

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 balance of share premiums was reduced in the amount of AOA 4,589,246 thousand as a result of the dividends distributed in 2016 related to 2015 from Banco Millennium Angola, S.A. and in the amount of AOA 1,361,574 thousand, under the acquisition of Treasury shares. Additionally, the amount related to costs with capital increases amounts to AOA 21,940 thousand. As described in Note 41, the adoption of IAS 29 on the share premium arising from the merger resulted in an impact of AOA 35,897,337 thousand. Accordingly, as at 31 December 2019 and subsequent years the restated amount of Share premiums totals AOA 70,707,406 thousand.

Treasury shares

During 2016, the Bank acquired Treasury shares in the amount of 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 in the merger process of Banco Privado Atlântico S.A. and Banco Millennium Angola, S.A.

As described in Note 41, the adoption of IAS 29 on Treasury shares resulted in an impact of AOA 349,475 thousand. Accordingly, as at 31 December 2019 and subsequent years, the restated amount of Treasury shares totals AOA 841,657 thousand.

NOTE 21 Reserves and Retained earnings

Legal reserve

This caption 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.

Revaluation reserve (fair value reserves)

Fair value reserve represents the potential capital gains and losses relating to the financial assets' portfolio at fair value through other comprehensive income, net of impairment recognised in the income statement in the period and/or in previous periods. The value of this reserve is disclosed net of deferred taxes.

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

	(Thousands of AOA)	
	31-12-2021	31-12-2020 (restated)
Opening balance	207,486	160,631
Changes in fair value (net of disposals)	(493,377)	18,591
Impairment recognised	261,314	71,145
Deferred taxes recognised in reserves	81,222	(42,881)
Closing balance	56,645	207,486

Revaluation reserves, Other reserves and Retained earnings

Changes occurred in these captions are analysed as follows:

(Thousands of AOA)

	Revaluation reserves			Other reserves and retained earnings			Total reserves and retained earnings
	Gross fair value reserve	Deferred tax reserve	Total	Legal reserve	Other reserves and retained earnings	Total	
Balance as at 31 December 2019	229,473	(68,842)	160,631	18,568,356	25,984,249	44,552,605	44,713,236
Changes in accounting policies							
Impacts of adoption of IAS 29	-	-	-	-	(79,237,606)	(79,237,606)	(79,237,606)
Transfer to legal reserve	-	-	-	1,277,169	-	1,277,169	1,277,169
Transfer to retained earnings	-	-	-	-	11,494,520	11,494,520	11,494,520
Balance as at 1 January 2020 (restated)	229,473	(68,842)	160,631	19,845,525	(41,758,837)	(21,913,312)	(21,752,681)
Changes in fair value	89,736	(42,881)	46,855	-	-	-	46,855
Balance as at 31 December 2020 (restated)	319,209	(111,723)	207,486	19,845,525	(41,758,837)	(21,913,313)	(21,705,827)
Changes in fair value	(232,064)	81,223	(150,841)	-	-	-	(150,841)
Transfer to legal reserve	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	(7,778,900)	(7,778,900)	(7,778,900)
Balance as at 31 December 2021	87,145	(30,500)	56,645	19,845,525	(49,537,737)	(29,692,213)	(29,635,568)

By unanimous resolution of the General Meeting held on 27 April 2021, it was decided to apply the amount corresponding to the net profit obtained in the previous period (2020), 90% in free reserves and 10% in legal reserves.