

# Note 21 – Reserves and Retained earnings

## Legal reserve

This caption consists entirely of legal reserve, which can only be used to cover previous year's 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

	31-12-2024	31-12-2023
<b>Opening balance</b>	<b>13,427,848</b>	284,357
Changes in fair value of other property, plant and equipment (Note 11)	3,435,952	13,000,000
Changes in fair value of securities at fair value through OCI (Note 7)	(3,320,711)	5,614,155
Changes in fair value of shareholdings at fair value through OCI (Note 7)	595,335	1,346,032
Recognised impairment	(170,402)	260,568
Deferred taxes recognised in reserves (Note 14)	1,767,878	(7,077,264)
Reclassification of revaluation reserves to profit/(loss) for the period	3,543	-
Reclassification of revaluation reserves to retained earnings	(828,805)	-
<b>Closing balance</b>	<b>14,910,638</b>	<b>13,427,848</b>

## Revaluation reserves, other reserves and retained earnings

The changes in this caption are detailed as follows:

AOA thousand

	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	
<b>Balance as at 31 December 2022</b>	<b>437,472</b>	<b>(153,115)</b>	<b>284,357</b>	<b>20,188,362</b>	<b>(46,452,206)</b>	<b>(26,263,845)</b>	<b>(25,979,488)</b>
Other comprehensive income for the period	20,220,755	(7,077,264)	13,143,491	-	-	-	13,143,491
Transfer to legal reserve	-	-	-	349,811	-	349,811	349,811
Transfer to retained earnings	-	-	-	-	3,148,303	3,148,303	3,148,303
<b>Balance as at 31 December 2023</b>	<b>20,658,227</b>	<b>(7,230,379)</b>	<b>13,427,848</b>	<b>20,538,173</b>	<b>(43,303,903)</b>	<b>(22,765,732)</b>	<b>(9,337,884)</b>
Other comprehensive income for the period	543,717	1,767,878	2,311,595	-	-	-	2,311,595
Transfer to legal reserve	-	-	-	910,620	-	910,620	910,620
Transfer to retained earnings	-	-	-	-	8,195,576	8,195,576	8,195,576
Reclassification of revaluation reserves to retained earnings	(828,805)	-	(828,805)	-	828,805	828,805	-
<b>Balance as at 31 December 2024</b>	<b>20,373,139</b>	<b>(5,462,501)</b>	<b>14,910,638</b>	<b>21,448,793</b>	<b>(34,279,524)</b>	<b>(12,830,731)</b>	<b>2,079,907</b>

By unanimous resolution of the General Meeting held on 17 April 2024, it was decided to apply the amount corresponding to the net profit obtained in the previous period (2023) as follows: 90% in free reserves and 10% in legal reserves.