ANNUAL REPORT 2022

Banco BIR
Temos Resposta

Banco
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WE HAVE THE ANSWER

The year 2002 confirmed that, after the pandemic, nothing will ever be the same again.

We realise this in a multitude of sectors of human life, whether it be science, business, teaching or leisure activities. We were all affected.

Adverse circumstances often stimulate art and human ingenuity to react to the challenges raised, transforming difficulties into opportunities, problems into solutions. Aware of this, Banco BIR accelerated it's digital transformation process, particularly with a view to raising the quality of the service provided to customers, making significant technological investments that also extended to the area of cybersecurity. It is at this level of development, strengthening competences and services, innovating in products, that Banco BIR continues to assert it's position as a fully-fledged financial institution, supporting the future of the Angolan economy.

Focusing on good governance – guided by responsible rules, structured and regulated action with business partners and actors from civil society and central government – Banco BIR defines sustainability strategies within it's institutional framework.

In all it's domains, BIR guarantees and intensifies it's motto: “We Have the Answer”.

1 MESSAGE FROM THE CHAIRS

MESSAGE FROM THE CHAIRS

Geopolitical tensions significantly marked the behaviour of the world economy in 2022, in particular the conflict in Europe between Russia and Ukraine, which had a severe impact in terms of raising energy and food prices, causing labour shortages and giving rise to an exponential increase in inflation and a dizzying rise in interest rates.

Alongside this, the threat remained of a resurgence of the Covid-19 pandemic and the dramatic effects of climate change could be seen, a cause for concern in many parts of the world.

It should be noted that emerging market economies had greater concerns, forcing them to resort to considerable external borrowing and to be dependent on constant strategic changes in the developed markets.

However, despite the major challenges faced by the world economy, Angola received a positive assessment of it's Extended Fund Facility (EFF) from the IMF, consolidating the external and fiscal balance of it's economy and promoting diversified and sustained growth.

During the year 2022, the average export price of a barrel of oil, which is our biggest export product, was around USD 101.00, representing an increase of 51% over the previous year.

In view of this, there have been improvements in the implementation of the Government's strategic plan, with special emphasis on the PIIM (Integrated Plan for Intervention in Municipalities), which has contributed to an increase in the number of classrooms, hospital facilities, the distribution of more drinking water, the improvement of transport routes, measures to combat drought and a relaunch of the economic activity of small family businesses, in particular the production of agricultural goods and livestock, throughout the country.

Moreover, the Banco Nacional de Angola, through it's Monetary Policy Committee, decided to reduce the basic rate from 20% to 19.5% and the interest rate on the standing facility from 23% to 21%, while at the same time, the national currency, the kwanza, appreciated by around 9% against the US Dollar and 14% against the Euro.

Likewise, the interest rates on public debt instruments were also reduced during the period, with emphasis on the change in 2 and 4 year OTNR (non-adjustable treasury bonds) to 9.5% and 8.5%, respectively.

The accumulated inflation rate in December 2022 was 13.86%, the lowest in the last 4 years, meeting the targets established in the 2022 General State Budget, OGE, which targeted a rate of less than 18%.

During the period, net international reserves (NIR) stood at USD 14.5 billion and, although it was down USD 1.0 million compared to the previous year, coverage of 6 months of imports of goods and services was assured.

BIR knew how to properly interpret the signs of stability, despite the still restrictive measures of the System Regulator, remaining faithful to the successful implementation of it's 2021-2024 strategic plan.

Therefore, we have invested in forging closer relationships with customers, as they represent one of the main reasons for the existence of our institution, and we have strengthened the sustainability of our business model, creating greater robustness and trust among stakeholders.

We are also committed to strengthening digital skills as a way of simplifying and educating the public in their operations, achieving efficiency gains, risk mitigation and improving the availability of new products and personalised services.

We pay special attention to our human capital, as a way of boosting the development and growth of the Bank, seeking to recruit talented young people, who receive continuous training appropriate to their abilities and, where merited, will have the opportunity to add value to the institution and to themselves.

Risk management is seen as a central element of BIR's strategic vision, and in assessing all it's categories, under the terms required by the System Regulator, we position ourselves equidistant from any threats that may negatively impact performance.

We ended 2022 with net assets of AOA 214,490,595,000 which, compared to the previous year, represents growth of 38.97%. Deposits grew by 38.19% and own funds by 44.46%.

We maintained a high solvency ratio (34.8%, versus the 10% required) and the 40.76% growth in the number of customers compared to the previous year reflects the efficient and diversified range of products and services we provide, including an effective electronic banking service.

The net earnings achieved of AOA 16,260,000, reflecting an increase of 80% compared to the previous year, is the result of hard work supported by the best Corporate Governance practices, in strict compliance with established regulations, the ability to innovate and offer new products to our customers, careful risk management and the use of appropriate technological tools to bolster the sustainability of the business.

WE HAVE THE ANSWER.

GENEROSO HERMENEGILDO DE ALMEIDA
Chair of the Board of Directors

LÍGIA MARIA GOMES PINTO MADALENO
Chair of the Executive Board

2022 HIGHLIGHTS

BALANCE SHEET
(Million AOA)

214,491
ASSETS

36,874
GROSS LENDING

169,787
DEPOSITS

39,387
EQUITY

STRUCTURE

6
BRANCHES

36
ATM

9,959
ACTIVE CUSTOMERS

131
EMPLOYEES

4
ATM CENTRES

2,672
POS

10,355
ACTIVE CARDS

EARNINGS AND PROFITABILITY
(Million AOA)

28,486
BANKING PRODUCT

16,260
NET EARNINGS

39.8%
COST-TO-INCOME RATIO

54.6%
ROAE

9.1%
ROAA

SOLIDITY AND CREDIT QUALITY

34.8%
RSR

1.1%
CREDIT OVERDUE

378%
COVERAGE OF NPL BY IMPAIRMENT

3 ECONOMIC ENVIRONMENT

3.1 WORLD ECONOMY

The performance of the world economy in 2022 was clearly affected by three factors: (1) the restrictive monetary policy followed by the main central banks with a view to combating rising inflation; (2) the war in Ukraine; and (3) the resurgence of Covid-19 in China. Despite these adverse factors, real GDP growth was stronger than expected in various economies in the first nine months of the year, namely in the US, in the euro area and in the main emerging and developing economies.

In many cases, this more favourable trend was the result of domestic factors: stronger than expected private consumption and investment in a context of some rigidity in the labour market and greater than anticipated support in terms of fiscal policy. Households also increased their spending levels to satisfy depressed demand, particularly for services. This increase in consumption was due to a reduction in savings as economies reopened. Business investment also increased to meet this increased demand.

On the supply side, the easing of constraints on the supply of some goods and lower transport costs reduced pressures on the prices of inputs and allowed for a recovery in sectors that previously had limitations, such as motorcars. It should also be noted that energy markets adjusted more quickly than expected to the shock of the war in Ukraine.

That said, this improvement in economic activity faded in most – though not all – major economies during the fourth quarter of 2022. US growth remained stronger than anticipated, with consumers continuing to spend their savings and unemployment remaining close to historic lows thanks to the resilience of the labour market. However, in other countries, activity indicators (such as business and consumer confidence indices and business activity surveys) pointed to a general slowdown.

In particular, economic activity in China slowed at the end of the year due to further outbreaks of Covid-19 in Beijing and other densely populated areas. These new outbreaks led to the reintroduction of lockdowns during part of 2022, until the relaxation of these restrictions at the end of the year, which subsequently led to a full reopening of the economy. On the other hand, the Chinese real estate sector continued to contract and remained in crisis.

Chinese authorities responded with further easing of monetary and fiscal policy, new vaccination targets for the elderly, and measures to support the completion of unfinished real estate projects. However, consumer and business confidence levels remained depressed at the end of 2022. China's economic slowdown reduced world trade growth and international commodity prices.

In Europe, economic growth was more resilient than expected in the face of the major negative terms of trade shock caused by the war in Ukraine. In part, this resilience reflects the support of the governments of the various countries of the European Union to families and companies affected by the energy crisis, as well as the dynamism of the reopening of economies.

Gas prices declined more than expected thanks to higher flows in non-Russian gas and liquefied natural gas pipelines, lower demand for gas and a warmer-than-normal winter. However, inflation remained around 10% (or more) in various countries in the euro area, leading the ECB to tighten the financial conditions of households and companies and to cool demand in the housing sector and beyond.

In terms of sub-Saharan Africa, the recovery seen in 2021 was abruptly interrupted the following year. In fact, economic activity had finally recovered from the adverse effects of the Covid-19 pandemic and real GDP growth reached 4.7% in 2021. However, economic growth in the region slowed again in 2022 and is expected to stand at 3.6%, mainly due to (1) the slowdown in the world economy, (2) tighter global financial conditions and (3) the sharp rise in inflation at global level. Rising food and energy prices hit the region's most vulnerable, and public debt and inflation are at levels not witnessed for decades.

In this context, and with limited options, many countries continue to face a very difficult situation. The short-term outlook is highly uncertain, as the region's prospects are linked to developments in the world economy, and several countries are facing difficult sociopolitical and security situations at home.

Overall, the IMF estimates that the world economy grew by 3.4% in 2022, a slowdown from the 6.2% recorded in the previous year. The advanced economies grew by 2.7% over the same period, while emerging and developing market economies grew by 3.9%, and sub-Saharan Africa, by 3.8%.

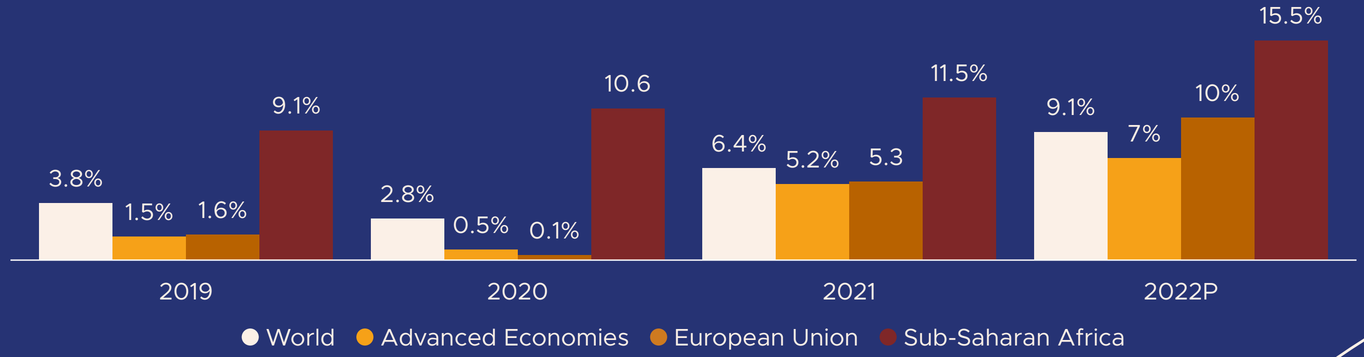
For 2023, IMF forecasts indicate that economic activity will continue to slow down at a global level, largely due to strong deceleration in the growth of advanced economies, while emerging and developing economies should report trends in real GDP very much in line with those seen in 2022. The same is likely to happen in sub-Saharan Africa, where real GDP growth is expected to be unchanged at 3.8%.

GDP GROWTH (%)	2020	2021	2022P	2023P
World Economy	-3.0%	6.2%	3.4%	2.9%
Advanced Economies	-4.4%	5.4%	2.7%	1.2%
Emerging markets	-1.9%	6.7%	3.9%	4.0%
Sub-Saharan Africa	-1.6%	4.7%	3.8%	3.8%

Source: IMF (World Economic Outlook).

In terms of inflation, in the second half of the year some signs began to emerge that the implementation of a more restrictive monetary policy by the major central banks was having some impact on consumer demand and price levels. Indeed, global inflation appears to have peaked in the third quarter of 2022. The prices of energy and non-energy raw materials have fallen, bringing down inflation, in particular in the US, in the euro area and in Latin America. However, underlying inflation (which excludes energy and food prices) has not yet peaked in most economies and remains well above pre-pandemic levels.

ANNUAL INFLATION RATE (2019-22P)



Meanwhile, growth in world trade also slowed in the second half of the year, in conjunction with a deterioration of economic activity in the key countries. The weakening of trade reflected the slowdown in industrial production globally, as consumer demand shifted to pre-pandemic patterns, to the detriment of demand for goods. Despite this slowdown, trade in goods surpassed pre-pandemic levels last year.

Moreover, trade in services continued to recover, supported by a gradual shift in demand towards services. Tourist movements recovered as many countries eased the travel restrictions they had imposed. Even so, these movements remained well below pre-pandemic levels and uneven across the various regions of the globe.

In terms of oil, the world market remained relatively balanced (in terms of supply and demand for crude oil) in 2022. According to OPEC data, oil demand grew by 2.5 million barrels per day (mb/d) (to 99.6 mb/d) in the period, which compares with an increase in supply of 4.5 mb/d (to 100mb/d). It should be remember that demand for crude had already recovered strongly in 2021 after the sharp drop in 2020 due to the effects of the Covid-19 pandemic. It should also be noted that most of the growth in world oil supply in 2022 was due to OPEC's decision to increase it's level of production after the cartel decided to significantly reduce supply in 2020-21.

The year 2022 also saw a sharp rise in the price of Brent, which averaged around USD 100 during the period. This figure compares with an average of USD 57.8 in the previous year, i.e. an increase of over 70% year-on-year.

					Variation		
PETROLIUM — DEMAND	**2019**	**2020**	**2021**	**2022**	**2020/19**	**2021/20**	**2022/21**
OECD	47.7	42.0	44.8	46.0	-11.8%	6.7%	2.6%
China	13.8	13.9	15.0	14.9	0.9%	7.6%	-1.0%
India	5.0	4.5	4.8	5.1	-9.6%	5.8%	7.8%
Other	33.8	30.7	32.5	33.6	-9.2%	5.8%	3.4%
TOTAL	**100.3**	**91.2**	**97.1**	**99.6**	**-9.1%**	**6.5%**	**2.6%**

					Variation		
PETROLIUM — DEMAND	**2019**	**2020**	**2021**	**2022**	**2020/19**	**2021/20**	**2022/21**
OECD	30.2	29.3	29.8	30.9	-2.8%	1.5%	3.9%
OPEC	29.4	25.7	26.3	28.9	-12.4%	2.4%	9.5%
Other	40.7	39.0	39.4	40.3	-4.2%	1.2%	2.1%
TOTAL	**100.2**	**94.0**	**95.5**	**100.0**	**-6.2%**	**1.6%**	**4.7%**

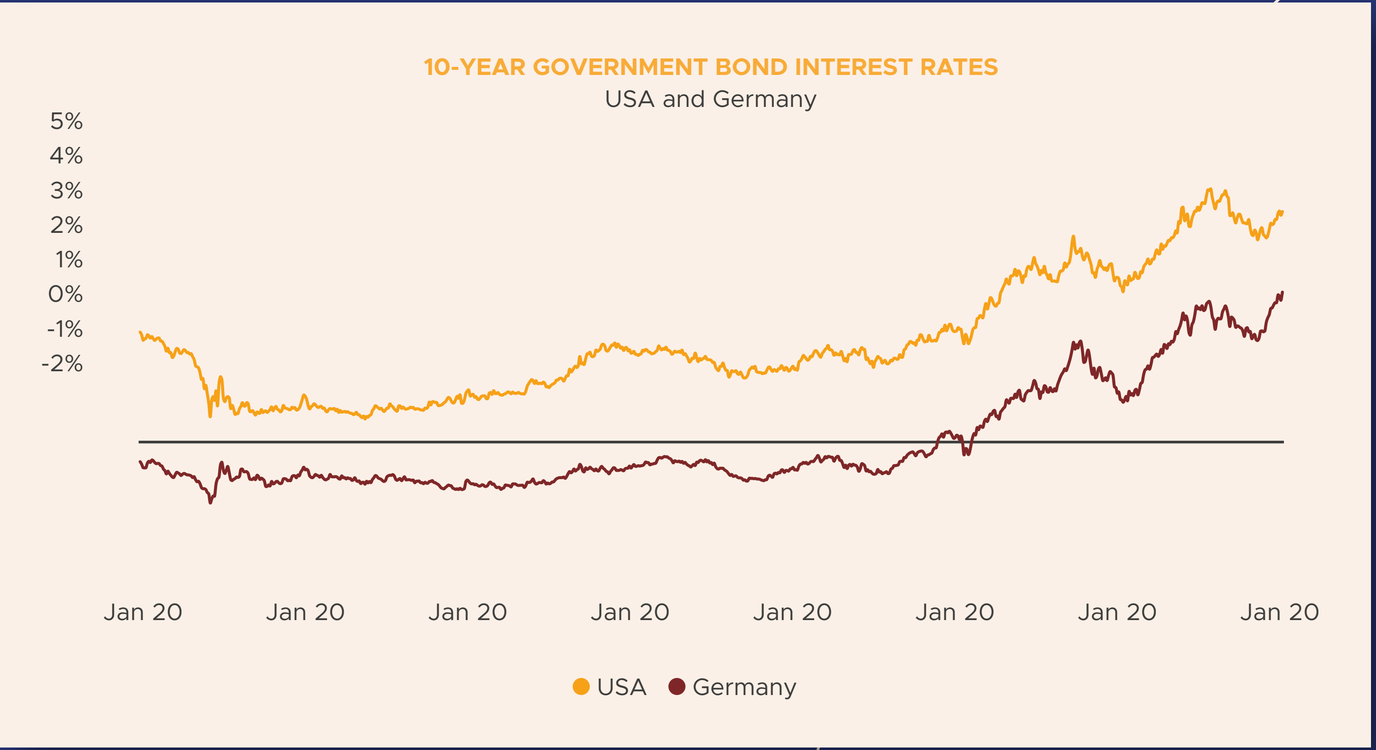
Source: OPEC

Changes in international financial markets were influenced by much more restrictive conditions in 2022. Indeed, investors' risk appetite was affected by the slowdown in world economic growth, by persistently high inflation and by the more restrictive than expected monetary policy followed by the major central banks. Yields on long-term public sector debt securities in the US and Germany rose at the fastest pace in nearly three decades, reaching their highest levels since 2007 and 2011, respectively, in October.

Equity markets around the world saw substantial declines. In particular, the MSCI World equity index dropped nearly 20% from the start of the year, with equity market indices (stated in dollars) down more than 15% in nearly half of the world's countries.

As in the previous year, tighter monetary policy in advanced economies weighed on capital flows in emerging and developing markets. China saw notable debt market outflows in 2022, while other emerging and developing markets continued the prolonged period of weak debt and capital flows that began in 2021.

The dollar also appreciated sharply in 2022, before moderating somewhat towards the end of the year. Most currencies in emerging and developing countries depreciated against the dollar. However, on average, the currencies of economies with budget deficits above 3% of GDP reported a depreciation eight times greater than that of other emerging and developing economies.



3.2 NATIONAL ECONOMY

Economic activity in Angola continued to improve in 2022, after already showing signs of stabilisation in the previous year. It should be remembered that 2021 marked the end of a prolonged five-year recession in the country, with real GDP growing by 0.7% in the period. Despite the modest growth, it was above the 0.2% initially forecast by the Government.

The more favourable development of the national economy was due to a positive contribution from the oil and non-oil sectors and led the Government to revise upwards it's economic growth forecast for the year as a whole to 2.7%, compared to the 2.4% provided in the budget proposal for 2022.

ECONOMIC ACTIVITY	2017	2018	2019	2020	2021	2022 (1)	2022P
REAL GDP GROWTH	**-0.1%**	**-2.0%**	**-0.6%**	**-5.6%**	**0.7%**	**2.4%**	**2.7%**
Oil & Gas	-5.3%	-9.4%	-6.5%	-8.3%	-11.0%	1.6%	2.1%
Non-oil	1.2%	-0.1%	2.4%	-4.7%	6.4%	3.1%	3.2%
Agriculture	1.4%	-2.0%	0.8%	5.6%	5.1%	4.3%	4.9%
Fishing	-1.1%	-17.1%	-14.8%	-5.2%	46.4%	4.0%	10.0%
Mining	-0.8%	-6.3%	8.5%	-13.3%	10.4%	10.0%	10.0%
Manufacturing Industry	1.2%	4.8%	0.8%	-4.6%	0.6%	5.0%	5.0%
Construction	2.5%	0.4%	4.9%	-7.0%	-6.7%	2.4%	0.4%
Energy	-1.7%	22.3%	5.4%	5.2%	5.0%	4.0%	8.3%
Retail	1.5%	-0.2%	1.3%	-3.7%	5.9%	2.3%	2.6%
Other	0.3%	2.2%	2.3%	-3.2%	2.6%	1.5%	1.5%

(1) General State Budget Sources: The INE and the Ministry of Finance.

This improvement is explained by the increase in oil production forecast for the year (2%) and the slightly better growth of the non-oil sector (3.2% vs. 3.1% previously forecast). The latter was mainly driven by faster growth in sectors such as fisheries (10.0%), mining (10.0%), energy (8.3%), transport and storage (8.0%), manufacturing industry (5.0%) and agriculture (4.9%).

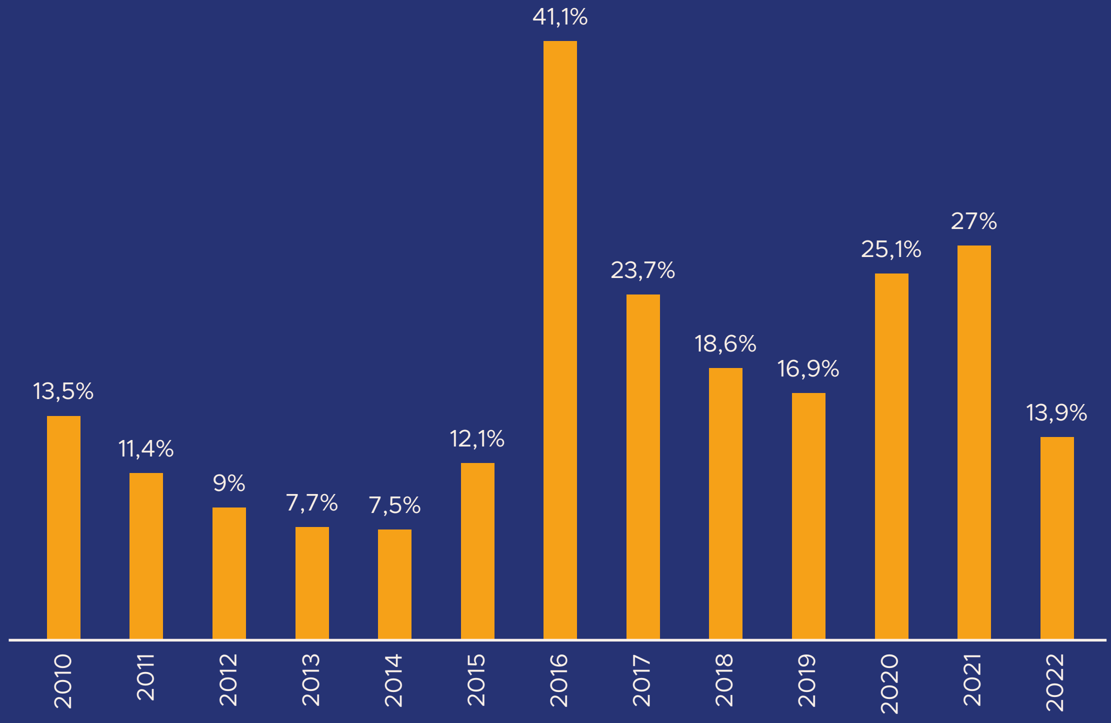
ECONOMIC INDICATORS	2017	2018	2019	2020	2021	2022 (1)	2022P
Annual Oil and LNG Production	722.6	658.2	638.7	579.9	539.3	553.2	535.3
Oil production (MBbl)	597.6	539.8	504.8	463.9	410.4	419.0	419.0
LNG Production (MBOE)	125.0	118.4	133.9	116.0	128.9	134.2	116.3
Daily Oil Production (Million bpd)	1.637	1.479	1.383	1.271	1.124	1.148	1.148
Average Oil Price (US$/Bbl)	53.9	70.6	65.2	41.3	71.2	59.0	100.0
Average LNG Price (US$/BOE)	29.0	47.9	29.2	29.2	38.0	33.0	57.0
Nominal GDP (billion AKZ)	20 262,3	25 627,7	30 625,0	34 158,3	47 045,0	54 578,2	55 759,1
Oil	4 240,0	7 652,7	9 454,6	8 733,5	14 130,2	13 825,4	14 695,4
Non-oil	16 022,3	17 975,0	21 170,4	25 424,8	32 914,8	40 752,8	41 063,7

(1) General State Budget Sources: The INE and the Ministry of Finance.

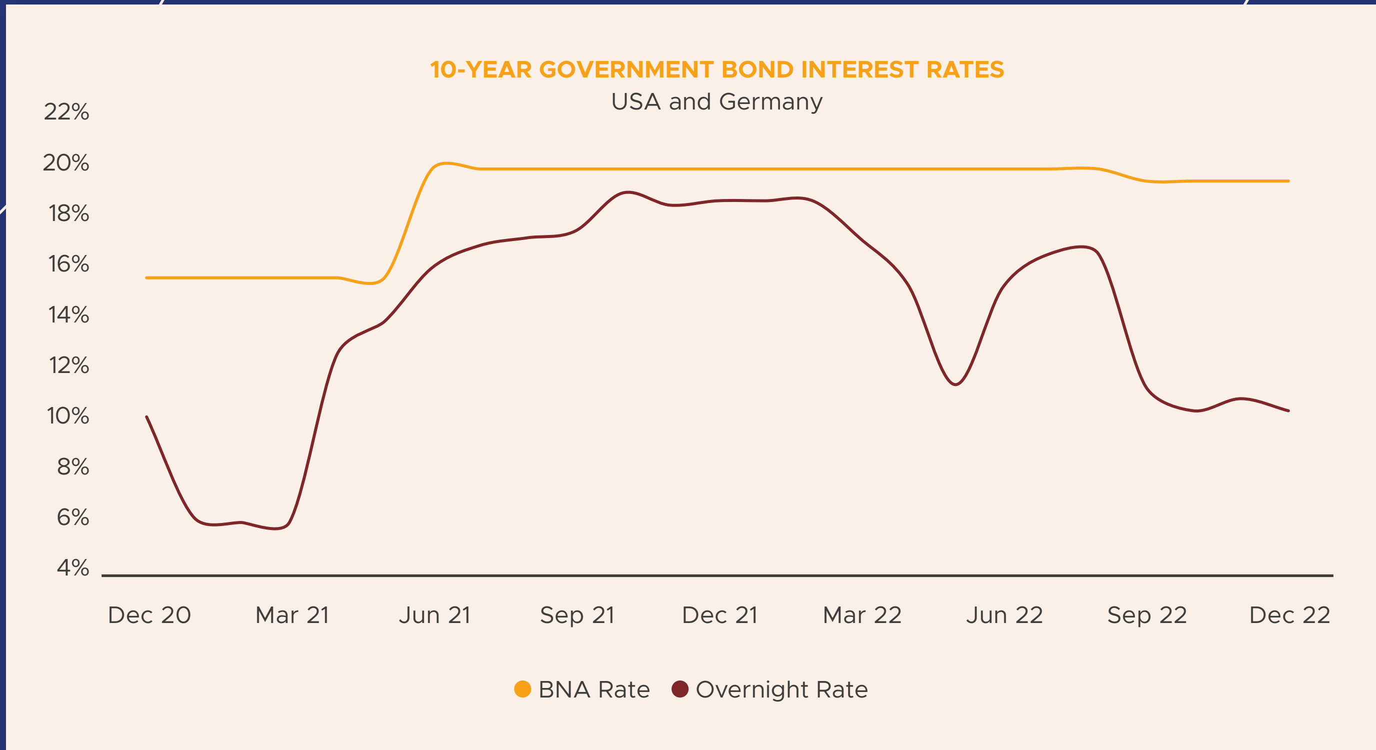
In terms of inflation, the consumer price level was mainly affected by the higher cost of food on international markets. It should be recalled that food imports still represent a large part of the supply of these essential goods to the internal market.

However, contrary to that which occurred in most other countries in the rest of the world, inflation in Angola followed a downward path over the course of the year, after having been under pressure in the previous two years. The country's annual inflation rate reached a level below the Government's target of 18.0% for 2022 in October (16.7%) and ended the year at 13.9%. This compares with an annual inflation rate of 27.0% in 2021.

ANNUAL INFLATION RATE
2010 — 2022
Source: INE



It should be noted that the BNA's Monetary Policy Committee (CPM) met on six occasions over the course of 2022 and that the favourable trend in the inflation rate during the year allowed the CPM to cut it's key interest rate by 50bp (from 20.0% to 19.5%) at the September meeting. Before that, the CPM had already decided to reduce the required reserve ratio in national currency that commercial banks have to place with the BNA, from 22% to 19% at the May meeting and from 19% to 17% at the July meeting. The required reserve ratio in foreign currency remained unchanged at 22%.



Public accounts were particularly affected by the international environment over the course of 2022, namely a significantly higher oil price than initially forecast for the period. Indeed, the Government initially assumed in it's budget proposal for 2022 that the average price of crude would reach USD 59 per barrel during the year. It turns out that this average was around USD 100, which obviously had a very favourable impact on oil revenues. However, this also meant that the Government had to spend a much higher amount than expected on fuel subsidies to help offset the impact of these higher oil prices on the population.

Preliminary data released by the Government show that tax revenues related to the oil sector may have reached AKZ 7,973 billion in 2022 and be 30.3% above the budgeted amount for the year. This value represents an increase of 20.5% compared to 2021. On the other hand, non-oil tax revenues could be 5% below the budgeted amount, after rising 18.2% to AKZ 4,382 billion. With non-tax revenues expected to be 12% above expectations, this means that total revenues for the year may have grown by 21.6% in the period and reached AKZ 13,371 billion, exceeding the budgeted amount by 14.9%.

In terms of expenses, the Government predicts that these will have stood at AKZ 11,899 billion in 2022. This value is 2.3% higher than the initial forecast for the year and 29.2% higher than the figure for 2021. This slight deviation was due to an acceleration in the execution of capital expenditures (i.e. public investment), which means that these expenditures could have been 60.7% above the initial forecast and more than offset the lower current expenditures (-9.7%).

Overall, the Government is projected to have achieved a budget surplus equivalent to 2.7% of GDP in 2022 and a primary surplus (excluding debt interest) of 6.7% of GDP. These values are higher than those initially estimated in the budget proposal for the year (0.0% and 5.7% of GDP, respectively).

PUBLIC ACCOUNTS	2017	2018	2019	2020	2021	2022P	2023 (1)
REVENUES	**3 543**	**5 860**	**6 547**	**7 054**	**10 995**	**13 371**	**13 462**
% of GDP	17.5%	22.9%	21.4%	21.4%	23.3%	24.7%	22.1%
Taxes (oil sector)	2 009	3 715	3 953	3 612	6 615	7 973	7 196
Taxes (non-oil sector)	1 194	1 693	2 122	2 993	3 709	4 382	4 804
Other revenues	340	452	473	449	671	1 016	1 463
EXPENDITURE	**4 823**	**5 319**	**6 364**	**7 675**	**9 207**	**11 899**	**12 902**
% of GDP	23.8%	20.8%	20.8%	23.2%	19.5%	21.9%	21.1%
Current expenses	3 499	4 130	5 237	5 902	6 727	8 729	9 808
Capital expenditure	1 323	1 189	1 127	1 772	2 480	3 171	3 094
BUDGET BALANCE	**-1 280**	**541**	**183**	**-620**	**1 788**	**1 472**	**560**
% of GDP	-6.3%	2.1%	0.6%	-1.9%	3.8%	2.7%	0.9%

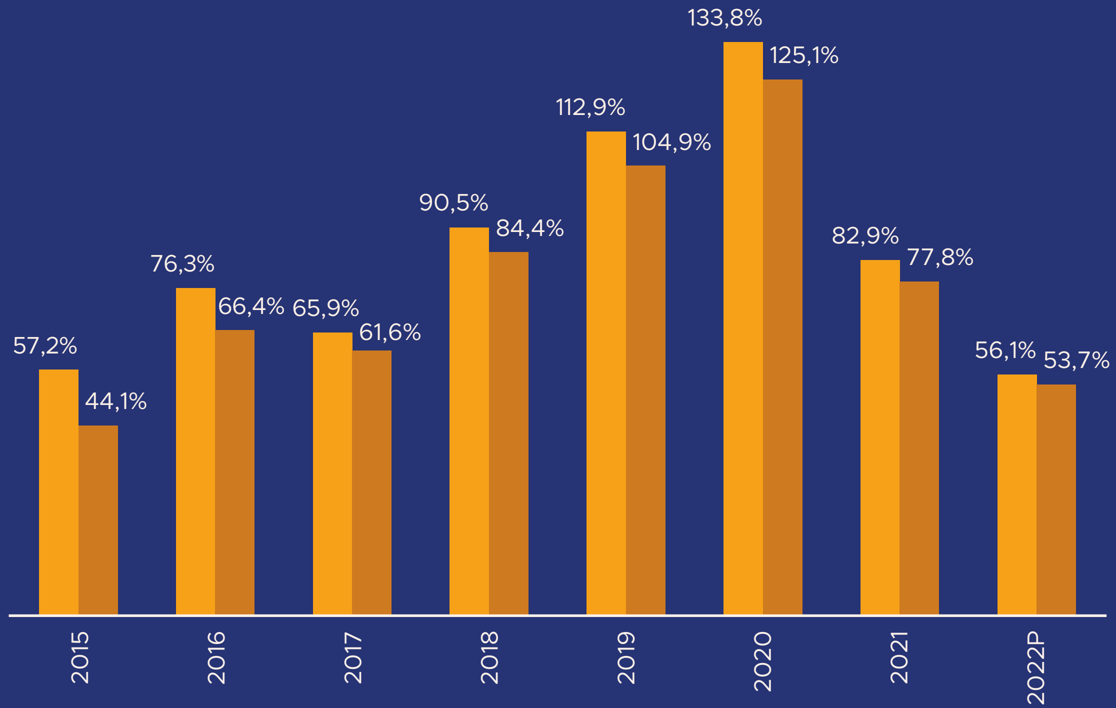
(1) General State Budget Source: Ministry of Finance.

Angola's public debt remained on a downward trajectory in 2022, having already dropped sharply in the previous year. Government estimates indicated that public debt could reach 56.1% of GDP by December 2022, while government debt could remain at 53.7% of GDP. These numbers compare to historically high levels of 133.8% and 125.1% of GDP, respectively, in 2020. This more favourable trend in public debt levels is due to the impact of the primary surpluses reported in recent years, as well as a more stable kwanza exchange rate since 2021. It should be remembered that around two thirds of the country's public debt is external debt and, consequently, is denominated in foreign currency.

PUBLIC DEBT AND GOVERNMENT DEBT

% of GDP

Source: Ministry of Finance.



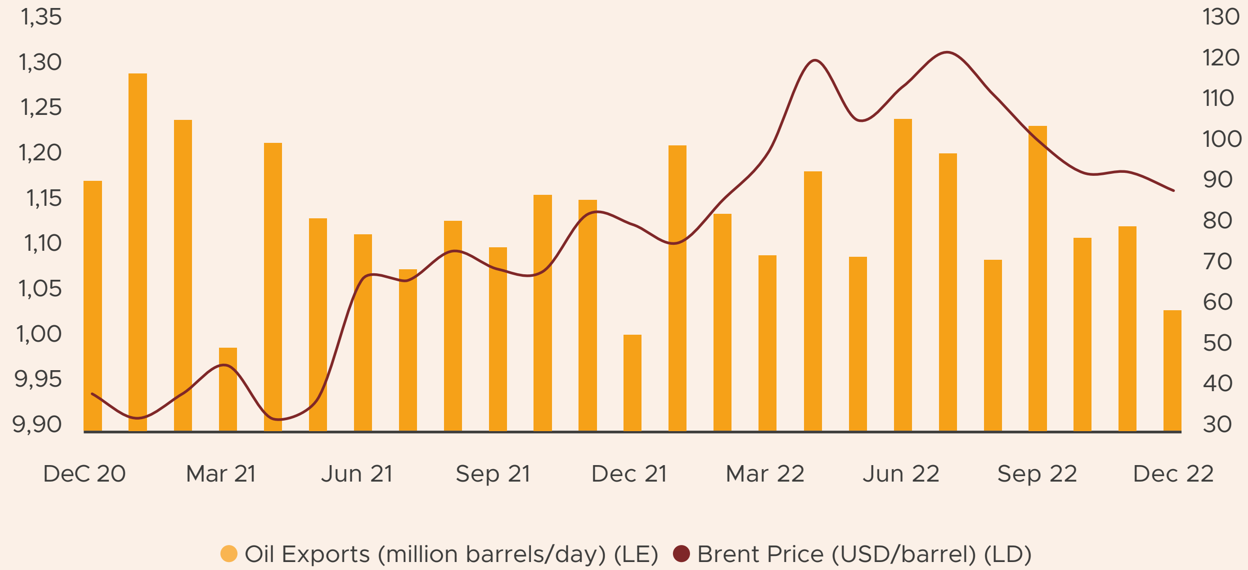
Meanwhile, the Government expects economic growth to continue to accelerate in 2023, with it's proposal for the 2023 General State Budget (OGE) assuming a real GDP growth forecast of 3.3%. The draft OGE also assumes an average oil price of USD 75 per barrel during the year. While this forecast is much lower than the USD 100 average recorded in 2022, it is above the USD 59 included in last year's budget.

The draft assumes that the Government will achieve a budget surplus of AKZ 560 billion (equivalent to 0.9% of GDP), following a surplus of 2.7% of GDP expected for 2022. The Government also projects a primary surplus equivalent to 4.9% of GDP, below the 6.7% surplus expected in 2022. It should be recalled that the 2022 draft OGE assumed a balanced overall balance and a primary surplus equivalent to 5.5% of GDP.

It should also be noted that the performance of Angola's external sector was marked by the recovery in the price of a barrel of oil on international markets during the year and by a slight recovery in the country's oil exports.

OIL EXPORTS AND BRENT PRICE

Source: Ministry of Finance.



BALANCE OF PAYMENTS	2019	2020	2021	2022	Variation 2020/19	Variation 2021/20	Variation 2022/21
Current Account	5 137	872	8 399	11 763	-83.0%	863.3%	40.0%
Trade Balance	20 599	11 394	21 787	32 771	-44.7%	91.2%	50.4%
Exports	34 726	20 937	33 581	50 038	-39.7%	60.4%	49.0%
Oil Sector	33 365	19 584	31 838	47 490	-41.3%	62.6%	49.2%
Other	1 360	1 353	1 743	2 548	-0.5%	28.8%	46.2%
Imports	-14 127	-9 543	-11 795	-17 267	-32.4%	23.6%	46.4%
Services Balance	-7 718	-5 536	-6 957	-11 214	-28.3%	25.7%	61.2%
Income Balance	-7 743	-4 987	-6 430	-9 793	-35.6%	28.9%	52.3%
Capital Account	2	1	2	-2	-42.3%	66.1%	-
Financial Account	4 488	-52	5 459	8 836	-	-	61.9%
Direct Foreign Invest. (Net)	1 749	1 957	3 298	6 183	11.9%	68.5%	87.5%
Errors and Omissions	-651	-926	-2 943	-2 925	42.1%	218.0%	-0.6%
Overall Balance	**8 976**	**-105**	**10 917**	**17 673**	**-**	**-**	**61.9%**
Values in % of GDP							
Current Account	6.1%	1.6%	11.7%	11.4%			
Trade Balance	24.5%	20.7%	30.4%	31.7%			
Exports	41.4%	38.0%	46.8%	48.3%			
Imports	16.8%	17.3%	16.4%	16.7%			
Services Balance	-9.2%	-10.1%	-9.7%	-10.8%			
Income Balance	-9.2%	-9.1%	-9.0%	-9.5%			
Financial Account	5.3%	-0.1%	7.6%	8.5%			
Direct Foreign Invest. (Net)	2.1%	3.6%	4.6%	6.0%			

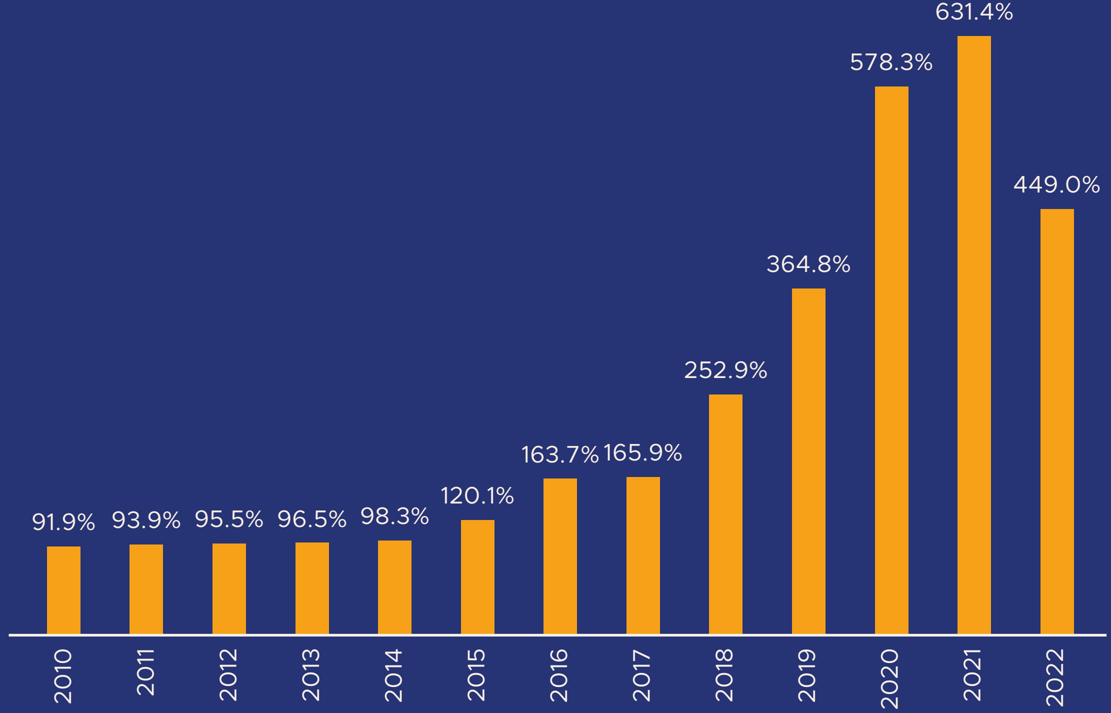
Source: BNA.

Moreover, the consolidation of the exchange rate reform initiated in January 2018 has also allowed the current account to remain on the trajectory of surplus observed since 2018. BNA data indicate that the current account recorded a surplus equivalent to 11.4% of GDP in 2022, very much in line with the level reached in the previous year. This trend was due to the sharp improvement in the trade balance resulting from the strong rise in exports, in particular those in the oil sector.

With the increased supply of foreign currency due to the recovery in crude oil prices, as well as more efficient liquidity management by the BNA, the kwanza has remained fairly stable in nominal terms since the end of 2020. The kwanza has also benefited from the improvement in the fundamental features of Angola's economy.

BNA data show that the average kwanza exchange rate appreciated by 35.6% and 52.0% against the US dollar and against the euro respectively in 2022. In terms of year-end money rates, the kwanza appreciated by 10.2% against the US dollar and 17.0% against the euro.

AVERAGE EXCHANGE RATE
USD/AOA
Source: BNA.



BNA data indicate that the total issue of public debt securities reached AOA 2,000 billion in 2022, an increase of 2.7% compared to the same period in 2021, while total amortisations stood at AOA 2,331 billion (-19.8% compared to 2021). An increase of 39.9% was reported in the issue of T-Bonds (OT) and a decrease of -43.6% in that of Treasury Bills (BT).

					Variation		
ISSUE OF SECURITIES	**2019**	**2020**	**2021**	**2022**	**2020/19**	**2021/20**	**2022/21**
Treasury Bonds							
Issue (a)	101	239	1 081	1 512	136.4%	352.0%	39.9%
Redemption (b)	59	92	1 556	1 854	56.1%	1599.8%	19.1%
Net Issue (a - b)	42	148	-476	-342	247.1%	-	-28.0%
Treasury Bills							
Issue (a)	446	1 264	867	489	183.2%	-31.4%	-43.6%
Redemption (b)	802	492	1 351	477	-38.7%	174.6%	-64.7%
Net Issue (a - b)	-356	772	-485	12	-	-	-
Total Issues	**547**	**1 503**	**1 948**	**2 000**	**174.5%**	**29.6%**	**2.7%**
Total Redemptions	**861**	**584**	**2 908**	**2 331**	**-32.2%**	**398.2%**	**-19.8%**

Source: BNA.

Average interest rates on government debt securities recorded a significant decline in 2022 when compared to the rates of the previous year. The average rates of 182-day and 364-day TB dropped to 11.02% and 13.46%, respectively, while those of 2-year and 4-year OT in national currency fell to 15.92% and 17.61%, respectively.

AVERAGE INTEREST RATES	2019	2020	2021	2022
Treasury Bills - 182 days	14.48%	17.54%	18.21%	11.02%
Treasury Bills - 364 days	15.97%	18.24%	18.15%	13.46%
Treasury Bonds (NC) - 2 years	21.73%	23.29%	24.39%	15.92%
Treasury Bonds (NC) - 4 years	22.33%	24.27%	24.75%	17.61%

Source: BNA.

BNA data indicate that the total issue of public debt securities reached AOA 2,000 billion in 2022, an increase of 2.7% compared to the same period in 2021, while total amortisations stood at AOA 2,331 billion (-19.8% compared to 2021). An increase of 39.9% was reported in the issue of T-Bonds (OT) and a decrease of -43.6% in that of Treasury Bills (BT).

				Variation	
MONETARY SYNTHESIS	**Dec 20**	**Dec 21**	**Dec 22**	**'21 / '20**	**'22 / '21**
Central Government net credit	6 143	4 679	4 593	-23.8%	-1.8%
Credit to Central Administration	8 615	7 466	7 090	-13.3%	-5.0%
Central Administration Deposits	2 472	2 787	2 496	12.8%	-10.4%
Private sector	4 106	4 373	4 246	6.5%	-2.9%
Companies	3 310	3 533	3 329	6.7%	-5.8%
Loans in national currency	2 486	2 843	2 758	14.4%	-3.0%
Loans in foreign currency	825	691	571	-16.2%	-17.3%
Private individuals	796	839	917	5.4%	9.2%
Loans in national currency	562	622	724	10.6%	16.3%
Loans in foreign currency	234	217	193	-7.1%	-11.0%
M2 = (M1 + Quasi-Money)	12 698	11 513	11 355	-9.3%	-1.4%
M2 (National Currency)	5 841	5 901	7 000	1.0%	18.6%
M1	6 344	5 720	5 776	-9.8%	1.0%
Banknotes and coins held by the public	405	402	495	-0.7%	23.1%
Demand deposits	5 939	5 319	5 282	-10.4%	-0.7%
In national currency	3 270	3 230	3 514	-1.2%	8.8%
In foreign currency	2 669	2 089	1 767	-21.8%	-15.4%
Time Deposits	6 354	5 793	5 579	-8.8%	-3.7%
In national currency	2 166	2 270	2 991	4.8%	31.8%
In foreign currency	4 188	3 523	2 588	-15.9%	-26.5%
Other Instruments Similar to Deposits	5	5	-	6.7%	-

Source: BNA.

In 2022, there was a notable improvement in the Regulatory Solvency Ratio (RSR) of the national banking system, from 23.79% in the previous year to 28.41%, above the regulatory minimum of 10% required by the BNA. Likewise, the ratio that considers only basic own funds (better quality) rose to 21.33% (from 20.63% in 2021).

As regards asset quality, the ratio of non-performing loans increased slightly to 14.40%. With respect to the ratio of overdue loans minus provisions and impairments, a significant improvement continued to be observed to 14.13%, which may again be associated with reversals of impairments in the system.

The profitability of the system reported a slight improvement in terms of assets (ROA), but not when measured in relation to equity (ROE). ROA rose to 2.73% while ROE dropped to 22.14%. These figures compare to 2.21% and 26.73%, respectively, in 2021. It should be noted that the level of efficiency of the system, measured by the weight of administrative costs in revenues (cost-to-income), improved again (from 74.26% to 57.74% in 2022). On the other hand, the weight of net interest income in the gross intermediation margin fell from 91.0% to 73.21%.

As for the liquidity of the system, there was a decrease in the weight of net assets both on total assets and on short-term liabilities. Finally, the transformation ratio of the system slightly decreased from 35.87% to 34.42%.

				Variation	
BANKING SYSTEM FINANCIAL HEALTH INDICATORS	**Dec 20**	**Dec 21**	**Dec 22**	**'21 / '20**	**'22 / '21**
Solvency = ROF / (APR+ECRC/0.10)	22.70%	23.79%	28.41%	1.1%	4.6%
Basic Own Funds (Tier 1) / APR	17.13%	20.63%	21.33%	3.5%	0.7%
Foreign Exchange Credit/Total Credit	30.34%	21.74%	20.01%	-8.6%	-1.7%
Overdue Credit/Total Credit	18.41%	20.26%	14.40%	1.9%	-5.9%
(Overdue Loans - Provisions for Overdue Loans) / ROF	-38.25%	-32.92%	-14.13%	5.3%	18.8%
ROA	-2.91%	2.21%	2.73%	5.1%	0.5%
ROE	-29.79%	26.73%	22.14%	56.5%	-4.6%
Total costs/total income	121.51%	81.29%	76.31%	-40.2%	-5.0%
Cost-to-income	132.27%	74.26%	57.74%	-58.0%	-16.5%
Net Interest Income Gross Intermediation Margin	168.28%	91.00%	73.21%	-77.3%	-17.8%
Total net assets/ Total assets	30.07%	35.76%	30.88%	5.7%	-4.9%
Net Assets / Short Term Liabilities	35.79%	43.61%	38.87%	7.8%	-4.7%
Total credit/total deposits	32.72%	35.87%	34.42%	3.2%	-1.5%
FC liabilities/Total liabilities	54.16%	45.54%	36.26%	-8.6%	-9.3%
Net Open Exchange Rate Exposure Own Funds	32.58%	39.56%	17.17%	7.0%	-22.4%

Source: BNA.

4

CORPORATE GOVERNANCE

4.1 CORPORATE GOVERNANCE

Corporate governance is the central pillar of financial institutions, given it's responsibility in implementing the regulatory framework.

With the objective of responding to the current challenges relating to stability and solidity, strengthening the legal framework for the regulation and supervision of the institutions involved in the Angolan financial system, observing internationally accepted good practices and in the light of the Law 14/21, of 19 May, on the General Framework for Financial Institutions, in January, the BNA published Notice 01/2022, which brought in changes to the legal framework for Financial Institutions with respect to corporate governance, internal control systems and internal auditing.

Following this regulatory change, the IRB proceeded to review and adjust it's internal policies and regulations, a process that was completed in the 4° quarter of 2022.

In compliance with the information reporting requirements set out in Notice 01/22, of 28 January, the Board of Directors of Banco BIR submitted to the regulator, on 30 January 2023, the Annual Report on Corporate Governance and the Internal Control System, which includes the opinion of the Supervisory Board and the External Auditor.

The guiding principles of the Corporate Governance policy are in line with best practice and respect the model and requirements defined by the BNA. Among which, we highlight:

MANAGEMENT TRANSPARENCY

Internal – Complete and timely information, which allows the non-executive members of the Board of Directors and the members of the Supervisory Board to effectively fulfil their supervisory and oversight functions.

External- Comprehensive and accurate information, which allows the stakeholders assess the quality and conformity of the information provided and the results achieved.

INDEPENDENCE

Independence of executive management from Shareholders and/or specific interests.

EQUITY

Equity in the relationship with Shareholders, Customers and Employees.

LOYALTY

Loyalty materialised through the implementation of mechanisms that prevent the occurrence of situations of conflict of interests.

EFFICIENCY

Efficiency in the functioning and interaction of all of the Company's Management and Supervisory Bodies.

CONSISTENCY

Consistency in managing the various risks underlying the Bank's business.

PARTICIPATION IN DECISION-MAKING

Participation in decision-making through the adoption of collegial models in decision-making processes and the fostering of teamwork.

VALUE CREATION

Primary objective of Banco BIR's Management and Employees.

4.2 GOVERNANCE MODEL

The internal governance model encompasses the organisational structure, reporting lines and levels of authority, the set of lines of responsibilities and processes arising from the applicable laws and regulations or from the statutes and internal regulations, aiming to ensure prudent and effective management of the Bank and adequate control of activities.

The Board of Directors seeks to foster a culture of governance and internal control, present at all levels of the organisation and based on high standards of ethical behaviour, in accordance with the rules established in the Code of Conduct available on the Bank's website.

The Bank has adopted a governance model in line with the applicable legislation and regulations, taking into account it's nature, size, the complexity of it's activities and the various risks to which it is exposed, with a view to promoting sound and prudent management, within a framework of continuous pursuit of social goals.

The Governing Bodies of Banco BIR are the General Meeting, the Administrative Board and the Supervisory Board.

Advisory and support bodies to the General Meeting and the Administrative Board are the Remuneration Committee;

- Remuneration Committee;
- Risk Management Committee;
- Audit Committee and Internal Control Office.

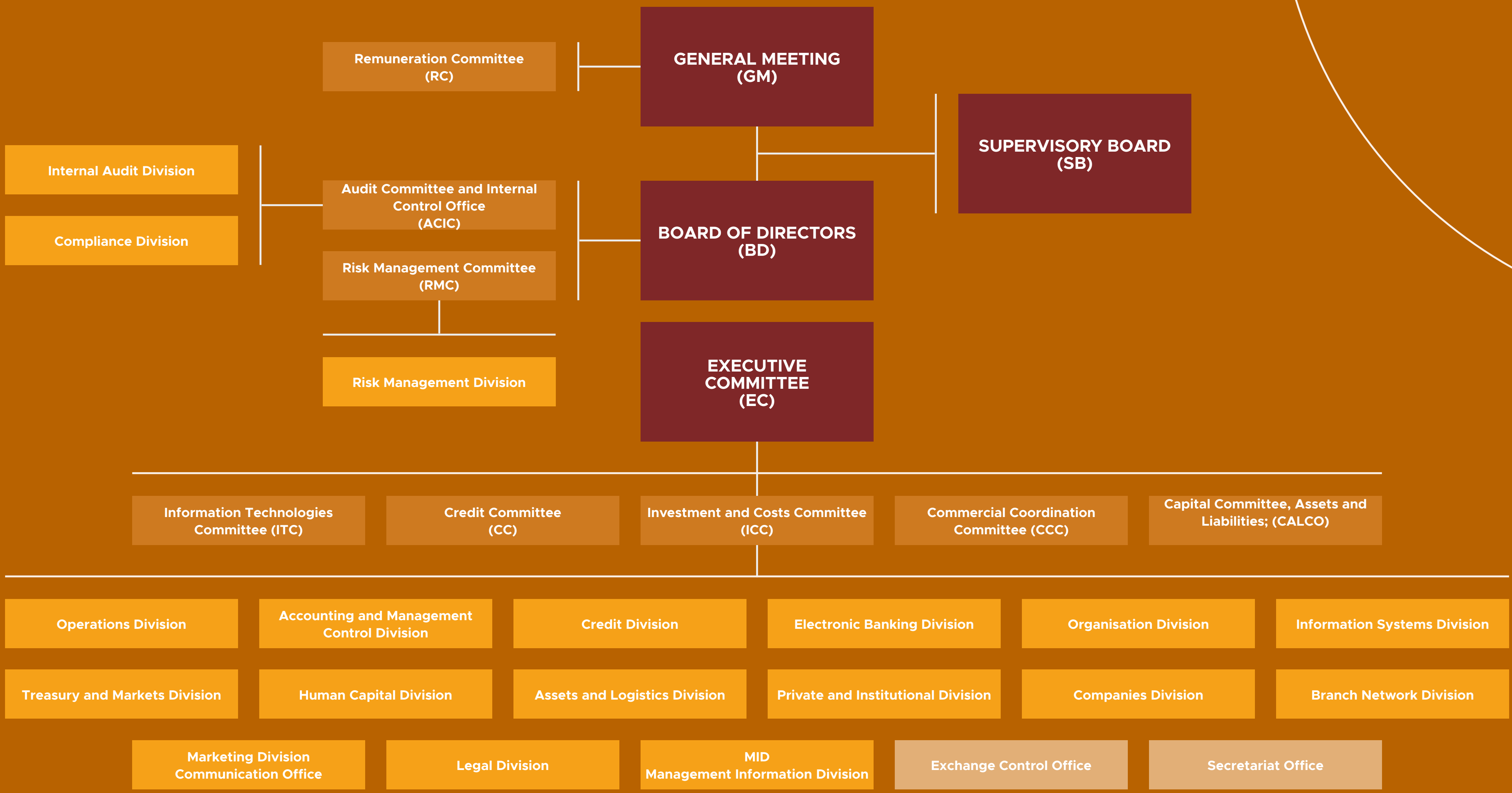
As support bodies to the Executive Board, the following were constituted:

- Capital, Assets and Liabilities Committee;
- Credit Committee;
- Commercial Coordination Committee;
- Information Technology Committee; and
- Investment and Costs Committee.

All members of Banco BIR's Governing Bodies are bound by strict duties of confidentiality and are subject to a set of rules designed to prevent conflicts of interest or insider dealing, observing best practice and best principles of proper and prudent management.

Additionally, all members of the Management Bodies have the technical competence, professional experience and moral standing to perform their respective duties.

ORGANISATION CHART



Members of the Governing Bodies are appointed for four-year terms of office, and may be re-elected as many times as the General Meeting approves, with the exception of the Non-Executive and Independent Director, who has a single, non-renewable term.

GENERAL MEETING

This is the governing body consisting of all shareholders with voting rights, and it's resolutions are binding on all of them, when adopted in accordance with the Law and the by-laws. The chair of the General Meeting may not be a shareholder.

The main duties of this body are as follows:

- Electing the members of the board of the General Meeting;
- Electing members of the Administrative Board, respective Chair and Vice-Chair;
- Electing members of the Supervisory Board;
- Deliberating on the management report, the accounts for the year and the proposal for the appropriation of profits.

On 31 December 2022, the Chairman of the General Meeting was Mr. Paulo Antunes and the Vice-Chairman Mr. Adriano Leal and the Secretary Mrs. Isaura Fernandes.

BOARD OF DIRECTORS

The composition and functioning of BIR's Board of Directors is established in the document "Regulation of the Board of Directors".

With the end of the 2018 – 2021 four-year period, the Ordinary General Meeting, held on 18-03-2022, decided to appoint the members of the Board of Directors for the 2022-2025 four-year period, with three (3) of the five (5) being reappointed and two (2) new executive directors being brought in.

On 10-06-2022, a non-executive and independent director was appointed to replace the director who held the same role, and who submitted his resignation from the position.

As of 31 December 2022, the following members were part of this body:

Chair of the Board of Directors
Generoso Hermenegildo Gaspar de Almeida

Chair of the Executive Board
Lígia Maria Pires Gomes Pinto Madaleno

Executive Director
Carlos Manuel Martins Francisco Ribeiro

Executive Director
João Carlos Branco dos Santos Moita

Non-Executive and Independent Director
Júlio Ângelo Cruz Correia

It should be noted that the non-executive director, who is independent from the management body, controls and evaluates the performance of the Executive Board in relation to matters concerning business strategy, organisational and functional structure, disclosure of legal or statutory information and relevant operations depending on their amount, associated risk or special characteristics, with particular focus on:

- Ensuring that the executive members carry out day-to-day management in a healthy, prudent and effective manner;
- Providing an independent opinion in the decision-making process;
- Participating in the definition and monitoring of business strategy;
- Analysing and debating the reports produced by the key internal control system functions, namely internal auditing, compliance and risk management;
- Overseeing the process of disclosing accounting and management information;

EXECUTIVE BOARD

By decision of the Board of Directors, the day-to-day management of the Bank was delegated to an Executive Board comprising three directors appointed by the Board of Directors.

The main functions of this Board are listed below:

- Deciding on a daily basis and continuously on matters relating to the Bank's Management, excluding those relating to the definition of business strategy, organisational structure, statutory disclosure of information and relevant operations, according to their amount, risk or special characteristics;
- Preparing an annual business plan and monitoring the Bank's annual activity, taking into consideration the business strategy framework established by the Administrative Board;
- Distributing responsibilities among it's members, respecting the rules of segregation between business, support and control functions.

As of 31 December 2022, the responsibilities were distributed among the Executive Directors as follows:

EXECUTIVE BOARD

Executive Director Dr João Moita	Chairman Drª. Ligia Madaleno	Executive Director Dr Carlos Francisco
CRD Credit Division	CPID Commercial, Private and Institutional Division	DCCG Accounting and Management Control Division
RMD* Risk Management Division	BCD Business Centre Division	DOP Operations Division
TMD Treasury and Markets Division	CBND Commercial Branch Network Division	MID Management Information Division
EBD Electronic Banking Division	MCD Marketing and Communication Division	DCOMP* Compliance Division
ECO Exchange Control Office	ALD Assets and Logistics Division	DJUR Legal Division
	ISD Information Systems Division	DAI* Internal Audit Division
	HCD Human Capital Division	
	ORGD Organisation Division	
	GSO General Secretariat Office	

* COMPD and DAI report directly to the ACIC, RMD reports directly to RMC.

SUPERVISORY BOARD

The Supervisory Board consists of three permanent members. This body is responsible for supervising the business and issuing an opinion regarding the reliability and accuracy of the financial statements. This body meets at least once a month.

As of 31 December 2022, the following persons were members of this body:

Chair
Faustino Mpemba Madia

Member
Carlos Ferraz

Member
Nuno Barros

4.3 INTERNAL CONTROL SYSTEM

Consists of the organisation of all methods and procedures adopted by the Board to achieve the management objective of ensuring, to the extent possible, the methodical and efficient conduct of it's activities, including adhering to the management's policies, safeguarding assets, preventing and detecting fraud and errors, ensuring the reliability and completeness of accounting records and the timely preparation of reliable financial information.

According to the Notice 01/22, of 28 January, an adequate and effective internal control system is one that provides reasonable assurance to the Administrative Board and it's management that the Bank's strategic and operational objectives are being met, the reporting system is reliable and the rules and regulations are being complied with.

Banco BIR's internal control system is based on 4 key elements:

- **Control Environment –** this refers to the attitudes and actions of the Bank's management bodies and employees, taking into account the levels of knowledge and experience appropriate to their functions, as well as the high ethical principles and integrity with which they operate.

- **Risk Management System –** aims to establish a set of policies and processes that ensure the correct identification, assessment, monitoring, control and reporting of risks. It takes all relevant risks into account and ensures effective, consistent and timely management.

- **Information and Communication –** aims to ensure complete, reliable, consistent and understandable information aligned with defined objectives and measures, as well as procedures for collecting, processing and disseminating that information, in accordance with best practice.

- **Monitoring –** concerns the continuous, effective and timely detection of shortcomings in strategy, policies, risk categories as well as ethical and professional principles.

4.4 ETHICAL PRINCIPLES AND CONFLICTS OF INTEREST

The code of conduct, the Administrative Board regulations and the Executive Board regulations contemplate the highest standards of action, in accordance with ethical and deontological principles, defining rules, principles and procedures to identify, monitor and mitigate potential conflicts of interest.

Banco BIR promotes transparency in relationships involving Governing Bodies and employees, prohibiting participation in illegal activities as well as excessive risk-taking, which contributes to the transparency of contractual relations between the Bank and it's counterparties, stipulating that, both Members of the Corporate Bodies and employees may not receive gifts of non-symbolic value that compromise the performance of their duties with complete independence.

The professional activity of the members of the Governing Bodies and employees is governed by the ethical principles laid down in the Code of Conduct, available on the intranet and on the institutional website, the main lines of which may be summarised as follows:

- To comply with the rules and duties deriving from the legal and regulatory provisions and to pursue the Bank's activity in strict compliance with ethical and deontological principles and exemplary civic conduct.
- To ensure diligence and professional competence, in particular in the performance of professional duties, in compliance with the dictates of good faith, and to act with a high degree of diligence, loyalty and transparency, guaranteeing customers and the competent authorities a rigorous, timely and complete response, subject to the duty of professional secrecy.
- To ensure strict maintenance of professional secrecy.
- To establish equal treatment for Bank customers in all situations in which there is no legal and/or contractual reason and/or risk dictating otherwise.
- To manage conflicts of interest: i) in situations where there is conflict between the interests of two or more customers; ii) in situations where there is a conflict of interests of customers, on the one hand, and those of the Bank or it's employees and members of the Governing Bodies, on the other;
- To prohibit illegitimate benefits and abuse of position;
- Obligation for credit to be granted to related parties under market terms and properly supported by an independent opinion.

VISION

It is the ambition of Banco BIR to be a universal service Bank, focusing on:

- **Innovation –** In products, customer channels and service;
- **Transparency –** In it's relationship with customers and employees, and with the other stakeholders;
- **Proximity –** Through comprehensive availability of the entire Bank structure and the establishment of partnerships;

COMMITMENTS

- **Customers –** To ensure satisfaction and quality of service;
- **Employees –** To invest in professional and personal growth;
- **Shareholders –** Value creation;
- **Our country - Angola –** To contribute towards the sustainable development of the National Economy.

MISSION

The Bank's mission is to develop solutions, products and services that promote lasting partnerships with it's customers and create value for shareholders.

STRATEGY

The Bank's challenges and priorities focus on the Customer and aim to create greater involvement in the context of rapidly and constantly changing markets.

The Bank's strategy is to be distinctive through a close relationship with Customers.

Commitment to Customers

- Comprehensive availability of the entire Bank structure;
- Innovation – digital services and products;
- Simplification of Processes – Increased efficiency and reduced operational risk;
- Product Diversification – Increased range of products to be made available to customers;

Priorities

- To invest in the establishment of partnerships with customers;
- To develop technical and analytical skills to better understand customers and their needs;
- To invest in innovation to keep abreast of customer needs;
- To invest in Digital Banking;
- To maintain the quality of the Bank's assets.

Critical success factors

- Processing speed – Streamlining processes and making decisions quickly to better serve customers;
- Operational Excellence - Leading to rapid processing and risk mitigation.
- BIR Culture – third critical pillar of success, attracting and retaining talent and developing a culture of constant customer focus.

5

THE COMPLIANCE FUNCTION

5.1 SUMMARY YEAR 2022

BIR's Board of Directors has overall responsibility for ensuring the effective, permanent existence of the Compliance Function independent of the operational functions, providing it with adequate material, human and financial resources to fully pursue the mission entrusted to it under the ambit of the Internal Control System and with a view to ensuring that it is appropriate to the nature, size and complexity of the Bank's activities, being duly aligned with the Bank's risk profile, regarding compliance with regulations, business continuity and management of financial and non-financial risks.

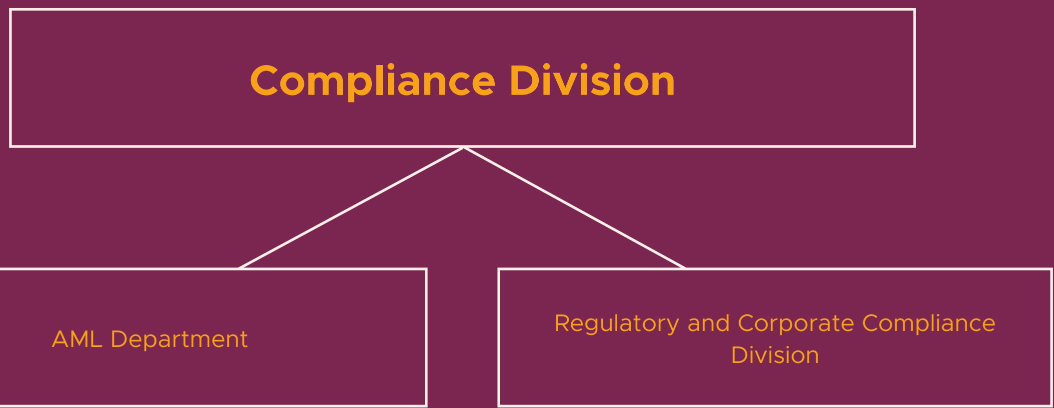
5.2 STRUCTURE

The Compliance Function is made up of 2 (two) Departments that have the mission of working to prevent the risk of the Bank being subject to legal or regulatory penalties and financial or reputational losses resulting from failures to comply with the laws and codes of ethics and conduct to which the Bank is subject.

The AML Department, which aims to ensure the monitoring and evaluation of anti-money laundering and terrorist financing internal control procedures, centralising the information that guarantees the analysis and reporting of elements of suspicion identified to the competent authorities and ensuring compliance with good international practices in terms of "Know Your Customer" and "Due Diligence", with appropriate and robust IT tools.

Secondly, there is the Regulatory and Corporate Department, which ensures compliance with all applicable laws, rules and regulations, having a wide range of functions within the Institution (monitoring of activities, prevention of conflicts of interest), the activities of which are designed in accordance with internal policies of the Bank and in conformity with the "BIR Organisational Structure and Statutes Manual".

In addition to the Compliance Function, the Bank has defined the Risk Management Function and the Audit Function, which are based on the same values, i.e., the identification, evaluation and monitoring of internal control procedures within the scope of disseminating a culture of compliance and fraud prevention.



Compliance Division Organisational Chart

5.3 COMPLIANCE RISK

The Compliance Function ensures the coordination of compliance risk management at the Bank and periodically prepares internal control reports on the matter, proposing, where applicable, the respective corrective measures.

The compliance risk management process results from the Bank's need to act in accordance with the provisions of Notice 01/2022, of 28 January, and avoid the imposition of legal or regulatory penalties and even financial or reputational sanctions. During the year, BIR managed the following compliance and reputation risks:

COMPLIANCE RISKS UNDER NOTICE 01/2022, OF 28 JANUARY.

Compliance Risk

- Violation of Laws
- Breach of Rules
- Failure to comply with Prescribed Practices or Standards
- Violation of Ethical Standards

Reputation Risk

- Controversial Funding
- Damage to the Environment
- Improper Business Conduct
- Conflictual Relationship
- Economic-Financial Performance
- below expectations

5.4 POLICIES AND PROCEDURES

BIR ensures that it's internal policies comply with the regulatory requirements and demands established by the Banco Nacional de Angola and ensures that they reflect the main internationally recognised recommendations and guidelines, issued by International Organisations, namely by the FATF - *Financial Action Task Force* and Regional Groups FSRB – FATF *Style Regional Bodies*), by the World Bank, the International Monetary Fund, the Basel Committee and the Wolfsberg Group, among others.

With the publication and adaptation of Notice 01/2022, of 28 January, BIR ensured the implementation of the main policies underlying the basic principles of corporate governance, with emphasis on the following:

i. Internal control policy;

ii. Code of ethics and conduct;

iii. Remuneration policy for members of the management bodies;

iv. Employee remuneration policy;

v. Policy for transactions with related parties;

vi. Conflict of interest prevention policy; Compliance Regulation;

vii. Policy on transparency and the disclosure of information;

viii. Policy on the reporting of irregularities/reporting channel;

ix. Business continuity plan;

x. Regulation of the business continuity plan;

xi. Information security manual;

xii. Information systems manual;

xiii. Global risk management policy.

These and all other policies available to the Bank are reviewed and updated at least annually, reflecting the effects of the legislation in force and/or new recommendations issued by duly recognised external entities.

In this regard, we highlight the Internal Control Policy as it reflects an integrated set of policies and processes of a permanent nature that cut across the entire institution, carried out by the management body and other employees with the aim of achieving the objectives of efficiency in the execution of operations, risk controls, the reliability of accounting information and management support, and compliance with legal regulations and internal guidelines.

5.4 MARKET LEGISLATION PUBLISHED AND IMPLEMENTED

An appropriate control environment, which reflects a solid risk management system, at all times includes the treatment and implementation those published regulations that are deemed relevant. In 2022, BIR ensured the disclosure of all regulations issued by the Banco Nacional de Angola and by the Capital Market Commission.

BANCO NACIONAL DE ANGOLA

53

Notices, Instructions, Directives and Circular Letters

CAPITAL MARKET COMMISSION

53

Presidential Decree, Law, Regulations and Instructions

Under the ambit of policies for the prevention of crimes associated with money laundering, the Banco Nacional de Angola informed the market of 3 (three) Circular Letters in which it disclosed some measures of the Financial Action Task Force related to High-Risk Jurisdictions Subject to a Call for Action, Jurisdictions under Increased Monitoring, Jurisdiction No Longer Subject to Increased Monitoring by the FATF – Financial Action Task Force and the Procedures and Measures to be Adopted by the Banks. Due to the disclosure made by the BNA on the measures to be adopted by the Banking Financial Institutions, the BIR assumed the position of mitigating risk, guaranteeing intensified due diligence in any business relations, occasional transactions and operations that are considered to be of high risk, i.e., those related to countries considered to be high risk, also ensuring the prior submission of such operations to the authorisation of the Management body and the dissemination of all information, together with the business structures, related to:

- jurisdictions subject to a call for action and jurisdictions with strategic deficiencies in their regimes to counter money laundering and terrorist financing that have not yet made sufficient progress to remedy the identified deficiencies or have not agreed with the FATF an action plan with the registration of corrective measures;
- jurisdictions with strategic deficiencies in terms of AML/TF and that have developed an action plan to remedy them, being subject to a monitoring process by the FATF;
- countries on the grey list;
- jurisdictions that, having complied with their action plans, were removed from the grey list, ceasing to be under the quarterly monitoring process with the FATF.

5.6 OBLIGATION OF IDENTIFICATION AND DILIGENCE

Banco BIR has a robust organisational structure capable of ensuring the implementation of identification controls, at the beginning, during and after the establishment of business relationships, both new and existing, both with individuals and legal entities. During the year subject of our approach, the Bank established and maintained the following business relations:

TYPE	Business Relationships in 2021	Business Relationships in 2022	New Business Relationships - 2022	Total % of Business Relationships	New Business Relationships - 2022
Individuals	7,907	10,430	2,523	81%	32%
Legal Persons	1,849	2,484	635	19%	34%
Total	**9,756**	**12,914**	**3,158**	**100%**	**32%**

The Compliance function, under the ambit of the duty of diligence, guarantees the compliance of a portfolio of 12,914 (twelve thousand nine hundred and fourteen) customers, as of 31 December 2022, divided into the Branch Network, Corporate Centres and Private and Institutional segments.

CUSTOMER RISK PROFILE

The vulnerabilities and threats inherent to banking activity motivate the Bank to always keep it's mechanisms and ways of mitigating financial and non-financial risks up-to-date. On a regular basis, our customers are submitted to risk profile analysis and classification, based on the recommendations issued by the Financial Action Task Force in the adoption of best practices for the prevention of financial crimes in general, and Money Laundering and Terrorist Financing and the Proliferation of Weapons of Mass Destruction, in particular.

5.7 CORRESPONDENT BANKS

BIR currently has 7 (seven) correspondent banks, which were subject to the following due diligence measures under the ambit of “Know Your Customer” – KYC:

- Information on Ultimate Beneficial Owners - UBOs;
- Information on the Governing Bodies;
- Information on Anti Money Laundering Policies and Procedures.

With the collection of this information, it was possible to understand the nature of the activity of each of the Banks, assess the reputation and quality of their supervision, including any history of investigative or sanctioning procedures in matters of Money Laundering or Terrorist Financing and assess shared internal policies, means and procedures under the ambit of the prevention of Money Laundering and Terrorist Financing, including an assessment of the risk associated with the establishment of such correspondence relationships.

Correspondent Banks

- ATLÂNTICO EUROPA (Portugal)
- BAI EUROPA[1] (Portugal)
- BNI EUROPA (Portugal)
- UBAE (Italy)
- AKTIFBANK[1] (Turkey)
- RMB (South Africa)
- MASHREQ BANK[1] (Dubai)

1. Correspondence relationship established in 2022.

5.7 CLOSING NOTES

The mission of the Compliance Function is to monitor and evaluate the internal control procedures with respect to preventing money laundering and terrorist financing, relying on the use of appropriate and effective IT tools and compliance with the obligations of "Know Your Customer", "Know Your Transactions" and "Due Diligence", respectively.

The combination of these and other factors has allowed BIR to improve IT processes and systems for following up and monitoring customers in a way that is appropriate to our size and complexity under the ambit of existing business relationships, new business relationships and operations carried out as a whole.

Basic principles with respect to integrity, transparency, honesty, social responsibility and innovation between BIR and it's customers were also highlighted in 2022, as they are intrinsic to the organisational culture.

GOVERNANCE AND ORGANISATION OF RISK MANAGEMENT

6

RISK MANAGEMENT

The existence of risk is intrinsic to banking activity, so it is essential to ensure appropriate and dynamic risk management, in line with business objectives and expected profitability in the medium and long term, which implies the quantification of the level of risk considered and the definition of how to assess and monitor it. The risks assumed must be proportional to the level of own resources, debt capital and the results generated, giving priority to diversification of risks and avoiding relevant concentrations. The risks assumed must be identified and assessed, and there must be procedures for their monitoring and reporting, including control and mitigation mechanisms.

For effective risk management, Banco BIR continuously and permanently seeks to achieve and maintain a balance between risk and profitability that best suits it's size, complexity and risk profile. Thus, risk governance is based on a prudent management model aligned with best practice, the guiding principles of which are:

- Involvement of divisions and Administrators in management and decision-making;
- Integration and attribution of clearly defined responsibilities for continuous risk management;
- Independence in the monitoring and control of risk through structures other than those that assume the risk;
- Periodic review and audit of risk management mechanisms;
- Adoption of a conservative position in defining assumptions and control limits;

6.1 RISK MANAGEMENT ORGANISATION AND MODEL

The main objective of risk management is to ensure that it is managed in a manner that mitigates it's potential impact, ensuring the satisfaction of customers, employees, shareholders and the community. Thus, Banco BIR promotes a structure so that risk control and management forms an integral part of the business plan and responsibilities of all organisational units.

The monitoring of the main risks inherent to the Bank's activity is the responsibility of the Board of Directors and the Executive Board. To ensure risk control and management, the Bank has 3 lines of defence in place:

1ST LINE OF DEFENCE

BUSINESS DIVISIONS, OPERATIONS DIVISION AND ELECTRONIC BANKING DIVISION

It is the responsibility of the Commercial Directors to manage the risk of their activities on a daily basis, taking into account the defined principles, rules and limits, as well as to ensure their regular reporting.

The Operations and Electronic Banking Divisions are responsible for ensuring full compliance with all established rules and procedures, with a view to mitigating risk, either through a clear segregation of functions or by reviewing the processes received for execution.

2ND LINE OF DEFENCE

RISK MANAGEMENT DIVISION, CREDIT COMMITTEE AND CAPITAL, ASSETS AND LIABILITIES COMMITTEE

The Risk Management Division is responsible for actively managing and controlling all aspects of risk, as well as incorporating recommendations on these matters.

The committees are responsible for monitoring the risk management policies of the institution and advising on the risk strategy to be implemented.

6.1 ORGANISATION AND RISK MANAGEMENT MODEL

3RD LINE OF DEFENCE

INTERNAL AUDITING

This is responsible for ensuring an independent and objective review and assessment of compliance with applicable internal and external procedures, regulations and standards.

We therefore have a risk management model based on the following phases:

Identification
Aims to identify the current and potential risks to which the activity is subject, through the use of updated, timely and reliable information, developed through the following activities:

- Collection of reliable and timely information from the various departments;
- Definition of a strategy to identify risks;
- Identification of existing and potential risks;
- Definition and review of indicators and limits;
- Incorporation of recommendations from the risk report;

Evaluation
Consists of the qualitative and quantitative evaluation of the information collected, having as activities:

- Gathering reliable and timely data from the entire organisation;
- Defining assumptions and risk measurement models;
- Developing risk measurement models;
- Validating and ensuring the updating of risk measurement models;
- Calculating and analysing the impact of the risks identified.
- Subjecting the measurement models to periodic audits and implementing recommendations for improvement;

Monitoring and Control
Risk management is subject to a continuous monitoring process. For this, limits and control mechanisms are defined, which are developed through the following activities:

- Monitoring risk indicators;
- Guaranteeing and updating the indicators and limits to the different economic cycles;
- Developing risk control and warning mechanisms;
- Performing stress testing based on the definition of risk scenarios;
- Monitoring the adequacy of the risk management system;

Reporting
Results should be reported whenever necessary or according to an established frequency. This phase has as it's most relevant activities:

- Preparation of reports;
- Preparation of risk mitigation recommendations;
- Submission of reports to the Credit Committee and the Capital, Assets and Liabilities Committee; Monitoring the implementation of the activities defined in the action plan;

6.2 IDENTIFICATION OF RISK CATEGORIES

In order to effectively manage the balance sheet risks, it is important to distinguish between the different types of risk in order to accurately isolate their origin in the balance sheet structure. Thus, Banco BIR adopts segmentation into nine risk categories of a financial nature (credit risk, interest rate risk, foreign exchange risk and liquidity risk) and a non-financial nature (operational risk, information systems risk, strategy risk, compliance risk and reputation risk). A definition for each of the identified risk categories is presented below:

CREDIT RISK

Probability of negative impacts on income or on capital due to the inability of customers or counterparties to fulfil their financial commitments to the Institution, including possible restrictions on the transfer of payments from abroad. Credit risk exists mainly in credit exposures (including securitised), lines of credit, guarantees provided, letters of credit and derivatives with underlying assets composed of credit.

The Bank does not grant credit to Customers who register material incidents, are in default vis-à-vis the Financial System or belong to the same group of Customers who are in the following situations:

- Default in making any principal or interest payments due to any Financial Institution;
- Irregular use of means of payment under the responsibility of that person or entity;
- Pending legal action against such entity, provided that the outcome of such action is deemed to have a materially adverse effect on the respective economic or financial situation.

CREDIT RISK ANALYSIS PROCEDURES

The credit risk assessment and control process is the responsibility of the Credit Division. The appraisal of credit proposals presupposes a rigorous analysis, framed by parameters summarised below:

- No credit transaction is approved without the prior collection, verification and critical analysis of relevant information regarding the proposer of the transaction and his/her economic and financial situation, the operation to be financed and the guarantees provided;
- Proposals for credit operations or guarantees to be submitted to the competent bodies comply with the following principles:

  – They must be properly delineated in a fact sheet containing all the essential and additional information necessary for the formalisation of the operation;

  – They must respect the product data sheet, where applicable;

  – They must be accompanied by a duly substantiated credit risk analysis;

  – They contain the signatures of the respective proposing bodies;

- The credit risk analysis considers the Bank's total exposure to the customer or group to which the customer belongs, in accordance with applicable law at any given time.

ANALYSIS AND WEIGHTING OF GUARANTEES

- All credit operations have associated guarantees appropriate to the risk of the borrower and the nature and term of the operation;
- Real guarantees are assessed prior to the credit decision;

The Bank has internally defined the following risk level assignment rules for new operations:

- Minimum risk level attributed to new credit operations - B (Very low risk)
- The Bank does not grant credit with a risk rating higher than C (Low risk);

The risk grades of all credit operations are reviewed on a monthly basis by the Risk Division.

The Bank has defined and implemented an impairment loss calculation model.

The model is based on the Bank's own methodology, which consists of an individual analysis of the entire loan portfolio. Transactions without signs of impairment are analysed collectively based on market benchmarks, as the Bank's portfolio is small and relatively recent.

At the close of 2022, the Bank had a portfolio with high levels of collateralisation. Real guarantees, financial pledges, mortgages and guarantees from the Guarantee Fund covered approximately 66.39% of the loan portfolio.

LIQUIDITY RISK

The likelihood of occurrence of negative impacts on income or on capital, derived from a decrease (real or perceived) in the Bank's capacity to ensure the financing of assets and fulfil it's obligations as they fall due.

Liquidity risk is associated with a mismatch between the maturities of the liabilities due and the assets financed by them, and liquidity risk may worsen due to an abnormal and unanticipated increase in the demand for deposits.

The Bank manages it's liquidity levels prudently, ensuring a position that is stable, secure and sufficient in view of it's size, based on liquid and eligible assets and maintaining a prudent transformation ratio.

The Treasury and Markets Division ensures the fulfilment and control of the daily liquidity gap, controlling the inflows and outflows of funds, taking into account compliance with Compulsory Minimum Reserves.

Liquidity risk is also analysed by the Capital, Assets and Liabilities Committee, with a view to defining the strategy to be adopted regarding the policies to be implemented at this level.

It should be noted that, on 27 September 2021, the BNA published Instruction 14/2021, specific to matters of liquidity. The Bank, as required by the supervisor, proceeds with the analysis and reporting of this information, comfortably complying with the limits required by the Central Bank.

As of 31 December 2022, according to the methodology of the Banco Nacional de Angola, the Bank had the following overall liquidity ratio:

- All currencies 168.52% (minimum BNA 110%);

EXCHANGE RATE RISK

Probability of negative impacts on results or capital, due to adverse movements in exchange rates caused by changes in the price of instruments that correspond to open positions in foreign currency.

Banco BIR rigorously manages it's foreign exchange position, actively seeking to control it's risk by maintaining a position for each currency and set of currencies, which mitigates this risk without compromising it's trading capacity. It is the responsibility of the Treasury and Markets Division to manage these positions.

Exchange Risk is the subject of analysis by the Capital, Assets and Liabilities Committee, with a view to defining the strategy to be adopted regarding these matters.

At the close of 2022, the Bank had a foreign exchange position far from this figure, standing at 3.11%.

INTEREST RATE RISK

The likelihood of occurrence of negative impacts on income or on capital, due to adverse movements in interest rates, due to maturity lags or interest rate fixing terms, the absence of a perfect correlation between the reference indexes of active and passive interest rates or the existence of options embedded in balance sheet financial instruments or off-balance sheet items.

This risk is managed through the control of aggregate Balance Sheet interest rate risk and the control of impacts, on own funds and net interest income, resulting from a parallel variation in the interest rates curve.

Interest Rate Risk is analysed by the Capital, Assets and Liabilities Committee, with a view to defining the strategy to be adopted on this matter.

On 27 October 2021, the BNA published Instruction 22/21, which established the analysis requirements to be observed by financial institutions (FI) from October 2021, under the ambit of interest rate risk. The BNA requires FI to provide detailed information on their level of interest rate risk exposure, considering an instantaneous positive or negative 2% shock in interest rates, which results in a parallel movement of the yield curve of the same magnitude, and the impact on the present value of cash flows and interest margin is estimated. The BNA requires immediate reporting whenever this analysis results in a potential reduction in economic value of 20% or more of the institution's regulatory own funds.

At the end of 2022, the Bank had a positive impact of 16.61%

OPERATIONAL RISK

The likelihood of occurrence of negative impacts on income or capital resulting from failures in the analysis, processing or settlement of operations, internal and external fraud, the activity being negatively affected due to the use of resources under an outsourcing arrangement, the existence of insufficient or inadequate human resources or infrastructure failures.

Inadequate management of operational risk can cause irreparable damage to an institution's reputation.

In order to mitigate this risk, the Bank promotes the elaboration and maintenance of rules of procedure, as well as internal manuals for each area of the Bank. The rules are available for consultation by all employees on the intranet.

Whenever there is external regulation, the Bank, through it's Compliance Department, together with the Organisation Department, promotes the dissemination and discussion of those standards among the main areas involved in the processes, likewise promoting the adjustment of internal standards and manuals, if required. Additionally, the members of the Bank's governing bodies and employees are subject to the Code of Conduct, as approved by the Administrative Board.

The assessment of compliance with internal regulations and the code of conduct is the responsibility of the Internal Audit Division (IAD), which assesses the effectiveness, efficacy and adequacy of the internal control system, considering the risks associated with the various activities, so as to guarantee and safeguard the integrity and security of the assets of the Bank and it's customers.

The IAD's activity takes place independently of the audited units and in accordance with internationally recognised and accepted principles of internal auditing. Periodic reviews are carried out of the activities of the commercial bodies and central services, with a view to assessing their effectiveness and compliance with the various rules governing their activities, the level of dissemination and the level of knowledge held by employees and management. The adequacy of the various control processes is also observed, given the new risks identified and their adjustment to current legislation. This assessment is complemented by a thematic audit by the external auditor.

COMPLIANCE RISK

The likelihood of occurrence of negative impacts on income or on capital resulting from violations or non-compliance with laws, regulations, contracts, codes of conduct, established practices or ethical principles. It may result in legal or regulatory sanctions, the limitation of business opportunities, a reduction in the potential for expansion or render it impossible to demand compliance with contractual obligations.

The emergence of compliance risk is intrinsic to any banking structure and it's business, given that it is underpinned by a normative and legal base, guided by rules defined by the various supervisory and monitoring entities, and by contracts signed with business partners and customers.

The effective detection, management and mitigation of such risks are key instruments in the management of reputation risk, as they represent one of the main guiding pillars of the Bank's activities.

The Compliance Division is responsible for developing policies and actively participating in the creation of processes and procedures, with a view to mitigating the risk of non-compliance, money laundering and terrorist financing.

In 2015, Angola established an intergovernmental agreement with the US – FATCA, which aims to prevent tax evasion by entities subject to taxation in the United States (US Persons), in relation to foreign income. Under this agreement, the Angolan FI undertake, in a summarised manner, to identify customers who are US Persons and to report annually those customers' financial assets to the national tax authority, which in turn reports them to the American tax authorities. Within the structure of the BIR, the Compliance Division is responsible for compiling and reporting this information.

INFORMATION SYSTEMS RISK

The likelihood of occurrence of negative impacts on income or capital as a result of the inability to adapt information systems to new needs, the inability to prevent unauthorised access, to guarantee data integrity or to ensure business continuity in the event of failure, as well as due to the continuation of a poorly designed strategy in this area.

REPUTATIONAL RISK

The likelihood of occurrence of negative impacts on income or on capital resulting from a negative perception of the Institution's public image, whether or not justified, by customers, suppliers, financial analysts, employees, investors, press organisations or public opinion in general.

MAIN RISK GRADE SCALE		Scale	Risk categories	Score
LEVEL 1 RISK Material categories	Grade 5	901 - 1600 pts	Market	1000 points
			Exchange rate	1000 points
	Grade 4	701 - 900 pts	-	-
	Grade 3	501 - 700 pts	Credit	700 points
			Strategy	700 points
LEVEL 2 RISK Non-material categories	Grade 2	301 - 500 pts	Operational	400 points
			Interest rate	400 points
			Liquidity	400 points
	Grade 1	101 - 300 pts	Property	200 points
			Compliance	200 points
LEVEL 3 RISK	Emerging	0 - 100 pts	Reputation	100 points

7 HUMAN CAPITAL

HUMAN CAPITAL DIVISION

BIR's main function is to be a strategic partner for sustainability through the implementation of human capital management policies and practices that promote involvement, institutional commitment and career development, ensuring individual and organisational skills and thereby generating greater value for all of the Bank's Employees and Stakeholders.

The Human Capital Division is the 1st level of BIR's structure, directly reporting to the Executive Board. This Division aims to implement BIR's business strategy in the short, medium and long term, the main objective of this Division being to establish the organisational and functional structure of each department, such as the basic principles, rules and procedures relating to management in liaison with the respective departments of the Human Capital Division:

Our team is committed to the highest quality standards, we work proactively and flexibly to provide functional solutions.

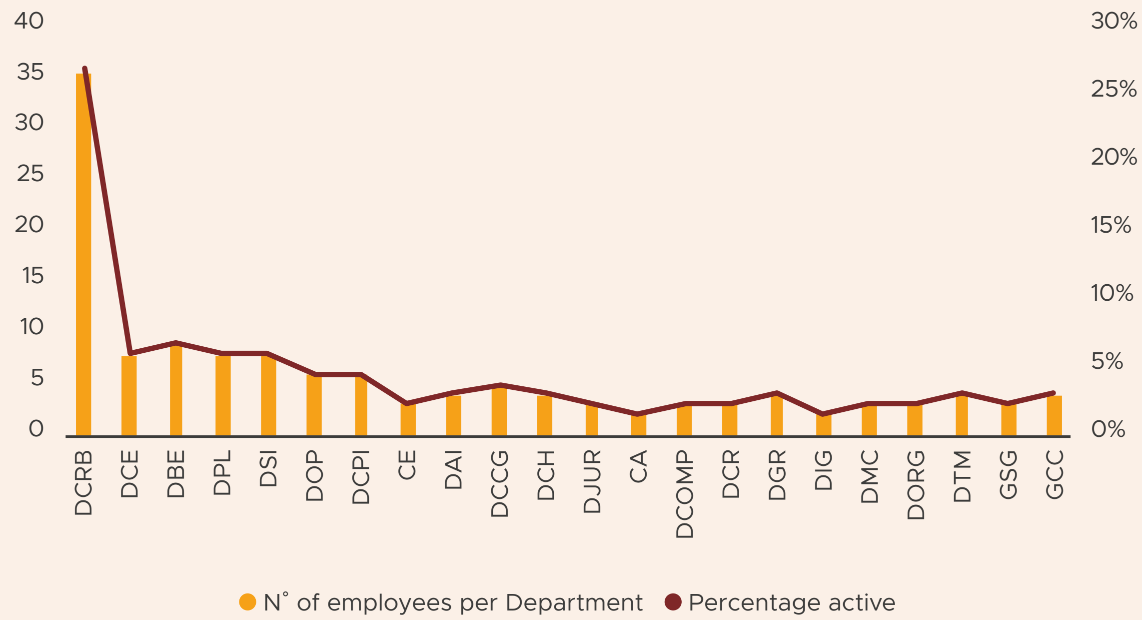
We offer our customers a personalised service that guarantees their compliance, anticipates their needs, provides support in decision-making and it is in this sense that BIR assumes the institutional slogan "We Have the Answer". This is our greatest institutional commitment, based on a culture that materialises our dedication to Customers and our values, which are reflected in Trust, Professionalism, Innovation, Ethics and Responsibility.

Therefore, and in line with BIR's mission (to promote regional development, contribute to modernisation and provide services of public utility) in order to fulfil it's strategic objectives, the Human Capital Division monitors and supports Employees in this mission, which involves us all in furtherance of the institution and the ecosystem, ensuring that, together, we have an answer for our Customers.

In December 2022, BIR had a Headcount of **131 Employees**, representing significant growth compared to 2021, when we had **106 active Employees**, creating a very positive impact on our society.

In the adjacent table, we illustrate the information on annual growth in 2022:

EMPLOYEES BY FUNCTIONAL AREA



RECRUITMENT AND SELECTION

This area’s fundamental objective is the Recruitment and Selection of candidates with high potential, in view of BIR’s needs, in accordance with internal policies.

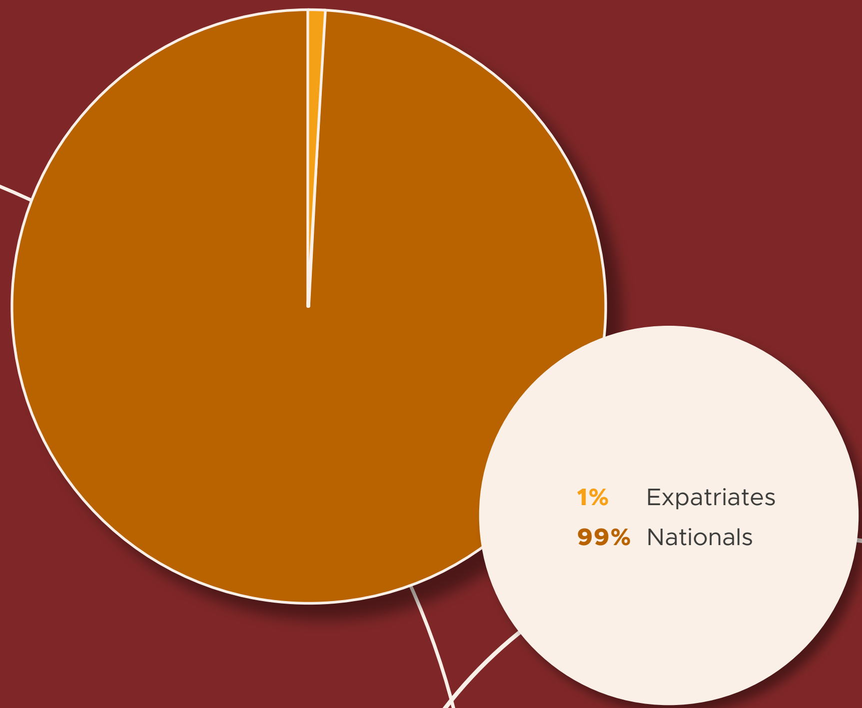
The graph below reveals the existence of inclusion and diversity, allowing synergies between more experienced and younger employees, so that the Bank's objectives are achieved, with an increasingly diverse number in their age bracket, among other aspects relevant to the development of the institution.

Banco BIR continues to focus on young people and gender distribution, thus keeping the teams balanced.

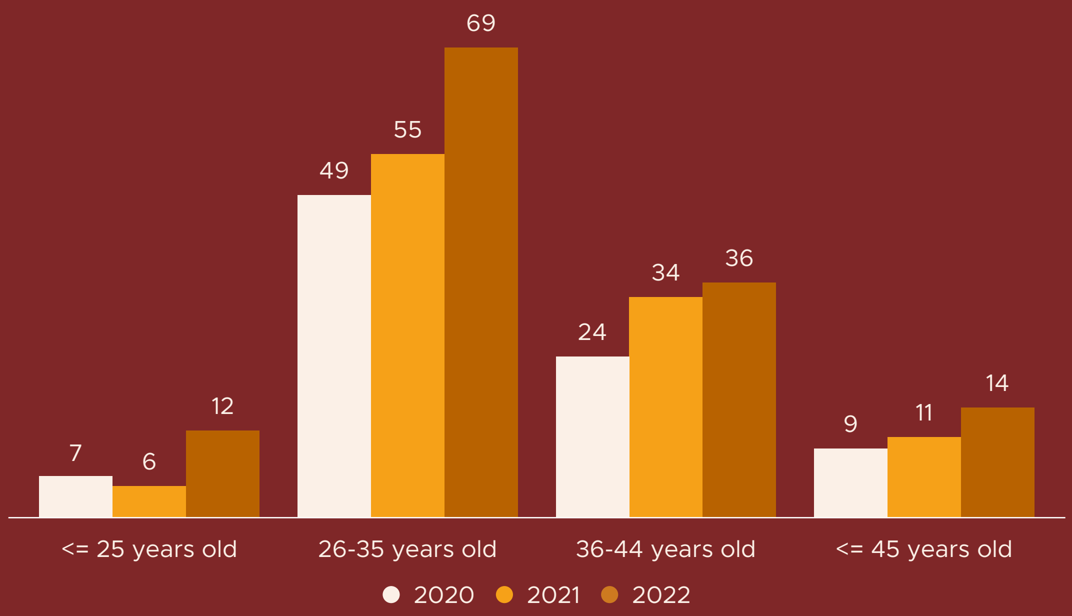
It is BIR’s policy to invest in highly qualified local staff, obtaining positive results for the Bank and their families in the long/medium term.

With this, we position ourselves as a Bank that is committed to young people, gender equality and Angolan staff, and evidence of this can be seen in the information below:

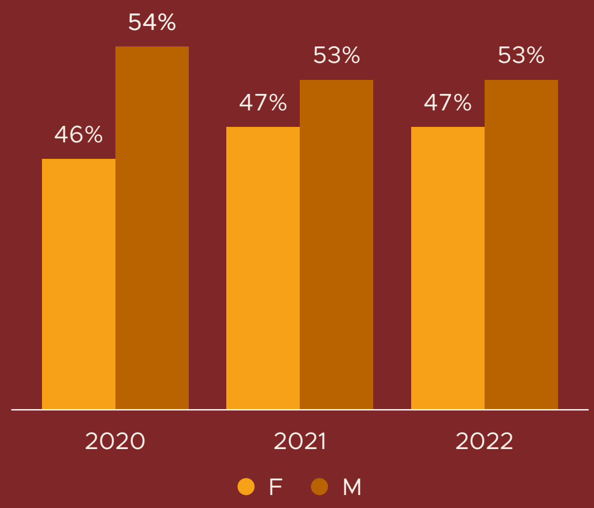
LOCAL STAFF VS EXPATRIATES



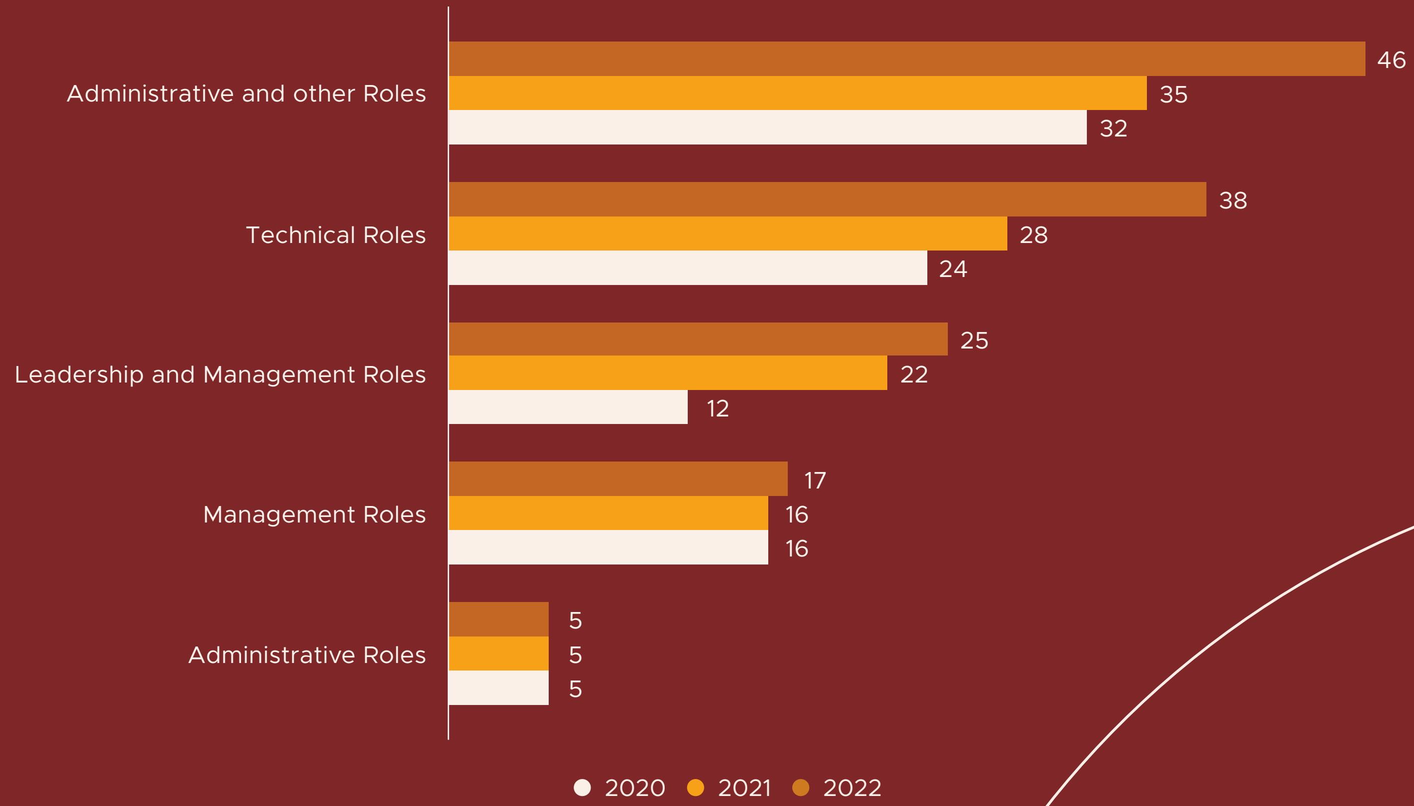
TOTAL NUMBER OF EMPLOYEES



EMPLOYEES BY GENDER



DEVELOPMENT FUNCTIONS BIR TEAM



CAREERS

This topic has been one of the main focuses of the Human Capital Division, with the unconditional support of BIR's Executive Board.

Our Performance Evaluation Policy represents the importance Banco BIR places on this aspect and gives a genuine overview of individual versus team objectives and the Mission, Values and Strategic Objectives of the institution.

The Performance Evaluation is a management tool of paramount importance for BIR, as it's main premise is to measure, in a fair and transparent manner, the performance of our greatest asset, Human Capital, ensuring an increase in the level of productivity and motivation of our Employees. It is the perfect opportunity for Employees and Managers to reflect, jointly, on competences and performance and also to establish strategies and methodologies for the continuous improvement of their activities.

Taking into account the strong impact on other processes of strategic management and development of Human Capital, namely:

- Training;
- Mobility;
- Personal and Professional Development;
- Salary Review;
- Variable Remuneration.

BIR's annual Performance Evaluation process has proved positive and effective, the consistency, follow-up and monitoring of the evaluator and evaluated person guaranteeing robust results.

As a result, and in accordance with the Career Management Model, the professional growth of our Employees is strongly linked to factors such as: delivering quality, productivity and excellent service in the face of the constant challenges associated with the growth of BIR's business.

In this vein, in the 2022 Performance Evaluation process, 19 Employees were promoted, of which 8 occupy Leadership positions.

With the dynamics and growth of BIR, employees respond positively to internal mobility challenges, generating great value for the teams and the Bank.

In 2022, the bank challenged 3 Employees to embrace new challenges in an internal mobility process, according to their technical and behavioural skills, to which they responded positively.

The mobility process is intended to create opportunities to build a more solid professional career, based on knowledge of new situations and the development of new skills, giving BIR employees the opportunity to participate in the design of their professional career.

The Employee mobility process represents an opportunity for BIR to identify potential, fill key positions, share and transfer specialised knowledge not available locally, reinforce knowledge sharing and respond to the challenges inherent to our ambition as a financial institution.

With a view to guiding professional development, the criteria and requirements of employees' previous and current positions are taken into account when forming the result of the Performance Evaluation.

By doing so, BIR is encouraging each Employee to seek excellence in the performance of their duties, which also allows Employees to improve their technical and behavioural skills.

TRAINING

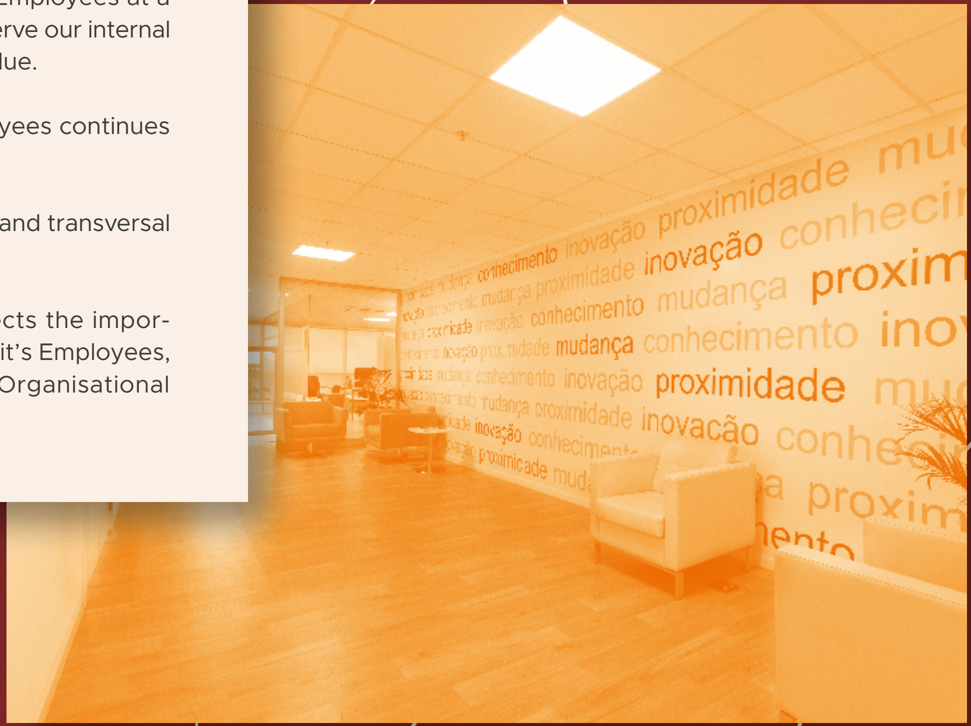
Its objective is the management and development of the training necessary for the proper development of the technical, behavioural and transversal competences of our employees.

Investing in the process of continuous learning for our Employees at a technical and behavioural level guarantees that we can serve our internal and external customers with quality and deliver with value.

Investing in the training and development of our Employees continues to be a priority for BIR.

In 2022, we invested 646 hours in technical, behavioural and transversal training actions, covering a total of 131 trainees.

This investment in training is made annually and reflects the importance of Human Capital and BIR's interest in developing it's Employees, taking into account the Strategy and needs of each Organisational Unit of the Bank.



BIR SOCIAL

The Mission of BIR is imbued with the spirit of Social Responsibility and a Vision based on the creation of value, above all guaranteeing that our Values reflect the essence of a Reliable, Ethical and Socially Responsible Institution.

With this, we confirm that we are present in the key moments of our employees' lives, promoting well-being and a series of initiatives focused on the balance between personal and professional life, creating a close relationship and institutional commitment with our employees.

We share below some initiatives geared towards Employees, with the financial charges being borne by BIR:

- Daily Meal (average 1 500 monthly);
- Collective Public Transport;
- Parking Space (reduced mobility);
- Subsidies (food, communication, fuel, faults, overtime work, commercial incentive system for the business areas, creating an extra motivation to continuously deliver distinctive results to BIR Customers, on a daily basis);
- Happy Hour – (birthdays of the month, 12 months);
- Health Insurance (all employees have full Health Insurance, covering his/her family household - depending on the type of Contract);
- Support for Funeral Services (employees, family members and parents);
- BIR Sports;
- Card with Benefits ("deskontão");
- Scholarships;
- Variable Remuneration (annual);
- We also ensure initiatives that are transversal benefits for Employees and their family members: BIR Kwanzas Credit Card, BIR "em Movimento" Prepaid Card, Platinum Card and Fringe Card;
- BIR Volunteering.

BIR's premise is to inspire activities that promote the quality of life of Employees and their families.

By doing so, it also promotes Employees' initiatives with the community, through continuous Corporate Social Responsibility initiatives.

Establishing protocols with different entities, which ensure advantageous conditions for Employees and represent a benefit for them.

Its main Mission is to provide and respect the well-being and future of it's Employees, encouraging an active spirit of Social Responsibility and organisational sustainability, in it's fundamental aspects, so that the Employees feel like agents involved in the institution.

Our Employees are essential for the quality of the services that Banco BIR proposes to provide. The excellence of our services is taken as an integral part of the Institution's strategy, as a result of which the Human Capital Division strongly invests in the development of it's people through a policy focused on their Careers, providing proper working conditions and the necessary opportunities for growth.

8

MANAGEMENT REPORT

MANAGEMENT REPORT

In 2022, it was expected that economies would continue their recovery from the negative consequences of the COVID-19 pandemic, however, in February, the world was faced with a military conflict between Russia and Ukraine, which became the main geopolitical event with an impact on the development of the world economy, trade and finance, leading international institutions to revise downwards their forecasts for the growth of the global economy.

The year 2022 was particularly marked by an accentuation of disruption to distribution chains and an increase in the prices of energy and raw materials, which has led to high inflation and the tightening of monetary policies, higher financing costs and a reduction in available labour in various developed economies, as a result of the conflict in eastern Europe and the persistence of lockdowns in China, due to it's zero COVID policy.

For 2022, IMF forecasts pointed to growth of the world economy of 3.2%, just over half the growth observed in 2021, when it stood at 6.0%.

Despite the international backdrop of high prices for raw materials and food products, the domestic economy has proved resilient. The national accounts published by the National Institute of Statistics (INE) reveal that up to the third quarter of this year, the economy had accumulated real GDP growth of 3.4%.

It should be noted that the increase in oil prices supported GDP growth, reversing the negative growth trend that had occurred since 2014 and inducing an appreciation of the kwanza against the main currencies, 9% against the dollar and 14% against the euro.

Contrary to that witnessed in most countries, in Angola, inflation has followed a downward trend since the beginning of 2022. At the end of the year, year-on-year inflation reached 13.86%, the lowest level in the last 4 years, meeting the target established in the 2022 State Budget, which pointed to a rate below 18%.

With regard to oil activity, we highlight the positive trend in oil prices from Q1 of 2022, influenced by the sanctions imposed on Russian crude oil.

In Angola, oil production remained at 1.2 million barrels of oil per day, ending the year at an average price of USD 100.75 per barrel. However, International Reserves fell by 6% compared to the same period last year, standing at USD 14.5 billion.

MAIN HIGHLIGHTS FINANCIAL SECTOR

I

In June 2022, the FATF (Financial Action Task Force) carried out an assessment of the Angolan financial sector, which aimed to ensure compliance with anti-money laundering and terrorist financing measures, rules and procedures;

II

Under the ambit of the privatisation of Angolan public institutions, BAI became the first institution to issue an IPO (Initial Public Offering) on the stock exchange for the sale of 1,945,000 shares held by Sonangol and Endiama (corresponding to 10% of share capital), marking a historic milestone for the stock market in Angola. Banco Caixa Geral Angola followed with the sale of 25% of the shares held by Sonangol;

III

Disclosure of Instruction 05/2022 of 13 June 2022 (Public Disclosure of Prudential Information). The Instruction establishes the bases for the implementation of Basel Pillar III, which concerns market discipline, on the information to be disclosed by the Banking Financial Institutions to the market regarding their risk management system, capital and solvency, liquidity, governance model and remuneration practices, as well as the requirements that the information to be disclosed must comply with, namely: (i) utility; (ii) clarity; (iii) comparability; and (iv) consistency;

IV

The Banco Nacional de Angola (BNA), through notice 17/2022, increased the requirement for the minimum share capital of commercial banks from AOA 7.5 billion to AOA 15 billion;

V

The CSSF (Council of Supervisors of the Financial System) promotes the creation of policies on ESG (Environmental, Social and Governance) criteria that cut across the entire Angolan financial system, resulting in a strategic plan to be implemented during the year 2023.

VI

In October 2022, the financial rating agency Moody's upgraded the outlook for Angola's rating from stable to positive, maintaining the credit quality assessment at B3;

VII

Publication of Instruction 13/2022 with the aim of regulating the procedures for reporting information on corporate governance and internal control under the ambit of Notice 01/2022 on the corporate governance code for Banking Financial Institutions.

VIII

The process of revocation of Bank licences for financial intermediation at BODIVA was extended to 30 December 2023.

SUMMARY OF INDICATORS

BALANCE	2021	2022
Assets	154 025	214 491
Customers loans (gross)	49 444	36 874
Credit impairment	1 140	1 526
Customer funds	122 868	169 787
Securities portfolio	55 748	122 756
Equity	26 745	39 387
Transformation ratio	39.3%	20.8%
Fixed Asset Ratio	34%	30%

EARNINGS AND PROFITABILITY	2021	2022
Net Interest Income	9 516	16 343
Non-Interest Revenue	9 870	12 144
Banking Product	19 387	28 486
Operating Costs	10 983	11 334
Impairment and Provisions	(1 977)	893
Taxes	1 337	0
Net Income	9 042	16 260
Net interest income / Banking Product	49.1%	57.4%
Cost-to-income ratio	56.7%	39.8%
ROAA	6.7%	9.1%
ROAE	37.4%	54.6%

STRUCTURE	2021	2022
Branch Network	7	6
Active ATM	21	36
Active POS	1 813	2 672
Active customers	7 075	9 959
Employees	106	131

CREDIT QUALITY	2021	2022
Loans overdue for more than 90 days / loans to customers	1.2%	1.8%
Credit impairment / credit overdue for more than 90 days	204.1%	232.1%
Risk cost (pb)	-101	26

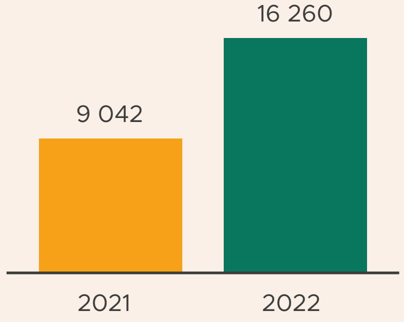
CAPITAL	2021	2022
Solvency ratio	43.4%	34.8%
Regulatory Own Funds	24 994	38 092
Risk-Weighted Assets	57 599	109 552

(Million AOA)

NET INCOME

The result for 2022 amounted to AOA 16,260 million, which represents an increase of 80%, compared to 2021.

NET INCOME



BANKING INCOME

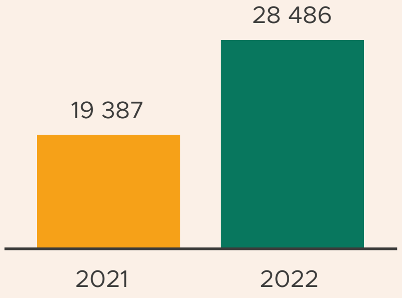
Banking income for 2022 grew by around 47% compared to 2021, driven by growth of 72% in net interest income and around 16% in foreign exchange income.

Net interest income stood at AOA 16,343 million in 2022. This represented a 72% rise compared to the previous year. The income growth was mainly due to an increase in the average volume of the securities portfolio, despite an increase in the average volume of customer deposits.

Commissions totalled AOA 4,616 million in 2022, compared to AOA 4,060 million in 2021. This increase is supported by the variation in ATM/TPA and card movements.

Exchange rate income reached AOA 7,694 million in 2022, which represents 16% growth compared to 2021.

BANKING INCOME



BANKING INCOME	2021	2022	Var.
Net Interest Income	9 516	16 343	72%
Commissions	4 060	4 616	14%
Foreign Exchange Gains and Losses	6 615	7 694	16%
Other income	-806	-166	-79%
Total	**19 387**	**28 486**	**47%**

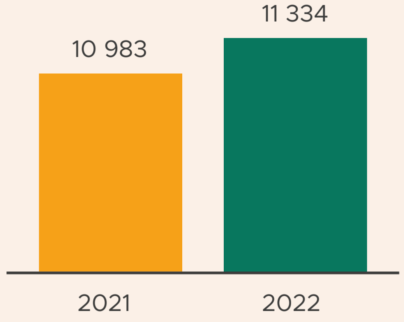
(Million AOA)

STRUCTURAL COSTS

Structural costs, which pool together personnel costs, supplies and services and depreciation for the year, increased by 3% to 11,334 million kwanzas (10,983 million kwanzas in 2021). This change essentially results from an increase in remuneration costs.

The efficiency ratio stood at 39.8% in 2022, representing a decrease of around 16.9% compared to 2021, as a result of banking income showing a stronger growth rate than that of operating costs.

NET INCOME



STRUCTURAL COSTS	2020	2021	Var.
Personnel costs	4 152	5 991	44%
Third-party supplies and services	5 626	3 736	-34%
Amortisation for the year	1 205	1 608	33%
Total	**10 983**	**11 334**	**3%**

(Million AOA)

RETURN AND SOLIDITY

The return on average equity (ROAE) stood at 54.7%, 17.2% up on 2021.

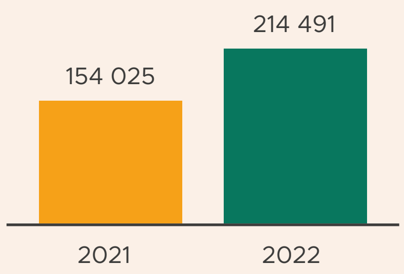
As of 31 December 2022, the solvency ratio corresponded to 34.8%, above the regulatory limit (15.65%).

ASSETS

Total assets amounted to 214,491 million kwanzas in December 2022, which compares with 154,025 million kwanzas in December 2021.

This growth was essentially supported by the growth in resources and the means freed up by credit, which allowed for an increase in the portfolio of financial assets measured at amortised cost and the creation of a portfolio of financial assets measured at fair value through profit or loss.

ASSETS



DEPOSITS AND CREDIT

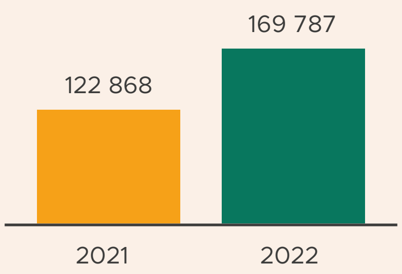
Customer deposits grew by around 38% compared to 2021, amounting to AOA 169,787 million, as a result of the strategy to diversify the customer base and expand the range of products and services.

The credit portfolio decreased by 27% compared to the previous year, as a result of the early settlement of some exposures and maturities over the course of 2022.

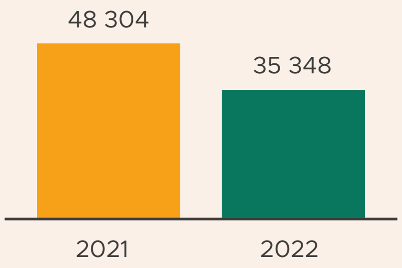
This fact contributed towards reducing the transformation ratio, which dropped from 39% in 2021 to 21% in 2022.

With regard to credit quality, the Bank remains in a very comfortable position. The ratio of loans in arrears for more than 90 days stood at 1.8%, and the coverage ratio of loans in arrears for impairments at 232.1%.

DEPOSITS



CREDIT



DISTRIBUTION NETWORK

As of 31/12/2022, BIR had a network of 6 branches,
2 corporate centres and 1 Private and Institutional Centre.

1° DE MAIO BRANCH

VIANA BRANCH

LUANDA PORT BRANCH

BELAS BRANCH

BAIRRO AZUL BRANCH

DESKONTÃO BRANCH

ATM CENTRES

It should also be noted that during 2022, the Bank opened another 2 ATM Centres, ending the year with 4 ATM Centres.

AIRPORT ATM CENTRE

PATRIOTA ATM CENTRE

CAMAMA ATM CENTRE

RUA DA MISSÃO ATM CENTRE

CUSTOMERS

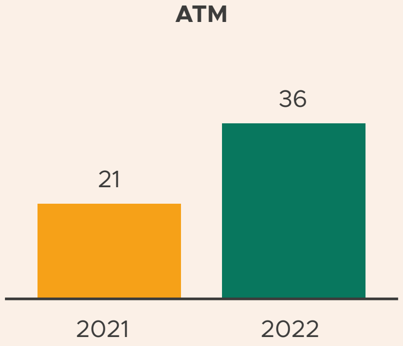
The number of active customers grew by around 41% compared to 2021, reaching a total of 9,959 at the end of 2022.

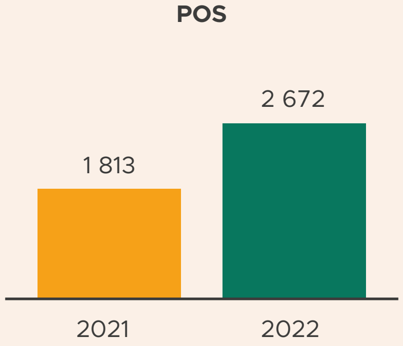
ELECTRONIC BANKING

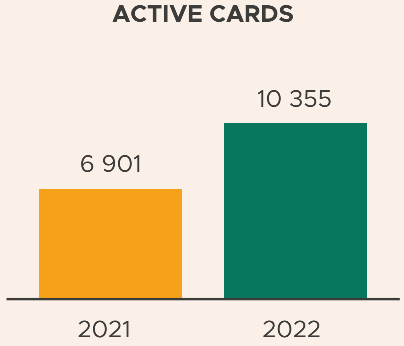
In 2022, Banco BIR maintained it's strategy of developing it's Electronic Banking business, installing 15 ATMs and setting up 859 Points of Sale (POS), which contributed towards a 71% increase in the number of ATMs and a 47% increase in the number of POS.

As of 31/12/2022, BIR held a total of 36 ATM and 2,672 active POS.

The number of active cards increased by 50% in 2022, standing at 10,355.







PROGRESS ACHIEVED REGARDING THE STRATEGIC PLAN 2022

The Bank achieved most of the objectives set out in the strategic plan for the year 2022.

		Real (Dec 22)	Strategic Plan (Dec 22)	GRO (%)
BUSINESS	Gross Lending (M AOA)	36 874	31 531	117%
	Customer Funds (M AOA)	169 787	142 731	119%
	Active Customers	9 959	4 400	226%
	Branches + ATM Centres	10	9	111%
PROFITABILITY	Banking Product (M AOA)	28 486	24 658	116%
	Net Income	16 260	12 421	131%
	Cost-to-income ratio	39.8%	39.0%	
	ROAE	54.6%	>30%	
SOLIDITY	Own Funds (M AOA)	39 387	36 376	108%
	RSR	34.8%	>30%	
CREDIT QUALITY	Overdue Credit Ratio > 30 days	1.1%	<2.0%	
	Coverage of Overdue Loans > 30 days by impairments	378%	>300%	

PROSPECTS FOR 2023

As a result of the war in Ukraine, projections for 2023 indicate a slowdown in world economic growth, pointing to growth rates of around 2.5%. The conflict continues to have an impact on energy and food prices, contributing to high levels of inflation, which has resulted in a tightening of monetary policies and, consequently, an increase in financing costs.

Another factor that has affected the growth of the global economy is the persistence of lockdowns in China due to it's Zero COVID policy.

For the Angolan economy, the recovery process is expected to intensify, with real GDP growth of 3.3%, compared to the 2.7% growth forecast for 2022. This anticipated growth for 2023 is justified by expectations of an increase in oil and gas production of around 2.98% and growth in the non-oil sector of 3.42%.

This growth is supported by the average price of a barrel of oil of USD 75 and an average oil production of 1.18 million barrels a day, with an expected annual inflation rate of 11.1%.

From a regulatory standpoint, the implementation is envisaged of policies on ESG (Environmental, Social and Governance) criteria and the execution of the 3rd phase of the project of convergence of the regulatory framework and standards of prudential supervision, with the recommendations and guidelines issued by international bodies. In this context, commercial banks will start disclosing prudential information under the ambit of Instruction 05/2022, of 13 June, regarding the implementation of Basel Pillar III on market discipline.

PROPOSED DISTRIBUTION OF PROFITS

Considering the legal and statutory provisions relating to the establishment of reserves, the Board of Directors proposes to the General Meeting the following distribution of net earnings for the year 2022, in the amount of AOA 16 259 617 447.34:

- **Reserve:** AOA 8 159 617 447.34
- **Dividend:** AOA 8 100 000 00

9

FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

FINANCIAL STATEMENTS

Banco de Investimento Rural, SA

Financial Statements for the years ended 31 December 2022 and 2021

Amounts stated in thousand Kwanza

INCOME STATEMENT	Notes	2022	2021
Interest and similar income	9	25 320 521	15 789 940
Interest and similar charges	9	(8 977 926)	(6 273 482)
NET INTEREST INCOME	**9**	**16 342 596**	**9 516 458**
Income from services and fees	10	5 626 604	4 912 953
Expenses from services and fees	10	(1 010 508)	(852 525)
Earnings from financial assets and liabilities measured at fair value through profit or loss	27	1 886 388	-
Earnings from held-to-maturity investments	11	721 786	193 686
Foreign exchange gains and losses	12	7 693 736	6 615 443
Other operating profit or loss	13	(2 774 345)	(999 397)
PROCEEDS FROM BANKING ACTIVITY		**28 486 256**	**19 386 618**
Payroll expenses	14	(5 990 679)	(4 152 101)
Third-party supplies and services	15	(3 735 569)	(5 625 936)
Depreciation and amortisation for the year	16	(1 607 758)	(1 205 228)
Net provisions from cancellations	17 and 18	(1 351)	26 552
Impairment on customer loans net of reversals and recoveries	18	(385 500)	491 051
Impairment for other financial assets net of reversals and recoveries	19	(505 781)	1 458 939
EARNINGS BEFORE TAX FROM CONTINUING OPERATIONS		**16 259 617**	**10 379 895**
Tax on profit or loss			
Current	20	-	(1 337 452)
Deferred		-	-
INCOME FROM CONTINUING OPERATIONS		**16 259 617**	**9 042 443**
Income from discontinued and/or discontinuing operations		-	-
NET INCOME FOR THE PERIOD		**16 259 617**	**9 042 443**
BASIC AND DILUTED EARNINGS PER SHARE	**21**	**16.26**	**9.04**

STATEMENT OF COMPREHENSIVE INCOME	Notes	2022	2021
NET PROFIT OR LOSS FOR THE YEAR		**16 259 617**	**9 042 443**
Items that will not subsequently be reclassified to profit or loss		-	-
Items that may subsequently be reclassified to profit or loss		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAXES		**-**	**-**
COMPREHENSIVE INCOME FOR THE YEAR AFTER TAXES		**16 259 617**	**9 042 443**

Amounts stated in thousand Kwanza

BALANCE SHEET	NOTES	2022	2021
ASSETS			
Cash and cash balances at central banks	22	30 547 959	29 484 184
Cash balances at other credit institutions	23	10 762 984	8 630 121
Investments at central banks and other credit institutions	24	1 014 826	-
Financial assets measured at fair value through profit or loss	27	50 504 419	41 067
Financial assets measured at amortised cost	26	72 251 538	55 706 436
Customer loans	25	35 348 483	48 303 961
Other intangible assets	29	1 295 508	1 355 247
Tangible fixed assets	29	11 467 454	9 129 144
Current tax assets		343 414	378 525
Other assets	30	954 011	996 564
TOTAL ASSETS		**214 490 595**	**154 025 247**
LIABILITIES AND EQUITY			
Funds from central banks and other credit institutions	31	-	-
Customer funds and other loans	32	169 786 576	122 868 256
Provisions	36	29 524	28 173
Other liabilities	33	5 287 171	4 384 135
TOTAL LIABILITIES		**175 103 271**	**127 280 563**
Share Capital	34	10 000 000	10 000 000
Other reserves and retained earnings	35	13 127 707	7 702 241
Net earnings for the year		16 259 617	9 042 443
TOTAL EQUITY		**39 387 324**	**26 744 684**
TOTAL LIABILITIES AND EQUITY		**214 490 595**	**154 025 247**

Amounts stated in thousand Kwanza

STATEMENT OF CHANGES IN EQUITY 2022	NOTES	Share capital	Other reserves and unappropriated retained earnings	Net earnings for the period	Total
BALANCE AT 01/01/2022		**10 000 000**	**7 702 241**	**9 042 443**	**26 744 684**
NET PROFIT OR LOSS FOR THE YEAR				**16 259 617**	**16 259 617**
OTHER COMPREHENSIVE INCOME FOR THE YEAR					
COMPREHENSIVE INCOME FOR THE YEAR		-	-	**16 259 617**	**16 259 617**
MOVEMENTS WITH CAPITAL HOLDERS					
Distributions				(3 616 977)	(3 616 977)
Transfer to other reserves	35		5 425 466	(5 425 466)	(0)
			5 425 466	**(9 042 443)**	**(3 616 977)**
BALANCE AT 12/31/2022		**10 000 000**	**13 127 707**	**16 259 617**	**39 387 324**

STATEMENT OF CHANGES IN EQUITY 2021	NOTES	Share capital	Other reserves and unappropriated retained earnings	Profit or loss for the period	Total
BALANCE AT 01/01/2021		**10 000 000**	**1 584 804**	**11 617 407**	**23 202 211**
NET PROFIT OR LOSS FOR THE YEAR				**9 042 443**	**9 042 443**
OTHER COMPREHENSIVE INCOME FOR THE YEAR					
COMPREHENSIVE INCOME FOR THE YEAR		-	-	**9 042 443**	**9 042 443**
MOVEMENTS WITH CAPITAL HOLDERS					
Distributions				(5 500 000)	(5 500 000)
Transfer to other reserves	34		6 117 407	(6 117 407)	-
			6 117 407	**(11 617 407)**	**(5 500 000)**
BALANCE AT 12/31/2021		**10 000 000**	**7 702 241**	**9 042 443**	**26 744 684**

Amounts stated in thousand Kwanza

CASH FLOW STATEMENT

Amounts stated in thousand Kwanza

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Interest, commissions and other similar income received	30 947 125	20 702 893
Interest, commissions and other similar expenses paid	(9 988 434)	(7 126 007)
Payments to employees and suppliers	(9 726 248)	(9 778 036)
Other income	(448 599)	(568 725)
CASH FLOWS BEFORE CHANGES TO OPERATING ASSETS AND LIABILITIES	**10 783 844**	**3 230 124**
(Increases) / decreases in operating assets:		
Investments at central banks and other credit institutions	(1 014 826)	13 610 335
Non-current assets held for sale	(46 322 009)	-
Investments at amortised cost	(16 080 801)	(14 990 739)
Customer loans	12 569 978	(21 726 518)
Other assets	77 665	174 455
NET FLOW FROM OPERATING ASSETS	**(50 769 993)**	**(22 932 467)**
Increases/(decreases) in operating liabilities:		
Funds from central banks and other credit institutions	-	(11 508 017)
Customer funds and other loans	46 918 321	43 624 193
Other liabilities	904 387	298 831
NET CASH FLOW FROM OPERATING LIABILITIES	**47 822 707**	**32 415 007**
Net cash generated by operating activities before income taxes	7 836 559	12 712 665
Income taxes paid	(1 603 960)	(430 672)
NET CASH GENERATED BY OPERATING ACTIVITIES	**6 232 598**	**12 281 993**

CASH FLOWS FROM INVESTMENT ACTIVITIES	2022	2021
Acquisitions and other tangible assets, net of divestitures	(2 338 311)	(6 244 217)
Acquisitions of intangible assets, net of divestitures	59 739	(777 897)
	(2 278 571)	**(7 022 114)**

CASH FLOWS FROM FINANCING ACTIVITIES	2022	2021
Acquisitions and own shares, net of divestitures	-	-
Distribution of dividends	(3 616 977)	(5 500 000)
	(3 616 977)	**(5 500 000)**

CASH VARIATION AND IT'S EQUIVALENTS	2022	2021
	337 050	**(240 121)**
Cash and cash equivalents at the beginning of the year	38 114 304	42 282 889
Effects of exchange variation on cash and cash equivalents	2 859 589	(3 928 464)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**41 310 943**	**38 114 304**

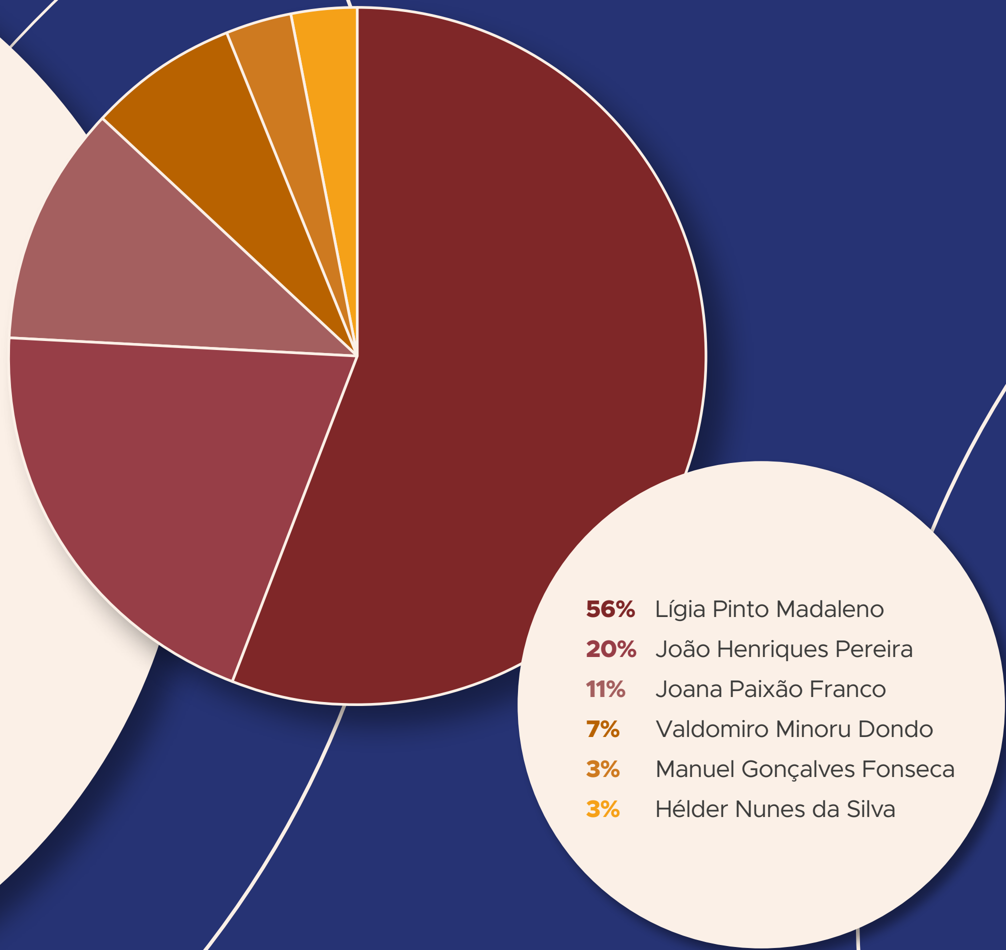
NOTES TO THE FINANCIAL STATEMENTS

1. INTRODUCTORY NOTE

Banco de Investimento Rural, SA, hereinafter referred to as the "Bank" or "BIR", is a private sector Bank established on 05 November 2013, having as it's corporate purpose the pursuance of banking activity, under the terms and within the of limits of Angolan Law. The Bank operates in Angola and has it's registered office in Luanda.

The Bank engages in obtaining third-party funds, essentially in the form of deposits, which, together with it's own resources, it uses in lending activity, deposits with the Banco Nacional de Angola, investments in other credit institutions and the acquisition of securities and other assets. The Bank also provides other banking services and carries out various kinds of foreign currency transaction, for the purpose having a network of 6 branches, 2 corporate centres, 4 ATM centres and 1 Private and institutional centre.

The Bank is owned by private Angolan shareholders. On 31 December 2022, the shareholder structure was as follows:



2. NEW STANDARDS AND INTERPRETATIONS AND CHANGES TO STANDARDS AND INTERPRETATIONS

During the year ended 31 December 2022 there were no voluntary changes in accounting policies.

The following standards, interpretations, amendments and revisions, have mandatory application for the first time in the financial year beginning 1 January 2022:

A IFRS 16 (amendment) – This amendment extends the application date of the amendment to IFRS 16 – Leases - Rental subsidies related to COVID 19 until 30 June 2022.

B IAS 16 (amendment) (effective for annual periods beginning on or after 1 January 2022) - Establishes that the proceeds from the sale of items on a date prior to an item of property, plant and equipment being available for it's intended use cannot be deducted from the cost of that item of PP&E. Such revenues must be recognised in profit or loss, along with the costs incurred in producing those items. This change is applied retrospectively, but only for assets that become available for their intended use on or after the beginning of the earliest comparative period.

C IAS 37 (amendment) (effective for financial years beginning on or after 1 January 2022) – Clarifies that, for the purposes of assessing whether a contract is onerous, the costs of performing the contract include all costs directly related with the contract (incremental contract costs and an allocation of other costs incurred for activities necessary to perform the contract).

D IFRS 3 (amendment) (effective for annual periods beginning on or after 1 January 2022) - Introduces new exceptions to the principles of recognition and measurement of assets and liabilities, in line with the revised conceptual framework. It clarifies that the acquirer should apply the definition of liability in IAS 37 to determine what present obligations exist at the date of acquisition as a result of past events, and that it should apply IFRIC 21 criteria to determine whether or not an obligation to make payments to the state exists at the acquisition date. It also clarifies that the acquirer should not recognise contingent assets as of the acquisition date.

E Improvements to the 2018-2020 standards (effective for annual periods beginning on or after 1 January 2022) – Includes the following amendments: (i) to IFRS 1 – simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after it's parent; (ii) IFRS 9 – clarifies the fees to be included in the 10% test for derecognition of financial liabilities; (iii) illustrative examples of IFRS 16 – removes the example of payments made by the lessor in relation to works promoted by the lessee; and (iv) IAS 41 – removes the requirement to exclude tax-related cash flows in calculating fair value.

The adoption of these standards, interpretations, amendments and revisions had no material impact on the Bank's financial statements for the year ended 31 December 2022.

The following amendments to the published standards are only of mandatory application for annual periods beginning after 1 January 2023:

A IFRS 17 - Insurance contracts (new). This standard, of mandatory application in financial years beginning on or after 1 January 2023, replaces IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 is based on the current measurement of technical liabilities, at each reporting date. Current measurement may be based on a complete model ("building block approach") or in a simplified model ("premium allocation approach"). The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is retrospectively applied.

B IAS 1 (amendment) (effective for annual periods beginning on or after 1 January 2023) - Clarifies that the classification of liabilities as current or non-current is based solely on the entity's right to defer settlement at the reporting date. This right must be unconditional and substantive. It also clarifies that the transfer of equity instruments of the entity itself is treated as a settlement of liabilities, unless this results from the exercise of a conversion option that complies with the definition of equity instrument.

C IAS 1 (amendment) (effective for annual periods beginning on or after 1 January 2023) – This amendment (also in IFRS Practice Statement 2) clarifies that information about an accounting policy is material when it's omission makes it impossible for users to understand other financial information included in the financial statements. It also clarifies that there is no requirement to disclose immaterial information.

D IAS 8 (amendment) (effective for annual periods beginning on or after 1 January 2023) - This amendment introduces the definition of an accounting estimate and clarifies how it is distinguished from changes in accounting policies. Thus, accounting estimates are defined as monetary amounts subject to uncertainty in their measurement, used to realise the objectives of an accounting policy.

E IAS 12 (amendment) (effective for annual periods beginning on or after 1 January 2023) – According to this amendment, entities are required to recognise deferred taxes in respect of certain transactions when their initial recognition results in equal amounts of deductible and taxable temporary differences. Included in this situation are transactions related to the recognition of rights of use and lease liabilities and also those related to the recognition of provisions for dismantling or similar and their capitalisation in the cost of the related assets. Therefore, these temporary differences are no longer covered by the exemption of initial recognition of deferred taxes. The accumulated effect of applying this amendment, reported at the beginning of the earliest comparative period reported, is recognised in the corresponding opening balance of retained earnings.

F IFRS 16 (amendment) (to be applied in financial years beginning on or after 1 January 2024) – According to this amendment, it is clarified that the right of use retained (and liability) under a sale & leaseback transaction where the lease has only variable payments is initially measured at the present value of the best estimate of future variable payments. Subsequently, the lease liability should be measured assuming that the estimated variable payments materialise. Any difference between the estimated payments and the payments actually incurred is immediately recognised in profit or loss for the period.

The adoption of these standards, interpretations, amendments and revisions is not expected to have a material impact on the Bank's financial statements.

3. ACCOUNTING POLICIES

3.1 BASIS OF PRESENTATION

The attached financial statements were prepared on a going concern basis, based on the books and records maintained by the Bank, in accordance with the IFRS (International Financial Reporting Standards), under the provisions of Notice 5/2019 of 30 August, of the Banco Nacional de Angola (hereinafter also referred to as "BNA").

The IFRS includes financial reporting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee(IFRIC) and respective predecessor bodies.

The Bank's financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 27 February 2023.

3.2 FOREIGN CURRENCY TRANSACTIONS

The financial statements are presented in kwanzas, which is the Bank's functional currency. The functional currency corresponds to the currency used in the economic environment where the Bank's main operations are carried out.

Foreign currency transactions are recorded in accordance with the principles of the multi-currency system, with each transaction being registered in accordance with the respective denomination currency. Foreign currency transactions are translated into Kwanzas using the indicative exchange rate published by the BNA on the transaction date. Monetary assets and liabilities expressed in foreign currencies are translated into Kwanzas at the indicative exchange rate published by the BNA on the balance sheet date. Income and expenses related to exchange differences, whether realised or potential, are recognised in the income statement for the year in which they occur, except concerning: (i) exchange differences arising on cash flow hedging operations, which are recognised in other comprehensive income (hedge reserve), being reclassified to profit or loss to the extent that the hedged position affects profit or loss; and (ii) exchange rate differences in accounts receivable or payable associated with foreign operations, the settlement of which is neither planned nor expected to occur in the foreseeable future, which are recognised in other comprehensive income, being reclassified to profit or loss from the sale (in whole or in part) of the foreign operations.

At 31 December 2022 and 31 December 2021, the indicative exchange rate for the kwanza (AKZ), as published by the BNA, against the United States Dollar (USD) and the Euro (EUR) was as follows:

	2022	2021
1 USD	503.647	550.590
1 EUR	535.930	623.158

Non-monetary assets and liabilities expressed in foreign currency and recorded at historical cost are converted to kwanzas at the indicative exchange rate published by the BNA on the transaction date. Non-monetary assets and liabilities recorded at fair value are converted into kwanzas at the exchange rate in force on the date when the fair value is determined. The effect of the exchange rate adjustment of these assets and liabilities is recognised in the income statement, with the exception of assets and liabilities designated as a hedging instrument under an effective hedge accounting operation, the effect of which is recorded against the hedge reserve.

At the date of contracting, purchases and sales of spot and forward foreign currency are immediately recorded in the foreign exchange position. Whenever these operations lead to variations in the net balances of the different currencies, there is a need to adjust the spot or forward foreign exchange position accounts as follows:

Spot foreign exchange position

The spot foreign exchange position in each currency is given by the net balance of the assets and liabilities in that currency, as well as the spot transactions awaiting settlement and the forward transactions maturing within the two subsequent business days. The spot foreign exchange position is revalued daily based on the indicative exchange rate published by the BNA on that date, giving rise to adjustments in the foreign exchange position account.

Forward Foreign Exchange Position

The foreign exchange forward position in each currency corresponds to the net balance of forward transactions awaiting settlement, excluding those maturing within the next two business days. Forward exchange positions are measured at fair value through profit or loss.

3.3 CLASSIFICATION OF FINANCIAL ASSETS

According to IFRS 9 - "Financial instruments", financial assets can be classified into three categories with different measurement criteria:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of financial assets depends on the business model and the characteristics of the contractual cash flows (SPPI criterion).

3.3.1 Business model.

The business models provided for in the standard are as follows:

- Business model whose objective is achieved by holding the asset and obtaining it's contractual cash flows (Held to collect);
- Business model whose objective is achieved both through obtaining the contractual flows of the asset and through it's sale (Held to collect and sell); and
- Other business models (e.g., trading).

3.3.2 Assessment of the business model

The business model reflects the way in which the Bank manages it's assets with a view to generating cash flows. Thus, it is important to understand whether the Bank's objective only consists of receiving contractual cash flows from the assets, or whether it intends to receive the contractual cash flows and cash flows resulting from the sale of the assets. If neither of these situations is applicable (e.g., the financial assets are held for trading), then the financial assets are classified as part of "other business models" and recognised at fair value through profit or loss.

The factors considered by the Bank in identifying the business model for a set of assets include past experience with regard to (i) the way in which the cash flows are received, (ii) how the performance of the assets is evaluated and reported to management, (iii) how risks are assessed and managed, and (iv) how management is compensated. Financial assets at fair value through profit or loss are held primarily for the purpose of being sold in the short term, or to form part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These assets are classified under "other" business models and recognised at fair value through profit or loss.

The evaluation of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, taking into account the frequency, the value, the sales calendar in previous years, the reasons for said sales and expectations regarding future sales.

Sales that are infrequent, or insignificant, or close to the maturity of the asset and those motivated by an increase in the credit risk of financial assets, or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows. If a financial asset contains a contractual clause that may modify the schedule or the value of contractual cash flows (such as early amortisation or extension of duration clauses), the Bank determines whether or not the cash flows that will be generated during the life span of the instrument, due to the exercise of said contractual clause, are only payments of capital and interest on the amount of outstanding capital.

In the event that a financial asset includes a periodic adjustment of the interest rate, but the frequency of that adjustment does not coincide with the term of the benchmark interest rate (e.g. the interest rate is adjusted every three months), the Bank evaluates, at the time of initial recognition, this divergence in the interest component to determine whether or not the contractual cash flows represent only payments of capital and interest on the amount of outstanding capital.

Contractual conditions that, at the time of initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as settlement by the issuer) do not preclude their classification in portfolios at amortised cost or at fair value through other comprehensive income.

3.3.3 SPPI assessment

Where the business model involves holding assets in order to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell those assets, the Bank assesses whether or not the cash flows of the financial instrument correspond only to payments of principal and interest on the capital outstanding (the solely payments of principal and interest, or "SPPI" test). In this assessment, the Bank considers whether or not the contractual cash flows are consistent with a basic loan agreement, i.e. the interest includes only considerations relating to the time value of money, credit risk and a profit margin that is consistent with a basic credit agreement. Where the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a simple loan agreement, the financial instruments is classified and measured at fair value through profit or loss.

When determining whether or not the cash flows correspond only to payments of capital and interest on capital outstanding ("SPPI" test), financial assets with embedded derivatives are considered in their entirety.

3.3.4 Financial assets at amortised cost

The Bank measures a financial asset at amortised cost if it simultaneously meets the following characteristics and if it is not assigned to the FVTPL by option (use of the Fair Value Option):

- The financial asset is held under a business model whose main objective is to hold the assets to collect their contractual cash flows (HTC – Held to collect); and
- Its contractual cash flows occur on specific dates and correspond only to payments of capital and interest on the outstanding amount (SPPI – Solely Payments of Principal and Interest).

These instruments are initially accounted for at fair value and subsequently valued at amortised cost, based on the effective interest rate method and are subject to impairment tests.

This category of "Financial assets at amortised cost" includes investments in credit institutions, customer loans and debt securities (Investments at amortised cost) managed based on a business model whose objective is to collect their contractual cash flows.

The Bank's main business model consists of the financial intermediation model, to which almost all of the Bank's financial assets and financial liabilities belong. This model consists of intermediation of the allocation of savings in kwanzas to investments in kwanzas. The assets and liabilities associated with financial intermediation activity are based on a business model that consists of holding them for the collection or substantial payment of their contractual cash flows.

Cash in Kwanzas: the cash in kwanzas consists of notes made available so that customers who deposited kwanzas can withdraw these deposits. These assets comprise cash flows that are solely principal and interest. Moreover, cash in kwanzas is a financial asset held under the range of deposits in kwanzas, which form part of the Bank's financial intermediation business model. Consequently, these assets are subsequently measured at amortised cost.

Cash in foreign currency: cash in foreign currency consists of notes made available, essentially, so that customers with deposits in foreign currency can withdraw their deposits. These assets comprise cash flows that are solely principal and interest. Thus, given that foreign currency deposits form part of the financial intermediation business model, foreign currency cash is also part of the financial intermediation business model, and these assets are subsequently measured at amortised cost.

Funds available at the Banco Nacional de Angola (BNA) in kwanzas: the Bank must have funds available at the BNA to guarantee liquidity in relation to the level of deposits of it's customers. Since deposits form part of the financial intermediation business model, cash and cash equivalents at the BNA also form part of the financial intermediation business model. Accordingly, given that the funds available at the BNA comprise cash flows that are solely principal and interest, they are subsequently measured at amortised cost.

Funds available at ICO: the Bank's funds available at other credit institutions (ICO) can be denominated in kwanzas or in foreign currency. To a large extent, the aim is to allow the collateralisation of CDIs. These available funds also allow the transfer of foreign currency values deposited at the Bank to other national banks or, under BNA rules, to foreign banks. These are assets comprising cash flows that are solely principal and interest, as a result of which, given that both CDIs and deposits in foreign currency form part of the financial intermediation business model, these financial assets also form part of the financial intermediation model and are subsequently measured by amortised cost.

Customer loans: loans contracted with Bank customers solely include cash flows that are repayments of principal and interest payments (as defined in IFRS 9). There are no contractual clauses that result in embedded derivatives. Customer loans is the main asset resulting from the financial intermediation model. The Bank has no other sources of income for it's loans (such as, for example, securitisation). Accordingly, the business model of these assets consists of holding them to collect substantially all of the respective contractual cash flows (within the scope of the aforementioned financial intermediation), as a result of which they are subsequently measured at amortised cost.

Securities of the Republic of Angola, in non-indexed Kwanzas: these are securities (government bonds or T-Bond) that have a low coupon rate that were allocated to the Bank by the Angolan State under a recapitalisation programme. These securities only include contractual cash flows that consist of the repayment of principal (at nominal value) and the payment of coupons. The Bank's objective is to maintain these securities until maturity, and thus obtain the interest and capital reimbursement that they will contractually pay. Accordingly, these securities are subsequently measured at amortised cost. Incidental sales involving non-material amounts of securities are considered not to run counter to the business model of holding to maturity to receive the contractual cash flows. According to the Bank's policy, incidental sales are sporadic sales transactions that, on average, do not occur more than once a quarter over the course of the year. Sales of securities are not considered to be material if the carrying amount of the securities sold during the year does not exceed 10% of the portfolio's total average carrying amount in the same period.

Other Republic of Angola securities in Kwanzas: these are securities (T-Bond) that have a coupon rate in line with market yields on the date of issue and that are more liquid. These securities also include only contractual cash flows that consist of the repayment of principal (at nominal value) and the payment of coupons. The Bank assumed a business model for them that consists of holding them to collect substantially all of the respective contractual cash flows. As a consequence, they will subsequently be measured at amortised cost. Incidental sales involving non-material amounts of securities are considered not to run counter to the business model of holding to maturity to receive the contractual cash flows. According to the Bank's policy, incidental sales are sporadic sales transactions that, on average, do not occur more than once a quarter over the course of the year. Sales of securities are not considered to be material if the carrying amount of the securities sold during the year does not exceed 10% of the portfolio's total average carrying amount in the same period.

Other Republic of Angola securities in Kwanzas linked to the US Dollar or issued in foreign currency (US dollars): these are also securities (T-Bond) that have a coupon rate in line with market yields on the date of issue, and are more liquid. The index-linking of these securities results in all associated cash flows being calculated in foreign currency and converted to kwanzas at the exchange rate on the day of payment. In essence, this characteristic of index-linked securities makes them behave like securities issued in foreign currency. Bearing this in mind, it is the Bank's understanding that this index-linking does not constitute an embedded derivative. Thus, index-linked securities and securities issued in foreign currency also include solely contractual cash flows that consist of the repayment of principal (at nominal value) and the payment of coupons. Also in relation to these securities, the Bank assumed a business model that consists of holding them to collect substantially all of the respective contractual cash flows. Accordingly, they are subsequently measured at amortised cost. Incidental sales involving non-material amounts of securities are considered not to run counter to the business model of holding to maturity to receive the contractual cash flows. According to the Bank's policy, incidental sales are sporadic sales transactions that, on average, do not occur more than once a quarter over the course of the year. Sales of securities are not considered to be material if the carrying amount of the securities sold during the year does not exceed 10% of the portfolio's total average carrying amount in the same period.

Republic of Angola treasury bills: these are investments with a short maturity and that solely include contractual cash flows that consist of repayment of principal and interest. For the purposes of managing these securities, the Bank adopted the business model of holding them to collect substantially all of the respective contractual cash flows. Accordingly, these assets are subsequently measured at amortised cost. Incidental sales involving non-material amounts of securities are considered not to run counter to the business model of holding to maturity to receive the contractual cash flows. According to the Bank's policy, incidental sales are sporadic sales transactions that, on average, do not occur more than once a quarter over the course of the year. Sales of securities are not considered to be material if the carrying amount of the securities sold during the year does not exceed 10% of the portfolio's total average carrying amount in the same period.

Investments in equity instruments of other entities (under IFRS 9): these assets have associated cash flows that are not solely payments of principal and interest. Additionally, the Bank did not choose to designate them, at initial recognition, at fair value through profit or loss, as a result of which their subsequent measurement basis consists of fair value through profit or loss.

Other Financial assets: comprises the interest held by the Bank in EMIS, measured at acquisition cost. These assets also have associated cash flows that consist of payments of principal and interest. The business model adopted by the Bank to manage these assets consists of holding them to collect substantially all of the respective contractual cash flows. Thus, these assets are subsequently measured at amortised cost.

3.3.5 Financial assets at fair value through other comprehensive income

The Bank measures a financial asset at fair value through other comprehensive income if it simultaneously meets the following characteristics and if it is not assigned to the FVTPL by option (use of the Fair Value Option):

- The financial asset is held under a business model whose objective is to hold the assets to collect their contractual cash flows and sale (HTC and Sell – Held to collect and Sell);
- Its contractual cash flows occur on specific dates and correspond only to payments of capital and interest on the outstanding amount (SPPI – Solely Payments of Principal and Interest).

On initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably designate it in this category. This designation is carried out on a case-by-case basis, investment by investment, and is only available for financial instruments that comply with the definition of equity instruments provided for in IAS 32, and cannot be used for financial instruments whose classification as equity instruments at the issuer's level is carried out under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Financial assets at fair value through other comprehensive income are initially recorded at fair value. Gains and losses relating to the subsequent variation in fair value are reflected in a specific item in equity ("Reserves for financial assets at fair value by OCI") until their sale, where they are reclassified to profit or loss for the year, with the exception of equity instruments that are reclassified to retained earnings. Additionally, they are subject, from their initial recognition, to the assessment of impairment losses (debt instruments only).

The inherent interest is calculated in accordance with the effective interest rate method and recorded in the income statement under "Interest and similar income". Income from variable-yield securities is recognised under the income statement caption "Income from equity instruments" on the date it is attributed. In accordance with this criterion, anticipated dividends are recorded as income in the year in which their distribution is deliberated.

3.3.6 Financial assets at fair value through profit or loss

All financial assets that are not measured according to the methods described above are measured at fair value through profit or loss.

Debt instruments whose contractual cash flow characteristics do not comply with the SPPI criteria, and which would otherwise be measured at amortised cost or at fair value through other comprehensive income, are mandatorily measured at fair value through profit or loss.

This category also includes assets acquired with the aim of realising gains from short-term fluctuations in market prices. Derivatives are also included in this category, excluding those that comply with hedge accounting requirements. By definition, equity instruments are also classified at fair value through profit or loss, unless entities opt for irrevocable classification at fair value through other comprehensive income, as mentioned above.

Additionally, on initial recognition, the Bank may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if the designation eliminates significantly the accounting mismatch that would otherwise exist (Fair Value Option).

Financial assets classified in this category are initially recognised at fair value. Gains and losses arising from the subsequent valuation at fair value are recognised in the income statement. The interest is reflected under the respective captions of "Interest and similar income".

Equity instruments are instruments that satisfy the definition of capital from the perspective of the issuer, i.e. they are instruments that do not contain a contractual payment obligation and that show a residual interest in the issuer's net assets. An example of equity instruments is ordinary shares.

Investments in equity instruments are an exception to the general valuation criteria described above. As a general rule, the Bank exercises the option, on initial recognition, to designate irrevocably in the category of financial assets at fair value through other comprehensive income, investments in equity instruments that are not classified as held for trading and that, if they do not exercise this option, would be classified as financial assets that are mandatorily accounted for at fair value through profit or loss. Impairment losses (and impairment reversals) are not recorded separately from other changes in fair value.

3.3.7 Classification of financial liabilities

A financial instrument is classified as a financial liability where there is a contractual obligation for a settlement to be made by means of money or another financial asset, regardless of it's legal form.

Financial liabilities are classified into the following categories:

i. Financial liabilities at amortised cost

Financial liabilities essentially correspond to Central Bank funds, those of other credit institutions and customer funds. These liabilities are initially valued at their fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently recorded at amortised cost, in accordance with the effective interest rate method.

ii Financial liabilities held for trading

This category includes derivative financial instruments with negative fair value.

iii. Financial liabilities at fair value through profit or loss (Fair Value Option)

In it's initial recognition, the Bank designates certain financial liabilities at fair value through profit or loss (Fair Value Option), provided that at least one of the following requirements has been met:

- The financial liabilities are managed, valued and analysed internally based on their fair value;
- Derivative operations are contracted with the aim of carrying out economic hedging of these assets or liabilities, thus ensuring consistency in the valuation of the assets or liabilities and derivatives (accounting mismatch); and
- Financial liabilities contain embedded derivatives.

3.4 INITIAL RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

The Bank initially recognises financial assets corresponding to loans granted when funds are transferred to the customers' accounts. Financial liabilities related to customer deposits are initially recognised when the funds are transferred to the Bank.

The remaining financial assets and liabilities are recognised by the Bank on the trading or contracting. In cases where, due to contractual or legal/regulatory imposition, the underlying rights and obligations are transferred on different dates, the last most recent relevant date will be used.

Financial assets are measured on initial recognition as follows, according to their classification:

- Financial assets at fair value through profit or loss – initial measurement at fair value.
- Trade receivables – initial measurement at the transaction price.
- Other financial assets – initial measurement at fair value plus transaction costs.

Liabilities are measured on initial recognition as follows:

- Financial liabilities at fair value through profit or loss – initial measurement at fair value.
- Other financial liabilities – initial measurement at fair value less transaction costs.

The difference between the transaction price and the fair value in the initial recognition of financial instruments initially measured at fair value is recognised as follows:

- According to it's economic substance, where identifiable (e.g. in the case of loans granted to employees with an interest rate below the market rate, the difference between the nominal value of the loans and their fair value is treated as a remuneration to be recognised during the expected period of time that the employee will remain on the Bank's staff);
- When the fair value results only from observable market inputs, the difference is recognised in profit or loss at the time of initial recognition ("day 1 profit or loss");
- When the fair value results from a valuation technique that incorporates unobservable market inputs, the difference is deferred, and is only recognised in profit or loss when the aforementioned inputs are observed or when the instrument is derecognised.

Fair value is the amount that would be received on the sale of an asset or paid on the transfer of a liability, in an unforced transaction between market participants, which occurred on the measurement date.

The fair value is determined based on the following hierarchy:

Level 1: prices of an active market (a market with a volume and frequency of transactions that allows regular price information to be obtained);

Level 2: prices of similar assets/liabilities in active markets, prices of identical assets/liabilities in non-active markets, other observable inputs (market interest rates, implied volatilities, spreads, ...);

Level 3: valuation techniques that use unobservable inputs, including discounted cash flow models or option pricing models.

A market is considered active when it presents transactions with a frequency and magnitude that provide regular information on the prices of the corresponding assets.

A parameter used in a valuation technique is considered to be observable in the market if the following conditions are met:

- Its value is determined in an active market;
- There is an OTC market and it is reasonable to assume that active market conditions exist, with the exception of the condition of trading volumes;
- The value of the parameter may be obtained by the inverse calculation of the prices of financial instruments and/or derivatives where the remaining parameters necessary for the initial assessment are observable in a liquid market or in an OTC market that comply with the preceding paragraphs.

3.5 MODIFIED ASSETS

Modified assets (including restructuring of loans granted) are subject to specific treatment on the date of the modification.

It is initially assessed whether the change (essentially changes in the transaction fee, grace periods and haircuts) gives rise to the derecognition of the original asset and the recognition of a new financial asset. There will be derecognition when, in substance, the modification results in a separate financial asset. As a practical means of deciding regarding this aspect, the Bank adopts, by supplementary application, the "10% rule". In other words, in substance, the modification gives rise to a separate financial asset when the difference between the present value of the new contractual cash flows from the asset (based on the original effective interest rate) and it's carrying amount exceeds, in absolute terms, 10% of the carrying amount at that time.

When the modification does not result in the derecognition of the asset, the amount corresponding to the difference between said present value and the carrying amount of the modified asset is immediately recorded in profit or loss. The effective interest rate is not changed as a result of these changes without derecognition.

3.6 DERECOGNITION AND WRITE-OFFS

A financial asset (or part thereof) is derecognised when the rights to receive it's cash flows expire. Derecognition of the financial asset will also occur when it is transferred and the transfer qualifies for derecognition.

There is a transfer of a financial asset when the Bank transferred the rights to receive the contractual cash flows from it or when it retained those rights, but assumed an obligation to deliver the received cash flows to a third party without delay (pass-through condition).

A transfer qualifies for derecognition if the Bank has transferred substantially all the risks and rewards associated with ownership of the asset, or if the Bank has not transferred or retained such risks and benefits, but has transferred control over the asset.

A credit is write-off when there is no reasonable expectation of recovering it (after considering the associated collateral). The write-off of a debt (in whole or in part) implies the cancellation of the corresponding balance of the asset, as well as the associated provision for credit losses (impairment losses). The difference between these two amounts is recognised in profit or loss on the date of the write-off.

A financial liability is derecognised when the associated liability is settled, cancelled or expires. When a liability is replaced by another liability of the same counterparty under substantially different terms and conditions or the terms of the liability are substantially modified, the original liability is derecognised and a new liability is recognised. The difference between the carrying amount of the original liability and the amount of the initial recognition of the new liability is recognised in profit or loss immediately. When the substitution or modification of liabilities is not clearly evident under substantially different conditions, the Bank adopts the “10% rule”. In other words, in substance, the modification gives rise to a distinct financial liability when the difference between the present value of the liability's new contractual cash flows (based on the original effective interest rate) and it's carrying amount exceeds, in absolute terms, 10% of the carrying amount at the time of replacement or modification.

3.7 INTEREST INCOME

Interest income is recognised in accordance with the effective interest rate method (using the effective interest rate or TJE) for all financial assets measured at amortised cost and for all financial assets measured at fair value through reserves that are debt instruments. The TJE is the rate that discounts all estimated future cash flows from the financial asset so that the sum of the respective present values corresponds to the net carrying amount of the asset on the measurement date. The TJE is determined taking into account transaction costs (taxes, fees, charges, ...), premiums and discounts associated with the asset.

When there are changes in the expected cash flows of the aforementioned assets (which do not give rise to derecognition) for reasons that are not related to credit risk, their carrying amounts are adjusted by the present value (determined using the TJE) of the aforementioned changes. This effect is immediately recognised in profit or loss (interest and similar income).

Interest income is determined by applying the TJE to the gross carrying amount (without deduction of accumulated impairment losses) of financial assets that do not present objective evidence of impairment. In the case of financial assets that show objective evidence of impairment, interest income is determined by applying the EIR to the carrying amount less accumulated impairment losses.

In the case of financial assets acquired or originated that are already impaired, interest income is determined by applying the TJE adjusted for credit risk to the carrying amount of the assets. The credit-risk-adjusted TJE is the rate that, on initial recognition of the assets, discounts their estimated cash flows (including credit losses) so that the sum of the respective present values corresponds to the amount paid for them.

Treasury bonds issued in national currency indexed to the exchange rate of the United States dollar are subject to exchange rate adjustment on each reporting date. The result of the exchange rate updating (gain or loss) is reflected in the income statement of the period in which it occurs, in the net interest income caption "Interest and similar income", as it is the Bank's understanding that this effect is a component of interest income from these bonds.

Interest on debt instruments measured at fair value through profit or loss is recognised as an integral part of income or expenses related to changes in fair value under the caption Income from assets and liabilities measured at fair value through profit or loss.

3.8 INTEREST EXPENSES

Interest expenses are recognised in accordance with the effective interest rate method (using the effective interest rate or TJE) for all financial liabilities measured at amortised cost. The TJE is the rate that discounts all estimated future cash flows from the financial liability so that the sum of the respective present values corresponds to the net carrying amount of the liability on the measurement date. The TJE is determined taking into account transaction costs (taxes, fees, charges, ...), premiums and discounts associated with the liability.

When there are changes in the expected cash flows of the aforementioned liabilities (which do not give rise to derecognition), their carrying amounts are adjusted by the present value (determined using the TJE) of the aforementioned changes. This effect is immediately recognised in profit or loss under Interest and similar charges.

3.9 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities held for trading are measured at fair value through profit or loss (includes assets whose business model consists of their being traded in the short term with the objective of obtaining capital gains). Other financial assets whose contractual cash flows do not consist solely of principal and interest are also measured at fair value through profit or loss. These latter investments include equity instruments of other entities (unless they are irrevocably designated on initial recognition at fair value through reserves), derivative instruments, hybrid instruments (incorporating one or more embedded derivatives). All financial assets and liabilities that the Bank designates, upon initial recognition, in this category under the fair value option, are also measured at fair value through profit or loss.

Application of the fair value option is voluntary and is carried out instrument-by-instrument on initial recognition, provided that one of the following conditions is met:

- This designation eliminates or substantially reduces treatment inconsistencies that would result from the measurement of financial assets and liabilities according to different bases; or
- The financial liabilities form part of a group of financial liabilities that are managed (and their performance is measured) on a fair value basis, in accordance with a documented management or investment strategy; or
- The financial liabilities are hybrid instruments (unless the respective embedded derivatives do not substantially modify the cash flows of the host contract or it is clear, with little or no analysis, that the separation of the embedded derivatives is prohibited).

Changes in the fair value of assets and liabilities measured at fair value through profit or loss are recognised under the caption Income from assets and liabilities at fair value through profit or loss.

At 31 December 2021 and 2019 and during the years ended on those dates, the Bank did not designate any financial asset or liability at fair value through profit or loss by applying the fair value option. In the same period, the Bank did not designate any investment in equity instruments of other entities at fair value through reserves.

3.10 IMPAIRMENT OF FINANCIAL ASSETS

Impairment losses (expected credit losses or ECL) are measured and recognised by the Bank in accordance with the expected credit loss model provided by IFRS 9. To the extent applicable, this model covers the following financial assets:

- Financial assets within the scope of the recognition and measurement provisions, which are measured at amortised cost;
- Financial assets within the scope of the recognition and measurement provisions, which are measured at fair value through reserves (debt instruments only);
- Trade receivables and contract assets recognised in accordance with IFRS 15;
- Accounts receivable from leases.

At each reporting date, ECL must be measured and recognised for all the aforementioned financial assets.

For financial assets falling under the IFRS 9 impairment requirements that have not registered a significant increase in credit risk since initial recognition, ECL consist of the expected credit losses resulting from default events that may occur within a future time frame of 12 months. For financial assets that have registered a significant increase in credit risk since initial recognition, the ECL consist of expected credit losses resulting from default events that may occur over the life of the instrument.

For financial assets falling under the IFRS 9 impairment requirements that are already in default at the reporting date, the impairment losses consist of the difference between the carrying amount of the asset on the reporting date and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An asset is considered to be in default when there are contractual payments in arrears for more than 90 days, when restructuring has taken place due to financial difficulties of the debtor, with default on the date of the restructuring, or when the debtor's bankruptcy or liquidation occurs, as well as well as when there is other evidence that the contractual obligations are unlikely to be fulfilled.

At each reporting date, an assessment must be made as to whether there has been a significant increase in credit risk since initial recognition of the financial asset. This assessment is not necessary for instruments that have a credit risk considered low.

A significant increase in credit risk is deemed to have occurred when there are contractual payments in arrears for more than 30 days or when there is other evidence that the credit risk has increased significantly since initial recognition (as provided under BNA Instruction 8/19, of 27 August).

In addition to relevant historical information, the evaluation of ECL must also take into account information that reflects future prospects (forward looking information), as long as this does not involve excessive effort or cost.

The measurement of ECL should take into account the following aspects:

- An unbiased evaluation of various possible outcomes (weighted by the respective probabilities of occurrence); and
- The time value of money; and
- Reasonable and verifiable information regarding past events, present conditions and forecasts of future economic conditions, available without excessive effort or cost.

ECL are recognised through a provision to be deducted from the carrying amount of the corresponding asset and changes in the provision are recorded in profit or loss for the period (under the caption Impairment of financial assets).

The calculation of ECL is based on staging. Staging consists of assigning a stage to the assets for the purpose of calculating impairment losses, according to the following criteria:

- Assets with no significant increase in credit risk since initial recognition (or with low credit risk) – stage 1
- Assets with a significant increase in credit risk since initial recognition – stage 2
- Default assets (including those acquired or generated with impairment) – stage 3

ECL correspond to the difference between all contractual cash flows owed to the Bank and all cash flows that the Bank expects to receive (i.e. they correspond to an expected insufficiency of cash flows), discounted at the original effective interest rate (TJE) of the asset or, for financial assets acquired or originated in impairment, at the effective interest rate adjusted to the credit risk. In the case of irrevocable commitments assumed, such as, for example, bank guarantees, payments that the Bank expects to make are deducted from the cash flows it expects to receive from the counterparty.

The Bank estimates cash flows taking into account the contractual term defined for the operations. In determining the cash flows that the Bank expects to receive, when applicable, the net cash flows resulting from the execution of existing collateral are considered.

For stage 1 and stage 2 assets, the cash flows that the Bank expects to receive are determined taking into account the likelihood that the counterparty will default (PD), as well as the proportion of exposure (EAD) that will be lost in the event of default (LGD). In the case of stage 1 assets, the PD only considers default events that may occur in the following 12 months. In the case of stage 2 assets, the PD takes into account default events that may occur during the remaining maturity.

Stage 1

$$ECL = \sum_{i=1}^{12} \frac{PD_i \times LGD \times EAD_i}{(1 + TJE)^i}$$

Stage 2

$$ECL = \sum_{i=1}^{T} \frac{PD_i \times LGD \times EAD_i}{(1 + TJE)^i}$$

Stage 3

$$ECL = QE - \sum_{i=1}^{\dots} \frac{CF_i}{(1 + TJE)^i}$$

The PD is determined as follows for the various financial assets:

- Cash balances at other credit institutions – PD corresponding to 1/12 of the 12-month PD corresponding to the credit rating of the institution (or, in the absence of this information, corresponding to the credit rating of the country where the institution operates), according to studies by rating agencies (as per BNA Directive 13, of 27 December 2019). When there is a significant increase in credit risk, the PD for the various relevant periods will be that corresponding to the credit rating of the country of the central bank, also according to studies by rating agencies.

- Investments in other credit institutions – PD of the 12-month PD corresponding to the credit rating of the institution (or, in the absence of this information, corresponding to the credit rating of the country where the institution operates), according to studies by rating agencies (as per BNA Directive 13, of 27 December 2019). When there is a significant increase in credit risk, the PD for the various relevant periods will be that corresponding to the credit rating of the institution, also according to studies by rating agencies.

- Treasury bonds and other state sovereign debt instruments – PD corresponding to the credit rating of the issuing state, according to studies by Moody's (as per BNA Directive 13, of 27 December 2019).

- Bonds and other debt instruments of issuers other than sovereign states – PD corresponding to the credit rating of the counterparty, according to studies by rating agencies. When there is no published rating for the counterparty, the rating of the country where the counterparty has it's operations is used.

- Customer loans – given the small size of the portfolio, PDs are determined through a benchmarking approach, which is based on information published by other Angolan financial institutions.

The LGDs used for the determination of the ECL of loans to clients are, also due to the reduced size of the portfolio, determined through a benchmarking approach, which is based on information published by other Angolan financial institutions.

The LGD for funds available and investments corresponds to 60%, according to the provisions of BNA Directive 13, of 27 December 2019.

The LGD for investment in bonds issued by sovereign states correspond to the LGD published regularly by Moody's.

EAD is forecast for the considered maturity of the financial assets in view of the contractually defined repayments and the rate of unanticipated early amortisation.

For stage 3 assets (already in default), the ECL is determined by the difference between the EAD (the asset's carrying amount - QE) and the present value of future cash flows (CF) that the Bank expects to receive. In this particular case, the future cash flows associated with the execution of guarantees and collateral are of greater relevance.

When the collateral consists of mortgages on real estate, these cash flows are based on the expected net selling price of the property after the collateral has been executed, with it's valuation being the reference value used. The appraisal value is subject to haircuts taking into account the age thereof (as provided under BNA Instruction 8/19, of 27 August and BNA Directive 13, of 27 December 2019). Expected costs with the sale and expected costs associated with ownership of the property until it's sale are also considered.

When the collateral consists of other assets (e.g. shares or other negotiable securities, works of art or miscellaneous equipment), the cash flows to be considered are determined based on recent valuations adjusted for expected costs to sell.

The analysis of impairment of customer loans may be carried out on an individual basis or on a collective basis. An exposure must be considered eligible for individual analysis when it is individually significant or when it has another complementary eligibility criterion, according to BNA guidelines.

The impairment analysis is carried out individually when, according to the provisions of BNA Instruction 08/2019 of 27 August, an exposure is above at least one of the following two materiality thresholds:

- The aggregate exposure of the customer/economic group exceeds 0.5% of the Bank's own funds;
- The aggregate exposure of the customer/economic group exceeds 0.1% of the Bank's own funds and the customer/economic group experiences a significant increase in credit risk as defined in Part 2 of Annex III of Instruction 08/2019 of 27 of August of the BNA.

For this purpose, the last annual regulatory own funds known by the Bank and reported, or to be reported, to the supervisor are considered.

In the collective analysis, the risk factors determined through the benchmarking approach are determined for the various existing risk classes (internal ratings).

3.11 CUSTOMER LOANS

Loans granted to customers originated by the Bank are measured at amortised cost, based on the effective interest rate method, and are presented in the statement of financial position net of impairment. The associated transaction costs are included in the effective interest rate of these financial instruments. Interest income calculated using the effective interest rate method is recognised in the Bank's net interest income. It should be noted that the bank does not grant loans with the intention to sell in the short term.

The credit operations, by disbursement, are granted in national currency to all entities, with the exception of the State and exporting entities, regardless of the term and the purpose.

Credit operations granted to customers, guarantees and sureties provided and documentary credits are classified according to their risk, in accordance with BNA Notice 11/2014 of 10 December and subject to the constitution of impairments according to the new rules of the BNA, namely BNA Instruction 08/2019, of 27 August, and BNA Directive 13/DSB/DRO/2019, of 27 December.

In accordance with BNA Notice 11/2014, of 10 December, the Bank classifies loan operations, guarantees and sureties provided and documentary credits in ascending order of risk, calculating risk positions in accordance with the following levels:

RISK	LEVEL
A	MINIMUM
B	VERY LOW
C	LOW
D	MODERATE
E	HIGH
F	VERY HIGH
G	MAXIMUM

Defaulted credit operations are classified according to the risk levels associated with the maturing and overdue credit of each operation on the reference date of the financial statements, considering for this purpose the classification attributed in the extension of credit phase and the age of the default, respectively.

The review and reclassification of the risk level of an operation is the result of an assessment carried out periodically by the Bank, taking into account the perception of risk associated with the credit operation and the existence of any guarantees that are collateralising the debt with the Bank.

Notwithstanding the review described above, the classification of exposures is revised monthly, according to the time elapsed since the date of default of the operations, according to the following table:

RISK	Time elapsed since date of default
A	up to 15 days
B	from 15 to 30 days
C	from 1 to 2 months
D	from 2 to 3 months
E	3 to 5 months
F	from 5 to 6 months
G	more than 6 months

The reclassification of credit to a lower risk category, due to the reduction of the delay, is limited to the level established in the initial classification or that resulting from the periodic risk assessment.

3.12 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

The distinction between financial liabilities and equity instruments depends on the substance of the instrument.

A Financial liabilities is:

- A contractual obligation to deliver cash or another financial asset, or to exchange financial assets or liabilities with another entity under conditions potentially unfavourable to the Bank; or

- A contract that will or may be settled by the delivery of Bank's equity instruments and is not a derivative that includes a contractual obligation to deliver a variable number of the Bank's equity instruments, or is a derivative that will be settled by the exchange of a fixed amount or another financial asset for a fixed number of the Bank's equity instruments.

An equity instrument is any contract that evidences a residual interest in the Bank's assets after deducting all of it's liabilities. Equity instruments issued are recognised when the amounts are received, initially being measured net of the corresponding direct costs.

Bank repurchased equity instruments (e.g. own shares) are recognised by deducting them from equity in the balance sheet. Income and expenses are not recognised as a result of transactions for the purchase, sale, issue or cancellation of the Bank's equity instruments.

Compound instruments are instruments that include a financial liability component and an equity component (e.g. convertible bonds). The components of the compound instruments are separated and presented in the balance sheet as financial liabilities and as equity instruments, respectively. The financial liability component is initially measured at fair value, which is determined based on market interest rates on similar financial liabilities (without conversion option). The equity component is initially measured by the difference between the amount received and the fair value of the financial liability component.

Transaction costs directly related to the issue of compound instruments are allocated to the financial liability and equity instrument components in proportion to the respective initial recognition amounts. The portion of transaction costs allocated to the equity instrument component is recognised in equity. The portion of transaction costs allocated to the financial liability component is included in the carrying amount of that component, being amortised through profit or loss over the life of the instrument using the effective interest rate method.

A conversion option classified as an equity instrument is recognised in equity for an amount net of tax effect and is not subsequently remeasured. This amount remains in equity even if the conversion option is not exercised. If the option is exercised, the amount of the conversion option is reclassified to the captions Paid-in capital and Share premiums. If the conversion option is not exercised, the aforementioned amount is reclassified to Unappropriated retained earnings. No income is recognised when the option is exercised or expires.

The separation of derivatives embedded in financial liabilities that are hybrid instruments is mandatory when those derivatives are not closely related to the host contract, except when the Bank chooses to measure the hybrid instruments in their entirety at fair value through profit or loss.

3.13 HEDGING DERIVATIVES

The Bank does not set up financial instruments to hedge risks and, consequently, does not apply hedge accounting.

3.14 INCOME FROM SERVICES RENDERED AND FEES

Income from services rendered and fees includes fees and charges not included in the effective interest rate of financial assets. This income includes, among others, fees charged in connection with loan instalments, fees related to the non-use of credit lines and fees related to the provision of means of payment and cards.

These earnings are recognised in accordance with the provisions of IFRS 15 – Revenue from contracts with customers. The price associated with these transactions is generally fixed and has no significant financing component associated. The corresponding revenue is recognised when control over the services rendered is transferred to the customers, which normally happens when the amounts concerned are debited to the customers.

3.15 TANGIBLE FIXED ASSETS

The Bank subsequently measures it's property, plant and equipment corresponding to properties for own use and equipment using the cost model, according to which the carrying amount at each reporting date corresponds to the acquisition cost, less the respective depreciation and, where applicable, accumulated impairment losses.

Where applicable, property, plant and equipment net of their residual values are depreciated over their useful lives using the straight-line method. The depreciation is recorded in profit or loss under Depreciation and amortisation for the year. The useful lives of the Bank's asset classes are detailed below:

OWNER-OCCUPIED PROPERTY	YEARS
Buildings	25 to 50
Structures	25
EQUIPMENT	**YEARS**
Furniture and material	8 and 10
Machines and tools	4 and 10
Computer equipment	3 and 6
Interior fittings	4 and 10
Transport material	4
Safety Equipment	10

Land is not subject to depreciation.

The depreciation of the assets begins when they are available for their intended use.

Useful lives, residual values and depreciation methods are reviewed at each reporting date. The effects of any changes resulting from these reviews are prospective.

Subsequent expenditure on property, plant and equipment is recognised as an asset only if it is probable that it will result in future economic rewards for the Bank. Expenses with maintenance and repair of property, plant and equipment are recognised as an expense in the periods in which the corresponding services are obtained.

Items of property, plant and equipment are derecognised when they are sold or when the future economic rewards associated with them are no longer expected. In the derecognition, a gain or loss is recognised in profit or loss by the difference between the carrying amount of the assets at that date and, where applicable, the price associated with the sale transaction.

3.16 INTANGIBLE ASSETS

Intangible assets are initially recorded at cost, which includes the respective purchase price net of rebates and discounts, plus all direct costs related to their acquisition and, where applicable, their development.

The Bank subsequently measures it's intangible assets using the cost model, according to which the carrying amount at each reporting date corresponds to the acquisition cost, less the respective amortisation and, where applicable, accumulated impairment losses.

Intangible assets are amortised over their useful lives using with the straight-line method. The amortisation is recorded in profit or loss under Depreciation and amortisation for the year. The useful lives of the Bank's intangible asset classes are detailed below:

INTANGIBLE ASSETS	YEARS
Software	5
Other	5

Intangible assets with an indefinite useful life are not amortised, but rather are subject to impairment tests at each reporting date, or earlier, if signs of impairment are identified.

The amortisation of the assets begins when they are available for their intended use.

The useful lives and amortisation methods are reviewed at each reporting date. The effects of any changes resulting from these reviews are prospective.

Intangible assets generated internally are recognised only when all the following conditions are demonstrated to exist:

- Technical viability to complete the intangible asset and use or sell it;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- Ability of the intangible asset to generate future economic rewards;
- Availability of technical, financial and other resources necessary to complete the development of the intangible asset and use or sell it;
- Reliable measurement of the costs attributable to the development of the intangible asset.

The carrying amount upon initial recognition of the intangible asset corresponds to the total of the expenses incurred with effect from the time at which the above conditions are fulfilled.

Expenditures incurred in the research phase or in the development phase when the recognition conditions are not met are recorded as expenses for the period in profit or loss.

Intangible assets are derecognised when they are sold or when the future economic rewards associated with them are no longer expected. In the derecognition, a gain or loss is recognised in profit or loss by the difference between the carrying amount of the assets at that date and, where applicable, the price associated with the sale transaction.

3.17 IMPAIRMENT OF ASSETS

In accordance with IAS 36, at each reporting date the Bank assesses whether there are signs of impairment of assets (property, plant and equipment, intangible assets, goodwill, investment properties measured using the cost model, interests in subsidiaries, joint ventures and associates). Where signs of impairment are identified, the recoverable amount of the respective assets is estimated and compared with their carrying amount (impairment test). The recoverable amount corresponds to the largest of: (i) the fair value less costs to sell the asset; and (ii) the value in use of the asset.

The fair value corresponds to the price that would be obtained with the sale of the asset in an unforced transaction between market participants, on the measurement date. The price in question assumes the best possible use for the asset. The costs to sell correspond to the incremental costs on the sale.

The value in use consists of the present value of the net cash flows resulting from the continued use of the asset until the end of it's useful life and it's residual value. The present value is determined using a pre-tax discount rate that reflects the specific risk of the asset (volatility of it's cash flows). This discount rate is independent of how the asset is financed.

Cash flows consider only the present conditions of the asset, result from plausible forecasts and are estimated before the tax effect. Financing cash flows and those related to liabilities already recognised are excluded.

There is an impairment loss where the recoverable amount of the asset is less than it's carrying amount. In these cases, an impairment loss is recognised for the difference between the two amounts. Impairment losses are recorded as an expense in profit or loss or, where there are revaluation surpluses related to the asset, are deducted from the revaluation surpluses caption.

Where an asset with signs of impairment does not generate cash flows largely independent of the cash flows of other assets, it's fair value less costs to sell is less than it's carrying amount and it's value in use is not close to the fair value less costs to sell, it is tested for impairment within a cash-generating unit. A cash-generating unit is the smallest set of assets that generates cash flows largely independent of the cash flows of other assets. The Bank considers that each branch corresponds to a cash-generating unit.

Where there are signs of impairment in corporate assets (head office) and it is not possible to carry out the corresponding impairment test on an individual basis, the aforementioned test is carried out at the level of the smallest set of cash-generating units to which those assets relate. In the case of the head office, it is understood that the smallest set of cash-generating units corresponds to the bank's activity as a whole.

Impairment losses on cash-generating units (excess of the carrying amounts of their assets under IAS 36 in relation to their carrying amount) are apportioned to their assets according to the following criteria: (i) charging, where applicable, to goodwill; (ii) the amount of the excess loss in relation to the carrying amount of goodwill is distributed among the remaining assets of the cash-generating unit in proportion to their carrying amounts. The carrying amount of an asset of a cash-generating unit cannot be reduced below the largest of it's fair value less costs to sell and zero.

The following assets are subject to impairment tests annually and whenever signs of impairment are identified:

- Goodwill
- Intangible assets with an indefinite useful life
- Intangible assets in progress

An impairment reversal is recognised when, after the recognition of an impairment loss, the recoverable amount of the asset or cash-generating unit increases for reasons related to the factors that gave rise to the recognition of the loss. The amount of the reversal of impairment losses is allocated to the assets of a cash-generating unit in proportion to their carrying amounts. Impairment losses charged to goodwill are not reversed. Following the reversal of the impairment, the carrying amount of the asset cannot exceed the carrying amount that it would have had if an impairment loss had not been recognised originally. Reversals of impairment losses are recognised as income in profit or loss.

3.18 NON-CURRENT ASSETS HELD FOR SALE

In accordance with IFRS 5, non-current assets are classified as held for sale when their carrying amount is essentially recovered through sale and not through continued use. This happens when: (i) they are available for immediate sale under present conditions; and (ii) their sale is highly probable.

The sale is considered highly probable when all of the following conditions are met: (i) there is a sales plan approved by the Bank's management; (ii) actions are underway to implement the sales plan, which involve locating interested buyers; (iii) the price at which the asset is being traded is reasonable in view of it's fair value; (iv) the sale is likely to take place within 12 months (unless the delay is due to issues beyond the Bank's control and management remains demonstrably committed to the asset disposal plan).

After classification as non-current assets held for sale, depreciation or amortisation of the asset ceases and it is measured at the lowest of: (i) it's fair value less costs to sell; and (ii) it's carrying amount on the date of classification as a non-current asset held for sale.

If the asset is a financial participation measured using the equity method, the appropriation of profit or loss and other changes in the equity of the subsidiary at the time of classification ceases.

Adjustments to the carrying amount of non-current assets held for sale are recorded as impairment losses.

Non-current assets held for sale are presented in a separate line from current assets.

When the conditions for classification as non-current assets held for sale are no longer met, their classification as non-current assets held for sale is reversed. Where this happens, the asset is measured at the lowest of: (i) it's carrying amount, if it had never been classified as a non-current asset held for sale; and (ii) it's recoverable amount (the greater of it's fair value less costs to sell and it's value in use). It is the Bank's policy to recover in profit or loss only the effect of depreciation/amortisation for the year. The effect of recovering any depreciation/amortisation from previous years is recognised as part of the variation in impairment losses.

Usually, these assets correspond to properties received as payment in kind. As of 31 December 2022, the Bank holds only one property classified as a non-current asset held for sale.

3.19 LEASES

The Bank applied IFRS 16 for the first time on 1 January 2019, having used the modified retrospective approach or partial retrospective approach, so the comparative information at the transaction date was not restated (being reported in accordance with IAS 17 and IFRIC 4). The effects resulting from the initial application of IFRS 16 were recorded in unappropriated retained earnings.

At the beginning of a contract, the Bank assesses whether it is, or contains, a lease. A lease is a contract or part of a contract that conveys the right to use an asset (the underlying asset) for a certain period, in return for a fee. To assess whether a contract transfers the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset. The asset may be specified either explicitly or implicitly and must be physically distinct or represent substantially the entire capacity of an asset that is not physically distinct. Even if an asset is specified, the Bank does not have right-of-use over an identified asset if the supplier has a substantive right to replace that asset during the period of use; and
- The Bank has the right to obtain substantially all the economic rewards from use of the identified asset, throughout the period of use and the Bank has the right to direct the use of the identified asset.

The Bank has this right when it has the most relevant decision-making rights to change the way in which, and purpose for which, the asset is used throughout the period of use. In cases where the decision on how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if: the Bank has the right to operate the asset (or to order others to operate the asset in such manner as it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or the Bank designed the asset (or specific aspects of the asset) in a way that previously determines the mode and purpose for which the asset will be used throughout the period of use.

At the beginning or upon revaluation of a contract that contains more than one lease component, the Bank allocates the respective fee to each rental component based on their individual prices.

The Bank does not apply the provisions of IFRS 16 to contracts that are or contain a lease of an intangible asset.

As Lessee

The Bank recognises a right-of-use asset and a lease liability on the lease start date. The right-of-use asset is initially measured at cost, which includes the initial value of the lease liability adjusted for all prepayments of the lease on or before the start date (less any lease incentives received), plus any costs initial direct costs incurred and, where applicable, the estimated costs of dismantling and removing the underlying asset or for restoring the underlying asset or the facilities in which it is located.

Subsequently, the right-of-use asset is depreciated using the straight-line method over the following period:

- The useful life of the asset, where there is reasonable assurance of the acquisition of the asset by the Bank;
- The useful life of the right-of-use asset or the lease term, whichever ends first.

The estimated useful life of right-of-use assets is determined according to the same principles as for property, plant and equipment. In addition, impairment losses, if any, are periodically deducted from the right-of-use asset, and it is adjusted by certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments to be made after that date. This present value is determined based on the interest rate implicit in the lease, if that rate can be easily determined. If this rate cannot be easily determined, the Bank's incremental borrowing rate should be used. The incremental borrowing rate is the rate that the Bank would obtain to secure, with a similar maturity and guarantee, the funds necessary to acquire the underlying asset. As a rule, the Bank uses it's incremental borrowing rate as a discount rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term:

- Fixed payments (including in-substance fixed payments), less lease incentives;
- Variable payments that depend on an index or rate, initially measured using the rate or index existing on the lease start date;
- Amounts expected to be paid as residual value guarantees;
- The exercise price of a call option, if the Bank is reasonably certain to exercise that option; and
- The payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease by the Bank.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The liability is remeasured when there is a change in future lease payments resulting from a change in an index or rate, when there is a change in the Bank's estimate of the amount that it expects to pay under a residual value guarantee, or whenever the Bank changes it's assessment of whether or not it expects to exercise an option to purchase, extend or terminate the lease. Whenever the lease liability is remeasured, the Bank recognises the remeasurement amount of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is another reduction in the measurement of the lease liability, the Bank recognises this reduction as income in profit or loss.

The Bank has adopted a policy of not separating any service components included in lease agreements.

The Bank presents in the balance sheet right-of-use assets that do not correspond to the definition of investment property under "Other Tangible Assets" and the lease liabilities under "Other Liabilities".

As of 31 December 2022 and 2021, the Bank only had lease agreements for the lease of properties used as part of it's ordinary activities.

3.20 INCOME TAX

The income obtained by the Bank under it's normal activities is subject to various taxes, depending on it's nature.

Accordingly, the Bank is taxed on all profits obtained both in the country and abroad and it's taxable profit corresponds to the difference between all the profits or gains realised and the costs or losses attributable to the year in question, potentially adjusted under the terms of the Industrial Tax Code.

The Bank is subject to taxation in terms of Industrial Tax, being considered a Group A taxpayer. The taxation of it's income is carried out in accordance with the new Industrial Tax Code, as approved by Law 26/20, of 20 July, which entered into force on 30 July 2020, and which sets a new tax rate of 35%. It should be noted that this Industrial Tax determines that the income subject to Tax on Capital Expenditure ("IAC") is deductible for the purposes of determining taxable profit for the purposes of Industrial Tax, IAC not constituting a cost accepted for tax purposes.

Tax losses determined in a given year, as provided for in Article 48 of the Industrial Tax Code, may be deducted from taxable profits for the subsequent five years.

Tax returns are subject to review and correction by the tax authorities for a period of five years and, due to different interpretations of tax law, this may result in corrections being made to taxable income for the years 2016 to 2020. However, it is not expected that any correction related to those years will occur and, if it does, no significant impacts are expected on the financial statements of the corresponding years.

The amount of taxes on profits recorded in profit or loss includes current taxes and deferred taxes.

Current tax

Current tax is calculated based on taxable income for the year, which differs from the accounting result due to adjustments resulting from costs or income that are not relevant for tax purposes or that will only be considered in other accounting periods.

Additionally, Industrial Tax is also subject to provisional liquidation, through an annual instalment to be paid by the end of August. This tax, payable in advance, is calculated by applying a rate of 2% on the result generated by financial intermediation operations, calculated in the first 6 months of the previous financial year, excluding income subject to Tax on Capital Expenditure.

Tax on Capital Expenditure generally applies to income from financial investments of the Bank itself, namely income from investments, interest on debt securities and, in general, any other income derived from the simple investment of capital.

Deferred tax

Deferred taxes correspond to the impact on tax recoverable/payable in future periods resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base used in determining taxable profit.

Deferred tax liabilities are normally recognised for all taxable temporary differences. Deferred tax assets are only recognised up to the amount in which it is probable that future taxable income will be available to allow the use of the corresponding tax deductible differences. Additionally, no deferred tax assets are recorded in cases where their recoverability may be questionable due to other situations, including questions of interpretation of prevailing tax law.

Deferred tax assets and liabilities are not recognised corresponding to temporary differences related to the initial recognition of goodwill or related to the initial recognition of other assets or liabilities in a transaction (other than a business combination) that does not affect taxable profit or the accounting result.

Deferred tax liabilities are recognised for taxable temporary differences that result from investments in subsidiaries, associates and joint ventures, except when the Bank has the ability to control the reversal of temporary differences and it is likely that they will not be reversed in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences that result from investments in subsidiaries, associates and joint ventures only when it is probable that there will be future taxable profits that allow the use of these deductible tax differences and when they are likely to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and, if applicable, reduced to the extent that it is no longer probable that there will be future taxable profits that allow the use of the corresponding deductible tax differences.

Deferred tax assets and liabilities are calculated based on the tax rates in force (or substantially approved) for the period in which the respective asset or liability is expected to be realised. Tax loss carry forwards also give rise to deferred tax assets. It's measurement also reflects the tax consequences that result from the way the Bank, at the reporting date, expects to realise or liquidate the assets and liabilities related to the existing temporary differences.

Deferred tax assets and liabilities are presented in a compensated manner when the Bank has a legal right to offset liabilities and assets related to current tax, when such deferred tax assets and liabilities are based on taxes determined in the same jurisdiction and when the Bank intends to settle them in a compensated manner.

3.21 EMPLOYEE BENEFITS

Law 07/04, of 15 October, which revoked Law 18/90, of 27 October, which regulates the Social Security system of Angola, provides the granting of retirement pensions to all Angolan workers registered with Social Security. The value of these pensions is calculated based on a table proportional to the number of years of work, applied to the average monthly gross wages received in the periods immediately prior to the date on which the worker ceases his or her activity. According to Decree 38/08, of 19 June, the contribution rates for this system are 8% for the employer and 3% for workers.

Short-term employee benefits, such as salaries, charges, subsidies, among others, are recognised as an expense as soon as the associated service has been provided. A liability is recognised for the amount that is expected to be settled, when the Bank has a present, legal or constructive obligation to pay that amount as a result of a service provided in the past by the employee and that obligation can be reliably estimated.

The General Labour Law in force in Angola determines that the amount of holiday pay to be paid to employees in a given year constitutes a right acquired by them in the immediately preceding year. Consequently, the Bank records in the year the amounts related to holidays and holiday pay that will be paid in the following year.

The amount to be recognised for the expenses and liabilities corresponds to the undiscounted value of the benefits that the Bank expects to pay in return for the service provided by the employees.

The Bank has not implemented any practices relating to long-term employee benefits.

3.22 PROVISIONS AND CONTINGENCIES

Provisions are recognised where:

- The Bank has a present obligation (legal or arising from past practices or published policies that imply the recognition of certain – constructive – liabilities); and
- It is probable that a payment will be required to settle that obligation; and
- The amount of this obligation can be reliably estimated.

The measurement of provisions is made by the best estimate at the reporting date of the amount that is expected to be paid to settle the obligation, taking into account the uncertainties associated with that obligation. Measurement is carried out at present value when the Bank estimates that the obligation will be settled in a period of more than 12 months. The present value is calculated based on a discount rate that includes a component of the passage of time (T-Bond yield with maturity equivalent to that of the liability) less a component that reflects the uncertainty associated to the amount of the payments.

Provisions are reviewed at the end of each reporting date, and are adjusted to reflect any changes in the assumptions underlying their recognition and measurement. Increases in provisions are recorded as an expense under the caption “Provisions net of cancellations”. Decreases in provisions resulting from payments made are recorded using the liability caption “Provisions” directly. The remaining decreases in provisions are recorded as income under the caption “Provisions net of cancellations”.

When part or all of the economic benefits necessary to settle a provision are recovered through a third party (e.g. compensation by an insurer), an asset corresponding to an account receivable is recognised only when it is virtually certain that such reimbursement will be received and the corresponding amount can be reliably measured. This asset is not presented in a offsetting form with the liability and it’s amount cannot exceed the amount of the obligation. The amount to be recognised in profit or loss under “Provisions net of cancellations” is an amount net of any reimbursements from third parties recognised in the asset.

There is a contingent liability when a future payment is not likely to settle the obligation or reliable measurement of the obligation is not possible. Contingent liabilities are not recognised and are disclosed when their effect is material, except in cases where their occurrence is highly unlikely.

3.23 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include the amounts recorded in the balance sheet with a maturity less than three months from the balance sheet date, with high liquidity and presenting a minimal risk of change in value. These amounts include cash, cash at central banks and cash from other credit institutions.

3.24 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the Bank’s shareholders by the weighted average number of outstanding ordinary shares, excluding the average number of own shares held by the Bank.

For diluted earnings per share, the average number of outstanding ordinary shares is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion to shares decreases earnings per share.

If the earnings per share are changed as a result of an issue at premium or at discount, or another event that changes the potential number of ordinary shares, the calculation of earnings per share for all periods presented is adjusted retrospectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS USED IN PREPARING THE FINANCIAL STATEMENTS

The main judgments made by the board of directors in applying the Bank's accounting policies and the estimates with the greatest impact on the amounts recognised in the financial statements are presented below.

4.1 DETERMINATION OF BUSINESS MODEL APPLICABLE TO FINANCIAL ASSETS

The classification and measurement of financial assets depends on the SPPI and the business model tests. The Bank determines the business model at a level that reflects the way in which the financial assets are managed in order to achieve a specific business objective. This assessment includes judgments that reflect all relevant evidence, including how asset performance is assessed and how it's managers are compensated. The Bank monitors financial assets measured at amortised cost or at fair value through other comprehensive income that are derecognised on a date prior to their maturity in order to understand the reason for their sale and to assess whether the business model defined for those assets remains appropriate. If the business model is no longer appropriate, the assets will be classified on a prospective basis.

4.2 SIGNIFICANT INCREASE IN CREDIT RISK

For stage 1 financial assets, the calculation of expected credit losses (impairment) only considers default events that may occur in the following 12 months. In the case of stage 2 assets, the calculation of expected credit losses considers default events that may occur during the remaining maturity of the assets. An asset moves to stage 2 when there has been a significant increase in it's credit risk since initial recognition. IFRS 9 does not establish rules for determining a significant increase in credit risk. It establishes principles, the application of which requires significant judgments. In making these judgments, the Bank takes into account historical and projected qualitative and quantitative information.

4.3 TAXES ON PROFITS

Taxes on profits are determined by the Bank on the basis of the rules defined by the tax framework in force (industrial tax code approved by Law no. 19/14 of 22 October and amended by Law no. 26/20 of 20 July). However, in some situations, tax law may not be sufficiently clear and objective and may result in different interpretations, which may result in a different level of taxes on profits, both current and deferred, being recognised in the year.

The General Tax Administration has the possibility to review the calculation of the taxable amount made by the Bank over a period of five years. Thus, it is possible that there will be corrections to the taxable amount resulting mainly from differences in the interpretation of tax law, which, due to their probability, the Bank's Board of Directors believes will not have a materially relevant effect in terms of the financial statements.

4.4 CALCULATION OF EXPECT CREDIT LOSSES

In calculating expected credit losses, the Bank uses reasonable and supported prospective information that is based on assumptions about the future development of different macroeconomic drivers and how they interact with each other.

Loss given defaults (LGD) consist of an estimate of the difference between the contractual cash flows due and the cash flows the Bank expects to receive (including cash flows from collateral and guarantees).

Default probability (PD) is a key input in measuring expected credit losses. It consists of an estimate of the probability that the debtor will not fully comply with it's contractual obligations within a given time frame, the calculation of which includes historical data, assumptions and expectations regarding various future conditions (macroeconomic and internal).

4.5 FAIR VALUE MEASUREMENTS AND VALUATION PROCESS

Fair value is based on quoted market prices, where available, and in their absence, it is determined based on the use of prices of similar recent transactions and carried out under market conditions, or using valuation methodologies based on discounted future cash flow techniques considering market conditions, extrinsic value, the profitability curve and volatility factors. These methodologies may require the use of assumptions or judgements in the estimation of fair value.

Consequently, the use of different methodologies or different assumptions or judgements in the application of a certain model may give rise to financial results different from those reported. When level 1 inputs from the fair value hierarchy are not available, the Bank uses qualified external entities to determine fair value.

4.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

The determination of the recoverable amount of these assets (property, plant and equipment, intangible assets, goodwill, …) implies projections of future cash flows (essentially net interest income, income, personnel expenses and other operating expenses). These projections involve a high level of uncertainty and volatility, being particularly sensitive to macroeconomic conditions and regulatory aspects.

5. CREDIT RISK

The determination of the recoverable amount of these assets (property, plant and equipment, intangible assets, goodwill, ...) implies projections of future cash flows (essentially net interest income, income, personnel expenses and other operating expenses). These projections involve a high level of uncertainty and volatility, being particularly sensitive to macroeconomic conditions and regulatory aspects.

- **DEFAULT RISK (DEFAULT):** this is the risk that the borrower will fail to service the debt of a loan as a result of a default event at a certain point in time. Examples of default are delays in payment, the restructuring of an operation and the debtor's bankruptcy or liquidation, which can cause a total or partial loss of the amount lent to the counterparty;

- **CONCENTRATION RISK:** this is the possibility of losses due to the concentration of large loans among a small number of borrowers and/or risk groups, or in a few sectors of activity;

- **COLLATERAL RISK:** this is the probability of a default event occurring caused by a drop in the quality of the guarantee offered, caused by a devaluation of the collateral in the market, or by the borrower's disappearance of the assets.

INTERNAL CREDIT RISK RATINGS

In order to minimise credit risk, through it's Credit Committee, the Bank made the exposure categorisation system consistent with it's degree of default risk as provided for in Notice 11/2014 on specific requirements for credit operations. The Bank's credit risk rating system includes 7 categories. Information on credit risk is based on a number of factors that the Bank considers to have a high predictive default risk and also on the application of judgments based on the experience acquired by the Bank in relation to credit risk. The nature of the exposures and the type of borrower are taken into account in the analysis carried out. The ratings used by the Bank are defined based on quantitative and qualitative factors indicative of the default risk.

The credit risk ratings are defined and calibrated to reflect the credit risk of the borrowers. Each exposure is assigned a credit risk rating on initial recognition, taking into account the assessment made of the counterparty. All exposures are monitored and the credit risk ratings are updated to incorporate recent information. In some cases, the monitoring procedures are modified to accommodate specific types of exposure.

The following data are usually used to monitor the Bank's exposures:

- History, including payment ratios and analysis of ageing schedules;

- Frequency of use of the limits granted;

- Concessions (requested and granted);

- Changes in business, financial and economic conditions;

- Credit information obtained from external rating agencies;

- Behavioural information generated based on the Bank's internal data;

- Information taken from financial statements and other public information from debtors (such as prices of CDS and quoted debt instruments);

- Debt coverage ratio and other related metrics;

The Bank's credit risk rating system is as follows:

RISK	LEVEL
A	MINIMUM
B	VERY LOW
C	LOW
D	MODERATE
E	HIGH
F	VERY HIGH
G	MAXIMUM

CREDIT QUALITY

The Bank monitors credit risk by class of financial instrument, as detailed in the following table:

Class of financial instruments	Item	Note
Deposits at central banks	Cash and cash balances at central banks	22
Deposits at other credit institutions	Deposits at other credit institutions	23
Investments at central banks and other credit institutions	Investments at central banks and other credit institutions	24
Debt instruments at amortised cost	Financial assets measured at amortised cost	26
Debt instruments at fair value through profit or loss	Financial assets measured at fair value through profit or loss	27
Credit granted to customers	Customer loans	25
Financial guarantees	Provisions	36

The concentration of credit risk exposures is detailed below.

DEPOSITS AT CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	2022	2021	2020
Central banks	30 547 959	29 484 184	14 268 696
Other credit institutions	10 762 984	8 630 121	14 403 858
	41 310 943	**38 114 304**	**28 672 554**
Angola	30 547 959	29 484 184	14 268 696
Europe	10 727 316	6 850 174	12 783 148
Other African countries	35 668	1 779 947	1 620 710
	41 310 943	**38 114 304**	**28 672 554**

INVESTMENTS AT CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	2022	2021	2020
Central banks	-		10 410 335
Other credit institutions	1 014 826		3 200 000
	1 014 826	**-**	**13 610 335**
Angola	-	-	13 610 335
	-	**-**	**13 610 335**

DEBT INSTRUMENTS AT AMORTISED COST	2022	2021	2020
Sovereign debt	73 322 784	55 706 436	40 715 697
Debt instrument at fair value	50 461 853	-	-
	123 784 637	**55 706 436**	**40 715 697**
Angola	123 096 920	55 706 436	40 715 697
	123 096 920	**55 706 436**	**40 715 697**

FINANCIAL GUARANTEES	2022	2021	2020
Guarantees Provided	480 367	757 037	829 352
Documentary Credit	7 224 973	7 673 673	6 326 480
	7 705 340	**8 430 710**	**7 155 832**
Angola	353 908	757 037	829 352
Europe	7 351 431	7 673 673	6 326 480
	7 705 340	**8 430 710**	**7 155 832**

The Bank's loan portfolio is segmented as follows:

- Companies
- Private individuals
- Employees

The exposures at 31 December 2022 and 2021 for each rating and by segment are detailed below.

	LOW RISK			MEDIUM RISK			HIGH RISK		
2022	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount
Companies	35 368 330	(1 219 796)	34 148 534	32	(22)	10	534 996	(264 035)	270 960
Private individuals	324 204	(21 614)	302 591	5	(2)	4	15 462	(14 057)	1 405
Employees	631 292	(6 313)	624 979	-	-	-	-	-	-
	36 323 827	**(1 247 723)**	**35 076 104**	**37**	**(24)**	**13**	**550 458**	**(278 092)**	**272 366**

	LOW RISK			MEDIUM RISK			HIGH RISK		
2021	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount
Companies	47 933 726	(878 146)	47 055 579	-	-	-	474 550	(213 517)	261 032
Private individuals	587 780	(40 920)	546 860	-	-	-	3 675	(3 307)	367
Employees	444 569	(4 448)	440 122	-	-	-	-	-	-
	48 966 075	**(923 514)**	**48 042 561**	**-**	**-**	**-**	**478 225**	**(216 825)**	**261 400**

Below is the matching of the internal ratings for low, medium and high risk.

A B C — LOW
D — MODERATE
E F G — HIGH

The exposures at 31 December 2022 and 2021 by segment, as detailed by cured loans and restructured loans, are presented below.

	EXPOSURES										IMPAIRMENT			
2022	**Total exposure**	**Total stage 1 loans**	**Cured stage 1 loans**	**Restructured stage 1 loans**	**Total stage 2 loans**	**Stage 2 loans in process of curing**	**Restructured stage 2 loans**	**Total stage 3 loans**	**Stage 3 loans in process of curing**	**Restructured stage 3 loans**	**Total impairment**	**Impairment stage 1**	**Impairment stage 2**	**Impairment stage 3**
Companies	35 903 358	31 570 402	-	-	3 426 435	-	87 904	906 522	-	180 332	(1 483 854)	(981 426)	(126 527)	(375 901)
Private individuals	339 672	177 811	-	-	146 399	-	140 843	15 462	-	-	(35 672)	(12 706)	(8 910)	(14 057)
Employees	631 292	631 292	-	-	-	-	-	-	-	-	(6 313)	(6 313)	-	-
	36 874 322	**32 379 505**	**-**	**-**	**3 572 834**	**-**	**228 747**	**921 984**	**-**	**180 332**	**(1 525 840)**	**(1 000 445)**	**(135 437)**	**(389 958)**

	EXPOSURES										IMPAIRMENT			
2021	**Total exposure**	**Total stage 1 loans**	**Cured stage 1 loans**	**Restructured stage 1 loans**	**Total stage 2 loans**	**Stage 2 loans in process of curing**	**Restructured stage 2 loans**	**Total stage 3 loans**	**Stage 3 loans in process of curing**	**Restructured stage 3 loans**	**Total impairment**	**Impairment stage 1**	**Impairment stage 2**	**Impairment stage 3**
Companies	48 408 275	47 699 267	-	-	34 592	-	34 592	674 416	-	274 739	(1 091 664)	(696 984)	(346)	(394 334)
Private individuals	591 455	572 345	-	-	15 435	-	-	3 675	-	-	(44 227)	(36 216)	(4 704)	(3 307)
Employees	444 569	444 569	-	-	-	-	-	-	-	-	(4 448)	(4 448)	-	-
	49 444 300	**48 716 182**	**-**	**-**	**50 027**	**-**	**34 592**	**678 091**	**-**	**274 739**	**(1 140 339)**	**(737 648)**	**(5 050)**	**(397 642)**

The exposures at 31 December 2022 and 2021 by segment and by range of days of delay are detailed below.

	STAGE 1			STAGE 2			STAGE 3		
2022 — EXPOSURES	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90
Companies	31 570 402	-	-	3 426 435	-	-	371 494	32	534 996
Private individuals	177 811	-	-	146 369	30	-	-	-	15 462
Employees	631 292	-	-	-	-	-	-	-	-
	32 379 505	**-**	**-**	**3 572 804**	**30**	**-**	**371 494**	**32**	**550 458**

	STAGE 1			STAGE 2			STAGE 3		
2022 — IMPAIRMENT	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90
Companies	(981 425,66)	-	-	(126 527)	-	-	(111 843)	(22)	(264 035)
Private individuals	(12 705,93)	-	-	(8 901)	(9)	-	-	-	(14 057)
Employees	(6 313,32)	-	-	-	-	-	-	-	-
	(1 000 445)	**-**	**-**	**(135 428)**	**(9)**	**-**	**(111 843)**	**(22)**	**(278 092)**

	STAGE 1			STAGE 2			STAGE 3		
2021 — EXPOSURES	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90
Companies	47 699 267	-	-	34 592	-	-	199 866	-	474 550
Private individuals	572 345	-	-	-	15 435	-	-	-	3 675
Employees	444 569	-	-	-	-	-	-	-	-
	48 716 182	**-**	**-**	**34 592**	**15 435**	**-**	**199 866**	**-**	**478 225**

	STAGE 1			STAGE 2			STAGE 3		
2021 — IMPAIRMENT	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90	Delay in days [0 - 30]	Delay in days [31 - 90]	Delay in days > 90
Companies	(696 984)	-	-	(346)	-	-	(180 817)	-	(213 517)
Private individuals	(36 216)	-	-	-	(4 704)	-	-	-	(3 307)
Employees	(4 448)	-	-	-	-	-	-	-	-
	(737 648)	**-**	**-**	**(346)**	**(4 704)**	**-**	**(180 817)**	**-**	**(216 825)**

The details of the loan portfolio at 31 December 2022 and 2021 by segment and by year of extension of credit are shown below.

	COMPANIES			PRIVATE INDIVIDUALS			EMPLOYEES		
2022	**No. of operations**	**Amount**	**Impairment**	**No. of operations**	**Amount**	**Impairment**	**No. of operations**	**Amount**	**Impairment**
2017	2	340	(329)	1	8	(0)	-	-	-
2018	6	667 198	(108 831)	2	5	(1)	5	217 677	(2 177)
2019	7	7 933 385	(320 767)	2	3 466	(209)	4	63 948	(639)
2020	10	4 308 809	(142 118)	33	12 116	(3 668)	9	21 543	(215)
2021	45	10 571 446	(488 841)	211	89 379	(18 036)	38	109 426	(1 095)
2022	21	12 422 181	(422 967)	122	234 698	(13 759)	26	218 698	(2 187)
	91	**35 903 358**	**(1 483 854)**	**371**	**339 672**	**(35 673)**	**82**	**631 292**	**(6 313)**

	COMPANIES			PRIVATE INDIVIDUALS			EMPLOYEES		
2021	**No. of operations**	**Amount**	**Impairment**	**No. of operations**	**Amount**	**Impairment**	**No. of operations**	**Amount**	**Impairment**
2017	2	806	(250)	-	-	-	-	-	-
2018	7	661 437	(156 293)	2	71 531	(4 292)	6	233 618	(2 336)
2019	7	10 258 701	(441 580)	4	51 615	(3 121)	7	76 101	(761)
2020	14	14 591 828	(257 301)	40	110 224	(9 896)	10	27 312	(273)
2021	54	22 895 503	(236 240)	246	358 085	(26 918)	47	107 539	(1 077)
	84	**48 408 275**	**(1 091 664)**	**292**	**591 455**	**(44 227)**	**70**	**444 569**	**(4 448)**

The details of credit risk exposures and expected credit losses as of 31 December 2022 and 2021 per stage are shown below.

	STAGE 1			STAGE 2			STAGE 3			TOTAL			
2022	**Gross amount**	**Impairment losses (ECL)**	**Net carrying amount**	**Gross amount**	**Impairment losses (ECL)**	**Net carrying amount**	**Gross amount**	**Impairment losses (ECL)**	**Net carrying amount**	**Gross amount**	**Impairment losses (ECL)**	**Impairment losses (ECL) - %**	**Net carrying amount**
Deposits at central banks	30 547 959	-	30 547 959	-	-	-	-	-	-	30 547 959	-	-	30 547 959
Deposits at OIC	10 764 207	(1 223)	10 762 984	-	-	-	-	-	-	10 764 207	(1 223)	0	10 762 984
Investments at central banks and OIC	1 015 856	(1 030)	1 014 826	-	-	-	-	-	-	1 015 856	(1 030)	0.10%	1 014 826
Debt instruments at amortised cost	73 322 784	(1 071 246)	72 251 538	-	-	-	-	-	-	73 322 784	(1 071 246)	1.46%	72 251 538
Debt instruments to JV by ORI	50 461 853	-	50 461 853	-	-	-	-	-	-	50 461 853	-	-	50 461 853
Credit granted to customers	32 379 505	(1 000 445)	31 379 060	3 572 834	(135 437)	3 437 397	921 984	(389 958)	532 026	36 874 322	(1 525 840)	4.14%	35 348 483
Financial guarantees	-	-	-	-	-	-			-	-	-	-	-
	198 492 164	**(2 073 944)**	**196 418 219**	**3 572 834**	**(135 437)**	**3 437 397**	**921 984**	**(389 958)**	**532 026**	**202 986 981**	**(2 599 339)**	**1.28%**	**200 387 642**

	STAGE 1			STAGE 2			STAGE 3			TOTAL			
2021	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Impairment losses (ECL) - %	Net carrying amount
Deposits at central banks	24 062 142	-	24 062 142	-	-	-	-	-	-	24 062 142	-	-	24 062 142
Deposits at OIC	8 630 121	-	8 630 121	-	-	-	-	-	-	8 630 121	-	-	8 630 121
Investments at central banks and OIC	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt instruments at amortised cost	56 539 591	(833 155)	55 706 436	-	-	-	-	-	-	56 539 591	(833 155)	1.47%	55 706 436
Debt instruments to JV by ORI	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit granted to customers	48 716 182	(737 648)	47 978 534	50 027	(5 050)	44 978	678 091	(397 642)	280 449	49 444 300	(1 140 339)	2.31%	48 303 961
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-
	137 948 035	**(1 570 803)**	**136 377 232**	**50 027**	**(5 050)**	**44 978**	**678 091**	**(397 642)**	**280 449**	**138 676 153**	**(1 973 494)**	**1,42%**	**136 702 659**

The detail of the credit portfolio exposures and expected credit losses at 31 December 2022 and 2021 by stage is presented below.

	STAGE 1			STAGE 2			STAGE 3			TOTAL			
2022	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Impairment losses (ECL) - %	Net carrying amount
Companies	31 570 402	(981 426)	30 588 976	3 426 435	(126 527)	3 299 907	906 522	(375 901)	530 621	35 903 358	(1 483 854)	4%	34 419 504
Private individuals	177 811	(12 706)	165 105	146 399	(8 910)	137 489	15 462	(14 057)	1 405	339 672	(35 672)	11%	303 999
Employees	631 292	(6 313)	624 979	-	-	-	-	-	-	631 292	(6 313)	1%	624 979
	32 379 505	**(1 000 445)**	**31 379 060**	**3 572 834**	**(135 437)**	**3 437 397**	**921 984**	**(389 958)**	**532 026**	**36 874 322**	**(1 525 840)**	**16%**	**35 348 483**

	STAGE 1			STAGE 2			STAGE 3			TOTAL			
2021	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Net carrying amount	Gross amount	Impairment losses (ECL)	Impairment losses (ECL) - %	Net carrying amount
Companies	47 699 267	(696 984)	47 002 283	34 592	(346)	34 247	674 416	(394 334)	280 082	48 408 275	(1 091 664)	2%	47 316 611
Private individuals	572 345	(36 216)	536 129	15 435	(4 704)	10 731	3 675	(3 307)	367	591 455	(44 227)	7%	547 228
Employees	444 569	(4 448)	440 122	-	-	-	-	-	-	444 569	(4 448)	1%	440 122
	48 716 182	**(737 648)**	**47 978 534**	**50 027**	**(5 050)**	**44 978**	**678 091**	**(397 642)**	**280 449**	**49 444 300**	**(1 140 339)**	**11%**	**48 303 961**

The details of loan portfolio exposures and expected credit losses as of 31 December 2022 and 2021 according to the way in which the exposures were analysed (individually or collectively), by segment, sector of activity and geographical area are presented below.

	COMPANIES		PRIVATE INDIVIDUALS		EMPLOYEES	
2022	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**
Individual impairment	15 202 872	(854 912)	146 362	(8 899)	-	-
Collective impairment	20 700 487	(628 942)	193 310	(26 774)	631 292	(6 313)
	35 903 358	**(1 483 854)**	**339 672**	**(35 672)**	**631 292**	**(6 313)**

	COMPANIES		PRIVATE INDIVIDUALS		EMPLOYEES	
2021	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**
Individual impairment	37 944 554	(783 674)	15 781	(2 682)	-	-
Collective impairment	10 463 721	(307 989)	575 674	(41 545)	444 569	(4 448)
	48 408 275	**(1 091 664)**	**591 455**	**(44 227)**	**444 569**	**(4 448)**

	WHOLESALE AND RETAIL TRADE		AGRICULTURE, LIVESTOCK AND FISHING		INDUSTRY		BUILDING AND PROPERTY DEVELOPMENT		PRIVATE INDIVIDUALS		OTHER	
2022	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**
Individual impairment	1 602 020	(113 441)	3 566 695	(175 662)	179 176	(73 018)	4 879 587	(91 864)	146 362	(8 899)	4 975 394	(400 928)
Collective impairment	8 032 811	(241 566)	3 155 685	(94 671)	5 722 683	(169 039)	9 459	(284)	824 602	(33 087)	3 779 848	(123 382)
	9 634 831	**(355 007)**	**6 722 380**	**(270 333)**	**5 901 859**	**(242 057)**	**4 889 046**	**(92 148)**	**970 964**	**(41 986)**	**8 755 242**	**(524 310)**

	WHOLESALE AND RETAIL TRADE		AGRICULTURE, LIVESTOCK AND FISHING		INDUSTRY		BUILDING AND PROPERTY DEVELOPMENT		PRIVATE INDIVIDUALS		OTHER	
2021	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**
Individual impairment	26 699 685	(84 291)	3 906 294	(302 553)	200 224	(121 697)	1 272 863	(25 105)	15 781	(2 682)	5 865 487	(250 029)
Collective impairment	42 363	-	3 422 362	(102 671)	4 559 824	(134 140)	-	-	1 020 244	(45 993)	2 439 172	(71 179)
	26 742 048	**(84 291)**	**7 328 656**	**(405 224)**	**4 760 048**	**(255 836)**	**1 272 863**	**(25 105)**	**1 036 024**	**(48 675)**	**8 304 660**	**(321 208)**

The details of the restructured exposures at 31 December 2022 and 2021 by restructuring measure are shown below.

	STAGE 1			STAGE 2			STAGE 3			TOTAL		
2022	**No. of operations**	**Exposure**	**Impairment**	**No. of operations**	**Exposure**	**Impairment**	**No. of operations**	**Exposure**	**Impairment**	**No. of operations**	**Exposure**	**Impairment**
Term extension	-	-	-	-	140 843	(8 567)	-	-	-	-	140 843	(8 567)
Grace period	-	-	-	-	-	-	-	-	-	-	-	-
Rate reduction	-	-	-	-	87 904	(26 371)	-	-	-	-	87 904	(26 371)
Other (...)	-	-	-	-	-	-	-	180 332	(124 429)	-	180 332	(124 429)
	-	**-**	**-**	**-**	**228 747**	**(34 939)**	**-**	**180 332**	**(124 429)**	**-**	**409 079**	**(159 368)**

	STAGE 1			STAGE 2			STAGE 3			TOTAL		
2021	**No. of operations**	**Exposure**	**Impairment**	**No. of operations**	**Exposure**	**Impairment**	**No. of operations**	**Exposure**	**Impairment**	**No. of operations**	**Exposure**	**Impairment**
Term extension	-	-	-	-	-	-	-	-	-	-	-	-
Grace period	-	-	-	-	-	-	-	-	-	-	-	-
Rate reduction	-	-	-	-	-	-	2	180 201	(110 235)	2	180 201	(110 235)
Other (...)	-	-	-	1	34 592	(346)	1	94 538	(69 332)	2	129 131	(69 678)
	-	**-**	**-**	**1**	**34 592**	**(346)**	**3**	**274 739**	**(179 567)**	**4**	**309 331**	**(179 913)**

The movement in restructured exposures in the years ended 31 December 2022 and 2021 is shown below.

RESTRUCTURED EXPOSURES	2022	2021
Balance at the beginning of the period (without deducting impairment)	**309 331**	**104 738**
Restructured loans in the period	97 017	202 854
Interest on restructured loans for the period	2 731	1 738
Partial or total settlement of restructured loans	-	-
Loans reclassified to "normal"	-	-
Other effects	-	-
Balance at the end of the period (without deducting impairment)	**409 079**	**309 331**

The details of the collaterals and guarantees obtained as of 31 December 2022 and 2021 are as follows.

COLLATERALS AND GUARANTEES	2022	2021
Immovable	49 166 189	31 168 988
Securities	7 025 000	36 761 391
Other	1 154 531	1 121 747
	57 345 719	**69 052 127**

The collaterals and guarantees shown under "Other" mainly relate to pledges of deposits and government guarantees.

The fair value of the guarantees and the corporate, building and property development and housing segments as of 31 December 2022 and 2021 is as follows.

2022 CORPORATE	PROPERTIES		OTHER PHYSICAL COLLATERAL	
Fair value	Number	Amount	Number	Amount
< 50 M	1	71 813	6	118 625
[50 M - 100 M]	1	61 357	10	1 023 166
[100 M - 500 M]	-	-	-	-
[500 M - 1,000 M]	1	915 740	-	-
[1,000 M - 2,000 M]	3	4 380 679	1	1 400 000
[2,000 M - 5,000 M]	3	8 816 684	1	1 500 000
>=5,000 M	4	32 973 763	-	-
	13	**47 220 037**	**18**	**4 041 791**

2022 HOUSING	PROPERTIES		OTHER PHYSICAL COLLATERAL	
Fair value	Number	Amount	Number	Amount
< 50 M	-	-	-	-
[50 M - 100 M]	-	-	-	-
[100 M - 500 M]	-	-	-	-
[500 M - 1,000 M]	-	-	-	-
[1,000 M - 2,000 M]	-	-	-	-
[2,000 M - 5,000 M]	-	-	-	-
>=5,000 M	-	-	-	-
	-	**-**	**-**	**-**

2022 BUILDING AND PROPERTY DEVELOPMENT	PROPERTIES		OTHER PHYSICAL COLLATERAL	
Fair value	Number	Amount	Number	Amount
< 50 M	-	-	-	-
[50 M - 100 M]	-	-	-	-
[100 M - 500 M]	1	317 873	-	-
[500 M - 1,000 M]	-	-	-	-
[1,000 M - 2,000 M]	1	1 628 278	-	-
[2,000 M - 5,000 M]	-	-	-	-
>=5,000 M	-	-	1	4 125 000
	2	**1 946 151**	**1**	**4 125 000**

2021 CORPORATE	PROPERTIES		OTHER PHYSICAL COLLATERAL	
Fair value	Number	Amount	Number	Amount
< 50 M	-	-	5	118 625
[50 M - 100 M]	1	61 357	6	429 747
[100 M - 500 M]	-	-	4	678 611
[500 M - 1,000 M]	1	915 740	-	-
[1,000 M - 2,000 M]	2	3 232 040	1	1 500 000
[2,000 M - 5,000 M]	2	5 744 684	2	4 072 020
>=5,000 M	2	20 897 293	2	23 890 171
	8	**30 851 115**	**20**	**30 689 174**

2021 HOUSING	PROPERTIES		OTHER PHYSICAL COLLATERAL	
Fair value	Number	Amount	Number	Amount
< 50 M	-	-	-	-
[50 M - 100 M]	-	-	-	-
[100 M - 500 M]	-	-	-	-
[500 M - 1,000 M]	-	-	-	-
[1,000 M - 2,000 M]	-	-	-	-
[2,000 M - 5,000 M]	-	-	-	-
>=5,000 M	-	-	-	-
	-	**-**	**-**	**-**

2021 BUILDING AND PROPERTY DEVELOPMENT	PROPERTIES		OTHER PHYSICAL COLLATERAL	
Fair value	Number	Amount	Number	Amount
< 50 M	-	-	-	-
[50 M - 100 M]	-	-	-	-
[100 M - 500 M]	1	317 873	-	-
[500 M - 1,000 M]	-	-		
[1,000 M - 2,000 M]	-	-	1	2 000 000
[2,000 M - 5,000 M]	-	-	1	4 125 000
>=5,000 M	-	-	-	-
	1	**317 873**	**2**	**6 125 000**

The analysis of the loan-to-value ratio of the corporate, building and property development and housing segments as of 31 December 2022 and 2021 is as follows.

2022 FAIR VALUE	Number of properties	Number of other physical collateral	Stage 1 loans	Stage 2 loans	Stage 3 loans	Impairment
Companies						
no guarantees associated	n/a	n/a	4 646 468	3 348	460 617	(370 653)
< 50%	2	6	320 970	-	17 371	(19 330)
[50% - 75%[	1	4	1 768 128	-	354 664	(189 995)
[75% - 100%[	1	3	112 997	87 904	73 870	(53 090)
>=100%	9	5	19 832 793	3 335 183	-	(758 638)
Building and property development						
no guarantees associated	n/a	n/a	9 671	-	-	(298)
< 50%	-	-	-	-	-	-
[50% - 75%[	-	-	-	-	-	-
[75% - 100%[	-	-	-	-	-	-
>=100%	2	1	4 879 375	-	-	(91 849)
Housing						
no guarantees associated	-	-	-	-	-	-
< 50%	-	-	-	-	-	-
[50% - 75%[	-	-	-	-	-	-
[75% - 100%[	-	-	-	-	-	-
>=100%	-	-	-	-	-	-
	15	**19**	**31 570 402**	**3 426 435**	**906 522**	**(1 483 854)**

2021 FAIR VALUE	Number of properties	Number of other physical collateral	Stage 1 loans	Stage 2 loans	Stage 3 loans	Impairment
Companies						
no guarantees associated	n/a	n/a	1 049 886	-	96 592	(151 808)
< 50%	-	7	622 751	-	17 834	(28 574)
[50% - 75%[	-	-	-	-	-	-
[75% - 100%[	2	7	21 682 384	-	559 990	(358 631)
>=100%	6	7	19 540 698	34 592	-	(492 237)
Building and property development						
no guarantees associated	n/a	n/a	255	-	-	(5)
< 50%	-	-	-	-	-	-
[50% - 75%[	-	-	-	-	-	-
[75% - 100%[	-	-	-	-	-	-
>=100%	1	2	4 803 294	-	-	(60 409)
Housing						-
no guarantees associated	-	-	-	-	-	-
< 50%	-	-	-	-	-	-
[50% - 75%[	-	-	-	-	-	-
[75% - 100%[	-	-	-	-	-	-
>=100%	-	-	-	-	-	-
	9	**23**	**47 699 267**	**34 592**	**674 416**	**(1 091 664)**

The risk factors used in the impairment model for the years ended 31 December 2022 and 2021, by segment, are as follows. These risk factors are the result of a benchmarking approach followed by the Bank, and they will not be altered in 2022.

2022	Stage 1	Stage 2	Stage 3	Average LGD (%)
Companies	6%	26%	100%	59%
Private individuals	8%	55%	100%	72%
Employees	1%	26%	100%	71%

2021	Stage 1	Stage 2	Stage 3	Average LGD (%)
Companies	6%	26%	100%	59%
Private individuals	8%	55%	100%	72%
Employees	1%	26%	100%	71%

6. LIQUIDITY RISK

One of the critical aspects in the banking business is precisely the process of transforming short-term funds into medium and long-term funds. Adequate liquidity management represents the ability of institutions to continue to finance their credit activity and contend with the maturity of their liabilities.

Liquidity risk is the risk that the Bank will not have sufficient resources to meet it's obligations within the due periods at a reasonable cost. This risk results from the mismatch between the maturity terms of the Bank's assets and liabilities. In other words, liquidity risk results from the imbalance between the size and maturity of assets and liabilities, and is inherent to banking activity and depends on various internal and market factors.

The concept of liquidity can be used in different contexts. On the one hand, it can be used to describe financial instruments and their markets. A liquid market consists of liquid assets, where normal transactions can be easily executed. It may, on the other hand, be used in the sense of the Bank's solvency.

The Bank's liquidity risk is measured at least every two weeks, under regulatory reporting requirements laid down in Instruction 19/2016 – Liquidity Risk (distribution of balance sheet and off-balance sheet positions by time bands and disaggregated analysis in currency). The Bank has defined a set of indicators that allow the measurement and control of liquidity risk, namely:

- Main domestic and international macroeconomic indicators;
- Balance sheet structure;
- Funds;
- Transformation ratio;
- Commercial gap (deposits - credits);
- Portfolio securities;
- DO/Funds;
- 30-day liquidity gap;
- Movement in residual maturities of term funds (in days);
- Liquidity and observation ratios in national currency, foreign currency and aggregates of all currencies (Instruction 19/2016);
- Top 20 depositors;
- Weight of the 20 largest depositors in the fund portfolio.

The Bank has also defined a Liquidity Contingency Plan (LCP) which stipulates the strategy that must be addressed in situations of need for liquidity or constraints on it's financing capacity resulting from unexpected situations and having a significant impact on it's position. The definition and implementation of the LCP considers three main phases:

1. DESIGN

SHARES	RESPONSIBILITY
Identification of critical events for monitoring, based on the Bank's historical information	Risk Management Division Treasury and Markets Division Risk Management Committee
Identification of recovery indicators and measures	Risk Management Division Treasury and Markets Division
Elaboration and analysis of the Liquidity Contingency Plan	Risk Management Division
Approval of the Plan	Executive Board
Communication	Risk Management Division
Periodic review	Risk Management Division Treasury and Markets Division

2. MONITORING AND EXECUTION

SHARES	RESPONSIBILITY
Production of monitoring reports	Risk Management Division Treasury and Markets Division
Analysis of monitoring reports	Executive Board Risk Management Committee
Monitoring and identifying capital and/or liquidity shortages	Executive Board
Implementation of the Liquidity Contingency Plan, including the implementation of the recovery measures to be taken	CALCO - Capital, Assets and Liabilities Committee
Monitoring of the implementation of recovery and measurement measures about their effectiveness	CALCO Risk Management Division
Completion of the Plan	CALCO
Approval of completion of the Plan	Executive Board Board of Directors
Evaluation of the degree of efficiency of the plan	Risk Management Division Treasury and Markets Division

3. REVIEW

SHARES	RESPONSIBILITY
Review of the Plan, this activity being conducted by an independent body	Internal Auditing

The Bank seeks to maintain assets with sufficient liquidity to cope with periods of stress of 90 days and periods of lack of liquidity in the market of 30 days.

MATURITY ANALYSIS

The following table presents an analysis of the maturity of the Bank's financial assets and liabilities. The amounts presented do not necessarily coincide with the corresponding balances presented on the balance sheet, as this analysis contemplates amounts on an undiscounted basis (except for derivative financial instruments).

2022	Carrying amount	< 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	> 5 years
Cash and cash equivalents	26 935 411	26 935 411	-	-	-	-
Securities held for trading	50 461 853	-	-	-	-	50 461 853
Derivative financial instruments	-	-	-	-	-	-
Cash balances and investments at OIC	42 326 967	41 310 943	1 016 024	-	-	-
Customer loans	36 874 322	6 625 558	1 671 529	4 639 291	6 290 821	17 647 124
Other securities / financial assets	73 322 784	-	-	2 884 275	9 019 225	61 419 285
FINANCIAL ASSETS	**229 921 337**	**74 871 911**	**2 687 553**	**7 523 565**	**15 310 045**	**129 528 261**
Liabilities held for trading	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
OIC funds	-	-	-	-	-	-
Customer deposits	169 786 576	79 661 161	12 904 973	20 933 639	56 286 803	-
Debt instruments issued	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
FINANCIAL LIABILITIES	**169 786 576**	**79 661 161**	**12 904 973**	**20 933 639**	**56 286 803**	**-**
	60 134 761	**(4 789 250)**	**(10 217 420)**	**(13 410 073)**	**(40 976 758)**	**129 528 261**
FINANCIAL GUARANTEES	**-**	**-**	**-**	**-**	**-**	**-**
	60 134 761	**(4 789 250)**	**(10 217 420)**	**(13 410 073)**	**(40 976 758)**	**129 528 261**

2021	Carrying amount	< 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	> 5 years
Cash and cash equivalents	5 422 042	5 422 042	-	-	-	-
Securities held for trading	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Cash balances and investments at OIC	32 692 262	32 692 262	-	-	-	-
Customer loans	49 444 300	209 079	4 651 081	902 548	13 645 584	30 036 008
Other securities / financial assets	56 539 591	-	395 170	12 615 179	43 529 242	-
FINANCIAL ASSETS	**144 098 195**	**38 323 383**	**5 046 252**	**13 517 727**	**57 174 826**	**30 036 008**
Liabilities held for trading	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
OIC funds	-	-	-	-	-	-
Customer deposits	122 868 256	50 506 527	17 582 982	24 512 164	30 266 583	-
Debt instruments issued	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
FINANCIAL LIABILITIES	**122 868 256**	**50 506 527**	**17 582 982**	**24 512 164**	**30 266 583**	**-**
	21 229 939	**(12 183 144)**	**(12 536 730)**	**(10 994 437)**	**26 908 243**	**30 036 008**
FINANCIAL GUARANTEES	**-**	**-**	**-**	**-**	**-**	**-**
	21 229 939	**(12 183 144)**	**(12 536 730)**	**(10 994 437)**	**26 908 243**	**30 036 008**

The maturity of derivative financial instruments designated as hedging instruments corresponds to the respective contractual maturity. A maturity of less than one month was considered for derivative financial instruments held for trading.

The amounts considered for financial and related guarantees correspond to the maximum amount that can be used in accordance with the corresponding contractual provisions, assuming the shortest maturity in which such amounts may be used.

The Bank maintains a set of liquid assets that represents the main source of liquidity to deal with stress scenarios. It's composition is subject to limits that aim to reduce concentration risk, and the corresponding monitoring is carried out on a recurring basis. The breakdown of these liquidity reserves as of 31 December 2022 and 2021 is shown below.

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Unrestricted balances with central banks	25 389 594	25 389 594	24 062 142	24 062 142
Cash balances and investments at OIC	10 762 984	10 762 984	8 630 121	8 630 121
Money market investments	1 014 826	1 014 826	-	-
Sovereign government bonds with AAA rating	-	-	-	-
Sovereign government bonds with AA rating	-	-	-	-
Other high quality bonds	72 251 538	76 713 423	55 706 436	44 565 149
Undrawn credit lines	8 089 790	8 089 790	6 263 142	6 263 142
Other assets eligible for use as collateral with central banks	-	-	-	-
	117 508 732	**121 970 616**	**94 661 840**	**83 520 553**

7. MARKET RISK

In carrying out it's activity, the Bank is subject to market risks, both in relation to positions included in the balance sheet, and in relation to off-balance sheet positions. Market risk consists of the possibility of losses arising from adverse changes in market prices, which may include the following sub-types of risk:

- **Foreign exchange risk:** the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in exchange rates;
- **Interest rate risk:** the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in interest rates in the market;
- **Other price risks:** the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market prices (which are not associated with interest rate or exchange rate risks), whether these changes are caused by factors specific to the individual instrument or it's issuer, or by factors that affect all similar instruments traded on the market (we may associate this with commodities risk, security price risk and risks of the real estate sector).

ASSETS NOT HELD FOR TRADING

The main market risks related to these assets are foreign exchange, interest rate and credit spread risks.

The exchange rate risk results from the Bank's investments in T-Bonds index-linked to this currency.

Interest rate risk may result in losses due to fluctuations in future cash flows and the fair value of financial instruments. This risk is essentially tracked through the monitoring of interest rate gaps and basis risk.

Credit spreads reflect the risk that the counterparty will default on it's contractual obligations, giving rise to financial losses for the Bank. The credit risk management process is detailed in note 6.

There were no changes in the market risk management policy compared to the previous year.

The financial assets and liabilities subject to market risk are detailed below.

CARRYING AMOUNT	2022	2021
Cash and cash equivalents	5 158 365	5 422 042
Investments at central banks and other credit institutions	1 014 826	-
Financial assets measured at fair value through profit or loss	50 461 853	41 067
Customer loans	35 348 483	49 444 300
Securities	72 251 538	55 706 436
ASSETS SUBJECT TO MARKET RISK	**164 235 064**	**110 613 844**
Customer deposits	169 786 576	122 868 256
LIABILITIES SUBJECT TO MARKET RISK	**169 786 576**	**122 868 256**

INTEREST RATE RISK NOT RELATED TO THE TRADING BOOK

The interest rate risk on the Bank's financial assets and liabilities with a fixed rate is managed on the basis of a repricing gap. The gaps between the interest rates of the Bank's assets and liabilities are analysed below.

2022	Carrying amount	< 1 year	1 to 5 years	5 to 10 years	> 10 years
Cash and cash equivalents	5 158 365	5 158 365	-	-	-
Investments at central banks and OIC	1 014 826	1 014 826	-	-	-
Customer loans	35 348 483	12 167 945	6 071 712	13 599 159	3 509 667
Securities	72 251 538	2 842 135	8 887 454	60 521 949	-
ASSETS	**113 773 212**	**21 183 271**	**14 959 166**	**74 121 108**	**3 509 667**
Customer deposits	169 786 576	113 499 773	56 286 803	-	-
LIABILITIES	**169 786 576**	**113 499 773**	**56 286 803**	**-**	**-**
Off-balance sheet items with interest rate sensitivity	**8 089 790**	**8 089 790**	**-**	**-**	**-**
Net interest rate risk gap	**(47 923 575)**	**(84 226 712)**	**(41 327 638)**	**74 121 108**	**3 509 667**

2021	Carrying amount	< 1 year	1 to 5 years	5 to 10 years	> 10 years
Cash and cash equivalents	5 422 042	5 422 042	-	-	-
Investments at central banks and OIC	-	-	-	-	-
Customer loans	48 303 961	4 622 369	13 645 584	22 654 745	7 381 262
Securities	55 706 436	13 010 349	42 696 087	-	-
ASSETS	**109 432 438**	**23 054 760**	**56 341 671**	**22 654 745**	**7 381 262**
Customer deposits	122 868 256	67 995 892	54 872 363	-	-
LIABILITIES	**122 868 256**	**67 995 892**	**54 872 363**	**-**	**-**
Off-balance sheet items with interest rate sensitivity	**1 252 628**	**1 011 968**	**180 000**	**59 807**	**853**
Net interest rate risk gap	**(12 183 189)**	**(43 929 164)**	**1 649 307**	**22 714 552**	**7 382 116**

The sensitivity analysis of net interest income and economic capital captures the expected impact of changes in interest rates against a projected base scenario, over a given period (typically one year).

The following tables summarise the estimated impact on financial margin and economic capital corresponding to the base scenario resulting from a parallel shift (increase and decrease) in the 2% interest rate curve. The estimated impacts assume that the other variables not related to interest rate risk remain unchanged. In the construction of the tables, the effects of embedded options were ignored, with an on demand maturity being considered for deposits with no defined maturity. The securities were considered at a net amount of haircuts. Consequently, the sensitivity analysis presented is based on simplified scenarios, including the assumption that the size and structure of the balance sheet do not change (in addition to the balances sensitive to changes in interest rates).

IMPACT ON OWN FUNDS

EXPOSURES BY MATURITY INTERVAL OR RATE RESET - IMPACT ON NET POSITION - 31/12/2022

Time band	Assets (+)	Liabilities (-)	Off-balance sheet items (+)	Off-balance sheet items (-)	Position (+/-)	Weighting factor (A)	Weighting position (B)
on demand - 1 month	47 526 518	17 846 412	5 214 562	0	34 894 667	0.08%	27 916
1 - 3 months	2 459 462	21 735 651	115 037	0	-19 161 153	0.32%	-61 316
3 - 6 months	445 025	14 916 078	18 751	0	-14 452 302	0.72%	-104 057
6 - 12 months	6 889 989	23 678 917	21 850	0	-16 767 078	1.43%	-239 769
1 - 2 years	1 094 403	36 773 270	0	0	-35 678 866	2.77%	-988 305
2 - 3 years	1 537 722	37 174 891	0	0	-35 637 168	4.49%	-1 600 109
3 - 4 years	6 787 436	8 830 678	0	0	-2 043 242	6.14%	-125 455
4 - 5 years	5 539 604	8 830 678	215 323	0	-3 075 751	7.71%	-237 140
5 - 7 years	35 793 928	0	2 500 000	0	38 293 928	10.15%	3 886 834
7 - 10 years	38 327 180	0	4 267	0	38 331 446	13.26%	5 082 750
10 - 15 years	3 061 014	0	0	0	3 061 014	18.84%	576 695
15 - 20 years	168 582	0	0	0	168 582	22.43%	37 813
+ 20 years	280 071	0	0	0	280 071	26.03%	72 903

Accumulated impact of interest rate-sensitive instruments	**6 328 759**
Regulatory own funds	**38 092 000**
Impact on economic value / Regulatory own funds	**16.61%**

IMPACT ON OWN FUNDS

EXPOSURES BY MATURITY INTERVAL OR RATE RESET - IMPACT ON NET POSITION - 31/12/2021

Time band	Assets (+)	Liabilities (-)	Off-balance sheet items (+)	Off-balance sheet items (-)	Position (+/-)	Weighting factor (A)	Weighting position (B)
on demand - 1 month	41 678 966	7 446 411	983 999	0	35 216 554	0.08%	28 173
1 - 3 months	20 407 618	23 734 427	27 969	0	-3 298 840	0.32%	-10 556
3 - 6 months	288 186	13 281 699	0	0	-12 993 514	0.72%	-93 553
6 - 12 months	294 257	23 533 355	0	0	-23 239 098	1.43%	-332 319
1 - 2 years	9 083 063	44 898 457	0	0	-35 815 395	2.77%	-992 086
2 - 3 years	56 157 829	9 872 877	0	0	46 284 952	4.49%	2 078 194
3 - 4 years	554 239	101 029	180 000	0	633 210	6.14%	38 879
4 - 5 years	43 958	0	0	0	43 958	7.71%	3 389
5 - 7 years	5 694 403	0	59 807	0	5 754 210	10.15%	584 052
7 - 10 years	0	0	0	0	0	13.26%	0
10 - 15 years	6 857 305	0	853	0	6 858 158	18.84%	1 292 077
15 - 20 years	87 093	0	0	0	87 093	22.43%	19 535
+ 20 years	340 630	0	0	0	340 630	26.03%	88 666

Accumulated impact of interest rate-sensitive instruments	**2 704 451**
Regulatory own funds	**24 994 015**
Impact on economic value / Regulatory own funds	**10.82%**

IMPACT ON NET INTEREST INCOME

EXPOSURES BY MATURITY INTERVAL OR RATE RESET - IMPACT ON NET POSITION - 31/12/2022

Time band	Assets (+)	Liabilities (-)	Off-balance sheet items (+)	Off-balance sheet items (-)	Position (+/-)	Weighting factor (A)	Weighting position (B)
on demand - 1 month	41 310 943	2 717 132	0	0	38 593 811	2.00%	771 876
1 - 3 months	5 957 753	11 732 866	5 214 562	0	-560 551	1.92%	-10 763
3 - 6 months	950 426	5 694 439	34 104	0	-4 709 908	1.75%	-82 423
6 - 12 months	1 766 858	12 644 798	80 932	0	-10 797 008	1.58%	-170 593
1 - 2 years	312 749	3 330 450	18 751	0	-2 998 949	1.42%	-42 585
2 - 3 years	0	5 450 265	0	0	-5 450 265	1.25%	-68 128
3 - 4 years	132 276	5 456 080	0	0	-5 323 805	1.08%	-57 497
4 - 5 years	38 517	3 193 834	0	0	-3 155 316	0.92%	-29 029
5 - 7 years	0	12 162 416	0	0	-12 162 416	0.75%	-91 218
7 - 10 years	6 723 682	2 800 215	21 850	0	3 945 317	0.58%	22 883
10 - 15 years	0	4 355 677	0	0	-4 355 677	0.42%	-18 294
15 - 20 years	3 257	5 628 352	0	0	-5 625 095	0.25%	-14 063
+ 20 years	124 533	3 010 536	0	0	-2 886 003	0.08%	-2 309

Accumulated impact of interest rate-sensitive instruments	**207 857**
Regulatory own funds	**16 259 617**
Impact on economic value / Regulatory own funds	**1.28%**

IMPACT ON NET INTEREST INCOME

EXPOSURES BY MATURITY INTERVAL OR RATE RESET - IMPACT ON NET POSITION - 31/12/2021

Time band	Assets (+)	Liabilities (-)	Off-balance sheet items (+)	Off-balance sheet items (-)	Position (+/-)	Weighting factor (A)	Weighting position (B)
on demand - 1 month	37 281 149	1 892 752	0	0	35 388 397	2.00%	707 768
1 - 3 months	3 564 662	3 187 718	983 999	0	1 360 943	1.92%	26 130
3 - 6 months	14 910 093	15 721 884	3 599	0	-808 192	1.75%	-14 143
6 - 12 months	6 034 769	5 646 602	24 370	0	412 537	1.58%	6 518
1 - 2 years	235 839	2 434 525	0	0	-2 198 686	1.42%	-31 221
2 - 3 years	52 346	4 684 192	0	0	-4 631 846	1.25%	-57 898
3 - 4 years	0	5 689 794	0	0	-5 689 794	1.08%	-61 450
4 - 5 years	34 526	4 053 602	0	0	-4 019 076	0.92%	-36 976
5 - 7 years	50 776	2 511 127	0	0	-2 460 351	0.75%	-18 453
7 - 10 years	-252	8 124 771	0	0	-8 125 023	0.58%	-47 125
10 - 15 years	0	6 158 804	0	0	-6 158 804	0.42%	-25 867
15 - 20 years	0	4 767 192	0	0	-4 767 192	0.25%	-11 918
+ 20 years	209 207	3 122 927	0	0	-2 913 721	0.08%	-2 331

Accumulated impact of interest rate-sensitive instruments	**433 034**
Regulatory own funds	**9 695 328**
Impact on economic value / Regulatory own funds	**4.47%**

EXCHANGE RATE RISK

The carrying amounts of monetary assets and liabilities in foreign currency are shown below:

FOREIGN CURRENCY	ASSETS		LIABILITIES	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
EUR	4 559 930	9 120 328	(10 608 135)	(10 158 384)
USD	13 235 149	6 890 152	(6 691 829)	(6 310 829)
GBP	648 707	793 687	-	-
ZAR	35 668	32 501	(2 103)	(2 463)
	18 479 455	**16 836 667**	**(17 302 066)**	**(16 471 676)**

2022	EUR		USD	
	10% Appreciation	10% Depreciation	10% Appreciation	10% Depreciation
Retained	(604 820)	604 820	654 332	(654 332)
Other comprehensive income	-	-	-	-
	(604 820)	**604 820**	**654 332**	**(654 332)**

8. SOLVENCY RISK

Solvency risk is the risk that the Bank does not have a sufficient level of capital to deal with unexpected future losses resulting from it's activity.

Banco Nacional de Angola establishes the following capital requirements:

- Minimum share capital of AKZ 15,000 million, as provided for in the Banco Nacional de Angola Notice 17/22, of 21 February;
- Overall Equity Ratio after Pillar II Guidelines of 15.65%, as provided in the communication of the SREP results for the 2020 financial year, to cover credit risk, market risk and operational risk requirements.
- Regulatory own funds to cover operational risk corresponding to 15% of the average of the last 3 years of the annual exposure indicator, as provided for in Instruction 16/2016, of 8 August.

The Bank's regulatory solvency ratio and own funds as of 31 December 2022 and 2021 were calculated as follows:

SOLVENCY RATIO		2022	2021
Credit, Counterparty Credit and Incomplete Transaction Risk	A	2 799 816	2 394 293
Settlement/Delivery Risk	B	-	-
Market risk	C	2 428 907	762 972
Operational risk	D	3 535 434	2 602 651
Credit Valuation Adjustment (CVA) Risk	E	-	-
Major Risks	F	-	-
Regulatory Own Funds Requirements	**G=A+B+C+D+E+F**	**8 764 157**	**5 759 916**
Original Own Funds Level 1	H	38 091 817	25 389 819
Original Own Funds Level 2	I	-	-
Excess of Prudential limits on large exposures	J	-	395 804
Regulatory Own Funds	**K=H+I+J**	**38 091 817**	**24 994 015**
Solvency Ratio	**M=(K/G)/12.5**	**34.8%**	**43.4%**

9. NET INTEREST INCOME

Net interest income for the years ended 31 December 2022 and 2021 is detailed as follows.

NET INTEREST INCOME	2022	2021
Customer loans	6 987 354	8 315 421
Investments at central banks and OIC	815 863	374 429
Financial assets at fair value through profit and loss	1 607 279	-
Financial assets at amortised cost	15 910 026	7 100 090
Interest and similar income	**25 320 521**	**15 789 940**
Central bank and OIC funds	(75 254)	(1 111 663)
Customer deposits	(8 734 813)	(5 105 548)
Interest on lease liabilities	(167 858)	(56 271)
Interests and similar expenses	**(8 977 926)**	**(6 273 482)**
Net interest income	**16 342 596**	**9 516 458**

In the period ended 31 December 2022, interest on Financial Assets at Amortised Cost showed an increase of AOA 8,809 million, which reflects the significant growth of the Bank's securities portfolio in the period in question.

As of 31 December 2022 and 2021, interest on financial assets at amortised cost includes the negative effect of 1,385,912 thousand kwanzas and the positive effect of 1,558,261 thousand kwanzas, respectively, both related to the exchange revaluation of Angolan treasury bonds indexed to the USD (Note 3.3).

10. INCOME FROM SERVICES AND FEES

The results of services and commissions for the years ended 31 December 2022 and 2021 are detailed as follows.

INCOME FROM SERVICES AND FEES	2022	2021
Revenue collection		
Foreign operations	1 710 242	1 881 044
Documentary credit operations	365 699	407 456
ATM/ POS/ Multicaixa movements	1 391 012	768 021
Current account operations	775 490	578 326
Withdrawals	68 197	48 331
Intermediation of securities	341 433	315 765
Insurance	22 596	191 464
Cards	676 477	430 762
Other credit operations	93 130	151 442
POS rental	119 860	58 250
Transfers	36 393	24 186
Guarantees provided	11 569	12 446
Cheques	1 276	1 594
Other	13 232	43 867
INCOME FROM SERVICES AND FEES	**5 626 604**	**4 912 953**
Foreign operations	384 497	408 478
TPA/Multicaixa movements	415 674	246 546
Cards	210 338	197 501
EXPENSES ON SERVICES AND FEES	**1 010 508**	**852 525**
INCOME FROM SERVICES AND FEES	**4 616 095**	**4 060 428**

The "Overseas transactions" item refers to expenses and commissions charged on remittances and payments abroad. On 31 December 2022 there was a decrease of approximately 171 million Kwanzas under this heading, which is explained by the reduction in the volume of operations of this nature and by the appreciation of the Kwanza against the USD and the Euro.

On 31 December 2022, there was an increase in commissions on “ATM/POS/Multicaixa” operations of approximately AOA 807 million, as a result of greater investment in electronic means of payment, which resulted in an increase in the number of active ATM and POS. In the same period, there was also an increase in the item “Cards” (approximately AOA 233 million), as a result of an increase in the volume of operations with international credit card companies.

11. RESULTS OF DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

During the years ended 31 December 2022 and 2021, financial assets measured at amortised cost (securities) were sold with a carrying amount before derecognition of 122 068 241 thousand kwanzas and 55 706 436 thousand kwanzas, respectively.

As a result of these transactions, the Bank recognised net gains of 721 786 thousand kwanzas and 193 686 thousand kwanzas, respectively.

12. FOREIGN EXCHANGE INCOME

The foreign exchange income for the years ended 31 December 2022 and 2021 are detailed as follows.

FOREIGN CURRENCY	2022			2021		
	Income	Expenses	Profits and losses	Income	Expenses	Profits and losses
Currency transactions	9 467 049	782 550	8 684 499	8 173 144	1 178 267	6 994 877
Foreign exchange revaluation of monetary assets and liabilities	863 359 950	864 350 714	(990 763)	527 249 795	527 629 229	(379 433)
	872 826 999	**865 133 264**	**7 693 736**	**535 422 940**	**528 807 496**	**6 615 443**

Foreign exchange income does not include the effect of the revaluation of foreign exchange derivative financial instruments, which are included in the profits and losses of financial assets and liabilities measured at amortised cost (Nota 3.3).

13. OTHER OPERATING PROFIT OR LOSS

The other operating profit or loss for the years ended 31 December 2022 and 2021 are detailed as follows.

OTHER OPERATING PROFIT OR LOSS	2022	2021
Fees	(550 013)	(114 024)
Other taxes	(1 603 960)	(576 015)
Penalties applied by regulatory authorities	(386 987)	(153 489)
Costs of levies	(203 372)	(48 261)
Other	(30 012)	(107 608)
	(2 774 345)	**(999 397)**

The heading other taxes primarily concerns IAC costs on income from Treasury Bonds and VAT paid.

14. PAYROLL EXPENSES

The Bank's payroll expenses for the years ended 31 December 2022 and 2021 are detailed below:

PAYROLL EXPENSES	2022	2021
Members of the management and supervisory bodies		
Wages and salaries:		
Basic remuneration	(697 337)	(665 034)
Additional remuneration	(219 835)	(97 731)
Other	(1 146 248)	(791 843)
Social Security	(146 213)	(88 187)
	(2 209 632)	**(1 642 795)**
Employees		
Wages and salaries:		
Basic remuneration	(1 723 284)	(1 188 421)
Additional remuneration	(352 053)	(218 774)
Other	(1 458 184)	(933 423)
Social Security	(247 526)	(168 688)
	(3 781 047)	**(2 509 306)**
	(5 990 679)	**(4 152 101)**

As of 31 December 2022 and 2021, the item "Others" includes costs with variable remuneration, health and work accident insurance, canteen expenses, transport to support employees, and clinical services.

The Bank's employees as at 31 December 2022 and 2021 are detailed by the various professional categories as follows:

EMPLOYEES	2022	2021
Positions with administrative duties	5	5
Positions with executive duties	17	16
Positions with leadership and management duties	25	22
Positions with technical duties	38	28
Positions with administrative functions and others	46	35
	131	106

15. THIRD-PARTY SUPPLIES AND SERVICES

The balance of this item in the years ended 31 December 2022 and 2021 is detailed as follows.

THIRD-PARTY SUPPLIES AND SERVICES	2022	2021
Water, energy and fuels	10 502	5 101
Current consumables	109 736	142 388
Leases and rents	4 550	4 273
Communications	520 054	318 592
Travel, accommodation and representations	48 559	44 079
Publications, advertising and publicity	423 453	257 322
Maintenance and repair	133 991	98 020
Security and surveillance	242 573	164 085
Audits, studies and consultations	110 885	288 459
Computing	504 526	663 750
Other specialised services	1 522 098	3 159 401
Staff training	35 502	49 662
Insurance	19 966	44 219
Litigation	7 019	1 140
Other external supplies and services	42 156	385 444
	3 735 569	**5 625 936**

16. DEPRECIATION AND AMORTISATION FOR THE YEAR

The balance of this item in the years ended 31 December 2022 and 2021 is detailed as follows.

DEPRECIATION AND AMORTISATION FOR THE YEAR	2022	2021
INTANGIBLE ASSETS	**330 404**	**222 440**
OTHER TANGIBLE ASSETS		
Immovable	6 706	4 998
Equipment	-	
Furniture	39 336	33 720
Machines and tools	201 997	93 379
Computer equipment	107 879	68 597
Interior fittings	5 950	5 950
Transport equipment	155 466	110 983
Transmission equipment	803	786
Other equipment	44 348	33 239
Leasehold improvements	397 956	267 694
Other tangible assets	316 914	363 442
	1 277 354	**982 788**
	1 607 758	**1 205 228**

17. PROVISIONS NET OF CANCELLATIONS

The balance of this item in the years ended 31 December 2022 and 2021 concerns the provision for expected credit losses related to guarantees provided (note 18).

18. IMPAIRMENT FOR CUSTOMER LOANS NET OF REVERSALS AND RECOVERIES

The amounts related to impairment of loans and advances to customers recognised in profit or loss for the years ended 31 December 2022 and 2021 are detailed between on-balance sheet exposures (loan portfolio) and off-balance sheet exposures (guarantees and commitments) as follows.

	2022	2021
Loan portfolio	(385 500)	491 051
Guarantees and undertakings	(1 351)	26 552
	(386 852)	**517 603**

The detail of the item "Impairment for loans and advances to customers net of reversals and recoveries", for the years ended 31 December 2022 and 2021, is as follows.

LOAN PORTFOLIO	2022	2021
Increase in the year	(1 439 962)	(5 434 489)
Decrease in the year	1 054 462	5 925 540
	(385 500)	**491 051**

COMMITMENTS AND GUARANTEES	2022	2021
Increase in the year	(166 808)	(443 779)
Decrease in the year	165 457	470 331
	(1 351)	**26 552**

19. IMPAIRMENT FOR OTHER FINANCIAL ASSETS NET OF REVERSALS AND RECOVERIES

The balance of this item in the years ended 31 December 2022 and 2021 is broken down as follows.

	2022	2021
Availability in ICO	(834)	-
Investments	(1 030)	-
Other assets	(265 826)	-
Securities portfolio	(238 091)	1 458 939
	(505 781)	**1 458 939**

In October 2022, the financial rating agency Moody's improved the outlook for the evolution of Angola's rating, from stable to positive, maintaining the credit quality assessment at B3 (2.4%). As of 31 December 2022, the impairment loss recorded in 2022 was AOA 238,091 thousand, as a result of the increase in the securities portfolio.

The decrease in the impairment loss recorded in 2021 was due to the improvement in the rating in the second half of 2021, from Caa1 to B3, which resulted in a reversal of AOA 1,458,939 thousand.

20. TAXES ON PROFIT OR LOSS

Taxes on profit or loss for the years ended 31 December 2022 and 2021 relate only to current tax, as at these dates there were no relevant temporary differences.

The reconciliation between earnings before tax and taxable profits for the years ended 31 December 2022 and 2021 is detailed as follows.

TAXES ON PROFIT OR LOSS	2022	2021
PROFIT/LOSS BEFORE TAXES	**16 259 617**	**10 379 895**
EXCESSIVE AMORTISATIONS (ARTICLE 40)	41 463	22 845
OTHER ACCRUED EXPENSES	2 259 323	2 270 590
TRANSITION		
Income subject to IAC	18 903 216	8 852 037
Other		
	(342 813)	**3 821 292**
Tax losses to be offset		
Statutory tax rate	35%	35%
Normal rate tax		
provisional liquidation		
Tax payable		
Deferred tax assets		
	-	**1 337 452**

21. EARNINGS PER SHARE

The calculation of earnings per share (EpS) is detailed below.

EPS	2022	2021
Profits and losses		
Net earnings for the year	16 259 617	9 042 443
Average number of shares outstanding		
Weighted average number of ordinary shares for calculation of basic and diluted RpA	1 000 000	1 000 000
BASIC RPA	**16.26**	**9.04**
DILUTED RPA	**16.26**	**9.04**

At 31 December 2022 and 2021 there were no potentially dilutive instruments, so the basic and diluted earnings per share were equal.

22. CASH AND CASH EQUIVALENTS IN CENTRAL BANKS

The balance of this caption at 31 December 2022 and 2021 is detailed as follows:

CASH AND CASH BALANCES AT CENTRAL BANKS	2022	2021
CASH		
Notes and coins in local currency	2 136 131	1 204 289
Notes and coins in foreign currency	2 200 053	3 764 575
Notes at ATM	822 182	453 178
	5 158 365	**5 422 042**
DEPOSITS AT CENTRAL BANKS		
Banco Nacional de Angola		
In national currency	21 167 552	20 107 287
In foreign currency	4 222 042	3 954 854
	25 389 594	**24 062 142**
IMPAIRMENT		
	30 547 959	**29 484 184**

Deposits at central banks in national and foreign currency aim to comply with the provisions in force for maintaining compulsory minimum reserves, and are not remunerated.

The compulsory reserves are calculated according to the BNA's instruction on monetary policy and are constituted in national currency and in foreign currency, according to the respective denomination of the liabilities that constitute their reserve base, and must be maintained throughout the period to which they refer.

As of 31 December 2022 and 2021, in accordance with Instructions 08/2021 and 16/2020, and Directive 08/DME/2022 of the Banco Nacional de Angola, the requirements for maintaining required reserves were calculated by applying the following percentages:

		2022		2021	
RATES ON THE RESERVE BASE		National Currency	Foreign Currency	National Currency	Foreign Currency
Central Government	Daily Determination	100%	100%	100%	100%
Local governments and municipal administrations	Daily Determination	100%	100%	100%	100%
Other Sectors	Weekly Determination	17%	22%	22%	22%

At 31 December 2022 and 2021 the total compulsory reserves amounted to 10,622,841 thousand kwanzas and 14,114,204 thousand kwanzas, respectively.

23. CASH BALANCES AT OTHER CREDIT INSTITUTIONS

The balance of this caption at 31 December 2022 and 2021 is detailed as follows.

	2022			2021		
CASH BALANCES AT OTHER CREDIT INSTITUTIONS	**Gross amount**	**Impairment**	**Final net**	**Gross amount**	**Impairment**	**Final net**
CASH AT OTHER CREDIT INSTITUTIONS IN THE COUNTRY						
Other cash balances - Transactions pending settlement	-		-	109 552	-	109 552
	-	-	-	109 552	-	109 552
CASH BALANCES AT OTHER CREDIT INSTITUTIONS ABROAD						
Demand deposits						
In EUR	3 291 240		3 291 240	6 564 725	-	6 564 725
In USD	7 422 198		7 422 198	1 923 731	-	1 923 731
In other currencies	50 770	(1 223)	49 547	32 501	(389)	32 112
	10 764 207	(1 223)	10 762 984	8 520 957	(389)	8 520 568
	10 764 207	(1 223)	10 762 984	8 630 510	(389)	8 630 121

The caption Transactions pending settlement concerns the cheques that will be sent for clearing on the first business day of 2022 and 2021, respectively.

All assets recognised under this caption are at stage 1 for the purpose of calculating the respective impairment losses.

There was no movement in impairment losses during the year ended 31 December 2021.

The movement in impairment losses under this item in the year ended 31 December 2020 are shown below.

2022 — IMPAIRMENT LOSSES	**Opening balance**	**Increases**	**Decreases**	**Closing balance**
CASH BALANCES AT OTHER CREDIT INSTITUTIONS ABROAD				
Demand deposits				
In EUR	(366)	(490)	324	(531)
In USD	(16)	(1 956)	1 297	(676)
In other currencies	(7)	(29)	19	(17)
	(389)	**(2 475)**	**1 640**	**(1 223)**

24. INVESTMENTS AT CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

	2022			2021		
	Gross amount	Impairment	Final net	Gross amount	Impairment	Final net
INVESTMENTS IN OTHER CREDIT INSTITUTIONS						
In USD	1 015 856	(1 030)	1 014 826			
	1 015 856	**(1 030)**	**1 014 826**	**-**	**-**	**-**
INVESTMENTS AT CENTRAL BANKS						
In AKZ	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
	1 015 856	**(1 030)**	**1 014 826**	**-**	**-**	**-**

All assets recognised under this item were at stage 1 for the purpose of calculating the respective impairment losses.

25. CUSTOMER LOANS

The breakdown of the item customer loans at 31 December 2021 and 2020, by macro-segment, is presented below.

2022 — AMORTISED COST	Gross amount	Impairment losses (ECL)	Net carrying amount
Companies	35 903 358	(1 483 854)	34 419 504
Private individuals	339 672	(35 672)	303 999
Employees	631 292	(6 313)	624 979
	36 874 322	**(1 525 840)**	**35 348 483**

2021 — AMORTISED COST	Gross amount	Impairment losses (ECL)	Net carrying amount
Companies	48 408 275	(1 091 664)	47 316 611
Private individuals	591 455	(44 227)	547 228
Employees	444 569	(4 448)	440 122
	49 444 300	**(1 140 339)**	**48 303 961**

At 31 December 2022 and 2021, the breakdown of the balance of the customer caption between fixed interest rates and variable interest rates is shown below.

2022 — AMORTISED COST	Gross amount	Impairment losses (ECL)	Net carrying amount
Fixed interest rate	36 143 418	(1 330 100)	34 813 319
Variable interest rate	730 904	(195 740)	535 164
	36 874 322	**(1 525 840)**	**35 348 483**

2021 — AMORTISED COST	Gross amount	Impairment losses (ECL)	Net carrying amount
Fixed interest rate	48 613 242	(850 267)	47 762 974
Variable interest rate	831 058	(290 072)	540 986
	49 444 300	**(1 140 339)**	**48 303 961**

At 31 December 2022 the Bank's ten largest customers together represent approximately 85.5% (91.5% in 2021) of the total loan portfolio.

The development of expected credit losses (ECL) for on-balance sheet exposures for the years ended 31 December 2022 and 2021 is set out below.

2022	Stage 1	Stage 2	Stage 3	Total
BALANCE AT THE BEGINNING OF THE YEAR	**(737 648)**	**(5 050)**	**(397 642)**	**(1 140 339)**
New loans originated	(437 437)	-	(101 209)	(538 646)
Loans settled	174 823	368	137 573	312 765
Transfers to stage 1	(184)	-	-	(184)
Transfers to stage 2	-	(130 755)	-	(130 755)
Transfers to stage 3	-	-	(28 681)	(28 681)
BALANCE AT THE END OF THE YEAR	**(1 000 445)**	**(135 437)**	**(389 958)**	**(1 525 840)**

2021	Stage 1	Stage 2	Stage 3	Total
BALANCE AT THE BEGINNING OF THE YEAR	**(1 235 374)**	**(2)**	**(396 013)**	**(1 631 390)**
New loans originated	(145 612)	(5 050)	(188 449)	(339 111)
Loans settled	643 338	2	225 181	868 521
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	(38 360)	(38 360)
BALANCE AT THE END OF THE YEAR	**(737 648)**	**(5 050)**	**(397 642)**	**(1 140 339)**

26. FINANCIAL ASSETS MEASURED AT AMORTISED COST

The breakdown of this item by type of security at 31 December 2022 and 2021 is presented below:

2022 - AMORTISED COST	Gross amount	Impairment	Final net
Bonds and other fixed income securities from public issuers			
Treasury bonds in national currency	73 322 784	(1 071 246)	72 251 538
Treasury bonds indexed to the USD	-	-	-
	73 322 784	**(1 071 246)**	**72 251 538**

2021 - AMORTISED COST	Gross amount	Impairment	Final net
Bonds and other fixed income securities from public issuers			
Treasury bonds in national currency	48 408 914	(712 512)	47 696 402
Treasury bonds indexed to the USD	8 130 677	(120 643)	8 010 034
	56 539 591	**(833 155)**	**55 706 436**

The movement in expected credit losses (ECL) in the years ended 31 December 2022 and 2021 is shown below.

2022	Stage1	Stage2	Stage3	Total
BALANCE AT THE BEGINNING OF THE YEAR	**833 155**			**833 155**
Increases	1 279 517	-	-	1 279 517
Decreases	(1 041 426)	-	-	(1 041 426)
BALANCE AT THE END OF THE YEAR	**1 071 246**	**-**	**-**	**1 071 246**

2021	Stage1	Stage2	Stage3	Total
BALANCE AT THE BEGINNING OF THE YEAR	**2 292 094**	**-**	**-**	**2 292 094**
Increases	114 679	-	-	114 679
Decreases	(1 573 618)	-	-	(1 573 618)
BALANCE AT THE END OF THE YEAR	**833 155**	**-**	**-**	**833 155**

The schedule of investments in debt instruments by maturity at 31 December 2022 and 2021 is shown below.

2022 - AMORTISED COST	< 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Impairment	Total
Bonds and other fixed income securities from public issuers						
Treasury bonds in national currency	-	2 884 275	9 019 225	61 419 285	(1 071 246)	72 251 538
Treasury bonds indexed to the USD	-	-	-	-	-	-
	-	**2 884 275**	**9 019 225**	**61 419 285**	**(1 071 246)**	**72 251 538**

2021 - AMORTISED COST	< 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Impairment	Total
Bonds and other fixed income securities from public issuers						
Treasury bonds in national currency	-	12 958 665	35 450 249	-	(712 512)	47 696 402
Treasury bonds indexed to the USD	5 669	-	8 125 008	-	(120 643)	8 010 034
	5 669	**12 958 665**	**43 575 257**	**-**	**(833 155)**	**55 706 436**

Earnings from assets at Amortised cost as of 31 December 2022 and 2021 consist of the following:

EARNINGS FROM HELD-TO-MATURITY INVESTMENTS	2022	2021
Treasury bonds in national currency	721 786	193 686

27. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of financial assets at fair value through profit or loss as of 31 December 2022 and 2021 is presented as follows:

2022 - FAIR VALUE THROUGH PROFIT OR LOSS	Currency	Average Rate	Fair value
BONDS AND OTHER FIXED INCOME SECURITIES FROM PUBLIC ISSUERS			
Treasury bonds in national currency	AOA	20.25%	50 461 853
Treasury bonds indexed to the USD	-	-	-
	-	**-**	**50 461 853**
EQUITY INSTRUMENTS			
EMIS	AOA	-	41 067
Securities market academy	AOA	-	1 500
	-	**-**	**42 567**
	-	**-**	**50 504 419**

2021 - FAIR VALUE THROUGH PROFIT OR LOSS	Currency	Average Rate	Fair value
BONDS AND OTHER FIXED INCOME SECURITIES FROM PUBLIC ISSUERS			
Treasury bonds in national currency	AOA	-	-
Treasury bonds indexed to the USD	-	-	-
	-	**-**	**-**
EQUITY INSTRUMENTS			
EMIS	AOA	-	41 067
	-	-	-
	-	**-**	**41 067**
	-	**-**	**41 067**

In October 2022, the Bank started building up it's trading portfolio, opting for a business model under which the objective is to achieve gains from the active purchase and sale of financial assets.

Income from financial assets valued at fair value as of 31 December 2022 and 2021 are broken down as follows:

EARNINGS FROM FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	2022	2021
Treasury bonds in national currency	1 886 388	-

28. NON-CURRENT ASSETS HELD FOR SALE

The details of non-current assets held for sale by type of asset and by group for disposal are presented below.

NON-CURRENT ASSETS HELD FOR SALE	2022	2021
Immovable	418 671	418 671
Impairment losses	(418 671)	(418 671)
	-	-

In 2017, the Bank received as a donation a property that it recorded under this caption, considering that it’s sale was highly probable in a short period (less than 1 year). In view of the time already elapsed, the Bank chose to constitute 100% impairment, given the reduction in the value of the asset and the supervisor's policy regarding this matter.

The property concerned is described in the following table.

NAME	Year of acquisition	Acquisition cost	Impairment	Net book value	Market value	Evaluation date
Malange - Administrative Area	2 017	418 671	(418 671)	-	-	out/18
Total		**418 671**	**(418 671)**	**-**	**-**	

29. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS

The movement in other tangible and intangible assets in the years ended 31 December 2022 and 2021 is shown below.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS	2021	Additions	Disposals / Write-offs	Adjustments / Transfers	2022
Tangible Assets					
Land	4 657 032	64 467	-	-	4 721 499
Own service properties	124 962	75 339	-	-	200 301
Furniture, fixtures, equipment and installations	2 077 146	1 067 892	(47 045)	413 930	3 511 923
Tangible assets in progress	979 732	1 846 738	-	(1 343 419)	1 483 051
Works on leased properties (Improvements)	1 421 794	355 050	-	468 448	2 245 292
Right-of-Use	1 726 324	79 390	-	600 595	2 406 309
Other tangible assets	509	-	-	-	509
	10 987 500	**3 488 874**	**(47 045)**	**139 555**	**14 568 884**
(-) Accumulated depreciation	(1 858 357)	(1 305 584)	34 281	28 230	(3 101 430)
	9 129 144	**2 183 290**	**(12 764)**	**167 785**	**11 467 454**
Intangible Assets					
Automatic data-processing system (Software)	1 483 549	382 353	-	191 462	2 057 364
Intangible assets in progress	504 695	110 726	-	(426 776)	188 644
Other intangible assets	71 872	-	-	12 900	84 773
	2 060 117	**493 079**	**-**	**(222 414)**	**2 330 781**
(-) Accumulated amortisation	(704 870)	(343 070)	-	12 666	(1 035 273)
	1 355 247	**150 009**	**-**	**(209 748)**	**1 295 508**
	10 484 391	**2 333 299**	**(12 764)**	**(41 963)**	**12 762 962**

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS	2020	Additions	Disposals / Write-offs	Adjustments / Transfers	2021
Tangible Assets					
Land	-	4 657 032	-	-	4 657 032
Own service properties	124 962	-	-	-	124 962
Furniture, fixtures, equipment and installations	1 482 953	594 193	-	-	2 077 146
Tangible assets in progress	1 016 105	-	-	(36 373)	979 732
Works on leased properties (Improvements)	1 236 799	184 996	-	-	1 421 795
Right-of-Use	881 955	96 810	-	747 559	1 726 324
Other tangible assets	509	-	-	-	509
	4 743 283	**5 533 031**	**-**	**711 186**	**10 987 500**
(-) Accumulated depreciation	(876 909)	(982 788)	-	1 341	(1 858 357)
	3 866 373	**4 550 243**	**-**	**712 527**	**9 129 144**
Intangible Assets					
Automatic data-processing system (Software)	1 137 758	345 792	-	-	1 483 550
Intangible assets in progress	72 589	432 106	-	-	504 695
Other intangible assets	71 872	-	-	-	71 872
	1 282 219	**777 898**	**-**	**-**	**2 060 117**
(-) Accumulated amortisation	(482 429)	(222 440)	-	-	(704 870)
	799 790	**555 458**	**-**	**-**	**1 355 247**
	4 666 163	**5 105 700**	**-**	**712 527**	**10 484 391**

The regularisations in assets under rights of use (IFRS 16) occurring in the year 2022 relate essentially to the effect of remeasurements arising from lease modifications. These changes are associated with the revision of the terms of some leases (enlargement).

The increase in the year ended 31 December 2022 in the caption “Tangible assets in progress" relates to the work carried out on the construction of the Bank's future headquarters. And the increase in the item “Furniture, utensils, equipment and installations” is fundamentally due to the growth in the number of POS and ATM and the acquisition of IT equipment, which includes a Data Centre infrastructure.

30. OTHER ASSETS

The balance of the caption “Other assets” at 31 December 2022 and 2021 is detailed below.

2022	Gross amount	Impairment	Carrying amount
Sundry debtors	242 953	-	242 953
Prepaid expenses	83 327	-	83 327
Other transactions to be settled	446 877	-	446 877
Income receivable	452 132	(271 279)	180 853
	1 225 290	**(271 279)**	**954 011**

2021	Gross amount	Impairment	Carrying amount
Sundry debtors	298 006	-	298 006
Prepaid expenses	45 804	-	45 804
Other transactions to be settled	286 464	-	286 464
Income receivable	371 743	(5 453)	366 290
	1 002 017	**(5 453)**	**996 564**

At 31 December 2021, the item of prepaid expenses is composed of: (i) 10 million Kwanzas related to advances to suppliers and (ii) 35 million Kwanzas related to deferred costs.

The balance of the item Other operations pending settlement essentially corresponds to the counterpart of clearing of Mastercard transactions.

The item of receivables includes the amount of AKZ 366 million receivable from the Ministry of Economy in relation to subsidised loans made under the Angola Investe programme.

The movement in accumulated impairment losses for other assets in the years ended 31 December 2021 and 2020 was as follows.

2022 Impairment losses	Opening balance	Increases	Decreases	Closing balance
Sundry debtors	(5 453)	(265 826)	-	(271 279)
	(5 453)	**(265 826)**	**-**	**(271 279)**

2021 Impairment losses	Opening balance	Increases	Decreases	Closing balance
Sundry debtors	(5 453)	-	-	(5 453)
	(5 453)	**-**	**-**	**(5 453)**

31. FUNDS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As of 31 December 2022 and 2021 this caption had no open balances.

FUNDS FROM OTHER CREDIT INSTITUTIONS IN THE COUNTRY	2021	2020
Sundry debtors	-	-
Prepaid expenses	-	-
Other transactions to be settled	-	-
	-	**-**

32. CUSTOMER FUNDS AND OTHER LOANS

The balance of this caption at 31 December 2022 and 2021 is detailed as follows.

CUSTOMER FUNDS AND OTHER LOANS	2022	2021
PRIVATE INDIVIDUALS		
Time deposits	3 175 067	1 564 934
Demand deposits	9 318 067	7 253 722
	12 493 133	**8 818 655**
COMPANIES		
Time deposits	18 409 377	15 477 118
Demand deposits	38 928 555	30 738 560
	57 337 932	**46 215 678**
STATE		
Time deposits	77 556 706	56 614 643
Demand deposits	22 398 806	11 219 279
	99 955 511	**67 833 922**
	169 786 576	**122 868 256**

As of 31 December 2022 and 2021, most customer demand deposits are not remunerated and all time deposit operations have a fixed interest rate.

The schedule as at 31 December 2022 and 2021 of customer funds and other loans, by maturity, is as follows:

SCHEDULE	2022	2021
Up to 3 months	92 566 134	68 237 509
From 3 to 6 months	6 085 400	8 209 558
From 6 months to 1 year	14 848 239	16 154 606
Over 1 year	56 286 803	30 266 583
	169 786 576	**122 868 256**

33. OTHER LIABILITIES

The balance of the item Other liabilities at 31 December 2022 and 2021 is detailed below.

OTHER LIABILITIES	2022	2021
Public Sector (fiscal nature)	965 277	1 881 134
Sundry creditors	439 474	481 441
Holiday pay and holiday allowances payable	233 325	163 233
Costs Other Remuneration	773 000	-
Other transactions to be settled	2 044 644	1 002 774
Lease liabilities	831 450	855 553
	5 287 171	**4 384 135**

The item “Other pending transactions” includes the amount of AOA 1 549 063 thousand relating to the balance for use with prepaid Mastercard cards, the amount of AOA 252 300 thousand relating to amounts to go through transaction clearing and the amount of AOA 136 717 thousand relating to electronic clearing operations.

The captions “Costs payable for holidays and holiday allowances” include the amounts of holidays and holiday allowances, while the heading “Costs of other remunerations” corresponds to the provision for the performance bonuses of the Governing Bodies.

The item “Public Sector” corresponds to current taxes payable in the year 2023.

The caption “Leasing Liabilities” corresponds to liabilities recognised under IFRS 16, as described in the Bank’s accounting policies.

34. SHARE CAPITAL

As of 31 December 2022 and 2021, the Bank's share capital consisted of 1,000,000 shares with a nominal value of AKZ 10,000 each.

As of 31 December 2022 and 2021, share capital is represented by the following categories of shares.

SHARE CAPITAL	2021	2020
CATEGORY A		
Nominal value	10 000	10 000
No. of shares	1 000 000	1 000 000
TOTAL		
No. of shares	1 000 000	1 000 000

As of 31 December 2022 and 2021, the Bank's shareholder structure has the following composition.

2022 - SHAREHOLDER STRUCTURE	% of share	Amount
Ligia Maria Madaleno	56.4%	5 638 210
João Henriques Pereira	20.0%	2 000 000
Joana D´Assunção Inacio Paixão Franco	10.7%	1 066 670
Valdomiro Minoru Dondo	7.4%	741 670
Manuel João Gonçalves Fonseca	3.0%	300 630
Helder Marcos Nunes da Silva	2.5%	252 820
	100.0%	**10 000 000**

2021 - SHAREHOLDER STRUCTURE	% of share	Amount
Ligia Maria Madaleno	56.4%	5 638 210
João Henriques Pereira	20.0%	2 000 000
Joana D´Assunção Inacio Paixão Franco	10.7%	1 066 670
Valdomiro Minoru Dondo	7.4%	741 670
Manuel João Gonçalves Fonseca	3.0%	300 630
Helder Marcos Nunes da Silva	2.5%	252 820
	100.0%	**10 000 000**

35. OTHER RESERVES AND UNAPPROPRIATED RETAINED EARNINGS

The balance of this caption at 31 December 2022 and 2021 is detailed as follows.

	2022	2021
Legal reserve	7 598 990	6 694 746
Free reserves	4 521 221	-
Other reserves	-	-
Retained earnings	1 007 496	1 007 496
TOTAL	**13 127 707**	**7 702 241**

Pursuant to Article 165(1) of the LRGIF and Article 327 of the LSC, the Bank must set up a legal reserve fund in an amount equal to that of it's capital. To this end, a minimum of 10%, or an amount never less than one twentieth (5%) of the net profit for the previous year, must be transferred annually to this reserve. This reserve may only be used to cover accumulated losses when the other reserves constituted are exhausted.

36. GUARANTEES AND OTHER COMMITMENTS

The amount of guarantees provided and received and other (off-balance sheet) commitments as of 31 December 2022 and 2021 are shown below:

GUARANTEES AND OTHER COMMITMENTS	2022	2021
Guarantees provided	480 367	757 037
Open documentary credits	7 224 973	7 673 673
Irrevocable lines of credit	8 071 794	5 775 169
Guarantees received	(64 145 937)	(72 581 444)

The guarantees and sureties provided are bank operations that do not involve the mobilisation of funds by the Bank, being related to guarantees provided to support import operations and for the execution of contracts by the Bank's customers. The guarantees provided represent values that may be due in the future.

Open documentary credits are irrevocable commitments assumed by the Bank, on behalf of it's customers, to pay/order payment of a specific amount to the supplier of a given good, within a stipulated period, against the presentation of documents related to the shipping of the good. The condition of irrevocability consists in the fact that it may not be cancelled or altered without the express agreement of all the parties involved.

Irrevocable credit lines (commitments assumed vis-à-vis third parties) represent contractual agreements for the extension of credit to the Bank's customers (e.g., unused credit lines) which, in general, are contracted for fixed terms or with other expiry requirements, and usually require payment of a fee. These commitments represent amounts that may be due in the future.

Notwithstanding the particularities of these commitments, the assessment of these operations follows the same basic principles as any other commercial operation, namely that of solvency, both of the customer and the underlying business, and the Bank requires these operations to be duly collateralised where necessary. Since most of them are expected to expire without being used, the amounts indicated do not necessarily represent future cash requirements.

Financial instruments classified as guarantees and other commitments are subject to the same approval and control procedures as applied to the loan portfolio, namely in terms of the assessment of the adequacy of the provisions set up as described in the corresponding accounting policy. The maximum credit exposure is represented by the nominal value that could be lost in relation to the contingent liabilities and other commitments assumed by the Bank in the event of default by the respective counterparties, without taking into account potential recoveries of credit or collateral.

The details of exposures (EAD) and impairment losses (ECL) by off-balance sheet type as of 31 December 2022 and 2021 are shown below.

2022	STAGE 1		STAGE 2		STAGE 3		TOTAL	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
Guarantees provided	240 183	(632)	-	-	-	-	240 183	(632)
Documentary credits	1 444 995	(28 891)	-	-	-	-	1 444 995	(28 891)
Irrevocable lines of credit	8 049 157	-	8 637	-	14 000	-	8 071 794	-
	9 734 335	**(29 524)**	**8 637**	**-**	**14 000**	**-**	**9 756 972**	**(29 524)**

2021	STAGE 1		STAGE 2		STAGE 3		TOTAL	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
Guarantees provided	757 037	(2 835)	-	-	-	-	757 037	(2 835)
Documentary credits	7 673 673	(25 337)	-	-	-	-	7 673 673	(25 337)
Irrevocable lines of credit	5 775 169	-	-	-	17 994	-	5 793 163	-
	14 205 879	**(28 173)**	**-**	**-**	**17 994**	**-**	**14 223 873**	**(28 173)**

37. LEASES

The Bank was lessee under several lease agreements (or agreements that include leases) during the years ended 31 December 2022 and 2021. In the same period, it did not assume any rights and obligations as a lessor, and, consequently, there are no subleases.

The carrying amount of right-of-use assets as of 31 December 2022 and 2021 is detailed by the nature of the respective underlying assets, as shown below.

2022	Gross amount	Accumulated depreciation	Carrying amount
Own service properties	2 406 309	(1 019 514)	1 386 795

2021	Gross amount	Accumulated depreciation	Carrying amount
Own service properties	1 726 324	(702 600)	1 023 724

The movement in the items of assets under right of use and lease liabilities for the year ended 31 December 2021 is detailed below.

	Balance at 12/31/2021	Initial recognition of new leases	Remeasurement of liabilities	Depreciation for the period	Payments	Other corrections	Balance at 12/31/2022
ASSETS UNDER RIGHT OF USE							
Gross amount	1 726 324	79 390	600 595	-	-	-	2 406 309
Accumulated depreciations	(702 600)	-	-	(316 914)	-	-	(1 019 514)
	1 023 724	**79 390**	**600 595**	**(316 914)**	**-**	**-**	**1 386 795**
LEASE LIABILITY	**855 553**	**79 390**	**600 595**	**-**	**(907 946)**	**203 858**	**831 450**

	Balance at 12/31/2020	Initial recognition of new leases	Remeasurement of liabilities	Depreciation for the period	Payments	Other corrections	Balance at 12/31/2021
ASSETS UNDER RIGHT OF USE							
Gross amount	881 955	12 607	855 248	-	-	(23 486)	1 726 324
Accumulated depreciations	(340 498)	-	-	(357 529)	-	(4 573)	(702 600)
	541 457	**12 607**	**855 248**	**(357 529)**	**-**	**(28 059)**	**1 023 724**
LEASE LIABILITY	**198 329**	**10 807**	**855 248**	**-**	**(413 386)**	**204 555**	**855 553**

The amounts of other corrections relate essentially to corrections made to opening balances which, in the opinion of the Board of Directors, are not sufficiently material to warrant retrospective treatment.

Cash flows related to lease payments for the years ended 31 December 2022 and 2021 are detailed below.

	2022	2021	Captions of the statement of cash flows
Leasing interest	167 858	56 271	Payments of interests, fees and other similar expenses
Lease liabilities (Capital)	740 088	357 115	Other financing transactions
	907 946	**413 386**	

During the years ended 31 December 2022 and 2021, there were no sale & leaseback transactions.

38. RELATED PARTIES

In accordance with IAS 24 (Related Party Disclosures), the following are considered entities related to the Bank:

- Holders of qualifying holdings – shareholders, assuming that this is the case when the shareholding is not less than 2.50%;
- Entities that are directly or indirectly in a controlling relationship or in a group relationship – subsidiaries, associated companies and jointly controlled entity;
- Members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree in a direct line.

During the years 2022 and 2021, the following transactions with related parties took place.

2022	Foreign exchange income	Interest received	Interest payable	Fees received	Credit granted	Funds obtained
Key management personnel	7 526	-	5 411	1 776	5 099	(411 435)
Other related parties	549 864	636 030	175 270	237 020	(182 938)	772 703
	557 390	**636 030**	**180 681**	**238 796**	**(177 839)**	**361 268**

2021	Foreign exchange income	Interest received	Interest payable	Fees received	Credit granted	Funds obtained
Key management personnel	14 486	-	-	37 501	-	523 218
Other related parties	595 032	430 915	167 064	253 647	951 482	5 649 165
	609 518	**430 915**	**167 064**	**291 148**	**951 482**	**6 172 382**

At 31 December 2022 and 2021, the Bank had the following balances and positions with related parties.

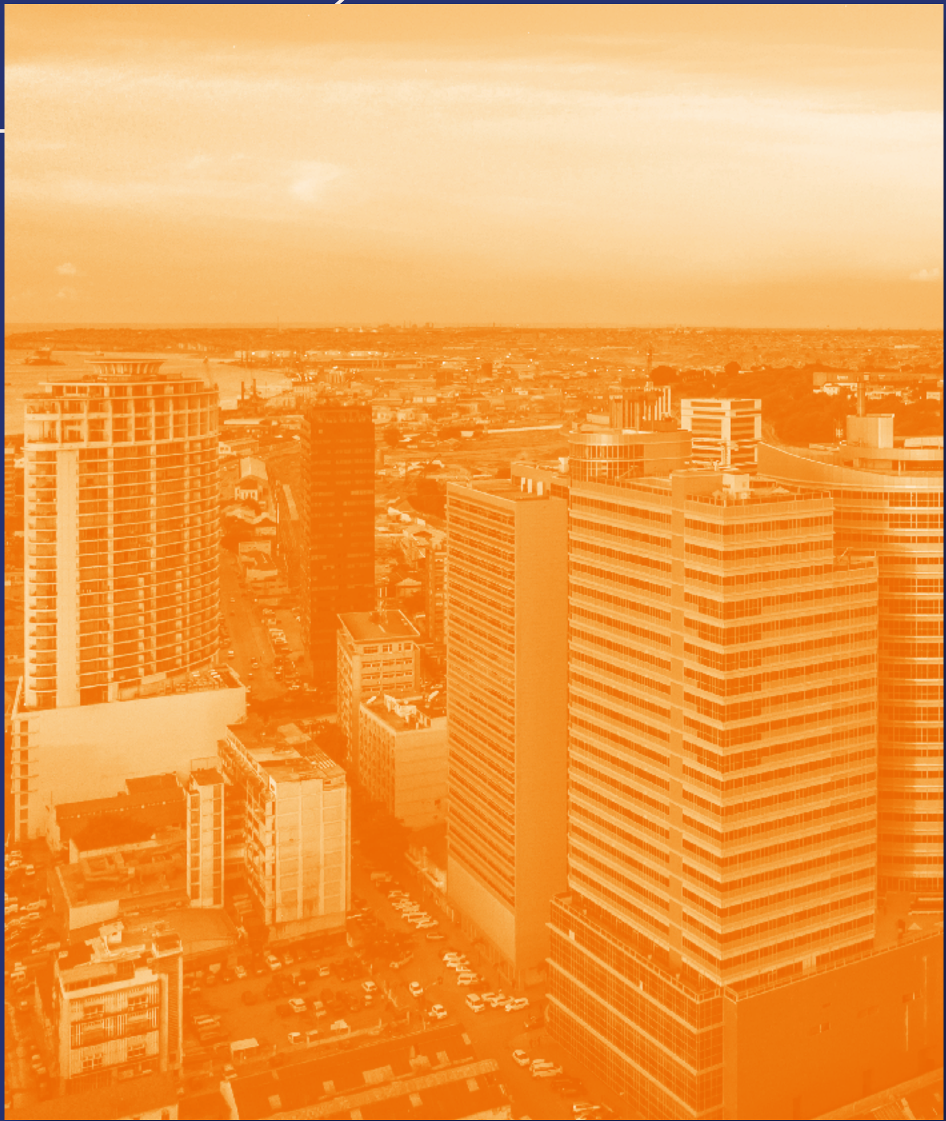
2022	Credit granted net of impairment	Funds obtained
Key management personnel	211 012	1 359 666
Other related parties	3 909 984	8 296 397
	4 120 996	**9 656 063**

2021	Credit granted net of impairment	Funds obtained
Key management personnel	-	969 421 508
Other related parties	2 760 717	9 082 446 011
	2 760 717	**10 051 867 519**

The remunerations of the Bank's key management personnel for the years 2022 and 2021 are detailed below:

REMUNERATION	2022	2021
Short-term benefit	2 209 632	1 642 795
	2 209 632	**1 642 795**

All transactions with related parties were carried out at normal market prices.



39. SUBSEQUENT EVENTS

Any new sanctions may be implemented in a short period of time and may cover other individuals, other entities and a greater range of goods and services.

The economic impacts resulting from the conflict can be of various natures, such as:

- Significant disruption of operations in Ukraine, Russia and Belarus;
- Liquidity challenges resulting from the economic sanctions imposed;
- Specific effects on the banking, financial services and energy sectors, among others, resulting from the sanctions imposed;
- Increased uncertainty in the global economy.

These events and current market conditions may have significant implications for the financial statements of the entities. Consequently, it is critical for the Board of Directors to understand the potential impacts and the respective response to them.

Therefore, and since the ongoing conflict in Europe continues to have a very significant social and economic impact, the Board of Directors expects to implement all the measures it deems necessary and appropriate to minimise potential impacts, if they occur, and in line with the recommendations of the competent authorities.

10 ANNEXES

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INDEPENDENT AUDITOR'S REPORT
(Amounts stated in thousand Kwanzas)

To Shareholders of:
Banco de Investimento de Rural, S.A.

Introduction

1. We have examined the financial statements of Banco de Investimento Rural, SA (the "Bank") which included the balance sheet as at 31 December 2022 (showing a total of 214,490,595 tAOA and total equity of 39,387,324 tAOA), including net earnings of 16,259,617 tAOA), the income statement by nature of expense, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended at that date, and the accompanying notes to the financial statements, which include a summary of the significant accounting policies.

Management's Responsibility for the Financial Statements

2. The Bank's Board of Directors is responsible for the preparation and presentation of the financial statements in an appropriate manner, in accordance with International Financial Reporting Standards and for the internal control that it deems necessary to enable the preparation of those financial statements free from material misstatement due to fraud or error.

Auditor's Responsibilities

3. Our responsibility is to express an independent opinion on the financial statements based on our audit, which was conducted in accordance with the Technical Norms of the Institute of Accountants and Accounting Specialists of Angola. These standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material distortion.

4. An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures chosen depend on the judgment of the auditor, including the assessment of the risks of material misstatement of the financial statements due to fraud or error.

In making such risk assessments, the auditor considers internal control relevant to the preparation and presentation of the financial statements by the entity in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the entity.

5. We are convinced that the audit evidence we obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Unqualified Opinion

6. In our opinion, the financial statements referred to in paragraph 1 present, in all material respects, the financial position of Banco de Investimento Rural, S.A. as at 31 December 2022 and its financial performance and cash flows for the period ended at that date, in accordance with International Financial Reporting Standards (IFRS).

Luanda, 1 March 2023

Crowe
Represented by João Martins de Castro
Accounting Specialist registered with the OCPCA under the no. 20140123

Supervisory Board of the Banco de Investimento Rural, S.A.
Report and Opinion of the Supervisory Board
Year ended 31 December 2022

Dear Shareholders

In compliance with the legal and statutory provisions, namely Law 1/04 of 13 February (Commercial Companies Law), as well as Article 28 and paragraph g) of Article 30 of the Articles of Association of Banco de Investimento Rural, S.A., we submit to you the Report on the supervisory action and opinion on the Management Report of the Board of Directors and the Financial Statements for the year ended 31 December 2022.

The Financial Statements include the Balance Sheet as at 31 December 2022, which shows total Assets of 214,490,595 tAOA, total Equity of 39,387,324 tAOA, including net earnings of 16,259,617 tAOA, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statements and the respective notes.

1. During the year, the Supervisory Board had the opportunity to monitor the Bank's activities with the frequency and to the extent deemed appropriate, through accounting information and of management. Ten ordinary monthly meetings were held and, whenever necessary, additional information was received from the heads of the Organisational Units whose issues were the subject of analysis and deliberation.

2. The Supervisory Board considered the Management Report of the Board of Directors, including the Balance Sheet, the Income Statement and the respective notes, the Cash Flow Statements for the year, the Statement of Changes in Capital and the proposal for the appropriation of earnings, which comply with International Accounting Standards (IASB) and International Financial Reporting Standards (IFRS).

3. In compliance with Notice no. 6/2020 of 3 March, from the BNA- Banco Nacional de Angola, the Supervisory Board, during the year, held eleven extraordinary meetings, assessed the files received from the Board of Directors and issued the respective opinions.

4. The Supervisory Board considered and issued opinions on the Report on Corporate Governance, on the Internal Control System and of the Internal Control System Report for the Prevention of Money Laundering, Terrorist Financing and the Proliferation of Weapons of Mass Destruction that comprise the information as at 31 December 2022.

Accordingly taking into account the work performed and the opinion of the External Auditors, whose work it monitored on a regular basis, the Supervisory Board considers that in the financial year ending 31 December 2022:

The Financial Statements, the Statements of Changes in Equity, the Cash Flow Statements and the Management Report of the Board of Directors are in accordance with the legal and statutory provisions and allow an adequate understanding of the financial situation, the results of the bank and the way in which it has carried out its activity:

a) - Approve the Accounts for the 2022 financial year;

b) - Approve the Management Report of the Board of Directors for the year ended 31 December 2022;

c) - Approve the appropriation of profits proposed by the Board of Directors.

Luanda, 17 February 2023

The Supervisory Board

Faustino Mpemba Madia
President

Carlos Ferraz
Board Member

Nuno Ricardo Duarte Barros
Board Member

11
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