



Annual Report 2020

Sociedade Interbancária e Sistemas de Pagamentos, SA

Table of Contents

.....	1
1. KEY REFERENCES	9
Shareholder Structure	9
Corporate Bodies	10
2. EXECUTIVE SUMMARY	11
3. NATIONAL AND INTERNATIONAL ENVIRONMENT	14
4. PREVENTION AND CONTINGENCY PLAN FOR COVID-19	16
5. BUSINESS HIGHLIGHTS.....	17
5.1 Transaction processing and network management.....	17
5.2 Profile of the vinti4 Network.....	17
5.3 Geographical Coverage.....	21
5.4 Automated Teller Machines.....	21
5.5 Automatic Payment.....	22
5.6 International Acquiring.....	23
5.7 Service Payment.....	24
5.8 Sale of Mobile Recharges.....	25
5.9 Web Payment.....	25
5.10 Electronic Fund Transfer (TEF).....	25
5.11 Cheque Clearing.....	26
5.12 SWIFT Service.....	26
5.13 Infrastructure and Technology.....	27
5.14 Human Capital.....	28
5.15 Risk Management and Internal Control.....	30
5.16 Investment.....	30
6. FINANCIAL REVIEW.....	31
6.1 Gross Value Added.....	32
6.2 Income.....	32
6.3 Other income and gains.....	33
6.4 Expenditures.....	33
6.5 Net Income for the Year.....	34

7. FINANCIAL SITUATION	35
7.1 Balance Sheet Position	35
7.2 Management Indicators.....	36
7.3 Proposal for the Appropriation of Net Income	37
7.4 Income Statements.....	38
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020	43
Notes to the financial statements as at 31 December 2020	44
Report and Opinion of the Supervisory Board.....	78
Independent Auditor's Report and Opinion	81

Chart Index

Chart 1: Ownership Structure	9
Chart 2: Transactions processed by SISP	17
Chart 3: Transactions processed in the vinti4 Network	18
Chart 4: Number of transactions made in December 2020	19
Chart 5: Terminals and Cards	20
Chart 6: Geographic coverage of terminals	21
Chart 7: Purchases by Branch of Activity	23
Chart 8: Transactions with not-on-us cards in 2020	24
Chart 9: Gender Distribution	28
Chart 10: Age Range	28
Chart 11: Provision of Services	32

Table Index

Table 1: Value of transactions processed in the vinti4 Network in 2020	19
Table 2: Transactions at Automated Teller Machines	22
Table 3: Transactions at Automatic Payment Terminals	22
Table 4: Service Payment Transactions	24
Table 5: Mobile Phone Recharges	25
Table 6: Web Payment Transactions	25
Table 7: Electronic Fund Transfer Transactions	26
Table 8: Cheque Clearing Transactions	26
Table 9: SWIFT Transactions	26
Table 10: List of Training Activities carried out in 2020	29
Table 11: Investment	30
Table 12: Income Statement	31
Table 13: Expenditures	33
Table 14: Balance Sheet Position	35
Table 15: Management Indicators	36
Table 16: Proposal for the Appropriation of Net Income	37

List of Acronyms

ATM - Automatic Teller Machine

DSS - Data Security Standard

EMV - Europay, MasterCard and Visa

FRS – Financial Reporting Standards

FSE – Third-Party Supplies and Services

H2H - Host to Host

IASB – International Accounting Standard Board

IFRS - International Financial Reporting Standards

INE- National Institute of Statistics

IRPC – Corporate Income Tax

ISO - International Standards Organization

IUR – Single Income Tax

mPOS - mobile POS

PC – Personal Computer

PCI - Payment Card Industry

POS- Point of Sales

PIN – Personal Identification Number

SGGS - SISP Comprehensive Management System

Swift - Society for Worldwide Interbank Financial Telecommunication

TEF – Electronic Fund Transfer

Message from the Board of Directors,

Dear Shareholders,

The extraordinary shock caused by the coronavirus (covid-19) pandemic has profoundly affected the pace of growth of global Gross Domestic Product, which has contracted by 4.3 percent, according to the World Bank Report published in January 2021.

Economic activity in Cabo Verde's main economic partners, the Euro Area and the US, evolved closely in line with the world economy, having contracted 7.4 and 3.6 percent, respectively, reflecting the containment measures of the public health crisis adopted and some precautionary attitude by economic agents, with negative reflections on aggregate demand in particular in the private consumption, investment and net exports components.

On the aggregate supply side, the services sector (accommodation, restaurants, transport and cultural and recreational personal services) was the hardest hit. The contraction in economic activity in the United Kingdom, the country's main tourism market, was 9.9 percent.

The adverse external environment, a consequence of the global health crisis, dictated the very unfavorable performance of the national economic activity in 2020, with Gross Domestic Product in volume contracting by 14.8 percent (it grew by 5.7 percent in 2019), the worst economic performance in the last 40 years, related to the contraction of aggregate demand, reflecting the fall in exports and private consumption. On the supply side, of note are the negative developments in accommodation, transport, trade and taxes net of subsidies.

The year 2020 was particularly challenging for SISP, which was faced with the need to make mid-course adjustments to the objectives initially set for the year, in order to fulfill its important mission of providing the country with a modern, efficient payment system, integrated into major international systems.

In an atypical scenario, it ensured the operational availability of its services without interruptions, with the teams having shown signs of adapting to the new teleworking reality.

Continuing to align its processes with the best international practices in the areas of security, continuity and quality, it obtained and renewed critical and structuring certifications. As part of its strategy to create the conditions to make the country an important regional and international tourist destination, it concluded the important certification for the acceptance of American Express cards.

In the scope of risk management and internal control, it continued the process of integrating the risk approach to critical processes and sedimenting the activities of the internal control team, reinforced by the Legal & Compliance, Internal Audit and Quality & Risk teams. The contracting of external auditing services to carry out the operational audit work and of a company to support SISP's internal auditing team, provided adequate support to the needs to minimize risks and increase the efficiency of the processes.

As part of its policy to develop its human capital, SISP continued to invest heavily in training its employees, giving preference to online training due to the restrictions imposed by the pandemic.

In terms of results, the 2020 fiscal year was affected by the considerable decrease in transactions, largely associated with the effects of the closure of activities and the decrease in tourism as a result of the pandemic situation.

Net assets decreased by 25.8 percent compared to December 2019, totaling CVE 1,141.8 million, due to the decrease in current assets by CVE 384.8 million, justified essentially by the decrease in availability and short-term debts and the decrease in non-current assets by CVE 12.5 million, derived from the depreciation of assets over the years.

The measures adopted to address the pandemic, namely the extension of expiration dates of cards applied by banks from the second quarter of 2020 and the restrictions on visits to bank branches, explain the reduction in the number of cards produced by SISP, by eight percent (reaching 130,145), and also the active cards in the network, which decreased by two percent over the same period last year.

Contrary to the upward trend of recent years, the number of operations processed by SISP in 2020 decreased by three percent compared to the previous year, corresponding to 34.8 million operations, of which 96 percent were carried out in the vinti4 Network and four percent in other systems, namely, TEF, Cheque Clearing and "Not On Us" operations (carried out in foreign networks).

Purchases with international cards continued, in 2020, to gain weight in relation to withdrawals with the same cards at ATMs, as a result of the strategy of massification of this service initiated in the last three years, with a view to providing the country, increasingly touristic, with a network of acceptance of international cards in all sectors of activity.

The International Acquiring service recorded the largest drop ever with the COVID-19 pandemic, a decrease in the level of transactions of over 56.7 percent. The number of transactions reached 525,749, which compares to 1,216,513 transactions carried out in 2019, with transactions mainly in the first quarter of 2020, before the border closures.

The company's turnover totaled CVE 749 million and the net result was CVE 79.6 million, representing a decrease of 21.7 and 67.9 percent, respectively, justified by the effects of the pandemic situation.

Investments in 2020 were around CVE 90.9 million (CVE 143 million in 2019), with the realization rate of the investments planned for the period reaching 94%.

Total income amounted to CVE 786 million, down 26.8 percent compared to 2019, as a result of the decrease recorded in the main income from SISP services and the lower weight of the fair value of VISA shares in income as of 12/31/2020.

Total expenses amounted to CVE 682.6 million, a decrease of CVE 71.1 million, 9.4 percent less than the previous year.

At the end of 2020, Equity decreased by four percent year-on-year, CVE 44.4 million less in 2020, due to the combined effect of the distribution of dividends in 50 percent of the net result for 2019, and the impact of the decrease in Net Result for the year by CVE 168.5 million.

The Board of Directors would like to thank SISP's employees for their commitment throughout 2020, as well as all Clients, Suppliers, Auditors and Financial Institutions for their trust and collaboration.

To the Fiscal Council we address a word of appreciation for the support provided throughout the 2020 fiscal year.

The Board of Directors,

António Carlos Semedo

João de Deus Pires Asseiro

João Domingos Correia

Manuel Fernando Monteiro Pinto

Paulo Jorge Lima

Soeli Santos

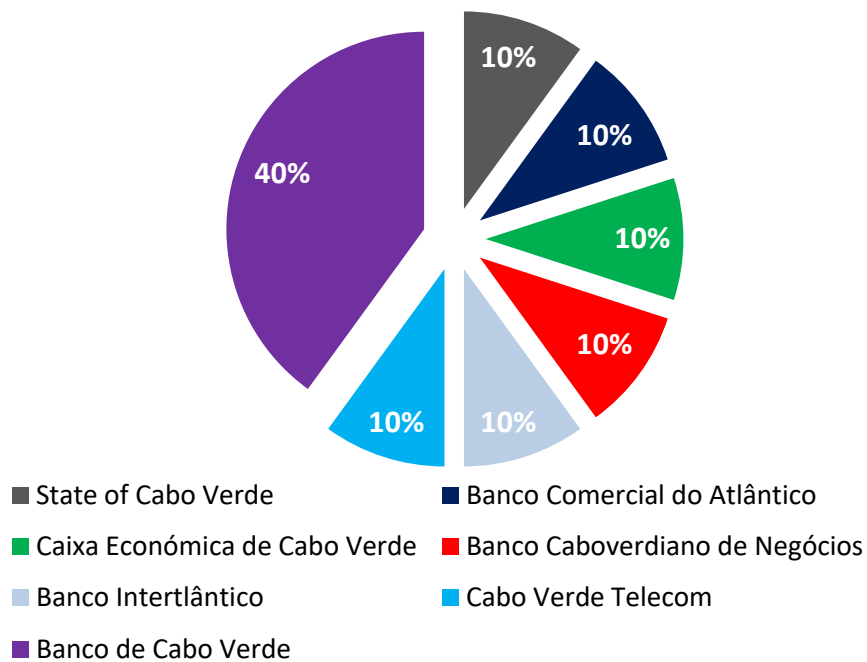
Teresa Lima Vicente

1. KEY REFERENCES

Shareholder Structure

The Sociedade Interbancária e Sistema de Pagamentos, hereinafter abbreviated as SISP, is a public limited company headquartered on the island of Santiago, with a fully subscribed and paid-up capital of 100,000,000 Escudos (one hundred million Escudos), represented by 100,000 shares with a nominal value of one thousand Escudos each, held and distributed as per the following chart:

Chart 1: Ownership Structure



Corporate Bodies

General Meeting of Shareholders

Chairman

Maria Da Luz De Pina Gomes Brito, on behalf of the State of Cabo Verde up to January 22, 2020

Cláudia Marisa Gomes Barros Mendes, on behalf of the State of Cabo Verde as from January 22, 2020

Secretaries

Gilda Maria Medina Gomes, on behalf of the Banco de Cabo Verde

Américo Miranda Andrade, on behalf of the Banco Comercial do Atlântico

Board of Directors

Chairman

Maria Teresa Lopes da Luz Henriques, on behalf of the Banco de Cabo Verde up to December 31, 2020

Teresa Cristina Brito Lima Barbosa Vicente, on behalf of the Banco de Cabo Verde as from January 15, 2021

Executive Directors

António Carlos Moreira Semedo, on behalf of the Caixa Económica de Cabo Verde

Hernâni Lopes Trigueiros, on behalf of the State of Cabo Verde up to September 30

Soeli Cristina Dias Santos, on behalf of the State of Cabo Verde as from January 18, 2021

João de Deus Pires Asseiro, on behalf of the Banco Comercial do Atlântico

João Domingos de Barros Correia, on behalf of the Cabo Verde Telecom

Paulo Jorge Ferro R. de Oliveira Lima, on behalf of the Banco Caboverdeano de Negócios

Manuel Fernando Monteiro Pinto, on behalf of the Banco Interatlântico

Supervisory Board

Chairman

Filinto Elísio Alves dos Santos, on behalf of the Caixa Económica de Cabo Verde up to November 26, 2020

Manuel Sanches Tavares Junior, on behalf of the Caixa Económica de Cabo Verde as from November 26, 2020

Members

Mónica Vitoria do Espírito Santo Correia Garcia, on behalf of the Banco Interatlântico

Ana Elisabeth Pires Carvalho Vicente, on behalf of the Banco Caboverdeano de Negócios

2. EXECUTIVE SUMMARY

SISP's vision is to be a reference company in the area of payment systems, with a provision of excellence recognized by clients and society, through a policy based on the following principles:

- To ensure the organization, efficiency, and continuous improvement of services and processes;
- To ensure the training, valorization, and continuous satisfaction of employees;
- To ensure strategic partnerships with suppliers, entities, and critical partners;
- To always serve the customer with professionalism, courtesy, and focus on the solution, delivering the services on time and with the quality agreed upon;
- To ensure high availability, accessibility, security, efficiency and compliance of the services;
- To promote modern, innovative, secure and relevant payment and identification systems for the society as a whole.

The company's activity encompasses the fulfillment of objectives that aim at operational efficiency, reference services and the qualification of human capital.

The year 2020 was marked by the pandemic of COVID-19 that generated an unprecedented economic crisis in a short period of time, leading the company to adjust its initially planned targets in mid year. Long-term impacts will depend on the success of joint local, national and global strategies to combat COVID-19.

The SISP's operational availability was not interrupted by the Government's containment and measures taken to fight COVID-19. The teams were able to respond to the new way of working remotely, the teams' health was protected and safeguarded, several critical certifications were maintained, new international certifications were achieved and a number of projects were concluded, namely:

- The completion of the demanding certification for acceptance of American Express cards, providing the country with an important tool for the increase of high value tourism;
- The certification of the Dynamic Currency Conversion service with Visa and MasterCard;
- Start-up of smart cash deposit service at ATMs with bill recycling;
- Contactless cards and POS were made available for Visa, MasterCard and vinti4;
- Making available the possibility of automatically issuing virtual cards in ATMs and H2H for online use;

- The functionality of PIN duplicate without reissuing the card and sending the card PIN by email or SMS was launched;
- Televinti4 apps were launched for Android and iOS that allow you to use the different bank cards associated with your smartphone to make cardless payments, withdrawals or be used as POS (functionality for merchants in a specific Android app) to receive payments via QR Code;
- The 3D Secure was launched for online purchases for vinti4 and MasterCard and important steps were taken to complete the project for Visa cards in the new version 2 of 3D Secure;
- For the SWIFT service, the certification and listing of SISP as one of the seven Service Bureaux on the African continent was completed, a critical upgrade was made to support the Basic Tracker Universal Confirmation, the capacity and resilience of communications were strengthened with a new supplier, and a new national bank was added to the client list;
- The Digital Time Stamp service was launched and new clients were included in the Public Key Infrastructure service;
- The process of certification of NCR-branded ATMs was started;
- The high availability of communications, servers and services was reinforced;
- Improvement processes were initiated in the database system, the results of which, if positive, may reduce operating costs and significantly increase resilience;
- Processes of adhesion to services with the concept "on the spot" were automated and robotized, as well as several operational and administrative processes, several services and tools for internal and external use were developed, the creation of dozens of sites with online payments was facilitated, helping the country in its modernization and business continuity in times of confinement;
- Electra's prepaid meter payment was launched in controlled production;
- The ATM and POS parks were upgraded with application and security improvements;
- Numerous presentations of services were made to customers on all islands (via web) and material was developed in graphic, audio and video format for the dissemination of services and fraud prevention;
- Employees and customers were formally consulted, to collect and analyze the level of satisfaction, with very positive results, and measures were identified and initiated for the necessary improvements;
- The risk management process was improved and a detailed risk analysis of critical suppliers was performed.
- Human Capital was trained, educated and certified as a critical ongoing strategic investment.

As for critical structural certifications, SISP, aware of its responsibility to customers, partners and regulators, continued to invest significant efforts in the incessant search for alignment with the best international practices in the areas of security, continuity and quality, having conquered or renewed the following certifications:

1. Payment Card Industry - Data Security Standards
2. Payment Card Industry - Card Production
3. MasterCard Secure Code (*new*)
4. American Express Acquiring (*new*)
5. DCC Visa (*new*)
6. DCC MasterCard (*new*)
7. Contactless Visa (*new*)
8. Contactless MasterCard (*new*)
9. ISO 9001 – Quality Management System
10. ISO 27001 – Information Security Management System
11. ISO 22301 – Business Continuity Management System (*new*)
12. SWIFT Service Bureau (*new*)
13. HelpDesk Institute
14. Certifying Entity under the root of the Public Key Infrastructure of Cabo Verde

Investments in 2020 were around 90.9 million Escudos, of which 36.5 million Escudos were for software and 54.3 million Escudos for various fixed assets. The implementation rate of the investments foreseen for the period was set at 94%. Additionally, investment projects in certifications (DCC, EMV and Secure Code), started in previous periods, were concluded and have been valued at CVE 7.2 million.

At the level of the activity plan (Projects and Activities) the rate of achievement with respect to what was planned was set at 85%, with the postponement of some less critical projects due to the context of the pandemic.

In terms of results, the year 2020 was affected by the considerable decrease in transactions, largely associated with the closure of activities and the decrease in tourism in 2020, with the net result of 79.6 million Escudos, a decrease of 67.9 percent. The company's turnover reached CVE 749 million, a decrease of 21.7 percent year-on-year.

3. NATIONAL AND INTERNATIONAL ENVIRONMENT

The outbreak of the novel SARS-CoV-2 coronavirus and its associated disease, COVID-19, that first started in China in December 2019, have driven the global economy to high levels of risk and uncertainty. Containment measures involving travel restrictions and quarantines have directly affected production and tourism worldwide, and consequently disruptions in global supply chains. On the other hand, the world economies have been facing major challenges caused by simultaneous supply and demand shocks. Tourism, as the pivotal sector of the Cabo Verdean economy, is severely affected, and simultaneously the other sectors of the economy.

The pandemic has generated an unprecedented economic crisis in a short period of time. The long-term impacts will depend on how quickly the new coronavirus is controlled.

According to IMF data, a contraction of the world economy is projected for 2020 followed by a recovery in 2021, reflecting the continued spread of the virus and the consequences of social distancing. The risks to the outlook remain tilted to the downside and uncertainty regarding the evolution of the pandemic is a major source of risk.

According to a World Bank publication, worldwide economic growth is projected to shrink by 4.3 percent. The U.S. economy, according to estimates, will shrink by 3.6 percent in 2020, while the Euro Zone will have a more pessimistic estimate of a 7.4 percent contraction. China appears on the list as the only country trending at 2 percent growth in 2020, with 2019 growth forecast at 6 percent.

The most recent projections by international institutions point to a sharp drop of global economic activity in 2020 which, according to the European Commission, will be around -3.5% (+2.9% in 2019). This reduction in gross domestic product (GDP) can only be paralleled by the Great Depression of 1929, and extends to all the advanced economies and a wide range of emerging and developing countries, with a significant slowdown in Asia. The sharp fall in economic activity reflects the impact of the pandemic disease COVID-19, specifically reduced activity in industry/trade/services; the deterioration of the labor market and greater instability in international financial markets. As regards the Euro area, the largest issuing market of tourists and a key strategic partner of Cabo Verde, according to the European Commission, a strong deterioration in economic activity is also expected, with GDP contracting 7.7% in 2020 (+1.2% in 2019). Unemployment in the Euro area is expected to stand at 9.6%, reflecting an increase of 2.1 pp.

According to the Banco de Cabo Verde (Central Bank), in 2020 the country's economy will have registered the worst performance in its recent history, with the impact of the COVID-19 pandemic.

According to the same source, GDP registered a 15% drop in volume in three quarters of 2020, especially resulting from the strongly negative performances of the transport, accommodation and catering, trade, real estate, and other service branches on the supply side. On the demand side, it was also determined by the negative contributions of net exports and final consumption expenditure. For the fourth quarter, the available trend indicators of economic activity point to a modest recovery in aggregate demand compared to the third quarter.

Data from the INE – National Institute of Statistics indicate that the pace of economic growth slowed again in the fourth quarter of 2020 in the country, registering the lowest value of the last 22 consecutive quarters, evidencing that the business environment is unfavorable. In what concerns tourism, based on the results obtained in the fourth quarter of 2020, it was found that the confidence indicator continued the downward trend of recent quarters, registering the lowest value of the last 21 consecutive quarters, thus indicating that the situation in the sector is unfavorable.

According to the Consumer Price Index (CPI) of the Cabo Verdean National Institute of Statistics (INE), the annual inflation rate, measured through the average annual change in prices was 0.6%, succeeding a rate of 1.1% for the whole of 2019.

4. PREVENTION AND CONTINGENCY PLAN FOR COVID-19

In compliance with the rules defined by the Government of Cabo Verde, SISP implemented a set of measures to ensure the continuation of its activities, including teleworking (for all employees simultaneously or on a rotating basis) and the adaptation of its facilities to enable the safe execution of tasks that require the physical presence of employees. In this context, the company's activity continued to be ensured without any constraints that might prevent it from carrying out the activities needed for its normal functioning.

A set of measures was implemented throughout the year to prevent and mitigate the risks of the pandemic, based on 3 fundamental axes:

1. Protect employees and ensure operational continuity:
 - a. Actions
 1. Rotating shifts
 2. Teleworking
 3. Transportation of employees
 4. Recovery plan
 - b. Investment: CVE 3,26 million
2. Support customers and partners with fee waivers
 - a. Actions
 1. Merchants - invoice exemption for small merchants traditionally with tariffs in the minimum level, from April to June of the current year;
 2. Banks - exemption from charges for interbank transfers via Homebanking
 - b. Investment: CVE 24,8 million
3. Launch solutions to support security measures
 - a. Extension of card expiration dates
 - b. Card on the spot
 - c. Virtual card
 - d. Payment platform shopvinti4 and *easylink* for online shopping
 - e. Contactless cards
 - f. Televinti4 to associate bank cards to an app that allows cash withdrawals and cardless payments

The total value of investments and incentives in the scope of the direct response to COVID-19 totaled approximately 28 million Escudos, allowing for a significant reduction in the impact on activities, always keeping in mind the preservation of SISP's most important asset, which is the health of employees, partners and customers as the primary objective.

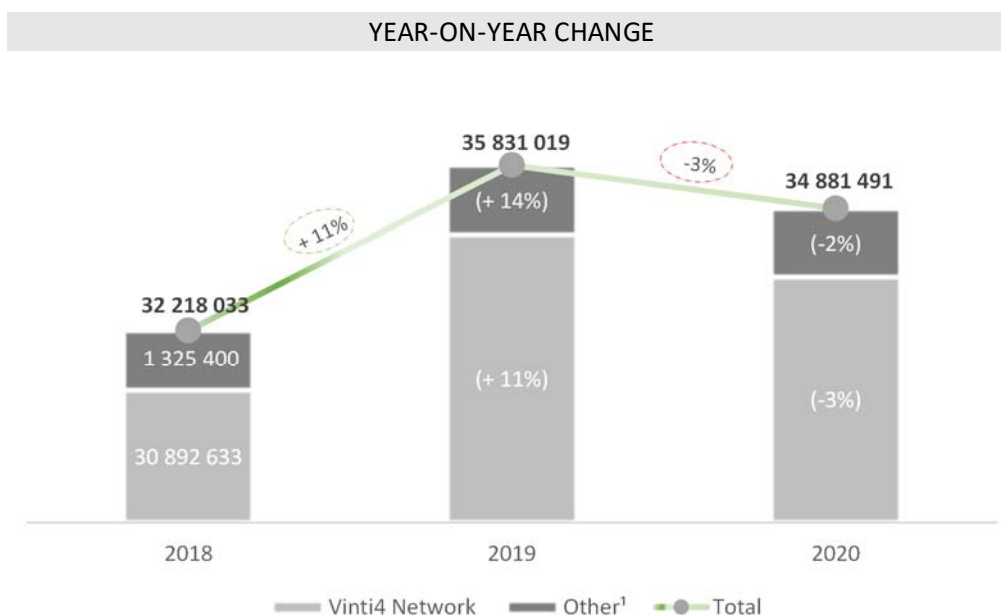
5. BUSINESS HIGHLIGHTS

5.1 Transaction processing and network management

In 2020, the world was marked by the COVID-19 pandemic, which affected the SISP's activities, namely at the level of transactions in general, as reflected in the various tables and charts below.

In 2020, around 34.8 million transactions were processed, a decrease of 3 percent compared to 2019, with 96 percent of transactions carried out on the vinti4 Network and four percent on other systems, namely, TEF, Cheque Clearing and "Not on Us" transactions (performed on foreign networks). This decrease has been going against what was already a history of a double-digit increase in transactions on the SISP in recent years.

Chart 2: Transactions processed by SISP



5.2 Profile of the vinti4 Network

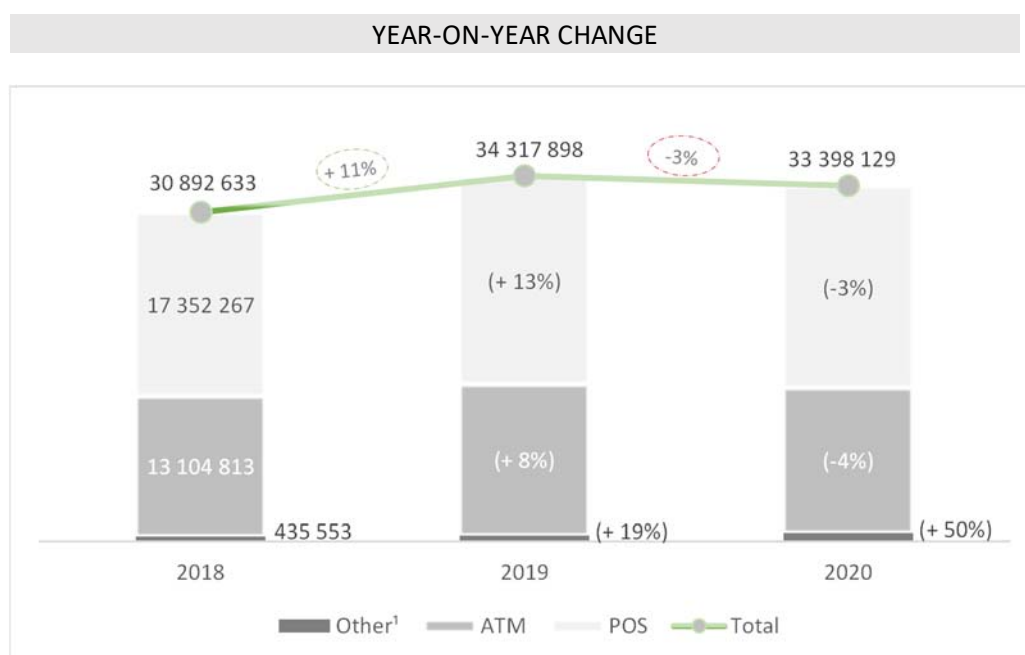
Transactions on the Vinti4 Network also recorded a decrease of 2.3 percent, settling at 33.3 million transactions compared to 34.3 million in 2019.

The ATM and POS channels recorded a drop of 4 percent and 3 percent, respectively.

The POS channel continues to be the most used, with a weight of 57.1 percent, while the ATM channel represents 40.5 percent.

Transactions in "other channels" namely PC, Host to Host (Internet Banking) and Mobile Phone registered a considerable increase of 49.7 percent, now representing 2.3 percent of the transactions in the network, due to the confinement period where people started to use these channels more.

Chart 3: Transactions processed in the vinti4 Network



In 2020, the volume transacted at the POS continues to be greater than that of the ATM, reaching CVE 47,874 million, despite a negative variation of 12.6 percent in comparison with the same period of the previous year.

The ATM comes second with CVE 43,092 million, followed by the PC, Mobile and H2H, with CVE 1,597 million, to which mostly contribute the payments to the Government and service payment operations.

The volume transacted in ATMs fell by 10.8 percent and, in turn, transactions in other channels, the only ones with a positive change, registered an increase of 25.5 percent.

Table 1: Value of transactions processed in the vinti4 Network in 2020

(in millions of CVE)

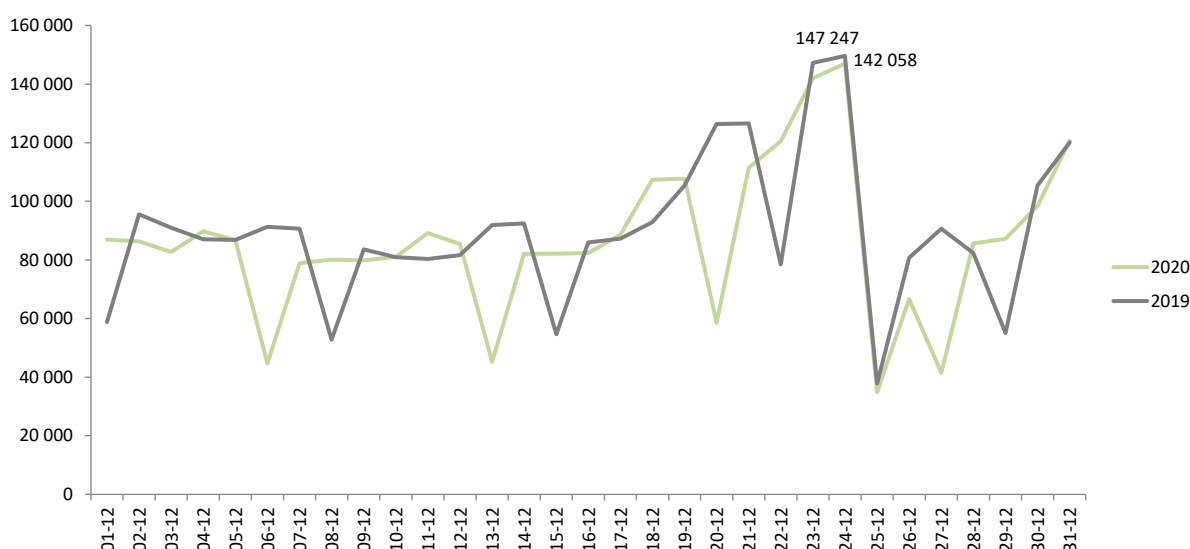
	2018	2019	2020	Change		Weight
				2018/2019	2019/2020	2020
POS	47 514	54 795	47 874	15,32%	-12,63%	51,72%
ATM	45 014	48 327	43 092	7,36%	-10,83%	46,55%
Other¹	930	1 272	1 602	36,80%	25,98%	1,73%
NETWORK	93 458	104 394	92 568	11,70%	-11,33%	100,00%

¹Mobile phones, PC and H2H

The data for December reinforce the positive evolution that the use of payment instruments has achieved since the end of the confinement period, even if facing all the constraints of the "new normal". 2,681.5 thousand transactions were processed on the vinti4 Network, deriving from Withdrawals, Purchases, Payment of Services, Web payments and Recharges, even though this still represents a decrease of 4 percent over the previous year.

The peak occurred on December 24 where a total of 147,000 transactions were processed. The POS and ATM channels processed fewer transactions than in 2019 by about 2 percent and 11.6 percent, respectively.

Chart 4: Number of transactions made in December 2020

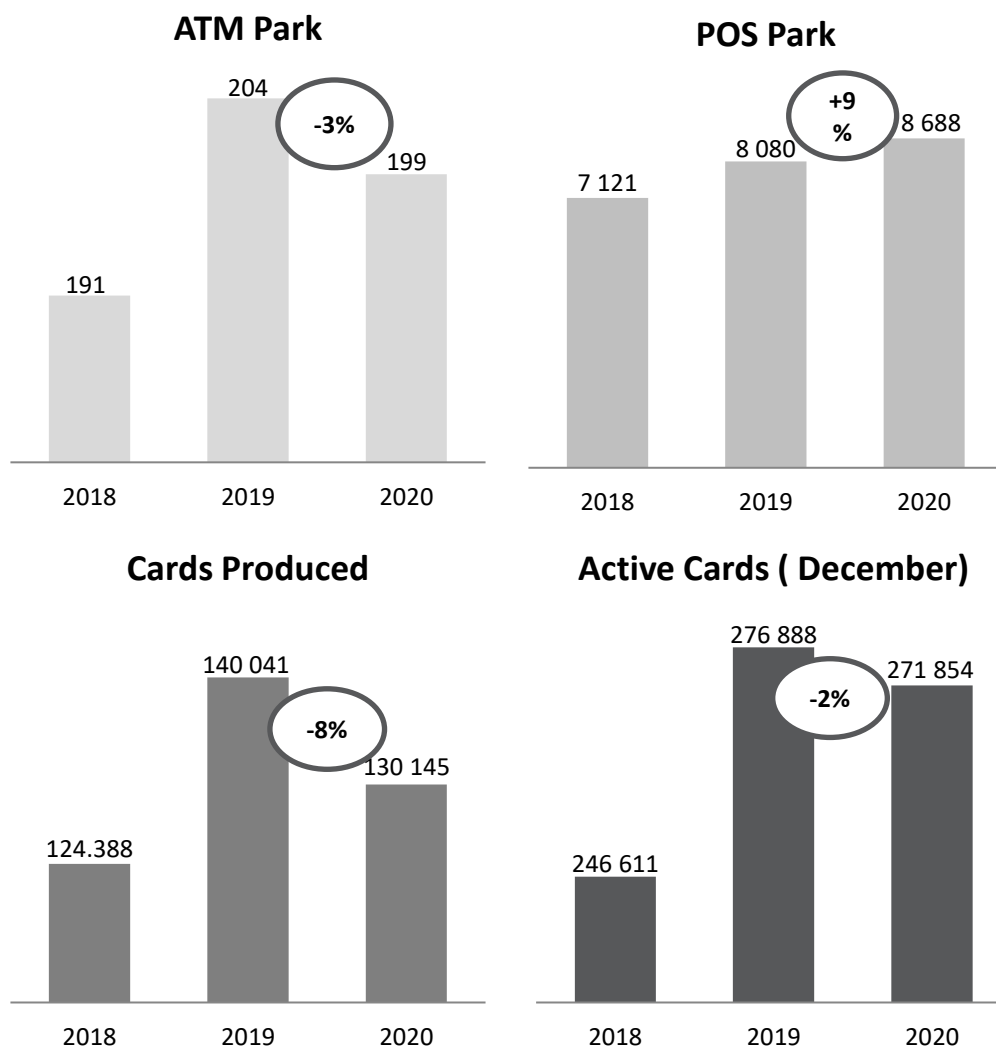


In what concerns the number of terminals connected to the network, there has been a moderate increase in the number of active POS over the last 3 years, standing at 8,688 POS at the end of 2020, with a growth of 9 percent (608 more terminals) when compared to the same period last year. In turn, the number of ATMs showed a negative evolution of 3 percent, with 5 fewer terminals than in the previous year, due to the suspension of activities of some public establishments and hotels where they are housed.

The number of cards produced was 130,145, with a negative change of 8 percent (9,896 fewer cards), while the number of active cards in the network recorded a negative change of 2 percent, minus 5,034 cards when compared to the same period last year.

The negative variation at the card level is related to the extension of card expiration dates, applied by banks as of the second quarter of 2020 due to the pandemic and restrictions on visiting to bank branches.

Chart 5: Terminals and Cards



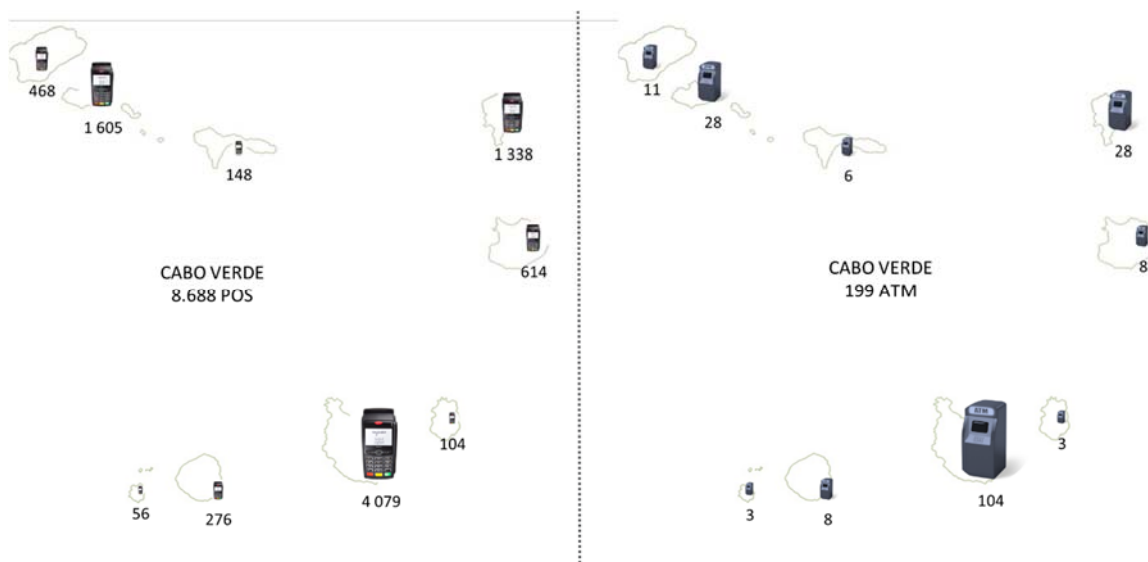
5.3 Geographical Coverage

The penetration of ATMs in various locations around the country remains positive, despite 5 fewer active terminals compared to the previous year, essentially due to the closure of hotel units. The island of Santiago represents 52 percent of the total number of ATMs in the country.

The POSs are mostly installed on the island of Santiago, with the city of Praia standing out with 46.9 percent of the total terminals installed, followed by the islands of São Vicente and Sal, with 18.4 and 15.4 percent, respectively.

The total number of POS terminals installed by the end of 2020 was 8,688.

Chart 6: Geographic coverage of terminals



5.4 Automated Teller Machines

The ATMs registered 13.5 million transactions, with 40.5 percent of the network's transactions, a decrease of 4 percent in relation to the previous year.

The withdrawal transaction continues to be the most performed, with 50.2 percent of its weight lower than 2019, which was 55.4 percent of the transactions performed. Next comes balance and movement queries, with 34.5 and 10.1 percent, respectively.

Table 2: Transactions at Automated Teller Machines

	2018	2019	2020	Change		Weight
				2018/2019	2019/2020	
Withdrawals	6 876 071	7 829 231	6 795 409	13,86%	-13,20%	50,21%
Account Balance Enquiries	3 997 455	4 366 471	4 675 826	9,23%	7,08%	34,55%
Mobile Phone Recharges	352 931	349 278	338 305	-1,04%	-3,14%	2,50%
Transaction Viewing	1 252 784	1 345 136	1 373 988	7,37%	2,14%	10,15%
Other	625 572	224 872	349 393	-64,05%	55,37%	2,58%
Total	13 104 813	14 114 988	13 532 921	7,71%	-4,12%	100,00%

In 2020, the average amount of each ATM withdrawal was 5,618 Escudos, slightly lower than the average recorded in 2019, of 5,667 Escudos.

5.5 Automatic Payment

The POS network sustained the growth trend shown in recent years, with an increase of 608 terminals compared to 2019, with 8,688 terminals installed in the country, covering the most diverse sectors of activity.

The total number of POS operations reached 19 million, 3 percent less than in 2019, for a total of 19.6 million.

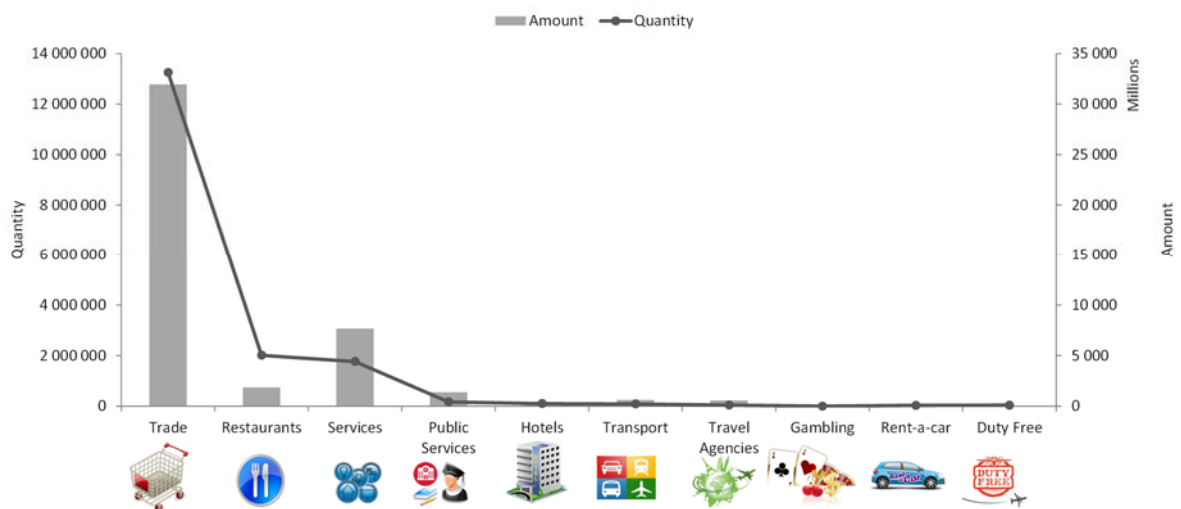
Purchase transactions are the most frequent, representing 93.1 percent of POS transactions in 2020, despite a registered decrease of 3.2 percent with respect to the previous year.

Table 3: Transactions at Automatic Payment Terminals

	2018	2019	2020	Change		Weight
				2018/2019	2019/2020	
Purchases	16 043 035	18 385 581	17 783 335	14,60%	-3,28%	93,17%
Mobile Phone Recharges	56 826	104 715	211 365	84,27%	101,85%	1,11%
Balance Enquiries	1 182 135	1 100 589	997 532	-6,90%	-9,36%	5,23%
Other Transactions	42 873	91 583	93 765	113,61%	2,38%	0,49%
Total	17 324 869	19 682 468	19 085 997	13,61%	-3,03%	100,00%

Trade continued to be the dominant sector in 2020 in terms of payments made, with 68.8 percent, followed by Services with 16.8 percent.

Chart 7: Purchases by Branch of Activity



Card payment continues to be preferred by the network's customers, with the Purchase/Withdrawal ratio increasing from 235 percent in 2019 to 262 percent in 2020.

The average POS Purchase continues to decrease, accounting for 2,633 Escudos per purchase in 2020, lower than the previous year's figure of 2,883 Escudos - which is still positive, suggesting that Cabo Verdeans are increasingly using the card for low-value purchases instead of cash.

5.6 International Acquiring

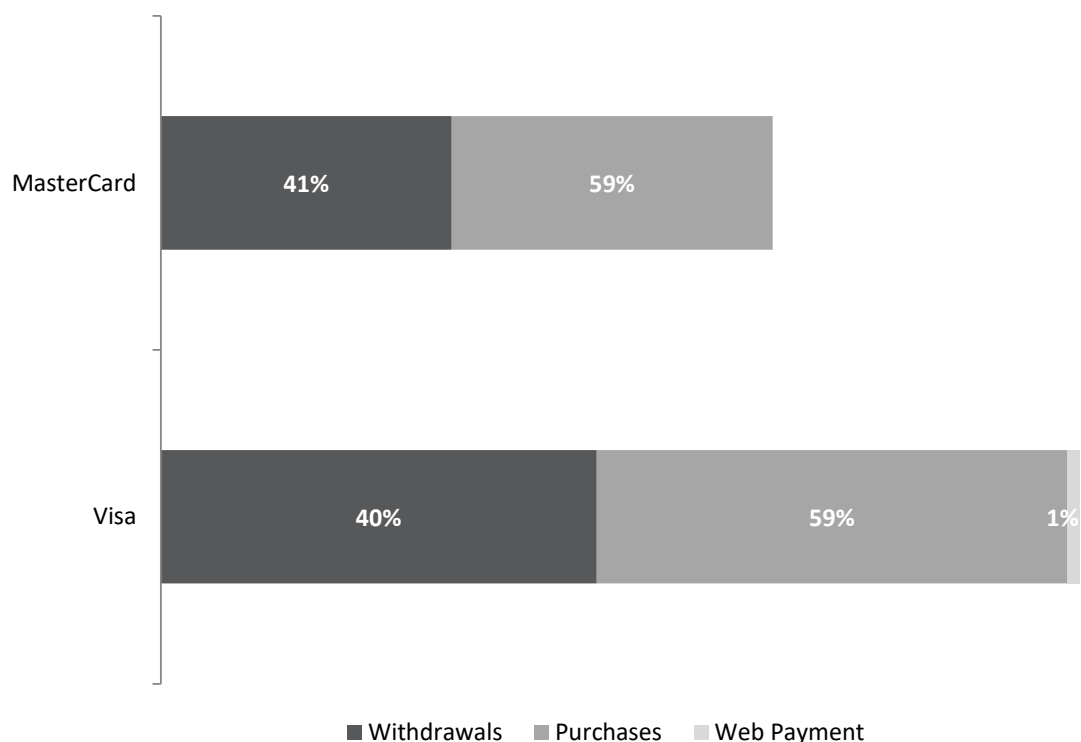
The International Acquiring service recorded its largest drop ever with the COVID-19 pandemic, a decrease in the level of transactions of over 56.7 percent. The number of transactions recorded ended up equaling that of 2015, a total of 525,749 operations, and in 2019 this total was 1,216,513 operations, with operations taking place essentially in the first quarter of 2020, before the closure of borders.

As for the amount, the decrease was 48,9 percent, compared to 2019.

Visa card transactions represent 60 percent of international card transactions, compared with 40 percent recorded with MasterCard.

Purchases with international cards are increasingly gaining weight in relation to withdrawals with the same cards at ATMs, as a result of the strategy of massification of this service initiated in the last three years, with a view to providing the country, increasingly touristic, with a network of acceptance of international cards in all sectors of activity.

Chart 8: Transactions with not-on-us cards in 2020



5.7 Service Payment

The Service Payment feature was the fastest growing service in terms of the number of transactions in 2020, with an increase of over 41 percent in the number of transactions and, on the other hand, a decrease in volume of around 17 percent when compared to the same period last year. This service was widely used during the pandemic, and for increasingly lower unit values.

If in 2019 the average amount per payment was CVE 15,414, in 2020 such average became CVE 9,028.

Table 4: Service Payment Transactions

	Amount in millions CVE			Change	
	2018	2019	2020	2018/2019	2019/2020
Quantity	123 360	188 453	266 490	52,77%	41,41%
Amount	2 034	2 902	2 406	42,64%	-17,08%

5.8 Sale of Mobile Recharges

The sale of mobile recharges also experienced considerable growth with the pandemic in 2020, in terms of the number of transactions, and revealed an increase of 34.2 percent and 28.9 percent in value compared to 2019. The recharge service in terms of volume was the fastest growing service on a percentage level when compared to the same period.

Table 5: Mobile Phone Recharges

	2018	2019	2020	Change	Change
				2018/2019	2019/2020
No. of transactions	631 447	815 730	1 095 038	29,18%	34,24%
Amount	396 439 105	455 533 726	587 356 061	14,91%	28,94%

5.9 Web Payment

Web payment recorded a 2 percent increase in the number of transactions and a 56.2 percent decrease in the value in 2020 when compared to the same period last year. The decrease is essentially linked to the decrease in international card payments and airport activity.

Table 6: Web Payment Transactions

WEB Payment	Amount in millions CVE				
	2018	2019	2020	Change 2018/2019	Change 2019/2020
Quantity	51 139	67 996	69 407	32,96%	2,08%
Amount	313 653 584	497 231 035	217 553 281	58,53%	-56,25%

5.10 Electronic Fund Transfer (TEF)

The TEF Service had a growth of 20 percent in the number of operations and a decrease of 18 percent in the volume transacted. This service had greater use in 2020, notwithstanding the lower unit values per operation, with SISF exempting banks in operations made via Internet Banking as of the 2nd quarter.

Table 7: Electronic Fund Transfer Transactions

	Amount in millions CVE				
	2018	2019	2020	Change	
				2018/2019	2019/2020
Quantity	671 876	739 958	891 997	10,13%	20,55%
Amount	140 252	158 687	129 511	13,14%	-18,39%

5.11 Cheque Clearing

The cheque clearing service recorded a negative change in both the number of operations and the volume transacted, of 15.3 percent and 11.6 percent, respectively, when compared to 2019, resulting from the reduction in the activities of companies.

Table 8: Cheque Clearing Transactions

	Amount in millions CVE				
	2018	2019	2020	Change	
				2018/2019	2019/2020
Quantity	308 402	301 060	254 959	-2,38%	-15,31%
Amount	70 220	72 806	64 330	3,68%	-11,64%

5.12 SWIFT Service

In November 2018, SISP implemented the SWIFT Network management, in the initial phase of its establishment as a certified service bureau, a service previously provided by an international service bureau through a shared connection via Banco de Cabo Verde. The test phase ended in December 2018 and SISP started processing in January 2019 and completed certification with official listing on SWIFT's international list of service bureaux in 2020 (one of the seven on the African continent).

In 2020 the service registered a drop in messages (sent and received) of 5 percent.

Table 9: SWIFT Transactions

	2019	2020	Change	Weight
			2019/2020	2020
Messages Sent	89 666	80 895	-9,78%	24,48%
Messages Received	258 433	249 625	-3,41%	75,52%
	348 099	330 520	-5,05%	100,00%

5.13 Infrastructure and Technology

In terms of infrastructure and technology, SISP continued to invest significant efforts in the incessant search for alignment with the best international practices in the areas of security, continuity and quality of service, having conquered or renewed the following critical certifications:

1. Payment Card Industry - Data Security Standards
2. Payment Card Industry - Card Production
3. MasterCard Secure Code (*new*)
4. American Express Acquiring (*new*)
5. DCC Visa (*new*)
6. DCC MasterCard (*new*)
7. Contactless Visa (*new*)
8. Contactless MasterCard (*new*)
9. ISO 9001 – Quality Management System
10. ISO 27001 – Information Security Management System
11. ISO 22301 – Business Continuity Management System (*new*)
12. SWIFT Service Bureau (*new*)
13. HelpDesk Institute
14. Certifying Entity under the root of the Public Key Infrastructure of Cabo Verde

SISP reinforced investment in the high availability of communications, servers and services, and initiated improvement processes in the database system whose results, if positive, may reduce costs and increase resilience significantly.

In collaboration with customers and partners, the creation of dozens of sites with online payments was facilitated, helping the country in its modernization and business continuity in times of confinement. Payment of Electra's pre-paid meters in controlled production was also launched.

The ATM and POS parks were upgraded with application and security improvements, several presentations of services were made to customers on all islands (via web) and material was developed for the dissemination of services and fraud prevention.

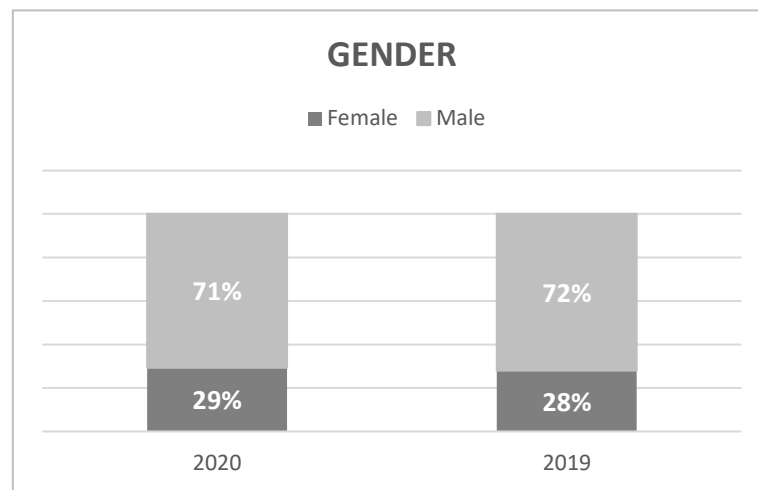
Additionally, employees and customers were formally consulted to gather their level of satisfaction, and measures were identified and initiated for the necessary improvements, the risk management process was improved, and a detailed risk analysis of critical suppliers was performed.

5.14 Human Capital

On December 31, 2020, the staff totaled 51 employees, plus one trainee. One trainee was reclassified to the employee category and one employee left the company in 2020.

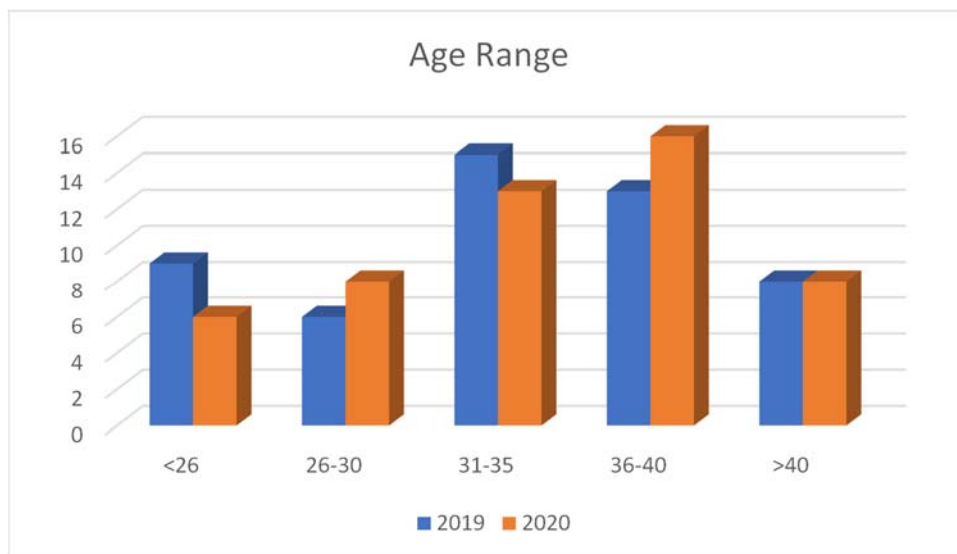
The staff structure is still distributed throughout most of the country, most notably in Praia, the delegations of São Vicente/Santo Antão, Sal, Boa Vista and the newly created delegations of Fogo/Brava and Santiago Norte. The headquarters in Praia contains 86 percent of the employees. There persists a trend toward a majority male staff, representing 71 percent of the company's staff in 2020.

Chart 9: Gender Distribution



The average age of employees on December 31, 2020 was 35 years and the average length of service remained at 7 years.

Chart 10: Age Range



5.15.1 Development and Training

Following the policy of developing its human capital, SISP invested heavily in training its employees, giving preference to online training due to the restrictions imposed by the pandemic. Thirty-one (31) training sessions and several online sessions were held and involved around 77 participations, with some employees participating in more than one training session. The employees had access to continuous online training courses in various areas of knowledge made available by international platforms such as Visa, MasterCard and Udemy, in a strategy to encourage continuous self-learning of human capital.

Table 10: List of Training Activities carried out in 2020

Courses	Area
Internal Audit and the Implementation of COSO (Virtual Classroom)	Internal Audit
IRCA - Lead Auditor ISO 9001	Internal Audit
Human Resources Management	Human Capital - HC
KCS – Knowledge Centered Support	Human Capital - HC
<i>Governance: Audit, Control and Compliance</i>	Legal & Compliance
Internal Audit and Control	Legal & Compliance
AML – CFT – Foundation Level	Legal & Compliance
CEH – Ethical Hacking and Countermeasures v10	Information Systems
VMwarevSphere: Install, Configure, Manage [v6.7] (VWVSICM)	Information Systems
UCoIP IPBRICK	Information Systems
CRISC Certified in Risk and Information Systems Control	Information Systems
Wazuh for Security Engineers	Information Systems
English Course	Support Center/Information Systems
Cyber security Lead Implementer	Information Systems
CCISO Certified Chief Information Security Officer	Information Systems
Master In Cyber Security Training	Terminal Management - TM
WKS - Workshop Agile Project Management with Scrum	Project Management
Data Science with Python and R	Solution Development
Python for Data Science and Machine Learning	Solution Development
TensorFlow, Deep Learning and Python: Build a Chatbot	Solution Development
Chargeback arbitration MasterCard	Support Center
Formações Online Cursos MasterCard	Operation Management
VISA on-line Training courses	Operation Management
HDI SCA - Support Center Analyst	Support Center - SC
SCTL: Support Center Team Lead	Operation Management /CH/GT/SC
EMV training for business purposes	Operation Management
Mobile Payment Training	Operation Management

Training on Contactless	Operation Management and Solution Development
Defining Digital payments	Operation Management
SWIFTNet training for SIP preparation	Information Systems

5.15 Risk Management and Internal Control

The process of integrating the risk approach to critical processes and sedimenting the activities of the new SISP Internal Control team, formed by the new Legal & Compliance, Internal Audit and Quality & Risk teams, was continued. New Risk reports were prepared and an external consulting service was hired to conduct an audit to operational risk. A company was hired to provide multidisciplinary support to and complement the SISP Internal Audit team. Additionally, all certifications Payment Card Industry - Data Security Standard (PCI-DSS), Payment Card Industry - Card Production (PCI-CP), PKI, ISO 9001, ISO 27001, SWIFT and HDI, require rigorous annual international audits, with a strong focus on risk and security in all service areas of SISP.

5.16 Investment

Investment in 2020 totaled CVE 91 million, representing 12 percent of operating revenues, while in 2019 it amounted to CVE 143 million, representing 15 percent of operating revenues. In relation to the same period of the previous year, there was a considerable decrease (CVE 52.1 million less), motivated by the readjustments in priorities made in the middle of the year, due to the effects of the pandemic on the business.

The investments include, fundamentally, the acquisition of payment terminals, equipment and software, for the reinforcement of high availability, hardware (servers, processors and PC's) and the acquisition of an ATM machine for certification purposes.

Table 11: Investment

Software (new functionalities)	36 516 836
Equipment	54 340 597
POS	41 010 495
ATM Machines	1 871 062
Other Equipment	11 459 040
Headquarters Project	139 625
Total	90 997 058

The financing was entirely ensured with SISP's own resources and funds.

6. FINANCIAL REVIEW

The year 2020 was an atypical year, both in terms of transactions and results. The impacts of the COVID-19 pandemic, recorded from the third month of the year, the consequent decrease of transactions in the network and the postponement of a few projects led to the preparation of a new budget in mid-2020.

The economic and financial analysis of the company, based on the financial statements, summarizes the results achieved by SISF in the year marked by COVID-19, as well as its equity and financial position on December 31, 2020.

Table 12: Income Statement

STATEMENT OF COMPREHENSIVE INCOME

Description	Notes	12/31/2020	12/31/2019	Change	% of Change
Provision of services and sales	14	749 027 602	957 561 571	-208 533 969	-21,78%
Costs of goods sold and materials consumed	7	-21 352 892	-15 953 818	-5 399 074	33,84%
Gross operating income		727 674 710	941 607 753	-213 933 043	-22,72%
External supplies and services	15	357 903 226	467 763 798	-109 860 572	-23,49%
Gross value added		369 771 484	473 843 955	-104 072 471	-21,96%
Staff costs	16	115 995 740	119 346 218	-3 350 478	-2,81%
Provisions - (reductions)	10	5 410 908	-	5 410 908	-100,00%
Fair value increases/reduction	6	21 655 764	112 093 437	-90 437 673	-80,68%
Impairment of assets	10	-46 876 311	-6 176 067	-40 700 244	659,00%
Other costs	17	4 879 942	12 500 903	-7 620 961	-60,96%
Other income and gains	17	7 099 427	1 305 473	5 793 954	443,82%
Income before amortization, financing losses and gains and tax - EBITDA		236 185 590	449 219 677	-213 034 087	-47,42%
Depreciation and amortization costs	5	125 076 383	123 063 270	2 013 113	1,64%
Operating Income (before financing losses/gains and tax) – EBIT		111 109 207	326 156 407	-215 047 200	-65,93%
Interest and gains received	18	2 977 404	3 007 289	-29 885	-0,99%
Interest and losses paid	18	-10 607 132	-9 055 973	-1 551 159	17,13%
Income Before Tax		103 479 479	320 107 723	-216 628 244	-67,67%
Income Tax for the Year	19	-23 788 573	-71 868 435	48 079 863	-66,90%
Net Earnings for the Year		79 690 906	248 239 288	-168 548 381	-67,90%

6.1 Gross Value Added

The gross value added in 2020 reached CVE 369.7 million, which, compared to the CVE 473.8 million recorded in 2019, represents a decrease of 21.9 percent. This negative evolution with respect to the previous year is justified by the negative impact of the pandemic and combat measures based on the slowdown of socio-economic activities on SISP revenues.

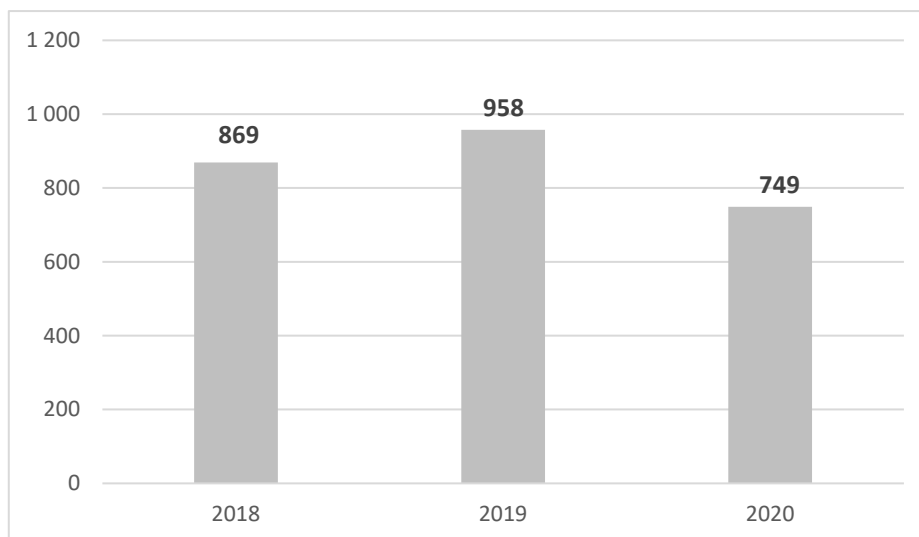
Operating revenues stood at CVE 749 million in 2020, down CVE 208 million, (21.7 percent) year-on-year.

6.2 Income

Total income in 2020 was CVE 786 million, down 26.8 percent, a decrease of CVE 287.7 million in relation to the previous year. Contributing to this result was the decrease in the main income from SISP services, associated with the lower weight of the fair value of VISA shares in income at 31/12/2020, when compared to the same period last year.

Service revenues amounted to CVE 749 million, down CVE 208 million compared to 2019, with the decrease in revenues from the international settlement service accounting for 85%, and the remainder associated with processing the vinti4 service.

Chart 11: Provision of Services



6.3 Other income and gains

The gain from fair value increase of SISP's stake in Visa's share capital was CVE 21.6 million (market value as of December 31, 2020). Such gain reached CVE 112 million in 2019.

The reversal of provisions/impairments totaled CVE 5.4 million, referring to the annulment of provisions for tax contingencies related with corporate tax (IRPC) for the year 2014 and reversals of impairments of other debtors.

The interest earned, derived from time deposits and other analogous deposits, totaled CVE 3 million, similar to that recorded in the previous year.

6.4 Expenditures

Total expenses amounted to CVE 682.6 million, a decrease of CVE 71.1 million, 9.4 percent less than the previous year.

Table 13: Expenditures

	2020	2019	Absolute Variation	% of Change
Total	682 691 626	753 860 047	-71 168 421	-9,44%
Cost of goods sold and materials consumed	21 352 892	15 953 818	5 399 074	33,84%
			-109 860	
Third-party supplies and services	357 903 226	467 763 798	572	-23,49%
Staff costs	115 995 740	119 346 218	-3 350 478	-2,81%
Impairment of assets	46 876 311	6 176 067	40 700 244	659,00%
Other costs	4 879 942	12 500 903	-7 620 961	-60,96%
Depreciation and amortization costs	125 076 383	123 063 270	2 013 113	1,64%
Interest and losses paid	10 607 132	9 055 973	1 551 159	17,13%

The decrease in expenses is justified essentially by the decrease in expenses with External Supplies and Services (FSE), including commissions and other costs associated with the international acquiring service (Visa and MasterCard), which are direct and applied according to the transactions or revenues.

Personnel Expenses amounted to CVE 115 million, a decrease of 2.8 percent, i.e., CVE 3.3 million less than in 2019. This decrease is related to the decrease registered in the training item, justified by the alteration of in-person training due to the pandemic to online options, thus decreasing the initially estimated costs.

The ratio of Personnel Expenses to Service Delivery was 15 percent and 12 percent in 2020 and 2019, respectively, and approximately 17 percent and 15.8 percent of total company costs in 2020 and last year, respectively.

Amortization expenses stood at CVE 125 million, an increase of 1.6 percent, in line with an increase in non-current assets, registered in recent years.

The CAPEX to operating income ratio stood at 12.1 percent (14.9 percent in 2019) and depreciation and amortization expenses represented 15.9 percent of total income in 2020 and 11.4 percent in 2019.

The heading Impairments includes bad debt provisions for clients and other debtors, namely transactions associated with the international settlement process (chargebacks) in the total amount of CVE 43.4 million in 2020, while this amount in 2019 was CVE 4.7 million. The increase recorded in impairment for chargebacks as of December 31, 2020 results mostly from alleged unauthorized use (fraud) of international cards at domestic merchants. The process of recovering this amount from the merchants is underway.

On the other hand, inventory impairments of CVE 3.4 million were recorded for old and obsolete terminal parts in stock, which has to do with the replacement of a POS manufacturer by another manufacturer with a better cost-benefit ratio.

In 2019 impairment was recorded for assets in progress in the amount of CVE 1.4 million.

Other costs and losses

The item "Other Expenses" in the amount of CVE 4.8 million (CVE 12.5 million in 2019) includes, essentially, stamp duty, contributions, donations.

Interest and Financing Losses basically include expenses related to bank guarantees, financial expenses with processing and unfavorable exchange differences, adding up to a total of 10.6 million Escudos in 2020.

6.5 Net Income for the Year

The Net Result of SISP registered a negative variation of 67.9 percent in comparison with the previous year, settling at 79.6 million escudos. This decrease was fundamentally due to the decrease in income from services and the fair value of VISA shares.

Following the decrease in operating income higher than the decrease in costs, as a result of the impact of the COVID-19 pandemic on the company's activity, EBITDA decreases by 47 percent between 2019 and 2020, standing at CVE 236.1 million (CVE 449.2 million in the previous year)).

7. FINANCIAL SITUATION

7.1 Balance Sheet Position

As of December 31, 2020, net assets amounted to CVE 1,141.8 million, a decrease of 25.8 percent (CVE 397.3 million) as compared to the net assets recorded in December 2019 which had been CVE 1,539.1 million.

Table 14: Balance Sheet Position

Assets	12/31/2020	12/31/2019	Change	% of Change
Non-Current assets	630 020 146	642 546 536	-12 526 390	-1,95%
Tangible Fixed Assets	148 499 035	165 826 485	-17 327 450	-10,45%
Intangible Assets	102 933 298	119 788 002	-16 854 704	-14,07%
Financial Investment	378 587 813	356 932 049	21 655 764	6,07%
Current Assets	511 794 093	896 647 294	-384 853 201	-42,92%
Inventories	61 375 824	64 040 785	-2 664 961	-4,16%
Short-Term Debts	172 037 227	459 689 446	-287 652 219	-62,58%
State and other Public Bodies	26 221 415	-	26 221 415	
Bank Deposits	252 159 628	372 917 064	-120 757 436	-32,38%
Total Assets	1 141 814 240	1 539 193 831	-397 379 591	-25,82%
Owner Equity	984 358 649	1 028 787 387	-44 428 737	-4,32%
Share Capital and Reserves	904 667 743	780 548 099	124 119 644	15,90%
Net Earnings for the Year	79 690 906	248 239 288	-168 548 381	-67,90%
Liabilities	157 455 590	510 406 444	-352 950 853	-69,15%
Non-Current Liabilities	-	690 938	-690 938	-100,00%
Current Liabilities	157 455 590	509 715 506	-352 259 915	-69,11%
Owner Equity + Liabilities	1 141 814 240	1 539 193 831	-397 379 591	-25,82%

The following factors contributed, fundamentally, to this decrease:

- Decrease in current assets by CVE 384 million, justified essentially by the decrease of availability and short-term debts by CVE 120.7 million and CVE 287.6 million, respectively
- Decrease in non-current assets by CVE 12.5 million, due to the depreciation of assets over the years

Equity decreased by 4 percent, CVE 44.4 million less in 2020, because of the combined effect of the distribution of dividends in 50 percent of the net result for 2019, and the impact of the decrease in the net result for the year by CVE 168.5 million.

Total Liabilities were CVE 157.4 million, 69 percent less than the previous year, due to the decrease in the clearing debt associated with the acquiring business.

7.2 Management Indicators

The EBITDA Profitability Indicator (excluding the impact of fair value, impairments and provisions) registered a decrease in the order of 25 percent.

In prudential terms, SISP presents a good performance and solidity, with own funds above CVE 871 million, notwithstanding the 5 percent reduction compared to 2019.

The Fixed Asset Coverage ratio increased by 28 percent, standing at 818 percent in 2020, while in 2019 this percentage was 638.3.

The Solvency ratio, according to the regulations of the Banco de Cabo Verde, reached 55.5 percent, well above the legally required 12 percent minimum.

Table 15: Management Indicators

Ratios	2020	2019	2018	Change
Profitability (millions of CVE)				
EBITDA	257 mCVE	343,3 mCVE	357,5 mCVE	-25,43%
Return on Equity	8,10%	24,13%	24,38%	-66,45%
Economic Return on Assets (ERA)	9,73%	21,19%	21,25%	-54,08%
Net Return on Sales	10,64%	25,92%	24,94%	-58,95%
Operational Efficiency				
Average Period of Receivables	62	55	48	12,13%
Overall Liquidity	3,25	1,76	1,76	84,68%
Reduced Liquidity	2,86	1,63	1,63	75,50%
Immediate Cash Flow	1,60	0,73	0,83	119,38%
Prudential Indicators				
Equity	871,6mCVE	919,5mCVE	823,1mCVE	-5,20%
Solvency	55,5%	57,9%	59,2%	-4,0%
Coverage of Fixed Assets	818,8%	638,3%	488,9%	28,3%

7.3 Proposal for the Appropriation of Net Income

Taking into consideration the dividend distribution policy and using the prerogative granted by Law and by the Company's Articles of Association, the Board of Directors proposes to the General Assembly, that, under the terms set forth in the applicable legal and statutory terms:

The Net Earnings in the amount of CVE 79,690,906, in respect of the financial year 2020, be distributed as follows:

Table 16: Proposal for the Appropriation of Net Income

	%	Amount in CVE
Dividends	0%	-
Legal Reserve	10%	7 969 091
Other Reserves	90%	71 721 816
Total		79 690 906

The Board of Directors believes it pertinent to refer to the considerable impact of the evolution of the price of the VISA shares (fair value) on the result of SISP, which, in 2020, amounted to CVE 21.655.764 (CVE 112.093.437 in 2019).

The Board of Directors also understands that taking into account the 67 percent decrease in net income in 2020, the short- and medium-term uncertainty combined with the essential investment needs for 2021, the 2020 result should be applied 100 percent in legal reserves and other reserves.

7.4 Income Statements

Statements of Comprehensive Income as at December 31, 2020 and 2019					
(Amounts expressed in Cabo Verdean Escudos)					
Items	Notes	12/31/2020	12/31/2019	Change	%
Provision of services and sales	14	749 027 602	957 561 571	(208 533 969)	-21,78%
Cost of goods sold and materials consumed	7	(21 352 892)	(15 953 818)	(5 399 074)	33,84%
Gross Operating Income		727 674 710	941 607 753	(213 933 043)	-22,72%
External supplies and services	15	357 903 226	467 763 798	(109 860 572)	-23,49%
Gross Value Added		369 771 484	473 843 955	(104 072 471)	-21,96%
Staff costs	16	115 995 740	119 346 218	(3 350 478)	-2,81%
Tax Provisions - Reversals	10	690 938	-	690 938	
Adjustment of Inventories - Increases	7 e 10	(3 412 842)	-	(3 412 842)	
Fair Value Increases / Reductions	6	21 655 764	112 093 437	(90 437 673)	-80,68%
Customer Impairment/Other Debtors - Reversals	10	4 719 970	-	4 719 970	-
Adjustment in Impairment of Fixed Assets - Increases	10	-	(1 401 628)	1 401 628	-100,00%
Adjustment in customer impairment / other Debtors	10	(43 463 469)	(4 774 439)	(38 689 030)	810,34%
Other costs	17	4 879 942	12 500 903	(7 620 961)	-60,96%
Other income and gains	17	7 099 427	1 305 473	5 793 954	443,82%
Income before amortization, financing losses and gains and tax		236 185 590	449 219 677	(213 034 087)	-47,42%
Depreciation and amortization costs	5	125 076 383	123 063 270	2 013 113	1,64%
Intangible assets	5	53 235 687	34 151 883	19 083 804	55,88%
Tangible fixed assets	5	71 840 696	88 911 387	(17 070 691)	-19,20%
Operating Income (before financing losses/gains and tax)		111 109 207	326 156 407	(215 047 200)	-65,93%
Interest and gains received	18	2 977 404	3 007 289	(29 885)	-0,99%
Interest and losses paid	18	(10 607 132)	(9 055 973)	(1 551 159)	17,13%
Income Before Tax		103 479 479	320 107 723	(216 628 244)	-67,67%
Income Tax for the Year	19	(23 788 573)	(71 868 435)	48 079 863	-66,90%
Net Earnings for the Year		79 690 906	248 239 288	(168 548 381)	-67,90%

Balance Sheets as at December 31, 2020 and 2019

(Amounts expressed in Cabo Verdean Escudos)

Items	Notes	12/31/2020	12/31/2019	Change	%
ASSETS					
Non-current assets					
Tangible fixed assets	5	148 499 035	165 826 485	(17 327 450)	-10,45%
Intangible assets	5	102 933 298	119 788 002	(16 854 704)	-14,07%
Financial investment - other methods	6	378 587 813	356 932 049	21 655 764	6,07%
Total non-current assets		630 020 146	642 546 536	(12 526 390)	-1,95%
Current assets					
Inventories	7	61 375 824	64 040 785	(2 664 961)	-4,16%
Goods	7	6 238 084	3 082 870	3 155 214	102,35%
Raw materials, subsidiary and consumables	7	55 137 740	60 957 915	(5 820 175)	-9,55%
Customers	11	126 658 773	377 144 642	(250 485 869)	-66,42%
Other accounts receivable	11	20 411 685	60 919 094	(40 507 409)	-66,49%
State and other public bodies	13	26 221 415	-	26 221 415	
Deferrals	8	24 966 769	21 625 710	3 341 059	15,45%
Bank deposits	4	252 159 628	372 917 064	(120 757 436)	-32,38%
Total current assets		511 794 093	896 647 294	(384 853 201)	-42,92%
Total assets		1 141 814 240	1 539 193 831	(397 379 591)	-25,8%
NET POSITION and LIABILITIES					
OWNER EQUITY					
Capital	9	100 000 000	100 000 000	-	0,00%
Legal reserves	9	97 758 762	72 934 833	24 823 929	34,04%
Free reserves	9	14 401 872	14 401 872	-	0,00%
Other reserves	9	637 740 785	538 445 070	99 295 715	18,44%
Retained earnings		54 766 324	54 766 324	-	0,00%
Net profit for the year		79 690 906	248 239 288	(168 548 381)	-67,90%
Total Owner Equity		984 358 649	1 028 787 387	(44 428 737)	-4,3%
LIABILITIES					
Non-current liabilities					
Provisions	10	-	690 938	(690 938)	-100,00%
Total non-current liabilities		-	690 938	(690 938)	-100,0%
Current liabilities					
Suppliers - Investments	11	3 793 842	16 335 449	(12 541 607)	-76,78%
Suppliers, current account	11	18 453 637	28 729 914	(10 276 277)	-35,77%
Visa/MasterCard Clearing	12	89 704 475	342 168 359	(252 463 884)	-73,78%
State and other public bodies	13	8 591 773	30 119 607	(21 527 833)	-71,47%
Other accounts payable	11	22 646 554	73 380 219	(50 733 665)	-69,14%
Accrued costs	8	14 265 309	18 981 958	(4 716 649)	-24,85%
Total current liabilities		157 455 590	509 715 506	(352 259 915)	-69,1%
Total Liabilities		157 455 590	510 406 444	(352 950 853)	-69,15%
Total Owner Equity and Liabilities		1 141 814 240	1 539 193 831	(397 379 591)	-25,8%

Statements of Cash Flows as at December 31, 2020 and 2019
(Amounts expressed in Cabo Verdean Escudos)

Indirect Method	Notes	12/31/2020		12/31/2019	
Cash flows of operating activities:					
Net Earnings for the Year		79 690 906		248 239 288	
Adjustments:					
Amortization and depreciation	(+)	5	125 076 383	123 063 270	
Provisions	(+/-)	10	(690 938)	-	
Interest and similar income received	(-)	18	(2 977 404)	(3 007 289)	
Interest and similar income paid	(+)	18	10 607 132	9 055 973	
Gains from the sale of tangible fixed assets	(-)	17	(157 494)	(76 489)	
Gains from Fair Value increases -VISA	(-)	6	(21 655 764)	(112 093 437)	
Decreases in inventories	(+)	7	2 664 961	-	
Increases in inventories	(+)	7	-	(489 741)	
Increases in accounts receivable		11	-	(59 029 842)	
Decreases in accounts receivable	(-)	11	290 993 278	-	
Increases in deferred costs	(-)	8	(29 562 474)	(3 750 323)	
Increases in accounts payable	(+)	11	-	22 285 442	
Decreases in accounts payable	(-)	11	(347 543 266)	(11 004 130)	
Increase in accrued costs	(+)	8	-	2 437 689	
Decrease in accrued costs	(-)	8	(4 716 649)	-	
<i>Cash flow of operating activities (1)</i>			101 728 671		215 630 411
Cash flow of investment activities:					
Payments related to:					
Other financial assets			-	-	
Tangible fixed assets		5	(54 513 246)	(86 875 760)	
Intangible assets		5	(36 380 983)	(54 870 406)	
....			(90 894 229)		-179 643 102
Receivables from:					
Tangible fixed assets		17	157 494	76 489	
Intangible assets					
Investment subsidies					
Interest and similar income		18	1 065 488	1 618 753	
Dividends		18	1 911 916	1 388 536	
....			3 134 898		6 221 331
<i>Cash flows of investment activities (2)</i>			(87 759 331)		(138 662 388)
Financing activities:					
Receivables from:					
Financing received			-	-	
Payables from:					
Loans received			-	-	
Depreciation on financial leasing contracts					
Interest and similar cost		18	(10 607 132)	(9 055 973)	
Dividends		9	(124 119 644)	(108 355 474)	
Capital reduction and supplementary payment					
Acquisition of own shares (quotas)					
Capital adjustments					
<i>Cash flows of financing activities (3)</i>			(134 726 776)		(117 411 447)
			(120 757 436)		(40 443 424)
			-		-
Cash and cash equivalents in the beginning of the year	4		372 917 064		413 360 488
Cash and cash equivalents at the end of the year	4		252 159 628		372 917 064

Statement of Changes in Owner Equity as at December 31, 2020

(Amounts expressed in Cabo Verdean Escudos)

Description	Notes	Paid-In Capital	Legal Reserves	Free Reserves	Other Reserves	Retained Earnings	Net Profit for the Year	Total
POSITION IN THE BEGINNING OF THE YEAR 2019		100 000 000	51 263 738	14 401 872	451 760 691	54 766 324	216 710 948	888 903 573
CHANGES RELATED TO INCOME AND COST RECOGNIZED IN THE PERIOD								
Net Earnings for the Year		-	-	-	-	-	248 239 288	248 239 288
Appropriation of Net Income	9	-	21 671 095	-	86 684 379	-	(108 355 474)	-
	Extensive Result	100 000 000	72 934 833	14 401 872	538 445 070	54 766 324	356 594 762	1 137 142 861
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD								
Dividend Distribution		-	-	-	-	-	(108 355 474)	(108 355 474)
POSITION IN THE BEGINNING OF THE YEAR 2020		100 000 000	72 934 833	14 401 872	538 445 070	54 766 324	248 239 288	1 028 787 387
CHANGES RELATED TO INCOME AND COST RECOGNIZED IN THE PERIOD								
Net Earnings for the Year		-	-	-	-	-	79 690 906	79 690 906
Appropriation of Net Income	9	-	24 823 929	-	99 295 715	-	(124 119 644)	-
		100 000 000	97 758 762	14 401 872	637 740 785	54 766 324	203 810 550	1 108 478 293
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD								
Dividend Distribution		-	-	-	-	-	(124 119 644)	(124 119 644)
POSITION AT YEAR-END		100 000 000	97 758 762	14 401 872	637 740 785	54 766 324	79 690 906	984 358 649

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Notes to the financial statements as at 31 December 2020
(Amounts expressed in Cabo Verdean Escudos - CVE)

1. INTRODUCTORY NOTE

The SISP - Sociedade Interbancária e Sistemas de Pagamentos, S.A. ("SISP" or "Company") is a joint-stock company whose shareholders are the State, as the country's primary payer, the Banco de Cabo Verde, as promoter of the smooth operation of the Clearing and Payment Systems, the commercial banks legally authorized to operate in Cabo Verde, namely the Banco Comercial do Atlântico, S.A., the Banco Interatlântico, SARL, the Banco Caboverdiano de Negócios, S.A. and the Caixa Económica de Cabo Verde, S.A., and also the Cabo Verde Telecom, S.A. whose role as a provider of telecommunications services is of particular relevance and interest for Payment Systems development. The Company was established in 1999 and has its head office at Achada Santo António - Praia, Cabo Verde.

The financial statements as at December 31, 2020 were approved by the Board of Directors at its meeting held on April 30, 2021.

The Board of Directors believes that these financial statements give a true and fair view of the Company's operations, financial position and performance, and cash flows.

2. ACCOUNTING STANDARDS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared under the provisions in force in Cabo Verde, namely the Ordinance No. 49/2008, of 29 December, of the Ministry of Finance, which orders the adoption of the System of Accounting Standards and Financial Reporting for Cabo Verde ("SNC"), replacing the National Chart of Accounts (POC) approved by the Decree No. 4/84, dated January 30, which includes a set of Financial Reporting Standards ("FRS"). Even though, as provided for in Notice No. 2/2007 of the Banco de Cabo Verde, entities such as SISP, should adopt the International Financial Reporting Standards, in August 2008 SISP was authorized by the Banco de Cabo Verde to use the POC, and thus moved forward to the FRS.

The FRSs have been adopted for the periods starting on or after January 1, 2009. This Financial Reporting and Accounting System is intended to transpose into the national law the Financial Reporting Standards which are an adaptation of the International Accounting Standards and

the International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”).

The International Financial Reporting Standards (IFRS) are currently on the agenda of the Banco de Cabo Verde and, therefore, no date has been so far defined for its implementation.

3. BASES OF PRESENTATION AND KEY ACCOUNTING POLICIES

The key accounting criteria used in preparing the financial statements are the following:

3.1 Bases of presentation

The attached financial statements have been prepared under the assumption of business continuity, from the books and accounting records of the Company, in accordance with the Financial Reporting Standards.

The Board of Directors has assessed the Company's ability to operate on a going concern basis, based on all relevant information, facts and circumstances, of financial, commercial or other nature, including events subsequent to the reference date of the financial statements, available on the future. As a result of this assessment, the Board of Directors concluded that the Company has adequate resources to maintain its activities, and there is no intention to cease activities in the short-term, and therefore considered appropriate the use of the going concern assumption in the preparation of the financial statements.

3.2 Tangible fixed assets

Tangible fixed assets are stated at acquisition or production cost, which includes the purchase cost and any costs directly attributable to the activities required to place the assets in the location and condition necessary for operating as intended, minus depreciation and losses for accumulated impairment.

Depreciation is calculated on a monthly basis following the time at which the asset is ready to be used, according to the straight-line method, in conformity with the period of useful life estimated for each group of assets.

The depreciation rates used correspond to the following periods of estimated useful life:

Item of Tangible Fixed Assets	Years
Buildings and other construction	5 to 25
Basic equipment - POS	2
Basic equipment - other	3 to 12
Transport equipment	4
Tools and utensils	5 to 12
Office equipment	4 to 12

The useful lives and the depreciation method of the various assets are reviewed on an annual basis. The effect of any changes on these estimates is recognized prospectively in the income statement.

The costs of maintenance and repair (subsequent expenditure) that are unlikely to generate future, additional economic benefits are recorded as expenses in the period they are incurred.

The gain (or loss) deriving from the sale or cancellation of a tangible fixed asset is determined as the difference between the fair value of the amount received or receivable in the transaction and the amount of the asset net of accumulated depreciation, and is recognized in results in the period in which the sale or cancellation occurs.

3.3 Intangible assets

Intangible assets are recorded at cost, less depreciation and losses due to accumulated impairment.

Expenditures on research activities are recorded as expenses in the period they are incurred.

Depreciation of intangible assets is recognized on a straight-line basis over the estimated useful lives of the intangible assets.

The depreciation rates used correspond to the following periods of estimated useful lives:

Item of Intangible Assets	Years
Computer Programs	3 to 5
Industrial Property - Trademark and Patents	3 to 10
Other Intangible Assets	3 to 10

The useful lives and depreciation method of the various intangible assets are reviewed annually. The effect of any changes on these estimates is recognized prospectively in the income statement.

3.4 Impairment of tangible and intangible fixed assets

At each reporting date, the Company reviews the book value of its tangible and intangible fixed assets to determine if there is any indication that they may be impaired. If any such indicator exists, then the recoverable amount of the respective assets (or the cash-generating unit) is estimated in order to determine the extent of the impairment loss.

Where the book value of the asset (or the cash-generating unit) exceeds its recoverable amount, an impairment loss is recognized. The impairment loss is immediately recorded in the income statement under "Impairment losses".

The reversal of impairment losses recognized in prior years is recorded when there is evidence that the previously recognized impairment losses no longer exist or have decreased.

The reversal of impairment loss is recognized in the income statement under "Reversals of impairment."

3.5 Inventories

Inventories are stated at their historical cost. Cost includes all purchase costs and other costs incurred to place the goods on their site and in their present condition. In situations where the cost value is higher than the net realizable value, an adjustment is recorded (impairment loss) for the related difference. Variations of the year in impairment losses of inventories are recorded in the items of results "Inventory adjustments - Losses/Reversals."

The inventory costing method adopted by the Company consists of the weighed average cost.

3.6 Financial assets and liabilities

Financial assets and liabilities are recognized on the balance sheet when the Company becomes part of the relevant contractual provisions, being recorded in accordance with the provisions of FRS 16 - Financial Instruments.

Financial assets and liabilities are so measured based upon the following criteria: (i) at cost or amortized cost and (ii) at fair value with changes recognized in the income statement.

(i) At cost or amortized cost

The financial assets and liabilities that have the following characteristics are measured "at cost or amortized cost":

- Those in cash or with a defined maturity;
- Those associated with a fixed or determinable return, and
- Those that are not a derivative financial instrument or do not incorporate a derivative financial instrument.

The amortized cost is determined by using the effective interest method. The effective interest rate is calculated by the rate that exactly discounts future cash payments or receipts estimated through the expected life of the financial instrument in the net amount of the financial asset or liability (effective interest rate).

This category includes, therefore, the following financial assets and liabilities:

i. Customers and other receivables

The balances of customers and other debtors are recorded at amortized cost, which may be deducted from any impairment losses. Usually, the amortized cost of these financial assets does not differ from their nominal value.

ii. Cash and bank deposits

The amounts included under "Cash" and "Bank deposits" correspond to cash, bank deposits and other cash investments that will mature in less than three months and for which the risk of value change is insignificant.

These assets are measured at amortized cost. As a rule, the amortized cost of these financial assets does not differ from their nominal value.

iii. Suppliers and other payables

The balances of suppliers and other payables are stated at amortized cost. Usually, the amortized cost of these liabilities does not differ from their nominal value.

iv. Financing received

Financing received are recorded in liabilities at amortized cost.

Any expenses incurred in obtaining such financing, including bank charges and stamp duty, as well as interest and similar expenses, are recognized in the income statement over the lifetime of such funding. While they are not recognized, these expenses are deducted from the caption "Financing received".

(ii) At fair value with changes recognized in the income statement

All financial assets and liabilities not included in the category "at cost or amortized cost", are incorporated in the category "at fair value with changes recognized in the income statement".

Such financial assets and liabilities are measured at fair value, being any changes in the respective fair value recorded in the income under "Losses from fair value reductions" and "Gains from fair value increases."

In the particular case of SISP, this category includes financial contributions to entities other than subsidiaries, jointly controlled and associated companies. These investments are measured at fair value, being any changes in the respective fair value recorded in the income statement, except where they relate to entities whose equity instruments are not publicly traded (shares not listed on the Stock Exchange) and whose fair value cannot be determined reliably, in which case they are measured at cost less accumulated impairment losses. Derivative financial instruments related to such equity instruments are also included in the category "at cost or amortized cost", being measured at cost less accumulated impairment losses.

(iii) Impairment of financial assets

Financial assets included in the category "at cost or amortized cost" are subject to impairment testing at each reporting date. These financial assets are impaired when there is objective evidence that as a result of one or more events after their initial recognition, its estimated future cash flows are affected.

For financial assets measured at amortized cost, the impairment loss to be recognized is the difference between the book value of the asset and the present value at the reporting date of the new estimated future cash flows discounted at their original effective interest rate.

For financial assets measured at cost, the impairment loss to be recognized is the difference between the book value of the asset and the best estimate of the asset's fair value at the reporting date.

Impairment losses are recorded in the income statement under "Impairment of receivables" or "Impairment of non-depreciable assets" in the period they are determined. Subsequently, if the amount of the impairment loss decreases and such decrease can be objectively related to an event that took place after recognition of the loss, this should be reversed against results. The reversal should be done up to the limit of the amount that would be recognized (amortized cost) in case the loss had not been initially recorded. Reversal of impairment losses is recorded in the income statement under "Reversals of impairment." Reversal of impairment losses recorded in investments in equity instruments measured at cost will not be allowed.

3.7 Revenues

Revenue is measured through the fair value of the amount received or receivable. Recognized revenue is deducted from the amount of returns, discounts and other rebates and does not include Value Added Tax (VAT) and other taxes related with the sale.

The proceeds obtained from the sale of goods are recognized once all the following conditions are met:

- All risks and advantages associated with property ownership have been transferred to the buyer;
- The Company does not keep any control over the goods sold;
- The amount of revenue can be measured reliably;

- It is likely that future economic benefits associated with the transaction will flow to the Company;
- Costs incurred or to be incurred with the transaction can be measured reliably.

Revenue from the provision of services is recognized based on the percentage of completion of the transaction/service provided that all the following conditions are met:

- The amount of revenue can be measured reliably;
- It is probable that future economic benefits associated with the transaction will flow to the Company;
- Costs incurred or to be incurred with the transaction can be measured reliably;
- The stage of completion of the transaction/service can be reliably measured.

Revenue from interest is recognized by using the effective interest method, provided that it is likely that economic benefits will flow to the Company and its amount can be reliably measured.

Revenue from dividends is recognized once the right of the Company to receive the corresponding amount has been established.

3.8 Income Tax

Tax on income for the year recorded in the income statement is the sum of current taxes to deferred tax. Current tax and deferred taxes are recorded as income, except when they relate to items recognized directly in equity, in which case they are recorded in owner equity.

Current tax payable is calculated based on the Company's taxable income. Taxable income differs from accounting income since it excludes various income and expenses that will only be taxable or deductible in other years, as well as expenses and revenues that are never taxable or deductible.

Deferred taxes relate to temporary differences between the amounts of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be in force at the date of reversal of the corresponding temporary differences, based on tax rates (and tax laws) that are formally issued at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences for which there is reasonable expectation of sufficient future taxable income to utilize these deferred tax assets, or taxable temporary differences that revert in the same reversal period of the deductible temporary differences. At each reporting date the Company reviews its deferred tax assets and they are adjusted according to the expectations regarding their future use.

3.9 Foreign currency transactions and balances

Transactions in foreign currencies (a currency other than the Company's functional currency) are recorded at the exchange rates in force at the dates of the transactions. At each reporting date, the book value of the monetary items denominated in foreign currencies is updated at the exchange rates in force on that date. Non-monetary items recorded at fair value denominated in foreign currencies are updated at the exchange rates of the date of determination of the fair value. The book values of non-monetary items recorded at historical cost and denominated in foreign currencies are not updated.

Exchange differences calculated on the date of receipt or payment of foreign currency transactions and those resulting from the above updates are recorded in the income statement for the period in which they are generated.

3.10 Provisions and contingent liabilities

Provisions are recorded when the Company has a present (legal or constructive) obligation resulting from a past event and it is likely that, in order to settle that obligation, an outflow of resources occurs and the amount of the obligation can be reasonably estimated.

The amount of the provisions recorded is the best estimate, at the reporting date, of the resources required to settle the obligation. This estimate, as revised at each reporting date, is determined taking into account the risks and uncertainties associated with each obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed when the possibility of an outflow of resources encompassing economic benefits is not remote. Contingent assets are not recognized in the financial statements but are disclosed when it is likely the existence of a future economic inflow of resources.

3.11 Accrual

The Company records its income and expenses in accordance with the principle of accruals by which income and expenses are recognized as they are generated, regardless of the time of the respective receipt or payment. The differences between the amounts received and paid and the corresponding income and expenses are recorded as assets or liabilities.

3.12 Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date ("adjusting events" or events after the balance sheet date that give rise to adjustments) are reflected in the financial statements. Events after the balance sheet date that provide information on conditions occurring after the balance sheet date ("non-adjusting events" or events after the balance sheet date that led to no adjustments) are disclosed in the financial statements if considered constructive.

3.13 Critical judgments and key sources of uncertainties associated with estimates

In preparing the attached financial statements, judgments and estimates have been made and various assumptions used that affect the reported amounts of assets and liabilities, as well as the reported amounts of revenues and expenses for the period.

The estimates and underlying assumptions were determined by reference to the reporting date based on the best knowledge available at the date of approval of the financial statements of the events and transactions in progress, as well as the experience of past and/or current events. However, situations could occur in subsequent periods which were not considered in these estimates whereas they were not foreseeable at the date of approval of the financial statements. Changes to the estimates that occur after the date of the financial statements are corrected prospectively. For this reason and given the related degree of uncertainty, actual results of the transactions in question may differ from the corresponding estimates.

The main judgments and estimates made in preparing the attached financial statements were the following:

- a) Useful life of the equipment called "POS" - In 2010, the Company conducted a study on the use and replacement of the POS equipment in order to determine the useful life of such equipment. Accordingly, a useful life of two years was assigned, which will be periodically reviewed. In 2020, the Company still applies the conclusions drawn in the study carried out in 2010 whereas it is considered up-to-date.
- b) Taxes on income (current and deferred) are determined by the Company based on the rules defined by the tax regime in force. Nevertheless, in some situations, tax laws may not be sufficiently clear and objective and lead to the existence of different interpretations. The recorded values result from the best understanding of the Company's governing bodies on the proper framework of its operations, which is, however, likely to be questioned by tax authorities. In preparing the estimates for the year 2020, the Company considered the provisions anticipated in the Corporate Income Tax Code (IRPC Code).

4. CASH FLOWS

For the purposes of the statement of cash flows, cash and cash equivalents comprise immediately available bank deposits (with a maturity of three months or less) and money-market investments net of bank overdrafts and other equivalent short-term debt.

On December 31, 2020 and 2019, the items "Cash and cash equivalents" and "Bank Deposits" are as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Immediately available bank deposits		
· at national banks	156 074 411	76 696 431
· at foreign banks	<u>58 983 217</u>	<u>259 118 633</u>
Cash and cash equivalents	<u>215 057 628</u>	<u>335 815 064</u>
Term deposits	<u>37 102 000</u>	<u>37 102 000</u>
Bank deposits and cash	<u><u>252 159 628</u></u>	<u><u>372 917 064</u></u>

On December 31, 2019, the item "Term deposits" relates to a one term deposit, which earns interest at the gross annual rate of three percent (3%) and will mature in October of the subsequent year.

On December 31, 2020 and 2019, the item "Immediately available bank deposits - at foreign banks" basically includes the balances of the bank accounts held with correspondent banks through which the international settlement transactions with VISA and MasterCard (Note 12) are carried out.

5. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

During the years 2020 and 2019, changes in the items of tangible fixed assets and intangible assets were as follows:

	12/31/2019				12/31/2020			
	Net Amount	Purchases	Transfers/write-offs/Divestitures	Depreciation for the year	Gross Amount	Accumulated depreciation	Impairment	Net Amount
Tangible fixed assets								
Land	5 915 292	-	4 408 956	-	10 324 248	-	-	10 324 248
Buildings and other construction	11 808 340	-	-	(2 223 735)	57 728 376	(48 143 771)	-	9 584 605
Basic equipment	94 443 300	1 729 352	74 549 961	(64 084 987)	671 149 585	(564 511 957)	-	106 637 627
Transport equipment	11 006 395	-	-	(4 799 232)	33 136 784	(26 929 621)	-	6 207 163
Office equipment	2 796 948	-	-	(732 742)	13 525 538	(11 461 332)	-	2 064 206
Tools and utensils	-	-	-	-	1 583 308	(1 583 308)	-	-
Advances for tangible fixed assets	26 650 045	52 644 269	(78 958 917)	-	335 397	-	-	335 397
Advances for tangible fixed assets (Head Office)	13 206 164	139 625	-	-	13 345 789	-	-	13 345 789
	<u>165 826 484</u>	<u>54 513 246</u>	<u>-</u>	<u>(71 840 696)</u>	<u>801 129 025</u>	<u>(652 629 989)</u>	<u>-</u>	<u>148 499 035</u>
Intangible assets								
Computer programs (Software)	91 112 165	13 439 728	43 223 351	(51 175 791)	413 975 149	(317 375 696)	-	96 599 453
Industrial property - trademark and patents	-	-	-	-	479 238	(479 238)	-	-
Other intangible assets	3 776 466	-	-	(2 059 896)	22 572 493	(20 855 923)	-	1 716 570
Advances for intangible assets	24 899 371	22 941 255	(43 223 351)	-	4 617 275	-	-	4 617 275
	<u>0 119 788 002</u>	<u>36 380 983</u>	<u>-</u>	<u>(53 235 687)</u>	<u>441 644 155</u>	<u>(338 710 857)</u>	<u>-</u>	<u>102 933 298</u>
	<u>0 285 614 486</u>	<u>90 894 229</u>	<u>-</u>	<u>(125 076 383)</u>	<u>- 1 242 773 180</u>	<u>(991 340 846)</u>	<u>-</u>	<u>251 432 333</u>

	12/31/2018				12/31/2019				
	Net Amount	Purchases	Transfers/write-offs/Divestitures	Impairment Increase (Note 10)	Depreciation for the Year	Gross Amount	Accumulated Depreciation	Impairment	Net Amount
Tangible fixed assets									
Land	5 915 292	-	-	-	-	5 915 292	-	-	5 915 292
Buildings and other construction	14 032 075	-	-	-	(2 223 735)	57 728 376	(45 920 036)	-	11 808 340
Basic equipment	87 203 126	1 008 458	86 411 592	-	(80 179 875)	596 406 208	(501 962 907)	-	94 443 301
Transport equipment	13 114 986	3 538 826	-	-	(5 647 417)	33 136 784	(22 130 389)	-	11 006 395
Office equipment	3 633 728	20 683	-	-	(857 463)	13 525 538	(10 728 590)	-	2 796 948
Tools and utensils	2 897	-	-	-	(2 897)	1 583 308	(1 583 308)	-	-
Advances for tangible fixed assets	38 720 850	75 742 415	(86 411 592)	(1 401 628)	-	26 650 045	-	-	26 650 045
Advances for tangible fixed assets (Head Office)	5 239 158	7 967 006	-	-	-	13 206 164	-	-	13 206 164
	<u>167 862 112</u>	<u>88 277 388</u>	<u>-</u>	<u>(1 401 628)</u>	<u>(88 911 387)</u>	<u>748 151 715</u>	<u>(682 325 230)</u>	<u>-</u>	<u>165 826 485</u>
Intangible assets									
Computer programs (Software)	44 428 848	1 305 983	75 918 788	-	(31 203 044)	357 312 070	(266 199 905)	-	91 112 165
Industrial property - trademark and patents	0	-	-	-	-	479 238	(479 238)	-	0
Other intangible assets	6 725 305	-	-	-	(2 948 839)	22 572 493	(18 796 027)	-	3 776 466
Advances for intangible assets	47 915 326	52 902 833	(75 918 788)	-	-	24 899 371	-	-	24 899 371
	<u>99 069 479</u>	<u>54 208 816</u>	<u>-</u>	<u>-</u>	<u>(34 151 883)</u>	<u>405 263 172</u>	<u>(285 475 170)</u>	<u>-</u>	<u>119 788 002</u>
	<u>266 931 591</u>	<u>142 486 204</u>	<u>-</u>	<u>(1 401 628)</u>	<u>(123 063 270)</u>	<u>1 153 414 887</u>	<u>(867 800 400)</u>	<u>-</u>	<u>285 614 487</u>

In the years ended December 31, 2020 and 2019, the acquisitions under "Advances for tangible fixed assets" and "Advances for intangible assets" essentially refer to purchases of equipment and development of various operational applications, which were transferred to firm fixed assets as soon as they became available for use.

On December 31, 2020, the amount of CVE 13,345,789, related to costs incurred with the construction of the new headquarters building, namely building structure requirements, architectural design and building safety, is stated as an advance for tangible fixed assets (Head Office).

In 2016, SISP set up the following impairment for assets under construction: (i) CVE 870,584 regarding the software for the vehicle fleet management project and warehouse control system project, which has been stopped since April 2012; and (ii) CVE 1,653,976 for costs associated with the development of a new business interface, which has been discontinued since April, 2015. In 2019, impairments were reinforced in the amount of CVE 1,401,628 for the remaining assets related to the fleet management project and warehouse control system, which have been stopped since April 2012.

The impairments of tangible fixed assets in progress and intangible assets in progress recognized in 2019 and prior years were fully utilized taking into account that there is no expectation of recovering the amounts paid (Note 10).

In 2019, SISP removed 1.371 POS terminals purchased between 2010 and 2014 in the total gross value of CVE 50,998,006, which were fully amortized.

In the financial year of 2019, SISP sold 2 vehicles for a gross value of CVE 4,279,436, which were fully amortized.

In 2010, the company forwarded a document to the Tax Authorities requesting acceptance of changes in the estimated useful lives of POS equipment from five to two years and is still awaiting a reply from that entity. The Board of Directors looks forward to receiving a favorable feedback.

6. FINANCIAL INVESTMENT

On December 31, 2020 and 2019, the Company's financial investments comprised the following:

	Number of Shares	Unit Value	Purchase Value	<u>12/31/2020</u> Balance Sheet Value	<u>12/31/2019</u> Balance Sheet Value
Visa Inc. - Class C	<u>19 256</u>	<u>19 661</u>	<u>14 401 872</u>	<u>378 587 813</u>	<u>356 932 049</u>

Changes in the book value of the investment in VISA Inc. were as follows:

Balance as at December 31, 2018	<u>244 838 612</u>
Gains from fair value increases	<u>112 093 437</u>
Balance as at December 31, 2019	<u>356 932 049</u>
Gains from fair value increases	<u>21 655 764</u>
Balance as at December 31, 2020	<u>378 587 813</u>

Given that Class C shares can be converted into Class A shares, the participation in Visa Inc. is valued based on the quotation of the corresponding Class A shares of Visa Inc., which are listed on the New York Stock Exchange.

On December 31, 2020 and 2019, the price quotation of Class A shares amounted to USD 218,73 (CVE 19,661) and USD 187,9 (CVE 18,536), respectively.

7. INVENTORIES

On December 31, 2020 and 2019, this caption presented the following situation:

	12/31/2020			12/31/2019		
	Gross Amount	Impairment Losses (Note 10)	Net Amount	Gross Amount	Impairment Losses (Note 10)	Net Amount
Goods						
Advances for purchases						
Domestic market	-	-	-	-	-	-
External market	3 310 666	-	3 310 666	-	-	-
	3 310 666	-	3 310 666	-	-	-
Pin Letters	2 650 147	-	2 650 147	2 765 175	-	2 765 175
White PVC Cards	195 057	-	195 057	235 399	-	235 399
White RFID Plastic Cards	82 214	-	82 214	82 296	-	82 296
	2 927 418	-	2 927 418	3 082 870	-	3 082 870
Subtotal Goods	6 238 084	-	6 238 084	3 082 870	-	3 082 870
Raw materials, secondary and consumables						
Advances for purchases						
Domestic market	-	-	-	-	-	-
External market	1 865 325	-	1 865 325	1 032 189	-	1 032 189
	1 865 325	-	1 865 325	1 032 189	-	1 032 189
POS parts	3 510 641	(3 412 842)	97 799	3 588 883	-	3 588 883
ATM parts	52 227 438	-	52 227 438	55 140 938	-	55 140 938
Card consumables	713 633	-	713 633	891 447	-	891 447
PKI Card Consumables	233 545	-	233 545	304 458	-	304 458
	56 685 257	(3 412 842)	53 272 415	59 925 726	-	59 925 726
Subtotal Raw materials, secondary & consumables	58 550 582	(3 412 842)	55 137 740	60 957 915	-	60 957 915
Total Inventories	64 788 666	(3 412 842)	61 375 824	64 040 785	-	64 040 785

Impairment losses for inventories derive from a periodic review of the lower value between the purchase cost and the net realizable amount, being the adjustments recorded under "Inventory Adjustments" (Note 10).

On December 31, 2020 and 2019, the item "Raw Materials, Secondary, and Consumables", "Advances for purchases – external market" refers to advances to suppliers made by the Company for the acquisition of ATM parts.

Spending on goods sold and materials consumed recognized in the years ended at December 31, 2020 and 2019 are detailed as follows:

	12/31/2020			12/31/2019		
	Goods	Raw materials, secondary and consumables	Total	Goods	Raw materials, secondary and consumables	Total
Start-up balance	3 082 870	59 925 726	63 008 596	2 869 725	51 985 477	54 855 202
Transfer	-	1 032 189	1 032 189	-	8 695 842	8 695 842
Purchases	4 604 014	12 320 768	16 924 782	2 610 642	12 800 728	15 411 370
Settlements - adjustments						
Ending Balance*	2 927 418	56 685 257	59 612 675	3 082 870	59 925 726	63 008 596
Cost with goods sold and materials consumed	4 759 466	16 593 426	21 352 892	2 397 497	13 556 321	15 953 818
* Excluding advances for purchases						

8. DEFERRED ASSETS AND ACCRUED LIABILITY EXPENSES

On December 31, 2020 and 2019, these headings are as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
<u>Current assets</u>		
Maintenance contracts:		
Oracle	2 617 171	2 509 295
EDB	2 134 620	-
Bizfrist	1 671 690	1 602 853
Hardsecure	1 591 358	1 069 040
RIS2048	1 283 530	1 396 861
Utimaco	638 955	-
Helpsystem	250 025	1 643 424
Trustwave	-	2 596 486
Primikey	-	323 131
HP	-	130 861
Other	<u>1 076 382</u>	<u>1 156 495</u>
	<u>11 263 731</u>	<u>12 428 446</u>
Agreement with VISA International	9 468 828	3 452 715
Insurance	3 419 660	3 445 455
Other	<u>814 550</u>	<u>2 299 094</u>
	<u><u>24 966 769</u></u>	<u><u>21 625 710</u></u>

On December 31, 2020 and 2019, the item “Deferrals” included amounts regarding several maintenance contracts totaling CVE 11,263,731 and CVE 12,428,446, respectively, which are deferred in accordance with the period covered by those services.

On December 31, 2020 and 2019, the item “Agreement with Visa International” refers to a maintenance agreement renewed on an annual basis as agreed upon with Visa International.

On December 31, 2020 the balance of the item also includes a new contract with Visa for the annual licensing of the DCC - Dinamic Currency Conversion service.

On December 31, 2020 and 2019, the items of accrued liability expenses presented the following balances:

	<u>12/31/2020</u>	<u>12/31/2019</u>
<u>Current Liabilities</u>		
Accrued expenses		
. Performance bonus	4 686 264	4 590 792
. Visa	2 422 019	5 535 893
. MasterCard	478 006	4 772 197
. Other	<u>6 679 020</u>	<u>4 083 076</u>
	<u>14 265 309</u>	<u>18 981 958</u>

On December 31, 2020 and 2019, the items “Accrued expenses – MasterCard” and “Accrued expenses – VISA” include the estimated amount of the expenses incurred by the Company, yet to be invoiced by MasterCard and VISA respectively, within the scope of the MasterCard and VISA services in Cabo Verde.

On December 31, 2020, the item “Accrued expenses – Other” includes the amount of CVE 5,639,471 related with POS fees payable to banks, and the amount of CVE 200,000 concerning donations estimated for 2020 (Note 17).

On December 31, 2019, the item “Accrued expenses – Other” includes the amount of CVE 3,693,048, related with POS fees payable to banks.

9. EQUITY INSTRUMENTS

Share Capital

On December 31, 2020 and 2019, the Company's share capital was fully underwritten and paid up, being composed of 100,000 book-entry shares with a unitary face value of one thousand Cabo Verdean Escudos.

Reserves

On December 31, 2020 and 2019, the Company's reserves comprised the following:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Legal reserve	97 758 762	72 934 833
Free reserves	14 401 872	14 401 872
Other reserves	637 740 785	538 445 070
	<u>749 901 419</u>	<u>625 781 775</u>

According to the law governing the operation of financial institutions, in force in Cabo Verde (Law no. 62/VIII/2014), no less than 10% of the annual net income must be allocated to reinforce the legal reserves up to an amount equal to the share capital or the sum of the free reserves and retained earnings, if higher.

Distributions

In accordance with the deliberation taken by the General Meeting of Shareholders in June 2020, dividends for the year ended December 31, 2019 attributed to the shareholders amounted to CVE 124,119,644 (equivalent to CVE 1.241,19 per share).

In compliance with the decision made by the General Meeting of Shareholders in May 2019, dividends for the year ended December 31, 2018 attributed to the shareholders totaled CVE 108,355,474 (equivalent to CVE 1.083,55 per share).

10. PROVISIONS, IMPAIRMENT AND CONTINGENT LIABILITIES

In the years 2020 and 2019, the movement in provisions and impairment are those below indicated:

	<u>12/31/2019</u>	<u>Reinforcement</u>	<u>Uses</u>	<u>Reversals</u>	<u>12/31/2020</u>
Provisions					
- Tax contingencies	<u>690 938</u>	<u>-</u>	<u>-</u>	<u>(690 938)</u>	<u>-</u>
Impairment					
- Customers - Amounts in transit/Customers (Note 11)	27 222 210	6 592 790	-	-	33 815 000
- Other accounts receivable (Note 11):					
. International settlement of VISA/MasterCard	4 719 970	-	-	(4 719 970)	-
. Chargeback	9 290 327	34 637 164	-	-	43 927 491
- Assets under construction (Note 5)	-	-	-	-	-
- Sundry debtors (Note 11)	92 071	2 233 515	(2 233 515)	-	92 071
- Stock (Note 7)	<u>-</u>	<u>3 412 842</u>	<u>-</u>	<u>-</u>	<u>3 412 842</u>
	<u>41 324 578</u>	<u>46 876 311</u>	<u>(2 233 515)</u>	<u>(4 719 970)</u>	<u>81 247 404</u>
	<u>42 015 516</u>	<u>46 876 311</u>	<u>(2 233 515)</u>	<u>(5 410 908)</u>	<u>81 247 404</u>
	<u>12/31/2018</u>	<u>Reinforcement</u>	<u>Uses</u>	<u>Reversals</u>	<u>12/31/2019</u>
Provisions					
- Tax contingencies	<u>690 938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690 938</u>
Impairment					
- Customers - Amounts in transit/Customers (Note 11)	22 539 842	4 682 368	-	-	27 222 210
- Other accounts receivable (Note 11):					
. International settlement of VISA/MasterCard	4 719 970	-	-	-	4 719 970
. Chargeback	9 290 327	-	-	-	9 290 327
- Assets under construction (Note 5)	2 686 055	1 401 628	(4 087 683)	-	-
- Sundry debtors (Note 11)	1 556 984	92 071	(1 556 984)	-	92 071
- Stock (Note 7)	<u>2 572 062</u>	<u>-</u>	<u>(2 572 062)</u>	<u>-</u>	<u>-</u>
	<u>43 365 240</u>	<u>6 176 067</u>	<u>(8 216 729)</u>	<u>-</u>	<u>41 324 578</u>
	<u>44 056 178</u>	<u>6 176 067</u>	<u>(8 216 729)</u>	<u>-</u>	<u>42 015 516</u>

As at December 31, 2019, the Company made provisions for tax contingencies in the amount of CVE 690,938 to cope with income tax contingencies - Withholding – that may result from different interpretations of the legislation applicable to the Company, namely in what concerns the services provided in 2014 by non-resident suppliers who do not hold a residence

permit in a country that signed a double taxation agreement with Cabo Verde. In 2020, the said provisions for income tax contingencies were reverted under the terms set forth in article 89 of the Tax Procedure Code which anticipates that the levies payable shall expire whenever the taxpayer is not validly notified within a period of 5 years.

11. FINANCIAL ASSETS / LIABILITIES

a. **Customers and other receivables**

On December 31, 2020 and 2019, these items were as follows:

	12/31/2020			12/31/2019		
	Gross Value	Accumulated impairment losses (Note 10)	Net Value	Gross Value	Accumulated impairment losses (Note 10)	Net Value
Customers						
Customers, current account	160 473 773	(33 815 000)	126 658 773	404 366 852	(27 222 210)	377 144 642
Other accounts receivable	64 431 247	(44 019 562)	20 411 685	75 021 462	(14 102 368)	60 919 094
	224 905 020	(77 834 562)	147 070 458	479 388 314	(41 324 578)	438 063 736

On December 31, 2020 and 2019, the item "Other receivables" includes the amounts of CVE 12,273,897 and CVE 54,771,853, respectively, which mainly refer to values traded with international cards that await confirmation by VISA and MasterCard. On December 31, 2019, an accumulated impairment loss associated with these balances was recorded in the amount of CVE 4,719,970 (Note 10), which was reversed during the year ended December 31, 2020. The decrease in the amounts pending confirmation can mainly be explained by the impact of the Covid-19 pandemic, which led to a decrease in international transactions.

Additionally, on December 31, 2020 and 2019, this caption includes chargeback amounts of CVE 44,599,787 CVE and CVE 12,520,287, respectively, for which an accumulated impairment of CVE 43,927,491 and CVE 9,290,327, respectively, has been recorded (Note 10).

The increase in the chargeback balance during 2020 essentially results from a number of improper operations due to alleged unauthorized use of international cards at national merchants, as a result of which SISP was called upon to return the amounts. The process of recovery of these amounts is in progress in the courts.

On 31 December 2020 and 2019, the above-mentioned caption also includes amounts receivable from other debtors of CVE 6,585,323 and CVE 4,121,608, respectively, net of impairment, for which impairment of CVE 92,071 has been recorded (Note 10).

b. Suppliers and other financial liabilities

On December 31, 2020 and 2019, these headings are as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Suppliers		
Suppliers - Investments	<u>3 793 842</u>	<u>16 335 449</u>
Suppliers, current account		
In national currency	5 942 460	7 033 532
In foreign currency	6 226 735	15 579 651
Suppliers for accrued costs		
In national currency	183 309	-
In foreign currency	<u>6 101 133</u>	<u>6 116 731</u>
	<u>18 453 637</u>	<u>28 729 914</u>
Other accounts payable	22 646 554	73 380 219
	<u>44 894 033</u>	<u>118 445 582</u>

On December 31, 2020 and 2019, the heading "Other accounts payable" encompasses the amounts of CVE 18,511,372 and CVE 73,371,606, respectively, related to the outstanding balance to be paid by the Company to the Banco de Cabo Verde for interbank clearing among the various participating Banks and the same at the end of the respective year. The decrease in the outstanding amounts can be explained primarily by the impact of the Covid-19 pandemic, which led to a drop in international transactions.

12. VISA/MASTERCARD CLEARING

On December 31, 2020 and 2019, the balance of this caption corresponds to the amount pending settlement on these dates at the Banco de Cabo Verde as a result of the advance of funds made by that Central Bank within the scope of the international settlement process. SISP is responsible for processing settlement of the transactions made in Cabo Verde with VISA and MasterCard, while maintaining in its financial statements various balances associated with these operations (Notes 4 and 11).

On December 31, 2020 and 2019, the amount outstanding is, respectively, CVE 89,704,475 and CVE 342,168,359. Then again, the decrease in the amounts outstanding can mainly be explained by the impact of the Covid-19 pandemic, which resulted in a decrease in international transactions.

13. STATE AND OTHER PUBLIC BODIES

On December 31, 2020 and 2019, these captions were as follows:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Corporate income tax (Note 19)	23 788 573	71 868 435
Payment on account	(50 009 988)	(57 180 741)
Value added tax	3 874 792	10 030 799
Social security contributions	2 863 804	2 731 761
Deductions to third-parties	1 573 348	1 447 619
Separate taxation	38 587	44 589
Other tax - Stamp duties	241 242	1 177 144
	<u>(17 629 642)</u>	<u>30 119 607</u>

On December 31, 2020 and 2019, the balance of the item "Payment on Account" corresponds to the fractional payments on account settled during the year to which the tax relates, equivalent to 80% of the collection ascertained in relation to the year.

14. SALES AND PROVISION OF SERVICES

Sales and Provision of Services recognized by the Company in 2020 and 2019 are detailed below:

	<u>2020</u>	<u>2019</u>
<u>Sales</u>		
ATM machines	3 130 000	-
<u>Services to banking clients</u>		
Processing		
Vinti4	140 961 430	145 362 560
Visa	6 762 623	15 054 046
MasterCard	8 102 700	16 747 353
TEF	12 651 366	12 721 531
Teleclearing	1 449 760	1 677 375
Other cards	4 522 322	6 467 254
Terminal management	38 143 500	43 148 700
Card management	38 939 054	36 312 372
Connection to network		
CPD	7 200 000	7 200 000
SWIFT	22 250 000	21 000 000
Card production	8 618 755	9 221 160
Other services	4 352 231	-
<u>Services to non-banking clients</u>		
Automatic payment	384 928 747	533 453 557
Access Fee	45 955 000	92 543 200
Service payment	17 851 773	15 117 039
Non-banking cards	95 490	57 330
Other services	3 217 934	1 527 816
<u>Discounts and rebates</u>	(105 083)	(49 722)
	<u>749 027 602</u>	<u>957 561 571</u>

In 2020, the item “Sales – ATM Machines”, in the amount of CVE 3,130,000, concerns the sale of 1 (one) ATM equipment. This sale involved an associated cost of CVE 2,817,778.

A significant reduction was witnessed in the financial year 2020 in revenues relating to the non-bank customer services items "Automatic Payment" and "Access Fee", which can essentially be explained by the impact of the Covid-19 pandemic, which led to a sharp decrease in transactions carried out in the financial system, in particular payments and withdrawals with international cards normally associated with tourism activity, and an increase in the suspension of contracts (POS terminals).

15. EXTERNAL SUPPLIES AND SERVICES

In 2020 and 2019, this caption was as follows:

	<u>2020</u>	<u>2019</u>
Visa Acquiring fees	62 548 452	132 641 976
MasterCard Acquiring fees	69 362 491	123 364 518
Maintenance and repair	64 047 719	63 541 431
Communications	56 309 945	53 052 901
Vinti4 related fees	52 534 554	35 335 852
Monthly advances	26 140 312	26 488 885
Electricity	8 021 957	8 872 819
Business trips	3 438 155	6 089 118
Rents and rentals	4 822 668	4 919 669
Insurance	2 540 436	2 606 710
Fuel	1 581 470	1 726 438
Security and surveillance	1 208 807	1 232 969
Consumables	1 257 281	880 859
Outsourcing	281 070	246 474
Other external supplies and services	3 807 909	6 763 179
	<u>357 903 226</u>	<u>467 763 798</u>

In 2020, a significant reduction was observed in the items "Acquiring Visa commissions" and "Acquiring MasterCard commissions", which can be mostly explained by the impact of the Covid-19 pandemic, which led to a sharp decrease in transactions made with international cards, upon which these commissions are charged.

In 2020, the increase in the caption "Vinti4 Commissions" is related to the update of the commission rate paid to the issuing banks supporting each card transaction made in 2020, according to the tariff approved at the beginning of the period.

16. PERSONNEL COSTS

In the years 2020 and 2019, this caption is as follows:

	<u>2020</u>	<u>2019</u>
Payroll		
Corporate Bodies	2 997 932	3 391 752
Staff	87 514 386	85 422 288
Social security contributions	13 756 324	13 262 041
Training	5 573 679	10 440 214
Performance bonus	3 995 908	4 243 037
Insurance	1 328 969	1 089 711
Other personnel costs	828 542	1 497 175
	<u>115 995 740</u>	<u>119 346 218</u>

The decrease in Personnel Expenses in 2020 is directly related to the decrease in training costs whereas, due to the Covid-19 pandemic, some training activities were postponed or adapted to the online modality.

On December 31, 2020 and 2019, the number of employees remaining on the Company's staff was 53, including two interns.

17. OTHER INCOME AND GAINS AND OTHER EXPENSES AND LOSSES

These headings display the following balances in the financial years 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Other income and gains		
Other	<u>7 099 427</u>	<u>1 305 473</u>
Other costs and losses		
Tax		
Stamp duty	4 352 009	10 606 969
Automobile circulation tax	31 625	41 475
Separate Taxation	4 031	44 589
Final pro-rata annual adjustment	-	951 132
Capital Tax	-	525 719
Property Tax		127 996
	<u>4 387 665</u>	<u>12 297 880</u>
Donations (Note 8)	400 000	-
Contributions	88 200	88 200
Other costs and losses	<u>4 077</u>	<u>114 823</u>
	<u>492 277</u>	<u>203 023</u>
	<u>4 879 942</u>	<u>12 500 903</u>

In 2020, the balance of the caption "Other income and gains - Other" includes the amount of CVE 2,137,344 related to gains from corrections to the definitive pro-rata rate for 2020, and includes the amount of CVE 4,451,123 related to corrections made to the Visa and MasterCard clearing accounts.

At December 31, 2020 and 2019, the item also includes the amount of CVE 157,494 and CVE 892,854, respectively, related to capital gains from the sale of tangible fixed assets.

At December 31, 2020 and 2019 the item "Stamp Duties" includes the amounts of CVE 4,352,009 and CVE 10,606,969, respectively, relating essentially to stamp tax on VISA and MasterCard revenues. The decrease in the amount of stamp duties can be mainly explained

by the impact of the Covid-19 pandemic, which led to a decrease in international transactions, on which fees subject to stamp duties are charged.

On December 31, 2019, the caption "Capital tax" includes the amount of CVE 525,719 related to the withholding of the interest on term deposits due during the financial year of 2019.

18. INTEREST AND GAINS RECEIVED AND INTEREST AND LOSS PAID

In the financial years 2020 and 2019, these headings comprise the following:

	<u>2020</u>	<u>2019</u>
Interest and gains received		
Income from capital shares in Visa Inc.	1 911 916	1 388 536
Interest earned on short-term investment	890 448	1 599 884
Other financing gains	<u>175 040</u>	<u>18 869</u>
	<u>2 977 404</u>	<u>3 007 289</u>
Interest and losses paid		
Interest paid	(10 135 307)	(8 135 637)
Other financing losses	<u>(471 825)</u>	<u>(920 336)</u>
	<u>(10 607 132)</u>	<u>(9 055 973)</u>
	<u>(7 629 728)</u>	<u>(6 048 684)</u>

On December 31, 2020 and 2019, the item "Interest paid" corresponds to the fees from bank guarantees provided to VISA and MasterCard.

19. INCOME TAX

Under the legislation in force, tax returns are subject to review and correction by the tax authorities over a period of five years unless when there have been tax losses, tax benefits were granted, or inspections, claims or oppositions are underway, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the tax returns of the Company from 2016 to 2020 may still be subject to review. The Board of Directors believes that any adjustments resulting from any reviews/inspections by the tax authorities to those tax returns will not have a significant effect on the financial statements at December 31, 2020.

According to the Law no. 44/IX/2018 which approves the State Budget for the economic year 2019, Article 84 of Law no. 82/VIII/2015, of 8 January, approving the Corporate Income Tax Code (IRPC) was amended by Law no. 5/IX/2016, of December 31, as published in the Official Gazette of March 23, 2017 and by Law No. 20/IX/2017, of December 31. Therefore, the said article now reads as follows: "The rate of IRPC is 22 percent for taxpayers under the organized accounting system".

As at December 31, 2020 and 2019, the Company is subject to the Corporate Income Tax (IRPC Code) at the rate of 22% and a fire rate of 2% of the assessed tax, which corresponds to an aggregated tax rate of 22.44%.

Spending on income taxes as at December 31, 2020 and 2019 is detailed below:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Current Tax for the Year	23 788 573	71 868 435

Reconciliation between the nominal tax rate and the effective tax rate observed in the years 2020 and 2019 can be evidenced as follows:

	<u>2020</u>		<u>2019</u>	
	Rate	Tax	Rate	Tax
Income before tax		<u>103 479 479</u>		<u>320 107 723</u>
Tax based on the nominal rate	22,44%	23 220 795	22,44%	71 832 173
Tax provisions / reversals	-0,15%	(155 046)	0,00%	-
Impairment losses beyond the limits	1,00%	1 037 347	-0,07%	(233 135)
Tax shortfall (IUR and VAT)	-0,07%	(76 120)	0,00%	-
Separate taxation	0,00%	905	0,00%	10 033
Withholding Tax - Flat Rate for Term Deposits	0,00%	-	-0,04%	(118 287)
Depreciation outside the legal limit - Vehicles	0,52%	538 474	0,20%	635 334
30% for costs with passenger and mixed vehicles	0,20%	211 332	0,17%	553 783
50% for representation costs	0,00%	4 523	0,02%	50 163
Depreciations from passenger vehicles not accepted in previous year	-0,90%	(929 489)	-0,23%	(729 648)
Tax Benefits (Training, Internships, and Scholarships - CBF art. 33)	-0,04%	(45 562)	-0,02%	(60 480)
Tax Benefits (Job Creation - CBF art. 32)	-0,02%	(19 500)	-0,02%	(71 500)
Other Costs	0,00%	915	0,00%	-
	<u>22,99%</u>	<u>23 788 573</u>	<u>22,45%</u>	<u>71 868 435</u>

20. RELATED ENTITIES

a) Identification of the related entities

According to the FRS 4, related entities are those parties in which the SISP exercises, directly or indirectly, significant influence over their financial and operational management and policies and the entities that have significant influence on the Company's management. In this context, the entities that will be considered for the purposes of these disclosures are the shareholders of the SISP, which are listed below:

- Banco de Cabo Verde
- Banco Comercial do Atlântico
- Caixa Económica de Cabo Verde
- Banco Caboverdeano de Negócios
- Banco Interatlântico
- Cabo Verde Telecom
- State of Cabo Verde - Treasury

b) Details of the balances with related entities:

	12/31/2020				
	Bank deposits	Customers	Other accounts receivable	Suppliers	VISA/Master Card Clearing
	(Note 4)	(Note 11)	(Note 11)	(Note 11)	(Note 12)
Banco de Cabo Verde	94 188 296	1 130 563	250 147	-	89 704 475
Banco Comercial do Atlântico	22 291 939	8 995 689	2 806 529	-	-
Caixa Económica de Cabo Verde	6 980 448	10 611 591	-	-	-
Banco Caboverdeano de Negócios	46 457 565	6 132 685	2 970 414	-	-
Banco Interatlântico	11 030 563	3 099 415	-	-	-
Cabo Verde Telecom	-	457 321	-	(255 520)	-
State - Treasury	-	2 899 069	-	-	-
	<u>180 948 811</u>	<u>33 326 333</u>	<u>6 027 090</u>	<u>(255 520)</u>	<u>89 704 475</u>

	12/31/2019				
	Bank deposits	Customers	Other accounts receivable	Suppliers	VISA/Master Card Clearing
	(Note 4)	(Note 11)	(Note 11)	(Note 11)	(Note 12)
Banco de Cabo Verde	10 065 150	1 564 601	-	-	342 168 359
Banco Comercial do Atlântico	12 432 066	9 155 837	1 013 888	-	-
Caixa Económica de Cabo Verde	12 533 599	10 474 226	-	-	-
Banco Caboverdeano de Negócios	52 075 866	2 493 672	2 084 681	-	-
Banco Interatlântico	11 662 384	3 527 207	2 956	-	-
Cabo Verde Telecom	-	410 038	-	(240 340)	-
State - Treasury	-	4 503 442	-	-	-
	<u>98 769 065</u>	<u>32 129 023</u>	<u>3 101 525</u>	<u>(240 340)</u>	<u>342 168 359</u>

c) Details of the transactions with related entities

	12/31/2020				
	External supplies and services <u>(Note 15)</u>	Interest and similar loss paid <u>(Note 18)</u>	Other costs and losses <u>(Note 17)</u>	Interest and similar gain received <u>(Note 18)</u>	Sales and services provided <u>(Note 14)</u>
Banco de Cabo Verde	(1 440)	-	-	-	4 863 949
Banco Comercial do Atlântico	(19 543 253)	(5 419 359)	(25 566)	-	82 800 981
Caixa Económica de Cabo Verde	(16 214 356)	(196 319)	(5 149)	-	101 221 878
Banco Caboverdeano de Negócios	(5 504 053)	-	(7 725)	890 448	26 086 719
Banco Interatlântico	(7 510 357)	(4 519 629)	(2 070)	-	30 293 082
State - Treasury	-	-	-	-	8 583 383
Cabo Verde Telecom	<u>(2 647 930)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 726 851</u>
	<u>(51 421 389)</u>	<u>(10 135 307)</u>	<u>(40 510)</u>	<u>890 448</u>	<u>257 576 843</u>

	External supplies and services <u>(Note 15)</u>	Interest and similar loss paid <u>(Note 18)</u>	Other costs and losses <u>(Note 17)</u>	Interest and similar gains received <u>(Note 18)</u>	Sales and services provided <u>(Note 14)</u>
Banco de Cabo Verde	(3 168)	-	-	-	4 587 796
Banco Comercial do Atlântico	(15 228 843)	(5 491 651)	(34 288)	-	88 222 387
Caixa Económica de Cabo Verde	(12 351 000)	-	(4 658)	-	98 709 282
Banco Caboverdeano de Negócios	(3 910 383)	-	(525 719)	1 599 884	23 609 866
Banco Interatlântico	(6 631 037)	(2 746 423)	(15 501)	-	33 027 611
State - Treasury	-	-	-	-	8 385 306
Cabo Verde Telecom	<u>(1 082 170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 586 433</u>
	<u>(39 206 601)</u>	<u>(8 238 074)</u>	<u>(580 166)</u>	<u>1 599 884</u>	<u>260 128 681</u>

Transactions with related parties are performed, by rule, in normal market conditions.

21. OTHER RELEVANT ISSUES

The outbreak of the new coronavirus (COVID-19), which started in China in December 2019 and was declared a pandemic by the World Health Organization on March 11, 2020, has driven the global economy to high levels of risk and uncertainty. Containment measures involving travel restrictions and quarantines have directly affected production and tourism worldwide, and, consequently, triggered disruptions in global supply chains. As a result, the world economies have been facing major challenges caused by simultaneous supply and demand shocks. Tourism, as the pivotal sector of the Cabo Verdean economy, is severely affected, as are other sectors of the economy.

The negative impact on SISP's business in 2020 was largely affected by the shortage in the tourism area, leading to a considerable decrease in the result, derived essentially from the decrease in transactions and delay in the execution of some projects.

In accordance with the rules defined by the Government of Cabo Verde, SISP implemented a set of measures to ensure the continuation of its activities, including teleworking (for all employees simultaneously or on a rotating basis) and the adaptation of its facilities to enable the safe execution of tasks that require the physical presence of employees. In this context, the company's activity continued to be ensured without any constraints that could prevent the activities needed for the normal functioning of SISP from being carried out.

During the financial year of 2020, apart from the variations in the balances of the main items, arising from the reduction in activity during 2020, as explained in the previous Notes, there were no significant quantifiable impacts on the financial statements of SISP resulting from the pandemic situation. As of December 31, 2020, in preparing the Company's financial statements, the Board of Directors used assumptions, judgments and estimates deemed appropriate in view of the current circumstances of high uncertainty.

The extent and severity of future impacts generated by the pandemic are not yet determinable, and, therefore, the Company's business and profitability, including the realization of its assets, may be affected to a greater or lesser extent. However, based on all the information available at the date, the Company's Board of Directors considers that the going concern assumption used in the preparation of the SISP financial statements as of December 31, 2020 remains appropriate.

THE BOARD OF DIRECTORS,

SISP

THE CERTIFIED ACCOUNTANT,

Ana Lina Gomes Teixeira

Report and Opinion of the Supervisory Board

Dear Members of the General Meeting of Shareholders,

1. Introduction

In fulfilling our mandate and while performing the legal and statutory duties as set out in article 22nd of the Articles of Association of the Sociedade Interbancária e Sistemas de Pagamentos, S.A., hereinafter called SISP, the Supervisory Board hereby submits its Report and Opinion on the Annual Report and Financial Statements prepared by the Board of Directors for the year ended December 31, 2020.

2. Monitoring activities

- The Supervisory Board, through contacts established with the Board of Directors, as well as clarifications and information gathered from the competent services, monitored the activities and management of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. and verified the financial information produced during the year under review by examining the books, accounting records and other relevant documentation on a regular basis and acknowledged compliance with the law and the statutes in accordance with the contents of the respective minutes.
- While performing its work, the Supervisory Board has always relied on the assistance and support of the Board of Directors and SISP's different departments and services, which promptly provided all the information and documents requested to that end.

3. Statement of compliance and conformity

The undersigned hereby declare that, to the best of our knowledge, the financial statements have been prepared in conformity with the applicable accounting standards, giving a true and fair view of the Company's financial position and results. The Management Report is sufficiently clear as to the evolution of the business and its performance, highlighting the most significant risks, uncertainties, and challenges faced by the company, namely the pandemic scenario that affects everyone. With regard to the Annual Report and Accounts, the Balance Sheet, the Statement of Comprehensive Income, and the accompanying notes, read jointly

with the Opinion issued by Deloitte & Associados, SROC S.A., it is the understanding of the Supervisory Board that:

- a) The Balance Sheet, the Statement of Comprehensive Income, the changes in Owner Equity, and the accompanying notes allow a suitable understanding of the Company's financial position and results. The accounting policies and the valuation criteria adopted are adequate. On the whole, the financial statements, as well as the underlying accounting system, conform with the accounting standards system, and express, in an adequate and substantiated form, the financial position of the SISP as at 31 December 2020, as well as the results of its operations, the changes in its owner equity and its cash flows for the year then ended;
- b) The Management Report is sufficiently clear as to the evolution of the business and the position of the company, and highlights the most significant aspects thereof;
- c) The company evidences sustained growth, supported by its main economic indicators, notably Profitability, Financial Soundness, and Sustainability, and has fully complied with the prudential rules established by the Banco de Cabo Verde, notwithstanding the reduction in financial performance as a result of the economic crisis that followed the health crisis caused by the Covid 19 pandemic. Prudential and liquidity ratios remain robust;
- d) The proposal for the Appropriation of Net Income is duly substantiated; and
- e) The documents produced were submitted without any reservations or emphasis by the External Auditors and benefit from the full consent of the Supervisory Board.

4. OPINION

In light of the foregoing and given the information provided by the accounting expert team and the Board of Directors, as well as the conclusions drawn up in the Independent Auditor's Report, the Supervisory Board hereby issues a favorable opinion and proposes that the General Meeting of Shareholders approve:

a) The Annual Report and Accounts of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. for the year ended on December 31, 2020;

b) The proposal for the Appropriation of Net Income submitted by the Board of Directors, in the amount of **CVE 79,690,906**, which also complies with the legal, statutory, and accounting provisions, as specified below:

Legal Reserves (10%) CVE 7,969,090

Other Reserves (90%) CVE 71,721,816

Finally, the Supervisory Board expresses its gratitude to the Board of Directors, the Director-General of SISP and the different departments of the institution for the excellent cooperation offered in the performance of its duties.

Praia, May 12, 2021

The SUPERVISORY BOARD,

Manuel Sanches Tavares Júnior

Mónica Vitória do Espírito Santo Correia Garcia

Ana Elizabeth Pires Carvalho Vicente

Independent Auditor's Report and Opinion

AUDIT REPORT

(Amounts expressed in Cabo Verdean Escudos – CVE)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. (“Company”), which comprise the Balance Sheet as at December 31, 2020, (evidencing a total of CVE 1,141,814,240 and owner equity of CVE 984,358,649, including net earnings of CVE 79,690,906), the Statement of Comprehensive Income, the Statement of changes in equity and cash flows for the year then ended, as well as the corresponding Annexes which include a summary of the relevant accounting policies.

In our opinion, the attached financial statements give a true and fair view, in all aspects materially relevant, of the financial position of the SISP - Sociedade Interbancária e Sistemas de Pagamentos, S.A. as of 31 December 2020 as well as its financial performance and cash flows for the year then ended in accordance with the Accounting Standards and Financial Reporting System in force in Cabo Verde.

Bases for the Opinion

We have conducted our audit in accordance with the International Auditing Standards (IAS). Our responsibility under these standards is described in the section “Responsibility of the Auditor for auditing these financial statements” of this report. We are independent from the Company as required by the IESBA Code of Ethics and comply with the remaining ethical responsibilities anticipated in that code.

We believe that the audit evidence we have obtained provides an acceptable basis for our audit opinion.

Emphasis

On March 11, 2020, the World Health Organization declared the Covid-19 pandemic, which significantly affected both the world economy and the Cabo Verdean economy, with particular emphasis on the impact on the tourism sector that reflected on the activities developed by the Company in 2020. As described in Note 21 of the annex to the Company's financial statements, the extent and severity of these impacts are not yet determinable, and, therefore, the Company's business and profitability, including the realization of its assets, may be affected to a greater or lesser extent.

Our opinion is not modified with respect to this matter.

Responsibilities of the Managing Body and the Supervisory Body for the financial statements

The Managing Body is responsible for the preparation of financial statements that present, in a true and fair way, the financial position of the Company, as well as its financial performance and cash flows in accordance with the Financial Accounting and Reporting Standards for Cabo Verde, and for the creation and maintenance of the internal controls deemed necessary to ensure the preparation of financial statements that are free from material misstatement due to fraud or error.

While preparing the financial statements, the managing body is responsible for assessing the Company's capacity to continue its operations, disclosing, where applicable, the designed provisions for continuity, and using the assumption of business continuity, unless it plans to liquidate the company or cease its operations, or otherwise has no other realistic alternative but doing so.

The supervisory body is responsible for supervising the preparation and disclosure process of the Company's financial information.

Responsibilities of the Auditor for auditing the financial statements

Our responsibility is to perform the audit so as to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud or error and prepare a report expressing our opinion. A reasonable degree of assurance is a high level of

assurance but is not a guarantee that an audit performed in accordance with the IAS will definitely detect a material misstatement, should it exist. Distortions may be rooted at fraud or error and are considered material if, individually or jointly, they are reasonably deemed to influence economic decisions based on those financial statements.

As part of the audit in accordance with the IAS, we make professional judgments and maintain professional skepticism throughout the audit and also:

- Identify and assess the risks of material distortion of the financial statements, due to fraud or error, design and execute audit procedures to meet those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material distortion due to fraud is even greater than the risk of not detecting a material distortion due to error, whereas fraud can involve conspiracy, falsification, deliberate omissions, misstatements, or overlap of internal control;
- Obtain an understanding of the internal control relevant to the audit with the purpose of creating audit procedures that are appropriate under the circumstances, but not to express an opinion on the effectiveness of the Company's internal control;
- Assess the adequacy of the accounting policies used and the reasonability of the accounting estimates and respective disclosures made by the managing body;
- Conclude whether the use of the going concern basis by the managing body was appropriate and, based on the audit evidence obtained, if there is any material uncertainty as regards events or conditions that may raise doubts on the Company's ability to continue its activities. If we conclude that there is material uncertainty, we must draw attention in our report to the related disclosures included in the financial statements or otherwise modify our opinion if such disclosures are not adequate. Our conclusions are based on the audit evidence received up to the date of our report. However, future events or conditions may lead the Company to discontinue its activities;
- Evaluate the presentation, structure, and overall content of the financial statements, including the disclosures, and also if those financial statements represent the relevant transactions and events so as to reach an appropriate presentation;

- Exchange views with the governing bodies, among other matters, about the planned scope and timeframe of the audit, as well as significant conclusions of the audit, including any significant internal control failures or deficiencies detected during the audit works.

Lisbon, April 30, 2021

Deloitte e Associados, SROC S.A.

Represented by Luis Eduardo Marques dos Santos, ROC

