

In 2016, with the merger and contribution in kind made with Millennium's assets, the capital increase referred to in the minutes was fulfilled, amounting to AOA 21,939,787 thousand, corresponding to 21,939,787 new shares. Simultaneously, a share premium of AOA 40,782,829 thousand was generated.

Considering the existence of own shares received within the merger, it was decided to cancel the own shares held. On this basis, the share capital of ATLANTICO is reduced from AOA 56,097,687 thousand to AOA 53,821,603 thousand, as a result of the extinction of 2,276,084 fully paid-up own shares of which, as a result of the merger, ATLANTICO will become holder, based on articles 461 and 372, paragraph 4, subparagraph a), of the Companies Code.

As at 31 December 2019, the Bank's share capital in the amount of AOA 53,821,603 thousand was represented by 53,821,603 ordinary shares, fully subscribed and paid up by different shareholders.

As at 31 December 2019 and 2018, the Shareholder structure is as follows:

(% Capital)

	31.12.2019	31.12.2018
Interlagos equity Partners	29.77%	29.77%
BCP África, SGPS, Lda.	22.52%	22.52%
Atlântico Financial Group, S.à.r.l.	19.80%	19.80%
Jasper Capital Partners - Investimentos e Participações, S.A.	15.12%	15.12%
Quadros - Gestão de Activos, S.A.	4.13%	4.13%
Economus - Capital, Lda.	3.00%	3.00%
Fundação ATLANTICO	2.00%	2.00%
Gemcorp Fund I	1.90%	1.90%
Own shares	0.91%	0.91%
Other entities	0.85%	0.85%
	100.00%	100.00%

Share premium

The capital increase made in 2016 under the merger by incorporation led to a share premium of AOA 40,782,829 thousand. The amount of the share premium has been cut up in the amount of AOA 4,589,246 as a result of the dividends distributed in 2016 in 2015 related to Banco Millennium Angola and in the amount of AOA 1,361,574 thousand under the acquisition of own shares. Moreover, the amount related to costs with the capital increase amounts to AOA 21,940 thousand. As at 31 December 2019, the share premium amounts to AOA 34,810,069 thousand.

Own shares

During 2016, the Bank acquired its own shares amounting to AOA 492,182 thousand with a corresponding share premium of AOA 1,361,574 thousand under a settlement of an amount receivable by a shareholder. The share price calculation within this operation was based on the same market multiple adopted for the ATLANTICO merger with Banco Millennium Angola.

Note 21. Reserves and Retained earnings

Legal reserve

This balance consists entirely of Legal reserve, which can only be used to cover previous year losses or to increase share capital.

Angolan legislation applicable to the banking sector requires that 10% of the profit for the year must be transferred to the legal reserve until it is equal to the share capital.

Fair value reserves

Fair value reserves represent the potential gains and losses on financial assets at fair value through other comprehensive income, net of impairment recognised in the income statement in the period and/or in prior periods. The value of this reserve is disclosed net of deferred taxes.

Changes in these balances are analysed as follows:

(AOA thousand)

	Fair value reserve			Other reserves and retained earnings			
	Gross fair value reserve	Deferred tax reserves	Total fair value reserve	Legal reserve	Other reserves and retained earnings	Total other reserves and retained earnings	Total reserves and retained earnings
Balance at 31 December 2017	2,487,605	(746,113)	1,741,492	13,463,496	1,366,561	14,829,558	16,571,050
Transition adjustments to IFRS 9	(1,419,600)	-	(1,419,600)	-	(2,442,065)	(2,442,065)	(3,861,665)
Balance at 1 January 2018	1,068,005	(746,113)	321,892	13,463,496	(1,075,504)	12,387,493	12,709,385
Fair value changes	2,141,643	(116,139)	2,025,504	-	-	-	2,025,504
Legal reserves	-	-	-	2,382,850	-	2,382,850	2,382,850
Transfer to retained earnings	-	-	-	-	2,382,850	2,382,850	2,382,850
Dividends from own shares	-	-	-	-	174,324	174,324	174,324
Balance at 31 December 2018	3,209,648	(862,252)	2,347,396	15,846,346	1,481,670	17,327,517	19,674,913
Fair value changes	(2,980,175)	793,410	(2,186,765)	-	-	-	(2,186,765)
Legal reserves	-	-	-	2,722,510	-	2,722,510	2,722,510
Transfer to retained earnings	-	-	-	-	24,502,579	24,502,579	24,502,579
Balance at 31 December 2019	229,473	(68,842)	160,631	18,568,856	25,984,249	44,552,606	44,713,237

Changes in fair value reserve, net of deferred taxes, can be analysed as follows:

(AOA thousand)

	31.12.2019	31.12.2018
Balance at the beginning of the period	2,347,396	1,741,492
Impact of transition to IFRS 9	-	(1,419,600)
Fair value changes	(2,102,009)	4,849,335
Disposals for the period	(1,053,520)	(2,729,250)
Impairment recognised in the period	175,354	(210,720)
Deferred taxes recognised in reserves	793,410	116,139
Balance at the end of the period	160,631	2,347,396

Note 22. Net interest income

This balance is analysed as follows:

(AOA thousand)

	31.12.2019	31.12.2018
Interest and similar income		
Interest from financial assets at amortised cost		
Interest from loans to Customers	77,542,704	82,445,042
Interest from debt securities	26,729,347	23,201,761
Interest from deposits and other investments	597,400	342,623
Interest from financial assets at fair value through comprehensive income	14,041,621	12,431,476
Interest from financial assets at fair value through profit or loss	702,373	32,063
	119,613,445	118,452,965
Interest and similar expenses		
Interest from deposits of Customers	38,065,653	34,351,133
Interest from loans of central banks and other financial institutions	13,309,407	16,872,213
Interest from leases	1,880,272	-
Interest from subordinated liabilities	-	-
	53,255,332	51,223,346
Net interest income	66,358,113	67,229,619

The balance Interest from loans to Customers include (i) the positive amount of AOA 1,835,576 thousand (2018: AOA 1,452,060 thousand) related to commissions and other income accounted for using the effective interest rate, as set out in IFRS and explained in note 2.3 and (ii) the amount of AOA 6,071,773 thousand related to financial assets in Stage 3 (2018: AOA 7,705,484 thousand).

Note 23. Net fee and commission income

This balance is analysed as follows:

(AOA thousand)

	31.12.2019	31.12.2018
Fee and commission income	16,813,068	21,250,115
Documentary credits openings	4,914,483	5,255,694
Transfers issued/received	2,641,791	3,163,471
VISA fees	2,169,633	2,107,014
Electronic transactions	2,142,534	2,131,526
Credit facilities openings/extension and maintenance	1,457,265	1,743,306
Maintenance of demand deposits accounts	1,000,424	987,831
Guarantees provided	687,345	2,390,735
Foreign currency transactions	174,965	1,409,190
Customs - revenue collection	171,048	604,439
Withdrawals	168,076	117,677
Structuring operations and financial advisory	56,508	36,650
Other fee and commission income	1,228,996	1,302,582
Fee and commission expense	(1,786,607)	(610,385)
Foreign transactions	(685,925)	(504,951)
Electronic transactions	(626,627)	-
Other fee and commissions	(474,055)	(105,434)
Total	15,026,461	20,639,730