BAI

2023 Annual Report

Changing Lives
since 1996

Changing Lives since 1996

2023 Annual Report

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Committed to the protection and security of Clients and Shareholders

Changing Lives since 1996

Message from the Management

2023 was the year in which we completed our first anniversary since we became a public company, with the start of trading on the stock exchange of the most representative equity shares on the Angolan Debt and Securities Exchange (BODIVA) and, in particular, despite being a very challenging year, the bank having achieved a net income of 200 billion kwanzas, corresponding to a 99% increase in relation to the previous year. This net income was greatly driven by the complementary margin, especially by the sound performance of the trading of financial instruments.

Return on equity reached 36.0% at the end of 2023 compared to 26.4% in 2022, with the Bank's efficiency having improved by 16.5 percentage points (p.p.) to 37.5%, and the regulatory capital ratio having reached 27.5%.

These results reflect the improvement in the efficacy of our action plans in progress and our team's commitment to being driven by our customers, who have always told us where we can improve.

This was a year that witnessed a significant depreciation of the kwanza (39% depreciation in relation to the United States dollar), in a context of pressure related to the public debt service and reduction of oil revenues which was reflected in a reduction of the volume of foreign currency available in the market.

The year was also marked by a reversal in the downward trend of the inflation rate, observed in 2022, closing to an increase to approximately 20%.

Despite all these challenges, it was a year in which our action always embodied a willingness to redesign the customers' experience in their interaction with the Bank, the capability to continue to consolidate our organisational culture, and the pressing challenge to do so in a sustainable manner, generating greater productivity and profitability.

This situation led us to promote an interim assessment of our strategic plan for 2022-2027, as well as an alteration of the Bank's mission statement which is now drafted as follows:

"Aggregate value for the shareholder in a sustainable manner, providing an offer of excellence for our customers".

This is a renovation that we consider positive, creating additional confidence among all our stakeholders and driving us towards more energetic action.

Accordingly, also in terms of the core activity, we continue focused on making the offer of products and services more dynamic and diversified, we have strengthened the simplification of the different internal processes and boosted various specific commercial campaigns directed at the different customer segments.

Based on this intention, we would like to highlight our concern to ensure the sustainable development of the Bank's activity, in order to respond to the relevant challenges of environmental, social and governance nature, which are becoming increasingly important. We uphold that firm commitment to create the BAI Sustainability Programme in 2023.

Social responsibility is inextricable from our matrix of action, securely demonstrated by concrete social programmes, including the promotion of inclusion and financial literacy, and the action of the BAI Foundation in the strategic pillars of education, culture, health and sports.

In this moment of reflection on the challenges overcome and the successes achieved, we are inspired by the resilience and dedication that have shaped BAI's pathway over 27 years. We will continue along this path with determination, confident that each challenge is an opportunity for growth.

We are aware that 2024 will persist as a strenuous and uncertain year in the macroeconomic panorama. The frictions that currently constrain the foreign exchange market, the high inflation, the rigorous control of public expenditure and a restrictive monetary policy will exert pressure on household consumption, company activity and attraction for investment. These circumstances could represent potential challenges for attainment of the goals laid out in our strategic plan. We will inevitably need to adapt to market conditions so as to be able to persevere in following our strategy and continuing to offer support to our customers in these challenging times.

The Bank's performance is strongly related to the domestic economic performance, which is highly dependent on the management of public debt and, especially, the external component, whose direct impact on the current foreign exchange pressure is unlikely to be resolved in the short-term. For this reason, the effective implementation of the Annual Debt Plan for 2024 will be crucial to obtain positive outcomes in the different macroeconomic spheres.

Before ending, on behalf of the Board of Directors and the Executive Committee, we would like to express our sincere thanks to all the employees and members of the Governing Bodies for their work and dedication in pursuing the goals that embody our entire ambition and in upholding the values that govern our action.

We envisage a future driven by innovation, integrity and strong commitment to excellence. On this journey, we count on everyone's support.

"We would like to highlight our concern to ensure the sustainable development of the Bank's activity, in order to respond to the relevant challenges of environmental, social and governance nature"

MÁRIO ALBERTO DOS SANTOS BARBER
Chairman of the Board of Directors

LUÍS FILIPE RODRIGUES LÉLIS
Chief Executive Officer

Key indicators

Agile and proactive in offering innovative financial solutions

Changing Lives since 1996

Key consolidated indicators

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	Δ%
Balance Sheet					
Net assets	3,490	3,658	5,263	1,605	44%
Loans to customers[1]	491	526	762	236	45%
Customer resources	2,737	2,863	4,105	1,241	43%
Own funds	496	530	769	238	45%
Results					
Net interest income	181	205	231	26	13%
Complementary margin	43	84	194	109	130%
Operating income of banking and insurance activity	233	299	439	140	47%
Administrative costs	145	165	182	18	11%
Net income	148	100	208	108	108%
Productivity/Efficiency					
(%) Cost-to-income ratio	62.1%	55.0%	41.5%	(13.5 p.p.)	(13%)
Profitability					
(%) ROAE	33.8%	19.5%	32.1%	12.5 p.p.	13%
(%) ROAA	4.2%	2.8%	4.7%	1.9 p.p.	2%
Liquidity and fund management					
(%) Loan-to-deposit ratio (Loans to customers/Deposits)	17.9%	18.4%	18.6%	0.2 p.p.	0%
Asset quality					
Non-performing loan ratio (+90 days)	9.8%	11.3%	11.1%	(0.2 p.p.)	(0%)
(%) Ratio of coverage of loans by impairments	39.4%	27.5%	25.8%	(1.8 p.p.)	(2%)
(%) Ratio of coverage of non-performing loans by impairments	261.0%	137.0%	137.7%	0.7 p.p.	1%
(%) Net loan loss[2]	0.0%	(0.6%)	(2.5%)	(2.0 p.p.)	(2%)
(%) Total Loans/Total Assets	23.2%	19.8%	19.5%	(0.4 p.p.)	(0%)
Capital adequacy					
Regulatory capital	393	508	685	177	35%
(%) Regulatory capital ratio	14.0%	25.2%	26.4%	1.2 p.p.	1%

1. Loans to customers, net of impairment;
2. Impairment for loans to customers net of reversals and recoveries (profit and loss account)/loans to customers.

Key individual indicators

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	Δ%
Balance Sheet					
Net assets	3,055	3,195	4,537	1,343	42%
Loans to customers[1]	357	392	465	73	19%
Customer resources	2,526	2,637	3,692	1,055	40%
Own funds	434	468	641	174	37%
Results					
Net interest income	169	189	201	12	6%
Complementary margin	50	75	191	116	155%
Operating income	219	264	392	128	49%
Administrative costs	127	142	147	5	3%
Net income	142	100	200	99	99%
Operation					
BAI employees[2]	1,874	1,905	1,909	4	0%
Total distribution channels[3]	419	541	750	209	39%
Active customers (BNA)[4]	1,608,483	1,966,667	2,375,365	408,698	21%
Number of BAI Directo users	536,137	670,807	809,021	138,214	21%
Number of active automated teller machines (ATM)	510	549	569	20	4%
Number of active points of sale (POS)	29,514	34,056	36,998	2,942	9%
Number of active cards[5]	1,098,114	1,403,319	1,656,178	252,859	18%
Productivity/Efficiency					
Number of customers per employee	858	1,032	1,244	212	21%
Number of customers per branch	10,377	12,369	15,130	2,761	22%
Number of employees per branch	7	7	7	0	1%
Core revenue per customer (thousand kwanzas)	131	128	98	(30)	(23%)
(%) Cost-to-income ratio	58.0%	54.0%	37.5%	(16.5 p.p.)	(16%)
(%) Cost-to-income without exchange rate revaluation	54.6%	49.2%	37.6%	(11.6 p.p.)	(12%)
Profitability					
(%) ROAE	39.9%	26.4%	36.0%	9.6 p.p.	10%
(%) ROAA	4.6%	3.2%	5.2%	2.0 p.p.	2%
Liquidity and fund management					
(%) Loan-to-deposit ratio (Loans to customers/Deposits)	14.1%	14.9%	12.6%	(2.3 p.p.)	(2%)
(%) Concentration of deposits = Top 20	38.9%	33.3%	33.2%	(0.1 p.p.)	(0%)
(%) Concentration of loans = Top 20	51.6%	46.3%	48.1%	1.8 p.p.	2%
Asset quality					
Non-performing loan ratio (+90 days)	11.3%	13.6%	18.6%	5.0 p.p.	5%
(%) Ratio of coverage of loans by impairments	46.9%	33.3%	35.4%	2.1 p.p.	2%
(%) Coverage ratio of non-performing loans by impairments	254.4%	138.3%	137.3%	(1.1 p.p.)	(1%)
(%) Total Loans/Total Assets	22.1%	18.412%	15.9%	(2.6 p.p.)	(3%)
Capital adequacy					
Ratio of fixed assets	28.6%	26.8%	23.5%	(3.2 p.p.)	(3%)
Regulatory capital (Notice 08/2021)	393	427	617	190	45%
(%) Regulatory capital ratio (Notice 08/2021)	14.0%	28.2%	27.5%	(0.6 p.p.)	(1%)

1. Loans to customers, net of impairment;
2. The calculation of BAI employees excludes the Governing Bodies and trainees for 2022 and 2023. For comparative purposes, the same calculation methodology was applied for the year of 2021;
3. The total distribution channels corresponds to Offices and Branches (157); Bank Agents (571) and ATM Centres (22);
4. Number of active customers (BNA) – System of Supervision of Financial Institutions (SSIF) table rules, entities without duplicates with at least one account not closed;
5. Corresponds to Multicaixa debit cards.

1

Information on the BAI Group

Determined to promote well-being and economic development

Changing Lives since 1996

1. Information on the BAI Group

1.1. Information on the Group

Brief history and international growth

BAI – Banco Angolano de Investimentos, S.A. ("BAI" or "Bank") is a public company engaged in the banking sector in Angola, focusing on corporate and retail segments. Together with its subsidiaries, the BAI Group ("Group" or "BAI Group") forms a diversified economic group, which includes companies in the financial sector in Angola, such as NOSSA Seguros and ÁUREA. Additionally, BAI has stakes in financial institutions in other regions, namely Portugal (BAI Europa), Cape Verde (BAI Cape Verde), and São Tomé e Príncipe (Banco Internacional de São Tomé e Príncipe). Moreover, the BAI Group also holds interests in companies in sectors complementary to financial activities, such as Sociedade Angolana de Ensino Superior Privado (SAESP).

BAI was founded on 14 November 1996 and was the first private bank with domestic capital to be established in Angola. It emerged from the strong desire of a group of Angolan investors to actively participate in the country's economy and contribute to the development of Angola's financial system.

BAI – Key historical milestones

1996	1998	2002	2004	2008
Foundation of BAI, initially named Banco Africano de Investimentos	International expansion with the opening of a **branch in Lisbon** (which would give rise to the affiliate BAI Europa in 2002)	Acquisition of a stake in the share capital of **Banco Internacional de São Tomé e Príncipe**	Creation of the virtual branch – **BAI Directo**, enabling operations through internet or SMS	Incorporation of **BAI Cape Verde**

2015	2019	2021	2022	2023
Incorporation of BAIGEST. Start of trading of **securities on BODIVA**	BAI reached the milestone of **1 million customers**	The Bank reached the milestone of **1.5 million customers**	**Initial Public Offering** of BAI	Start of activity of **Áurea – SDVM**

BAI was also the first Angolan bank to internationalise, as shown in the previous table. In line with the strategy to diversify the Group's business in the financial sector and focus on high-potential growth and synergies, BAI acquired a controlling position in NOSSA Seguros in 2012 and relaunched the insurer's image.

The same year saw the inauguration of the BAI Academy (the brand under which SAESP operates), an educational institution aimed at fostering vocational training and creating a team of competent and dynamic professionals.

A notable event more recently was the fact that ÁUREA, Sociedade Distribuidora de Valores Mobiliários, obtained a licence for trading at BODIVA at the end of 2022. This action was in response to a legal requirement that investment services and activities provided by banking financial institutions be transferred to broker-dealer firms engaged in trading securities.

1.2. Group structure

The BAI Group holds various equity stakes in entities providing banking, financial and non-financial services (see Note 3.11. of the Notes to the consolidated financial statements).

Entity	Acronym	Activity Sector	Location	% Direct Stake	% Effective Stake
Banco Angolano de Investimentos, S.A.	BAI	Banking	Angola	Parent company	
BAI Europa, S.A.	BAIE	Banking	Portugal	99.99%	99.99%
BAI Cape Verde, S.A.	BAICV	Banking	Cape Verde	81.63%	81.63%
Banco Internacional de São Tomé e Príncipe, S.A.R.L	BISTP	Banking	São Tomé e Príncipe	25.00%	25.00%
NOSSA – Nova Sociedade Seguros Angola, S.A.	NOSSA	Insurance	Angola	72.24%	72.24%
ÁUREA SDVM, S.A.	ÁUREA	Securities trading dealer	Angola	99.61%	99.61%
Angola Capital Partners LLC	ACP	Fund management	United States of America	47.50%	47.50%
FIPA I – Fundo Privado de Investimentos de ANGOLA, SICAV-SIF	FIPA	Investment fund	Luxembourg	25.64%	25.64%
FIPA II – Fundo Privado de Investimentos de ANGOLA, SICAV-SIF	FIPA	Investment fund	Luxembourg	37.90%	37.90%
SAESP – Sociedade Angolana de Ensino Superior, S.A.	SAESP	Education	Angola	20.00%	100.00%
Fundação BAI	FBAI	Social activities	Angola	20.00%	100.00%
Pay4All - Prestadora de Serviços de Pagamentos, S.A.	Pay4All	Services rendered	Angola	79.05%	91.02%
BAI Invest S.A.	-	Holding company	Angola	n.a.	100.00%
BAI Sociedade Gestora de Participações Sociais, S.A.	BAI SGPS	Holding company	Angola	n.a.	100.00%
Imogestin, S.A.	-	Real estate	Angola	n.a.	50.00%
Sociedade de Desenvolvimento Imobiliário, S.A.	SODIMO, S.A.	Real estate	Angola	n.a.	24.00%
Sociedade Angolana de Promoção de Shoppings, S.A.	SOPROS, S.A.	Shopping centre management and operation	Angola	n.a.	20.00%

BAI Group business segments

The BAI Group offers a range of banking activities and financial services in Angola and abroad, with a special emphasis on retail banking, commercial banking, and private banking. The Group also engages in insurance and investment banking. Additionally, it pursues non-financial activities in Angola (not represented in the table below).

BAI Group business segments (only financial activities)		BAI	BAIE	BAICV	NOSSA	ÁUREA	PAY4ALL
Retail Banking	Essentially refers to loan granting operations and the capture of resources related to individual customers, customer service through the branch network and internet banking and, in the case of Angola, mobile and SMS banking.	●	●	●			
Commercial Banking	Essentially refers to the capture of resources related to the corporate segment and institutions, and loan granting operations, including export financing.	●	●	●			
Private Banking	Aggregates the entire activity associated with the private/premium segment.	●					
Investment Banking	Covers the provision of financial advisory services and integrated financing solutions for carrying out and developing business, including the on-lending of resources and the subscription or acquisition of securities.	●	●				
Correspondent Banking	Involves the provision of payment services in foreign currency, vostro account management and transactions in international markets (primarily foreign exchange transactions).		●				
Insurance Activity and Pension Fund Management	Covers life and non-life insurance, as well as the management of pension funds.				●		
Securities Investment Services and Activities	Origination and structuring of financial operations in the primary market and trading of securities in the secondary market.					●	
Payment Service Provider	Involves the provision of payment services.						●

Geographical presence

The BAI Group is present in Angola, Portugal, Cape Verde, São Tomé e Príncipe, and the United States of America, through its affiliates and associates.

Angola

- **BAI, S.A.**
- **NOSSA Seguros, S.A.**
- **ÁUREA – SDVM, S.A.**
- **PAY4ALL, S.A.**

Portugal

- **BAI Europa, S.A.**

Cape Verde

- **BAICV, S.A.**

São Tomé e Príncipe

- **BISTP, S.A.**

USA

- **ACP**

The Group also pursues non-financial activities in Angola (not represented above).

1.3. Shareholder structure

The Bank's share capital is AOA 157,545 million, fully subscribed and paid-up in cash, divided into 19,450,000 ordinary shares with a nominal value of 8,100 kwanzas each.

As at 31 December 2023, the Bank's shareholder structure is disseminated over 1,337 shareholders, of whom six holds stakes equal to or higher than 5%. On the reference date of this report, BAI's shares were listed at a market value of AOA 35,000. The Bank held 848,870 own shares, representing 4.36% of the share capital. The equity stakes of the members of the Governing Bodies are disclosed in the Notes to the financial statements.

Further information on the Bank's shareholder structure is detailed in the Annual Report on Corporate Governance of 2023.

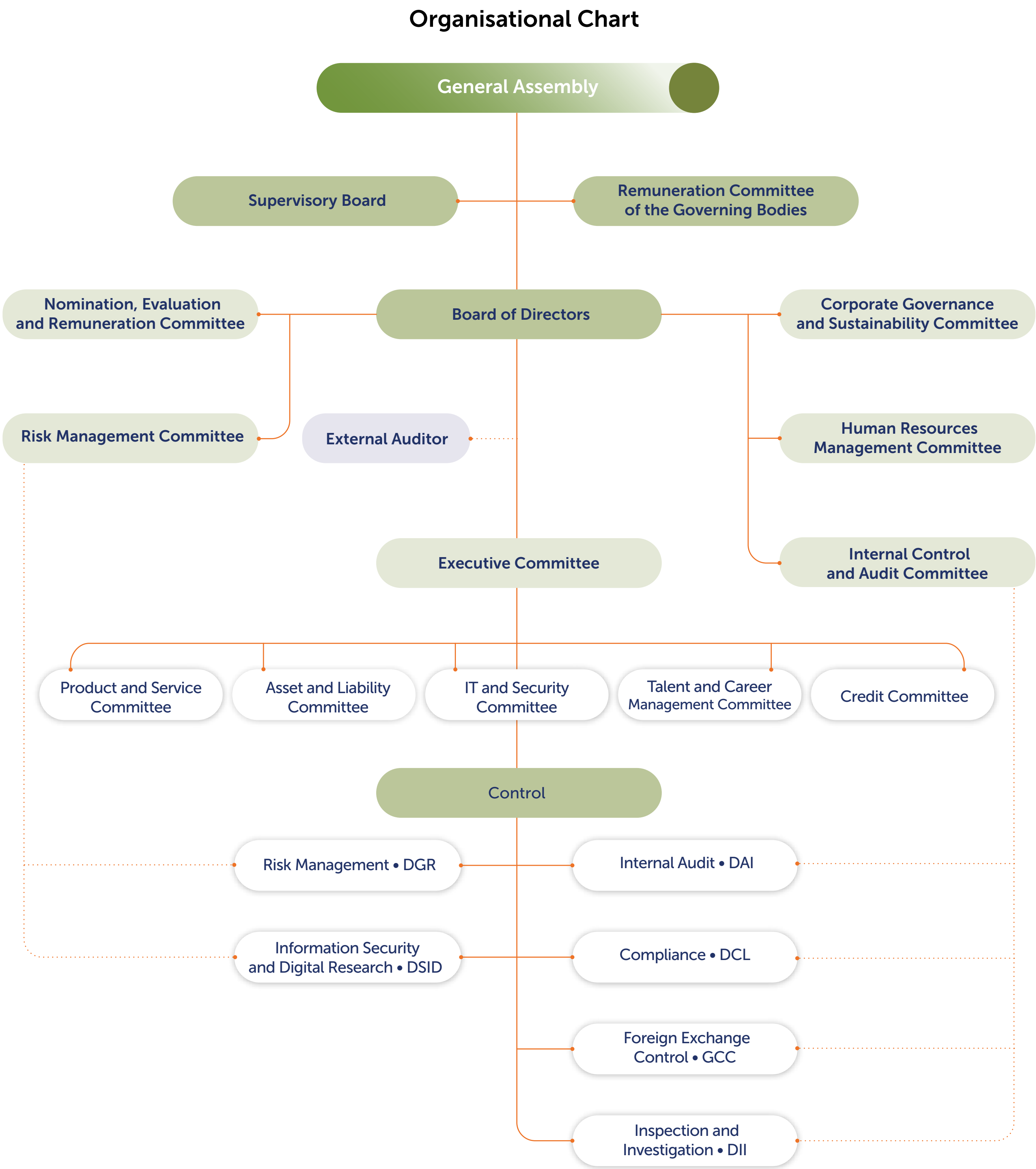
1.4. Corporate governance model

BAI has implemented, at both the individual and Group level, a corporate governance model tailored to its size, nature, and the complexity of its activities. This model ensures appropriate regulatory framing of matters concerning its capital structure, strategy, corporate organisational model, transparency of its organic and capital structures, policies and processes related to risk management, remuneration policy, and conflicts of interest, in compliance with current regulations.

BAI's corporate governance model includes a General Meeting of Shareholders, a Board of Directors composed of an Executive Board and five specialised committees, a Supervisory Board, an External Auditor, a Remuneration Committee for the Governing Bodies, and a Company Secretary.

1. The five committees are: Nomination, Evaluation and Remuneration Committee, Risk Management Committee, Corporate Governance and Sustainability Committee, Human Resources Management Committee and Internal Control and Audit Committee.

Corporate Governance Model of BAI:



Detailed information on the Bank's governance model is available in the Annual Report on Corporate Governance of 2023. To facilitate a better understanding of the model's operation concerning corporate governance, the Bank's institutional portal provides the Articles of Association, the Regulations of the Board of Directors, Executive Committee, Supervisory Board and Specialised Committees of the Board of Directors, the Policies, as well as the composition of the members of the Governing Bodies.

1.5. Recognition and reputation

1.5.1. BAI brand

The BAI brand aims to convey its attributes and purpose to society. It is continually evolving to reflect its support for customers, helping them achieve their goals.

BAI strives to work within its corporate projections, focusing on preserving the business model, optimising capital allocation, building relationships, and being the main solution provider to enhance the customer experience and the Bank's results. The strategy emphasises improving operational efficiency and integration.

The Bank maintains an internal and external tactical communication plan, with national and international aspects, to highlight the work done and reinforce its capabilities and commitment to its customers' future.

Strong brand awareness is crucial for BAI's positioning as a leading institution in Angola. Consequently, several events held in 2023 have strengthened the brand's role in contributing to the development and growth of the Angolan economy, people, and institutions, where social responsibility is a key component of the BAI brand.

Events

In 2023, BAI intensified its efforts to establish a more effective presence in brand activation events and formed strategic partnerships from the outset. This included the participation of executive directors, other directors, and employees in various institutional events related to the financial sector, innovation and digital transformation, sustainability, information security, and the Angolan economy.

The following events and accomplishments in 2023 are particularly noteworthy:

HANORMAIS XCHANGE

BAI, as sponsor, participated in the Hanormais Xchange event, during 10 and 12 February, in Belas Shopping, in Luanda. The objective of the event was to foster greater freedom of expression and massification of knowledge, with the concept of meeting and debates. Alongside this, the commercial activation of several products and services of the Bank was also carried out.

ANGOLA BANKING CONFERENCE – BANKING AND ESG CHALLENGES

PwC and the magazine E&M held the Angola Banking Conference on 16 March for the purpose of creating shortcuts and facilitating the adoption and implementation of Environmental, Social and Governance (ESG) principles, under the central theme of Banking and ESG Challenges. The Bank, as sponsor, was represented at the event by the Executive Director Inokcelina de Carvalho, who also participated in the discussion panel.

FINANCIAL LITERACY IN THE "SUA MANHÃ" PROGRAMME ON TPA

In the context of education and financial literacy, BAI develops and supports initiatives directed at society as a whole, from youngsters to companies, aimed at encouraging saving, consumption and investments in a responsible manner.

This was how the BAI Communication and Brand Management Director, Fábio Correia, became a regular guest of the "A Sua Manhã" [Your Morning] programme of Public Television of Angola [Public Television of Angola or TPA] where he discusses topics linked to financial literacy every Wednesday.

KPMG – AFRICA CYBER OUTLOOK

Participation in the Africa Cyber Security Outlook conference, organised by KPMG, in Luanda, on 16 March.

BAI was represented by one of the heads of department of the Information Security and Digital Research Department, who advised on the urgency of strengthening the criminalisation of cybercrime.

FAIRS 2023

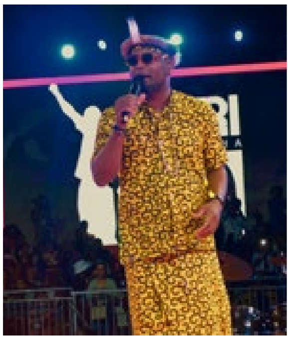
In 2023, BAI participated in the three largest commercial fairs of Angola: FIB, FILDA and Expo Huíla, held during the months of May, July and August.

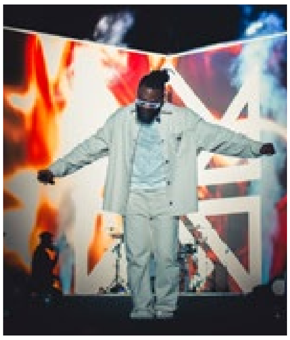
These events served as a platform to present the concept of communication directed at BAI customer service channels, and to ensure commercial activation through the opening of accounts by customers and dissemination of the deposit automation services.

DOING BUSINESS ANGOLA

BAI participated in the "Sectors that support and boost development" panel at the "Doing Business Angola" conference organised by the newspaper *Jornal Económico* and by the magazine *Forbes África Lusófona*, on 5 September. This conference gathered together, in Lisbon, some of the most important players of the economic and political ecosystem of Angola to discuss relevant topics of the country's economic life.

The Bank was represented by the Chief Executive Officer Luis Lélis and other employees.





YURI DA CUNHA AND C4 PEDRO CONCERTS

BAI was the official sponsor of the performances of the musicians Yuri da Cunha and C4 Pedro who, at different moments, celebrated their years of career.

CYBERSECUR SUMMIT 2023

BAI participated, as sponsor and exhibitor, at the cybersecurity and corporate research event named CyberSecur Summit, during 11 and 12 October.

COMMERCIAL MEETING

The Bank held an event with 270 employees, on 18 November, at Talatona Convention Centre, for the purpose of presenting the commercial results relative to October 2023.

LUANDA MORNA FEST

On 2 and 3 December, BAI was the official sponsor of the Morna music festival named "Luanda Morna Fest", at Shopping Fortaleza, in Baía de Luanda. This event aimed to pay tribute to the musical heritage of Morna.

VI CONFERENCE ON DIGITAL TRANSFORMATION

BAI was present, as a sponsor, at the modernisation and digital transformation event.

MEETING OF THE CHIEF EXECUTIVE OFFICER WITH ISAF STUDENTS

The Chief Executive Officer of BAI, Luís Lélis, participated in a meeting with final year students of the Higher Institute of Business Administration and Finance. (ISAF) to share experience of his personal and professional life.

XII ABANC ECONOMY AND FINANCE FORUM

The Bank participated in the XII Economy and Finance event held on 5 December, under the theme "Economic Diversification and Financial Markets", allusive to the 25th anniversary of the Angolan Banks Association (ABANC).

This event involved the participation of BAI employees in the discussion panel on the topic "The role of banks in promoting economic diversification in Angola".

SUSTAINABILITY IN THE BANKING SECTOR CONFERENCE

The Bank participated in a Conference on Sustainability in the Banking Sector, held in honour of the 27th anniversary of BAI and the 11th anniversary of the BAI Academy, on 17 November.

The Bank was represented by the Chief Executive Officer of BAI and other employees, representatives of Banco Nacional de Angola (BNA), the Angolan Banks Association (ABANC) and the international consultant Paulo Portas.

"CAMINHADA ROSA"

Banco Nacional de Angola, in coordination with all the other regulatory entities and regulated institutions of the financial system, organised a walk named "Caminhada Rosa" [Pink Walk], aimed at the dignified welcome of the month dedicated to awareness-raising of prevention and the early diagnosis of breast cancer and cervical cancer.

The Bank participated with the presence of 100 employees.

1.5.2. Awards and distinctions

BAI has progressively shown major involvement, confidence and investment in the Angolan economy, always being close to the partners and customers, offering them services and products that meet their financial needs.

In 2023, the Bank continued to be distinguished, at a national and international level, with the award of several prizes throughout the year, where it is particularly noteworthy that BAI was elected by the prestigious magazines Global Finance and Euromoney as the best and safest bank in Angola, respectively. On the other hand, the Bank was also elected best bank for small and medium-sized enterprises (SME) in Angola and best bank with digital solutions in Angola.

In the year under review, we highlight the following distinctions awarded to BAI:

BODIVA | TCHILUANDA AWARDS

During the IV edition of the BODIVA Awards, which took place under the motto "Market in Growth", BAI received the following distinctions:

- Honourable mention of 1st issuer in the stock exchange market;
- Development and technological innovation;
- Largest number of custodial accounts.

GLOBAL FINANCE | BEST BANK IN ANGOLA IN 2023

BAI was distinguished for the third time consecutively as the “Best Bank in Angola” and leader of the domestic banking sector, by the prestigious North American magazine specialised in finance, Global Finance.

The distinction comes under the 30th Edition of the Awards of Best Banks in the World, in which BAI was also included among the most outstanding 150 financial institutions at a global level.

EUROMONEY | BEST BANK IN ANGOLA IN 2023

BAI was also elected “Best Bank in Angola” by the English magazine Euromoney during the gala of the Excellence Awards 2023.

According to a statement published on the magazine’s website, the criteria that defined BAI’s election included the “business consolidation strategy and successful accomplishment of the Public Offering of 10% of the Bank’s share capital in 2022”, a historical moment in the Angolan financial market which marked the opening of the Stock Exchange Market in Angola.

GLOBAL FINANCE | SAFEST BANK IN ANGOLA IN 2023

BAI was distinguished as the “Safest Bank in Angola” by the North American magazine specialised in finance, Global Finance.

According to a statement of the magazine, this award is the result of BAI’s performance in the assessment of long-term ratings in foreign currency of the financial rating agency Moody’s, Standard & Poor’s and Fitch, among the 1000 largest banks of the world.

EUROMONEY | BEST BANK WITH DIGITAL SOLUTIONS AND FOR SME IN ANGOLA

BAI was distinguished as the "Best bank with digital solutions in Angola" in 2023, by the English magazine Euromoney. According to a note published on the magazine's website, the prize was awarded due to the fact that BAI offers a large diversity of digital products in comparison to the national competition.

The Bank was also distinguished with the award of "Best bank for small and medium-sized enterprises in Angola". When awarding this prize, Euromoney took into account the growth of the small and medium-sized (SME) segment in 2023.

FESTIPUB | SPONSOR OF THE YEAR AND ANNOUNCER OF THE YEAR / BRAND OF THE YEAR

BAI received the "Sponsor of the Year" and "Announcer of the Year/Brand of the Year" awards at the prize giving ceremony of FESTIPUB 2023.

This festival was created with the objective of promoting and rewarding excellence in creativity in business communication, awarding advertisers, agencies, production companies, and studios whose work annually drives the advertising market and communication in general.

NOSSA was also distinguished in the domestic market as the Best Company of the Year of the Financial Sector in the context of the SIRIUS Awards organised by Deloitte. In 2023, BAI promoted the brand at several events, among which we highlight its participation in conferences and forums, including the cycle of lectures on insurance organised by the Angolan Insurance Regulation and Supervision Agency (ARSEG), at the 44th Pension Fund Congress, the insurance and reinsurance conference of the Organization of East and Southern African Insurance (OESAI), and the visit to Mozambique in the context of the development of agricultural insurance.

1.5.3. BAI Digital Space

Institutional Portal

In order to establish clear and transparent communication with the stakeholders, the Bank provides, on its institutional portal for customers and non-customers, relevant information, frequently asked questions, security recommendations and information on the different contact channels, namely how to make requests for information. During 2023, BAI's institutional portal received a total of 1,885,062 visits.

Social networking

Acknowledging the growing importance of social networking and accompanying these new forms of relationship and interaction with customers and the community in general, BAI is present in the following digital communication channels: Facebook, Instagram, LinkedIn, ex-Twitter and YouTube.

Facebook

In 2023, the platform obtained a total number of 833,907 followers. **The Bank's posts resulted in a total engagement of 1.8 million.**

LinkedIn

BAI's page on LinkedIn recorded a total of 116,311 followers at the end of the year, **having reached more than 786 thousand accounts.**

YouTube

The YouTube channel had a total of 23,174 subscribers, and **the posts had had more than 687,000 views.**

X (ex-Twitter)

BAI's activity on ex-Twitter achieved 10,871 followers by the end of the year and a **total de 647,447 impressions.**

Instagram

BAI's Instagram page ended the year of 2023 with 48,659 followers and **reached over 1.5 million accounts.**

1.6. Action and Investor relations

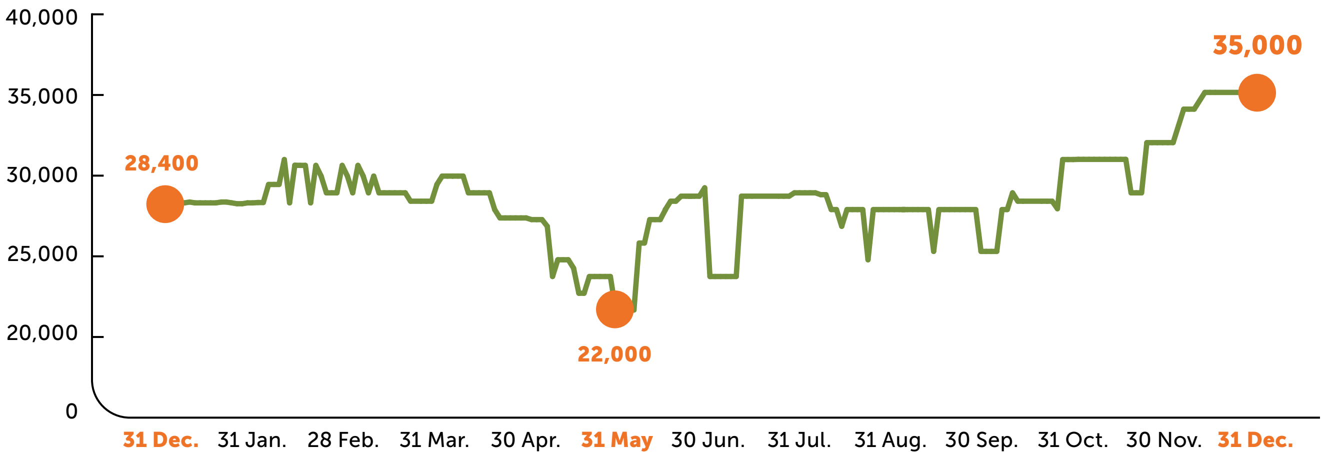
The capital market in Angola is at an embryonic stage, in particular concerning the secondary share market. Therefore, there is still some uncertainty about the future evolution of its robustness, depth and liquidity, which tends to be a dissuasive factor for a significant number of investors.

In this context, BAI aspires to be an active agent in the process of development of the domestic financial system. The Bank firmly believes that the attraction of companies to the capital market is a crucial incentive for this process in terms of diversification of funding sources for national economic agents and the improvement of the business environment in Angola, with the attraction of investors whose profile is compatible with the capital market, in particular the share market.

BAI shares started the year of 2023 at the price of 28,400 kwanzas, and experienced heavy volatility during the year, fluctuating between an annual trough of 22,000 kwanzas per share in May and a peak of 35,000 kwanzas per share by the end of the year, corresponding to an annual fluctuation of 59%.

As illustrated in the following graph, the stable trend observed in the first quarter of the year gave way to a sharp downward trend in the second quarter (coinciding with a strong depreciation of the kwanza). Following a more stable phase in the third quarter, the share price embarked on an upward trend, in particular in November and December, closing the year of 2023 at a price of 35,000 kwanzas.

BAI share | Closing share price (kwanzas)



It should be noted that this price of 35,000 kwanzas per BAI share represents an increase of 69.6% in relation to the final settlement price of the Public Offering, which reached 20,640 kwanzas per share, corresponding to an appreciation of approximately 23% in 2023.

1.6.1. Communication with the market

The area of Investor Relations is the main point of contact to ensure BAI's interactions with the financial market and the Bank's key stakeholders, including shareholders, investors, financial analysts, customers and regulatory entities of the capital market.

In 2023, the area of Investor Relations, together with the Office of the Company Secretary, participated in various events fostering a transparent and trustworthy approach to all the Bank's stakeholders, based on four fundamental vectors: (i) timely and reliable financial reporting; (ii) communication with the market; (iii) hedging of BAI shares; and (iv) management of communications and financial information on the institutional portal.

During 2023, a total of 678 requests for information were recorded, of which 93% via e-mail and 7% via telephone communication. Chapter 6 (Investor support) of the Report on Corporate Governance, attached to this document, provides detailed information regarding the requests for market information.

In compliance with the Company's financial calendar, the Bank ensures the disclosure of its quarterly results in the section on Investor Relations of the institutional portal (www.bancobai.ao/pt/relacoes-com-investidores)). Complementing this, BAI held an event on 7 October 2023 to present the Report and Accounts for the second half of the year to the market.

The event, in hybrid format, was attended by members of the Executive Committee of BAI, who answered questions posed by the Bank's different stakeholders.

In this regard, the most important events of the year of 2023 are highlighted below:

28.02.2023 – Dissemination of the notice of meeting the XXXIst Ordinary General Meeting of BAI shareholders.

Published in main newspaper in circulation, the Jornal de Angola, and on the Bank's institutional portal, pursuant to the applicable legislation. The 2022 Annual Report was also published for consultation by shareholders and the market.

30.03.2023 – Holding of the General Meeting of 2023.

General Meeting held at Talatona Convention Centre, in Luanda, attended by 58.90% of the shareholders, in which the following documents were approved:

- Management report and financial statements (individual and consolidated) and the opinion of the Supervisory Board, relative to the financial year of 2022, including the Report on Corporate Governance;
- Proposed allocation of net income for 2022;
- Proposed change of the remuneration policy of the members of the Governing Bodies.

05.04.2023 – Public presentation in a webinar of the annual results for 2022.

Public presentation, in multimedia mode and with open access to the entire market, of the results for 2022 with the possibility of explanations at the end of the session.

14.04.2023 – Dividends distribution.

Payment of dividends equivalent to 40% of the net income for 2022, amounting to 40,091,327,759.92 kwanzas (forty thousand and ninety--one million, three hundred and twenty-seven, seven hundred and fifty-nine kwanzas and ninety-two cents), as approved at the General Meeting held on 30 March 2023.

22.04.2023 – Publication of the paginated Annual Report for 2023.

The paginated Annual Report for 2022 presents the previously provided financial information, but formatted with a more interesting design expression and legibility for easier reading, in pdf format and made available on our Investor Relations portal.

30.06.2023 – Completion of the process of migration of customers to broker-dealer firms engaged in the business of trading securities (SDVM).

Completed transfer of the services and activities related to investment in securities and derivative instruments of corporate nature registered and deposited at BAI, to broker-dealer and brokerage firms engaged in the business of trading securities (SDVM/SCVM) certified by the Capital Market Commission (CMC).

30.09.2023 – Publication of the audited Interim Report for the first semester of 2023.

Publication on the portal of the complete and audited interim report, for market consultation.

1.6.2. Rating

BAI endeavours to become a reference in the different markets in which it operates, with innovation being of the Bank's core values that has accompanied its growth. In this regard, BAI was the first institution in Angola to obtain a rating by international agencies, which took place in 2014.

The most recent ratings for BAI and NOSSA Seguros are presented as follows:

BAI	Rating	Outlook	Date of last change	Date of last action
FitchRatings (Issuer Default Ranting)	B-	Stable	18.07.2023	18.01.2024
Moody's (Long Term Debt/Issuer Rating)	B3	Positive	27.10.2023	08.11.2023

NOSSA Seguros	Rating	Outlook	Date of last change	Date of last action
FitchRatings (Issuer Default Ranting)	B-	Stable	10.07.2023	05.10.2023

2 Strategy

Audacious and innovative on the path
to digital solutions

Changing Lives
since 1996

2. Strategy

2.1. Mission, Vision and Values

Mission, vision and values are essential elements of BAI to achieve its goals and define the Bank's activity, its attitude in the market and positioning with all the stakeholders.

In this context, the Bank's mission, vision and values systematised below are foundational vectors of action and assurance of true success:

Mission

Generate value for the shareholder in a sustainable manner, providing an offer of excellence to our customers.

Vision

Offer the best banking experience in Angola.

Values

Respect	Respect is the cornerstone of our partnerships. We are proud of our trajectory, origins and capacity to overcome.
Integrity	Acting with integrity is crucial to build and maintain trust and good relationships, in addition to securing our credibility.
Innovation	We have the incessant desire to develop new products and services, promote new business models and continuously fine-tune our processes, in order to facilitate the life of our customers.
Ethical conduct	In line with our Code of Conduct, the laws and regulations in force, we uphold an ethical and responsible stance, following high standards to achieve professional excellence.
Customer driven	We focus our attention on the needs of our customers and endeavour to exceed their expectations through the provision of value-added services, flexible and technologically innovative solutions.

2.2. Strategic Plan for 2022-2027

Aware that the success of a strategic plan is intrinsically related to consistency between the organisation's internal reality and the various exogenous factors of relevance to it, in 2023, the Bank promoted a stocktaking exercise and interim assessment of its Strategic Plan. This reflection was carried out in the context of an analysis of diverse factors of variation and change of the macroeconomic and market circumstances, both national and international, with a view to ensuring greater adjustment and creation of creation of synergies in the strategic developments, in relation to the pursued objectives.

As a result, in November 2023, BAI completed the review of the Strategic Transformation Programme (BAI Generation 2.1)[2] and the inherent Business Plan, maintaining the cycle defined for 2022-2027 and, accordingly, adjusting the previously pledged set of strategic axes and initiatives.

The Plan is underpinned by 5 strategic axes distributed among 21 strategic Initiatives, which, in turn, are composed of 70 Action Plans, which can be systematised as follows:

Place the Customer Experience at the Centre of the Operation
- Simplify and automate critical processes for the customer;
- Optimise the distribution model;
- Define a strategy for communication and customer satisfaction.

Drive Business Profitability
- Boost the contribution of bancassurance to operating income;
- Stimulate financial markets;
- Diversify and boost loans;
- Personalisation of the offer and smart pricing.

Actively Promote a Culture of High Performance and Meritocracy
- Recruitment of the best and the most brilliant;
- Drive a high-performance culture;
- Implement a strategy of development and retention of the human capital allocated to systems, technology and information security.

Prioritise Digital Transformation as an Anchor of Operational Efficiency
- Develop the Strategic Plan for Information Systems (PESI);
- Define and implement the business architecture of the future;
- Optimise the security architecture;
- Foster the evolution of the digital channels, means of payment and offer the best in-pocket banking experience;
- Foster the evolution of the analytic capacity and consolidate the management information.

Consolidate the Financial Group by Implementing Best Practice in Risk Management and Sustainability
- Operationalise the public listing of BAI;
- Consolidate the financial group and foster the evolution of the Group's governance model;
- Foster the evolution of Risk Management;
- Modernise and streamline the internal control system;
- Foster the Business Continuity Plan;
- Position and develop the Group's strategy on sustainability.

2. The Strategic Plan previously named "BAI Generation 2.0 Strategic Transformation Programme" for the cycle 2022-2027 comprised 7 strategic axes.

It is important to note that the process of reflection completed in November 2023 maintained the structural framework of BAI's strategy for the cycle of 2022-2027 focused on the customers and their experience, the Bank's business profitability and the promotion of a culture of meritocracy and high performance.

Complementing the above and, as a fundamental pillar of the Strategic Plan, special reference is also made to the digital transformation process, namely though investments in the digital channels, in the automation and efficiency of processes, in optimisation of the security architecture and in data analysis, without ever leaving the focus kept on the Bank's risk and sustainability management in accordance with its status of reference institution in the domestic banking sector.

During 2023, the Bank experienced an evolution in the implementation of the "BAI Generation 2.0 Strategic Transformation Programme", having achieved an overall execution level of close to 40%, as presented below, in which the axis related to "Actively Promote a Culture of High Performance and Meritocracy" was particularly noteworthy:

Targets Achieved	Evolution
Place the Customer Experience at the Centre of the Operation • Development of the new services model adapted to the customer segments (individuals and corporate customers); • Review of the mode of distribution of points of the physical network, incorporating the expansion of the network of ATM Centres.	38%
Drive Business Profitability • Development of the bancassurance channel; • Identification of the model of personalisation of the offer and pricing management.	23%
Actively Promote a Culture of High Performance and Meritocracy • Implementation of management support tools and systems; • New matrix of BAI Positions, new plan for mobility and career management, review of the STRATA Model; • Implementation of the ERP SAP-HANA platform.	68%
Prioritise Digital Transformation as an Anchor of Operational Efficiency • Completion of the diagnosis for the consolidation of the Information Security Architecture; • Design, definition of the roadmap and start of the implementation of the Strategic Plan for Information Systems and Technologies; • Development of partnerships for the open banking ecosystem; • Development of the main digital channel – BAI Directo – products (ref. "Adianta Já" [Advance Now] loan), services (ref. Account Opening Process, "BAI Paga" [BAI Pays] – payment by QR code) and business functionalities (such as card-free cash withdrawal at ATM).	45%
Consolidate the Financial Group by Implementing Best Practice in Risk Management and Sustainability • Launch of the first Initial Public Offering (IPO) of securities of the banking sector; • Evolution of the financial group's governance model and conversion of the statutory accounts of the Group's entities; • Development of new management policies and models; • Accomplishment of the ICAAP and ILAAP exercise; • Completion of the first phase of the implementation of the IFRS 9 module tool/solution.	35%

BAI's strategic visions continues to be underpinned by an approach focused on the diversification and innovation of the offer, stimulation of the level of digitalisation of operations, and the Bank's digital transformation. The commitment to promoting the population's financial inclusion and the definition of solutions that enable a better adjustment of the offer to the demand profile was a vector of action driving the activity in 2023 and will continue to be a pillar of action in 2024.

2.3. Sustainability

Concerns about the sustainable development of business activity, in order to respond to the various challenges of environmental, social and governance nature, have become increasingly important to all the Bank's stakeholders.

In this context, the BAI Group has taken on a clear and strong commitment to sustainability, acknowledging the importance of balancing the economic, social and environmental aspects in its operations.

Generally speaking, the financial sector is increasingly viewed as an active agent in these components, including its ability to innovate, in particular in terms of stimulating a specific offer and, naturally, in the disclosure of information related to the topic of sustainability.

In 2023, the Bank created the Sustainability Programme, with a view to monitoring, following and reporting the activities and actions of the different structural units that contribute to ensure balance between the Environment, Social and Governance (ESG) criteria related to sustainability.

The Group's Sustainability Policy was also approved and published, which aims to define the positioning, guidelines and principles concerning sustainability throughout the entire value chain. Furthermore, the obtaining of ISO[3] 14001 – Environmental management certification is still in progress.

To this end, the Group identified 9, from among the 17 Sustainable Development Goals (SDG), as priority for the implementation of the 2030 Agenda for Sustainable Development, as illustrated below:

3. International Organization for Standardization.

The sustainability principles endorsed by the BAI Group, which incorporate ESG dimensions, are:

1. Align the sustainability strategy with the priority SDG, whenever possible seeking to contribute to specific targets.
2. Promote a proactive approach to identify, assess and manage the environmental, social and governance risks associated with its operations and investments.
3. Promote stakeholder engagement, as customers, employees, shareholders (including minority shareholders), local communities and civil society organisations, in the sustainability strategy.
4. Ensure transparency in its sustainability practices, disclosing relevant information on its performance and targets, enabling the stakeholders to follow its progress.
5. Encourage innovation and partnerships with other institutions, organisations and sectors in order to develop more effective sustainable solutions.

In this context, the Bank's intervention in terms of sustainability is divided into 3 key axes:

- **Environmental axis** – which seeks the implementation of measures promoting the reduction of water, energy and paper consumption, internal waste management and the incorporation of ESG criteria in the Bank's risk management, in hiring suppliers and in the commercial offer of products and services;

- **Social axis** – which ensures the well-being of our employees and promotes, in partnership with the BAI Foundation, proximity and involvement with the internal and external communities in the creation of shared value;

- **Governance axis** – which promotes the incorporation of sustainability principles in the Bank's decision-making and management processes.

Regarding the Governance pillar, BAI reassessed the adequacy of the Bank's Governance model and internal control system, with a view to endowing greater transparency, equity and responsiveness, in line with the legal and regulatory framework in force and international best practice to this end.

2.3.1. Social Responsibility

In an approach focused on the progress of Angolan society, BAI has been developing a series of initiatives related to social responsibility, concentrating its attention on sectors that could ensure the sustainability and balanced development of society and its main agents.

The BAI Foundation (FBAI) was established by Banco BAI in 2004 for the purpose of accomplishing the Bank's social responsibility. Its selected areas of action are education, culture, health and sports, as pillars considered essential for the structured development of Angolan society.

The BAI Foundation's commitment in the sphere of social responsibility is not merely to people and human values, but rather, involves a more comprehensive concept of concerns of socio-environmental nature, and its action plan is embodied in initiatives covering aspects inside and outside the Bank.

To this end, and regarding internal spheres, socially responsible practices are adopted in relation to the management of human resources, occupational health and safety, adaptation to change and the management of the environmental impact and natural resources.

The external sphere is materialised in actions are carried out with all the entities included in the BAI universe and their stakeholders, as well as in the overall management of the environment.

Associated to the four dimensions of the Sustainable Development Goals (social, environmental, economic and institutional), general goals were defined which are intended to be attained though the Social and Responsibility and Environmental Plan for the two-year period of 2023-2024.

The BAI Foundation pursued its mission based on the 4 pillars, having developed an important series of activities during the year.

Education

Capacity-building for the economic sustainability of ambulant vendors

Disseminate financial literacy with ambulant vendors as the target group. This project was launched in a public notice call and seeks to support the undertaking of capacity-building actions towards economic sustainability.

Vocational Training for Business Empowerment of Female Street Vendors (Zungueiras) in Huíla | "Projecto Ser Mais" [Being More Project]

Contribute to the fight against poverty and social exclusion through projects that empower female street vendors (zungueiras) in the entrepreneurial sector.

MBA in health management

Contribute to the transfer and improvement of skills in the area of health unit management, with the target group comprising health professionals of public and private institutions in order to enable them to do so in a humane and responsible manner.

Book launch | engagement, alienation and quality in higher education

Contribute to the production of works that drive socio-education development.

Distribution of donations

Raising and donation of books for young readers for school number 1,134 and "D. Zita" Kandengue library.

Global Management Challenge

Provide the opportunity for students to develop technical and professional skills.

Kandengue mobile library l Benguela

Contribute to the dissemination and esteeming of reading and knowledge, with the target group being children, adolescents and adults.

Scientific research on: "The impact of public investment in Angola from 1994 to 2020"

Contribute to the local production of scientific knowledge, providing quality information for public decision-makers and other stakeholders. This study is conducted in partnership with the Centre of Scientific Research Studies of Universidade Católica (CEIC) and the Unit of Applied Sciences of Instituto Superior de Administração e Finanças (ISAF).

Culture

DOC Luanda
Contribute to the dissemination of African culture, and illustrate contemporary issues by developing and promoting the Angolan cinema industry.

Cacimbo do Kandengue [Kandengue heavy mist]
Contribute to fostering reading in remote locations and encourage increased cognitive skills among children and youth through the practice of reading.

My world my future
Monthly workshop directed at the youth segment, aimed at challenging them, through questions that contribute to their growth and development in order to enhance their potential.

Cultural item l Kandengue Library Roadshow
Disseminate and esteem reading and knowledge through the recording of episodes of reading adult and children's stories at public and private schools. These are made available in online format.

Book of my life
Monthly event dedicated to lovers of literature, bringing the discussion of literary work to the BAI Foundation/BAI Academy, with the contribution of the ISAF Reading Club.

BAI Foundation Culture
Contribute to the social and economic inclusion of the communities involved, creating opportunities for potters to prosper and their artistic work to be esteemed.

"Nzoji ya Monandengue" Festival for Children and Young People
Promoting creative expression is crucial for children's development. This event also aimed to support awareness-raising, education and information on protection against sexual abuse in children.

Health

"A fala da Mente" [Mental speech] Conference / Book launch – "A psicologia do dinheiro" [The psychology of money] by Fátima Sampaio

Analyse and solve problems linked to mental health through intra and interdisciplinary interventions.

Training: Clinical and Pharmacotherapeutic Approach to Tuberculosis

Train health professionals in the identification, treatment and effective prevention of tuberculosis, promoting an informed and ethical clinical approach.

Health Fair in the municipality of Cazenga

Offer appointments of various specialities and distribute medication free of charge.

Training in partnership with the Centre of Advanced Studies on Medical Education and Training (CEDUMED): Cycle of Development and Treatment of Malaria

Train health professionals, in order to gain more endogenous knowledge of this disease, enabling them to achieve more effective results, and thus contribute to lower the mortality rate in the country.

Sports

Chess club l partnership with ISAF | university outreach

Contribute to the massification of playing chess, supporting the dissemination of this sport by using the spaces for its practice and championships, with a view to improvement of the cognitive and rational process, as well as the social integration of adolescents and young people.

BAI Foundation Football Super Cup for amputees

Promote the social inclusion of physically disabled persons, contributing to the dignity of human beings.

Seminar on training physical education teachers for table tennis monitors

Contribute to the massification of table tennis at first cycle schools.

Participation of the athlete Demarte Pena in the International Tournament in Paris, France

Promote the practice of sports and encourage young people to channel their energy in a more positive form.

Conference on Sports as a Factor of Social Inclusion

Share best practice and projects on fighting against social exclusion and the phenomena emerging thereof, and discuss the advantages of physical activity for people in situations of greater social vulnerability.

Inauguration of the sports court

Encourage activities that identify and promote the potential of young athletes in the community.

The BAI Foundation also has other projects in progress aimed at supporting improvements in the quality of life of local communities, in particular:

- Osivambi Project: contribute to improving the quality of life of families of the village of Osivambi, in the province of Cunene, by supporting the implementation of upgrading works in education and health facilities;
- Green Neighbourhood | Willpower: contribute to improving the quality of life of people living in the neighbourhood located in Zango 3, by supporting upgrading works in the production units of the "Brush factory" project, which has already been inaugurated, as well as training the leaders.

Under its corporate social responsibility, BAI has also developed a series of activities, in particular the celebration of the Day of the African Child, with a set of recreational activities in which about 100 children from sheltered accommodation homes participated; the "Mãos Solidárias" [Caring Hands] walk, in which the Bank promoted, on the occasion of its anniversary, a nationwide campaign to collect donations and held a "Natal Solidário" [Caring Christmas], with the participation of 200 children from sheltered accommodation.


ASTON

3

Economic framework

Always mindful of efficiency and personalization in our approach to the market

Changing Lives since 1996

3. Economic framework

3.1. International context

3.1.1. Global activity and financial markets

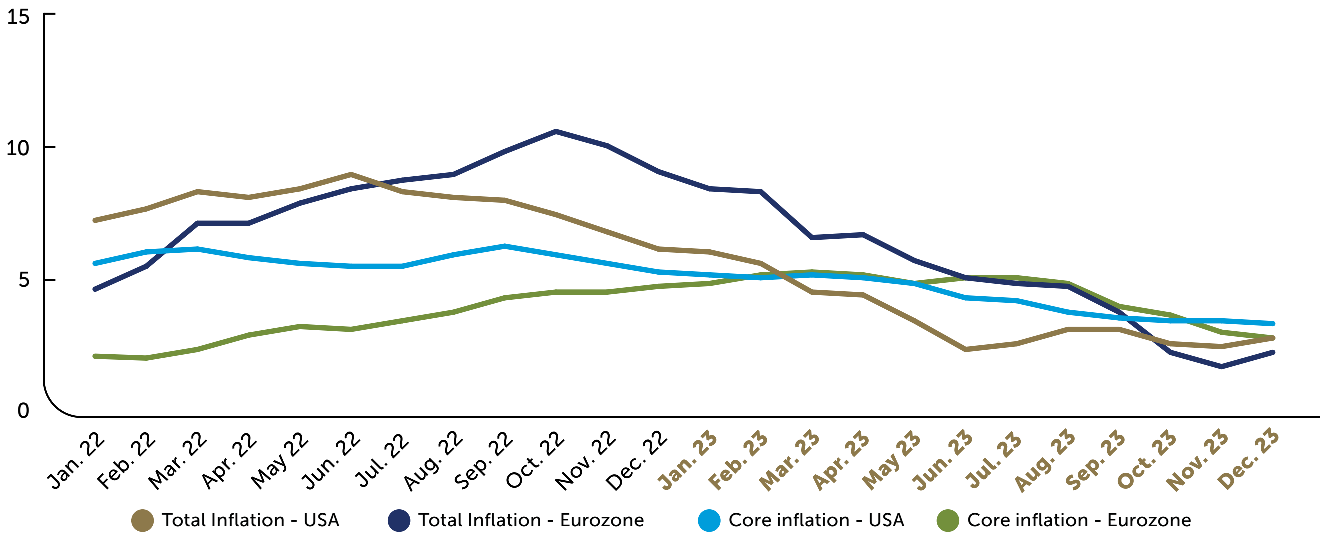
During 2023, the inflationary dynamics and monetary policy remained the central concern for the global economy, with effects on the outlook on global growth. In October, the World Economic Outlook of the International Monetary Fund (IMF) foresaw a slowdown of world economic growth from 3.5% to 3% in 2023 and 2.9% in 2024. It also predicted that the economic slowdown would be more pronounced in the advanced economies than in the emerging and developing markets.

The inflationary pressures which, in 2022, reached peaks that had not been observed for decades, began to alleviate, driven by the decrease of energy prices and gradual normalisation of global supply chains.

In the eurozone, the year-on-year variation of the harmonised index of consumer prices (HICP) decelerated to 2.9% by the end of the year, contrasting with the historical peak of 10.6% recorded in October 2022. In the United States of America (USA), the variation of the consumer price index (CPI), which reached its highest value of the last 40 years in 2022, stood at 3.4% in that period.

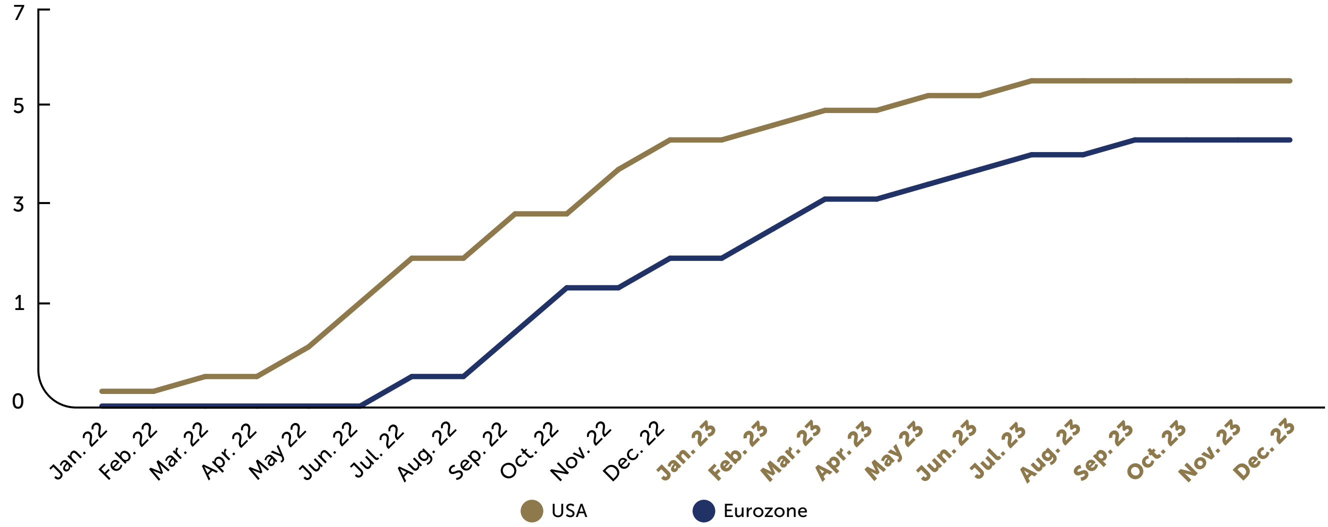
On the other hand, the underlying inflation, which excludes the prices of food and energy products, stood at 3.4% in the eurozone and 3.9% in the USA. Alongside this, the labour market in these economies remained robust, with unemployment rates standing at 6.4% in the eurozone and 3.7% in the USA, relatively low levels.

Inflation rate in the USA and eurozone (%)



Source: Bloomberg

Interest rates in the USA and Eurozone (%)



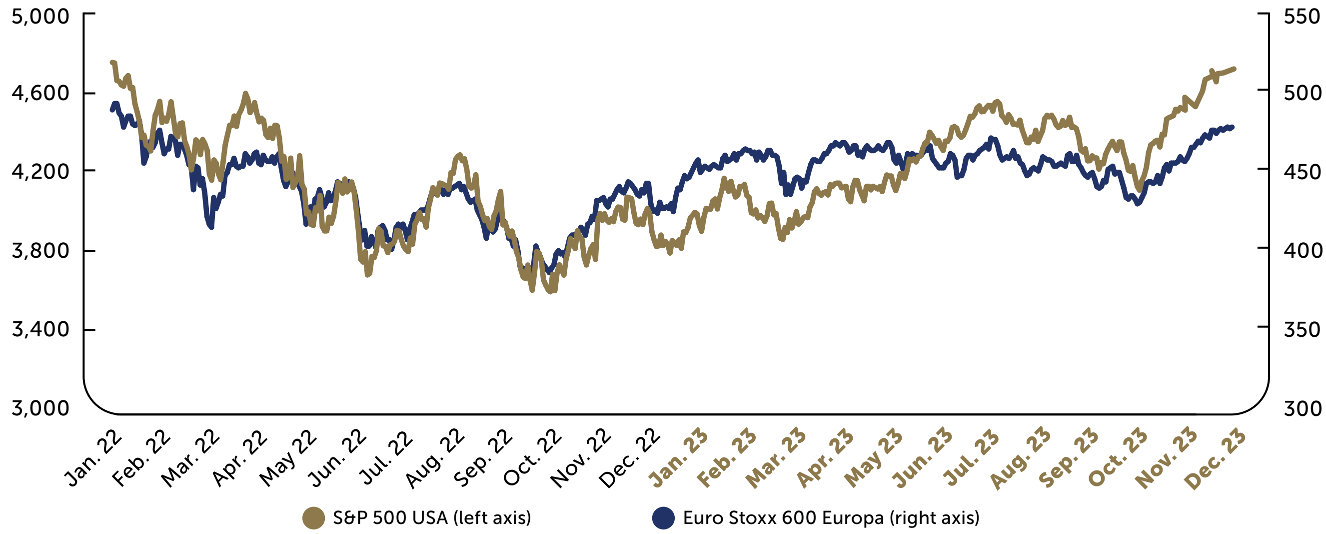
Source: Bloomberg

The underlying inflation short of the target and a labour market that remained robust were factors that contributed to the continuation of the restrictive monetary policy of central banks, albeit at a more moderate rhythm. The Federal Reserve of the USA (Fed) raised its fed fund rates[4] from 4.5% to 5.5% in 2023. In turn, the European Central Bank (ECB) raised the official interest rates by 200 basis points, with the reference interest rates applicable to main refinancing operations, to the marginal lending facility and deposit facility standing at 4.5%, 4.75% and 4.0%, respectively.

The tightening of monetary conditions combined with other events created some turbulence in the financial markets. From the outset, the bankruptcy of several regional North American banks, the financial problems faced by Credit Suisse, the near paralysis of the government of the USA in September and the debt ceiling crisis in the first half of the year triggered a gradual and widespread increase of sovereign yields, especially in the shorter maturities.

In stock markets, the Stoxx 600 index (Eurozone) and S&P 500 index (USA) appreciated, respectively, by 12% and 23% in 2023, while the Nasdaq 100 rose by 54%. The Portuguese stock market also showed a positive evolution, with the PSI-20 up by more than 12% since the beginning of the year. In the foreign exchange market, the US Dollar Index devalued by 3.5%, while the exchange rate of the US dollar in relation to the euro depreciated by 3.1%, with the one euro priced at 1.10 US dollars at the end of the year.

Stock market evolution in the USA and Europa (points)



Source: Bloomberg

4. Furthermore, the Fed fast-tracked the reduction of its asset purchase programme (APP), stopping the monthly purchases of treasury bonds and mortgage-backed securities, and starting a process of gradual reduction of its balance sheet, not reinvesting some securities upon maturity.

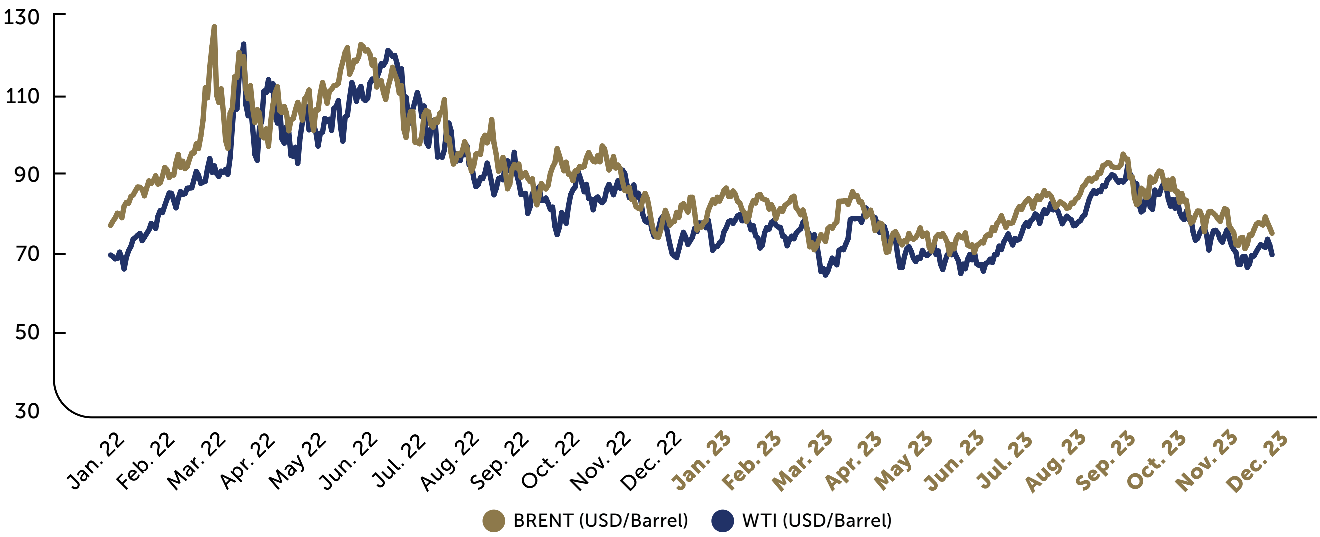
3.1.2. Oil Market

In 2023, the oil market was distinguished by its complexity and volatility, influenced both by the global macroeconomic uncertainties and geopolitical developments. In average terms, the price of the barrel of Brent stood at 82 dollars in 2023, corresponding to a 17% reduction in relation to 2022, primarily reflecting: (i) base effect; (ii) factors linked to the expectation of a global economic slowdown; and (ii) rhythm of interest rate rises in the main advanced economies.

In addition to this, 2023 was also a year of significant increase of production in non-member countries of the Organisation of Petroleum Exporting Countries (OPEC), especially in the Unites States, whose production surpassed pre-Covid-19 levels.

According to OPEC data, the global supply of oil increased by approximately 1 million barrels to 101 million barrels, per day, up to September 2023, with noteworthy increases of production in countries of the Organisation for Economic Co-operation and Development (OECD) and others outside the Cartel. OPEC production contracted to close to 1 million barrels per day, and it should be noted that an extension was made to the agreement on reduction of OPEC and allies (OPEC+) for 2024. Furthermore, there were unilateral and voluntary cuts by Saudi Arabia and Russia.

Evolution of the price of oil



Source: Bloomberg

OIL DEMAND AND SUPPLY (MB/D)

	2022	1st Q 2023	2nd Q 2023	3rd Q 2023
Demand				
OECD	45.72	45.44	45.59	46.33
China	14.95	15.73	16.06	16.07
Other	38.96	40.42	39.7	39.77
Total	**99.63**	**101.59**	**101.35**	**102.17**
Supply				
OECD	30.97	32.04	32.23	32.64
OPEC	28.86	28.84	28.27	27.53
Other	40.24	41.12	40.85	40.56
Total	**100.07**	**102**	**101.35**	**100.73**

Source: OPEP

Finally, the geopolitical scenario, marked by the military conflict in Ukraine and by tensions in the Middle East, influenced oil prices, not only by the imposition on or lifting of restrictions to important producing countries, but also by the change in the geographic distribution of oil production and consumption. At the end of the year, the market was attentive to possible interruptions of seaborne trade and to increased costs of supply, especially due to tensions in the Red Sea, a key route for the oil and gas trade.

3.2. Economy of Angola

In 2023, the Angolan economy faced an adverse scenario, influenced by the bleak international panorama referred to above. The reduction of the price of oil and increased international interest rates combined with domestic oil production below that forecast and an onerous external debt service of the Government. These factors had a negative impact on external accounts and on the foreign exchange market, with macroeconomic repercussions.

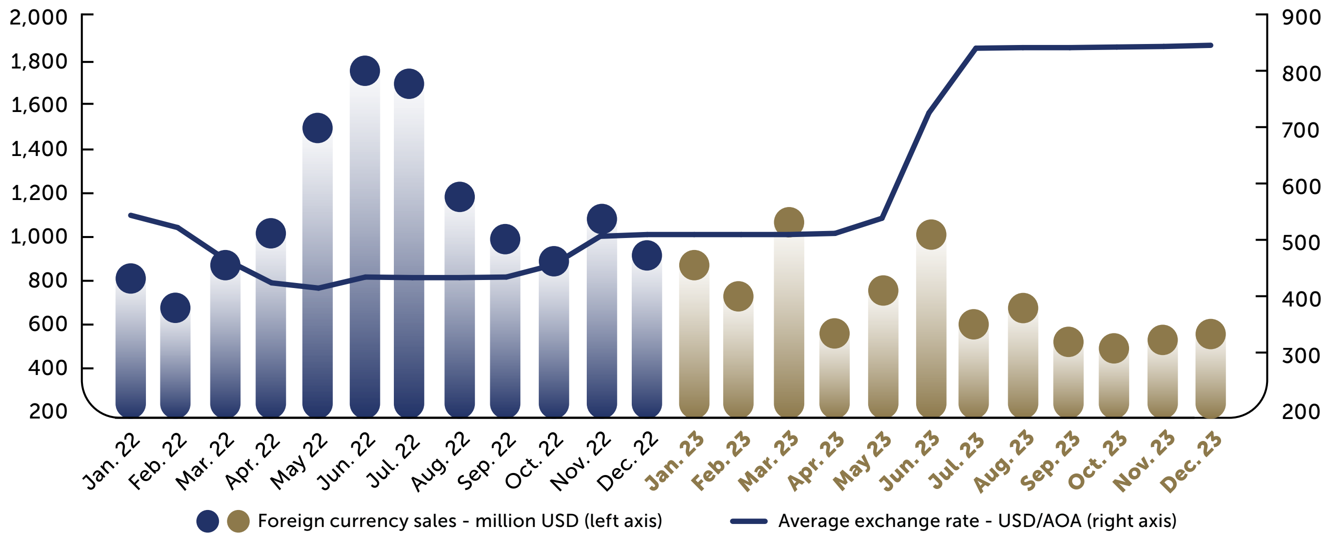
Although the average price of Angolan oil slightly surpassed the forecasts of the General State Budget (OGE) for 2023, production fell short of expectations due to the significant interventions and maintenance in the main oil blocks. In 2023, average exports of barrels of oil stood at 1.098 million barrels per day, corresponding to a 4% reduction year-on-year, and 7% below that assumed in the General State Budget for 2023. Oil tax revenue received up to October amounted to approximately 9 billion dollars, representing a decline close to 50% compared to the same period of 2022.

At the same time, the upturn of external debt service, which had benefited from a moratorium in 2020, exerted additional pressure on foreign currency liquidity management by the Government. This pressure intensified with the low execution of the external debt plan, as the Government considered that the associated costs would prove to be prohibitive to the sustainability of public finance.

As a consequently, a considerable portion of the oil revenues and deposits in foreign currency in the Single Treasury Account, previously the main source of currency in the foreign exchange market, was used to honour commitments to external creditors. The non-allocation of these resources to the foreign exchange market further exacerbated the imbalance between foreign currency demand and supply.

The volume of foreign currency transactions in the market stood at 9,293 million dollars in 2023, representing a decrease of 4,854 million dollars compared to 2022, with a significant part of this reduction having arisen from the lower sales of National Treasury foreign currency, the weight of which fell from 34% to 19%. Consequently, the kwanza experienced a significant depreciation, of approximately 39% and 41%, respectively, in relation to the dollar and euro.

Fx sales and exchange rate



Source: Bloomberg

WEIGHT OF FOREIGN CURRENCY SALES BY PLAYER

Sectors	Jan.-Sep. 2022	Jan.-Sep. 2023
Oil	27%	43%
Diamond	10%	13%
Other sectors	19%	18%
Treasury	34%	19%
BNA	10%	7%

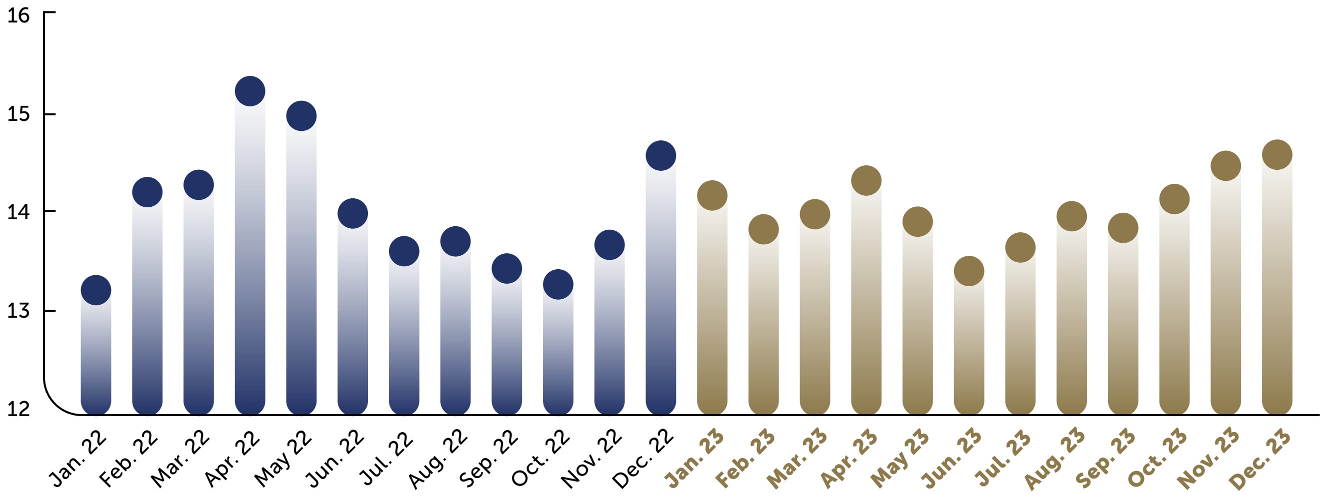
Source: BNA

Following the strong depreciation and observation of dysfunctions in the foreign exchange market, Directive 07/2023 was issued, introducing BMatch command of the Bloomberg FXGO platform which limited the way that oil and diamond sector companies offer foreign currency. Despite softening the exchange rate trajectory, this measure reduced access to foreign currency, due to operational and compliance issues. As a result, the market became less fluid, culminating in a backlog of operations and some sales of the oil companies to BNA.

In addition to this, BNA adopted other measures to contain the exchange rate pressure, such as direct intervention in the market with the sale of more than 400 million dollars at the beginning of June; the provision of securities in foreign currency (322 million dollars), purchased with local currency by the different economic agents; and the strengthening of the requirements for access to the lending facility.

This context was reflected in the evolution of the headings of the balance of payments. Up to the third quarter, the current account surplus recorded a contraction in relation to the same period of the previous year of 73%, explained by the decline of oil exports (-32%). Other relevant headings were the inflows of external disbursements, which contracted by 72%, and outflows for payment of interest and debt repayment which increased, respectively, by 102% and 33%.

International Reserves (billion USD)



Source: BNA

BALANCE OF PAYMENTS

Values in million USD	2022		2023	
	3rd Q	Jan.-Sep.	3rd Q	Jan.-Sep.
Current account				
Goods account	**8,615**	**26,951**	**6,227**	**15,434**
Exports	13,128	39,679	9,804	26,791
Oil sector	12,493	37,746	9,306	25,281
Non-oil sector	635	1,933	498	1,510
Imports	(4,513)	(12,728)	(3,576)	(11,357)
Oil sector	(1,433)	(3,801)	(995)	(2,330)
Non-oil sector	(3,081)	(8,927)	(2,581)	(9,027)
Services	**(3,096)**	**(8,132)**	**(1,637)**	**(5,878)**
Income	**(2,208)**	**(6,560)**	**(1,988)**	**(6,058)**
Capital and financial account	**(2,339)**	**(8,518)**	**(73)**	**(412)**
Total balance	**(515)**	**(83)**	**684**	**379**

Source: BNA

In the sphere of fiscal accounts, the Government embarked on the first phase of the strategy of gradual elimination of subsidised fuel, with a view to full price liberalisation in 2025. At the same time, in order to deal with the increased expenses of financial nature and reduction of oil revenues, some corrective measures were taken by the Government, such as the suspension of public investment projects with an execution rate below 80% and the freezing of non-essential recurring expenses.

This challenging year for the State Treasury implied the positive net issuance of treasury bonds, representing a reversal to what had taken place in 2022. The issuance of short-term securities (treasury bills) stood out due to its significant increase and an execution greatly above that foreseen.

NET PLACEMENT OF TREASURY BONDS

Amounts in billion kwanzas		2022	2023	Change %	Execution Level (Annual Debt Plan 2023)
Treasury bills	Issue	393	1,579	302%	284%
	Redemption	477	905	90%	335%
	Net placement	(84)	674	(905%)	-
Treasury bonds	Issue	1,512	2,041	-	97%
	Redemption	1,854	2,234	20%	99%
	Net placement	(342)	(193)	(44%)	-
Total Issue		**1,905**	**3,619**	**90%**	**136%**
Total Redemption		**2,331**	**3,139**	**35%**	**124%**

Source: BNA

The Government[5] estimates a budget balance deficit of 0.1% of gross domestic product (GDP) in 2023, while the ratio of public debt to GDP may have risen from 69.9% in 2022 to 83.9% in 2023. The cut to fuel subsidies and the depreciation of the foreign exchange rate contributed to the acceleration of inflation. In May, the year-on-year variation of the consumer price index interrupted its downward trend that had been progressively observed, and started on a sharp upswing, shifting from 13.86% at the end of 2022 to 20.01% in December 2023.

Consequently, from July onwards, BNA adopted decisions that reflect a more contractionary monetary policy, with emphasis on the increase of the marginal lending facility (overnight) and the local currency reserve requirement coefficient, and elimination of the custodial fees on surplus reserves.

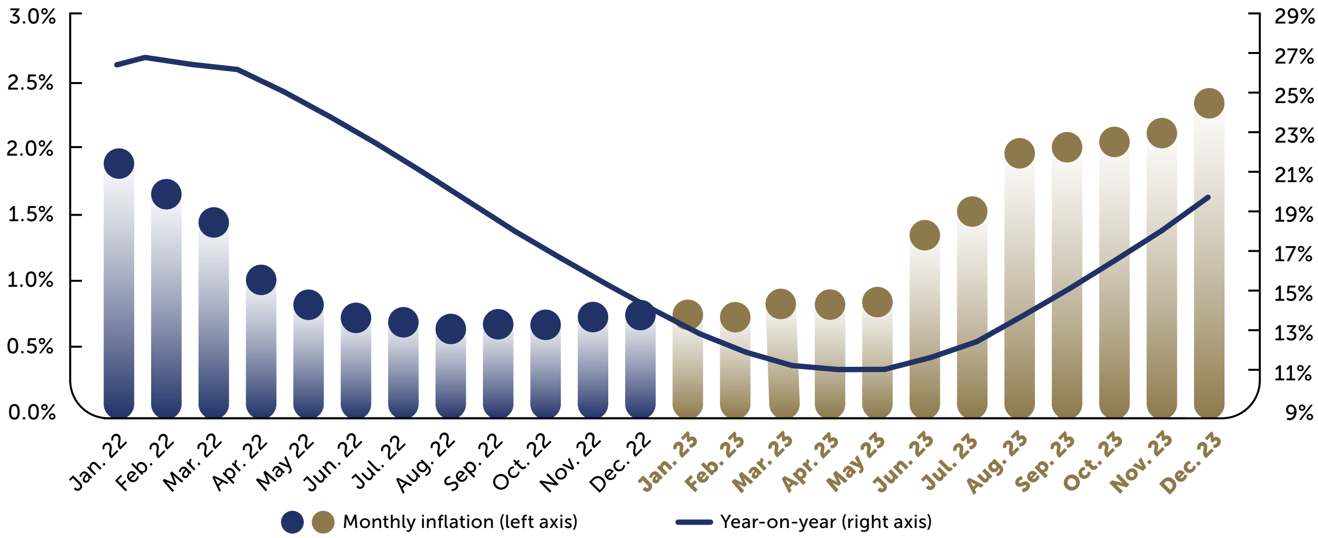
BNA REFERENCE RATES

Annual	2022	2023			
		Jan. 23	Mar. 23	Jul. 23	Nov. 23
BNA rate	19.5%	18.0%	17.0%	17.0%	18.0%
Deposit facility	21%	18%	17%	17.5%	18.5%
Marginal lending facility	15%	14%	13.5%	13.5%	17.5%
Local currency reserve requirement coefficient	**17%**	**17%**	**17%**	**17%**	**18%**

Source: BNA

Economic growth stood at 0.6%, for the first nine months of the year as a whole, with the contraction of the oil sector (-3.9%) offsetting the growth observed in the non-oil economy (2.3%). Despite the greater optimism shown by some institutions, the last three months of 2023 may have embodied a slowdown for non-oil GDP, due to the intense depreciation of the currency, the less fluid foreign exchange market, the acceleration of inflation and the public expenditure cut.

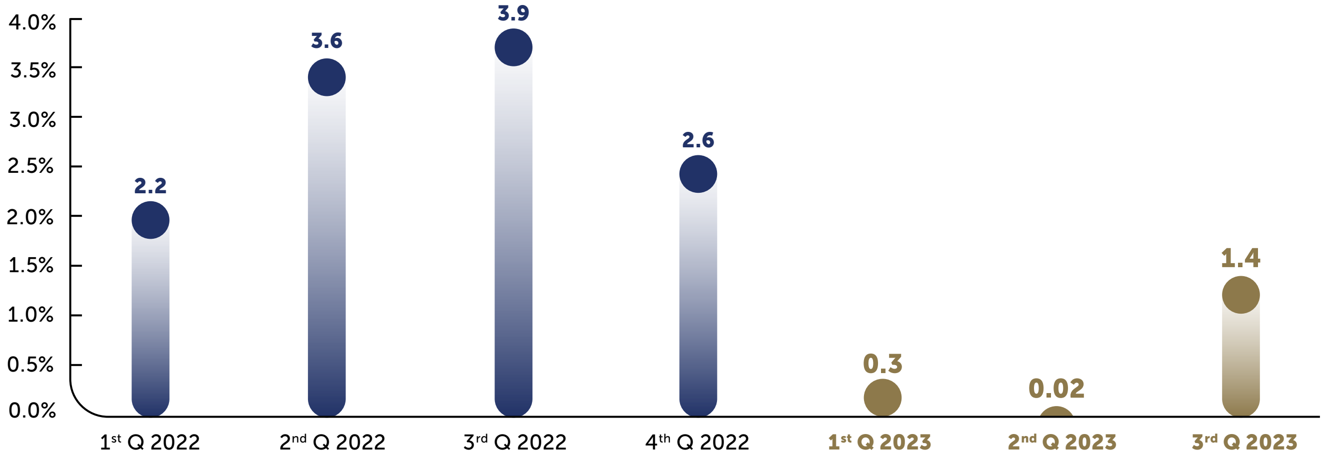
Evolution of National Inflation



Source: INE

5. Outlooks taken from the macrofiscal programming presented in the draft substantiation report of the General State Budget for 2024.

Quarterly GDP growth year-on-year (%)



Source: INE

Notwithstanding this scenario, the international rating agencies did not make significant adjustments to Angola's credit rating. In June, Fitch Ratings downgraded the outlook of the rating of the country's long-term debt from 'positive' to 'stable', maintaining the rating at 'B-'. In turn, Moody's Investors Service preserved its evaluation at 'B3', with an outlook reaffirmed as 'positive'. Likewise, Standard & Poor's maintained Angola's rating at 'B-' with a 'stable' outlook.

RATING OF ANGOLA

Agency	Rating	Outlook	Last change	Last action
Fitch	B-	Stable	23-Jun.-23	15-Dec.-23
Moody's	B3	Positive	20-Oct.-22	30-Oct.-23
Standard & Poor's	B-	Stable	04-Feb.-22	18-Aug.-23

Source: Bloomberg

For 2024, the General State Budget presents a scenario with some notable differences in relation to 2023. The expectations point to an acceleration of growth to 2.8% based on the non-oil activity, a slowdown of inflation to 15.6% as a result of the alleviation of value added tax (VAT) especially on foodstuffs, notwithstanding the expected continuity of the process of gradual withdrawal of fuel subsidies.

The performance of the fiscal accounts shows a levelling of the budget balance and positive net external funding of 638.4 million kwanzas are expected, a contrast to the debt reduction of 1,550 million kwanzas estimated for 2023. Despite the 75% increase of external debt repayments, the General State Budget for 2024 plans to meet this based on external funding, contrary to the conduct revealed in 2023 which involved the use of oil revenues and cash balances in foreign currency at the Single Treasury Account (CUT-ME), which could be positive for the foreign exchange market.

3.2.1. Highlights of the relevant legislation for the banking sector in 2023

Scope	Date	Instrument	Description
Exchange rate policy	12-01-2023	Instruction no. 02/2023	Elimination of the obligation for banks to maintain an independent foreign exchange control function.
	09-02-2023	Notice no. 02/2023	(i) Authorisation for foreign investors to be able to deposit their export revenues of the mining sector abroad; (ii) Authorisation for payments using own funds in foreign currency of purchase and sale transactions in the domestic market of minerals and products of mineral origin.
	09-03-2023	Notice no. 03/2023	(i) Exemption from BNA licensing for foreign exchange transactions ordered by natural persons; (ii) Excluding transfers, exemption from limits for foreign exchange transactions made with other payment instruments; (iii) Obligation of expatriates with employment contracts of more than 1 year to open an account in a bank in Angola for transfer of their income.
	26-06-2023	Directive no. 07-2023	Introduction of the BMatch module in procedures for sale of foreign currency by companies of the oil and diamond sector, which imposes the placement of the offer of foreign currency in the same space.
	14-12-2023	Notice no. 13/2023	Inclusion of individual customers in forward exchange rate transactions between commercial banks and their customers.
Monetary policy	23-01-2023	Directive no. 02/DME /2023	Reduction of the BNA rate from 19.5% to 18%, and of the marginal lending facility (FCO) from 21% to 18%.
	29-03-2023	Directive no. 05/DME/2023	Reduction of the BNA and marginal lending facility rates from 18% to 17%, and of the deposit facility (FCL) from 14% to 13.5%.
	28-11-2023	Directive no. 12/2023	i) Increase of the local currency reserve requirement coefficient from 17% to 18%; ii) Adjustment of the reserve requirements, shifting from the current weekly basis to a fortnightly average; iii) permission to exceed the reserve requirement limits without effect of the custodial fees; iv) permission for the daily demobilisation of balances by banks up to the limit of 20%.
	30-03-2023	Directive no. 05/2023	Reduction of the BNA rate from 18% to 17%, of the marginal lending facility (FCO) from 17%, and of the deposit facility to 13.5%.
	21-07-2023	Directive no. 08/2023	Increase of the marginal lending facility interest rate to 17.50%.
	24-07-2023	Instruction no. 08/2023	Adjustment of the custodial fee applicable to free reserves of banks at BNA. (Unification of the rate and definition of only 2 brackets).
	24-11-2023	Directive no. 24/11/2023	Increase of the BNA rate from 17% to 18%, the marginal lending facility interest rate from 17.5% to 18.5%, and of the deposit facility interest rate from 13.5% to 17.5%.
	28-11-2023	Instruction no. 16/2023	Elimination of the custodial fee of 0.1% on excess liquidity above 4 billion kwanzas of free reserves at banking financial institutions, deposited at the central bank.
Credit measures	17-03-2023	Circular Letter no. 03/2023	Inclusion of the textile sector's value chain in the funding target sectors under Notice No. 10, on granting loans to the real sector of the economy.
	02-08-2023	Circular Letter no. 06/2023	Inclusion of fertilizers, seeds and other chemical and biological inputs for agriculture in Notice No. 10/2022, on loans to the real economy.
Financial system	04-12-2023	Notice no. 12 /2023	Change of the annual minimum frequency of the external audit to half-yearly, pursuant to the provisions in Article 6(2) of Notice No. 05/19 of 30 August, on the Process of Accounting Standardisation and Harmonisation of the Banking Sector.
	11-07-2023	Circular Letter no. 05/2023	Disclosure of the Financial Action Task Force (FATF) measures, especially the changes of the list of jurisdictions which now includes the Republic of the Union of Myanmar. BNA recommends the adoption of reinforced due diligence measures in all relations that involve the Republic of the Union of Myanmar and the non-use of third parties located in the jurisdictions referred to above.
	09-08-2023	Instruction no. 11/2023	Adjustment of the requirements for the calculation of Regulatory Capital for credit risk and counterparty credit risk. The aim was also to ensure alignment with Instruction No. 09/2023 on major risks.
	09-08-2023	Instruction no. 10/2023	Obligation to report to BNA the information on the calculation of Prudential Requirements and holdings in non-financial companies with exceptions for: (i) Exposures to the Government expressed in foreign currency which are exempt up to 31 December 2023; (ii) 100% weighting of exposures to the Government expressed in foreign currency from 1 January 2027, under the following terms: i) 50% up to 31 December 2024, ii) 75% up to 31 December 2025 and iii) 85% up to 31 December 2026.
	28-08-2023	Notice no. 10/2023	Reduction of limits and strengthening of criteria for providing for the granting of loans by BNA to Banking Financial Institutions.

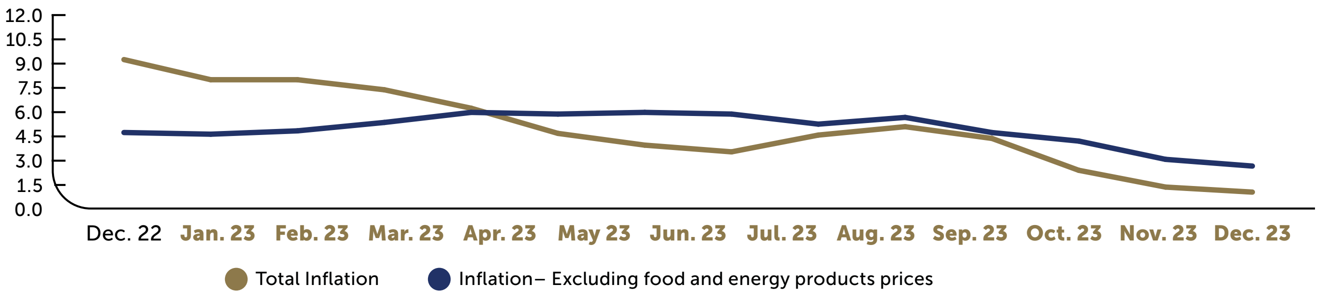
Source: BNA

3.3. Economy of Portugal

For the first three quarters of the year as a whole, the Portuguese economy grew by 2.4% in relation to the same period of the previous year. This growth is primarily due to the contribution of net external demand (3.4%), more specifically the contribution of the export of services (+14%), and particularly the services related to tourism[6].

Domestic demand also gave a positive contribution to GDP growth, in growing by 0.8% year-on-year. Consumption by households and public administrations experienced growth rates, year-on-year, of 1.1% and 0.9%, respectively, which offset the 0.3% contraction recorded in investment. Despite the adverse impact of inflation and the increased loan instalments indexed to Euribor rates, household consumption benefited from the nominal salary adjustment, the use of accumulated savings and a resilient labour market[7].

Year-on-year variation of the HICP (%)



Source: INE Portugal

Inflation figures indicate that the variation of the HICP in Portugal was 1.9% in 2023, corresponding to a considerable reduction compared to the peak recorded in 2022, largely explained by the significant drop in energy prices, attributable to the base effect, the adoption of the Zero VAT policy in May, which exempted 46 categories of essential food products, triggering a temporary correction in the price of non-processed foods.

In the public accounts, the budget balance, ascertained by the National Institute of Statistics (INE) in the perspective of national accounts, revealed a surplus close to 6.6 billion euros up to September. This surplus is equivalent to 3.3% of GDP, a figure 0.7 percentage points (p.p.) higher than that recorded in the same period of the previous year. This evolution is the result of the combination of the increased total revenue (9.3%) and slower growth of expenditure (7.2%).

Public debt also evolved in a positive manner. In November 2023, public debt, according to the Maastricht perspective, reached 267.9 billion euros, representing a nominal contraction of 1.9% in relation to the same period of the previous year. The State Budget for 2024 foresees that the ratio of public debt to GDP should close the year at 103%, with this deleveraging process being explained by the forecast primary balance being higher than the expenses with interest, combined with economic growth and inflation.

PUBLIC SECTOR REVENUES AND EXPENSES (CUMULATIVE VALUES UP TO THE 3RD QUARTER)

Description	2022		2023		Change (%)
	Million euros	% GDP	Million euros	% GDP	
Total revenue	**77,418.5**	**43.2**	**84,570.1**	**42.9**	**9.3%**
Current revenue	76,661.6	42.8	82,985.7	42.1	8.3%
Capital revenue	756.9	0.4	1,584.4	0.8	109.3%
Total expenditure	**72,749.9**	**40.7**	**77,975.8**	**39.6**	**7.2%**
Current expenditure	68,345.4	38.2	72,551.3	36.8	6.2%
Capital expenditure	4,404.5	2.5	5,424.5	2.8	23.2%
Current balance	**8,316.2**	**4.6**	**10,434.4**	**5.3**	**-**
Total balance	**4,668.6**	**2.6**	**6,594.3**	**3.3**	**-**

Source: INE of Portugal

6. According to the Economic Bulletin of December, Banco de Portugal estimated GDP growth of 2.1% in 2023, and forecasts a slowdown to 1.2% in 2024. This revision reflects a less intense contribution of internal demand, affected by the deterioration of the financing conditions and a more restrictive monetary policy. In the labour market, the projections point to an almost stagnation employment creation, and a slight increase of the unemployment rate to 7.2% in 2024. However, inflation should show temporarily higher figures throughout 2024, as a result of the temporary effects on energy and food prices, converging to 2% in 2025.
7. However, it is important to note that although the unemployment rate is at low levels, 6.7% in October, it increased by 0.6 percentage points in relation to 2022.

The solid performance in public finance and economic growth had a positive impact on the assessment of the three rating agencies as to the rating and outlook of long-term Portuguese debt. In July, DBRS upgraded the rating of long-term debt from 'A (low)' to 'A', keeping the outlook as 'stable'. In September, Standard & Poor's maintained the rating at 'BBB+', modifying the outlook from 'stable' to 'positive', while Fitch upgraded the rating of long-term debt to 'A-', with a 'stable' outlook. Moody's, after having disclosed a 'positive' outlook in the first evaluation made in the year, upgraded it to 'A3' with a 'stable' outlook' in the November evaluation.

In the Portuguese banking sector, the performance and solidity indicators relative to the first three quarters of 2023 pointed to improvements in various dimensions. Compared to the same period of the previous year, the following points stand out in particular: (i) improvement of the return on equity (ROE) and return on assets (ROA) to 14.6% and 1.25%, respectively, to a large extent reflecting the positive impact of interbank interest rates on net interest income; (ii) Reduction of the cost-to-income ratio by 12.7 percentage points to 37.2%; (iii) continued decrease of the non-productive loan ratio, before and after impairment, to 2.9% and 1.3%, respectively; (iv) decrease of the loan-to-deposit ratio to 79.1%, considerably below the regulatory threshold; and (v) maintenance of robust solvency levels for the sector, with total own funds and tier 1 capital standing at 18.9% and 16.4%, respectively.

3.4. Economy of Cape Verde

The growth of the Cape Verdean economy slowed down in 2023 to 4.7% for the first three quarters of the year as a whole. This evolution compares with the growth of 17.1% recorded for the entire year of 2022, according to the country's National Institute of Statistics (INE). Although the growth of private consumption (9.22%) and export of services (13.6%) were the main drivers of growth, these items decelerated by 21 and 133 percentage points, respectively, in relation to the same period of the previous year.

GDP GROWTH (%)

Activity sector	2022	2023			
		1st Q	2nd Q	3rd Q	Cumulated
Transport and storage	44.6	22.8	14.4	(2.8)	9.8
Trade and repair	33.4	4.5	(6.5)	(6.2)	(3.1)
Real estate activities	2.6	5.2	6.5	6.6	6.1
Financial and insurance activities	4.8	(3.9)	5.6	4.5	2.1
Accommodation and restaurants	261.3	29.1	9.7	17.8	19.0
Construction	4.4	(11.6)	(12.8)	(31.3)	(19.0)
Manufacturing industries	3.7	17.6	14.1	11.3	14.2
Business service activities	52.9	51.2	17.2	46.2	37.9
Agriculture, livestock and forestry	(8.9)	(5.8)	(19.5)	10.9	(5.2)
Other	-	-	-	-	-
GDP	**17.10%**	**8.4%**	**3.4%**	**2.7%**	**4.7%**

Source: INE Cape Verde

Although inflation remained at high levels throughout the most part of 2023, a reversal of the upward trend of 2022 has been observed, with a progressively decelerating trajectory. In 2023, inflation year-on-year stood at 1.3%, while average inflation reached 3.7%, compared to the respective records of 8% and 7.7% of the previous year. This inflationary deceleration was, to a large extent, due to the reduction of the price of imported goods, particularly energy and food commodities.

Despite the slowdown of inflation, the central bank raised the key reference rates, namely the basic rate, the marginal lending facility and deposit facility to 1.25%, 1.5% and 0.70%, respectively, with a view to reducing the interest rate differential comparatively to the ECB and ensure the sustainability of the euro-linked exchange rate regime.

Concerning external accounts, it is important to highlight that, up to September, the current balance deficit had increased by 68% in relation to the same period of the previous year, reaching 10,282 million Cape Verdean escudos. This deterioration of the current account was due to the 19% growth in the goods account deficit, the 70% increase in the transfer of expatriate direct investment income and the 34% increase in the payment of interest on external public debt.

BALANCE OF PAYMENTS

Values in million CVE	2022		2023	
	3rd Q	Jan.-Sep.	3rd Q	Jan.-Sep.
Current balance				
Goods	**(22,752)**	**(58,260)**	**(28,273)**	**(69,187)**
Exports	8,415	23,105	4,661	19,099
Imports	31,167	81,365	32,934	88,286
Services	**9,442**	**23,541**	**10,732**	**29,803**
Income	**10,496**	**28,601**	**10,155**	**29,102**
Capital and financial	**3,592**	**(492)**	**(3,282)**	**(6,878)**
Total balance	**(9,665)**	**(6,443)**	**(5,896)**	**(15,650)**

Source: Cape Verde Central Bank

Despite the adverse evolution of the balance of payments, up to November 2023, the country's net international reserves evolved in a favourable manner, having increased by approximately 12.8% year-on-year, reaching 70,614 million Cape Verdean escudos. This value could be sufficient to cover more than 5.8 months of imports of goods and services, according to Banco de Cape Verde projections.

The available data published by the Ministry of Finance points to an improvement in the public accounts of Cape Verde. Up to September, a surplus balance was recorded of 2,563.6 million Cape Verdean escudos, corresponding to a considerable improvement compared to the deficit of 6,279.5 million Cape Verdean escudos recorded in the same period of the previous year. The expressive increase in the revenue headings offset the minor increase in fiscal expenditure.

The stock of State debt, including the capital-raising income securities (TRMC), stood at 310.3 billion Cape Verdean escudos at the end of September, estimated to represent 122% of the GDP projected by Banco de Cape Verde for 2023.

In the evaluation of long-term sovereign debt, despite the maintenance of the rating at levels considered highly speculative, Fitch revised its outlook from 'stable' to 'positive'. In the meantime, the rating was kept at 'B-', reflecting the vulnerabilities of the Cape Verden economy, including the high level of public debt, the considerable contingent liabilities of State companies and strong dependence on the tourism sector.

Data relative to the resilience of the banking sector were demonstrated to be positive, notwithstanding some risks identified by Banco de Cape Verde. Up to September 2023, several key indicators show: (i) sound levels of capitalisation and liquidity of the system, with the regulatory solvency ratio standing at 21.78%, comfortably above the regulatory minimum of 12%; (ii) minor increase of the non-performing loan ratio to 9.19%, even so above the average of small island economies; (iii) minor variations of ROA and ROE to 1.33% and 11.18%, respectively; and (iv) increased cost-to-income by 1.97 p.p.to 46.2%.

BANKING SYSTEM SOLIDITY INDICATORS

Indicators	Sep. 2022	Sep. 2023
Solvency ratio	21.92%	21.78%
Non-performing loan ratio	8.91%	9.19%
Return on assets (ROA) – Before tax	1.29%	1.33%
Return on equity (ROE) – After tax	11.25%	11.18%
Cost-to-income	44.21%	46.18%

Source: Cape Verde Central Bank

3.5. Economy of São Tomé e Príncipe

The economy of São Tomé e Príncipe in 2023 was marked by a challenging political and social scenario and difficulties in the fiscal sector, in particular the delayed implementation of the State Budget for 2023 by almost 6 months, the non-fulfilment of an IMF support programme which was expected for 2023, as well as several events of political instability. Recent Government data estimate that GDP should have recorded a contraction of 0.3% in 2023, compared to the growth of 0.1% in 2022.

The current economic context has reflected a whiplash of factors from previous years, such as the exacerbation of socioeconomic vulnerabilities with Covid-19, persistent energy shortages, mudslides at the end of 2021 and in early 2022, and effects of the strong rise in prices of food products and fuel at a worldwide level up to 2022.

In 2023, the World Bank provided the country with 15 million dollars under Development Policy Financing operation aimed at budget support. Furthermore, the introduction of value added tax (VAT) in June 2023 and the recording of external grant disbursements may have supported the budget balance. On the expenditure side, it is estimated that there has been greater control due to an anticipated budgetary adjustment under an IMF programme to be launched.

It should be noted that following the visit of an IMF mission to the country, in March 2023, the conversations for the start-up of the new programme advanced, but remained pending approval by the IMF. Among the main messages issued at the end of the visit, is the need to put an end to the monetary financing of the budget and the adoption of a more restrictive monetary policy to contain the persistently high inflation which reached historical peaks above 25% in 2022.

Up to November 2023, inflation year-on-year dropped to 16.6% in line with the worldwide trend of deflation. However, this inflation level is still high, also as a reflex of the fuel price adjustments occurred in February and May 2023, leading the country's central bank to leave its reference rates unchanged.

In the banking sector, the solidity indicators up to September 2023 indicated: (i) a solvency ratio of 34.7%, above that observed in the same period of the previous year; (ii) a minor reduction of the non-performing loan ratio to 10.6%; (iii) a reduction of the cost-to-income ratio to 65%; and (iv) a minor increase of the profitability ratios.

BANKING SYSTEM SOLIDITY INDICATORS

Indicators	Sep 2022	Sep 2023
Solvency	32.7%	34.7%
Non-performing loan (NPL) ratio	11.4%	10.6%
(NPL – Provision for NPL)/Own funds	5.0%	5.0%
Return on assets (ROA) – Before tax	1.9%	2.2%
Return on equity (ROE) – After tax	8.4%	8.8%
Cost-to-income	67.0%	65.0%

Source: São Tomé e Príncipe Central Bank

For 2024 and 2025, the IMF expects an acceleration of growth from 2.4% and 3.1%, respectively, underpinned by the expectation of a higher number of tourists, a strengthening of the agricultural sector and the expansion of infrastructure development projects. However, if there is a low availability of external funding and the emergence of global events linked to the climate or supply chain disruptions, this may once again affect the country.

4

Activity and results

Focused on bringing to life the projects of individuals, families and companies

Changing Lives since 1996

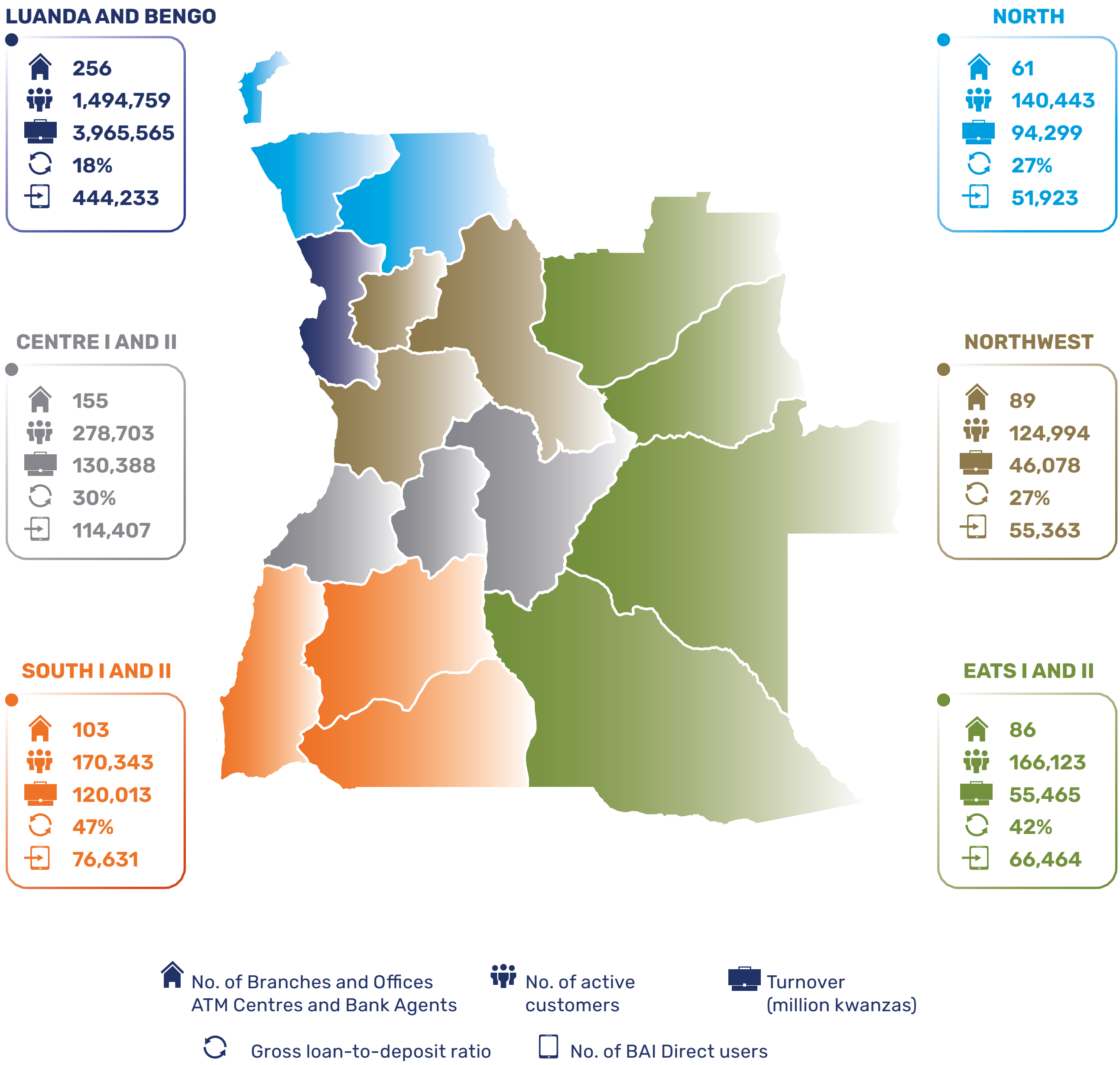
4. Activity and results

4.1. Geographical presence in Angola

BAI is a reference in the Angolan market, acknowledged by international independent entities, such as Euromoney and Global Finance, which distinguished the Bank as "Best Bank in Angola" in 2023.

Aimed at offering the best banking experience in Angola, BAI has endeavoured to evolve with a view to meeting the needs of its customer and ensuring close relations with them, through the review of its offer of products and services and its network of channels, both face-to-face and remotely.

With a network of 157 branches and offices, and 22 ATM Centres, in addition to 571 bank agents, BAI is present in the 18 provinces of Angola, through a total of 750 points of sale at the end of 2023.



4.2. Business segments

The Bank aims to differentiate itself in terms of the offer and service provided to its customers. The capability of innovation, differentiation, specific knowledge of customer needs and, with this, foster relations of trust and proximity are decisive variable for successful business activity.

Seeking to materialise an approach more in line with this aspiration, the Bank completed a review of its segmentation model in 2023, in particular at the level of corporate banking. Focus was given to the structuring of a service model aimed at providing a more suitable offer to each business segment, the definition of the preferred channels for positioning that offer, the customer service model most in line with each customer profile, as well as the definition of an organisational structure supporting that approach.

BAI is positioned as a retail bank that provides universal banking services, serving the different customer segments, including individual customers of the mass market, affluent, sole proprietorship, employee and premium segments as well as business customers, namely large companies, institutions, and micro, small and medium-sized enterprises.

In this context, BAI offers a wide range of banking products and services, which include demand accounts, means of payment, saving and investment products, private banking, asset and pension fund management, mortgage, car and personal loans, treasury and investment support solutions, commercial banking and insurance, among others.

With a view to strengthening the Vision to “Offer the best banking experience in Angola”, in 2023, BAI also proceeded with simplification in the contracting of various products and the revision of various fees and contractual conditions, thus making its offer more attractive and suited to the needs of its customers.

The commitment to identifying the customers’ priority needs, with the development of new products and solutions, the optimisation of operative platforms and simplification of processes that strengthen the Bank’s efficiency are vectors of action that BAI will continue to prioritise in 2024.

Corporate banking

The Commercial Department of Companies (DCE) is responsible for enhancing the commercial dynamics of the segment of medium-sized and large companies and institutional customers.

Considering the specificities of certain activity sectors, business portfolios have been developed which, in coordination with the Commercial Department of Companies, are responsible for the relationship, follow-up and stimulation of these companies:

Business Portfolio of Institutional Customers

The activity of the segment of institutional customers is a new relationship concept, initiated in the former Institutional and International Relations Office (GRII), created in June 2022 under the business portfolio of institutional customers (PdN CI).

The business portfolio of institutional customers operates with a customer service structure specially developed to offer a direct, close and personal relationship with the bank's institutional customers, based on a dedicated structure to provide customer service to:

- Pension Funds and Private Vaults;
- Insurance and Reinsurance Companies;
- Ministries, Governments and Provincials;
- Government Public Welfare Agencies and Institutes;
- Chambers of Commerce and Industry and Embassies;
- Securities Distributors (DTVM);
- Sovereign Bodies and Municipalities;
- Confederations, Federations and Associations.

Business Portfolio of Mineral Resources

The business portfolio of mineral resources (PdN RM), created in January 2022, aims to meet the needs of the mining industry, by offering solutions that match the customers' financial needs. This segment, which already has a portfolio of 299 customers, has directed its focus on the development of a commercial action plan, underpinned by the strategic study of the mineral resources sector.

The year of 2023 was challenging for the sector in the foreign exchange component, with a negative impact on the maintenance of relations with the sector's companies.

Business Portfolio of Oil & Gas

The business portfolio of oil & gas (PdN PG), created in November 2022, primarily aims to establish solid and trustworthy relations with operating companies and partners of the oil sector, aggregating value for the Bank's growth.

This Department was restructured in 2023, with a view to improving the banking experience of its customers, whose needs and requirements are growing, and in order to accompany the evolution of the national and international market, while at the same time ensuring a greater specialisation of its human capital. The Commercial Department of Companies and the business portfolios thus sustained continuous adaptation to the new operational models of the country's current economic scenario, aimed at ensuring the maintenance of the relationships with their customers, conveying fundamental values such as trust, responsibility and efficiency.

The approach of the Commercial Department of Companies has an impact at a national level, through its 7 customer service centres dedicated to the segment located in Luanda.

In the context of the commercial dynamics, diverse activities were pursued in 2023, such as the holding of meetings to strengthen commercial relations with customers, the formalisation of commercial protocols, participation in fairs, workshops and conferences, at a national and international level, restructuring of products and services according to each sector's needs, stimulation of the offer and digital channels, with a view to ensuring:

- **Innovation of the offer**
- **Use of digital channels**
- **Operational efficiency**
- **Review of the customer service model**

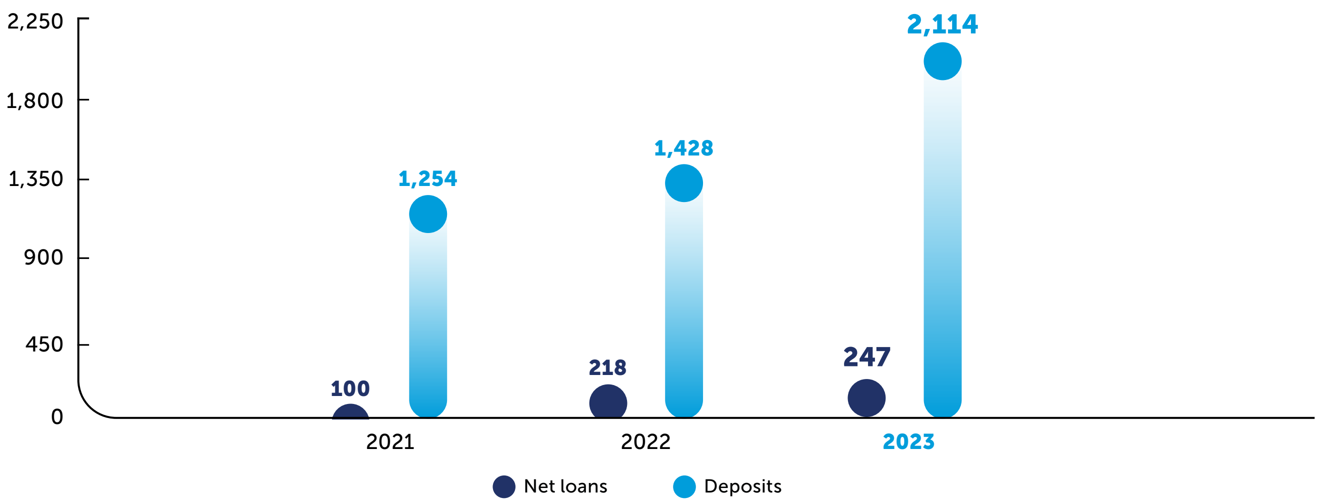
The Bank formalised various commercial protocols in 2023, aimed at maximising its impact on the real economy. On the issue, we highlight the increased loans granted to companies via products related to "Loans granted to the Real Sector of the Economy" (created under BNA Notice No. 10/22) and "2024 Agricultural Year Loans", aimed at boosting farmers and other producers operating in the sector, with conditions to invest in the following agricultural year and who need extra support to ensure the production and marketing of grains and cereals, as well as the promotion of company treasury reinforcement products (liquidity advances).

Corporate banking results...

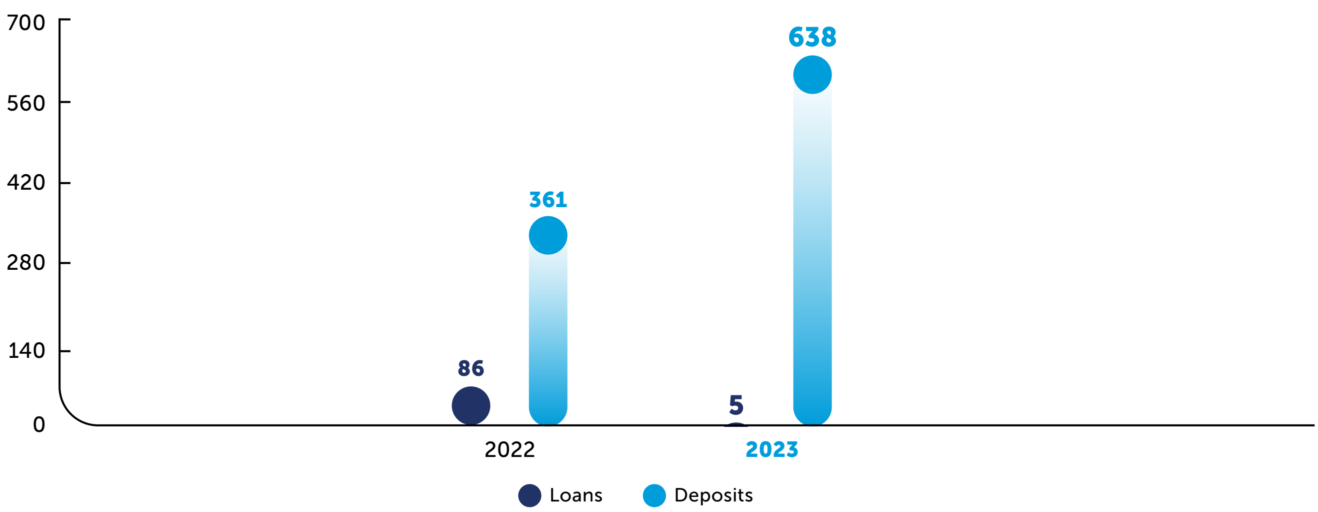
The Commercial Department of Companies closed the year with a stock of **corporate customers** numbering **3,205**, of which 288 correspond to customers captured by and received from the Individuals and Business Department (DPN).

The commercial work and fostering of customer loyalty throughout the year resulted in the concentration of **turnover** of **2,361 billion kwanzas**, representing an increase of 43% in relation to December 2022.

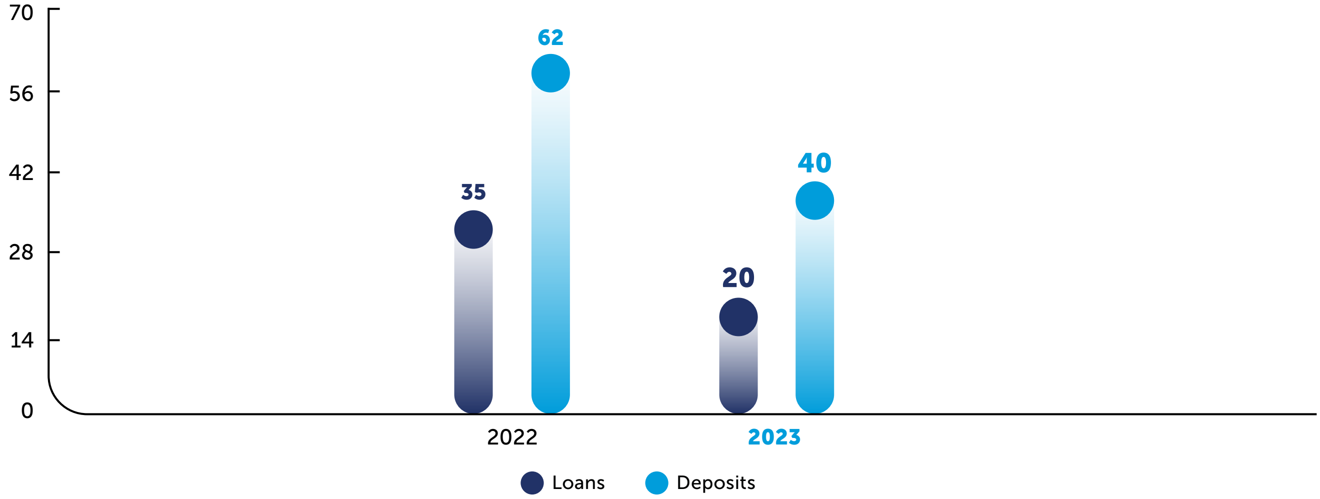
Turnover (billion kwanzas)



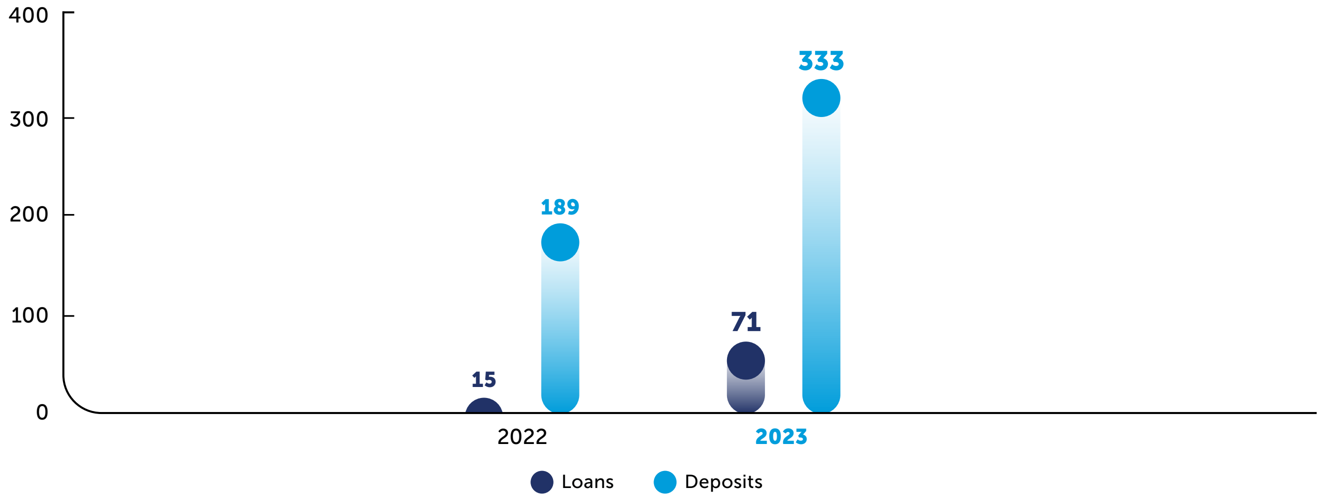
BP IC turnover (billion kwanzas)



BP MR turnover (billion kwanzas)



BP O&G turnover (billion kwanzas)



Retail banking

BAI's retail banking activity is pursued through the Individuals and Business Department (DPN), with a presence in the eighteen provinces of Angola. The Department is responsible for monitoring the segments of individuals (except for the premium segment) and the segments of micro and small enterprises.

The Individuals and Business Department has at its disposal a network of 135 branches and 12 customer services centres, in addition to more than 500 bank agents, in which the network expansion policy was focused in 2023, and remote channels, namely BAI Directo, which is another strong focal point of BAI.

With a view to being closer to its customers and placing efficiency at the centre of the operation, thus ensuring a better banking experience, the Individuals and Business Department was restructured in January 2023, and now has 10 commercial departments in Luanda and Bengo, out of a total of 18 departments nationwide.

In 2023, the Individuals and Business Department was strongly dedicated to expanding the bank agent network to all the municipalities of Angola, bringing the banking services closer to the population and increasing their participation in the banking system, in compliance with the requirements defined in BNA Notice No. 18/2022.

The Bank aspires to keep to the focus on the development of its bank agent network, on strengthening its capillarity and the density of the offer of these agents.

In the context of the dissemination of the BAI brand in these segments, the Individuals and Business Department was present at business fairs and gastronomic, cultural and sports events, and fostered proximity among the academic sector and the financial inclusion of the different brackets of society through directed commercial actions, in particular the campaigns to raise awareness on financial inclusion and aimed at massification of sales via automated payment machines (electronic funds transfer at point of sale or POS) in various markets.

The customer loyalty actions, embodied in the establishment of protocols with large and medium-sized companies and government institutions, as well as in the expansion of proximity levels, enabled us to improve the customers' banking experiences, reflected in the increase of the deposit portfolio and consequently in the offer of more competitive financial solutions.

In terms of the offer of products and services, in 2023, the Bank strengthened the offer in the mass market segment through the redesign and development of various credit products.

Furthermore, there was also a strengthening of the available products contracted through BAI Directo, where it is noteworthy that it is now possible to carry out transactions in foreign currency.

In this regard, a campaign was launched to increase the credit ceiling of the product "Adianta Já" [Advance Now] to 50,000 kwanzas, which enabled BAI customers, especially in the mass market segment to strengthen their financial capacity, which is particularly important in the challenging economic context experienced in 2023.

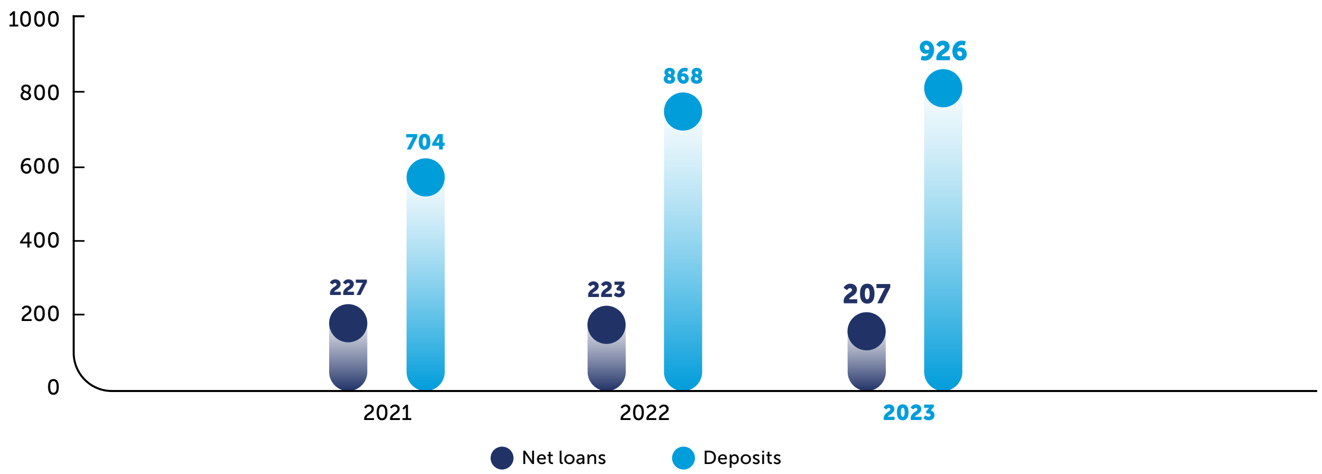
Campaigns were also promoted directed at specific sub-segments, namely Pensioner customers and Young customers. In this way, the Bank aimed, once again, to reinforce its support to fringes and segments of the population with specific needs that are rather neglected by the market.

Retail banking results...

Retail banking currently has **2,015,528 customers**, corresponding to an increase of 18% year-on-year. Of these, 14% are registered customers and 13% active digital customers.

Turnover amounted to **1,133 billion kwanzas** (27% of the Bank's total amount), representing 4% growth in relation to 2022, explained by the increase of deposit portfolios by 7 percentage points.

Turnover (billion kwanzas)



Private banking

The premium segment is handled by the Premium Service Office (GSP). The purpose of this Office is to provide a personalised approach, associated with its experience, diversification and active participation in the structuring of the offer of services that aggregate value in the relationship established with the customers and business partners. The premium managers are highly qualified, ready to respond to the specific needs and requirements of this segment.

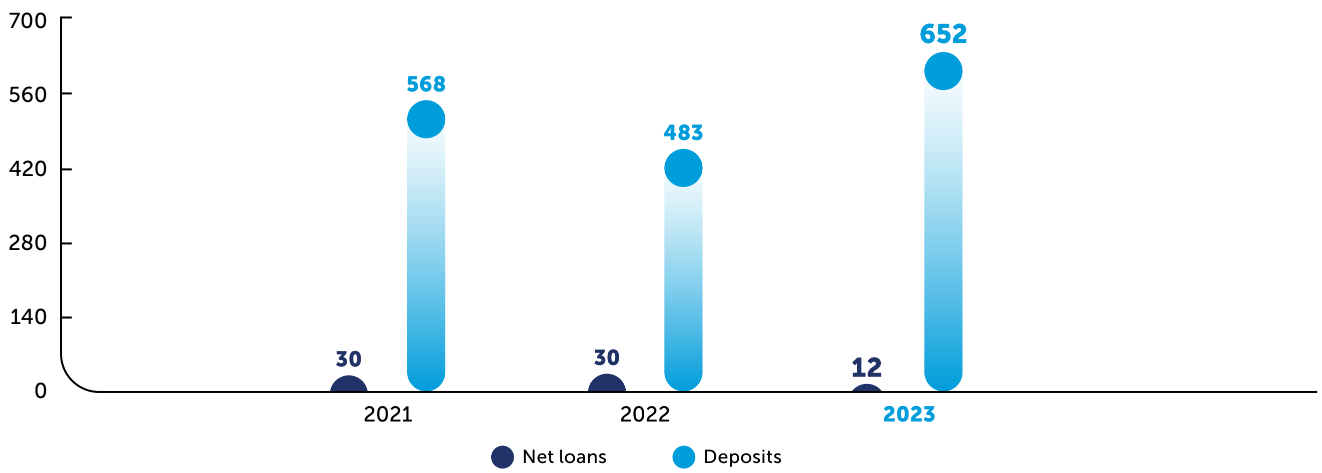
In order to provide truly differentiating customer service, enabling assurance of the required privacy, the Premium Service Office has two exclusive customer service spaces, located in Luanda, in addition to the customers' direct contact channels with their managers.

Private banking results...

The Premium Service Office currently has **1,069 customers**, by virtue of the revision of the portfolio of customers allocated to this segment.

Turnover amounted to **664 billion kwanzas**, representing 29% growth in relation to 2022.

Turnover (billion kwanzas)



Trading and sales

The Financial Markets Department (DMF) is the structural unit directly responsible for the management of BAI's financial resources, and operates in the different segments of the financial market.

The goal is to ensure the optimisation of the revenues generated with these assets, through efficient management focused on maximising the relationship between profitability and risk.

In this context, it operates in terms of allocating surplus liquidity, raising funds to cover treasury deficits and in ensuring the profitability of the Bank's portfolio in the capital, foreign exchange and monetary markets, including the management of investments and cash balances at other credit institutions.

For reporting convenience, in the present report, this component also includes all other results of the Bank's other segments, in other words, all the segments not referred to above, in particular with respect to:

- Issuance and management of means of payment;
- Custody services: security and administration of securities on behalf of customers;
- Intermediation related to the retail portfolio: includes banking activity with individuals, sole proprietorships and micro-enterprises, including support to the Bank's commercial departments in the provision of financial services to customers;
- Assembly of operations of greater technical complexity.

In 2023, BAI kept its action focused on a business model based on the generation of net interest income with medium-term impact, in line with the Strategic Plan.

Concerning the main markets, special reference is made to the fact that in 2023 the foreign exchange market was marked, from May onwards, by a reduction of the availability of foreign currency which affected the execution of customer requests for transactions abroad.

On the other hand, regarding the monetary market, BAI took up a prominent position as an active agent and reference in the national financial system.

In relation to the capital market, BAI continued to strengthen its position as market maker in the secondary market of treasury bonds, complemented by its action as a stimulating market agent with an active role of depositary and marketer of a series of funds.

Trading and sales results...

The assets managed by the Financial Markets Department represent approximately **89% of the assets** in 2023, primarily arising from investments in financial assets (43% of BAI's assets).

This activity's contribution to BAI's **operating income** amounted to **410 billion kwanzas.**

4.3. Bancassurance

BAI, in partnership with NOSSA Seguros, offers a complete range of products for individual and asset protection, with the objective of guaranteeing and improving the customers' quality of life.

In the period under review, the Gross Premiums Written reached the value of 6.77 billion kwanzas, indicating an increase of 58% compared to 2021. The business recorded a collection ratio of 100% and renewals accounted for about 59% of the amount carried out in 2023.

Bancassurance continued to show a positive evolution in the sale of insurance, demonstrating that it is an important element for the growth and creation of value for BAI customers and shareholders.

The growth of this offer was driven by the launch of new products and the expansion of the insurance offer on BAI Directo, in particular, car insurance which enables the easy and fast contracting of the NOSSA Seguros product and travel insurance for individuals, where customers are easily able to subscribe to the insurance online for one or more beneficiaries, including the issuance of the policy and payment.

4.4. Means of payment

Payment cards

In 2023, the number of active cards (debit and credit) of the Bank grew by 25% in comparison with the same period of the previous year, amounting to a total of 1,926,105 active cards, among which we highlight the issuance of Multicaixa prepaid cards in the context of the fuel subsidy.

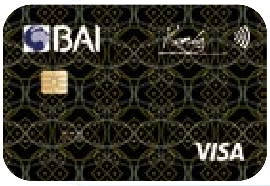
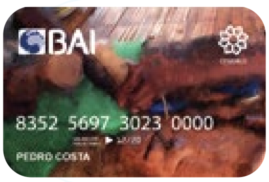
There was also an increase, year-on-year, in both the number of active debit cards and active credit card, by 25% and 9%, respectively.

In order to increase efficiency and meet the needs of the customers, a functionality was provided in 2023 for the batch loading of FLEX cards, enabling their better management and faster loading.

Directed at corporate customers, BAI also launched the Mastercard prepaid card, to meet business needs in terms of training, corporate travel among others, for improved management of company expenses abroad.

The continuous improvement of the customer experience is viewed as a priority by BAI and it was with that goal in mind that the product "Cartão Kamba Virtual" [Virtual Kamba Card] was created. This is a prepaid card of the VISA network issued exclusively through BAI Directo, which can be used by the customer specifically for online international transactions (e-commerce). Special reference is also made to the launch, in 2023, of the Multicaixa prepaid card for the Ministry of Education under the programme of payment of scholarship allowances.

The number of active cards in 2022 and 2023 is presented below:

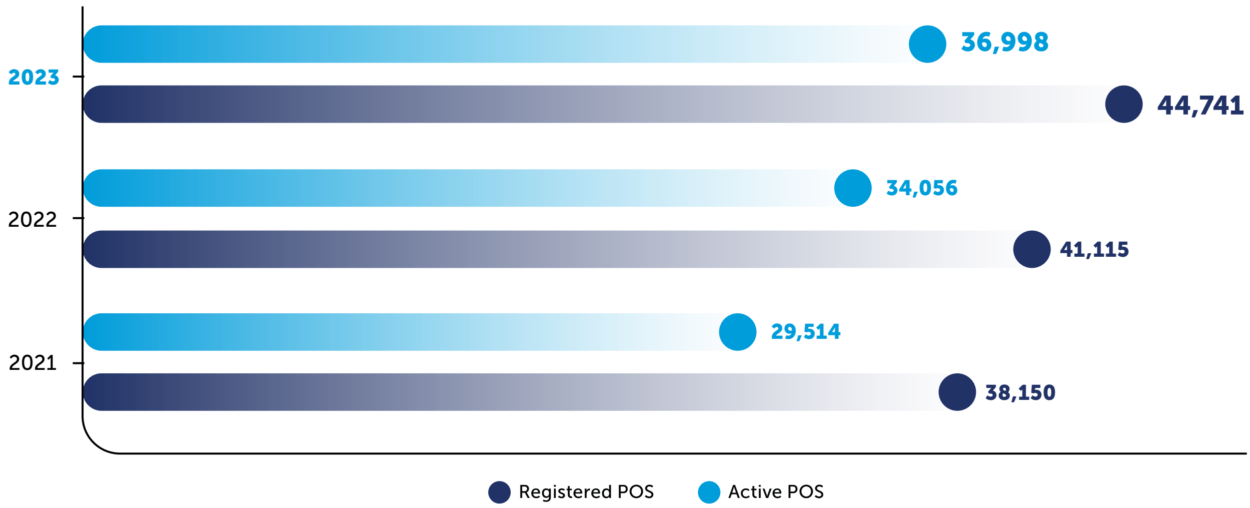
		2022	2023
	Multicaixa debit cards	1,403,319	**1,656,178**
	Kamba prepaid cards	110,229	**199,504**
	Multicaixa prepaid cards	600	**44,588**
	Flex Multicaixa debit cards	11,729	**8,439**
	Mastercard prepaid cards	-	**127**
	Multicaixa credit cards	10,182	**10,380**
	VISA credit cards	5,707	**6,889**

POS – Electronic funds transfer at point of sale

BAI's network of units of automated payment machines (electronic funds transfer at point of sale or POS) reached a total of 36,998 active units, corresponding to a 9% increase in relation to the previous year. In terms of market share, the Bank maintained its leadership with a weight of 27.3%.

It is important to stress that the Bank continued to focus on upgrading the merchant's experience with a view to promoting the operationality of the POS, having made improvements to the process of support to merchants and in the timely resolution of technical malfunctions. On the other hand, the Bank launched a functionality that enables company to request POS units on BAI Directo, via the digital channel, creating a significant increase in the efficiency of the process, and obtain the certification for acceptance of payments without contacting the VISA network (contactless), marking the Bank's pioneer position in obtaining that certification for the service.

Evolution of POS



4.5. Alternative channels

BAI offers its individual and corporate customers a series of channels for distribution of products and services and commercial relations, in addition to the traditional branches, namely BAI Directo (mobile and internet banking), ATM Centres and bank agents, as a result of its strategy of diversification and optimisation of the banking network.

This strategy is accompanied by investment in self-banking adapted to the Angolan reality. In this context, the constitution of ATM Centres enables access 24 hours a day, 7 days a week to customers and non-customers. These spaces include at least one automated deposit machine (MDA) and a series of automated payment machines (electronic funds transfer at point of sale or POS), enabling a wide range of operations, including deposits. In 2023, the Bank installed machines for payment of a variety of taxes and fees using notes at customer service points of the Integrated Citizen Assistance Service (SIAC).

In 2024, BAI will continue to install ATM Centres at a national level, enabling the customers and general public to use conventional services of a branch, for extensive purposes at their convenience.

4.5.1. "BAI Directo" multi-channel platform

BAI Directo aggregates the Bank's different digital channels, allowing the customers to engage in the remote management of their daily financial routines, with its continuous evolution having been promoted both through the extension of its available operations and the improvement of the user's experience.

In 2023, relevant developments of the functionalities were made in BAI Directo. In particular, we highlight the provision, on the digital channel, of the execution of transactions abroad (OPE) as well as the execution of immediate transactions abroad from Angola to Portugal in up to 10 seconds, for customers with an account at BAI Europa, and it is now also possible for customers to take out insurance at automated payment machines (electronic funds transfer at point of sale or POS).

These developments had an impact in terms of the use of the digital channels, reflected in growth of the number of users by approximately 21% in 2023, reaching a total of 809,021 users in 2023, and particularly in the increased volume of transactions which amounted to 8,151 billion kwanzas, representing growth of 41%, when compared to the previous year.

The BAI Paga functionality, which is included in BAI Directo, is a solution for accepting payments by reading QR codes, which enables making purchases and sales, online or physical, through a smartphone, tablet or computer.

The Bank continued the process of development of improvements of this functionality. In this context, there was a 29% increase in the number of registered merchants in relation to the previous year, reaching 12,373 customers at the end of 2023, and representing a volume of transactions of 529 million kwanzas, recording growth of 14% in relation to 2022. The number of transactions increased from 58 thousand in 2022 to 62 thousand in 2023.

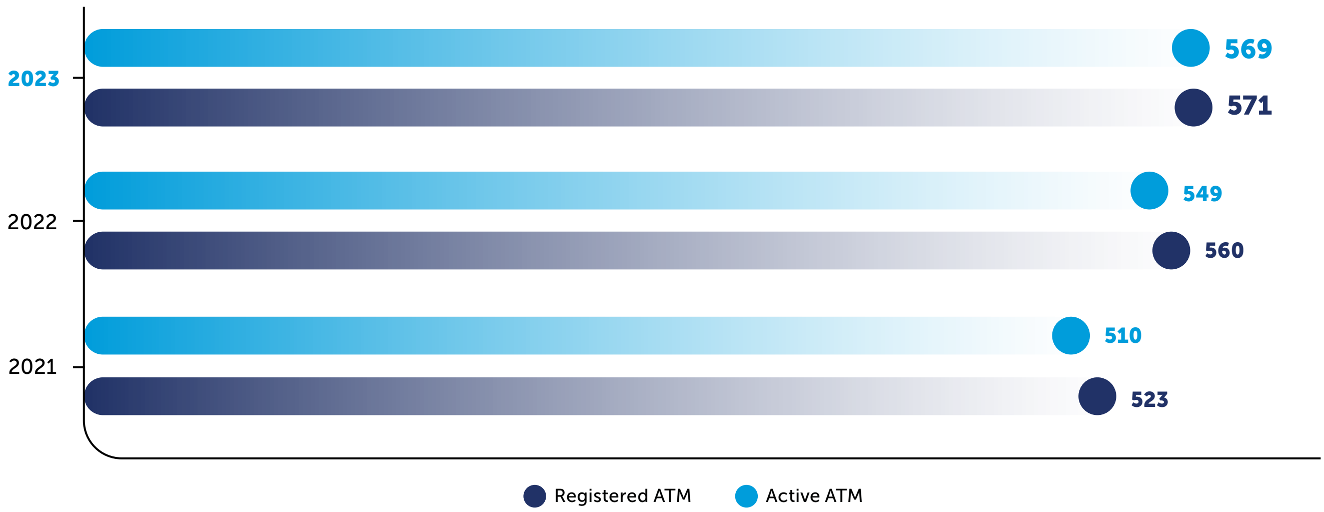
In 2023, the Bank promoted a campaign in partnership with iShop, giving customers the opportunity to benefit from discounts through the use of payment via BAI PAGA.

4.5.2. Automated Teller Machines and Automated Deposit Machines

ATM – Automated Teller Machines

The number of ATM of the Bank in 2023 reached 569 active machines, corresponding to an increase of 20 machines compared to the end of the previous year. With this development, BAI maintained its market leadership with a share of 16% in 2023.

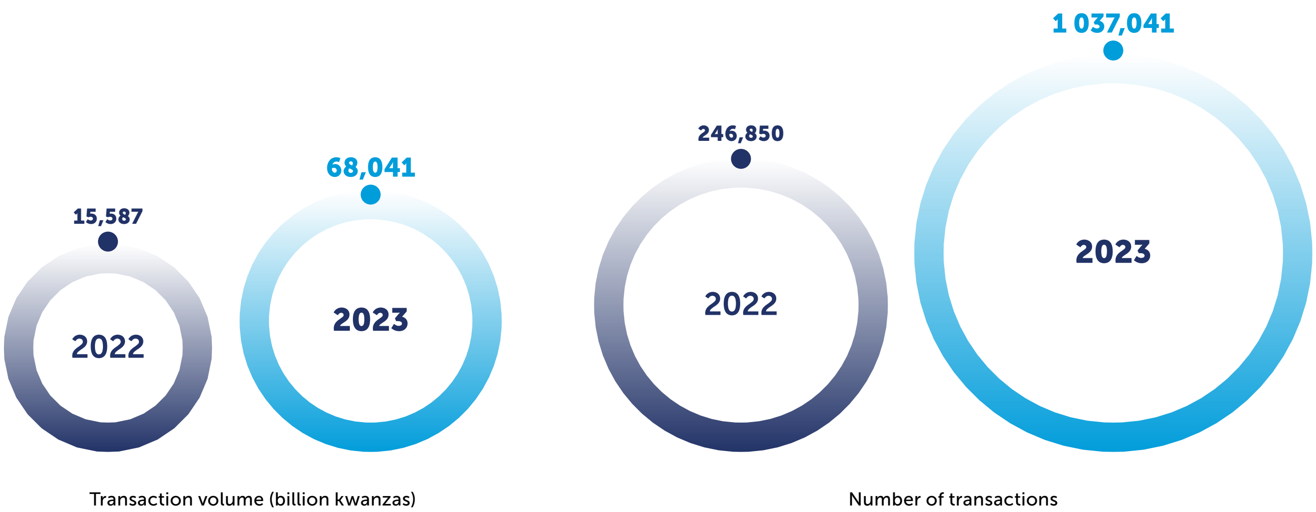
ATM – Automated Teller Machines



MDA – Automated Deposit Machines

The number of automatic deposit machines reached 116 machines, corresponding to an increase of 32 machines compared to 2022. Their distribution shows that 68 machines are installed in the branch network, 19 in ATM Centres of the Bank (includes those installed at the Km 30, Asa Branca and São Paulo markets) and 29 at the shopping sites of large depositors. It is important to highlight that, in this year, 1,037,041 operations were carried out that led to the collection of approximately 68,041 million kwanzas in deposits, representing growth of 337% compared to 2022.

MDA – Automated Deposit Machines



BAI continued its investment in ATM Centres under the expansion of the banking network throughout the country, in order to ensure compliance with BNA Notice No. 18/2022 of 11 October, having installed 3 more in 2023, resulting in a total of 22 ATM Centres in 2023.

4.5.3. Bank Agents

BAI continued its strategy of expansion of the channels through bank agents, aimed at promoting greater financial inclusion and participation in the banking system through access to basic banking intermediation services in the country's different municipalities.

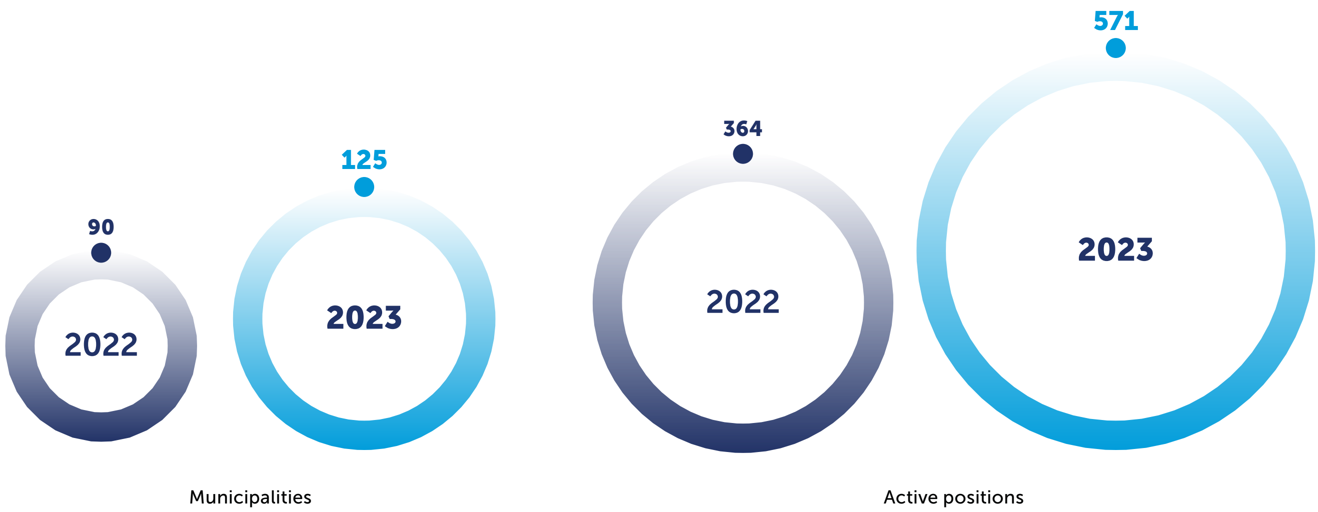
As it is one of the primary channels for growth of the banking network and greater capillarity in all municipalities, BAI created the Bank Agent Department in 2023, defining the key guidelines for the efficient operation and organisation of this service. A support line was provided and a workshop was held on "Good Practice", directed at all the bank agents, aimed at ensuring quality and compliance in their activities. In November, training was also ministered on money laundering, and particularly on the commitment to ethical practice and regulatory compliance.

Looking back at 2023, what is most evident is not only the structural and operational evolution of the service, but also the commitment to training, ethics and efficiency in order to overcome the challenges in an environment under constant transformation and in which BAI is firmly committed to continue to invest and strengthen the density of the offer.

In 2023, the Bank had 571 active bank agents, with a portfolio of 355,564 customers, leading to the gaining of deposits of around 8.2 billion kwanzas (19% growth in relation to the previous year). The transactions carried out in the year under review show a notable increase of 101% to a total of 6.6 million operations executed.

The distribution of the bank agent service shows its presence in 125 municipalities in the country's 18 provinces. The province of Luanda leads the market with 127 active bank agents, and in the provinces of Luanda, Bengo, Lunda Sul, Moxico, Cunene, Namibe and Zaire there is 100% coverage in terms of the municipalities.

Bank Agents



In 2024, BAI will continue to analyse the intensification of the business model of its bank agents with a view to increasing the network capillarity and service capacity, and the adjustment of the offer, aimed ensuring a presence in all the municipal seats of Angola.

4.6. Technology and innovation

The ambition to be pioneer has been a distinctive element of BAI since its foundation. The Bank considers that innovation and technological evolution boost its commercial capabilities and business development, hence this aspect is a cornerstone for fostering its competitiveness and the preservation of its position as a reference bank in Angola.

The Bank's development strategy has been based on the identification of the priority needs of the customers through the development of new products and solutions and on the optimisation of operative platforms, organisational solutions and simplification of processes. The Bank was pioneer in Angola in introducing innovative management models and products, namely: launch of internet banking, mobile banking and automated deposit machines, among other innovative solutions of the Angolan banking sector.

This vision is reflected in the current Strategic Plan for 2022-2027, namely in the strategic axis “Place the Customer Experience at the Centre of the Operation” and “Prioritise Digital Transformation as an Anchor of Operational Efficiency”. Complementing this, BAI has also focused on the evolution of the Strategic Plan for Information Systems which, after a phase of reorganisation between 2022 and the first half of 2023 and focus on optimisation in the second half of 2023, will enter into a more transformational phase in 2024.

On the other hand, the Bank has strengthened its cybersecurity mechanisms in a sphere that, due to the more recent developments and inherent challenges, has received the Group’s maximum attention, involving, among other aspects, enhancement of the robustness of security in access to BAI Directo.

BAI’s continuous focus on digital transformation was strengthened in 2023 through the restructuring of the Banking and Digital Transformation Department (DBTD), aimed at reinforcing the focus of the DBTD on the transformational component of the Strategic Plan for Information Systems, on digital transformation and on the operative efficiency of the Bank. In this context, the Innovation and Project Laboratory (LIP) was also approved under the Strategic Plan for Information Systems, which is already in operation and aims to foster the development and innovation of products and services.

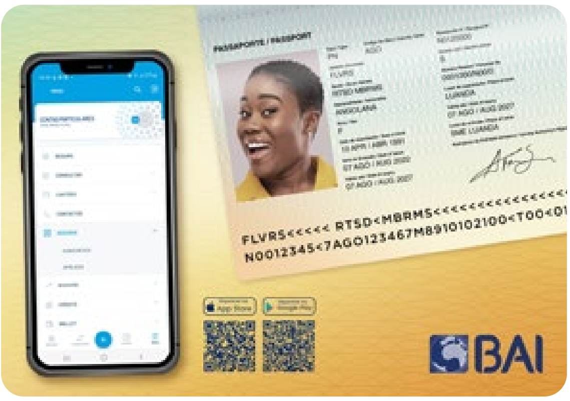
In 2023, various innovations were also implemented in BAI’s internet and mobile banking service with a view to bringing a more modern, personalised experience with a larger offer of products and services, in order to boost the use of the digital channels and improve service levels, including the optimisation of customer routines.

IMPLEMENTATION OF BAI DIRECTO ZERO

Implementation of the zero-rating mechanism in BAI Directo (BAI Directo Zero) which exempts the payment of the data balance given to customers with UNITEL mobile phone numbers in the use of BAI Directo. This mechanism also enables the use of BAI Directo without data balance, ensuring digital inclusion to a high number of customers with difficulty in accessing the internet.

IMPLEMENTATION OF BAI DIRECTO USSD

BAI Directo USSD is a light version of the channel, available in code *403# which enables customers to manage their account via non-digital mobile phone and even enables making account management operations, such as viewing balances and movements, and making transfers and payments of services.



NEW FUNCTIONALITIES IN BAI DIRECTO

New functionalities were launched in BAI Directo aimed at creating operational efficiency, allowing customers to subscribe products and services in an easy and fast manner. In BAI Directo, it has been possible since 2023 to issue a virtual Kamba card (VISA) in just a few seconds.

KWIK
kwanza instantâneo

IMPLEMENTATION OF KWIK IN BAI DIRECTO

For the first time, a payments system was launched that is open to banking and non-banking participants in the same system, ensuring interoperability.

NEW PAYMENT CARDS

The prepaid card for the Ministry of Education and the Mastercard corporate prepaid card were designed, certified and launched.

CERTIFICATION OF CONTACTLESS POS

Certification for acceptance of payments without contacting the VISA network (contactless), marking the Bank's pioneer position in obtaining that certification.

PAYMENT KIOSKS

Implementation of the payment kiosk solution, offering services for deposit and support to branches (self-service banking) for payment of the reference for payments to the State (RUPE), with the pilot branch being SIAC Talatona.

IMPLEMENTATION OF TRANSACTIONS ABROAD IN BAI DIRECTO

A functionality enabling customer to carry out immediate transactions abroad from Angola to Portugal in up to 10 seconds has been implemented in BAI Directo Particulares [Individuals], for customers with an account at BAI Europa. A functionality enabling customer to carry out transactions abroad and monitor their evolution through transaction status and notifications has been implemented in BAI Directo Particulares [Individuals].

AUTHENTICATION OF TWO FACTORS

Security has been strengthened in BAI Directo, with an additional factor of authentication (by USSD/e-mail), to prevent fraud (phishing and brute force) linked to the authentication. This mechanism enabled ensuring a considerable reduction of cases of customers who were subject to phishing attacks, which could have subsequently compromised their accounts.

MIGRATION OF SECURITIES TRADING SERVICES TO ÁUREA

Management of project for migration of the securities and derivative instrument investment services and activities to ÁUREA.

Concerning other Group entities, and in particular at NOSSA Seguros, special reference is made to the implementation of the direct debit system of the Angolan interbank service company EMIS, the provision of new functionalities in the mobile APP, such as the possibility of reporting insurance claims in the motor business.

More recently, and disclosed in January 2024, following its development during 2023, ÁUREA announced the launch of the application "APPLICA", a digital platform that will operate as a transactional channel, providing its users with a variety of solutions with a view to a more effective and accessible investment and portfolio management experience.

BAI is firmly committed to continue focused on the evolution of the technological means supporting the business with a view to greater efficiency, the capture of gains in productivity, cost savings and simplification of processes which could arise to the benefit of the customers. Digital transformation will continue to be the anchor of that higher efficiency with a focus on the evolution of the Bank's Digital Channels and Means of Payment.

4.7. Human capital

The BAI Group views the management of human resources as a critical variable for the organisation's success in an increasingly demanding context in terms of the financial sector's regulatory framework. In this regard, the hiring, retention and development of talent is a very special for the Bank, with "Human Capital" being a key vector of the Strategic Plan for 2022-2027, duly framed in strategic axis "Actively Promote a Culture of High Performance and Meritocracy" focused on concrete initiatives related to: (i) recruitment of the best and the most brilliant; and (ii) drive a high-performance culture.

In line with the human capital management initiatives and so as to ensure the implementation of best practice to meet the organisation's needs, BAI has been committed to adopt more modern and efficient tools, enabling greater organisational agility in the context of the implementation of the Strategic Plan. We highlight the implementation of new modules on the SAP Success Factors platform, which will provide a strategic and planning vision, underpinned by better information to support decision-making.

BAI Group staff characterisation

The evolution of the staff of the entities in the consolidation perimeter over which BAI has control is shown below:

Employees of the Subsidiaries*	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
BAI*	1,874	1,905	1,909	4	0%
BAIE	63	81	92	11	14%
BAICV	133	137	152	15	11%
NOSSA	156	162	171	9	6%
ÁUREA	8	20	26	6	30%
SAESP	87	82	101	19	23%
Pay4all	-	-	31	31	100%
FBAI	10	17	13	(4)	(24%)

* The calculation of BAI employees excludes the Governing Bodies and trainees for 2022 and 2023. For comparative purposes, the same calculation methodology was applied for the year 2021.

As at 31 December, BAI's staff stood at 1,909 employees, with an increase of 4 employees having been recorded in relation to the same period of the previous year, of whom 1,873 of these employees were active and 36 had a suspended employment contract.

The evolution of the staff of the subsidiaries shows a minor increase in the number of employees, except for Áurea and Pay4all whose stage of activity development was reflected in a more relevant increase of the number of employees.

The distribution of BAI employees by gender point to a trend towards gender balance, with the continued proportion of 45% women and 55% men.

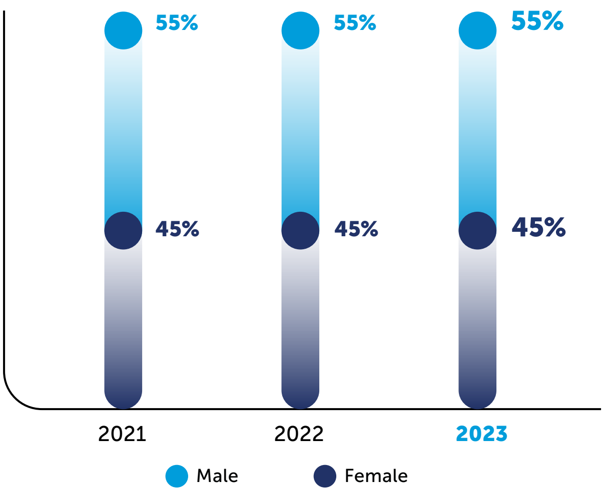
On the other hand, the age structure shows an increase in the proportion of employees aged 35 years old or more, which shifted from 64% in 2022 to 69% in 2023. The average age of the employees was 39 years old, and the average age of the employees in management positions was 46 years old at the end of 2023.

The staff's academic qualifications, as at 31 December 2023, showed that 56% of the employees had higher education, i.e., at least graduate, postgraduate and/or master's degrees, representing an increase of 1% when compared to the previous year.

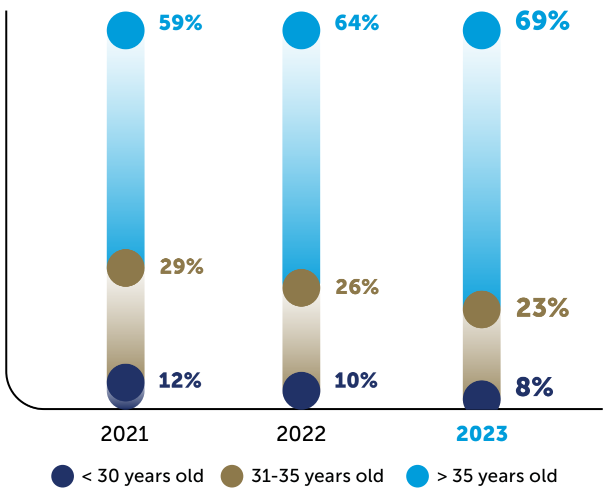
The stability of the employment relationship and the quality of the working conditions at the Bank are also demonstrated by the seniority of the employees. Concerning seniority, in December 2023, 87% of the employees had been working at the Bank for 5 or more years, a figure that is approximately 1% higher than as at 31 December 2022, providing evidence of the stable relationship of the BAI employee structure. In December 2023, approximately 95% employees in management positions had been working at the Bank for 5 or more years.

Distribution of the Bank's employees

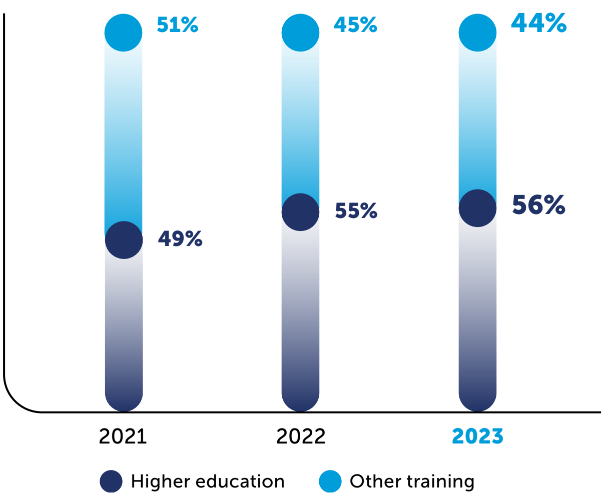
Gender (%)



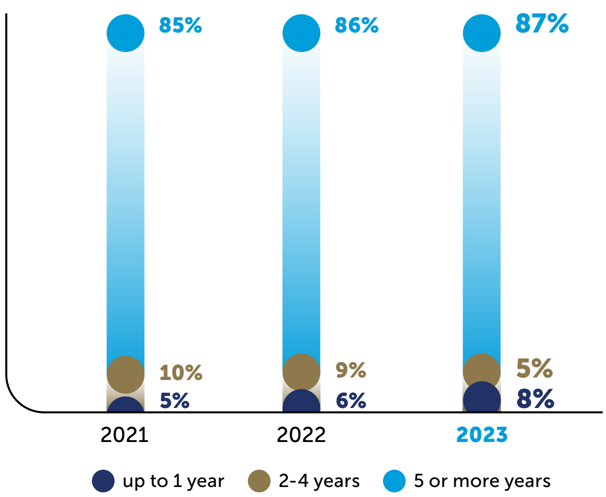
Age structure (%)



Type of qualification (%)



Years of work (%)



Training and capacity building

The BAI Group views the training of its employees as one of its greatest assets and, accordingly, endeavours to create all the conditions to foster appropriate personal and professional development, with a view to promoting a service of excellence and the satisfaction of its stakeholders, in particular the employees and customers.

In 2023, the training of BAI employees involved ministering a total of 91,336 hours of training, corresponding to an average of 49 annual hours of training per employee. 132 training actions were conducted, of which only 27% were face-to-face, 71% were in online format, and 2% in hybrid format.

As a whole, the training represented a total investment of 1,043 million kwanzas, with 117 having taken place in the country and 15 at institutions abroad (in Portugal, United Kingdom, South Africa, USA and Brazil).

Training Areas	2022		2023	
	No. of Hours	No. of Participants	No. of Hours	No. of Participants
Process management	21,700	2,235	40,205	1,393
Money laundering and fraud prevention	8,285	1,962	16,114	2,161
Seminars/workshops	6,509	495	11,351	4,447
Leadership and team management	7,874	270	7,315	374
Bank products and services	4,652	139	3,928	707
Customer service	-	-	2,572	112
Accounting and financial analysis	5,924	165	1,836	73
IT systems	3,352	120	1,728	59
Microsoft Office	2,624	74	1,380	48
Banking operations and techniques	7,382	1,184	1,365	42
Environmental management	-	-	810	36
Risk management	308	24	700	31
Investment appraisal	4,254	112	432	12
Financial markets	2,998	1,296	408	17
Insurance	-	-	396	70
Languages	6,360	58	280	2
Planning and budgeting	432	24	240	12
Legislation	12	4	156	13
Postgraduate	2,421	19	105	1
Human resource management	11,614	2,216	45	3
Audit	1,288	42	-	-
International trade	120	3	-	-
Banking ethics and code of conduct	304	38	-	-
Customer service quality – customer care	-	-	-	-
Overall Total	**98,413**	**10,480**	**91,366**	**9,613**

In 2023, the Bank invested in various training programmes, in particular subjects addressing the topic of "Anti-Money Laundering and Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction" and Process management. It is important to note that 67% of the total training hours in 2023 concentrated on technical components, in line with the most important needs for the Bank's core business.

Nevertheless, and when compared with 2022, there was a reduction in the total volume of training, especially due to the training of employees on matters related to human resources management, a programme transversal to all the employees, which involved more than 2,000 BAI employees in the same period of the previous year.

We highlight the number of annual hours of training in 2023 for employees of the risk-taking areas and control functions.

Risk-taking and control structural units	2023	
	No. of Hours	No. of Participants
Individuals and Business Department (DPN)	25,835	588
Commercial Department of Companies (DCE)	7,112	95
Internal Audit Department (DAI)	1,354	21
Risk Management Department (DGR)	1,255	20
Compliance Department (DCL)	1,149	23
Information Security and Digital Research Department (DSID)	976	28
Inspection and Research Department (DII)	954	19
Premium Service Office (GSP)	726	15
New Business Development Office (GNN)	535	14
Bank Agent Department (DAB)	506	14
Financial Markets Department (DMF)	445	15
Foreign Exchange Control Office (GCC)	228	10

Remuneration and incentives

The BAI Group has progressively strengthened the positioning of its human resources function with a view to fostering a high-performance culture as a catalyst of its institutional growth.

Accordingly, under the policy for motivation and retention of key resources, BAI has been developing its incentive system, currently having a remuneration policy, implementing an integrated career management and talent management system, and promoting measures that stimulate gender equality, quality and well-being at work.

The remuneration policy is consistent with the Bank's objectives, values, interests and solvency in a long-term perspective, being defined individually for each Group entity and reflecting the local market conditions. The Bank's remuneration is divided into two components: fixed and variable. The variable component includes an extensive rage of allowances, namely for failures, transport, travel and performance, also covering overtime, performance bonus and daily allowances.

Talent attraction and retention

BAI offers its employees a series of corporate benefits, beyond those established in the applicable legislation. In the health and safety area, BAI employees benefit from work accident insurance, and individual and family health insurance. The Bank's employees can also benefit from mortgage loans, permanently and under special conditions.

The Bank has a Social Fund for the purpose of allocating financial support to the employees to cover expenses of social nature that benefit employees and their family, primarily involving financial support in the areas of health and education.

On the other hand, there are also grants to enable the employees to complete higher education after working hours, in various courses taught by the Higher Education Institute of Administration and Finance (ISAF). In the context of this programme, and aimed at strengthening the qualifications of our employees, 50 vacancies were provided, which were taken up in different higher education courses ministered by ISAF.

In order to attract, retain and strengthen employee alignment and engagement, various initiatives were implemented in 2023, such as the "Dinâmica da Felicidade" [Happiness Dynamics], "Dia BAI" [BAI Day], among others, to ensure effective communication and a more participative work environment, for the continuous improvement of the organisational climate and reinforcement of the BAI brand.

Organisational Climate Study

In order to gain a better understanding of the level of satisfaction of the employees at their workplace, the Bank carried out an Organisational Climate Study in 2023, seeking to ascertain an existing series of values, behaviours and standards at the Bank and how these vectors are perceived and upheld by the employees.

The results, although very satisfactory, enabled identifying opportunities for improvement to which BAI has given great consideration and sought to implement measures leading to an improvement in terms of the various situations detected in the study.

Internal mobility

BAI continued to promote internal mobility, with a view to optimizing its human capital (aimed at the efficient allocation of the available profiles to the functions performed) as well as valuing the skills of its employees. Thus, the largest movements in 2023 were in the commercial area with 480 transfers, followed by 280 movements in the central services. Overall, there was an upturn in the flow of employee mobility between the Bank's different areas, with an increase of more than 100 % compared to 2022.

Human capital programmes and impact on the community

In the context of responsibility associated with the enhancement of the value and capacity-building of human capital, BAI develops, among other activities, a study grant programme named "BAI Merit Grant Programme". Created in 2019, the programme currently funds 364 grant holders who attend Accounting and Finance, Banking Management, Accounting and Computerised Financial Management at the Higher Institute of Business Administration and Finance (ISAF).

A "BAI Trainee Programme" has also been implemented which, in this year's edition, involved the participation of 44 recently graduated trainees, spread over various structural units of the Bank, including support areas, control areas and business units.

BAI also develops the "Navigators Programme" focused on the commercial area, which currently has about 195 young people spread over Angola, giving them a real contact and practical knowledge about the banking sector.

Complementing this, the Bank has organised a "Tutor Programme" which has already involved 17 students in a mentoring process supervised by the Bank's senior staff.

4.8. Financial analysis

4.8.1. Consolidated activity

At the end of 2023, BAI achieved a consolidated net income of 208 billion kwanzas, 108% more than the 100 billion kwanzas recorded in the same period of the previous year.

This evolution led to an increase of 12.5 p.p. in return on average equity (ROAE), from 19.5% in December 2022 to 32.1% in December 2023. The cost-to-income ratio reached 41.5%, 13 p.p. below the 55.0% observed in the previous year.

Loans to customers amounted to 762 billion kwanzas, having grown by 45% year-on-year. The increase in loans essentially took place in the consumer segment, especially in the campaigns directed at individual customers: "Adianta Já" [Advance Now], Pensioner Loans and Mortgage Loans. Loans to companies also increased, although not as impressively as for individuals, in particular in Loans to the Real Sector of the Economy (created under BNA Notice No. 10/22) and the 2024 Agricultural Year Loans. In this context, the loan-to-deposit ratio reached 18.6%, having grown by 0.2 p.p. in relation to December 2022.

The non-performing loan ratio (+90 days) stood at 11.1%, having fallen by 0.2 p.p. in comparison with 11.3% of December 2022, with a coverage by provisions of 138% (compared with 137% in the same period of the previous year).

Customer resources amounted to 4,105 billion kwanzas, having grown by 43% in relation to the same period of the previous year, with deposits in local currency having increased to 2,276 billion kwanzas (45%more than in the same period of the previous year), arising from the increased monetary mass (M2) in circulation, greatly driven by the reduction of the supply of foreign currency which occurred from the month of June 2023 onwards. This triggered the non-performance of transactions abroad, leading to the resources intended for those transactions not to have been mobilised, accompanied by a 41% increase in deposits in foreign currency to 1,828 billion kwanzas primarily due to the depreciation of the kwanza.

The regulatory capital ratio stood at 26.4% at the end of 2023, a figure approximately 1.2 p.p. higher than the 25.2% presented in December 2022, being comfortably above the threshold of 16.5% defined by BNA.

CONSOLIDATED INCOME STATEMENT

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Interest and similar income	243	287	339	52	18%
Interest and similar expenses	(62)	(82)	(108)	(26)	32%
Net interest income	**181**	**205**	**231**	**26**	**13%**
Income from equity instruments	-	0	0	0	66,131%
Net fees and commissions	26	35	30	(5)	(14%)
Income from financial assets and liabilities at fair value through profit or loss	8	12	164	152	1,258%
Results of financial assets at fair value through other comprehensive income	0	0	(0)	(0)	(398%)
Net gains/(losses) from Investment at amortised cost	24	54	9	(45)	(83%)
Results of other financial assets	0	0	(0)	(0)	0%
Foreign exchange results	6	(9)	(0)	9	(99%)
Income from the sale of other assets	(1)	(0)	(3)	(3)	996%
Other operating income/(expense)	(20)	(8)	(7)	1	(18%)
Operating income	**224**	**289**	**425**	**136**	**47%**
Technical margin of insurance activity	9	10	14	4	41%
Operating income of banking and insurance activity	**233**	**299**	**439**	**140**	**47%**
Staff costs	(64)	(71)	(87)	(16)	22%
Third-party supplies and services	(67)	(76)	(73)	3	(4%)
Depreciation and amortisation for the year	(14)	(17)	(22)	(5)	27%
Provisions and impairments	64	(16)	(27)	(11)	67%
Net income of associates and joint ventures (equity method)	(3)	0	3	2	518%
Earnings before tax	**150**	**119**	**233**	**114**	**95%**
Current taxes	(2)	(16)	(23)	(7)	46%
Deferred taxes	(0)	2	(0)	(2)	(108%)
Earnings after tax	**147**	**105**	**210**	**105**	**100%**
Net income from discontinued and/or discontinuing operations	1	(4)	-	4	(100%)
Earnings after tax and before non-controlling interests	**149**	**101**	**210**	**109**	**107%**
Non-controlling interests	(1)	(1)	(2)	(0)	43%
Net income for the year attributable to shareholders	**148**	**100**	**208**	**108**	**108%**

Net interest income reached 231 billion kwanzas, representing an increase of 13% in relation to December 2022. The main contributions to this increase were income from investments and financial assets, as a result of the investments in treasury bonds (OT).

On the other hand, interest costs on deposits increased by 32%, amounting to 108 billion kwanzas in the year under review, compared to 82 billion kwanzas recorded in the same period of the previous year, in particular due to the maturity of long-term deposits in foreign currency.

Income from financial assets and liabilities at fair value through profit increased by 152 billion kwanzas in relation to December 2022, standing at 164 billion kwanzas in December 2023, as a result of the capital gains of trading non-indexed treasury bonds (OTMN-NR).

The operating income of banking and insurance activity amounted to 439 billion kwanzas, representing 47% growth year on-year in relation to the 299 billion kwanzas at the end of 2022, driven by the complementary margin which increased by 130%, the income from trading in financial instruments, and technical margin of insurance activity which increased by 41%.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Net interest income	181	205	231	26	13%
Complementary margin	43	84	194	109	130%
Operating income	**224**	**289**	**425**	**136**	**47%**
Technical margin of insurance activity	9	10	14	4	41%
Operating income of banking and insurance activity	**233**	**299**	**439**	**140**	**47%**

Administrative costs reached 182 billion kwanzas, corresponding to an 11% increase compared to the 165 billion kwanzas recorded in the same period of the previous year. In its structure, staff costs account for 48% do total, followed by other administrative costs with 40% and depreciation with 12%.

Third-party supplies and services stood at 73 billion kwanzas, representing a reduction of 4% in relation to the figure recorded in the same period of the previous year. This reduction was especially conspicuous in expenses related to current consumables and communications.

On the other hand, depreciation and amortisation increased by 27%, explained by the amortisation related to software and depreciation of computer equipment during the year.

At the end of 2023, the cost-to-income ratio stood at 41.5%, dropping by 13.5 p.p. in relation to the 55.0% observed in the same period of the previous year, reflecting the 47% operating income of banking and insurance activity, and the increase, of a lower percentage, of 11% in operating costs.

Amounts in billion kwanzas	Dez. 2021	Dez. 2022	Dez. 2023	Variações	
				Abs.	%
Staff costs	(64)	(71)	(87)	(16)	22%
Third-party supplies and services	(67)	(76)	(73)	3	(4%)
Depreciation and amortisation	(14)	(17)	(22)	(5)	27%
Total	**(145)**	**(165)**	**(182)**	**(18)**	**11%**
Consolidated cost-to-income	**(62.1%)**	**(55.0%)**	**(41.5%)**	**13.5 p.p.**	**13%**

Provisions and impairment net of reversals and recoveries amounted to 27 billion kwanzas in December 2023, showing an increase of 11 billion kwanzas compared to the end of 2022.

In turn, impairments for loans to customers net of reversals and recoveries amounted to 26 billion kwanzas in December 2023, reflecting an increase of 19 million kwanzas compared to the amount recorded in the same period of the previous year. The evolution of this heading is mainly explained by the increase of: (i) disbursement and signature loans; and (ii) the individual impairment rate, reflecting the economic dynamics caused by the withdrawal of the fuel subsidies, the depreciation of the kwanza and growth of inflation, which negatively affected the financial capacity of households and companies.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Provisions net of reversals	(2)	(4)	(3)	1	(31%)
Impairment for loans to customers net of reversals and recoveries	0	(7)	(26)	(19)	278%
Impairment for other financial assets net of reversals and recoveries	67	6	4	(2)	(33%)
Impairment for other assets net of reversals and recoveries	(0)	(11)	(2)	9	(85%)
Total	**64**	**(16)**	**(27)**	**(11)**	**67%**

Consolidated balance sheet

The overall evolution of the balance sheet was marked by the 44% increase of both net assets and liabilities in relation to December 2022. The increase in assets is primarily explained by the effect of the 38% depreciation of the local currency in relation to the US dollar.

On the side of the liabilities, it is important to highlight the increase of customer resources and interbank money market operations stemming from the amounts borrowed from the Central Bank and other resident banks.

The loan-to-deposit ratio stood at 19% at the end of 2023, corresponding to 0.2 p.p. more than in the same period of the previous year.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Cash and cash equivalents	742	750	769	20	3%
Investments at the central bank and other credit institutions*	669	648	1,026	378	58%
Investments and financial assets	1,349	1,478	2,231	753	51%
Loans to customers	491	526	762	236	45%
Investments in subsidiaries, associates and joint ventures	8	8	13	5	70%
Reinsurance technical provision	8	9	11	2	21%
Other assets	223	239	451	212	89%
Net Assets	**3,490**	**3,658**	**5,263**	**1,605**	**44%**
Resources from central banks and other credit institutions	107	129	100	(28)	(22%)
Resources from customers and other loans	2,737	2,863	4,105	1,241	43%
Other liabilities	151	136	290	154	114%
Own funds	496	530	769	238	45%
Liabilities and Own Funds	**3,490**	**3,658**	**5,263**	**1,605**	**44%**

* CB and OCI

The heading "Cash and cash equivalents at other credit institutions" increased by 3% (20 billion kwanzas), influenced by the increase in cash and cash equivalents at other credit institutions of 76 billion kwanzas.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Cash	33	26	36	10	40%
Demand deposits at central banks	586	659	591	(68)	(10%)
Cash and cash equivalents at other credit institutions	124	67	143	76	115%
Impairment	(1)	(3)	(1)	2	(69%)
Total	**742**	**749**	**769**	**20**	**3%**

The investment and financial asset portfolio stood at 2,231 billion kwanzas, corresponding to an increase of 51% (753 billion kwanzas) compared to December 2022. The portfolio increase is essentially explained by the increase in investment in non-indexed treasury bonds in local currency (OTMN-NR) by 46% (316 billion kwanzas) and the impact of the depreciation of local currency on treasury bonds in foreign currency (OT-ME) which, to a large extent, explains the variation of 383 billion kwanzas year-on-year.

The impairment on the portfolio increased by 80%, largely explained by the exposure in the portfolio at amortised cost.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Treasury bills	100	155	116	(39)	(25%)
OTMN-TXC	63	1	-	(1)	(100%)
OTMN-NR	404	690	1,006	316	46%
OT-ME	663	580	963	383	66%
Other	135	63	166	103	162%
Impairment	(17)	(11)	(20)	(9)	80%
Total, of which:	**1,349**	**1,478**	**2,231**	**753**	**51%**
Investments at amortised cost	1,146	804	1,449	645	80%
Financial assets at fair value through profit or loss	68	613	700	87	14%
Financial assets at fair value through other comprehensive income	135	62	82	20	33%

Loans to customers amounted to 762 billion kwanzas, corresponding to an increase of 236 billion kwanzas compared to December 2022. This variation was mainly explained by the 17% increase in the portfolio of gross loans in local currency (79 billion kwanzas), driven by loans granted to individuals and private business of the non-financial sector.

Furthermore, there was also an 87% increase in gross loans in foreign currency (221 billion kwanzas) influenced by the local currency depreciation.

The non-performing loan ratio (+90 days) stood at 11.1%, having fallen by 0.2 p.p. in comparison with 11.3% of December 2022, with a coverage by provisions of 138% (0.7 p.p. more than in the same period of the previous year). As demonstrated above, economic factors such as the gradual withdrawal of the fuel subsidies, the depreciation of the kwanza and growth of inflation had a negative impact on household income, and the cancellation of budgeted projects with a degree of execution below 80%, by the Angolan State, had a negative impact on several companies.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Loans not yet due	688	580	834	254	44%
Non-performing loans and interest	122	146	192	46	31%
Up to 30 days	35	58	46	(12)	(21%)
30 days to 90 days	8	6	32	26	422%
More than 90 days	79	82	114	32	38%
Gross loans	**811**	**726**	**1,026**	**300**	**41%**
(-) Accumulated impairment losses	(320)	(200)	(264)	(64)	32%
Loans to customers	**491**	**526**	**762**	**236**	**45%**
Ratios					
Non-performing loans (+90 days)	9.8%	11.3%	11.1%	(0.2 p.p.)	(0%)
Loan-to deposit ratio	17.9%	18.4%	18.6%	0.2 p.p.	1%
Loans in local currency	585	473	552	79	17%
Loans in foreign currency	225	253	474	221	87%

At the end of 2023, customer resources amounted to 4,105 billion kwanzas, up 43%, in comparison to 2022, due to the 41% increase of deposits in foreign currency and 45% increase of deposits in local currency, in a context in which the increase of deposits in foreign currency essentially arises as a result of depreciation of the kwanza.

This evolution occurred in a scenario of inflationary pressure, volatility of the exchange rate of the kwanza in relation to the US dollar, and slowdown of the economy, which affects the confidence of the investors.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
By type					
Demand deposits	1,500	1,459	2,236	777	53%
Term deposits	1,232	1,400	1,862	462	33%
Other deposits	5	4	6	2	53%
Total	**2,737**	**2,863**	**4,105**	**1,241**	**43%**
By Currency					
Local currency	1,075	1,565	2,276	711	45%
Foreign currency	1,662	1,298	1,828	530	41%
Total	**2,737**	**2,863**	**4,105**	**1,241**	**43%**
Structure by currency					
Local currency	39%	55%	55%	0.8 p.p.	1%
Foreign currency	61%	45%	45%	(0.8 p.p.)	(1%)

At the end of 2023, the Tier 1 ratio, calculated pursuant to BNA rules, stood at 26.2%, showing an increase of 0.9 p.p. in relation to the 25.3 % recorded in the previous year. The analysis of this ratio is presented in the chapter on risk management.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Regulatory capital requirements	225	160	208	48	30%
Regulatory capital (Notice 08/2021)	393	508	685	177	35%
Tier 1 capital	393	506	680	174	34%
(%) Regulatory capital ratio (Notice No. 08/2021)	14.0%	25.2%	26.4%	1.2 p.p.	1%
(%) Ratio of core tier 1 capital (TIER 1)	14.0%	25.3%	26.2%	0.9 p.p.	1%

4.8.2. Individual activity

The Angolan economy is estimated to have grown for the third consecutive year, having achieved a gross domestic product growth rate of 0.6% in 2023 (up to the third quarter), a little lower than the expectations at the beginning of the year. The strong devaluation of the kwanza, during 2023, led to an increase of assets and liabilities in foreign currency when measured in local currency. Inflation exerted pressure on interest rates and there was a rise of the yields of non-indexed treasury bonds in the secondary market.

At the end of 2023, net interest income stood at 201 billion kwanzas, 6% more than the 189 billion kwanzas generated in the same period of 2022. BAI kept its business model focused on the generation of net interest income in the medium-term, in line with its strategic plan.

The complementary margin reached 191 billion kwanzas, having grown by 155% in relation to the 75 billion kwanzas recorded in 2022, reflecting the sound performance of the commercial activity and rise of interest rates in the secondary market.

Operating income amounted to 392 billion kwanzas, representing 49% growth year-on-year in relation to the 264 billion kwanzas at the end of 2022, driven by the complementary margin, especially by the income from trading in financial instruments.

Administrative costs reached 147 billion kwanzas, approximately 3.2% higher than the 142 billion kwanzas recorded in the same period of the previous year. There was an increase of staff costs, by 9 billion kwanzas, as a result of the increased base remuneration and performance bonuses, with the number of employees having shown a minor increase of 0.2%. The reduction of third-party supplies and services, by 8 billion kwanzas, primarily explained by the reduction of expenses related to audits, consulting and other specialised technical services, miscellaneous materials and communications.

Impairment, net provisions and other operating income recorded a value of 25 billion kwanzas, compared with a cost of 7 billion kwanzas for the same period of the previous year, with the largest variation having occurred in impairment for loans to customers. The evolution of this heading is mainly explained by the increase of: (i) disbursement and signature loans; and (ii) the individual impairment rate, reflecting the economic dynamics caused by the withdrawal of the fuel subsidies, the depreciation of the kwanza and growth of inflation, which negatively affected the financial capacity of households and companies.

At the end of 2023, BAI achieved a net income of 200 billion kwanzas, 99% more than the 100 billion kwanzas generated in 2022.

INDIVIDUAL INCOME STATEMENT

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Interest and similar income	229	269	301	32	12%
Interest and similar expenses	(60)	(80)	(100)	(20)	25%
Net interest income	**169**	**189**	**201**	**12**	**6%**
Income from equity instruments	1	1	2	1	45%
Income from financial services rendered	23	31	26	(5)	(16%)
Net income from financial assets and liabilities at fair value through profit or loss	5	12	160	148	1,260%
Net gains/(losses) from Investment at amortised cost	24	54	9	(45)	(83%)
Foreign exchange results	5	(10)	7	17	(176%)
Income from the sale of other assets	(1)	(0)	(3)	(3)	1,078%
Other operating income/(expense)	(7)	(14)	(10)	3	(23%)
Operating income	**219**	**264**	**392**	**128**	**49%**
Staff costs	(54)	(62)	(71)	(9)	15%
Third-party supplies and services	(60)	(65)	(57)	8	(13%)
Depreciation and amortisation for the year	(12)	(15)	(19)	(4)	23%
Provisions and impairments	62	(7)	(25)	(18)	271%
Earnings before tax	**154**	**115**	**220**	**105**	**92%**
Current taxes	(13)	(15)	(21)	(6)	42%
Net Income	**142**	**100**	**200**	**99**	**99%**

The investment and financial asset portfolio stood at 1,968 billion kwanzas, corresponding to an increase of 51% (661 billion kwanzas) compared to December 2022. Consequently, the weight of this heading in total assets increased from 41% in 2021 to 43% in the year under review. The portfolio increase is essentially explained by the increase in investment in non-indexed treasury bonds in local currency (OTMN-NR) by 48% (298 billion kwanzas) and the impact of the depreciation of local currency on treasury bonds in foreign currency (OT-ME) (411 billion kwanzas). Portfolio impairment increased by 84%, due to the exposure in the portfolio at amortised cost.

Deposits at central banks and other financial institutions increased by 405 billion kwanzas, with their weight in total assets shifting to 22% compared to 19% recorded in December 2022. This shift was due to the increased operations carried out in the domestic interbank money market. This clearly demonstrates that BAI was in a robust position provide liquidity to other banks, thus sustaining the efficient operation of the interbank market.

Loans to customers reached 465 billion kwanzas, 19% more than in the same period of the previous year, reflecting the favourable evolution, essentially, due to the 17% increase of the portfolio of gross loans in local currency (79 billion kwanzas), in particular to the segment of individuals, namely with respect to consumer credit, and especially Loans to the Real Sector of the Economy (created under BNA Notice No. 10/22), which amounted to 126 operations of the total value of 84 billion kwanzas.

Customer resources amounted to 3,692 billion kwanzas, up 40% in comparison with the same period of the previous year, as a result of the 65% increase of deposits in foreign currency and 23% increase of deposits in local currency, in particular driven by the Central Government and Social Security Fund sectors. The increased deposits in foreign currency are primarily explained by the depreciation of the local currency, as these deposits increased by only 0.5% in terms of dollars.

INDIVIDUAL BALANCE SHEET

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Cash and cash equivalents	640	702	700	(2)	(0%)
Investments at the central bank and other credit institutions*	717	602	1,008	405	67%
Investments and financial assets	1,148	1,308	1,968	661	51%
Loans to customers	357	392	465	73	19%
Other assets	193	191	397	206	108%
Net Assets	**3,055**	**3,195**	**4,537**	**1,343**	**42%**
Resources from customers and other loans	2,526	2,637	3,692	1,055	40%
Other liabilities	95	90	204	114	126%
Own funds	434	468	641	174	37%
Liabilities and Own Funds	**3,055**	**3,195**	**4,537**	**1,343**	**42%**

*CB and OCI

The regulatory capital ratio fell by 0.6 p.p. compared to December 2022, having amounted to 27.5%. The analysis of this ratio is presented in the chapter on risk management.

Amounts in billion kwanzas	Dec. 2021	Dec. 2022	Dec. 2023	Change	
				Abs.	%
Regulatory capital requirements	225	121	179	58	48%
Regulatory capital (Notice 08/2021)	393	427	617	190	45%
(%) Regulatory capital ratio (Notice 08/2021)	14.0%	28.2%	27.5%	(0.6 p.p.)	(0.6%)

5

Risk management

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and a global and local positioning,
guaranteeing proximity, security and trust

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5. Risk management

5.1. Main risks and uncertainties

The main risks and uncertainties defined in the Risk Management Policy of BAI (the most important Group company) are described in the table below, which systematises the main sources of risk to the Bank in 2023:

Types of Risks	Sources of Risks	Risk Profile	Level of Risk	Tendency	Mitigants
Credit Risk	In July 2023, the Angola Government suspended the projects inscribed in the General State Budget for 2023 with an execution rate below 80%. This will imply that many companies rendering services to the Angolan State may experience a negative impact on their revenues, which could lead to an increased risk of default.	Moderate	Medium-High	↔	• Review of the rating/scoring models, loan granting methodologies, loan granting and recovery policies and principles; • Monitoring of overall exposure and counterparty exposure limits.
Concentration Risk	The reduction of oil revenues and the revision of the outlook on the country's economic growth could lead to the non-performance of significant operations of the loan portfolio.	Moderate	Medium-High	↔	• Review of the Credit Policy; • Strengthening of the monitoring of significant operations; • Monitoring of overall exposure and exposure limits by activity sector.
Sovereign Debt Risk	The reduction of oil revenues at the end of the debt grace period could lead to a downgrade of the rating of the State.	Moderate	Medium-High	↔	• Credit Policy and Investment Policy, for adjustment of the Bank's exposure to the sovereign risk appetite; • Monitoring of overall exposure and exposure limits by activity sector.
Liquidity Risk	The revision of the outlook on economic growth, the inflationary pressure stemming from the increased exchange rate and withdrawal of fuel subsidies, could lead the Government to adopt restrictive economic measures with impact on the financial system's liquidity.	Very Conservative	Low	↘	• Weekly monitoring of liquidity ratios; • Monitoring of the limits defined in the Risk Management Policy.
Capital Adequacy	Legislative and regulatory changes negatively impacting capital requirements.	Conservative	Medium-High	↔	• The Bank and the Angolan Banks Association (ABANC) negotiated with BNA to define transition periods adjusted to the country's context; • Monitoring of the limits defined in the Risk Management Policy.
Interest Rate Risk	The increased exchange rate and inflation rate could lead the Central Bank to adopt contractionary monetary policy measures with impact on reference interest rates.	Very Conservative	Low	↘	• The Bank will continue to uphold its conservative limits of exposure to interest rate risk.

Types of Risks	Sources of Risks	Risk Profile	Level of Risk	Tendency	Mitigants
Exchange Rate Risk	The external public debt service, reduction of oil revenues, increased demand and operationality of the exchange rate regime could trigger increased exchange rates.	Very Conservative	Low	↗	• Regular monitoring of the foreign exchange position limit defined in the Risk Management Policy.
Operational Risk	• The increased demand for digital products and services gave rise to increased cyber attacks; • The possibility of insufficiency or inadequacy of processes, people and systems could give rise to the occurrence of shortcomings in internal processes and fraud, and system failures.	Conservative	Medium-level	↔	• Reinforcement of the separation of functions; • Reinforcement of bank reconciliation; • Training of human capital to identify potential warning signs; • Internal control policies, processes and methodologies.
Compliance Risk	• General increase of regulatory complexity, resulting in increased information needs and consequently in the identification of non-compliant processes; • Need for greater sophistication in anti-money laundering, to ensure adequate prevention; • Increased information needs, implying greater rigour in data quality management and control.	Conservative	Medium-High	↔	• Annual training on AMLCFT/WMD* issues; • Strengthening of human capital; • Implementation of automated solutions on AML issues**; • Limits of competence; • Automatic alerts.
ESG Risk* **	• Increased occurrence of meteorological phenomena (climate change, environmental degradation, pressure on water resources and biodiversity), negatively affecting the institution's strategy; • Continued relationship with customers and business partners that are not socially responsible, with impact on the reduction of potential investors, loss of market share.	Moderate	Medium-High	↔	• Insurance with multi-risk coverage; • Performance of due diligence activities; • Implementation of due diligence activities; • Sustainability policy; • Implementation of the Sustainability Programme.
Strategic Risk	General increase in regulatory complexity and adverse macroeconomic occurrences, resulting in potentially misaligned strategic plan implementation.	Conservative	Medium-High	↔	• Periodic follow-up of the Strategic/Business Plan; • Separation of duties; • Limits of competence.
Reputation Risk	The frequent complaints related to products, services and customer care give rise to the stakeholders' poor perception of the institution's image.	Moderate	Medium-High	↔	• Monitoring of the level of customer satisfaction; • Implementation of the customer ombudsman function; • Implementation of the Organisational Efficiency Programme; • Institutional Communication (website, branches and social networking).

*AMLCFT/WMD – Anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction;
**AML – Anti-money laundering;
***ESG – Environmental, Social and Governance.

Types of Risks	Sources of Risks	Risk Profile	Level of Risk	Tendency	Mitigants
Security Risk	• Badly attributed access profile; • Improper access to customer/ Bank information; • Cyber attack events affecting the Bank and/or customers; • Poorly defined/incorrect firewall protection rules; • Insecure applications and web services; • Insufficient quality of data for modelling (e.g. scoring, impairment); • Incomplete/out of date information; • Non-availability of systems caused by cyber attacks.	Conservative	Medium-High	⟷	• Investment in the security of the systems; • Training of human resources to identify potential warning signs; • Monitoring of risk and reports to the Board of Directors; • In the context of hiring third-party services, ensure compliance with the internal policies and procedures on information security, and existence of contractual clauses penalising the occurrence of risk events; • Technically evolved, specialised and dedicated teams.
Risk of data integrity, availability and continuity of IT	• Insufficient quality of data for modelling (e.g. scoring, impairment, etc.); • Incomplete/out of date information; • Non-availability of systems caused by cyber attacks.	Conservative	Medium-Low	⟷	• Data Quality Tests; • Reconciliation of the information between the systems; • Audits and internal control reports; • Automated warning systems for data non-conformity; • Strengthening of human capital capacity-building; • Standardisation of information validation rules in the different channels responding to the same service; • Validation of the information with external sources when applicable (e.g. tax identification number (NIF), General Tax Administration (AGT)); • Extremely technically evolved, specialised and dedicated teams.

5.2. Key developments of the BAI Group in 2023

Various activities were carried out under the BAI Group's Risk Management throughout 2023, in particular the following:

BAI Angola:

- Preparation of the Report on the internal capital and liquidity adequacy assessment process (ICAAP and ILAAP), with the materially relevant risk to its activity having been identified and quantified, ensuring a sufficiently robust level of economic and regulatory capital to address the risks to which the Bank is exposed;
- Publication of the Individual and Consolidated Market Discipline Report for December 2022;
- Follow-up and monitoring of the level of compliance with the limits of the risk indicators established in the Risk Appetite Statement (RAS);
- Calculation of the individual and consolidated Regulatory Capital Ratio pursuant to BNA Notice No. 08/2021;
- Awareness-raising and training of the employees on the topic of privacy and protection of personal data; and
- Implementation of the plan to adjust to BNA Directive No. 05/DSB/DRO 2022 on the management of risks associated with information and communication technologies and cybersecurity.

BAI Europa:

- Monitoring of the risk tolerance indicators, for the period from 1 November 2022 to 31 October 2023, defined in the Risk Management Policy (PGR), on a monthly basis and reported to the Board of Directors, with a formal presentation being made at the meeting of the Board of Directors and Risk Monitoring and Management Committee (CAGR) on a bimonthly basis;
- Follow-up and implementation of the internal capital and liquidity adequacy assessment process (ICAAP and ILAAP);
- Conduct of effectiveness tests on the controls designed and implemented by the first line of defence, as well as the issue of a detailed report on the procedures carried out, shortcomings detected and respective recommendations; and
- Reporting of any non-compliance with policies and procedures, as well as the defined risk tolerance limits.

BAI Cabo Verde:

- Analyses of stress tests in the determination of financial risk levels;
- Production of key risk indicators (KRI), on a monthly basis, for follow-up and reporting to the Executive Committee on the risks inherent to banking activity, with annual updating, or whenever justified, of the risk limits and categories;
- Automation of reporting data based on Data Warehouse;
- Active participation in the preparation, appraisal, testing and measurement of impacts, pursuant to the International Financial Reporting Standards (IFRS), of the matters audited under the risk management function;
    - Preparation of the Bank's Recovery Plan, under Article 23(l) of the Organic Law of Banco de Cabo Verde, approved by Law No. 10/VI/2002 of 15 July, of Article 17(4) of the Financial Institutions Law, approved by Law No. 61/VIII/2014 of 23 April;
    - Review of the Risk Management Policy and related manuals, including the redefinition of key indicators and production of new manuals (strategic risk and updating of the operational risk procedures);
    - Active participation in the review of the Bank's internal control system; and
    - Promotion of a risk culture, through the quarterly publication of an in-house newsletter, aimed at reinforcing the importance of risk management, prevention behaviours and broadening of the overall awareness of the role of each employee in controlling the risks inherent to banking activity.

5.3. BAI Group governance and organisation of risk management

The entities comprising the Financial Group has formally constituted risk management functions responsible for identifying, evaluating and monitoring the risks that are materially relevant to the Group, as well as for monitoring the adequacy and effectiveness of the measures taken to correct any flaws in the risk management system.

5.3.1. BAI Group internal control model

The BAI Group's model of internal control concerning conduct and organisational culture, governance systems, internal control and risk management foresees the implementation of a series of strategies, policies, processes, procedures and systems, based on the model of three lines of defence:

Board of Directors

RISK FORUMS UNDER THE:
Executive Committee, Risk Management Committee, Asset and Liability Committee (ALCO)

1ST LINE OF DEFENCE	2ND LINE OF DEFENCE	3RD LINE OF DEFENCE
Daily operational management	Monitoring, advisory and control activity	Independent evaluation activity

1ST LINE OF DEFENCE

The BAI Group's first line of defence comprises the business units generating risks, responsible for the management of risks and controls, which:

- Lead and guide actions and implement resources to achieve the organisation's goals;
- Maintain an ongoing dialogue with the Board of Directors and report planned, actual and expected results related to the delineated goals and risks;
- Establish and maintain appropriate structures and processes for operations and risk management (including internal control);
- Ensure compliance with legal, regulatory and ethical requirements.

2ND LINE OF DEFENCE

The BAI Group's second line of defence consists of the internal control functions which include, whenever applicable in the different jurisdictions, the risk management, compliance, foreign exchange control, data protection, inspection and investigation, information security and digital investigation functions, which interact with the first line functions in order to:

- Add expertise, support, monitor and encourage risk management, including:
  - The development, implementation and continuous improvement of risk management practices at the process and systems level;
  - The achievement of risk management and compliance objectives such as: compliance with laws, regulations and ethically acceptable behaviour, internal control, information and technology security, sustainability and quality assurance.
- Provide analysis and reporting on the adequacy and effectiveness of risk management.

3RD LINE OF DEFENCE

The BAI Group's third line of defence is provided by the internal audit function, which is responsible for conducting independent, risk-oriented analysis to:

- Maintain primary accountability to the Board of Directors and independence from management responsibilities;
- Provide independent and objective reliability assurance and advise the Board of Directors on the adequacy and effectiveness of the governance and risk management in supporting the achievement of the BAI Group's goals, promoting and fostering continuous improvement;
- Report internal control flaws to the Board of Directors.

The following bodies are involved in the risk management system of the banking institutions of the BAI Group:

BAI Angola:

- **Board of Directors** – responsible for defining, approving, and implementing a risk management system that allows the identification, assessment, control and monitoring of all material risks to which the Bank is exposed, in order to ensure that they remain at the previously defined level and that they will not significantly affect BAI's financial situation;
- **Risk Management Committee (CGR)** – the powers and duties assigned to the Committee cover, within the established limits, not only BAI, but also, with any restriction, all the financial companies that at any given time are in a controlling or group relationship with the Bank;
- **Risk Management Department (DGR)** – responsible for identifying, evaluating and monitoring the materially relevant risks, as well as for monitoring the adequacy and effectiveness of the measures taken to correct any deficiencies in the risk management system;
- **Information Security and Digital Research Department (DSID)** – responsible for defining policies, rules and controls that ensure the adequate management and monitoring of the security of the information and electronic systems and equipment, and for ensuring their implementation;
- **Other Structural Units** – responsible for effective risk control and for complying with the internal procedural manuals defined by the Executive Committee.

A more detailed description of the duties of each of these Bank bodies is available on the Bank's institutional portal and in the Report on Corporate Governance and Internal Control of the Financial Group.

BAI Cabo Verde:

- **Board of Directors** – responsible for defining and approving the risk management policy. The Board of Directors is also responsible for approving the operating regulation of the Risk Management Supervision Committee;
- **Risk management Supervision Committee (CSGR)** – responsible for appraising the efficacy of the risk management system;
- **Risk Management Office (GGR)** – responsible for identifying, evaluating and monitoring the Bank's materially relevant risks, as well as for monitoring the adequacy and effectiveness of the measures taken to correct any deficiencies in the risk management system;
- **Internal Audit Office (GAI)** – operates as the first line of defence of the internal control system.

5.3.2. Risks covered in the risk management system

The BAI Group's risk management system identified the following relevant risks:

Risks covered in the risk management system

FINANCIAL	NON-FINANCIAL
Credit risk • Counterparty • Concentration • Sovereign • Default in the loan portfolio	**Operational** • Fraud • Compliance • Information systems • Environmental, Social and Governance (ESG)
Balance sheet risk • Interest rate • Exchange rate • Liquidity	**Strategy** **Reputation**

5.4. Balance sheet and market risk

The Bank monitors the evolution of the balance sheet risk and market risk associated with its activity, namely concerning the possible occurrence of negative variations in the Bank's earnings or capital arising from:

- Imbalances between assets and liabilities, sensitive to interest rate or exchange, not of a trading nature but subject to price redefinition – Balance sheet risk; and
- Adverse movements in the market price of instruments in the trading book, caused in particular by fluctuations in interest rates, exchange rates, stock prices or commodity prices. Balance sheet and market risk management is one of the main duties of the Asset and Liability Management Committee (ALCO) – Market risk.

The Bank adopts a balance sheet and market risk management model based on four stages, namely:

1st stage

Identification and recording of the main risks

2nd stage

Quantitative and qualitative assessment of the identified risks

3rd stage

Monitoring the effectiveness and efficiency of mitigation measures

4th stage

Monitoring and reporting of information

Identification of balance sheet and market risk

The risk identification process is done by sending out questionnaires and holding workshops with the Bank's areas, where current and potential risks are identified through updated and timely information from the various relevant areas.

Evaluation of balance sheet and market risk

The evaluation of balance sheet and market risk is carried out at least every two weeks, by means of calculations of the main indicators, ensuring a periodic validation of metrics.

BAI uses the following metrics in the evaluation of balance sheet and market risks:

Type of Risk	Metrics and Tools
Liquidity	• Concentration of the largest depositors; • Sensitivity analysis; • Scenario analysis; • Inverse stress tests; • Net stable funding ratio (NSFR); • Loan-to-deposit ratio; • ILAAP.
Interest Rate	• Interest rate gaps; • Evolution of profitability ratios; • Sensitivity analysis; • Scenario analysis; • Inverse stress tests; • Analysis of monthly interest rates (production) and spread evolution; • Repricing gap and earnings at risk; • Impact on equity and financial margin; • Duration gap and impact on own funds; • ICAAP.
Foreign exchange	• Value at Risk model in light of exchange rate variations; • Sensitivity analysis; • Scenario analysis; • Inverse stress tests; • Evaluation of foreign exchange exposure limits and position; • ICAAP.
Capital adequacy	• Concentration of the largest depositors; • Sensitivity analysis; • Regulatory Capital Ratio; • Scenario analysis; • Inverse stress tests; • ICAAP; • ILAAP.

Control of balance sheet and market risk

Balance sheet and market risks are controlled by periodically monitoring compliance with the limits established in the Risk Appetite Statement (RAS) defined by the Board of Directors, Asset and Liability Committee (ALCO) and BNA (if applicable).

Monitoring and reporting of balance sheet and market risk

The monitoring and reporting of balance sheet and market risk is carried out by means of monthly reports and presentations to the Assets and Liabilities Committee (ALCO), the Risk Management Committee (CGR) and BNA (if applicable).

Management of liquidity and the regulatory liquidity ratio

Liquidity risk reflects the likelihood of the occurrence of negative impacts on earnings or capital, resulting from the institution's inability to have liquid funds to fulfil its financial obligations, as they fall due.

For the calculation of the short-term liquidity, the Group adopts the prudential limit of 100%, as defined by the Basel Committee.

Notwithstanding this, to this end, in terms of BAI, the regulator defined a liquidity buffer reserve of 10%, while in terms of BAI Cabo Verde, a buffer of 5% was adopted internally as the minimum limit of the liquidity ratio, implying a total liquidity ratio of 110% and 105% respectively.

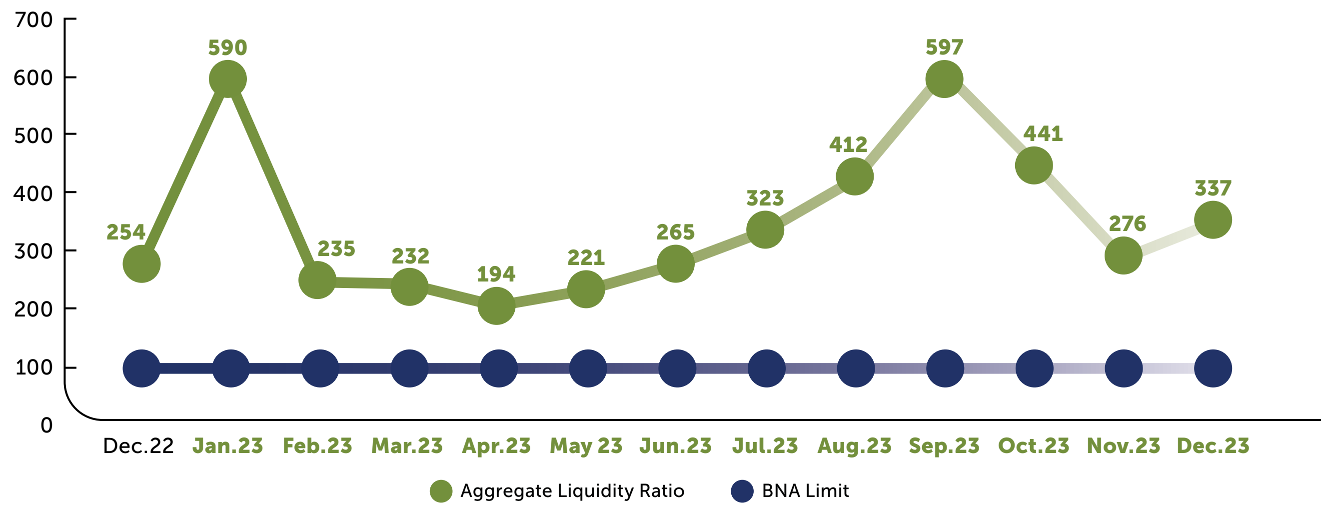
BAI has a stable liquidity position, maintaining liquidity ratios and observation above the regulatory limit in conformity with BNA Instruction No. 14/2021.

BAI

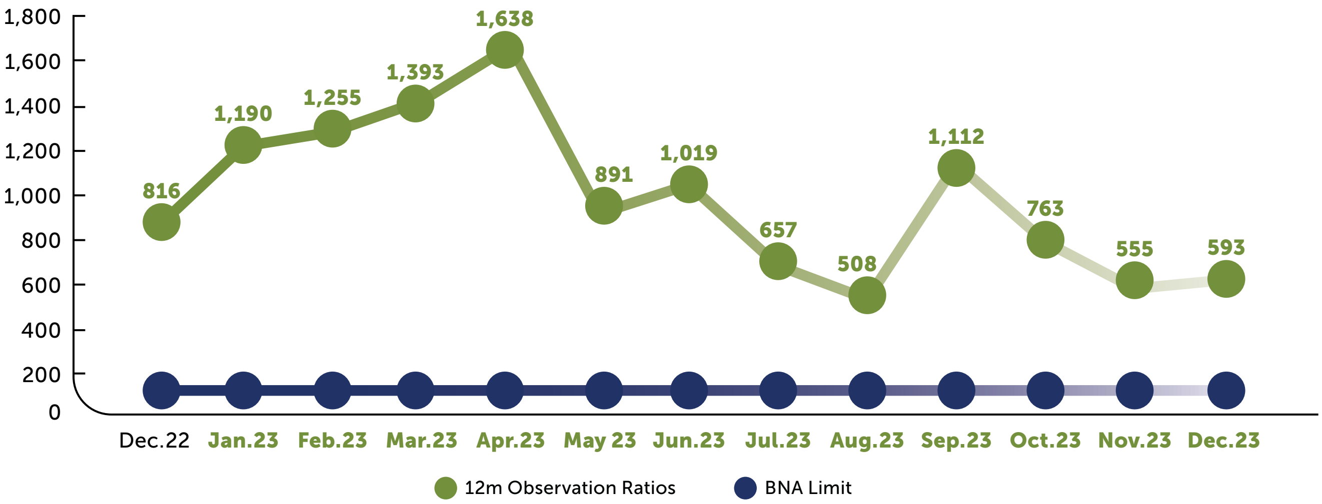
EVOLUTION OF THE LIQUIDITY RATIO THROUGHOUT THE YEAR

Indicators	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23
Aggregate Liquidity Ratio	254%	590%	235%	232%	194%	221%	265%	323%	412%	597%	441%	276%	337%
Aggregate Observation Ratios	816%	1,190%	1,255%	1,393%	1,638%	891%	1,019%	657%	508%	1,112%	763%	555%	593%
Net Stable Funding Ratio	309%	310%	357%	359%	321%	333%	354%	344%	340%	328%	330%	308%	301%
BNA Limit	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%

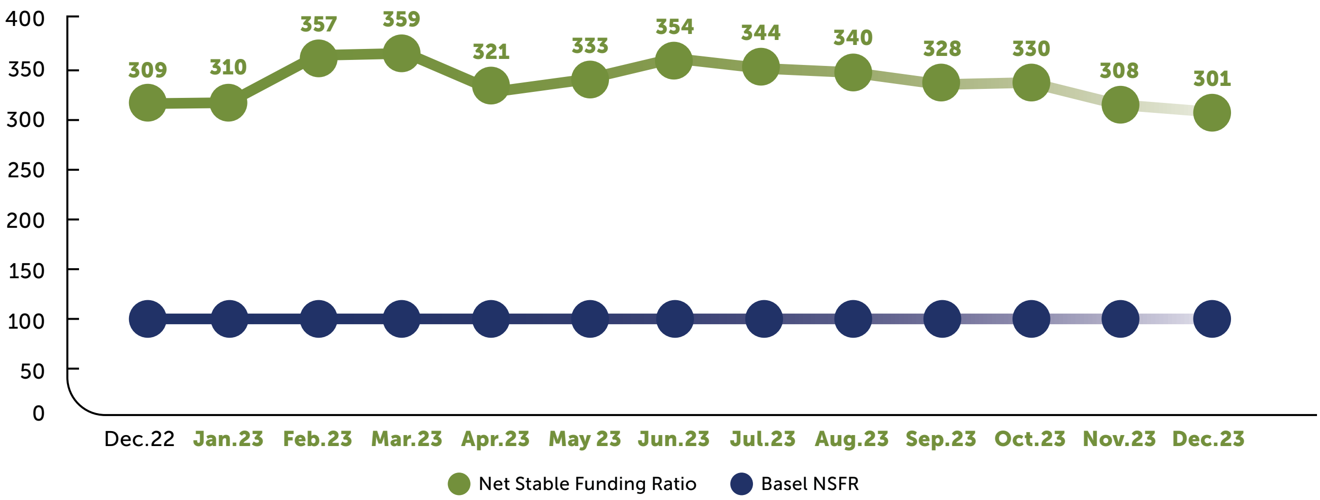
Aggregate Liquidity Ratio (%)



12-Month Observation Ratios (%)



Net Stable Funding Ratio (%)



Capital management and consolidated regulatory capital ratio

For BAI, regulatory capital is ascertained pursuant to Notice No. 08/2021 of 18 June and Instruction No. 19/2021 of 27 October.

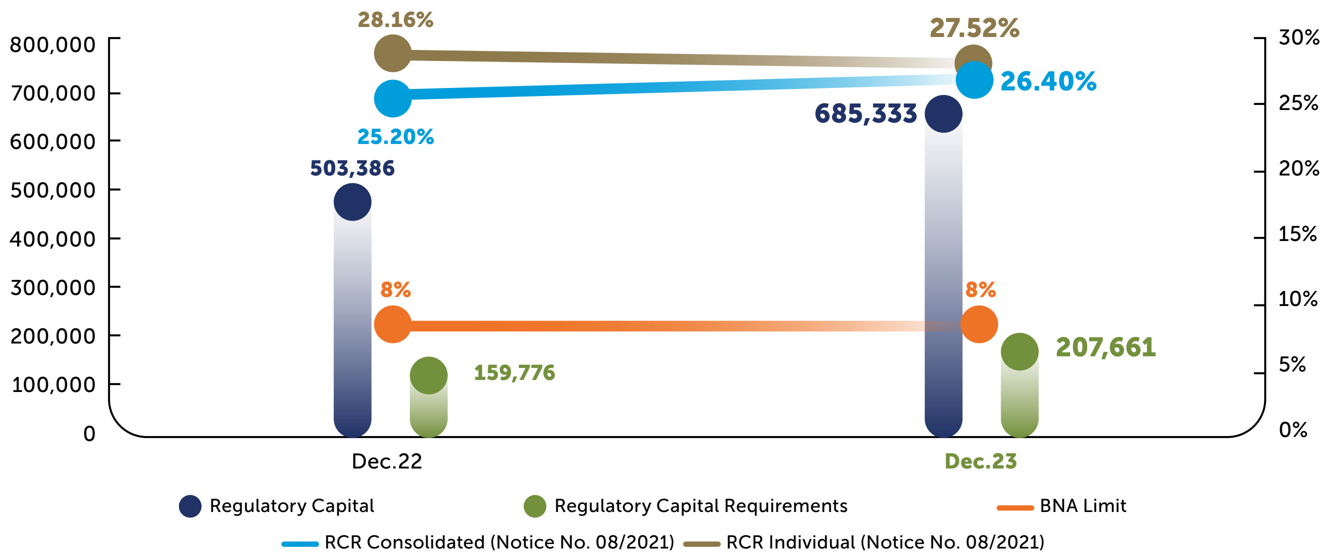
The regulatory capital ratio reflects the ratio of regulatory capital to the sum of the value of regulatory capital requirements for credit risk and counterparty credit risk (Instruction No. 11/2023), capital requirements for market risk and counterparty credit risk in the trading book (Instruction No. 16/2021), capital requirements for operational risk (Instruction No. 13/2021) and exceeding prudential limits for large risks (Instruction No. 10/2023).

As at 31 December 2023 and 31 December 2022, the calculation of the Group's regulatory capital ratio stood at 26.40% and 25.20% respectively. For the parent company, the figures are as follows, being above the regulatory minimum:

REGULATORY CAPITAL RATIO

Amounts in billion kwanzas	Dec. 2022	Dec. 2023	Dec. 2023 (ind.)
Regulatory capital	508,374	685,333	616,930
Regulatory capital requirements	159,776	207,661	179,372
Regulatory capital requirements (BNA Notice No. 08/2021)	25.20%	26.40%	27.52%
Leverage ratio considering required reserves	13.30%	13.94%	13.35%
Leverage ratio disregarding required reserves	16.53%	15.99%	15.20%

Regulatory capital ratio



The minimum total capital ratio to be met under Notice No. 08/2021 is 8%. In addition to the above, BNA has additional capital requirements.

The Supervisory Review and Evaluation Process (SREP) consists of procedures conducted on an annual basis by BNA, to ensure that each banking institution has strategies, internal processes, and adequate capital and liquidity to the risks to which they are exposed.

The SREP 2021 results show compliance with the Pillar 2 capital requirement of 3.53%, the buffer reserve requirement of 2.5%, the reserve requirement for institutions of systemic importance of 2% and an additional level of Pillar 2 guidelines of 1%. Thus, the minimum ratio to be met pursuant to Notice No. 08/2021 is increased by the requirements stipulated both for Pillar 2 and for the reserves referred to in the previous paragraph; therefore, BAI should comply with a total capital ratio of 17.03%

The details of the SREP results are presented in the table below.

Regulatory capital ratio		**Total Capital Ratio**
Minimum requirement	(A)	8.00%
Pillar 2 capital requirement	(B)	3.53%
TRCS*		11.53%
Buffer reserve	(C)	2.50%
Cyclical reserve	(D)	0.00%
Systemically important reserve	(E)	2.00%
Total capital ratio		16.03%
Pillar 2 guidelines	(F)	1.00%
Total capital ratio =	(A+B+C+D+E+F)	17.03%

* SREP Total Capital Requirements

5.5. Credit and counterparty risk

The Bank has its own rating (risk factor) and scoring models for classifying credit risk for companies and individuals, respectively, namely the likelihood of the occurrence of negative impacts on BAI's earnings or capital due to the inability of a counterparty to meet its financial commitments to the Institution, including possible restrictions on the transfer of payments from abroad.

In the case of companies, the assignment of the rating results from the evaluation of (i) the company's management capacity; (ii) its economic and financial situation; (iii) its banking history; (iv) the quality of the guarantees; and (v) its sector of activity. For each of these parameters, weights were set which, when multiplied by the assigned rating, give the respective score. The sum of the scores of the five parameters is equal to the company's rating.

In the case of individuals, the scoring model assesses the (i) commercial involvement; (ii) social stability; (iii) professional status; and (iv) economic and financial situation of the customer. For each of these parameters there are weighting factors that, when multiplied by the assigned rating, give the respective score. The sum of the scores for the 4 parameters equals the customer's score.

Classification of the loans granted

Risk Level	Risk Class	Level	Result in percentage
Loss	G	7	[0; 1.25]
Very high	F	6	[1.25; 1.88]
High	E	5	[1.88; 2.5]
Moderate	D	4	[2.5; 3.13]
Low	C	3	[3.13; 3.75]
Very low	B	2	[3.75; 4.38]
Low	A	1	[4.38; 5]

Moreover, the Bank uses tools that enable evaluating the credit position of customers at a national and international level, such as the BNA Credit Risk Information Centre (CIRC) and/or Informa D&B for companies or economic groups with exposure in other markets, with the latter being a financial information platform on companies operating in the European market.

The Credit Committee is a collegiate body whose purpose is to assess credit operations in accordance with the policies and limits defined by Board of Directors, as well as to monitor the non-performing loan portfolio.

The Executive Committee has defined a credit decision matrix, where several credit subcommittees are instituted and meet periodically in light of the aforesaid objectives. The decision matrix is applicable only to customers with risk levels from A to C, resulting from the application of BAI's scoring or rating model. Any operation with a rating higher than C is decided at the 4th bracket level, with the exception of renegotiation or restructuring operations, the risk of which arises from default. The last level of loan approval is entrusted to the Board of Directors, which delegates to the Executive Committee a limit of up to 0.5% of the Bank's own funds.

The Bank assesses credit and counterparty risk using models to evaluate objective evidence of impairment of a financial asset or group of financial assets.

A financial asset or a group of financial assets is impaired and expected impairment losses are recognised if:

- There is objective evidence of impairment as a result of one or more loss events occurring after the initial recognition of the asset (a loss event); and
- That a loss event (or events) has an impact on the estimated future cash flows of the financial asset.

Based on regulatory standards, all financial assets subject to credit risk must undergo impairment assessment. Pursuant to IFRS 9, individual assessments (for individually significant assets) and collective impairment assessments (for homogeneous groups of risks) are considered. According to the standard referred to above, there are two methods for calculating impairment losses: (i) individual analysis; and (ii) collective analysis.

Expected impairment losses are calculated based on the distribution of the portfolio of assets by stages of impairment, where impairment is calculated as follows:

- **Stage 1** – calculation of expected impairment losses in the "Collective Analysis" is done considering up to 12 months of the receivables;

- **Stage 2** – calculation of impairment losses in the "Collective Analysis" is done considering the total commitments receivable up to the maturity of the instrument;

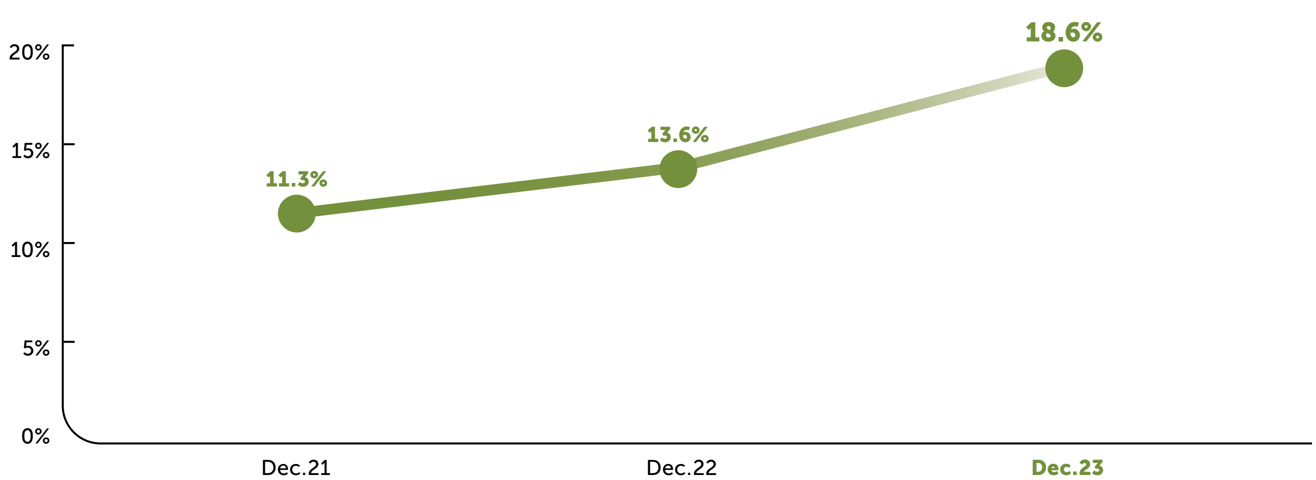
- **Stage 3** (non-performing operations) – a probability of default of 100% in "Collective Analysis" and the loss given default of the risk segment are applied, for all commitments receivable up to maturity.

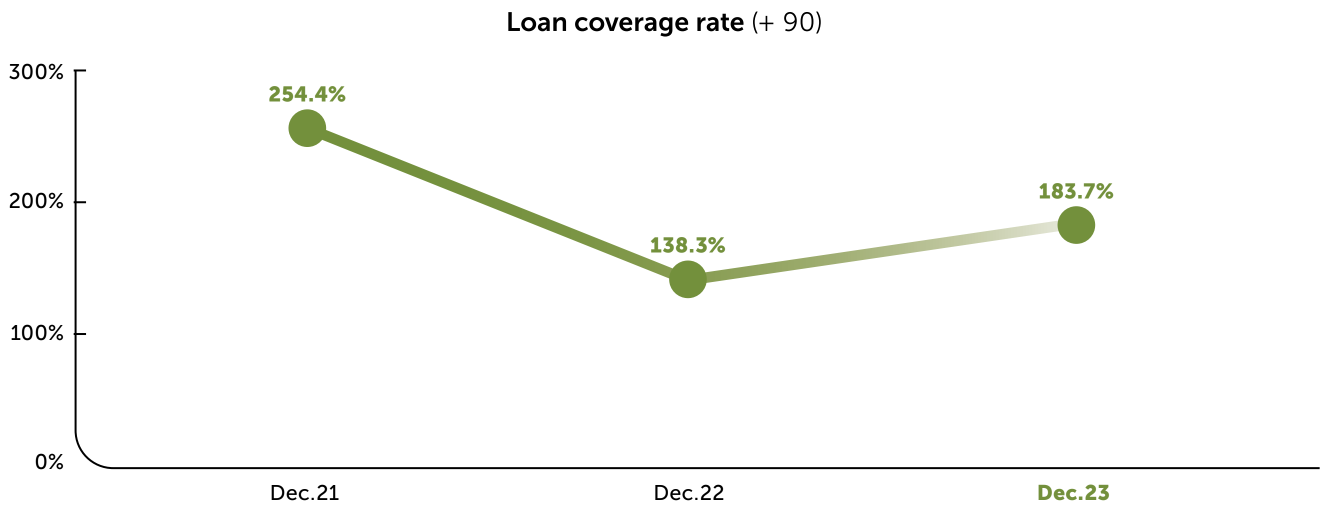
Every six months, based on the criteria stipulated in the standards including BNA Instruction No. 08/2019 and contractual characteristics in relation to signs of impairment or default, the Bank conducts an individual review process for significant exposures in the portfolio of financial assets subject to credit risk. Individually analysed transactions that end up with an individual impairment rate equal to 0% are referred to the collective impairment calculation.

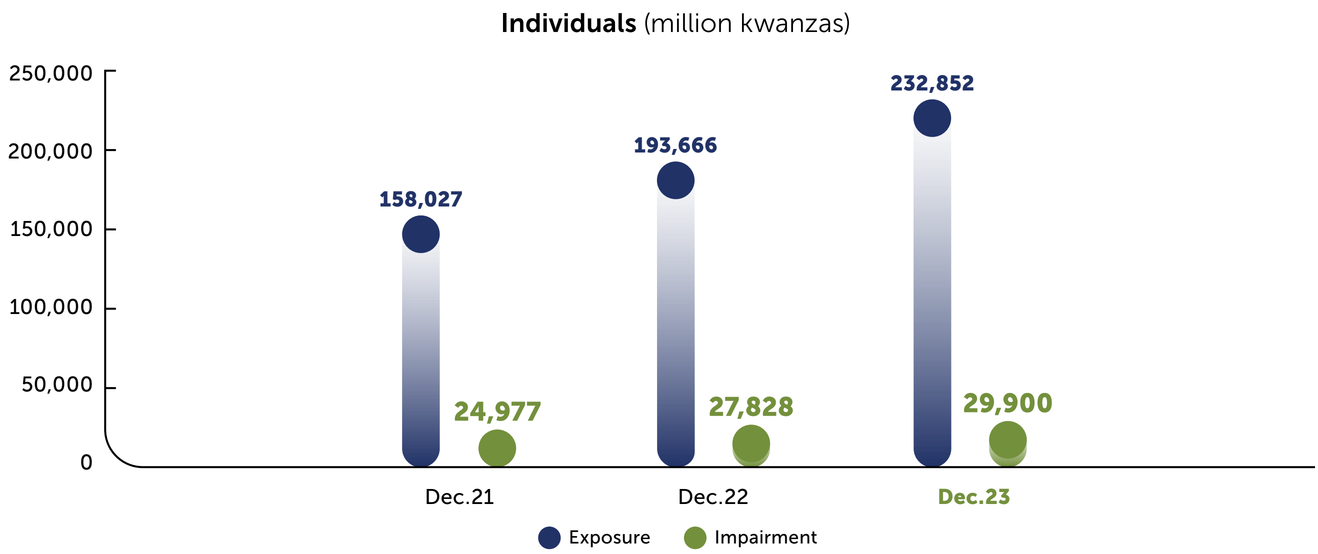
The calculation of impairment losses involves the following activities by cycles of accomplishment:

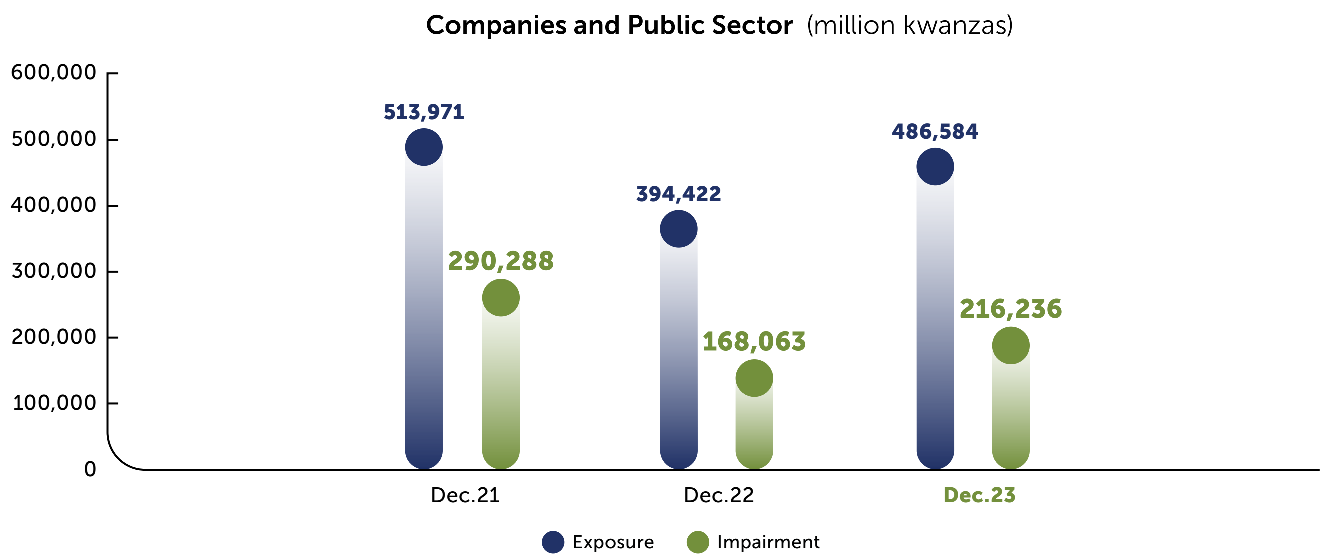
- Monthly cycle:
  1. Loading information;
  2. Data validation and reconciliation;
  3. Tool configuration;
  4. Impairment calculation;
  5. Evaluation of results; and
  6. Reporting.
- Biannual cycle: undertaking of the individual analysis;
- Annual cycle: sensitivity analysis, backtesting and calculation of risk factors.

Non-performing loan rate (+ 90)




Loan coverage rate (+ 90)
300%
200%
100%
0%
254.4%
138.3%
183.7%
Dec.21
Dec.22
Dec.23


Individuals (million kwanzas)
250,000
200,000
150,000
100,000
50,000
0
158,027
24,977
193,666
27,828
232,852
29,900
Dec.21
Dec.22
Dec.23
Exposure
Impairment


Companies and Public Sector (million kwanzas)
600,000
500,000
400,000
300,000
200,000
100,000
0
513,971
290,288
394,422
168,063
486,584
216,236
Dec.21
Dec.22
Dec.23
Exposure
Impairment

The Credit Policy approved by Board of Directors defines the balance sheet headings with exposure to credit risk as being liquidity investments, financial investments and financial assets, loans and off-balance sheet items.

The Board of Directors has set an individual exposure limit of 25% of regulatory capital (regulatory own funds). In this way, BAI also uses maximum exposure limits for counterparties associated with a global analysis of their situation, using an internal model with financial and economic variables, which is approved and reviewed by the Asset and Liability Committee.

The Bank may increase its exposure to a given counterparty beyond the limit calculated in the rating model, provided that: i) the counterparty presents collateral, accepted by the Bank, to guarantee the operation, or ii) it is justified by strategic decisions and duly authorised by the Executive Committee or Board of Directors, as applicable.

The monitoring and follow-up of credit risk is carried out by the Executive Committee and Board of Directors, based on the analysis of monthly and/or quarterly credit risk reports produced for this purpose. Among other internal limits established by the Board of Directors in the credit policy, the limits applicable to credit risk are as follows:

CREDIT LIMITS

Indicators	Limit	Defined and tracked by
Maximum personal exposure limit		
One customer or a group of connected customers	25% of regulatory capital	BNA/Board of Directors
One customer or a group of connected customers – related parties	10% of FPR	BNA/Board of Directors
A financial institution	25% of FPR	BNA/Board of Directors
The Angolan Government in local currency	Exempt	BNA/Board of Directors
The Angolan Government in foreign currency	25%	BNA/Board of Directors
20 greatest exposures	300% of FPR	BNA/Board of Directors
Maximum exposure – Companies segment (% of total portfolio)	60.5%	Board of Directors
Maximum exposure – Individuals segment (% of total portfolio)	30.5%	Board of Directors
Maximum exposure limit – Government (% of total portfolio)	9%	Board of Directors
Maximum limit according to regulatory capital = (1/12.5) X (FPR[1]/20.25%) – (RCRM[2] – RCRO[3] – RCGR[4])	100%	Board of Directors

1. FPR – Regulatory capital, including investments in debt instruments;
2. RCRM – Capital requirement for market risk;
3. RCRO – Capital requirement for operational risk;
4. RCGR – Capital requirement for major risks.

The main subsidiaries, in particular BAI Europa and BAI Cabo Verde have specific areas responsible for monitoring credit risk, in their internal rules and regulatory framework in force, such as a Risk Management Policy and Credit Risk Management Standard (NGRC) in the case of BAI Europa. In the case of BAI Cabo Verde, risk management is carried out through a transversal approach at the level of the various stages of the loan granting cycle and in the classification of credit risk, including its own rating and scoring models for companies and individuals, respectively.

5.6. Operational risk

At BAI, operational risk management is based on a vision by business, support and control processes, being transversal to the structural units and involving the management of situations that imply risk, arising from failures in the analysis, processing or settlement of transactions, internal and external fraud, use of outsourced resources, ineffective internal decision-making processes, insufficient or inadequate human resources, or the non-operationality of infrastructure.

This type of management is supported by principles, methodologies and control mechanisms with a management methodology supported by 3 phases: risk identification, assessment and control.

The points below describe the situations detected in each phase of Operational Risk management:

- **Identification:** is carried out in compliance with regulatory standards, and according to the implementation of new products and services, changes in processes and systems. The identified operational risks are associated with processes, based on information obtained through manuals/procedure sheets, interviews with the structural units, tests and reports (from internal and external audits, internal control deficiencies, operational risk events, key operational risk indicators);

- **Assessment:** categorisation is performed taking into account the Internal Table of Operational Risk Events, and the following criteria are used:

  - Qualitative assessment: is performed taking into account vulnerability, probability of surprise, and impact. Five preponderant factors are considered for the assessment based on the average of the following:

    - Financial: corresponds to the percentage in terms of amounts that would affect the Bank in the event of the risk's materialisation, in relation to the operating income of December of the previous year;

    - Operational: corresponds to the time interval during which the execution of an activity could be interrupted;

    - Compliance: corresponds to the possibility of breaches or delays in regulatory compliance which require correction within a particular time limit;

    - Reputational: corresponds to the percentage impact that would affect the Bank's reputation at the stakeholder level, during the management of incidents; and

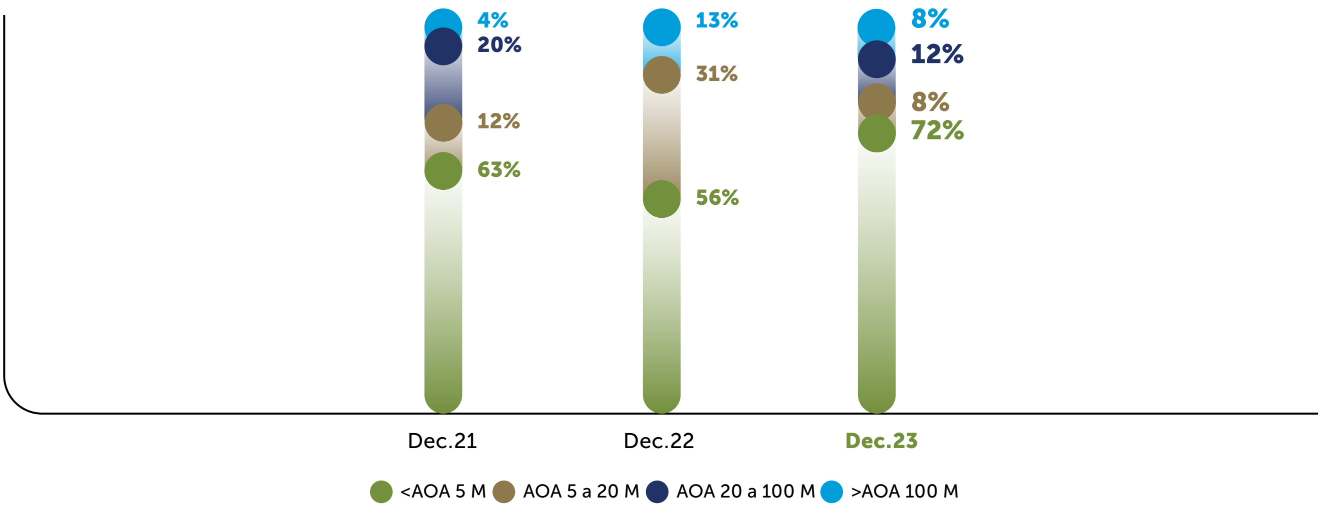
    - MLFT and WMD: corresponds to the possibility of a process being associated with a product/service at risk of money laundering and financing of terrorism (MLFT) and the proliferation of weapons of mass destruction (WMD).

  - Quantitative evaluation: is done based on the calculation of the implicit Risk Priority Number (NPR), taking into account the probability of occurrence, the impact and the ability to detect the event, and the calculation of the residual NPR, which considers the implicit NPR and the level (strength) of the existing control;

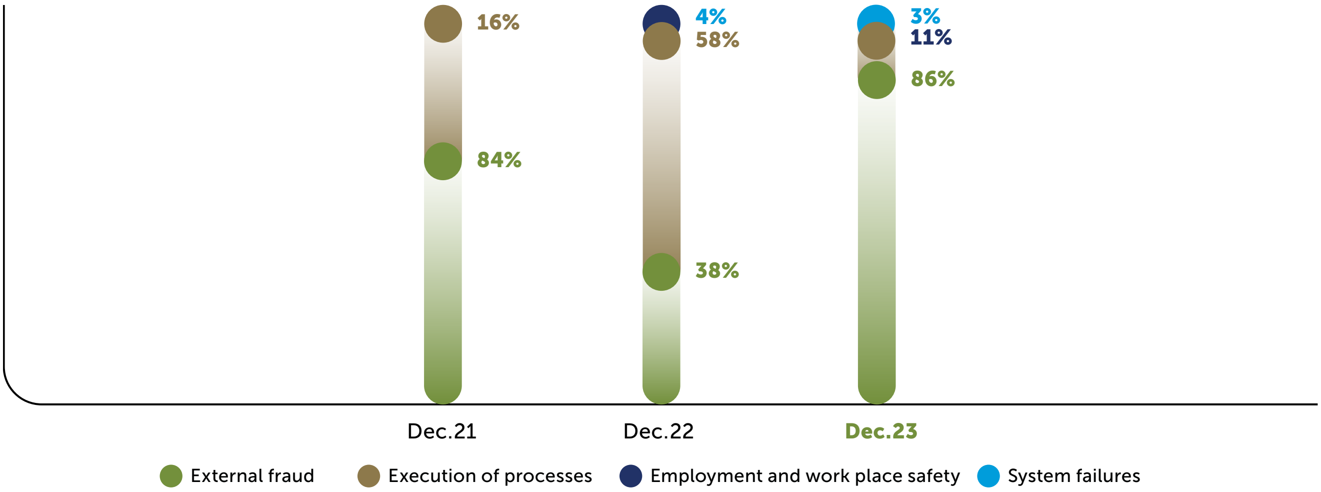
- **Control:** is carried out based on the analysis of the evolution of operational risks, by monitoring key risk indicators, recording operational risk events, and managing automatic alerts. The use of key risk indicators involves regular observation of their values in order to identify their trend. The information that is produced should be compared with the risk level and relevant historical information of operational risk events/losses by process.

In the reference year, 2,404,233 operational risk events were recorded, with effective losses of 440 million kwanzas, assigned to the operational risk event categories "System failures", "System disruption and failures" and "Execution, delivery and process management". The chart below presents the distribution of the cumulative value of losses by interval of amounts.

% Distribution of the cumulative value of losses by interval of amounts (M AOA)



% Cumulative frequency of operational risk events by risk category



In order to mitigate the impact of external operational risk events, several business continuity goals were defined, in particular:

- Operationality of the electronic channels and system of payments;
- Safeguarding of physical money;
- Information and system security; and
- Management of correspondents and Money Market.

On the other hand, pursuant to BNA Directive No. 11/DSB/DRO/2021, BAI adopts procedures for identifying and assessing contingency events, as well as implementing measures to mitigate the financial and non-financial impact. This series of procedures encompasses the Business Continuity Plan component, related to people, facilities and equipment, and the Technological Recovery Plan for systems, applications and technological infrastructures.

The main subsidiaries have systems for assessment of the risk of business processes and the recording of occurrences. In the case of BAI Europa, this assessment is made directly by the departments where these situations occur with reporting to the Risk Management Function (FGR), with the internal operational risk management standard having been updated in 2023, in order to update internal governance and the operational risk event reporting templates. In the case of BAI Cabo Verde, this assessment is made through an approach with a series of phases of the risk management cycle: identification, assessment of risks and controls, mitigation, monitoring and communication of operating risks.

5.6.1. Information system risk

At BAI, the management of information system risk seeks to ensure the confidentiality, integrity and availability of the information both in terms of data and at the level of information system and technology services. This process is carried out based on a series of policies, rules, standards and processes at the level of procedural controls, in addition to technical controls, in line with the national regulations and international best practice in order to mitigate the risk of negative impacts for the Bank stemming from inappropriate or flawed technology that could compromise the availability, integrity, accessibility and security of infrastructures and data (technological risk).

At BAI Europa and BAI Cabo Verde, procedures are defined for the management of information system risk through a process of ongoing monitoring as stipulated in the internal regulations of these institutions. In the case of BAI Europa, the internal information system risk management standard was revised in September 2023, in order to include the definition of the maximum time limit for reporting an occurrence. BAI Cabo Verde uses external and internal sources of information on new types of threats, vulnerabilities and cyber attacks, in line with the requirements of the Central Bank of Cape Verde and international standards (ISO), and has been progressively strengthening its skills according to the technological needs for business support and the response capacity to identified threats and incidents.

5.6.2. ESG Risk

BAI has been considering and monitoring the situations of risk to organisation stemming from the impact of climate change and current or future impacts of social and governance factors on the institution's counterparties and assets.

In Portugal, BAI Europa has monitored ESG risk management and the application of the risk management system, through the ongoing monitoring of that risk pursuant to the terms defined in its internal regulations.

5.7. Reputation risk

At the BAI Group level, the management of the reputation component is considered an element of crucial importance for the evolution of the activity. Therefore, specific mitigation measures have been defined for risk arising from an adverse perception of the Bank's image by the customers, counterparties, shareholders, investors or regulators due to the actions of the Company or its employees.

In the case of BAI, the main mitigation measures are:

- Complaint management policy (guarantees and customer safeguards);
- Provision of various channels of communication with the customer;
- Evaluation of customer satisfaction in communications with BAI;
- Implementation of the Organisational Efficiency Programme;
- Monitoring of the level of customer satisfaction;
- Implementation of the customer ombudsman function;
- Institutional Communication (e.g. website, branches and social networking)/Communication plan; and
- Service level agreements for the complaint management process.

The subsidiaries have a differentiated approach to the reputation risk management component, where it should be noted that in the case of BAI Europa, the management is carried out by the Compliance Department (DdC) throughout the year in reference, while in the case of BAI Cabo Verde, the focus is on the identification, measurement and assessment of the existing controls which are associated with the Bank's activity incident on a qualitative approach to the data.

5.8. Strategic risk

The negative impacts for BAI arising from inadequate strategic decisions, failure to comply with business objectives, poor implementation of decisions or inability to respond to changes in the banking environment or ecosystem comprise a significant challenge for which the Bank has defined specific mitigation measures, in particular the follow-up and monitoring of the Strategic Plan by a specific officer for those issues, such as regular presentation, to the Bank's Board of Directors and Executive Committee, of the evolution of the plan's implementation.

At BAI Europa, the risk management function has been keeping a close eye on the evolution of the different components of the Strategic Plan, as well as the application of the risk management system, through the ongoing monitoring of that risk pursuant to the terms defined in its internal regulations. In Cape Verde, strategy risk management is carried out periodically by monitoring the evolution of implementation of the strategic pillars and its reporting to the Bank's competent bodies.

5.9. Compliance and internal audit function

Generally speaking, the Group's compliance and internal audit functions are hierarchically dependent on the Board of Directors, through the respective specialised committees with supervision ensured by an executive director.

In the context of an evolution in line with international best practice, the commitment to strengthening the adequacy of the Governance Model and to Risk Management is a critical aspect for the BAI Group.

The Group desires that its governance architecture enable an internal culture based on ethical behavioural standards that foster the mitigation or elimination of potential non-compliance that could, in any manner, harm the stakeholders.

5.9.1. Compliance

The entities comprising the Financial Group have constituted a compliance function to enable ensuring alignment and compliance with the legal and regulatory requirements in force in the jurisdictions in which its subsidiaries operate, also including adequacy and compliance with internal regulations and guidelines.

The organisational model of the function is established in accordance with the strategy, nature and complexity of the activity of each entity, in general, forming the second line of defence of the implemented internal control systems.

The BAI Group is currently implementing a model for the follow-up and monitoring of the internal control system, incident on ensuring the capability for a more transversal intervention of the compliance function of the parent company at the Group level. Detailed information on the organisational model of the compliance function is available in the Annual Report on Corporate Governance of 2023 attached to this Report.

Compliance function at BAI

The mission of the Bank's Compliance Department (DCL) is to assess and monitor compliance and the correct application of the legal, regulatory, statutory and ethical provisions, international best practice, recommendations and guidelines issued by the competent supervisory entities of the jurisdictions in which its subsidiaries operate, including adequacy and compliance with the internal regulations and guidelines.

The compliance function is responsible for the detection, prevention, and mitigation of compliance risk and the risk of negative impacts on the Bank's earnings or capital arising from breaches of or non-compliance with the laws, regulations, agreements, customer relationships, prescribed practice or ethical standards that could result in legal penalties, restriction of business opportunities, reduction of potential expansion or inability to apply contractual obligations.

This function constitutes an integral part of the monitoring process of the internal control system and, as a second line of defence, its action is framed in the series of activities, systems and processes related to compliance, particularly with regard to anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction (AMLCFT/WMD). In the context of the values guiding the Bank's action, this function also enables promoting a culture of compliance and respect for all laws and regulations applicable to the Bank, through an independent intervention in all of the Bank's structural units.

The Department is hierarchically dependent on the Internal Control and Audit Committee (CCIA) and functionally dependent on an executive director.

Programme for anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction

The Bank has implemented a programme for prevention and detection of MLFT/WMD which enables identifying, monitoring and preventing the practice of unlawful activities in the context of the development of its operations.

1	2	3	4	5
Appointment of the Compliance Officer	Policies and procedures	Systems	Training	Independent evaluation

The Bank also believes that it is essential for effective prevention of MLFT/WMD that its programme be independently and periodically reviewed in order to assess its effectiveness and identify possible aspects that may need to be adjusted based on the results of this periodic evaluation. The effectiveness assessment entails checking whether the enhanced or simplified customer due diligence measures adopted on the basis of the identified risk are adequate, or not, to mitigate the risk of MLFT/WMD.

Monitoring, through periodic independent assessments, the quality, adequacy and effectiveness of the Bank's policies, procedures and controls on MLFT/WMD issues is therefore an essential element in ensuring the soundness of its internal system.

The programme is based on an approach based on the definition, identification and classification of exposure and sources of risk factors and containment on an ongoing basis in order to adjust the controls to be established for the different risks. Risk assessment on an individual basis is done annually.

In the context of the fight against MLFT/WMD practices, it is essential that the information provided by customers or counterparties is proved and verified, as well as the Bank's autonomous collection of other information on customers according to the identified risks. Therefore, the Bank acquires and/or guarantees its employees access to information, in accordance with the functions performed, to reputable, credible and diversified sources of information with regard to their origin and nature.

The Bank also guarantees training for all the employees, including the governing bodies and service providers, and, in 2023, strengthened the empowerment training of its employees in these AMLCFT/WMD matters.

Policies and procedures

The Bank has implemented policies and procedures that establish the standards for compliance with the legal and regulatory requirements, in a transversal manner across the entire organisation.

The policies are reviewed annually, ensuring their updating whenever relevant changes occur (i) in the market; (ii) in the Bank's strategic orientation; and/or (iii) in the regulations issued by the competent bodies.

During 2023, the Compliance Department reviewed and analysed internal procedures and processes, among which we highlight the rules on 'Know Your Customer', procedures for due diligence, communication of rejection and abstention, the Policy on Anti-Money Laundering and Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (AMLCFT/WMD), and compliance with sanctions and Customer Acceptance Policy.

Key Developments in 2023

During 2023, a series of improvements were made to the process of AMLCFT/WMD, and to its internal control system, in particular the following:

Area	Scope
IT tools	• Enhancement of the robustness of the model for classification of accounts by risk level and its extension to the entire commercial network; • Implementation of Trade-Based Anti-Money Laundering (AML); • Fine-tuning of the transaction and customer monitoring tool; • Extension of the SAS Customer Due Diligence (CDD) module to the entire commercial network; • Entry into (pilot) production of the IT tool that allows the adequacy of the customers' risk level during the business relationship; • Optimisation of the IT tools to carry out the screening in real time of customers, legal representatives and beneficial owners.
Monitoring in the context of AMLCFT/WMD	• Improved monitoring process and identification of suspicious transactions as a result of the implementation of the new, more robust customer and transaction monitoring system; • implementation of the remediation strategy for the alerts (passive) – in progress.
Know Your Customer (KYC) processes	• Improvements in the risk classification of customers including politically exposed persons (in progress).
Financial Group	• Assessment of the compliance with the legislation on AMLCFT/WMD of the subsidiaries, including those domiciled in third countries; • Reduction by 114% of the internal control deficiencies by the Financial Group entities; • Harmonisation of compliance policies.
Human capital	• Strengthening of the compliance function, with the hiring of 3 more external resources.
Training	• Training of 98% of the Bank's co, including the governing bodies and service providers.
Organisation	• 13 updates and 2 normalisations; • Implementation of a new operating model for AMLCFT/WMD in line with the applicable legal and regulatory requirements and, in particular, the sector's good practice. • Completion of the assessment of on the adoption of the legislation and regulations applicable to the Bank; • Assessment of MLFT/WMD risk on an individual basis.
Due diligence, monitoring, investigation and reporting	• Increased due diligence in relation to the same period of the previous year; • Increased monitored alerts; • Increased Declarations of Suspicious Operations reported to the Angolan Financial Information Unit (UIF); • Mass blockage of accounts without beneficial owners.
Internal control deficiencies	• Reduction by 68% of the number of internal control deficiencies on MLFT/WMD under the responsibility of the compliance function.

5.9.2. Internal Audit

The entities comprising the Financial Group has formally constituted internal audit functions to assess the Corporate Governance Model, the efficacy of the risk management process and the efficacy and efficiency of the Internal Control System. The organisational model of the function is established in accordance with the strategy, nature and complexity of the activity of each entity.

The governance model is currently being improved, with a view to ensuring the monitoring of the Groups Internal Control System, involving the capability for a more transversal intervention of the BAI’s internal audit function.

Detailed information on the organisational model of the internal audit function is available in the Annual Report on Corporate Governance of 2023 attached to this Report.

Internal audit function of BAI

The Internal Audit Department (DAI) is responsible for the performance of the internal audit function, and its mission is to independently and autonomously ensure the actions of auditing business processes, support and control, to jointly evaluate and conclude on the efficacy of the governance and risk management processes, the internal control system in response to risks that could jeopardise the achievement of the Bank's objectives, and compliance with laws and regulations.

The performance of this function is based on BNA Notice No. 01/2022, relative to the Corporate Governance Code of Banking Financial Institutions, and the International Standards for the Professional Practice of Internal Auditing (IPPF), issued by The Institute of Internal Auditors (IIA), playing a key role in assessing the compliance and adequacy of the Bank's internal control system and risk management system, being the Bank's third line of control defence, pursuant to the “model of 3 lines of defence”.

In 2023, the Internal Audit Department reported hierarchically to the Chairman of the Internal Control and Audit Committee (CCIA) and, functionally, to the Executive Director responsible for the control structural units, and to the Supervisory Board whenever called to do so.

Throughout 2023, various audit and internal control assessments were conducted on a series of processes of the Bank, the internal audit function of the Financial Group’s subsidiaries and the Bank's internal auditors were monitored, and actions were carried out to monitor the status of resolution of internal control flaws, arising from internal and external audit work and BNA inspections.

5.10. Foreign exchange control

In early 2023, BNA published Instruction No. 02/2023, which determined the elimination of the obligation for banking financial institutions to maintain an independent foreign exchange function, previously created based on Instruction No. 07/2018, for the main purpose of ensuring strict compliance with the legislation and regulations on foreign exchange in the processing of foreign exchange transactions and their reporting to BNA.

Notwithstanding the repeal of Instruction No, 07/2018, in this new Instruction, BNA reinforced that banking financial institutions should ensure the existence of an organisational structure, culture and internal control systems to ensure rigorous compliance with all the legislation and regulations applicable to foreign exchange transactions.

In view of these BNA recommendations, the foreign exchange control unit maintains its structure and function of effectively managing the risks associated with foreign exchange activity and forecasting regulatory sanctions in terms of quickly identifying areas with potential risk of non-compliance.

6

Proposed allocation of net income

Proud of our trajectory,
origins and ability to overcome

Changing Lives
since 1996

6. Allocation of net income for 2023

Considering:

a) The legal and statutory provisions on the application of results from the financial year and the constitution of the legal reserve;

b) The safeguarding of an appropriate safety margin over the values established by Banco Nacional de Angola in the scope of its analysis and assessment as to the adequacy of the strategies, processes, capital and liquidity to the risks to which the Bank is exposed.

Under the terms and for the purposes of the provisions in Article 71(2)(f) and Article 396(1)(b), both of the Commercial Companies Law, as well as Article 31 of the Bank's Articles of Association, the General Meeting approved the following allocation of individual net income for the financial year of 2023, amounting to 199,573,709,879.94 kwanzas (one hundred and ninety-nine thousand, five hundred and seventy-three million, seven hundred and nine thousand, eight hundred and seventy-nine kwanzas and ninety-four cents).

Allocation	**%**	**Amount (AOA)**
For legal reserves	10%	19,957,370,987.99
For free reserves	50%	99,786,854,939.97
For dividends	40%	79,829,483,951.98

7

Statement of the Board of Directors' Responsibilities

Oriented towards offering the best banking experience in Angola

Changing Lives since 1996

7. Statement of the Board of Directors' Responsibilities

It is hereby declared that, under the terms and for the purposes established in Article 142(c) of the Angolan Securities Code, to the best of the knowledge of the undersigned, the financial statements for the year ended on 31 December 2023, which comprise (i) Consolidated and individual balance sheets; (ii) Consolidated and individual income statements; (iii) Consolidated and individual statements of comprehensive income; (iv) Consolidated and individual statements of changes in equity; (v) Consolidated and individual statements of cash flows; and (vi) Notes to the consolidated and individual financial statements, reflect a true and fair view of the financial position, profit or loss, changes in equity and cash flow for the year ended on 31 December 2023 for BAI and the entities included in the consolidation perimeter, in accordance with International Accounting and Financial Reporting Standards (IAS/IFRS).

Furthermore, it is also declared that the management report relative to 31 December 2023 faithfully presents the evolution of the business, performance and situation of BAI and the entities included in the consolidation perimeter, and contains a description of the principal risks and uncertainties facing them.

Luanda, 22 February 2024

Mário Barber
Chairman of the Board of Directors

Helder Aguiar
Vice-Chairman

Theodore Giletti
Vice-Chairman

Ana Machado
Director

Maria Almeida
Director

Diogo Viana
Director

Ana Victor
Director

Carlos Guerra
Director

Luís Lélis
Chief Executive Officer

Inokcelina de Carvalho
Executive Director

Juvelino Domingos
Executive Director

Simão Fonseca
Executive Director

João Fonseca
Executive Director

Irisolange Verdades
Executive Director

José Manuel
Executive Director

8

Consolidated Financial Statements and Notes to the Consolidated Financial Statements

A leading group with an international expansion strategy focused on the financial market in the Portuguese-speaking world

Changing Lives
since 1996

8.1. Consolidated Financial Statements

A. Balance sheets

BAI GROUP
CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023	31-12-2022 (Restated)	31-12-2022
Assets				
Cash and cash equivalents at central banks	4	626,508,683	683,007,360	683,007,360
Cash and cash equivalents at other credit institutions	5	142,880,126	66,722,242	66,700,936
Deposits at central banks and other credit institutions	6	1,025,722,714	648,134,587	648,134,587
Financial assets at fair value through profit or loss	7	699,632,142	612,985,810	612,985,810
Financial assets at fair value through other comprehensive income	8	82,733,506	61,851,007	60,480,872
Investments at amortised cost	9	1,448,597,686	803,542,000	803,542,000
Loans to customers	10	761,693,364	526,054,150	526,055,264
Non-current assets held for sale	11	1,399,679	851,776	851,776
Investment property	12	6,066,830	4,061,882	4,061,882
Other tangible assets	13	129,456,999	116,344,332	109,946,910
Intangible assets	13	16,357,417	14,948,507	14,895,240
Investments in associates	14	12,928,468	7,595,039	7,540,795
Current tax assets	15	3,399,017	1,723,410	1,723,410
Deferred tax assets	15	2,534,208	2,066,036	2,066,036
Assets from ceded reinsurance contracts	16	11,018,112	9,119,858	9,815,485
Other assets	17	292,015,231	98,949,150	101,498,581
Total Assets		**5,262,944,182**	**3,657,957,146**	**3,653,306,944**
Liabilities and Equity				
Resources from central banks and other credit institutions	18	100,110,818	128,569,695	128,570,384
Resources from customers and other loans	19	4,104,671,259	2,863,207,842	2,864,623,311
Provisions	20	40,089,462	15,776,202	15,776,202
Insurance contract liabilities	16	38,400,613	31,260,279	34,980,231
Current tax liabilities	15	11,766,805	7,312,602	4,612,200
Deferred tax liabilities	15	725,149	873,470	873,470
Subordinated liabilities	21	4,054,996	2,382,592	2,382,592
Other liabilities	22	194,542,840	78,075,067	76,690,388
Total Liabilities		**4,494,361,942**	**3,127,457,749**	**3,128,508,778**
Share capital	23	157,545,000	157,545,000	157,545,000
Share premium	23	(8,824,849)	(13,407,562)	(13,407,562)
Treasury shares	23	(4,928,073)	(5,296,172)	(5,296,172)
Revaluation reserves	24	86,818,356	24,380,720	23,062,891
Other reserves and retained earnings	24	320,174,090	261,064,725	248,821,765
Net income for the year attributable to BAI shareholders	25	208,366,770	100,243,019	108,648,286
Equity attributable to BAI shareholders		**759,151,294**	**524,529,730**	**519,374,208**
Non-controlling interests	26	9,430,946	5,969,667	5,423,958
Total Equity		**768,582,240**	**530,499,397**	**524,798,166**
Total Liabilities and Equity		**5,262,944,182**	**3,657,957,146**	**3,653,306,944**

The attached notes are an integral part of these consolidated financial statements.

B. Income statements

BAI GROUP

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023	31-12-2022 (Restated)	31-12-2022
Interest and similar income calculated using the effective interest rate method	27	237,092,770	252,042,279	250,767,062
Interest and similar income not calculated using the effective interest rate method	27	102,011,650	34,821,848	34,832,710
Interest and similar expenses	27	(107,661,570)	(81,857,981)	(81,838,367)
Net interest income		**231,442,850**	**205,006,146**	**203,761,405**
Income from equity instruments		12,347	19	19
Income from services, fees and commissions	28	68,748,493	53,239,956	51,743,714
Expenses related to services, fees and commissions	28	(38,681,396)	(18,191,942)	(18,191,942)
Net income from financial assets and liabilities at fair value through profit or loss	29	163,876,249	12,071,797	12,071,797
Income from financial assets at fair value through other comprehensive income		(91,390)	30,627	30,627
Net gains/(losses) from Investment at amortised cost	30	9,335,539	54,341,222	54,341,222
Net income from other financial assets		(856)	-	-
Foreign exchange results	31	(113,261)	(8,965,338)	(8,965,338)
Income from the sale of other assets	32	(2,947,011)	(268,843)	(268,843)
Other operating income/(expense)	33	(6,637,658)	(8,055,468)	(10,496,870)
Operating income		**424,943,906**	**289,208,176**	**284,025,791**
Technical margin of insurance activity	34	14,441,466	10,221,727	11,281,382
Operating income of banking and insurance activity		**439,385,372**	**299,429,903**	**295,307,173**
Staff costs	35	(86,823,799)	(71,066,563)	(69,719,863)
Third-party supplies and services	36	(73,462,031)	(76,209,505)	(73,670,359)
Depreciation and amortisation for the year	37	(21,962,520)	(17,306,568)	(16,998,789)
Provisions net of reversals	38	(2,821,453)	(4,067,048)	(4,067,047)
Impairment for loans to customers net of reversals and recoveries	39	(26,129,305)	(6,908,225)	(6,908,225)
Impairment for other financial assets net of reversals and recoveries	40	3,773,600	5,623,935	5,623,936
Impairment for other assets net of reversals and recoveries	41	(1,627,786)	(10,668,860)	(2,008,113)
Net income - associated companies and joint ventures (equity method)	42	2,786,583	450,971	495,454
Earnings before tax for continuing operations		**233,118,661**	**119,278,040**	**128,054,167**
Tax expenses				
Current taxes	15	(23,058,270)	(15,815,521)	(15,624,298)
Deferred taxes	15	(132,373)	1,708,462	1,337,583
Earnings after tax from continuing operations and before non-controlling interests		**209,928,018**	**105,170,981**	**113,767,452**
Income from discontinued and/or discontinuing operations	11	-	(3,836,612)	(3,836,612)
Earnings after tax and before non-controlling interests		**209,928,018**	**101,334,369**	**109,930,840**
Non-controlling interests	26	(1,561,248)	(1,091,350)	(1,282,554)
Net income for the year attributable to shareholders		**208,366,770**	**100,243,019**	**108,648,286**
Average number of ordinary shares issued	25	18,601,130	18,118,622	18,118,622
Earnings from discontinued and/or discontinuing operations per basic and diluted share (in Kwanzas)	25	11,202	5,533	5,996
Basic and diluted earnings per share (in kwanzas)	25	11,202	5,533	5,996

The attached notes are an integral part of these consolidated financial statements.

C. Comprehensive income statements

BAI GROUP
CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023			31-12-2022 (Reexpresso)		
		Total net value	Attributable to Bank shareholders	Non-controlling interests	Total net value	Attributable to Bank shareholders	Non-controlling interests
Net income for the year		**209,928,018**	**208,366,770**	**1,561,248**	**101,334,369**	**100,243,019**	**1,091,350**
Other comprehensive income							
Items that could be reclassified to profit or loss							
Changes in fair value of financial assets at fair value through other comprehensive income	24	4,624,995	4,624,995	-	(2,712,717)	(2,712,717)	-
Tax impact of changes in the fair value of financial assets at fair value through other comprehensive income	15	318,429	318,429	-	(177,670)	(177,670)	-
Foreign exchange differences arising from the consolidation of Group companies	24	58,874,488	57,494,212	1,380,276	(23,844,900)	(24,443,333)	598,433
		63,817,912	**62,437,636**	**1,380,276**	**(26,735,287)**	**(27,333,720)**	**598,433**
Items that cannot be reclassified to profit or loss							
Actuarial gains and losses on long-term benefits		-	-	-	348,673	348,673	-
Total comprehensive income for the year		**273,745,930**	**270,804,406**	**2,941,524**	**74,947,755**	**73,257,972**	**1,689,783**

The attached notes are an integral part of these consolidated financial statements.

D. Cash flow statements

BAI GROUP
STATEMENTS OF THE CONSOLIDATED CASH FLOWS AS AT 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023	31-12-2022 (Restated)	31-12-2022
Cash flow from operating activities				
Interest, fees and commissions and other similar income received		408,928,014	324,952,052	324,952,052
Interest, fees and commissions, and other similar expenses paid		(145,676,551)	(96,509,726)	(96,509,726)
Receipts/(Payments) of insurance premiums		3,236,380	259,331	259,331
Payments to employees and suppliers		(136,107,609)	(137,411,250)	(137,411,250)
Payments and contributions to pension funds and other benefits		(5,619,757)	(5,058,115)	(5,058,115)
Recovery of loans written-off from the assets		10,079	-	-
Other income		2,314,236	15,393,554	17,135,654
Cash flows before changes in operating assets and liabilities		**127,084,792**	**101,625,846**	**103,367,946**
(Increases)/Decreases in operating assets:				
Deposits at central banks and other credit institutions		(302,327,206)	(17,326,971)	(17,326,971)
Financial assets at fair value through profit or loss		(98,799,962)	(540,815,322)	(540,815,322)
Financial assets at fair value through other comprehensive income		19,535,367	-	-
Investments at amortised cost		(186,341,838)	355,342,408	355,342,408
Loans to customers		(113,549,820)	(69,865,879)	(69,865,879)
Non-current assets held for sale		-	3,658,683	3,658,683
Other assets		32,192,147	(30,728,294)	(30,728,294)
Net flow from operating assets		**(649,291,312)**	**(299,735,375)**	**(299,735,375)**
Increases/(Decreases) in operating liabilities:				
Resources from central banks and other credit institutions		(87,368,425)	18,465,019	18,465,019
Resources from customers and other loans		351,078,509	311,619,979	311,619,979
Other liabilities		(4,361,125)	(11,447,885)	(11,447,885)
Net flow from operating liabilities		**259,348,959**	**318,637,113**	**318,637,113**
Net cash from operating activities before income taxes		(262,857,561)	120,527,584	122,269,684
Tax expenses paid		(15,707,467)	(13,924,042)	(13,924,042)
Net cash from operating activities		**(278,565,028)**	**106,603,542**	**108,345,642**
Cash flow from investing activities				
Dividends received		2,006,314	1,379,228	1,379,228
Acquisitions of other tangible assets net of disposals		(20,908,249)	(12,187,184)	(12,187,184)
Acquisitions of intangible assets, net of disposals		(8,181,900)	(4,992,335)	(4,992,335)
Acquisitions of stakes in associates and joint ventures, net of disposals		(3,170,000)	51,837,234	51,837,234
Net cash from investing activities		**(30,253,835)**	**36,036,943**	**36,036,943**
Cash flows from financing activities				
Increases / (Decreases) in loans received		2,865,135	(1,097,126)	(1,097,126)
Acquisitions of treasury shares, net of disposals		13,505,822	(3,952,275)	(3,952,275)
Dividends distribution		(40,091,328)	(63,693,673)	(63,693,673)
Dividends distribution to non-controlling interests		(614,503)	(457,398)	(457,398)
Lease liability payments		(1,719,061)	(1,752,303)	(1,752,303)
Net cash from financing activities		**(26,053,935)**	**(70,052,775)**	**(70,052,775)**
Changes in cash and cash equivalents		**(334,872,798)**	**72,587,710**	**74,329,810**
Cash and cash equivalents at the beginning of the year		752,255,365	742,853,437	742,853,437
Effects of exchange rate changes on cash and cash equivalents		352,768,599	(64,949,188)	(64,949,188)
Cash and cash equivalents at the end of the year		**770,151,166**	**750,491,959**	**752,234,059**
Cash and its equivalents include:				
Cash	4	36,359,923	26,053,012	26,053,012
Demand deposits at central banks	4	590,883,781	659,322,868	659,322,868
Cash and cash equivalents at other credit institutions	5	142,907,462	65,116,079	66,858,179
		770,151,166	**750,491,959**	**752,234,059**

The attached notes are an integral part of these consolidated financial statements.

E. Statement of changes in equity

BAI GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED ON 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	Share capital (Note 23)	Share premium	Treasury shares	Revaluation reserves (Note 24)
Balance as at 31 December 2021	**157,545,000**	**(9,204,478)**	**(739,335)**	**50,464,650**
Changes in the consolidation perimeter	-	-	-	1,249,790
IFRS 17 transition adjustment (Note 2.2.)	-	-	-	-
Balance as at 1 January 2022 (Restated)	**157,545,000**	**(9,204,478)**	**(739,335)**	**51,714,440**
Other comprehensive income:				
Changes in fair value	-	-	-	(2,890,387)
Actuarial gains and losses	-	-	-	-
Foreign exchange differences arising from the consolidation of Group companies	-	-	-	(24,443,333)
Net income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**(27,333,720)**
Allocation of net income for the year:				
Transfer to Legal Reserve	-	-	-	-
Transfer to other reserves	-	-	-	-
Dividends distribution	-	-	-	-
Acquisitions of treasury shares, net of disposals	-	(4,203,084)	(4,556,837)	-
Other reserves	-	-	-	-
Balance as at 31 December 2022 (Restated)	**157,545,000**	**(13,407,562)**	**(5,296,172)**	**24,380,720**
Other comprehensive income:				
Changes in fair value	-	-	-	4,943,424
Foreign exchange differences arising from the consolidation of Group companies	-	-	-	57,494,212
Net income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**62,437,636**
Allocation of net income for the year:				
Transfer to legal reserve	-	-	-	-
Transfer to other reserves	-	-	-	-
Dividends distribution	-	-	-	-
Acquisitions of treasury shares, net of disposals	-	4,582,713	368,099	-
Other reserves	-	-	-	-
Balance as at 31 December 2023	**157,545,000**	**(8,824,849)**	**(4,928,073)**	**86,818,356**

The attached notes are an integral part of these consolidated financial statements.

Other reserves, retained earnings and other comprehensive income (Note 24)	Total	Net income for the year (Note 25)	Total equity attributable to BAI shareholders	Non-controlling interests (Note 26)	Total equity
145,464,100	**343,529,937**	**148,169,837**	**491,699,774**	**3,981,064**	**495,680,838**
4,452,589	5,702,379	5,783,413	11,485,792	-	11,485,792
1,118,163	1,118,163	-	1,118,163	-	1,118,163
151,034,852	**350,350,479**	**153,953,250**	**504,303,729**	**3,981,064**	**508,284,793**
-	(2,890,387)	-	(2,890,387)	-	(2,890,387)
348,673	348,673	-	348,673	-	348,673
-	(24,443,333)	-	(24,443,333)	407,229	(24,036,104)
-	-	100,243,019	100,243,019	1,282,554	101,525,573
348,673	**(26,985,047)**	**100,243,019**	**73,257,972**	**1,689,783**	**74,947,755**
14,154,150	14,154,150	(14,154,150)	-	-	-
139,799,100	139,799,100	(139,799,100)	-		-
(63,693,673)	(63,693,673)	-	(63,693,673)	(457,398)	(64,151,071)
4,807,647	(3,952,274)	-	(3,952,274)		(3,952,274)
14,613,976	14,613,976	-	14,613,976	756,218	15,370,194
261,064,725	**424,286,711**	**100,243,019**	**524,529,730**	**5,969,667**	**530,499,397**
-	4,943,424	-	4,943,424		4,943,424
-	57,494,212	-	57,494,212	1,380,276	58,874,488
-	-	208,366,770	208,366,770	1,561,248	209,928,018
-	**62,437,636**	**208,366,770**	**270,804,406**	**2,941,524**	**273,745,930**
10,022,832	10,022,832	(10,022,832)	-	-	-
90,220,187	90,220,187	(90,220,187)	-	-	-
(40,091,328)	(40,091,328)	-	(40,091,328)	(614,503)	(40,705,831)
8,555,011	13,505,823	-	13,505,823		13,505,823
(9,597,337)	(9,597,337)	-	(9,597,337)	1,134,258	(8,463,079)
320,174,090	**550,784,524**	**208,366,770**	**759,151,294**	**9,430,946**	**768,582,240**

8.2. Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise)

1. Introductory Note

Banco Angolano de Investimentos, S.A. Sociedade Aberta (hereinafter also referred to as "BAI" or "Parent Company", with headquarters in Luanda, is a private equity bank, part of which belongs to non-resident entities 14 November 1996. Its commercial activity began on 4 November 1997. On 11 January 2021, the Bank changed its name from Banco Africano de Investimentos, S.A. to Banco Angolano de Investimentos, S.A.

At the General Meeting held on 9 August 2021, the company amended its articles of association so as to qualify as a publicly traded company and began the Public Sale Offer (OPV) process, with BAI shares having been listed for trading on 9 June 2022, making it the first company listed on the Angola Debt and Securities Exchange (BODIVA).

The Bank's corporate purpose is the pursuit of banking activity, under the terms and within the limits defined by Banco Nacional de Angola (hereinafter referred to as "BNA"), dedicated to obtaining funds from third parties in the form of deposits, certificates of deposit and cash bonds, which it applies, together with its own resources, to the granting of loans, deposits in BNA, investments in financial institutions, acquisition of securities or other assets for which it is duly authorised. It also provides other banking services and carries out various types of foreign currency transactions, with a national network of 750 distribution channels for this purpose, including 157 branches, 22 ATM Centres and 571 bank agents.

The BAI Group (Group) is made up of the Bank and companies specialised in the financial and non-financial sector, operating in Angola, Cape Verde, Portugal, and São Tomé e Príncipe. The entities included for the purposes of preparing the Group's financial statements, as well as the nature of their activities, are described in more detail in Note 3.11 – "Entities included in the consolidation perimeter".

In defining the economic Group's consolidation perimeter, BAI took into account the requirements set out in IFRS 10 – Consolidated financial statements, as mentioned in Note 3.11.

2. Accounting policies

2.1. Basis of preparation

Pursuant to the provisions in BNA Notice 5/2019 of 30 August, the Group's consolidated financial statements are prepared on the basis of continuity of operations and in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS) effective on 1 January 2023.

The financial statements presented herein refer to the Group's consolidated activity as at 31 December 2023, as required by corporate law. With regard to Group entities that use different accounting standards, conversion adjustments are made to IAS/IFRS in order to comply with the application of these standards in consolidated terms.

The IAS/IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and by the respective predecessor bodies, effective on 1 January 2023.

The consolidated financial statements are expressed in thousands of kwanzas (kAOA), rounded to the nearest thousand and were prepared according to the principle of historical cost, with the exception of assets recorded at their fair value, namely financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The preparation of financial statements in accordance with the IAS/IFRS requires the Group to make judgements and estimates and use assumptions that affect the application of accounting policies and the amounts of income, costs, assets and liabilities. Changes in such assumptions or differences between them and reality may have an impact on current estimates and judgements. Areas that involve a higher level of judgement or complexity, or where significant assumptions and estimates are used in the preparation of consolidated financial statements are analysed in Note 3.

The accounting policies and calculations were applied in a consistent manner with those used in the consolidated financial statements as at 31 December 2022, with the exception of the following:

i. Changes in the perimeter;

ii. Group's consolidation perimeter, with the inclusion in the consolidation process of the Group's non-financial entities as at 1 January 2023; and

iii. First adoption of IFRS 17 – Insurance contracts at the insurance business level (Nossa Seguros), as presented in Note 2.25.

The recently issued accounting rules applicable to the Group, which were not yet in force as at 31 December 2023, are analysed in Note 49.

The consolidated financial statements for 2023 were approved at the Board of Directors' meeting held on 22 February 2024.

2.2. Consolidation principles

The Group applies IFRS 3 for the accounting recognition of business combinations.

The consolidated financial statements now presented reflect the assets, liabilities, income and costs of the Group and its subsidiaries, and the results attributable to the Group in respect of investments in associates.

The accounting policies have been applied consistently by all Group companies for the years covered by these consolidated financial statements. With regard to Group entities that use different accounting standards, conversion adjustments are made to IAS/IFRS in order to comply with the application of these standards in consolidated terms.

Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to the variability in the returns resulting from its involvement with that entity and can seize them through the power it holds over the relevant activities of that entity (de facto control). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group acquires control until the date on which control ends.

Accumulated losses are attributed to the Group's non-controlling interests in the proportions held, which may imply the recognition of negative non-controlling interests.

On a step acquisition process resulting in the acquisition of control, the revaluation of any previously acquired Group stake is recognised again profit or loss account when goodwill is calculated. Upon a partial sale resulting in loss of control over a subsidiary, any remaining stake is revalued at market value on the sale date and the gain or loss resulting from this revaluation is recorded through profit or loss.

Financial investments in associates

Financial investments in the Group's associates are accounted for using the equity method from the date on which the Group acquires significant influence until the date on which this influence ceases. Associates are entities in which the Group has significant influence, but not control, over their financial and operating policy decisions. It is assumed that the Group has significant influence when it directly or indirectly holds 20% or more of the voting rights of the associate. If the Group directly or indirectly holds less than 20% of the voting rights, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- Representation on the Board of Directors or equivalent management body;
- Participation in policy-making processes, including participating in decisions about dividends or other distributions;
- Material transactions between the Group and the subsidiary;
- Interchange of the management team;
- Provision of essential technical information.

The consolidated financial statements include the portion attributable to the Group of the total results and reserves of the associate accounted for through the equity method. When the Group's share of losses exceeds its interest in the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred in a legal obligation to assume those losses on behalf of an associate.

Consolidation differences – Goodwill

The Group's business combinations are recorded using the purchase method. The acquisition cost corresponds to the fair value determined on the acquisition date of the assets given and liabilities incurred or assumed. The application of the acquisition method requires the recognition and measurement of goodwill or a gain resulting from a purchase at a low price.

Costs directly related to the acquisition of a subsidiary are directly charged through profit or loss.

Positive goodwill resulting from acquisitions is recognised as an intangible asset and recorded at acquisition cost, and is not subject to amortisation.

Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets and contingent liabilities acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly through profit or loss for the year in which the business combination occurs.

The value of goodwill is assessed annually, regardless of the existence of any indicators of impairment. Impairment losses are recognised through profit or loss for the year. The recoverable amount is determined based on the higher between the assets value in use and the market value deducted of selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is recognised through profit or loss, or in equity, when applicable.

Purchases and dilution of non-controlling interests

The acquisition of the non-controlling interests that does not impact the control position of a subsidiary is accounted as a transaction with shareholders and, therefore, is not recognised additional goodwill resulting from this transaction. The difference between the acquisition cost and the fair value of non-controlling interests acquired is recognised directly in reserves. On this basis, the gains and losses resulting from the sale of non-controlling interests, that does not impact the control position of a subsidiary, are always recognised against reserves.

Loss of control

The gains and losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognised by the Group in the income statement.

In an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the acquisition value, is accounted against reserves.

Investments in foreign subsidiaries and associates

The financial statements of the foreign subsidiaries and associates of the Group are prepared in their functional currency, defined as the currency of the primary economic environment in which they operate or the currency in which the subsidiaries obtain their income or finance their activity. In the consolidation process, assets and liabilities, including goodwill, of foreign subsidiaries are converted into kwanzas at the official exchange rate on the reporting date.

Regarding the investments in foreign operations that are consolidated under the full consolidation and equity methods, for foreign exchange differences between the conversion to euros of the opening net assets at the beginning of the year and their value in kwanzas at the exchange rate in force on the reporting date for consolidated accounts are charged against consolidated reserves – foreign exchange differences.

The income and expenses of these subsidiaries are converted to kwanzas at an approximate rate of the rates ruling at the dates of the transactions. Foreign exchange differences from the conversion to kwanzas of the profits and losses for the reporting period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing on the reporting date, are recognised in reserves – foreign exchange differences.

Upon the sale of investments in foreign subsidiaries for which there is loss of control, foreign exchange differences related to the financial holding are transferred to profit or loss as part of the gains or loss arising from the sale.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

2.3. Foreign currency transactions

Assets and liabilities denominated in foreign currency are recorded according to the multi-currency system, that is, in the respective denomination currencies.

Foreign currency transactions are converted to kwanzas at the exchange rate in effect on the transaction date.

Monetary assets and liabilities denominated in foreign currency are converted to kwanzas at the average exchange rate published by BNA on the reporting date. The costs and income related to actual or potential exchange rate differences resulting from the conversion are recognised in profit or loss under the heading "Foreign exchange results" (Note 31).

Non-monetary assets and liabilities denominated in foreign currency are converted to kwanzas according to the following methodology:

- Recorded at historical cost – at the exchange rate in effect on the transaction date;

- Recorded at fair value – at the exchange rate in effect on the date on which fair value is determined and recognised against profit or loss, with the exception of those recognised in financial assets at fair value through other comprehensive income, where the difference is recorded against equity.

As at 31 December 2023 and 2022, the reference exchange rates of the Kwanza (Kz) against the United States Dollar (USD), Euro (EUR), Cape Verdean Escudo (CVE) and São Toméan Dobra (STD) were as follows:

Reference Date	USD		EUR		CVE		STD	
	Close	Average	Close	Average	Close	Average	Close	Average
31-12-2023	828.800	698.829	915.990	757.524	8.307	6.870	0.037	0.031
31-12-2022	503.691	460.056	537.438	483.898	4.874	4.389	0.022	0.020

2.4. Financial instruments

(i) Classification, initial recognition and subsequent measurement

According to IFRS 9 – Financial instruments, the Group's financial assets can be classified into three categories with different measurement criteria (amortised cost, fair value through profit or loss, and fair value through other comprehensive income). Reclassifications are expected to be rare.

All purchases and sales of financial assets classified as "Fair value through profit or loss" or "Fair value through other comprehensive income", which require delivery/settlement within the period established by regulation (or market convention), are recognised on the transaction date, this being the date on which the Bank undertakes to buy/sell the assets. Financial assets classified at "Amortised cost" are recognised on the settlement date, which is the date on which the Bank receives/delivers the assets.

The classification of assets depends on the characteristics of the contractual cash flows and the business model associated with them.

Regarding the characteristics of contractual cash flows, the criterion is to assess whether the contractual flows reflect Solely Payments of Principal and Interest (SPPI).

Regarding the associated business model, the standard identifies two that are relevant to the activity carried out by the Group:

- A business model whose objectives are achieved by obtaining the asset's contractual cash flows (Hold to collect);

- A business model whose objectives are achieved both by obtaining the asset's contractual flows and by selling it (Hold to collect and sell).

Considering the characteristics of contractual cash flows and business model, a debt financial instrument that (i) is managed under a business model whose purpose is to hold financial assets in the portfolio and receive all their contractual cash flows; and (ii) has contractual cash flows on specific dates that correspond exclusively to the payment of principal and interest on outstanding capital – should be measured at amortised cost, unless it is designated at fair value through profit or loss under the fair value option – "Hold to Collect".

Alternatively, a debt financial instrument that (i) is managed under a business model whose purpose is achieved either by receiving contractual cash flows or through the sale of financial assets; and (ii) includes contractual clauses that give rise to cash flows that correspond exclusively to the payment of principal and interest on the outstanding capital – should be measured at fair value through other comprehensive income (FVOCI), unless it is designated at fair value through profit or loss under the fair value option – "Hold to Collect and Sell".

All other financial debt instruments should be measured at their fair value through profit or loss (FVPL).

The Group evaluated its business models based on a wide range of indicators, including its business plan and current risk management policies.

The Group evaluates the business model in which an asset is held at the portfolio level since this procedure better reflects the way in which the business is managed and how the information is made available to management bodies. The information considered includes:

- The policies and objectives established for the portfolio and the practical operationality of those policies. In particular, the way in which the management strategy focuses on receiving contracted interest, maintaining a specific interest rate profile, adapting the duration of financial assets to the duration of the liabilities that finance these assets, or on realising cash flows through the sale of assets;

- The way in which portfolio performance is evaluated and reported to the Group's key management bodies;

- The risks that affect the performance of the business model (and of the financial assets held under that business model) and the way in which those risks are managed;

- The remuneration of business managers (e.g. to what extent compensation depends on the fair value of the assets under management or on the contractual cash flows received); and

- The frequency, volume and frequency of sales in previous years, the reasons for those sales, and the expectations for future sales. However, sales information should not be considered in isolation, but as part of an overall assessment of the way in which the Group sets objectives for the management of financial assets and how cash flows are generated.

Financial assets held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are not held either for the collection of contractual cash flows or for the collection of contractual cash flows and sale of those financial assets.

Assessment whether the contractual cash flows correspond to solely payments of principal and interest (SPPI)

For the purpose of this assessment, "capital" is defined as the fair value of the financial asset at its initial recognition. "Interest" is defined as the consideration of the time value of money and of the credit risk associated with the outstanding amount in debt over a given period and of other risks and costs associated with the activity (e.g. liquidity risk and administrative costs), as well as a profit margin.

In evaluating instruments whose contractual cash flows refer exclusively to the payment of principal and interest, the Group considered the instrument's original contractual terms. This assessment involves analysing whether the financial asset contains a contractual term that allows changing the frequency or amount of the contractual cash flows so that they do not comply with the SPPI condition. In the assessment process, the Group considered:

- Contingent events that may change the frequency and amount of cash flows;
- Leverage features;
- Advance payment and maturity extension terms;
- Terms that may limit the Group's right to claim cash flows in relation to specific assets (e.g. non-recourse loans); and
- Characteristics that may alter compensation for the time value of money (e.g. periodic restart of interest rates).

As mentioned above, for the Hold to Collect business model, in order to assess the frequency and materiality of sales, quantitative thresholds were defined based on past experience. The frequency threshold is defined based on the number of transactions over a given period. The materiality threshold is defined based on the weight of the carrying amount of the lot to be disposed of relative to the total portfolio. The expected sales for financial assets classified in this business model do not exceed the thresholds defined by the Group.

Other financial instruments, specifically equity instruments and derivatives, are by definition classified at fair value through profit or loss. For equity instruments, there is the irrevocable option of designating that all changes in fair value be recognised in other comprehensive income, in which case, only dividends are recognised in profit or loss, since gains and losses are not reclassified to profit or loss even upon their derecognition/sale.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not listed on an active market and for which there is no intention of selling in the short-term. These categories include credit granted to customers, cash and cash equivalents, investments at credit institutions and other receivables that are not traded on an active market. They are recorded at their contracted values, when originated by the Group, or by the values paid, when purchased from other entities.

Financial assets at amortised cost are initially recognised at their fair value, plus transaction costs, and are subsequently valued at amortised cost and presented on the balance sheet net of impairment loss. Interest is recognised using the effective interest rate method in profit or loss under the heading “Interest and similar income”.

Reclassifications

Financial assets may be reclassified when, and only when, an entity changes its financial asset management business model, which should rarely occur, and these are significant for the entity's operations and demonstrable to external parties. In this situation, the entity should reclassify all the financial assets comprising the portfolio whose business model changed, and the classification and measurement requirements related to the new category are applied prospectively from the date of reclassification onwards, and any previously recognised gains, losses or interest should not be restated. Financial assets, on the date of their reclassification, are measured at fair value.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income, or of financial instruments designated at fair value through profit or loss, is not permitted.

Reclassification of financial liabilities is not permitted.

Sale of loans

Gains and losses obtained from the definitive sale of loans are recorded under the income statement heading “Income from investments at amortised cost” (Note 30). These gains or losses correspond to the difference between the fixed sales value and the carrying amount of those assets, net of impairment losses.

Derecognition

i) The Group derecognises a financial asset when, and only when:

- The contractual rights to cash flows resulting from the financial asset expire; or,
- The financial asset is transferred as defined in points ii) and iii) below and the transfer meets the conditions for derecognition in accordance with point iv).

ii) The Group transfers a financial asset if, and only if, one of the following situations occurs:

- The Bank transfers the contractual rights to receive cash flows resulting from the financial asset; or,
- The Bank retains the contractual rights to receive the cash flows resulting from the financial asset, but undertakes a contractual obligation to pay the cash flows to one or more recipients in an agreement that meets the conditions set out in point iii).

iii) When the Group retains the contractual rights to receive the resulting cash flows from a financial asset (original asset) but undertakes a contractual obligation to pay those cash flows to one or more entities (final recipients), the Group treats the transaction as a transfer of a financial asset if, and only if, all three of the following conditions are met:

- The Group has no obligation to pay sums to the final recipients unless it receives equivalent amounts resulting from the original asset. Short-term advances by the entity with the right to fully recover the amount borrowed plus interest due at market rates do not violate this condition;
- The Group is prohibited by the terms of the transfer agreement from selling or pledging the original asset other than as collateral to the final recipients due to the obligation to pay them cash flows; and
- The Group has an obligation to pass on any cash flow it receives on behalf of the final recipients without significant delays. Furthermore, the Bank is not entitled to reinvest these cash flows, except in the case of investments in cash or cash equivalents during the short settlement period between the date of receipt and the required date of delivery to the final recipients, and the interest received as a result of those investments is passed on to the final recipients.

iv) When the Group transfers a financial asset (see point ii above), it must assess the extent to which it retains the risks and benefits arising from the ownership of that asset. In this case:

- If the Group substantially transfers all the risks and benefits resulting from ownership of the financial asset, it derecognises the financial asset and separately recognises any rights and obligations created or retained with the transfer as assets or liabilities;
- If the Group substantially retains all the risks and benefits resulting from the ownership of the financial asset, it continues to recognise the financial asset;
- If the Group does not transfer or substantially retain all risks and benefits resulting from the ownership of the financial asset, it must determine whether it has retained control of the financial asset. In this case:

  a) If the Group has not retained control, it must derecognise the financial asset and separately recognise separately any rights and obligations created or retained with the transfer as assets or liabilities; and

  b) If the Group retained control, it should continue to recognise the financial asset to the extent of its continued involvement in the financial asset.

v) The transfer of risks and benefits referred to in the previous point is assessed by comparing the Group's exposure, before and after the transfer, to the variability of the amounts and times of occurrence of the net cash flows resulting from the transferred asset.

vi) The question of whether or not the Group retained control (see point iv above) of the transferred asset depends on the ability of the entity receiving the transfer to sell the asset. If the entity receiving the transfer has the practical capacity to sell the entire asset to an unrelated third party and is able to exercise that capacity unilaterally and without needing to impose additional restrictions on the transfer, it is considered that the entity did not retain control. In all other cases, the entity is considered to have retained control.

Assets provided as guarantees by the Group through repurchase agreements and other transactions are not derecognised because the Group substantially holds all the risks and benefits based on the pre-established repurchase price, thus not complying with the derecognition criteria.

Loan modification

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

- If the debtor is in financial difficulty, if the modification only reduces contractual cash flows to an amount that the debtor is expected to be able to pay;
- Whether any significant new term, such as profit sharing or equity-based return, has been introduced that substantially affects credit risk;
- Significant extension of the maturity of the contract when the debtor is not in financial difficulty;
- Significant change in the interest rate;
- Changes in the currency in which the loan was contracted;
- Inclusion of a collateral, guarantee, or other improvement associated with the loan that significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Group derecognises the original financial asset and recognises the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating impairment, including for the purpose of assessing whether there has been a significant increase in credit risk. However, the Group also assesses whether the newly recognised financial asset is impaired upon initial recognition, especially when the renegotiation is related to the debtor's failure to make the originally agreed payments. Differences in the carrying amount are recognised in profit or loss, as a derecognition gain or loss.

If the terms of the contract are not significantly different, their renegotiation or modification does not result in derecognition and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a gain or loss from this change in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or effective interest rate adjusted for impaired, originated or acquired financial assets).

After the modification, the Group may determine that credit risk improved significantly and that the assets shifted from stage 3 to stage 2 (lifetime expected credit loss or ECL) or from stage 2 to stage 1 (ECL 12 months). This situation can only occur when the performance of the modified asset is in accordance with the new terms of the contract for a period of twelve consecutive months. Additionally, the Group continues to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

Loans written off from the assets (loan write-off policy)

The Group recognises a write-off of a loan from the asset when it has no reasonable expectations of recovering the asset in its entirety. This recording occurs after all actions taken by the Group prove unsuccessful and all the conditions for its tax deductibility are met.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity and debt instruments that are recorded at the time of their initial recognition at fair value. Gains and losses related to the subsequent change in fair value are reflected in a specific equity heading "Fair value reserve" until their sale where they are reclassified to profit or loss for the year, with the exception of equity instruments which are maintained in equity.

The interest is calculated according to the effective interest rate method and recorded in profit or loss under the heading "Interest and similar income".

Income from equity instruments is recognised under the income statement heading "Income from equity instruments" on the date on which they are attributed. In accordance with this criterion, early dividends are recorded as income during the period in which their distribution is decided.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognised at fair value. Gains and losses resulting from the subsequent valuation of fair value are recognised in the income statement.

The fair value of financial assets at fair value through profit or loss, traded on active markets is their most representative bid-price within the bid-ask interval or their closing price on the reporting date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include price valuation models or discounted cash flow techniques.

When discounted cash flow techniques are used, future financial flows are estimated according to management expectations and the discount rate used corresponds to the market rate for financial instruments with similar characteristics. In the price assessment models, the data used corresponds to information about market prices

Sales transactions with repurchase agreement

Securities sold under a repurchase agreement are held in the portfolio where they were originally recorded. The funds received are recorded on the settlement date, in a specific liability account, with its interest payable being accrued.

Impairment losses on financial assets

IFRS 9 requires that the concept of impairment based on expected losses be applied to all financial assets, except financial assets measured at fair value through profit or loss and equity instruments measured at fair value through the other comprehensive income, thus anticipating the recognition of credit losses in the institutions' financial statements.

The Group applies the concept of expected losses in IFRS 9 to financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, off-balance sheet exposures, other receivables, financial guarantees, and credit commitments not valued at fair value.

The Group measures the expected loss individually, or on a collective basis, for portfolios of financial instruments that share similar risk characteristics. The impairment for loss measurement is based on the current value of the asset's expected cash flows using the asset's original nominal interest rate, regardless of whether measured individually or collectively. Individually analysed transactions with individual impairment rates equal to 0% are referred to the collective impairment calculation process by homogeneous groups.

According to the standard, there are two methods for calculating impairment losses: (i) individual analysis; and (ii) collective analysis.

The purpose of the individual analysis is to ensure a more careful analysis of the situation of customers with exposures considered individually significant at the Group. The significance of the exposures is determined by reference to qualitative and quantitative criteria that reflect the size, complexity, and risk associated with the portfolio.

The assessment of the existence of loan impairment losses in individual terms is determined through an analysis of total loan exposure on a case-by-case basis. For each loan considered individually significant, the Group assesses, on each reporting date, the existence of any objective evidence of impairment.

The analysis of each customer/economic group, as well as the existence of impairment losses, must take into account, among others, the following factors:

- Contractual aspects, assessing potential non-compliance with contractual conditions, or the existence of restructured loans due to customers' financial difficulties;

- Financial aspects, assessing the potential reduction in gross revenues, or net income;

- The assessment of the guarantees received, including their nature, effective formalisation, valuation and degree of coverage in accordance with BNA Directive 13/DSB/DRO/2019 of 27 December, regarding the Recommendations for the Implementation of the Asset Quality Assessment (AQA) Methodologies for the Financial Year;

- Other aspects, assessing potential instability in shareholder management/structure, or the existence of insolvency processes.

Pursuant to BNA Instruction 08/2019 of 27 August on impairment losses for the loan portfolio, customers/economic groups whose exposure is equal to or greater than 0.5% of the Group's own funds must be analysed individually. The Group also considers the twenty largest private customers to be individually significant exposures. Additionally, customers/economic groups whose loan exposures are not individually significant, but for which objective evidence of impairment is observed, should also be analysed, whenever they are equal to or greater than 0.1% of the Group's own funds.

For the remaining segments of the loan portfolio, and for individually significant exposures that show no evidence of impairment, the Group carries out a collective analysis to determine impairment losses.

The expected loss due to credit risk is a probability weighted estimate of the present value of loan losses. This estimate is based on the present value of the difference between the cash flows payable to the Group under the contract and the cash flows that the Group expects to receive resulting from the weighting of multiple future macroeconomic scenarios, discounted at the nominal interest rate of financial instruments.

The instruments subject to the impairment calculation are divided into three stages taking into account their credit risk level, as follows:

- **Stage 1:** Without significant increase in credit risk since initial recognition. In this case, the impairment will reflect expected credit losses resulting from default events that may occur within 12 months following the reporting date;

- **Stage 2:** Instruments where it is considered that there has been a significant increase in credit risk since the initial recognition, but for which there is still no objective evidence of impairment. In this case, the impairment will reflect the expected credit losses resulting from default events that may occur over the instrument's expected residual life period;

- **Stage 3:** Instruments for which there is objective evidence of impairment as a result of events that resulted in losses. Additionally, the contagion criterion is considered, and it is sufficient for an operation to present evidence of non-performance for all the customer's operations to be classified as stage 3. In this case, the amount of impairment will reflect the expected credit losses over the expected residual life period of the instrument.

With the exception of financial assets purchased or originated credit-impaired (POCI), impairment losses must be estimated at an amount equal to:

- Expected 12-month credit risk loss, i.e. estimated total loss resulting from financial instrument default events that are possible within 12 months after the reporting date (referred to as stage 1);

- Or expected loss due to credit risk until maturity, that is, the estimated total loss resulting from all possible default events over the life of the financial instrument (referred to as stage 2 and stage 3) and an expected loss due to credit risk until maturity is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition or if the financial instrument is impaired.

The calculation of impairment in IFRS 9 is complex and requires management decisions, estimates, and assumptions, particularly in the following areas:

- Assessment of the existence of a significant increase in risk since the moment of initial recognition; and

- Incorporation of forward-looking information in the calculation of the estimated loss (Expected Credit Loss – ECL).

Calculation of ECL

ECLs are weighted estimates of credit losses determined as follows:

- Financial assets with no signs of impairment at the reporting date: the current value of the difference of all cash shortfalls (e.g. the difference between the cash flows due to the entity under the contract and the cash flows that the Group expects to receive);

- Financial assets showing signs of impairment at the reporting date: the difference between the gross carrying amount and the current value of the estimated cash flows;

- Unused credit commitments: the current difference between the contractual cash flows that are payable to the Group if the commitment is made and the cash flows that the Group expects to receive; and

- Financial guarantees: the value of the payments expected to reimbursed less the amounts that Group expects to recover.

Group's approach to determining impairment losses for loans subject to collective analysis involves the inherent concept of definition of homogeneous segments considering the quality of their assets and, in the first instance, the customer's credit risk features, and in the second instance, the transaction's risk features. Thus, the Group assures that for the purpose of analysing these exposures and determining risk parameters (Probability of Default – PD and Loss Given Default – LGD), they have similar risk characteristics. The creation of these segments is based on materiality for each segment (in order to enable estimating the respective risk profile) and the relevance or adequacy of this segmentation to the various processes related to credit risk management at the Group. The Group's impairment model begins by segmenting the customers of the loan portfolio into distinct groups, namely public sector, large companies, small and medium-sized enterprises, and for individuals into consumer credit, credit cards, mortgage loans and overdrafts. The model then segments the operations of customers in the large companies segment between the commercial and service sectors.

With regard to the balances recorded under the headings "Cash and cash equivalents at central banks", "Cash and cash equivalents at other credit institutions", "Deposits at central banks and other credit institutions" and "Investments at amortised cost", the expected losses are analysed according to the following assumptions:

- With regard to the balances under the headings "Cash and cash equivalents at central banks" and "Cash and cash equivalents at other credit institutions", the entity's rating is verified or, if not available, that of the country in which it is based. Pursuant to Directive 13/DSB/DRO/2019, the Probability of Default (PD) is considered equivalent to 1/12 (one twelfth) of the PD at twelve months according to the rating of the counterparty (or of the country where the counterparty is based, if the counterparty is not rated), "Moody's Sovereign default and recovery rates, 1983-2022" and a loss given default (LGD) of 60% for all counterparties that do not have a rating a significant increase in credit risk;

- Regarding the balances under the heading "Deposits at central banks and other credit institutions", the rating of the entity is verified or, if not available, that of the country in which it is based. Pursuant to Directive 13/DSB/DRO/2019, a probability of default is considered based on the rating of the counterparty (or of the country where the counterparty is based, if the counterparty is not rated), Moody's "Sovereign default and recovery rates", 1983-2022 and a loss given default of 60% for all counterparties that have not recorded a significant increase in credit risk; and

- The balances under the heading "Investments at amortised cost" related to Angolan public debt securities in domestic and foreign currencies are based on the PD for sovereign debt from the rating associated with the Angolan State obtained through Moody's study "Sovereign Default and Recovery Rates, 1983-2022" and the LGD associated with observed sovereign default events, indicated in the same study (60%), in accordance with Directive 13/DSB/DRO/2019.

Significant increase in credit risk

Classification at stage 2 is based on the observation of a significant increase in the credit risk level since the origination of the transaction. Since the standard does not determine how this significant increase should be measured and Group does not yet have rating and scoring models with the necessary maturity, the classification in stage 2 is based on objective triggers observed based on the available information.

The triggers for a significant increase in credit risk are detected through automated processes and complemented by manual processes, based on information resident in the Group's information systems, such as days of delay, information about restructured status.

The policy of significantly increasing credit risk, specific to government bonds, considers, among other information, (i) the information published by the International Monetary Fund (IMF) in the report on the sustainability of the public debt; and (ii) the rating awarded by all major rating agencies.

Inputs in ECL measurement

The main inputs used to measure ECL on a collective basis include the following variables:

- Probability of Default (PD);

- Loss Given Default (LGD);

- Exposure at Default (EAD); and

- Credit Conversion Factors (CCF).

These parameters are obtained through internal statistical models and other relevant historical data, adjusted to reflect forward-looking information. The Bank uses the CCFs defined by the Central Bank in specific regulations.

PDs are estimated based on a given historical period and are calculated based on statistical models. These models are based on internal data comprising both quantitative and qualitative factors. If there is a change in the degree of risk of the counterparty or of the exposure, the estimate of the associated PD also changes.

Levels of risk are a highly relevant input for determining the PD associated with each exposure. The Group collects performance and default indicators regarding its credit risk exposures with analyses by types of customers and products.

The LGD is the magnitude of the loss that is expected to occur if the exposure goes into default. The Group estimates the LGD parameters based on the history of recovery rates after counterparties default. LGD models consider time in default.

EAD is an estimate of exposure at a future default date, taking into account the expected changes in exposure after the reporting date. The Group obtains the EAD amounts based on the counterparty's current exposure and from potential changes to the current allowable value in accordance with the contractual conditions, including amortisations. For commitments and financial guarantees, the amount of distance education considers both the amount of credit used and the expectation of the potential future amount that may be used in accordance with the contract.

As described above, with the exception of financial assets that consider a 12-month PD because they do not show a significant increase in credit risk, Group calculates the value of the ECL taking into account the risk of default during the contract's maximum period of contractual maturity.

Forward-looking information

According to this model based on the requirements defined in IFRS 9, the measurement of expected losses also requires the inclusion of forward-looking information including future trends and scenarios, namely macroeconomic data. In this context, the estimates of expected credit impairment losses now include multiple macroeconomic scenarios whose implicit probability of materialisation is assessed considering past events, the current situation, and future macroeconomic trends.

In this context, the Group used a linear regression model to capture the impact of macroeconomic factors with a significant influence on the probability of default. In this model, 3 different scenarios with assigned weighting were considered: i) a base scenario that corresponds to prudent economic development (70%); ii) a favourable scenario corresponding to optimistic economic growth (10%); and iii) an adverse scenario (20%). These weights associated with the scenarios are defined in Directive 13/DSB/DRO/2019 of 27 December 2019.

Backtesting

The Group verifies that the estimate of the probability of default curves adequately reflects the default rates of observations outside the historical record through backtesting periods. The period consists of the definition of a period (generally 12 months) of data observed outside the period of estimation of the probability of default curves, called the test period. The Group carried out the backtesting exercise with reference to 30 September 2023, and concluded that:

- 98.02% of cases pass adherence tests with a significance level of 99% and 95%;
- 0.70% of cases pass the test only with a significance level of 95%; and,
- 1.29% fail both tests.

Similarly to the Probability of Default (PD) methodology, a backtesting exercise was carried out on the Loss Given Default (LGD) parameter estimated in the model to the most recent data to test the adherence of the estimated Cure Rates (CR) and estimated Recovery Rates (RR), obtaining the following results:

- 30.16% and 32.47% (CR and RR, respectively) of the cases pass the adherence tests with a significance level of 99% and 95%;
- 66.89% and 65.26% (CR and RR, respectively) of the cases only pass the test with a significance level of 95%; and,
- 2.95% and 2.27% (CR and RR, respectively) failed both tests.

In view of the results, the Bank considered that the PD curves as well as the cure and recovery rates of the impairment model were consistent with reality.

Impaired financial assets

A financial asset is impaired when one or more events that have a negative impact on the financial asset's estimated future cash flows have occurred. Financial assets with a reduction in the recoverable amount of credit are referred to as assets classified at stage 3. The Group adopted the internal definition of non-performing loans as a criterion for identifying stage 3 loans. The Group considers that a transaction is in default in the following situations:

- If it is overdue with a breach of materiality limits during a consecutive period exceeding 90 days;
- If interest is recorded on off-balance sheet accounts (interest annulled over 90 days ago);
- If in a normal situation, but the last record of default occurred less than 365 days ago;
- If, at the debtor level there is at least one transaction in default, the debtor's entire exposure is considered to be in default (cross-default);
- If the customer has an individual impairment greater than 40%.

Financial assets purchased or originated credit-impaired (POCI)

Financial assets purchased or originated credit-impaired (POCI) are assets that present objective evidence of credit impairment at the time of their initial recognition. An asset is credit-impaired if one or more events occurred with a negative impact on the asset's estimated future cash flows.

The two events that lead to the origin of a POCI exposure are presented as follows:

- Financial assets originated following a recovery process in which there were modifications to the terms and conditions of the original contract, which presented objective evidence of impairment, giving rise to its derecognition and the recognition of a new contract reflecting the credit losses incurred;
- Financial assets acquired at a significant discount, insofar as the existence of a significant discount reflects credit losses incurred at the time of their initial recognition.

At the initial recognition, the POCI exposures have no impairment. Instead, expected lifelong credit losses are incorporated into the effective interest rate calculation. Consequently, at initial recognition, the gross carrying amount of the POCI (opening balance) is equal to the net carrying amount before being recognised as a POCI (difference between the opening balance and total discounted cash flows).

In the subsequent measurement, an expected credit loss with a lifetime probability of default and its variations are recorded against profit or loss. The associated interest is calculated by applying the effective interest rate to the net carrying amount of the asset.

Recognition of impairment losses

The Group recognises impairment losses for expected credit losses in financial instruments as follows:

- Financial assets at amortised cost: impairment losses in financial assets at amortised cost reduce the carrying amount of these financial assets against the respective profit or loss heading;
- Fair value debt instruments through other comprehensive income: impairment losses for these instruments are recognised in profit or loss against other comprehensive income (they do not reduce the carrying amount of these financial assets);
- Irrevocable commitments: impairment losses associated with signature loans are recognised in the liabilities under the heading "Provisions for signature loans" against profit or loss.

In the years ended 31 December 2023 and 2022, the Group did not apply the reduced credit risk exemption to any financial asset.

Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be carried out through the delivery of money or other financial asset, regardless of its legal form.

Non-derivative financial liabilities correspond essentially to resources from central banks, other credit institutions and customer deposits. These liabilities are initially valued at their fair value, which normally corresponds to the consideration received, net of transaction costs, and are then recorded at amortised cost, according to the effective interest rate method.

Upon initial recognition, the Group may irrevocably record a financial liability measured at fair value through profit or loss, when this gives rise to more relevant information, because:

a) Eliminate or significantly reduce an inconsistency in measurement (accounting mismatch); or

b) A group of financial liabilities or financial assets and financial liabilities shall be managed and their performance evaluated based on fair value, in accordance with a documented risk management or investment strategy.

Changes in the fair value of financial liabilities voluntarily designated at fair value through profit or loss, arising from changes in the entity's own credit risk, are recognised in other comprehensive income, unless this accounting treatment generates accounting mismatch. Subsequent reclassifications of these changes to profit or loss are not permitted, not even when these liabilities are repurchased.

Financial liabilities are derecognised when the underlying bond is liquidated, expires or is cancelled.

2.5. Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions to holders of an equity instrument are debited directly to shareholders' equity when declared.

2.6. Other tangible assets

(i) Recognition and measurement

Other tangible assets are recorded at acquisition cost net of their accumulated depreciation and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the assets.

(ii) Subsequent costs

Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result to the Group. Maintenance and repair expenses are recognised as costs as they are incurred pursuant to the accrual principle.

(iii) Depreciation

Land is not depreciated. For other assets, depreciation is calculated using the straight-line method, according to the following periods of expected useful life:

	Number of years
Properties for own use	50
Works on rented properties	2 to 10
Furniture and material	10
Machines and tools	6 to 10
IT equipment	3 to 10
Transport material	4
Other tangible assets	3 to 10

When there is an indication that an asset may be impaired, IAS 36 – Asset impairment requires that its recoverable value be estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the income statement.

The recoverable amount is determined as the highest between its net selling price and its use value, which is calculated based on the current value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

As mentioned in Note 2.23, this heading includes right-of-use assets arising from lease agreements.

2.7. Intangible assets

Expenditures incurred are recognised as intangible assets when they: (i) are identifiable, meaning that they can be separated or arise from contractual or legal rights; (ii) have the potential to generate future economic benefits; and (iii) are controlled by the Group.

Software

Costs incurred in acquiring software from third parties are capitalised, as are the additional expenses borne by the Group required for its implementation. These costs are amortised on a straight-line basis over their estimated useful life, which is usually 3 years.

Expenses related to research and development projects

Costs directly related to the development of computer applications, on which they are expected to generate future economic benefits beyond a year, are recognised and recorded as intangible assets.

All other charges related to IT services are recognised as costs when incurred.

2.8. Transactions with a repurchase agreement

Securities sold under a repurchase agreement (repo) at a fixed price or for a price equal to the selling price plus interest inherent to the term of the transaction are not derecognised from the balance sheet (see Note 2.4). The corresponding liabilities are stated under amounts payable to other credit institutions or customers, as appropriate. The difference between the sale value and the repurchase value is treated as interest and deferred during the life of the agreement, using the effective rate method.

Securities bought under a resale agreement (reverse repo) at a fixed price or at a price that equals the purchase price plus interest inherent to the term of the transaction are not recognised on the balance sheet and the purchase amount is recorded as loans to other credit institutions or customers, as appropriate. The difference between the purchase price and the resale value is treated as interest and deferred during the life of the agreement, using the effective rate method.

2.9. Investment property

Properties are classified as investment properties when the Group's objective is to increase their value in the long term and not to sell them in the short term, nor are they intended for sale in the ordinary course of business or for their own use.

These investments are recognised at acquisition cost, including transaction costs, and are subsequently deducted from the respective accumulated depreciation and impairment losses, in accordance with the option allowed by IAS 40. Investment properties are depreciated in accordance with the deadlines described in Note 2.6 (iii).

2.10. Non-current assets held for sale and discontinued operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with their respective liabilities, which include at least one non-current asset) and discontinued operations are classified as held for sale when there is an intention to dispose of those assets and liabilities and the assets or groups of assets are available for immediate sale and are very likely to be sold.

The Group also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to their subsequent sale, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their fair value net of costs to sell.

The Group also classifies real estate properties received through loan recovery as non-current assets held for sale which are initially measured at the lowest between their fair value net of sales costs and the carrying amount of the credit existing on the date on which the asset was given in lieu of repayment or transferred or judicially auctioned. These assets are recorded at the amount determined in their valuation, in other words, the Probable Immediate Transaction Value (PVTI) is used, against the amount of the credit recovered and the respective specific provisions that have been constituted.

The assets recorded under this heading are not amortised and are valued at the lowest between their carrying amount and their fair value, deducting the costs to be incurred in their sale (at least 5% of the Probable Immediate Transaction Value). The fair value of these assets is determined on the basis of periodic evaluations carried out by independent expert valuators. Additionally, and in accordance with Directive 13/DSB/DRO/2019, this valuation is adjusted based on specific discount rates depending on the age of the valuation. Whenever the amount resulting from these assessments (net of sales costs) is lower than the amount for which they are recorded, impairment losses are recorded under the heading "Impairment of other assets net of reversals and recoveries".

Given the possibility of circumstances considered unlikely and beyond the Group's control, the disposal of these assets may not be completed until one year after the classification date. In these circumstances, the Group remains committed to the plan to dispose of the assets by making efforts, among others, such as hiring an intermediary agent and specialist, active publicity, revision of the sales price according to the context so as to make it reasonable in relation to its current fair value.

When the legal period of one year has expired, in accordance with the Legal Framework of Financial Institutions, without the assets being disposed of (extendable by authorisation of BNA), a new assessment is carried out to determine the updated market value, with a view to the possible creation of the corresponding impairment.

Although the Group aimed to conduct the immediate sale of all the properties and other assets received in lieu of repayment, during the second half of 2022 it changed the classification of these assets from "Non-current assets held for sale" to "Other assets", due to the fact that they have been in the portfolio for more than 12 months. However, the accounting method did not change compared to the provisions above, and they were initially recorded at the lowest amount between their fair value less the expected sales costs and the carrying amount of the granted loan subject to recovery.

2.11. Tax expenses

All Group entities are taxed individually. Taxes on profits recorded through profit or loss include the effect of current and deferred taxes in the various jurisdictions. Taxes are recognised in the income statement, except when related to headings that are moved in equity, a fact that implies their recognition in equity. Deferred taxes recognised in equity arising from the revaluation of financial assets at fair value through other comprehensive income are later recognised in profit or loss when the gains and losses that gave rise to them are recognised in profit or loss.

i. Current taxes

Current taxes correspond to the amount calculated in relation to taxable income for the year, using the tax rate in effect on the reporting date and any adjustments to taxes from previous years.

According to the interpretation of IFRIC 23 – Uncertainty over income tax treatments, the Group records current taxes when there are uncertainties regarding the acceptance of a particular tax treatment by the General Tax Administration in relation to income tax. In situations where there is such an interpretation and this may be questioned by the General Tax Administration, the Group re-analyses it, assessing the probability (greater or lower than 50%) of the adopted tax treatment being accepted, and consequently determines the most probable value or the expected value of tax assets or liabilities to be recorded.

Following the publication of Law 19/14 of 22 October and Law 4/19 of 18 April, Industrial Tax is subject to provisional settlement in a single instalment to be made in the month of August, determined by applying a 2% rate on the earnings derived from financial intermediation transactions, calculated in the first six months of the previous financial year, excluding income subject to Capital Gains Tax (IAC), regardless of the existence of taxable assets in the financial year.

Under the current legislation, industrial tax and other tax returns may be subject to review and correction by the tax authorities during five years following the financial year to which they refer.

Law 26/20 of 20 July increased the Industrial Tax rate for banking sector activities from 30% to 35%, and also created rules with relevant impacts on the determination of taxable income, such as:

- Exclusion of tax relevance in the calculation of taxable profit from income and costs due to unrealised exchange rate differences.

- Provisions made on secured credit are no longer accepted as deductible costs, except for the part not covered.

The assumptions underlying the application of the aforesaid rules in determining taxable profit are described in Note 3.4.

ii. Deferred taxes

Deferred taxes are calculated using the current tax rate or the tax rate that is approved on the reporting date, to be effective in future periods. As at 31 December 2023, the current tax rate is 35%.

Deferred taxes assets and liabilities correspond to the amount of tax to be recovered or payable in future years resulting from deductible or taxable temporary differences between the value of the assets and liabilities on the balance sheet and their tax base, used in determining taxable profit.

Deferred tax liabilities are recognised for all temporary taxable differences with the exception of goodwill, which is not deductible for tax purposes, for differences resulting from the initial recognition of assets and liabilities that do not affect either accounting or tax profit, and for differences related to investments in subsidiaries to the extent that they are not likely to be reversed in the future.

Deferred tax assets are recognised only when future taxable profits are likely to exist that absorb temporary deductible differences for tax purposes (including tax losses carried forward).

As set out in IAS 12 – Income Tax, paragraph 74, the Group offsets assets and liabilities for deferred taxes whenever: (i) it has the legally enforceable right to offset current tax assets and current tax liabilities; and (ii) deferred tax assets and liabilities are related to income taxes imposed by the same tax authority on the same taxable entity or different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realize the assets and settle future liabilities simultaneously in each financial year where the deferred tax liabilities or assets are expected to be liquidated or recovered.

iii. Capital Gains Tax (IAC)

Capital Gains Tax (IAC) is generally levied on income from the financial investments of the entities referred to above. The rate varies between 5% (in the case of interest, amortisation or repayment premiums and other forms of remuneration of government debt securities, bonds, equity securities, or other similar securities issued by any company, which are admitted to trading on a regulated market and are issued with a maturity equal to or greater than three years) and 15%.

Moreover, under the terms of the Industrial Tax Code, the actual Capital Gains Tax (IAC) (Article 18) is not accepted as a deductible expense for the purpose of determining the tax base and, on the other hand, income subject to Capital Gains Tax (Article 47) will be deducted from taxable income.

Income from public debt securities arising from Treasury Bonds and Treasury Bills issued by the Angolan State, the issuance of which is regulated by Presidential Decree 259/10 of 18 November and by Presidential Decree 31/12 of 30 January, are exempt from all taxes.

Additionally, Presidential Legislative Decree 5/11 of 30 December (revised and republished by Presidential Legislative Decree 2/14 of 20 October) introduced a rule subjecting income from public debt securities arising from Treasury Bonds and Treasury Bills issued by the Angolan State to Capital Gains Tax.

Nevertheless, in accordance with the provisions of Article 47 of the Industrial Tax Code (Law 19/14 of 22 October), in force since 1 January 2015, amended by Law 26/20 of 20 July, when determining the tax base, all income subject to Capital Gains Tax will be deducted.

Thus, when determining taxable profit, as at 31 December 2023 and 2022, this income was deducted from taxable profit.

Likewise, expenses related to Capital Gains Tax settlement are not accepted for tax purposes in the determination of the tax base, pursuant to Article 18(1)(a) of the Industrial Tax Code (CII).

Notwithstanding the foregoing, with regard to income from public debt securities, according to the latest understanding of the General Tax Administration (AGT) addressed to ABANC (letter with reference 196/DGC/AGT/2016, dated 17 May 2016), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

It should also be noted that, according to the position of the General Tax Administration (AGT), the exchange rate revaluations of foreign-indexed public debt securities issued since 1 January 2013, shall be subject to Industrial Tax until BNA is able to make the appropriate withholding tax under Capital Gains Tax (IAC).

2.12. Remaining taxation

I. Wealth taxes

Property Tax (IP)

Property Tax charged at a rate of 0.5% on the asset value of its own properties intended for the development of the Group's entities normal business activity when its asset value exceeds kAOA 5,000.

The Property Tax Code (CIP), Law 20/20 of 9 July 2020, repeals the Urban Property Tax Code (IPU) and the Regulations for the settlement and charging of inheritance and gift tax (SISA) on the onerous transfer of real estate.

The new Property Tax Code established a concept of a single tax on real estate assets, consolidating in a single code the tax regime applicable to the holding, leasing and transfer of real estate, with all urban and rural properties now being subject to the new rules. Thus, property tax is levied at a rate of 0.1% or 0.5% on the asset value of the Group's own properties intended for the pursuit of its normal activity when its asset value is lower or greater than kAOA 5,000, respectively. Between Kz 5,000 and Kz 6,000 the tax is fixed at Kz 5,000. Additionally, property tax at the rate of 0.6% is applicable to building land.

With regard to properties rented by Group entities as tenants, Law 20/20 of 9 July stipulates that these entities the property tax due at the rate of 15% on the payment or delivery of rents relating to these properties, and the amount withheld must be paid into the State coffers by the last working day of the month following the withholding of the tax.

Group entities, in their capacity as landlord, must assess and pay property tax, at the rate of 15%, by reference to the rents received in the previous year, by the last working day of March of the year in question, in the case of rental properties whose tenant is not a person with organised accounts.

In addition, under the terms of Article 18 of the Industrial Tax Code (CII), property tax is not accepted as a deductible expense for the purpose of determining the taxable amount, and likewise, the maintenance and repair costs of rented properties, considered as expenses in determining the property tax base.

Real Estate Transfer Fee

Real estate transfer tax is 2%, pursuant to Article 18 of Law 20/20 of 9 July, affecting all acts involving the perpetual or temporary transfer of property ownership of any value, type or nature, regardless of the name or form of the title (e.g. acts involving the transfer of improvements in rural or urban properties, the transfer of real estate assets through donations with down payments or pensions or the transfer of real estate through donations).

II. Other taxes

Value Added Tax

The Value Added Tax Code (VAT), approved by Law 7/19, published in the *Diário da República* (the Official Gazette) on 24 April 2019, and amended by Law 17/19 of 13 August, introduced a new excise tax in Angolan legislation, which became effective on 1 October 2019. Hence, VAT repealed and replaced the Consumer Tax, which had been enforced up to then in the Angolan legal system.

The Bank, as a taxpayer registered at the Tax Office of Large Taxpayers, was compulsorily included in the General Tax Regime since the entry into force of VAT and is obliged to comply with all the rules and declaratory obligations established in this area.

As a general rule, the fees, commissions and expenses charged for the services provided by the Bank are subject to VAT at the rate of 14%. Other financial intermediation transactions are exempt from VAT, to which Stamp Duty will continue to apply when due.

Accordingly, as the Bank is a taxpayer that carries out taxed transactions and transactions exempt from VAT, it also has restrictions on the right to deduct VAT paid to suppliers. Therefore, the Bank deducts this tax using the methods provided for in current legislation, with the exception of VAT on expenses that are expressly excluded from the right to deduction.

The Bank is obliged to comply with the obligations associated with VAT on a monthly basis, namely: (i) the submission to the General Tax Administration (AGT) of the periodic return, including the respective annexes, in which it determines the amount of VAT payable to the State (or any credit generated); (ii) the payment of the determined tax, until the last day of the month following the transactions that have been carried out; and (iii) any other declarative obligations, such as reporting the SAF-T(AO) Billing and Purchasing files for products and services.

In accordance with current legislation, periodic VAT returns may be subject to review and correction by the tax authorities in five years following the year to which they refer.

The Group is also subject to indirect taxes, namely, Customs Taxes, Stamp Duty, and other fees.

BAI Europa (BAIE))

The subsidiary BAIE is subject to the tax regime set out in the Portuguese Corporate Income Tax Code (CIRC) and the Portuguese Tax Benefits Statute (EBF).

Tax expenses includes current and deferred tax. Tax expenses is recognised through profit or loss, except when related to items that are not recognised directly under equity, in which case it is also stated against equity. Current tax is calculated based on the taxable profit for the year at the tax rate legally in force in Portugal for the period in which the results are reported, which differs from the accounting result due to adjustments to the tax base resulting from costs or income which are not relevant for tax purposes, or which will only be taken into account in other accounting periods.

Pursuant to Law 98/2019 of 4 September, which established the tax regime for credit impairments and provisions for guarantees for tax periods beginning on or after 1 January 2019, the Bank endorsed the definitive regime enshrined in Articles 2 and 3 of the Law in question, so the estimate of current and deferred taxes has already taken the new regime into account.

The State Budget Law for 2023 (Law 24-D/2022 of 30 December), which came into force on 1 January 2023, establishes that tax losses calculated in financial years beginning on or after 1 January 2023, as well as those calculated previously that have not expired, can be carried forward to future financial years without any time limit, and are no longer subject to a maximum deduction period. In addition, it establishes that the limit on the deduction from taxable income is reduced to 65%, while the 10 percentage point increase is maintained for tax losses calculated in the 2020 and 2021 tax periods (i.e. the deduction can be made up to 75% of taxable income).

The main situations giving rise to temporary differences at BAIE level refer to temporarily non-deductible provisions/impairments, financial assets at fair value through other comprehensive income and long-term employee benefits.

BAI Cabo Verde (BAICV)

The Group's entities based in Cape Verde (BAI Cabo Verde) are subject to the tax regime set out in the Corporate Income Tax Code (Law 82/VIII/2015 of 7 January).

Tax losses for one year are deducted from taxable profits for one or more of the following seven years.

III. Tax Substitution

Within the scope of its activity, the Group takes on the role of a tax substitute, by withholding taxes related to third parties, which it then submits to the State.

Capital Gains Tax (IAC)

Pursuant to Presidential Legislative Decree 2/14 of 20 October, the Group withholds Capital Gains Tax at source, at the rate of 10% of the term deposit interest paid to customers.

Stamp Duty

Pursuant to Presidential Legislative Decree 3/14 of 21 October, the Group is responsible for settling and submitting the stamp duty payable by its customers (e.g. loans, charging of interest on loans), where the Bank settles the tax at the rates set out in the Stamp Duty Table.

Industrial Tax

Pursuant to the provisions in Article 73(1) of Law 26/22 of 22 August – Law amending the Industrial Tax Code (CII), the provision of services of any kind is subject to taxation, through withholding tax at the rate of 6.5%, for taxable persons with effective management and a stable establishment in Angola. Law 02/23 of 13 March, which approves the State Budget for 2023, did not introduce any changes to the withholding tax rate for taxable persons who carry out service activities of any kind without effective management or a permanent establishment in Angola.

2.13. Insurance contracts and technical provisions

Insurance contracts are those in which the Group (the insurer) agrees to compensate the insured persons if a specified uncertain future event (the insured event) adversely affects the insured persons. Generally, the Group determines whether it has significant insurance risk by comparing the benefits payable after an insured event with the benefits payable if the insured event does not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its useful life, even if the insurance risk decreases significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

The Group has aggregated the contracts into portfolios, which comprise contracts with similar risks that are managed jointly. The portfolios defined by the Group are aligned with the marketed business lines. Portfolios are recognised as assets or liabilities, depending on their nature.

I. Provision for insurance and reinsurance premiums

The insurance contracts sold by the Group are measured using the simplified model (premium allocation approach), recommended by IFRS17, insofar as the contracts have (i) a duration of less than one year; or (ii) the result of measurement using the general model does not differ materially from the simplified model.

Accordingly, the value of this provision is recognised for the amount of premiums collected by the Group, and is derecognised by the release to profit or loss on a pro-rata temporis basis.

Acquisition costs paid in the period are immediately recognised as expenses in the year in which they occur.

Reinsurance contracts held by the Group are measured using the simplified model, as they have a duration of less than one year. In this measurement, in addition to the premium paid to the reinsurer, the amount of commission received from the reinsurer is included.

II. Provision for insurance and reinsurance claims

Outstanding claims are recognised at the present value of the cash flows, discounted at the yield of Treasury Bonds indexed to the US dollar exchange rate issued by the Angolan State, taking into account the requirements defined by IFRS 17.

III. Income from insurance and reinsurance contracts (expense)

Insurance income obtained from insurance contracts is recognised by the Group over their duration on a pro-rata temporis basis.

The costs of reinsurance contracts held correspond to the pro-rata temporis of the premium, as well as the reinsurance commissions received.

IV. Expenses from insurance and reinsurance contracts (income)

Insurance contract costs comprise the costs incurred by the Group to provide insurance cover under the contract, including claims costs recognised at current value, acquisition costs and other costs directly attributable to the insurance contracts.

V. Financial income and expenses from reinsurance contracts

The Group decided to split the financial effect between profit or loss and reserves. Thus, the effect of the passage of time and the change in financial risk are recognised through profit or loss and in reserves respectively.

Insurance and investment contracts are classified as having or not having the contractual right to receive, as a complement to the guaranteed benefits, additional benefits that meet the following criteria: (i) likelihood of being a significant portion of the total contractual benefits, and (ii) the amount or timing by which it is contractually at the discretion of the issuer.

The Group must set up and maintain technical provisions to meet the obligations assumed in the insurance contracts entered into:

- Provision for risks in progress;
- Provisions for unearned premiums;
- Life mathematical provision;
- Mathematical provision for accidents at work;
- Provision for outstanding claims;
- Reinsurance technical provision.

In addition, insurance companies must set aside other provisions, namely:

- Provision for insurance premiums in collection;
- Provision for insurance bad debts.

2.14. Employee benefits

I. Defined contribution plans

The defined contribution plan assigned to the Group is only applicable to BAI. Under this plan, the liabilities relating to the benefit attributable to the Bank's employees are recognised as an expense for the year when due. Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

II. Defined benefit plans

The Group's defined benefit plan is only applicable to BAIE and is regulated in accordance with the legislation in force in Portugal. Therefore, the decrees and notices described below refer to Portuguese legislation.

In accordance with the pension plan annexed to the contract to join the pension fund of Ocidental – Sociedade Gestora de Fundos de Pensões, S.A., BAIE undertakes to provide its employees who are covered in terms of social security by the Vertical Collective Bargaining Agreement for the Portuguese Banking Sector (ACTV) or their families with cash benefits by way of old age or disability retirement, early retirement or survivor's benefits. At present, these benefits consist of an increasing percentage of the employee's years of service in banking, applied to their salaries. In view of the above, the plan is classified as a defined benefit plan.

With the publication of Decree-Law 1-A/2011 of 3 January, the employees covered by the ACTV who were of working age on 4 January 2011, have since that date been covered by the General Social Security Scheme (RGSS), with regard only to the old-age retirement benefit and maternity, paternity and adoption contingencies, the costs of which BAIE no longer bears. In view of the complementary nature of the ACTV rules, BAIE continues to guarantee the difference between the value of the benefits paid under the General Social Security Scheme for integrated eventualities and those provided for under the terms of the aforementioned Agreement.

BAIE determines the total value of these liabilities on an annual basis through calculations carried out by independent actuaries, using the Projected Unit Credit method and actuarial assumptions deemed appropriate. The value of liabilities includes, in addition to retirement and survivors' pension benefits, post-employment medical care benefits (Serviços de Assistência Médico-Social – SAMS).

The actuarial assumptions are based on expectations of salary and pension growth and are based on mortality tables used by some institutions operating in the Portuguese financial market. The discount rate used to update the liabilities reflects the market interest rates of high-quality corporate bonds, denominated in the currency in which the liabilities are paid, and with terms to maturity similar to the average settlement terms of the liabilities.

Until 4 January 2011, the liabilities were exclusively funded by a pension fund, and the amount corresponding to the difference between the present value of the liabilities and the fair value of the pension fund's assets on the reporting date, if applicable, adjusted by deferred actuarial gains and losses, depending on whether this difference is positive or negative, is recognised in the balance sheet under "Other liabilities" or "Other assets". The value of the pension fund corresponds to the fair value of its active on the reporting date. As a result of the aforesaid Decree-Law 1-A/2011, the defined benefit plan for employees covered by the Vertical Collective Bargaining Agreement for the Portuguese Banking Sector (ACTV) with regard to the old-age retirement benefit is now financed by the pension fund, insofar as it relates to liability for past services up to 4 January 2011, and by Social Security, insofar as it relates to past services after that date. Thus, from 2011 onwards, the cost of current services and the annual increase in liabilities for past services were reduced and BAIE, from the beginning of that year, began to bear an additional charge corresponding to a rate (Single Social Tax – TSU) of 23.75% levied on most of the salaries paid to its employees covered by the ACTV.

Actuarial gains and losses are recognised under "Retained earnings" in equity and presented in the Statement of Comprehensive Income.

Accrued liabilities for past services, particularly those arising from employees taking early retirement, are recognised as costs through profit or loss for the period in which they occur.

In addition, Banco de Portugal Notice 12/2001 requires full funding of pension liabilities in payment and a 95% funding level for liabilities for past services of active employees.

The staff costs of BAIE include the following costs relating to pension liabilities:

- Current service cost (cost for the year);
- Cost of interest on all liabilities; and
- Expected return on the pension fund.

III. Long-term employee benefits

The Group's net liability due to long-term employee benefits is the amount of future benefits that employees are expected to receive in exchange for their service in the current and past periods. This benefit is discounted to determine its present value. Re-measurements are recognised through profit or loss for the year.

BAIE

Under the terms of clause 74 of the Vertical Collective Bargaining Agreement for the Portuguese Banking Sector (ACTV), BAIE has taken on the responsibility of awarding its employees who are covered by this scheme and who are in active service on the date of retirement, due to disability or presumed disability, an end-of-career bonus corresponding to 1.5 times their effective monthly salary.

BAIE annually determines the present value of past liabilities with seniority premiums through valuations carried out by qualified and independent actuaries using the Projected Unit Credit method. The actuarial assumptions (financial and demographic) used are based on expectations on the reporting date for salary growth and a mortality table that is appropriate for BAIE's population. The discount rate is determined on the basis of market rates for low-risk corporate bonds, similar in term to the liquidation of liabilities. These assumptions are the same as those used to calculate the liability for retirement pensions.

For accounting purposes, BAIE records the amount of the liabilities as a charge payable against the profit or loss for the year. Payments made to the employee are deducted from the amount of the provision made.

BAIE's staff costs include the following costs relating to liabilities for end-of-career bonuses:

- Current service cost (cost for the year); and

- Interest costs.

IV. Benefits associated with employment termination

The benefits associated with employment termination (severance pay) are recognised as a cost at the time which occurs earlier, either at the time when the Group can no longer withdraw the offer of those benefits or at the time when the Bank recognises costs associated with a restructuring. If the benefits are not expected to be paid within a period of up to 12 months, then they are discounted.

V. Short-term employee benefits

Short-term employee benefits are recorded as a cost as soon as the associated service has been rendered. A liability is recognised at the expected amount to be settled if the Group has a present legal or constructive obligation to pay that amount as a result of a service rendered in the past by the employee and that obligation can be reliably estimated.

Law 07/2015 of 15 June – General Labour Law, states that the amount of vacation allowance payable to workers in a given financial year is a right acquired by them in the immediately preceding year. As a result, the Group records in the accounts for the year the amounts relating to vacations and vacation bonuses payable in the following year.

VI. Social Fund

The purpose of the BAI's Social Fund is to provide financial support to employees to cover expenses of an eminently social nature, with a view to preventing, reducing or resolving problems arising from employment, personal or family conditions in serious and urgent situations.

The financial allocations of the Social Fund are made exclusively after approval by the BAI's Board of Directors for the allocation in each financial year of a percentage of profits before deducting taxes. The allocations not used annually are carried over to the following year's budget.

VII. Variable remuneration paid to employees and managers

The remuneration of employees and directors may include a variable component, as a result of their individual performance and that of Group (performance premiums), and in line with what is defined in Law 14/21 of 19 May. It is up to the Board of Directors and the Remuneration Committee of the members of the governing bodies to assess and determine the respective criteria. The assigned variable remuneration is recorded against profit or loss for the year to which it refers.

2.15. Contingent provisions, assets and liabilities

Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable that an outflow of economic benefits will be required and (iii) a reliable estimate can be made of the amount of that obligation.

The measurement of provisions takes into account the principles defined in IAS 37 with regard to the best estimate of the expected cost, the most probable outcome of the ongoing actions, and taking into account the risks and uncertainties inherent to the process based on the best available information regarding the consequences of the event that would lead to their constitution.

In cases where the discount effect is material, the provisions correspond to the amount of expected future payments, discounted at a rate that considers the risk associated with the obligation.

Provisions are revised at the end of each reporting date and adjusted to reflect the best estimate, being reversed against profit or loss in proportion to payments that are not probable.

The provisions are derecognised through their use for the obligations for which they were initially constituted or in cases when those situations are no longer observed.

2.16. Interest income and expense

Interest income for financial instrument assets and liabilities measured at amortised cost are recognised under the headings "Interest and similar income" or "Interest and similar expenses" (net interest income), using the effective interest rate method. Interest on financial assets at fair value through other comprehensive income is also recognised in net interest income, and interest on financial assets and liabilities at fair value through profit or loss.

The interest calculation includes the fees and commissions paid or received considered to be an integral part of the effective interest rate, transaction costs, and all premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit or loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically, with regard to the policy for recording interest on overdue credit, the following aspects are considered in accordance with IFRS 15 and IFRS 9:

- Interest on overdue loans with collateral until the prudently assessed coverage limit is reached is recorded against profit or loss on the assumption that there is a reasonable probability of loan recovery; and

- Interest already recognised and unpaid on a loan overdue by more than 90 days ago that is not covered by collateral is annulled and only recognised when received because its recovery is considered to be remote.

For financial assets classified at stage 3, interest is recognised through profit or loss, in net interest income, based on their carrying amount net of impairment.

2.17. Recognition of dividends

Dividends (yield on equity instruments) are recognised in profit or loss when the right to receive them is attributed. Dividends are presented in the results of financial operations, net results of other financial instruments at fair value through profit or loss or other income, depending on the classification of the underlying instrument.

2.18. Recognition of income from services, fees and commissions

Income arising from services, fees and commissions are recognised according to the following criteria:

- When income is obtained as the services are rendered, its recognition in profit or loss is carried out in the period to which it refers in accordance with IFRS 15;

- When arising from a provision of services, its recognition is carried out when said service is completed in accordance with IFRS 15;

- When obtained from sales, they are recognised when the risks and rights inherent in ownership are transferred to the buyer and their value can be reasonably measured;

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

2.19. Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Group's financial statements. The profit or loss obtained from services, fees and commissions derived from these activities is recognised in the income statement for the period in which it occurs.

2.20. Net trading income

Net trading income includes the gains and losses generated by financial assets and liabilities at fair value through profit or loss, namely from trading portfolios and other assets and liabilities at fair value through profit or loss, including dividends associated with those portfolios.

This income also includes capital gains on the sales of financial assets at fair value through other comprehensive income and investments at amortised cost.

2.21. Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalents comprise the amounts recorded on the balance sheet with a maturity of less than three months from their date of issue and immaterial risk of variation in intangible fair value, which includes the total balances under the headings "Cash and cash equivalents at central banks" and "Cash and cash equivalents at other credit institutions" (Notes 4 and 5).

2.22 Financial guarantees, performance bonds and commitments

Financial guarantees

Contracts that require their issuer to make payments in order to compensate the holder for losses incurred as a result of non-compliance with the contractual terms of debt instruments, namely the payment of the respective principal and/or interest, are considered to be financial guarantees. Financial guarantees issued are initially recognised at fair value. Subsequently, these guarantees are measured at the higher of (i) the fair value initially recognised and (ii) the amount of any liability arising from the guarantee contract, measured on the reporting date. Any change in the value of the liability associated with financial guarantees issued is recognised through profit or loss. The financial guarantees issued by the Group usually have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount and period of the contract. On this basis, the fair value of the guarantees on the date of their initial recognition is approximately equivalent to the value of the initial fee received, taking into account that the agreed conditions are market conditions. Thus, the amount recognised on the contract date equals the amount of the initial fee received, which is recognised in the income statement during the year to which it refers. Subsequent fees are recognised in the income statement in the year to which they relate.

Performance bonds

Performance bonds are contracts that result in one of the parties being compensated if it fails to fulfil its contractual obligation. Performance bonds are initially recognised at fair value, which is normally evidenced by the value of the fees and commissions received throughout the contract's duration. In the event of a breach of contract, the Bank has the right to reverse the bond, with the amounts being recognised under "Loans to Customers" after transfer of loss offsetting in favour of the bond.

Irrevocable commitments

Irrevocable commitments are intended to provide loans under predetermined conditions (Note 2.4).

2.23. Leases

In accordance with IFRS 16, the Group, from the perspective of a lessee, recognised right-of-use assets which represent its rights to use the underlying assets and liabilities of the lease reflected in its obligations to make lease payments.

Definition of lease

The Group determines, on the start date of the contract, whether an agreement is or contains a lease in accordance with IFRS 16. The Group evaluates whether a contract is or contains a lease based on the definition of a lease. According to IFRS 16, a contract is, or contains, a lease transfers the right to use an identified asset (the underlying asset) over a certain period, in exchange for a consideration.

On the commencement date or revaluation of a contract containing a lease component, the Group allocates the consideration in the contract for each lease and non-lease component based on its individual relative price. However, for leases in which the entity is a lessee, it does not separate the non-lease components, and records the lease and non-lease components as a single lease component.

Lessee

The Group leases a number of assets, including properties where some of its customer service branches are located, spaces to install ATMs and other infrastructures.

As a lessee, the Group recognises right-of-use assets and lease liabilities for some asset classes.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases whose lease term is equal to or less than 12 months, and low-value asset leases (amounts equal to or less than the equivalent of USD 5,000, e.g. computer equipment). The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

The Group presents right-of-use assets under “Other tangible assets”, that is, in the same line of headings that presents the underlying assets of the same nature that it owns.

The Group presents the lease liabilities under “Other liabilities” on the Balance Sheet.

Right-of-use assets

Right-of-use assets are initially measured at cost and then at cost minus any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-to-use assets are depreciated from the entry into force until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is lower.

The cost of the right-of-use asset includes:

- The amount of the initial measurement of the lease liability;
- Any lease payments made on or before the effective date, net of lease incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of the costs to be borne by the lessee with the dismantling and removal of the underlying asset, the restoration of the place where it is located, or the restoration of the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities

The lease liability is initially measured at the current value of the lease payments to be paid over the lease term, discounted at the implicit lease rate or, if the rate cannot be easily determined, at the Group's incremental financing rate. Generally, the Group uses its incremental funding rate as a discount rate, which incorporates the risk-free interest rate curve plus a risk spread.

The incremental financing rate is a discount rate that the Group would obtain in order to gain the necessary funds, with the same maturity and similar guarantee, to acquire the underlying asset.

The lease liability is subsequently increased by the interest cost and decreased by the lease payments made. It is remeasured when there are changes in future lease payments arising from a change in an index or rate, a change in the estimate of the expected amount payable under a residual value guarantee, or, if appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised, or a termination option is reasonably certain not to be exercised.

Lessor

When the Group acts as a lessor, it determines, at the beginning of the contract, whether it is a finance or operating lease.

To classify each lease, the Group makes an overall assessment as to whether the lease substantially transfers all the risks and benefits inherent to the ownership of the underlying asset. If so, the lease is a finance lease; if not, it is an operating lease. In this assessment, the Group considers certain indicators, such as whether the lease covers most of the asset's economic life.

Finance lease agreements are recorded on the balance sheet as loans granted for the amount equivalent to the net investment made in the leased assets, together with any estimated unsecured residual value. Interest included in rents charged to customers is recorded as income while the repayments of principal, also included in rents, are deducted from the value of the loan granted to customers. The recognition of interest reflects a constant periodic rate of return on the lessor's remaining net investment.

If a contract contains lease and non-lease components, the Group will apply IFRS 15 to allocate the contractual amounts.

The Group recognises lease payments received under operating leases as revenue on a straight-line basis during the lease period, as "Other operating income/(expense)".

2.24. Treasury shares and share premiums

This heading records the difference, when negative, between the nominal value of the treasury shares acquired by the Bank and their acquisition cost.

In order to maintain the premiums corresponding to the treasury shares in the portfolio, this heading must be adjusted against reserves when the shares are sold.

2.25. Restatement of the consolidated financial statements from previous years

IFRS 17 – Insurance Contracts

IFRS 17 – Insurance Contracts (IFRS 17) came into force for annual periods beginning on or after 1 January 2023, replaced IFRS 4 – Insurance Contracts (IFRS 4) and applies to all entities issuing insurance, reinsurance or investment contracts with discretionary profit-sharing features if they are also issuers of insurance contracts. Under IFRS 17, entities issuing insurance contracts need to assess whether the policyholder can benefit from a particular service as part of a claim, or whether that service is independent of the claim/risk event, and separate the non-insured component. According to this new standard, entities must identify insurance contract portfolios on initial recognition and divide them into at least the following groups: (i) contracts that are onerous on initial recognition; (ii) contracts that do not present a significant possibility of subsequently becoming onerous; and (iii) remaining contracts in the portfolio.

IFRS 17 requires an entity to measure insurance contracts using up-to-date estimates and assumptions that reflect the timing of cash flows and any uncertainty related to those contracts. It also requires an entity to recognise income as it provides insurance services and not when it receives the premiums, providing information on the gains from the insurance contract that it expects to recognise in the future.

IFRS 17 is to be applied retrospectively with some exemptions on the date of transition, and insurers must restate their financial information for the transition period between 1 January 2022 and 31 December 2022.

Given that Nossa Seguros, S.A. is part of the Group's consolidation perimeter and operates in the insurance sector, the impacts of the first adoption of IFRS 17 have been reflected retrospectively in the balances of the consolidated financial statements. The changes to the balances resulting from the application of the measurement requirements of this standard are shown in the Financial Statements above (restated balances) under the balance sheet headings "Technical provisions for reinsurance ceded", "Technical provisions", "Current tax liabilities" and "Non-controlling interests" and under the income statement headings "Technical margin from insurance business", "Deferred taxes" and "Non-controlling interests". The impacts of this restatement on the balance sheet as at 1 January 2022 and 31 December 2022 and on the income statements as at 31 December 2022, presented for comparative purposes, are shown below. The impacts on the statement of comprehensive income as at 31 December 2023, which result exclusively from the change in net income for the period, and on the statement of changes in equity on 1 January 2022 and 31 December 2022, are presented directly in the respective main financial statements.

Changes in the consolidation perimeter

As mentioned in Note 2.1, in the first half of 2023 BAI's Board of Directors decided to include in the process of drawing up the consolidated financial statements all the entities that are part of the consolidation perimeter which, for reasons of operational efficiency and considering the immateriality of the representativeness of the Group's non-financial entities in the consolidated financial statements, had been excluded up to 2022.

Based on the above framework, the entities that (i) according to IFRS 10 should be considered in the consolidation perimeter as subsidiaries and that (ii) according to IAS 28 should be considered as associates, as at 31 December 2023 and 31 December 2022, present the following indicators:

(Amounts expressed in thousands of kwanzas)

Entities	Head office	Sub-Group	Direct stake (BAI Bank)	Effective	Consolidation method	Accounting regulations	Net assets	Equity	Net profit	Reference date
SOPROS – Sociedade Angolana de Promoção de Shoppings, S.A.	Angola	BAI Invest	n.a.	20.00%	MEP	PGC	41,043,137	4,623,296	(4,239,702)	31/12/2022
SODIMO – Sociedade de Desenvolvimento Imobiliário, S.A.	Angola	BAI Invest	n.a.	24.00%	MEP	PGC	33,882,761	3,731,585	2,004,574	31/12/2023
Imogestin, S.A.	Angola	BAI Invest	n.a.	50.00%	MEP	PGC	13,942,217	8,062,521	629,536	31/12/2023
SAESP – Sociedade Angolana de Ensino Superior, S.A.	Angola	BAI/BAI Foundation	20.00%	100.00%	Integral	PGC	1,214,544	674,667	458,361	31/12/2023
BAI Invest, S.A.	Angola	BAI SGPS	n.a.	100.00%	Integral	PGC	10,918,869	9,788,233	892,704	31/12/2023
BAI SGPS	Angola	ADM BAI	n.a.	100.00%	Integral	PGC	3,201	1,401	-	31/12/2023
BAI Foundation	Angola	BAI	100.00%	100.00%	Integral	PGC	1,214,544	674,667	458,361	31/12/2023

The BAI Group's entire consolidation perimeter as at 31 December 2023 and 31 December 2022, updated with the inclusion of the non--financial entities above, is shown in Note 3.11.

The restatement of the comparative figures as at 1 January 2022 and 31 December 2022, as well as the process of preparing the consolidated financial statements with reference to 31 December 2023 was carried out on the basis of the accounting principles detailed in Note 2.2. as well as IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The impacts on the Balance Sheet as at 1 January 2022 and 31 December 2022, and on the Income Statement and Cash Flow Statement as at 31 December 2022 are shown below.

The impacts on the Statement of Comprehensive Income as at 31 December 2023, which result exclusively from the change in net income for the year, and on the Statement of Changes in Equity as at 1 January 2022 and 31 December 2022 are presented directly in the respective main financial statements.

Below are the main impacts of the two restatements on the Balance Sheet, Income Statement and Cash Flow Statement:

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	**01-01-2022**	**First adoption of IFRS 17**	**Changes in the consolidation perimeter (IFRS 10)**	**01-01-2022 (Restated)**
Assets				
Cash and cash equivalents at central banks	618,369,501	-	-	618,369,501
Cash and cash equivalents at other credit institutions	123,623,498	-	14,766	123,638,264
Deposits at central banks and other credit institutions	669,104,006	-	-	669,104,006
Financial assets at fair value through profit or loss	67,877,501	-	-	67,877,501
Financial assets at fair value through other comprehensive income	135,056,388	-	1,302,097	136,358,485
Investments at amortised cost	1,146,060,939	-	-	1,146,060,939
Loans to customers	491,230,921	-	(1,037,597)	490,193,324
Non-current assets held for sale	25,329,652	-	-	25,329,652
Investment property	5,419,535	-	-	5,419,535
Other tangible assets	110,268,141	-	6,510,881	116,779,022
Intangible assets	13,775,667	-	54,986	13,830,653
Investments in associates	7,973,205	-	4,601	7,977,806
Current tax assets	988,565	-	-	988,565
Deferred tax assets	1,203,897	-	-	1,203,897
Assets from ceded reinsurance contracts	7,844,167	(251,489)	-	7,592,678
Other assets	66,229,537	-	4,904,502	71,134,039
Total Assets	**3,490,355,121**	**(251,489)**	**11,754,236**	**3,501,857,868**
Liabilities and equity				
Resources from central banks and other credit institutions	107,228,815	-	2,118	107,230,933
Resources from customers and other loans	2,736,895,352	-	(2,980,405)	2,733,914,947
Hedging derivatives	16,001	-	-	16,001
Non-current liabilities held for sale	9,958,698	-	-	9,958,698
Provisions	14,398,800	-	-	14,398,800
Insurance contract liabilities	25,855,026	(1,971,740)	-	23,883,286
Current tax liabilities	5,327,019	602,088	1,521,464	7,450,571
Deferred tax liabilities	1,214,510	-	-	1,214,510
Subordinated liabilities	4,060,996	-	-	4,060,996
Other liabilities	89,719,065	-	1,725,267	91,444,332
Total Liabilities	**2,994,674,283**	**(1,369,652)**	**268,444**	**2,993,573,075**
Share capital	157,545,000	-	-	157,545,000
Share premium	(9,204,478)	-	-	(9,204,478)
Treasury shares	(739,335)	-	-	(739,335)
Revaluation reserves	50,464,650	-	1,249,790	51,714,440
Other reserves and retained earnings	145,464,100	-	4,452,589	149,916,689
Net income for the year attributable to BAI shareholders	148,169,837	1,118,163	5,783,413	155,071,414
Equity attributable to BAI shareholders	**491,699,774**	**1,118,163**	**11,485,792**	**504,303,729**
Non-controlling interests	3,981,064	-	-	3,981,064
Total equity	**495,680,838**	**1,118,163**	**11,485,792**	**508,284,794**
Total Liabilities and Equity	**3,490,355,121**	**(251,489)**	**11,754,236**	**3,501,857,868**

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	31-12-2022	First adoption of IFRS 17	Changes in the consolidation perimeter (IFRS 10)	31-12-2022 (Restated)
Assets				
Cash and deposits at central banks	683,007,360	-	-	683,007,360
Loans and advances to other credit institutions	66,700,936	-	21,306	66,722,242
Investments in central banks and other credit institutions	648,134,587	-	-	648,134,587
Financial assets at fair value through profit or loss	612,985,810	-	-	612,985,810
Financial assets at fair value through other comprehensive income	60,480,872	-	1,370,135	61,851,007
Investments at amortised cost	803,542,000	-	-	803,542,000
Customer loans	526,055,264	-	(1,114)	526,054,150
Non-current assets held for sale	851,776	-	-	851,776
Investment properties	4,061,882	-	-	4,061,882
Other tangible assets	109,946,910	-	6,397,422	116,344,332
Intangible assets	14,895,240	-	53,267	14,948,507
Investments in associates	7,540,795	-	54,244	7,595,039
Current tax assets	1,723,410	-	-	1,723,410
Deferred tax assets	2,066,036	-	-	2,066,036
Assets from ceded reinsurance contracts	9,815,485	(695,627)	-	9,119,858
Other assets	101,498,581	-	(2,549,431)	98,949,150
Total Assets	**3,653,306,944**	**(695,627)**	**5,345,829**	**3,657,957,146**
Liabilities and equity				
Resources from central banks and other credit institutions	128,570,384	-	(689)	128,569,695
Customer funds and other loans	2,864,623,311	-	(1,415,469)	2,863,207,842
Provisions	15,776,202	-	-	15,776,202
Technical provisions	34,980,231	(3,719,952)	-	31,260,279
Current tax liabilities	4,612,200	1,058,514	1,641,888	7,312,602
Deferred tax liabilities	873,470	-	-	873,470
Subordinated liabilities	2,382,592	-	-	2,382,592
Other liabilities	76,690,388	-	1,384,679	78,075,067
Total Liabilities	**3,128,508,778**	**(2,661,438)**	**1,610,409**	**3,127,457,749**
Share capital	157,545,000	-	-	157,545,000
Premiums	(13,407,562)	-	-	(13,407,562)
Own shares	(5,296,172)	-	-	(5,296,172)
Revaluation reserves	23,062,891	-	1,317,829	24,380,720
Other reserves and retained earnings	248,821,765	1,917,675	10,325,285	261,064,725
Net profit for the year attributable to BAI shareholders	108,648,286	(497,572)	(7,907,695)	100,243,019
Equity attributable to BAI shareholders	**519,374,208**	**1,420,103**	**3,735,419**	**524,529,730**
Interests they don't control	5,423,958	545,709	-	5,969,667
Total Equity	**524,798,166**	**1,965,812**	**3,735,419**	**530,499,397**
Total Liabilities and Equity	**3,653,306,944**	**(695,626)**	**5,345,828**	**3,657,957,146**

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	31-12-2022 (Restated)	First adoption of IFRS 17	Changes in the consolidation perimeter (IFRS 10)	31-12-2022
Interest and similar income calculated using the effective interest rate method	250,767,062	-	-	250,767,062
Interest and similar income not calculated using the effective interest rate method	36,097,066	-	1,264,356	34,832,710
Interest and similar expenses	(81,857,981)	-	(19,614)	(81,838,367)
Net interest income	**205,006,147**	**-**	**1,244,742**	**203,761,405**
Income from equity instruments	19	-	-	19
Income from services, fees and commissions	53,239,956	-	1,496,242	51,743,714
Expenses related to services, fees and commissions	(18,191,942)	-	-	(18,191,942)
Net income from financial assets and liabilities at fair value through profit or loss	12,071,797	-	-	12,071,797
Net income/(expense) from financial assets at fair value through other comprehensive income	30,627	-	-	30,627
Net gains/(losses) from Investment at amortised cost	54,341,222	-	-	54,341,222
Foreign exchange results	(8,965,338)	-	-	(8,965,338)
Income from the sale of other assets	(268,843)	-	-	(268,843)
Other operating income/(expense)	(8,055,471)	-	2,441,399	(10,496,870)
Operating income	**289,208,174**	**-**	**5,182,383**	**284,025,791**
Technical margin of insurance activity	10,221,727	(1,059,655)	-	11,281,382
Operating income of banking and insurance activity	**299,429,901**	**(1,059,655)**	**5,182,383**	**295,307,173**
Staff costs	(71,066,563)	-	(1,346,700)	(69,719,863)
Third-party supplies and services	(76,209,505)	-	(2,539,146)	(73,670,359)
Depreciation and amortisation for the year	(17,306,568)	-	(307,779)	(16,998,789)
Provisions net of reversals	(4,067,047)	-	-	(4,067,047)
Impairment for loans to customers net of reversals and recoveries	(6,908,225)	-	-	(6,908,225)
Impairment for other financial assets net of reversals and recoveries	5,623,936	-	-	5,623,936
Impairment for other assets net of reversals and recoveries	(10,668,860)	-	(8,660,747)	(2,008,113)
Net income - associated companies and joint ventures (equity method)	450,971	-	(44,483)	495,454
Earnings before tax for continuing operations and non-controlling interests	**119,278,040**	**(1,059,654)**	**(7,716,471)**	**128,054,167**
Tax expenses				
Current taxes	(15,815,521)	-	(191,223)	(15,624,298)
Deferred taxes	1,708,462	370,879	-	1,337,583
Earnings after tax from continuing operations and before non-controlling interests	**105,170,981**	**(688,776)**	**(7,907,695)**	**113,767,452**
Income from discontinued and/or discontinuing operations	(3,836,612)	-	-	(3,836,612)
Earnings after tax and before non-controlling interests	**101,334,369**	**(688,776)**	**(7,907,695)**	**109,930,840**
Non-controlling interests	(1,091,350)	191,204	-	(1,282,554)
Net income for the year attributable to shareholders	**100,243,019**	**(497,572)**	**(7,907,695)**	**108,648,286**

Amounts expressed in thousands of kwanzas – kAOA unless specifically indicated otherwise	31-12-2022	Changes in the consolidation perimeter (IFRS 10)	31-12-2022 (Restated)
Cash flow from operating activities			
Interest, fees and commissions and other similar income received	324,952,052	-	324,952,052
Interest, fees and commissions, and other similar expenses paid	(96,509,726)	-	(96,509,726)
Payments to employees and suppliers	259,331	-	259,331
Payments and contributions to pension funds and other benefits	(137,411,250)	-	(137,411,250)
Recovery of loans written-off from the assets	(5,058,115)	-	(5,058,115)
Other income	17,135,654	(1,742,100)	15,393,554
Cash flows before changes in operating assets and liabilities	**103,367,946**	**(1,742,100)**	**101,625,846**
(Increases)/Decreases in operating assets:			
Deposits at central banks and other credit institutions	(17,326,971)	-	(17,326,971)
Financial assets at fair value through profit or loss	(540,815,322)	-	(540,815,322)
Investments at amortised cost	355,342,408	-	355,342,408
Loans to customers	(69,865,879)	-	(69,865,879)
Non-current assets held for sale	3,658,683	-	3,658,683
Other assets	(30,728,294)	-	(30,728,294)
Net flow from operating assets	**(299,735,375)**	**-**	**(299,735,375)**
Increases/(Decreases) in operating liabilities:			
Resources from central banks and other credit institutions	18,465,019	-	18,465,019
Resources from customers and other loans	311,619,979	-	311,619,979
Other liabilities	(11,447,885)	-	(11,447,885)
Net cash flow from operating liabilities	**318,637,113**	**-**	**318,637,113**
Net cash from operating activities before income taxes	122,269,684	(1,742,100)	120,527,584
Tax expenses paid	(13,924,042)	-	(13,924,042)
Net cash from operating activities	**108,345,642**	**(1,742,100)**	**106,603,542**
Cash flow from investing activities			
Dividends received	1,379,228	-	1,379,228
Acquisitions of other tangible assets net of disposals	(12,187,184)	-	(12,187,184)
Acquisitions of intangible assets, net of disposals	(4,992,335)	-	(4,992,335)
Acquisitions of stakes in associates and joint ventures, net of disposals	51,837,234	-	51,837,234
Net cash from investing activities	**36,036,943**	**-**	**36,036,943**
Cash flows from financing activities			
Increases/(Decreases) in loans received	(1,097,126)	-	(1,097,126)
Acquisitions of treasury shares, net of disposals	(3,952,275)	-	(3,952,275)
Issuance of other equity instruments, net of repayments and purchases	900,000	-	900,000
Dividends distribution	(63,693,673)	-	(63,693,673)
Dividends distribution to non-controlling interests	(457,398)	-	(457,398)
Lease liability payments	(1,752,303)	-	(1,752,303)
Net cash from financing activities	**(70,052,775)**	**-**	**(70,052,775)**
Changes in cash and cash equivalents	**74,329,810**	**(1,742,100)**	**72,587,710**
Cash and cash equivalents at the beginning of the year	742,853,437	-	742,853,437
Effects of exchange rate changes on cash and cash equivalents	(64,949,188)	-	(64,949,188)
Cash and cash equivalents at the end of the year	**752,234,059**	**(1,742,100)**	**750,491,959**
Cash and its equivalents include:			
Cash	26,053,012	-	26,053,012
Demand deposits at central banks	659,322,868	-	659,322,868
Cash and cash equivalents at other credit institutions	66,858,179	(1,742,100)	65,116,079
	752,234,059	**(1,742,100)**	**750,491,959**

3. Main estimates and judgements used in preparing the financial statements

The main accounting estimates and judgements used in the Group's application of accounting principles are presented in this Note, for the purpose of improving the understanding of how their application affects the Group's reported results and their disclosure. A comprehensive description of the main accounting policies used by the Group is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment used by the Board of Directors, the results reported by the Group could be different if a different treatment were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present, in a true and appropriate manner, the Group's financial position and the results of its operations in all materially relevant aspects.

3.1. Classification of financial assets

The classification and measurement of financial assets depend on the results of the SPPI test and the definition of the business model. The Group determines the business model depending on the way it wants to manage financial assets and business objectives.

This assessment requires judgement insofar as the Bank must consider, among others, the way in which the performance of the assets is assessed, the risks affecting the performance of the assets, and the way in which those risks are managed.

The Group monitors financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised before their maturity, to understand the reasons underlying their disposal and determine whether they are consistent with the purpose of the business model defined for those assets. This monitoring is part of the Group's continuous assessment of the business model of the financial assets that remain in the portfolio to determine whether it is appropriate and, if not, whether there was a change in the business model and, consequently, a prospective change in the classification of those financial assets (Notes 7, 8, 9 and 10).

3.2. Fair value of other financial assets and liabilities measured at fair value

Fair value is based on market prices, when available, and in the absence of a quote it is determined based on the use of the prices of similar recent transactions carried out under market conditions, or based on valuation methodologies based on discounted future cash flow techniques considering the market conditions, time value, profitability curve and volatility factors.

These methods may require assumptions or judgements in estimating the fair value.

Consequently, the use of different methodologies or different assumptions or judgements in the application of a given model could result in financial results that are different from those reported in Notes 7 and 8.

The Group uses the following fair value hierarchy, with three levels in the valuation of financial instruments (assets or liabilities), which reflects the level of judgement, the observability of the data used, and the importance of the parameters applied in determining the valuation of the instrument's fair value, in accordance with the provisions of IFRS 13:

- **Level 1:** Fair value is determined based on unadjusted quoted prices captured in transactions on active markets involving financial instruments identical to the instruments being valued. If there is more than one active market for the same financial instrument, the relevant price is the one that prevails in the instrument's main market or the most advantageous market to which there is access;

- **Level 2:** Fair value is determined based on valuation techniques based on observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to those that an unrelated party would use to estimate the fair value of the same financial instrument. It also includes instruments whose valuation is obtained through quotes published by independent entities, but whose markets have lower liquidity; and,

- **Level 3:** Fair value is determined based on data not observable in active markets, using techniques and assumptions that market participants would use to assess the same instruments, including hypotheses regarding the inherent risks, the valuation technique used and the inputs used and considering processes for reviewing the accuracy of the values thus obtained.

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

- Existence of frequent daily trading quotes in the last year;
- The quotes mentioned above change regularly;
- There are enforceable quotes from more than one entity.

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

- If its value is determined in an active market;
- If an Over-the-Counter (OTC) market exists and it is reasonable to assume that active market conditions are observed, with the exception of the condition of trading volumes; and,
- The value of the parameter can be obtained by inversely calculating the prices of financial instruments and/or derivatives where the other parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that comply with the previous paragraphs.

3.3. Impairment losses in financial instruments at amortised cost and at fair value through other comprehensive income

The Group periodically reviews the financial instruments in order to assess the existence of expected impairment losses, as mentioned in the accounting policy described in Note 2.4.

The assessment process in order to determine whether an expected loss due to impairment should be recognised is subject to various estimates and judgements. This process includes factors such as the probability of default (PD), loss given default (LGD), risk ratings, the value of collateral associated with each transaction (individual analysis), recovery rates, and estimates of both future cash flows and the time of receipt.

The determination of impairment losses for financial instruments involves judgements and estimates regarding the following aspects, among others:

- Significant increase in credit risk: as mentioned in Note 2.4 – Financial instruments, the determination of the transfer of an asset from stage 1 to stage 2 for the purpose of determining its impairment is based on the significant increase in its credit risk since its initial recognition, where IFRS 9 does not objectively define what constitutes a significant increase in credit risk;
- Fair value of collateral: the calculation of impairment associated with loans is based on collateral assessments of the loan transactions, such as real estate mortgages (individual analysis). These were carried out on the assumption that all real estate market conditions were maintained during the life of the transactions and were the best estimate of the fair value of that collateral on the reporting date;
- Definition of assets with similar credit risk characteristics: when credit losses are measured in a collective model, financial instruments are grouped based on the same risk characteristics. The Group monitors the adequacy of credit risk characteristics in order to ensure that the assets are properly reclassified in the event of changes in credit risk characteristics;
- Probability of default: The probability of default is a determining factor in the measurement of expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given period of time, calculated based on historical data, assumptions, and expectations about future;
- Loss given default: This corresponds to an expected loss in a default scenario based on the difference between the contractual cash flows and those that the Group expects to receive through the cash flows generated by the customer's business or loan collateral. The calculation of the estimated loss given the default is based, among other things, on the different recovery scenarios, historical information, the costs involved in the recovery process, and the estimated valuation of collateral associated with loan operations;
- Models and assumptions used: The Group uses various models and assumptions when measuring estimated expected credit losses. Judgement is applied in identifying the most appropriate model for each type of asset and in determining the assumptions used in these models. Additionally, in compliance with the regulations of IFRS 9, which explain the need for the impairment result to consider multiple scenarios, a methodology was implemented to incorporate different scenarios in risk parameters. Thus, the calculation of collective impairment considers several scenarios with specific weighting, based on the defined internal methodology concerning scenarios – the definition of multiple perspectives of macroeconomic evolution, with significant probability of occurrence.

Alternative methodologies and the use of other assumptions and estimates could result in levels other than the expected impairment losses recognised and presented in Notes 4, 5, 6, 8, 9 and 10, with the consequent impact on the Group's results.

3.4. Tax expenses

The Group is subject to income taxes in numerous jurisdictions.

For the Group's entities based in Angola, income taxes (current or deferred) are reflected in the profit of loss for the year, except in cases where the transactions giving rise to them have been reflected in other equity headings. In these situations, the corresponding tax is also reflected against equity, without affecting the net income for the year.

The calculation of the current tax estimate for the years ended 31 December 2023 and 31 December 2022 was calculated in accordance with the Industrial Tax Code in force on each of the dates, at the applicable tax rate of 35%.

Tax returns are subject to review and correction by the tax authorities over a period of five years and may last up to ten years and may result, due to different interpretations of tax legislation, in possible adjustments to the taxable profit for the financial years of 2019 to 2023.

Tax losses determined in a given period, in accordance with Article 48(1) of the Industrial Tax Code (CII), may be deducted from the taxable profits of the following five years.

Significant interpretations and estimates are required in determining the overall amount of taxes on profits. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

With the amendment of the Industrial Tax Code, for the purpose of calculating the tax estimate, the following assumptions were adopted in accordance with the understanding and information available on the reporting date:

- Unrealised exchange rate changes:
  - Potential changes in the headings of revaluation of foreign-indexed assets and liabilities excluded from overdue transactions in the financial year; and
  - The revaluation of the net position of foreign currency assets and liabilities for the year.
- Impairments incurred in secured loans – nominal value of guarantees taking into account:
  - Impairment reinforcements in enforcing existing loans;
  - Constitution of impairment of new loans granted during the financial year.

The assumptions made by the Group's entities based in Angola in determining income tax for the year and deferred taxes are still subject to ratification by the General Tax Administration (AGT).

Deferred taxes are calculated based on the tax rates expected to be in effect on the date of the reversal of the temporary differences, which correspond to the rates approved or substantially approved on the reporting date. Thus, for the years ended 31 December 2023 and 2022, the deferred tax was, in general terms, calculated based on a rate of 35%.

Other interpretations and estimates could result in a different level of current and deferred profit taxes recognised in the financial year and presented in Note 15.

3.5 Leases

The relevant judgements made by management in the application of the Group's accounting policies and the main sources of the uncertainty of the estimates were the same as those related to accounting as a lessee of leases under IFRS 16.

For contracts in which the Bank is the lessee and which include extension and termination options, the Group determines the lease term as the non-cancellable period, during which it has the right to use an underlying asset, together with the periods covered by an option to extend the lease if there is reasonable certainty of exercising that option and the periods covered by a termination option if there is reasonable certainty of not exercising that option. The assessment of whether or not the Group will exercise such options has an impact on the lease term, which significantly affects the amount of lease liabilities and right-of-use assets that are recognised.

The Group has the option, especially in real estate lease agreements, of leasing the assets for additional terms of 1 to 20 years. The Group applies judgement when assessing whether it is reasonably certain that it will exercise the renewal option. In other words, it considers all the relevant factors that create an economic incentive for the exercise of renewal.

When measuring the lease liabilities presented in Note 22, the Group deducts the payments using its incremental financing rate, which is determined based on the risk-free interest rate curve (interest rate on non-adjustable Treasury Bonds at 3 years) plus the Group's risk spread. The incremental financing rate is the discount rate that each Group entity would obtain in order to obtain, with the same maturity and similar guarantee, the funds necessary to acquire the underlying asset, which is estimated at approximately 23% on the transition date.

3.6. Classification and valuation of assets received through credit recovery and non-current assets held for sale

The classification of properties received through loan recovery and non-current assets held for sale is assessed in the light of IFRS 5.

Assets received through loan recovery and non-current assets held for sale are measured at the lowest value between their fair value net of sales costs and the carrying amount of the loan existing on the date when the asset was received in lieu of repayment. Fair value is determined based on periodic real estate evaluations carried out by expert independent valuators, based on assumptions whose influence on the economic and financial situation and the market's capacity to transact the available offer at any given moment are decisive. Thus, the implementation of the valuation amount determined by independent experts depends on the verification of the assumptions used in the respective valuations, so the evolution of macroeconomic conditions and the real estate market may result in the alteration of these same assumptions and, consequently, have an impact on the recoverability of the valuation amount of the properties.

Different methodologies and assumptions would have an impact on the classification and determination of the fair value of the assets, which are presented in Note 17.

3.7. Contingent provisions and liabilities

The measurement of provisions takes into account the principles defined in IAS 37 with regard to the best estimate of the expected cost, the most likely outcome of the actions in progress, and taking into account the risks and uncertainties inherent to the process. Different assumptions and judgements would have an impact on the determination of the value of provisions, which are presented in Note 20.

3.8. Technical provisions

The company's liabilities for insurance and reinsurance contracts are determined using the methodology and assumptions described in Note 2.13. – Technical provisions.

The Group considers that the liabilities determined on the basis of the methodologies applied adequately reflect the best estimate of the liabilities to which it is obliged, which are presented in Note 16.

Reinsurance granted

The technical provisions for risks in progress and the provision for outstanding claims, for reinsurance ceded, correspond to the reinsurers' share of the Group's total liabilities and are calculated under the terms of the reinsurance treaties in force on the reporting date. Participation in the results of reinsurance ceded is also estimated on the reporting date, based on the contractual conditions established in the aforementioned reinsurance treaties.

3.9. Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could impact the cost and liability of the pension plan.

Changes to these assumptions could have a significant impact on the figures determined and presented in Note 44.

3.10. Goodwill impairment

The recoverable value of the goodwill recorded in the Group's assets and presented in Note 13 is reviewed annually regardless of whether there are any signs of impairment.

For this purpose, the carrying amount of the business units of the Group for which goodwill has been recognised is compared with the respective recoverable amount. A goodwill impairment loss is recognised when the carrying amount of the business unit exceeds the respective recoverable amount.

In the absence of an available market value, the recoverable amount is determined using cash flows predictions, applying a discount rate that includes a risk premium appropriated to the business unit being tested. Determining the cash flows to discount and the discount rate, involves judgement.

3.11. Entities included in the consolidation perimeter

In determining which entities to include in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to the variability in returns arising from its involvement with that entity and can seize them through the power it holds over that entity (de facto control).

The decision that an entity should be consolidated by the Group requires the use of judgement, assumptions and estimates to determine the extent to which the Group is exposed to the variability of returns and the ability to seize them through its power.

If other assumptions and estimates were taken into account, the Group's consolidation perimeter could be different, with a direct impact on the consolidated results.

In the years between 31 December 2018 and 31 December 2022, the Group excluded non-financial entities from its Consolidated Financial Statements for reasons of operational efficiency and the immateriality of the representativeness of these entities in the Consolidated Financial Statements.

For the year ending 31 December 2023, the entities referred to above were included so that the Consolidated Financial Statements fully include the consolidation perimeter identified on the basis of the requirements defined by the IAS/IFRS. For this reason, the comparative information has been restated (see Note 2.25.).

As at 31 December 2023 and 2022, the entities that were considered in the consolidation perimeter (IFRS 10), including associates (IAS 28) are as follows:

(Amounts expressed in thousands of kwanzas)

Entities	Head office	Direct stake (BAI Bank)	Effective share (BAI Group)	Consolidation method	Net assets 31-12-2023	Equity 31-12-2023	Net income 31-12-2023
Banco Angolano de Investimentos, S.A.	Angola	n.a.	n.a.	-	4,537,439,345	641,308,194	199,573,710
BAI Europa, S.A.*	Portugal	99.99%	99.99%	Integral	632,156,291	88,288,073	4,959,505
BAI Cabo Verde, S.A.*	Cape Verde	81.63%	81.63%	Integral	245,267,351	24,452,731	699,975
NOSSA – Nova Sociedade Seguros Angola, S.A.*	Angola	72.24%	72.24%	Integral	101,183,858	29,735,368	8,555,054
BAI Invest, S.A.*	Angola	n.a.	100.00%	Integral	10,918,869	9,788,233	892,704
SAESP – Sociedade Angolana de Ensino Superior, S.A.*	Angola	20.00%	100.00%	Integral	8,802,400	6,863,350	(271,476)
PAY4ALL S.A.	Angola	79.05%	91.02%	Integral	2,507,036	2,278,395	(1,731,605)
Áurea SDVM, S.A.	Angola	99.61%	99.61%	Integral	1,973,860	1,736,418	(273,745)
BAI SGPS*	Angola	n.a.	100.00%	Integral	3,201	1,401	-
BAI Foundation*	Angola	20.00%	100.00%	Integral	1,214,544	674,667	458,361
Banco Internacional de São Tomé e Príncipe, S.A.R.L.*	São Tomé e Príncipe	25.00%	25.00%	MEP	118,198,583	19,602,239	2,918,074
Imogestin, S.A.	Angola	n.a.	50.00%	MEP	13,942,217	8,062,521	629,536
Angola Capital Partners LLC**	United States of America	47.50%	47.50%	MEP	7,189,900	6,607,373	(13,761)
FIPA I – Angola Private Investment Fund, SICAV-SIF***	Luxembourg	25.64%	25.64%	MEP	9,276,842	7,033,571	(932,127)
FIPA II – Angola Private Investment Fund, SICAV-SIF*	Luxembourg	37.90%	37.90%	MEP	52,509,522	52,154,360	24,155,877
Sodimo, S.A.	Angola	n.a.	24.00%	MEP	41,043,137	4,623,296	(4,239,702)
Sopros, S.A. ****	Angola	n.a.	20.00%	MEP	33,882,761	3,731,585	2,004,574

* Unaudited financial statements
** Balances with reference to 30-06-2023
*** Balances with reference to 31-12-2021 – In liquidation
**** Balances with reference to 31-12-2022

During the year ended 31 December 2023, the capital of the PAY4ALL entity was subscribed. The purpose of this entity was to provide consultancy services and qualified Human Capital to support various professional activities. In September 2023, this entity changed its name from *Minha Rede* to PAY4ALL, S.A. and its corporate object to provide payment services. This is the only change in the consolidation perimeter compared to 31 December 2022.

In accordance with IFRS 10, although BAI does not hold a direct stake in BAI Invest, it does exercise control over that entity, since i) its shareholders are members of BAI's management and ii) the entity depends financially on the Bank for the pursuit of its business.

Although 50% of Imogestin's capital is held indirectly by BAI through its subsidiary BAI Invest, according to the articles of association of this entity, no shareholder can represent more than a tenth of the votes conferred by all the shares, nor more than a fifth of the votes cast at the General Meeting, so BAI's decision-making power over the activity of this entity is limited, and it is therefore considered an associate, insofar as BAI only has significant influence.

The BAI Foundation is a non-profit organisation of the BAI Group that carries out social and corporate responsibility activities.

4. Cash and cash equivalents at central banks

This heading is composed as follows:

	31-12-2023	31-12-2022
Cash		
In local currency	19,645,426	18,647,854
In foreign currency	16,714,497	7,405,158
Demand deposits at central banks		
In foreign currency	301,433,805	268,462,512
In local currency	289,449,976	390,860,356
Impairment	**(735,021)**	**(2,368,520)**
	626,508,683	**683,007,360**

The heading "Demand deposits at central banks" include deposits made to meet mandatory reserve requirements. These reserves are set aside in accordance with the regimes established by the central banks of the jurisdictions in which each banking financial sector entity that is part of the Group's consolidation perimeter operates, which are detailed below:

BAI

As at 31 December 2023, the mandatory reserves are set aside in accordance with BNA Directive 12/DME/2023 of 28 November 2023 and BNA Instruction 04/2023 of 30 March, which is summarised as follows:

Incidence base	Calculation	Coefficient in local currency	Coefficient in foreign currency
Central Government	Daily	100%	100%
Local Governments and Municipal Administrations	Every 2 weeks	18%	100%
Other Sectors	Every 2 weeks	18%	22%

Compliance with mandatory reserves, for a given 2 weeks period is determined taking into account the average amount of customer deposit balances, among others, at the Bank during that period.

In accordance with Directive 12/DME/2023 of 28 November 2023, mandatory foreign currency reserves may be fulfilled with the amounts in foreign currency deposited at BNA, in the name of each banking financial institution, deducted from the corresponding 100% of the deposits in the name of the Central Government, held in the books of said Financial Institution.

As at 31 December 2023, the total amount due (Central Government, Local Governments, Local Administrations and Other Sectors) amounts to kAOA 766,777,817 (2022: kAOA 450,356,181).

As at 31 December 2023, the amount of kAOA 75,427,479 (2022: kAOA 34,496,491) refers to loans granted to the real sector of the economy, in accordance with BNA Notice 10/22, is being deducted from the total amount due.

BAIE

Until 30 October 2019, deposits made to meet the requirements of the Minimum Reserve System of the European System of Central Banks are remunerated at the reference rate set by the European Central Bank (ECB) for the Eurosystem's main refinancing operations (MRO) up to the amount necessary to meet the requirements of the Minimum Reserve System. The balance of deposits made in excess of the minimum reserve requirements is remunerated at the reference rate set by the ECB for the deposit facility (DF).

This system, which came into force on 30 October 2022, featured a two-tier remuneration mechanism (tiering), exempting excess reserves (exempt tier) up to the amount resulting from the product of the balance required to comply with the Minimum Reserve System and the multiplier of 6 (defined by the Governing Council).

On 27 July 2022, following the ECB's decision to increase the deposit facility rate, this system ceased to be applicable. This change in monetary policy, coupled with the suspension of exempt tiering, impacted the balance of the heading, in terms of volume, from the 2nd half of 2022.

As at 31 December 2023 and 2022, the multiplier set by the ECB is 0 (zero). Since 21 September 2023, the MRO and DF reference rates have been 4.50% and 4.50% respectively.

BAI CV

The minimum cash reserve ratio is set by resolution of Banco de Cabo Verde and as at 31 December 2023, cash and cash equivalents comprise banknotes and coins and demand deposits to meet the minimum cash reserve requirement of 10% of deposits.

As at 31 December 2023, total liabilities (BAI, BAIE and BAICV) amounted to kAOA 784,737,243 (2022: kAOA 459,572,992).

As at 31 December 2023 and 2022, the movement in impairment for cash and deposits at central banks is as follows:

	31-12-2023	31-12-2022
Opening balance	**2,368,520**	**804,932**
Allocation for the year (Note 40)	-	1,663,499
Reversal for the year (Note 40)	(1,907,014)	(43,805)
Adjustments (includes exchange rate effect)	273,515	(56,106)
Closing balance	**735,021**	**2,368,520**

5. Cash and cash equivalents at other credit institutions

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)
Cash and cash equivalents at domestic credit institutions		
Other deposits	4,408,239	970,348
Cash and cash equivalents at credit institutions abroad		
Demand deposits	137,229,892	33,016,346
Cheques to be drawn	755,381	630,910
Other deposits	513,950	32,261,881
Impairment	**(27,336)**	**(157,243)**
	142,880,126	**66,722,242**

As at 31 December 2023, the heading "Deposits at credit institutions abroad – Demand deposits" includes the amount of kAOA 4,887,096 (2022: kAOA 597,305) from BAI, which is intended to guarantee the provisioning at the corresponding bank for daily settlements of VISA card usage for subsequent settlement with its customers.

The variation in the heading "Cash and cash equivalents at credit institutions abroad – Demand deposits" is mainly due to the exchange rate variation arising from the appreciation of the Kwanza against the United States Dollar.

As at 31 December 2023 and 2022, the movement in impairment for cash and cash equivalents at other credit institutions is as follows:

	31-12-2023	31-12-2022
Opening balance	**157,243**	**55,506**
Allocation for the year (Note 40)	134,362	315,726
Reversal for the year (Note 40)	(337,379)	(174,458)
Note 40	(203,017)	141,268
Adjustments (includes exchange rate effect)	73,110	(39,531)
Closing balance	**27,336**	**157,243**

6. Deposits at central banks and other credit institutions

This heading is composed as follows:

	31-12-2023	31-12-2022 (Reexpresso)
Deposits at central banks		
Third-party securities purchase transactions with a resale agreement	**693,212,976**	**395,256,209**
Credit institutions in Portugal		
Central Bank deposits	2,051,871	-
Interbank money market	33,500,000	34,000,000
Deposits	1,552,495	577,314
Interest receivable	76,654	351,898
	35,129,149	**34,929,212**
Investments at credit institutions abroad		
Interbank money market	202,709,427	143,682,369
Collateral deposits	96,479,606	90,326,398
Interest receivable	995,862	109,403
	300,184,895	**234,118,170**
Impairment	**(2,804,306)**	**(16,169,004)**
	1,025,722,714	**648,134,587**

As at 31 December 2023, the change in the heading "Deposits at central banks and other credit institutions in the country – Reverse repurchase agreements" is essentially due to BAI's strategy of investing its liquidity in short-term, low-risk operations.

As at 31 December 2023, the change in the heading "Investments at other credit institutions in the country" refers to BAI's provision of liquidity to banks operating in the domestic market.

As at 31 December 2023, the change in the heading "Investments at credit institutions abroad – Interbank money market" is essentially due to the depreciation of the Kwanza against the Euro and the United States Dollar.

The phasing of Deposits at central banks and other credit institutions by maturity as at 31 December 2023 and 2022, is as follows:

	31-12-2023	31-12-2022
Up to three months	701,797,225	460,424,145
Three to six months	103,587,604	51,061,808
Six months to one year	118,656,622	27,986,633
Between 1 and 5 years	104,475,569	124,831,005
More than 5 years	10,000	-
	1,028,527,020	**664,303,591**

The phasing of Deposits at central banks and other credit institutions by maturity as at 31 December 2023 and 2022, is as follows:

	31-12-2023	31-12-2022
AOA	518,332,535	430,126,035
USD	337,270,220	132,746,462
EUR	162,221,645	91,929,570
CVE	2,164,681	7,798,525
Other	8,537,939	1,702,999
	1,028,527,020	**664,303,591**

BAI's Deposits at central banks and other credit institutions, including transactions with Group entities as at 31 December 2023, bore interest at a weighted average rate of 9.90% in local currency (2022: 12.54%) 0.71% in euros (2022: 0.61%), 3.45% in dollars (2022: 2.33%) and 2.49% in yuan (renminbi).

Deposits at credit institutions abroad bear interest at the rates of the international markets in which the Group operates.

As at 31 December 2023, the heading "Investments at credit institutions abroad – Collateral deposits" includes the amounts relating to the BAI of kAOA 96,479,606 (2022: kAOA 90,326,398) which are collateralising credit operations granted by the corresponding banks.

All exposures relating to investments in other credit institutions are classified as stage 1. In the year ended 31 December 2023, the exposure that was classified as stage 3 in 2022 was closed through a payment in kind agreement.

As at 31 December 2023 and 2022, the movement in impairment for Deposits at central banks and other credit institutions is as follows:

	31-12-2023	31-12-2022
Opening balance	**16,169,004**	**19,948,148**
Impairment for the year	3,093,582	18,735,423
Stage 3 adjustment	-	(332,277)
Reversal for the year	(8,962,087)	(20,805,249)
Note 40	(5,868,505)	(2,402,103)
Uses	(15,657,652)	-
Adjustments (includes exchange rate effect)	8,161,459	(1,377,041)
Closing balance	**2,804,306**	**16,169,004**

The amount shown in the Uses line refers to the exposure extinguished through the payment in kind agreement that took place in the first half of 2023, as mentioned above.

7. Financial assets at fair value through profit or loss

This heading is composed as follows:

	31-12-2023	31-12-2022
Financial assets at fair value through profit or loss		
Securities		
Bonds and other fixed income securities		
Issued by Government and public entities		
Bonds in foreign currency	253,312,565	33,157,536
Bonds in local currency		
Non-adjustable	333,643,055	437,329,042
Treasury Bills	111,803,258	141,139,678
Issued by other entities	583,465	73,427
Shares	8,665	7,779
Other variable income securities		
Investment fund units	281,134	1,278,348
	699,632,142	**612,985,810**

Pursuant to the accounting policy described in Note 2.4 financial assets at fair value through profit or loss are those acquired for the purpose of being traded in the short term regardless of their maturity and those that do not comply with the Solely Payments of Principal and Interest (SPPI) criteria.

As at 31 December 2023 and 2022, financial assets measured at fair value through profit or loss showed the following levels of appreciation:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Securities				
Bonds and other fixed income securities				
Issued by Government and public entities	22,768,339	675,990,539	-	698,758,878
Issued by other entities	556,453	27,013	-	583,465
Shares	6,800	-	1,865	8,665
Other variable income securities				
Investment fund units	-	-	281,134	281,134
Balance as at 31 December 2023	**23,331,592**	**676,017,552**	**282,999**	**699,632,142**
Financial assets at fair value through profit or loss				
Securities				
Bonds and other fixed income securities				
Issued by Government and public entities	15,993,748	595,632,508	-	611,626,256
Issued by other entities	-	73,427	-	73,427
Shares	6,646	-	1,133	7,779
Other variable income securities				
Investment fund units	-	-	1,278,348	1,278,348
Balance as at 31 December 2022	**16,000,394**	**595,705,935**	**1,279,481**	**612,985,810**

Pursuant to IFRS 13, financial instruments are measured according to the valuation levels described in Note 47.

The fair value of Treasury Bonds in foreign currency classified as level 2 and presented in the category "Bonds and other fixed-income securities – public issuers", is based on the valuation curve of securities through the sum of the daily rates of US Treasury Bonds and the country risk premium, which is used in the discount factor in order to determine the clean price.

The movements in financial instruments at fair value through profit or loss classified in level 3 of the IFRS 13 fair value hierarchy are entirely related to changes in fair value during the year.

As at 31 December 2023 and 2022, securities measured at fair value through profit or loss show the following residual maturity periods:

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
Issued by Government and public entities	-	124,025,263	566,484,812	8,248,803	-	698,758,878
Issued by other entities	-	-	556,453	27,013	-	583,466
Shares	-	-	-	-	8,665	8,665
Other variable income securities						
Investment fund units	-	-	183,108	-	98,026	281,134
Balance as at 31 December 2023	**-**	**124,025,263**	**567,224,373**	**8,275,816**	**106,691**	**699,632,142**
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
Issued by Government and public entities	40,830,923	114,591,381	351,950,165	104,253,787	-	611,626,256
Issued by other entities	-	-	57,687	15,740	-	73,427
Shares	-	-	-	-	7,779	7,779
Other variable income securities						
Investment fund units	-	-	181,784	-	1,096,564	1,278,348
Balance as at 31 December 2022	**40,830,923**	**114,591,381**	**352,189,636**	**104,269,527**	**1,104,343**	**612,985,810**

As at 31 December 2023 and 2022, securities measured at fair value through profit or loss have the following characteristics:

31-12-2023	Issuer	Domicile	Activity	Currency	Indexer	Average	Nominal value	Acquisition cost	Accrued interest	Fair value adjustment	Carrying Amount
Financial assets at fair value through profit or loss											
Bonds in local currency	State	Angola	Government	AOA	n.a.	15.76%	297,121,200	325,647,427	9,653,729	(1,658,101)	333,643,055
Treasury Bonds in foreign currency	State	Angola	Government	USD	n.a.	6.80%	235,009,555	234,724,264	183,131	(239,986)	234,667,409
Treasury Bonds in foreign currency	State	USA	Government	USD	n.a.	2.88%	6,216,000	5,887,232	25,530	(83,726)	5,829,036
Treasury Bonds in foreign currency	State	Ukraine	Government	USD	n.a.	7.75%	29,647,834	16,676,102	3,077,724	(7,531,821)	12,222,005
Treasury Bonds in foreign currency	State	Bahrain	Government	USD	n.a.	6.51%	273,504	266,207	4,716	(8,102)	262,821
Treasury Bonds in foreign currency	State	Nigeria	Government	USD	n.a.	6.35%	248,640	245,594	2,460	(20,556)	227,498
Treasury Bonds in foreign currency	State	Gabon	Government	USD	n.a.	7.00%	123,491	120,218	864	(17,287)	103,795
Treasury Bills	State	Angola	Government	AOA	n.a.	18.22%	123,916,349	106,581,250	244,719	4,977,289	111,803,258
Issued by other entities	Other	Cape Verde	Financial Institutions	EUR	n.a.	4.00%	1,588,416	1,588,416	26,827	(1,588,230)	27,013
Issued by other entities	Other	Angola	Financial Institutions	AOA	n.a.	17.13%	556,453	556,453	-	-	556,453
Shares											
Share	N/A	Belgium	Financial Institutions	USD	n.a.	n.a.	n.a.	1,865	n.a.	-	1,865
Share	BCGA	Angola	Banking	AOA	n.a.	n.a.	n.a.	6,645	n.a.	155	6,800
Other variable income securities											
FOMENTINVEST – SGPS S.A.	FOMENTINVEST – SGPS S.A.	PRT	Investment	EUR	n.a.	n.a.	183,552	183,552	n.a.	47,468	231,020
Connaught PCC LTD	CONNAUGHT PCC LTD	GGY	Investment	USD	n.a.	n.a.	500,033	500,033	n.a.	(453,051)	46,981
Carlyle	CARLYLE	USA	Venture capital	USD	n.a.	n.a.	144,887	118,073	n.a.	(114,940)	3,133
							694,973,461	**692,546,878**	**13,219,700**	**(6,690,889)**	**699,632,142**

31-12-2022	Issuer	Domicile	Activity	Currency	Indexer	average	Nominal value	Acquisition cost	Accrued interest	Fair value adjustment	Carrying Amount
Financial assets at fair value through profit or loss											
Bonds in local currency	State	Angola	Government	AOA	n.a.	18,46%	399,958,600	404,742,533	21,767,446	10,819,063	437,329,042
Treasury Bonds in foreign currency	State	Angola	Government	USD	n.a.	7,96%	45,439,980	36,550,338	809,917	(4,202,719)	33,157,536
Treasury Bills	State	Angola	Government	AOA	n.a.	12,14%	151,096,355	142,564,228	2,185,179	(3,609,728)	141,139,678
Issued by other entities	Other	Cape Verde	Financial Institutions	EUR	n.a.	4,00%	931,970	931,970	15,740	(931,970)	15,740
Issued by other entities	BAICV	Cape Verde	Financial Institutions	CVE	n.a.	n.a.	n.a.	169,300	-	(111,613)	57,687
Shares											
BCGA shares	BCGA	Angola	Financial Institutions	AOA	n.a.	n.a.	n.a.	6,645	n.a.	-	6,646
Shares	Swift	Belgium	Financial Institutions	USD	n.a.	n.a.	n.a.	1,133	n.a.	-	1,133
Other variable income securities											
Investment fund units	N/A	Angola	Financial Institutions	AOA	n.a.	n.a.	n.a.	939,013	n.a.	-	939,013
FOMENTINVEST – SGPS S.A.	N/A	PRT	Investment Fund	EUR	n.a.	n.a.	107,696	107,696	n.a.	(78,207)	29,489
Connaught PCC LTD	N/A	GGY	Investment Fund	USD	n.a.	n.a.	293,384	293,384	n.a.	(265,302)	28,081
Carlyle	N/A	USA	Venture capital	USD	n.a.	n.a.	209,730	1,090,474	n.a.	130,304	1,220,778
							598,037,715	**587,404,492**	**24,778,282**	**1,749,828**	**613,924,824**

8. Financial assets at fair value through other comprehensive income

This heading is composed as follows:

	Cost (1)	Reserves		Accrued interest	Carrying amount
		Changes in fair value	Impairment losses		
Financial assets at fair value through other comprehensive income					
Bonds and other fixed income securities					
Issued by other entities	59,794,261	(782,330)	(206,081)	560,021	59,365,871
Issued by Government and public entities	17,840,945	(1,446,987)	(59,141)	130,828	16,465,645
Shares	4,990,462	1,911,528	-	-	6,901,990
Balance as at 31 December 2023	**82,625,668**	**(317,789)**	**(265,222)**	**690,849**	**82,733,506**
Financial assets at fair value through other comprehensive income					
Bonds and other fixed income securities					
Issued by other entities	41,315,751	(1,249,591)	(147,872)	338,543	40,256,831
Issued by Government and public entities	19,377,936	(1,328,583)	(53,193)	160,507	18,156,667
Shares	2,509,329	928,180	-	-	3,437,509
Balance as at 31 December 2022 (Restated)	**63,203,016**	**(1,649,994)**	**(201,065)**	**499,050**	**61,851,007**

(1) Purchase cost for shares and other equity instruments and amortised cost for public debt securities.

In accordance with the accounting policy described in Note 2.4., debt securities at fair value through other comprehensive income are impaired as a result of the adoption of IFRS 9, in accordance with the defined model.

All exposures relating to debt securities at fair value through other comprehensive income are at stage 1.

As at 31 December 2023 and 2022, financial assets at fair value through other comprehensive income, net of impairment, showed the following levels of valuation:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Bonds and other fixed income securities				
Issued by other entities	59,365,871	-	-	59,365,871
Issued by Government and public entities	16,465,645	-	-	16,465,645
Shares	-	-	6,901,990	6,901,990
Balance as at 31 December 2023	**75,831,516**	**-**	**6,901,990**	**82,733,506**
Financial assets at fair value through other comprehensive income				
Bonds and other fixed income securities				
Issued by Government and public entities	40,256,831	-	-	40,256,831
Issued by other entities	18,156,667	-	-	18,156,667
Shares	-	-	3,437,509	3,437,509
Balance as at 31 December 2022 (Restated)	**58,413,498**	**-**	**3,437,509**	**61,851,007**

Pursuant to IFRS 13, financial instruments are measured according to the valuation levels described in Note 47.

As at 31 December 2023 and 2022, financial assets at fair value through other comprehensive income have the following residual maturities:

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Financial assets at fair value through other comprehensive income						
Bonds and other fixed income securities						
Issued by other entities	7,537,530	7,078,538	42,482,056	2,267,747	-	59,365,871
Issued by Government and public entities	2,065,217	605,584	6,522,109	7,272,735	-	16,465,645
Shares	-	-	-	-	6,901,990	6,901,990
Balance as at 31 December 2023	**9,602,747**	**7,684,122**	**49,004,165**	**9,540,482**	**6,901,990**	**82,733,506**
Financial assets at fair value through other comprehensive income						
Bonds and other fixed income securities						
Issued by Government and public entities	273,639	2,855,712	30,439,437	6,688,043	-	40,256,831
Issued by other entities	2,534,713	6,132,438	4,099,727	5,389,789	-	18,156,667
Shares	-	-	-	-	3,437,509	3,437,509
Balance as at 31 December 2022 (Restated)	**2,808,352**	**8,988,150**	**34,539,164**	**12,077,832**	**3,437,509**	**61,851,007**

As at 31 December 2023 and 2022, financial assets at fair value through other comprehensive income have the following characteristics:

31-12-2023	Issuer	Domicile	Activity	Currency	Indexer	Average	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Fair value adjustment	Carrying Amount
Financial assets at fair value through other comprehensive income												
Treasury Bonds in foreign currency	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Variable Rate	4.85%	2,308,295	2,240,355	22,517	(84,675)	90,233	2,268,430
	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Fixed Rate	1.45%	13,785,650	13,475,204	102,530	213,744	(1,633,869)	12,157,609
	Miscella-neous	Miscella-neous	Miscella-neous	USD	Fixed Rate	5.25%	2,289,975	2,125,386	5,781	254,874	(346,435)	2,039,606
Bonds issued by other entities	Miscella-neous	Miscella-neous	Miscella-neous	USD	Variable Rate	6.68%	22,441,755	20,167,797	190,055	(816,468)	969,254	20,510,638
	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Variable Rate	4.80%	15,003,916	14,826,183	102,038	(72,862)	53,673	14,909,032
	Miscella-neous	Miscella-neous	Miscella-neous	USD	Fixed Rate	4.30%	14,655,840	13,366,372	175,315	983,453	(1,185,283)	13,339,857
	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Fixed Rate	2.16%	11,449,875	11,433,908	92,613	346,113	(1,266,291)	10,606,343
Shares	ENACOL, SA	Cape Verde	Oil	CVE	n.a.	n.a.	50	458	-	-	(59)	399
	SWIFT	Belgium	Investment	EUR	n.a.	n.a.	2,455	2,455	-	-	-	2,455
	SISP, SA	Cape Verde	Investment	CVE	n.a.	n.a.	1,318,348	1,318,348	-	-	-	1,318,348
	EMIS	Angola	Financial Institutions	AOA	n.a.	n.a.	n.a	793,208	n.a	n,a,	1,945,040	2,738,248
	Nova Cimangola	Angola	Manufacturing industry	AOA	n.a.	n.a.	n.a	344,276	n.a	n,a,	(33,453)	310,823
	Griner	Angola	Civil construction	AOA	n.a.	n.a.	n.a	2,531,718	n,a,	n,a,	-	2,531,717
							81,937,810	**78,775,603**	**690,849**	**824,179**	**(1,407,190)**	**82,733,505**

31-12-2022 (Restated)	Issuer	Domicile	Activity	Currency	Indexer	Average	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Fair value adjustment	Carrying Amount
Financial assets at fair value through other comprehensive income												
Treasury Bonds in foreign currency	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Variable	2.18%	1,354,344	1,307,049	6,987	(49,444)	51,594	1,316,186
	Miscella-neous	Miscella-neous	Miscella-neous	USD	Variable	5.29%	8,061,570	7,561,753	65,030	(7,524)	16,661	7,635,920
	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Fixed	1.60%	8,464,649	8,174,970	67,179	159,619	(1,431,197)	6,970,571
	Miscella-neous	Miscella-neous	Miscella-neous	USD	Fixed	5.79%	2,418,471	2,334,164	21,311	328,375	(449,857)	2,233,992
Bonds issued by other entities	Miscella-neous	Miscella-neous	Miscella-neous	USD	Variable	5.50%	15,854,421	14,671,520	104,800	(558,398)	692,758	14,910,680
	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Variable	3.49%	8,803,234	8,549,026	54,819	(42,995)	(419,739)	8,141,111
	Miscella-neous	Miscella-neous	Miscella-neous	USD	Fixed	4.50%	9,136,446	8,715,632	106,950	618,054	(994,260)	8,446,375
	Miscella-neous	Miscella-neous	Miscella-neous	EUR	Fixed	2.40%	9,512,653	9,379,573	71,974	188,641	(881,523)	8,758,664
Shares												
	ENACOL, SA	Cape Verde	Oil	ECV	n.a.	n.a.	29	269	-	-	(35)	234
	SWIFT	Belgium	Investment	EUR	n.a.	n.a.	1,440	1,440	-	-	-	1,440
	EMIS	Angola	Financial Institutions	AOA	n.a.	n.a.	n.a.	793,208	n.a.	n.a.	961,668	1,754,876
	Nova Cimangola	Angola	Manufacturing industry	AOA	n.a.	n.a.	n.a.	344,276	n.a.	n.a.	(33,453)	310,823
	Griner	Angola	Civil construction	AOA	n.a.	n.a.	n.a.	1,370,136	n.a.	n.a.	-	1,370,136
							63,607,257	**61,832,880**	**499,050**	**636,327**	**(2,487,385)**	**61,851,007**

The movement of the fair value reserve that occurred during the year is detailed in Note 24.

The movements that occurred at the level of financial instruments at fair value through other comprehensive income classified at level 3 of the fair value hierarchy of IFRS 13 refer exclusively to the revaluation of investments in each financial year.

As at 31 December 2023 and 2022, there were no transfers of financial instruments at fair value through other comprehensive income from the level 2 to level 3 fair value hierarchy.

As at 31 December 2023 and 2022, the impairment movement for financial instruments at fair value through other comprehensive income is as follows:

	31-12-2023	31-12-2022
Opening balance	**201,065**	**344,634**
Allocation for the year (Note 40)	19,490	153,985
Reversal for the year (Note 40)	(94,278)	(238,074)
Adjustments (includes exchange rate effect)	138,945	(59,480)
Closing balance	**265,222**	**201,065**

9. – Investments at amortised cost

This heading is composed as follows:

	31-12-2023	31-12-2022
Investments at amortised cost		
Bonds and other fixed income securities		
Issued by Government and public entities		
Treasury Bills	4,428,164	14,029,262
Treasury Bonds in local currency		
Non-adjustable Treasury Bonds	672,523,221	253,117,365
Treasury Bonds indexed to the United States Dollar exchange rate	1,013,441	898,621
Other bonds in local currency	94,975	-
Treasury Bonds in foreign currency	709,870,147	510,226,790
Issued by other entities		
Other bonds in foreign currency	81,034,953	36,583,561
	1,468,964,901	**814,855,599**
Investment Impairment at amortised cost	**(20,367,215)**	**(11,313,599)**
	1,448,597,686	**803,542,000**

The fair value of the investment portfolio at amortised cost is presented in Note 47, within the scope of the disclosure requirements defined in IFRS 7 and IFRS 9.

The change in investments at amortised cost in the year ended 31 December 2023, is due to (i) the maturity of Treasury Bills and Bonds amounting to kAOA 535,838,716, (ii) the acquisition of Treasury Bonds in national currency and foreign currency of the value of kAOA 432,954,316 and 511,885,452 respectively, and (iii) the impact of the depreciation of the Kwanza against the United States Dollar in 2023 for foreign currency bonds amounting to kAOA 70,711,442. As at 31 December 2023, the Group disposed of Treasury Bonds in local currency, which are within the thresholds defined in accordance with the policy disclosed in Note 2.4., the gains on which were recognised through profit or loss, as mentioned in Note 30.

As at 31 December 2023, the heading "Treasury Bonds in local currency – Non-indexed" includes BAI securities amounting to kAOA 24,390,347 (2022: kAOA 20,499,990), given in guarantee to the General Tax Administration (AGT) in the context of ongoing tax procedures (Notes 15 and 45).

Investments at amortised cost have the following residual maturity periods:

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Investments at amortised cost					
Bonds and other fixed income securities					
Issued by Government and public entities					
Treasury Bills	2,540,501	1,887,663	-	-	4,428,164
Treasury Bonds in local currency					
Treasury Bonds indexed to the United States Dollar exchange rate	-	78,141	935,300	-	1,013,441
Non-adjustable Treasury bonds	7,027,900	83,348,506	557,303,378	24,843,437	672,523,221
Other bonds in local currency	-	94,975	-	-	94,975
Treasury Bonds in foreign currency	-	190,282,527	372,966,605	146,621,015	709,870,147
Other bonds in foreign currency	23,583,768	8,741,418	48,709,767	-	81,034,953
Investment Impairment at amortised cost	(38,289)	(3,731,687)	(14,067,475)	(2,529,764)	(20,367,215)
Balance as at 31 December 2023	**33,113,880**	**280,701,543**	**965,847,575**	**168,934,688**	**1,448,597,686**
Investments at amortised cost					
Bonds and other fixed income securities					
Issued by Government and public entities					
Treasury Bills	12,107,123	825,076	1,097,063	-	14,029,262
Treasury Bonds in local currency					
Treasury Bonds indexed to the United States Dollar exchange rate	-	-	898,621	-	898,621
Non-adjustable Treasury bonds	44,225,062	97,990,282	85,850,979	25,051,042	253,117,365
Treasury Bonds in foreign currency	-	391,578,506	18,190,152	100,458,132	510,226,790
Investment Impairment at amortised cost	(812,405)	(7,115,685)	(1,578,018)	(1,807,491)	(11,313,599)
Balance as at 31 December 2022	**66,545,383**	**493,173,664**	**120,121,270**	**123,701,683**	**803,542,000**

As at 31 December 2023 and 2022, investments at amortised cost have the following characteristics:

31-12-2023	Issuer	Domicile	Activity	Currency	Indexer	Average	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Impairment	Carrying Amount
Investments at amortised cost												
Treasury Bills in foreign currency	State	Portugal	Government	EUR	Fixed rate	3.86%	1,884,191	1,884,191	40,572	(36,542)	(558)	1,887,663
	State	USA	Government	USD	n.a.	n.a.	-	-	992	2,539,508	(37,650)	2,502,851
Treasury Bonds in local currency												
Treasury Bonds indexed to the United States Dollar exchange rate	State	Angola	Government	AOA	USD	7.00%	821,096	1,090,846	11,695	(89,100)	(15,019)	998,422
Non-adjustable Treasury Bonds	State	Angola	Government	AOA	n.a.	15.45%	520,684,817	641,232,714	21,153,809	10,136,697	(9,731,978)	662,791,242
Treasury Bonds in foreign currency	Griner	Angola	Construction	AOA	n.a.	16.75%	250,000	94,000	973	-	-	94,973
Other bonds in foreign currency	State	Angola	Government	USD	n.a.	6.40%	680,383,475	699,951,494	9,320,389	598,266	(10,492,341)	699,377,808
Other bonds in foreign currency	Other	Portugal	Head offices/ Holdings	EUR	Fixed rate	4.26%	17,381,086	17,381,086	160,722	208,321	(51,105)	17,699,024
Other bonds in foreign currency	Other	Portugal	Head offices/ Holdings	USD	Fixed rate	5.93%	62,305,929	62,305,852	551,472	426,942	(38,563)	63,245,703
							1,283,460,595	**1,423,846,185**	**31,240,624**	**13,784,092**	**(20,367,215)**	**1,448,597,686**

31-12-2022	Issuer	Domicile	Activity	Currency	Indexer	Average	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Impairment	Carrying Amount
Investments at amortised cost												
Treasury Bills							13,662,374	12,739,680	1,310,404	(20,172)	(189,495)	13,840,417
Treasury Bonds in local currency												
Treasury Bonds indexed to the United States Dollar exchange rate	State	Angola	Government	AOA	USD	7.00%	821,096	1,090,846	7,139	(199,364)	(13,156)	885,465
Non-adjustable Treasury Bonds	State	Angola	Government	AOA	n.a.	12.11%	227,609,248	227,782,588	8,156,134	17,241,492	(3,539,849)	249,640,365
Treasury Bonds in foreign currency	State	Angola	Government	USD	n.a.	7.33%	14,088,067,854	504,200,653	5,098,884	864,404	(7,462,303)	502,701,638
Other bonds in foreign currency	Other	Portugal		EUR and USD	Fixed rate	3.80%	36,255,097	36,255,097	233,379	94,433	(108,795)	36,474,114
							14,366,415,669	**782,068,864**	**14,805,940**	**17,980,794**	**(11,313,598)**	**803,542,000**

As at 31 December 2023, investment impairment losses at amortised cost showed the following movements:

	31-12-2023	31-12-2022
Opening balance	**11,313,599**	**16,712,918**
Allocation for the year (Note 40)	15,691,451	6,542,670
Reversal for the year (Note 40)	(11,411,727)	(11,441,375)
Adjustments (includes exchange rate effect)	4,773,892	(500,614)
Closing balance	**20,367,215**	**11,313,599**

Exposures related to investments at amortised cost are classified as stage 1.

10. Loans to customers

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)
Domestic loans		
To companies	**370,802,206**	**288,676,020**
Loans	305,699,526	274,519,714
Current account loans and overdrafts	60,412,177	12,780,635
Credit cards	4,690,503	1,375,671
To individuals	**163,169,452**	**141,026,591**
Mortgage	34,466,305	33,009,341
Consumer and other loans	128,703,147	108,017,250
	533,971,658	**429,702,611**
Foreign loans		
To companies	**268,919,683**	**135,375,270**
Loans	248,725,549	124,778,756
Current account loans	18,955,646	6,752,750
Factoring	542,096	2,001,733
Overdrafts	-	307,753
Credit cards	41,410	28,233
Other credits	654,982	1,506,045
To individuals	**30,982,921**	**14,791,768**
Mortgage	10,674,593	7,086,773
Consumer and other loans	20,308,328	7,704,995
	299,902,604	**150,167,038**
Non-performing loans and interest		
Up to 30 days	45,750,979	57,562,200
30 days to 90 days	32,234,742	6,179,090
More than 90 days	113,813,033	82,189,192
	191,798,754	**145,930,482**
	1,025,673,016	**725,800,131**
Impairment losses	(264,120,018)	(199,899,626)
	761,552,998	**525,900,505**
Loans at fair value through profit or loss		
Gross carrying amount	270,182	676,657
Fair value adjustment	(129,816)	(523,012)
	140,366	**153,645**
	761,693,364	**526,054,150**

Loans overdue include all loan operations overdue by more than one day ago, including overdue and outstanding future instalments.

Loans to customers include the amount of kAOA 140,366 (2022: kAOA 153,645) relating to loans in BAI's portfolio measured at fair value through profit or loss, as they do not meet the requirements of IFRS 9 with regard to the SPPI criterion (see Note 2.4.).

The following disclosures, referring to 31 December 2023, exclude loans at fair value through profit or loss, as they are not subject to impairment assessment.

As at 31 December 2023 and 2022, loans and impairment show the following composition situation and segment:

Segment	31-12-2023			31-12-2023		
	Full exposure	Performing loans	Non-performing loans	Full exposure	Performing loans	Non-performing loans
Cards	5,382,094	5,382,094	-	125,678	125,678	-
Consumer loans	184,019,773	139,195,130	44,824,643	13,874,029	7,287,765	6,586,264
Overdraft	3,820,591	154,151	3,666,440	2,893,577	7,361	2,886,216
Large companies	446,861,057	368,473,270	78,387,787	183,759,515	137,254,179	46,505,336
Mortgage	73,081,545	49,590,196	23,491,349	22,135,969	4,068,676	18,067,293
Small businesses	210,509,488	169,203,657	41,305,831	39,641,001	11,524,190	28,116,811
Public sector	101,998,468	101,875,764	122,704	1,690,249	1,615,595	74,654
Total	**1,025,673,016**	**833,874,262**	**191,798,754**	**264,120,018**	**161,883,444**	**102,236,574**

Segment	31-12-2022			31-12-2022		
	Full exposure	Performing loans	Non-performing loans	Full exposure	Performing loans	Non-performing loans
Cards	3,850,590	3,850,590	-	111,304	111,304	-
Consumer loans	142,933,495	111,831,699	31,101,796	11,181,805	6,889,320	4,292,485
Overdraft	3,661,000	79,138	3,581,862	1,151,211	285	1,150,926
Large companies	316,646,800	251,881,815	64,764,985	152,245,276	103,338,815	48,906,461
Mortgage	58,524,423	40,096,114	18,428,309	15,673,661	5,353,707	10,319,954
Small businesses	157,651,051	129,597,924	28,053,127	18,961,525	4,415,613	14,545,912
Public sector	42,532,772	42,532,369	403	574,844	574,832	12
	725,800,131	**579,869,649**	**145,930,482**	**199,899,626**	**120,683,876**	**79,215,750**

Due to their nature, the Group classifies overdrafts as non-performing loans, except for authorised overdrafts until they exceed the established authorised period.

The heading “Cards” represents exposure to credit cards of private entities according to the segmentation applied under the collective impairment model.

As at 31 December 2023 and 2022, the credit granted by the Group includes credit disbursed by BAI under Notice 10/2022 of 6 April, representing 11.91% (2022: 13.7%) of the total portfolio. For loans granted or restructured under this Notice, the total cost of the loan to the borrower, including interest rate, fees and commissions, cannot exceed 7.5% per annum (all-in-cost). In turn, the Group may deduct the entire amount of new loans up to the value of the constituted mandatory reserves. In this context, in relation to the new loans granted under Notice 10/2020, which have an interest rate limit of 7.5% and the release of mandatory reserves, the Group believes that the fair value of the loans does not differ from the nominal value, since the interest rate on transactions exceeds the debtor's credit risk spread at the initial time.

The following loan and impairment disclosures exclude loans at fair value through profit or loss because they are not subject to impairment.

As at 31 December 2023 and 2022, the breakdown of non-performing loans and impairment by maturity periods is as follows:

Segment	Exposure 31-12-2023				Impairment 31-12-2023			
	Non-performing loans	Up to 30 days	30 to 90 days	More than 90 days	Total impairment	Up to 30 days	30 to 90 days	More than 90 days
Cards	44,415,584	34,494,948	981,441	8,939,195	6,425,825	167,082	126,819	6,131,924
Consumer loans	4,016,652	107,654	67,062	3,841,936	3,025,097	24,548	16,188	2,984,361
Overdraft	78,446,634	1,789,367	29,298,733	47,358,534	45,945,373	8,094	7,621,579	38,315,700
Large companies	23,211,539	2,856,612	187,746	20,167,181	18,616,255	382,744	71,422	18,162,089
Mortgage	35,972,570	6,502,267	1,437,617	28,032,686	24,415,481	402,200	297,064	23,716,217
Small businesses	5,735,775	131	262,143	5,473,501	3,808,543	21	52,495	3,756,027
Total	**191,798,754**	**45,750,979**	**32,234,742**	**113,813,033**	**102,236,574**	**984,689**	**8,185,567**	**93,066,318**

Segment	Exposure 31-12-2022				Impairment 31-12-2022			
	Non-performing loans	Up to 30 days	30 to 90 days	More than 90 days	Total impairment	Up to 30 days	30 to 90 days	More than 90 days
Consumer loans	31,101,796	23,767,614	608,459	6,725,723	4,292,485	135,175	80,686	4,076,624
Overdraft	3,581,862	71,324	476,151	3,034,387	1,150,926	4,444	43,672	1,102,810
Large companies	64,764,986	20,845,243	3,486,628	40,433,115	48,906,459	9,245,398	3,497,043	36,164,018
Mortgage	18,428,309	3,367,910	630,722	14,429,677	10,319,955	646,089	280,432	9,393,434
Small businesses	28,053,126	9,509,706	977,130	17,566,290	14,545,913	499,299	310,493	13,736,121
Public sector	403	403	-	-	12	12	-	-
Total	**145,930,482**	**57,562,200**	**6,179,090**	**82,189,192**	**79,215,750**	**10,530,417**	**4,212,326**	**64,473,007**

As at 31 December 2023 and 2022, the breakdown of non-performing loans and impairment by stages is as follows:

Segment	Exposure 31-12-2023				Impairment 31-12-2023			
	Non-performing loans	Stage 1	Stage 2	Stage 3	Impairment of non-performing loans	Stage 1	Stage 2	Stage 3
Consumer loans	44,824,644	34,029,709	1,347,527	9,447,408	6,586,264	108,057	123,514	6,354,693
Overdraft	3,666,440	106,038	52,015	3,508,387	2,886,216	23,436	8,952	2,853,828
Large companies	78,387,787	439	3,324,553	75,062,795	46,505,336	8	525,960	45,979,368
Mortgage	23,491,349	1,252,355	1,267,663	20,971,331	18,067,293	39,537	135,002	17,892,754
Small businesses	41,305,830	5,384,111	3,013,602	32,908,117	28,116,811	499,778	507,656	27,109,377
Public sector	122,704	119	21	122,564	74,654	1	-	74,653
Total	**191,798,754**	**40,772,771**	**9,005,381**	**142,020,602**	**102,236,574**	**670,817**	**1,301,084**	**100,264,673**

Segment	Exposure 31-12-2022				Impairment 31-12-2022			
	Non-performing loans	Stage 1	Stage 2	Stage 3	Impairment of non-performing loans	Stage 1	Stage 2	Stage 3
Consumer loans	31,101,797	23,551,849	625,739	6,924,209	4,292,483	78,480	81,545	4,132,458
Overdraft	3,581,862	48,559	471,228	3,062,075	1,150,926	4,024	43,376	1,103,526
Large companies	64,764,985	1,276,520	3,723	63,484,742	48,906,461	54,730	2	48,851,729
Mortgage	18,428,309	1,165,425	1,471,380	15,791,504	10,319,955	9,359	93,105	10,217,491
Small businesses	28,053,126	5,951,416	3,388,512	18,713,198	14,545,913	52,449	38,549	14,454,915
Public sector	403	403	-	-	12	12	-	-
Total	**145,930,482**	**31,994,172**	**5,960,582**	**107,975,728**	**79,215,750**	**199,054**	**256,577**	**78,760,119**

The composition of non-performing loans with impairment by maturity periods as at 31 December 2023 and 2022 is as follows:

Segment	Exposure 31-12-2023				Impairment 31-12-2022			
	Non-performing loans with impairment	Up to 30 days	30 to 90 days	More than 90 days	Non-performing loans with impairment	Up to 30 days	30 to 90 days	More than 90 days
Consumer loans	44,824,643	34,494,948	1,018,490	9,311,205	31,101,454	23,767,614	608,459	6,725,381
Overdrafts	3,666,440	107,654	60,927	3,497,859	3,581,862	71,324	476,150	3,034,388
Large companies	78,387,787	1,789,367	29,267,819	47,330,601	64,764,985	20,845,243	3,486,628	40,433,114
Mortgage	23,491,349	2,856,612	233,833	20,400,904	18,428,309	3,367,910	630,723	14,429,676
Small businesses	41,305,831	6,502,267	1,653,652	33,149,912	28,039,111	9,509,706	977,130	17,552,275
Public sector	122,704	131	21	122,552	403	403	-	-
Total	**191,798,754**	**45,750,979**	**32,234,742**	**113,813,033**	**145,916,124**	**57,562,200**	**6,179,090**	**82,174,834**

The composition of non-performing loans without impairment by maturity periods as at 31 December 2023 and 2022 is as follows:

Segment	Exposure 31-12-2023				Impairment 31-12-2022			
	Non-performing loans without impairment	Up to 30 days	30 to 90 days	More than 90 days	Non-performing loans without impairment	Up to 30 days	30 to 90 days	More than 90 days
Consumer loans	-	-	-	-	317	-	-	317
Small businesses	-	-	-	-	14,041	-	-	14,041
Total	**-**	**-**	**-**	**-**	**14,358**	**-**	**-**	**14,358**

The breakdown of loans to customers by stage is as follows:

	31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans at amortised cost				
Gross value	598,686,914	87,011,080	339,975,022	1,025,673,016
Impairment losses	(14,336,852)	(15,455,164)	(234,328,002)	(264,120,018)
	584,350,062	**71,555,916**	**105,647,020**	**761,552,998**
Loans at fair value through profit or loss				**140,366**
Total	**584,350,062**	**71,555,916**	**105,647,020**	**761,693,364**

	31-12-2022 (Restated)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans at amortised cost				
Gross value	399,818,296	43,357,897	282,623,938	725,800,131
Impairment losses	(7,514,938)	(4,508,109)	(187,876,579)	(199,899,626)
	392,303,358	**38,849,788**	**94,747,359**	**525,900,505**
Loans at fair value through profit or loss				**153,645**
Total	**392,303,358**	**38,849,788**	**94,747,359**	**526,054,150**

As at 31 December 2023 and 2022, the composition of loans to customers is presented as follows:

	31-12-2023				
	Overdue credit and interest receivable	Default class			Total
		Stage 1	Stage 2	Stage 3	
Loans to customers					
With impairment attributed based on individual analysis	452,522,070	(226,038)	(4,454,759)	(101,936,214)	345,905,059
Loans and interest	456,328,688	1,399,718	3,035,174	97,346,770	558,110,350
Impairment	(3,806,618)	(1,625,756)	(7,489,933)	(199,282,984)	(212,205,291)
	452,522,070	**(226,038)**	**(4,454,759)**	**(101,936,214)**	**345,905,059**
With impairment attributed based on collective analysis	376,929,135	28,531,027	(108,594)	10,910,622	416,262,190
Loans and interest	378,159,825	39,373,053	5,970,206	44,673,833	468,176,917
Impairment	(1,230,690)	(10,842,026)	(6,078,800)	(33,763,211)	(51,914,727)
	376,929,135	**28,531,027**	**(108,594)**	**10,910,622**	**416,262,190**
Commissions associated with amortised cost	(614,251)	-	-	-	(614,251)
	828,836,954	**28,304,989**	**(4,563,353)**	**(91,025,592)**	**761,552,998**

	31-12-2022				
	Overdue credit and interest receivable	Default class			Total
		Stage 1	Stage 2	Stage 3	
Loans to customers					
Loans without impairment	-	29,526,086	2,279,425	270	31,805,781
	85,829,916	40,903,243	2,270,684	80,168,400	209,172,243
With impairment attributed based on individual analysis	86,867,854	41,986,676	2,627,941	255,762,277	387,244,748
Loans and interest	(1,037,938)	(1,083,433)	(357,257)	(175,594,991)	(178,073,619)
Impairment	**85,829,916**	**40,903,243**	**2,270,684**	**80,168,400**	**209,171,129**
	46,283,854	204,003,372	20,360,478	14,275,891	284,923,595
With impairment attributed based on collective analysis	46,587,584	209,756,644	23,906,672	26,498,702	306,749,602
Loans and interest	(303,730)	(5,753,272)	(3,546,194)	(12,222,811)	(21,826,007)
Impairment	**46,283,854**	**204,003,372**	**20,360,478**	**14,275,891**	**284,923,595**
	132,113,770	**274,432,701**	**24,910,587**	**94,444,561**	**525,900,505**

A matriz de transferência da exposição entre *stages* de 1 Janeiro de 2023 a 31 de Dezembro de 2023 é a que se apresenta de seguida:

	Stage on 31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2023				
Stage 1	298,579,650	14,262,192	1,235,413	314,077,255
Stage 2	1,877,682	59,528,512	30,044,275	91,450,469
Stage 3	237,418	32,262	298,723,352	298,993,032
Exposures originated during 2023	297,992,164	13,188,114	9,971,982	321,152,260
	598,686,914	**87,011,080**	**339,975,022**	**1,025,673,016**

	Stage on 31-12-2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2022				
Stage 1	178,526,795	7,765,186	5,376,128	191,668,109
Stage 2	8,988,861	23,215,427	8,300,611	40,504,899
Stage 3	439,714	6,438,357	252,485,468	259,363,539
Exposures originated during 2022	211,864,040	5,938,927	16,461,731	234,264,698
	399,819,410	**43,357,897**	**282,623,938**	**725,801,245**

The matrix of transfer of exposures between stages from 1 January 2023 to 31 December 2023 is as follows:

	Stage on 31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2023				
Stage 1	6,501,217	1,323,610	138,598	7,963,425
Stage 2	5,107	10,762,697	6,143,346	16,911,150
Stage 3	177,793	132	222,847,354	223,025,279
Exposures originated during 2023	7,652,735	3,368,725	5,198,704	16,220,164
	14,336,852	**15,455,164**	**234,328,002**	**264,120,018**

	Stage on 31-12-2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2022				
Stage 1	2,726,009	397,816	2,089,012	5,212,837
Stage 2	49,790	3,197,194	4,163,811	7,410,795
Stage 3	9,376	733,063	172,102,522	172,844,961
Exposures originated during 2022	4,729,763	180,036	9,521,234	14,431,033
	7,514,938	**4,508,109**	**187,876,579**	**199,899,626**

As at 31 December 2023 and 2022, loans to customers and impairment by currency are presented as follows:

Currency	31-12-2023		31-12-2022 (Restated)	
	Loans to customers	**Impairment**	**Loans to customers**	**Impairment**
AOA	551,941,732	(171,252,542)	472,791,444	(141,011,151)
USD	181,350,274	(79,424,344)	30,593,172	(2,238,262)
EUR	168,340,149	(7,851,453)	164,050,861	(53,593,403)
CVE	124,040,861	(5,591,679)	58,364,654	(3,056,810)
Total	**1,025,673,016**	**(264,120,018)**	**725,800,131**	**(199,899,626)**

As at 31 December 2023 and 2022, the composition of the loan portfolio by residual maturity periods including loans at fair value is as follows:

	31-12-2023	31-12-2022 (Restated)
Up to 3 months	81,937,227	29,489,569
3 months to a year	71,337,550	54,763,172
1 to 5 years	354,277,158	219,114,442
More than 5 years	326,462,693	276,656,112
Undetermined	191,798,754	145,930,481
	1,025,813,382	**725,953,776**

The non-performing loan is in the undetermined duration category due to its condition. As at 31 December 2023, around 49.47% (2022: 41.79%) of loans had a maturity of less than 5 years. The amount of loans considered to be of undetermined duration corresponds to the amount of non-performing loans.

The amount of loans considered to be of undetermined duration corresponds to the amount of non-performing loans.

As at 31 December 2023 and 2022, loans and impairment have the following composition by year that the loans were granted:

Segment	2020 and earlier			2021			2022			2023			Total		
	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	12,976	3,887,369	113,124	9,383	403,026	5,811	2,621	474,871	3,621	4,410	616,828	3,122	29,390	5,382,094	125,678
Consumer loans	7,798	13,904,786	3,624,867	8,204	15,138,061	2,809,103	33,733	51,836,237	3,974,759	84,348	103,140,689	3,465,300	134,083	184,019,773	13,874,029
Overdraft	8,683	2,625,804	2,078,843	1,527	314,067	260,944	1,147	627,732	461,099	6,322	252,988	92,691	17,679	3,820,591	2,893,577
Large Companies	341	216,902,096	144,428,584	69	49,052,186	7,046,937	94	114,091,658	24,595,757	382	66,815,117	7,688,237	886	446,861,057	183,759,515
Mortgage	1,265	51,636,055	19,471,283	234	10,577,884	1,672,449	136	6,177,783	688,259	107	4,689,823	303,978	1,742	73,081,545	22,135,969
Small businesses	3,503	107,785,289	26,359,508	469	30,931,169	3,512,482	690	37,779,624	4,331,282	4,487	34,013,406	5,437,729	9,149	210,509,488	39,641,001
Public Sector	164	28,427,189	415,900	13	5,455,780	216,060	22	3,245,413	85,982	59	64,870,086	972,307	258	101,998,468	1,690,249
	34,730	**425,168,588**	**196,492,109**	**19,899**	**111,872,173**	**15,523,786**	**38,443**	**214,233,318**	**34,140,759**	**100,115**	**274,398,937**	**17,963,364**	**193,187**	**1,025,673,016**	**264,120,018**

Segment	2019 and earlier			2020			2021			2022			Total		
	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	11,339	2,496,713	108,462	2,445	661,408	1,331	11,667	394,592	1,004	2,693	297,877	507	28,144	3,850,590	111,304
Consumer loans	5,602	6,846,948	2,442,617	5,201	5,532,358	667,105	24,969	49,674,901	5,492,570	160,325	80,879,288	2,579,513	196,097	142,933,495	11,181,805
Overdraft	10,303	1,814,049	695,188	1,442	626,588	334,806	1,705	341,278	8,404	1,972	879,085	112,813	15,422	3,661,000	1,151,211
Large Companies	409	117,169,714	80,582,955	46	38,609,386	14,623,426	73	93,545,553	47,388,270	102	67,322,147	9,650,625	630	316,646,800	152,245,276
Mortgage	1,173	33,120,839	9,771,570	222	9,351,876	2,590,499	257	12,345,973	3,137,911	180	3,705,735	173,681	1,832	58,524,423	15,673,661
Small businesses	4,152	50,217,117	13,777,706	253	23,651,663	441,704	745	37,592,178	2,469,791	4,566	46,190,093	2,272,324	9,716	157,651,051	18,961,525
Public Sector	154	14,442,621	210,452	11	423	1,298	11	14,469,356	290,639	28	13,620,372	72,455	204	42,532,772	574,844
	33,132	**226,108,001**	**107,588,950**	**9,620**	**78,433,702**	**18,660,169**	**39,427**	**208,363,831**	**58,788,589**	**169,866**	**212,894,597**	**14,861,918**	**252,045**	**725,800,131**	**199,899,626**

As at 31 December 2023 and 2022, loans and impairment show the following composition by segment:

Segment	31-12-2023					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Cards	23,212	24,212	5,358,882	101,466	5,382,094	125,678
Consumer loans	14,009,184	3,000,462	170,010,589	10,873,567	184,019,773	13,874,029
Overdraft	205	106	3,820,386	2,893,471	3,820,591	2,893,577
Large companies	369,990,439	180,185,956	76,870,618	3,573,559	446,861,057	183,759,515
Mortgage	5,198,661	5,073,332	67,882,884	17,062,637	73,081,545	22,135,969
Small businesses	85,988,415	22,607,849	124,521,073	17,033,152	210,509,488	39,641,001
Public Sector	82,340,486	1,313,375	19,657,982	376,874	101,998,468	1,690,249
	557,550,602	**212,205,292**	**468,122,414**	**51,914,726**	**1,025,673,016**	**264,120,018**

Segment	31-12-2022					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Cards	31,694	36,638	3,818,896	74,666	3,850,590	111,304
Consumer loans	16,679,021	4,691,315	126,254,474	6,490,490	142,933,495	11,181,805
Overdraft	14,536	5,113	3,646,464	1,146,098	3,661,000	1,151,211
Large companies	269,615,119	151,844,393	47,031,681	400,883	316,646,800	152,245,276
Mortgage	6,980,834	6,864,765	51,543,589	8,808,896	58,524,423	15,673,661
Small businesses	51,677,184	14,065,404	105,973,867	4,896,121	157,651,051	18,961,525
Public Sector	42,246,361	565,991	286,411	8,853	42,532,772	574,844
	387,244,749	**178,073,619**	**338,555,382**	**21,826,007**	**725,800,131**	**199,899,626**

For BAI Bank's loan portfolio, the assessment of the existence of impairment losses in individual terms is determined through analysis of the total loan exposure on a case-by-case basis. BAI considers individually significant exposures to be those covered by the criteria mentioned in Note 2.4 and BAI Europa considers exposures of more than one million euros to be those associated with geographical risk. The Board of Directors considers that the criteria implemented by BAI Europa, although different, ensure an individual assessment of all the exposures that would be identified with the BAI criteria.

The loans of the Group's portfolio that were subject to individual analysis as at 31 December 2023 represent 54% (2022: 51%) of the loan portfolio and 81% (2022): 89%) of total impairment. It should be noted that loans subject to individual analysis for which it has been concluded that they do not show objective signs of impairment, are transferred to collective analysis.

As at 31 December 2023 and 2022, loans and impairment show the following composition by geographical area:

Geographic area	31-12-2023					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Angola	411,556,828	205,822,048	357,447,963	49,319,108	769,004,791	255,141,156
Other Countries	145,993,774	6,383,244	110,674,451	2,595,618	256,668,225	8,978,862
Total	**557,550,602**	**212,205,292**	**468,122,414**	**51,914,726**	**1,025,673,016**	**264,120,018**

Geographic area	31-12-2022					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Angola	286,680,115	174,593,106	291,763,061	21,317,736	578,443,176	195,910,842
Other Countries	100,565,748	3,480,513	46,791,207	508,271	147,356,955	3,988,784
Total	**387,245,863**	**178,073,619**	**338,554,268**	**21,826,007**	**725,800,131**	**199,899,626**

As at 31 December 2023 and 2022, the sectoral concentration of customer loans is presented as follows:

Activity Sector	31-12-2023						
	Loans to customers			Guarantees provided and documentary credits	Full exposure	Impairment	
	Not yet due	Interest receivable	Overdue			Carrying	Impairment / Full exposure
State	**24,271,563**	**377,222**	**73**	**-**	**24,648,858**	**201,439**	**0.82%**
Companies	**600,011,352**	**15,062,635**	**119,842,331**	**154,119,720**	**889,036,038**	**252,348,110**	**28.38%**
Real estate development	44,279,588	10,205,143	4,300,597	27,536	58,812,864	28,649,346	48.71%
Mining industry	71,839,731	890,954	24,016,569	43,709,122	140,456,376	92,360,292	65.76%
Agro-industry	59,663,033	18,965	713,409	-	60,395,407	53,842,705	89.15%
Manufacturing industry	73,234,608	564,309	14,804,861	4,723,431	93,327,209	16,351,705	17.52%
Construction	79,495,333	550,777	9,847,039	3,601,381	93,494,530	10,121,390	10.83%
Trade	88,549,901	311,099	21,288,010	13,523,358	123,672,368	23,861,299	19.29%
Services	120,721,428	2,218,169	34,449,222	85,695,086	243,083,905	17,866,403	7.35%
Fisheries	5,190,891	20,805	4,632,654	2,839,806	12,684,156	3,943,196	31.09%
Hospitality and tourism	17,234,005	32,089	1,330,213	-	18,596,307	1,176,884	6.33%
Agriculture	20,363,991	248,772	2,710,289	-	23,323,052	1,911,505	8.20%
Agriculture and livestock	1,587,014	702	50,551	-	1,638,267	91,312	5.57%
Other	17,851,829	851	1,698,917	-	19,551,597	2,172,073	11.11%
Individuals	**193,452,994**	**698,497**	**71,956,350**	**292,246**	**266,400,087**	**39,023,014**	**14.65%**
Consumer loans	143,552,436	669,919	48,432,237	292,246	192,946,838	16,869,508	8.74%
Mortgage	49,562,013	28,578	23,491,349	-	73,081,940	22,135,968	30.29%
Other purposes	338,545	-	32,764	-	371,308	17,538	4.72%
	817,735,909	**16,138,354**	**191,798,754**	**154,411,967**	**1,180,084,983**	**291,572,564**	**24.71%**

Activity Sector	31-12-2022						
	Loans to customers			Guarantees provided and documentary credits	Full exposure	Impairment	
	Not yet due	Interest receivable	Overdue			Carrying	Impairment / Full exposure
State	**20,102,691**	**423,068**	**403**	**12,592,275**	**33,118,437**	**364,047**	**1.10%**
Companies	**386,608,871**	**16,944,728**	**92,832,273**	**113,649,738**	**610,035,610**	**177,126,305**	**29.04%**
Real estate development	31,229,557	8,180,268	7,848,017	-	47,257,842	26,603,999	56.30%
Mining industry	52,301,998	6,072,655	15,878,565	17,200	74,270,418	50,747,038	68.33%
Agro-industry	54,925,986	710,016	713,033	-	56,349,035	39,796,940	70.63%
Manufacturing industry	41,731,524	165,899	15,165,695	22,023,863	79,086,981	14,489,562	18.32%
Construction	43,597,780	283,579	20,841,364	10,850,128	75,572,851	11,387,679	15.07%
Trade	59,958,487	677,611	15,549,897	54,231,027	130,417,022	20,312,871	15.58%
Services	69,065,749	424,891	5,488,827	24,458,032	99,437,499	7,361,135	7.40%
Fisheries	4,741,404	86,416	6,016,567	847,016	11,691,403	3,309,301	28.31%
Hospitality and tourism	9,243,440	6,443	1,105,472	181,334	10,536,689	857,181	8.14%
Agriculture	12,600,271	335,603	2,853,094	1,041,138	16,830,106	782,376	4.65%
Agriculture and livestock	226,868	-	50,485	-	277,353	32,762	11.81%
Other	6,985,807	1,347	1,321,257	-	8,308,411	1,445,461	17.40%
Individuals	**154,154,511**	**1,637,364**	**53,097,336**	**477,741**	**209,366,952**	**28,130,755**	**13.44%**
Consumer loans	113,940,702	1,612,348	34,655,399	477,741	150,686,190	12,449,125	8.26%
Mortgage	40,071,098	25,016	18,428,309	-	58,524,423	15,673,660	26.78%
Other purposes	142,711	-	13,628	-	156,339	7,970	5.10%
	560,866,073	**19,005,160**	**145,930,012**	**126,719,754**	**852,520,999**	**205,621,107**	**24.12%**

The value of guarantees provided and documentary credits essentially represents the exposure after applying the conversion factors considered in the BAI's impairment model. This amount includes documentary credits and guarantees to the General Tax Administration relating to ongoing tax proceedings, as described in Note 45.

The amount of impairment includes the stock of impairment for guarantees provided and documentary credits described in Note 20.

As at 31 December 2023 and 2022, loans and impairment show the following composition by sector of economic activity:

Activity Sector	31-12-2023					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
State	**20,650,418**	**142,472**	**3,998,440**	**58,967**	**24,648,858**	**201,439**
Companies	**517,669,040**	**203,964,819**	**217,247,277**	**20,937,482**	**734,916,317**	**224,902,301**
Real estate development	50,588,504	28,358,297	8,196,824	290,524	58,785,328	28,648,821
Mining industry	96,505,555	67,218,533	241,699	67,520	96,747,254	67,286,053
Agro-industry	60,370,495	53,830,555	24,912	12,150	60,395,407	53,842,705
Manufacturing industry	52,715,446	12,409,803	35,888,331	3,420,127	88,603,777	15,829,930
Construction	54,452,909	8,936,360	35,440,241	848,645	89,893,150	9,785,005
Trade	71,716,550	18,679,824	38,432,460	4,599,103	110,149,010	23,278,927
Services	109,388,311	11,258,057	48,000,510	5,755,868	157,388,821	17,013,925
Fisheries	1,379,587	1,379,587	8,464,762	2,485,573	9,844,349	3,865,160
Hospitality and tourism	7,447,389	179,116	11,148,918	997,768	18,596,307	1,176,884
Agriculture	2,220,184	294,301	21,102,867	1,617,204	23,323,051	1,911,505
Agriculture and livestock	-	-	1,638,267	91,312	1,638,267	91,312
Other	10,884,110	1,420,386	8,667,486	751,688	19,551,596	2,172,074
Individuals	**19,231,144**	**8,098,001**	**246,876,697**	**30,918,277**	**266,107,841**	**39,016,278**
Consumer loans	14,031,721	3,024,654	178,622,871	13,838,118	192,654,592	16,862,772
Mortgage	5,199,055	5,073,332	67,882,884	17,062,636	73,081,939	22,135,968
Other purposes	368	15	370,942	17,523	371,310	17,538
Total	**557,550,602**	**212,205,292**	**468,122,414**	**51,914,726**	**1,025,673,016**	**264,120,018**

Activity Sector	31-12-2022					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
State	**20,521,716**	**358,287**	**18,780**	**5,760**	**20,540,496**	**364,047**
Companies	**343,018,062**	**166,117,501**	**153,353,158**	**5,302,666**	**496,371,220**	**171,420,167**
Real estate development	45,200,539	26,538,897	2,057,303	65,519	47,257,842	26,604,416
Mining industry	73,828,395	50,735,766	424,823	7,846	74,253,218	50,743,612
Agro-industry	56,339,269	39,790,786	9,766	6,153	56,349,035	39,796,939
Manufacturing industry	26,949,755	13,087,318	30,113,363	646,625	57,063,118	13,733,943
Construction	33,208,539	10,012,203	31,514,184	205,675	64,722,723	10,217,878
Trade	50,253,664	15,759,694	25,932,332	967,562	76,185,996	16,727,256
Services	43,487,039	5,108,966	31,478,245	2,142,092	74,965,284	7,251,058
Fisheries	2,783,818	2,783,817	8,060,569	490,805	10,844,387	3,274,622
Hospitality and tourism	3,260,297	629,076	7,095,058	224,635	10,355,355	853,711
Agriculture	1,256,194	416,403	14,532,774	322,106	15,788,968	738,509
Agriculture and livestock	-	-	277,353	32,762	277,353	32,762
Other	6,450,553	1,254,575	1,857,388	190,886	8,307,941	1,445,461
Individuals	**23,706,085**	**11,597,831**	**185,183,444**	**16,517,581**	**208,889,529**	**28,115,412**
Consumer loans	16,725,251	4,733,066	133,483,516	7,700,716	150,208,767	12,433,782
Mortgage	6,980,834	6,864,765	51,543,588	8,808,895	58,524,422	15,673,660
Other purposes	-	-	156,340	7,970	156,340	7,970
Total	**387,245,863**	**178,073,619**	**338,555,382**	**21,826,007**	**725,801,245**	**199,899,626**

The position of restructured loans as at 31 December 2023 and 2022 can be broken down as follows:

	31-12-2023	31-12-2022
Opening balance of the restructured loan portfolio (gross of impairment)	**225,535,087**	**414,955,757**
Loans restructured in the year	118,304,807	30,237,193
Accrued interest on the restructured loan portfolio	11,485,316	14,540,315
Settlement of restructured loans (partial or total)	(102,228,834)	(81,485,303)
Other - write-offs and foreign exchange adjustments	-	(152,712,875)
Closing balance of the restructured loan portfolio (gross of impairment)	**253,096,376**	**225,535,087**

As at 31 December 2023 and 2022, restructured loans by amounts falling due in the future, interest and overdue is presented as follows:

Activity Sector	31-12-2023				
	Loans				
	Not yet due	Interest receivable	Overdue	Total	Impairment
Companies	**154,774,242**	**10,950,124**	**53,834,052**	**219,558,418**	**154,845,148**
Individuals					
Consumer loans	12,468,243	530,056	954,025	13,952,324	3,971,436
Mortgage	13,079,133	5,136	6,501,365	19,585,634	6,109,294
	25,547,376	535,192	7,455,390	33,537,958	10,080,730
Total	**180,321,618**	**11,485,316**	**61,289,442**	**253,096,376**	**164,925,878**

As at 31 December 2023 and 2022, the breakdown of restructured loans by situation and by restructuring measure is as follows:

Activity Sector	31-12-2022				
	Loans				
	Not yet due	Interest receivable	Overdue	Total	Impairment
Companies	**117,141,046**	**13,053,403**	**56,698,437**	**186,892,886**	**126,719,236**
Individuals					
Consumer loans	15,561,947	1,476,195	595,180	17,633,322	4,345,731
Mortgage	14,293,536	10,718	6,704,625	21,008,879	7,821,984
	29,855,483	1,486,913	7,299,805	38,642,201	12,167,715
Total	**146,996,529**	**14,540,316**	**63,998,242**	**225,535,087**	**138,886,951**

As at 31 December 2023 and 2022, the breakdown of restructured loans by situation and by restructuring measure is presented as follows:

Applied measure	31-12-2023								
	Performing loans			Non-performing loans			Total		
	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment
Change of mode	3	7,726,535	2,366,288	3	4,952,135	4,312,398	6	12,678,670	6,678,686
Conversion of loans into local currency	224	10,486,289	1,965,686	132	4,658,739	2,434,809	356	15,145,028	4,400,495
Extension of term	110	45,996,520	9,939,598	102	5,242,554	2,128,831	212	51,239,074	12,068,429
Extension of term with grace period	53	125,081,256	99,457,582	58	46,970,069	41,019,004	111	172,051,325	140,476,586
Grace period	4	333,541	11,739	9	1,616,962	1,289,800	13	1,950,503	1,301,539
Reduction of the fee	2	31,776	143	-	-	-	2	31,776	143
Total	**396**	**189,655,917**	**113,741,036**	**304**	**63,440,459**	**51,184,842**	**700**	**253,096,376**	**164,925,878**

Applied measure	31-12-2022								
	Performing loans			Non-performing loans			Total		
	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment
Change of mode	-	-	-	2	4,657,805	4,337,092	2	4,657,805	4,337,092
Conversion of loans into local currency	314	12,933,009	4,213,088	165	5,518,389	2,171,670	479	18,451,398	6,384,758
Extension of term	108	38,514,356	10,157,077	90	10,504,422	3,906,578	198	49,018,778	14,063,655
Extension of term with grace period	45	109,804,465	76,171,083	50	41,741,196	36,649,230	95	151,545,661	112,820,313
Grace period	5	263,878	30,955	10	1,576,431	1,249,378	15	1,840,309	1,280,333
Reduction of the fee	3	21,136	800	-	-	-	3	21,136	800
Total	**475**	**161,536,844**	**90,573,003**	**317**	**63,998,243**	**48,313,948**	**792**	**225,535,087**	**138,886,951**

As at 31 December 2023 and 2022, the details of the restructured loans by stage and by restructuring measure are presented as follows:

Applied measure	31-12-2023								
	Stage 2			Stage 3			Total		
	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment
Change of mode	4	8,065,222	2,367,440	2	4,613,448	4,311,246	6	12,678,670	6,678,686
Conversion of loans into local currency	236	10,761,975	1,477,670	120	4,383,053	2,922,825	356	15,145,028	4,400,495
Extension of term	118	22,053,889	4,821,122	93	29,187,137	7,247,879	211	51,241,026	12,069,001
Extension of term with grace period	63	11,819,506	1,707,388	53	160,245,941	138,767,025	116	172,065,447	140,474,412
Grace period	4	318,665	11,658	9	1,616,308	1,291,484	13	1,934,973	1,303,142
Reduction of the fee	2	31,232	142	-	-	-	2	31,232	142
Total	**427**	**53,050,489**	**10,385,420**	**277**	**200,045,887**	**154,540,459**	**704**	**253,096,376**	**164,925,878**

Applied measure	31-12-2022								
	Stage 2			Stage 3			Total		
	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment
Change of mode	-	-	-	2	4,657,805	4,337,092	2	4,657,805	4,337,092
Conversion of loans into local currency	322	12,540,224	2,884,887	157	5,911,174	3,499,871	479	18,451,398	6,384,758
Extension of term	121	9,515,438	707,143	77	39,503,340	13,356,512	198	49,018,778	14,063,655
Extension of term with grace period	40	5,742,492	33,612	55	145,803,169	112,786,701	95	151,545,661	112,820,313
Grace period	4	216,879	232	11	1,623,430	1,280,101	15	1,840,309	1,280,333
Reduction of the fee	3	21,136	800	-	-	-	3	21,136	800
Total	**490**	**28,036,169**	**3,626,674**	**302**	**197,498,918**	**135,260,277**	**792**	**225,535,087**	**138,886,951**

As at 31 December 2023 and 2022, the details of the performing and non-performing loans by remedy and restructuring are presented as follows:

31-12-2023	Performing loans					Non-performing loans		
	Full exposure	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	5,382,093	5,382,093	-	-	5,382,093	-	-	-
Consumer loans	184,019,774	126,139,418	57,413	12,998,299	139,195,130	43,870,619	954,025	44,824,644
Overdrafts	3,820,592	154,091	61	-	154,152	3,666,440	-	3,666,440
Large companies	446,861,058	212,322,916	-	156,150,354	368,473,270	43,103,010	35,284,778	78,387,788
Mortgage	73,081,545	36,398,714	107,213	13,084,269	49,590,196	16,989,984	6,501,365	23,491,349
Small businesses	210,509,486	159,605,849	23,795	9,574,012	169,203,656	22,756,556	18,549,274	41,305,830
Public sector	101,998,468	101,875,764	-	-	101,875,764	122,704	-	122,704
Total	**1,025,673,016**	**641,878,845**	**188,482**	**191,806,934**	**833,874,261**	**130,509,313**	**61,289,442**	**191,798,755**

31-12-2022	Performing loans					Non-performing loans		
	Full exposure	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	3,850,590	3,850,590	-	-	3,850,590	-	-	-
Consumer loans	142,933,495	94,780,636	12,920	17,038,142	111,831,698	30,506,616	595,181	31,101,797
Overdrafts	3,661,000	77,655	1,483	-	79,138	3,581,862	-	3,581,862
Large companies	316,646,802	129,661,060	-	122,220,757	251,881,817	17,629,729	47,135,256	64,764,985
Mortgage	58,524,422	25,730,767	61,093	14,304,254	40,096,114	11,723,682	6,704,626	18,428,308
Small businesses	157,651,050	120,694,900	929,332	7,973,691	129,597,923	18,489,947	9,563,180	28,053,127
Public sector	42,533,886	42,533,483	-	-	42,533,483	403	-	403
Total	**725,801,245**	**417,329,091**	**1,004,828**	**161,536,844**	**579,870,763**	**81,932,239**	**63,998,243**	**145,930,482**

As at 31 December 2023 and 2022, the details of the impairment of performing and non-performing loans by remedy and restructuring are presented as follows:

31-12-2023	Impairment of performing loans					Impairment of non-performing loans		
	Total Impairment	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	125,678	125,678	-	-	125,678	-	-	-
Consumer loans	13,874,029	3,809,988	429	3,477,348	7,287,765	6,092,178	494,086	6,586,264
Overdrafts	2,893,577	7,360	1	-	7,361	2,886,216	-	2,886,216
Large companies	183,759,515	31,445,949	-	105,808,230	137,254,179	15,873,185	30,632,151	46,505,336
Mortgage	22,135,969	1,793,298	4,522	2,270,856	4,068,676	14,228,855	3,838,438	18,067,293
Small businesses	39,641,001	9,296,825	32	2,227,333	11,524,190	11,939,375	16,177,436	28,116,811
Public sector	1,690,249	1,615,595	-	-	1,615,595	74,654	-	74,654
Total	**264,120,018**	**48,094,693**	**4,984**	**113,783,767**	**161,883,444**	**51,094,463**	**51,142,111**	**102,236,574**

31-12-2022	Impairment of performing loans					Impairment of non-performing loans		
	Total Impairment	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	111,304	111,304	-	-	111,304	-	-	-
Consumer loans	11,181,805	2,863,158	3	4,026,159	6,889,320	3,972,912	319,573	4,292,485
Overdrafts	1,151,211	285	-	-	285	1,150,926	-	1,150,926
Large companies	152,245,274	22,851,064	-	80,487,750	103,338,814	9,585,596	39,320,864	48,906,460
Mortgage	15,673,662	649,826	665	4,703,217	5,353,708	7,201,187	3,118,767	10,319,954
Small businesses	18,961,526	2,997,838	61,897	1,355,878	4,415,613	8,991,170	5,554,743	14,545,913
Public sector	574,844	574,832	-	-	574,832	12	-	12
Total	**199,899,626**	**30,048,307**	**62,565**	**90,573,004**	**120,683,876**	**30,901,803**	**48,313,947**	**79,215,750**

As at 31 December 2023 and 2022, the breakdown of total credit by internal rating by BAI (bank with the largest loan portfolio) and BAI CV is shown below:

Segment	Exposure 31-12-2023							Total
	Low Risk Level		Medium Risk Level			High risk level		
	Minimum (A)	Very Low (B)	Low (C)	Moderate (D)	High (E)	Very High (F)	Maximum (G)	
Cards	313,814	231,682	3,406,022	140,321	66,221	6,064	1,217,969	5,382,093
Consumer loans	12,016,518	5,585,822	130,730,919	19,850,912	5,671,237	279,723	5,887,365	180,022,496
Overdrafts	203,904	2,194	458,440	293,103	472,130	507,080	1,883,740	3,820,591
Large companies	4,030	76,666,513	182,319,794	2,254,845	14,992,506	267,478	60,951,135	337,456,301
Mortgage	15,408,345	16,474,382	23,869,112	934,395	724,467	64,947	15,606,292	73,081,940
Small businesses	68,884,308	4,238,629	50,766,266	12,022,506	11,849,722	1,770,217	15,495,124	165,026,772
Public sector	29,993,079	12	51,329,041	353	13	-	-	81,322,498
Total	**126,823,998**	**103,199,234**	**442,879,594**	**35,496,435**	**33,776,296**	**2,895,509**	**101,041,625**	**846,112,691**

Segment	Exposure 31-12-2022							Total
	Low Risk Level		Medium Risk Level			High risk level		
	Minimum (A)	Very Low (B)	Low (C)	Moderate (D)	High (E)	Very High (F)	Maximum (G)	
Cards	173,827	597,583	2,673,547	55,098	19,187	4,140	327,208	3,850,590
Consumer loans	5,288,005	4,678,040	94,629,469	10,902,268	2,416,308	10,930,136	11,569,046	140,413,272
Overdrafts	78,089	9,601	257,862	296,036	950,750	109,567	1,959,095	3,661,000
Large companies	-	25,288,372	107,166,803	5,938,950	13,334,978	12,328,830	114,262,334	278,320,267
Mortgage	7,291,050	19,157,054	17,002,309	378,412	225,026	338,336	14,132,235	58,524,422
Small businesses	34,088,711	2,074,986	66,495,550	4,337,363	2,614,613	1,974,324	12,501,758	124,087,305
Public sector	28,240,802	4,875	9,350,421	-	1	-	-	37,596,099
Total	**75,160,484**	**51,810,511**	**297,575,961**	**21,908,127**	**19,560,863**	**25,685,333**	**154,751,676**	**646,452,955**

As at 31 December 2023 and 2022, the breakdown of loans by geographical area is as follows:

31-12-2023	Geographic area				
	Angola	**Portugal**	**Cape Verde**	**Other**	**Total**
Companies	260,004,094	-	69,002,313	114,544,235	443,550,642
Individuals	437,135,674	816,153	26,691,119	731,400	465,374,346
Public sector	47,356,531	-	29,993,079	-	77,349,610
State	24,648,858	-	-	-	24,648,858
Financial Institutions	-	-	-	14,889,926	14,889,926
	509,141,063	**816,153**	**56,684,198**	**15,621,326**	**1,025,813,382**

31-12-2022	Geographic area				
	Angola	**Portugal**	**Cape Verde**	**Other**	**Total**
Individuals	368,358,846	66,398,629	34,147,700	2,190,891	471,096,066
Companies	195,944,745	600,860	12,456,169	21,289	209,023,063
Public sector	2,563,009	-	11,513,584	7,916,797	21,993,390
State	11,730,221	-	-	8,810,275	20,540,496
Financial Institutions	-	1,268,951	-	2,031,810	3,300,761
	578,596,821	**68,268,440**	**58,117,453**	**20,971,062**	**725,953,776**

As at 31 December 2023 and 2022, the loan portfolio has the following composition by activity sector:

Activity Sector	31-12-2023					
	Loans to customers				Impairment	
	Not yet due	Interest receivable	Overdue	Relative weight	Value	%
State	**24,648,785**	**73**	**24,648,858**	**2.40%**	**201,439**	**0.82%**
Companies	**615,073,986**	**119,842,331**	**734,916,317**	**71.65%**	**224,902,301**	**30.60%**
Real estate development	54,484,730	4,300,597	58,785,327	5.73%	28,648,821	48.73%
Manufacturing industry	93,554,209	24,341,064	117,895,273	11.49%	67,630,124	57.36%
Mining industry	59,823,174	713,414	60,536,588	5.90%	53,844,052	88.94%
Trade	112,046,597	14,879,102	126,925,699	12.37%	16,502,428	13.00%
Construction	80,046,111	9,847,039	89,893,150	8.76%	9,785,005	10.89%
Agro-industry	29,648,619	20,889,269	50,537,888	4.93%	22,261,010	44.05%
Services	122,939,597	34,449,222	157,388,819	15.34%	17,013,926	10.81%
Fisheries	5,211,696	4,632,654	9,844,350	0.96%	3,865,160	39.26%
Hospitality and tourism	17,266,095	1,330,213	18,596,308	1.81%	1,176,884	6.33%
Agriculture	20,612,763	2,710,289	23,323,052	2.27%	1,911,505	8.20%
Agriculture and livestock	1,587,716	50,551	1,638,267	0.16%	91,312	5.57%
Other	17,852,679	1,698,917	19,551,596	1.91%	2,172,074	11.11%
Individuals	**194,151,491**	**71,956,350**	**266,107,841**	**25.94%**	**39,016,278**	**14.66%**
Consumer loans	144,222,355	48,432,237	192,654,592	18.78%	16,862,772	8.75%
Mortgage	49,590,591	23,491,349	73,081,940	7.13%	22,135,968	30.29%
Other purposes	338,545	32,764	371,309	0.04%	17,538	4.72%
	833,874,262	**191,798,754**	**1,025,673,016**		**264,120,018**	

Activity Sector	31-12-2022					
	Loans to customers				Impairment	
	Not yet due	Interest receivable	Overdue	Relative weight	Value	%
State	**20,525,759**	**403**	**20,526,162**	**2.83%**	**363,419**	**1.77%**
Companies	**403,552,016**	**92,832,426**	**496,384,442**	**68.39%**	**171,420,795**	**34.53%**
Real estate development	39,409,825	7,848,017	47,257,842	6.51%	26,603,998	56.30%
Manufacturing industry	41,896,308	15,165,695	57,062,003	7.86%	13,733,943	24.07%
Mining industry	58,374,654	15,878,564	74,253,218	10.23%	50,743,612	68.34%
Trade	60,636,098	15,549,897	76,185,995	10.50%	16,727,255	21.96%
Construction	43,881,359	20,841,364	64,722,723	8.92%	10,217,878	15.79%
Agro-industry	55,636,001	713,034	56,349,035	7.76%	39,796,939	70.63%
Others	69,490,639	5,488,979	74,979,618	10.33%	7,252,104	9.67%
Services	4,827,820	6,016,567	10,844,387	1.49%	3,274,622	30.20%
Fisheries	9,249,884	1,105,471	10,355,355	1.43%	853,711	8.24%
Hospitality and tourism	12,935,873	2,853,095	15,788,968	2.18%	738,509	4.68%
Agriculture	226,868	50,485	277,353	0.04%	32,762	11.81%
Agriculture and livestock	6,986,687	1,321,258	8,307,945	1.14%	1,445,462	17.40%
Individuals	**155,791,874**	**53,097,653**	**208,889,527**	**28.78%**	**28,115,412**	**13.46%**
Consumer loans	115,553,049	34,655,716	150,208,765	20.70%	12,433,782	8.28%
Mortgage	40,096,114	18,428,309	58,524,423	8.06%	15,673,660	26.78%
Other purposes	142,711	13,628	156,339	0.02%	7,970	5.10%
	579,869,649	**145,930,482**	**725,800,131**		**199,899,626**	

As at 31 December 2023 and 2022, the average interest rates on BAI's loan portfolio (the bank with the largest loan portfolio) are as follows:

Weighted average rate	31-12-2023	31-12-2022
In local currency	15.66%	14.59%
In foreign currency	9.99%	9.39%

As at 31 December 2023, the Group held only one credit transaction purchased or originated credit-impaired (POCI) classified as amortised cost.

As at 31 December 2023 and 2022, the breakdown of loans by stages and days of default is as follows:

Segment	Full exposure	Exposição a 31-12-2023					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	5,382,093	5,068,657	19,095	-	294,341	-	-
Consumer loans	184,019,773	156,137,958	17,123,521	972,952	432,203	41,934	9,311,205
Overdrafts	3,820,591	259,645	452	52,003	1,916	8,716	3,497,859
Large companies	446,861,059	159,064,394	23,263,164	1,535,640	187,935,080	29,267,777	45,795,004
Mortgage	73,081,545	37,046,023	14,111,702	139,795	1,289,086	94,036	20,400,903
Small businesses	210,509,487	139,235,336	27,475,359	2,316,747	10,632,002	66,231	30,783,812
Public sector	101,998,468	101,874,901	630	21	364	-	122,552
Total	**1,025,673,016**	**598,686,914**	**81,993,923**	**5,017,158**	**200,584,992**	**29,478,694**	**109,911,335**

Segment	Full exposure	Exposição a 31-12-2022					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	3,850,591	3,633,821	9,280	-	207,490	-	-
Consumer loans	142,933,494	115,857,623	4,953,955	521,187	14,786,910	86,542	6,727,277
Overdrafts	3,660,998	123,023	1,876	471,228	25,563	4,921	3,034,387
Large companies	316,646,804	93,837,699	2,988,737	78	175,900,625	3,486,551	40,433,114
Mortgage	58,524,423	26,649,445	13,824,475	183,383	2,871,894	447,227	14,547,999
Small businesses	157,651,049	117,185,250	19,715,212	688,485	2,202,127	299,818	17,560,157
Public sector	42,533,886	42,532,548	-	-	1,338	-	-
Total	**725,801,245**	**399,819,409**	**41,493,535**	**1,864,361**	**195,995,947**	**4,325,059**	**82,302,934**

As described in Note 2.4, operations with impairment rates greater than 40% during the individual impairment assessment are classified as stage 3. In this context, it appears that, as at 31 December 2023 and 2022, there were exposures of significant amounts (essentially restructured) classified as stage 3 up to 30 days overdue.

As at 31 December 2023 and 2022, the breakdown of impairment by stages and days of default is as follows:

Segment	Full exposure	Impairment a 31-12-2022					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	125,678	20,359	1,066	-	104,253	-	-
Consumer loans	13,874,030	3,680,812	3,657,741	115,102	116,496	20,112	6,283,768
Overdrafts	2,893,580	29,438	16	8,948	1,156	3,504	2,850,516
Large companies	183,759,513	1,706,129	5,469,438	517,884	130,086,570	7,616,717	38,362,775
Mortgage	22,135,968	1,759,644	1,877,151	30,890	814,624	44,953	17,608,706
Small businesses	39,641,000	5,526,140	3,365,854	411,073	3,382,252	34,044	26,921,637
Public sector	1,690,249	1,614,329	-	-	364	-	75,556
Total	**264,120,017**	**14,336,851**	**14,371,266**	**1,083,897**	**134,505,715**	**7,719,330**	**92,102,958**

Segment	Full exposure	Impairment a 31-12-2022					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	111,304	3,749	124	-	107,431	-	-
Consumer loans	11,181,801	2,783,740	193,327	67,205	4,047,426	13,479	4,076,624
Overdrafts	1,151,212	4,175	1	43,376	424	296	1,102,940
Large companies	152,245,276	1,210,684	361,752	2	111,010,708	3,497,041	36,165,089
Mortgage	15,673,662	609,767	3,075,644	12,228	2,314,385	268,204	9,393,434
Small businesses	18,961,527	2,329,315	716,070	38,381	1,869,529	272,112	13,736,120
Public sector	574,844	573,506	-	-	1,338	-	-
Total	**199,899,626**	**7,514,936**	**4,346,918**	**161,192**	**119,351,241**	**4,051,132**	**64,474,207**

As at 31 December 2023 and 2022, the detail of the risk factors associated with impairment of BAI (the bank with the largest loan portfolio) is as follows:

Segment	Imparidade – 31-12-2023				
	Probability of default (PD)		Loss given default (LGD)		
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3
Cards	1.52%	-	16.98%	-	19.02%
Consumer loans	6.77%	49.27%	51.73%	51.95%	58.43%
Overdrafts	58.64%	58.88%	61.69%	61.69%	74.46%
Large companies	16.34%	72.18%	15.18%	9.52%	14.73%
Mortgage	14.44%	30.96%	30.80%	40.00%	73.90%
Small businesses	45.76%	69.78%	51.06%	51.50%	60.03%
Public sector	2.47%	2.47%	60.00%	60.00%	60.00%
	20.85%	**40.50%**	**41.06%**	**39.24%**	**51.51%**

Segment	Imparidade – 31-12-2022				
	Probability of default (PD)		Loss given default (LGD)		
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3
Cards	1.29%	-	1.09%	-	21.25%
Consumer loans	4.09%	60.66%	49.08%	53.97%	57.21%
Overdrafts	58.44%	99.89%	2.87%	3.49%	40.73%
Large companies	9.89%	70.70%	10.95%	8.58%	5.39%
Mortgage	16.22%	85.11%	12.45%	18.47%	43.05%
Small businesses	26.47%	93.74%	18.33%	18.90%	31.76%
Public sector	2.47%	-	60.00%	-	60.00%
	16.98%	**58.59%**	**22.11%**	**14.77%**	**37.06%**

The probabilities of default (PD) reported above correspond to the arithmetic average of the PDs for the first month of the operations, weighted by their exposure in each segment. Loss given default (LGD) also corresponds to the weighted average LGD for each transaction in the segment. The probability of default for the Public Sector segment is associated with the rating of Angola published in Moody's study at the time under review, according to the Bank's current impairment assessment methodology.

As at 31 December 2023 and 2022, impairment losses showed the following movements:

Weighted average rate	31-12-2023	31-12-2022
Opening balance	**199,899,626**	**319,677,540**
Allocation for the year (Note 39)	62,737,243	75,447,588
Reversal for the year (Note 39)	(34,867,899)	(60,394,059)
Stage 3 adjustment (Note 39)	(10,692,934)	(6,661,212)
Uses	(180)	(147,757,756)
Adjustments (includes exchange rate effect)	47,044,162	19,587,525
Adjustments	43,987,589	20,131,606
Exchange rate differences	3,056,573	(544,081)
Closing balance	**264,120,018**	**199,899,626**

The value of adjustments includes, in addition to the exchange rate effect, the annulment of gains in net interest income that were considered in the income statement arising from restructuring carried out during the year.

During the year ended 31 December 2022, the BAI wrote off loans from its portfolio amounting to kAOA 14,599,912 related to projects in the real estate development sector, originated in 2008 and 2013, after which the recovery actions were exhausted, as presented under the heading "Domestic corporate loans". These loans showed an impairment of 100%.

As at 31 December 2023 and 2022, BAI's (the bank with the largest loan portfolio) forward-looking information, considering the loans analysed on an individual basis, is as follows:

31-12-2023	Amount of credit exposure	Recoverable amount (current value of estimated future cash flows)	Expected impairment losses	Weight (%)
Base scenario	366,527,379	160,972,683	205,554,696	70%
Favourable scenario	366,527,379	169,021,317	197,506,062	10%
Adverse scenario	366,527,379	157,753,230	208,774,149	20%

31-12-2022	Amount of credit exposure	Recoverable amount (current value of estimated future cash flows)	Expected impairment losses	Weight (%)
Base scenario	297,125,805	122,764,961	174,360,844	70%
Favourable scenario	297,125,805	132,586,157	164,539,648	10%
Adverse scenario	297,125,805	116,626,713	180,499,092	20%

As at 31 December 2023, the forward-looking information considered in determining the forward-looking adjustment of the collective analysis, for BAI (the bank with the largest loan portfolio), is as follows:

	2024	2025	2026	2027	2028
GDP growth rate					
Optimistic scenario	2.96%	3.52%	3.44%	3.58%	3.17%
Base scenario	2.25%	2.15%	2.21%	2.03%	2.22%
Pessimistic scenario	-1.72%	-1.83%	-1.78%	-1.97%	-1.79%
Inflation rate					
Optimistic scenario	14.03%	10.24%	10.43%	9.92%	9.43%
Base scenario	23.50%	19.37%	16.22%	13.52%	11.32%
Pessimistic scenario	28.27%	24.13%	20.98%	18.29%	16.08%
M2 Growth Rate					
Optimistic scenario	22.31%	19.73%	10.54%	10.85%	10.85%
Base scenario	15.17%	13.05%	10.68%	8.76%	6.00%
Pessimistic scenario	9.55%	7.43%	5.06%	3.14%	0.38%
RIB Growth Rate					
Optimistic scenario	15.98%	13.21%	14.59%	14.59%	14.59%
Base scenario	14.26%	12.84%	10.97%	12.69%	12.17%
Pessimistic scenario	12.20%	10.99%	9.39%	10.86%	9.78%

As at 31 December 2023 and 2022, the exposure to credit risk by financial asset, rating and stage, for BAI (the bank with the largest loan portfolio) and BAI CV, was as follows:

	31-12-2023			
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans to customers				
Level A	114,182,071	6,736,380	5,905,547	126,823,998
Level B	33,788,423	5,477,217	63,933,594	103,199,234
Level C	257,571,084	40,054,197	145,254,313	442,879,594
Level D	31,943,284	1,408,618	2,144,533	35,496,435
Level E	8,175,872	4,658,037	20,942,387	33,776,296
Level F	386,180	8,342	2,500,987	2,895,509
Level G	3,596,280	2,613,057	94,832,288	101,041,625
Total gross carrying amount	**449,643,194**	**60,955,848**	**335,513,649**	**846,112,691**
Impairments	(13,399,636)	(14,290,064)	(232,487,268)	(260,176,968)
Net carrying amount	**436,243,558**	**46,665,784**	**103,026,381**	**585,935,723**

	31-12-2022			
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans to customers				
Level A	67,394,673	3,426,647	4,339,163	75,160,483
Level B	43,183,363	6,605,172	2,013,043	51,801,578
Level C	197,007,605	16,251,170	84,326,121	297,584,896
Level D	18,595,910	2,202,128	1,110,088	21,908,126
Level E	4,487,132	560,307	14,513,423	19,560,862
Level F	34,414	15,512	25,635,407	25,685,333
Level G	1,164,919	3,091,539	150,495,219	154,751,677
Total gross carrying amount	**331,868,016**	**32,152,475**	**282,432,464**	**646,452,955**
Impairments	(7,122,409)	(3,607,258)	(187,535,384)	(198,265,051)
Net carrying amount	**324,745,607**	**28,545,217**	**94,897,080**	**448,187,904**

As at 31 December 2023, the financing-guarantee ratio for the corporate, construction and real estate development and housing segments of BAI (the bank with the largest loan portfolio) and BAI CV is as follows:

	31-12-2023					
	Number of Properties	Number of other collaterals	Stage 1	Stage 2	Stage 3	Impairment
Companies						
No associated collateral	30	-	92,626,349	7,339,602	148,919,844	157,382,112
< 50%	104	9	11,767,159	5,188,837	50,182,299	56,581,349
≥ 50% and < 75%	30	2	20,362,069	637,605	472,823	1,359,862
≥ 75% and < 100%	22	-	4,026,999	1,033	1,383,859	1,367,796
≥100%	223	4	29,403,539	2,661,654	5,782,874	5,499,310
	409	**15**	**158,186,115**	**15,828,731**	**206,741,699**	**222,190,429**
Mortgage						
No associated collateral	-	-	7,811,758	4,229,859	20,598,250	32,614,231
< 50%	616	2	2,262,104	1,486,193	7,081,287	9,021,465
>= 50% and < 75%	47	-	948,387	47,053	-	70,106
>= 75% and < 100%	26	1	198,411	1,152	-	47,092
≥100%	304	-	8,178,124	723,300	257,825	176,695
	993	**3**	**19,398,784**	**6,487,557**	**27,937,362**	**41,929,589**
Total	**1,402**	**18**	**177,584,899**	**22,316,288**	**234,679,061**	**264,120,018**

	31-12-2022					
	Number of Properties	Number of other collaterals	Stage 1	Stage 2	Stage 3	Impairment
Companies						
No associated collateral	23	32	94,081,069	7,918,825	167,128,185	111,559,128
< 50%	85	117	58,770,946	1,068,776	67,077,175	54,237,901
≥ 50% and < 75%	24	47	20,041,683	95,705	430,763	463,306
≥ 75% and < 100%	17	27	2,809,339	3,098,474	3,144,697	3,070,418
≥100%	154	72	15,673,628	2,307,558	2,343,443	1,395,660
	303	**295**	**191,376,665**	**14,489,338**	**240,124,263**	**170,726,413**
Mortgage						
No associated collateral	-	1	122,861,486	14,046,677	30,997,029	20,303,947
< 50%	885	139	9,357,590	3,006,072	10,857,955	7,300,946
≥ 50% and < 75%	34	10	1,126,777	213,548	115,336	62,290
≥ 75% and < 100%	14	7	458,887	-	75,227	36,253
≥100%	283	50	6,896,163	444,742	262,654	178,317
	1,216	**207**	**140,700,903**	**17,711,039**	**42,308,201**	**27,881,753**
Total	**1,519**	**502**	**332,077,568**	**32,200,377**	**282,432,464**	**198,608,166**

As at 31 December 2023, the details of the fair value of the guarantees underlying the loan portfolio of the business and residential segments are as follows:

Type of Property	31-12-2023							
	Companies				Mortgage			
	Real estate		Other collateral		Real estate		Other collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< kAOA 50	184	4,604,853	318	1,902,485	820	8,188,349	2	289,876
≥ kAOA 50 and < kAOA 100	69	6,664,284	4	544,320	86	7,421,587	1	54,166
≥ kAOA 100 and < kAOA 500	101	26,644,785	6	1,176,715	32	5,776,616	-	-
≥ kAOA 500 and < kAOA 1000	19	16,239,473	1	1,038,396	1	885,918	-	-
≥ kAOA 1000 and < kAOA 2000	16	26,910,929	1	1,524,720	-	-	-	-
≥ kAOA 2000 and < kAOA 5000	13	38,777,100	-	-	-	-	-	-
≥ kAOA 5000	34	69,971,240	24	-	24	-	-	-
Total	**436**	**189,812,664**	**354**	**6,186,636**	**963**	**22,272,471**	**3**	**344,042**

Type of Property	31-12-2022							
	Companies				Mortgage			
	Real estate		Other collateral		Real estate		Other collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< kAOA 50	56	1,473,371	163	718,257	148	2,269,494	4	37
≥ kAOA 50 and < kAOA 100	25	1,992,821	2	204,259	67	3,287,283	2	162
≥ kAOA 100 and < kAOA 500	62	11,792,331	-	-	240	1,647,644	45	14,582
≥ kAOA 500 and < kAOA 1000	8	6,089,471	3	646,548	48	551,172	35	23,006
≥ kAOA 1000 and < kAOA 2000	9	10,921,819	-	-	19	25,218	9	12,454
≥ kAOA 2000 and < kAOA 5000	15	11,926,250	4	16,995	22	74,038	13	47,476
≥ kAOA 5000	102	72,943,348	22	8,820,421	188	7,519,537	81	1,629,702
Total	**277**	**117,139,411**	**194**	**10,406,480**	**732**	**15,374,386**	**189**	**1,727,419**

11. Non-current assets and liabilities held for sale

This heading is composed as follows:

	31-12-2023	31-12-2022
Assets		
Real estate		
Properties received in lieu of repayment	1,525,065	925,343
Impairment	(125,386)	(73,567)
	1,399,679	**851,776**

As at 31 December 2023 and 2022, the balance under Non-current assets held for sale – Properties received in lieu of repayment corresponds to properties received in lieu of payment by BAI Cabo Verde.

The movement in "Non-current assets held for sale" during the years ended 31 December 2023 and 2022, as well as the movement in the associated impairment losses, was as follows:

	Balance as at 31-12-2022					Impairment		Balance as at 31-12-2023		
	Gross value	Cumulative impairment	Entries	Disposals	Transfers and others	Charges	Uses / Adjustments	Gross value	Cumulative impairment	Net value
Properties received in lieu of repayment	925,343	(73,567)	130,805	(57,476)	-	(45,449)	(6,370)	1,525,065	(125,386)	1,399,679
	925,343	**(73,567)**	**130,805**	**(57,476)**	**-**	**(45,449)**	**(6,370)**	**1,525,065**	**(125,386)**	**1,399,679**

	Balance as at 31-12-2021					Impairment		Balance as at 31-12-2022		
	Gross value	Cumulative impairment	Entries	Disposals	Transfers and others	Charges	Uses / Adjustments	Gross value	Cumulative impairment	Net value
Properties received in lieu of repayment	13,035,919	(2,389,731)	421,121	(2,522,888)	(10,008,810)	(658,334)	2,974,498	925,343	(73,567)	851,776
Other real estate	**219,989**	**-**	**-**	**-**	**(219,989)**	**-**	**-**	**-**	**-**	**-**
	13,255,908	**(2,389,731)**	**421,121**	**(2,522,888)**	**(10,228,798)**	**(658,334)**	**2,974,498**	**925,343**	**(73,567)**	**851,776**

The fair value of the properties received in lieu of repayment through credit recovery processes, as at 31 December 2023 and 2022, is shown in Note 17.

During the second half of 2022, BAI, as sole shareholder, voluntarily dissolved and liquidated BAI Micro Finanças, S.A. (BMF). BAI appropriated BMF's remaining assets after the process of settling all its liabilities. The impact of the loss of the capital invested in BMF is shown in the income statement under the heading "Income from discontinued operations".

12. Investment property

This heading is composed as follows:

	31-12-2023	31-12-2022
Other investment properties	6 471 257	4 231 398
Depreciation	(404 427)	(169 516)
	6 066 830	**4 061 882**

The Group classifies properties held for rental or capital appreciation, or both, as investment properties. Investment properties are initially recognised at acquisition cost, including directly related transaction costs, and subsequently deducted from the respective accumulated depreciation and impairment losses, in accordance with the option allowed by IAS 40.

The variation in the heading “Investment properties” is due to the exchange rate variation during the period, resulting from the conversion of the assets and liabilities expressed in BAI Cabo Verde's financial statements into BAI's functional currency (kwanza).

As at 31 December 2023 and 2022, the fair value of the investment properties is kAOA 6,034,733 and kAOA 3,794,874, respectively.

13. Other tangible assets and intangible assets

This heading, as at 31 December 2023 and 2022, as well as the movements during this period, is presented as follows:

	Gross value						Depreciation, amortisation and impairment						Net value	
	31-12-2022 (Restated)	**Acquisitions**	**Disposals, write--offs and other adjustments**	**Transfers**	**Exchange Rate Differences**	**31-12-2023**	**31-12-2022 (Restated)**	**Amortisation for the year**	**Impairment losses**	**Disposals, write--offs and other transfers**	**Exchange Rate Differences**	**31-12-2023**	**31-12-2023**	**31-12-2022 (Restated)**
Other Tangible Assets														
Real estate														
For own use	48,994,766	2,427,968	(849,730)	399,885	2,419,259	53,392,148	(7,658,879)	(897,516)	(806,094)	5,889	4,974,745	(4,381,855)	49,010,293	41,335,887
Works on rented properties	12,337,778	806,128	1,219,683	466,459	1,689,307	16,519,355	(6,894,088)	(1,387,815)	-	-	(969,222)	(9,251,125)	7,268,231	5,443,690
Equipment	61,088,657	12,649,382	(5,908,416)	1,003,955	2,199,022	71,032,600	(32,428,013)	(8,890,874)	-	2,815,573	(1,537,351)	(40,040,665)	30,991,935	28,660,644
Other tangible assets	2,256,292	17,002	(20,108)	129,237	14,750	2,397,173	(370,685)	(73,642)	-	-	(9,922)	(454,248)	1,942,925	1,885,607
Other tangible assets in progress	26,013,020	3,284,381	(442,502)	(935,098)	154,815	28,074,616	(78,502)	(106,949)	-	-	(1,191,340)	(1,376,791)	26,697,825	25,934,518
Other	6,397,422	-	-	-	-	6,397,422	-	(626,855)	-	-	-	(626,855)	5,770,567	6,397,422
	157,087,935	**19,184,861**	**(6,001,073)**	**1,064,438**	**6,477,153**	**177,813,314**	**(47,430,166)**	**(11,983,650)**	**(806,094)**	**2,821,462**	**1,266,910**	**(56,131,538)**	**121,681,776**	**109,657,768**
Advances on account of tangible fixed assets	1,383,583	6,156,798	(1,463,885)	(942,593)	-	5,133,903	-	-	-	-	-	-	5,133,903	1,383,583
Right-of-use assets	8,908,751	1,459,898	(247,643)	-	1,832,550	12,808,254	(3,605,771)	(1,516,266)	-	333,401	(5,378,298)	(10,166,934)	2,641,320	5,302,980
Real estate	8,441,655	1,346,404	(19,987)	-	1,656,147	12,278,917	(3,443,141)	(1,275,124)	-	207,246	(5,151,190)	(9,662,209)	2,616,708	4,998,514
Other assets	467,096	113,494	(227,656)	-	176,403	529,337	(162,630)	(241,142)	-	126,155	(227,109)	(504,726)	24,611	304,466
	10,292,335	**7,616,696**	**(1,711,528)**	**(942,593)**	**1,832,550**	**17,942,158**	**(3,605,771)**	**(1,516,266)**	**-**	**333,401**	**(5,378,298)**	**(10,166,934)**	**7,775,223**	**6,686,564**
	167,380,269	**26,801,557**	**(7,712,601)**	**121,845**	**8,309,703**	**195,755,471**	**(51,035,937)**	**(13,499,916)**	**(806,094)**	**3,154,863**	**(4,111,388)**	**(66,298,472)**	**129,456,999**	**116,344,332**
Intangible assets														
Organisation and expansion expenses	754,214	-	(754,214)	-	-	1,520,334	(756,368)	-	-	754,215	-	(2,153)	1,518,181	(2,154)
Development expenses	8,499	-	-	-	-	8,499	(2,474)	-	-	-	-	(2,474)	6,025	6,025
Automated data processing systems	24,964,068	7,319,791	(1,180,225)	222,038	1,906,570	34,752,576	(12,341,569)	(8,301,983)	-	-	(1,093,142)	(21,736,694)	13,015,882	8,000,312
	25,726,781	**7,319,791**	**(1,934,439)**	**222,038**	**1,906,570**	**36,281,409**	**(13,100,411)**	**(8,301,983)**	**-**	**754,215**	**(1,093,142)**	**(21,741,321)**	**14,540,088**	**8,004,183**
Goodwill	333,913	-	-	-	-	333,913	-	-	-	-	-	-	333,913	333,913
Other intangible assets	208,372	675,056	-	-	16,122	899,550	(160,301)	(40,913)	-	-	-	(201,214)	698,336	48,071
Intangible assets in progress	1,886,886	484,152	-	(222,038)	80,260	2,229,260	-	-	-	-	-	(1,498,700)	730,560	5,389,500
Other	217,450	-	-	-	-	217,450	(162,930)	-	-	-	-	(162,930)	54,520	-
	2,646,621	**1,159,208**	**-**	**(222,038)**	**96,382**	**3,680,173**	**(323,231)**	**(40,913)**	**-**	**-**	**-**	**(1,699,914)**	**1,817,329**	**5,771,484**
	28,373,401	**8,478,999**	**(1,934,439)**	**-**	**2,002,952**	**39,961,582**	**(13,423,641)**	**(8,342,896)**	**-**	**754,215**	**(1,093,142)**	**(23,441,234)**	**16,357,417**	**13,775,667**
	195,753,670	**35,280,556**	**(9,647,040)**	**121,845**	**10,312,655**	**235,717,053**	**(64,459,579)**	**(21,842,812)**	**(806,094)**	**3,909,078**	**(5,204,530)**	**(89,739,706)**	**145,814,416**	**124,043,808**

	Gross value						Depreciation, amortisation and impairment						Net value	
	31-12-2021 (Restated)	**Acquisitions**	**Disposals, write--offs and other adjustments**	**Transfers**	**Exchange Rate Differences**	**31-12-2022**	**31-12-2021 (Restated)**	**Amortisation for the year**	**Impairment losses**	**Disposals, write--offs and other transfers**	**Exchange Rate Differences**	**31-12-2022**	**31-12-2022**	**31-12-2021 (Restated)**
Other Tangible Assets														
Real estate														
For own use	47,000,477	2,530,935	(1,068,300)	1,092,565	(560,911)	48,994,766	(6,800,960)	(946,742)	241,346	(147,213)	(5,310)	(7,658,879)	41,335,887	40,199,517
Works on rented properties	10,913,864	943,335	485,888	423,390	(428,698)	12,337,778	(6,069,108)	(984,489)	-	(33,824)	193,333	(6,894,088)	5,443,690	4,844,756
Equipment	52,021,577	6,957,045	(795,516)	3,408,108	(502,558)	61,088,657	(24,280,397)	(9,247,361)	-	718,723	381,022	(32,428,013)	28,660,644	27,741,180
Other tangible assets	2,222,419	37,315	-	-	(3,442)	2,256,292	(298,354)	(74,731)	-	-	2,400	(370,685)	1,885,607	1,924,065
Other tangible assets in progress	26,297,242	1,422,931	77,212	(1,777,853)	(6,512)	26,013,020	(78,502)	-	-	-	-	(78,502)	25,934,518	26,218,740
Other	-	6,397,422	-	-	-	6,397,422		-	-	-	-	-	6,397,422	-
	138,455,579	**11,891,562**	**(1,300,716)**	**3,146,210**	**(1,502,121)**	**157,087,935**	**(37,527,321)**	**(11,253,322)**	**241,346**	**537,686**	**571,445**	**(47,430,166)**	**109,657,768**	**100,928,258**
Advances on account of tangible fixed assets	3,237,037	1,703,081	(148,255)	(3,408,279)	-	1,383,583	-	-	-	-	-	-	1,383,583	3,237,037
Right-of-use assets	8,843,152	596,467	(46,582)	(46,582)	(437,704)	8,908,751	(2,740,305)	(969,574)	-	-	104,108	(3,605,771)	5,302,980	6,102,847
Real estate	8,333,382	596,467	(46,582)	(46,582)	(395,030)	8,441,655	(2,610,920)	(924,661)	-	-	92,440	(3,443,141)	4,998,514	5,722,462
Other assets	509,770	-	-	-	(42,674)	467,096	(129,385)	(44,913)	-	-	11,668	(162,630)	304,466	380,385
	12,080,189	**2,299,548**	**(194,837)**	**(3,454,861)**	**(437,704)**	**10,292,335**	**(2,740,305)**	**(969,574)**	**-**	**-**	**104,108**	**(3,605,771)**	**6,686,564**	**9,339,884**
	150,535,768	**14,191,109**	**(1,495,553)**	**(308,650)**	**(1,939,825)**	**167,380,269**	**(40,267,626)**	**(12,222,895)**	**241,346**	**537,686**	**675,553**	**(51,035,937)**	**116,344,332**	**110,268,142**
Intangible assets														
Organisation and expansion expenses	754,214	-	-	-	-	754,214	(756,368)	-	-	-	-	(756,368)	(2,154)	(2,154)
Development expenses	8,499	-	-	-	-	8,499	(2,474)	-	-	-	-	(2,474)	6,025	6,025
Automated data processing systems	16,076,990	5,192,231	(1,726,997)	5,840,403	(418,559)	24,964,068	(8,076,678)	(4,703,251)	-	270,297	168,063	(12,341,569)	12,622,499	8,000,312
	16,839,703	**5,192,231**	**(1,726,997)**	**5,840,403**	**(418,559)**	**25,726,781**	**(8,835,520)**	**(4,703,251)**	**-**	**270,297**	**168,063**	**(13,100,411)**	**12,626,370**	**8,004,183**
Goodwill	333,913	-	-	-	-	333,913	-	-	-	-	-	-	333,913	333,913
Other intangible assets	212,272	-	-	-	(3,900)	208,372	(164,200)	-	-	-	3,899	(160,301)	48,071	48,071
Intangible assets in progress	5,389,500	1,088,496	1,050,302	(5,632,917)	(8,495)	1,886,886	-	-	-	-	-	-	1,886,886	5,389,500
Other	-	53,267	-	-	-	53,267	-	-	-	-	-	-	53,267	-
	5,935,685	**1,088,496**	**1,050,302**	**(5,632,917)**	**(12,395)**	**2,482,438**	**(164,201)**	**-**	**-**	**-**	**3,899**	**(160,301)**	**2,322,137**	**5,771,484**
	22,775,388	**6,280,727**	**(676,695)**	**207,485**	**(430,954)**	**28,209,218**	**(8,999,721)**	**(4,703,251)**	**-**	**270,297**	**171,962**	**(13,260,711)**	**14,948,507**	**13,775,667**
	173,311,156	**20,471,836**	**(2,172,248)**	**(101,165)**	**(2,370,779)**	**195,589,487**	**(49,267,347)**	**(16,926,146)**	**241,346**	**807,983**	**847,515**	**(64,296,649)**	**131,292,839**	**124,043,809**

The heading “Other tangible assets in progress” includes the amount of kAOA 22,339,316 (2022: kAOA 22,339,316) relating to BAI's acquisition of a property in the "Torres Kianda" building located in Luanda. BAI expects this asset to be completed in the 2nd half of 2024.

During the year ended 31 December 2023, the Group acquired “Other tangible assets – Equipment”, in particular electronic means of payment and cybersecurity equipment.

The heading “Other tangible assets” includes own service properties whose legalisation processes are still underway, and adjustments resulting from the implementation of these processes are not expected.

As at 31 December 2023, the heading “Advances on tangible fixed assets” correspond to the acquisition of computer equipment (kAOA 2,924,254), machinery and tools (kAOA 1,552,007) and other equipment and materials (kAOA 657,644).

As at 31 December 2023, the Group does not hold tangible fixed assets with restrictions on ownership or given as collateral for liabilities.

The heading “Intangible assets – Data processing system” includes acquisitions amounting to kAOA 7,152,825, corresponds to the Bank’s ongoing investments in strengthening its cybersecurity systems, communications and electronic channel platforms.

14. Investments in subsidiaries, associates and joint ventures

This heading is composed as follows:

Subsidiary	Head office	Activity	Currency	Share Capital	% Stake	31-12-2023	31-12-2022 (Restated)
Imogestin, S.A.	Luanda	Real estate development	AOA	75,000	50.00%	383,508	55,643
Sopros, S.A.	Luanda	Real estate development	AOA	500,000	20.00%	-	-
Sodimo, S.A.	Luanda	Real estate development	AOA	576,124	24.00%	-	-
Angola Capital Partners, LLP	Luanda	Holding Company	USD	526,316	47.50%	3,149,085	1,996,894
						3,532,593	**2,052,537**
Holdings in associates abroad							
Banco Internacional de São Tomé e Príncipe	São Tomé	Banking services	STD	166,600,000	25.00%	4,900,560	2,762,661
FIPA I - Angola Private Investment Fund*	Luxembourg	Investment Fund	USD	37,415	25.64%	-	-
FIPA II - Angola Private Investment Fund	Luxembourg	Investment Fund	USD	5,965	37.89%	4,495,315	2,779,841
						9,395,875	**5,542,502**
						12,928,468	**7,595,039**

*In liquidation

The subsidiary BAI Invest signed a share transfer agreement in July 2022 for the sale of all the shares held in SOPROS and SODIMO. However, since this sale is of a fiduciary nature, whereby the buyer grants BAI Invest the broadest general powers and also special powers in relation to the 24% of SODIMO's share capital and the 20% of SOPROS' share capital to exercise control, management and the right to all variable returns until the financial settlement of the sale price agreed between the parties takes place, BAI believes that the necessary conditions for derecognition of these shares as at 31 December 2023 and 2022 have not been met.

FIPA I is in the process of being wound up and the legal procedures for its effective dissolution are underway.

During the year ended 31 December 2023, there were no movements under the impairment heading for "Investments in subsidiaries, associates and joint ventures".

The balances involving assets, liabilities and off-balance sheet transactions with the Group's subsidiaries are detailed in Note 46.

As at 31 December 2023 and 2022, the financial information of the subsidiaries is as follows (amounts in thousands of the respective currency):

31-12-2023	Currency	Reference date	Net assets	Equity	Liabilities	Net income	Observation
Imogestin, S.A.	AOA	31-12-2023	10,456,178	7,905,137	2,551,041	472,152	Unaudited
Banco Internacional de São Tomé e Príncipe	STD	31-12-2023	3,161,460	524,301	2,637,159	78,050	Unaudited
SOPROS, S.A.	AOA	30-06-2022	31,823,314	437,081	31,386,233	(905,231)	Unaudited
SODIMO, S.A.	AOA	31-12-2022	31,253,556	1,723,022	29,530,534	971,162	Unaudited
Angola Capital Partners, LLP	USD	30-06-2023	8,675	7,972	703	(16,603)	Unaudited
FIPA I - Angola Private Investment Fund*	USD	31-12-2021	11,273	8,547	2,726	(1,133)	Unaudited
FIPA II - Angola Private Investment Fund	USD	31-12-2023	63,356	62,927	429	29,146	Unaudited

*In liquidation

31-12-2022 (Restated)	Currency	Reference date	Net assets	Equity	Liabilities	Net income	Observation
Banco Internacional de São Tomé e Príncipe	STD	31-12-2022	2,988,204	503,762	2,484,442	95,578	Unaudited
Imogestin, S.A.	AOA	31-12-2022	10,784,538	7,432,985	3,351,553	(95,097)	Audited
Sopros, S.A.	AOA	30-06-2022	31,823,314	437,081	31,386,234	(905,231)	Unaudited
Sodimo, S.A.	AOA	31-12-2022	31,253,556	1,723,022	29,530,534	971,162	Unaudited
Angola Capital Partners, LLP	USD	31-12-2022	9,044	8,346	698	331	Unaudited
FIPA I - Angola Private Investment Fund*	USD	30-09-2021	10,232	7,757	2,475	(1,029)	Unaudited
FIPA II - Angola Private Investment Fund	USD	31-12-2022	33,209	29,282	3,928	270	Unaudited

*In liquidation

15. Taxes

As at 31 December 2023 and 2022, this heading is detailed as follows:

	31-12-2023	31-12-2022
Current tax assets		
Recoverable taxes	3,399,017	1,723,410
Current tax liabilities		
Industrial Tax	(5,177,867)	(1,137,681)
Other income taxes	-	(373,115)
Tax contingencies - Industrial tax	(3,119,703)	(3,101,404)
Capital investment tax	(3,469,235)	(2,700,402)
	(11,766,805)	(7,312,602)
Tax recoverable/(payable at the end of the year)	**(8,367,788)**	**(5,589,192)**

The heading "Current tax assets" includes taxes to be recovered through tax credits.

The balance of the heading "Current tax liabilities – Tax contingencies – Industrial tax" arises from the tax inspections carried out in 2018 on the financial years of 2013 and 2014. The Group has lodged a hierarchical appeal against the respective notifications and a decision is pending at the date of approval of these financial statements. The Group believes that the estimated current tax liability recognised in this context is sufficient in view of the prospects for the conclusion of the process.

The heading "Capital gains tax" corresponds to BAI and refers to Capital Gains Tax on income from public debt securities in the portfolio on that date.

As at 31 December 2023 and 2022, the deferred tax assets recognised on the balance sheet have the following composition:

	Assets		Liabilities		Net	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022
Financial instruments	376,466	498,431	(712,066)	(367,885)	(335,600)	130,546
Loans to customers	253,603	160,440	-	-	253,603	160,440
Non-current assets held for sale	117,610	-	-	-	117,610	-
Other	1,786,529	1,407,165	(13,083)	(505,585)	1,773,446	901,580
Deferred Tax Asset/ (Liability)	**2,534,208**	**2,066,036**	**(725,149)**	**(873,470)**	**1,809,059**	**1,192,566**

During the financial year ended 31 December 2020, with the publication of Law 26/20 of 20 July – Law amending the Industrial Tax Code, new rules were introduced to determine the tax base, in Angola, namely (i) exclusion of tax relevance in determination of taxable profit from income and costs due to unrealised exchange rate differences; and (ii) non-acceptance of the provisions constituted as deductible costs related to secured loans, except for the part not covered.

The movements that occurred in the deferred tax headings on the balance sheet were offset as follows:

	31-12-2023			31-12-2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Opening balance	**2,066,036**	**(896,822)**	**1,169,214**	**1,203,897**	**(1,214,510)**	**(10,613)**
Recognised in profit or loss	(132,373)	-	(132,373)	320,974	1,016,609	1,337,583
Recognised in reserves - other comprehensive income						
Exercise movement	662,610	(344,181)	318,429	573,911	(751,581)	(177,670)
Exchange rate variations and others	(62,065)	515,854	453,789	(32,746)	76,012	43,266
Closing balance	**2,534,208**	**(725,149)**	**1,809,059**	**2,066,036**	**(873,470)**	**1,192,566**

The tax recognised through profit or loss during the years ended 31 December 2023 and 2022 stemmed from the following:

	31-12-2023		31-12-2022	
	Recognised in profit or loss	Recognised in reserves	Recognised in profit or loss	Recognised in reserves
Deferred taxes				
Financial instruments	-	(344,181)	-	-
Loans to customers	(16,412)	-	(26,516)	-
Investments in subsidiaries, associates and joint ventures	-	-	1,016,611	-
Provisions	-	-	(13,314)	-
Other	(115,961)	662,610	360,802	(177,670)
	(132,373)	**318,429**	**1,337,583**	**(177,670)**
Current taxes	**(23,058,270)**	**-**	**(15,624,298)**	**-**
Other				
Total tax recognised	**(23,190,643)**	**318,429**	**(14,286,715)**	**(177,670)**

The reconciliation of the tax rate, in the portion concerning the amount recognised in profit or loss, can be analysed as follows:

	31-12-2023		
	Effect on net income	**Effect on tax**	**%**
Earnings before tax	**233,118,661**	**81,591,531**	**35.0%**
Unforeseen provisions	12,598,805	4,589,361	2.0%
Capital Investment Tax (IAC) and Property Tax (IP)	735,540	257,439	0.1%
Amortisation	586,541	205,289	0.1%
Income subject to IAC and IPU	(231,676,886)	(81,086,910)	(34.8%)
Income from loan transactions	(689,119)	(241,192)	(0.1%)
Unrealised unfavourable exchange rate changes	45,713,940	15,999,879	6.9%
Deductible provisions	(1,992,564)	(697,397)	(0.3%)
Positive equity changes	9,538,382	3,338,434	1.4%
Corrections of previous and extraordinary years	8,876,680	3,106,838	1.3%
Other adjustments	7,272,504	2,739,001	1.2%
Tax profit / (Tax loss)	**87,203,655**	**30,894,683**	
Tax losses utilised on 31-12-2023 (BAI)	(67,327,651)	-	
Tax losses carried forward on 31-12-2023 (BAI)	-	-	
Current tax	-	23,058,270	9.9%
Deferred tax	-	132,373	0.1%
Tax expenses			
		23,190,643	**9.9%**

	31-12-2022		
	Effect on net income (Restated)	**Effect on tax**	**%**
Earnings before tax	**119,278,040**	**37,750,329**	**31.6%**
Tax calculated based on the tax rate	297,825	556,874	0.5%
Unforeseen provisions	8,358,214	2,858,543	2.4%
Capital Investment Tax (IAC) and Property Tax (IP)	638,659	219,775	0.2%
Amortisation	1,478,036	432,283	0.4%
Income subject to IAC and IPU	(183,170,666)	(65,115,512)	(54.6%)
Income from loan transactions	(1,559,192)	(545,717)	(0.5%)
Unrealised favourable exchange rate changes	145,209,994	50,823,498	42.6%
Deductible provisions	(54,741,590)	(19,159,557)	(16.1%)
Positive equity changes	22,131,943	7,746,180	6.5%
Corrections of previous and extraordinary years	6,881,487	2,408,521	2.0%
Other adjustments	3,889,344	1,355,234	1.1%
Tax profit / (Tax loss)	**68,692,094**	**19,330,451**	
Tax losses carried forward on 31-12-2022 (BAI)	(67,327,651)	-	
Current tax	-	15,815,521	13.3%
Deferred tax	-	(1,708,462)	(1.4%)
Tax expenses		**14,107,059**	**11.8%**

As at 31 December 2023 and 2022, the Group's provision for tax contingencies remained unchanged.

Nevertheless, in accordance with the provisions of Article 47 of the Industrial Tax Code (Law 19/14 of 22 October), in force since 1 January 2015, when determining the tax base, income subject to Capital Gains Tax will be deducted.

Thus, for entities based in Angola, in determining taxable income for the years ending 31 December 2023 and 2022, such income was deducted from taxable income.

Likewise, expenses related to Capital Gains Tax settlement are not accepted for tax purposes in the determination of the tax base, pursuant to Article 18(1)(a) of the Industrial Tax Code.

Notwithstanding the above, with regard to income from public debt securities, according to the latest understanding of the General Tax Administration addressed to the Angolan Association of Banks (ABANC) (letter with reference 196/DGC/AGT/2016 of 17 May 2016), only those arising from securities issued on or after 1 January 2012 are subject to this tax.

It should also be noted that, according to the General Tax Administration's position, the exchange rate revaluations of public debt securities issued in national currency but indexed to foreign currency, issued since 1 January 2013, should be subject to Industrial Tax until BNA is in a position to make the appropriate withholding tax under Capital Gains Tax.

16. Assets and liabilities from insurance and reinsurance contracts

As at 31 December 2023 and 2022, the breakdown of insurance contract assets and liabilities is as follows:

Direct Insurance	Current Service 31-12-2023	Past service		Total
		Estimated cash flows	Risk adjustment	
Opening balance	**4,234,979**	**11,867,501**	**628,031**	**16,730,511**
Revenues from insurance contracts	(47,720,712)	-	-	(47,720,712)
Insurance contract expenses				-
Claims and other expenses	-	16,663,512	252,994	16,916,506
Amortisation of acquisition costs	1,597,633	-	-	1,597,633
Past service adjustments	-	1,998,916	(191,798)	1,807,118
Losses and income from the financial component (net)	-	(1,650,442)	-	(1,650,442)
Awards received	48,091,450			48,091,450
Claims and expenses paid		(15,072,537)	-	(15,072,537)
Acquisition costs paid	(1,597,633)			(1,597,633)
Closing balance	**4,605,716**	**13,806,949**	**689,228**	**19,101,893**

The final balance of direct insurance as at 31 December 2023 includes kAOA 27,193,127 of counterclaims with an impairment of kAOA 7,849,389.

Insurance Ceded	Current Service 31-12-2022	Past service		Total
		Estimated cash flows	Risk adjustment	
Opening balance	**(113,087)**	**11,143,748**	**557,187**	**11,587,849**
Reinsurance contract premiums	(35,345,966)	-	-	(35,345,966)
Reinsurance claims				-
Claims and other expenses	-	18,874,227	248,001	19,122,227
Past service adjustments	1,220,694	-	-	1,220,694
Losses and income from the financial component (net)	-	(4,024,945)	(177,157)	(4,202,101)
Premiums paid	-	(2,011,018)	-	(2,011,018)
Claims received	39,694,031			39,694,031
Closing balance		(12,114,511)	-	(12,114,511)
Acquisition costs paid	(1,220,694)	-	-	(1,220,694)
Closing balance	**4,234,979**	**11,867,501**	**628,031**	**16,730,511**

The final balance of direct insurance as at 31 December 2022 includes kAOA 23,056,784 of counterclaims with an impairment of kAOA 8,498,543.

As at 31 December 2023 and 2022, the breakdown of "Assets and liabilities from reinsurance contracts" is as follows:

Insurance Ceded	**Current Service 31-12-2023**	**Past service**		**Total**
		Estimated cash flows	**Risk adjustment**	
Opening balance	**5,058,251**	**3,868,198**	**193,410**	**9,119,858**
Reinsurance contract premiums	(13,258,795)	-	-	(13,258,795)
Reinsurance claims				
Claims and other expenses	-	890,242	36,658	926,899
Past service adjustments	-	1,300,726	26,491	1,327,217
Losses and income from the financial component (net)	-	(546,124)	-	(546,124)
Premiums paid	13,776,921	-	-	13,776,921
Claims received	-	327,864	-	327,864
Closing balance	**5,576,376**	**5,185,177**	**256,559**	**11,018,111**

Insurance Ceded	**Current Service 31-12-2022**	**Past service**		**Total**
		Estimated cash flows	**Risk adjustment**	
Opening balance	**3,559,717**	**3,840,916**	**192,046**	**7,592,678**
Reinsurance contract premiums	(9,864,683)	-	-	(9,864,683)
Reinsurance claims				
Claims and other expenses	-	1,262,948	45,448	1,308,396
Past service adjustments	-	(95,964)	(44,084)	(140,048)
Losses and income from the financial component (net)	-	(445,501)	-	(445,501)
Premiums paid	11,363,217			11,363,217
Claims received		694,201	-	694,201
Closing balance	**5,058,251**	**3,868,198**	**193,410**	**9,119,858**

17. Other assets

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Debtors and other investments			
Advances to suppliers	4,513,638	4,119,043	4,119,043
Current accounts with reinsurers	2,466,194	1,474,586	1,474,586
Prepayments and deferred costs	1,683,046	942,994	942,994
Assets due to post-employment benefits and other long-term benefits	1,381,658	759,762	759,762
Salary advances and prepayments	452,318	236,660	236,660
Liabilities due to past services	(1,516,456)	(806,125)	(806,125)
Net asset value of the pension fund	2,982,358	1,612,803	1,612,803
Post-employment medical care	(84,245)	(46,915)	(46,915)
Miscellaneous debtors	23,846,898	9,342,618	7,466,851
	34,572,370	**16,875,663**	**14,999,896**
Income receivable			
For commitments made before third parties	1,106,798	191,177	191,177
Foreign currency purchase and sale	12,725	7,466	7,466
	1,119,523	**198,643**	**198,643**
Insurance activity			
Premiums under collection	26,961,167	23,058,120	23,058,120
Provision for premiums under collection, risks in progress and outstanding claims	(7,664,942)	(8,657,758)	(8,657,758)
	19,296,225	**14,400,362**	**14,400,362**
Deferred expenses			
Insurance	121,208	52,463	52,463
Hire and rental charges	153,909	15,791	15,791
Other	1,068,287	165,695	165,695
	1,343,404	**233,949**	**233,949**
Other assets			
Lending transactions to be settled	184,274,435	6,491,304	6,491,304
Letter of credit discounts	17,685,576	35,479,547	35,479,547
Adjustment to loans to employees (IAS 19)	15,893,550	16,069,519	16,069,519
Credit recovery assets	13,464,578	9,955,482	9,955,482
Other	9,803,389	3,467,772	3,467,772
Deductible VAT	837,790	562,313	562,313
VAT Regularisation	20,015	44,939	44,939
Operational risk incidents	1,102,972	913,962	913,962
Other taxes receivable	268,145	411,754	411,754
	243,350,450	**73,396,592**	**73,396,592**
Other assets at fair value through profit or loss			
Supplies and ancillary services in subsidiary and associated companies			
SAESP, S.A.	-	-	7,614,153
EMIS, S.A.	7,147	7,147	7,147
	7,147	**7,147**	**7,621,300**
Changes in fair value			
SAESP, S.A.	-	-	(3,188,955)
EMIS, S.A.	(651)	(616)	(616)
	(651)	**(616)**	**(3,189,571)**
	6,496	**6,531**	**4,431,729**
Impairment for real estate received in lieu of repayment	(3,339,347)	(3,114,171)	(3,114,171)
Impairment for other assets	(4,333,890)	(3,048,419)	(3,048,419)
	(7,673,237)	(6,162,590)	(6,162,590)
	292,015,231	**98,949,150**	**101,498,581**

As at 31 December 2023, the change in the heading "Debtors and other investments – Current accounts with reinsurers" refers to the amounts pending settlement relating to treaties under the optional regime.

As at 31 December 2023, the heading "Advances to suppliers" corresponds to the payment of orders placed with suppliers whose products have not yet been received.

The heading "Debtors and other investments – Prepaid expenses" corresponds to payments on account of third-party supplies and services whose execution and allocation to costs, in accordance with the respective contracts, occur during a given period. These services are mainly related to information security consulting services.

The heading "Debtors and other investments – Miscellaneous debtors" includes the amount of kAOA 8,042,428 (2022: kAOA 5,388,309) from BAI, relating to interest subsidies on loans receivable from two customers under the mortgage loan protocols agreed with the Bank, the amount of kAOA 2,076,436 (2022: kAOA 378,560) from BAI relating to the advance of liquidity to entities with drawing orders from the Angolan Ministry of Finance, and the amount receivable by BAIE relating to an advance made as part of ongoing legal proceedings amounting to kAOA 785,107 (2022: kAOA 460,645).

The heading "Other assets – Letter of credit discounts" includes the amount of kAOA 17,685,576 (2022: kAOA 35,479,547) relating to advances made by BAIE to exporters under letter of credit contracts.

The balance of the heading "Other assets – Adjustment to loans to employees (IAS 19)" amounting to kAOA 15,893,550 (2022: kAOA 16,069,519) corresponds to the impact of the application of IAS 19 – Employee benefits. Indeed, BAI, like most Angolan financial institutions, grants loans to its employees at interest rates lower than those charged to its customers. This benefit enables employees to have a much lower effort rate than they would have if their loan had a market rate, which is why the opportunity cost for BAI must be recorded as defined in IAS 19.

As at 31 December 2023, the heading "Other assets – Lending transactions to be settled" includes the amount of kAOA 175,541,964 relating to the amount pending receipt from BAI for the sale of Angolan Treasury Bonds which were recorded in the Assets portfolio at fair value through profit or loss and are awaiting settlement.

As at 31 December 2023, the breakdown of the fair value and net carrying amount of the properties received in lieu of repayment, by BAI (the bank with the largest loan portfolio) and BAI CV, by type of property, is as follows:

Type of Property	31-12-2023		
	Number of Properties	**Fair value of the asset**	**Net Carrying Amount**
Land			
Urban	10	975,827	1,196,827
Rural	4	973,809	973,809
	14	**1,949,636**	**2,170,636**
Constructed buildings			
Commercial	1	244,245	244,245
	1	**244,245**	**244,245**
Constructed buildings			
Commercial	11	3,383,664	4,203,946
Mortgage	23	3,506,404	3,506,404
	34	**6,890,068**	**7,710,350**
Total	**49**	**9,083,949**	**10,125,231**

Type of Property	31-12-2022		
	Number of Properties	Fair value of the asset	Net Carrying Amount
Land			
Urban	12	4,698,300	3,163,511
Rural	4	3,350,552	3,350,552
	16	**8,048,852**	**6,514,063**
Buildings under construction			
Commercial	1	244,245	244,245
	1	**244,245**	**244,245**
Constructed buildings			
Commercial	8	2,022,228	2,009,450
Mortgage	20	2,023,381	2,023,381
	28	**4,045,610**	**4,032,832**
Total	**45**	**12,338,706**	**10,791,139**

As at 31 December 2023 and 2022, the breakdown of the fair value and carrying amount of the properties received in lieu of repayment by BAI (the bank with the largest loan portfolio), by age, is as follows:

Time since donation/ execution	31-12-2023				
	< 1 year	≥ 1 year e < 2,5 years	≥ 2,5 years and < 5 years	≥ 5 years	Total
Land					
Urban	117,128	-	-	773,585	890,713
Rural	-	-	-	973,363	973,363
	117,128	**-**	**-**	**1,746,948**	**1,864,076**
Buildings under construction					
Commercial	-	-	-	244,245	244,245
	-	**-**	**-**	**244,245**	**244,245**
Constructed buildings					
Commercial	2,012,315	-	166,392	1,204,452	3,383,159
Mortgage	2,280,578	131,277	385,178	437,038	3,234,071
	4,292,893	**131,277**	**551,571**	**1,641,490**	**6,617,230**
Total	**4,410,021**	**131,277**	**551,571**	**3,632,683**	**8,725,552**

Time since donation/ execution	31-12-2022				
	< 1 year	≥ 1 year e < 2,5 years	≥ 2,5 years and < 5 years	≥ 5 years	Total
Land					
Urban	-	-	-	885,903	885,903
Rural	-	-	-	3,092,067	3,092,067
	-	**-**	**-**	**3,977,970**	**3,977,970**
Buildings under construction					
Commercial	-	-	244,245	-	244,245
	-	**-**	**244,245**	**-**	**244,245**
Constructed buildings					
Commercial	-		582,444	769,775	1,352,219
Mortgage	144,498	501,120	-	711,702	1,357,320
	144,498	**501,120**	**582,444**	**1,481,477**	**2,709,540**
Total	**144,498**	**501,120**	**826,689**	**5,459,447**	**6,931,754**

As at 31 December 2023 and 2022, the amount of real estate collateral executed under loan operations granted by BAI (the bank with the largest loan portfolio) and BAI CV is as follows:

31/12/23	Gross assets	Impairment	Net assets
Properties received in lieu of repayment	**13,464,578**	**(3,339,347)**	**10,125,231**
BAI (Note 17)	11,939,514	(3,213,962)	8,725,552
BAI Cape Verde (Note 11)	1,525,065	(125,386)	1,399,679
Total balance	**13,464,578**	**(3,339,347)**	**10,125,231**

31/12/22	Gross assets	Impairment	Net assets
Properties received in lieu of repayment	**13,905,310**	**(3,114,171)**	**10,791,139**
BAI (Note 17)	9,955,482	(2,788,147)	7,167,335
BAI Cape Verde (Note 11)	3,949,828	(326,024)	3,623,804
Total balance	**13,905,310**	**(3,114,171)**	**10,791,139**

As at 31 December 2023 and 2022, the heading "Operational risk incidents" corresponds to operations pending settlement related to BAI's operational risk, mainly due to the fact that they are under internal investigation or whose legal proceedings are in progress, and BAI has set aside the necessary provisions to deal with the associated risks, through the heading "Provisions" (Note 20).

During the year ended 31 December 2023, "Other Assets at fair value through profit or loss" classified at level 3, in accordance with the policy described in Note 2.4, show the following movements in BAI:

	31-12-2023	31-12-2022 (Restated)
Carrying amount (net) at the beginning of the year	**6,531**	**6,531**
Total gains/losses recorded:		
– Changes in fair value	(35)	-
Carrying amount (net) at the end of the year	**6,496**	**6,531**

As at 31 December 2023 and 2022, the impairment movement for other assets is as follows:

	31-12-2023	31-12-2022
Opening balance	**6,162,590**	**2,098,020**
Other assets	**248,781**	**3,522,020**
Allocation for the period (Note 41)	2,785,082	1,882,267
Reversal for the period (Note 41)	(2,494,067)	(638,834)
Uses	(42,234)	(101,143)
Transfers	-	2,379,730
Real estate received in lieu of repayment	**425,766**	**398,465**
Reinforcements	498,180	592,095
Reversals	(12,952)	-
Uses	(59,462)	(193,630)
Adjustments (includes exchange rate effect)	836,101	144,085
Adjustments	-	184,120
Exchange rate differences	836,101	(40,035)
Closing balance	**7,673,237**	**6,162,590**

18. Resources from central banks and other credit institutions

This heading has the following composition:

	31-12-2023	31-12-2022 (Restated)
Resources from domestic credit institutions		
Long-term resources	395	-
Other resources	5,069,084	27,452,335
	5,069,479	**27,452,335**
Resources from credit institutions abroad		
Short-term resources	43,671,971	88,422,143
Medium-term resources	50,830,418	12,141,278
Interest payable	538,950	553,939
	95,041,339	**101,117,360**
	100,110,818	**128,569,695**

The balance under the heading "Resources of credit institutions in the country – Other resources" refers to amounts to be cleared at other credit institutions in the payment system.

The heading "Resources from credit institutions abroad – Short and medium-term resources" includes the amount of kAOA 50,322,251 (2022: kAOA 45,359,437) from BAI Europa, which is guaranteeing liabilities for loans to customers, investments at credit institutions, open documentary credits and irrevocable credit lines.

As at 31 December 2023 and 2022, the breakdown of "Resources from other credit institutions" by residual maturity is as follows:

	31-12-2023	31-12-2022 (Restated)
Up to 3 months	48,741,055	115,874,478
3 months to a year	51,369,368	12,695,217
One to three years	395	-
	100,110,818	**128,569,695**

19. Resources from customers and other loans

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)
Deposits made by residents		
Local currency		
Companies	615,730,320	413,786,608
Individuals	458,697,445	291,918,983
Public administration sector	41,710,316	183,037,647
Public business sector	139,707,092	25,616,678
	1,255,845,173	**914,359,916**
Foreign currency		
Companies	398,605,688	242,570,426
Individuals	236,101,004	164,917,039
Public business sector	179,325,823	35,330,855
Public administration sector	91,275,599	36,686,123
	905,308,114	**479,504,443**
	2,161,153,287	**1,393,864,359**
Deposits made by non-residents		
Local currency	39,526,822	3,525,232
Foreign currency	35,776,649	61,660,677
	75,303,471	**65,185,909**
Total current deposits	**2,236,456,758**	**1,459,050,268**
Term deposits in local currency		
Companies	354,065,409	272,706,655
Individuals	344,963,844	236,423,776
Public business sector	35,982,655	48,206,141
Non-residents	196,895,932	3,244,152
Public administration sector	29,524,122	73,983,379
	961,431,962	**634,564,103**
Term deposits in foreign currency		
Companies	481,430,966	430,342,717
Individuals	339,152,073	252,423,893
Public administration sector	52,570,690	14,963,358
Public business sector	-	2,230,297
Non-residents	14,121,272	56,781,519
	887,275,001	**756,741,783**
Total term deposits	**1,848,706,963**	**1,391,305,886**
Total interest payable on term deposits	13,010,441	8,604,818
Total deposits and interest payable on time	**1,861,717,404**	**1,399,910,704**
Other deposits	6,497,097	4,246,870
Total customer deposits	**4,104,671,259**	**2,863,207,842**

As at 31 December 2023 and 2022, the heading "Other deposits" corresponds to the amounts held captive for the settlement of Import Documentary Credit contracted with BAI.

The breakdown of customer funds and other loans by residual maturity as at 31 December 2023 and 2022 is as follows:

	31-12-2023	31-12-2022
Local currency		
Up to three months	344,168,925	290,715,525
Three to six months	260,125,612	114,065,121
Six months to one year	291,998,516	217,323,139
More than one year	65,138,909	12,460,318
	961,431,962	**634,564,103**
Foreign currency		
Up to three months	171,297,484	177,135,911
Three to six months	285,694,380	243,211,016
Six months to one year	415,879,278	293,990,611
More than one year	14,403,859	42,404,245
	887,275,001	**756,741,783**
	1,848,706,963	**1,391,305,886**

As at 31 December 2023 and 2022, the BAI Group's customer time deposits, excluding interest payable, had the following structure by currency and average interest rate:

	31-12-2023		31-12-2022	
	Average interest rate	Amount	Average interest rate	Amount
In Kwanzas	12.97%	709,999,122	13.97%	634,564,103
In United States Dollars	2.46%	881,247,220	2.48%	651,386,483
In Euros	0.63%	189,959,534	0.58%	72,772,039
In Cape Verdean Escudos	2.08%	67,501,087	2.08%	32,583,261
		1,848,706,963		**1,391,305,886**

20. Provisions

The provisions that have been constituted are detailed as follows:

	31-12-2023	31-12-2022
Provisions for probable liabilities		
Litigation proceedings	4,194,223	4,027,653
Tax contingencies	5,716,436	4,153,084
Customer claims	994,702	604,516
Operational risk incidents	22,761	28,419
Other	1,333,663	664,225
	12,234,459	**9,477,897**
Provision for signature loans (Note 45)		
Stage 1	2,596,977	2,706,619
Stage 2	238,925	1,390
Stage 3	25,019,101	3,590,296
	27,827,677	**6,298,305**
	40,089,462	**15,776,202**

The measurement of provisions takes into account the principles defined in IAS 37 with regard to the best estimate of the expected cost, the most likely outcome of the actions in progress, and taking into account the risks and uncertainties inherent to the process, thus aiming to cover duly identified contingencies.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate, being reversed through profit or loss in the proportion of payments that are not probable and are derecognised through their use for the liabilities for which they were initially set up or in cases where these are no longer observed.

As at 31 December 2023, the heading "Provisions for probable liabilities – Tax contingencies" includes the amount of kAOA 5,180,759 (2022: kAOA 3,617,407) of provisions set up at BAI, arising from the assessment notices issued by the tax authority as part of tax inspections.

The heading "Provision for signature loans" refers to the provision determined under the application of the credit impairment model used by the Group regarding off-balance sheet liabilities related to loans undertaken with customers, as set out in Note 2.4.

As at 31 December 2023, the provisions showed the following movements:

	31-12-2023	31-12-2022
Opening balance	**15,776,202**	**14,398,800**
Provisions for probable liabilities		
Reinforcements (Note 38)	4,509,687	5,157,798
Reversals (Note 38)	(1,688,234)	(1,090,752)
Uses	(1,409,627)	(540,041)
Adjustments	(27,326)	(184,121)
Exchange rate differences	396,009	(317,529)
Provisions for signature loans		
Reinforcements (Note 39)	17,383,026	5,398,603
Reversals (Note 39)	(6,541,708)	(6,882,694)
Transfers	10,889,746	-
Adjustments	-	(163,862)
Exchange rate differences	801,686	-
Closing balance	**40,089,462**	**15,776,202**

21. Subordinated liabilities

This heading is composed as follows:

31-12-2023							
	Currency	Date of issue	Nominal value	Interest	Carrying amount	Interest rate	Maturity
Subordinated Bonds	CVE	2019	4,153,585	5,076	4,054,996	4.25%	2025
Total			**4,153,585**	**163,369**	**4,054,996**		

31-12-2022							
	Currency	Date of issue	Nominal value	Interest	Carrying amount	Interest rate	Maturity
Subordinated Bonds	CVE	2019	2,379,341	3,251	2,382,592	4.25%	2025
Total			**2,379,341**	**3,251**	**2,382,592**		

"Subordinated liabilities" refer to bonds issued by BAI CV in 2019. The variation is due to the exchange rate effect during the year.

22. Other liabilities

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Miscellaneous creditors			
Transactions pending settlement	101,607,148	6,977,346	6,977,346
Creditors due to the acquisition of assets and rights	2,530,661	4,643,457	4,643,457
Visa ticket operations	943,669	869,402	869,402
Down payments received – disposal of real estate received in lieu of repayment	83,487	185,087	185,087
Other	12,167,607	12,785,646	12,785,646
Current accounts with reinsurers	18,687,017	9,775,796	9,775,796
Advances from customers	20,207,659	9,473,572	9,473,572
Wages and other remuneration	10,059,830	6,196,973	6,196,973
Lease liabilities	8,452,250	5,949,232	5,949,232
Tax charges payable – withheld from third parties	2,203,836	3,725,004	3,725,004
Tax expenses of employees	2,085,793	1,775,710	1,775,710
VAT settled	2,103,983	1,590,029	1,590,029
Other administrative costs	1,913,853	1,341,027	1,341,027
Tax charges payable – own	363,376	206,283	206,283
Social Security contributions	230,891	81,889	81,889
Dividends payable	5,659	24,396	24,396
Liabilities due to post-employment benefits and other long-term benefits	24,485	13,833	13,833
Resources linked to foreign exchange transactions	19,688	11,857	11,857
Creditors due to the purchase of goods and subsidiary materials	102,613	1,617	1,617
Other liabilities	10,749,335	12,446,911	11,062,232
	194,542,840	**78,075,067**	**76,690,388**

The heading "Miscellaneous creditors – Operations pending settlement" includes the amounts of kAOA 4,315,012 (2022: kAOA 2,596,684) and kAOA 1,764,953 (2022: kAOA 1,102,233), relating to amounts to be repaid to the Ministry of Finance and dormant account balances, respectively. This heading also includes the amounts of kAOA 8,404,259 and kAOA 460,607 (2022: kAOA 1,524,183 and kAOA 931,427), relating to transactions pending clearing in the multi-currency subsystem and VAT payable on interbank transactions, respectively, and the amount of kAOA 82,909,375 relating to the amount payable pending settlement for the acquisition of Treasury Bonds recorded under "Investments at amortised cost".

As at 31 December 2023, the heading "Down payments" corresponds to the amounts paid under the promissory purchase and sale contracts entered into with various promissory buyers of the assets received in lieu of repayment from BAI, classified under "Other Assets". These amounts are adjusted after the transfer of all risks and benefits associated with the holding of the properties and the respective derecognition of the assets to the promissory buyers' sphere (Note 17).

As at 31 December 2023, the heading "Miscellaneous creditors – Other" includes the amount of kAOA 1,414,401 (2022: kAOA 1,414,401) related to the amounts received by BAI under the interest subsidy protocol signed with the Credit Guarantee Fund, as well as the amount of kAOA 354,441 (2022: kAOA 263,633), related to collateral received from local banks under the VISA representation protocols. It also includes the amount of kAOA 4,690,510 (2022: kAOA 4,643,457), relating to invoices associated with the provision of services and acquisition of goods to be paid to the Bank's suppliers on that date.

The heading "Current accounts with reinsurers" mainly refers to amounts pending settlement by Nossa Seguros to SWISS RE LIFE AND HEALTH AFRICA LIMITED under the proportional health treaty.

As at 31 December 2023, the heading "Advances from customers" includes the amount of kAOA 19,283,895 (2022: kAOA 9,182,532) relating to customer deposits received by BAI for loading BAI – Kamba prepaid cards. The BAI Kamba product is a personalised prepaid Visa card issued by the Bank, through which the customer makes payments and withdrawals in the country and abroad, without the need to resort to credit.

The heading "Resources linked to foreign exchange operations" refers to the value of deposits in foreign currency from BAI customers associated with documentary credits for imports and foreign exchange operations within the scope of BNA's direct sales pending execution (issuance of payment orders abroad).

The heading "Other liabilities" includes the amount of kAOA 1,545,048 (2022: kAOA 1,771,157) relating to BAI, which corresponds to the value of the Social Fund as at 31 December 2023, the allocation of which has not yet been made under its regulations (Note 2.14 vi.) and the amount of kAOA 6,010,179 (2022: kAOA 5,216,410) relating to BAI Europa's liability operations to be settled, which essentially relate to balances in the interbank clearing system, which are settled on the first following business day.

The heading "Lease liabilities", amounting to kAOA 8,452,250 (2022: kAOA 5,949,232) corresponds to the present value of the lease payments to be settled over the lease term, as described in Note 2.20. As at 31 December 2023, the analysis of the maturity of the lease liabilities by residual term is presented as follows:

	31-12-2023	31-12-2022
Less than 1 year	54,942	610
1 to 5 years	1,765,778	446,134
More than 5 years	6,631,530	5,502,488
Total lease liabilities	**8,452,250**	**5,949,232**

23. Capital, share premiums and treasury shares

Ordinary shares

As at 31 December 2023, the Bank's share capital, worth kAOA 157,545,000 (2022: kAOA 157,545,000), was represented by 19,450,000 ordinary shares, fully subscribed and paid-up by different shareholders, of which the following stand out:

	31-12-2023			31-12-2022		
	Number of shares	% stake	Amount	Number of shares	% stake	Amount
Luís Felipe Rodrigues Lélis	1,177,145	6.05%	9,534,875	795,319	4.09%	6,442,084
Oberman Finance Corp	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Dabas Management Limited	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Mário Abílio R. M. Palhares	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Theodore Jameson Giletti	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Lobina Anstalt	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
José Antunes Neto	656,104	3.37%	5,314,442	656,104	3.37%	5,314,442
Mario Alberto dos Santos Barber	633,940	3.26%	5,134,914	754,530	3.88%	6,096,992
Mota Engil SGPS, S.A.	583,500	3.00%	4,726,350	583,500	3.00%	4,726,350
Coromasi - Participações, Lda.	-	-	-	846,075	4.35%	7,483,388
Other	11,536,811	59.32%	93,448,169	10,951,972	62.68%	98,136,286
	19,450,000	**100%**	**157,545,000**	**19,450,000**	**100%**	**157,545,000**

The shares of capital held by members of the governing bodies (Article 446(3) of Law 1/04 of 13 February – Commercial Companies Act) as at 31 December 2023, are broken down as follows:

Shareholders	Position	Acquisition	No. of Shares	% Stake
Luís Filipe Rodrigues Lélis	Chief Executive Officer	Nominal	1,177,145	6.05%
Theodore Jameson Giletti	Vice-Chairman of the Board of Directors	Nominal	972,500	5.00%
Mario Alberto dos Santos Barber	Chairman of the Board of Directors	Nominal	633,940	3.26%
Hélder Aguiar	Vice-Chairman of the Board of Directors	Nominal	145,875	0.75%
Inokcelina dos Santos Carvalho	Director	Nominal	145,875	0.75%
Simão Francisco Fonseca	Director	Nominal	62,980	0.32%
João Fonseca	Director	Nominal	58,350	0.30%
Juvelino Domingos	Director	Nominal	48,625	0.25%
Irisolange Verdades	Director	Nominal	48,625	0.25%
José Castilho Manuel	Director	Nominal	48,625	0.25%
Ana Regina Victor	Director	Nominal	48,625	0.25%

Treasury shares

The Group's entities may, under the terms and conditions permitted by law, acquire its own shares and carry out all legally authorised operations on them.

Treasury shares are recorded in capital accounts at purchase value and are not subject to revaluation.

As at 31 December 2023, the Group has recognised treasury shares of the nominal value of kAOA 4,928,073, corresponding to 4.4% of the share capital.

	31-12-2023			31-12-2022		
	Number of shares	%	Value	Number of shares	%	Value
Opening balance	1,331,378	6.8%	5,296,172	972,500	5.0%	739,335
Acquisitions	-	-	-	583,500	3.0%	4,726,350
Sales	(482,508)	(-2.48%)	(368,099)	(224,622)	(-1.2%)	(169,513)
Closing balance	**848,870**	**4.4%**	**4,928,073**	**1,331,378**	**6.8%**	**5,296,172**

Share premium

As at 31 December 2023 and 2022, the balances under this heading amounting to kAOA 8,824,849 and kAOA 13,407,562, respectively, correspond to the issue premium paid for the acquisition of the aforesaid treasury shares net of the disposals that occurred.

24. Reserves, retained earnings and other comprehensive income

Legal reserve, revaluation reserves, other reserves and retained earnings

The Legal Reserve can only be used to cover accumulated losses or to increase Capital. The Law on the Legal Framework of Financial Institutions states that a legal reserve not less than 10% of the net income calculated in each financial year must be constituted up to the limit equivalent to the amount of the share capital.

As at 31 December 2023 and 2022, the movements in legal reserves, revaluation reserves, other reserves, and retained earnings were as follows:

	Fair value reserves (Financial assets at fair value through other comprehensive income)	Other reserves and retained earnings			Total
		Legal reserve	Other reserves and retained earnings	Total other reserves and retained earnings	
Balance as at 1 January 2022 (Restated)	**51,714,440**	**14,740,505**	**136,294,347**	**151,034,852**	**197,452,437**
Allocation of net income for the year:					
Transfer to legal reserve	-	14,154,150	-	14,154,150	14,154,150
Transfer to other reserves	-	-	139,799,100	139,799,100	139,799,100
Dividends distribution	-	-	(63,693,673)	(63,693,673)	(63,693,673)
Changes in fair value	(2,890,387)	-	-	-	(2,890,387)
Actuarial gains and losses	-	-	348,673	348,673	348,673
Foreign exchange differences arising from the consolidation of Group companies					
BAI Europa, S.A.	(21,736,054)	-	-	-	(21,736,054)
BAI Cabo Verde, S.A.	(1,919,452)	-	-	-	(1,919,452)
BISTP	(583,402)	-	-	-	(583,402)
ACP – Angola Capital Partners	(204,425)	-	-	-	(204,425)
Subtotal	**(24,443,333)**	**-**	**-**	**-**	**(24,443,333)**
Acquisitions of treasury shares, net of disposals	-	-	4,807,647	4,807,647	4,807,647
Other reserves	-	-	14,613,976	14,613,976	14,613,976
Balance as at 31 December 2022 (Restated)	**24,380,720**	**28,894,655**	**232,170,070**	**261,064,725**	**280,148,590**
Allocation of net income for the year:					
Transfer to legal reserve		10,022,832		10,022,832	10,022,832
Transfer to other reserves			90,220,187	90,220,187	90,220,187
Dividends distribution			(40,091,328)	(40,091,328)	(40,091,328)
Changes in fair value	4,943,424	-	-	-	4,943,424
Foreign exchange differences arising from the consolidation of Group companies	57,494,212	-	-	-	57,494,212
Acquisitions of treasury shares, net of disposals	-	-	8,555,011	8,555,011	8,555,011
Other reserves	-	-	(9,597,337)	(9,597,337)	(9,597,337)
Balance as at 31 December 2023	**86,818,356**	**38,917,487**	**281,256,603**	**320,174,090**	**401,695,591**

By unanimous decision of the General Meeting of 31 March 2023, in relation to the proposal to apply the net income for 2022, it was decided BAI dividends should be distributed of the value of kAOA 40,091,328 corresponding to 40% of the net income obtained in the previous year, with the remaining amount being applied to "Other reserves" (kAOA 50,114,159) and to the "Legal reserve" (kAOA 10,022,832). In fact, dividends per outstanding share amounted to mKz 11,202.

Fair value reserves (revaluation reserves)

Fair value reserves represent potential capital gains and losses related to the portfolio of financial assets at fair value through other comprehensive income, net of impairment recognised in profit or loss for the year and/or in previous years, and deferred taxes.

The movement of the fair value reserve, net of deferred taxes, is as follows:

	31-12-2023	31-12-2022
Opening balance	**24,380,720**	**51,714,440**
Changes in fair value net of tax	4,943,424	(2,890,387)
Changes in fair value (Gross)	4,624,995	(2,712,717)
Deferred taxes recognised in the year in reserves (Note 15)	318,429	(177,670)
Foreign exchange differences arising from the consolidation of Group companies	57,494,212	(24,443,333)
Balance at the end of the year	**86,818,356**	**24,380,720**

25. Consolidated net income of the Group

The Group's consolidated net income as at 31 December 2023 and 2022 was determined as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Net income of BAI, S.A.	199,573,710	100,228,319	100,228,320
BAI Europa, S.A.	4,959,505	1,599,702	1,599,702
NOSSA – Nova Sociedade Seguros Angola, S.A.	8,555,054	6,040,405	6,729,181
BAI Cabo Verde, S.A.	699,975	254,311	254,311
ÁUREA – Sociedade Distribuidora de Valores Mobiliários, S.A.	(273,745)	(463,261)	(463,261)
BAI Invest, S.A.	892,704	-	-
SAESP (BAI Academy)	(271,476)	-	-
BAI Foundation	458,361	-	-
Pay4All	(1,731,605)	-	-
Results of subsidiaries	**13,288,773**	**7,431,157**	**8,119,933**
Angola Capital Partners (ACP)	(6,536)	79,112	79,112
BISTP, S.A.	364,706	390,531	390,531
Imogestin, S.A.	348,127	(44,483)	-
Effect of associates via equity method	**706,297**	**425,160**	**469,643**
Write-off of financial holdings	(2,713,425)	(565,343)	(565,343)
Real estate adjustment	(90,558)	60,438	60,438
Impairment on bonds	(240,325)	123,950	123,949
Elimination of balances	(103,985)	174,761	174,761
Impairment on investments at other credit institutions	(576,583)	302,531	302,531
Deferred taxes	84,114	1,016,609	1,016,609
Other	-	(7,863,212)	-
Other consolidation adjustments	**(3,640,762)**	**(6,750,266)**	**1,112,945**
BAI Europa, S.A.	(731)	(87)	(87)
NOSSA – Nova Sociedade Seguros Angola, S.A.	(1,802,924)	(1,018,465)	(1,209,669)
ÁUREA – Sociedade Distribuidora de Valores Mobiliários, S.A.	1,270	1,867	1,867
BAI Cabo Verde, S.A.	(131,732)	(74,666)	(74,666)
Pay4All	372,869	-	-
Non-controlling interests	**(1,561,248)**	**(1,091,351)**	**(1,282,555)**
Net income for the year attributable to shareholders	**208,366,770**	**100,243,019**	**108,648,286**

Earnings per share

Basic earnings per share are calculated by dividing net income by the average number of ordinary shares in circulation during the year.

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Net income for the year	208,366,770	100,243,019	108,648,286
Weighted average number of ordinary shares issued	19,450,000	19,450,000	19,450,000
Weighted average number of own shares in the portfolio	848,870	1,331,379	1,331,379
Weighted average number of ordinary shares outstanding	18,601,130	18,118,621	18,118,621
Net income for the year attributable to shareholders	**11,202**	**5,533**	**5,996**

Diluted earnings per share do not differ from basic earnings per share because there are no equity instruments with diluting effects on the reporting date.

26. Non-controlling interests

The value of non-controlling interests is analysed as follows:

	Balance Sheet		Profit and loss account	
	31-12-2023	31-12-2022 (Restated)	31-12-2023	31-12-2022 (Restated)
BAI Cabo Verde, S.A.	3,852,348	2,262,083	131,732	74,665
NOSSA – Nova Sociedade Seguros Angola, S.A.	5,104,895	3,158,361	1,802,924	1,018,465
Other subsidiaries	473,702	549,223	(373,408)	(1,780)
	9,430,945	**5,969,667**	**1,561,248**	**1,091,350**

27. Net interest income

This heading is composed as follows:

	31-12-2023			31-12-2022 (Restated)		
	From assets/ liabilities at amortised cost and fair value through other comprehensive income	From assets/ liabilities to fair value through profit or loss	Total	From assets/ liabilities at amortised cost and fair value through other comprehensive income	From assets/ liabilities to fair value through profit or loss	Total
Interest and similar income						
Investment interest at amortised cost	109,631,355	-	109,631,355	124,559,486	-	124,559,486
Interest on loans to customers	74,208,767	-	74,208,767	71,523,408	-	71,523,408
Interest on cash and cash equivalents and investments at credit institutions	46,349,080	-	46,349,080	53,885,798	-	53,885,798
Interest received on financial assets at fair value through profit or loss	-	102,011,650	102,011,650	-	34,821,848	34,821,848
Interest from financial assets at fair value through other comprehensive income	6,903,568	-	6,903,568	2,073,587	-	2,073,587
	237,092,770	**102,011,650**	**339,104,420**	**252,042,279**	**34,821,848**	**286,864,127**
Interest and similar expenses						
Interest on customer resources	(102,286,377)	-	(102,286,377)	(79,465,437)	-	(79,465,437)
Interest on lease liabilities	(1,394,998)	-	(1,394,998)	(1,277,723)	-	(1,277,723)
Interest on subordinated liabilities	(178,298)	-	(178,298)	(156,439)	-	(156,439)
Interest on resources from central banks and credit institutions	(3,712,674)	-	(3,712,674)	(882,517)	-	(882,517)
Other interest and similar expenses	(89,223)	-	(89,223)	(75,865)	-	(75,865)
	(107,661,570)	**-**	**(107,661,570)**	**(81,857,981)**	**-**	**(81,857,981)**
Net Interest Income	**129,431,200**	**102,011,650**	**231,442,850**	**170,184,298**	**34,821,848**	**205,006,146**

In the year ended 31 December 2023, the heading "Interest on loans to customers" includes the amounts of kAOA 689,119 (2022: kAOA 1,559,192), referring to income earned by BAI from credit operations with the Ministry of Finance of the Republic of Angola.

The heading "Interest on loans to customers" includes the positive effect of kAOA 4,421,323 (2022: kAOA 4,375,794) related to fees and commissions and other income recorded by BAI according to the effective interest rate method on a straight-line basis, as explained in Note 2.4.

The heading "Interest in loans to customers" also includes the amount of kAOA 1,108,489 (2022: kAOA 1,005,991) related to the effect of loans granted to BAI employees, in accordance with IAS 19.

As at 31 December 2023, the heading "Interest on deposits and investments at credit institutions" includes the amount of kAOA 26,092,573 (2022: kAOA 44,314,249) related to interest on third-party securities purchase transactions with a repurchase agreement contracted by BAI with BNA.

As at 31 December 2023 and 2022, the negative effect of the adjustment of Stage 3 credit operations in the heading "Interest on loans to customers", resulting from the application of IFRS 9, is kAOA 10,692,933 and kAOA 6,661,212, respectively (Note 10).

The heading "Lease liabilities interest" refers to the interest cost related to lease liabilities recognised under the implementation of IFRS 16, as described in the accounting policies (Note 2.23).

28. Income from services, fees and commissions

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Income from services, fees and commissions	**68,748,493**	**53,239,956**	**51,743,714**
For banking services rendered	48,638,014	39,828,789	38,332,547
For commitments made before third parties	7,951,065	6,104,229	6,104,229
For foreign exchange transactions	4,534,720	3,458,388	3,458,388
For guarantees	2,643,947	369,794	369,794
For transactions carried out on behalf of third parties	2,557,514	1,249,342	1,249,342
Other fees and commissions received	2,423,233	2,229,414	2,229,414
Expenses related to services, fees and commissions	**(38,681,396)**	**(18,191,942)**	**(18,191,942)**
For banking services rendered by third parties	(36,731,043)	(16,956,518)	(16,956,518)
Other fees and commissions paid	(1,918,572)	(465,539)	(465,539)
For commitments made before third parties	(18,407)	(134,254)	(134,254)
For other services rendered	(13,374)	(635,631)	(635,631)
	30,067,097	**35,048,014**	**33,551,772**

As at 31 December 2023, the increase in the heading "Income from services, fees and commissions – For banking services rendered" is due to the increase in (i) prepaid card loading commissions, (ii) card issuance, replacement and cancellation commissions, (iii) commissions associated with the closing and rental of Automated Payment Machines (POS) and (iv) ATM withdrawal commissions.

As at 31 December 2023, the increase in the heading "Expenses related to services, fees and commissions – For banking services rendered on behalf of third parties" is essentially explained by the increase in (i) commissions relating to Multicaixa electronic clearing in the amount of kAOA 11,543,000 (previously classified under the heading of third party supplies and services) and (ii) commissions associated with issuing VISA and Multicaixa cards.

29. Net income from financial assets and liabilities at fair value through profit or loss

This heading is composed as follows:

	31-12-2023			31-12-2022		
	Income	**Costs**	**Total**	**Income**	**Costs**	**Total**
Financial assets at fair value through profit or loss						
Securities						
Bonds and other fixed income securities						
Issued by Government and public entities	167,217,129	(3,678,990)	163,538,139	22,702,397	(10,378,144)	12,324,253
Other variable income securities	844,176	(4,274,345)	(3,430,169)	116,011	(565,852)	(449,841)
	168,061,305	**(7,953,335)**	**160,107,970**	**22,818,409**	**(10,943,996)**	**11,874,413**
Derivative financial instruments						
Exchange rate contracts	-	(16,327)	(16,327)	3,703	-	3,703
	-	**(16,327)**	**(16,327)**	**3,703**	**-**	**3,703**
Loans to customers						
Loans that do not comply with SPPI	725,006	(345,957)	379,049	41,179	-	41,179
	725,006	**(345,957)**	**379,049**	**41,179**	**-**	**41,179**
Other financial assets and liabilities at fair value through profit or loss						
Securities						
Bonds and other fixed income securities						
Issued by Government and public entities	-	-	-	14,249	(9,632)	4,617
Issued by other entities	18,282	(8,433)	9,849	-	-	-
	18,282	**(8,433)**	**9,849**	**14,249**	**(9,632)**	**4,617**
Other financial assets	3,395,708	-	3,395,708	1,519,378	(1,371,492)	147,886
	3,395,708	**-**	**3,395,708**	**1,519,378**	**(1,371,492)**	**147,886**
	3,413,990	**(8,433)**	**3,405,557**	**1,533,627**	**(1,381,124)**	**152,503**
	172,200,301	**(8,324,052)**	**163,876,249**	**24,396,917**	**(12,325,120)**	**12,071,797**

This item records the potential fair value result and the result of sales of securities recorded in the financial assets portfolio at fair value through profit or loss, as defined in Note 2.4.

In the year ending 31 December 2023, the profit generated from the sale of Angolan public debt amounted to approximately kAOA 115,000,000.

30. Net gains/(losses) from Investment at amortised cost

	31-12-2023			31-12-2022		
	Income	Costs	Total	Income	Costs	Total
Investments at amortised cost						
Bonds and other fixed income securities						
Issued by Government and public entities	9,263,553	(12,012)	9,251,541	56,194,786	(1,853,564)	54,341,222
Issued by other entities	83,998	-	83,998	-	-	-
	9,347,551	**(12,012)**	**9,335,539**	**56,194,786**	**(1,853,564)**	**54,341,222**

As at 31 December 2023, the change in investment income at amortised cost is essentially due to the fact that financial instruments in this category were sold. The income generated as at 31 December 2022 refer to capital gains on the sale of Treasury Bonds in foreign currency, which had been acquired in the same year.

31. Foreign exchange results

This heading is composed as follows:

	31-12-2023			31-12-2022		
	Income	Costs	Total	Income	Costs	Total
Revaluation of assets and liabilities indexed to the USD	-	-	-	2,224	(13,122,732)	(13,120,508)
Foreign currency purchase and sale	16,967,076	(7,436,693)	9,530,383	15,557,336	(3,372,790)	12,184,546
Revaluation of the exchange rate position	8,139,664,803	(8,149,243,618)	(9,578,815)	7,300,618,561	(7,308,647,937)	(8,029,376)
Other	1,888	(61,606)	(59,718)	-	-	-
	8,156,633,767	**(8,156,747,028)**	**(113,261)**	**7,316,178,121**	**(7,325,143,459)**	**(8,965,338)**

This heading includes the earnings arising from the exchange rate revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.3.

32. Income from the sale of other assets

This heading is composed as follows:

	31-12-2023	31-12-2022
Gains on other tangible assets	-	109,980
Gains on non-current assets held for sale	50,661	-
	50,661	**109,980**
Losses on other tangible assets	(2,997,672)	(354,915)
Losses on non-current assets held for sale	-	(23,908)
	(2,997,672)	**(378,823)**
	(2,947,011)	**(268,843)**

As at 31 December 2023, losses on other tangible assets correspond to the write-off of land transport equipment that had not been fully depreciated.

33. Other operating income/(expense)

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Other operating income/(expense)			
Recovery of interest and expenses on overdue loans	872,882	-	-
Other gains and losses on investments in subsidiaries	69,353	306,102	306,102
Gains and losses on other tangible assets and intangible assets	-	13,176	13,176
Other operating income/(expense)	2,280,931	2,441,401	-
	942,235	**319,278**	**319,278**
Other operating charges			
Taxes and fees not imposed on earnings	(4,492,063)	(5,876,808)	(5,876,808)
Contributions – Deposit Guarantee Fund	(1,626,697)	(1,615,282)	(1,615,282)
Result of credit negotiations	(2,315,181)	(2,833,648)	(2,833,648)
Penalties applied by regulatory entities	(291,225)	(485,150)	(485,150)
Other operating charges	(1,135,658)	(5,260)	(5,260)
	(6,637,658)	**(8,055,469)**	**(10,496,870)**

The heading "Other operating expenses – Contributions – Deposit Guarantee Fund" corresponds to the payment of the periodic contribution to the Fund, in conformity with BNA Notice 1/19 of 11 January.

The item "Other operating costs – Result of credit negotiations" refers to the losses taken on by the Group as part of the restructuring and write-off of loans, which were already fully covered by the recognition of impairment losses.

34. Technical margin of insurance activity

	31-12-2023	31-12-2022
Technical margin of insurance activity	**24,341,827**	**21,374,581**
Revenues from insurance contracts	44,627,206	37,438,218
Insurance contract expenses	**(20,285,379)**	**(16,063,638)**
Claims and other expenses	(16,880,628)	(14,842,944)
Amortisation of acquisition costs	(3,404,751)	(1,220,694)
Technical margin of reinsurance activity	**(11,004,679)**	**(8,696,335)**
Reinsurance claims	2,254,116	1,168,348
Reinsurance contract premiums	(13,258,795)	(9,864,683)
Technical margin of insurance/reinsurance activity	**13,337,147**	**12,678,246**
Losses/income from the financial component of insurance/reinsurance contracts	**1,104,318**	**(2,456,519)**
Losses and income from the financial component (net) of insurance contracts	1,650,442	(2,011,018)
Losses and income from the financial component (net) of reinsurance contracts	(546,124)	(445,501)
	14,441,466	**10,221,726**

The balance under the heading "Premiums" refers to income from insurance contracts concluded.

The balance under "Compensations" refers to the cost of insurance claims.

35. Staff costs

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Wages and salaries	42,994,808	37,131,706	37,131,706
Other remuneration	29,317,740	21,121,612	19,774,912
Post-employment benefit costs	5,631,062	5,437,621	5,437,621
Social and mandatory charges	5,279,010	5,020,695	5,020,695
Other staff costs	3,601,179	2,354,929	2,354,929
	86,823,799	**71,066,563**	**69,719,863**

As at 31 December 2023, the variation in "Staff costs", except for "Other costs", is essentially due to promotions and new hires.

The heading "Other remuneration" includes the amount of kAOA 1,108,489 (2022: kAOA 1,005,990) related to the effect of loans granted to employees, in accordance with IAS 19.

The heading "Post-employment benefit costs" includes the amount of kAOA 4,235,144 (2022: kAOA 4,167,837) related to contributions to the Social Security fund. This heading also includes the amount of kAOA 1,385,778 (2022: kAOA 1,269,784) related to contributions to the BAI Pension Fund, as defined in Note 44.

The variation in the heading "Other costs" is mainly due to compensation paid by the Bank for the termination of contracts by mutual agreement.

The costs of remuneration and other benefits attributed to the Boards of Directors and Supervisory Boards of the Group's entities during the financial years 2023 and 2022 are as follows:

	31-12-2023				31-12-2022			
	Board of Directors	General Meeting Board	Supervisory Board	Total	Board of Directors	General Meeting Board	Supervisory Board	Total
Wages and salaries	7,257,665	2,000	254,316	7,513,981	6,182,725	6,000	183,545	6,372,269
Other remuneration	8,816,407	23,168	6,949	8,846,524	3,885,258	35,059	8,237	3,928,554
Post-employment benefit costs	954,792	-	-	954,792	379,505	-	-	379,505
	17,028,863	**25,168**	**261,265**	**17,315,296**	**10,447,488**	**41,059**	**191,782**	**10,680,328**

The number of employees at the Group, considering the number of employees who are permanent and those with fixed-term contracts, is broken down by professional category:

	31-12-2023		31-12-2022	
	Average for the year	**End of the year**	**Average for the year**	**End of the year**
Administrators	45	45	29	31
Direction and Coordination	144	152	102	99
Leadership and Management	388	383	372	376
Technical staff	1,641	1,677	1,680	1,699
Administrative	200	193	80	80
Other employees	65	68	37	39
	2,483	**2,518**	**2,300**	**2,324**

As at 31 December 2023, the variation in the number of employees was mainly due to new employees who have been hired.

36. Third-party supplies and services

This heading is composed as follows:

	31-12-2023	**31-12-2022 (Restated)**	**31-12-2022**
Audits, consulting and other specialised technical services	33,537,663	27,808,086	25,268,940
Consumables	10,670,976	16,686,215	16,686,215
Communications	6,745,021	12,274,436	12,274,436
Safety, maintenance and repair	5,376,354	7,083,121	7,083,121
Publications, advertising and publicity	3,955,222	4,729,818	4,729,818
Other third-party supplies	2,767,808	1,103,628	1,103,628
Other specialised services	1,977,028	1,400,469	1,400,469
IT services	1,934,081	1,187,485	1,187,485
Hire and rental charges	1,887,690	2,028,030	2,028,030
Retainers and fees	1,664,835	566,976	566,976
Transportation, travel and accommodation	1,660,971	1,002,757	1,002,757
Water and energy	638,798	384,273	384,273
Insurance	246,043	(139,092)	(139,092)
Cleaning services	165,526	43,807	43,807
Staff training costs	147,553	39,681	39,681
Security and surveillance services	56,351	9,814	9,814
Judicial, litigation and notary	15,593	-	-
Membership fees	9,086	-	-
Casual labour	5,432	-	-
	73,462,031	**76,209,505**	**73,670,359**

As at 31 December 2023, the heading “Rents and leases” includes the BAI amounts of kAOA 972,502 and kAOA 68,054, respectively, relating to low-value asset leasing contracts and short-term leasing contracts established by BAI, as described in the accounting policies (Note 2.23) (2022: kAOA 1,231,683 and kAOA 94,789, respectively).

Adjustments were made in 2022 under the heading "Insurance", relating to accrued costs from previous years created in excess of Nossa Seguros, with a greater impact on the Health, Work Accident and Motor insurance lines amounting to kAOA 160,997, kAOA 8,672 and kAOA 44,003, respectively.

The heading “Audits, consultancy and other specialised technical services” includes the fees invoiced by the External Auditor of Banco BAI (Group) as part of its external auditing duties, as well as other services, including those provided by its network, as follows:

	31-12-2023	31-12-2022
Auditing services	1,231,739	468,330
Other services than auditing not required by law	196,978	95,605
Other services than auditing required by law	40,501	304,141
	1,469,218	**868,076**

37. Depreciation and amortisation for the year

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Investment property	**119,708**	**72,642**	**72,642**
Intangible assets			
Automated data processing system	8,301,983	4,703,251	4,703,251
Other intangible assets	40,913	-	-
	8,342,896	**4,703,251**	**4,703,251**
Other tangible assets			
Properties in use			
Works on rented properties	1,387,816	984,489	984,489
Properties for own use	897,475	946,742	946,742
Furniture, utensils, installations and equipment			
Transport material	4,375,507	5,558,717	5,558,717
Machines and tools	1,850,114	1,513,000	1,513,000
IT equipment	1,717,141	895,889	895,889
Security equipment	766,054	542,234	542,234
Furniture and material	459,657	390,714	390,714
Other equipment	415,241	291,287	291,287
Interior installations	73,982	55,520	55,520
Other tangible assets	**73,642**	**74,731**	**74,731**
Right-of-use assets			
Real estate	1,304,868	924,660	924,660
Other assets	178,419	352,692	44,913
	13,499,916	**12,530,675**	**12,222,896**
	21,962,520	**17,306,568**	**16,998,789**

As at 31 December 2023, the variation of the heading "Data processing system" is due to the purchases being made by the Group to strengthen cybersecurity systems, communications and electronic channel platforms.

38. Provisions net of reversals

This heading is composed as follows:

	31-12-2023	31-12-2022
Allocation for the year (Note 20)	4,509,687	5,157,798
Reversal for the year (Note 20)	(1,688,234)	(1,090,752)
	2,821,453	**4,067,046**

39. Impairment for loans to customers net of reversals and recoveries

This heading is composed as follows:

	31-12-2023	31-12-2022
Loans to customers		
Allocation for the year net of reversals (Note 10)	(27,869,344)	(15,053,529)
Stage 3 adjustment (Note 10)	10,692,934	6,661,212,
Recovery of loans and interest charged-off	1,877,070	-
Signature loans		
Allocation for the year net of reversals (Note 20)	(10,829,965)	1,484,092
Allocation for the year (Note 20)	(17,383,026)	5,398,604
Reversals (Note 20)	6,541,708	(6,882,694)
	(26,129,305)	**(6,908,225)**

40. Impairment for other financial assets net of reversals and recoveries

This heading is composed as follows:

	31-12-2023	31-12-2022
Impairment for the year		
Cash and cash equivalents at central banks (Note 4)	-	(1,663,499)
Deposits at central banks and other credit institutions (Note 5)	(134,362)	(315,726)
Deposits at central banks and other credit institutions (Note 6)	(3,093,582)	(18,735,423)
Financial assets at fair value through other comprehensive income (Note 8)	(19,490)	(153,985)
Investments at amortised cost (Note 9)	(15,691,451)	(6,542,670)
	(18,938,885)	**(27,411,303)**
Reversal for the year		
Cash and cash equivalents at central banks (Note 4)	1,907,014	43,805
Deposits at central banks and other credit institutions (Note 5)	337,379	174,458
Deposits at central banks and other credit institutions (Note 6)	8,962,087	21,137,526
Financial assets at fair value through other comprehensive income (Note 8)	94,278	238,075
Investments at amortised cost (Note 9)	11,411,727	11,441,375
	22,712,485	**33,035,239**
	3,773,600	**5,623,936**

41. Impairment for other assets net of reversals and recoveries

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Allocations for the year			
Non-current assets held for sale (Note 11)	(45,449)	(658,334)	(658,334)
Other tangible assets (Note 13)	(806,094)	(244,102)	(244,102)
Other assets (Note 17)	(3,283,262)	(1,882,267)	(1,882,267)
Reversals for the year			
Investment property	-	133,080	133,080
Other tangible assets (Note 13)	-	2,756	2,756
Investments in subsidiaries and associates	-	1,920	1,920
Other assets (Note 17)	2,507,019	(8,021,913)	638,834
	(1,627,786)	**(10,668,860)**	**(2,008,113)**

42. Net income – associated companies and joint ventures (equity method)

This heading is composed as follows:

	31-12-2023	31-12-2022 (Restated)	31-12-2022
Shares in associates in the country			
Angola Capital Partners LLC	(6,536)	79,112	79,112
Imogestin, S.A.	348,127		-
	341,591	**79,112**	**79,112**
Holdings in associates abroad			
Banco Internacional de São Tomé e Príncipe	729,519	479,674	524,157
FIPA II - Angola Private Investment Fund	1,715,473	(1,101,881)	(1,101,881)
FIPA I – Angola Private Investment Fund	-	994,066	994,066
	2,444,992	**371,859**	**416,342**
	2,786,583	**450,971**	**495,454**

43. Segmental reporting

As at 31 December 2023 and 2022, the Group has defined the following business segments:

- **Corporate Banking:** includes banking activities for large companies (Large corporate) and small and medium-sized enterprises (SMEs). This segment includes financing for investment projects, secured current accounts, and loans to the public, mining and oil sectors;
- **Retail Banking:** includes banking activity with individual non-premium customers, as well as with sole proprietorships (ENI). Consumer credit, mortgage loans, credit cards and deposits collected from individuals are included in this segment;
- **Private Banking:** comprises lending and fund-raising activities with premium individual customers;
- **Trading and sales:** comprises banking activity related to the management of the Bank's own securities portfolio, transactions carried out in the monetary and foreign exchange markets. Investments and cash equivalents at other credit institutions are included in this segment; and,
- **Others:** comprises all business segments that were not covered by previous business lines, namely:
    - Transactions related to the issuance and management of payment methods;
    - Custody services: security and administration of securities on behalf of customers;
    - Intermediation related to the retail portfolio: includes banking activity with individuals, sole proprietorships and micro-enterprises, with regard to the reception and transmission of orders in relation to one or more financial instruments, execution of instructions requested by customers.

	31-12-2023					
	Corporate Banking	**Retail Banking**	**Private Banking**	**Trading and Sales**	**Other**	**Total**
Net Interest Income	**(10,408,112)**	**4,797,249**	**(17,435,754)**	**240,388,747**	**14,100,720**	**231,442,850**
Income from equity instruments	-	-	-	-	12,347	12,347
Income from services, fees and commissions	28,917,832	18,431,674	14,414,988	5,166,366	1,817,633	68,748,493
Expenses related to services, fees and commissions	(14,284,921)	(15,563,761)	(5,891,544)	(624,369)	(2,316,801)	(38,681,396)
Income from the sale of other assets	-	-	-	-	(2,947,011)	(2,947,011)
Net trading income	754,240	-	-	176,755,098	(4,503,057)	173,006,281
Other operating income/ (expense)	(1,538,066)	(194,520)	-	-	(4,905,072)	(6,637,658)
Operating income	**3,440,973**	**7,470,642**	**(8,912,310)**	**421,685,842**	**1,258,759**	**424,943,906**
Other costs and benefits	(10,797,564)	(3,803,570)	-	-	(177,224,111)	(191,825,245)
Non-controlling interests	-	-	-	-	(1,561,248)	(1,561,248)
Tax expenses	(1,898,577)	-	-	(18,897,061)	(2,395,005)	(23,190,643)
Individual Net Income for the Year	**(9,255,168)**	**3,667,072**	**(8,912,310)**	**402,788,781**	**(179,921,605)**	**208,366,770**
Cash and cash equivalents and investments at credit institutions (net)	271,657,038	-	-	1,506,777,700	16,676,785	1,795,111,523
Investments in securities and derivatives (net)	158,869,190	-	-	2,021,707,214	50,386,930	2,230,963,334
Loans to customers	516,362,438	233,383,072	11,947,854	-	-	761,693,364
Non-current assets held for sale	1,399,679	-	-	-	-	1,399,679
Investments in subsidiaries, associates and joint ventures	-	-	-	-	12,928,468	12,928,468
Other assets	35,650,942	15,893,550	-	184,287,160	225,016,163	460,847,815
Total net assets	**983,939,287**	**249,276,622**	**11,947,854**	**3,712,772,074**	**305,008,345**	**5,262,944,182**
Resources from central banks and other credit institutions	40,055,310	-	-	60,053,306	2,202	100,110,818
Customer resources and other loans	2,539,194,356	913,805,491	651,671,412	-	-	4,104,671,259
Other liabilities	16,807,620	1,529,645	-	21,048,848	250,193,751	289,579,864
Total net liabilities	**2,596,057,286**	**915,335,136**	**651,671,412**	**81,102,154**	**250,195,953**	**4,494,361,942**
Total equity	**-**	**-**	**-**	**-**	**-**	**768,582,240**
Total Liabilities and Equity	**2,596,057,286**	**915,335,136**	**651,671,412**	**81,102,154**	**250,195,953**	**5,262,944,182**

	31-12-2022					
	Corporate Banking	**Retail Banking**	**Private Banking**	**Trading and Sales**	**Other**	**Total**
Net Interest Income	**(781,158)**	**1,589,836**	**(14,464,244)**	**202,810,198**	**15,851,514**	**205,006,146**
Income from equity instruments	-	-	-	-	19	19
Income from services, fees and commissions	26,209,372	11,010,342	9,519,526	5,673,876	826,840	53,239,956
Expenses related to services, fees and commissions	(2,003,097)	(11,716,671)	(3,421,286)	(497,450)	(553,438)	(18,191,942)
Net trading income	993,907	-	-	56,509,469	(293,911)	57,209,465
Other operating income/ (expense)	(419,953)	-	-	(3,747,889)	(3,887,627)	(8,055,469)
Operating income	**23,999,071**	**883,507**	**(8,366,004)**	**260,748,204**	**11,943,397**	**289,208,175**
Other costs and benefits	(180,976,992)	-	-	-	(3,060,202)	(184,037,194)
Income from discontinued and/ or discontinuing operations	(3,836,612)	-	-	-	-	(3,836,612)
Non-controlling interests	-	-	-	-	(1,091,350)	(1,091,350)
Individual Net Income for the Year	**(160,814,533)**	**883,507**	**(8,366,004)**	**260,748,204**	**7,791,845**	**100,243,019**
Cash and cash equivalents and investments at credit institutions (net)	185,751,454	-	-	1,208,847,773	3,264,962	1,397,864,189
Investments in securities and derivatives (net)	96,381,699	-	-	1,341,931,991	40,065,127	1,478,378,817
Loans to customers	218,097,315	222,654,108	29,995,965	-	55,306,762	526,054,150
Non-current assets held for sale	-	-	-	-	851,776	851,776
Investments in subsidiaries, associates and joint ventures	-	-	-	-	7,595,039	7,595,039
Other assets	40,122,759	-	-	-	207,090,416	247,213,175
Total net assets	**540,353,227**	**222,654,108**	**29,995,965**	**2,550,779,764**	**314,174,082**	**3,657,957,146**
Resources from central banks and other credit institutions	64,881,727	-	-	63,687,968	-	128,569,695
Customer resources and other loans	1,428,461,535	867,881,387	483,420,623	2,097,175	81,347,122	2,863,207,842
Other liabilities	7,736,745	-	-	-	127,943,467	135,680,212
Total net liabilities	**1,501,080,007**	**867,881,387**	**483,420,623**	**65,785,143**	**209,290,589**	**3,127,457,749**
Total equity	**-**				**-**	**530,499,397**
Total Liabilities and Equity	**1,501,080,007**	**867,881,387**	**483,420,623**	**65,785,143**	**209,290,589**	**3,657,957,146**

44. Employee benefits

BAI

Law 07/04 of 15 October, which regulates the Social Security system in Angola, provides for the granting of retirement pensions to all Angolan workers enrolled in Social Security. The amount of these pensions is calculated on the basis of a table proportional to the number of years of work, applied to the average monthly gross wages received in the years immediately preceding the date on which the employee stopped working. According to Presidential Decree 227/18 of 27 September, the contribution rates for this system are 8% for the employer and 3% for the employees, unless the employee is retired, the contribution rate is set at 8%. In 2004, the Bank made the commitment, on a voluntary basis, through the establishment of a pension fund, to grant its employees, or their families, cash benefits as a retirement supplement for old age, disability, early retirement and death allowance, under the terms agreed in the contract establishing the "BAI Pension Fund".

Until 31 December 2009, the Bank had granted, on a voluntary basis, in the form of a defined benefit, a retirement supplement for old age, disability, early retirement and survivor's pensions to its employees. On 21 November 2012, Order 2529/12 approved by the Ministry of Finance was published in the Official Gazette, whose sole point was the approval of the amendments to the pension plan and to the contract establishing the Bank's Workers' Pension Fund, which thus went from a defined benefit pension plan to a defined contribution plan, through voluntary membership.

Following the aforesaid amendment to the Fund, the defined benefit pension plan was maintained for existing pensioners and for participants who terminated their contractual relationship with the Bank and with acquired rights until 31 December 2009.

Also, according to the amendment approved in 2012 to the Fund's constitution contract, BAI should make a monthly contribution of 6% of employees' salaries, with a contribution of 3% of the Fund's participants' salaries to the new defined contribution plan also being established.

As at 31 December 2012, the Bank had made an exceptional provision for the 3% contribution on salaries corresponding to the potential liability of the participants (employees). In 2013, in view of the above, this provision was annulled, and this procedure was supported by legal advice and a favourable decision by the Angolan Insurance Regulation and Supervision Agency (ARSEG).

It should also be noted that, between 2010 and December 2013, the Bank created provisions related to its potential contribution of 6% on employees' salaries and decided that it will consider this period, even if there is no contribution from employees, as a pensionable length of service for the participants who joined the Fund.

The management of the "BAI Pension Fund" was transferred from AAA Pensões, S.A. to NOSSA – Nova Sociedade Angolana de Seguros de Angola, S.A. on 31 October 2013 in accordance with the Order of the Ministry of Finance, dated 28 October 2013.

BAI began to deduct the monthly amount corresponding to 3% of the salary of the employees who joined the Fund, maintaining its contribution of 6% on the salary of those employees.

With regard to the amount to be reimbursed to employees, formerly covered by the Defined Benefit Plan, and who were transferred to the Defined Contribution Pension Plan, the Fund currently has the funding to cover this liability.

With regard to the Defined Benefit Plan that was still in force, it was decided that all the liabilities should be paid-up to all this fund's participants (former employees and pensioners), so this fund was fully settled by 31 December 2015. This whole process was monitored and authorised by ARSEG.

BAI Cabo Verde (BAI CV)

The Bank has no liability whatsoever for pensions, retirement supplements or other long-term benefits to be granted to its employees.

The Bank may award extraordinary remuneration to employees not arising from contractual obligations. These remunerations are awarded by resolution of the Board of Directors on an unspecified date in a given financial year and are paid in the same financial year.

However, whenever certain conditions are met, in particular the over-achievement of the business objectives set for the period, the Board of Directors may set aside an amount for extraordinary remuneration to be paid to employees during that period.

BAI Europa (BAIE)

As described in Note 2.16, BAIE undertakes to provide its employees covered by the Vertical Collective Bargaining Agreement for the Portuguese Banking Sector (ACTV), or their families, with cash benefits by way of old-age or disability retirement, early retirement or survivors' benefits, under the terms agreed under the ACTV annexed to the contract of subscription to the pension fund of Ocidental – Sociedade Gestora de Fundos de Pensões, S.A.

With the publication of Decree-Law 1-A/2011 of 3 January (Portuguese legislation), the employees covered by the ACTV who were of working age on 4 January 2011, are now covered by the General Social Security Scheme (RGSS), with regard to old-age retirement benefits and maternity, paternity and adoption benefits, the costs of which the Bank no longer bears. Thus, from then on, the defined benefit plan for employees covered by the ACTV with regard to the old-age retirement benefit was financed by the Pension Fund, for liabilities for services rendered up to that date, and by Social Security, for liabilities for services rendered from that date onwards. However, after 4 January 2011, the Pension Fund will continue to be responsible for covering liabilities for death and disability, survivors' benefits and the old-age supplement, in order to bring the pension of Pension Fund members into line with the current pension plan.

With the publication of Decree-Law 167-E/2013 and Ordinance 378-G/2013 (Portuguese legislation), the normal age of access to the old-age pension in the RGSS was changed, which became variable, depending on the evolution of average life expectancy at the age of 65. As a result of this change, the old-age pension to be earned between the age of 65 (presumed invalidity) and the new normal retirement age by the Social Security system will be borne entirely by the BAIE, without the Social Security pension being deducted.

The amount of liabilities for past services of the Bank's employees is determined in accordance with IAS 19.

Ocidental – Sociedade Gestora de Fundos de Pensões, S.A. is the entity responsible for drawing up the actuarial valuations needed to calculate the liabilities for retirement and survivors' pensions, as well as managing the pension fund.

The actuarial valuation method used is Projected Unit Credit.

BAIE determines the total value of the liabilities on an annual basis, through calculations carried out by independent actuaries, using the aforementioned method and actuarial assumptions deemed appropriate.

The number of employees and pensioners benefiting (all related to BAIE) from pension plans financed by the pension fund is:

	31-12-2023	31-12-2022
Employees - Working population	7	8
Pensioners	1	1
Old-age pensioners	3	3
Former participants	21	20

The main actuarial and financial assumptions used to calculate pension liabilities are:

	Assumptions	
	31-12-2023	31-12-2022
Verified hypotheses		
From fund income	3.59%	3.72%
From salary growth	2.00%	2.00%
Interest technique	3.59%	3.72%
From pension growth	1.50%	1.50%
Demographic hypotheses verified		
Mortality table	TV 88/90	TV 88/90
Disability table	Suisse Re 2001	Suisse Re 2001
Retirement age	65 years	65 years
Percentage of married people	80.00%	80.00%

Within the scope of the ACTV Pension Plan, the actuarial study that served as the basis for the records includes the total period of service in banking of all BAIE employees on those dates. With regard to the population made up of former participants in the fund, the period considered for the purpose of calculating liabilities was the length of service at BAIE. The duration of the Fund's liabilities in December 2023 is 20 years.

In addition, BAIE recognises liabilities for post-employment medical care (SAMS) and long-term employee benefits (ACTV seniority bonus). The amount of liabilities to SAMS and seniority bonuses is as follows following:

	31-12-2023	31-12-2022
Liabilities due to past medical care services – SAMS	89,844	46,915
Changes in cost (gain) for the year	5,326	(30,566)
Liabilities due to past services with seniority bonus – ACTV	24,486	13,833
Changes in cost (gain) for the year	909	(2,998)

The financial coverage of liabilities for past services is presented as follows:

	31-12-2023	31-12-2022
Total past liabilities		
Liability due to pensions under payment	214,777	124,077
Past service liabilities of active staff	1,301,679	682,048

The assets of the pension fund are as follows:

	31-12-2023	31-12-2022
Pension fund assets		
Opening balance	1,612,803	2,148,270
Pension fund income (net)	256,791	(209,635)
Retirement pensions paid by the pension fund	(10,399)	(5,828)
Survivors' pensions paid by the pension fund	(12,836)	(7,243)
Changes in exchange rate	1,135,999	(312,761)
Closing balance	**2,982,358**	**1,612,803**
Degree of coverage according to annual report	200.10%	200.10%
Minimum level of liabilities to be covered (95% of (b) + 100% of (a))	1,315,808	772,023

In addition to the ACTV Pension Plan, BAIE granted its employees a supplementary pension until 30 June 2005, provided for in the Complementary Plan to the ACTV. Under this plan, employees who joined BAIE on that date are entitled to a supplementary retirement and survivor's pension, calculated on the basis of the length of service at BAIE and the salary earned up to that date. Considering that, according to the Collective Membership Contract, these liabilities should have been transferred to an individual membership or to another one that complies with the legislation in force, in 2010 the respective individual memberships were transferred of the value of kAOA 86,895 (EUR 93,633).

As at 31 December 2023 and 2022 the financial statements record the following elements related to the coverage of pension liabilities:

	31-12-2023	31-12-2022
Total past liabilities		
Liability due to pensions under payment	214,777	124,077
Past service liabilities of active staff	1,301,679	682,048
Closing balance	**1,516,456**	**806,125**
Pension fund assets	2,982,358	1,612,803
Provision for retirement pension liabilities	717,787	806,125
Actuarial gains (losses) recognised in retained earnings		
Annual variation	(79,200)	348,673
Cumulative value	1,591,118	584,882

The composition of the pension fund's assets does not include any: i) assets being used by the Group; and ii) securities issued by the Group.

The amounts reflected in staff costs (Note 35) for the Group's pension liabilities in 2023 and 2022 are as follows:

	31-12-2023	31-12-2022
Net cost amounts recognised		
Current service cost	13,511	15,549
Interest costs	50,639	18,191
Expected return on pension fund assets	75,981	11,105
Total	**140,131**	**44,845**

The movement during the 2023 financial year in the present value of liabilities for past services is shown below:

	31-12-2023	31-12-2022
Liabilities at the beginning of the year	**806,125**	**1,585,732**
Current service cost	13,511	15,549
Interest costs	50,639	18,191
Expected return on pension fund assets	(75,981)	(11,105)
Actuarial gains and losses recognised in retained earnings	(79,200)	(348,673)
Retirement pensions paid by the pension fund	(10,399)	(5,828)
Survivors' pensions paid by the pension fund	(12,836)	(7,243)
Net return on the fund	256,791	(209,635)
Changes in exchange rate	(230,863)	(230,863)
Total	**717,787**	**806,125**

There were no actuarial deviations as at 31 December 2023. The actuarial deviations that occurred as at 31 December 2022 are detailed as follows:

	31-12-2023	31-12-2022
Actuarial losses and (gains)		
Relating to differences between assumptions and realised values	-	(348,673)
Total	**-**	**(348,673)**

As at 31 December 2023 and 2022, the elements that make up the value of the pension fund's assets are as follows:

	31-12-2023	31-12-2022
Liquidity	1.32%	2.31%
Bonds	67.39%	66.14%
Shares	26.82%	26.70%
Real estate and hedge funds	4.47%	4.85%
Total	**100.00%**	**100.00%**

45. Off-balance sheet accounts

This heading is composed as follows:

	31-12-2023	31-12-2022
Guarantees granted	162,597,768	138,697,544
Commitments made to third parties	80,744,313	65,478,917
Assets under deposit	(1,022,715,354)	(621,788,928)
Guarantees received	(1,482,085,152)	(728,352,799)
Responsibilities for the provision of services		
Securities custody	40,484,523	592,165,558
Other liabilities due to services rendered	85,226,339	27,132,487
BNA Securities Custody (Soyo)	6,101,917	11,321,731
Treasury Bills	2,539,463	3,914,522
Consigned values	2,344,680	1,425,417
Loans written off from the assets		
Capital	(350,525,202)	(268,191,868)
Interest overdue	(229,421,598)	(172,429,853)
Assets pledged as collateral	25,428,479	14,972,159
Loans provided by third parties	96,479,606	90,320,934
Other off-balance sheet accounts	56,089,828	4,718,891

The amount of loans granted by third parties corresponds to investments in other credit institutions that are collateralised with credit operations granted and letters of credit.

The breakdown of these exhibitions by stage is shown below:

31-12-2023	Stage 1	Stage 2	Stage 3	Total
Guarantees granted	101,121,952	6,049,092	41,440,000	148,611,044
Commitments made to third parties	58,406,489	-	192,155	58,598,644
	159,528,441	**6,049,092**	**41,632,155**	**207,209,688**

31-12-2022	Stage 1	Stage 2	Stage 3	Total
Guarantees granted	73,962,303	-	23,323,640	97,285,943
Commitments made to third parties	62,431,229	-	3,842,743	66,273,972
	136,393,532	**-**	**27,166,383**	**163,559,915**

Guarantees, sureties provided and commitments made to third parties include exposures provided by BAI, which are subject to ECL calculation in accordance with the respective Impairment model defined by the Bank and in accordance with the requirements of IFRS 9.

As at 31 December 2023 and 2022, these exposures at BAI level (the bank with the largest exposure and the greatest representativeness in provisions for signature loans, see Note 20), as well as the associated impairment, are broken down as follows:

31-12-2023	Individual Analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Guarantees granted	47,262,879	25,334,576	84,910,851	1,145,161	132,173,730	26,479,737
Commitments made to third parties	192,155	47,357	22,046,081	925,452	22,238,236	972,809
	47,455,034	**25,381,933**	**106,956,932**	**2,070,613**	**154,411,966**	**27,452,546**

31-12-2022	Individual Analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Guarantees granted	43,367,963	3,265,278	47,386,110	1,527,834	90,754,073	4,793,112
Commitments made to third parties	4,121,768	847,818	31,843,913	80,551	35,965,681	928,369
	47,489,731	**4,113,096**	**79,230,023**	**1,608,385**	**126,719,754**	**5,721,481**

The guarantees and sureties provided are banking operations that do not result in the mobilisation of funds by the Group and include bank guarantees and documentary credits.

Documentary credit represents irrevocable commitments made by the Group, on behalf of its customers, to pay/order to pay a specified amount to the supplier of a given product or service, within a stipulated period, against the presentation of documents related to the shipment of the products or provision of the service. The irrevocable condition consists in the fact that cancellation or amendment is not feasible without the express agreement of all the parties involved.

The heading "Guarantees and sureties provided" includes the guarantees provided by the Bank to the General Tax Administration in the form of public debt securities amounting to kAOA 24,529,141 (2022: kAOA 24,390,347) as part of ongoing tax inspection procedures (Notes 9 and 15).

Commitments made before third parties present contractual agreements for the granting of credit with the Group's customers (for example unused lines of credit) which, in general, are contracted for fixed terms or with other expiry requirements and usually require the payment of a commission. Substantially, all current credit-granting commitments require customers to maintain certain requirements verified when contracting them. They can be revocable and irrevocable.

Notwithstanding the particularities of these commitments, the assessment of these transactions follows the same basic principles as any other commercial transaction, namely that of solvency, both of the customer and of the underlying business, and the Group requires that these transactions be duly collateralised when necessary. Since most of them are expected to expire without having been used, the indicated amounts do not necessarily represent future cash requirements.

All the financial instruments mentioned above are subject to the same approval and control procedures applied to the portfolio of loans to customers, namely regarding the assessment of the adequacy of the provisions, constituted as described in the accounting policy referred to in Note 2.6. This provision is recorded under the heading "Provisions", as described in Note 20.

46. Transactions with related parties

Pursuant to IAS 24, entities related to the Group are considered to be:

i) Holders of qualifying shareholdings

- Entities that are directly or indirectly in a controlling or group relationship with the BAI Group

ii) Members of the Group's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree of the straight line, considered to be the ultimate beneficiaries of transactions or assets

iii) Subsidiaries, associates and joint ventures

- Entities that are directly or indirectly in a controlling or group relationship with the BAI Group

iv) Other entities

- Entities associated with or that constitute joint ventures of the Group;
- Subsidiaries of entities associated or that constitute joint ventures of the Group;
- Entities controlled or jointly controlled by holders of qualifying shareholdings and/or members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree in a straight line.

For the purposes of the Group, the information presented in this Note refers to the Group's position with related parties as listed below.

The Group's related parties with which it maintained balances or transactions in the period ended 31 December 2023 and 2022 are as follows:

Name of the related party	%	Head office
Companies that are directly or indirectly controlled by the Bank		
BAI Europa S.A.	99.99%	Portugal
BAI Cabo Verde S.A.	81.63%	Cape Verde
NOSSA – Nova Sociedade de Seguros de Angola S.A.	72.24%	Angola
SAESP – Sociedade Angolana de Ensino Superior Privado S.A.	20.00%	Angola
AUREA S.A.	99.61%	Angola
BAI SGPS, S.A.	n.a.	Angola
BAI Invest S.A.	n.a.	Angola
BAI Foundation	100.00%	Angola
Pay4All	79.05%	Angola

Name of the related party	%	Head office
Members of the BAI Board of Directors		
Mário Alberto dos Santos Barber – Chairman	n.a.	n.a.
Theodore Jameson Giletti – Vice-Chairman	n.a.	n.a.
Hélder Miguel Palege Jasse de Aguiar – Vice-Chairman	n.a.	n.a.
Diogo Neto Viana – Director	n.a.	n.a.
Ana Maria Fernandes dos Santos Machado – Director	n.a.	n.a.
Maria João de Almeida – Director	n.a.	n.a.
Carlos Manuel Flora Amorim Guerra – Director	n.a.	n.a.
Ana Regina Jacinto da Silva Correia Victor – Director	n.a.	n.a.
Luís Filipe Rodrigues Lélis – Chief Executive Officer	n.a.	n.a.
Inokcelina Ben'África dos Santos de Carvalho – Director	n.a.	n.a.
Simão Francisco Fonseca – Director	n.a.	n.a.
João Cândido Soares de Moura Oliveira Fonseca – Director	n.a.	n.a.
Irisolange Azulay Soares de Menezes Verdades – Director	n.a	n.a.
José Carlos Castilho Manuel – Director	n.a.	n.a.
Juvelino da Costa Domingos – Director	n.a.	n.a.
Members of the BAI Supervisory Board		
Júlio Ferreira Sampaio – Chairman	n.a.	n.a.
Jorge Manuel Felices Morgado – Member	n.a.	n.a.
Naiole Cristina Cohen dos Santos Guedes – Member	n.a.	n.a.
Isabel Lopes – Alternate Member	n.a.	n.a.
Cristina Alfredo Augusto Rafael Silvestre – Alternate Member	n.a.	n.a.

Other Related Parties	%	Head office
BISTP – Banco Internacional de São Tomé e Príncipe S.A.	25%	São Tomé e Príncipe
IMOGESTIN SA	n.a.	Angola
FIPA I*	25.64%	Luxemburgo
FIPA II Angola Private Investment Fund	37.89%	Luxemburgo
Fundo Investimento Privado Angola SARL	n.a.	Luxemburgo
Angola Capital Partners LLC	47.50%	Delaware
ACP Advisors	33.33%	Delaware

* In the process of being liquidated

Pension fund	%	Head office
BAI Pension Fund	n.a.	Angola

Companies where members of the governing bodies have significant influence	%	Head office
Empreendimentos Angolanos de Hotelaria	50%	Angola
FDB Negócios	100%	Angola
Clinicase Lda.	50%	Angola

The shareholding position of the members of the Governing Bodies is shown in Note 23.

The value of the Group's transactions with related parties as at 31 December 2023 and 2022, as well as the respective costs and income recognised in the period under review, are summarised as follows:

Amounts in thousands of kwanzas	31-12-2023								21-12-2022
	Spouses, ascendants and descendants	Members of governing bodies	Holders of Relevant Management Functions or Positions	Subsidiaries, associates and joint ventures	Other Related Parties	BAI Pension Fund	Companies where members of the governing bodies have significant influence	Total	Total
Assets									
Financial assets at fair value through other comprehensive income	-	-	-	-	7,544,385	-	-	7,544,385	5,698,256
Investments in subsidiaries, associates and joint ventures	-	-	-	-	7,434,433	-	-	7,434,433	4,481,803
Loans to customers	125,299	2,783,607	315,163	-	-	-	-	3,224,069	4,915,421
Direct loans	130,367	2,875,503	343,382	-	-	-	-	3,349,253	23,783,200
Loan portfolio impairment	(5,068)	(91,896)	(28,219)	-	-	-	-	(125,183)	(18,867,779)
Other assets	-	1,013,462	413,735	-	-	-	-	1,427,197	4,431,018
Total Assets	**125,299**	**3,797,069**	**728,899**	**-**	**14,978,818**	**-**	**-**	**19,630,084**	**19,526,498**
Liabilities									
Resources from customers and other credit institutions	5,208,358	17,194,072	373,478	-	-	170,876	227,722	23,174,506	44,448,175
Demand deposits	1,613,642	10,668,225	106,785	-	-	170,876	75,669	12,635,198	17,451,711
Term deposits	3,594,716	6,525,847	266,692	-	-	-	152,054	10,539,309	26,996,464
Subordinated liabilities	-	-	-	-	-	-	-	-	8,286
Other liabilities	14,490	8,926	1,234	-	-	-	-	24,650	1,914,996
Total Liabilities	**5,222,848**	**17,202,998**	**374,711**	**-**	**-**	**170,876**	**227,722**	**23,199,156**	**46,371,457**
Off-balance sheet items									
Guarantees received	28,997	647,046	2,006,550	-	-	-	-	2,682,593	11,836,687
Loans written off from the assets	-	-	-	-	-	-	-	-	14,213,332
Guarantees provided	-	166,619	-	-	-	-	-	166,619	120,762
Commitments made to third parties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,706**

	31-12-2022					21-12-2021
	Family of the members of governing bodies	Members of governing bodies	Subsidiaries, associates and joint ventures	Other Related Parties	Total	Total
Assets						
Financial assets at fair value through other comprehensive income	-	-	-	5,698,256	5,698,256	446,155
Investments in subsidiaries, associates and joint ventures	-	-	1,399	4,480,404	4,481,803	7,901,517
Loans to customers	91,681	2,080,443	1,110	2,742,187	4,915,421	19,511,444
Direct loans	104,824	2,186,358	1,113	21,490,905	23,783,200	42,221,835
Loan portfolio impairment	(13,143)	(105,915)	(3)	(18,748,718)	(18,867,779)	(22,710,391)
Other assets	-	-	4,431,018	-	4,431,018	4,932,928
Total Assets	**91,681**	**2,080,443**	**4,433,528**	**12,920,846**	**19,526,498**	**32,792,045**
Liabilities						
Resources from customers and other credit institutions	3,163,877	36,427,966	3,440,513	1,415,819	44,448,175	40,734,554
Demand deposits	1,262,863	14,482,793	437,187	1,268,867	17,451,711	20,181,358
Term deposits	1,901,014	21,945,173	3,003,325	146,952	26,996,464	20,553,197
Subordinated liabilities	-	8,926	-	-	8,926	57,528
Other liabilities	10,504	1,902,697	1,795	-	1,914,996	512,492
Total Liabilities	**3,174,380**	**38,338,949**	**3,442,308**	**1,415,819**	**46,372,096**	**41,304,575**
Off-balance sheet items						
Guarantees received	6,368	766,825	-	11,063,494	11,836,687	18,217,533
Loans written off from the assets	-	-	-	14,213,332	14,213,332	16,618,583
Guarantees provided	-	120,762	-	-	120,762	964,568
Commitments made to third parties	-	1,706	-	-	1,706	33,023
Assets and guarantees received as collateral	**-**	**-**	**-**	**-**	**-**	**6,232**

Net interest income	31-12-2023				21-12-2022
	Spouses, ascendants and descendants	Members of governing bodies	Holders of Relevant Management Functions or Positions	Total	Total
Interest on loans to customers	17,087	211,726	28,829	257,643	2,442,519
Interest and similar income	**17,087**	**211,726**	**28,829**	**257,643**	**2,442,519**
Interest on customer resources	(285,279)	(415,077)	(8,673)	(709,029)	(1,259,894)
Interest and similar expenses	**(285,279)**	**(415,077)**	**(8,673)**	**(709,029)**	**(1,259,894)**
Net interest income	**(268,191)**	**(203,351)**	**20,156**	**(451,386)**	**1,182,625**

Net interest income	31-12-2022					21-12-2021
	Family of the members of governing bodies	Members of governing bodies	Subsidiaries, associates and joint ventures	Other Related Parties	Total	Total
Interest on deposits and investments at credit institutions	-	-	-	-	-	4,121
Interest on loans to customers	8,848	62,335	5,102	2,366,234	2,442,519	5,612,049
Interest and similar income	**8,848**	**62,335**	**5,102**	**2,366,234**	**2,442,519**	**5,616,170**
Interest on customer resources	(207,566)	(568,140)	(39,620)	(444,568)	(1,259,894)	(920,667)
Interest and similar expenses	**(207,566)**	**(568,140)**	**(39,620)**	**(444,568)**	**(1,259,894)**	**(920,667)**
Net interest income	**(198,718)**	**(505,805)**	**(34,518)**	**1,921,666**	**1,182,625**	**4,695,503**
Premiums and bonuses	-	-	-	-	-	843,703
Severance payments	-	-	-	-	-	(215,851)
Mathematical reserves	-	-	-	-	-	11,620
Unexpired risk reserve net of reinsurance	-	-	-	-	-	(43,112)
Provisions for temporary disabilities from accidents at work	-	-	-	-	-	13,120
Provision for collection bonuses	-	-	-	-	-	(200,900)
Net interest income	-	-	-	-	-	**408,580**

Remuneration costs and other benefits attributed to the Group's key management personnel (short and long term) are presented in Note 35.

Transactions with related parties are carried out under the following conditions, according to Group policy:

- Commercial transactions – conducted under normal market conditions and applicable to transactions with the same features and to customers with a similar profile, in terms of, among others, level of risk, turnover, sector of activity, etc., according to the price rate charged by the Group i.e. the price of the transactions must be established using the comparable market price method;

- Cost-sharing transactions – the price of transactions is defined using the increased cost method.

47. Fair value of financial assets and liabilities

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

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model that, necessarily have some degree of judgement and reflect exclusively the value attributed to different financial instruments. However, it does not consider prospective factors, like the future business evolution. Therefore, the values presented cannot be understood as an estimate of the economic value of the Group.

The fair value of the financial assets and liabilities held by the Group as at 31 December 2023 and 2022 is as follows:

31-12-2023	Amortised cost	Measured at fair value			Total Balance Sheet value	Fair value
		Market quotes	Valuation models with observable market parameters	Valuation models with parameters not observable in the market		
		(Level 1)	(Level 2)	(Level 3)		
Balance as at 31 December 2023						
Cash and cash equivalents at central banks	626,508,683	-	-	-	626,508,683	626,508,683
Cash and cash equivalents at other credit institutions	142,880,126	-	-	-	142,880,126	142,880,126
Deposits at central banks and other credit institutions	1,025,722,714	-	-	-	1,025,722,714	1,025,722,714
Financial assets at fair value through profit or loss	-	23,331,592	676,017,552	282,999	699,632,142	699,632,142
Financial assets at fair value through other comprehensive income	-	75,831,516	-	6,901,990	82,733,506	82,733,506
Investments at amortised cost	1,448,597,686	-	-	-	1,448,597,686	1,455,173,424
Loans to customers	761,552,998	-	-	140,366	761,693,364	735,794,263
Other assets	283,003,432	-	-	6,496	283,009,928	283,009,928
Financial assets	**4,288,265,639**	**99,163,108**	**676,017,552**	**7,331,851**	**5,070,778,149**	**5,051,454,786**
Resources from central banks and other credit institutions	100,110,818	-	-	-	100,110,818	100,110,818
Customer resources and other loans	4,104,671,259	-	-	-	4,104,671,259	4,104,671,259
Subordinated liabilities	4,054,996	-	-	-	4,054,996	4,054,996
Financial liabilities	**4,208,837,073**	**-**	**-**	**-**	**4,208,837,073**	**4,208,837,073**

31-12-2022	Amortised cost	Measured at fair value			Total Balance Sheet value	Fair value
		Market quotes	Valuation models with observable market parameters	Valuation models with parameters not observable in the market		
		(Level 1)	(Level 2)	(Level 3)		
Balance as at 31 December 2022 (Restated)						
Cash and cash equivalents at central banks	683,007,360	-	-	-	683,007,360	683,007,360
Cash and cash equivalents at other credit institutions	66,722,242	-	-	-	66,722,242	66,722,242
Deposits at central banks and other credit institutions	648,134,587	-	-	-	648,134,587	648,134,587
Financial assets at fair value through profit or loss	-	16,000,394	578,741,199	18,244,217	612,985,810	612,985,810
Financial assets at fair value through other comprehensive income	-	58,413,498	-	3,437,509	61,851,007	61,851,007
Investments at amortised cost	803,542,000	-	-	-	803,542,000	803,542,000
Loans to customers	525,901,619	-	-	152,531	526,054,150	526,054,150
Other assets	92,361,531	-	-	6,531	92,368,062	92,368,062
Financial assets	**2,819,669,339**	**74,413,892**	**578,741,199**	**21,840,788**	**3,494,665,218**	**3,494,665,218**
Resources from central banks and other credit institutions	128,569,695	-	-	-	128,569,695	128,569,695
Resources from customers and other loans	2,863,207,842	-	-	-	2,863,207,842	2,863,207,842
Subordinated liabilities	2,382,592	-	-	-	2,382,592	2,382,592
Financial liabilities	**2,994,160,129**	**-**	**-**	**-**	**2,994,160,129**	**2,994,160,129**

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

- Existence of frequent daily trading quotes in the last year;
- The quotes mentioned above change regularly;
- There are enforceable quotes from more than one entity.

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

- If its value is determined in an active market;
- If an Over-the-Counter (OTC) market exists and it is reasonable to assume that active market conditions are observed, with the exception of the condition of trading volumes; and,
- The value of the parameter can be obtained by inversely calculating the prices of financial instruments and/or derivatives where the other parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that comply with the previous paragraphs.

As at 31 December 2023 and 2022, a significant part of the financial assets accounted for at fair value were classified in levels 2 and 3, despite the fact that, in some situations, they were priced on the Angolan capital market (BODIVA). The fact that this market started operating at the end of 2016, given the low liquidity and depth of the capital market and its current embryonic phase, it was considered that they did not have the necessary conditions to be classified at level 1.

The main methodologies and assumptions used to estimate the fair value of financial assets and liabilities recorded on the balance sheet at amortised cost are analysed as follows:

Cash and cash equivalents at central banks, Cash and cash equivalents at other credit institutions, and Deposits at central banks and other credit institutions

These assets are very short-term, so the carrying amount is a reasonable estimate of their respective fair value.

Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income

These financial instruments are stated at fair value for Angolan public debt securities. The fair value is based on the market prices available on BODIVA, whenever they are available. If these do not exist, the calculation of fair value uses numerical models, based on cash flow discounting techniques that, in order to calculate fair value, use market interest rate curves adjusted by the associated factors, predominantly credit risk and liquidity risk, determined according to market conditions and respective time frames.

Market interest rates are calculated on the basis of information provided by financial content providers and the regulators of the markets in which the Group's entities operate. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the cash flows non-deterministic such as indexes.

In the context of the assessment of the fair value of Treasury Bonds in foreign currency classified at level 3 of the fair value hierarchy, it is based on a discount curve determined considering risk-free interest rates (American Treasury Bonds) plus a country risk premium, considering the sources of reference information in the financial markets.

The best estimate of the fair value of the investment funds is considered to be that in the financial statements of these bodies on the Group’s reporting date and, whenever possible, with the respective report of the auditors.

The BAIE, for financial instruments listed on the market, gives priority in the prices used to those observed on official markets, and in cases where there is more than one official market available, the option falls on the main market where these financial instruments are traded. BAIE considers market prices to be those published by independent entities (namely Bloomberg and Reuters), on the assumption that they act in their own economic interest and that these prices are representative of the active market, using, whenever possible, prices provided by more than one entity (for a given asset and/or liability). In the process of revaluing financial instruments, BAIE analyses the different prices in order to select the one that seems most representative of the instrument under analysis.

For equity instruments, the historical dividend distribution rate, the estimated profit growth and opportunity cost are considered, and the average rate of return of the banking sector as the opportunity cost.

As at 31 December 2023 and 2022, there were no transfers of financial instruments between level 2 and level 3 of the fair value hierarchy.

Investments at amortised cost

The fair value of these financial instruments is based on market prices, when available. If there are none, the fair value is estimated based on the discounted expected future cash flows of principal and interest for these instruments. To carry out the cash flow method, the opportunity cost rate was calculated based on the interest rates of the most recent public debt issues in national currency for national currencies, and on the yields of Eurobonds on the reference date for foreign currencies.

For the purposes of this disclosure, it was assumed that Treasury Bills have short-term residual maturities and that Treasury Bonds in foreign currency have interest rates in line with comparable market rates in force, so that their carrying amount substantially represents the fair value of these assets.

BAIE does not disclose the difference between the carrying amount and the fair value of financial assets/liabilities measured at amortised cost, because these financial instruments do not have an active market available and we believe that the respective price conditions (interest rates applied) do not differ significantly from market rates, financial instruments with longer maturities are subject to variable remuneration rates and fixed remuneration rate instruments have a maturity of less than 6 months, so the Net Present Value (alternative valuation technique for determining fair value) generally corresponds to the value shown on the balance sheet.

Loans to customers

The fair value of loans to customers is estimated based on the discounted expected cash flows of principal and interest, assuming that the instalments are paid on the contractually defined dates. The interest and discount rates used are the current average rates charged for loans with similar characteristics in the last two months.

For the purpose of this disclosure, it was assumed that variable interest rate loan agreements have regular interest rate updates and no significant changes are being made to the associated spreads, which is why it is assumed that the carrying amount substantially represents the fair value of these assets.

Other assets

Other assets classified at fair value through profit or loss were valued according to the assumptions defined in the internal fair value asset valuation model in the level 3 hierarchy. The model estimates the fair value of these assets by the sum of cash flows discounted at an interbank money market reference rate. The fair value of other assets at amortised cost is assumed to be their carrying amount.

Resources from central banks and other credit institutions

These liabilities are very short-term, so the carrying amount value is a reasonable estimate of their fair value.

Resources from customers and other loans

The fair value of these financial instruments is estimated based on the updated expected principal and interest cash flows. The discount rate used reflects the rates charged for deposits with similar features on the reporting date.

Considering that, in the vast majority of the portfolio of customer resources held by the Group, the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

Subordinated liabilities

The interest rates on these liabilities are updated for periods of less than one year, so it is assumed that there are no material differences in their fair value.

As at 31 December 2023 and 2022, the fair value of financial instruments is presented as follows:

	Carrying amount (net)	Fair Value of Financial Instruments Recorded on the Balance Sheet				Gross carrying amount
		At fair value	At amortised cost	Total	Difference	
Balance as at 31 December 2023						
Cash and cash equivalents at central banks	626,508,683	-	626,508,683	626,508,683	-	628,877,203
Cash and cash equivalents at other credit institutions	142,880,126	-	142,880,126	142,880,126	-	143,037,369
Deposits at central banks and other credit institutions	1,025,722,714	-	1,025,722,714	1,025,722,714	-	1,041,891,718
Financial assets at fair value through profit or loss	699,632,142	699,632,142	-	699,632,142	-	699,632,142
Financial assets at fair value through other comprehensive income	82,733,506	82,733,506	-	82,733,506	-	82,733,506
Investments at amortised cost	1,448,597,686	-	1,455,173,424	1,455,173,424	(6,575,738)	1,459,911,285
Loans to customers	761,693,364	140,366	735,934,629	736,074,995	25,618,369	1,025,673,016
Other assets	283,009,928	6,496	283,003,432	283,009,928	-	286,223,890
Financial assets	**5,070,778,149**	**782,512,510**	**4,269,223,008**	**5,051,735,518**	**19,042,631**	**5,367,980,129**
Resources from central banks and other credit institutions	100,110,818	-	100,110,818	100,110,818	-	100,110,818
Customer resources and other loans	4,104,671,259	-	4,104,671,259	4,104,671,259	-	4,104,671,259
Subordinated liabilities	4,054,996	-	4,054,996	4,054,996	-	4,054,996
Financial liabilities	**4,208,837,073**	**-**	**4,208,837,073**	**4,208,837,073**	**-**	**4,208,837,073**

	Carrying amount (net)	Fair Value of Financial Instruments Recorded on the Balance Sheet				Gross carrying amount
		At fair value	At amortised cost	Total	Difference	
Balance as at 31 December 2022 (Restated)						
Cash and cash equivalents at central banks	683,007,360	-	683,007,360	683,007,360	-	683,812,292
Cash and cash equivalents at other credit institutions	66,722,242	-	66,722,242	66,722,242	-	66,777,748
Deposits at central banks and other credit institutions	648,134,587	-	648,134,587	648,134,587	-	668,082,735
Financial assets at fair value through profit or loss	612,985,810	612,985,810	-	612,985,810	-	612,985,810
Financial assets at fair value through other comprehensive income	61,851,007	61,851,007	-	61,851,007	-	61,851,007
Investments at amortised cost	803,542,000	-	814,855,599	814,855,599	(11,313,599)	831,568,517
Loans to customers	526,054,150	153,645	725,800,131	725,953,776	(199,899,626)	792,183,313
Other assets	92,368,062	6,531	92,361,531	92,368,062	-	92,368,062
Financial assets	**3,494,665,218**	**674,996,993**	**3,030,881,450**	**3,705,878,443**	**(211,213,225)**	**3,809,629,484**
Resources from central banks and other credit institutions	128,569,695	-	128,569,695	128,569,695	-	128,569,695
Customer resources and other loans	2,863,207,842	-	2,863,207,842	2,863,207,842	-	2,863,207,842
Subordinated liabilities	2,382,592	-	2,382,592	2,382,592	-	2,382,592
Financial liabilities	**2,994,160,129**	**-**	**2,994,160,129**	**2,994,160,129**	**-**	**2,994,160,129**

As at 31 December 2023 and 2022, the carrying amount of the Financial Instruments is presented as follows:

	Measured at Fair Value	Measured at Amortised Cost	Impairment	Net value
Balance as at 31 December 2023				
Cash and cash equivalents at central banks	-	627,243,704	(735,021)	626,508,683
Cash and cash equivalents at other credit institutions	-	142,907,462	(27,336)	142,880,126
Deposits at central banks and other credit institutions	-	1,028,527,020	(2,804,306)	1,025,722,714
Financial assets at fair value through profit or loss	699,632,142		-	699,632,142
Financial assets at fair value through other comprehensive income	82,733,506	-	-	82,733,506
Investments at amortised cost	-	1,468,964,901	(20,367,215)	1,448,597,686
Loans to customers	140,366	1,025,673,016	(264,120,018)	761,693,364
Other assets	6,496	286,217,394	(3,213,962)	283,009,928
Financial assets	**782,512,510**	**4,579,533,497**	**(291,267,858)**	**5,070,778,149**
Resources from central banks and other credit institutions	-	100,110,818	-	100,110,818
Resources from customers and other loans	-	4,104,671,259	-	4,104,671,259
Subordinated liabilities	-	4,054,996	-	4,054,996
Financial liabilities	**-**	**4,208,837,073**	**-**	**4,208,837,073**

	Measured at Fair Value	Measured at Amortised Cost	Impairment	Net value
Balance as at 31 December 2022 (Restated)				
Cash and cash equivalents at central banks	-	683,007,360	-	683,007,360
Cash and cash equivalents at other credit institutions	-	66,879,486	(157,243)	66,722,243
Deposits at central banks and other credit institutions	-	664,303,592	(16,169,004)	648,134,588
Financial assets at fair value through profit or loss	612,985,810		-	612,985,810
Financial assets at fair value through other comprehensive income	61,851,007	-	-	61,851,007
Investments at amortised cost	-	814,855,600	(11,313,600)	803,542,000
Loans to customers	153,645	725,800,131	(199,899,626)	526,054,150
Other assets	6,531	98,524,121	(6,162,590)	92,368,062
Financial assets	**678,052,056**	**3,058,055,416**	**(233,702,062)**	**3,502,405,410**
Resources from central banks and other credit institutions	-	128,569,695	-	128,569,695
Resources from customers and other loans	-	2,863,207,841	-	2,863,207,841
Subordinated liabilities	-	2,382,592	-	2,382,592
Financial liabilities	**-**	**2,995,576,287**	**-**	**2,995,576,287**

BAI Europa does not disclose the difference between the carrying amount and the fair value of financial assets/liabilities measured at amortised cost, because these financial instruments do not have an active market available and we believe that the respective price conditions (interest rates applied) do not differ significantly from market rates, and the fixed rate instruments have a maturity of less than 6 months, so the Net Present Value (alternative valuation technique for determining fair value) generally corresponds to the value shown on the balance sheet.

48. Business risk management

The Group is subject to several risks during the course of its business. Risk management is carried out centrally at the level of each entity in relation to the specific risks of each business.

The risk management policy aims to define the profile for each risk identified as material for Group, aimed at protecting its soundness, as well as guidelines for the implementation of a risk management system that enables the identification, assessment, monitoring, control and reporting of all material risks inherent to the activity of the Group.

In this context, the monitoring and control of the main financial risks – credit, market and liquidity – and non-financial risks – operational – to which the Group's activity is subject is particularly important:

Main Risk Categories

Credit – Reflects the probability of the occurrence of negative impacts on earnings or capital due to the inability of a counterparty to fulfil its financial commitments to the institution, including possible restrictions to the transfer of payments from abroad.

Market – The concept of market risk reflects the probability of negative impacts on earnings or capital, due to adverse movements in interest and exchange rates and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and their volatility. Thus, Market Risk encompasses interest rate, foreign exchange, and other price risks.

Liquidity – This risk reflects the probability of the occurrence of negative impacts on earnings or capital, resulting from the institution's inability to have liquid funds to fulfil its financial liabilities, as they fall due.

Operational – Operational risk is understood as the probability of the occurrence of negative impacts on earnings or capital, resulting from failures in the analysis, processing, or settlement of transactions, internal and external fraud, the use of subcontracting resources, ineffective internal decision-making processes, insufficient or inadequate human resources, or the non-operationality of infrastructure.

Internal organisation

At the level of the parent company (BAI), the organisational structure of the risk management system includes an autonomous and independent function – the Risk Management Department (DGR), with no direct responsibility for any risk-taking function, which is hierarchically and functionally dependent on the Board of Directors (BD), supervised by the Risk Management Committee (CGR), and monitored on a daily basis by a director appointed by the Executive Committee (EC).

The Board of Directors of the parent company, together with the Boards of Directors of the subsidiaries, are responsible for defining, approving and implementing a risk management system that allows for the identification, assessment, control and monitoring of all material risks to which the Group is exposed, in order to ensure that they remain at the previously defined level and that they will not significantly affect the Group's financial situation.

It's up to the parent company's Board of Directors to: (i) approve the operating regulations of the Risk Management Committee; (ii) ensure adequate material and human resources for the performance of risk management functions; (iii) ensure that risk management activities have sufficient independence, status and visibility and are subject to periodic reviews; (iv) approve the exposure limits to the various material risks to which the Group is exposed; and (v) define general guidelines for the system risk management and definition of the Group's risk profile, formalised in the risk management policy.

The CGR is responsible for evaluating the effectiveness of the BAI's risk management system and monitoring its subsidiaries, as well as advising the Board of Directors on the risk strategy, supervising the implementation of the risk strategy and supervising the actions of the DGR as provided for in BNA Notice 2/13 of 19 April.

The Risk Management Department is responsible for identifying, evaluating and monitoring the risks materially relevant to the Group, as well as for monitoring the adequacy and effectiveness of the measures taken to correct any deficiencies in the risk management system.

The Group's Structural Units are responsible for effective risk control and for complying with the internal procedural manuals defined by the Executive Committee.

The risk management system is documented through policies, internal rules (processes), and procedure manuals.

During the course of 2021, BNA issued a series of Notices and Instructions with a special focus on risk management and reporting by financial institutions.

The structure of risk management at the subsidiaries does not differ substantially from that implemented at the parent company. In addition, there is currently close monitoring between the parent company and its subsidiaries in these matters, with a tendency to strengthen this proximity in the future.

Risk assessment

Credit risk

Credit risk models play an essential role in the credit allocation decision-making process and are mainly concentrated in the banks that make up the Group. Thus, the decision-making process for granting credit is based on a set of policies and parameters that are based on scoring models for the portfolios of Individual and Business customers and rating models for the corporate segment.

Below is information on the Group's exposure to credit risk for financial assets and off-balance sheet loans:

	31-12-2023		
	Gross carrying amount	**Impairment**	**Net carrying amount**
Assets			
Cash and cash equivalents at central banks	627,243,704	735,021	626,508,683
Cash and cash equivalents at other credit institutions	142,907,462	27,336	142,880,126
Deposits at central banks and other credit institutions	1,028,527,020	2,804,306	1,025,722,714
Financial assets at fair value through profit or loss	699,632,142	-	699,632,142
Financial assets at fair value through other comprehensive income	82,733,506	-	82,733,506
Investments at amortised cost	1,468,964,901	20,367,215	1,448,597,686
Loans to customers	1,025,813,382	264,120,018	761,693,364
Investments in subsidiaries, associates and joint ventures	12,928,468	-	12,928,468
Other assets	286,223,890	3,213,962	283,009,928
	4,747,730,771	**290,532,837**	**4,457,197,934**
Off-balance sheet items			
Guarantees provided and letters of credit	162,597,768	26,732,562	135,865,206
Commitments made to third parties	80,744,313	972,809	79,771,504
	243,342,081	**27,705,371**	**215,636,710**
	4,991,072,852	**318,238,208**	**4,672,834,644**

	31-12-2022 (Restated)		
	Gross carrying amount	**Impairment**	**Net carrying amount**
Assets			
Cash and cash equivalents at other credit institutions	685,375,880	2,368,520	683,007,360
Deposits at central banks and other credit institutions	66,879,485	157,243	66,722,242
Financial assets at fair value through profit or loss	664,303,592	16,169,005	648,134,587
Financial assets at fair value through other comprehensive income	612,985,810	-	612,985,810
Investments at amortised cost	61,851,007	-	61,851,007
Loans to customers	814,855,600	11,313,600	803,542,000
Investments in subsidiaries, associates and joint ventures	725,953,776	199,899,626	526,054,150
Other assets	7,540,795	-	7,540,795
	92,368,062	6,162,590	86,205,472
Off-balance sheet items	**3,732,114,007**	**236,070,584**	**3,496,043,423**
Guarantees provided and letters of credit			
Commitments made to third parties	138,697,544	5,369,936	133,327,608
Compromissos assumidos perante terceiros	65,478,917	928,369	64,550,548
	204,176,461	**6,298,305**	**197,878,156**
	3,936,290,468	**242,368,889**	**3,693,921,579**

With regard to the quality of the credit risk of financial assets, based on internal rating levels, the Group is developing the necessary tools to present the information in this way at the level of the various subsidiaries.

Nevertheless, it is important to take into account the following points related to the mitigation of the credit risk of the Group's financial assets:

- With regard to credit risk, the portfolio of securitised financial assets remains predominantly in sovereign bonds of the Republics of Angola and Portugal;

- For the purpose of reducing the credit risk related to loans granted to customers, mortgage collateral and financial collateral are important, enabling a direct reduction in the value of the position. Personal protection guarantees with the effect of substitution in the position at risk are also considered;

- In terms of direct reduction of credit risk to customers, credit transactions collateralised by financial guarantees are included, namely deposits, bonds of the Republic of Angola among other similar ones;

- With regard to mortgage-backed securities, property valuations are carried out by independent valuers registered with the competent supervisors. The revaluation of the assets is carried out by carrying out on-site evaluations by a professional valuator, in accordance with the best practices adopted in the market;

- The model for calculating impairment losses on the Group's loan portfolio has been in production since December 2018, and is governed by the general principles defined in IFRS 9, as well as the guidelines and implementation iterations of the IAS/IFRS, in accordance with the plan defined by BNA, in order to align the calculation process with the best international practices;

- The Group's impairment model begins by segmenting the customers of the loan portfolio into distinct groups, namely public sector, large companies, small and medium-sized enterprises, and for individuals into consumer credit, credit cards, mortgage loans and overdrafts;

- Impairment losses on individually assessed loans are determined by an evaluation of the exposures on a case-by-case basis. For each credit considered individually significant, the Group evaluates, on each reporting date, the expected impairment loss (expected credit loss, ECL);

- It should be noted that restructured loans are a sign of impairment, so the portfolio of loans marked as restructured is included in loans with signs of impairment;

- According to the defined model, customers (or economic groups) whose credit exposure is individually significant are analysed on an individual basis. The criteria vary between entities, but the aim is to ensure that the sample is highly representative;

- For the remaining segments of the loan portfolio, the Group carries out a collective analysis to determine impairment losses. The calculation of the impairment value for customer loans belonging to homogeneous populations results from the product of the exposure at the date of default (EAD), less risk-free financial collateral and sovereign guarantees, by the following risk parameters:

    - Probability of default (PD): corresponds to internal estimates of default, based on the risk ratings associated with transactions/customers, segments and respective signs of impairment. If the loan is in default or another loan from that same customer is in default (cross-default), the PD corresponds to 100%;

    - Loss given default (LGD): corresponds to the internal estimates of loss in the event of default, which vary depending on the type of collateral, the loan coverage rate (loan-to value or LTV) and the age of the default, based on historical experience in recovering debts that entered into default;

- In the group of individually significant customers, customer exposures are subject to analysis on an individual basis. This analysis focuses on the debtor's credit quality, as well as on loan recovery expectations, in particular taking into account existing collateral and guarantees;

- The impairment amount for customers subject to individual analysis is determined using the discounted cash flow method and macroeconomic scenarios with impacts on the recovery strategy. In other words, the impairment amount corresponds to the difference between the loan value and the sum of expected cash flows related to the customer's different transactions, adjusted to the macroeconomic scenarios and updated according to the effective interest rate of each operation.

As at 31 December 2023 and 2022, the geographical concentration of BAI's credit risk (the bank with the largest loan portfolio) is as follows:

	31-12-2023		
	Angola	**Other**	**Total**
Cash and cash equivalents at central banks	603,681,715	-	603,681,715
Cash and cash equivalents at other credit institutions	453,261	95,628,716	96,081,977
Deposits at central banks and other credit institutions	724,451,347	283,258,220	1,007,709,567
Financial assets at fair value through profit or loss	682,431,925	21,034,253	703,466,178
Financial assets at fair value through other comprehensive income	3,049,071	-	3,049,071
Investments at amortised cost	1,261,785,075	-	1,261,785,075
Loans to customers	464,997,250	-	464,997,250
Other assets	243,619,428	-	243,619,428
Total	**3,984,469,072**	**399,921,189**	**4,384,390,261**

	31-12-2022		
	Angola	**Other**	**Total**
Cash and cash equivalents at central banks	661,714,228	-	661,714,228
Cash and cash equivalents at other credit institutions	375,167	39,562,897	39,938,064
Deposits at central banks and other credit institutions	428,852,314	173,515,048	602,367,362
Financial assets at fair value through profit or loss	601,746,821	13,860,692	615,607,513
Financial assets at fair value through other comprehensive income	2,065,699	-	2,065,699
Investments at amortised cost	690,054,439	-	690,054,439
Loans to customers	375,766,478	16,584,805	392,351,283
Other assets	46,474,201	-	46,474,201
Total	**2,807,049,347**	**243,523,442**	**3,050,572,789**

Market risk

With regard to market risk information and analysis, regular reporting on financial asset portfolios is ensured. At the level of the Bank's own portfolios, open position limits are defined during the session and at the end of the day, execution volume limits by type of trader, as well as limits of exposure to counterparties.

Interest rate risk

At the level of the parent company, the interest rate risk is calculated in accordance with BNA Instruction 22/2021 of 16 May and BNA Instruction 09/2019 of 27 August, which is within the regulatory limits.

The investment portfolio at amortised cost is mainly exposed to sovereign bonds of the Republic of Angola. In fact, the main bank where these investments are concentrated is BAI, whose securities portfolio is significant.

The assessment of interest rate risk caused by banking book transactions is carried out by analysing risk sensitivity, based on the financial characteristics of each contract and the respective projection of the expected cash flows is made, according to the rate adjustment dates and any behavioural assumptions considered.

The aggregation for each of the currencies analysed, of the expected cash flows in each of the time intervals, enables determining the interest rate gaps per refixing period.

As at 31 December 2023 and 2022, assets and liabilities, excluding impairment losses and amortisation, are broken down by type of rate as follows:

	31-12-2023			
	Exposure to		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
Assets				
Deposits at central banks and other credit institutions	1,028,527,020	-	-	1,028,527,020
Financial assets at fair value through profit or loss	694,746,570	-	4,885,572	699,632,142
Financial assets at fair value through other comprehensive income	41,996,994	37,687,441	3,049,071	82,733,506
Investments at amortised cost	1,415,588,174	33,009,512	-	1,448,597,686
Loans to customers	110,043,038	651,650,326	-	761,693,364
	3,290,901,796	**722,347,279**	**7,934,643**	**4,021,183,718**
Liabilities				
Resources from central banks and other credit institutions	100,110,818	-	-	100,110,818
Customer resources and other loans (term)	1,848,706,963	-	-	1,848,706,963
Subordinated liabilities	4,054,996	-	-	4,054,996
Other liabilities				
	1,952,872,777	**-**	**-**	**1,952,872,777**
	1,338,029,019	**722,347,279**	**7,934,643**	**2,068,310,941**

	31-12-2022			
	Exposure to		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
Assets				
Deposits at central banks and other credit institutions	664,303,591	-	-	664,303,591
Financial assets at fair value through profit or loss	611,706,328	-	4,304,853	616,011,181
Financial assets at fair value through other comprehensive income	26,411,126	32,004,046	2,065,699	60,480,871
Investments at amortised cost	805,774,655	9,080,945	-	814,855,600
Loans to customers	65,546,177	660,408,713	-	725,954,890
	2,173,741,877	**701,493,704**	**6,370,552**	**2,881,606,133**
Liabilities				
Resources from central banks and other credit institutions	116,377,736	-	12,192,648	128,570,384
Customer resources and other loans (term)	1,391,305,886	-	-	1,391,305,886
Subordinated liabilities	2,382,592	-	-	2,382,592
Other liabilities				
	1,510,066,214	**-**	**12,192,648**	**1,522,258,862**
	663,675,663	**701,493,704**	**(5,822,096)**	**1,359,347,271**

As at 31 December 2023 and 2022, the financial instruments, not considering impairment losses, with exposure to interest rate risk are detailed as follows by reset date:

	31-12-2023					
	Refixing dates / Maturity dates					
	Up to 3 months	3 months to 1 year	Between 1 and 5 years	More than 5 years	Undetermined	Total
Assets						
Deposits at central banks and other credit institutions	701,797,225	222,244,226	104,475,569	10,000	-	1,028,527,020
Financial assets at fair value through profit or loss	-	124,025,263	567,224,373	8,275,816	106,693	699,632,142
Financial assets at fair value through other comprehensive income	9,602,747	7,684,122	49,004,165	9,540,482	6,901,990	82,733,506
Investments at amortised cost	33,152,169	284,433,230	979,915,050	171,464,452	-	1,468,964,901
Loans to customers	81,937,227	71,337,550	354,277,551	332,969,836	185,291,612	1,025,813,382
	826,489,368	**709,724,391**	**2,054,896,708**	**522,260,586**	**192,300,294**	**4,305,670,951**
Liabilities						
Resources from central banks and other credit institutions	48,741,055	51,369,368	395	-	-	100,110,818
Resources from customers and other loans	515,466,409	1,253,697,786	79,542,768	-	-	1,848,706,963
Subordinated liabilities	-	-	-	-	4,054,996	4,054,996
	564,207,464	**1,305,067,154**	**79,543,163**	**-**	**4,054,996**	**1,952,872,777**
Net exposure	**262,281,904**	**(595,342,763)**	**1,975,353,545**	**522,260,586**	**188,245,298**	**2,352,798,174**

	31-12-2022					
	Refixing dates / Maturity dates					
	Up to 3 months	3 months to 1 year	Between 1 and 5 years	More than 5 years	Undetermined	Total
Assets						
Deposits at central banks and other credit institutions	460,424,145	79,048,441	124,831,005	-	-	664,303,591
Financial assets at fair value through profit or loss	40,830,923	114,591,381	352,189,636	104,269,527	1,104,343	612,985,810
Financial assets at fair value through other comprehensive income	2,808,352	8,988,151	34,539,164	12,077,832	2,067,373	60,480,872
Investments at amortised cost	67,357,788	500,289,349	121,699,288	125,509,174	-	814,855,599
Loans to customers	29,489,570	54,763,172	219,115,555	276,656,112	145,930,481	725,954,890
	600,910,778	**757,680,494**	**852,374,648**	**518,512,645**	**149,102,197**	**2,878,580,762**
Liabilities						
Resources from central banks and other credit institutions	115,875,167	12,695,217	-	-	-	128,570,384
Resources from customers and other loans	467,839,516	868,589,887	54,874,563	-	-	1,391,305,886
Subordinated liabilities	-	-	-	-	2,382,592	2,382,592
	583,714,683	**881,285,104**	**54,874,563**	**-**	**2,382,592**	**1,522,258,862**
Net exposure	**17,196,095**	**(123,604,610)**	**797,500,085**	**518,512,645**	**146,719,605**	**1,356,321,900**

The sensitivity to interest rate risk of the balance sheet, by currency, is calculated by the difference between the present value of the interest rate differential (mismatch), discounted at the market interest rate and the discounted value of the same cash flows, simulating parallel shifts in the yield curve.

As at 31 December 2023 and 2022, the average interest rates recorded for the major categories of financial assets and liabilities, as well as their average balances, and the income and costs for the year, are as follows:

	31-12-2023			31-12-2022		
	Average balance of the year*	Interest of the year	Average interest rate****	Average balance of the year*	Interest Rate for the Year	Average interest rate****
Investments						
Deposits at central banks and other credit institutions	836,928,651	46,349,080	5.54%	658,619,297	53,885,798	8.18%
Securities**	1,854,671,076	218,546,573	11.78%	1,413,001,755	160,190,566	11.34%
Loans to customers***	643,873,757	74,208,767	11.53%	508,643,093	71,523,408	14.06%
Total Investments	**3,335,473,484**	**339,104,420**	**10.17%**	**2,580,264,145**	**285,599,772**	**11.07%**
Resources						
Resources from central banks and other credit institutions	114,340,257	3,712,674	3.25%	117,899,600	882,517	0.75%
Resources from customers and other loans (term)	1,816,685,303	103,770,598	5.71%%	1,316,812,206	80,799,411	6.14%
Subordinated liabilities	3,218,794	178,298	5.54%	3,221,794	156,439	4.86%
Financial liabilities	**1,934,244,354,**	**107,661,570**	**5.57%%**	**1,437,933,600**	**81,838,367**	**5.69%**
Net Interest Income		**231,442,850**			**203,761,405**	

*Average between the opening and closing balance for the year.
**Financial assets at fair value through profit or loss + Financial assets at fair value through other comprehensive income + Investments at amortised cost.
***Gross loans to customers, excluding impairment and IFRS adjustments (effective and loans to employees).
****Annualised average interest rate.

As at 31 December 2023 and 2022, the net gains or losses on net interest income of BAI's financial instruments (the bank with the greatest relevance for the Group) are as follows:

	31-12-2023					
	Through profit or loss			Through other comprehensive income		
	Gains	Losses	Net	Gains	Losses	Net
Assets						
Deposits at central banks and other credit institutions	39,526,725	-	39,526,725	-	-	-
Financial assets at fair value through other comprehensive income	100,808,115	-	100,808,115	-	-	-
Investments at amortised cost	100,608,014	-	100,608,014	983,372	-	983,372
Loans to customers	60,311,078	-	60,311,078	-	-	-
Other assets	-	-	-	-	-	-
	301,253,932	**-**	**301,253,932**	**983,372**	**-**	**983,372**
Liabilities						
Resources from central banks and other credit institutions	-	554,107	(554,107)	-	-	-
Resources from customers and other loans	-	99,428,197	(99,428,197)	-	-	-
	-	**99,982,304**	**(99,982,304)**	**-**	**-**	**-**
	301,253,932	**99,982,304**	**201,271,628**	**983,372**	**-**	**983,372**

	31-12-2022					
	Through profit or loss			Through other comprehensive income		
	Gains	Losses	Net	Gains	Losses	Net
Assets						
Deposits at central banks and other credit institutions	52,132,825	-	52,132,825	-	-	-
Financial assets at fair value through profit or loss	34,827,279	-	34,827,279	-	-	-
Financial assets at fair value through other comprehensive income	-	-		928,215	-	928,215
Investments at amortised cost	116,014,607	-	116,014,607	-	-	-
Loans to customers	65,936,724	-	65,936,724	-	-	-
Other assets	-	-	-	-	-	-
	268,911,435	**-**	**268,911,435**	**928,215**	**-**	**928,215**
Liabilities						
Resources from central banks and other credit institutions	-	51,928	(51,928)	-	-	-
Resources from customers and other loans	-	79,665,117	(79,665,117)	-	-	-
	-	**79,717,045**	**(79,717,045)**	**-**	**-**	**-**
	268,911,435	**79,717,045**	**189,194,390**	**928,215**	**-**	**928,215**

As at 31 December 2023 and 2022, the sensitivity analysis of the financial instruments to interest rate changes, net of impairment, at the level of regulatory own funds, of BAI (the bank with the greatest relevance for the Group) are as follows:

31-12-2023							
Exposures by maturity interval or rate refixing – Impact on the net situation							
Time Frame	**Assets**	**Liabilities**	**Off-balance sheet items**		**Position**	**Weighting Factor**	**Weighting position**
			+	**-**			
at sight – 1 month	590,281,893	68,811,000	1,150,166	-	522,621,059	0.08%	418,097
1 – 3 months	364,462,829	90,330,000	(1,578,287)	-	272,554,542	0.32%	872,175
3 – 6 months	176,556,917	133,402,000	-	2,896,605	40,258,312	0.72%	289,860
6 – 12 months	219,661,299	1,269,370,000	(109,233,207)	-	(1,158,941,908)	1.43%	(16,572,869)
1 – 2 years	334,486,224	426,000	(43,369,507)	-	290,690,717	2.77%	8,052,133
2 – 3 years	376,102,974	239,446,359	(112,209)	-	136,544,406	4.49%	6,130,844
3 – 4 years	257,760,171	2,256,000	(41,606,619)	-	213,897,552	6.14%	13,133,310
4 – 5 years	49,371,106	572,000	-	-	48,799,106	7.71%	3,762,411
5 – 7 years	87,511,791	-	-	-	87,511,791	10.15%	8,882,447
7 – 10 years	35,503,453	6,823,000	-	-	28,680,453	13.26%	3,803,028
10 – 15 years	14,610,808	19,111,000	-	-	(4,500,192)	17.84%	(802,834)
15 – years	7,729,830	-	4,688,584	-	12,418,414	22.43%	2,785,450
>20 years	128,444,425	-	-	-	128,444,425	26.03%	33,434,084
Total	**2,642,483,720**	**1,830,547,359**	**(190,061,079)**	**2,896,605**	**618,978,677**		**64,188,134**
Cumulative impact of interest-rate sensitive instruments							**64,188,134**
Regulatory Own Funds							**616,929,604**
Impact on Economic Value/ Regulatory Own Funds							**10.40%**

31-12-2022							
Exposures by maturity interval or rate refixing – Impact on the net situation							
Time Frame	**Assets**	**Liabilities**	**Off-balance sheet items**		**Position**	**Weighting Factor**	**Weighting position**
			+	**-**			
at sight – 1 month	327,390,336	226,591,321	1,852,795	-	102,651,810	0.08%	82,121
1 – 3 months	406,500,216	237,881,180	3,050,190	-	171,669,226	0.32%	549,342
3 – 6 months	238,656,580	335,769,358	1,600,519	-	(95,512,258)	0.72%	(687,688)
6 – 12 months	340,801,881	486,077,533	130,718,699	-	(14,556,952)	1.43%	(208,164)
1 – 2 years	120,049,952	272,037,397	41,023,113	-	(110,964,333)	2.77%	(3,073,712)
2 – 3 years	17,981,938	1,931,418	71,143	-	16,121,663	4.49%	723,863
3 – 4 years	4,593,568	1,585,114	65,836	-	3,074,290	6.14%	188,761
4 – 5 years	18,995,151	1,478,045	120,762	-	17,637,868	7.71%	1,359,880
5 – 7 years	48,009,845	-	-	-	48,009,845	10.15%	4,872,999
7 – 10 years	32,487,754	8,077,829	-	-	24,409,925	13.26%	3,236,756
10 – 15 years	45,600,576	5,300,088	-	-	40,300,488	17.84%	7,189,607
15 – years	9,594,127	-	-	-	9,594,127	22.43%	2,151,963
>20 years	93,501,387	-	-	-	93,501,387	26.03%	24,338,411
Total	**1,704,163,311**	**1,576,729,283**	**178,503,058**	**-**	**305,937,086**		**40,724,138**
Cumulative impact of interest-rate sensitive instruments							**40,724,138**
Regulatory Own Funds							**426,738,756**
Impact on Economic Value/ Regulatory Own Funds							**9.54%**

As at 31 December 2023 and 2022, the sensitivity analysis of the financial instruments, net of impairment, to interest rate changes, at the level of net interest income, of BAI (the bank with the greatest relevance to the Group) is as follows:

31-12-2023							
Exposures by maturity interval or rate refixing – Impact on the net situation							
Time Frame	**Assets**	**Liabilities**	**Off-balance sheet items**		**Position**	**Weighting Factor**	**Weighting position**
			+	**-**			
at sight	21,382,658	990,000	(1,457,709)	-	18,934,949	2,00%	378,699
at sight – 1 month	568,899,236	67,821,000	(307,542)	-	500,770,693	1,92%	9,598,105
1 – 2 months	213,902,408	875,000	(1,358,374)	-	211,669,034	1,75%	3,704,208
2 – 3 months	150,560,421	89,455,000	(219,914)	-	60,885,508	1,58%	964,021
3 – 4 months	30,817,762	-	-	-	30,817,762	1,42%	436,585
4 – 5 months	23,793,828	-	-	-	23,793,828	1,25%	297,423
5 – 6 months	121,945,328	133,402,000	-	2,896,605	(14,353,277)	1,08%	(155,494)
6 – 7 months	62,773,735	-	-	-	62,773,735	0,92%	575,426
7 – 8 months	2,834,390	-	-	-	2,834,390	0,75%	21,258
8 – 9 months	5,513,505	-	-	-	5,513,505	0,58%	32,162
9 – 10 months	10,191,006	-	-	-	10,191,006	0,42%	42,463
10 – 11 months	22,820,951	-	-	-	22,820,951	0,25%	57,052
11 – 12 months	115,527,713	1,269,370,000	(109,233,207)	-	(1,263,075,495)	0,08%	(1,052,563)
Total	**1,350,962,938**	**1,561,913,000**	**(112,576,746)**	**2,896,605**	**(326,423,412)**		**14,899,344**
Cumulative impact of interest-rate sensitive instruments							**14,899,344**
Regulatory Own Funds							**201,271,628**
Impact on Economic Value/ Regulatory Own Funds							**7.40%**

31-12-2022							
Exposures by maturity interval or rate refixing – Impact on the net situation							
Time Frame	Assets	Liabilities	Off-balance sheet items		Position	Weighting Factor	Weighting position
			+	-			
at sight	214,959,372	17,184,674	(1,451,247)	-	196,323,450	2.00%	3,926,469
at sight – 1 month	112,430,964	189,895,962	401,548	-	(77,063,450)	1.92%	(1,477,049)
1 – 2 months	334,702,194	127,512,519	3,050,190	-	210,239,865	1.75%	3,679,198
2 – 3 months	71,798,022	110,368,661	-	-	(38,570,639)	1.58%	(610,702)
3 – 4 months	59,673,301	-	-	-	59,673,301	1.42%	845,372
4 – 5 months	118,959,018	-	-	-	118,959,018	1.25%	1,486,988
5 – 6 months	60,024,262	335,769,358	1,600,519	-	(274,144,577)	1.08%	(2,969,900)
6 – 7 months	4,129,194	-	-	-	4,129,194	0.92%	37,851
7 – 8 months	177,356,454	-	-	-	177,356,454	0.75%	1,330,173
8 – 9 months	66,488	-	-	-	66,488	0.58%	388
9 – 10 months	2,849,539	-	-	-	2,849,539	0.42%	11,873
10 – 11 months	102,591	-	-	-	102,591	0.25%	256
11 – 12 months	156,297,616	486,077,533	130,718,699	-	(199,061,218)	0.08%	(165,884)
Total	**1,313,349,014**	**1,266,808,707**	**134,319,709**	**-**	**180,860,016**		**6,095,033**
Cumulative impact of interest-rate sensitive instruments							**6,095,033**
Regulatory Own Funds							**188,838,828**
Impact on Economic Value/ Regulatory Own Funds							**3.23%**

As at 31 December 2023 and 2022, the sensitivity analysis of the equity value of financial instruments to changes in interest rates, net of impairment of BAI (the bank with the greatest relevance to the Group) is as follows (in millions of Kz):

	31-12-2023					
	Changes in interest rates					
	-200 b.p.	**-100 b.p.**	**-50 b.p.**	**+50 b.p.**	**+100 b.p.**	**+200 b.p.**
Assets						
Deposits at central banks and other credit institutions	(5,347)	(2,674)	(1,337)	1,337	2,674	5,347
Financial assets at fair value through other comprehensive income	(794)	(397)	(199)	199	397	794
Investments at amortised cost	(66,696)	(33,348)	(16,674)	16,674	33,348	66,696
Loans to customers	(30,363)	(15,182)	(7,591)	7,591	15,182	30,363
	(103,200)	**(51,600)**	**(25,800)**	**25,800**	**51,600**	**103,200**
Liabilities						
Resources from central banks and other credit institutions	(10,658)	(5,329)	(2,665)	2,665	5,329	10,658
Resources from customers and other loans	(24,058)	(12,029)	(6,015)	6,015	12,029	24,058
	(34,716)	**(17,358)**	**(8,679)**	**8,679**	**17,358**	**34,716**
Off-balance sheet items	**4,296**	**2,148**	**1,074**	**(1,074)**	**(2,148)**	**(4,296)**
Total	**(64,188)**	**(32,094)**	**(16,047)**	**16,047**	**32,094**	**64,188**

	31-12-2022					
	Changes in interest rates					
	-200 b.p.	**-100 b.p.**	**-50 b.p.**	**+50 b.p.**	**+100 b.p.**	**+200 b.p.**
Assets						
Deposits at central banks and other credit institutions	(7,021)	(3,511)	(1,755)	1,755	3,511	7,021
Financial assets at fair value through other comprehensive income	(538)	(269)	(135)	135	269	538
Investments at amortised cost	(27,529)	(13,765)	(6,882)	6,882	13,765	27,529
Loans to customers	(22,752)	(11,376)	(5,688)	5,688	11,376	22,752
	(57,840)	**(28,920)**	**(14,460)**	**14,460**	**28,920**	**57,840**
Liabilities						
Resources from central banks and other credit institutions	(20,145)	(10,073)	(5,036)	5,036	10,073	20,145
Resources from customers and other loans	(16)	(8)	(4)	4	8	16
	(20,161)	**(10,081)**	**(5,040)**	**5,040**	**10,081**	**20,161**
Off-balance sheet items	**(3,045)**	**(1,522)**	**(761)**	**761**	**1,522**	**3,045**
Total	**(40,724)**	**(20,362)**	**(10,181)**	**10,181**	**20,362**	**40,724**

As at 31 December 2023 and 2022, the breakdown of assets and liabilities by currency is presented as follows:

	31-12-2023				
	kwanzas	United States Dollars*	Euros	Other currencies	Total
Assets					
Cash and cash equivalents at central banks	308,769,103	290,237,968	13,059,696	14,441,916	626,508,683
Cash and cash equivalents at other credit institutions	(19,492,541)	119,066,179	33,350,896	9,955,592	142,880,126
Deposits at central banks and other credit institutions	516,407,062	336,679,972	162,050,952	10,584,728	1,025,722,714
Financial assets at fair value through profit or loss	441,406,992	258,147,878	77,272	-	699,632,142
Financial assets at fair value through other comprehensive income	5,580,789	39,941,414	35,892,557	1,318,746	82,733,506
Investments at amortised cost	630,520,096	755,779,834	19,586,609	42,711,147	1,448,597,686
Loans to customers	380,248,029	101,415,971	158,368,997	121,660,367	761,693,364
Non-current assets held for sale	-	-	-	1,399,680	1,399,679
Investment property	32,096	-	-	6,034,733	6,066,830
Other tangible assets	116,196,245	-	2,345,989	10,914,765	129,456,999
Intangible assets	13,124,349	-	1,659,759	1,573,309	16,357,417
Investments in subsidiaries, associates and joint ventures	12,928,468	-	-	-	12,928,468
Current tax assets	3,348,218	-	-	50,799	3,399,017
Deferred tax assets	699,857	-	1,463,138	371,213	2,534,208
Assets from ceded reinsurance contracts	11,018,112	-	-	-	11,018,112
Other assets	241,062,668	15,903,704	27,081,816	7,967,043	292,015,231
	2,661,849,543	**1,917,172,920**	**454,937,681**	**228,984,038**	**5,262,944,182**
Liabilities					
Resources from central banks and other credit institutions	(223,211,689)	245,294,318	67,693,477	10,334,712	100,110,818
Resources from customers and other loans	1,900,806,256	1,740,619,193	312,351,324	150,894,486	4,104,671,259
Provisions	11,091,353	26,867,021	2,113,093	17,995	40,089,462
Insurance contract liabilities	38,400,613	-	-	-	38,400,613
Current tax liabilities	10,104,030	511,255	1,133,221	18,299	11,766,805
Deferred tax liabilities	725,149	-	-	-	725,149
Subordinated liabilities	(1,339,808)	-	-	5,394,803	4,054,996
Other liabilities	169,013,176	5,635,390	17,150,568	2,743,706	194,542,840
	1,905,589,080	**2,018,927,177**	**400,441,683**	**169,404,001**	**4,494,361,942**
	756,260,463	**(101,754,257)**	**54,495,998**	**59,580,037**	**768,582,240**

	31-12-2022 (Restated)				
	kwanzas	United States Dollars*	Euros	Other currencies	Total
Assets					
Cash and cash equivalents at central banks	408,074,708	251,728,467	6,504,946	16,699,239	683,007,360
Cash and cash equivalents at other credit institutions	1,346,270	45,053,121	18,085,430	2,237,421	66,722,242
Deposits at central banks and other credit institutions	319,105,424	228,250,771	91,277,043	9,501,349	648,134,587
Financial assets at fair value through profit or loss	575,449,993	37,432,902	45,228	57,687	612,985,810
Financial assets at fair value through other comprehensive income	3,435,834	33,228,265	25,185,234	1,674	61,851,007
Investments at amortised cost	236,768,827	526,484,113	9,669,643	30,619,417	803,542,000
Loans to customers	331,592,742	58,347,272	80,465,065	55,649,071	526,054,150
Non-current assets held for sale	(1)	-	-	851,777	851,776
Investment property	267,008	-	-	3,794,874	4,061,882
Other tangible assets	109,470,706	-	1,335,520	5,538,106	116,344,332
Intangible assets	13,400,435	-	469,074	1,078,998	14,948,507
Investments in subsidiaries, associates and joint ventures	7,595,039	-	-	-	7,595,039
Current tax assets	1,723,410	-	-	-	1,723,410
Deferred tax assets	545,687	-	1,293,874	226,475	2,066,036
Assets from ceded reinsurance contracts	9,119,858	-	-	-	9,119,858
Other assets	52,151,374	2,547,530	40,261,201	3,989,045	98,949,150
	2,070,047,314	**1,183,072,441**	**274,592,258**	**130,245,133**	**3,657,957,146**
Liabilities					
Resources from central banks and other credit institutions	27,079,198	58,903,487	30,092,964	12,494,046	128,569,695
Resources from customers and other loans	1,558,153,595	1,041,819,258	184,598,990	78,636,147	2,863,207,842
Provisions	9,090,691	3,478,176	3,200,721	6,614	15,776,202
Insurance contract liabilities	31,260,279	-	-	-	31,260,279
Current tax liabilities	6,939,488	-	364,961	8,153	7,312,602
Deferred tax liabilities	873,470	-	-	-	873,470
Subordinated liabilities	-	-	-	2,382,592	2,382,592
Other liabilities	54,889,449	12,800,063	9,078,667	1,306,888	78,075,067
	1,688,286,170	**1,117,000,984**	**227,336,303**	**94,834,440**	**3,127,457,749**
	381,761,144	**66,071,457**	**47,255,955**	**35,410,693**	**530,499,397**

As at 31 December 2023, the sensitivity analysis of the equity value of financial instruments to changes in exchange rates at that date is presented as follows:

Currency	31-12-2023					
	-20%	**-10%**	**-5%**	**+5%**	**+10%**	**+20%**
United States Dollars	20,350,851	10,175,426	5,087,713	(5,087,713)	(10,175,426)	(20,350,851)
Euros	(10,899,200)	(5,449,600)	(2,724,800)	2,724,800	5,449,600	10,899,200
Other currencies	(11,916,007)	(5,958,004)	(2,979,002)	2,979,002	5,958,004	11,916,007
	(2,464,356)	**(1,232,178)**	**(616,089)**	**616,089**	**1,232,178**	**2,464,356**

Currency	31-12-2022					
	-20%	**-10%**	**-5%**	**+5%**	**+10%**	**+20%**
United States Dollars	(13,214,291)	(6,607,146)	(3,303,573)	3,303,573	6,607,146	13,214,291
Euros	(9,451,191)	(4,725,596)	(2,362,798)	2,362,798	4,725,596	9,451,191
Other currencies	(7,082,139)	(3,541,069)	(1,770,535)	1,770,535	3,541,069	7,082,139
	(29,747,621)	**(14,873,811)**	**(7,436,905)**	**7,436,905**	**14,873,811**	**29,747,621**

Liquidity risk

The assessment of liquidity risk is carried out using internal metrics defined by the Group's management, namely, exposure limits.

This control is reinforced by carrying out monthly sensitivity analyses, with the objective of characterising the Group's risk profile and ensuring that its liabilities in a liquidity crisis scenario are met.

The purpose of controlling liquidity levels is to maintain a satisfactory level of cash balances to meet financial needs in the short, medium and long-term.

Liquidity risk is monitored daily and several reports are prepared for control and monitoring purposes and decision-making support within the Assets and Liabilities Committee (ALCO).

The evolution of the liquidity situation is followed, in particular, based on the estimated future cash flows for various time horizons, taking into account the Group's balance sheet. The current liquidity position and the amount of assets considered highly liquid in the unencumbered securities portfolio are added to the calculated amounts in order to determine the accumulated liquidity gap for various time horizons.

As at 31 December 2023 and 2022, the liquidity gap in the Group's balance sheet had the following structure:

	31-12-2023									
	Residual contractual terms									
	At sight	**Up to 1 month**	**1 to 3 months**	**3 months to 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 and 5 years**	**More than 5 years**	**Undetermined**	**Total**
Assets										
Cash and cash equivalents at central banks	627,243,704	-	-	-	-	-	-	-	-	627,243,704
Cash and cash equivalents at other credit institutions	142,907,462	-	-	-	-	-	-	-	-	142,907,462
Deposits at central banks and other credit institutions	4,581,966	(79,546,235)	775,501,371	107,165,603	116,590,139	104,142,359	81,817	10,000	-	1,028,527,020
Financial assets at fair value through profit or loss	-	-	-	-	124,025,263	567,117,114	-	8,275,816	213,949	699,632,142
Financial assets at fair value through other comprehensive income	1,321,201	2,520,267	7,082,479	3,767,348	3,916,775	30,773,861	20,760,999	9,541,505	3,049,071	82,733,506
Investments at amortised cost	1,426,921	147,436,475	53,507,393	81,693,290	157,480,075	811,656,769	47,271,598	168,492,380	-	1,468,964,901
Loans to customers	35,058,387	15,814,709	42,333,009	46,242,899	24,901,104	138,416,515	208,393,994	325,272,140	189,380,625	1,025,813,382
Other assets	54,929,861	187,299,408	9,031,154	-	26,227,213	6,864,945	7,697,127	-	7,638,760	299,688,468
	867,469,502	**273,524,624**	**887,455,406**	**238,869,140**	**453,140,569**	**1,658,971,563**	**284,205,535**	**511,591,841**	**200,282,405**	**5,375,510,585**
Liabilities										
Resources from central banks and other credit institutions	8,306,660	213,595,725	81,925,516	6,110,161	(222,273,952)	-	9,606,124	2,840,584	-	100,110,818
Customer resources and other loans	2,088,824,049	168,891,889	141,807,087	225,149,091	1,350,327,932	16,867,470	84,845,414	8,847,327	19,111,000	4,104,671,259
Other liabilities	144,012,406	2,192,616	-	-	-	-	886,395	5,445,515	42,005,908	194,542,840
	2,253,162,329	**396,597,214**	**244,060,779**	**231,259,252**	**1,139,809,577**	**16,867,470**	**95,337,933**	**17,133,426**	**61,116,908**	**4,455,344,888**
Liquidity gap	**(1,385,692,827)**	**(123,072,590)**	**643,394,627**	**7,609,888**	**(686,669,008)**	**1,642,104,093**	**188,867,602**	**494,458,415**	**139,165,497**	**920,165,697**

	31-12-2022 (Restated)									
	Residual contractual terms									
	At sight	Up to 1 month	1 to 3 months	3 months to 6 months	6 months to 1 year	1 to 3 years	3 and 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and cash equivalents at central banks	685,375,880	-	-	-	-	-	-	-	-	685,375,880
Cash and cash equivalents at other credit institutions	66,879,485	-	-	-	-	-	-	-	-	66,879,485
Deposits at central banks and other credit institutions	-	216,110,448	244,901,430	50,561,701	27,974,839	124,745,173	-	10,000	-	664,303,591
Financial assets at fair value through profit or loss	-	36,492,921	4,338,000	57,001,357	57,590,024	81,062,953	270,881,154	104,269,528	1,349,873	612,985,810
Financial assets at fair value through other comprehen-sive income	-	-	2,808,354	5,101,166	3,886,984	23,538,945	10,999,618	12,078,432	3,437,508	61,851,007
Investments at amortised cost	358,995	12,527,526	62,485,400	168,208,862	327,960,427	91,635,213	28,583,949	123,095,228	-	814,855,600
Loans to customers	2,707,193	1,858,904	25,156,727	11,869,491	42,435,448	100,954,634	121,339,872	277,972,949	141,658,558	725,953,776
Other assets	65,553,993	379,429	-	-	305,880	-	3,351,796	-	35,520,642	105,111,740
	820,875,546	**267,369,228**	**339,689,911**	**292,742,577**	**460,153,602**	**421,936,918**	**435,156,389**	**517,426,137**	**181,966,581**	**3,737,316,889**
Liabilities										
Resources from central banks and other credit institutions	9,891,706	125,187,629	88,453,619	16,586,055	16,320,975	-	5,677,747	-	-	262,117,731
Customer resources and other loans	2,398,872,666	180,258,853	128,441,842	54,703,056	42,459,304	10,754,712	47,717,409	-	-	2,863,207,842
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	40,787,698	10,444,628	908,915	13,755	3,649	8,647	-	-	25,907,775	78,075,067
	2,449,552,070	**315,891,110**	**217,804,376**	**71,302,866**	**58,783,928**	**10,763,359**	**53,395,156**	**-**	**25,907,775**	**3,203,400,640**
Liquidity gap	**(1,628,676,524)**	**(48,521,882)**	**121,885,535**	**221,439,711**	**401,369,674**	**411,173,559**	**381,761,233**	**517,426,137**	**156,058,806**	**533,916,249**

Operational risk

An operational risk management system has been implemented which is based on the identification, assessment, monitoring, measurement, mitigation and reporting of this type of risk.

The Group manages operational risk based on a vision of business processes, support and control, which cuts across the organisation's structural units. This type of management is supported by principles, methodologies and control mechanisms, such as: separation of duties, lines of responsibility, codes of conduct, Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRI), access controls (physical and logical), reconciliation activities, exception reports, contingency plans, insurance and internal training on processes, products, services and systems.

49. Recently issued accounting standards and interpretations

49.1. Voluntary changes to accounting policies

During the financial year, there were no voluntary changes in accounting policies compared to those considered when preparing the financial information for the previous period presented in the comparisons.

Up to this reporting date, the issuances, revisions, amendments and improvements to the rules and interpretations effective from 1 January 2023 had no impact nor are any material impacts estimated on the Group's financial statements.

49.1.1. New rules, amendments to the rules that became effective for the annual periods beginning on 1 January 2023

IAS 1 – Disclosure of accounting policies (amendment)

Amendment to the disclosure requirements of accounting policies based on the definition of "material", to the detriment of "significant". Information relating to an accounting policy is considered material if, in the absence of that information, users of financial statements are unable to understand other financial information included in those same financial statements. Information on immaterial accounting policies does not need to be disclosed. IFRS Practice Statement 2 was also amended to clarify how the concept of "material" applies to the disclosure of accounting policies.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (amendments)

Applicable in financial years starting on or after 1 January 2023, it introduces the definition of accounting estimate and how it is distinguished from changes in accounting policies. Accounting estimates are now defined as monetary values subject to uncertainty when measured, used to achieve the objective(s) of an accounting policy.

IFRS 17 – Insurance contracts (new)

The initial application of IFRS 17 and IFRS 9 – Comparative Information in force for annual periods beginning on or after 1 January 2023.

IFRS 17 requires insurance liabilities to be measured at current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principles-based accounting for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts from 1 January 2023.

This standard replaces IFRS 4 and applies to all entities issuing insurance, reinsurance, or investment contracts with discretionary profit-sharing characteristics if they are also issuers of insurance contracts. Under IFRS 17, entities issuing insurance contracts need to assess whether the policyholder can benefit from a particular service as part of a claim, or whether that service is independent of the claim/risk event, and separate the non-insured component. According to IFRS 17, entities must identify insurance contract portfolios upon initial recognition and divide them, at least, into the following groups: i) contracts that are onerous upon initial recognition; ii) contracts that do not present a significant possibility of subsequently becoming onerous; and iii) remaining portfolio contracts. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the schedule of cash flows and any uncertainty related to insurance contracts. IFRS 17 requires an entity to recognise income as it provides insurance services (and not when it receives the premiums) and to provide information about the gains from the insurance contract that it expects to recognise in the future. IFRS 17 provides for three measurement methods for accounting for different types of insurance contracts: i) General measurement model (GMM); ii) Premium Allocation Approach (PAA); and iii) Variable Fee Approach (VFA). IFRS 17 applies retrospectively with some exemptions at the date of the transition.

IFRS 17 – Initial application of IFRS 17 and IFRS 9 – Comparative information (amendment)

This amendment applies only to insurers during the transition to IFRS 17, and allows the adoption of an overlay in the classification of a financial asset for which the entity does not apply retrospectively, under IFRS 9. This amendment seeks to avoid temporary accounting gaps between financial assets and insurance contract liabilities, in the comparative information presented in the initial application of IFRS 17, providing for: (i) the application of a financial asset to a financial asset; (ii) the presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and supported information available at the transition date, to determine how the entity expects that financial asset to be classified according to IFRS 9.

IAS 12 – Deferred tax related to assets and liabilities associated with a single transaction (amendment)

IAS 12 now requires entities to recognise deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The transactions subject to the above refer to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when on the date of initial recognition, they are not relevant for tax purposes. These temporary differences are excluded from the scope of the exemption from recording deferred taxes on the initial recognition of assets or liabilities. This amendment is applicable retrospectively.

IAS 12 – International taxation reform – Pillar Two model rules (amendment)

Following the implementation of the OECD's Global Anti-Base Erosion (GloBE) rules, there may be significant impacts on the calculation of deferred taxes for the entities covered, which at this date are difficult to estimate. This amendment to IAS 12 introduces: i) a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to Pillar Two; and ii) additional disclosure requirements for affected entities (entities belonging to multinational groups with consolidated revenues of €750 million in at least two of the last four years), such as: the fact that the exception has been applied, the current tax expense that relates to the Pillar Two rules, and the reasonable estimate of the impact of the application of the Pillar Two rules between the date of publication of the legislation and the date of its entry into force.

Improvements to the 2018 – 2020 standards

This improvement cycle amends the following regulations: IFRS 1, IFRS 9, IFRS 16 and IAS 41, of which:

- **IFRS 1: First-time adoption – Subsidiary as a first-time adopter of the IFRS**
  This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities by the amounts included in the consolidated financial statements of the parent company, the measurement of the accumulated transposition differences of all foreign transactions may be carried out using the amounts that would be recorded in the consolidated financial statements, based on the date of transition of the parent company to IFRS.

- **IFRS 9: Financial instruments – Derecognition of liabilities – costs incurred to be included in the 10% variance test**
  This improvement clarifies that in the context of the derecognition tests carried out on renegotiated liabilities, the borrower must determine the net amount between fees paid and fees received considering only the fees paid or received between the borrower and the lender, including fees paid or received, by any of the entities on behalf of the other.

- **IFRS 16: Leases – Lease Incentives**
  This improvement relates to the amendment of illustrative example 13, which accompanies IFRS 16, to eliminate inconsistencies in the accounting treatment of lease incentives allocated by the lessor.

- **IAS 41: Agriculture – Taxation and fair value measurement**
  This improvement eliminates the requirement to exclude tax cash flows when measuring the fair value of biological assets, ensuring consistency with the principles of IFRS 13 – 'Fair Value'.

49.1.2. Published standards (new and amended), the application of which is mandatory for annual periods starting on or after 1 January 2024

IAS 1 (amendments) and IFRS Practice Statement 2

Applicable in financial years starting on or after 1 January 2023, the amendment to the disclosure requirements of accounting policies based on the definition of "material", to the detriment of "significant". Information relating to an accounting policy is considered material if, in the absence of that information, users of financial statements are unable to understand other financial information included in those same financial statements. Immaterial information related to accounting policies does not need to be disclosed. IFRS Practice Statement 2 was also amended to clarify how the concept of "material" applies to the disclosure of accounting policies.

IAS 12: Tax expenses – Deferred tax related to assets and liabilities arising from a single transaction (amendment)

Applicable to financial years starting on or after, 1 January 2023, this standard now requires entities to recognise deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The transactions subject to the above refer to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when on the date of initial recognition, they are not relevant for tax purposes. These temporary differences are not within the scope of the exemption from initial recognition of deferred taxes.

The accumulated effect of the initial application of this change is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the earliest comparative period presented.

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to second pillar income tax.

IAS 1: Presentation of financial statements (amendment) – Classification as non-current and current liabilities and non-current liabilities with covenants

Applicable to financial years starting on or after 1 January 2024. Those amendments clarify that liabilities are classified as current or non--current balances depending on the right of an entity to defer its payment beyond 12 months after the reporting date. They also clarify that the covenants entity is required to comply with on or before the reporting date, affect the classification of a liability as current or non-current even if they only occur after the reporting date. When an entity classifies liabilities resulting from financing agreements as non-current and those liabilities are subject to covenants, the disclosure of information is required that allows investors to assess the risk of these liabilities becoming repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and the circumstances that indicate that the entity may have difficulties in complying with the covenants on the due dates. These amendments apply retrospectively.

IFRS 16: Lease contracts – Lease liabilities in sale and leaseback transactions (amendment)

Applicable to financial years starting on or after 1 January 2024. This amendment introduces guidelines regarding the subsequent measurement of lease liabilities regarding sale and leaseback transactions that qualify as "sales" according to IFRS 15, with greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate. When subsequently measuring lease liabilities, sellers-lessees should determine the "lease payments" and "revised lease payments" so that they do not recognise gains/(losses) in relation to their retained right-of-use. This amendment is applicable retrospectively.

IAS 7 and IFRS 7 – Supplier finance arrangements (amendment)

Applicable to financial years starting on or after 1 January 2024. These changes are still subject to approval by the European Union. Supplier finance agreements are characterised by the existence of a financier who undertakes to pay the balances that an entity owes to its suppliers and the entity, in turn, agrees to pay according to the terms and conditions of the agreements, on the same date, or later, than the date of payment to suppliers. The amendments introduced require an entity to make additional disclosures about negotiated supplier financing arrangements to enable: i) an assessment of how supplier finance arrangements affect the entity's liabilities and cash flows; and ii) an understanding of the effect of supplier financing arrangements on an entity's exposure to liquidity risk, and how the entity would be affected if the arrangements were no longer available. The additional requirements complement the presentation and disclosure requirements that already exist in the IFRS, as established by the IFRS IC in the Agenda Decision of December 2020.

IAS 21: The effects of changes in exchange rates – Lack of Exchangeability (amendment)

Applicable to financial years starting on or after 1 January 2025. This change will allow entities to determine when one currency is exchangeable for another and what requirements the entity should apply when this exchange is not possible, as listed below:

- Specify when one currency is exchangeable for another and when it is not: a currency is exchangeable when an entity is able to exchange that currency for another currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specific purpose; a currency is not exchangeable for another currency if an entity can only obtain an insignificant amount of the other currency;

- Specify how an entity determines the exchange rate to be applied when a currency is not exchangeable: when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have been applied to an orderly transaction between market participants at the measurement date and that faithfully reflects prevailing economic conditions;

- Require the disclosure of additional information when a currency is not exchangeable: when a currency is not exchangeable, an entity discloses information that will allow users of its financial statements to assess how the lack of convertibility of a currency affects, or is expected to affect, its financial performance, financial position and cash flows.

50. Subsequent Events

General State Budget Law 2024 (OGE 2024)

With the approval of the 2024 State Budget Law, the following tax measures are of relevance to the banking sector:

- Reintroduction of the Special Contribution on Foreign Exchange Transactions (CEOC), which is levied on transfers made under contracts for the provision of technical assistance, consultancy and management services, capital transactions and unilateral transfers, the basis for calculation being the amount in national currency of the transfer, taxed at a rate of 10% for legal persons and 2.5% for natural persons. This Special Contribution will be borne by natural or legal persons governed by private law and public companies with their domicile or head office in national territory who apply to a financial institution for transfers subject to it. The financial institutions are responsible for paying this Special Contribution to the State.

Draft Corporate Income Tax Code (IRPC)

The General Tax Administration has submitted the draft Corporate Income Tax Code (IRPC) to public consultation for contributions.

The proposal is based on reducing technical complexity and unifying declaratory procedures, so as to enable the implementation of a simpler and more modern income tax system, which will reduce distortions and bring it into line with international best practice by separating the different income categories.

The establishment of two tax regimes is proposed: a general regime applicable to taxpayers with a turnover of more than kAOA 25,000 taxable on the basis of accounting records, and a simplified regime applicable to taxpayers with a turnover of less than this amount, whose taxable income is determined on the basis of the simplified accounting model or book of records of purchases and sales and services rendered.

Credit operations written off from the assets

At the beginning of February 2024, the Bank wrote off loans amounting to kAOA 19,185,487, as there were no reasonable expectations as to their recovery.

BAI Bank rating upgrade

On 18 January 2024, Fitch Ratings affirmed BAI's rating at 'B-' with a positive outlook.

8.3. Opinion of the External Auditor on the Consolidated Accounts

pwc

Relatório do Auditor Independente

Ao Conselho de Administração do
Banco Angolano de Investimentos, S.A.

Relato sobre a auditoria das demonstrações financeiras consolidadas

Opinião

Auditámos as demonstrações financeiras consolidadas anexas do Banco Angolano de Investimentos, S.A. ("Banco") e suas subsidiárias ("o Grupo"), que compreendem o balanço consolidado em 31 de Dezembro de 2023, que evidencia um total de 5 262 944 182 milhares de Kwanzas e um capital próprio de 768 582 240 milhares de Kwanzas, incluindo um resultado líquido de 208 366 770 milhares de Kwanzas, as demonstrações consolidadas dos resultados, do rendimento integral, das alterações nos capitais próprios e dos fluxos de caixa do exercício findo naquela data, e as notas anexas às demonstrações financeiras consolidadas que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras consolidadas anexas apresentam de forma apropriada, em todos os aspectos materiais, a posição financeira consolidada do Banco Angolano de Investimentos, S.A. em 31 de Dezembro de 2023 e o seu desempenho financeiro e fluxos de caixa consolidados relativos ao ano findo naquela data de acordo com as Normas Internacionais de Relato Financeiro (IFRS).

Bases para a opinião

A nossa auditoria foi efectuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Contabilistas e Peritos Contabilistas de Angola. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes das entidades que compõem o Grupo nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Contabilistas e Peritos Contabilistas de Angola.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras consolidadas do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras consolidadas como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

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Cons. Reg. Com. Matrícula Nr. 1998.57, NIF: 5401042426, Capital Social: 4.000.000,00

Descrição dos riscos de distorção material mais significativos identificados	*Síntese da resposta dada aos riscos de distorção material analisados*
Perdas por imparidade de crédito a clientes	
Mensuração e divulgações relacionadas com as perdas por imparidade de crédito a clientes apresentadas nas notas 2.4, 3.3, 10 e 48 anexas às demonstrações financeiras consolidadas	
A significativa expressão da rubrica de crédito a clientes, bem como as perdas por imparidade que lhe estão associadas, cujo apuramento requer a aplicação de um conjunto de pressupostos e julgamentos complexos por parte do órgão de gestão do Grupo no que respeita à identificação de clientes com aumento significativo de risco de crédito ou em situação de incumprimento ("*default*"), bem como do correspondente montante de perdas por imparidade, justificam que estas tenham constituído uma matéria relevante para efeitos da nossa auditoria. Em 31 de Dezembro de 2023 o valor bruto do crédito a clientes ao custo amortizado ascende a 1 025 673 016 milhares de Kwanzas e as respetivas perdas por imparidade reconhecidas a essa data ascendem a 264 120 018 milhares de Kwanzas. As perdas por imparidade de crédito a clientes são apuradas pelo órgão de gestão em termos individuais, através de uma análise casuística de uma componente significativa da carteira de crédito, sendo as restantes apuradas através de análise coletiva. Para as exposições mais significativas, avaliadas em termos do montante total das responsabilidades junto do Grupo e da eventual existência de indícios de incumprimento, o Grupo desenvolve um processo de análise individual que inclui uma análise individual de *staging*, no sentido de corroborar a atribuição indicativa de *stage* automático (*stages* 1, 2 e 3), e uma análise individual de quantificação de imparidade (*stage* 3). O montante de imparidade apurado através da análise detalhada da posição económica e financeira de cada cliente tem por referência (i) a estimativa dos fluxos de caixa que poderão no futuro gerar para o cumprimento das suas responsabilidades – abordagem *going*; ou (ii) a avaliação atribuída aos colaterais recebidos no âmbito da concessão de crédito, sempre que se antecipe a sua recuperação por via da dação, execução e/ou venda desses mesmos colaterais, deduzida dos custos inerentes à sua recuperação e venda – abordagem *gone*.	Os procedimentos de auditoria desenvolvidos incluíram a identificação, a compreensão e a avaliação das políticas e procedimentos instituídos pelo Grupo para efeitos da mensuração das perdas por imparidade para a carteira de crédito a clientes, bem como dos controlos chave referentes à aprovação, ao registo e monitorização do risco de crédito, e à atempada identificação, mensuração e registo das perdas por imparidade. Em base de amostragem, analisámos um conjunto de clientes pertencentes ao perímetro de análise individual do Grupo, tendo por base os critérios definidos em normativo interno, com o objetivo de: (i) rever as conclusões e resultados obtidos pelo Grupo na análise individual de *stage* e na análise individual de quantificação de imparidade; (ii) formular o nosso próprio julgamento sobre a existência de situações de aumento significativo de risco de crédito e de incumprimento; e (iii) avaliar de que forma as perdas por imparidade foram atempadamente identificadas, mensuradas e reconhecidas pelo órgão de gestão. Neste processo, foi também confirmado que o perímetro de análise individual incluía todas as exposições que cumpriam com os critérios definidos pelo Grupo na sua metodologia. Assim, para uma amostra de exposições extraída da população de crédito sujeita a análise individual pelo Grupo em 31 de Dezembro de 2023, os procedimentos que desenvolvemos consistiram em: (i) rever a documentação disponível sobre os processos de crédito; (ii) verificar a correspondência dos planos financeiros utilizados para efeitos de determinação de imparidade com os respectivos contratos; (iii) analisar o suporte contratual e os colaterais mais relevantes e confirmar o registo dos mesmos a favor do Grupo; (iv) analisar as avaliações mais recentes desses colaterais; (v) examinar os critérios para determinação de aumento significativo do risco de crédito (*stage* 2) e em situação de imparidade (*stage* 3), numa base individual; (vi) rever a incorporação na análise da informação prospectiva; (vii) analisar os fluxos de caixa descontados subjacentes ao cálculo de imparidade; (viii) apreciar a

Descrição dos riscos de distorção material mais significativos identificados	*Síntese da resposta dada aos riscos de distorção material analisados*
Para as exposições não abrangidas pela análise individual no que concerne à avaliação do *staging* e ao cálculo das perdas esperadas de crédito, o Grupo desenvolveu modelos de análise coletiva, à luz dos requisitos da IFRS 9, que incluem nomeadamente (i) a classificação das exposições por diferentes *stages* consoante a evolução do seu risco de crédito desde a data da sua concessão, e não em função do risco de crédito à data de relato (*stages* 1, 2 ou 3), (ii) o cálculo dos respetivos parâmetros de risco, tais como probabilidade de incumprimento e perda dado o incumprimento e (iii) o cálculo das perdas esperadas de crédito. Estes modelos baseiam-se na informação histórica interna de *defaults* e recuperações e, por forma a serem representativos do atual contexto económico e simultaneamente incorporarem uma perspetiva da evolução económica futura, também utilizam informação prospetiva disponível acerca de um conjunto de variáveis relevantes, tais como por exemplo (i) a taxa prevista de crescimento do PIB; (ii) a inflação e (iii) a evolução cambial do Kwanza face ao Dólar Americano. Tendo por base estes dados macroeconómicos, são desenvolvidos cenários potenciais que permitem ajustar, com base numa probabilidade de ocorrência, as estimativas de perda esperada em cada segmento. Tendo em conta o exposto, alterações nos pressupostos ou metodologias utilizadas pelo Grupo na análise e quantificação das perdas por imparidade da carteira de crédito a clientes, bem como diferentes estratégias de recuperação, condicionam a estimativa dos fluxos de recuperação e o *timing* do seu recebimento, e podem ter impactos relevantes no montante de perdas por imparidades apurado em cada momento.	evolução das exposições; e (ix) compreender a visão dos responsáveis do Banco quanto à situação económico-financeira dos clientes e, quanto à previsibilidade dos fluxos de caixa esperados dos respetivos negócios, bem como sobre as perspetivas de cobrabilidade dos créditos. Sempre que concluímos pela necessidade de revisão de algum pressuposto utilizado pelo órgão de gestão, procedemos ao recálculo do montante estimado de imparidade e comparámos os resultados obtidos com os apurados pelo Grupo, por forma a avaliar a existência de eventuais divergências materialmente relevantes. Para a carteira cuja imparidade é apurada através do modelo de análise coletiva, foram desenvolvidos procedimentos específicos com o objetivo de avaliar de que forma os pressupostos considerados pelo órgão de gestão contemplam todas as variáveis de risco, tendo em conta para o efeito a informação histórica disponível sobre o desempenho e recuperações da carteira de crédito a clientes do Grupo, nomeadamente: (i) revisão da documentação metodológica de desenvolvimento e de validação dos modelos; (ii) análise da documentação do exercício de *backtesting* dos parâmetros de risco e dos seus resultados; (iii) revisão e testes à segmentação da carteira; (iv) análise à definição de *default* do Grupo e aos critérios aplicados na classificação de *staging*, em base de amostragem; (v) revisão e teste dos principais parâmetros de risco, bem como a informação prospetiva disponível e sua atualização por via dos efeitos económicos estimados; (vi) análise crítica dos principais pressupostos e fontes de informação utilizadas para estimar as recuperações futuras incorporadas no apuramento da LGD ("*Loss Given Default*"), incluindo o teste das recuperações históricas incorporadas nesse apuramento, em base de amostragem; e (vii) recálculo da *Expected Credit Loss* ("ECL") para a carteira de crédito, com referência a 31 de Dezembro de 2023. Os nossos procedimentos de auditoria incluíram também a revisão das divulgações sobre o crédito a clientes, bem como as respetivas perdas por imparidades, constantes das notas anexas às demonstrações financeiras consolidadas do Grupo, tendo em conta as normas contabilísticas aplicáveis e em vigor.

Descrição dos riscos de distorção material mais significativos identificados	***Síntese da resposta dada aos riscos de distorção material analisados***
Activos e passivos por impostos correntes e diferidos *Mensuração e divulgações relacionadas com os activos e passivos por impostos correntes apresentadas nas notas 2.11, 3.4 e 15 anexas às demonstrações financeiras consolidadas* No balanço consolidado do Banco em 31 de dezembro de 2023 os ativos e passivos por impostos correntes totalizam 3 399 017 milhares de Kwanzas e 11 766 805 milhares de Kwanzas, respectivamente, e os activos e passivos por impostos diferidos totalizam 2 534 208 milhares de Kwanzas e 725 149 milhares de Kwanzas, respectivamente. Na mesma data, a rubrica de passivos por impostos correntes inclui um total de encargo com Imposto sobre aplicações de capitais ("IAC") no montante de 3 469 235 milhares de Kwanzas. A Lei n.º 26/20, de 20 de Julho veio estabelecer uma taxa de Imposto Industrial para as actividades do sector bancário de 35%, assim como novas regras com impactos relevantes na determinação do lucro tributável, entre as quais a exclusão da relevância fiscal no apuramento do lucro tributável (i) dos proveitos e custos com diferenças cambiais não realizadas e (ii) das imparidades/provisões constituídas sobre crédito com garantia, salvo na parte não coberta. Adicionalmente, o tratamento fiscal dos rendimentos obtidos em títulos de dívida pública transacionados em mercado primário e secundário possui um elevado grau de julgamento, especialmente no que respeita à sua tributação em sede de IAC ou de Imposto Industrial. O apuramento da estimativa de imposto corrente e do encargo com o IAC exige a aplicação de um conjunto de julgamentos complexos por parte do órgão de gestão no que diz ao entendimento da legislação fiscal sobre as matérias acima referidas, tendo nomeadamente presente o facto do Banco apenas ter sido apenas inspeccionado por parte da AGT relativamente ao exercício de 2018, ano anterior ao da aplicação por primeira vez da Lei n.º 26/20. Atendendo à elevada complexidade das matérias, foram efectuados pedidos de esclarecimentos por parte da ABANC à AGT. No entanto, a esta data, não foram prestados esclarecimentos por parte da AGT	No que respeita aos temas identificados que resultam da Lei n.º 26/20, os procedimentos de auditoria desenvolvidos incluíram a identificação e compreensão do tratamento fiscal dado pelo Banco a estas matérias, assim como foi testada a razoabilidade dos ajustamentos efectuados aos resultados contabilísticos para efeitos do apuramento da matéria colectável. No que respeita à exclusão da relevância fiscal no apuramento do lucro tributável das variações cambiais não realizadas, efectuámos uma revisão aos cálculos apresentados pelo Banco dos activos e passivos (i) com maturidade definida (análise realizada por carteira e considerando as datas de início e fim) e (ii) sem maturidade definida (análise realizada com base na evolução mensal de cada subconta e por moeda). No que respeita à exclusão da relevância fiscal das imparidades/provisões sobre crédito na parte coberta com garantia, efectuámos testes de razoabilidade aos ajustamentos apresentados pelo Banco, com particular incidência nos seguintes aspectos considerados relevantes para o conceito de crédito coberto por garantia: (i) identificação e análise do tipo de garantia associado ao crédito, (ii) evolução histórica do valor e da tipologia de garantia concedida pelos clientes, (iii) evolução da imparidade e (iv) evolução do valor do crédito em dívida. Procedemos à revisão do IAC tendo presente aquele que é o nosso conhecimento dos esclarecimentos prestados pela AGT relativamente à tributação dos rendimentos obtidos com a aquisição a desconto de títulos de dívida pública transacionados em mercado primário e secundário. Tivemos igualmente em consideração o entendimento da AGT em sede de inspecção ao exercício de 2018 e procedemos a uma análise de sensibilidade do impacto de uma decisão futura da AGT em alterar o procedimento que vigorou na inspecção ao exercício de 2018, nomeadamente ao nível do consumo de prejuízos fiscais reportáveis. Os nossos procedimentos de auditoria incluíram também a revisão das divulgações relacionadas com os ativos e passivos por impostos correntes e diferidos e sobre o Imposto sobre aplicações de capitais constantes nas notas anexas às demonstrações financeiras consolidadas, tendo em conta as normas contabilísticas aplicáveis e em vigor.

Descrição dos riscos de distorção material mais significativos identificados	Síntese da resposta dada aos riscos de distorção material analisados
que permitissem à gestão adaptar, em caso de necessidade, o procedimento actualmente em vigor. Pela sua expressão no contexto das demonstrações financeiras consolidadas do Banco e pelo grau de julgamento associado, apuramento dos impostos correntes e diferidos (ambos em sede de Imposto Industrial) e o apuramento do IAC constituem uma matéria relevante para efeitos da nossa auditoria.	

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras consolidadas

O órgão de gestão é responsável pela:

a) preparação de demonstrações financeiras consolidadas que apresentem de forma apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do Grupo de acordo com as Normas Internacionais de Relato Financeiro (IFRS);

b) elaboração do relatório de gestão nos termos legais e regulamentares aplicáveis;

c) criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras consolidadas isentas de distorções materiais devido a fraude ou a erro;

d) adopção de políticas e critérios contabilísticos adequados nas circunstâncias; e

e) avaliação da capacidade do Grupo de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das actividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira do Grupo.

Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras consolidadas como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detectará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos cepticismo profissional durante a auditoria e também:

a) identificamos e avaliamos os riscos de distorção material das demonstrações financeiras consolidadas, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detectar uma distorção material devido a fraude é maior do que o risco de não detectar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;

b) obtemos uma compreensão do controlo interno relevante para a auditoria com o objectivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Grupo;

c) avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respectivas divulgações feitas pelo órgão de gestão;

d) concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Grupo para dar continuidade às suas actividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras consolidadas ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Grupo descontinue as suas actividades;

e) avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras consolidadas, incluindo as divulgações, e se essas demonstrações financeiras representam as transacções e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;

f) obtemos prova de auditoria suficiente e apropriada relativa à informação financeira das entidades ou actividades dentro do Grupo para expressar uma opinião sobre as demonstrações financeiras consolidadas. Somos responsáveis pela orientação, supervisão e desempenho da auditoria do Grupo e somos responsáveis pela nossa opinião de auditoria;

g) comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;

h) das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras consolidadas do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, excepto quando a lei ou regulamento proibir a sua divulgação pública; e

i) declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percepcionadas como ameaças à nossa independência e, quando aplicável, as respectivas salvaguardas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demostrações financeiras consolidadas e de que o relatório de governo societário inclui os elementos previstos no artigo 17º do Regulamento n.º 6/16 de 7 de Junho da Comissão do Mercado de Capitais, nos termos do artigo 145º do Código dos Valores Mobiliários, que a informação nele constante é concordante com as demonstrações financeiras consolidadas auditadas e que não apresenta incorrecções materiais.

Relato sobre outros requisitos legais e regulamentares

Sobre o relatório de gestão

Dando cumprimento aos requisitos legais aplicáveis, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras consolidadas auditadas e, tendo em conta o conhecimento e apreciação sobre o Banco, não identificámos incorreções materiais.

Sobre o relatório de governo societário

Dando cumprimento aos requisitos legais aplicáveis, nomeadamente o previsto no ponto iv) da alínea c) do n.º 1 da Instrução n.º 02/CMC/03-23, somos de parecer que o relatório de governo societário foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras consolidadas auditadas e, tendo em conta o conhecimento e apreciação sobre o Banco, não identificámos incorrecções materiais.

26 de Fevereiro de 2024

PricewaterhouseCoopers (Angola), Limitada
Registada na Ordem dos Contabilistas e Peritos Contabilistas de Angola com o nº E20170010
Representada por:

Ricardo Santos

Ricardo Santos, Perito Contabilista Nº 20120086

8.4. Report and Opinion of the Supervisory Board on the Consolidated Accounts

BAI - BANCO ANGOLANO DE INVESTIMENTOS, S.A. | SOCIEDADE ABERTA
CONSELHO FISCAL

RELATÓRIO E PARECER DO CONSELHO FISCAL

Exmos. Senhores Accionistas,

1- Em cumprimento das disposições legais e estatutárias, designadamente da Lei 1/04 de 13 de Fevereiro (Lei das Sociedades Comerciais), submetemos à consideração de V. Exas. o Parecer do Conselho Fiscal sobre o Relatório do Conselho de Administração e Demonstrações Financeiras Consolidadas do exercício de 2023 do Banco Angolano de Investimentos, S.A., Sociedade Aberta, e das suas subsidiárias (Grupo BAI), que compreendem o Balanço o qual evidencia um total de Activo de 5.262.944.182 milhares de Kwanzas, um total de Passivo de 4.494.361.942 milhares de Kwanzas e um total de Capitais Próprios de 768.582.240 milhares de Kwanzas.

2- As Demonstrações Financeiras Consolidadas em consideração foram preparadas de acordo com as Normas Internacionais de Contabilidade (IAS) e Normas Internacionais de Relato Financeiro (IFRS) emitidas, respectivamente, pelo International *Accounting Standards Board (IASB)* e as interpretações emitidas pelo *International Financial Reporting Interpretation Committee (IFRIC)*.

3- No exercício das suas funções, o Conselho Fiscal recebeu informações em matérias de controlo interno e gestão de riscos e manteve reuniões com áreas relevantes do Banco, nomeadamente as Direcções de Contabilidade e Finanças, de Auditoria Interna, *Compliance*, Análise de Crédito, Planeamento e Controlo, participou nas reuniões das Comissões de Controlo Interno e Auditoria, Gestão de Riscos, Governo da Sociedade e Sustentabilidade, reuniu-se com os Auditores Externos e participou nas reuniões do Conselho de Administração.

4- O Conselho Fiscal procedeu às análises que, nas circunstâncias, se mostraram apropriadas e apreciou o Balanço, a Demonstração de Resultados Consolidados e as respectivas notas anexas.

5- O Auditor Externo - *PricewaterhouseCoopers* (Angola), Limitada, introduziu no seu Relatório sobre a Auditoria das Demonstrações Financeiras, pela primeira vez, um ponto denominado Matérias Relevantes de Auditoria, em linha com as exigências de transparência e *accountability*, no qual faz a descrição dos riscos de distorção material mais significativos identificados, em cumprimento de novas exigências estabelecidas pela Norma Técnica Nº 2 emitida pela OCPCA – Ordem dos Contabilistas e Peritos Contabilistas de Angola, para as auditorias e revisões limitadas de demonstrações financeiras de exercícios findos em, ou após, 15 de Dezembro de 2023.

6- Neste âmbito, o Auditor Externo apresenta uma descrição dos riscos identificados em matéria de Perdas por imparidade de crédito a clientes (Mensuração e divulgações relacionadas com as perdas por imparidade de crédito a clientes apresentadas nas notas 2.4, 3.3, 10 e 48 do Anexo às demonstrações financeiras) e relata a Síntese da resposta dada aos riscos de distorção material analisados, descrevendo os procedimentos de auditoria desenvolvidos especificamente para a análise efectuada.

   No mesmo contexto, o Auditor Externo descreve os riscos de distorção material identificados com respeito a Activos e Passivos por impostos correntes e diferidos (Mensuração e divulgações relacionadas com os activos e passivos por impostos correntes apresentadas nas notas 2.11, 3.4 e 15 do Anexo às demonstrações financeiras) e, igualmente, menciona os procedimentos de auditoria desenvolvidos para a análise feita.

7- O Auditor Externo, em conclusão da auditoria que realizou, expressou a sua Opinião declarando que as demonstrações financeiras consolidadas apresentam de forma apropriada, em todos os aspectos materiais, a posição financeira do BAI - Banco Angolano de Investimentos, S.A., Sociedade Aberta, e suas subsidiárias em 31 de Dezembro de 2023 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS).

8- Tendo em consideração a opinião do Auditor Externo, concluímos o seguinte:

   (a) O Relatório do Conselho de Administração e as Demonstrações Financeiras Consolidadas do Banco relativos ao exercício de 2023 respeitam as disposições legais e estatutárias aplicáveis e exprimem de forma apropriada a situação financeira do Grupo BAI em 31 de Dezembro de 2023;

   (b) O exercício de 2023 foi positivo, tendo o Banco alcançado um resultado líquido consolidado no montante de 208.366.770 milhares de Kwanzas (Duzentos e oito mil trezentos e sessenta milhões e setecentos e setenta milhares de Kwanzas).

9- É de assinalar o facto de o BAI ter contribuído com cerca de 94,4% para o resultado consolidado do Grupo.

10- Nestes termos, somos de parecer favorável à aprovação das Demonstrações Financeiras Consolidadas do Banco Angolano de Investimentos, S.A. e suas subsidiárias em 31 de Dezembro de 2023.

BAI - BANCO ANGOLANO DE INVESTIMENTOS, S.A. | SOCIEDADE ABERTA
CONSELHO FISCAL

11- Adicionalmente e em cumprimento das exigências legais aplicáveis, nomeadamente o previsto no ponto (iv) da alínea c) do nº 1 da Instrução nº 06/CMC/05-21 da Comissão do Mercado de Capitais somos de parecer que o Relatório de Governo Societário do Banco foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor e a informação constante do mesmo está de acordo com as demonstrações financeiras do Banco em 31 de Dezembro de 2023.

Luanda, 26 de Fevereiro de 2024

Pelo Conselho Fiscal

Júlio Sampaio
(Presidente)

Naiole Cohen Guedes
(Vogal)

Jorge Morgado
(Vogal)

9

Financial Statements and Notes to the Individual Financial Statements

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9.1. Individual Financial Statements

A. Balance Sheet

BANCO ANGOLANO DE INVESTIMENTOS, S.A.
INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023	31-12-2022
Assets			
Cash and cash equivalents at central banks	4	603,681,715	661,714,228
Cash and cash equivalents at other credit institutions	5	96,081,977	39,938,064
Deposits at central banks and other credit institutions	6	1,007,709,567	602,367,362
Financial assets at fair value through profit or loss	7	703,466,178	615,607,513
Financial assets at fair value through other comprehensive income	8	3,049,071	2,065,699
Investments at amortised cost	9	1,261,785,075	690,054,439
Loans to customers	10	464,997,250	392,351,283
Other tangible assets	11	108,073,936	101,699,225
Intangible assets	11	11,370,826	12,504,968
Investments in subsidiaries, associates and joint ventures	12	30,657,462	28,437,074
Current tax assets	13	2,935,151	1,674,075
Deferred tax assets	13	11,709	11,709
Other assets	14	243,619,427	46,474,199
Total Assets		**4,537,439,344**	**3,194,899,838**
Liabilities and Equity			
Resources from central banks and other credit institutions	15	7,239,528	27,463,020
Resources from customers and other loans	16	3,692,483,739	2,637,145,941
Current tax liabilities	13	8,290,157	3,101,404
Deferred tax liabilities	13	712,066	367,885
Provisions	17	37,844,991	13,999,476
Other liabilities	18	149,560,670	45,088,252
Total Liabilities		**3,896,131,151**	**2,727,165,978**
Share capital	19	157,545,000	157,545,000
Share premium	19	(8,824,849)	(13,407,562)
Treasury shares	19	(4,928,073)	(5,296,172)
Revaluation reserves	20	1,282,983	696,854
Other reserves and retained earnings	20	296,659,422	227,967,420
Individual net income for the year		199,573,710	100,228,320
Total Equity		**641,308,193**	**467,733,860**
Total Liabilities and Equity		**4,537,439,344**	**3,194,899,838**

The accompany notes are an integral part of these financial statements.

B. Income statements

BANCO ANGOLANO DE INVESTIMENTOS, S.A.
INDIVIDUAL INCOME STATEMENTS FOR THE YEARS ENDED ON 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023	31-12-2022
Interest and similar income calculated using the effective interest rate method	21	200,445,817	234,084,156
Interest and similar income not calculated using the effective interest rate method	21	100,808,115	34,827,279
Interest and similar expenses	21	(99,982,304)	(79,717,045)
Net interest income		**201,271,628**	**189,194,390**
Income from equity instruments	22	1,994,053	1,379,228
Income from services, fees and commissions	23	65,269,624	49,772,846
Expenses related to services, fees and commissions	23	(39,566,356)	(19,110,086)
Net income from financial assets and liabilities at fair value through profit or loss	24	160,262,648	11,781,691
Net gains/(losses) from Investment at amortised cost	25	9,157,248	54,328,526
Foreign exchange earnings	26	7,267,486	(9,582,264)
Income from the sale of other assets	27	(2,939,175)	(249,557)
Other operating income/(expense)	28	(10,478,211)	(13,550,882)
Operating income		**392,238,945**	**263,963,892**
Staff costs	29	(71,121,806)	(61,971,724)
Third-party supplies and services	31	(57,008,199)	(65,153,272)
Depreciation and amortisation for the year	32	(18,915,546)	(15,341,869)
Provisions net of reversals	33	(3,108,607)	(3,910,332)
Impairment for loans to customers net of reversals and recoveries	34	(23,638,796)	(6,755,570)
Impairment for other financial assets net of reversals and recoveries	35	4,139,366	5,634,010
Impairment for other assets net of reversals and recoveries	36	(2,395,068)	(1,707,612)
Income before taxes		**220,190,289**	**114,757,523**
Tax expenses	13	(20,616,579)	(14,529,202)
Earnings after taxes		**199,573,710**	**100,228,320**
Individual net income for the year		**199,573,710**	**100,228,320**
Outstanding shares	20	18,601,130	18,118,622
Basic and diluted earnings per share (in kwanzas)	20	10,729	5,532

The accompany notes are an integral part of these financial statements.

C. Comprehensive income statements

BANCO ANGOLANO DE INVESTIMENTOS, S.A.
COMPREHENSIVE INDIVIDUAL INCOME STATEMENTS FOR THE YEARS ENDED ON 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023	31-12-2022
Net income for the year		**199,573,710**	**100,228,320**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss for the year			
Fair value changes of equity instruments measured at fair value through other comprehensive income			
Gross value	20	930,309	1,619,543
Tax impact	13	(344,180)	(573,028)
		586,129	**1,046,515**
Result not included in the income statement		**586,129**	**1,046,515**
Individual comprehensive income for the year		**200,159,839**	**101,274,835**

The accompany notes are an integral part of these financial statements.

D. Statements of changes in equity

BANCO ANGOLANO DE INVESTIMENTOS, S.A.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED ON 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise	Notes	Share capital	Share premium	Treasury shares	Revaluation reserves	
					Fair value reserves	Subtotal
Balance as at 31 December 2021		**157,545,000**	**(9,204,478)**	**(739,335)**	**(349,661)**	**(349,661)**
Allocation of individual net income for the year						
Transfer to legal reserve	20	-	-	-	-	-
Transfer to other reserves	20	-	-	-	-	-
Dividends distribution	20	-	-	-	-	-
Acquisitions of treasury shares, net of disposals	19	-	(4,203,084)	(4,556,837)	-	-
Individual comprehensive net income for the year		-	-	-	1,046,515	1,046,515
Balance as at 31 December 2022		**157,545,000**	**(13,407,562)**	**(5,296,172)**	**696,854**	**696,854**
Allocation of individual net income for the year						
Transfer to legal reserve	20	-	-	-	-	-
Transfer to other reserves	20	-	-	-	-	-
Dividends distribution	20	-	-	-	-	-
Acquisitions of treasury shares, net of disposals	19	-	4,582,713	368,099	-	-
Individual comprehensive net income for the year		-	-	-	586,129	586,129
Balance as at 31 December 2023		**157,545,000**	**(8,824,849)**	**(4,928,073)**	**1,282,983**	**1,282,983**

The accompany notes are an integral part of these financial statements.

Other reserves and retained earnings				Individual net income for the year	Total equity
Legal reserve	Other reserves	Retained earnings	Subtotal		
14,740,505	**114,866,693**	**15,704,752**	**145,311,950**	**141,541,497**	**434,104,973**
14,154,150	-	-	14,154,150	(14,154,150)	-
-	63,693,673	-	63,693,673	(63,693,673)	-
-	-	-	-	(63,693,673)	(63,693,673)
-	4,807,647	-	4,807,647	-	(3,952,274)
-	-	-	-	100,228,320	101,274,835
28,894,655	**183,368,013**	**15,704,752**	**227,967,420**	**100,228,320**	**467,733,860**
10,022,832	-	-	10,022,832	(10,022,832)	-
-	50,114,159	-	50,114,159	(50,114,159)	-
-	-	-	-	(40,091,328)	(40,091,328)
-	8,555,011	-	8,555,011	-	13,505,823
-	-	-	-	199,573,710	200,159,838
38,917,487	**242,037,183**	**15,704,752**	**296,659,422**	**199,573,710**	**641,308,193**

E. Cash flow statements

BANCO ANGOLANO DE INVESTIMENTOS, S.A.
STATEMENTS OF INDIVIDUAL CASH FLOWS AS AT 31 DECEMBER 2023 AND 2022

Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise	Notes	31-12-2023	31-12-2022
Cash flow from operating activities			
Interest, fees and commissions and other similar income received		375,592,356	311,973,879
Interest, fees and commissions and other similar expenses paid		(140,540,249)	(95,246,213)
Payments to employees and suppliers		(116,826,171)	(129,758,841)
Payments and contributions to pension funds and other benefits		(5,619,757)	(5,058,115)
Recovery of loans written-off from the assets		10,079	-
Other income		6,139,257	16,205,042
Cash flows before changes in operating assets and liabilities		**118,755,515**	**98,115,752**
(Increases)/Decreases in operating assets:			
Deposits at central banks and other credit institutions		(299,885,368)	41,962,990
Financial assets at fair value through profit or loss		(98,585,306)	(512,526,689)
Investments at amortised cost		(175,943,345)	356,143,140
Loans to customers		(56,165,497)	(51,868,165)
Non-current assets held for sale		-	3,658,683
Other assets		(17,820,140)	(4,587,423)
Net flow from operating assets		**(648,399,656)**	**(167,217,464)**
Increases/(Decreases) in operating liabilities:			
Resources from central banks and other credit institutions		(21,226,099)	4,404,766
Resources from customers and other loans		324,219,607	272,896,132
Other liabilities		(2,076,137)	(10,321,880)
Net flow from operating liabilities		**300,917,371**	**266,979,018**
Net cash from operating activities before income taxes		(228,726,770)	197,877,306
Tax expenses paid		(13,219,240)	(13,675,416)
Net cash from operating activities		**(241,946,010)**	**184,201,890**
Cash flow from investing activities			
Dividends received	22	1,994,053	1,379,228
Acquisitions of other tangible assets net of disposals	11	(20,014,721)	(11,073,631)
Acquisitions of intangible assets, net of disposals	11	(6,276,531)	(5,035,558)
Acquisitions of stakes in subsidiaries, associates and joint ventures, net of disposals	12	(3,170,000)	628,247
Net cash from investing activities		**(27,467,199)**	**(14,101,714)**
Cash flows from financing activities			
Acquisitions of treasury shares, net of disposals	19	13,505,822	(3,952,275)
Dividends distribution	20	(40,091,328)	(63,693,673)
Lease liability payments	18	(1,585,384)	(1,503,664)
Net cash from financing activities		**(28,170,890)**	**(69,149,612)**
Changes in cash and cash equivalents		**(297,584,099)**	**100,950,564**
Cash and cash equivalents at the beginning of the year		704,265,857	640,051,445
Effects of exchange rate changes on cash and cash equivalents		293,845,234	(36,736,152)
Cash and cash equivalents at the end of the year		**700,526,992**	**704,265,857**
Cash and its equivalents include:			
Cash	4	30,030,111	21,768,891
Demand deposits in Banco Nacional de Angola	4	574,386,625	642,313,857
Cash and cash equivalents at other credit institutions	5	96,110,256	40,183,109
		700,526,992	**704,265,857**

The accompany notes are an integral part of these financial statements.

9.2. Notes to the Individual Financial Statements

(Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise)

1. Introductory Note

Banco Angolano de Investimentos, S.A. | Sociedade Aberta (hereinafter also referred to as "Bank" or "BAI"), with headquarters in Luanda, is a private equity bank, part of which belongs to non-resident entities. The Bank was established on 14 November 1996. Its commercial activity began on 4 November 1997. On 11 January 2011, the Bank changed its name from Banco Africano de Investimentos, S.A. to Banco Angolano de Investimentos, S.A.

At the General Meeting held on 9 August 2021, the Bank amended its articles of association so as to qualify as a publicly traded company and began the Public Sale Offer (OPV) process, with BAI shares having been listed for trading on 9 June 2022, making it the first company listed on the Angola Debt and Securities Exchange (BODIVA).

The Bank's corporate purpose is the pursuit of banking activity, under the terms and within the limits defined by Banco Nacional de Angola (hereinafter referred to as BNA), dedicated to obtaining funds from third parties in the form of deposits, certificates of deposit and cash bonds, which it applies, together with its own resources, to the granting of loans, deposits in BNA, investments in financial institutions, acquisition of securities or other assets for which it is duly authorised. It also provides other banking services and carries out various types of foreign currency transactions, Agency national network of 750 distribution channels for this purpose, including 157 branches, 22 ATM Centres and 571 bank agents.

2. Accounting policies

2.1. Basis of presentation

Pursuant to the provisions in BNA Notice 5/2019 of 30 August, the Bank's financial statements are prepared on the basis of continuity of operations and in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS) effective on 1 January 2023.

The financial statements presented herein refer to the Bank's individual activity as at 31 December 2023, as required by corporate law.

The IAS/IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and by the respective predecessor bodies, effective on 1 January 2023.

The individual financial statements are expressed in thousands of kwanzas (kAOA), rounded to the nearest thousand and were prepared according to the principle of historical cost, with the exception of assets recorded at their fair value, namely financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The preparation of financial statements in accordance with the IAS/IFRS requires the Bank to make judgements and estimates and use assumptions that affect the application of accounting policies and the amounts of income, costs, assets and liabilities. Changes in such assumptions or differences between them and reality may have an impact on current estimates and judgements. Areas that involve a higher level of judgement or complexity, or where significant assumptions and estimates are used in the preparation of financial statements are described in Note 3.

The accounting policies and calculations were applied in a manner consistent with those used in the financial statements as at 31 December 2023.

The recently issued accounting rules applicable to the Bank, which were not yet in force as at 31 December 2023, are analysed in Note 42.

The individual financial statements with reference to 31 December 2023 were approved by the Board of Directors on 22 February 2024, and will be submitted for approval to the General Meeting. The Board of Directors believes that they will be approved without significant changes.

2.2. Foreign currency transactions

Assets and liabilities denominated in foreign currency are recorded according to the multi-currency system, that is, in the respective denomination currencies.

Foreign currency transactions are converted to kwanzas at the exchange rate in effect on the transaction date.

Monetary assets and liabilities denominated in foreign currency are converted to kwanzas at the average exchange rate published by BNA on the reporting date. The costs and income related to actual or potential exchange rate differences resulting from the conversion are recognised in profit or loss under the heading "Foreign exchange results" (Note 26).

Non-monetary assets and liabilities denominated in foreign currency are converted to kwanzas according to the following methodology:

- Recorded at historical cost – at the exchange rate in effect on the transaction date;
- Recorded at fair value – at the exchange rate in effect on the date on which fair value is determined and recognised against profit or loss, with the exception of those recognised in financial assets at fair value through other comprehensive income, where the difference is recorded against equity.

The reference exchange rates of the Kwanza in relation to the United States Dollar (USD) and the Euro (EUR) were as follows:

Reference year	USD	EUR
31-12-2023	828.800	915.990
31-12-2022	503.691	537.438

2.3. Financial instruments

(i) Classification, initial recognition and subsequent measurement

According to IFRS 9 – Financial instruments, financial assets can be classified into three categories with different measurement criteria (amortised cost, fair value through profit or loss, and fair value through other comprehensive income). Reclassifications are expected to be rare.

All purchases and sales of financial assets classified as "Fair value through profit or loss" or "Fair value through other comprehensive income", which require delivery/settlement within the period established by regulation (or market convention), are recognised on the transaction date, this being the date on which the Bank undertakes to buy/sell the assets. Financial assets classified at "Amortised cost" are recognised on the settlement date, which is the date on which the Bank receives/delivers the assets.

The classification of assets depends on the characteristics of the contractual cash flows and the business model associated with them.

Regarding the characteristics of contractual cash flows, the criterion is to assess whether they reflect solely payments of principal and interest (SPPI).

Regarding the associated business model, the standard identifies two that are relevant to the activity carried out by the Bank:

- A business model whose objectives are achieved by obtaining the asset's contractual cash flows (Hold to collect); and,
- A business model whose objectives are achieved both by obtaining the asset's contractual flows and by selling it (Hold to collect and sell).

Considering the characteristics of contractual cash flows and business model, a debt financial instrument that (i) is managed under a business model whose purpose is to hold financial assets in the portfolio and receive all their contractual cash flows; and (ii) has contractual cash flows on specific dates that correspond exclusively to the payment of principal and interest on outstanding capital – should be measured at amortised cost, unless it is designated at fair value through profit or loss under the fair value option – "Hold to Collect".

Alternatively, a debt financial instrument that (i) is managed under a business model whose purpose is achieved either by receiving contractual cash flows or through the sale of financial assets; and (ii) includes contractual clauses that give rise to cash flows that correspond exclusively to the payment of principal and interest on the outstanding capital – should be measured at fair value through other comprehensive income (FVOCI), unless it is designated at fair value through profit or loss under the fair value option – "Hold to Collect and Sell".

All other financial debt instruments should be measured at their fair value through profit or loss (FVPL).

The Bank evaluated its business models based on a wide range of indicators, including its business plan and current risk management policies.

The Bank evaluates the business model in which an asset is held at the portfolio level, since this procedure better reflects the way in which the business is managed and how the information is made available to management bodies. The information considered includes:

- The policies and objectives established for the portfolio and the practical operationality of those policies. In particular, the way in which the management strategy focuses on receiving contracted interest, maintaining a specific interest rate profile, adapting the duration of financial assets to the duration of the liabilities that finance these assets, or on realising cash flows through the sale of assets;

- The way in which portfolio performance is evaluated and reported to the Bank's key management bodies;

- The risks that affect the performance of the business model (and of the financial assets held under that business model) and the way in which those risks are managed;

- The remuneration of business managers (e.g. to what extent compensation depends on the fair value of the assets under management or on the contractual cash flows received); and

- The frequency, volume and frequency of sales in previous years, the reasons for those sales, and the expectations for future sales. However, sales information should not be considered in isolation, but as part of an overall assessment of the way in which the Bank sets objectives for the management of financial assets and how cash flows are generated.

Financial assets held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are not held either for the collection of contractual cash flows or for the collection of contractual cash flows and sale of those financial assets.

Assessment whether the contractual cash flows correspond to solely payments of principal and interest (SPPI)

For the purpose of this assessment, "capital" is defined as the fair value of the financial asset at its initial recognition. "Interest" is defined as the consideration of the time value of money and of the credit risk associated with the outstanding amount in debt over a given period and of other risks and costs associated with the activity (e.g. liquidity risk and administrative costs), as well as a profit margin.

In evaluating instruments whose contractual cash flows refer exclusively to the payment of principal and interest, the Bank considered the instrument's original contractual terms. This assessment involves analysing whether the financial asset contains a contractual term that allows changing the frequency or amount of the contractual cash flows so that they do not comply with the SPPI condition. In the assessment process, the Bank considered:

- Contingent events that may change the frequency and amount of cash flows;

- Leverage features;

- Advance payment and maturity extension terms;

- Terms that may limit the Bank's right to claim cash flows in relation to specific assets (e.g. non-recourse loans); and

- Characteristics that may alter compensation for the time value of money (e.g. periodic restart of interest rates).

As mentioned above, for the Hold to Collect business model, in order to assess the frequency and materiality of sales, quantitative thresholds were defined based on past experience. The frequency threshold is defined based on the number of transactions over a given period. The materiality threshold is defined based on the weight of the carrying amount of the lot to be disposed of relative to the total portfolio. The expected sales for financial assets classified in this business model do not exceed the thresholds defined by the Bank.

Other financial instruments, specifically equity instruments and derivatives, are by definition classified at fair value through profit or loss. For equity instruments, there is the irrevocable option of designating that all changes in fair value be recognised in other comprehensive income, in which case, only dividends are recognised in profit or loss, since gains and losses are not reclassified to profit or loss even upon their derecognition/sale.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not listed on an active market and for which there is no intention of selling in the short-term. These categories include loans granted to customers, cash and cash equivalents, investments at credit institutions and other receivables that are not traded on an active market. They are recorded at their contracted values, when originated by the Bank, or by the values paid, when purchased from other entities.

Financial assets at amortised cost are initially recognised at their fair value, plus transaction costs, and are subsequently valued at amortised cost and presented on the balance sheet net of impairment loss. Interest is recognised using the effective interest rate method in profit or loss under the heading "Interest and similar income".

Reclassifications

Financial assets may be reclassified when, and only when, an entity changes its financial asset management business model, which should rarely occur, and these are significant for the entity's operations and demonstrable to external parties. In this situation, the entity should reclassify all the financial assets comprising the portfolio whose business model changed, and the classification and measurement requirements related to the new category are applied prospectively from the date of reclassification onwards, and any previously recognised gains, losses or interest should not be restated. Financial assets, on the date of their reclassification, are measured at fair value.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income, or of financial instruments designated at fair value through profit or loss, is not permitted.

Reclassification of financial liabilities is not permitted.

Sale of loans

Gains and losses obtained from the definitive sale of loans are recorded under the income statement heading "Income from investments at amortised cost" (Note 25). These gains or losses correspond to the difference between the fixed sales value and the carrying amount of those assets, net of impairment losses.

Derecognition

i) The Bank derecognises a financial asset when, and only when:

- The contractual rights to cash flows resulting from the financial asset expire; or,
- The financial asset is transferred as defined in points ii) and iii) below and the transfer meets the conditions for derecognition in accordance with point iv).

ii) The Bank transfers a financial asset if, and only if, one of the following situations occurs:

- The Bank transfers the contractual rights to receive cash flows resulting from the financial asset; or,
- The Bank retains the contractual rights to receive the cash flows resulting from the financial asset, but undertakes a contractual obligation to pay the cash flows to one or more recipients in an agreement that meets the conditions set out in point iii).

iii) When the Bank retains the contractual rights to receive the resulting cash flows from a financial asset (original asset) but undertakes a contractual obligation to pay those cash flows to one or more entities (final recipients), the Bank treats the transaction as a transfer of a financial asset if, and only if, all three of the following conditions are met:

- The Bank has no obligation to pay sums to the final recipients unless it receives equivalent amounts resulting from the original asset. Short-term advances by the entity with the right to fully recover the amount borrowed plus interest due at market rates do not violate this condition;
- The Bank is prohibited by the terms of the transfer agreement from selling or pledging the original asset other than as collateral to the final recipients due to the obligation to pay them cash flows; and
- The Bank has an obligation to pass on any cash flow it receives on behalf of the final recipients without significant delays. Furthermore, the Bank is not entitled to reinvest these cash flows, except in the case of investments in cash or cash equivalents during the short settlement period between the date of receipt and the required date of delivery to the final recipients, and the interest received as a result of those investments is passed on to the final recipients.

iv) When the Bank transfers a financial asset (see point ii) above), it must assess the extent to which it retains the risks and benefits arising from the ownership of that asset. In this case:

- If the Bank substantially transfers all the risks and benefits resulting from ownership of the financial asset, it derecognises the financial asset and separately recognises any rights and obligations created or retained with the transfer as assets or liabilities;
- If the Bank substantially retains all the risks and benefits resulting from the ownership of the financial asset, it continues to recognise the financial asset;
- If the Bank does not transfer or substantially retain all risks and benefits resulting from the ownership of the financial asset, it must determine whether it has retained control of the financial asset. In this case:

a) If the Bank has not retained control, it must derecognise the financial asset and separately recognise separately any rights and obligations created or retained with the transfer as assets or liabilities; and

b) If the Bank retained control, it should continue to recognise the financial asset to the extent of its continued involvement in the financial asset.

v) The transfer of risks and benefits referred to in the previous point is assessed by comparing the Bank's exposure, before and after the transfer, to the variability of the amounts and times of occurrence of the net cash flows resulting from the transferred asset.

vi) The question of whether or not the Bank retained control (see point iv above) of the transferred asset depends on the ability of the entity receiving the transfer to sell the asset. If the entity receiving the transfer has the practical capacity to sell the entire asset to an unrelated third party and is able to exercise that capacity unilaterally and without needing to impose additional restrictions on the transfer, it is considered that the entity did not retain control. In all other cases, the entity is considered to have retained control.

Assets provided as guarantees by the Bank through repurchase agreements and other transactions are not derecognised because the Bank substantially holds all the risks and benefits based on the pre-established repurchase price, thus not complying with the derecognition criteria.

Loan modification

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

- If the debtor is in financial difficulty, if the modification only reduces contractual cash flows to an amount that the debtor is expected to be able to pay;
- Whether any significant new term, such as profit-sharing or equity-based return, has been introduced that substantially affects credit risk;

- Significant extension of the maturity of the contract when the debtor is not in financial difficulty;
- Significant change in the interest rate;
- Changes in the currency in which the loan was contracted;
- Inclusion of a collateral, guarantee, or other improvement associated with the loan that significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognises the original financial asset and recognises the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating impairment, including for the purpose of assessing whether there has been a significant increase in credit risk. However, the Bank also assesses whether the newly recognised financial asset is impaired upon initial recognition, especially when the renegotiation is related to the debtor's failure to make the originally agreed payments. Differences in the carrying amount are recognised in profit or loss as a derecognition gain or loss.

If the terms of the contract are not significantly different, their renegotiation or modification does not result in derecognition and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a gain or loss from this change in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or effective interest rate adjusted for impaired, originated or acquired financial assets).

After the modification, the Bank may determine that credit risk improved significantly and that the assets shifted from stage 3 to stage 2 (lifetime expected credit loss or ECL) or from stage 2 to stage 1 (ECL 12 months). This situation can only occur when the performance of the modified asset is in accordance with the new terms of the contract for a period of twelve consecutive months. Additionally, the Bank continues to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

Loans written off from the assets (loan write-off policy)

The Bank recognises a write-off of a loan from the asset when it has no reasonable expectations of recovering the asset in its entirety. This recording occurs after all actions taken by the Bank prove unsuccessful and all the conditions for its tax deductibility are met.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity and debt instruments that are recorded at the time of their initial recognition at fair value. Gains and losses related to the subsequent change in fair value are reflected in a specific equity heading named “Fair value reserve” until their sale where they are reclassified to profit or loss for the period, with the exception of equity instruments which are maintained in equity.

The interest on debt instruments is calculated according to the effective interest rate method and recorded in profit or loss under the heading “Interest and similar income”.

Income from equity instruments is recognised under the income statement heading “Income from equity instruments” on the date on which they are attributed. In accordance with this criterion, early dividends are recorded as income during the period in which their distribution is decided.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognised at fair value. Gains and losses resulting from the subsequent valuation of fair value are recognised in the income statement.

The fair value of financial assets at fair value through profit or loss, traded on active markets is their most representative bid-price within the bid-ask interval or their closing price on the reporting date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include price valuation models or discounted cash flow techniques.

When discounted cash flow techniques are used, future financial flows are estimated according to management expectations and the discount rate used corresponds to the market rate for financial instruments with similar characteristics. In the price assessment models, the data used corresponds to information about market prices.

Sales transactions with repurchase agreement

Securities sold under a repurchase agreement are held in the portfolio where they were originally recorded. The funds received are recorded on the settlement date, in a specific liability account, with its interest payable being accrued.

Impairment losses on financial assets

IFRS 9 requires that the concept of impairment based on expected losses be applied to all financial except financial assets measured at fair value through profit or loss and equity instruments measured at fair value through the other comprehensive income (OCI), thus anticipating the recognition of credit losses in the institutions' financial statements.

The Bank applies the concept of expected losses in IFRS 9 to financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, off-balance sheet exposures, other receivables, financial guarantees, and credit commitments not valued at fair value.

The Bank measures the expected loss individually, or on a collective basis, for portfolios of financial instruments that share similar risk characteristics. The impairment for loss measurement is based on the current value of the asset's expected cash flows using the asset's original nominal interest rate, regardless of whether measured individually or collectively. Individually analysed transactions with individual impairment rates equal to 0% are referred to the collective impairment calculation process by homogeneous groups.

According to the standard, there are two methods for calculating impairment losses: (i) individual analysis; and (ii) collective analysis.

The purpose of the individual analysis is to ensure a more careful analysis of the situation of customers with exposures considered individually significant at the Bank. The significance of the exposures is determined by reference to qualitative and quantitative criteria that reflect the size, complexity, and risk associated with the portfolio.

The assessment of the existence of loan impairment losses in individual terms is determined through an analysis of total loan exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses the existence of objective evidence of impairment on each reporting date.

The analysis of each customer/economic group, as well as the existence of impairment losses, must take into account, among others, the following factors:

- Contractual aspects, assessing potential non-compliance with contractual conditions, or the existence of restructured loans due to customers' financial difficulties;
- Financial aspects, assessing the potential reduction in gross revenues, or net income;
- The assessment of the guarantees received, including their nature, effective formalisation, valuation and degree of coverage in accordance with BNA Directive 13/DSB/DRO/2019 of 27 December, regarding the Recommendations for the Implementation of the Asset Quality Assessment (AQA) Methodologies for the Financial Year;
- Other aspects, assessing potential instability in shareholder management/structure, or the existence of insolvency processes.

Pursuant to BNA Instruction 08/2019 of 27 August on impairment losses for the loan portfolio, customers/economic groups whose exposure is equal to or greater than 0.5% of the Bank's own funds must be analysed individually. The Bank also considers the twenty largest private customers to be individually significant exposures. Additionally, customers/economic groups whose loan exposures are not individually significant, but for which objective evidence of impairment is observed, should also be analysed, whenever they are equal to or greater than 0.1% of the Bank's own funds.

For the remaining segments of the loan portfolio, and for individually significant exposures that show no evidence of impairment, the Bank carries out a collective analysis to determine impairment losses.

The expected loss due to credit risk is a probability weighted estimate of the present value of loan losses. This estimate is based on the present value of the difference between the cash flows payable to the Bank under the contract and the cash flows that the Bank expects to receive resulting from the weighting of multiple future macroeconomic scenarios, discounted at the nominal interest rate of financial instruments.

The instruments subject to the impairment calculation are divided into three stages taking into account their credit risk level, as follows:

- **Stage 1:** Without significant increase in credit risk since initial recognition. In this case, the impairment will reflect expected credit losses resulting from default events that may occur within 12 months following the reporting date;

- **Stage 2:** Instruments where it is considered that there has been a significant increase in credit risk since the initial recognition, but for which there is still no objective evidence of impairment. In this case, the impairment will reflect the expected credit losses resulting from default events that may occur over the instrument's expected residual life period;

- **Stage 3:** Instruments for which there is objective evidence of impairment as a result of events that resulted in losses. Additionally, the contagion criterion is considered, and it is sufficient for an operation to present evidence of non-performance for all the customer's operations to be classified as stage 3. In this case, the amount of impairment will reflect the expected credit losses over the expected residual life period of the instrument.

With the exception of financial assets purchased or originated credit-impaired (POCI), impairment losses must be estimated at an amount equal to:

- Expected 12-month credit risk loss, i.e. estimated total loss resulting from financial instrument default events that are possible within 12 months after the reporting date (referred to as stage 1);

- Or expected loss due to credit risk until maturity, that is, the estimated total loss resulting from all possible default events over the life of the financial instrument (referred to as stage 2 and stage 3);

- A provision for expected loss due to credit risk until maturity is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition or if the financial instrument is impaired.

The calculation of impairment in IFRS 9 is complex and requires management decisions, estimates, and assumptions, particularly in the following areas:

- Assessment of the existence of a significant increase in risk since the moment of initial recognition; and

- Incorporation of forward-looking information in the calculation of the estimated loss (Expected Credit Loss – ECL).

Calculation of ECL

ECLs are weighted estimates of credit losses determined as follows:

- Financial assets with no signs of impairment at the reporting date: the current value of the difference of all cash shortfalls (e.g. the difference between the cash flows due to the entity under the contract and the cash flows that the Bank expects to receive);

- Financial assets showing signs of impairment at the reporting date: the difference between the gross carrying amount and the current value of the estimated cash flows;

- Unused credit commitments: the current difference between the contractual cash flows that are payable to the Bank if the commitment is made and the cash flows that the Bank expects to receive; and

- Financial guarantees: the value of the payments expected to reimbursed less the amounts that BAI expects to recover.

BAI's approach to determining impairment losses for loans subject to collective analysis involves the inherent concept of definition of homogeneous segments considering the quality of their assets and, in the first instance, the customer's credit risk features, and in the second instance, the transaction's risk features. Thus, the Bank assures that for the purpose of analysing these exposures and determining risk parameters (Probability of Default – PD and Loss Given Default – LGD), they have similar risk characteristics. The creation of these segments is based on materiality for each segment (in order to enable estimating the respective risk profile) and the relevance or adequacy of this segmentation to the various processes related to credit risk management at the Bank. The Bank's impairment model begins by segmenting the customers of the loan portfolio into distinct groups, namely public sector, large companies, small and medium-sized enterprises, and for individuals into consumer credit, credit cards, mortgage loans and overdrafts. The model then segments the operations of customers in the large companies segment between the commercial and service sectors.

With regard to the balances recorded under the headings "Cash and cash equivalents at central banks", "Cash and cash equivalents at other credit institutions", "Deposits at central banks and other credit institutions" and "Investments at amortised cost", the expected losses are analysed according to the following assumptions:

- With regard to the balances under the headings "Cash and cash equivalents at central banks" and "Cash and cash equivalents at other credit institutions", the entity's rating is verified or, if not available, that of the country in which it is based. Pursuant to Directive 13/DSB/DRO/2019, the probability of default (PD) is considered equivalent to 1/12 (one twelfth) of the PD at twelve months according to the rating of the counterparty (or of the country where the counterparty is based, if the counterparty is not rated), Moody's Sovereign default and recovery rates, 1983-2022 and a loss given default (LGD) of 60% for all counterparties that do not have a rating a significant increase in credit risk;

- Regarding the balances under the heading "Deposits at central banks and other credit institutions", the rating of the entity is verified or, if not available, that of the country in which it is based. Pursuant to Directive 13/DSB/DRO/2019, a probability of default is considered based on the rating of the counterparty (or of the country where the counterparty is based, if the counterparty is not rated), Moody's "Sovereign default and recovery rates", 1983-2022 and a loss given default of 60% for all counterparties that have not recorded a significant increase in credit risk; and

- The balances under the heading "Investments at amortised cost" related to Angolan public debt securities in domestic and foreign currencies are based on the PD for sovereign debt from the rating associated with the Angolan State obtained through Moody's study "Sovereign Default and Recovery Rates, 1983-2022" and the LGD associated with observed sovereign default events, indicated in the same study (60%), in accordance with Directive 13/DSB/DRO/2019.

Significant increase in credit risk

Classification at stage 2 is based on the observation of a significant increase in the credit risk level. Since the standard does not determine how this significant increase should be measured and BAI does not yet have rating and scoring models with the necessary maturity, the classification in stage 2 is based on objective triggers observed based on the available information.

The triggers for a significant increase in credit risk are detected through automated processes and complemented by manual processes, based on information resident in the Bank's information systems, such as days of delay, information about restructured status.

The policy of significantly increasing credit risk, specific to government bonds, considers, among other information, (i) the information published by the International Monetary Fund (IMF) in the report on the sustainability of the public debt; and (ii) the rating awarded by all major rating agencies.

Inputs in ECL measurement

The main inputs used to measure ECL on a collective basis include the following variables:

- Probability of Default (PD);

- Loss Given Default (LGD);

- Exposure at Default (EAD); and

- Credit Conversion Factors (CCF).

These parameters are obtained through internal statistical models and other relevant historical data, adjusted to reflect forward-looking information. The Bank uses the CCFs defined by the Central Bank in specific regulations.

PDs are estimated based on a given historical period and are calculated based on statistical models. These models are based on internal data comprising both quantitative and qualitative factors. If there is a change in the degree of risk of the counterparty or of the exposure, the estimate of the associated PD also changes.

Levels of risk are a highly relevant input for determining the PD associated with each exposure. The Bank collects performance and default indicators regarding its credit risk exposures with analyses by types of customers and products.

The LGD is the magnitude of the loss that is expected to occur if the exposure goes into default. The Bank estimates the LGD parameters based on the history of recovery rates after counterparties default. LGD models consider time in default.

EAD is an estimate of exposure at a future default date, taking into account the expected changes in exposure after the reporting date. The Bank obtains the EAD amounts based on the counterparty's current exposure and from potential changes to the current allowable value in accordance with the contractual conditions, including amortisations. For commitments and financial guarantees, the amount of distance education considers both the amount of credit used and the expectation of the potential future amount that may be used in accordance with the contract.

As described above, with the exception of financial assets that consider a 12-month PD because they do not show a significant increase in credit risk, BAI calculates the value of the ECL taking into account the risk of default during the maximum period of contractual maturity of the contract.

Forward-looking information

According to this model based on the requirements defined in IFRS 9, the measurement of expected losses also requires the inclusion of forward-looking information including future trends and scenarios, namely macroeconomic data. In this context, the estimates of expected credit impairment losses now include multiple macroeconomic scenarios whose implicit probability of materialisation is assessed considering past events, the current situation, and future macroeconomic trends.

In this context, the Bank used a linear regression model to capture the impact of macroeconomic factors with a significant influence on the probability of default. In this model, 3 different scenarios with assigned weighting were considered: i) a base scenario that corresponds to prudent economic development (70%); ii) a favourable scenario corresponding to optimistic economic growth (10%); and iii) an adverse scenario (20%). These weights associated with the scenarios are defined in Directive 13/DSB/DRO/2019 of 27 December 2019.

Backtesting

The Bank verifies that the estimate of the probability of default curves adequately reflects the default rates of observations outside the historical record through backtesting periods. The period consists of the definition of a period (generally 12 months) of data observed outside the period of estimation of the probability of default curves, called the test period. The Bank carried out the backtesting exercise with reference to 30 September 2023, and concluded that:

- 98.02% of cases pass adherence tests with a significance level of 99% and 95%;
- 0.70% of cases pass the test only with a significance level of 95%; and,
- 1.29% fail both tests.

Similarly to the Probability of Default (PD) methodology, a backtesting exercise was carried out on the Loss Given Default (LGD) parameter estimated in the model to the most recent data to test the adherence of the estimated Cure Rates (CR) and estimated Recovery Rates (RR), obtaining the following results:

- 30.16% and 32.47% (CR and RR, respectively) of the cases pass the adherence tests with a significance level of 99% and 95%;
- 66.89% and 65.26% (CR and RR, respectively) of the cases only pass the test with a significance level of 95%; and,
- 2.95% and 2.27% (CR and RR, respectively) failed both tests.

In view of the results, the Bank considered that the PD curves as well as the cure and recovery rates of the impairment model were consistent with reality.

Impaired financial assets

A financial asset is impaired when one or more events that have a negative impact on the financial asset's estimated future cash flows have occurred. Financial assets with a reduction in the recoverable amount of credit are referred to as assets classified at stage 3. The Bank adopted the internal definition of non-performing loans as a criterion for identifying stage 3 loans. The Bank considers that a transaction is in default in the following situations:

- If it is overdue with a breach of materiality limits during a consecutive period exceeding 90 days;
- If interest is recorded on off-balance sheet accounts (interest annulled over 90 days ago);
- If in a normal situation, but the last record of default occurred less than 365 days ago;
- If, at the debtor level there is at least one transaction in default, the debtor's entire exposure is considered to be in default (cross-default);
- If the customer has an individual impairment greater than 40%.

Financial assets purchased or originated credit-impaired (POCI)

Financial assets purchased or originated credit-impaired (POCI) are assets that present objective evidence of credit impairment at the time of their initial recognition. An asset is credit-impaired if one or more events occurred with a negative impact on the asset's estimated future cash flows.

The two events that lead to the origin of a POCI exposure are presented as follows:

- Financial assets originated following a recovery process in which there were modifications to the terms and conditions of the original contract, which presented objective evidence of impairment, giving rise to its derecognition and the recognition of a new contract reflecting the credit losses incurred;
- Financial assets acquired at a significant discount, insofar as the existence of a significant discount reflects credit losses incurred at the time of their initial recognition.

At the initial recognition, the POCI exposures have no impairment. Instead, expected lifelong credit losses are incorporated into the effective interest rate calculation. Consequently, at initial recognition, the gross carrying amount of the POCI (opening balance) is equal to the net carrying amount before being recognised as a POCI (difference between the opening balance and total discounted cash flows).

In the subsequent measurement, an ECL is always calculated with a lifetime probability of default and its variations are recorded in the income statement. The associated interest is calculated by applying the effective interest rate to the net carrying amount of the asset.

Recognition of impairment losses

The Bank recognises impairment losses for expected credit losses in financial instruments as follows:

- Financial assets at amortised cost: impairment losses in financial assets at amortised cost reduce the carrying amount of these financial assets against the respective profit or loss heading;
- Fair value debt instruments through other comprehensive income: impairment losses for these instruments are recognised in profit or loss against other comprehensive income (they do not reduce the carrying amount of these financial assets);
- Irrevocable commitments: impairment losses associated with signature loans are recognised in the liabilities under the heading "Provisions for signature loans" against profit or loss.

In the years ended 31 December 2023 and 2022, the Bank did not apply the reduced credit risk exemption to any financial asset.

Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be carried out through the delivery of money or other financial asset, regardless of its legal form.

Non-derivative financial liabilities correspond essentially to resources from central banks, other credit institutions and customer deposits. These liabilities are initially valued at their fair value, which normally corresponds to the consideration received, net of transaction costs, and are then recorded at amortised cost, according to the effective interest rate method.

Upon initial recognition, the Bank may irrevocably record a financial liability measured at fair value through profit or loss, when this gives rise to more relevant information, because:

a) Eliminate or significantly reduce an inconsistency in measurement (accounting mismatch); or

b) A group of financial liabilities or financial assets and financial liabilities shall be managed and their performance evaluated based on fair value, in accordance with a documented risk management or investment strategy.

Changes in the fair value of financial liabilities voluntarily designated at fair value through profit or loss, arising from changes in the entity's own credit risk, are recognised in other comprehensive income, unless this accounting treatment generates accounting mismatch. Subsequent reclassifications of these changes to profit or loss are not permitted, not even when these liabilities are repurchased.

Financial liabilities are derecognised when the underlying bond is liquidated, expires or is cancelled.

2.4. Other tangible assets

(i) Recognition and measurement

Other tangible assets are recorded at acquisition cost net of their accumulated depreciation and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the assets.

Subsequent costs

Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result to the Bank. Maintenance and repair expenses are recognised as costs as they are incurred pursuant to the accrual principle.

(ii) Depreciation

Land is not depreciated. For other assets, depreciation is calculated using the straight-line method, according to the following periods of expected useful life:

	Number of years
Properties for own use	50
Works on rented properties	2 to 10
Furniture and material	10
Machines and tools	6 to 10
IT equipment	3 to 10
Transport material	4
Other tangible assets	3 to 10

When there is an indication that an asset may be impaired, IAS 36 – Asset impairment requires that its recoverable value be estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the income statement.

The recoverable amount is determined as the highest between its net selling price and its use value, which is calculated based on the current value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

As mentioned in Note 2.20., this heading includes right-of-use assets arising from lease agreements.

Derecognition

Tangible fixed assets are derecognised when disposed of, or when future economic benefits are not expected from their use or disposal. When they exist, gains or losses resulting from their disposal are recorded under the heading “Income from sale of other assets” (Note 27).

2.5. Intangible assets

Expenditures incurred are recognised as intangible assets when they: (i) are identifiable, meaning that they can be separated or arise from contractual or legal rights; (ii) have the potential to generate future economic benefits; and (iii) are controlled by the Bank.

Software

Costs incurred in acquiring software from third parties are capitalised, as are the additional expenses borne by the Bank required for its implementation. These costs are amortised on a straight-line basis over the estimated useful life period, which is normally three years.

Expenses related to research and development projects

Costs directly related to the development of computer applications, on which they are expected to generate future economic benefits beyond a period, are recognised and recorded as intangible assets.

All other charges related to IT services are recognised as costs when incurred.

2.6. Transactions with a repurchase agreement

Securities sold under a repurchase agreement (repo) at a fixed price or for a price equal to the selling price plus interest inherent to the term of the transaction are not derecognised from the balance sheet (see Note 2.3.). The corresponding liabilities are stated under amounts payable to other credit institutions or customers, as appropriate. The difference between the sale value and the repurchase value is treated as interest and deferred during the life of the agreement, using the effective rate method.

Securities bought under a resale agreement (reverse repo) at a fixed price or at a price that equals the purchase price plus interest inherent to the term of the transaction are not recognised on the balance sheet and the purchase amount is recorded as loans to other credit institutions or customers, as appropriate. The difference between the purchase price and the resale value is treated as interest and deferred during the life of the agreement, using the effective rate method.

2.7. Investments in subsidiaries and associates

Investments in subsidiaries and associates are recorded in the Bank's financial statements at their historical cost net of any impairment losses.

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to the variability in the returns resulting from its involvement with that entity and can seize them through the power it holds over the relevant activities of that entity (*de facto* control).

Associates are entities in which the Bank has significant influence but does not exercise control over their financial and operational policy. The Bank is presumed to have significant influence when it has the power to exercise more than 20% of the associate’s voting rights. If the Bank directly or indirectly holds less than 20% of the voting rights, it is presumed to have no significant influence, unless that influence can be clearly demonstrated.

The existence of the Bank’s significant influence is normally demonstrated in one or more of the following ways:

- Representation in the Board of Directors or equivalent management body;
- Participation in policy-making processes, including participating in decisions about dividends or other distributions;
- Material transactions between the Bank and the subsidiary;
- Exchange of management personnel; and
- Provision of essential technical information.

Dividends are recorded as income in the year in which their distribution to the subsidiaries and associates is decided.

Impairment

The recoverable value of investments in subsidiaries and associates is evaluated whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable value of investments in subsidiaries or associates and their carrying amount. The identified impairment losses are recorded against profit or loss, and are subsequently reversed through profit or loss if there is a reduction of the amount of the estimated loss in a later period.

2.8. Non-current assets held for sale and discontinued operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with their respective liabilities, which include at least one non-current asset) and discontinued operations are classified as held for sale when there is an intention to dispose of those assets and liabilities and the assets or groups of assets are available for immediate sale and are very likely to be sold.

The Bank also classifies under non-current assets held for sale the non-current assets or groups of assets acquired only for the purpose of subsequent sale, which are available for immediate sale and which are very likely to be sold.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value net of costs to sell.

The Bank also classifies real estate properties received through loan recovery as non-current assets held for sale, which are initially measured at the lowest between their fair value net of sales costs and the carrying amount of the credit existing on the date on which the asset was given in lieu of repayment or transferred or judicially auctioned. These assets are recorded at the amount determined in their valuation, in other words, the Probable Immediate Transaction Value (PVTI) is used, against the amount of the credit recovered and the respective specific provisions that have been constituted.

The assets recorded under this heading are not amortised and are valued at the lowest between their carrying amount and their fair value, deducting the costs to be incurred in their sale (at least 5% of the Probable Immediate Transaction Value). The fair value of these assets is determined on the basis of periodic evaluations carried out by independent expert valuators. Additionally, and in accordance with Directive 13/DSB/DRO/2019, this valuation is adjusted based on specific discount rates depending on the age of the valuation. Whenever the amount resulting from these assessments (net of sales costs) is lower than the amount for which they are recorded, impairment losses are recorded under the heading “Impairment of other assets net of reversals and recoveries”.

Given the possibility of circumstances considered unlikely and beyond the Bank's control, the disposal of these assets may not be completed until one year after the classification date. In these circumstances, the Bank remains committed to the plan to dispose of the assets by making efforts, among others, such as hiring an intermediary agent and specialist, active publicity, revision of the sales price according to the context so as to make it reasonable in relation to its current fair value.

When the legal period of one year has expired, in accordance with the legal regime of financial institutions, without the assets being disposed of (extendable by authorisation of the BNA), a new assessment is carried out to determine the updated market value, with a view to the possible creation of the corresponding impairment.

Although the Bank's objective was the immediate sale of all real estate and other assets received in lieu of repayment, during the second half of 2022 the Bank changed the classification of these assets from “Non-current assets held for sale” to the heading “Other assets”, due to their time of permanence in the portfolio exceeding 12 months. However, the accounting method did not change compared to the provisions above, and they were initially recorded at the lowest amount between their fair value less the expected sales costs and the carrying amount of the granted loan subject to recovery.

2.9. Tax on profits

Tax expenses on the income for the year comprises current and deferred tax effects. Taxes are recognised in the income statement, except when related to headings that are moved in equity, a fact that implies their recognition in equity. Deferred taxes recognised in equity arising from the revaluation of financial assets at fair value through other comprehensive income are later recognised in profit or loss when the gains and losses that gave rise to them are recognised in profit or loss.

i. Current taxes

Current taxes correspond to the amount calculated in relation to taxable income for the year, using the tax rate in effect on the reporting date and any adjustments to taxes from previous years.

According to the interpretation of IFRIC 23 – Uncertainty over income tax treatments, the Bank records current taxes when there are uncertainties regarding the acceptance of a particular tax treatment by the Tax Administration in relation to income tax. In situations where there is such an interpretation and this may be questioned by the Tax Authorities, the Bank re-analyses it, assessing the probability (greater or lower than 50%) of the adopted tax treatment being accepted, and consequently determines the most probable value or the expected value of tax assets or liabilities to be recorded.

Following the publication of Law 19/14 of 22 October, as amended by Law 4/19 of 18 April, Industrial Tax is subject to provisional settlement in a single instalment to be made in the month of August, determined by applying a 2% rate on the earnings derived from financial intermediation transactions, calculated in the first six months of the previous financial year, excluding income subject to Capital Gains Tax (IAC), regardless of the existence of taxable assets in the financial year.

Under the current legislation, industrial tax and other tax returns may be subject to review and correction by the tax authorities during five years following the financial year to which they refer.

Law 26/20 of 20 July increased the Industrial Tax rate for banking sector activities from 30% to 35%. On the other hand, this Law creates rules with significant impacts on the determination of taxable profit, such as:

- Exclusion of tax relevance in the calculation of taxable profit from income and costs due to unrealised exchange rate differences.

- Provisions made on secured credit are no longer accepted as deductible costs, except for the part not covered.

The assumptions underlying the application of the aforesaid rules in determining taxable profit are described in Note 3.4.

Deferred taxes

Deferred taxes are calculated using the current tax rate or the tax rate that is approved on the reporting date, to be effective in future periods. As at 31 December 2023, the current tax rate is 35%.

Deferred taxes assets and liabilities correspond to the amount of tax to be recovered or payable in future years resulting from deductible or taxable temporary differences between the value of the assets and liabilities on the balance sheet and their tax base, used in determining taxable profit.

Deferred tax liabilities are recognised for all temporary taxable differences with the exception of goodwill, which is not deductible for tax purposes, for differences resulting from the initial recognition of assets and liabilities that do not affect either accounting or tax profit, and for differences related to investments in subsidiaries to the extent that they are not likely to be reversed in the future.

Deferred tax assets are recognised only when future taxable profits are likely to exist that absorb temporary deductible differences for tax purposes (including tax losses carried forward).

As set out in IAS 12 – Income Tax, paragraph 74, the Bank offsets assets and liabilities for deferred taxes whenever: (i) it has the legally enforceable right to offset current tax assets and current tax liabilities; and (ii) deferred tax assets and liabilities are related to income taxes imposed by the same tax authority on the same taxable entity or different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realis the assets and settle future liabilities simultaneously in each financial year where the deferred tax liabilities or assets are expected to be liquidated or recovered.

ii. Capital Gains Tax (IAC)

Capital Gains Tax (IAC) generally covers income from the Bank's financial investments. The rate varies between 5% (in the case of interest, amortisation or repayment premiums and other forms of remuneration of government debt securities, bonds, equity securities, or other similar securities issued by any company, which are admitted to trading on a regulated market and are issued with a maturity equal to or greater than three years) and 15%.

Moreover, under the terms of the Industrial Tax Code, the actual Capital Gains Tax (IAC) (Article 18) is not accepted as a deductible expense for the purpose of determining the tax base and, on the other hand, income subject to Capital Gains Tax (Article 47) will be deducted from taxable income.

Additionally, Presidential Legislative Decree 5/11 of 30 December (revised and republished by Presidential Legislative Decree 2/14 of 20 October) introduced a rule subjecting income from public debt securities arising from treasury bonds and treasury bills issued by the Angolan State to Capital Gains Tax.

Nevertheless, in accordance with the provisions of Article 47 of the Industrial Tax Code (Law 19/14 of 22 October), in force since 1 January 2015, amended by Law 26/20 of 20 July, when determining the tax base, all income subject to Capital Gains Tax will be deducted.

Thus, when determining taxable profit, as at 31 December 2023 and 2022, this income was deducted from taxable profit.

Likewise, expenses related to Capital Gains Tax settlement are not accepted for tax purposes in the determination of the tax base, pursuant to Article 18(1)(a) of the Industrial Tax Code (CII).

Notwithstanding the foregoing, with regard to income from public debt securities, according to the latest understanding of the General Tax Authority (AGT) addressed to ABANC (letter with reference 196/DGC/AGT/2016, dated 17 May 2016), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

2.10. Remaining taxation

i. Wealth taxes

Property Tax (IP)

Property Tax is charged at a rate of 0.5% on the asset value of its own properties intended for the development of the Bank's normal business activity when its asset value exceeds kAOA 5,000.

The Property Tax Code (CIP), Law 20/20 of 9 July 2020, repealed the Urban Property Tax Code (IPU) and the Regulations for the settlement and charging of inheritance and gift tax (SISA) on the onerous transfer of real estate.

The new Property Tax Code established a concept of a single tax on real estate assets, consolidating in a single code the tax regime applicable to the holding, leasing and transfer of real estate, with all urban and rural properties now being subject to the new rules. Thus, the property tax is levied at a rate of 0.1% or 0.5% on the asset value of the Bank’s own properties intended for the pursuit of its normal activity when its asset value is lower or greater than kAOA 5,000, respectively. Additionally, property tax at the rate of 0.6% is applicable to building land.

With regard to properties leased by the Bank, as a tenant, it follows from Law 20/20 of 9 July that the Bank withholds the payable property tax at source, at the rate of 15%, on the payment or delivery of rents related to these properties, where the amount withheld must be handed over to the State treasury within 30 days after the amount is withheld.

The Bank, acting as landlord, must settle and pay property tax, at the rate of 15%, concerning the rents received in the previous year, in the months of January and July of the year in question, whenever they are properties under a rental arrangement whose tenant is not a person with organised accounts.

In addition, under the terms of Article 18 of the Industrial Tax Code, property tax is not accepted as a deductible expense for the purpose of determining the taxable amount, and likewise, the maintenance and repair costs of rented properties, considered as expenses in determining the property tax base.

Real Estate Transfer Tax

The new law mentioned above, in Article 5, repeals all the property taxation rules contained in Legislative Diploma 230 of 21 May 1931, which approves the Regulations for the Settlement and Collection of Inheritance and Gift Tax (SISA) on the Onerous Transfer of Real Estate, with the rules applicable to Inheritance and Gift Tax regime related to real estate assets property being maintained, until these are regulated in separate legislation.

Real estate transfer tax is 2%, pursuant to Article 18 of Law 20/20 of 9 July, affecting all acts involving the perpetual or temporary transfer of property ownership of any value, type or nature, regardless of the name or form of the title (e.g. acts involving the transfer of improvements in rural or urban properties), the transfer of real estate assets through donations with down payments or pensions or the transfer of real estate through donations).

ii. Other taxes

Value Added Tax

The Value Added Tax Code (VAT), approved by Law 7/19 (Law 7/19), published in the Official Gazette on 24 April 2019, and amended by Law 17/19 of 13 August, introduced a new excise tax in Angolan legislation, which became effective on 1 October 2019. Hence, VAT repealed and replaced the Consumer Tax, which had been enforced up to then in the Angolan legal system.

The Bank, as a taxpayer registered at the Tax Office of Large Taxpayers, was compulsorily included in the General Tax Regime since the entry into force of VAT and is obliged to comply with all the rules and declaratory obligations established in this area.

As a general rule, the fees, commissions and expenses charged for the services provided by the Bank are subject to VAT at the rate of 14%. Other financial intermediation transactions are exempt from VAT, to which Stamp Duty will continue to apply when due.

Accordingly, as the Bank is a taxpayer that carries out taxed transactions and transactions exempt from VAT, it also has restrictions on the right to deduct VAT paid to suppliers. Therefore, the Bank deducts this tax using the methods provided for in current legislation – with the exception of VAT on expenses that are expressly excluded from the right to deduction.

The Bank is obliged to comply with the obligations associated with VAT on a monthly basis, namely (i) the submission to the General Tax Administration (AGT) of the periodic return, including the respective annexes, in which it determines the amount of VAT payable to the State (or any credit generated); (ii) the payment of the determined tax, until the last day of the month following the transactions that have been carried out; and (iii) any other declarative obligations, such as reporting the SAF-T(AO) Billing and Purchasing files for products and services.

In accordance with current legislation, periodic VAT returns may be subject to review and correction by the tax authorities in five years following the financial year to which they refer.

The Bank is also subject to indirect taxes, namely, customs taxes, stamp duty, excise tax and other fees.

iii. Tax substitution

Within the scope of its activity, the Bank takes on the role of a tax substitute, by withholding taxes related to third parties, which it then submits to the State.

Capital Gains Tax (IAC)

Pursuant to Presidential Legislative Decree 2/14 of 20 October, the Bank withholds Capital Gains Tax at source, at the rate of 10% of the term deposit interest paid to customers.

Stamp Duty

Pursuant to Presidential Legislative Decree 3/14 of 21 October, the Bank is responsible for settling and submitting the stamp duty payable by its customers (e.g. loans, charging of interest on loans), where the Bank settles the tax at the rates set out in the Stamp Duty Table.

Industrial Tax

Pursuant to the provisions in Article 73(1) of Law 26/22 of 22 August – Law amending the Industrial Tax Code (CII), the provision of services of any kind is subject to taxation, through withholding tax at the rate of 6.5%, for taxable persons with effective management and a stable establishment in Angola. Law 02/23 of March 13, which approves the State Budget for 2023, did not introduce any changes to the withholding tax rate for taxable persons who carry out service activities of any kind without effective management or a permanent establishment in Angola.

Property Tax (IP)

Pursuant to the provisions in Law 18/11 of 21 April, the Bank withholds payable property tax at source, (i) at the rate of 15%, on the payment or submission of rents related to rented properties; and (ii) at the rate of 0.5%, on the asset value of the Bank’s own real estate properties intended for pursuit of its normal business activity when its asset value exceeds kAOA 5,000.

2.11. Contingent provisions, assets and liabilities

Provisions

Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies involving the recognition of certain responsibilities); (ii) its payment is likely to be required; and (iii) when a reliable estimate of the amount of that obligation can be made.

The measurement of provisions takes into account the principles defined in IAS 37 with regard to the best estimate of the expected cost, the most probable outcome of the ongoing actions, and taking into account the risks and uncertainties inherent to the process based on the best available information regarding the consequences of the event that would lead to their constitution. In cases where the discount effect is material, the provisions correspond to the amount of expected future payments, discounted at a rate that considers the risk associated with the obligation.

Provisions are revised at the end of each reporting date and adjusted to reflect the best estimate, being reversed against profit or loss in proportion to payments that are not probable.

The provisions are derecognised through their use for the obligations for which they were initially constituted or in cases when those situations are no longer observed.

Contingent assets

A contingent asset is a possible asset that derives from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events that are not fully under the entity's control.

Contingent liabilities

A contingent liability is an obligation which is:

- Possible, arising from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events, which are not fully under the entity's control; or
- Present, which stems from past events but is not recognised because:
  - It is unlikely that an outflow of resources incorporating economic benefits will be required to settle that obligation;
  - The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements and are covered by IAS 37 and disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote.

2.12. Recognition of interest

Interest income for financial instrument assets and liabilities measured at amortised cost are recognised under the headings of interest and similar income or interest and similar expenses (net interest income), using the effective interest rate method. Interest on financial assets at fair value through other comprehensive income is also recognised in net interest income, and interest on financial assets and liabilities at fair value through profit or loss.

The interest calculation includes the fees and commissions paid or received considered to be an integral part of the effective interest rate, transaction costs, and all premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit or loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically, with regard to the policy for recording interest on overdue credit, the following aspects are considered in accordance with IFRS 15 and IFRS 9:

- Interest on overdue loans with collateral until the prudently assessed coverage limit is reached is recorded against profit or loss on the assumption that there is a reasonable probability of loan recovery; and

- Interest already recognised and unpaid on a loan overdue by more than 90 days ago that is not covered by collateral is annulled and only recognised when received because its recovery is considered to be remote.

For financial assets classified at stage 3, interest is recognised through profit or loss, in net interest income, based on their carrying amount net of impairment.

2.13. Employee benefits

i. Defined contribution plans

For defined contribution plans, liabilities related to the benefit attributable to Bank employees are recognised as an expense for the year when due. Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

ii. Benefits associated with employment termination

The benefits associated with employment termination (severance pay) are recognised as a cost at the time which occurs earlier, either at the time when the Bank can no longer withdraw the offer of those benefits or at the time when the Bank recognises costs associated with a restructuring. If the benefits are not expected to be paid within a period of up to 12 months, then they are discounted.

iii. Short-term employee benefits

Short-term employee benefits are recorded as a cost as soon as the associated service has been rendered. A liability is recognised at the expected amount to be settled if the Bank has a present legal or constructive obligation to pay that amount as a result of a service rendered in the past by the employee and that obligation can be reliably estimated.

Law 12/23 of 27 December, states that the amount of vacation allowance payable to workers in a given financial year is a right acquired by them in the immediately preceding year. Consequently, the Bank states in the financial year the amounts related to vacation allowances payable in the following year.

iv. Social Fund

The purpose of the Bank's Social Fund is to provide financial support to employees to cover expenses of an eminently social nature, with a view to preventing, reducing or resolving problems arising from employment, personal or family conditions in serious and urgent situations.

The financial allocations of the Social Fund are made exclusively after approval by the Board of Directors for the allocation in each financial year of a percentage of profits before deducting taxes. The allocations not used annually are carried over to the following year's budget.

v. Variable remuneration paid to employees and managers

The remuneration of employees and directors may include a variable component, as a result of their individual performance and that of the Bank (performance premiums), and in line with what is defined in Law 14/21 of 19 May – Law on the Legal Framework of Financial Institutions. It is up to the Board of Directors and the Remuneration Committee of the members of the governing bodies to assess and determine the respective criteria. The assigned or estimated variable remuneration is recorded against profit or loss for the year to which it refers.

2.14. Recognition of dividends

Dividends (yield on equity instruments) are recognised in profit or loss when the right to receive them is attributed. Dividends are presented in the profit or loss of financial transactions, under the heading "Net income from financial assets and liabilities at fair value through profit or loss", or under the heading "Income from equity instruments", depending on the classification of their underlying instrument.

2.15. Recognition of income from services, fees and commissions

Income arising from services, fees and commissions are recognised according to the following criteria:

- When income is obtained as the services are rendered, its recognition in profit or loss is carried out in the year to which it refers in accordance with IFRS 15;

- When arising from a provision of services, its recognition is carried out when said service is completed in accordance with IFRS 15;

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

2.16. Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Bank's financial statements. The profit or loss obtained from services, fees and commissions derived from these activities is recognised in the income statement for the year in which it occurs.

2.17. Net trading income

Net trading income includes the gains and losses generated by financial assets and liabilities at fair value through profit or loss, namely from trading portfolios and other assets and liabilities at fair value through profit or loss, including dividends associated with those portfolios.

This income also includes capital gains on the sales of financial assets at fair value through other comprehensive income and investments at amortised cost.

2.18. Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalents comprise the amounts recorded on the balance sheet with a maturity of less than three months from their date of issue and immaterial risk of variation in intangible fair value, which includes the total balances under the headings "Cash and cash equivalents at central banks" and "Cash and cash equivalents at central banks" and "Cash and cash equivalents at other credit institutions" (Notes 4 and 5).

2.19. Financial guarantees, performance bonds and commitments

Financial guarantees

Contracts that require their issuer to make payments in order to compensate the holder for losses incurred as a result of non-compliance with the contractual terms of debt instruments, namely the payment of the respective principal and/or interest, are considered to be financial guarantees. Financial guarantees issued are initially recognised at fair value. Subsequently, these guarantees are measured at the higher of (i) the fair value initially recognised and (ii) the amount of any liability arising from the guarantee contract, measured on the reporting date. Any change in the value of the obligation associated with financial guarantees issued is recognised in the income statement. The financial guarantees issued by the Bank usually have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount and period of the contract. On this basis, the fair value of the guarantees on the date of their initial recognition is approximately equivalent to the value of the initial commission received, taking into account that the agreed conditions are market conditions. Thus, the amount recognised on the contract date equals the amount of the initial commission received, which is recognised in the income statement during the year to which it relates. Subsequent commissions are recognised in the income statement in the year to which they relate.

Performance Bonds

Performance bonds are contracts that result in one of the parties being compensated if it fails to fulfil its contractual obligation. Performance bonds are initially recognised at fair value, which is normally evidenced by the value of the fees and commissions received throughout the contract's duration. In the event of a breach of contract, the Bank has the right to reverse the guarantee, with the amounts being recognised under "Loans to customers" after transfer of loss offsetting in favour of the guarantee.

Irrevocable commitments are intended to provide loans under predetermined conditions (Note 2.3.).

2.20. Leases

In accordance with IFRS 16, the Bank, from the perspective of a lessee, recognised right-of-use assets which represent its rights to use the underlying assets and liabilities of the lease reflected in its obligations to make lease payments.

Definition of lease

The Bank determines, on the start date of the contract, whether an agreement is or contains a lease in accordance with IFRS 16. The Bank evaluates whether a contract is or contains a lease based on the definition of a lease. According to IFRS 16, a contract is, or contains, a lease transfers the right to use an identified asset (the underlying asset) over a certain period, in exchange for a consideration.

On the commencement date or revaluation of a contract containing a lease component, the Bank allocates the consideration in the contract for each lease and non-lease component based on its individual relative price. However, for leases in which the entity is a lessee, it does not separate the non-lease components, and records the lease and non-lease components as a single lease component.

Lessee

The Bank leases several assets, namely real estate properties in which the Bank's branches are located and spaces for installing ATMs and other infrastructures.

As a lessee, the Bank recognises right-of-use assets and lease liabilities for some asset classes.

The Bank does not recognise right-of-use assets and lease liabilities for short-term leases whose lease term is equal to or less than 12 months, and low-value asset leases (amounts equal to or less than USD 5,000, e.g. computer equipment). The Bank recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

The Bank presents right-of-use assets under "Other tangible assets", that is, in the same line of headings that presents the underlying assets of the same nature that are its property.

The Bank presents the lease liabilities under "Other liabilities" on the Balance Sheet.

Right-of-use assets

Right-of-use assets are initially measured at cost and then at cost minus any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-to-use assets are depreciated from the entry into force until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is lower.

The cost of the right-of-use asset includes:

- The amount of the initial measurement of the lease liability;
- Any lease payments made on or before the effective date, net of lease incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of the costs to be borne by the lessee with the dismantling and removal of the underlying asset, the restoration of the place where it is located, or the restoration of the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities

The lease liability is initially measured at the current value of the lease payments to be paid over the lease term, discounted at the implicit lease rate or, if the rate cannot be easily determined, at the Bank's incremental financing rate. Generally, the Bank uses its incremental funding rate as a discount rate, which incorporates the risk-free interest rate curve plus a risk spread.

The incremental financing rate is a discount rate that the Bank would obtain in order to gain the necessary funds, with the same maturity and similar guarantee, to acquire the underlying asset.

The lease liability is subsequently increased by the interest cost and decreased by the lease payments made. It is remeasured when there are changes in future lease payments arising from a change in an index or rate, a change in the estimate of the expected amount payable under a residual value guarantee, or, if appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised, or a termination option is reasonably certain not to be exercised.

Lessor

When the Bank acts as a lessor, it determines, at the beginning of the contract, whether it is a finance or operating lease.

To classify each lease, the Bank makes an overall assessment as to whether the lease substantially transfers all the risks and benefits inherent to the ownership of the underlying asset. If so, the lease is a finance lease; if not, it is an operating lease. In this assessment, the Bank considers certain indicators, such as whether the lease covers most of the asset's economic life.

Finance lease agreements are recorded on the balance sheet as loans granted for the amount equivalent to the net investment made in the leased assets, together with any estimated unsecured residual value. Interest included in rents charged to customers is recorded as income while the repayments of principal, also included in rents, are deducted from the value of the loan granted to customers. The recognition of interest reflects a constant periodic rate of return on the lessor's remaining net investment.

If a contract contains lease and non-lease components, the Bank will apply IFRS 15 to allocate the contractual amounts.

The Bank recognises lease payments received under operating leases as revenue on a straight-line basis during the lease period, as "Other operating income/(expense)".

2.21. Treasury shares and share premiums

This heading records the difference, when negative, between the nominal value of the treasury shares acquired by the Bank and their acquisition cost.

In order to maintain the premiums corresponding to the treasury shares in the portfolio, this heading must be adjusted against reserves when the shares are sold.

3. Main estimates and judgements used in the preparation of the financial statements

The main accounting estimates and judgements used in the Bank's application of accounting principles are presented in this Note, for the purpose of improving the understanding of how their application affects the Bank's reported results and their disclosure. A comprehensive description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment used by the Board of Directors, the results reported by the Bank could be different if a different treatment were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present, in a true and appropriate manner, the Bank's financial position and the results of its operations in all materially relevant aspects.

3.1. Classification of financial assets

The classification and measurement of financial assets depend on the results of the SPPI test and the definition of the business model. The Bank determines the business model depending on the way it wants to manage financial assets and business objectives.

This assessment requires judgement insofar as the Bank must consider, among others, the way in which the performance of the assets is assessed, the risks affecting the performance of the assets, and the way in which those risks are managed.

The Bank monitors financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised before their maturity, to understand the reasons underlying their disposal and determine whether they are consistent with the purpose of the business model defined for those assets. This monitoring is part of the Bank's continuous assessment of the business model of the financial assets that remain in the portfolio to determine whether it is appropriate and, if not, whether there was a change in the business model and, consequently, a prospective change in the classification of those financial assets (Notes 7, 8, 9 and 10).

3.2. Fair value of other financial assets and liabilities measured at fair value

Fair value is based on market prices, when available, and in the absence of a quote it is determined based on the use of the prices of similar recent transactions carried out under market conditions, or based on valuation methodologies based on discounted future cash flow techniques considering the market conditions, time value, profitability curve and volatility factors.

These methods may require assumptions or judgements in estimating the fair value.

Consequently, the use of different methodologies or different assumptions or judgements in the application of a given model could result in financial results that are different from those reported in Notes 7 and 8.

The Bank uses the following fair value hierarchy, with three levels in the valuation of financial instruments (assets or liabilities), which reflects the level of judgement, the observability of the data used, and the importance of the parameters applied in determining the valuation of the instrument's fair value, in accordance with the provisions of IFRS 13:

- **Level 1:** Fair value is determined based on unadjusted quoted prices captured in transactions on active markets involving financial instruments identical to the instruments being valued. If there is more than one active market for the same financial instrument, the relevant price is the one that prevails in the instrument's main market or the most advantageous market to which there is access;

- **Level 2:** Fair value is determined based on valuation techniques based on observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to those that an unrelated party would use to estimate the fair value of the same financial instrument. It also includes instruments whose valuation is obtained through quotes published by independent entities, but whose markets have lower liquidity; and,

- **Level 3:** Fair value is determined based on data not observable in active markets, using techniques and assumptions that market participants would use to assess the same instruments, including hypotheses regarding the inherent risks, the valuation technique used and the inputs used and considering 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 trading volume and liquidity of the transactions carried out, the relative volatility of the quoted prices and the readiness and availability of the information, and must verify the following minimum conditions for this purpose:

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

- The quotes mentioned above change regularly;

- There are enforceable quotes from more than one entity.

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

- If its value is determined in an active market;

- If an Over-the-Counter (OTC) market exists and it is reasonable to assume that active market conditions are observed, with the exception of the condition of trading volumes; and, The value of the parameter can be obtained by inversely calculating the prices of financial instruments and/or derivatives where the other parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that comply with the previous paragraphs.

3.3. Impairment losses in financial instruments at amortised cost and at fair value through other comprehensive income

The Bank periodically reviews the financial instruments in order to assess the existence of expected impairment losses, as mentioned in the accounting policy described in Note 2.3.

The assessment process in order to determine whether an expected loss due to impairment should be recognised is subject to various estimates and judgements. This process includes factors such as the probability of default (PD), loss given default (LGD), risk ratings, the value of collateral associated with each transaction (individual analysis), recovery rates and estimates of both future cash flows and the time of receipt.

The determination of impairment losses for financial instruments involves judgements and estimates regarding the following aspects, among others:

- Significant increase in credit risk: as mentioned in Note 2.3. – Financial instruments, the determination of the transfer of an asset from stage 1 to stage 2 for the purpose of determining its impairment is based on the significant increase in its credit risk since its initial recognition, where IFRS 9 does not objectively define what constitutes a significant increase in credit risk;

- Fair value of collateral: the calculation of impairment associated with loans is based on collateral assessments of the loan transactions, such as real estate mortgages (individual analysis). These were carried out on the assumption that all real estate market conditions were maintained during the life of the transactions and were the best estimate of the fair value of that collateral on the reporting date;

- Definition of assets with similar credit risk characteristics: when expected credit losses are measured in a collective model, financial instruments are grouped based on the same risk characteristics. The Bank monitors the adequacy of credit risk characteristics in order to ensure that the assets are properly reclassified in the event of changes in credit risk characteristics;

- Probability of default: the probability of default is a determining factor in the measurement of expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given period of time, calculated based on historical data, assumptions, and expectations about future conditions.

- Loss given default: this corresponds to an expected loss in a default scenario based on the difference between the contractual cash flows and those that the Bank expects to receive through the cash flows generated by the customer's business or loan collateral. The calculation of the estimated loss given the default is based, among other things, on the different recovery scenarios, historical information, the costs involved in the recovery process, and the estimated valuation of collateral associated with loan operations;

- Models and assumptions used: the Bank uses various models and assumptions when measuring estimated expected credit losses. Judgement is applied in identifying the most appropriate model for each type of asset and in determining the assumptions used in these models. Additionally, in compliance with the regulations of IFRS 9, which explain the need for the impairment result to consider multiple scenarios, a methodology was implemented to incorporate different scenarios in risk parameters. Thus, the calculation of collective impairment considers several scenarios with specific weighting, based on the defined internal methodology concerning scenarios – the definition of multiple perspectives of macroeconomic evolution, with significant probability of occurrence.

Alternative methodologies and the use of other assumptions and estimates could result in levels other than the expected impairment losses recognised and presented in Notes 4, 5, 6, 8, 9 and 10, with the consequent impact on the Bank's results.

3.4. Tax expenses

The Bank is subject to taxation under Industrial Tax and is considered a taxpayer under the Legal Framework.

Tax expenses (current or deferred) are reflected in the net income for the year, except where the transactions that originated them were reflected in other equity headings. In these situations, the corresponding tax is also reflected against equity, without affecting the net income for the year.

The calculation of the current tax estimate for the years ended 31 December 2023 and 2022 were calculated in accordance with the Industrial Tax Code in force on each of the dates, at the applicable tax rate of 35%.

Tax returns are subject to review and correction by the tax authorities over a period of five years and may last up to ten years and may result, due to different interpretations of tax legislation, in possible adjustments to the taxable profit for the financial years of 2019 to 2023.

Tax losses determined in a given financial year, in accordance with Article 48(1) of the Industrial Tax Code (CII), may be deducted from the taxable profits of the following five years.

Significant interpretations and estimates are required in determining the overall amount of taxes on profits. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

With the amendment of the CII, for the purpose of calculating the tax estimate, the following assumptions were adopted in accordance with the understanding and information available on the reporting date:

- Unrealised exchange rate changes:
  - Potential changes in the headings of revaluation of foreign-indexed assets and liabilities excluded from overdue transactions in the financial year; and
  - The revaluation of the net position of foreign currency assets and liabilities in the financial year.
- Impairments incurred in secured loans – nominal value of guarantees taking into account:
  - Impairment reinforcements in enforcing existing loans;
  - Constitution of impairment of new loans granted during the financial year.

The assumptions made by the Bank when determining income tax for the year and deferred taxes are still subject to ratification by the General Tax Authority.

Deferred taxes are calculated based on the tax rates expected to be in effect on the date of the reversal of the temporary differences, which correspond to the rates approved or substantially approved on the reporting date. Thus, for the years ended 31 December 2023 and 2022, the deferred tax was, in general terms, calculated based on a rate of 35%.

Other interpretations and estimates could result in a different level of current and deferred profit taxes recognised in the financial year and presented in Note 13.

3.5. Leases

The relevant judgements made by management in the application of the Bank's accounting policies and the main sources of the uncertainty of the estimates were the same as those related to accounting as a lessee of leases under IFRS 16.

For contracts in which the Bank is the lessee and which include extension and termination options, the Bank determines the lease term as the non-cancellable period, during which it has the right to use an underlying asset, together with the periods covered by an option to extend the lease if there is reasonable certainty of exercising that option and the periods covered by a termination option if there is reasonable certainty of not exercising that option. The assessment of whether or not the Bank will exercise such options has an impact on the lease term, which significantly affects the amount of lease liabilities and right-of-use assets that are recognised.

The Bank has the option, especially in real estate lease agreements, of leasing the assets for additional terms of 1 to 20 years. The Bank applies judgement when assessing whether it is reasonably certain that it will exercise the renewal option. In other words, it considers all the relevant factors that create an economic incentive for the exercise of renewal.

When measuring the lease liabilities presented in Note 18, the Bank deducts the payments using its incremental financing rate, which is determined based on the risk-free interest rate curve (interest rate on non-indexed treasury bonds at three years) plus the Bank's risk spread. The incremental financing rate is the discount rate that the Bank would obtain in order to raise the necessary funds, with the same maturity and similar guarantee, to acquire the underlying asset, which is estimated at approximately 23%.

3.6. Classification and valuation of assets received through credit recovery and non-current assets held for sale

The classification of properties received through loan recovery and non-current assets held for sale is assessed in the light of IFRS 5.

Assets received through loan recovery and non-current assets held for sale are measured at the lowest value between their fair value net of sales costs and the carrying amount of the loan existing on the date when the asset was received in lieu of repayment. Fair value is determined based on periodic real estate evaluations carried out by expert independent valuators, based on assumptions whose influence on the economic and financial situation and the market's capacity to transact the available offer at any given moment are decisive. Thus, the implementation of the valuation amount determined by independent experts depends on the verification of the assumptions used in the respective valuations, so the evolution of macroeconomic conditions and the real estate market may result in the alteration of these same assumptions and, consequently, have an impact on the recoverability of the valuation amount of the properties.

Different methodologies and assumptions would have an impact on the classification and determination of the fair value of the assets, which are presented in Note 14.

3.7. Contingent provisions and liabilities

The measurement of provisions takes into account the principles defined in IAS 37 with regard to the best estimate of the expected cost, the most likely outcome of the actions in progress, and taking into account the risks and uncertainties inherent to the process. Different assumptions and judgements would have an impact on the determination of the value of provisions, which are presented in Note 17.

4. Cash and cash equivalents at central banks

This heading is composed as follows:

	31-12-2023	31-12-2022
Cash		
In local currency	18,590,964	18,644,174
In foreign currency	11,439,147	3,124,717
Demand deposits in Banco Nacional de Angola		
In local currency	288,750,891	390,860,355
In foreign currency	285,635,734	251,453,502
	604,416,736	**664,082,748**
Impairments (Note 35)	**(735,021)**	**(2,368,520)**
	603,681,715	**661,714,228**

The heading "Demand deposits in Banco Nacional de Angola" (BNA) includes deposits constituted to comply with the mandatory reserve regime. As at 31 December 2023, these reserves are constituted in accordance with Directive 12/DME/2023 of 28 November 2023 and Instruction 04/2023 of 30 March, both from BNA, which are summarised as follows:

Incidence base	**Calculation**	**Coefficient in domestic currency**	**Coefficient in foreign currency**
Central Government	Daily	100%	100%
Local Governments and Municipal Administrations	Every 2 weeks	18%	100%
Other Sectors	Every 2 weeks	18%	22%

Compliance with mandatory reserves, for a given 2 weeks period is determined taking into account the average amount of customer deposit balances, among others, at the Bank during that period.

In accordance with Directive 12/DME/2023 of 28 November 2023, mandatory foreign currency reserves may be fulfilled with the amounts in foreign currency deposited at BNA, in the name of each banking financial institution, deducted from the corresponding 100% of the deposits in the name of the Central Government, held in the books of said financial institution.

As at 31 December 2023, the total amount due (Central Government, Local Governments, Local Administrations and Other Sectors) amounts to kAOA 535,907,289 (2022: kAOA 450,356,181).

In the years ended 31 December 2023 and 2022, the variation in the heading "Demand deposits" at Banco Nacional de Angola refers to (i) In local currency – the decrease in Central Government funds, which must be fully recorded in the cash and cash equivalents account at the Central Bank under Instruction 8/2021 of 14 May; and (ii) In foreign currency – the increase in Central Government funds and the depreciation of the Kwanza against the Euro and the United States Dollar.

As at 31 December 2023, total liabilities are deducted by the amount of kAOA 75,427,479 (2022: 34,496,491) related to loans granted to the real sector of the economy, pursuant to BNA Notice 10/22.

As at 31 December 2023 and 2022, the expected impairment losses for "Cash and cash equivalents at central banks" showed the following movement:

	31-12-2023	**31-12-2022**
Opening balance	**2,368,520**	**804,932**
Allocation for the year (Note 35)	-	1,663,499
Reversal for the year (Note 35)	(1,907,014)	(43,805)
Adjustments (includes exchange rate effect)	273,515	(56,106)
Closing balance	**735,021**	**2,368,520**

5. Cash and cash equivalents at other credit institutions

This heading is composed as follows:

	31-12-2023	**31-12-2022**
Cash and cash equivalents in domestic credit institutions		
Other deposits	453,261	375,167
Cash and cash equivalents at credit institutions abroad		
Demand deposits	95,656,995	39,807,942
	96,110,256	**40,183,109**
Impairments (Note 35)	**(28,279)**	**(245,045)**
	96,081,977	**39,938,064**

As at 31 December 2023, the variation in the heading "Cash and cash equivalents at credit institutions abroad – Demand deposits" is mainly due to the exchange rate variation arising from the appreciation of the Kwanza against the United States Dollar. This heading includes an amount of kAOA 4,887,096 (2022: kAOA 597,305) intended to guarantee the supply at the corresponding Bank for daily settlement of the use of VISA cards for subsequent settlement with the customer.

As at 31 December 2023, the expected impairment losses for "Cash and cash equivalents at other credit institutions" showed the following movement:

	31-12-2023	31-12-2022
Opening balance	**245,045**	**17,244**
Allocation for the year (Note 35)	2,972	260,336
Reversal for the year (Note 35)	(271,386)	(1,100)
Note 35	**(268,414)**	**259,236**
Adjustments (includes exchange rate effect)	51,648	(31,435)
Closing balance	**28,279**	**245,045**

6. Deposits at central banks and other credit institutions

This heading is composed as follows:

	31-12-2023	31-12-2022
Deposits at central banks and other domestic credit institutions		
Interbank money market	33,500,000	34,500,000
Interest receivable	62,751	351,826
Third-party securities purchase transactions with a resale agreement	687,200,199	380,800,571
Interest receivable	6,012,776	14,455,638
	726,775,726	**430,108,035**
Investments at credit institutions abroad		
Interbank money market	185,926,746	97,805,450
Collateral deposits	96,479,606	90,326,398
Interest receivable	1,303,351	793,632
	283,709,703	**188,925,480**
	1,010,485,429	**619,033,515**
Impairments	**(2,775,862)**	**(16,666,153)**
	1,007,709,567	**602,367,362**

As at 31 December 2023, the change in the heading "Deposits at central banks and other domestic credit institutions – reverse repurchase agreements" is essentially due to Bank's strategy of investing its liquidity in short-term, low-risk operations.

As at 31 December 2023, the change in the heading "Investments at credit institutions abroad – Interbank money market" is essentially due to the depreciation of the Kwanza against the Euro and the United States Dollar.

The phasing of Deposits at central banks and other credit institutions, including interest receivable, by maturity, as at 31 December 2023 and 2022, is as follows:

	31-12-2023	31-12-2022
Up to three months	760,252,109	454,061,174
Three to six months	101,575,972	50,490,064
Six months to one year	65,138,770	15,306,057
One to three years	83,518,578	99,176,220
	1,010,485,429	**619,033,515**

The phasing of Deposits at central banks and other credit institutions, including interest receivable, by currency, as at 31 December 2023 and 2022, is as follows:

	31-12-2023	31-12-2022
AOA	726,775,726	430,108,035
USD	246,662,354	170,315,710
EUR	28,509,410	18,609,770
CNY	8,537,939	-
Total	**1,010,485,429**	**619,033,515**

As at 31 December 2023, Deposits at central banks and other credit institutions earned interest at the weighted average rate of 9.90% in local currency (2022: 12.54%), 0.71% in euros (2022: 0.61%), 3.45% in dollars (2022: 2.33%) and 2.49% in yuan (Renminbi).

As at 31 December 2023 and 2022, the heading “Investments at credit institutions abroad – Collateral deposits and interest” corresponds to liquidity investments that are securing loan transactions granted by the corresponding banks.

As at 31 December 2023, the heading “Investments at credit institutions abroad – Interbank money market” includes kAOA 1,919,480 (2022: kAOA 1,126,183) that are securing credit transactions granted by BAI Cabo Verde.

All exposures relating to investments at other credit institutions are classified as stage 1. In the year ended 31 December 2023, the exposure that was classified as stage 3 in 2022 was closed through a payment in kind agreement.

As at 31 December 2023, the expected impairment losses for Deposits at central banks and other credit institutions showed the following movement:

	31-12-2023	31-12-2022
Opening balance	**16,666,153**	**20,204,810**
Allocation for the year (Note 35)	2,770,321	18,449,516
Stage 3 adjustment (Note 35)	-	(332,277)
Reversal for the year (Note 35)	(8,988,971)	(20,661,993)
Note 35	**(6,218,650)**	**(2,544,754)**
Uses	(15,657,652)	-
Adjustments (includes exchange rate effect)	7,986,011	(993,903)
Closing balance	**2,775,862**	**16,666,153**

The amount shown in the "Uses" line refers to the exposure extinguished through the payment in kind agreement that took place in the first half of 2023, as mentioned above.

7. Financial assets at fair value through profit or loss

This heading is composed as follows:

	31-12-2023	31-12-2022
Financial assets at fair value through profit or loss		
Bonds and other fixed income securities		
Issued by Government and public entities		
Treasury bills	111,803,258	141,139,678
Treasury bonds in local currency		
Non-adjustable	333,643,054	437,329,042
Treasury bonds in foreign currency	253,312,565	33,215,223
Issued by other entities	27,013	15,740
Other variable income securities		
Investment fund units	4,678,423	3,906,697
Shares	1,865	1,133
	703,466,178	**615,607,513**
	703,466,178	**615,607,513**

Pursuant to the accounting policy described in Note 2.3. financial assets at fair value through profit or loss are those acquired for the purpose of being traded in the short term regardless of their maturity and those that do not comply with the solely payments of principal and interest (SPPI) criteria.

As at 31 December 2023 and 2022, financial assets measured at fair value through profit or loss showed the following levels of appreciation:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Bonds and other fixed income securities				
Issued by Government and public entities	22,289,482	676,469,395	-	698,758,877
Issued by other entities	-	27,013	-	27,013
Other variable income securities				
Investment fund units	-	-	4,678,423	4,678,423
Shares	-	-	1,865	1,865
Balance as at 31 December 2023	**22,289,482**	**676,496,408**	**4,680,288**	**703,466,178**
Financial assets at fair value through profit or loss				
Bonds and other fixed income securities				
Issued by Government and public entities	15,993,748	578,725,458	16,964,736	611,683,943
Issued by other entities	-	15,740	-	15,740
Other variable income securities				
Investment fund units	-	-	3,906,697	3,906,697
Shares	-	-	1,133	1,133
Balance as at 31 December 2022	**15,993,748**	**578,741,198**	**20,872,566**	**615,607,513**

Pursuant to IFRS 13, financial instruments are measured according to the valuation levels described in Note 40. The fair value of bonds and other fixed-income securities – from classified public issuers, is based on the valuation curve of securities through the sum of the daily rates of US Treasury bonds and the country risk premium, which is used in the discount factor in order to determine the clean price.

As at 31 December 2023 and 2022, securities measured at fair value through profit or loss show the following residual maturity periods:

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
Issued by Government and public entities	-	124,025,263	566,484,811	8,248,803	-	698,758,877
Issued by other entities	-	-	-	27,013	-	27,013
Other variable income securities						
Investment fund units	-	-	4,678,423	-	-	4,678,423
Shares	-	-	-	-	1,865	1,865
Balance as at 31 December 2023	**-**	**124,025,263**	**571,163,234**	**8,275,816**	**1,865**	**703,466,178**
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
Issued by Government and public entities	40,830,922	114,591,381	352,007,853	104,253,788	-	611,683,943
Issued by other entities	-	-	-	15,740	-	15,740
Other variable income securities						
Investment fund units	-	-	2,961,625	-	945,072	3,906,697
Shares	-	-	-	-	1,133	1,133
Balance as at 31 December 2022	**40,830,922**	**114,591,381**	**354,969,478**	**104,269,528**	**946,205**	**615,607,513**

As at 31 December 2023 and 2022, securities measured at fair value through profit or loss have the following characteristics:

31-12-2023	Issuer	Domicile	Activity	Currency	Indexer	Average rate	Nominal value	Acquisition cost	Accrued interest	Fair value adjustment	Carrying Amount
Financial assets at fair value through profit or loss											
Bonds and other fixed income securities											
Treasury bills	State	Angola	Government	AOA	n.a.	18.22%	123,916,349	106,581,250	244,719	4,977,289	111,803,258
Non-adjustable bonds	State	Angola	Government	AOA	n.a.	15.76%	297,121,200	298,647,426	9,826,701	25,168,927	333,643,054
Treasury bonds in foreign currency	State	Angola	Government	USD	n.a.	6.80%	235,009,555	234,724,264	183,131	(239,986)	234,667,409
Treasury bonds in foreign currency	State	USA	Government	USD	n.a.	2.88%	6,216,000	5,887,232	25,530	(83,726)	5,829,036
Treasury bonds in foreign currency	State	Ukraine	Government	USD	n.a.	7.75%	29,647,834	16,676,103	3,077,724	(7,531,821)	12,222,006
Treasury bonds in foreign currency	State	Bahrain	Government	USD	n.a.	6.51%	273,504	266,206	4,716	(8,102)	262,820
Treasury bonds in foreign currency	State	Nigeria	Government	USD	n.a.	6.35%	248,640	245,594	2,460	(20,556)	227,498
Treasury bonds in foreign currency	State	Gabon	Government	USD	n.a.	7.00%	123,491	120,218	864	(17,286)	103,796
Other bonds in foreign currency	Fast-Ferry CV	Cape Verde	Financial Institutions	EUR	n.a.	4.00%	1,588,416	1,588,416	26,827	(1,588,230)	27,013
Other variable income securities											
FIPA I*	n.a.	Luxembourg	Financial Institutions	USD	n.a.	n.a.	n.a.	6,596,765	n.a.	(6,596,765)	-
FIPA II	n.a.	Luxembourg	Financial Institutions	USD	n.a.	n.a.	n.a.	6,963,761	n.a.	(2,285,338)	4,678,423
Shares	n.a.	Belgium	Financial Institutions	USD	n.a.	n.a.	n.a.	1,865	n.a.	-	1,865
							694,144,989	**678,299,100**	**13,392,672**	**11,774,406**	**703,466,178**

* Entity in the process of liquidation

31-12-2022	Issuer	Domicile	Activity	Currency	Indexer	Average rate	Nominal value	Acquisition cost	Accrued interest	Fair value adjustment	Carrying Amount
Financial assets at fair value through profit or loss											
Bonds and other fixed income securities											
Treasury bills	State	Angola	Government	AOA	n.a.	12.14%	151,096,355	142,564,227	2,185,178	(3,609,729)	141,139,676
Non-adjustable bonds	State	Angola	Government	AOA	n.a.	18.46%	399,958,600	404,742,533	21,767,446	10,819,064	437,329,043
Treasury bonds in foreign currency	State	Angola	Government	USD	n.a.	6.81%	23,666,929	22,989,918	332,822	(989,709)	22,333,031
Treasury bonds in foreign currency	State	USA	Government	USD	n.a.	2.88%	3,525,837	3,295,595	14,981	(18,206)	3,292,370
Treasury bonds in foreign currency	State	Ukraine	Government	USD	n.a.	7.75%	17,845,268	10,011,474	457,161	(3,222,339)	7,246,296
Treasury bonds in foreign currency	State	Bahrain	Government	USD	n.a.	6.51%	166,218	161,783	2,866	(11,671)	152,978
Treasury bonds in foreign currency	State	Nigeria	Government	USD	n.a.	6.35%	151,107	149,256	1,495	(29,912)	120,839
Treasury bonds in foreign currency	State	Gabon	Government	USD	n.a.	7.00%	84,620	82,378	592	(13,260)	69,710
Other bonds in foreign currency	Other	Cape Verde	Financial Institutions	EUR	n.a.	4.00%	931,970	931,970	15,740	(931,970)	15,740
Other variable income securities											
FIPA I	n.a.	Luxem-bourg	Financial Institutions	USD	n.a.	n.a.	n.a.	4,009,087	n.a.	(4,009,087)	-
FIPA II	n.a.	Luxem-bourg	Financial Institutions	USD	n.a.	n.a.	n.a.	4,106,653	n.a.	(1,332,801)	2,773,852
Carlyle	n.a.	USA	Financial Institutions	USD	n.a.	n.a.	n.a.	474,893	n.a.	(287,120)	187,773
Shares	n.a.	Belgium	Financial Institutions	USD	n.a.	n.a.	n.a.	1,133	n.a.	-	1,133
Exchange Traded Funds	n.a.	USA	Financial Institutions	USD	n.a.	n.a.	n.a.	1,003,446	n.a.	(58,374)	945,072
							597,426,905	**594,524,346**	**24,778,282**	**(3,695,113)**	**615,607,513**

8. Financial assets at fair value through other comprehensive income

This heading is composed as follows:

	Cost (1)	Reserves	Carrying amount
		Changes in fair value	
Financial assets at fair value through other comprehensive income			
Shares	1,137,484	1,911,587,	3,049,071
Balance as at 31 December 2023	**1,137,484**	**1,911,587**	**3,049,071**
Financial assets at fair value through other comprehensive income			
Shares	1,137,484	928,215,	2,065,699
Balance as at 31 December 2022	**1,137,484**	**928,215**	**2,065,699**

(1) Purchase cost for shares and other equity instruments and amortised cost for debt securities.

All exposures relating to financial assets at fair value through other comprehensive income are at stage 1.

As at 31 December 2023 and 2022, financial assets at fair value through other comprehensive income, net of impairment, showed the following levels of valuation:

	Level 1	Level 2	Level 3	At cost	Total
Financial assets at fair value through other comprehensive income					
Shares	-	-	3,049,071	-	3,049,071
Balance as at 31 December 2023	**-**	**-**	**3,049,071**	**-**	**3,049,071**
Financial assets at fair value through other comprehensive income					
Shares	-	-	2,065,699	-	2,065,699
Balance as at 31 December 2022	**-**	**-**	**2,065,699**	**-**	**2,065,699**

Pursuant to IFRS 13, financial instruments are measured according to the valuation levels described in Note 40.

As at 31 December 2023 and 2022, financial assets at fair value through other comprehensive income include only equity instruments of undetermined duration.

As at 31 December 2023 and 2022, financial assets at fair value through other comprehensive income have the following characteristics:

31-12-2023	Issuer	Domicile	Activity	Currency	Indexer	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Fair value/ impairment adjustment	Carrying Amount
Financial assets at fair value through other comprehensive income												
Shares	EMIS	Angola	Financial Institutions	AOA	n.a.	n.a.	n.a.	793,208	n.a.	n.a.	1,945,040	2,738,248
Shares	Nova Cimangola	Angola	Manufacturing industry	AOA	n.a.	n.a.	n.a.	344,276	n.a.	n.a.	(33,453)	310,823
								1,137,484	**-**	**-**	**1,911,587**	**3,049,071**

31-12-2022	Issuer	Domicile	Activity	Currency	Indexer	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Fair value/ impairment adjustment	Carrying Amount
Financial assets at fair value through other comprehensive income												
Shares	EMIS	Angola	Financial Institutions	AOA	n.a.	n.a.	n.a.	793,208	n.a.	n.a.	961,668	1,754,876
Shares	Nova Cimangola		Manufacturing industry	AOA	n.a.	n.a.	n.a.	344,276	n.a.	n.a.	(33,453)	310,823
					-	**-**	**-**	**1,137,484**	**-**	**-**	**928,215**	**2,065,699**

The movement of the fair value reserve that occurred during the year is detailed in Note 20.

The movements that occurred at the level of financial instruments at fair value through other comprehensive income classified at level 3 of the fair value hierarchy of IFRS 13 refer exclusively to the revaluation of investments in each financial year.

As at 31 December 2023, there was no transfer of financial instruments at fair value through other comprehensive income between a hierarchy of fair value levels.

9. Investments at amortised cost

This heading is composed as follows:

	31-12-2023	31-12-2022
Investments at amortised cost		
Bonds and other fixed income securities		
Issued by Government and public entities		
Treasury bills	-	12,107,122
Treasury bonds in local currency		
Non-adjustable	587,254,992	185,837,978
Treasury bonds in foreign currency	693,351,783	502,333,397
	1,280,606,775	**700,278,497**
Impairments	(18,821,700)	(10,224,058)
	1,261,785,075	**690,054,439**

The fair value of the investment portfolio at amortised cost is presented in Note 40, within the scope of the disclosure requirements defined in IFRS 7 and IFRS 9.

The change in investments at amortised cost in the year ended 31 December 2023, is due to (i) the maturity of Treasury Bills and Bonds amounting to kAOA 535,838,716, (ii) the acquisition of treasury bonds in national currency and foreign currency of the values of kAOA 432,954,316 and 511,885,452, respectively, and (iii) the impact of the depreciation of the Kwanza against the United States Dollar in the year for foreign currency bonds amounting to kAOA 70,711,442. As at 31 December 2023, the Bank sold treasury bonds in local currency, which are within the thresholds defined in accordance with the policy disclosed in Note 2.3., the gains on which were recognised in the income statement as mentioned in Note 25.

As at 31 December 2023, the heading "Treasury bonds in local currency – Non-adjustable" includes securities amounting to kAOA 24,390,347 (2022: kAOA 20,499,990), given in guarantee to the General Tax Administration (AGT) in the context of ongoing tax procedures (Notes 13 and 38).

Investments at amortised cost have the following residual maturity periods:

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Investments at amortised cost					
Treasury bonds in local currency					
Non-adjustable	5,157,619	62,327,746	519,769,627	-	587,254,992
Treasury bonds in foreign currency	167,882,469	128,738,862	253,365,405	143,365,047	693,351,783
Impairments	(2,543,689)	(2,808,679)	(11,361,866)	(2,107,466)	(18,821,700)
Balance as at 31 December 2023	**170,496,399**	**188,257,929**	**761,773,166**	**141,257,581**	**1,261,785,075**
Investments at amortised cost					
Bonds issued by domestic public issuers					
Treasury bills	12,107,122	-	-	-	12,107,122
Treasury bonds in local currency					
Non-adjustable	43,421,773	53,964,087	88,452,118	-	185,837,978
Treasury bonds in foreign currency	-	391,578,507	14,842,960	95,911,930	502,333,397
Impairments	(810,722)	(7,008,447)	(1,004,575)	(1,400,314)	(10,224,058)
Balance as at 31 December 2022	**54,718,173**	**438,534,147**	**102,290,503**	**94,511,616**	**690,054,439**

As at 31 December 2023 and 2022, investments at amortised cost have the following characteristics:

31-12-2023	Issuer	Domicile	Activity	Currency	Indexer	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Impairment	Carrying Amount
Investments at amortised cost												
Bonds issued by domestic public issuers												
Treasury bonds in local currency												
Non-adjustable	State	Angola	Government	AOA	n.a.	15.74%	562,192,800	556,387,553	23,239,229	7,628,210	(8,629,429)	578,625,563
Treasury bonds in foreign currency	State	Angola	Government	USD	n.a.	6.61%	689,589,779	683,557,542	9,100,008	694,233	(10,192,271)	683,159,512
							1,251,782,579	**1,239,945,095**	**32,339,237**	**8,322,443**	**(18,821,700)**	**1,261,785,075**

31-12-2022	Issuer	Domicile	Activity	Currency	Indexer	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Impairment	Carrying Amount
Investments at amortised cost												
Bonds issued by domestic public issuers												
Treasury bills	State	Angola	Govern-ment	AOA	n.a.	13.00%	12,457,884	10,806,981	1,300,141	-	(176,764)	11,930,358
Treasury bonds in local currency												
Non-adjustable	State	Angola	Govern-ment	AOA	n.a.	16.02%	188,685,500	164,006,908	6,194,968	15,636,102	(2,713,227)	183,124,751
Treasury bonds in foreign currency	State	Angola	Govern-ment	USD	n.a.	6.18%	504,422,365	496,431,209	5,004,979	897,209	(7,334,068)	494,999,329
							705,565,749	**671,245,098**	**12,500,088**	**16,533,311**	**(10,224,058)**	**690,054,439**

As at 31 December 2023 and 2022, investment impairment losses at amortised cost showed the following movements:

	31-12-2023	31-12-2022
Opening balance	**10,224,058**	**16,217,939**
Impairment for the year	15,279,680	5,988,023
Reversal for the year	(11,024,969)	(11,288,486)
Note 36	**4,254,711**	**(5,300,463)**
Adjustments (includes exchange rate effect)	4,342,931	(693,418)
Closing balance	**18,821,700**	**10,224,058**

Exposures related to investments at amortised cost are classified as stage 1.

10. Loans to customers

This heading is composed as follows:

	31-12-2023	31-12-2022
Loans at amortised cost		
Domestic loans		
To companies	**370,803,473**	**288,676,020**
Loans	305,699,526	274,519,714
Current account loans and overdrafts	60,413,443	12,780,635
Credit cards	4,690,504	1,375,671
To individuals	**163,168,186**	**141,026,592**
Consumer and other loans	128,701,881	108,017,251
Mortgage	34,466,305	33,009,341
	533,971,659	**429,702,612**
Foreign loans		
To companies		
Loans	-	16,727,072
	-	**16,727,072**
Non-performing loans and interest		
Up to 30 days	45,750,979	57,562,200
30 days to 90 days	31,858,571	5,980,093
More than 90 days	107,828,418	78,116,266
	185,437,968	**141,658,559**
	719,409,627	**588,088,243**
Impairment losses	(254,552,743)	(195,890,605)
	464,856,884	**392,197,638**
Loans at fair value through profit or loss		
Gross carrying amount	270,182	676,657
Fair value adjustment	(129,816)	(523,012)
	140,366	**153,645**
	464,997,250	**392,351,283**

Loans overdue include all loan operations overdue by more than one day ago, including overdue and outstanding future instalments.

The change in the heading "Foreign loans" is due to the maturity of the financing granted to the Angolan Ministry of Finance through a banking syndicate.

Loans to customers includes the value of kAOA 140,366 (2022: kAOA 153,645) related to loans measured at fair value through profit or loss, because they do not comply with IFRS 9 requirements with regard to the SPPI criterion (see Note 2.3).

As mentioned in the chapter on activity by business area of the Management Report, as at 31 December 2023, the loans disbursed by the Bank under Notice 10/2022 of 6 April, represent 11.91% of the total portfolio (2022: 13.7%). For loans granted or restructured under this Notice, the total cost of the loan to the borrower, including interest rate, fees and commissions, cannot exceed 7.5% per annum (all-in--cost). In turn, the Bank may deduct the entire amount of new loans granted up to the value of the constituted mandatory reserves. In this context, in relation to the new loans granted under Notice 10/2022, which have an interest rate limit of 7.5% and the release of mandatory reserves, the Bank believes that the fair value of the loans does not differ from the nominal value, since the interest rate on transactions exceeds the debtor's credit risk spread at the initial time.

The following loan and impairment disclosures exclude loans at fair value through profit or loss because they are not subject to impairment.

As at 31 December 2023 and 2022, loans and impairment show the following composition by risk situation and segment:

Segment	Exposure 31-12-2023			Impairment 31-12-2023		
	Full exposure	Performing loans	Non-performing loans	Full exposure	Performing loans	Non-performing loans
Cards	5,068,303	5,068,303	-	118,010	118,010	-
Consumer loans	168,040,060	123,624,476	44,415,584	13,460,735	7,034,910	6,425,825
Overdrafts	3,616,696	9,103	3,607,593	2,870,818	6,160	2,864,658
Large companies	337,456,301	259,068,513	78,387,788	182,029,053	136,105,237	45,923,816
Mortgage	57,677,844	34,466,305	23,211,539	21,970,045	3,935,311	18,034,734
Small businesses	96,221,004	60,518,172	35,702,832	32,969,844	8,580,767	24,389,077
Public sector	51,329,419	51,216,787	112,632	1,134,238	1,065,740	68,498
Total	**719,409,627**	**533,971,659**	**185,437,968**	**254,552,743**	**156,846,135**	**97,706,608**

Segment	Exposure 31-12-2022			Impairment 31-12-2022		
	Full exposure	Performing loans	Non-performing loans	Full exposure	Performing loans	Non-performing loans
Cards	3,692,354	3,692,354	-	108,312	108,312	-
Consumer loans	135,157,287	104,295,900	30,861,387	10,956,116	6,740,720	4,215,396
Overdrafts	3,582,917	28,997	3,553,920	1,143,665	264	1,143,401
Large companies	278,320,267	213,555,282	64,764,985	151,759,537	103,194,271	48,565,266
Mortgage	51,233,372	33,009,341	18,224,031	15,619,475	5,332,308	10,287,167
Small businesses	90,019,531	65,765,698	24,253,833	16,012,620	3,675,464	12,337,156
Public sector	26,082,515	26,082,112	403	290,880	290,868	12
Total	**588,088,243**	**446,429,684**	**141,658,559**	**195,890,605**	**119,342,207**	**76,548,398**

Due to their nature, the Bank classifies overdrafts as non-performing loans, except for authorised overdrafts until they exceed the authorised period.

The heading "Cards" represents exposure to credit cards of private entities according to the segmentation applied under the collective impairment model.

As at 31 December 2023 and 2022, the breakdown of non-performing loans and impairment by maturity periods is as follows:

Segment	Exposure 31-12-2023				Impairment 31-12-2023			
	Non--performing loans	Up to 30 days	30 to 90 days	More than 90 days	Impairment of non-performing loans	Up to 30 days	30 to 90 days	More than 90 days
Consumer loans	44,415,584	34,494,948	981,441	8,939,195	6,425,825	167,082	126,819	6,131,924
Overdrafts	3,607,593	107,654	30,013	3,469,926	2,864,658	24,548	7,593	2,832,517
Large companies	78,387,788	1,789,367	29,267,820	47,330,601	45,923,816	8,094	7,616,721	38,299,001
Mortgage	23,211,539	2,856,612	187,746	20,167,181	18,034,734	382,744	71,422	17,580,568
Small businesses	35,702,832	6,502,267	1,391,530	27,809,035	24,389,077	402,200	292,643	23,694,234
Public sector	112,632	131	21	112,480	68,498	21	-	68,477
Total	**185,437,968**	**45,750,979**	**31,858,571**	**107,828,418**	**97,706,608**	**984,689**	**8,115,198**	**88,606,721**

Segment	Exposure 31-12-2022				Impairment 31-12-2022			
	Non--performing loans	Up to 30 days	30 to 90 days	More than 90 days	Impairment of non-performing loans	Up to 30 days	30 to 90 days	More than 90 days
Consumer loans	30,861,387	23,767,614	500,362	6,593,411	4,215,396	135,175	72,059	4,008,162
Overdrafts	3,553,920	71,324	468,256	3,014,340	1,143,401	4,444	43,354	1,095,603
Large companies	64,764,985	20,845,243	3,486,628	40,433,114	48,565,266	9,245,398	3,497,043	35,822,825
Mortgage	18,224,031	3,367,910	596,423	14,259,698	10,287,167	646,089	279,717	9,361,361
Small businesses	24,253,833	9,509,706	928,424	13,815,703	12,337,156	499,299	298,604	11,539,253
Public sector	403	403	-	-	12	12	-	-
Total	**141,658,559**	**57,562,200**	**5,980,093**	**78,116,266**	**76,548,398**	**10,530,417**	**4,190,777**	**61,827,204**

As at 31 December 2023 and 2022, the breakdown of non-performing loans and impairment by stages is as follows:

Segment	Exposure 31-12-2023				Impairment 31-12-2023			
	Non--performing loans	Stage 1	Stage 2	Stage 3	Impairment of non-performing loans	Stage 1	Stage 2	Stage 3
Consumer loans	44,415,584	34,026,104	1,319,990	9,069,490	6,425,825	107,856	115,812	6,202,157
Overdrafts	3,607,593	105,829	27,294	3,474,470	2,864,658	23,435	5,954	2,835,269
Large companies	78,387,788	439	3,324,553	75,062,796	45,923,816	8	525,960	45,397,848
Mortgage	23,211,539	1,252,355	1,221,576	20,737,608	18,034,734	39,537	130,581	17,864,616
Small businesses	35,702,832	5,147,056	2,798,999	27,756,777	24,389,077	321,986	472,976	23,594,115
Public sector	112,632	119	21	112,492	68,498	1	-	68,497
Total	**185,437,968**	**40,531,902**	**8,692,433**	**136,213,633**	**97,706,608**	**492,823**	**1,251,283**	**95,962,502**

Segment	Exposure 31-12-2022				Impairment 31-12-2022			
	Non--performing loans	Stage 1	Stage 2	Stage 3	Impairment of non-performing loans	Stage 1	Stage 2	Stage 3
Consumer loans	30,861,387	23,551,557	586,757	6,723,073	4,215,396	78,479	79,003	4,057,914
Overdrafts	3,553,920	48,559	467,889	3,037,472	1,143,401	4,024	43,332	1,096,045
Large companies	64,764,985	1,276,520	3,723	63,484,742	48,565,266	54,730	2	48,510,534
Mortgage	18,224,031	1,165,425	1,437,081	15,621,525	10,287,167	9,359	92,390	10,185,418
Small businesses	24,253,833	5,951,416	3,362,564	14,939,853	12,337,156	52,449	35,330	12,249,377
Public sector	403	403	-	-	12	12	-	-
Total	**141,658,559**	**31,993,880**	**5,858,014**	**103,806,665**	**76,548,398**	**199,053**	**250,057**	**76,099,288**

The composition of non-performing loans with impairment by maturity periods as at 31 December 2023 and 2022 is as follows:

Segment	Exposure 31-12-2023				Exposure 31-12-2022			
	Non-performing loans with impairment	Up to 30 days	30 to 90 days	More than 90 days	Non-performing loans with impairment	Up to 30 days	30 to 90 days	More than 90 days
Consumer loans	44,415,584	34,494,948	981,441	8,939,195	30,861,387	23,767,614	500,362	6,593,411
Overdrafts	3,607,593	107,654	30,014	3,469,925	3,553,920	71,324	468,255	3,014,341
Large companies	78,387,788	1,789,366	29,267,820	47,330,602	64,764,985	20,845,243	3,486,628	40,433,114
Mortgage	23,211,539	2,856,613	187,745	20,167,181	18,224,031	3,367,910	596,424	14,259,697
Small businesses	35,702,832	6,502,267	1,391,530	27,809,035	24,253,833	9,509,706	928,424	13,815,703
Public sector	112,632	131	21	112,480	403	403	-	-
Total	**185,437,968**	**45,750,979**	**31,858,571**	**107,828,418**	**141,658,559**	**57,562,200**	**5,980,093**	**78,116,266**

Segment	Impairment 31-12-2023				Impairment 31-12-2022			
	Non-performing loans with impairment	Up to 30 days	30 to 90 days	More than 90 days	Non-performing loans with impairment	Up to 30 days	30 to 90 days	More than 90 days
Consumer loans	6,425,825	167,082	126,818	6,131,925	4,215,396	135,175	72,059	4,008,162
Overdrafts	2,864,658	24,548	7,593	2,832,517	1,143,401	4,444	43,354	1,095,603
Large companies	45,923,816	8,094	7,616,722	38,299,000	48,565,266	9,245,398	3,497,043	35,822,825
Mortgage	18,034,734	382,744	71,422	17,580,568	10,287,167	646,089	279,717	9,361,361
Small businesses	24,389,077	402,200	292,643	23,694,234	12,337,156	499,299	298,604	11,539,253
Public sector	68,498	21	-	68,477	12	12	-	-
Total	**97,706,608**	**984,689**	**8,115,198**	**88,606,721**	**76,548,398**	**10,530,417**	**4,190,777**	**61,827,204**

As at 31 December 2023 and 2022, the composition of non-performing loans with impairment by stages is presented as follows:

	31-12-2023			
	Default class			
	Stage 1	Stage 2	Stage 3	Total
Loans to customers				
Loans and interest overdue				
With impairment attributed based on individual analysis	1,399,718	2,918,517	94,116,461	98,434,696
With impairment attributed based on collective analysis	39,132,184	5,773,916	42,097,172	87,003,272
Total	**40,531,902**	**8,692,433**	**136,213,633**	**185,437,968**

	31-12-2022			
	Default class			
	Stage 1	Stage 2	Stage 3	Total
Loans to customers				
Loans and interest overdue				
With impairment attributed based on individual analysis	1,113,367	-	79,415,716	80,529,083
With impairment attributed based on collective analysis	30,880,513	5,858,014	24,390,949	61,129,476
Total	**31,993,880**	**5,858,014**	**103,806,665**	**141,658,559**

The breakdown of loans to customers by stage is as follows:

	31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans at amortised cost				
Gross value	335,582,057	54,219,468	329,608,102	719,409,627
Impairment losses	(12,289,789)	(11,312,046)	(228,744,023)	(252,345,858)
Forward-looking Adjustment	-	-	-	(2,206,885)
	323,292,268	**42,907,422**	**100,864,079**	**464,856,884**
Loans at fair value through profit or loss	**-**	**-**	**-**	**140,366**
Total	**323,292,268**	**42,907,422**	**100,864,079**	**464,997,250**

	31-12-2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans at amortised cost				
Gross value	281,269,114	28,725,828	278,093,301	588,088,243
Impairment losses	(6,836,704)	(3,896,931)	(185,156,970)	(195,890,605)
	274,432,410	**24,828,897**	**92,936,331**	**392,197,638**
Loans at fair value through profit or loss	**-**	**-**	**-**	**153,645**
Total	**274,432,410**	**24,828,897**	**92,936,331**	**392,351,283**

As at 31 December 2023, the composition of loans to customers is presented as follows:

	31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans to customers				
With impairment attributed based on individual analysis				
Loans not yet due	51,570,723	24,852,396	191,669,564	268,092,683
Loans overdue	1,399,718	2,918,517	94,116,461	98,434,696
Impairment	(1,625,756)	(7,484,271)	(196,283,696)	(205,393,723)
	51,344,685	**20,286,642**	**89,502,329**	**161,133,656**
With impairment attributed based on collective analysis				
Loans not yet due	243,479,432	20,674,639	1,724,905	265,878,976
Loans overdue	39,132,184	5,773,916	42,097,172	87,003,272
Impairment	(10,664,033)	(3,827,775)	(32,460,327)	(46,952,135)
Forward-looking Adjustment	-	-	-	(2,206,885)
	271,947,583	**22,620,780**	**11,361,750**	**303,723,228**
Total	**323,292,268**	**42,907,422**	**100,864,079**	**464,856,884**

	31-12-2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans to customers				
Without impairment				
Loans not yet due	29,526,086	2,279,425	270	31,805,781
	29,526,086	**2,279,425**	**270**	**31,805,781**
With impairment attributed based on individual analysis				
Loans not yet due	40,873,309	2,627,941	173,095,471	216,596,721
Loans overdue	1,113,367	-	79,415,716	80,529,083
Impairment	(1,083,433)	(357,257)	(173,165,684)	(174,606,374)
	40,903,243	**2,270,684**	**79,345,503**	**122,519,430**
With impairment attributed based on collective analysis				
Loans not yet due	178,875,839	17,960,448	1,190,895	198,027,182
Loans overdue	30,880,513	5,858,014	24,390,949	61,129,476
Impairment	(5,753,271)	(3,539,674)	(11,991,286)	(21,284,231)
	204,003,081	**20,278,788**	**13,590,558**	**237,872,427**
Total	**274,432,410**	**24,828,897**	**92,936,331**	**392,197,638**

The matrix of transfer of exposures between stages from 1 January to 31 December 2023 is as follows:

	31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2023				
Stage 1	153,238,730	5,465,621	1,145,135	159,849,486
Stage 2	-	47,386,660	26,148,652	73,535,312
Stage 3	-	-	293,335,621	293,335,621
Exposures originated during 2023	182,343,327	1,367,187	8,978,694	192,689,208
Total	**335,582,057**	**54,219,468**	**329,608,102**	**719,409,627**

	31-12-2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2022				
Stage 1	111,272,817	2,872,410	4,654,984	118,800,211
Stage 2	4,515,941	19,596,633	7,377,562	31,490,136
Stage 3	439,873	5,430,669	249,635,900	255,506,442
Exposures originated during 2022	165,040,483	826,116	16,424,855	182,291,454
Total	**281,269,114**	**28,725,828**	**278,093,301**	**588,088,243**

The migration of impairment by stages between 1 January and 31 December 2023 is as follows:

	31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2023				
Stage 1	5,572,858	784,954	116,843	6,474,655
Stage 2	-	10,392,634	5,135,595	15,528,229
Stage 3	-	-	218,745,716	218,745,716
Exposures originated during 2023	6,716,931	134,458	4,745,869	11,597,258
Forward-looking Adjustment	-	-	-	2,206,885
Total	**12,289,789**	**11,312,046**	**228,744,023**	**254,552,743**

	31-12-2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Stage on 01-01-2022				
Stage 1	2,217,675	309,001	1,976,586	4,503,262
Stage 2	42,610	2,825,552	3,996,333	6,864,495
Stage 3	9,376	665,045	169,667,528	170,341,949
Exposures originated during 2022	4,567,043	97,333	9,516,523	14,180,899
Total	**6,836,704**	**3,896,931**	**185,156,970**	**195,890,605**

As at 31 December 2023 and 2022, loans to customers and impairment by currency is presented as follows:

Currency	31-12-2023		31-12-2022	
	Loans to customers	**Impairment**	**Loans to customers**	**Impairment**
AOA	551,942,127	171, 252,542	472,792,558	141,011,152
USD	140,272,154	77,621,030	98,193,853	52,989,547
EUR	27,195,346	5,679,171	17,101,832	1,889,906
Total	**719,409,627**	**254,552,743**	**588,088,243**	**195,890,605**

As at 31 December 2023 and 2022, the composition of the loan portfolio by residual maturity periods including loans at fair value is as follows:

	31-12-2023	**31-12-2022**
Up to 3 months	57,808,779	15,192,867
3 months to a year	37,199,409	39,012,847
1 to 5 years	223,174,061	164,999,888
More than 5 years	215,929,776	227,377,727
Undetermined	185,437,968	141,658,559
Total	**719,549,993**	**588,241,888**

The amount of loans considered to be of undetermined duration corresponds to the amount of non-performing loans.

As at 31 December 2023 and 2022, loans and impairment have the following composition by year that the loans were granted:

Segment	31-12-2023														
	2020 and earlier			2021			2022			2023			Total		
	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	12,683	3,667,060	107,688	9,333	363,682	4,541	2,584	455,028	3,308	4,369	582,533	2,473	28,969	5,068,303	118,010
Consumer loans	6,805	4,858,317	3,477,155	8,133	13,643,391	2,545,681	33,674	48,329,410	3,958,843	84,166	101,208,942	3,479,056	132,778	168,040,060	13,460,735
Overdrafts	6,801	2,431,532	2,066,536	490	337,528	257,057	437	623,141	458,618	6,188	224,495	88,607	13,916	3,616,696	2,870,818
Large companies	341	207,210,343	143,361,228	69	25,676,626	8,351,422	94	89,772,378	24,240,754	382	14,796,954	6,075,649	886	337,456,301	182,029,053
Mortgage	1,060	40,981,956	19,326,158	199	8,825,535	1,665,900	113	4,857,505	684,181	75	3,012,848	293,806	1,447	57,677,844	21,970,045
Small businesses	2,994	31,662,323	22,542,413	407	11,945,958	3,973,471	640	26,738,301	3,562,122	4,420	25,874,422	2,891,838	8,461	96,221,004	32,969,844
Public sector	143	4,045,408	78,992	11	178,811	11,574	22	116,186	70,958	55	46,989,014	972,714	231	51,329,419	1,134,238
Total	**30,827**	**294,856,939**	**190,960,170**	**18,642**	**60,971,531**	**16,809,646**	**37,564**	**170,891,949**	**32,978,784**	**99,655**	**192,689,208**	**13,804,143**	**186,688**	**719,409,627**	**254,552,743**

Segment	31-12-2022														
	2019 and earlier			2020			2021			2022			Total		
	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	11,176	2,401,763	106,980	2,393	636,284	334	11,629	382,753	753	2,644	271,554	245	27,842	3,692,354	108,312
Consumer loans	4,881	4,014,130	2,387,182	5,029	5,116,668	637,639	24,845	48,402,979	5,365,455	160,034	77,623,510	2,565,840	194,789	135,157,287	10,956,116
Overdrafts	8,824	1,794,287	692,546	377	617,044	332,095	948	338,395	7,146	1,832	833,191	111,878	11,981	3,582,917	1,143,665
Large companies	409	112,513,566	79,824,973	46	32,922,951	14,338,375	73	79,830,432	48,153,649	102	53,053,318	9,442,540	630	278,320,267	151,759,537
Mortgage	1,040	28,982,060	9,729,379	185	8,174,563	2,586,968	232	11,420,920	3,135,483	146	2,655,829	167,645	1,603	51,233,372	15,619,475
Small businesses	3,795	15,768,283	11,179,640	113	8,967,284	344,582	669	25,339,026	2,605,230	4,452	39,944,938	1,883,168	9,029	90,019,531	16,012,620
Public sector	138	6,797,151	109,338	8	8,672	1,298	11	11,367,578	170,661	24	7,909,114	9,583	181	26,082,515	290,880
Total	**30,263**	**172,271,240**	**104,030,038**	**8,151**	**56,443,466**	**18,241,291**	**38,407**	**177,082,083**	**59,438,377**	**169,234**	**182,291,454**	**14,180,899**	**246,055**	**588,088,243**	**195,890,605**

As at 31 December 2023, part of the loans granted stem from restructuring transactions granted in previous years.

As at 31 December 2023 and 2022, loans and impairment, by type of quantification, show the following composition by risk segment:

Segment	31-12-2023					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Cards	22,536	24,192	5,045,767	93,818	5,068,303	118,010
Consumer loans	10,928,994	2,968,821	157,111,066	10,491,914	168,040,060	13,460,735
Overdrafts	-	-	3,616,696	2,870,818	3,616,696	2,870,818
Large companies	273,533,206	178,648,895	63,923,095	3,380,158	337,456,301	182,029,053
Mortgage	5,153,976	5,062,068	52,523,868	16,907,977	57,677,844	21,970,045
Small businesses	29,900,900	17,718,183	66,320,104	15,251,661	96,221,004	32,969,844
Public sector	46,987,767	971,464	4,341,652	162,774	51,329,419	1,134,238
Total	**366,527,379**	**205,393,623**	**352,882,248**	**49,159,120**	**719,409,627**	**254,552,743**

Segment	31-12-2022					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Cards	31,694	36,638	3,660,660	71,674	3,692,354	108,312
Consumer loans	15,335,426	4,691,315	119,821,861	6,264,801	135,157,287	10,956,116
Overdrafts	14,536	5,113	3,568,381	1,138,552	3,582,917	1,143,665
Large companies	232,725,787	151,363,111	45,594,480	396,426	278,320,267	151,759,537
Mortgage	6,944,796	6,850,094	44,288,576	8,769,381	51,233,372	15,619,475
Small businesses	16,015,338	11,378,044	74,004,193	4,634,576	90,019,531	16,012,620
Public sector	26,058,228	282,059	24,287	8,821	26,082,515	290,880
Total	**297,125,805**	**174,606,374**	**290,962,438**	**21,284,231**	**588,088,243**	**195,890,605**

The assessment of the existence of impairment losses in individual terms is determined by an analysis of the total loan exposure on a case-by-case basis, as mentioned in Note 2.3, for each loan considered individually significant.

The loans that were subject to individual analysis as at 31 December 2023 represent 51% (2022: 51%) of the loan portfolio and 81% (2022): 89%) of total impairment. It should be noted that loans subject to individual analysis for which it has been concluded that they do not show objective signs of impairment, are transferred to collective analysis.

As at 31 December 2023 and 2022, loans and impairment, by type of quantification, show the following composition by geographical area:

Geographic area	31-12-2023					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Angola	366,527,379	205,393,623	352,882,248	49,159,120	719,409,627	254,552,743
Total	**366,527,379**	**205,393,623**	**352,882,248**	**49,159,120**	**719,409,627**	**254,552,743**

Geographic area	31-12-2022					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Angola	280,398,733	174,464,107	290,962,438	21,284,231	571,361,171	195,748,338
Other Countries	16,727,072	142,267	-	-	16,727,072	142,267
Total	**297,125,805**	**174,606,374**	**290,962,438**	**21,284,231**	**588,088,243**	**195,890,605**

As at 31 December 2023, the sectoral concentration of customer loans is presented as follows:

Activity sector	31-12-2023						
	Loans to customers			Guarantees provided and documentary credits (Note 38)	Impairment		
	Not yet due	Interest receivable	Overdue		Full exposure	Carrying	Impairment/ Full exposure
State	**3,853,667**	**144,700**	**73**	**-**	**3,998,440**	**58,967**	**1.47%**
Companies	**352,927,303**	**13,877,802**	**114,203,178**	**154,119,720**	**635,128,003**	**243,519,979**	**38.34%**
Real estate development	29,361,177	10,000,518	4,133,491	27,536	43,522,722	28,116,129	64.60%
Mining industry	71,698,555	890,954	24,016,564	43,709,122	140,315,195	92,358,945	65.82%
Agro-industrial	59,663,033	18,965	713,409	-	60,395,407	53,842,705	89.15%
Manufacturing industry	52,469,615	364,601	14,480,361	4,723,431	72,038,008	16,006,287	22.22%
Construction	30,143,228	274,732	7,650,671	3,601,381	41,670,012	7,703,589	18.49%
Trade	29,544,005	104,614	20,889,269	13,523,358	64,061,246	22,843,382	35.66%
Services	54,085,574	1,952,288	33,709,576	85,695,086	175,442,524	15,528,371	8.85%
Fisheries	5,098,344	20,805	4,618,426	2,839,806	12,577,381	3,939,595	31.32%
Hospitality and tourism	98,551	-	761,895	-	860,446	710,826	82.61%
Agriculture	20,344,784	248,772	2,664,815	-	23,258,371	1,900,269	8.17%
Agriculture and livestock	192,138	702	50,485	-	243,325	86,532	35.56%
Other	228,299	851	514,216	-	743,366	483,349	65.02%
Individuals	**162,566,314**	**601,873**	**71,234,717**	**292,246**	**234,695,150**	**38,426,343**	**16.37%**
Consumer loans	128,128,587	573,295	48,023,178	292,246	177,017,306	16,456,299	9.30%
Mortgage	34,437,727	28,578	23,211,539	-	57,677,844	21,970,044	38.09%
Total	**519,347,284**	**14,624,375**	**185,437,968**	**154,411,966**	**873,821,593**	**282,005,289**	**32.27%**

Activity sector	31-12-2022						
	Loans to customers			Guarantees provided and documentary credits (Note 38)	Impairment		
	Not yet due	Interest receivable	Overdue		Full exposure	Carrying	Impairment/ Full exposure
State	**15,202,892**	**385,080**	**403**	**12,592,275**	**28,180,650**	**234,420**	**0.83%**
Companies	**273,209,306**	**16,605,814**	**89,018,818**	**113,649,738**	**492,483,676**	**173,534,756**	**35.24%**
Real estate development	14,842,395	8,051,389	7,847,987	-	30,741,771	26,434,252	85.99%
Mining industry	52,192,336	6,072,655	15,878,562	17,200	74,160,753	50,746,448	68.43%
Agro-industry	54,925,986	710,016	713,033	-	56,349,035	39,796,940	70.63%
Manufacturing industry	33,224,588	116,251	14,802,406	22,023,863	70,167,108	14,283,127	20.36%
Construction	28,332,294	241,540	19,078,564	10,850,128	58,502,526	10,312,915	17.63%
Trade	31,048,238	609,308	15,307,467	54,231,027	101,196,040	19,987,522	19.75%
Services	40,984,921	381,049	5,117,065	24,458,032	70,941,067	6,704,176	9.45%
Fisheries	4,696,901	86,416	6,008,557	847,016	11,638,890	3,303,657	28.38%
Hospitality and tourism	52,288	240	735,438	181,334	969,300	644,322	66.47%
Agriculture	12,559,555	335,603	2,853,094	1,041,138	16,789,390	782,078	4.66%
Agriculture and livestock	-	-	50,485	-	50,485	32,226	63.83%
Other	349,804	1,347	626,160	-	977,311	507,093	51.89%
Individuals	**139,415,835**	**1,610,757**	**52,639,338**	**477,741**	**194,143,671**	**27,842,910**	**14.34%**
Consumer loans	106,431,510	1,585,741	34,415,307	477,741	142,910,299	12,223,436	8.55%
Mortgage	32,984,325	25,016	18,224,031	-	51,233,372	15,619,474	30.49%
Total	**427,828,033**	**18,601,651**	**141,658,559**	**126,719,754**	**714,807,997**	**201,612,086**	**28.21%**

The value of guarantees provided and documentary credits represents the exposure after applying the conversion factors considered in the Bank's impairment model. This amount includes documentary credits as described in Note 38.

The amount of impairment includes the stock of impairment for guarantees provided and documentary credits described in Note 17.

As at 31 December 2023 and 2022, loans and impairment show the following composition by sector of economic activity:

Activity Sector	31-12-2023					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
State	**-**	**-**	**3,998,440**	**58,967**	**3,998,440**	**58,967**
Companies	**350,421,872**	**197,338,542**	**130,586,411**	**18,735,627**	**481,008,283**	**216,074,169**
Real estate development	43,148,266	27,906,276	346,920	209,328	43,495,186	28,115,604
Mining industry	96,505,555	67,218,533	100,518	66,173	96,606,073	67,284,706
Agro-industry	60,370,495	53,830,555	24,912	12,150	60,395,407	53,842,705
Manufacturing industry	36,940,405	12,353,645	30,374,172	3,130,866	67,314,577	15,484,511
Construction	16,251,876	6,775,078	21,816,755	592,126	38,068,631	7,367,204
Trade	31,790,087	18,030,398	18,747,801	4,230,612	50,537,888	22,261,010
Services	61,815,417	9,550,169	27,932,021	5,125,725	89,747,438	14,675,894
Fisheries	1,379,587	1,379,587	8,357,988	2,481,972	9,737,575	3,861,559
Hospitality and tourism	-	-	860,446	710,826	860,446	710,826
Agriculture	2,220,184	294,301	21,038,187	1,605,968	23,258,371	1,900,269
Agriculture and livestock	-	-	243,325	86,532	243,325	86,532
Other	-	-	743,366	483,349	743,366	483,349
Individuals	**16,105,507**	**8,055,081**	**218,297,397**	**30,364,526**	**234,402,904**	**38,419,607**
Consumer loans	10,951,531	2,993,013	165,773,529	13,456,550	176,725,060	16,449,563
Mortgage	5,153,976	5,062,068	52,523,868	16,907,976	57,677,844	21,970,044
Total	**366,527,379**	**205,393,623**	**352,882,248**	**49,159,120**	**719,409,627**	**254,552,743**

Activity Sector	31-12-2022					
	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
State	**15,583,929**	**229,288**	**18,780**	**5,760**	**15,602,709**	**235,048**
Companies	**259,215,425**	**162,793,926**	**119,604,179**	**5,034,064**	**378,819,604**	**167,827,990**
Real estate development	29,283,908	26,371,626	1,457,863	62,626	30,741,771	26,434,252
Mining industry	73,828,395	50,735,766	315,158	7,256	74,143,553	50,743,022
Agro-industry	56,339,269	39,790,786	9,766	6,153	56,349,035	39,796,939
Manufacturing industry	22,225,509	12,952,155	25,917,736	575,353	48,143,245	13,527,508
Construction	20,204,076	8,959,791	27,448,322	183,323	47,652,398	9,143,114
Trade	31,690,064	15,530,020	15,274,949	871,886	46,965,013	16,401,906
Services	20,830,359	4,479,857	25,638,342	2,114,032	46,468,701	6,593,889
Fisheries	2,783,818	2,783,817	8,008,056	485,161	10,791,874	3,268,978
Hospitality and tourism	453,088	453,288	334,878	187,564	787,966	640,852
Agriculture	1,256,194	416,403	14,492,058	321,808	15,748,252	738,211
Agriculture and livestock	-	-	50,485	32,226	50,485	32,226
Other	320,745	320,417	656,566	186,676	977,311	507,093
Individuals	**22,326,451**	**11,583,160**	**171,339,479**	**16,244,407**	**193,665,930**	**27,827,567**
Consumer loans	15,381,655	4,733,066	127,050,902	7,475,027	142,432,557	12,208,093
Mortgage	6,944,796	6,850,094	44,288,577	8,769,380	51,233,373	15,619,474
Total	**297,125,805**	**174,606,374**	**290,962,438**	**21,284,231**	**588,088,243**	**195,890,605**

The movement in restructured loans as at 31 December 2023 and 2022 is broken down as follows:

	31-12-2023	31-12-2022
Opening balance of the restructured loan portfolio (gross of impairment)	**223,437,811**	**405,818,019**
Loans restructured in period	113,889,371	30,164,692
Accrued interest on the restructured loan portfolio	11,485,316	14,540,315
Settlement of restructured loans (partial or total)	(102,228,834)	(81,485,303)
Other - Write-offs	-	(145,599,912)
Closing balance of the restructured loan portfolio (gross of impairment)	**246,583,664**	**223,437,811**

As at 31 December 2023 and 2022, restructured loans by amounts falling due in the future, interest and overdue is presented as follows:

	31-12-2023				
	Loans				
	Not yet due	Interest receivable	Overdue	Total	Impairment
Companies	**150,279,462**	**10,950,124**	**52,429,813**	**213,659,399**	**153,971,377**
Individuals					
Consumer loans	12,443,082	530,056	930,011	13,903,149	3,958,803
Mortgage	12,664,615	5,136	6,351,365	19,021,116	6,087,272
	25,107,697	**535,192**	**7,281,376**	**32,924,265**	**10,046,075**
Total	**175,387,159**	**11,485,316**	**59,711,189**	**246,583,664**	**164,017,452**

	31-12-2022				
	Loans				
	Not yet due	Interest receivable	Overdue	Total	Impairment
Companies	**115,759,195**	**13,053,403**	**56,193,956**	**185,006,554**	**126,328,931**
Individuals					
Consumer loans	15,555,037	1,476,195	568,298	17,599,530	4,340,756
Mortgage	14,211,444	10,718	6,609,565	20,831,727	7,799,592
	29,766,481	**1,486,913**	**7,177,863**	**38,431,257**	**12,140,348**
Total	**145,525,676**	**14,540,316**	**63,371,819**	**223,437,811**	**138,469,279**

As at 31 December 2023 and 2022, the breakdown of restructured loans by situation and by restructuring measure is presented as follows:

Applied measure	31-12-2023								
	Performing loans			Non-performing loans			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Change of mode	3	7,726,535	2,366,288	3	4,952,135	4,312,398	6	12,678,670	6,678,686
Conversion of loans into local currency	224	10,486,289	1,965,686	132	4,658,739	2,434,809	356	15,145,028	4,400,495
Extension of term	109	45,996,111	9,939,447	101	5,077,811	2,078,397	210	51,073,922	12,017,844
Extension of term with grace period	38	122,614,946	99,380,385	41	43,460,684	40,241,942	79	166,075,630	139,622,327
Grace period	2	47,599	11,269	7	1,561,820	1,286,712	9	1,609,419	1,297,981
Reduction of the fee	1	995	119	-	-	-	1	995	119
Total	**377**	**186,872,475**	**113,663,194**	**284**	**59,711,189**	**50,354,258**	**661**	**246,583,664**	**164,017,452**

Applied measure	31-12-2022								
	Performing loans			Non-performing loans			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Change of mode	-	-	-	2	4,657,805	4,337,092	2	4,657,805	4,337,092
Conversion of loans into local currency	314	12,933,009	4,213,088	165	5,518,389	2,171,670	479	18,451,398	6,384,758
Extension of term	106	38,419,028	10,130,117	90	10,504,422	3,906,578	196	48,923,450	14,036,695
Extension of term with grace period	32	108,623,968	76,168,327	35	41,153,770	36,262,433	67	149,777,738	112,430,760
Grace period	2	87,239	30,723	8	1,537,433	1,248,465	10	1,624,672	1,279,188
Reduction of the fee	2	2,748	786	-	-	-	2	2,748	786
Total	**456**	**160,065,992**	**90,543,041**	**300**	**63,371,819**	**47,926,238**	**756**	**223,437,811**	**138,469,279**

As at 31 December 2023 and 2022, the details of the restructured loans by stage and by restructuring measure are presented as follows:

Applied measure	31-12-2023								
	Stage 2			Stage 3			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Change of mode	4	8,065,222	2,367,440	2	4,613,448	4,311,246	6	12,678,670	6,678,686
Conversion of loans into local currency	236	10,761,975	1,477,670	120	4,383,053	2,922,825	356	15,145,028	4,400,495
Extension of term	118	22,053,889	4,821,122	92	29,020,033	7,196,722	210	51,073,922	12,017,844
Extension of term with grace period	44	7,199,114	1,587,303	35	158,876,516	138,035,024	79	166,075,630	139,622,327
Grace period	2	47,599	11,269	7	1,561,820	1,286,712	9	1,609,419	1,297,981
Reduction of the fee	1	995	119	-	-	-	1	995	119
Total	**405**	**48,128,794**	**10,264,923**	**256**	**198,454,870**	**153,752,529**	**661**	**246,583,664**	**164,017,452**

Applied measure	31-12-2022								
	Stage 2			Stage 3			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Change of mode	-	-	-	2	4,657,805	4,337,092	1	4,657,805	4,337,092
Conversion of loans into local currency	322	12,540,224	2,884,887	157	5,911,174	3,499,871	166	18,451,398	6,384,758
Extension of term	120	9,514,825	707,141	76	39,408,625	13,329,554	55	48,923,450	14,036,695
Extension of term with grace period	26	4,546,174	29,791	41	145,231,564	112,400,969	39	149,777,738	112,430,760
Grace period	1	40,240	-	9	1,584,432	1,279,188	7	1,624,672	1,279,188
Reduction of the fee	2	2,748	786	-	-	-	1	2,748	786
Total	**471**	**26,644,211**	**3,622,605**	**285**	**196,793,600**	**134,846,674**	**269**	**223,437,811**	**138,469,279**

As at 31 December 2023 and 2022, the details of the performing and non-performing loans by remedy and restructuring are presented as follows:

31-12-2023	Performing loans					Non-performing loans		
	Full exposure	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	5,068,303	5,068,303	-	-	5,068,303	-	-	-,
Consumer loans	168,040,060	110,650,801	537	12,973,138	123,624,476	43,485,573	930,011	44,415,584
Overdrafts	3,616,696	9,103	-	-	9,103	3,607,593	-	3,607,593
Large companies	337,456,301	102,918,159	-	156,150,354	259,068,513	43,103,010	35,284,778	78,387,788
Mortgage	57,677,844	21,781,527	15,027	12,669,751	34,466,305	16,860,174	6,351,365	23,211,539
Small businesses	96,221,004	55,438,940	-	5,079,232	60,518,172	18,557,797	17,145,035	35,702,832
Public sector	51,329,419	51,216,787	-	-	51,216,787	112,632	-	112,632
Total	**719,409,627**	**347,083,620**	**15,564**	**186,872,475**	**533,971,659**	**125,726,779**	**59,711,189**	**185,437,968**

31-12-2022	Performing loans					Non-performing loans		
	Full exposure	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	3,692,354	3,692,354	-	-	3,692,354	-	-	-
Consumer loans	135,157,287	87,254,738	9,930	17,031,232	104,295,900	30,293,089	568,298	30,861,387
Overdrafts	3,582,917	28,997	-	-	28,997	3,553,920	-	3,553,920
Large companies	278,320,267	91,334,524	-	122,220,758	213,555,282	17,629,729	47,135,256	64,764,985
Mortgage	51,233,372	18,726,086	61,093	14,222,162	33,009,341	11,614,465	6,609,566	18,224,031
Small businesses	90,019,531	59,031,038	142,820	6,591,840	65,765,698	15,195,134	9,058,699	24,253,833
Public sector	26,082,515	26,082,112	-	-	26,082,112	403	-	403
Total	**588,088,243**	**286,149,849**	**213,843**	**160,065,992**	**446,429,684**	**78,286,740**	**63,371,819**	**141,658,559**

As at 31 December 2023 and 2022, the details of the impairment of performing and non-performing loans by remedy and restructuring are presented as follows:

31-12-2023	Impairment of performing loans					Impairment of non-performing loans		
	Total impairment	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	118,010	118,010	-	-	118,010		-	-
Consumer loans	13,460,735	3,557,502	246	3,477,162	7,034,910	5,944,184	481,641	6,425,825
Overdrafts	2,870,818	6,160	-	-	6,160	2,864,658	-	2,864,658
Large companies	182,029,053	30,297,007	-	105,808,230	136,105,237	15,291,665	30,632,151	45,923,816
Mortgage	21,970,045	1,662,779	3,442	2,269,090	3,935,311	14,216,553	3,818,181	18,034,734
Small businesses	32,969,844	6,472,055	-	2,108,712	8,580,767	8,966,792	15,422,285	24,389,077
Public sector	1,134,238	1,065,740	-	-	1,065,740	68,498	-	68,498
Total	**254,552,743**	**43,179,253**	**3,688**	**113,663,194**	**156,846,135**	**47,352,350**	**50,354,258**	**97,706,608**

31-12-2022		Impairment of performing loans				Impairment of non-performing loans		
	Total impairment	Regular	Of which remedied	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	108,312	108,312	-	-	108,312	-	-	-
Consumer loans	10,956,116	2,714,781	-	4,025,939	6,740,720	3,900,579	314,817	4,215,396
Overdrafts	1,143,665	264	-	-	264	1,143,401	-	1,143,401
Large companies	151,759,537	22,706,521	-	80,487,750	103,194,271	9,244,401	39,320,865	48,565,266
Mortgage	15,619,475	628,780	664	4,702,864	5,332,308	7,190,439	3,096,728	10,287,167
Small businesses	16,012,620	2,292,866	56,110	1,326,488	3,675,464	7,143,328	5,193,828	12,337,156
Public sector	290,880	290,868	-	-	290,868	12	-	12
Total	**195,890,605**	**28,742,392**	**56,774**	**90,543,041**	**119,342,207**	**28,622,160**	**47,926,238**	**76,548,398**

As at 31 December 2023 and 2022, the breakdown of total loans by internal credit rating is presented as follows:

Segment	Exposure 31-12-2023							Total
	Low risk level		Medium risk level			High risk level		
	Minimum (A)	Very Low (B)	Low (C)	Moderate (D)	High (E)	Very High (F)	Maximum (G)	
Cards	24	231,682	3,406,022	140,321	66,221	6,064	1,217,969	5,068,303
Consumer loans	34,082	5,585,822	130,730,919	19,850,912	5,671,237	279,723	5,887,365	168,040,060
Overdrafts	9	2,194	458,440	293,103	472,130	507,080	1,883,740	3,616,696
Large companies	4,030	76,666,513	182,319,794	2,254,845	14,992,506	267,478	60,951,135	337,456,301
Mortgage	4,249	16,474,382	23,869,112	934,395	724,467	64,947	15,606,292	57,677,844
Small businesses	78,540	4,238,629	50,766,266	12,022,506	11,849,722	1,770,217	15,495,124	96,221,004
Public sector	-	12	51,329,041	353	13	-	-	51,329,419
Total	**120,934**	**103,199,234**	**442,879,594**	**35,496,435**	**33,776,296**	**2,895,509**	**101,041,625**	**719,409,627**

Segment	Exposure 31-12-2022							Total
	Low risk level		Medium risk level			High risk level		
	Minimum (A)	Very Low (B)	Low (C)	Moderate (D)	High (E)	Very High (F)	Maximum (G)	
Cards	15,591	597,583	2,673,547	55,098	19,187	4,140	327,208	3,692,354
Consumer loans	32,020	4,678,040	94,629,469	10,902,268	2,416,308	10,930,136	11,569,046	135,157,287
Overdrafts	6	9,601	257,862	296,036	950,750	109,567	1,959,095	3,582,917
Large companies	-	25,288,372	107,166,803	5,938,950	13,334,978	12,328,830	114,262,334	278,320,267
Mortgage	-	19,157,054	17,002,309	378,412	225,026	338,336	14,132,235	51,233,372
Small businesses	20,937	2,074,986	66,495,550	4,337,363	2,614,613	1,974,324	12,501,758	90,019,531
Public sector	16,727,218	4,875	9,350,421	-	1	-	-	26,082,515
Total	**16,795,772**	**51,810,511**	**297,575,961**	**21,908,127**	**19,560,863**	**25,685,333**	**154,751,676**	**588,088,243**

As at 31 December 2023 and 2022, the loans showed the following composition by geographical area including loans at fair value:

31-12-2023	Geographic area	
	Angola	Total
Individuals	234,525,230	234,525,230
Companies	433,695,344	433,695,344
Public sector	47,330,979	47,330,979
State	3,998,440	3,998,440
Total	**719,549,993**	**719,549,993**

31-12-2022	Geographic area		
	Angola	Other	Total
Individuals	193,800,527	-	193,800,527
Companies	368,358,846	-	368,358,846
Public sector	2,563,009	7,916,797	10,479,806
State	6,792,434	8,810,275	15,602,709
Total	**571,514,816**	**16,727,072**	**588,241,888**

As at 31 December 2022, the loans that had been granted to foreign countries concerned a banking syndicate to finance the Angolan government, which was settled in 2023.

As at 31 December 2023 and 2022, the loan portfolio has the following composition by activity sector:

Activity Sector	31-12-2023					
	Loans to customers				Impairment	
	Performing	Non-performing	Full exposure	Relative weight	Carrying	%
State	**3,998,367**	**73**	**3,998,440**	**0.56%**	**58,967**	**1.47%**
Companies	**366,805,105**	**114,203,178**	**481,008,283**	**66.86%**	**216,074,169**	**44.92%**
Real estate development	39,361,695	4,133,491	43,495,186	6.05%	28,115,604	64.64%
Mining industry	72,589,509	24,016,564	96,606,073	13.43%	67,284,706	69.65%
Agro-industry	59,681,998	713,409	60,395,407	8.40%	53,842,705	89.15%
Manufacturing industry	52,834,216	14,480,361	67,314,577	9.36%	15,484,511	23.00%
Construction	30,417,960	7,650,671	38,068,631	5.29%	7,367,204	19.35%
Trade	29,648,619	20,889,269	50,537,888	7.02%	22,261,010	44.05%
Services	56,037,862	33,709,576	89,747,438	12.48%	14,675,894	16.35%
Fisheries	5,119,149	4,618,426	9,737,575	1.35%	3,861,559	39.66%
Hospitality and tourism	98,551	761,895	860,446	0.12%	710,826	82.61%
Agriculture	20,593,556	2,664,815	23,258,371	3.23%	1,900,269	8.17%
Agriculture and livestock	192,840	50,485	243,325	0.03%	86,532	35.56%
Other	229,150	514,216	743,366	0.10%	483,349	65.02%
Individuals	**163,168,187**	**71,234,717**	**234,402,904**	**32.58%**	**38,419,607**	**16.39%**
Consumer loans	128,701,882	48,023,178	176,725,060	24.57%	16,449,563	9.31%
Mortgage	34,466,305	23,211,539	57,677,844	8.02%	21,970,044	38.09%
Total	**533,971,659**	**185,437,968**	**719,409,627**		**254,552,743**	**35.38%**

Activity Sector	31-12-2022					
	Loans to customers				Impairment	
	Performing	Non-performing	Full exposure	Relative weight	Carrying	%
State	**15,587,972**	**403**	**15,588,375**	**2.65%**	**234,420**	**1.50%**
Companies	**289,815,120**	**89,018,818**	**378,833,938**	**64.42%**	**167,828,618**	**44.30%**
Real estate development	22,893,784	7,847,987	30,741,771	5.23%	26,434,252	85.99%
Mining industry	58,264,992	15,878,561	74,143,553	12.61%	50,743,022	68.44%
Agro-industry	55,636,001	713,034	56,349,035	9.58%	39,796,939	70.63%
Manufacturing industry	33,340,839	14,802,406	48,143,245	8.19%	13,527,508	28.10%
Construction	28,573,834	19,078,564	47,652,398	8.10%	9,143,114	19.19%
Trade	31,657,546	15,307,467	46,965,013	7.99%	16,401,906	34.92%
Services	41,365,970	5,117,065	46,483,035	7.90%	6,594,517	14.19%
Fisheries	4,783,317	6,008,557	10,791,874	1.84%	3,268,978	30.29%
Hospitality and tourism	52,529	735,437	787,966	0.13%	640,852	81.33%
Agriculture	12,895,157	2,853,095	15,748,252	2.68%	738,211	4.69%
Agriculture and livestock	-	50,485	50,485	0.01%	32,226	63.83%
Other	351,151	626,160	977,311	0.17%	507,093	51.89%
Individuals	**141,026,592**	**52,639,338**	**193,665,930**	**32.93%**	**27,827,567**	**14.37%**
Consumer loans	108,017,251	34,415,307	142,432,558	24.22%	12,208,093	8.57%
Mortgage	33,009,341	18,224,031	51,233,372	8.71%	15,619,474	30.49%
Total	**446,429,684**	**141,658,559**	**588,088,243**		**195,890,605**	**33.31%**

As at 31 December 2023 and 2022, the average loan portfolio interest rate by currency is as follows:

Weighted average rate	31-12-2023	31-12-2022
In local currency	12.40%	14.59%
In foreign currency	9.58%	9.39%

As at 31 December 2023 and 2022, the breakdown of loans by stages and days of default is as follows:

Segment	Full exposure	Exposure 31-12-2023					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	5,068,303	4,775,213	2,548	-	290,542	-	-
Consumer loans	168,040,060	144,568,821	13,350,442	945,415	200,161	36,026	8,939,195
Overdrafts	3,616,696	114,931	11	27,282	1,814	2,732	3,469,926
Large companies	337,456,301	58,248,452	15,408,115	1,535,640	187,201,313	29,267,777	45,795,004
Mortgage	57,677,844	22,940,657	13,160,777	93,708	1,221,486	94,036	20,167,180
Small businesses	96,221,004	53,717,429	7,593,365	2,102,144	7,109,363	18,712	25,679,991
Public sector	51,329,419	51,216,554	-	21	364	-	112,480
Total	**719,409,627**	**335,582,057**	**49,515,258**	**4,704,210**	**196,025,043**	**29,419,283**	**104,163,776**

Segment	Full exposure	Exposure 31-12-2022					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	3,692,354	3,487,292	-	-	205,062	-	-
Consumer loans	135,157,287	110,737,694	2,738,552	482,522	14,585,835	17,402	6,595,282
Overdrafts	3,582,917	77,192	-	467,889	23,130	366	3,014,340
Large companies	278,320,267	56,141,311	2,358,591	78	175,900,622	3,486,551	40,433,114
Mortgage	51,233,372	19,776,333	13,610,814	149,084	2,871,894	447,227	14,378,020
Small businesses	90,019,531	64,968,115	8,241,720	676,578	2,046,488	263,019	13,823,611
Public sector	26,082,515	26,081,177	-	-	1,338	-	-
Total	**588,088,243**	**281,269,114**	**26,949,677**	**1,776,151**	**195,634,369**	**4,214,565**	**78,244,367**

As described in Note 2.3, operations with impairment rates greater than 40% during the individual impairment assessment are classified as stage 3. In this context, it appears that, as at 31 December 2023 and 2022, there were exposures of significant amounts (essentially restructured) classified as stage 3 up to 30 days overdue.

As at 31 December 2023 and 2022, the breakdown of impairment by stages and days of default is as follows:

Segment	Total impairment	Impairment 31-12-2023					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	118,010	14,578	605	-	102,827	-	-
Consumer loans	13,460,735	3,608,312	3,487,082	107,400	106,598	19,419	6,131,924
Overdrafts	2,870,818	28,295	7	5,950	1,106	1,645	2,833,815
Large companies	179,822,168	991,747	3,158,377	517,884	129,756,188	7,616,717	37,781,255
Mortgage	21,970,045	1,641,840	1,863,031	26,469	813,184	44,953	17,580,568
Small businesses	32,969,844	4,940,543	1,768,848	376,393	2,443,641	16,230	23,424,189
Public sector	1,134,238	1,064,474	-	-	364	-	69,400
Forward-looking Adjustment	2,206,885	-	-	-	-	-	-
Total	**254,552,743**	**12,289,789**	**10,277,950**	**1,034,096**	**133,223,908**	**7,698,964**	**87,821,151**

Segment	Total impairment	Impairment 31-12-2022					
		Stage 1	Stage 2		Stage 3		
		Up to 30 days	Up to 30 days	30 to 90 days	Up to 30 days	30 to 90 days	More than 90 days
Cards	108,312	1,682	-	-	106,630	-	-
Consumer loans	10,956,116	2,764,168	70,425	64,663	4,041,302	7,396	4,008,162
Overdrafts	1,143,665	4,158	-	43,332	420	22	1,095,733
Large companies	151,759,537	1,083,304	344,588	2	111,010,708	3,497,041	35,823,894
Mortgage	15,619,475	589,032	3,074,980	11,513	2,314,385	268,204	9,361,361
Small businesses	16,012,620	2,104,818	252,266	35,162	1,817,680	263,442	11,539,252
Public sector	290,880	289,542	-	-	1,338	-	-
Total	**195,890,605**	**6,836,704**	**3,742,259**	**154,672**	**119,292,463**	**4,036,105**	**61,828,402**

As at 31 December 2023 and 2022, the details of the average risk factors associated with impairment are as follows:

Segment	31-12-2023				
	Probability of default (PD)		Loss given default (LGD)		
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3
Cards	1.52%	-	16.98%	-	19.02%
Consumer loans	6.77%	49.27%	51.73%	51.95%	58.43%
Overdrafts	58.64%	58.88%	61.69%	61.69%	74.46%
Large companies	16.34%	72.18%	15.18%	9.52%	14.73%
Mortgage	14.44%	30.96%	30.80%	40.00%	73.90%
Small businesses	45.76%	69.78%	51.06%	51.50%	60.03%
Public sector	2.47%	2.47%	60.00%	60.00%	60.00%
	20.85%	**40.50%**	**41.06%**	**39.24%**	**51.51%**

Segment	31-12-2022				
	Probability of default (PD)		Loss given default (LGD)		
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3
Cards	1.29%	-	1.09%	-	21.25%
Consumer loans	4.09%	60.66%	49.08%	53.97%	57.21%
Overdrafts	58.44%	99.89%	2.87%	3.49%	40.73%
Large companies	9.89%	70.70%	10.95%	8.58%	5.39%
Mortgage	16.22%	85.11%	12.45%	18.47%	43.05%
Small businesses	24.47%	93.74%	18.33%	18.90%	31.76%
Public sector	2.47%	-	60.00%	-	60.00%
	16.98%	**82.02%**	**9.14%**	**20.68%**	**33.23%**

The probability of default (PD) and loss given default (LGD) reported above are calculated on an annual basis and correspond to the average of each operation in the segment. The probability of default for the Public Sector segment is associated with the rating of Angola published in Moody's study at the time under review, according to the Bank's current impairment assessment methodology.

As at 31 December 2023 and 2022, impairment losses showed the following movements:

	31-12-2023	31-12-2022
Opening balance	**195,890,605**	**315,265,084**
Reinforcements	56,932,889	74,483,966
Stage 3 adjustment (Note 21)	(10,692,933)	(6,661,212)
Reversals	(31,565,407)	(59,583,093)
Note 34	**14,674,549**	**8,239,661**
Uses	-	(147,745,746)
Adjustments (includes exchange rate effect)	43,987,589	20,131,606
Closing balance	**254,552,743**	**195,890,605**

The value of adjustments includes, in addition to the exchange rate effect, the annulment of gains in net interest income that were considered in the income statement arising from restructuring carried out during the year.

As at 31 December 2023 and 2022, the amount of guarantees or other collateral seized in the context of loan transactions granted are presented as "Other assets" (Note 14).

As at 31 December 2023 and 2022, prospective information considering the loans analysed on an individual basis is represented as follows:

31-12-2023	Amount of credit exposure	Recoverable amount (current value of estimated future cash flows)	Expected impairment losses	Weight (%)
Base scenario	366,527,379	160,972,783	205,554,596	70%
Favourable scenario	366,527,379	169,021,422	197,505,957	10%
Adverse scenario	366,527,379	157,753,328	208,774,051	20%

31-12-2023	Amount of credit exposure	Recoverable amount (current value of estimated future cash flows)	Expected impairment losses	Weight (%)
Base scenario	297,125,805	122,764,961	174,360,844	70%
Favourable scenario	297,125,805	132,586,157	164,539,648	10%
Adverse scenario	297,125,805	116,626,713	180,499,092	20%

As at 31 December 2023, the prospective information considered when determining the forward-looking adjustment of the collective analysis is presented as follows:

	2024	2025	2026	2027	2028
GDP growth rate					
Optimistic scenario	2.96%	3.52%	3.44%	3.58%	3.17%
Base scenario	2.25%	2.15%	2.21%	2.03%	2.22%
Pessimistic scenario	-1.72%	-1.83%	-1.78%	-1.97%	-1.79%
Inflation rate					
Optimistic scenario	14.03%	10.24%	10.43%	9.92%	9.43%
Base scenario	23.50%	19.37%	16.22%	13.52%	11.32%
Pessimistic scenario	28.27%	24.13%	20.98%	18.29%	16.08%
M2 Growth Rates					
Optimistic scenario	22.31%	19.73%	10.54%	10.85%	10.85%
Base scenario	15.17%	13.05%	10.68%	8.76%	6.00%
Pessimistic scenario	9.55%	7.43%	5.06%	3.14%	0.38%
RIB growth rates					
Optimistic scenario	15.98%	13.21%	14.59%	14.59%	14.59%
Base scenario	14.26%	12.84%	10.97%	12.69%	12.17%
Pessimistic scenario	12.20%	10.99%	9.39%	10.86%	9.78%

As at 31 December 2023 and 2022, the exposure to credit risk by financial asset, rating and stage is presented as follows:

	31-12-2023			
	Stage 1 (12 months)	**Stage 2 (instrument duration)**	**Stage 3 (instrument duration)**	**Total**
Loans to customers				
Level A	120,934	-	-	120,934
Level B	33,788,423	5,477,217	63,933,594	103,199,234
Level C	257,571,084	40,054,197	145,254,313	442,879,594
Level D	31,943,284	1,408,618	2,144,533	35,496,435
Level E	8,175,872	4,658,037	20,942,387	33,776,296
Level F	386,180	8,342	2,500,987	2,895,509
Level G	3,596,280	2,613,057	94,832,288	101,041,625
Total gross carrying amount	**335,582,057**	**54,219,468**	**329,608,102**	**719,409,627**
Impairments	(12,289,789)	(11,312,046)	(228,744,023)	(252,345,858)
Forward-looking Adjustment				(2,206,885)
Net carrying amount	**323,292,268**	**42,907,422**	**100,864,079**	**464,856,884**

	31-12-2022			
	Stage 1 (12 months)	**Stage 2 (instrument duration)**	**Stage 3 (instrument duration)**	**Total**
Loans to customers				
Level A	16,795,771	-	-	16,795,771
Level B	43,183,363	6,605,172	2,013,043	51,801,578
Level C	197,007,605	16,251,170	84,326,121	297,584,896
Level D	18,595,910	2,202,128	1,110,088	21,908,126
Level E	4,487,132	560,307	14,513,423	19,560,862
Level F	34,414	15,512	25,635,407	25,685,333
Level G	1,164,919	3,091,539	150,495,219	154,751,677
Total gross carrying amount	**281,269,114**	**28,725,828**	**278,093,301**	**588,088,243**
Impairments	(6,836,704)	(3,896,931)	(185,156,970)	(195,890,605)
Net carrying amount	**274,432,410**	**24,828,897**	**92,936,331**	**392,197,638**

As at 31 December 2023 and 2022, the loan-guarantee ratio for the business, real estate construction and promotion, and residential segments is as follows:

Segment/Ratio	31-12-2023					
	Number of properties	Number of other collaterals	Stage 1	Stage 2	Stage 3	Impairment
Companies						
No associated collateral	n.a	n.a.	4,058,612	2,182,299	144,574,039	150,814,950
<50%	85	9	2,577,597	2,903,136	50,133,991	55,614,724
≥50% and <75%	15	2	138,300	637,605	472,823	1,248,728
≥75% and <100%	10	-	82,083	1,033	959,537	1,042,653
≥100%	54	3	140,174	97,428	4,967,595	5,205,197
	164	**14**	**6,996,766**	**5,821,501**	**201,107,985**	**213,926,252**
Mortgage and Others						
No associated collateral	-	-	4,501,436	4,153,675	20,554,751	29,209,862
<50%	587	2	565,757	1,326,433	7,081,287	8,973,477
≥50% and <75%	31	-	48,970	9,207	-	58,177
≥75% and <100%	22	1	44,051	1,152	-	45,203
≥100%	110	-	132,809	78	-	132,887
	750	**3**	**5,293,023**	**5,490,545**	**27,636,038**	**38,419,606**
Forward-looking Adjustment	-	-	-	-	-	2,206,885
Total	**914**	**17**	**12,289,789**	**11,312,046**	**228,744,023**	**254,552,743**

Segment/Ratio	31-12-2022					
	Number of properties	Number of other collaterals	Stage 1	Stage 2	Stage 3	Impairment
Companies						
No associated collateral	n.a.	n.a.	70,009,897	6,837,096	164,346,695	109,321,388
<50%	70	14	55,776,464	1,009,409	67,077,046	54,223,521
≥50% and <75%	6	26	18,612,680	95,705	422,616	448,871
≥75% and <100%	4	10	1,996,485	3,054,752	2,895,772	2,891,904
≥100%	5	11	1,045,798	265,786	1,212,950	1,177,354
	85	**61**	**147,441,324**	**11,262,748**	**235,955,079**	**168,063,038**
Mortgage and Others						
No associated collateral	n.a.	n.a.	121,811,195	14,033,398	30,964,457	20,298,357
<50%	865	137	8,654,143	3,006,072	10,857,955	7,292,098
≥50% and <75%	22	10	611,916	213,548	115,336	58,331
≥75% and <100%	10	7	368,591		75,227	36,004
≥100%	112	39	2,381,945	210,062	125,247	142,777
	1,009	**193**	**133,827,790**	**17,463,080**	**42,138,222**	**27,827,567**
Total	**1,094**	**254**	**281,269,114**	**28,725,828**	**278,093,301**	**195,890,605**

As at 31 December 2023 and 2022, the details of the fair value of the guarantees underlying the loan portfolio of the business and residential segments are as follows:

	31-12-2023							
	Companies				Mortgage			
	Real estate		Other collateral		Real estate		Other collateral	
Fair value	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount
< kAOA 50	82	1,128,374	9	499,506	708	3,870,662	2	289,876
≥ kAOA 50 and < kAOA 100	17	1,296,723	1	174,438	26	1,690,507	1	54,166
≥ kAOA 100 and < kAOA 500	31	6,719,820	3	353,992	16	2,193,502	-	-
≥ kAOA 500 and < kAOA 1,000	12	8,970,394	-	-	-	-	-	-
≥ kAOA 1,000 and < kAOA 2,000	9	13,943,976	1	1,524,720	-	-	-	-
≥ kAOA 2,000 and < kAOA 5,000	10	26,343,029	-	-	-	-	-	-
≥ kAOA 5,000	2	13,258,992	-	-	-	-	-	-
Total	**163**	**71,661,308**	**14**	**2,552,656**	**750**	**7,754,671**	**3**	**344,042**

	31-12-2022							
	Companies				Mortgage			
	Real estate		Other collateral		Real estate		Other collateral	
Fair value	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount
< kAOA 50	3	33	28	-	40	44	4	37
≥ kAOA 50 and < kAOA 100	1	60	-	-	9	663	2	162
≥ kAOA 100 and < kAOA 500	3	886	-	-	228	52,393	45	14,582
≥ kAOA 500 and < kAOA 1,000	1	951	2	1,622	47	31,378	35	23,006
≥ kAOA 1,000 and < kAOA 2,000	2	2,527	-	-	19	25,218	9	12,454
≥ kAOA 2,000 and < kAOA 5,000	11	35,929	4	16,995	22	74,038	13	47,476
≥ kAOA 5,000	97	34,844,486	22	8,820,421	188	7,519,537	81	1,629,702
Total	**118**	**34,884,872**	**56**	**8,839,038**	**553**	**7,703,271**	**189**	**1,727,419**

11. Other tangible assets and intangible assets

As at 31 December 2023 and 2022, this heading as well as the movements during these years, are presented as follows:

31-12-2023	Gross value					Depreciation, amortisation and impairment					Net value	
	Balance as at 31-12-2022	**Acquisitions**	**Disposals, write-offs and other adjustments**	**Transfers**	**Balance as at 31-12-2023**	**Balance as at 31-12-2022**	**Amortisation for the year**	**Impairment losses**	**Disposals, write-offs and other adjustments**	**Balance as at 31-12-2023**	**Balance as at 31-12-2023**	**Balance as at 31-12-2022**
Other tangible assets												
Real estate												
For own use	46,239,172	1,690,878	(812,195)	80,596	47,198,451	(7,349,514)	(783,009)	(782,252)	-	(8,914,775)	38,283,676	38,889,658
Works on rented properties	9,395,662	559,866	1,219,683	466,459	11,641,670	(4,999,870)	(1,189,905)	-	-	(6,189,775)	5,451,895	4,395,791
Equipment	56,065,710	10,916,593	(5,825,174)	968,733	62,125,862	(28,665,679)	(8,648,175)	-	2,809,393	(34,504,462)	27,621,400	27,400,031
Other tangible assets	803,539	17,002	(20,108)	129,237	929,670	(528,049)	(67,815)	-	-	(595,864)	333,806	275,490
Other tangible assets in progress	25,701,408	2,959,284	(400,997)	(702,432)	27,557,263	-	-	-	-	-	27,557,263	25,701,408
	138,205,491	**16,143,623**	**(5,838,791)**	**942,593**	**149,452,916**	**(41,543,112)**	**(10,688,904)**	**(782,252)**	**2,809,393**	**(50,204,876)**	**99,248,040**	**96,662,380**
Advances on account of tangible fixed assets	**1,383,584**	**6,156,798**	**(1,463,885)**	**(942,593)**	**5,133,905**	**-**	**-**	**-**	**-**	**-**	**5,133,905**	**1,383,584**
Right-of-use assets	**5,942,254**	**854,699**	**-**	**-**	**6,796,952**	**(2,288,993)**	**(815,968)**	**-**	**-**	**(3,104,961)**	**3,691,991**	**3,653,261**
	145,531,329	**23,155,120**	**(7,302,676)**	**-**	**161,383,773**	**(43,832,105)**	**(11,504,872)**	**(782,252)**	**2,809,393**	**(53,309,837)**	**108,073,936**	**101,699,225**
Intangible assets												
Organisation and expansion expenses	754,214	-	(754,214)	-	-	(754,214)	-	-	754,214	-	-	-
Automated data processing systems	21,798,161	7,152,825	(1,180,225)	-	27,770,762	(10,537,618)	(7,410,674)	-	-	(17,948,292)	9,822,470	11,260,542
	22,552,376	**7,152,825**	**(1,934,439)**	**-**	**27,770,762**	**(11,291,832)**	**(7,410,674)**	**-**	**754,214**	**(17,948,292)**	**9,822,470**	**11,260,542**
Intangible assets in progress												
Automated data processing systems	1,244,426	303,930	-	-	1,548,356	-	-	-	-	-	1,548,356	1,244,426
	1,244,426	**303,930**	**-**	**-**	**1,548,356**	**-**	**-**	**-**	**-**	**-**	**1,548,356**	**1,244,426**
	23,796,802	**7,456,755**	**(1,934,439)**	**-**	**29,319,118**	**(11,291,832)**	**(7,410,674)**	**-**	**754,214**	**(17,948,292)**	**11,370,826**	**12,504,968**
	169,328,131	**30,611,875**	**(9,237,115)**	**-**	**190,702,891**	**(55,123,937)**	**(18,915,546)**	**(782,252)**	**3,563,607**	**(71,258,129)**	**119,444,762**	**114,204,193**

31-12-2022	Gross value					Depreciation, amortisation and impairment				Net value	
	Balance as at 31-12-2021	Acquisitions	Disposals, write-offs and other adjustments	Transfers	Balance as at 31-12-2022	Balance as at 31-12-2021	Amortisation for the year	Disposals, write-offs and other adjustments	Balance as at 31-12-2022	Balance as at 31-12-2022	Balance as at 31-12-2021
Other tangible assets											
Real estate											
For own use	43,772,241	2,388,084	(1,068,300)	1,147,148	46,239,172	(6,537,022)	(860,041)	47,549	(7,349,514)	38,889,658	37,235,219
Works on rented properties	7,425,490	939,616	485,888	544,668	9,395,662	(4,120,328)	(845,719)	(33,824)	(4,999,870)	4,395,792	3,305,162
Equipment	46,893,912	6,410,011	(646,321)	3,408,108	56,065,710	(20,426,839)	(8,557,587)	318,746	(28,665,679)	27,400,031	26,467,073
Other tangible assets	766,963	36,576	-	-	803,539	(453,318)	(74,731)	-	(528,049)	275,490	313,645
Other tangible assets in progress	26,211,712	1,311,615	77,212	(1,899,131)	25,701,408	-	-	-	-	25,701,408	26,211,712
	125,070,318	**11,085,902**	**(1,151,521)**	**3,200,793**	**138,205,491**	**(31,537,507)**	**(10,338,077)**	**332,472**	**(41,543,112)**	**96,662,379**	**93,532,811**
Advances on account of tangible fixed assets	**3,237,038**	**1,703,081**	**(148,255)**	**(3,408,279)**	**1,383,584**	**-**	**-**	**-**	**-**	**1,383,584**	**3,237,038**
Right-of-use assets	**5,378,738**	**563,516**	**-**	**-**	**5,942,254**	**(1,654,266)**	**(634,727)**	**-**	**(2,288,993)**	**3,653,260**	**3,724,470**
	133,686,093	**13,352,499**	**(1,299,777)**	**(207,485)**	**145,531,329**	**(33,191,773)**	**(10,972,804)**	**-**	**(43,832,105)**	**101,699,223**	**100,494,319**
Intangible assets											
Organisation and expansion expenses	754,214	-	-	-	754,214	(754,214)	-	-	(754,214)	-	-
Automated data processing systems	12,760,417	4,654,041	(1,456,700)	5,840,403	21,798,161	(6,168,553)	(4,369,066)	-	(10,537,618)	11,260,543	6,591,864
	13,514,631	**4,654,041**	**(1,456,700)**	**5,840,403**	**22,552,375**	**(6,922,767)**	**(4,369,066)**	**-**	**(11,291,832)**	**11,260,543**	**6,591,864**
Intangible assets in progress											
Automated data processing systems	5,246,611	580,430	1,050,302	(5,632,917)	1,244,426	-	-	-	-	1,244,426	5,246,612
	5,246,611	**580,430**	**1,050,302**	**(5,632,917)**	**1,244,426**	**-**	**-**	**-**	**-**	**1,244,426**	**5,246,612**
	18,761,242	**5,234,471**	**(406,398)**	**207,485**	**23,796,801**	**(6,922,767)**	**(4,369,066)**	**-**	**(11,291,832)**	**12,504,969**	**11,838,476**
	152,447,336	**18,586,970**	**(1,706,175)**	**-**	**169,328,130**	**(40,114,540)**	**(15,341,870)**	**-**	**(55,123,937)**	**114,204,193**	**112,332,795**

The heading "Other tangible assets in progress – Own service" includes the amount of kAOA 22,339,316 (2022: kAOA 22,339,316) relating to the acquisition of a real estate property in the "Torres Kianda" building located in Luanda.

During the year ended 31 December 2023, the Bank acquired "Other tangible assets – Equipment", in particular electronic means of payment and cybersecurity equipment.

The heading "Other tangible assets" includes own service properties whose legalisation processes are still underway, and adjustments resulting from the implementation of these processes are not expected.

As at 31 December 2023, the heading "Advances on tangible fixed assets" correspond to the acquisition of computer equipment (kAOA 2,924,254), machinery and tools (kAOA 1,552,007) and other equipment and materials (kAOA 657,644).

As at 31 December 2023, the heading "Properties for own use – disposals, write-offs and adjustments" correspond to the write-off and reclassification of Bank properties to leased properties.

As at 31 December 2023, the Bank does not hold tangible fixed assets with restrictions on ownership or given as collateral for liabilities.

The heading "Intangible assets – Data processing – Acquisitions", amounting to kAOA 7,152,825, corresponds to the Bank's ongoing investments in strengthening its cybersecurity systems, communications and electronic channel platforms.

12. Investments in subsidiaries, associates and joint ventures

This heading is composed as follows:

	Effective share (%)		Carrying amount	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022
Investments in subsidiaries				
In the country				
NOSSA – Nova Sociedade Seguros Angola, S.A.	72.24%	72.24%	2,893,255	2,893,255
ÁUREA, S.D.V.M.	99.61%	99.61%	675,871	675,871
SAESP, S.A.	20.00%	20.00%	1,399	1,399
PAY4ALL, S.A.	79.05%	0.00%	3,170,000	-
Abroad				
BAI Europa, S.A.	99.99%	99.99%	17,928,683	17,928,683
BAI Cabo Verde, S.A.	81.63%	81.63%	7,053,686	7,053,686
Angola Capital Partners, LLP	47.50%	47.50%	-	-
Investments in associates				
Abroad				
Banco Internacional de São Tomé e Príncipe, S.A.	25.00%	25.00%	279,151	279,151
Accumulated impairment losses			(1,344,583)	(394,971)
			30,657,462	**28,437,074**

During the year ended 31 December 2023, the capital of the PAY4ALL entity was subscribed. The purpose of this entity was to provide consultancy services and qualified human capital to support various professional activities.In September 2023, this entity changed its name from Minha Rede to PAY4ALL, S.A. and its corporate object to provide payment services.

During the year ended 31 December 2023, the impairment recognised by the Bank for Investments in subsidiaries, associates and joint ventures refers to the reinforcement of the investments made in the entities ÁUREA and PAY4ALL, as shown below:

	31-12-2023	31-12-2022
Opening balance	**394,971**	**61,920**
Reinforcements (Note 36)	1,056,019	334,971
Reversals (Note 36)	(106,407)	(1,920)
Closing balance	**1,344,583**	**394,971**

The balances involving assets, liabilities and off-balance sheet transactions with the Bank's subsidiaries are detailed in Note 38.

As at 31 December 2023 and 2022, the financial information of the subsidiaries is as follows (amounts in kAOA converted at the year-end exchange rate):

	Currency	Reference date:	Net assets	Equity	Net income	Share in equity	31-12-2023 Carrying amount net of impairment
BAI Europa, S.A.*	AOA	31-12-2023	632,156,291	89,325,546	5,996,977	89,316,613	17,928,683
BAI Cabo Verde, S.A.*	AOA	31-12-2023	245,267,351	24,599,157	846,402	20,080,292	7,053,686
NOSSA - Nova Sociedade Seguros Angola, S.A.*	AOA	31-12-2023	101,183,858	29,735,368	8,555,054	21,480,830	2,893,255
Banco Internacional de São Tomé e Príncipe, S.A.*	AOA	31-12-2023	118,198,583	19,602,239	2,918,074	4,900,560	279,151
SAESP*	AOA	31-12-2023	8,802,400	6,863,351	(271,475)	1,372,670	1,399
ÁUREA, S.D.V.M.*	AOA	31-12-2023	1,973,860	1,736,418	(273,745)	1,729,646	387,307
Angola Capital Partners, LLP*	AOA	30-06-2023	7,189,900	6,607,373	(13,761)	3,138,502	-
PAY4ALL, S.A.*	AOA	31-12-2023	2,507,036	2,278,395	(1,731,605)	1,801,071	2,113,981
							30,657,462

* Unaudited financial statements

	Currency	Reference date:	Net assets	Equity	Net income	Share in equity	31-12-2022 Carrying amount net of impairment
BAI Europa, S.A.*	AOA	31-12-2022	399,587,880	46,118,816	1,701,071	46,114,204	17,928,683
BAI Cabo Verde, S.A.*	AOA	31-12-2022	137,630,808	14,186,821	448,101	11,580,702	7,053,686
NOSSA - Nova Sociedade Seguros Angola, S.A.*	AOA	31-12-2022	88,779,103	21,306,586	6,286,511	15,391,878	2,893,255
Banco Internacional de São Tomé e Príncipe, S.A.*	AOA	31-12-2022	65,702,912	11,064,157	2,110,142	2,766,039	279,151
SAESP*	AOA	31-12-2022	8,707,271	7,079,286	66,170	1,415,857	1,399
Angola Capital Partners, LLP*	AOA	31-12-2021	4,419,639	3,907,186	130,251	1,855,914	-
Áurea, S.A.*	AOA	31-12-2022	1,044,695	887,848	(685,577)	884,386	280,900
							28,437,074

*Unaudited financial statements

13. Taxes

As at 31 December 2023, the heading "Current taxes" includes taxes to be recovered through tax credits settled in recent periods, which amount to kAOA 2,935,151. As at 31 December 2023 and 2022, this heading is detailed as follows:

	31-12-2023	31-12-2022
Current tax assets		
Recoverable taxes	2,935,151	1,674,075
Current tax liabilities		
Tax contingencies - Industrial tax	(3,101,404)	(3,101,404)
Industrial Tax	(1,719,518)	-
Capital investment tax	(3,469,235)	-
Tax recoverable/(payable at the end of the year)	**(5,355,006)**	**(1,427,329)**

The balance under the heading "Current tax liabilities – Tax contingencies – Industrial tax" corresponds to provisions constituted as a result of the tax inspections carried out in 2018 for the financial years of 2013 and 2014. In 2021, the Bank challenged the response of the General Tax Administration (AGT) to the hierarchical appeal regarding the 2014 notification, with the court decision being pending on the date of approval of these financial statements. The Bank believes that the contingencies recognised in this area are sufficient in view of the prospects for the completion of the process.

The heading "Capital gains tax" corresponds to Capital Gains Tax on income from public debt securities in the portfolio on that date.

As at 31 December 2023 and 2022, the deferred tax assets recognised on the balance sheet have the following composition:

	Assets		Liabilities		Net	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022
Financial instruments	11,709	11,709	(712,066)	(367,885)	(700,357)	(356,176)
Deferred Tax Asset/ (Liability)	**11,709**	**11,709**	**(712,066)**	**(367,885)**	**(700,357)**	**(356,176)**

The Bank recognises deferred tax assets (IDA) and liabilities (IDP) in its accounts, related to changes in the fair value of the financial holdings on its balance sheet.

The movements that occurred in the deferred tax headings on the balance sheet were offset as follows:

	31-12-2023			31-12-2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Opening balance	**11,709**	**(367,885)**	**(356,176)**	**216,851**	**-**	**216,851**
Recognised in reserves – Other comprehensive income	-	(344,180)	(344,180)	(205,143)	(367,885)	(573,028)
Closing balance	**11,709**	**(712,066)**	**(700,357)**	**11,709**	**(367,885)**	**(356,176)**

The reconciliation of the tax rate, in the portion concerning the amount recognised in profit or loss, can be analysed as follows:

	31-12-2023		
	Effect on net income	**Effect on tax**	**%**
Earnings before tax	**220,190,289**	**77,066,601**	**35.0%**
Unforeseen provisions	12,598,805	4,409,582	2.0%
Property Tax (IP)	735,540	257,439	0.1%
Amortisation	586,541	205,289	0.1%
Income subject to IAC and IP	(231,676,886)	(81,086,910)	-36.8%
Income from loan transactions	(689,119)	(241,192)	-0.1%
Unrealised favourable exchange rate changes	45,713,940	15,999,879	7.3%
Deductible provisions	(1,992,564)	(697,397)	-0.3%
Positive equity changes	9,538,382	3,338,434	1.5%
Corrections of previous and extraordinary years	8,876,680	3,106,838	1.4%
Donations	3,121,171	1,092,410	0.5%
Other adjustments	5,237,810	1,833,234	0.8%
Tax profit/(Tax loss)	**72,240,590**	**25,284,206**	
Tax losses utilised on 31-12-2023	(67,327,651)	-	
Tax losses carried forward on 31-12-2023	-	-	
Tax expenses	**-**	**20,616,579**	**9.4%**

	31-12-2022		
	Effect on net income	**Effect on tax**	**%**
Earnings before tax	**114,757,522**	**40,165,133**	**35.0%**
Unforeseen provisions	8,358,214	2,925,375	2.5%
Property Tax (IP)	638,659	223,531	0.2%
Amortisation	1,478,036	517,313	0.5%
Income subject to IAC and IP	(183,170,666)	(64,109,733)	-55.9%
Income from loan transactions	(1,559,192)	(545,717)	-0.5%
Unrealised favourable exchange rate changes	145,209,994	50,823,498	44.3%
Deductible provisions	(54,741,590)	(19,159,557)	-16.7%
Positive equity changes	22,131,943	7,746,180	3.5%
Corrections of previous and extraordinary years	6,881,487	2,408,521	1.1%
Other adjustments	4,140,786	1,449,275	1.3%
Tax profit/(Tax loss)	**64,125,193**	**22,443,817**	
Tax losses carried forward on 31-12-2022	(67,327,651)	-	
Tax expenses	**-**	**14,529,202**	**12.7%**

The Presidential Legislative Decree 5/11 of 30 December (revised and republished by Presidential Legislative Decree 2/14 of 20 October) introduced a rule subjecting income from public debt securities arising from treasury bonds and treasury bills issued by the Angolan State to Capital Investment Tax.

Nevertheless, in accordance with the provisions of Article 47 of the Industrial Tax Code (Law 19/14 of 22 October), in force since 1 January 2015, amended by Law 26/20 of 20 July, when determining the tax base, all income subject to Capital Gains Tax will be deducted.

Thus, when determining taxable profit, as at 31 December 2023 and 2022, this income was deducted from taxable profit.

Likewise, expenses related to Capital Gains Tax settlement are not accepted for tax purposes in the determination of the tax base, pursuant to Article 18(1)(a) of the Industrial Tax Code (CII).

Notwithstanding the foregoing, with regard to income from public debt securities, according to the latest understanding of the General Tax Administration (AGT) addressed to ABANC (letter with reference 196/DGC/AGT/2016, dated 17 May 2016), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

It should also be noted that, according to the position of the General Tax Administration (AGT), the exchange rate revaluations of foreign-indexed public debt securities issued since 1 January 2013, shall be subject to Industrial Tax until BNA is able to make the appropriate withholding tax under Capital Gains Tax (IAC).

14. Other assets

This heading is composed as follows:

	31-12-2023	31-12-2022
Other assets at fair value through profit or loss		
Supplies and ancillary services in subsidiary and associated companies		
SAESP, S.A.	7,614,153	7,614,153
BAI Cabo Verde	5,495,940	3,224,628
ÁUREA SDVM	2,350,000	1,450,000
EMIS, S.A.	7,147	7,147
	15,467,240	**12,295,928**
Changes in fair value		
SAESP, S.A.	(3,188,954)	(3,188,954)
ÁUREA SDVM	(1,003,450)	(765,934)
EMIS, S.A.	(650)	(650)
	(4,193,055)	**(3,955,538)**
	11,274,185	**8,340,390**
Other assets at amortised cost		
Advances to suppliers	3,617,395	3,927,609
Central Government — Ministry of Finance	1,534,986	1,163,560
Other	1,513,279	2,843,994
	6,665,660	**7,935,163**
Deferred expenses		
Maintenance and technical assistance	1,440,512	901,054
Insurance	91,904	-
Other	37,279	41,940
	1,569,695	**942,994**
Other assets		
Lending transactions to be settled	199,671,905	6,491,304
Adjustment to loans to employees (IAS 19)	15,893,550	16,069,519
Real estate received in lieu of repayment	11,939,514	9,955,482
Operational risk incidents	1,102,972	913,962
Value Added Tax (VAT)	764,795	607,252
Other	420,809	344,471
	229,793,546	**34,381,989**
Impairment for real estate received in lieu of repayment	**(3,213,962)**	**(2,788,197)**
Other assets – Impairments	**(2,469,697)**	**(2,338,140)**
	243,619,427	**46,474,199**

As at 31 December 2023 and 2022, the heading "Other assets at fair value through profit or loss – Shareholders' loans and additional paid-in capital in subsidiaries and associates – SAESP, S.A." includes the amount of kAOA 4,425,199 (2022: kAOA 4,425,199) corresponding to the fair value of the additional paid-in capital, which does not accrue interest or have a defined repayment period. During the year ended 31 December 2023, no adjustments were made to the fair value of those shareholders' loans.

As at 31 December 2023, the amount of the heading "Other assets at fair value through profit or loss – Shareholders' loans and additional paid-in capital in subsidiaries and associates – BAICV" corresponds to the fair value of the shareholders' loans to that company in euros, which are remunerated annually at the 12M Euribor interest rate plus a 1% spread with a 1.5% cap.

As at 31 December 2023 and 2022, the heading "Other assets at fair value through profit or loss – Shareholders' loans and additional paid-in capital in subsidiaries and associates – Áurea S.D.V.M, S.A." includes the amount of kAOA 1,346,550 (2022: kAOA 684,066) corresponding to the fair value of the additional paid-in capital made, which does not accrue interest or have a defined repayment period. These shareholders' loans are measured according to the assumptions set out in Note 40.

As at 31 December 2023, the balance under the heading "Advances to suppliers" corresponds to the payment of orders placed with suppliers whose products have not yet been received.

As at 31 December 2023 and 2022, the balance under the heading "Central Government – Ministry of Finance" refers to tax collection fees, under the service provision contract signed with that entity.

As at 31 December 2023, the balance of the heading "Other assets at amortised cost – Other" includes the amount of kAOA 951,073 (2022: kAOA 1,667,386) related to value added tax on interbank transactions pending liquidation. This heading also includes the amounts of kAOA 207,500 (2022: kAOA 233,000) and kAOA 194,517 (2022: kAOA 163,763) relating to amounts receivable from the sale of financial holdings and leased properties respectively.

The heading "Other assets – Deferred costs" corresponds to payments on behalf of third-party supplies and services whose execution, in accordance with the respective contracts, and allocation to costs take place during a certain period. These services are mainly related to information security consulting services.

As at 31 December 2023, the heading "Other asset – Lending transactions to be settled" includes the amount of kAOA 8,042,428 (2022: kAOA 5,388,309) related to subsidised interest receivable from two customers under the mortgage loan protocols agreed with the Bank. This heading also includes the amounts of kAOA 175,541,964 and kAOA 8,732,471 relating to the sale of Treasury Bonds and Exchange Traded Funds (ETF), respectively, which were recorded in the portfolio of Assets at fair value through profit or loss, pending settlement.

As at 31 December 2023 and 2022, the balance of the heading "Other – Adjustment to loans to employees" amounting to kAOA 15,893,550 (2022: kAOA 16,069,519) corresponds to the impact of the application of IAS 19 – Employee benefits. Indeed, the Bank, like most Angolan financial institutions, grants loans to its employees at interest rates lower than those charged to its customers. This benefit enables employees to have a much lower effort rate than they would have if their loan had a market rate, which is why the opportunity cost for the Bank must be recorded as defined in IAS 19.

The heading "Operational risk incidents" corresponds to transactions pending settlement related to operational risk, primarily because they are under internal investigation or have ongoing legal proceedings, with the Bank having recognised the impairment losses to address the associated risks.

Real estate received in lieu of repayment

During the year ended 31 December 2023, the Bank received twelve properties in lieu of repayment amounting to kAOA 4,410,021 (2022: one property of the value of kAOA 196,166) and sold properties amounting to kAOA 2,808,238 (2022: kAOA 2,508,170).

The heading "Real estate received in lieu of repayment" includes four properties whose legalisation processes are in progress, where adjustments arising from the implementation of these processes are not expected.

As at 31 December 2023 and 2022, the details of the real estate properties received in lieu of repayment, by seniority, are as follows:

Time elapsed since foreclosure	31-12-2023				
	< 1 year	≥ 1 year and < 2.5 years	≥ 2.5 years and < 5 years	≥ 5 years	Total
Land					
Urban	117,128	-	-	773,585	890,713
Rural	-	-	-	973,363	973,363
	117,128	**-**	**-**	**1,746,948**	**1,864,076**
Buildings under construction					
Commercial	-	-	-	244,245	244,245
	-	**-**	**-**	**244,245**	**244,245**
Constructed buildings					
Commercial	2,012,315	-	166,392	1,204,452	3,383,159
Mortgage	2,280,578	131,277	385,178	437,038	3,234,071
	4,292,893	**131,277**	**551,571**	**1,641,490**	**6,617,230**
Total	**4,410,021**	**131,277**	**551,571**	**3,632,683**	**8,725,552**

Time elapsed since foreclosure	31-12-2022				
	< 1 year	≥ 1 year and < 2.5 years	≥ 2.5 years and < 5 years	≥ 5 years	Total
Land					
Urban	-	-	-	885,903	885,903
Rural	-	-	-	3,092,067	3,092,067
	-	**-**	**-**	**3,977,970**	**3,977,970**
Buildings under construction					
Commercial	-	-	244,245	-	244,245
	-	**-**	**244,245**	**-**	**244,245**
Constructed buildings					
Commercial	-	-	582,444	769,775	1,352,219
Mortgage	144,498	501,120	-	711,702	1,357,320
	144,498	**501,120**	**582,444**	**1,481,477**	**2,709,540**
Total	**144,498**	**501,120**	**826,689**	**5,459,447**	**6,931,754**

As at 31 December 2023 and 2022, the details of the fair value and net carrying amount of the properties received in lieu of repayment, by type of property, are as follows:

Type of property	31-12-2023 Number of properties	31-12-2023 Fair value of the asset	31-12-2023 Net carrying amount	31-12-2022 Number of properties	31-12-2022 Fair value of the asset	31-12-2022 Net carrying amount
Land						
Urban	7	890,713	890,713	5	885,903	885,903
Rural	2	973,363	973,363	3	3,092,067	3,092,067
	9	**1,864,076**	**1,864,076**	**8**	**3,977,970**	**3,977,970**
Buildings under construction						
Commercial	1	244,245	244,245	1	244,245	244,245
	1	**244,245**	**244,245**	**1**	**244,245**	**244,245**
Constructed buildings						
Commercial	10	3,383,159	3,383,159	3	1,352,219	1,352,219
Mortgage	9	3,234,071	3,234,071	5	1,357,320	1,357,320
	19	**6,617,230**	**6,617,230**	**8**	**2,709,540**	**2,709,540**
Total	**29**	**8,725,551**	**8,725,552**	**17**	**6,931,754**	**6,931,754**

As at 31 December 2023 and 2022, the impairment movement for other assets is as follows:

	31-12-2023	31-12-2022
Opening balance	**5,126,337**	**3,862,428**
Other assets		
Reinforcements (Note 36)	2,649,361	1,389,868
Reversals (Note 36)	(2,475,569)	(607,402)
Uses	(42,234)	(101,143)
Adjustments	-	184,121
Real estate received in lieu of repayment		
Reinforcements (Note 36)	498,180	592,095
Reversals (Note 36)	(12,952)	-
Uses	(59,462)	(193,630)
Closing balance	**5,683,659**	**5,126,337**

During the year ended 31 December 2023 and 2022, "Other assets at fair value through profit or loss" ranked at level 3 showed the following movements:

	31-12-2023	31-12-2022
Carrying amount (net) at the beginning of the year	**8,340,390**	**8,335,174**
Total gains/losses recorded:		
Changes in fair value	(237,517)	(345,322)
Changes in exchange rate	2,271,312	(549,462)
Acquisitions	900,000	900,000
Carrying amount (net) at the end of the year	**11,274,185**	**8,340,390**

15. Resources from central banks and other credit institutions

This heading has the following composition:

	31-12-2023	31-12-2022
Resources from domestic credit institutions		
Very short-term resources	-	19,500,000
Other resources	5,069,479	7,952,335
Interest payable	-	10,685
	5,069,479	**27,463,020**
Resources from credit institutions abroad		
Very short-term resources	2,170,049	-
	2,170,049	**-**
	7,239,528	**27,463,020**

The balance under the heading "Resources of domestic credit institutions – Other resources" refers to amounts to be cleared at other credit institutions in the payment system.

The balance under the heading "Resources at credit institutions abroad – Very short-term resources" corresponds to overdraft positions at correspondent banks arising from the settlement of transactions recorded as at 31 December 2023 whose settlement took place on the first business day of the following year.

As at 31 December 2023 and 2022, the "Resources of other credit institutions" have a residual term of up to 3 months.

16. Resources from customers and other loans

This heading is composed as follows:

	31-12-2023	31-12-2022
Deposits made by residents		
Local currency		
Companies	579,910,858	415,526,465
Individuals	435,281,050	291,918,983
Public administration sector	41,533,629	183,037,647
Public business sector	115,395,146	25,616,678
	1,172,120,683	**916,099,773**
Foreign currency		
Companies	390,449,853	207,860,332
Individuals	232,388,694	148,598,363
Public administration sector	179,325,823	25,044,738
Public business sector	91,275,599	35,201,300
	893,439,969	**416,704,733**
	2,065,560,652	**1,332,804,506**
Deposits made by non-residents		
Foreign currency	4,124,621	7,050,452
Local currency	14,771,112	4,940,701
	18,895,733	**11,991,153**
Total current deposits	**2,084,456,385**	**1,344,795,659**
Term deposits in local currency		
Companies	318,439,356	273,209,009
Individuals	296,612,863	236,423,776
Public administration sector	35,982,655	73,983,379
Public business sector	69,207,912	48,206,141
Non-residents	4,187,256	3,244,152
	724,430,042	**635,066,457**
Term deposits in foreign currency		
Companies	477,278,037	408,472,499
Individuals	338,545,300	234,401,293
Public business sector	52,570,690	2,230,297
Non-residents	345,023	570,538
	868,739,050	645,674,626
Total term deposits	**1,593,169,092**	**1,280,741,083**
Total interest payable on term deposits	8,361,165	7,362,329
Total deposits and interest payable on time	**1,601,530,257**	**1,288,103,412**
Other deposits	6,497,097	4,246,870
Total customer deposits	**3,692,483,739**	**2,637,145,941**

As at 31 December 2023 and 2022, the change in the heading "Resources from customers and other loans – Demand deposits from residents in foreign currency" is essentially due to the depreciation of the Kwanza against the Euro and the United States Dollar.

The phasing of customer resources, namely term deposits, by residual periods, as at 31 December 2023 and 2022, is presented as follows:

	31-12-2023	31-12-2022
Local currency		
Up to three months	277,842,456	290,050,640
Three to six months	171,292,332	114,065,121
Six months to one year	251,080,498	217,325,059
More than one year	17,235,595	12,470,318
	717,450,881	**633,911,138**
Foreign currency		
Up to three months	168,436,361	152,721,285
Three to six months	282,614,542	220,106,224
Six months to one year	414,288,008	266,340,141
More than one year	10,379,300	7,662,295
	875,718,211	**646,829,945**
	1,593,169,092	**1,280,741,083**

As at 31 December 2023 and 2022, customer term deposits, excluding interest payable, showed the following structure by currency and average interest rate:

	31-12-2023		31-12-2022	
	Average interest rate	Amount	Average interest rate	Amount
In Kwanzas	12.83%	717,450,882	13.96%	635,066,457
In United States Dollars	2.51%	862,711,122	2.51%	641,774,736
In Euros	0.89%	13,007,088	0.04%	3,899,890
		1,593,169,092		**1,280,741,083**

17. Provisions

The provisions that have been constituted are detailed as follows:

	31-12-2023	31-12-2022
Provisions for probable liabilities:		
Tax contingencies	5,180,759	3,617,407
Litigation processes	4,194,223	4,027,653
Customer claims	994,702	604,516
Operational risk incidents under investigation	22,761	28,419
	10,392,445	**8,277,995**
Provision for signature loans		
Stage 1	2,197,579	2,131,185
Stage 2	235,866	-
Stage 3	25,019,101	3,590,296
	27,452,546	**5,721,481**
	37,844,991	**13,999,476**

The balance of the heading "Provisions" is intended to cover duly identified contingencies arising from the Bank's activity, which are reviewed on each reporting date to reflect the best estimate of the amount and its probability of payment.

As at 31 December 2023, the balance under the heading "Tax contingencies" amounting to kAOA 5,180,759 (2022: kAOA 3,617,407) is intended to cover tax contingencies resulting from liquidation notifications issued by tax authorities within the framework of tax inspections.

The heading "Provision for signature loans" refers to the provision determined under the application of the credit impairment model used by the Bank regarding off-balance sheet liabilities related to loans undertaken with customers (Note 38), as set out in Note 2.3.

As at 31 December 2023 and 2022, the provisions showed the following movements:

	31-12-2023	31-12-2022
Opening balance	13,999,476	11,986,165
Provisions for probable liabilities		
Reinforcements (Note 33)	3,548,496	4,113,869
Reversals (Note 33)	(439,889)	(203,537)
Uses	(1,384,343)	(3,392)
Transfers (Note 14)	-	(184,121)
Changes in exchange rate	390,188	(61,556)
	2,114,452	**3,661,263**
Provision for signature loans		
Reinforcements (Note 34)	17,383,026	5,398,603
Reversals (Note 34)	(6,541,708)	(6,882,694)
Adjustments	10,889,746	(163,861)
	21,731,064	**(1,647,952)**
Closing balance	**37,844,991**	**13,999,476**

18. Other liabilities

This heading is composed as follows:

	31-12-2023	31-12-2022
Creditors due to acquisition of assets and rights	4,690,510	4,643,457
Tax charges payable - withheld from third parties	3,795,668	3,546,833
Tax charges payable - own	1,975,224	3,283,960
Other amounts payable	-	153,473
Social security charges payable	-	493
Miscellaneous creditors		
Transactions pending settlement	98,386,811	6,977,346
Visa ticket operations	1,321,973	869,402
Deferred income	334,153	511,363
Down payments received – Disposal of other assets – real estate received in lieu of repayment	83,487	185,087
Other	2,195,960	1,917,435
Wages and other remuneration		
Productivity bonus	5,620,895	2,896,181
Holidays and vacation allowance	2,725,310	2,640,563
Advances from customers - BAI Kamba prepaid cards	19,283,895	9,182,532
Lease liability	5,782,048	5,162,801
Other administrative costs	1,800,000	1,334,311
Social Fund	1,545,048	1,771,157
Resources linked to foreign exchange transactions	19,688	11,857
	149,560,670	**45,088,252**

The heading “Creditors due to the acquisition of assets and rights” refers to invoices associated with the provision of services and the purchase of assets to be paid to the Bank's suppliers on that date.

As at 31 December 2023, the change in the heading “Own tax charges” was due to the increase in capital investment tax related to the accruals of government bond yields in the portfolio on that date.

The heading “Miscellaneous creditors – Transactions pending settlement” includes the amounts of kAOA 4,315,012 (2022: kAOA 2,596,684) and kAOA 1,764,953 (2022: kAOA 1,102,233), related to transactions with the Ministry of Finance and dormant account balances, respectively. This heading also includes the amounts of kAOA 8,404,259 and kAOA 460,607 (2022: kAOA 1,524,183 and kAOA 931,427), relating to transactions pending clearing in the Multicaixa multi-currency subsystem and VAT payable on interbank transactions, respectively, and the amount of kAOA 82,909,375 relating to the amount payable pending settlement for the acquisition of treasury bonds recorded under "Investments at amortised cost".

As at 31 December 2023, the heading “Miscellaneous creditors – Other” includes the amount of kAOA 1,414,401 (2022: kAOA 1,414,401) related to the amounts received by the Bank under the interest subsidy protocol signed with the Credit Guarantee Fund, as well as the amount of kAOA 354,441 (2022: kAOA 263,633), related to collateral received from local banks under the VISA representation protocols.

The heading “Advances from customers – BAI Kamba prepaid cards”, amounting to kAOA 19,283,895 (2022: kAOA 9,182,532), corresponds to the balances that customers have when using Kamba cards. The BAI Kamba product is a personalised prepaid Visa card issued by the Bank, through which the customer makes payments and withdrawals in the country and abroad, without the need to resort to credit.

As at 31 December 2023 and 2022, the balance of the heading “Other administrative costs” includes the amount of kAOA 1,800,000 (2022: kAOA 1,334,311) related to the creation of additional costs related to third-party supplies and services provided and not yet invoiced by suppliers.

The heading “Social Fund”, amounting to kAOA 1,545,048 (2022: kAOA 1,771,157), corresponds to the value of the Social Fund as at 31 December 2023 whose allocation has not yet been made under its regulations (Note 2.13 iv).

The heading "Lease liability", amounting to kAOA 5,782,048 (2022: kAOA 5,162,801) corresponds to the current amount of lease payments to be settled over the lease term, as described in Note 2.20. As at 31 December 2023, the analysis of the maturity of the lease liabilities by residual term is presented as follows:

	31-12-2023	31-12-2022
1 to 5 years	336,533	379,477
More than 5 years	5,445,515	4,783,324
Total lease liability	**5,782,048**	**5,162,801**

19. Capital, share premiums and treasury shares

Ordinary shares

As at 31 December 2023 and 2022, the Bank's share capital, worth kAOA 157,545,000, was represented by 19,450,000 ordinary shares, fully subscribed and paid-up by different shareholders, of which the following stand out:

	31-12-2023			31-12-2022		
	Number of shares	% stake	Amount	Number of shares	% stake	Amount
Luís Filipe Rodrigues Lélis	1,177,145	6.05%	9,534,875	795,319	4.09%	6,442,084
Oberman Finance Corp.	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Dabas Management Limited	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Mário Abílio R. M. Palhares	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Theodore Jameson Giletti	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Lobina Anstalt	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
José Antunes Neto	656,104	3.37%	5,314,442	656,104	3.37%	5,314,442
Mário Alberto dos Santos Barber	633,940	3.26%	5,134,914	754,530	3.88%	6,096,992
Mota Engil SGPS, S.A.	583,500	3.00%	4,726,350	583,500	3.00%	4,726,350
Coromasi Participações Lda.	-	-	-	846,075	4.35%	7,483,388
Other	11,536,811	59.32%	93,448,169	10,951,972	56.31%	88,095,494
	19,450,000	**100.00%**	**157,545,000**	**19,450,000**	**100.00%**	**157,545,000**

The shares of capital held by members of the governing bodies (Article 446(3) of Law 1/04 of 13 February – Commercial Companies Act) as at 31 December 2023, are broken down as follows:

Shareholders	Position	Acquisition	Number of shares	% Stake
Luís Filipe Rodrigues Lélis	Chairman of the Executive Committee	nominal	1,177,145	6.05%
Theodore Jameson Giletti	Vice-Chairman of the Board of Directors	nominal	972,500	5.00%
Mário Alberto dos Santos Barber	Chairman of the Board of Directors	nominal	633,940	3.26%
Hélder Aguiar	Vice-Chairman of the Board of Directors	nominal	145,875	0.75%
Inokcelina dos Santos Carvalho	Director	nominal	145,875	0.75%
Simão Francisco Fonseca	Director	nominal	62,980	0.32%
João Fonseca	Director	nominal	58,350	0.30%
Juvelino Domingos	Director	nominal	48,625	0.25%
Irisolange Verdades	Director	nominal	48,625	0.25%
José Castilho Manuel	Director	nominal	48,625	0.25%
Ana Regina Victor	Director	nominal	48,625	0.25%

Treasury shares

The Bank may, under the terms and conditions permitted by law, acquire its own shares and carry out all legally authorised operations on them.

Treasury shares are recorded in capital accounts at purchase value and are not subject to revaluation.

As at 31 December 2023, the Bank has recognised treasury shares of the nominal value of kAOA 4,928,073, corresponding to 4.4% of the share capital.

	31-12-2023			31-12-2022		
	Number of shares	%	Carrying	Number of shares	%	Carrying
Opening balance	**1,331,378**	**6.8%**	**5,296,172**	**972,500**	**5.0%**	**739,335**
Acquisitions	-	-	-	583,500	3.0%	4,726,350
Sales	(482,508)	-2.48%	(368,099)	(224,622)	-1.2%	(169,513)
Closing balance	**848,870**	**4.4%**	**4,928,073**	**1,331,378**	**6.8%**	**5,296,172**

Share premium

As at 31 December 2023 and 2022, the balances under this heading amounting to kAOA 8,824,849 and kAOA 13,407,562, respectively, correspond to the issue premium paid for the acquisition of the aforesaid treasury shares net of the disposals that occurred.

20. Reserves, Retained Earnings and Other Comprehensive Income

Legal reserve, revaluation reserves, monetary updating of the share capital, other reserves and retained earnings

The Legal Reserve can only be used to cover accumulated losses or to increase Capital. The Law on the Legal Framework of Financial Institutions states that a legal reserve not less than 10% of the net income calculated in each financial year must be constituted up to the limit equivalent to the amount of the share capital.

As at 31 December 2023 and 2022, the movements in legal reserves, revaluation reserves, other reserves, and retained earnings were as follows:

	Fair value reserves (Financial assets at fair value through other comprehensive income)	Other Reserves and Retained Earnings			Total
		Legal Reserve	Other Reserves and Retained Earnings	Total Other Reserves and Retained Earnings	
Balance as at 31 December 2021	**(349,661)**	**14,740,505**	**130,571,445**	**145,311,950**	**144,962,289**
Changes in fair value	1,619,544	-	-	-	1,619,544
Tax impact	(573,028)	-	-	-	(573,028)
Constitution of reserves	-	14,154,150	63,693,673	77,847,823	77,847,823
Acquisitions of treasury shares, net of disposals	-	-	4,807,647	4,807,647	4,807,647
Balance as at 31 December 2022	**696,854**	**28,894,655**	**199,072,765**	**227,967,420**	**228,664,274**
Changes in fair value	930,309	-	-	-	930,309
Tax impact (Note 13)	(344,180)	-	-	-	(344,180)
Constitution of reserves	-	10,022,832	50,114,159	60,136,991	60,136,991
Acquisitions of treasury shares, net of disposals	-	-	8,555,011	8,555,011	8,555,011
Balance as at 31 December 2023	**1,282,983**	**38,917,487**	**257,741,935**	**296,659,422**	**297,942,405**

The General Meeting of 31 March 2023 unanimously decided to distribute dividends to the shareholders of the value corresponding to 40% of the net income obtained in the previous year, and the remaining amount was applied to "Other Reserves" (kAOA 50,114,159) and "Legal Reserve" (kAOA 10,022,832). In fact, dividends per share in circulation amounted to kAOA 2.06.

Fair value reserves

"Fair value reserves" represent potential capital gains and losses related to the portfolio of financial assets at fair value through other comprehensive income, net of impairment recognised in profit or loss for the year and/or in previous years, and deferred taxes.

The movement of the fair value reserve, net of deferred taxes, is as follows:

	31-12-2023	31-12-2022
Previous balance	**696,854**	**(349,661)**
Gross change in fair value	983,372	1,619,544
Adjustments	(53,063)	-
Deferred taxes recognised in reserves (Note 13)	(344,180)	(573,028)
Balance at the end of the year	**1,282,983**	**696,854**

Earnings per share

The profit per share is calculated by dividing net income by the average number of ordinary shares outstanding during the financial year.

	31-12-2023	31-12-2022
Net income for the year	199,573,710	100,228,320
Weighted average number of ordinary shares issued	19,450,000	19,450,000
Weighted average number of own shares in the portfolio	848,870	1,331,378
Weighted average number of ordinary shares outstanding	18,601,130	18,118,622
Earnings per basic share	**10,729**	**5,532**

Diluted earnings per share do not differ from basic earnings per share because there are no equity instruments with diluting effects on the reporting date.

21. Net interest income

This heading is composed as follows:

	31-12-2023			31-12-2022		
	From assets/liabilities at amortised cost and fair value through other comprehensive income	From assets/ liabilities to fair value through profit or loss	Total	From assets/liabilities at amortised cost and fair value through other comprehensive income	From assets/ liabilities to fair value through profit or loss	Total
Interest and similar income						
Interest on loans to customers	60,311,078	-	60,311,078	65,936,724	-	65,936,724
Investment interest at amortised cost	100,608,014	-	100,608,014	116,014,607	-	116,014,607
Interest received on financial assets at fair value through profit or loss	-	100,808,115	100,808,115	-	34,827,279	34,827,279
Interest on cash and cash equivalents and investments at credit institutions	39,526,725	-	39,526,725	52,132,825	-	52,132,825
	200,445,817	**100,808,115**	**301,253,932**	**234,084,156**	**34,827,279**	**268,911,435**
Interest and similar expenses						
Interest on customer resources	(98,078,265)	-	(98,078,265)	(78,462,928)	-	(78,462,928)
Interest on leases	(1,349,932)	-	(1,349,932)	(1,202,188)	-	(1,202,188)
Interest on resources from central banks and credit institutions	(554,107)	-	(554,107)	(51,928)	-	(51,928)
	(99,982,304)	**-**	**(99,982,304)**	**(79,717,045)**	**-**	**(79,717,045)**
Net interest income	**100,463,513**	**100,808,115**	**201,271,628**	**154,367,111**	**34,827,279**	**189,194,390**

For the years ended 31 December 2023 and 2022, the heading "Interest on loans to customers" includes the amounts of kAOA 689,119 and kAOA 1,559,192, respectively, related to income from loan transactions with the Ministry of Finance.

The heading "Interest on loans" also includes the amount of kAOA 1,108,489 (2022: kAOA 1,005,991) related to the effect of loans granted to employees, in accordance with IAS 19.

The heading "Interest on loans to customers" includes the positive effect of kAOA 4,421,323 (2022: kAOA 4,375,794) related to fees and commissions and other income recorded according to the effective interest rate method on a straight-line basis, as explained in Note 2.3.

As at 31 December 2023 and 2022, the heading "Interest on deposits and investments at credit institutions" includes the amounts of kAOA 26,092,573 and kAOA 44,314,249, respectively, related to interest on third-party securities purchase transactions with a repurchase agreement contracted with the BNA.

As at 31 December 2023 and 2022, the negative effect of the adjustment of stage 3 credit transactions under the heading "Interest on loans to customers" pursuant to IFRS 9 is kAOA 10,692,933 and kAOA 6,661,212, respectively.

The heading "Lease interest" refers to the interest cost related to lease liabilities recognised under the implementation of IFRS 16, as described in the accounting policies (Note 2.20).

22. Income from equity instruments

This heading is composed as follows:

	31-12-2023	31-12-2022
Income from investments in subsidiaries and associates		
NOSSA - Nova Sociedade Seguros Angola, S.A.	1,556,563	1,112,117
Banco Internacional de São Tomé e Príncipe, S.A.	364,813	133,485
BAI Cabo Verde, S.A.	72,677	133,626
	1,994,053	**1,379,228**

23. Income from services, fees and commissions

This heading is composed as follows:

	31-12-2023	31-12-2022
Income from services, fees and commissions		
For banking services rendered	57,477,393	42,268,424
For foreign exchange transactions	4,534,720	3,458,388
For commitments made before third parties	1,557,369	1,634,812
For transactions carried out on behalf of third parties	762,361	424,473
For guarantees	510,575	275,183
Other fees and commissions received	427,206	1,711,566
	65,269,624	**49,772,846**
Expenses related to services, fees and commissions		
For banking services rendered by third parties	(38,851,012)	(18,265,672)
For commitments made before third parties	(706,116)	(825,591)
For other services rendered	(9,228)	(18,823)
	(39,566,356)	**(19,110,086)**
	25,703,268	**30,662,760**

As at 31 December 2023, the increase in the heading "Income from services, fees and commissions – For banking services rendered" is due to the increase in (i) prepaid card loading commissions, (ii) card issuance, replacement and cancellation commissions, (iii) commissions associated with the closing and rental of Automated Payment Machines (POS) and (iv) ATM withdrawal commissions.

As at 31 December 2023, the increase in the heading "Expenses related to services, fees and commissions – For banking services rendered on behalf of third parties" is essentially explained by the increase in (i) commissions related to Multicaixa electronic clearing of the value of 11,543,000 thousand kwanzas (previously classified under the heading "Third-party supplies and services"; and (ii) commissions associated with issuing VISA and Multicaixa cards.

24. Net income from financial assets and liabilities at fair value through profit or loss

This heading is composed as follows:

	31-12-2023			31-12-2022		
	Income	**Costs**	**Total**	**Income**	**Costs**	**Total**
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
Issued by Government and public entities	167,191,728	(3,640,444)	163,551,284	22,702,397	(10,378,144)	12,324,253
Other variable income securities	844,176	(4,274,345)	(3,430,169)	116,011	(565,852)	(449,841)
	168,035,904	**(7,914,789)**	**160,121,115**	**22,818,409**	**(10,943,996)**	**11,874,413**
Loans to customers						
Loans that do not comply with SPPI	725,006	(345,957)	379,049	41,179	-	41,179
	725,006	**(345,957)**	**379,049**	**41,179**	**-**	**41,179**
Other financial assets and liabilities at fair value through profit or loss						
Other financial assets	-	(237,516)	(237,516)	1,237,591	(1,371,492)	(133,901)
	-	**(237,516)**	**(237,516)**	**1,237,591**	**(1,371,492)**	**(133,901)**
	168,760,910	**(8,498,262)**	**160,262,648**	**24,097,179**	**(12,315,488)**	**11,781,691**

This heading records the potential fair value result and income from the disposal of securities recorded in the portfolio at fair value through profit or loss – Financial assets at fair value through profit or loss, as defined in Note 2.3.

In the year ending 31 December 2023, the profit generated from the sale of Angolan public debt amounted to approximately kAOA 115,000,000.

25. Net gains/(losses) from Investment at amortised cost

This heading is composed as follows:

	31-12-2023			31-12-2022		
	Income	**Costs**	**Total**	**Income**	**Costs**	**Total**
Investments at amortised cost						
Bonds and other fixed income securities						
Issued by Government and public entities	9,169,260	(12,012)	9,157,248	56,163,599	(1,835,073)	54,328,526
	9,169,260	**(12,012)**	**9,157,248**	**56,163,599**	**(1,835,073)**	**54,328,526**

As at 31 December 2023, the change in investment income at amortised cost is essentially due to the fact that financial instruments in this category were sold. The income generated as at 31 December 2022 refer to capital gains on the sale of treasury bonds in foreign currency, which had been acquired in the same year.

26. Foreign exchange results

This heading is composed as follows:

	31-12-2023			31-12-2022		
	Income	Costs	Total	Income	Costs	Total
Revaluation of the exchange rate position	8,123,331,545	(8,125,616,762)	(2,285,217)	7,281,960,536	(7,290,433,852)	(8,473,316)
Revaluation of assets and liabilities indexed to the USD	-	-	-	554	(13,294,048)	(13,293,494)
Buying and selling of foreign currency	16,967,076	(7,414,373)	9,552,703	15,557,336	(3,372,790)	12,184,546
	8,140,298,621	**(8,133,031,135)**	**7,267,486**	**7,297,518,426**	**(7,307,100,690)**	**(9,582,264)**

This heading includes the earnings arising from the exchange rate revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.2.

27. Income from the sale of other assets

This heading is composed as follows:

	31-12-2023	31-12-2022
Gains on other tangible assets	-	109,980
Gains on other assets – real estate received in lieu of repayment	50,661	-
	50,661	**109,980**
Losses on other tangible assets	(2,989,836)	(336,082)
Losses on other assets – real estate received in lieu of repayment	-	(23,455)
	(2,989,836)	**(359,537)**
	(2,939,175)	**(249,557)**

As at 31 December 2023, losses on other tangible assets correspond to the write-off of land transport equipment that had not been fully depreciated.

28. Other operating income/(expense)

This heading is composed as follows:

	31-12-2023	31-12-2022
Other operating income/(expense)		
Other operating revenues	1,512,982	4,025,108
Other gains on investments in subsidiaries	69,353	-
	1,582,335	**4,025,108**
Other operating charges		
Taxes and fees not imposed on earnings	(4,374,309)	(3,995,493)
Contributions - Deposit Guarantee Fund	(1,626,697)	(1,615,282)
Penalties applied by regulatory entities	(291,225)	(485,149)
Debt forgiveness	(103,675)	(1,666,176)
Other operating charges and expenses	(5,664,640)	(6,283,379)
Other losses on investments in subsidiaries	-	(3,530,511)
	(12,060,546)	**(17,575,990)**
	(10,478,211)	**(13,550,882)**

The heading "Other operating expenses – Contributions – Deposit Guarantee Fund" corresponds to the payment of the periodic contribution to the Fund, in conformity with BNA Notice 1/19 of 11 January.

The heading "Other operating expenses – Debt forgiveness" refers to losses assumed by the Bank in connection with restructuring and write-off of loans, which were already fully covered by the recognition of impairment losses.

The heading "Other operating expenses – Other operating expenses and costs" includes donations and sponsorships, including the amount of kAOA 2,406,181 related to budget allocations to the BAI Foundation.

29. Staff costs

This heading is composed as follows:

	31-12-2023	31-12-2022
Wages and salaries	40,182,509	36,293,569
Other remuneration	19,656,660	14,700,202
Post-employment benefit costs	5,619,757	5,437,621
Social and mandatory charges	2,590,386	3,293,892
Other staff costs	3,072,494	2,246,440
	71,121,806	**61,971,724**

As at 31 December 2023, the variation in "Staff costs", except for "Other costs", is essentially due to promotions and new hires.

The heading "Other remuneration" includes the amount of kAOA 1,108,489 (2022: kAOA 1,005,990) related to the effect of loans granted to employees, in accordance with IAS 19.

The heading "Post-employment benefit costs" includes the amount of kAOA 4,235,144 (2022: kAOA 4,167,837) related to contributions to the Social Security fund. This heading also includes the amount of kAOA 1,385,778 (2022: kAOA 1,269,784) related to contributions to the BAI Pension Fund, as defined in Note 30.

The variation in the heading "Other costs" is essentially due to the increase in training costs for the Bank's employees.

The costs of remuneration and other benefits attributed to the Governing Bodies during the financial years ended 31 December 2023 and 2022, are presented as follows:

	31-12-2023				31-12-2022			
	Board of Directors	General Meeting Board	Supervisory Board	Total	Board of Directors	General Meeting Board	Supervisory Board	Total
Wages and salaries	5,620,895	2,000	158,868	5,781,763	5,157,934	6,000	122,574	5,286,507
Other remuneration	6,987,828	-	-	6,987,828	2,896,181	-	-	2,896,181
Post-employment benefit costs	719,674	-	-	719,674	379,505	-	-	379,505
	13,328,396	**2,000**	**158,868**	**13,489,264**	**8,433,620**	**6,000**	**122,574**	**8,562,193**

The number of employees at the Bank, considering the number of employees who are permanent and those with fixed-term contracts, is broken down by professional category:

	31-12-2023		31-12-2022	
	Average for the year	End of the year	Average for the year	End of the year
Administrators	15	15	14	15
Direction and coordination	62	62	60	55
Leadership and management	335	339	344	347
Technical staff	1,424	1,401	1,397	1,407
Administrative	63	71	63	64
Other employees	41	44	37	39
	1,939	**1,932**	**1,915**	**1,927**

As at 31 December 2023, the variation in the number of employees was mainly due to new employees who have been hired.

30. Employee benefits

Law 07/04 of 15 October, which regulates the Social Security system in Angola, provides for the granting of retirement pensions to all Angolan workers enrolled in Social Security. The amount of these pensions is calculated on the basis of a table proportional to the number of years of work, applied to the average monthly gross wages received in the years immediately preceding the date on which the employee stopped working. According to Presidential Decree 227/18 of 27 September, the contribution rates for this system are 8% for the employer and 3% for the employees, unless the employee is retired, the contribution rate is set at 8%. In 2004, the Bank made the commitment, on a voluntary basis, through the establishment of a pension fund, to grant its employees, or their families, cash benefits as a retirement supplement for old age, disability, early retirement and death allowance, under the terms agreed in the contract establishing the "BAI Pension Fund".

Until 31 December 2009, the Bank had granted, on a voluntary basis, in the form of a defined benefit, a retirement supplement for old age, disability, early retirement and survivor's pensions to its employees. On 21 November 2012, Order 2529/12 approved by the Ministry of Finance was published in the Official Gazette, whose sole point was the approval of the amendments to the pension plan and to the contract establishing the Bank's Workers' Pension Fund, which thus went from a defined benefit pension plan to a defined contribution plan, through voluntary membership.

Following the aforesaid amendment to the Fund, the defined benefit pension plan was maintained for existing pensioners and for participants who terminated their contractual relationship with the Bank and with acquired rights until 31 December 2009.

It should also be noted that, between 2010 and December 2013, the Bank created provisions related to its potential contribution of 6% on employees' salaries and decided that it will consider this exercise, even if there is no contribution from employees, as a pensionable length of service for the participants who joined the Fund.

The management of the "BAI Pension Fund" was transferred from the defunct AAA Pensões, S.A. to NOSSA – Nova Sociedade Angolana de Seguros de Angola, S.A. on 31 October 2013 in accordance with the Order of the Ministry of Finance, dated 28 October 2013.

The Bank began to deduct the monthly amount corresponding to 3% of the salary of the employees who joined the Fund, maintaining its contribution of 6% on the salary of those employees.

With regard to the amount to be reimbursed to employees, formerly covered by the Defined Benefit Plan, and who were transferred to the Defined Contribution Pension Plan, the Fund currently has the funding to cover this liability.

31. Third-party supplies and services

This heading is composed as follows:

	31-12-2023	31-12-2022
Audits, consulting and other specialised technical services	31,088,653	23,014,281
Miscellaneous materials	10,405,118	16,553,552
Communications	5,256,690	11,447,465
Safety, maintenance and repair	4,722,122	6,810,218
Publications, advertising and publicity	1,917,045	3,578,899
Hire and rental charges	1,534,691	1,756,635
Transportation, travel and accommodation	1,087,182	681,020
Insurance	737,346	1,122,264
Water and energy	259,352	188,936
	57,008,199	**65,153,272**

As at 31 December 2023, the heading "Hire and rental charges" includes the amounts of kAOA 972,502 and kAOA 68,054, respectively, related to low-value asset lease agreements and short-term lease agreements, as described in the accounting policies (Note 2.20.).

The heading "Audits, consultancy and other specialised technical services" includes the fees invoiced by the External Auditor of Banco BAI as part of its external auditing duties, as well as other services, including those provided by its network, as follows:

	31-12-2023	31-12-2022
Audit services	1,231,739	468,330
Non-audit services required by law	196,978	95,605
Non-audit services not required by law	40,501	304,141
	1,469,218	**868,076**

32. Depreciation and amortisation for the year

This heading is composed as follows:

	31-12-2023	31-12-2022
Other tangible assets		
Equipment	8,648,175	8,557,587
Real estate	1,972,914	1,705,759
Right-of-use assets	815,968	634,726
Other tangible assets	67,815	74,731
	11,504,872	**10,972,803**
Intangible assets		
Automated data processing system	7,410,674	4,369,066
	7,410,674	**4,369,066**
	18,915,546	**15,341,869**

As at 31 December 2023, the variation of the heading "Data processing system" is due to the purchases being made by the Bank to strengthen cybersecurity systems, communications and electronic channel platforms.

33. Provisions net of reversals

This heading is composed as follows:

	31-12-2023	31-12-2022
Allocation for the year (Note 17)	3,548,496	4,113,869
Reversal for the year (Note 17)	(439,889)	(203,537)
	3,108,607	**3,910,332**

34. Impairment for loans to customers net of reversals and recoveries

This heading is composed as follows:

	31-12-2023	31-12-2022
Loans to customers		
Allocation for the year net of reversals (Note 10)	25,367,482	14,900,873
Stage 3 adjustment (Notes 10 and 21)	(10,692,933)	(6,661,212)
Recoveries of written-off loans	(1,877,071)	-
	12,797,478	**8,239,661**
Signature loans		
Allocation for the year net of reversals (Note 17)	10,841,318	(1,484,091)
	23,638,796	**6,755,570**

35. Impairment for other financial assets net of reversals and recoveries

This heading is composed as follows:

	31-12-2023	31-12-2022
Impairment for the year		
Cash and cash equivalents at central banks (Note 4)	-	1,663,499
Cash and cash equivalents at other credit institutions (Note 5)	2,972	260,336
Deposits at central banks and other credit institutions (Note 6)	2,770,321	18,449,516
Investments at amortised cost (Note 9)	15,279,680	5,988,023
	18,052,973	**26,361,374**
Reversal for the year		
Cash and cash equivalents at central banks (Note 4)	(1,907,014)	(43,805)
Cash and cash equivalents at other credit institutions (Note 5)	(271,386)	(1,100)
Deposits at central banks and other credit institutions (Note 6)	(8,988,971)	(20,661,993)
Investments at amortised cost (Note 9)	(11,024,969)	(11,288,486)
	(22,192,339)	**(31,995,384)**
	(4,139,366)	**(5,634,010)**

36. Impairment for other assets net of reversals and recoveries

This heading is composed as follows:

	31-12-2023	31-12-2022
Allocations for the year		
Properties received in lieu of repayment (Note 14)	498,180	592,095
Investment in subsidiaries and associates (Note 12)	1,056,019	334,971
Other tangible assets (Note 11)	786,437	-
Other assets (Note 14)	2,649,361	1,389,868
Reversals for the year		
Properties received in lieu of repayment (Note 14)	(12,952)	-
Investment in subsidiaries and associates (Note 12)	(106,407)	(1,920)
Other assets (Note 14)	(2,475,569)	(607,402)
	2,395,068	**1,707,612**

37. Segmental reporting

As at 31 December 2023, the Bank has defined the following operating segments:

- **Corporate banking:** comprises banking activity with large companies (Large corporate). This segment includes financing for investment projects, secured current accounts, and loans to the public, mining and oil sectors;

- **Retail banking:** comprises banking activity with individual non-premium customers, among small and medium-sized enterprises (SME) and sole proprietorships (ENI). Consumer credit, mortgage loans, credit cards and deposits collected from individuals are included in this segment;

- **Private banking:** comprises lending and fund-raising activities with premium individual customers;

- **Trading and sales:** comprises banking activity related to the management of the Bank's own securities portfolio, transactions carried out in the monetary and foreign exchange markets. Investments and cash equivalents at other credit institutions are included in this segment; and,

- **Others:** comprises all business segments that were not covered by previous business lines, namely:

  - Transactions related to the issuance and management of payment methods;

  - Custody services: security and administration of securities on behalf of customers;

  - Intermediation related to the retail portfolio: includes banking activity with individuals, sole proprietorships and micro-enterprises, with regard to the reception and transmission of orders in relation to one or more financial instruments, execution of instructions requested by customers.

Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise	31-12-2023					
	Corporate Banking	Retail Banking	Private Banking	Trading and Sales	Other	Total
Net interest income	**(26,478,614)**	**4,797,249**	**(17,435,754)**	**240,388,747,**	**-**	**201,271,628**
Income from equity instruments	-	-	-	-	1,994,053	1,994,053
Income from services, fees and commissions	25,555,852	18,431,674	14,414,988	5,166,366	1,700,744	65,269,624
Expenses related to services, fees and commissions	(13,383,736)	(18,271,905)	(5,891,544)	(624,369)	(1,394,802)	(39,566,356)
Income from the sale of other assets	-	-	-	-	(2,939,175)	(2,939,175)
Net trading income	-	-	-	176,687,382	-	176,687,382
Other operating income/(expense)	91,824	(194,520)	-	-	(10,375,515)	(10,478,211)
Operating income	**(14,214,674)**	**4,762,498**	**(8,912,310)**	**421,618,126**	**(11,014,695)**	**392,238,945**
Other costs and benefits	-	(3,803,570)	-	-	(168,245,086)	(172,048,656)
Income before taxes	**(14,214,674)**	**958,928**	**(8,912,310)**	**421,618,126**	**(179,259,781)**	**220,190,289**
Tax expenses						
Current taxes	-	-	-	(18,897,061)	(1,719,518)	(20,616,579)
Individual Net Income for the Period	**(14,214,674)**	**958,928**	**(8,912,310)**	**402,721,065**	**(180,979,299)**	**199,573,710**
Cash and cash equivalents and investments at credit institutions	-	-	-	1,707,473,259	-	1,707,473,259
Investments in Securities	-	-	-	1,968,300,324	-	1,968,300,324
Loans to customers	246,544,762	206,504,634	11,947,854	-	-	464,997,250
Investments in subsidiaries, associates and joint ventures	-	-	-	-	30,657,462	30,657,462
Other assets	9,638,549	15,893,550	-	184,287,160	156,191,790	366,011,049
Total net assets	**256,183,311**	**222,398,184**	**11,947,854**	**3,860,060,743**	**186,849,252**	**4,537,439,344**
Resources from central banks and other credit institutions	-	-	-	7,239,528	-	7,239,528
Resources from customers and other loans	2,114,355,760	926,456,567	651,671,412	-	-	3,692,483,739
Other liabilities	6,090,260	1,529,645	-	21,048,848	167,739,131	196,407,884
Total net liabilities	**2,120,446,020**	**927,986,212**	**651,671,412**	**28,288,376**	**167,739,131**	**3,896,131,151**
Total equity	-	-	-	-	-	641,308,193
Total Liabilities and Equity	**2,120,446,020**	**927,986,212**	**651,671,412**	**28,288,376**	**167,739,131**	**4,537,439,344**

Amounts expressed in thousands of Kwanzas – kAOA unless specifically indicated otherwise	31-12-2022					
	Corporate Banking	Retail Banking	Private Banking	Trading and Sales	Other	Total
Net interest income	**(5,852,316)**	**1,589,836**	**(14,464,244)**	**202,922,691**	**4,998,423**	**189,194,390**
Income from equity instruments	1,379,228	-	-	-	-	1,379,228
Income from services, fees and commissions	22,107,637	11,010,343	9,519,526,	5,673,876	1,461,464	49,772,846
Expenses related to services, fees and commissions	(1,408,044)	(13,764,482)	(3,421,286)	(497,450)	(18,824)	(19,110,086)
Income from the sale of other assets	-	-	-	-	(249,557)	(249,557)
Net trading income	-	-	-	56,527,953	-	56,527,953
Other operating income/(expense)	-	-	-	(3,747,889)	(9,802,994)	(13,550,883)
Operating income	**16,226,505**	**(1,164,303)**	**(8,366,004)**	**260,879,181**	**(3,611,488)**	**263,963,891**
Other costs and benefits	-	-	-	-	-	(149,206,369)
Individual Net Income for the Period	**15,444,039**	**(1,164,303)**	**(8,366,004)**	**251,650,938**	**(157,336,350)**	**100,228,320**
Cash and cash equivalents and investments at credit institutions (net)	-	-	-	1,304,019,654	-	1,304,019,654
Investments in securities and derivatives (net)	-	-	-	1,307,727,651	-	1,307,727,651
Loans to customers	139,701,210	222,654,108	29,995,965,	-	-	392,351,283
Investments in subsidiaries, associates and joint ventures	-	-	-	-	28,437,074	28,437,074
Other assets	-	-	-	-	162,364,176	162,364,176
Total net assets	**139,701,210**	**222,654,108**	**29,995,965**	**2,611,747,305**	**190,801,250**	**3,194,899,838**
Resources from central banks and other credit institutions	-	-	-	27,463,020	-	27,463,020
Resources from customers and other loans	1,283,746,756	867,881,387	483,420,623,	2,097,175	-	2,637,145,941
Other liabilities	-	-	-	-	62,557,017	62,557,017
Total net liabilities	**1,283,746,756**	**867,881,387**	**483,420,623**	**29,560,195**	**62,557,017**	**2,727,165,978**
Total equity	-	-	-	-	-	467,733,860
Total Liabilities and Equity	**1,283,746,756**	**867,881,387**	**483,420,623**	**29,560,195**	**62,557,017**	**3,194,899,838**

38. Off-balance sheet accounts

This heading is composed as follows:

	31-12-2023	31-12-2022
Guarantees granted	148,573,778	133,899,009
Guarantees received	(1,087,823,123)	(523,913,112)
Commitments made to third parties	44,383,905	41,035,897
BNA Securities Custody	6,101,917	11,321,731
Other liabilities for services rendered	85,226,339	27,132,487
Consigned values	2,344,680	1,425,417
Loans held as assets	(814,741,536)	(726,506,442)
Loans written off from the assets		
Share capital	(352,500,220)	(269,330,414)
Interest overdue	(230,564,499)	(173,025,199)
Loans provided by third parties (Note 6)	96,479,606	90,326,398
Other off-balance sheet accounts	(49,715)	(36,152)

"Guarantees, sureties provided" and "Commitments made before third parties" include exposures that are subject to calculation of impairment losses according to the impairment model defined by the Bank and pursuant to the requirements of IFRS 9 amounting to kAOA 154,411,966 (2022: kAOA 126,719,754). As at 31 December 2023 and 2022, these exposures and the associated impairment have the following composition:

31-12-2023	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Guarantees granted	47,262,879	25,334,576	84,910,851	1,145,161	132,173,730	26,479,737
Commitments made to third parties	192,155	47,357	22,046,081	925,452	22,238,236	972,809
	47,455,034	**25,381,933**	**106,956,932**	**2,070,613**	**154,411,966**	**27,452,546**

31-12-2022	Individual analysis		Collective analysis		Total	
	Full exposure	Impairment	Full exposure	Impairment	Full exposure	Impairment
Guarantees granted	43,367,963	3,265,278	47,386,110	1,527,834	90,754,073	4,793,112
Commitments made to third parties	4,121,768	847,818	31,843,913	80,551	35,965,681	928,369
	47,489,731	**4,113,096**	**79,230,023**	**1,608,385**	**126,719,754**	**5,721,481**

The breakdown by stage of guarantees, sureties provided and commitments made before third parties, as at 31 December 2023 and 2022, is presented below:

	31-12-2023				31-12-2022		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 3	Total
Guarantees granted	85,557,315	5,176,415	41,440,000	132,173,730	67,430,432	23,323,640	90,754,072
Commitments made to third parties	22,046,081	-	192,155	22,238,236	32,122,939	3,842,743	35,965,682
	107,603,396	**5,176,415**	**41,632,155**	**154,411,966**	**99,553,371**	**27,166,383**	**126,719,754**

The guarantees and sureties provided are banking operations that do not result in the mobilisation of funds by the Bank and include bank guarantees and documentary credits.

Documentary credit represents irrevocable commitments made by the Bank, on behalf of its customers, to pay/order to pay a specified amount to the supplier of a given product or service, within a stipulated period, against the presentation of documents related to the shipment of the products or provision of the service. The irrevocable condition consists in the fact that cancellation or amendment is not feasible without the express agreement of all the parties involved.

The heading "Guarantees and sureties provided" includes guarantees provided by the Bank to General Tax Authority (AGT) in the form of government debt securities amounting to kAOA 24,529,141 (2022): 24,390,347) under the ongoing tax inspection processes (Notes 9 and 13).

Commitments made before third parties present contractual agreements for the granting of credit with the Bank's customers (for example unused lines of credit) which, in general, are contracted for fixed terms or with other expiry requirements and usually require the payment of a commission. Substantially, all current credit-granting commitments require customers to maintain certain requirements verified when contracting them. They can be revocable and irrevocable.

As at 31 December 2023, the amount shown under "Commitments made before third parties" includes the amount of kAOA 29,008,000 (2022: kAOA 17,629,185) related to an irrevocable credit line granted to BAI Europa.

Notwithstanding the particularities of these commitments, the assessment of these transactions follows the same basic principles as any other commercial transaction, namely that of solvency, both of the customer and of the underlying business, and the Bank requires that these transactions be duly collateralised when necessary. Since most of them are expected to expire without having been used, the indicated amounts do not necessarily represent future cash requirements.

All the financial instruments mentioned above are subject to the same approval and control procedures applied to the portfolio of loans to customers, namely regarding the assessment of the adequacy of the provisions, constituted as described in the accounting policy referred to in Note 2.3. This provision is recorded under the heading "Provisions", as described in Note 17.

39. Transactions with related parties

Pursuant to IAS 24, entities related to the Bank are considered to be:

a) Holders of qualifying shareholdings;

- Entities that are directly or indirectly in a controlling or group relationship with the Bank;

b) Members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree of the straight line, considered to be the ultimate beneficiaries of transactions or assets;

c) Subsidiaries, associates and joint ventures;

- Entities that are directly or indirectly in a controlling or group relationship with the Bank

d) Other entities;

- Entities associated with or that constitute joint ventures of the Bank;
- Subsidiaries of entities associated or that constitute joint ventures of the Bank;
- Entities controlled or jointly controlled by holders of qualifying shareholdings and/or members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree in a straight line.

The shareholders, subsidiaries and other shareholdings, as well as other entities under the Bank's control, with which the Bank held balances or transactions during the year ended 31 December 2023, are as follows:

Name of the related party	%	Head office
Companies that are directly or indirectly controlled by the Bank		
BAI Europa S.A.	99.99%	Portugal
BAI Cabo Verde S.A.	81.63%	Cape Verde
NOSSA – Nova Sociedade de Seguros de Angola S.A.	72.24%	Angola
SAESP – Sociedade Angolana de Ensino Superior Privado S.A.	20.00%	Angola
AUREA S.A.	99.61%	Angola
BAI SGPS S.A.	n.a.	Angola
BAI Invest S.A.	n.a.	Angola
BAI Foundation	100.00%	Angola
PAY4ALL S.A.	79.05%	Angola
Members of the BAI Board of Directors		
Mário Alberto dos Santos Barber – Chairman	n.a.	n.a.
Theodore Jameson Giletti – Vice-Chairman	n.a.	n.a.
Hélder Miguel Palege Jasse de Aguiar – Vice-Chairman	n.a.	n.a.
Diogo Neto Viana – Director	n.a.	n.a.
Ana Maria Fernandes dos Santos Machado – Director	n.a.	n.a.
Maria João de Almeida – Director	n.a.	n.a.
Carlos Manuel Flora Amorim Guerra – Director	n.a.	n.a.
Ana Regina Jacinto da Silva Correia Victor – Director	n.a.	n.a.
Luís Filipe Rodrigues Lélis – Chief Executive Officer	n.a.	n.a.
Inokcelina Ben'África dos Santos de Carvalho – Director	n.a.	n.a.
Simão Francisco Fonseca – Director	n.a.	n.a.
João Cândido Soares de Moura Oliveira Fonseca – Director	n.a.	n.a.
Irisolange Azulay Soares de Menezes Verdades – Director	n.a.	n.a.
José Carlos Castilho Manuel – Director	n.a.	n.a.
Juvelino da Costa Domingos – Director	n.a.	n.a.
Membros do Conselho Fiscal do BAI		
Júlio Ferreira Sampaio – Chairman	n.a.	n.a.
Jorge Manuel Felices Morgado – Member	n.a.	n.a.
Naiole Cristina Cohen dos Santos Guedes – Member	n.a.	n.a.
Isabel Lopes – Alternate Member	n.a.	n.a.
Cristina Alfredo Augusto Rafael Silvestre – Alternate Member	n.a.	n.a.
Other Related Parties	**%**	**Head office**
BISTP - Banco Internacional de São Tomé e Príncipe S.A.	25.00%	São Tomé e Príncipe
IMOGESTIN SA	n.a.	Angola
IMSA	58.00%	Angola
FIPA I*	25.64%	Luxembourg
FIPA II	37.89%	Luxembourg
Fundo Investimento Privado Angola SARL	n.a.	Luxembourg
Angola Capital Partners LLC	47.50%	Delaware
ACP Advisors	33.33%	Delaware
Pension Fund	**%**	**Head office**
BAI Pension Fund	n.a.	Angola
Companies in which the members of the Corporate Bodies have significant influence	**%**	**Head office**
Empreendimentos Angolanos de Hotelaria	50.00%	Angola
FDB Negócios	100.00%	Angola
Clinicase LDA	50.00%	Angola

*In the process of liquidation

The value of the Bank's transactions with related parties as at 31 December 2023 and 2022, as well as the respective margin costs and income recognised in the year under review, are summarised as follows:

	31-12-2023								31-12-2022
	Spouse, ancestors, and descendants	**Members of Governing Bodies**	**Holders of Relevant Management Functions or Positions**	**Subsidiaries, associates and joint ventures**	**Other Related Parties**	**BAI Pension Fund**	**Companies in which the members of the Corporate Bodies have significant influence**	**Total**	**Total**
Assets									
Cash and cash equivalents at other credit institutions	-	-	-	14,205,710	-	-	-	14,205,710	13,642,514
Deposits at central banks and other credit institutions	-	-	-	195,572,226	-	-	-	195,572,226	106,904,357
Financial assets at fair value through profit or loss	-	-	-	-	4,495,315	-	-	4,495,315	2,962,759
Financial assets at fair value through other comprehensive income	-	-	-	-	3,049,071	-	-	3,049,071	2,065,699
Investments in subsidiaries, associates and joint ventures	-	-	-	30,378,311	279,151	-	-	30,657,462	28,437,074
Loans to customers	125,299	1,739,676	315,163	505	-	-	-	2,180,643	4,615,940
Direct loans	130,367	1,831,572	343,382	621	-	-	-	2,305,942	23,454,461
Loan portfolio impairment	(5,068)	(91,896)	(28,219)	(116)	-	-	-	(125,299)	(18,838,521)
Other assets	-	1,013,462	413,735	11,347,234	6,497	-	-	12,780,927	8,388,632
Total Assets	**125,299**	**3,766,600**	**728,899**	**251,503,986**	**7,830,033**	**-**	**-**	**263,954,816**	**167,016,975**
Liabilities	**2,697,472**	**18,573,401**		**6,636,045**	**4,223,126**				
Resources from central banks and other credit institutions	-	-		2,170,049	-			2,170,049	-
Resources from customers and other credit institutions	3,967,548	5,859,796	267,554	12,643,831	946,703	170,876	227,722	24,084,030	24,387,319
Demand deposits	984,312	4,511,073	53,531	5,191,763	244,068	170,876	75,669	11,231,292	6,950,367
Term deposits	2,983,236	1,348,723	214,023	7,452,068	702,636	-	152,054	12,852,739	17,436,952
Other liabilities	14,490	8,926	1,234	170,893	-	-	-	195,542	171,264
Provisions	-	-	-	349,799	-	-	-	349,799	15,972
Total Liabilities	**3,982,038**	**5,868,722**	**268,787**	**15,334,572**	**946,703**	**170,876**	**227,722**	**26,799,421**	**24,574,555**
Guarantees received	28,997	647,046	2,006,550	-	-	-	-	2,682,593	11,836,687
Loans written off from the Assets	-	-	-	-	-	-	-	-	14,213,332
Guarantees provided	-	166,619	-	-	-	-	-	166,619	120,762
Commitments made to third parties	-	-	-	29,008,000	-	-	-	29,008,000	17,629,185

Net interest income	31-12-2023						31-12-2022
	Spouse, ancestors, and descendants	Members of Governing Bodies	Holders of Relevant Management Functions or Positions	Subsidiaries, associates and joint ventures	Other Related Parties	Total	Total
Interest on cash and cash equivalents and investments at credit institutions	-	-	-	4,090,981	-	4,090,981	861,540
Interest on loans to customers	17,087	57,895	28,829	216	-	104,027	2,436,676
Interest and similar income	**17,087**	**57,895**	**28,829**	**4,091,197**	**-**	**4,195,008**	**3,298,216**
Interest on customer resources	(272,636)	(307,216)	(8,673)	(160,286)	(49,756)	(798,567)	(1,408,277)
Interest and similar expenses	**(272,636)**	**(307,216)**	**(8,673)**	**(160,286)**	**(49,756)**	**(798,567)**	**(1,408,277)**
Net interest income	**(255,549)**	**(249,321)**	**20,156**	**3,930,911**	**(49,756)**	**3,396,441**	**1,889,939**

The shareholding position of the members of the Governing Bodies is shown in Note 19.

As at 31 December 2023 and 2022, the total amount of cash and bank deposits well as investments at other credit institutions that refer to transactions carried out with subsidiaries, associates and joint ventures, in addition to those mentioned above, is summarised as follows:

Cash and cash equivalents at other credit institutions	31-12-2023	31-12-2022
BAI Europa, S.A.	7,602,266	10,588,524
Impairment of cash and cash equivalents in financial institutions	(814)	(33,059)
BAI Cabo Verde, S.A.	6,614,904	3,189,760
Impairment of cash and cash equivalents in financial institutions	(10,647)	(102,710)
Total	**14,205,710**	**13,642,515**

Investments at other credit institutions	31-12-2023	31-12-2022
BAI Europa, S.A.	160,328,306	87,057,638
Impairment of interbank money market operations	(118,614)	(123,169)
BAI Cabo Verde, S.A.	35,567,886	20,634,314
Impairment of interbank money market operations	(205,352)	(664,425)
Total	**195,572,226**	**106,904,357**

Remuneration costs and other benefits attributed to the Bank's key management personnel (short and long-term) are presented in Note 29.

Transactions with related parties are carried out under the following conditions, according to Bank policy:

- Commercial transactions – conducted under normal market conditions and applicable to transactions with the same features and to customers with a similar profile, in terms of, among others, level of risk, turnover, sector of activity, etc., according to the price rate charged by the Bank, i.e. the price of the transactions must be established using the comparable market price method.

- Cost-sharing transactions – the price of transactions is defined using the increased cost method.

40. Fair value of financial assets and liabilities

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

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model that, necessarily have some degree of judgement and reflect exclusively the value attributed to different financial instruments.

The fair value of financial assets and liabilities held by the Bank is presented as follows:

	Amortised Cost	Measured at Fair Value			Total Carrying Amount	Fair value
		Market quotes (Level 1)	Valuation models with observable market parameters (Level 2)	Valuation models with parameters not observable in the market (Level 3)		
31-12-2023						
Cash and cash equivalents at central Banks	603,681,715	-	-	-	603,681,715	603,681,715
Cash and cash equivalents at other credit institutions	96,081,977	-	-	-	96,081,977	96,081,977
Deposits at central banks and other credit institutions	1,007,709,567	-	-	-	1,007,709,567	1,007,709,567
Financial assets at fair value through profit or loss	-	22,289,482	676,496,408	4,680,288	703,466,178	703,466,178
Financial assets at fair value through other comprehensive income	-	-	-	3,049,071	3,049,071	3,049,071
Investments at amortised cost	1,261,785,075	-	-	-	1,261,785,075	1,028,783,665
Loans to customers	464,856,884	-	-	140,366	464,997,250	394,092,008
Other assets	223,619,691	-	-	11,274,185	234,893,876	234,893,876
Financial assets	**3,657,734,909**	**22,289,482**	**676,496,408**	**19,143,910**	**4,375,664,709**	**4,071,758,057**
Resources from central banks and other credit institutions	7,239,528	-	-	-	7,239,528	7,239,528
Resources from customers and other loans	3,692,483,739	-	-	-	3,692,483,739	3,692,483,739
Financial liabilities	**3,699,723,267**	**-**	**-**	**-**	**3,699,723,267**	**3,699,723,267**

	Amortised Cost	Measured at Fair Value			Total Carrying Amount	Fair value
		Market quotes (Level 1)	Valuation models with observable market parameters (Level 2)	Valuation models with parameters not observable in the market (Level 3)		
31-12-2022						
Cash and cash equivalents at central Banks	661,714,228	-	-	-	661,714,228	661,714,228
Cash and cash equivalents at other credit institutions	39,938,064	-	-	-	39,938,064	39,938,064
Deposits at central banks and other credit institutions	602,367,362	-	-	-	602,367,362	602,367,362
Financial assets at fair value through profit or loss	-	15,993,748	578,741,198	20,872,567	615,607,513	615,607,513
Financial assets at fair value through other comprehensive income	-	-	-	2,065,699	2,065,699	2,065,699
Investments at amortised cost	690,054,439	-	-	-	690,054,439	663,430,091
Loans to customers	392,197,638	-	-	153,645	392,351,283	336,820,336
Other assets	30,966,524	-	-	8,340,390	39,306,914	39,306,914
Financial assets	**2,417,238,254**	**15,993,748**	**578,741,198**	**31,432,302**	**3,043,405,502**	**2,961,250,207**
Resources from central banks and other credit institutions	27,463,020	-	-	-	2,637,145,941	27,463,020
Resources from customers and other loans	2,637,145,941	-	-	-	2,637,145,941	2,637,145,941
Financial liabilities	**2,664,608,961**	**-**	**-**	**-**	**2,637,145,941**	**2,664,608,961**

As at 31 December 2023 and 2022, financial assets stated at fair value were classified at levels 1, 2, and 3. Financial assets classified at level 2 are listed in the Angolan capital market (BODIVA). The fact that this market started operating at the end of 2016, given the low liquidity and depth of the capital market and its current embryonic phase, it was considered that they did not have the necessary conditions to be classified at level 1.

The main methodologies and assumptions used to estimate the fair value of financial assets and liabilities recorded on the balance sheet at amortised cost are analysed as follows:

Cash and cash equivalents at central banks, Cash and cash equivalents at other credit institutions, and Deposits at central banks and other credit institutions

These assets are very short-term, so the carrying amount is a reasonable estimate of their respective fair value.

Financial assets at fair value through profit or loss and at fair value through other comprehensive income

These financial instruments are stated at fair value for Angolan public debt securities. The fair value is based on the market prices available on BODIVA, whenever they are available. If these do not exist, the calculation of fair value uses numerical models, based on cash flow discounting techniques that, in order to calculate fair value, use market interest rate curves adjusted by the associated factors, predominantly credit risk and liquidity risk, determined according to market conditions and respective time frames.

Market interest rates are calculated based on information disseminated by financial content providers and the BNA. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the cash flows non-deterministic such as indexes.

In the context of the assessment of the fair value of treasury bonds in foreign currency classified at level 3 of the fair value hierarchy, it is based on a discount curve determined considering risk-free interest rates (American treasury bonds) plus a country risk premium, considering the sources of reference information in the financial markets.

The best estimate of the fair value of the investment funds is considered to be that in the financial statements of these bodies on the Bank's reporting date and, whenever possible, with the respective report of the auditors.

For equity instruments, the historical dividend distribution rate, the estimated profit growth and opportunity cost are considered, and the average rate of return of the banking sector as the opportunity cost.

As at 31 December 2023 and 2022, there were no transfers of financial instruments between level 2 and level 3 of the fair value hierarchy.

Investments at amortised cost

The fair value of these financial instruments in local currency is estimated based on an update of the expected future principal and interest cash flows for these instruments. The opportunity cost rate is calculated based on the interest rates of the most recent public debt issues.

In turn, the fair value of financial instruments in foreign currency is estimated considering market prices (if any), or the value of cash flows discounted at the average rate of the latest foreign currency issues.

For the purpose of this disclosure, it was assumed that the treasury bills have short-term residual terms, so their carrying amount substantially represents the fair value of these assets.

Loans to customers

The fair value of loans to customers is estimated based on the updated principal and interest cash flows, considering that the instalments are paid upon maturity and using the modified duration model. The interest and discount rates used are the current average rates charged for loans with similar characteristics in the last two years.

For the purpose of this disclosure, it was assumed that variable interest rate loan agreements have regular interest rate updates and no significant changes are being made to the associated spreads, which is why it is assumed that the carrying amount substantially represents the fair value of these assets.

Other assets

"Other assets" classified at fair value through profit or loss and at amortised cost were valued according to the assumptions defined in the internal fair value asset valuation model in the level 3 hierarchy. The model estimates the fair value of these assets by the sum of cash flows discounted at an interbank money market reference rate. The fair value of other assets at amortised cost is assumed to be their carrying amount.

Resources from central banks and other credit institutions

These liabilities are very short-term, so the carrying amount value is a reasonable estimate of their fair value.

Resources from customers and other loans

The fair value of these financial instruments is estimated based on the updated expected principal and interest cash flows. The discount rate used reflects the rates charged for deposits with similar features on the reporting date.

Considering that, in the vast majority of the portfolio of customer resources held by the Bank, the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

As at 31 December 2023 and 2022, the fair value of financial instruments is presented as follows:

	31-12-2023					
	Carrying amount (net)	Fair value of financial instruments recorded on the balance sheet				Carrying amount (gross)
		At fair value	At amortised cost	Total	Difference	
Assets						
Cash and cash equivalents at central banks	603,681,715	-	603,681,715	603,681,715	-	604,416,737
Cash and cash equivalents at other credit institutions	96,081,977	-	96,081,977	96,081,977	-	96,110,256
Deposits at central banks and other credit institutions	1,007,709,567	-	1,007,709,567	1,007,709,567	-	1,010,485,429
Financial assets at fair value through profit or loss	703,466,178	703,466,178	-	703,466,178	-	703,466,178
Financial assets at fair value through other comprehensive income	3,049,071	3,049,071	-	3,049,071	-	3,049,071
Investments at amortised cost	1,261,785,075	-	1,028,783,665	1,028,783,665	233,001,410	1,280,606,775
Loans to customers	464,997,250	140,366	393,951,642	394,092,008	70,905,242	719,549,993
Investments in subsidiaries, associates and joint ventures	30,657,462	-	30,657,462	30,657,462	-	32,002,045
Other assets	234,893,876	11,274,185	223,619,691	234,893,876	-	240,577,535
	4,406,322,171	**717,929,800**	**3,384,485,719**	**4,102,415,519**	**303,906,652**	**4,690,264,019**
Liabilities						
Resources from central banks and other credit institutions	7,239,528	-	7,239,528	7,239,528	-	7,239,528
Resources from customers and other loans	3,692,483,739	-	3,692,483,739	3,692,483,739	-	3,692,483,739
Other liabilities	149,560,670	-	149,560,670	149,560,670	-	149,560,670
	3,849,283,937	**-**	**3,849,283,937**	**3,849,283,937**		**3,849,283,937**
	557,038,234	**717,929,800**	**(464,798,218)**	**253,131,582**	**303,906,652**	**840,980,082**

	31-12-2022					
	Carrying amount (net)	Fair value of financial instruments recorded on the balance sheet				Carrying amount (gross)
		At fair value	At amortised cost	Total	Difference	
Assets						
Cash and cash equivalents at central banks	661,714,228	-	661,714,228	661,714,228	-	664,082,748
Cash and cash equivalents at other credit institutions	39,938,064	-	39,938,064	39,938,064	-	40,183,109
Deposits at central banks and other credit institutions	602,367,362	-	602,367,362	602,367,362	-	619,033,515
Financial assets at fair value through profit or loss	615,607,513	615,607,513	-	615,607,513	-	615,607,513
Financial assets at fair value through other comprehensive income	2,065,699	2,065,699	-	2,065,699	-	2,065,699
Investments at amortised cost	690,054,439	-	663,430,091	663,430,091	26,624,348	700,278,497
Loans to customers	392,351,283	153,645	336,666,691	336,820,337	55,530,946	588,241,888
Investments in subsidiaries, associates and joint ventures	28,437,074	-	28,437,074	28,437,074	-	28,437,074
Other assets	46,474,199	8,340,390	38,133,809	46,474,199	-	65,489,535
	3,079,009,861	**626,167,247**	**2,370,687,319**	**2,996,854,567**	**82,155,295**	**3,323,419,578**
Liabilities						
Resources from central banks and other credit institutions	27,463,020	-	27,463,020	27,463,020	-	27,463,020
Resources from customers and other loans	2,637,145,941	-	2,637,145,941	2,637,145,941	-	2,637,145,941
Other liabilities	45,088,253	-	45,088,252	45,088,252	-	45,088,253
	2,709,697,214	**-**	**2,709,697,213**	**2,709,697,213**		**2,709,697,214**
	369,312,647	**626,167,247**	**(339,009,894)**	**287,157,354**	**82,155,295**	**613,722,364**

As at 31 December 2023 and 2022, the carrying amount of the Financial Instruments is presented as follows:

	31-12-2023			
	Measured at fair value	Measured at amortised cost	Impairment	Net value
Assets				
Cash and cash equivalents at central banks	-	604,416,736	(735,021)	603,681,715
Cash and cash equivalents at other credit institutions	-	96,110,256	(28,279)	96,081,977
Deposits at central banks and other credit institutions	-	1,010,485,429	(2,775,862)	1,007,709,567
Financial assets at fair value through profit or loss	703,466,178	-	-	703,466,178
Financial assets at fair value through other comprehensive income	3,049,071	-	-	3,049,071
Investments at amortised cost	-	1,280,606,775	(18,821,700)	1,261,785,075
Loans to customers	140,366	719,409,627	(254,552,743)	464,997,250
Investments in subsidiaries, associates and joint ventures	-	32,002,045	(1,344,583)	30,657,462
Other assets	11,274,185	226,089,388	(2,469,697)	234,893,876
	717,929,800	**3,969,120,256**	**(280,727,885)**	**4,406,322,171**
Liabilities				
Resources from central banks and other credit institutions	-	7,239,528	-	7,239,528
Resources from customers and other loans	-	3,692,483,739	-	3,692,483,739
Other liabilities	-	149,560,670	-	149,560,670
	-	**3,849,283,937**	**-**	**3,849,283,937**
	717,929,800	**119,836,319**	**(280,727,885)**	**557,038,234**

	31-12-2022			
	Measured at fair value	Measured at amortised cost	Impairment	Net value
Assets				
Cash and cash equivalents at central banks	-	664,082,748	(2,368,520)	661,714,228
Cash and cash equivalents at other credit institutions	-	40,183,109	(245,045)	39,938,064
Deposits at central banks and other credit institutions	-	619,033,515	(16,666,153)	602,367,362
Financial assets at fair value through profit or loss	615,607,513	-	-	615,607,513
Financial assets at fair value through other comprehensive income	2,065,699	-	-	2,065,699
Investments at amortised cost	-	700,278,497	(10,224,058)	690,054,439
Loans to customers	153,645	588,088,243	(195,890,605)	392,351,283
Investments in subsidiaries, associates and joint ventures	-	28,437,074	-	28,437,074
Other assets	8,340,390	57,119,722	(19,015,336)	46,474,199
	626,167,247	**2,697,222,908**	**(244,409,717)**	**3,079,009,861**
Liabilities				
Resources from central banks and other credit institutions	-	27,463,020	-	27,463,020
Resources from customers and other loans	-	2,637,145,941	-	2,637,145,941
Other liabilities	-	45,088,253	-	45,088,253
	-	**2,709,697,214**	**-**	**2,709,697,214**
	626,167,247	**(12,474,306)**	**(244,409,717)**	**369,312,647**

41. Business risk management

The Bank is subject to several risks during the course of its business. Risk management is carried out centrally in relation to the risks specific to each business.

The risk management policy aims to define the profile for each risk identified as material for the Bank, aimed at protecting the soundness, as well as guidelines for the implementation of a risk management system that enables the identification, assessment, monitoring, control and reporting of all material risks inherent to the activity.

In this context, the monitoring and control of the main financial risks – credit, market and liquidity – and non-financial risks – operational – to which the Bank's activity is subject is particularly important:

Main risk categories

Credit – Reflects the probability of the occurrence of negative impacts on earnings or capital due to the inability of a counterparty to fulfil its financial commitments to the institution, including possible restrictions to the transfer of payments from abroad.

Market – The concept of market risk reflects the probability of negative impacts on earnings or capital, due to adverse movements in interest and exchange rates and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and their volatility. Thus, market risk encompasses interest rate, foreign exchange, and other price risks.

Liquidity – This risk reflects the probability of the occurrence of negative impacts on earnings or capital, resulting from the institution's inability to have liquid funds to fulfil its financial obligations, as they mature.

Operational – Operational risk is understood as the probability of the occurrence of negative impacts on earnings or capital, resulting from failures in the analysis, processing, or settlement of transactions, internal and external fraud, the use of subcontracting resources, ineffective internal decision-making processes, insufficient or inadequate human resources, or the non-operationality of infrastructure.

Internal organisation

The organisational structure of the risk management system includes an autonomous and independent function – the Risk Management Department (DGR), with no direct responsibility for any risk-taking function, which is hierarchically and functionally dependent on the Board of Directors (CA), supervised by the Risk Management Committee (CGR), and monitored on a daily basis by a director appointed by the Executive Committee (EC).

The Board of Directors is responsible for defining, approving, and implementing a risk management system that allows the identification, assessment, control and monitoring of all material risks to which the Bank is exposed, in order to ensure that they remain at the previously defined level and that they will not significantly affect the Bank's financial situation.

It is the responsibility of the Board of Directors to: (i) approve the operating regulations of the Risk Management Committee; (ii) ensure adequate material and human resources for the performance of risk management functions; (iii) ensure that risk management activities have sufficient independence, status and visibility and are subject to periodic reviews; (iv) approve the exposure limits to the various material risks to which the Bank is exposed; and (v) define general guidelines for the system risk management and definition of the Bank's risk profile, formalised in the risk management policy.

The Risk Management Committee is responsible for evaluating the effectiveness of the risk management system, as well as advising the Board of Directors regarding the risk strategy, supervising the implementation of the risk strategy, and supervising the actions of the Risk Management Department as provided for in BNA Notice 08/21 of 5 July.

The Risk Management Department is responsible for identifying, evaluating and monitoring the risks materially relevant to the Bank, as well as for monitoring the adequacy and effectiveness of the measures taken to correct any deficiencies in the risk management system.

The Bank's Structural Units are responsible for effective risk control and for complying with the internal procedural manuals defined by the Executive Committee.

The risk management system is documented through policies, internal rules (processes), and procedure manuals.

During 2021, the BNA issued a series of Notices and Instructions with a special focus on risk management and reporting by Financial Institutions.

Risk assessment

Credit risk

Credit risk models play an essential role in the credit allocation decision process. Thus, the decision-making process for granting credit is based on a set of policies and parameters that are based on scoring models for the portfolios of Individual and Business customers and rating models for the Corporate segment.

The following is information regarding the Bank's exposure to credit risk for financial assets and guarantees and commitments entered into:

	31-12-2023		
	Gross carrying amount	Impairment	Net carrying amount
Assets			
Cash and cash equivalents at central banks	604,416,736	735,021	603,681,715
Cash and cash equivalents at other credit institutions	96,110,256	28,279	96,081,977
Deposits at central banks and other credit institutions	1,010,485,429	2,775,862	1,007,709,567
Financial assets at fair value through profit or loss	703,466,178	-	703,466,178
Financial assets at fair value through other comprehensive income	3,049,071	-	3,049,071
Investments at amortised cost	1,280,606,775	18,821,700	1,261,785,075
Loans to customers	719,549,993	254,552,743	464,997,250
Other assets	237,363,573	2,469,697	234,893,876
	4,655,048,011	**279,383,302**	**4,375,664,709**
Off-balance sheet items			
Guarantees provided and documentary credits	132,173,730	26,479,737	105,693,993
Commitments made to third parties	22,238,236	972,809	21,265,427
	154,411,966	**27,452,546**	**126,959,420**
	4,809,459,977	**306,835,848**	**4,502,624,129**

	31-12-2022		
	Gross carrying amount	Impairment	Net carrying amount
Assets			
Cash and cash equivalents at central banks	664,082,748	2,368,520	661,714,228
Cash and cash equivalents at other credit institutions	40,183,109	245,045	39,938,064
Deposits at central banks and other credit institutions	619,033,515	16,666,153	602,367,362
Financial assets at fair value through profit or loss	615,607,513	-	615,607,513
Financial assets at fair value through other comprehensive income	2,065,699	-	2,065,699
Investments at amortised cost	700,278,497	10,224,058	690,054,439
Loans to customers	588,241,888	195,890,605	392,351,283
Other assets	65,489,535	19,015,336	46,474,199
	3,294,982,504	**244,409,717**	**3,050,572,787**
Off-balance sheet items			
Guarantees provided and documentary credits	90,754,073	4,793,112	85,960,961
Commitments made to third parties	35,965,681	928,369	35,037,312
	126,719,754	**5,721,481**	**120,998,273**
	3,421,702,258	**250,131,198**	**3,171,571,060**

With regard to the credit risk quality of financial assets, based on internal rating levels, the Bank is developing the tools necessary for presenting information by rating levels.

Nevertheless, it is important to take into account the following points related to the mitigation of the credit risk of the Bank's financial assets:

- With regard to credit risk, the portfolio of financial assets remains predominantly in sovereign bonds of the Republic of Angola;

- For the purpose of reducing the credit risk related to loans granted to customers, mortgage collateral and financial collateral are important, enabling a direct reduction in the value of the position. Personal protection guarantees with the effect of substitution in the position at risk are also considered;

- In terms of direct reduction of credit risk to customers, credit transactions collateralised by financial guarantees are included, namely deposits, bonds of the Republic of Angola and other similar ones;

- For mortgage collateral, asset valuations are carried out by independent appraisers registered at the Angolan Capital Markets Commission (CMC). The revaluation of the assets is carried out by carrying out on-site evaluations by a professional valuator, in accordance with the best practices adopted in the market;

- The model for calculating the expected impairment losses of the Bank's loan portfolio has been implemented since December 2018 and is under a process of continuous improvement, based on the general principles defined in IFRS 9, as well as by the guidelines and interactions for implementing the IAS/IFRS, in accordance with the plan defined by the BNA, in order to align the calculation process with best international practices;

- The Bank's impairment model begins by segmenting the customers of the loan portfolio into distinct groups, namely public sector, large companies, small and medium-sized enterprises, and for individuals into consumer credit, credit cards, mortgage loans and overdrafts;

- Impairment losses on individually assessed loans are determined by an evaluation of the exposures on a case-by-case basis. For each credit considered individually significant, the Bank evaluates, on each reporting date, the expected impairment loss (expected credit loss or ECL);

- The restructuring of a loan due to financial difficulties is an indication of impairment, which is why the loan portfolio marked as restructured is included in loans showing signs of impairment;

- According to the defined model, customers (or economic groups) whose credit exposure is individually significant are analysed on an individual basis. In this context, exposure is considered significant whenever it is equal to or greater than 0.5% of the Bank's regulatory own funds. The Bank also analyses its 20 customers with the greatest exposure in the segment of individuals;

- For the remaining segments of the loan portfolio, the Bank carries out a collective analysis to determine impairment losses. The calculation of the impairment value for customer loans belonging to homogeneous populations results from the product of the exposure at the date of default (EAD), less financial collateral and sovereign guarantees, by the following risk parameters:

    - Probability of default (PD): corresponds to internal estimates of default, based on the risk ratings associated with transactions/customers, segments and respective signs of impairment, adjusted to the expected scenarios for the evolution of macroeconomic aggregates. If the loan is in default or another loan from that same customer is in default (cross-default), the PD corresponds to 100%;

    - Loss given default (LGD): corresponds to the internal estimates of loss in the event of default, which vary depending on the type of collateral, the loan coverage rate (loan-to value or LTV) and the age of the default, based on historical experience in recovering debts that entered into default;

- In the group of individually significant customers, customer exposures are subject to analysis on an individual basis. This analysis focuses on the debtor's credit quality, as well as on loan recovery expectations, in particular taking into account existing collateral and guarantees;

- The impairment amount for customers subject to individual analysis is determined using the discounted cash flow method and macroeconomic scenarios with impacts on the recovery strategy. In other words, the impairment amount corresponds to the difference between the loan value and the sum of expected cash flows related to the customer's different transactions, adjusted to the macroeconomic scenarios and updated according to the effective interest rate of each operation.

As at 31 December 2023 and 2022, the geographical concentration of credit risk, measured by net value, is distributed as follows:

	31-12-2023		
	Angola	**Other**	**Total**
Cash and cash equivalents at central banks	603,681,715	-	603,681,715
Cash and cash equivalents at other credit institutions	453,261	95,628,716	96,081,977
Deposits at central banks and other credit institutions	724,451,347	283,258,220	1,007,709,567
Financial assets at fair value through profit or loss	680,113,721	23,352,457	703,466,178
Financial assets at fair value through other comprehensive income	3,049,071	-	3,049,071
Investments at amortised cost	1,261,785,075	-	1,261,785,075
Loans to customers	464,997,250	-	464,997,250
Other assets	243,619,427	-	243,619,427
	3,982,150,867	**402,239,393**	**4,384,390,260**

	31-12-2022		
	Angola	**Other**	**Total**
Cash and cash equivalents at central banks	661,714,228	-	661,714,228
Cash and cash equivalents at other credit institutions	375,167	39,562,897	39,938,064
Deposits at central banks and other credit institutions	428,852,314	173,515,048	602,367,362
Financial assets at fair value through profit or loss	601,746,821	13,860,692	615,607,513
Financial assets at fair value through other comprehensive income	2,065,699	-	2,065,699
Investments at amortised cost	690,054,439	-	690,054,439
Loans to customers	375,766,478	16,584,805	392,351,283
Other assets	46,474,199	-	46,474,199
	2,807,049,345	**243,523,442**	**3,050,572,787**

Market risk

With regard to market risk information and analysis, regular reporting on financial asset portfolios is ensured. At the level of the Bank's own portfolios, open position limits are defined during and at the end of the day, execution volume limits by type of trader, as well as limits of exposure to counterparties.

Interest rate risk

The Bank calculates interest rate risk in accordance with BNA Instruction 22/2021 of 27 October and BNA Instruction 09/2019 of 27 August, which is within the regulatory limits.

The investment portfolio at amortised cost is exposed to the Republic of Angola's sovereign debt, which, as at 31 December 2023, represented 100% (2022: 100%) of the total of this portfolio.

The assessment of interest rate risk caused by banking book transactions is carried out by analysing risk sensitivity, based on the financial characteristics of each contract and the respective projection of the expected cash flows is made, according to the interest rate adjustment dates and any behavioural assumptions defined by the Bank.

The aggregation for each of the currencies analysed, of the expected cash flows in each of the time intervals, enables determining the interest rate gaps per refixing period.

As at 31 December 2023 and 2022, assets and liabilities net of impairment and amortisation are broken down by type of rate as follows:

	31-12-2023			
	Subject to interest rate risk		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
Assets				
Cash and cash equivalents at central banks	-	-	603,681,715	603,681,715
Cash and cash equivalents at other credit institutions	-	-	96,081,977	96,081,977
Deposits at central banks and other credit institutions	1,007,709,567	-	-	1,007,709,567
Financial assets at fair value through profit or loss	698,785,890	-	4,680,288	703,466,178
Financial assets at fair value through other comprehensive income	-	-	3,049,071	3,049,071
Investments at amortised cost	1,261,785,075	-	-	1,261,785,075
Loans to customers	13,513,979	451,483,271	-	464,997,250
Other assets	5,778,245	-	237,841,182	243,619,427
	2,987,572,757	**451,483,271**	**945,334,233**	**4,384,390,260**
Liabilities				
Resources from central banks and other credit institutions	7,239,528	-	-	7,239,528
Resources from customers and other loans	1,593,227,155	1,585	2,099,254,999	3,692,483,739
Other liabilities	-	-	149,560,670	149,560,670
	1,600,466,683	**1,585**	**2,248,815,669**	**3,849,283,937**
	1,387,106,074	**451,481,686**	**(1,303,481,436)**	**535,106,323**

	31-12-2022			
	Subject to interest rate risk		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
Assets				
Cash and cash equivalents at central banks	-	-	661,714,228	661,714,228
Cash and cash equivalents at other credit institutions	-	-	39,938,064	39,938,064
Deposits at central banks and other credit institutions	602,367,362	-	-	602,367,362
Financial assets at fair value through profit or loss	611,699,683	-	3,907,830	615,607,513
Financial assets at fair value through other comprehensive income	-	-	2,065,699	2,065,699
Investments at amortised cost	690,054,439	-	-	690,054,439
Loans to customers	98,981,299	293,369,984	-	392,351,283
Other assets	5,115,762	-	41,358,437	46,474,199
	2,008,218,546	**293,369,984**	**748,984,258**	**3,050,572,787**
Liabilities				
Resources from central banks and other credit institutions	27,463,020	-	-	27,463,020
Resources from customers and other loans	1,280,739,748	1,336	1,356,404,857	2,637,145,941
Other liabilities	-	-	45,088,252	45,088,252
	1,308,202,768	**1,336**	**1,401,493,109**	**2,709,697,213**
	700,015,777	**293,368,649**	**(652,508,851)**	**340,875,574**

As at 31 December 2023 and 2022, financial instruments exposed to interest rate risk show the following detail by refixing date:

	31-12-2023								
	Residual contractual terms								
	Up to 1 month	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Undetermined**	**Total**
Assets									
Deposits at central banks and other credit institutions	-	760,252,109	101,575,972	65,138,770	83,518,578	-	-	-	1,010,485,429
Financial assets at fair value through profit or loss	-	-	-	124,025,263	571,163,234	-	3,597,392	1	698,785,890
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	3,049,071	3,049,071
Investments at amortised cost	140,479,308	32,560,781	67,976,520	123,090,088	773,135,031	-	143,365,047	-	1,280,606,775
Loans to customers	44,880,129	12,928,650	31,154,427	6,044,982	95,039,888	128,134,173	215,929,776	185,437,968	719,549,993
	185,359,437	**805,741,540**	**200,706,919**	**318,299,103**	**1,522,856,731**	**128,134,173**	**362,892,215**	**188,487,040**	**3,712,477,158**
Liabilities									
Resources from central banks and other credit institutions	7,239,528	-	-	-	-	-	-	-	7,239,528
Customer resources and other loans	2,168,127,739	90,330,000	133,402,000	1,269,370,000	2,492,000	2,828,000	6,823,000	19,111,000	3,692,483,739
	2,175,367,267	**90,330,000**	**133,402,000**	**1,269,370,000**	**2,492,000**	**2,828,000**	**6,823,000**	**19,111,000**	**3,699,723,267**
	(1,990,007,830)	**715,411,540**	**67,304,919**	**(951,070,897)**	**1,520,364,731**	**125,306,173**	**356,069,215**	**169,376,040**	**12,753,891**

	31-12-2022								
	Residual contractual terms								
	Up to 1 month	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Undetermined**	**Total**
Assets									
Deposits at central banks and other credit institutions	105,744,102	348,317,072	50,490,064	15,306,057	99,176,220	-	-	-	619,033,515
Financial assets at fair value through profit or loss	36,492,922,	4,338,000	57,001,357	57,590,024	84,088,324	270,881,154	101,307,902	-	611,699,683
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	2,065,699	2,065,699
Investments at amortised cost	1,593,604	53,935,291	165,170,312	314,860,850	68,806,510	-	95,911,930	-	700,278,497
Loans to customers	2,924,794	12,268,073	7,305,633	31,707,214	84,636,718	80,363,170	227,377,727	141,658,559	588,241,888
	146,755,422	**418,858,436**	**279,967,366**	**419,464,145**	**336,707,772**	**351,244,324**	**424,597,559**	**143,724,258**	**2,521,319,282**
Liabilities									
Resources from central banks and other credit institutions	27,463,020	-	-	-	-	-	-	-	27,463,020
Customer resources and other loans	2,433,297,487	119,635,130	46,257,545	36,849,639	416,431	307	689,402	-	2,637,145,941
	2,460,760,507	**119,635,130**	**46,257,545**	**36,849,639**	**416,431**	**307**	**689,402**	**-**	**2,664,608,961**
	(2,314,005,085)	**299,223,306**	**233,709,821**	**382,614,506**	**336,291,341**	**351,244,017**	**423,908,157**	**143,724,258**	**(143,289,679)**

As at 31 December 2023 and 2022, the average interest rates recorded for the major categories of financial assets and liabilities, as well as their average balances, net of impairment, and the income and costs for the year, are as follows:

	31-12-2023			31-12-2022		
	Average balance of the period	Interest of the year	Average remuneration	Average balance of the year	Interest of the year	Average remuneration
Assets						
Deposits at central banks and other credit institutions	628,011,250	39,526,725	6.29%	742,070,653	52,132,825	7.0%
Securities and securities	1,720,480,258	201,416,129	11.71%	1,129,501,941	150,841,886	13.4%
Loans to customers	649,271,655	60,311,078	9.29%	579,808,241	65,936,724	11.4%
	2,997,763,163	**301,253,932**	**10.05%**	**2,451,380,835**	**268,911,435**	**11.0%**
Liabilities						
Resources from customers and other loans	1,426,428,256	99,428,197	7.0%	1,136,841,108	79,665,117	7.0%
Resources from central banks and other credit institutions	4,899,445	554,107	11.3%	4,128,575	51,928	1.3%
	1,431,327,701	99,982,304	7.0%	**1,140,969,683**	**79,717,045**	**7.0%**

As at 31 December 2023 and 2022, the net gains or losses from the net interest income of financial instruments are as follows:

	31-12-2023					
	Through profit or loss			Through other comprehensive income		
	Gains	Losses	Net	Gains	Losses	Net
Assets						
Deposits at central banks and other credit institutions	39,526,725	-	39,526,725	-	-	-
Financial assets at fair value through profit or loss	100,808,115		100,808,115	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	983,372	-	983,372
Investments at amortised cost	100,608,014	-	100,608,014	-	-	-
Loans to customers	60,311,078	-	60,311,078	-	-	-
Other assets		-	-	-	-	-
	301,253,932	**-**	**301,253,932**	**983,372**	**-**	**983,372**
Liabilities						
Resources from central banks and other credit institutions	-	554,107	(554,107)	-	-	-
Resources from customers and other loans	-	99,428,197	(99,428,197)	-	-	-
	-	**99,982,304**	**(99,982,304)**	**-**	**-**	**-**
Total	**301,253,932**	**99,982,304**	**201,271,628**	**983,372**	**-**	**983,372**

	31-12-2022					
	Through profit or loss			Through other comprehensive income		
	Gains	Losses	Net	Gains	Losses	Net
Assets						
Deposits at central banks and other credit institutions	52,132,825	-	52,132,825	-	-	-
Financial assets at fair value through profit or loss	34,827,279	-	34,827,279	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	928,215	-	928,215
Investments at amortised cost	116,014,607	-	116,014,607	-	-	-
Loans to customers	65,936,724	-	65,936,724	-	-	-
	268,911,435	**-**	**268,911,435**	**928,215**	**-**	**928,215**
Liabilities						
Resources from central banks and other credit institutions	-	51,928	(51,928)	-	-	-
Resources from customers and other loans	-	79,665,117	(79,665,117)	-	-	-
	-	**79,717,045**	**(79,717,045)**	**-**	**-**	**-**
Total	**268,911,435**	**79,717,045**	**189,194,390**	**928,215**	**-**	**928,215**

The sensitivity to interest rate risk of the balance sheet, by currency, is calculated by the difference between the present value of the interest rate differential (mismatch), discounted at the market interest rate and the discounted value of the same cash flows, simulating parallel shifts in the yield curve.

As at 31 December 2023 and 31 December 2022, the Bank changed the methodology for calculating the impact of interest rate risk, taking into account only the banking book in accordance with Notice 8/2021, which excludes the trading portfolio, with the comparative having been adjusted accordingly.

The analysis of the sensitivity of financial instruments to changes in the interest rate, net of impairment, at the level of regulatory own funds, is as follows:

31-12-2023	Exposures by maturity interval or rate adjustment - Impact on the net situation						
Time Frame	Assets	Liabilities	Off-balance sheet items +	Off-balance sheet items -	Position	Weighting Factor	Weighting position
at sight – 1 month	590,281,893	68,811,000	1,150,166	-	522,621,059	0.08%	418,097
1 – 3 months	364,462,829	90,330,000	(1,578,287)	-	272,554,542	0.32%	872,175
3 – 6 months	176,556,917	133,402,000	-	2,896,605	40,258,312	0.72%	289,860
6 – 12 months	219,661,299	1,269,370,000	(109,233,207)	-	(1158,941,908)	1.43%	(16,572,869)
1 – 2 years	334,486,224	426,000	(43,369,507)	-	290,690,717	2.77%	8,052,133
2 – 3 years	376,102,974	239,446,359	(112,209)	-	136,544,406	4.49%	6,130,844
3 – 4 years	257,760,171	2,256,000	(41,606,619)	-	213,897,552	6.14%	13,133,310
4 – 5 years	49,371,106	572,000	-	-	48,799,106	7.71%	3,762,411
5 – 7 years	87,511,791	-	-	-	87,511,791	10.15%	8,882,447
7 – 10 years	35,503,453	6,823,000	-	-	28,680,453	13.26%	3,803,028
10 – 15 years	14,610,808	19,111,000	-	-	(4,500,192)	17.84%	(802,834)
15 – years	7,729,830	-	4,688,584	-	12,418,414	22.43%	2,785,450
>20 years	128,444,425	-	-	-	128,444,425	26.03%	33,434,084
Total	**2,642,483,720**	**1,830,547,359**	**(190,061,079)**	**2,896,605**	**618,978,677**		**64,188,134**
Cumulative impact of interest-rate sensitive instruments							**64,188,134**
Regulatory Own Funds							**616,929,604**
Impact on Economic Value/Regulatory Own Funds							**10.40%**

31-12-2022	Exposures by maturity interval or rate adjustment - Impact on the net situation						
Time Frame	Assets	Liabilities	Off-balance sheet items +	Off-balance sheet items -	Position	Weighting Factor	Weighting position
at sight – 1 month	327,390,336	226,591,321	1,852,795	-	102,651,810	0.08%	82,121
1 – 3 months	406,500,216	237,881,180	3,050,190	-	171,669,226	0.32%	549,342
3 – 6 months	238,656,580	335,769,358	1,600,519	-	(95,512,258)	0.72%	(687,688)
6 – 12 months	340,801,881	486,077,533	130,718,699	-	(14,556,952)	1.43%	(208,164)
1 – 2 years	120,049,952	272,037,397	41,023,113	-	(110,964,333)	2.77%	(3,073,712)
2 – 3 years	17,981,938	1,931,418	71,143	-	16,121,663	4.49%	723,863
3 – 4 years	4,593,568	1,585,114	65,836	-	3,074,290	6.14%	188,761
4 – 5 years	18,995,151	1,478,045	120,762	-	17,637,868	7.71%	1,359,880
5 – 7 years	48,009,845	-	-	-	48,009,845	10.15%	4,872,999
7 – 10 years	32,487,754	8,077,829	-	-	24,409,925	13.26%	3,236,756
10 – 15 years	45,600,576	5,300,088	-	-	40,300,488	17.84%	7,189,607
15 – years	9,594,127	-	-	-	9,594,127	22.43%	2,151,963
>20 years	93,501,387	-	-	-	93,501,387	26.03%	24,338,411
Total	**1,704,163,311**	**1,576,729,283**	**178,503,058**	**-**	**305,937,086**		**40,724,138**
Cumulative impact of interest-rate sensitive instruments							**40,724,138**
Regulatory Own Funds							**426,738,756**
Impact on Economic Value/Regulatory Own Funds							**9.5%**

As at 31 December 2023 and 2022, the analysis of the sensitivity of financial instruments to interest rate changes, net of impairment, at the level of net interest income, is as follows:

31-12-2023	Exposures by maturity interval or rate adjustment - Impact on net interest income						
Time Frame	Assets	Liabilities	Off-balance sheet items +	Off-balance sheet items -	Position	Weighting Factor	Weighting position
at sight	21,382,658	990,000	(1,457,709)	-	18,934,949	2.00%	378,699
at sight – 1 month	568,899,236	67,821,000	(307,542)	-	500,770,693	1.92%	9,598,105
1 – 2 months	213,902,408	875,000	(1,358,374)	-	211,669,034	1.75%	3,704,208
2 – 3 months	150,560,421	89,455,000	(219,914)	-	60,885,508	1.58%	964,021
3 – 4 months	30,817,762	-	-	-	30,817,762	1.42%	436,585
4 – 5 months	23,793,828	-	-	-	23,793,828	1.25%	297,423
5 – 6 months	121,945,328	133,402,000	-	2,896,605	(14,353,277)	1.08%	(155,494)
6 – 7 months	62,773,735	-	-	-	62,773,735	0.92%	575,426
7 – 8 months	2,834,390	-	-	-	2,834,390	0.75%	21,258
8 – 9 months	5,513,505	-	-	-	5,513,505	0.58%	32,162
9 – 10 months	10,191,006	-	-	-	10,191,006	0.42%	42,463
10 – 11 months	22,820,951	-	-	-	22,820,951	0.25%	57,052
11 – 12 months	115,527,713	1,269,370,000	(109,233,207)	-	(1,263,075,495)	0.08%	(1,052,563)
Total	**1,350,962,938**	**1,561,913,000**	**(112,576,746)**	**2,896,605**	**(326,423,412)**		**14,899,344**
Cumulative impact of interest-rate sensitive instruments up to one year							**14,899,344**
Net Interest Income							**201,271,628**
Cumulative impact of interest-rate sensitive instruments up to one year/Net Interest Income							**7.4%**

31-12-2022	Exposures by maturity interval or rate adjustment - Impact on net interest income						
Time Frame	Assets	Liabilities	Off-balance sheet items +	Off-balance sheet items -	Position	Weighting Factor	Weighting position
at sight	214,959,372	17,184,674	(1,451,247)	-	196,323,450	2.00%	3,926,469
at sight – 1 month	112,430,964	189,895,962	401,548	-	(77,063,450)	1.92%	(1,477,049)
1 – 2 months	334,702,194	127,512,519	3,050,190	-	210,239,865	1.75%	3,679,198
2 – 3 months	71,798,022	110,368,661	-	-	(38,570,639)	1.58%	(610,702)
3 – 4 months	59,673,301	-	-	-	59,673,301	1.42%	845,372
4 – 5 months	118,959,018	-	-	-	118,959,018	1.25%	1,486,988
5 – 6 months	60,024,262	335,769,358	1,600,519	-	(274,144,577)	1.08%	(2,969,900)
6 – 7 months	4,129,194	-	-	-	4,129,194	0.92%	37,851
7 – 8 months	177,356,454	-	-	-	177,356,454	0.75%	1,330,173
8 – 9 months	66,488	-	-	-	66,488	0.58%	388
9 – 10 months	2,849,539	-	-	-	2,849,539	0.42%	11,873
10 – 11 months	102,591	-	-	-	102,591	0.25%	256
11 – 12 months	156,297,616	486,077,533	130,718,699	-	(199,061,218)	0.08%	(165,884)
Total	**1,313,349,014**	**1,266,808,707**	**134,319,709**	**-**	**180,860,016**		**6,095,033**
Cumulative impact of interest-rate sensitive instruments up to one year							**6,095,033**
Net Interest Income							**188,838,828**
Cumulative impact of interest-rate sensitive instruments up to one year/Net Interest Income							**3.2%**

Pursuant to Instruction 22/2021 of 27 October, the Bank should inform the BNA whenever, as a result of an interest rate change of more or less 2%, there is a potential reduction in the economic value of its banking book or net interest income equal to or greater than 20% of regulatory own funds.

As at 31 December 2023 and 2022, the analysis of the sensitivity of the asset value of financial instruments to changes in the interest rate, net of impairment, is as follows (AOA million):

	31-12-2023					
	Changes in interest rates					
	-200 b.p.	-100 b.p.	-50 b.p.	+50 b.p.	+100 b.p.	+200 b.p.
Assets						
Deposits at central banks and other credit institutions	(5,347)	(2,674)	(1,337)	1,337	2,674	5,347
Financial assets at fair value through other comprehensive income	(794)	(397)	(199)	199	397	794
Investments at amortised cost	(66,696)	(33,348)	(16,674)	16,674	33,348	66,696
Loans to customers	(30,363)	(15,182)	(7,591)	7,591	15,182	30,363
	(103,200)	**(51,600)**	**(25,800)**	**25,800**	**51,600**	**103,200**
Liabilities						
Resources from central banks and other credit institutions	(10,658)	(5,329)	(2,665)	2,665	5,329	10,658
Resources from customers and other loans	(24,058)	(12,029)	(6,015)	6,015	12,029	24,058
	(34,716)	**(17,358)**	**(8,679)**	**8,679**	**17,358**	**34,716**
Off-balance sheet items	**4,296**	**2,148**	**1,074**	**(1,074)**	**(2,148)**	**(4,296)**
	(64,188)	**(32,094)**	**(16,047)**	**16,047**	**32,094**	**64,188**

	31-12-2022					
	Changes in interest rates					
	-200 b.p.	-100 b.p.	-50 b.p.	+50 b.p.	+100 b.p.	+200 b.p.
Assets						
Deposits at central banks and other credit institutions	(7,021)	(3,511)	(1,755)	1,755	3,511	7,021
Financial assets at fair value through other comprehensive income	(538)	(269)	(135)	135	269	538
Investments at amortised cost	(27,529)	(13,765)	(6,882)	6,882	13,765	27,529
Loans to customers	(22,752)	(11,376)	(5,688)	5,688	11,376	22,752
	(57,840)	**(28,920)**	**(14,460)**	**14,460**	**28,920**	**57,840**
Liabilities						
Resources from central banks and other credit institutions	(20,145)	(10,073)	(5,036)	5,036	10,073	20,145
Resources from customers and other loans	(16)	(8)	(4)	4	8	16
	(20,161)	**(10,081)**	**(5,040)**	**5,040**	**10,081**	**20,161**
Off-balance sheet items	**(3,045)**	**(1,522)**	**(761)**	**761**	**1,522**	**3,045**
	(40,724)	**(20,362)**	**(10,181)**	**10,181**	**20,362**	**40,724**

The amount of the overall impact of a change in the interest rate does not consider the amounts of exposure to letters of credit and guarantees provided.

Exchange rate risk

As at 31 December 2023 and 2022, the breakdown of assets and liabilities by currency, net of impairment, is presented as follows:

	31-12-2023					
	Kwanzas	**United States Dollar**	**Euros**	**Indexed**	**Other currencies**	**Total**
Assets						
Cash and cash equivalents at central banks	306,956,310	289,758,093	6,532,822	-	434,490	603,681,715
Cash and cash equivalents at other credit institutions	453,220	68,109,331	19,233,636	-	8,285,790	96,081,977
Deposits at central banks and other credit institutions	724,451,347	246,393,274	28,327,434	-	8,537,512	1,007,709,567
Financial assets at fair value through profit or loss	445,446,312	257,992,853	27,013	-	-	703,466,178
Financial assets at fair value through other comprehensive income	3,049,071	-	-	-	-	3,049,071
Investments at amortised cost	578,625,563	683,159,512	-	-	-	1,261,785,075
Loans to customers	380,829,951	62,651,124	21,516,175		-	464,997,250
Other tangible assets	108,073,936	-	-	-	-	108,073,936
Intangible assets	11,370,826	-	-	-	-	11,370,826
Investments in subsidiaries, associates and joint ventures	30,657,462	-	-	-	-	30,657,462
Current tax assets	2,935,151	-	-	-	-	2,935,151
Deferred tax assets	11,709	-	-	-	-	11,709
Other assets	220,907,499	15,903,704	6,538,308	-	269,916	243,619,427
	2,813,768,357	**1,623,967,891**	**82,175,388**	**-**	**17,527,709**	**4,537,439,344**
Liabilities						
Resources from central banks and other credit institutions	3,686,429	-	3,553,099	-	-	7,239,528
Resources from customers and other loans	1,913,457,332	1,695,171,485	80,526,978	-	3,327,944	3,692,483,739
Current tax liabilities	7,777,560	511,255	1,342	-	-	8,290,157
Deferred tax liabilities	712,066	-	-	-	-	712,066
Provisions	10,576,860	26,867,021	401,110	-	-	37,844,991
Other liabilities	134,643,851	5,635,390	9,280,201	-	1,228	149,560,670
	2,070,854,098	**1,728,185,151**	**93,762,730**	**-**	**3,329,172**	**3,896,131,151**
	742,914,259	**(104,217,260)**	**(11,587,342)**	**-**	**14,198,537**	**641,308,193**

	31-12-2022					
	Kwanzas	**United States Dollar**	**Euros**	**Indexed**	**Other currencies**	**Total**
Assets						
Cash and cash equivalents at central banks	408,064,774	251,399,942	2,028,036	-	221,476	661,714,228
Cash and cash equivalents at other credit institutions	375,117	25,732,535	12,226,184	-	1,604,229	39,938,064
Deposits at central banks and other credit institutions	428,852,314	155,504,513	18,010,535	-	-	602,367,362
Financial assets at fair value through profit or loss	578,468,719	37,123,054	15,740	-	-	615,607,513
Financial assets at fair value through other comprehensive income	2,065,699	-	-	-	-	2,065,699
Investments at amortised cost	195,055,109	494,999,330	-	-	-	690,054,439
Loans to customers	331,935,051	45,204,306	15,211,926	-	-	392,351,283
Non-current assets held for sale	-	-	-	-	-	-
Other tangible assets	101,699,225	-	-	-	-	101,699,225
Intangible assets	12,504,968	-	-	-	-	12,504,968
Investments in subsidiaries, associates and joint ventures	28,437,074	-	-	-	-	28,437,074
Current tax assets	1,674,075	-	-	-	-	1,674,075
Deferred tax assets	11,709	-	-	-	-	11,709
Other assets	40,668,755	2,547,530	3,256,071	-	1,843	46,474,199
	2,129,812,589	**1,012,511,210**	**50,748,491**	**-**	**1,827,548**	**3,194,899,838**
Liabilities						
Resources from central banks and other credit institutions	27,079,888	-	383,133	-	-	27,463,020
Resources from customers and other loans	1,561,811,276	1,014,701,582	57,747,291	(148)	2,885,940	2,637,145,941
Current tax liabilities	3,101,404	-	-	-	-	3,101,404
Deferred tax liabilities	367,885	-	-	-	-	367,885
Provisions	8,555,015	3,478,176	1,966,285	-	-	13,999,476
Other liabilities	29,158,251	12,800,063	3,129,161	-	778	45,088,253
	1,630,073,719	**1,030,979,821**	**63,225,870**	**(148)**	**2,886,718**	**2,727,165,979**
	499,738,870	**(18,468,611)**	**(12,477,379)**	**148**	**(1059,169)**	**467,733,859**

As at 31 December 2023 and 2022, the analysis of the sensitivity of the asset value of financial instruments to changes in exchange rates is presented as follows:

Currency	31-12-2023					
	-20%	**-10%**	**-5%**	**+5%**	**10%**	**20%**
United States Dollars	20,843,452	10,421,726	5,210,863	(5,210,863)	(10,421,726)	(20,843,452)
Euros	2,317,468	1,158,734	579,367	(579,367)	(1,158,734)	(2,317,468)
Other currencies	(2,839,707)	(1,419,854)	(709,927)	709,927	1,419,854	2,839,707
	20,321,213	**10,160,606**	**5,080,303**	**(5,080,303)**	**(10,160,606)**	**(20,321,213)**

Currency	31-12-2022					
	-20%	**-10%**	**-5%**	**+5%**	**10%**	**20%**
United States Dollars	3,693,693	1,846,846	923,423	(923,423)	(1,846,846)	(3,693,693)
Euros	2,495,476	1,247,738	623,869	(623,869)	(1,247,738)	(2,495,476)
Other currencies	211,834	105,917	52,958	(52,958)	(105,917)	(211,834)
	6,401,002	**3,200,500**	**1,600,251**	**(1,600,251)**	**(3,200,500)**	**(6,401,002)**

Liquidity risk

The assessment of liquidity risk is carried out using internal metrics defined by the Bank's management, namely, exposure limits.

This control is reinforced by carrying out monthly sensitivity analyses, with the objective of characterising the Bank's risk profile and ensuring that its obligations in a liquidity crisis scenario are met.

The purpose of controlling liquidity levels is to maintain a satisfactory level of cash balances to meet financial needs in the short, medium and long-term.

Liquidity risk is monitored daily and several reports are prepared for control and monitoring purposes and decision-making support within the Assets and Liabilities Committee (ALCO).

The evolution of the liquidity situation is followed, in particular, based on the estimated future cash flows for various time horizons, taking into account the Bank's balance sheet. The current liquidity position and the amount of assets considered highly liquid in the unencumbered securities portfolio are added to the calculated amounts in order to determine the accumulated liquidity gap for various time horizons. Additionally, liquidity positions are also monitored from a prudential point of view, calculated according to the rules defined by the BNA (Instruction 14/2021 of 27 September).

As at 31 December 2023 2022, the liquidity gap in the Bank's balance sheet had the following structure:

	31-12-2023									
	Residual contractual terms									
	At sight	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Undetermi-ned**	**Total**
Assets										
Cash and cash equivalents at central banks	604,416,736	-	-	-	-	-	-	-	-	604,416,736
Cash and cash equivalents at other credit institutions	96,110,256	-	-	-	-	-	-	-	-	96,110,256
Deposits at central banks and other credit institutions	-	-	760,252,109	101,575,972	65,138,770	83,518,578	-	-	-	1,010,485,429
Financial assets at fair value through profit or loss	-	-	-		124,025,263	571,163,234	-	8,275,816	1,865	703,466,178
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	3,049,071	3,049,071
Investments at amortised cost	-	140,479,308	32,560,781	67,976,520	123,090,088	773,135,031	-	143,365,047	-	1,280,606,775
Loans to customers	34,638,965	10,241,164	12,928,650	31,154,427	6,044,982	95,039,888	128,134,173	215,929,776	185,437,968	719,549,993
Other assets	54,700,529	187,299,408	9,031,154	-	-	6,864,945	-	-	5,296,050	263,192,086
	789,866,486	**338,019,880**	**814,772,694**	**200,706,919**	**318,299,103**	**1,529,721,676**	**128,134,173**	**367,570,639**	**193,784,954**	**4,680,876,524**
Liabilities										
Resources from central banks and other credit institutions	7,239,528	-	-	-	-	-	-	-	-	7,239,528
Resources from customers and other loans	2,100,306,739	67,821,000	90,330,000	133,402,000	1,269,370,000	2,492,000	2,828,000	6,823,000	19,111,000	3,692,483,739
Other liabilities	143,778,622						336,533	5,445,515	-	149,560,670
	2,251,324,889	**67,821,000**	**90,330,000**	**133,402,000**	**1,269,370,000**	**2,492,000**	**3,164,533**	**12,268,515**	**19,111,000**	**3,849,283,937**
	(1,461,458,403)	**270,198,880**	**724,442,694**	**67,304,919**	**(951,070,897)**	**1,527,229,676**	**124,969,640**	**355,302,124**	**174,673,954**	**831,592,587**

	31-12-2022									
	Residual contractual terms									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and cash equivalents at central banks	664,082,748	-	-	-	-	-	-	-	-	664,082,748
Cash and cash equivalents at other credit institutions	40,183,109	-	-	-	-	-	-	-	-	40,183,109
Deposits at central banks and other credit institutions	-	105,744,102	348,317,072	50,490,064	15,306,057	99,176,220	-	-	-	619,033,515
Financial assets at fair value through profit or loss	-	36,492,922	4,338,000	57,001,357	57,590,024	84,088,324	270,881,154	104,269,528	946,205	615,607,513
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	2,065,699	2,065,699
Investments at amortised cost	-	1,593,604	53,935,291	165,170,312	314,860,850	68,806,510	-	95,911,930	-	700,278,497
Loans to customers	2,421,012	503,782	12,268,073	7,305,633	31,707,214	84,636,718	80,363,170	227,377,727	141,658,559	588,241,888
Other assets	64,791,056	379,429	-	-	305,880	-	-	-	13,170	65,489,535
	771,477,925	**144,713,839**	**418,858,436**	**279,967,366**	**419,770,025**	**336,707,772**	**351,244,324**	**427,559,185**	**144,683,633**	**3,294,982,504**
Liabilities										
Resources from central banks and other credit institutions	7,952,335	19,510,685	-	-	-	-	-	-	-	27,463,020
Resources from customers and other loans	2,331,977,443	101,320,044	119,635,130	46,257,545	36,849,639	416,431	307	689,402	-	2,637,145,941
Other liabilities	40,787,698	3,365,589	908,915	13,755	3,649	8,647	-	-	-	45,088,253
	2,380,717,476	**124,196,318**	**120,544,045**	**46,271,300**	**36,853,288**	**425,078**	**307**	**689,402**	**-**	**2,709,697,214**
	(1,609,239,551)	**20,517,521**	**298,314,391**	**233,696,066**	**382,916,737**	**336,282,694**	**351,244,017**	**426,869,783**	**144,683,633**	**585,285,290**

As at 31 December 2023 and 2022, the liquidity ratio and the observation ratio showed the following values:

	31-12-2023		31-12-2022		
	Liquidity ratio	Observation ratio	Liquidity ratio	Observation ratio	Limit
Aggregate	337%	1080%	254%	904%	110%
Local currency	372%	1888%	323%	2667%	110%
Foreign Currency	207%	509%	254%	459%	160%

Operational risk

The Bank implements an operational risk management system based on the identification, assessment, monitoring, measurement, mitigation and reporting of this type of risk.

The Bank manages operational risk based on a vision of business, support and control processes. The management of this risk is supported by principles, methodologies and control mechanisms, such as: i) Separation of duties; ii) lines of responsibility; iii) codes of conduct; iv) Risk and Control Self-Assessment (RCSA); v) Key Risk Indicators (KRI), vi) access controls (physical and logical); vii) reconciliation activities; viii) exception reports; ix) contingency plans; x) insurance contracting; and xi) internal training on processes, products, services and systems.

42. Recently issued accounting standards and interpretations

42.1 – Voluntary changes to accounting policies

During the financial year, there were no voluntary changes in accounting policies compared to those considered when preparing the financial information for the previous period presented in the comparisons.

Up to the present reporting date, the issuances, revisions, amendments and improvements to the rules and interpretations effective from 1 January 2023 had no impact nor are any material impacts estimated on the Bank's financial statements.

42.1.1. – New rules, amendments to the rules that became effective for the annual periods beginning on 1 January 2023

IAS 1 – Disclosure of accounting policies (amendment)

Amendment to the disclosure requirements of accounting policies based on the definition of "material", to the detriment of "significant". Information relating to an accounting policy is considered material if, in the absence of that information, users of financial statements are unable to understand other financial information included in those same financial statements. Information on immaterial accounting policies does not need to be disclosed. IFRS Practice Statement 2 was also amended to clarify how the concept of "material" applies to the disclosure of accounting policies.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (amendment)

Applicable in financial years starting on or after 1 January 2023, it introduces the definition of accounting estimate and how it is distinguished from changes in accounting policies. Accounting estimates are now defined as monetary values subject to uncertainty when measured, used to achieve the objective(s) of an accounting policy.

IFRS 17 – Insurance contracts (new)

IFRS 17 requires insurance liabilities to be measured at current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the objective of consistent, principles-based accounting for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts from 1 January 2023.

This standard replaces IFRS 4 and applies to all entities issuing insurance, reinsurance, or investment contracts with discretionary profit--sharing characteristics if they are also issuers of insurance contracts. Under IFRS 17, entities issuing insurance contracts need to assess whether the policyholder can benefit from a particular service as part of a claim, or whether that service is independent of the claim/risk event, and separate the non-insured component. According to IFRS 17, entities must identify insurance contract portfolios upon initial recognition and divide them, at least, into the following groups: i) contracts that are onerous upon initial recognition; ii) contracts that do not present a significant possibility of subsequently becoming onerous; and iii) remaining portfolio contracts. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the schedule of cash flows and any uncertainty related to insurance contracts. IFRS 17 requires an entity to recognise income as it provides insurance services (and not when it receives the premiums) and to provide information about the gains from the insurance contract that it expects to recognise in the future. IFRS 17 provides for three measurement methods for accounting for different types of insurance contracts: i) General measurement model (GMM); ii) Premium Allocation Approach (PAA); and iii) Variable Fee Approach (VFA). IFRS 17 applies retrospectively with some exemptions at the date of the transition.

IFRS 17 – Initial application of IFRS 17 and IFRS 9 – Comparative information (amendment)

This amendment applies only to insurers during the transition to IFRS 17, and allows the adoption of an overlay in the classification of a financial asset for which the entity does not apply retrospectively, under IFRS 9. This amendment seeks to avoid temporary accounting gaps between financial assets and insurance contract liabilities, in the comparative information presented in the initial application of IFRS 17, providing for: (i) the application of a financial asset to a financial asset; (ii) the presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and supported information available at the transition date, to determine how the entity expects that financial asset to be classified according to IFRS 9.

IAS 12 – Deferred tax related to assets and liabilities associated with a single transaction (amendment)

IAS 12 now requires entities to recognise deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The transactions subject to the above refer to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when on the date of initial recognition, they are not relevant for tax purposes. These temporary differences are excluded from the scope of the exemption from recording deferred taxes on the initial recognition of assets or liabilities. This amendment is applicable retrospectively.

IAS 12 – International taxation reform – Pillar Two model rules (amendment)

Following the implementation of the OECD's Global Anti-Base Erosion (GloBE) rules, there may be significant impacts on the calculation of deferred taxes for the entities covered, which at this date are difficult to estimate. This amendment to IAS 12 introduces: i) a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to Pillar Two; and ii) additional disclosure requirements for affected entities (entities belonging to multinational groups with consolidated revenues of €750 million in at least two of the last four years), such as: the fact that the exception has been applied, the current tax expense that relates to the Pillar Two rules, and the reasonable estimate of the impact of the application of the Pillar Two rules between the date of publication of the legislation and the date of its entry into force.

Improvements to the 2018 – 2020 standards

This improvement cycle amends the following regulations: IFRS 1, IFRS 9, IFRS 16 and IAS 41, of which:

- **IFRS 1: First-time adoption – Subsidiary as a first-time adopter of the IFRS**
    - This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities by the amounts included in the consolidated financial statements of the parent company, the measurement of the accumulated transposition differences of all foreign transactions may be carried out using the amounts that would be recorded in the consolidated financial statements, based on the date of transition of the parent company to IFRS.
- **IFRS 9: Financial instruments – Derecognition of liabilities – costs incurred to be included in the 10% variance test**
    - This improvement clarifies that in the context of the derecognition tests carried out on renegotiated liabilities, the borrower must determine the net amount between fees paid and fees received considering only the fees paid or received between the borrower and the lender, including fees paid or received, by any of the entities on behalf of the other.
- **IFRS 16: Leases – Lease Incentives**
    - This improvement relates to the amendment of Illustrative example 13, which accompanies IFRS 16, to eliminate inconsistencies in the accounting treatment of lease incentives allocated by the lessor.

42.2.2. – Published standards (new and amended), the application of which is mandatory for annual periods starting on or after 1 January 2024

IAS 1 (Amendments) and IFRS Practice Statement 2

Applicable in financial years starting on or after 1 January 2023, the amendment to the disclosure requirements of accounting policies based on the definition of "material", to the detriment of "significant". Information relating to an accounting policy is considered material if, in the absence of that information, users of financial statements are unable to understand other financial information included in those same financial statements. Immaterial information related to accounting policies does not need to be disclosed. IFRS Practice Statement 2 was also amended to clarify how the concept of "material" applies to the disclosure of accounting policies.

IAS 12: Tax expenses – Deferred tax related to assets and liabilities arising from a single transaction (amendment)

Applicable to financial years starting on or after 1 January 2023, this standard now requires entities to recognise deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The transactions subject to the above refer to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when on the date of initial recognition, they are not relevant for tax purposes. These temporary differences are not within the scope of the exemption from initial recognition of deferred taxes.

The accumulated effect of the initial application of this change is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the earliest comparative period presented.

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to second pillar income tax.

IAS 1: Presentation of financial statements (amendment) – Classification as non-current and current liabilities and non-current liabilities with covenants

Applicable to financial years starting on or after 1 January 2024. Those amendments clarify that liabilities are classified as current or non--current balances depending on the right of an entity to defer its payment beyond 12 months after the reporting date. They also clarify that the covenants entity is required to comply with on or before the reporting date, affect the classification of a liability as current or non-current even if they only occur after the reporting date. When an entity classifies liabilities resulting from financing agreements as non-current and those liabilities are subject to covenants, the disclosure of information is required that allows investors to assess the risk of these liabilities becoming repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and the circumstances that indicate that the entity may have difficulties in complying with the covenants on the due dates. These amendments apply retrospectively.

IFRS 16: Lease contracts – Lease liabilities in sale and leaseback transactions (amendment)

Applicable to financial years starting on or after 1 January 2024. This amendment introduces guidelines regarding the subsequent measurement of lease liabilities regarding sale and leaseback transactions that qualify as "sales" according to IFRS 15, with greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate. When subsequently measuring lease liabilities, sellers-lessees should determine the "lease payments" and "revised lease payments" so that they do not recognise gains/(losses) in relation to their retained right-of-use. This amendment is applicable retrospectively.

IAS 7 and IFRS 7 – Supplier finance arrangements (amendment)

Applicable to financial years starting on or after 1 January 2024. These changes are still subject to approval by the European Union. Supplier finance agreements are characterised by the existence of a financier who undertakes to pay the balances that an entity owes to its suppliers and the entity, in turn, agrees to pay according to the terms and conditions of the agreements, on the same date, or later, than the date of payment to suppliers. The amendments introduced require an entity to make additional disclosures about negotiated supplier finance arrangements to enable: i) an assessment of how supplier finance arrangements affect the entity's liabilities and cash flows; and ii) an understanding of the effect of supplier finance arrangements on an entity's exposure to liquidity risk, and how the entity would be affected if the arrangements were no longer available. The additional requirements complement the presentation and disclosure requirements that already exist in the IFRS, as established by the IFRS IC in the Agenda Decision of December 2020.

IAS 21 – Effects of changes in exchange rates: Lack of interchangeability (change)

Applicable to financial years starting on or after 1 January 2025. This change is still subject to approval by the European Union. This amendment adds the requirements to determine whether a currency can be exchanged for another currency (exchangeability) and to define how to determine the spot exchange rate to be used when it is not possible to exchange a currency over a long period. This amendment also requires the disclosure of information that makes it possible to understand how the currency that cannot be exchanged for another currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows, in addition to the spot exchange rate used on the reporting date and how it was determined.

43. Subsequent Events

General State Budget Law 2024 (OGE 2024)

With the approval of the 2024 State Budget Law, the following tax measures are of relevance to the banking sector:

- Reintroduction of the Special Contribution on Foreign Exchange Transactions (CEOC), which is levied on transfers made under contracts for the provision of technical assistance, consultancy and management services, capital transactions and unilateral transfers, the basis for calculation being the amount in national currency of the transfer, taxed at a rate of 10% for legal persons and 2.5% for natural persons. This Special Contribution will be borne by natural or legal persons governed by private law and public companies with their domicile or head office in national territory who apply to a financial institution for transfers subject to it. The financial institutions are responsible for paying this Special Contribution to the State.

Draft Corporate Income Tax Code (IRPC)

The General Tax Administration has submitted the draft Corporate Income Tax Code (IRPC) to public consultation for contributions.

The proposal is based on reducing technical complexity and unifying declaratory procedures, so as to enable the implementation of a simpler and more modern income tax system, which will reduce distortions and bring it into line with international best practice by separating the different income categories.

The establishment of two tax regimes is proposed: a general regime applicable to taxpayers with a turnover of more than kAOA 25,000 taxable on the basis of accounting records, and a simplified regime applicable to taxpayers with a turnover of less than this amount, whose taxable income is determined on the basis of the simplified accounting model or book of records of purchases and sales and services rendered.

Credit operations written off from the assets

At the beginning of February 2024, the Bank wrote off loans amounting to kAOA 19,185,487, as there were no reasonable expectations as to their recovery.

BAI Bank's rating upgraded by Fitch Ratings

On 18 January 2024, Fitch Ratings affirmed BAI's rating at 'B-' with a positive outlook.

9.3. Opinion of the External Auditor on the Individual Accounts

pwc

Relatório do Auditor Independente

Ao Conselho de Administração do
Banco Angolano de Investimentos, S.A.

Relato sobre a auditoria das demonstrações financeiras

Opinião

Auditámos as demonstrações financeiras anexas do Banco Angolano de Investimentos, S.A. ("Banco"), que compreendem o balanço em 31 de Dezembro de 2023 (que evidencia um total de 4 537 439 344 milhares de Kwanzas e um capital próprio de 641 308 193 milhares de Kwanzas, incluindo um resultado líquido de 199 573 710 milhares de Kwanzas), as demonstrações dos resultados, do rendimento integral, das alterações nos capitais próprios e dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma apropriada, em todos os aspectos materiais, a posição financeira do Banco Angolano de Investimentos, S.A. em 31 de Dezembro de 2023 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normais Internacionais de Relato Financeiro (IFRS).

Bases para a opinião

A nossa auditoria foi efectuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Contabilistas e Peritos Contabilistas de Angola. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes do Banco nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Contabilistas e Peritos Contabilistas de Angola.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

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Cons. Reg. Com. Matrícula Nr. 1998.57, NIF: 5401042426, Capital Social: 4.000.000,00

Descrição dos riscos de distorção material mais significativos identificados	*Síntese da resposta dada aos riscos de distorção material analisados*
Perdas por imparidade de crédito a clientes *Mensuração e divulgações relacionadas com as perdas por imparidade de crédito a clientes apresentadas nas notas 2.3, 3.3, 10 e 41 anexas às demonstrações financeiras* A significativa expressão da rubrica de crédito a clientes, bem como as perdas por imparidade que lhe estão associadas, cujo apuramento requer a aplicação de um conjunto de pressupostos e julgamentos complexos por parte do órgão de gestão do Banco no que respeita à identificação de clientes com aumento significativo de risco de crédito ou em situação de incumprimento (*"default"*), bem como do correspondente montante de perdas por imparidade, justificam que estas tenham constituído uma matéria relevante para efeitos da nossa auditoria. Em 31 de Dezembro de 2023 o valor bruto de crédito a clientes ao custo amortizado ascende a 719 409 627 milhares de Kwanzas e as respectivas perdas por imparidade reconhecidas a essa data ascendem a 254 552 743 milhares de Kwanzas. As perdas por imparidade de crédito a clientes são apuradas pelo órgão de gestão em termos individuais, através de uma análise casuística de uma componente significativa da carteira de crédito, sendo as restantes apuradas através de análise colectiva. Para as exposições mais significativas, avaliadas em termos do montante total das responsabilidades junto do Banco e da eventual existência de indícios de incumprimento, o Banco desenvolve um processo de análise individual que inclui uma análise individual de *staging*, no sentido de corroborar a atribuição indicativa de *stage* automático (*stages* 1, 2 e 3), e uma análise individual de quantificação de imparidade (stage 3). O montante de imparidade apurado através da análise detalhada da posição económica e financeira de cada cliente, tem por referência (i) a estimativa dos fluxos de caixa que poderão no futuro gerar para o cumprimento das suas responsabilidades – abordagem *going*; ou (ii) a avaliação atribuída aos colaterais recebidos no âmbito da concessão de crédito, sempre que se antecipe a sua recuperação por via da dação, execução e/ou venda desses mesmos colaterais, deduzida dos custos inerentes à sua recuperação e venda – abordagem *gone*.	Os procedimentos de auditoria desenvolvidos incluíram a identificação, a compreensão e a avaliação das políticas e procedimentos instituídos pelo Banco para efeitos da mensuração das perdas por imparidade para a carteira de crédito a clientes, bem como dos controlos chave referentes à aprovação, ao registo e monitorização do risco de crédito, e à atempada identificação, mensuração e registo das perdas por imparidade. Em base de amostragem, analisámos um conjunto de clientes pertencentes ao perímetro de análise individual do Banco, tendo por base os critérios definidos em normativo interno, com o objectivo de: (i) rever as conclusões e resultados obtidos pelo Banco na análise individual de *stage* e na análise individual de quantificação de imparidade; (ii) formular o nosso próprio julgamento sobre a existência de situações de aumento significativo de risco de crédito e de incumprimento; e (iii) avaliar de que forma as perdas por imparidade foram atempadamente identificadas, mensuradas e reconhecidas pelo órgão de gestão. Neste processo, foi também confirmado que o perímetro de análise individual incluía todas as exposições que cumpriam com os critérios definidos pelo Banco na sua metodologia. Assim, para uma amostra de exposições, extraída da população de crédito sujeita a análise individual pelo Banco em 31 de Dezembro de 2023, os procedimentos que desenvolvemos consistiram em: (i) rever a documentação disponível sobre os processos de crédito; (ii) verificar a correspondência dos planos financeiros utilizados para efeitos de determinação de imparidade com os respectivos contratos; (iii) analisar o suporte contratual e os colaterais mais relevantes e confirmar o registo dos mesmos a favor do Banco; (iv) analisar as avaliações mais recentes desses colaterais; (v) examinar os critérios para determinação de aumento significativo do risco de crédito (*stage* 2) e em situação de imparidade (*stage* 3), numa base individual; (vi) rever a incorporação na análise da informação prospectiva; (vii) analisar os fluxos de caixa descontados subjacentes ao cálculo de imparidade (stage 3); (viii)

Descrição dos riscos de distorção material mais significativos identificados	***Síntese da resposta dada aos riscos de distorção material analisados***
Para as exposições não abrangidas pela análise individual no que concerne à avaliação do *staging* e ao cálculo das perdas esperadas de crédito, o Banco desenvolveu modelos de análise colectiva, à luz dos requisitos da IFRS 9, que incluem nomeadamente (i) a classificação das exposições em diferentes *stages* consoante a evolução do seu risco de crédito desde a data da sua concessão, e não em função do risco de crédito à data de relato (*stages* 1, 2 ou 3), (ii) o cálculo dos respectivos parâmetros de risco, tais como probabilidade de incumprimento e perda dado o incumprimento e (iii) o cálculo das perdas esperadas de crédito. Estes modelos baseiam-se na informação histórica interna de *defaults* e recuperações e, por forma a serem representativos do actual contexto económico e simultaneamente incorporarem uma perspectiva da evolução económica futura, também utilizam informação prospectiva disponível acerca de um conjunto de variáveis relevantes, tais como por exemplo (i) a taxa prevista de crescimento do PIB; (ii) a inflação e (iii) a evolução cambial do Kwanza face ao Dólar Americano. Tendo por base estes dados macroeconómicos, são desenvolvidos cenários potenciais que permitem ajustar, com base numa probabilidade de ocorrência, as estimativas de perda esperada em cada segmento. Tendo em conta o exposto, alterações nos pressupostos ou metodologias utilizadas pelo Banco na análise e quantificação das perdas por imparidade da carteira de crédito a clientes, bem como diferentes estratégias de recuperação, condicionam a estimativa dos fluxos de recuperação e o *timing* do seu recebimento, e podem ter impactos relevantes no montante de perdas por imparidades apurado em cada momento.	apreciar a evolução das exposições; e (ix) compreender a visão dos responsáveis do Banco quanto à situação económico-financeira dos clientes e, quanto à previsibilidade dos fluxos de caixa esperados dos respectivos negócios, bem como sobre as perspectivas de cobrabilidade dos créditos. Sempre que concluímos pela necessidade de revisão de algum pressuposto utilizado pelo órgão de gestão, procedemos ao recálculo do montante estimado de imparidade e comparámos os resultados obtidos com os apurados pelo Banco, por forma a avaliar a existência de eventuais divergências materialmente relevantes. Para a carteira cuja imparidade é apurada através do modelo de análise colectiva, foram desenvolvidos procedimentos específicos com o objectivo de avaliar de que forma os pressupostos considerados pelo órgão de gestão contemplam todas as variáveis de risco, tendo em conta para o efeito a informação histórica disponível sobre o desempenho e recuperações da carteira de empréstimos e adiantamentos a clientes do Banco, nomeadamente: (i) revisão da documentação metodológica de desenvolvimento e de validação dos modelos; (ii) análise da documentação do exercício de *backtesting* dos parâmetros de risco e dos seus resultados; (iii) revisão e testes à segmentação da carteira; (iv) análise à definição de *default* do Banco e aos critérios aplicados na classificação de *staging*, em base de amostragem; (v) revisão e teste dos principais parâmetros de risco, bem como a informação prospectiva disponível e sua actualização por via dos efeitos económicos estimados; (vi) análise crítica dos principais pressupostos e fontes de informação utilizadas para estimar as recuperações futuras incorporadas no apuramento da LGD ("*Loss Given Default*"), incluindo o teste das recuperações históricas incorporadas nesse apuramento, em base de amostragem; e (vii) recálculo das perdas esperadas ("ECL") para a carteira de crédito, com referência a 31 de Dezembro de 2023. Os nossos procedimentos de auditoria incluíram também a revisão das divulgações sobre o crédito a clientes, bem como as respectivas perdas por imparidades, constantes das notas anexas às demonstrações financeiras do Banco, tendo em conta as normas contabilísticas aplicáveis e em vigor.

Descrição dos riscos de distorção material mais significativos identificados	*Síntese da resposta dada aos riscos de distorção material analisados*
Activos e passivos por impostos correntes e diferidos <u>*Mensuração e divulgações relacionadas com os activos e passivos por impostos correntes apresentadas nas notas 2.9, 3.4 e 13 anexas às demonstrações financeiras*</u> No balanço do Banco em 31 de Dezembro de 2023 os activos e passivos por impostos correntes totalizam 2 935 151 milhares de Kwanzas e 8 290 157 milhares de Kwanzas, respectivamente, e os activos e passivos por impostos diferidos totalizam 11 709 milhares de Kwanzas e 712 066 milhares de Kwanzas, respectivamente. Na mesma data, a rubrica de passivos por impostos correntes inclui um total de encargo com Imposto sobre aplicações de capitais ("IAC") no montante de 3 469 235 milhares de Kwanzas. A Lei n.º 26/20, de 20 de Julho veio estabelecer uma taxa de Imposto Industrial para as actividades do sector bancário de 35%, assim como novas regras com impactos relevantes na determinação do lucro tributável, entre as quais a exclusão da relevância fiscal no apuramento do lucro tributável (i) dos proveitos e custos com diferenças cambiais não realizadas e (ii) das imparidades/provisões constituídas sobre crédito com garantia, salvo na parte não coberta. Adicionalmente, o tratamento fiscal dos rendimentos obtidos em títulos de dívida pública transaccionados em mercado primário e secundário possui um elevado grau de julgamento, especialmente no que respeita à sua tributação em sede de IAC ou de Imposto Industrial. O apuramento da estimativa de imposto corrente e do encargo com o IAC exige a aplicação de um conjunto de julgamentos complexos por parte do órgão de gestão no que diz ao entendimento da legislação fiscal sobre as matérias acima referidas, tendo nomeadamente presente o facto do Banco apenas ter sido alvo de inspecção por parte da AGT relativamente ao exercício de 2018, ano anterior ao da aplicação por primeira vez da Lei n.º 26/20. Atendendo à elevada complexidade das matérias, foram efectuados pedidos de esclarecimentos por parte da ABANC à AGT. No entanto, a esta data, não foram prestados esclarecimentos por parte da AGT	No que respeita aos temas identificados que resultam da Lei n.º 26/20, os procedimentos de auditoria desenvolvidos incluíram a identificação e compreensão do tratamento fiscal dado pelo Banco a estas matérias, assim como foi testada a razoabilidade dos ajustamentos efectuados aos resultados contabilísticos para efeitos do apuramento da matéria colectável. No que respeita à exclusão da relevância fiscal no apuramento do lucro tributável das variações cambiais não realizadas, efectuámos uma revisão aos cálculos apresentados pelo Banco dos activos e passivos (i) com maturidade definida (análise realizada por carteira e considerando as datas de início e fim) e (ii) sem maturidade definida (análise realizada com base na evolução mensal de cada subconta e por moeda). No que respeita à exclusão da relevância fiscal das imparidades/provisões sobre crédito na parte coberta com garantia, efectuámos testes de razoabilidade aos ajustamentos apresentados pelo Banco, com particular incidência nos seguintes aspectos considerados relevantes para o conceito de crédito coberto por garantia: (i) identificação e análise do tipo de garantia associado ao crédito, (ii) evolução histórica do valor e da tipologia de garantia concedida pelos clientes, (iii) evolução da imparidade e (iv) evolução do valor do crédito em dívida. Procedemos à revisão do IAC tendo presente aquele que é o nosso conhecimento dos esclarecimentos prestados pela AGT relativamente à tributação dos rendimentos obtidos com a aquisição a desconto de títulos de dívida pública transaccionados em mercado primário e secundário. Tivemos igualmente em consideração o entendimento da AGT em sede de inspecção ao exercício de 2018 e procedemos a uma análise de sensibilidade do impacto de uma decisão futura da AGT em alterar o procedimento que vigorou na inspecção ao exercício de 2018, nomeadamente ao nível do consumo de prejuízos fiscais reportáveis. Os nossos procedimentos de auditoria incluíram também a revisão das divulgações relacionadas com os activos e passivos por impostos correntes e diferidos e sobre o Imposto sobre aplicações de capitais constantes nas notas anexas às demonstrações financeiras, tendo em conta as normas contabilísticas aplicáveis e em vigor.

Descrição dos riscos de distorção material mais significativos identificados	*Síntese da resposta dada aos riscos de distorção material analisados*
que permitissem à gestão adaptar, em caso de necessidade, o procedimento actualmente em vigor. Pela sua expressão no contexto das demonstrações financeiras do Banco e pelo grau de julgamento associado, apuramento dos impostos correntes e diferidos (ambos em sede de Imposto Industrial) e o apuramento do IAC constituem uma matéria relevante para efeitos da nossa auditoria.	

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela:

a) preparação de demonstrações financeiras que apresentem de forma apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do Banco de acordo com as Normas Internacionais de Relato Financeiro (IFRS);

b) elaboração do relatório de gestão nos termos legais e regulamentares aplicáveis;

c) criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou a erro;

d) adopção de políticas e critérios contabilísticos adequados nas circunstâncias; e

e) avaliação da capacidade do Banco de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das actividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira do Banco.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detectará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos cepticismo profissional durante a auditoria e também:

a) identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detectar uma distorção material devido a fraude é maior do que o risco de não detectar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;

b) obtemos uma compreensão do controlo interno relevante para a auditoria com o objectivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Banco;

c) avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respectivas divulgações feitas pelo órgão de gestão;

d) concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Banco para dar continuidade às suas actividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Banco descontinue as suas actividades;

e) avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transacções e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;

f) comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;

g) das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, excepto quando a lei ou regulamento proibir a sua divulgação pública; e

h) declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percepcionadas como ameaças à nossa independência e, quando aplicável, as respectivas salvaguardas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demostrações financeiras e de que o relatório de governo societário inclui os elementos previstos no artigo 17º do Regulamento n.º 6/16 de 7 de Junho da Comissão do Mercado de Capitais, nos termos do artigo 145º do Código dos Valores Mobiliários, que a informação nele constante é concordante com as demonstrações financeiras auditadas e que não apresenta incorrecções materiais.

Relato sobre outros requisitos legais e regulamentares

Sobre o relatório de gestão

Dando cumprimento aos requisitos legais aplicáveis, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre o Banco, não identificámos incorrecções materiais.

Sobre o relatório de governo societário

Dando cumprimento aos requisitos legais aplicáveis, nomeadamente o previsto no ponto iv) da alínea c) do n.º 1 da Instrução n.º 02/CMC/03-23, somos de parecer que o relatório de governo societário foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre o Banco, não identificámos incorrecções materiais.

26 de Fevereiro de 2024

PricewaterhouseCoopers (Angola), Limitada
Registada na Ordem dos Contabilistas e Peritos Contabilistas de Angola com o nº E20170010
Representada por:

Ricardo Santos

Ricardo Santos, Perito Contabilista Nº 20120086

9.4. Report and Opinion of the Supervisory Board on the Individual Accounts

BAI - BANCO ANGOLANO DE INVESTIMENTOS, S.A. | SOCIEDADE ABERTA
CONSELHO FISCAL

RELATÓRIO E PARECER DO CONSELHO FISCAL

Exmos. Senhores Accionistas,

1- Em cumprimento das disposições legais e estatutárias, designadamente da Lei 1/04 de 13 de Fevereiro (Lei das Sociedades Comerciais), submetemos à consideração de V. Exas. o Parecer do Conselho Fiscal sobre o Relatório do Conselho de Administração e Demonstrações Financeiras individuais do exercício de 2023 do BAI - Banco Angolano de Investimentos, S.A., Sociedade Aberta, que compreendem o Balanço o qual evidencia um total de Activo de 4.537.439.344 milhares de Kwanzas, um total de Passivo de 3.896.131.151 milhares de Kwanzas e um total de Capitais Próprios de 641.308.193 milhares de Kwanzas.

2- Durante o exercício, tivemos a oportunidade de acompanhar periodicamente a actividade do Banco através de informação contabilística e financeira, participação em reuniões do Conselho de Administração e das suas Comissões especializadas, nomeadamente de Controlo Interno e Auditoria, de Gestão do Risco, de Governo da Sociedade e Sustentabilidade e de contactar quer com a Administração, quer com áreas relevantes do Banco, nomeadamente as Direcções de Contabilidade e Finanças, Planeamento e Controlo, *Compliance*, Auditoria Interna, de Gestão de Crédito, bem como com o Auditor Externo - *PricewaterhouseCoopers* (Angola), Lda.

3- No exercício das nossas funções, e com a profundidade e extensão possíveis, procedemos às análises que, nas circunstâncias, se mostraram apropriadas e apreciámos o Balanço, a Demonstração de Resultados e as respectivas Notas anexas, documentos estes elaborados em conformidade com as Normas Internacionais de Contabilidade (IASB) e as Normas Internacionais de Relato Financeiro (IFRS), em observância do que está determinado no Aviso nº 5/2019 do Banco Nacional de Angola.

4- O Auditor Externo - *PricewaterhouseCoopers* (Angola), Limitada, introduziu no seu Relatório sobre a Auditoria das Demonstrações Financeiras, pela primeira vez, um ponto denominado Matérias Relevantes de Auditoria, em linha com as exigências de transparência e *accountability*, no qual faz a descrição dos riscos de distorção material mais significativos identificados, em cumprimento de novas exigências estabelecidas pela Norma Técnica Nº 2 emitida pela OCPCA – Ordem dos Contabilistas e Peritos Contabilistas de Angola, para as auditorias e revisões limitadas de demonstrações

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financeiras de exercícios findos, em ou após, 15 de Dezembro de 2023.

5- Neste âmbito, o Auditor Externo apresenta uma descrição dos riscos identificados em matéria de Perdas por imparidade de crédito a clientes (Mensuração e divulgações relacionadas com as perdas por imparidade de crédito a clientes apresentadas nas notas 2.3, 3.3, 10 e 41 do Anexo às demonstrações financeiras) e relata a Síntese da resposta dada aos riscos de distorção material analisados, descrevendo os procedimentos de auditoria desenvolvidos especificamente para a análise efectuada.

No mesmo contexto, o Auditor Externo descreve os riscos de distorção material identificados com respeito a Activos e Passivos por impostos correntes e diferidos (Mensuração e divulgações relacionadas com os activos e passivos por impostos correntes apresentadas nas notas 2.9, 3.4 e 13 do Anexo às demonstrações financeiras) e, igualmente, menciona os procedimentos de auditoria desenvolvidos para a análise feita.

6- O Auditor Externo, em conclusão da auditoria que realizou, expressou a sua Opinião declarando que as demonstrações financeiras apresentam de forma apropriada, em todos os aspectos materiais, a posição financeira do Banco Angolano de Investimentos, S.A., em 31 de Dezembro de 2023 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS).

7- Nestes termos, e tendo em consideração a opinião do Auditor Externo, concluímos o seguinte:

(a) O Relatório do Conselho de Administração e as Demonstrações Financeiras do Banco relativos ao exercício de 2023 respeitam as disposições legais e estatutárias aplicáveis e exprimem de forma apropriada a sua situação financeira;

(b) O exercício de 2023 foi positivo, tendo o Banco alcançado um resultado líquido no montante de 199.573.710 milhares de Kwanzas (Cento e noventa e nove mil quinhentos e setenta e três milhões e setecentos e dez milhares de Kwanzas), observada a prática legalmente permitida e economicamente aconselhável de constituir adequadas provisões.

8- Considerando que os documentos referidos no ponto 3 do presente parecer permitem, no seu conjunto, a compreensão da situação financeira e dos resultados económicos do Banco, propomos:

(a) A aprovação do Relatório do Conselho de Administração e das Contas referente apo exercício de 2023;

(b) A aprovação da proposta de aplicação do resultado líquido do exercício de 2023, constante do Relatório do Conselho de Administração.

9- Adicionalmente e em cumprimento das exigências legais aplicáveis, nomeadamente o previsto no ponto (iv) da alínea c) do nº 1 da Instrução nº 06/CMC/05-21 da Comissão do Mercado de Capitais somos de parecer que o Relatório de Governo Societário do Banco foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor e a informação constante do mesmo está de acordo com as demonstrações financeiras do Banco em 31 de Dezembro de 2023.

10- A finalizar, expressamos os nossos agradecimentos ao Conselho de Administração e a todos os colaboradores do Banco com quem contactámos, pela valiosa colaboração prestada.

Luanda, 26 de Fevereiro de 2024

Pelo Conselho Fiscal

Júlio Sampaio
(Presidente)

Naiole Cohen Guedes
(Vogal)

Jorge Manuel Feliza Morgado

Jorge Morgado
(Vogal)

10

Annual Report on Corporate Governance

Reflecting the high standards of care and diligence inherent in careful and orderly management

Changing Lives
since 1996

Contents

Annual Report on Corporate Governance

1. Foreword

BAI – Banco Angolano de Investimentos, S.A. | Public Company (hereinafter "Bank") has prepared this Corporate Governance Report under the terms of Articles 142 and 145 of the Angolan Securities Code (CVM), in Article 17 of Regulation 6/16 of 7 June on Issuers, in Instruction 02/CMC/03-23 on the Provision of Information by Issuers of Securities and the Guide to Good Corporate Governance Practice, both of the Angolan Capital Market Commission (CMC).

The following legislation has also been taken into account, which may differ from those published by the CMC:

a) Law 14/21 of 19 May – Law on the Legal Framework of Financial Institutions (LRGIF);

b) Notice 1/2022 of 28 January – Corporate Governance Code;

c) Notice 8/2021 of 5 July – Capital requirements; and

d) Notice 12/2023 of 4 December – Provision of External Audit Services.

The Bank presents the following throughout this report and in the annex:

1. A statement on the acceptance of the Guide to Good Corporate Governance Practices, specifying which recommendations it disagrees with and the reasons for this divergence;

2. The absence of assumptions that are subject to the application and reporting of information required in certain sections, designated as "not applicable".

2. Shareholder structure, organisation and corporate governance

2.1. Shareholder structure

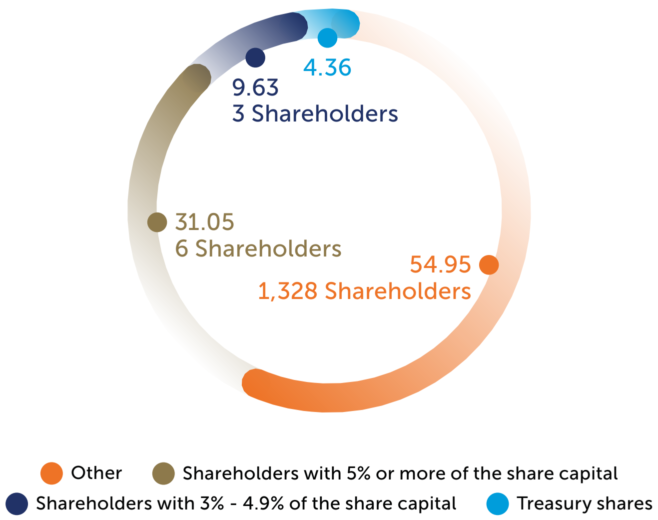
The Bank's share capital is 157,545,000,000 kwanzas, fully subscribed and paid-up in cash, divided into 19,450,000 ordinary shares registered at the Central Securities Depository (CEVAMA), under International Securities Identification Number (ISIN) AOBAIAAAAA05, with a nominal value of 8,100 kwanzas each.

The shares confer equal rights[1] and are fungible among one another.

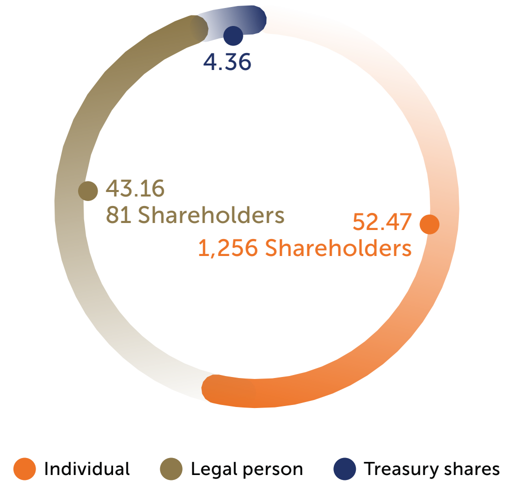
The Bank's shareholder structure is spread over 1,337 shareholders, six of whom hold stakes of 5% or more, as shown in the graphs below. On the reference date, BAI shares were listed at a market value of 35,000 kwanzas.

1. Pursuant to the Articles of Association, the Bank is entitled to issue shares with special rights, namely preferred shares with or without voting rights, redeemable with or without premium, or non-redeemable, which may be constituted in favour of a partner by stipulation in the Articles of Association. The issue of this type of share would depend on a specific resolution of the shareholders, taken at the General Meeting.

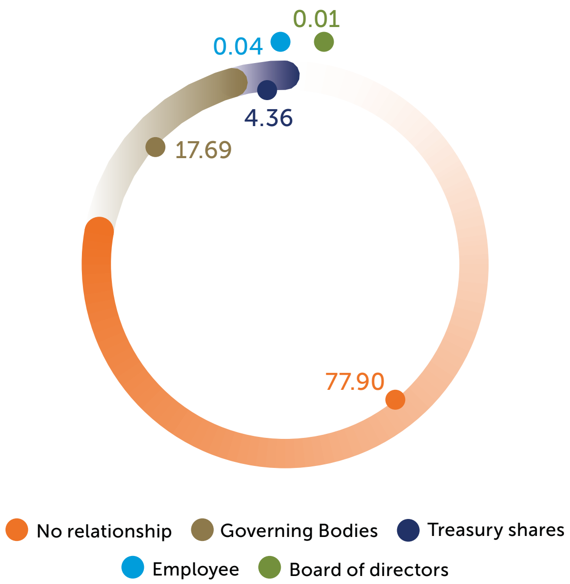
Composition of the capital (%)



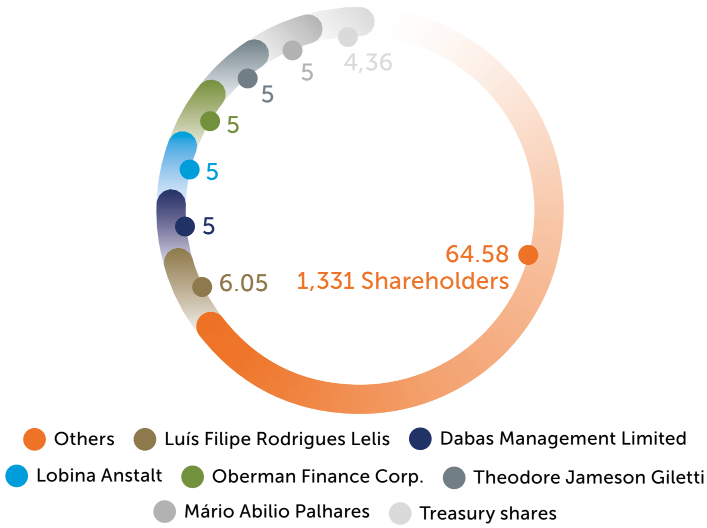
Holdings by type of entity (%)



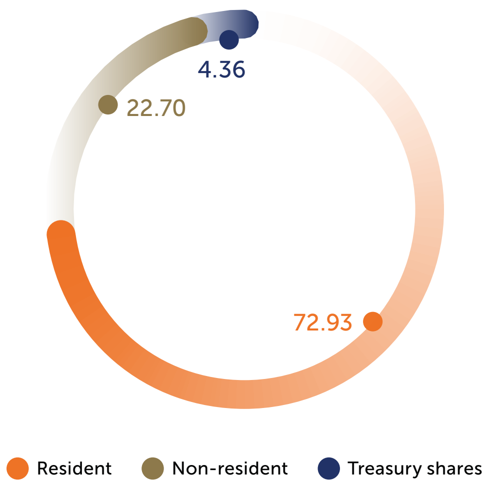
Relationship with BAI (%)



Holdings ≥ 5%



% according to residence



2.2. Restrictions on the transferability of shares

The shares are freely transferable in accordance with the applicable legal rules.

2.3. Treasury shares

Following the placement of 234,082 treasury shares in September, as at 31 December, the Bank held 848,870 shares (within the limits established by law), representing 4.36% of the share capital and voting rights.

2.4. Shareholder Agreements

The shareholders have not entered into any shareholder agreement with each other.

2.5. Significant agreements in case of changing of control

There are no agreements of this nature.

2.6. Regime to which the renewal or revocation of defensive measures is subject, which provides for the limitation of the number of votes by a single shareholder

Not applicable.

2.7. Special powers of the management body, namely regarding decisions to increase capital

The Board of Directors is empowered, when it deems necessary, to propose a share capital increase for approval by the General Meeting.

2.8. Identification of the shareholders holding special rights and a description of those rights

Not applicable.

3. Qualifying holdings or holdings by related parties

3.1. Identification of natural or legal persons that directly or indirectly hold qualifying holdings

No shareholder has a qualifying holding according to the legal criteria defined in the Law on the Legal Framework of Financial Institutions (LRGIF). For this purpose, see the information provided in the graphs in point 2.1 regarding "*Shareholder structure*".

3.2. Indication of the number of shares and bonds held by members of the management and supervisory bodies

The number of shares and stakes held in the Bank's share capital by the members of the Board of Directors are disclosed in the Notes to the Financial Statements, Note 19. At the time, the members of the Supervisory Board had no shareholdings.

3.3. Significant relationships of a commercial nature between the owners of qualifying holdings and the company

See the information provided in point 3.1 regarding the "*Identification of natural or legal persons that directly or indirectly hold qualifying holdings*".

3.4. Information on shareholder participation in General Meetings in the previous ten years and calculation of qualifying holdings

Not applicable.

4. Governing Bodies and committees

The Bank's Governing Bodies are the General Meeting (AG) the Board of Directors (CA) and the Supervisory Board (CF).

The composition of the members of the Governing Bodies is available for consultation on the Bank's institutional portal[2].

4.1. General Meeting

4.1.1. Composition of the Board of the General Meeting

The Board of the General Meeting is composed of a Chairman, a Vice-Chairman and a Secretary, elected by the General Meeting of Shareholders, identified in the table below.

Members	Term of office	Position
Domingos de Assunção de Sousa de Lima Viegas	2022 – 2025	Chairman
Alice Maria Trindade Escórcio	2022 – 2025	Vice-Chairman
Alexandre Augusto Borges Morgado	2022 – 2025	Secretary

4.1.2. Exercise of the right to vote

Every 100 shares correspond to one vote. Individual or corporate shareholders may participate in the General Meeting directly or through a representative, by means of a letter addressed and registered with acknowledgement of receipt to the Chairman of the Board, indicating the name and address of the representative and the date of the meeting, up to eight days before the meeting (at 6:00 p.m. of the sixth business trading day prior to the meeting), in accordance with the Bank's Articles of Association.

Voting by correspondence, by electronic mail or letter addressed to the Chairman of the Board of the Shareholders' Meeting, is allowed for decisions concerning the amendment of the Articles of Association or the election of members of the Governing Bodies, at least three business days prior to the date of the General Meeting.

4.1.3. Control mechanisms envisaged in a possible employee share ownership system

Not applicable.

4.1.4. Indication of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any of the relationships established in Article 122 of the Securities Code (CVM)

Not applicable.

4.1.5. Shareholder decisions that, by statutory requirement, can only be taken with a qualified majority

According to the Articles of Association, the decisions that can be taken by qualified majority are:

a) mergers, demergers and other changes to the company;

b) amendment of the articles of association; and

c) dissolution of the company.

4.2. Board of Directors

4.2.1. Identification of the governance model

The Bank adopts a corporate governance model that includes a General Meeting, a Board of Directors composed of an Executive Committee and five specialised committees, a Supervisory Board and an external auditor. The Bank also has a Remuneration Committee of the Governing Bodies and a Company Secretary.

2. https://www.bancobai.ao/pt/institucional/governo-societario/modelo-de-governo/orgaos-sociais

4.2.2. Statutory rules on procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors

The members of the Board of Directors are elected by the General Meeting. If any director is permanently absent or incapacitated, he/she must be replaced by co-option if there are no alternates, unless there is not a sufficient number of acting directors for the Board of Directors to take a decision, in which case the ongoing term of office shall be completed.

4.2.3. Every year, at the General Meeting, the shareholders carry out a general appraisal of the Bank's management and supervision. Composition

The Board of Directors is composed of fifteen (15) members, of which seven (7) are executive and eight (8) non-executive, and three (3) are independent members. The date of each member's first appointment and end of the term of office is identified below.

Members	First ap-pointment	Current term of office	Position
Mário Alberto dos Santos Barber	2006	2022 – 2025	Chairman
Helder Miguel Palege Jasse de Aguiar	2010	2022 – 2025	Vice-Chairman
Theodore Jameson Giletti	1996	2022 – 2025	Vice-Chairman
Diogo Neto Viana	2022	2022 – 2025	Independent Director
Ana Maria Fernandes dos Santos Machado	2022	2022 – 2025	Independent Director
Maria João de Almeida	2022	2022 – 2025	Independent Director
Carlos Manuel Flora Amorim Guerra	2022	2022 – 2025	Non-Executive Director
Ana Regina Jacinto da Silva Correia Victor	2022	2022 – 2025	Non-Executive Director
Luís Filipe Rodrigues Lélis	2006	2022 – 2025	Executive Director
Inokcelina Ben´África Correia dos Santos de Carvalho	2010	2022 – 2025	Executive Director
Simão Francisco Fonseca	2012	2022 – 2025	Executive Director
João Cândido Soares de Moura Oliveira Fonseca	2012	2022 – 2025	Executive Director
Irisolange Azulay Soares de Menezes Verdades	2018	2022 – 2025	Executive Director
José Carlos Castilho Manuel	2018	2022 – 2025	Executive Director
Juvelino da Costa Domingos	2022	2022 – 2025	Executive Director

4.2.4. Identification of the executive and non-executive members of the Board of Directors and, regarding the latter, those qualified as independent

The Board of Directors has the composition and identification of its executive and non-executive directors, including the independent directors indicated in the previous point.

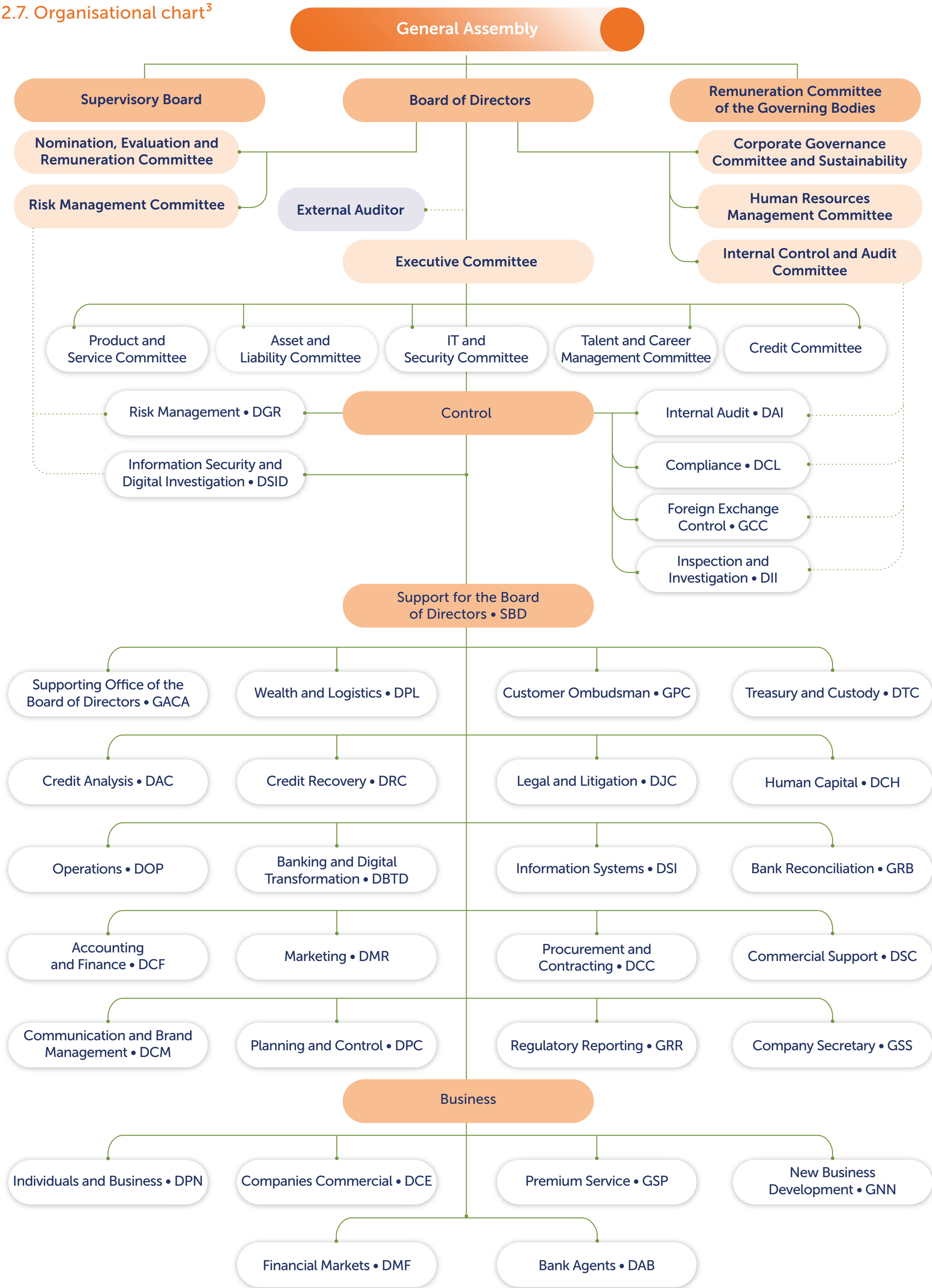
4.2.5. Professional qualifications and other relevant curricular elements of each member of the Board of Directors

The professional qualifications and other curricular elements of each of member of the Board of Directors are available for consultation on the Bank's institutional portal.

4.2.6. Family, professional or commercial relationships of members of the Board of Directors with shareholders to whom a qualifying holding greater than 2% of the voting rights is imputable

Not applicable (see point 3.1.).

4.2.7. Organisational chart[3]



3. Following the decision of the Board of Directors on 22, 23 and 24 November, the Executive Committee approved the new distribution of areas of responsibility which came into force on 1 January 2024, including, among others, the assignment of the hierarchical and functional reporting of the Internal Audit Department (DAI) to an independent director, and of the Customer Ombudsman Office (GPC) and Corporate Governance and Sustainability (GSS) to non-executive directors. The New Business Development Office (GNN) and Foreign Exchange Control Office (GCC) have moved into the support functional group.

The control functions depend hierarchically on the Board of Directors, through its specialised committees, and functionally on an executive director who has the exclusivity of its coordination.

4.3. Board of Directors

The Board of Directors is the governing body responsible for defining the company's general policies and strategy, and has the broadest powers to manage and represent the Bank and its subsidiaries.

In the exercise of their functions, the directors use their professional skills, qualifications and experience to ensure, at all times and in a responsible manner, the sound, effective, rigorous and prudent management of the Bank, respecting the characteristics of the institution, its size and the complexity of the activity pursued.

The members of the Board of Directors respect the duties of zeal, care, and loyalty, reflecting the high standards of diligence inherent to a judicious and orderly manager, critically analysing the decisions made in the company's interest. The directors are bound to secrecy with regard to the matters discussed in the Board of Directors' meetings or that come to their knowledge in the exercise of their functions, except when the same body finds it necessary to publicly or internally disclose its resolutions, or when disclosure is required by law or by decision of an administrative or judicial authority.

The duties of the Board of Directors are established in its respective Regulation, available for consultation on the Bank's institutional portal[4].

4.3.1. Number of meetings held and attendance rate of each Board member

The Board of Directors held six (6) ordinary meetings and two (2) extraordinary meetings. The attendance of its members was 97%, and absences were duly justified in advance.

4.3.2. Competent bodies to carry out the performance evaluation of executive directors

The evaluation of the performance of the members of the Board of Directors is carried out by the Nominations, Evaluation and Remuneration Committee (CNAR), which is composed of five non-executive directors, one being independent .

The competencies of CNAR are established in the respective Regulation available for consultation on the Bank's institutional portal.

4.3.3. Pre-determined criteria for the performance evaluation of executive directors

The criteria for assessing the performance of executive directors were approved by the CNAR and include transversal objectives and individual objectives. The transversal objectives include a series of financial, customer, operational and strategy-related indicators. Its implementation is scheduled for 2024.

4.3.4. Positions held simultaneously in other companies, inside and outside the Group, by each non-executive and executive member of the Board of Directors

The positions held by each of the directors, executive and non-executive, with an indication of the positions held in other companies, inside and outside the Group, and other activities performed, are described below.

4. https://www.bancobai.ao/media/4485/regulamento-do-conselho-de-administrac-a-o_19_10_2022-cleaned.pdf
5. The integration of the independent director was approved at the Board of Directors' meeting held on 22, 23 and 24 November 2023

Members	Scope	Company	Positions held*	Year of appointment
Non-executive members of the Board of Directors				
Mário Barber	BAI Group	BAI Europa, S.A.	PMAG	2021
		Nossa Seguros, S.A.	PMAG	2016
		SAESP	PMAG	2017
		BAI Foundation	Chairman of the Senior Board	2023
	Associate	Imogestin, S.A.	PMAG	2014
	Out of Group	N'gola	PCF	2016
	Out of Group	Cobeje	PCF	2016
Theodore Giletti	BAI Group	BAI Foundation	Senior VPC	2023
	Associate	FIPA II	Member	2018
		Angola Capital Partners	Non-Executive Director	2017
Helder Aguiar	BAI Group	Nossa Seguros	PCA	2021
		ÁUREA – SDVM, S.A.	PMAG	2022
		PAY4ALL, S.A.	PCA	2023
	Associate	FIPA II	Member	2018
Ana Machado	Other activities	Angolan Swimming Fede-ration	PCF	2020
Carlos Guerra	BAI Group	Nossa Seguros	Non-Executive Director	2018
		ÁUREA – SDVM, S. A.	CROS member	2023
	Out of Group	SIEMENS ENERGY	PCF	2021
	Associate	SODIMO	Executive Director	2020
	Associate	Angola Capital Part-ners	Non-Executive Director	2023
Ana Victor	BAI Group	ÁUREA – SDVM, S. A.	PCA	2022

*The positions held by the members of BAI's Board of Directors in other companies are non-executive.
Caption: PMAG – Chairman of the Board of the General Meeting; PCF – Chairman of the Supervisory Board; PCA – Chairman of the Board of Direc-tors; SMAG – Secretary of the Board of the General Meeting; V – Member; VPC – Vice-Chairman of the Board.

Members	Scope	Company	Positions held*	Year of appointment
Executive members of the Board of Directors				
Luís Lélis	BAI Group	BAI Cabo Verde	Chairman of CROS	2023
		BAI Europe	PCA	2021
		BAI Foundation	Senior Board member	2023
	Other activities	ABANC	Members of the Steering Committee	2022
Inokcelina de Carvalho	BAI Group	BAI Europe	Non-Executive Director	2020
		BAI Foundation	PCA	2023
Simão Fonseca	Associate	BISTP	CROS member	2020
	BAI Group	ÁUREA – SDVM, S.A.	CROS member	2023
	Out of the Group	EMIS	Non-Executive Director	2020
João Fonseca	Associate	BISTP	CF member	2023
	Out of the Group	Automobile Trade Union	Non-Executive Director	2021
Irisolange Verdades	BAI Group	Nossa Seguros, S.A.	CROS member	2023
	Out of the Group	Empreendimentos Angolanos de Hotelaria	Managing Partner	2014
José Castilho Manuel	BAI Group	Nossa Seguros, S.A.	CROS member	2023
Juvelino Domingos	BAI Group	ÁUREA – SDVM, S.A.	CROS member	2023
	Associate	BISTP	CCIA member	2020

*The positions held by the members of BAI's Board of Directors in other companies are non-executive.
Caption: PMAG – Chairman of the Board of the General Meeting; PCF – Chairman of the Supervisory Board; PCA – Chairman of the Board of Directors; SMAG – Secretary of the Board of the General Meeting; V – Member; VPC – Vice-Chairman of the Board.

4.3.5. Executive Committee

The Board of Directors appointed an Executive Committee composed of seven (7) of its members, established its operating procedures, and delegated the Bank's day-to-day management powers to this committee in order to ensure the separation of duties pursuant to the legislation and regulations in force, as set out below.

Luís Filipe Rodrigues Lélis
Chief Executive Officer

Simão Fonseca
Executive Director

João Fonseca
Executive Director

Inokcelina de Carvalho
Executive Director

Irisolange Verdades
Executive Director

Juvelino Domingos
Executive Director

José Castilho
Executive Director

The competencies of the Executive Committee are established in the respective Regulation available for consultation on the Bank's institutional portal[6].

In carrying out its duties, the Executive Committee relies on the support and assistance of five (5) specialised committees, delegating to these bodies the processing, management and decision-making of specific issues, namely Assets and Liabilities (ALCO), Credit (CCR), Information Technology and Security (CIS), Products and Services (CPS) and Talent and Career Management (CGTC), which are governed by the rules and powers defined in the respective internal company regulations, a summary of which is described below.

6. https://www.bancobai.ao/media/4487/regulamento-da-comissa-o-executiva_19_10_2022-cleaned.pdf

Committees	Characterisation	Composition	Functioning	Number of meetings held
ALCO	Decide on, propose and monitor the implementation of guide-lines relating to the management of the Bank's capital, assets and liabilities	• PCE; • Executive directors; • Directors of the following areas: DMF, DCF, DPC and DGR; • Chief Economist.	Meetings are held every two months	6
CCR	Decide on the credit operations submitted to it, by applying the rules and policies defined in the credit regulations	Constituted according to the Credit Decision Matrix	Meetings are held weekly, except for the 6th tier, which will be in accordance with the Board of Directors' agenda	29
CIS	Integrated management of information technology and sys-tems (STI) in operation or under development	• PCE; • Directors with supervi-sory responsibilities for specific areas: DSI, DSID and DBTD; • DCO of STI; • Directors of the following areas: DSI, DSID and DBTD.	Meetings are held quarterly	9
CPS	Integrated management of the life cycle of the Bank's products and services	• PCE; • Executive directors; • Commercial coordinating directors; • Directors of the following areas: DMR, DCL and DGR.	Meetings are held monthly	7
CGTC	Define the guidelines for determining, managing and implementing the employee talent and career program	• PCE; • Executive directors; • DCH.	Meetings are held every two years	2

The following table shows the distribution of responsibilities among Executive Committee members[7]:

Name and function	Acronym	Business	Support	Control
Luís Filipe Rodrigues Lélis – Chief Executive Officer				
Support Office of the Board of Directors	GACA		●	
Office of the Company Secretary	GSS		●	
Communication and Brand Management Department	DCM		●	
Human Capital Department	DCH		●	
José Carlos Castilho Manuel – Executive Director				
Premium Service Office	GSP	●		
New Business Development Office	GNN	●		
Companies Commercial Department	DCE	●		
Bank Agent Department	DAB	●		
Business Portfolio – Bancassurance	PNBA	●		
Business Portfolio – Mineral Resources	PNRM	●		
Business Portfolio – Institutional Clients	PNCI	●		
João Cândido Soares Moura Oliveira Fonseca – Executive Director				
Regulatory Reporting Office	GRR		●	
Credit Analysis Department	DAC		●	
Credit Recovery Department	DRC		●	
Planning and Control Department	DPC		●	
Legal and Litigation Department	DJC		●	
Programme – Chief Economist	PEC		●	
Programme – Strategic Transformation	PTE		●	
Juvelino da Costa Domingos – Executive Director				
Bank Reconciliation Office	GRB		●	
Accounting and Finance Department	DCF		●	
Wealth and Logistics Department	DPL		●	
Procurement and Contracting Department	DCC		●	

(to be continued)

7. On 6 December 2023, the new distribution of areas of responsibility was approved, which will come into force on 1 January 2024, including, among others, the assignment of the hierarchical and functional reporting of the Internal Audit Department (DAI) to an independent director, and of the Customer Ombudsman Office (GPC) and Corporate Governance and Sustainability (GSS) to non-executive directors. The New Business Development Office (GNN) and Foreign Exchange Control Office (GCC) have moved into the support functional group.

(continued)

Name and function	Acronym	Business	Support	Control
Inokcelina Ben' África Correia dos Santos Carvalho – Executive Director				
Foreign Exchange Control Office	GCC			●
Inspection and Investigation Department	DII			●
Risk Management Department	DGR			●
Compliance Department	DCL			●
Internal Audit Department	DAI			●
Information Security and Investigation Department	DSID			●
Data Protection Programme	PPD			●
Programme – Sustainability	PST			●
Irisolange Azulay Soares Menezes Verdades – Executive Director				
Individuals and Business Department	DPN	●		
Financial Markets Department	DMF	●		
Business Portfolio – Oil & Gas	PNPG	●		
Business Portfolio – Financial Institutions	PNIF	●		
Simão Francisco Fonseca – Executive Director				
Customer Ombudsman Office	GPC		●	
Treasury and Custody Department	DTC		●	
Operations Department	DOP		●	
Marketing Department	DMR		●	
Commercial Support Department	DSC		●	
Information Systems Department	DSI		●	
Banking and Digital Transformation Department	DBTD		●	

4.3.6. Committees created within the Board of Directors

In order to ensure and contribute to the good and adequate performance of the functions that are legally and statutorily assigned to it, the Board of Directors appointed five other specialised committees:

- Internal Control and Audit Committee (CCIA);
- Risk Management Committee (CGR);
- Committee on Nominations, Evaluations and Remuneration (CNAR);
- Human Resources Management Committee (CGRH); and
- Corporate Governance and Sustainability Committee (CGSS).

These committees are governed by the rules defined in their respective regulations, and meet at least once a quarter or whenever they are convened by their chairmen.

The committees have the following composition:

	CCIA	CGR	CNAR	CGRH	CGSS
Mário Barber	-	-	P	P	P
Theodore Giletti	-	P	M	M	-
Helder Aguiar	P	-	M	M	M
Diogo Viana	M	M	-	-	M
Ana Machado	M	M	M	-	-
Maria Almeida	M	M	-	-	-
Carlos Guerra	M	M	-	-	-
Ana Victor	-	M	M	M	M
Luís Lélis	-	-	-	M	M
Inokcelina de Carvalho	-	-	-	-	M
Simão Fonseca	-	-	-	M	-
João Fonseca	-	-	-	-	M
José Manuel	-	-	-	M	-

Caption: P – Chairman; M – Member.

4.3.7. Indication of the competencies of each of the committees created and summary of the activities carried out in the exercise of these competencies

The competencies of the committees are established in the respective Regulations available for consultation on the institutional portal.

The committee meetings were held as indicated in the following table:

	CCIA	CGR	CNAR	CGRH	CGSS
Number of ordinary meetings	5	9	4	3	5

4.4. Supervisory Board (CF)

The Supervisory Board is composed of three full members and two alternates.

The composition of the Supervisory Board, as well as the date of the first appointment of each member and the end date of the term of office, are identified in the following table.

Members	First appointment	Current term of office	Position
Júlio Ferreira Sampaio	2015	2022 – 2025	Chairman
Naiole Cristina Cohen dos Santos Guedes	2019	2022 – 2025	Member
Jorge Manuel Felizes Morgado	2022	2022 – 2025	Member
Isabel Maria Lopes	2015	2022 – 2025	Member
Cristina Alfredo Augusto Rafael Silvestre	2022	2022 – 2025	Member

The Supervisory Board's competencies are established in the respective Regulation available for consultation on the Bank's institutional portal.

4.4.1. Identification of the Supervisory Board members who consider themselves independent

All Supervisory Board members perform their duties with independence.

4.4.2. Professional qualifications and other relevant curricular elements of each Supervisory Board member

The professional qualifications and other curricular elements of each Supervisory Board member are available for consultation on the Bank's institutional portal.

4.4.3. Meetings held and attendance rate of each Supervisory Board member

The Supervisory Board held (7) ordinary meetings and two (2) extraordinary meetings. The members' attendance was 100%.

4.4.4. Positions held simultaneously in other companies, inside and outside the group, and other relevant activities

The positions held in other companies, inside and outside the group, and other activities developed, are described in the following charts:

Members	Description	Company	Positions held	Year of appointment
Júlio Sampaio	Out of the Group	ETU Energias, S.A.*	Advisor	2021
		SEDIAC, S.A.	PCF	2013
		SERENA, S.A.	Non-active director	2021
Naiole Guedes	Out of the Group	EY – Ernst & Young	Strategic Advisor	2020
Jorge Morgado	Out of the Group	Simoldes, Lda.	MCF	2022
		Holding Mystic Investiments, S.A.	MCF	2018
Isabel Lopes	Out of the Group	ETU Energias, S.A.	Executive Director	2021
Cristina Silvestre	Out of the Group	KUSTUS	Manager	2010
		OCPCA	Member	2023
		AAPA	PCF	2022
		Economic and Social Board	Advisor	2023

*New company name adopted by SOMOIL.
Caption: PCF – Chairman of the Supervisory Board; MCF – Supervisory Board Member; VCD – Governing Board Member.

4.4.5. Intervention of the supervisory body in the contracting of additional services to the external auditor

The Bank adopts the provisions of BNA Notice 12/2023, regarding the hiring of the external auditor, which, in general, does not allow the provision of additional services other than auditing or reliability assurance.

4.5. Remuneration Committee of the Governing Bodies (CROS)

The purpose of the Remuneration Committee of the Governing Bodies is to define, implement and review the remuneration policy for the members of the Bank's Governing Bodies in accordance with Article 21 of BNA Notice 1/2022.

The Remuneration Committee of the Governing Bodies holds a meeting at least once a year and is composed of three members, none of whom is part of the Board of Directors or Supervisory Board.

The composition of the Remuneration Committee of the Governing Bodies, as well as the end date of the term of office, is identified in the following table.

Members	Term of office	Position
Joaquim Duarte da Costa David	2022 – 2025	Chairman
José Maria Botelho de Vasconcelos	2022 – 2025	Member
Sebastião Pai Querido Gaspar Martins	2022 – 2025	Member

The Remuneration Committee of the Governing Bodies met two (2) times.

The competencies of the Remuneration Committee of the Governing Bodies are established in the respective Regulation available for consultation on the Bank's institutional portal.

4.6. Company Secretary

The Company Secretary (SdS) and the Alternate are appointed by the Board of Directors, with their term of office terminating upon the end of the term of office of the Board that appointed them. For the four-year period of 2022-2025, the Board of Directors appointed Kavungo Sousa João to serve as Company Secretary.

The competencies of the Company Secretary are established in the Regulation of the Board of Directors available for consultation on the Bank's institutional portal[8].

4.7. External Auditor

The Bank's external auditor is currently carried out by PricewaterhouseCoopers (Angola), Limitada (PwC), which was appointed on 8 June 2022, for the four-year period of 2022-2025, under the terms of the legislation in force, under the conditions defined by BNA Notice 9/2021, revoked by Notice 12/2023 of 4 December.

The external auditor is registered with the Capital Market Commission (CMC) under number 002/SAE/DSEA/CMC/01-2016, and is represented by its partner Ricardo Santos, Expert Accountant number 20120086.

4.7.1. Policy and frequency of rotation of the external auditor

Pursuant to Article 236(6) of the Law on the Legal Framework of Financial Institutions (LRGIF), the contracted external auditor cannot exercise the aforementioned functions for a period of more than 4 years, at the end of which this auditor can only be selected again after the same period has elapsed.

4.7.2. Indication of the body responsible for evaluating the external auditor and the periodicity with which this evaluation is done

The Internal Control and Audit Committee (CCIA) is, under the terms of article 3(1)(f) of its regulation, in conjunction with Article 8(5) of BNA Notice 12/2023, the body responsible for assessing the quality of the services provided by the auditor. The Internal Control and Audit Committee permanently monitors the auditor's activity, in particular appraising the conclusions of the audit to the half-yearly financial statements, on an individual and consolidated basis, analysing the conclusions to the annual and half-yearly financial statements, and meeting with them whenever necessary.

Each year, the Internal Control and Audit Committee evaluates the external auditor with regard to the quality of the service provided, as well as the independence, objectivity, and critical rigour demonstrated in the performance of their duties. The Bank's managers who maintain relevant contact with the auditor participate in this evaluation.

8. https://www.bancobai.ao/media/4485/regulamento-do-conselho-de-administrac-a-o_19_10_2022-cleaned.pdf

4.7.3. Identification of work, other than audit work, performed by the external auditor and the annual remuneration paid by the Bank to the external auditor

The work, other than auditing, carried out by the external auditor and contracted during 2023, as well as the respective remuneration amount, is identified in the following table:

Description	Amount	%
By the company		
Banco Angolano de Investimento, S.A.		
Statutory audit services fees	812,930	66%
Reliability assurance services fees	254,178	21%
Total audit services fees	**1,067,108**	**87%**
Tax consultancy services fees	-	0%
Fees for services other than accounts review services	162,750	13%
Total other services	**162,750**	**13%**
	1,229,858	**100%**
By entities that are part of the group		
Nossa Seguros, S.A.		
Statutory audit services fees	100,759	73%
Reliability assurance services fees	-	0%
Total audit services fees	**100,759**	**73%**
Tax consultancy services fees	-	0%
Fees for services other than accounts review services	36,636	27%
Total other services	**36,636**	**27%**
	137,395	**100%**
Total	**1,367,253**	

5. Internal organisation

5.1. Amendment of the Articles of Association

Reference is made in point 4.1.5 to the rules applicable to the amendment of the Articles of Association. "*Shareholder decisions that, by statutory requirement, can only be taken with a qualified majority*".

5.2. Communication of irregularities (whistleblowing)

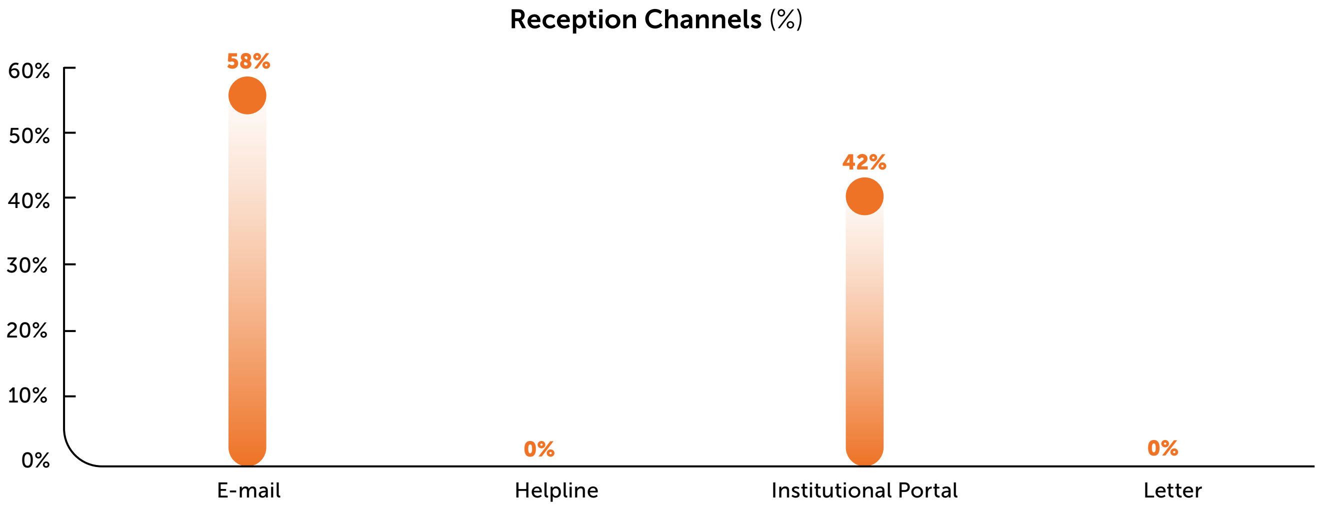
The channels for reporting irregularities, as well as the guidelines for dealing with them, are set out in the Whistleblowing Policy available for consultation on the Bank's institutional portal.

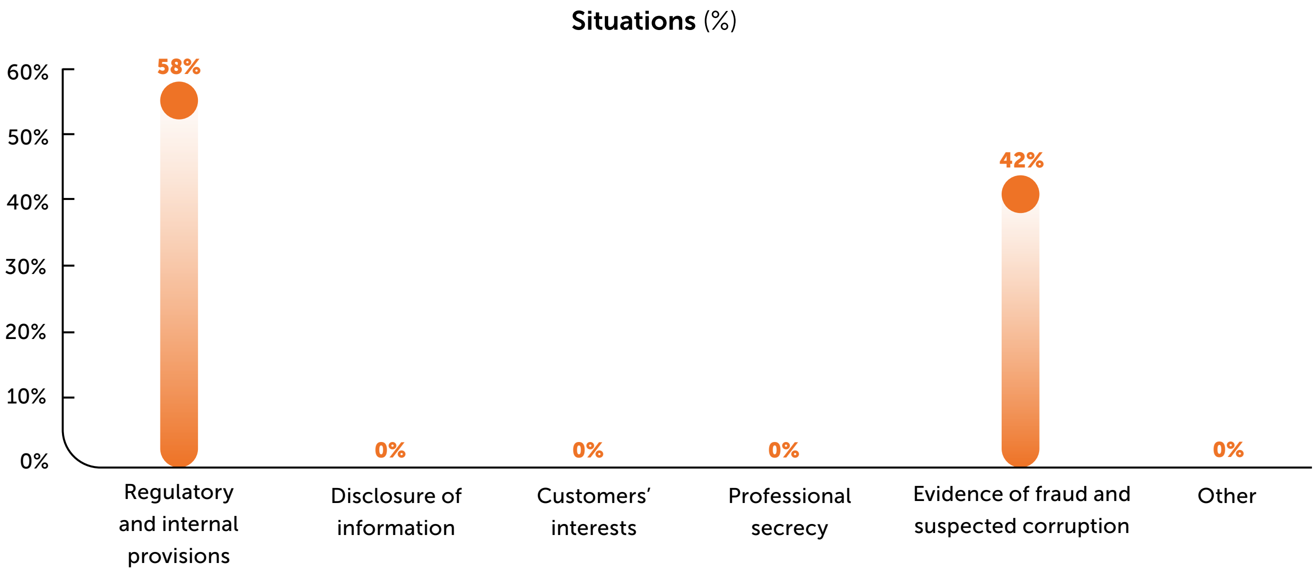
In 2023, the Supervisory Board received 42 reports of irregularities, of which 12 fell within the concept of irregularities and were forwarded for processing. It should be noted that of the 12 irregularities mentioned and dealt with:

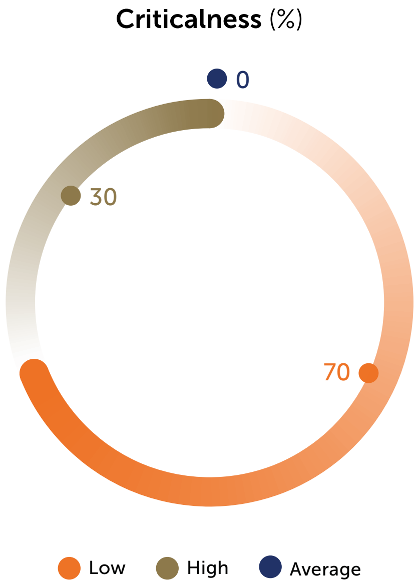
d) 58% were received by e-mail and 42% through the institutional portal;

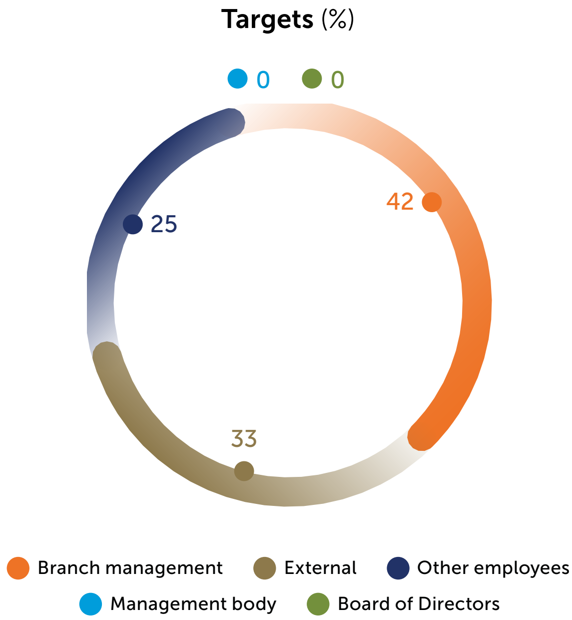
e) 42% targeted branch management;

f) 58% related to alleged violations of legal, regulatory and internal provisions.









Detailed information on the handling of irregularity reports can be found in the Report on Communications of Irregularities sent annually to BNA.

5.3. Internal control and risk management

5.3.1. Persons, bodies or committees responsible for internal audit and implementation of internal control systems

An effective internal control system is a critical component of management and a foundation for the Bank's sound and secure business. In this context, the Bank has established an internal control system in line with the requirements of the Law on the Legal Framework of Financial Institutions (LRGIF) and BNA Notices 1/2022 and 8/2021, which ensures the effective management and control of the risks inherent to the activity, based on an appropriate control environment that involves all the employees, aware of their role in the system in question.

The responsibilities addressed to each of the actors in the risk management system are operationalised by an internal control structure defined by three lines:

- the first line consists of the risk-taking areas, which must ensure effective risk management within the scope of their direct organisational responsibilities, namely, to inform, control, plan and optimise;
- the second line consists of the independent review process carried out by the control areas, excluding internal audit;
- the internal audit is the third and final line at the Bank, and is responsible for regularly evaluating policies, methodologies and procedures to ensure that they are appropriate and are being applied effectively.

Those responsible for the internal control functions have the necessary powers to perform their duties, and exercise their functions on an exclusive and independent basis, providing direct information and regular advice to the Board of Directors.

The number of employees assigned to the control areas reached:

	2022	2023	Change
Risk Management Department	20	20	0
Compliance Department	23	23	0
	2022	**2023**	**Change**
Internal Audit Department	20	21	1
Inspection and Investigation Department	14	19	5
Foreign Exchange Control Office*	11	10	-1
Information Security and Investigation Department	22	28	6
Total	**111**	**121**	**11**

*Following the approval of the change in the distribution of areas of responsibility on 6 December 2023, the Foreign Exchange Control Office (GCC) will move to the support functional group, effective on 1 January 2024, so the information is deleted.

The processes related to the appointment, remuneration, replacement or sanctioning of those responsible for internal control functions depend on a reasoned decision by the Board of Directors, subject to a prior binding opinion of the Internal Control and Audit Committee (CCIA) or the Risk Management Committee (CGR), as applicable:

- in the case of replacement of the person responsible for an internal control function, an evaluation report on the adequacy of the replacement is prepared, under the terms of Article 68 of the Law on the Legal Framework of Financial Institutions (LRGIF);
- BNA must be notified (i) of the appointment and dismissal of the person responsible for internal audit and (ii) whenever there is a sanction process for the person responsible for the compliance function.

5.3.2. Risk management

The organisational structure of the Risk Management System includes autonomous and independent functions, the Risk Management Department (DGR) and the Information Security and Digital Investigation Department (DSID) with no direct responsibility for any risk-taking function, which depends hierarchically on the Board of Directors and functionally on the Executive Committee, and is supervised by the Risk Management Committee (CGR).

The main duties of the Risk Management Function are defined in policies and structure manuals, in compliance with BNA Notice 01/2022.

Also, in accordance with Notice 01/2022, the Bank has set up risk management sub-functions that ensure the management of specific risks related to information systems and data protection, and which interact with the business units, with a view to properly identifying and managing the risks inherent in the business. In view of the above, as part of risk management, the Information Security and Digital Investigation Department is responsible for defining rules and controls to ensure that the security of computer and electronic systems and equipment is properly managed and monitored, and the Data Protection Officer (DPO) is responsible for ensuring that the means and limits of access to information have been defined with regard to data protection.

5.3.3. Compliance

The mission of the Compliance Department (DCL) is to ensure compliance and correct application of the legal, regulatory, statutory, ethical provisions, good international practices, recommendations and guidelines issued by the competent supervisory entities. The compliance function, as the Bank's second line of defence for internal control, is responsible:

- for the detection, prevention and mitigation of compliance risks, which are reflected in the risk of legal or regulatory sanctions, financial or reputational loss as a result of the failure to comply with the application of laws, regulations, code of conduct and good banking practices.

- for promoting the Bank's compliance culture and the respect of the Group and its employees for all applicable regulations through an independent intervention together with all structural units of the Bank.

The Compliance Department promotes and participates in the training of employees by conducting periodic compliance training sessions for the Bank and sharing information with the Group, in order to maintain a high level of knowledge of compliance issues, in particular, anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction (AMLCFT/WMD).

5.3.4. Investigation and inspection

The investigation and inspection function is embodied in the Investigation and Inspection Department (DII) and ensures, independently and with autonomy, the inspection and investigation of irregularities and fraud, to jointly evaluate and conclude on the effectiveness of governance and risk management processes, the effectiveness and efficiency of operations, the safeguarding of assets, the reliability of financial reporting and compliance with the law and regulations.

5.3.5. Information security and digital investigation

The Information Security and Digital Investigation Department (DSID) aims to guarantee the confidentiality, integrity and availability of information assets. The information security function, as the Bank's second line of internal control, is responsible for:

- ensuring compliance with the Policies, Standards and controls that guarantee the confidentiality, integrity, compliance and availability of information systems and technologies, as well as promoting the adoption of good cybersecurity practices through the prevention and treatment of threats that could jeopardize the information processed, stored and transported by the Bank's information systems and technologies.

- ensuring the monitoring of cybersecurity tools, thus enabling the classification, monitoring, treatment and resolution of security incidents.

- reporting to the Executive Board on the overall state of security and emerging security threats in order to provide visibility on security risks and possible mitigation measures.

- carrying out periodic awareness-raising sessions on information security issues in order to create a culture of security for employees and customers.

5.3.6. Explanation, even if by including an organisational chart, of the hierarchical and/or functional dependency relations with other bodies or committees of the company

Information available in point 4.1.12. regarding the "*Organisational Chart*".

5.3.7. Identification and description of the main types of risks, identification, assessment, monitoring, control and stress testing, description of risk management processes

Information available in "*Chapter 5 of the Management Report*".

5.3.8. Internal Audit

The mission of the Internal Audit Department (DAI) is to independently and autonomously ensure the functions of auditing business, support and control's processes, to jointly evaluate and conclude on the effectiveness of corporate governance and risk management processes, the effectiveness and efficiency of the internal control system, the response to risks that could jeopardise the achievement of the Bank's objectives, the effectiveness and efficiency of operations, the safeguarding of assets, the reliability of financial reporting, and compliance with laws and regulations.

As the third line of internal control, the activities, systems and processes, including the Risk Management and Compliance functions and departments, are the subject of evaluation by the Internal Audit Department.

The Internal Audit Department reports hierarchically to the Vice-Chairman of the Board of Directors, functionally to the executive director responsible for the control structural units, entrusted with the day-to-day management, and, when deemed necessary, to the Supervisory Board.

The Internal Audit Committee periodically submits monitoring reports on its activities to the Executive Committee, Internal Control and Audit Committee and Board of Directors, including an overall assessment of the internal control flaws identified and the deadlines for implementation of the respective action plans, as well as the same information at the financial Group level.

6. Investor support

Through its Market Relations Officer (RRM), the Bank establishes a permanent dialogue with the financial universe, shareholders, investors, analysts and rating agencies, as well as with financial markets in general and the respective regulatory entities. In order to ensure the best service, the market relations officer is supported by the heads of the internal areas according to their speciality (Supporting Office of the Board of Directors (GACA), Communication and Brand Management Department (DCM), Company Secretary Office (GSS), Planning and Control Department (DPC), Accounting and Finance Department (DCF), Financial Markets Department (DMF) and Commercial Support Department (DSC)).

6.1. Functions of the market relations manager

The Market Relations Officer is the manager who receives, analyses and responds to requests for information and clarification from investors, analysts and regulators.

The main functions of the market relations manager are:

i. monitor and promote compliance with the financial and corporate reporting duties applicable to public companies;

ii. propose and, after approval, promote the execution of the market communication calendar and the Investor Relations Programme;

iii. analyse the evolution of the shareholder base and the perception of BAI's value, as well as to propose strategies to strengthen the relationship with strategic investors and the visibility of the shares and debt issued by BAI;

iv. coordinate press conferences and conference calls with analysts and investors, as well as represent the Bank at events for potential investors, analysts, regulatory entities and rating agencies.

In compliance with legal and regulatory reporting obligations, the Bank pursued a broad communication activity with the market, adopting the recommendations of the Capital Market Commission (CMC). All information of an institutional and relevant nature that is of public disclosure is available on the institutional portal, in the Investor Relations menu.

6.2. Contact details

Telephone: 924 100 100

Address: Complexo Garden Towers, Torre BAI Travessa Ho Chi Minh, Maianga, Luanda-Angola

E-mail: apoioaoinvestidor@bancobai.ao

Company website: www.bancobai.ao

6.3. Representative for market relations

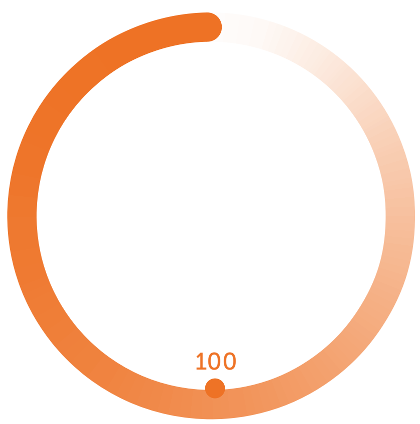
The Bank's representative for market relations is Fábio Eurico Correia.

6.4. Information on the proportion and the deadline for replying to requests for information

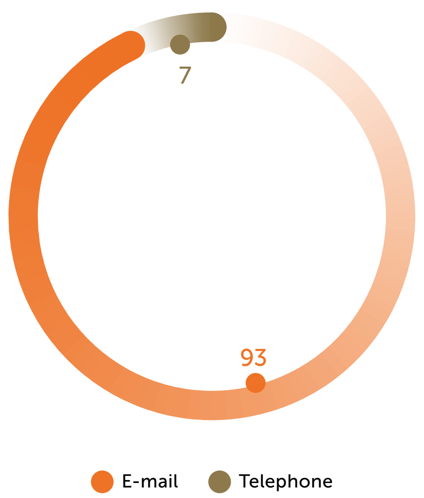
The Bank received, mainly by e-mail and telephone, several requests for information from shareholders and investors. These requests were all handled and replied to, mostly within two business days.

During the year, 678 requests for information were received, 7% of which by telephone and 93% via e-mail, with a response rate of 100%:

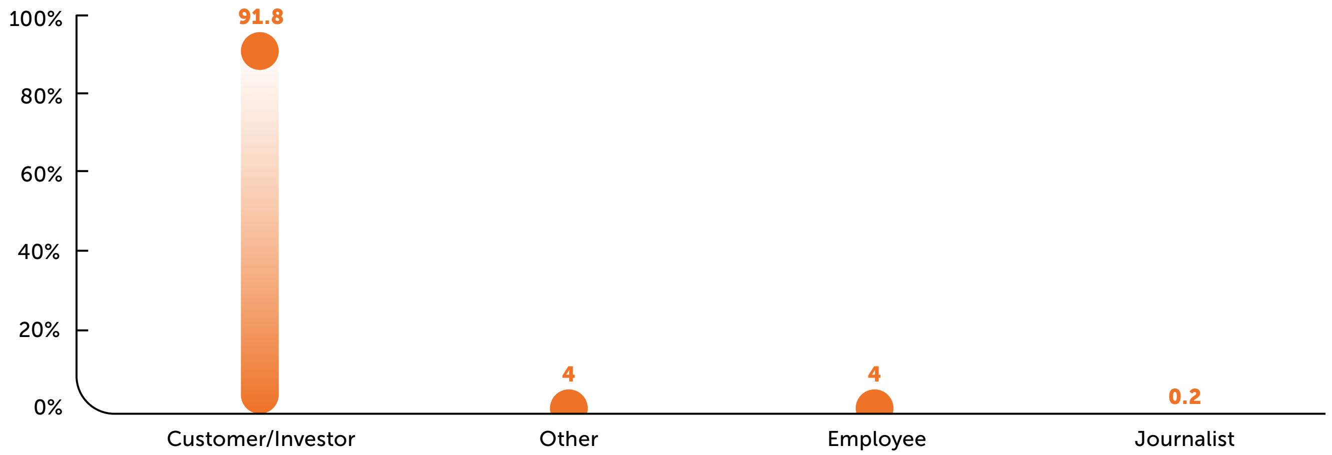
Response Rate (%)



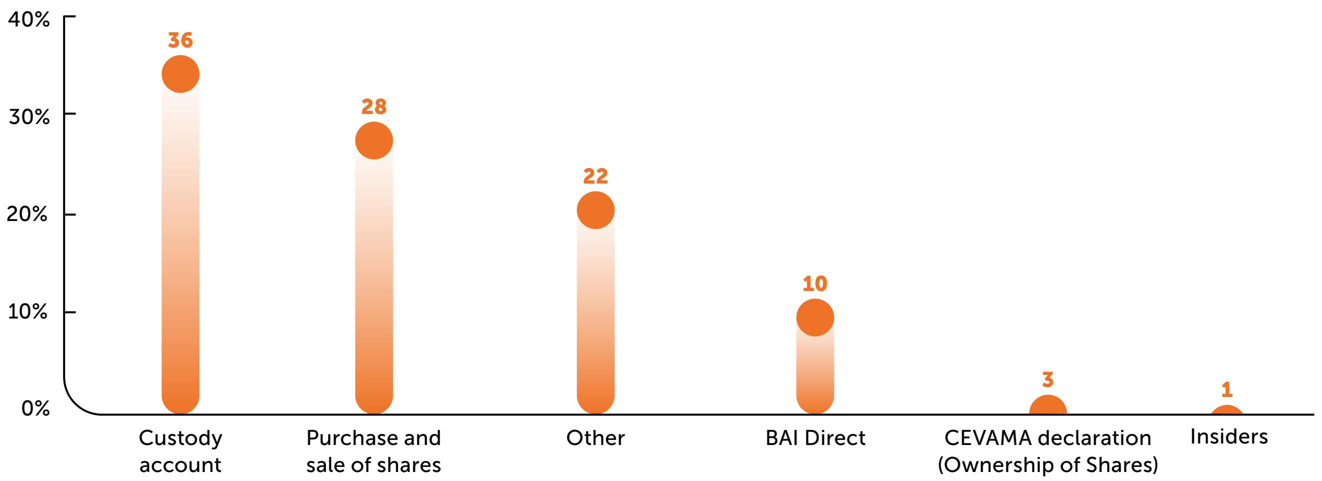
Reception channel (%)



Category (%)



Presented situation (%)



7. Remunerations

7.1. Competence for determination

The Remuneration Committee of the Governing Bodies is the body competent to determine the remuneration of the members of the Governing Bodies.

7.2. Composition of the Remuneration Committee of the Governing Bodies

Information available in point 4.4. regarding the "Remuneration Committee of the Governing Bodies".

7.3. Knowledge and experience of the members of the Remuneration Committee of the Governing Bodies

The Chairman of the Remuneration Committee of the Governing Bodies and its members currently hold positions on remuneration committees or equivalent committees in other companies for several years, which gives them professional experience, knowledge and an appropriate profile with regard to remuneration policy.

8. Description of the Remuneration Policy for the management and supervisory bodies

The Remuneration Policy for the Members of the Governing Bodies is prepared and submitted for approval at the General Meeting by a specialised committee of the Board of Directors, named the Nominations, Evaluation and Remuneration Committee, which follows the rules established in Article 191 of the Law on the Legal Framework of Financial Institutions (LRGIF) and in the respective regulation of this committee.

This Policy governs the structure of remuneration and other benefits of a similar nature for executive and non-executive directors, members of the Board of the General Meeting and Supervisory Board members.

The Remuneration Policy for Members of the Governing Bodies is available on the institutional portal.

8.1. Information on how remuneration is structured so as to align the interests of the members of the management body with the long-term interests of the Bank

Information available in the previous section.

8.2. Indication of the annual amount of remuneration earned, in aggregate and individually, by the members of the company's governing bodies, including fixed and variable remuneration and, regarding the latter, mention of the different components that gave rise to it

Information available in "Note 29 of the Notes to the Financial Statements".

8.3. Amounts paid on any basis by other companies in a control or group relationship or that are subject to a common control

The amounts paid on any basis by other companies in a control or group relationship or that are subject to a common control are disclosed in the respective Reports and Accounts, in accordance with the legal and regulatory requirements of the jurisdictions where they are based.

8.4. Remuneration paid in the form of profit-sharing and/or bonus payments

For remuneration referring to bonuses paid in the year, see the information available under the heading "Other remunerations" in Note 29 of the Notes to the Financial Statements. The Bank does not pay any remuneration in the form of profit-sharing.

8.5. Compensation paid or owed to former executive directors relative to their termination of office during the financial year

In the year to which this Report refers to, no compensation was paid or owed to former directors in relation to the termination of their duties during the year.

8.6. Agreements with remuneration implications

There are no agreements between the company and members of the Board of Directors, managers, or any other employee reporting directly to the board of directors that provide for compensation in the event of resignation, dismissal without just cause or termination of employment following a change in company control.

9. Plans for the allocation of shares or stock options

Not applicable.

10. Transactions with related parties

10.1. Control mechanisms and procedures

The members of the Board of Directors and Supervisory Board as well as the holders of qualified or non-qualified stakes, and entities related to them are identified in a database by category.

The internal rules related to granting loans establishes specific procedures for processing proposals relative to these entities, including approval by the Board of Directors and the prior issuance of a Supervisory Board opinion on the compliance of the operations with the legal and regulatory provisions and other conditions applicable to them.

10.2. Indication of the transactions that were subject to control in the reference year

Reference is made, at this point, to the information available in "*Note 39 of the Notes to the Financial Statements*".

10.3. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of prior assessment of business to be carried out between the company and holders of qualifying holdings or entities that are in any relationship with them

Business to be carried out between the company and related parties, regardless of their value, requires the prior opinion of the Supervisory Board regarding legal and regulatory compliance, supported by analyses and technical opinions issued by the relevant structural units.

10.4. Elements relative to business

Reference is made, at this point, to the information available in "*Note 39 of the Notes to the Financial Statements*".

11. Corporate governance assessment

11.1. Identification of the adopted corporate governance code

For the purposes of this report and the analysis of compliance with the following recommendation, the Bank has taken as a reference the Good Practices Guide published on the CMC website.

Relevant events carried out within the scope of legal and regulatory requirements:

i. disclosure of the Annual Report on Corporate Governance 2022;

ii. public disclosure of all information and documentation supporting the 2023 General Shareholders' Meeting;

iii. holding of the first General Shareholders' Meeting as a public company;

iv. annual review of policies and government model;

v. reassessment of the adequacy and strengthening of the corporate governance and internal control model;

vi. assessment of the members of the Board of Directors and the Executive Board, as well as relevant function holders or management positions, with the support of an external entity.

11.2. Analysis of compliance with the adopted corporate governance code

BAI declares, under the terms of Article 145 of the Securities Code, that it has voluntarily complied with the Good Practice Guide published by the Capital Market Commission (CMC), as set out in this annex, explaining the reason for non-compliance where applicable.

Annex – Statement on the acceptance of the Corporate Governance Best Practices Guide

Recommendations of the CMC	Statement	Reference information
1. In articulation with the executive management body, the board of directors is responsible for the good execution of the governance model in force in the company, and must ensure that, in respect for its specificities, namely its dimension, complexity, the nature of the risks inherent to the main businesses and other relevant factors, part or all of the recommendations of this guide are complied with.	Accepted	Not applicable (N/A)
2. The management body should be accountable to the General Meeting for compliance with good practices in corporate governance and, if applicable, to sector regulators, in observance of the "comply or explain" principle.	Accepted	Institutional portal
3. The company prepares an Annual Report on Corporate Governance, which may or may not be part of its Annual Report and Financial Statements, informing the market about: **a.** The manner in which it complies with the recommendations and, whenever it does not comply with any, disclosing the reasons why it does not comply, in which case, and if applicable, informing how it has carried out alternative behaviours or procedures to accommodate the principles underlying the recommendations not complied with, or how it initiated the procedures and process for compliance with such recommendations not complied with; **b.** Other issues, the disclosure of which contributes to better clarify the shareholders and the community in general on the way the company is organized, with regard to supervision, executive management, inspection, management of the risks of the activity, the relationship in general with its stakeholders, and all other matters that make up corporate governance.	Accepted	Institutional portal

(to be continued)

(continued)

Recommendations of the CMC	Statement	Reference information
4. The company should create and maintain an updated website where, among other things, information about the company should be posted to enable the public to have clear, accurate, and up-to-date knowledge of its business, key performance indicators, and relevant financial information, as well as other information that, by virtue of the application of this recommendatory framework, should be provided to the public.	Accepted	Institutional portal
5. The company must maintain on its website a digital archive with historical information about the company, which must remain accessible there for at least 5 years and contain, namely, the following information: **a.** The Management Reports, Financial Statements for the Year, and the Corporate Governance Report; **b.** Minutes of the General Meetings; **c.** The composition of the Governing Bodies and of the constituted committees; **d.** The internal regulations for the functioning of the governing bodies and the constituted committees; **e.** A table with key historical indicators about the company's financial and business performance; **f.** The regulation on the system for reporting irregularities, with express mention of the addresses – postal and electronic – that must be used for reporting irregularities; **g.** The regulation on the treatment to be given in the case of the existence of conflicts of interest of members of the governing bodies and the constituted committees.	Accepted	Institutional portal
6. Without prejudice to the use of other means of dissemination, the notices convening General Meetings and the respective proposals must be immediately published on the website, as well as a clear explanation on the regime of access to the General Meeting and the meeting procedures, including the drafts of all the documentation necessary for the purpose containing instructions for completion.	Accepted	Institutional portal
7. Whenever justified by the dispersion of capital, the company must proceed with publication in the written media: **a.** Of the notices of the General Meetings and the respective agendas and their addenda, whenever the case; **b.** The balance sheet and a summary of the annual income statements, approved by the General Meeting.	Accepted	Institutional Portal

(to be continued)

(continued)

Recommendations of the CMC	Statement	Reference information
8. Whenever it is a publicly traded company and/or issuer of other securities admitted to trading on a regulated market, and whenever justified by the dispersion of its capital, an internal structure (Investor Relations Office) must be set up to respond to requests that investors and the market in general make about the company, its business, and its financial performance.	Accepted	Institutional Portal
9. Companies must approve their sustainable development policies at the General Meeting and must disclose information on their execution on an annual basis, namely: **a.** The company's positioning in environmental matters, both in terms of principles and practices; **b.** The company's policies aimed at safeguarding its future competitiveness, namely regarding the integration of new technologies and new products, services or processes; **c.** Policies to stimulate research and innovation.	Partially accepted	According to the Bank's Articles of Association, the Board of Directors is responsible for "Approving and supervising the implementation of governance policies". Information currently disclosed in the Annual Report. Preparation of the Sustainability Report is underway.
10. Companies must approve their social responsibility policies in the General Meeting and annually disclose information about the respective executions, namely: **a.** The nature, scope, and reach of the initiatives developed; **b.** The allocated resources; **c.** The policy of training and professional and personal development of the workers; **d.** In general, the policies and actions to retain knowledge and attract talent.	Partially accepted	According to the Bank's Articles of Association, the Board of Directors is responsible for "*Approving and supervising the implementation of governance policies*". Information currently disclosed in the Annual Report. Preparation of the Sustainability Report is underway.
11. Companies shall set up and maintain information processing systems that ensure the accurate, symmetrical and timely production and disclosure of information about the company including relevant information with an impact on price formation, e.g., about its business and financial performance. The disclosure of information should prevent asymmetric use of the information and give the market reasonable time to absorb it and reflect on the price the potential impacts it may generate.	Accepted	Institutional portal

(to be continued)

(continued)

Recommendations of the CMC	Statement	Reference information
12. The company's information processing systems must be audited periodically in order to ensure the quality, symmetry, and timeliness of the information release processes, and the supervisory body must ensure that the necessary standards of reliability and robustness are met.	Accepted[1]	N/A
13. Companies shall ensure that, prior to public disclosure, information is treated in a confidential manner, ensuring that there is no privileged access to such information by those who may take advantage of it, to the detriment of the company and/or any stakeholders. Investors with access to relevant information should refrain from any intervention for a reasonable period, namely regarding purchases and sales, of shares or derivatives constructed on them.	Accepted	N/A
14. In the case of a publicly traded company and/or issuer of other securities listed for trading on a regulated market, and whenever justified by the size of the company, the dispersion of its capital and the ease of access to shareholder status, companies must create and keep updated a list of persons who have access to information on the business and financial performance, in order to ensure that there is no access to such information by unidentified persons, prior to the disclosure of the information.	Accepted	N/A
15. The management body must approve a framework of values that supports the actions of the governing bodies and all the company's employees.	Accepted	Institutional portal
16. The aforementioned framework of values should inspire and inform the drafting of a code of ethics or conduct that, on a proposal from the executive management body, should be approved by the board of directors.	Accepted	Institutional portal

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1. It is not up to the Supervisory Board to ensure compliance, but rather to supervise the effectiveness and adequacy of the internal control system, including the information processing systems.

(continued)

Recommendations of the CMC	Statement	Reference information
17. This code should, among other matters, establish limitations on the acquisition of securities issued by the company, regarding people who have sensitive information about the company in certain periods, namely when relevant facts are about to be disclosed, even if this does not constitute criminal conduct, and limitations to the activity, establishing incompatibilities with the exercise of other activities.	Accepted	Institutional portal
18. The Governing Bodies and any committees that are set up must have internal regulations governing the most relevant matters, namely their competencies and the way they exercise their powers and duties, the functional incompatibilities within the organisation, if any, the content of an annual indicative agenda, the election or designation of the chairman, the periodicity and manner of calling meetings, and the duties of their members.	Accepted	Institutional portal
19. The regulations of the Governing Bodies and committees created, and their respective compositions, must be disclosed on the company's website and in the Corporate Governance Report.	Accepted	Institutional portal
20. All the Governing Bodies and committees created must approve minutes of their meetings, with information enabling a sufficiently clear understanding of the issues dealt with and the decisions taken.	Accepted	N/A
21. The committees established must report to the management bodies, with a defined frequency, information about their activity and the results achieved.	Accepted	N/A

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Recommendations of the CMC	Statement	Reference information
22. The management body and its committees must carry out an annual self-assessment exercise of their respective activity and, as a result, approve plans to improve their respective functioning.	Accepted	N/A
23. Among the policies and mechanisms for the detection of irregularities that the company adopts, the institutionalisation of a system for communicating irregularities must be included, to which the respective employees and the public in general have access, and which guarantees the appropriate means for the communication and treatment of the same, safeguarding the confidentiality of the information transmitted and, when requested, the identity of the whistleblower.	Accepted	Institutional portal
24. The system for reporting irregularities (whistleblowing) must be set out in internal regulations, published on the company's website on the internet, and a specific electronic address must be created for receiving reports, in order to facilitate the forwarding of denunciations.	Accepted	Institutional portal
25. By internal regulation, the company must impose a set of information obligations regarding current and potential conflicts of interest. These regulations must be published on the company's website and, without prejudice to others, must include the following general provisions: **a.** The members of the Governing Bodies or of any committees, whether statutory or informally constituted, must inform the respective body of the existence of facts or circumstances that may constitute or come to constitute a conflict between their personal interests (or those of persons and entities related to them) and the interests of the company. **b.** Members in conflict must not participate or interfere in the decision-making process, without prejudice to the duty to provide information that is requested from them by the governing body or committee to which they belong, or to being entitled to be authorised or requested to participate in the reflection and discussion on the matters under consideration by the body or committee; **c.** The company's supervisory body must recognise a situation of conflict of interest whenever a vote to consider any conflict non-existent has not been unanimously taken by the body or committee where the conflict of interest was initially analysed.	Accepted	Institutional portal

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Recommendations of the CMC	**Statement**	**Reference information**
26. The Chairman of the Board of the General Meeting must be a person who is independent of the interests of shareholders and executive managers, conducting the General Meeting's work with impartiality and equidistance in relation to any interests and with effectiveness and efficiency of means and time.	Accepted	N/A
27. Whenever the company plans to disperse its capital, it must ensure in advance that the articles of association enshrine the principle of "one share one vote".	Not accepted	The Bank's Articles of Association, revised as part of the process of going public on the stock exchange, state that "*every 100 shares corresponds to one vote*".
28. The company's transactions that are made with shareholders with positions – direct or indirect – greater than 2% of the capital or voting rights, or with third parties with whom they maintain relevant common business interests, must: **a.** Be decided by the management body in conjunction with a detailed analysis of the market conditions of the transactions in question; **b.** Be established in a written contract; **c.** Be communicated to the other shareholders on an annual basis and information must also be reported on the procedures the company has adopted in order to safeguard the company's best interests whenever these transactions have not been made on an arm's length basis (under market conditions).	Partially accepted	The Bank adopts the provisions of the Law on the Legal Framework of Financial Institutions (LRGIF) and IAS 24 with regard to related parties.
29. The management body must approve and submit a medium or long-term Dividend Policy to the General Meeting, for appraisal and the passing of a resolution on it.	Partially accepted	The principles concerning the distribution of dividends are appraised annually by the General Meeting when deliberating on the proposed allocation of net income.

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Recommendations of the CMC	Statement	Reference information
30. In the case of a publicly traded company and/or issuer of other securities admitted to trading on a regulated market, and whenever justified by the size of the company, the dispersion of its capital and the ease of access to the status of shareholders, the company must: **a.** Incorporate non-executive members in the management body, also ensuring that the number of members of the supervisory body is appropriate to the size of the company, to the complexity of the risks inherent to its activity and to the exercise of the functions that are entrusted to them; **b.** Ensure that, among the non-executive members of the management body, there is an adequate number of independent directors, calculated according to their size, the nature and complexity of the business, and the percentage of shareholder dispersion. At a minimum, there must always be one independent non-executive director, and this number must correspond to at least 25% of the members of the company's management body, as soon as this size and capital dispersion show expressive values; **c.** Set up an audit committee, which must include non-executive members of the management body, with the special mission of ensuring the independence of the external auditors.	Partially accepted	Institutional portal The Board of Directors is composed of three independent directors, representing 20% of the members of the Board of Directors, in compliance with BNA Notice 1/2022.
31. The audit committee should be chaired by an independent director, whenever one exists.	Not accepted	The Bank adopts the provisions established in the Law on the Legal Framework of Financial Institutions (LRGIF) and BNA Notice 1/2022.
32. The audit committee is responsible for hiring and dismissing the external auditors and defining the scope and depth of their work, and for ensuring that they are given the conditions and access to the relevant information to carry out their duties.	Not accepted	The Bank adopts the provisions of the Law on the Legal Framework of Financial Institutions (LRGIF) and BNA Notice 1/2022.
33. The audit committee should be the company's main discussion partner with the external auditors and should be the first and primary recipient of all information and reports produced by the latter.	Accepted	Institutional portal

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Recommendations of the CMC	Statement	Reference information
34. The audit committee must promote an adequate interconnection between the work of the external auditors and the actions that are developed in the company regarding auditing and internal control.	Accepted	Institutional portal
35. In addition, the audit committee should ensure that the recommendations and reports and conclusions of the external auditors and internal audit are taken into account in the company's business in general and in financial reporting in particular.	Accepted	Institutional portal
36. Without prejudice to the regular information that the audit committee must provide to the management body about its activity and results, this committee must approve an annual activity report, which must be included in the company's annual management report.	Partially accepted	Evaluation underway for implementation, if applicable, in the 2024 management report
37. For the purposes of this framework of recommendations, a member of the management body cannot be considered independent when he/she: **a.** Cannot be elected or appointed as a member of the company's Supervisory Board, for the purposes of Article 434(1) of the Commercial Companies Law, with the exception of the second part of Article 434(1)(a); **b.** Has served, in the last 3 years, as a member of the management body with a status other than independent; **c.** Has been re-elected for more than two terms of office; **d.** Holds or acts in the name and on behalf of holders of a direct or indirect interest equal to or greater than 2% of the company's share capital.	Accepted	N/A
38. The non-executive members of the management body must ensure that an annual performance evaluation process of the executive management body is carried out.	Accepted	Institutional portal

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Recommendations of the CMC	Statement	Reference information
39. Non-executive members of the management body must be provided with all information about the company and about the functioning of the executive management body, namely the agendas and minutes of its meetings, as well as the annual calendar and notices of extraordinary meetings, and must be able to attend the meetings of the executive committee without any prior notice.	Accepted	N/A
40. The company must provide non-executive directors, members of the audit committee, and members of the supervisory body with the means they deem necessary to carry out their duties.	Accepted	N/A
41. The company must supply updated information on the members of the governing bodies of the company, namely curricular details, other professional occupations, remunerated or not, and information on the respective relationship, if any, with shareholders to whom more than 2% of the votes are attributable, or with suppliers or clients with whom the company has regular and significant commercial relations. This information should be included in the Governance Report and on the company's website.	Accepted	N/A
42. In companies which, due to their size, are not able to have audit committees, the management body must adopt the necessary procedures so that, with the necessary adaptations, the supervisory board is responsible for the performance of the functions which the present recommendatory framework assigns to audit committees.	Not applicable	N/A
43. The supervisory body must ensure that the management and executive management bodies fulfil their legal and statutory obligations.	Accepted	Institutional portal
44. Whenever justified by the size of the company and the complexity of its business, the management body should delegate the day-to-day running of the company, so as to ensure a more effective segregation of the administration, supervision and control duties from the executive management duties of the company.	Accepted	Institutional portal

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Recommendations of the CMC	Statement	Reference information
45. The supervisory and the executive management functions should be separate, preferably, through the creation of a collegial executive management body. Their respective composition must ensure plurality of points of view, experiences, backgrounds and skills (see recommendation 25), encouraging analysis, discussion and decision-making to be supported by procedures that qualify the decision, contributing to a plural, multifaceted and shared accountability.	Accepted	Institutional portal
46. The decision of the management body on the creation of an executive management body must also approve the respective internal functioning regulation, providing for the powers and duties and other aspects of its functioning, namely the election of the respective chairman, whenever the management body has not yet appointed one, or the authorisation regime to exercise executive functions in other companies.	Accepted	Institutional portal
47. The executive management body must keep the administrative body fully updated on all relevant information and facts about the company's activity, sending it copies of the minutes of the respective meetings and other information that is requested.	Accepted	Institutional portal
48. The company must have a Remuneration Policy for the members of the Governing Bodies approved by the General Meeting.	Accepted	Institutional portal
49. The members of the executive management body must receive a fixed and a variable remuneration. Both components must take into consideration the size of the company and the complexity of its business, and the expression of the variable remuneration must be such as not to encourage the adoption of aggressive risk management policies or the definition of strategies which, being limited to the election cycles of the executive bodies, do not take into account the necessary sustainability of the company's business.	Accepted	Institutional portal
50. The chairman of the Board of the General Meeting, the independent non-executive members of the management body, and the members of the supervisory body shall only receive a fixed remuneration, rewarding their availability, competence and experience, in an amount that does not affect the necessary independence of their action.	Accepted	Institutional portal

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Recommendations of the CMC	Statement	Reference information
51. On the proposal of the executive management body, the board of directors must approve the medium and long-term strategic plan, making the respective review and update approved annually.	Accepted	N/A
52. On the proposal of the executive management body, the board of directors must approve the company's risk policy and a management system for the main risks inherent to the respective activities, consistent with the approved strategy.	Accepted	Institutional portal
53. The risk management system should identify the probability of occurrence of risks and the procedures and instruments that should be adopted with a view to identifying, managing, and mitigating them.	Accepted	Institutional portal
54. Through the governance report, the company should publicly disclose the information on the relevant risks faced by its activity, and how it assesses the implemented risk management and mitigation system.	Accepted	N/A
55. Whenever required by the dimension, complexity, and nature of the respective risks, the company must adopt internal audit procedures, carried out by a body under the direct dependence of the Chairman of the administrative body, and in order to ensure the reliability and robustness of the risk management mechanisms, control of operations, and other procedures for evaluating and improving the corporate governance model.	Accepted	N/A
56. The company must allocate to the operationalisation of the annual plan of internal audit initiatives the resources necessary for its proper execution.	Accepted	N/A
57. The company's executive management body must define and implement appropriate processes to provide reasonable assurance about the effectiveness and efficiency of operations that support the company's business, the reliability of financial reporting systems, and compliance with laws and regulations applicable to the company and its business.	Accepted	N/A

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Recommendations of the CMC	Statement	Reference information
58. Whenever required by the size, complexity and nature of the respective risks, the company must strengthen the internal audit mechanisms for financial reporting, for the application of appropriate accounting principles and, in general, for the analysis of the reliability of the published financial information, using external auditors to ensure such analysis and procedures.	Accepted	N/A
59. The supervisory body, the audit committee, if any, or, in its absence, the non-executive members of the management body, must ensure that the external auditors carry out their activities with independence. These bodies and these directors must prepare annual reports on the activities of the external auditors and the procedures carried out to evaluate said independence, which must be included in the Governance Report and in the information disclosed by the company on its website.	Partially accepted	The preparation of "*annual reports on the work of the external auditors and the procedures carried out to assess their independence*".
60. The selection and recruitment of external auditors must be done by the audit committee, and, when it does not exist, by the supervisory body.	Accepted	N/A
61. The audit committee or, in its absence, the supervisory body, must approve internal rules of procedure to establish the rules governing the engagement of external auditors for additional services besides the hired auditing services. These rules must prevent the company from engaging services which jeopardize the independence of the external auditors, inducing conflicts of interest, notably by assigning to them functions of analysis, assessment or certification of procedures or systems in the conception or implementation of which they were involved, or similar situations which constitute self-review.	Not applicable	BNA Notice 9/2021, repealed by Notice 12/2023 of 4 December, establishes the additional prohibited services other than auditing.
62. The external auditor must draw up an annual report attesting to the conformity of the remunerations paid within the company to the members of the governing bodies with the applicable legal provisions and, if applicable, with compliance with these recommendations.	Partially accepted	Remuneration – Does not accept: the Bank adopts the provisions of the Law on the Legal Framework of Financial Institutions (LRGIF) and BNA Notices 1/2022 and 8/2021 in terms of disclosure of remuneration. Recommendations – Accepted (see Opinion on the financial statements).

2023 ANNUAL REPORT

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