

Annual Report

2024

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1. Key Indicators

1. Key Indicators

A. Summary of the Financial Indicators

Expressed in thousands CVE				
Balance Sheet	Dec/24	Dec/23	Change	
			Abs.	%
Net Assets	36 177 696	29 524 512	6 653 184	22,5%
Customer credit (net)	17 582 985	14 645 225	2 937 761	20,1%
Debt securities (net)	5 550 398	6 269 969	(719 571)	-11,5%
Total Liabilities	32 758 015	26 563 316	6 194 699	23,3%
Customer Deposits	24 852 322	19 222 052	5 630 269	29,3%
OIF Resources	5 649 864	5 206 317	443 547	8,5%
Equity	3 419 681	2 961 196	458 485	15,5%
Activity				
Net interest income	1 166 755	872 928	293 827	33,7%
Complementary margin	296 075	138 297	157 778	114,1%
Net Operating Income	1 462 830	1 011 225	451 605	44,7%
Overheads	(971 760)	(825 259)	146 501	17,8%
Net Profit for the Year	367 939	101 888	266 051	261,1%
Shares				
No. of Shares	2092	2092	-	0%
Operation				
Number of employees	164	152	12	7,9%
Number of branches	11	10	1	10,0%
Number of customers	59 210	51 777	7 433	14,4%
Number of Vinti4 Cards (debit) - Active	25 639	18 802	6 837	36,4%
Active Automated Teller Machines (ATMs)	34	22	12	54,5%
Productivity/Efficiency				
Cost to Income Ratio	66,4%	81,6%	-15,2%	-18,6%
Net Interest Income / Operating Income	79,8%	86,3%	-6,6%	-7,6%
Number of customers per employee	361	341	20	6,0%
(Credits + Deposits) / No. employees	258 752	222 811	35 941	16,1%
Employee by Branch (Network and central services)	14,91	15,20	(0,3)	-1,9%
(Credit + Deposits) / No. of Branches	3 857 755	3 386 728	471 027 w	13,9%
Overheads / Net Assets	2,7%	2,8%	-0,1%	-3,9%



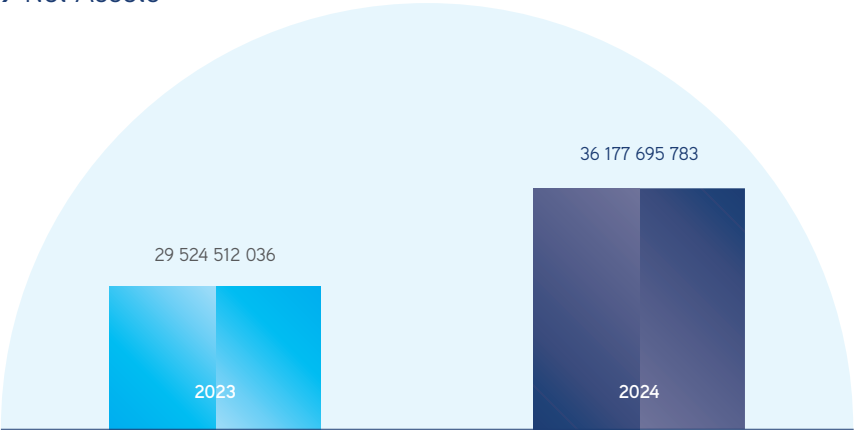
1. Key Indicators

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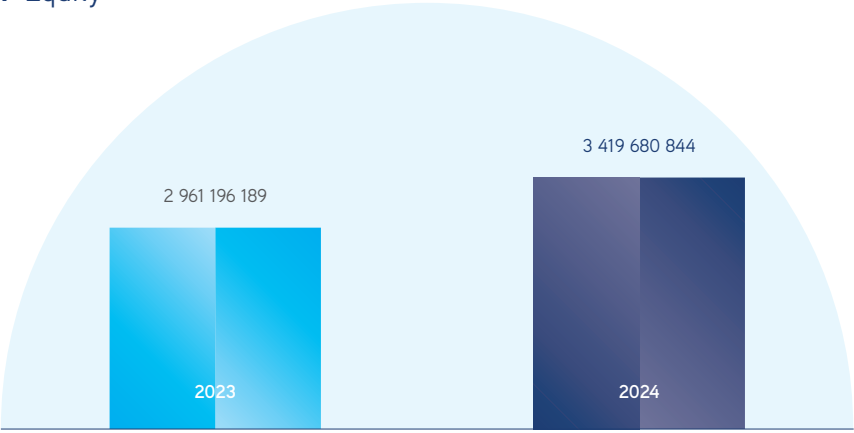
Balance Sheet	Dec/24	Dec/23	Change	
			Abs.	%
Profitability				
Earnings per share (EPS)	175,8	48,7	127	261,1%
Return on average equity (ROAE)	11,5%	3,5%	8,0%	230,4%
Return on Average Asset (ROAA)	1,1%	0,4%	0,8%	217,3%
Fund Management				
Total Deposit / Assets	68,7%	65,1%	3,6%	5,5%
Transformation Rate (Credit / Deposits)	70,7%	76,2%	-5,4%	-7,1%
Total Credit / Total Deposits (including signature credit)	77,3%	83,2%	-5,9%	-7,1%
Deposit Concentration = 20 > Depositors / Total Deposits	55,5%	50,4%	5,1%	10,0%
Importance of Customer Resources (Deposits / Financial Liability)	76,9%	73,3%	3,6%	4,9%
Asset Quality	Dec/24	Dec/23	Change	
			Abs.	%
Overdue Credit (+30 days) / Total Credit	4,2%	5,0%	-0,7%	-14,6%
Credit in Default (Circular Serie A No. 195)	4,0%	4,8%	-0,8%	-16,0%
Credit at Risk (Serie A Circular No. 198)	9,5%	6,2%	3,4%	55,0%
Impairment / Total Credit	3,4%	4,0%	-0,6%	-14,6%
Impairment / Credit in Default (+90 days)	84,1%	83,5%	0,6%	0,7%
Total Credit / Total Asset	48,6%	49,6%	-1,0%	-2,0%
Concentration Debtors = 20 > Debtors / Total Credit	42,0%	43,3%	-1,2%	-2,9%
Prudential				
Regulatory Own Funds	3 483 939	3 118 740	365 199	11,7%
Risk-weighted Assets (RWA)	20 696 056	17 018 217	3 677 839	21,6%
Global Solvency Ratio (Threshold 12%)	16,8%	18,3%	-1,5%	-8,1%
Fixed Assets Coverage (100% Limit)	176,6%	211,3%	-34,7%	-16,4%
Public Debt / Customer deposits ratio (Threshold 5%)	17,5%	27,2%	-9,7%	-35,6%
Liquidity				
Overall Liquidity (Threshold 20%)	48,28%	44,97%	3,3%	7,4%
Decreased Liquidity	28,86%	19,84%	9,0%	45,5%
Immediate Liquidity	12,58%	9,88%	2,7%	27,4%

B. Graphic Analysis of Key Indicators

> Net Assets

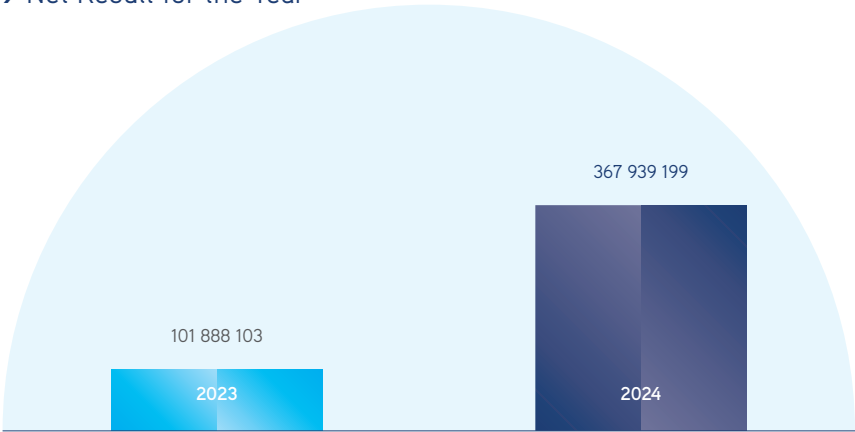


> Equity

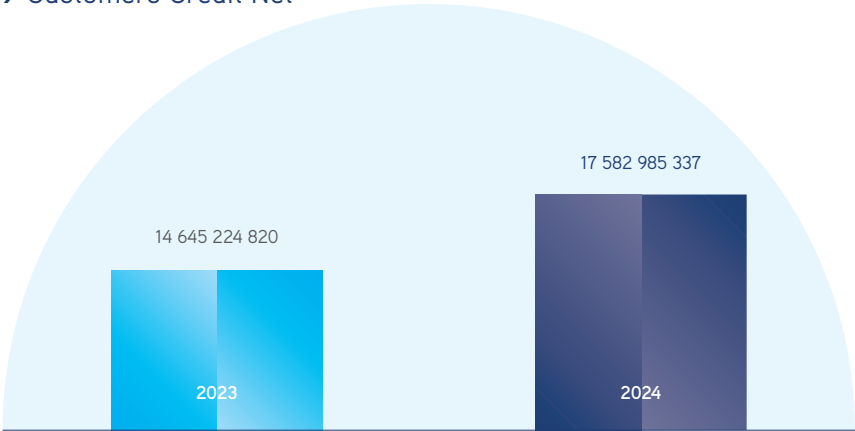


1. Key Indicators

> Net Result for the Year



> Customers Credit Net





2. Message

2. Message

Joint Message from the Chairman of the Board of Directors and the Chief Executive Officer

Dear Shareholders and Partners,

We have completed another financial year, marked by significant challenges and profound changes in the global scenario. In an environment of economic, geopolitical and social uncertainty, we have achieved historic results that reflect the commitment and trust of our clients, the dedicated work of our entire team, and the continued support of our shareholders and partners. With financial solutions that are innovative, secure and aligned with our clients' needs, we have been able to successfully navigate a period of great change and offer the necessary support in times of transformation.

In the national economy, there was strong dynamism in the first half of the year, although at a more moderate pace compared to 2023. Gross Domestic Product (GDP) in volume grew by 9.7%, compared to 5.2% in 2023, followed by a slowdown in the second half of 2024.

The increase in commercial banks' net foreign assets and the reduction in foreign direct investment in Cabo Verde contributed to the loss of reserve assets, reflected in the decrease in the stock of net foreign reserves, which now guarantee 5.7 months of projected imports in 2024, compared to 6.2 months in 2023.

Faced with the need to reduce the differential between national interest rates and those of the Euro Area, as well as to discourage the outflow of capital from the country, while maintaining the peg regime fixed to the Euro, the BCV's Monetary Policy followed a restrictive stance, starting in May 2023. This took the form of gradual increases in its reference interest rates, of 0.25 percentage points on three occasions since October 2023, in addition to the increases made in May and November 2024, setting the Key Rate at 2.25%.

BAICV Bank has focused on mitigating the economic effects, supported by its Strategic Plan 2022-2027, focusing on creating value in the various business segments. We would highlight the substantial growth in customer funds and the credit portfolio, as well as the dynamization of investments in the financial markets, with the definition of clear policies, conditions and rules for the trading portfolio. In 2024, the Bank intensified its efforts to generate businesses and results, directing resources to optimize financial management (investments), balancing the profitability/risk ratio in funding and investments abroad. We also expanded our commercial operations, reinforcing our business channels and strengthening our operational capacities and skills.

The commercial dynamic was also reflected in the marketing campaigns, which highlighted the potential of innovative products such as BAI Green Energy and Electric Mobility credits. These products are in line with the Bank's strategy of mainstreaming investment practices and offering sustainable solutions, accelerating the transition to a carbon-neutral economy and promoting the energy transition. Within this same strategic perspective and with a continuous promotion approach, the 'BAI Mulher Empreendedora' product was strengthened throughout the year, aimed at supporting small businesses led by women. This product has generated great interest within this segment, with the aim of encouraging women to undertake in the formal sector, recognizing their crucial role in the country's economic history.

Social and environmental sustainability (ESG - Environmental, Social, Governance) has been a strategic priority for the Bank, incorporated into its plan by financing projects aimed at improving people's quality of life. In addition, the Bank has implemented



In an environment of economic, geopolitical and social uncertainty,
we have achieved historic results
 that reflect the commitment
 and trust of our clients

actions and provided products and services that translate into partnerships for national development. In addition to promoting sustainable credit products, the Bank has been committed to environmental initiatives, establishing partnerships with key entities in the renewable energy sector, with the aim of consolidating its commitment to sustainability. An example of this is the installation of solar panels at its headquarters in the “BAICenter” building and the financing through the “BAI Energia Verde” product of the first solar parking lot in the country, as well as the construction of the Solar Photovoltaic Park on Sal Island, with 11,088 solar panels, contributing significantly to the reduction of CO2 emissions and fossil fuels.

As part of its social responsibility, the Bank financed a reforestation campaign in the Serra Malagueta Natural Park, which was affected by a fire in April that devastated a large area of forest. Employees actively participated in the reforestation efforts. In addition, the Bank sponsored various initiatives, most notably its support for the Paris Olympics, which culminated in Cabo Verde winning its first Olympic medal in boxing, and other sponsorships totaling ECV 10,546,040.

The dynamics of the banking business were aligned with the strengthening of internal control and associated risk management. The creation of a repository for monitoring Internal Control Deficiencies has made it possible to monitor the structure units more efficiently, resulting in more effective control. The preparation of periodic reports on global, compliance and cyber risks, as well as the commitment to excellence, which has taken us to a historic milestone in employee training, reflect the Bank’s ongoing concern in this area.

The year 2024 marked the 16th anniversary of Banco BAICV, during which time various activities were held to highlight and recognize the performance and merit of employees. Awards were given in recognition of their effort, dedication and commitment to the Bank, moments which reinforced the BAICV brand and provided valuable opportunities for the team to share experiences. Human Capital is one of the Bank’s strategic pillars, with one of the objectives being to speed up the implementation of the new performance evaluation management model, as well as moving forward with the construction of more equitable career and remuneration plans. At the same time, we strengthened our endomarketing activities, creating and strengthening programs focused on employee maintenance, balance and well-being. Also noteworthy is the implementation of a health insurance program covering all the Bank’s employees, in line with our strategic pillar of “making BAICV the best institution to work for”.

Despite the adverse economic context, both external and internal, the growth strategy adopted by the Bank resulted in a 20.1% increase in the Credit Portfolio, sustained by a 29.3% growth in the Deposit Portfolio. In addition, the number of active Customers grew by 14.4%, with around 56% in homebanking “BAIDirecto”.

2. Message

Net Operating Income amounted to CVE 1,462.8 million, an increase of CVE 451.6 million (44.7%). This performance was driven by a positive evolution in net interest income, which reached CVE 1,166.8 million, an increase of CVE 293.8 million (33.7%), coupled with an increase of CVE 157.8 million (114.1%) in the complementary margin. As a result, Net Income reached CVE 367.9 million, 261.1% more than the previous year, the best ever recorded in BAICV's history. This milestone is the result of organizational restructuring efforts, with the creation of new units designed to prepare the bank for solid sustainability in terms of results. Capital ratios also showed a positive evolution, with the solvency ratio reaching 16.8%, compared to 18.3% in 2023, consolidating the strong growth in risk-weighted assets, especially in the credit portfolio to customers, by increasing regulatory own funds by 11.7%.

Also noteworthy was the improvement in the key indicators, namely Cost-to-Income which stood at 66.4%, an improvement of 15.2 p.p. compared to the same period last year, Return on average equity (ROAE) which reached 11.5% compared to 3.5% in the previous period, Return on average assets (ROAA) which rose to 1.1%, compared to 0.4% in the previous period, demonstrating the bank's increased capacity to generate results, given the assets available, with the bank having achieved convergence with the average of the national financial system.

Aware of the challenges that continue to mark the macroeconomic context and the uncertainties about future developments, but confident in the paths and strategy outlined to guarantee a future of confidence for Cabo Verdeans and contribute to the stability of the financial system, the Board of Directors of Banco BAICV highlights and thanks the relationship of partnership and loyalty established with its Customers and Partners. We gratefully acknowledge the commitment, dedication and performance

of our Employees, as well as the collaboration and support of our Shareholders, Audit Board and External Auditor. We would also like to thank the Correspondents and Counterparties for their services and the Supervisory Entity for its high standards of supervision, which were essential for us to achieve such significant results.

Praia, February 3, 2025

Carlos B. Chaves

Carlos Augusto Bessa Victor Chaves
Chairman of the Board of Directors



Jorge Manuel da Silva e Almeida
Chairman of the Executive Board



3. Main References

3. Main References

A. Shareholders

	2024			2023		
	Share of Capital	Participation	No. of Shares	Share of Capital	Participation	No. of Shares
Banco Angolano de Investimentos, SA	81,63%	1 707 987	1 708	81,63%	1 707 987	1 708
Sonangol Cabo Verde, SA	9,20%	192 505	193	9,20%	192 505	193
Silvino Manuel da Luz	7,33%	153 340	153	7,33%	153 340	153
SOGEI - Sociedade de Investimentos. SA	0.89%	18 553	19	0.89%	18 553	19
Ações Próprias	0.96%	20 000	20	0.96%	20 000	20
Total	100%	2 092 385	2 092	100%	2 092 385	2 092

B. Governing Bodies

> General Meeting Board

Maria Cristina Lopes Almeida Fontes Lima
Chairman

Adilson dos Reis Mendonça
Secretary

> Board of Directors

Carlos Augusto Bessa Victor Chaves
Chairman of the Board of Directors

Manuel Frederico
Non-Executive Director (independent)

Maria Encarnação Rocha
Non-Executive Director (independent)

Alexandre Augusto Borges Morgado
Non-Executive Director

Jorge Manuel da Silva e Almeida
Executive Director

Carla Monteiro do Rosário
Executive Director

David Luís Dupret Hopffer Almada
Executive Director

> Supervisory Board

> Internal Control (CSCI)

Manuel Pinto Frederico
Chairman

Carlos Augusto Bessa Victor Chaves
Effective Voting Member

Líver António Lima Canuto
Effective Voting Member

> Risk Management (CSGR)

Maria Encarnação Rocha
Chairman

Alexandre Augusto Borges Morgado
Member

José Carlos Ramos Cunha
Effective Voting Member

> Executive Board

Jorge Manuel da Silva e Almeida
President

Carla Monteiro do Rosário
Executive Director

David Luís Dupret Hopffer Almada
Executive Director

➤ Audit Board

António Querido dos Reis Borges
Chairman of the Audit Board (independent)

José Carlos Ramos Cunha
Effective Voting Member (independent)

Líver António Lima Canuto
Effective Voting Member

Eunice Furtado Pina
Deputy Voting Member

José Jorge Borges de Oliveira
Deputy Voting Member (independent)

Emanuel Neves Duarte
Deputy Voting Member

➤ Distribution of Portfolios

Jorge Manuel da Silva e Almeida,
as Chairman of the Executive Board;
DSI (Information Security Department)
GPC (Planning and Control Office)
GII (Inspection and Investigation Office)
GSS (Office of the Company Secretary)
GJC (Legal and Litigation Office)
DCH (Human Capital Department)

Carla Monteiro do Rosário,
as Executive Director;
DCM (Sales & Marketing Department)
DPL (Assets and Logistics Department)
DAR (Credit Analysis and Recovery Department)
GMC (Marketing Office)

David Luís Dupret Hopffer Almada,
as Executive Director;
DMF (Financial Markets Department)
DCO (Accounting Department)
DTI (Information Technology Department)
DOP (Operations Department)

Maria Encarnação Alves da Silva Rocha,
as Independent Non-Executive Director;
GGR (Risk Management Office), assisted by
Director David Almada in the day-to-day management of the bank.
GCO (Compliance Office), assisted by the CEO in
the day-to-day management of the bank.

Manuel Pinto Frederico,
as Independent Non-Executive Director;
GAI (Internal Audit Office), assisted by the CEO
in the day-to-day management of the bank.

➤ External Auditor

EY – Ernst & Young, Audit & Associados
– SROC, represented by *Silvia Silva*

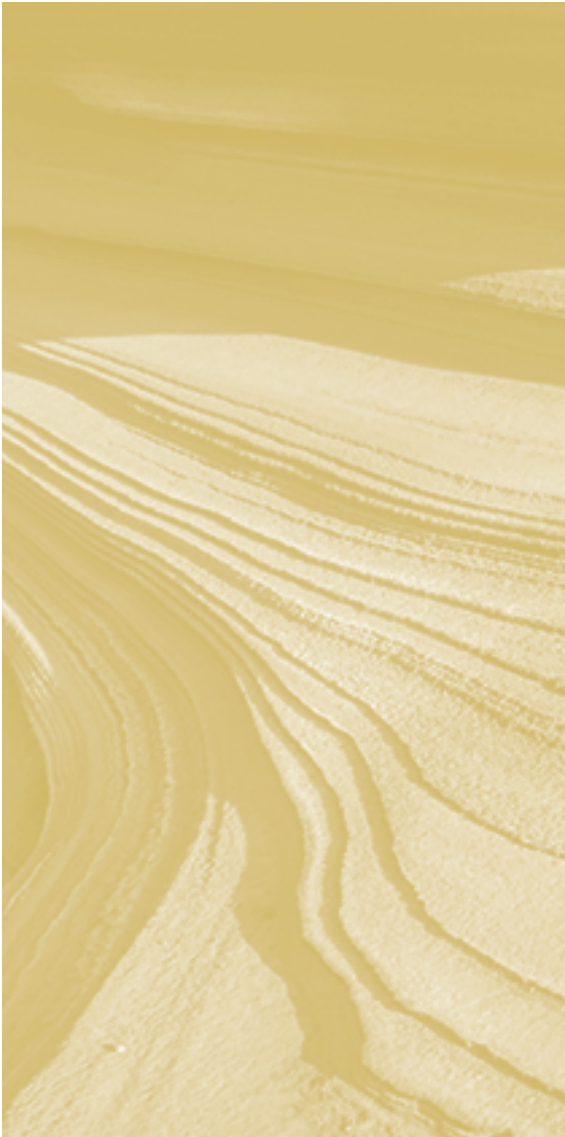
3. Main References

C. Management Structure

Departments / Offices	Name	Position
Internal Audit Office - GAI	Elaine Lima	Director
Investigation and Inspection Office - GII	Mónica Gomes	Director
Marketing and Communications Office - GMC	Deina Barros	Director
Legal and Litigation Office - GJC	Adilson Mendonça	Director
Risk Management Office - GGR	Eder Monteiro	Director
Office of the Company Secretary - GSS	Eder Pina	Company Secretary
Planning and Monitoring Office - GPC	Olga Barbosa	Coordinating Director
Compliance Office - GCO	Amarita Mendonça	Director
Financial Markets Department - DMF	Nélida Barbosa	Director
Information Technology Department - DTI	António Fragoso	Director
Operations Department - DOP	Areolino Carvalho	Director
Sales & Marketing Department - DCM	Angela Cardoso	Director
Human Capital Department - DCH	Carla Semedo	Director
Assets and Logistics Department - DPL	Ricardo Maximiano	Director
Credit Analysis and Recovery Department - DAR	Oldair Barros	Director
Information Security Department - DSI	Carlos Tavares	Director
Accounting Department - DCO	João Vargas	Director
Executive Secretary - SEC	Suzete Lopes	Responsible

Manager	Name	Position
Praia Branch (Head Office)	Rei Igo Baptista	Manager
Plateau Branch - Santiago Island - Praia City	Moisés Martins	Manager (until March 15, 2024)
	Elvis Gomes	Manager (from 15 March 2024)
Achada Santo António Branch - Santiago Island - Praia City	Rogério Tavares	Manager
Espargos Branch - Sal Island	Eneida Teixeira	Manager
Santa Maria Branch - Sal Island	Ricardo Figueiredo	Manager
Monte Cara Branch - S. Vicente Island	Isanete Luz	Manager
Assomada Branch - Santiago Island	Mikhail Marçal	Manager (until March 15, 2024)
	Moisés Martins	Manager (from 15 March 2024)
Sal Rei Branch - Boa Vista Island	Marlin Silva	Manager
São Filipe Branch - Fogo Island	Adylson Araújo	Manager
Monte Sossego Branch - São Vicente Island	Ludmila Pinto	Manager
Palmarejo Branch - Santiago Island	Mikhail Marçal	Manager (from 15 March 2024)

D. Activity Milestones

	> INTERNAL	12.01.24 BAICV subsidizes gym and yoga classes 16.01.24 - 18.01.24 Self-Protection Measures and Building Evacuation Test Training 16.01.24 - 18.01.24 Fire Prevention and Use of Fire Extinguishers JAN 01.
	> EXTERNAL	11.01.24 Sponsorship of Académico do Aeroporto do Sal - Sports Season 2023/2024 

3. Main References

INTERNAL	16.02.24 Reception of the Cabo Verde Football Federation (FCF) by the BAICV Executive Committee 17.02.24 Workshop on Procedures for Opening an Account	☆☆☆ ☆☆☆ 09.03.24 Internal Control System Workshop 15.03.24 Palmarejo Branch Opening MAR 03.	
	02. FEB 08.02.24 Sponsorship of the Cruzeiros do Norte Recreational and Cultural Sports Association - Carnival 2024 12.02.24 Sponsorship of the Monte Sossego Carnival Group Association - Carnival 2024	15.03.24 BAICV's participation in the Cabo Verde Olympic Committee Benefit Dinner	

13.04.24
Service and Sales Program with NLP 2024

22.04.24
Practical Firefighting Training

25.04.24
First Aid Training - BAAlcenter Building

MAY
05.

04.
APR

30.04.24
Sponsorship of the Santiago South Regional
Cycling Association - Activities 2024

30.04.24
Sponsorship of Sousa Lobo - Odjo D'Água Society
- Activities to commemorate the 25th anniversary
of the Odjo D'Água Hotel

30.05.24
Sponsorship of the Barlavento Chamber of Com-
merce - Financial and Digital Literacy Training

31.05.24
Sponsorship of the Cabo Verde Football Federation
(FCF) - Support for projects related to the men's
national soccer team



3. Main References

INTERNAL	 07.06.24 Reception of athlete David Pina by the BAICV Executive Committee	03.07.24 Reception of athlete Edy Tavares by the BAICV Executive Committee 08.07.24 Visit of Team Cabo Verde Athletes and Entourage to BAICV 12.07.24 Additional Medical Service - Policlínica Santiago JUL 07.
EXTERNAL	06. JUN 06.06.24 BAICV's participation in FIEREE 2024 13.06.24 Sponsorship for Mariventos - Support for the 12th edition of Kavala Fresk Festival 18.06.24 Signing of a Partnership Protocol with the University of Santiago 26.06.24 BAI Team Cabo Verde campaign launched 28.06.24 Launch of Service Password through the Institutional Website	13.07.24 BAICV's participation in the Kavala Fresk Festival 18.07.24 Sponsorship for musician Tito Paris - "Farra na Areia" concerts, Bói de Conjunto 19.07.24 Sponsorship of the João Fidalgo Judo Club Association - Support for activities in July, September and December

**19.08.24**

Athlete David Pina visits BAICV

22.08.24

Allocation of health insurance to BAICV employees

30.08.24 + 31.08.24

Leadership Development Program 2024

SEP
09.**08.**
AUG**01.08.24 A 03.08.24**

BAICV's participation in the Automobile Fair

09.08.24Sponsorship of Quercus Cabo Verde –
Produção de Programas “Minuto
Verde ou Azul”**16.08.24**Sponsorship of HJC Art - Materialization
Project Santa Cruz Art Week (SCAW)**19.08.24**Sponsorship of XU: Collective - Production
of the documentary film “AGU RIXU”**09.09.24**Sponsorship of the Câmara de Turismo de Cabo
Verde – Concerto “Pedra de Lume in Concert”**20.09.24**Open Talk - BAICV, David Pina and Cabo Verde
Olympic Committee (COCV)

3. Main References

INTERNAL	19.10.24 Baianos participate in Santa Cruz Arte Week (SCAW) 20.10.24 1st Technological Recovery Test 24.10.24 Lecture Taxes - the foundation of national development 31.10.24 Christmas light decoration launch 24.10.24 Participation in the campaign “Por uma Várzea segura: Todos conta a Dengue” in partnership with the Associação Juvenil Black Panthers	NOV 11. 07.11.24 Socialization of the BAICV Organizational Culture Manual 14.11.24 Emotional Intelligence Workshop 21.11.24 BAICV 16th anniversary celebration
EXTERNAL	10. OCT 11.10.24 BAICV service desk at the University of Cabo Verde 16.10.24 Sponsorship of the Associação Juvenil Black Panthers – Campanha de Sensibilização contra a Dengue na Várzea e arredores	16.11.24 BAICV honored with social and environmental responsibility award by CCB 20.11.24 A 23.11.24 BAICV’s participation in FIC 2024 DEC 12. 07.12.24 Cycling event in partnership with the Santiago Sul Cycling Association

4.

Macroeconomic and Financial Framework



4. Macroeconomic and Financial Framework

A. International Context

The year 2024 remained a period of significant challenges in the global macroeconomic context, reflecting the continuation of previous crises and the emergence of new obstacles. Persistent inflation continued to be a major cause for concern, forcing central banks to maintain restrictive monetary policies and raise interest rates.

Global growth has been estimated at 3.0% for 2023, according to the International Monetary Fund's (IMF) January 2024 projections, but the slowdown is evident in 2024, with projections of 2.9%, reflecting the accumulated effects of tight monetary policies and the fragility of some emerging economies.

The United States continues to show relative strength, with estimated growth of 2.1% in 2024, supported by robust consumption, although limited by the delayed impact of high interest rates and gradual fiscal tightening. In the Euro Area, growth is estimated at 0.9% in 2024, lower than the historical average, reflecting the persistent effects of the war in Ukraine and the energy crisis, despite declining inflation and improvements in domestic consumption.

China, with projected growth of 4.6% in 2024, continues to lead among emerging economies, despite concerns about the crisis in the real estate sector and structural challenges. China's recovery is underpinned by public investment and rising domestic

consumption, although risks related to financial vulnerabilities remain. In the emerging and developing economies as a whole, growth of 4.1% is expected in 2024, sustained by the recovery of key sectors and an increase in exports from some countries.

Global inflation, after reaching historic peaks in 2022, continues to slow down in 2024, with projections of 5.8% for the year, compared to 6.8% in 2023. However, the reduction in inflation is uneven between economies. While advanced economies are making more significant progress, emerging economies are facing challenges due to the volatility of commodities prices and wage pressures.

Monetary policy, which has been a pillar in containing inflation since 2022, shows signs of moderation in 2024. The European Central Bank (ECB) and the US Federal Reserve kept interest rates stable at the end of 2023, reflecting a cautious approach to the economic slowdown. However, financial conditions remain restrictive, with implications for the cost of credit and business financing, particularly in weaker economies.

On a fiscal level, many countries face challenges stemming from high levels of public debt and smaller margins for budgetary maneuver. The need for fiscal consolidation clashes with growing demands for investment in infrastructure, adaptation to climate change and social support.



B. National Context

In 2024, Cabo Verde faced an equally challenging economic scenario, but demonstrated resilience in a global context marked by uncertainty. The country has continued to deal with the lingering effects of the pandemic, as well as the repercussions of international geopolitical and economic crises, such as the war in Ukraine and conflicts in the Middle East. Despite these adversities, the tourism sector has remained one of the main drivers of economic recovery, benefiting from a growing demand for safe and sustainable destinations, which has contributed to an increase in domestic consumption and stronger tax revenues.

The Cabo Verdean economy showed a projected growth rate of between 4% and 5% in 2024, slightly below the 2023 performance, reflecting the impacts of the slowdown in the economies of the main trading partners, such as the Eurozone. However, the government continued to invest in economic diversification measures, with strategic investments in sectors such as renewable energies, the blue economy and digital transformation, strengthening the country's attractiveness to international investors.

Inflation showed signs of slowing down, in line with the global trend, with average projections of between 4% and 5%. Despite this, high food and energy costs continued to put pressure on the incomes of families, especially the most vulnerable. The Banco de Cabo Verde has maintained a prudent monetary policy, prioritizing exchange rate stability and inflation control, in an environment of global economic uncertainty.

The Cabo Verdean labor market has remained one of the weakest points in the economy, with unemployment still high, disproportionately affecting young people and women. Despite initiatives to create new jobs, the recovery of the labor market has been slow, reflecting the structural challenges of the economy. To mitigate this problem, the government has stepped up its efforts in professional training and qualification programs, as well as initiatives to promote entrepreneurship.

On the fiscal front, the high public debt, although on a downward trajectory, continued to limit the state's capacity to make large-scale investments. However, the government has managed to mobilize external financing on favorable terms and promote public-private partnerships, making strategic projects in infrastructure and essential services viable.

The current account balance improved slightly in 2024, with a deficit equivalent to 8.7% of GDP by the third quarter, reflecting a 25% increase in tourist receipts and emigrant remittances. On the other hand, the trade deficit remained high, driven by higher imports of capital goods and fuels.

Net international reserves reached 670 million euros, representing 6 months of imports, a level considered comfortable by the Banco de Cabo Verde (BCV), according to the Monetary Policy Report published in June 2024.

In 2024, the BCV raised the key rate to 1.5%, following the ECB's adjustments. Money supply grew by 6.2%, driven by a 10% increase in deposits in national currency, as detailed in the Banco de Cabo Verde (BCV) Monetary Policy Report of June 2024.

The Cabo Verdean banking sector remained resilient, with the solvency ratio reaching 22%, above the regulatory minimum. Credit to the economy grew by 7%, while the ratio of non-performing loans fell to 8.7%, reflecting the improvement in asset quality.

Despite the adversities, Cabo Verde has maintained a clear commitment to economic and social sustainability, reinforcing its position as a tourist destination of excellence and an emerging hub logistics in West Africa. The year 2024 thus stood out for the country's ability to navigate an adverse global economic scenario while pushing ahead with policies and reforms aimed at ensuring inclusive and sustainable growth in the medium and long term.



5.

BAI Cabo Verde in the Financial System

5. BAI Cabo Verde in the Financial System

In 2024, Banco BAI Cabo Verde (BAICV) reaffirmed its commitment to strengthening the Cabo Verdean economy by offering a range of high value-added products and services for the business, institutional and private sectors. In line with its vision of providing the best banking experience in Cabo Verde, BAICV concentrated its efforts on strategic segments and consolidated relationships with clients with high growth potential.

As part of its physical expansion, BAICV expanded its branch network to 11 units, filling gaps in its geographical coverage. The opening of the branch in Palmarejo, in the city of Praia, marked its presence on five islands, enabling it to meet the needs of companies, entrepreneurs, individual clients and public and private institutions more comprehensively. The products on offer include current and term accounts, diversified credit lines for companies, individuals and the public sector, as well as comprehensive savings and investment solutions. The Prestige Channel remained an important differentiator, offering personalized financial management services and expert advice.

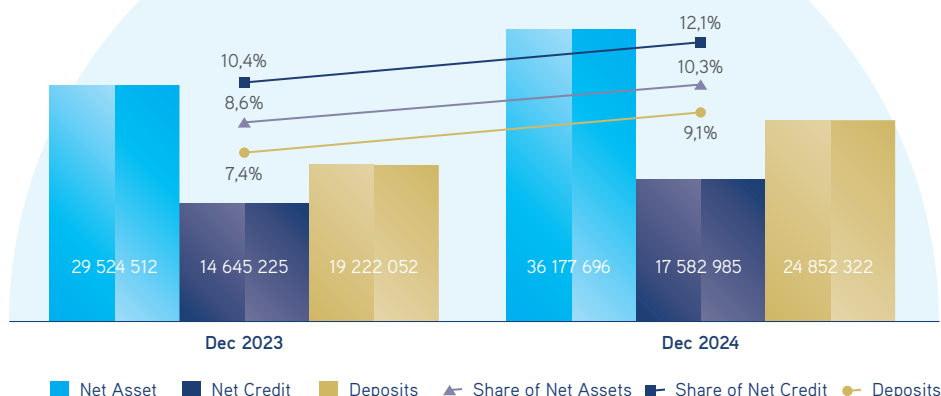
Digital transformation continued to be a strategic priority for the bank in 2024, with significant advances in digital services.

The Internet Banking platform, BAI DIRECTO, with its functionalities that allow the payment of services, balance and movement queries, national and international bank transfers, processing of salaries and loading of prepaid cards in real time, has enabled a significant increase in customer coverage as well as in the volume of transactions carried out.

In terms of performance, BAICV recorded a significant increase in 2024, thus consolidating its position in the Cabo Verdean financial market. The market share of net credit increased to 12.1%, surpassing the 10.4% seen in 2023 (excluding debt securities). At the same time, the market share of deposits rose to 9.1%, compared to 7.4% in the previous year. Net assets also advanced significantly, reaching a market share of 10.3% in 2024, up from 8.6% in 2023.

These results demonstrate BAICV's commitment to generating value for its customers and partners, reinforcing innovation as one of its strategic pillars and promoting sustainable and balanced growth.

› BAI CV in the Financial System



Note: 2024 quotas based on information from the Financial System for September 2024

6.

Overview of Banking Activity



6. Overview of Banking Activity

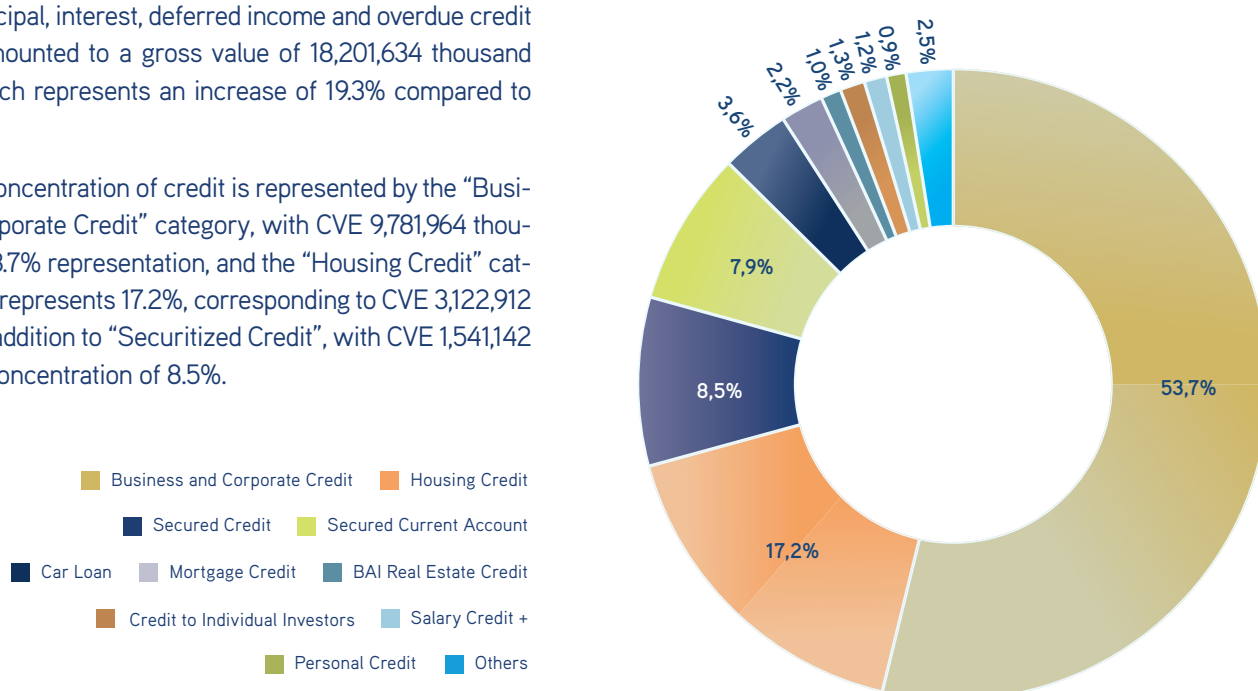
In 2024, banking activity in Cabo Verde showed a stabilization of the growth rate seen in 2023, after a troubled period in 2020 and 2021, which impacted important economic sectors such as tourism, air transport and related services, restaurants and commerce, introducing risks both due to the reduction in the level of business activity and the imbalances in the labor market and unemployment. In fact, national banking activity showed growth of around 1.2% in credit and 4.4% in resources¹. BAICV Bank recorded growth in its turnover, which was more significant in credit than in deposits, but in both cases higher than the levels shown by the financial system.

Credit Portfolio

The evolution of the total credit portfolio, including the outstanding principal, interest, deferred income and overdue credit expenses, amounted to a gross value of 18,201,634 thousand escudos, which represents an increase of 19.3% compared to 2023.

The largest concentration of credit is represented by the “Business and Corporate Credit” category, with CVE 9,781,964 thousand and a 53.7% representation, and the “Housing Credit” category, which represents 17.2%, corresponding to CVE 3,122,912 thousand, in addition to “Securitized Credit”, with CVE 1,541,142 thousand, a concentration of 8.5%.

➤ Credit Portfolio by Product



There were positive developments in practically all the main credit categories, the most significant of which occurred in “**Business and Corporate Credit**”, up by CVE 1,125,615 thousand (13.0 %), “**Housing Credit**”, up by CVE 907,101 thousand (40.9 %), “**Car Loans**”, up by CVE 204,727 thousand (45.7 %), and “**Securitized Credit**”, up by CVE 155,871 thousand (11.3 %). There were also significant developments in “**Secured Current Accounts**”, up 126,481 thousand escudos (9.6%), and “**Mortgage Credit**”, up 111,784 thousand escudos (38.3%), in addition to loans created as part of the implementation of a sustainable governance policy aimed at incorporating sustainable investment practices, products, and services and accelerating the transition to a carbon-neutral economy and energy transition at the Bank, an important line of action in the BAICV 2022-2027 Strategic Plan. In this context, we highlight positive developments in “**BAI Green Energy Credit**” (96.45%) and “**BAI Electric Mobility Credit**” (24.6%). Also within the scope of sustainability and social responsibility, the “**BAI Mulher Empreendedora**” loan grew by another 84,561 thousand escudos (214.7%).

6. Overview of Banking Activity

› Credit Portfolio by Product › Evolution

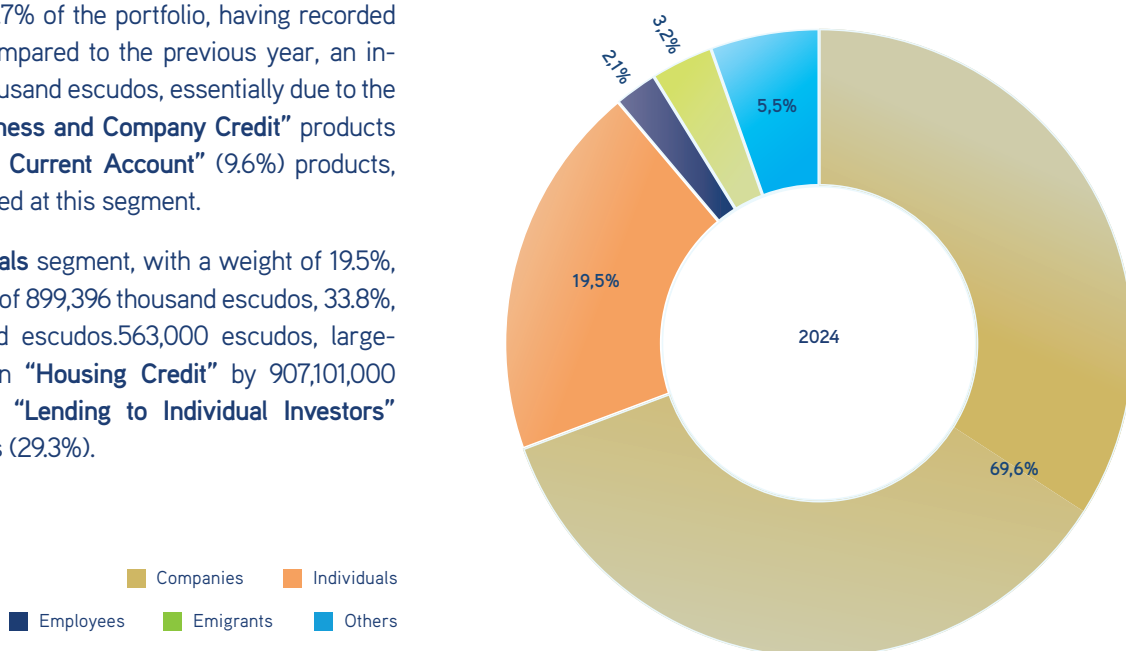
Type of Credit	2024		2023		Change	
	Value	Weight	Value	Weight	Abs.	%
Business and Corporate Credit	9 781 964	53,7%	8 656 349	56,8%	1 125 615	13,0%
Housing Credit	3 122 912	17,2%	2 215 811	14,5%	907 101	40,9%
Secured Credit	1 541 142	8,5%	1 385 270	9,1%	155 871	11,3%
Secured Current Account	1 439 860	7,9%	1 313 379	8,6%	126 481	9,6%
Car loan	652 942	3,6%	448 215	2,9%	204 727	45,7%
Mortgage Credit	403 830	2,2%	292 046	1,9%	111 784	38,3%
Credit to Individual Investors	227 681	1,3%	176 028	1,2%	51 653	29,3%
Salary Credit +	226 623	1,2%	140 119	0,9%	86 504	61,7%
BAI Real Estate Credit	180 198	1,0%	193 179	1,3%	-12 981	-6,7%
Personal Credit	162 671	0,9%	120 691	0,8%	41 980	34,8%
BAI Mulher Empreendedora Credit	123 952	0,7%	39 392	0,3%	84 561	214,7%
Invoice Advance Payment	59 428	0,3%	65 000	0,4%	-5 572	-8,6%
BAI Green Energy Credit	46 711	0,3%	23 780	0,2%	22 931	96,4%
BAI Electric Mobility Credit	19 075	0,1%	15 311	0,1%	3 764	24,6%
Others*	225 983	1,2%	197 729	1,3%	28 254	14,3%
Interest and overdue credit	120 032	0,7%	80 174	0,5%	39 858	49,7%
Revenue with deferred income	-133 369	-0,7%	-110 217	-0,7%	-23 152	21,0%
Total	18 201 634	100%	15 252 255	100%	2 949 379	19,3%

* Includes: Personal Loans, Overdrafts, Small Business Loans, Credit Cards, Salary+ Employee Loans, Construction Loans, Ficase Loans, Consumer + Loans.

Companies represent the Bank's core segment, with a total amount of 12,680,811 thousand escudos in December 2024, representing 69.7% of the portfolio, having recorded a growth of 15.0% compared to the previous year, an increase of 1,652,176 thousand escudos, essentially due to the evolution of the **"Business and Company Credit"** products (13.0%) and **"Secured Current Account"** (9.6%) products, the main products aimed at this segment.

In the **Private Individuals** segment, with a weight of 19.5%, there was an increase of 899,396 thousand escudos, 33.8%, to 3,556,563 thousand escudos.563,000 escudos, largely due to increases in **"Housing Credit"** by 907,101,000 escudos (40.9%) and **"Lending to Individual Investors"** by 51,653,000 escudos (29.3%).

› Credit Portfolio by Customer Segment



The **Emigrants** and **Employees** segments, whose volumes amounted to 590,210 thousand escudos and 385,737 thousand escudos, recorded increases of 67.2% and 9.7% respectively. In both segments the product **"Housing Credit"**, the most significant product within these segments (85.5% in the emigrants segment and 80.0% in the employees segment), increased by 233,984 thousand escudos (86.5%) in the Emigrants segment and by 20,462 thousand escudos in the Employees segment (71%).

The **"Other"**² segment, with amounts of 1,001,650 thousand escudos, showed an increase of 109,627 thousand escudos (12.3%), essentially due to the evolution in **"Securitized Credit"**.

› Credit Portfolio by Segment › Evolution

Credit Segment	2024		2023		Variation	
	Value	Weight	Value	Weight	Abs.	%
Companies	12 680 811	69,7%	11 028 634	72,3%	1 652 176	15,0%
Individuals	3 556 563	19,5%	2 657 168	17,4%	899 396	33,8%
Employees	385 737	2,1%	351 578	2,3%	34 160	9,7%
Emigrants	590 210	3,2%	352 896	2,3%	237 314	67,2%
Others*	1 001 650	5,5%	891 978	5,8%	109 672	12,3%
Interest and overdue credit	120 032	0,7%	80 218	0,5%	39 814	49,6%
Revenue with deferred income	-133 369	-0,7%	-110 217	-0,7%	-23 152	21,0%
Total	18 201 634	100%	15 252 255	100%	2 949 380	19,3%

* Including the "Local/Municipal Government", "Public National Society" and "Non-Profit" Sectors

The distribution of loans in terms of residual maturities saw an increase in the concentration of medium and long-term credit, at 88.4% of the total portfolio, compared to short-term credit, which accounted for 11.7% of the portfolio, since the growth of the portfolio was determined by credit products with this characteristic, mainly **"Corporate Business Credit"**, **"Housing Credit"** and **"Securitized Credit"**. In fact, medium and long-term credit increased by 2,897,584 thousand escudos, or 22.0%, while short-term credit increased by 35,134 thousand escudos, or 1.7%.

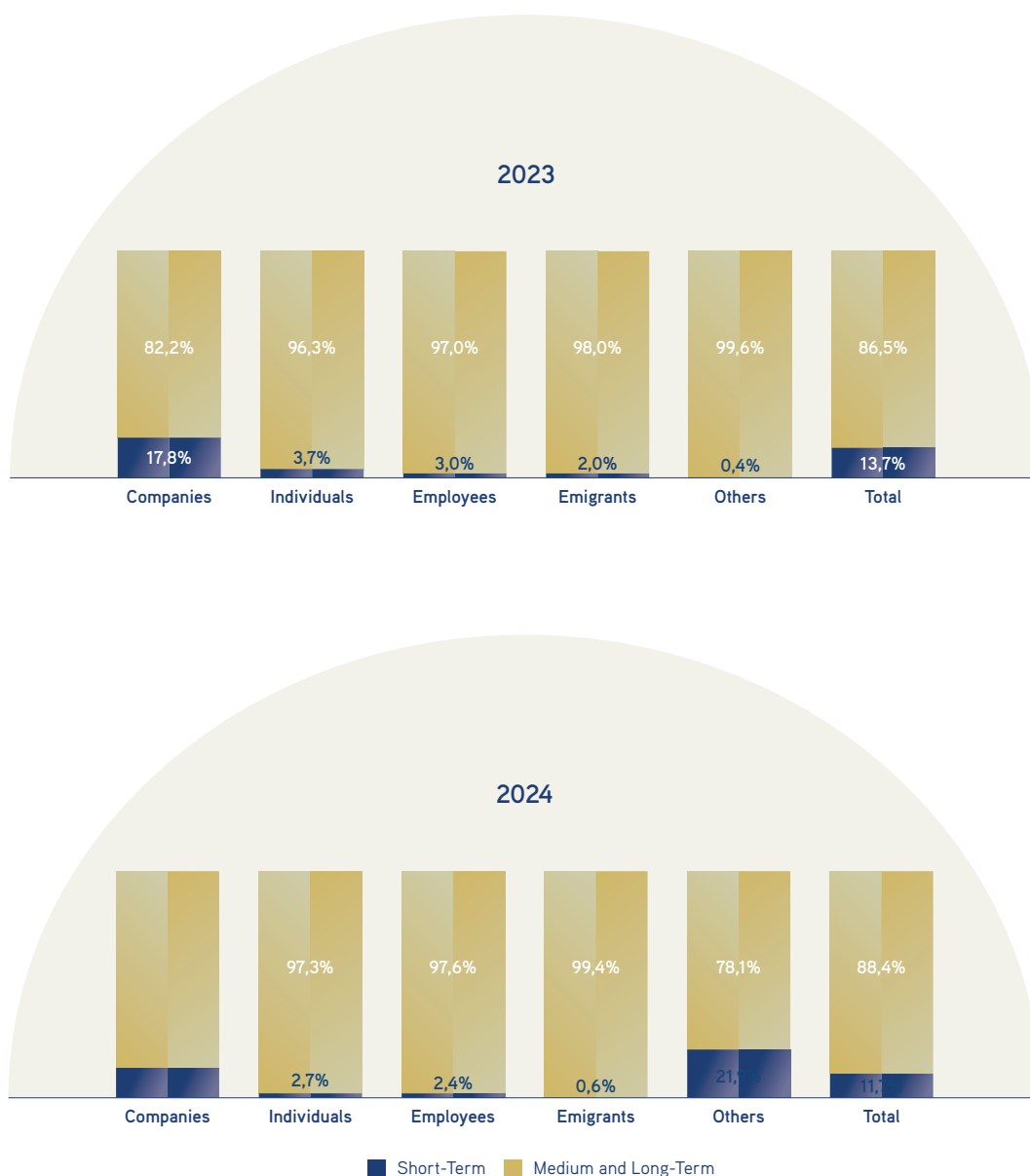
› Credit Portfolio by Term › Evolution

Credit by Maturity	2024		2023		Variation	
	Value	Weight	Value	Weight	Abs.	%
Short-Term	2 121 984	11,7%	2 086 849	13,7%	35 134	1,7%
Medium and Long-Term	16 092 989	88,4%	13 195 449	86,5%	2 897 539	22,0%
Interest and overdue credit	120 032	0,7%	80 218	0,5%	39 814	49,6%
Revenue with deferred income	-133 369	-0,7%	-110 217	-0,7%	-23 152	21,0%
Total	18 201 634	100%	15 252 299	100%	2 949 335	19,3%

The situation described above is corroborated by the distribution by segment, with an increase in the concentration of medium and long-term credits to companies.

² Including the "Local/Municipal Government", "Public National Society" and "Non-Profit" Sectors

› Credit Portfolio by Residual Maturities



With regard to the quality of the credit portfolio, in 2024 the bank recorded **Accumulated impairments** of 618,649 thousand escudos, compared to 607,031 thousand escudos in 2023, representing 3.4% of the total portfolio, an increase of 11,619 thousand escudos, representing 1.9% more.

Customer Resources

As of December 31, 2024, Customer Funds, which constitute the Bank's main source of financing with around 68.7% of funding, amounted to 24,852,322 thousand escudos, reflecting an increase of 29.3% (5,630,269 thousand escudos) compared to the previous year (19,222,052 thousand escudos).

From the evolution of Customer Funds, we highlight (i) the increase of 2,994,656 thousand escudos (36.9%) in Demand Deposits; and (ii) an increase of 2,672,046 thousand escudos (24.8%) in Demand Deposits. It should be noted that the weight of term deposits increased to the detriment of the weight of sight deposits, rising from 42.3% in 2023 to 44.7% in 2024 respectively, with a significant contribution from the Companies segment. Time deposits stood at 11,120,298 thousand escudos and demand deposits at 13,454,627 thousand escudos.

The 36.9% increase in term deposits was essentially due to funding from Companies, up by CVE 2,595,866 thousand (99.2%), but also from Individuals, up by CVE 493,746 thousand (+33.6%) and Emigrants, up by CVE 111,972 thousand (11.6%), despite reductions in Other customers of CVE 220,263 thousand (-7.2%). The heading Other in Term deposits refers practically to funds from the National Social Security Institute (INPS).

The evolution in Demand Deposits had a strong impact from the Individuals segment with growth of 917,821 thousand escudos (27.5%), as well as from the Companies segment with growth of 633,303 thousand escudos (14.7%). The evolution also takes into account a favorable performance in funding from Other customers, up by 1,005,320 thousand escudos (36.2%), which essentially includes funds from the INPS - Instituto de Previdência Social (Social Security Institute) and Other Financial Institutions.

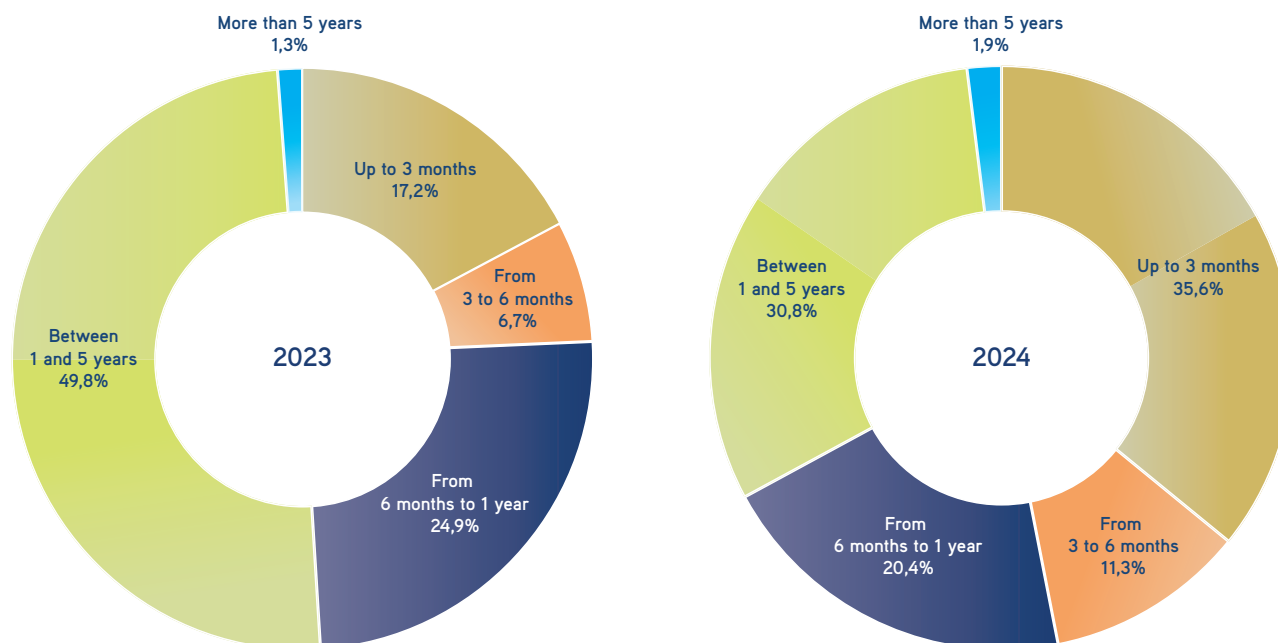
› Customer Resources › Evolution

Customer Deposits	2024		2023		Variation	
	Value	Weight	Value	Weight	Abs.	%
Demand Deposits	13 454 627	54,1%	10 782 582	56,1%	2 672 046	24,8%
Companies	4 938 303	36,7%	4 305 000	39,9%	633 303	14,7%
Individuals	4 252 331	31,6%	3 334 510	30,9%	917 821	27,5%
Employees	36 779	0,3%	26 006	0,2%	10 774	41,4%
Emigrants	446 148	3,3%	341 320	3,2%	104 828	30,7%
Others*	3 781 066	28,1%	2 775 746	25,7%	1 005 320	36,2%
Time Deposits	11 120 298	44,7%	8 125 642	42,3%	2 994 656	36,9%
Companies	5 212 852	46,9%	2 616 986	32,2%	2 595 866	99,2%
Individuals	1 961 726	17,6%	1 467 980	18,1%	493 746	33,6%
Employees	26 353	0,2%	13 017	0,2%	13 336	102,4%
Emigrants	1 075 330	9,7%	963 358	11,9%	111 972	11,6%
Others*	2 844 037	25,6%	3 064 300	37,7%	-220 263	-7,2%
Cheques and interest payable	277 396	1,1%	313 828	1,6%	-36 432	-11,6%
Total	24 852 322	100%	19 222 052	100%	5 630 270	29,3%

* Includes "National Public Company Sector", "Public and Administrative Sector", "Social Security", "Non-Profit Organization" and "Other Financial Institutions".

The analysis by residual term indicates a reduction in resources in the longer terms, i.e. from the "Between 1 year and 5 years" interval, going from 49.8% in 2023 to 30.8% in 2024, showing a trend towards concentration in the shorter terms.

Time Deposits by Residual Maturity



The foreign exchange profile of the Bank's funds portfolio remained similar to the previous period, with a predominance of operations in local currency, despite the sharp increase in deposits in foreign currency during this period. Deposits in Escudos (CVE) predominate (77.9%), totaling 19,349,119 thousand escudos, having grown by 2,014,529 thousand escudos (11.6%). With regard to foreign currencies, deposits in Euro (EUR) are more prevalent and amounted to CVE 4,285,006 thousand, an increase of CVE 3,394,949 thousand (381.4%) compared to 2023, due to the effect of a change of CVE 2,977,506 thousand (391.3%) in Companies and CVE 417,471 thousand (341.5%) in Individuals. In turn, deposits in US dollars (USD) grew by 925,930 thousand escudos (12,751.1%) and deposits in pounds sterling (GBP) fell by 668,707 thousand escudos (-98.9%).

Customer Resources by Currency > Evolution

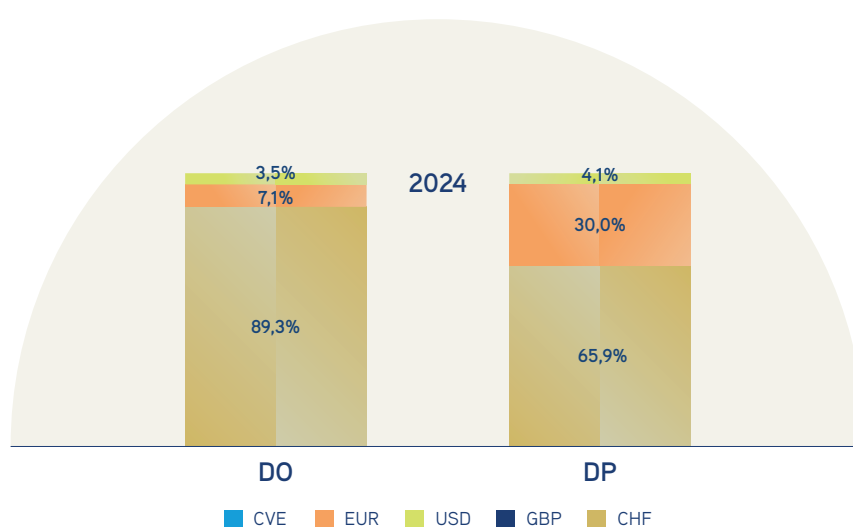
Customer Deposits	2024		2023		Variation	
	CVE Countervalue	Weight	CVE Countervalue	Weight	Abs.	%
CVE	19 349 119	77,9%	17 334 590	90,2%	2 014 529	11,6%
Companies	6 332 617	32,7%	6 122 193	35,3%	210 425	3,4%
Individuals	5 139 041	26,6%	4 339 307	25,0%	799 734	18,4%
Employees	63 112	0,3%	39 005	0,2%	24 107	61,8%
Emigrants	1 513 802	7,8%	1 295 892	7,5%	217 910	16,8%
Others	6 300 546	32,6%	5 538 192	31,9%	762 354	13,8%
EUR	4 285 006	17,2%	890 057	4,6%	3 394 949	381,4%
Companies	3 738 440	87,2%	760 934	85,5%	2 977 506	391,3%
Individuals	539 700	12,6%	122 229	13,7%	417 471	341,5%
Employees	10	0,0%	10	0,0%	0	3,6%
Emigrants	3 713	0,1%	3 737	0,4%	-23	-0,6%
Others	3 143	0,1%	3 148	0,4%	-5	-0,1%



Customer Deposits	2024		2023		Variation	
	CVE Countervalue	Weight	CVE Countervalue	Weight	Abs.	%
USD	933 191	3,8%	7 262	0,0%	925 930	12751,1%
Companies	79 952	8,6%	140	1,9%	79 812	56911,8%
Individuals	527 853	56,6%	7 121	98,1%	520 732	7312,3%
Employees	10	0,0%	0	0,0%	10	
Emigrants	3 963	0,4%	0	0,0%	3 963	
Others	321 414	34,4%	0	0,0%	321 414	
GBP	7 605	0,0%	676 311	3,5%	-668 707	-98,9%
Companies	145	1,9%	38 719	5,7%	-38 574	-99,6%
Individuals	7 459	98,1%	333 829	49,4%	-326 370	-97,8%
Employees	0	0,0%	8	0,0%	-8	-100,0%
Emigrants	0	0,0%	5 049	0,7%	-5 049	-100,0%
Others	0	0,0%	298 705	44,2%	-298 705	-100,0%
CHF	3	0,0%	3	0,0%	0	-1,0%
Individuals	3	100,0%	3	100,0%	0	-1,0%
Checks and Interest payable	277 396	1,1%	313 828	1,6%	-36 432	-11,6%
Total	24 852 322	100,0%	19 222 052	100,0%	5 630 270	29,3%

Demand deposits are more concentrated in the Cabo Verde Escudos (89.3%), followed by the Euro (7.1%) and the US Dollar (3.5%). With regard to term deposits, deposits in Cabo Verde escudos (65.9%) are the most representative, followed by deposits in euros (30.0%) and dollars (4.1%).

➤ Customer Funds by Currency and Type



7.

Electronic Channels



7. Electronic Channels

The electronic channels were essential, and in 2024 we saw a good dynamic in terms of the issuing and use of both cards and the internet banking channel.

A. Payment Methods

The Bank had a total of 2,206 POS terminals at the end of 2023 compared to 1,755 in 2023, corresponding to an increase of 25.7%, or 451 more active POS.

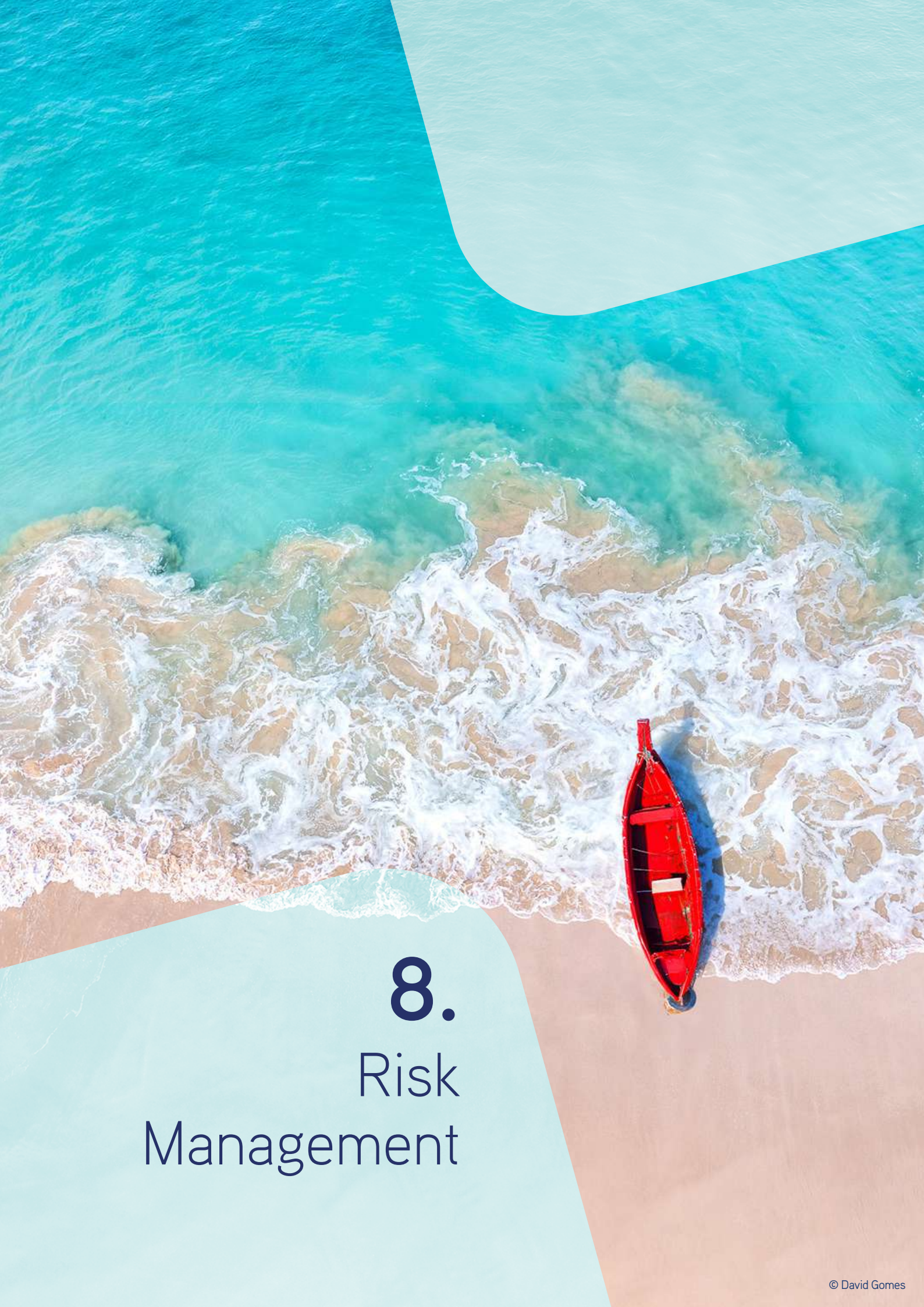
With regard to cards, it is worth noting the favorable performance of both Vinti4 cards and prepaid Visa, as well as Master Card, Standard and Gold credit cards. It should be noted that the Bank started issuing Contactless Cards in 2020. The strong dynamics and expansion of card-related activities led to an increase in the number of debit cards, from 18,703 to 25,639, taking into account active cards, but also credit and prepaid cards.

B. Internet Banking

In terms of BAI Direct, the internet banking channel, in addition to reinforcing the quality of the offer and improvements made, broadening the solutions available and allowing the range of operations to be diversified, such as international and domestic transfers, scheduling options, payment of services and invoices, management of balance limits for both prepaid debit and credit cards, among others, the OTP - One Time Password code was introduced for authenticating user transactions.

It is worth noting that 22,709 people signed up to IB, with CVE 6,806,998 thousand in payments and CVE 19,271,923 thousand in transfers. 16,326 of these users (72%) accessed IB and 9,517 (42%) made transactions.



An aerial photograph of a small red boat on a sandy beach. The boat is positioned vertically, with its bow pointing towards the top right. The beach is a light tan color, and the water is a vibrant turquoise. White, foamy waves are breaking onto the shore, creating a textured pattern of white and brown. The sky is a pale, hazy blue. The overall composition is clean and modern, with a focus on natural elements and a small man-made object.

8. Risk Management

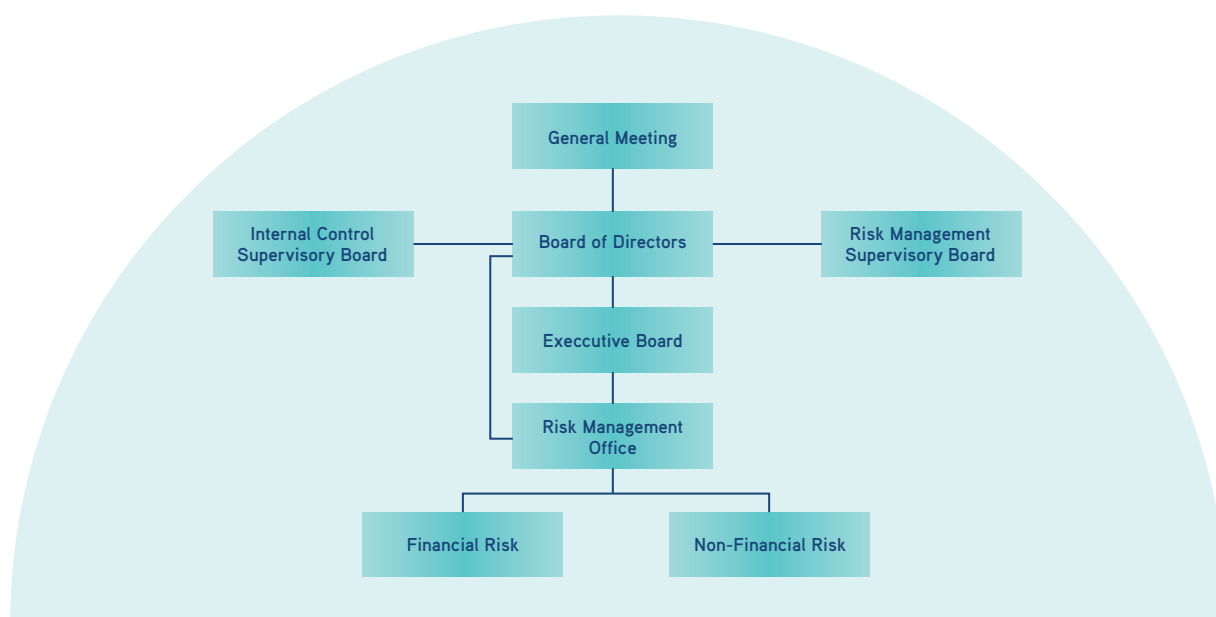
8. Risk Management

BAICV's risk management and control is based on the principles of segregation of duties, independence between the supervisory and operational areas and an appropriate IT system that ensures that processes are carried out automatically and with reduced manual intervention.

All of the institution's structural units are responsible for managing and controlling the risks inherent to its activity, under the coordination of the Risk Management Office (GGR), whose responsibility is to identify, analyze and monitor the Bank's exposure to financial risks (credit, liquidity, solvency, interest rate and exchange rate) and non-financial risks (operational, reputational, strategic, compliance and cybersecurity), as well as proposing policies to ensure their prevention and mitigation, as well as defining analysis instruments in line with the guiding policies, with the aim of maximizing the institution's results, within pre-established restrictions duly supervised by the competent management bodies, taking into account the moderate and conservative risk profile and the low degree of tolerance towards risks adopted by the institution.

The Risk Management Office (GGR) is the structural unit responsible for risk management, under the terms of the legislation in force. It is functionally dependent on the Board of Directors, represented by an Independent Non-Executive Director. In addition, it reports hierarchically to the Executive Board, under the supervision of an Executive Director, for day-to-day management matters. In addition, it is overseen by the Risk Management Supervisory Board, as provided for in Article 11 of Notice no. 4/2017, of September 7, on the internal control system.

› Organic Structure of the Risk Management Office



It should be noted that in 2024, within the scope of the risk management function, the following actions and/or activities were carried out, among others:

- › Preparation of the Risk Management Report;
- › Preparation of periodic reports for monitoring financial and non-financial risks;
- › Preparation of the Bank's 2024 recovery plan;
- › Review of the corporate standards related to the risk management function;
- › Performance of stress tests on the impact of the default on the credit portfolio on the main financial and prudential indicators;
- › Preparation of complementary non-financial risk management studies;
- › Implementation of the procedure for collecting and analyzing operational risk events as part of the updating of the operational risk management methodology;
- › Implementation of the Softexpert project to structure and automate risk management processes, as part of the Bank's Strategic Information Systems Plan (PESI);
- › Updating the limits of risk indicators (KRI's).

Under the current Risk Management Policy, the BAICV has updated its key risk indicators, which are monitored and reported on a monthly basis or whenever necessary. From the monitoring carried out in 2024, the indicators generally show comfortable results and are within the defined limits.

8.1. Financial Risks

A. Credit Risk

Credit Risk is monitored based on the probability of negative impacts on results or capital, due to a counterparty's inability to meet its financial commitments to the Bank.

Credit risk management is carried out through a crosscutting approach in terms of granting, monitoring, setting up impairments, and credit risk classification. The bank has its own rating and scoring models for companies and individuals, respectively.

The bank has made efforts to provide auxiliary strategies to mitigate credit risk:

- › Review of prospective information on risk factors related to impairment;
- › Carrying out the backtesting exercise on the PD and LGD risk parameters;
- › Additional reinforcements in operations subject to individual analysis.

As a result, the key risk indicators for credit risk management remained below the regulatory concentration limits and the internal default and credit quality limits.

› Quality of Credit Granted

Indicators	2024	2023	Variation	
			Abs	%
Overdue Credit (+30 days) / Total Credit	4,2%	5,0%	-0,7%	-14,6%
Non-performing Loans (+90 days) / Total Loans	4,0%	4,8%	-0,8%	-15,8%
Impairment / Total Credit	3,4%	4,0%	-0,6%	-14,6%

B. Solvency Risk

Solvency risk corresponds to the risk of negative impacts on results or capital resulting from changes in regulatory or fiscal frameworks, including the risk of misalignment between capital adequacy and risk profile. Solvency risk is monitored according to the risks involved, especially credit risk, exchange rate risk and operational risk, as defined in Banco de Cabo Verde Notice no. 3/2007 of November 19 and Notice no. 4/2007 of February 25, 2008, respectively.

It should be noted that, despite the changes introduced by the BCV (Notice no. 2/2022 Extension of the period of validity of the Prudential Measures introduced by Notice no. 4/2021, of August 24) regarding the calculation of the Solvency Ratio, the bank has quite comfortable levels, standing at 16.8%.

› Solvency Risk

Indicators	2024	2023	Variation	
			Abs	%
Own funds	3 483 939	3 118 740	365 199	11,7%
Assets weighted by credit risk	19 261 422	15 613 016	3 648 406	23,4%
Equivalent value in assets weighted by operational risk	1 434 634	1 405 201	29 433	2,1%
Total weighted assets	20 696 056	17 018 217	3 677 839	21,6%
Solvency Ratio	16,83%	18,33%	-1,5%	-8,1%

C. Interest Rate Risk

Interest Rate Risk is monitored in the event of adverse changes in market interest rates affecting the institution's net interest income, given the fact that a large part of the assets and liabilities in the balance sheet generate income and costs driven by interest rates.

The assessment of exposure to this type of risk is carried out through the Interest Rate GAP models, which are used to measure assets and liabilities that are sensitive to interest rate fluctuations according to their maturity dates. The monitoring is done regularly, thus allowing the quantification of the impacts on the institution's net interest income, derived from fluctuations in interest rates, allowing the adoption of appropriate strategies aimed at mitigating the adverse effects on the Bank's results. In addition to the internal models used, the Bank also uses models defined by the regulating entity, according to Technical Instruction no. 164/2011 of the Central Bank of Cabo Verde.

The stress tests applied to interest rate risk, enabled the bank to assess the impacts on results or capital due to adverse movements in the key rates regulating the market. The study was carried out and monitored, anticipating the economic crisis scenario and the increase in inflation of imported products, considering possible monetary stimulus and credit contraction measures, which are already in place in the main international regulators.

Thus, the BAICV monitors the maximum impact that could occur on the bank's financial statements and the fluctuations in key rates, arising from external monetary policy measures.



D. Exchange Rate Risk

The Exchange Risk of the institution is observed by the differences and changes between assets and liabilities, in a given foreign currency, thus being exposed to a possible exchange rate variation.

The exposure to exchange rate risk is analyzed by monitoring assets and liabilities in foreign currencies, allowing the Bank's net position against each currency used in its market operations to be calculated.

The Bank has pursued a strategy of minimizing risks by carrying out operations mostly in euros, due to the fixed exchange rate parity between the euro and the Cabo Verde escudo, determining and monitoring internal long and short exposure limits for other foreign currencies, which remained stable during 2024.

E. Liquidity Risk

Liquidity Risk is reflected in the Bank's ability to have the funds needed to meet all its commitments at any time at an acceptable and compensating cost, as well as reflecting the market's perception of the Bank's financing policy.

Liquidity Risk is monitored through the analysis of liquidity GAPs, according to the amounts and terms of the commitments made and the resources in portfolio, to highlight the existing mismatches between assets and liabilities over time intervals.

The bank also uses the models defined by the regulating entity within the scope of liquidity risk management, namely, the calculation of liability coverage ratios, established by Notice no. 8/2007 no. 42 of 19 November 2007, as well as the liquidity map defined by Banco de Cabo Verde Technical Instruction no. 165/2012 and through the indicators set out in Basel III.

In 2024, BAICV maintained the set of mechanisms and metrics for measuring and monitoring liquidity risk, which is intended to ensure soundness in the assessment of this particular risk:

- › Liquidity Coverage Ratio (LCR), corresponding to the ratio between the stock of High-Quality Liquid-ity Assets (HQLA) and the total net cash outflows forecast for a 30-day period;
- › The Net Stable Funding Ratio (NSFR) is the ratio between the amount of stable funding available and the amount of stable funding required, and must be greater than or equal to 100% to ensure that the funding available meets the funding required, over a one-year time horizon.

8.2. Non-Financial Risks

A. Operational Risk

In compliance with Notice 04/2007, the bank's operational risk management was based on a process-based approach in business, support, and control, cutting across the organization's structural units. Management is supported by principles, methodologies, and control mechanisms, such as the separation of duties, lines of responsibility, code of conduct, operational risk events database, and key risk indicators.

In addition, the Bank follows the good practices issued by COSO (*Committee of Sponsoring Organizations of Treadway Commission*), based on three fundamental pillars:

- › Risk Factors;
- › Loss event categories;
- › Impacts.

The BAICV is very mature in terms of guidelines, established controls and procedures and the monitoring of key indicators relating to operational risk, which has allowed the Bank to develop a set of controls and tools, as well as the automation of tasks, with a view to mitigating the inherent risk, producing satisfactory results.

With regard to the procedure for collecting operational risk events, the updating of the Bank's catalog of processes that took place during the year has made it possible to properly handle operational risk events, enabling the implementation of more effective controls, providing more effective, efficient and effective services, and thus minimizing exposure to financial, reputational and legal losses.

B. Reputational Risk

BAICV understands reputational risk to be the probability of adverse negative impacts on results or capital, arising from a negative perception of the institution's image, whether founded or not, by customers, counterparties, suppliers, financial analysts, employees, investors, the press or by public opinion in general and the sector's regulatory bodies.

BAICV's reputational risk is monitored by means of key risk indicators approved in its own catalog. After analysis, it was found that no indicator showed a value above the defined internal limit.

We present below the measures to mitigate the impact of this risk:

- › Periodic risk monitoring reports;
- › Creating the Client Ombudsman;
- › Review of internal policies, notably complaint management, KYC, KYE, and related party relations;
- › Complaints management.

C. Strategy-related Risk

BAICV understands strategy risk as the probability of negative impacts on results or capital arising from inadequate strategic decisions, poor decision implementation, or the inability to respond to changes in the environment or changes in the institution's business environment, the following risk factors having been identified during the year:

- › Exogenous factors: external environment (political, regulatory, market, financial);
- › Endogenous factors;
- › People;
- › Processes;
- › Systems.

The Bank manages its strategic risk by periodically monitoring the strategic plan in force, key risk indicators and elements that characterize the external context.

Although the level of risk found is in line with the approved internal limits for the strategy risk indicators, BAICV has adopted additional measures to mitigate this risk:

- › Continuous monitoring of the implementation of the milestones of the strategic plan, with the possibility of adjusting the budget to deal with any deviations found;
- › Adaptation of the governance system to assist the decision-making process;
- › Preparation of a strategic risk support manual.



D. Compliance Risk

BAICV understands compliance risk as the likelihood of negative impacts on results or capital arising from violations or non-compliance with laws, regulations, specific determinations, contracts, rules of conduct and customer relations, established practices or ethical principles, which materialize in legal sanctions, the limitation of business opportunities, the reduction of expansion potential or the impossibility of demanding compliance with contractual obligations.

Compliance risk management is supported by identifying, assessing, and monitoring the various subcategories of compliance risk to which the bank is exposed.

Risk is monitored through periodic and independent assessments of the adequacy of the policies, procedures, and controls implemented.

In addition, in order to reinforce the importance of compliance risk management, the bank constantly trains its employees in the Prevention and Detection of Money Laundering and Terrorist Financing, to guarantee the solidity of its internal system.

The BAICV takes into account and incorporates the most up-to-date market practices and recent legal standards into its Money Laundering and Terrorist Financing Prevention and Detention functions.

E. Cybersecurity Risk

Cybersecurity risk corresponds to the likelihood of exposure, financial loss, loss of critical assets and sensitive information, and reputational damage as a result of a cyber-attack or breach of the institution's network.

Considering the constant technological evolution and the emergence of new channels for distribution, access to financial products and services, and the dependence of the business on digital media, which enables the proliferation of cyber threats, the BAICV has been reinforcing its competencies and its actions, namely the permanent reinforcement of the level of security in the face of technological needs to support the business and the capacity to respond to identified threats and incidents.

Cybersecurity risk management is based on identifying, assessing, and analyzing the risks arising from the cyber threats to which the bank is exposed, namely by analyzing potential cyber incident scenarios and defining the respective plans and measures for dealing with them.

To analyze cybersecurity risk and information systems, a risk treatment plan and measures were drawn up to assess and mitigate the main risks arising from cyber threats to which the Bank is exposed, regarding BCV Notice 4/2017, published on July 14, 2018, and international standards, namely ISO 27005: 2018 (Information Security Risk Management), ISO 31000: 2018 (Risk Management Principles and guidelines) and ISO 27032: 2012 (Guidelines for Cybersecurity).

In addition to the policies, standards, and procedures, periodic reports are drawn up, promoting the dissemination of risk across the board, identifying and selecting technological solutions and tools that will improve the ability to identify vulnerabilities in good time and combat the various threats to which the BAICV is subject, as well as improving the training and awareness program for all employees.



9. Compliance

9. Compliance

Under the terms of the legal provisions, Banco BAI Cabo Verde, S.A. has a Compliance Function in its organizational structure, coordinated by the Compliance Office (GCO), a unit characterized by being independent, permanent and effective, with the responsibility of ensuring compliance with legal, regulatory, ethical and internal obligations. Under the management of the Compliance Office, this function is responsible for managing compliance risk, acting impartially and comprehensively in all the bank's activities.

The Compliance Office's mission is to ensure, in conjunction with the other areas, that the institution's internal control system is adequate, strengthened and functioning properly, seeking to mitigate risks in accordance with the complexity of its business, and to disseminate the culture of Compliance to ensure compliance with existing laws and regulations, acting to guide and raise awareness of the prevention of activities and conduct that could cause risks to the institution's reputation.

Among the various functions assigned to the Office, as the Bank's 2nd line of defense, within the scope of Internal Control, it is responsible for:

- › For full and timely performance of Compliance duties according to the duties to which the financial institution is subject.
- › Monitoring, regularizing and remedying Internal Control Deficiencies (ICD) whose risk category falls within its remit
- › By detecting, preventing, and mitigating "compliance risks", which is "the probability of negative impacts on results or capital arising from violations or non-compliance with laws, regulations, specific determinations, contracts, rules of conduct and customer relations, established practices or ethical principles, which materialize in legal sanctions, the limitation of business opportunities, the reduction of expansion potential or the impossibility of demanding compliance with contractual obligations".
- › Safeguarding compliance with procedures for the prevention of money laundering and terrorist financing, among other crimes.

Throughout 2024, Banco BAI Cabo Verde, S.A. has maintained its commitment to the implementation and continuous improvement of internal policies and controls, with the aim of mitigating compliance risks. Within the scope of the Prevention of Money Laundering (PLC) and Terrorist Financing (CFT) program, the Bank excelled in due diligence in the analysis of clients and transactions, as well as in the continuous monitoring of activities that may indicate suspicious behavior. The management of Politically Exposed Persons (PEPs), KYC (Know Your Customer) procedures and the monitoring of international sanctions are fundamental elements of this process.

The results achieved during 2024 were positive and the Compliance Office was involved in several improvement actions, including the following:

- › Updating internal PLC/CFT Policies and Procedures, among others;
- › Revision of the more robust PLC/CFT Risk Assessment and Sanctions matrix with KPMG;
- › Strengthening and implementing controls that are appropriate to the risks identified and assessed;
- › Monitoring implementation and compliance with legal and regulatory requirements;
- › Holding relevant training courses on PLC/FT issues for all the Bank's employees, so that they can recognize and understand their roles in the fight against the respective crime;
- › Tracking and monitoring customers and their transactions;
- › Collaboration and cooperation with the Financial Information Unit (UIF);
- › Collaboration and cooperation with the Correspondent Banks.

These actions demonstrate the Bank's commitment to ensuring compliance with best practices and national and international regulations, reinforcing its position in the fight against financial crime and promoting integrity and transparency in its operations.

10.

Human Capital



10. Human Capital

Throughout 2024, the Human Capital Department (DCH) consolidated significant progress, in line with the strategic objective of positioning the Bank as the best institution to work for, promoting the well-being, development and appreciation of its employees.

In the area of health and well-being, comprehensive health insurance has been implemented, ensuring robust and affordable medical protection for all employees. This initiative was complemented by the launch of an additional health service, designed to meet the specific needs of employees and reinforce quality of life in the workplace. It is important to note that these actions reinforce the institution’s commitment to creating an environment that prioritizes the physical and mental health of its employees.

With regard to the development of skills and leadership, the Leadership Development Program was implemented, designed to enable leaders to face future challenges. This program stood out for its focus on strengthening strategic behavioral skills, promoting the consolidation of a leadership culture aligned with the Bank’s values and objectives. At the same time, over the course of the year, the Bank stepped up its investment in training courses, covering both technical and behavioral areas, with the aim of improving employees’ skills, boosting collective performance and fostering the institution’s sustainable growth.

The consolidation of the new career model was one of the year’s major milestones, bringing greater clarity and transparency to employees’ career paths. The new model offers a structured and objective vision of growth and development opportunities, reflecting the Bank’s commitment to valuing its talents, with a positive impact on employee engagement and alignment with the institution’s objectives.

These advances reinforce the Bank’s vision of being recognized as a benchmark employer, committed to creating an inspiring, inclusive and excellence-oriented work environment, where employees feel valued, fulfilled and prepared to contribute to the institution’s success.

On December 31, 2024, the Bank’s team consisted of 164 employees, including 4 non-executive members of the Board of Directors and an additional 5 trainees. The aim of integrating the trainees was to provide recent graduates with training and professional development opportunities in the banking sector, thus contributing to their integration into the job market and consolidating the knowledge acquired during their academic training.

➤ Human Capital Effectiveness

Human Capital	2024	2023	Variation	
			Abs	%
Board of Directors	7	7	0	0%
Management and coordination	17	17	0	0%
Leadership and management	18	15	3	20%
Technicians	118	109	9	8%
Administrative	4	4	0	0%
Total	164	152	12	8%

. By Type Of Contract

Open-ended contracts accounted for 76% of employees, while fixed-term contracts accounted for the remaining 24%.

› Headcount by Type of Contract

Type of contract	2024	%	2023	%
Open-ended contracts	124	70%	116	76%
Fixed-term contracts	40	24%	36	24%
Total	164	100%	152	100%

. By Functional Groups

The Bank's most representative functional group continues to be the technical one, made up of 119 employees in the roles of client manager, senior technician, junior technician and customer service and sales technician, which corresponds to 73% of the total number of employees. Management positions, which include senior and middle managers, account for 21% of the total workforce.

› Headcount by Functional Groups

Functions	2024				2023			
	Men	Women	Total	%	Men	Women	Total	%
Chairman of the Board	1	0	1	1%	1	0	1	1%
President Executive Committee	1	0	1	1%	1	0	1	1%
Administrator	3	2	5	3%	3	2	5	3%
Company Secretary	1	0	1	1%	1	0	1	1%
Coordinating Director	0	1	1	1%	0	1	1	1%
Director	8	7	15	9%	8	7	15	10%
Head of Department	1	6	7	4%	2	3	5	3%
Manager	7	4	11	7%	6	4	10	7%
Client Manager	3	8	11	7%	5	6	11	7%
Senior Technician	20	22	42	26%	18	27	45	30%
Junior Technician	14	13	27	16%	14	11	25	16%
Technical Service Sales	10	27	37	23%	12	15	27	18%
Secretary	0	1	1	1%	0	1	1	1%
Driver	3	0	3	2%	3	0	3	2%
Janitor	1	0	1	1%	1	0	1	1%
Total	73	91	164	100%	75	77	152	100%

. By Seniority Levels

The graph below shows the distribution of the Bank’s employees by level of seniority, broken down by gender, total and percentage.

The analysis shows that the most representative seniority group is “more than 5 years”, with a total of 87 employees (53% of the total), with a balanced distribution between 40 men and 47 women. On the other hand, the group with the lowest representation is “more than 3 to 5 years”, with 19 employees (12%), 9 men and 10 women.

➤ Staff by Seniority Level

Seniority levels	2024				2023			
	Men	Women	Total	%	Men	Women	Total	%
0 to 1	11	25	36	22%	8	17	25	16%
More than 1 to 3	13	9	22	13%	13	7	20	13%
More than 3 to 5	9	10	19	12%	7	17	24	16%
More than 5 years	40	47	87	53%	47	36	83	55%
Total	73	91	164	100%	75	77	152	100%

. By Age Group

➤ Headcount by Age Group

Age levels	2024	%	2023	%
From 18 to 28 years old	11	7%	10	7%
From 29 to 39 years old	75	46%	68	45%
From 40 to 50 years old	64	39%	63	41%
From 51 to 61 years old	11	7%	9	6%
More than 61 years	3	2%	2	1%
Total	164	100%	152	100%

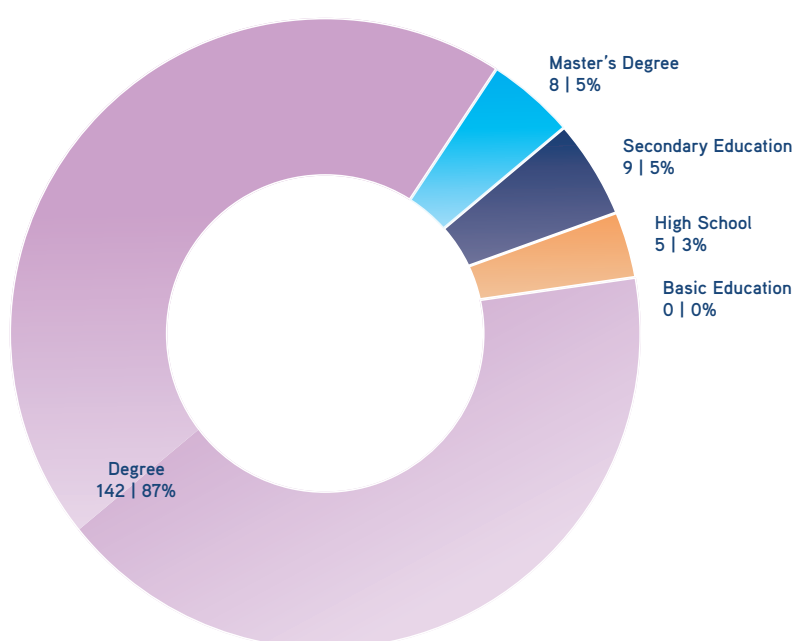
The analysis shows that the most representative age group among employees is the 29 to 39 age group, with 75 employees (46% of the total), followed by the 40 to 50 age group, with 64 employees (39%). These two groups account for 85% of the total workforce, which reflects a predominantly young workforce.

The least representative age groups are 18 to 28 and 51 to 61, both with 11 employees (7% each), and the over 61 group, with only 3 employees (2%).

This distribution shows a balance between experience and dynamism, with a majority of employees of full working age, which strengthens the ability to respond to the demands of the sector and ensures the continued development of the institution.

. By Academic Qualifications Level

› Headcount by Academic Qualification Level



The majority of the Bank's employees have a bachelor's degree, totaling 142 employees (87%), of whom 61 are men and 81 women. This reflects a high level of academic qualifications among the workforce.

Employees with secondary and master's degrees account for 5% each, corresponding to a total of 9 and 8 employees respectively. On the other hand, the smallest group in terms of representation is that of employees with secondary education, which accounts for only 5 employees (3%).

This distribution is evidence of the Bank's strong investment in attracting and retaining highly qualified talent, in line with the demands of the banking sector and the best human capital management practices.

. Onboarding/Offboarding

There were 17 new hires during the year, which represents an increase of 1 employee compared to 2023. With regard to departures, there were 5 employees who left, an increase of 1 on the previous year.

› Onboarding/Offboarding Employees

	2024	2023	Variation	
			Abs	%
Onboarding	17	16	1	6%
Outputs	5	4	1	25%

. Internships

With the aim of providing recent graduates with training and professional development opportunities in the banking sector, thus helping them to integrate into the job market and consolidate their knowledge, 5 trainees joined the Bank under the IEEF's (Institute for Employment and Professional Training) PEPE program.



11.

Social Responsibility

11. Social Responsibility

In the course of its business, Banco BAI Cabo Verde has adopted a policy of social and environmental responsibility with a focus on the country's economic, social, and environmental development, in line with its sustainability policy.

As part of the 2022-2027 Strategic Plan, strategic initiatives based on Sustainability were defined with a focus on environmental and social issues.

At the same time, in its initiatives to engage with society, the BAICV reserves part of its budget to support four pillars of intervention, which it defines as priorities, namely Health, Education, Sport and Culture.

Below we share the main social responsibility actions carried out by the BAICV throughout 2024:

I. Health

As far as health is concerned, the bank supported the Black Panthers Association in carrying out the "Zero Caso da Dengue na Várzea e Arredores" Campaign, at a time when the country was recording several cases of dengue, renewed its sponsorship with the Colmeia Association, with a view to implementing projects/activities and supported the Cabo Verdean Association for the Fight Against Cancer in holding its Solidarity Gala to commemorate the Association's 17th anniversary.

II. Education

With regard to Education, the partnership with Aldeias Infantis SOS Cabo Verde was renewed, through a donation to Casa Familiar No. 10 Fogo, and a partnership was made with visual artist Cesar Schofield Cardoso (XU: Collective), for the making of the documentary film "Agu Rixu", the Barlavento Chamber of Commerce was sponsored in its training project for Micro and Medium Enterprises (MSEs) and, in order to reinforce the concern for sustainability, a sponsorship was signed with Quercus Cabo Verde, for the program "Minuto Verde By BAICV".

III. Sports

In terms of sport, sponsorship was granted to the athlete David Pina, for his preparation and participation in the Los Angeles 2028 games, to the Santiago Sul Regional Cycling Association, for the implementation of activities during 2024, to Académico do Sal, for the 2023-24 sports season, the Cabo Verde Olympic Committee, for the travel and participation of the Cabo Verde delegation to the Paris 2024 Olympic Games, the Cabo Verde Football Federation, to support the Tubarões Azuis in upcoming competitions, and the João Fidalgo Judo Club Association, for the association's activities.

The Bank also donated to the national basketball coach, Emanuel Trovoada, for an internship in Valencia, at the invitation of Valencia Basket Club, to improve his basketball skills and strategies.

IV. Culture

In the area of culture, BAICV has been very active, having sponsored the Carnival groups "Cruzeiros do Norte" and "Montsú", granted sponsorship to HJC Art, in the realization of the SCAW (Santa Cruz Art Week) project, to the Odjo D'Água Hotel for the activities commemorating the hotel's 25th anniversary, the singer and composer Tito Paris in the Bóia de Conjunto "Farra na Areia", and also sponsored the "Pedra Lume in Concert" concert by the Cabo Verde Chamber of Tourism and the Kavala Fresk Festival event held by Mariventos.

In relation to **institutional partnerships**, the bank made a donation to the Presidency of the Republic for the commemoration of the Fiftieth Anniversary of the Liberation of Political Prisoners from the Tarrafal Concentration Camp.

In pursuit of the **Sustainability Policy**, in 2023 the Bank completed the project to install photovoltaic panels in the BAICenter Building, the Bank's headquarters, with four solar energy collection points, strategically installed to maximize solar capture, since the generation of photovoltaic energy depends entirely on sunlight.

The building thus becomes sustainable, and efficient and generates its own energy, as well as injecting surplus energy into the public grid.

As a result, the bank launched credit products for environmental sustainability, namely the BAI Green Energy and BAI Electric Mobility credits, launched in 2021 and 2022, respectively. It should be noted that the Bank has investment projects in the renewable energy sector to support the installation of photovoltaic parks, promoted by national partner entities.

In line with its 2022-2027 Strategic Plan, Banco BAI Cabo Verde is committed to implementing its Sustainability Policy and ESG Program (*Environmental, Social and Governance*), by financing projects aimed at improving the quality of life of the population, as well as implementing actions and providing products and services that translate into partnerships for national development.

In order to boost its actions in favor of the environment, the BAICV has signed strategic partnership agreements with key entities operating in the green energy production sector.

The implementation of the "Praia Solar Park" project, the country's first solar parking lot with electric vehicle charging, located behind the Vavá Duarte Sports Pavilion (Gimno Desportivo) in Praia, was the result of funding from the BAI Green Energy credit solution. The park has 395 575 Wp photovoltaic panels, with an output of 227,125 kWp.

The recent inauguration of the Photovoltaic Solar Park on the island of Sal, financed by Banco BAI Cabo Verde, is yet another step towards making the country a benchmark on the continent. The park has 11,088 solar panels installed, with the capacity to produce 10,808 MWh annually, saving 2,527 tons of fossil fuels and avoiding 9,194 tons of CO2 emissions into the atmosphere.

The active and continuous promotion of the BAI Woman Entrepreneur Credit product, launched in October 2023, clearly demonstrates BAICV's commitment to the pillar of social sustainability. The product's main purpose is to encourage our women to undertake in the formal sector, considering their preponderant role in the country's economic history.

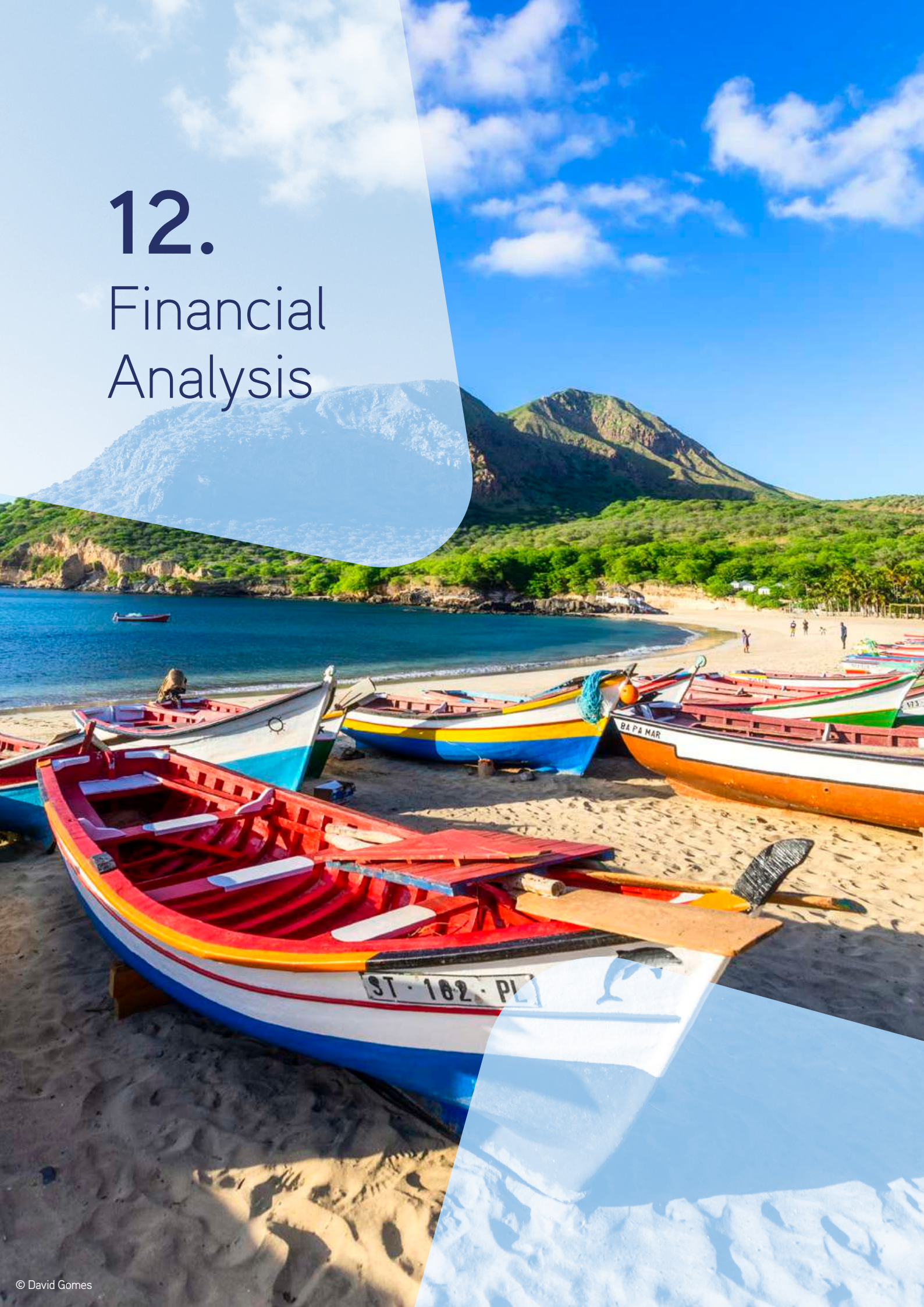
In terms of governance, Banco BAI Cabo Verde is an institution with gender parity and which invests in the country's young executives. With 51% female staff, an average employee age of 39 and 91% graduates, Human Capital is a strategic pillar of Banco BAICV.

In 2024, initiatives were implemented to improve the performance evaluation management model, as well as the career and remuneration plan, in addition to a set of actions aimed at endomarketing with the continuous implementation of maintenance, balance and well-being programs, as well as the provision of a health insurance program, with the focus on "making BAICV the best institution to work for".

The Bank's focus on control issues, in its various aspects, auditing, risk, compliance, security, as well as its commitment to human capital as a whole, is evident in the strengthening of teams, systems and training for all employees.

12.

Financial Analysis



12. Financial Analysis

A. Balance Sheet Elements

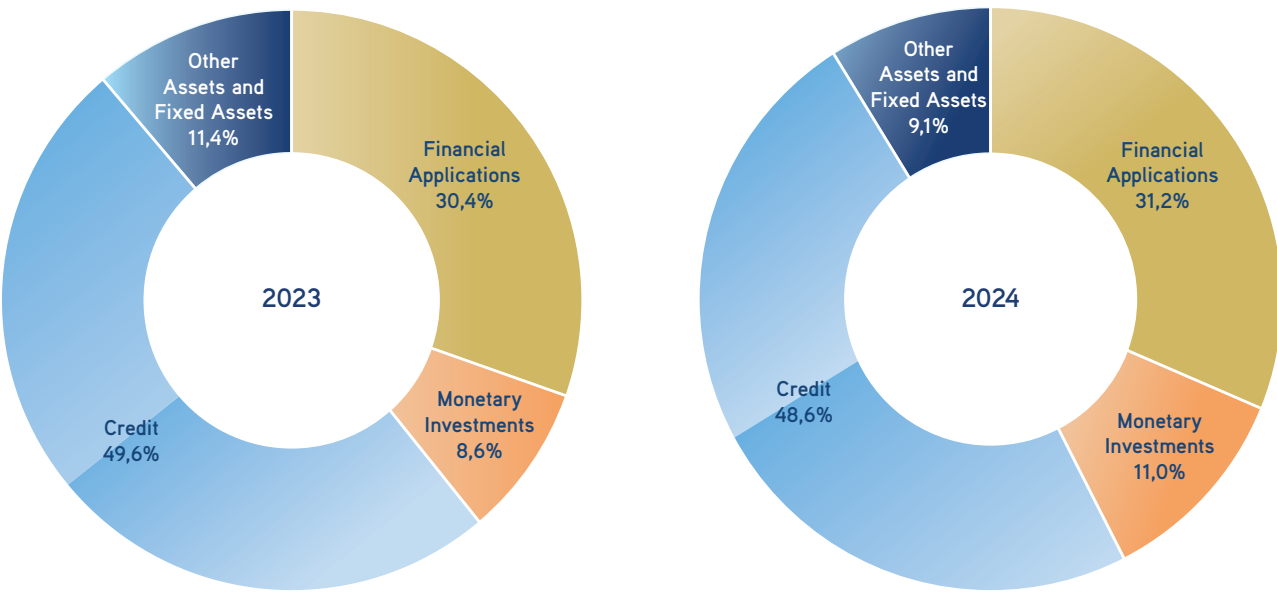
BAICV's balance sheet total reached 36,177,696 thousand escudos in 2024, 6,653,184 thousand escudos more (22.5%) than at the end of the previous year.

The growth in the Balance Sheet was due to an increase in the Liabilities portfolio of 6,194,699 thousand escudos (23.3%), essentially due to an increase in customer funds of 5,630,269 thousand escudos (29.3%), both in terms of demand deposits and term deposits.

The increase in the source of funding led to an increase in assets, essentially in terms of Net Credits, which rose to CVE 17,582,985 thousand, 20.1% up on the previous year, but also in terms of Credit and Advances to Credit Institutions, which grew by CVE 2,607,459 thousand (102.3%) and Cash and Deposits at Central Banks, by CVE 1,442,790 thousand (72.4%), despite the reduction in Debt Securities, by CVE 719,571 thousand (-11.5%).

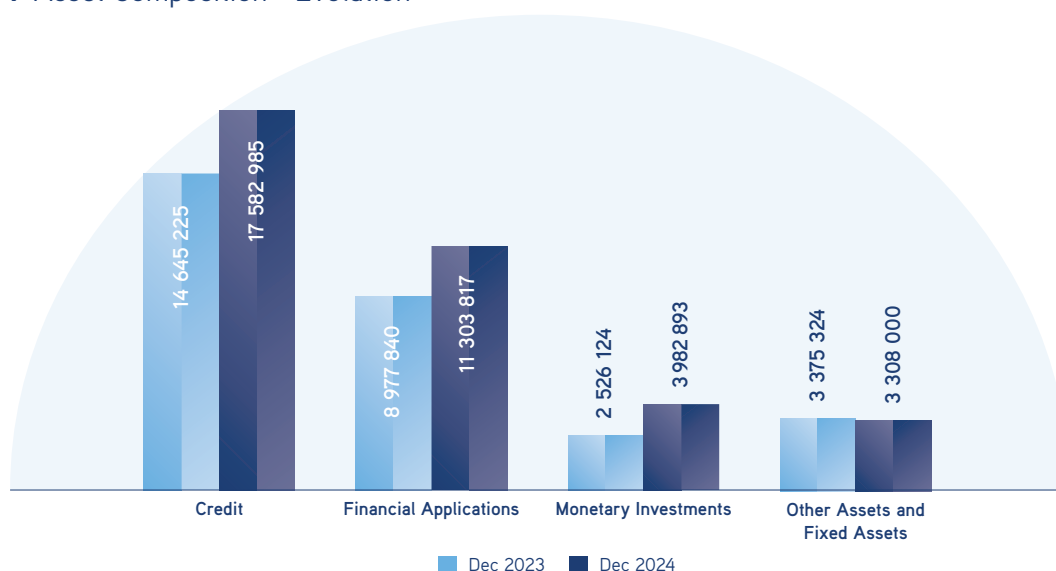
The changes that occurred in the balance sheet items altered the composition of the financial assets and liabilities items, while maintaining their significant importance in the Bank's balance sheet, with a relative weight of 90.9% at the end of 2024 (2023: 88.6%) in the case of financial assets and 87.5% (2023: 86.6%) in the case of financial liabilities.

> Breakdown of Assets



The elements that make up the Bank's portfolio of interest-bearing assets grew by 22.3% during the period, namely in terms of the Net credit portfolio by 20.1%, Financial Investments by 25.9% (includes Financial assets through other comprehensive income, Debt securities and Credit and Investments in credit institutions). Monetary investments, which are non-interest-bearing assets (cash and deposits at central banks and other credit institutions) grew 57.7%.

➤ Asset Composition - Evolution

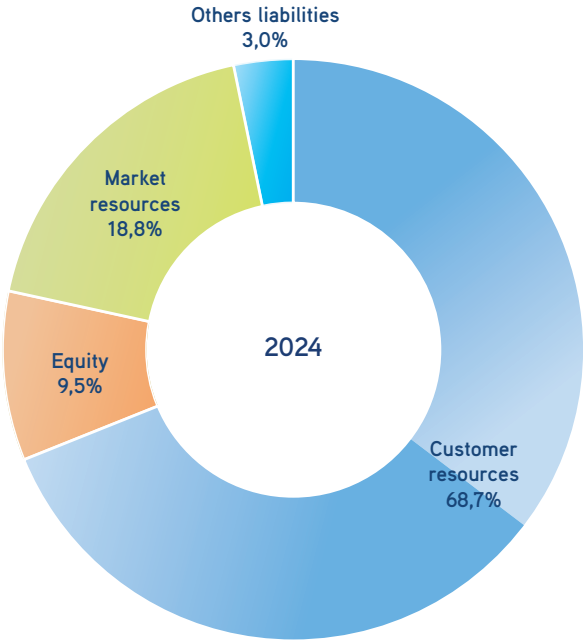
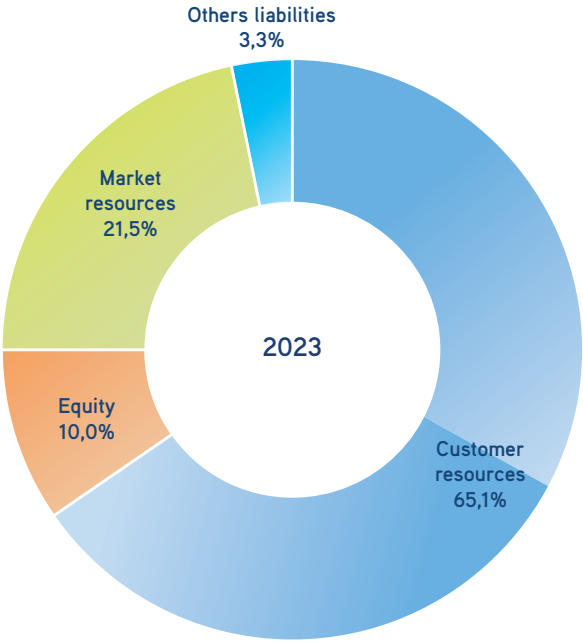


The vast majority of the Bank's liabilities are made up of customer funds (demand deposits and term deposits), representing around 68.7% of total assets, a higher proportion than in 2023 (65.1%), given the 29.3% increase.

Customer resources, thus amounted to 24,852,322 thousand escudos, compared to 19,222,052 thousand escudos at the end of the same period in the previous year.



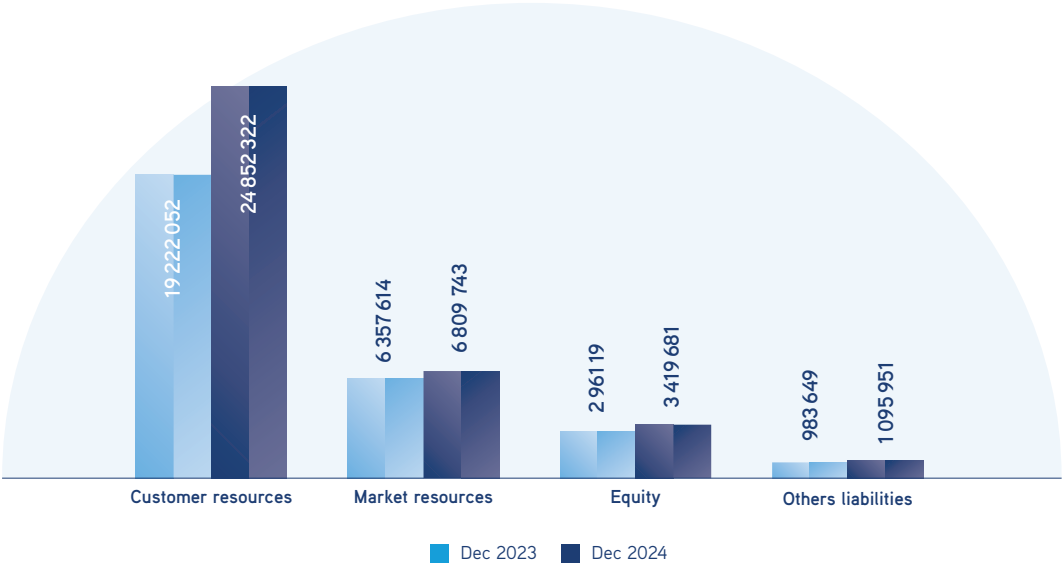
> Financing Structure



However, market resources, made up of deposits from other financial institutions and central banks, reduced their representativeness to 18.8% of total liabilities, compared to 21.5% at the end of 2023. In absolute terms, the resources of these institutional clients amounted to 6,809,743 thousand escudos at the end of 2024 (2023: 6,357,614 thousand escudos).

With regard to own resources, it should be noted that at the end of 2024, the Bank had a net worth of 3,419,681 thousand escudos, equivalent to 9.5% of the financing structure of 36,177,696 thousand escudos (2023: 10.0%).

> Financing Structure - Evolution



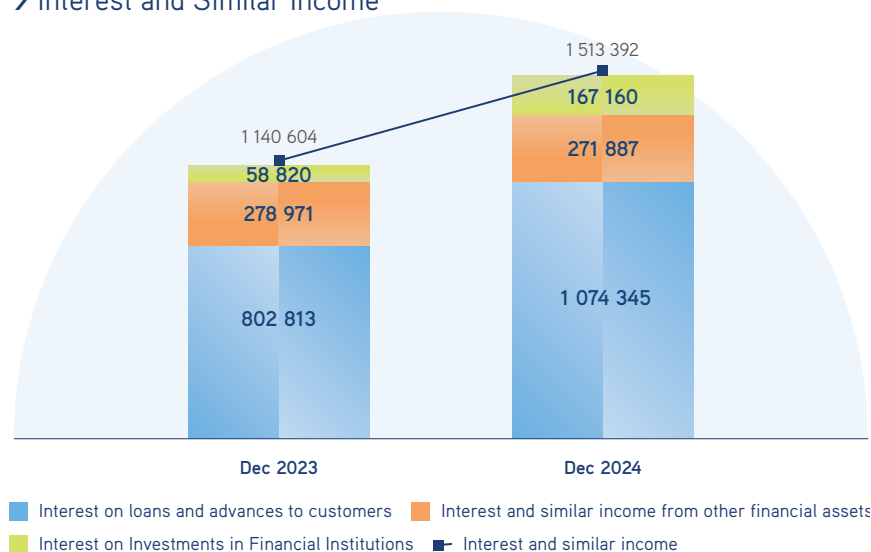
B. Income Statement Items

The level of investments and financing structure led to an increase in the Bank's operating income. Net Interest Income increased by CVE 293,827 thousand, 33.7% compared to the same period last year, with growth in interest received from CVE 1,140,604 thousand to CVE 1,513,392 thousand, around CVE 372,788 thousand more, 32.7% above the same period last year. On the other hand, interest and similar costs grew by 78,961 thousand escudos, a relative increase of 29.5%, to 346,637 thousand escudos in December 2024.

The increase in interest and similar income is essentially due to the increase in interest on customer credit of PTE 271,533 thousand (including interest on the overdue credit portfolio), 33.8%, to PTE 1,074,345 thousand, due to the volume effect of the credit portfolio, which rose from PTE 15,252,255 thousand to PTE 18,201,634 thousand, in gross terms, in the same period last year (+19.3%).

Within the scope of the 2022-2027 Strategic Plan, the Bank expanded its investments in credit institutions as part of its drive to boost investments in its own portfolio. In fact, application levels amounted to 5,156,287 thousand escudos, compared to 2,548,828 thousand escudos in the same period of the previous year. In this sense, interest increased by 108,340 thousand escudos, 184.2%. Nonetheless, interest on public debt securities became less significant in the period, falling by 7,085 thousand escudos, -2.5%, as securities matured and investments in domestic securities were reduced due to lower interest rates.

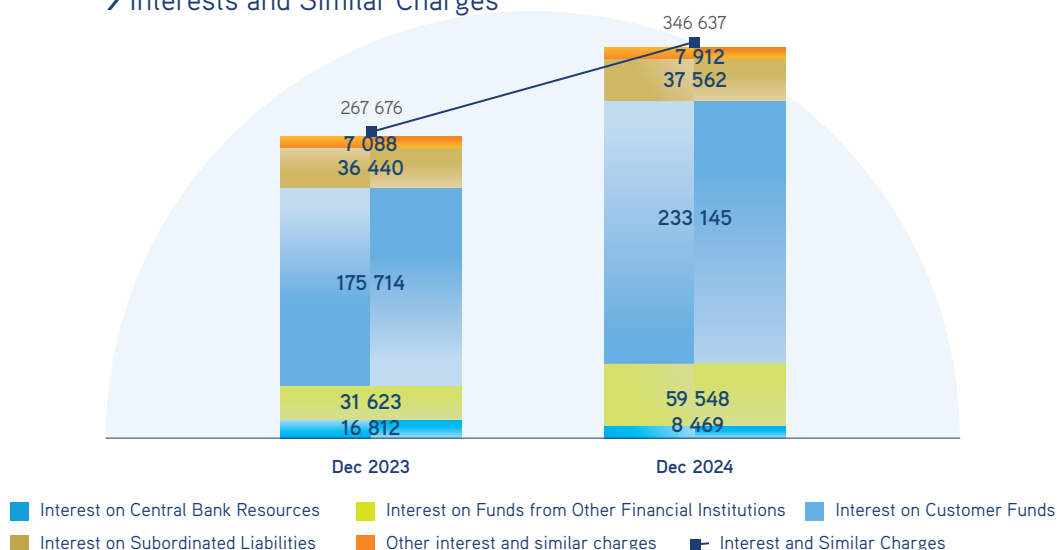
› Interest and Similar Income



In interest and similar costs, the growth was due to the increase in interest on customer funds of CVE 57,432 thousand, 32.7%, due to the volume effect of the increase in the term deposit portfolio of CVE 2,994,656 thousand, 28.8%, but also due to the increase in interest on funds from other credit institutions of

CVE 27,926 thousand, 88.3%, influenced by the increase during the year in the average level of the weighted interest rate on borrowings. However, there were reductions in interest on central bank resources of 8,342 thousand escudos, -49.6%.

> Interests and Similar Charges



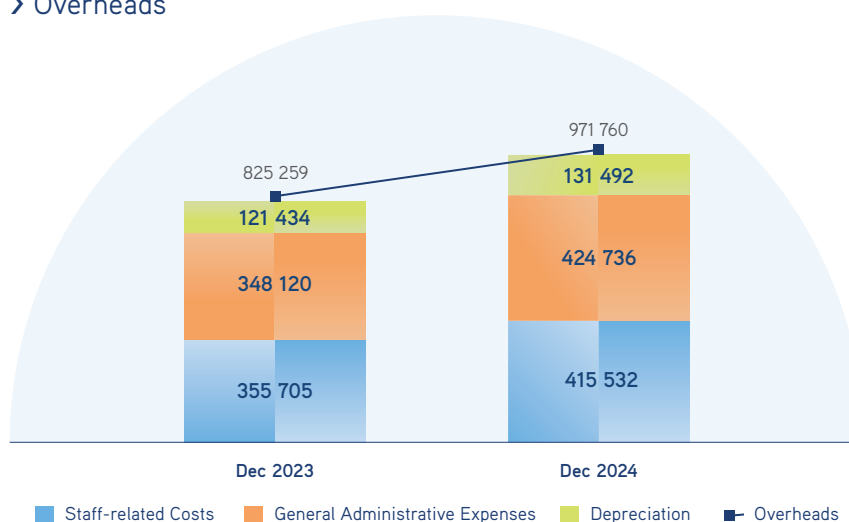
The complementary margin amounted to 296,075 thousand escudos, having grown by 157,778 thousand escudos (114.1%) compared to the same period in the previous year. The growth in the complementary margin essentially derives from (i) the receipt of dividends amounting to 53,434 thousand escudos, for the financial holdings in Sociedade Interbancária e Sistemas de Pagamentos, S.A. (SISP) and Caixa Económica de Cabo Verde, S.A. (CECV), (ii) an increase in net commissions of 44,189 thousand escudos (35.5%) as a result of both an increase in income from services and commissions of 71,640 thousand escudos (39.0%) and an increase in commission charges of 27,451 thousand escudos (46.4%).451k (46.4%), (iii) an increase of 17,921k (178.9%) in income from the debt securities portfolio and (iv) an increase of 40,361k in other operating income, due to the increase in income from investment properties and other operating income.

With regard to overheads, personnel costs rose by CVE 59,827 thousand (16.8%), due to the increase in the number of employees (+12), salary increases, career progressions, the payment of performance bonuses and the effect of the organic restructuring carried out in the previous year.

In General Administrative Expenses, there was a year-on-year increase of 76,616 thousand escudos (22.0%), essentially due to (i) an increase in staff training costs of 11,439 thousand escudos (542.4%), (ii) an increase in specialized services costs of 22,175 thousand escudos (10.4%) and (iii) an increase in Other third-party services costs of 10,255 thousand escudos (66.3%).

Depreciation for the year increased by 10,058 thousand escudos, an increase of 8.3% compared to the same period in the previous year.

› Overheads



Impairments for the year amounted to 96,049 thousand escudos, an increase of 30,917 thousand escudos (47.5%) compared to the same period in the previous year due to the combined effect of (i) an increase in impairments on credit and advances to customers of 4,493 thousand escudos (9.0%), (ii) a reduction in impairments on debt securities of 2,626 thousand escudos (-35.2%) and (iii) an increase in impairments on other assets of 29,049 thousand escudos (373.4%).

Provisions for the year, relating to off-balance sheet liabilities, fell by CVE 3,327 thousand (-61.8%) compared to the same period in the previous year.

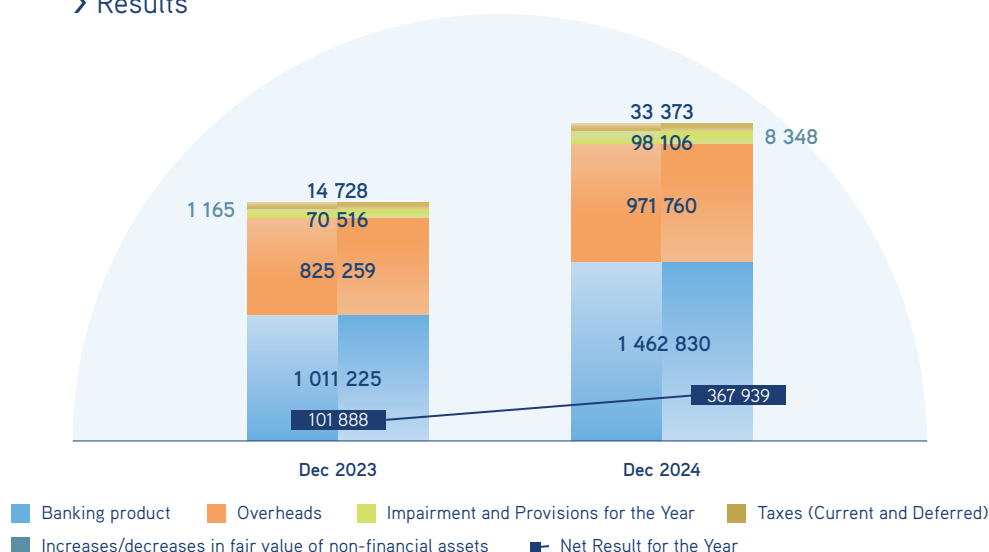
Under the heading of fair value increases/decreases in non-financial assets related to investment properties, there was an increase in unrealized gains of 7,183 thousand escudos (616.5%) compared to the same period in the previous year.

An increase in tax costs of PTE 18,646 thousand (126.6%), resulting from an increase in current tax costs, which includes IRPC and autonomous taxation, of PTE 31,921 thousand, combined with a positive change in deferred taxes of PTE 13,276 thousand.

Overall, the bank recorded accumulated credit impairments of 618,649 thousand escudos, compared to 607,031 thousand escudos in 2023, representing 3.4% of the total portfolio, an increase of 11,619 thousand escudos, representing 1.9%.

As a result, Net Income for the year amounted to 367,939 thousand escudos, 266,051 thousand escudos (261.1%) more than in the same period in the previous year.

› Results



C. Economic and Financial Indicator

The economic and financial performance indicators enable the Bank's activity to be understood and monitored in terms of assessing profitability, efficiency, asset quality, and funding.

In terms of profitability, the following indicators are highlighted:

› Return on average equity (ROAE) grew positively, reaching 11.5% compared to 3.5% in the previous period, due to the increase in net income, which grew by 266,051 thousand escudos (261.1%). The Return on average assets (ROAA) rose to 1.1%, compared to 0.4% in the previous period, demonstrating the Bank's increased capacity to generate results, given the assets available.

› Performance Indicators

Performance Indicators	dez./24	dez./23	Variation	
			Abs	%
Return on average equity (ROAE)	11,5%	3,5%	8,0%	230,4%
Return on Average Assets (ROAA)	1,1%	0,4%	0,8%	217,3%

In terms of efficiency, we highlight:

› The cost-to-income ratio stood at 66.4%, an improvement of 15.2 p.p. compared to the same period last year, benefiting from an increase in Operating Income of 451,605 thousand escudos (44.7%) against an increase in Overheads of 146,501 thousand escudos (17.8%).

› A positive trend in the ratio of customers to employees, from 341 in 2023 to 361 in 2024, as the number of customers increased by 14.4% and the workforce grew to 164 (+12) employees.

› The average productivity per agency reached 3,857,755 thousand escudos, an increase of 471,027 thousand escudos (+13.9%). On the other hand, the ratio of net assets to the number of employees increased to 220,596 thousand escudos, 13.6% more than in 2023.

› The weight of overheads in the Bank's balance sheet fell by 3.9% compared to 2023.

› Efficiency Indicators

Efficiency indicators	dez./24	dez./23	Variation	
			Abs	%
Cost-to-income ratio	66,4%	81,6%	-15,2%	-18,6%
Number of customers per employee	361	341	20	6,0%
(Credit+Deposits) /No. of Branches	3 857 755	3 386 728	471 027	13,9%
(Credits+Deposits)/No. employees	258 752	222 811	35 941	16,1%
Net assets / Number of employees	220 596	194 240	26 355	13,6%
Overheads / Net Asset	2,7%	2,8%	-0,1%	-3,9%

In terms of fund management and credit quality:

› The deposit portfolio represented 68.7% of total assets, higher than in the same period last year, accompanied by an increase in concentration, with 55.5% of the deposit portfolio concentrated in the 20 largest depositors, higher than the 50.4% weight recorded in 2023.

› Reduction in the overdue credit Ratio (more than 30 days overdue), which stood at 4.2% compared to 5.0% in 2023, down 0.7 p.p., as well as in the credit in default ratio (more than 90 days overdue), which stood at 4.0% compared to 4.8% in 2023. The coverage ratio of total credit by impairments decreased slightly by 0.6 p.p., however, the coverage of overdue credit (more than 30 days overdue) by impairments remained the same as in the previous year (80.4%), and the coverage ratio of non-performing credit (more than 90 days overdue) by impairments increased from 83.5% to 84.1%.

› The transformation rate stood at 70.7%, down 5.4 p.p. on the same period in the previous year, due to the growth in customer funds (29.3%), which was higher than that of the credit portfolio (20.1%).

› Funding and Asset Quality Indicators

Indicators of Funding and Asset quality	dez./24	dez./23	Variation	
			Abs	%
Total Deposit / Assets	68,7%	65,1%	3,6%	5,5%
Deposit Concentration = 20 > Depositors / Total Deposits	55,5%	50,4%	5,1%	10,0%
Overdue Credit (+30 days) / Total Credit	4,2%	5,0%	-0,7%	-14,6%
Credit in Default (Circular Serie A no. 195)	4,0%	4,8%	-0,8%	-16,0%
Impairment / Total Credit	3,4%	4,0%	-0,6%	-14,6%
Impairment / Overdue loans and interest (+30 days)	80,4%	80,4%	-0,0%	-0,0%
Transformation Rate (Credit / Deposits)	70,7%	76,2%	-5,4%	-7,1%

Regulatory Own Funds grew positively compared to December 2023 by 365,199 thousand escudos (11.7%). Risk-weighted Assets grew by CVE 3,677,839 thousand (21.6%), mainly due to the increase in the credit portfolio during the period. As a result, the solvency ratio stood at 16.8% compared to 18.3% in the same period last year.

The Fixed Asset Coverage, whose regulatory minimum limit is 100% and cannot exceed the value of own funds, recorded a degree of coverage of 176.6% which compares with 211.3% in 2023.

The ratio of debt securities to customer deposits, which is capped at 5%, was 17.5%, down from 27.2% in 2023.

› Prudential Indicators

Prudential indicators	dez./24	dez./23	Variation	
			Abs	%
Regulatory Capital	3 483 939	3 118 740	365 199	11,7%
Risk Weighted Assets (RWA)	20 696 056	17 018 217	3 677 839	21,6%
Global Solvency Ratio (Threshold 12%)	16,8%	18,3%	-1,49%	-8,1%
Fixed Assets Coverage (Threshold 100%)	176,6%	211,3%	-34,73%	-16,4%
Public Debt / Customer deposits ratio (Threshold 5%)	17,5%	27,2%	-9,7%	-35,6%



13.

Strategic and Business Plan

13. Strategic and Business Plan

2022-2027 Strategic Plan

The Bank's long-term business strategy (2022-2027) is based on 6 essential pillars, with the following scope:

- › **Sustainability of the Business Model**, implementing a customer-oriented relationship model, incorporating commercial solutions that meet the customers' needs in each segment, but also promoting investments in the financial markets, as well as strengthening the capacity to analyze investment projects;
- › **Financial Strength**, with initiatives to increase the Bank's solidity;
- › **Digital Transformation**, creating sustainable business models in the digital area, as well as optimizing information systems and technologies and developing strategic partnerships;
- › **Strengthening Risk Management and Internal Control**, strengthening the risk and Compliance functions;
- › **Human Capital Development**, strengthening the organizational culture and consolidating a career planning and management model and performance evaluation;
- › **Improving Information Security**, focused on risk management and information security culture.



› The implementation of these initiatives will enable BAICV to achieve the business plan's objectives of efficiency, profitability and size.

14.

Board of Directors Approval



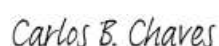
14. Board of Directors Approval

The directors of BAI Cabo Verde, S.A., as responsible for the preparation, integrity and objectivity of the financial statements, which comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes thereto for the year ended December 31, 2024, declare the conformity of this information, which gives a true and fair view of the Bank's financial situation on that date.

The Bank has internal accounting and administrative control systems in place to ensure that the Bank's assets are safeguarded and that its operations and transactions are carried out and booked in accordance with the international financial reporting standards in force.

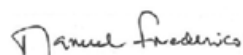
They also state that the management report faithfully presents the evolution of the business, which includes the asset and liability portfolios, with the main risks identified and properly assessed in accordance with IFRS 9 and IFRS 16, among others.

The audited financial statements for the year ended December 31, 2024 on the following pages were approved by the Board of Directors on February 3, 2025, and will be signed on its behalf by:



Carlos Augusto Bessa Victor Chaves

Chairman of the Board of Directors



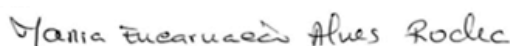
Manuel Pinto Frederico

Non-Executive Director (independent)



Jorge Manuel da Silva Almeida

The Chairman of the Executive Committee



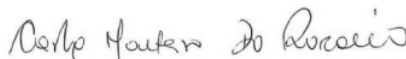
Maria da Encarnação Alves da Silva Rocha

Non-Executive Director (independent)



Alexandre Augusto Borges Morgado

Non-Executive Director



Carla Monteiro do Rosário

Executive Director



David Luís Dupret Hopffer Almada

Executive Director



15.

Proposal for
Application &
Distribution
of Results

15. Proposal for Application and Distribution of Results

In the 2024 financial year, Banco BAI Cabo Verde, SA recorded a Net Profit of **CVE 367,939,199** (three hundred and sixty-seven million, nine hundred and thirty-nine thousand, one hundred and ninety-nine Cabo Verdean escudos).

In compliance with the legal and statutory provisions set out in Article 26 of the Bank’s Statute, the Board of Directors proposes the following distribution of profits:

		CVE
Proposed application of the results		Value
Legal reserve	10,0%	36 793 920
Dividend stabilization reserves	18,0%	66 229 056
Dividend distribution	20,0%	73 587 840
Free reserves	52,0%	191 328 384
Total	100,0%	367 939 199



16.

Financial Statements



16. Financial Statements

A. Statement of financial position as of december 31, 2024, and december 31, 2023

					Thousands CVE
Headings	Notes	Gross Value	Provisions, impairment and amortization	Net Value	Net Value
					December 2024
		Active			
Cash and deposits at central banks	5	3 434 883	-	3 434 883	1 992 094
Loans and advances to other credit institutions	6	548 010	-	548 010	534 030
Financial assets at fair value through other comprehensive income	7	597 133	-	597 133	159 044
Debt securities	8	5 629 825	79 427	5 550 398	6 269 969
Investments in financial institutions	9	5 156 287	-	5 156 287	2 548 828
Customer loans	10	18 201 634	618 649	17 582 985	14 645 225
Non-current assets held for sale	11	56 297	503	55 794	168 490
Investment properties	12	655 087	-	655 087	726 449
Other tangible assets	13	2 193 867	881 520	1 312 347	1 313 897
Other intangible assets	13	421 307	256 918	164 389	189 392
Current tax assets	14	3 058	-	3 058	6 115
Deferred tax assets	14	57 755	-	57 755	44 686
Other Assets	15	1 164 295	104 724	1 059 571	926 295
Total assets		38 119 438	1 941 742	36 177 696	29 524 512
Liability					
Central bank resources	16	1 159 879	-	1 159 879	1 151 298
Resources of other credit institutions	17	5 649 864	-	5 649 864	5 206 317
Customer funds and other loans	18	24 852 322	-	24 852 322	19 222 053
Provisions	19	4 223	-	4 223	2 203
Current tax liabilities	14	36 477	-	36 477	-
Deferred tax liabilities	14	34 587	-	34 587	-
Other subordinated liabilities	20	656 085	-	656 085	649 415
Others liabilities	15	364 579	-	364 579	329 865
Total liabilities		32 758 015	- 0	32 758 015	26 563 316
Equity					
Chapter	21	2 092 385	-	2 092 385	2 092 385
Premiums	22	8 750	-	8 750	8 750
Other capital instruments	23	530 124	-	530 124	530 124
Other accumulated comprehensive income	7	121 105	-	121 105	(7)
(Own shares)	24	(20 000)	-	(20 000)	(20 000)
Other reserves and retained earnings	25	319 378	-	319 378	248 056
Result for the year		367 939		367 939	101 888
Total equity			- 0	3 419 681	2 961 196
Total liabilities and equity			- 0	36 177 696	29 524 512

The accompanying notes form an integral part of these financial statements.

The Chief Executive Officer

Jorge Manuel da Silva Almeida



The Executive Director

David Luís Dupret Hopffer Almada



The Certified Accountant

João Alberto Pereira Vargas



B. Income statements for the years ended december 31, 2024, and december 31, 2023

Thousands CVE			
Headings	Notes	December 2024	December 2023
Interest and similar income	26	1 513 392	1 140 604
Interest and similar charges	26	(346 637)	(267 676)
Financial Margin		1 166 755	872 928
Income from equity instruments	23	53 434	13
Income from services and commissions	27	255 278	183 639
Charges for services and commissions	27	(86 621)	(59 169)
Results of assets and liabilities at fair value through profit or loss	28	-	(2 377)
Results of financial assets at amortized cost	29	27 996	10 074
Exchange rate revaluation results	30	1 668	3 299
Results from the sale of other assets	31	48	(1 141)
Other operating results	32	44 272	3 958
Banking Product		1 462 830	1 011 225
Personnel costs	33	(415 532)	(355 705)
General administrative expenses	34	(424 736)	(348 120)
Depreciation and amortization	13	(131 492)	(121 434)
Provisions net of replacements and write-offs	19	(2 057)	(5 384)
Credit impairment, net of reversals and recoveries	10	(54 383)	(49 890)
Impairment of financial assets at amortized cost, net of reversals and recoveries	8	(4 836)	(7 461)
Impairment of other assets, net of reversals and recoveries	11, 15	(36 830)	(7 781)
Increases/decreases in fair value of non-financial assets	12	8 348	1 165
Profit Before Tax		401 313	116 615
Income tax			
Current Taxes	35	(44 870)	(12 948)
Deferred Taxes	14	11 496	(1 780)
Result For The Year		367 939	101 888

The accompanying notes form an integral part of these financial statements.

The Chief Executive Officer

Jorge Manuel da Silva Almeida



The Executive Director

David Luís Dupret Hopffer Almada



The Certified Accountant

João Alberto Pereira Vargas



C. Statement of comprehensive Income for the years ended december 31, 2024, and december 31, 2023

Thousands CVE			
Headings	Notes	December 2024	December 2023
Result for the year		367 939	101 888
Financial assets at fair value through other comprehensive income			
Revaluation of financial assets at fair value through other comprehensive income	7	154 118	- 0
Fiscal impact	7	(33 014)	- 0
Full Yield		489 044	101 888

The accompanying notes form an integral part of these financial statements.

The Chief Executive Officer

Jorge Manuel da Silva Almeida



The Executive Director

David Luís Dupret Hopffer Almada



The Certified Accountant

João Alberto Pereira Vargas



D. Statement of changes in equity for the years ended december 31, 2024, and december 31, 2023

Thousands CVE									
	Notes	Share capital	Premiums	Other capital instruments	Own shares	Fair value reserves	Other reserves and retained earnings	Net profit for the year	Net profit for the year
Balance as of December 31, 2022		2 092 385	8 750	530 124	-20 000	-7	207 492	57 949	2 876 693
Net profit for the year								101 888	101 888
Dividends distributed							(17 385)		(17 385)
Retained earnings	25						57 949	(57 949)	-
Balance as of December 31, 2023		2 092 385	8 750	530 124	-20 000	-7	248 056	101 888	2 961 196
Other movements									-
Dividends distributed							(30 566)		(30 566)
Retained earnings	25						101 888	(101 888)	-
Comprehensive income for the year	7								
Change in fair value net of tax						121 112			121 112
Net profit for the year								367 939	367 939
Balance as of December 31, 2024		2 092 385	8 750	530 124	-20 000	121 105	319 378	367 939	3 419 681

The accompanying notes form an integral part of these financial statements.

The Chief Executive Officer

Jorge Manuel da Silva Almeida



The Executive Director

David Luís Dupret Hopffer Almada



The Certified Accountant

João Alberto Pereira Vargas



E. Statement of cash flows for the years ended december 31, 2024, and december 31, 2023

Thousands CVE			
Headings	Notes	December 2024	December 2023
Operational Activities			
Cash Flow From Operating Activities			
Interest, Commissions And Other Similar Income Received		1 800 927	1 371 467
Interest, Commissions And Other Similar Costs Paid		(345 861)	(180 849)
Other Operating Payments And Receipts		44 320	(27 403)
Payments To Employees And Suppliers		(836 498)	(678 527)
Income Tax Payments		(7 538)	(12 418)
Cash Flow From Operating Income Before Changes In Operating Assets And Liabilities		655 349	472 269
(Increases) / Decreases In Operating Assets			
Debt Securities		677 197	733 317
Investments In Credit Institutions		(2 599 255)	(515 722)
Customer Credits		(2 836 957)	(3 305 304)
Other Assets		(97 005)	(108 497)
Increases / (Decreases) In Operating Liabilities			
Resources From Central Banks And Other Credit Institutions		426 618	(1 060 501)
Customer Funds And Other Loans		5 620 004	2 141 273
Others Liabilities		10 293	(3 376)
Net Cash From Operating Activities		1 200 894	(2 118 810)
Investment Activities			
Acquisition Of Intangible Assets		(16 811)	(9 937)
Acquisition Of Tangible Assets		(86 192)	(172 952)
Financial Assets At Fair Value Through Other Comprehensive Income		(283 964)	(158 700)
Dividends Received		53 431	
Net Cash From Investing Activities		(333 535)	(341 589)
Financing Activities			
Interest And Similar Expenses		(21 520)	(37 074)
Dividends Distributed		(30 566)	(17 385)
Payments Of Lease Liabilities		(15 519)	(17 256)
Net Cash From Financing Activities		(67 606)	(71 715)
Cash And Cash Equivalents At The Beginning Of The Year	5.6	2 526 124	4 582 823
Effects Of Exchange Rate Differences On Cash And Cash Equivalents		1 668	3 144
Net Change In Cash And Cash Equivalents		1 455 102	(2 059 844)
Cash And Cash Equivalents At The End Of The Year		3 982 893	2 526 124

The accompanying notes form an integral part of these financial statements.

The Chief Executive Officer

Jorge Manuel da Silva Almeida



The Executive Director

David Luís Dupret Hopffer Almada



The Certified Accountant

João Alberto Pereira Vargas





17.

Notes

17. Notes to the Financial Statements of December 31, 2024 and 2023

(Amounts expressed in tCVE)

➤ Note 1. Introductory Note

Banco BAI Cabo Verde, S.A. (BAICV or the Bank) is a privately-owned credit institution, incorporated as a public limited company by deed on March 31, 2008, with the NIF 254746420, registered with the Land, Commercial and Automobile Registry Office of Praia under no. 2728, registered with the Banco de Cabo Verde under no. 01/2008, having started its activity on October 21, 2008.

The Bank's head office is located in the BAI Center building, Avenida Cidade de Lisboa, Chã D'Areia, in the city of Praia.

With a share capital of tCVE 2,092,385 (two thousand and ninety-two million, three hundred eighty-five thousand Cabo Verde escudos), fully paid up, the Bank's main shareholders are Banco Angolano de Investimentos, S.A. and Sonangol Cabo Verde - Sociedade de Investimentos, S.A.

BAICV presents itself as a universal bank, being able to carry out all banking and financial operations allowed by law. However, the Bank's strategy is to develop corporate banking, project finance, investment banking and private banking activities.

The Financial Statements refer to BAICV as an individual institution and are expressed in thousands of Cabo Verdean Escudos (tCVE).

➤ Note 2. Material Accounting Policies

2.1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND COMPARABILITY

These financial statements refer to the period ending December 31, 2024 and have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IAS/IFRS), as determined by Banco de Cabo Verde in its notice no. 2/2007. IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and their predecessor bodies.

The financial statements reflect the results of the Bank's operation for the year ending December 31, 2024, and were prepared under the historical cost principle, modified by applying fair value to financial assets at fair value through other comprehensive income. These financial statements and the notes thereto were approved by the Bank's Board of Directors on February 3, 2025 and will be submitted for approval to the General Meeting, which has the power to amend them. However, the Board of Directors of the Bank is confident that they will be approved without significant changes. All references in this document to any regulations always refer to the respective version in force.

The preparation of financial statements in accordance with IAS/IFRS requires the Bank to make judgments and estimates and uses assumptions that affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Changes in such assumptions or differences between these assumptions and reality may have impacts on the current estimates and judgments. The areas involving a higher degree of judgment or complexity, or where significant assumptions and estimates are made in preparing the financial statements are described in Note 2.20.

The accounting policies adopted in the preparation of the financial statements as of December 31, 2024 are consistent with those followed in the preparation of the financial statements as of December 31, 2023, except for the adoption of new standards applicable on or after January 1, 2024:

Standard / Interpretation	Description
Amendments to IAS 1 - Classification of liabilities as current and non-current and Non-current liabilities with covenants	These changes clarify the existing guidelines in IAS 1 regarding the classification of financial liabilities between current and non-current, clarifying that the classification should be measured according to an entity's right to defer payment at the end of each reporting period. In particular, the amendments (i) clarify the concept of 'settlement' by indicating that if an entity's right to defer settlement of a liability is subject to compliance with future covenants, the entity has the right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period; and (ii) clarify that the classification of liabilities is not affected by the entity's expectation (based on the existence or not of the right, and should disregard any probability of exercising or not exercising that right), or by events occurring after the reporting date, such as non-compliance with a covenant. If the right to defer settlement for at least twelve months is subject to certain conditions being met after the balance sheet date, these criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current. The amendment is retrospective in application.
Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier finance arrangements	These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures aim to clarify the characteristics of a supplier financing arrangement, and introduce additional disclosure requirements when such arrangements exist. Disclosure requirements are intended to help users of financial statements understand the effects of supplier finance arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk.
Amendments to IFRS 16 - Lease Liabilities in Sale and Lease-back Transactions	This amendment to IFRS 16 Leases introduces guidance regarding the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a "sale" according to the principles of IFRS 15, with greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate. In the subsequent measurement of the lease liability, the seller-lessee must determine the "lease payments" and "revised lease payments" in such a way that they do not recognize gains/(losses) in relation to the right of use they retain. The amendment is retrospective in application.

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

The following standards (new and amended) have been issued by the IASB with effective application in future financial years:

Standard / Interpretation	Applicable for financial years beginning on or after	Description
Amendments to IAS 21 - The effects of changes in exchange rates: Lack of Interchangeability	1-Jan-2025	This amendment aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period. The amendment specifies that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism in which an exchange operation creates enforceable rights and obligations. If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would be applicable, on the measurement date, for a similar transaction between market participants. The amendments also state that an entity can use an observable exchange rate without making any adjustment. The changes come into force for the period beginning on or after January 1, 2025. Early adoption is permitted, but the transition requirements applied must be disclosed.

The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Board of Directors believes that the application of these new standards and interpretations will not have a material impact on the Bank's financial statements.

The material accounting policies used in the preparation of the financial statements were as follows:

2.2. FINANCING INSTRUMENTS

2.2.1. CLASSIFICATION OF FINANCIAL ASSETS

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

- Financial assets at amortized cost (investments in credit institutions, debt securities and credit and advances to customers);
- 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 credit, public and private bonds.

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

- › the Bank's business model for financial asset management; and
- › the contractual cash flow characteristics of financial assets.

On the basis of these elements, the Bank classifies its debt instruments, for the purposes of their valuation, in one of the following three categories:

- Financial assets at amortized cost, when the following two conditions are met:

› is managed with a business model whose objective is to hold financial assets to receive contractual cash flows; and

› the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the outstanding principal amount.

b) Financial assets at fair value through other comprehensive income, when the following two conditions are met:

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

› the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the outstanding principal amount.

c) Financial assets at fair value through profit or loss, whenever due to the Bank's business model or the characteristics of its contractual cash flows, it is not appropriate to classify the financial assets in any of the previous categories.

Also included in this portfolio are all instruments for which any of the following characteristics are fulfilled:

1. are originated or acquired with the purpose of trading them in the short term.
2. are part of a group of jointly identified and managed financial instruments for which there is evidence of recent actions aimed at short-term gains.
3. are derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments.

› Business Model Assessment

The business model reflects how the Bank manages its assets from a cash flow generation perspective. Thus, it is important to understand whether the Bank's objective is only to receive the contractual cash flows from the assets or whether it intends to receive the contractual cash flows and cash flows from the sale of the assets. If none of these situations is applicable (for example the financial assets are held for trading), then the financial assets are classified and recognized at fair value through profit or loss. The factors considered by the Bank in identifying the business model for a set of assets include past experience with respect to how (i) cash flows are received (ii) how asset performance is evaluated and reported to management (iii) how risks are evaluated and managed (iv) how directors are remunerated.

The assessment of the business model does not depend on intentions for an individual instrument, but rather for a set of instruments, taking into account the frequency, value, timing of sales in previous years, the reasons for those sales and expectations regarding future sales. Sales that are infrequent or insig-

nificant, or close to the maturity of the asset 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.

› SPPI Assessment

When the business model involves holding assets for the purpose of (i) receiving the contractual cash flows or (ii) receiving the contractual cash flows and selling these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to payments of principal and interest on the outstanding principal (the "solely payments of principal and interest" test, "SPPI"). In this assessment, the Bank considers whether the contractual cash flows are consistent with a host loan agreement, i.e., interest includes only considerations of the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a host credit agreement. When the contracted terms introduce risk exposure or cash flow variability that is inconsistent with a simple loan contract, the financial instrument is classified and measured at fair value through profit or loss.

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

If a financial asset contains a contractual clause that may change the timing or value of the contractual cash flows (such as early amortization clauses or extension of term), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of the contractual clause, are only payments of principal and interest on the outstanding principal.

If a financial asset contemplates 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), the Bank assesses, at the time of initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent only payments of principal and interest on the outstanding principal.

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 liquidation by the issuer) do not preclude their classification in the portfolios at amortized cost or at fair value through other comprehensive income.

➤ Equity instruments

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

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

➤ 2.2.2. CLASSIFICATION OF FINANCIAL LIABILITIES

An instrument is classified as a financial liability when there is a contractual obligation for it to be settled by delivery of cash or another financial asset, regardless of its legal form. Financial liabilities are classified in the following categories:

I. Financial liabilities at amortized cost

This category includes Resources of central banks, Resources of other credit institutions, Resources of customers and other credit and Other Subordinated Liabilities.

II. Financial liabilities held for trading

This category includes derivative financial instruments with negative fair value, as per note 2.2.

III. Financial liabilities at fair value through profit or loss (Fair Value Option)

This category includes financial instruments designated by the Bank in its initial recognition in this category provided that at least one of the following requirements is met:

- financial liabilities are managed, valued and analyzed internally based on their fair value;
- derivative transactions are contracted for the purpose of economic hedging of these assets or liabilities, thus ensuring consistency in the valuation of assets or liabilities and derivatives (accounting mismatch); or
- financial liabilities contain embedded derivatives.

2.2.3. RECOGNITION AND INITIAL VALUATION OF FINANCIAL INSTRUMENTS

At the time of their initial recognition all financial instruments are recorded at their fair value. For financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are recognized immediately in the income statement.

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

Financial assets are recognized in the balance sheet on the transaction date - the date on which the Bank undertakes to purchase the assets, except if there is a contractual stipulation or applicable legal figure determining that the transfer of rights occurs at a later date.

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

- › When fair value is evidenced by the active market price of an equivalent asset or liability (i.e. level 1 inputs) or by a valuation technique that uses only observable market data, the difference is recognized as a gain or loss; and
- › In all other cases, the difference is deferred and the time of initial recognition of the gain or loss is determined individually. This difference could 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 assets or liabilities.

2.2.4. SUBSEQUENT VALUATION OF FINANCIAL INSTRUMENTS

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

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

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

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

2.2.5. INCOME AND EXPENSES FROM FINANCIAL INSTRUMENTS

Income and expenses from financial instruments at amortized cost are recognized in accordance with the following criteria:

- I. Interest is recorded in the income statement under "Interest and similar income" and "Interest and similar charges" using the effective interest rate of the transaction on the gross carrying amount of the transaction (except for impaired assets where the interest rate is applied on the net carrying amount of the impairment).
- II. Other changes in value are recognized in the income statement 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 in the case of financial assets, when there are impairment losses or gains on recoveries, which are recorded under "Impairment of Credit and advances, net of reversals and recoveries", in the case of credits and advances to customers, or under "Impairment of other assets, net of reversals and recoveries" in the case of other assets.

The effective interest rate is the rate that discounts estimated future payments or receipts during the expected life of the financial instrument (or, when appropriate, a shorter period) to the net present value of the balance sheet of the financial asset or liability.

To determine the effective interest rate, the Bank estimates future cash flows taking into account all the contractual terms of the financial instrument (e.g. prepayment options), not considering any impairment losses. The calculation includes commissions paid or received considered as part of the effective interest rate, transaction costs and all premiums or discounts directly related to the

transaction, except for financial assets and liabilities at fair value through profit or loss.

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

- I. Changes in fair value are recorded in the income statement under the item "Net gains from financial assets and liabilities at fair value through profit or loss".
- II. Interest on debt instruments is recorded in the income statement under "Interest and similar income" and "Interest and similar charges".
- III. Dividends relating to equity instruments are recorded in the income statement under "Income from equity instruments".

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

- I. Interest and, where applicable, dividends are recognized under "Interest and similar income" and "Income from equity instruments", respectively. For interest, the procedure is the same as for assets at amortized cost;
- II. Exchange rate differences are recognized in results under the item "Exchange rate revaluation results";
- III. In the case of debt instruments, impairment losses or gains on their recovery are recognized in the income statement under "Impairment for other financial assets net of reversals and recoveries";
- IV. The remaining changes in value are recognized in other comprehensive income.

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

When a debt instrument measured 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 profit or loss 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, but remains under reserves.

2.2.6. RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

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

2.2.7. FAIR VALUE

For presentation of the fair value of financial instruments, they are classified based on a hierarchy of valuation techniques, as summarized below:

- I. Level 1 financial instruments - those in which the data used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as assets only if there is sufficient trading activity with regard to the volume and liquidity of the identical assets or liabilities and when there is a binding and exercisable price quotes available on the balance sheet date;
- II. Level 2 financial instruments - those where the data that are used for valuation and are significant, are derived from observable market data directly or indirectly available throughout the life of the instrument. These inputs include quoted prices for similar assets or liabilities in active, quoted markets, and prices for identical instruments in inactive markets, and observable inputs other than quoted prices, such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be necessary for the condition or location of the asset or the extent to which it relates to items that are comparable to the rated instrument. However, if these adjustments are based on unobservable inputs that are significant to the entire measurement, the Bank will classify the instruments as Level 3;
- III. Level 3 financial instruments - those that include one or more unobservable inputs that are significant to the overall measurement.

The Bank periodically reviews its valuation techniques, including the methodologies and model by adopting necessary calibrations.

Details are presented in Note 4 - Fair Value of Financial Assets and Liabilities.

2.2.8. CREDIT MODIFICATION

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

- › If the debtor is in financial difficulties, if the modification only reduces the contractual cash flows to an amount that the debtor can be expected to pay;
- › Whether any significant new term has been introduced, such as profit sharing or equity-based return, that substantially affects credit risk;
- › Significant extension of the maturity of the contract when the debtor is not in financial difficulty;
- › Significant change in interest rate;
- › Change in the currency in which the credit was contracted; and
- › Inclusion of collateral, a 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 to be the initial recognition date for the purposes of the impairment calculation, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognized is impaired on initial recognition, especially when the renegotiation is related to the debtor's failure to make the originally agreed payments. Differences in the accounting amount are recognized in the income statement as a gain or loss on derecognition.

If the terms of the contract do not differ significantly, the renegotiation or modification does not result in derecognition and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a gain or loss from this modification in the income statement. 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).

After the modification, the Bank may determine that the credit risk has improved significantly and that the assets have gone from stage 3 to stage 2 (ECL Lifetime) or from stage 2 to stage 1 (ECL 12 months). This situation can only occur when the performance of the modified asset is in accordance with the new contract terms for a period of six consecutive months.

In addition, the Bank continues to monitor whether there has been a significant increase in credit risk on these assets, applying specific models for modified assets.

2.2.9. DERECOGNITION THAT DOES NOT RESULT FROM A MODIFICATION

Financial assets granted are derecognized when the cash flows associated with them are extinguished, collected or sold to third parties and either (i) the Bank transfers substantially all the risks and rewards associated with holding the asset or (ii) the Bank neither transfers nor holds substantially all the risks and rewards associated with holding the asset and has no control over the asset. Gains and losses on the sale of credit and advances to Customers are recorded in Other operating income. These gains or losses correspond to the difference between the fixed sale value and the book value of these assets, net of impairment losses.

The Bank participates in transactions in which it holds the contractual right to receive cash flows from assets, but assumes a contractual obligation to pay those 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:

- › It has no obligation to make payments, unless it receives equivalent amounts from the assets;
- › is prohibited from selling or pledging assets; and
- › Have the obligation to remit any cash flow it receives from the assets without material delay.

Guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities lending and borrowing operations are not derecognized, because the Bank holds substantially all the risks and rewards based on the pre-established repurchase price, thus not meeting the derecognition criteria.

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

2.2.10. WRITE-OFFS/RECOGNITION POLICY

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

The rules implemented for the selection of credits that may be subject to asset retirement are the following:

- › Credits cannot have a real guarantee attached to them;
- › Credit must be fully closed (recorded as overdue in their entirety and with no outstanding debt);
- › The credits cannot have the mark of overdue renegotiated credits, or be involved within the scope of an active payment agreement.

2.2.11. 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 assessments include those belonging to the credit and advances to customers portfolio, debt instruments and investments and deposits with other credit institutions. Impairment losses are recorded against profit or loss and are subsequently reversed through profit or loss 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 undrawn credit commitments are also subject to impairment assessment.

Impairment is measured at each reporting date in accordance with the three-stage model of 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 from the reporting date.

Stage 2 – After the significant increase in credit risk compared to the initial recognition date 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 as 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 value of cash flows resulting from default over the relevant horizon. For credit commitments, the estimates of expected credit losses consider a portion of the limit that is expected to be used during the relevant period. For financial guarantees, estimates of credit loss are based on expected payments under the guarantee contract.

Increases and decreases in the amount of impairment losses attributable to acquisitions and new originations, derecognition or maturity, and recoveries due to changes in the expectation of loss or transfer between stages are recognized in the income statement.

Impairment losses represent an unbiased estimate of expected credit losses on financial assets at the balance sheet date. Judgment is considered in the definition of assumptions and estimates in the calculation of impairment, which may result in changes in the amount of the 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 experience of credit losses and expectations about future cash flows. The measurement of expected credit losses is primarily the product of the probability of default (PD) of the instrument, loss given default (LGD) and the 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 horizon.

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

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

Assessment of significant increase in credit risk (SICR)

The identification of a significant increase in credit risk requires significant judgment. The movements between stage 1 and stage 2 are based, where possible, on a comparison of the credit risk of the instrument at the reporting date with the credit risk at the time of origination. The evaluation is generally carried out at the instrument level but may consider information at the debtor level.

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

Definition of default (default)

The definition of default was developed taking into account risk management processes, namely the credit recovery component, as well as the best international practices in this field. The definition of default can differ between segments and considers both qualitative and quantitative factors. The default criteria are applied at transaction level in private customers and at debtor level in corporate customers. A default will occur when more than 90 days are overdue and/or when it is considered less likely that the debtor will meet its obligations in full, for example due to the existence of written-off capital or multiple restructurings of credit operations. The definition of default is applied consistently from period to period.

Collective analysis

Loans that are collectively valued are grouped on the basis of similar risk characteristics, taking into account customer type, sector, product type, existing collateral, arrears and other relevant factors. Collective impairment reflects: (i) the expected value of capital and interest that will not be recovered, and (ii) the impact of delays in the recovery of capital and interest (time value of money). The risk parameters calculated are based on historical loss experience in comparable transactions with similar credit risk characteristics, adjusted for the current economic situation and future expectations. The time value of money is incorporated directly into the calculation of the impairment of each operation.

Individual analysis

The assessment of the existence of impairment losses in individual terms is determined through an analysis of total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each balance sheet date, the existence of objective evidence of impairment.

The overall exposure amount of each client/economic group does not take into account the application of conversion factors for off-balance sheet exposures.

In determining impairment losses, the following factors are considered on an individual basis:

- I. the total exposure of each client to the Bank and the existence of overdue credit;
- II. the economic and financial viability of the client's business and its ability to generate sufficient funds to service the debt in the future;
- III. the existence, nature and estimated value of collateral associated with each credit;
- IV. the client's assets in situations of liquidation or bankruptcy;
- V. the existence of privileged creditors;
- VI. the client's indebtedness to the financial sector;
- VII. upstream and the estimated recovery times; and
- VIII. other factors.

Impairment losses are calculated by comparing the present value of the expected future cash flows discounted at the original effective interest rate of each contract and the book value of each loan, with the losses recorded against profit or loss. The book value of impaired loans is shown in the balance sheet net of impairment losses. For loans with a variable interest rate, the discount rate used corresponds to the effective annual interest rate applicable in the period in which the impairment was determined.

2.3. ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Foreign currency transactions are recorded according to the principles of the “multi-currency” system, with each transaction being recorded exclusively according to the respective currencies.

Monetary assets and liabilities expressed in foreign currency are converted into escudos at the exchange rate prevailing on the balance sheet date. The exchange differences resulting from this translation are recognized in the income statement.

Non-monetary assets and liabilities recorded at historical cost, expressed in foreign currency, are translated at the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies recorded at fair value are translated at the exchange rate prevailing at the date the fair value was determined. Conversions or foreign currency amounts are converted into CVE and exchange differences are recognized in the income statement.

On the date of their contracting, spot and forward foreign currency purchases and sales are immediately recorded in the foreign exchange position.

Whenever these operations lead to changes in the net balances of the different currencies, there are movements in the spot or forward foreign exchange position accounts, the content and revaluation criteria of which are as follows:

a) SPOT EXCHANGE POSITION

The spot currency position in each currency is given by the net balance of assets and liabilities of that currency, excluding the spot currency position hedged by forward exchange transactions and adding up the amounts of spot transactions pending settlement and forward transactions maturing within two business days thereafter. The spot currency position is revalued daily on the basis of the day's indicative exchange rates published by the Central Bank of Cabo Verde, giving rise to movements in the foreign exchange position account (national currency), as an offset to costs or income.

b) FORWARD EXCHANGE POSITION

The forward exchange position in each currency is given by the net balance of forward transactions pending settlement which are not hedging the spot foreign exchange position, excluding those maturing within two working days thereafter.

All contracts relating to these operations are revalued at forward market exchange rates or, in the absence of such rates, are calculated on the basis of the interest rates of the respective currencies for the remaining maturity of each operation. The differences between the counter values in escudos at the forward revaluation rates applied and the counter values in escudos at the contracted rates represent the cost or profit of revaluing the forward currency position and are recorded in a currency revaluation account against cost or income accounts.

2.4. RECOGNITION OF DIVIDENDS

Dividends (income from equity instruments) are recognized in the income statement when the right to receive them is attributed.

2.5. recognition of income from services and commissions

Income from services and commissions is generally recognized on an accrual basis as follows:

- I. Income from services and commissions obtained in the performance of a significant act is recognized in the income statement when the significant act has been completed;
- II. Income from services and commissions earned as the services are provided are recognized in the period to which they relate; and
- III. Income from services and commissions that are considered an integral part of the effective interest rate of a financial instrument are recorded in profit and loss according to the effective interest rate method.

2.6. INTANGIBLE ASSETS

The Bank essentially records computer systems acquisition costs under this heading when the expected impact extends beyond the year in which the cost is incurred.

Intangible assets are recorded at cost and amortized on a straight-line basis and in twelfths over the expected useful life, which generally corresponds to a period between three (3) years and ten (10) years.

Software maintenance costs are recognized as costs when incurred.

2.7. OTHER TANGIBLE ASSETS

This item includes tangible assets used by the Bank to carry on its business and is stated at acquisition cost, including expenses directly attributable to them, less accumulated depreciation and impairment losses.

Depreciation of tangible and intangible assets is calculated on a straight-line basis over the estimated useful life of the asset, corresponding to the period in which the asset is expected to be available for use:





	Years of useful life
Buildings	33 - 66
Construction works in leased buildings	10 - 20
Furniture and material	8 - 16
Machines and tools	5 - 10
IT equipment	3 - 6
Indoor installations	10
Transport material	7
Safety material	10
Other equipment	10
Intangible assets	3 - 6

Subsequent costs with tangible assets are recognized only if it is probable that future economic benefits will flow to the Bank. All maintenance and repair costs are recognized as a cost on an accrual basis.

These assets are subject to impairment tests whenever events or circumstances indicate that the balance sheet value exceeds their recoverable amount, the difference, if any, being recognized in the income statement. The recoverable amount is the higher of the asset's market value less costs to sell and its value in use.

On the date of derecognition of a tangible asset, the gain or loss calculated as the difference between the fair value less costs to sell and the net book value is recognized in the income statement under the heading Net gains from the sale of other assets.

2.8. LEASE (IFRS 16)

Accounting for a lease is done by applying IFRS 16. This standard establishes the requirements regarding the scope, classification/recognition and measurement of leases:

- From the lessor's perspective, leases are classified as finance leases or operating leases;
- From the lessee's perspective, the standard defines a single lease accounting model that results in the recognition of an asset under the right-of-use and a lease liability for all leases except for leases with a period of less than 12 months or for leases that relate to assets of reduced value in which the lessee may opt for the exemption from recognition provided for in IFRS 16, in which case it shall recognize the lease payments associated with those contracts as expenses.

The Bank has chosen not to apply this standard to short-term leases of less than or equal to one year and to leases where the underlying asset has little value.

Lease Definition

The new definition of lease entails a focus on the control of the identified asset, i.e. a contract constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e. obtaining substantially all the economic benefits from its use and the right to direct the use of that identified asset, during a certain period in exchange for consideration.

On the Lessee's Perspective

BAICV recognizes for all leases except for leases with a period of less than 12 months or for leases on assets of reduced unit value:

- (I) an asset under right of use, 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 cost estimates to be borne by the lessee with the dismantling and removal of the underlying asset and/or with the restoration of the site where it is located. Subsequently it is measured according to the cost model (subject to depreciation/amortization according to the lease term of each contract and impairment tests);
- (II) a lease liability, recorded initially at the present value of future lease cash flows (NPV), which includes:
- (III) payments less incentives to rent receivable;
- (IV) variable lease payments that depend on an index or rate, measured initially and using the index or rate at the start date of the contract;
- (V) the amounts to be paid by the lessee as residual value guarantees;
- (VI) the price of exercising a call option, if the lessee is reasonably sure to exercise that option;
- (VII) lease notice payments, if the term of the lease reflects the exercise of a lease notice option by the lessee.

Since it is not possible to easily determine the interest rate implicit in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the lessee's incremental financing interest rate. For fixed-term contracts, this date is taken to be the end date of the lease, for other open-ended contracts, the term on which it is enforceable is assessed. When assessing enforceability, the particular clauses of the contracts as well

as the legislation in force regarding Urban Lease are taken into account.

Subsequently it is measured as follows:

- (I) by increasing its carrying amount so as to reflect interest thereon;
- (II) by decreasing its carrying amount to reflect the lease payments;
- (III) the carrying amount is remeasured to reflect any revaluations or changes to the lease as well as to incorporate the review of fixed lease payments in substance and the lease term review.

The Bank revalues a lease liability, and calculates the respective adjustment related to the asset under right-of-use whenever:

- (I) there is a change in the lease term or in evaluating a purchase option for the underlying asset, the lease liability is remeasured by discounting the revised lease payments and using a revised discount rate as well;
- (II) there is a change in the amounts payable under a residual value guarantee, or in future lease payments resulting from a change in an index or rate used to determine those payments, the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in the lease payments results from a change in variable interest rates, in which case a revised discount rate shall be used);
- (III) a lease is amended, but this amendment to the lease is not accounted for as a separate lease, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

BAICV 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 if this 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.

The Bank presents right-of-use assets under “other tangible assets” (note 14), i.e. in the same line item as the underlying assets of the same nature that it owns.

From the landlord’s point of view

In accordance with IFRS 16, lessors will continue to classify leases as finance or operating and will not involve significant changes from that defined in IAS 17.

2.9. IMPAIRITY OF OTHER ASSETS (ias 36)

When there is an indication that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated and an impairment loss recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement and reversed in subsequent reporting periods when the reasons for their initial recognition cease. For this purpose, the new depreciated amount will not be higher than the one that would have been accounted for if no impairment losses had been attributed to the asset, considering the depreciations that it would have suffered.

The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use, which is calculated based on the present value of estimated future cash flows expected to arise from the continuing use of the asset and its disposal at the end of its useful life.

2.10. PROVISIONS AND CONTINGENT LIABILITIES

A provision is made when there is a present obligation (legal or constructive) resulting from past events for which the future expenditure of resources is probable and can be reliably determined. 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 that reflects the market valuation for the period of the discount and the risk of the provision in question.

If the future expenditure of resources is not probable, this is a contingent liability and the respective disclosure is made in accordance with the requirements of IAS 37 - “Provisions, contingent liabilities and contingent assets”.

Provisions relating to legal proceedings between BAI CV and third parties are set up in accordance with internal risk assessments carried out by the Board of Directors, with the support and advice of its legal advisors.

2.11. FINANCIAL AND PERFORMANCE GUARANTEES

Financial Guarantees

Contracts that require their issuer to make payments in order to compensate the holder for losses incurred as a result of non-compliance with the contractual terms of debt instruments, namely the payment of the respective principal and/or interest, are considered financial guarantees.

Financial guarantees issued are initially recognized at fair value. Subsequently these guarantees are measured at the higher of (i) the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the value of the obligation associated with financial guarantees issued is recognized in the income statement.

Financial guarantees issued by the Bank normally have a defined maturity and a periodic fee charged in advance, which varies according to the counterpart risk, amount and period of the contract. On this basis, the fair value of the guarantees on the date of their initial recognition is approximately equivalent to the value of the initial commission received, taking into account that the agreed conditions are market conditions. Thus, the amount recognized on the contract date equals the amount of the initial commission received, which is recognized in the income statement during the period to which it relates. Subsequent fees are recognized in profit and loss in the period to which they relate.

Performance Guarantees

Performance guarantees are contracts that result in one of the parties being compensated if it does not fulfill its contractual obligation. Performance guarantees are initially recognized at fair value, which is usually evidenced by the value of commissions received over the duration of the contract. In the event of a breach of contract, the Bank has the right to reverse the guarantee, and the amounts are recognized under Loans and advances to customers after the loss compensation has been transferred to the beneficiary of the guarantee.

2.12. EMPLOYEE BENEFITS

The Bank has no responsibility for pensions, retirement benefits or other long-term benefits to its employees.

The Bank may grant extraordinary remuneration to employees, not arising from contractual obligations. These remunerations are awarded by resolution of the Board of Directors on an unspecified date in a given financial year and are paid in the same financial year.

However, whenever certain assumptions are met, namely the over achievement of the business objectives foreseen for the period, the Board of Directors may provide in that period an appropriation for extraordinary remuneration to be paid to employees.

2.13. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets, or groups of assets and liabilities to be sold, are classified as held for sale whenever their book value is expected to be recovered through sale, rather than through continued use. For an asset (or group of assets and liabilities) to be classified under this heading, the following requirements must be met:

- › The probability of the sale occurring is high;
- › The asset is available for immediate sale in its current state at a price considered reasonable in relation to its current fair value;
- › In cases where the asset is not sold within one year, the Bank assesses whether the requirements continue to be met, namely that the sale did not take place for reasons beyond the Bank's control, that the Bank has taken all the necessary steps for the sale to take place and that the asset continues to be actively advertised and at reasonable selling prices in light of market circumstances.

Assets recorded under this item are valued at the lower of cost and fair value less costs to sell. The fair value of these assets is determined based on independent expert valuations and is not subject to depreciation.

This category of assets also complies with the rules defined by Banco de Cabo Verde in Notice 7/2015 of December 24.

2.14. INVESTMENT PROPERTIES

The Bank classifies properties held for rental or for capital appreciation or both as investment properties. Investment properties are initially recognized at acquisition cost, including directly related transaction costs and subsequently at fair value. Changes in fair value determined at each balance sheet date are recognized in the income statement, based on periodic valuations performed by independent valuers specialized in this type of service. Investment properties are not amortized.

Transfers to and from the Investment Properties item can occur whenever there is a change in the use of the property. When transferring investment properties to owner occupied properties, the estimated cost, for accounting purposes, is the fair value at the date of change in use. If a self-service property is classified as investment property, the Bank records this asset in accordance with the policy applicable to self-service properties, up to the date of its transfer to investment property and at fair value thereafter, with the difference in valuation calculated at the date of transfer being recognized in revaluation reserves. If a property is transferred from non-current assets held for sale or other assets to Investment Property, any difference between the fair value of the asset at that date and the previous carrying amount is recognized as income for the year.

2.15. PROFIT TAXES

The Bank is subject to the tax regime set out in the Corporate Income Tax Code (Law no. 82/VIII/2015, of January 7). Income taxes include current taxes and deferred taxes. Current taxes are those expected to be paid based on the taxable income determined in accordance with the tax rules in force.

The Bank records deferred taxes arising (i) from temporary differences between the book value of assets and liabilities and their tax base, for income tax purposes, and (ii) from tax losses determined to be used in future years. Deferred tax liabilities

are generally recognized for all taxable temporary differences. Deferred tax assets are recognized only to the extent that future taxable profits are expected to be available to absorb the tax differences and losses to be used in the future.

Income taxes are recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case they are also recorded against equity.

Tax losses determined in one year are deducted from taxable profit for one or more of the following three years.

2.16. AMOUNTS RECEIVED ON DEPOSIT

Amounts received on deposit, namely securities that make up customer portfolios, are recorded in off-balance sheet items at their market value and, if not available, at their nominal value.

2.17. CAPITAL

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

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

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

2.18. CASH AND CASH EQUIVALENTS

For the preparation of the cash flow statement, the Bank considers cash and cash equivalents as "Cash and cash equivalents", as well as balances with central banks and with credit institutions.

2.19. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF ACCOUNTING POLICIES

In preparing the financial statements, the Bank made estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates and assumptions are reviewed regularly and are based on a number of factors including expectations about future events that are considered reasonable in the circumstances.

a) FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE

Fair value is based on market quotations, when available, and in the absence of quotations it is determined based on the use of prices of recent similar transactions carried out under market conditions or based on valuation methodologies, based on discounted future cash flow techniques, considering market conditions, time value, the yield curve and volatility factors, in accordance with the principles of IFRS 13 - Measurement at fair value. 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 given model could lead to different valuations from those reported and summarized in Note 8.

b) IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTIZED COST AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The determination of impairment losses for financial instruments involves judgments and estimates in relation to the following aspects, among others:

a) Significant increase in credit risk:

Impairment losses correspond to the expected losses in case of default over a 12-month time horizon, for stage 1 assets, and to the expected losses considering the probability of occurrence of a default event at some point until the maturity date of the financial instrument, for stage 2 and 3 assets. An asset is classified as stage 2 whenever there has been a significant increase in its credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank takes into account qualitative and quantitative, reasonable and sustainable 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 on the basis of 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, the segmentation of assets is reviewed. This review may result in the creation of new portfolios or the transfer of assets to existing portfolios that better reflect their credit risk characteristics.

c) Probability of default:

The probability of default represents a determining factor in the measurement of expected credit losses. The probability of default corresponds to an estimate of the probability of default over a given time period, which is calculated on the basis of historical data, assumptions and expectations about future conditions.

d) Loss due to non-compliance:

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 from the cash flows generated by the client's business or from credit collateral. The calculation of the estimated loss given default is based, among other aspects, on the 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 different assumptions and estimates could result in different levels of impairment losses recognized and presented in Notes 10 and 11, with a consequent impact in the Bank's income statement.

c) TAXES

Income taxes (current and deferred) are determined by the Bank on the basis of the rules defined by the tax framework in force. However, in some situations the tax legislation may not be sufficiently clear and objective, leading to different interpretations. In these cases, the amounts recorded are the result of the best understanding of the Bank's responsible bodies as to the correct framework for its operations, which may, however, be questioned by the Tax Authorities. Other interpretations and estimates could result in a different level of income tax, current and deferred, recognized in the year, as disclosed in Notes 14 and 35.

The Board of Directors believes that the criteria and assumptions adopted are in line with the legislation in force, and that any differences in interpretation would only lead to reclassifications between current and deferred taxes, with no impact on the Bank's results and equity as at June 30, 2022.

**d) VALUATION OF ASSETS RECEIVED THROUGH RECOVERY OF LOANS,
INVESTMENT PROPERTIES AND NON-CURRENT ASSETS HELD FOR SALE**

Assets received in respect of credit recovery and non-current assets held for sale are measured at the lower of their fair value net of costs to sell and the carrying amount of the credit on the date the transfer was made. Fair value is determined based on periodic valuations performed by external experts registered with the General Audit Office of the Securities Market ("AGVM"). Different methodologies and assumptions would have an impact on determining the fair value of the assets, which are presented in Notes 11, 12 and 15.

➤ **Note 3. Financial Risk Management**

Financial Risk Management Policies

The Bank is exposed to various types of financial risk: credit risk, market risk, exchange rate risk, interest rate risk and liquidity risk.

The Bank's risk management process respects the proper segregation of duties and the complementarity of the work of each of the areas involved.

The risks of the Bank's activity, namely credit, interest rate, exchange rate, liquidity, operational and Compliance risks, are analyzed and controlled by the Bank's Board of Directors, taking into account the Bank's general strategy and its position in the market. In addition, there is a set of control procedures in place to guarantee an adequate level of risk.

The verification by the body responsible for the achievement of the established objectives and guidelines is guaranteed by the existence of a reporting system of variable periodicity according to the nature of the risks, which allows a rigorous and timely assessment of the evolution of the main business variables and provides proactive management capacity.

The concentration risk of financial assets aims to provide transparency on exposure to risks that could impact the financial position. The Bank adopts risk management policies to mitigate this risk, including the diversification of credit and investment portfolios and the continuous monitoring of exposure to sectors and counterparties. The concentration of assets is controlled by internal limits, with a focus on reducing excessive dependence on a single source of risk.

➤ **3.1. CREDIT RISK**

The Bank takes on credit risk exposures, which translate into the possibility of a loss in the value of the Bank's assets, as a result of non-compliance with contractual obligations, due to insolvency or inability of the counterpart to meet its commitments to the Bank.

The Bank's commercial activity, in terms of lending, is entirely located in Portugal, which means there are no assets subject to country risk; on the other hand, most medium and long-term operations are collateralized by real guarantees.

The process of monitoring credit risk involves a rigorous analysis of each credit proposal submitted to the competent body for its approval. The Bank's internal control manuals set out the requirements for credit approval.

After approval, credit performance is regularly monitored, allowing for the anticipation of possible compliance difficulties and the immediate identification of defaults. In most cases, this monitoring and the dialogue that is established with the borrowers in question has allowed not only for the full settlement of the arrears incurred, but also for the careful monitoring of the conditions in which they are operating, preventing and anticipating the consequences of any deterioration.

The Bank structures the levels of credit risk it assumes through established limits of amounts of risk acceptable to the borrower or group of borrowers, in particular for amounts which may be configured as large risks.

December 31, 2024 and December 31, 2023, the maximum exposure to credit risk by type of financial instrument can be summarized as shown in the tables below in (tCVE):

Financing Instruments	31/Dec/23			31/Dec/24		
	Gross exposure	Provisions and impairment	Net exposure	Gross exposure	Provisions and impairment	Net exposure
Equities						
Cash and deposits at central banks	1 992 093	-	1 992 093	3 434 883	-	3 434 883
Deposits with other credit institutions	534 030	-	534 030	548 010	-	548 010
Financial assets at fair value through ORI	159 044	-	159 044	597 133	-	597 133
Financial assets at amortized cost	-	-	-	-	-	-
Debt securities	6 351 358	81 390	6 269 969	5 629 825	-79 427	5 550 398
Investments in credit institutions	2 548 828	-	2 548 828	5 156 287	-	5 156 287
Customer credit	15 252 255	607 031	14 645 225	18 201 634	-618 649	17 582 985
Other assets	367 047	-	367 047	383 886	-	383 886
Total Equities	27 204 655	688 420	26 516 235	33 951 659	698 076	33 253 582
Off-balance-sheet						
Guarantees provided and other contingent liabilities	1 347 805	-2 166	1 345 639	1 633 984	-4 223	1 629 761
Commitments to third parties	2 103 002	-	2 103 002	2 161 124	-	2 161 124
Total Off-balance-sheet	3 450 807	-2 166	3 452 973	3 795 109	-4 223	3 790 885
Total	30 655 462	686 254	29 969 208	37 746 767	-702 300	37 044 468

With regard to measuring credit risk, the Bank regularly assesses the existence of evidence of risk situations when reporting to Banco de Cabo Verde.

In this context, the methodology and assumptions used to calculate impairment are assessed by the Executive Board.

17. Notes to the Financial Statements of December 31, 2024 and 2023

The credit quality as of December 31, 2024, and December 31, 2023, is summarized (tCVE) as follows:

	31/Dec/24			31/Dec/23		
	Companies	Individuals	Total	Companies	Individuals	Total
Normal and collectively impaired Credits	5 534 554	4 359 423	9 893 977	8 073 595	3 246 679	11 320 274
Overdue and collectively impaired credits	156 535	123 307	279 842	283 626	79 171	362 797
Less than 30 days	12 515	13 827	26 342	25	2 328	2 353
31 to 60 days	3 633	21 486	25 118	19 858	7 353	27 211
61 to 90 days	4 053	1 991	6 044	1 477	199	1 676
91 to 180 days	13 796	2 649	16 445	2 758	3 429	6 187
181 to 365 days	122 538	83 355	205 893	259 508	65 862	325 371
Credits with individual impairment	8 015 095	12 720	8 027 815	3 559 643	9 541	3 569 184
Normal	7 870 014	7 293	7 877 307	3 176 292	4 034	3 180 326
Less than 30 days	5 589	-	5 589	383 351	5 507	388 858
181 to 365 days	139 492	5 427	144 918	-	-	-
Total	13 706 185	4 495 450	18 201 634	11 916 864	3 335 391	15 252 255

As of December 31, 2024, the number of credit operations with overdue principal installments was 240 (131 as of December 31, 2023).

Loans granted to clients whose terms have been renegotiated are no longer considered overdue and are treated as new loans. Restructuring procedures include: extension of payment conditions, approved management plans, amendment and deferral of payments. Restructuring practices and policies are based on criteria that, from the Bank's management point of view, indicate that payments are highly likely to continue to occur. These policies are kept under constant review.

On December 31, 2024, the Bank's portfolio included 65 restructured operations, totaling 1,908,266 tCVE, of which 33 operations amounting to 204,068 tCVE relate to contractual changes resulting from Covid-19, and were therefore not considered restructurings due to financial difficulties (they are not included in the map below). In addition, the 20 operations shown in the map below under Stage 1 were the result of contractual changes negotiated for commercial reasons.

The analysis of restructured loans by sector is as follows:

Detail of the restructured credit portfolio by restructuring measure implemented as of December 31, 2023:

2023												(in thousands of CVE)
Measure	Low credit risk exposures (stage 1)			Exposures with significant increase in credit risk (stage 2)			Impairment exposures (stage 3)			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Contracting new credit	-	-	-	19	475 965	7 098	18	164 849	88 117	37	640 813	95 215
Repayment period	-	-	-	-	-	-	1	20 116	6 158	1	20 116	6 158
Interest rate reduction	-	-	-	1	3 640	3	-	-	-	1	3 640	3
Settlement of overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Period of need	-	-	-	2	32 630	47	2	6 559	574	4	39 190	621
Total	-	-	-	22	512 235	7 148	21	191 523	94 849	43	703 758	

Detail of the restructured credit portfolio by restructuring measure implemented as of December 31, 2024:

2024												(in thousands of CVE)
Measure	Low credit risk exposures (stage 1)			Exposures with significant increase in credit risk (stage 2)			Impairment exposures (stage 3)			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Contracting new credit	11	830 235	1 206	4	133 382 196	1 173	4	81 577	57 743	19	1 045 194	60 122
Repayment period	-	-	-	2	7 647 681	12	-	-	-	2	7 648	12
Interest rate reduction	7	99 462	90	-	-	-	1	458	198	8	99 920	288
Settlement of overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Period of need	2	546 439	2 252	-	-	-	1	4 997	206	3	551 436	2 457
Total	20	1 476 136	3 548	6	141 029 877	1 186	6	87 032	58 146	32	1 704 198	62 880

3.2. MARKET RISK

Market risk arises to the extent that the Bank may be subject to the possibility of negative impacts on results or capital, due to unfavorable movements in the market price of financial asset portfolio instruments at fair value, caused by fluctuations in stock prices, commodity prices, interest rates, exchange rates.

Market risk is mainly associated with holding short-term debt and equity positions in currencies, commodities, or derivatives.

The market risk inherent in the portfolio of financial assets at fair value and securities held by BAICV is defined as follows: (tCVE)

- I) Limits by the Bank's competent Body (Credit and Investment Committee) competent for this purpose (by asset classes, risk quality of debt issuers, markets/geographical regions susceptible to investment, stop loss levels in the trading portfolio, etc.);
- II) Expected profitability in each case, with the Authority periodically assessing performance and reviewing investment guidelines in the light of market trends.

	31/Dec/23	31/Dec/24
Financial assets at amortized cost	6 269 968	5 550 398
Debt securities	6 269 968	5 550 398
Cabo Verdean public debt (Note 8)	5 141 480	4 307 133
From foreign public issuers (Note 8)	1 128 488	1 243 265
Customer credit	1 094 091	1 228 981
Debt securities	1 094 091	1 228 981
From other residents (Note 10)	1 094 091	1 228 981
Financial assets at fair value through other comprehensive income	159 044	597 133
Equity instruments	159 044	597 133
From other residents (Note 7)	158 748	596 838
From other non-residents (Note 7)	296	296
Total	7 523 103	7 376 512

3.3. EXCHANGE RATE RISK

Exchange rate risk consists in the probability of negative impacts on results or capital due to adverse movements in the exchange rate.

This risk is based on changes in the price of instruments corresponding to open positions in foreign currency (transaction risk); changes in the book value due to the conversion of open positions in foreign currency into the bookkeeping currency (conversion risk); and changes in the Bank's competitive position due to significant variations in exchange rates (economic exchange rate risk).

The negative impacts arising from short-term exchange rate fluctuations (transaction risk) usually arise from the institution's trading activity, including market making and foreign currency taking and positions, so its assessment is covered by Market Risk topics.

The counter values, in thousands of Cabo Verdean escudos, of the assets and liabilities expressed in foreign currency, as at 31 December 2024 and 31 December 2023, are broken down as follows:

31/Dec/23													
	EUR	USD	GBP	CHF	SEK	JPY	BRL	CAD	NOK	DKK	ZAR	CNY	Total
Cash and deposits at central banks	259 592	46 334	5 677	10 836	2 896	19	4	2 129	1 828	158	89	-	329 562
Deposits with other credit institutions	224 754	214 737	13 230	18 428	426	11	-	-	-	-	3	106	471 695
Financial assets at amortized cost													
Debt securities	54 960	1 097 257	-	-	-	-	-	-	-	-	-	-	1 152 217
Investments in credit institutions	1 902 793	399 595	-	-	-	-	-	-	-	-	-	-	2 302 388
Customer credit	-0	2	-	-	-	-	-	-	-	-	-	-	2
Total Assets	2 442 099	1 757 925	18 906	29 264	3 322	30	4	2 129	1 828	158	91	106	4 255 864
Resources of financial institutions	4 167 775	1 008 820	-	-	-	-	-	-	-	-	-	-	5 176 595
Customer resources and other loans	928 850	677 303	7 262	3	-	-	-	-	-	-	-	-	1 613 418
Other subordinated liabilities	148 749	-	-	-	-	-	-	-	-	-	-	-	148 749
Total Liabilities	5 245 373	1 686 124	7 262	3	-	-	-	-	-	-	-	-	6 938 762
Net exposure	-2 803 274	71 801	11 645	29 260	3 322	30	4	2 129	1 828	158	91	106	-2 682 898

17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/24													
	EUR	USD	GBP	CHF	SEK	JPY	BRL	CAD	NOK	DKK	ZAR	CNY	Total
Cash and deposits at central banks	232 016	55 269	3 850	19 312	3 960	154	4	2 373	2 910	409	94	-	320 350
Deposits with other credit institutions	328 377	110 190	3 873	398	1 179	10	-	-	-	-	3	110	444 139
Financial assets at amortized cost													
Debt securities	120 456	1 154 732	-	-	-	-	-	-	-	-	-	-	1 275 189
Investments in credit institutions	4 480 848	675 438	-	-	-	-	-	-	-	-	-	-	5 156 287
Customer credit	1	2	-	-	-	-	-	-	-	-	-	-	3
Total Assets	5 161 698	1 995 632	7 723	19 709	5 139	164	4	2 373	2 910	409	96	110	7 195 967
Resources of financial institutions	4 229 688	976 930	-	-	-	-	-	-	-	-	-	-	5 206 617
Customer resources and other loans	4 298 926	934 683	7 605	3	-	-	-	-	-	-	-	-	5 241 217
Other subordinated liabilities	155 418	-	-	-	-	-	-	-	-	-	-	-	155 418
Total Liabilities	8 684 032	1 911 612	7 605	3	-	-	-	-	-	-	-	-	10 603 252
Net exposure	-3 522 334	84 020	118	19 706	5 139	164	4	2 373	2 910	409	96	110	-3 407 285

As can be seen from the analysis of these tables, the Bank's exchange rate risk in relation to currencies other than the one that is the basis of its activity (Cabo Verdean escudos) is practically irrelevant as at 31 December 2024 and 31 December 2023, if we take into account that the exchange rate of the Euro against the CVE has a fixed parity.

3.4. INTEREST RATE RISK

Interest rate risk arises from the possibility of negative impacts on results or capital, due to adverse movements in interest rates, due to maturity mismatches or interest rate resetting periods, the absence of perfect correlation between the rates received and the rates paid in the different instruments, or the existence of options embedded in balance sheet financial instruments or off-balance sheet items.

As at December 31, 2024 and December 31, 2023, the balance sheet residual term, which runs until the next update or maturity of the contracted interest rate, for each of the operations, is summarized as follows:

31/Dec/24								
Financial Instruments	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	+5 Years	Unspecified	Total
Cash and deposits at central banks	-	-	-	-	-	-	3 434 883	3 434 883
Deposits with other credit institutions	-	-	-	-	-	-	548 010	548 010
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	597 133	597 133
Financial assets at amortized cost								
Debt securities	119 257	242 269	534 415	268 437	3 805 477	595 138	-14 596	5 550 398
Investments in financial institutions	1 717 225	2 885 265	357 254	196 543	-	-	-	5 156 287
Customer credit	82 961	206 039	404 952	1 046 539	4 576 380	11 277 288	-11 174	17 582 985
Total Assets	1 919 443	3 333 573	1 296 621	1 511 518	8 381 857	11 872 426	4 554 257	32 869 696
Resources from central banks	-	-	-	1 141 000	-	-	18 879	1 159 879
Resources of financial institutions	1 410 460	1 813 099	651 325	651 325	150 000	-	973 655	5 649 864
Customer funds	206 228	3 747 438	1 255 638	2 272 609	3 426 078	212 307	13 732 024	24 852 322
Other subordinated liabilities	-	-	500 000	-	-	131 466	24 618	656 085
Total Liabilities	1 616 688	5 560 537	2 406 963	4 064 934	3 576 078	343 773	14 749 175	32 318 149
Interest rate Gap	302 755	-2 226 964	-1 110 342	-2 553 415	4 805 779	11 528 653		
Accumulated interest rate Gap	302 755	-1 924 209	-3 034 551	-5 587 966	-782 187	10 746 466		
Sensitivity Test								
Change in rates	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
EAR	6 055	-44 539	-22 207	-51 068	96 116	230 573		
Accumulated EAR	6 055	-38 484	-60 691	-111 759	-15 644	214 929		
Sensitivity Test								
Change in rates	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%		
EAR	3 028	-19 242	-30 346	-55 880	-7 822	107 465		
Accumulated EAR	3 028	-16 215	-46 560	-102 440	-110 262	-2 797		
Sensitivity Test								
Change in rates	-0,50%	-0,50%	-0,50%	-0,50%	-0,50%	-0,50%		
EAR	-1 514	11 135	5 552	12 767	-24 029	-57 643		
Accumulated EAR	-1 514	9 621	15 173	27 940	3 911	-53 732		

17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/23								
Financial Instruments	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	+5 Years	Unspecified	Total
Cash and deposits at central banks	-	-	-	-	-	-	1 992 093	1 992 093
Deposits with other credit institutions	-	-	-	-	-	-	534 030	534 030
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	159 044	159 044
Financial assets at amortized cost								
Debt securities	-	216 947	139 188	800 314	3 698 254	1 429 542	-14 276	6 269 969
Investments in financial institutions	1 011 829	1 060 146	427 246	49 607	-	-	-	2 548 828
Customer credit	88 294	115 593	124 683	1 343 625	3 501 461	9 503 230	-31 661	14 645 225
Total Assets	1 100 123	1 392 687	691 116	2 193 545	7 199 715	10 932 772	2 639 230	26 149 188
Resources from central banks	-	-	-	-	1 141 000	-	10 298	1 151 298
Resources of financial institutions	401 327	3 422 378	-	551 325	-	-	831 287	5 206 317
Customer funds	262 621	1 138 401	545 775	2 024 546	4 046 368	107 931	11 096 410	19 222 052
Other subordinated liabilities	-	-	-	500 000	-	131 466	17 949	649 415
Total Liabilities	663 948	4 560 779	545 775	3 075 871	5 187 368	239 397	11 955 944	26 229 082
Interest rate Gap	436 175	-3 168 092	145 341	-882 326	2 012 348	10 693 374		
Accumulated interest rate Gap	436 175	-2 731 917	-2 586 576	-3 468 902	-1 456 555	9 236 819		
Sensitivity Test								
Change in rates	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
EAR	8 723	-63 362	2 907	-17 647	40 247	213 867		
Accumulated EAR	8 723	-54 638	-51 732	-69 378	-29 131	184 736		
Sensitivity Test								
Change in rates	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%		
EAR	4 362	-31 681	1 453	-8 823	20 123	106 934		
Accumulated EAR	4 362	-27 319	-25 866	-34 689	-14 566	92 368		
Sensitivity Test								
Change in rates	-0,50%	-0,50%	-0,50%	-0,50%	-0,50%	-0,50%		
EAR	-2 181	15 840	-727	4 412	-10 062	-53 467		
Accumulated EAR	-2 181	13 660	12 933	17 345	7 283	-46 184		

3.5. LIQUIDITY RISK

Liquidity risk arises from the possibility of negative impacts on results or capital arising from the institution's inability to have liquid funds to meet its financial obligations as they fall due.

The liquidity risk control policy is subordinated to the Bank's general strategy and aims at the adequate financing of its assets and their budgeted growth and the regular determination of its liquidity gap.

With regard to the analysis of liquidity risk, in addition to the obligations to which the Central Bank of Cabo Verde is subject,

the Bank still uses the concept of the liquidity gap, i.e., from the Bank's balance sheet, combining it with the maturities of active and passive operations, a disaggregated position (positive or negative) is obtained according to the residual maturities of the operations.

The following table shows the residual contractual terms for financial assets and liabilities by their relevant maturity intervals as at December 31, 2024 and December 31, 2023. The amounts shown are undiscounted contractual cash flows:

31/Dec/24							
Financial Instruments	In sight	Up to 3 months	From 3 to 12 months	From 1 to 5 years	+5 Years	Undetermined duration	Total
Cash and deposits at central banks	3 434 883	-	-	-	-	-	3 434 883
Deposits with other credit institutions	548 010	-	-	-	-	-	548 010
Financial assets at fair value through other comprehensive income	-	-	-	-	-	597 133	597 133
Financial assets at amortized cost							
Debt securities	-	359 413	802 852	3 807 590	595 138	-14 596	5 550 398
Investments in financial institutions	749 339	3 853 151	553 796	-	-	-	5 156 287
Customer credit	38 636	250 364	1 451 491	4 576 380	11 277 288	-11 174	17 582 985
Non-current assets held for sale	-	-	-	-	-	55 794	55 794
Investment properties	-	-	-	-	-	655 087	655 087
Other Assets	-	-	-	-	-	1 059 571	1 059 571
Total Assets	4 770 869	4 462 928	2 808 139	8 383 971	11 872 426	2 341 815	34 640 147
Resources from central banks	-	-	1 141 000	18 879	-	-	1 159 879
Resources of other credit institutions	1 056 480	3 117 891	1 302 650	150 000	-	22 842	5 649 864
Customer resources and other loans	13 544 997	3 907 720	3 528 247	3 426 078	212 307	232 973	24 852 322
Other subordinated liabilities	-	-	500 667	-	155 418	-	656 085
Others liabilities	-	266 426	-	-	-	98 153	364 579
Total Liabilities	14 601 478	7 292 037	6 472 564	3 594 957	367 725	353 968	32 682 728
Other off-balance sheet commitments	-	-	3 795 109	-	-	-	3 795 109
Liquidity Gap	-9 830 609	-2 829 109	-7 459 533	4 789 014	11 504 701	1 987 847	
Accumulated Liquidity Gap	-9 830 609	-12 659 718	-20 119 251	-15 330 237	-3 825 536	-1 837 689	

17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/23							
Financial Instruments	In sight	Up to 3 months	From 3 to 12 months	From 1 to 5 years	+5 Years	Undetermined duration	Total
Cash and deposits at central banks	1 992 093	-	-	-	-	-	1 992 093
Deposits with other credit institutions	534 030	-	-	-	-	-	534 030
Financial assets at fair value through other comprehensive income	-	-	-	-	-	159 044	159 044
Financial assets at amortized cost							
Debt securities	-	216 947	939 502	3 698 254	1 429 542	-14 276	6 269 969
Investments in financial institutions	551 325	1 520 651	476 852	-	-	-	2 548 828
Customer credit	21 593	182 294	1 468 307	3 501 461	9 503 230	-31 661	14 645 225
Non-current assets held for sale	-	-	-	-	-	168 490	168 490
Investment properties	-	-	-	-	-	726 449	726 449
Other Assets	-	-	-	-	-	926 295	926 295
Total Assets	3 099 042	1 919 892	2 884 661	7 199 715	10 932 772	1 934 341	27 970 422
Resources from central banks	-	-	-	1 151 298	-	-	1 151 298
Resources of other credit institutions	1 028 275	3 620 804	551 325	-	-	5 913	5 206 317
Customer resources and other loans	10 930 336	1 344 389	2 570 321	4 046 368	107 931	222 707	19 222 052
Other subordinated liabilities	-	-	-	500 667	148 749	-	649 415
Others liabilities	-	273 439	-	-	-	56 426	329 865
Total Liabilities	11 958 611	5 238 632	3 121 646	5 698 332	256 680	285 046	26 558 947
Other off-balance sheet commitments	-	-	3 450 807	-	-	-	3 450 807
Liquidity Gap	-8 859 569	-3 318 740	3 213 822	1 501 383	10 676 092	1 649 295	
Accumulated Liquidity Gap	-8 859 569	-12 178 309	-8 964 487	-7 463 104	3 212 988	4 862 282	

Despite the negative GAP, there is the expectation, based on historical behavior, of the renewal of a significant part of liabilities, namely customer demand deposits.

Note 4. Fair Value of Financial Assets and Liabilities

The fair value, whenever possible, is estimated using quotations in active markets. For financial instruments where there is no active market, due to lack of liquidity and absence of regular transactions, valuation methods and techniques are used to estimate the fair value.

During the periods ended December 31, 2024 and December 31, 2023 there were no transfers of financial assets and liabilities between fair value hierarchies.

Financial Instruments Recorded in The Balance Sheet at Fair Value

The following table shows an analysis of the categories of financial instruments recognized at fair value in the financial statements with reference to December 31, 2024 and December 31, 2023 and their respective valuation methods in (tCVE):

31/Dec/24				
	Valued at Fair Value			Fair value
	Market quotations (Level 1)	Valuation models with non- -observable market parameters (Level 2)	Valuation models with non- -observable market parameters (Level 3)	
Financial assets at fair value through ORI	445 434	0	151 699	597 133
Equity instruments	445 434	0	151 699	597 133
Financial assets	445 434	0	151 699	597 133

31/Dec/23				
	Valued at Fair Value			Fair value
	Market quotations (Level 1)	Valuation models with non- -observable market parameters (Level 2)	Valuation models with non- -observable market parameters (Level 3)	
Financial assets at fair value through ORI	-	-	159 044	159 044
Equity instruments	-	-	159 044	159 044
Financial assets	-	-	159 044	159 044
Hedge derivatives	0	-	-	0
Financial liabilities	-	-	-	0

The following assumptions were used to construct the above tables.

- › Market values or quotation (Level 1): this column includes financial instruments valued on the basis of active market quotations;
- › Market analysis (Level 2): this column includes financial instruments that are valued on the basis of observable market variables.

During the year, the Bank did not use observable Level 2 market data to measure the fair value of its financial assets and liabilities. The reason for not using Level 2 is that:

- › There are no similar assets or liabilities with observable market prices that could be used to determine fair value;
- › The company did not obtain observable market data for comparable transactions that could be applied directly to the assets or liabilities in question.
- › Other (Level 3): this column includes financial instruments that are valued using variables that are not observable in the market.

17. Notes to the Financial Statements of December 31, 2024 and 2023

The Bank used level 3: For financial assets and liabilities that are not quoted on active markets and for which there are no directly observable market parameters. Measurement at Level 3 was based on internal models, using unobservable inputs such as cash flow projections and internal discount rates.

Financial Instruments at Amortized Cost

The following table shows an analysis of the categories of financial instruments recognized at amortized cost in the financial statements with reference to December 31, 2024 and December 31, 2023 in (tCVE).

31/Dec/24						
	Fair Value					
	Assets / liabilities recorded at amortized cost	Market quotations (Level 1)	Valuation models with non-observable market parameters (Level 2)	Valuation models with non-observable market parameters (Level 3)	Fair Value	Gap
Cash and Deposits at Central Banks	3 434 883	0	3 434 883	0	3 434 883	0
Deposits with other credit institutions	548 010	0	548 010	0	548 010	0
Investments in credit institutions	5 156 287	0	5 156 287	0	5 156 287	0
Debt securities	5 550 398	0	5 534 370	0	5 534 370	16 028
Customer credit	17 582 985	0	0	17 613 683	17 613 683	30 698
Other assets	383 326	0	0	383 326	383 326	0
Financial assets	32 655 889	0	14 673 550	17 997 009	32 670 559	46 725
Resources from central banks	1 159 879	0	1 159 879	0	1 159 879	0
Resources of other credit institutions	5 649 864	0	5 649 864	0	5 649 864	0
Customer resources and other loans	24 852 322	0	24 852 322	0	24 852 322	0
Other subordinated liabilities	656 085	0	524 618	131 467	656 085	0
Others liabilities	365 142	0	365 142	0	365 142	0
Financial liabilities	32 683 291	0	32 551 824	131 467	32 683 291	0

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

31/Dec/23						
	Fair Value					
	Assets / liabilities recorded at amortized cost	Market quotations (Level 1)	Valuation models with non-observable market parameters (Level 2)	Valuation models with non-observable market parameters (Level 3)	Fair Value	Gap
Cash and Deposits at Central Banks	1 992 093	0	1 992 093	0	1 992 093	0
Deposits with other credit institutions	534 030	0	534 030	0	534 030	0
Investments in credit institutions	2 548 828	0	2 548 828	0	2 548 828	0
Debt securities	6 269 969	0	6 302 950	0	6 302 950	32 982
Customer credit	14 645 225	0		14 659 194	14 659 194	13 969
Other assets	367 047	0		367 047	367 047	0
Financial assets	26 357 191	0	11 377 901	15 026 241	26 404 142	46 951
Resources from central banks	1 151 298	0	1 151 298	0	1 151 298	0
Resources of other credit institutions	5 206 317	0	5 206 317	0	5 206 317	0
Customer resources and other loans	19 222 052	0	19 222 052	0	19 222 052	0
Other subordinated liabilities	649 415	0	517 948	131 467	649 415	0
Others liabilities	346 430	0	346 430	0	346 430	0
Financial liabilities	26 575 512	0	26 444 045	131 467	26 575 512	0

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

The fair value presented may not correspond to the realizable value of these financial instruments and was not determined for this purpose.

The main methodologies and assumptions used in estimating the fair value of financial assets and liabilities recorded in the Balance Sheet at amortized cost are analyzed as follows:

Cash and deposits at central banks, Deposits at other credit institutions, Investments in credit institutions.

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

Customer Credit

The fair value of the credit income is estimated based on the updated cash flow expected from capital and interest, considering that the installments are paid monthly, in the residual maturity of the operations. The discount rates used are the current rates charged for loans with similar characteristics. For the remaining short-term receivables, notably bank overdrafts and current account receivables, the balance sheet value is considered to be a reasonable estimate of their fair value.

Debt Securities

The fair value of these financial instruments is based on quoted market prices, when available and the market is active and liquid. If no such instruments exist, fair value is estimated based on the discount of the expected future cash flows of principal and interest for these instruments, based on current rates of similar issues.

The Bank opted for Level 1, fair value is determined using quoted prices in active markets for identical assets or identical liabilities. In other words, when the financial asset or liability is traded on an active market, the price quoted on that market is used to determine its fair value.

Resources from central banks, Resources from other credit institutions and Resources from customers and other loans

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

Other Subordinated Liabilities

The fair value of these instruments is based on quoted market prices when available; if not available, it is estimated based on the expected future cash flows of capital and interest for these instruments, at a market interest rate, in accordance with the assumptions disclosed in Note 21.

➤ Note 5. Cash and Deposits at Central Banks

The cash and demand deposits item is summarized in the table below, in (tCVE).

	31/Dec/23	31/Dec/24
Cash	602 231	678 128
National banknotes and coins	272 668	357 778
Foreign banknotes and coins	329 563	296 262
Banknotes and coins in transit	0	24 088
Demand deposits at the central bank	1 389 864	2 756 756
Total	1 992 094	3 434 883

The balance of the item Demand Deposits at the Central Bank includes demand deposits in national currency that are intended to meet the minimum cash reserve requirements of the Central Bank of Cabo Verde.

Note 6. Investments In Credit Institutions

The breakdown of the item is as follows values in (tCVE)

	31/Dec/23	31/Dec/24
Deposits in credit institutions in the country	62 335	103 871
Checks to be cashed	62 335	103 871
Deposits with other credit institutions abroad	471 695	444 139
Demand deposits with other credit institutions	251 634	172 200
Checks to be cashed at other credit institutions	28 596	32 024
Demand deposits in group companies	191 465	239 915
Total Availabilities	534 030	548 010

Deposits with other credit institutions abroad essentially represent deposits made with our correspondents to carry out operations related to transfers, trade finance, letters of credit and documentary remittances.

Note 7. Financial Assets at Fair Value through other Comprehensive Income

The breakdown of the item is as follows values in (tCVE)

	31/Dec/23	31/Dec/24
Equity instruments	159 044	597 133
Valued at fair value	159 044	597 133
Total	159 044	597 133

The table below illustrates the breakdown Financial assets at fair value through other comprehensive income.

31/Dec/24						mCVE	
Designation of Participation	Share Capital	Number Of Shares	Unit Value	Participation Amount	%	Fair Value Adjustment	Valuation Of Financial Assets
Shares							
SWIFT	1 103	15	0	296	0,05%	0	296
ENACOL	1 000 000	12	0	48	0,0012%	0	48
SISP	105 000	5 000	31 740	158 700	4,76%	-7 344	151 356
CECV	1 392 000	69 599	4 080	283 964	4,99%	161 470	445 434
Total	2 498 103		159 044	443 007		154 126	597 133

BAICV holds 5000 ordinary shares in Sociedade Interbancária e Sistemas de Pagamento, S.A. (SISP), corresponding to a 4.76% stake in the company's capital and 69,599 ordinary shares in Caixa Económica de Cabo Verde, S.A. (CECV), corresponding to a 4.99% stake in the company's capital, the Bank having irrevocably opted, on initial recognition, for classification in the Financial assets at fair value through other comprehensive income category, given that this investment is not held for trading. According to the accounting standard (IFRS9), these assets must be measured at fair value, with changes in fair value recorded in comprehensive income (equity).

The fair value adjustment for assets classified as Financial assets through ORI does not affect net income for the period, but results in an equity gain (increase in equity).

The table below shows that in 2024 the Bank received financial investments in the amount of tCVE 53,433. from dividends.

2024					mCVE
Designation of Participation	Share Capital	Number Of Shares	Participation Amount	%	Dividends Received
Shares					
SWIFT	1 103	15	296	0,05%	0
ENACOL	1 000 000	12	48	0,0012%	2
SISP	105 000	5 000	151 356	4,76%	15 848
CECV	1 392 000	69 599	445 434	4,99%	37 583
Total	2 498 103		597 133		53 434

The Bank ensures transparency, consistency and compliance in the assessment of the fair value of these investments in equity and financial position, promoting credibility, understanding and confidence in the entity's financial statements.

As at December 31, 2024 and December 31, 2023, the item shows the following movements: (tCVE)

	31/Dec/24
Balance as of January 1, 2023	344
Acquisitions	158 700
Disposals	-
Balance as of December 31, 2023	159 044
Acquisitions	283 964
Adjustment	154 126
Disposals	-
Balance as of December 31, 2024	597 133

The fair value adjustment recorded in December 2024 breaks down as follows: (tCVE)

	31/Dec/24
Fair Value Adjustment through Other Comprehensive Income	
Positive adjustment	161 470
Negative adjustment	(7 344)
Tax effect	(33 014)
Fair Value Through Other Comprehensive Income	121 112

➤ Note 8. Debt Securities

As of December 31, 2024 and December 31, 2023, the breakdown of financial assets at amortized cost is as follows: (tCVE)

	31/Dec/23	31/Dec/24
Debt instruments	6 351 358	5 629 825
Cabo Verdean public debt	5 199 141	4 354 636
From foreign public issuers	1 152 217	1 275 189
Accumulated Impairment	(81 390)	(79 427)
Total	6 269 969	5 550 398

To calculate the expected losses for Cabo Verdean public debt securities, the Bank uses the parameters of Fitch's speculative grade rating as a reference for calculating the PD (probability of default).

The movements in impairment losses under assets are as follows (tCVE):

	Debt Securities
Balance as of January 1, 2023	73 928
Appropriations	26 078
Uses	(18 617)
Balance as of December 31, 2023	81 390
Appropriations	24 061
Uses	(6 798)
Reversals	(19 225)
Balance as of December 31, 2024	79 427

On December 31, 2024 and 2023, financial assets at amortized cost have the following residual maturities (tCVE):

31/Dec/24						
Financial Assets at amortized cost	Up to three months	From three to six months	From six months to one year	Between 1 year and 5 years	More than 5 years	Total
Public debt securities						
Cabo Verdean public debt						
In national currency	364 556	481 301	272 112	2 842 779	393 888	4 354 636
From foreign public issuers						
In foreign currency	(52 361)	55 250	-	1 061 721	210 579	1 275 189
Accumulated Impairment	(646)	(2 425)	(2 919)	(63 726)	(9 710)	(79 427)
Total	311 549	534 126	269 193	3 840 774	594 757	5 550 398

31/Dec/23						
Financial Assets at amortized cost	Up to three months	From three to six months	From six months to one year	Between 1 year and 5 years	More than 5 years	Total
Public debt securities						
Cabo Verdean public debt						
In national currency	220 361	139 619	757 153	2 906 121	1 199 616	5 222 870
From foreign public issuers						
In foreign currency	8 066	-	49 985	828 068	242 369	1 128 488
Accumulated Impairment	(410)	(681)	(7 415)	(53 351)	(19 533)	(81 390)
Total	228 017	138 938	799 724	3 680 837	1 422 452	6 269 968

17. Notes to the Financial Statements of December 31, 2024 and 2023

On December 31, 2024 and 2023, financial assets at amortized cost have the following characteristics:

31/Dec/24											
Financial Assets at amortized cost	Issuer	Based in	Activity	Currency	Index	Average rate	Nominal value	Acquisition cost	Accrued interest	Impairment	Balance Sheet Value
Public debt securities											
Cabo Verdean public debt											
In national currency											
Bonds	State	Cabo Verde	Government	CVE	n/a	3,55%	4 312 582	4 312 582	42 054	(47 503)	4 307 133
From foreign public issuers											
In foreign currency											
Bonds	State	Angola	Government	USD	n/a	8,25%	634 008	605 281	9 166	(9 787)	604 659
Bonds	State	Ghana	Government	USD	n/a	1,50%	50 721	50 721	615	(4 519)	46 817
Bonds	State	Ghana	Government	USD	n/a	0,00%	2 113	2 113	-	(186)	1 927
Bonds	State	Bahamas	Government	USD	n/a	6,95%	52 834	50 456	1 938	(831)	51 563
Bonds	State	Oman	Government	USD	n/a	5,38%	52 834	54 131	876	(137)	54 870
Bonds	State	South Africa	Government	USD	n/a	5,88%	52 834	52 821	354	(132)	53 043
Bonds	State	Nigeria	Government	USD	n/a	6,50%	52 834	48 447	305	(4 292)	44 461
Bonds	State	Kenya	Government	USD	n/a	7,25%	116 235	109 300	3 460	(9 926)	102 834
Bonds	State	Ivory Coast	Government	USD	n/a	5,13%	55 132	55 033	118	(62)	55 089
Bonds	State	USA	Government	USD	n/a	2,88%	105 668	100 273	388	-	100 661
Bonds	State	Bahamas	Government	USD	n/a	9,00%	63 401	61 949	2 140	(1 016)	63 072
Bonds	State	Senegal	Government	EUR	n/a	4,75%	66 159	61 887	3 418	(1 036)	64 270
Total							5 617 355	5 564 994	64 831	(79 427)	5 550 398

31/Dec/23											
Financial Assets at amortized cost	Issuer	Based in	Activity	Currency	Index	Average rate	Nominal value	Acquisition cost	Accrued interest	Impairment	Balance Sheet Value
Public debt securities											
Cabo Verdean public debt											
In national currency											
Bonds	State	Cabo Verde	Government	CVE	n/a	3,68%	5 150 457	5 150 457	48 684	(57 661)	5 141 480
From foreign public issuers											
In foreign currency											
Bonds	State	Angola	Government	USD	n/a	8,25%	595 278	571 779	8 742	(8 523)	571 998
Bonds	State	Ghana	Government	USD	n/a	10,75%	49 607	55 555	1 096	(4 299)	52 351
Bonds	State	Bahamas	Government	USD	n/a	6,95%	49 607	46 920	1 820	(716)	48 024
Bonds	State	Oman	Government	USD	n/a	5,38%	49 607	51 364	830	(133)	52 061
Bonds	State	South Africa	Government	USD	n/a	5,88%	49 607	49 402	316	(126)	49 591
Bonds	State	Nigeria	Government	USD	n/a	6,50%	49 607	43 724	287	(3 340)	40 670
Bonds	State	Kenya	Government	USD	n/a	7,25%	49 607	44 737	1 199	(674)	45 262
Bonds	State	Egypt	Government	USD	n/a	7,50%	99 213	72 516	3 121	(5 740)	69 896
Bonds	State	Ivory Coast	Government	USD	n/a	5,13%	55 133	54 835	126	(140)	54 821
Bonds	State	Portugal	Government	USD	n/a	5,13%	49 607	49 493	530	(37)	49 985
Bonds	State	USA	Government	USD	n/a	2,88%	99 213	93 465	364	-	93 829
Total							6 346 539	6 284 245	67 114	(81 390)	6 269 969

On December 31, 2024, Cabo Verdean public debt securities corresponding to 100% of the loans obtained from Banco de Cabo Verde were pledged (Note 16).

Note 9. Investments In Financial Institutions

The breakdown of the investments in financial institutions item is shown in the table below: (tCVE)

	31/Dec/23	31/Dec/24
Investments in credit institutions in the country	798 325	551 325
At the central bank	247 000	0
In other credit institutions	551 325	551 325
Investments in credit institutions abroad	1 731 059	4 577 313
Other credit institutions	49 607	4 577 313
Head office and branches of the institution itself	1 681 452	0
Interest receivable	20 004	27 648
Interest with deferred income	-560	0
Total	2 548 828	5 156 287

The breakdown of Credit Institutions Investments by maturity is as follows:

	31/Dec/23	31/Dec/24
Up to three months	2 069 430	4 592 902
From three to six months	428 096	366 630
From six months to one year	51 301	196 754
Total	2 548 828	5 156 287

The investments in credit institutions had the following structure by currency and average interest rate:

	31/Dec/23	31/Dec/24
In Cabo Verde Escudos	246 440	-
In Euros	1 902 793	4 480 848
In United States Dollars	399 595	675 438
Others	-	-
Total	2 548 828	5 156 287

Note 10. Customer Credit

The breakdown of customer credit is summarized in the table below: (in CVE):

31/Dec/24												
Credit	Companies/ Individuals	Non-Com- pliance	Equity	Accrued interest	Accrued interest	Overdue Interest	Overdue credit expenses	Revenues with deferred income	ECL_BAICV	Gross Value	IAS19 Adjustment	Exhibition
Not Titled	Companies	N	11 860 300 477	0	67 911 186	0	2 079 190	(76 960 284)	(124 818 608)	11 853 330 570	0	11 853 330 570
		Y	280 979 158	0	(18 966)	3 004 727	0	(452 778)	(95 708 033)	283 512 140	0	283 512 140
	To Individuals	N	4 544 664 622	0	15 236 863	0	2 763 417	(55 253 847)	(34 636 806)	4 507 411 054	(125 204 602)	4 382 206 452
		Y	113 048 193	0	139 365	1 079 940	(321 888)	(702 450)	(23 123 119)	113 243 160	0	113 243 160
Titled	Companies	N	1 191 584 871	12 926 460	0	0	0	0	(14 986 723)	1 204 511 331	0	1 204 511 331
		Y	349 556 826	0	0	15 273 984	0	0	(325 374 272)	364 830 810	0	364 830 810
Total			18 340 134 147	12 926 460	83 268 448	19 358 651	4 520 719	(133 369 359)	(618 647 562)	18 326 839 066	(125 204 602)	18 201 634 464

31/Dec/23												
Credit	Companies/ Individuals	Non-Com- pliance	Equity	Accrued interest	Accrued interest	Overdue Interest	Overdue credit expenses	Revenues with deferred income	ECL_BAICV	Gross Value	IAS19 Adjustment	Exhibition
Not Titled	Companies	N	10 243 690 755	0	36 823 554	0	970 145	(69 691 997)	(90 450 378)	10 211 792 458	0	10 211 792 458
		Y	291 651 516	0	231 135	3 362 156	0	(595 185)	(148 378 832)	294 649 621	0	294 649 621
	To Individuals	N	3 405 411 476	0	10 997 795	0	1 993 778	(39 494 925)	(27 949 133)	3 378 908 124	(127 437 349)	3 251 470 775
		Y	83 664 313	0	71 636	942 915	(321 888)	(434 996)	(23 916 622)	83 921 980	0	83 921 980
Titled	Companies	N	1 028 241 587	9 876 039	0	0	0	0	(14 028 603)	1 038 117 626	0	1 038 117 626
		Y	357 028 876	0	0	15 273 984	0	0	(302 306 921)	372 302 860	0	372 302 860
Total			15 409 688 523	9 876 039	48 124 120	19 579 055	2 642 036	(110 217 103)	(607 030 488)	15 379 692 670	(127 437 349)	15 252 255 320

As of December 31, 2024, the accumulated impairment balance amounted to CVE 618,647,562, which represents 3.40% of the total credit portfolio (December 31, 2023: 3.98%).

On December 31, 2024 and December 31, 2023, the item “Other receivables (securitized)” includes the value of bonds of national companies classified in the category of “financial assets at amortized cost”. These bonds are detailed as follows (in CVE):



17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/24					
Reference	Security	Equity	Interest on Balance Sheet	ECL_BAICV	Balance Sheet Value
CVASADOM0004	AEROPORTOS SEGURANÇA AEREA SA	16 791 000	293 843	(215 718)	16 869 125
CVCCVAOM0008	Correios Cabo Verde SARL	165 789 474	3 025 658	(2 131 504)	166 683 628
CVCFFAOM0005	Cabo Verde Fast Ferry SA	28 536 248	0	(22 594 758)	5 941 490
CVCFFBOM0004	Cabo Verde Fast Ferry SA	105 558 902	0	(83 580 638)	21 978 265
CVCMSCOM0009	MUNICÍPIO SAL	283 333 333	3 506 250	(3 621 712)	283 217 871
CVIFHHOM0000	IFH Imobiliária Fundiaria e Habitat	7 553 500	162 400	(97 423)	7 618 477
CVMHIAOM0008	MASEYKA HOLDINGS INVESTMENTS SA	264 994 846	176 663	(3 126 372)	262 045 137
CVMSDAOM0000	MUNICÍPIO SAO DOMINGOS	148 571 428	4 085 714	(1 927 489)	150 729 653
CVRTCAOM0005	RTC RÁDIO TELEVISÃO CABOVERDIANA SA	55 000 000	61 111	(695 216)	54 365 895
CVSOGAOM0005	SOGEI Soc Gestão Investimento SA	215 461 675	15 273 984	(219 198 877)	11 536 783
CVTACAOM0004	TACV Transportes Aéreos Cabo Verde	174 166 673	774 073	(2 208 848)	172 731 899
CVTACCOM0002	TACV Transportes Aéreos Cabo Verde	75 384 617	840 748	(962 441)	75 262 924
Total		1 541 141 697	28 200 444	(340 360 995)	1 228 981 146

31/Dec/23					
Reference	Security	Equity	Interest on Balance Sheet	ECL_BAICV	Balance Sheet Value
CVASADOM0004	AEROPORTOS SEGURANÇA AEREA SA	22 388 000	391 790	(307 835)	22 471 955
CVCCVAOM0008	Correios Cabo Verde SARL	189 473 685	3 481 579	(2 607 501)	190 347 763
CVCFFAOM0005	Cabo Verde Fast Ferry SA	28 536 248	0	(21 402 186)	7 134 062
CVCFFBOM0004	Cabo Verde Fast Ferry SA	113 030 952	0	(84 773 214)	28 257 738
CVCMSCOM0009	MUNICÍPIO SAL	300 000 000	3 712 500	(4 104 219)	299 608 281
CVIFHHOM0000	IFH Imobiliária Fundiaria e Habitat	15 107 000	324 801	(208 538)	15 223 263
CVMSDAOM0000	MUNICÍPIO SAO DOMINGOS	154 285 714	0	(2 084 940)	152 200 774
CVRTCAOM0005	RTC RÁDIO TELEVISÃO CABOVERDIANA SA	55 000 000	61 111	(744 068)	54 317 043
CVSOGAOM0005	SOGEI Soc Gestão Investimento SA	215 461 675	15 273 984	(196 125 311)	34 610 349
CVTACAOM0004	TACV Transportes Aéreos Cabo Verde	205 833 339	943 403	(2 794 278)	203 982 465
CVTACCOM0002	TACV Transportes Aéreos Cabo Verde	86 153 849	960 855	(1 177 225)	85 937 479
Total		1 385 270 463	25 150 023	(316 329 313)	1 094 091 172

As of December 31, 2024, the bank has provided 79% of the bonds held by CVFF - Cabo Verde Fast Ferry, S.A and 95% of the bonds held by SOGEI - Sociedade de Gestão de Investimentos, S.A.

On December 31, 2024, the balance of other assets shows an adjustment to loans and advances to employees in the amount

of 125,204,602 ECV, corresponding to the impact of the application of IAS 19 - Employee benefits. In fact, like most Cabo Verdean financial institutions, the bank grants credit to its employees at interest rates below those charged to its customers. This benefit allows the employee to have a much lower effort rate than if their credit had a market rate, which is why it should be accounted for as an employee benefit, in line with IAS 19.

17. Notes to the Financial Statements of December 31, 2024 and 2023

The movements in impairment losses shown in assets as a correction to loan values were as follows (in CVE):

	Non-securitized credits	Other credits (securitized)	Debt Securities
Balance as of January 1, 2023	243 797 000	313 365 000	557 162 000
Appropriations	221 700 292	4 758 883	226 459 174
Uses	(22 000)	-	(22 000)
Reversals	(174 773 875)	(1 795 244)	(176 569 119)
Balance as of December 31, 2023	290 701 416	316 328 639	607 030 057
Appropriations	177 056 215	31 290 659	208 346 874
Uses	(49 564 489)	6 798 961	(42 765 529)
Reversals	(139 906 566)	(14 057 264)	(153 963 830)
Balance as of December 31, 2024	278 286 576	340 360 995	618 647 572

The amount of impairment at December 31, 2024 and December 31, 2023 is segmented as follows (in CVE):

31/Dec/23									
Segment impairment	Stages	1		2		3		Total	
	Metric	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
Companies - With guarantees		4 894 097 828	(27 001 375)	471 955 252	(6 498 627)	194 716 927	(72 016 837)	5 560 770 007	(105 516 839)
Companies - Overdrafts		18 415 884	(125 277)	1 473 125	(355 859)	1 553 376	(851 896)	21 442 386	(1 333 032)
Companies - No guarantees		2 098 695 449	(12 634 270)	171 698 460	(12 191 513)	84 172 593	(72 162 765)	2 354 566 503	(96 988 548)
Companies - Corporate bonds		43 968 049	(21 610 724)	0	0	343 766 612	(280 898 525)	387 734 661	(302 509 248)
Individuals - With guarantees		988 709 511	(4 721 804)	33 601 300	(1 131 551)	25 456 439	(5 092 323)	1 047 767 249	(10 945 678)
Individuals - Overdrafts		2 920 184	(1 611)	1 555 793	(6 176)	2 541 736	(1 388 214)	7 017 712	(1 396 000)
Individuals - Housing		1 698 022 578	(14 181 058)	120 018 271	(2 231 980)	36 272 673	(3 560 566)	1 854 313 522	(19 973 605)
Individuals - No guarantees		390 618 450	(4 511 926)	10 533 726	(409 551)	22 417 460	(14 632 928)	423 569 636	(19 554 405)
General Government Sector		880 828 885	(11 908 611)	0	0	0	0	880 828 885	(11 908 611)
Public Corporate Sector		2 714 168 938	(36 904 394)	75 820	(12)	0	(116)	2 714 244 758	(36 904 522)
Total		13 730 445 757	(133 601 051)	810 911 746	(22 825 268)	710 897 816	(450 604 169)	15 252 255 320	(607 030 488)

31/Dec/24									
Segment impairment	Stages	1		2		3		Total	
	Metric	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
Companies - With guarantees		6 064 533 382	(48 128 658)	614 748 683	(2 424 201)	221 738 443	(62 254 749)	6 901 020 508	(112 807 608)
Companies - Overdrafts		4 096 821	(235 209)	1 788 546	(1 121 722)	2 455 992	(1 417 409)	8 341 359	(2 774 340)
Companies - No guarantees		2 383 877 707	(12 416 117)	199 851 295	(27 874 927)	53 713 320	(30 824 226)	2 637 442 323	(71 115 270)
Companies - Corporate bonds		265 171 509	(3 126 372)	0	0	230 735 659	(219 198 877)	495 907 168	(222 325 249)
Individuals - With guarantees		1 367 010 641	(13 715 660)	32 569 192	(1 417 176)	13 282 863	(3 723 428)	1 412 862 696	(18 856 263)
Individuals - Overdrafts		521 976	(230)	589 972	(63 756)	2 653 287	(829 159)	3 765 234	(893 144)
Individuals - Housing		2 334 581 314	(8 884 958)	127 245 777	(3 592 575)	53 248 691	(6 646 612)	2 515 075 783	(19 124 145)
Individuals - No guarantees		505 999 028	(6 617 531)	26 913 434	(1 612 832)	28 706 931	(10 656 010)	561 619 393	(18 886 373)
General Government Sector		1 000 430 195	(13 593 978)	0	0	0	0	1 000 430 195	(13 593 978)
Public Corporate Sector		2 167 668 933	(27 507 242)	363 405 165	(4 588 449)	134 095 706	(106 175 501)	2 665 169 804	(138 271 192)
Total		16 093 891 507	(134 225 955)	1 367 112 066	(42 695 638)	740 630 891	(441 725 969)	18 201 634 464	(618 647 562)

The average parameters used in the impairment calculation on December 31, 2024 and December 31, 2023 were as follows (In CVE):

31/Dec/24									
Segment impairment	Stages	1		2		3		Total	
	Metric	Avg (PD)	Avg (LGD)	Avg (PD)	Avg (LGD)	Avg (PD)	Avg (LGD)	Avg (PD)	Avg (LGD)
Companies - With guarantees		0,31%	7,60%	1,93%	15,47%	100,00%	17,44%	4,67%	8,37%
Companies - Overdrafts		2,14%	49,41%	35,06%	46,60%	100,00%	45,19%	94,11%	45,41%
Companies - No guarantees		0,34%	28,49%	8,07%	31,87%	100,00%	43,54%	16,92%	31,11%
Companies - Corporate bonds		2,62%	45,00%	0%	0%	100,00%	95,00%	51,31%	70,00%
Individuals - With guarantees		0,36%	11,78%	4,38%	16,31%	100,00%	28,02%	3,18%	12,34%
Individuals - Overdrafts		0,04%	6,69%	13,61%	34,70%	100,00%	26,68%	92,32%	25,30%
Individuals - Housing		0,13%	7,35%	0,03%	8,76%	100,00%	12,68%	2,52%	7,53%
Individuals - No guarantees		0,22%	45,17%	0,51%	45,10%	100,00%	45,95%	9,58%	45,24%
General Government Sector		2,02%	44,66%	0%	0%	0%	0%	2,02%	44,66%
Public Corporate Sector		2,33%	46,15%	2,53%	50,00%	100,00%	59,95%	22,91%	49,46%
Total		0,27%	25,05%	5,62%	30,48%	100,00%	30,01%	47,55%	27,52%

31/Dec/23									
Segment impairment	Stages	1		2		3		Total	
	Metric	Avg (PD)	Avg (LGD)	Avg (PD)	Avg (LGD)	Avg (PD)	Avg (LGD)	Avg (PD)	Avg (LGD)
Companies - With guarantees		0,27%	9,16%	0,41%	5,09%	100,00%	31,27%	6,19%	10,27%
Companies - Overdrafts		0,65%	53,03%	36,52%	53,50%	100,00%	85,83%	90,85%	82,51%
Companies - No guarantees		0,23%	55,17%	4,72%	54,93%	100,00%	83,13%	16,49%	59,68%
Companies - Corporate bonds		0%	0%	0%	0%	100,00%	85,00%	100,00%	85,00%
Individuals - With guarantees		0,76%	4,04%	0,65%	2,12%	100,00%	25,79%	4,44%	4,80%
Individuals - Overdrafts		0,05%	4,07%	16,40%	28,80%	100,00%	77,65%	80,19%	63,21%
Individuals - Housing		0,05%	11,07%	0,04%	6,79%	100,00%	10,43%	2,42%	10,85%
Individuals - No guarantees		0,29%	33,30%	2,57%	34,85%	100,00%	67,97%	8,84%	36,29%
General Government Sector		2,32%	42,86%	0%	0%	0%	0%	2,32%	42,86%
Public Corporate Sector		2,52%	46,67%	0,03%	53,50%	100,00%	83,33%	17,78%	52,82%
Total		0,29%	19,50%	8,26%	25,78%	100,00%	77,56%	50,75%	48,92%

As of December 31, 2024 and December 31, 2023, the detail of the loans granted, with a public guarantee, within the scope of the lines of support for the economy as a measure to mitigate the impacts of COVID-19, is summarized as follows (in thousands of CVE):

31/Dec/24				31/Dec/23	
		Number of operations	Amount	Number of operations	Amount
Companies					
Corporate		15	29 591 150	26	62 932 039
Others		2	1 694 815	2	4 064 408
Total		17	31 285 965	28	66 996 447

17. Notes to the Financial Statements of December 31, 2024 and 2023

Details of exposures and impairment by segment (in CVE):

31/Dec/24											
Restructured	Cured		No				Yes		Total		
	Stages	1	2		3		2				
	CAE BCV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
No	Construction and CRE	728 019 983	(6 988 208)	338 468 093	(18 258 823)	304 265 530	(223 093 709)	744 333	(12 583)	1 371 497 938	(248 353 324)
	Corporate	5 751 170 810	(49 994 183)	310 162 517	(12 135 961)	112 086 146	(29 086 624)	3 180 040	(119 738)	6 176 599 513	(91 336 506)
	Housing	2 291 125 007	(8 877 081)	120 688 280	(3 587 884)	48 251 400	(6 440 882)	0	0	2 460 064 687	(18 905 848)
	Others	2 520 298 681	(23 498 239)	121 715 886	(3 467 885)	46 259 262	(16 343 784)	2 651 307	(69 129)	2 690 925 137	(43 379 037)
	General government Sector	1 000 430 195	(13 593 978)	0	0	0	0	0	0	1 000 430 195	(13 593 978)
	Public Corporate Sector	2 167 668 933	(27 507 242)	292 086 530	(3 687 961)	134 095 706	(106 175 501)	0	0	2 593 851 169	(137 370 704)
Yes	Construction and CRE	62 049 982	(49 200)	0	0	0	0	777 562	(101 059)	62 827 544	(150 259)
	Corporate	1 514 108 190	(3 682 666)	58 251 630	(268 291)	50 842 215	(36 045 471)	40 509 755	(81 145)	1 663 711 789	(40 077 574)
	Housing	43 456 307	(7 877)	6 557 498	(4 691)	4 997 292	(205 729)	0	0	55 011 096	(218 297)
	Others	15 563 419	(27 280)	0	0	39 833 342	(24 334 267)	0	0	55 396 761	(24 361 547)
	Public Corporate Sector	0	0	71 318 635	(900 488)	0	0	0	0	71 318 635	(900 488)
Total		16 093 891 507 (134 225 955) 1 319 249 069 (42 311 984) 740 630 891 (441 725 969) 47 862 997 (383 654) 18 201 634 464 (618 647 562)									

31/Dec/23											
Restructured	Cured		No				Yes		Total		
	Stages	1	2		3		2				
	CAE BCV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
No	Construction and CRE	741 057 567	(4 360 363)	282 323 413	(5 785 426)	265 344 499	(198 464 931)	0	0	1 288 725 478	(208 610 720)
	Corporate	4 118 504 328	(30 568 934)	281 102 515	(11 649 560)	120 610 683	(63 609 664)	3 679 118	(14 101)	4 523 896 643	(105 842 259)
	Housing	1 576 406 967	(14 111 449)	100 360 589	(2 091 927)	31 036 447	(3 016 835)	11 097 127	(129 953)	1 718 901 129	(19 350 165)
	Others	1 976 488 095	(11 477 989)	107 257 231	(1 750 981)	58 231 802	(31 889 230)	12 487 568	(1 379 939)	2 154 464 696	(46 498 139)
	General government Sector	880 828 885	(11 908 611)	0	0	0	0	0	0	880 828 885	(11 908 611)
	Public Corporate Sector	2 729 600 739	(37 112 931)	75 820	(12)	141 567 202	(106 175 516)	0	0	2 871 243 761	(143 288 460)
Yes	Construction and CRE	57 207 007	(127 609)	0	0	20 115 683	(6 158 182)	0	0	77 322 690	(6 285 791)
	Corporate	1 473 882 320	(2 320 373)	4 212 686	(13 270)	58 551 479	(37 507 070)	0	0	1 536 646 486	(39 840 713)
	Housing	121 615 612	(69 609)	8 560 555	(10 099)	5 236 226	(543 731)	0	0	135 412 393	(623 440)
	Others	26 073 246	(138 718)	0	0	38 739 914	(24 643 473)	0	0	64 813 160	(24 782 191)
Total		13 701 664 765	(112 196 587)	783 892 808	(21 301 275)	739 433 935	(472 002 422)	27 263 812	(1 523 993)	15 252 255 320	(607 030 488)

Details of exposures and impairment by segment and days overdue (in CVE):

31/Dec/24									
Credit Quality	Stages	1		2		3		Total	
	CAE BCV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
<30	Construction and CRE	790 069 965	(7 037 408)	339 108 533	(18 233 763)	206 173	(100 716)	1 129 384 671	(25 371 886)
	Corporate	7 265 279 000	(53 676 849)	407 314 203	(10 808 831)	732 942	(358 003)	7 673 326 145	(64 843 683)
	Housing	2 334 581 314	(8 884 958)	109 775 910	(192 284)	0	0	2 444 357 224	(9 077 243)
	Others	2 535 993 858	(23 509 004)	119 432 486	(2 431 671)	5 753 436	(3 454 198)	2 661 179 780	(29 394 873)
	General government Sector	1 000 430 195	(13 593 978)	0	0	0	0	1 000 430 195	(13 593 978)
	Public Corporate Sector	2 167 668 933	(27 507 242)	363 405 165	(4 588 449)	0	0	2 531 074 098	(32 095 691)
	Total	16 094 023 265	(134 209 440)	1 339 036 297	(36 254 997)	6 692 551	(3 912 917)	17 439 752 114	(174 377 354)
>=30 and <90	Construction and CRE	0	0	881 454	(138 703)	230 735 659	(219 198 877)	231 617 114	(219 337 580)
	Corporate	0	0	4 789 739	(1 796 304)	387 940	(107 160)	5 177 679	(1 903 464)
	Housing	0	0	17 469 867	(3 400 291)	0	0	17 469 867	(3 400 291)
	Others	190 130	(16 516)	4 517 026	(990 915)	1 409 591	(641 231)	6 116 747	(1 648 662)
	Public Corporate Sector	0	0	0	0	134 095 150	(106 175 395)	134 095 150	(106 175 395)
	Total	190 130	(16 516)	27 658 086	(6 326 213)	366 628 341	(326 122 663)	394 476 558	(332 465 391)
>=90 and <180	Corporate	0	0	0	0	13 412 784	(3 375 778)	13 412 784	(3 375 778)
	Others	0	0	417 682	(114 428)	3 204 473	(1 032 396)	3 622 155	(1 146 824)
	Public Corporate Sector	0	0	0	0	554	(14)	554	(14)
	Total	0	0	417 682	(114 428)	16 617 811	(4 408 189)	17 035 493	(4 522 616)
>90	Construction and CRE	0	0	0	0	73 323 697	(3 794 117)	73 323 697	(3 794 117)
	Corporate	0	0	0	0	148 394 695	(61 291 155)	148 394 695	(61 291 155)
	Housing	0	0	0	0	53 248 691	(6 646 612)	53 248 691	(6 646 612)
	Others	(321 888)	0	0	0	75 725 103	(35 550 225)	75 403 215	(35 550 225)
	Public Corporate Sector	0	0	0	0	1	(92)	1	(92)
	Total	(321 888)	0	0	0	350 692 188	(107 282 200)	350 370 300	(107 282 200)
Total		16 093 891 507	(134 225 955)	1 367 112 066	(42 695 638)	740 630 891	(441 725 969)	18 201 634 464	(618 647 562)

17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/23									
Credit Quality	Stages	1		2		3		Total	
	CAE BCV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
<30	Construction and CRE	783 564 890	(4 487 972)	282 078 406	(5 453 257)	181 623	(181 623)	1 080 147 200	(10 122 851)
	Corporate	7 441 872 675	(32 889 308)	289 070 139	(8 817 533)	998 935	(835 776)	5 872 931 889	(42 542 617)
	Housing	1 181 656 662	(14 181 058)	100 786 725	(1 699 763)	8 137 580	(173 358)	1 820 630 615	(16 054 179)
	Others	3 554 856 891	(11 616 707)	72 123 720	(1 541 239)	2 548 460	(1 528 965)	2 117 165 711	(14 686 911)
	General government Sector	154 285 714	(11 908 611)	0	0	0	0	880 828 885	(11 908 611)
	Public Corporate Sector	585 672 937	(37 112 931)	66 852 624	(12)	0	0	2 729 676 559	(37 112 944)
	Total	13 701 909 769	(112 196 587)	810 911 614	(17 511 804)	11 866 599	(2 719 722)	14 501 380 859	(132 428 113)
>=30 and <90	Construction and CRE	0	0	0	(332 169)	230 735 659	(196 125 311)	231 358 069	(196 457 480)
	Corporate	0	0	0	(2 859 397)	5 782 351	(2 177 746)	15 230 364	(5 037 143)
	Housing	0	0	0	(532 217)	0	0	5 547 814	(532 217)
	Others	0	0	0	(1 589 681)	711 564	(83 488)	8 722 341	(1 673 168)
	Public Corporate Sector	0	0	0	0	141 567 200	(106 175 400)	141 567 200	(106 175 400)
	Total	0	0	0	(5 313 465)	378 796 775	(304 561 944)	402 425 788	(309 875 409)
>=90 and <180	Corporate	0	0	0	0	444 151	(246 457)	444 151	(246 457)
	Others	0	0	0	0	2 180 627	(948 279)	2 180 627	(948 279)
	Public Corporate Sector	0	0	0	0	4 113 515	(1 295 379)	4 113 515	(1 295 379)
	Total	0	0	0	0	6 738 292	(2 490 115)	6 738 292	(2 490 115)
>90	Construction and CRE	0	0	0	0	54 098 748	(8 063 513)	54 098 748	(8 063 513)
	Corporate	0	0	0	0	170 200 249	(97 154 933)	170 200 249	(97 154 933)
	Housing	0	0	0	0	28 135 093	(3 387 208)	28 135 093	(3 387 208)
	Others	0	0	0	0	89 598 177	(53 624 872)	89 276 289	(53 624 872)
	Public Corporate Sector	0	0	0	0	1	(116)	1	(116)
	Total	0	0	0	0	342 032 269	(162 230 642)	341 710 381	(162 230 642)
Total		13 701 909 769	(134 225 955)	810 911 614	(22 825 268)	739 433 935	(472 002 422)	15 252 255 320	(607 024 278)

Details of gross credit exposure and impairment assessed individually and collectively, by segment and sector (in CVE):

31/Dec/24														
CAE BCV	Construction and CRE		Corporate		Housing		Others		General Government Sector		Public Corporate Sector		Total	
Type of Analysis	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
Individual	626 088 668	(237 442 703)	3 482 414 408	(81 842 241)	11 920 094	(2 537 061)	241 039 396	(22 483 269)	1 000 550 878	(13 593 978)	2 665 801 525	(138 271 192)	8 027 814 968	(496 170 444)
Collective	808 236 814	(11 060 880)	4 357 896 894	(49 571 838)	2 503 155 689	(16 587 084)	2 505 282 502	(45 257 315)	(120 683)	(0)	(631 721)	0	10 173 819 496	(122 477 118)
Total	1 434 325 482	(248 503 583)	7 840 311 302	(131 414 080)	2 515 075 783	(19 124 145)	2 746 321 898	(67 740 584)	1 000 430 195	(13 593 978)	2 665 169 804	(138 271 192)	18 201 634 464	(618 647 562)
31/Dec/23														
Individual	399 617 303	(196 301 357)	1 975 374 928	(19 000 197)	5 426 576	(1 355 924)	356 760 902	(4 869 873)	154 285 714	(2 084 940)	677 718 564	(92 404 157)	3 569 183 987	(316 016 448)
Collective	951 486 175	(18 469 408)	5 964 979 626	(173 486 508)	1 313 289 485	(9 628 022)	3 365 459 771	(89 158 686)	9 642	(8 867)	87 846 635	(262 550)	11 683 071 333	(291 014 040)
Total	1 351 103 478	(214 770 765)	7 940 354 555	(192 486 705)	1 318 716 061	(10 983 946)	3 722 220 673	(94 028 559)	154 295 356	(2 093 807)	765 565 198	(92 666 707)	15 252 255 320	(607 030 488)

17. Notes to the Financial Statements of December 31, 2024 and 2023

Details of the portfolio by segment and by year of production (in CVE):

31/Dec/24																						
CAE BCV	Construction and CRE			Corporate			Housing			Others			General Government Sector			Public Corporate Sector			Total			
Production Year	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	
2008	0	0	0	0	0	0	2	5 662 134	(21 561)	0	0	0	0	0	0	0	0	0	2	5 662 134	(21 561)	
2010	0	0	0	0	0	0	2	9 104 757	(1 193)	1	53 437	(63)	0	0	0	0	0	0	3	9 158 194	(1 257)	
2011	0	0	0	3	71 484 956	(35 334 674)	3	14 079 936	(527 966)	1	4 095 206	(6 036)	0	0	0	0	0	0	7	89 660 099	(35 868 676)	
2012	0	0	0	1	2 818 985	(18 514)	6	17 326 551	(2 944)	-	-	-	0	0	0	0	0	0	7	20 145 536	(21 458)	
2013	0	0	0	1	133 824	(6)	9	34 816 182	(1 879 422)	6	1 873 011	(605 061)	0	0	0	0	0	0	16	36 823 016	(2 484 489)	
2014	0	0	0	0	0	0	4	15 101 535	(2 892)	2	31 603 237	(22 116 533)	0	0	0	0	0	0	6	46 704 772	(22 119 425)	
2015	1	32 028 015	(587 239)	2	30 914 023	(32 157)	7	28 221 549	(20 329)	0	0	0	1	22 291 443	(281 458)	2	129 152 277	(1 630 711)	13	242 607 306	(2 551 893)	
2016	0	0	0	2	2 691 733	(56 304)	11	54 042 208	(415 505)	6	9 419 465	(304 011)	0	0	0	0	0	0	19	66 153 406	(775 821)	
2017	4	5 800 524	(319 386)	15	350 416 000	(16 152 546)	16	98 115 614	(1 629 495)	39	55 237 389	(592 537)	1	16 896 061	(213 334)	0	0	0	75	526 465 588	(18 907 298)	
2018	22	4 311 488	(103 949)	96	245 423 170	(3 760 456)	24	139 972 601	(1 808 260)	415	39 494 142	(1 633 986)	0	0	0	1	101 057 837	(1 277 636)	558	530 259 237	(8 584 288)	
2019	28	59 745 836	(961 295)	119	191 687 529	(1 411 442)	29	174 974 411	(95 515)	1 333	118 588 678	(3 794 921)	0	0	0	1	1	(92)	1 510	544 996 456	(6 263 265)	
2020	12	4 155 866	(506 489)	77	154 844 358	(1 955 289)	22	149 180 430	(3 484 273)	639	297 578 122	(1 505 224)	0	0	0	0	0	0	750	605 758 776	(7 451 275)	
2021	13	85 422 304	(212 817)	30	182 297 201	(1 584 856)	31	187 806 952	(227 054)	219	182 023 691	(4 093 780)	0	0	0	1	264 415 844	(3 358 856)	294	901 965 992	(9 477 363)	
2022	10	160 626 885	(678 189)	83	953 517 360	(19 343 187)	32	179 718 640	(252 237)	353	384 186 706	(5 529 057)	1	335 810 831	(4 240 036)	1	658 962 391	(8 355 515)	480	2 672 822 812	(38 398 222)	
2023	26	438 875 052	(17 786 876)	216	2 375 497 142	(25 008 302)	80	605 253 895	(3 225 532)	767	719 139 084	(12 189 018)	0	0	0	1	514 869 208	(6 573 374)	1 090	4 653 634 381	(64 783 102)	
2024	60	643 359 511	(227 347 342)	504	3 278 585 022	(26 756 347)	97	801 698 387	(5 529 967)	1 224	903 029 730	(15 370 356)	7	625 431 861	(8 859 151)	12	996 712 246	(117 075 009)	1 904	7 248 816 758	(400 938 171)	
Total	176	1 434 325 482	(248 503 583)	1 149	7 840 311 302	(131 414 080)	375	2 515 075 783	(19 124 145)	5 005	2 746 321 898	(67 740 584)	10	1 000 430 195	(13 593 978)	19	2 665 169 804	(138 271 192)	6 734	18 201 634 464	(618 647 562)	

17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/23																					
CAE BCV	Construction and CRE			Corporate			Housing			Others			General government sector			Public Corporate Sector			Total		
Production Year	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV	Accountant	Exhibition	ECL_BAICV
2008	0	0	0	0	0	0	2	5 993 820	(37 103)	0	0	0	0	0	0	0	0	0	2	5 993 820	(37 103)
2010	0	0	0	0	0	0	2	9 551 537	(4 578)	1	119 806	(453)	0	0	0	0	0	0	3	9 671 343	(5 031)
2011	0	0	0	3	80 836 866	(35 342 187)	3	14 561 223	(2 123)	1	4 211 508	(11 495)	0	0	0	0	0	0	7	99 609 597	(35 355 805)
2012	0	0	0	1	2 818 985	(1 528 898)	6	19 350 785	(4 025)	0	0	0	0	0	0	0	0	0	7	22 169 771	(1 532 924)
2013	0	0	0	2	5 248 006	(4 345 536)	9	36 171 088	(2 054 629)	6	1 873 011	(1 652 835)	0	0	0	0	0	0	17	43 292 106	(8 052 999)
2014	1	20 115 683	(6 158 182)	0	0	0	4	15 509 401	(4 381)	3	32 400 115	(22 397 888)	0	0	0	0	0	0	8	68 025 199	(28 560 451)
2015	1	32 028 015	(743 050)	2	35 537 952	(44 040)	7	28 032 009	(23 721)	1	4 894 179	(25 787)	1	49 319 007	(666 473)	2	159 487 373	(2 155 233)	14	309 298 535	(3 658 305)
2016	0	0	0	4	10 665 276	(136 841)	11	57 663 415	(603 337)	8	10 796 792	(904 464)	0	0	0	0	0	0	23	79 125 483	(1 644 641)
2017	4	11 258 939	(655 817)	20	499 545 973	(11 023 653)	18	181 123 544	(1 083 704)	36	62 436 978	(1 951 548)	1	48 933 842	(661 267)	0	0	0	79	803 299 276	(15 375 989)
2018	23	8 675 902	(17 146)	99	320 228 473	(7 733 775)	29	148 553 368	(2 075 778)	438	47 187 458	(3 818 398)	0	0	0	1	133 142 188	(1 803 598)	590	657 787 389	(15 448 696)
2019	28	76 917 783	(214 256)	136	297 619 248	(2 929 311)	35	210 944 160	(788 297)	1 438	142 406 672	(6 410 008)	0	0	0	1	1	(116)	1 638	727 887 866	(10 341 988)
2020	13	33 564 743	(42 016)	88	257 155 066	(30 043 107)	23	158 932 382	(490 933)	687	334 620 104	(2 534 437)	0	0	0	0	0	0	811	784 272 295	(33 110 492)
2021	17	112 315 773	(198 979)	55	216 967 594	(3 992 190)	32	201 918 314	(1 224 560)	321	264 924 143	(17 917 087)	0	0	0	2	431 690 576	(5 872 279)	427	1 227 816 399	(29 205 096)
2022	12	202 892 018	(1 145 900)	110	1 160 405 387	(24 825 064)	34	230 411 013	(2 586 778)	488	471 005 968	(4 868 193)	1	321 777 470	(4 348 340)	1	543 960 506	(7 392 881)	646	2 930 452 361	(45 167 155)
2023	69	868 279 313	(205 721 165)	472	3 173 514 301	(23 738 371)	80	535 597 461	(8 989 659)	1 487	842 401 122	(8 787 735)	4	460 798 567	(6 232 531)	12	1 602 963 117	(126 064 354)	2 124	7 483 553 881	(379 533 814)
Total	168	1 366 048 168	(214 890 301)	992	6 060 543 129	(145 682 972)	295	1 854 313 522	(19 973 605)	4 915	2 219 277 855	(71 280 330)	7	880 828 885	(11 908 611)	19	2 871 243 761	(143 288 460)	6 396	15 252 255 320	(607 030 488)

17. Notes to the Financial Statements of December 31, 2024 and 2023

Detail of the fair value of the collateral underlying the credit portfolio by segment as of December 31, 2024:

31/Dec/24														
Type Colateral	HIP													
CAE BCV	Construction and CRE		Corporate		Housing		Others		General government sector		Public Corporate Sector		Total	
Bucket Colateral	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value
>= 0.5 MCVE and <1 MCVE	0	0	3	5 000 000	16	70 447 781	5	15 432 726	0	0	0	0	24	90 880 507
>= 1 MCVE and <5 MCVE	4	117 091 056	26	162 016 198	97	370 694 178	36	451 212 033	0	0	0	0	163	1 101 013 466
>= 10 MCVE and < 20 MCVE	3	39 392 000	21	299 959 532	87	1 065 422 232	25	363 561 349	0	0	0	0	136	1 768 335 113
>= 20 MCVE and <50 MCVE	7	257 456 001	28	747 606 642	20	543 605 709	25	610 288 610	0	0	0	0	80	2 158 956 962
>= 5 MCVE and <10 MCVE	6	48 497 635	24	171 928 425	105	736 546 754	18	129 358 197	0	0	0	0	153	1 086 331 012
>= 50 TCVE	9	545 835 565	30	4 966 401 474	5	185 957 400	6	521 392 989	1	183 031 873	1	229 061 995	52	6 631 681 297
0,5 MCVE	0	0	8	29 067 698	35	266 578 193	2	11 567 800	0	0	0	0	45	307 213 691
Total	29	1 008 272 257	140	6 381 979 971	365	3 239 252 247	117	2 102 813 704	1	183 031 873	1	229 061 995	653	13 144 412 047

31/Dec/24														
CAE BCV	Construction and CRE		Corporate		Housing		Others		General government sector		Public Corporate Sector		Total	
Bucket Colateral	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value
>= 0.5 MCVE and <1 MCVE	2	1 050 000	25	16 782 562	3	1 640 000	29	17 439 945	0	0	0	0	59	36 912 507
>= 1 MCVE and <5 MCVE	3	4 000 000	22	52 479 811	11	21 800 000	19	44 040 304	0	0	0	0	55	122 320 115
>= 10 MCVE and < 20 MCVE	0	0	3	32 028 811	0	0	2	28 000 000	0	0	0	0	5	60 028 811
>= 20 MCVE and <50 MCVE	0	0	1	20 000 000	1	35 000 000	0	0	0	0	0	0	2	55 000 000
>= 5 MCVE and <10 MCVE	1	5 000 000	2	19 274 934	1	5 000 000	0	0	0	0	0	0	4	29 274 934
>= 50 TCVE	0	0	1	230 346 366	0	0	1	50 000 000	0	0	0	0	2	280 346 366
0,5 MCVE	20	2 600 000	280	39 530 693	37	8 259 000	332	35 754 207	1	200 000	0	0	670	86 343 900
Total	26	12 650 000	334	410 443 177	53	71 699 000	383	175 234 456	1	200 000	0	0	797	670 226 632

17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/23														
Type Colateral	HIP													
CAE BCV	Construction and CRE		Corporate		Housing		Others		General government sector		Public Corporate Sector		Total	
Bucket Colateral	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value	Mortgage Property	Property Collateral Value
>= 0.5 MCVE and <1 MCVE	1	620 826	3	3 974 626	10	41 422 481	5	13 421 497	0	0	0	0	19	59 439 430
>= 1 MCVE and <5 MCVE	2	4 321 464	26	407 263 928	80	313 150 126	24	345 017 649	0	0	0	0	132	1 069 753 168
>= 10 MCVE and < 20 MCVE	5	77 685 133	19	243 060 920	67	792 250 852	20	304 935 753	0	0	0	0	111	1 417 932 658
>= 20 MCVE and <50 MCVE	6	184 633 550	22	620 343 915	13	380 427 173	20	636 028 252	0	0	0	0	61	1 821 432 890
>= 5 MCVE and <10 MCVE	5	36 641 717	22	205 187 432	77	543 436 903	10	72 306 418	0	0	0	0	114	857 572 471
>= 50 TCVE	10	609 558 009	31	4 392 225 351	3	156 695 000	3	209 115 855	1	183 031 873	1	229 061 995	49	5 779 688 082
0,5 MCVE	0	0	1	480 908	16	124 611 204	1	9 700 000	0	0	0	0	18	134 792 112
Total	29	913 460 701	124	5 872 537 080	266	2 351 993 740	83	1 590 525 423	1	183 031 873	1	229 061 995	504	11 140 610 812

31/Dec/23														
CAE BCV	Construction and CRE		Corporate		Housing		Others		General government sector		Public Corporate Sector		Total	
Bucket Colateral	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value	DP	DP Collateral Value
>= 0.5 MCVE and <1 MCVE	1	600 000	15	9 377 000	2	1 000 000	20	12 845 762	0	0	0	0	38	23 822 762
>= 1 MCVE and <5 MCVE	2	3 900 000	31	66 210 325	10	20 000 000	18	28 547 364	0	0	0	0	61	118 657 688
>= 10 MCVE and < 20 MCVE	0	0	2	40 509 345	0	0	2	28 000 000	0	0	0	0	4	68 509 345
>= 20 MCVE and <50 MCVE	0	0	0	0	1	30 822 175	1	25 054 000	0	0	0	0	2	55 876 175
>= 5 MCVE and <10 MCVE	0	0	3	18 650 000	0	0	0	0	0	0	0	0	3	18 650 000
>= 50 TCVE	1	125 000 000	1	230 346 366	0	0	1	50 000 000	0	0	0	0	3	405 346 366
0,5 MCVE	8	1 375 000	125	20 680 181	16	3 169 000	192	22 700 882	0	0	0	0	341	47 925 063
Total	12	130 875 000	177	385 773 216	29	54 991 175	234	167 148 008	0	0	0	0	452	738 787 398

17. Notes to the Financial Statements of December 31, 2024 and 2023

The matrix for transferring exposure and impairment between stages from January 1 to December 31, 2024 is as shown in the following tables (in CVE):

31/Dec/24									
Stage Initial	Stages	1		2		3		Total	
	Metric	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
Exposures originated during 2024		5 387 283 022	(46 008 171)	550 198 459	(12 912 424)	8 148 282	(3 398 643)	5 945 629 764	(62 319 239)
1		10 652 165 750	(87 835 893)	321 225 677	(5 365 202)	58 228 197	(9 667 409)	11 031 619 624	(102 868 505)
2		48 176 949	(379 671)	488 646 015	(24 386 917)	49 639 851	(8 085 921)	586 462 814	(32 852 509)
3		6 265 787	(2 220)	7 041 915	(31 095)	624 614 561	(420 573 995)	637 922 263	(420 607 310)
Total		16 093 891 507	(134 225 955)	1 367 112 066	(42 695 638)	740 630 891	(441 725 969)	18 201 634 464	(618 647 562)

The matrix for transferring exposure and impairments between stages from January 1 to December 31, 2023 is as shown in the following tables:

31/Dec/23									
Stage Initial	Stages	1		2		3		Total	
	Metric	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV	Exhibition	ECL_BAICV
Exposures originated during 2023		6 060 228 394	(47 911 382)	320 889 882	(15 648 188)	3 005 732	(1 530 072)	6 384 124 007	(65 089 642)
1		7 516 984 191	(64 071 388)	170 281 272	(6 261 333)	10 867 484	(2 618 786)	7 698 132 947	(72 951 507)
2		124 653 596	(215 952)	315 856 831	(899 875)	74 545 880	(22 710 743)	515 056 307	(23 826 571)
3		28 579 839	(21 402 328)	3 883 629	(15 872)	622 478 591	(423 744 568)	654 942 060	(445 162 768)
Total		13 730 446 019	(133 601 051)	810 911 614	(22 825 268)	710 897 687	(450 604 169)	15 252 255 320	(607 030 488)

17. Notes to the Financial Statements of December 31, 2024 and 2023

Coverage ratio for the guarantee of operations by segment (CVE):

31/Dec/24													
Credit Quality	Stages	1			2			3			Total		
	Racio HIP	Mortgage Property	Exhibition	ECL_BAICV	Mortgage Property	Exhibition	ECL_BAICV	Mortgage Property	Exhibition	ECL_BAICV	Mortgage Property	Exhibition	ECL_BAICV
Construction and CRE	100%	13	153 192 968	(205 614)	4	139 553 118	(282 401)	2	43 825 405	(2 183 840)	19	336 571 490	(2 671 855)
	<50%	2	124 753 709	(2 148 800)	0	0	0	0	0	0	2	124 753 709	(2 148 800)
	>=50% and <75%	1	29 176 733	(208 583)	3	79 901 474	(79 688)	0	0	0	4	109 078 207	(288 271)
	>=75% and <100%	4	124 940 026	(2 125 873)	0	0	0	0	0	0	4	124 940 026	(2 125 873)
	No associated collateral	0	358 006 529	(2 348 539)	0	120 535 396	(18 010 376)	0	260 440 125	(220 909 869)	0	738 982 050	(241 268 785)
	Total	20	790 069 965	(7 037 408)	7	339 989 987	(18 372 466)	2	304 265 530	(223 093 709)	29	1 434 325 482	(248 503 583)
Corporate	100%	94	2 669 737 836	(20 373 064)	13	262 248 691	(10 167 358)	2	11 664 843	(105 606)	109	2 943 651 370	(30 646 029)
	<50%	13	449 504 972	(7 128 583)	2	112 856 248	(341 779)	0	0	0	15	562 361 220	(7 470 362)
	>=50% and <75%	5	247 335 349	(713 706)	0	0	0	1	49 341 517	(35 327 350)	6	296 676 866	(36 041 056)
	>=75% and <100%	10	176 306 167	(1 288 134)	0	0	0	0	0	0	10	176 306 167	(1 288 134)
	No associated collateral	0	3 722 394 676	(24 173 362)	0	36 999 003	(2 095 998)	0	101 922 000	(29 699 139)	0	3 861 315 679	(55 968 499)
	Total	122	7 265 279 000	(53 676 849)	15	412 103 942	(12 605 135)	3	162 928 361	(65 132 096)	140	7 840 311 302	(131 414 080)
Housing	100%	257	1 523 328 005	(1 787 295)	12	125 384 414	(3 571 695)	8	46 547 787	(4 957 431)	277	1 695 260 206	(10 316 421)
	<50%	39	306 230 983	(3 312 401)	0	0	0	0	0	0	39	306 230 983	(3 312 401)
	>=50% and <75%	23	138 699 470	(623 761)	0	0	0	0	0	0	23	138 699 470	(623 761)
	>=75% and <100%	25	216 917 159	(801 250)	0	0	0	1	6 700 904	(1 689 180)	26	223 618 064	(2 490 430)
	No associated collateral	0	149 405 698	(2 360 252)	0	1 861 363	(20 880)	0	0	0	0	151 267 061	(2 381 131)
	Total	344	2 334 581 314	(8 884 958)	12	127 245 777	(3 592 575)	9	53 248 691	(6 646 612)	365	2 515 075 783	(19 124 145)
Others	100%	86	827 676 378	(2 142 312)	3	76 519 259	(377 525)	2	33 229 726	(22 124 180)	91	937 425 364	(24 644 016)
	<50%	12	286 030 039	(6 285 591)	1	4 028 703	(180 087)	0	0	0	13	290 058 742	(6 465 678)
	>=50% and <75%	4	45 834 740	(537 942)	1	2 380 030	(356 897)	0	0	0	5	48 214 770	(894 839)
	>=75% and <100%	8	262 006 164	(418 717)	0	0	0	0	0	0	8	262 006 164	(418 717)
	No associated collateral	0	1 114 314 779	(14 140 957)	0	41 439 202	(2 622 504)	0	52 862 878	(18 553 871)	0	1 208 616 859	(35 317 333)
	Total	110	2 535 862 100	(23 525 519)	5	124 367 194	(3 537 013)	2	86 092 604	(40 678 051)	117	2 746 321 898	(67 740 584)
General Government Sector	100%	1	22 291 443	(281 458)	0	0	0	0	0	0	1	22 291 443	(281 458)
	No associated collateral	0	978 138 753	(13 312 521)	0	0	0	0	0	0	0	978 138 753	(13 312 521)
	Total	1	1 000 430 195	(13 593 978)	0	0	0	0	0	0	1	1 000 430 195	(13 593 978)
Public Corporate Sector	>=75% and <100%	0	0	0	1	292 086 530	(3 687 961)	0	0	0	1	292 086 530	(3 687 961)
	No associated collateral	0	2 167 668 933	(27 507 242)	0	71 318 635	(900 488)	0	134 095 706	(106 175 501)	0	2 373 083 274	(134 583 231)
	Total	0	2 167 668 933	(27 507 242)	1	363 405 165	(4 588 449)	0	134 095 706	(106 175 501)	1	2 665 169 804	(138 271 192)
Total		597	16 093 891 507	(134 225 955)	40	1 367 112 066	(42 695 638)	16	740 630 891	(441 725 969)	653	18 201 634 464	(618 647 562)

17. Notes to the Financial Statements of December 31, 2024 and 2023

31/Dec/23													
Credit Quality	Stages	1			2			3			Total		
	Racio HIP	Mortgage Property	Exhibition	ECL_BAICV	Mortgage Property	Exhibition	ECL_BAICV	Mortgage Property	Exhibition	ECL_BAICV	Mortgage Property	Exhibition	ECL_BAICV
Construction and CRE	100%	14	153 818 623	(125 107)	2	104 404 472	(331 737)	2	52 143 698	(6 901 232)	18	310 366 793	(7 358 077)
	<50%	2	64 430 487	(910 518)	0	0	0	0	0	0	2	64 430 487	(910 518)
	>=50% and <75%	4	138 457 533	(1 237 300)	0	0	0	0	0	0	4	138 457 533	(1 237 300)
	>=75% and <100%	2	52 448 105	(35 791)	2	98 927 844	(841 708)	0	0	0	4	151 375 949	(877 500)
	No associated collateral	1	389 109 825	(2 179 255)	0	78 991 097	(4 611 980)	0	233 316 484	(197 715 671)	1	701 417 405	(204 506 907)
	Total	23	798 264 573	(4 487 972)	4	282 323 413	(5 785 426)	2	285 460 182	(204 616 903)	29	1 366 048 168	(214 890 301)
Corporate	100%	92	2 526 658 101	(12 059 475)	11	241 461 196	(8 169 677)	4	12 551 663	(3 060 816)	107	2 780 670 961	(23 289 968)
	<50%	6	158 675 035	(3 578 866)	0	0	0	0	0	0	6	158 675 035	(3 578 866)
	>=50% and <75%	3	44 199 090	(518 294)	0	0	0	0	0	0	3	44 199 090	(518 294)
	>=75% and <100%	6	75 853 787	(1 189 149)	0	0	0	2	51 079 058	(36 079 128)	8	126 932 844	(37 268 276)
	No associated collateral	0	2 787 000 636	(15 543 524)	0	47 533 122	(3 507 253)	0	115 531 441	(61 976 791)	0	2 950 065 199	(81 027 568)
	Total	107	5 592 386 649	(32 889 308)	11	288 994 319	(11 676 930)	6	179 162 162	(101 116 734)	124	6 060 543 129	(145 682 972)
Housing	100%	193	1 112 360 045	(1 770 907)	12	94 233 322	(801 141)	7	36 272 673	(3 560 566)	212	1 242 866 040	(6 132 615)
	<50%	28	171 236 637	(4 586 191)	1	19 231 545	(1 273 959)	0	0	0	29	190 468 182	(5 860 151)
	>=50% and <75%	15	111 063 344	(1 361 899)	1	4 555 825	(120 463)	0	0	0	16	115 619 170	(1 482 363)
	>=75% and <100%	9	47 128 614	(361 003)	0	0	0	0	0	0	9	47 128 614	(361 003)
	No associated collateral	0	256 233 937	(6 101 057)	0	1 997 578	(36 416)	0	0	0	0	258 231 515	(6 137 473)
	Total	245	1 698 022 578	(14 181 058)	14	120 018 271	(2 231 980)	7	36 272 673	(3 560 566)	266	1 854 313 522	(19 973 605)
Others	100%	58	674 820 516	(1 105 730)	4	81 174 641	(199 455)	4	46 001 727	(23 417 528)	66	801 996 884	(24 722 713)
	<50%	8	154 529 123	(1 738 459)	1	14 562 721	(1 013 916)	0	0	0	9	169 091 844	(2 752 375)
	>=50% and <75%	6	295 369 603	(668 865)	0	0	0	0	0	0	6	295 369 603	(668 865)
	>=75% and <100%	2	15 993 187	(58 100)	0	0	0	0	0	0	2	15 993 187	(58 100)
	No associated collateral	0	861 848 913	(8 045 553)	0	24 007 436	(1 917 549)	0	50 969 989	(33 115 175)	0	936 826 338	(43 078 277)
	Total	74	2 002 561 341	(11 616 707)	5	119 744 798	(3 130 920)	4	96 971 716	(56 532 703)	83	2 219 277 855	(71 280 330)
General Government Sector	100%	1	49 319 007	(666 473)	0	0	0	0	0	0	1	49 319 007	(666 473)
	No associated collateral	0	831 509 878	(11 242 138)	0	0	0	0	0	0	0	831 509 878	(11 242 138)
	Total	1	880 828 885	(11 908 611)	0	0	0	0	0	0	1	880 828 885	(11 908 611)
Public Corporate Sector	>=75% and <100%	1	332 306 820	(4 535 003)	0	0	0	0	0	0	1	332 306 820	(4 535 003)
	No associated collateral	0	2 397 293 919	(32 577 928)	0	75 820	(12)	0	141 567 202	(106 175 516)	0	2 538 936 941	(138 753 457)
	Total	1	2 729 600 739	(37 112 931)	0	75 820	(12)	0	141 567 202	(106 175 516)	1	2 871 243 761	(143 288 460)
Total		451	13 701 664 765	(112 196 587)	34	811 156 620	(22 825 268)	19	739 433 935	(472 002 422)	504	15 252 255 320	(607 024 278)

Note 11. Non-Current Assets Held For Sale

The breakdown of the item can be found in the table below in (tCVE):

	31/Dec/23	31/Dec/24
Non-current assets held for sale		
Non-current tangible assets held for sale		
Properties	183 584	56 297
Sub-Total	183 584	56 297
Accumulated impairment	(15 094)	(503)
Total	168 490	55 794

The item mainly includes properties received in the recovery of customer credit.

The change in this item during the period is summarized as follows in (tCVE):

	31/Dec/23	31/Dec/24
Opening balance	189 851	183 584
Inflow	1 187	14 314
Sales	(7 454)	(652)
Transfers	-	(140 948)
Final balance	183 584	56 297

For the purposes of determining fair value, valuations of non-current assets held for sale are carried out by specialized and independent experts in accordance with the criteria and methodologies generally accepted for this purpose.

The transfers made in 2024 result from the reclassification to Other assets of properties received in kind that do not meet the requirements of IFRS 5 for classification as non-current assets held for sale.

Next we present the difference between the net book value and the fair value of non-current assets held for Sale, investment Properties (Note 12) and other assets (Note 15), all received in lieu of repayment.

Details of the fair value and net book value of properties received in lieu of payment or foreclosure, by type of asset and by age

31/Dec/24			
(in thousands of CVE)			
Assets	Number of Properties	Fair Value of Assets	Book value
Land	4	342 001	236 924
Urban	3	260 485	183 891
Rural	1	81 516	53 033
Buildings constructed	8	231 629	177 083
Commercial	4	115 751	99 185
Housing	4	115 879	77 898
Total	12	573 631	414 007

31/Dec/23			
(in thousands of CVE)			
Assets	Number of Properties	Fair Value of Assets	Book value
Land	5	386 095	294 106
Urban	3	315 858	240 421
Rural	2	70 236	53 685
Buildings constructed	17	260 589	252 979
Commercial	3	89 152	86 444
Housing	14	171 437	166 535
Total	22	646 684	547 085

Details of the fair value and net book value of properties received in payment or execution, by type of asset and by seniority

31/Dec/23					
(in thousands of CVE)					
Time elapsed since payment in kind/foreclosure	< 1 year	>= 1 year and <2.5 years	>= 2.5 years and <5 years	>= 5 years	Total
Land	652	-	-	293 453	294 106
Urban	-	-	-	240 421	240 421
Rural	652	-	-	53 033	53 685
Buildings constructed	-	41 080	19 393	192 107	252 979
Commercial	-	-	-	86 444	86 444
Housing	-	41 080	19 393	105 663	166 535
Total	652	41 080	19 393	485 560	547 085



31/Dec/24					(in thousands of CVE)
Time elapsed since payment in kind/foreclosure	< 1 year	>= 1 year and <2.5 years	>= 2.5 years and <5 years	>= 5 years	Total
Land	1 573	-	-	235 351	236 924
Urban	1 573	-	-	182 318	183 891
Rural	-	-	-	53 033	53 033
Buildings constructed	12 741	41 480	17 581	105 281	177 083
Commercial	12 741	-	-	86 444	99 185
Housing	-	41 480	17 581	18 837	77 898
Total	14 314	41 480	17 581	340 632	414 007

➤ Note 12. Investment Properties

The breakdown of the item is shown in the table below (tCVE):

	31/Dec/24	31/Dec/23
Investment properties		
Assets received in credit recovery	37 609	159 878
Other assets for non-own use	615 680	615 680
Final balance	653 289	775 558
Fair value adjustments	1 798	(49 109)
Total	655 087	726 449

17. Notes to the Financial Statements of December 31, 2024 and 2023

The change in the item is as follows:

	Value
Acquisition cost	
Balance as of December 31, 2022	827 639
Additions	-
Write-offs and/or disposals	-
Transfers	(52 080)
Balance as of December 31, 2023	775 559
Additions	-
Write-offs and/or disposals	(122 270)
Transfers	-
Balance as of December 31, 2024	653 289
Fair value adjustments	
Balance as of December 31, 2022	(49 053)
Increases	13 821
Reductions	(12 656)
Disposals or write-offs	-
Transfers	(1 222)
Balance as of December 31, 2023	(49 110)
Increases	15 328
Reductions	(6 979)
Disposals or write-offs	42 559
Transfers	-
Balance as of December 31, 2024	1 798
Net balance as of December 31, 2023	726 449
Net balance as of December 31, 2024	655 087

The fair value of the assets recorded under this heading is determined on the basis of valuations carried out by specialized and independent experts, maintaining the assumption used last year, with the income method having been selected as the methodology. The valuation technique adopted falls within Level 3 of the fair value hierarchy. During 2024, a total of tCVE 15,328 of fair value adjustment was recorded in relation to the Baicenter property recorded under Investment properties, a decrease of tCVE 6,979 was recorded in relation to the fair value records of the “Sal-Rei Building and Dream House” properties and the disposal of tCVE 42,559 fair value was recorded in relation to the sale of the “Sal-Rei Building” properties.

Note 13. Other Tangible Assets and Intangible Assets

The breakdown of tangible assets is as follows in (tCVE):

	31/Dec/23	31/Dec/24
Properties	1 229 707	1 270 705
Buildings	831 849	831 849
Construction works in leased property	397 858	438 856
Equipment	577 882	649 355
Furniture and material	131 545	138 646
Machines and tools	73 955	90 228
IT equipment	198 960	244 676
Indoor installations	1 542	1 542
Vehicles	98 650	100 770
Safety equipment	54 686	54 829
Other equipment	18 544	18 665
Other tangible assets	4 296	4 296
Tangible assets in progress	53 296	21 593
Assets under right-of-use (IFRS 16)	242 494	247 918
Sub-total	2 107 675	2 193 867
Accumulated Depreciations	793 778	881 520
Total	1 313 897	1 312 347

17. Notes to the Financial Statements of December 31, 2024 and 2023

The variation in this item is as follows:

	Assets under right-of-use (IFRS 16)	Properties and Equipment	Tangible assets in progress	Total
Acquisition cost				
Balance as of December 31, 2022	221 123	1 610 159	45 094	1 876 376
Additions	50 770	55 330	104 099	210 199
Transfers	-	148 145	-94 879	53 267
Write-offs and/or disposals	-29 399	-1 749	-1 018	-32 165
Balance as of December 31, 2023	242 494	1 811 885	53 297	2 107 676
Additions	5 424	17 926	64 781	88 130
Transfers	0	96 485	-96 485	0
Write-offs and/or disposals	0	-1 940		-1 940
Balance as of December 31, 2024	247 918	1 924 356	21 593	2 193 866
Depreciations				
Balance as of December 31, 2022	71 678	668 457	-	740 135
Additions	18 709	63 517	-	61 774
Write-offs and/or disposals	-26 839	-1 743	-	-8 131
Balance as of December 31, 2023	63 548	730 231	-	793 780
Additions	17 735	71 947	-	89 682
Write-offs and/or disposals	0	-1 940	-	-1 940
Balance as of December 31, 2024	81 284	800 238	-	881 520
Net balance as of December 31, 2023	166 635	1 124 118	21 593	1 312 346
Net balance as of December 31, 2024	178 946	1 081 654	53 297	1 313 897

On December 31, 2024 and December 31, 2023, right-of-use assets arise from leases covered by IFRS 16. The Bank has contracted leases for properties used by the branches, which are negotiated individually under different terms and conditions.

	31/Dec/23	31/Dec/24
Automatic data processing system	393 293	403 781
Intangible assets in progress	6 507	12 830
Other intangible assets	4 696	4 696
Sub-Total	404 496	421 307
Accumulated depreciations	215 105	256 918
Total	189 392	164 389

Movements under this heading are summarized as follows:

	Automatic data processing system	Intangible assets in progress	Other intangible assets	Total
Acquisition cost				
Balance as of December 31, 2022	366 486	23 378	4 696	394 560
Additions	79	9 858	-	9 937
Transfers	26 729	-26 729	-	-
Balance as of December 31, 2023	393 294	6 507	4 696	404 496
Additions	6 323	10 487	-	16 810
Transfers	4 165	-4 165	-	-
Balance as of December 31, 2024	403 781	12 830	4 696	421 307
Depreciations				
Balance as of December 31, 2022	172 420	-	4 696	177 115
Additions	37 989	-	-	37 989
Balance as of December 31, 2023	210 409	-	4 696	215 104
Additions	41 814	-	-	41 814
Balance as of December 31, 2024	252 223	-	4 696	256 918
Net balance as of December 31, 2023	151 558	12 830	-	164 389
Net balance as of December 31, 2024	182 885	6 507	-	189 392

Note 14. Current and Deferred Tax Assets and Liabilities

On December 31, 2024, the balance shown under Deferred tax assets, amounting to tCVE 57,755 (December 31, 2023: tCVE 44,686), results from deductible temporary differences between the book value of the credit portfolio and debt securities and their tax base, used in determining taxable income.

The current taxes item is made up of IRPS withholdings to be recovered from the State, as summarized in the table below in (tCVE):

	31/Dec/23	31/Dec/24
Current tax assets	6 115	3 058
Withholding tax	6 115	3 461
Payments on account of IRPC	0	(403)
Total	0	0
Deferred tax assets	44 686	57 755
For temporary differences in assets	44 686	57 755
Total	50 801	60 813

The movements in deferred tax Assets are summarized in the following table in (tCVE):

	Net Result for the Year	Capital		Total
		Revaluation reserves IFRS 9	Other retained earnings	
Deferred tax assets				
Balance as of December 31, 2022	30 014	16 451	0	46 465
Reduction	-1 780	0	0	-1 780
Balance as of December 31, 2023	28 234	16 451	0	44 686
Increases	13 069	0	0	13 069
Balance as of December 31, 2024	41 303	16 451	0	57 755

As of December 31, 2024, the balance of tCVE 34,587 under Deferred tax Liabilities results from the temporary difference deductible from the revaluation of financial assets at fair value through other comprehensive income.

Current tax liabilities correspond to the amount of IRPC and autonomous taxation payable.

	31/Dec/23	31/Dec/24
Current tax liabilities	2 203	36 477
IRPC payable	2 203	36 477
Deferred tax liabilities	0	34 587
For temporary differences in assets	0	34 587
Total	2 203	71 064

The movements in deferred tax Assets are summarized in the following table in (tCVE):

	Net Result for the Year	Capital		Total
		Revaluation by other comprehensive income	Other retained earnings	
Deferred tax liabilities				
Balance as of December 31, 2023	0	0	0	0
Increases	0	34 587	0	34 587
Balance as of December 31, 2024	0	34 587	0	34 587

Note 15. Other Assets and Liabilities

The breakdown of Other Assets is shown in the table below:

	31/Dec/24			31/Dec/23		
	Gross value	Provisions and impairment	Net value	Gross value	Provisions and impairment	Net value
Other Assets	753 212	27 999	725 213	629 549	11 598	617 952
Resident debtors	378 068	0	378 068	333 236	0	333 236
Non-resident debtors	2 727	0	2 727	6 565	0	6 565
Debtors various applications	3 091	0	3 091	3 091	0	3 091
Assets for credit recovery	367 376	27 999	339 376	284 529	11 598	272 932
Other assets	1 950	0	1 950	2 128	0	2 128
Other Income Receivable	5 167	0	5 167	-	-	-
Through irrevocable credit lines	333	0	333	-	-	-
Other income receivable	4 835	0	4 835	-	-	-
Deferred charges	86 791	0	86 791	95 741	0	95 741
Insurance	1 907	0	1 907	1 927	0	1 927
Others	84 884	0	84 884	93 814	0	93 814
Other regularization accounts	319 124	76 725	242 399	254 309	41 706	212 603
Other operations to be settled	319 124	76 725	242 399	254 309	41 706	212 603
Total	1 164 295	104 724	1 059 571	979 599	53 304	926 295

As of December 31, 2024, the balance shown under Resident Debtors includes 74,746 tCVE (December 31, 2023: 86,745 tCVE) referring to the value of the works carried out in the Bank's former headquarters, on behalf of the building's owner.

As of December 31, 2024, the amount recorded under Other transactions to be settled essentially refers to movements that are settled in the following months, notably compensation accounts.

As of December 31, 2024, the balance of Other Assets Impairment amounts to tCVE 104,724 (December 31, 2023: 53,304 Thousands CVE).

On December 31, 2024, the balance shown under the sub-heading of Assets for credit recovery, includes the gross amount of 367,376 mCve, referring to properties whose expected sale date is more than one year.

The movements in credit impairment losses were as follows:

	Assets for credit recovery	Other operations to be settled	Total
Balance as of December 1, 2023	11 598	33 925	45 523
Reinforcements	0	7 781	7 781
Reversals	0	0	0
Balance as of December 31, 2023	11 598	41 706	53 304
Reinforcements	16 401	38 076	54 478
Reversals	0	-3 058	-3 058
Balance as of December 31, 2024	27 999	76 725	104 724

As of December 31, 2024 and December 31, 2023, the breakdown of Other Liabilities is shown in the table below (tCVE):

	31/Dec/24	31/Dec/23
Creditors and Other Resources	266 426	273 439
Deduction of tax at source	41 517	34 086
Contribution to social security	7 735	4 884
Collection on behalf of third parties	105	94
Miscellaneous suppliers	100	12 352
Other creditors	34 859	29 617
Lease liabilities (IFRS 16)	182 311	192 405
Orders to be paid	51 855	39 730
For staff-related costs	18 928	17 767
For general administrative expenses	32 926	21 963
Other Regularization Accounts	46 298	16 696
Other operations to be settled	46 298	16 696
Total Other Liabilities	364 579	329 865

The withholding of taxes to be paid to the State essentially refers to the tax on income from employment, income from property, capital, and VAT.

The social security contribution corresponds to the application of a rate of 24.5% (16% on behalf of the employer and 8.5% of the employee's liability) on the remunerations paid in December 2024, which should be delivered in January 2025.

The balance shown under Sundry Suppliers results from the acquisition of goods and services, whose invoices are pending settlement, which should occur in the first half of 2025.

The costs payable to staff are accrued vacation and overdue vacation not taken, and which will be settled in subsequent periods.

Operating lease liabilities (IFRS 16) amounting to 182,311 tCVE (December 31, 2023: 192,405 tCVE), derive from operating leases covered by IFRS 16 and relate to the recording of the present value of the amounts payable under the lease contracts for the space used to install the Bank's branches and the building housing its central services.

► Note 16. Resources from Central Banks

The breakdown of this item can be found in the table below under (tCVE):

	31/Dec/24	31/Dec/23
Creditors and Other Resources		
Resources of Banco de Cabo Verde	1 141 000	1 141 000
Loans	1 141 000	1 141 000
Interest to pay	18 879	10 298
Total resources from central banks	1 159 879	1 151 298

As of December 31, 2024, and December 31, 2023, the balance of central bank resources results from financing obtained from the Central Bank of Cabo Verde, through the use of the line made available as a mitigation measure for the effects of the pandemic caused by COVID-19.

The breakdown of deposits from other credit institutions by maturity is as follows (tCVE):

	31/Dec/24	31/Dec/23
From six months to one year	1 159 879	-
Between 1 year and 5 years	-	1 151 298
More than 5 years	-	-
Total	1 159 879	1 151 298

Funds obtained from the Central Bank of Cabo Verde are denominated in Cabo Verdean Escudos (tCVE).

	31/Dec/24	31/Dec/23
In Cabo Verde Escudos	1 159 879	1 151 298
Total	1 159 879	1 151 298

As of December 31, 2024, and December 31, 2023, the loans obtained from the Central Bank of Cabo Verde are secured by pledges of Cabo Verde government public debt securities (Note 8).

Note 17. Resources from other Financial Institutions

The breakdown of this item can be found in the table below under (tCVE):

	31/Dec/24	31/Dec/23
Resources from financial institutions in the country	400 274	1 033
Demand deposits	50 274	1 033
Term deposits	350 000	0
Resources from financial institutions abroad	5 226 747	5 199 371
Demand deposits	900 417	824 341
Term deposits	230 346	230 346
Loans	4 095 863	4 040 996
Other resources	121	103 688
Interest payable	22 842	5 913
Total	5 649 864	5 206 317

The breakdown of resources from other financial institutions by maturity is as follows (tCVE):

	31/Dec/24	31/Dec/23
In sight	961 348	934 975
Up to three months	3 230 881	3 489 671
From three to six months	651 991	230 346
From six months to one year	655 644	551 325
Between 1 year and 5 years	150 000	-
Total	5 649 864	5 206 317

Time deposits and other loans from other financial institutions had the following structure by currency in (tCVE):

	31/Dec/24	31/Dec/23
In Cabo Verde Escudos	443 247	29 721
In Euros	4 229 688	4 167 775
In United States Dollars	976 930	1 008 820
Total	5 649 864	5 206 317

Note 18. Customer Funds and other Loans

The breakdown of the item is summarized in the table below (tCVE):

	31/Dec/24	31/Dec/23
General Government Sector Resources	6 469 301	5 761 034
Demand deposits	3 919 301	2 711 034
Term deposits	2 550 000	3 050 000
Resident Resources	16 071 810	11 383 567
Demand deposits	8 860 651	7 322 140
Term deposits	7 211 159	4 061 426
Migrant Resources	1 521 379	1 304 678
Demand deposits	446 049	341 320
Term deposits	1 075 330	963 358
Non-resident Resources	512 436	458 946
Demand deposits	228 627	408 088
Term deposits	283 809	50 858
Interest to pay	232 583	222 317
Other customer resources (checks and orders to be paid)	44 814	91 511
Total Customer Resources	24 852 322	19 222 053

The breakdown of customer funds and other loans by maturity is as follows (tCVE):

	31/Dec/24	31/Dec/23
In sight	13 732 024	11 096 410
Up to three months	3 953 566	440 343
From three to six months	1 255 668	166 076
From six months to one year	2 272 609	1 214 739
Between 1 year and 5 years	3 426 078	4 174 726
More than 5 years	212 377	2 129 757
Total	24 852 322	19 222 053

Customer deposits and other loans had the following structure by currency: in (tCVE).

	31/Dec/24	31/Dec/23
In Cabo Verde Escudos	19 611 105	17 608 634
In Euros	4 298 926	928 850
In United States Dollars	934 683	677 303
Others	7 608	7 265
Total	24 852 322	19 222 053

Note 19. Provisions

The breakdown of the balance of this item is shown in the table below under (tCVE):

	31/Dec/24	31/Dec/23
Provisions for guarantees and commitments		
Stage 1	2 298	1 798
Stage 2	1 925	368
Stage 3	0	0
Total	4 223	2 166

On December 31, 2024 and December 31, 2023, provisions show the following movements in (tCVE):

	31/Dec/24	31/Dec/23
Opening balance	2 166	1 357
Reinforcements	7 364	63 382
Reversals	-5 307	-62 573
Transferences	-	-
Closing balance	4 223	2 166

The amount provisioned for guarantees provided and other commitments undertaken, result from the application of the accounting policy disclosed in Note 2.

Note 20. Other Subordinated Liabilities

The breakdown of the balance of this item is shown in the table below under (tCVE):

31/Dec/24							
	Date of issue	Currency	Nominal Value	Fair value (initial)	Interest	Balance Sheet Value	Total
Subordinated bonds	2019	CVE	500 000	500 000	667	500 667	2025
Supplies	2021	EUR	661 590	131 466	23 952	155 418	2051
Total			1 161 590	631 466	24 618	656 085	



31/Dec/23							
	Date of issue	Currency	Nominal Value	Fair value (initial)	Interest	Balance Sheet Value	Total
Subordinated bonds	2019	CVE	500 000	500 000	667	500 667	2025
Supplies	2021	EUR	661 590	131 466	17 282	148 749	2051
Total			1 161 590	631 466	17 949	649 415	

The breakdown of subordinated liabilities by residual maturity is as follows (tCVE):

	31/Dec/24	31/Dec/23
From six months to one year	500 667	-
Between 1 year and 5 years	-	500 667
More than 5 years	155 418	148 749
Total	656 085	649 415

The subordinated liabilities, were structured by currency as follows:

	31/Dec/24	31/Dec/23
In Cabo Verde Escudos	500 667	500 667
In Euros	155 418	148 749
Total	656 085	649 415

In the period ended December 31, 2024, the Bank contracted a loan from its parent company in the amount of 661,590 tCVE, for the acquisition of the BAICenter building where its head office is located.

The conditions of the supply contract are presented as follows in (tCVE):

Contract Conditions and Fair Value							
	Issue	Maturity	Currency	Rate	Nominal Value	Fair value (initial)	Fair value difference
Supplies	31/ago/21	31/ago/51	EUR	Euribor 12M + 1% Cap: 1.5%	661 590	131 466	530 124
Total					661 590	131 466	530 124

The Bank initially recognized the contract at fair value, and the difference between the fair value and the nominal value of the loan, in the amount of 530,124 tCVE, was recognized in equity under Other equity instruments.

The fair value of the financial instrument was determined according to level 3 of the fair value hierarchy, applying as methodology the discount of the cash-flows of the contract at a market interest rate.

The market rate used to determine the fair value of the financial instrument, at the starting date of the contract, was determined by obtaining a risk-free interest rate for the 30-year term (using the German debt issue rate of 0.48%), plus a long-term risk premium (using the risk premium attributed to Cabo Verde by Damodaran, 6.43%). In this regard, a market rate of 6.91% was determined.

The use of different methodologies or different assumptions or judgments in the application of a given model could lead to different valuations from those determined under the assumptions made.

The following table shows a sensitivity analysis of the fair value of the contract, depending on the change in the market interest rate (tCVE):

Sensitivity Analysis				
	+200 pbs	+100 pbs	-100 pbs	-200 pbs
Nominal value	661 590	661 590	661 590	661 590
Fair value	86 127	105 797	165 149	209 574
Fair value difference	575 463	555 793	496 441	452 016

Note 21. Capital

The Bank's shareholder structure on December 31, 2024 and December 31, 2023 was as follows (in tCVE):

	31/Dec/24			31/Dec/23		
	%	No. of Shares	Nominal value	%	No. of Shares	Nominal value
Banco Angolano de Investimentos, S.A.	81,63%	1 707 987	1 707 987	81,63%	1 707 987	1 707 987
Sonangol Cabo Verde – Sociedade de Investimentos, S.A.	9,20%	192 505	192 505	9,20%	192 505	192 505
Silvino Manuel da Luz	7,33%	153 340	153 340	7,33%	153 340	153 340
SOGEI – Sociedade de Gestão de Investimentos, S.A.	0,89%	18 553	18 553	0,89%	18 553	18 553
Own shares (Note 25)	0,96%	20 000	20 000	0,96%	20 000	20 000
Total	100%	2 092 385	2 092 385	100%	2 092 385	2 092 385

As of December 31, 2024, the capital consists of 2,092,385 fully paid-up shares with a nominal value of 1,000\$00 (one thousand Cabo Verdean escudos) each.

None of the members of the governing bodies holds an interest in the capital of the Bank.

During the period, the Bank complied with all the capital requirements imposed by the Banco de Cabo Verde.

► Note 22. Issue Premiums

The breakdown of the balance of this item is shown in the table below:

	31/Dec/24	31/Dec/23
Share premium		
Equity instruments	8 750	8 750
Debt instruments	-	-
Total	8 750	8 750

► Note 23. Capital

The Bank's shareholder structure on December 31, 2024 and December 31, 2023 was as follows (in tCVE):

	31/Dec/24	31/Dec/23
Other equity instruments	530 124	530 124

► Note 24. Own Shares

The breakdown of this item is shown in the table below:

	Quantity	Price	Amount
Balance as of December 31, 2023	20 000	1	20 000
Acquisitions	-	-	-
Disposals	-	-	-
Balance as of December 31, 2024	20 000	1,000	20 000

In the year ended December 31, 2024, there were no changes under this heading.

On December 31, 2024, the amount of own shares corresponds to 0.96% of the share capital.

➔ Note 25. Other Reserves and Results Transferred

The breakdown of the balance of this item is shown in the table below: (tCVE)

	31/Dec/24	31/Dec/23
Other reserves and retained earnings		
Legal reserves	54 359	44 170
Statutory reserve	37 259	29 108
Other reserves	227 760	174 779
Retained earnings	0	0
Total	319 378	248 056

➔ Note 26. Net Interest Income

The Net Interest Income balance is broken down as follows (tCVE):

	31/Dec/24	31/Dec/23
Interests and Similar Income	1 513 392	1 140 604
Investments in IC's	167 160	58 820
Customer credit	1 074 345	802 813
Financial assets	271 887	278 971
Interests and Similar Charges	346 637	267 676
Resources from central banks	8 469	16 812
Resources of other credit institutions	59 548	31 623
Customer resources	233 145	175 714
Subordinated liabilities	37 562	36 440
Other interest and similar charges (IFRS 16)	7 912	7 088
Net Interest Income	1 166 755	872 928

► Note 27. Income and Charges for Services and Commissions

The item breaks down as follows: (tCVE)

	31/Dec/24	31/Dec/23
Income from services and commissions	255 278	183 639
Guarantees provided	24 171	13 411
Services provided	148 644	127 956
Operations carried out on behalf of third parties	54 323	19 485
Others	28 141	22 786
Charges for services and commissions	86 621	59 169
Banking services provided by third parties	7 971	8 233
By operations carried out by third parties	9 606	7 579
Others	69 044	51 138
Net Commissions	168 658	116 689

As of December 31, 2024, the balance recorded under charges for services and commissions includes the charges related to international cards.

► Note 28. Income and Charges for Services and Commissions

As of December 31, 2024, the balance of the item includes the changes in the fair value of the derivative as follows: (tCVE)

	31/Dec/24	31/Dec/23
Gains on financial assets at fair value through profit or loss	-	12
Gains on hedge derivatives	-	12
Losses on financial assets at fair value through profit or loss	-	2 389
Losses on hedge derivatives	-	2 389
Results in financial assets at fair value through profit or loss	-	-2 377

➔ Note 29. Results of Financial Assets at Amortized Cost

The balance of the item comprises the following: (tCVE)

	31/Dec/24	31/Dec/23
Income from financial assets at amortized cost:	39 775	13 109
Debt securities	39 775	13 109
Charges on financial assets at amortized cost:	11 779	3 035
Debt securities	11 779	3 035
Results of financial assets at amortized cost	27 996	10 074

➔ Note 30. Exchange Rate Revaluation Results

The balance of the item comprises the following: (tCVE)

	31/Dec/24	31/Dec/23
Gains in foreign exchange transactions:	1 827 037	2 418 357
In the spot currency position	1 827 037	2 418 357
Losses on foreign exchange transactions:	1 825 369	2 415 058
In the spot currency position	1 825 369	2 415 058
Foreign exchange revaluation results	1 668	3 299

➔ Note 31. Proceeds From Disposal of Other Assets

The balance under this heading breaks down as follows: (tCVE)

	31/Dec/24	31/Dec/23
Realized gains	48	-
Other tangible assets	48	-
Realized losses	0	1 141
Other tangible assets	0	1 141
Results from the disposal of other assets	48	-1 141

► Note 32. Other Operating Income

The balance under this heading breaks down as follows: (tCVE)

	31/Dec/24	31/Dec/23
Operating income per	78 535	59 314
Net gains on non-financial assets	78 535	59 314
Investment properties	74 925	56 138
Other tangible assets	630	350
Other operating income and gains	2 979	2 827
Exploration expenses on	34 263	55 356
Contributions and donations	13 074	11 048
Other taxes	6 402	7 847
Investment properties	11 167	8 745
Fines and other legal penalties	580	22 816
Expenses from previous years	0	0
Failure to manage and execute procedures	3 004	1 864
Others	36	3 036
Other operating results	44 272	3 958

Note 33. Personnel Costs

The breakdown is as follows: (tCVE)

	31/Dec/24	31/Dec/23
Remuneration of management bodies	58 981	52 083
Monthly remuneration	42 870	37 899
Subsidies	7 169	8 039
Other remuneration	8 943	6 145
Compensation of employees	279 992	244 317
Monthly remuneration	200 228	160 612
Additional remunerations	9 978	559
Subsidies	69 820	83 146
Other remuneration	-33	0
Mandatory social charges	47 819	39 709
Social providence	47 129	39 042
Worker's accident insurance	690	667
Other staff-related costs	28 740	19 596
Clinical services	2 275	1 537
Life and health insurance	1 298	593
Other staff-related costs - IAS19	12 481	11 709
Other staff-related costs	12 686	5 757
Total	415 532	355 705

The headcount on December 31, 2024 and December 31, 2023, distributed among the following professional categories was as follows:

Workforce	31/Dec/24		31/Dec/23	
	Fiscal year average	Fiscal year end	Fiscal year average	Fiscal year end
Board members	7	7	7	7
Management and coordination	17	17	17	17
Leadership and management	16	18	15	15
Technicians	110	118	97	109
Management	3	4	7	4
Other collaborators	1	-	-	-
Total	154	164	143	152

Note 34. General Administrative Expenses

The item breaks down as follows: (tCVE)

	31/Dec/24	31/Dec/23
General administrative expenses		
With third-party deliveries	64 212	58 559
Water, Energy and Fuel	35 449	37 745
Prints and consumables	25 424	19 624
Other deliveries (miscellaneous materials)	3 339	1 190
With third-party services	360 524	289 561
Rents and rentals	2 001	2 362
Communication and shipping costs	20 299	15 891
Travel, stays and representation	10 694	9 938
Advertising and publishing	27 398	12 672
Conservation and repair	20 907	13 059
Transport	189	374
Staff training	13 548	2 109
Insurance	5 018	5 117
Specialized services	234 744	212 569
Other third-party services	25 726	15 470
Total	424 736	348 120

The *specialized services* item includes expenses with information systems licensing, auditing services, consulting and other specialized services.

The services contracted from the external auditor for the 2024 financial year can be detailed as follows:

Details of audit fees	
Service	Fees
Audit services with reference to 31/12/2024	6 175
Separate audit services with reference to 31/12/2024	3 661
Total	9 836

Note 35. Profit taxes

Income taxes (current and deferred) are determined by the Bank on the basis of the rules defined by the tax framework in force. However, in some situations the tax legislation may not be sufficiently clear and objective, leading to different interpretations. In these cases, the amounts recorded are the result of the best understanding of the Bank's responsible bodies as to the correct framework for its operations, which may, however, be questioned by the Tax Authorities.

The Board of Directors believes that the criteria and assumptions adopted are in line with the legislation in force, and that any differences in interpretation would only lead to reclassifications between current and deferred taxes, with no impact on the Bank's results and equity as at December 31, 2024.

The table below shows the reconciliation between the nominal rate and the effective tax rate as at December 31, 2024 and December 31, 2023: (tCVE)

	31/Dec/24		31/Dec/23	
	Rate	Tax	Rate	Tax
Profit before tax		401 313		116 616
Tax calculated based on nominal rate	21,44%	86 041	22,44%	26 169
Tax adjustments (Accruals)				
Corrections for previous tax periods (art. 23, no. 2 CIRPC)	0,98%	3 950	-2,47%	(2 877)
Non-deductible adjustments resulting from the application of fair value (art. 23, no. 6 CIRPC)	0,47%	1 885	-2,44%	(2 840)
Depreciations and amortizations made outside the terms foreseen in the CIRPC	0,13%	515	0,46%	539
Impairment losses from insurers or banking institutions not accepted	9,31%	37 366	35,96%	41 937
IRPC, autonomous taxation and any other taxes levied on profits	0,10%	412	0,43%	505
Deferred taxes (article 29, no. 1, paragraph e) CIRPC)	0,61%	2 465	0,58%	673
Fines, penalties and charges for violations, including compensatory interest	0,00%	-	4,08%	4 764
Personal property tax	0,34%	1 372	1,50%	1 745
Increase of 30% in total expenditure on light passenger vehicles	0,30%	1 223	1,11%	1 291
50% of representation expenses	0,01%	55	0,04%	43
Other tax corrections	0,00%	-	0,00%	-
Tax corrections (Deductions)				
Adjustments arising from the application of fair value (article 23, no. 6 CIRPC)	-0,82%	(3 286)	0,00%	-
Deferred taxes (article 29, no. 1, paragraph e) CIRPC)	0,00%	-	0,00%	-
Reversal of impairment losses taxed in previous periods	-5,89%	(23 644)	-38,59%	(44 935)
Other tax corrections	-9,13%	(36 640)	-39,91%	(46 545)
Withholding tax at the standard rate	2,09%	8 393	9,21%	10 745
Autonomous taxation	0,48%	1 924	1,89%	2 203
Collection	8,61%	34 553	0,00%	-
Corrections to taxes for previous years	0,00%	-	0,00%	-
Total	11,18%	44 870	11,10%	12 948

The tax recognized in the income statement, with reference to December 31, 2024, in the amount of tCVE 44,870, of which tCVE 8,393 refers to withholdings at the withholding tax rate, tCVE 1,924 results from autonomous taxation and tCVE 34,553 refers to the collection for 2024. On December 31, 2023, the tax for the year amounted to tCVE 12,948, resulting from withholdings at the rate in discharge of taxes and autonomous taxation.

➤ Note 36. Off-Balance Sheet Accounts and Contingent Liabilities

As of December 31, 2024, and December 31, 2023, the following balances relating to off-balance sheet accounts existed: (tCVE)

	31/Dec/24	31/Dec/23
Guarantees provided and other contingent liabilities	1 633 984	1 347 805
Guarantees and sureties to residents	1 536 921	1 329 059
Open Documentary credits for residents	97 064	18 746
Commitments to third parties	2 161 124	2 103 002
Irrevocable credit line	2 161 124	2 103 002
Foreign exchange operations and derivative instruments	20	20
Foreign exchange spot transactions	20	20
Hedging instruments	0	0
Responsibilities for services rendered	3 724 131	3 784 003
Deposit and custody of securities - Dematerialized securities	3 724 131	3 784 003
Real Guarantees	22 044 970	20 223 671
Assets pledged as collateral	2 615 921	2 615 921
Assets received as collateral	19 429 049	17 607 750
Other off-balance sheet accounts	440 299	376 887
Credits written off	291 744	237 749
Overdue Interest	147 691	137 580
Miscellaneous Accounts	864	1 559
Total	30 004 529	27 835 388

Details of the provisions for guarantees given and other contingent liabilities can be found in Note 19.

In the period ending December 31, 2024, we did not record any progress in the administrative infraction proceeding filed by the supervisory entity (Central Bank of Cabo Verde) resulting from an inspection carried out in 2017.

➤ Note 37. Transactions with Related Parties

They were considered related parties of the Bank:

Members of the Board of Directors:

Carlos Augusto Bessa Victor Chaves
 Jorge Manuel da Silva e Almeida
 Carla Monteiro do Rosário
 David Luís Dupret Hopffer Almada
 Alexandre Augusto Borges Morgado
 Maria Encarnação Alves Silva Rocha
 Manuel Pinto Frederico

On December 31, 2024, the costs of remuneration and other benefits attributed to the Board of Directors and the Audit Board are as follows: (tCVE)

	Board of Directors	General Meeting Board	Audit Board	Total
Salaries and wages	37 571	1 356	3 943	42 870
Other remuneration	16 112	-	-	16 112
Post-employment benefit costs	-	-	-	-
Total	53 682	1 356	3 943	58 981

Entities of the BAI Group:

Banco Angolano de Investimentos, S.A.
 Banco BAI Europa, S.A.
 BAI Micro Finanças, S.A.
 NOSSA - Nova Sociedade de Seguros de Angola S.A.
 SAESP - Sociedade Angolana de Ensino Superior Privado S.A.
 BAIGEST S.A.
 BAI SGPS, S.A.
 Novenge, S.A.
 BAI Invest S.A.
 Novinvest S.A.
 Griner Ganan
 Fundação BAI

Other related entities:

Sonangol Cabo Verde, S.A.
 SOGEI - Sociedade de Gestão de Investimentos, S.A.

The balances, as of December 31, 2024 and December 31, 2023, of transactions with related parties are as follows: (tCVE)

	Members of the Governing Bodies	Family Members of the Members of the Corporate Bodies	Entities of BAI Group	Shareholders of the Bank with qualified shareholding	Other related entities
Assets					
Cash and deposits at central banks	-	-	-	-	-
Deposits with order credit institutions	-	-	239 915	-	-
Investments in credit institutions	-	-	4 601 836	-	-
Customer credit	147	6 045	-	1	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Other assets	-	-	14 072	-	-
Liabilities					
Resources from central banks	-	-	-	-	-
Resources of other credit institutions	-	-	5 235 659	-	-
Customer resources and other loans	40 707	12 041	46 817	13 273	-
Provisions	-	-	-	-	-
Other subordinated liabilities	2 652	-	155 418	8 840	-
Others liabilities	-	-	-	-	-
Financial margin					
Interest and similar income	9	386	143 534	-	-
Interest and similar income	298	21	37 248	-	-
Complementary margin					
Income from services and commissions	-	-	-	-	-
Charges for services and commissions	-	-	-	-	-
Off-balance sheet					
Guarantees provided	-	-	-	-	-
Irrevocable credit line	5 336	985	-	1 049	-
Deposited securities	12 940	7 418	1 936 555	392 898	-
Overdue Interest	10	23	-	-	-
Credit written off against assets	-	-	-	-	-
Guarantees received	-	-	-	-	-

Transactions with related entities are analyzed according to the criteria applicable to similar transactions with third parties and are conducted under normal market conditions. These operations are subject to the approval of the Board of Directors.

Note 38. Consolidation of Accounts

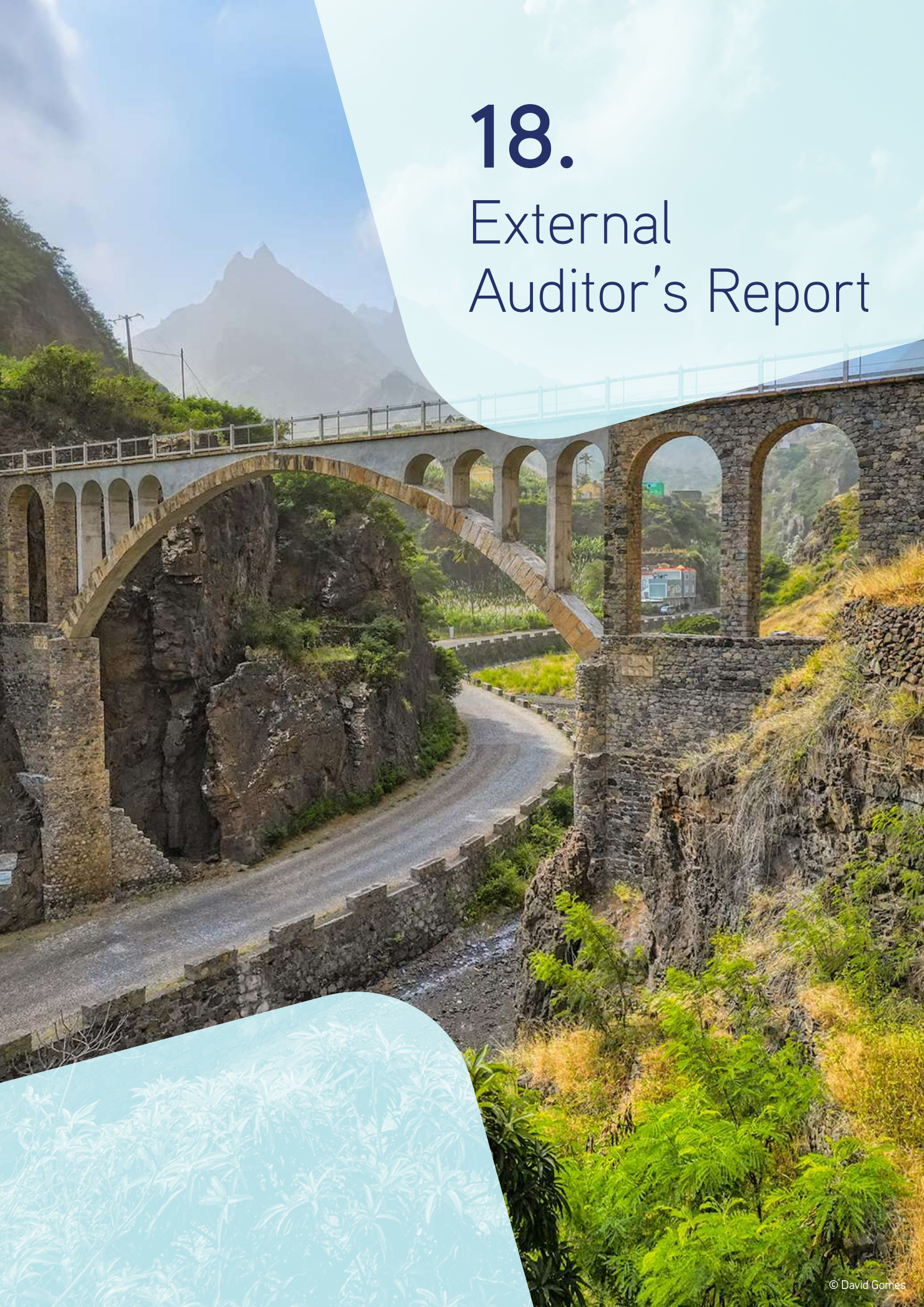
The Bank's accounts are consolidated by Banco Angolano de Investimentos, S.A., using the full consolidation method. The accounts of Banco Angolano de Investimentos, S.A., can be obtained directly from its head office at Travessa Ho Chi Minh, Complexo Garden Towers, Maianga, Torre BAI, Luanda, Angola.

Note 39. Subsequent Events

No subsequent events occurred at the approval date of these financial statements by the Bank's Board of Directors as of December 31, 2024, that would require adjustments or amendments to the values of assets and liabilities, under the terms of IAS 10 - Events After the Balance Sheet Date.

18.

External Auditor's Report





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Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Banco BAI Cabo Verde, S.A. (the Bank), which comprise the Statement of Financial Position as at 31 December 2024 (showing a total assets of Cape Verdean escudos (CVE) 36.177.696 thousands and a total equity of CVE 3.419.681 thousands, including a net profit for the year of CVE 367.939 thousands), and the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Banco BAI Cabo Verde, S.A. as of 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Cape Verde for the banking sector.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Bank in accordance with requirements of the Code of Ethics of the Professional Association of Certified Auditors and Accountants, which was developed in compliance with the principles and standards of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

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

Key audit matters

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

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

1. Impairment of loans to clients

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of 31 December 2024, the Bank has recognized accumulated impairment losses on its loan portfolio amounting to CVE 618,649 thousand, representing 3.39% of the total loan amount. Details of the impairment on loans to clients, as well as the accounting policies, methodologies, concepts, and assumptions used, are disclosed in the notes to the financial statements (Notes 2.2.11 and 10).	Our audit approach regarding the impairment of loans and advances to customers included a specific response, which involved the design and subsequent execution of audit procedures, including in particular: ▶ Understanding and evaluating the design of internal control procedures in place for the process of quantifying impairment losses on loans to clients; ▶ Performing analytical review procedures on the evolution of the impairment balance for loans to customers,

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Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The impairment reflects the Bank management's best estimate of expected credit losses on loan exposures to customers as of 31 December 2024. In calculating this estimate, management has made assumptions, used mathematical models to calculate parameters, interpreted concepts and historical data, and designed an expected loss calculation model. For individually significant exposures, impairment is determined based on the judgment of the Bank's credit risk specialists, considering their knowledge of the customers' financial condition, circumstances, and the guarantees associated with the operations in question. In addition to the complexity of the models used to quantify impairment losses on the loan portfolio, their application requires processing a significant volume of data, the availability and quality of which may be limited. Given the degree of subjectivity and complexity involved in estimating impairment, the use of alternative approaches, models, or assumptions could have a material impact on the estimated impairment amount. This, combined with the materiality of the amount involved, leads us to consider this a key audit matter.	comparing it with the prior period and with expectations, with particular attention to understanding changes in the loan portfolio and modifications to impairment assumptions and methodologies; ▶ Selecting a sample of customers subject to individual impairment assessment to evaluate the assumptions used by management in quantifying impairment. This analysis included information on the borrowers' economic and financial situation and collateral valuation reports, as well as inquiries with the Bank's specialists to understand the defined recovery strategy and the assumptions used; ▶ With the support of our risk management specialists, we tested the reasonableness of the parameters used in the calculation of collective impairment, focusing on: i) understanding the methodology formalized and approved by management and comparing it with the one actually used; ii) assessing changes to the models for determining parameters to reflect expected loss; iii) analyzing changes made during the year to risk parameters (PD, LGD, and EAD); iv) following up on corrective actions taken in response to previously identified deficiencies in the collective impairment model; v) performing sample testing of the classification of exposures into stages 1, 2, and 3; and vi) evaluating the reasonableness of adjustments made, particularly those responding to areas of significant judgment, and assessing the associated management process. ▶ Analyzing the disclosures included in the notes to the financial statements, based on the requirements of international financial reporting standards and the accounting records.



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2. Measurement of real estate received through credit recovery and investment properties

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of 31 December 2024, the line items "Non-current assets held for sale," "Investment properties," and "Other assets" include real estate assets in the amount of CVE 55,794 thousand, CVE 655,087 thousand, and CVE 339,376 thousand, respectively, which together represent 2.9% of total net assets. The accounting policies and details of these assets are disclosed in the notes to the financial statements (Notes 2.13, 2.14, 2.19, 11, 12, and 16). Periodically, the Bank engages external appraisers registered with the Bank of Cape Verde ("BCV") to assess the value of real estate acquired through loan recovery. If the appraised value, net of estimated costs to sell, is lower than the carrying amount, impairment losses are recognized. The "Investment properties" are leased to third parties to earn rental income or for capital appreciation. These properties are measured at fair value, also determined through valuations by external entities registered with the BCV. The valuation of real estate involves a set of judgmental assumptions that depend on the specific characteristics of each asset and the Bank's strategy for its disposal. Assumptions about future events may not materialize, or if they do, actual results may differ. For instance, there may be changes in real estate market expectations, relevant macroeconomic variables, or the intrinsic characteristics of the property itself and its surrounding environment. This matter was considered key to our audit due to its materiality in the financial statements and because the use of different valuation techniques and assumptions could result in significantly different fair value estimates.	Our audit approach regarding the impairment of real estate received through loan recovery and the measurement of investment properties included a specific response, which involved the design and subsequent execution of audit procedures, including, namely: ▶ understanding the internal control procedures in place for the measurement process of real estate received through loan recovery and investment properties; ▶ performing analytical review procedures on the value of the real estate included under "Non-current assets held for sale," "Other assets," and "Investment properties," comparing it with the prior period and with expectations, with particular focus on understanding the variations observed and changes in assumptions and methodologies; ▶ for a sample of properties, assessing the reasonableness of the methodology and assumptions used by the external appraisers and confirming their registration with the Bank of Cape Verde (BCV). For these properties, we also analyzed, where applicable, promissory sale agreements or binding offers received, as well as land registry certificates; and ▶ analyzing the disclosures included in the financial statements, based on the requirements of international financial reporting standards and the accounting records.

Responsibilities of management and the supervisory board for the financial statements

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



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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may lead the Bank to discontinue its activities; and
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER INFORMATION

Regarding the Management Report

Management is responsible for the preparation of other information. This other information includes the Management Report but does not include the financial statements and our report thereon, which we obtained prior to the date of our report.

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



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

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

Praia, February 19, 2025

EY Cabo Verde – Auditores e Consultores – Sociedade de
Auditores Certificados, Lda.
Represented by:

(Signed)

Luis Alberto da Silva Aguiar
Certified Auditor at OPACC, No. 41

Silvia Maria Teixeira da Silva
Partner



19.

Report and Opinion
of the Audit Board

Report and Opinion of the Audit Board Financial Year 2024

Dear Shareholders,

Under the terms of the law, namely article 333 of the Companies Code and the statutory provisions of Banco BAI Cabo Verde, SA, the Supervisory Board presents to the General Shareholders' Meeting its Opinion on the Management Report, the Accounts and the Proposal for the Appropriation of Profits for the financial year ending December 31, 2024, presented by BAICV's Board of Directors.

1. Throughout this financial year, the Supervisory Board monitored the Bank's activity as often and as extensively as it deemed appropriate, both through monthly analysis of the accounts, the *Tableau de Bord* and the minutes, as well as by complying with the applicable legal and statutory requirements;
2. Under the terms of Notice no. 4/2017, the Supervisory Board also examined the report on the Internal Control System issued by the Board of Directors;
3. From the meetings and contacts with the Management and other BAICV structures, it has received the information and clarifications it considers necessary, and has observed nothing contrary to generally accepted practices that could in any way constitute a deliberate breach of legal and statutory provisions;
4. Analyzed the independent auditor's report, whose opinion was unqualified and without emphasis;
5. Within the scope of its duties, the Audit Board found that:
 - i. The financial statements and respective annexes fundamentally meet the legal requirements for their preparation, in accordance with article 345 of the Companies Code and allow an adequate understanding of the Bank's financial situation, and that they have been prepared in accordance with International Financial Reporting Standards and standards established for the sector;
 - ii. The policies and valuation criteria adopted are appropriate;
 - iii. The management report provides sufficient information on the evolution of the Bank's business and situation, highlighting the most significant aspects;

- iv. The proposed appropriation of profits does not contravene the applicable legal and statutory provisions;



- v. At the end of the year, the financial statements show a positive net profit of 367,939 mESC, total net assets of 36,177,696 mESC, total liabilities of 32,758,015 mESC and shareholders' equity of 3,419,681 mESC.

In conclusion, the financial statements analyzed show BAICV's sound economic and financial management.

Therefore, in view of the above, the Supervisory Board is of the opinion that the General Shareholders' Meeting:

- a. Approve the accounts and management report for 2024 and
- b. Approve the proposed appropriation of profits.

Finally, the Supervisory Board wishes to express its appreciation to the Board of Directors and all the Bank's employees for their cooperation.

Praia, February 20, 2025.

The Supervisory Board

António Borges

António Borges (February 20, 2025 09:12 AM GMT-1)

Jose Carlos R. Cunha

Jose Carlos R.Cunha (February 20, 2025 09:54 AM GMT-1)

Líver Canuto

Líver Canuto (February 20, 2025 09:59 AM GMT-1)

António Borges
Chairman

José Carlos Cunha
Member

Líver Canuto
Member

Technical Specifications

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www.bancobai.cv

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Translation:

Lang Consult



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