Balance Sheet

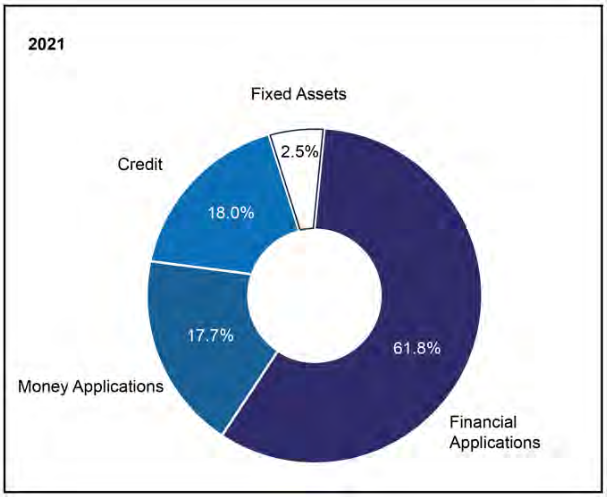
At the end of 2022, the balance sheet of iibCV reached an overall amount of CVE 36.77 billion, which is around 23% higher than the CVE 30 billion seen at the end of the previous year.

Financial assets and liabilities continue to be predominant in iibCV's balance sheet, with a relative weight of 94% (2021: 80%) and 92% (2021: 93%), respectively, in its composition at the end of 2022.

6.1.1. Assets

Asset Composition





As at December 31, 2022, gross investment in fixed assets amounted to CVE 636 million (2021: CVE 597 million), with accumulated amortization and impairments amounting to CVE 435 million, equivalent to approximately 68% of the value of those same assets.

Overall, the Bank's net fixed assets account for approximately 0.6% of its total net assets, reflecting, in addition to regular amortizations, the effect of impairment recorded in tangible (CVE 25 million) and intangible assets (CVE 8 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).

Interest-bearing Assets

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Investments in other financial institutions	11 396 821	8 608 441
Very short-term investments in Banco de Cabo Verde	4 200 000	1 320 000
Short-term investments at Banco de Cabo Verde	-	183 772
Gross loans to clients	7 317 373	5 482 273
Assets under repurchase agreement	1 467 836	1 401 590
Financial Assets at fair value through other comprehensive income	10 297 730	6 927 275
Total Interest-Bearing Assets (1)	**34 679 760**	**23 923 352**
Net Assets	**36 778 787**	**30 013 984**
Remunerated Assets/Net Assets	**94%**	**80%**

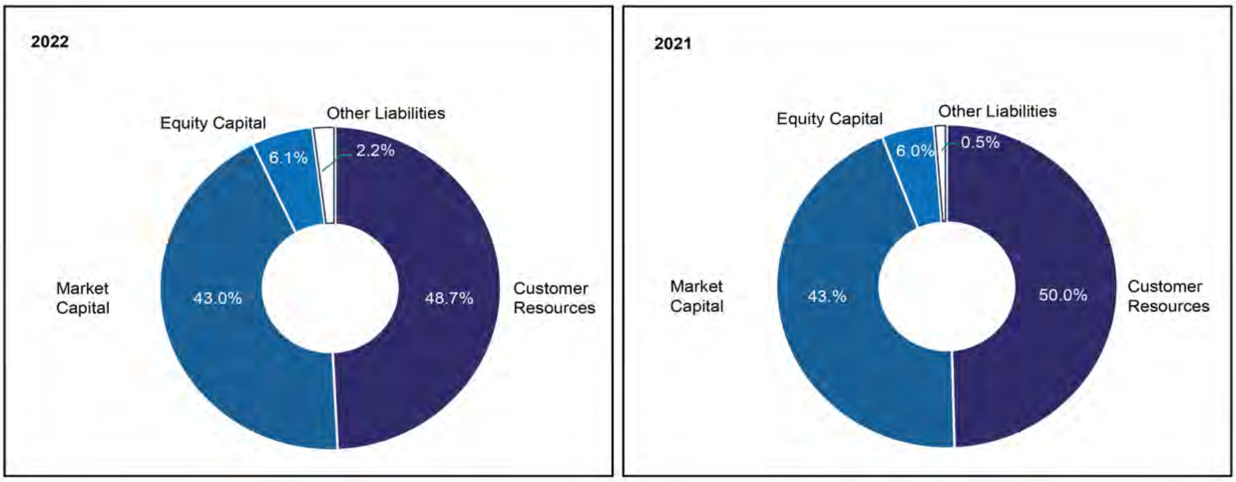
1) Excludes interest and impairments

The portfolio of interest-bearing assets, or those generating income that can be determined on their contract date (fixed or variable rates) saw a 45% growth, with all the elements that compose it growing during 2022, 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 41% of total liabilities, a lower proportion than at the end of 2021 (50%), showing a diversification of funding sources.

Financing Structure



Market funds, made up of deposits of other financial institutions and central banks, grew by 21%, accounting for 43% of total liabilities, the same as the previous year, given the growth in the Bank's overall liabilities. In absolute terms, the funds of this segment totaled CVE 15.8 billion (2021: CVE

13 billion) at the end of 2022, a growth resulting from the stabilization of the new business model in progress.

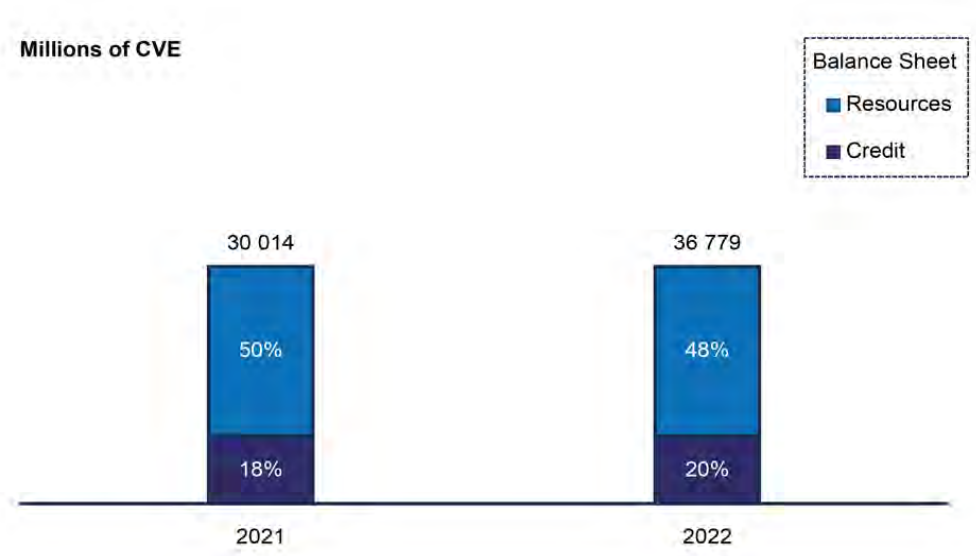
With regard to own funds, note that the Bank closed the year with a net worth of CVE 2.24 billion, equivalent to 6% of its funding structure, which is CVE 36.8 billion (2021: 6% of CVE 30 billion).

Customer funds enjoyed a substantial growth in 2022, totaling CVE 17.9 billion.

Note that demand deposits grew 8% in relation to 2021, accounting for 72% of the overall deposit portfolio. On the other hand, the overall volume of time deposits fell 16%, reflecting the diversification of the Bank's funding sources, which was consolidated with the issue of three debt instruments. Customer funds, in the form of liabilities represented by securities, amounted to CVE 2.91 billion, as a result of the issue of Bonds during the second half of 2022.

Totaling CVE 7.97 billion, non-resident customers' funds saw a slight increase (+6%), while residents' funds decreased by 8%, with a balance of CVE 6.87 billion. Emigrant customers' funds amounted to CVE 152 million, having enjoyed a considerable increase (+119%).

Customer Activity: Loans and Deposits in the Balance Sheet Structure



7. Results, Financial and Prudential Ratios

7.1. Income

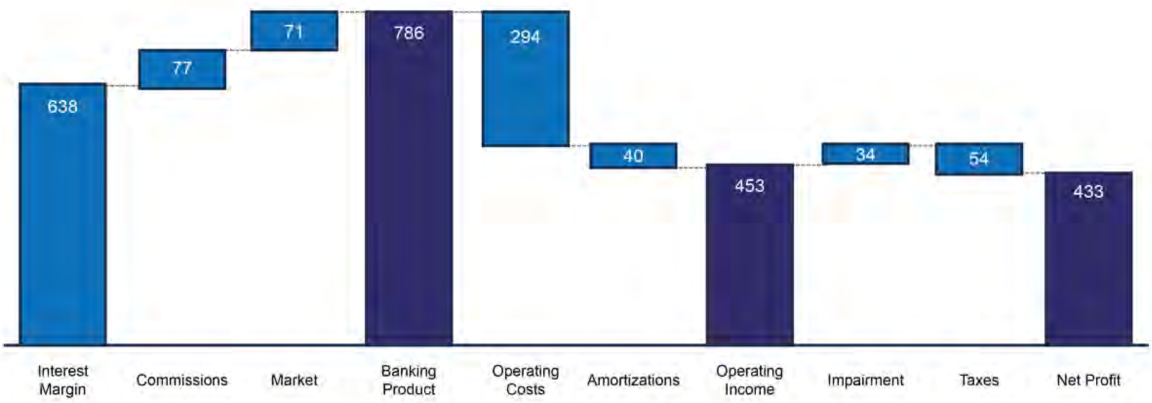
Due to the crisis generated by the Covid-19 pandemic, all sectors of the economy were restricted, having to reinvent themselves so that they could keep operating, in order to maintain jobs and contribute to a return to normality.

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 in the previous year.

Income Statement as at 12-31-2022

(Amounts in millions of escudos)



The financial result grew during the year, with the Bank reaching a figure 22% above that of the previous year, due to the fact that growth in interest income was higher than that in interest expense, in absolute terms.

With an approach of proximity to the market, although fee and commission income fell 29% in relation to 2021, Commercial Banking Income stood at CVE 710 million, reflecting a year-over-year growth of 15% (2021: CVE 620 million).

The trend in income from foreign currency transactions and other operating income was in line with the business development, showing a growth of 26% over 2021.

Banking income amounted to CVE 782 million in 2022, reflecting a relative increase of 8% (2021: CVE 725 million).

Operating Income amounted to CVE 448 million (2021: CVE 407 million), demonstrating the Bank's ability to generate revenue from its direct activities that is above its operating costs, consolidating its sustainability.

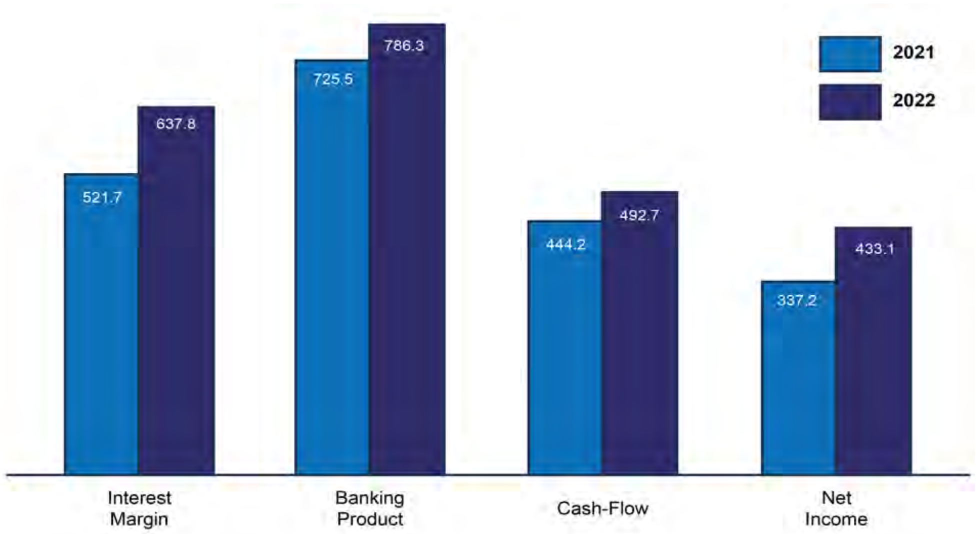
iibCV continues to invest in a unique team of employees, with this commitment being reflected in the increase in the number of employees, in line with business growth, leading staff costs to increase by 5%. Subsequently, administrative costs increased by 4%, both contributing to the increase in overall operating costs.

Thus, operating costs stood at CVE 333 million, which is 5% higher than in 2021, maintaining the overall structure, where staff costs account for 36% and administrative costs 52%. Depreciation and amortization for the year account for the remaining amount.

Net income for the year amounted to CVE 435 million (2021: CVE 337 million), having been directly impacted by the previously mentioned factors, with a growth of 28%.

Income Indicators as at 12-31-2022

(Amounts in millions of escudos)



7.2. Financial Ratios

The financial ratios achieved in 2022 are the result of the strategy implemented, which translated into a significant growth in activities, along with a higher risk-adjusted return.

<u>Loan-to-Deposit Ratio</u>

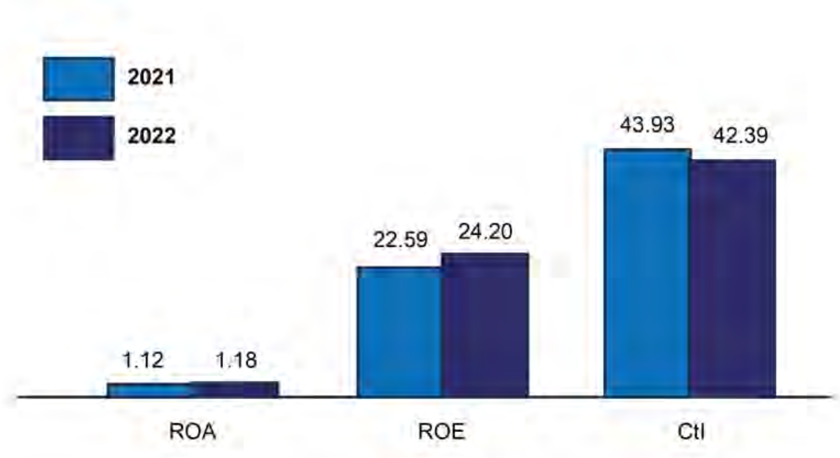
The loan-to-deposit ratio (LtD) was below the figure for the previous year, standing at 41%, as a result of the fact that growth in the loan portfolio was above that in customer funds.

<u>Liquidity</u>

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 was a generalized improvement.

Return on Equity (ROE)

The average annual return on equity was 24.28% (2021: 22.59%), reflecting a higher net income than in the previous year.

Return on Assets (ROA)

The average annual return on assets was 1.18% (2021: 1.12%).

Cost-to-Income (CtI)

The ratio that measures the Bank's efficiency showed an improvement over the previous year, decreasing 1.29 pp. to 42.64% (2021: 43.93%).

7.4. Prudencial 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.

iibCV's primary goal 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.

Main Prudential Ratios

(Amounts in thousands of escudos)

	Mín. Limit	31.12.2022	31.12.2021	Change
Equity	800 000	2 445 162	1 764 370	38,59%
Fixed Asset Coverage Ratio	100%	1243%	1195%	47,84pp
Government Securities	5%	68,16%	15,47%	52,70pp
Solvency Ratio	12,00%	35,82%	30,62%	5,20pp

Thus, as at December 31, 2022, the Bank's Equity stood at CVE 2.45 billion (2021: 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 at approximately 36% (2021: 30%), 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 very comfortable level and a portfolio of net investment in tangible fixed assets of CVE 197 million (2021: CVE 147 million), the Bank has a fixed asset coverage ratio of 1,244% (2021: 1.195%). Notice no. 11/98, dated December 28, which regulates the limits of the equity to net fixed assets ratio, 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 compliance on the Financial Information presented

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, 2022 and December 31, 2021 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 March 29, 2023;

- The management report sets out the developments in the business, performance and financial position of International Investment Bank in FY 2022, 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, 2022, an armed conflict was taking place in Ukrainian territory, whose scope and impacts on the economy, not measured on a global scale, will reflect incremental inflation, via rising energy and commodity prices. As a strong importer of goods and services, Cape Verde imports 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 various economic agents, businesses and households. The banking sector will also, predictably, be affected, with an expected increase in financing costs and credit default. IibCV has adopted 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 activities, other than those described above;

- Note also that the loan moratorium period established in Cabo Verde (following Covid-19), as a measure to support economic agents, businesses and individuals, ended on March 31, 2022, with no material impacts having been identified, as far as iibCV is concerned. IibCV has adopted a conservative management style, aimed at mitigating risks (having specifically adjusted the expected loss for a group of customers in 2021). We do not recommend changes in the procedures and strategy, nor in risk appetite, which have been consistently followed since 2020.

8.2. Proposed Allocation of Profits

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 434,506,510 (four hundred and thirty-four million, five hundred and six thousand, five hundred and ten escudos), be allocated as follows:

(Valores expressos em milhares de escudos)

	31.12.2022	31.12.2021
Reserva legal (10%)	43 314	33 715
Outras Reservas (90%)	389 826	303 439
Total	433 140	337 155

8.3. Acknowledgements

We, the Board of Directors of International Investment Bank, S.A., express our gratitude to our Customers for the trust and loyalty shown over more than 12 years of operations.

We also take this opportunity to say a special thank you to the Regulator, the Authorities in general, and our 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.

Cidade da Praia, 29 de março de 2023

O Conselho de Administração do International Investment Bank

II. FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

1. Demonstrações Financeiras

Demonstração dos Resultados dos Exercícios findos em 31 de dezembro de 2022 e de 2021

(Valores expressos em milhares de escudos)

	Notas	31.12.2022	31.12.2021
Juros e proveitos similares	5	934 464	688 195
Juros e custos similares	6	(296 637)	(166 466)
Margem financeira		637 827	521 729
Proveitos de serviços e comissões	7	94 378	127 154
Custos com serviços e comissões	7	(17 008)	(28 737)
Resultados de ativos ao justo valor com reconhecimento em resultados	8	-	48 883
Resultados de reavaliação cambial	9	36 545	11 416
Outros resultados de exploração	10	34 556	45 017
Produto da atividade		786 299	725 463
Custos com pessoal	11	(120 440)	(114 401)
Gastos gerais administrativos	12	(173 184)	(166 813)
Depreciações e amortizações	19 e 20	(39 652)	(37 461)
Provisões líquidas de anulações	26	893	34 781
Imparidade do crédito líquida de reversões e recuperações	17	(11 760)	(44 813)
Imparidade de outros ativos financeiros líquida de reversões e recuperações	16	38	6 034
Imparidade de outros ativos líquida de reversões e recuperações	19, 20 e 22	44 696	17 773
Resultado antes de impostos		486 890	420 562
Impostos		(53 750)	(83 408)
Correntes	21	(27 401)	(34 307)
Diferidos	21	(26 349)	(49 100)
Resultado após impostos		433 140	337 155
Resultado após interesses minoritários		433 140	337 155

As notas explicativas fazem parte integrante destas demonstrações financeiras

A Comissão Executiva

O Contabilista Certificado

Demonstração do Rendimento Integral dos Exercícios findos em 31 de dezembro 2022 e de 2021

(Valores expressos em milhares de escudos)

	31.12.2022	31.12.2021
Resultado líquido do exercício	433 140	337 155
Alterações de justo valor, líquidas de imposto(1)	20 491	10 292
Total do rendimento integral do exercício	**453 630**	**347 447**

(1) O saldo registado em rendimento integral é referente a itens que poderão vir a ser reclassificados para resultados.
As notas explicativas fazem parte integrante destas demonstrações financeiras.

A Comissão Executiva

O Contabilista Certificado

Balanço em 31 de dezembro de 2022 e de 2021

(Valores expressos em milhares de escudos)

	Notas	31.12.2022	31.12.2021
Ativo			
Caixa e disponibilidades em bancos centrais	13	778 165	927 672
Disponibilidades em outras instituições de crédito	14	448 945	4 381 809
Ativos Financeiros detidos para negociação		901	901
Ativos Financeiros ao justo valor através de outro rendimento integral	15	10 300 706	7 005 599
Aplicações em instituições de crédito	16	15 607 800	10 126 210
Crédito a clientes (líq.)	17	7 267 348	5 402 222
Ativos com acordo de recompra	18	1 471 039	1 404 773
Outros ativos tangíveis	19	222 208	174 574
Ativos intangíveis	20	3 700	2 854
Ativos por impostos correntes	21	40 654	646
Ativos por impostos diferidos	21	20 494	32 608
Outros ativos	22	616 827	554 116
Total de Ativo		36 778 787	30 013 984
Passivo			
Recursos de bancos centrais	23	9 492 215	7 391 092
Recursos de outras instituições de crédito	23	6 319 241	5 658 571
Recursos de clientes e outros empréstimos	24	14 997 695	15 012 278
Responsabilidades representadas por títulos	25	2 911 611	-
Provisões	26	2 263	3 156
Passivos por impostos correntes	21	23 854	34 307
Passivos subordinados	25	233 131	-
Outros passivos	27	555 246	124 680
Total de Passivo		34 535 256	28 224 083
Capital	28	1 433 000	1 433 000
Reservas de reavaliação	29	30 783	10 292
Outras reservas e resultados transitados	30	346 609	9 454
Resultado líquido		433 140	337 155
Total de Capital Próprio		2 243 531	1 789 901
Total do Capital próprio e Passivo		36 778 787	30 013 984

As notas explicativas fazem parte integrante destas demonstrações financeiras

A Comissão Executiva

O Contabilista Certificado

Demonstração das Alterações no Capital Próprio dos Exercícios findos em 31 de dezembro de 2022 e de 2021

(Valores expressos em milhares de escudos)

	Capital	Outras Reservas e Resultados Transitados	Reserva de Justo Valor	Resultado líquido do Exercício	Total do Capital Próprio
Saldo a 01 de Janeiro de 2021	**1 433 000**	**(180 908)**	-	**190 362**	**1 252 092**
Transferência do Resultado Líquido Anterior:	-	190 362	-	(190 362)	-
Reserva legal	-	19 036	-	(19 036)	-
Resultados Transitados	-	171 326	-	(171 326)	-
Rendimento Integral			10 292	337 155	347 447
Variação de Justo Valor	-	-	33 111	-	33 111
Impostos Relativos à Variação de Justo Valor	-	-	(22 819)	-	(22 819)
Resultado Líquido do Exercício	-	-	-	337 155	337 155
Saldo a 31 de Dezembro de 2021	**1 433 000**	**9 454**	**10 292**	**337 155**	**1 789 901**
Saldo a 01 de Janeiro de 2022	**1 433 000**	**9 454**	**10 292**	**337 155**	**1 789 901**
Transferência do Resultado Líquido Anterior:	-	337 155	-	(337 155)	-
Reserva legal	-	33 716	-	(33 716)	-
Resultados Transitados	-	303 440	-	(303 440)	-
Rendimento Integral			20 491	433 140	453 630
Variação de Justo Valor	-	-	6 256	-	6 256
Impostos Relativos à Variação de Justo Valor	-	-	14 235	-	14 235
Resultado Líquido do Exercício	-	-	-	433 140	433 140
Saldo a 31 de Dezembro de 2022	**1 433 000**	**346 609**	**30 783**	**433 140**	**2 243 531**

As notas explicativas fazem parte integrante destas demonstrações financeiras

A Comissão Executiva

O Contabilista Certificado

Demonstração de Fluxos de Caixa dos Exercícios findos em 31 de dezembro de 2022 e de 2021

(Valores expressos em milhares de escudos)

	31.12.2022	31.12.2021
Atividades Operacionais		
Juros, comissões e outros proveitos recebidos	977 888	792 518
Juros, comissões e outros custos pagos	(296 957)	(74 333)
Outros pagamentos e recebimentos operacionais	34 556	33 859
Pagamentos a empregados e fornecedores	(325 920)	(323 602)
Pagamentos de impostos sobre o rendimento	(69 979)	(7 392)
Fluxo de caixa líquido proveniente do resultado operacional antes da variação nos fundos operacionais	319 589	421 050
(Aumentos) Diminuições dos ativos operacionais		
Ativos Financeiros ao justo valor através de outro rendimento integral	(3 327 481)	(6 099 589)
Aplicações em instituições de crédito	-	808 065
Créditos sobre clientes	(1 844 836)	(78 423)
Outros ativos	(87 021)	10 402
Aumentos (Diminuições) dos passivos operacionais		
Recursos de Bancos Centrais e outras instituições de crédito	2 753 589	9 421 345
Recursos de clientes	15 710	660 878
Responsabilidades representadas por títulos	2 909 000	-
Outros passivos	680 441	(37 637)
Fluxo de caixa líquido proveniente de atividades operacionais	1 099 402	4 685 040
Atividades de Investimento		
Aquisição de ativos intangíveis	(744)	14 281
Aquisição de ativos tangíveis	(55 622)	(5 710)
Fluxo de caixa proveniente de atividades de investimento	(56 367)	8 571
Atividades de Financiamento		
Realização de Capital	-	-
Fluxo de caixa líquido proveniente de atividades de financiamento	-	-
Variação líquida de Caixa e equivalentes de caixa	1 362 624	5 114 661
Caixa e equivalentes de caixa no início do periodo	15 435 955	10 260 995
Efeitos de diferenças de câmbio em Caixa e seus equivalentes	36 545	60 299
Caixa e Equivalentes de caixa no final do periodo	**16 835 124**	**15 435 955**
Caixa e equivalentes de caixa engloba:		
Caixa	166 063	97 266
Disponibilidades em Bancos Centrais	612 091	830 406
Aplicações e Disponibilidades em outras instituições de crédito[1]	16 056 970	14 508 282
Total	**16 835 124**	**15 435 955**

(1) Inclui disponibilidades e aplicações com maturidade até três meses

As notas explicativas fazem parte integrante destas demonstrações financeiras

A Comissão Executiva **O Contabilista Certificado**

1 Notes to the Financial Statements for the year ended December 31, 2021

NOTE 1: Activities

International Investment Bank, S.A. (iibCV) is a commercial bank with a registered office 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 Head Office in Praia and a Business Unit on Sal Island.

NOTE 2: Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The Bank's financial statements, now presented, refer to December 31, 2022 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' March 29, 2023 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 preparing the previous year's financial statements.

Significant 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 goal 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 “Customer Loans.”

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 goal 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.

Business model assessment

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 goal 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 assessment

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

Após o seu reconhecimento inicial, o Banco valoriza os seus ativos financeiros ao (i) custo amortizado, ao (ii) justo valor através de outro rendimento integral ou (iii) ao justovalor através de resultados.

Os valores a receber de operações comerciais que não possuem uma componente significativa de financiamento e os créditos comerciais e instrumentos de dívida de curtoprazo que são inicialmente valorizados pelo preço de transação ou pelo capital em dívida, respetivamente, são valorizados pelo referido valor deduzido de perdas por imparidade.

Imediatamente após o reconhecimento inicial é também reconhecida uma imparidade para perdas de crédito esperadas (ECL) para ativos financeiros mensurados ao custo amortizado e investimentos em instrumentos de dívida mensurados ao justo valor através de outro rendimento integral, resultando no reconhecimento de uma perda em resultados quando o ativo é originado.

Os passivos financeiros são registados inicialmente pelo seu justo valor deduzido dos custos de transação incorridos e subsequentemente ao custo amortizado, com base nométodo da taxa efetiva, com a exceção dos passivos financeiros designados ao justo valor através de resultados, os quais são registados ao justo valor.

(v) Income and expenses from financial instruments

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

- 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).
- 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 customers loan, 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:

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.”

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

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

III. 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.

IV. 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.

V. 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."

VI. 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 indexer.

(viii) Loan modification

Occasionally, the Bank renegotiates or modifies the contractual cash flows of customer loans. 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;
- Change in the currency in which the loan was contracted; and
- Inclusion of 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 newly 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 derecognition gain or loss.

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 resulting from a modification

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 Customer loans 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 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 guarantee agreement.

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 credit 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 significant increase in 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 considering risk management processes, namely in the credit recovery component, as well as international best practice 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.

a) 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.

b) Foreign currency 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 hedging 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.

c) 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
Self-service properties	25
Furniture and supplies	4-8
IT equipment	4
Machinery and Tools	5
Transportation 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.

d) 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.

e) 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 an employee 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.

f) Income 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% (2021: 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.

g) 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.

h) Recognition of fee and commission

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.

i) 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.

j) 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.

k) 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 materialization is remote.

l) Foreclosed properties

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 Approach

This approach 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 Approach

This approach 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 Approach

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.

m) 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 from a lessee's perspective

iibCV recognizes for 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 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 of 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 on 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. Income 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

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Interest on loans to customers	389 703	376 789
Interest on investments in financial institutions	213 778	148 904
Interest on securities	329 994	150 238
Interest on balances at OCI	57	12 213
Other	933	51
TOTAL	**934 464**	**688 195**

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

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Interest on central bank funds	84 978	31 257
Customer fund interest	205 262	134 359
Interest on liabilities represented by securities	2 611	-
Interest on subordinated liabilities	3 131	-
Other	656	850
TOTAL	**296 637**	**166 466**

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

NOTE 7: Fee and commission Income and Expense

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Income from services and commissions	**94 378**	**127 154**
Credit operations	25 525	48 598
Transfer of money	23 495	28 837
Miscellaneous commissions	21 031	27 136
Commission for setting up operations	8 017	11 085
Account management commission	6 875	5 873
Other commissions	6 139	10 178
Guarantees and sureties	22 629	21 322
Card management	1 685	1 262
Documentary credits	12	-
Service charges and commissions	**(17 008)**	**(28 737)**
Commission on market operations	(11)	(12 421)
Commission on credit cards	(13 655)	(10 530)
Other commissions	(3 342)	(5 786)
TOTAL	**77 370**	**98 417**

NOTE 8: Income from Foreign Currency Revaluation

O valor relativo a resultados de ativos ao justo valor (48,88 milhões de escudos) com reconhecimento em resultados, em 2021, diz respeito aos efeitos cambiais resultantes de operações *Swap* efetuadas pelo Banco, como instrumento de gestão de tesouraria.

NOTE 9: Exchange Revaluation Results

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Gains on foreign currency transactions		
Foreign currency	45 785	16 220
Losses on foreign currency transactions		
Foreign currency	(9 240)	(4 803)
TOTAL	**36 545**	**11 416**

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).

	31.12.2022	31.12.2021
Board of Directors	18 790	17 930
Audit Committee	1 680	1 680
TOTAL	**20 470**	**19 610**

NOTE 10: Other Operating Income

This item is analyzed as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Other costs	(11 768)	(6 027)
Contribution to the Deposit Guarantee Fund	(3 000)	(3 000)
Direct and indirect taxes	(299)	(1 701)
Trade Finance Stamp Duty	(6 708)	-
Other	(1 762)	(1 326)
Other gains	**46 325**	**51 044**
Credit recovery	38 531	20 760
Reversal of accruals	-	11 519
Reversal of other provisions	-	11 156
Miscellaneous gains	48	6 792
Other	7 745	3 480
TOTAL	**34 556**	**45 017**

NOTE 11: Personnel Costs

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Compensation	89 643	85 962
Social charges	12 181	11 883
Other staff costs	18 617	16 556
TOTAL	**120 440**	**114 401**

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

During the year, four new people 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)

	31.12.2022	31.12.2021
Executive Committee	3	3
Management	13	11
Professional Staff	23	21
Administrative Staff	4	4
TOTAL	**43**	**39**

NOTE 12: General and Administrative Expenses

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Specialized IT Service	65 518	66 424
Miscellaneous specialized services	42 976	43 099
Fees (1)	14 374	17 590
Miscellaneous services (2)	10 477	13 530
Communications and forwarding charges	10 659	9 802
Other (3)	7 622	4 817
Miscellaneous third-party supplies	5 568	3 415
Travel, accommodation and representation	8 276	3 409
Rent from properties (4)	2 700	2 965
Advertising	2 953	1 185
Transportation of money	2 061	576
TOTAL	**173 184**	**166 813**

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 Executive Committee members.

NOTE 13: Cash and Cash Equivalents at Central Banks

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Cash	166 063	97 266
Demand Deposits with Banco de Cabo Verde	612 091	830 406
Interest	12	-
TOTAL	**778 165**	**927 672**

NOTE 14: Cash Equivalents at Other Credit Institutions

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Cash balances with credit institutions abroad		
Demand Deposits	448 945	4 381 809
TOTAL	**448 945**	**4 381 809**

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 15: Financial assets at fair value through other comprehensive income

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Cabo Verde Treasury Bonds	10 127 496	6 852 723
Fair Value Reserve	108 438	101 688
Corporate Bonds	61 797	75 334
Income receivable	73 160	44 762
Impairment	(70 184)	(68 908)
TOTAL	**10 300 706**	**7 005 599**

The Treasury Bonds in the portfolio at the end of 2021 had a residual maturity of less than 3 years (2.9 years) and bore interest at an annual rate of 3.175%. In 2020, the average residual maturity was higher than 3 years (3.4 years) and bore interest at the average annual rate of 3.241%.

As at December 31, 2022, the Bank had CVE 70.18 million in recognized impairment for financial assets at fair value through other comprehensive income. This recognition is essentially associated with the item "Cabo Verde Treasury Bonds" resulting from the application of IFRS 9 relating to the recognition of the concept of Expected Credit Loss, whose measurement is based on the definition of country risk, assignable according to the international rating for Cabo Verde.

NOTE 16: Investments in Credit Institutions

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Placements with financial institutions abroad	**11 407 800**	**8 622 438**
Placements with other financial institutions	7 184 692	8 608 441
Very short term placements	4 212 129	-
Interest	11 205	14 260
Impairment	(225)	(264)
Aplicações em instituições financeiras no país	**4 200 000**	**1 503 772**
Very short term placements with Banco de Cabo Verde	4 200 000	1 320 000
Short term placements with Banco de Cabo Verde	-	183 772
TOTAL	**15 607 800**	**10 126 210**

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

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Investments in financial institutions abroad		
Up to 3 months	11 407 800	8 622 438
Investments in financial institutions in the country		
Up to 3 months	4 200 000	1 503 772
TOTAL	**15 607 800**	**10 126 210**

As at December 31, 2022, investments in credit institutions bore interest at an average annual rate of 2.34%. As at December 31, 2021, portfolio investments bore interest at the average annual rate of 1.89%.

NOTE 17: Customer loans

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
By type of customer Company		
Corporate	6 717 780	4 796 946
Individuals	599 593	685 327
	7 317 373	5 482 273
By maturity		
Medium and long term	6 098 558	5 426 336
Short term	1 218 815	55 937
	7 317 373	5 482 273
By Product		
Loans	6 377 866	3 913 945
Mortgage loans	555 878	642 399
Current account loans	339 717	845 284
Individual loans	23 882	23 041
Overdrafts on demand deposits	1 785	41 739
Individuals Other	18 245	15 866
	7 317 373	5 482 273
Interest receivable	53 808	38 384
Effect of Amortized Cost	(12 257)	(17 280)
Impairment	(91 576)	(101 156)
Loans Net of Impairment	**7 267 348**	**5 402 222**

The gross credit exposure amount and impairment amount, by segment, in accordance with IFRS 9, as at December 31, 2022, is as follows:

(Valores expressos em milhares de escudos)

	Stage 1		Stage 2		Stage 3		Total	
Segment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Corporate	6 649 534	57 344	26 747	752	41 500	31 137	6 717 780	89 232
Individual - Housing	471 864	86	28 479	251	55 536	534	555 878	871
Individual - Others	31 696	290	3 352	48	8 667	1 135	43 715	1 473
	7 153 093	**57 720**	**58 578**	**1 051**	**105 702**	**32 805**	**7 317 373**	**91 576**

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

(Valores expressos em milhares de escudos)

	Stage 1		Stage 2		Stage 3		Total	
Segment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Corporate	4 713 545	56 712	50268	1 187	33 132	29 956	4 796 946	87 855
Individual - Housing	506 063	85	55973	299	80 364	10 749	642 399	11 133
Individual - Others	28 623	165	2056	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**

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

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Loans Up to 90 days Overdue	102	1 015
Loans more than 90 days overdue	75 057	80 762
Total	**75 159**	**81 777**

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, 2022 and 2021 are as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Corporate	7 508	13 940
Housing	18 376	24 265
Individual - Others	1 785	1 021
Total	**27 669**	**39 226**

The gross customer credit and interest receivable scaling by maturity dates, excluding the effect of amortized cost, as of December 31, 2022 and 2021, is as follows:

(Valores expressos em milhares de escudos)

	31.12.2022	31.12.2021
Up to 3 months	56 349	42 323
3 months to 1 year	1 182 513	20 043
From 1 to 5 years	1 590 080	1 235 796
More than 5 years	4 508 478	4 190 540
Indefinite duration	33 761	31 955
TOTAL	**7 371 182**	**5 520 657**

As at December 31, 2022, the consumer loan portfolio was contracted at an average annual rate of 8.17% (December 31, 2021: 8.18%).

Changes in loan impairment losses in 2022 are presented as follows:

(Amounts in thousands of escudos)

	Stage 1	Stage 2	Stage 3	Total
31.12.2021	**56 961**	**1 516**	**42 678**	**101 156**
Increase	13 910	52	16 534	30 495
Replacement/(Reversal)	(13 150)	(517)	(5 033)	(18 700)
Use	-	-	(21 374)	(21 374)
31.12.2022	**57 721**	**1 051**	**32 805**	**91 576**

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**

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.

The details of the gross credit exposure and individually and collectively assessed impairment, by sector and by segment, as of December 31, 2022, are as follows:

(Amounts in thousands of escudos)

SECTOR

	Construction		Industries		Trade		Services		Individuals		Total	
Assessment	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**
Individual	22 819	721	1 496	22	356 141	9 637	4 195 082	61 937	22 788	1 359	4 598 327	73 675
Collective	18 200	53	209 156	567	498 030	9 661	1 416 856	6 634	576 805	985	2 719 046	17 901
Total	**41 019**	**774**	**210 652**	**589**	**854 171**	**19 299**	**5 611 938**	**68 571**	**599 593**	**2 344**	**7 317 373**	**91 576**

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		Mortgage		Individuals		Total	
Assessment	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**
Individual	4 552 720	71 595	22 819	721	14 446	228	8 342	1 130	4 598 327	73 675
Collective	2 124 042	16 906	18 200	10	541 432	643	35 373	343	2 719 046	17 901
Total	**4 761 735**	**65 942**	**35 211**	**1 111**	**642 399**	**11 133**	**42 928**	**2 167**	**7 317 373**	**91 576**

The breakdown of the gross credit exposure and individually and collectively assessed impairment, by sector and by segment, as of December 31, 2021, is as follows:

(Amounts in thousands of escudos)

	SETOR										Total	
	Construction		Industries		Trade		Services		Individuals			
Assessment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	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**

(Amounts in thousands of escudos)

	SEGMENTO								Total	
	Corporate		Construction and CRE		Mortgage		Individuals			
Assessment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	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**

Loan portfolio by segment and by year of production, as at December 31, 2022, 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	-	-	-	-	-	-	2	5 926	1	-	-	-	2	5 926	1
2011	1	28 303	76	-	-	-	4	27 397	6	-	-	-	6	70 604	83
2012	-	-	-	-	-	-	9	55 072	6	-	-	-	10	60 236	6
2013	-	-	-	-	-	-	5	24 941	9	-	-	-	7	34 904	9
2014	-	-	-	-	-	-	5	29 782	3	-	-	-	5	30 670	3
2015	-	-	-	-	-	-	79	249 368	379	-	-	-	86	335 175	379
2016	-	-	-	-	-	-	3	14 528	51	-	-	-	7	46 749	51
2017	-	-	-	-	-	-	1	3 739	6	1	25	0	11	52 512	6
2018	-	-	-	-	-	-	4	24 308	2	3	490	3	16	288 322	6
2019	2	433	5	1	22 819	721	2	13 692	7	6	10 909	1 146	21	683 832	1 879
2020	5	337 501	3 281	-	-	-	3	22 332	2	7	3 113	26	45	2 426 162	3 310
2021	14	1 411 452	12 284	-	-	-	10	66 938	391	9	7 010	43	46	1 441 449	12 717
2022	25	4 899 072	72 812	2	18 200	53	4	17 854	9	24	22 168	254	46	1 441 449	73 128
Total	**47**	**6 676 761**	**88 458**	**3**	**41 019**	**774**	**131**	**555 878**	**871**	**50**	**43 715**	**1 473**	**308**	**6 917 989**	**91 576**

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	Impairment Constituted	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**

Exposures and impairment by segment, as at December 31, 2022 and 2021, is as follows:

(Amounts in thousands of escudos)

Segment	Total Exposure 31.12.2022	Total Exposure				Total Impairment 31.12.2021	Total Impairment 31.12.2022		
		Days in arrears <90							
		Low credit risk	Significant increase in credit risk	Sub-total	Days in arrears > 90		Days in arrears <30	Days of delay between 30 - 90	Days in arrears > 90
Construction and CRE	41 019	40 822	-	40 822	197	731	770	-	4
Corporate	6 676 761	6 633 903	1 556	6 635 459	41 303	88 501	57 314	12	31 132
Mortgage	555 878	522 636	-	522 636	33 242	871	515	-	356
Individuals	43 715	43 391	-	43 391	324	1 473	1 469	-	4
Total	7 317 373	7 240 751	1 556	7 242 307	75 067	91 576	60 067	12	31 497

(Amounts in thousands of escudos)

Segment	ExposureTotal	Exposure 31.12.2022				Total Impairment 31.12.2021	Impairment 31.12.2022		
		Exposures with low credit risk	Of which restructured	Exposures with Significant increase in credit risk	Of which restructured		Exposures when there's impairment	Exposures with significantly increased credit risk	Exposures in Impairment Situation
Construction and CRE	41 019	40 822	-	-	-	731	770	-	4
Corporate	6 676 761	6 633 903	-	1 556	-	88 501	57 314	12	31 132
Mortgage	555 878	522 636	14198	-	-	871	515	-	356
Individuals	43 715	43 391	1785	-	-	1 473	1 469	-	4
Total	7 317 373	7 240 751	15983	1 556		91 576	60 067	12	31 497

(Amounts in thousands of escudos)

Segment	Total Exposure 31.12.2021	Total Exposure: Days in arrears <90: Low credit risk crédito	Total Exposure: Days in arrears <90: Significant increase in credit risk	Total Exposure: Sub-total	Total Exposure: Days in arrears >90	Total Impairment 31.12.2021	Impairment 31.12.2021: Days in arrears <30	Impairment 31.12.2021: Days in arrears between 30 - 90	Impairment 31.12.2021: Days in arrears > 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
Mortgage	642 399	564 741	30 691	595 432	46 967	11 133	43	4 211	6 409
Individuals	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: Of which restructured	Exposure 31.12.2021: Exposures with Significant increase in credit risk	Exposure 31.12.2021: Of which restructured	Exposure 31.12.2021: Exposures when there's impairment	Exposure 31.12.2021: Of 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 when there's impairment
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
Mortgage	642 399	564 741	15 202	30 691	4 885	46 967	4 178	11 133	43	4 211	6 409
Individuals	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**

As at December 31, 2022, 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)

	Corporate				Construction and CRE				Mortgage				Individuals				Total			
	Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral	
Fair Value	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	-	-	4	897	-	-	-	-	-	-	-	-	-	-	11	2 910	-	-	15	3 807
>= 0.5 MCVE e < 1 MCVE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	6 550	-	-	7	6 550
>= 1 MCVE e < 5 MCVE	1	3 800	8	16 539	-	-	-	-	8	35 896	3	10 905	-	-	2	2 400	9	39 696	13	29 844
>= 5 MCVE e < 10 MCVE	-	-	-	-	1	9 400	-	-	75	608 200	-	-	-	-	-	-	76	617 600	-	-
>= 10 MCVE e < 20 MCVE	1	12 400	2	30 500	-	-	-	-	26	372 933	-	-	-	-	-	-	27	385 333	2	30 500
>= 20 MCVE e < 50 MCVE	1	34 500	2	67 894	-	-	-	-	12	338 450	-	-	-	-	-	-	13	372 950	2	67 894
>= 50 MCVE	1	541 994	2	1 045 863	1	128 300	-	-	-	-	-	-	-	-	-	-	3	670 294	2	1 045 863
Total	**4**	**621 794**	**18**	**1 161 693**	**2**	**137 700**	**-**	**-**	**121**	**1 355 479**	**3**	**10 905**	**-**	**-**	**20**	**11 860**	**128**	**2 085 873**	**41**	**1 184 458**

As at December 31, 2021, the fair value of collateral underlying the loan portfolio is as follows:

(Amounts in thousands of escudos)

	Corporate				Construction and CRE				Mortgage				Individuals				Total			
	Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral	
Fair Value	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**

The guarantee coverage ratio for operations in the Corporate, Construction, CRE and Housing segments, as at December 31, 2022 and 2021, is as follows:

(Amounts in thousands of escudos)

Segment /Ratio	31.12.2022				
	Number of properties	Exposures with Low credit risk	Exposures with Significant increase in credit risk	Exposures when there's impairment	Impairment
Construction and CRE					
< 100%	-	-	-	-	-
<= 125% e > 100%	-	-	-	-	-
<= 150% e > 125%	-	-	-	-	-
>= 150%	2	24 989	-	197	731
No associated collateral		15 833	-	-	-
Corporate					
< 100%	-	1 067 630	670	31 107	33 526
<= 125% e > 100%	-	-	-	2 329	-
<= 150% e > 125%	1	335 773	-	-	9 449
>= 150%	4	38 754	-	5 808	172
No associated collateral		5 191 747	886	2 057	45 353
Mortgage					
< 100%	5	27 647	-	-	27
<= 125% e > 100%	5	29 293	-	-	12
<= 150% e > 125%	7	38 064	-	4 504	62
>= 150%	104	427 632	-	28 739	770
No associated collateral		-	-	-	-
Individuals					
< 100%	-	21 416	-	-	127
<= 125% e > 100%	-	6 560	-	-	5
<= 150% e > 125%	-	2 749	-	-	5
>= 150%	1	9 196	-	-	1 132
No associated collateral		3 470	-	324	205
Total	**129**	**7 240 751**	**1 556**	**75 067**	**91 576**

(Amounts in thousands of escudos)

Segment /Ratio	31.12.2021 Number of properties	Exposures with Low credit risk	Exposures with Significant increase in credit risk	Exposures when there's impairment	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		-	-	-	-
Individuals					
< 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**

NOTE 18: Repurchase Agreement Assets

As at December 31, 2022, the Bank had CVE 1.47 million (2021: 1.40 million) in securities in its portfolio assigned with a repurchase agreement, classified as a money market instrument.

NOTE 19: Other tangible assets

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Real Estate		
Buildings	212 827	212 827
Works in rented properties	38 352	38 352
	251 178	**251 178**
Equipment		
Furniture and supplies	44 726	42 890
IT equipment	31 895	28 675
Interior installations	17 061	17 061
Safety equipment	12 446	12 446
Machinery and tools	10 227	9 951
Transportation equipment	6 737	6 737
	123 092	**117 760**
Assets under operating lease		
Equipment	18 591	-
Right-of-use assets	16 375	18 745
	34 966	**18 745**
Tangible assets in progress		
Equipment	15 828	140
Real Estate	515	463
	16 343	**602**
Depreciation	**(203 372)**	**(179 045)**
Impairment	**-**	**(34 667)**
TOTAL	**222 208**	**174 574**

During 2022, the Bank requested a revaluation of its Head Office building from an independent entity, which determined that the current market value of the property was higher than its net book value. As a result of this revaluation, the Bank reversed the recorded impairment.

The change in this item was as follows:

(Amounts in thousands of escudos)

	Balances at 31.12.2021				Balances at 2022				Balances at 31.12.2022			
	Gross value	Accumulated amortization	Accumulated impairment	Net value	Acquisitions	Adjustments Fix. Ass. Value	Depretiation for the year	Impairment	Gross value	Accumulated depretiation	Accumulated impairment	Net value
Real Estate												
Buildings	212 827	72 506	34 667	105 653	-	-	11 036	(34 667)	212 827	83 542	-	129 285
Works in rented properties	38 352	26 108	-	12 244	-		1 676	-	38 352	27 784	-	10 568
	251 178	98 614	34 667	117 897	-	-	12 711	(34 667)	251 178	111 325	-	139 853
Equipment												
Transportation equipment	6 738	2 665	-	4 072	-	-	760	-	6 738	3 425	-	3 313
Furniture and supplies	42 890	29 706	-	13 183	1 836	-	3 397	-	44 726	33 103	-	11 623
IT equipment	28 675	21 177	-	7 498	3 220	-	3 598	-	31 895	24 775	-	7 120
Interior installations	17 061	12 021	-	5 039	-	-	1 373	-	17 061	13 394	-	3 666
Safety equipment	12 446	8 248	-	4 198	-	-	1 420	-	12 446	9 668	-	2 778
Machinery and tools	9 951	6 613	-	3 338	276	-	1 068	-	10 227	7 681	-	2 546
	117 760	80 431	-	37 329	5 333	-	11 616	-	123 093	92 047	-	31 046
Assets under operating lease												
Right-of-use assets	18 745	-	-	18 745	23 220	(227)	6 772	-	41 738	6 772	-	34 966
	18 745	-	-	18 745	23 220	(227)	6 772	-	41 738	6 772	-	34 966
Tangible assets in progress												
Equipment	140	-	-	140	15 688	-	-	-	15 828	-	-	15 828
Works in rented properties	463	-	-	463	52	-	-	-	515	-	-	515
	602	**-**	**-**	602	**15 740**	**-**	**-**	**-**	**16 343**	**-**	**-**	**16 343**
	388 286	**179 045**	**34 667**	**174 574**	**44 293**	**(227)**	**31 099**	**(34 667)**	**432 352**	**210 144**	**-**	**222 208**

The change in this item in 2021 was as follows:

(Amounts in thousands of escudos)

	Balances at 31.12.2020				Changes in 2021						Balances at 31.12.2021			
							write-offs							
	Gross value	Accumulated amortization	Accumulated impairment	Net value	Acquisitions	Adjustments Fix. Ass. Value	Fix. As. Val	Amortiz.	Depretiation for the year	Impairment	Gross value	Accumulated depretiation	Accumulated impairment	Net value
Real Estate														
Buildings	212 551	61 484	43 160	107 908	275	-	-	-	11 022	-8 493	212 827	72 506	34 667	105 653
Works in rented properties	38 352	22 610	-	15 742	-		-	-	3 498	-	38 352	26 108	-	12 244
	250 903	84 094	43 160	123 649	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 in rented properties	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

NOTE 20: Intangible Assets

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Automatic information processing systems (software)	209 189	208 444
Intangible assets in progress	700	700
Amortization	(198 610)	(190 057)
Impairment	(7 578)	(16 233)
TOTAL	**3 700**	**2 854**

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, 2022, was as follows:

(Amounts in thousands of escudos)

	Balances at 31.12.2021				Balances a 2022			Balances at 31.12.2022			
	Gross value	Accumulated amortization	Accumulated impairment	Net value	Acquisitions	Amortisation for the year	Impairment	Gross value	Accumulated amortization	Accumulated impairment	Net value
Software	208 444	190 060	16 230	2 154	744	8 553	(8 655)	209 188	198 614	7 574	3 000
Software (in progress)	700	-	-	700	-	-	-	700	-	-	700
	209 144	**190 060**	**16 230**	**2 854**	**744**	**8 553**	**(8 655)**	**209 888**	**198 614**	**7 574**	**3 700**

As at December 31, 2021, it was as follows:

(Amounts in thousands of escudos)

	Balances at 31.12.2020				Balances a 2021			Balances at 31.12.2021			
	Gross value	Accumulated amortization	Accumulated impairment	Net value	Acquisitions	Amortisation for the year	Impairment	Gross value	Accumulated amortization	Accumulated impairment	Net value
Software	208 444	181 042	24 885	2 517	-	9 017	(8 655)	208 444	190 060	16 230	2 154
Software (in progress)	14 981	-	-	14 981	(14 281)	-	-	700	-	-	700
	223 425	**181 042**	**24 885**	**17 498**	**(14 281)**	**9 017**	**-8 655**	**209 144**	**190 060**	**16 230**	**2 854**

NOTE 21: Current and Deferred Tax Assets and Liabilities

The Bank is subject to 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 is broken down as follows:

(Amounts in thousands of escudos)

	31.12.2022		31.12.2021	
	Ativo	**Passivo**	**Ativo**	**Passivo**
Current tax assets	**40 654**	**4 824**	**646**	**34 307**
Income Tax (IRPC) - estimate	23 602	4 824	646	34 307
Payment on account	17 051	-	-	-

The tax rate reconciliation caan be analyzed as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Income before tax	486 890	420 562
Tax Rate	22,44%	22,44%
Theoretical IRPC cost	**109 258**	**94 374**
Effect of non-deductible costs		
Other costs / deductions	(65 214)	(41 053)
Tax benefits	(7 606)	-
Deductible tax losses	(14 404)	(26 660)
Current income tax for the year	22 034	26 660
Autonomous taxation	221	7 647
Income tax	**22 255**	**34 307**
Effective tax rate	**4,60%**	**8,20%**

Available tax losses can be used to cover future taxable income. Thus, the tax losses accumulated as at December 31, 2022, subject to confirmation by the Tax Authority, amounting to CVE 61 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 2018	61 568	→ Deductible until 2025
Accumulated tax loss	**61 568**	

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 2022, the recognized deferred tax assets were partially used and temporary differences were recognized, resulting in the recording of deferred tax liabilities amounting to CVE 26 million.

Deferred tax assets are recorded as follows:

(Amounts in thousands of escudos)

		Changes 2022		
	31.12.2022	Recognized in Income	Recognized in Reserves	31.12.2021
Balance Sheet				
Deferred tax assets	20 494	(26 349)	14235	32 608
Reserves	8 584	-	(14 235)	22 819
Deferred tax liabilities	26 349	26349	-	49 100

NOTE 22: Other Assets

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	**31.12.2021**
Miscellaneous debtors		
Receivables	250 785	175 189
Assets acquired in own credit recovery	150 088	157 540
Other cash equivalents	130 243	70 385
Other	890	890
Other administrative expenses	7 538	8 040
Other adjustment accounts	102 751	168 967
Impairment of Assets acquired in own credit recovery	(25 468)	(26 894)
TOTAL	**616 827**	**554 116**

The value of Assets acquired in recovery of own credit corresponds to the balance relating to foreclosed properties from 2016 to 2022. 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)

	31.12.2022	**31.12.2021**
Initial Balance	26 894	27 519
Reversals	(1 426)	(626)
Final Balance	**25 468**	**26 894**

The fair value and net book value of foreclosed properties, in 2022 and 2021, by asset type and by age, is presented in the following tables:

(Amounts in thousands of escudos)

	31.12.2022				
Assets	Number of properties	Fair value of the asset	Book value	Impairment	Net book value
Constructed building					
Housing	6	110 950	120 317	22 696	97 620
Land					
Urban	1	34 000	29 772	2 772	27 000
Total	**7**	**144 950**	**150 088**	**25 468**	**124 620**

(Amounts in thousands of escudos)

	31.12.2021				
Assets	Number of properties	Fair value of the asset	Book value	Impairment	Net book 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)

	31.12.2022							
	>= 1 year and < 2.5 years		>= 2.5 years and < 5 years		> 5 years		Total	
Time elapsed since the foreclosure	**Fair value of the asset**	**Book value**	**Fair value of the asset**	**Book value**	**Fair value of the asset**	**Book value**	**Fair value of the asset**	**Book value**
Constructed building								
Housing	26 000	22 942	10 000	12 375	74 950	85 000	110 950	120 317
Land								
Urban	-	-	-	-	34 000	29 772	34 000	29 772
Total	**26 000**	**22 942**	**10 000**	**12 375**	**108 950**	**114 772**	**144 950**	**150 088**

(Amounts in thousands of escudos)

	31.12.2021									
	< 1 year		>= 1 year and < 2.5 years		>= 2.5 years and < 5 years		> 5 years		Total	
Time elapsed since the foreclosure	**Fair value of the asset**	**Book value**	**Fair value of the asset**	**Book value**	**Fair value of the asset**	**Book value**	**Fair value of the asset**	**Book value**	**Fair value of the asset**	**Book value**
Constructed building										
Housing	9 400	7 452	26 000	22 942	44 000	47 375	42 800	50 000	122 200	127 768
Land										
Urban	-	-	-	-	34 000	29 772	-	-	34 000	29 772
Total	**9 400**	**7 452**	**26 000**	**22 942**	**78 000**	**77 146**	**42 800**	**50 000**	**156 200**	**157 540**

NOTE 23: Funds of Central Banks and Other Financial Institutions

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Central banks' funds	9 434 339	7 347 331
Funds of other credit institutions	6 319 241	5 652 660
Interest	57 876	49 672
TOTAL	**15 811 456**	**13 049 663**

NOTE 24: Customer Funds and Other Loans

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Deposits	14 913 555	14 897 845
Demand	10 766 432	9 981 314
Time	4 147 123	4 916 531
Interest	84 140	114 433
TOTAL	**14 997 695**	**15 012 278**

Customer Funds by maturity, as at December 31, 2022 and December 31, 2021, are as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Payable on sight	**10 766 432**	**9 981 314**
Payable on due date	**4 231 263**	**5 030 963**
Up to 3 months	185 694	213 341
3 months to 1 year	545 087	1 004 897
1 to 5 years	3 500 482	3 812 725
TOTAL	**14 997 695**	**15 012 277**

Payable customer funds were contracted at an average annual rate of 2.22% (December 31, 2021: 2.38%).

NOTE 25: Liabilities Represented by Securities and Subordinated Liabilities

In 2022, as part of the national capital market development program, the Bank issued four debt securities, totaling CVE 3.14 billion, which were acquired by customers in their own portfolio. The issues, which include the first derivative issued on the Stock Exchange in the country, were all part of Private Placement Offerings and have an average maturity of 5 years, being segmented as follows:

(Amounts in thousands of escudos)

	31.12.2022
Liabilities represented by securities	**2 911 611**
Social Bonds	300 000
Senior Bonds	2 400 000
Credit Linked Note	209 000
Interest	2 611
Subordinated liabilities	**233 131**
Subordinated Bonds	230 000
Interest	3 131
Total	**3 144 741**

Social Bonds were issued under the program to introduce Sustainability Bonds in the country, the final yield of which was linked to the success of the ALDEIAS SOS Indexed Time Deposit. A percentage of the amount subscribed on the two products was allocated to SOS Children's Villages Cabo Verde, in compliance with iibCV's sustainability and social responsibility policy.

(Amounts in thousands of escudos)

Designation	Date of Issuance	Due Date	Amortization Type	Interest Payment Frequency	Interest Rate	Balance Amount	Nominal Value
iib Subordinated Participation Bond Series A (TD + 3,25%) - 2022|2032	10-ago-2022	10-ago-2032	At maturity	Semi-annual	3,50%	233 131	230 000
iib Solidary Indexed Bond Series B (2,95% + SOS) - 2022|2024	18-Nov-22	18-Nov-24	At maturity	Annual	3,10%	301 111	300 000
iib PRAE - Program for Economic Support Series A (5% TANB) - 2022|2027	30-Nov-22	01-dez-2027	Quarterly	Quarterly	5,00%	209 900	209 000
iib 3S Senior Bond Series C (3%) - 2022|2025	28-dez-2022	28-dez-2025	At maturity	Annual	3,00%	2 400 600	2 400 000

NOTE 26: Provisions

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Provisions for commitments	2 263	3 156
Total	**2 263**	**3 156**

The changes in provisions are presented as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Saldo Inicial	3 156	49 093
Reversões	(918)	(46 813)
Dotações	24	876
Saldo Final	**2 263**	**3 156**

The portfolio guarantee coverage (see Note 31) is summarized as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Guarantees provided	1 037 415	1 141 999
Provisions	2 263	3 156
Level of Coverage	**0,22%**	**0,28%**

NOTE 27: Other Liabilities

This item breaks down as follows:

(Amounts in thousands of escudos)

	31.12.2022	31.12.2021
Costs payable		
Administrative costs	17 414	53 781
IT services	9 819	40 762
Audit and consulting services	5 375	8 312
Other Administrative costs	2 220	4 708
Staff costs	20 721	16 650
Lease liabilities	35 992	19 610
Miscellaneous creditors		
General Government Sector	9 973	10 490
Other creditors	32 800	3 496
Transfers issued to offset	13 829	1 725
Other adjustment accounts	424 517	18 927
TOTAL	**555 246**	**124 680**

Lease liabilities represent the recognition of lease liabilities related to lease agreements, as a result of the adoption of IFRS 16. The item "Other adjustment accounts" includes CVE 415 million pending settlement, resulting from customer transfers, which were settled on the following business day.

NOTE 28: 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)

	31.12.2022	31.12.2021
Subscribed Capital	1 433 000	1 433 000
Of which Common Stock	1 433 000	1 433 000

NOTE 29: 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)

	31.12.2022	Movimentos 2022	31.12.2021
Fair Value of Securities	108 438	6 750	101 688
Impairment of Securities - OCI	(70 184)	(494)	(69 690)
Revaluation of Non-Financial Assets	233	-	233
Other Revaluation Reserves	880	-	880
Deferred Taxes Securities Impairment	31 174	15 749	15 425
Deferred Taxes Securities	(39 758)	(1 515)	(38 244)
TOTAL	**30 783**	**20 491**	**10 292**

NOTE 30: 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)

	Other Reserves and Retained Earnings			
	Legal Reserve	Other Reserves	Retained Earnings	Total
Balance as at December 31, 2021	**40 964**	**(104 289)**	**(117 583)**	**(180 908)**
Transfer of Income to Reserves	19 036	171 326	-	190 362
Other changes	-	-	-	-
Balance as at December 31, 2021	**60 000**	**67 037**	**(117 583)**	**9 454**
Transfer of Income to Reserves	33 715	303 439	-	337 155
Other changes	-	-	-	
Balance as at December 31, 2022	**93 716**	**370 476**	**(117 583)**	**346 609**

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 31: 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)

	31.12.2022	31.12.2021
Guarantees provided	1 037 415	1 141 999
Documentary Credits	15 798	-
TOTAL	**1 053 213**	**1 141 999**

NOTE 32: Transactions with Related Parties

The amount of the Bank's transactions with related parties in the years ended December 31, 2022 and 2021, as well as the respective costs and income recognized in the year, is summarized as follows:

(Amounts in thousands of escudos)

	31.12.2022				31.12.2021			
	Assets	Liabilities	Earnings	Costs	Assets	Liabilities	Earnings	Costs
Shareholder								
NOVO BANCO, S.A.	899 106	-	1 863	-	2 348 190	-	258	-
IIBG Holdings WLL	205 072	21 594	-	-	134 751	12 656	-	-
Other related parties								
IIB Djibouti	-	17 691	2 824	-	1 269 909	502	26 113	-
IIB Limited (Bahamas)	5 266 242	81 526	152 103	-	6 282 097	1 578 254	93 988	-
TOTAL	**6 370 419**	**120 811**	**156 789**	**-**	**10 034 947**	**1 591 412**	**120 359**	**-**

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 205 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 33: 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, 2022 and 31 December 2021, is as follows:

(Amounts in thousands of escudos)

	31.12.2022			
	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	-	10 237 942	-	10 237 942
Corporate Bonds	-	62 764	-	62 764
	-	10 300 706	-	10 300 706

(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	-	6 928 227	-	6 928 227
Corporate Bonds	-	77 372	-	77 372
	-	7 005 599	-	7 005 599

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 quotes available on official markets and those where there are entities that routinely disclose transaction prices for such instruments traded on liquid markets.

Valuation methods with observable market parameters/prices (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 quotes 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.

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

This level includes valuations determined using internal valuation models or quotes 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, 2022 and December 31, 2021:

(Amounts in thousands of escudos)

	31.12.2022				
	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 (Level 3)	Total Fair Value
Assets					
Cash and balances in central banks	778 165	-	778 165	-	778 165
Cash equivalents at other credit institutions	448 945	-	448 945	-	448 945
Investments in credit institutions	15 607 800	-	15 607 800	-	15 607 800
Customer loans	7 267 348	-	-	7 267 348	7 267 348
	24 102 258	-	16 834 910	7 267 348	24 102 258
Liabilities					
Central banks' funds	9 492 215	-	-	9 492 215	9 492 215
Funds of other credit institutions	6 319 241	-	-	6 319 241	6 319 241
Customer funds and other loans	14 997 695	-	-	14 997 695	14 997 695
	30 809 151	-	-	30 809 151	30 809 151

(Amounts in thousands of escudos)

	31.12.2021				
	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 (Level 3)	Total Fair Value
Assets					
Cash and balances in central banks	927 672	-	927 672	-	927 672
Cash equivalents at 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
Customer loans	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	7 347 331	-	-	7 347 331	7 347 331
Funds of other credit institutions	5 652 660	-	-	5 652 660	5 652 660
Customer funds and other loans	15 061 949	-	-	15 061 949	15 061 949
	28 061 940	-	-	28 061 940	28 061 940

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.

Customer loans

The fair value of customer loans 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.

Central bank funds and Funds of other credit institutions

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

Customer funds 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 34: Activity Risk Management

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 practice 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)

	31.12.2022	31.12.2021
Cash equivalents and Investments in credit institutions	16 834 910	15 435 691
Financial assets held for trading	901	901
Financial assets at fair value through other comprehensive income	10 300 706	7 005 599
Assets with repurchase agreement	1 471 039	1 404 773
Customer loans	7 267 348	5 402 222
Other assets	249 125	327 397
Guarantees and sureties provided	1 037 415	1 141 999
Documentary credits	15 798	-
TOTAL	**37 177 242**	**30 718 581**

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 2022, impairment by asset class was as follows:

(Amounts in thousands of escudos)

	Corporate (funding)	Mortgage loans	Consumer	Total
Imparidade de crédito inicial	87 855	11 133	2 167	101 156
Addition/Reversal in the period	1 377	11 027	(609)	11795
Use in the period	-	(21 374)	-	(21 374)
Final loan impairment	**89 232**	**786**	**1 558**	**91 576**

In 2021, impairment by asset class was as follows:

(Amounts in thousands of escudos)

	Corporate (funding)	Mortgage loans	Consumer	Total
Impairment of initial loans	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**

As at December 31, 2022, the loan portfolio quality was as follows:

(Amounts in thousands of escudos)

	Corporate	Individuals Mortgage	Consumer	Total
Not Overdue with individual impairment	5 621 512	522 636	42 111	6 186 258
Overdue loans with individual impairment	1 096 268	33 242	1 604	1 131 115
Less than 30 days	1 053 213	-	1 280	1 054 493
30 to 90 days	1 556	-	-	1 556
91 to 180 days	-	-	-	-
181 days 360 days	8 063	-	-	8 063
Over 360 days	33 437	33 242	324	67 004
Total	6 717 780	555 878	43 715	7 317 373

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

(Amounts in thousands of escudos)

	Corporate	Individuals Mortgage	Consumer	Total
Not Overdue with individual impairment	3 623 460	595 432	39 504	4 258 397
Overdue loans with individual 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 days 360 days	-	-	1 860	1 860
Over 360 days	31 487	46 967	415	78 868
Total	**4 796 946**	**642 399**	**42 928**	**5 482 273**

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 changes 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 is not very significant, so 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 49% 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.

At 31 December 2022, 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	Over 5 years or indefinite	Total
Assets	19 460 719	2 098 831	8 327 981	6 604 200	36 491 731
Cash and balances in central banks	778 165	-	-	-	778 165
Cash equivalents at other credit institutions	448 945	-	-	-	448 945
Financial assets held for trading	901	-	-	-	901
Financial assets at fair value through other comprehensive income	1 063 174	389 240	7 027 931	1 820 361	10 300 706
Assets with repurchase agreement	1 471 039	-	-	-	1 471 039
Investments in credit institutions	15 607 800	-	-	-	15 607 800
Customer loans	90 696	1 532 996	1 300 050	4 343 607	7 267 348
Other assets	-	176 595	-	440 232	616 827
Liabilities	11 163 965	12 642 043	10 470 000	233 131	34 509 138
Central banks' funds	58 215	1 873 000	7 561 000	-	9 492 215
Funds of other credit institutions	6 319 241	-	-	-	6 319 241
Customer funds and other loans	4 231 263	10 766 432	-	-	14 997 695
Liabilities represented by securities	-	2 611	2 909 000	-	2 911 611
Subordinated liabilities	-	-	-	233 131	233 131
Other liabilites	555 246	-	-	-	555 246
Off-balance guarantees	245 605	310 731	496 877	-	1 053 213
Spread / Gap	8 051 149	(10 853 943)	(2 638 896)	6 371 069	929 380
Spread / Cumulative Gap	8 051 149	(2 802 794)	(5 441 689)	929 380	-

Despite the negative Gap in intermediate intervals, based on historical performance, there is, on the one hand, an expectation of renewal of a significant part of liabilities, namely customers' demand deposits and, on the other hand, cancellation of liabilities represented by securities, namely the maturity of securities issued by the Bank.

As at 31 December 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	Over 5 years or indefinite	Total
Assets	17 575 333	1 356 696	6 800 453	4 070 820	29 803 302
Cash and balances in central banks	927 672	-	-	-	927 672
Cash equivalents at 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	77 541	880 340	5 646 289	401 428	7 005 599
Assets with repurchase agreement	1 404 773	-	-	-	1 404 773
Investments in credit institutions	10 126 210	-	-	-	10 126 210
Customer loans	656 426	362 940	1 154 163	3 228 691	5 402 222
Other assets	-	113 416	-	440 700	554 116
Passivo	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
Liabilities represented by securities					
Other liabilites	124 680	-	-	-	124 680
Off-balance guarantees	241 499	290 258	610 242	-	1 141 999
Spread / Gap	13 262 553	(16 029 900)	6 036 210	(2 794 180)	474 684
Spread / Cumulative Gap	13 262 553	(2 767 347)	3 268 864	474 684	-

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.

Equity 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)

	31.12.2022	31.12.2021
Paid-in capital	1 433 000	1 433 000
Positive results carried forward from previous years	9 454	-
Positive results for the last fiscal year	337 155	190 362
Provisional positive results for the current fiscal year	433 140	337 155
SUM	2 212 749	1 960 517
Intangible Assets	(3 700)	(2 854)
Negative results carried forward from previous years	-	(180 908)
SUM	(3 700)	(183 762)
CORE CAPITAL BEFORE THE APPLICATION OF THE TRANSITIONAL RULES	2 209 048	1 776 755
Transitional rules set forth in paragraph 5 (4) of Notice No. 3/2007 - still unrecognized impact on core capital	-	-
ELIGIBLE CORE CAPITAL	2 209 048	1 776 755
Subordinated loans and redeemable preferred shares	230 000	-
Other revaluation reserves	49 927	15 999
ADDITIONAL EQUITY	279 927	15 999
EQUITY BEFORE DEDUCTIONS	2 488 975	1 792 753
Fixed assets received as own credit reimbursement	(43 813)	(28 384)
EQUITY FOR RISK CONCENTRATION CALCULATION	2 445 162	1 764 370
Part exceeding the risk concentration limits, paragraph 12(d) of Notice No. 3/2007)	-	-
EQUITY	2 445 162	1 764 370
Risk Weighted Assets (including off-balance sheet)	6 825 793	5 761 417
Solvency Ratio	35,80%	30,60%

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:

$$\textit{Solvency Ratio} = \frac{\textit{Equity}}{(VAPRC + VAPRTC + VEAPRO)} X100$$

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 35 - IFRS Disclosures - New standards as at December 31, 2022

1. Standards, interpretations, amendments and revisions that came into effect during the fiscal year

The following standards, interpretations, amendments and revisions endorsed by the European Union are mandatory for the first time in the fiscal year beginning on January 1, 2022:

(a) IFRS 3 (amendment), 'References to the Conceptual Framework for Financial Reporting'

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

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

The amendment is to be applied retrospectively.

(b) IAS 16 (amendment), ‘Proceeds before intended use'

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

c) IAS 37 (amendment), 'Onerous contracts - Cost of fulfilling a contract'

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)

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)

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. Thus, 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)

This improvement eliminates the requirement set forth in paragraph 22 of IAS 41, to exclude tax cash flows when measuring the fair value of biological assets, ensuring consistency with the principles of IFRS 13.

g) IAS 41 (amendment), Leases – 'Covid-19-related rent concessions beyond June 30, 2021'

On May 28, 2020, an amendment to IFRS 16 called '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 modification.

Lessees who choose to apply this resolution account for the change in rent payments resulting from Covid-19-related concession in the same way as they account for a change that is not a lease modification 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 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 fee for the lease which is substantially equal to, or less than, the fee immediately prior to the change;

- any reduction in lease payments only affects payments due on or before June 30, 2022; and

- there are no projected changes to other lease terms and conditions.

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

The following standards, interpretations, amendments and revisions, mandatory in future fiscal years, had been endorsed by the European Union at the date of approval of these financial statements.

a) IFRS 17, 'Insurance Contracts' (effective for fiscal years 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 a comprehensive model for insurance contracts, covering all relevant accounting aspects.

b) IFRS 17 (amendment), 'Insurance Contracts' - Initial application of IFRS 17 and IFRS 9 – Comparative information (effective for fiscal years beginning on or after January 1, 2023)

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.

c) IAS 1 (amendment), 'Disclosure of accounting policies' (effective for fiscal years beginning on or after January 1, 2023)

These amendments intend to assist the entity in disclosing 'material' accounting policies, previously known as 'significant' policies. However, due to the non-existence of this concept in the IFRS standards, it was decided to replace it with the concept “materiality,” known by users of financial statements.

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

d) IAS 8 (amendment), 'Definition of accounting estimates' (effective for fiscal years beginning on or after January 1, 2023)

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.

e) IAS 12 (amendment), 'Deferred tax related to assets and liabilities arising from a single transaction' (effective for fiscal years beginning on or after January 1, 2023)

This amendment clarifies 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.

Thus, 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.

The Bank did not apply any of these standards early in the financial statements for the twelve-month period ended December 31, 2022. No significant impacts on the financial statements are expected as a result of their endorsement.

3. Standards, interpretations, amendments and revisions not yet endorsed 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 current and non-current liabilities

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 non-current.

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

b) IFRS 16 (amendment), 'Lease liability in a sale and leaseback'

This amendment specifies the requirements related to the subsequent measurement of lease liabilities, related to sale and leaseback transactions that qualify as a "sale" in accordance with the principles of IFRS 15, with a focus on lease payments of lease variables that do not depend on an index or a rate.

In subsequent measurement, seller-lessees shall determine “lease payments” and “revised lease payments.” When subsequently measuring lease liabilities, seller-lessees shall determine the "lease payments" and "revised lease payments" in such a way that they do not recognize any gain or loss relating to the right of use withheld. Application of these requirements does not preclude the seller-lessee from recognizing, in the income statement, any gain or loss related to the partial or total “sale,” as required by paragraph 46(a) of IFRS 16.

This amendment is to be applied retrospectively.

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

NOTE 36: Subsequent Events

On the date of approval of these Financial Statements, for the year ended December 31, 2022, an armed conflict was taking place in Ukrainian territory, whose scope and impacts on the economy, not measured on a global scale, will reflect incremental inflation, via rising energy and commodity prices. As a strong importer of goods and services, Cape Verde imports 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 various economic agents, businesses and households. The banking sector will also, predictably, be affected, with an expected increase in financing costs and credit default. IibCV has adopted 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 activities, other than those described above.

Note also that the loan moratorium period established in Cabo Verde (following Covid-19), as a measure to support economic agents, businesses and individuals, ended on March 31, 2022, with no material impacts having been identified, as far as iibCV is concerned. IibCV has adopted a conservative management style, aimed at mitigating risks (having specifically adjusted the expected loss for a group of customers in 2021). We do not recommend changes in the procedures and strategy, nor in risk appetite, which have been consistently followed since 2020.

3. Report and Opinion of the Audit Committee

Exmos Senhores Acionistas,

1 Nos termos da lei e do mandato que nos conferiram, apresentamos o relatório sobre a atividade fiscalizadora desenvolvida pelo Conselho Fiscal e damos parecer sobre o Relatório de Gestão e as Demonstrações Financeiras apresentados pelo Conselho de Administração do International Investment Bank, SA relativamente ao exercício findo em 31 de dezembro de 2022.

2 Acompanhámos, com a profundidade e a extensão que considerámos adequada, a atividade do Banco. Tomámos conhecimento dos atos de gestão do Conselho de Administração do Banco. Verificámos a regularidade da escrituração contabilística e da respetiva documentação bem como a adequação e eficácia do sistema de controlo interno, do sistema de gestão de risco, da auditoria interna e *compliance*.

3 Acompanhámos igualmente os trabalhos desenvolvidos pela Ernst & Young Audit & Associados – SROC SA Sucursal de Cabo Verde.

4 No âmbito das nossas funções verificámos que:

i) o Balanço (que evidencia um total de ativo de CVE 36.778.787 milhares e um total de capital próprio de CVE 2.243.531 milhares, incluindo um resultado líquido de CVE 433.140 milhares e as Demonstrações dos Resultados, do Rendimento Integral, das Alterações no Capital Próprio, de Fluxos de Caixa e o correspondente Anexo, permitem uma adequada compreensão da situação financeira do Banco, dos seus resultados, do rendimento integral, das alterações no capital próprio e dos fluxos de caixa;

ii) as políticas contabilísticas e os critérios valorimétricos adotados são adequados;

iii) o Relatório de Gestão é suficientemente esclarecedor da evolução dos negócios e da situação do Banco evidenciando os aspetos mais significativos, respeitando os requisitos legais e estatutários da Sociedade;

iv) a Proposta de Aplicação de Resultados não contraria as disposições legais e estatutárias aplicáveis.

5 O Conselho Fiscal tomou conhecimento do Relatório de Auditoria, sobre as Demonstrações Financeiras do exercício de 2022, emitido sem reservas, com o qual concordamos.

6 De igual modo tomou conhecimento do relatório dos auditores externos sobre as provisões regulamentares mínimas.

7 Nestes termos, tendo em consideração as informações recebidas do Conselho de Administração e Serviços e as conclusões constantes do Relatório de Auditoria, somos do parecer que a Assembleia Geral aprove:

i) o Relatório de Gestão;

ii) as demonstrações financeiras e respetivas notas anexas;

iii) seja aprovada a Proposta de Aplicação de Resultado Líquido no exercício de 2022.

8 Finalmente, desejamos expressar o nosso agradecimento ao Conselho de Administração e a todos os colaboradores do Banco com quem contatámos, pela valiosa colaboração recebida.

22 de abril de 2023

Presidente do Conselho Fiscal

Ildo Adalberto Lima
Auditor Certificado
Céd.018 NIF: 106447688

Ildo Adalberto Lima

Vogal

Eunérlia Sousa Freitas

Vogal

Nair Cecília Silva

4. External Audit Report

Ernst & Young
Audit & Associados - SROC, S.A.
Sucursal em Cabo Verde
Edifício Santa Maria - Complexo Atlântico
Apartamento 305 - 3º andar
Avenida Cidade de Lisboa
Praia - Santiago

Relatório do Auditor Independente

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas do International Investment Bank, S.A. (iibCV), que compreendem o balanço em 31 de dezembro de 2022 (que evidencia um total de 36.778.787 milhares de escudos de Cabo Verde (CVE) e um total de capital próprio de 2.243.531 milhares de CVE, incluindo um resultado líquido de 433.140 milhares de CVE), a demonstração dos resultados, a demonstração do rendimento integral, a demonstração das alterações nos capitais próprios e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira do International Investment Bank, S.A. em 31 de dezembro de 2022, o seu desempenho financeiro e os seus fluxos de caixa relativos ao ano findo naquela data, de acordo com os princípios contabilísticos geralmente aceites em Cabo Verde para o setor bancário.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA). As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" deste relatório. Somos independentes do iibCV de acordo com os requisitos do Código de Ética da Ordem Profissional de Auditores e Contabilistas Certificados, o qual foi elaborado em respeito aos princípios e normas do Código de Ética para Contabilistas e Auditores, editada pela Comissão Internacional de Normas de Ética para Contabilistas e Auditores (IESBA), e cumprimos as restantes responsabilidades éticas previstas nesses requisitos.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na nossa auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da nossa opinião, e não emitimos uma opinião separada sobre essas matérias.

Descrevemos de seguida as matérias relevantes de auditoria do ano corrente:

1. Imparidade para crédito a clientes

Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
Em 31 de dezembro de 2022, o iibCV tem registadas perdas acumuladas por imparidade sobre a carteira de crédito no montante de 91.576 milhares de CVE, representando 1,26% do valor do crédito. O detalhe da imparidade para crédito a clientes e as políticas contabilísticas, metodologias, conceitos e pressupostos utilizados são divulgados nas notas às demonstrações financeiras (Notas 2, 16 e 31).	A nossa abordagem de auditoria para a imparidade para crédito a clientes incluiu uma resposta específica que se traduziu no desenho, e subsequente execução, de procedimentos de auditoria que incluíram, designadamente: ▸ Entendimento e avaliação do desenho dos procedimentos de controlo interno existentes no processo de quantificação das perdas por imparidade para crédito a clientes;

NIF n.º 200871197 - Matriculada na Conservatória dos Registos Comercial e Automóvel da Praia sob o n.º 200871197/20200211122.
Registo transitório na OPACC - Ordem dos Profissionais de Auditores e Contabilistas Certificados emitido em 17 de fevereiro de 2022
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Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
A imparidade representa a melhor estimativa do órgão de gestão do IibCV sobre a perda esperada nas exposições de crédito concedido a clientes com referência a 31 de dezembro de 2022. Para o cálculo desta estimativa, o órgão de gestão estabeleceu pressupostos, recorreu a modelos matemáticos para calcular parâmetros, interpretou conceitos e dados históricos e concebeu um modelo de cálculo da perda esperada. Para exposições relevantes em base individual, a imparidade é determinada tendo por base julgamentos de especialistas do IibCV na avaliação de risco de crédito e o conhecimento da realidade e situação financeira dos clientes e das garantias associadas às operações em questão. Para além da complexidade dos modelos de quantificação de perdas por imparidade da carteira de crédito, a sua utilização requer o tratamento de um volume significativo de dados, cuja disponibilidade e qualidade podem estar condicionadas. Em face do grau de subjetividade e complexidade que a estimativa de imparidade envolve, a utilização de abordagens, modelos ou pressupostos alternativos pode ter um impacto material no valor da imparidade estimada, o que, juntamente com a materialidade do seu valor, faz com que consideremos este tema como matéria relevante de auditoria.	► testes de revisão analítica sobre a evolução do saldo da imparidade para crédito a clientes, comparando-o com o período homólogo e com as expetativas formadas, dos quais são de destacar o entendimento das variações ocorridas na carteira de crédito e alterações dos pressupostos e metodologias de imparidade; ► seleção de uma amostra de clientes objeto de análise individual de imparidade para avaliação dos pressupostos utilizados pelo órgão de gestão na quantificação da imparidade. Esta análise incluiu a informação sobre a situação económico-financeira dos devedores e os relatórios de avaliação dos colaterais, assim como indagações aos especialistas do IibCV para entender a estratégia de recuperação definida e os pressupostos usados. Apreciámos os julgamentos realizados para refletir os impactos da pandemia COVID-19 em devedores ou sectores individuais; ► com o apoio dos nossos especialistas em matéria de gestão de risco, testámos a razoabilidade dos parâmetros utilizados no cálculo da imparidade coletiva, destacando-se: i) o entendimento da metodologia formalizada e aprovada pelo órgão de gestão e comparação com a efetivamente utilizada; ii) a apreciação das alterações aos modelos para determinar parâmetros para refletir a perda esperada; iii) a análise das alterações realizadas durante o exercício aos parâmetros de risco (PD, LGD e EAD); iv) o seguimento das medidas corretivas de deficiências anteriormente identificadas no modelo de imparidade coletiva; e v) o teste por amostragem à classificação das operações nos stages 1, 2 e 3; e vi) avaliação da razoabilidade dos ajustamentos realizados, em particular aqueles para responder às áreas de julgamento adicionais resultantes das moratórias e apreciação do processo de gestão associado a esses ajustamentos. ► análise das divulgações incluídas nas notas explicativas às demonstrações financeiras, tendo por base os requisitos das normas internacionais de relato financeiro e os registos contabilísticos.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do iibCV de acordo com os princípios geralmente aceites em Cabo Verde para o sector Bancário e pelo controlo interno que determine ser necessário para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro.

Quando prepara demonstrações financeiras, o órgão de gestão é responsável por avaliar a capacidade do iibCV se manter em continuidade, divulgando, quando aplicável, as matérias relativas à continuidade e usando o pressuposto da continuidade a menos que o órgão de gestão tenha intenção de liquidar o iibCV ou cessar as operações ou não tenha alternativa realista senão fazê-lo.

O órgão de fiscalização é responsável pela supervisão do processo de relato financeiro do iibCV.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e em emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do iibCV;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do iibCV para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o iibCV descontinue as suas atividades; e
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada.

Comunicamos com os encarregados da governação, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as matérias significativas de auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria.

OUTRA INFORMAÇÃO

Sobre o relatório de gestão

O órgão de gestão é responsável pela preparação de outra informação. Esta outra informação compreende o Relatório de Gestão, que não inclui as demonstrações financeiras e o nosso relatório sobre as mesmas e que obtivemos antes da data do nosso relatório.

A nossa opinião sobre as demonstrações financeiras não cobre a informação constante no Relatório de Gestão e não expressamos qualquer tipo de garantia de fiabilidade sobre essa outra informação.

No âmbito da auditoria das demonstrações financeiras, a nossa responsabilidade é fazer uma leitura do Relatório de Gestão e, em consequência, considerar se a informação nele contida é materialmente inconsistente com as demonstrações financeiras, com o conhecimento que obtivemos durante a auditoria, ou se aparenta estar materialmente distorcida.

Se, com base no trabalho efetuado sobre a outra informação que obtivemos antes da data do nosso relatório, concluirmos que existe uma distorção material no Relatório de Gestão, exige-se que relatemos sobre esse facto. Não temos nada a relatar a este respeito.

19 de abril de 2023

Ernst & Young Audit & Associados - SROC, S.A.
Sucursal em Cabo Verde
Representada por:

Assinado por: **Ana Rosa Ribeiro Salcedas Montes Pinto**
Num. de Identificação: 08539023
Data: 2023.04.19 20:14:04+01'00'

CHAVE MÓVEL

Ana Salcedas
Diretora Geral

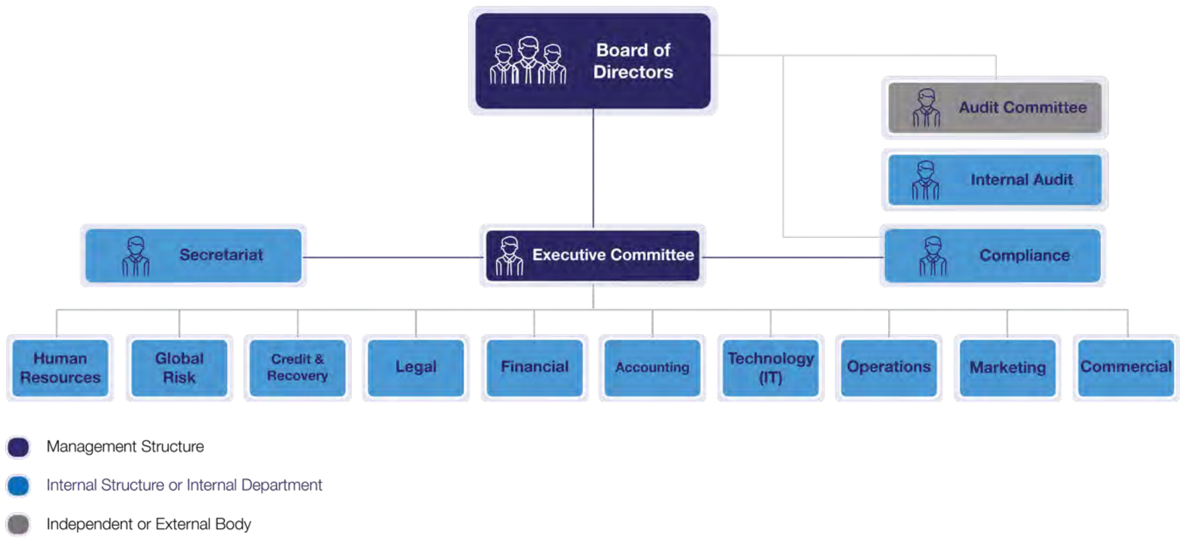
Filipe Brás
Partner

III. Information on Corporate Governance

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.

Organizational Chart 2022



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:

2. Description of roles and responsibilities of each member of the institution’s 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 Units

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. Financial & 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.

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. Overall 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 2022 Internal Control System Report (RSCI – 2022);
- Preparation of the Internal Audit Function Report, which was incorporated into the RSCI – 2022;
- 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 Technology

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. 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.

5.5. 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.

Great Place to Work

We made History!

First entity ***Great Place to Work***
in Cape Verde

international investment bank S.A.
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