

# 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)

The fair value reserve represents the potential gains and losses relating to the updating of (i) the portfolio of financial assets at fair value through other comprehensive income, (ii) shareholdings recorded at fair value through other comprehensive income and (iii) the revaluation of properties for own use recorded under “Other property, plant and equipment”. 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:

	AOA thousand	
	12-31-2023	12-31-2022
Opening balance	284,357	56,645
Changes in fair value of other property, plant and equipment (Note 11)	13,000,000	-
Changes in fair value of securities at fair value through other comprehensive income (Note 7)	5,614,155	1,081,743
Changes in fair value of investments at fair value through other comprehensive income (Note 7)	1,346,032	-
Recognized impairment	260,568	(731,416)
Deferred taxes recognized in reserves (Note 14)	(7,077,264)	(122,615)
Closing balance	13,427,848	284,357

## Revaluation reserves, other reserves and retained earnings

Changes occurred in these captions are analysed as follows:

	AOA thousand					
	Revaluation reserves			Other reserves and retained earnings		
	Gross fair value reserve	Deferred tax reserve	Total	Legal reserve	Other reserves and retained earnings	Total
Balance as at December 31, 2021 (Restated)	87,145	(30,500)	56,645	19,845,525	(49,537,737)	(29,692,213)
Changes in fair value	350,327	(122,615)	227,712	-	-	-
Transfer to legal reserve	-	-	-	342,837	-	342,837
Transfer to retained earnings	-	-	-	-	3,085,531	3,085,531
Balance as at December 31, 2022	437,472	(153,115)	284,357	20,188,362	(46,452,206)	(26,263,845)
Changes in fair value	19,960,187	(7,077,264)	12,882,923	-	-	-
Transfer to legal reserve	-	-	-	349,811	-	349,811
Transfer to retained earnings	-	-	-	-	3,148,302	3,148,302
Balance as at December 31, 2023	20,397,659	(7,230,379)	13,167,280	20,538,173	(43,303,903)	(22,765,732)

By unanimous resolution of the General Meeting held on April 17, 2023, it was decided to apply the amount corresponding to the net profit obtained in the previous period (2022): 90% in free reserves and 10% in legal reserves.