

# **MANAGEMENT REPORT & ACCOUNTS**

## **2024**

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## 1. Introduction

In compliance with legal and statutory provisions, the Board of Directors of the Sovereign Private Investment Guarantee Fund hereby presents the Annual Report for the financial year 2024.



## 2. Message from the Board of Directors

Throughout 2024, the Sovereign Wealth Fund maintained a proactive stance in line with its fundamental mission, consolidating itself as an innovative solution to facilitate access to business financing.

This period was particularly important as a pivotal year, reflecting a significant increase in demand and interest in submitting projects, and was marked by two developments of great strategic significance.

Firstly, the first guarantee was issued for a large-scale hotel project made possible through the Stock Exchange, contributing to the co-financing of the Four Points by Sheraton - Laginha Beach development in the city of Mindelo, promoted by MASEYKA HOLDINGS INVESTMENTS, using a bond loan.

Secondly, it is worth highlighting the positive net results recorded for the second consecutive year, a clear sign of financial consolidation, after the constraints faced in the first years of operation, which were strongly conditioned by the adverse effects of the global pandemic on the macroeconomic environment and on the performance of the Fund's investment portfolios.

It is also noteworthy that the Sovereign Fund is legally entitled to issue guarantees in favor of private companies under Cabo Verdean law, provided they include in their articles of association the possibility of developing economic activities in any sector. The guarantees are granted to projects that are financially viable and sustainable from an economic, social and environmental point of view. The first guarantee issued by the Fund was for the financing of a renewable energy project, in line with its strategic option to support environmental sustainability.

Throughout the 2024 financial year, the Fund applied strict criteria for issuing guarantees, ensuring that they represented investments with an innovative nature, high potential and systemic benefits. This process took place in an international

context marked by geopolitical uncertainties, such as the continuing war between Russia and Ukraine, as well as the conflict in the Middle East.

The Sovereign Wealth Fund remains aligned with the government's program and economic diversification strategy, with the aim of integrating Cabo Verde into global value chains. To this end, it promotes the involvement of the private sector in priority areas. In 2024, the Fund responded to a portfolio of guarantee requests covering strategic areas such as:

Tourism: requests to build hotels;

Modern agriculture: with greater involvement of young people, taking advantage of synergies between the agri-food and tourism sectors; we meet **guarantee requests for the development of an agri-industrial project**

Industry: encouraging the acceleration of the industrialization process;

Blue economy: promoting fisheries, aquaculture, processing, conservation and marketing of fish, as well as ship repair and construction; in this context, we deal with requests for guarantees to build a fleet of semi-industrial fishing boats;

Digital economy: with the operationalization of the Cabo Verde Technology Park and the implementation of a strategy to transform the country into a regional hub for innovation, entrepreneurship and excellence in telecommunications. In this regard, we have responded to requests for guarantees from an electrical engineering company and a project to assemble Smart TVs and monitors;

Green economy: with a focus on harnessing the potential of renewable energies to reduce electricity and water costs, increase energy security and promote economic competitiveness. We have responded to a request for a guarantee for the development of an agro-industrial project;

Sports Industry: request for a guarantee for the Sports City.

This report details the Fund's financial activity in 2024, in line with its institutional mission since its creation: to stimulate and promote the development of national private initiative business projects by granting financial guarantees. This approach facilitates access to the capital market for large companies and larger projects.

The Fund's main mission is to guarantee national promoters access to foreign capital markets and financial institutions. At the same time, it is committed to innovation as a differentiating element, ensuring that the issuance of guarantees maintains a firm commitment to the principles of financial, social and environmental sustainability.

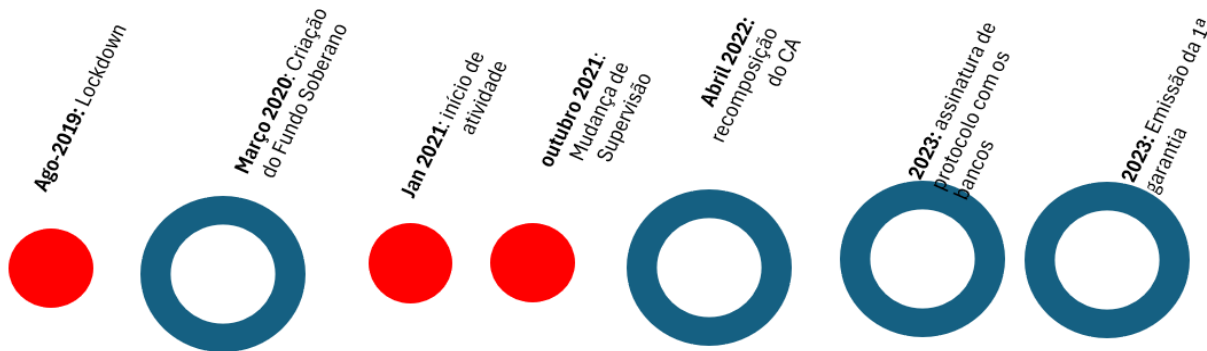
To achieve these objectives, it is essential to safeguard the institution's financial balance and to implement actions that combine the effective execution of its tasks with the presentation of indicators of economic and financial soundness. Therefore, the assessment of projects prioritizes economic and financial viability and their impact on strengthening the business fabric, clearly moving away from supporting merely speculative investments without innovation or relevant added value.

The Fund operates based on strictly private management, as established in its statutes, accompanied by entities representing the private sector, namely the Chambers of Commerce, which make up its Advisory Board.

The main guarantee required by the Fund is the quality of the projects and the companies responsible for carrying them out. For this reason, both the projects and the companies are evaluated beforehand and must demonstrate financial, environmental and social sustainability.

### 3. BRIEF HISTORY

#### 3.1.1. Timeline



#### 3.1.2. Foundations of the Sovereign Wealth Fund

The Fundo Soberano de Garantia do Investimento Privado, which in its external relations may use the name *Cabo Verde Private Guarantee Fund Sovereign Wealth Fund*, abbreviated to the Fund, emerged in a context in which the successive financial crises that have shaken the global economy in recent years, by drastically reducing the risk tolerance of financiers, namely banks and other financial institutions, have led to new and greater demands for guarantees in company financing contracts.

In order to facilitate access to the financial market, in particular the foreign market, as an option for financing large-scale business projects that require the capital necessary for the country's development, which only the state can provide, the Cabo Verdean government decided, as part of its program to improve access to financing for companies, to also make financial guarantees available to this type of project in order to facilitate access to financing, similar to the coverage available to micro, small and medium-sized companies, with the creation of Pró Garante.



With this in mind, the government has set up this new business development instrument, which is part of the ecosystem for financing the economy, with the ultimate aim of ensuring that companies, especially those that are more capital-intensive, have a coverage mechanism with guarantees that allow them to mitigate the risks of financing their investments with the national and international financial sector.

In fact, in August 2019, through Law No. 65/IX/2019, the government created the Sovereign Private Investment Guarantee Fund (Fund). It has an initial share capital of €100,000,000 (one hundred million euros), equivalent to (11,026,500,000 CVE), with immediate realization of €90,000,000 (9,923,850,000 CVE), through the allocation of resources from the extinction of the *International Support For Cabo Verde Trust Fund*, created in 1998, to support the ECV convertibility agreement into Euros. The remaining €10,000,000 (1,162,650,000 CVE) to be paid out of the proceeds from the placement of Capital Mobilization Revenue Bonds (TRMC) on the securities market by the state, through the Directorate-General for the Treasury.

In 2023, the State paid in another 100,000,000\$00 (one hundred billion escudos), bringing the Fund's paid-in capital to 10,023,850,000 ECV, and its total share capital to 11,126,500,000 ECV. It is also expected to be capitalized over the next few years, to an amount of €200,000,000 (two hundred million euros) in the first phase, until it reaches €500,000,000 (five hundred million euros).

### 3.1.3. Nature

The Sovereign Wealth Fund has been given the legal status of an autonomous asset, in the form of a single-person public limited company, and is therefore exclusively responsible for the debts, charges and liabilities it incurs while carrying out its guarantee activity.

### 3.1.4. Purpose and object

As an object of intervention, the Sovereign Fund should only grant guarantees to two types of operations:

- a) The issue of securities by private Cabo Verdean commercial companies on regulated markets to finance their investments;

- b) Financing in the form of loans and other equivalent financial operations benefiting private Cabo Verdean commercial companies.

### 3.1.5. Prohibited Operations

The Sovereign Wealth Fund is limited to providing guarantees only to private companies, and therefore has limitations, such as not guaranteeing government bonds or financing companies in which the government has a direct or indirect stake of more than 25% of the share capital.

### 3.1.6. Mission, Vision and Values

#### Mission

The Sovereign Wealth Fund must consolidate its position as a financial institution with a strong responsibility for contributing to economic development and promoting social welfare, by issuing guarantees that allow private Cabo Verdean companies, especially those with large-scale projects, to access the capital market, particularly in foreign markets, as a solution for financing the economy.

#### Vision

To position itself in the medium term as a national benchmark institution, both from an operational point of view, in granting guarantees to private companies, and in terms of its governance. In this sense, it assumes its vocation of internationalization as a guarantee institution that has the capacity to support national companies in their efforts to penetrate and develop new markets.

#### Values

To ensure that the activity provided is based on strict principles of ethics, morality and responsibility, the Sovereign Wealth Fund is guided by the following values:

- Professionalism
- Integrity
- Honesty
- Transparency
- Confidence
- Commitment

**Governance Model**

The Fund's governance model consists of a Board of Directors, an Advisory Board and a Statutory Auditor.

**Board of Directors**

**- President:**

Dr. Pedro Mendes de Barros

**- Members:**

Executive - Dr. João Carlos Tavares Fidalgo

Non-Executive: Dr. Ana Elizabeth Carvalho Vicente

**• Alternate:**

Dr. José Luís Semedo

**• Advisory Board**

President of the Sotavento Chamber of Commerce, Industry and Services

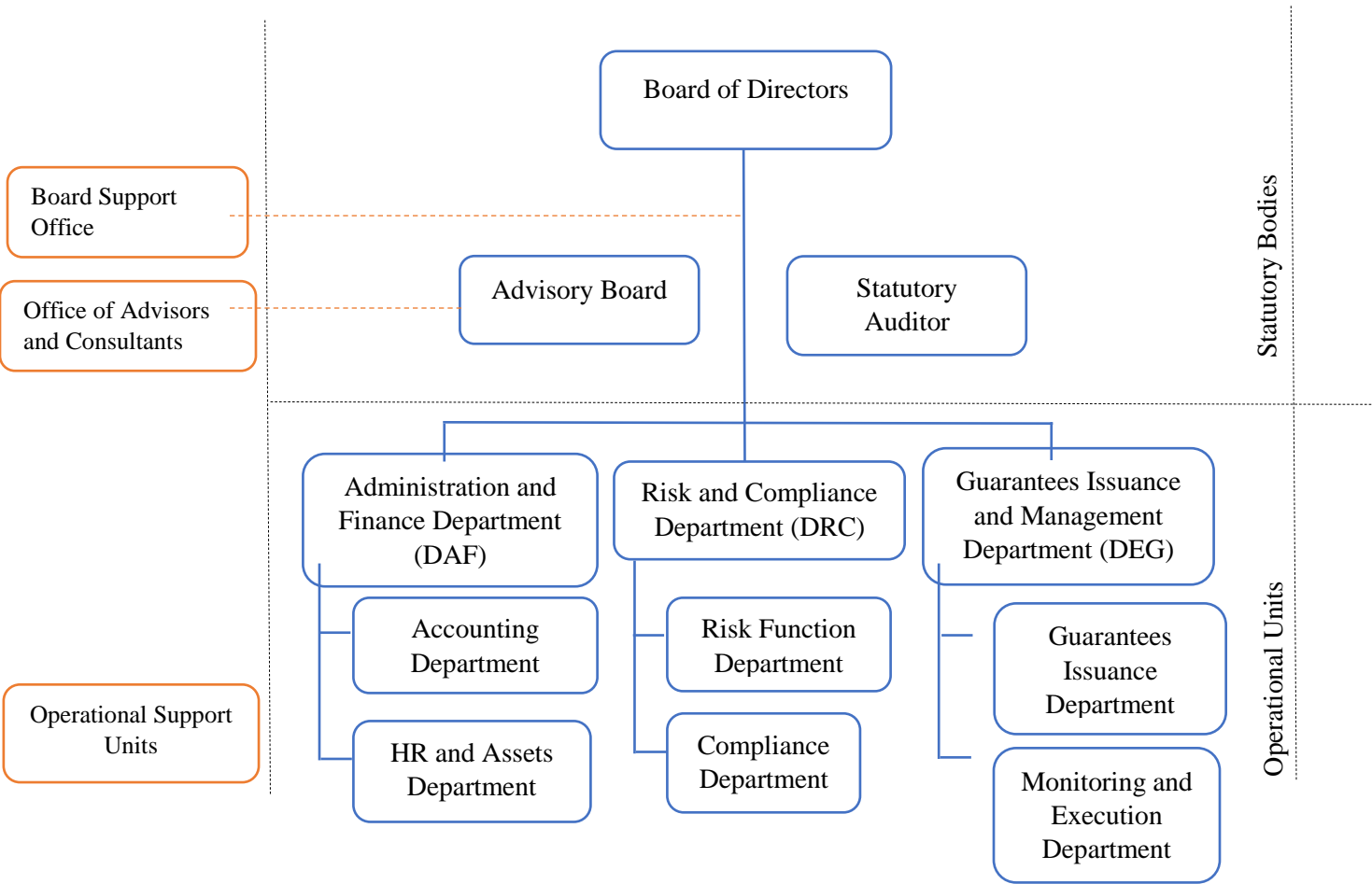
President of the Barlavento Chamber of Commerce

President of the Chamber of Tourism

**• Statutory Auditor**

Dr. Valentim Pinto

Fund’s Organizational Structure



## 4. International Macroeconomic Context

The international economy in 2024 has been marked by a context of uncertainty and transformation, driven by factors such as inflation, changes in economic policies, extreme weather events, geopolitical tensions and technological advances.

The International Monetary Fund (IMF) has revised upwards its projection for world gross domestic product (GDP) growth in 2025, from 3.2% to 3.3%. The United States is expected to grow by 2.7%, reflecting robust labor markets and an increase in investment. In the advanced economies, a moderate recovery is expected, with growth reaching 1.8% in 2025. In emerging and developing markets, growth is expected to stabilize at 4.2%.



In Europe, the Eurozone is expected to grow by 1% in 2025, with heterogeneous performances between countries: Germany (0.3%), France (0.8%), Italy (0.7%) and Spain (2.3%). In Asia, China's growth was revised slightly upwards to 4.6%.

Global inflation is expected to continue its downward trajectory, with a projected rate of 4.2% in 2025 and 3.5% in 2026. Advanced economies tend to reach their inflation targets more quickly than emerging markets. Inflation in the Eurozone is expected to stand at 2.3% in 2025, converging towards the 2% target set by the European Central Bank (ECB).

Experts now project **overall inflation in the eurozone** to average 2.3% in 2025, 1.9% in 2026 and 2.0% in 2027. The Governing Council is determined

to ensure that inflation stabilizes, in a sustained manner, at its medium-term objective of 2%.

**Monetary policy** is becoming significantly less restrictive, as interest rate cuts make new borrowing less onerous for companies and households, and credit growth is recovering.

At its meeting on March 6, 2025, **the Governing Council decided to reduce the three key interest rates by 25 basis points**. In terms of monetary policy decisions, **the interest rates** on the deposit facility, the main refinancing operations and the marginal lending facility were cut to 2.50%, 2.65% and 2.90% respectively, with effect from March 12, 2025.

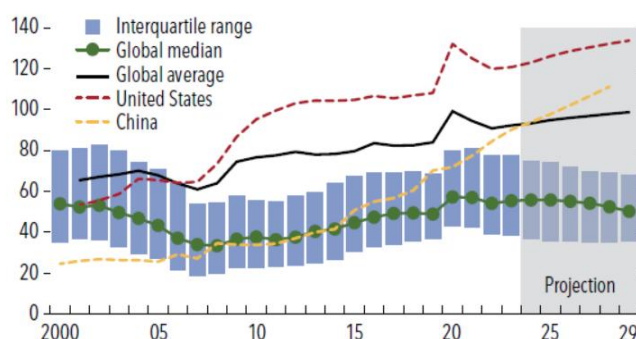
In international trade, tensions persist. The United States imposed additional tariffs on China, which responded with partial retaliation. These measures, combined with stricter migration policies, have a negative impact on global trade.

Developing economies have increased their importance in global capital and remittance flows, accounting for 40% of the total between 2019 and 2023. The growth of the largest emerging economies - China, India and Brazil - has multiplier effects on the other developing economies.

In the European context, there is still a lot of uncertainty surrounding domestic and trade policies, especially in view of the indirect impacts of the trade conflict between the US and China.

In terms of public debt, the IMF warns that it should exceed 100 trillion dollars by the end of 2024, corresponding to 93% of the world's GDP. Projections indicate a worsening by 2030, with the debt ratio approaching 100% of GDP. Global debt totaled around 310 trillion dollars in 2023, equivalent to 330% of world GDP, representing one of the greatest challenges of our time.

**Figure 1.1. Public Debt-to-GDP Ratio, 2000-29**  
(Percent of GDP)



Source: IMF, World Economic Outlook database.

The International Labor Organization (ILO) and the UN predict that the global unemployment rate in 2025 will be around 5%, close to a historic low. However, youth unemployment remains high, reaching 12.6% in several regions, reflecting structural difficulties in creating decent jobs. In the European Union, an unemployment rate of 6.3% is expected in 2025, with a slightly decreasing trend until 2027, although challenges to productivity and labor inclusion remain.

## Cabo Verdean Economy

The Cabo Verdean economy recorded robust growth of 7.3% in 2024, with inflation falling to 1.0% and an external surplus of 3.7% of GDP. The dynamics of GDP growth were driven above all by private consumption and exports of services, especially the tourism sector.

According to the Bank of Cabo Verde, the reduction in the inflation rate was due to the fall in the prices of energy and food products on the international markets.

As far as external accounts are concerned, the surplus of 3.7% of GDP was sustained by the good performance of tourism, re-exports and remittances from emigrants, allowing net foreign reserves to cover the equivalent of 6.5 months of imports.

For 2025, the Cabo Verdean government projects economic growth of between 4.8% and 5.3%, while the most recent IMF forecast points to 4.7%. This projection exceeds the average estimated for sub-Saharan Africa

(4.2%) and is above the rate forecast for middle-income African countries (3.9%), the group to which Cabo Verde belongs.

In the Sub-Saharan Africa region, economic growth of 4.2% is expected in 2025, driven mainly by the recovery of industrial exporting economies, including the largest in the region. This progress will also be favored by mitigating the negative impacts of climate shocks and improving supply chains.

In Cabo Verde, the services sector should continue to lead economic growth, leveraged by the strong dynamics of tourism. It is estimated that the number of tourists will increase by 22.7% in 2024 and 12.4% in 2025, significantly boosting exports of services. Investment, for its part, should reverse its recent negative trajectory and grow in both years, in line with the recovery of the construction sector.

The archipelago is expected to reach a historic milestone in 2024, receiving around 1.2 million guests, according to preliminary figures released by the president of the Cabo Verde Tourism Institute.

The Cabo Verdean government estimates economic growth of between 4.8% and 5.3% for 2025, while the most recent IMF Outlook points to 4.7%. Even so, this projection exceeds the average expected for sub-Saharan Africa (4.2%) and is above the rate forecast for middle-income African countries (3.9%), the group to which Cabo Verde belongs.

For sub-Saharan Africa, economic growth of 4.2% is forecast for 2025, driven above all by the recovery of industrial exporting economies, including the largest in the region. This progress will also be favored by the mitigation of the negative impacts of climatic shocks and improved supply.

The services sector should continue to lead economic growth, driven mainly by the positive dynamics of tourism. It is estimated that the number of tourists will increase by 22.7% in 2024 and 12.4% in 2025, boosting exports of services. Investment, meanwhile, is expected to reverse the negative trend and grow in both years, in line with the recovery of the construction sector.

The archipelago will reach a historic milestone when it welcomes around 1.2 million guests in 2024, according to preliminary figures released by the president of the Cabo Verde Tourism Institute.

In the monetary sector, the Bank of Cabo Verde decided to continue the process of normalizing its monetary policy, adopting a more restrictive stance. As such, it opted for a slight increase in its benchmark interest rates,

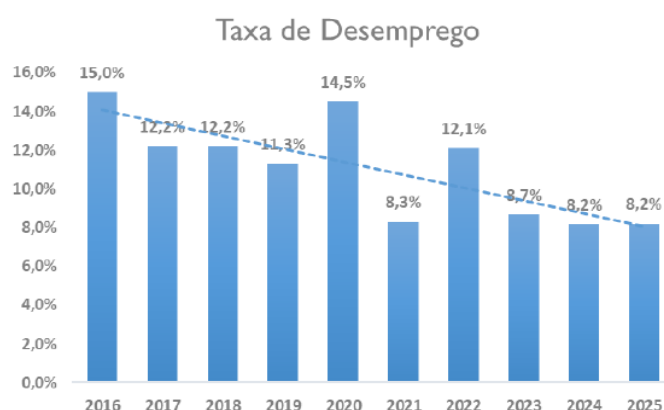


with the aim of reducing the differential with the Euro Area and mitigating potential risks to the exchange rate regime. The gradual increase in interest rates also aims to mitigate inflationary pressures in the country, without compromising financial stability.

Regarding the external accounts, they are expected to continue to benefit from the expansion of tourist activity and the slowdown in imports, driven in part by the effect of prices and the increase in donations, as well as the reduction in interest payments on public debt. The current account deficit is expected to be between 3% and 4% of GDP in both 2024 and 2025.

The stock of net international reserves will remain sufficient to cover around 5.7 months of simultaneity in 2024, rising to 5.5 months in 2025 and 5.3 months in 2026.

In terms of the labor market, the report released by INE estimates the active population at 215,763 individuals, reflecting an activity rate of 58.1%. The employed population was estimated at 196,715 people, corresponding to an employment rate of 53.0%. Analysis by gender shows that the activity rate among men was 64.9%, while among women it was 51.6%.



According to the data presented, active employment, protection and social inclusion policies have helped to reduce unemployment to 10.3% and poverty to 24.7% by 2023.

The improvement of the business environment is being driven by digital transformation. Major public and private investments are planned, including the 300-million-euro package of the European Union's **Global Gateway** initiative and an **MCC Regional Compact**, which should accelerate economic diversification, with a focus on the blue economy, the digital economy and improved connectivity between the islands, as well as with Africa and the rest of the world.

A study presented by the World Bank warns that Cabo Verde needs to adopt urgent measures to tackle climate change, at the risk of a drop in Gross Domestic Product (GDP) over the next 25 years.

In addition, the International Monetary Fund (IMF) is supporting the country with funding of 31.7 million dollars under the **Resilience and Sustainability Facility (RSF)**.

With respect to challenges and adverse factors, an intensification of protectionist policies could aggravate trade costs, reduce market efficiency and further disrupt supply chains. Increased social risk also poses a risk, potentially generating instability, undermining consumer and investor confidence and delaying the approval and implementation of essential structural reforms.

The IMF also warns that Cabo Verde's macroeconomic outlook remains subject to downside risks, given the country's vulnerability to external and internal shocks.

## 5. Summary of activities carried out

The activities were carried out within the framework of our main management instrument: the Activity Plan for 2024, which is based on the strategic guidelines that characterize and define the Fund's activities, particularly related to its attributes and its fundamental importance in implementing the national development strategy defined by the government.

It is worth highlighting the external context of economic recovery in the 2023-2024 biennium, marked by crises resulting from war, geopolitical tensions and post-pandemic climate challenges. Even against this backdrop, we have remained aligned with the Fund's main objective, which is to optimize the standards of innovation in its performance, with differentiated action based on the pillars of financial, social and environmental sustainability. This commitment has guided the issuance of guarantees for investment projects, always with effective and efficient management of the resources available, whether financial or human.

In terms of institutional communication, we would highlight the improvement of our website and participation in national and international conferences, which has contributed significantly to strengthening the visibility and institutional image of the Sovereign Wealth Fund.

In terms of the macroeconomic environment, in 2024 the European financial markets were influenced by the start of the normalization of the European Central Bank's (ECB) monetary policy, with interest rates being cut as of June - later than initially

expected. The reduction amounted to 100 basis points in the deposit facility rate (DFR), which stood at 3%, and 135 basis points in the main refinancing operations (MRO) rate, which stood at 3.15%. This development took place against a backdrop of falling inflation, close to the 2% target in the eurozone, while economic activity was disappointing, with a slight contraction in the German economy.

As a result, *yields* in the eurozone fell at the short end of the yield curve, while they rose at the medium and long end. The German yield curve returned to a positive slope (*steepening*), and the *spreads* of the non-core eurozone countries narrowed. The *rating* agencies made upward revisions to the public debt ratings of countries such as Greece and Portugal and improved the *outlook* for Italy.

At the institutional level, safeguarding the financial balance and carrying out the planned actions - respecting the binomial between fulfilling the Fund's duties and presenting indicators of economic and financial soundness - required a rigorous assessment of the projects. This assessment was based primarily on their economic and financial viability and the expected impact on the densification of the national business fabric, always within the scope of a risk mitigation policy.

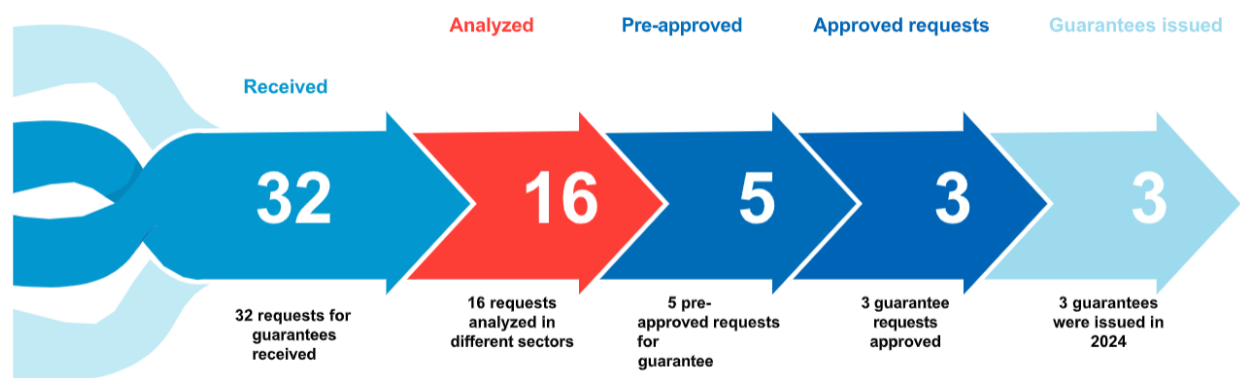
We reaffirm that the Fund's main goal is to constantly optimize the standards of innovation in institutional performance, with actions guided by financial, social and environmental sustainability when issuing guarantees for investment projects. This approach is reinforced by careful and efficient management of resources, both financial and human.

It was from this strategic perspective that we began analyzing requests for financing guarantees from Cabo Verdean companies and financial institutions.

In addition to what has already been achieved in the tourism sector, in 2024 we would highlight the support for the *Four Points by Sheraton - Laginha Beach, Mindelo* project, through the bond loan from the company **MASEYKA HOLDINGS INVESTMENTS**, aimed at co-financing this initiative.

As to current situation of the major projects, many are still in the financial assembly phase, due to the high level of funding required, awaiting decisions from financial institutions, both internal and external, so that they can be guaranteed by the Sovereign Fund.

Considering the time needed to process funding applications and the respective approvals, although we received a total of 10 more project years during the year, making a total of 32 guarantee applications in the Fund's portfolio, of the 3 applications approved, only 3 guarantees were issued.



In this regard, the Fund can provide guarantees in favor of private companies under Cabo Verdean law that are legally incorporated and established to carry out business in any sector of economic activity, as long as they strictly comply with social and environmental sustainability criteria.



## 6. Outlook for 2025

In terms of prospects, on the one hand, three relevant funding requests were submitted in the first quarter of 2025:

1. A project in the fishing sector, for the purchase of a semi-industrial vessel, with an investment of 1,533.4 thousand euros.
2. An industrial project to build a factory, with a total investment of 2,750 thousand euros, to install equipment to produce cans of pulses.
3. A hotel project in the city of Mindelo, with a total value of 11 million euros, 75% of which will be financed by financial institutions.

On the other hand, the Board of Directors was recomposed in March 2025.

## 7. FUND RISK MANAGEMENT

The Fund's organizational structure includes a Risk and Compliance Department, a first-level body in the Fund's organic structure whose mission is to **(i)** identify, assess and control the risks associated with the Fund's activity in a global and integrated manner, in order to ensure that they remain at levels consistent with the profile and degree of risk tolerance defined by the Fund's Board of Directors; **(ii)** capital protection, namely through the management of capital and solvency risks, credit, market, liquidity, portfolio interest rate, operational and non-financial risks incurred by the fund, the interrelationships between them and ensuring the coherent integration of their partial contributions; and **(iii)** ensuring the integrated management of non-financial risks associated with the Fund's activity, as well as the *Compliance* function and Business Continuity Management.

Risk management is a priority area of action for the Fund, whose objectives are based on preserving capital and rigorously protecting assets against the reckless and inadequate risks to which they are exposed.

### Main activity risks

#### Market risk

Market risk is the Fund's main business risk and is defined as the probability of negative impacts on results or capital due to adverse movements in the market price of the assets that make up the Fund's portfolio.

To mitigate this risk, the Fund has, since its inception, defined a plan for the investment of its financial resources, drawn up in accordance with the principles that derive from the very law that constitutes it - profitability and security.

From the outset, therefore, the Bank of Portugal, the entity that manages the Fund's funds, established a set of *guidelines* whose objective is the profitability of the funds, bounded by careful risk management.

In fact, the *Guidelines* define a set of Asset Management *Guidelines*, which ensure investments in assets considered to be low risk, comprising two distinct portfolios, valued differently: at market prices and at amortized cost.

For the investment portfolio, the *Guidelines* define the restrictions on authorized instruments and operations, the *rating* agencies for determining the rating of the instruments, the maturity of the investments, the currency, the *modified duration* of the investment portfolio and the country risk. Exposure to supranational and quasi-governmental institutions and financial institutions is also limited.

The Bank of Portugal manages and monitors the trading portfolio on a daily and permanent basis. The Fund's Board of Directors follows-up on a weekly basis in order to monitor and ensure that no limit previously defined in the *Guidelines* has been exceeded.

### **Credit risk / counterparty**

Credit risk is one of the most important risks to which the Fund is exposed and is associated with the probability of losses arising from the inability of a given counterparty to fulfill its obligations associated with the guarantees provided.

To ensure the management and control of this type of risk, a Manual of Procedures (Manual) for the approval of guarantees has been formally approved, which includes the procedures that must be followed from the analysis phase to the approval and follow-up/monitoring phase.

The Manual also sets out the limits for granting guarantees and the eligible sectors of activity.

Approval to grant guarantees is therefore limited by the principles of rigor and prudence in granting guarantees, as well as by continuous monitoring and follow-up of the portfolio of guarantees granted.

Given its recent start-up, the Fund is still working on its impairment model which, given the materiality of the guaranteed operations, will be based on the principle of case-by-case analysis. For 2024, the Fund is not yet recognizing any impairment losses for the guaranteed credit portfolio, which currently consists of 3 (three) operations, all of which are proceeding normally and have shown no signs of a significant increase in risk since they were granted.

Particularly concerning the portfolio valued at amortized cost, it is made up of sovereign debt securities (government bonds) from Eurozone countries. For these

assets, the accounting criteria followed are those defined by IFRS 9. Assessing the international *rating* of these countries and the practices followed in the market, it is considered that the credit risk associated with these assets is not significant. As such, the Fund assumes a low credit risk associated with these financial instruments and assigns them a nil *Expected Credit Loss (ECL)*.

## 8. FINANCIAL RESULTS

### 8.1. Income trends in 2024

The Fund's income comes mainly from the return on the portfolios held, which comprises a *marked-to-market* portfolio (Investment Portfolio) and a portfolio valued at amortized cost (Maturity Investment Portfolio).

The performance evaluation is calculated in relation to a *Benchmark*, and the deviation between the return on the two portfolios is measured. It is worth mentioning that there is a *Benchmark* valued at market price and another valued at amortized cost.

The FSGIP results for the total portfolios amounted to 309,368 mECV, representing an *outperformance* against the *Benchmark* of 5,034 mECV.

Type of Manag	Profitability		Income €		Income CVE	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
FSGIP - INV	3,48%	3,44%	2 732 206, 00 €	2 695 203, 00 €	301 266 695 ECV	297 186 559 ECV
FSGIP - BH	0,61%	0,54%	73 474,87 €	64 822, 23 €	8 101 707 ECV	7 147 624 ECV
			2 805 680,87 €	2 760 035,24 €	309 368 401 ECV	304 334 183 ECV

#### 8.1.1. Investment Portfolio Valuation

At the end of 2024, the most significant differential positions concerned exposure to Belgian sovereign debt (in which the *Benchmark* has no investments), but also greater exposure to Spanish sovereign debt, to the detriment of short positioning in French, German and Italian sovereign debt. In the case of Italy, the portfolio has no position because investment in securities from that jurisdiction is subject to tax, making them less profitable, in net terms, than comparable alternatives. In terms of modified duration,



the portfolio had a duration of 10.8 months on December 31, the same as the *Benchmark*.

Position at December 31, 2024 (% market value)		
Issuers	Portfolio	Benchmark
Germany	36,9%	37,5%
France	39,8%	40,0%
Belgium	6,7%	0,0%
Italy	0,0%	10,0%
Spain	16,1%	12,0%
Outstanding balance	1,1%	0,0%
<b>Modified Duration (in months)</b>	<b>10,8</b>	<b>10,8</b>

The FSGIP-INV portfolio returned 3.48%, 4 b.p. more than the *Benchmark*. The exposure to issuers other than those making up the *Benchmark* contributed to this *outperformance*. The portfolio's differential results for the year are mainly due to the positions listed below:

1. Higher exposure to treasury bills with comparatively higher *yields* than the investments made by *Benchmark*, specifically Belgium;
2. Lower exposure to treasury bills with lower yields, held by *Benchmark* namely Germany.

On December 31, 2024, the market value of the Investment Portfolio amounted to a nominal value of €82,436,645.70 and, in terms of market value € 80,744,840.53, which was distributed as follows: 99.95% in Securities and 0.05% in Cash Balances.

	Nominal Value		Market Value		Weight (Market Value)
	Euros	CVE	Euros	CVE	
Bonds	82 400 000,00	9 085 836 000 CVE	80 708 194,83 €	8 899 103 CVE	99,95%
Outstanding balance	36 645, 70 €	4 040 738 CVE	36 645, 70 €	4 040 738 CVE	0,05%
<b>Total</b>	<b>82 436 645, 70 €</b>	<b>9 089 876 738 CVE</b>	<b>80 744 840,53 €</b>	<b>8 903 329 841 CVE</b>	<b>100%</b>

### 8.1.2. Maturing Investment Portfolio

As of December 31, 2024, the portfolio held 1.1% in sight balances and the *Benchmark* 1.9% in deposits. The modified duration of the investment portfolio at maturity amounted to 5.9 years at the end of the year, similar to the *Benchmark's* duration.

Position at December 31, 2024 (% amortized cost)		
Issuers	Portfolio	Benchmark
France	28,5%	29,1%
Belgium	0,0%	9,7%
Italy	24,4%	20,1%
Spain	46,0%	39,2%
Deposits	0,0%	1,9%
Outstanding balance	1,1%	0,0%
<b>Modified Duration (in years)</b>	<b>5,9</b>	<b>5,9</b>

The FSGIP-BH portfolio returned 0.61%, 7 b.p. more than the *Benchmark*. These higher results than those achieved by the *Benchmark* are due, in particular, to differential positioning in terms of jurisdictions.

On December 31, the market value on the same date was €10,491,860.15 and the amortized cost value was €11,929,806.92, distributed as follows:

	Nominal Value		Market Value		Value at amortized cost		Weight (amortized cost)
	Euros	CVE	Euros	CVE	Euros	ECV	
Bonds	10 928 000,00	1 204 975 920 CVE	10 362 824, 33€	1 142 656 825 CVE	11 800 771 CVE	1 301 212 025 CVE	98,92%
Outstanding balance	129 035, 82€	14 228 135 CVE	129 035, 82€	14 228 135 CVE	129 036 CVE	14 228 135 CVE	1,08%
<b>Total</b>	<b>11 057 035, 82€</b>	<b>1 219 204 055 CVE</b>	<b>10 491 860, 15€</b>	<b>1 156 884 959 CVE</b>	<b>11 929 807 CVE</b>	<b>1 315 440 160 CVE</b>	<b>100%</b>

### 8.1.3. Revenues

During the economic year 2024, the European financial markets were restricted by the start of the normalization of monetary policy by the ECB, with the cycle of rate cuts. The extent of the reduction, lower than that discounted at the start of the year, amounted to 100 bp for the deposit facility rate, which stood at 3%, and 135 bp for the rate applicable to the main refinancing operations, which stood at 3.15%.

In this context, euro area *yields* fell in the short end of the yield curve, while *yields* rose in the medium and long end.

As of December 31, 2024, the Fund had 3 (three) guarantees in place to finance projects in the areas of renewable energy and tourism, the guarantee fees for which amounted to 2,942,697 ECV.

#### **8.1.4. Expenses**

In 2024, the fund's expenses amounted to 18,301,944 ECV, mainly represented by staff costs and general administrative expenses, which accounted for 4.7% of income.

#### **8.1.5. Net Profit for the Year**

The Net Profit for the 2024 financial year is associated with the "good performance" of the international financial markets in which the Fund has invested, on which it has recorded potential gains.

Thus, by adding up the guarantee commissions plus the income from the transactions made in the securities in the two portfolios and deducting the charges incurred in the custody of securities and the Fund's operating costs, we have reached a Net Profit for the 2024 financial year before tax of 236,069,094 ECV (two hundred and thirty-six million, sixty-nine thousand and ninety-four escudos).

The Board of Directors,

**FINANCIAL STATEMENTS**

# Sovereign Private Investment Guarantee Fund

## Annual Report 2024



### Balance sheet

Period from January 1 to December 31, 2024 and January 1 to December 31, 2024

(Amounts expressed in CVE)

		2024			2023
Headings	Notes	Amounts before provisions, impairments and amortizations (1)	Provisions, impairments and amortizations (2)	Net value (3) = (1) - (2)	Net value
ASSETS					
Cash and deposits at central banks		-	-	-	-
Loans and advances to other credit institutions	3	20 895 481	-	20 895 481	103 924 341
Loans and advances to financial institutions	4	185 000 000	-	185 000 000	82 413 950
Financial assets at fair value through profit or loss	5	8 899 289 104	-	8 899 289 104	8 657 827 032
Financial assets at amortized cost	6	1 316 417 328	-	1 316 417 328	1 287 160 843
Other tangible assets	7	5 694 181	887 835	4 806 346	3 953 203
Other intangible assets	8	-	-	-	-
Rights of use		9 118 352	3 951 286	5 167 066	6 990 736
Income receivable	9	6 125 717	-	6 125 717	72 393
Other assets	10	1 002 915 500	-	1 002 915 500	1 002 946 000
Total assets		11 445 455 663	4 839 122	11 440 616 541	11 145 288 498
LIABILITIES					
Current tax liabilities	11	-	-	86 596 876	20 319 451
Deferred income		-	-	151 614	-
Other liabilities	12	-	-	7 425 369	14 595 460
Total Liabilities		-	-	94 173 860	34 914 911
SHAREHOLDERS' EQUITY					
Paid-up capital	13	-	-	10 023 850 000	10 023 850 000
Paid-up and unpaid capital	14	-	-	1 002 650 000	1 002 650 000
Legal reserve and retained earnings	15	-	-	83 873 587	(119 524 225)
Other capital instruments		-	-	-	-
Retained earnings		-	-	-	-
Profit for the year		-	-	236 069 094	203 397 812
Total Capital		-	-	11 346 442 681	11 110 373 587
Total liabilities + equity		-	-	11 440 616 541	11 145 288 498

# Sovereign Private Investment Guarantee Fund

## Annual Report 2024



### Income Statements by Type

Period from January 1st to December 31st, 2024

(Amounts expressed in CVE)

Headings	Notes	2024	2023
Interest and similar income	16	13 315 737	9 832 319
Interest and similar charges	17	(548 067)	(1 116 409)
<b>NET INTEREST INCOME</b>		<b>12 767 670</b>	<b>8 715 910</b>
Income from services and commissions	18	2 942 697	46 518
Charges for services and commissions	19	(269 832)	(650 573)
Income from financial assets at fair value through profit or loss	20	301 266 916	239 835 401
Income from financial assets at amortized cost		-	-
<b>BANKING PRODUCT</b>		<b>316 707 451</b>	<b>247 947 256</b>
Personnel costs	21	(8 789 962)	(10 127 145)
General administrative expenses	22	(6 000 770)	(6 437 737)
Other operating income/costs	23	(91 832)	(36 125)
Depreciation and amortization expenses/reversals	7 & 8	(2 601 482)	(2 215 054)
Impairment of financial assets at amortized cost, net of reversals and recoveries		-	-
<b>EARNINGS BEFORE TAX</b>		<b>299 223 406</b>	<b>229 131 195</b>
Income tax for the period	10	(63 154 312)	(25 733 383)
<b>NET INCOME FOR THE YEAR</b>		<b>236 069 094</b>	<b>203 397 812</b>

Certified Accountant

The Board of Directors

Pedro Mendes de Barros

João Carlos Tavares Fidalgo

Ana Elizabeth Pires Carvalho Vicente



Statement of comprehensive income

Headings	31-12-2024	31-12-2023
Net income for the year	236 069 094,38	203 397 812,00
Other comprehensive income for the year after tax	-	-
Revaluation of financial assets at fair value through other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>236 069 094,38</b>	<b>203 397 812,00</b>



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STATEMENT OF CHANGES IN EQUITY

Period from January 1 to December 31, 2024

(Amounts expressed in CVE)

DESCRIPTION		Paid-up capital	Unpaid capital	Legal reserve	Previous loss coverage	Earnings awaiting distribution	Retained earnings	Net profit for the period	Deferred	Total equity
<b>POSITION AS OF 01-01-2024</b>	<b>1</b>	<b>10 023 850 000</b>	<b>1 002 650 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119 524 225)</b>	<b>203 397 812</b>	<b>11 110 373 587</b>	<b>11 110 373 587</b>
<b>CHANGES IN INCOME AND EXPENSES RECOGNIZED IN THE PERIOD</b>										
Net profit for the period		-	-	-	-	-	-	236 069 094	236 069 094	236 069 094
First adoption of the new accounting standard		-	-	-	-	-	-	-	-	-
Changes in accounting policies and error corrections		-	-	-	-	-	-	-	-	-
Differences in the conversion of financial statements		-	-	-	-	-	-	-	-	-
Realization of the revaluation surplus of tangible and intangible fixed assets		-	-	-	-	-	-	-	-	-
Revaluation surplus of tangible and intangible fixed assets and respective variations		-	-	-	-	-	-	-	-	-
Deferred tax adjustments		-	-	-	-	-	-	-	-	-
Other changes recognized in equity		-	-	20 339 781	119 524 225	63 533 806	-	-	-	-
<b>EXTENSIVE RESULT</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>20 339 781</b>	<b>119 524 225</b>	<b>63 533 806</b>	<b>-</b>	<b>236 069 094</b>	<b>236 069 094</b>	<b>236 069 094</b>
<b>TRANSACTIONS WITH EQUITY HOLDERS IN THE PERIOD</b>										
Capital subscriptions		-	-	-	-	-	-	-	-	-
Capital increase		-	-	-	-	-	-	-	-	-
Other operations with shareholders		-	-	-	-	-	-	-	-	-
<b>OTHER OPERATIONS</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Supplementary capital contributions		-	-	-	-	-	-	-	-	-
Legal reserves		-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-
<b>POSITION AS OF 31-12-2024</b>	<b>1 + 2 + 3 + 4</b>	<b>10 023 850 000</b>	<b>1 002 650 000</b>	<b>20 339 781</b>	<b>119 524 225</b>	<b>63 533 806</b>	<b>(119 524 225)</b>	<b>439 466 906</b>	<b>11 346 442 681</b>	<b>11 346 442 681</b>

Period from January 1 to December 31, 2023

(Amounts expressed in CVE)

DESCRIPTION		Paid-in capital		Legal reserve	Shares (own shares)	Earnings awaiting distribution	Retained earnings	Net profit for the period	Deferred	Total equity
<b>POSITION AS OF 01-01-2023</b>	<b>1</b>	<b>9 923 850 000</b>	<b>1 102 650 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23 197 706)</b>	<b>(96 326 519)</b>	<b>10 906 975 775</b>	<b>10 906 975 775</b>
<b>CHANGES IN INCOME AND EXPENSES RECOGNIZED IN THE PERIOD</b>										
Net profit for the period		-	-	-	-	-	-	203 397 812	203 397 812	203 397 812
Deferred tax adjustments		-	-	-	-	-	-	-	-	-
Other changes recognized in equity		-	-	-	-	-	(96 326 519)	96 326 519	-	-
<b>EXTENSIVE RESULT</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(96 326 519)</b>	<b>203 397 812</b>	<b>203 397 812</b>	<b>203 397 812</b>
<b>TRANSACTIONS WITH EQUITY HOLDERS IN THE PERIOD</b>										
Capital subscriptions		100 000 000	(100 000 000)	-	-	-	-	-	-	-
Capital increase		-	-	-	-	-	-	-	-	-
Other operations with shareholders		-	-	-	-	-	-	-	-	-
<b>OTHER OPERATIONS</b>	<b>3</b>	<b>100 000 000</b>	<b>(100 000 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Supplementary capital contributions		-	-	-	-	-	-	-	-	-
Legal reserves		-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-
<b>POSITION AS OF 31-12-2023</b>	<b>1 + 2 + 3 + 4</b>	<b>10 023 850 000</b>	<b>1 002 650 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119 524 225)</b>	<b>203 397 812</b>	<b>11 110 373 587</b>	<b>11 110 373 587</b>

Certified Accountant

The Board of Directors

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# Cash Flow Statement

Period from January 1 to December 31, 2024 and same period last year

(Amounts expressed in CVE)

Headings	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	-
Payments to suppliers	10 e 18	(12 023 290)	(7 515 376)
Payments to staff	10 e 17	(7 872 544)	(7 107 382)
<b>Cash generated by operations</b>		<b>(19 895 834)</b>	<b>(14 622 758)</b>
Payment/receipt of income tax		-	-
Other receipts/payments		481 216	(8 940 787)
		<b>(19 414 618)</b>	<b>(23 563 545)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments relating to:</b>			
Other tangible assets	7	(1 488 458)	(3 508 137)
Financial investments	5, 6, 9, 15 e 16	(52 303 399 757)	(117 061 564 839)
Interest and similar expenses	14	(1 891 251)	(1 662 271)
<b>Receipts from:</b>			
Financial investments	5, 6, e 9	52 240 896 212	116 957 539 988
Interest and similar income	14	2 269 012	22 694 446
<b>Cash flows from investing activities (2)</b>		<b>(63 614 242)</b>	<b>(86 500 813)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts from:</b>			
Capital repayments		-	100 000 000
Resources from other financial institutions		-	-
<b>Payments relating to:</b>			
Other financing operations		-	-
<b>Cash flows from financing activities (3)</b>		<b>-</b>	<b>100 000 000</b>
<b>Change in cash and cash equivalents (1+2+3)</b>		<b>(83 028 860)</b>	<b>(10 064 358)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>103 924 341</b>	<b>113 988 699</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>20 895 481</b>	<b>103 924 341</b>

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