Banco BIR

Annual Report 2023

In the 2023 financial year, Banco BIR continued to be a source of support for the development of the Angolan economy, gearing its activity and decisions towards the sustainable growth of its banking operations, taking into account the consolidation of its assets and its role as a responsible financial institution.

Banco BIR, which is well-trusted in the sector, faced many restrictions in the foreign exchange market, which led it to explore new ways of achieving essential profitability, either by introducing new banking products or by investing in innovation. These procedures were carried out with the aim of ensuring the institution's solidity and its resistance to economic adversity.

As a full-scale commercial financial organisation, Banco BIR reaffirms the commitment demonstrated by its team. We have the answer.

We have **the answer**

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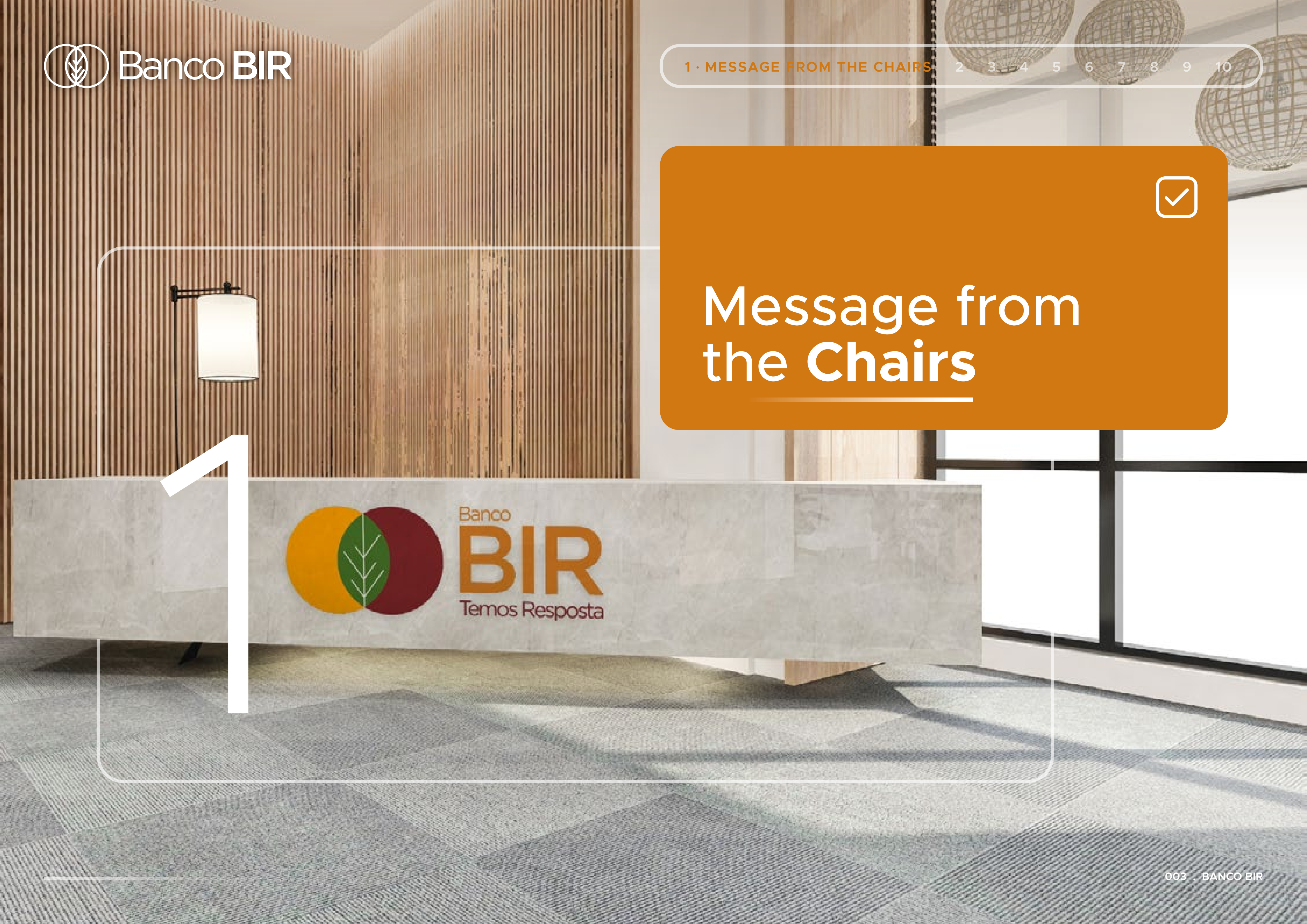

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Message from the **Chairs**

Message from the Chairs

In 2023, the world economy continued to be strongly conditioned by the increase in geopolitical tensions, both in Europe and on the Asian and African continents, dashing expectations of a recovery in the macro-financial stability environment and putting greater pressure on commodity prices.

Emerging and low-income countries have been hit hardest by this crisis, with serious repercussions in terms of indebtedness, scarcity of resources, inability to obtain foreign loans, rising interest rates and a serious food insecurity crisis.

Climate change has continued to create irreparable damage to the environment, posing a major threat to the livelihoods of rural communities and agricultural productivity.

During this period, the Republic of Angola experienced a decline in its economic recovery due to the fact that, among other factors, there was a slowdown in the development of the oil sector, 3.6% less than in 2022, and this coincided with the end of the foreign debt moratorium.

Accumulated inflation rose significantly to 20%, compared to 13.6% in the same period in 2022, driven by the depreciation of the Kwanza by around 64.6% and the cut in fuel subsidies made in this period.

The sharp devaluation that took place in June 2023 resulted, in the short term, in an increase in inflation, a loss of purchasing power for the population and an increase in the general uncertainty of economic agents.

An indirect consequence of this increase in inflation was the generalised rise in interest rates at the end of the year, which made banks' financial management more demanding, while at the same time limiting access to bank credit.

Minimum reserve requirements s in national currency were increased to 20% as a way of adjusting the level of liquidity to economic activity and reducing inflationary pressures.

Although 2023 was a very challenging year, Banco BIR SA successfully executed the budget items included in the 2021 – 2024 strategic plan, reinforcing the sustainability of the business model, using digital skills to achieve greater efficiency gains and proximity to the public, being resilient in the search for new talent and training human capital, and carefully assessing risk in all its categories.

We ended 2023 with net assets of AOA 255,982 M, representing growth of 19% compared to the previous year. Deposits and own funds grew by 18% and 21% respectively.

Gross credit, duly secured, increased by 44%, which clearly demonstrates our commitment to supporting the private business sector and, in general, our country's economy.

The solvency ratio remained at a high level, at 36.1%, and the net profit was 8% higher than last year. The BIR thus demonstrates a strong solidity in its entire dimension, respecting the established rules, guaranteeing its clients and stakeholders the future and promising continuity of its activity.

We take this opportunity to extend our deepest gratitude to all those who have collaborated in this successful mission, starting with the members of the Board of Directors and the Executive Committee, the other managers and employees, our valued clients, Banco Nacional de Angola, other related entities and, finally, the shareholders who have always stayed beside us.

WE HAVE THE ANSWER.

Generoso Hermenegildo de Almeida
Chair of the Board of Directors

Lígia Maria Gomes Pinto Madaleno
Chair of the Executive Board

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2023 **Highlights**

Balance Sheet

255,982 Asset

53,249 Customer loans (gross figures)

200,001 Customers resources

48,851 Own funds

MILLIONS OF AKZ

Structure

7 Branch Network

3 ATM centres

39 Active ATMs

2 940 Active APT

148 Employees

10,445 Active Costumers

Earnings and Profitability

43.3% Efficiency ratio

40% ROAE

34,053 Banking Product

7.5% ROAA

17,564 Net Profit

MILLIONS OF AKZ

Strength and Quality of Credit

36.1% RSR

663.9% Coverage of PDL by impairments

0.7% Past-due loans

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Economic **Environment**

3.1 World Economy

The recovery of the world economy after the COVID-19 pandemic, Russia's invasion of Ukraine and the generalised rise in the cost of living is proving surprisingly resilient. On the other hand, inflation is falling at a faster rate than expected from its 2022 peak, with a smaller than expected impact on employment and economic activity. This reflects favourable developments on the supply side, particularly in terms of the normalisation of supply chains, and the impact of the tighter monetary policy pursued by central banks, which has helped to keep inflation expectations contained.

In particular, economic growth was stronger than expected in the second half of 2023 in the US and in several of the main emerging markets and developing economies. In some countries, public spending and private sector spending contributed to the economic recovery, with gains in disposable household income supporting private consumption.

Consumers have also taken the opportunity to spend the savings they have accumulated during the pandemic. This excess of accumulated savings has diminished in the advanced economies, particularly in the US, which has led to a smaller reserve to deal with possible shocks, including those that may influence the cost of living and those that may result from a greater restriction in the availability of credit.

However, the greater dynamism of economic activity was not felt in the same way in all countries, with much more moderate growth in the euro zone reflecting weak consumer confidence, the lasting effects of high energy prices and the impact of higher interest rates on investment in sectors that are more sensitive to interest rates, such as manufacturing.

The tighter monetary policy pursued by the main central banks in response to inflation has raised the cost of borrowing. Banks in advanced economies have also significantly tightened lending standards, reducing the supply of credit. The impact of higher interest rates extends to public finances, particularly in poorer countries that are struggling with high debt costs, limiting their scope for priority investments.

In sub-Saharan Africa, economic growth has been affected by some specific challenges in the region's main countries. In particular, companies in Nigeria faced higher production costs while South Africa continued to be affected by the country's recurring energy problems. In the other economies, growth slowed down due to the sharp deceleration in the growth of metal-exporting countries, along with the fall in world metal prices.

Overall, the IMF estimates that world economic growth will have slowed to 3.1% in 2023 after 3.5% the previous year. This estimate is slightly higher than the 3.0% forecast in the *World Economic Outlook* (WEO) report of October 2023. The IMF also estimates that economic activity has slowed to 1.6% in the advanced economies (compared to 2.6% in 2022) and to 3.3% in sub-Saharan Africa (after growth of 4.0% in 2022). The advanced economies also suffered an upward revision of 0.1% in their growth forecast for 2023, while sub-Saharan Africa suffered a downward revision of 0.2% compared to the WEO's October 2023 forecast.

For the period 2024-25, the Fund does not foresee a very significant improvement in real GDP growth in the world economy or in the advanced economies. However, the economic outlook for sub-Saharan Africa should improve over the next two years.

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).

Meanwhile, in a context of favourable global supply developments, inflation has been falling faster than expected, with the monthly inflation recorded in the last months of 2023 being close to the pre-pandemic average for both total inflation and underlying inflation (which excludes the more volatile energy and food components).

The fall in the inflation rate reflects the disappearance of price shocks, particularly those relating to energy products, and the associated favourable impact on underlying inflation.

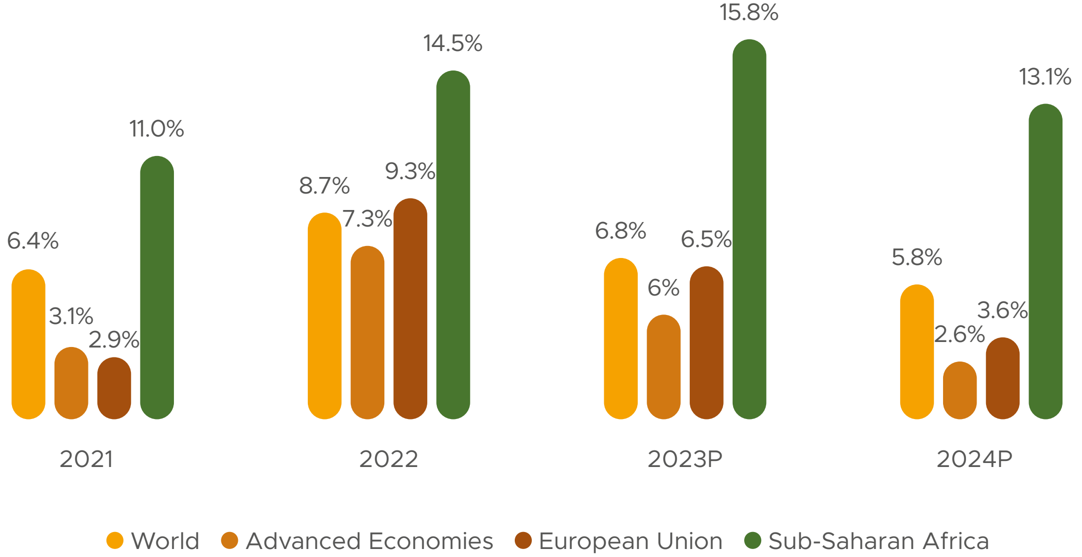
The fall in inflation also reflects the less restrictive conditions in the labour market, with a decrease in job vacancies, a modest increase in unemployment and a greater supply of labour. Wage growth remained generally contained, with wage-price spirals (where prices and wages grow together) not materialising. Overall, short-term inflation expectations fell in the main economies, while long-term expectations remained anchored.

In 2023, the pace of growth in world trade was the slowest it has been in 50 years, except for periods of global recession, with trade in goods contracting in the face of weak global industrial production. Trade in services continued to recover from the effects of the pandemic, but at a slower pace than previously expected. World trade growth is expected to accelerate to 2.3% in 2024, partly reflecting a recovery in demand for goods and, in general, more positive trade developments in advanced economies.

So far, the current conflict in the Middle East has only had a moderate impact on commodity prices. By 2023, the average price of most *commodities* fell at different rates thanks to the slowdown in demand. Even so, prices remain more than 40% above pre-pandemic levels.

ANNUAL INFLATION RATE (2021-24P)

Source: IMF



In terms of oil, the world market remained relatively balanced (in terms of supply and demand for crude oil) in 2023. According to OPEC data, oil demand grew by 2.5 million barrels per day (mb/d) (to 102.2 mb/d) in the period, which compares with an increase in supply of 1.7 mb/d (to 101.8/d). Remember that demand for crude oil recovered in 2021-22 after the sharp drop in 2020 due to the effects of the pandemic. It should also be noted that most of the growth in world oil supply in 2023 was due to higher production from OECD countries, with OPEC production falling to 27.0 mb/d.

					Variation		
OIL — DEMAND	**2020**	**2021**	**2022**	**2023**	**2021/20**	**2022/21**	**2023/22**
OECD	42.0	44.8	45.7	45.8	6.6%	1.9%	0.2%
China	13.9	15.1	15.0	16.2	8.3%	-1.0%	8.3%
India	4.5	4.8	5.1	5.3	5.8%	7.8%	3.9%
Other	30.7	32.5	33.9	34.9	5.9%	4.2%	2.9%
Total	**91.2**	**97.2**	**99.7**	**102.2**	**6.6%**	**2.5%**	**2.5%**

					Variation		
OIL — SUPPLY	**2020**	**2021**	**2022**	**2023**	**2021/20**	**2022/21**	**2023/22**
OECD	29.3	29.8	31.0	32.7	1.6%	4.0%	5.7%
OPEC	25.7	25.2	27.7	27.0	-1.9%	9.9%	-2.6%
Other	39.0	40.5	41.4	42.0	4.0%	2.0%	1.6%
Total	**94.0**	**95.5**	**100.1**	**101.8**	**1.6%**	**4.7%**	**1.7%**

Source: OPEC

The year 2023 saw a reduction in the price of Brent, which averaged around 83 USD. This compares with an average of 100 USD the previous year, i.e. a drop of 17% year-on-year.

In terms of the financial markets, long-term interest rates on government bonds in advanced economies experienced some volatility in 2023. This reflected the change in investors' expectations about the path of future interest rates and the considerable variations in the duration premiums of public debt securities.

Although *yields* have retreated from the peaks seen at the end of October, rates still reflect greater fiscal vulnerability, given that the average global public debt ratio has risen by 20 percentage points in terms of GDP since 2007, when American *yields* were last at their current levels.

The impact that the tighter monetary policy pursued by the main central banks in recent times is expected to have on economic growth is expected to peak in 2024 in most of the world's major economies. This is assuming that there will be an orderly normalisation of financial conditions. So far, the adverse factors for growth stemming from high interest rates have been offset to some extent by the consumption of household spending and the spending of companies, which have used their savings. Added to this are the effects of investors' resilient appetite for risk and the extended maturities of lower-cost debt stocks, as well as expansionary fiscal policy in some countries, particularly the United States.

Thestock markets performed quite well in 2023, particularly in the United States where the Dow Jones index reached an all-time high towards the end of the year. It should also be noted that the S&P 500 index recorded a gain of more than 20% for the third time in the last five years.

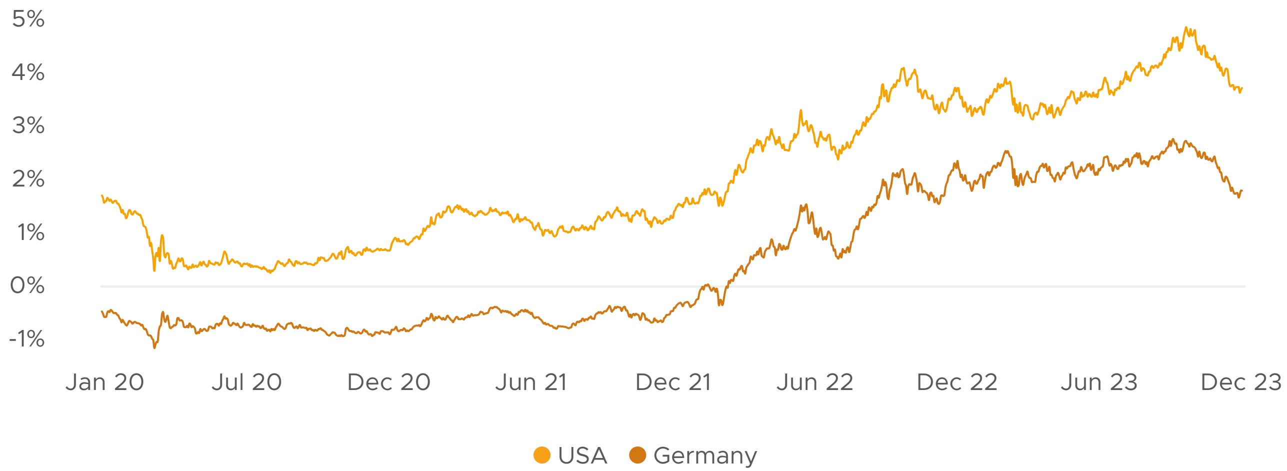
In general, and despite an adverse geopolitical context, stock markets in developed and emerging economies recorded gains in 2023 thanks to the slowdown in inflation. This fall in inflation improved investor sentiment regarding the future path of interest rates, an effect that more than offset the slowdown in economic activity during the period.

The exception in terms of the evolution of the main stock markets was in China. In fact, economic growth in the world's second largest economy has fallen short of expectations, partly due to the problems in the country's property sector.

In 2023, the dollar depreciated somewhat against the world's main currencies (such as the euro or the pound) after appreciating sharply the previous year. The US currency continued to benefit from the resilience of the US economy and the relatively high interest rate scenario in the country. As was the case in 2022, most emerging and developing country currencies depreciated against the dollar for most of the year, only registering a slight gain towards the end of the period due to signs that the US economy might finally be slowing down.

10-YEAR GOVERNMENT BOND INTEREST RATES (USA AND GERMANY)

Source: Bloomberg.

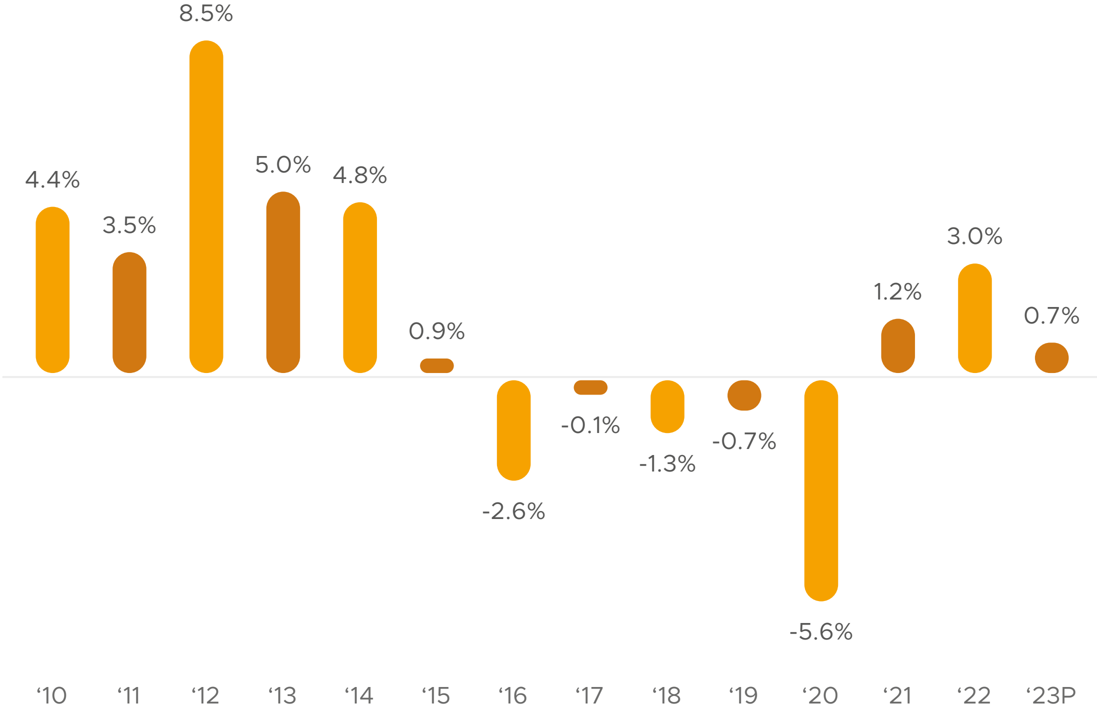


3.2 National Economy

Economic activity in Angola slowed down significantly in 2023 when compared to the previous year. According to the latest data available from INE, real GDP growth stood at just 0.6% year-on-year in the first nine months of the year (below the 3.0% growth for 2022), due to the continued fall in activity in the oil sector (-3.9%).

REAL GDP GROWTH (2010-23P)

Sources: INE and BNA.



Oil production continued to be affected by stoppages for maintenance work on some oil platforms, as well as breakdowns in certain oil blocks, including Blocks 0, 14, 15, 15/06, 17 and 18. On the other hand, activity in the non-oil sector continued to grow in the same period (+2.3% year-on-year), thanks to the favourable contribution of sectors such as retail, transport and communications, real estate and financial services.

Activity was also affected by the sharp depreciation of the kwanza between May and June 2023. This evolution of the kwanza was due to the significant reduction in the amount of dollars available on the foreign exchange market following the erratic sale of dollars by the Treasury, which is by far the largest supplier of foreign currency to the domestic market. In fact, the drop in oil production levels in the first half of 2023 led to lower amounts of foreign currency entering the Angolan market, while the need to meet debt service payments in the period meant that the supply of foreign currency was significantly reduced.

The weaker than expected performance has led the Angolan authorities to significantly reduce their economic growth forecasts for the whole of 2023. In fact, the government announced at the time of the presentation of the General State Budget (GSB) for 2024 a significant cut in its growth forecast for 2023 (from 3.3% to 0.4%).

For 2024, government forecasts point to growth of 2.8% while the central bank estimates growth of just 2.2%, as a result of the impact of the government's expected stimulus measures for the non-oil sector. In this sense, the non-oil sector could grow above 4.0% and compensate for a further reduction in production in the oil sector.

ECONOMIC ACTIVITY	2019	2020	2021	2022	2023 (1)	2023P	2024 (1)
Real GDP Growth	**-0.7%**	**-5.6%**	**1.2%**	**3.0%**	**3.3%**	**0.4%**	**2.8%**
Oil & Gas	-6.5%	-6.7%	-11.5%	1.0%	3.0%	-4.1%	-2.5%
Non-oil	2.2%	-5.1%	5.5%	3.9%	3.4%	1.8%	4.6%
Agriculture	5.9%	5.5%	5.2%	3.8%	8.0%	1.3%	6.5%
Fishing	-14.8%	-6.1%	46.4%	4.2%	10.0%	-0.5%	6.0%
Mining Industry	4.6%	-11.0%	10.4%	0.5%	10.0%	0.5%	5.5%
Manufacturing Industry	-5.1%	2.7%	0.8%	2.5%	2.8%	0.7%	5.2%
Construction	4.5%	-25.8%	-6.7%	5.5%	11.0%	1.2%	3.2%
Energy	4.5%	2.9%	1.8%	4.7%	4.9%	6.4%	10.6%
Retail	1.9%	3.5%	6.3%	2.8%	2.8%	2.3%	4.6%
Other	2.3%	-3.2%	2.6%	7.5%	2.1%	1.0%	3.0%

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

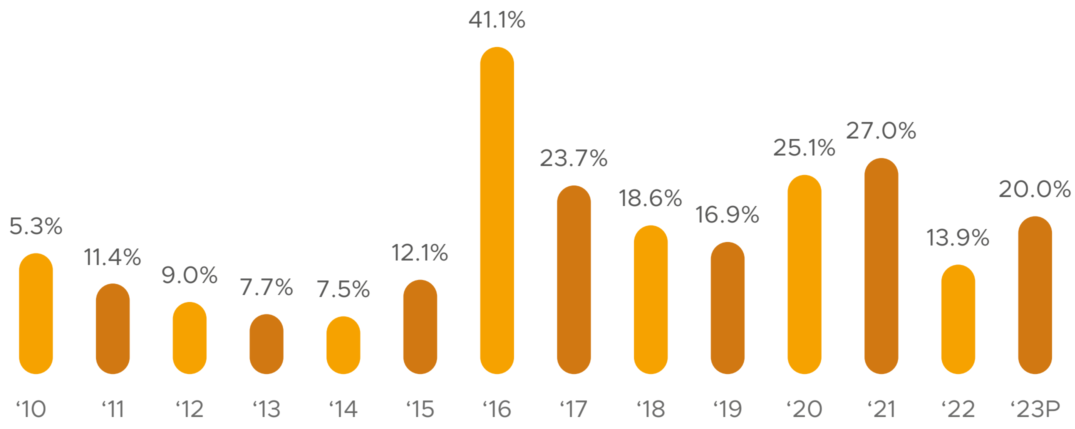
Meanwhile, inflation in Angola increased at the end of 2023, after reaching a low of 10.6% in April 2023, which marked the lowest level recorded since January 2019. According to INE, year-on-year inflation reached 20.0% in December 2023. This was well above the government's forecast of 17.8% and compares with 13.9% in 2022.

Inflation has once again come under some pressure, largely due to the impact of the depreciation of the kwanza during the first half of 2023 on the prices of certain goods and services. It should be noted that more than half of the increase in inflation was due to the higher cost of food and non-alcoholic drinks. Inflation also reflected (1) the petrol price adjustments in June, (2) the closure of commercial warehouses by the Luanda Provincial Government (also in June), (3) the increase in transport costs (namely in air travel ticket prices) and (4) the increase in education and health service costs.

It should be noted that in terms of monetary policy, the central bank's Monetary Policy Committee lowered the BNA Rate on two occasions in the first half of 2023, namely by 150 bp in January and 100 bp in March, bringing the BNA Rate to 17.0%. The reserve requirements in domestic currency and foreign currency remained unchanged at 17.0% and 22.0% respectively. However, faced with rising inflation in the second half of the year, the BNA raised its key rate by 100 bp (to 18.0%) at the November 2023 meeting. The national currency reserve requirement ratio was also revised upwards by 100 bp, closing the year at 18.0%.

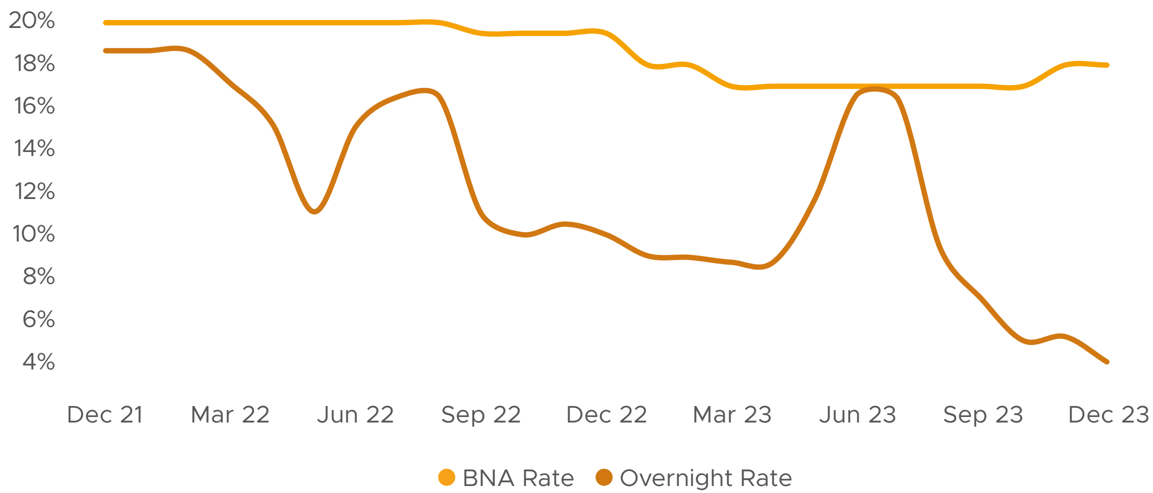
ANNUAL INFLATION RATE (2010-23)

Source: INE.



BNA BENCHMARK INTEREST RATE AND OVERNIGHT RATE

Source: BNA.



In terms of public accounts, the 2023 GSB was drawn up on the assumption that oil prices would average 75 dollars per barrel and that daily crude oil production would reach 1.18 million barrels. These assumptions led the government to forecast a budget surplus equivalent to 0.9% of GDP, a primary surplus of 4.9% of GDP and a non-oil primary deficit of 6.5% of GDP.

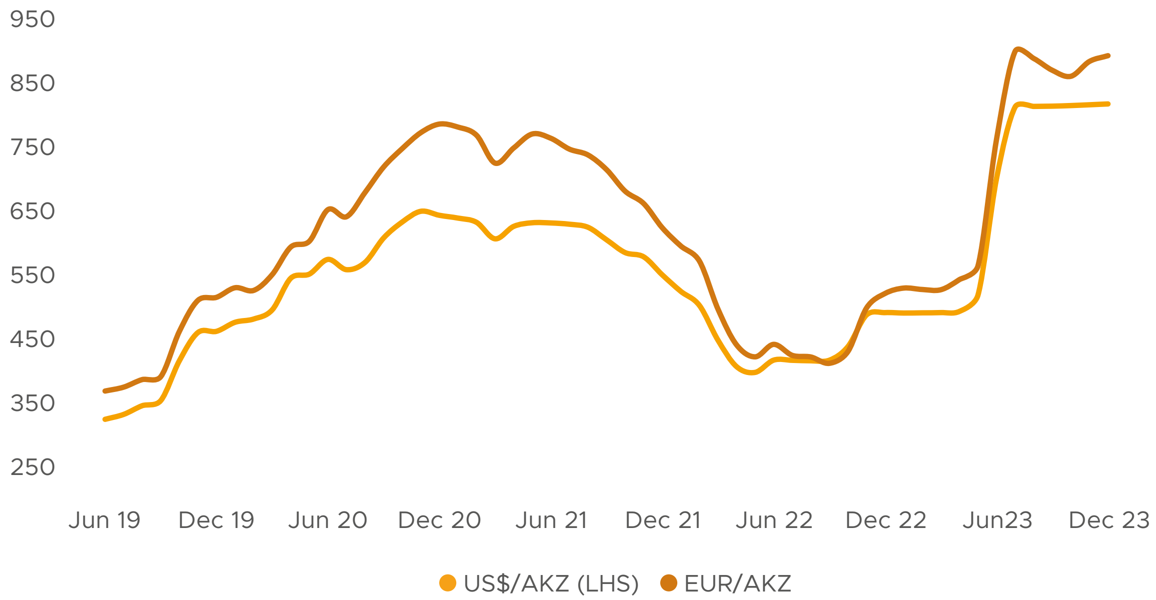
The drop in oil production recorded during the first half of 2023 led to lower than expected oil exports and revenues. In addition, slower GDP growth than previously forecast has also had an impact on non-oil sector revenues, which are now estimated to be more than 10% below the level forecast by the government for the whole year.

These developments have forced the government to adopt measures to reduce spending in order to contain these impacts on its budget situation. One of these measures was the significant reduction in the levels of public investment planned for 2023, which were cut by 22.2% compared to the initial estimate and are projected to be almost 30% below the level recorded in 2022. Public investment is now expected to account for just 3.9% of GDP, a significant drop from the 6.7% of GDP recorded in 2022 (and the 5.1% of GDP forecast in the budget proposal).

The public accounts for 2023 were also greatly affected by new pressures from interest expenditure (due to the debt's exposure to the exchange rate) and fuel subsidies, since in the current subsidy model, changes in the market variables that determine the price of petrol and diesel are passed on to public spending on subsidies and to fuel prices at petrol stations.

KWANZA AVERAGE EXCHANGE RATE HISTORY

Source: BNA.



The currency depreciation recorded in the second quarter of 2023 also limited the potential fiscal gain from the fuel subsidy reform announced on 1 June, which began with the adjustment of the price of petrol by around 87.5%, from 160 kwanzas to 300 kwanzas per litre. The government plans to continue the process of phasing out the remaining petrol, diesel and oil subsidies throughout 2024-25.

Overall, the government expects the budget balance to be slightly in deficit (at -0.1% of GDP) in 2023. This compares with a budget surplus of 0.9% of GDP forecast in the initial GSB (and a surplus of 1.0% of GDP in 2022). This downward revision of the overall budget balance is largely due to the slowdown in economic activity forecast for the year and its impact on public revenue, particularly from the non-oil sector. In fact, revenues from the oil sector were revised slightly upwards thanks to the favourable impact that the depreciation of the kwanza had on oil revenues, as it more than offset the negative effect of lower oil production in the period. On the other hand, the depreciation of the kwanza had a negative impact on interest payments, especially on external debt (46.8%), since more than 70% of Angola's public debt is denominated in foreign currency.

PUBLIC ACCOUNTS	2018	2019	2020	2021	2022P	2023P
Revenues	**5 860**	**6 547**	**7 054**	**10 995**	**13 336**	**12 643**
% of GDP	22.9%	21.4%	21.4%	24.7%	25.6%	20.0%
Taxes (oil sector)	3 715	3 953	3 612	6 615	7 706	7 544
Taxes (non-oil sector)	1 693	2 122	2 993	3 709	4 506	4 313
Other revenues	452	473	449	671	1 124	786
Expenditure	**5 319**	**6 364**	**7 675**	**9 207**	**12 800**	**12 691**
% of GDP	20.8%	20.8%	23.2%	20.7%	24.5%	20.1%
Current expenses	4 130	5 237	5 902	6 727	9 326	10 255
Capital expenditure	1 189	1 127	1 772	2 480	3 473	2 436
Budget Balance	541	183	-620	1 788	536	-47
% of GDP	**2.1%**	**0.6%**	**-1.9%**	**4.0%**	**1.0%**	**-0.1%**
Oil & Gas	-5.1%	2.7%	0.8%	2.5%	0.7%	5.2%

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

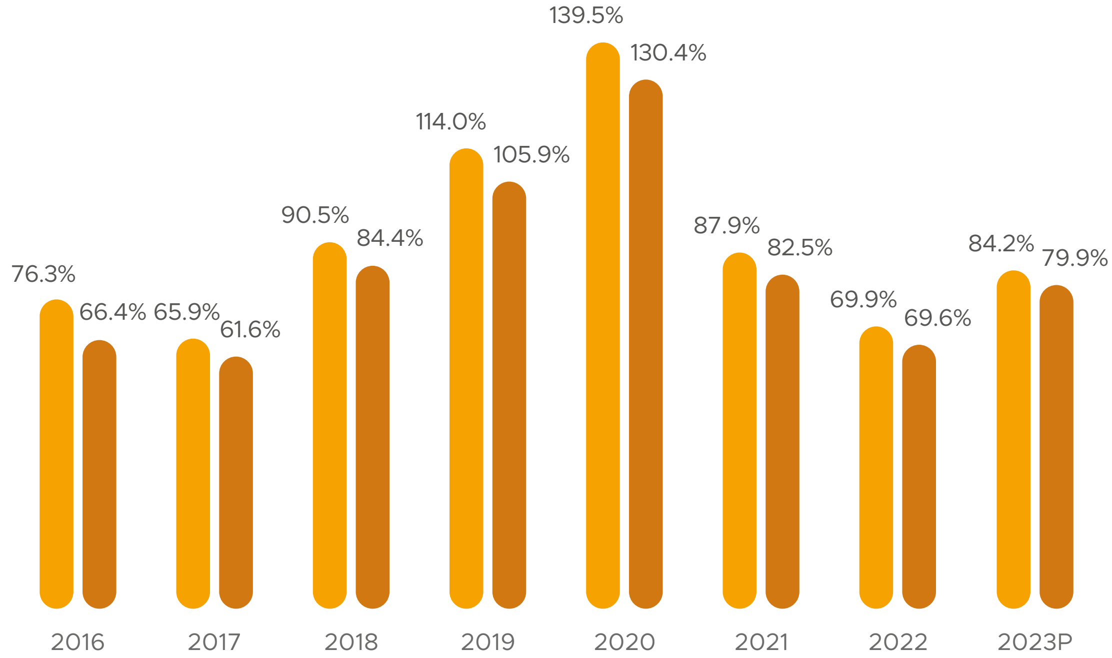
Angola's public debt ratio rose again in 2023 after falling in the previous two years. Government estimates indicate that public debt could reach 84.2% of GDP by December 2023, while government debt could remain at 79.9% of GDP. These figures compare to 69.9% and 65.8% of GDP respectively the previous year. These figures also compare to historically high levels of 139.5% and 130.4% 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 (despite the depreciation in 2023). 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.



In the external sector, the latest data available from the BNA shows that the current account surplus fell by 72.9% year-on-year in the first nine months of 2023, reaching 3,087 million dollars in the period. This was due to sharp falls in the trade surplus (-42.7%) and the financial surplus (-58.6%). In particular, the trade balance was greatly affected by the much lower contribution in terms of exports from the oil sector (-33.0%), while the smaller surplus in the financial balance was due to the sharp fall in net foreign direct investment (-74.6%). In total, the current account represented 4.4% of GDP in the first nine months of 2023, compared to 13.1% in the same period of the previous year.

						Variation		
BALANCE OF PAYMENTS	**2020**	**2021**	**2022**	**9M 2022**	**9M 2023**	**2021/20**	**2022/21**	**9M 2023/22**
Current Account	872	8 399	11 763	11 406	3 087	863.3%	40.0%	-72.9%
Trade Balance	11 394	21 787	32 771	26 951	15 434	91.2%	50.4%	-42.7%
Exports	20 937	33 581	50 038	39 679	26 791	60.4%	49.0%	-32.5%
Oil Sector	19 584	31 838	47 490	37 746	25 281	62.6%	49.2%	-33.0%
Other	1 353	1 743	2 548	1 933	1 510	28.8%	46.2%	-21.9%
Imports	-9 543	-11 795	-17 267	-12 728	-11 357	23.6%	46.4%	-10.8%
Services Balance	-5 536	-6 957	-11 214	-8 132	-5 878	25.7%	61.2%	-27.7%
Income Balance	-4 987	-6 430	-9 793	-7 412	-6 470	28.9%	52.3%	-12.7%
Capital Account	1	2	-2	0	1	66.1%	-	-
Financial Account	-52	5 459	8 836	8 435	3 496	-	61.9%	-58.6%
Direct Foreign Invest. (Net)	1 957	3 298	6 183	5 442	1 382	68.5%	87.5%	-74.6%
Errors and Omissions	-926	-2 943	-2 925	-2 971	409	218.0%	-0.6%	n.m.
Overall Balance	**-105**	**10 917**	**17 673**	**16 870**	**6 992**	**n.m.**	**61.9%**	**-58.6%**
Values in % of GDP:								
Current Account	1.6%	11.7%	11.4%	13.1%	4.4%			
Trade Balance	20.7%	30.4%	31.7%	30.9%	22.1%			
Exports	38.0%	46.8%	48.3%	45.5%	38.4%			
Imports	17.3%	16.4%	16.7%	14.6%	16.3%			
Services Balance	-10.1%	-9.7%	-10.8%	-9.3%	-8.4%			
Income Balance	-9.1%	-9.0%	-9.5%	-8.5%	-9.3%			
Financial Account	-0.1%	7.6%	8.5%	9.7%	5.0%			
Direct Foreign Invest. (Net)	3.6%	4.6%	6.0%	6.2%	2.0%			

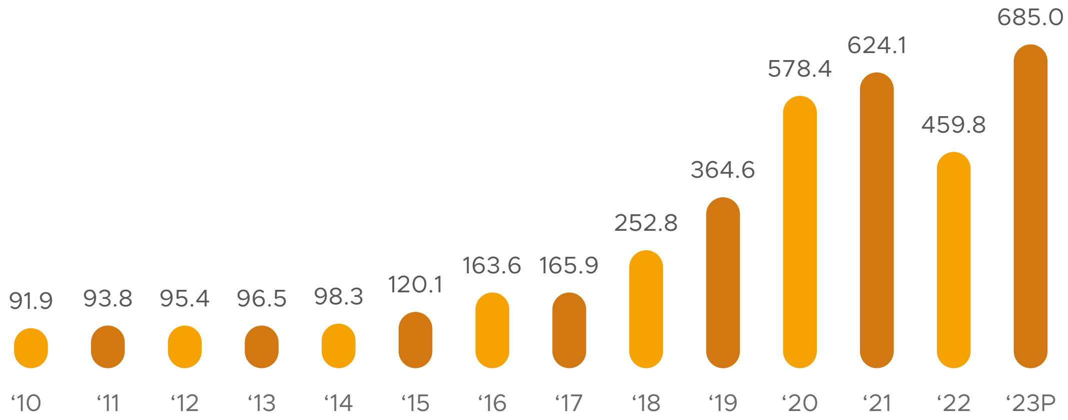
One billion AKZ. Source: BNA.

BNA data shows that the average AKZ exchange rate depreciated by 32.9% against the USD and 34.4% against the EUR. In terms of year-end money rate, the depreciation was 39.2% against the USD and 41.3% against the EUR.

BNA data also indicate that the total issue of public debt securities reached AOA 3,619 billion in 2023, a sharp increase of 80.9% compared to the same period last year, while total amortisations stood at AOA 3,139 billion (+34.7% compared to 2022). An increase of 35.0% was reported in the issue of T-Bonds (OT) and that of Treasury Bills (BT) more than tripled in the period.

AVERAGE EXCHANGE RATE (USD/AKZ)

Source: BNA.



ISSUE OF SECURITIES	2020	2021	2022	2023	Variation 2021/20	Variation 2022/21	Variation 2023/22
Treasury Bonds							
Issue (a)	239	1 081	1 512	2 041	352.0%	39.9%	35.0%
Redemption (b)	92	1 556	1 854	2 234	1599.8%	19.1%	20.5%
Net Issue (a - b)	148	-476	-342	-193	-	-28.0%	-43.6%
Treasury Bills							
Issue (a)	1 264	867	489	1 579	-31.4%	-43.6%	223.1%
Redemption (b)	492	1 351	477	905	174.6%	-64.7%	89.8%
Net Issue (a - b)	772	-485	12	674	-	-	5529.3%
Total Issues	**1 503**	**1 948**	**2 000**	**3 619**	**29.6%**	**2.7%**	**80.9%**
Total Redemptions	**584**	**2 908**	**2 331**	**3 139**	**398.2%**	**-19.8%**	**34.7%**

One billion AKZ. Source: BNA.

Average interest rates on Angolan public debt securities did not change much in 2023 when compared to the previous year. The average rates of 182-day and 364-day BT reached 11.11% and 12.48% respectively, while those of 2-year and 4-year OT in national currency fell to 13.75% and 16.18% respectively.

AVERAGE INTEREST RATES	2020	2021	2022	2023
Treasury Bills 182 days	17.54%	18.21%	11.02%	11.11%
Treasury Bills 364 days	18.24%	18.15%	13.46%	12.48%
Treasury Bonds (MN) 2 years	23.29%	24.39%	15.92%	13.75%
Treasury Bonds (MN) 4 years	24.27%	24.75%	17.61%	16.18%

Source: BNA.

The stock of credit granted to the Central Government until December 2023 recovered (after falls in the previous two years) and totalled 8,725 billion kwanzas, an increase of 21.1% on the previous period. Credit to the private sector granted by banks also recovered strongly (26.8%) to 5,368 billion kwanzas, reversing the fall recorded in 2022.

The M2 aggregate recorded a significant rise of 39.1% in the period due to the very positive evolution of all its components, particularly bank demand deposits (50.4%). Time deposits recovered by 28.9% after falling in previous years.

					Variation		
ISSUE OF SECURITIES	2020	2021	2022	2023	2021/20	2022/21	2023/22
Central Government net credit	6 143	4 679	4 707	5 993	-23,8%	0,6%	27,3%
Credit to Central Administration	8 615	7 466	7 206	8 725	-13,3%	-3,5%	21,1%
Central Administration Deposits	2 472	2 787	2 499	2 733	12,8%	-10,3%	9,3%
Private sector	4 106	4 373	4 235	5 368	6,5%	-3,2%	26,8%
Companies	3 310	3 533	3 311	4 158	6,7%	-6,3%	25,6%
Loans in national currency	2 486	2 843	2 757	3 142	14,4%	-3,0%	14,0%
Loans in foreign currency	825	691	554	1 016	-16,2%	-19,9%	83,5%
Private individuals	796	839	924	1 210	5,4%	10,1%	31,0%
Loans in national currency	562	622	726	1 032	10,6%	16,6%	42,2%
Loans in foreign currency	234	217	198	179	-7,1%	-8,7%	-9,8%
M2 = (M1 + Quasi-Money)	12 698	11 513	11 356	15 800	-9,3%	-1,4%	39,1%
M2 (National Currency)	5 841	5 901	7 000	9 193	1,0%	18,6%	31,3%
M1	6 344	5 720	5 777	8 607	-9,8%	1,0%	49,0%
Banknotes and coins held by the public	405	402	495	664	-0,7%	23,1%	34,3%
Demand deposits	5 939	5 319	5 281	7 943	-10,4%	-0,7%	50,4%
In national currency	3 270	3 230	3 515	5 003	-1,2%	8,8%	42,4%
In foreign currency	2 669	2 089	1 767	2 940	-21,8%	-15,4%	66,3%
Time Deposits	6 354	5 793	5 579	7 193	-8,8%	-3,7%	28,9%
In national currency	2 166	2 270	2 991	3 525	4,8%	31,8%	17,9%
In foreign currency	4 188	3 523	2 588	3 668	-15,9%	-26,5%	41,7%
Other Instruments Similar to Deposits	5	5	-	-	6,7%	-	-

One billion AKZ. Source: BNA.

The latest available indicators on the soundness of the-Angolan banking system relate to September 2023 and show a slight drop in the Regulatory Solvency Ratio (RSR) to 26.79% from 28.41% in December 2022, still well above the regulatory minimum of 8% required by the BNA. It should also be noted that the ratio that considers only basic own funds (better quality) rose to 24.15% (it was 21.33% in 2022).

As regards asset quality, the non-performing loans ratio deteriorated slightly to 15.98% in September 2023 after a marked improvement to 14.40% in 2022. As regards the ratio of overdue loans deducted from provisions and impairments, there was an improvement to 12.02% (from 14.13% in 2022), which may be associated with reversals of impairments in the system.

The profitability of the system reported a significant improvement both in terms of assets (ROA) and equity (ROE). ROA rose to 4.72% and ROE to 33.54% in September 2023. These figures compare to 2.73% and 22.14%, respectively, in 2022. 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 once again (from 57.74% in 2022 to 40.43%). On the other hand, the weight of net interest income in the gross intermediation margin fell from 73.21% to 53.54%.

As for the liquidity of the system, there was an increase in the weight of net assets both on total assets and on short-term liabilities. the transformation ratio of the system slightly increased from 34.42% to 35.08%.

BANKING SYSTEM FINANCIAL HEALTH INDICATORS	Dec 20	Dec 21	Dec 22	Sep 23
Solvency = ROF / (APR+ECRC/0.10)	22.70%	23.79%	28.41%	26.79%
Basic Own Funds (Tier 1) / APR	17.13%	20.63%	21.33%	24.15%
Foreign Exchange Credit/Total Credit	30.34%	21.74%	20.01%	26.74%
Overdue Credit/Total Credit	18.41%	20.26%	14.40%	15.98%
(Overdue Loans - Provisions for Overdue Loans) / ROF	-38.25%	-32.92%	-14.13%	-12.02%
ROA	-2.91%	2.21%	2.73%	4.72%
ROE	-29.79%	26.73%	22.14%	33.54%
Total costs/total income	121.51%	81.29%	76.31%	66.02%
Cost-to-income	132.27%	74.26%	57.74%	40.43%
Net Interest Income / Gross Intermediation Margin	168.28%	91.00%	73.21%	53.54%
Total net assets/ Total assets	30.07%	35.76%	30.88%	33.52%
Net Assets / Short Term Liabilities	35.79%	43.61%	38.87%	43.12%
Total credit/total deposits	32.72%	35.87%	34.42%	35.08%
FC liabilities/Total liabilities	54.16%	45.54%	36.26%	43.81%

Source: BNA.

4

Corporate **Governance**

4.1 Corporate Governance

Corporate governance is the central pillar of financial institutions, given its responsibility for implementing the regulatory framework.

In compliance with the reporting requirements set out in Notice 01/22 of 28 January, the Board of Directors of Banco BIR submitted to the regulator, on 31 January 2024, 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 its nature, size, the complexity of its 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 Bank's governing bodies are the General Meeting, the Board of Directors 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.

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

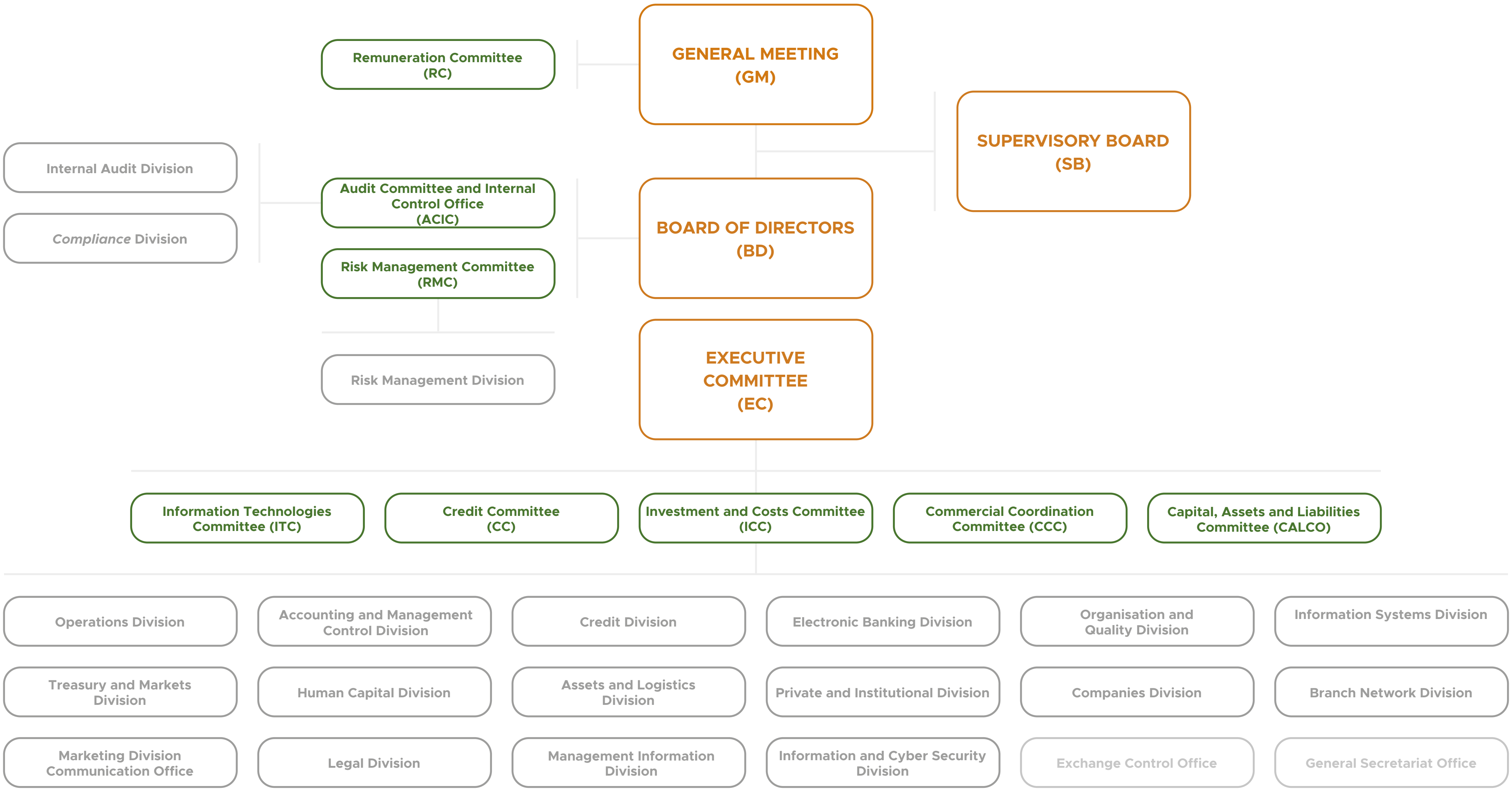
Organisational Structure

Banco BIR has a structure made up of Organisational Units (UOs), which represent groupings of homogeneous functions of various jobs with their own management body, regardless of the number or category of employees in the respective position on the hierarchical ladder.

The "UOs" are grouped, according to their affinity, into vertically or horizontally integrated groups. When it comes to vertical integration, Banco BIR adopts a pyramid structure, i.e. no "UO" should have a single lower-level "UO" above it.

The following organisational chart illustrates the current structure of Banco BIR

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 its 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 2023, the Chair of the General Meeting was Mr Paulo Antunes and the Vice-Chair Mr Adriano Leal and the Secretary Mrs Isaura Fernandes.

Board of Directors

The composition and mode of operation of the BIR's Board of Directors is set out in the document "Regulations of the Board of Directors", with the following composition:

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

Advisory and support bodies to the Board of Directors;

- Audit and Internal Control Committee (CACI); and
- Risk Management Committee (CGR).

Under the terms of the Board of Directors' internal regulations, this body meets quarterly and whenever convened by the Chair or two (2) Directors. These meetings are chaired by the Chair. The Board of Directors shall be deemed to be validly constituted and in a position to pass resolutions if a majority of its members are present or represented, but no member may represent more than one member at each meeting. The proxy shall take the form of a letter addressed to the Chair and may not be used more than once.

Accordingly, resolutions of the Board of Directors are taken by an absolute majority of votes of the members present or represented, with the Chair or whoever replaces him having a casting vote in the event of a tie.

Minutes are drawn up for each meeting, containing the proposals presented, the decisions taken on them and any explanations of vote made by any member during the meeting.

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

The composition, powers and modus operandi of Banco BIR's Executive Committee are set out in Banco BIR's Regulations.

The Executive Committee is made up of three (3) Directors, who are appointed by the Board of Directors, which also appoints its Chair.

The he members of the Executive Committee as of 31 December 2023 are as follows:

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

The Executive Committee meets at least once a month and extraordinarily whenever convened by the Chair or two (2) Directors. Meetings of the Executive Committee are chaired by its Chair and, in the event of his absence or impediment, it is up to the Executive Committee to choose who should fulfil the respective duties at that meeting.

The Chair of the Board of Directors may attend meetings of the Executive Committee at the invitation of the PCE, but does not have the right to vote.

The Executive Committee is responsible for the day-to-day management of the Bank and cannot be delegated, without prejudice to the provisions of the Companies Act, the strict powers of 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 its members, respecting the rules of segregation between business, support and control functions.

On 31 December 2023, the areas of responsibility were distributed among the executive directors, as shown on the following page.

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 2023, the following persons were members of this body:

Chair
Faustino Mpemba Madia

Member
Carlos Ferraz

Member
Nuno Barros

Executive Board

CGR
Risk Management Committee

CACI
Audit Committee and Internal Control Office

RMD*
Risk Management Division

DCOMP*
Compliance *Division*

EXECUTIVE DIRECTOR
Dr João Moita

CRD
Credit Division

TMD
Treasury and Markets Division

EBD
Electronic Banking Division

ECO
Exchange Control Office

CHAIR
Dra. Lígia Madaleno

CPID
Commercial Branch Private and Institutional Division

BCD
Business Centre Division

CBND
Commercial Branch Network Division

MCD
Marketing Division Communication Office

ALD
Assets Division

HCD
Human Capital Division

DOQ
Organisation and Quality Division

DSIC
Information and Cyber Security Division

GSO
General Secretariat Office

DAI*
Internal Audit Division

CACI
Audit Committee and Internal Control Office

EXECUTIVE DIRECTOR Dr Carlos Francisco

DCCG
Accounting and Management Control Division

DOP
Operations Division

DIG
Management Information Division

DJUR
Legal Division

ISD
Information Systems Division

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

4.3 Internal Control System

According to Notice no. 01/22, of 28 January, an adequate and effective internal control system is one in which the Board of Directors and its management have reasonable assurance that the Bank's strategic and operational objectives are being achieved, the system of *reporting* system is reliable and the rules and regulations are complied with.

Internal control is defined as a process conducted by the governance structure, management and other professionals of the Bank and developed to provide reasonable assurance with regard to the realisation of objectives related to operations, disclosure and compliance.

We carried out an analysis, taking into account the components defined by COSO (*Committee Of Sponsoring Organisations Of The Treadway Commission*) , namely:

1 — Internal Control Environment;

2 — Risk assessment;

3 — Control activities;

4 — Information and Communication and

5 — Monitoring activities.

In order to effectively achieve its strategic objectives, DAI endeavours to guarantee an adequate control environment, a solid risk management system, an efficient information and communication system, appropriate control activities and an effective monitoring process, with the aim of ensuring the quality and effectiveness of the system itself over time.

To ensure proper management of the internal control system, specific and transversal responsibilities have been set out for certain structural bodies which, together and in liaison with the other structures of Banco BIR, carry out activities to this end. Internal Control activities are reinforced by the Risk Management Committee, the ALCO Committee and the Audit and Internal Control Committee (CACI), as well as the regulations that govern them. These committees meet quarterly.

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 its 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 its 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 its 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 its 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

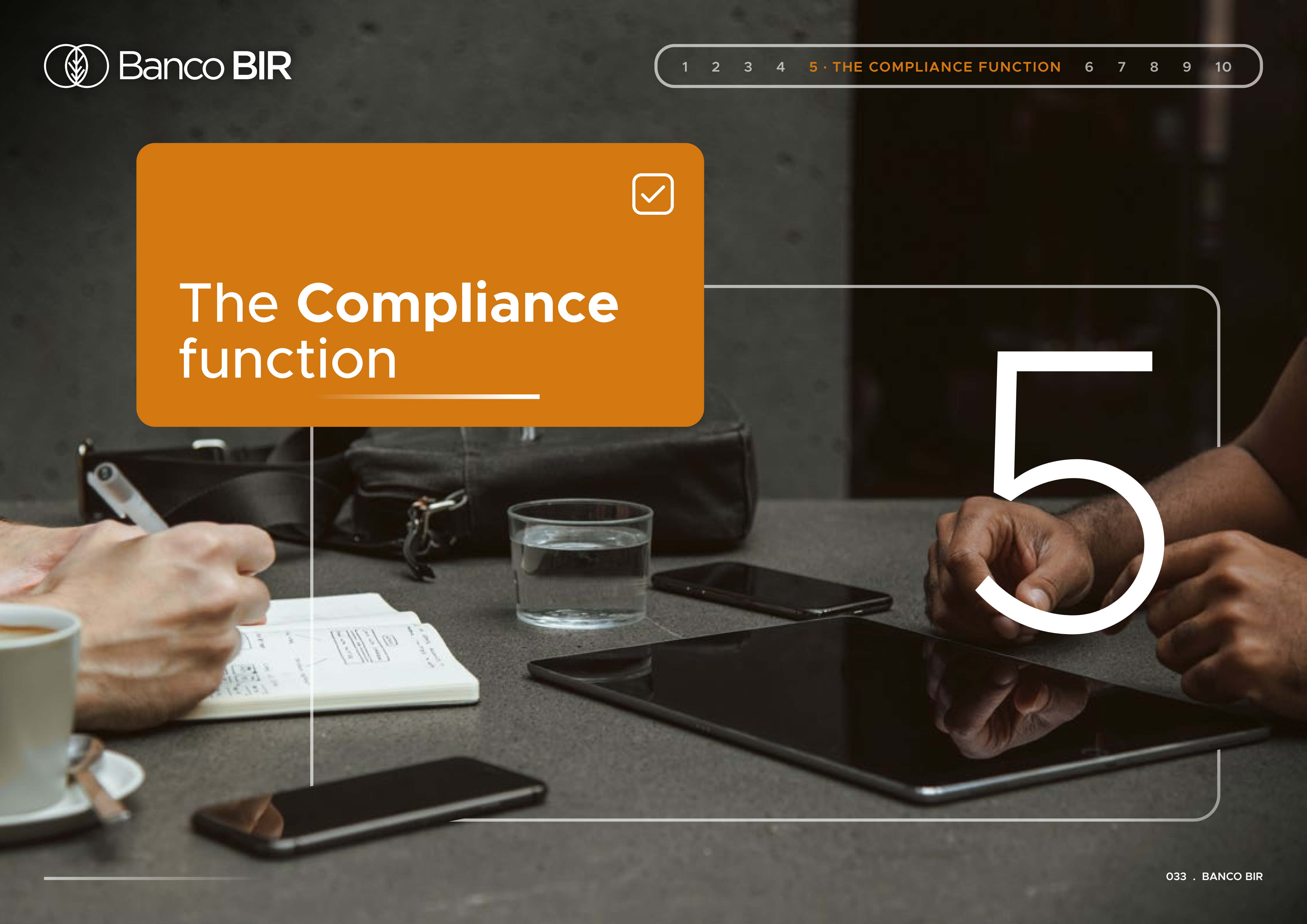
- Comprehensive availability of the entire Bank structure;
- Innovation – digital services and products;
- Simplifying Processes – Increasing efficiency and reducing operational risk;
- Product Diversification – Increasing the range of products to be made available to Customers;

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 – Leads to rapid processes and risk mitigation;
- BIR Culture – third critical pillar of success, attracting and retaining talent and developing a culture of constant customer focus.



The **Compliance** function

5

5.1 Summary

The adoption of effective *“Know Your Customer”* measures is an essential part of the programme to prevent and combat ML/TF adopted by Banco BIR, since inadequate KYC standards subject the Bank to significant risks, especially with regard to Reputational Risk and Business Risk.

As part of its responsibilities, the *Compliance* function manages *compliance* risk, it defines general policies and guidelines on management matters and promotes the values and implementation of a culture of ethics at the Bank.

The effective detection, management and mitigation of this type of risk are crucial to the management of Reputational Risk, as it represents one of the main pillars guiding the Bank's activities.

5.2 Mission

The *Compliance* Function’s mission is to ensure that management bodies, functional structures and all employees comply with the legislation, rules and regulations, both internal and external, that guide the Bank's activity, 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.

5.3 Vision

The *Compliance* Division is a control unit and its activity is guided by existing regulations on the compliance function and international good practice.

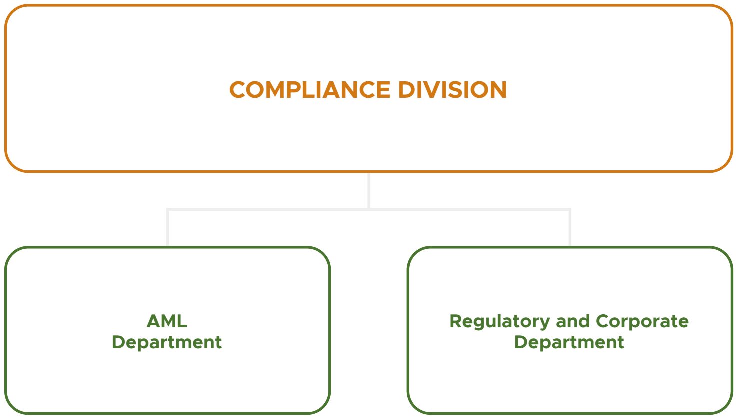
5.4 Internal Structure

Having an internal structure based on a hierarchical model, the *Compliance* Division is made up of 2 (two) Departments, as defined in the Bank's Organisational Structure Manual and Organisational Statutes.

The organisational chart of the *Compliance* Function is represented according to the structure shown on this page.

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.

Organisation Chart



5.5 Responsibilities of the Compliance function

The *Compliance* Division coordinates the management of *Compliance* risk and its main responsibilities are:

Generic duties

- To ensure the coordination and boosting of activities within its sphere of action, in accordance with the Bank's objectives and strategic guidelines;
- To directly support the Executive Committee in all matters within its remit and co-operating with the Board of Directors in all matters requested;
- To draw up internal rules, procedures manuals and the Board's organisational statutes, and keep them up to date.

Planning and Control

- To draw up periodic (quarterly) reports and an annual report on the function, to be sent to the CACI, containing a summary quarterly/annual description, as applicable, of the activities of the function, with the conclusions of the analyses carried out, identifying the non-compliances observed and the actions taken to correct them, as well as recommendations for improving the exercise of the function;
- To keep a record of non-compliances observed by the controls achieved and measures proposed and adopted, monitoring their implementation;
- To draw up, updating and revising the function's guiding documents (regulations, policies, rules and manuals), sending them to the CACI for an opinion and approval by the Board of Directors.

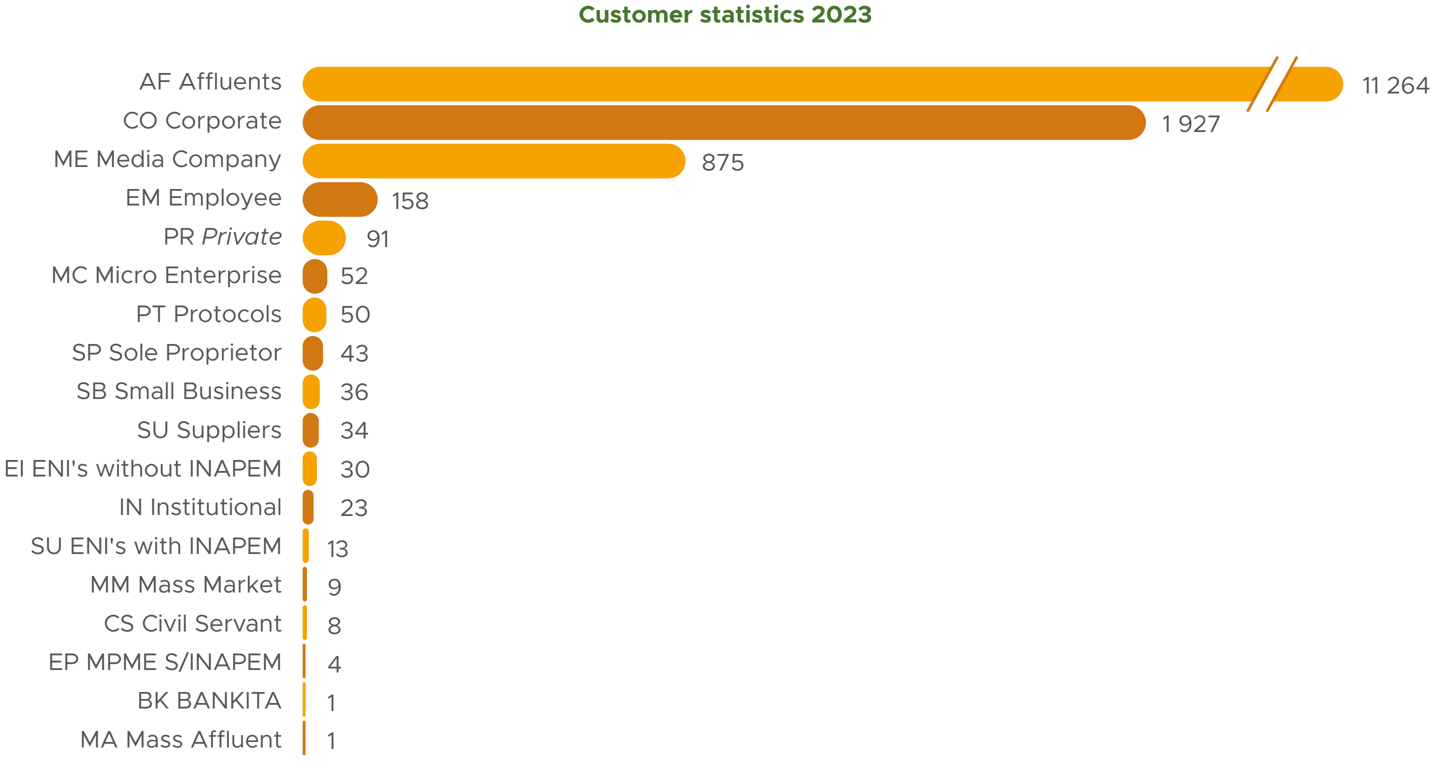
Compliance *Risk Management*

- To identify, measure and assess compliance *risk*;
- To promote values and implement a culture of ethics at the Bank;
- To monitor compliance with the Bank's corporate governance policies, particularly with regard to conflicts of interest and the code of conduct, including situations in which employees are or may be subject to offence proceedings
- To be responsible for communicating with the supervisory authorities.

5.6 Customer statistics

The total number of customers is 14,619 (fourteen thousand six hundred and nineteen), which represents an increase of 13.2% compared to 2022.

With regard to the number of active customers, in 2023 we recorded an increase of around 4.8% compared to the previous year.



5.7 New business relationships

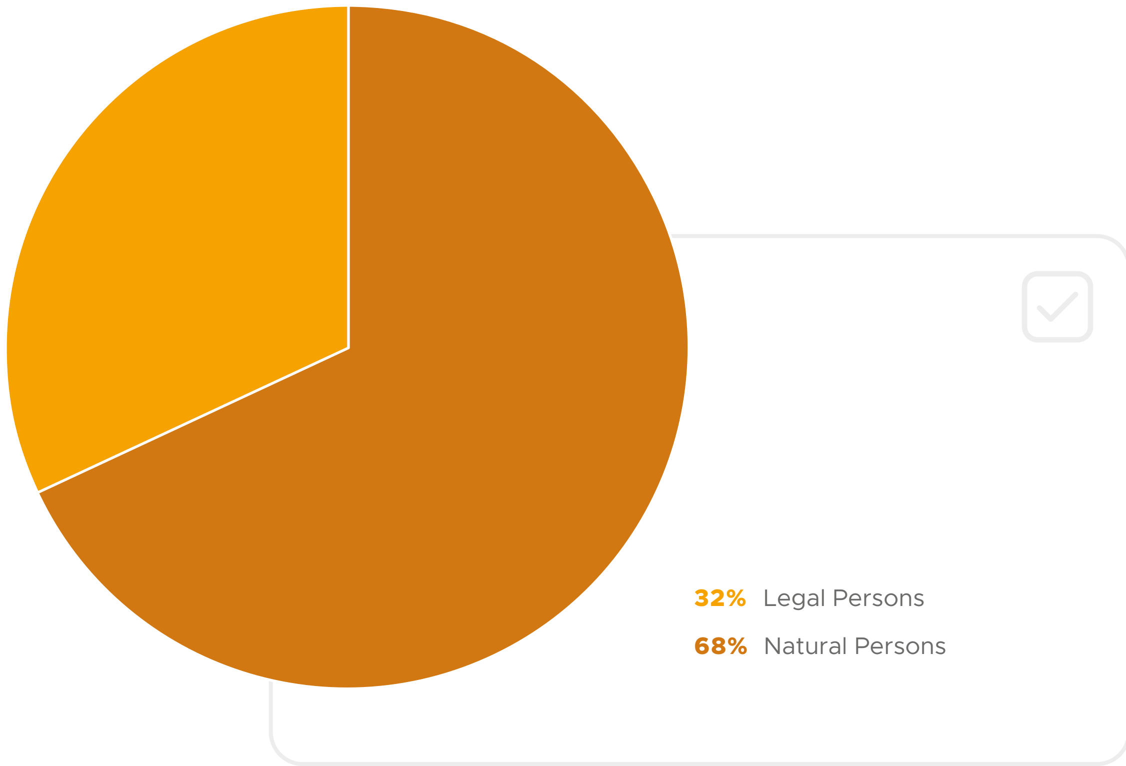
In 2023, the Bank obtained a total of 1,243 (One thousand two hundred and forty-three) new business relationships with natural persons, representing 68% of new business relationships established, and 577 (Five hundred and seventy-seven) new business relationships with Legal Persons, representing 32% of relationships established, as can be seen in the figure opposite.

Taking into account the number of business relationships established in 2023, compared to the total number of existing relationships at the Bank, it can be seen that the new business relationships established in the period represent 12% of the Bank's customer portfolio.

All business relationships established, as well as all transactions carried out, are continuously monitored by the *Compliance* Division whenever operations are carried out or identifying elements are altered, alerts are generated for processing by the *Compliance* team.

In the context of operational reality, the Bank has an internal list combined with the various sanctions lists (ML/TF, FATF, OFAC, Offshore, UN), which classify third-tier countries as high risk.

Business relationships established in 2023



5.8 Internal Policies

In 2023, Banco BIR ensured that 48 (forty-eight) processes were reviewed and updated, with 17 in particular, concerning the policies related to the control areas, i.e. the audit function, risk management and the *compliance* function.

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.

#	Document description	Organisational Unit
1	Organisational Structure Manual (DAI)	DAI
2	Methodology of the Internal Audit Division	DAI
3	Internal Control Policy	DAI
4	Regulation of the Audit and Internal Control Committee [CACI]	DAI
5	Methodology for developing the *Scoring*	DCOMP
6	High-risk client policy	DCOMP
7	Conflict of Interest Policy	DCOMP
8	Policy of freezing and unfreezing funds and economic resources	DCOMP
9	BC_FT Risk Management Policy	DCOMP
10	Customer identification and acceptance policy	DCOMP
11	Policy for transactions with related parties;	DCOMP
12	Policies and Procedures for the Prevention of Money Laundering and Terrorist Financing_Appendix	DCOMP
13	Customer filtering procedure	DCOMP
14	Continuous customer monitoring process	DCOMP
15	DGR Structure Manual	DGR
16	Procedure for Calculating New Credits and Deposits	DGR
17	Risk Management Committee Regulations	DGR

5.9 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 2023, Banco BIR ensured the disclosure of all regulations issued by the Banco Nacional de Angola and by the Capital Market Commission.

47 **National Bank of Angola**
(Notices, Instructions, Directives and Circular Letters)

9 **Capital Markets Commission**
(Instructions)

5.10 Correspondent Banks

In 2023, Banco BIR maintained the seven (7) correspondent banks it has had since 2022, which are located in the geographical areas shown in the image.

The existing correspondence lists are updated at least once a year to verify the suitability of the Beneficial Owners, the Governing Bodies and to validate the quality of the Money Laundering Prevention Policies.

South Africa - RMB;

Dubai - MASHREQ;

Italy - UBAE;

Portugal - BAI, ATLÂNTICO, BNI;

Turkey - AKTIF.

5.10 Management model for ML/TF

The money laundering and terrorist financing management model is based on adopting a risk-based approach that provides the Bank with the following business control benefits:

1. Understand
Which areas present high potential risks and which may present a lower risk, so that an appropriate response can be made to mitigate or eventually eliminate these risks.

2. Evaluate
Banco BIR considers the business, legal, regulatory and reputational aspects that may affect the Bank. The risk of legal and regulatory non-compliance is assessed, taking into account the financial and reputational impact.

3. Define and implement
Banco BIR has developed mechanisms to reduce exposure to risk as part of a robust ML/TF Prevention Programme.

4. Monitoring and Reporting
It ensures that the information produced in the previous phases is analysed in good time by the relevant internal bodies and that reliable, complete and timely information on the risk exposure profile is reported to external entities.

In practical terms, these benefits represented the following:

- Easy detection of entities and operations with signs of suspicion of ML/TF;
- Identifying and monitoring the real threats of ML/TF;
- Greater rigour in the management of ML/TF risks.

The vulnerabilities and threats inherent to banking activity motivate the Bank to always keep its 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.

Due to the need to improve the function and in addition to the preventive measures implemented, to reinforce the culture of *compliance* assumed by the Bank, with a view to achieving excellence in mitigating compliance risks *compliance* regulatory, reputational and AML risks and, notwithstanding the challenges inherent in the *Compliance*

5.11 Closing notes

Banco BIR has been endeavouring to maintain compliance and fulfil all the requirements of the competent authorities.

The materialisation of these elements has enabled BIR to improve the processes and IT systems for monitoring and following up clients in a way that is appropriate to our size and complexity in the context of business relations as a whole.

6

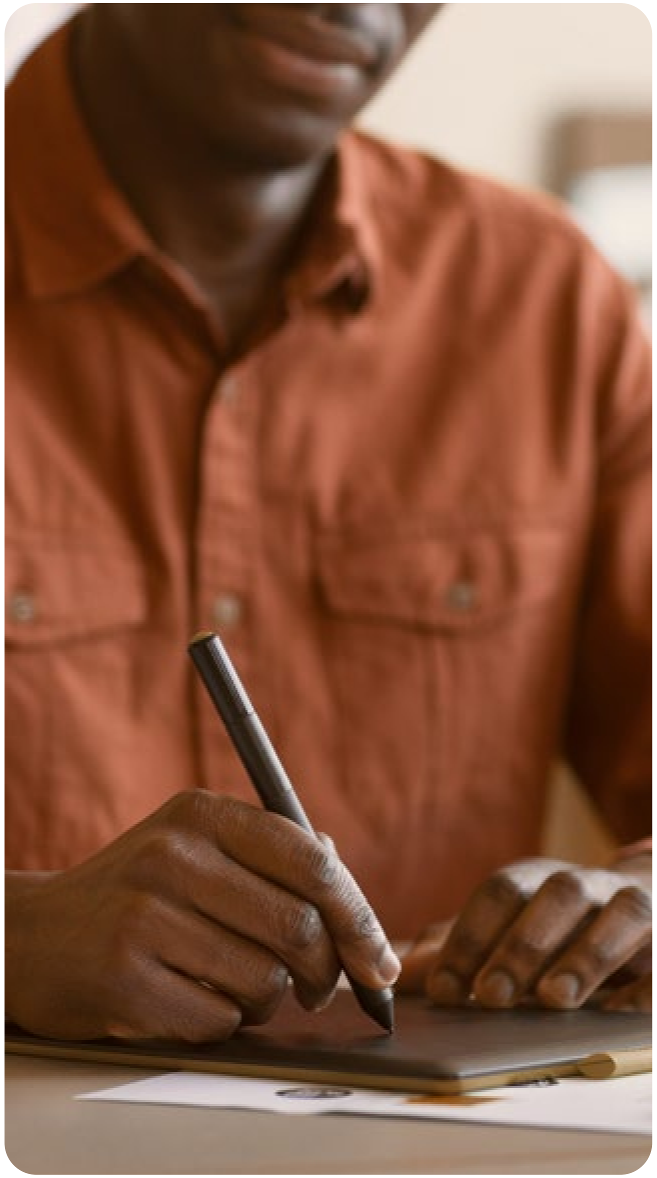
Governance and organisation of **risk management**

6.1 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 its 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;



6.2 Organisation and Risk Management Model

The main objective of risk management is to ensure that it is managed in a manner that mitigates its 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, Risk Management 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.

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 its 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;

6.3 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 are appropriately delineated in the technical file, which contains all the essential and ancillary information necessary for the confirmation of the operation;
    - They respect the product sheet, where applicable;
    - They are accompanied by 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 2023, the Bank had a portfolio with high levels of collateralisation. Real guarantees, financial pledges, mortgages and guarantees from the Guarantee Fund covered approximately 64.7% 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 its 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 its liquidity levels prudently, ensuring a position that is stable, secure and sufficient in view of its 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.

At 31 December 2023, according to the methodology of the Banco Nacional de Angola, the Bank had the following overall liquidity ratio:

- All currencies 191.19% (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 its foreign exchange position, actively seeking to control its risk by maintaining a position for each currency and set of currencies, which mitigates this risk without compromising its 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 2023, the Bank had a foreign exchange position far from this figure, standing at 3.27%.

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 2023, the Bank had a positive impact of 15.25%

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 its *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 its 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 its 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 Banco BIR, the *Compliance* Division is responsible for compiling and reporting this information.

Information Systems Risk

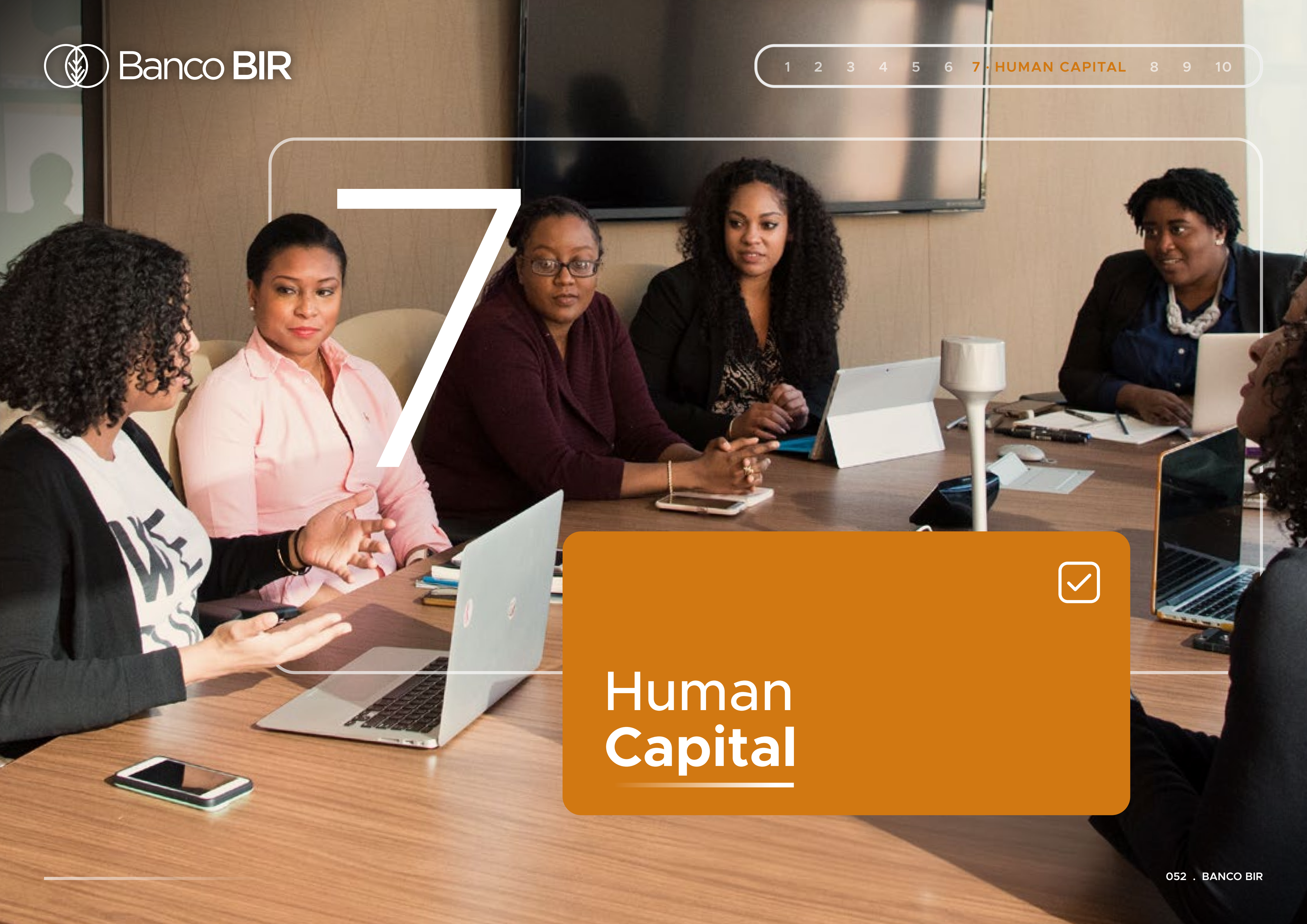
The likelihood of occurrence of negative impacts on income or capital as a result of the inability to adapt information systems to new needs, the inability to prevent unauthorised access, to guarantee data integrity or to ensure business continuity in the event of failure, as well as due to the continuation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

Strategy Risk
Probability of negative impacts on results or capital arising from adverse changes in the business environment, the inability to respond to these changes and inadequate strategic management decisions.

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

7.1 Human Capital Division

Banco BIR has been strengthening its position in the development of our people through a policy that is attentive to their careers, ensuring the progress of individual and organisational skills, providing the right working conditions and the necessary opportunities for growth.

It is a strategic partner for sustainability through the implementation of human capital management policies and practices that promote institutional involvement and commitment, generating added value for all employees and *Stakeholders* of this institution.

Human capital is considered the centrepiece of the Bank's success.

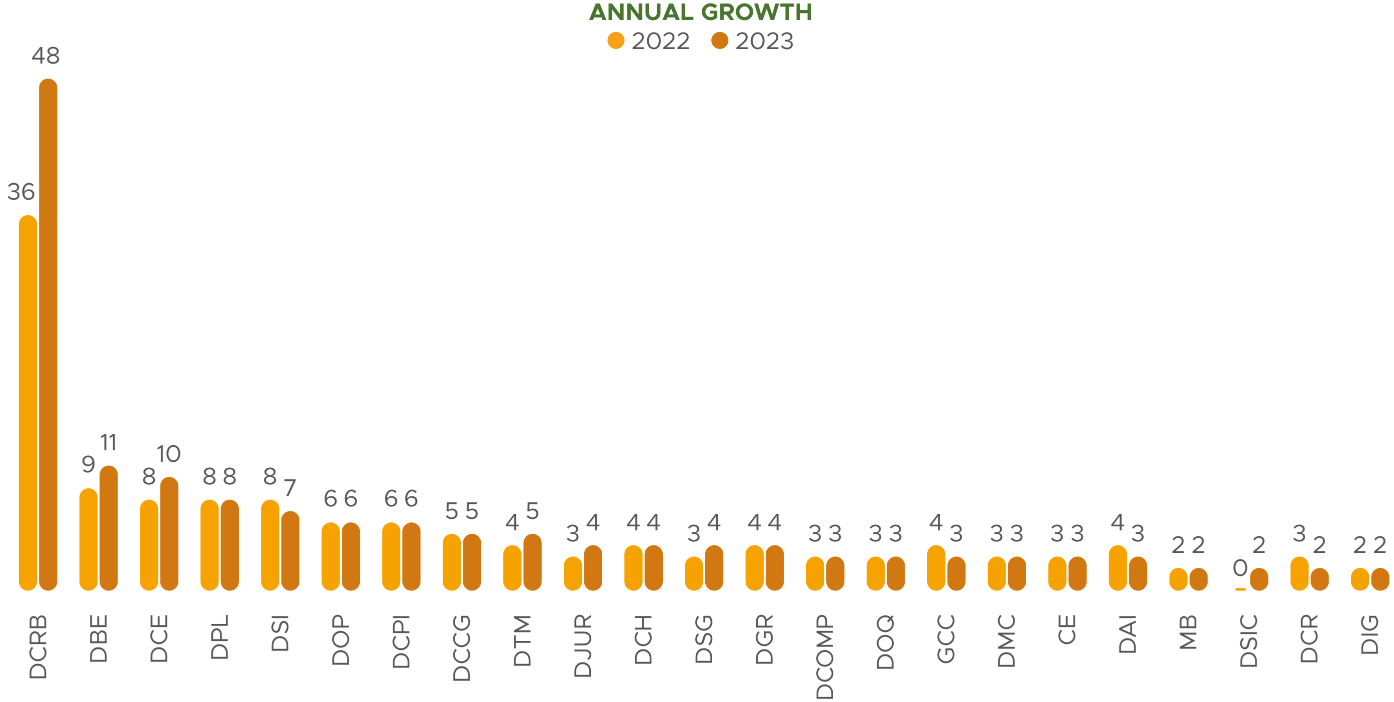
The DCH – Human Capital Division is responsible for recruiting, selecting and hiring employees, as well as managing the life cycle of the Bank's employees. Any recruitment action and consequent admission requires the full involvement and prior approval of this board.

It is a division committed to the highest quality standards, working proactively and flexibly to provide functional solutions and a prompt response to its internal and external clients. This division supports the business units in pursuing their objectives.

Total number of employees

In December 2023, Banco BIR presented a *headcount* of 148 employees.

It was a very significant growth compared to 2022, with 131 active employees, thus creating a very positive impact on our society.

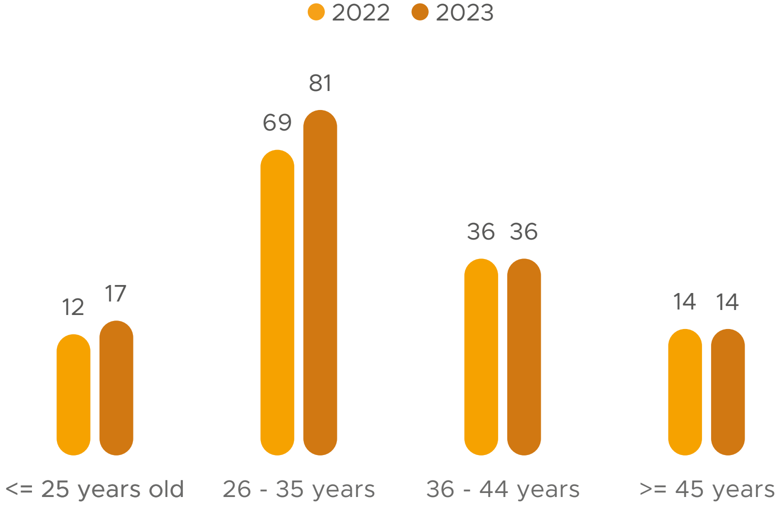


Banco BIR endeavours to invest in the development of human capital in order to ensure growth in the quality and differentiation of its resources and services. Between 1 January 2023 and 31 December, 17 employees were hired.

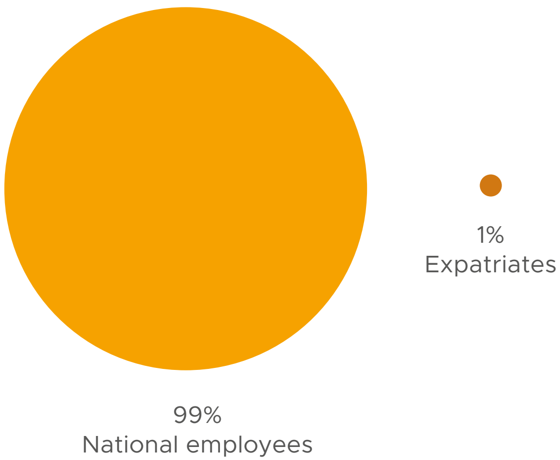
The stability of the employment relationship and the quality of the Bank's working conditions are also demonstrated by the length of service of its employees. We found that 32% of our employees have been with the institution for five years or more.

Our commitment to national teams is reflected in the following tables.

EMPLOYEES BY AGE GROUP

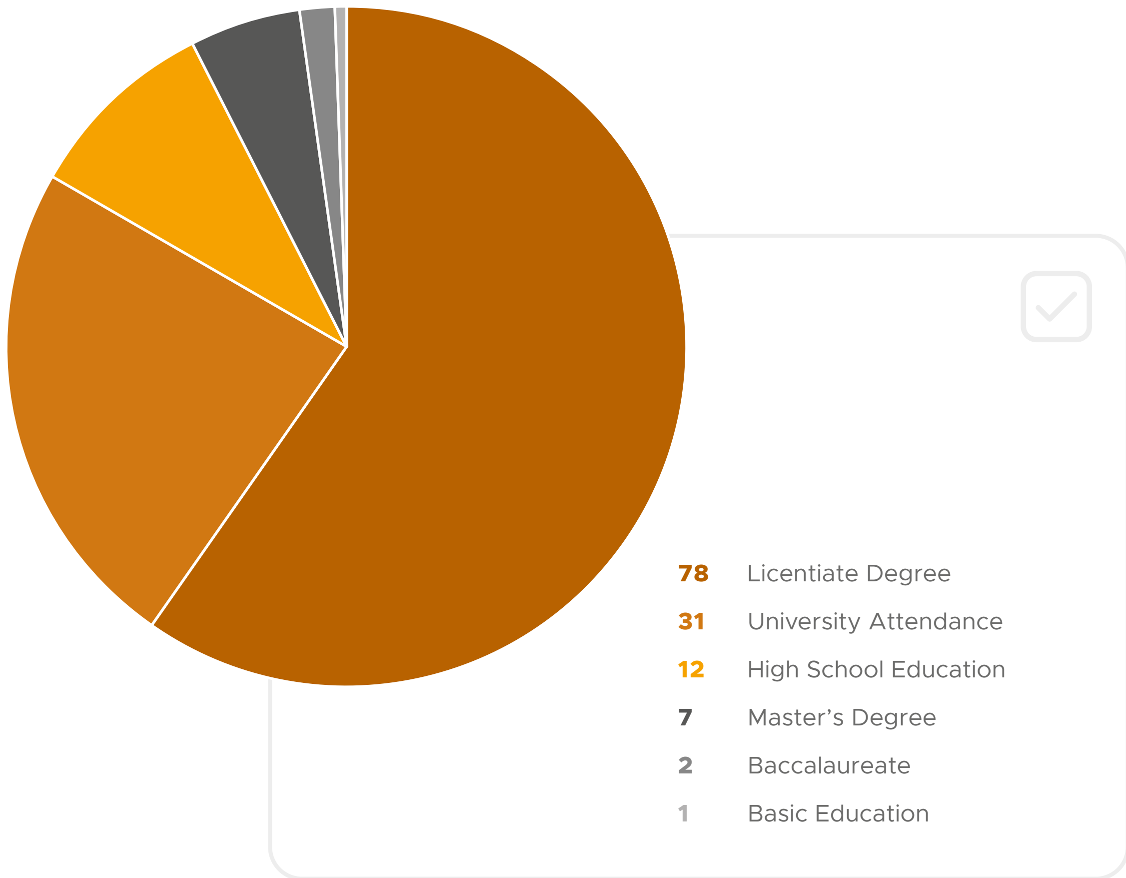


NATIONAL EMPLOYEES VS EXPATRIATES



In terms of educational qualifications, 65% of permanent employees have higher education qualifications, i.e. licentiate and master's degrees.

EDUCATIONAL QUALIFICATIONS



Gender equality is also at our core and in line with the executive.

It is the Bank's concern to favour, whenever possible, internal recruitment for positions of greater responsibility, in order to give employees the opportunity for professional and career development.

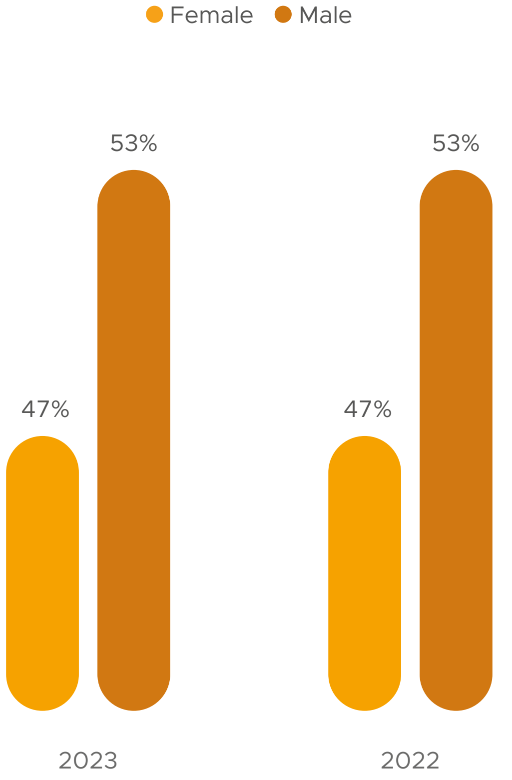
The Bank has a performance appraisal system whose main objective is to promote the efficient contribution of employees to the development of the business, ensuring that the entire organisation is aligned with the organisation's strategic objectives and budget planning.

Our Performance Evaluation Policy represents the importance Banco BIR attaches to the subject and demonstrates, in a real way, what is intended between individual and team objectives, aligned with the Institution's strategic Mission, Vision and Values.

Performance appraisal is a management tool of the utmost importance to Banco BIR. Its main premise is to measure in a fair and transparent way the *performance* of our greatest asset, Human Capital, guaranteeing an increase in the level of productivity and motivation of our Employees. This is the moment when, through merit and excellence, the employee and their manager jointly reflect on competences and performance and also define strategies and methodologies for the continuous improvement of their activity.

As part of the Performance Appraisal process, 14 employees were promoted, 4 of them to leadership roles.

EMPLOYEES BY GENDER



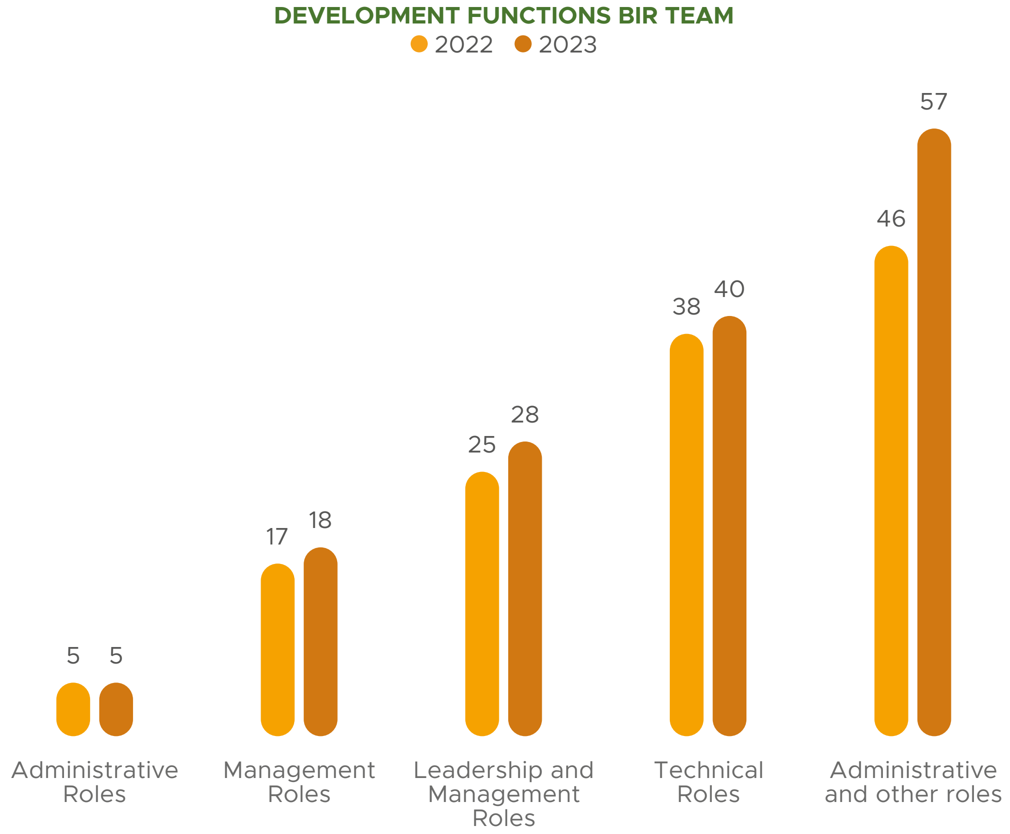
With the dynamics and growth of Banco BIR, employees respond positively to internal mobility challenges, generating great value for the teams and the Bank.

In 2023, the Bank challenged 3 employees to take on 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.

In this way, Banco BIR encourages each employee to perform to the standards of excellence that enable them to improve their technical and behavioural skills.



Training

Among the various training programmes, the Bank offers employees opportunities for development and growth through training in technical, behavioural and management areas.

In 2023, we invested around Kz 100,000,000.00 (one hundred million kwanzas), totalling 119 actions that resulted in 8,680 hours of technical, behavioural and transversal training, covering a universe of 126 trainees. Of the total number of training courses, 34% were held online and 66% in person.

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

BIR Social

As part of its social responsibility in terms of human capital, Banco BIR has at its roots the promotion of well-being and the balance between the personal and professional lives of our employees. We know that well-being is linked to mental health. A healthy employee is one who is committed and capable of carrying out their activities with involvement and efficiency, boosting the company's results.

In this way, Banco BIR, with the aim of providing its employees with well-being, offers public transport; free lunch; functional classes; a discount on gym memberships (protocol) and promotes futsal.

Banco BIR also has the premise of promoting activities that promote the quality of life of employees and their families, providing initiatives that involve employees with the community, through ongoing social and corporate responsibility actions.

In 2023, we started Workshops on "Breast and Cervical Cancer Awareness", "Prostate Cancer Awareness" and the respective screening tests. With the aim of creating greater involvement, connection and demystifying related issues.

Life-saving awareness:

8
Management Report

8.1 Management Report

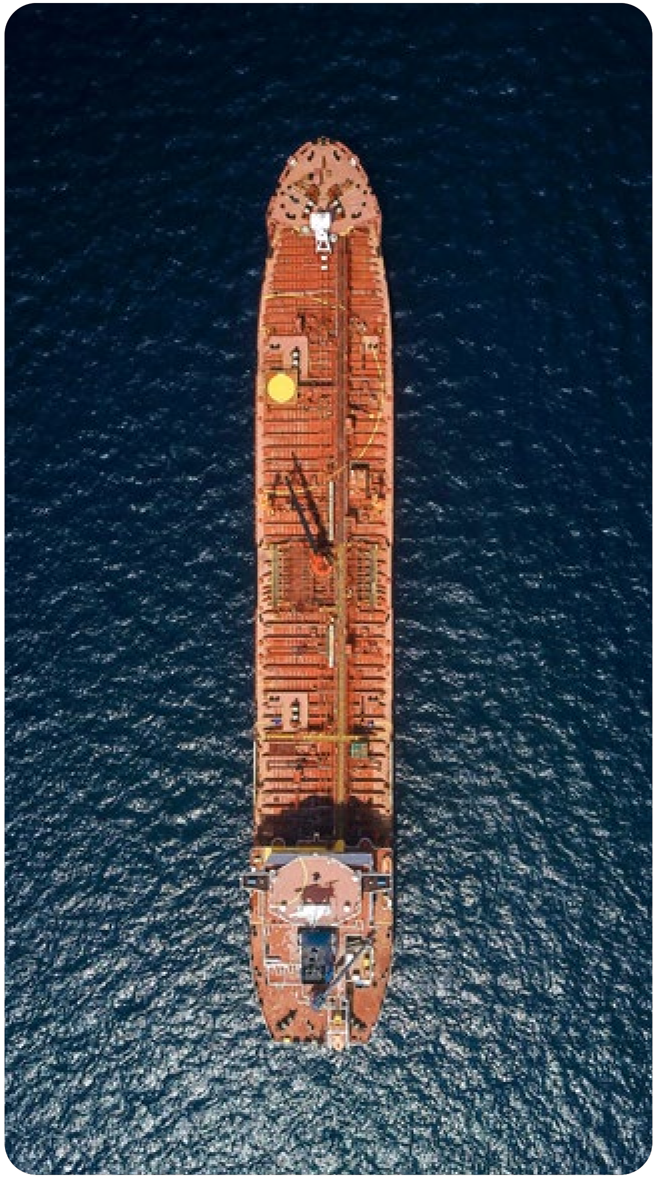
The world economy continues to recover from the COVID-19 pandemic, the conflict between Russia and Ukraine and the cost of living crisis, showing resilient growth, albeit slow and more uneven in the meantime. In the last two years, world economic activity has experienced a major slowdown, with inflation higher than it has been in several decades.

The International Monetary Fund's (IMF) global growth outlook continues to be heavily impacted by developments in the geopolitical sphere, global monetary tightening policies and concerns about the financial stability of banks.

According to the latest projections from the International Monetary Fund, the world economy will continue to grow in 2023 and 2024, but at a slower pace. In 2022, world GDP grew by 3.5%, and is expected to grow by 3.1% in 2023 and 3.1% in 2024.

Similarly, the World Bank, in its Global Economic Prospects of January 2024, predicts that the economy will grow by 2.6% in 2023 and 2.4% in 2024.

At a national level, according to the national accounts published by INE for thethird quarter of 2023, the Gross Domestic Product (GDP) grew in accumulated terms by 0.6% compared to the same period in 2022.



This positive variation is mainly attributable to the following activities: Agriculture and livestock 1.7%; Fishing 3.4%; Diamond mining 10.2%; Manufacturing 0.5%; Electricity and water 5.9%; Construction 0.8%; Trade 2.2%; Transport and storage 13.6%; Post and telecommunications 1.2%; Financial and insurance intermediation 3.8%; Public administration 0.7%; Real estate and rental services 2.7% and Other services 1.6%.

The 2023 financial year was also marked by the depreciation of the national currency, especially in May and June, when the exchange rate depreciation considering the fixing exchange rate was 43.58 % against the dollar and 45.96 % against the euro. In the same period of the previous year, the depreciation of the national currency against those currencies was 64.56% and 70.92% respectively.

The exchange rate depreciation was the result of a significant reduction in the supply of US dollarson the foreign exchange market, impacted mainly by the irregular sales of foreign currency by the Treasury from April 2023 onwards, as a result of the drop in oil production in the first quarter (by 4.4% compared to the previous quarter), causing lower inflows of foreign currency and the prioritisation of available resources, in the face of lower inflows of foreign currency, to meet the state's obligations to service its foreign debt.

At the same time, the inflation rate interrupted the downward trend of the previous year and ended the year at 20.01%, essentially reflecting the effects of the gradual withdrawal of fuel subsidies and the depreciation of the Kwanza itself. This rise led the BNA to adjust the course of monetary policy.

As far as oil activity is concerned, despite geopolitical events, the average price of crude oil in 2023 was around 83 dollars per barrel, compared to 101 dollars per barrel in 2022 (-17.8%).

In terms of production, we saw a reduction of around 2% in the global oil supply as a result of voluntaryreductions in production by some countries, most notably Saudi Arabia, with a reduction of one million barrels per day from July, and Russia with a cut of 500,000 barrels per day from August.

These actions on the supply side, together with the prospects of improvement on the demand side, have had a positive influence on barrel prices since July. It should be noted that in its July report, OPEC raised its forecast for world oil demand in 2023 by 100,000 barrels per day, due to improved expectations for the Chinese economy and stronger consumption in the US. It should be noted that China recently approved a budget spending plan that also aims to support the property sector, while in the US oil stocks are at an all-time low, at 440 million barrels.

In Angola, oil production totalled around 1.098 million barrels of oil per day, ending the year with a total production of 400 million barrels, 3.6% less than in 2022. However, International Reserves totalled 14.7 billion dollars compared to 14.6 billion in the same period last year, equivalent to around 8.4 months of imports of goods and services.

At the end of December, the government announced Angola's withdrawal from OPEC.

8.2 Main Highlights Financial sector

1

In February 2023, the BNA issued Circular Letter no. 02/2023, which identifies the jurisdictions with strategic deficiencies in terms of PBC/FT and which have developed an action plan to remedy them, subject to a monitoring process by then FATF.

2

In order to contribute to financial inclusion, the BNA issued Instruction 05/2023, which establishes the different types of electronic money accounts, as well as the rules and procedures for opening and operating them.

3

Within the scope of internal control functions, the BNA issued Circular Letter no. 08/2023 which provides for the implementation of periodic training programmes in the areas of the Internal Control System, namely risk management, *compliance* and internal auditing.

4

In October 2023, financial rating agency Moody's maintained Angola's rating at B3 with a positive outlook, reflecting the government's efforts in the area of public finances and exchange rate management.

5

Instruction 15/2023 has been issued, defining the rules for managing, joining and participating in the KWiK payment arrangement, operationalised through the Instant Transfer System, commonly known as STI.

6

In November 2023, Instruction 16/2023 eliminated the custody fee on the excess free reserves of banking financial institutions deposited with the National Bank of Angola.

7

In December, Notice 12/2023 was issued, updating the requirements for providing External Audit services and Instruction 18/2023 on the methodological procedures of the External Auditor.

8.3 Summary of Indicators

BALANCE SHEET	2023	2022
Assets	255 982	214 491
Customers loans (gross)	53 249	36 874
Credit impairment	2 489	1 526
Customer funds	200 001	169 787
Securities portfolio	130 883	122 756
Own Funds	48 851	39 387
Transformation ratio	25.4%	20.8%
Fixed Asset Ratio	48%	30%

EARNINGS AND PROFITABILITY	2023	2022
Net Interest Income	20 692	16 343
Non-Interest Revenue	13 361	12 144
Banking Product	34 053	28 486
Operating Costs	14 732	11 334
Impairment and Provisions	1 757	893
Taxes	-	-
Net Income	17 564	16 260
Net interest income / Banking Product	60.8%	57.4%
Cost-to-income ratio	43.3%	39.8%
ROAA	7.5%	9.1%
ROAE	40.0%	54.6%

STRUCTURE	2023	2022
Branch Network	7	6
Active ATM	39	36
Active APT	2 940	2 672
Active customers	10 445	9 959
Employees	148	131

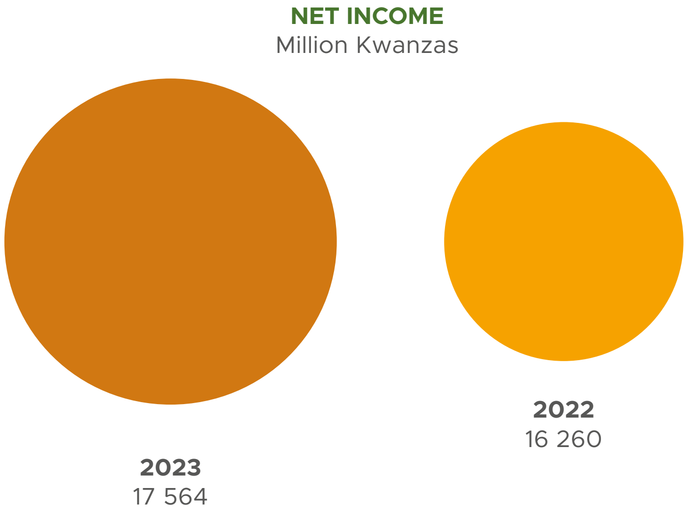
CREDIT QUALITY	2023	2022
Loans overdue for more than 90 days / loans to customers	0.7%	1.8%
Credit impairment / credit overdue for more than 90 days	663.9%	232.1%
Risk cost (pb)	192	26

CAPITAL	2023	2022
Solvency ratio	36.1%	34.8%
Regulatory Own Funds	45 903	38 092
Risk-Weighted Assets	127 031	109 552

(Million AOA)

8.4 Net Income

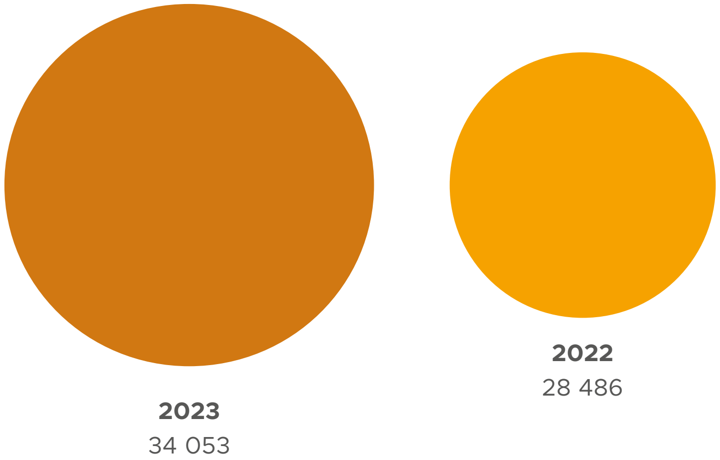
The result in 2023 totalled 17,564 million kwanzas, which represents an increase of 8% compared to 2022.



8.5 Banking Product

Operating income in 2023 grew by around 20% compared to 2022, driven by growth in net interest income, as well as growth in other results.

BANKING PRODUCT
Million Kwanzas



Net interest income stood at AOA 20,692 million in 2023. This represented a 27% rise compared to the previous year. The growth in margin was essentially due to the increase in the average volume of the securities portfolio, despite the increase in the average volume of customer deposits and the consequent increase in deposit costs.

Commissions totalled AOA 4,004 million in 2023, compared to AOA 4,616 million in 2022. This decrease isdue to the negative variation in foreign operations and current account operations, partially offset by the increase in ATM/ APT commissions.

Foreign exchange earnings totalled 3,620 million Kwanzas in 2023, down 53% on 2022, as a result of a decrease in foreign operations, which reflects the effect of a lower supply of foreign currency on the foreign exchange market.

BANKING PRODUCT	2023	2022	Var.
Net Interest Income	20 692	16 343	27%
Commissions	4 004	4 616	-13%
Foreign Exchange Gains and Losses	3 620	7 694	-53%
Other income	5 737	(166)	3353%
	34 053	**28 486**	**20%**

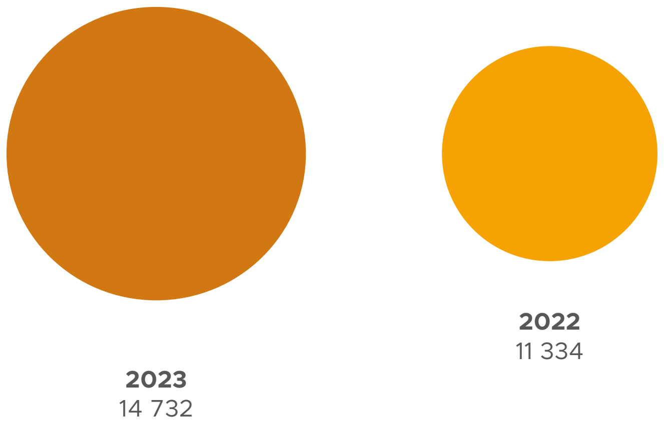
(Million AOA)

8.6 Structural Costs

Structural costs, which pool together personnel expenses, supplies and services and depreciation for the year, increased by 30% to 14,732 million kwanzas (11,334 million kwanzas in 2022). This evolution is essentially due to the increase inremuneration costs and third-party supplies and services.

The efficiency ratio stood at 43.3% in 2023, an increase of around 3.5 percentage points compared to 2022, due to the fact that structural costs are growing at a faster rate than operating income, which is explained by the increase in the general price level and the depreciation of the kwanza.

STRUCTURAL COSTS
Million Kwanzas



STRUCTURAL COSTS	2023	2022	Var.
Personnel expenses	7 435	5 991	24%
Third-party supplies and services	5 152	3 736	38%
Amortisation for the year	2 145	1 608	33%
	14 732	**11 334**	**30%**

(Million AOA)

8.7 Return and Solidity

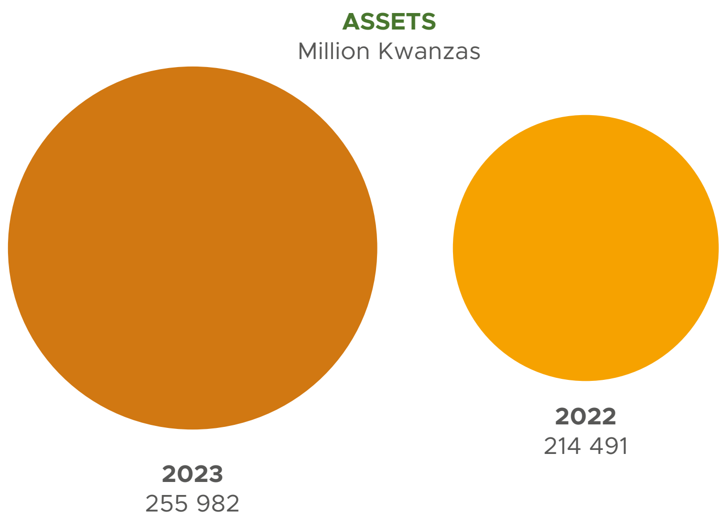
Return on equity (ROAE) stood at 40.8%, down 13.8 percentage points compared to 2022.

At 31 December 2023, the solvency ratio corresponded to 36.4%, above the regulatory limit (16.9%).

8.8 Assets

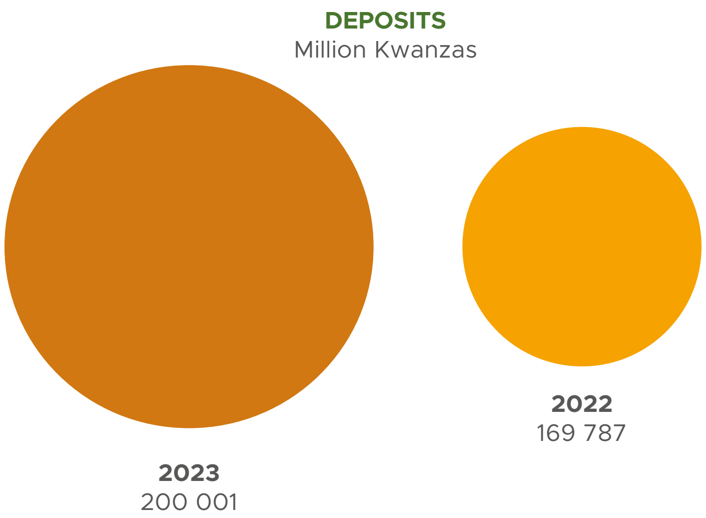
Total assets amounted to 255,982 million kwanzas in December 2023, which compares with 214,491 million kwanzas in December 2022.

This growth was essentially supported by the increase in resources and the funds freed up by transactions in the fair value portfolio, which allowed the portfolio of financial assets at amortised cost to increase.

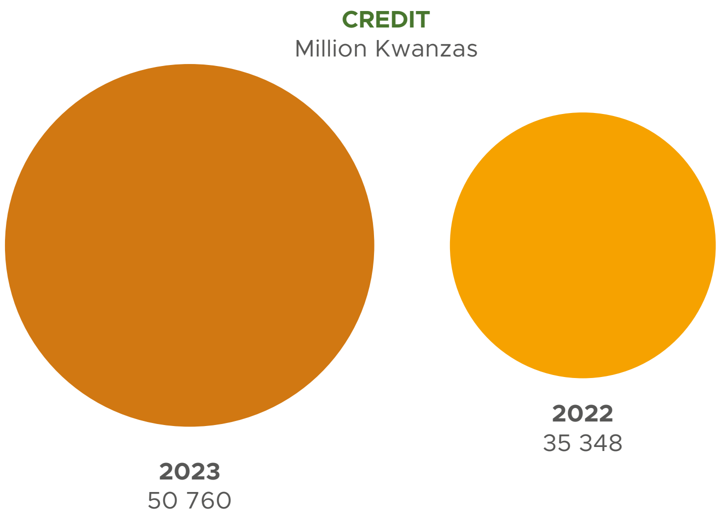


8.9 Deposits and Credit

Customer deposits grew by around 18% compared to 2022, amounting to AOA 200,001 million, as a result of the strategy to diversify the customer base and expand the range of products and services.



The loan portfolio grew by 44% compared to last year, as a result of the increase in current account loans and long-term financing to 2023.



This contributed to the increase in the transformation ratio, which rose from 20.8% in 2022 to 25.4% in 2023.

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 0.7%, and the coverage ratio of loans in arrears (>90 days) for impairments at 573.8%.

8.10 Distribution Network

As of 31/12/2023, BIR had a network of 7 branches, 3 ATM centres, 2 corporate centres and 1 Private and Institutional Centre.

8.11 Trade Debtors

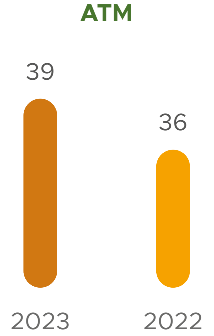
The number of active customers grew by around 5% compared to 2022, reaching a total of 10,445 at the end of 2023.

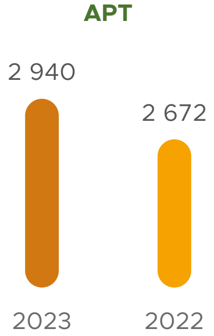
8.12 Electronic Banking

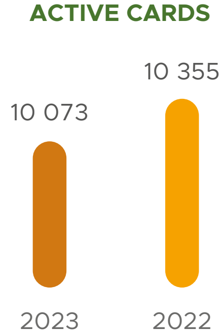
In 2023, Banco BIR maintained its strategy of developing its Electronic Banking business, installing 3 ATMs and setting up 268 Automatic Payment Terminals (APT), which contributed towards increasing the number of ATMs by 8% and APTs by 10%.

As of 31/12/2023, BIR held a total of 39 ATM and 2,940 active APT.

The number of active cards fell by 3% in 2023, standing at 10,073.







8.13 Progress achieved regarding the strategic plan

		Real Dec 23	Strategic Plan Dec 23	GRO (%)
Business	Gross Lending (M AOA)	53 249	33 032	161%
	Customer Funds (M AOA)	200 001	175 222	114%
	Customer Funds (M AOA)	10 445	4 750	220%
	Branches + ATM Centres	10	10	100%
Profitability	Banking Product (M AOA)	34 053	23 053	148%
	Net Income	17 564	11 150	158%
	Cost-to-income ratio	43.3%	45.1%	
	ROAE	40.0%	>30%	
Solidity	Own Funds (M AOA)	48 851	41 276	118%
	RSR	36.1%	>30%	
Credit Quality	Overdue Credit Ratio > 30 days	0.7%	<2%	
	Coverage of Overdue Loans > 30 days by impairments	590%	>300%	

The Bank achieved all the objectives set out in the strategic plan for 2023.

8.14 Outlook for 2024

The projections for 2024 from the *World Economic Outlook* for January 2024, indicate that global growth is projected at 3.1% in 2024 and 3.2% in 2025, with the forecast for 2024 0.2 p.p higher than in the World Economic Outlook (WEO) of October 2023, due to greater than expected resilience in the United States and several large emerging markets and developing economies, as well as fiscal support in China. The forecast for 2024-25 is, however, below the historical average (2000-2019) of 3.8%, with high central bank policy rates to combat inflation, a withdrawal of fiscal support in a context of high debt weighing on economic activity and low productivity underpinning growth.

Inflation is falling faster than expected in most regions, in a context of resolving supply-side issues and tight monetary policy.

Global inflation is expected to fall to 5.8% in 2024 and 4.4% in 2025, with the forecast for 2025 revised downwards.

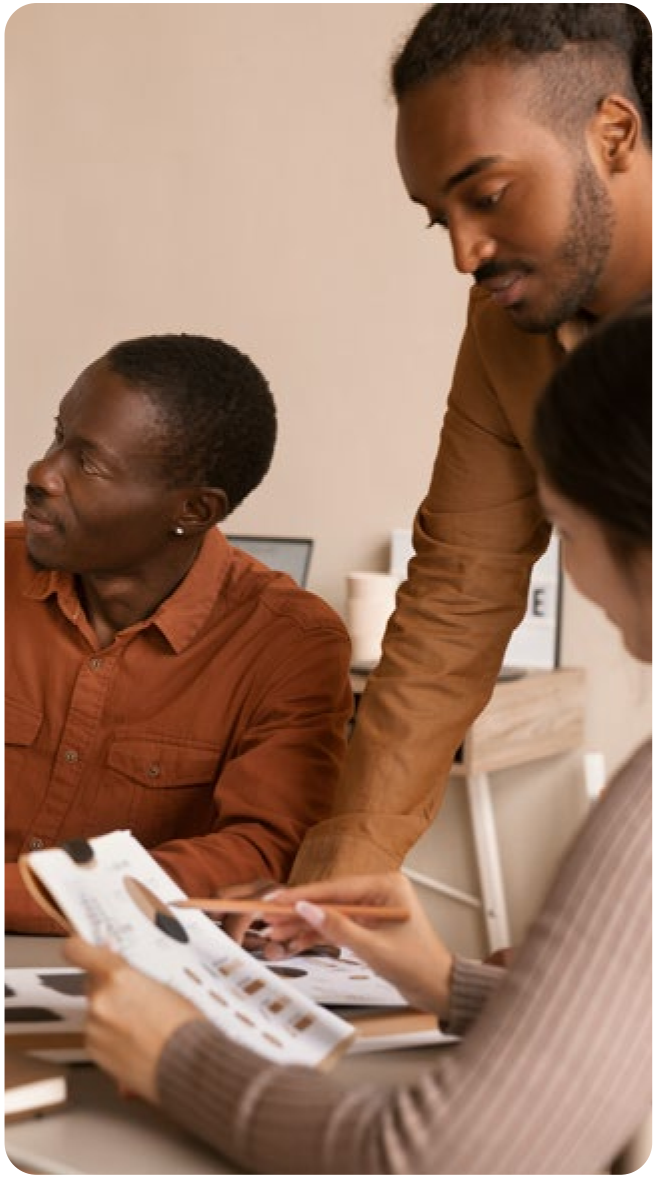
The Angolan economy, according to the GSB's reasoning report, should recover its growth in 2024 in a still difficult international context, characterised by the prevalence of high geopolitical and geoeconomic uncertainties, as well as a still restrictive monetary policy from the world's main central banks, albeit more lenient, to combat inflation and bring it in line with their respective targets, with the risk that further interest rate rises could create additional stresses on debt and consume fiscal space for growth.

The economic projections for 2024 were prepared on the basis of an average oil price of 65 dollars per barrel and average daily oil production of 1.060 million barrels per day, with projected inflation of 16.6%.

By 2024, GDP is expected to grow by 2.8% in real terms. An acceleration compared to the 0.4% growth estimated for 2023.

At the regulatory level, the 2024 GSB provides for the introduction of the Special Contribution on Current Invisible Foreign Exchange Transactions. The main purpose of this contribution is to tax transfers made under contracts for the provision of technical assistance or management services, understood as any legal or contractual relationship the purpose of which is the acquisition from non-resident legal entities of specialised administrative, scientific and technical services necessary to maintain, improve or increase production capacity, whether of goods or services, as well as to increase the level of professional training of workers who require knowledge that cannot be obtained in the country

Under this scheme, any natural or legal person covered must pay the contribution at a rate of 2.5% and 10% respectively on the amount to be transferred.



8.15 Proposed Appropriation of Profits

Considering the legal and statutory provisions regarding the constitution of reserves, the Board of Directors proposes to the General Meeting the following appropriation of the net profit for the 2023 financial year, totalling AOA 17,563,810,309.99:

Legal
8 863 810 308.99

Dividend
8 700 000 000.00

Financial Statements and **Notes to the Accounts**

9

9.1 Financial Statements

Banco de Investimento Rural, SA

Financial Statements for the years ended 31 December 2023 and 2022

BALANCE SHEETS	Notes	2023	2022
Assets			
Cash and cash balances at central banks	4	35 404 299	30 547 959
Cash balances at other credit institutions	5	9 264 165	11 056 562
Investments at central banks and other credit institutions	6	2 092 897	1 014 826
Financial assets measured at fair value through profit or loss	7	16 530 841	50 504 419
Financial assets measured at amortised cost	8	114 352 426	72 251 538
Customer loans	9	50 759 855	35 348 483
Non-current assets held for sale	10	-	-
Other intangible assets	11	1 298 349	1 295 508
Tangible fixed assets	11	22 194 671	11 467 454
Investments in subsidiaries and associates	12	1 650 000	-
Current tax assets	13	159 735	159 735
Other assets	14	2 274 630	844 111
Total Assets		**255 981 868**	**214 490 595**
Liabilities and Equity			
Funds from central banks and other credit institutions	15	1 118 999	489 886
Customer funds and other loans	16	200 001 271	169 786 576
Provisions	17	92 699	29 524
Other liabilities	18	5 917 764	4 797 285
Total Liabilities		**207 130 733**	**175 103 271**
Share Capital	19	17 500 000	10 000 000
Legal reserves	20	9 224 952	7 598 990
Other reserves and retained earnings	20	4 562 373	5 528 717
Net earnings for the year		17 563 810	16 259 617
Total Equity		**48 851 135**	**39 387 324**
Total Liabilities and Equity		**255 981 868**	**214 490 595**

(thousands of kwanzas)

FINANCIAL STATEMENTS FOR THE YEARS ENDING 31 DECEMBER 2023 AND 2022	Notes	2023	2022
Interest and similar income	22	31 361 814	25 320 521
Interest and similar charges	22	(10 669 709)	(8 977 926)
Net interest income		**20 692 105**	**16 342 596**
Income from services and fees	23	5 258 754	5 626 604
Expenses from services and fees	23	(1 254 719)	(1 010 508)
Earnings from financial assets and liabilities measured at fair value through profit or loss	24	6 137 141	1 886 388
Profit or loss from investments at amortised cost	25	2 069 645	721 786
Income from services and fees		**12 210 821**	**7 224 270**
Foreign exchange gains and losses	26	3 619 779	7 693 736
Gains and losses on sale of other assets	27	5 000	-
Other operating profit or loss	28	(2 474 638)	(2 774 345)
Results of financial operations		**1 150 141**	**4 919 391**
Proceeds from banking activity		**34 053 068**	**28 486 256**
Personnel expenses	29	(7 435 166)	(5 990 679)
Third-party supplies and services	30	(5 152 452)	(3 735 569)
Depreciation and amortisation for the year	11	(2 144 792)	(1 607 758)
Net provisions from cancellations	31	(63 175)	(1 351)
Impairment on customer loans net of reversals and recoveries	31	(1 036 503)	(385 500)
Impairment for other financial assets net of reversals and recoveries	31	(632 694)	(238 091)
Impairment for other assets net of reversals and recoveries	31	(24 476)	(267 691)
Earnings before tax		**17 563 810**	**16 259 617**
Income taxes	13	-	-
Net profit / comprehensive income for the year		**17 563 810**	**16 259 617**
Basic and diluted earnings per share	**21**	**17.56**	**16.26**

(thousands of kwanzas)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDING 31 DECEMBER 2023 AND 2022	2023	2022
Individual net profit for the year	17 563 810	16 259 617
Items that will not be reclassified as income		
Items that may be reclassified as income		
Other comprehensive income for the year after taxes		
Comprehensive income for the year after taxes	**17 563 810**	**16 259 617**

(thousands of kwanzas)

STATEMENT OF CHANGES IN EQUITY	Notes	Share capital	Legal reserve	Other reserves	Unappropriated earnings	Net profit or loss for the year	Total Equity
Balance at 31 December 2021		**10 000 000**	**6 694 746**	**-**	**1 007 496**	**9 042 442**	**26 744 684**
Appropriation of net income for the year 2021							
Transfer to legal reserves		-	904 244	-	-	(904 244)	-
Transfer to other reserves		-	-	4 521 221	-	(4 521 221)	-
Distribution of dividends		-	-	-	-	(3 616 977)	(3 616 977)
Net earnings for the year		-	-	-	-	16 259 618	16 259 618
Balance at 31 December 2022		**10 000 000**	**7 598 990**	**4 521 221**	**1 007 496**	**16 259 618**	**39 387 325**
Appropriation of net income for the year 2022							
Transfer to legal reserves	20	-	1 625 962	-	-	(1 625 962)	-
Transfer to other reserves	20	-	-	6 533 656	-	(6 533 656)	-
Distribution of dividends	20	-	-	-	-	(8 100 000)	(8 100 000)
Increase in share capital	19	7 500 000	-	(7 500 000)	-	-	-
Net earnings for the year		-	-	-	-	17 563 810	17 563 810
Balance at 31 December 2023		**17 500 000**	**9 224 952**	**3 554 877**	**1 007 496**	**17 563 810**	**48 851 135**

(thousands of kwanzas)

Statement of Cash Flows for the years ended 31 December 2023 and 2022

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2023	2022
Interest, commissions and other similar income received		35 995 583	29 006 997
( ) Interest, commissions and other similar expenses paid		(7 058 972)	(6 568 806)
( ) Payments to employees and suppliers		(11 642 932)	(9 112 506)
Other income		5 000	-
Cash flows before changes to operating assets and liabilities		**17 298 680**	**13 325 685**
(Increases) / decreases in operating assets:			
Investments at central banks and other credit institutions		(1 064 706)	(1 007 294)
Financial assets measured at fair value through profit or loss		42 465 407	(38 628 913)
Financial assets measured at amortised cost		(39 161 920)	(15 065 365)
Customer loans		(16 001 415)	11 203 039
Other assets		(1 370 943)	(26 391)
Net flow from operating assets		**(15 133 577)**	**(43 524 923)**
Increases/(decreases) in operating liabilities:			
Funds from central banks and other credit institutions		629 114	(191 883)
Customer funds and other loans		25 349 240	43 498 693
Other liabilities		(2 382 128)	(1 126 144)
Net flow from operating liabilities		**23 596 225**	**42 180 666**
Net cash generated by operating activities before income taxes		25 761 328	11 981 429
Income taxes paid		-	(1 319 528)
Net cash generated by operating activities		**25 761 328**	**10 661 901**

CASH FLOWS FROM INVESTMENT ACTIVITIES	Notes	2023	2022
Acquisitions of other tangible assets, net of disposals		(12 416 999)	(3 581 384)
Acquisitions of other intangibles assets, net of disposals		(2 842)	59 739
Acquisitions of shareholdings in subsidiaries and associates	12	(1 650 000)	-
Net cash from investment activities		**(14 069 841)**	**(3 521 644)**

CASH FLOWS FROM FINANCING ACTIVITIES	Notes	2023	2022
Distribution of dividends	20	(8 100 000)	(3 616 977)
Net cash from financing activities		**(8 100 000)**	**(3 616 977)**

	Notes	2023	2022
Cash variation and its equivalents		**3 591 487**	**3 523 279**
Cash and cash equivalents at the beginning of the year	4 and 5	41 605 745	38 114 304
Effects of exchange rate variations on cash and cash equivalents		(527 881)	(31 838)
Cash and cash equivalents at the end of the financial year	**4 and 5**	**44 669 351**	**41 605 745**

(thousands of kwanzas)

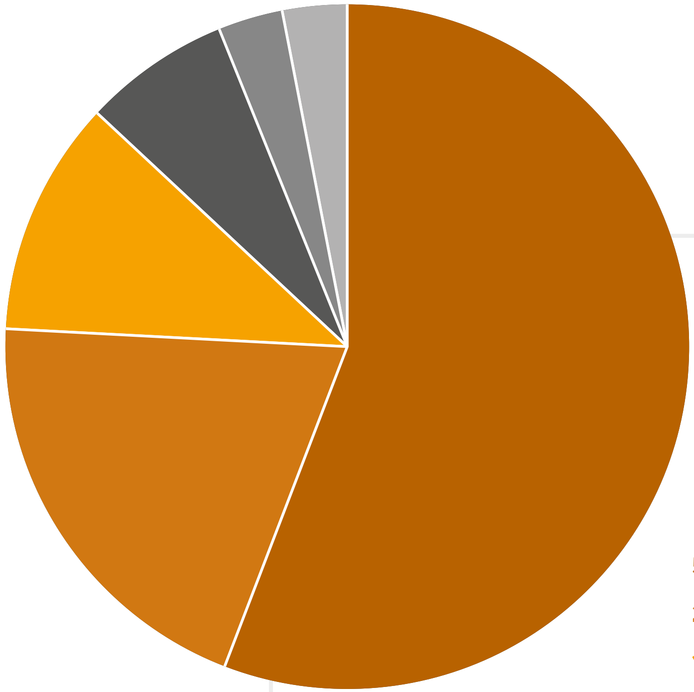
9.2 Notes to the Financial Statements

NOTE 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 its 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 its registered office in Luanda.

The Bank engages in obtaining third-party funds, essentially in the form of deposits, which, together with its 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 7 branches, 2 corporate centres, 4 ATM centres and 1 *Private* and institutional centre.

The Bank is owned by private Angolan shareholders. On 31 December 2023, the shareholder structure was as follows:



56% Lígia M. P. G. Pinto Madaleno

20% João Henriques Pereira

11% Joana D'Assunção I. Paixão Franco

7% Valdomiro Minoru Dondo

3% Manuel João Gonçalves Fonseca

3% Hélder Marcos Nunes da Silva

1.1. Standards, interpretations, amendments and revisions that came into force in the financial year

The following standards, interpretations, amendments and revisions, have mandatory application for the first time in the financial year beginning 1 January 2023:

There were no significant effects on the Bank's financial statements for the year ended 31 December 2023 as a result of the adoption of the standards, interpretations, amendments and revisions referred to above.

STANDARD INTERPRETATION	Applicable during periods beginning on or after	
IFRS 17 Insurance contracts (including amendments to IFRS 17)	01 Jan 23	This standard establishes the following principles for insurance contracts within its scope for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance contracts.
Amendment to IAS 8 Accounting Policies changes in accounting estimates and errors - Definition of accounting estimates	01 Jan 23	This amendment published by the IASB defines an accounting estimate as a monetary amount in the financial statements that is subject to measurement uncertainty.
Amendment to IAS 1 Presentation of financial statements and IFRS *Practice Statement* 2 – Disclosure of accounting policies	01 Jan 23	This amendment published by the IASB in February 2021 clarifies that material accounting policies should be disclosed, rather than significant accounting policies, and has introduced examples for identifying a material accounting policy.
Amendment to IAS 12 Income taxes - Deferred taxes related to assets and liabilities arising from a single transaction	01 Jan 23	This amendment published by the IASB in May 2021 clarifies that the exemption from initial recognition of deferred taxes does not apply to transactions that produce equal amounts of taxable and deductible temporary differences.
Amendment to IFRS 17 Insurance contracts - initial application of IFRS 17 and IFRS 9 - comparative information	01 Jan 23	This amendment published by the IASB in December of 2021 introduces changes on comparative information to be presented when an entity adopts both IFRS 17 and IFRS 9 simultaneously.
Amendment to IAS 12 Income taxes - *International Tax Reform (Pillar Two)*	01 Jan 23	This amendment published by the IASB in May 2023 includes a temporary exemption from the requirement of recognising deferred taxes and disclosing information on taxes arising from the Pillar Two model of the international tax reform, and it should be disclosed that this exemption has been used.

1.2 Standards, interpretations, amendments and revisions that will come into force in future financial years

The following standards, interpretations, amendments and revisions have mandatory application in future financial years.

The Bank does not anticipate any significant effects on its financial statements with the adoption of these new standards, interpretations, amendments and revisions mentioned above.

STANDARD INTERPRETATION	Applicable during periods beginning on or after	
Amendments to IAS 1 Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of the application date; Non-current liabilities with *covenants*	01 Jan 24	These amendments published by the IASB clarify the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. The amendment concerning non-current liabilities with *covenants* clarified that only the conditions that must be met before or on the reference date of the financial statements are relevant for the purposes of classifying as current/non-current. The date of application of the amendments has been postponed to 1 January 2024.
Amendment to IFRS 16 Leases – Lease liability in a sale transaction and relocation	01 Jan 24	This amendment published by the IASB in September 2022 clarifies how a lessee seller accounts for a sale and leaseback transaction that meets the criteria of IFRS 15 to be classified as a sale.
Amendment to IAS 7 Flow Statements and IFRS 7 – Financial Instruments: Disclosures – *Supplier Finance Arrangements*	01 Jan 24	These amendments published by the IASB in May 2023 include additional disclosure requirements for qualitative and quantitative information on supplier financing arrangements.
Amendment to IAS 21 The effects of changes in exchange rates – *Lack of exchangeability*	01 Jan 25	This amendment published by the IASB in August 2023 defines the approach to assessing whether or not a currency can be exchanged for another currency. If it is concluded that the currency cannot be exchanged for another, it indicates how the exchange rate to be applied is determined and the additional disclosures required.

NOTE 2
Basis of Presentation

2.1 Basis of presentation

The accompanying financial statements of the Bank have been prepared on a going concern basis, based on the books and records kept by the Bank, in accordance with International Accounting and Financial Reporting Standards ("IAS/IFRS"), within the scope of the provisions of Notice no. 5/2019 of 23 August, of the National Bank of Angola (hereinafter also referred to as "BNA"). IAS/IFRS include the financial reporting standards issued by the *International Accounting Standards Board* ("IASB") and the interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC") and their respective predecessor bodies.

The financial statements for 31 December 2023 were approved by the Board of Directors on 27 February 2024.

The accounting policies applied in the preparation of the financial statements are consistent as at 31 December 2023 and 2022.

The Bank makes judgements and estimates and uses assumptions that affect the application of accounting policies and the amounts of income, costs, assets and liabilities. Changes in these assumptions or differences between them and reality could have an impact on current estimates and judgements. The areas that involve a higher level of judgement or complexity, or where significant assumptions and estimates are used in the preparation of the financial statements are described in Note 3.

2.2. Financial Instruments

2.2.1 Classification, Initial Recognition and Subsequent Measurement of Financial Assets

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

- Investment Amortised cost;
- Financial assets at fair value through other comprehensive income (FVOCI); and
- Financial assets at 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).

Evaluation of the business model

The Bank assesses the business model in which the financial asset is held, at portfolio level, as this approach best reflects how the assets are managed and how information is made available to management. The information considered includes:

- The objectives and policies established for the portfolio and the practical operation of these policies;
- The assessment of risks affecting performance of the business model (and financial assets
- held within the scope of this business model) and how these risks are managed;
- The way business managers are remunerated; and
- The frequency, volume and periodicity of sales in previous periods, the reasons for those sales and expectations about future sales. However, information on sales should not be considered in isolation, but as part of an overall assessment of how the Bank sets objectives for managing financial assets and how cash flows are obtained.

The business model reflects the way in which the Bank manages its 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 none of these measurement situations apply (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.

The Bank defined the frequency criterion as 10 sales per year, considering each sale of an ISIN as an actual sale. The significance criterion should not exceed 10% of the portfolio, corresponding to the ratio between the book value of sales in the period and the average of the opening and closing balances for the period. The review of the suitability of the portfolios for the business models, which includes analysing the frequency and significance, takes place annually. If a financial asset includes a periodic adjustment of the interest rate, but the frequency of this adjustment does not coincide with the term of the reference interest rate (for example, the interest rate is adjusted every three months), the Bank assesses this divergence in the interest component at the time of initial recognition to determine whether the contractual cash flows represent only payments of principal and interest on the outstanding principal amount.

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.

Assessment of whether contractual cash flows correspond solely to the receipt of principal and interest (SPPI) and interest (SPPI - Solely Payments of Principal and Interest)

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 repayments 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 are classified and measured at fair value through profit or loss.

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.

A — Financial assets at amortised cost

Classification

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).

Initial recognition and subsequent measurement

The balances under "Loans and advances to central banks and other credit institutions" and "Loans and advances to customers" are recognised on the date the funds are made available to the counterparty (*settlement date*). Debt securities recognised under "Investments at amortised cost" are recognised on the trade date (*trade date*), i.e. the date on which the Bank undertakes to acquire them.

Financial assets at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost. In addition, they are subject, from their initial recognition, to the calculation of impairment losses for expected credit losses.

Transaction costs are defined as costs directly attributable to the acquisition or disposal of a financial asset, or the issue or assumption of a financial liability, which would not have been incurred if the Bank had not carried out the transaction. These include, for example, commissions paid to intermediaries (such as promoters) and mortgage formalisation expenses.

Interest on financial assets at amortised cost is recognised in net interest income under "Interest and similar income", using the effective interest rate method.

B — 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); and

- The contractual conditions give rise to cash flows that occur on specific dates and correspond only to payments of principal 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 classify an equity instrument in the category of financial assets at fair value through other comprehensive income provided that it is neither held for trading nor presents contingent consideration recognised by an acquirer in a business combination to which IFRS 3 - Business Combinations ("IFRS 3") applies. This alternative is exercised on an investment-by-investment basis and only financial instruments that fall within the scope of the definition of equity instruments set out in the provisions of IFRS 9 and IAS 32 - Financial Instruments: Presentation ("IAS 32") are eligible.

Initial recognition and subsequent measurement

Financial assets at fair value through other comprehensive income are initially recognised 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).

Changes in the fair value of financial assets at fair value through other comprehensive income are recognised in accordance with the following criteria:

- Interest or, where applicable, dividends are recognised in the income statement under "Interest and similar income" and "Income from equity instruments", respectively. For interest, the procedure is the same as for assets at amortised cost;

- Exchange rate differences are recognised in the income statement under "Exchange rate results" in the case of monetary financial assets and as other comprehensive income in the case of non-monetary financial assets;

- In the case of debt instruments, impairment losses or gains on their recovery are recognised in the income statement under "Impairment for other financial assets net of reversals and recoveries"; and

- The remaining changes in value are recognised in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognised in profit or loss are the same as those that would be recognised if measured at amortised cost.

When a debt instrument valued at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to profit or loss. On the other hand, when a capital instrument valued at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, but rather remains under equity.

C — Financial assets at fair value through profit or loss

A financial asset is classified under the category of financial assets at fair value through profit or loss whenever, due to the Bank's business model or the characteristics of its contractual cash flows, it is not appropriate to classify the financial assets in any of the previous categories. When classifying financial assets in this category, the Bank also took into account whether it expects to recover the asset's book value through a sale to a third party.

Also included in this portfolio are all instruments that exhibit any of the following characteristics:

- 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.

- 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.

- Are originated or acquired with the aim of trading in the short term.

- 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 significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

Initial recognition and subsequent measurement
Financial assets classified in this category are initially recognised at fair value. Gains and losses arising from subsequent valuation at fair value are recognised in the income statement in accordance with the following criteria:

- Changes in fair value are recognised directly in the income statement, separating the part attributable to income from the instrument, which is recognised as interest or dividends according to their nature under the headings "Interest and similar income" and "Income from equity instruments", respectively, and what is recognised as income from financial operations under the heading "Income from financial assets and liabilities at fair value through profit or loss"; and

- The accrual of interest and premium/discount (when applicable) is recognised under "Interest and similar income", based on the effective interest rate of each transaction, as is the accrual of interest on derivatives associated with financial instruments classified in this category. Dividends are recognised in the income statement when the right to receive them is assigned.

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.

2.2.2 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 its 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 means 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, occurring on the measurement date.

The fair value is determined based on the following hierarchy:

- Level 1: prices from 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:

- Your 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.

2.2.3. Reclassification between categories of financial instruments

The Bank reclassifies financial assets only if the business model used in their management changes, in which case, and in accordance with the requirements of IFRS 9, all the financial assets affected are reclassified.

The reclassification is made prospectively from the date of reclassification, and any gains, losses (including impairment losses) or interest previously recognised will not be restated.

It is not permitted to reclassify investments in equity instruments measured at fair value through other comprehensive income, nor financial instruments designated at fair value through profit or loss.

Reclassification of financial liabilities is not permitted.

2.2.4 Modified assets

The Bank occasionally renegotiates or modifies contractual cash flows from customer loans. In this situation, the Bank assesses whether the new terms of the contract are substantially different from the original terms. The Bank makes this analysis considering the following factors, among others:

- If the debtor is in financial difficulties, if the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- If any significant new term has been introduced, such as profit sharing or "equity-based return", which substantially affects credit risk;
- Significant extension of the maturity of the contract when the debtor is not in financial difficulties;

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 on this aspect, the Bank has adopted the "10% rule" by default.

In other words, in substance, the modification gives rise to a separate financial asset when the difference between the present value of the asset's new contractual cash flows (based on the original effective interest rate) and its carrying amount exceeds, in absolute terms, 10% of the carrying amount at the 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 modifications without derecognition.

2.2.5 Derecognition and *write-offs* – Write-off policy (*Write-off*)

A financial asset (or part thereof) is derecognised when the rights to receive its 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.

The *write-off* of a credit when there is no reasonable expectation of its recovery (after taking into account 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 it is not clearly evident that there is a substitution or modification of liabilities under substantially different conditions, the Bank adopts the “10% rule". In other words, in substance, the modification gives rise to a separate 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 its carrying amount exceeds, in absolute terms, 10% of the carrying amount at the time of the replacement or modification.

2.2.6 Impairment of financial assets

Impairment losses (expected credit losses or ECL) must be measured and recognised in accordance with the expected credit loss model laid down in IFRS 9, and applied to all financial assets except financial assets measured at fair value through profit or loss, thus anticipating the recognition of credit losses in the institutions' financial statements.

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.

Off-balance sheet liabilities such as financial guarantees and documentary credit for imports are also subject to impairment assessment, using the credit conversion factors defined by Banco Nacional de Angola.

The Bank determines the expected credit losses of each operation according to the deterioration in credit risk since its initial recognition. In fact, operations are classified into one of the following three *stages*:

Stage 1 — 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.

Stage 2 — 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.

Stage 3 — 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.

The PDs for cash and cash equivalents correspond to 1/12 of the twelve-month PD published regularly by Moody's, taking into account the rating of the counterparty (or of the country in which the counterparty is based, if it has no rating).

The PDs for investments correspond to the twelve-month PD published regularly by Moody's, taking into account the rating of the counterparty (or of the country in which the counterparty is based, if it has no rating).

The PDs for investment in bonds issued by sovereign states correspond to the PDs published by Moody's for the sovereign state's rating.

The LGD for cash and cash equivalents and investments is 60%, in accordance with 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.

Assessment of a significant increase in credit risk

Identifying a significant increase in credit risk requires significant judgements. The movements between Stage 1 and Stage 2 are based, whenever possible, on comparing the instrument's credit risk at the reporting date with the credit risk at the time of origination. The assessment is generally carried out at the instrument level, but it may consider information at the debtor level.

At each reporting date, an assessment is made, based on a set of qualitative and/or quantitative non-statistical indicators, as to whether there has been a significant increase in credit risk since the financial asset was initially recognised. This assessment is not necessary for instruments that have a credit risk considered low.

Instruments with a delay of more than 30 days are generally considered to have seen a significant increase in credit risk. In the case of loans to customers, other criteria are also taken into account, such as the existence of restructurings due to financial difficulties, non-compliance with the Credit Risk and Information Centre ("CIRC") of the National Bank of Angola, among others.

Exposures that are not in default and for which there has been a significant increase in credit risk compared to the date of initial recognition are classified in stage 2.

The bank has deemed a significant increase in credit risk 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).

The bank considers an asset 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.

Collective loss analysis for impairment of loans and advances to customers

The Bank does not have sufficient historical information to estimate robust and statistically significant risk factors for calculating collective impairment. In addition, the Bank has a low number of default *events*. As a result, the Bank does not have a statistical model that allows it to monitor the evolution of the credit risk of operations since their origination. In this way, the risk factors (PD and LGD) applied to the loan portfolio were determined using a benchmark analysis *benchmark* analysis, based on information disclosed in the available reports and accounts of Angolan commercial banks with reference to 31 December 2021. For this purpose, banks with customer credit risk profiles far removed from the Bank's reality were excluded. Based on the information from the banks not excluded, average PD and LGD parameters were calculated for each of the Bank's segments (companies, individuals and employees) grouped by *stage* and the respective residual maturities, as follows:

- PD *stage* 1 - The PD values calculated correspond to the 12-month PD, with a linear evolution of the accumulated curve up to this point;
- PD *stage* 2 - The PD values are calculated at the average residual maturity of each segment. 90% of *defaults* occur in the first half of the average residual maturity. During this period there is a logarithmic evolution, which is later considered to be a linear evolution;

- LGD - The LGD values calculated correspond to classic LGD. LGD reaches 100% in the third year, with a linear evolution up to this value.

In addition, a conservatism factor of 25% was considered and applied using the cumulative distribution function of the normal distribution, in order to make it impossible to have PD values greater than 100%.

The Board of Directors believes that updating this exercise with more recent market data would not have a material impact on the determination of impairment for loans and advances to customers as at 31 December 2023.

For customers not subject to individual analysis and customers analysed individually for whom no impairment losses are determined (stage 1 and stage 2), the Bank determines the impairment value based on this model *benchmark*.

Individual loss analysis for impairment of loans and advances to customers

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.

For the exposures included in the individual analysis perimeter, an individual analysis of *stage* based on quantitative and qualitative criteria. For exposures that, following this analysis, are classified as *stage* 3, individual impairment losses are calculated based on the following approaches:

- "Going concern" - the debt recoverability analysis is carried out assuming the continuity of the client's operations and consists of assessing whether the cash flows generated by the client's business are sufficient to ensure repayment of the debt;

- "Gone concern" - in this case the client's business does not generate sufficient cash flows to ensure repayment of the debt, and its recoverability also depends on the cash flows that may result from the cancellation or foreclosure of the associated collateral.

When the collateral consists of a mortgage on a property, the cash flows are based on the expected net sale price of the property after the collateral is foreclosed, determined on the basis of a valuation report. The valuation value is subject to *haircuts* taking into account the seniority of the valuation (in accordance with 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 its sale are also considered.

When the collateral is debt securities, the recoverable amount is determined on the basis of the respective fair value of the securities calculated on the basis of the contractual flows updated at primary market rates for debt securities with similar characteristics.

The calculation of individual impairment losses considers three scenarios (pessimistic, base and optimistic) defined according to the specifics and degree of uncertainty associated with the recovery of each client's debt. For the purposes of calculating impairment losses, these scenarios are weighted by probability of occurrence.

Impairment losses are calculated by comparing the present value of the expected future cash flows discounted at the original effective interest rate of each contract and the book value of each loan, and the losses are recognised in the income statement. The book value of impaired loans is shown in the net balance of impairment losses.

2.3 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 2023 and 31 December 2022, 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:

	2023	2022
1 USD	828 800	503 647
1 EUR	915.990	535 930

Non-monetary assets and liabilities expressed in foreign currency and recorded at historical cost are converted into the functional currency at the indicative exchange rate published by the BNA on the date of the transaction. Non-monetary assets and liabilities recognised at fair value are converted into the functional currency at the exchange rate in force on the date 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:

2.3.1 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.

2.3.2 Foreign exchange forward 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.

2.4 Financial Liabilities and Equity instruments

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

A financial liability 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 its 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.

2.5 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 its legal form.

Financial liabilities are classified into the following categories:

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.

Financial liabilities held for trading

This category includes derivative financial instruments with negative fair value.

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

Financial liabilities are initially recorded at fair value less transaction costs incurred, and subsequently at amortised cost, based on the effective interest rate method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value. In its 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.

Financial liabilities are not recognised where the underlying obligation is settled, expires or is cancelled. Non-derivative financial liabilities include resources from central banks and other credit institutions, customer funds and other loans.

2.6 Tangible Fixed assets

Property, plant and equipment is initially recorded at cost, which includes the respective purchase price net of rebates and discounts plus direct non-refundable taxes and all other costs incurred that prove necessary to bring the assets to the desired conditions and location.

The Bank subsequently measures its 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 of useful life
Building	25 to 50
Structures	25
EQUIPMENT	
Furniture and material	8 to 10
Machines and tools	4 to 10
Computer equipment	3 to 6
Interior fittings	4 to 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.

2.7 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 its 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:

SOFTWARE	5 years
OTHER	5 years

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.

2.8 Non-current assets held for sale

Non-current assets are classified as held for sale when their book value is intended to be realised through sale rather than 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 its 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) its fair value less costs to sell; and (ii) its 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) its carrying amount, if it had never been classified as a non-current asset held for sale; and (ii) its recoverable amount (the greater of its fair value less costs to sell and its 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.

As of 31 December 2023 and 2022, the Bank holds only one property classified as a non-current asset held for sale.

2.9 Leases

At the beginning of a contract, the Bank assesses whether it is, or contains, a lease. A lease is defined as a contract, or part of a contract, whereby the right to control the use of an identifiable asset is assigned for a certain period in exchange for consideration. 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.

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 its 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 its 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 2023 and 2022, the Bank only had lease agreements for the lease of properties used as part of its ordinary activities.

2.10 Taxes

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

Accordingly, the Bank is taxed on all profits obtained both in the country and abroad and its 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 its income is carried out in accordance with the Industrial Tax Code, as approved by Law 26/20, of 20 July, and which sets a tax rate of 35%. It should be noted that the 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.

According to the Industrial Tax Code, only favourable and unfavourable exchange rate variations are considered income and costs for tax purposes. In view of the above, when calculating taxable income, the Bank excludes the amounts of potential favourable and unfavourable exchange rate variations recorded during the year;

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 2019 to 2023. 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 Bank's financial statements as at 31 December 2023.

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.

Industrial Tax is 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 the tax recoverable or payable in future periods resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base, using the tax rates approved or substantially approved at the balance sheet date and which are expected to be applied when the temporary differences reverse.

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 are recognised when it is probable that future taxable profits will be available to absorb temporary differences deductible for tax purposes (including tax losses carried forward).

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

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. Its 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.

On 31 December 2023, the Bank did not record deferred tax assets for deductible temporary differences related to potential capital losses and impairment of loans and advances to customers, and for tax losses, as it did not have projections demonstrating their recoverability, in the amount of 1,867,858 thousand Kwanzas.

2.11 Recognition of interest
Profit or loss relating to interest on financial assets and liabilities measured at amortised cost are recognised under the headings interest and similar income or interest and similar charges (net interest income), using the effective interest rate method. Interest at the effective rate on financial assets at fair value through other comprehensive income is also recognised in net interest income, as is interest on financial assets and liabilities at fair value through profit or loss.

The effective interest rate corresponds to the rate that discounts estimated future payments or receipts over the expected life of the financial instrument (or, where appropriate, for a shorter period) to the net present balance sheet value of the financial asset or liability.

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.

2.12 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.

2.13 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.

Income from services and fees is recognised in accordance with the following criteria:

- When they are obtained as the services are rendered, they are recognised in the income statement in the period to which they relate in accordance with IFRS 15 - Revenue from contracts with customers ("IFRS 15");

- When they result from the provision of services, they are recognised when the service is completed in accordance with IFRS 15; or

- When it forms an integral part of the effective interest rate of a financial instrument, income from services and fees is recorded in accordance with IFRS 9.

2.14 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 an offsetting form with the liability and its 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.

2.15 Investments in associates

Associated companies are entities in which the Bank has significant influence but does not exercise control over their financial and operating policy. The Bank is presumed to exercise significant influence when it has the power to exercise more than 20% of the voting rights of the associate. If the Bank directly or indirectly holds less than 20% of the voting rights, it is presumed that the Bank does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence on behalf of the Bank is normally demonstrated in one or more of the following manners:

- Representation on the Board of Directors or equivalent management body;

- Participation in policy-making processes, including participation in decisions on dividends or other distributions;

- Material transactions between the Bank and the subsidiary;

- Exchange of management personnel; or

- The provision of essential technical information.

Under the equity method, the investment in an associate is recognised at cost on initial recognition, with the carrying amount being increased or decreased to recognise the evolution of the Bank's share of the associate's results after the acquisition date. The Bank's share of the associate's results is recognised in the Bank's results. Distributions received from associates reduce the carrying amount of the investment. The carrying amount may also have to be adjusted to reflect the evolution of the Bank's interest in the associate following changes in the associate's other comprehensive income. These changes include those resulting from the revaluation of tangible fixed assets and foreign currency translation differences. The Bank's share of these changes is recognised in the Bank's other comprehensive income.

An investment is accounted for using the equity method from the date it becomes an associate. On acquisition of the investment, any difference between the cost of the investment and the Bank's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as follows:

- Goodwill related to an associate is included in the carrying amount of the investment. Amortisation of this goodwill is not permitted.

- Any excess of the Bank's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in determining the Bank's share of the associate's results in the period in which the investment is acquired.

The Bank's share of the results of the associate after the acquisition is subject to the appropriate adjustments to account for, for example, the depreciation of depreciable assets based on their fair values at the date of acquisition. Likewise, the Bank's share of the results of the associate after the acquisition is subject to the appropriate adjustments in relation to impairment losses, namely in terms of goodwill or tangible fixed assets.

2.16 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, deposits at central banks and deposits at other credit institutions (Notes 4 and 5).

2.17 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.

NOTE 3
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.

3.1 Impairment losses for the customer loan portfolio

The Bank periodically reviews its customer loan portfolio in order to assess the existence of impairment losses, as mentioned in Note 2.3.6.

Impairment is determined on an individual basis for entities with significant liabilities to the Bank, based on the Bank's judgement of the economic and financial situation of its customers and the estimated value of the guarantees received as collateral. Impairment for the remaining operations is determined using a benchmark model *benchmark*.

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 its 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.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of recognised impairment losses, with the consequent impact on the Bank's results

The Bank considers that the impairment losses determined on the basis of the methodology referred to in Note 2.3.6 adequately reflect the risk associated with its customer loan portfolio.

3.2 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.

3.3 Fair value measurements and Valuation process

Fair value is based on market quotations, when available, and in the absence of quotations it is determined using the prices of recent similar transactions carried out under market conditions, or on valuation methodologies based on discounted future cash flow techniques taking into account market conditions, value time, the yield curve and volatility factors in accordance with the principles of IFRS 13 - Fair Value. 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 may lead to financial results that differ from those reported.

NOTE 4
Cash and cash balances at central banks

The balance of this caption at 31 December 2023 and 2022 is detailed as follows:

	2023	2022
Cash	**6 721 939**	**5 158 365**
Notes and coins in local currency	2 864 418	2 136 131
Notes and coins in foreign currency	3 158 882	2 200 053
Notes at ATM	698 639	822 182
Deposits at the Central Bank		
Banco Nacional de Angola	**28 682 360**	**25 389 594**
In national currency	23 475 072	21 167 552
In foreign currency	5 207 288	4 222 042
	35 404 299	**30 547 959**

(thousands of kwanzas)

On 31 December 2023 and 2022, the item "Demand deposits at Banco Nacional de Angola" includes deposits set up to meet the legal requirements regarding the constitution and maintenance of minimum mandatory reserves, which 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.

On 31 December 2023 and 2022, in accordance with Instructions no. 04/2023 and no. 02/2021, of 10 February, no. 08/2021 of 14 May and Directive no. 12/2023 and no. 11/2022 of the National Bank of Angola, the mandatory reserve requirements were calculated by applying the following percentages:

RATE ON THE RESERVE BASE		2023 National Currency	2023 Foreign Currency	2022 National Currency	2022 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%
Other Sectors	Fortnightly determination	18%	22%	-	-

At 31 December 2023 and 2022, the total mandatory reserves amounted to 18,807,992 thousand Kwanzas and 10,622,841 thousand Kwanzas, respectively.

NOTE 5
Availability at other credit institutions institutions

The balance of this caption at 31 December 2023 and 2022 is detailed as follows:

	2023	2022
Cash balances at credit institutions in the country	**85 740**	**293 578**
Other cash balances Transactions pending settlement	85 740	293 578
Cash balances at credit institutions abroad	**9 179 312**	**10 764 207**
Demand deposits		
In EUR	6 693 594	3 291 240
In USD	**2 332 434**	**7 422 198**
In other currencies	153 284	50 770
Impairment losses	(886)	(1 223)
	9 264 165	**11 056 562**

(thousands of kwanzas)

At 31 December 2023 and 2022, the balance under "Other cash and cash equivalents – Pending settlement transactions" refers to the pending settlement balances associated with Mastercard cards and the balances at EMIS – Empresa Interbancária de Serviços, S.A.R.L., presented for clearing in the sessions of the working days following the reference date of the financial statements.

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

On 31 December 2023 and 2022, the breakdown of "Loans and advances to credit institutions abroad" by counterparty is as follows:

	2023	2022
BNI EUROPA	181 679	94 806
BNI EUROPA - COLLATERAL	421 129	1 040 992
UBAI BANK	-	136 134
BANCO PRIVADO ATLANTICO EUROPA	2 861 080	5 956 169
BPA COLATERAL	4 436 008	1 499 476
RAND MERCHANT BANK	295 767	301 663
BAI EUROPA	901 601	741 293
AKTIF BANK	82 047	993 674
	9 179 312	**10 764 207**

(thousands of kwanzas)

At 31 December 2023 and 2022, the balances of cash and deposits with credit institutions abroad are not remunerated.

Collateral with "BNI Europa – Collateral" and "BPA Collateral" is used to cover CDI liabilities. The Bank can demobilise the funds as long as they are not covered by a CDI. In addition, the collateral in these entities is 60 per cent of the value of CDI liabilities.

NOTA 6
Investments at central banks and other credit institutions

The balance of this caption at 31 December 2023 and 2022 is detailed as follows:

INVESTMENTS IN OTHER CREDIT INSTITUTIONS	2023	2022
In USD	2 095 034	1 015 856
Impairment losses (Note 31)	(2 137)	(1 030)
	2 092 897	**1 014 826**

(thousands of kwanzas)

On 31 December 2023 and 2022, investments in other credit institutions were broken down by counterparty as follows:

INVESTMENTS IN CREDIT INSTITUTIONS ABROAD	2023	2022
BANCO BAIEUROPA	1 678 632	1 014 826
AKTIF YATIRIM BANK	414 265	-
	2 092 897	**1 014 826**

(thousands of kwanzas)

The amount invested with BAI Europa corresponds to balances intended to collateralise documentary credit operations, which are remunerated.

At 31 December 2023 and 2022, investments in other credit institutions are broken down by residual maturity:

INVESTMENTS IN OTHER CREDIT INSTITUTIONS	2023	2022
Up to three months	2 092 897	1 014 826
Between three and six months	-	-
Between six months and one year	-	-
	2 092 897	**1 014 826**

(thousands of kwanzas)

All the assets recognised under this heading were classified in *stage* 1 for the purposes of calculating the respective impairment losses.

NOTE 7
Financial assets at fair value through profit or loss

The breakdown of financial assets at fair value through profit or loss as of 31 December 2023 and 2022 is presented as follows:

	2023	2022
Bonds and other fixed-income securities issued by the public		
Treasury bonds in national currency	16 488 274	50 461 853
Equity instruments		
EMIS	41 067	41 067
Securities market academy	1 500	1 500
	16 530 841	**50 504 419**

(thousands of kwanzas)

At 31 December 2023, the balances of Equity instruments correspond to the Bank's holdings in EMIS - Empresa Interbancária de Serviços, S.A.R.L (EMIS) and Securities market academy, both measured at historical cost, in accordance with the requirements of IFRS 9, considering the impossibility of estimating fair value reliably.

At 31 December 2023 and 2022, treasury bonds in local currency are broken down as follows:

	2023	2022
Treasury Bonds		
From public issuers		
In national currency	15 457 983	48 166 470
Income receivable	1 030 290	2 295 383
	16 488 274	**50 461 853**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of financial assets at fair value through profit or loss by residual maturity is as follows:

	2023	2022
Between three and five years	16 488 274	-
More than five years	-	50 461 853
Indeterminate	42 567	42 567
	16 530 841	**50 504 420**

(thousands of kwanzas)

NOTE 8
Investments at amortised cost

Details of this item as at 31 December 2023 and 2022 are shown below:

	2023	2022
Bonds and Other Fixed-Income Securities and public issuers		
Treasury bonds in national currency	116 056 366	73 322 784
Impairment losses (Note 31)	(1 703 940)	(1 071 246)
	114 352 426	**72 251 538**

(thousands of kwanzas)

The schedule of investments in debt instruments by maturity at 31 December 2023 and 2022 is shown below.

	2023	2022
Up to three months	3 894 746	-
Between three and six months	-	-
Between six months and one year	13 518 679	2 842 135
Between one and three years	6 814 589	2 127 199
Between three and five years	41 353 603	6 760 255
More than five years	**48 770 810**	**60 521 949**
	114 352 426	**72 251 538**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of investments at amortised cost is as follows:

2023	Average Rate	Acquisition cost	Revenue receivable	Impairment losses	Balance sheet value
Treasury Bonds					
From public issuers					
In national currency	16.52%	109 824 890	6 231 475	(1 703 940)	114 352 426
In foreign currency		-	-	-	-
Open market transactions					
		109 824 890	**6 231 475**	**(1 703 940)**	**114 352 426**

2022	Average Rate	Acquisition cost	Revenue receivable	Impairment losses	Balance sheet value
Treasury Bonds					
From public issuers					
In national currency	17.58%	69 262 499	4 060 285	(1 071 246)	72 251 538
In foreign currency		-	-	-	-
Open market transactions					
		69 262 499	**4 060 285**	**(1 071 246)**	**72 251 538**

(thousands of kwanzas)

NOTE 9
Customer loans

The breakdown of customer loans at 31 December 2023 and 2022, by segment, is as follows:

	2023	2022
Companies	49 430 648	35 903 358
Private individuals	798 476	339 672
Employees	3 020 201	631 292
	53 249 326	**36 874 322**
Impairment losses (Note 31)	**(2 489 471)**	**(1 525 840)**
	50 759 855	**35 348 483**

(thousands of kwanzas)

At 31 December 2023 and 2022, customer loans were broken down by situation as follows:

	2023	2022
Customer loans		
Capital maturing	51 586 434	35 577 567
Non-performing loans	737 634	485 419
Total credit granted	**52 324 068**	**36 062 986**
Income receivable	**925 258**	**811 336**
	53 249 326	**36 874 322**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of customer loans, excluding overdue loans, income receivable and impairment losses, by residual maturity is as follows:

	2023	2022
Up to three months	12 599 487	4 363 537
Between three and six months	12 543 645	3 433 574
Between six months and one year	682 150	3 438 129
Between one and two years	872 447	154 931
Between two and five years	10 385 589	6 395 153
More than five years	14 503 116	17 792 244
	51 586 434	**35 577 567**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of exposures and impairment losses by sector of activity is as follows:

2023	Customer loans		Total exposure	Relative weight	Impairment	
	Maturing	Overdue			Value	Impairment %
Companies	**48 704 739**	**725 909**	**49 430 648**	**93%**	**(2 454 966)**	**5.0%**
Wholesale and retail trade	18 049 469	538 409	18 587 878	35%	(1 884 765)	10.1%
Manufacturing industries	7 560 920	-	7 560 920	14%	(167 263)	2.2%
Other collective, social and personal service activities	7 309 251	7 503	7 316 753	14%	(104 819)	1.4%
Construction	5 898 022	-	5 898 022	11%	(32 657)	0.6%
Transport, storage and communications	4 839 548	-	4 839 548	9%	(71 065)	1.5%
Agriculture, livestock, hunting and forestry	3 160 059	18 737	3 178 796	6%	(141 113)	4.4%
Real estate, renting and business activities	1 479 459	44	1 479 503	3%	(22 787)	1.5%
Financial activities	203 097	159 494	362 591	1%	(17 943)	4.9%
Manufacture of coke, refined petroleum products and nuclear fuel	111 678	1 722	113 400	0%	(2 092)	1.8%
Production and distribution of electricity, gas and water	83 470	-	83 470	0%	(6 432)	7.7%
Lodging and catering (restaurants and similar establishments)	9 766	-	9 766	0%	(4 029)	41.3%
Private individuals and employees	**3 806 952**	**11 725**	**3 818 677**	**7%**	**(34 505)**	**0.9%**
Consumption	2 194 192	10 850	2 205 043	4%	(30 295)	1.4%
Housing	342 556	875	343 431	1%	(2 831)	0.8%
Other purposes	1 270 204	-	1 270 204	2%	(1 379)	0.1%
	52 511 691	**737 634**	**53 249 326**		**(2 489 471)**	**4.68%**

(thousands of kwanzas)

2022	Customer loans		Total exposure	Relative weight	Impairment	
	Maturing	Overdue			Value	Impairment %
Companies	**35 423 293**	**480 066**	**35 903 358**	**97%**	**(1 483 854)**	**4.1%**
Wholesale and retail trade	13 437 300	461 673	13 898 973	38%	(711 950)	5.1%
Manufacturing industries	5 595 318	-	5 595 318	15%	(165 205)	3.0%
Other collective, social and personal service activities	5 516 329	6 988	5 523 317	15%	(204 956)	3.7%
Transport, storage and communications	3 445 870	-	3 445 870	9%	(105 500)	3.1%
Agriculture, livestock, hunting and forestry	3 311 155	6 536	3 317 691	9%	(145 340)	4.4%
Construction	3 042 136	-	3 042 136	8%	(91 448)	3.0%
Financial activities	354 322	-	354 322	1%	(8 223)	2.3%
Mining Industry	314 074	-	314 074	1%	(21 985)	7.0%
Lodging and catering (restaurants and similar establishments)	214 950	3 435	218 385	1%	(25 201)	11.5%
Manufacture of coke, refined petroleum products and nuclear fuel	150 081	1 434	151 516	0%	(2 490)	1.6%
Production and distribution of electricity, gas and water	38 780	-	38 780	0%	(1 466)	3.8%
Real estate, renting and business activities	2 977	-	2 977	0%	(91)	3.0%
Private individuals and employees	**965 611**	**5 353**	**970 964**	**3%**	**(41 986)**	**4.3%**
Consumption	512 338	4 705	517 043	1%	(36 881)	7.1%
Housing	453 185	-	453 185	1%	(4 532)	1.0%
Other purposes	88	648	737	0%	(573)	77.7%
	36 388 904	**485 419**	**36 874 323**		**(1 525 840)**	**4.14%**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of exposures and impairment losses by risk segment and stage is as follows:

	Total exposure										Impairment			
2023	**Total exposure**	**Stage 1 loan**	**Cured stage 1 loan**	**Restructured stage 1 loan**	**Stage 2 loan**	**Cured stage 2 loan**	**Restructured stage 2 loan**	**Stage 3 loan**	**Cured stage 3 loan**	**Restructured stage 3 loan**	**Total impairment**	**Stage 1 loan**	**Stage 2 loan**	**Stage 3 loan**
Companies	49 430 648	40 304 870	-	-	3 088 677	-	-	6 037 101	-	228 019	(2 454 966)	(725 156)	(318 323)	(1 411 487)
Private individuals	798 476	782 488	-	-	8	-	-	15 981	-	-	(24 423)	(8 610)	(1)	(15 813)
Employees	3 020 201	3 009 635	-	-	10 566	-	-	-	-	-	(10 081)	(8 165)	(1 916)	-
	53 249 326	**44 096 993**	**-**	**-**	**3 099 250**	**-**	**-**	**6 053 082**	**-**	**228 019**	**(2 489 471)**	**(741 931)**	**(320 240)**	**(1 427 299)**

	Total exposure										Impairment			
2024	**Total exposure**	**Stage 1 loan**	**Cured stage 1 loan**	**Restructured stage 1 loan**	**Stage 2 loan**	**Cured stage 2 loan**	**Restructured stage 2 loan**	**Stage 3 loan**	**Cured stage 3 loan**	**Restructured stage 3 loan**	**Total impairment**	**Stage 1 loan**	**Stage 2 loan**	**Stage 3 loan**
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)**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of exposures and impairment losses by segment and range of days in arrears is as follows:

	Stage 1			Stage 2			Stage 3		
2023 TOTAL EXPOSURE	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**
Companies	43 234 040			13	159 494		5 803 578	68 128	165 395
Private individuals	782 488	-			8		240	20	15 721
Employees	3 009 635			0	10 566		-		
	47 026 163	**-**	**-**	**13**	**170 067**	**-**	**5 803 818**	**68 148**	**181 116**

	Stage 1			Stage 2			Stage 3		
2023 IMPAIRMENT	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**
Companies	(725 156)		-	(2)	(318 321)	-	(1 252 509)	(68 128)	(90 850)
Private individuals	(8 609)	(1)	-		(1)	-	(153)	(13)	(15 647)
Employees	(8 165)		-	(0)	(1 916)	-			
	(741 931)	**(1)**	**-**	**(2)**	**(320 239)**	**-**	**(1 252 661)**	**(68 141)**	**(106 497)**

(thousands of kwanzas)

	Stage 1			Stage 2			Stage 3		
2022 TOTAL EXPOSURE	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**
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 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**	**Delay in days [0 - 30]**	**Delay in days[31 - 90]**	**Delay in days > 90 days**
Companies	(981 426)	-	-	(126 527)	-	-	(111 843)	(22)	(264 035)
Private individuals	(12 706)	-	-	(8 901)	(9)	-	-	-	(14 057)
Employees	(6 313)	-	-	-	-	-	-	-	-
	(1 000 445)	**-**	**-**	**(135 428)**	**(9)**	**-**	**(111 843)**	**(22)**	**(278 092)**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of exposures and impairment losses by segment and years of original credit granting is as follows:

2023 COMPANIES	Number of operations	Amount	Impairment established
2018	3	39 088	(25 496)
2019	10	7 208 498	(770 582)
2020	5	3 075 570	(98 518)
2021	41	18 134 393	(853 336)
2022	14	8 498 769	(243 292)
2023	22	7 936 340	(421 772)
	95	**44 892 658**	**(2 412 996)**

2023 PUBLIC ORGANISATIONS	Number of operations	Amount	Impairment established
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	3	1 734	(13)
2022	3	3 802 767	(41 957)
2023	1	733 489	-
	7	**4 537 990**	**(41 970)**

2023 EMPLOYEES	Number of operations	Amount	Impairment established
2018	5	209 811	(860)
2019	4	411 151	(905)
2020	6	12 833	(338)
2021	37	148 814	(412)
2022	25	209 670	(2 296)
2023	26	2 027 922	(5 271)
	103	**3 020 201**	**(10 081)**

2023 PRIVATE INDIVIDUALS HIRE	Number of operations	Amount	Impairment established
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	1	14 931	(15 000)
2022	2	21 752	(449)
2023	5	460 201	(6 480)
	8	**496 884**	**(21 929)**

2023 REVOLVING PRIVATE INDIVIDUALS	Number of operations	Amount	Impairment established
2018	-	-	-
2019	7	10	(0)
2020	30	121 330	(711)
2021	178	112 541	(712)
2022	92	58 518	(980)
2023	15	9 194	(91)
	322	**301 592**	**(2 495)**

2023 TOTAL	Number of operations	Amount	Impairment established
2018	8	248 899	(26 355)
2019	21	7 619 658	(771 488)
2020	41	3 209 733	(99 567)
2021	260	18 412 414	(869 473)
2022	136	12 591 477	(288 974)
2023	69	11 167 145	(433 613)
	535	**53 249 326**	**(2 489 471)**

(thousands of kwanzas)

2022 COMPANIES	Number of operations	Amount	Impairment established
2017	2	339	(329)
2018	8	667 198	(108 831)
2019	9	7 933 386	(320 767)
2020	6	4 308 808	(142 118)
2021	42	10 569 136	(488 772)
2022	18	8 990 065	(317 880)
	85	**32 468 932**	**(1 378 697)**

2022 PUBLIC ORGANISATIONS	Number of operations	Amount	Impairment established
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	4	0	(0)
2021	3	2 310	(69)
2022	3	3 432 116	(105 087)
	10	**3 434 426**	**(105 157)**

2022 EMPLOYEES	Number of operations	Amount	Impairment established
2017	-	-	-
2018	5	217 677	(2 177)
2019	4	63 948	(639)
2020	9	21 543	(215)
2021	38	109 426	(1 095)
2022	26	218 698	(2 187)
	82	**631 292**	**(6 313)**

2022 PRIVATE INDIVIDUALS RENTS	Number of operations	Amount	Impairment established
2017	-	-	-
2018	-	-	-
2019	1	3 466	(209)
2020	-	-	-
2021	1	14 843	(13 500)
2022	3	173 727	(10 563)
	5	**192 036**	**(24 272)**

2022 REVOLVING PRIVATE INDIVIDUALS	Number of operations	Amount	Impairment established
2017	1	8	(0)
2018	2	5	(0)
2019	1	0	(0)
2020	33	12 116	(3 668)
2021	210	74 536	(4 536)
2022	119	60 972	(3 196)
	366	**147 636**	**(11 400)**

2022 TOTAL	Number of operations	Amount	Impairment established
2017	3	347	(330)
2018	15	884 880	(111 008)
2019	15	8 000 800	(321 615)
2020	52	4 342 468	(146 002)
2021	294	10 770 250	(507 971)
2022	169	12 875 578	(438 913)
	548	**36 874 322**	**(1 525 840)**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of exposures and losses by type of analysis and sector of activity is as follows:

At 31 December 2023 and 2022, all credit exposure relates to customers in Angola.

		2023		2022	
		Individual analysis	Collective analysis	Individual analysis	Collective analysis
Companies					
Wholesale and retail trade	Total exposure Impairment	5 224 332 (1 261 665)	13 363 546 (623 100)	5 665 719 (464 354)	8 233 254 (247 596)
Other collective, social and personal service activities	Total exposure Impairment	707 750 (90 014)	6 609 004 (14 805)	5 523 196 (204 952)	121 (4)
Construction	Total exposure Impairment		5 898 022 (32 657)	3 015 926 (90 662)	26 210 (786)
Financial activities	Total exposure Impairment		362 591 (17 943)	320 970 (8 221)	33 353 (3)
Mining Industry	Total exposure Impairment		- -	314 074 (21 985)	- -
Lodging and catering (restaurants and similar)	Total exposure Impairment		9 766 (4 029)	200 982 (14 069)	17 403 (11 132)
Agriculture, livestock, hunting and forestry	Total exposure Impairment	150 356 (49 851)	3 028 440 (91 262)	162 006 (50 669)	3 155 685 (94 671)
Manufacture of coke, refined petroleum products and nuclear fuel	Total exposure Impairment		113 400 (2 092)	- -	151 516 (2 490)
Production and distribution of electricity, gas and water	Total exposure Impairment		83 470 (6 432)	- -	38 780 (1 466)
Transport, storage and communications	Total exposure Impairment		4 839 548 (71 065)	- -	3 445 870 (105 500)
Real estate activities, rentals and services provided to companies	Total exposure Impairment		1 479 503 (22 787)	- -	2 977 (91)
Manufacturing industries	Total exposure Impairment	- -	7 560 920 (167 263)	- -	5 595 318 (165 205)
Private individual					
Consumption	Total exposure Impairment		2 205 043 (30 295)	162 416 (8 899)	354 627 (27 983)
Housing	Total exposure Impairment		342 556 (1 379)		453 185 (4 532)
Other purposes	Total exposure Impairment		1 271 079 (2 831)		737 (573)
Total	**Total exposure** **Impairment**	**6 082 437** **(1 401 530)**	**47 166 888** **(1 087 940)**	**15 365 287** **(863 811)**	**21 509 035** **(662 029)**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of exposures and impairment losses by type of analysis and risk segment is as follows:

		2023		2022	
		Individual analysis	Collective analysis	Individual analysis	Collective analysis
Consumption	Total exposure Impairment	6 082 437 (1 401 530)	43 348 211 (1 053 435)	15 202 872 (854 912)	20 700 487 (628 942)
Housing	Total exposure Impairment	- -	805 828 (24 423)	146 362 (8 899)	193 310 (26 774)
Other purposes	Total exposure Impairment	- -	3 020 201 (10 081)	- -	631 292 (6 313)
Total	**Total exposure Impairment**	**6 082 437 (1 401 530)**	**47 174 240 (1 087 940)**	**15 349 234 (863 811)**	**21 525 088 (662 029)**

At 31 December 2023 and 2022, the breakdown of exposures and impairment losses by type of analysis and stage is as follows:

Until 31 December 2022, the Bank attributed to customers subject to individual analysis classified as stage 1 and stage 2 impairment determined on an individual basis. In 2023, the Bank began to carry out a stage analysis for the individually analysed customers classified as stage 1 and stage 2, assigning collective impairment to those customers.

2023 — STAGES OF IMPAIRMENT	Stage 1	Stage 2	Stage 3	Total
Assigned impairment based on individual analysis				
Total exposure	-	-	6 082 437	6 082 437
Impairment losses	-		(1 401 530)	(1 401 530)
Assigned impairment based on collective analysis	-	-		-
Total exposure	44 096 993	3 099 250	(29 355)	47 166 888
Impairment losses	(741 931)	(320 240)	(25 769)	(1 087 940)
	43 355 062	**2 779 010**	**4 625 783**	**50 759 855**

2022 — STAGES OF IMPAIRMENT	Stage 1	Stage 2	Stage 3	Total
Assigned impairment based on individual analysis				-
Total exposure	10 903 823	3 572 797	888 668	15 365 287
Impairment losses	(363 932)	(135 426)	(364 453)	(863 811)
Assigned impairment based on collective analysis				
Total exposure	21 475 682	37	33 316	21 509 035
Impairment losses	(636 513)	(11)	(25 505)	(662 029)
	31 379 060	**3 437 397**	**532 026**	**35 348 483**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of exposures and impairment losses by type of analysis and class of default is as follows:

At 31 December 2023 and 2022, there are no credit exposures without impairment losses.

2023 — DEFAULT CLASS	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Assigned impairment based on individual analysis						
Total exposure	5 781 720		68 128	232 589	-	6 082 437
Impairment losses	(1 242 585)		(68 128)	(90 817)	-	(1 401 530)
Assigned impairment based on collective analysis						-
Total exposure	47 048 237	170 105	(67 167)	15 714	-	47 166 888
Impairment losses	(1 054 618)	(17 629)	(52)	(15 641)	-	(1 087 940)

2022 — DEFAULT CLASS	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Assigned impairment based on individual analysis						
Total exposure	14 847 663	-	162 961	354 664	-	15 365 287
Impairment losses	(610 885)		(113 319)	(139 606)	-	(863 811)
Assigned impairment based on collective analysis						
Total exposure	21 476 140	62	17 990	14 843	-	21 509 035
Impairment losses	(636 831)	(31)	-11 667	(13 500)	-	(662 029)

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of overdue loans with impairment by type of analysis and stage is as follows:

2023 — OVERDUE LOANS AND INTEREST	Stage 1	Stage 2	Stage 3	Total
Assigned impairment on individual analysis	-	-	370 851	370 851
Assigned impairment on collective analysis	57	170 067	15 854	185 978
	57	**170 067**	**386 705**	**556 829**

2022 — OVERDUE LOANS AND INTEREST	Stage 1	Stage 2	Stage 3	Total
Assigned impairment on individual analysis	53 865	-	421 594	475 459
Assigned impairment on collective analysis	2 032	30	7 898	9 960
	55 897	**30**	**429 492**	**485 419**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of overdue loans with impairment by type of analysis and class of default is as follows:

2023 — OVERDUE LOANS AND INTEREST	Non-performing loans up to 30 days	Non-performing loans between 30 and 90 days	Non-performing loans between 90 and 180 days	Non-performing loans for more than 180 days	Total
Assigned impairment on individual analysis	-	-	68 128	302 722	370 850
Assigned impairment on collective analysis	57	350 873	20	15 834	366 784
	57	**350 873**	**68 148**	**318 556**	**737 634**

2022 — OVERDUE LOANS AND INTEREST	Non-performing loans up to 30 days	Non-performing loans between 30 and 90 days	Non-performing loans between 90 and 180 days	Non-performing loans for more than 180 days	Total
Assigned impairment on individual analysis	72 182	-	6 988	396 289	475 459
Assigned impairment on collective analysis	2 032	62	2 586	5 280	9 960
	74 215	**62**	**9 573**	**401 570**	**485 419**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of restructured exposures and impairment losses due to restructuring measures applied is as follows:

	Stage 2			Stage 3			TOTAL		
2023 MEASURE APPLIED	**Number of operations**	**Amount**	**Impairment established**	**Number of operations**	**Amount**	**Impairment established**	**Number of operations**	**Amount**	**Impairment established**
Increased repayment period	-	-	-	-	-	-	-	-	-
Change of frequency of payment of interest and/or capita	-	-	-	-	-	-	-	-	-
Introduction of a grace period capital principal and/or interest	-	-	-	-	-	-	-	-	-
Capitalisation of interest	-	-	-	-	-	-	-	-	-
Abandonment of interest and/or partial capital	-	-	-	-	-	-	-	-	-
Interest rate reduction	-	-	-	1	85 177	(25 553)	-	85 177	(25 553)
Other	-	-	-	3	142 842			142 842	-
	-	-	-	**4**	**228 019**	**(25 553)**	**-**	**228 019**	**(25 553)**

(thousands of kwanzas)

2022 MEASURE APPLIED	Stage 2			Stage 3			TOTAL		
	Number of operations	Amount	Impairment established	Number of operations	Amount	Impairment established	Number of operations	Amount	Impairment established
Increased repayment period	1	140 843	(8 567)	-	-	-	1	140 843	(8 567)
Change of frequency of payment of interest and/or capita	-	-	-	-	-	-	-	-	-
Introduction of a grace period capital principal and/or interest	-	-	-	-	-	-	-	-	-
Capitalisation of interest	-	-	-	-	-	-	-	-	-
Abandonment of interest and/or partial capital	-	-	-	-	-	-	-	-	-
Interest rate reduction	1	87 904	(26 371)	-	-	-	1	87 904	(26 371)
Other	-	-	-	4	180 332	(124 429)	4	180 332	(124 429)
	2	228 747	(34 939)	**4**	**180 332**	**(124 429)**	**6**	**409 079**	**(159 368)**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of restructured exposures is as follows:

	2023	2022
Opening balance of the restructured loan portfolio	**409 079**	**309 331**
Restructured loans in the period	-	97 017
Interest on restructured loans for the period	-	2 731
Settlement of restructured loans (partial or total)	(181 061)	-
Loans classified from "restructured" to "normal"	-	-
Other effects	-	-
Closing balance of the restructured loan portfolio	**228 018**	**409 079**

(thousands of kwanzas)

At 31 December 2023 and 2022, the disclosure of the risk factors associated with the *benchmark* of the collective impairment model by segment is as follows:

2023 — PROBABILITY OF NON-COMPLIANCE	Stage 1	Stage 2	Stage 3	Loss given default
Companies	5.77%	36.91%	100.00%	47.37%
Private individuals	2.97%	33.32%	100.00%	62.4%
Employees	0.62%	28.24%	100.00%	58.79%

2022 — PROBABILITY OF NON-COMPLIANCE	Stage 1	Stage 2	Stage 3	Loss given default
Companies	5.77%	26.43%	100.00%	59.03%
Private individuals	8.36%	54.51%	100.00%	72.37%
Employees	1.45%	26.43%	100.00%	71.28%

The risk factors shown correspond to the weighted average of each segment's operations. The movement in impairment losses for customer loans is shown in Note 31.

In 2023, the Bank utilised credits in the amount of 72,872 thousand kwanzas, corresponding to exposures in which it concluded that there was no expectation of recoverability of the assets.

At 31 December 2023 and 2022, the breakdown of the fair value of the guarantees underlying the loan portfolio of the corporate, construction and property development and housing segments is as follows:

	Companies				Building and property development				Housing			
	Properties		Other real guarantees		Properties		Other real guarantees		Properties		Other real guarantees	
2023 — FAIR VALUE	N°	Amount	N°	Amount	N°	Amount	N°	Amount	N°	Amount	N°	Amount
<50 tAOA	-	-	6	108 450	-	-	-	-	-	-	-	-
≥ 50 TAOA and <100 TAOA	3	218 171	6	456 659	-	-	-	-	-	-	-	-
≥ 100 TAOA and <500 TAOA	2	614 736	3	483 814	-	-	-	-	-	-	-	-
≥ 500 TAOA and < 1000 TAOA	1	1 409 148	1	700 000	1	576 000	-	-	-	-	-	-
≥ 1000 TAOA and < 2000 TAOA	4	2 921 641	1	1 500 000	1	1 628 278	-	-	-	-	-	-
≥ 2000 TAOA and < 5000 TAOA	3	8 745 098	4	12 568 190	-	-	1	4 000 000	-	-	-	-
≥ 5000 TAOA	4	32 973 763	-	-	-	-	-	-	-	-	-	-
	17	**46 882 557**	**21**	**15 817 113**	**2**	**2 204 278**	**1**	**4 000 000**	**-**	**-**	**-**	**-**

	Companies				Building and property development				Housing			
	Properties		Other real guarantees		Properties		Other real guarantees		Properties		Other real guarantees	
2022 — FAIR VALUE	N°	Amount	N°	Amount	N°	Amount	N°	Amount	N°	Amount	N°	Amount
<50 tAOA	1	71 813	6	118 625	-	-	-	-	-	-	-	-
≥ 50 TAOA and <100 TAOA	1	61 357	10	1 023 166	-	-	-	-	-	-	-	-
≥ 100 TAOA and <500 TAOA	-	-	-	-	1	317 873	-	-	-	-	-	-
≥ 500 TAOA and < 1000 TAOA	1	915 740	-	-	-	-	-	-	-	-	-	-
≥ 1000 TAOA and < 2000 TAOA	3	4 380 679	1	1 400 000	1	1 628 278	-	-	-	-	-	-
≥ 2000 TAOA and < 5000 TAOA	3	8 816 684	1	1 500 000	-	-	-	-	-	-	-	-
≥ 5000 TAOA	4	32 973 763	-	-	-	-	1	4 125 000	-	-	-	-
	13	**47 220 037**	**18**	**4 041 791**	**2**	**1 946 151**	**1**	**4 125 000**	**-**	**-**	**-**	**-**

(thousands of kwanzas)

At 31 December 2023 and 2022, the financing-guarantee ratio for the corporate, construction and property development and housing segments is as follows:

2023	Number of properties	Number of other guarantees	Stage 1 loan	Stage 2 loan	Stage 3 loan	Impairment losses
Companies						
No guarantee associated	n/a	n/a	3 460 991	13	19 053	(156 163)
<50%	-	6	286 665	159 494	9 766	(23 781)
>=50% and <75%	1	4	3 585 920	2 929 170	167 642	(153 369)
>=75% and <100%	4	5	15 230 009	-	4 022 103	(1 083 700)
>=100%	12	6	16 805 482	-	1 179 689	(1 046 798)
Building and property development						
No guarantee associated	n/a	n/a	1 679	-	-	(13)
<50%	-	-	-	-	-	
>=50% and <75%	-	-		-	-	
>=75% and <100%	-	-		-	-	
>=100%	2	1	934 125	-	638 848	(25 647)
Housing	-	-	-	-	-	
No guarantee associated	-	-	-	-	-	
<50%	-	-	-	-	-	
>=50% and <75%	-	-	-	-	-	
>=75% and <100%	-	-	-	-	-	
>=100%	-	-	-	-	-	
	19	**22**	**40 304 870**	**3 088 677**	**6 037 101**	**(2 489 471)**

(thousands of kwanzas)

2022	Number of properties	Number of other guarantees	Stage 1 loan	Stage 2 loan	Stage 3 loan	Impairment losses
Companies						
No guarantee associated	n/a	n/a	4 646 468	3 348	460 617	(370 653)
<50%	2	6	320 970	-	17 371	(19 330)
>=50% and <75%	1	4	1 768 128	-	354 664	(189 995)
>=75% and <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 guarantee associated	n/a	n/a	9 671	-	-	(298)
<50%	-	-	-	-	-	-
>=50% and <75%	-	-	-	-	-	-
>=75% and <100%	-	-	-	-	-	-
>=100%	2	1	4 879 375	-	-	(91 849)
Housing						
No guarantee associated	-	-	-	-	-	-
<50%	-	-	-	-	-	-
>=50% and <75%	-	-	-	-	-	-
>=75% and <100%	-	-	-	-	-	-
>=100%	-	-	-	-	-	-
	15	**19**	**31 570 402**	**3 426 435**	**906 522**	**(1 483 854)**

(thousands of kwanzas)

NOTE 10
Non-current assets held for sale

On 31 December 2023 and 2022, the breakdown of non-current assets held for sale is as follows:

	2023	2022
Immovable	418 671	418 671
Impairment losses	(418 671)	(418 671)
	-	-

(thousands of kwanzas)

In 2017, the Bank received as a donation a property that it recorded under this caption, considering that its 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.

In 2023, the Bank signed a promissory contract for the sale of the property for the sum of 50,000 thousand Kwanzas.

NOTE 11
Other tangible and intangible assets

The movement in other tangible and intangible assets in the years ended 31 December 2023 and 2022 is shown below.

	31/12/2022	Increases	Write-offs	Disposals	Adjustments/ Transfers	31/12/2023
Other tangible assets	**14 568 884**	**12 535 918**	**(26 500)**	**-**	**(92 419)**	**26 985 883**
Gross assets						
Land	4 721 499	-	-	-	-	4 721 499
Own service properties	200 301	159 373	-	-	-	359 674
Furniture, fixtures, equipment and installations	3 511 923	860 998	(26 500)	-	200 302	4 546 723
Tangible assets in progress	1 483 051	11 091 278	-	-	(864 190)	11 710 139
Works on leased properties (Improvements)	2 245 292	101 083	-	-	571 469	2 917 844
Right-of-Use	2 406 309	323 187	-	-	-	2 729 496
Other tangible assets	509	-	-	-	-	509
(-)Accumulated depreciation	**(3 101 430)**	**(1 712 418)**	**22 635**	**-**	**-**	**(4 791 212)**
Property for own use, utensils and equipment	(2 081 915)	(1 256 129)	22 635	-	-	(3 315 409)
Rights of Use	(1 019 514)	(456 289)	-	-	-	(1 475 803)
	11 467 454	**10 823 501**	**(3 865)**	**-**	**(92 419)**	**22 194 671**
Intangible assets	**1 295 508**	**77 817**	**-**	**-**	**(74 976)**	**1 298 349**
Automatic data-processing system (Software)	2 057 364	213 842	-	-	289 895	2 561 101
Intangible assets in progress	188 644	296 349	-	-	(364 871)	120 122
Other intangible assets	84 773	-	-	-	-	84 773
(-)Accumulated amortisation	(1 035 273)	(432 374)	-	-	-	(1 467 648)
	12 762 962	**10 901 318**	**(3 865)**	**-**	**(167 395)**	**23 493 020**

(thousands of kwanzas)

	31/12/2021	Increases	Write-offs	Disposals	Adjustments/ Transfers	31/12/2022
Other tangible assets	**10 987 500**	**3 488 874**	**(47 045)**	**-**	**139 555**	**14 568 884**
Gross 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
(-)Accumulated depreciation	**(1 858 356)**	**(1 305 585)**	**34 281**	**-**	**28 230**	**(3 101 430)**
Property for own use, utensils and equipment	(1 155 756)	(988 671)	34 281	-	28 230	(2 081 916)
Rights of Use	(702 600)	(316 914)	-	-	-	(1 019 514)
	9 129 144	**2 183 289**	**(12 764)**	**-**	**167 785**	**11 467 454**
Intangible assets	**1 355 247**	**150 009**	**-**	**-**	**(209 748)**	**1 295 508**
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
(-)Accumulated amortisation	(704 870)	(343 070)	-	-	12 666	(1 035 273)
	10 484 391	**2 333 298**	**(12 764)**	**-**	**(41 963)**	**12 762 962**
	10 484 391	2 333 298	(12 764)	-	(41 963)	12 762 962

(thousands of kwanzas)

In 2023, the increase in "Tangible assets in progress" relates to the start of construction work on the Bank's future headquarters.

The increase in assets under rights of use (IFRS 16) in the year ending 2023 essentially relates to the entry of new financial leases, namely ATM Centre Missão, ATM Centre Lar do Patriota and Agência Camama.

Finally, the increase in "Furniture, fixtures, equipment and installations" is fundamentally due to the growth in the number of APT and ATM machines and the acquisition of IT equipment, including a Data Centre infrastructure.

NOTE 12
Investments in subsidiaries and associates

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Investments in subsidiaries and associates	1 650 000	-
	1 650 000	**-**

(thousands of kwanzas)

On 17 August 2023, the Bank obtained approval from the Capital Markets Commission to acquire 40% of the share capital of Eaglestone Capital S.G.O.I.C, S.A. (Eaglestone) for the sum of 2 million United States Dollars. At 31 December 2023, the only fund managed by Eaglestone is "Fundinvest - Fundo de Investimento Imobiliário Fechado de Subscrição Pública".

The difference between the acquisition cost and Eaglestone's equity on the acquisition date corresponds to goodwill.

At 31 December 2023 and 30 June 2023 (the earliest date available from the acquisition date), Eaglestone's main financial indicators (unaudited) are as follows:

	2023	2022
Total assets	984 622	609 799
Equity	251 536	179 584
Net income	289 939	169 871
	1 526 097	**959 254**

(thousands of kwanzas)

At 31 December 2023, no impairment losses were recorded since, according to the analysis of the Bank's Board of Directors on that date, the value of the financial holding showed no signs of impairment.

NOTE 13
Current tax assets

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Current tax assets	159 735	194 397
	159 735	**194 397**

(thousands of kwanzas)

On 31 December 2023, the balance of this item essentially refers to industrial tax to be recovered.

NOTE 14
Other assets

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Sundry debtors	1 338 246	242 953
Prepaid expenses	317 173	233 891
Other transactions to be settled	422 554	186 414
Income receivable	491 643	452 132
Impairment losses (Note 32)	(294 986)	(271 279)
	2 274 630	**844 111**

(thousands of kwanzas)

The balance under "sundry debtors" essentially corresponds to the collateral associated with the Mastercard cards used by the Bank's customers, deposited with BBP.

At 31 December 2023, the "anticipated expenses" item includes, among others: (i) 159 thousand Kwanzas related to advances to suppliers and (ii) 83 million Kwanzas related to deferred costs.

The balance under "Other transactions to be settled" essentially corresponds to the offsetting of clearing Mastercard transactions and real time operations settled on the following day.

The item of receivables includes the amount of AKZ 492 million receivable from the Ministry of Economy in relation to subsidised loans made under the Angola Investe programme. The entire balance of impairment losses is associated with income receivable from the Ministry of Economy.

NOTE 15
Funds from central banks and other credit institutions

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Funds from other credit institutions in the country		
Other transactions to be settled	1 118 999	489 886
	1 118 999	**489 886**

(thousands of kwanzas)

On 31 December 2023 and 2022, the item "other transactions to be settled" refers to amounts to be cleared with other credit institutions in the payment system.

NOTE 16
Customer funds and other loans

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Demand deposits		
Local currency	82 260 011	64 570 460
Foreign currency	8 785 792	6 074 967
Time deposits		
Local currency	87 991 213	82 182 544
Foreign currency	8 656 289	10 914 262
Indexed to the US Dollar	1 410 882	-
Interest payable on Term deposits	**10 897 084**	**6 044 343**
Total term deposits and interest payable	**108 955 468**	**99 141 149**
	200 001 271	**169 786 576**

(thousands of kwanzas)

At 31 December 2023 and 2022, most customer demand deposits are not remunerated and all time deposit operations have a fixed interest rate.

At 31 December 2023 and 2022, term deposits, excluding interest payable, are broken down by residual maturity:

	2023	2022
Up to one month	4 172 882	2 691 508
Between one and three months	11 843 188	19 297 801
Between three and six months	10 747 571	5 914 336
Between six months and one year	28 155 307	12 940 839
Between one and three years	39 494 480	52 252 321
Between three and five years	3 644 956	-
	98 058 384	**93 096 805**

(thousands of kwanzas)

On 31 December 2023 and 2022, term deposits are remunerated at the following average annual rates, weighted by the respective nominal value of the operations:

2023	Average interest rate	Amount
In national currency	11.36%	87 991 213
Indexed to the US Dollar	4.00%	1 410 882
In US Dollars	2.75%	82 880
In Euros	1.84%	8 573 409
		98 058 384

2022	Average interest rate	Amount
In national currency	11.85%	82 182 544
Indexed to the US Dollar	0.00%	-
In US Dollars	2.97%	4 054 358
In Euros	1.87%	6 859 904
		93 096 806

(thousands of kwanzas)

NOTE 17
Provisions

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Warranties and other commitments	92 699	29 524
	92 699	**29 524**

(thousands of kwanzas)

The movement in this item is shown in Note 31.

Provisions for guarantees given and other commitments relate to estimated losses on these liabilities, namely documentary credits for imports and guarantees given (Note 2.36). The variation is explained by the increase in new import documentary credit operations (Note 31).

NOTE 18
Other liabilities

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Public Sector (fiscal nature)	1 510 914	822 991
Sundry creditors	960 203	383 169
Holiday pay and holiday allowances payable	251 225	233 325
Costs Other Remuneration	1 392 169	915 285
Other transactions to be settled	803 686	1 611 064
Lease liabilities	999 567	831 450
	5 917 764	**4 797 285**

(thousands of kwanzas)

The item "Other transactions to be settled" includes the amount of 648,729 thousand kwanzas relating to the unused balance of Mastercard prepaid cards.

The item "Other Remuneration Costs" includes the provision for performance bonuses for the Governing Bodies relating to services rendered in the financial years and to be settled in subsequent financial years and the related charges, totalling 1,157,013 thousand kwanzas.

The item "Public Sector (tax nature)" corresponds to current taxes payable in subsequent financial years.

The item "Lease liabilities" corresponds to the liabilities recognised under IFRS 16, as described in Note 2.9.

NOTE 19
Share capital

At 31 December 2023 and 2022, the Share Capital is made up as follows:

	2023			2022		
	%	Total shares	Share capital	%	Total shares	Share capital
Ligia Maria Madaleno	56.40%	564 000	9 870 000	56.40%	564 000	5 640 000
João Henriques Pereira	20.00%	200 000	3 500 000	20.00%	200 000	2 000 000
Joana D´Assunção Inacio Paixão Franco	10.70%	107 000	1 872 500	10.70%	107 000	1 070 000
Valdomiro Minoru Dondo	7.40%	74 000	1 295 000	7.40%	74 000	740 000
Manuel João Gonçalves Fonseca	3.00%	30 000	525 000	3.00%	30 000	300 000
Helder Marcos Nunes da Silva	2.50%	25 000	437 500	2.50%	25 000	250 000
		1 000 000	**17 500 000**		**1 000 000**	**10 000 000**

(thousands of kwanzas)

At the General Shareholders' Meeting of 13 March 2023, the shareholders decided to increase the Bank's share capital from 10,000,000 thousand kwanzas to 17,500,000 thousand kwanzas by incorporating reserves, in order to comply with article 2 of Notice 17/22 of the National Bank of Angola. With this operation, the nominal value of the shares went from 10 thousand Kwanzas to 17.5 thousand Kwanzas.

On 31 December 2023 and 2022, the share capital holdings of the members of the management and supervisory bodies are as follows:

	%	Total shares	Share capital	Cost
Ligia Maria Madaleno	56.40%	564 000	9 870 000	987 000
João Henriques Pereira	20.00%	200 000	3 500 000	350 000
Joana D´Assunção Inacio Paixão Franco	10.70%	107 000	1 872 500	187 250
Valdomiro Minoru Dondo	7.40%	74 000	1 295 000	129 500
Manuel João Gonçalves Fonseca	3.00%	30 000	525 000	52 500
Helder Marcos Nunes da Silva	2.50%	25 000	437 500	43 750

(thousands of kwanzas)

With the publication of Banco Nacional de Angola Notice 08/2021 of 18 June, as well as the associated regulations, changes were made to the prudential requirements, particularly in the calculation of own funds. On 13 April 2023, Banco Nacional de Angola notified the Bank of the results of the Supervisory Review and Evaluation Process ("SREP") for the 2021 financial year, which establish the capital requirements applicable to the Bank. According to these communications, the following capital requirements apply to the Bank on 31 December 2023 and 2022:

EQUITY RATIO	Level 1 principals	Level 1	Regulatory
Minimum requirement (Article 9 of Notice 08/2021)	4.50%	6.00%	8.00%
Pillar 2 requirement applicable to the Bank	5.40%	5.40%	5.40%
Total requirements for SREP's own funds	9.90%	11.40%	13.40%
Conservation reserve	2.50%	2.50%	2.50%
Counter-cyclical reserve	0.00%	0.00%	0.00%
Reserves for Institutions of systemic importance	0.00%	0.00%	0.00%
Overall own funds requirements	12.40%	13.90%	15.90%
Pillar 2 guidelines	1.00%	1.00%	1.00%
Overall own funds requirements after Pillar 2 guidelines	13.40%	14.90%	16.90%

At 31 December 2023, the calculation of own funds and respective ratios is as follows:

	2023
Own Funds Requirements	**10 162 498**
Credit risk and counterparty credit risk	4 835 040
Operational risk	1 120 859
Market risk	4 206 599
Excesses over prudential limits for major risks	-
Risk-Weighted Assets	127 031 230
Regulatory own funds	45 902 785
Original Own Funds Level 1	45 902 785
Level 1 Main own funds	45 902 785
Regulatory own funds ratio	**36.14%**
Level 1 Own funds ratio	**36.14%**
Level 1 Main own funds ratio	**36.14%**

(thousands of kwanzas)

The Bank did not reflect the impact of the adoption of IAS 29 - "Financial reporting in hyperinflationary economies" on share capital, so that it would continue to correspond to that registered with the registry office. If it had done so, the share capital would have been increased against a reduction in the "Revaluation reserves" item, in the amount of 2,886,636 thousand Kwanzas, with the effect on equity being nil.

NOTE 20
Other reserves and retained earnings

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Legal reserve	9 224 952	7 598 990
Free reserves	3 554 877	4 521 221
Retained earnings	1 007 497	1 007 496
	13 787 325	**13 127 707**

(thousands of kwanzas)

Under the terms of Article 165(1) of the Law on the General Regime of Financial Institutions (LRGIF), the Bank must set up a legal reserve fund of no less than 10% of the net profits for each financial year, intended to form a legal reserve up to a limit equivalent to the value of the share capital. Under the terms of article 328˚ of the Companies Act, the legal reserve can only be used to: a) cover the part of the loss shown in the balance sheet for the year that cannot be covered by other reserves; b) cover the part of losses carried forward from previous years that cannot be covered by the profit for the year or by the use of other reserves; and c) incorporation into the share capital.

At the General Shareholders' Meeting of 13 March 2023, the following application of the net profit for 2022 was decided: distribution of dividends of 8,100,000 thousand Kwanzas and 8,159,617 thousand Kwanzas to Reserves, of which 1,625,962 thousand Kwanzas to free reserves.

NOTE 21
Earnings per share (EPS)

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

	2023	2022
Profits and losses		
Net Profit for the Year	17 563 810	16 259 617
Average number of shares outstanding	1 000 000	1 000 000
Weighted average number of ordinary shares for calculating basic and diluted Rpa (units)	1 000 000	1 000 000
BASIC RPA	**17.56**	**16.26**
DILUTED RPA	**17.56**	**16.26**

(thousands of kwanzas)

At 31 December 2023 and 2022 there were no potentially dilutive instruments, so the basic and diluted earnings per share were equal.

NOTE 22
Net interest income

In 2023 and 2022, the financial margin can be broken down as follows:

	2023	2022
Interest and similar income	**31 361 814**	**25 320 521**
Customer loans	6 651 679	6 987 354
Investments at central banks and OIC	1 832 581	815 863
Financial assets at fair value through profit and loss	6 382 253	1 607 279
Financial assets at amortised cost	16 495 301	15 910 026
Interests and similar expenses	**(10 669 709)**	**(8 977 926)**
Central bank and OIC funds	(39 744)	(75 254)
Customer deposits	(10 460 633)	(8 734 813)
Interest on lease liabilities	(169 331)	(167 858)
	20 692 105	**16 342 596**

(thousands of kwanzas)

In 2023, the increase in the balance of the item "Financial assets at fair value through profit or loss" reflects the significant growth of that portfolio of securities during the year and disposed of in the last quarter of 2023.

In 2023, the increase in interest and similar expenses on "Customer deposits" reflects the increased attractiveness of the interest rates charged by the Bank during that year.

NOTE 23
Income from services and fees

In 2023 and 2022, the breakdown of income from services and commissions is as follows:

	2023	2022
Income from services and fees	**5 258 754**	**5 626 604**
Revenue collection		
Foreign operations	738 114	1 710 242
Documentary credit operations	660 147	365 699
ATM/ APT/ Multicaixa movements	2 045 086	1 391 012
Current account operations	436 204	775 490
Withdrawals	73 709	68 197
Intermediation of securities	408 137	341 433
Insurance	15 923	22 596
Cards	584 919	676 477
Other credit operations	56 218	93 130
APT rental	173 065	119 860
Transfers	52 632	36 393
Guarantees provided	7 791	11 569
Cheques	530	1 276
Other	6 277	13 232
Expenses on services and fees	**(1 254 719)**	**(1 010 508)**
Foreign operations	(232 266)	(384 497)
APT/Multicaixa movements	(599 912)	(415 674)
Cards	(422 541)	(210 338)
	4 004 035	**4 616 096**

(thousands of kwanzas)

In 2023 and 2022, the balances of "ATM / APT / Multicaixa movements" correspond to the commissions charged by the Bank to its customers and paid to EMIS for transactions processed by this entity. The increase in the balance of this item in 2023 is in line with the Bank's increased investment in its APT and ATM network.

Income from "foreign operations" decreased due to the devaluation of the Kwanza against the main foreign currencies and the scarcity of debt on the market.

The increase in the "Documentary credit operations" item is the result of increased commercial activity with credit customers operating in sectors that require goods from abroad.

NOTE 24
Earnings from financial assets and liabilities at fair value through profit or loss

In 2023 and 2022, the balance of the item is broken down as follows:

	2023	2022
Results of evaluated financial assets at fair value through profit or loss	6 137 141	1 886 388
	6 137 141	**1 886 388**

(thousands of kwanzas)

In 2023 and 2022, the balance of this item includes the gains realised on the valuation of treasury bonds classified at fair value through profit or loss and the gains generated through the sale of these securities. In 2023, the balance of this item essentially refers to the capital gains generated from the sale of securities.

NOTE 25
Profit or loss investments at amortised cost

In 2023 and 2022, the balance of the item is broken down as follows:

	2023	2022
Results on the sale of securities from public debt	2 069 645	721 786
	2 069 645	**721 786**

(thousands of kwanzas)

In 2023 and 2022, the balance of this item corresponds to the capital gains generated on the sale of treasury bonds classified at amortised cost, maintaining compliance with the *thresholds* described in Note 2.3.1.

NOTE 26
Foreign exchange gains and losses

In 2023 and 2022, the foreign exchange gains and losses are broken down as follows:

	2023			2022		
	Income	Charges	Profits and losses	Income	Charges	Profits and losses
Currency transactions	3 627 314	(950 014)	2 677 300	9 467 049	(782 550)	8 684 499
Foreign exchange revaluation of monetary assets and liabilities	1 471 230 629	(1 470 288 150)	942 479	863 359 950	(864 350 714)	(990 763)
	1 474 857 943	**(1 471 238 164)**	**3 619 779**	**872 826 999**	**(865 133 264)**	**7 693 736**

(thousands of kwanzas)

The evolution of foreign exchange gains and losses is directly related to the evolution of the exchange rate of the Kwanza against foreign currencies.

In 2023 and 2022, this item includes the results of the exchange rate revaluation of monetary assets and liabilities expressed in foreign currency and in national currency indexed to the United States dollar (Note 2.2).

Foreign exchange transactions correspond to exchange operations requested by the Bank's customers and for the Bank's own business.

Note 27
Gains and losses on sale of other assets

In 2023 and 2022, the balance of the item is broken down as follows:

	2023	2022
Other tangible assets	-	-
Properties held for sale	5 000	
Intangible assets	-	-
	5 000	**-**

(thousands of kwanzas)

Note 28
Other operating profit or loss

In 2023 and 2022, the balance of the item is broken down as follows:

	2023	2022
Fees	(815 920)	(550 013)
Other taxes	(1 451 898)	(1 603 960)
Penalties applied by regulatory authorities	(25 000)	(386 987)
Costs of levies	(153 654)	(203 372)
Other	(28 166)	(30 012)
	(2 474 638)	**(2 774 345)**

(thousands of kwanzas)

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

NOTE 29
Personnel costs

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Members of the management and supervisory bodies	**2 481 443**	**2 209 632**
Wages and salaries:		
Basic remuneration	760 315	697 337
Additional remuneration	258 476	219 835
Other	1 288 773	1 146 248
Social Security	173 879	146 213
Workers	**4 953 723**	**3 781 047**
Wages and salaries:		
Basic remuneration	2 315 304	1 723 284
Additional remuneration	430 498	352 053
Other	1 871 499	1 458 184
Social Security	336 421	247 526
	7 435 166	**5 990 679**

(thousands of kwanzas)

In 2023 and 2022 the "Other" item includes the costs of remuneration variable, health and accident insurance, canteen expenses, transport to support employees, and clinical services.

The Bank's employees as at 31 December 2023 and 2022 are detailed by the various professional categories as follows:

EMPLOYEES	2023	2022
Positions with administrative duties	5	5
Positions with executive duties	17	17
Positions with leadership and management duties	28	25
Positions with technical duties	40	38
Positions with administrative functions and others	58	46
	148	**131**

NOTE 30
Third-party supplies and services

In 2023 and 2022, the balance of the item is broken down as follows:

EMPLOYEES	2023	2022
Water, energy and fuels	16 976	10 502
Current consumables	133 543	109 736
Leases and rents	8 836	4 550
Communications	727 553	520 054
Travel, accommodation and representations	71 306	48 559
Publications, advertising and publicity	435 436	423 453
Maintenance and repair	156 750	133 991
Security and surveillance	298 193	242 573
Audits, studies and consultations	326 883	110 885
Computing	1 035 859	504 526
Other specialised services	1 678 318	1 522 098
Staff training	100 000	35 502
Insurance	22 974	19 966
Litigation	41 042	7 019
Other external supplies and services	98 783	42 156
	5 152 452	**3 735 569**

(thousands of kwanzas)

NOTE 31
Impairment and provisions

In 2023 and 2022, the movement in impairment and provisions is as follows:

	Notes	31/12/2022	Appropriations / (reversals)	Uses	Exchange rate variation	31/12/2023
Impairment for investments at amortised cost	8	1 071 246	632 694	-	-	1 703 940
Impairment for customer loans	9	1 525 840	1 036 503	(72 872)	-	2 489 471
Impairment for non-current assets held for sale	10	418 671	-	-	-	418 671
Impairment for other assets	5, 6 and 14	273 533	24 476	-	-	298 009
Provision for guarantees and other commitments	17	29 524	63 175	-	-	92 699
		3 318 813	**1 756 848**	**(72 872)**	**-**	**5 002 790**

	Notes	31/12/2021	Appropriations / (reversals)	Uses	Exchange rate variation	31/12/2022
Impairment for investments at amortised cost	8	833 155	238 091	-	-	1 071 246
Impairment for customer loans	9	1 140 339	385 500	-	-	1 525 840
Impairment for non-current assets held for sale	10	418 671	-	-	-	418 671
Impairment for other assets	5, 6 and 14	5 842	267 691	-	-	273 533
Provision for guarantees and other commitments	17	28 173	1 351	-	-	29 524
		2 426 180	**892 633**	**-**	**-**	**3 318 813**

(thousands of kwanzas)

In the year ending 31 December 2023, the use of impairment for loans and advances to customers corresponds to exposures in which it was concluded that there was no expectation of recoverability of the assets.

In the year ending 31 December 2023, the increase in impairment for other financial assets relates to the increase in the amounts under "investments in central banks and other credit institutions" and "investments at amortised cost".

In the year ending 31 December 2023, the increase in impairment for loans to customers and provision for guarantees and other commitments relates to the increase in the volume of loans granted and documentary credits opened in 2023 compared to the same period last year.

NOTE 32
Warranties and other commitments

On 31 December 2023 and 2022, the balance of this item was as follows:

	2023	2022
Guarantees provided	332 137	480 367
Open documentary credits	27 851 230	7 224 973
Commitments to third parties	7 467 742	7 607 471
	35 651 109	**15 312 811**

(thousands of kwanzas)

Documentary credits are irrevocable commitments entered into by the Bank on behalf of its customers to pay/order payment of a specified amount to the supplier of a given good or service within a stipulated period, against presentation of documents relating to the dispatch of the good or provision of the service. 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. Commitments to third parties refer to customer remittances in which the Bank acts as an intermediary, settling only after the customer has made the funds available.

Provisions are made for irrevocable liabilities in accordance with the accounting policy described in Note 2.3.6.

NOTE 33
Taxes

In 2023, the reconciliation between the tax calculated on the basis of the nominal tax rate in force and the tax recognised in the income statement is as follows:

	2023
Profit/loss before taxes	**17 563 810**
Statutory tax rate	35%
Tax calculated based on the nominal rate	**6 147 334**
Income subject to Capital Gains Tax	(7 556 305)
Net potential capital gains	1 189 470
Impairment for loans and advances to customers not temporarily accepted	41 773
Other	86 772
Use of tax losses from the 2022 financial year	90 956
Current tax	**-**

(thousands of kwanzas)

the 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.

NOTE 34
Related parties

In accordance with IAS 24 (Related Party Disclosures), the Bank considers related parties:

- 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 control or group relationship – subsidiaries, associated companies and jointly controlled entities;
- Members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree in a direct line.
- Entities in which members of the management and/or supervisory body exercise management or supervisory functions;

On 31 December 2023 and 2022, the shareholders and members of the Board of Directors are as follows:

SHAREHOLDERS
Lígia Maria Pires Gomes Pinto Madaleno
João Henriques Pereira
Joana D'Assunção Inácio da Paixão Franco
Valdomiro Minoru Dondo
Manuel João Goncalves Fonseca
Hélder Marcos Nunes da Silva

MEMBERS OF THE GOVERNING BODIES
Generoso Hermenegildo Gaspar de Almeida
Lígia Maria Pires Gomes Pinto Madaleno
João Carlos Branco dos Santos Moita
Carlos Manuel Martins Francisco Ribeiro
Júlio Ângelo da Cruz Correia
Faustino Mpemba Madia
Carlos Ferraz
Nuno Ricardo Duarte de Barros

At 31 December 2023 and 2022, the Bank had the following balances and positions with related parties.

2023	Shareholders	Members of the Governing Bodies	Subsidiaries and associates of Shareholders	Other	Total
Assets					
Customer loans (Note 9)	1 765 000	375 297	6 005 917	204 457	8 350 671
Investments in subsidiaries and associates (Note 12)	-	-	1 650 000	-	-
Tangible fixed assets (Note 11)	-	-	1 061 454	-	-
	1 765 000	**375 297**	**8 717 371**	**204 457**	**8 350 671**
Liabilities					
Customer funds and other loans (Note 16)	2 531 991	146 327	7 083 582	1 184 554	10 946 454
Other liabilities (Note 18)	-	-	636 444	-	636 444
	2 531 991	**146 327**	**7 720 026**	**1 184 554**	**11 582 898**

At 31 December 2023, the "Other liabilities" item also includes the provision for performance bonuses for the Governing Bodies relating to services rendered in the 2023 financial year and to be settled in subsequent financial years and the respective related charges, in the amount of 1,157,013 thousand kwanzas.

2022	Shareholders	Members of the Governing Bodies	Subsidiaries and associates of Shareholders	Other	Total
Assets					
Customer loans (Note 9)	147 671	5 323	38 517	2 363 140	2 554 651
Investments in subsidiaries and associates (Note 12)	-	-	-	-	-
Tangible fixed assets (Note 11)	-	-	1 032 010	-	1 032 010
	147 671	**5 323**	**1 070 527**	**2 363 140**	**3 586 661**
Liabilities					
Customer funds and other loans (Note 16)	2 251 107	1 106 337	3 438 399	2 591 522	9 387 365
Other liabilities (Note 18)	-	-	675 132	-	675 132
	2 251 107	**1 106 337**	**4 113 531**	**2 591 522**	**10 062 497**

(thousands of kwanzas)

During the years 2023 and 2022, the following transactions with related parties took place.

2023	Shareholders	Members of the Governing Bodies	Subsidiaries and associates of Shareholders	Other key management personnel and family members	Total
Interest and similar income	23 604	83 044	479 534	18 275	604 456
Interest and similar charges	(92 151)	(45 333)	(200 308)	(12 668)	(350 460)
Net interest income					
Income from services and fees	38 426	15 686	140 719	25 345	220 175
Foreign exchange gains and losses	489	35 463	226 207	89 424	351 583
Gains and losses on sale of other assets	-	-	5 000	-	5 000
Proceeds from banking activity					
Personnel expenses	-	(2 481 443)	-	-	(2 481 443)
Net provisions from cancellations	-	-	(3 068)	-	(3 068)
Impairment on customer loans net of reversals and recoveries	(6 239)	(2 845)	(634 287)	(2 501)	(645 873)
	(35 873)	**(2 395 429)**	**13 796**	**117 875**	**(2 299 630)**

2022	Shareholders	Members of the Governing Bodies	Subsidiaries and associates of Shareholders	Other key management personnel and family members	Total
Interest and similar income	36 650	-	564 720	26 414	627 785
Interest and similar charges	(29 358)	(6 774)	(247 115)	(18 050)	(301 297)
Net interest income					
Income from services and fees	4 057	2 362	209 692	22 684	238 796
Foreign exchange gains and losses	1 382	9 211	437 857	100 790	549 240
Gains and losses on sale of other assets	-	-	-	-	-
Proceeds from banking activity					
Personnel expenses	-	(2 209 632)	-	-	(2 209 632)
Net provisions from cancellations	-	-	(16 848)	-	(16 848)
Impairment on customer loans net of reversals and recoveries	(8 977)	(57)	(135 744)	(5 797)	(150 575)
	3 755	**(2 204 889)**	**812 562**	**126 041**	**(1 262 532)**

(thousands of kwanzas)

All transactions with related parties were carried out at normal market prices.

NOTE 35
Book value of financial instruments

At 31 December 2023 and 2022, the book value of financial instruments is as follows:

2023	Valued at fair value	Valued at amortised cost	Valued at historical cost	Net value
Assets				
Cash and cash balances at central banks	-	35 404 299	-	35 404 299
Cash balances at other credit institutions	-	9 264 165	-	9 264 165
Investments at central banks and other credit institutions	-	2 092 897	-	2 092 897
Financial assets at fair value through profit and loss	16 488 274	-	42 567	16 530 841
Financial assets at fair value through other comprehensive income	-	-	-	-
Investments at amortised cost	-	114 352 426	-	114 352 426
Customer loans	-	50 759 855	-	50 759 855
	16 488 274	**211 873 642**	**42 567**	**228 404 483**
Liabilities				
Funds from central banks and other credit institutions	-	1 118 999	-	1 118 999
Customer funds and other loans	-	200 001 271	-	200 001 271
	-	**201 120 270**	**-**	**201 120 270**

(thousands of kwanzas)

2022	Valued at fair value	Valued at amortised cost	Valued at historical cost	Net value
Assets				
Cash and cash balances at central banks	-	30 547 959	-	30 547 959
Cash balances at other credit institutions	-	11 056 562	-	11 056 562
Investments at central banks and other credit institutions	-	1 014 826	-	1 014 826
Financial assets at fair value through profit and loss	50 461 852	-	42 567	50 504 419
Financial assets at fair value through other comprehensive income	-	-	-	-
Investments at amortised cost	-	72 251 538	-	72 251 538
Customer loans	-	35 348 483	-	35 348 483
Non-current assets held for sale	-	-	-	-
	50 461 852	**150 219 368**	**42 567**	**200 723 787**
Liabilities				
Funds from central banks and other credit institutions	-	489 886	-	489 886
Customer funds and other loans	-	169 786 576	-	169 786 576
Subordinated liabilities	-	-	-	-
	-	**170 276 462**	**-**	**170 276 462**

(thousands of kwanzas)

In 2023 and 2022, the Bank did not reclassify financial assets.

NOTE 36
Net gains and losses on financial instruments

In 2023 and 2022, net gains and losses on financial instruments are broken down as follows:

2023 — THROUGH PROFIT AND LOSS	Gains	Losses	Value
Assets			
Cash balances and investments in credit institutions	1 832 581	(770)	1 831 811
Financial assets at fair value through profit and loss	12 519 394	-	12 519 394
Investments at amortised cost	18 564 946	(632 694)	17 932 252
Customer loans	6 822 300	(1 036 503)	5 785 797
Other assets	-	(23 706)	(23 706)
	39 739 221	**(1 693 673)**	**38 069 254**
Liabilities			
Funds from central banks and other credit institutions	-	-	-
Customer funds and other loans	-	(10 909 798)	(10 909 798)
	-	**(10 909 798)**	**(10 909 798)**
	39 739 221	**(12 603 471)**	**27 159 456**

(thousands of kwanzas)

2022 — THROUGH PROFIT AND LOSS	Gains	Losses	Value
Assets			
Cash balances and investments in credit institutions	815 863	(1 865)	813 998
Financial assets at fair value through profit and loss	3 493 668	-	3 493 668
Financial assets at fair value through other comprehensive income	-	-	-
Investments at amortised cost	16 631 812	(238 091)	16 393 721
Customer loans	7 637 854	(385 500)	7 252 354
Non-current assets held for sale	-	(265 826)	(265 826)
	28 579 197	**(891 282)**	**27 687 915**
Liabilities			
Funds from central banks and other credit institutions	-	(75 254)	(75 254)
Customer funds and other loans	-	(8 734 813)	(8 734 813)
Other liabilities	-	(167 858)	(167 858)
	-	**(8 977 925)**	**(8 977 925)**
Off-balance-sheet			
Warranties and other commitments	**417 173**	**(1 351)**	**415 822**
	417 173	**(1 351)**	**415 822**

(thousands of kwanzas)

In 2023 and 2022, the amounts of commission income and expenses not included in the calculation of the effective interest rate of financial instruments not measured at fair value through profit or loss is immaterial.

NOTE 37
Fair value of financial instruments

Fair value is based on market prices, whenever they are available. If these do not exist, the fair value is estimated using internal models based on discounted cash flow techniques. The cash flow generation of the different instruments is based on their financial characteristics and the discount rates used incorporate both the market interest rate curve and the current risk levels of the respective issuer.

Thus, the fair value obtained is influenced by the parameters used in the valuation model, which incorporate a degree of subjectivity and exclusively reflect the value attributed to the different financial instruments.

On 31 December 2023 and 2022, the fair value of financial instruments was as follows:

2023	Net book value	Fair value	Difference	Assets valued at historical cost	Total book value
Assets					
Cash and cash balances at central banks	35 404 299	35 404 299	-	-	35 404 299
Cash balances at other credit institutions	9 264 165	9 264 165	-	-	9 264 165
Investments at central banks and other credit institutions	2 092 897	2 092 897	-	-	2 092 897
Financial assets at fair value through profit and loss	16 448 274	16 448 274	-	42 567	16 490 841
Investments at amortised cost	114 352 426	123 387 072	(9 034 646)	-	114 352 426
Customer loans	50 759 855	50 759 855	-	-	50 759 855
	228 321 916	**237 356 562**	**(9 034 646)**	**42 567**	**228 364 482**
Liabilities					
Funds from central banks and other credit institutions	1 118 999	1 118 999	-	-	1 118 999
Customer funds and other loans	200 001 271	200 001 271	-	-	200 001 271
	201 120 270	**201 120 270**	**-**	**-**	**201 120 270**

(thousands of kwanzas)

2022	Net book value	Fair value	Difference	Assets valued at historical cost	Total book value
Assets					
Cash and cash balances at central banks	30 547 959	30 547 959	-	-	30 547 959
Cash balances at other credit institutions	11 056 562	11 056 562	-	-	11 056 562
Investments at central banks and other credit institutions	1 014 826	1 014 826	-	-	1 014 826
Financial assets at fair value through profit and loss	50 461 852	50 461 852	-	42 567	50 504 419
Investments at amortised cost	72 251 538	76 713 423	(4 461 885)	-	72 251 538
Customer loans	35 348 483	35 348 483	-	-	35 348 483
	200 681 220	**205 143 105**	**(4 461 885)**	**42 567**	**200 723 787**
Liabilities					
Funds from central banks and other credit institutions	489 886	489 886	-	-	489 886
Customer funds and other loans	169 786 576	169 786 576	-	-	169 786 576
	170 276 462	**170 276 462**	**-**	**-**	**170 276 462**

(thousands of kwanzas)

The main methodologies and assumptions used in estimating the fair value of the financial instruments measured are as follows:

- **Cash and deposits at central banks, deposits at other credit institutions and investments at central banks and other credit institutions and deposits at central banks and other credit institutions** - Given the short maturity and high liquidity of financial instruments, the fair value corresponds to the amortised cost.

- **Loans and advances to customers, customer funds and other loans** - The fair value is not calculated, since the Bank considers that the amortised cost corresponds to the best estimate of fair value based on the information available.

- **Investments at amortised cost** - Fair value is based on market quotations, where available, and in the absence of quotations is determined using the prices of recent similar transactions carried out under market conditions, or on valuation methodologies based on discounted future cash flow techniques taking into account market conditions, time value, yield curve and volatility factors in accordance with the principles of IFRS 13 - Fair Value. These methodologies may require the use of assumptions or judgements in the estimation of fair value.

Financial assets at fair value through profit or loss

The Bank considers the fair value hierarchy, with three levels in the valuation of financial instruments, which reflects the level of judgement, the observability of the data used and the importance of the parameters applied in determining the fair value of the instrument, in accordance with IFRS 13:

Level 1

Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving financial instruments identical to the instruments to be valued. If there is more than one active market for the same financial instrument, the relevant price is the one prevailing in the main market of the instrument, or the most advantageous market for which access exists;

Level 2:

Fair value is determined based on valuation techniques supported by data observable in active markets, whether direct (prices, rates, spreads...) or indirect (derivatives), and valuation assumptions similar to those that an unrelated party would use estimating the fair value of the same financial instrument. It also includes instruments whose valuation is obtained through quotations published by independent entities, but whose markets have less liquidity; and,

Level 3:

Fair value is determined based on unobservable input in active markets, using techniques and assumptions that the market participants would use to value the same instruments, including assumptions regarding the inherent risks, the valuation technique and inputs used, and contemplating processes for reviewing the accuracy of the values thus obtained.

The Bank considers an active market for a given financial instrument, on the measurement date, depending on the volume of business and the liquidity of the operations carried out, the relative volatility of quoted prices and the readiness and availability of information, and, for this purpose, it must verify the following minimum conditions:

- Existence of frequent daily trading quotes in the last year;

- The quotes mentioned above change regularly;

- There are executable quotes from more than one entity.

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

- If its value is determined in an active market;

- If there is an *over-the-counter* ("OTC") market and it is reasonable to assume that active market conditions are met, with the exception of the trading volumes condition; and

- 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.

At 31 December 2023 and 2022, the valuation hierarchy of financial instruments at fair value is as follows:

2023 — VALUATION HIERARCHY	Level 1 Active quoted market prices	Level 2 Observable market data	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit and loss	-	16 488 274	42 567	16 530 841
	-	**16 488 274**	**42 567**	**16 530 841**

2022 — VALUATION HIERARCHY	Level 1 Active quoted market prices	Level 2 Observable market data	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit and loss	-	50 461 852	42 567	50 504 419
	-	**50 461 852**	**42 567**	**50 504 419**

(thousands of kwanzas)

NOTE 38
Management of business risks

CREDIT RISK

Credit risk models play an essential role in the credit decision process. Thus, the decision-making process for loan portfolio operations is supported by a set of policies using scoring models *scoring* models for private customers and rating models for corporate customers.

At 31 December 2023 and 2022, the maximum exposure to credit risk is as follows:

2023 — THROUGH PROFIT AND LOSS	Gross book value	Impairment losses	Net book value
Cash and cash balances at central banks	35 404 299	-	35 404 299
Cash balances at other credit institutions	9 265 051	(886)	9 264 165
Investments at central banks and other credit institutions	2 095 034	(2 137)	2 092 897
Financial assets at fair value through profit and loss	16 530 841	-	16 530 841
Financial assets at fair value through other comprehensive income	-	-	-
Investments at amortised cost	116 056 365	(1 703 940)	114 352 426
Customer loans	53 249 326	(2 489 471)	50 759 855
Non-current assets held for sale	418 671	(418 671)	-
Other assets	491 643	(294 986)	196 657
Equity exposure	**233 511 229**	**(4 910 091)**	**228 601 139**
Import documentary credits	27 851 230	(90 652)	27 760 578
Guarantees provided	332 137	(2 046)	330 091
Commitments to third parties	2 577 489	-	2 577 489
Off-balance sheet exposure	**30 760 856**	**(92 698)**	**30 668 158**
	264 272 086	**(5 002 789)**	**259 269 297**

(thousands of kwanzas)

2022 — THROUGH PROFIT AND LOSS	Gross book value	Impairment losses	Net book value
Cash and cash balances at central banks	30 547 959	-	30 547 959
Cash balances at other credit institutions	10 764 207	(1 223)	10 762 984
Investments at central banks and other credit institutions	1 015 856	(1 030)	1 014 826
Financial assets at fair value through profit and loss	50 504 419	-	50 504 419
Investments at amortised cost	73 322 784	(1 071 246)	72 251 538
Customer loans	36 874 322	(1 525 840)	35 348 483
Non-current assets held for sale	418 671	(418 671)	-
Other assets	452 132	(271 279)	180 853
Equity exposure	**203 900 351**	**(3 289 290)**	**200 611 061**
Import documentary credits	7 224 973	(28 891)	7 196 082
Guarantees provided	480 367	(632)	479 734
Commitments to third parties	8 089 790	-	8 089 790
Off-balance sheet exposure	**15 795 129**	**(29 524)**	**15 765 605**
	219 695 480	**(3 318 813)**	**216 376 667**

(thousands of kwanzas)

At 31 December 2023 and 2022, the geographical concentration of credit risk is as follows:

2023	Angola	Other African countries	Europe	Total
Cash and cash balances at central banks	35 404 299	-	-	35 404 299
Cash balances at other credit institutions	-	89 495	9 174 670	9 264 165
Investments at central banks and other credit institutions	-	-	2 092 897	2 092 897
Financial assets at fair value through profit and loss	16 530 841	-	-	16 530 841
Investments at amortised cost	114 352 426	-	-	114 352 426
Customer loans	50 759 855	-	-	50 759 855
Other assets	491 348	-	-	491 348
	217 538 768	**89 495**	**11 267 566**	**228 895 830**

2022	Angola	Other African countries	Europe	Total
Cash and cash balances at central banks	30 547 959	-	-	30 547 959
Cash balances at other credit institutions	-	35 668	11 020 894	11 056 562
Investments at central banks and other credit institutions	-	-	1 014 826	1 014 826
Financial assets at fair value through profit and loss	50 504 420	-	-	50 504 420
Investments at amortised cost	72 251 538	-	-	72 251 538
Customer loans	35 348 483	-	-	35 348 483
Other assets	180 917	-	-	180 917
	188 833 316	**35 668**	**12 035 720**	**200 904 704**

(thousands of kwanzas)

Credit risk is the main risk of commercial banking. The Basel Committee on Banking Supervision – CSBB, defines credit risk as the possibility that the bank borrower or counterparty will not fulfil its obligations in accordance with the agreed terms (CSBB, 2000:1). According to IFRS 9 – Financial Instruments, credit risk is the risk that a participant in a financial instrument will not comply with its contractual obligations, thus causing a financial loss to the other participant. Credit risk incorporates the following components:

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.

Credit risk ratings

In order to minimise credit risk, through its Credit Committee, the Bank made the exposure categorisation system consistent with its degree of *default* risk as provided for in Notice 11/2014 on specific requirements for credit operations. The rating system established by the National Bank of Angola includes 7 risk 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 assigned based on quantitative and qualitative factors indicative of the *default* risk.

Credit risk ratings are assigned to reflect the credit risk of 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:

LEVEL	RISK
A	Minimum
B	Very low
C	Low
D	Moderate
E	High
F	Very high
G	Maximum

LIQUIDITY RISK

At 31 December 2023 and 2022, the breakdown of cash flows relating to capital, according to the contractual residual terms, is as follows:

2023 RESET DATES MATURITY DATES	In cash	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Indetermi-nate	Total
Assets	**48 485 807**	**24 072 805**	**6 288 414**	**2 033 826**	**13 711 230**	**26 139 347**	**49 680 609**	**58 308 557**	**-**	**228 720 595**
Cash and cash balances in central banks	35 404 299	-	-	-	-	-	-	-	-	35 404 299
Cash balances at other credit institutions	9 088 930	-	-	-	-	-	-	-	-	9 088 930
Investments at central banks and other credit institutions	-	414 265	1 678 632	-	-	-	-	-	-	2 092 897
Financial assets at fair value through profit and loss	-	-	-	-	-	16 530 841	-	-	-	16 530 841
Investments at amortised cost	-	-	3 894 746	-	13 518 679	6 814 589	41 353 603	48 770 810	-	114 352 426
Customer loans	3 992 578	23 658 540	223 689	2 033 826	192 551	2 793 917	8 327 006	9 537 747	-	50 759 855
Other assets	-	-	491 348	-	-	-	-	-	-	491 348
Liabilities	**92 455 744**	**6 331 491**	**8 563 652**	**11 229 553**	**32 610 406**	**45 118 534**	**3 691 892**	**-**	**-**	**200 001 271**
Customer funds and other loans	92 455 744	6 331 491	8 563 652	11 229 553	32 610 406	45 118 534	3 691 892	-	-	200 001 271
Mismatch	**(43 969 937)**	**17 741 314**	**(2 275 238)**	**(9 195 727)**	**(18 899 176)**	**(18 979 187)**	**45 988 718**	**58 308 557**		**28 719 324**
Accumulated Mismatch		**(26 228 623)**	**15 466 076**	**(11 470 965)**	**(28 094 903)**	**(37 878 363)**	**27 009 530**	**104 297 275**	**58 308 557**	**101 408 584**

(thousands of kwanzas)

2022 RESET DATES MATURITY DATES	In cash	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Indeterminate	Total
Assets	**41 907 731**	**4 502 929**	**2 867 272**	**461 813**	**7 019 613**	**2 681 411**	**12 496 864**	**128 630 926**	**-**	**200 568 559**
Cash and cash balances in central banks	30 547 959	-	-	-	-	-	-	-	-	30 547 959
Cash balances at other credit institutions	10 762 984	-	-	-	-	-	-	-	-	10 762 984
Investments at central banks and other credit institutions	-	-	1 014 826	-	-	-	-	-	-	1 014 826
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	50 461 853	-	50 461 853
Investments at amortised cost	-	-	-	-	2 842 135	2 127 199	6 760 255	60 521 949	-	72 251 538
Customer loans	596 789	4 502 929	1 671 529	461 813	4 177 478	554 212	5 736 609	17 647 124		35 348 483
Other assets	-	-	180 917	-	-	-	-	-	-	180 917
Liabilities	**70 645 427**	**9 015 734**	**12 904 973**	**6 085 400**	**14 848 239**	**56 286 803**	**-**	**-**	**-**	**169 786 576**
Customer funds and other loans	70 645 427	9 015 734	12 904 973	6 085 400	14 848 239	56 286 803	-	-	-	169 786 576
Mismatch	**(28 737 696)**	**(4 512 805)**	**(10 037 701)**	**(5 623 587)**	**(7 828 626)**	**(53 605 393)**	**12 496 864**	**128 630 926**		**30 781 983**
Accumulated Mismatch		**(33 250 500)**	**(14 550 506)**	**(15 661 288)**	**(13 452 213)**	**(61 434 018)**	**(41 108 529)**	**141 127 790**	**128 630 926**	**90 301 661**

(thousands of kwanzas)

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 its 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 its financing capacity resulting from unexpected situations and having a significant impact on its position. The definition and implementation of the LCP considers three main phases:

1 — Conception

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 Implementation

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

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.

MARKET RISK

At 31 December 2023 and 2022, the breakdown of financial instruments by exposure to interest rate risk is as follows:

2023	Exposure to Fixed rate	Exposure to Variable rate	Not subject to interest rate risk	Total
Assets				
Cash and cash balances at central banks	-	-	35 404 299	35 404 299
Cash balances at other credit institutions	-	-	9 264 165	9 264 165
Investments at central banks and other credit institutions	2 092 897	-	-	2 092 897
Financial assets at fair value through profit and loss	16 530 841	-	-	16 530 841
Investments at amortised cost	114 352 426	-	-	114 352 426
Customer loans	50 404 793	355 062	-	50 759 855
Other assets	491 348	-	-	491 348
	183 872 304	**355 062**	**44 668 464**	**228 895 830**
Liabilities				
Funds from central banks and other credit institutions	-	-	1 118 999	1 118 999
Customer funds and other loans	108 955 468	-	91 045 803	200 001 271
Other liabilities	999 567	-	4 918 196	5 917 763
	109 955 035	**-**	**97 082 998**	**207 038 033**

(thousands of kwanzas)

2022	Exposure to Fixed rate	Exposure to Variable rate	Not subject to interest rate risk	Total
Assets				
Cash and cash balances at central banks	-	-	30 547 959	30 547 959
Cash balances at other credit institutions	-	-	10 762 984	10 762 984
Investments at central banks and other credit institutions	1 014 826	-	-	1 014 826
Financial assets at fair value through profit and loss	50 461 853	-	-	50 461 853
Investments at amortised cost	72 251 538	-	-	72 251 538
Customer loans	34 813 319	535 164	-	35 348 483
Other assets	-	180 917	-	180 917
	158 541 535	**716 080**	**41 310 943**	**200 568 559**
Liabilities				
Funds from central banks and other credit institutions	-	-	-	-
Customer funds and other loans	99 141 149	-	70 645 427	169 786 576
Other liabilities	831 450	-	3 965 835	4 797 285
	99 972 599	**-**	**74 611 262**	**174 583 862**

(thousands of kwanzas)

At 31 December 2023 and 2022, the breakdown of financial instruments with exposure to interest rate risk according to the maturity or reset date is as follows:

2023 RESET DATES MATURITY DATES	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	Over 5 years	Indeterminate	Total
Assets	**28 065 384**	**5 797 067**	**2 033 826**	**13 711 230**	**9 608 506**	**49 680 609**	**58 308 557**	**-**	**167 205 178**
Investments at central banks and other credit institutions	414 265	1 678 632	-	-	-	-	-	-	2 092 897
Investments at amortised cost		3 894 746	-	13 518 679	6 814 589	41 353 603	48 770 810	-	114 352 426
Customer loans	27 651 119	223 689	2 033 826	192 551	2 793 917	8 327 006	9 537 747	-	50 759 855
Liabilities	**7 746 431**	**8 563 652**	**11 224 553**	**32 610 406**	**45 118 534**	**3 691 892**	**-**	**-**	**108 955 468**
Customer funds and other loans	7 746 431	8 563 652	11 224 553	32 610 406	45 118 534	3 691 892	-	-	108 955 468
Mismatch	**20 318 953**	**(2 766 585)**	**(9 190 727)**	**(18 899 176)**	**(35 510 028)**	**45 988 717**	**58 308 557**	**-**	**58 249 710**
Accumulated Mismatch		**17 552 367**	**8 361 640**	**(10 537 536)**	**(46 047 564)**	**(58 847)**	**58 249 710**	**58 249 710**	**116 499 419**

(thousands of kwanzas)

2022 RESET DATES MATURITY DATES	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	Over 5 years	Indeterminate	Total
Assets	**5 099 718**	**2 687 553**	**461 813**	**64 699 427**	**1 703 577**	**5 736 609**	**25 385 213**	**2 842 135**	**108 616 045**
Investments at central banks and other credit institutions	-	1 016 024	-	-	-	-	-	-	1 016 024
Investments at amortised cost	-	-	-	60 521 949	1 149 365	-	7 738 089	2 842 135	72 251 538
Customer loans	5 099 718	1 671 529	461 813	4 177 478	554 212	5 736 609	17 647 124	-	35 348 483
Liabilities	**9 015 734**	**12 904 973**	**6 085 400**	**14 848 239**	**56 286 803**	**-**	**-**	**-**	**99 141 149**
Customer funds and other loans	9 015 734	12 904 973	6 085 400	14 848 239	56 286 803	-	-	-	99 141 149
Mismatch	**(3 916 016)**	**(10 217 420)**	**(5 623 587)**	**49 851 188**	**(54 583 226)**	**5 736 609**	**25 385 213**	**2 842 135**	**9 474 896**
Accumulated Mismatch		**(14 133 436)**	**(19 757 023)**	**30 094 165**	**(24 489 061)**	**(18 752 452)**	**6 632 761**	**9 474 896**	**(30 930 150)**

At 31 December 2023 and 2022, the sensitivity analysis of financial instruments to interest rate variations is as follows:

2023	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Assets	**170 532 958**	**168 852 050**	**168 024 423**	**166 394 187**	**165 591 331**	**164 009 540**
Investments at central banks and other credit institutions	2 051 039	2 071 968	2 082 432	2 103 361	2 113 826	2 134 755
Investments at amortised cost	116 686 149	115 507 501	114 927 061	113 783 508	113 220 223	112 110 221
Customer loans	51 795 770	51 272 581	51 014 930	50 507 318	50 257 282	49 764 564
Liabilities	**111 179 049**	**110 056 028**	**109 502 982**	**108 413 401**	**107 876 701**	**106 819 086**
Customer funds and other loans	111 179 049	110 056 028	109 502 982	108 413 401	107 876 701	106 819 086

2022	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Assets	**37 180 365**	**36 804 806**	**36 619 858**	**36 255 480**	**36 075 998**	**35 722 312**
Investments at central banks and other credit institutions	1 036 759	1 026 287	1 021 130	1 010 969	1 005 964	996 102
Investments at amortised cost	73 726	72 981	72 615	71 892	71 536	70 835
Customer loans	36 069 880	35 705 538	35 526 113	35 172 619	34 998 498	34 655 375
Liabilities	**101 164 438**	**100 142 575**	**99 639 346**	**98 647 909**	**98 159 553**	**97 197 205**
Customer funds and other loans	101 164 438	100 142 575	99 639 346	98 647 909	98 159 553	97 197 205

2023	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Interest and similar income	32 001 855	31 678 604	31 519 415	31 205 789	31 051 305	30 746 880
Interest and similar charges	(10 887 442)	(10 777 468)	(10 723 310)	(10 616 610)	(10 564 052)	(10 460 482)
	21 114 413	**20 901 136**	**20 796 105**	**20 589 179**	**20 487 253**	**20 286 398**

2022	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Interest and similar income	25 837 266	25 576 284	25 447 760	23 194 548	25 069 823	24 824 040
Interest and similar charges	(9 161 149)	(9 068 612)	(9 023 041)	(8 933 260)	(8 889 036)	(880 188)
	16 676 117	**16 507 672**	**16 424 719**	**14 261 288**	**16 180 787**	**23 943 852**

(thousands of kwanzas)

At 31 December 2023 and 2022, the sensitivity analysis of the equity value of financial instruments to changes in exchange rates, not considering financial instruments indexed to foreign currency, is as follows:

2023	-20%	-10%	-5%	5%	10%	20%
United States Dollar	7 189 917	8 088 656	8 538 026	9 436 766	9 886 136	10 784 875
Euro	6 723 841	7 564 322	7 984 562	8 446 826	9 245 282	10 085 762
Other	122 627	137 956	145 620	160 948	168 612	183 941

2022	-20%	-10%	-5%	5%	10%	20%
United States Dollar	9 775 345	10 997 263	11 608 222	12 830 140	13 441 099	14 663 017
Euro	3 620 008	4 072 509	4 298 759	4 751 260	4 977 511	5 430 012
Other	353 689	397 900	420 006	464 217	486 323	530,534

(thousands of kwanzas)

In carrying out its 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 its 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 that are 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 its 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.

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.

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).

EXCHANGE RATE RISK

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

2023	Kwanza	Indexed to the US Dollar	Dollar USA	Euro	Other currencies	Total
Assets						
Cash and cash balances at central banks	27 038 129	-	6 654 962	1 711 208	-	35 404 299
Cash balances at other credit institutions	84 853	-	2 332 434	6 693 594	153 284	9 264 165
Investments at central banks and other credit institutions	-	-	2 092 897	-	-	2 092 897
Financial assets at fair value through profit and loss	16 530 841	-	-	-	-	16 530 841
Investments at amortised cost	114 352 426	-	-	-	-	114 352 426
Customer loans	50 759 855	-	-	-	-	50 759 855
Other assets	196 657	-	-	-	-	196 657
	208 962 761	**-**	**11 080 293**	**8 404 802**	**153 284**	**228 601 139**
Liabilities						
Customer funds and other loans	(181 102 778)	-	(2 911 847)	(15 983 433)	(3 213)	(200 001 271)
	(181 102 778)	**-**	**(2 911 847)**	**(15 983 433)**	**(3 213)**	**(200 001 271)**
	27 859 982	**-**	**8 168 446**	**(7 578 631)**	**150 071**	**28 599 868**

(thousands of kwanzas)

2022	Kwanza	Indexed to the US Dollar	Dollar USA	Euro	Other currencies	Total
Assets						
Cash and cash balances at central banks	24 125 864	-	4 796 983	1 233 770	391 341	30 547 959
Cash balances at other credit institutions	292 355	-	7 422 198	3 291 240	50 770	11 056 562
Investments at central banks and other credit institutions		-	1 014 826	-	-	1 014 826
Financial assets at fair value through profit and loss	50 504 419	-	-	-	-	50 504 419
Investments at amortised cost	72 251 538	-	-	-	-	72 251 538
Customer loans	35 348 483	-	-	-	-	35 348 483
Other assets	180 853	-	-	-	-	180 853
	182 703 512	**-**	**13 234 007**	**4 525 010**	**442 111**	**200 904 640**
Liabilities						
Customer funds and other loans	(152 745 691)	-	(6 691 829)	(10 349 057)	-	(169 786 576)
	(152 745 691)	**-**	**(6 691 829)**	**(10 349 057)**	**-**	**(169 786 576)**
	29 957 821	**-**	**6 542 178**	**(5 824 047)**	**442 111**	**31 118 064**

(thousands of kwanzas)

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 its 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 2022 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.

NOTE 39
Subsequent events

To date, there have been no subsequent events that require recording or disclosure other than those disclosed in this annex to the financial statements.

Annexes

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
of Banco de Investimento Rural, SA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Banco de Investimento Rural, S.A. ("BIR" or "Bank"), which comprise the Balance Sheet as at 31 December 2023, which shows a total of 255,981,868 thousand kwanzas and a total equity of 48,851,135 thousand kwanzas, including a net profit of 17,563,810 thousand kwanzas, the statement of income by nature, the statement of changes in equity and the statement of cash flows for the year then ended, and the accompanying notes to the financial statements, which include a summary of the significant accounting policies.

In our opinion, the financial statements attached present, in an appropriate manner, in all material respects, the financial position of Banco de Investimento Rural, SA as at 31 December 2023 and its financial performance and cash flows for the year ended at that date, in accordance with International Financial Reporting Standards (IFRS).

Grounds for the opinion

Our audit was conducted in accordance with the International Standards on Auditing (ISA) and other standards and technical and ethical guidelines of the Institute of Accountants and Accounting Specialists of Angola. Our responsibilities under the terms of these standards are described in the section "Responsibilities of the auditor for auditing financial statements" below. We are independent of the Bank pursuant to the law and we comply with the other ethical requirements under the code of ethics of the Institute of Accountants and Accounting Specialists of Angola.

We believe that the audit evidence obtained by us is sufficient and appropriate for providing a basis for our opinion.

Other matters

The Bank's financial statements at ended 31 December 2022 were audited by another auditor, whose Independent Auditor's Report, dated 1 March 2023, contained no reservations or points requiring attention.

Responsibilities of the management body and the supervisory body for the financial statements

The management body is responsible for:

– preparation of financial statements that present, in an appropriate manner the financial position, financial performance and cash flows of the Bank in accordance with the International Financial Reporting Standards ("IFRS");

– preparing the management report under the applicable legal and regulatory terms;

– creation and maintenance of an appropriate internal control system to allow the preparation of financial statements free from material misstatement due to fraud or error;

– adoption of accounting policies and criteria that are appropriate in the circumstances; and

– evaluating the ability of the Bank to continue operating as a going concern, disclosing, where applicable, the issues that could raise significant doubts regarding the continuity of operations.

The supervisory board is responsible for supervising the process of preparing and disclosing the financial information of the Bank.

Responsibilities of the auditor for the audit of the financial statements

Our responsibility consists of obtaining reasonable assurance that the financial statements as a whole are free from material distortions due to fraud or error and issuing a report that contains our opinion. Reasonable assurance is a high level of assurance but is not a guaranty that an audit carried out according to the ISA will always detect a material misstatement when it exists. The misstatements may result from fraud or error and are considered material if, separately or jointly, it can be reasonably expected that they will influence the economic decisions of the users made based on these financial statements.

As part of an audit according to the ISA, we make professional judgements and maintain professional scepticism during the audit, and also:

– we identify and evaluate the risks of material misstatement in the financial statements, due to fraud or error, design and carry out audit procedures that respond to these risks, and obtain proof of the audit that will be sufficient and appropriate for providing a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error, since fraud may involve collusion, falsification, intentional omissions, false statements, or superimposition of internal control;

– we obtain an understanding of the relevant internal control for the audit with the objective of designing audit procedures that are appropriate under the circumstances, but not to express an opinion on the effectiveness of the internal control of the Bank;

– we evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the respective disclosures made by the management body;

– we conclude on the appropriateness of the use, by the management body, of the going concern assumption and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that may give rise to significant doubts regarding the ability of the Bank to continue operating. If we conclude that there is material uncertainty, we should call attention in our report to the related disclosures included in the financial statements or, if these disclosures are not adequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may lead the Bank to discontinue its activities;

– we evaluated the presentation, structure and overall content of the financial statements, including the disclosures, and if these financial statements represent the transactions and underlying occurrences in order to achieve an appropriate presentation;

– we communicated with those in charge of governance, including the supervisory body, among other issues, the context and the planned schedule for auditing, and the significant conclusions of the audit, including any significant shortcomings in internal control identified during the audit.

Luanda, 11 March 2024

[signature]
Deloitte Auditores, Lda.
Represented by José António Mendes Garcia Barata
Member of the OCPCA no. 2013016

Supervisory Board of the Banco de Investimento Rural, S.A.

Report and Opinion of the Supervisory Board

Year ended 31 December 2023

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 2023.

The Financial Statements include the Balance Sheet as at 31 December 2023, which shows total Assets of 255,981,868 thousand kwanzas, total Equity of 48,851,135 thousand kwanzas, including a net earnings of 17,563,810 thousand kwanzas, 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. Eleven 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 Equity and the Proposal for the Appropriation of Earnings, which comply with International Accounting Standards (IASB) and International Financial Reporting Standards (IFRS) and with Notice no. 5/2019 of the BNA - Banco Nacional a Angola;

3. Mainly as part of compliance with Notice no. 6/2020 of 3 March, from the BNA- Banco Nacional de Angola, the Supervisory Board, during the year, held twenty-one extraordinary meetings, assessed the proposals 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 the 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 2023.

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 2023, 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 2023 financial year;

b) Approve the Management Report of the Board of Directors for the year ended 31 December 2023;

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

Banco BIR